



# ADUR DISTRICT C O U N C I L

28 November 2022

## Joint Strategic Sub-Committee (Adur)

<b>Date:</b>	<b>6 December 2022</b>
<b>Time:</b>	<b>6.30 pm</b>
<b>Venue:</b>	<b>QEII Room, The Shoreham Centre</b>

**Committee Membership:** Councillors Carson Albury, Kevin Boram, Angus Dunn (Vice-Chair), Emma Evans, Steve Neocleous and Neil Parkin (Chairman)

## 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 Adur Joint Strategic Sub-Committee meeting held on 10th 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 Wednesday 30th November 2022** to Democratic Services, [democratic.services@adur-worthing.gov.uk](mailto: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 Wednesday 30th November 2022** to Democratic Services, [democratic.services@adur-worthing.gov.uk](mailto: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 - 38)**

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 39 - 54)**

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

### **8. 2023/24 Budget Update (Pages 55 - 94)**

To consider a report from the Director for Digital, Sustainability & Resources, a copy is attached as item 8.

### **9. The working-age Council Tax Support Scheme for 2023/24 (Pages 95 - 102)**

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

### **10. Accelerating the capacity to improve Council Homes (Pages 103 - 110)**

To consider a report from the Director for Communities, a copy is attached as item 10.

## **Part B - Not for Publication – Exempt Information Reports**

None.

**Recording of this meeting**

Please note that this meeting is being live streamed and the recording can be accessed on the Council's website. This 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:
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**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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ADUR & WORTHING  
COUNCILS

Joint Strategic Sub Committee Adur  
6 December 2022

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 Adur District Council with the latest expenditure and income projections for 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 Adur District Council General Fund is a net overspend after reserve transfers of £64,000. 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) Adur Summary
  - (b) Adur Use of Earmarked Reserves
- (iii) **Appendix 3**
  - (a) HRA Summary
  - (b) HRA Briefing note
- (iv) **Appendix 4**
  - (a) Table of Variations over £20,000
  - (b) Table of movements over £50,000 between quarter 1 and 2

## **2. Recommendations**

- 2.1. The Joint Strategic Sub Committee for Adur District Council is asked to note the report and projected outturn position for the Joint Committee and Adur District 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:

<b>2022/23 Forecast Outturn</b>	Adur £000
Over/(under)spend in operational services – including share from Joint	1,035
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.	(469)
Net Interest (increase)/decrease	(312)
Commercial property income shortfall and cost pressure (excluding business rates)	316
Property void allowance	(650)
Pay award - impact above budgeted allowance	392
Reduction in national insurance contribution rate	(30)
<b>Net over/(under) spend before funding from reserves</b>	<b>282</b>
Grant Funding	(9)
Transfer to/(from) reserves	(209)
<b>Forecast net over/(under) spend</b>	<b>64</b>

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 £1.035m in Adur. 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 for both councils 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
<b>Projected Forecast over/ (underspend) before Government support packages or any transfer to reserves</b>	<b>2,338</b>	<b>282</b>	<b>2,500</b>
<b>Projected Forecast over/ (underspend) after transfers to reserves (before Government support and additional New Homes Bonus)</b>		282	<b>2,500</b>
Reserves Funding		(209)	(372)
Grant Funding	(25)	(9)	(111)
<b>Projected Forecast over/ (underspend) after Government funding and proposed transfer to reserves</b>	<b>2,338</b>	<b>64</b>	<b>2,017</b>
Projected over/(underspend)	9.07%	0.66%	14.63%

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

Comparison to the Q1 forecast:



	<b>Joint</b>	<b>Adur</b>	<b>Worthing</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
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.

	<b>Expenditure</b>	<b>Income</b>	<b>Net Total</b>
<b>Joint</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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%
<b>Adur</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	35,693	(26,754)	8,940
Forecast (after transfer to reserves)	35,610	(27,323)	8,287
Authority Projected Forecast (Under)/ Overspend	(84)	(569)	(653)
Share of Joint (Under) / Overspend	925	10	935
Authority Projected Forecast (Under) / Overspend	841	(559)	282
Forecast variance % before Government funding	2.36%	2.09%	3.16%

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

- the current projections of variances in the Councils' General Fund Revenue Budgets;
- the current projections of variances in the Adur Housing Revenue Account; 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
- 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:

	<b>Joint (Memo)</b>	<b>Adur</b>
	£000	£000
<b>Cross Cutting</b>		
Pay Award	972	
National Insurance	(73)	
Utilities and Rates	141	175
Maintenance	18	(20)
<b>Treasury</b>		(781)
<b>Services</b> (detail in appendix 1)		
Waste	932	76
Car Parks		(35)
Homelessness		225
Bereavement		30
Strategic Property		(334)
Planning and Development		105
Revenues and Benefits	185	
Other	163	(94)
<b>Share of Joint</b>		935
<b>Total projected deficit before use of reserves</b>		<b>282</b>

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 which is an average pay increase of 5.82%, this increase is higher than the 2% 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	Adur
Water	£8,000	£22,000
Rates	(£17,000)	(£5,000)

#### 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 council has an underspend against the MRP budget of £469k 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:

<b>Treasury Management</b> <b>(Under) / Overspends</b>	<b>Adur</b> <b>(General Fund)</b>
	£000
Minimum Revenue Provision*	(469)
Interest from Investment Income	(212)
Interest payable on borrowing	(100)
<b>Total</b>	<b>(781)</b>

\* Includes the benefit of reviewing the methodology for calculating the MRP which is estimated at £350,000.

#### 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

Income from parking in Adur district has been performing well and is predicted to meet the budget for 2022/23 based on current demand levels.

#### 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 (Adur)
Current (October 2022)	92
Quarter1	79

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 reflects a 11.9% underachievement in income associated with burials and work is underway to address this. Further detail is set out in appendix 1.

#### 4.11.11 Strategic Property

Projected income in Adur from strategic property portfolios is based on the assumption that the budgeted transfer to the Property Investment Risk Reserve of £650,000 is not made for 2022/23. There are currently two empty properties within the Adur portfolio where the council is meeting the associated service costs and rates charges.

#### 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. Based on current performance the forecast outturn position is:

	Adur
Income	£92,000
Expenditure	£13,000
Total projected net overspend against budget	£105,000

The net forecast variance equates to a 21% overspend against budget.

#### 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 4.

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 (excluding the Business Rates Smoothing Reserve, the Tax Guarantee Reserve and Grants and Contributions) will reduce if they are required to meet the overspends currently forecast for the year:

<b>Adur District Council Available Reserves</b>	<b>Balance at 1.4.22</b>	<b>Projected Transfer In/(Out) 2022/23</b>	<b>Remaining balance</b>
	£	£	£
Capacity Issues Reserve	831,053	(478,083)	352,970
General Fund Working Balance	1,051,497		1,051,497
Property Investment Risk Reserve	375,674		375,674
Insurance Reserve	152,699	(29,550)	123,149
Projected overspend 2021/22		(64,373)	(64,373)
<b>Total excluding HRA overspend</b>	<b>2,410,923</b>	<b>(572,006)</b>	<b>1,838,917</b>
Projected HRA overspend 2021/22 in excess of HRA Reserve balance		(486,800)	(486,800)
<b>Total</b>	<b>2,410,923</b>	<b>(1,058,806)</b>	<b>1,352,117</b>

Adur has been in a position to increase the level of available reserves over the last couple of years which puts the Council in position to meet the current level of forecast overspend.

However, any overspend in the Housing Revenue Account in excess of the HRA available reserve balances will need to be funded from General Fund Reserves, currently this is estimated to be £486,800.

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 that the Council remains financially sustainable.



#### 4.14 Housing Revenue Account

4.14.1 The Adur Housing Revenue Account is a ring fenced account. The HRA forecast is shown in Appendix 3a.

4.14.2 The HRA is forecast to overspend against the budget for 2022/23 by £675,802. A detailed analysis of the HRA position is included at Appendix 3b. The most significant pressures are due to:

- Void properties (including losses in associated service charges) - £546,000
- Void garages - £56,000
- Impact of inflation on salary budgets - £70,000
- Non achievement of vacancy provision - £138,000

These pressures may now be partly offset by an improved debt financing position. Current forecasts estimate reduced interest payable costs of £80,000 due to changes in the capital programme and increased interest receivable of £42,000 due to interest rate rises.

By the end of 2022/23, the HRA will have used all of its reserves unless corrective action is taken in-year to mitigate these cost pressures.

#### 4.15 Corrective action:

4.15.1 To mitigate the impact of the identified cost pressures, the council has planned to:

1. Hold 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.

- 4.15.2 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.

## **5.0 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.

## **6.0 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 4.15 with an improvement in the forecast overspend since quarter 1.
- 6.2 Overall the projected outturn position net of treasury savings, the performance in the strategic property portfolio and reserve transfers is an overspend in Adur of £64k which includes the councils share of the estimated £2.3m 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.

## **7.0 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 Section 76 of the Local Government and Housing Act 1989 places a duty on the Council to prevent debit balances on the Housing Revenue

Account. Regulation 76(6) requires the Council to consider and determine whether their current proposals ensure that the Account does not show a debit balance, and may take such steps that are reasonably practicable to satisfy the requirements of Section 76.

- 7.3 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A 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.
- 7.4 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:-**

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## **Sustainability & Risk Assessment**

- 1. Economic**  
Matter considered and no issues identified
- 2. Social**
  - 2.1 Social Value**  
Matter considered and no issues identified
  - 2.2 Equality Issues**  
Matter considered and no issues identified
  - 2.3 Community Safety Issues (Section 17)**  
Matter considered and no issues identified
  - 2.4 Human Rights Issues**  
Matter considered and no issues identified
- 3. Environmental**  
Matter considered and no issues identified
- 4. Governance**  
Matter considered and no issues identified

## **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 the 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**

There are no current pressures identified for the Adur Parking, income levels are on budget and there are savings predicted against the expenditure budgets. The overall forecast net outturn position is an underspend of £35,000 reflecting 9% of the budget. Although this is good news the income has still not quite recovered to the pre pandemic levels, the 2022/23 income budget was reduced by £52,000 to build in the longer term impact of covid on demand.

### **1.2 Homelessness**

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

In Adur the average caseload in quarter 2 was 87 increasing to 92 by the end of October 2022. The forecast includes the assumption that numbers will increase by 2 cases per month for December and January and 1 for the remainder of 2022/23 due to the shortages of affordable properties in the private sector creating difficulties with available move on accommodation.

The increase in the demand within both Adur and Worthing 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:

	<b>Adur</b>	
	Q2	Q1
	£000	£000
Homelessness - Emergency and temporary accommodation costs - budget pressure/(underspend)	425	322
Local Housing Allowance Income - budget shortfall/(excess)	(167)	(143)
Additional MHCLG Domestic Abuse Accommodation Grant	(33)	(33)
Net over/(under)spend forecast against budget	225	146
<i>Variance as a percentage of Housing Needs Budget</i>	52.0%	33.7%

### 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
<b>Total cost pressure</b>		<b>£449,000</b>	<b>£583,000</b>
Approved use of reserves		(£209,000)	(£372,000)

#### 1.4 Bereavement Services

Adur cemeteries is forecasting a shortfall in income of £26,000. This is due to a predicted drop in the demand that follows three years of higher than expected excess deaths. There is also a small overspend expected on expenditure budgets of £4,000 which includes survey costs for Lancing and Sompting associated with the extension and consecrated areas, plant hire and health and safety requirements.

#### 1.5 Strategic and Commercial Property

Adur Investment property budgets are anticipated to exceed the net budget by £334,000, however this forecast assumes that the budgeted transfer to the Property Investment Risk Reserve of £650,000 is not made at the end of the financial year. There are two properties in the portfolio that are currently without tenants, the largest being One York Road (ground floor unit), where the council has the responsibility of the associated costs including business rates and service charges.

Included within both council budgets are assumptions that there will be some modest growth in the commercial property income for 2022/23 in Adur this is £101k. Any shortfall in this target is met from the in year property void allowance budget. Across both Strategic Property Investment Funds, the occupancy level is at 97.5% which is extremely healthy.

#### 1.6 Planning and Development

Adur Planning and Development is currently anticipated to have an overall 14% shortfall in income against budget of £92,000 for 2022/23 with the breakdown in service as follows:

Building Control	£39,000
Land charges	£52,000
Development Control	£1,000
Total	<u>£92,000</u>

Expectation is that, although the pandemic is no longer a significant factor in the economy, inflationary price increases are expected to suppress growth and therefore fee income. Expenditure is expected to be marginally over budget by £13,000. Overall the net forecast has not changed since that reported at quarter 1.

#### 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 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 £38,000 was projected. There has also been a shift from quarter 1 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		Adur	
	Q1	Q2	Q1	Q2
Pay	(£39,000)	£56,000	£0	£0
Non Pay Costs	(£6,000)	£25,000	(£17,000)	(£18,000)
Income	£17,000	£28,000	(£26,000)	(£25,000)
Net overspend/(underspend)	(£28,000)	£109,000	(£43,000)	(£43,000)
Movement in Forecast	£137,000		£0	

## 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.

Adur District Council has an underspend in the MRP budget 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 £100,000 in Adur.

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 £781,000 for Adur:

<b>Treasury Management</b>	<b>Adur</b>
<b>(Under) / Overspends</b>	<b>(General Fund)</b>
	£000
Minimum Revenue Provision	(469)
Interest from Investment Income	(212)
Interest payable on borrowing	(100)
<b>Total</b>	<b>(781)</b>

The change in interest rates has led to an overall increase in the net interest receivable with a favourable movement from quarter 1 of £197,000 in Adur.

### 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. 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	ADUR EXECUTIVE MEMBER	Original	Current	Projected	Forecast
3,305,819	CM for Environment & Leisure	3,093,620	3,093,620	3,539,220	445,600
1,368,016	CM for Communities & Wellbeing	1,355,950	1,355,950	1,458,810	102,860
1,605,369	CM for Adur Homes & Customer Services	1,556,680	1,556,680	1,865,320	308,640
668,467	Leader	699,440	699,440	604,040	(95,400)
1,730,959	CM for Regeneration & Strategic Planning	1,748,130	1,748,130	1,538,330	(209,800)
96,312	CM for Finance & Resources	95,920	95,920	295,393	199,473
0	Holding Accounts	382,170	382,170	382,170	0
8,774,942	<b>Total Cabinet Member</b>	8,931,910	8,931,910	9,683,283	751,373
(1,465,168)	Credit Back Depreciation	(1,534,510)	(1,534,510)	(1,534,510)	0
2,314,250	Minimum Revenue Provision	2,344,950	2,344,950	1,875,950	(469,000)
1,793,626	Non ring fenced grants	0	0	0	0
11,417,650		9,742,350	9,742,350	10,024,723	282,373
0	<b>Government Grant funding</b>	0	0	0	0
0	<b>Transfer to/from reserves</b>				
0	Contribution to/(from reserves)	0	0	0	0
0	Grant Funded	0	0	(9,000)	(9,000)
(2,019,787)	Transfer from reserves to fund specific	0	0	(209,000)	(209,000)
0	General Fund Working balance	0	0	0	0
183,437	Net Underspend/(Overspend)	0	0	(64,373)	(64,373)
<b>9,581,300</b>	<b>Total Budget requirement before</b>	<b>9,742,350</b>	<b>9,742,350</b>	<b>9,742,350</b>	<b>-</b>

 ADUR DISTRICT COUNCIL <b>EARMARKED REVENUE RESERVE ACCOUNTS</b>	Opening Balance	Estimated Transfers Out	Estimated Transfers In	Projected Closing Balance
	2022/23	2022/23	2022/23	2022/23
	£	£	£	£
<b>Capacity Issues Reserve including approved Carry Forward</b>	831,053			
New Salts Farm Lancing (JSC/047/20-21 8 September 2020)		(36,000)		
Platinum Jubilee (JSC/87/21-22 8 Feb 2022)		(12,063)		
Shoreham Centre decarbonisation funding if required (JSC/34/21-22 7 Sept 2021)		(118,000)		
Funding of cost pressures on the Waste service (07/06/2022 JSC)		(209,020)		
Business Development Fund		(103,000)		
<b>Adur carry forwards from 2021/22 underspends</b>		-		
Budgeted contribution (to)/from revenue			-	
Balance				352,970
<b>Insurance Fund</b>	152,699	(60,250)	30,700	123,149
<b>Business Rates Smoothing Reserve</b>	1,765,540	(366,408)		1,399,132
<b>Local Tax Income Guarantee</b>	118,666	(59,000)		59,666
<b>Grants and Contributions held in Reserves</b>	1,203,102	TBC	TBC	1,203,102
<b>Property Investment Risk Reserve</b>	375,674	TBC	TBC	375,674
<b>Projected Underspend/(Overspend) (Reserve to be identified at outturn)</b>		(64,373)		(64,373)
<b>General Fund Reserve</b>	1,051,497	-	-	1,051,497
<b>TOTALS</b>	5,498,231	(1,028,114)	30,700	4,500,817

# HOUSING REVENUE ACCOUNT SUMMARY

Appendix 3a

	ORIGINAL BUDGET	FORECAST ACTUAL	VARIANCE
	£	£	£
<b>EXPENDITURE</b>			
General Management	4,075,920	4,212,515	136,595
Special Services	748,080	760,767	12,687
Rent, Rates, Taxes & Other Charges	61,100	117,892	56,792
Repairs & Maintenance	3,008,370	3,021,150	12,780
Bad/Doubtful Debt	50,000	50,000	0
<b>Capital Financing Costs</b>			
Depreciation and Revenue Contribution to Capital	4,421,760	4,421,760	0
Interest charges	2,262,200	2,182,040	(80,160)
<b>TOTAL EXPENDITURE</b>	<b>14,627,430</b>	<b>14,766,124</b>	<b>138,694</b>
<b>INCOME</b>			
Dwelling Rents	(12,750,170)	(12,328,793)	421,377
Non-Dwelling Rents	(550,480)	(494,389)	56,091
Heating and Other Service Charges	(623,110)	(498,821)	124,289
Leaseholder's Service Charges	(265,940)	(288,589)	(22,649)
Interest Received	(28,000)	(70,000)	(42,000)
<b>TOTAL INCOME</b>	<b>(14,217,700)</b>	<b>(13,680,592)</b>	<b>537,108</b>
<b>NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA</b>	<b>409,730</b>	<b>1,085,532</b>	<b>675,802</b>

**HRA Financial Issues 2022/23 – Q2 update****1.0 Current Year Potential Variances**

The table below provides a summary of and indicative figures for the main HRA budget variances.

<b>Service Area</b>	<b>Budget Assumption</b>	<b>Latest Estimate</b>	<b>Budget Effect</b>
Rental Income	CPI + 1% (4.1%)	CPI + 1% (4.1%)	n/a
Dwelling Voids	30 voids per year (1.2% of total stock) Avg loss of £3,000/wk	Current voids at end Oct = 80 (excluding Ashcroft and Inner Rooms) (3.2% of total stock) Avg loss of £9,000/wk	£ 420,000
Garage Voids	230 voids per year Avg loss of £2,500/wk	Current voids at end Oct = 335 (31% of total stock) Avg loss of £3,600/wk	£ 56,000
Service Charges	Inflationary increase of 2% to match expected contract inflation.	Contracts are generally fixed and have therefore not yet been affected by recent inflation rises. However, void loss has a proportionate effect on service charge income.	£ 100,000
Staffing Costs	Pay award of 2% = £55k	Flat rate increase of £1,925 per head = £125k	£ 70,000
Staffing Costs	Vacancy provision of 5%	This is unlikely to now be achieved since the Senior roles which were creating large under spends last year have now been filled.	£ 138,000
Interest Payable	Budget of £2.2m for debt financing.	Due to slippage in the capital programme and the ability to capitalise interest payments in connection with Albion Street, less borrowing costs are now anticipated.	( £ 80,000)
Interest Receivable	Budget of £28k for interest receivable on balances.	Due to interest rate rises, additional income is expected.	( £ 42,000)
Other		Other variances	£ 13,802
POTENTIAL OVER SPEND			£ 675,802
DEFICIT BUDGET			£ 409,730
POTENTIAL IMPACT ON RESERVES			£ 1,085,532

## 2.0 Reserve Balances

- The HRA general and earmarked reserves have been drawn upon in recent years in order to maintain service levels when the government's rent reduction policy required a 1% per annum reduction between 2016/17 and 2019/20. Since the 2020/21 budget, rents could be increased by a maximum of CPI + 1% but this has not yet been enough to counter cost pressures and bring us back to a balanced budget position.
- This rent policy and ongoing cost pressures have reduced the level of reserves significantly over the last six years. The table below sets out the opening reserve balances as at 1<sup>st</sup> April 2022. Aside from the General Reserve, the other earmarked reserves have been committed but not yet fully spent.
- The forecast closing balance of £598k is not sufficient to meet the potential requirement from reserves as per the above table at 1.0.

HRA Reserves	Opening Balance 22/23	Spent & Committed to date	Forecast Closing Balance
General Reserve	£ 544,948		£ 544,948
Discretionary Assistance Fund [committed to Ashcroft Home Loss payments)	£ 115,627	£ 106,500	£ 9,127
New Development Reserve [committed to Southwick development]	£ 352,100	£ 352,100	£ 0
Business Improvement Reserve [committed to HRA specialist HR support]	£ 91,664	£ 47,000	£ 44,664
	£ 1,104,339	£ 505,600	£ 598,739

## 3.0 Budget Opportunities and Pressures for 2023/24

A balanced budget must be set for 2023/24 so that no withdrawal from reserves is required. The current budget is set at a deficit of £410k so cost savings will need to be made or additional income generated in order to close this budget gap.

The following are considered to be the main challenges or opportunities to setting a balanced budget.

### 3.1 Rental Income

- The government is currently consulting on a revised rent cap to limit the effect of inflationary increases on tenants' rental costs. Since 2020/21 this cap has been set at CPI+1%, but with inflation running so high, this maximum would be an increase of 11.1%. This would provide potential additional income of circa £1.2m to the HRA, but would be a much larger than usual increase for tenants, moving the average weekly rent from £97.75 to £108.60.
- The consultation has proposed potential caps of 7%, 5% or 3% which would instead provide additional income to the HRA of £640k, £390k and £130k respectively.



- The outcome of this rent cap consultation is therefore key to the decisions that will be required in order to set a balanced HRA budget for 2023/24.

### 3.2 Void Loss

- It is clear from current void levels that the existing budget of 30 voids per annum will not be sufficient to cover losses in 2023/24. Although work is underway to reduce the void numbers, it is unrealistic to expect that we can move from 80 voids to 30 voids in a matter of months. We are likely therefore to need to increase the void allowance to around 70 properties as an average for the year.
- This increase will therefore reduce the above additional rental income amounts as follows: 11.1% = £260k, 7% = £245k, 5% = £238k and 3% = £230k.
- The above reductions to the rental income budget would, at the 5% rate, nearly eradicate any additional income and at the 3% rate the additional income would not cover the increased void loss budget required, meaning we would be adding £100k growth to the budget overall.

### 3.3 Repairs & Maintenance

- A further compliance-related need of £35k for Energy Performance Certificates has already been identified as a pressure.

### 3.4 Employee Costs

- The recent pay award agreement will add approximately £100k to the 2023/24 budget. However an expected reduction in the pension rate payable should reduce costs by a similar amount.

Q2 Variations					Appendix 4a
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
<b>Parking Services</b>	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 MSCPs 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.
<b>Digital &amp; ICT</b>	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.
<b>Revenues</b>	9	34	13	ADUR & WORTHING; Under achievement of Court Cost income offset by savings in postage and other costs
<b>Benefits</b>	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.
<b>Legal Services</b>	(2)	22	26	Underachievement of income
<b>Finance</b>	(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.
<b>HR &amp; OD</b>	1	-	-	
<b>Sustainability</b>	(55)	-	-	Underspend in Salaries due to vacant posts.
<b>Finance: Treasury Interest</b>		(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
<b>Finance: Treasury MRP</b>	-	(469)	(302)	Reduced MRP due to re-profiling of capital budgets from 2021/22 and MRP review by external consultants
	<b>(75)</b>	<b>(705)</b>	<b>(463)</b>	
<b>Director of the Economy</b>				
<b>Director of the Economy</b>	99	-	6	Vacancy Provision underachievement
<b>Leisure</b>	-	14	84	ADUR overspend on Equipment leases. WORTHING Additional support to SDL (still to be agreed with members).
<b>Major Projects and Investment</b>	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.
<b>Place and Economy (Economic Development)</b>	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.
<b>Planning and Development (Building Control)</b>	(7)	37	24	Fee income is projected to not meet the budget.
<b>Planning and Development (Development Control)</b>	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 out 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
<b>Chief Executive</b>				
<b>Director of Communities</b>				
<b>Housing Needs</b>	(24)	79	69	Number of cases presenting themselves as homeless and requiring temporary/emergency accommodation continues to increase in both Adur and Worthing
<b>Parks &amp; Foreshore</b>	137	-	46	Increased cost of Job evaluation regradings of the parks staff as part of the Council commitment to fairer pay
<b>Commercial Waste</b>	-	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
<b>Bereavement Services (Cemeteries)</b>	17	(30)	(139)	Burial income has increased higher than previous predicted
<b>Bereavement Services (Crematorium)</b>	7	-	447	The cremation income has continued to deteriorate further due to the loss of a high amount of direct cremations
<b>Director of Digital and Resources</b>				
<b>Parking Services</b>	1	(16)	53	The income in Worthing's car parks have continued to fall short of the budget
<b>Benefits</b>	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
<b>Sustrainability</b>	(55)	-	-	Vacancy savings, including head of service
<b>Finance:Treasury Interest</b>	-	(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
<b>Director of the Economy</b>				
<b>Major Projects and Investments (Strategic Properties)</b>	-	(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
<b>Cross Cutting services</b>				
<b>Maintenance</b>	(24)	59	24	Reduction in forecast underspend due to rising costs from suppliers and maintenance providers
<b>Corporate Budgets</b>	(73)	(1)	(1)	Decrease in the National Insurance rate from 15.05 to 13.8 announced since Q1 - to take effect from November 22
<b>Energy Costs</b>	(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
<b>Rates</b>	(24)	(112)	7	Some previously vacant properties have now been occupied reducing the Council liability for business rates



ADUR & WORTHING  
COUNCILS

Adur Joint Strategic Sub-Committee  
6 December 2022

Key Decision : No

Ward(s) Affected: All

## 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 Adur Sub-Committee of the Joint Strategic Committee on the progress made on the delivery of the 2022/23 Capital Investment Programmes for Adur District 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:** Adur District Council Capital Monitoring Summary

**Appendix 2:** Adur District Council Reprofiled Budgets

#### 2. RECOMMENDATIONS

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

- i) To note the reprofiling of the Adur District Council capital schemes as advised in paragraphs 6.1 and Appendix 2.
- ii) To note the scheme removed from the Capital Investment Programme as advised in paragraph 6.2.
- iii) To approve the provision of Commerce Way female facilities and the upgrade of the male showers, and the addition of the schemes to the 2022/23 Capital Investment Programme funded from contingency as detailed in paragraph 6.3.1.
- iv) To approve the procurement of COSHH Management Software, and the addition of the scheme to the 2022/23 Capital Investment Programme funded from capital contingency as detailed in paragraph 6.3.2.

### 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	<b>Red</b>
Schemes where progress is being closely monitored	<b>Amber</b>
Schemes progressing well	<b>Green</b>
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 ADUR DISTRICT COUNCIL 2022/23 CAPITAL INVESTMENT PROGRAMME – DECEMBER 2022

- 4.1 There are 73 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	58	79.4
Schemes where progress is being closely monitored	14	19.2
Schemes with significant challenges	1	1.4

- 4.2 A summary of the financial movements of the 2022/23 Capital Investment Programme is attached as Appendix 1 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 2022/23 ADUR DISTRICT COUNCIL CAPITAL INVESTMENT PROGRAMME

- 5.1. The following schemes are progressing well:

### 5.1.1. Adur Homes Capital Investment Programme

The Adur Homes Capital Investment Programme for 2021/22 and 2022/23 was approved by the Joint Strategic Committee on 2nd March 2021.

Delivery of the Capital Improvement Programme continues to be shaped by guidance issued to local authorities by the Regulator of Social Housing in the aftermath of the Grenfell fire and better knowledge of our stock.

The appointment of a Fire Safety Officer has allowed us to focus on fire safety remedial works. Several fire remedial work schemes are now being implemented across our stock.

### 5.1.2 Adur Homes External Works Programme

The external capital works programme is being compiled and the following schemes are under consideration or progressing:

- The original project to undertake external works to Rocks Close and Locks Court has been reviewed and the scheme will now include the wider Southwick Estate. A prioritised package of interim works is being compiled to address essential structural works required to keep the Estate in good repair for the next 10 years and is now being costed to ensure this is achievable against the available budgetary provision.
- The project to undertake external works to Bushby Close was initially delayed by variations to the contract but this has now been completed.
- Completion of the external works to Beachcroft Place were also delayed. Minor snagging works to be completed and final account to be agreed.

- A programme of replacement door entry systems has been agreed and is now in progress.
- A programme of roof replacements has been compiled and will commence in 2022/23.
- Preparatory works for a window / door replacement programme are in progress for works to commence this financial year.
- Preparatory works are also being undertaken for external works at the following sites in future years:
  - i) Millfield
  - ii) Nelsons Close
  - iii) Manor Court
  - iv) Rafa Balconies and external fire exits
  - v) Warren Court Balconies and external works

### 5.1.3 Housing Development and Acquisition Programme

Covid-19 has had a significant impact on all of the housing development schemes. The nationwide lockdown, site shutdowns and subsequent updated guidance on site operation and safety in a post Covid environment has impacted on supply chains, deliveries and on-site productivity. In particular the social distancing measures have meant that on-site staffing levels (site staff and site subcontractors/labour) have, in many cases, needed to be reduced to 50% of normal capacity.

Whilst the above will mean an inevitable impact on programme delivery, during the past 6 months the team have still overseen the completion of two sites and signed contracts on 2 new sites (55 homes). A report identifying a further 9 pipeline sites was approved by the Joint Strategic Committee in October 2020.

#### Albion Street Refurbishment of 2 semi-detached houses into 6 flats for temporary accommodation

The contract has been let and the construction started on site in November 2021 with completion anticipated January 2023.

#### Albion Street New Build

Covid-19 had a significant impact on the timescales for the contract award. However, works are now on site with structure completed and topped out. Works have been delayed whilst on site due to material and labour shortages; delivery is now anticipated for July 2023.

### Small Sites (Hidden Homes)

Following approval of the small sites programme to deliver 56 new homes, the Council is progressing with 8 sites, 5 of these have planning consent and the remaining planning applications are in progress. The contract for the initial design has been tendered with start on site estimated Winter 2022. Construction will take approximately one year to complete. Land Release Funding of £566,000 was received to help unlock unviable sites.

### Ashcroft

Following JSC approval in July 2021 to progress with the demolition and design of a new building for sheltered housing, and extensive site due diligence, dialogue with the planning department and consultation with residents and neighbours of the site, a planning application was made in July 2022 for the construction of a new block of 44 homes. The scheme gained consent in October 2022. The Council have been awarded £407,000 in Land Release Fund money which will be used to enable demolition of the existing building and diversion of services where required.

#### **5.1.4 AW Workspaces (Partnership Scheme with Worthing Borough Council)**

The main works have now been 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).

#### **5.1.5 Information and Communications Technology - Digital Programme (Partnership Scheme with Worthing Borough 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 both 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.

### **5.2.3 Shoreham Harbour Walls Coast Protection Scheme**

The purchase of land from the Sussex Yacht Club was completed in 2019/20 enabling them to build a new club house and planning permission was granted for a new flood wall in 2018.

A delay has been caused due to the Covid 19 Pandemic and the nature of the flood defence design. Further testing of the permeability of the water flows is currently in progress. This work will inform the final designs for the scheme and a report is anticipated February 2023. This will be followed by a final costing of the coast protection works.

A further grant of £106,000 has been secured from the Environment Agency relating to the impact of Covid 19 and the Council has allocated additional funds of £120,000. Furthermore, the council can apply for support for inflationary cost rises through the EA funding programme.

Adur District Council is working with West Sussex County Council and key stakeholders to agree a suitable solution to Public Rights of Ways access associated with the project.

The redundant yacht club house has been demolished and tendering for the coast protection works are now anticipated February / March 2023 with the works being undertaken in 2023/24.

### **5.2.4 Lancing Manor Leisure Centre - External cladding, flat roof and glazing units replacements**

The 2022/23 Capital Investment Programme includes a budget £237,730 for replacing the external cladding, renewal of the flat roof area over the entrance hall and replacement of glazing units in the entrance hall.

The works have been tendered and the tenders were considerably over budget with a poor tender response. A PID has been submitted for additional resources of £260,000 funded from the 2023/24 Capital Investment Programme, and this will be considered as part of the Capital Bidding Process.

## **6. ISSUES FOR CONSIDERATION**

- 6.1 Budgets totalling £76,989,760 have been reprofiled to 2023/24 and future years, where the original project plan has changed and the schemes are not expected to complete in 2022/23. A list of schemes reprofiled is attached as Appendix 3 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 re-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 scheme has been identified as not progressing and it is recommended to be removed from the Capital Investment Programme:

i) Kingston Beach Environmental Improvements £20,000. This scheme was first included in the Capital Investment Programme in 2014/15, but has not progressed to date due to Coast Protection Works in the area. There is no proposed costed scheme and the proposal is that officers submit a PID for a defined scheme when works are identified and costed.

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

6.3.1 **Commerce Way - Provision of female and disabled showers, and upgrade of all toilets and changing facilities**

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).

The cost share is based on the occupation of the depot which includes both Adur Homes staff as well as staff who work on joint services.

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.

### **6.3.2 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 the purchase is added to the 2022/23 Capital Investment Programmes funded from the capital contingency provision.

## **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 Adur District Council 2022/23 Capital Investment Programmes were approved by the Councils 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:-**

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## **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 ADC 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 Reprofiles to and from 2023/24  £	(7) 2022/23 Current Budget  £	(8) 2022/23 Spend to Date  £	(9) Spend % of Current Budget
Adur Homes and Customer Services	63,511,320	6,194,880	36,344,670	8,575,260	500,000	(27,896,830)	17,523,100	6,654,606	37.98%
Environment and Leisure	4,307,599	235,779	2,218,150	40,030	11,220	(1,211,050)	1,058,350	137,664	13.01%
Communities and Wellbeing	656,510	-	522,600	6,910	55,000	(496,050)	88,460	390	0.44%
Regeneration and Strategic Planning	7,285,200	4,068,990	2,568,250	42,340	226,000	(2,145,000)	691,590	78,335	11.33%
Resources	131,859,430	84,146,760	45,992,350	444,340	51,000	(45,240,830)	1,246,860	269,162	21.59%
<b>TOTALS</b>	<b>207,620,059</b>	<b>94,646,409</b>	<b>87,646,020</b>	<b>9,108,880</b>	<b>843,220</b>	<b>(76,989,760)</b>	<b>20,608,360</b>	<b>7,140,157</b>	<b>34.65%</b>

**Financing of 2022/23 Programme:**

<b>Adur Homes Capital Programme:</b>	<b>£'000</b>
Capital Receipts:	100
Major Repairs Reserve:	6,000
Capital Grants:	100
Prudential Borrowing:	8,806
	<hr/>
	<b>15,006</b>

<b>General Fund Capital Programme:</b>	<b>£'000</b>
Prudential Borrowing:	4,532
Capital Receipts:	106
Government Grants:	733
Revenue Reserves and Contributions	88
S106 Receipts	78
Other Contributions	65
	<hr/>
	<b>5,602</b>

**Summary of Progress:**

Schemes with significant challenges:	1
Schemes where progress is being closely monitored:	14
Schemes progressing well or completed:	58
<b>Total Schemes:</b>	<hr/>
	<b>73</b>

(1) <b>SCHEME</b> (Responsible Officer)	(2) <b>Total ADC Scheme Budget</b>  £	(3) <b>Prior Year Spend</b>  £	(4) <b>Budget Reprofiles to and from 2023/24 and Future Years</b>  £	(5) <b>2022/23 Current Budget</b>  £	(6) <b>2022/23 Spend to Date</b>  £	(7) <b>Anticipated Completion Date (C) / Approval Report(D)/ P.I.D.(P)</b>	(8) <b>2021/22 Anticipated (Underspend) /Overspend (Council Resources)</b>  £	(9) <b>COMMENTS AND PROGRESS</b>	(10) <b>Status</b>
								<input checked="" type="radio"/> <b>Progress Beyond Council's Control</b>  <b>£ Schemes with financial issues</b>  <b>▲ Scheme Progress Improved</b> <b>▼ Scheme Progress Deteriorated</b>	
<b>Lancing Manor Leisure Centre</b>  i) External cladding replacement and renewal of flat roof area and replacement glazing	250,000	12,270	237,730	-	-	Mar-24 02/01/20 (P) 13/07/21 (P)		The scheme has been tendered twice and additional resources are now required. Additional PID submitted for funding from 2023/24 budget.	£  RED £
<b>TOTAL:</b>	<b>250,000</b>	<b>12,270</b>	<b>237,730</b>	<b>-</b>	<b>-</b>		<b>-</b>		

**RESPONSIBLE OFFICER:**

Kevin Smith

Principal Building Surveyor, Facilities &amp; Technical Services



**ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
<b><u>Adur Homes Capital Investment Programme</u></b>		
Albion Street Development	1,000,000	Slight delay to works due to material shortages, expected completion May 2023. Budget reprofiled in line with anticipated expenditure.
Building Services - Replacement Vehicles	48,000	Budget reprofiled due to lead in times for deliveries of new vehicles.
Decarbonisation Schemes - Invest to Save	100,000	Replacement heating scheme being investigated. Budget reprofiled in line with anticipated expenditure.
Development of Properties	13,979,910	i) Small Sites Programme - Construction expected to begin in the winter and will be on site for approximately 1 year. Budget reprofiled in line with anticipated expenditure.
	453,170	ii) Contingency / Purchase of Properties - Reprofiled as no properties have been identified to date.
External Structural Works	500,000	Works planned on Penstone / Osborne / Warren Court balconies and various roofing replacements. Due to lead in times for consultation and tendering, budget reprofiled to 2023/24.
	1,300,000	ii) Milfield Remedial Works - Currently in initial stages, budget reprofiled in line with anticipated expenditure.
	1,854,900	iii) Southwick Estate Remedial Works - Design, specification and procurement of initial works to be undertaken in 2022/23, remainder of budget reprofiled to future years.
Fire Safety Works	2,500,000	i) Fire Door Replacements - New contractor being sourced for the project due to poor quality. Budget reprofiled in line with anticipated expenditure.
Heating and Energy Efficiency Schemes	150,000	Replacement heating scheme under consideration. Possible invest to save scheme. Budget reprofiled due to lead times for works.
Professional and Consultancy Services for Adur Homes major repairs schemes	756,580	Budget reprofiled in line with lead in time for construction schemes.
Affordable Housing - Grants to Registered Social Landlords for the provision of affordable housing	2,069,800	Reprofiled due to lead times for new developments.



**ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
Buckingham Park - Replacement Pavilion	172,000	Budgets profiled to 23/24 while options are under consideration
Coast Protection Works - Shoreham Harbour Walls Project	2,000,000	Tendering for the scheme is anticipated February / March 2023 with works estimated in 2023/24. Budget reprofiled in line with anticipated expenditure.
Corporate Buildings - Carbon Reduction Schemes (Invest to Save)	498,000	Reports to be submitted for any schemes which meet the "invest to save criteria".
Corporate Buildings - Condition Surveys	20,000	Surveys to continue in 2023/24. Budget reprofiled in line with anticipated expenditure.
Council Buildings - Asbestos removal and management	100,000	Budget reprofiled in line with anticipated expenditure.
Council Buildings - Leased out properties condition surveys	40,000	Surveys to continue in 2023/24. Budget reprofiled in line with anticipated expenditure.
Eastbrook Community Centre - Provision of Multi Use Games Area and Building Fabric Repairs	291,050	Due to reporting and lead in times for works, external works likely to be undertaken in 2023/24. Budget reprofiled in line with anticipated expenditure.
Equalities - Access Audits	40,000	Budget reprofiled in line with anticipated expenditure.
Fishersgate Recreation Ground - Car Park Resurfacing	140,000	Scheme to be undertaken alongside the Community Centre redevelopment scheme. Budget reprofiled in line with anticipated expenditure.
Housing - Empty Properties	42,000	To date no grants or loans have been identified. Budget reprofiled.
Housing Development - South Street Car Park	1,836,000	Budget profiled in line with anticipated expenditure.
Housing Development (General Fund) - Acquisition and development of emergency and temporary accommodation for the homeless	1,306,470	Reprofiled due to lead in times for new developments.
IT / Digital - Identity Governance and Admin System	28,200	Original system is being reviewed and to be implemented 2023/24.



**ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
IT / Digital - Network Refresh Wifi Upgrade	24,280	Scheme to continue into 2023/24. Budget reprofiled in line with anticipated expenditure.
Lancing Ring - Replacement Trees	25,720	Budget reallocated to 2024/25 for further felling and planting. Budget reprofiled in line with anticipated expenditure.
Lancing Leisure Centre - External Cladding	38,200	Retendered as original tenders were over budget. Additional PID submitted for 23/24.
Lancing Leisure Centre - Renewal of flat roof and replacement glazing	199,530	Retendered as original tenders were over budget. Additional PID submitted for 23/24.
Mill Lane Cemetery - replacement of boundary fence	90,000	Scheme unlikely to progress this financial year due to resourcing issues in Technical Services.
Office Equipment - Microphone System Replacement	14,100	New technical solutions under consideration. Replacement anticipated 2023/24.
Play Areas - Southwick Recreation Ground Refurbishment	90,000	Installation anticipated June 2023.
Planning and Building Control - Document Management System	44,670	System to be considered after corporate DMS upgrade.
Public Conveniences - Rolling Programme of upgrades and improvements	110,000	Refurbishments of public conveniences likely to be delayed to 2023/24 due to staffing shortages in Technical Services.
Shoreham Harbour Projects	145,000	Budget reprofiled in line with anticipated expenditure.
Southwick Community Centre - Replacement of windows to the café area	35,000	Scheme unlikely to progress this financial year due to resourcing issues in Technical Services.
Southwick Community Centre - Replacement of windows to the Porter Room and floor replacement	30,000	Scheme unlikely to progress this financial year due to resourcing issues in Technical Services.
Strategic Property Investments - Investments in property for regeneration or service delivery.	43,488,420	Budget Reprofiled as no investments have been identified to date.



**ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
Street Cleansing / Refuse / Recycling Service - Replacement Vehicles	345,600	2022/23 vehicle replacements budgets reprofiled to 2023/24 due to lead in times for the delivery of new vehicles.
Ultrafast Fibre Network Extension	1,083,160	Timescales extended, expected completion date is now Summer 2023. Budget reprofiled in line with anticipated expenditure.
<b>Total Reprofiled Budgets:</b>	<b>76,989,760</b>	



ADUR & WORTHING  
COUNCILS

Adur Joint Strategic Sub-Committee  
6th December 2022

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

## 2023/24 Budget update

### Report by the Director for Digital, Sustainability & Resources

#### Officer Contact Details:-

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#### 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 Adur District Council
  - (ii) **Appendix 2** Committed growth items for Adur District 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 Adur Joint Strategic Sub-Committee is recommended to:
- (i) Note the current 5 year forecasts at appendix 1;
  - (ii) Note the committed growth items as set out in appendix 2; and
  - (iii) Approve the proposed savings as set out in appendix 3; and
  - (iv) Recommend to council to approve the use of capital receipts to support the delivery of the budget as set out in Appendix 4.

## **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:

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adur	1,001	1,958	2,338	2,692	2,943

- 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. The approach of Adur has not changed.
- 3.3 The report to the JSC in July also identified that both Councils were under financial pressure. The major factors behind this is the current level of inflation and the impact of resolving the waste dispute. The most recent monitoring confirms that the likely overspend will be £149,000.
- 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.

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 are 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 is based around the priorities of the two administrations. This was used to create a framework for the delivery of budget challenge work which was first focussed on savings which did not have an impact on

staffing levels and services. Two rounds of budget challenge were completed over the first part of 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 summer 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 updated by information captured on financial planning returns that provide a link between service planning and financial planning. The guidance was circulated to, and completed by, the Service Managers in the late Summer, and 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 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 through the business rate retention scheme;
  - 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;
  - 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; and
- The rent limit for social housing has been confirmed as 7% for 2023/24 which is better than expected and will support setting a balanced HRA.

3.10 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 the respective Cabinets on 2nd February 2023 (Adur District Council) and 1st February 2023 (Worthing Borough Council).

#### 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
<b>Adur</b>	£'000	£'000	£'000	£'000	£'000
July Forecast	1,001	1,958	2,338	2,692	2,943
November Forecast	1,104	2,121	2,404	2,671	2,866
Reduction (-) / increase (+)	103	163	66	(21)	(77)

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 5 <sup>th</sup> July 2022	
	Adur
	£'000
<b>Original 2023/24 budget shortfall</b>	<b>1,001</b>
<b><i>Changes to income from grants and taxation:</i></b>	
(a) Changes to the income from Council Tax	-44
(b) Impact of current forecast Council Tax Collection Fund deficit / surplus (-)	-135
<b><i>Other changes:</i></b>	
(c) Review of inflationary provisions including energy costs	21
(d) Impact of interest rates:	
Increased investment income	-129
Increase in costs associated with the capital investment programme	146
(e) Impact of triennial review of the pension fund	-122
(f) Impact of removal of 1.25% National Insurance payments	-74
(g) Changed assessment of impact of the Environment Act	-54
(h) Final impact of 2022/23 pay award and the settlement of the dispute	147
(i) Net committed growth items identified by Service Heads (See Appendix 1 and 2)	417
(j) Removal of contingency budget for committed growth	-70
<b>Revised Budget Shortfall</b>	<b>1,104</b>
(k) Potential savings identified to date (Appendix 3)	-1,333
<b>Resources in hand (-) / current shortfall</b>	<b>-229</b>

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. The position across the two Councils is different.

For Adur, growth in housing numbers has been more significant than originally anticipated with an increased number of homes completed. In parallel there has been a falling cost associated with the Council Tax Support Scheme.

(b) Collection fund deficit:

The Councils' Collection Funds for Council Tax expected year end position for 2022/23 has changed. The position within Adur has improved largely due to increased income from Council Tax.

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:

	<b>Adur</b>
	<b>£'000</b>
Changes to 2021/22 year end position	-528
2020/21 deficit to be recovered in 2023/24	250
In-year surplus (-)	-395
Deficit / Surplus (-) expected by 31 <sup>st</sup> March 2023	-673
Council share of deficit / surplus (-): 2023/24	-97

However, any surplus or deficit must be viewed in the context of the significant amount of tax collected by both Councils. Adur District Council collects £45.6m per year.

(c) 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.

(d) 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

(e) 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
Adur	85%	108%
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.

(f) 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.

(g) 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.

(h) 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:

	Adur £'000
Final impact of pay award	90
Final impact of waste negotiations	57
Total	147

(i) 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 1 and 2.

(j) Removal of contingency budget for committed growth items.

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

(k) 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 overall 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 £5.64 for a property in Adur District 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
<b>Adur</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget shortfall (as per appendix 1)	1,104	2,121	2,404	2,671	2,866
Savings identified to date	-1,333	-1,693	-2,093	-2,423	-2,753
Revised budget shortfall / Surplus (-)	-229	428	311	248	113

6.2 This has been a successful savings exercise to date and the Council is well positioned to set a balanced budget. 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
<b>Cumulative Budget shortfall (Appendix 1)</b>				
Adur	2,121	2,404	2,671	2,866
<b>Less:</b> Savings identified for 2023/24	-1,333	-1,333	-1,333	-1,333
Savings yet to be identified	788	1,071	1,338	1,533
<b>Future savings initiatives:</b>				
Strategic Property Investment Fund	-100	-200	-300	-400
Commercial Programme	-150	-300	-450	-600
Service Redesign Programme	-80	-160	-240	-320
Corporate Landlord Programme	-30	-100	-100	-100
Total savings initiatives identified to date	-360	-760	-1,090	-1,420
Further savings to be identified by Heads of Service	428	311	248	113
Annual savings to be identified by Heads of Service	428	-117	-63	-135

\* The financial pressure in 2024/25 largely results from 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 estimated cost is £1,002,890 (10.29% of the overall net budget). 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 either directly via the HRA or working 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 Adur.

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 Housing Revenue Account**

A full report on the Housing Revenue Account and the recommended rent levels will be considered by the Adur Executive in February 2023. It is intended that any savings identified by the Service Heads outlined within this report and identified by the Head for Housing will be the subject of consultation with the Cabinet Member for Customer Services, the Adur Homes Management Board, which includes representation from the Adur Consultative Forum in the coming months.

### **7.2 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 2. 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;
- vi) 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 not 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 £296,450 over the next two years. This is set out in the capital flexibilities schedule 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 the following receipts for this purpose £452,860.

Any minor receipts (except RTB) generated in 2022/23 together with a proportion of any major disposals will be set aside for this purpose to ensure that the programme can be funded and that the reserves of the Council 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 Councils are 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 Councils are 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

Councils risks over the forthcoming year.

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

## **9. Engagement and Communication**

- 9.1 The 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 Adur District Council Executive 1st February 2022 - Budget Estimates 2022/23 and setting of 2022/23 Council Tax

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

Report to Joint Strategic Committee 7<sup>th</sup> 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



ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2022/23 - 2027/28						
Net Spending to be Financed from Taxation	2022/ 23 Base	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
<b>Base budget</b>	<b>£'000 9,742</b>	<b>£'000 9,742</b>	<b>£'000 9,742</b>	<b>£'000 9,742</b>	<b>£'000 9,742</b>	<b>£'000 9,742</b>
<b>(a) Annual Inflation</b>						
Estimated inflation		220	516	810	1,109	1,405
Impact of 2022/23 pay award (Current offer 5.82%, budget contains 2%)		420	429	438	447	456
Reduction in employers national insurance by 1.25%		(74)	(75)	(77)	(79)	(81)
<b>(b) One -off / non-recurring items</b>						
Local Elections (held every other year)		18	-	19	-	20
<b>(c) Impact of Cost of Living crisis</b>						
Additional pay award - Usually budget for 2% assume 4.5%		286	294	303	299	305
Gas and electricity (300% gas, 50% electricity)		144	144	144	144	144
Diesel (50% increase)		88	88	88	88	88
Removal of inflation contingency budget		(67)	(67)	(67)	(67)	(67)
<b>(d) Impact of funding the Council's priorities</b>						
Measures to reduce waste - Impact of the Environment bill		18	18	18	18	18
Bike share scheme (part year cost included in 2022/23)		28	28	28	28	28
Heat Network		-	10	10	10	10
<b>(e) Capital Programme and Treasury Management</b>						
Capital programme financing costs		219	278	432	529	516
Investment income		(234)	(245)	(283)	(324)	(365)
<b>(f) Other items</b>						
<b>Impact of waste dispute:</b>						
Impact of negotiation on salaries costs		147	147	147	147	147
Impact of dispute on net income		27	27	27	27	27
<b>Removal of one-off budgets:</b>						
Removal of 2022/23 Covid contingency budget		(175)	(175)	(175)	(175)	(175)
<b>Impact of Triennial review:</b>						
Reduction in pension rates		(27)	(28)	(29)	(30)	(31)
Reduction in backfunded contributions		(95)	(190)	(285)	(285)	(285)
Final cost of new leisure contract		(18)	(117)	(117)	(117)	(117)
Delay to Fairer Funding Review -		-	297	297	297	297
Homeless funding to continue for 2023/24						

# Appendix 1

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2022/23 - 2027/28						
	2022/ 23 Base	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
<b>Net Spending to be Financed from Taxation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Allowance for committed growth items as set out in appendix 2		417	487	557	627	697
<b>(g) Approved Growth items</b>						
Provision for new growth items		70	140	210	280	350
<b>Total Cabinet Member Requirements</b>	<b>9,742</b>	<b>11,154</b>	<b>11,748</b>	<b>12,237</b>	<b>12,715</b>	<b>13,129</b>
<b>Business Rate income:</b>						
Baseline funding	1,767	1,767	1,802	1,838	1,875	1,913
Add: Retained additional business rates	766	941	480	488	496	508
<b>Adjusted Business Rate income</b>	<b>2,533</b>	<b>2,708</b>	<b>2,282</b>	<b>2,326</b>	<b>2,371</b>	<b>2,421</b>
<b>Council Tax income</b>	<b>6,892</b>	<b>7,107</b>	<b>7,266</b>	<b>7,428</b>	<b>7,594</b>	<b>7,763</b>
<b>Other grants</b>						
New homes bonus (2019/20 - 2022/23)	10	-	-	-	-	-
New homes bonus (2022/23)	147	-	-	-	-	-
<b>Total NHB</b>	<b>157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Lower Tier Services Grant	79	79	79	79	79	79
Local Tax Guarantee Scheme - Council Tax	59	59	-	-	-	-
Services Grant	121	-	-	-	-	-
Collection fund surplus/deficit (-)	(99)	97	-	-	-	-
<b>Total other grants and contributions</b>	<b>317</b>	<b>235</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>
<b>Total Income from Grants and Taxation</b>	<b>9,742</b>	<b>10,050</b>	<b>9,627</b>	<b>9,833</b>	<b>10,044</b>	<b>10,263</b>
<b>(Surplus) / Shortfall in Resources</b>	<b>-</b>	<b>1,104</b>	<b>2,121</b>	<b>2,404</b>	<b>2,671</b>	<b>2,866</b>
<b>AMOUNT REQUIRED TO BALANCE BUDGET</b>	<b>-</b>	<b>1,104</b>	<b>2,121</b>	<b>2,404</b>	<b>2,671</b>	<b>2,866</b>

# Appendix 1

ADUR DISTRICT 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
<b>AMOUNT REQUIRED TO BALANCE BUDGET</b>		<b>1,104</b>	<b>2,121</b>	<b>2,404</b>	<b>2,671</b>	<b>2,866</b>
<b>Savings strategy:</b>						
<b>Strategic Property Investment Fund</b>						
Future developments			200	400	600	800
Provision for future voids		(100)	(200)	(300)	(400)	(500)
<b>Commercial and Customer Activities</b>		305	455	605	755	905
<b>Service and Digital redesign</b>		71	151	231	311	391
<b>Corporate initiatives</b>		244	244	244	244	244
<b>MRP review</b>		350	350	350	350	350
<b>Commercial Landlord Programme</b>		30	60	130	130	130
<b>Departmental proposals</b>		433	433	433	433	433
<b>Total initiatives identified</b>		<b>1,333</b>	<b>1,693</b>	<b>2,093</b>	<b>2,423</b>	<b>2,753</b>
<b>Cumulative savings still to be found/     (surplus)</b>		<b>(229)</b>	<b>428</b>	<b>311</b>	<b>248</b>	<b>113</b>
<b>Annual savings still to be found</b>		<b>(229)</b>	<b>657</b>	<b>(117)</b>	<b>(63)</b>	<b>(135)</b>
<b>Council Tax increase</b>		<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
Annual increase (Band D property)		£6.35	£6.48	£6.61	£6.74	£6.88
Weekly increase (Band D property)		£0.12	£0.12	£0.13	£0.13	£0.13
Average annual increase (Band C property)		£5.64	£5.76	£5.88	£5.99	£6.12
Average weekly increase (Band C property)		£0.11	£0.11	£0.11	£0.12	£0.12

## Appendix 2

Committed growth items:		Expected cost (cumulative)								
		2023/24			2024/25			2025/26		
Description	Comments	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
Local Plan review costs	Consultants costs for the Design Code work and other evidence based studies for the wider Local Plan review		150,000			100,000				
Review of recharges to HRA	Following savings exercise the recharge to the HRA will be reviewed		100,000			100,000			100,000	
Share of reduction in pension costs to benefit HRA			72,000			72,000			72,000	
Impact of regardings 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 through financial planning		95,000	417,290	113,150	95,000	367,290	113,150	95,000	267,290	113,150
Residual annual savings to be identified		-100,000	-70,000	-90,000	-100,000	-70,000	-90,000	-100,000	-70,000	-90,000
Net growth identified		-5,000	347,290	23,150	-5,000	297,290	23,150	-5,000	197,290	23,150

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<u>Affordable Housing Programme:</u>							
New affordable units							
South Street						18,340	
Total delivered via Affordable Housing programme			0	0		18,340	0
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
Major Projects							
Rent reviews of commercial properties			30,000	30,000		30,000	30,000
Total delivered via the commercial property investment programme			-70,000	30,000		30,000	130,000
<u>Commercial income programme:</u>							
Parks and Foreshore							
Increase in allotments income	Increase fees by 10%		17,000			17,000	
Increase beach hut fees	Increase fees by 20%		17,000	58,000		17,000	58,000

## Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b><u>Commercial income programme:</u></b>							
<b><i>Place and Economy</i></b>							
Bus Shelter / Digital Screen Contract Renewal			30,000	35,000		30,000	35,000
<b><i>Technical Services</i></b>							
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
<b><i>Planning and Development</i></b>							
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
Charging for advice on the need for Planning Permission			1,800	4,200		1,800	4,200

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b>Commercial income programme:</b>							
Increase in fees and taking on additional health and safety work			4,000	6,000		4,000	6,000
<b>Housing</b>							
Review of community alarm charges	A price rise of 5.76% (average, for 5 core products) within the Community Alarm portfolio is recommended while maintaining customer, account stability and product competitiveness within the marketplace. Includes an assumption of an additional 100 customers.		72,000	0		72,000	0
<b>Public Health and Regulation</b>							
Home improvement Agency Fees			21,630	69,100		21,630	69,100
Contract for dog warden service with Arun District Council		5,000	2,000	3,000	5,000	2,000	3,000
<b>Financial Services</b>							
Increase in fees following renewal of the SLA for treasury management		1,950	780	1,170	1,950	780	1,170

## Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b>Commercial income programme:</b>							
<b>Waste, Customer, Parking and Elections</b>							
Review of parking prices	Minor increases proposed in consultation with Cabinet Member.		19,750	108,850		19,750	108,850
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
<b>Total commercial income target</b>		<b>263,100</b>	<b>304,800</b>	<b>507,630</b>	<b>303,100</b>	<b>319,200</b>	<b>464,130</b>



## Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b>Service Redesign programme</b>							
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
Review of customer services and business support structure	Digitisation of high transactional services and impact of revs and bens transformation project. The reduction in staff may be partially managed through turnover.	102,910	41,160	61,750	102,910	41,160	61,750
<b>Total for Service Redesign Programme</b>		<b>177,640</b>	<b>71,050</b>	<b>130,960</b>	<b>177,640</b>	<b>71,050</b>	<b>130,960</b>

## Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b>Corporate initiatives:</b>							
Rental of accommodation to NHS - 1st floor of Portland House		210,000	84,000	126,000	210,000	84,000	126,000
MRP revision of method	Worthing MRP revised in 2021/22		350,000			350,000	
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
		<b>460,000</b>	<b>594,000</b>	<b>365,000</b>	<b>460,000</b>	<b>534,000</b>	<b>365,000</b>


Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b><u>Departmental proposals</u></b>							
<b>Communities</b>							
<b><i>Wellbeing</i></b>							
Base budget review			5,000	19,290		5,000	19,290
Review of structure of Communities team		113,380	45,350	68,030	113,380	45,350	68,030
Review of structure of Communities team		11,560	4,620	6,940	11,560	4,620	6,940
<b><i>Public Health and Regulation</i></b>							
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 lower graded role	23,890	9,560	14,330	23,890	9,560	14,330

## Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b>Economy</b>							
<b>Parks and Foreshore</b>							
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
<b>Place and Economy</b>							
Review of regeneration budget			12,500	12,500		12,500	12,500

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b>Economy</b>							
<b>Technical Services</b>							
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 - [REDACTED] 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
<b>Planning and Development</b>							
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

## Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b>Economy</b>							
<b>Planning and Development</b>							
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
<b>Digital, Sustainability and Resources</b>							
<b>Human Resources</b>							
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

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b>Digital, Sustainability and Resources</b>							
<b>Human Resources</b>							
Consolidation of administration functions following digitisation of Revenues and Benefits Service		29,290	11,720	17,570	29,290	11,720	17,570
<b>Revenues and Benefits</b>							
	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
<b>Sustainability</b>							
Reduction in consultancy budgets		23,600	9,440	14,160	23,600	9,440	14,160
<b>Digital Services</b>							
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

## Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b>Legal and Democratic Services</b>							
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
<b>Financial Services</b>							
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



## Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b>Financial Services</b>							
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
<b>Waste, Customer, Parking and Elections</b>							
Base budget review		10,000	4,000	41,000	10,000	4,000	6,000
Review scope and resourcing around Insight, complaints, data, service design, proactive and admin to remove overlaps in resources.		87,110	34,840	52,270	87,110	34,840	52,270
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

## Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<b>Waste, Customer, Parking and Elections</b>							
Review of roles and responsibilities in the waste and cleansing team		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
<b>Total Departmental Savings</b>		<b>1,117,180</b>	<b>433,070</b>	<b>1,134,110</b>	<b>1,117,180</b>	<b>438,070</b>	<b>1,019,110</b>
<b>Total savings identified</b>		<b>2,017,920</b>	<b>893,920</b>	<b>3,055,130</b>	<b>2,057,920</b>	<b>953,320</b>	<b>3,332,490</b>

## Appendix 4

Project	Overall annual savings generated £	Adur District Council				
		Share of annual saving %	Annual saving £	Financial year	Amount of capital receipts used £	Nature of expenditure
<b>2021/22 savings proposals</b>						Project delivery costs
- Accommodation project phase 1	190,290	40	76,120	2020/21 Actual	4,415	
				2021/22 Actual	77,348	
				2022/23 Estimate	4,350	
<b>2022/23 savings proposals</b>						Project management, removal and minor works costs
- Accommodation project phase 2	210,000	40	84,000	2022/23 Estimate	18,000	
- Digital rapid improvement programme	177,640	40	71,060	2022/23 Estimate	17,330	Digital systems design, development and project management
- Organisational redesign	250,000	40	100,000	2022/23 Estimate	139,470	HR support and delivery manager (who will also support the digital improvement programme). Associated Statutory departure costs
- Service redesign	400,000	40	160,000	2022/23 Estimate	48,000	Departure costs
<b>2023/24 savings programme</b>						Digital systems design, development and project management
- Digital rapid improvement programme	200,000	40	80,000	2023/24 Estimate	69,300	

Project	Overall annual savings generated £	Adur District Council				Nature of expenditure
		Share of annual saving %	Annual saving £	Financial year	Amount of capital receipts used £	
Actual use 2020/21					4,415	
Actual use 2021/22					77,348	
Planned use 2022/23					227,150	
Planned use 2023/24					69,300	
Total	1,427,930		571,180		378,213	



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Adur Joint Strategic Sub-Committee  
6 December 2021

## ADUR DISTRICT COUNCIL

Key Decision: No

Ward(s) Affected: All

### The working-age Council Tax Support Scheme for 2023/24

#### Report by the Director for Digital, Sustainability & Resources

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#### Executive Summary

##### 1. Purpose

- 1.1. Members are asked to recommend to the Full Council the criteria for the Council Tax Support Scheme in respect of 2023/24.

##### 2. Recommendations

- 2.1. The Joint Strategic Sub-Committee is asked to:
  - a. Note the content of this report
  - b. Consider recommending to Adur District Council that the Council Tax Support scheme for Adur District Council in respect of working age customers for 2023/24 should
    - i. Include a new provision that 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)
    - ii. Be based upon the scheme for 2022/23 with no restrictions; and

- iii. Not be further altered with any other changes beyond necessary technical amendments required to keep the scheme consistent with the national rules in respect of Housing Benefit

### 3. Context

- 3.1 Since April 2013 Members have had the freedom to set a local Council Tax Support scheme in respect of “working age” customers. Adur District Council has opted to retain the national scheme from this date.
- 3.2 There are statutory protections for all pensioners and refugees, so local schemes only apply to “working age” customers.
- 3.3 At the meeting of Adur Full Council held on 7 December 2021 it was resolved that: there should be no restrictions introduced in respect of the 2022/23 scheme and that 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.
- 3.4 Until 2018 the Councils undertook public consultations about whether changes should be made to the following year’s schemes. However, revised advice from the Councils’ Legal Services Team has confirmed that consultations are not required unless the fundamental criteria of the schemes is amended.
- 3.5 The costs of the schemes directly impact on the overall budget-setting process for each Council and the scheme parameters therefore need to be determined at or before the annual tax-setting meeting held each February.

### 4. Issues for consideration

- 4.1 The introduction of local schemes was accompanied by a reduction of around 10% in the amount of subsidy paid to local authorities. However, the cost of benefits fell during 2013/14 and the final net cost of introducing the scheme in 2013/14 was substantially lower than expected:

2013/14 estimated cost of CTS	Council share of overall cost	Grant received	Net cost	Percentage shortfall in funding
£'000	£'000	£'000	£'000	%
4,975	856.7	-850	6.7	0.78%

- 4.2 Over the past few years the cost of Council Tax Support (CTS) has generally fallen, following local trends in employment. During the early part of 2020/21 the Council experienced an increase in the cost of CTS reflecting the impact of the COVID-19 pandemic but since June 2021 (when there were 2,223 working age claims in payment) there has been a continual decline in the number of live claims and as at 1 October 2022 there are 1,955 working age customers receiving CTS.



4.3 Since the introduction of the local scheme the costs of CTS have been:

Financial year	Cost of CTS	Overall Average Council Tax increase	Annual increase / decrease (-)	
	£'000	%	£'000	%
2012/13 Actual	5,195	N/A	N/A	N/A
2013/14 Actual	4,976	0.00	-219	-4.22
2014/15 Actual	4,633	0.18	-343	-6.89
2015/16 Actual	4,414	0.00	-219	-4.73
2016/17 Actual	4,313	3.51	-101	-2.29
2017/18 Actual	4,314	3.51	1	0.02
2018/19 Actual	4,295	4.92	-19	-0.44
2019/20 Actual	4,332	5.48	37	0.86
2020/21 Actual	4,628	3.78	296	6.83
2021/22 Actual	4,620	3.53	-28	-0.06
2022/23 (estimate)	4,600	3.02	-20	-0.04

4.4 However, the grant towards the cost of Council Tax Support Schemes has been consolidated into the Revenue Support Grant and the retained Business Rates scheme. The combined income from these sources has fallen each year, and the Revenue Support Grant has now ceased as a source of income to the Council. This means that the Council has faced an ever-increasing cost associated with the scheme. In 2022/23, the level of subsidy is estimated to be:

2022/23 cost of CTS	Council share of overall cost	Estimated Grant received	Net cost	Percentage shortfall in funding
£'000	£'000	£'000	£'000	%
4,600	734.0	-388.8	345.20	47.03

4.5 For Members' information, the annual in-year collection rates for Council Tax in respect of the last five financial years has been

2017/18	2018/19	2019/20	2020/21	2021/22
97.66%	97.96%	97.59%	96.09%	97.07%

4.6 During the current financial year Council Tax collection has remained challenging as the result of both the "cost of living" situation and seeking to recover sums that weren't paid during the pandemic. However, as at 31 October 2022 the in-year collection rate was 69.92% (+0.24% compared to 31 October 2021) and is comparable with neighbouring authorities.

- 4.7 At the beginning of the COVID-19 situation the Government announced that every working-age customer who receives Council Tax Support during 2020/21 would be entitled to up to £150 discretionary assistance and Members subsequently determined to utilise discretionary funding in respect of 2021/22 and 2022/23. The collection rates detailed in paragraphs 4.5 and 4.6 takes these additional awards into account; during the current financial year awards have totalled £107,245.
- 4.8 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.
- 4.9 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.
- 4.10 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) but in any case the local scheme requires a separate claim to be made.
- 4.11 Currently, 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.
- 4.12 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.
- 4.13 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.

## **5. Engagement and Communication**

- 5.1 Revised advice from the Councils' Legal Services Team has confirmed that consultations are not required unless the fundamental criteria of the schemes is amended. Further details are provided in section 7 of this report.

## 6. Financial Implications

- 6.1 When the £5.00 restriction was introduced by Worthing Borough Council in 2015/16, the Council saw an immediate increase in Council Tax income, however to achieve this level of income the Council needed to invest in additional staff, a new hardship fund and allow for an increased level of write off. The eventual financial benefit was:

	Overall gain in 2015/16	Worthing Borough Council share
Estimated impact of reduced Council Tax Support cost on Council Tax income	£'000 1,098.7	£'000 153.5
<b>Less:</b> Additional staffing required	-20.0	-20.0
<b>Less:</b> Hardship Fund	-80.0	-20.0
<b>Less:</b> Allowance for increased write offs @ 5%	-54.9	-7.7
	943.8	105.8

- 6.2 If Adur members choose to implement a £5.00 per week restriction accompanied by a discretionary Council Tax Support Hardship Fund, the financial gain in respect of 2023/24 is estimated to be:

	Overall	Adur District Council share
	£'000	£'000
Impact of reduced Council Tax Support cost on Council Tax income	767.9	131.9
<b>Less:</b> Additional collection costs	-30.2	-30.2
<b>Less:</b> Hardship Fund	-60.0	-15.0
<b>Less:</b> Allowance for increased write offs @ 5%	-38.4	-6.6
	639.3	80.1

## 7. Legal Implications

- 7.1 The Local Government Finance Act 2012 amended the Local Government Finance Act 1992 in relation to Council Tax Reduction Schemes (England).
- 7.2 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 and consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 7.3 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.
- 7.4 If Members determine that, beyond the necessary technical changes to keep the respective Council Tax Support schemes aligned with the national rules for Housing

Benefit, no other changes will be made to the schemes for 2023/24, there will be no revision to the schemes and therefore the duty to consult with residents does not apply.

## **Background Papers**

Localising Support for Council Tax in England report to the Joint Strategic Committee held on 22<sup>nd</sup> 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 and 7 December 2021

Minutes of the Adur Full Council meeting held on 16 December 2021

## **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.

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ADUR DISTRICT  
COUNCIL

Adur Joint Strategic Sub-Committee  
6 December 2022

Key Decision [Yes/No]

Ward(s) Affected: All  
Cabinet Portfolio: Adur Homes and  
Customer Services

## Accelerating the capacity to improve Council Homes

### Report by the Director for Communities

#### For further information

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Head of Housing

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### Executive Summary

#### 1. Purpose

- 1.1. To request additional resources for this financial year (2022/23) from Adur District Council's reserves for the Housing Revenue Account to accelerate the work required to ensure Adur Homes complies with health and safety regulations.

#### 2. Recommendations

- 2.1. The Adur Joint Sub- Committee is asked to:
  - i) That approval is granted to provide additional resources of £47,410 to be released from the Capacity Issues Reserve to support the proposed programme of Health and Safety work; and
  - ii) Notes that the residual £99,090 will be funded through the HRA revenue budget in 2023/24.

### **3.0 Background and Context**

- 3.1 As a social landlord, Adur District Council's social housing stock, under the brand name Adur Homes, is required to comply with health and safety regulations.
- 3.2 In a report dated 13 April 2022 to the JOSC Working Group on Adur Homes Repairs and Maintenance, an update was provided on the actions the Council was taking to ensure the stock was compliant.
- 3.3 Housing services supported by Norse Property Services (NPS) carried out a detailed gap analysis of health and safety compliance in Adur Homes stock. The analysis identified gaps in the following areas - asbestos management, electrical safety, fire safety contracts, gas safety check compliance, legionella, lifts servicing, community alarm replacement, the Inner Rooms Project and building inspections..
- 3.4 Progress has already been made on identifying risks and improving our stock conditions and the management of this work through the transformation work, including projects actively ongoing with communal alarm replacement, the Inner Rooms Project and various fire safety remedial works.
- 3.5 To ensure continued progress, an Interim Asset Manager was recruited who has led the efforts to ensure the Council's stock is compliant. Apart from the works mentioned above, experienced surveyors started building inspections. These inspections are identifying issues which need to be acted upon swiftly. Additional resources are required to oversee the delivery of the works identified and also ensure the inspections can continue.
- 3.6 Building inspections are important as they not only help to identify technical building issues, they also provide useful data that will be used to develop a long term asset management plan and strategy, and also inform the capital investment programme. It is anticipated that upon completion of inspections of all the stock, a regime will be implemented which will ensure at least a fifth of the stock is inspected annually, keeping the data on the Adur Homes stock up to date.
- 3.7 A procurement sub-group has also been working to procure various contracts for Adur Homes, some of which will deliver work that will contribute towards achieving health and safety compliance. Some of these contracts, which are about to be signed, will require specialist skill sets to deliver. These skill sets are currently not in Housing Services and therefore need to be brought in.



- 3.8 The HRA is currently under significant pressure and unable to fund the acquisition of the required skill set and continuation of the specialist surveyors brought in on a fixed term contract.

#### **4.0 Issues for consideration**

##### Request for additional resources from Adur District Council's reserves

- 4.1 The Housing Revenue Account (HRA) is currently under significant pressure and unable to support this critical work till the end of the financial year. The HRA is projected to overspend this financial year by an estimated £1m, which will exhaust the HRA specific reserves at the year end.
- 4.2 The HRA has been severely affected by 4 years of 1% rent cut between 2016 and 2020 that led to an overall reduction in real terms of rental income of £1.9m per year, which has significantly impacted on the financial sustainability of the service. More recently the HRA has experienced financial difficulties due to a higher than expected voids level. In the current year, the level of void properties is contributing £0.5m to the in year position
- 4.3 The 7% cap on social housing rent whilst better than expected, will mean that rents again fail to keep pace with inflation. Unbudgeted salary increases are estimated to be close to 8% whilst we expect most contracts to increase by 8% in the current year.
- 4.3 Over the next year, it will be necessary to increase capacity within the surveying team to take the additional work forward. Overall the additional staff will cost in the region of £99,090, however an element of the costs will be charged to the capital programme for those schemes which are funded from the capital programme which means additional funding of £47,410 is required to accelerate the health and safety compliance work to continue.
- 4.4 The HRA is required by law to set a balanced budget each year, therefore plans are being made to accommodate the resources needed for next year within the 2023/24 HRA budget.

##### The 'do nothing' option

- 4.5 Without the additional resources, the contracts of two of the current surveyors will lapse and the specialist resources required to deliver the contracts that have been procured will not be available. Furthermore, resources required to continue with the building inspections and deliver the asset management plan and strategy will not be available therefore this work will come to a halt

- 4.6 Recruiting qualified and experienced surveyors is currently very difficult given the demand for this skill set since the tragic Grenfell disaster therefore, the chances of finding surveyors of the current calibre in the market is remote.
- 4.7 The current team delivering the tasks required to achieve compliance have already built momentum and are making steady progress, which will only be enhanced once the additional resources are added. Disbanding the current team due to lack of resources risks losing that momentum and having to start all over again with a new set of specialist officers.

## 5.0 Financial Implications

- 5.1 As outlined above, the HRA is currently under significant financial pressure. By the end of 2022/23 all of the specific revenue reserves related to the HRA will be exhausted.
- 5.2 We need to accelerate the programme of works to ensure that our properties remain safe. It is proposed that the Council increases the size of the surveying team to accelerate a number of projects within the capital and revenue budgets to address the urgent maintenance issues identified. Overall, 4.5 additional posts are required together with planned regradings of existing posts to absorb more responsibilities during the delivery of this work programme.

	Total	2022/23	2023/24
	£	£	£
Temporary regradings for existing staff	26,300	8,510	17,790
Planned surveyors (2 FTE)	113,400	36,700	76,700
Maintenance surveyor (1 FTE)	50,950	16,490	34,460
Additional technical assistant (1.5 FTE)	51,420	16,640	34,780
Total cost of programme	242,070	78,340	163,730
Element charged to the capital programme	-95,570	-30,930	-64,640
Revenue funding needed	146,500	47,410	99,090

- 5.3 Under section 76 of the Local Government and Housing Act 1989, all expenditure incurred on the management and maintenance of the Council's housing stock must be funded from the rental income (including any use of HRA reserves). The Council is prevented from subsidising the HRA from the general fund revenue budget and must set a balanced budget or budget for a surplus. Consequently the costs of this programme of work in 2023/24 must be funded from within the HRA.
- 9.4 However, the Council's reserves are not ring fenced and, in the event that the Council's HRA reserves are exhausted, they can be used to support the HRA in an urgent situation.

## **6.0 Legal Implications**

- 6.1 Section 75 of the Local Government & Housing Act 1989 confirms that Schedule 4 of that Act has effect with respect to the keeping of a local authority's Housing Revenue Account (HRA) as to Credits, Debits, Special Cases and Supplementary Provisions.
- 6.2 Under Section 76 of the Local Government & Housing Act 1989 the Council has a duty to prevent debit balances on the HRA Account. Regulation 76(6) requires the authority from time to time to consider and determine whether the proposals previously submitted under subsection 2 satisfy the requirement to ensure that the account doesn't show a debit balance. By 76(6) the authority can make such revisions to avoid a debit balance as are reasonably practicable to satisfy the requirements of this section which would include those proposals set out in the Financial Paragraphs to this Report.
- 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**

- [Appendix 2 \(Adur Homes Contracts and Procurement\) of the report to the JOSC Working Group on Adur Homes Repairs and Maintenance dated 14.04.2022](#)

## **Sustainability & Risk Assessment**

### **1. Economic**

- The viability of their asset is important either in providing homes or in the development of the community.

### **2. Social**

#### **2.1 Social Value**

- Some of the most vulnerable residents will have homes that are safe, warm and decent.

#### **2.2 Equality Issues**

- Vulnerable and disabled residents will have safe, warm and decent homes

#### **2.3 Community Safety Issues (Section 17)**

- Some of the works proposed will mitigate against antisocial behaviour

#### **2.4 Human Rights Issues**

- DMatter considered and no issues identified

### **3. Environmental**

- Some of the works will contribute towards the Council's decarbonisation goals

### **4. Governance**

- The works will contribute to Thriving People and Communities
- The works will contribute to the Housing Strategy's Priority 2: better Homes, Stronger Communities

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