

Public Document Pack



ADUR & WORTHING COUNCILS

4 March 2024

Joint Strategic Committee	
Date:	12 March 2024
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: This meeting will begin at 7pm or at the conclusion of the previous meeting 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 8 February 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 Thursday 7 March 2024 to Democratic Services, democratic.services@adur-worthing.gov.uk

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

4. Members Questions

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

Questions should be submitted by noon on Thursday 7 March 2024 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. Housing Strategy, Housing Register and Nominations Policy (Pages 5 - 24)

To consider a report by the Assistant Director of Housing and Homelessness Prevention, copy attached as item 6

7. Organisational Design Programme (Pages 25 - 56)

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

8. 3rd Quarter Revenue Monitoring Report 2023/24 (Pages 57 - 96)

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

Part B - Not for Publication – Exempt Information Reports

None.

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

Joint Strategic Committee
12 March 2024

Key Decision [Yes/No]

Ward(s) Affected:

Housing Strategy, Policy and Data progress

Report by the Assistant Director of Housing & Homelessness Prevention.

Officer Contact Details

Rob Jarvis, Assistant Director of Housing and Homelessness Prevention
rob.jarvis@adur-worthing.gov.uk

Executive Summary

1. Purpose

This report:

- 1.1. Provides an update for both councils on the progress made against the Housing Strategy 2020-2023
- 1.2. Provides a summary of the Homelessness & Rough Sleeping assessment
- 1.3. Requests an extension to the housing and homelessness strategies (Housing Strategy 2020-2023, Temporary Accommodation Placement & Procurement Policy, Community Homelessness Prevention Strategy 2017-2022)
- 1.4. Asks Members to approve updates to the respective Choice Based Lettings Policies detailed in section 4.

2. Recommendations

- 2.1. The Joint Strategic Committee is asked to agree to extend the following strategies and policies until the end of 2024
 - 2.1.1. Housing Strategy 2020-2023
 - 2.1.2. Temporary Accommodation Placement and Procurement Policy
 - 2.1.3. Community Homelessness Strategy

2.2 Members are asked to note the progress and plans underway to tackle homelessness and rough sleeping contained within the report.

2.3 Members are asked to approve changes to the respective councils Choice Based Lettings Policies. Minor changes to be delegated to the Director of Housing and Communities in consultation with the respective Cabinet Members (Cabinet Member for Adur Homes and Customer Services and Cabinet Member for Housing and Citizen Services for Worthing) and wider approval for more significant changes detailed in section 4

3. Context

3.1. The Councils' Housing Strategy 2020-2023 sets out the Councils' ambition to deliver secure and appropriate housing for the people of Adur and Worthing and support all sectors within the communities to live healthy, secure and purposeful lives.

3.2. Our Councils believe that all of our residents should have access to a safe, secure and sustainable home and that people need to be at the heart of a strategic approach. Our ambition is to develop a housing strategy that is better informed by the needs of our communities and which has the principle of participation deeply embedded, involving residents, communities and partners in its development and delivery.

3.3. In March 2023 Members of this committee approved an extension to the Housing Strategy 2020-2023, Temporary Accommodation Placement and Procurement Policy and Community Homelessness Strategy however a number of changes within the service and wider councils have impacted the ability to implement a revised set of strategies and policies as previously intended.

3.3.1. These changes have been positive and help set our foundations for proactive development of an organisational redesign for housing. The redesign will transform how we work alongside wider teams within the councils and community partners to develop greater resilience within our teams, maximising external resources and partnerships to support the work that we do. It also aims to create an earlier, more preventative and early help approach that uses technology and data to maximise our ability to reach more

people and enable them to self help as early as possible. This was an area identified as part of the Homelessness and Rough Sleeping Assessment detailed in section 4.9 below.

- 3.4 Members are aware of the challenges around the demand for housing, with growing numbers of our residents requiring access to emergency accommodation through an increase in homelessness need. This, alongside a shortage of temporary and emergency accommodation has severely impacted the Council's budgetary position. More importantly this is having a profound impact on the lives of those families who we are trying to find temporary placements for and for those that we have to place out of respective areas, often away from their work, schools and support networks.
- 3.5 More specifically in this area a lack of adequate supported housing to meet the needs of those with multiple and complex needs is resulting in single people, with no housing option, either rough sleeping or facing multiple placements in temporary accommodation.
- 3.6 The lack of housing supply which is very much needed by our communities is impacting residents on our respective housing registers. There is a chronic shortage of affordable and social housing to meet our housing demand, with long waits for people in need and increasing numbers of people unable to source their own housing and who are in need of assistance from the council.
- 3.7 The Councils continue to make good progress in a number of key areas of the housing strategy however a significant issue is the continued increased demand for services which the councils are not alone in experiencing.
- 3.8 Ahead of the 2023 Autumn Statement, 158 Councils attended a summit of the District Councils' Network (DCN) to discuss the rapidly increasing scale of temporary accommodation. In total 104,000 households are in temporary accommodation nationally, an increase of 62% in the past five years. These numbers are being driven by a fundamental failure of the housing market.

Subsequently a letter, signed by 119 Councils, urged for six key actions:

- Raise Local Housing Allowance rates to a level that will cover at least 30% of local market rent and commit to annual up-rating.
- Provide £100m additional funding for Discretionary Housing Payments in 2023-24 and an additional £200m in 2024-25.
- Provide a £150m top-up to the Homelessness Prevention Grant for 2024-25.

- Review the cap for housing benefit subsidy rate for local authority homelessness placements (currently set at 2011 Local Housing Allowance levels).
- Develop policy to stimulate retention and supply in the privately rented sector.
- Give councils the long-term funding, flexibility and certainty needed to increase the supply of social housing.

Only the first of these asks has been responded to. The next three are immediate financial measures both to help keep more households in the preventative space, and to address the increasingly perilous financial position many local authorities find themselves in meeting their statutory obligations.

The final two points are, however, the only long-term solutions to the housing crisis.

4. Issues for consideration

4.1 It is recommended that the existing strategies below are extended to the end 2024 to enable wholesale reviews to be undertaken, strategies to be rationalised and revised strategies to be data informed following the homelessness and rough sleeping assessment.

4.2 Housing Strategy: Enabling People to thrive in their own homes 2020-2023

The current Housing Strategy: Enabling People to Thrive in their Own Homes was widely consulted on, produced and agreed by the Joint Strategic Committee in March 2020, setting out four key ambitions:

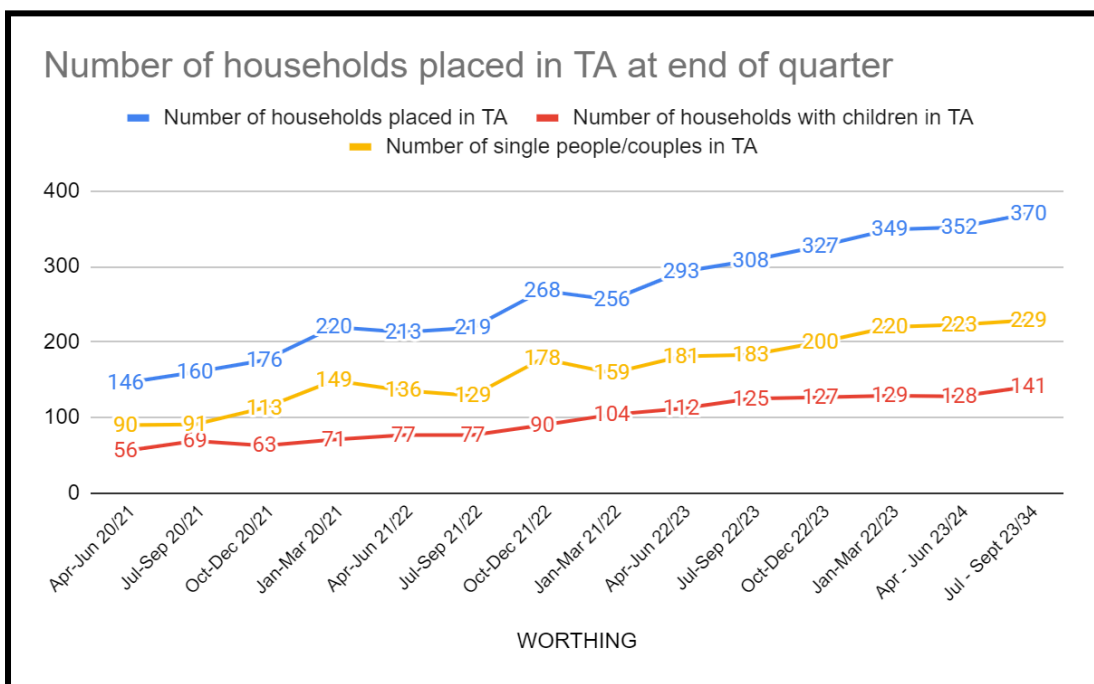
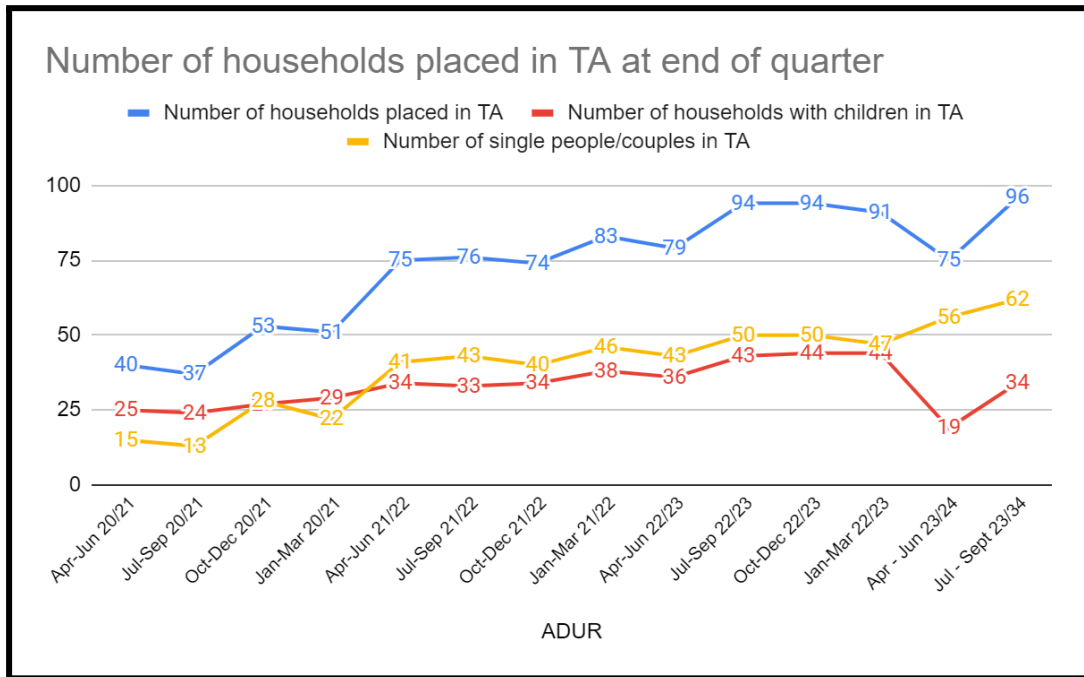
- secure and appropriate housing for the people of Adur and Worthing;
- individual and community resilience, and economic growth;
- communities to live healthy, secure and purposeful lives;
- partnership with businesses, people, and statutory and voluntary sector agencies.

It also set out three key priorities for action, including:

- Housing-related wellbeing support
- Better homes, stronger communities
- Improving levels of affordable housing supply

4.3 A review of this strategy has been provided annually to the Joint Overview and Scrutiny Committee, with the latest report (7 March 2024), setting out key performance data and progress in relation to the strategy.

4.4 There has been a continued and sustained increase in demand for homeless services and subsequent temporary accommodation placements for both Adur and Worthing Councils.



The top two reasons for homelessness are the same for each council but the opposite way round for 1st and 2nd. Adur is family and/or friends no longer willing or able to accommodate followed by the end of private rented tenancy (AST) and Worthing seeing the end of private rented tenancy (AST) as the first reason followed by friends or family no longer willing or able to accommodate.

4.41 As referred to in section 3.9 an organisational redesign for housing is currently underway to transform how we work alongside wider teams within the Council and community partners. One of the aims is to reduce the need for households to seek advice and support at the point of crisis but instead create an earlier, more preventative and early help approach. This approach would use technology and data to maximise our ability to reach more people and enable them to self help as early as possible.

4.5 Strong partnerships are essential for the Councils to the wider prevention and relief of homelessness. The Councils have a number of jointly funded roles to support the specific needs of some of our most vulnerable homeless households with associated specialists. These include:

- Pathways Home Homeless Prevention Support Service delivered by Southdown Housing. The service is accessed through the Housing Needs Teams and is aimed at people aged 18+ who need housing support to sustain independent living or prevent homelessness.

The support offered is responsive to people's changing needs and builds on their strengths, allowing them to move along a pathway to independence.

The providers of Pathways Home services will work collaboratively with other organisations such as Housing, Health and Social Care, in order to meet a person's support needs.

- Sussex Partnership Foundation Trust (SPFT) supporting mental health case work. This advisor works between mental health inpatient settings and the housing service to ensure households discharged from inpatient settings are managed in a planned and coordinated way. This reduces the risk for households to return to hospital settings at a point of crisis.
- WORTH services supporting domestic abuse survivors to navigate the numerous and complex options available to them including securing existing accommodation where appropriate, securing a place of safety in an emergency and planning for resettlement into new locations.

- Specific housing officers providing support and funding to support ex offenders to access the private rented sector.
 - Specialist social work placement to work with adults in temporary accommodation needing care packages or needing to secure Extra Care or residential supported housing.
- 4.6 In addition to these jointly funded roles the Council convenes a strategic housing board and operational homelessness and rough sleeping prevention partnership. Both are made up of a number of statutory and voluntary sector partners involved in tackling homelessness and considering wider housing issues.

4.7 Temporary Accommodation Placement and Procurement Policy

4.7.1 This policy sets out Adur District Council and Worthing Borough Council's approach to the placement of households in temporary accommodation and acquisition of suitable accommodation for use as temporary accommodation, both in and out their respective areas, on the periphery of West Sussex and when required further afield. It covers both interim placements made under Section 188 Housing Act 1996, while homelessness enquiries are undertaken, and longer-term temporary accommodation placements for households accepted as homeless under Section 193 Housing Act 1996.

4.7.2 The policy further sets out the factors to consider when securing suitable temporary accommodation. These include:

- Location
- Size, condition & facilities
- Health factors
- Education
- Employment
- Proximity to services
- The need to safeguard and promote the welfare of any children in the household
- Any other special circumstance

4.7.3 A report titled Adur and Worthing strategic acquisition approach for Temporary Accommodation was presented to the Joint Strategic Committee in December 2023. The report updated Members on the strategic acquisition programme to acquire more affordable temporary accommodation (TA). The purpose of which 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.

4.7.4 The report also highlighted 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.

4.7.5 The service has continued to procure accommodation for the period 2020-2023 in accordance with our existing policy, but our local context: increasing rents and high demand, together with higher than average home ownership makes this a challenging market to achieve low cost contracted accommodation. The new policy needs to take account of the new context.

4.7.6 The increasing numbers of homeless households and lack of temporary accommodation has historically resulted in families with children being placed in Bed and Breakfast (B&B), and for longer than 6 weeks. In previous reports members were advised that as a result of demand Worthing Borough Council was being monitored by DLUHC regarding its use of B&B for families. Since the new approach to secure spot-purchased self contained temporary accommodation units there have been no households with children residing in accommodation with shared facilities since Summer 2023.

4.7.7 The Policy needs to be extended to take into account the statutory requirements on local authorities in respect of the suitability of accommodation, including the Suitability of Accommodation Orders, the Homelessness Code of Guidance 2006, and Supplementary Guidance issued in 2012. It has also been formulated having regard to the need to safeguard and promote the welfare of children, as required by section 11 of the Children Act 2004.

4.7.8 This policy also takes into account the requirement for the Council to have a written policy for placing homeless households out of area and keep an up to date policy for procuring sufficient units of temporary accommodation to meet the anticipated demand during the coming year, as determined by R (N) v Westminster City Council [2015].

- 4.7.9 The Councils continue to seek opportunities to own or procure temporary accommodation locally. The Councils are also in discussion with local proprietors however it is becoming increasingly challenging to secure family units at a competitive cost.
- 4.7.10 Adur Council is developing 7 units of temporary accommodation as part of the South Street development. Other sites are also being considered for suitability.
- 4.7.11 Worthing already owns 17 units of temporary accommodation in Downview Road and 19 units in Rowlands Road. A site in Victoria Road is being considered for 11 units and has recently secured Homes England funding to support its delivery. A further site in Marine Place is being considered for 5 units. As part of the wider Worthing Integrated Care Centre (WICC) development, when decommissioned, Shelley Road surgery will be transferred to Worthing Council for redevelopment. Additional sites are also being secured.

4.8 Community Homelessness Prevention Strategy 2017-2022

- 4.8.1 This strategy was developed in collaboration with Adur and Worthing Homelessness Partnership, setting out a systematic approach to tackling homelessness through help and interventions to sustain and secure suitable accommodation.
- 4.8.2 The Homelessness Partnership has since ceased to operate however a Homelessness and Rough Sleeping Prevention Board has been created. This board includes a number of statutory and voluntary sector partners involved in tackling homelessness and considering wider housing issues.
- 4.8.3 To inform this and our broader strategic work, a full assessment of housing needs and homelessness was completed in November 2023. The data and insights of this assessment will inform the development of our future strategies and policies to help us to tackle housing demand and supply.
- 4.8.4 In addition to the housing needs assessment the council is building its capacity around data from a number of systems that will enable us to target prevention interventions, design solutions as well as understand the demographic and support needs of our residents threatened with or experiencing homelessness.
- 4.8.5 It is anticipated that this strategy will sit as part of the wider future housing strategy going forward.

4.9 Homelessness and Rough Sleeping Assessment

- 4.9.1 Cordis Bright were commissioned in 2023 to undertake a full needs assessment of housing and homelessness. The purpose of the research is to inform the development of the councils' wider suite of housing strategies which aims to address the needs of those threatened with or experiencing homelessness.
- 4.9.2 The needs assessment has been produced through a mixed methods approach. The methods included a review of relevant documentation, interviews with strategic stakeholders from across the system and people with lived experience of homelessness, and analysis of national and local quantitative data.

Key areas are summarised below.

4.9.3 Demand for housing support

Adur had 906 applicants on the housing register and Worthing had 1,729, between January and March 2023. At the 2021-22 financial year end, Adur had 829 households on the housing waiting list, and Worthing had 1,551.

Between January 2022 and March 2023, there were 89 households in temporary accommodation in Adur, and 349 in Worthing. Use of temporary accommodation has risen sharply, increasing by 78% in Adur and 36% in Worthing between 2020 and 2022. Out-of-area placements are increasingly used due to limited local supply, creating financial pressures and disrupting support networks.

Analysis drawing on multiple sources indicates that there is substantial unmet affordable housing need, and Cordis Bright modelling estimates that there are 619 households in Adur and 1,298 in Worthing living in unsuitable housing and unable to afford market options without assistance.

4.9.4 Profile of cohort

The most common household type owed a prevention duty in Adur was single female parents with dependent children (41%). In Worthing, the most common household type was single adult males (30%). For households owed a relief duty, more than half of household types were single adult males in Adur and Worthing at 41% and 30% respectively.

A number of priority groups have been identified through this research: (1) single adult men, (2) people aged under 35, (3) older people, (4) people experiencing hidden homelessness, and (5) asylum and refugee seeking people.

Additionally, a number of needs of concern were identified. Mental health challenges and physical disability/ill health were the top two support needs in both areas. Financial challenges, substance misuse, and domestic abuse were also mentioned frequently. Stakeholders commented that it is becoming increasingly common for homeless people to have complex and multiple needs.

4.9.5 Drivers of homelessness

Numerous short-term factors were recognised as drivers of homelessness, including the current financial climate, housing affordability, and limited support service capacity across housing and health/social care services.

Longer-term drivers include the limited affordable housing supply, a mismatch between housing costs and local wage growth, and service budget cuts.

4.9.6 Support available

All local authorities have a duty to provide advice and information about housing and homelessness to anybody in the district, even those that are not currently homeless or threatened with homelessness. If a person is threatened with homelessness, they are eligible for a prevention duty which requires an authority to 'take reasonable steps to help the applicant to secure that accommodation does not cease to be available'.

Local authorities are also required to support people experiencing homelessness, if they are satisfied that an applicant is homeless and eligible for assistance, as a result of the relief or main duty. There are a range of housing options for applicants owed a relief or main duty, depending on a person's need. These include in-area, out-of-area, emergency, temporary, and supported accommodation.

A number of gaps in support were identified: limited temporary accommodation, transitional and step-down housing models, assistance for those with complex and multiple needs, as well as preventative early intervention initiatives.

4.9.7 Accessing support

The main pathways to access housing support include self-referral, duty to refer, and outreach services. However, these pathways were described as complex and complicated for service users.

Key access barriers include strained capacity across housing teams and partner agencies, inflexible service delivery models that exclude some groups, uncoordinated systems that fail to provide holistic assistance, restrictive eligibility thresholds, and generic pathways that do not address diverse needs. Those with complex intersecting issues face particular challenges securing adequate support.

4.9.8 Partnership working and collaboration

While services at a high level have shared values and goals around supporting people with their housing needs and ending homelessness, different sectors and services have distinct approaches and views about how best to support these ambitions, which in practice results in separate ways of working, a lack of shared responsibility, and potential inefficiencies in providing support.

There is not yet an integrated, multi-agency response to homelessness that recognises the complex nature of the issue; instead, many services operate in silos. However, there are positive examples of services working collaboratively which the wider system can learn from.

4.10 Choice Based Lettings Policy

4.10.1 In respect of allocating housing, councils are required under section 166A(1) of the Housing Act 1996 (as amended) ('the Housing Act 1996') which requires every local housing authority to have a scheme for determining priorities and the procedure to be followed in allocating housing accommodation. Section 166A(14) of the Housing Act 1996 requires that a local housing authority shall not allocate housing accommodation except in accordance with its allocation scheme. Legislative updates are periodically required to be made to these schemes (Choice Based Lettings Policy) alongside locally agreed changes agreed through pan Sussex partnership working to support specific cohorts of residents.

4.10.2 The changes required to each Council's Choice Based Lettings Policies can be split into two categories. Minor changes to ensure the policies remain legally compliant in accordance with legislative updates and case law. Members are requested to delegate authority to the respective Cabinet Members to agree to

these updates. In addition some wider changes around local connection criteria are proposed for full Member approval as detailed below:

- Removing the need for a local connection for households fleeing domestic abuse situations. In a number of circumstances households in these situations have been disadvantaged by local authority allocation policies due to not having a local connection with the area they have approached as a place of safety. If they only have a local connection to the area they are fleeing from it is unreasonable to expect them to remain there. The proposed position for both Adur and Worthing Councils is to ensure that households have no reduced preference when compared to a homeless household that would have a local connection with the respective Council.
- Allow care leavers (in accordance with the Childrens Act 1989) to be admitted to the respective housing register if they have been placed by West Sussex County Council within West Sussex, and they wish to reside in a specific district or borough area. This is consistent with other allocation policies across West Sussex. The proposed position for both Adur and Worthing Councils is to ensure care leavers are not disadvantaged in securing accommodation in our areas by virtue of being in care, being supported by West Sussex County Council and not necessarily meeting our allocation policy local connection criteria.

4.10.3 Each Council has a its own Choice Based Lettings Policy however the local connection criteria is the same for each Council:

- *People who are currently residing in (Adur/Worthing) and have resided in (Adur/Worthing) for at least the last two years on a continuous basis. This residence must be proven and verified.*
- *People who do not reside in (Adur/Worthing) but are employed in (Adur/Worthing) and this employment has been ongoing on a continuous basis for at least the last two years and is likely to continue on an ongoing basis. Employment must be proven and verified and must be paid employment which is regular and significant in nature and be for a minimum of 15 hours per week on average. Zero hours contracts will not be considered as regular employment for the purposes of this policy.*

5. Developing new suite of strategies

5.1 In developing the revised suite of strategies work will focus in the following areas:

- Scope of the work including which strategies can be brought together
- Reviewing the existing housing strategy
 - What progress has been made over the period?
 - What resources have we used (inc which funding streams)
 - What worked well, what targets were met?
 - What didn't work well and why and what has been challenging.
 - What have we not done and why?
 - What was missing?
 - What do we want/need to change for the next Strategy
- Involving people with lived experience
- Consultation and engagement
 - Development of the new Housing Strategy will include a number of ongoing conversations with key stakeholders, including those that support priority groups that will form a focus for the strategy. To ensure consultation is wide ranging and representative an Equality Impact Assessment will be undertaken to inform the consultation and drafting of a future strategy.
 - The purpose of the consultation and engagement is to:
 - Maximise and leverage collective resources
 - Agree priority groups who need a focus and targeted resources
 - Set new supply and social and affordable housing supply targets
 - Support an affordable and safe private rental sector
 - Seek opportunities to influence government policy to meet local housing needs
 - Join up service provision to deliver sustainable housing outcomes
 - Specific cohorts of stakeholders
 - Support providers
 - Internal staff at the Council's
 - Joint Overview Scrutiny Committee with members
- Drafting and adopting of new strategies

6. Engagement and Communication

6.1 The proposed engagement and consultation for future strategy development is set out above. The list is not exhaustive and will include members of the

wider housing strategy multi disciplinary team (MDT) engaging further with stakeholders where appropriate and when opportunities are available.

7. Financial Implications

- The Council has a range of budgets to support the delivery of the current housing strategies detailed above.
- The housing service benefits from grant funding through an annual DLUHC Homeless Prevention Grant and additional grants we have bid for as in relation to specific cohorts of residents.
- Any new investment needs arising from the development of the new strategies will need to be addressed in the development of future budgets.

8. Legal Implications

8.1 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.

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

8.3 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation

Background Papers

- [Housing Strategy: Enabling communities to thrive in their own home 2020-2023](#)
- [Temporary Accommodation Placement and Procurement Policy](#)
- [Community Homelessness Strategy](#)

Sustainability & Risk Assessment

1. Economic

- 1.1 A thriving economy is a key priority for the council and through our new Economic Principles for Worthing we will seek to achieve this, wherever possible, through community wealth building approaches. Community Wealth Building is a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people
- 1.2 Providing a decent home that is secure, affordable, warm and modern, supports the wellbeing of our residents, enabling those who are able to work to enter and sustain employment and contribute to economic activity.

2. Social

2.1 Social Value

- 2.1.1 Helping communities to thrive is a key priority for the Council. Through facilitation and investment we will work to ensure people are healthy, resilient and resourceful, that they can access the right help when they need it and everyone has a safe, secure and sustainable home.
- 2.1.2 Our overarching principles of fairness and participation are based on the explicit intention to work more closely with citizens, to involve them in deeper and more meaningful conversations about service design and delivery. Our work to provide affordable and good quality housing therefore forms a central part of the council's commitments.

2.2 Equality Issues

- 2.2.1 The council is subject to the general equality duty set out in section 149 of the Equality Act 2010. This duty covers the following protected characteristics: age, gender, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation.
- 2.2.2 In delivering housing services the council must have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation
 - Advance equality of opportunity between different groups
 - Foster good relations between different groups

- 2.2.3 The participative principle in Our Plan describes the council's commitment to providing truly inclusive services by listening to underrepresented voices, creating equal access and meeting our equality duties. As part of our commitments to fairness we want to ensure everyone has access to safe, secure and sustainable housing. We recognise the deep inequalities that exist and that some of our residents face deep seated inequalities.
- 2.2.4 These commitments and the council's legal duties (Equality Act 2010) will inform the development and delivery of the road map, in relation to eliminating discrimination, advancing equality of opportunity and fostering good relations.
- 2.2.6 Decisions, actions and areas of investment relating to the road map may require Equality Impact Assessments.

2.3 Community Safety Issues (Section 17)

- 2.3.1 The council is committed to the promotion of communities as safe places. We will progress delivery of the councils' community safety commitments by strengthening communities and working in partnership with the Police, communities, businesses and multidisciplinary teams across the council.
- 2.3.2 As part of our ongoing work to create fair and safe neighbourhoods we will cooperate with relevant partners to promote wellbeing and help prevent and tackle anti-social behaviour.

2.4 Human Rights Issues

- 2.4.1 The actions set out in the report will enable the council to identify solutions that will enable our residents, communities and neighbourhoods to flourish.

3. Environmental

- 3.1 A Thriving Environment is one of the four Missions identified in Our Plan and key actions include achieving net zero carbon, resilience to climate change and increased biodiversity by restoring natural habitats and minimising waste.
- 3.2 The strategy development process will actively consider and contribute to carbon reduction, waste minimisation and biodiversity improvement objectives. In the context of the cost of living crisis, our green principles will help ensure this work maintains a focus on just transition, mindful of the potential for inequities to be reinforced given the current costs involved in transitions to low carbon technology.

4. Governance

- 4.1 The draft Housing Strategy mirrors and extends the ambitions for housing set out in Platforms for our Places. It also links with a number of other strategies and plans, which are set out in Chapter 2 “A Connected Strategy”.
- 4.2 The Strategy will be monitored with regular reports to members on progress.

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
12 March 2024

Key Decision [Yes]

Ward(s) Affected: All

Organisational Design Programme

Report by the Assistant Director of People and Change

Officer Contact Details

Noel Hatch, Assistant Director of People and Change
noel.hatch@adur-worthing.gov.uk

Executive Summary

1. Purpose

- 1.1. This report updates the Joint Strategic Committee (JSC) on the reporting and governance for the Organisational Design programme.
- 1.2. Subsequent updates will be brought to the JSC at regular intervals.

2. Recommendations

- 2.1. The JSC is asked to note and agree the scope of the programme, the development of the operating models and roadmaps for the initial first group of areas of focus and delegate decisions on the delivery of the programme to the Chief Executive.
- 2.2. The JSC is asked to agree the reporting format for the tracking of the delivery of the programme.

3.1 Summary of the programme

- 3.1.1. The purpose of Adur and Worthing Councils , as described in Our Plan, is to look after the long-term future of Adur and Worthing local areas. This means:
- Working with the people who live, work and care about Adur & Worthing to use the collective levers to:
 - Support its people, places, environment, and economy to thrive in a resilient and sustainable way.
 - Build the foundations that help its communities and staff adapt to future challenges and opportunities.
- 3.1.2. To fulfil its role as longtime steward of place, the organisation needs to renew how it works as an organisation to reflect the changes that are happening and the economic context it is operating in.
- 3.1.3. The need to deliver organisational change is further heightened by the financial circumstances of each council and the urgent need to reduce operating costs.
- 3.1.4 The Organisational Design programme aims to realign the organisation's operations to better meet the Councils' priorities and principles, ensuring an adaptive, resilient, and participative organisation. In addition it:
- a. seeks to achieve financial savings while minimising impact on frontline services, contributing to the financial stability of the Councils and supporting the delivery of high-quality services amidst financial pressures.
 - B. introduces a new organisational model that leverages digital transformation and community engagement, focusing on adaptability, participation, and resilience across various service areas.
- 3.1.5. The first phase of this work was the leadership redesign completed in 2023/24. Now that this is in place an Organisational Design Programme has been established to deliver a comprehensive programme of change. The programme will help implement a new organisational design based on the principles and framework outlined in Our Plan which was adopted in Autumn 2022.
- 3.1.6 The delivery of the programme is organised into 'areas of focus' which will be developed sequentially and iteratively. This means that

outstanding design questions from one phase will be addressed in the next phase, enabling the programme to be agile and work at pace. In term these will be reported on as follows:

- Appendix 1 outlines the high level timetable and the areas of focus. This will be updated as part of each JSC report.
- Appendix 2 outlines how the programme and savings will be tracked and monitored.

3.1.7 The programme is structured to deliver £4m savings over two years, with governance and strategic development in place to ensure successful implementation, including a sequential approach to change, focus areas prioritisation, and comprehensive communication and engagement strategies.

3.1.8. The programme will provide a mechanism for delivering outlined savings targets in a way which protects frontline service delivery to the greatest extent possible and retaining and improving the organisation's ability to deliver the ambitions of both councils.

3.2. Outcomes

3.2.1 While the financial outcomes required are outlined in the budget papers this programme is intended to have a wider impact.

3.2.2 These longer term outcomes are being refined as part of the design process but are emerging as:

- **Accessible:** We will improve our services so that they are easier to access for residents.
- **Visible:** Our staff will be more visible in our neighbourhoods to better understand local needs and build relationships with partners.
- **Personal:** We will provide proactive support that works for our residents most in need to reduce the risks of getting into crisis.
- **Responsible:** We will make it clearer what we are responsible for and what we are not, how residents can do their bit, and how we help them make a difference to your communities.
- **Sustainable:** We will make the best use of the money to invest in our communities and places and have improved the staff experience and therefore workforce resilience.

3.2.3. Staff will be able to see how their role is helping deliver outcomes, and feel more connected to the people they support, while benefiting from a

skills framework & training that help them develop their career and digital technology that simplifies processes and frees them up to solve problems on complex issues.

3.2.4 Proposed success measures for each of these are proposed in section 8 and will be thereafter tracked as part of the programme governance.

3.3 Savings

3.3.1 Appendix 2 outlines the target savings for each area of focus over the next 2 years and the planned format for tracking these savings.

3.3.2 Savings are being tracked in two workstreams:

- Individual areas of focus
- Corporate savings lines such as contracts and procurement

Vacancies will be managed centrally in order to maximise their use for staff redeployment

3.4. Programme Method

3.4.1. Delivering the change

3.4.1.1 The programme has ambitious long term outcomes over the next two years outlined in 3.2.2. A primary objective of the programme is to embed change as a capability in the organisation rather than create a temporary transformation team for the duration of the programme. This puts staff development at the heart of the programme and provides long term benefits.

3.4.1.2 The programme also has shorter term outcomes over the next six months, in which people see how the changes being proposed and put in place will help communities better access support and improve their neighbourhoods.

3.4.1.3 The programme will be supported by the People and Change team, supplemented by delivery managers who are funded as part of the cost of change outlined in [section 3.6 of the JSC Final Revenue Budget Paper in February 2024](#) in order to support different areas of focus.

3.4.1.4. In addition to the redesign of service (outlined in appendix 1) the programme will also support the overall savings programme, including the contract/procurement savings target.

3.4.1.5. **Approach to the redesign for areas of focus**

Each area of focus follows this four step:

- Discovery: Develop the new service offer
- Design: Develop the future operating model
- Test: Deliver the new model
- Embed: Learn and extend to other areas

3.4.1.6. It is using a consistent approach to developing future operating models. This includes:

- **Vision:** Overall vision for the change, the background context, outcomes and target audiences, risk and mitigations and equality impacts.
- **Service Offer:** Overview of the current service provided and what will be different in future, what the Council will do, what residents can do and how the Council will work with partners and communities to achieve the outcomes.
- **Infrastructure:** The future structure of the service, the job families and skills that underpin the offer, any digital and physical change needed to deliver the new service and the financial savings to be delivered.

3.4.1.7. The service offers for the group 1 areas of focus have been developed and tested through internal working groups, and with dedicated Cabinet Member briefing sessions. These are outlined in the Service Offer section of this report. The timescales for the delivery of these are outlined in the Roadmap appendix

The proposals are then engaged on with staff, residents and partners to ensure they meet the:

- Savings identified.
- Specific outcomes for the area of focus outlined in Appendix 1.
- Overall outcomes in 3.2 in this paper.

3.4.1.8. **Delivering the new model**

Once the proposals for the future operating model on each area of focus have been engaged on, the services in scope then plan to deliver and communicate the changes.

- During the initial service changes delivered, the areas of focus will track, learn and adjust as needed.
- Resident engagement before and during these changes will help make these as inclusive and accessible as possible.
- Communications will be carried out throughout the process to let people know when, what and how these service changes will affect residents.
- The tracker outlined in Appendix 2 will be used throughout the process to report savings delivered, any unanticipated costs (and mitigations to these) and opportunities for further improvement.
- Learning & development will be provided to support staff to deliver service changes - what to anticipate, how best to learn and apply lessons from the delivery of the changes.

3.4.1.9. **Embedding the new model**

Once the areas of focus have delivered the service changes, the programme will support them to embed those into their everyday working, including:

- Reviewing the future operating model to identify what needs to be adjusted to sustain the change and embedded into the relevant service plan and budget.
- Reviewing opportunities to extend the model to other services in ways that help residents (i.e. to move to a single Council front door).
- Reviewing with partners how best to work together to tackle common needs (i.e. signposting, joined up support, co-commissioning, etc.)
- Embedding the data and digital improvements from the areas of focus into wider data and digital architecture that can support the wider change.
- Developing the careers pathways of the areas of focus when the new roles and teams are in place, connected to a new organisational skills framework.

- Embedding learning into the wider L&D offer and work planning for the organisation (including future skills we need to recruit to).
- Developing a pathway for services to better empower communities to make a difference to the issues in scope.
- Embedding the change into a strategic long term approach for how the Council manages its physical assets focused on maximising social and commercial value and return on investment for the long term.
- Supporting the deployment of the new service structure plan and map for future reviews of the change.

Savings targets have been confirmed for all areas of focus (see appendix 2). The aim of having areas of focus which cut across the organisation is to:

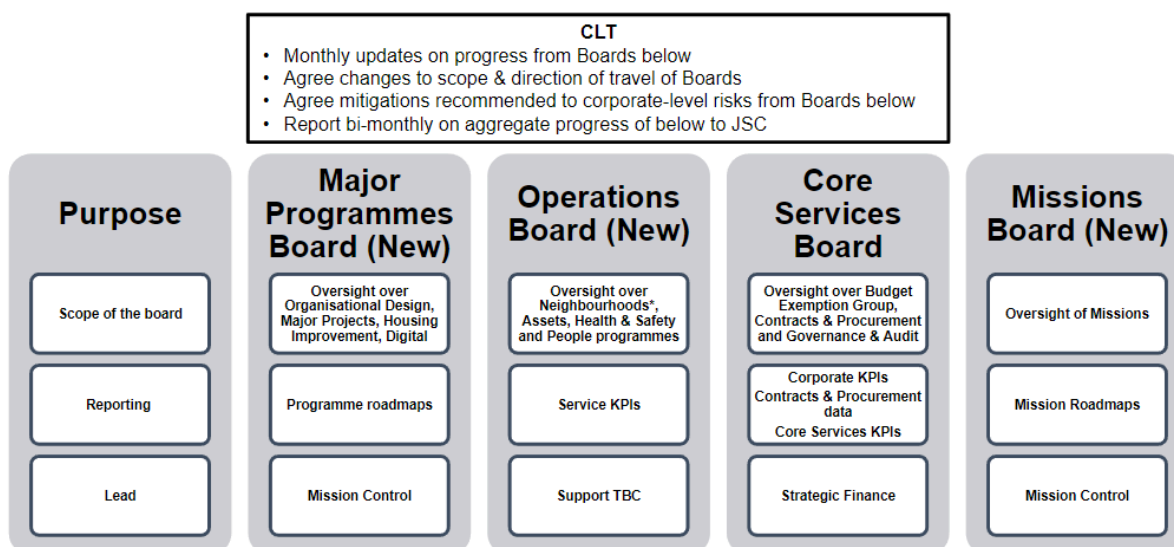
- Develop a consistent approach to change across the organisation.
- Support the delivery of both the 2024/25 and 2025/26 Budget.

4. Governance

4.1. As the Organisation Design Programme will impact all teams across the council, it is important to set out clear governance around decision making.

4.2 A new internal governance system will be implemented over the Spring and Summer which will have four core building blocks:

- **Major programmes through a Major Programmes Board (including the Organisational Design programme):** including oversight of the performance of our major programmes.
- **Operational delivery through an Operations Board:** including oversight of the performance of our Foundational Services performance indicators.
- **Core services through a Core Services Board:** including oversight of the performance of our Corporate Health performance indicators.
- **Mission areas through a Missions Board (People, Climate, Place and Economy):** including oversight of the performance of our mission roadmaps.



*Once new Neighbourhoods model in place

The Core Services Board / Group will take the corporate procurement and commercial income savings and report progress into the Major Programmes Board.

4.3 Collective oversight on the Organisational Design programme

At the most strategic level, the following boards will have oversight over the programme:

Joint Strategic Committee	<ul style="list-style-type: none"> • Oversee the direction of travel of the Organisational Design programme to ensure it is meeting its intended outcomes • Receive updates and progress update reports where JSC decisions are needed • See Appendix 1 for the focus of future updates for the programme • July, October, December 2024
Joint Audit & Governance Committee (Annually)	<ul style="list-style-type: none"> • Audit the Organisational Design programme ensuring it is delivering the outcomes and savings effectively
Corporate Leadership Team (Monthly)	<ul style="list-style-type: none"> • Oversee the delivery of savings for the programme • Champion and prioritise the work of the programme across all directorates • Review and agree corporate-level risks and mitigations from the programme • Agree major directional changes during

	the lifecycle of the programme
Major Programmes Board (Monthly)	<ul style="list-style-type: none"> • Ensures alignment by the programmes with the Organisational Design programmes and Our Plan missions. • Tracks the monitoring of financial savings, to ensure that the programmes remain in budget and is making the savings required. • Tracks the delivery of the programmes, including risks, issues progress and milestones, to ensure it is implemented in a timely and effective way. • Agrees mitigations needed to risks and issues, and tracks their delivery and escalates any corporate-level risks/changes to the programmes to CLT.
Change Multi Disciplinary Team	<ul style="list-style-type: none"> • Plan and prioritise change support from corporate services • Plan and anticipate future change needs, and relevant tools, activities & support to help the organisation deliver change • Track the delivery of the outcomes of the programme and identify risks / barriers to unblock • Escalate major programme risks to the Major Programmes Board
Mission Control	<ul style="list-style-type: none"> • Set up processes to monitor progress through the different initiatives • Manage the delivery of the programme plan, sprints and associated products needed • Check ins with Area of Focus leads to ensure progress on delivery • Develop change control governance & practices that help services manage delivery • Develop the training, tools & templates that help manage programmes

A series of sprints will be coordinated by the Change Multi Disciplinary Team to enable the programme and areas of focus to work at pace to proceed with the redesigns and anticipate future needs and opportunities to support the delivery of change.

As outlined in the Legal Implications section, both Councils' constitutions confirm that the Chief Executive will, from time to time, report to both Full Councils on the overall

departmental structure of the Council, showing the management structure and deployment of Officers

Proposed membership of new governance created

Major Programmes Board (Monthly)	Chair: CEX, Members: AD People & Change, Head of Digital, Senior Delivery Manager, AD Legal & Democratic, ADs and Heads of Service responsible for major programme
Change Multi Disciplinary Team (Fortnightly)	Chair: AD People & Change, Members: Chief Accountant, Communications Manager, People Hub Manager, Workforce Development Manager, Senior Delivery Manager, Lead Service Designer, Senior Procurement Lead, Participation Lead
Mission Control (Weekly)	Membership: Senior Delivery Manager, Delivery Officer

4.4. Individual responsibilities for the overall Organisational Design

To ensure accountability, the following senior Members and officers will have individual responsibilities for the programme.

Cabinet Members for Resources (Adur and Worthing)	Update on progress of the Organisational Design programme
Chief Executive	Overall sponsor of the Organisational Design programme
Assistant Director of People & Change	<ul style="list-style-type: none"> ● Act as programme executive ● Present feedback reports to CLT and JSC ● Head up the Change MDT (see below) ● Ensure that core strategic goals are at the forefront of decision making

	<ul style="list-style-type: none"> • Make decisions around risk and issues that do not have to be accelerated to CLT • Champion the Organisational Design across the organisation
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4.5. Individual responsibilities for individual areas of focus

As the programme covers organisation-wide change, it is important that there is accountability also at an area of focus level:

Cabinet Members	<ul style="list-style-type: none"> • Sign off of service standards • Setting of service priorities
CLT Sponsor	<ul style="list-style-type: none"> • Individual CLT sponsor for each area of focus, act as critical friend, ensure we deliver savings and test against future organisational design • Oversight of the service redesign and Area of Focus Lead to ensure it is delivering the outcomes and savings • Tackle interdependencies between other areas of focus and unblock issues with CLT sponsors of other areas • Champion and prioritise the work of the programme across your directorate.
Area of Focus Lead	<ul style="list-style-type: none"> • Lead the development and delivery of the relevant redesign reporting into their CLT sponsor • Report progress of delivery of savings and outcomes on their area of focus as per the approach outlined in the Savings Tracker appendix • Organise monthly briefing sessions with the CLT and Cabinet Sponsor across Adur & Worthing for the area of focus.

Community Capacity & Resilience	Housing	Neighbourhood Model	Resident Services
Cabinet Members: Cllr Kevin Boram (Adur), Cllr Rosey Whorlow and Cllr Carl Walker (Worthing)	Cabinet Members: Cllr Carson Albury (Adur) and Cllr Emma Taylor Beal (Worthing)	Cabinet Members: Cllr Emma Evans (Adur), Cllr Carl Walker and Cllr Vicki Wells (Worthing)	Cabinet Members: Cllr Carson Albury (Adur), Cllr Emma Taylor Beal and Cllr John Turley (Worthing)

CLT sponsor: Tina Favier	CLT sponsor: Tina Favier	Cllr sponsor: Martin Randall	CLT sponsor: Tina Favier
Officer Lead: Tina Favier	Officer Lead: Rob Jarvis	Officer Leads: Jan Jonker and Andy Willems	Officer Lead: Tracey Strutt

5. Strategy development and building blocks to embed the Organisational Design

5.1 To ensure the organisation uses its strategic levers to embed the outcomes of the Organisational Design, it will develop a portfolio of corporate strategies around the following themes

- People strategy to develop and attract a skilled workforce
- Financial strategy to ensure long term sustainability

5.2 Each of these may generate specific policy changes as a result of the strategies.

5.3 A programme of work on the corporate strategies and building blocks will be brought to the Joint Strategic Committee in July 2024.

6. Measures of success

6.1 The programme will have a set of measures of success below to ensure the outcomes in 3.2. are delivered in a way which is on time, achieves the savings set out in section 3.3 and embody the principles of the organisation. These will be evolved over the course of the programme with the initial set outlined below:

	Outcome	Evidence of Success	Work to achieve success	Principle	Timeframe
Sustainable Accessible	Budget savings assigned to the Organisational Design are achieved	Quarterly budget forecasts are met.	Improvement in budget monitoring and forecasting is ongoing.	Resilient	Financial tracker brought to JSC in July, October and March to show delivery of savings.
	Learning and development offer is established	Increase in staff development opportunities.	Work on staff training needs has started.	Resilient	Within 2024/25
Accessible	Staff are well informed and feel part of the process	Improved awareness of the programme and improved results in the staff survey	Dedicated Communication plan in Appendix 1, annual staff survey launching in March 2024 and	Participative	Throughout the lifecycle of the programme

		from previous years.	improvement plan to tackle the issues in June 2024. Quarterly pulse surveys will follow.		
Visible	Participation model is established	Activities outlined in the Participation roadmap are delivered successfully	Participation model has been developed, and work taking place to connect this to the Neighbourhood model.	Participative	Resident and partner engagement from May onwards. Neighbourhood model structure launch in September 2024
Personal	Improved proactive support model embedded across the organisation	Proactive support that works for residents most in need to reduce the risks of getting into crisis.	Resident services puts proactive support at the centre of its redesign, with engagement of residents and partners to shape.	Resilient Adaptable Participative	Resident and partner engagement from May onwards. Resident Services redesign launch in September 2024
Responsible	New organisation redesign in place	New areas of work are established and are meeting the deadlines set for each stage of progress.	Work on the Group 1 areas of focus has already started, finalising the future operating models for these.	Resilient Adaptable Participative	See Appendix for the delivery timescales for the areas of focus to meet.

6.2. Risks and mitigations

The risk register is a 'live' document and will be updated in each reporting cycle.

Risk Description	Likelihood	Impact	Risk Rating (LxI)	Mitigation	Risk Owner
Savings aren't fully delivered	3 - Moderate	5 - Extreme	High	Closely monitoring budgets. Linking programmes and areas focus to budget reporting to improve forecasting.	CLT
Delays to elements of the programme that impact delivery	3 - Moderate	4 - Major	Medium	Ongoing monitoring across the areas of focus to be put in place. Working iteratively so that work can develop as we go and deliver in stages.	AD People & Change and Leads on Areas of Focus
Loss of key staff	4 - Likely	3 -	Medium	Pulling together	Leads on Areas

(skills and experience) that impact delivery of services		Moderate		resources to help provide training and support Identifying skills gaps and upskilling staff.	of Focus
IT systems unable to provide solutions to improve service delivery	3 - Moderate	3- Moderate Medium	Medium	Clear priority list for tech projects Working iteratively so that testing is continually taking place	Head of Digital and Leads on Areas of Focus

Change in political focus or priorities	3 -Moderate	3 Moderate	Medium	Members are well informed of the programme of work and updated regularly. Programme is adaptable so that it can refocus on areas when needed.	CLT
Decrease in staff morale that impacts delivery	4 - Likely	3 Moderate	Medium	Communication plan so staff are well informed. Focus on training to upskill staff. Staff and managers are given support, including around wellbeing.	AD People & Change
Public perception of loss of services	3 - Moderate	3 Moderate	Medium	Communication Plan to inform the public on the changes. Improved ways that the public can engage with the Councils. Improved tech solutions so it is easier to contact the council. Work on participation so that local residents feel part of the process.	CLT
Impact of the Environment Act	3 -Moderate	5 - Extreme	High	Appraisal is done of the Environment Act's implications on what councils need to deliver, the associated resourcing and any loss in income	AD Operations & Sustainability

6.3 Equality Impacts

Equality impacts will similarly be tracked through the programme:

Equality Impacts	Mitigations	Owner
Organisational Design disproportionately impacts staff with protected characteristics	<p>Monitor staff changes and make sure those responsible for areas of focus have undertaken their own Equality Impact Assessment (EIA).</p> <p>Carry out a cumulative EIA based on reviewing the individual EIAs from the areas of focus.</p>	<p>Leads for their Areas of Focus</p> <p>AD People & Change</p>
Organisational Design disproportionately impacts access to services by residents with protected characteristics.	<p>Ensure all areas of focus undertake an EIA and monitor how changes to service offers may impact residents with protected characteristics.</p> <p>Carry out a cumulative EIA based on reviewing the individual EIAs from the areas of focus. Work on ensuring that services take into account digital exclusion when planning technological improvements.</p> <p>Please see the detailed EIA at this link.</p>	<p>Leads for their Areas of Focus</p> <p>AD People & Change</p>

7. Communications and engagement

Based on the intended outcomes set out in section 3.2, a tailored approach using the available communication channels will be essential. This is set out in Appendix 1.

8. Implementation plan and roadmap

The roadmap is outlined in Appendix 1.

9. Financial Implications

The financial implications of the organisational redesign programme are outlined in section 3.3 and these have been agreed as part of the 2024/25 Budget. There are no further financial implications as a direct result of this report.

10. Legal Implications

- 10.1 When making decisions and exercising its functions the Councils are to have regard to the Public Sector Equality Duty. The general duty can be found in sections 149 to 157 of the Equality Act 2010 which is supported by specific duties found in The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. The Equality Impact Assessment for the Organisational Design is outlined in Appendix 4.
- 10.2 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 10.3 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation
- 10.4 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.
- 10.5 Both Councils' constitutions confirm that the Chief Executive will, from time to time, report to both Full Councils on the overall departmental structure of the Council, showing the management structure and deployment of Officers.

Background Papers

- [Appendix 1 - Organisational Design - Areas of Focus and Roadmap](#)
- [Appendix 2 - Financial Savings Tracking Process](#)
- [Appendix 3 - Equality Impact Assessment](#)

Sustainability & Risk Assessment

1. Economic

- 1.1 **Economic Development:** The programme supports economic development by fostering a more efficient, adaptable, and resilient organisation. This can lead to improved service delivery and potential cost savings, positively impacting the local economy. The emphasis on regenerative development and alignment of services with core values can also stimulate local economic growth and innovation.
- 1.2 **Economic Participation:** By reshaping services like housing, neighbourhoods, and resident services, the programme can enhance the economic participation of communities by making it easier for residents and businesses to access support, thereby contributing to a more vibrant local economy.

2. Social

2.1 Social Value

Social Value: The programme aims to increase social value by improving community engagement and participation, making services more accessible and responsive to residents' needs. This can lead to stronger community ties and a more inclusive approach to solving local issues.

2.2 Equality Issues

Equality Issues: An integral part of the programme is to ensure that the redesign does not disproportionately impact any groups, with a commitment to conducting Equality Impact Assessments (EIAs) for all areas of focus. This proactive approach aims to safeguard against any negative implications for access or participation among diverse community groups.

2.3 Community Safety Issues

Community Safety Issues: Through a coordinated approach to services like housing and neighbourhoods, the programme can contribute to safer communities by addressing underlying issues that lead to crime and disorder, aligning with the Councils' duties to reduce crime and disorder.

2.4 Human Rights Issues

Human Rights Issues: The programme is designed with an awareness of human rights considerations, ensuring that changes to service delivery respect individuals' rights and freedoms. The participative approach to service redesign and decision-making is intended to be inclusive and proportionate.

3. Environmental

The programme has the potential to positively impact environmental stewardship through its emphasis on sustainable organisational practices and

digital transformation, reducing the need for physical resources and promoting greener service delivery models.

4. Governance

- 4.1 **Alignment with Council Priorities:** The programme is closely aligned with the Councils' priorities, particularly in terms of improving services, community engagement, and resilience. It seeks to integrate these changes within the existing strategic framework, enhancing the Councils' ability to meet their long-term objectives.
- 4.2 **Reputation and Partnerships:** By engaging with communities and partners in the redesign process, the programme can strengthen the Councils' reputation as inclusive, responsive, and forward-thinking. It also opens avenues for deeper collaboration with external partners, enhancing service delivery and community outcomes.
- 4.3 **Resourcing and Risk Management:** The programme is structured to manage risks effectively, including financial risks associated with savings targets and operational risks related to the redesign of services. It includes a governance structure to oversee the implementation and monitor progress, ensuring that resources are allocated efficiently and that health and safety considerations are integrated into the new service models.

Appendix 1 – Organisational Design Areas of Focus and Roadmap

1. Breakdown of Group 1/2/3 areas of focus

The group numbers are based on the stages at when different areas of focus start working on their redesigns.

Group No.	Area of Focus	Intended outcome
1	Neighbourhood model	The objective of the neighbourhood model is to change how the Councils work in the neighbourhoods in a way that better uses the strengths of the frontline staff, residents and partners to deliver the services citizens see and use every day.
1	Housing	The housing redesign will prioritise prevention and early intervention of homelessness. It will enhance collaboration across community services and the wider organisation to collectively address housing challenges and opportunities.
1	Resident services	The resident services redesign will develop a front door for residents to access the right help when they need it in a quick and easy way. This will enable residents to solve the majority of their issues online to free up staff to proactively prioritise residents most in need.
1	Community Capacity and Resilience	With participative being a key principle of Our Plan communities, prevention and wellbeing will be at the centre of what the Councils do. The organisation is working through proposals to integrate and align the core functions of the team into the Neighbourhoods, Housing and Resident Services redesigns.
2	Place and Economy	The Place and Economy Department helps fuel inclusive economic growth and fosters skills and innovation. The organisation wants to align these services more effectively with its core values of adaptability, participation, and resilience as well as also reviewing the service office in light of the Neighbourhood model as it develops.
2	Regenerative Development	The regeneration team has been a catalyst for shaping places across Adur and Worthing. It has provided the driving force needed to breathe life into the physical infrastructure and spaces in local areas. To anticipate future challenges, it is essential to take a step back and reflect on regenerative development efforts as part of the commitment to continually being adaptive, participative and resilient.
2	Contracts	A contracts and procurement savings programme under development will deliver important in-year and 2025/26 savings benefits beyond those that have already been factored into the 2024/25 budget and will be reported on as part of the organisational design work.

3	Bereavement	Bereavement services address emotional, social, ethical, and environmental needs, by facilitating meaningful farewells. It is important to recognise that bereavement services also play a vital role in the financial health of the Councils. As an income generator, this service allows the Councils to reinvest in the community, and support various other initiatives that uplift and empower residents. These services will be reviewed through a refresh of the service design and commercial offer.
3	Environmental Health	Environmental health plays a key role in contributing to the safety and wellbeing of local communities food hygiene and safety, health and safety, licensing, public health regulation and tackling pollution and air & water quality. These services will be reviewed through a refresh of the service design and funding model.
3	Core Services	At the very heart of the organisation lies Core Services (finance, legal, procurement, HR and digital) who help ensure the seamless functioning of council operations. In a world where adaptability is the key to resilience, reviewing Core Services will help better support frontline services who directly impact the lives of communities. It will ensure teams have the tools, resources, and support needed to deliver. This review is a commitment to continuous improvement. It will reshape Core Services, ensuring they not only meet today's demands but also build a solid foundation for a resilient and thriving future.
3	Waste	Redesign work in the waste service is anticipated once the impact of the Environment Act 2021 is understood, and preparatory work in the form of a review is already underway to support this.

2. The roadmap for the Organisational Design

The roadmap for the programme in 2.2 outlines:

- Timescales for reporting to the Major Programmes Board, Corporate Leadership Team and the Joint Strategic Committee.
- Frequency of communications and engagement to the target audiences of the programme.
- Alignment to wider corporate milestones such as the pre-election period & elections, budget & service planning and annual performance update.

2.1. Purposes of the OD programme updates to Joint Strategic Committee

Joint Strategic Committee of July 2024

- Update on the programme, including the resident engagement and final service offers and structures for Group 1 areas of focus, and alignment to Financial Strategy (reporting to JSC July).
- RAG rating of the savings and delivery.
- Skills framework for the organisation and improvement plan from the staff survey.

Joint Strategic Committee of October 2024

- Update on the programme, including the resident engagement and final structures for Group 2 and 3 areas of focus and launch of service changes for Group 1 areas of focus.
- RAG rating of the savings and delivery.

Joint Strategic Committee of March 2024

- Update on the programme, including the launch of service changes for Group 2 and 3 areas of focus.
- RAG rating of the savings and delivery.

2.2. Programme roadmap

Theme	Q3 2023/24			Q4/2023/24			Q1 2024/25			Q2 2024/25		
	O c t	N o v	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
JSC reporting						Overview of the OD programme				Programme update		
CLT and Major Programmes Board			Scope of the OD programme at CLT	Progress update	Progress update	Progress update	Progress update	Progress update	Progress update	Progress update	Progress update	Progress update
Cross-cutting			Budget Update 2024/25		Final Budget Estimate 2024/25 Launch of review of workforce policies	Pre-election period Update at Joint Staff Committee of initial workforce policies Annual staff survey	Pre-election period	Elections Integrated Service & Budget Planning	Integrated Service & Budget Planning Skills Framework, L&D and staff survey improvement plan	Corporate Performance Update Financial Strategy	Internal Budget Planning	Internal Budget Planning Quarterly pulse survey

Group 1 Areas of Focus			Develop propos als		Finalis e propos als	Prepare for staff consultat ion	Start staff consul tation	End staff consul tation	Agree final structu re	Post-st aff consul tation	Post-st aff consul tation	Launc h of new structu re
									Reside nt & partne r engag ement	Reside nt & partne r engag ement		
Group 2 Areas of Focus						Develop propos als	Finalis e propos als	Prepar e for staff consul tation	Start consul tation	End consul tation	Agree final structu re	Post-c onsult ation
												Reside nt & partne r engag ement
Group 3 Areas of Focus						Develop propos als	Develo p propos als	Finalis e propos als	Prepar e for staff consul tation	Start staff consul tation	End consul tation	Agree final structu re

2.3. Q3 2024-25 – Q4 – 2024/25

Theme	Q3 2024/25			Q4 2024/25		
	Oct	Nov	Dec	Jan	Feb	Mar
JSC Reporting	Progress Update of the programme at Joint Strategic Committee		Progress Update of the programme at Joint Strategic Committee			Progress Update of the programme at Joint Strategic Committee

CLT and Major Programmes Board	Progress update	Progress update	Progress update	Progress update	Progress update	Progress update
Cross cutting	Update at Joint Staff Committee of workforce policies		Budget Update 2025/26 Update at Joint Staff Committee of workforce policies Quarterly survey		Final Budget 2025/26	Annual staff survey
Group 1 Areas of Focus						
Group 2 Areas of Focus	Launch of new structure Resident & partner engagement					
Group 3 Areas of Focus	Post-consultation Resident & partner engagement	Launch of new structure Resident engagement				

3. Communications and engagement for the Organisational Design

As outlined in 3.2 in the main Organisational Design report, the longer term outcomes are being refined as part of the design process but are emerging as:

3.1. Overall outcomes

- **Accessible:** We will improve our services so that they are easier to access for residents.
- **Visible:** Our staff will be more visible in our neighbourhoods to better understand local needs and build relationships with partners.
- **Personal:** We will provide proactive support that works for our residents most in need to reduce the risks of getting into crisis.
- **Responsible:** We will make it clearer what we are responsible for and what we are not, how residents can do their bit, and how we help them make a difference to your communities.
- **Sustainable:** We will make the best use of the money to invest in our communities and places and have improved the staff experience and therefore workforce resilience.

Building on these, the programme sets out below the short and long term outcomes it intends to achieve for each target audience.

3.2. Short term outcomes over Spring-Autumn 2024

- Residents see how the changes will help them better access and use services and improve their neighbourhoods, what impacts the changes will have (and mitigations put in place), when the changes will take place and how they can get involved in shaping the delivery of these changes.
- Partners understand what the changes mean for our residents, places and their organisations and how we can work together with them to pool our resources to improve our communities and the economy.
- Staff understand the outcomes & approach to the programme and take part in learning & development so feel more confident and supported in taking part in the redesigns and delivering the improved services.
- Members understand what the changes will mean for our local communities and how they are being planned and delivered to better champion the improved services.

3.3. Long term outcomes over 2024-25

- Residents access our services in an easier way through the help of digital and get the support to work with us to improve our neighbourhoods to make Adur and Worthing better places to live.
- Partners work together with us to tackle the needs our residents and places have, helping them improve our communities and achieving shared missions on improving people, economy, place and planet.
- Staff see how their role is helping deliver outcomes, and feel more connected to the people they support, while benefiting from a skills framework & training that help them develop their career and digital technology that simplifies processes and frees them up to solve problems on complex issues.

- Members see how we have worked to improve how residents access our services in an easier way through the help of digital technology and get the tools and support to work with our staff and partners to improve our neighbourhoods.

3.4. Channels for communications and engagement

3.4.1. Resident communications and engagement

Channel	Audience	Purpose of channel for the OD	Frequency
Website	Public	Space where people can see the new service offer on what the organisation will do to support residents, how residents can do their bit and opportunities for improving their communities.	Updated every two months in line with reporting to JSC.
Press Releases & Social Media	Public	Outline of the benefits of the changes, improvements planned to services, when the changes will take place, how people can contribute, and what support people can access to make these changes as smooth as possible.	As above.
Area of Focus specific engagement	Public	<p>Residents can share how they would like to get involved and supported in making a difference in their communities.</p> <p>Residents can shape what support would help make these changes as smooth as possible and inform assessments to ensure those changes don't impact groups with specific needs disproportionately.</p> <p>Residents can feedback on specific changes, and user test changes to get aggregate insights to help make the changes as smooth as possible, and tackle any specific needs.</p>	Starting post-elections in May and then throughout the programme.

3.4.2. Partner communications and engagement

Channel	Audience	Purpose of channel for the OD	Frequency/Deadline
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Email	Partners	Outline of the benefits of the changes, improvements planned to services, when the changes will take place, how partners can contribute, and what support people can access to make these changes as smooth as possible.	March-April.
Strategic partnership workshops	Partners	Sessions to update on proposed changes and explore opportunities to work together on key needs and opportunities and build coalitions on major missions to pool resources and attract investment.	Starting post-elections in May and then throughout the programme.

3.4.3. Member communications and engagement

Channel	Audience	Purpose of channel for the OD	Frequency
All Member Newsletters & Briefing Sessions	Members	Updates to staff on the progress of the programme, planned on improvements to services and when the changes will take place.	Every two months.

3.4.4. Staff communications and engagement

Channel	Audience	Purpose of channel for the OD	Frequency
Intranet	Staff	Space where people can see the outcomes, approach, and timescales for the OD programme, how they can contribute and what support is available.	Updated every fortnight.
All Staff Newsletter & Emails and Briefing Sessions	Staff	Updates to staff on the progress of the programme, what is planned on improvements to services, when the changes will take place, how people can contribute, and what support people can access to make these changes as smooth as possible.	Monthly.
People Surgeries	Staff	Advice and guidance to managers and staff on navigating specific situations & scenarios on change.	Weekly.

Organisational Leadership Team Emails and Sessions	Leaders	Updates at OLT on progress of the programme and learning & development to help leaders support staff through change.	Monthly.
Area of Focus specific sessions	Staff Affected	Fortnightly communications to managers and staff affected and weekly during the consultation period (including with unions).	Fortnightly.
Staff Survey and Workshops	Staff	Survey to test the temperature on key staff experience themes such as wellbeing, skills and engagement. Workshops where staff can shape and input into the future building blocks to help them through change (i.e. L&D, policies, skills framework, value proposition).	Annual survey in March. Quarterly thereafter. Monthly.
Joint Organising and Negotiating Group	Union	Updates on the programme through the JONG meetings, on timescales of the policy review pipeline and wider mechanisms to support staff.	Monthly.

Importantly, the invitation of the organisation to communities in engaging in this process is:

- We need to change so we can work differently with you. This is work we need to do to make ourselves easier to work with each other and with you
- We want to work together to design what you need from us. We are changing so we can listen more effectively - now talk to us about what we should all be doing.
- We want to co produce the ambitions of our places with you. We are all clear on who holds what role and we are able to work together effectively to pursue goals which are bigger than any individual organisation.

Appendix 2 - Financial Savings Tracking Process 2024/2025

The savings targets built into the 2024/25 budget are to be tracked against performance on a monthly basis using the monitoring process. This is to ensure that we continue to develop our monitoring process and practice rather than creating something new.

Cost centres for services will have a marker/analysis category attached to them within the financial management system to identify and report against the area of focus that they are included within.

Information to be monitored:

Two year organisation design programme model

A model to track the savings that are built into the medium term financial plan to provide an oversight of the overall programme. This will enable decisions around the programme timeline in Appendix 1 to be flexed based on the relationship between the proposed delivery dates and the projected savings. The information can be used to make informed decisions around;

- Mitigation measures that may be needed to meet the savings shortfall should any element of the programme be later than planned. Measures would include holding vacancies for longer and/or finding savings within operational budgets;
- The timing of the phases or work and the potential need to accelerate some of the design work to deliver savings earlier.

This modelling will ensure we are able to meet the savings as an organisation.

Monthly monitoring

- (a) Actual month on month against the target for the year for the areas of focus, broken down by service. The category of spend broken down to for each service:

Resources (staff/contractors/agency)
 Operating expenditure budget
 Income

Beneath the summary for each area of focus will be the following detail for services:

	Month 1 Actual	Month 2 Actual	Month3 Actual..etc	Total Actual/ Forecast	Target budget	% Variance of forecast against target
Service unit						
Resources (staff & agency costs net of						

vacancies)						
Operational Expenditure						
Income						
Surplus/cost of Service unit						
Cost of change						

This monitoring data will include the targets and performance for all of the savings included within the budget (organisation redesign and other savings identified in appendix 2 of the 2024/25 budget reports).

The projected savings from the proposed designs for the areas of focus will inform the forecasts as we progress through the organisation design programme. The forecast figures will change as we move through the stages of the process and the designs move from a formative state to implementation, when we will see the savings visibly within the monthly monitoring.

The corporate contract savings initiatives target will be an area of focus which will be profiled and a monthly savings budget set and monitored against.

Cost of change against budget

A budget is to be developed for the cost of change and the utilisation of the approved use of capital receipts to support the organisation redesign through capital flexibilities. The actual activity will then be tracked including actual costs, commitments and estimated future costs as we move through the redesign program.

Item	Description	Approved Use of capital Flexibilities	Actual Cost incurred	Forecast Cost
Staff change	Where redundancy can't be avoided some contingency is needed to fund associated exit costs	£800k		
Delivery support	3 delivery managers plus additional delivery officer to support the programme over 2 years	£440k		
External advice	For areas with considerable technical knowledge needed (such as waste, bereavement and others) external support will be needed to shape and test thinking	£200k		

Support managing change	for	1 People Specialist role to support the organisational change process over 2 years	£120k		
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Format of modelling the savings delivery and monitoring against the savings targets

Savings Programme	Savings type	Lead	As is budget	Target Saving	To be budget	Monthly saving	Estimated month of implementation	2024/25 Savings gap	In Year Actual	Forecast outturn for year	Variance of budget (including target) against forecast	RAG Rating	Notes
<i>Savings initiative category</i>	<i>Type of saving - income or cost saving</i>	<i>Officer leading initiative</i>	<i>Budget excluding saving target</i>	<i>target included within MTFS</i>	<i>Budget including saving target</i>	<i>target by month</i>	<i>Planned month initiative implemented</i>	<i>shortfall based on planned implementation</i>	<i>Actual performance monitored</i>	<i>Forecast outturn position</i>	<i>Variance of forecast against target budget</i>	<i>RAG rating on saving against planned implementation</i>	
Asset Management	Income / Disposals - Treasury saving from capital receipt)												
Income	Income												
Savings from directorate service review	Base budget review / contract saving												
Corporate contracts initiative	Contracts												
Reorganisation Design	Dependent on outcome of design												
Area of Focus													
Service (Area of focus split between services)													
Establishment staff Year 1													
Year 2 target accelerated													
Agency spend													
Operational spend													
Vacancy contribution													
Net Profit/loss of service													
Cost of change													

The savings type within the service area will be determined by the design work.

Each area of focus will include the detail of the service areas included within it.

Where the model indicates that the expected timeframe for implementation of the new service design in an area of focus does not deliver the year 1 target there are the following considerations for the lead officers:

- Potential for earlier delivery of the design and implementation for year 1
- Potential for year 2 savings targets be implemented earlier (into year 1)
- Can the service identify in year savings within operating budgets to mitigate the shortfall of target savings
- Is there opportunity for additional income be generated to match the savings target gap



ADUR & WORTHING COUNCILS

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

3rd 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 Committee 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 December 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 £1.657m and for the Adur District Council General Fund a net underspend after reserve transfers of £299k. A breakdown is set out in section 5.1 of the report.

This position has been achieved as a result of a very significant in-year spend controls and savings process, However the savings achieved have been 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**
 - (a) Table of Variations over £20,000
 - (b) Table of movement in variations between quarters

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 ongoing 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.
- 3.4 The increased demand on some key services and the impact of customers choices on commercial income have led to in year pressures. The organisation has recognised the need to address this and introduced control measures to manage expenditure, with underspends helping to

mitigate uncontrollable costs. More information is provided at sections 4.4 and 8.1.

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 in most areas, although there have been emerging additional pressures in-year.
- 4.2 A key uncertainty for the 2023/24 budget had been the national pay award, which was agreed in late 2023. The resulting uplift averages 5.7% across the councils' workforce 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 has been difficult to have certainty when making forecast assumptions across the year. As both councils enter the final quarter of their financial year, though some of these risks have now stabilised, there remains material forecasting challenges which officers continue to work hard to address. The current projections indicate a forecast year end overspend against budget of £1.657m in Worthing and an underspend of £299k in Adur.
- 4.4 A suite of budget management initiatives are in place to control in-year spend, this has supported both the mitigation of overspends where possible and the delivery of in-year savings. 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 being 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 2024/25 budget papers outline plans for reserves to be replenished at a rate of

£200k p.a. A new financial strategy is being developed over the next few months with a committee report in July, this will look beyond the next 12 months and include a strategy to build reserves.

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 £2.142m in Worthing and £119k 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
	Q3	Q3
	£000	£000
2023/24 Forecast Outturn		
Over/(under)spend in operational services – including share from Joint	2,142	119
Net Borrowing requirement: Forecast call on the MRP (provision to repay debt)	476	(84)
Net Interest (increase)/decrease	(547)	(364)
Commercial property additional income shortfall / cost pressure	(92)	514
Property void allowance	(678)	(750)
Impact of pay award	195	131
Insurance contract renewal	161	135
Net over/(under) spend before Transfer to/(from) Reserves	1,657	(299)
Transfer to/(from) reserves	-	-
Forecast net over/(under) spend	1,657	(299)

Comparison to the Q2 forecast:

	Joint	Adur	Worthing
	£000s	£000s	£000s
Outturn Over/(under)spend	270	(299)	1,657
Forecast			
Over/(under)spend Q2	102	(33)	1,541
Change from Q2 to Q3 (improvement)/deterioration	168	(266)	116

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 £71k and in Adur a net underspend forecast of £448k. The MRP is the charge to revenue made in respect of paying off the principal sum of the borrowing undertaken to finance the capital programme. It is largely defined by regulation and the purpose is to ensure that the council does not have time expired assets with associated outstanding debt. The MRP budgets are calculated on both the historic financing of previous years capital programmes and the impact of financing the current year's capital spend. In Adur the underspend reflects lower capital expenditure than anticipated when the budget was set which has led to a reduced MRP charge and an underspend on interest payable due to a lower borrowing requirement. In Worthing the MRP charge is overspent, this is due the assumed capital receipts being higher when setting the budget than have been realised in year. There has been additional interest from investment income due to robust cash flow management and a cash injection from the disposal of an asset.

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	270	(299)	1,657
Reserves Funding		0	0
Projected Forecast over/ (underspend) after Government funding and proposed transfer to reserves	270	(299)	1,657
Projected over/(underspend) percentage	0.98%	-2.82%	11.68%

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)	32,877	(6,003)	26,874
Projected Forecast (Under)/ Overspend	(29)	299	270
Forecast variance % before Government funding	-0.09%	4.74%	1.01%
Adur	£'000	£'000	£'000
Budget	37,420	(27,153)	10,267
Forecast (after transfer to reserves)	37,400	(27,540)	9,860
Authority Projected Forecast (Under)/ Overspend	(20)	(387)	(407)
Share of Joint (Under) / Overspend	(11)	119	108
Authority Projected Forecast (Under) /	(32)	(267)	(299)

Overspend including Joint share			
Forecast variance % before Government funding	-0.08%	-0.98%	-2.91%
Worthing	£'000	£'000	£'000
Budget	71,251	(54,762)	16,489
Forecast (after transfer to reserves)	73,030	(55,046)	17,984
Authority Projected Forecast (Under)/Overspend	1,779	(284)	1,495
Share of Joint (Under) / Overspend	(17)	179	162
Authority Projected Forecast (Under) / Overspend including Joint share	1,762	(105)	1,657
Forecast variance % before Government funding	2.47%	-0.19%	10.05%

5.5 The Joint Strategic Committee (JSC) is asked to consider:-

- the current projections of variances in the councils' General Fund Revenue Budgets
- any amendments and virements to budgets which may require a recommendation to Full Council for approval
- the current projections of variances in the Adur Housing Revenue Account.

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 the 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 is 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	Adur £000	Worthing £000
Cross Cutting			
Pay Award over 4.5% budgeted	307	10	8
Insurance		135	161
Treasury		(448)	(71)
Services:			
Waste		33	(182)
Car Parks		(69)	569
Homelessness		165	584
Bereavement		33	1,047
Strategic Property		(304)	(770)
Planning and Development (Development Management, Building and Land Charges)		269	377
Parks		5	(72)
Place and Economy		(62)	122
Elections		(85)	110
Revenues & Benefits		217	464
<i>Energy & Sustainability</i>		(103)	0
Corporate Contingency & Centralised Utilities		(346)	(739)
Other	(37)	143	(113)
<i>Share of Joint</i>		108	162
Total projected surplus/deficit before use of reserves		(299)	1,657

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 £640k in Worthing and £335k in Adur.

6.5 Utilities and Rates

From April 2023, the councils are now on a variable rate contract for electricity and gas following a 6-month period where they were tied into a substantially higher rate at the height of the energy crisis, following the end of the previous fixed rate. The cost of energy after this period was unknown, so an allowance for growth in energy costs was built into the budget.

Using a combination of actuals to date and historical invoice data, the current forecasts are estimating underspends against the budgets in the Joint service (£208k) and in Worthing (£121k). In Adur there is projected to be a slight overspend (£60k), mainly due to void properties, whose costs fall to the council whilst vacant.

Rates budgets are overspending due to the cost of paying for void properties.

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 £41k mainly due to improvements being made at Commerce Way.

6.7 Treasury

Worthing Borough Council has an underspend against the MRP and interest budgets of £70k. Disposal of key sites had previously presented a challenge, however increased investment returns have in part off-set this bringing the council closer to budget. Adur District Council is projected an underspend of £448k, caused in part by delays in capital expenditure leading to lower borrowing and therefore lower interest charges.

For both councils, elevated interest rates available on their invested funds has proved beneficial to the budget position. This has shown sustained improvement across the year as rates have remained elevated for longer than originally forecast.

6.8 Waste

The workforce plan and budget reviews mentioned at quarter two have begun to improve the profile of spend in Waste. Demand for commercial waste services has fallen slightly in Adur, whereas commercial waste has performed well for Worthing, particularly with efficiencies achieved in tipping costs.

Maintenance costs continue to increase with the age of the RCV fleet as well as fuel costs and the cost of replacement bins. The strategic management of the fleet continues to be an area of officer focus, while the unavoidable inflationary pressures contribute some challenge to the expenses of running waste services.

The decision to externalise the clinical waste contract to provide a more consistent and reliable service continues to be more costly than the in-house provision along with an increased uptake of the service.

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 £569k, this position has lost further ground due to weak demand through December. December is normally a significant period of earnings since the festive period is expected to draw people into town centres for shopping, entertainment and events.

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, though potentially more efficient these payment methods carry a transactional cost which is a material proportion of the current parking fees.

In Adur, the income is expected to exceed the budget by £69k.

Further information is provided in Appendix 1.

6.10 Homelessness

Cost pressures continue to be experienced with consistent numbers of households being supported in temporary accommodation and rising case complexity of those that are presenting as homeless.

Currently Worthing is forecast to overspend by £584k and Adur is forecast to overspend by £165k.

Further information is provided in Appendix 1.

6.11 Bereavement

The deficit against budget is due to a continued underachievement in income. The impact is significant for Worthing as the income budget for the crematorium has become unattainable. The commercial challenge is exacerbated by a lower death rate leading to lower demand for bereavement services. It is of note, that income budgets have been reviewed and reset 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 2023/24 property risk reserve provision of £678,000 for Worthing and £750,000 for Adur are fully utilised in year to offset overall general fund shortfalls. The financial strategy sets out that the provision is used where required in year with any unused amount transferred to the Property Risk Reserve at outturn where the general fund can accommodate it within an underspend position.

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. The Councils' Property Investment Risk Reserves exist to manage such risks.

6.13 Planning and Development

The Budget budget shortfall is largely related to the underachievement of income. These income streams are largely demand led and current economic conditions are slowing home-owner and developer applications. Based on current performance the forecast outturn position for Planning fees, Building Control Fees & Land Charges fees is a shortfall of £379k in Worthing and £205k 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 will be 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 the largest risk to council finances with the pressure on rising costs across all budget areas, particularly in utilities, fuel, supplies, salaries and construction costs. Though the rate of inflation has slowed across the 2023/24 year, the nature of some supplier contracts will mean that all inflationary pressures have not yet been fully felt across both Councils' finances. This remains an area of constant review over the remainder of the current financial year and for future financial years.

7.2 *Demand for housing*

Much of the Councils' duties in this area are statutory meaning there is limited control available to manage any increases in demand for temporary accommodation. Officers continue to work to structure the most cost efficient availability to meet the needs of local people, however the unpredictable nature of case loads means there remains a risk of additional cost pressures to both councils' finances.

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 remains a matter for concern as it will impact the council's ability to absorb financial shocks in future years and this is 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		(1,657,240)	(1,657,240)
Total	3,188,189	(2,130,057)	1,058,132

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		299,554	299,554
Total	1,951,535	127,060	2,078,595

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. As highlighted in section 4.4 a number of control initiatives have been introduced during the year:

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 for the remainder of the financial year and any corrective actions over and above those detailed above will be considered as required.

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 underspend against the budget for 2023/24 by £216,178. The most significant pressures are due to:

- Void properties (including losses in associated service charges and increased Council Tax liabilities) - £640,000.
- 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 - £404,000

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 - £865,000.
- 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.
- A reduction in staffing costs due to several vacancies either being held or taking longer to recruit than anticipated - £282,000
- 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 which has supported the development of the 24/25 budget. Residents have been invited to have their say on the budgets for both [Adur Council](#) and

[Worthing Council](#) and the findings of this engagement have shaped the final Budget for 24/25. 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 3rd 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 £1.657m and an underspend in Adur of £0.29m, which includes the councils' share of the estimated £0.27m 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

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

This information supplements the information in the 3rd 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 as addressed at quarter 2. Parking demand in December was below expectations.

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 Montague Centre car park (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.

The impact on Worthing's income is a shortfall against the budget of £569k. In Adur, the parking income is exceeding the budget and a projected additional income of £69k.

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, which has not increased with the local private rented market
- Increasing interest costs and the change to the Landlord & Tenant Act, which impacted on smaller landlords, with some exiting the market. This is increasing the rate of evictions, and reducing the availability of rented accommodation
- The increased cost of living is impacting residents' ability to afford appropriate accommodation.

The demand is currently averaging at around 313 households in Worthing, in Adur demand has increased since Q2 and is now averaging 106 households.

Average nightly costs for temporary accommodation have increased from £42 in 2022/23 to £49 (Worthing) and from £46 to £48 (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.

Currently Worthing is forecast to overspend by £584k and Adur is forecast to overspend by £165k.

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 £1,020,000, 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 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 £32k, 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 £746,000. 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 £415,000 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 £205k and £379k 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	£194,000	£101,000
Development Control	£118,000	£55,000
Land Charges	£67,000	£49,000
Total	£379,000	£205,000

The cost of borrowing, inflation and high construction costs is having a detrimental impact on house building and development, as well as increasing costs for homeowners considering extending their properties 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.

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 £71k, 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 £448k. 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	(522)	(15)
Interest payable on borrowing	(25)	(349)
Total	(71)	(448)

**WORTHING BOROUGH COUNCIL SUMMARY - 3RD QUARTER
PROJECTED OUTTURN 2023/24**

**APPENDIX
2a**

Actual Previous year 2022/23	WORTHING CABINET MEMBER PORTFOLIOS	Original Estimate 2023/24	Current Estimate 2023/24	Projected Outturn to 31st March 2024	Forecast Over/ (Under)
4,898,300	CM for Environment	3,999,240	3,999,240	5,557,440	1,558,200
930,829	CM for Community Wellbeing	824,280	824,280	939,480	115,200
5,120,413	CM for Citizen Services	4,304,920	4,304,920	5,443,920	1,139,000
128,178	CM for Climate Emergency	119,700	119,700	109,500	(10,200)
4,438,618	CM for Culture & Leisure	3,835,040	3,835,040	3,796,040	(39,000)
985,506	Leader	831,510	831,510	934,710	103,200
3,127,961	CM for Regeneration	2,432,060	2,432,060	1,886,060	(546,000)
(2,724,355)	CM for Resources	(240,010)	(240,010)	(1,379,170)	(1,139,160)
0	Holding Accounts	382,350	382,350	382,350	0
16,905,450	Total Cabinet Member	16,489,090	16,489,090	17,670,330	1,181,240
(4,198,163)	Credit Back Depreciation	(4,804,180)	(4,804,180)	(4,804,180)	0
1,693,450	Minimum Revenue Provision	2,417,780	2,417,780	2,893,780	476,000
	Non ring fenced grants	0	0	0	0
14,400,737		14,102,690	14,102,690	15,759,930	1,657,240
(40,791)	Government Grant funding	0	0	0	0
	Transfer to/from reserves				
(44,610)	Contribution to/(from reserves)	86,250	86,250	86,250	0
0	Budgeted contribution to/(from) Reserves	-	-	-	-
(1,308,786)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	0	0
	General Fund Working balance	0	0	0	0
778,101	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	0	0	(1,657,240)	(1,657,240)
13,784,651	Total Budget requirement before External Support from Government	14,188,940	14,188,940	14,188,940	-

Appendix 2b

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 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 opening Balance	754,421			
Projected Underspend/ (Overspend) (Reserve to be identified at outturn).		(1,657,240)		(1,657,240)
General Fund Working Balance	1,347,348			1,347,348
TOTAL	6,850,044	(2,130,057)	0	3,897,417

ADUR DISTRICT COUNCIL SUMMARY - 3RD QUARTER PROJECTED OUTTURN
2023/24

APPENDIX
3a

Actual Previous year 2022/23	ADUR EXECUTIVE MEMBER PORTFOLIOS	Original Estimate 2022/23	Current Estimate 2023/24	Projected Outturn to 31st March 2024	Forecast Over/ (Under)
3,611,352	CM for Environment & Leisure	3,364,830	3,364,830	3,390,430	25,600
1,531,276	CM for Communities & Wellbeing	1,332,300	1,332,300	1,390,500	58,200
2,329,295	CM for Adur Homes & Customer Services	1,887,080	1,887,080	2,377,080	490,000
704,985	Leader	704,630	704,630	594,430	(110,200)
1,982,718	CM for Regeneration & Strategic Planning	2,028,950	2,028,950	1,822,950	(206,000)
721,607	CM for Finance & Resources	681,210	681,210	208,056	(473,154)
0	Holding Accounts	268,270	268,270	268,270	0
10,881,233	Total Cabinet Member	10,267,270	10,267,270	10,051,716	(215,554)
(1,541,257)	Credit Back Depreciation	(1,625,520)	(1,625,520)	(1,625,520)	0
1,875,637	Minimum Revenue Provision	1,969,970	1,969,970	1,885,970	(84,000)
	Non ring fenced grants	0	0	0	0
11,215,613		10,611,720	10,611,720	10,312,166	(299,554)
-470979	Government Grant funding	0	0	0	0
	Transfer to/from reserves				
0	Contribution to/(from reserves)	0	0	0	0
0	Budgeted contribution to/(from) Reserves	0	0	0	0
(992,117)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	0	0
0	General Fund Working balance	0	0	0	0
(10,166)	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	0	0	299,554	299,554
9,742,351	Total Budget requirement before External Support from Government	10,611,720	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
Grants and contributions sub total		0	0	0
Projected Underspend/(Overspend) (Reserve to be identified at outturn)		0	299,554	299,554
Projected Underspend/(Overspend) HRA (Reserve to be identified at outturn)		0		0
General Fund Reserve	1,051,497	0	0	1,051,497
TOTALS	4,758,558	(172,494)	299,554	4,885,618

HOUSING REVENUE ACCOUNT SUMMARY

Appendix 4a

	ORIGINAL BUDGET	FORECAST ACTUAL	VARIANCE
	£	£	£
EXPENDITURE			
General Management	4,102,590	3,854,502	(248,088)
Special Services	796,020	803,099	7,079
Rent, Rates, Taxes & Other Charges	64,010	116,250	52,240
Repairs & Maintenance	3,142,880	3,547,028	404,148
Bad/Doubtful Debt	50,000	50,000	0
Capital Financing Costs			
Depreciation and Revenue Contribution to Capital	4,421,760	3,556,931	(864,829)
Interest charges	2,304,920	1,986,964	(317,956)
TOTAL EXPENDITURE	14,882,180	13,914,774	(967,406)
INCOME			
Dwelling Rents	(13,330,160)	(12,794,000)	536,160
Non-Dwelling Rents	(537,320)	(526,250)	11,070
Heating and Other Service Charges	(706,760)	(506,480)	200,280
Leaseholder's Service Charges	(307,940)	(269,222)	38,718
Interest Received	0	(35,000)	(35,000)
TOTAL INCOME	(14,882,180)	(14,130,952)	751,228
NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL RESERVE	0	(216,178)	(216,178)

	(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	13
Staff costs	(282)
Council Tax - increased costs due to extended void periods	52
Professional fees regarding regeneration proposals	90
Repairs & Maintenance - responsive and void works	404
Leasehold Service charges	39
Other	(50)
TOTAL VARIATION IN RUNNING COSTS:	1,002
<u>Variations in Treasury Management and Capital Costs:</u>	
Interest payable	(318)
Depreciation	(865)
Interest receivable	(35)
TOTAL VARIATION IN TREASURY MANAGEMENT AND CAPITAL COSTS:	(1,218)
TOTAL VARIATION:	(216)

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

Quarterly Variations

Appendix 5a

Service Area	Joint £000s (under)/ over spend	ADC £000s (under)/ over spend	WBC £000s (under)/ over spend	Description of Significant Variations
Chief Executive				
Performance and Strategies	0	-20	1	Underspend on the Leaders Projects
People and Change	-24	-20	3	People & Change restructure and refund for leadership training
	-24	-20	4	
Director of Housing & Communities				
Director of Housing and Communities Office	147	0	0	Departmental Vacancy Provision
Community Wellbeing	30	18	15	In Adur the overspend reflects the net cost of running Eastbrook CC and the overspend in joint relates to a recharge still to be made for a part funded post
Head of Housing	-62	0	0	Residual budget held following a previous restructure. A portion of this has been utilised in recent structure changes, the remainder has been offered as a saving.
Environmental Health - Housing	29	-9	-58	Increased income from Fixed Penalty Notices in both councils, delays in the delivery of planned savings in the joint service and additional income from Housing Improvement Assistance.
Housing Needs	-42	165	584	Homelessness continues to present significant cost pressures to both councils.
Community Alarms	0	24	0	Staffing costs due to pay award higher than budgeted plus cost of equipment has increased with demand but budget not increased in line with Income
Contact Centre / Business Support	22	0	0	The structure of the pay award and staff grading in this team have meant that the impact was more significant than in some areas
Head of Revenues and Benefits	240	0	0	This relates to staffing costs met by the joint service but funded by the respective Councils via grants.
Revenues	-17	28	12	Reduced court cost income due to a period of time when this was halted to deal with the work backlog

Benefits	71	189	452	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.
	418	415	1005	
Director of Sustainability and Resources				
Director of Digital & Resources Office	259	0	0	Departmental Vacancy Provision
Digital	-150	0	0	Significant review of software and other contracts to minimise spend wherever possible has delivered savings.
Technology and Design	-46	0	0	Delayed recruitment to a post in this area has contributed to a saving
Parking Services	19	-69	569	ADC: The income is exceeding the current budget WBC: Delay in price increases plus the move to more card payments have resulted in an overspend/under achievement of income. Materially weak income figures over December have led to a further revision for the remainder of the year.
Waste & Cleansing	187	33	-182	Mainly due to Agency staff costs in Cleansing plus increased costs from the Medisort Clinical contract (offset partly by Contingency budget In CM), Commercial Waste in WBC has benefited from significantly reduced tipping charges.
Bereavement Services	-2	33	1047	Pressure continues on income, this revised position results from a rationalisation of forecasting to reflect in year trends for the remainder of the year.
Public Health and Regulation	3	32	57	The loss of income from Gambling establishments as this moves to an online environment has had an impact. There is also a shortfall in income from Hackney Carriage Licences
Legal, Democratic & Procurement	44	-12	-1	An overspend in Legal funded from Adur & Worthing consultancy budgets partially offset by a vacant post in Procurement

Electoral Services	-13	-85	110	Increased costs mainly due to the staff bringing their hourly rate up to living wage and holiday pay. Increase in royal mail costs for poll cards and postal votes, and Worthing was a stand alone election so no shared costs. Increase in costs for holding the count and the polling stations.
Finance	-87	5	-1	Vacant management and a trainee post in Accountancy plus new starters appointed on lower scale points have been held to contribute this saving in year.
Insurances Administration	-19	135	161	Posts held vacant at times during the year have contributed to an underspend in joint services. New insurance contract tenders were significantly higher than budgeted, this is being experienced by Councils nationally.
Energy & Sustainability	-17	-103	0	Underspend on maintenance costs at Pad Farm and New Salts farm.
Treasury Management	0	-448	-71	Interest from investment income remains higher than forecast, borrowing costs remain challenging and the delay in sales of key sites has constrained efforts to maximise the contribution from this area.
Corporate Management	-558	-346	-739	Utility price increase centrally budgeted (increased costs appear within service lines) in addition to contingency budgets
	-380	-825	950	

Director for Place				
Director of Place Office	79	0	0	Departmental Vacancy Provision
Leisure Strategic Support	0	-68	-39	ADC Underspend on Maintenance £39k & 23k on the contract sum
Strategic Projects	0	0	99	We were unable to secure an alternative attraction to the rental income level that the observation wheel brought in which has led to a loss of rental income, additionally the Council meets the cost of rates in the meantime whilst the site is empty.
Economic Development & Tourism	-4	-74	-88	2 Place based officers to support Adur Communities not yet appointed plus additional net income from Markets and Events. In Worthing tourism and events are also making a net surplus along with savings in maintenance costs

Parks and Open Spaces, Allotments, Foreshore & Pier	25	5	-72	Rent reviews at Worthing parks sites have contributed to additional income along with underspends on maintenance, equipment and cleaning costs
Estates	43	111	-24	Rental income down by against the budget for potential rent reviews and void properties along with costs incurred for void properties,
Property Investment	0	-415	-746	Increased income from Rent reviews. In addition the Void property costs are less than the budgeted contribution to reserve producing a net underspend
Admin Buildings	333	125	-57	Town Hall planned maintenance costs and increased energy costs are budgeted centrally within Worthing
Technical Services inc Major Projects	65	70	87	JOINT cost relates mainly to lower capitalisation of staff costs ADC Maintenance of Public Conveniences, Bus SHelters and feasibility studies WBC Maintenance of Public Conveniences, and energy costs at Meadow Road Depot and for footway lighting
Building Control	-29	101	194	Underachievement of income due to the new rule that came into force in Oct 23 and lower numbers of applications
Development Management	-71	55	118	Income Forecast on application income is dependent on large applications being received . Pre-app income is also below the expected budget
Planning Policy	-139	64	-2	These costs are for the studies for the Adur local plan, the Western Harbour Arm Study and the Biodiversity study..
Land Charges	1	49	67	The number of charges for NLIS, Office and electronic payments have decreased significantly
LLPG	-47	0	0	The LLPG income is reliant on new development that requires street naming and numbering and this variance reflects the current level of applications from new developments
	256	23	-467	
Total Variances Before Joint Allocation	270	-407	1495	
Allocation of Joint Variance		108	162	Share of joint services allocated 40:60 to Councils
Total Variance	0	-299	1657	

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	-42	-2	129	Further pressures arising from temporary accommodation in Worthing
Head of Revenues and Benefits	240	0	0	Agency costs funded by Grants within Adur & Worthing Benefits
Benefits	71	-153	-305	Grant funding used to offset Agency spend in Joint service
Director of Sustainability and Resources				
Digital	-150	0	0	A significant review has been made of software and other contracts to minimise spend wherever possible has delivered savings.
Parking Services	4	12	86	Further deterioration of parking income. Christmas period didn't bring in as much as hoped
Waste & Cleansing	85	33	-182	Increased running costs in Joint offset by a reduction in tipping charges in Worthing
Bereavement Services	-2	33	60	Cremation income still continues to fall
Finance	-87	5	-1	Posts kept vacant to help reduce the Council's overspend
Corporate Management	-269	-190	110	Revised Utility costs and use of contingency budgets
Treasury Management	0	-104	-61	Improvement in Treasury interest receivable
Director for Place				
Parks and Open Spaces	25	-75	-79	Lower than expected maintenance costs
Estates	43	111	120	A combination of void properties and delays in rent reviews have contributed towards these movements
Property Investment	0	-179	103	An improvement in the projected void position in Adur, In Worthing the movement relates to a duplication in income in the previous forecast
Admin Buildings	333	24	14	Planned Maintenance budget for Joint buildings
Development Management	-71	-23	-19	Posts kept vacant to help reduce the Council's overspend
Planning Policy	-139	-22	-55	Posts kept vacant to help reduce the Council's overspend

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