



WORTHING BOROUGH
COUNCIL

25 November 2022

Joint Strategic Sub-Committee (Worthing)

Date:	5 December 2022
Time:	6.30 pm
Venue:	The Gordon Room, Worthing Town Hall

Committee Membership: Councillors Dr Beccy Cooper (Chair), Rita Garner, Martin McCabe, Helen Silman, Emma Taylor, John Turley, Carl Walker (Vice-Chair), Vicki Wells and Rosey Whorlow

Agenda

Part A

1. Declarations of Interest

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

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

2. Minutes

To approve the minutes of the Worthing Joint Strategic Sub-Committee meeting held on 8th November 2022, copies of which have been previously circulated.

3. Public Question Time

To receive any questions from members of the public.

Questions should be submitted by **noon on Tuesday 29th November 2022** to Democratic Services, democratic.services@adur-worthing.gov.uk

(Note: Public Question Time will operate for a maximum of 30 minutes.)

4. Members Questions

Pre-submitted Members questions are pursuant to rule 12 of the Council & Committee Procedure Rules.

Questions should be submitted by **noon on Tuesday 29th November 2022** to Democratic Services, democratic.services@adur-worthing.gov.uk

(Note: Member 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. 2nd Quarter Revenue Monitoring Report 2022/23 (Pages 5 - 34)

To consider a report from the Director for Digital, Sustainability & Resources, a copy is attached as item 6.

7. 2nd Quarter Capital Investment Programme & Projects Monitoring 2022/23 (Pages 35 - 50)

To consider a report from the Director for Digital, Sustainability & Resources, a copy is attached as item 7.

8. New Economic principles for Worthing (Pages 51 - 60)

To consider a report from the Chief Executive, a copy is attached as item 8.

9. 2023/24 Budget Update (Pages 61 - 100)

To consider a report from the Director for Digital, Sustainability & Resources, a copy is attached as item 9.

10. Outcome of the public consultation in respect of the working age Council Tax Support Scheme for Worthing Borough Council in respect of 2023/24 (Pages 101 - 116)

To consider a report from the Director for Digital, Sustainability & Resources, a copy is attached as item 10.

11. Worthing Theatres and Museum - Annual Report (Pages 117 - 136)

To consider a report from the Director for the Economy, a copy is attached as item 11.

12. Review of the Pensions Fund arrangements for South Downs Leisure Trust and Worthing Theatres and Museum Trust (Pages 137 - 142)

To consider a report from the Director for Digital, Sustainability & Resources, a copy is attached as item 12.

13. Fair Trade Motion Response (Pages 143 - 150)

To consider a report from the Director for Digital, Sustainability & Resources, a copy is attached as item 13.

Part B - Not for Publication – Exempt Information Reports

14. Exempt Appendix to Item 12 - Review of the Pensions Fund arrangements for South Downs Leisure Trust and Worthing Theatres and Museum Trust (Pages 151 - 160)

To consider an exempt appendix to the report from the Director for Digital, Sustainability & Resources, item 12.

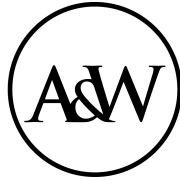
Recording of this meeting

Please note that this meeting will be live streamed and a recording of the meeting will be available on the Council's website. This meeting will be available on our website for one year and will be deleted after that period. 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:
Neil Terry Democratic Services Lead 01903 221073 neil.terry@adur-worthing.gov.uk	Andrew Matthias Senior Solicitor – Legal Services 01903 221032 andrew.mathias@adur-worthing.gov.uk

Duration of the Meeting: Three 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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Joint Strategic Sub Committee Worthing
5th December 2022

ADUR & WORTHING
COUNCILS

Key Decision [Yes/No]
Ward(s) Affected:All

2nd Quarter Revenue Monitoring Report 2022/23

Report by the Director for Digital, Sustainability and Resources

Executive Summary

1. Purpose

1.1. This report updates the Joint Strategic Sub Committee for Worthing Borough Councils with the latest expenditure and income projections for both Adur District Council and Worthing Borough Council for the current financial year 2022/23, compared to the Revenue Budget approved by both Councils in February. Whilst the 'spend to date' will be the position as at the 30th September 2022, the forecast outturn position will reflect the latest information available to ensure an up-to-date forecast is presented.

As at quarter 2, the current outturn projection for the 2022/23 financial year for the Worthing Borough Council General Fund is a net overspend after reserve transfers of £2.017m. A breakdown is set out in section 4.4 of the report.

1.2. The following appendices have been attached to this report:

- (i) **Appendix 1** Briefing Note on Service Performance
- (ii) **Appendix 2** (a) Worthing Summary
(b) Worthing Use of Earmarked Reserves
- (iii) **Appendix 3** (a) Table of Variations over £20,000
(b) Table of movements over £50,000 between

2. Recommendations

- 2.1. The Joint Strategic Sub Committee for Worthing Borough Council is asked to note the report and projected outturn position for the Joint Committee and Worthing Borough Council against the approved revenue budgets and proposed use of reserves (Appendix 2b).

3.0 Context

3.1 The Joint Strategic Committee last considered the 5-year forecast for 2022/23 to 2026/27 on 5th July 2022.

3.2 The report outlined the financial context, and updated the outline 5 year forecast, the key budget pressures and the savings proposals for addressing the budget gap for Adur and Worthing Councils. The report built on previous strategies whose aim was to ensure that the Councils would become community funded by 2020 reliant, by then, only on income from trading and commercial activities, council tax income and business rate income.

3.3 The successful delivery of the strategy is fundamentally changing how the Councils are funded. The Councils are moving increasingly away from ever reducing government funding towards funding from the local community via Council Tax and Business Rates, and will become increasingly reliant on income from commercial activities.

4.0 Issues for consideration - Revenue 2022/2023 Forecast

4.1 As part of the 2022/23 budget the Councils committed to savings of £0.168m for Adur District Council and £1.136m 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.

4.2 However, the financial landscape has changed due to the impact of the economic downturn, energy prices, rising inflation and interest rates visible in additional cost pressures falling on the Council over the last 7 months. Additional pressure has also been created by the national pay award which is higher than assumed and built into the 2022/23 budget.

4.3 The ongoing certainty around inflation, increased demand on services and energy resources and pricing, it is difficult to have certainty on the estimates and assumptions, the current projections indicate forecast year end overspends against budgets of £64k in Adur and £2.017m in Worthing. This includes meeting the challenges of the impact of the inflationary cost pressures, reduced levels of income together with the significant savings requirements to balance the 2022/23 budget. The main factors influencing the level of spend are discussed in detail in section 4.11 of the report.

4.4 The current year-end forecast is comprised of a number of elements as set out in the table below:

2022/23 Forecast Outturn	Worthing
	£000
Over/(under)spend in operational services – including share from Joint	3,387
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.	(302)
Net Interest (increase)/decrease	(361)
Commercial property income shortfall and cost pressure (excluding business rates)	61
Property void allowance	(450)
Pay award - impact above budgeted allowance	606
Reduction in national insurance contribution rate	(441)
	2,500
Net over/(under) spend before funding from reserves	
Grant Funding	(111)
Transfer to/(from) reserves	(372)
	2,017
Forecast net over/(under) spend	2,017

4.5 The key factors underpinning the current financial position include:

- The financial impact of rising inflation and interest rates.
- A net underspend in the Minimum Revenue Provision (MRP) and interest budgets. 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 2022/23.

Once the above items are taken into account, the operational position is a net overspend by services of £3.387m in Worthing. This projection demonstrates the pressure on the Councils finances as a result of an increase in inflation, increased homelessness caseloads and income levels in some areas still below pre pandemic levels.

4.6 In summary the overall revenue outturn projections reported for Q2 are as follows:

Projected Outturn Summary			
	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2022/23	25,790	9,742	13,785
Forecast Outturn	28,128	10,024	16,285
Projected Forecast over/ (underspend) before Government support packages or any transfer to reserves	2,338	282	2,500
Projected Forecast over/ (underspend) after transfers to reserves (before Government support and additional New Homes Bonus)		282	2,500
Reserves Funding		(209)	(372)
Grant Funding	(25)	(9)	(111)
Projected Forecast over/ (underspend) after Government funding and proposed transfer to reserves	2,338	64	2,017
Projected over/(underspend) percentage	9.07%	0.66%	14.63%

Comparison to the Q1 forecast:

	Joint	Adur	Worthing
	£000s	£000s	£000s
Forecast Over/(under)spend Q2	2,338	64	2,017
Forecast Over/(under)spend Q1	2,340	239	2,345
Change in Forecast Q1 to Q2 (improvement)/deterioration	(2)	(175)	(328)

The Adur and Worthing projected forecasts in the table above include the respective share of the estimated Joint Services overspend.

- 4.7 In the table below, projections have been separated between authority and by Income and Expenditure, to indicate the level of overall under/overspend of costs and the over/under achievement of income targets.

	Expenditure	Income	Net Total
Joint	£'000	£'000	£'000
Budget	31,489	(6,590)	24,899
Forecast (after transfer to reserves)	33,801	(6,564)	27,237
Projected Forecast (Under)/ Overspend	2,312	26	2,338
Forecast variance % before Government funding	7.34%	-0.39%	9.39%
Worthing	£'000	£'000	£'000
Budget	67,673	(51,494)	16,179
Forecast (after transfer to reserves)	69,397	(52,120)	17,276
Authority Projected Forecast (Under)/Overspend	1,723	(626)	1,097
Share of Joint (Under) / Overspend	1,387	16	1,403
Authority Projected Forecast (Under)/ Overspend	3,111	(610)	2,500
Forecast variance % before Government funding	4.60%	1.19%	15.45%

4.8 The Joint Strategic Committee (JSC) sub committee for Worthing Borough Council is asked to consider:-

- the current projections of variances in the Council's General Fund Revenue Budgets: and
- any amendments and virements to budgets which may require a recommendation onto Council for approval;

4.9 We adopt a more structured approach to services which have more volatile budgets or hard to predict income streams. For 2022/23, these services are:-

- Car Parking
- Crematorium
- Development Management
- Homelessness
- Commercial Waste
- Cross cutting services including maintenance and utilities

4.10 Most of these services are subject to closer monitoring because they meet one or more of the following criteria:-

- Demand led
- Income based
- Specialist
- Significant changes to the service are being made in the near future.

4.11 Headline budget variations across both the Councils' and the Joint account

4.11.1 Commentary on service areas that are forecasting significant variances from budget are presented in appendix 1 of this report, summarised highlights are provided in this section 4.11.

4.11.2 The forecast in year deficit is set out in the following table with focus on the main factors that make up the estimated outturn position:

	Joint (Memo)	Worthing
	£000	£000
Cross Cutting		
Pay Award	972	
National Insurance	(73)	
Utilities and Rates	141	368
Maintenance	18	(91)
Treasury		(663)
Services (detail in appendix 1)		
Waste	932	24
Car Parks		277
Homelessness		633
Bereavement		708
Strategic Property		(389)
Planning and Development		201
Revenues and Benefits	185	
Other	163	29
Share of Joint		1403
Total projected deficit before use of reserves		2500

Further detail on these factors is provided below.

4.11.3 Pay Award and National Insurance contributions

The national pay award has been agreed with an increase of £1,925 to each spinal column pay point, this increase is higher than the budgeted allowance creating an in year cost pressure. Offsetting this is the reduction in employer national insurance contributions following the government decision to remove the 1.25% rate increase introduced at the start of April 2022 from November.

4.11.4 Utilities and Rates

The contract for energy has now been renewed and the anticipated usage and price are expected to increase the costs to the council substantially by an average of 190% for electricity and 380% for gas over the next two years. However, this increase is lower than previously forecast due to the

introduction by the Government of the Energy Price Relief Scheme which provides support to businesses through discounted energy rates for 6 months until the end of March 2023. The cost impact in the current year is as follows:

- Joint £150,000
- Adur £158,000
- Worthing £276,000

Water and rates variances against budget make up the difference in the table at 4.11.2, further information is provided in appendix 1:

	Over/(under) spend against budget	
	Joint	Worthing
Water	£8,000	£29,000
Rates	(£17,000)	£63,000

4.11.5 Maintenance

Costs are expected to be broadly on budget within Joint Services and Adur. In Worthing it is expected there will be an underspend with demand on the service for reactive works lower than budget.

4.11.6 Treasury

The Councils has an underspend against the MRP budget of £302k due to reprofiling to 2022/23 of a proportion of the 2021/22 Capital Programme 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.

Increase in interest rates during the year has also led to higher investment return income:

Treasury Management (Under) / Overspends	Worthing
	£000
Minimum Revenue Provision	(302)
Interest from Investment Income	(313)
Interest payable on borrowing	(48)
Total	(663)

4.11.7 Waste

Additional costs resulting from the negotiated changes following the waste dispute earlier in the financial year and agency costs being incurred to cover vacancies, holiday and sickness. In addition there has also been a reduction in income against budget partly as a result of cancellations and refunds associated with the dispute.

4.11.8 Car Parks

Demand for parking in Worthing Borough is still below pre covid levels and income levels are underachieving against budget. This perhaps reflects a change in customer behaviour particularly the commuter group. In addition there have been some periods of closure to enable refurbishment works to be undertaken in the town centre car parks.

4.11.9 Homelessness

Costs pressures continue to be experienced with caseload numbers (individuals, couples and families presenting themselves to the council in immediate housing crisis) continuing to increase:

	Caseload Number (Worthing)
Current (October 2022)	313
Quarter1	298

The increase in the demand has led to an increase in the average nightly cost for temporary accommodation, with the need to use hotel chains. Cost pressures have been compounded further with some bed and

breakfast providers increasing their prices to meet growing inflationary costs pressures.

4.11.10 Bereavement

The deficit against budget is due to an underachievement in income, in Worthing this is associated with cremations and memorials and work is underway to address this. Further detail is set out in appendix 1.

4.11.11 Strategic Property

Projected income in Worthing from strategic property portfolios are based on the assumption that the budgeted transfer to the Property Investment Risk Reserve of £450,000 is not made for 2022/23. There is currently one vacant property within the Worthing portfolio where the council picks up associated service costs and rates charges, and one lease under a rent free period.

4.11.12 Planning and Development

As with Bereavement Services the budget shortfall is largely related to the underachievement of income. These income streams are largely demand led and can therefore fluctuate making forecasting difficult to predict. Worthing expenditure includes unbudgeted costs for the planning inspection of £85,000 which is to be funded by approved use of reserves. Based on current performance the forecast outturn position is:

	Worthing
Income	£128,000
Expenditure	£73,000
Total projected net overspend against budget	£151,000

4.11.13 Revenues and Benefits

An overspend is projected due to the extension of agency staff to the end of March 2023 to process the backlog of work as a result of the additional work undertaken by the service relating to administering covid support measures and energy rebates.

4.12 Budget variations greater than £20,000

The Council's individual Summary Projected Outturns are reported in Appendix 2a. The variations greater than £20,000, for this report, are detailed in Appendix 3a.

There are some expenditure items that are not identified until the year end that will impact on the final outturn. These items can have a positive or negative impact on the final position.

They include:-

- Movement in the estimate for doubtful debts
- A review of any amounts needed to be set aside for liabilities that are likely to occur in the future
- Changes in allocations of staff time to outside the General Fund

4.13 Future Risks

4.13.1 *Inflation*

Inflation is currently the biggest risk on Council finances with the pressure on rising costs across all budget areas, particularly in utilities, fuel, supplies, salaries and construction costs. The forecast outturn positions will be reviewed during the year and adjusted to reflect the changes in actual experience and economic forecasts.

4.13.2 *Demand for housing*

Any increase in demand on Housing services through homelessness caseloads will cause additional cost pressures on the councils finances. With demand levels in excess of the availability of cheaper supply in the form of Council owned accommodation or private leasing, the costs will escalate further as the service is forced to utilise more expensive hotels.

4.13.3 *Financial sustainability*

The level of earmarked reserves will reduce if they are required to meet the overspends currently forecast for the year.

This is a particular issue for Worthing where the level of available reserves (excluding the Business Rates Smoothing Reserve, the Tax

Guarantee Reserve and Grants and Contributions) will be reduced significantly. The predicted level of reserves undermines the Council's financial stability and potentially puts Worthing Council in an unsustainable financial position, as set out in the table below:

Worthing Borough Council Available Reserves	Balance at 1.4.22	Projected Transfer In/(Out) 2022/23	Remaining balance
	£	£	£
Capacity Issues Reserve	1,308,326	(960,826)	347,500
General Fund Working Balance	1,347,348		1,347,348
Property Investment Risk Reserve	450,000		450,000
Building Maintenance Reserve	326,259	(150,000)	176,259
Insurance Reserve	252,394	(4,550)	247,844
Museum Reserve	106,396	(20,000)	86,396
Leisure Lottery & Other	27,766		27,766
Projected overspend 2021/22		(2,017,210)	(2,017,210)
Total	3,818,489	(3,152,586)	665,903

The current commitment on all the General Fund earmarked reserves are set out in appendix 2b. As set out in the '2023/24 Budget Update' report elsewhere on this agenda the council will need to plan for protecting and rebuilding reserve levels into the future to ensure we meet the guideline minimum level.

4.14 Corrective action:

4.14.1 To mitigate the impact of the identified cost pressures, the council:

1. Is holding any emerging underspend in the current year 2022/23 to manage in-year pressures.
2. Reviewed all major projects and capital projects and put on hold unless the project has an initiative that either:
 - a. Improves our financial position; or
 - b. We are committed to delivery via a funding agreement; or

- c. We are already contractually committed to the project; or
 - d. Addresses health and safety concerns; or
 - e. The project is identified as a key priority in the new corporate strategy.
- 3. Vacancy control measures are in place for all posts including agency staff. This will also support the budget measures required to balance the 2023/24 budget.
 - 4. Seeking to implement savings needed to balance the budget in 2023/24 early to also support the budget in 2022/23.
- 4.14.2 As a result of these measures, the expected position for the General Fund is improving. Further work is ongoing with respect to the implementation of those savings approved for 2023/24 which could potentially benefit the 2022/23 position.

Engagement and Communication

- 5.1 The Corporate Leadership Team and budget managers have all collaborated in the content of this report providing explanation and narrative on the forecast variances.

Financial Implications

- 6.1 At this stage at the end of the second quarter of the revenue budgetary cycle, we continue to see the financial impact of the increase in inflation on the Councils. However we can also see the benefits of the introduction of the mitigating actions implemented and highlighted at 4.14 with an improvement in the forecast overspend since quarter 1.
- 6.2 Overall the projected outturn positions net of treasury savings, the performance in the strategic property portfolio and reserve transfers is an overspend in Worthing of £2.017m which includes the councils share of the estimated £2.338m overspend within the Joint Service.
- 6.3 The financial performance of the Councils will continue to be monitored closely against budgets and projections updated as the financial year continues.

Legal Implications

- 7.1 Section 151 of the Local Government Act, 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.

Further, Local authorities have a statutory duty under the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge.

- 7.2 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, and s42A and 42B of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 7.3 There are a range of safeguards in place that help to prevent local authorities overcommitting themselves financially. These include a duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirement

Background Papers

Joint Overall Budget Estimates 2022/23

<https://democracy.adur-worthing.gov.uk/documents/g1623/Public%20reports%20pack%2008th-Feb-2022%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

Adur District Council Budget Estimates 2022/23 and Setting of the 2022/23 Council Tax

<https://democracy.adur-worthing.gov.uk/documents/g1626/Public%20reports%20pack%2024th-Feb-2022%2019.00%20Adur%20Council.pdf?T=10>

Worthing Overall Budget Estimates 2022/23 and Setting of 2022/23 Council Tax

<https://democracy.adur-worthing.gov.uk/documents/g1625/Public%20reports%20pack%2022nd-Feb-2022%2018.30%20Worthing%20Council.pdf?T=10>

Financial Performance 2021/22 - Revenue Outturn

<https://democracy.adur-worthing.gov.uk/documents/g1714/Public%20reports%20pack%2005th-Jul-2022%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

Officer Contact Details:-

Emma Thomas

Chief Accountant

01403 221232

emma.thomas@adur-worthing.gov.uk

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

Appendix 1

Quarter 2 Budget Monitoring - Commentary on Services with significant outturn forecast to budget variances

This information supplements the information in the 2nd Quarter Revenue Monitoring report providing more detail to the service forecast in areas where there are significant variances in the forecast outturn positions than budgeted. The variances are across the organisation but are mostly in the areas that are either volatile in nature or demand led which can make income streams more difficult to predict. There are also some areas where global and national economic activity are impacting causing costs pressures, such as inflation and energy supply.

1.1 Car Parking

Worthing car park income continues to be one of the main income streams that is most impacted by the pandemic's longer term effect of changing behaviour by customers. One of the main reasons for this is that previous town centre workers are choosing to work remotely some or part of the time reducing the levels of town centre worker deal income and season tickets.

Understanding that this decline was likely to continue an additional £55,000 reduction was built into the 22/23 budget following the £359,000 reduction in 21/22 that had already been built in.

Buckingham Road is currently closed for refurbishment and not expected to open until late December 2022 and there are a number of bays closed at Liverpool gardens while works are completed on the former mobility shop section. Whilst some of these drivers will be displaced to other council owned car parks (particularly High Street and Grafton) the closures will have some impact on income.

However, there were 150 12-month season tickets purchased across Worthing car parks in July and the council are working with the NHS Trust on leasing the smaller part of Lyndhurst Road car park which will assist with income. Despite these measures income is still predicted to be below the budget set by £178,000, which is £53,000 higher than the shortfall estimated in quarter 1. In addition there are unbudgeted cost pressures of £99,000 associated with transactional fees on electronic payment methods. The net shortfall £277,000 reflects 10% of the service budget in Worthing.

1.2 Homelessness

There continue to be cost pressures associated with homelessness within both Adur and Worthing, current forecast outturn overspend positions have increased from those predicted in quarter 1.

Worthing is seeing an increase in demand, the average caseload for quarter 2 was 297 increasing to 313 by the end of October. The outturn forecast includes an assumed increase in caseload of 3 cases per month for the remainder of the year.

The increase in the demand has led to an increase in the average nightly cost for temporary accommodation, with the need to use hotel chains. Cost pressures have been compounded further with some bed and breakfast providers increasing their prices to meet growing inflationary costs pressures.

The current forecast compared to Quarter 1 is shown below:

	Worthing	
	Q2	Q1
	£000	£000
Homelessness - Emergency and temporary accommodation costs - budget pressure/(underspend)	1,563	1,460
Local Housing Allowance Income - budget shortfall/(excess)	(897)	(863)
Additional MHCLG Domestic Abuse Accommodation Grant	(33)	(33)
Net over/(under)spend forecast against budget	<u>633</u>	<u>564</u>
<i>Variance as a percentage of Housing Needs Budget</i>	<i>58.0%</i>	<i>51.7%</i>

1.3 Waste

The Waste and Cleansing services have significant cost pressures largely following the recent pay dispute by its employees. The agreed pay deal and subsequent knock on impact to the service whilst the dispute continued during April, has contributed towards an estimated overspend in the joint service of £932,000. This will impact on Adur and Worthing by £373,000 and £559,000 respectively, however the use of £581k of reserves has been approved by members to fund some of this cost (£209k Adur and £372k Worthing).

The dispute has also meant that as well as pay increases, income is lower than expected due to refunds being issued as a result of missed collections during the period along with other cost pressures that the service has had to meet including payments to waste contractors to meet our statutory obligation regarding environmental health safety plus the cost of extended opening of the West Sussex County Council refuse and recycling sites.

In addition to the impact of the pay dispute, there are inflationary pressures in fuel costs and on the maintenance budgets as the fleet gets older.

Food waste customer accounts continue to increase, despite a difficult trading year so far. Industrial action meant that no active promotional work took place as resources were re-prioritised. The focus is now on gaining food waste customers in Adur to get our total account base to 65. An account base of 65 will save the Councils around £15k per year as food waste is diverted from general waste to the service.

Overall the net outturn forecast for Waste Services are overspends are:

	Joint (memo)	Adur	Worthing
Net forecast overspend	£932,000	£76,000	£24,000
Share of Joint		£373,000	£559,000
Total cost pressure		£449,000	£583,000
Approved use of reserves		(£209,000)	(£372,000)

1.4 Bereavement Services

Worthing cemetery income is expected to exceed the income budget by £87,000 (32% overachievement). There have been 135 burials up to the end of October 2022 compared to 122 over the same period in the previous year. Offsetting this are some expected overspends against expenditure budgets of £42,000 associated with security costs and the installation of the mausoleum.

The crematorium is forecasting an overall 23% shortfall against the service income budgets of £768,000 as set out in the table below;

Cremations	£718,000	Average number of cremations per month 240 in 22/23 compared to an average of 300 in the previous 2 years. In addition the fees were not increased for 2022.
Memorial Garden	£95,000	Capacity has been reached at the garden and additional income would need to be generated from the proposed extension to be considered by members.
Memorials	£20,000	
Cameo Reimbursement	£3,000	
Donations	(£13,000)	
Tribute Income	(£55,000)	
Total	<u>£768,000</u>	

There is no available space in the memorial garden. Additional income is dependent on delivering the new garden, a report has been written for this to be considered by members.

There are some small offsetting savings to offset this within expenditure budgets. Overall the Bereavement Services budget in Worthing is predicting a net deficit against the budget of £708,000, which reflects 22% of the £3.265m service budget.

1.5 Strategic and Commercial Property

Within Worthing investment property and core estate portfolio the forecast is a net income surplus of £389,000 assuming that the transfer of the void allowance of £450,000 to the Property Investment Risk Reserve is not made in 2022/23. This is due to a combination of void periods and the re-letting of some properties with agreed rent free periods. Rent free periods are normal commercial practice and allow us to capture a greater rent in the future whilst the occupier pays business rates and all other outgoings during that period.

Included within the budget is the assumption that there will be some modest growth in the commercial property income for 2022/23 of £186.5k, £166k of

this target has been achieved through the purchase of Southern House in Durrington. Any shortfall in the budget is offset by the in year property void allowance. Across both Strategic Property Investment Funds, the occupancy level is at 97.5% which is extremely healthy.

1.6 Planning and Development

In Worthing the projected outturn is an overall net overspend of £201,000 within Planning and Development. There is £5,000 in grants and £85,000 in reserves to help fund some of the costs within this forecast. A breakdown of the variation in the service budget is provided below:

	Expenditure	Income	Grant & Reserve Funding
Building Control	(£11,000)	£35,000	
Development Control	£6,000	£60,000	(£5,000)
Planning Policy	£85,000		(£85,000)
Land Charges	(£7,000)	£33,000	
Total	£73,000	£128,000	(£90,000)

Within Development Control the costs include those associated with the Goring Gap appeal with the reimbursement built into the income figure. The expenditure within Planning Policy relates to unbudgeted inspectorate costs which are to be met from reserves. Income shortfall predictions have increased from that estimated at quarter 1 by £134,000, the largest variation in development control.

1.7 Revenues and Benefits

There has been significant additional work for the service over the last 2 years as a result of the government measures to support businesses and individuals during the pandemic through additional business rate reliefs and business grant and self isolation grants. In the current financial year the increase in workload continued with the introduction by the government of the energy rebate to householders, with the administration of the payments delegated to local government level. As a result additional temporary staff have been required and it is anticipated this will need to continue for the remainder of 2022/23, some of the associated cost is funded from grant but there is forecast to be a cost pressure of £185,000 that will need to be met by the councils.

1.8 Place and Economy

Worthing is forecasting a small shortfall of £39,000 against budget with savings in expenditure budgets offsetting the shortfall in concession income. The budget included income expected from the Worthing Observation Wheel which did not return to the seafront for the summer of 2022. The net shortfall will be partly met from Place reserve funding. This is on par with the quarter 1 forecast.

1.9 Parks

There are staff cost pressures associated with the job evaluation process that has been undertaken for roles within the Parks service. In Joint this is estimated to be £56,000, which is a movement of £95,000 from quarter1 when an underspend of £39,000 was projected. There has also been a shift from quarter to quarter 2 in the supplies and services budgets with underspends previously being forecast that are now expected to be overspends, particularly in Joint and Worthing:

	Joint		Worthing	
	Q1	Q2	Q1	Q2
Pay	(£39,000)	£56,000	£0	£0
Non Pay Costs	(£6,000)	£25,000	(£71,000)	£10,000
Income	£17,000	£28,000	(£20,000)	(£55,000)
Net overspend/(underspend)	(£28,000)	£109,000	(£91,000)	(£45,000)
Movement in Forecast	£137,000		£46,000	

2.0 Treasury- 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 2021/22, there is certainty about the charge for the forthcoming year.

Worthing Borough Council has underspend in the MRP budget of £302k due to reprofiling to 2022/23 of a proportion of the 2021/22 Capital Programme 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. The reduced need to borrow also translates into a saving on interest payable of £48,000 in Worthing.

Interest receivable from treasury investments is forecast to be above budget due to the higher than forecast base rates available in the market.

Overall the outturn forecast is a net underspend of £663,000 for Worthing:

Treasury Management (Under) / Overspends	Worthing
	£000
Minimum Revenue Provision	(302)
Interest from Investment Income	(313)
Interest payable on borrowing	(48)
Total	(663)

The change in interest rates has led to an overall increase in the net interest receivable with a favourable movement from quarter 1 of £361,000 in Worthing.

3.0 Cross Cutting

3.1 Energy:

The contract for energy has now been renewed and the anticipated usage and price are expected to increase the costs to the council substantially by an average of 190% for electricity and 380% for gas over the next two years, albeit an improvement on the growth assumed at quarter 1. The outturn projection has seen a positive impact from the Government support on energy prices through the Energy Price Relief Scheme.

The forecast cost pressure for the current year compared to quarter 1:

	Q1 Forecast	Q2 Forecast
Joint	£215,000	£150,000
Adur	£238,000	£158,000
Worthing	£670,000	£276,000

In Joint the overspends are, based on current consumption, largely associated with the Town Hall. Adur costs span across services and in Worthing significant overspends are anticipated to be associated with car parks, public lighting and the crematorium.

Water:

Overspends in both councils are across a number of services which include public conveniences, parks and offices. The predicted cost pressure has increased since quarter 1;

	Q1 Forecast	Q2 Forecast
Joint	£0	£8,000
Adur	£3,000	£22,000
Worthing	(£7,000)	£29,000

Maintenance:

Costs are expected to be broadly on budget within Joint Services and Adur. In Worthing it is expected there will be an underspend with demand on the service for reactive works lower than budget. Planned maintenance has been reviewed and reprogrammed where possible to manage the increasing inflationary cost pressures.


SUMMARY - 2ND QUARTER PROJECTED OUTTURN 2022/23

APPENDIX 2a

Actual	WORTHING CABINET MEMBER	Original	Current	Projected	Forecast
4,084,007	CM for Environment	3,253,680	3,253,680	4,589,880	1,336,200
2,004,253	CM for Community Wellbeing	1,080,300	1,080,300	1,201,740	121,440
6,519,553	CM for Citizen Services	3,211,100	3,211,100	3,828,560	617,460
	CM for Climate Emergency	124,450	124,450	457,450	333,000
	CM for Culture & Leisure	4,371,610	4,371,610	4,455,610	84,000
1,034,267	Leader	793,830	793,830	857,230	63,400
4,029,622	CM for Regeneration	2,200,240	2,200,240	2,461,640	261,400
369,594	CM for Resources	95,650	95,650	80,960	(14,690)
	Holding Accounts	732,220	732,220	732,220	0
18,041,296	Total Cabinet Member	15,863,080	15,863,080	18,665,290	2,802,210
(3,981,831)	Credit Back Depreciation	(4,160,610)	(4,160,610)	(4,160,610)	0
1,535,975	Minimum Revenue Provision	1,995,930	1,995,930	1,693,930	(302,000)
3,331,839	Non ring fenced grants	0	0	0	0
18,927,279		13,698,400	13,698,400	16,198,610	2,500,210
0	Government Grant funding	0	0	0	0
	Transfer to/from reserves				
0	Contribution to/(from reserves)	86,250	86,250	86,250	0
	Grant Funded	-	-	(111,000)	(111,000)
(4,283,473)	Transfer from reserves to fund specific	0	0	(372,000)	(372,000)
	General Fund Working balance	0	0	0	0
(196,026)	Net Underspend/(Overspend)	0	0	(2,017,210)	(2,017,210)
14,447,780	Total Budget requirement before	13,784,650	13,784,650	13,784,650	-


Movements in Earmarked Reserve Accounts

WORTHING BOROUGH
COUNCIL

 WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2022/23	Estimated Transfers Out 2022/23	Estimated Transfers In 2022/23	Projected Balance 2022/23
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets	1,308,326			
Development of Natural Burial Area (5 March 2019 JSC/105/18-19)		(100,000)		
Teville Gate housing initial project costs (03/11/2020 JSC/71/20-21)		(38,375)		
Hardship Fund contribution (11/01/2022 JSC/77/21-22)		(100,000)		
Platinum Jubilee (08/02/2022 JSC/87/21-22)		(14,361)		
Funding of cost pressures on the Waste service (07/06/2022 JSC)		(371,590)		
Resourcing of community engagement, inclusion and participation activities (JSS-C(W)/4/22-23 5 July 2022)		(76,500)		
Business Development Fund		(175,000)		
Local Plan examination costs		(85,000)		
Worthing carry forwards from 2021/22 underspends		-		
Budgeted contribution (to)/from revenue			-	
Balance				347,500
Insurance Reserve	252,394	(35,250)	30,700	247,844
Leisure Lottery & Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	27,766	0		27,766
Museum reserve	106,396	(20,000)		86,396
Business Rates Smoothing Reserve	3,307,389	(3,152,964)		154,425
Local Tax Income Guarantee	301,949	(37,000)		264,949
Property Investment Risk Reserve	450,000	TBC		450,000
Building Maintenance Reserve - Exec Member for Resources 18/11/2021 Town Centre Improvements	326,259	(150,000)		176,259
Grants & Contributions	1,066,798	TBC	TBC	1,066,798
Projected Underspend/ (Overspend) (Reserve to be identified at outturn).		(2,017,210)		(2,017,210)
General Fund Working Balance	1,347,348			1,347,348
TOTAL	8,494,625	(6,373,250)	30,700	2,152,075

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Chief Executive				
Leader	38	(140)	-	ADUR; Contingency underspend of £120k, used to offset cost pressures elsewhere plus a current projected underspend in leaders budget.
	38	(140)	-	
Director of Communities				
Director of Communities	285	-	-	Vacancy Provision underachievement
Wellbeing	(85)	1	(6)	Vacant post used to fund interim restructure costs shown within other areas
Licensing	1	21	7	ADC & WBC: Underachievement of income - reduction in number of taxi and gambling licences issued.
Env Health - Housing	(18)	(27)	(56)	ADC & WBC: HIA income forecast to exceed budget
Housing Needs	(64)	258	666	ADC: Current number of households supported in temporary accommodation increased to 92 from average 79 at end Q1. Caseload estimated to increase by +1/mth except +2/mth for Dec and Jan. Average nightly rate for TA risen from £40/night in Q1 to £42/night in Q2. Shortages in affordable properties within the private sector creating difficulties with move-on from TA including landlords entering our Opening Doors Scheme. Increased use of budget hotel chains and price increase in one of our largest B&B providers WBC: Current number of households supported in temporary accommodation increased to 313 from average 298 at end Q1, estimated +3/mth increase for remainder 22/23. Average nightly rate for TA risen from £39/night in Q1 to £41/night in Q2. Shortages in affordable properties within the private sector creating difficulties with move-on from TA including landlords entering our Opening Doors Scheme. Increased use of budget hotel chains and price increase in one of our largest B&B providers
Housing Needs Grant	-	(33)	(33)	ADC & WBC: DLUHC Domestic Abuse - Safe Accommodation grant 2022-23
Head of Environment	(114)	-	-	Post saving used to contribute towards the interim staff structure costs elsewhere
Parks & Foreshore	109	(43)	(45)	JOINT: Mainly due to increased costs following post regradings ADUR: Additional income from Allotments & Parks WORTHING: Relates to additional income from Beach Huts & Chalets and underspends in supplies & services
Environmental Services (Waste)	932	76	24	The overspend for the Waste service relates to increased pay costs following the recent pay dispute settlement plus consequential catch up costs including income refunds for commercial waste & garden waste missed collections, along with increased vehicle costs for fuel & maintenance
Bereavement Services (Cemeteries & Crematorium)	22	30	708	ADC Burial income shortfall WBC: £87k Additional burial income offset by £794k net crematorium underachievement, which includes a shortfall in memorial garden income due to lack of capacity £95k.
	1,068	283	1,265	
Director of Digital and Resources				
Elections	(9)	33	46	ADUR & WORTHING overspends in relation to extra requirements for putting on elections
Director For Digital, Sustainability & Resources	104	-	-	Vacancy Provision underachievement
Customer Services	(33)	-	-	Projected underspend in staff costs

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Parking Services	1	(35)	277	Adur: Adur continues to perform well and is expected to be on budget. Worthing: Income still has not improved to pre covid levels and is not expected to do so in 2022/23. Buckingham Road is still closed and is estimated to open in December and there are many bays closed at Liverpool gardens with the temporary move of the Central clinic There are still a number of businesses where staff are working from home and not returned to the office which has had an impact on the income the council would normally have received through the town centre workers income. There were 150 season tickets purchased across MSCP's in July. The council are working with the NHS Trust on leasing out the smaller part of Lyndhurst Road car park which will assist with income. In addition the cost of card services have increased with the move away from cash.
Digital & ICT	19	-	-	Overspends projected due to Google training, Xpress hosting and an increase in google licences. In addition there are telephony pressures associated with lines and supplier costs.
Revenues	9	34	13	ADUR & WORTHING; Under achievement of Court Cost income offset by savings in postage and other costs
Benefits	176	36	(34)	JOINT - Increased cost of recruiting temporary staff to deal with the backlog following increased work from Energy rebates and other Covid relate work. ADUR - underachievement of overpayment income WORTHING Favourable subsidy position compared to budget.
Legal Services	(2)	22	26	Underachievement of income
Finance	(287)	(14)	(128)	Joint includes £250k contingency saving offsetting the cost pressures elsewhere. ALL: Saving on inflation set aside which will be offset by overspends elsewhere.
HR & OD	1	-	-	
Sustainability	(55)	-	-	Underspend in Salaries due to vacant posts.
Finance: Treasury Interest		(312)	(361)	Increase in investment income due to increased rates in the market following rise in Base Rate, C-19 grant balance not yet returned
Finance: Treasury MRP	-	(469)	(302)	Reduced MRP due to re-profiling of capital budgets from 2021/22 and MRP review by external consultants
	(75)	(705)	(463)	
Director of the Economy				
Director of the Economy	99	-	6	Vacancy Provision underachievement
Leisure	-	14	84	ADUR overspend on Equipment leases. WORTHING Additional support to SDL (still to be agreed with members).
Major Projects and Investment	40	(362)	(345)	ADUR: Void allowance budget offsetting the income shortfall from initial 6 month free rent period during negotiations of one of our Investment Properties plus loss of income from the One York Way, Uxbridge site which is vacant. WORTHING: Void Allowance Budget to offset net income shortfall mainly from Montague Street properties & Cannon House rent free period.
Place and Economy (Economic Development)	52	(12)	39	JOINT - Includes cost of putting together Leveling Up bids for each Authority ADUR Saving in advertising & service budget offset by reduced market income WORTHING: Overspend relates to reduction in Income from the Observation Wheel.
Planning and Development (Building Control)	(7)	37	24	Fee income is projected to not meet the budget.
Planning and Development (Development Control)	81	16	66	JOINT: Increased cost of using Agency staff to cover vacancies. WORTHING: Cost of Inspectorate re Goring Gap development challenge funded from Reserves.

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Planning and Development (Planning Policy)	(15)	-	85	WORTHING: Additional Local Plan costs for planning inspector offset by contribution from the Capacity Issues reserve.
Planning and Development (Land Charges)	(3)	52	26	Income not expected to meet the budget.
Business & Facilities	28	7	12	Income for Portland House partial let has been delayed and the income will not meet the full year anticipated budget.
	275	(248)	(3)	
Cross Cutting services				
Maintenance	18	(20)	(91)	Maintenance projected to underspend.
Pay Award - Latest offer	972	3	23	The pay award offer has been agreed and increasing each spinal column point by £1,925, higher than built into the 21/22 budget.
Corporate Budgets	(73)	(1)	(1)	Decrease in national insurance contribution percentage by 1.25% from November
Water	8	22	29	As per our other utility costs there are increased costs.
Energy Costs	150	158	276	Our current fixed deal for our energy supplies run out in October and this increased substantially but is partially offset by the Government support through the Energy Price Relief Scheme.
Rates	(17)	(5)	63	WORTHING: This overspend relates to the business rates for vacant investment properties.
Grants received in advance utilised in year	(25)			
	1,033	157	299	
Allocation of Joint Variance		935	1,403	Share of joint services allocated 40:60 to Councils
Total Variance	2,338	282	2,500	

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Chief Executive				
Director of Communities				
Housing Needs	(24)	79	69	Number of cases presenting themselves as homeless and requiring temporary/emergency accommodation continues to increase in both Adur and Worthing
Parks & Foreshore	137	-	46	Increased cost of Job evaluation regradings of the parks staff as part of the Council commitment to fairer pay
Commercial Waste	-	72	34	Increase in waste disposal costs due to having to revert to WSCC to dispose of the waste following the end of the current contract
Bereavement Services (Cemeteries)	17	(30)	(139)	Burial income has increased higher than previous predicted
Bereavement Services (Crematorium)	7	-	447	The cremation income has continued to deteriorate further due to the loss of a high amount of direct cremations
Director of Digital and Resources				
Parking Services	1	(16)	53	The income in Worthing's car parks have continued to fall short of the budget
Benefits	177	180	13	Use of temporary staff has been extended to deal with the backlog of work created by the Pandemic and subsequent post pandemic support schemes. In Adur the Overpayment income is no longer predicted to meet the budget
Sustainability	(55)	-	-	Vacancy savings, including head of service
Finance:Treasury Interest	-	(197)	(361)	Increases in investment income due to increased rates in the market following rise in Base Rate in recent months

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Director of the Economy				
Major Projects and Investments (Strategic Properties)	-	(193)	(314)	It is anticipated the we will not require as much of the budgeted property void allowance as previously projected to cover vacant properties
Cross Cutting services				
Maintenance	(24)	59	24	Reduction in forecast underspend due to rising costs from suppliers and maintenance providers
Corporate Budgets	(73)	(1)	(1)	Decrease in the National Insurance rate from 15.05 to 13.8 announced since Q1 - to take effect from November 22
Energy Costs	(88)	(57)	(394)	Projections on the increases in energy costs have been reduced since the Governments announcement to support businesses through through the Energy Price Relief Scheme
Rates	(24)	(112)	7	Some previously vacant properties have now been occupied reducing the Council liability for business rates



2nd Quarter Capital Investment Programme & Projects Monitoring 2022/23

Report by the Director for Digital, Sustainability and Resources

EXECUTIVE SUMMARY

1. PURPOSE

1.1 This report updates the Sub-Committee on the progress made on the delivery of the 2022/23 Capital Investment Programme for Worthing Borough Council. The programmes include schemes which support the delivery of services by the Joint Services Committee.

1.2 The following appendices have been attached to this report:

Appendix 1: Worthing Borough Council Capital Monitoring Summary

Appendix 2: Worthing Borough Council Reprofiled Budgets

2. RECOMMENDATIONS

2.1 The Worthing Sub Committee of the Joint Strategic Committee is asked to:

- i) To note the reprofiling of the Worthing Borough Council capital schemes as advised in paragraph 6.1 and appendix 2.
- ii) To note the schemes removed from the Capital Investment Programme as advised in paragraph 6.2.
- iii) To note the additional S106 receipt received for play area equipment at Bourne Close and Northbrook Recreation Ground and the addition to the budget provision already in the 2022/23 Capital Investment Programme as detailed in paragraph 6.3.1.
- iv) To approve the provision of Commerce Way female facilities and upgrade of the male showers, and the addition of the schemes to the 2022/23 Capital Investment Programme funded from capital contingency as detailed in paragraph 6.3.2

- v) To approve the procurement of COSHH Management Software, and the addition of the project to the 2022/23 Capital Investment Programme funded from capital contingency as detailed in paragraph 6.3.3.

3. CONTEXT

- 3.1 In accordance with the Councils' Capital Strategy, the Capital Working Group oversees the implementation and progress of both Councils' Capital Investment Programmes.
- 3.2 The Capital Working Group meets quarterly and monitors the programmes' progress and finance, seeking to address any problems at an early stage in order for schemes to be completed within budget and timescales. Where problems are highlighted the Group considers possible remedies including virements between schemes, reprofiling of budgets between years and the withdrawal of schemes from the programme when schemes are unable to proceed. This could be due to resourcing problems, time delays or other factors beyond the Councils' control.
- 3.3 Full summaries of the progress of all the schemes in the 2022/23 Capital Investment Programmes are prepared each quarter highlighting:

Schemes with significant challenges	Red
Schemes where progress is being closely monitored	Amber
Schemes progressing well	Green
Schemes where progress is beyond officers' control	■
Schemes with financial issues	£
Schemes where progress has improved	↑
Schemes where progress has deteriorated	↓

- 3.4 The Capital Working Group also ensures that capital schemes are approved within financial regulations.
- 3.5 Financial Regulations require officers to report each project on completion.

4. PROGRESS OF THE WORTHING BOROUGH COUNCIL 2022/23 CAPITAL INVESTMENT PROGRAMME – DECEMBER 2022

4.1 There are 103 schemes in the 2022/23 current capital investment programme which are progressing as follows:

	Number of schemes	Percentage %
Schemes which are progressing satisfactorily or have completed	75	72.8
Schemes where progress is being closely monitored	27	26.2
Schemes with significant challenges or financial issues	1	1.0

4.2 A summary of the financial movements of the 2022/23 Capital Investment Programme is attached as Appendix 2 to this report. A summary of the progress of all the schemes in the 2022/23 Capital Investment Programme is available from the Councils' Joint Intranet.

5.0 SUCCESSES AND CHALLENGES IN THE WORTHING BOROUGH COUNCIL 2022/23 CAPITAL INVESTMENT PROGRAMME

5.1. The following schemes are progressing well:

5.1.1 **AW Workspaces (Partnership Scheme with Adur District Council)**

All works have now completed and the Sussex Partnership NHS Foundation Trust will occupy part of Portland House. As part of this project, improvement works have been undertaken at Portland House and Worthing Town Hall.

Overall the project is on target to deliver a saving of £365,000 (£188,000 after funding the associated debt charges).

5.1.2 **Decoy Farm - Site Development**

A planning application has been submitted for the development of the Decoy Farm site in East Worthing. The objective of the scheme is to provide flexible employment floorspace and meet the demand in Worthing for small and or large industrial/warehouse/ commercial units. The proposals have been informed following soft marketing undertaken by Jones Lang LaSalle to understand what is important to potential occupiers.

The detailed planning application proposes employment spaces which can accommodate tenants of varying sizes and needs, to do this the design has 'built in' the ability for tenancies to be consolidated or split and remain as flexible as possible to meet needs both now and in the future.

There is a significant need for more employment floorspace in the borough and the redevelopment of the site will help deliver this. The proposal has the potential to create 352 high-quality full time jobs during operation as well as a number of jobs throughout the construction phase. The works have the potential to improve the working environment and facilities for existing businesses in the adjacent business park and could attract new commercial tenants to the area. This will improve the long-term sustainability of the site and surrounding area.

Sustainability is a key feature of development. The following information demonstrates the green nature of the development:

- The Sustainability and Energy Statement states the development will achieve a BREEAM 'Very Good' rating under BREEAM New Construction 2018. The BREEAM pre-assessment indicated that the proposed development is targeting a score of 59.45%.
- The Sustainability and Energy Statement stated that the design aims to achieve the minimum BREEAM 'Very Good' requirement for 'Wat 01' water category, as well as to reduce potable water consumption as much as possible (over the BREEAM baseline).
- Key design aspects applied to enhance sustainability in terms of energy use include introducing roof lights to make the best use of natural daylight and minimise use of artificial lighting. Also, using external lighting controlled by time clocks, photocells and presence detection, as well as LED lighting with presence detections. PV panels will be installed to generate zero-carbon electricity and no fossil fuels will be used for space heating or hot water demand.
- Circular Economy principles will be incorporated, with key strategic approaches for Decoy Farm involving conducting a life cycle assessment, construction materials to be replaced with more sustainable options and workshops to be held at each design stage to ensure material efficiency.
- In terms of sustainable construction materials, the quantities of materials will be minimised and will be sourced responsibly. For instance, instead of concrete frames, steel will be used as it is lightweight, which enables a lean design using less material. Materials with low embodied carbon impacts and high recycled content will be prioritised, and a sustainable procurement plan will be produced to ensure materials are sourced sustainably and responsibly.

5.1.3 Information and Communications Technology - Digital Programme (Partnership Scheme with Adur District Council)

The following projects are progressing well:

- i) Ultrafast Network / Gigabit Project
- ii) Wifi Upgrade / Network Refresh
- iii) Storage Area Networks have been replaced
- iv) Data migration to the Cloud

5.2. **Challenges in the 2022/23 Capital Investment Programme:**

5.2.1 There has been significant reprofiling of budgets from 2022/23 to 2023/24 this financial year caused by the continuing impact of both Brexit and Covid 19 resulting in significant supply problems for equipment and materials, and also increases in prices:

Delays have been encountered as follows:

- i) In obtaining quotes and estimates from suppliers.
- ii) In placing orders due to supplier's availability of stock.
- iv) Long lead in times for deliveries due to supply issues.

In addition there are staffing shortages in the Technical Services Department and projects have had to be prioritised and non urgent works deferred to 2023/24.

5.2.2 **Worthing Pier, Southern Pavilion and Seafront Amusements - Fire Safety Compliance Works**

Phase 1: Installation of the under pier dry riser water pipe (for fire management) and sewerage pipe to the Southern Pavilion completed in previous years.

Phase 2: New sprinkler system for seafront buildings. The tenant of the Southern Pavilion installed a new sprinkler system whilst undertaking renovation works to the building, and has been reimbursed by the Council for the cost of these works. This system will be connected to a large pump that will be housed close to the Pier entrance and main water main.

Discussions are currently in progress regarding the siting of this sprinkler pump and a new supply pipe connected to the pump underneath the Pier for the seafront buildings. Two options are being considered for housing the new pump i) Conversion of an existing public convenience ii) Provision of a new building. The preferred option is to provide a new small building that meets our planning obligations.

Costs are being obtained for both options and a Capital PID has been submitted for additional resources from the 2023/24 Capital Investment Programme and this will be considered as part of this year's Capital Bidding Process.

5.2.3 Colonnade House - Extension of Digital Hub

A total budget of £4.05m was approved for this scheme in March 2021. Adjoining properties were vacated and planning permission was approved.

However, tenders were received in excess of the current budget and revised options are now being considered to deliver the scheme. Due to the likely timeframes with the main scheme, meanwhile uses are being explored for the units currently vacant to increase activation.

The existing Colonnade House, as the original creative hub, continues to serve cultural and artistic businesses both as tenants in the upper floors and as gallery hirers on the ground floor.

5.2.4 High Street MSCP - Major Refurbishment

A budget provision of £2.7m for the major refurbishment of the High Street MSCP, funded from borrowing, was included in the Capital Investment Programme.

Due to the Council's current financial position, the major refurbishment has been put on hold and will be reconsidered in later years when the financial position of the Council has improved. However, a smaller refurbishment scheme now needs to be undertaken to address health and safety issues arising from structural works required to low railings, structural corrosion and windows. These works are currently being costed and a Capital PID has been submitted for works to be undertaken in 2023/24.

5.2.5 Major Projects

The Council has a number of construction projects underway at present. The construction industry has experienced significant inflation, material and labour shortages which has affected the cost and timely delivery of projects, particularly the Worthing Integrated Care Centre. A further detailed report will be brought forward in February to provide a full update of market conditions on the Council's projects and the latest expected costs for the major projects.

6. ISSUES FOR CONSIDERATION

- 6.1 Budgets totalling £36,290,550 have been reprofiled to 2023/24 and future years where the original project plan has changed and the schemes are unable to complete in 2022/23. A list of schemes reprofiled is attached as Appendix 4 to this report.
- 6.2 Officers have looked at schemes that have not progressed to date in the current Capital Investment Programme. The reasons for the non progression have been considered and where it is unlikely that the scheme will progress in the near future it is proposed that these schemes are removed from the Capital Investment Programme and bid

for in future years, if required, and prioritised against other schemes which are in a position to progress and when the costs are more likely to be realistic. The following schemes have been identified as not progressing and it is recommended they are removed from the Capital Investment Programme:

- i) Connaught Studio (Ritz) - Preparatory costs for installation of ventilation scheme £10,000. PID to be submitted for the full cost of the scheme to be prioritised in future years.
- ii) Promenade - Replacement of festoon lighting with LED units £235,000. The scheme has been in the Capital Investment Programme for several years but has not progressed due to higher priority schemes taking precedence. The lights are being maintained and replaced when necessary from the revenue budget. There are no health and safety issues and the scheme will be bid for in future years if the condition of the lights deteriorates.
- iii) Assembly Hall Public Conveniences Refurbishment £151,400. Public conveniences are the responsibility of the Worthing Theatres and Museum Trust and the works are to be progressed by the Trust.

6.3 The following amendments to the Worthing Borough Council 2022/23 Capital Investment Programme are recommended:

6.3.1 Bourne Close and Northbrook Recreation Ground - Play Area Improvements

The 2022/23 Capital Investment Programme includes a budget provision of £25,000 for play area improvements at Bourne Close and Northbrook Recreation Ground Play Area.

A S106 receipt of £14,479 has been received and has to be used for play area improvements at Bourne Close and Northbrook Recreation Ground. The deadline for spending this S106 receipt was September 2022 and the improvements have been undertaken.

It is recommended that this S106 receipt is retrospectively added to the Capital Investment Programme to fund the additional play area improvements undertaken at this site, making a total budget of £39,479.

6.3.2 Commerce Way - Provision of female and disabled showers, toilets and changing facilities and upgrade of male showers

Issues have been raised regarding the condition of the showers, toilets and changing facilities at Commerce Way which were originally designed around a male workforce. The current facilities are dated, don't comply with modern standards, are insufficient and in a very poor condition for a changing workforce.

The Technical Services Team have worked with officers at the site to identify options to improve the site, the first stage of which is to upgrade the female facilities (Phase 1), to be followed by upgrade of the male showers (Phase 2).

Phase 1 Female Facilities: Estimated cost including Technical Services Fees is £55,000 and it is proposed to fund the works 50% from the Adur District Council Capital Contingency Provision (£27,500) and 50% Worthing Borough Council Capital Contingency provision (£27,500).

Phase 2 Male Showers: Estimated cost including Technical Services Fees is £60,000 and it is proposed to fund the works 50% from the Adur District Council Council Capital Contingency provision (£30,000) and 50% Worthing Borough Council Capital Contingency provision (£30,000).

It is recommended that both phases of works are added to the 2022/23 Adur District Council and Worthing Borough Capital Investment Programmes funded from the 2022/23 Capital Contingency Budgets.

6.3.3 Procurement of COSHH Management Software

Adur District Council and Worthing Borough Council have identified that a specialist system is required to support Risk Management and Health and Safety Issues so that the Councils comply with legislation and become safer, healthier and stronger.

COSHH Management Software is a software solution which would enable the Councils to create and deliver fully compliant task based assessments which comply with legislative requirements.

The COSHH solution assessment summary gives complete visibility across all regulations and enables managers and those responsible for Health and Safety to understand potential workplace hazards and exposure limits, providing information needed in order to recommend control measures to protect the health of employees and members of the public.

The cost of the COSHH Management Software is £13,500, and can be funded from Adur District Council (£6,340) and Worthing Borough Council (£7,160) Capital Contingency provisions.

It is recommended that Adur District Council and Worthing Borough Council purchase the COSHH Management Software to aid compliance with Risk Management and Health and Safety Regulations, and add the scheme to the 2022/23 Capital Investment Programmes.

7. ENGAGEMENT AND COMMUNICATION

- 7.1 The purpose of this report is to communicate with stakeholders on the progress of the Adur District Council and Worthing Borough Council 2021/22 Capital Investment Programmes. Officers of the Council have been consulted on the progress of the schemes which they are responsible for delivering.
- 7.2 Specific schemes are subject to public consultation (e.g new playgrounds) to ensure that they meet community needs.

8. FINANCIAL IMPLICATIONS

- 8.1 There are no unbudgeted financial implications arising from this report as the Worthing Borough Council 2022/23 Capital Investment Programmes were approved by the Council in December 2021. Subsequent changes have been reported to and approved by the Joint Strategic Committee. The issues considered in this report can be funded from within existing resources or through external funding.

9. LEGAL IMPLICATIONS

- 9.1 Section 28 Local Government Act 2003, as amended by the Localism Act 2011, provides that where in relation to a financial year, a Local Authority has made the calculations required by sections required by sections 31A 32, 42A and 42B of the Local Government Finance Act 1992, it must review them from time to time during the year. If it appears that there has been a deterioration in its financial position it must take such action, if any, as it considers is necessary to deal with the situation.
- 9.2 Section 151 of the Local Government Act 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.
- 9.3 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.

Background Papers

- Capital Investment Programme 2021/22 – 2023/24 Adur District Council, Worthing Borough Council and Joint Committee
- Capital Strategy 2022/25.
- Enabling the Digital Future for Adur & Worthing: Extending Ultrafast - Report to the Joint Strategic Committee dated 2nd April 2019.

Officer Contact Details:-

Sarah Gobey

Chief Financial Officer

01903 221233

sarah.gobey@adur-worthing.gov.uk

SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

- The capital programme prioritisation model awards points for capital project proposals that impact positively on the economic development of our places or the economic participation of our communities.

2. SOCIAL

2.1 Social Value

- The capital programme prioritisation model awards points for capital project proposals that impact positively on our communities.

2.2 Equality Issues

- The capital programme prioritisation model awards points for capital project proposals that address DDA requirements and reduce inequalities.

3. ENVIRONMENTAL

- The management, custodianship and protection of our natural resources are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programme.

4. GOVERNANCE

- The Councils' priorities, specific action plans, strategies or policies are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- The Councils' reputation or relationship with our partners or community is taken into account when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- Resourcing, risk management (including health and safety) and the governance of either Council are fully considered during the preparation of the Councils' Capital Investment Programmes.

CAPITAL MONITORING SUMMARY 2022/23
2nd Quarter

Executive Portfolios	(1) Total WBC Scheme Budgets £	(2) Previous Years' Spend £	(3) 2022/23 Original Budget £	(4) Net Budget b/f from 2021/22 £	(5) Approved Changes to Original Budget £	(6) 2022/23 Budget Reprofiled to and (from) 2023/24 £	(7) 2022/23 Current Budget £	(8) 2022/23 Spend to Date £	(9) Spend % of Current Budget
Citizen Services	10,057,800	-	6,631,320	1,266,480	440,000	(6,238,240)	2,099,560	698,902	33.29%
Climate Emergency	5,644,470	2,450	1,520,000	-	-	(570,000)	950,000	321,945	33.89%
Community Wellbeing	421,860	-	165,240	10,120	-	(120,000)	55,360	2,391	4.32%
Culture and Leisure	2,095,380	415,960	1,395,710	71,810	(68,100)	(977,310)	422,110	159,310	37.74%
Environment	7,374,280	830,160	3,588,330	441,970	220,040	(893,930)	3,356,410	1,077,476	32.10%
Regeneration	64,523,050	26,174,920	32,819,420	4,269,340	(520,800)	(8,104,720)	28,463,240	20,505,746	72.04%
Resources	134,029,310	87,310,820	44,903,860	1,260,400	18,000	(19,386,350)	26,795,910	24,121,034	90.02%
TOTALS	224,146,150	114,734,310	91,023,880	7,320,120	89,140	(36,290,550)	62,142,590	46,886,804	75.45%

Financing of 2022/23 Programme:

	£'000
Borrowing:	54675
Capital Receipts:	23
Revenue Contributions and Reserves:	266
Government Grants:	3355
S106 Receipts	2101
Other Contributions:	1,723
	<u>62,143</u>

Capital Monitoring - Summary of Progress:

Schemes with significant challenges:	1
Schemes where progress is being closely monitored:	27
Schemes which are progressing satisfactorily or have completed:	75
Total Schemes:	<u>103</u>

(1) SCHEME (Responsible Officer)	(2) Total WBC Scheme Budget £	(3) Previous Years' Spend £	(4) 2022/23 Original Budget £	(5) Budget Reprofiles to and from 2023/24 and Future Years £	(6) 2022/23 Current Budget £	(7) 2022/23 Spend to Date £	(8) Anticipated Completion Date (C) / Approval Report(D)/ P.I.D.(P)	(9) 2022/23 Anticipated (Underspend) /Overspend (Council Resources) £	(10) COMMENTS AND PROGRESS	(11) Status
Extension of Colonnade House 1 Digital Hub	4,100,980	171,560	3,930,980	3,919,100	10,320	10,315	10.4.18 (D) 3.11.2020 (D) 30.3.2021(D)		● Progress Beyond Council's Control £ Schemes with financial issues ^ Scheme Progress Improved v Scheme Progress Deteriorated	RED
TOTAL:	4,100,980	171,560	3,930,980	3,919,100	10,320	10,315.00		-		

RESPONSIBLE OFFICERS: Phil Graham Project Manager



WORTHING BOROUGH
COUNCIL

WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
Affordable Housing - Grants to Registered Social Landlords for the provision of affordable housing	2,671,800	Budget reprofiled due to lead times for new developments.
Broadwater Green Pavilion - Contribution to refurbishment	89,600	Meetings in progress regarding the future lease and responsibility for undertaking the works. Budget reprofiled in line with anticipated expenditure.
Cark Parks - High Street Refurbishment	2,700,000	No plans to commence the project. Budget reprofiled to future years.
Church House Ground (Tarring) Pavilion - Contribution to refurbishment	50,000	Works anticipated January 2023 with completion expected April/May 2023.
Colonnade House - Extension of Digital hub	3,919,100	Scheme deferred to 2024/25. Budget reprofiled in line with anticipated expenditure.
Connaught Studio - Replacement of slate roof	200,000	Budget reprofiled due to resourcing issues in Technical Services.
Connaught Theatre - Replacement windows	85,000	Budget reprofiled due to resourcing issues in Technical Services.
Corporate Buildings - Decarbonisation Schemes	570,000	Budget reprofiled to 2023/24 to match expected grant funding.
Council Buildings - Asbestos	100,000	Budget reprofiled in line with anticipated expenditure.
Disability Discrimination Act Improvements - Provision of minor alterations and improvements to Council properties	20,000	Durrington Cemetery DDA works under discussion with bereavement services. Budget reprofiled in line with anticipated expenditure.
Economic Development - Montague Street Design Works	100,000	Design works to begin in the autumn, expected to be delivered by Summer 2023. Budget reprofiled in line with anticipated expenditure.
Housing Development - Acquisition and development of emergency, interim or temporary accommodation for the homeless	3,566,440	Budget reprofiled due to lead times for new schemes.



WORTHING BOROUGH
COUNCIL

WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

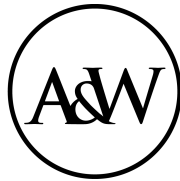
Scheme	Reprofiled Budgets	Reason
Match Funding - Hillbarn / Rotary Recreation Ground contribution to new changing rooms / building	13,320	Contribution to Chippendale Cricket Club dependent on external funding bids.
IT - Identity Governance and Admin System	31,800	Original system is being reviewed and may be incorporated as part of Single Sign On in 2023/24.
IT - Network Refresh Wifi Upgrade	27,380	Scheme to continue into 2023/24. Budget reprofiled in line with anticipated expenditure.
Montague Street - Essential Capital Works	248,210	There has been a change in the managing agents and tenant and the new tenant is responsible for repairs via a service charge. However, major water ingress works may still be the Council's responsibility.
Museum and Art Gallery - Redevelopment	69,190	£20,000 approved for structural and condition surveys. Remainder of budget reprofiled as match funding for the HLF Lottery bid.
Museum and Art Gallery - Replacement of display cases	41,400	Some display cases purchased in 2022/23, remainder to be purchased in future years as match funding for the HLF Lottery Bid.
Museum and Art Gallery - Refurbishment of roof lights	48,800	Works delayed by resourcing issues in Technical Services. Match funding for HLF lottery bid.
Office Equipment - Microphone System Replacement	15,900	New technical solutions under consideration. Replacement anticipated 2023/24.
Palatine Park - Replacement of Play Area	87,720	Start on site estimated April / May 2023.
Park Areas - Homefield Park Refurbishment	130,000	Installation anticipated May / June 2023.
Pavilion Theatre - Window Replacement	80,000	Budget reprofiled due to resourcing issues in Technical Services.
Planning and Building Control - Document Management System	50,370	System to be considered after corporate DMS upgrade.
Portland House - Replacement of boiler and heating upgrade	148,000	Public sector decarbonisation grants application to be submitted for works in 2023/24.



WORTHING BOROUGH
COUNCIL

WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
Portland House - Replacement of building management system	100,000	Scheme currently out for tender. Works anticipated in 2023/24.
Public Conveniences - Rolling Programme of upgrades and improvements	100,000	Further refurbishments of the rolling programme are likely to be delayed to 2023/24 due to staffing shortages in Technical Services.
Splashpoint - GSHP	300,000	The scheme has been delayed whilst discussions are in progress with the original contractor of Splashpoint regarding reimbursement of original works.
Strategic Property Investments - Investments in property for regeneration or service delivery.	13,748,250	Budget reprofiled as no investments identified to date.
Strategic Property Investments - Southdown View Road Development	3,700,000	Project on hold so that options for the future of the site can be reconsidered.
Street Cleansing / Refuse / Recycling Service Replacement Vehicles	576,210	2022/23 vehicle replacements budgets reprofiled to 2023/24 due to lead in times for the delivery of new vehicles.
Teville Gate Regeneration - Provision of housing and employment opportunities	950,000	Site to be sold within 3 years. Budget reprofiled in line with anticipated expenditure.
Ultrafast Fibre Network Extension	1,221,440	Timescales extended, expected completion date is now Summer 2023. Budget reprofiled in line with anticipated expenditure.
Worthing Town Hall - Fire and roof insulation	75,000	PID for 2023/24 submitted for additional resources. Grant application for PSDS funds is to be submitted.
Worthing Town Hall - Replacement of slate and asphalt roof coverings	20,000	Surveys have been undertaken to establish extent of works. PID submitted for additional resources in 2023/24.
Worthing Pier - Fire Safety compliance works	435,620	Discussions in progress regarding the siting of the sprinkler pump. PID submitted for additional resources in 2023/24.
Total Reprofiled Budgets:	36,290,550	



ADUR & WORTHING
COUNCILS

Worthing Joint Strategic Sub-Committee
5 December 2022

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

New Economic principles for Worthing

Report by the Chief Executive

Officer Contact Details

Catherine Howe, Chief Executive,
01903 221002 - catherine.howe@adur-worthing.gov.uk

Executive Summary

1. Purpose

- 1.1. The purpose of this report is to outline Worthing Council's approach for supporting and developing the local economy and to outline those activities that will help us to deliver a new approach.
- 1.2. The key pillars of the Council's economic approach reflect the vision of the Council: fair, green and local. This paper outlines what these mean in economic terms.
- 1.3. The report sets out the commitment to make the best use of council assets to deliver excellent quality services for our residents together with the wider economic benefits associated with places that people value and enjoy.
- 1.4. A foundation to this economic approach is community wealth building. This is a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people.

2. Recommendations

- 2.1. Set up a working group to manage progress which should include officers, members and representatives from the local business and community groups and to delegate authority to the Director for Digital Sustainability and Resources to agree the terms of reference for the working group in consultation with the Leader which shall include the requirement to report back to the Committee (at such intervals to be agreed in the terms of reference) with further recommendations to the Committee.
- 2.2. Design and develop outcome measures to be published every 6 months to this committee once they have been agreed.
- 2.3. Initiate review of identified policies in section 7 in order to embed these principles.

3. Fair

- 3.1 Worthing Council believes in an inclusive, resilient economy which provides stability, high quality opportunities for all and a social safety net at its core.
- 3.2 People should have access to good quality work which offers a living wage, decent conditions and good working practices. This means championing 'Good Work', the ability for people to access the right work for them, that provides the right work life balance and a good income, with the opportunity to learn and develop and live a good and healthy life. This means we will focus on:
 - 3.2.1 Access to work, a key determinant of wellbeing
 - 3.2.2 Job quality, including pay, work life balance, access to development and autonomy
 - 3.2.3 Partnering with local further education and higher education institutions to build a local workforce that meets the employment needs of the town and access to lifelong learning, through both formal

and informal qualifications.

3.2.4 Support for key sectors, helping to promote inclusive and green growth, distributed fairly and with creative opportunities for all.

3.3 The Council also believes that access to safe, secure and sustainable housing, delivered by a local and green supply chain, is critical for all our residents. By investing in sustainable housing growth we can help create a fair deal for citizens now and into the future. This means we will:

3.3.1 Invest in delivering new homes for local people directly through the re-use and redevelopment of our land and buildings;

3.3.2 Actively support community land trusts and co-operatives that empower local communities to build new homes;

3.3.3 Support and invest in sustainable council housing and those elements of the supply chain that support their development. This could include the manufacture of the components of modular homes to support local projects and minimise the 'journey to site'.

3.3.4 Support the development of community owned energy provision

4. Green

4.1 We want to support businesses to decarbonise their operations and supply chain by:

4.1.1 With business partnerships and networks, providing effective tools to enable businesses to better understand their carbon footprint and take action to drive to net zero, supporting our ambition for Worthing to be net zero by 2045

4.1.2 Support public sector organisations and businesses who want to connect to a Heat Network, providing advice on grant funding opportunities to improve building efficiency and to connect to renewable energy thermal systems

4.1.3 Establishing a networked group of businesses that showcase their journey to decarbonisation, to inspire others to take action and

contribute to the expansion of a new sector dedicated to net zero commercial activities

4.1.4 Working with social and private housing sectors to help share good practice on the transition to low carbon heat and renewable power, and promote the uptake of grants and new national schemes as they are announced

4.1.5 Promoting, supporting and facilitating local community owned renewable energy generation and supply power and thermal systems

4.1.6 Developing a local approach to circular economy initiatives to reduce waste and increase reuse. This will be a focus of our response to the implementation of the Environment Bill.

4.2 Worthing Council wants to focus on and encourage sustainable growth in our local area.

This means we will:

4.2.1 In partnership with local education leaders, develop local and regional opportunities for young people and others to pursue skills through education, training and experience in green growth sectors

4.2.2 Develop an inward investment approach that establishes Worthing as a key hub in the South East for fairer, greener, sustainable zero carbon business activities

4.2.3 Work with local and regional business and community partners to explore the potential for a Sustainable Growth Summit in 2023

4.2.4 Develop a green business park at Decoy Farm

4.2.4 Through our own procurement and contracts, and by working to assemble partners, buyers and community investors, support the development of local, sustainable, low carbon renewable energy infrastructures, including district heat networks, green hydrogen production and supply, solar power and offshore and onshore wind power

5. Local

5.1 We will adopt an approach of community wealth building; a people-centred approach to local economic development that seeks to provide resilience where there is risk and local economic security where there is uncertainty. There are various components to community wealth building, including:

- **Wealth:** Harnessing the power of the money that the councils and other stakeholders are spending on procuring goods and services. Working within Fair Trade principles we will aim to localise as much of that spend as possible, securing investment in local supply chains and improving local economic competitiveness. Work with place-based “anchor institutions” to localise economic activity and further reduce leakage and financial extraction.
- **Workforce:** Maximising the benefits of investment in staff by building a skilled and committed workforce and providing an exemplar to local businesses. Paying the Living Wage to all employees, advancing trade union rights and encouraging staff to spend local and save local, including through Credit Unions.
- **Assets:** Using council and where possible, partner assets, to lever in additional investment, to encourage the development of new green businesses and support ethical banking systems. To consider asset transfer to community or private sector interests where this best serves the interests of the wider community.
- **Economic Democracy:** Supporting the growth of alternative models of economic governance which give citizens greater investment in and control over their economic future. This can mean the development of new co-operatives as well as other ways of helping people feel ownership of assets and decision-making processes.

5.2 Through membership of the Co-operative Councils Innovation Network (CCIN), the Council will collaborate with other local authorities to find better ways of working for and with local people for the benefit of the local community.

5.3 We will design our Growth deal with WSCC as well as our Levelling up bid in order to develop green critical infrastructure for the town:

5.3.1 Focus attention on increasing and upgrading active travel infrastructure, including cycling, to encourage people to make their first choice active travel as their preferred way to get around

5.3.2 Create new green and shady public realm corridors through the heart of the town, fuelled by additional greening and new active travel opportunities, that supports the overall economic vitality of the urban centre

5.3.3 Build on our digital infrastructure to ensure digital inclusivity and accessibility across the town

5.3.4 Continue to invest in our cultural provision and celebrate our heritage, with the Lido as priority, to ensure Worthing has a unique and identifiable offer

5.3.5 To maximise publicly owned assets for the benefit of the community and the local economy

5.4 We will actively curate and invest in the green regeneration of our land and buildings and work in partnership with those who invest in the town to ensure that the benefits to our local communities are maximised. A focus across the town will help ensure that our major developments are not delivered 'in isolation' but contribute to the fabric of the Town and where necessary, its repair.

5.5 We will work with and support local business organisations such as the Worthing & Adur Chamber of Commerce and the Adur & Worthing Business Partnership to promote local business support and networking, access to skills and training and in celebrating the success of our local businesses.

5.6 We will work closely with our high street businesses to create the best possible trading environment through initiatives such as the Big Clean. We will actively partner with and support the Town Centre Initiative to achieve this.

6. Commitment to Coastal West Sussex

6.1 Many of our local businesses are active across Coastal West Sussex and have strong local supply chains. Keeping in mind the

administration's vision of a fair, green town and our commitment to having a net zero town by 2045, the Council will actively support the Coastal West Business Partnership and our neighbouring authorities to secure ethical investment in our local businesses and green improvements to the local infrastructure.

- 6.2 As part of our commitment to our existing businesses, the Council will support the med-tech and electronics sectors that have found Worthing and the Coastal West Sussex area an excellent location for their businesses. We will actively foster the considerable potential that has been identified for further growth in sectors such as the creative/technical (CreaTech) industries.
- 6.3 The Council's wider approach to supporting Coastal West Sussex will include close cooperation with and support for our schools, colleges and universities, in particular around the development of skills and training to support our economic ambition and our vision of becoming a fair and green town and our ambition to be a net zero town by 2045.
- 6.4 As the leaders and incubators of Sussex Bay - a vision for marine and river nature restoration at scale along the Sussex coast - we will continue to work with committed entrepreneurs and coastal businesses to develop new opportunities for natural capital investment, the growth of local fishing, innovation in aquaculture business, eco-tourism and new ways to promote and sell local seafood and kelp products.

7. Our Roadmap

- 7.1 In addition to the specific commitment above we will also ensure our economic thinking is embedded into the daily operations of the council.
- 7.2 We will therefore develop a roadmap in Q1 2023 to review relevant policies and strategies in order to reflect these economic principles. This roadmap will include:
 - Economic Development Strategy
 - Housing Strategy
 - Corporate Asset Strategy
 - Review of our approach to Procurement and Commissioning
 - Our approach to investment
 - Workforce Strategy

8. Engagement and Communication

- 8.1 This document sets out plans to engage with the local businesses and the wider community in order to develop the strategies and policies needed to respond to the principles and priorities laid out here.

9. Financial Implications

- 9.1 Contained within the report are the actions required to support and develop the local economy. It is expected that much of the costs of this programme will be funded from our existing budgets or via external funding. However, if this is not possible then members will be consulted on the release of additional resources.

10. Legal Implications

- 10.1 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.
- 10.2 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
- 10.3 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.

Background Papers

None.

Sustainability & Risk Assessment

1. Economic

This document describes a new approach to economic activity which reflects the objectives and priorities of the council administration. As such it is intended to have an ongoing effect on the Borough's economic activity and an action plan to support this will be developed to support this work. This will be done with support of the proposed working group to ensure we develop it with the participation of our communities.

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.

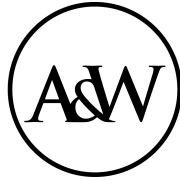
3. Environmental

Matter considered and no issues identified.

4. Governance

Matter considered and no issues identified.

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ADUR & WORTHING
COUNCILS

Worthing Joint Strategic Sub-Committee
5th December 2022

Joint Overview and Scrutiny Committee
24th November 2022

Key Decision [Yes/No]
Ward(s) Affected: All

2023/24 Budget update

Report by the Director for Digital, Sustainability & Resources

Officer Contact Details:-

Sarah Gobey, Chief Financial Officer
(01903) 221221
sarah.gobey@adur-worthing.gov.uk

Executive Summary

1. Purpose

- 1.1 This report provides members with a progress report on the delivery of our financial strategy for 2023/24, along with details of the proposals that will help deliver a balanced budget for the next financial year and beyond.
- 1.2 The report outlines the medium term financial challenge through to 2027/28 and updates members, where possible, on government funding proposals.
- 1.3 Contained within this report are specific budget proposals to increase income, to deliver efficiency, and other savings initiatives for 2023/24.
- 1.4 The following appendices have been attached to this report:
 - (i) **Appendix 1** 5 year forecast for Worthing Borough Council
 - (ii) **Appendix 2** Committed growth items for Worthing Borough Council
 - (iii) **Appendix 3** Savings proposals to be approved; and
 - (iv) **Appendix 4** Schedule of proposed use of capital receipts to support the delivery of the budget savings.

2. Recommendations

- 2.1 The Joint Overview and Scrutiny Committee is asked to consider the report with respect to delivering a balanced budget for Worthing Borough Council and make comments on the savings proposals to the Worthing Joint Strategic Sub-Committee.
- 2.2 The Worthing Joint Strategic Sub- Committee is recommended to:
- (i) Note the current 5 year forecasts at appendix 2a;
 - (ii) Note the committed growth items as set out in appendix 2b;
 - (iii) Approve the proposed savings as set out in appendix 2c subject to any changes arising from consultation;
 - (iv) Recommend to council to approve the use of capital receipts to support the delivery of the budget as set out in Appendix 2d.

3. Context

- 3.1 The Joint Strategic Committee considered the outline 5-year forecast for 2023/24 to 2027/28 and the Budget Strategy on 5th July 2022, which was subsequently adopted by each full Council. At this stage in the budget cycle, the report identified the following cumulative shortfalls in funding for the General Fund:

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Worthing	2,702	4,341	5,209	5,933	6,381

- 3.2 The report built on the previous strategies whose aim was to ensure that the Councils would become community funded, reliant only on income from trading and commercial activities, council tax income and business rate income. While the new administration in Worthing is developing its economic approach, this strategy has continued as the underlying principles are sound and continue to apply to our context.
- 3.3 The report to the JSC in July also identified that both Councils were under financial pressure. The major factors behind this are the current level of

inflation, the impact of the economic downturn and the impact of resolving the waste dispute. The most recent monitoring confirms that the likely overspend will be £2,017,000.

If the overspend is as predicted, by the end of the financial year, Worthing Borough Council's reserves will be significantly depleted and will require rebuilding to a more sustainable position over the next few years.

3.4 With this strategy in mind, the Councils had already set-up several strategic programmes which are responsible for taking forward key initiatives aimed at delivering savings for the future. These are now in the process of being reviewed in the context of Our Plan and new political priorities but the overarching structure is sound and we continue to organise our work in these programmes:

1. The Major Projects programme leads on delivering regeneration projects to increase employment space and additional housing;
2. The Strategic Asset Management programme will lead on delivering the income growth associated with the Strategic Property Fund and any proposed new developments;
3. The Commercial programme is developing initiatives for income growth from commercial services and seeks to improve the customer experience;
4. 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; and
5. The Corporate Landlord programme which seeks to rationalise accommodation use and generate capital receipts from the sale of surplus assets and thereby reducing the costs associated with funding priority projects identified in the Council strategic plans.
6. The Service and Digital Redesign Programme which continues to deliver new digital services and improvements to existing systems.

3.5 As part of the budget strategy, these programmes were set explicit targets for the delivery of the 2023/24 budget as follows:

	Adur £'000	Worthing £'000	Total £'000
Strategic Property Investment Programme	-100	-100	-200
Commercial Programme	150	450	600
Service and Digital redesign programme	80	120	200
Corporate Landlord Programme	30	105	135
	160	575	935

The overall success in delivering the savings targets is detailed at appendix 3.

- 3.6 The approach to delivering a balanced budget was changed this year in light of the in-year pressures detailed above and the ongoing work to develop a new operating model to reflect the new corporate plan - 'Our Plan' which has been developed to ensure delivery of the priorities of both administrations. Our Plan provided the framework for budget challenge work, which prioritised savings that protected staffing levels and services.

Two rounds of budget challenge were completed over the summer: budget challenge #1 and #2 with the Organisational Leadership Team (OLT). Teams worked at pace to address both the in-year gap and to get ahead and start to build the 23/24 budget.

A third round of budget challenge work carried out early in the autumn captured potential savings from staff and service changes to address the residual budget gap. Building on the principles in Our Plan, teams worked together to open up opportunities where they could work differently and preserve services to residents.

- 3.7 The forecast has also been shaped by information captured on financial planning returns that provide a link between service planning and financial planning. This has been used to identify potential additional savings and committed growth items.
- 3.8 Individual savings proposals are subject to consultation with officers of the Council, Executive members, and the members of the Joint Overview and Scrutiny Committee prior to approval by the Councils of the overall budget in February.
- 3.9 This report represents the stage of the budgetary forecasting process whereby the Joint Overview and Scrutiny Committee are asked to consider

and comment upon the progress in balancing the Worthing Borough Council budget before the Joint Strategic Committee considers and agrees proposals for the savings identified to date. Members of the Committee should be aware that at the time of writing some of the savings were still being verified and so the savings presented may change marginally. The minutes of the Joint Overview and Scrutiny Committee will be available for members of the JSC sub-committee at the meeting.

3.10 The Autumn Statement on the 17th November clarified some key matters affecting the Council's financial future:

- The Council Tax referendum limit for 2023/24 for District and Shire Councils will be 3%. The medium term financial plan currently plans for a 2% referendum limit. This will allow the Council the flexibility to further increase Council Tax to balance the budget if needed and following consultation with the public;
- The cost of business rates will be frozen. There will also be an extension to the Retail, Hospitality and Leisure (RHL) reliefs into 2023-24, plus a Supporting Small Business Scheme (SSBS). The cost of these changes will be fully reimbursed to the Council ;
- The current energy support scheme for business is in place until the end of March 2023. There are no firm plans to continue this beyond March although some targeted support may be provided; and
- The funding available for local government remains unchanged for 2023/24 and 2024/25 although the detailed impact of this will not be known until the draft local government settlement is released. This is now expected in the week beginning the 19th December.
- The prospects for Local Government funding beyond 2025 is likely to be suppressed and below the growth within the economy.

3.11 There will be a further report after Christmas which will detail the local government settlement, the final proposed budgets for the year, any further savings identified, requests for investment into services and the amount to be drawn from reserves, if any. The proposed Council Tax increase for 2023/24 is scheduled to be considered by Cabinet on the 1st February 2023.

4. Update of the 5-year Forecast

4.1 The updated forecast for the General Fund is attached at Appendix 1. This has been revised in the light of latest information from Government, interest rates, and unavoidable service growth, offset by compensatory savings.

This overall forecast will continue to change in the coming months as the detailed work on the budget progresses and once the details of the settlement to Local Government is known. As a result, the overall position will inevitably change over the next two months.

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

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Worthing					
July Forecast	2,702	4,341	5,209	5,933	6,381
November Forecast	3,390	5,344	5,866	6,586	6,930
Reduction (-) / increase (+)	688	1,003	657	653	549

The main changes to the forecast for 2023/24 are summarised in the table below:

Changes in Budgetary Shortfall/Savings since report to Joint Strategic Committee on 5th July 2022	
	Worthing
	£'000
Original 2023/24 budget shortfall	2,702
<i>Changes to income from grants and taxation:</i>	
(a) Changes to the income from Council Tax	25
(b) Impact of current forecast Council Tax Collection Fund deficit / surplus (-)	3
(c) Review of the impact of the introduction of the new Council Tax Support Scheme	-86
<i>Other changes:</i>	
(d) Review of inflationary provisions including energy costs	393
(e) Impact of interest rates:	
Increased investment income	-120
Increase in costs associated with the capital investment programme	658

Changes in Budgetary Shortfall/Savings since report to Joint Strategic Committee on 5th July 2022	
	Worthing
	£'000
(f) Impact of triennial review of the pension fund	-237
(g) Impact of removal of 1.25% National Insurance payments	-111
(h) Changed assessment of impact of the Environment Act	-96
(i) Final impact of 2022/23 pay award and the settlement of the dispute	236
(j) Net committed growth items identified by Service Heads (See Appendix 1 and 2)	113
(k) Removal of contingency budget for committed growth	-90
Revised Budget Shortfall	3,390
(l) Potential savings identified to date (Appendix 3)	-3,203
Resources in hand (-) / current shortfall	187

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

(a) Council Tax base for 2022/23:

Following the completion of the Council Tax Base return (CTB1) for each Council, the Council Tax Base calculation has now been revisited.

For Worthing, whilst there is an increase in the number of dwellings, the impact of this has been offset by an increasing amount of cost associated with the Council Tax Support Scheme and other discounts.

(b) Collection fund deficit:

The Councils Collection Fund for Council Tax expected year end position for 2022/23 has changed, within Worthing the overall position is largely as expected

Due to the pandemic, the government changed the regulations in 2020/21 to allow any in-year deficits relating to 2020/21 to be recovered over a three year period (2021/22 - 2023/24). Consequently, the loss to be recovered is as follows:

	Worthing
	£'000
Changes to 2021/22 year end position	241
2020/21 deficit to be recovered in 2023/24	321
In-year surplus (-)	-212
Deficit / Surplus (-) expected by 31 st March 2023	350
Council share of deficit / surplus (-):	
2023/24	43

However, any surplus or deficit must be viewed in the context of the significant amount of tax collected by both Councils. Worthing Borough Council collects £80.5m per year.

(c) Impact of changes to the Council Tax Support Scheme:

The impact of the removal of the £5.00 restriction on Council Tax Support awards has recently been reassessed to reflect the current level of awards made and improved information on the likely impact of the removal.

(d) Review of inflationary provisions including energy costs:

The impact of likely changes to the energy costs have been reassessed. Currently we are expecting the cost of gas to increase by 380% and electricity by 190% which is a further increase on the assumptions made in July when we assumed that electricity would increase by 50% and gas by 300%.

There is a degree of uncertainty about the future cost of energy, partially as the energy market is very volatile at the moment and partially as there is a degree of uncertainty about any future support from the government towards energy inflationary pressures. The budget currently assumes that the energy support measures will end in March 2022.

The inflation provision will be reviewed in December after the Autumn Statement.

(e) Impact of interest rates

Interest rates have been increasing throughout 2022/23. To put this into context:

	2021/22	Quarter 1 2022/23	Quarter 2 2022/23
Average base rate	0.21%	1.0%	1.92%
Weighted average return on investments	0.57%	1.17%	2.88%
Return on the CCLA property investment fund	4.18%	3.61%	3.90%
Weighted average cost of borrowing	0.30%	3.01%	4.41%

Base rates have been increased in November to 3% which will further increase both investment and borrowing rates for 2023/24. A revised assessment of both the cost of borrowing and likely investment income has been included in the Medium Term Financial Plan

(f) Impact of triennial review of the pension fund

The Pension Fund contributions are subject to a three yearly review. The 2022 review by the actuary has estimated that all of the future liabilities are now fully funded:

Funding position	As at 31/3/2019	As at 31/3/2022
Worthing	89%	105%
Joint Strategic Committee	119%	128%

As a result of the funding position, the pension contributions to the fund will reduce for the next three years.

(g) Decrease in national insurance contributions.

In 2021/22 the Government announced an increase to national insurance payments of 1.25% which would be set aside to fund

improvements in health and social care. However with the appointment of a new Prime Minister, this increase was reversed with effect from the 7th November 2022.

(h) Changed assessment of impact of the Environment Act

The Council is still awaiting details of the proposed regulations for new collection requirements for food waste and recycling, including time scales and any likely new burdens funding for the associated changes.

It will be vital to work in partnership with the County Council regarding the new requirements, developing a funding model that enables the new services to be delivered.

The impact for 2023/24 has been revised and will be reviewed once more information is forthcoming on both the timescales for implementation and the overall cost. At this stage it is still unclear when more guidance from the government will be provided.

(i) Final impact of 2022/23 pay award and the settlement of the dispute

The pay award has now been agreed for 2022/23 at £1,925 per spinal column point which is an average increase of 5.82%. This is higher than the previous estimate of a 5% average increase.

The negotiation with the Unions have concluded regarding the waste dispute with the final details of the settlement now known. Overall the cost impacts can be broken down as follows:

	Worthing £'000
Final impact of pay award	136
Final impact of waste negotiations	100
	236

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

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

(k) Removal of contingency budget for committed growth.

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

(l) Savings Identified by Service Heads:

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

5. Future Strands Of Work

5.1 There are a number of strands of financial work still to be completed which will influence the final 2023/24 budget as follows:

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

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

Any New Homes Bonus for 2023/24, if the scheme is continued, will be confirmed as part of settlement.

(b) Business Rate Retention Scheme:

A full reassessment of the business rate income will be made later in the year when a better estimate of the impact of the appeals and likely level of income can be made. Members are reminded that this is a revaluation year which will change the rates paid for individual properties but is not expected to change the income generated by the Business Rate Retention Scheme.

(c) Council Tax income:

The Councils will need to consider what level increase is to be made to Council Tax. The current forecast assumes a 2.0% increase for 2023/24. This is equivalent to an average (Band C) **annual** increase in the Councils' part of the Council Tax bill of £4.49 for a property in Worthing Borough Council.

The Councils are still waiting for confirmation of the referendum limit for 2023/24 which may be announced as part of the Autumn Statement, however there have been indications that the referendum threshold will be set at 2% per annum for Council Tax. A final decision on Council Tax referendum thresholds will be confirmed at the provisional Local Government Finance Settlement.

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

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

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

6. Saving Proposals

6.1 The proposed detailed savings for 2023/24 are attached at Appendix 3 for consideration. The total saving proposals identified are:

	2023/24	2024/25	2025/26	2026/27	2027/28
Worthing	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per appendix 1)	3,390	5,344	5,866	6,586	6,930
Savings identified to date	-3,203	-4,303	-5,078	-5,938	-6,798
Revised budget shortfall / Surplus (-)	187	1,041	788	648	132

6.2 This has been a successful savings exercise to date and the Councils are well positioned to set balanced budgets. Some initiatives are targeted for

delivery within the current year, supporting the Councils' in-year position as well as 2023/24. The Councils have identified a significant amount of savings to meet the initial target; however Members should be aware that there is still some work to be completed which may impact on the final position.

- 6.3 Looking ahead to 2024/25 and beyond, the continuing financial pressure is not likely to ease especially if the fairer funding review is as significant as expected, however the proposed strategy will contribute significantly to meeting this challenge easing the burden on individual services as follows:

	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000
Cumulative Budget shortfall (Appendix 1)				
Worthing	5,344	5,866	6,586	6,930
Less: Savings identified for 2023/24	-3,203	-3,203	-3,203	-3,203
Savings yet to be identified	2,141	2,663	3,383	3,727
Future savings initiatives:				
Strategic Property Investment Fund	-452	-552	-652	-752
Commercial Programme	-450	-900	-1,350	-1,800
Service Redesign Programme	-120	-240	-360	-480
Corporate Landlord Programme	-78	-183	-373	-563
Total savings initiatives identified to date	-1,100	-1,875	-2,735	-3,595
Further savings to be identified by Heads of Service	1,041	788	648	132
Annual savings to be identified by Heads of Service	1,041	-253	-140	-516

* The financial pressure in 2024/25 largely relates to the cost of funding major projects within Worthing Borough Council and the estimated impact of the fairer funding review.

- 6.4 Looking ahead to 2024/25, it is clear that the potential financial challenge is significant although much depends on the timing of the fairer funding review, the final extent of the impact and whether the new funding levels

are phased in. That said, the Councils will need to continue to build on existing work streams in preparation for addressing the potential shortfall. To support the development of the future revenue budgets the following strands of work continue to be pursued:

i) A review of assets held:

The Councils hold a significant number of assets for the delivery of services and for community use. Many of these assets are in significant need of capital maintenance which the councils are struggling to fund despite having increased the size of the capital programme in recent years. The intention of the review is to reduce the number of such assets held whilst ensuring that the remaining assets held are fit for purpose with a fully developed asset management plan which identifies the maintenance requirements over the next 10 years. The Council may need to resource the review but hold the Business Development budget for this purpose.

ii) Addressing the cost of temporary and emergency accommodation:

The cost of providing homeless services is escalating due to demand-led pressures. In the 2022/23 budget, the net cost is £2,466,200 or 17.89% of the overall net budget in Worthing. Consequently reducing the cost is becoming more critical. Measures to improve the supply of both affordable homes and temporary accommodations are detailed within the Affordable Homes delivery plan.

There are three strands of work to help address this issue:

- i) Working on preventative measures via initiatives such as Proactive;
- ii) Improving the supply of Council owned temporary and emergency accommodation. Currently the average cost per night of bed and breakfast or hotel accommodation is £38.00. Whereas, Council owned accommodation is estimated to cost around £14.00 per night.
- iii) Expanding the opening doors initiative to improve the supply of affordable private sector accommodation;
- iv) Looking to improve the supply of affordable accommodation by working in partnership with Registered Social Landlords. There are a number of schemes being delivered locally which should improve

the supply of lower cost tenure accommodation within Worthing.

Whilst some of these initiatives are longer term in nature, they should support the delivery of a balanced budget for some time.

7. Other budget matters

7.1 Funding the costs of delivering the budget savings

The savings identified represent service and staff changes which will require some investment up front, details of which can be found in Appendix 4. To deliver the expected level of savings the Councils will be required to fund a number of strands of work as follows:

- i) The costs of disposing assets to lever in capital receipts;
- ii) The costs associated with asset rationalisation;
- iii) A 2 year rapid digital improvement programme;
- iv) Any departure costs arising from the proposals including the review of the management team. The Councils are expecting less than 20 redundancies across the organisation which is equivalent to 3% of the workforce;
- v) Support to the organisational change programme which is delivering a new more resilient operating model for the councils based on the principles outlined in Our Plan.

The Digital Rapid Improvement Programme requires “burst capacity” to ensure delivery of significant digital transformation at pace, both to support delivery of the 2023/24 budget plan but also to enable delivery of further efficiencies to support the budget challenge in 2024/25. This means making sure we have got the capacity we need in the team to be able to deliver the change we need quickly. The Councils are very well placed with excellent in-house skills and low code digital development platforms. These need to be augmented with additional capacity and skills to be able to support a significant existing “business as usual” workload as well as the new Digital Rapid Improvement Programme. This digital transformation work is foundational to both our ambitions for resilience and a more adaptive organisation as outlined in Our Plan. An application for support is currently being made to the DLUHC “Future Councils” fund, which could support further growth in capacity if successful.

Overall the programme of work is expected to cost £494,680 over the next two years. This is set out in the capital flexibilities schedules at Appendix 4.

Given the level of reserves, it is planned to use the capital receipts flexibility regime which allows Councils to release capital receipts to fund initiatives to generate a saving. There is a restriction on the funding of departure costs, only statutory redundancy and pension costs can be funded from capital receipts.

As at 31st March 2022, the Council held £477,690 for this purpose. Any minor receipts generated in 2022/23 will also be set aside together with a proportion of the receipts from the 2023/24 disposal programme for this purpose to ensure that the programme can be funded and that the reserves of the Councils are protected.

8. Conclusion

- 8.1 The Council continues to deal with the impact of changes to Government funding and the impact of the current economic downturn whilst building capacity in the budget to take forward the key priorities of the Council. There is no prospect of any easing of the financial pressure for the next few years. We await the local Government Settlement in late December and early January which will give the Councils certainty at least for 2023/24.
- 8.2 The Council is in a fairly strong position to set a balanced budget with minimal use of reserves for 2023/24 depending on the outcome of the settlement. There is a significant programme of change required to be delivered by 31st March 2023 in order to secure this budget position, and the Chief Executive has established a Budget Challenge Programme Board to drive and track delivery. The Council is currently managing a significant level of financial risk arising from inflationary pressures and the economic downturn which the Bank of England forecasts to last until 2024 and so any remaining reserves should be earmarked to support the Council's risks over the forthcoming year.
- 8.3 The current reserves will be significantly depleted at the end of this financial year based on current forecasts, consequently if possible the Council should actively rebuild the reserves over the next few years to provide the Council with sufficient resources to manage the inevitable risks that we face. The early implementation of a savings programme with respect to the savings required to balance the 2024/25 budget would help

in this regard.

- 8.4 The report to be presented to members after Christmas will bring together any last changes to the revenue budget, the impact of the Comprehensive Spending Review, the final implications of settlement and the final forecast of business rate income.

9. Engagement and Communication

- 9.1 The Councils are planning to consult on any budget proposals which impact the public along with key budget changes proposed to deliver the ambitions set out in the Council's strategic direction and 'Our Plan' in December. The Council will also consult on the level of increase to Council Tax for each authority for 2023/24. The final form of the consultation will be developed in liaison with the Cabinet Member for Resources and the Leader.
- 9.2 Staff have been kept up to date on the development of these plans by the Chief Executive.
- 9.3 Officers and members have been consulted on the development of the savings proposals contained within the report. The savings will be presented to the Joint Overview and Scrutiny Committee to gain comment on the proposals.

10. Financial Implications

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

11. Legal Implications

- 11.1 The Local Government Act 2003 requires that the Councils set a balanced budget. This report demonstrates how the Councils intend to meet that requirement for 2022/23.
- 11.2 The Secretary of State for Ministry of Housing Communities and Local Government has issued a direction under the Local Government Act 2003 sections 16(2)(b) and 20: treatment of costs as capital expenditure which gives local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings. Further

statutory guidance has been released clarifying the extent to which departure costs can be funded from capital receipts restricting this down to statutory redundancy costs only.

Background Papers

Report to Worthing Borough Council Executive 31st January 2022 - Budget Estimates 2022/23 and setting of 2022/23 Council Tax

Report to Joint Strategic Committee 7th July 2022 – Financial Performance 2021/22 - Revenue outturn.

Report to Joint Strategic Committee 7th July 2022 – Developing a revenue budget for 2023/24 against a backdrop of high inflation.

Statutory Guidance on the flexible use of capital receipts - Ministry of Housing Communities and Local Government

SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Matter considered and no issues identified

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

These proposals have been developed with regard to the Equality Act 2010. No proposals contained within the proposals would require a detailed Equalities Impact Assessment.

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

WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2022/23 - 2027/28						
	2022/ 23 Base	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	13,785	13,785	13,785	13,785	13,785	13,785
(a) Annual Inflation						
Estimated inflation (with 4.5% allowance in 2023/34)		258	743	1,215	1,682	2,160
Impact of 2022/23 pay award (Assume 5.82% budget contains 2%)		646	659	672	685	699
Reduction in employers national insurance by 1.25%		(111)	(113)	(115)	(117)	(119)
(b) One -off / non-recurring items						
Local Elections (held three out of four years)		50	50	-	50	50
(c) Impact of Cost of Living crisis						
Additional pay award - Usually budget for 2% assume 4.5%		420	424	439	450	459
Gas and electricity (380% gas, 190% electricity)		914	914	914	914	914
Diesel (50% increase)		156	156	156	156	156
Leisure Contract		90	90	90	90	90
Removal of inflation contingency budget		(158)	(158)	(158)	(158)	(158)
(d) Impact of funding the Council's priorities						
Measures to reduce waste - Impact of the Environment bill		32	32	32	32	32
Refurbishment of High Street Car Park - Financing costs		148	148	148	148	148
Brooklands improvement programme - net costs		7	23	43	43	43
Bike share scheme (£52k already included in the 2022/23 budget)		37	37	37	37	37
Heat Network		-	121	121	121	121
General provision for future impact of major projects		-	284	484	684	684
(e) Treasury Management						
Financing costs - General Programme		868	1,588	1,880	2,124	2,274
Investment income		(239)	(311)	(423)	(549)	(702)
(g) Other items						
Impact of waste dispute:						
Impact of negotiation on salaries costs		260	260	260	260	260
Impact of dispute on net income		48	48	48	48	48
Impact of Triennial review:						
Reduction in pension rates		(33)	(34)	(35)	(36)	(37)
Reduction in back funded contributions		(227)	(423)	(618)	(618)	(618)

Appendix 1

<p style="text-align: center;">WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2022/23 - 2027/28</p>						
	2022/ 23 Base	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Building maintenance - scale up budget		50	50	50	50	50
Removal of hardship funding following introduction of new Council Tax Support Scheme		(39)	(39)	(39)	(39)	(39)
Delay to Fairer Funding Review - Homeless funding in current form to continue for 2023/24		-	272	272	272	272
Allowance for committed growth items as set out in Appendix 2		113	203	293	383	473
(h) Approved Growth items						
Provision for new growth items		90	180	270	360	450
Total Cabinet Member Requirements	13,785	17,165	18,989	19,821	20,857	21,532
Business rate income:						
Baseline funding	2,693	2,693	2,747	2,802	2,858	2,915
Add: Net retained additional business rates	867	845	411	417	421	433
Add: Share of surplus /deficit (-) net of use of reserves	(194)					
Adjusted Baseline funding	3,366	3,538	3,158	3,219	3,279	3,348
Council Tax income	9,996	10,212	10,458	10,709	10,967	11,231
Impact of removal of Council Tax Support		(90)	(92)	(94)	(96)	(98)
New homes bonus (2019/20 - 2022/23)	68					
New homes bonus (2022/23)	88					
Total New Homes Bonus	156	-	-	-	-	-
Lower Tier Services Grant	121	121	121	121	121	121
Local tax compensation scheme	37	37				
Services Grant	185					
Collection fund surplus/deficit (-)	(76)	(43)				
Total other grants and contributions	423	115	121	121	121	121
Total Income from Taxation	13,785	13,775	13,645	13,955	14,271	14,602
AMOUNT REQUIRED TO BALANCE BUDGET	-	3,390	5,344	5,866	6,586	6,930

WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2022/23 - 2027/28						
	2022/ 23 Base	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
	£'000	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET	3,390	5,344	5,866	6,586	6,930	
Savings / Initiatives identified to date:						
Strategic Property Investment Fund						
Future property developments	113	313	513	713	913	
Provision for future voids and repairs	(100)	(200)	(300)	(400)	(500)	
Wellbeing centre and car park - net of debt charges	-	352	352	352	352	
Commercial and Customer Activities	606	1,056	1,506	1,956	2,406	
Service and Digital redesign programme	131	251	371	491	611	
Corporate Landlord Programme	78	156	261	451	641	
Corporate initiatives	1,241	1,241	1,241	1,241	1,241	
Departmental proposals	1,134	1,134	1,134	1,134	1,134	
Total savings initiatives identified to date	3,203	4,303	5,078	5,938	6,798	
Cumulative savings still to be found/ (surplus)	187	1,041	788	648	132	
Annual savings still to be found	187	854	(253)	(140)	(516)	
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)	£5.05	£5.15	£5.25	£5.36	£5.46	
Weekly increase (Band D property)	£0.10	£0.10	£0.10	£0.10	£0.11	
Average annual increase (Band C property)	£4.49	£4.58	£4.67	£4.76	£4.86	
Average weekly increase (Band C property)	£0.09	£0.09	£0.09	£0.09	£0.09	

Appendix 2

Committed growth items:		Expected cost (cumulative)								
		2023/24			2024/25			2025/26		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Increase in audit fees	150% notified by PSAA following the procurement exercise		57,290	56,150		57,290	56,150		57,290	56,150
Impact of regradings within the parks and bereavement teams		95,000	38,000	57,000	95,000	38,000	57,000	95,000	38,000	57,000
Total growth identified		95,000	95,290	113,150	95,000	95,290	113,150	95,000	95,290	113,150
Removal of growth provision		-100,000	-70,000	-90,000	-100,000	-70,000	-90,000	-100,000	-70,000	-90,000
Net growth identified		-5,000	25,290	23,150	-5,000	25,290	23,150	-5,000	25,290	23,150

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Affordable Housing Programme:							
New affordable units							
Victoria Road							25,540
Total delivered via Affordable Housing programme			0	0		0	25,540
Commercial Property Investment Programme							
Commercial property investment	Net new rental income after debt charges			300,000		200,000	500,000
	Less: Increase to Void provision	-100,000		-300,000	-200,000		-400,000
	Financial benefit of funding capital expenditure from additional rental income			13,000			26,000
Medical / Wellbeing Centre	Assume the building completes in 23/24 with a rent free period of 6 months. Timescales and saving tbc						352,000
Major Projects							
	Rental of temporary building at Liverpool Gardens			48,000			48,000
	Rent reviews of commercial properties		30,000	30,000	30,000		30,000
Total delivered via the commercial property investment programme			-70,000	91,000		30,000	556,000

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
		Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Description	Comments and Actions						
Commercial income programme:							
Parks and Foreshore							
Increase beach hut fees	Increase fees by 20%		17,000	58,000		17,000	58,000
Place and Economy							
Bus Shelter / Digital Screen Contract Renewal			30,000	35,000		30,000	35,000
Technical Services							
Increase fees for weddings	Following benchmarking exercise, the proposal is to increase the fee to £500 from £175.00 (excluding VAT)			3,650			3,650
Review of service charge for Portland House	0.8 FTE Porter to be charged to tenants of Portland House	28,150	11,260	16,890	28,150	11,260	16,890
Planning and Development							
New charge for planning applications not submitted via the planning portal	£50.00 charge introduced to encourage users of the service to use the planning portal. This should have the benefit of reducing work in the planning team.		4,500	10,500		4,500	10,500
Increase in fees from pre-application advice			15,000	35,000		15,000	35,000
Additional income from fees arising from planning enforcement.			6,000	14,000		6,000	14,000

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Commercial income programme:							
Charging for advice on the need for Planning Permission			1,800	4,200		1,800	4,200
Increase in fees and taking on additional health and safety work			4,000	6,000		4,000	6,000
Public Health and Regulation							
Home improvement Agency Fees			21,630	69,100		21,630	69,100
HMO Licencing Fees	Reviewed on a 3 year cycle			45,400			0
Contract for dog warden service with Arun District Council		5,000	2,000	3,000	5,000	2,000	3,000
Financial Services							
Increase in fees following renewal of the SLA for treasury management		1,950	780	1,170	1,950	780	1,170
Waste, Customer, Parking and Elections							
Review of parking prices	Minor increases proposed in consultation with Cabinet Member.		19,750	108,850		19,750	108,850
Introduce Amazon lockers into MSCP car parks				7,000			7,000

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Commercial income programme:							
Introduce charges for previously free car parks				42,000			42,000
Increase commercial waste charges		90,000	32,400	57,600	90,000	32,400	57,600
Increase commercial recycling & food waste collection		50,000	18,000	32,000	50,000	18,000	32,000
Improve collection of bin rental		16,000	5,760	10,240	16,000	5,760	10,240
Bin rental new recycling customers		30,000	10,800	19,200	30,000	10,800	19,200
Review garden waste collection tariff	Increase from £85.00 to £89.00	20,000	7,200	12,800	20,000	7,200	12,800
Increase pricing of garden waste sacks		15,000	5,400	9,600	15,000	5,400	9,600
Increase price of bulky waste collection (domestic)		2,000	720	1,280	2,000	720	1,280
Increase price of bulky waste collection (commercial)		5,000	1,800	3,200	5,000	1,800	3,200
Introduction of 'heavy levy' for overweight commercial bins (subject to invest to save case)					40,000	14,400	25,600
Total commercial income target		263,100	215,800	605,680	303,100	230,200	585,880

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Rapid Improvement programme							
Digitisation of aspects of revenues and benefits workload	Deletion of posts from structure - can be managed using turnover and vacant posts	74,730	29,890	44,840	74,730	29,890	44,840
Reduction in counter fraud resource	Following implementation of the new fraud management case management team resources needed to sustain current service have been reviewed.			24,370			24,370
Review of customer services and business support structure	Digitisation of high transactional services and impact of revs and bens transformation project.	102,910	41,160	61,750	102,910	41,160	61,750
Total for Service Redesign Programme		177,640	71,050	130,960	177,640	71,050	130,960

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Corporate initiatives:							
Rental of accommodation to NHS - 1st floor of Portland House		210,000	84,000	126,000	210,000	84,000	126,000
Asset Disposal Programme				600,000			600,000
Defer High Street refurbishment programme and take a phased approach to improvements	Current budget is insufficient for programme of works and affordability is questionable						
Pause Colonnade House redevelopment	Current budget is insufficient for the planned design and financing costs have escalated			78,380			0
Reduction in major projects budget				50,000			50,000
Bike scheme	Revised cost forecast		60,000	89,000			89,000
Review of management structure	Estimated saving in management structure following organisation redesign (TBC)	250,000	100,000	150,000	250,000	100,000	150,000
		460,000	244,000	1,093,380	460,000	184,000	1,015,000

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<u>Departmental proposals</u>							
Communities							
<i>Wellbeing</i>							
Base budget review			5,000	19,290		5,000	19,290
Review of structure of Communities team	Deletion of vacant posts	113,380	45,350	68,030	113,380	45,350	68,030
Review of structure of Communities team	Work to better reflect the new operating model and Our Plan ambitions	11,560	4,620	6,940	11,560	4,620	6,940
<i>Public Health and Regulation</i>							
Base budget review		2,300	5,720	1,430	2,300	5,720	1,430
Creation of new regulatory team	Rationalisation of management structure with investment back into additional lower graded role	23,890	9,560	14,330	23,890	9,560	14,330

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Economy							
Parks and Foreshore							
Review of roles and responsibilities within the Parks service	A review of the management structure will align the Parks & Foreshore service closer to our Place priorities set out in Our Plan.	72,730	29,090	43,640	72,730	29,090	43,640
Removal of overtime provision	Inability to respond to any out of hours activity or support out of hours events unless it is an emergency.	32,650	13,060	19,590	32,650	13,060	19,590
Review of foreshore service	Reconfiguration of the foreshore service across Adur and Worthing with a view to improving provision within the Adur area.		-44,100	44,100		-44,100	44,100
Place and Economy							
Review of regeneration budget			12,500	12,500		12,500	12,500
Reduction in payment to WTAM	Reduction in annual payment as specified in the contract			42,000			42,000

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Economy							
Technical Services							
Increased recharges to WTAM to recoup increased energy costs		55,000	22,000	33,000	55,000	22,000	33,000
Review of health and safety budgets		2,000	800	1,200	2,000	800	1,200
Review of structure of Technical Services team		40,380	16,150	24,230	40,380	16,150	24,230
Land Drainage responsibilities to be handed back to WSCC - █████ net saving after income loss from WSCC	Requires engagement with WSCC.	12,440	4,980	7,460	12,440	4,980	7,460
Saving in Electricity and Gas following AW Workspaces project and decision to reduce building temperature		4,000	1,600	2,400	4,000	1,600	2,400
Planning and Development							
Review of the roles and responsibilities within the Planning Policy team	Increasing work associated with the Adur local plan review will require increased input from the planning policy team.		-40,100	40,100		-40,100	40,100

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Economy							
Planning and Development							
Development Management		5,000	2,000	3,000	5,000	2,000	3,000
HMLR Transitional grant for Land Charges	Grant given for the transfer of responsibilities for Land charges to the HMLR		15,000	20,000		20,000	30,000
Reduction in the number of neighbour notifications			2,100	4,900		2,100	4,900
Leisure contract							
Change of contractual arrangements	Whilst the guaranteed annual payment is being removed from the budget, the income share arrangement should provide for some income in 2023/24. This arrangement is being reviewed with new proposals coming to members for the 2023/24 financial year in November			90,000			

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Digital, Sustainability and Resources							
Human Resources							
Base budget review		10,000	4,000	6,000	10,000	4,000	6,000
Change to training and development roles following departure of the organisational design manager		16,910	6,760	10,150	16,910	6,760	10,150
Consolidation of administration functions following digitisation of Revenues and Benefits Service	Review of staffing requirements	29,290	11,720	17,570	29,290	11,720	17,570
Revenues and Benefits							
Review of adjudication and overpayments team	Universal credit is impacting on the work of the adjudication and overpayments team	99,400	39,760	59,640	99,400	39,760	59,640
Base budget review		370	5,300	8,190	370	5,300	8,190

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Sustainability							
Reduction in consultancy budgets		23,600	9,440	14,160	23,600	9,440	14,160
Digital Services							
Base budget review		22,960	9,180	13,780	22,960	9,180	13,780
Review of digital contracts		117,790	47,120	70,670	117,790	47,120	70,670
Deletion of digital developer role		46,550	18,620	27,930	46,550	18,620	27,930
Legal and Democratic Services							
Base budget review		35,570	20,590	35,580	35,570	20,590	35,580
Review of charge to the HRA for legal advice		23,000	9,200	13,800	23,000	9,200	13,800
Review of the delivery of support to the Committees		55,590	22,240	33,350	55,590	22,240	33,350
Deletion of vacant legal officer post	Reduction in contract and procurement legal support	32,270	12,910	19,360	32,270	12,910	19,360

Appendix 3

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Financial Services							
Base budget review			10,630	13,290		10,630	13,290
Reduce scope of internal audit contract	Removal of contingency days and reduction down in the number of contract and IT audits by 1 to 2 each per year.		11,280	11,280		11,280	11,280
Reduction in support via the Orbis Contract	Review of the level of support needed via Orbis has identified that the contract can be scaled back	35,000	14,000	21,000	35,000	14,000	21,000
Review of accountancy structure	Review of management roles within the team	35,820	14,330	21,490	35,820	14,330	21,490
Review of pension arrangements associated with SDLT and WTaM	Amendment to pensions contract clause allowing for a full pass through arrangement. To be considered at WJSSC in December			106,660			106,660
Waste, Customer, Parking and Elections							
Base budget review		10,000	4,000	41,000	10,000	4,000	6,000
Review across a range of central support functions to maximise efficiency and resilience		87,110	34,840	52,270	87,110	34,840	52,270

Appendix 3

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Waste, Customer, Parking and Elections							
Reduce staffing level in street cleansing	Reduce team by 1 member which would potentially impact service resilience. The team is holding a vacancy so no impact on the current workforce.	30,000	10,800	19,200	30,000	10,800	19,200
Review of roles and responsibilities in the waste and cleansing service.		20,620	7,420	13,200	20,620	7,420	13,200
Replace 2 x HGV driver/Loader with 2 x Loader	This will be managed through turnover. This will leave the team with less resilience in managing sickness/ annual leave. This may result in us having to appoint agency drivers or on occasion not complete all rounds.	10,000	3,600	6,400	10,000	3,600	6,400
Total Departmental Savings		1,117,180	433,070	895,450	1,117,180	438,070	870,450
Total savings identified		2,017,920	1,332,920	1,904,670	1,880,280	1,410,660	1,936,170

Appendix 4

Project	Overall annual saving generated £	Worthing Borough Council				Nature of expenditure
		Annual saving %	Annual saving £	Financial year	Amount of capital receipts used £	
2021/22 savings programme						
- Accommodation project	190,290	60	114,170	2020/21 Actual	6,772	Project delivery costs
				2021/22 Actual	139,108	
				2022/23 Estimate	6,530	
2022/23 savings programme						
- Accommodation project NWOW phase 2	210,000	60	126,000	2022/23 Estimate	27,000	Project management, removal costs and minor works costs
- Asset disposal programme	600,000	100	600,000	2022/23 Estimate	50,000	Costs associated with the sales of assets
- Digital rapid improvement programme	177,640	60	106,580	2022/23 Estimate	25,990	Digital systems design, development and project management
- Organisational redesign	250,000	60	150,000	2022/23 Estimate	209,210	HR support and delivery manager. Associated Statutory departure costs
- Service redesign	400,000	60	240,000	2022/23 Estimate	72,000	Departure costs

Appendix 4

Project	Overall annual saving generated £	Worthing Borough Council			Amount of capital receipts used £	Nature of expenditure
		Annual saving %	Annual saving £	Financial year		
2023/24 savings programme						
- Digital rapid improvement programme	200,000	60	120,000	2023/24 Estimate	103,950	Digital systems design, development and project management
<i>Breakdown of use by financial year</i>						
Actual use 2020/21					6,772	
Actual use 2021/22					139,108	
Planned use 2022/23					390,730	
Planned use 2023/24					103,950	
Total	2,027,930		1,456,750		640,560	



WORTHING BOROUGH
COUNCIL

Worthing Joint Strategic Sub-Committee
5 December 2022

Key Decision: No

Ward(s) Affected: All

Outcome of the public consultation in respect of the working age Council Tax Support Scheme for Worthing Borough Council in respect of 2023/24

Report by the Director for Digital, Sustainability & Resources

Officer Contact Details:

Paul Tonking, Head of Revenues & Benefits
(01903) 221290
paul.tonking@adur-worthing.gov.uk

Sarah Gobey, Chief Financial Officer
(01903) 221221
sarah.gobey@adur-worthing.gov.uk

Executive Summary

1. Purpose

- 1.1 At the meeting of the Joint Strategic Committee held on 11 January 2022 it was determined that a public consultation should be undertaken by Worthing Borough Council with a view to removing the £5.00 weekly restriction from the scheme for working age customers with effect from 1 April 2023.
- 1.2 At the meeting of the Worthing Borough Council Joint Strategic Sub-Committee held on 6 September 2022 refinement of the consultation questions was delegated to the Head of Revenues & Benefits in conjunction with the Cabinet Member for Citizen Services.
- 1.3 The Council Tax Support scheme for pensioners is set nationally and Members therefore have no ability to determine local criteria.
- 1.4 This report details the consultation responses that have been received and recommends changes that could be made to the local working age Council Tax Support scheme for Worthing Borough Council in respect of 2023/24.

2. Recommendations

- 2.1 The Worthing Joint Strategic Sub-Committee is asked to note the content of this report and recommend to the Full Council that with effect from 1 April 2023 the following changes should be made to the local Council Tax Support scheme for working age residents in Worthing
- a) The £5.00 weekly restriction will no longer apply
 - b) The discretionary budget to support those in severe financial difficulty will no longer be required as the result of the removal of the restriction
 - c) A valid claim for Council Tax Support shall be deemed to have been made by customers who have been awarded Universal Credit and indicated that they wish to claim Council Tax Support (unless further information is required to enable entitlement to be determined)
 - d) No other changes should be made beyond necessary technical amendments required to keep the scheme consistent with the national rules in respect of Housing Benefit

3. Context

- 3.1 On 7 December 2021 and 11 January 2022 the Joint Strategic Committee considered reports to determine the criteria for the Council Tax Support schemes for working age customers for both Adur District Council and Worthing Borough Council in respect of 2022/23.
- 3.2 Worthing Members decided to recommend to the Full Council that the 2022/23 scheme and associated discretionary budget should be retained but that a public consultation should be undertaken with a view to removing the £5.00 weekly restriction from 1 April 2023, subject to a further report to the Committee.
- 3.3 The Worthing Borough Council Joint Strategic Sub-Committee that was held on 6 September 2022 considered the questions to be used in the public consultation.
- 3.4 The consultation was open for just over six weeks between 30 September 2022 and 13 November 2022 with 193 responses received. This is a considerably higher figure compared with previous consultations (119 and 94 responses were received in October 2016 and October 2017 respectively). A summary of the responses is detailed in Appendix A.
- 3.5 The current scheme requires residents to submit an application for Council Tax Support to enable the Revenues & Benefits Service to assess each customer's financial circumstances and household composition.
- 3.6 However, an increasing number of working age customers submit a claim for Universal Credit to the Department for Work & Pensions (DWP) and when doing so are invited to indicate that they are liable for Council Tax and would like to claim Council Tax Support.

- 3.7 Once the DWP has assessed entitlement to Universal Credit an electronic file is securely sent to the Revenues & Benefits Service to confirm the Universal Credit award. In the majority of cases this file confirms the customer's income and household composition. Not all customers who are awarded Universal Credit are entitled to Council Tax Support (because their total income is too high) and the local scheme currently requires a separate claim to be made.
- 3.8 Upon receipt of a file from the DWP the Revenues & Benefits Service undertakes a "trial calculation" to establish whether the customer would qualify for Council Tax Support if a claim was to be made. If they would qualify, a claim form for Council Tax Support is sent to the customer for completion and return.
- 3.9 The majority of customers subsequently submit an application form but unfortunately some do not. It is therefore recommended that wherever possible, with effect from 1 April 2023 the submission of a claim for Universal Credit together with an indication that the customer wishes to claim Council Tax Support should be treated as a valid claim for Council Tax Support.
- 3.10 If agreed, this change will improve service delivery in respect of
- The customer because they will not need to complete a separate application form for Council Tax Support; and
 - The Revenues & Benefits Service because entitlement to Council Tax Support can be immediately assessed without requiring a separate claim form

It is anticipated that the "take up" rate for claiming Council Tax Support will improve because the majority of customers in receipt of Universal Credit will have their entitlement to Council Tax Support assessed, thereby reducing the amount of Council Tax they are asked to pay.

4. Engagement and Communication

- 4.1 The Local Government Finance Act 1992 Schedule 1A, paragraph 5.2 provides that the latest date to set the Council Tax Support Scheme is the 11 March preceding any financial year. Appendix B contains details about the requirement to consult about proposed changes to a scheme.
- 4.2 The consultation was widely publicised via the Councils' website, social media and other communication channels to maximise the number of responses. Consultations have also been undertaken with the major precepting authorities (West Sussex County Council and the Sussex Police & Crime Commissioner).
- 4.3 The Sussex Police and Crime Commissioner (PCC) is supportive of the proposed changes although the PCC highlights that there will be implications to the local policing budget arising from the lost Council Tax income equivalent to the loss of 2 PCSOs. The response from the County Council is due shortly and will be verbally reported to members at the meeting.

5. Financial Implications

- 5.1 When the £5.00 weekly restriction was introduced in Worthing with effect from 1 April 2015 provision of a discretionary budget to help those in severe financial difficulty was also made. The budget is currently £93,070 per annum of which £59,170 is funded by

the County Council. Applications are considered and the administration of awards is undertaken on a case-by-case basis to fully or partially offset the £5.00 restriction.

5.2 The removal of the restriction is likely to have a significant cost impact on the collection fund which will then be shared between the precepting bodies. This has been recently revised for the most recent information about the number of claimants and the average cost per claim. The overall cost is now likely to be £720,520. This would be split across the precepting authorities as follows:

- Worthing Borough Council - £89,440
- West Sussex County Council - £551,370
- Sussex Police Authority - £79,710

5.3 With the introduction of a new scheme, the current hardship scheme could be ended which will produce a net saving of £33,900 to offset the loss of income for the Council. Consequently, the net cost is likely to be in the region of £55,540. However the final cost will depend on the Council Tax that is set for 2023/24, the number of claimants, and their income levels.

6. Legal Implications

6.1 The Local Government Finance Act 2012 amended the Local Government Finance Act 1992 in relation to Council Tax Reduction Schemes (England).

6.2 Paragraph 3 in schedule 1A of the amended 1992 Act states that before making a scheme the authority must consult the major precepting authority, publish a draft scheme in such manner as it thinks fit, and consult such other persons as it considers are likely to have an interest in the operation of the scheme.

6.3 Paragraph 5 in the same schedule states that each financial year each billing authority must consider whether to revise its scheme or to replace it with another scheme and that a duty to consult applies when revising a scheme in the same way as when the authority was making the scheme.

6.4 The detailed legal implications are as set out in Appendix B.

Background Papers

Localising Support for Council Tax in England report to the Joint Strategic Committee held on 22nd July 2014

Welfare Reform Act 2012, Local Government Finance Bill 2012

Minutes of the meetings of the Joint Strategic Committee of Adur District and Worthing Borough Councils held on 26 July 2012, 28 November 2012, 3 December 2013, 2 December 2014, 2 February 2016, 10 January 2017, 5 December 2017, 31 January 2019, 14 January 2020, 1 December 2020, 7 December 2021 and 11 January 2022

Minutes of the Worthing Full Council meetings held on 15 December 2020 and 1 March 2022

Minutes of the Worthing Borough Council Joint Strategic Sub-Committee meeting held on 6 September 2022

Sustainability & Risk Assessment

1. Economic

Whilst Council Tax represents an important source of income to the Councils, financial support must be provided to residents on a low income via appropriate Council Tax Support schemes.

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.

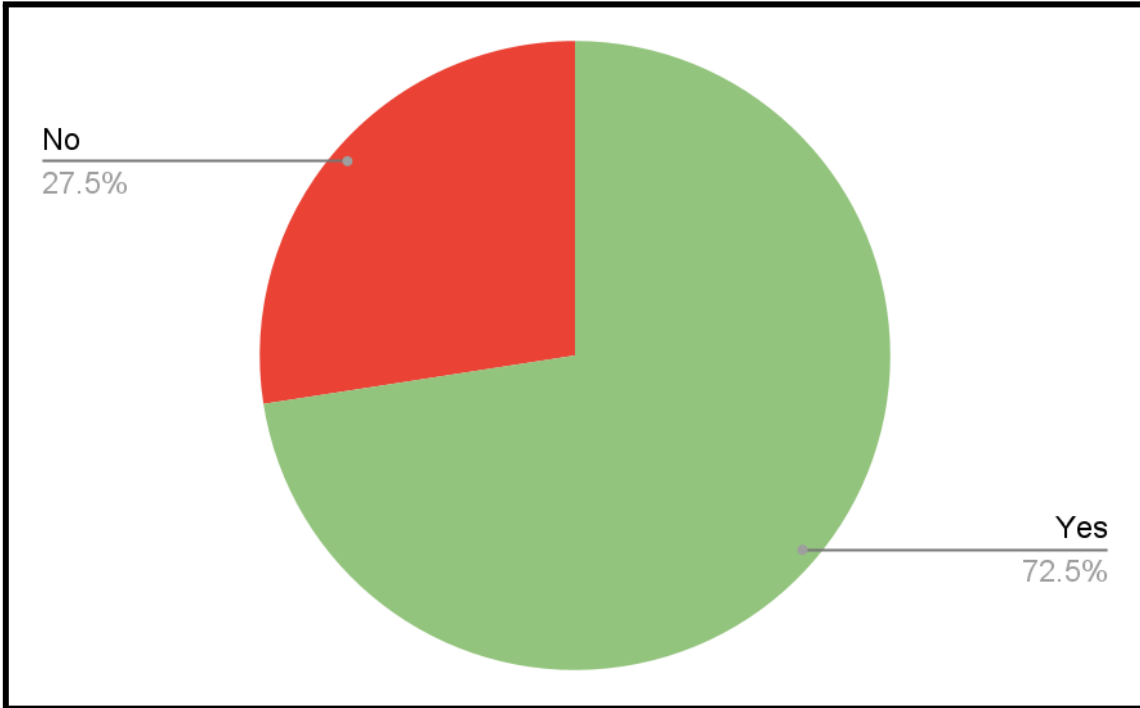
4. Governance

Matter considered and no issues identified.

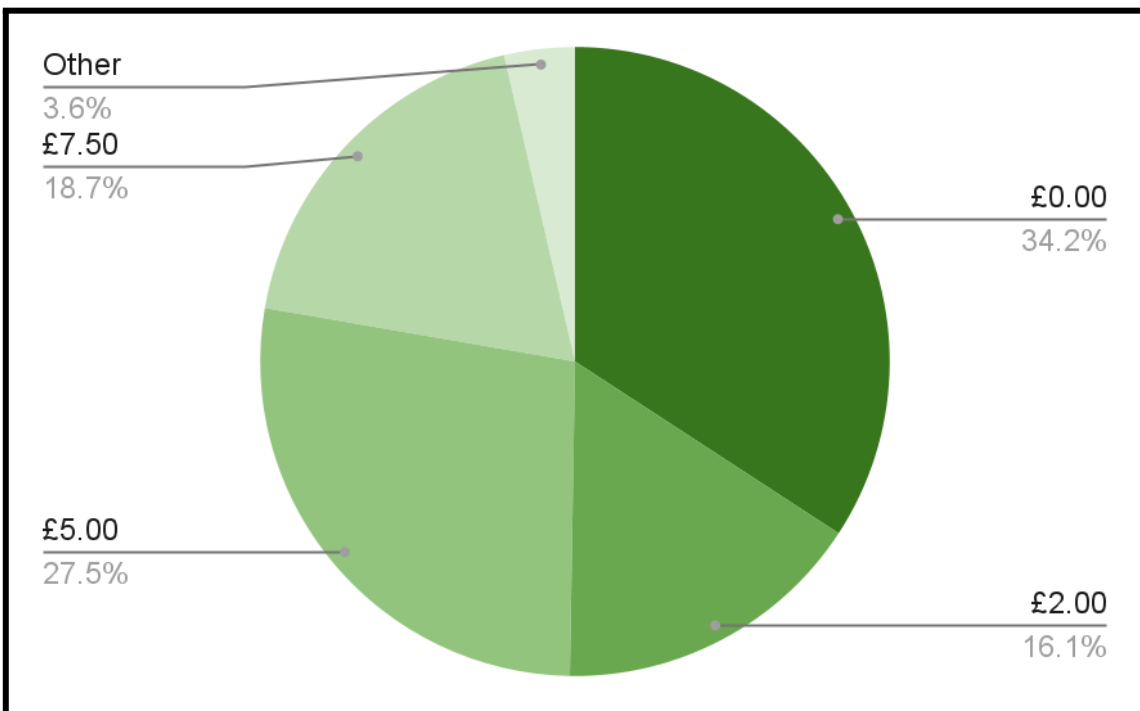
Appendix A - responses to the public consultation

Total number of responses received: 193

Should the rules for determining the level of Council Tax Support for working aged residents be the same as the rules for pensioners, so that the amount of Council Tax paid is determined by the level of income as set out in the national scheme?



Should the minimum amount of Council Tax paid per week by working age residents be:



Other amounts:

- £10.00 per week (2 responses)
- £20.00 per week (1 response)
- £25.00 per week (1 response)
- £150.00 per month (1 response)
- “Discounts should be minimal” (1 response)
- “Everyone should pay the same, we all need our bins emptying” (1 response)

Are there any other changes to the Council Tax Support scheme you think we should consider from 1 April 2023?

- No answer provided (109 responses)
- No other changes (26 responses)
- 1 response for each of the following
 - No changes needed - too many expect support
 - No, each case on merit
 - £5 per week seems gesturing, it causes poor residents a lot of problems and it costs a lot in man hours to collect it
 - 100% off for low income families
 - Actually spend it on things that are necessary - not useless "improvements" to the town centre that people have not asked for
 - All means tested claimants, should get their full council tax support
 - Are there disabled adults living in the household that are not necessarily the bill payer but deserve some sort of reduction because of this
 - As a single mum I really struggle with the £5 a week especially with everything else going up in price
 - As expensive as council tax is, it's related to the size of your home, not your income and should stay that way. You buy a big house, you pay more, not my problem!
 - Consider disposable income rather than gross earnings
 - Council tax reduced for all
 - Council tax statements should be clearer. And threats of non payment consequences should not be issued from day one of a query
 - Deferral scheme and/or repayment plans
 - Depends what you define as low income. If people do not have full time jobs why not make it mandatory to volunteer to various schemes in the area to qualify for the support. Eg. Helping gardening crews or volunteering for a few shifts at local charity shops
 - Discretion and the ability to pay should always be the case. Central government should also honour what is due to local authorities. I can see a dilemma next financial year where Council tax will rise with a lot of local residents being unable to pay everything that is owed
 - Don't know
 - Double tax on empty houses and second homes. Increase council tax by sufficient to cover all needs
 - Every household should pay towards our local amenities. Paying less is okay but everyone should contribute. I worry that giving a discount to a few will result in the many paying even more. We're a D band, doesn't make us rich or posh.

The system, based on historic property value is fundamentally unfair, and I fear your proposals will make the system even more unfair

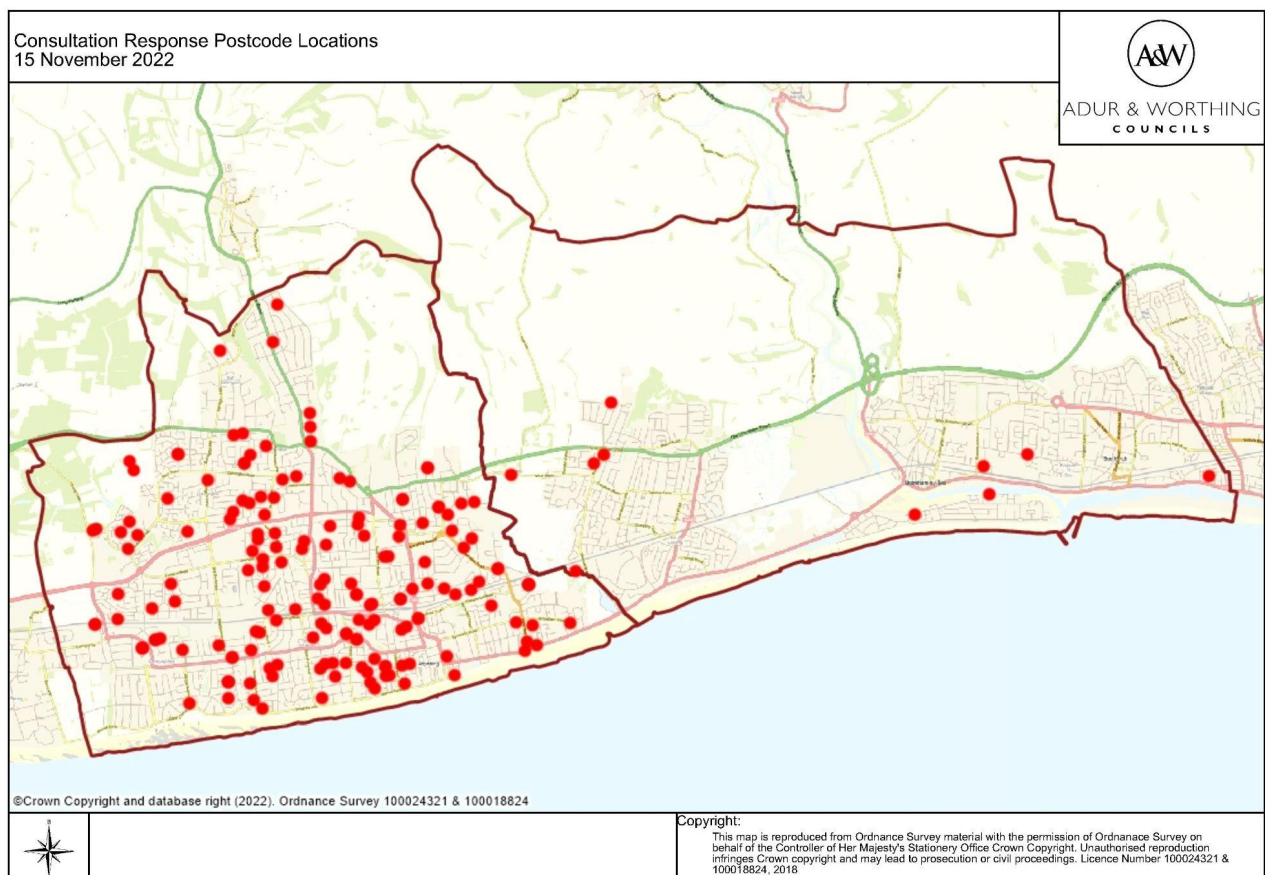
- Families should have to fill a financial form out. If they smoke or drink lots, indulge in luxuries and lots of takeaways then they should be able to pay council tax like everyone else. I'm a disabled person with a partner on a relatively good income, because of his income we don't get any help yet we have 3 kids and struggle to make it work with one income. I don't see why those who have money for addictions should be allowed to pay less than those who work hard
- How about supporting working families that don't claim benefits but are still struggling, why is it always people on benefits that get the help? What about working normal families????
- I am a single parent, work as much as I can and still can't afford my council tax, I was left in debt with council tax from my ex partner and had to set up £200 a month repayment this led me to eat mouldy food etc... as I probably earn this every 2 weeks, I was so scared to not pay because of court threats etc... more help needs to be provided
- I don't know enough about it to comment
- I think all residents, who are not pensioners on a low income, should contribute to the running cost of the council, libraries etc, they use the facilities the same as us all, plus it gives people a feeling of worthiness
- I think it's disgusting that people on the lowest level of benefits have to pay council tax
- I think there should also be a reconsideration of which CTS arrears cases get referred to enforcement agents (EAs), perhaps with some kind of threshold. If someone on low income is unable to pay their Council Tax at a reduced rate then it's absurd to expect them to pay extra fees to the EAs. Quite often in such cases, the affected person will struggle to even cover the EA fees, let alone the Council Tax they owe. Also, not only do EAs compound the financial issues someone might be facing, but they also exacerbate the stress that such financial situations come with. It's not fair to put someone in an already difficult situation in a worse position. Thank you for this consultation and I hope the new Worthing administration holds a different view to the last
- I think there should be the ability for those on the lowest of incomes to pause council tax payments if needed. For example if there is an emergency at home a financial expense in that month that an individual didn't plan for. The ability to pause their councils tax payment for the month and make it up in the next few months should be available. It might help lessen the stress of aspects of the cost of living crisis
- I think you should clarify what you consider to be low income. Do you compare income with outgoings? For example my daughter-in-law earns less than £700 a month as she can only work part-time. My son is recovering from cancer and a total breakdown and lives on Universal Credit. The combined income is less than £2,000 a month usually but they are expected to find and over £1,000 rent, £130 council tax plus Utilities and with food prices going up the way they are they wouldn't manage without my help
- I would like cases looked at on their merit. I am a pensioner, my partner is of working age but works part time, we appear to be judged on the working age scale. There has been conflicting information about the £5 minimum payment. It is either the minimum payment or it is the minimum amount which can be deducted, take your pick. I am on a state Pension and my partner is on UC, yet we were offered a 63p reduction in a recent letter. I am in dispute with Revs and

Ben's currently. I am not trying to dodge paying, but asking for help, the 4 letters I have received have been confusing to all who read them including a Local Councillor

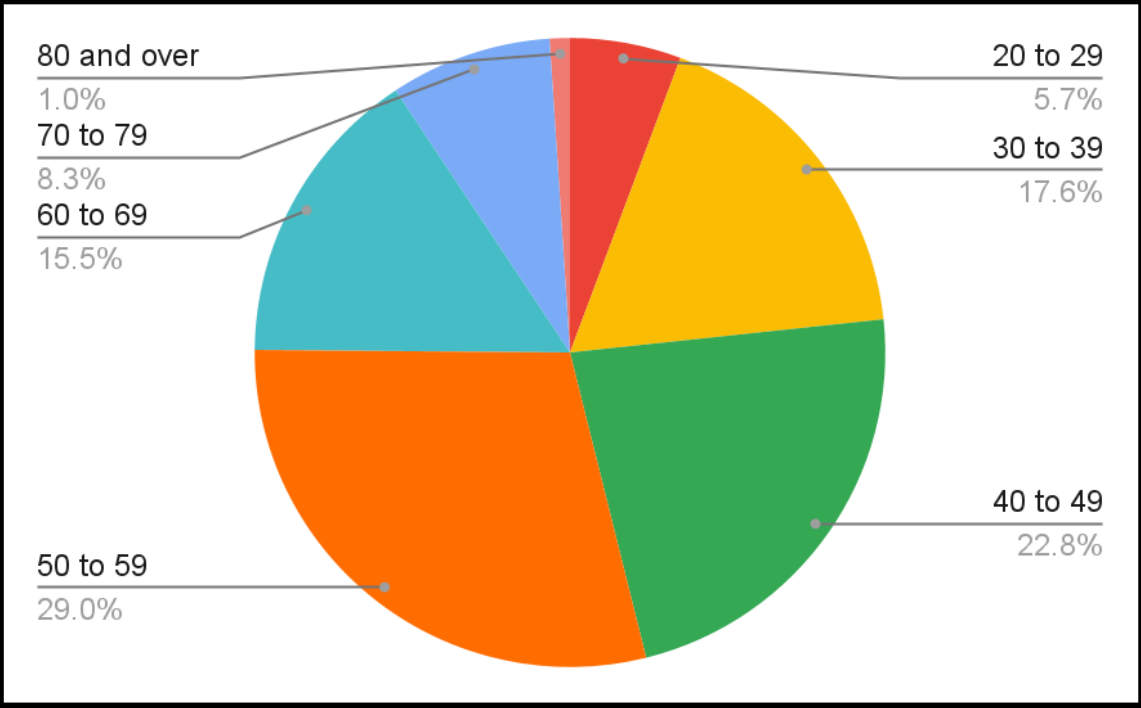
- I would recommend Council Tax to try to communicate more effectively to residents, and not sending notices that only require a 3, or 5, or 7 days reply with payment. There isn't enough time sometimes, for the money to be found and the payment to happen. The Council so far is acting cruel, without actual help, full of demand, but when it is to respond to queries is taking ages to reply, without taking under consideration the difficult times we are all facing...It's a shame that we fear to get in touch with Council because of the treatment we receive, and the attitude 'get what we can from the residents' towards us! I feel deeply disappointed, hopefully someone will listen and change things
- If the vulnerable person get the same as the non vulnerable person as the non vulnerable get everything while vulnerable people get nothing
- If you have a mechanism to allow non payment of council tax contributions, many will abuse it. The £1500 a year discount they already get is more than generous and the burden should not be with the rest of the hard working residents who already cannot afford everyday items with the cost of living, and are forced to pay the eye watering council tax as it is
- Less paperwork and keep everything in one envelope to save postage cost and environmental wastage to a minimum
- Limit/link support to Council Tax Band E & below
- Make it easily accessible by automatically applying it after getting info from HMRC re earnings
- Making it automatic rather than long forms
- Most other authorities are going to banded schemes, which are easier to understand, cheaper to administer, and fits better with universal credit. Why not do the same?
- Pensioners income net of income tax and the level of what it takes to live
- People don't have incentive to work if you take away priority bills
- People should have to pay like everyone else
- Please don't raise council tax for those of us ineligible for a rate reduction in order to offset the money coming in. We haven't had any kind of support for the cost of living crisis (apart from the one off £400 energy payment) when we are just as impacted. We just so happen to be band E but our house is by no means large and we are not wealthy and have very minimal savings! Also had a baby this year and being on maternity leave I've really felt the pinch. Thank you
- Please don't waste taxpayers money by trying to bill, and then recover CT from people who have no money in the first place. Don't blame the poor for their poverty. You only get diminishing returns from trying to levy CT against people on maximum CT benefit. Set the minimum CT charge to 0.00 per week and stop wasting money!!!! Thanks
- Please remember that those on benefits can be better off than middle-classes who end up paying for everything and don't qualify for help or the cost of living payment
- Reduce it
- Reduce the charges for normal payers. Because you reduced your service of bins as bi-weekly - alternate weeks domestic waste and recycling. And the roads are full of gutters. Normally we are paying more than a thousand pounds a year. We are not getting the value of our money in terms of service. No use wasting money on fireworks in summer. Use it for some creative purposes

- Reduce the fee for everyone, the services you provide are rubbish, staff are rude and the roads, pavements etc are an utter disgrace..
- Second home discount should be scrapped
- The income of ALL occupants should be considered. Too many claim benefits but have other working adults living in the house
- The income of people should be taken into consideration more. Just because somebody works full time they may still be on a low income
- There are so many people who should be paying council tax as they are hiding savings or come from families who generation after generation choose not to work and claim benefits. If you can run a car , have an iPhone, smoke you can afford to pay some Council tax!
- There is a difference between working and non-working, retired people. But still based on individual Income to get relevant amounts due etc.
- Threshold for low income residents
- To remove Rundles as the bailiff for the councils. They are a terrible company and make people's lives a misery with their rude, unsupportive, bullying tactics. More help put in place to help people holistically
- We're all tight for money, why should someone who's already getting benefits which workers pay for get further reductions. Fine for pensioners or those working but on low income but not those just receiving benefits already
- Widening the availability of the Discretionary Council Tax Payment scheme
- Yes
- Your council tax support shouldn't be affected if you've been awarded Limited Capacity for Work and Work Related Activity

Map of the respondents' postcode



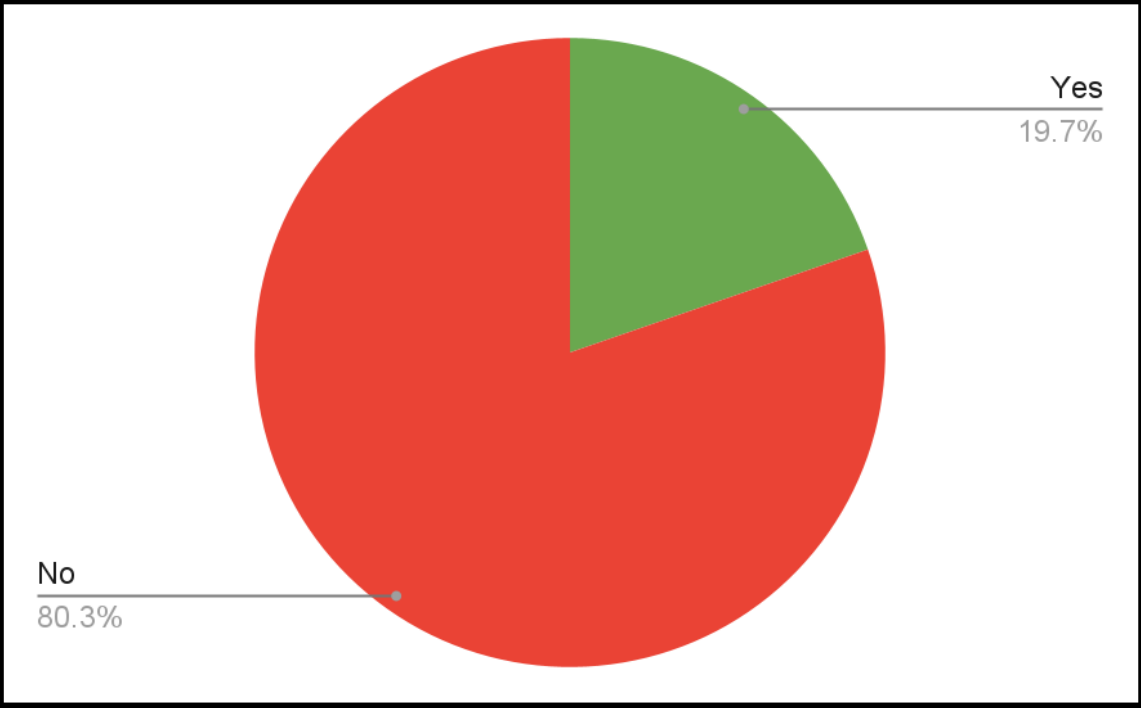
How old are you?



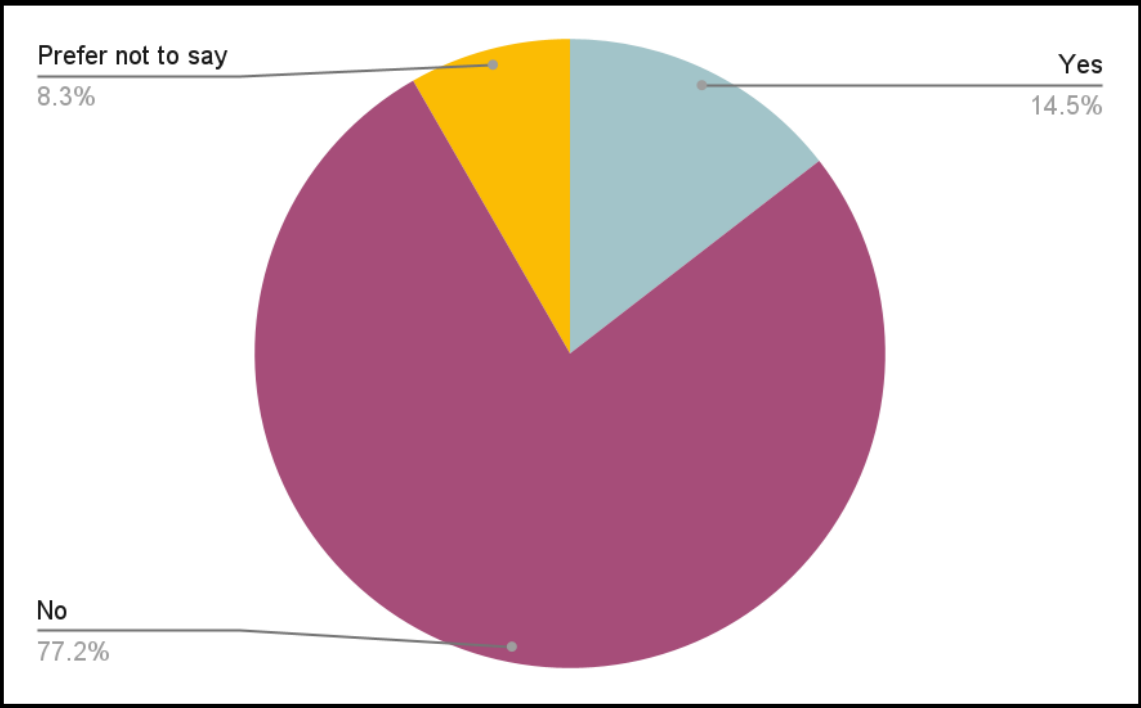
Do you

- Live in Worthing = 181
- Work in Worthing = 60
- Run a business in Worthing = 8

Do you currently receive Council Tax Support?



Are you disabled?



Appendix B - details about the requirement to consult about proposed changes to a scheme

Decision making for Council Tax schemes is governed by Schedule 4 of the Local Government Finance Act 2012 and Schedule 1A of the Local Government Finance Act 1992 (as amended).

At Paragraph 3 to Schedule 1A of the LGFA 1992 the Schedule specifies the necessary consultation requirements for the development of any new scheme, which includes the 'revision and replacement' of a Scheme - Paragraph 5.5 of Schedule 1A.

Paragraph 5 - Revisions to and replacement of a scheme

- (1) For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme.
- (2) The authority must make any revision to its scheme, or any replacement scheme, no later than [11 March] in the financial year preceding that for which the revision or replacement scheme is to have effect.
- (3) The Secretary of State may by order amend sub-paragraph (2) by substituting a different date.
- (4) If any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.
- (5) Paragraph 3 applies to an authority when revising a scheme as it applies to an authority when making a scheme.
- (6) References in this Part to a scheme include a replacement scheme.

Schedule 3 - Preparation of a Scheme - consultation requirements

- (1) Before making a scheme, the authority must (in the following order)—
 - (a) consult any major precepting authority which has power to issue a precept to it,
 - (b) publish a draft scheme in such manner as it thinks fit, and
 - (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- (2) The fact that this paragraph was not in force when any step described in sub-paragraph (1) was taken is to be disregarded in determining whether there has been compliance with that sub-paragraph.
- (3) Having made a scheme, the authority must publish it in such a manner as the authority thinks fit.
- (4) The Secretary of State may make regulations about the procedure for preparing a scheme.
- (5) Regulations under subparagraph (4) may in particular—
 - (a) require the authority to produce documents of a particular description in connection with the preparation of a scheme;
 - (b) include requirements as to the form and content of documents produced in connection with the preparation of a scheme;
 - (c) include requirements (in addition to sub-paragraphs (1)(b) and (3)) about the manner in which such documents must be published;

- (d) require the authority to make copies of such documents available for inspection by members of the public, or to supply copies of such documents to them;
- (e) include provision about the making of reasonable charges for the supply of copies of such documents to members of the public.

The Act was then supplemented by guidance from the then Department for Communities & Local Government (see [Localising Support for Council Tax - A Statement of Intent at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/6091/2146581.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/6091/2146581.pdf)) which further specified the following:

In respect of the timing of consultations:

- 2.14 A billing authority will need to take account, in developing a local scheme, that a realistic time frame must be put in place to ensure feedback can be sought from all appropriate individuals and groups in the community. The length of any consultation should also reflect the changes proposed.
- 2.15 Although Government's code of practice on consultation states that normally 12 weeks is appropriate, billing authorities may wish to consider the appropriate length of their consultation depending on the impact of their proposals and the ability to complete the consultation exercise within budgetary timetables.
- 2.16 The code of practice indicates that where timing is restricted, for example, due to having to meet a fixed timetable such as a budget cycle, there may be good reason for a shorter consultation, and any documentation should be clear for the reasons for the shorter timetable.

In respect of the extent of Consultations:

- 2.19 The content of any consultation will depend on the complexity of the reduction scheme that is proposed to be introduced. Billing authorities will need to consider administrative processes that they may require – such as whether an application is needed, or how existing working age claimants can transition to the new local schemes.
- 2.20 A billing authority will be under a duty to adopt a local council tax reduction scheme. Where the reduction scheme they adopt fundamentally changes all aspects of any existing scheme they may need to provide greater detail of its impacts than a reduction scheme that simply amends the level of awards but not the qualifying criteria.
- 2.21 Nonetheless, to be an effective consultation, a billing authority will need to ensure that all interested parties are able to give their view and influence the design of the scheme.

The Cabinet Office also published "Consultations Principles Guidance" in 2018 at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/691383/Consultation_Principles_1_.pdf.

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WORTHING BOROUGH
COUNCIL

Worthing Joint Strategic Sub-Committee
5 December 2022

Key Decision [~~Yes~~/No]

Ward(s) Affected:
Cabinet Portfolio: 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 the Worthing Theatres and Museum Trust Annual Review 2021/22.

2. Recommendations

- 2.1. That the Sub-Committee acknowledge and welcome the achievements of Worthing Theatres and Museum over the year;
- 2.2. That the Sub-Committee refer the report and the accompanying Annual Report to the Joint Overview & Scrutiny Committee for noting.

3. Context

- 3.1. Members of the Sub-Committee will recall that Worthing Theatres & Museum (WTM) was established as an independent charitable trust at the beginning of November 2019 and 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.
- 3.2. 2021/22 began with the venues still partially closed but a process of

rebuilding over the summer as restrictions began to be lifted; followed by a full programme of events without social distancing from October 2021.

- 3.3. The 2021/22 Annual Report is frank in its assessment that without the Borough Council's financial support; the Government's Cultural Recovery Fund; and Job Retention Scheme, it would not have been able to survive financially. Looking forward, Peter Cadwallader, Chair of the Trust, expects 2022/23 to be the most challenging year since the formation of the charity with volatile economic conditions and the absence of the additional grant funding. Peter does however, highlight the resilience that the Trust has developed and remains confident that this will continue.
- 3.4. Over the course of the year, WTM secured £1.3m in ticket income from 273 live events and 1,688 film screenings. The annual pantomime for which Worthing has a huge and loyal following generated 27,504 ticket sales across 56 performances.
- 3.5. Once restrictions were lifted, the Museum and Art Gallery were opened on Thursday evenings and on Sundays; an important commitment that until this point had not been possible. The Annual report highlights the success of this initiative and how positively visitors have responded.
- 3.6. The Creative Programme is central to the Trust's commitment to delivering an improved cultural offer for Worthing. Particular highlights over the year included the international premier of Proteus Theatre's 'The Bloody Chamber' and Rhum and Clay's 'War of the World'. Live performers attracting high audience numbers included Sarah Millican, Jimmy Carr, Jo Whiley and Katherine Ryan.
- 3.7. WTM undertook a significant programme of community engagement during the Pandemic with considerable success. During 2021/22 18 free outdoor shows as part of 'Spin Out 21' attended by more than 3,000 people. The Trust sponsored a series of new works from local artists and commissioned Kapow Dance Company to work with local group Superstar Arts to develop a performance piece reflecting on the impact of the Pandemic.
- 3.8. To assist in the wider recovery, The Trust provided free meeting space to a series of locally based charities and supported a number of local companies by providing research and development space.
- 3.9. Looking forward to next year's Annual Report, the Trust has been working closely with the Council team this year to refine a series of Key Performance Indicators (KPI's) that reflect the key priorities set out in the Contract.
- 3.10. Headline KPI's include income related to audience figures; repeat bookings; Museum footfall; and the number of local community groups

and individuals working in partnership with WTM.

- 3.11. KPI's have also been developed to examine the geographical spread and diversity of audiences and participants; the impact of volunteers; community based performances; and WTM's support for people on low incomes through low-cost and sponsored ticketing initiatives.

4. Financial Implications

- 4.1. The Council's contract payments are set out in the contract and the payment to the Trust for 2022/23 is £1,466,290. This is due to reduce by £42,560 to £1,423,730 in 2023/24.
- 4.2. 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 £750,000 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.
- 4.3. Elsewhere on the agenda is a report concerning the future pension arrangements for the Trusts.

5. Legal Implications

- 5.1. 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.
- 5.2. 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.
- 5.3. Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 5.4. 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.
- 5.5. 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

None.

Officer Contact Details:-

Martin Randall

Director for the Economy

01903 221209

martin.randall@adur-worthing.gov.uk

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.

2.1. 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.

2.2. 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.

2.3. 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.



worthing theatres and museum

Annual Review

2021/2022





Vision

Our Vision is a community in which everyone's lives are enriched through vibrant, exceptional arts and heritage



Mission

Our mission is to enable everyone to access arts and heritage by:

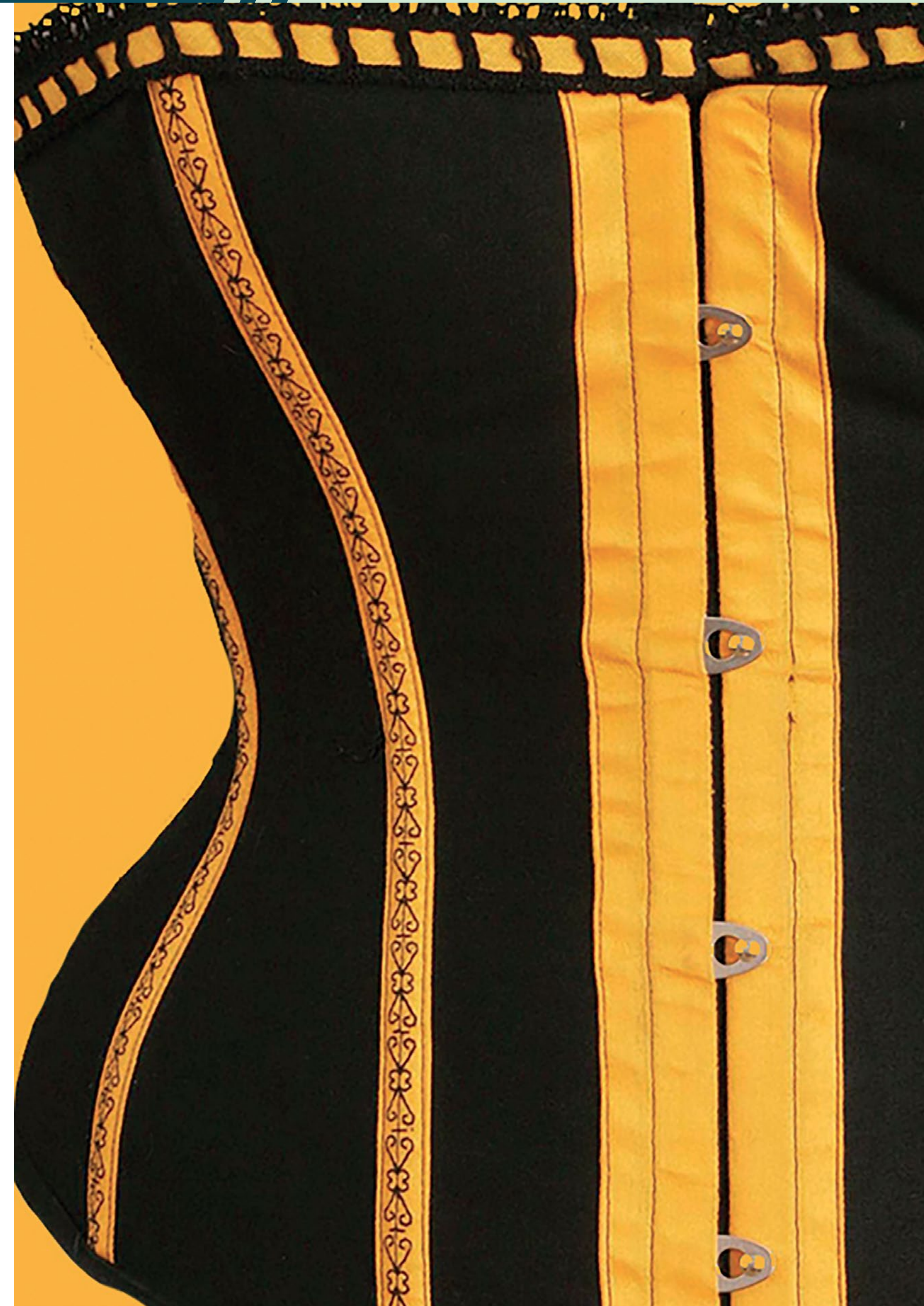
- Delivering a rich and diverse year-round programme of cultural activity
- Creating shared experiences that inspire, challenge, educate and entertain
- Reaching out into communities, providing accessible pathways to experience creativity
- Developing opportunities and partnerships with artists and companies
- Championing inclusion, supporting the creation and presentation of work that celebrates diversity
- Creating aspirational opportunities for young people within the cultural industries



Values

In everything we do we will:

- Promote excellence
- Listen and respond to our community and the sector
- Commit to inclusivity across all aspects of the organisation
- Support and enhance the wellbeing of everyone we interact with
- Nurture a culture of collaboration, respect and integrity
- Take responsibility for our environmental impact





Who We Are

Worthing Theatres and Museum (WTM) is a unique arts and heritage charity with a large portfolio of distinct venues: Worthing Museum and Art Gallery (visitors 50K per annum), Connaught Theatre (520 seats), Connaught Studio (164 seats), Pavilion Theatre (750 seats), Pavilion Atrium (creative space with option for 200 seats) and Assembly Hall (950 seats), all positioned within the heart of the borough town of Worthing in West Sussex.

WTM offers an inspiring and supportive workplace that promotes unity and diversity providing an environment where differences and what we have in common are celebrated. We engage with responsible and respectful working practices and empower our team to shape and deliver WTM's key objectives with integrity. WTM opposes all forms of discrimination.

What We Do

WTM is an ambitious organisation that presents a vibrant, diverse and entertaining programme of performances (theatre, contemporary circus, dance, comedy, music, family theatre, talks), events, film, exhibitions and workshops. We manage a museum collection of national significance (costume, archaeology, fine art, toys), present an annual outdoor summer festival and collaborate with leading UK producing and touring companies. We engage with our local communities through a range of projects, partnerships and venue hires, using art and culture to create opportunities for the benefit of the wider community. WTM engaged with 400,000 people per year pre-pandemic.

Our annual turnover, before the pandemic, was approximately £5.8 million. WTM receives an annual service payment from Worthing Borough Council (WBC) for the management and development of its cultural assets. Income is earned through ticket sales, fundraising and other revenue streams which include a contribution from our secondary trading activities, such as bars & kiosks (through our wholly owned Trading Subsidiary Company).

Peter Cadwallader

Chair

2021/22 was a challenging year for WTM that began with the venues closed due to the pandemic, followed by a summer of slowly rebuilding as restrictions lifted then a full programme of events without social distancing from October to the end of the financial year.

Given the challenges we have faced, I am extremely proud of the Executive Team, Staff and Trustees who have worked tirelessly to achieve the exceptional cultural offer, a dramatic increase in community engagement and positive financial results.

The team focused on opening the doors as soon as restrictions eased, maximised all opportunities for COVID-19 funding and grants, made cost savings where possible and delivered a stronger than expected live events programme, including the very successful pantomime.

It would simply not be possible to continue our work and reach so many without the support of Worthing Borough Council who continue to prioritise culture and the positive effect it has on the people of Worthing. We are also grateful for the support of Arts Council England and the Department of Culture, Media and Sport. We are immensely grateful for the support of our generous members, local business sponsors and all the donations we receive from our audiences. This support enables us to continue to deliver our vision even during the most difficult times.

We expect 2022/23 to be the most challenging year since the formation of the charity on 1st November 2019 with the aftermath of the last two years of the pandemic and the volatile economic climate continuing to affect sales. However, with strong reserves, a commitment to our communities and a proactive, talented and experienced team we are confident we can continue to show resilience.





Amanda O'Reilly

Creative Director & CEO

Jill Stewart

Executive Director (Company Secretary)

WTM opened the venues at each permitted stage of the government roadmap, putting safety first with a detailed COVID-19 Risk Assessment and strict social distancing when required. We launched our new website in April 2021 which attracted 3.3 million visitors in this year, despite only 5 months of full activity for WTM. We utilised this traffic to drive online bookings, share engaging behind-the-scenes content and give crucial updates on our operation status.

In April 2021 all our buildings were closed to the public with the team working hard to prepare to reopen in mid-May on reduced socially distanced seating plans and with limited Museum opening hours. By late June we increased the programme of events with a range of theatre, family shows, comedy and circus and the Museum opened four days a week, including late opening on Thursday evenings and Sunday openings which was a key development to make the Museum more accessible, particularly for people who work 9am - 5pm weekdays. By October we had fully reopened all venues, with a full programme of events, films and activities that has continued to date. By Spring 2022 the Museum had its fullest programme of activities and was exceeding pre-pandemic footfall.

This year presented many challenges, however, we were determined to:

Enable everyone to access arts and heritage by creating shared experiences that entertain, educate and inspire.

Throughout the pandemic, we maintained vital relationships with artists, partners and companies, working flexibly to successfully reschedule the majority of the work that was programmed pre-pandemic whilst supporting the creation and presentation of new work.

The financial outturn for this year was positive including designating £378K to reserves for essential improvements and equipment replacement as we continue to build the long term financial resilience of the charity.

Cont...

Cont...

Without the financial support of WBC, Arts Council England, the Government's Culture Recovery Fund and Job Retention Scheme, WTM would not have been able to survive this year. We have emerged from the pandemic a more creative, resilient and efficient organisation that is much more connected to the people of Worthing.

Looking Forward

Following the Access Audit completed in March 2022 we are now developing an action plan to improve access across our venues and the organisation over the next two years including the creation of more space for customers who are wheelchair users and an accessible backstage dressing room and bathroom.

We have applied for NPO (National Portfolio Organisation) status with Arts Council England which, if successful, would give WTM additional funding for three years specifically to increase our work with young people, continue our summer programme of free outdoor performances, work in partnership with leading cultural providers, expand our programming to focus on the lesser heard voices in our community and digitalise parts of the Museum collection to further increase access.

We are working in partnership with WBC to secure funding for the redevelopment of the Museum which would open up 80% of the building, allow the addition of a coffee shop and the redisplaying of the collections.

Although we expect 2022/23 to be a very challenging year we are excited to be moving these projects forward.





273

live events
selling
73k tickets

1,688

film screenings
selling 42k
tickets

27,504

panto tickets sold
across the 56
performances

13

local
schools
engaged

300

free panto tickets
for families using
the food bank

£1.3m

Total
ticket
income

228

Sussex Artists
showcased in the
Open21

49,918

visitors welcomed at
Worthing Museum
and Art Gallery

9

community
groups given free
space

87

homeless people
had Christmas lunch
in the Pavilion

159

photos of Worthing
heroes exhibited
as part of the We
Are Worthing outdoor
gallery

7

kickstarters now
employed full time in
the cultural
industries

41

active Worthing
Theatres and
Museum
volunteers

18

free outdoor
events as part of
Spin Out 21

7,700

individual donations
received from our
audiences online
thank you

WTM was committed to opening the venues at every point the government restrictions allowed with a creative programme of live events and films from mid-May 2021. The live programme included the international premier of Proteus Theatre's *The Bloody Chamber*, Rhum & Clay's *War of the Worlds* as part of the Brighton Festival, and Hikapee's *The Hidden People* which was created and premiered in Worthing. Happily schools began to rebook making up a third of the sales for *Jekyll & Hyde* by Blackeyed Theatre.

Comedy, talks and music were particularly strong sellers with Sarah Millican, Laura Lexx, Jimmy Carr, John Lydon, Whitney, Josh Widdicombe, Ben Fogle, Henning Wehn, *That'll Be the Day*, Rob Brydon, Suggs, Dick & Angel, *Fascinating Aida*, Jason Fox, Jo Whiley and Katherine Ryan all close to sold out.

Pantomime was back with *Beauty & the Beast* selling just 12% less than the record-breaking *Cinderella* in 2019. Our rigorous safety measures, including strict isolation of the cast and crew, meant we were one of the few venues in the country to have no cancelled shows and a full cast performing for the entire run.

Film audiences were slightly slower to return than our live audiences but James Bond *No Time to Die* in September, was a huge hit selling £43k of tickets.



WTM has significantly increased the workshops for children, families and adults, giving opportunities for local people to get practically involved in creative classes.

The opening exhibitions at the Museum were stunning and all had a local theme: *In Their Shoes* (photography / soundscape celebrating the stories of 14 people in Worthing Borough including nurses, performers, children and refuse collectors); Anthony Bennett (local abstract painter); and Hercule Van Wolfwinkle's *Rubbish Pet Portraits* supported his fundraising of over £100K for Turning Tides, the local homeless charity.

Over the winter months we were delighted to welcome the return of the biennial WTM OPEN to the Museum, which attracted 228 artists from across East and West Sussex who submitted nearly 600 pieces of work to be displayed for the public.

The Museum had a remarkable footfall with 49,918 visitors bucking the national trend.



The COVID-19 Pandemic has been exceptionally challenging for WTM but one positive outcome was the increase in outreach work that has dramatically increased our social impact. We now work with multiple community partners, providing creative opportunities for many different sections of people in Worthing and the surrounding area, balancing our business need for financial resilience with an offer which includes accessible, free and low cost events for all.

In May 2021 we co-commissioned Vamos Theatre Company to create *Love Through Double Glazing*, performed in the gardens of care homes. This was a beautiful and moving project that created an interactive and sensory experience for the residents.

We Are Worthing celebrated the unsung heroes in the local community, nominated by their friends and family. This culminated in the installation of 159 photos of Worthing people displayed in the windows of the Pavilion Theatre.

During the summer WTM held 18 free outdoor shows as part of *Spin Out 21*, building on the circus and street arts programming that has been so successful over the last five years. Performances included Joseph Toonga's *Born to Protest* (including an open conversation about being a black man in the UK), Ockham Razor's *Together*, Kapow's *Grow* (environmental theme), *Strong Enough*, Dizzy O'Dare's *Falconry Dismay* and Inverted Theatre's *Box*.

These events were attended by over 3,200 people and brought vibrancy back to the town centre. \

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Kapow Dance Company worked with local youth group Superstar Arts developing a performance about the struggle that they and their families faced with changes to their daily lives and routines during the COVID-19 pandemic. The show was performed in the Museum and made into a **wonderful film**.



Our summer programme included a series of nine Archaeological Walks including Cissbury Ring and Highdown Hill which were extremely popular and connected with people who were still not confident to attend indoor talks.

A key focus for WTM is supporting freelance artists and companies to create new work as part of our Made in Worthing project. In 2021/22 we supported seven companies including three local professional companies with R&D space and resources to prepare for touring later in the year.

In the autumn we commissioned a videographer to work with several of our local amateur theatre and music groups, (Worthing Philharmonic Orchestra, Worthing Musical Comedy Society and Worthing Musical Theatre Company) to provide them with social media content to support their relaunch and the rebuilding of their memberships and audiences.

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We also provided free meeting spaces for nine community groups (Always Possible, One Stop Party Shop, Creative Waves, Dementia Friends, Love Your Hospital, Rachel Sullivan, West Sussex Mind, Worthing Food Foundation and Worthing Storytellers) to hold their first meeting after lockdown, offering a large, safe, sanitised space.

Eleven local companies worked with WTM and Paul Holman Associates to sponsor free tickets to the pantomime for ninety families who were struggling financially. We worked closely with the Worthing Food Foundation, Storm Ministries and Turning Tides to make sure local people with the greatest need could attend.

We opened the Pavilion Atrium on Christmas Day for the first time in order to support the Food Foundation to provide Christmas lunch for 87 homeless people.

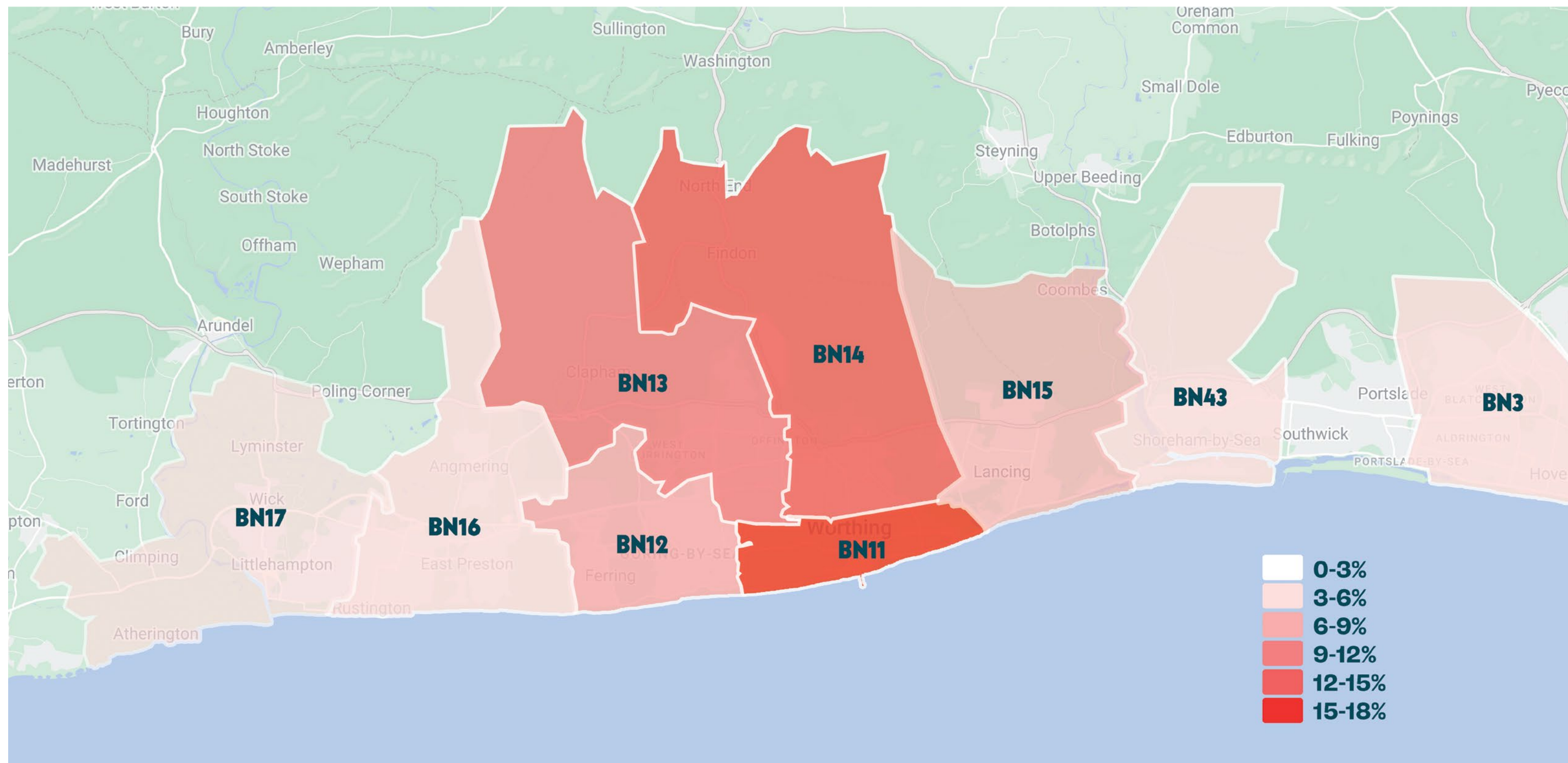
During 2021/22 we engaged with 13 schools and 1,447 pupils as well as supporting 7 young people into employment in the cultural industries through the government Kickstart Scheme.

Volunteering opportunities have always been important to WTM and we worked to stay connected to our Volunteers during the lockdown with our staff organising online socials and video quiz nights. Volunteering is an important social activity and can enable people to build the confidence needed to start or return to work. We are proud to have supported 32 regular Front of House and 9 Museum volunteers, with up to 30 more on an ad-hoc basis.



WTM has focused on delivering a service that engages our audiences, both existing and potential by collecting relevant data about our community to inform our planning and programming. During 2021/22 we had 116k tickets sold, with the majority of our audiences coming from the local area and 50% of our bookers living within a 3km radius of the Connaught Theatre. We reached 48,202 followers across all our social media channels and shared our new website content across an ever wider geographical area, with 3.3million page views this year.

Postcode Map with percentage of 21/22 bookings



The challenges of the pandemic from 20/21 continued into 21/22. Restrictions were lifted in July 2021, so we were able to open our doors earlier than anticipated. As a result of this and a successful pantomime season, we finished the year with £268K more income than budget.

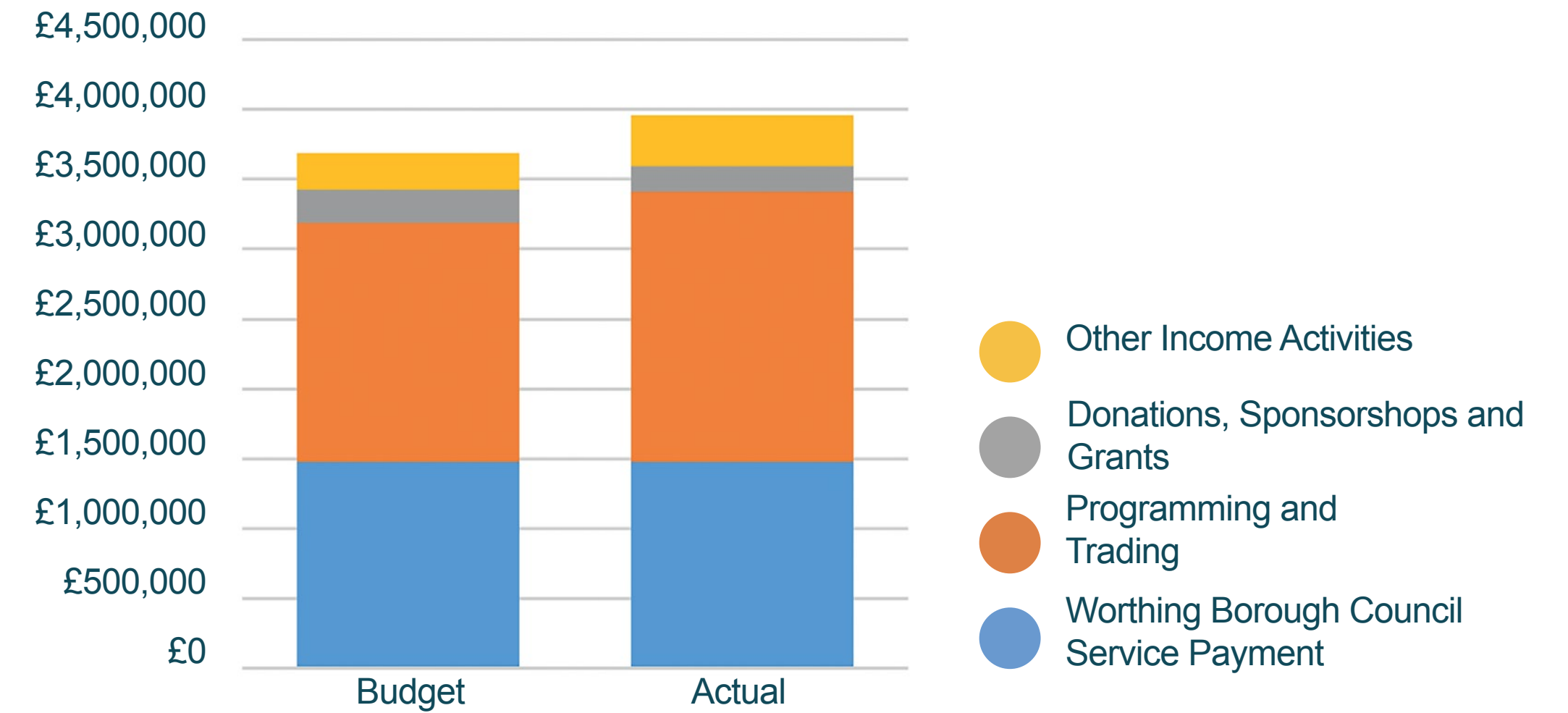
We continued to maximise the benefit of the Job Retention (Furlough) Scheme until September 2021 and also continued to receive Local Authority Hospitality Grants.

In addition to the unrestricted income and expenditure shown, we received and spent Arts Council England (ACE) restricted grants from their Culture Recovery Funds of £196K. These funds allowed us to reopen our venues safely, improve accessibility and increase audience awareness. We also received an ACE grant to support our summer Spin Out programme of £29K.

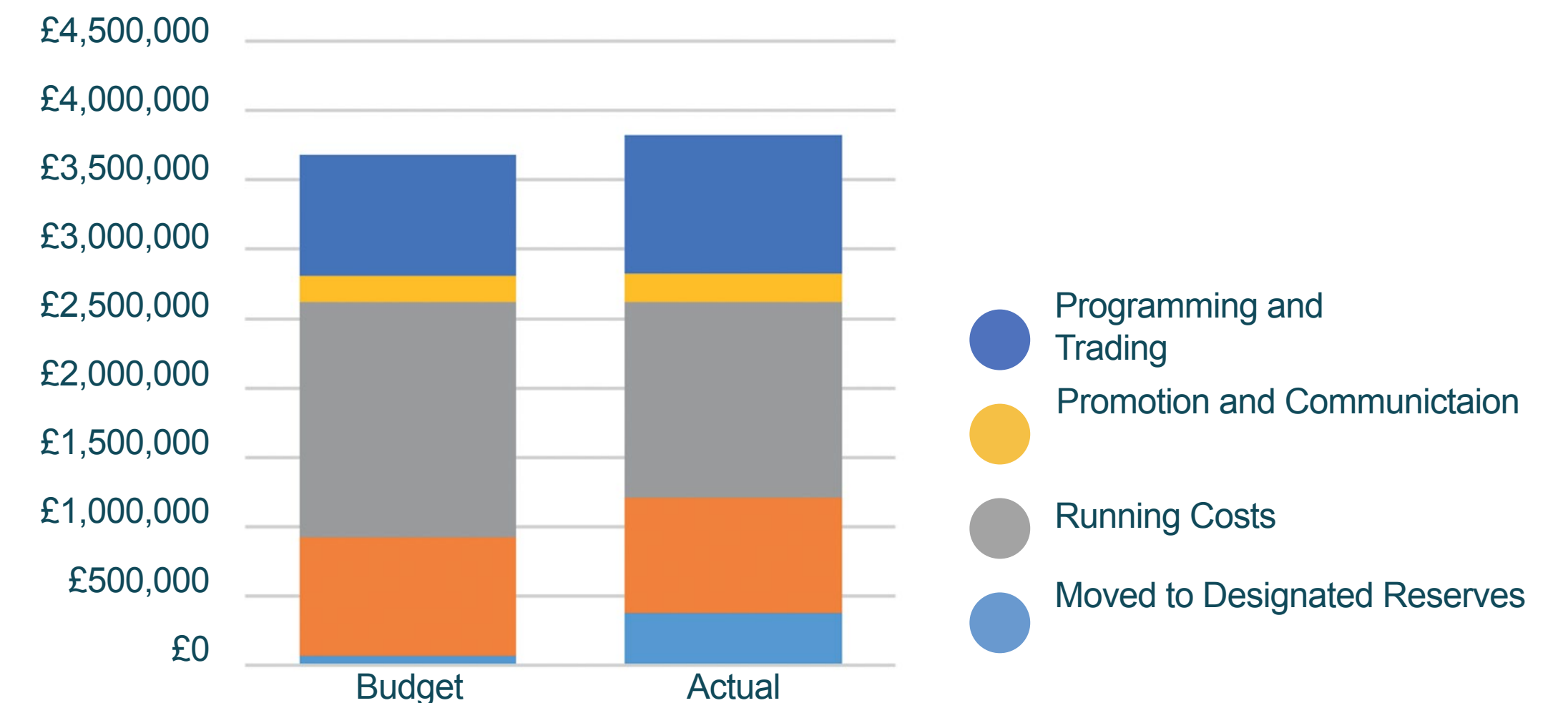
At the end of the financial year, we were able to move £379K to designated reserves and leave a surplus of £148K. This left us with a balance of designated reserves at the year end of £1,044K and a balance of free reserves of £263K.

These reserves will be crucial moving into 2022/23 when we will no longer benefit from pandemic related financial support.

2021/22 Unrestricted Income



2021/22 Unrestricted Expenditure



Thanks to the tireless efforts of the team and the unwavering support of our audiences, donors, members and partners, WTTM succeeded and found alternative ways to bring the arts and heritage to our community despite ongoing challenges.

We have once again been overwhelmed by the generosity of our audiences over the past twelve months. We have received support in many ways, including patrons' donations and gift aid, and supporters joining our membership scheme.

We were thrilled to receive support from the government's Culture Recovery Fund rounds 2 & 3. We were also grateful for receiving a grant from Arts Council England towards the annual outdoor season Spin Out.

Our Museum benefitted from grants from the Institute of Conservations and also the Royal Pavilion Innovate to Generate Fund.

We would also like to thank local business partners and individuals who sponsored our initiative to provide tickets for our pantomime to allow low-income families to attend the show. In addition, we secured contributions from WBC and Worthing Town Centre Initiative for Spin Out. Finally, we utilised the contribution received from Worthing Borough Council in 2020/21 in support of the production of *Love Through Double Glazing* which was performed in four local care homes.





WTM has a committed and talented board of Trustees and Trading Subsidiary Directors who are all based in the local area. They bring a wealth of skills and knowledge to the organisation and care passionately about the Worthing community having access to the best arts and heritage.

Board of Trustees

Peter Cadwallader (Chair)
 Scott Marshall (Vice Chair)
 Cepta Kelly
 Louise Burgess
 Andrew Comben
 Simon Parsonage
 Helen Persson-Swain
 Julie Kapsalis
 Dr James Broomfield (resigned 9th July 2022)
 Tim Hague (resigned 11th January 2022)
 Sarah Fitzgerald (Appointed 16th May 2022)
 Alison Lapper MBE (Appointed 20th April 2022)

Trading Subsidiary Directors

Andy Sparsis (Chair)
 Peter Cadwallader
 Tim Hague (resigned 11th January 2022)

Executive Team

Amanda O'Reilly - CEO & Creative Director
 Jill Stewart - Executive Director (Company Secretary)

Senior Management Team

Rachel Ward - Head of Customer Experience
 Gerry Connolly - Head of Museum and Exhibitions
 Gemma Curtis - Head of Programming
 Bernard Dodds - Head of Finance
 Matthew Pike - Head of Technical, Buildings and Production
 Pamela Kent - Head of Marketing and Development

Thank you:

Worthing Borough Council who continued to support WTM throughout the pandemic

The 7,700 people who made an individual donation this year

Our local business sponsors:

Caffyns Audi, Roffey Homes, The Fish Factory, Port Hotel Eastbourne Ltd, Shoreham Port Authority, Nationwide, Lancing College Preparatory School, Jacobs Steel, South Downs Education Trust, Heavy Gretel and Egalite Care, Carpenter Box, Worthing Scouts and Worthing Gin.

Arts Council England, National Lottery Heritage Fund, British Film Institute, Clothworkers' Foundation, Theatres Trust, Worthing Town Centre Initiative, Time for Worthing, Google



WORTHING BOROUGH
COUNCIL

Worthing Joint Strategic Sub-Committee
5 December 2022

Key Decision - Yes

Ward(s) Affected: All
Cabinet Portfolio: Culture & Leisure

Review of the Pensions Fund arrangements for South Downs Leisure Trust and Worthing Theatres and Museum Trust

Report by the Director for Digital, Sustainability and Resources

Officer Contact Details

Sarah Gobey, Chief Financial Officer
(01903) 221221
sarah.gobey@adur-worthing.gov.uk

Executive Summary

1. Purpose

1.1 Following a request from Worthing Theatres and Museum Trust, the Council is reviewing the contractual arrangements for both Trusts with respect to the pension fund.

1.2 The revised arrangements, if approved, will provide the Council with a significant saving in annual pension contributions and will benefit the Trusts by supporting better management of the risks associated with the cost of pensions.

2. Recommendations

2.1 The Worthing Joint Strategic Sub Committee is recommended to:

- i) Approve that both South Downs Leisure Trust and Worthing Theatres and Museum Trust contracts are revised to include new clauses regarding pension risk sharing arrangements.
- ii) Agree to extend the Pension Guarantee for Worthing Theatres and Museum Trust for the duration of the contract in line with the arrangements for South Downs Leisure Contract
- ii) Delegate to the Director of Economy in consultation with the Council's monitoring officer and the Chief Financial Officer the agreement of the final wording for the new contract clauses.
- iii) Note that this change will save Worthing Borough Council approximately £106,660 per year in additional pension costs.

3. Context

- 3.1 Under the Best Value Authorities Staff Transfer (Pension) Direction 2007, Council staff who transfer to any contractor will have the right to access either the Local Government Pension Scheme (LGPS) or a scheme with equivalent benefits.
- 3.2 When the services were procured from South Downs Leisure Trust and Worthing Theatres and Museum Trust, this right was embedded in the contracts governing both Trusts for any Council staff who transferred to the new bodies. The right to access the LGPS was confined to ex employees of Worthing Borough Council with both bodies providing different schemes for new employees.
- 3.3 Both SDLT and WTaM opted to become admitted bodies within the West Sussex Pension Fund to meet these obligations.
- 3.4 The Council also agreed to underwrite some of the risks associated with pensions as part of the contracts, an arrangement colloquially known as a 'pass through arrangement'. The contracts although similar, are not identical, with the risks shared as follows:

	South Downs Leisure Trust	Worthing Theatres and Museum
The admitted bodies were set up on a fully funded basis. (i.e. Sufficient resources were transferred within the	Yes	Yes

pension fund to the new admitted bodies to fund the assessed costs associated with the transferred staff)		
Annual pension contribution rate fixed for the contractor for the duration of the contract based on a defined initial contribution rate	Yes	Yes
Pension fund guarantee is in place to ensure that the pension contributions are paid to the Pension Fund throughout the duration of the contract. (There are also contractual obligations on the Trusts to ensure that they meet the requirements of the Pension Fund)	Yes	See exempt appendix
Exit payment funded by the Council at the end of the contract	Yes	See exempt appendix
Responsibility for early retirement costs either as a result of redundancy or ill health sits with the Trust	Yes	Yes
The cost associated with exercising any allowable pension discretion is the responsibility of the Trust	Yes	Yes

The benefit of under writing these risks at the time of letting the contract was that it provided any potential contractor certainty about pension costs, enabling them to price appropriately. This prevents excessive financial provision for uncertainty regarding pension costs being potentially built into the contract price.

- 3.4 The actuary values a closed pension fund with an external contractor on a different basis from the Council. The intention behind the valuation method is that by the end of the contract, all pension liabilities associated with the transferred staff are fully funded.
4. Paragraph 4 to this report can be found in the Exempt Appendix to this Report. Members will note that for ease of reference the entire report has been duplicated in the exempt appendix.

5. Engagement and Communication

- 5.1 The proposed changes have been discussed with the individual trusts, the pension fund actuary and administrators.
- 5.2 Officers and members of the Council with responsibility for resources and the Cultural and Leisure contracts have been consulted with.

6. Financial Implications

- 6.1 Currently the Council has a budget of £106,660 for pension contributions associated with the Trusts which can be broken down as follows:
 - South Downs Leisure Trust £74,400
 - Worthing Theatres and Museum £32,260

It is expected that these costs will reduce if a new risk sharing agreement is approved.

7. Legal Implications

- 7.1 The Council entered into a Management and Operation Agreement with WTM on 19th September 2019 and with South Downs Leisure on 1st May 2015.
- 7.2 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.
- 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 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.
- 7.5 At clause 2.5.1 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 and at Clause 2.5.2 to manage the relationship between Worthing Borough Council and South Downs Leisure.

7.6 Both Worthing Theatres and Museum and South Downs Leisure have entered into an Admission Agreement with Worthing Borough Council and West Sussex County Council pursuant to the Local Government Pension Scheme Regulations 2013 (SI 2012/2356) and (where applicable) the Transition Regulations.

Background Papers

- West Sussex Pension Fund - Funding Strategy

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

The proposed arrangements will support better financial management for two local charitable Trusts that operate within the community, promoting good working relationships with key partners.



WORTHING BOROUGH
COUNCIL

Worthing Joint Strategic Sub-Committee
5 December 2022

Key Decision [~~Yes~~/No]

Ward(s) Affected: All
Cabinet Portfolio: Resources

Fair Trade Motion Response

Report by the Director for Digital, Sustainability & Resources

Officer Contact Details

Paul Brewer, Director for Digital, Sustainability & Resources
paul.brewer@adur-worthing.gov.uk

Executive Summary

1. Purpose

- 1.1. A motion was raised at the meeting of Worthing Borough Council on the 22nd February 2022, which was subsequently supported by the Joint Strategic Committee in March 2022.
- 1.2. Since March 2022, the new administration has been developing its priorities working with officers, as illustrated in the New Economic Principles report on the Committee's agenda.
- 1.3. The purpose of this report is to acknowledge the strategic importance of Fair Trade in the Council's approach to the local economy, procurement and sustainability.
- 1.4. The report highlights the opportunities in forthcoming strategy and policy development work where support for Fair Trade can be embedded.

2. Recommendations

2.1. That Members

- 2.1.1. Request that officers engage with the Fair Trade Steering Group with a view to supporting their renewal of Fair Trade Community Status, and helping connect them with support and funding opportunities where needed.
- 2.1.2. Agree that Fair Trade and its principles be embedded in the strategy and policy development work outlined in the New Economic Principles report presented on this agenda, including procurement and contracts.
- 2.1.3. Request that officers appropriately promote Fair Trade through its communications channels as part of driving towards a fair, green and local economy.

3. Context

- 3.1. A Motion on Notice from Cllr Jon Roser was received and supported by the Joint Strategic Committee on March 16th 2022, having been referred by Full Council in February 2022.
- 3.2. The motion requested the Council to:
 - 3.2.1. Renew its commitment to 'Fair Trade Community' status, to support the Fair Trade Steering Group in its work towards keeping Fair Trade status for the area and developing activities around the goals in the future and to making Council employees, aware of the Council's policy on Fair Trade
 - 3.2.2. Actively promote Fair Trade locally, through support for local groups, in the media including social media, and events, including during Fair Trade Fortnight
 - 3.2.3. Support local Fair Trade Schools, colleges and Universities, and actively promote Fair Trade teaching materials in local schools and educational institutions

- 3.2.4. Celebrate and incentivise businesses championing Fair Trade products in the local community.
- 3.2.5. Review its procurement policy, including its catering offer, to ensure that Fair Trade produce is chosen wherever possible, and that Fair Trade considerations are included as a preference in any contracts going out to
- 3.3. Since March 2022, Worthing Council has changed political administration and has been developing new approaches in a number of key areas. This includes the New Economic Principles paper elsewhere on the Committee's agenda.
- 3.4. The economic report outlines three core principles: fair, green and local which are clearly embodied in the Fair Trade approach:

“Fair Trade is a system of certification that aims to ensure a set of standards are met in the production and supply of a product or ingredient. For farmers and workers, Fair Trade means workers’ rights, safer working conditions and fairer pay. For shoppers it means high quality, ethically produced products.”
- 3.5. The New Economic Principles Report outlines the policy areas that will be reviewed during 2023, including the economic development strategy, procurement and contracts and investment. A Climate Action Plan is also in development to be brought forward to Committee in January 2023. This will make recommendations on working with and supporting local networks such as Transition Town and others in the development of policy and action.

4. Issues for consideration

- 4.1. Supporting Fair Trade principles is an opportunity in a number of areas across the Councils, particularly those highlighted in 3.7
- 4.2. Opportunities to engage with local groups, schools and the Fair Trade Steering Group in particular will arise as part of the development of these major policy areas, and the most effective and efficient approach will be to incorporate Fair Trade considerations and opportunities into wider discussions with partners and community groups.

- 4.3. It is noted that the Fair Trade - Worthing Facebook site currently has limited activity and there is an opportunity for the Council to support a revitalisation of efforts. Engagement will be planned as part of the next stage of implementing the New Economic Principles should they be agreed.
- 4.4. As part of the implementation of the new economic principles we will review our procurement approach to areas such as inhouse catering, providing opportunities to promote a Fair Trade agenda.

5. Engagement and Communication

- 5.1. Engagement work on local economy issues will flow, subject to approval, from the New Economic Principles report and consequent activities via the proposed working group.
- 5.2. Immediate engagement with the Fair Trade Steering Group is proposed in order to ensure their role in planning these engagements.

6. Financial Implications

- 6.1. There are no direct financial implications arising from this report. Existing staff time will be allocated to support the fair trade agenda.

7. Legal Implications

- 7.1 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.
- 7.2 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
- 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.

Background Papers

Referral of Motion on Notice from Worthing Borough Council, 16 March 2022

Sustainability & Risk Assessment

1. Economic

- Fair Trade is a potentially significant part of delivering a fair, green and local economy, consistent with administration priorities.
- Fair Trade is a system of certification that aims to ensure a set of standards are met in the production and supply of a product or ingredient. For farmers and workers, Fair Trade means workers' rights, safer working conditions and fairer pay. For shoppers it means high quality, ethically produced products.
- Local businesses can achieve high levels of trust and reputation when demonstrating high integrity supply chains

2. Social

2.1 Social Value

- Social value impacts on a global scale through high integrity supply chains

2.2 Equality Issues

- Fair Trade is underpinned by ethical practices in relation to workers

2.3 Community Safety Issues (Section 17)

- Issue considered and none identified

2.4 Human Rights Issues

- Fair Trade means workers' rights, safer working conditions and fairer pay.

3. Environmental

- "The Fair Trade movement promotes a fairer model of trade, which encourages sustainable production and consumption. A recent study on coffee and climate disaster by Le BASIC has shown that fair trading practices improve producers' livelihoods by ensuring they receive a higher share of value created in the supply chain, helping to significantly mitigate environmental and societal costs borne by producer communities in the Global South. Trade justice is therefore a vital step towards achieving climate justice; prioritising the needs of small-scale farmers and taking into account their increased vulnerabilities."

4. Governance

- Issue considered and none identified

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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