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ADUR & WORTHING COUNCILS

29 November 2023

Joint Strategic Committee	
Date:	7 December 2023
Time:	7.00 pm
Venue:	The Shoreham Centre, QEII Room

Committee Membership:

Adur District Council: Councillors; Neil Parkin (Adur Chair), Angus Dunn (Adur Vice-Chair), Carson Albury, Kevin Boram, Emma Evans and Steve Neocleous

Worthing Borough Council: Councillors; Dr Beccy Cooper (Worthing Chairman), Carl Walker (Worthing Vice-Chairman), Caroline Baxter, Sophie Cox, Rita Garner, Emma Taylor-Beal, John Turley, Vicki Wells and Rosey Whorlow

NOTE: The meeting will begin at the conclusion of the Adur Joint Strategic Sub-Committee

Agenda

Part A

1. Declarations of Interests

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

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

2. Minutes

To approve the minutes of the Joint Strategic Committee meeting held on 3 October 2023, copies of which have previously been circulated.

3. Public Question Time

To receive any questions from members of the public.

Questions should be submitted by noon on Monday 4 December 2023 to Democratic Services, democratic.services@adur-worthing.gov.uk

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

4. Members Question Time

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

Questions should be submitted by noon on Monday 4 December 2023 to Democratic Services, democratic.services@adur-worthing.gov.uk

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

5. Items Raised under Urgency Provisions

To consider any items the Chairman of the meeting considers to be urgent.

6. 2nd Quarter Revenue Monitoring Report 2023/24 (Pages 5 - 42)

To consider a report by the Director for Sustainability and Resources, copy attached as item 6

7. 2024/25 Budget Engagement Insights (Pages 43 - 60)

To consider a report by the Assistant Director for People and Change, copy attached as item 7

8. Update to budget forecast 24/25 and approval of savings proposals (Pages 61 - 92)

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

9. Adur and Worthing strategic acquisition approach for Temporary Accommodation (Pages 93 - 106)

To consider a report by the Director for Housing and Communities, copy attached as item 9

10. Digital Rapid Improvement Programme - Impact Report (Pages 107 - 120)

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

11. Exclusion of the Press and Public

In the opinion of the Proper Officer the press and public should be excluded from the meeting for consideration of the following items. Therefore the meeting is asked to consider passing the following resolution:

'that under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting from the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the paragraph of Part 3 of Schedule 12 A to the Act indicated against the item'.

Part B - Not for Publication – Exempt Information Reports

None.

12. Update to budget forecast 24/25 and approval of savings proposals - Exempt Appendix (Pages 121 - 122)

To consider an Exempt Appendix to Agenda item 8, copy attached as item 12

13. Developing a commissioning strategy for Emergency and Temporary Accommodation in Adur and Worthing - Exempt Appendices (Pages 123 - 126)

To consider an Exempt Appendix to item 9, copy attached as item 13

Recording of this meeting

The Council will be live streaming the meeting, including public question time. A recording will be available on the Council's website as soon as practicable after the meeting. The Council will not be recording any discussions in Part B of the agenda (where the press and public have been excluded).

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
Chris Cadman-Dando Senior Democratic Services Officer 01903 221364 chris.cadman-dando@adur-worthing.gov.uk	Andrew Mathias Senior Solicitor 01903 221032 andrew.mathias@adur-worthing.gov.uk

Duration of the Meeting: Three hours after the commencement of the meeting the Chairperson will adjourn the meeting to consider if it wishes to continue. A vote will be taken and a simple majority in favour will be necessary for the meeting to continue.

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ADUR & WORTHING COUNCILS

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

2nd Quarter Revenue Monitoring Report 2023/24

Report by the Director for Sustainability and Resources

Executive Summary

1. Purpose

- 1.1. This report updates the Joint Strategic Committees with the latest expenditure and income projections for both Adur District Council and Worthing Borough Council for the current financial year 2023/24, compared to the Revenue Budget approved by both Councils in February. Whilst the 'spend to date' will be the position as at the 30th June 2023, the forecast outturn position will reflect the latest information available to ensure an up-to-date forecast is presented.

The current outturn projection for the 2023/24 financial year for the Worthing Borough Council General Fund is a net overspend after reserve transfers of £1.541m and for Adur District Council General Fund is a net underspend after reserve transfers of £33k. A breakdown is set out in section 4.4 of the report.

This position has been achieved as a result of a very significant in-year spend controls and savings process delivering £1.1m in forecast savings, largely counteracted by significant emerging new pressures.

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

- (i) **Appendix 1** Briefing Note on Service Performance
- (ii) **Appendix 2**
 - (a) Worthing Summary
 - (b) Worthing Use of Earmarked Reserves
- iii) **Appendix 3**
 - (a) Adur Summary
 - (b) Adur Use of Earmarked Reserves

- (iii) **Appendix 4** (a) HRA Summary
(b) HRA Major variances
(c) HRA Briefing note
- (iv) **Appendix 5** Table of Variations over £20,000

2. Recommendations

- 2.1. The Joint Strategic Committee is asked to note the report and projected outturn position for Worthing Borough Council against the approved revenue budgets and proposed use of reserves (Appendix 2b).
- 2.2. The Joint Strategic Committee is asked to note the report and projected outturn position for Adur District Council against the approved revenue budgets and proposed use of reserves (Appendix 3b).

3.0 Context

- 3.1 The Joint Strategic Committee last considered the 5-year forecast for 2023/24 to 2027/28 on 11th July 2023.
- 3.2 The report set out the context of local government finance and the continuing uncertainty for councils across the country, with a lack of a multi-year settlement from central government. This is expected to remain the case until at least after the national general election in late 2024 / early 2025.
- 3.3 The report also highlighted the importance of careful financial management in-year due to downward pressures on the councils' commercial income post covid and in relation to the cost of living and broader inflationary effects such as the increased cost of goods and services. Moreover, increasing demands for emergency and temporary accommodation would continue to put significant pressure on budgets.

4.0 Issues for consideration - Revenue 2023/24 Forecast

- 4.1 As part of the 2023/24 budget the Councils committed to savings of £1.333m for Adur District Council and £3.203m for Worthing Borough Council to produce a balanced budget and to address the reduction in Government support. Delivery against these targets has been very

successful, although there have been emerging additional pressures in-year.

- 4.2 Further details are set out at 4.13 below, but a key uncertainty for the 23/24 budget has been the national pay award, which has only recently been agreed. This averages out at 5.8% which is higher than the assumed 4.5% built into the 2023/24 budget.
- 4.3 Given the ongoing uncertainty around inflation, increased demand on services and energy resources and pricing, it is difficult to have certainty on the estimates and assumptions, however the current projections indicate forecast year end overspends against budgets of £1.541k in Worthing and an underspend of £33k in Adur. This is a positive position given the significant additional pressures that emerged in the first part of the year.
- 4.4 A suite of budget management controls are in place to control in-year spend and these are forecast to deliver in-year savings of £735k in Worthing and £441k in Adur. These controls include a developed set of in-year initiatives that include tighter controls on external spend, vacancy management and agency and consultant spend. A Budget Management Group meets weekly to review spend requests above £25k, and sub £25k requests are considered daily by a triage group.
- 4.5 In-year initiatives are being carefully tracked to ensure delivery, and service reviews undertaken to ensure any impact is understood to support communications to staff, members and the public.
- 4.6 Assuming a significant utilisation of reserves is made in order to meet the forecast overspend for Worthing Borough Council, planning must be undertaken for how these reserves will be replenished. The Joint Strategic Committee Budget Update report outlines how reserves will be replenished at a rate of £200k p.a, this is essential to return the Council's reserves to a more desirable level.
- 4.7 For Adur, the inflationary pressures are also impacting services, but currently these are being contained within their budgets with a minor underspend currently being projected.

5.0 2023/24 Forecast Outturn

- 5.1 The operational position is a net overspend by services of £2.188m in Worthing and £282k in Adur. This projection demonstrates the pressure

on the Councils' finances as a result of an increase in inflation, increased demand within the Housing Needs service and continued deterioration of income levels in some areas since the pandemic. The current net over or underspend for each Council is calculated by the addition or subtraction of a number of non operational items as detailed in the table below:

	Worthing	Adur
	Q2	Q2
	£000	£000
2023/24 Forecast Outturn		
Over/(under)spend in operational services – including share from Joint	2,188	282
Net Borrowing requirement: Forecast call on the MRP (provision to repay debt)	476	(84)
Net Interest (increase)/decrease	(486)	(260)
Commercial property additional income shortfall / cost pressure (excluding business rates)	(315)	514
Property void allowance	(678)	(750)
Proposed pay award	195	131
Insurance contract renewal	161	135
Net over/(under) spend before Transfer to/(from) Reserves	1,541	(33)
Transfer to/(from) reserves	-	-
Forecast net over/(under) spend	1,541	(33)

Comparison to the Q1 forecast:

	Joint	Adur	Worthing
	£000s	£000s	£000s
Outturn Over/(under)spend	102	(33)	1,541
Forecast	616	254	1,830
Over/(under)spend Q1			
Change from Q1 to Q2 (improvement)/deterioration	(514)	(287)	(289)

5.2 The key factors underpinning the current financial position include:

- The financial impact of rising inflation and interest rates;

- In Worthing there is a net underspend in the Minimum Revenue Provision (MRP) and interest budgets of £10k and in Adur a net underspend forecast of £344k. 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 increased the expected cost in 2023/24. In Worthing the borrowing position has been affected by the delay in the sale of key assets assumed in the 2023/24 budget which has meant that capital receipts are yet to be realised.

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

Projected Outturn Summary			
	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2023/24	27,521	10,612	14,189
Forecast Outturn	27,623	10,579	15,730
Projected Forecast over/ (underspend) before Government support packages or any transfer to reserves	102	(33)	1,541
Reserves Funding		0	0
Projected Forecast over/ (underspend) after Government funding and proposed transfer to reserves	102	(33)	1,541
Projected over/(underspend) percentage	0.37%	-0.31%	10.86%

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

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

	Expenditure	Income	Net Total
Joint	£'000	£'000	£'000
Budget	32,906	(6,302)	26,604
Forecast (after transfer to reserves)	32,739	(6,033)	26,705
Projected Forecast (Under)/Overspend	(167)	269	102
Forecast variance % before Government funding	-0.51%	-4.27%	0.38%
Adur	£'000	£'000	£'000
Budget	37,420	(27,153)	10,267
Forecast (after transfer to reserves)	37,430	(27,236)	10,194
Authority Projected Forecast (Under)/Overspend	10	(84)	(73)
Share of Joint (Under) / Overspend	(67)	108	41
Authority Projected Forecast (Under) / Overspend	(57)	24	(33)
Forecast variance % before Government funding	-0.15%	-0.09%	-0.32%
Worthing	£'000	£'000	£'000
Budget	71,251	(54,762)	16,489
Forecast (after transfer to reserves)	73,171	(55,201)	17,969
Authority Projected Forecast (Under)/Overspend	1,919	(439)	1,480
Share of Joint (Under) / Overspend	(100)	161	61
Authority Projected Forecast (Under)/Overspend	1,819	(278)	1,541
Forecast variance % before Government funding	2.55%	0.51%	9.35%

- 5.5 The Joint Strategic Committee (JSC) is asked to consider:-
- the current projections of variances in the Council's General Fund Revenue Budgets;
 - any amendments and virements to budgets which may require a recommendation onto Council for approval;
 - the current projections of variances in the Adur Housing Revenue Account; and
- 5.6 Alongside the significant budget management controls described above, our commercial income lines are closely and routinely monitored by our commercial group, paying particular attention to areas with challenges such as crematorium (price competition), car parking (reduced demand post covid) and development management (major planning applications).
- 5.7 Specific 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.
- 6.0 **Headline budget variations across both the Councils' and the Joint account**
- 6.1 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.
- 6.2 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:

In Year forecast (surplus)/deficit	Joint (Memo) £000	Worthing £000	Adur £000
Cross Cutting			
Pay Award over 4.5% budgeted	307	10	8
Insurance		161	135
Treasury		(10)	(344)
Services (detail in appendix 1)			
Waste	102		
Car Parks		483	(81)
Homelessness		455	167
Bereavement		987	39
Strategic Property		(1,030)	(236)
Planning and Development (Development Management, Building and Land Charges)		424	227
Revenues & Benefits		769	370
Other Income		(768)	(359)
<i>Share of Joint</i>		61	41
Total projected deficit before use of reserves		1,541	(33)

Further detail on these factors is provided below.

6.3 Pay Award and National Insurance contributions

The national pay award has now been agreed at £1,925 to each spinal column pay point up to scale point 42 and then a 3.88% increase on every scale point above that. This equates to an average increase of 5.7%, which is higher than the 4.5% increase built into the 2023/24 budget. This is a reduction over the previous quarter's report, where the forecast was assuming the likelihood of a higher pay award.

6.4 Revenues and Benefits

Changes to the supported housing element of the Housing Benefit subsidy have resulted in a significant additional cost to the councils as there is only partial or no subsidy provided on these payments made to claimants. This is in relation to a number of specific providers of supported accommodation, which is currently being investigated. Some claims have had to be

amended due to them having been paid under LHA rates. The current impact is a shortfall of £769k in Worthing and £370k in Adur.

6.5 Utilities and Rates

The contract for energy was renewed in October 2022 and the Council was tied into a 6 month substantially higher contract for that period.

The current estimates for energy costs are assuming a reduction against budget. This is estimated against the historical invoices received, assuming a continued lower rate over the winter period. However, the latest data has only just been received and full calculations are actively being drafted at the time of writing.

6.6 Maintenance

Maintenance costs in Worthing are currently projecting an underspend of £100k. This is due to controlling expenditure to essential maintenance. In Adur there is a projected overspend in maintenance of £92k mainly due to improvements being made at Commerce Way.

6.7 Treasury

Worthing Borough Council has a small underspend against the MRP and interest budgets of £10k in Worthing. There have been some delays in the sale of key sites and associated capital receipts, which has impacted on the level of borrowing needed offset by increased interest receipts. For Adur there is a projected underspend of £344k due to the delay in some capital schemes commencing.

Increase in interest rates during the year has also led to higher investment return income for both Authorities.

6.8 Waste

There are costs resulting from agency spend being incurred to cover vacancies, holiday and sickness. However there is a corresponding underspend in establishment staffing costs as a result of vacancies in the service. As a result, the workforce plan and relevant budgets are being reviewed. Income is currently expected to be on budget. In addition, the decision to externalise the clinical waste contract to provide a more consistent and reliable service is costing more than the in-house provision along with an increased uptake of the service. There are also rising costs of

fuel, parts, bins and consumables. As the RCV fleet ages, maintenance costs are also increasing. The cost pressure resulting from both the impact of inflation and an ageing vehicle fleet.

6.9 Car Parks

Demand for parking in Worthing Borough is still below pre covid levels and the income is continuing to underachieve against budget.

Car Parks are currently forecasting a net underachievement of budget of £455k due to a combination of drop in demand and delayed ticket price increases.

In addition, pressure remains in running costs, in particular utilities and the cost of card processing. The cost of processing card transactions has escalated as users of car parks have moved away from cash towards digital payments. This has occurred more rapidly than anticipated, in part following changes in behaviour during Covid-19, in light of this, work is underway by officers to investigate options for a more cost effective contract for these services.

In Adur, the income is expected to exceed the budget by £81k.

Further information is provided in Appendix 1.

6.10 Homelessness

Cost pressures continue to be experienced with consistent caseload numbers and rising complexity of those that are presenting as homeless (individuals, couples and families presenting themselves to the council in immediate housing crisis)

The demand is currently averaging at around 300 cases per month in Worthing, but in Adur the numbers are steadily increasing and are currently at 106 per month. Average nightly costs for temporary accommodation have increased from £42 in 2022/23 to £48 (Worthing) and from £46 to £49 (Adur) per night, with the need to use hotel chains and expensive nightly booked self-contained accommodation. Cost pressures have been compounded further with some bed and breakfast providers and contracted landlords increasing their prices to meet growing inflationary cost pressures.

6.11 Bereavement

The deficit against budget is due to a continued underachievement in income. In Worthing this is associated with an income expectation that is proving unachievable for cremations. The situation is exacerbated by a lower death rate which is also reported by funeral directors and mortuaries. A review and budget reset is being undertaken as part of the 24/25 budget process. There has also been a shortfall in income from memorials but work is underway to create an extension to the memorial garden, for which there is already a waiting list, with consideration to the linked maintenance costs it is expected that this extension will generate resources for the council over future years.

In Adur there is a forecast shortfall in burial income predicted.

Further detail is set out in appendix 1.

6.12 Strategic Property

Projected income in Adur and Worthing from strategic property portfolios is based on the assumption that the budgeted transfer to the Property Investment Risk Reserves of £678,000 for Worthing and £750,000 for Adur are not made for 2023/24. There are currently vacant properties in each council's portfolios where the council picks up associated service costs and rates charges, and one lease under a rent-free period.

6.13 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 for Planning fees, Building Control Fees & Land Charges fees is a shortfall of £424k in Worthing and £279k in Adur.

6.14 Elections

There is an overspend in the elections budget for Worthing Borough Council (As detailed in appendix 5a).

In relation to Adur District Council, there is currently an underspend of £73k in part due to there not being any elections in Adur this year.

6.15 Budget variations greater than £20,000

The councils' individual Summary Projected Outturns are reported in Appendix 2a & 3a. The variations greater than £20,000, for this report, are detailed in Appendix 5.

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

7.0 Future Risks

7.1 *Inflation*

Inflation is still 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.

7.2 *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.

7.3 *Financial sustainability*

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

Worthing Borough Council holds a limited level of available reserves (excluding the Business Rates Smoothing Reserve, the Tax Guarantee Reserve and Grants and Contributions). The projected utilisation of these reserves is a matter for concern as it will impact the council's ability to

absorb financial shocks in future years and this remains a key driver for continued efforts to improve the Council's financial standing. The Council's reserves position and projected movement is set out in the table below:

Worthing Borough Council Available Reserves	Balance at 1.4.23	Projected Transfer In/(Out) 2023/24	Remaining balance
	£	£	£
Capacity Issues Reserve	881,673	(472,817)	408,856
General Fund Working Balance	1,347,348		1,347,348
Property Investment Risk Reserve	450,000		450,000
Building Maintenance Reserve	176,259		176,259
Insurance Reserve	230,244		230,244
Museum Reserve	74,899		74,899
Leisure Lottery & Other	27,766		27,766
Projected overspend 2023/24		(1,541,163)	(1,541,163)
Total	3,188,189	(2,013,980)	1,174,209

The Council's established policy to maintain the General Fund Working Balance at between 6 – 10% of net revenue expenditure. The current balance as at 31st October 2023 is £1,347,348. This balance is 8.5% of net revenue expenditure (previously, 9.80% in 2022/23) and is in the mid part of the range of 6% -10% set by the Council.

In Adur, the level of reserves are in a slightly healthier position, though the planned draw down for the year would use up the majority of the Capacity Issues Reserve, Overall, the value of useable reserves are set out below:-

Adur District Council Available Reserves	Balance at 1.4.23	Projected Transfer In/(Out) 2023/24	Remaining balance
	£	£	£
Capacity Issues Reserve	441,405	(172,494)	268,911
General Fund Working Balance	1,051,497		1,051,497
Property Investment Risk Reserve	375,674		375,674
Insurance Reserve	82,959		82,959
Projected underspend 2023/24		32,670	32,670
Total	1,951,535	(139,824)	1,811,711

As in Worthing, the Council's established policy to maintain the General Fund Working Balance at between 6 – 10% of net revenue expenditure. The current balance as at 31st June 2023 is £1,051,497. This balance is 9.9% of net revenue expenditure (previously, 9.90% in 2022/23) and is in the top part of the range of 6% -10% set by the Council.

The current commitment on all the General Fund earmarked reserves are set out in appendix 2b and 3b. The council will need to plan for protecting and rebuilding reserve levels into the future to ensure we meet the guideline minimum level.

8.0 Corrective action:

8.1 As an organisation we have addressed the forecast financial standing by undertaking a mid-year directorate-based spending review and implementing ongoing control processes.

1. **Vacancy Control:** Recruitment is paused, with exception only where the recruitment is service critical or it would impact on the ability to generate income beyond the cost of the resource.
2. **Identification of Cost Reduction Areas:** Identifying areas where costs could be delayed or reduced to help mitigate unavoidable in-year cost pressures.
3. **Alignment with Annual Planning:** The spending review is aligned to annual planning work to identify opportunities to accelerate towards our future state in terms of service model or delivery.
4. **Introduction of Budget Management Groups:** A Budget Management group reviews all expenditures over £25,000. Additionally, a daily purchase order triage group reviews any spending below £25k being processed.

Furthermore, a recent workshop was held with budget managers to facilitate a more focused and supportive forecasting approach. This session enabled managers to review and complete their forecasts with the participation of finance business partners and the council leadership team.

8.2 The current budget pressures will be monitored throughout the year to identify if any further action is required to bring them back within the set budget.

9.0 Housing Revenue Account

9.1 The Adur Housing Revenue Account (HRA) is a ring-fenced account. The HRA forecast is shown in Appendix 4a.

9.2 The HRA is forecast to overspend against the budget for 2023/24 by £29,000. The most significant pressures are due to:

- Void properties (including losses in associated service charges and increased Council Tax liabilities) - £710,000.
- Delay in implementation of the rent increase by 6-8 weeks - £75,000.
- Delay in handover of new-build housing supply £125,000.
- Repair and maintenance costs exceeding budget due to the increased use of subcontractors - £89,000

9.3 In contrast, a favourable budget position is expected in the following areas, which will offset some of the above cost pressures:

- A review of the depreciation policy last financial year has reduced the annual charge to the revenue budget - £634,000.
- A reduction in the expected interest payable on borrowing costs as a result of being able to charge new-build housing borrowing costs to the capital scheme - £318,000.
- An increase in the expected investment interest receivable due to the increased availability of reserves following the depreciation adjustment - £35,000.

10.0 Engagement and Communication

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

10.2 There is a communication and engagement programme in place to support the development of the 24/25 budget which has been expanded to include messaging with respect to any impacts from the in-year spending review exercise. Residents have been invited to have their say on the budgets for both [Adur Council](#) and [Worthing Council](#) and we outline the findings of this engagement which will shape the final Budget for January 2024. Assessments of impact have been developed for each budget proposal. These will be used to explain what will be different for

services when the Councils agree the final budget in Spring 2024 to staff, members and public.

11.0 Financial Implications

- 11.1 At this stage at the end of the 2nd quarter of the revenue budgetary cycle, we continue to see the financial impact of the increase in inflation on the councils.
- 11.2 Overall the projected outturn positions net of treasury savings, the performance in the strategic property portfolio and reserve transfers is an overspend in Worthing of £1.541m and an underspend in Adur of £0.33m, which includes the councils' share of the estimated £0.616m overspend within the Joint Service.
- 11.3 The financial performance of the councils will continue to be monitored closely against budgets and projections updated as the financial year continues.

12.0 Legal Implications

- 12.1 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.
- 12.2 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, and s42A and 42B of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 12.3 There are a range of safeguards in place that help to prevent local authorities overcommitting themselves financially. These include a duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirement).

Background Papers

Joint Overall Budget Estimates 2023/24

https://democracy.adur-worthing.gov.uk/documents/s9818/2023.02.07%20-%20JSC%20-%20Final%20Revenue%20Budget%20Estimates%20for%202023_24.pdf

Adur District Council Budget Estimates 2023/24 and Setting of the 2023/24 Council Tax

https://democracy.adur-worthing.gov.uk/documents/s9812/2023.02.02%20-%20Adur%20Executive%20-%20Revenue%20Budget%202023_24.pdf

Worthing Overall Budget Estimates 2023/24 and Setting of 2023/24 Council Tax

https://democracy.adur-worthing.gov.uk/documents/s9774/2023.02.01%20-%20Worthing%20Exec%20-%20Budget%20Estimates%202023_24%20and%20setting%20of%20the%202023_24%20Council%20Tax.pdf

Financial Performance 2022/23 - Revenue Outturn

https://democracy.adur-worthing.gov.uk/documents/s10814/2023.07.11%20-%20JSC%20-%20agenda%20item%206%20-%20Revenue%20outturn%202022_23.pdf

Officer Contact Details:-

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Sustainability & Risk Assessment

1. Economic

The financial position of the Councils is highly relevant to the core support able to be offered to local businesses, culture and leisure institutions in support of the local economy. Whilst central government funding is made available at times in support of these outcomes, the Council provides dedicated resources as core support, including events, and collaboration with business organisations.

The Councils' functions around regeneration, planning, public realm, parks and foreshore, waste collection, car parking, environmental health and many others are critical infrastructure for the thriving local economy.

2. Social

2.1 Social Value

Through procurement and contract activity, and services such as housing and community well-being, community safety, proactive and customer support, the Councils provide important services to support residents, particularly the most vulnerable.

2.2 Equality Issues

It is vital that spend controls and savings initiatives take account of the impact on residents and that these are assessed.

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

Our work on climate and sustainability is treated as a key priority

4. Governance

Matter considered and no issues identified

Appendix 1

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

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

1.1 Car Parking

Car Parking income for Worthing continues to be one of the main income streams to have been impacted by the long term changes to customers behaviours as a result of the Covid-19 Pandemic. In particular those who previously commuted to the town centre for employment are increasingly able to work remotely, all or part of the time. This has reduced town centre workers' deal income and season ticket income.

In addition to reducing income, changing consumer habits have increased some costs as customers move increasingly to digital payment, which has associated processing costs. This movement has been accelerated as a result of the pandemic and therefore the Council's current contract structure is not delivering best value, work is underway to address this with the current providers or with other providers as appropriate.

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There have been changes to the make-up of the parking resources made available to the town as work continues on Buckingham Road MSCP and Liverpool Gardens (where a number of bays remain closed). Though much of that income is expected to have shifted to other car parks in the town, there will naturally have been some incidental loss of income.

The impact on Worthing's income is a shortfall against the budget of £483k. In Adur, the parking income is exceeding the budget and a projected additional income of £81k.

1.2 Homelessness

There continue to be cost pressures associated with homelessness within both Adur and Worthing. Current forecast outturn overspend positions have

increased from those in 2022/23 and this is despite an additional £381k (Adur) and £748k (Worthing) 2023/24 budgets respectively. Since 2020/21 the budgets have seen £566k and £1m increases to the respective Adur and Worthing budgets to fund the ongoing additional pressures of people presenting themselves to the councils for support for their housing needs.

The main reasons for these increased pressures on the councils include:-

- Introduction of Homeless Reduction Act
- The Local Housing Allowance does not increased in line with the private sector rent prices
- COVID
- Increasing interest costs and the change to the Landlord & Tenant Act, which impacted on smaller landlords resulting in some deciding to sell reducing the number of available rental properties
- The increased cost of living

Worthing demand has plateaued in the last quarter and the average caseload is 300 per month. The outturn forecast assumes these numbers continue to stabilise and do not increase for the remainder of the year.

In Adur the average caseload for 2022/23 was 89 increasing to a projected 105 in 2023/24. The outturn forecast includes an assumed increase in caseload of 1 case per month for the remainder of the year.

The increase in demand is impacting on the cost pressures in procuring additional accommodation along with increased costs from existing suppliers who are passing on their inflationary cost pressures to customers through their increased accommodation charges. The impact of this is an increase in the average rate being charged from accommodation providers of £42 to £48 per night in Worthing and from £46 to £49 in Adur.

Current forecast are an overspend in Adur of £167k and £455k for Worthing.

1.3 Bereavement Services

Worthing cemetery income is currently expected to meet the income budget.

The crematorium is forecasting an overall shortfall against the service income budget of £987,000, this reflects 30% of the £3.3m income budget.

This is due to many factors including changes to direct cremations as mourners use smaller venues provided by funeral directors or companies

offering low-cost simple funerals, a countrywide drop in the death rate, plus new competition from the newly opened crematorium in Arun.

There is currently no available space in the existing memorial garden. Additional income is expected from the delivery of the new garden which was considered and approved by members in January 2023. The works for this are due to commence later this year, when plots can start to be sold off-plan. Memorials make up £106k of the overall shortfall.

In Adur there is a predicted shortfall of Burial income against a budget of £39k, which is a slight improvement over the last quarter's forecast.

1.5 Strategic and Commercial Property

Within Worthing investment property and core estate portfolio the forecast is a net income surplus of £993,000. This assumes that the transfer of the void allowance of £628,000 to the Property Investment Risk Reserve is not made in 2023/24, due offsetting other cost pressures throughout the council. This is due to some recent rent reviews within the Strategic Property Portfolio.

In Adur's property portfolio, there's a forecasted net income surplus of £236,000 for 2023/24. This assumes the void allowance of £750,000 isn't transferred to the Property Investment Risk Reserve. The surplus isn't from voids but is contingent on the decision not to allocate the void allowance. Vacant properties like York Road and Eskan Court represent cost pressures since the council covers business rates and other costs until they are re-let.

In both councils the core estate portfolios are forecast to be marginally over budget at this early stage of the year.

1.6 Planning and Development

In Adur and Worthing the projected outturn is an overall net overspend of £206,000 and £368,000 respectively, which is a further deterioration in the projected income from £189,000 and £230,000 forecast in Q1 within the Planning and Development budgets. A breakdown of the variation in the service budget is provided below:

	Worthing Net Total	Adur Net Total
Building Control	£164,000	£69,000
Development Control	£137,000	£78,000

Land Charges	£67,000	£59,000
Total	£368,000	£206,000

The cost of borrowing, inflation and high construction costs is having a detrimental impact on the housing market and development industry resulting in a reduction in planning, building control and land charges fee income.

This year to date has seen a reduction in the number of applications received. This has been compounded by no new major developments being submitted. However, Union Place, a major development project in Worthing, will attract large planning fees which will help reduce the current shortfall; it is expected to be submitted this year.

The Government has also announced a significant increase in planning fees and funding to increase the number of planners to tackle resource issues for planning authorities. Draft regulations to introduce a national fee increase of 35% for major applications and 25% for all other applications were laid on 20 July and will come into force on 1st April 2024.

1.7 Place and Economy

Worthing is forecasting an overspend in its concession budget. Whilst the overall Seasonal Concession Programme has maintained its income level, an Observation Wheel didn't return to the seafront, instead a carousel took its plot for the summer period but the fee was substantially lower (£68k) than the budget and previous income received from the wheel. In addition, business rates are payable on the site, which the council has to pick up when there is no operator on the site.

1.8 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 2023/24, there is certainty about the charge for the forthcoming year.

Worthing Borough Council has net projected underspend in the treasury management budgets of £10k, this is a significant improvement on the forecast position from Quarter 1 for a number of reasons:

- The disposal of Southdown View Road and subsequent capital receipt has provided cash flow and delayed borrowing needs, reducing exposure to elevated interest rates.
- Adapted dealing practices have facilitated an increase in deal frequency and improved yields on short term cash surpluses.
- The unfortunate delays experienced in some capital projects have meant that borrowing costs are lower than earlier forecasts.

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

In Adur the position is a predicted overall underspend in the treasury management budgets of £344k. The decision to use internal funds rather than borrowing is reflected in the underachievement in the interest receivable forecast offset by the underspend against the budget for interest payable on borrowing.

The breakdown is provided in the following table.

Treasury Management (under)/overspends	Worthing	Adur
	£000	£000
Minimum Revenue Provision	476	(84)
Interest from Investment Income	(438)	106
Interest payable on borrowing	(48)	(366)
Total	(10)	(344)

**WORTHING BOROUGH COUNCIL SUMMARY - 2ND
QUARTER PROJECTED OUTTURN 2023/24**

**APPENDIX
2a**

Actual Previous year 2022/23	WORTHING CABINET MEMBER PORTFOLIOS	Current Estimate 2023/24	Projected Outturn to 31st March 2024	Forecast Over/ (Under)
4,898,300	CM for Environment	3,999,240	5,138,586	1,139,346
930,829	CM for Community Wellbeing	824,280	853,002	28,722
5,120,413	CM for Citizen Services	4,304,920	5,496,311	1,191,391
128,178	CM for Climate Emergency	119,700	119,700	0
4,438,618	CM for Culture & Leisure	3,835,040	3,835,040	0
985,506	Leader	831,510	936,577	105,067
3,127,961	CM for Regeneration	2,432,060	2,308,794	(123,266)
(2,724,355)	CM for Resources	(240,010)	(1,516,108)	(1,276,098)
0	Holding Accounts	382,350	382,350	0
16,905,450	Total Cabinet Member	16,489,090	17,554,253	1,065,163
(4,198,163)	Credit Back Depreciation	(4,804,180)	(4,804,180)	0
1,693,450	Minimum Revenue Provision	2,417,780	2,893,780	476,000
	Non ring fenced grants	0	0	0
14,400,737		14,102,690	15,643,853	1,541,163
(40,791)	Government Grant funding	0	0	0
	Transfer to/from reserves			
(44,610)	Contribution to/(from reserves)	86,250	86,250	0
(1,308,786)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	0
778,101	Net Underspend/(Overspend)	0	(1,541,163)	(1,541,163)
	Recommended For Transfer To/(From) Reserves			
13,784,651	Total Budget requirement before External Support from Government	14,188,940	14,188,940	-

Movements in Earmarked Reserve Accounts

WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2023/24	Estimated Transfers Out 2023/24	Estimated Transfers in 2023/24	Projected Closing Balance 2023/24
	£	£	£	£
REVENUE GRANT RESERVES				
Capacity Issues Reserve including approved Carry Forward budgets	881,673			
Hardship Fund Contribution (11/01/22 JSC/77/21-22)				
Foodbank - (£100k from unused Hardship contribution & Treasury)		(35,000)		
Resourcing of community engagement, inclusion and participation activities (JSS-C(W)/4/22-23 5 July 2022) - Big Cleanup		(15,000)		
Business Development Fund		(29,080)		
Local Plan examination costs		(42,073)		
LCR Caravan Club Agreement		(300,000)		
Redundancies		(51,664)		
Capacity Issues Reserve Balance	881,673	(472,817)	0	408,856
Insurance Reserve	230,244			230,244
Leisure Lottery & Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	27,766			27,766
Museum reserve	74,899			74,899
Business Rates Smoothing Reserve	2,491,626			2,491,626
Local Tax Income Guarantee	264,949			264,949
Property Investment Risk Reserve	450,000			450,000
Building Maintenance Reserve	176,259			176,259
Place Project	82,711			82,711
Wellbeing Grant funded Employee exit cost reserve	68,150			
Grants & Contributions	754,421	0	0	754,421
Projected Underspend/ (Overspend) (Reserve to be identified at outturn).		(1,541,163)		(1,541,163)
General Fund Working Balance	1,347,348			1,347,348
TOTAL	7,604,465	(2,013,980)	0	4,767,914

**ADUR DISTRICT COUNCIL SUMMARY - 2ND QUARTER
PROJECTED OUTTURN 2023/24**

**APPENDIX
3a**

Actual Previous year 2022/23	ADUR EXECUTIVE MEMBER PORTFOLIOS	Current Estimate 2023/24	Projected Outturn to 31st March 2024	Forecast Over/ (Under)
3,611,352	CM for Environment & Leisure	3,364,830	3,364,284	(546)
1,531,276	CM for Communities & Wellbeing	1,332,300	1,369,291	36,991
2,329,295	CM for Adur Homes & Customer Services	1,887,080	2,424,288	537,208
704,985	Leader	704,630	631,804	(72,826)
1,982,718	CM for Regeneration & Strategic Planning	2,028,950	1,966,332	(62,618)
721,607	CM for Finance & Resources	681,210	294,332	(386,878)
0	Holding Accounts	268,270	268,270	0
10,881,233	Total Cabinet Member	10,267,270	10,318,600	51,330
(1,541,257)	Credit Back Depreciation	(1,625,520)	(1,625,520)	0
1,875,637	Minimum Revenue Provision	1,969,970	1,885,970	(84,000)
	Non ring fenced grants	0	0	0
11,215,613		10,611,720	10,579,050	(32,670)
(470,979)	Government Grant funding	0	0	0
	Transfer to/from reserves			
0	Contribution to/(from reserves)	0	0	0
0	Budgeted contribution to/(from) Reserves	0	0	-
(992,117)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	0
0	General Fund Working balance	0	0	0
(10,166)	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	0	32,670	32,670
9,742,351	Total Budget requirement before External Support from Government	10,611,720	10,611,720	-

Appendix 3b

Movements in Earmarked Reserve Accounts	Opening Balance	Estimated Transfers Out	Estimated Transfers in	Projected Closing Balance
ADUR DISTRICT COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	2023/24	2023/24	2023/24	2023/24
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets	441,405			
New Salts Farm Lancing (JSC/047/20-21 8 September 2020)		(2,199)		
Shoreham Centre Decarbonisation (JSC/34/21-22 7 sept 2021)		(118,000)		
Business Development fund		(14,923)	-	
Redundancies		(37,372)		
Capacity Issues Reserve Balance	441,405	(172,494)	0	268,911
Insurance Fund	82,959	0	0	82,959
Business Rates Smoothing Reserve	1,765,540	0	0	1,765,540
Local Tax Income Guarantee	59,666	0	0	59,666
Property Investment Risk Reserve	375,674	0	0	375,674
Risk Reserve Exit cost	68,150	0	0	68,150
Grants and Contributions held in Reserves	913,667	0	0	913,667
Projected Underspend/(Overspend) (Reserve to be identified at outturn)		0	32,670	32,670
Projected Underspend/(Overspend) HRA (Reserve to be identified at outturn)		0		0
General Fund Reserve	1,051,497	0	0	1,051,497
TOTALS	5,672,224	(172,494)	32,670	5,532,400

HOUSING REVENUE ACCOUNT SUMMARY

Appendix 4a

	ORIGINAL BUDGET	FORECAST ACTUAL	VARIANCE
	£	£	£
EXPENDITURE			
General Management	4,102,590	4,191,750	89,160
Special Services	796,020	731,770	(64,250)
Rent, Rates, Taxes & Other Charges	64,010	116,250	52,240
Repairs & Maintenance	3,142,880	3,232,055	89,175
Bad/Doubtful Debt	50,000	50,000	0
Capital Financing Costs			
Depreciation and Revenue Contribution to Capital	4,421,760	3,788,165	(633,595)
Interest charges	2,304,920	1,986,964	(317,956)
TOTAL EXPENDITURE	14,882,180	14,096,954	(785,226)
INCOME			
Dwelling Rents	(13,330,160)	(12,794,000)	536,160
Non-Dwelling Rents	(537,320)	(414,510)	122,810
Heating and Other Service Charges	(706,760)	(506,480)	200,280
Leaseholder's Service Charges	(307,940)	(318,222)	(10,282)
Interest Received	0	(35,000)	(35,000)
TOTAL INCOME	(14,882,180)	(14,068,212)	813,968
NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL RESERVE	0	28,742	28,742

	(Under)/ Over Spends £'000
<u>Variations in Income and Running Costs:</u>	
Dwelling rent and service charge void loss	536
Dwelling rent and service charge loss due to rent increase delay	75
Dwelling rent and service charge loss due to new-build handover delay	125
Garage rent void loss	121
Staff costs	52
Council Tax - increased costs due to extended void periods	52
Professional fees regarding regeneration proposals	53
Repairs & Maintenance - responsive and void works	89
Leasehold Service charges	(10)
Other	(78)
TOTAL VARIATION IN RUNNING COSTS:	1,015
<u>Variations in Treasury Management and Capital Costs:</u>	
Interest payable	(318)
Depreciation	(634)
Interest receivable	(35)
TOTAL VARIATION IN TREASURY MANAGEMENT AND CAPITAL COSTS:	(987)
TOTAL VARIATION:	29

1.0 Budget Context

The HRA budget for 2023/24 was set as a balanced budget, i.e. with the assumption that in-year expenditure would equal in-year income and neither a surplus nor deficit would be added to nor drawn from reserves.

This net zero budget for 2023/24 is based on the following key assumptions:

1.1 Income

- Rental Income was increased by the maximum allowable by central government - 7% for General Needs properties and 11.1% for Sheltered properties.
- Dwelling void loss budget for 83 properties (3.3% of total stock) vacant for the full year, in addition to the decanted Ashcroft flats and further decants for Inner Rooms fire safety works.
- Garage void loss budget of 340 units (32% of total stock) vacant for the full year, to allow for Small Sites developments.
- Removal of £28k investment interest income budget due to depletion of reserve levels.

1.2 Repairs

- A further £135k was added to the budget for planned maintenance and compliance requirements, with general inflation assumed at 8%.

1.3 Staffing Costs

- A pay award estimated at 4.5% (£129k).
- A vacancy provision of 5% (£126k)
- Additional temporary staff budget approved for repair & maintenance works (£98k).

1.4 Other

- Reduction in central support costs charged to the HRA (£79k).
- The Depreciation budget was set at the same level as 2022/23. At the time of setting this budget, work was underway to review the depreciation policy with the expectation that a reduction in cost may be seen. As the outcome of that review was as yet unknown, the budget was neither increased or decreased for 2023/24. We now know that the outcome of the review is a significant reduction in costs.

2.0 Current Year Potential Variances

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

Service Area	Budget Assumption	Latest Estimate	Forecast Variance
Rental Income	General Needs 7% increase Sheltered 11.1% increase	Delay in implementation of rent increase due to system and administration issues	£75,000
Rental Income	New-build properties (49 units) to become lettable from Oct 2023	Delay in completion of new-build properties, now expected to remain vacant until Mar 2024	£125,000
Dwelling Voids (excl. decants)	83 voids per year (3.3% of total stock) Average loss of £9,000/wk	Current voids at end Oct = 128 (5.1% of total stock) Average loss of £13,500/wk	£536,000
Garage Voids	340 voids per year Average loss of £4,200/wk	Current voids at end Oct = 358 Average loss of £4,400/wk	£121,000
Rates	Council Tax liabilities based on 83 voids per year	Current voids at end Oct = 128 (5.1% of total stock)	£52,000
Repairs & Maintenance	Contract inflation of 8%	Continued higher volume of responsive repairs	£89,000
Staffing Costs	Pay award of 4.5% = £129k	Pay award agreed at flat rate increase of £1,925 per head or 3.88% for staff at scp 43 and above	£20,000
Staffing Costs	Vacancy provision of 5% = £126k	This is unlikely to be achieved due to the recruitment of temporary repairs & maintenance staff which are additional to the establishment.	£32,000
Capital Financing	Depreciation Budget = £4,422k	The depreciation policy review was completed in 2022/23 and agreed with external auditors. Annual costs are now expected to be £3,788k.	(£634,000)
Interest Payable	Based on expected capital programme	Reduction due to reduced capital spending and the ability to charge new-build borrowing costs to the capital project	(£318,000)
Interest Receivable	Nil budget to reflect reduced reserve position	Reserves are higher than anticipated following the depreciation policy adjustment	(£35,000)
Other		Other minor variations	(£34,000)
POTENTIAL OVER SPEND			£29,000
BALANCED BUDGET			£ 0
POTENTIAL IMPACT ON RESERVES			£29,000

3.0 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 can be increased by a maximum of CPI + 1%. However, for the 2023/24 budget, central government capped the CPI+1% regulation to 7% for General Needs properties. This was in response to higher than expected inflation rates (10.1% at Sep22) and concerns over cost of living pressures. Despite this, 2023/24 is the first year since 2016/17 that a balanced budget could be set.
- These rent policies and ongoing cost pressures have reduced the level of reserves significantly over the last seven years. The table below sets out the reserve balances as at 1st April 2023.

HRA Reserves	Opening Balance 23/24	Spent & Committed to date	Forecast Balance
General Reserve	£1,079,418	£ 28,742	£1,050,676
Discretionary Assistance Fund	£ 1,471	£ 0	£1,471
New Development Reserve [committed-Southwick development]	£ 30,900	£ 30,900	£0
Business Improvement Reserve	£ 84,176	£ 0	£84,176
	£1,195,965	£ 59,642	£1,136,323

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Director of Housing & Communities				
Wellbeing		10	29	ADC: The overspend relates to costs of running Eastbrook Community Centre. WBC~: Overspend relates to increased Utility costs and Maintenance of Community centres
Env Health - Housing			(32)	Increased income from FPNs
Housing Needs		167	455	Homelessness cost pressures continue to increase
Revenues		28	12	Reduced court cost income due to a period of time when this was halted to deal with the work backlog
Benefits		342	757	The supported housing element of the Housing Benefit subsidy has resulted in a cost to the Council as there is only partial or no subsidy provided on these payments made to claimants.
	-	547	1,220	
Director of Sustainability and Resources				
Parking Services		(81)	483	ADC: The income is exceeding the current budget WBC: Delay in price increases plus decision to not progress free car park charging along with a drop in people using the car parks has resulted in a large drop in parking income for Worthing. In addition, the move to more card payments have resulted in an overspend in card charges
Environmental Services (Waste)	102			Mainly due to Agency staff costs in Cleansing plus increased costs from the Medisort Clinical contract (offset partly by Contingency budget In CM)
Bereavement Services (Cemeteries & Crematorium)		39	987	Continuing pressure on income -- budget reset in progress and £500k being built into next year's budget for Worthing
Public Health & Regulation		27	61	Loss of income from Gambling establishments as this is moving more into the online

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
				environment plus a shortfall in income from Hackney Carriage licences
Elections		(73)	105	WBC: Increased cost of postage for postal votes and electoral roll, plus increasing staffing numbers and costs at polling station
Insurance		135	161	New insurance contract tenders were higher than budgeted, which is in line with the countrywide increase in premiums
Energy & Sustainability		(62)		Underspend on Maintenance costs
Finance: Treasury Interest		(260)	(486)	Interest from Investment income net of Increased Borrowing interest due to higher Interest Rates
Finance: Treasury MRP		(84)	476	Shortfall largely due to the impact of the delay in the sale of key sites which were estimated to reduce borrowing costs
	102	(358)	1,787	
Director for Place				
Leisure Client		(79)		Projected underspend in maintenance costs
Place and Economy (Economic Development)		(54)	21	In Adur there are underspends in Equipment and other supplies and services, where as in Worthing there is a shortfall in Rental income from the Observation wheel offset by underspends in supplies & services costs
Parks & Foreshore		80	7	Maintenance costs for the service are exceeding the budget
Regeneration (IP & Estates)		(236)	(993)	Net impact of the position in Property income which is showing a slight shortfall in Adur so is offset by the budgeted void allowance which contributes towards the void allowance reserve. For Worthing there is excess income from Rental reviews
Regeneration (Major Projects)			(37)	Income from NHS for IT fitout
Surveyors		28	95	Cost of Maintenance and Utilities for Public Conveniences

Q2 Variations

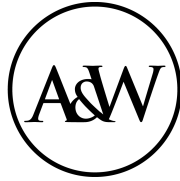
Appendix 5a

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Planning and Development (Building Control)		69	164	Shortfall projected to continue in Building Control fee income in line with 22/23. From the beginning of October The Building Safety regulator will be dealing with any schemes over 18m which we would have previously had income for. There has been a general reduction in income due to interest rates and material costs
Planning and Development (Development Control)		78	137	Current projections for Planning fee income is lower than the budget due to fewer large scale development planning application being received / expected to be received, plus in Worthing there are additional costs arising from the Chatsmore Farm appeal
Planning and Development (Planning Policy)		22	55	Overspend on Consultancy costs
Planning and Development (Land Charges)		59	67	Shortfall projected to continue in Land Charges fee income in line with 22/23
	-	(34)	(483)	
Cross Cutting services				
Pay Award	307	8	10	Pay award over the budgeted amount
Corporate Budgets	(323)	(154)	(846)	Contingency & Energy growth budgeted centrally in Corporate management
Other	16	(82)	(208)	
	0	(228)	(1,044)	
Allocation of Joint Variance		41	61	Share of joint services allocated 40:60 to Councils
Total Variance	102	(33)	1,541	

Service Area	Joint £000s (under)/ over spend	Adur £000s (under) / over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Director of Housing & Communities				
Housing Needs	-	19	(185)	Homelessness numbers have stabilised
Benefits	-	342	757	The supported housing element of the Housing Benefit subsidy has resulted in a cost to the Council - there has been a reclassification of claimants from LHA rates to SA rates that has impacted in the current years claim
Director of Sustainability and Resources				
Parking Services	-	(95)	209	As well as shortfalls in parking income in Worthing along with some cost pressures from maintenance and utilities not known at Quarter 1
Environmental Services (Waste)	72	-	-	Increased costs from the new Clinical Waste contract
Bereavement Services (Cemeteries & Crematorium)	-	(10)	300	There is a continuing deterioration in Crematorium income due to a number of factors which include a lower death rate meaning less cremations
Public Health & Regulation	-	27	61	Income from licencing establishments lower than expected at quarter 1
Elections	-	(73)	105	The increased cost of local elections was not apparent at the time of the quarter 1 report. This relates to increased postages, staffing and hall hire costs
Energy & Sustainability	-	(62)	-	Underspend on Maintenance
Finance: Treasury Interest	-	38	(198)	Interest from Investment income net of Increased Borrowing interest due to higher Interest Rates

Director for Place				
Leisure Client	-	(79)	-	Projected underspend in maintenance costs is now forecast
Place and Economy (Economic Development)	-	(54)	(44)	Underspends in supplies & services budgets are contributing to Income shortfalls
Parks & Foreshore	-	80	7	Maintenance costs higher than budgeted
Regeneration (IP & Estates)	-	111	(502)	Additional income projected
Regeneration (Major Projects)	-	-	(337)	Movement due to a technicality in the purchase of leasehold rights at Titnore Way
Surveyors	-	28	95	Public Convenience overspend in Maintenance
Planning and Development (Building Control)	-	(22)	86	Continuing deterioration in Building control income as there is a deterioration in building works due to interest rates and material costs
Cross Cutting services				
Pay Award	(279)	(180)	(205)	Pay award over the budgeted amount was lower than anticipated following the pay award agreement
Corporate Budgets	(323)	(154)	(846)	Contingency & Energy growth budgeted centrally in Corporate management which offset overspends through services

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7th December 2023

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

2024/25 Budget Engagement Insights

Report by the Assistant Director for People and Change

Executive Summary

1. Purpose

- 1.1 This report summarises the findings from the budget engagement for Adur District Council and Worthing Borough Council.

2. Recommendations

- 2.1 The Joint Strategic Committee is asked to note the findings, as part of the finalisation of the Budget 2024/25 in advance of the Joint Strategic Committee in February 2024 and Full Council meetings later that month.

3. Context

3.1. Adur & Worthing Councils have engaged residents on the Budget 2024/25 to:

- Inform the development of the Budget 2024/25 in advance of agreeing the budget in February 2024.
- Improve public understanding of the financial challenges and options available to the council and generate a wider public discussion around the budget-setting process.
- Demonstrate internally and externally that Adur & Worthing Councils are becoming increasingly participative by expanding the methods used to gauge public opinion.

3.2. This builds on the budget engagement that Adur & Worthing Councils carried out last year and which Adur District Council and Worthing Borough Council outlined how they took on board the insights from that exercise. As part of the Joint Strategic Committee's Budget report in February 2024, the councils will share how they have factored in the findings that

are shared below. To ensure consistency, both councils have included three key questions they engaged residents on last year to understand:

- How comfortable people would be with potential spending reductions on a set of areas of focus
- What areas people would like to prioritise for investment
- Options on council tax

3.3. The councils have also included the option for people to share other comments they would like on key themes that are important to them to inform the budget engagement. In addition, Worthing Borough Council has included a question on what areas it should prioritise in working differently with the residents and communities of Worthing. It is important to note that unlike the questions outlined in 3.2, the free text option won't be representative and reflects a variety of individual feedback from respondents.

3.4. The objective for the survey is a representative set of responses from people that live, work or study in both Adur and Worthing and so the audiences targeted include:

- All residents of Adur & Worthing, of Year 9 school age and above. This age range has been selected as a child is only legally able to give consent for their data to be processed from the age of 13.
- Council staff, both as local residents and people working in the area.
- Businesses, specifically those located in Adur and Worthing where decisions will have a direct impact on their operations or staff.
- Other organisations, whose staff may be residents.
- Local and regional media, as a conduit to reach the public in both local areas.

3.5. Adur & Worthing Councils have used a variety of mechanisms to engage these audiences via the website, email, press release and different social media channels.

3.6. The engagement exercise was open to all residents who had a connection to either areas by living, working or studying in Adur and Worthing. The insights from the exercise will be used to help develop the Budget for 2024/25.

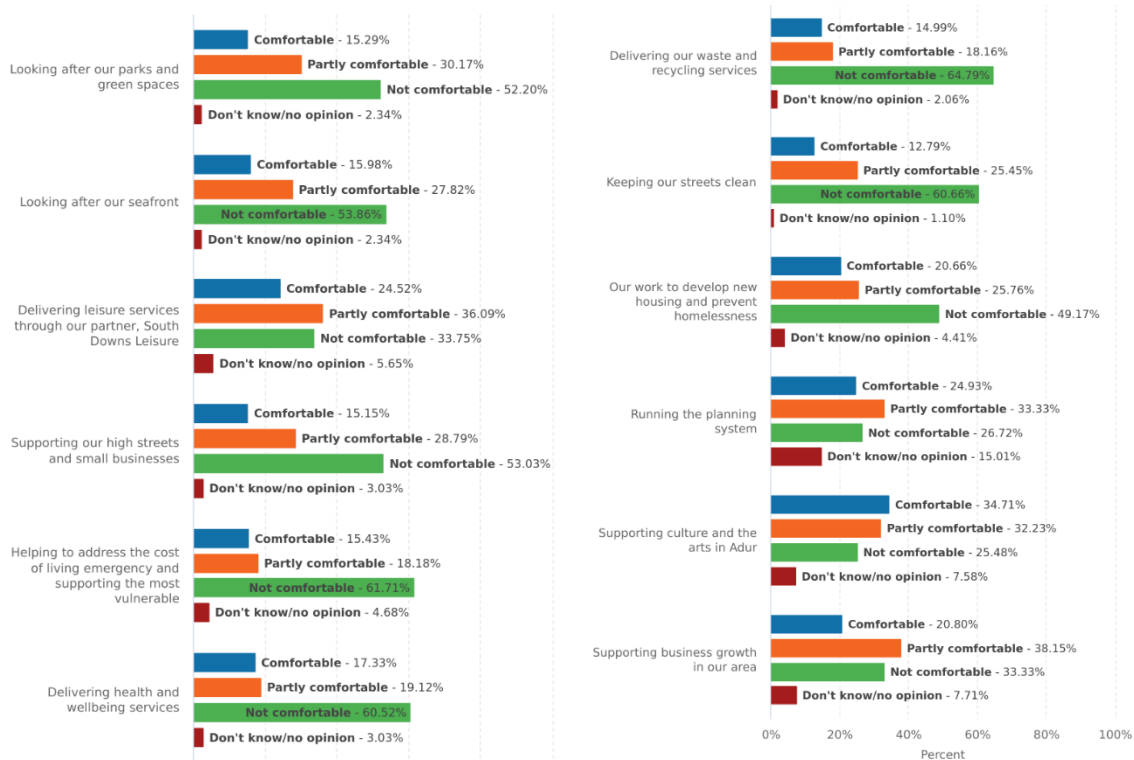
3.7. While this report is a joint report to the Joint Strategic Committee, this report includes items for consideration by each individual authority. This report outlines and distinguishes the findings from the budget engagement for Adur District Council and those for Worthing Borough Council. Services will consider these findings in the development of the Budget for 2024/25 which will go to the Joint Strategic Committee in February 2024, as there are implications of the findings on services which are shared across both Adur & Worthing Councils.

The following provides analysis of each engagement exercise:

4. Budget engagement for Adur District Council

These insights are for Adur District Council in the development of its budget, within the context of developing a Budget 2024/25 for Adur & Worthing Councils' Joint Strategic Committee. 727 people who live, work or study in Adur participated in the Adur engagement.

4.1. How comfortable people would be with reductions in spending across key areas of work



4.1.1. The areas where respondents would be least comfortable with reduced spending are waste and recycling, addressing the cost of living and supporting those most in need, keeping streets clean and health and wellbeing.

4.1.2. Indeed, over six in ten would be uncomfortable with reduced spending on addressing the cost of living and supporting people most in need, six in ten on reduced spending on health and wellbeing services and half of respondents on homelessness and housing.

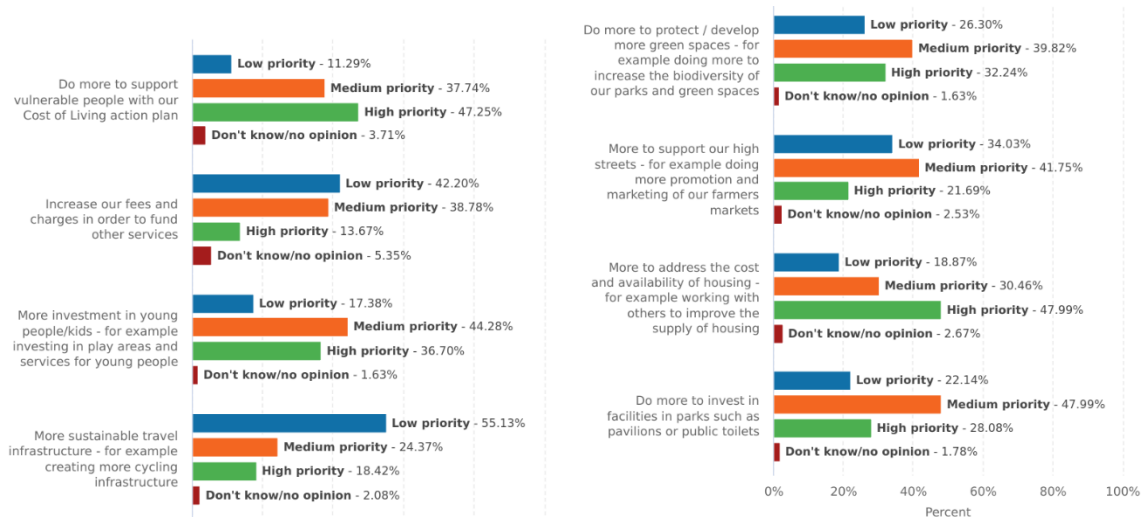
4.1.3. Over six in then have also expressed concern about potential budget reductions in waste and recycling services and potential reduced spending on maintaining clean streets.

4.1.4. On parks and green spaces, over half of respondents would be uncomfortable with reduced spending. Similar to parks, there is notable concern on potential reduced spending on seafront maintenance. Views are divided, but a third of people would be uncomfortable with reduced spending on leisure services. There are mixed views on potential reduced spending on culture and the arts, indicating varying priorities in this area.

4.1.5. There is a substantial proportion of respondents - over half - who would be uncomfortable with reduced spending on high streets and small businesses, emphasising the importance placed on supporting the local economy. However, a notable portion would be partly comfortable with reduced spending on supporting business growth. Views are divided, but a significant portion would be comfortable with reduced spending on the planning system.

4.1.6. Overall, the respondents exhibit varying levels of comfort with budget reductions across different service areas, emphasising the diversity of priorities across Adur's communities.

4.2. Areas that residents want to be prioritised for investment



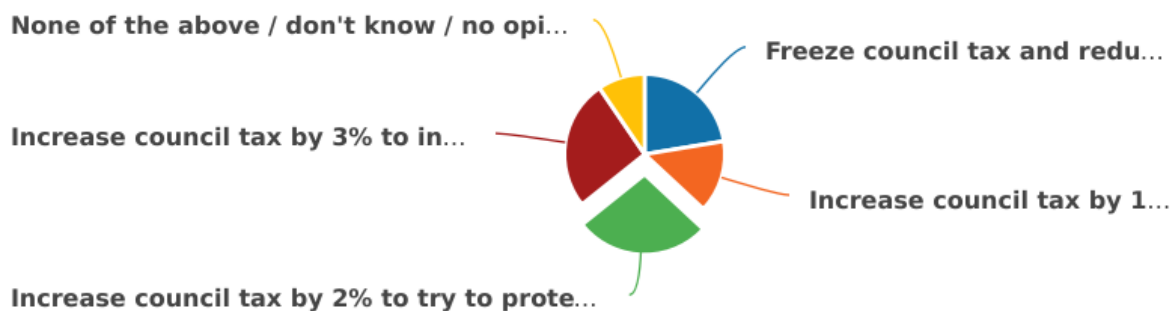
4.2.1. The areas which were the highest investment areas for respondents were addressing the cost and availability of housing and tackling the cost of living and supporting people most in need.

4.2.2. Close to half of respondents have prioritised a high level of support for people most in need and tackling the cost of living crisis. Respondents lean towards medium to high priority for investing in young people and kids, emphasising the importance of youth-focused services. There is also a substantial preference - close to half of respondents - that investing in addressing housing cost and availability is a high priority.

4.2.3. On sustainable travel infrastructure, there are mixed views with a stronger preference - over half - that this is a lower priority, suggesting potential divergent priorities. There is a balanced view on the protection and development of green spaces, with a strong proportion - around seven in ten - considering this as a medium to high priority. There is also leaning towards medium to high priority for investing in facilities in parks, indicating the importance placed on enhancing park amenities.

4.2.3. Investment in high streets, including promotion and marketing, is considered a medium or high priority for about six in ten respondents. There is a prevalent sentiment - around four in ten people - that increasing fees and charges is low priority, with a notable portion expressing medium priority.

4.3. Options on council tax



- Freeze council tax and reduce spending by the council by a further £143,000
- Increase council tax by 1% and reduce spending by the council by a further ...
- Increase council tax by 2% to try to protect services without any additional ...
- Increase council tax by 3% to increase the council's ability to invest in servi...
- None of the above / don't know / no opinion

4.3.1. In terms of people's views:

- A substantial number supports a 3% increase in council tax, with the aim of enhancing the council's ability to invest in services by £71,500.
- A significant portion prefers a 2% increase in council tax to protect services without any additional spending cuts, indicating a willingness to contribute more for maintaining existing services.
- A smaller percentage favours a 1% increase in council tax coupled with a reduction in council spending by an additional £71,500.
- A notable portion of the community, though not a majority, supports the option to freeze council tax and further reduce council spending by £143,000.
- A modest percentage of respondents either do not have a clear preference among the presented options or choose not to express an opinion.

4.3.2. In summary, there is a diverse range of opinions from respondents regarding the appropriate course of action for the council tax increase. While a clear majority favours increasing council tax to protect existing services, there is also some support for freezing taxes or adopting a modest increase with corresponding spending reductions. This suggests that overall people are taking a nuanced consideration to council tax decisions, balancing the desire for investing in services with concerns about taxation and spending.

4.4. Themes

Based on the question where people could add free text on anything else they would like to comment on, below are the key themes that emerge. It is important to note that as a result the comments below won't reflect a representative view as the survey didn't ask respondents to prioritise them in order of importance, unlike the questions asked in the sections above.

4.4.1 Housing and development

- Many residents express concerns about overdevelopment, especially the construction of high-rise buildings and flats.
- There are calls for prioritising social and affordable housing, preventing second-home ownership and a demand for accountability from developers to fulfil promises.
- There are also requests to improve planning, addressing flooding issues, and ensuring that developers contribute to infrastructure improvements.

4.4.2. Infrastructure and public services

- Residents express concerns about the strain on local infrastructure due to population growth. with specific mentions of lack of school places, and overwhelmed healthcare services.
- There are also calls for increased funding and support for public services, such as police presence and services for young people, as well as increased support for mental health services and people most in need.

4.4.3. Traffic and transportation

- Concerns about traffic congestion, especially on the A27, are highlighted. Residents suggest investing in better traffic control, improving public transportation, tackling potholes and implementing cycle lanes to encourage walking and cycling.
- Issues with timely doctor appointments, school places, and the need for more police patrols and road maintenance are also raised.

4.4.4. Environment and green spaces

- There are calls for investment in green spaces, parks, and wildlife conservation.
- Concerns are raised about the impact of development on the local environment, including the need to prevent overbuilding, protect green spaces, and address issues like flooding and sewage dumping.
- There are calls for a greater focus on sustainability, including solar panels, greywater usage, and wildflower verges.

4.4.5. Youth services and activities

- Residents express concerns about the lack of facilities and activities for teenagers, leading to antisocial behaviour.
- There are calls for investment in youth clubs, sports facilities, and safer spaces for teenagers.

4.4.6. Community safety and policing

- Concerns are raised about antisocial behaviour, lack of police presence, and suggestions to enhance community safety.
- There are calls for better enforcement of rules, addressing issues like dog control and graffiti.

4.4.7. Council tax and funding

- There are divergent opinions on council tax increases, with some expressing willingness to pay more for improved services and others opposing any additional burden on residents.
- Suggestions are made to generate more income through initiatives like parking permits and to secure more central government funding.
- Some suggest freezing council tax or reallocating funds from less essential projects to priority areas like healthcare and education.

4.4.8. Council spending and accountability

- There are calls for better budget management, avoiding wasteful spending, and reducing unnecessary expenses.
- Suggestions are made to cut executive pay and improve transparency and accountability in spending decisions.

4.4.9. Miscellaneous concerns

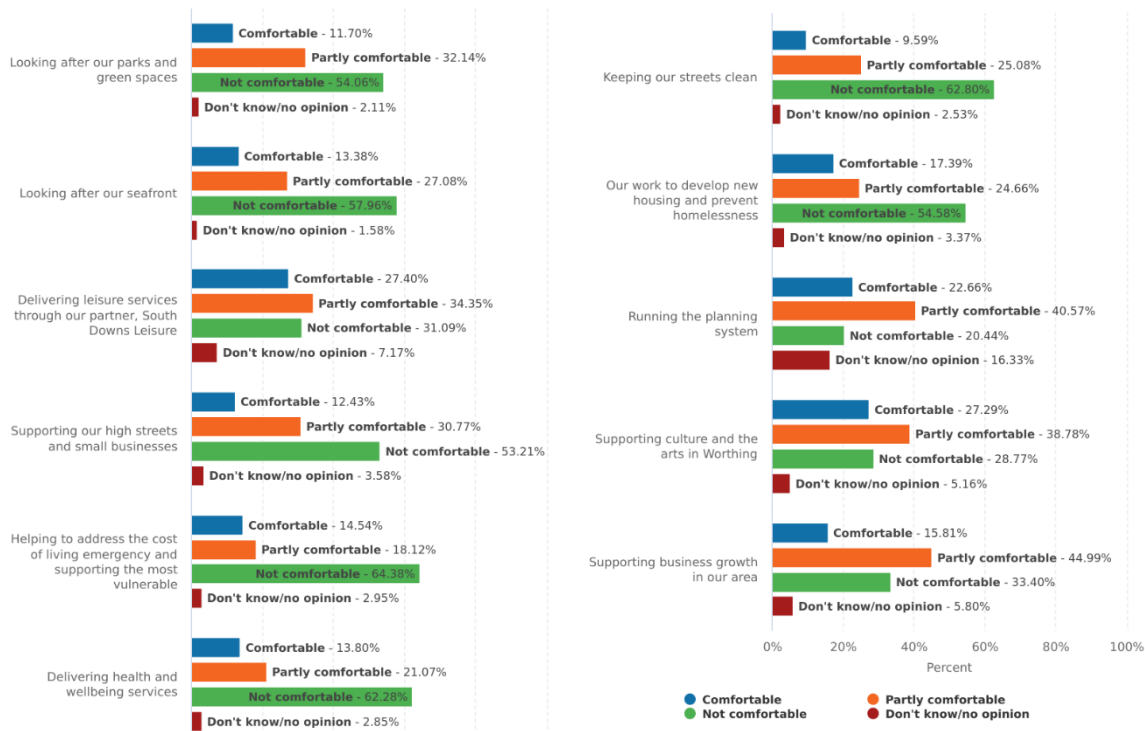
- Residents call for the retention of public toilets, improved community facilities, and services for youth. There are concerns about the cleanliness of public spaces and the need for investment in tourism to support the community.

In summary, the residents' feedback highlights a range of challenges and priorities, including the need for balanced development, improved infrastructure, enhanced public services, and support for people most in need. It's important to note there are areas which are outside of the Council's control, such as policing, schools and health services, as there are the responsibility of other agencies, or where there is a shared responsibility, such as traffic congestion. However, the insights also identify where and how the Council influences those organisations on behalf of its residents.

5. Budget engagement for Worthing Borough Council

These insights are for Worthing Borough Council in the development of its budget, within the context of developing a Budget 2024/25 for Adur & Worthing Councils' Joint Strategic Committee. 949 people who live, work or study in Worthing participated in the Worthing engagement.

5.1. How comfortable people would be with reductions in spending across key areas of work



5.1.1. The areas where respondents would be least comfortable with reduced spending are tackling the cost of living crisis and supporting those most in need, delivering health and wellbeing services and keeping streets clean.

5.1.2. A clear majority - over six in ten respondents - indicated they would be uncomfortable with spending reductions in areas related to addressing the cost of living crisis and supporting people most in need. A significant majority - six in ten as well - would be uncomfortable with spending reductions in health and wellbeing services. Over half of respondents would be uncomfortable with reducing spending on work to develop new housing and prevent homelessness.

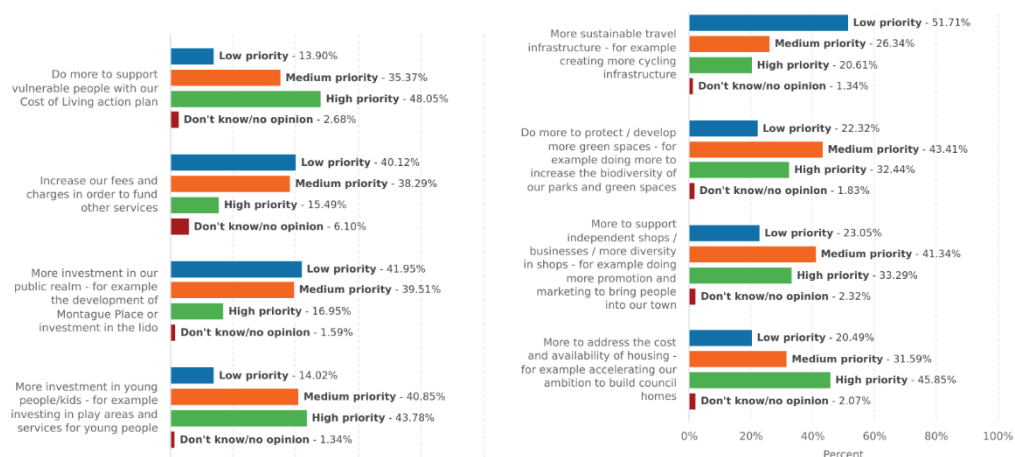
5.1.3. A majority - six in ten - would be uncomfortable with spending reductions in street cleaning, indicating a desire for well-maintained public spaces. On looking after our parks and green spaces, half of respondents would not be comfortable with spending reductions on parks and green spaces. Similar to parks, a significant majority - six in ten respondents - would be uncomfortable with spending reductions on seafront maintenance, emphasising the value placed on this area.

5.1.4. On delivering leisure services through South Downs Leisure (SDL), there was a nuanced response, with a substantial portion comfortable with spending reductions, but still a fifth of respondents uncomfortable, indicating a balanced view on leisure services. However, it should be noted that SDL is a net contributor to the budget. On supporting culture and the arts, there was a balanced response between being uncomfortable and comfortable with potential budget reductions in cultural and arts support.

5.1.5. On supporting our high streets and small businesses, half of respondents would be uncomfortable with spending reductions, recognising the importance of supporting local businesses. On supporting business growth in the local area, there was a mixed response, with four in ten partly comfortable with potential budget reductions, suggesting varying perspectives on budget reductions in supporting business growth. On running the planning system, there was a nuanced response, with also four in ten partly comfortable.

5.1.5. The responses highlight varying comfort levels with spending reductions across different service areas. While some areas, such as parks and seafront, exhibit strong discomfort with reductions, others, like planning and business growth, show more nuanced perspectives. The survey results emphasise the diverse priorities and concerns of Worthing's local communities.

5.2. Areas that residents want to be prioritised for investment



5.2.1. The areas that were the respondents' highest priorities for investment were tackling the cost of living and supporting people most in need, the cost and availability of housing and more investment for children and young people.

5.2.2. Indeed, over four in ten indicated a high priority for supporting people most in need and tackling the cost of living crisis. A similar proportion expressed a high priority for investing in young people and play areas, suggesting a strong community interest in youth-focused initiatives. Four in ten respondents also expressed a high priority for addressing housing costs and availability.

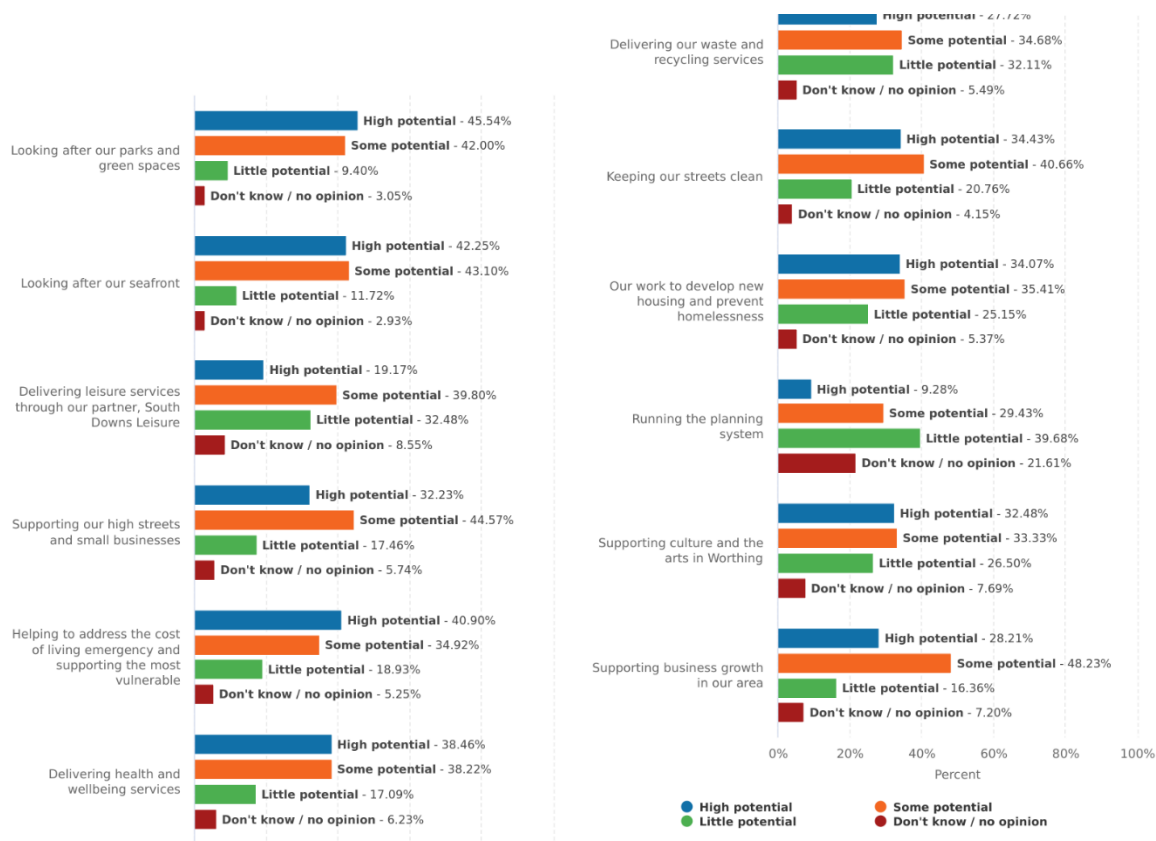
5.2.3. On more sustainable travel infrastructure - for example, creating more cycling infrastructure, a majority - half of respondents - assigned a lower priority. On investing more to protect/develop more green spaces, respondents showed a balanced perspective, with four in ten assigning a medium priority and a third assigning a high priority to protecting and developing green spaces. On more investment in the public realm - for example, the

development of Montague Place or investment in the lido, a notable portion assigned a low priority, while over half expressed medium to high priority for investing in the public realm, indicating a divided stance on this matter.

5.2.4. On investing more to support independent shops/businesses/more diversity in shops - for example, doing more promotion and marketing to bring people into our town, a balanced view emerged, with four in ten assigning a medium priority and a third assigning a high priority to supporting independent shops and businesses. Respondents predominantly expressed a low priority for increasing fees and charges, suggesting concerns on including additional financial burdens on local communities.

5.2.5. Overall, respondents' preferences indicate a strong emphasis for supporting people most in need, investing in young people, and addressing housing-related challenges. There is, however, diversity in opinions regarding other areas, such as increasing fees, investing in public spaces, sustainable travel infrastructure, and supporting local businesses.

5.3. Areas to prioritise for Worthing Borough Council to work differently with its communities and residents



5.3.1. The areas where residents see the greatest potential for community collaboration are looking after our parks and spaces, tackling the cost of living crisis and supporting people most in need as well as health and wellbeing.

5.3.2. Indeed, four in ten respondents identified high potential for community collaboration in maintaining parks and green spaces, reflecting a shared interest in involving community groups in these efforts. A similar proportion of respondents saw significant potential for

community involvement in seafront maintenance. While only a fifth saw high potential, a considerable portion recognised some potential for community collaboration around leisure.

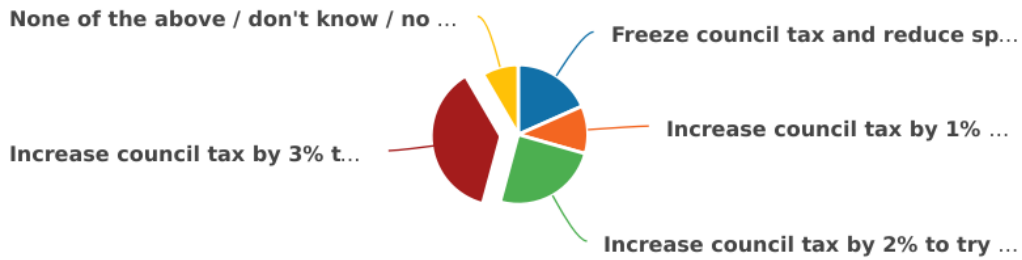
5.3.3. Four in ten identified high potential for community collaboration in addressing the cost of living emergency and supporting people most in need, reflecting a shared commitment to social welfare. A third of respondents acknowledged the high potential for involving residents in housing development and homelessness prevention, emphasising a collective approach to these challenges. Respondents recognised the significant potential for community collaboration in delivering health and wellbeing services, underscoring the importance of involving residents in healthcare initiatives.

5.3.4. Respondents also acknowledged significant potential for community involvement in supporting high streets and small businesses, indicating a willingness to collaborate on economic initiatives. Respondents recognised some potential for community collaboration in supporting business growth. Respondents showed mixed views on community collaboration in running the planning system, with a notable three in 10 recognising some potential. A considerable majority identified high potential for community involvement in supporting culture and the arts, highlighting a shared interest in cultural development.

5.3.5. While opinions were divided, a notable portion saw high potential for community collaboration in waste and recycling. Respondents recognised the substantial potential for community involvement in keeping streets clean, indicating a shared interest in local cleanliness.

5.3.6. The survey results indicate a generally positive outlook regarding the potential for community collaboration in various service areas. Respondents showed a particularly high interest in involving communities in the care of parks, green spaces, and the seafront, as well as in initiatives addressing the cost of living emergency and supporting vulnerable populations. The findings suggest residents willing to actively participate in decision-making and collaborative efforts with the council across a range of services.

5.4. Options on council tax



- Freeze council tax and reduce spending by the council by a further £206,000
- Increase council tax by 1% again and reduce spending by the council by a further £100,000
- Increase council tax by 2% to try to protect services without any additional spending
- Increase council tax by 3% to increase the council's ability to invest in services
- None of the above / don't know / no opinion

5.4.1. In terms of people's views:

- The majority of respondents favoured a 3% increase in council tax to enhance the council's ability to invest in services. This indicates a willingness among a significant portion of the respondents to support a higher tax increase for the sake of increased investment.
- Nearly a quarter of respondents preferred a 2% increase in council tax to safeguard services without allocating additional spending. This indicates a willingness to support a moderate tax increase to maintain existing service levels.
- A relatively smaller percentage opted for a 1% increase in council tax along with a further reduction in council spending. This suggests a cautious approach to tax increases with a willingness to accept some spending reductions.
- A minority of respondents favoured the option of freezing council tax and further reducing council spending. This suggests a concern for minimising tax burden but also indicates a reluctance to see more reductions in services.

5.4.2. The majority preference for a 3% increase in council tax to enhance the council's ability to invest in services suggests a willingness among respondents to support a higher tax increase if it translates into improved services. However, there are those who prefer more cautious approaches, such as freezing tax or opting for smaller increases with spending reductions.

5.5. Themes

Based on the question where people could add free text on anything else they would like to comment on, below are the key themes that emerge. It is important to note that as a result the comments below won't reflect a representative view as the survey didn't ask respondents to prioritise them in order of importance, unlike the questions asked in the sections above.

5.5.1. Financial responsibility

- There are positive remarks about the council's overall performance over the past year.
- There were calls for greater transparency in communicating both improvements and suggestions to control spending, avoid unnecessary expenses (such as luxury housing), and prioritise essential services.
- There are also suggestions to redirect funds raised through community events to tangible infrastructure.
- There is a willingness to accept a 5-7% increase in council tax if it prevents cuts in services, with proposals for public referendums to justify and explain tax increases.
- Finally, there are concerns about the potential consequences of removing business rate relief.

5.5.2. Infrastructure

- There are calls for improvement in bus services, including increased frequency and Sunday services, as well as concerns about road conditions and the need for better maintenance and the need to reduce the size of pedestrian precincts for better accessibility. This is outside the Council's control although there is scope to advocate on behalf of residents to those organisations responsible.
- Concerns are raised about reducing parking availability and calls for addressing the Grafton Place parking situation.
- There are suggestions made on the maintenance and provision of public conveniences.

5.5.3. Development and planning

- There are concerns about the cleanliness of the town, including streets, parks, and public spaces.
- There is opposition to excessive building, particularly on green spaces, and suggestions for developing vacant spaces into green areas and greater investment in the seafront, Lido, and other cultural attractions.

5.5.4. Housing and affordability

- There is a strong emphasis on the need for affordable housing and suggestions to address homelessness and provide support for vulnerable individuals.

5.5.5. Community engagement

- There are calls for more community involvement in decision-making, listening to residents' voices, including through collaboration with community groups and better communication.

5.5.6. Environmental concerns

- There are suggestions for environmentally friendly initiatives, such as tree planting, improving public spaces, cleanliness, and safety as well as calls to protect and invest in green spaces and parks.
- There are also suggestions for changes in waste collection frequency and recycling initiatives, regular street cleaning, pavement repairs, and addressing seasonal debris.

5.5.7. Transportation and parking

- There are concerns about the cost of parking charges, concerns about the impact of cycle lanes and a desire to maintain affordable parking.
- Suggestions are made to improve transportation infrastructure, including relocating the coach station, and greater flexibility desired in parking permit regulations.

5.5.8. Economic support

- There are calls for support to local businesses, particularly during economic challenges, improving the town centre for shoppers and supporting local businesses.
- Concerns are made that removing small business rate relief may harm independent businesses.
- Suggestions are raised to work with business improvement groups to provide grants for new businesses.
- There are concerns about the impact of rising council tax on families and calls for financial support, support for "those in need" being too broad and not effectively addressing the specific needs of various groups, and the need to tackle inequality, with a call for initiatives to address these issues, including through community wealth-building initiatives.

5.5.9. Cultural services and wellbeing

- There are calls for support for cultural services and wellbeing initiatives, as well as facilities for young people.
- Suggestions are made to prioritise arts and culture, recognising their impact on the community, and for support for facilities like the Lido and concerns about cuts to arts and culture.
- There are worries that reducing services in areas like leisure, health, fitness, and culture may have long-term negative consequences.

5.5.10. Education and youth services

- Calls are made for more focus on education, support for schools, and youth services.
- Suggestions are raised for the reopening of the Worthing and Adur Youth Council.

5.5.11. Public safety

- There are concerns about antisocial behaviour, drug use, and the need for increased policing
- Requests for measures to improve safety in public spaces are made, as well as suggestions to address issues like dog fouling and improve safety.

5.5.12. Political accountability

- There are calls for greater accountability, reviewing council members' expenses and calls for reduced allowances.
- Concerns about the efficiency of council spending and the need to eliminate waste are raised, as well as calls for more public consultation and involvement in decision-making.

5.5.13. Health services

- Requests are made for more support for Worthing Hospital and NHS dentists, and for residents most in need, carers, and people needing post-hospital care.
- There are calls for more investment in mental health services and wellbeing, particularly for older children.
- Concerns about stress among council employees are made and the need for support for them.

It's clear that residents have a variety of opinions and concerns, ranging from financial matters and infrastructure to community engagement and environmental considerations. It's important to note there are areas which are outside of the Council's control, such as policing, schools and health services, as there are the responsibility of other agencies, or where there is a shared responsibility, such as traffic congestion.

6. Financial Implications

6.1. There are no financial implications specific to the Budget engagement. The financial implications of the proposed draft Budget 2024/25 itself are outlined in the 2024/25 Budget Update paper.

7. Legal Implications

- 7.1 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 7.2 The Best Value Duty statutory guidance confirms that authorities remain under a duty to consult representatives of a wide range of local persons. Section 3(2) of the Local Government Act 1999 provides details on those who should be engaged in such consultations.
- 7.3 s65 of the Local Government Finance Act 1992 requires the Council to consult on budget proposals.
- 7.3 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 7.4 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation

Sustainability & Risk Assessment

1. Economic

Adur & Worthing Councils have engaged residents on the budget on economic issues, such as supporting high streets and businesses, travel and the cost of living.

2. Social

2.1 Social Value

Adur & Worthing Councils have engaged residents on the budget on various issues which have social impacts on our communities, including health and wellbeing, housing and homelessness, even if the majority of the issues residents were asked for views on will have social impacts.

2.2 Equality Issues

To ensure a broad range of people that live, work or study in both Adur and Worthing participated in the budget engagement, Adur & Worthing Councils engaged:

- All residents of Adur & Worthing, of Year 9 school age and above. This age range has been selected as a child is only legally able to give consent for their data to be processed from the age of 13.
- Council staff, both as local residents and people working in the area.
- Businesses, specifically those located in Adur and Worthing where decisions will have a direct impact on their operations or staff.
- Other organisations, whose staff may be residents.
- Local and regional media, as a conduit to reach the public in both local areas.

2.3 Community Safety Issues (Section 17)

Adur & Worthing Councils enabled residents to share their views on a wide range of issues, and several comments by residents were raised about community safety issues.

2.4 Human Rights Issues

As outlined above, Adur & Worthing Councils sought to engage a broad range of people who live, work and study in the local area. The budget engagement doesn't impinge on anyone's human rights.

3. Environmental

Adur & Worthing Councils have engaged residents on the budget on various issues which have environmental implications on our communities, including on parks and spaces, seafronts, keeping streets clean and waste and recycling.

4. Governance

The budget engagement is aligned with the development of Adur & Worthing Councils' budget for 2024/25. The Joint Strategic Committee Budget 2024/25 paper for February 2024 will include as an appendix how Adur District Council and Worthing Borough Council have factored in the insights from the budget engagement into the development of the budget.



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7th December 2023

Joint Overview and Scrutiny Committee
30th November 2023

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

2024/25 Budget update

Report by the Director for Sustainability & Resources

Executive Summary

1. Purpose

- 1.1 This report provides members with a progress report on the delivery of our financial strategy for 2024/25, along with details of the proposals that will help deliver a balanced budget for the next financial year and beyond.

The following appendices have been attached to this report for consideration by Members:

- (i) **Appendix 1** 5 year forecasts
 - (ii) **Appendix 2** Committed growth items; and
 - (iii) **Appendix 3** Summary of savings proposals (exempt).
- 1.2 Members will note that the proposals at Appendix 3 have been considered in advance of the Chancellor's Autumn statement and the provisional settlement, expected on or just before 20th December. As such they are proposed for approval but we anticipate a further review following these key announcements. Whilst the proposals remain undetermined and open to review and because the Appendix contains commercially sensitive information relating to the financial and business affairs of the Council, the information at Appendix 3 is exempt pursuant to Schedule 12A Paragraph 3 of the Local Government Act 1972
- 1.3 In line with the decision to bring all financial reports as joint reports to JSC (with the exception of the capital programmes); this report includes items for consideration by each individual authority as well as the specific budget proposals to increase income, to deliver efficiency, and other savings initiatives for 2024/25 which impact on the Joint Strategic Committee.

2. Recommendations

- 2.1 The Joint Overview and Scrutiny Committee to consider the report and make comment on the savings proposals to the Joint Strategic Committee.
- 2.2 The Joint Strategic Committee is recommended to:
 - (i) Note the current 5 year 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.

3. Context

- 3.1 Adur District Council and Worthing Borough Council's spend respectively £22m and £39m each year on delivering a wide range of essential services. Core services include Housing, Waste & Cleansing, Parks & Foreshore, Planning & Building Control, Sustainability, Environmental Health, Community Safety & Wellbeing, Elections & Democratic Services, and Economic Development.

Over the last decade or more, central government support has significantly reduced, such that central government grant funding forms just 2% of the Councils' incomes. The situation in each Council is a little different, but broadly Council Tax income makes up around 30% of council income, and Business Rates about 10%. This leaves well over half of the required budgets to be found elsewhere, and both Councils' strategies in recent years have been, by necessity, to grow both commercial income, and income from investment property. Around 38% of Worthing's budget comes from fees & charges with 25% from financing & investment income, and in Adur the proportions are 23% and 29% respectively.

The financial strategy has been successful in recent years with income from these sources of funding increasing by between 1% and 4% per year which has enabled the councils to successfully maintain service levels. As has been widely reported nationally, many Councils are now reaching the limits of what is possible to reduce costs and raise income, while broadly maintaining service levels, and this is now the case for both Adur District and Worthing Borough even with the benefit of the shared services meaning that service delivery is integrated with operating costs shared across the two councils.

- 3.2 The operating context for local government is currently the most difficult that the sector has ever had to deal with. The impact of long term and

ongoing reduction in funding, combined with the wider economic pressures of inflation and higher interest rates are now combining to create a financial situation which is extremely challenging. When combined with a housing crisis that has seen increased cost pressures this means that the councils need to take significant action in order to continue to deliver good services while responsibly managing our finances.

- 3.2 This report outlines a number of short and long term changes to our budget strategy which will help develop a more resilient long term position as well as managing in-year and immediate pressures. These changes also reflect the fact that this report is less detailed than previous December budget updates, which reflects the fact that officers anticipate material impacts from the Autumn statement and/or the grant settlement due before Christmas which will affect our budget position. Rather than develop options that do not reflect these impacts this paper instead provides an update that builds on the strategy outlined previously and outlines to members the work which will be carried out between now and final budget proposals to both cabinets.
- 3.3 In developing these proposals officers have continued to seek to maximise the positive impact of the shared service for the finances of both councils while also ensuring the different priorities of both administrations are delivered.
- 3.4 This is made more challenging by the fact that Adur and Worthing do have different pressures and financial capacity and the way in which these are addressed is discussed in this paper. The key differences are:

	Adur	Worthing
Rapid growth in housing needs	<p>Demand for Temporary Accommodation has risen here by 98% over a three year period. By March 2025 we project a further rise of 42 %.</p> <p>Nightly average cost of accommodation is £42 per night (Sept 23).</p>	<p>Demand for Temporary Accommodation (TA) is greater here and has risen more rapidly, with the numbers of households in TA having risen by 157% over a three year period. By March 2025 we project a further rise of 38%.</p> <p>Nightly average cost of accommodation is £49 per night (Sept 23).</p>

	Shortfall between Local Housing Allowance (LHA) - rate we can claim - and market rents for a 2 bed property = £321.00	Shortfall between Local Housing Allowance (LHA) - rate we can claim - and market rents for a 2 bed property = £578.00
Growth in funding gap with respect to supported accommodation	There are some pressures here around Housing Budget overspend, which are not as significant, which also includes the Housing Revenue Account.	Significant pressures here due to overspend in the Housing Benefit budget due to levels of subsidy that can not be claimed for some types of supported accommodation in the private sector.
Impact of increases in interest rates	The impact of higher interest rates increases the cost of borrowing to finance the capital programme.	As in Adur, higher interest rates increase the cost of borrowing. The impact in Worthing is greater due to the larger capital programme.
Commercial income	Over 20% of the funding for the Adur budget comes from fees and charges. The largest commercial income streams derived from parking and garden waste.	Nearly 40% of the Worthing budget is funded from income received from fees and charges. The largest commercial streams come from Bereavement and Parking services.

- 3.5 The Joint Strategic Committee considered the outline 5-year forecast for 2024/25 to 2028/29 and the Budget Strategy on 11th July 2023, 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 respective General Funds:

	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Adur	941	1,606	2,388	3,137	3,855
Worthing	2,754	4,024	5,490	6,640	8,299

We have refreshed the format of the MTFs here to reflect three different types of assumptions and projections:

- External or macro economic factors such as cost of borrowing, inflation and interest rates.
- Assumptions around fixed long term obligations such as delivery of the WICC for Worthing or purchase of key sites such as New Salts Farm and Pad Farm in Adur.
- Assumptions with respect to specific budget pressures/opportunities such as housing or capital disposals which are subject either to market conditions or delivery risks

3.6 The report to the JSC in July also identified that the Joint Services Budget was under financial pressure with inevitable consequences for the two Councils. Major factors behind this pressure continue on from last year: the current level of inflation impacts both on salary and costs generally; but the fast growing pressure with respect to housing needs, especially in Worthing, now needs to be taken into account. The Joint Strategic Committee will review the most recent Q2 monitoring report in parallel with this budget update, but the overall position is expected to continue to be challenging.

3.7 As reported to the two councils, work has been ongoing over the summer and into the autumn to deliver balanced budgets for 2024/25. This has involved a review of all commercial and investment income, a detailed review on all expenditure and an ongoing programme of contract review.

3.8 The approach to delivering a balanced budget was changed this year in light of the in-year pressures detailed above in five ways:

- The ongoing work to develop a new operating model to reflect the new corporate plan ('Our Plan') has been accelerated
- Ongoing work on our commercial income; both looking at property

investments and income lines for both councils

- Significant work on the in-year spending pressures has been used to shape budget proposals for 2024/25 and beyond. This area of work has included deep analysis of longstanding budget items and work across the board on contracts and services.
- Work to address the financial impact of increased housing needs including a focus on developing and acquiring a more affordable pipeline of emergency and temporary accommodation. Work is also underway to develop a stronger focus on prevention of homelessness and to more effectively triage and manage the caseload of households in emergency and temporary accommodation.
- Work to address Housing Benefit overspend in Worthing including focusing on the subsidy levels.
- A detailed review of priorities in Worthing has been undertaken with the Administration - reflecting the additional pressures which Worthing faces

3.9 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.

3.10 Additional work has been carried out for each council to ensure that budgets fully reflect the relationship between capital and revenue spending given that both resource and borrowing impacts on our revenue position. This work has included a review of property assets, including our major landholdings associated with the major projects. Accordingly, a number of land and property sales are due to complete before the end of the financial year.

3.11 Lack of clarity with respect to the cost and nature of the implementation of the environment bill continues to be a significant uncertainty in the councils' financial planning. The Environment Act was first consulted on in 2019 and received Royal Assent in November 2021. Since then there has been uncertainty around implementation dates for key elements of the act relating to waste and recycling: Extended Producer Responsibility, the Deposit Return Scheme and Consistency in Collection (now referred to as Simpler Recycling) which includes food waste). The implementation date for food waste collection from all households has now been confirmed for March 2026 and this will have a potential significant impact on the 2024/25 budget.

Officers are working to estimate what this financial impact might be but there are considerable unknowns, particularly around the extent and scope of

new burdens funding, and any future funding through the EPR scheme. For these reasons it has been impossible to add any projections to the MTFS as yet but will do once the new burdens funding is clear, we hope at the end of the year. Without additional funding the overall costs could bring an impact of £1.6m on the revenue budget which would bring a severe pressure to bear.

- 3.12 Individual savings proposals will be developed subsequent to this update report and will be subject to consultation with officers of the Council, Cabinet members, prior to approval by the Councils of the overall budget in February.
- 3.13 There will be a further report after Christmas which will detail the final proposed budgets for the year, any further savings identified, any requests for investment into the joint services.
- 3.14 The forecast overspend in Worthing as outlined in the 2nd Quarter Revenue Monitoring Report 2023/24 places severe pressure on the reserves position for Worthing, and as a result, for the shared service.
- 3.15 This report presents the combined position of Adur and Worthing Councils as it is seen through the lens of the joint operating model and shared services agreement. The section 4 makes explicit the priorities of each administration that are supported through the development of this work.

4. Delivering the priorities of the Administrations

Both administrations published reports earlier in the year outlining their key priorities and while these will be refreshed for 2024/25 and onwards reflect the continuing main areas of focus for each administration.

For both councils officers combine work to ensure that our core Council services are protected with the ambitions and priorities of both administrations.

The majority of these priorities are delivered as part of the organisational work plan which will be made more visible to members with the work on reporting being led by the Chief Executive and which will be presented to JOSG and JAGC in the new year. The sections below outline priority areas where specific financial capacity has been created to deliver on specific agendas:

4.1 Adur priorities

Adur council continues to develop Adur as a collection of unique and vibrant places, seeking to get the best balance between ambitious regeneration and the creation of vitally needed new homes alongside the creation of infrastructure and services for residents. This includes making Adur a great place to work and for businesses to grow.

Adur continues to lead an ambitious climate programme, focused on protecting and enhancing biodiversity and reducing the Council's contribution to climate change.

While Adur Homes is funded via a separate Housing Revenue Account and so not a matter for this budget update, its transformation is a key priority for the council and so important to note here.

4.2 Worthing priorities

In 2024/25, Worthing Council will continue to work towards becoming the greenest, fairest Coastal town in the UK. The golden threads of addressing the climate emergency and improving the wellbeing of communities marry up with the continuing feedback received from residents throughout the year, including big listen events and consultations, with a focus on:

- Developing a mixed model of housing to address all resident needs which reflects an ambition for much greater access to social housing
- Keeping the Borough clean, green and safe by reviewing the service offer to ensure that our streets, town centre and high streets continue to be cared for.

5. Update of the 5-year Forecast (Medium Term Financial Strategy)

5.1 The updated forecast for the Joint Strategic Committee is attached at Appendix 1. This has been revised in the light of the latest information. This overall forecast will continue to change in the coming months as the detailed work on the budget progresses. As a result, the overall position will inevitably change over the next two months.

5.2 The main changes to the forecast for 2024/25 are summarised in the table below:

Changes in Budgetary Shortfall/Savings since report to Joint Strategic Committee on 11th July 2023		
	Adur	Worthing
		£'000
Original 2024/25 budget shortfall	941	2,754
Other changes:		
(a) Final impact of 2023/24 pay award	-115	-160
(b) Financing costs of capital programme	-40	-75
(c) Investment income	78	-51
(d) Increase in budget for Housing Needs	100	150
(e) Committed growth - Increase in audit fee costs	40	40
(f) Addition of reduced WTAM contract costs		-23
(g) Council tax - impact of taxbase	-139	51
(h) Review of additional business rates	35	239
(i) Collection Fund surplus/deficit	100	-69
(j) Removal of contingency budget for committed growth item	-40	-40
Revised Budget Shortfall	960	2,816
(k) Potential savings identified to date (Appendix 3)	-1,231	-2,629
Additional resources to be provided	-271	187

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

(a) Final impact of 2023/24 pay award

The pay award has now been agreed for 2023/24 at £1,925 per spinal column point up to point 42 with a 3.88% for the scale points above, which is an average increase of 5.82%. This is lower than the previous estimate of a 7.8% average increase.

(b) Financing Costs of the capital programme:

Costs have been updated to reflect both the current estimated costs of the capital programme and current average interest rates. The budget includes two elements:

- minimum revenue provision (MRP) for the repayment of debt. MRP does not start to be charged to the revenue account until the financial year after the debt is incurred.
- Interest cost of borrowing to finance the capital programme.

The cost of financing the capital programmes will be reassessed again in December.

(c) Investment income.

Interest rates have been updated within the outline forecast to reflect revised average rates based on the Bank of England projections.

(d) Housing Needs

The councils have experienced increasing cost pressures within the Housing needs service. To address this allowance has been made to increase these budgets for 2024/25.

(e) Committed growth

An increase in external audit costs have been confirmed for 2024/25 and built into the budget as committed growth.

(f) Worthing Theatres and Museum contract costs.

The agreed contract payment for 2024/25 from Worthing Borough Council contract to Worthing Theatres and Museum is £23k lower than 2023/24. This reduction had not been reflected in the outline forecast presented to committee in July 2023.

(g) Council Tax.

The forecast has been updated to include the updated estimates of the council tax bases calculated in October 2023. Adur has seen an increase in its taxbase largely as a result of new developments within the district. Worthing has seen a decrease, the main reason being the impact of an increase in Council Tax Support.

(h) Business Rates

The estimates of potential additional income from business rates has been updated to reflect the current rateable values and assumptions regarding increases. Information is still awaited from government regarding confirmation of multiplier figures for 2024/25 and the impact of any changes to reliefs. The expected income will be reviewed as part of the development for the final budget. Additional income within the MTFP includes an assumption of growth, for Worthing this includes the new Medical Centre.

(i) Collection Fund surplus/deficit

These have also been updated to take account of the updated calculation for the estimated 2023/24 surplus/deficit position on the collection fund. The estimated positions are used to either collect a deficit or repay a surplus to the preceptors in the following financial year.

(j) Removal of committed growth

The committed growth allowance has been reduced by the audit fee increase allowance in item (e).

5.4 There are still some figures that are likely to change within the outline forecast. Current assumptions on general government funding are based on what has been previously committed for 2024/25, they are shown in the table below:

	Adur	Worthing
Lower Tier Services Grant	£74,000	£109,000
Funding Guarantee Grant	£227,000	£256,000

5.5 The provisional settlement announced in December will provide more information on any additional funding allocations.

6. Saving Proposals

6.1 The outline savings for 2024/25 are attached at Appendix 4 for noting. The total saving proposals identified are:

	2024/25	2025/26	2026/27	2027/28	2028/29
Adur	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per Appendix 1)	960	1,401	2,491	3,458	4,451
Savings identified to date	-223	-345	-470	-508	-546
Organisation Redesign	-1,008	-1,028	-1,049	-1,070	-1,091
Revised budget shortfall / Surplus (-)	-271	28	972	1,880	2,814

	2024/25	2025/26	2026/27	2027/28	2028/29
Worthing	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per Appendix 1)	2,816	4,497	5,990	7,410	8,563
Savings identified to date	-1,117	-1,625	-2,015	-2,071	-2,126
Organisation Redesign	-1,512	-1,542	-1,573	-1,604	-1,636
Revised budget shortfall / Surplus (-)	187	1,330	2,402	3,735	4,801

	2024/25	2025/26	2026/27	2027/28	2028/29
Joint	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per Appendix 1)	1,986	2,892	3,797	4,683	5,586
Savings identified to date	-150	-483	-824	-841	-858
Organisation Redesign	-2,520	-2,570	-2,622	-2,674	-2,728
Revised budget shortfall / Surplus (-)	-684	-161	351	1,168	2,001

**Adur and Worthing figures include the respective share of Joint*

- 6.2 The savings exercise has been challenging in light of the in-year pressures also needing to be managed but the exercise has identified a path to set a balanced budget for next year which will need additional work between now and January in order to support both Councils to set balanced budgets. Some initiatives which have been part of the in-year spending review are targeted for delivery within the current year, supporting the Councils' in-year position as well as benefiting 2024/25. 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 2025/26 and beyond, the continuing financial pressure for the two Councils 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 and so this work has been developed to create an

ongoing pipeline of projects which will continue beyond the 2024/25 period.

- 6.4 The potential financial challenge remains 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 identified shortfall.

7. The path to balanced budgets

- 7.1 Appendix 2 outlines proposed savings and growth items which have been developed in order to balance the 2024/25 budget as well as positively improve the 25/26 position and beyond. As outlined in 3.8 these fall into 4 areas:

7.2 Organisational design work and delivery of Our Plan

- 7.2.1 Our Plan - adopted in Autumn 2022 - provides a framework for a redesign for the organisation which focuses on making it more adaptive, resilient and participative. In developing proposals for 2024/25 the corporate leadership team has identified 5 areas where significant service design can move the organisation faster towards a new operating model with an emphasis on creating greater resource and financial resilience. The projected savings associated with these redesigns are highlighted in Appendix 2 and more detailed descriptions of the changes, and the combined cost of change, will be published in January once more detailed work with delivery teams has been completed.

The organisational design work has a target of a combined £2.520m saving across the delivery model in the areas identified, looking at staffing (both establishment and external spend) but also at changes to delivery models that can drive out additional cost savings such as print cost savings supported by a move to digital first delivery.

- 7.2.2 Digital transformation is essential to the successful delivery of these redesigns and so the budget proposals include the extension of the digital rapid improvement team to deliver this work. The Digital Rapid Improvement Programme - Impact Report also on the agenda provides a detailed overview of the success of the Rapid programme so far, with total cashable savings delivered of £93k against an investment of £191k in year 1, delivering a payback period of just over 2 years. This is particularly strong performance for year 1 given “team set up” requirements at the start.

7.2.3 It is important to note that service redesigns will require changes to service and delivery standards and that these changes will be described in the February budget papers.

7.2.4 The summary table below shows the proposed areas for redesign:

Service redesign	Outcome
Implementation of neighbourhood model	<p>Integrated coordination of the teams that deliver the most important tasks needed to keep our streets and spaces clean, safe and enjoyable.</p> <p>An enhanced capability and capacity for working with our communities embedded in these teams.</p> <p>A community asset strategy which is visible and connected to our communities</p>
Redesign of Resident services	<p>A shift to digital first delivery where residents are able to find the information and advice they need online from the council and the community.</p> <p>Staff being freed up to focus on tackling more complex issues and proactive work that can then prevent residents falling into crisis.</p>
Implementation of job families, starting with participation and surveying - job families are a key element of the organisational design and enable us to better manage staff development and capacity	<p>As a starting point:</p> <ul style="list-style-type: none"> ● Bringing together staff who support our engagement and participation to focus on key areas where communities can make a difference. ● Reviewing our building surveying resources and capabilities to ensure that we can offer a flexible and resilient approach to meeting our regulatory requirements and respond to priorities as they arise. ● Reviewing our data and digital capabilities to reflect our ambition to shift to a digital first model

Implementation of new housing design	A resilient housing model that improves our work on overall Housing Strategy and includes a focus on homelessness prevention, our tenancy sustainment work and also continues the improvement work for Adur Homes
Redesign of community capacity and resilience	A redesign of our delivery model which means that staff are deployed alongside delivery teams to help residents stay safe, well and support communities to make a difference themselves to their streets and spaces.

7.2.5 As part of the budget development work the vacancy control impacts from the 23/24 spending review will be reviewed and the organisational redesign work will seek to maximise the use of vacancies, as well as the reviews of agency and consultancy spend completed in 23/24 in order to achieve the organisational redesign financial target.

7.2.6 Further service reviews are also planned going forward:

- Redesign work in the Waste service is anticipated once the impact of the environment bill is understood and preparatory work in the form of a rounds review is already underway to support this.
- A review of the bereavement service delivery and pricing model is also planned.
- Further discovery work will be undertaken over the coming months to add to this pipeline of organisational redesign work.

7.3 Review of contracts and services

7.3.1 The procurement team has generated detailed data analytics to drive a review of contract spend by services. So far, this has generated a number of successful reviews of external spend that have positively impacted the in-year position but will also impact 2024/25 and beyond, such as Place & Economy (£187k), security (£28k), digital (£48k), change to parking payment provider (£16k), storage (£12k), community infrastructure (£15k), community transport (£8k).

7.3.2 Significant external spend areas are under close scrutiny through the budget management (triage) controls include

- Consultancy
- Agency (£81k reduction in-year)
- Repairs and maintenance

7.2.3 There are further significant contract and procurement spend areas under examination. These include housing needs (£10m year to date), insurance (£1.2m), printing and postage (£1m) and planning (£1m). Whilst these have already been subject to review by services, a corporate approach is being taken to support further analysis through a group led by the Director for Sustainability & Resources. The procurement team is receiving support from Brighton & Hove City Council to examine opportunities, including options for contract re-negotiation, value engineering and re-tendering.

7.2.4 The Procurement team continues to work to ensure that we maximise value for money while delivering social, economic and environmental benefits against our economic principles. The Procurement Strategy is under review (by March 2024) to ensure good practice maximises these principles. For example:-

- A greater emphasis on the benefits of local procurement (by County)
- The need to support small and medium sized enterprises; and
- Greater emphasis on maximising our social value as well as our sustainability requirements.

7.3.3 We have stepped up procurement training and implemented triage controls on all purchase requisitions, reviewed on a daily basis. Spend requests above £25k are submitted through an “Exceptions Form” which requires the requestor to provide an explanation for the proposed spend. Whilst the opportunities for spend reduction have been relatively limited, this process is providing valuable insight into our spend patterns and longer term opportunities for change.

7.4 Development of commercial income proposals

7.4.1 Both councils continue to drive significant benefits from fees and charges as well as commercial work such as the green waste service. These income streams are monitored on a regular basis and are assessed and amended against market conditions, competition and level of demand. At this stage of budget development options for changes to fees and charges have been developed for each council and will now be discussed in detail.

- 7.4.2 As with other Councils around the country, there is a real need to generate income to support the overall budget position due to the reduction in the central government grant. The balance in fees and charges and the delivery of services is carefully considered in this context.
- 7.4.3 For the majority of the income lines it should be noted that the councils invest capital funding to maintain or replace equipment or infrastructure associated with these income lines, therefore this estimated additional income contributes to ongoing maintenance or replacement. For example, the councils periodically invest in waste vehicles to ensure the commercial and green waste services can be delivered.
- 7.4.4 The portfolio of commercial lines flows across a number of departments and portfolio holders, whilst it should be noted that some commercial activity is weighted to each council depending on the activity and level of activity. For example, for Worthing there is a higher volume of car parking and beach huts, whilst street markets are solely delivered in Adur.
- 7.4.5 Fees and charges are set by Directors, Assistant Directors and Heads of Service in consultation and agreement with relevant Cabinet members. These charges can be amended or changed throughout the year but most follow an annual cycle, whether calendar year or financial year. It should be noted that car parking pricing must follow a statutory process.
- 7.4.6 The estimated budget impact has been modelled on a minimum inflationary increase of 3% increase, whilst some are projected to increase to match the current inflation level of 6.3% or beyond. The commercial services highlighted in the table in appendix three signal those services that are estimated to rise above the minimum 3%. A number of these income lines have been reviewed and assessed to ensure the correct governance process is in place and any change in the pricing can be made ahead of the next billing cycle, whether calendar or financial year.
- 7.4.7 Whilst the figures in Appendix 3 are estimates, these are based on realistic and detailed modelling. The 2024/25 budget assumptions at the current time include some income uplift projections, in addition to the standard 3% increase on commercial income factored into the Medium Term Financial Plan budget with an overall estimated impact of £37k for Adur and £132k for Worthing.

7.4.8 Whilst the councils are assuming an increase on the pricing associated with off-street car parking, and the project uplifts are shown in the table above, the overall budget is still behind anticipated levels following the pandemic and the shift in working patterns to hybrid and home based working. For 2024/25 the council's assume that any additional income will assist in meeting the actual shortfall seen in previous financial years.

7.4.9 Whilst the majority of commercial income follows the financial year, bereavement services set and implement fees in January each year to ensure the council is competitive in the market. This service is recommended for a minimum 3% increase for 2024/25 and a separate paper under delegated decision is being considered by Cabinet members.

7.4.10 Outside of bereavement services, the rest of the fees and charges increases will be considered by individual Cabinet members through December - January with the final recommendations for 2024/25 pricing being signed off in February 2024.

7.5 Work to manage the impact of increasing housing need

7.51 In addition to the rising demand in housing needs and for TA, it is important to note the key pressures around a lack of move on accommodation for households (general needs and suitable supported accommodation), which results in blockages in TA, which is the most expensive type of accommodation. Increased complexity in the caseload of people presenting - mental health, domestic abuse, substance abuse etc - is exacerbating these pressures. .

7.52 To address this issues, there are several work streams underway / being developed:

i) The development of an acquisitions programme to provide more affordable TA and reduce our reliance on expensive nightly 'spot purchased' accommodation. The aim is to replace expensive spot purchased accommodation and move towards 90% of our TA being owned or leased. There is a good pipeline of TA coming through which is significantly reducing the Councils expenditure but despite this we are still anticipating a shortfall of 129 units for WBC and 52 for ADC.

ii) Work is well underway to continue to supply move-on accommodation. Working with private landlords through the council's UKHA award-winning 'Opening Doors' private sector letting service, our focus is on the supply of good quality and affordable privately rented homes for people with

housing needs. This has provided homes to over 100 households since its inception with an additional 67 properties in the pipeline that are expected to be occupied by the end of Q2 2024. However this is becoming increasingly challenging due to levels of rent that the Council can offer.

iii) Both authorities continue to address the high percentage of out of area placements (60% for WBC and 90% for ADC, compared to the national average of 28.6% (DLUCH 2023)) by securing more accommodation within Adur and Worthing to meet out statutory requirements, enable households to stay close to their networks and enable better and more efficient support to be delivered.

iv) Work is progressing with partner organisations through the new Adur and Worthing Homelessness Prevention Board, to develop a shared systems approach to homelessness prevention and to develop more joined up commissioning strategies for households.

v) There is a greater focus on prevention being developed within the teams, which is being delivered through our Proactive programme, focusing on targeting and supporting people with debt and in financial needs. This will be further developed through the organisational redesign to strengthen and focus prevention work across the Communities Directorate.

vi) Work is also being developed to review the caselist for TA to ensure that cases are more effectively triaged, that external funding is being used well to support people in debt/crisis to sustain tenancies and to move out of TA into move on accommodation.

7.6 Review of major projects

7.6.1 The context for the delivery of major development projects has changed significantly in recent years. Construction price inflation and supply chain uncertainty have undermined confidence in the development sector and we have seen the impact most recently in the foreclosure of a number of building companies.

7.6.2 These factors, combined with a lack of certainty over the availability of public funding for regeneration and the added financial pressures Worthing faces, have informed a review of our approach to delivering our strategic objectives and unlocking major development opportunities. The review has focussed on a number of major, complex projects at various

stages of delivery and has focussed on:

- assuring ourselves of our approach to each project;
- testing our original assumptions and success measures are still valid; and
- reviewing each project through the lens of a successful exit strategy.

7.6.3 This approach will enable the councils to take a proportional, and risk appropriate approach to each project and to best manage and realise our assets. For Worthing, as we go forward, this will mean more often seeking a development partner (Union Place) or pursuing a responsible approach to disposing of our land interests (Teville Gate) whilst ensuring that we maintain a clear focus on ensuring that our strategic objectives will still be delivered.

7.6.4 For Adur, the focus will be very much about working with development partners and the statutory agencies to capture the development premium and ensure that this is invested responsibly in the infrastructure needed to support development. This is exemplified by the complex challenges presented by the development of the Western Harbour Arm at Shoreham Harbour.

8. Conclusion

8.1 The Councils continue to deal with the impact of changes to Government funding and the impact of the current economic downturn whilst building capacity in the budgets to take forward the key priorities of the Councils and where possible rebuild reserves. This year the increase in housing need is an accelerating pressure that is rising at a concerning rate for us and for all housing authorities. There is no prospect of any easing of the financial pressure for the next few years given the current economic challenges and so this paper outlines some major shifts in assumptions and delivery models which accelerate work to reshape the organisation.

8.2 The both Councils are on track to set a balanced budget for 2024/25 which will not rely on the use of reserves, however there are still external uncertainties (such as settlement) which will impact this work. The Joint Strategic Committee has contributed over £2.6m in proposed savings to meet this challenge. There is a significant programme of change required to be delivered by 31st March 2024 in order to secure this budget position, and the Chief Executive has established a Budget Challenge programme to drive and track delivery.

8.3 The report to be presented to members after Christmas will bring together

any last changes to the revenue budget together with the implications of settlement and the final forecast of business rate income on the Councils' ability to fund the joint services.

9. Engagement and Communication

- 9.1 The Councils have conducted a budget consultation and the results are a separate paper on the JSC agenda.
- 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 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.
- 11.2 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 2024/25.
- 11.3 There are a range of safeguards in place that help to prevent local authorities overcommitting themselves financially. These include a duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirement
- 11.4 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

Report to Joint Strategic Committee 7th February 2023 - Final Revenue Budget Estimates for 2023/24

Report to Joint Strategic Committee 11th July 2023 – Financial Performance 2022/23 - Revenue outturn.

Report to Joint Strategic Committee 11th July 2023 – Developing a revenue budget for 2024/25 in difficult economic circumstances.

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SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Matter considered and no issues identified

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

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

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and no issues identified

3. ENVIRONMENTAL

Matter considered and no issues identified

4. GOVERNANCE

Matter considered and no issues identified

Appendix 1

JOINT SERVICES						
Revenue Budget Summary Statement 2024/25- 2028/29						
	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	26,347	26,347	26,347	26,347	26,347	26,347
External Economic Factors						
Inflation on Pay:						
- Assumption of 4.5% increase in 2024/25 and 2% in future years		1,529	2,358	3,186	3,995	4,822
- Impact of 2023/24 pay award (average of 5.8% against a budget of 4.5%)		370	377	385	393	401
Inflation on Costs:			-	-	-	-
- Standard assumption of 3% in 2024/25 and 2% in Future years		134	226	319	415	512
Inflationary increase on income (Commercial activities and Fees and Charges):						
- Standard assumption of 3% in 2024/25 and 2% in Future years -		(177)	(299)	(423)	(550)	(679)
Council Commitments to services and long term obligations						
Review of clinical waste budgets		30	30	30	30	30
Provision for new growth items		100	200	300	400	500
Net cost to be reallocated to the Councils	26,347	28,333	29,239	30,144	31,030	31,933
Adur District Council	10,590	10,590	10,590	10,590	10,590	10,590
Worthing Borough Council	15,757	15,757	15,757	15,757	15,757	15,757
Total income for services provided to the constituent councils	26,347	26,347	26,347	26,347	26,347	26,347
(Surplus) / Shortfall in Resources	-	1,986	2,892	3,797	4,683	5,586
Savings identified to date:						
Corporate initiatives (Directorate Services Review)		150	483	824	841	858
Organisation Redesign		2,520	2,570	2,622	2,674	2,728
Total savings identified		2,670	3,053	3,446	3,515	3,585
Savings still to be found/ (surplus)		(684)	(161)	351	1,168	2,001
Savings required in each year		1,986	906	905	886	903

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2024/25- 2028/29						
	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation	10,610	10,610	10,610	10,610	10,610	10,610
Base budget						
External Economic Factors						
Inflation on Pay:						
- Assumption of 4.5% increase in 2024/25 and 2% in future years		681	989	1,335	1,675	2,022
- Impact of 2023/24 pay award (average of 5.8% against a budget of 4.5%)		152	155	158	161	164
		-	-	-	-	-
Inflation on Costs:						
- Assumption of 3% in 2024/25 and 2% in Future years		157	265	375	487	601
Inflationary increase on income (Commercial activities and Fees and Charges):						
- Standard assumption of 3% in 2024/25 and 2% in Future years. The impact of increases above are included within commercial initiatives below.		(166)	(280)	(396)	(514)	(635)
Investment income		65	84	100	156	143
Impact of rate revaluation 2022		5	8	29	30	31
Council Commitments to services and long term obligations						
Local Elections (held every other year)		(18)	-	(19)	-	(20)
Heat Network		10	10	10	10	10
Nature restoration projects - to fund capital and revenue impacts of any proposals		100	100	100	100	100
Capital programme financing costs		20	185	515	658	917
Impact of Triennial review: Reduction in back funded contributions ¹		(95)	(190)	(190)	(190)	(190)
Final cost of new leisure contract		(99)	(99)	(99)	(99)	(99)
Renewal of insurance contract		135	135	135	135	135
Increase in Audit Fees		40	40	40	40	40
Other items						
Removal of one-off growth associated with the local plan review		(50)	(150)	(150)	(150)	(150)
Increase in Housing Needs		100	100	100	100	100
Review of clinical waste budgets		12	12	12	12	12
Removal of contingency budget created by one off resources in 2023/24		(123)	(123)	(123)	(123)	(123)
Planned increase to the Strategic Property Management annual provision		100	200	300	400	500
Contingency budget - to build reserves		100	100	100	100	100
Allowance for committed growth items		30	100	170	240	310

¹ The triennial review is carried out by the actuaries for all of the West Sussex LGPS pension funds.

Provision for new growth items to be agreed later in the process - Investment in services		100	200	300	400	500
Total Cabinet Member Requirements	10,610	11,866	12,451	13,412	14,238	15,078
Business Rates - Baseline funding	1,832	1,924	1,962	2,001	2,041	2,082
Add: Retained additional business rates	1,066	1,422	1,444	1,107	754	384
Add: Share of previous year's surplus / (deficit)		-				
Council Tax						
Council Tax income - assumed increase of 2% per annum	7,107	7,405	7,570	7,739	7,911	8,087
Other grants						
New homes bonus - One off payments	79	-	-	-	-	-
Lower Tier Services Grant / Revenue Support Grant	74	74	74	74	74	74
Local Tax Guarantee Scheme - Council Tax	59	-	-	-	-	-
Services Grant	69	-	-	-	-	-
Funding guarantee	227	227	-	-	-	-
Collection fund surplus/deficit (-)	97	(146)	-	-	-	-
Total Income from Grants and Taxation	10,610	10,906	11,050	10,921	10,780	10,627
(Surplus) / Shortfall in Resources	-	960	1,401	2,491	3,458	4,451
AMOUNT REQUIRED TO BALANCE BUDGET	-	960	1,401	2,491	3,458	4,451
Savings Proposed						
Asset review and rationalisation (Commercial Landlord Programme)		30	60	90	120	150
Directorate Services Review - Savings (from Initiatives Tracker)		152	243	337	344	351
Directorate Services Review -Additional Income (from Initiatives Tracker)		41	42	43	44	45
Organisation Redesign		1,008	1,028	1,049	1,070	1,091
Total initiatives identified		1,231	1,373	1,519	1,577	1,637
Cumulative savings still to be found/ (surplus)		(271)	28	972	1,880	2,814

WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2024/25- 2028/29						
	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	14,189	14,189	14,189	14,189	14,189	14,189
External Economic Factors						
Inflation on Pay:						
- Assumption of 4.5% increase in 2024/25 and 2% in future years		1,031	1,484	2,004	2,515	3,034
- Impact of 2023/24 pay award (average of 5.8% against a budget of 4.5%)		230	235	240	245	250
		-	-	-	-	-
Inflation on Costs:						
- Assumption of 3% in 2024/25 and 2% in Future years		494	833	1,179	1,532	1,892
Standard assumption of 3% in 2024/25 and 2% in Future years. The impact of increases above are included within commercial initiatives below.						
- Assumption of 3% in 2024/25 and 2% in Future years		(464)	(783)	(1,108)	(1,440)	(1,778)
Investment income		(142)	(88)	(164)	(48)	(48)
Impact of business rate revaluation 2017		12	18	50	3	3
Council Commitments to services and long term obligations						
Local Elections (held every other year)		-	(50)	-	-	-
Brooklands improvement programme - net costs		16	20	20	20	20
Heat Network		121	225	225	225	225
Redevelopment of Union Place - Phase 1						
- Loss of income from High Street surface car park		52	52	52	52	52
- Other costs		5	5	5	5	5
Teville Gate - MRP costs if not sold		-	73	75	77	79
Grafton Site - Loss of income		-	83	83	83	83
General provision for future impact of new policy commitments		-	-	200	400	400
Capital programme financing costs		338	1,244	1,712	2,046	2,366
Impact of Triennial review: Reduction in backfunded contributions ²		(163)	(358)	(358)	(358)	(358)
Impact of new insurance contract		161	161	161	161	161
Increase in Audit Fees		40	40	40	40	40
Reduction in WTAM leisure contract		(23)	(23)	(23)	(23)	(23)
Other items						
Reassessment of the net cost of bereavement services		500	500	500	500	500
Removal of temporary rental income from Liverpool Gardens (for 2023/24 only)		48	48	48	48	48
Review of budgets for car parks		250	250	250	250	250

² The triennial review is carried out by the actuaries for all of the West Sussex LGPS pension funds.

Review of clinical waste budgets		18	18	18	18	18
Increase in Housing Needs		150	150	150	150	150
Planned increase to the Strategic Property Management provision		100	200	300	400	500
Contingency provision - to build reserves		200	200	200	200	200
Allowance for committed growth items		129	200	320	440	560
Provision for new growth items to be agreed later in the process		250	370	490	610	730
Total Cabinet Member Requirements		14,189	17,542	19,345	20,907	22,389
Business Rates - Baseline funding	2,793	2,933	2,992	3,052	3,113	3,175
Add: Retained additional business rates	1,049	1,062	1,071	823	560	284
Add: Share of previous year's surplus / (deficit)	(473)	(129)				
Council Tax						
Council Tax income - assumed increase 2% per annum	10,232	10,426	10,676	10,933	11,197	11,466
Other grants						
New homes bonus - One off payments	125					
Lower Tier Services Grant / Revenue Support Grant	109	109	109	109	109	109
Local Tax Guarantee Scheme - Council Tax	37		-	-	-	-
Services Grant	104					
Funding guarantee	256	256				
Collection fund surplus/deficit (-)	(43)	69	-	-	-	-
Total Income from Grants and Taxation	14,189	14,726	14,848	14,917	14,979	15,034
(Surplus) / Shortfall in Resources	-	2,816	4,497	5,990	7,410	8,563
AMOUNT REQUIRED TO BALANCE BUDGET	-	2,816	4,497	5,990	7,410	8,563
Savings Proposed						
Asset review and rationalisation (Commercial Landlord Programme) - remaining balance of target		208	331	383	435	487
Caravan Club - additional sale value - £1.8m (after debt) (Base budget includes the assumptions that the sale of Southdown View Road and Caravan club Site for £2m and £7m)		142	142	142	142	142
Integrated Care Centre and car park - net of debt charges		-	143	143	143	143
Commercial Initiatives (From Initiatives Tracker)						
Directorate Services Review - Savings (from Initiatives Tracker)		603	841	1,176	1,176	1,176
Directorate Services Review - Additional Income (from Initiatives Tracker)		164	168	171	164	164
Organisation Redesign		1,512	1,542	1,573	1,605	1,637
Total initiatives identified		2,629	3,167	3,588	3,675	3,762

Cumulative savings still to be found/ (surplus)					
	187	1,330	2,402	3,735	4,801

Appendix 2

Committed growth items:		Expected cost (cumulative)								
		2024/25			2025/26			2026/27		
Description	Comments	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Impact of increased external audit fees			40,000	40,000		40,000	40,000		40,000	40,000
Total growth			40,000	40,000		40,000	40,000		40,000	40,000
Reduction in allowance for committed growth			-40,000	-40,000		-40,000	-40,000		-40,000	-40,000
Net growth identified			0,000	0,000		0,000	0,000			0,000

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ADUR & WORTHING
C O U N C I L S

Joint Strategic Committee
7 December 2023

Key Decision: Yes

Ward(s) Affected:
Marine

Adur and Worthing strategic acquisition approach for Temporary Accommodation

Report by the Director for Housing and Communities

Officer Contact Details: Steve.hay@adur-worthing.gov.uk

Executive Summary

1. Purpose

1.1 This report updates Members on the strategic acquisition programme to acquire more affordable temporary accommodation (TA). The purpose is to reduce the extraordinary cost pressures of meeting our housing duties to place homeless households in more affordable accommodation, compared to using more expensive nightly-booked accommodation (which is subject to fluctuating and expensive rates that change during peak periods), and to secure better quality accommodation, enabling more people to remain closer to their local families and social networks.

1.2 The report highlights the data informed approach that is being used to assess demand and supply and the good progress being made to reduce overall spend. It seeks Member approval on a future approach to acquiring long-term leases and service level agreements using delegated authorities governance, due to the significant spend being incurred on this type of accommodation.

1.3 Finally, the report requests approval to enter into two separate service level agreements (SLAs), for temporary accommodation service provisions with accommodation nomination rights to enable Worthing Borough Council (WBC) and Adur District Council (ADC) to fulfil their statutory housing duties under S188 and S193 of the Housing Act 1996.

2. Recommendations

2.1 Recommendation 1: To acknowledge the progress made to date by using long-term leases and service level agreements to reduce budget pressures and improve our provision of temporary accommodation having regard to the financial implications in this report.

2.2 Recommendation 2: Subject to the information contained in this report and the exempt appendix, to authorise the Director for Housing and Communities to enter into two separate new 5-year service level agreements (containing a 3-year break clause) with Revival Investments Limited for the acquisition of nomination rights to 37 units of managed temporary accommodation, with one service being located at High Street, Littlehampton, and another combined service at Goring Road and George V Avenue, Worthing, to enable the councils to discharge the housing duties owed to homeless households under S188 and S193 of the Housing Act 1996.

2.3 Recommendation 3: To note and approve that authorisation to enter into contracts for acquisition of temporary accommodation by way of long-term leases and service level agreements will continue to be obtained using the existing delegated authorities and governance arrangements set out at paragraph 4.3 below.

3. Context

3.1 The Councils' have a statutory duty to provide TA for those owed a relief or full housing duty in accordance with Part VII of the Housing Act 1996 and the Homelessness Reduction Act 2017. Councils who fail to fulfil their statutory duties can be subject to judicial review and financial penalties, which would be damaging to the councils reputation as well as placing additional financial burdens.

3.2 Like many other councils up and down the country, the number of homeless households in TA is rapidly increasing for both our Councils. Between April 2020 to March 2023, the number of households in TA increased from 136 to 348 for Worthing Borough Council and from 46 to 91 for Adur District Council and our costs are continually rising in line with this. Expenditure on TA now poses a significant risk to the councils' budgets and therefore reducing this by using more cost-effective options to acquire suitable TA remains an urgent priority.

3.3 On 31st October, Adur and Worthing Councils took part in an emergency summit co-hosted by Eastbourne Borough Council and the District Councils Network with

119 council leaders who signed a letter to the Chancellor requesting action on the homelessness and temporary accommodation crisis that threatens the financial sustainability of councils and the vital services upon which the most vulnerable people in our society rely. The letter has received cross-party consensus and is signed by councils from across the country led by Labour, Conservatives, Liberal Democrats, the Green Party and Independents.

3.4 As the impact of high interest rates and inflation has taken effect, rents have risen and the disparity between the LHA rate and market rents have grown to unaffordable levels, leading to an increase homelessness and a further reduction in the availability of affordable private rented accommodation. The Chancellor of the Exchequer has confirmed in the Autumn Statement that the LHA rates are to be unfrozen and rates will be increased to equal the 30th percentile of an area's market rents in 2024/25; however, the actual financial benefits for individuals and the impact that this will have on reducing homelessness are unknown until the new LHA rates are published in April 2024. It should also be noted that this is a temporary measure and that any benefits of this change will not directly benefit the Councils' budgets.

3.5 One method which has been successfully adopted in Adur and Worthing to lower our costs and improve the suitability of TA is to secure accommodation using long-term leases and service level agreements (SLAs), as they are usually cheaper and more suitable than nightly-booked accommodation. The majority of our lower-cost provision is delivered in this way as most TA providers will lower their nightly rates in exchange for the benefits of the financial stability and security of a long-term council contract. These contracts can also help providers to secure vital funding for building new accommodation or for the conversion or refurbishment of existing buildings.

3.6 The key benefits for the councils with this arrangement are the ability to secure a medium to long-term provision of suitable TA and the savings made to the TA budget, plus the fixed-price costs enable the Councils' to more accurately estimate future budgets. In comparison, nightly-booked accommodation is often unreliable due to the short-term nature of the arrangement, and costs are more difficult to forecast as prices are often high and vary significantly. For example during school holiday periods. This also enables the Councils' to have more control over where this accommodation is located and thereby reduce the need for people to be placed away from their social networks.

3.6 Contracting TA not only reduces expenditure by reducing reliance on nightly-booked accommodation, but it also enables us to improve the standards of TA and its amenities for those experiencing homelessness as well as enable improved budget forecasting on TA spending.

3.7 Alongside increasing temporary accommodation the current and future Housing Strategies will address the need to increase supply of affordable homes and move on accommodation to reduce the reliance on temporary accommodation and enable homelessness to be prevented.

4. Issues for consideration

4.1 Progress to date

4.2.3 The programme to date has secured a strong pipeline of more affordable TA for the Councils and brought about significant savings, when compared to more costly nightly-booked accommodation, including:

- We currently have 15 long-term service level agreements and leases ranging from 2 to 7 years in length.
- It is important to note that each contract has a 2 or 3 year break clause that enables the Councils' to terminate the agreement early should the accommodation no longer be required. The lease start dates are also staggered throughout the year, increasing flexibility to terminate contracts should the need arise. The only exceptions to this are the two contracts, one for a site in Worthing, and one for a site in Bognor Regis, which are 5 years with the option to extend for a further 5 years subject to further Cabinet Member approval. The start dates of the contracts are staggered throughout the year
- These provide 144 units of TA across both councils, equating to 28% of our total TA stock across both councils.
- These contracts save an estimated £1.5m annually compared to nightly-booked alternatives.
- Two further contracts have received Cabinet Member approval - a site in Worthing (subject to planning) and a site in Bognor Regis. These are anticipated to be available for occupation from the end of Q3 2024 and will deliver further savings.

4.2 TA Supply Requirements and Pipeline

4.2.1 The tables below show the results of a TA analysis from September 2023 and include the estimated number and type of properties that are needed to replace 90% of our existing expensive nightly-booked flats and bed and breakfast accommodation and meet new demand for the next 24 months. They also show the current pipeline accommodation, of which the SLAs requiring approval in this report are included. Despite having a healthy pipeline we are still anticipating a shortfall of 129 units for Worthing and 52 for Adur.

4.2.2 Reducing our reliance on nightly-booked accommodation is conducive to lowering expenditure. The long-term ambition for the councils is to replace 90% of our current nightly-booked TA with owned, leased or SLA arrangements, with a target for the TA mix to be approximately 40% owned, 50% leased/SLA and 10% nightly-booked to retain some stock which can be terminated with immediate effect and allow us to serve notice on other stock as required should demand decrease.

4.2.3 As part of the review of our Temporary Accommodation Placement and Procurement Policy, the % mix of accommodation types will be reviewed to take account the development pipeline for owned stock.

Estimated TA Supply Requirements WBC to end Sept 2025							
	Room/studio: Medium/Complex needs singles (80%)	Room: general needs singles (20%)	Studios	1 bed	2 bed	3 Bed	TOTAL required
No of units required to replace current spot	97	24	39	45	8	2	215
Estimated demand to Sept 2025(+5.6 per month, +67 per annum)	60	14	24	28	6	2	134
Less 10% retention of current nightly-booked	-10	-2	-4	-5	-1	0	-22
Less pipeline-leased/SLA in next 24m	-105	-33	-26	-28	-6	0	-198
Less pipeline-owned in next 24m	0	0	-3	-9	-4	0	-16
TOTAL additional accommodation required	42	3	30	32	3	4	114

Additional accommodation required by tenure WBC to end Sept 2025							
50% leased/long term SLA	21	2	15	16	2	2	58
40% purchased	17	1	12	13	1	2	45
10% spot booked	4	0	3	3	0	0	11

Estimated TA Supply Requirements ADC to end Sept 2025							
	Room/studio: Medium/Complex needs singles (80%)	Room: general needs singles (20%)	Studios	1 bed	2 bed	3 Bed	TOTAL required
No of units required to replace current spot	28	7	7	9	2	0	53
Estimated demand to Sept 2025(+1.6 per month, +19 per annum)	18	6	6	6	2	0	38
Less 10% retention of current nightly-booked	-3	-1	-1	-1	0	0	-6
Less pipeline-leased/SLA in next 24 months	-22	-5	0	0	0	0	-27
Less pipeline-owned in next 24 months	0	0	0	-3	-3	0	-6
TOTAL additional accommodation required	21	7	12	11	1	0	52

Additional properties required by tenure ADC end Sept 2025							
50% leased/long term SLA	11	4	6	6	1	0	27
40% purchased	8	3	5	4	0	0	21
10% spot booked	2	0	1	1	0	0	4

4.2.4 Our strategy and approach to TA acquisitions will be included within the TA Placement and Procurement Policy which is due to be updated by the end of 2023/24.

4.3 Governance

4.3.1 Our current governance arrangements are that where there is an approved budget, there are currently two separate officer delegations in place for the acquisition of TA as follows:-

- At 3.1.8 of the Scheme of Delegations to enter into a Lease, in consultation with the Leaders, Cabinet Members for Resources and Chief Finance Officer; and
- At 2.6.8 of the Scheme of Delegations to enter into a Service Level Contract and in accordance with Councils' contract standing orders. This requires consultation with the Chief Financial Officer, Assistant Director for Legal and Democratic Service and a report to Cabinet Members for a joint decision.

4.3.2 These Delegations are crucial to the effective delivery of TA for the following reasons:

- It enables the Councils' to act promptly when providers come forward with new proposals.
- Providers often require a quick decision to be able to purchase the property and have contracts in place to secure the necessary finance.
- They avoid delays in decision making avoiding continued use of alternative more expensive nightly-booked accommodation.
- The market is very competitive and delays can cause lost opportunities.

4.3.3 The Committee is being asked to approve the two SLAs referred to in this report as the cumulative effect of the SLAs is likely to take the Councils over the budgeted net forecast spend for emergency accommodation 2023/24 budgets. The authority to enter into these two SLAs therefore has both resource and housing portfolio implications and is a cross-portfolio decision for the Committee as opposed to an individual Cabinet Member.

4.3.4 Continuing this strategic approach to the acquisitions of TA means that the Councils':

- Continue to be able to secure more affordable TA at a time of significant demand;

- Continue to secure more suitable accommodation for residents, within more suitable geographical distances to enable more people to have access to their support and social network.

4.3.5 It is important to note the data informed approach that is being used to monitor current and projected future demand for this accommodation, from which officers are able to forecast the number of units required.

4.3.6 Whilst this programme is an important part of our strategy, it is also important to note that there are small risks associated with acquiring this accommodation, should homelessness demand reduce during this period and the Councils were in a position of oversupplying TA. However, reduced demand to this extent is unlikely given the pressures in the medium term. Secondly, in this case, we will be able to reduce any liabilities arising from over supply by:

- Reducing / ending any use of nightly-booked accommodation and using these leases / SLAs in their place;
- Ending some of the leases / SLAs through initiating break clauses (available within two years of any lease/SLA);
- Leasing out any over supply to other local authorities and providers until leases / SLAs are ended.
- Quarterly reviewing of our TA demand projections based on the current position.
- Ensuring all of our current contracts start and end at different times and vary in length. This enables us to gradually drop off a proportion of our TA if it is no longer required.

4.3.7 It is therefore recommended to continue with this approach subject to the following criteria being met:

1. Sufficient demand has been confirmed through a quarterly analysis of supply and demand based on current projections which will be reviewed quarterly at the Affordable Homes Group.
2. The combined total net annual expenditure of contracted TA must not exceed the approved annual TA budgets.
3. Where the councils have a confirmed overspend, approval to enter into any new contracts will require further Committee approval via delivery of a report to the Joint Strategic Committee.

5. New contracts for approval

5.1 The Committee is asked to approve the recommendations within this report to enable officers to enter into two separate service level agreements with the same provider for the provision of TA for single people:

- One HMO with shared facilities in Littlehampton
- A combined service across two properties in Worthing
- Total number of units is 37
- 5-year contracts (with 3-year break clauses)
- Part of a pathway of TA with varying levels of management intensity throughout numerous accommodation services to give people the best chance of maintaining their accommodation and achieving positive outcomes with an end goal of securing permanent accommodation
- Both services will be for single people
- Both services will be used by Adur District Council and Worthing Borough Council
- The provider is aiming to increase the energy efficiency of the properties to an EPC 'C' rating by improving the insulation and installing communal air source heat pumps for heating and hot water powered by PV solar panels, which the occupiers will financially benefit from.
- These contracts are less expensive compared to nightly-booked accommodation and will therefore not increase the overspend as they will enable the councils to move people on from costlier nightly-booked accommodation.

5.2 Service attributes:

5.2.1 Littlehampton (23 rooms):

- On-site staff during the day 9am-5pm with overnight and weekend security visits provided
- All rooms have ensuite facilities
- Shared kitchen/cooking facilities
- 10 rooms to be available from Jan 2024 with the remaining 13 rooms to be available from April 2024.

5.2.2 Worthing (14 Rooms):

Year 1:

- On-site staff during weekdays 9am-5pm with overnight and weekend security visits provided
- Shared kitchen/cooking facilities
- All 14 rooms are expected to be ready for occupation in Jan 2024.

Years 2-5:

- A minimum of two daytime visits from staff during weekdays between 9am-5pm with overnight and weekend security visits provided.
- Shared kitchen/cooking facilities

6. Other Options Considered

6.1 Spot Purchasing, also known as nightly purchased.

6.1.1 This is the practice of securing nightly-booked TA at the point of immediate need and can be an effective way of securing short term TA on an emergency basis until the Councils' determine whether a full housing duty is owed or to meet the needs of homeless households whose needs cannot be met in other TA e.g. wheelchair accessible. It is often referred to as 'interim S188 accommodation', 'emergency/temporary accommodation' or 'EA/TA'.

6.1.2 Nightly-booked accommodation is usually more expensive but offers flexibility as neither party is tied into a fixed term contract and the council is only liable for costs when in use, plus it can be terminated with immediate effect. However, a lack of alternative move-on or cheaper TA options means households are frequently left in this type of accommodation for many months, which can be very costly, particularly during peak holiday seasons when nightly rates can be as much as £200. Nightly-booked is therefore not recommended as a financially sustainable method of providing TA in the medium to long term and the council's reliance on it needs to be reduced to use when needed to meet particular households' needs or genuine emergencies e.g. fire/flood.

6.2 Purchase/Ownership

6.2.1 Having our own stock of TA is critical to ensuring the councils have a reliable and continuous source of TA to meet demand whilst also reducing expenditure. Both councils have commenced capital works programmes to purchase and develop their own TA stock. So far three buildings have been developed to create 38 self-contained flats in Worthing and one building in Adur consisting of 6 self-contained flats.

6.2.2 This is an effective long term strategy to improve suitability and lower the cost of TA and it is important that this work continues, but this is generally a slow process which takes many months or years to develop each site and therefore this in isolation is not sufficient to keep up with current demand.

7. Engagement and Communication

7.1 The commissioning of our TA is based on securing appropriate properties within or close to Adur and Worthing and we are sensitive to the location of sites where this is possible. Where there is no change of use to a building and no planning permissions required, we will not generally consult with local residents as the use of the building will remain the same. However there are a number of measures that are put into place to help alleviate any issues and pressures including:

- Feedback from our inreach staff, who support those in out of area nightly-booked accommodation, about the impact on those housed out of area and being removed from social networks, highlighting the importance of providing accommodation as local as possible to enable access to social networks and not be isolated by the distance and costs of travel. Meeting the need for those homeless and vulnerable by keeping them in the area as much as possible is important.
- Each site is assessed for its suitability and when planning permissions are required, consider the use of management plans and engagement with residents.
- When opportunities are offered for TA use, the planning process provides a framework of checks and balances to assess the need and take account of local residents' views.
- When planning permission is not required, the councils do not publicise the exact location of TA due the potential risks posed to some occupiers who may be at risk of exploitation or fleeing domestic abuse.

7.2 We do also provide opportunities for community voice within this process including:

- Local residents do have the opportunity to comment as part of any planning process where planning permission is required to establish the correct planning use for any new TA opportunities.
- All residents - including those residing in TA - are able to contact the councils' housing needs team to report any concerns regarding the management of a property or any individuals accommodated in TA in their local area. These concerns will be considered and investigated on a case-by-case basis and evidence will be collated by the housing needs team with appropriate action taken depending on the type and severity of the reported concerns, including any risks to the individual or other people residing in the TA and the impact on the wider local community.

7.3 Members should also note that work has begun on the development of our new Housing Strategy where we will define our approach to resident and service user engagement, and going forward, when and how we will consult and engage with partners and communities about housing, homelessness and about how the councils will fulfil its statutory duties to meet the needs of those experiencing homelessness whilst taking account of the communities in which they are housed.

8. Financial Implications

8.1 The Housing Needs budgets for both councils have been under pressure for some years. The councils have recognised this and have increased the Adur and

Worthing budgets for this service by £566k and £1m respectively over the last 4 years. Despite this:

- Net spending on TA has increased for both councils over the same period. In Worthing Borough Council it increased from £1.13m in 2019/20 to £2.37m in 2022/23. In Adur District Council increased from £238k in 2019/20 to £898k in 2022/23.
- The net forecast spend for 2023/24 is £2.9m for Worthing and £1.08m for Adur.
- Temporary Accommodation overspend for 2023/24 is £783,940 for Worthing and £204,990 for Adur.

8.2 The table below sets out our net annual costs for all current and pipeline long-term leases/SLAs and excludes nightly-booked. It also shows the committed spend for 2023/24 separated for each of the councils, which has been calculated using the current percentage of our total TA placements of 22% for Adur and 78% for Worthing. This shows Members that these costs will be met within the allocated annual budgets due to the savings achieved from these leases and SLAs.

Contracted Committed Annual Spend (2023/2024)

		Committed Annual Spend 2023/24	
	TOTAL Annual Contract Costs (net)	Adur	Worthing
Current long-term leases/SLA (144 units)	£277,000	£60,940	£216,060
Pipeline Approved (82 units)	£861,632	£0	£0
Pipeline requiring approval in this report (37 units*)	£407,682	£14,461	£51,271
TOTAL	£1,546,314	£75,401	£267,331

*only 24 units will be in use this financial year.

8.2 The estimated savings for the Worthing and Littlehampton sites are included in the exempt appendices. These services will be used to move people on from more expensive nightly-booked accommodation and support the work to reduce the forecast budget overspend. A recent count of our temporary accommodation has shown that we have around 78 single people in these nightly booked placements, all of which are outside of West Sussex.

9. Legal Implications

9.1 The Housing Act 1996, Part VII (as amended) sets out the circumstances when a local authority is required to provide Temporary Accommodation to homeless households. The expectations for this TA are then set out in the Homelessness (Suitability of Accommodation) (England) Order 2012. Not having a fit for purpose service will leave the councils open to a legal challenge.

9.2 Section 1 of the Localism Act 2011 empowers the councils to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.

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.

9.4 Section 1 of the Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available of assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.

9.5 Regulation 10.1 (a) of the Public Contract Regulations 2015 provides for an exclusion to usual procurement procedures for public service contracts which are for the acquisition or rental, by whatever financial means, of land, existing buildings or other immovable property, or which concern interests in or rights over any of them. This Service Level Agreement is a public service contract for the acquisition of property, services and nomination rights, falling under Regulation 10.1 (a).

Background Papers

- [Housing Strategy 2020-23](#)
- [Temporary Accommodation Placement and Procurement Policy](#)

Sustainability & Risk Assessment

1. Economic

- TA services located within our district and borough may create jobs for people in the local community.
- Providing good quality and suitable TA gives people a better chance to improve their personal circumstances. Some of the recent and pipeline services to be acquired provide access to local support to help with physical and mental health and improve their general wellbeing to give people a better chance to secure employment.
- TA acquired using long-term contracts with fixed costs will enable the councils to budget for TA more effectively and reduce costs.
- The properties requiring approval in this report are expected to lower expenditure on our TA budgets.

2. Social

2.1 Social Value

- Experiencing homelessness is often rooted in trauma and experiencing homelessness can cause trauma in of itself. Research by Northumbria University, revealed that 94% of people facing homelessness have experienced trauma that was most often complex and occurred at multiple stages throughout life, the research also concluded that until the trauma is tackled, then their homelessness will not be resolved.
- Many people are being placed in TAs that does not meet their needs due to its location, which disconnects them from their social networks and lack of amenities such as cooking facilities, and without onsite support which can hinder recovery from and perpetuate homelessness, worsening their mental health issues and increase the chances of resorting to poor lifestyle choices. Some of the services being acquired include holistic additional support that gives those who need it the opportunity to improve their mental and physical wellbeing, learn essential life-skills, prepare for work and secure permanent accommodation and receive basic support with issues associated with moving such as changing GP, change of address for medical appointments, benefits and bills.

2.2 Equality Issues

- The councils' Temporary Accommodation Placement and Procurement Policy takes into account the public sector Equality Duty (Section 149 of the Equality Act 2010) and the councils' allocation and procurement of TA will have due regard of the need to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between different groups
- Foster good relations between different groups
- Consider any household member with a 'relevant protected characteristic' when placing them in TA

2.3 Community Safety Issues (Section 17)

- To prevent occurrences of anti-social behaviour, we request from our providers that staffed accommodation is required where possible. Our providers also work very closely with the councils' accommodation team to report any issues when they occur.
- The councils' housing needs team will maintain regular contact with providers to ensure any incidents relating to the occupiers are closely monitored and appropriate action is taken to reduce or eliminate the impact on local residents. When necessary, this will result in eviction.

2.4 Human Rights Issues

- Matter considered and no issues identified.

3. Environmental

- The provider is aiming to increase the energy efficiency of the properties to an EPC 'C' rating by improving the insulation and installing communal air source heat pumps for heating and hot water powered by PV solar panels, which the occupiers will financially benefit from.
- Recycling is encouraged at all TA sites.
- Contracted TA is required to meet all housing health and safety requirements including building, fire, electrical and gas safety legislation and must be fully compliant with the Housing Health and Safety Rating System (HHSRS) as defined in the Housing Act 2004. Any HMOs will have a valid HMO licence and be inspected by a private sector housing officer upon completion.
- All required certificates in relation to electrical, gas and fire safety are obtained prior to occupation.

4. Governance

- As set out at clause 4.3 of this report.



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 December 2023

Key Decision [Yes]

Ward(s) Affected: All

Digital Rapid Improvement Programme - Impact Report

Report by the Director for Sustainability & Resources

Officer Contact Details

Name: Adam Saunders

Role: Head of Technology & Design

Email: adam.saunders@adur-worthing.gov.uk

Executive Summary

1. Purpose

- 1.1. This report aims to offer members a thorough summary of the Digital Rapid Improvement Programme's progress from April 2023 onwards. It seeks to provide an update on the savings achieved thus far and a cumulative projection for future years.
- 1.2. To demonstrate the programme's value and its critical importance going forward as the Councils continue to undertake significant organisational redesign with the need to create simplified and digitised processes and systems that reduce costs and improve resident experience.
- 1.3. To test the introduction of artificial intelligence as a digital capability that could generate significant improvements, efficiencies and improved resident experience, while ensuring safety and adherence to information governance and cyber-security standards.

2. Recommendations

- 2.1. The Joint Strategic Committee is invited to consider the following recommendations in relation to the ongoing implementation of the Digital Rapid Improvement Programme:
- 2.2. The Joint Strategic Committee is recommended to
 - (i) Acknowledge the current 5-year forecasts.
 - (ii) Acknowledge the proposed savings.
 - (iii) Support the allocation of an additional £250k to fund the resources required to support the Rapid Improvement Programme for the fiscal year 2024/25, with an estimated payback period of 3 years.

3. Context

3.1. Background

- 3.1.1. In light of the need for swift and substantial digital transformation, essential for supporting the 2023/24 budget plan and ongoing into 2024/25 and beyond, the Digital Rapid Improvement Programme has been established to provide additional dedicated transformation capacity, providing the necessary resources to expedite rapid change. Leveraging our strong in-house expertise and low-code digital development foundations, in December 2022, the Councils agreed to invest in additional personnel and skills to enable the Digital Rapid Improvement Programme. This digital transformation initiative is foundational in realising our goals of resilience and organisational adaptability, as articulated in 'Our Plan.'
- 3.1.2. The inception of the Rapid Improvement team in early 2023 introduced a multidisciplinary group with specific objectives:
 - 3.1.2.1. Enhancing our service design and business analysis proficiency alongside our in-house development team.
 - 3.1.2.2. Stepping into services to facilitate swift process transformation and infusing innovation into change.
 - 3.1.2.3. Ultimately, enhancing the efficiency of our service teams to realise budget savings, alongside improved customer experience.
- 3.1.3. Our work program encompasses areas of transformation where we can achieve tangible financial savings and endeavours aimed at unlocking performance benefits, funding opportunities, cost reduction,

and enhancing the customer experience.

3.1.4. The team was fully assembled by June 2023 and has already collaborated with various teams, including:

- Revenues & Benefits
- People & Change (HR)
- Technical Services
- Fraud
- Waste Services
- Housing Needs
- Parks and Foreshore
- Community Support
- Adur Homes

3.2. **Financial savings & resilience**

3.2.1. **Revenues & Benefits:** Implemented online change of address forms for residents and landlords, automation of manual processes, and process enhancements to save time and enhance the customer experience. Supported the implementation of the new debt policy. This has resulted in a total revenue saving across Revenues and benefits, Customer Services, and Business Support of approximately £37,523 per year.

3.2.2. **Fraud:** Created and implemented a new fraud case management system that has generated a total revenue saving of £24,370 per year.

3.2.3. **Technical Services:** Developed and implemented a replacement work order management system and reducing printing and postage costs has led to a total revenue saving of £9,704 per year.

3.3. **Unlocking funding**

3.3.1. **Social Prescribing:** Enabled case-based data to support external funding bids for 2.3 FTE (£111k) to prevent service reduction and avoid redundancy costs.

3.4. **Cost avoidance**

3.4.1. **Adur Homes:** Assisted with systems work to enhance the printing of rent accounts, as well as rent and service charge management, has the potential to avoid a loss of income in the region of £75k

3.5. **Improving Customer Experience**

- 3.5.1. A single example of introducing the change of address online form for council tax now saves the customer nearly 12.5 minutes vs. doing this over the phone. It has led to 88% of residents rating it easy or very easy to complete. By introducing this to our website now 58% of move forms are completed online, allowing residents to do this at any time that suits them. Resident feedback: *“Much easier to sort than I anticipated, very plain English and easy to use”*

3.6. Additional Savings for Q4 2023

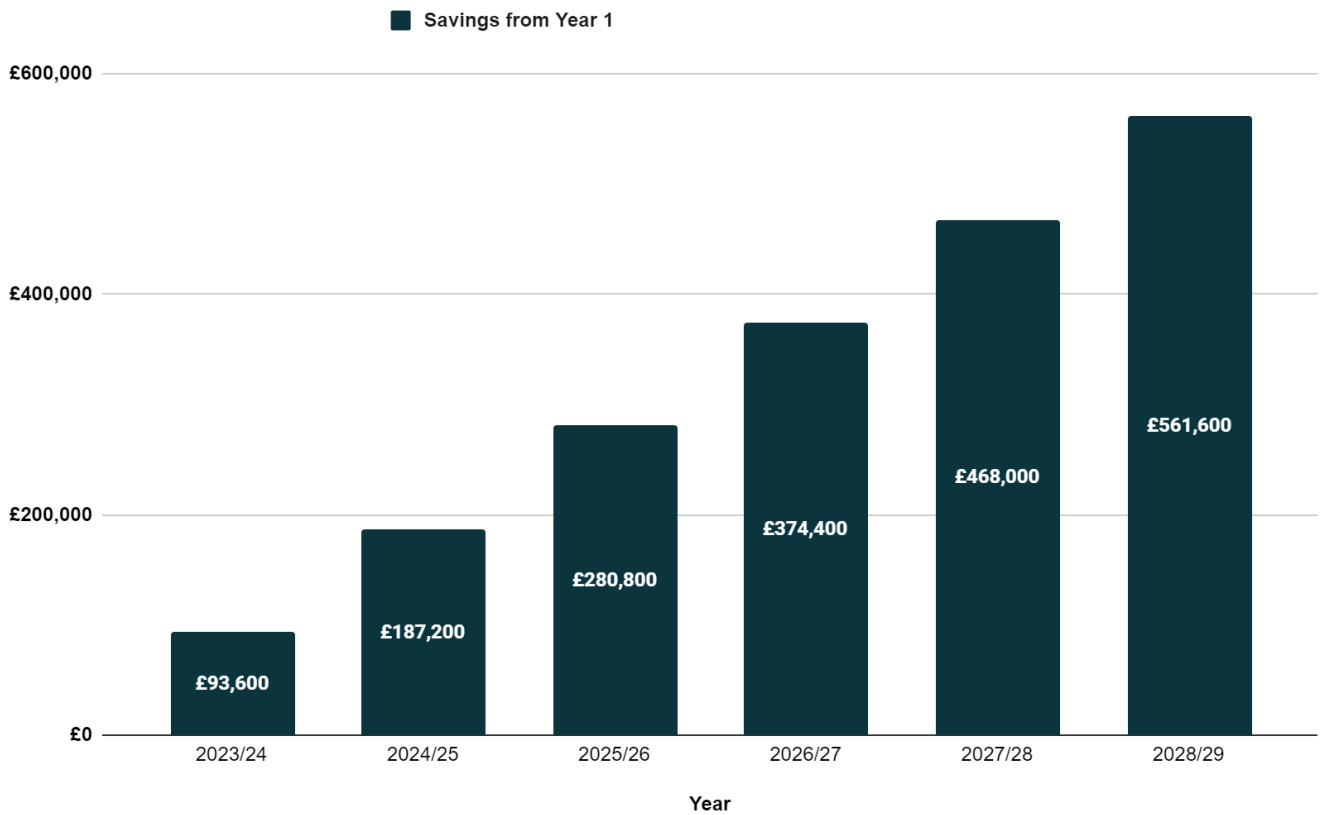
- 3.6.1. In addition to the savings realised thus far this year, we anticipate further cost reductions of approximately £20k from the following areas:
- 3.6.1.1. **Revenues & Benefits:** We project additional savings by further automating manual processes and summons checks.
 - 3.6.1.2. **Parks & Foreshore:** Optimising and digitising current workflows and systems for the handling of enquiries to reduce the volume we get, make the ones we do receive easier to handle and improve customer experience. There are a number of internal processes that can be optimised, for example the potential of daily time savings through the digitisation of vehicle checks.
 - 3.6.1.3. **Adur Homes:** Additional savings will result from automating compliance data processing, consolidating 15 sheets and 3 systems into one. We also anticipate reducing repair administration time through usability improvements and eliminating an 8-month printing backlog, enabling further recovery action.
 - 3.6.1.4. **Business Support:** Further cost reductions are expected from the automation of indexing Revenues & Benefits emails via a contact form, potentially reducing the workload by approximately 3 hours per week.
 - 3.6.1.5. **Waste - Dog Bins:** Digitising the current paper-based dog bin rounds. This will provide data to enable route optimisation, opportunity for enhanced customer service when reporting a problem and anticipated savings of 15-30 minutes daily for the administration team through reduced duplication and checking. This will also lay the foundations for digitising street cleansing and litter bin collections where there is further potential for optimisation and customer service enhancement.

3.7. Investment and future financial projections

3.7.1. The total achieved and predicted savings for 2023/24 is £93,600. This is strong performance, especially considering the team startup time, recruitment and upskilling. This will mean that the initial investment of £191,000 will nearly be realised by the end of 2024/25, i.e. in two years, with ongoing annual savings.

This is detailed in Figure 1 below.

Figure 1. Cumulative Financial Savings



3.7.2. With the current budget position, it is imperative that we can support services to move to the future faster, reduce workloads, increase income and enhance customer experience. Several new work streams have been identified and aligned to organisational design priorities.

3.7.2.1. Resident Services

3.7.2.1.1. **Customer Services** - understanding how we can reduce call volumes, make internal processes more efficient and enable Customer Services staff to focus

on calls where human interaction is crucial

3.7.2.1.2. **Revenues & Benefits** - further work to understand how processes can be automated or changed, and the cost of printing reduced

3.7.2.1.3. **Complaints** - system and process review and upgrade to help teams better handle complaints

3.7.2.1.4. **Website - paper form review** - Reviewing where we currently still have paper forms available to download on our website and exploring how these can be digitised

3.7.2.2. **Neighbourhood model**

3.7.2.2.1. **Waste & cleansing** - Digitising street cleansing and litter bin collections to increase efficiency and customer service

3.7.2.2.2. **Regenerative Development & Parks** - developing and expanding the Estates app into Parks & Foreshore, enhancing capabilities and increasing efficiency

3.7.2.3. **Planning** - Idox system implementation (invest to save)

3.7.2.4. **Core Services**

3.7.2.4.1. **Finance** - an automated financial planning tool, building on the service planning tool to provide improved data and greater resilience

3.7.2.4.2. **Procurement** - combined form for procurement, legal, digital and finance to increase efficiency

3.7.2.4.3. **Access database review** - reviewing current Access databases and exploring how they can be brought across to other systems to be more efficient, secure and resilient

3.7.2.5. **Income generation**

3.7.2.5.1. **Commercial waste:** System upgrade to reduce manual work and increase efficiency, to unlock potential for revenue growth

- 3.7.2.5.2. **Community Alarm:** New system to replace old Access database. Enable the team to become more resilient and unlock potential for revenue growth

4. Issues for consideration

4.1. Resource Requirements for Sustained Progress

- 4.1.1. To uphold the momentum of our ongoing rapid improvement program, an additional investment of £250k is necessary to support cost savings in the 24/25 fiscal year. Based on current savings made, it is predicted this will pay back within 3 years. It is imperative that we persevere with our Digital program to continue enhancing the efficiency of the services we've already addressed, as elaborated in section 3.1.4. Further budget pressures and substantial work identified through organisational design will need to be addressed to yield financial savings and enhanced customer experience.
- 4.1.2. The rapid improvement team comprises a diverse set of professionals, featuring a blend of permanent, revenue-funded staff and specialised, capital-funded Fixed-Term Contract (FTC) positions.
- 4.1.3. The different roles within the team are crucial to ensuring that we are developing solutions that can successfully optimise internal processes and resilience, alongside delivering an enhanced customer experience. We take a human-centred approach, working initially in a discovery phase to fully understand the problem we are trying to solve, the scope, what we want to achieve, and what the potential solutions are. We explore all the steps in the journey from end to end, understanding what the experience is for a customer and our internal processes. Once we have understood the problem space and potential solutions, we move into a development stage where we prototype, get feedback and iterate on the solution to ensure we got it right.
- 4.1.4. The presence of these FTC positions within the Rapid Improvement Team is pivotal to creating the additional capacity beyond “business as usual”, maintaining the swift development and technical implementation of any digital solutions within our services. These roles have played a crucial role in facilitating digital transformation and process improvements across our services, ensuring we can continue to reap the benefits of enhanced efficiency and cost savings.

4.2. Developing our approach in 2023/24

- 4.2.1. **Working with the People & Change team:** The new People & Change function is being developed, with the appointment of the new AD People & Change. We will be developing our approach to design, delivery and change alongside the People & Change team. The aim is to bring product management skills into services, so they can monitor performance, create a backlog for future change and iterate on the design.
- 4.2.2. **Developing our approach to data:** In 2022/23 we have worked to improve performance data with some teams. This has included improving data reporting around damp and mould, and compliance for Adur Homes, and creating a data dashboard to understand the Revenues team backlog and customer contact. In 2023/24 we want to do more to enable the teams we are working with to monitor performance and identify any areas for improvement. This is also closely linked to the development of product management skills mentioned in section 4.2.1. We want to focus on supporting services to understand:
- how their service is performing
 - what their key metrics are
 - what opportunities are there for real-time public data, to inform the public better and reduce failure demand
- 4.2.3. **Developing our approach to user testing:** The rapid improvement team takes a human-centred approach to our work. We do not have a dedicated user research role within the team, and much of this work is done by our Service Designers. However, we recognise that there is more that we can do to ensure our services are designed around the people that use them and aim to develop our approach to user testing further in 2023/24

4.3. **Future Technology (AI)**

- 4.3.1. Embracing artificial intelligence (AI) represents a revolutionary prospect for local authorities, offering the potential to refine our operational procedures and deliver more efficient, effective services to our communities. By harnessing the capabilities of AI, we can liberate precious officer hours, streamline resource allocation, and elevate our decision-making processes. This presents an exhilarating opportunity to leverage AI tools, catalysing our transformation journey and bolstering our technological capabilities, enhancing our development on the existing low code platform, Liberty Create.
- 4.3.2. We will explore these opportunities within Liberty Create in the next 12 months. We will be seeking financial support for further AI development in December 2024, depending on the outcome of our

initial discovery work.

4.3.3. AI can be utilised in many ways to assist the way we work; the LGA has recently launched the “**LGA AI Network**” which brings together all local authorities to support the use cases, benefits realisation and ensure data security through the design, build and implementation of all new AI.

4.3.3.1. **Automated Administrative Tasks:** AI can automate routine administrative tasks like data entry, paperwork processing, and appointment scheduling. This enables local authorities to redirect human resources to more complex and value-added activities, reducing the administrative burden on officers.

4.3.3.2. **Data Analysis and Prediction:** AI-powered analytics can process vast amounts of data to identify trends, anticipate future needs, and detect anomalies or potential issues. By leveraging predictive analytics, local authorities can allocate resources more efficiently and proactively address community needs.

4.3.3.3. **Data-Driven Decision Making:** AI provides local authorities with data-driven insights to inform policy decisions, resource allocation, and long-term planning. It ensures that decisions are based on real-time, accurate information, leading to more effective governance.

4.3.3.4. **Improved Citizen Services:** AI-driven chatbots and virtual assistants can enhance citizen interactions by providing quick and accurate responses to enquiries, facilitating online transactions, and guiding residents through bureaucratic processes. This can significantly improve the quality of services and has a large scope for freeing up officer time in our customer services team.

4.3.3.5. **Cost Savings:** Implementing AI technologies can lead to substantial cost savings in the long run. Local authorities can make their operations more cost-effective by automating tasks, optimising resource allocation, and reducing the risk of errors by streamlining many different admin-related tasks this can free up valuable resources.

4.3.3.6. Investing in AI is a strategic move for local authorities to streamline operations, optimise resource utilisation, and free up valuable officer time. By automating administrative tasks, improving data analysis, enhancing citizen services, and

making more informed decisions, local governments can better serve their communities, foster innovation, and drive economic growth, all while ensuring a more efficient and effective public sector.

5. Engagement and Communication

- 5.1. The Corporate Leadership team has been engaged during the creation of this report.
- 5.2. The Councils' Cabinets have received presentations to overview the success of the programme so far

6. Financial Implications

- 6.1. £250k Investment is being requested to sustain the programme into 24/25. The cost to be included as an investment in services commitment within the Joint Services budget preparation as a shared cost to Adur and Worthing Council.
- 6.2. The cost of investment, if approved, will be met by utilising the uncommitted growth allocation within the 2024/25 budget in both Adur and Worthing of £100k and £150k respectively.

7. Legal Implications

- 7.1. Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 7.2. s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation
- 7.3. Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Background Papers

- [2022.12.05 - WorthingJSSC - Budget Update 2022/23](#)
- [2022.12.06 - Adur JSSC - Budget Update 2022/23](#)

Sustainability & Risk Assessment

1. Economic

- **Cost Savings:** The programme has resulted in substantial savings across various departments, such as Revenues and benefits, Fraud, Technical Services, and Adur Homes. These savings amount to approximately £93,600 for the fiscal year 2023/24, with ongoing annual savings. These savings are crucial in optimising resource allocation and potentially freeing funds for other areas or investments.
- **Revenue Generation and Avoidance:** Beyond cost savings, the programme has helped unlock funding through social prescribing, avoid potential income losses in areas like Adur Homes, and potentially increase revenue through improved systems in commercial waste and community alarm services.
- The economic impact of the Digital Rapid Improvement Programme extends beyond direct cost savings. It encompasses efficiency gains, revenue opportunities, and improved customer experiences, and lays the groundwork for future technological advancements, all of which contribute to a more efficient and effective public sector.

2. Social

- Matter was considered, and no issues were identified.

2.1 Social Value

- Matter was considered, and no issues were identified.

2.2 Equality Issues

- **Digital Exclusion:** The increase in digital solutions could inadvertently widen the divide as not all residents or employees may have equal access to technology. This does give the opportunity to allow teams more time and give better support to the people who need it most.
- **Service Accessibility and Usability:** If digital solutions are not designed with diverse user needs in mind, they might not be equally accessible or usable for everyone. This could affect marginalised groups, the elderly, or those with disabilities, potentially excluding them from benefiting fully from the services offered.
 - **Mitigation**
 - **Inclusive Design:** Ensuring that digital solutions are designed with diverse user needs, considering accessibility standards and conducting user testing with diverse groups.

- **Training and Support:** *Providing adequate training and support to employees to bridge skill gaps and ensure everyone can effectively use new technologies.*
 - **Data Governance and Bias Mitigation:** *Implementing robust data governance practices and actively mitigating biases in algorithms and AI systems.*
 - **Regular Assessment and Feedback:** *Continuously monitoring the impact of changes on different demographics, collecting feedback, and making adjustments to address any identified inequalities.*
- These proposals have been developed concerning 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 was considered, and no issues were identified.

2.4 Human Rights Issues

- Matter was considered, and no issues were identified.

3. Environmental

- Matter considered, and no issues identified.

4. Governance

- The Rapid Improvement Team reports to the Tech & Change Board to track progress and risks

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