

ADUR & WORTHING
COUNCILS

Joint Strategic Committee
11 July 2023

Joint Overview & Scrutiny Committee
7 September 2023

Key Decision [Yes/No]

Ward(s) Affected: All

Developing a revenue budget for 2024/25 in difficult economic circumstances

Report by the Director for Sustainability & Resources

Executive Summary

1. Purpose

- 1.1 The purpose of this report is to propose a budget strategy for the development of the 2024/25 budgets. When the 2023/24 budget was set, there was a clear expectation that inflation rates would begin to fall throughout 2023 with an associated reduction in interest rates. However inflation has remained stubbornly high and has only just started to reduce with impacts on our pay, contracts and our treasury management costs.
- 1.2 It has been a long time since the Councils have had any certainty during budget setting. Having come through a pandemic and one very difficult year, the Councils now have to address the challenge of extended inflationary pressures which continues to impact on our budgets.
- 1.3 The local government funding review is now looking likely to be deferred until after the next parliamentary election in 2024, consequently there is unlikely to be any change until 2026/27. The difficult economic climate continues to influence a number of budget lines, from pay to income for services such as car parks which will need to be reassessed as we balance our budget.
- 1.4 The Councils have had a clear strategy for facing the challenges of rapidly changing local government finance. It is now important to build on this strategy to meet the new and emerging challenges but within the context of supporting our local communities and economies.

- 1.5 Now more than ever, careful financial management is required to ensure that we manage both the emerging in-year pressures and the implications for the future, whilst driving forward with our plans for the future. Our financial strategy will need to include managed and prudent increases in council tax, and a clear focus on driving efficiency and productivity.
- 1.6 This report aims to set out how the Councils will address the challenges of the next few years, outlining the revenue forecast and setting out our strategic response to the challenges ahead. With the detailed budget proposals for 2024/25 coming forward to the Joint Strategic Committee in December, this report sets out the broader context for the detailed work that will be undertaken over the intervening months.
- 1.7 As set out in the following pages, the Councils will be increasingly reliant on council tax income, business rate income, and our own income generating services. Our Councils have a good track record in innovation, working creatively in partnership, and transforming our digital capabilities, so that we have capacity to continue to deliver our aspirations for our Councils.
- 1.8 Work has been underway for some time to address our financial challenges for 2024/25 and beyond. This will continue over the summer and autumn, and the Organisational Leadership Team will be working to produce new financial plans designed to deliver a balanced budget over the next 3 years. The outcome of the service planning process will be presented to the Joint Strategic Committee for approval in December 2023 as part of the development of the 2024/25 budget.
- 1.9 In line with the recommendations outlined in Item 12 this budget strategy is written with the assumption that we continue to maximise the benefits from the shared service with a joint revenue budget while continuing to create separate capital programmes for each Council. Attention has been paid to where priorities differ and where relevant attention will be drawn to differences of approach.

2. Recommendations

- 2.1 The Joint Strategic Committee is recommended to:
 - (a) Note the report and the outline 5-year forecasts in Appendix 3;
 - (b) Approve the proposed budget process as set out in section 6 of the report;

(c) **Recommend** to the Councils to approve the Budget Strategy for 2023/24 outlined in Section 9 of the report.

2.2 The Joint Overview and Scrutiny Committee is asked to note the content of the report.

3. Current position in 2023/24

3.1.1 Since the budget was set in February, there have been some significant issues which influence the Councils financial prospects for both the coming year and 2024/25 onwards. Below are details of the preliminary assessment of the impact of these issues.

1. Impact of current economic factors

Inflation rates have remained higher for longer than expected. The current inflation rate will have a profound impact on the Councils' budgets. It is expected that inflation will continue to remain high for this year although there are signs that it is beginning to reduce. By the year end rates are expected to be in the region of 5% and reduce back to 2% by the end of 2024. Against this backdrop the annual pay award will be negotiated.

Firstly, we now anticipate that the pay award for 2023/24 may exceed 7%. The current offer is equivalent to 5.7% and two of the three Unions have rejected the pay award whilst the third is currently balloting on the offer. Consequently, we are providing for an average 7.7% pay award for 2023/24 as we expect there to be an extended negotiation. Our budget contained an allowance of 4.5%, this will cost the Councils approximately £0.8m per year based on an in-year award of an average 7.7% (Adur £313,000 and Worthing £469,000).

As inflationary pressures are expected to be sustained for longer, included within the forecast is an allowance of 4.5% for the 2024/25 pay award which increases pay costs by over £680,000.

The current high level of inflation will also influence the cost of any contract renewals and so the Council will have to address any significant price increases arising, For example the Councils have already seen significant increase in the cost of the recently renewed insurance contract (see item 9).

Energy markets are calming and wholesale prices reducing. Whilst it is unlikely that prices will reduce to the previous levels, the Councils may see a reduction in overall cost. This will be reassessed over the Summer and if appropriate any saving will be built into the budget.

2. **Delay to the funding review**

The funding review is now expected to be delayed a further year. The Council is waiting to be notified of the Council Tax referendum limit for 2024/25. In most financial years this is constrained to 2%, however it was increased for 2023/24 to 3% which may be extended for a further year.

However, for now, we should plan for a 2% limit.

As a result of the new pressures, our financial position is worsening both in the current financial year and next year. Within 2023/24 we are now expecting to overspend largely to do with inflationary pressures.

2023/24 - Impact of pressures in the current financial year:

The potential impact of the identified pressures in 2023/24 is as follows:

	Adur £'000	Worthing £'000	Total £'000
Salary and pay pressures	438	656	1,094
Other inflationary pressures	145	173	318
Commercial income pressures	12	503	515
Total identified pressures	595	1,332	1,927
Less: Contingency budgets	-250	-152	-150
Net identified pressures	345	1,180	1,777

However, this is based on information early in the year and so the position will inevitably change as the year progresses. Full monitoring report for the first quarter of the financial year will be presented to members in September which will update the forecast for 2023/24.

Like last year, it is critical that our financial position is closely monitored. To help support the budget in 2023/24 the following measures have been implemented:

1. Any underspend from 2022/23 is placed in the reserves with the express intention of supporting the in-year position. To maximise the amount available, we will minimise any carry forward requests of underspend this year.
2. Any emerging underspend in the current year 2023/24 will be held corporately to manage in-year pressures.
3. All major projects / contracts are put on hold unless it is an initiative that either:
 - a. Improves our financial position; or
 - b. We are committed to delivery via a funding agreement; or
 - c. We are already contractually committed to the project; or
 - d. Addresses health and safety concerns; or
 - e. Addresses resilience or improves productivity; or
 - f. The project is identified as a key priority in the corporate strategy.
4. Vacancy control measures have been introduced for all posts including agency staff and will continue in this budget year. This will also support the budget measures required to balance the 2024/25 budget.

3.1.2 In addition, the Councils have continued to maintain reserves with which to mitigate this risk. It is currently estimated that the Council will have the following unallocated reserves available to manage the shortfalls emerging:

Unallocated resources	Adur £'000	Worthing £'000
Working balance	1,041	1,347
Capacity Issues Reserves	441	882
	1,481	2,229

Given the relatively low level of reserves, these will need to be carefully managed to ensure that they remain available to support our financial position and a strategy implemented to ensure that the position improves with time.

4. **2024/25 and beyond**

- 4.1 Both Councils have successfully managed to maintain a balanced budget over recent years despite the considerable financial challenges presented by the withdrawal of Government funding and the pandemic. Council Tax increases have been kept to a minimum.

- 4.2 However, the financial pressure continues with the current inflationary pressures presenting the Councils with significant new challenges. Revenue support grant has already disappeared; New Homes Bonus has now been virtually phased out with no indication of whether it will be one more year in 2024/25; and the Councils expect a reduction in the level of retained business rates when the business rate system is eventually reset as part of the funding review. Local Government funding has changed considerably since 2010 and the current system is no longer fit for purpose having had no major review in over 13 years despite a government commitment to overhaul the system. There is no expectation of any change now until after the General Election in 2024 and so no change is expected for the 2025/26 year and possibly later.
- 4.4 Members are being asked to consider the budget strategy at an early point in the year to enable the Councils to plan ahead. There are clear advantages in this approach, not least because it gives members and officers a good understanding of the overall financial position of the Council as well as giving sufficient time to consider how the challenges identified will be met. This provides the opportunity for the corporate plan process to reflect the budget strategy and for prioritisation work to be robust.

4.5 Funding from taxation

4.5.1 National context and external factors

Over the last decade the Councils have seen a considerable reduction in the level of funding from the Government. For 2023/24, there was yet another 1 year settlement with the funding review delayed until the next parliament. However, from the policy statement made earlier in December 2022, it was clear that “the core settlement will continue in a similar manner for 2024-25 and that the major grants would continue as set out for 2023-24.”

The Chancellor's Budget on the 15th March held little for local government. However there was additional funding for local swimming pools announced (£60m) and support for Council Homes through a reduced PWLB borrowing rate for investment within the HRA which will be 0.40% lower than other borrowing.

Consequently, the Councils should not expect any increase to funding beyond that already announced to address any new spending pressures such as that caused by inflation.

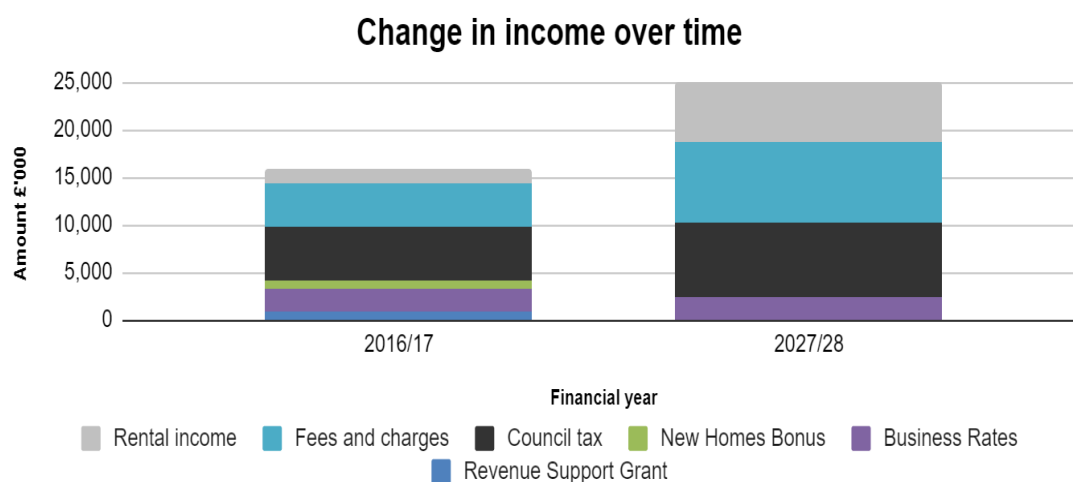
4.5.2 How the Councils are funded:

The Councils receive three distinct funding streams from taxation which are discussed more fully later in the report:

- Business Rates;

- New Homes Bonus; and
- Council Tax

Revenue Support Grant (RSG) has ceased to be a funding source for the Councils and the underlying make-up of funding to the Councils continues to change rapidly with increasing proportions coming from fees and charges, rental income, Council Tax and the Business Rate Retention Scheme. New Homes Bonus has been substantially reduced and has been phased out, the only question is whether there will be any further one-off grants available until the funding review.



(Using Adur as an example)

These changes to local government funding have influenced how the Councils view both the building of new homes and the creation of new employment space. The Councils are taking a proactive role in enabling the provision of both new homes and employment space through our strategies, whether this is through the provision of new office space to attract high quality employers or through working with others to facilitate the development of sites within our areas to meet local needs.

4.5.6 Income from Business Rates

Under the current business rate retention scheme, District and Borough Councils are entitled to retain a 40% share of the business rate income raised locally. However the system is complex, with the share retained being reduced by a series of nationally determined adjustments (the Tariff and the levy).

Ultimately the Scheme allows councils to keep a small element (20%) of any growth in business rate income over a retained 'baseline' amount. The forecasting of overall business rate income is always difficult due to two factors which are discussed in more detail below:

- i) The impact of the appeals arising from the national business rate revaluation in 2022.
- ii) The potential further reform of the business rate system and the impact of the funding review.

The forecasts contained within the report are based on the current business rate system but with the assumption that there will be a progressive loss of surplus Business Rate income from 2026/27 onwards, however this is dependent on the progress of the Funding Review (FR). This is an improvement on previous forecasts which had assumed that the Councils would receive less business rate income in 2024/25 due to the implementation of the FR.

Overall the business rate income is expected to increase by 5% in 2024/25 as the increase reflects the CPI in September thereafter it is expected to increase by 2% in line with Bank of England forecasts of inflation rates.

There are three aspects of this scheme which will ultimately influence the amount of business rate income retained locally and also the Councils' budgets in the medium term:

1. The 'Tariff':

Whilst the Councils are entitled to retain 40% of all business rate income, they are then obliged to pay over a substantial element of these retained business rates to the Government via an adjustment known as the Tariff. The 'Tariff' is due to be reset as part of the funding review as the assumption for budgeting purposes is that this will increase by inflation for 2024/25. However the scale and timing of any adjustment to the tariff beyond 2025/26 is difficult to quantify at the moment due to the uncertainties around the fairer funding review.

2. Target income from Business Rates (Baseline funding):

Every year the Councils are set a target by the Government of how much business rates to collect. If this target is exceeded, the Council can keep 20% of the extra income in addition to the baseline funding amount. If there is a shortfall, then the Councils will have to make up 40% of the difference, although the maximum loss of income is limited to 7.5% of baseline funding.

The Councils have developed a five year model for business rate income which underpins the medium term financial plan. This includes the impact of larger developments currently being built, known changes to the rateable values and any new charitable reliefs being awarded. A summary of the expected additional business rates is detailed below:

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Adur						
Baseline funding	1,832	1,924	1,962	2,001	2,041	2,082
Retained surplus rates	1,066	1,457	1,479	1,135	772	393
Total business rate income kept locally	2,898	3,381	3,441	3,136	2,813	2,475
Net business rate income collected	19,562	19,855	20,242	20,627	21,063	21,493
Percentage retained locally	14.81%	15.23%	15.23%	13.84%	12.46%	11.07%

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Worthing						
Baseline funding	2,793	2,933	2,992	3,052	3,113	3,175
Retained surplus rates	576	1,172	1,315	1,010	687	349
Total business rate income kept locally	3,369	4,105	4,307	4,062	3,800	3,524
Net business rate income collected	28,428	29,067	29,634	30,196	30,834	31,466
Percentage retained locally	11.85%	13.19%	13.14%	12.38%	11.60%	10.85%

Members should be aware that there is significant volatility around aspects of the system, such as appeals, which make it difficult to forecast income with accuracy.

One of the features of this system is that the Councils determine how much Business Rate income that they are entitled to from the Collection Fund at the outset of the new financial year. Once set, this total cannot be changed irrespective of any changes to the net business rate income within the year. Any surplus or deficit, due to changes in the business rate income, will be adjusted for in future years. This is similar to how Council Tax is treated.

It is intended to refine the forecast of the business rate income over the coming months and to project forward the impact of new developments where planning permission has been granted but building has not yet started. There are a number of new developments in progress or recently

delivered which will ultimately benefit the business rate income for both Councils. These include:

- New Monks Farm site in Adur – The development includes employment led and will benefit Adur once built.
- Free Wharf, Western Harbour Arm in Adur includes new commercial floorspace and is likely to be completed by 2023
- Union Place in Worthing – The development will take 3 – 4 years to complete once planning permission has been granted.
- Teville Gate in Worthing – This key development site is currently being progressed. The development will take 3 – 4 years to complete once planning permission has been granted.
- Decoy Farm in Worthing – This key development site is earmarked for employment space. The development will take 3 – 4 years to complete once planning permission has been granted.

Clearly, if the business rate income improves in 2023/24, then the increase could be used to support the budget in 2024/25. An update to the likely surplus or deficit will be undertaken later in the year.

4.5.7 New Homes Bonus

The Coalition Government introduced the New Homes Bonus (NHB) in 2011/12 which was specifically targeted at rewarding increases in the number of homes included in the Council Tax base, dealing with empty properties, and increasing the supply of affordable homes.

This scheme is now being phased out, with the New Homes Bonus generated in 2023/24 being paid for one year only (Adur £156,520 and Worthing £155,670). At present there are no indications of whether there will be any further funding. Given the transitional nature of NHB, it is proposed that if any further grant is forthcoming that it is used to create a contingency budget.

New Homes Bonus	2023/24	2024/25 and beyond
	£'000	£'000
Adur	74	0
Worthing	125	0

4.5.8 Council Tax

Council Tax is now the Councils' major source of general income from taxation. It is now 66% of the total taxation income received by Adur District Council and 69% of the income received by Worthing Borough Council. Consequently, there is an ever increasing strategic significance to the annual debate of how much to increase the Council Tax by.

The Councils have kept increases to a minimum over the past years. However, the Councils are well aware of the long term consequences of these decisions. Looking ahead the decision whether or not to increase Council Tax will have inevitable consequences for the Councils.

Clearly the loss of income will have an impact on the budget shortfall which would add to the level of savings required for the future.

However, the decision whether to freeze Council Tax is a finely balanced one. The Councils have a policy of keeping Council Tax low and the cost of freezing council tax in any particular year is fairly low, but the cumulative impact is more significant. Therefore the Councils are faced with the dilemma of increasing Council Tax or finding additional savings to support a Council Tax freeze. This is particularly pertinent in the next two years when the Councils have to find savings of over £5.0m.

Finally, Members are reminded that there is a referendum limit. The limit announced last year was the higher of 3.00% or £5.00 per Band D property. At this time we do not know the referendum limit for the 2024/25 Council Tax increase.

The Consumer Price Index (CPI) was 8.7% in May 2023 although this is expected to decrease over the forthcoming months. Consequently Councils may be able to increase Council Tax at a higher rate.

However there are no indications whether the government will be willing to allow a higher threshold for 2024/25 in light of the inflationary pressures on Councils. Consequently for the purposes of planning it is assumed that the limit will be retained at 2%. A 2% increase would be equivalent to £6.74 per year for a Band D property in Adur and £5.46 per year for a Band D property in Worthing.

So, even if the councils were minded to increase Council Tax, there is an imposed limit on the actual increase that the councils can make. Members should be aware that a 1% change in Council Tax is equivalent to £71,240 in Adur and £102,730 in Worthing for 2024/25.

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

2024/25	2025/26	2026/27	2027/28	2028/29
2.0%	2.0%	2.0%	2.0%	2.0%

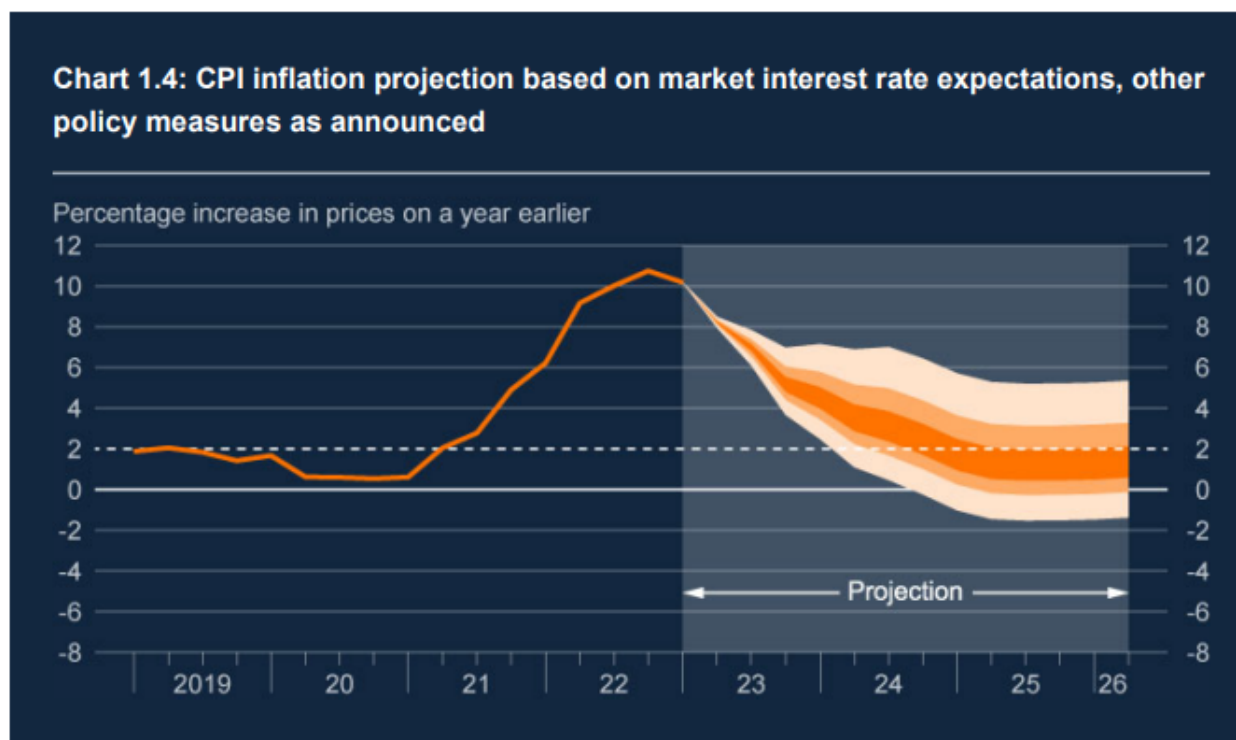
Each Council will take individual decisions regarding the level of tax to be set. The final rate will depend on the progress in developing a balanced budget and the individual choices of each authority.

4.6. Other budget pressures in the next 5 years

4.6.1 In addition to the pressures identified above, the Councils have a number of key financial issues that need to be addressed over the coming 5 years. Most of these were highlighted in the revenue budget report presented to Members earlier this year, and arise not from increasing service levels or delivering new services, but simply from maintaining current services. The most significant of these impacts are detailed below:

4.6.2 Pay and Prices

4.6.2.1 The largest source of immediate cost pressure in any given year comes from inflation. General inflation is currently at 8.7% (CPI) which is significantly above the target 2% set by the Bank of England. The Bank of England expects the rate to fall back to 2% over a two year period.



Source: Monetary Policy Report - May 2023

The high inflationary pressures will influence the pay negotiations for both this and next year. These pressures not only impact on the Councils but will impact on our contractors and so we should provide for an increase to our major contractual arrangements as well.

4.6.2.2 In addition to general inflation, the Councils will need to allow for any pay award for 2024/25. Inflation is set to remain at a high level for some time to come consequently the budget is allowing for a 4.5% pay increase in 2024/25 with rates not expected to return to around 2% until 2025/26 at the earliest. The inflation provision will be reviewed on an annual basis and amended for 2025/26 and beyond if needed when the MTFP is reviewed next year.

4.6.2.3 The following pay and price inflation allowances have been built into the 5-year forecast which reflects the forecast provided by the Bank of England:

	2024/25	2025/26	2026/27	2027/28	2028/29
	%	%	%	%	%
Pay*	4.5	2	2	2	2
Supplies and** Services	3	2	2	2	2
Income	3	2	2	2	2

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

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

Increment costs vary year on year due to the impact of re-gradings and recruitment. This is reassessed annually.

Overall net pay and price inflation is expected to add to the 2023/34 base budget over the next 5 years as follows:

	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Adur*	939	1,281	1,622	1,957	2,298
Worthing*	1,451	1,995	2,539	3,073	3,618
Note:					
Joint Services * (included above)	2,253	3,054	3,853	4,635	5,434

★ This excludes the impact of the new insurance contract which has been separately budgeted for. The contract has increased by £135k for Adur District Council and £161k for Worthing Borough Council.

Income is assumed to increase by 3.0% in 2024/25 which will help to offset the inflationary pressures.

It is difficult to be certain about inflation for 2024/25 particularly in relation to pay at this early point in the year. A 1% difference in the inflation assumptions is equivalent to:

	Adur	Worthing	Joint
	£'000	£'000	£'000
Pay	5	9	267
Supplies and Services	21	110	19
Income	-28	-98	-32
Total	-2	21	254
Share of joint inflation	102	152	-254
OVERALL TOTAL	100	173	-

4.6.3 Interest rates

The bank interest rates have increased consistently throughout 2022/23 and 2023/24 although as the inflation begins to fall, there is an expectation that the interest rates will begin to fall. The base rate is currently 5% in comparison our cash investments in the CCLA property funds currently yield about 4%. These rates will influence both the returns that the Council is likely to get on any cash investments and the cost of any borrowing associated with the capital programme. There is considerable uncertainty at the moment about interest rates and our treasury advisors indicate that they will stay relatively low for a longer period of time. Built into the 5 year forecasts are the following assumptions regarding average investment yields:

	2024/25	2025/26	2026/27	2027/28	2028/29
Average interest yield	4.42%	3.17%	2.33%	2.33%	2.33%

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

4.6.4 Impact of strategic priorities on the Councils budget:

4.6.4.1 Contained within the Medium Term Financial Plan are a number of commitments relating to the delivery of the Councils agreed priorities. These draw from the commitments made by the two administrations as well as joint commitments which are contained in 'Our Plan'. These are due to be reviewed as part of the annual planning process and so may be changed or reprofiled. In summary the amounts currently provided are:

Impact of delivering our priorities	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Adur District Council					
Heat Network	10	10	10	10	10
Nature restoration projects	100	100	100	100	100
Total	110	110	110	110	110

	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Worthing Borough Council					
Brooklands improvement programme - net costs	16	20	20	20	20
Heat Network (Low carbon heat)	121	225	225	225	225
Redevelopment of Union Place - Phase 1					
Loss of income from High Street surface car park	52	52	52	52	52
Other costs	5	5	5	5	5
Teville Gate - MRP costs if not sold	-	73	75	77	77
Grafton Site - Loss of income	-	83	83	83	83
General provision for future impact of new policy commitments	-	-	200	400	400
Total	218	848	1,068	1,268	1,268

4.6.4.2 Impact of the new Environment Act

The new Environment Act passed into legislation in November 2021. There are four changes which have a potential financial impact on the Councils:

- i) Consistency in the range of recycling materials collected and the method of handling the materials. Councils may be required to collect some material separately, which would affect the number of containers households need, collection vehicles and collection efficiency. The final cost will depend on how recyclates are handled (whether co-mingling will still be allowed) and the frequency of residual waste collection. Announcements on consistency in collections have been repeatedly delayed by central government.
- ii) The implementation of charges for the producers of packaging towards the costs of disposal (Extended Producer Responsibility). This is expected to generate £780m across the country once fully implemented although this is expected to decline over time as producers opt for more sustainable packaging. This funding will be distributed to local government although it is unclear how this will be distributed. Whilst the Council will benefit from this income as the Government has committed to not reducing other funding streams as a result of the new income the detail is yet to be announced..
- iii) It was originally anticipated that implementation of weekly food waste collections would be required by 2024/25. Overall we know that the roll out of food waste collection will cost the Councils at least £1.5m, although the County may benefit due to a reduction in disposal costs. The government consultation referenced support through capital and new burdens funding to cover additional costs. Announcements regarding food waste collections and funding have been repeatedly delayed by central government. Realistically it will take a minimum of two years to roll out this new service taking into account procurement (eg of vehicles) and investment required in transfer and disposal infrastructure.
- iv) The potential requirement to provide free fortnightly garden waste collections to all households (which is currently a weekly, chargeable, subscription service). It is understood that these proposals will be scrapped.

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

For the purposes of this budget, there is an assumption that there will be no net cost associated with the introduction of food waste which will be funded through a combination of new burdens funding, working with the County regarding the funding of the costs and the Extended Producer Responsibility funding. However this will need to be assessed as more information is forthcoming.

Further reports on the impact of the new Environment Act will be presented to the Joint Strategic Committee in due course. An allowance of £50,000 was built into the budget to support the implementation of the new arrangements. A proportion of this funding is being used to fund a temporary support officer to rationalise the collection rounds to improve efficiency and prepare them for any service changes as a result of the Environment Act. It is also being used to support waste minimisation work.

4.6.4 Review of commercial activity

Since the pandemic, some of our commercial income budgets have never fully recovered. Consequently these budgets have been showing a shortfall for some time. Built into the budget is an allowance for the restatement of these budgets to ensure that the Council's budgets are robust. This issue particularly impacts on Worthing where issues have emerged in car parking and bereavement services.

4.6.5 Contingency budget

The Councils have only limited contingency budgets. The budgets that the Councils have had have been created from the provision of one-off government grants or from the budget set aside for inflationary pressures. However, given the level of uncertainty regarding inflation and pressure on the Councils, it is recommended that the Council reviews the current arrangement and increase the level set aside on an annual basis by £100k for Adur District Council and £200k for Worthing Borough Council.

4.7 Councils' Budget and Shortfall:

- 4.7.1 A summary of the estimated position for 2024/25, based on the assumptions outlined in this report, is therefore:

	Adur £'000	Worthing £'000
Main cost pressures:		
Inflationary pressures in excess of the likely increase in Council Tax	780	1,206
Changes in funding from taxation		
Fall out of one off funding for 2023/24	128	141
Change in retained business rates	(483)	(736)
Change in New Homes Bonus	79	125
Changes in Council Tax Surplus / Deficit	143	(43)
Total change to funding from Government	(133)	(513)
Impact of funding Council priorities		
Heat Network	10	121
Nature restoration projects - to fund capital and revenue impacts of any proposals	100	
Brooklands improvement programme - net costs		16
Redevelopment of Union Place - Phase 1		
Loss of income from High Street surface car park		52
Other costs		5
Overall impact of funding Council priorities	110	194
Other items:		
Net impact of the capital programme	60	413
Impact of triennial review	(95)	(163)
Improvement in investment income	(13)	(91)
Removal of one-off items	(50)	48
Impact of leisure contract	(99)	-
Review of commercial income budgets	12	817
Creation of new contingency budget	100	200
Impact of new insurance contract	135	161
Contingency for committed growth	70	120
Provision for new growth items	100	250
Increase to provision for the management of strategic property	100	100
Other items	(26)	12
Overall savings to be met by the budget strategy	1,051	2,754

Note: This breakdown of the cost pressures is given at an early point in the financial year; consequently a contingency amount has been added for unidentified items and known budget risks. This will be stripped out as the year progresses.

4.7.8 The overall estimated budget shortfall for both Councils is expected to increase for the next five years is as follows:

	2024/25	2025/26	2026/27	2027/28	2028/29
ADUR	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	941	1,606	2,388	3,137	3,855
Annual shortfall	941	1,606	2,388	3,137	3,855
Total net budget funded by taxation	10,902	10,943	10,804	10,650	10,485
Annual savings as a percentage of overall net budget (%)	6.20%	6.90%	7.60%	8.40%	9.20%

	2024/25	2025/26	2026/27	2027/28	2028/29
WORTHING	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	2,754	4,024	5,490	6,640	8,299
Annual shortfall	2,754	1,270	1,466	1,150	1,659
Total net budget	14,947	15,144	15,157	15,160	15,155
Annual savings as a percentage of overall net budget (%)	18.43%	8.39%	9.67%	7.59%	10.95%

	2024/25	2025/26	2026/27	2027/28	2028/29
JOINT SERVICES**	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	2,263	3,044	3,823	4,585	5,364
Annual shortfall	2,363	901	899	882	899
Total net budget	26,347	26,347	26,347	26,347	26,347
Annual savings as a percentage of overall net budget (%)	9.04%	3.42%	3.41%	3.35%	3.41%

5. Reserves Position

Both Councils have an established policy to maintain working balances at a minimum level of 6% and a maximum level of 10% of net expenditure. However, the working balance was increased substantially at the end of 2019/20 to manage the risks associated with the pandemic with the expectation that this would be available to manage the financial losses resulting from the emergency. The level of General Fund working balance as at the 1st April 2023 is estimated to be:

	Adur	Worthing
	£'000	£'000
Working balance	1,041	1,347
Net budget	10,610	14,189
Percentage held	9.8%	9.5%

The working balance was deliberately increased in 2019/20 to help fund the consequences of the pandemic, however maintaining a high working balance will also help mitigate against the current inflationary pressures. In addition to the General Fund reserves, the Councils can access other major reserves to help smooth the impact of Council Tax increases and levels of savings necessary:

- The Capacity Issues Fund which was set up to help the Council cope with a range of cost pressures including cushioning the impact of the recession and to fund one-off initiatives (both Adur District Council and Worthing Borough Council);

The Councils have a policy of actively contributing to these reserves when possible by proactively managing the inflation provision. In addition, where possible, the Councils are opting to use the ability to use capital receipts to fund initiatives which make on-going savings (capital flexibilities) to further protect the reserves position. It is estimated that the balance available to support the budget will be:

	Adur District Council		Worthing Borough Council	
	Balance as at 31-Mar-23	Uncommitted resources*	Balance as at 31-Mar-23	Uncommitted resources*
	£'000	£'000	£'000	£'000
Capacity Issues Reserve	441	306	882	761

- * This allows for approvals to use the resources from 2024/25 onwards.

6. Options for addressing the budget gap in 2025/26 and beyond

6.1 The Councils will need to identify significant savings or deliver income growth over the next 5 - 10 years to balance the budget, particularly if the Councils want to deliver on the initiatives emerging from the new strategies. The savings process to be followed for the development of the budget has five stages:

1. An annual planning process involving senior leaders will start during July, firstly working to surface all work and priorities for the organisation and then working collaboratively to create a sustainable programme of work for the organisation.
2. Portfolio holders to be involved in this process to ensure transparency of service delivery and project prioritisation.
3. Subsequently giving Directors responsibility for identifying any further proposals required to meet residual savings targets which are to be considered by the Council Leadership Team in the autumn.
4. The Leader and Executive Members will then consider the proposals identified to meet the 204/25 budget shortfall which fit with the Councils' priorities.
5. The savings proposals are then considered by the Joint Overview and Scrutiny Committee with a view to commenting on those which will impact on the Worthing Borough Council budget. Joint Overview and Scrutiny Committee can also add to the list of proposed savings with additional proposals as considered appropriate.
6. Consideration by the Joint Strategic Committee of which of the savings are to be used to fund any budget shortfall.

A flowchart with outline timescales for the 2024/25 budget is attached at Appendix 1.

6.2 The Councils fundamentally reshaped the budget strategy back in 2016/17, with new explicit strands of work designed to balance the budget and support the delivery of the Councils' priorities. The focus of this strategy has been to increase income generation and reduce the savings to be delivered from service reductions – nevertheless each year additional savings will still need to be found with another substantial challenge arising for 2024/25 due to the current economic challenges. Currently it is estimated that around £3.5m of savings still need to be found across the Councils, this would be equivalent to a reduction in the staffing budget of around 10%.

6.3 This programme will continue to be shaped over the coming months by the strategic work streams which are discussed in more detail below. The programme of work will also be reassessed as the year progresses. The proposed targets for the main programmes of work are:

	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Main programmes:						
Asset review and rationalisation programme	380	533	615	697	779	3,004
Commercial income growth	600	600	600	600	600	3,000
Digital service redesign Programme	200	200	200	200	200	1,000

6.4 Each major programme of work is overseen by an internal working group as follows:

1. The Major Projects Board leads on delivering projects to increase employment space and additional housing;
2. The Commercial working group leads on the delivery of the income growth from commercial services and seeks to improve the customer experience.
3. The Affordable Homes Working Group leads on initiatives to improve the supply of affordable homes and to reduce the cost of temporary and emergency accommodation.
4. The Technology & Change Board leads on the delivery of the digital service redesign programme and makes recommendations on prioritisation of projects

6.5 These strands of work reflect the strategic work plans identified as part of the Councils' current Corporate Strategy 'Our Plan' which are the delivery mechanism for the priorities of both Councils. These plans will be grouped as:

- Thriving Places
- Thriving Economy
- Thriving People
- Thriving Environment

In addition to these externally focused work plans the Councils will also continue to deliver the organisational change indicated by Our Plan. Part of this work will be to identify and maximise the financial return on our services to support the Council's budgetary position by:

a. Increasing the range of modern digital services:

The Councils have embarked on a programme of rapid digital transformation which the Councils are supporting. There is an ongoing programme of work designed to lever in significant savings which the Council continues to roll-out.

	2024/25	2025/26	2026/27	2027/28 and beyond
	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	200
Cumulative impact	200	400	600	800

b. Grow our commercial & traded income and external sources of funding:

There are two elements to this area of work:

- Existing fee earning services are being reviewed:
 - Services which either have fees set by central government or can only break-even by statute will be reviewed to ensure that income is sufficient to cover costs. This includes Land Charges, Building Control and Development Management.
 - Services which operate on a commercial basis will be encouraged to maximise profit margins where possible.
- The Councils will look for new income generating opportunities.

A target increase in income from commercial activities has been agreed. It is expected that this strand of work will generate an additional £600k per annum which, if achieved, will be a substantial contribution to resolving the budget shortfall.

	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Annual Savings	600	600	600	600	600
Cumulative impact	600	1,200	1,800	2,400	3,000

c. Asset review and rationalisation

There are three strands of work have been identified to drive financial return to the council in the shorter term and in accordance with the Council's adopted Property Asset Management Plan:

- Property Rationalisation Workstream - initiatives to rationalise the amount of accommodation and depot space used by the Councils
- Revenue Generation Workstream - Work to ensure that rent reviews are up to date and continue effectively manage the councils' estates
- Asset Challenge Workstream - Review the assets held by the Council and identify those which could be disposed of to reduce the borrowing costs to the Councils.

Both Councils have a clear sense of how they want to approach asset rationalisation and this will be developed as part of the place based approach outlined within Our Plan - enabling each administration to make decisions which best reflect this places.

It is expected that this programme will lever in the following savings over the next 5 years.

	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Annual Savings	135	135	175	190	190
Cumulative impact	135	270	445	635	825

d. Effective procurement and contract management, driving sustainability and value for money

The Councils will continue to identify opportunities to lever in further procurement savings by working with other organisations to pool both specialist procurement resources and aggregate contracts to deliver value for money. The clear intention is to identify potential 'procurement savings' within existing budgets where possible or protect the Council from excessive price rises thereby protecting front-line services.

e. Base budget review

The Councils will undertake a base budget review to ensure that the budgets are as accurate as possible and strip out any unneeded provisions.

6.6 In addition to the above, the councils will also review existing programmes of work to identify projects which can be deferred or cancelled with a view to supporting the Councils financial position both in the current year and in future years. This review will be actioned across all of the Councils' current programme of work.

6.7 The Councils currently have uncommitted reserves (excluding the working balance) of:

	£'000
Adur	306
Worthing	761

Given the current financial position of the Councils and the level of risk associated with the current inflationary pressures, the reserves should only be used to balance the budget for 2024/25 as a last resort. Nevertheless, there remains a limited option to use some reserves to smooth the impact of the savings required. However, any use of reserves can only be regarded as a short-term and non-sustainable solution and should have due regard to the level of reserves available. At this point of time in the budget cycle, it is not proposed to use reserves to balance the budget for 2024/25, but to set challenging targets for savings. This will be revisited in the autumn when the options for savings emerge and the Councils have a clearer understanding of the financial challenges ahead.

6.8 At the request of Worthing members, to ensure that the savings offered later in the year reflect the Councils' priorities, all the proposals which affect Worthing will also be presented to the Joint Overview and Scrutiny Committee for consideration and comment.

7. 2024/25 and beyond

- 7.1 The detailed budget projections for 2024/25 to 2026/27 are also shown in Appendix 3. It is clear that many of the cost pressures identified for 2024/25 will continue on for the coming years and that there is a continuing need to make significant savings although the level of annual savings should decline once the Council has addressed the impact of any Funding Review .
- 7.2 It is an inherent feature of the budget strategy that officers will continue to be asked to identify annual “cashable” efficiency and procurement savings to help meet the budget gap and to protect priority services. However, the focus of the current strategy is to meet a significant proportion of the challenge through income generation by:
- i) Building new homes and increasing income from Council Tax.
 - ii) Increasing business rates through the development of new employment spaces.
 - iii) Increasing income from commercial activity;
 - iv) Using both Council’s assets through the asset management plans to best support the Council’s priorities;
 - vi) To address the costs of homelessness through preventative measures and acquiring better value homes for emergency accommodation;
 - vii) Improving service delivery and efficiency through digital transformation;
 - viii) Investigating opportunities to expand partnership working with others

However this strategy will be reviewed over the coming months to ensure that it will continue to deliver the changes required to balance the budget.

- 7.3 This strategy will have long term benefits. Overall as a result of the strategy adopted both Council will be able to address significant proportions of the budget shortfalls identified.

	2024/25	2025/26	2026/27	2027/28	2028/29
Adur District Council	£'000	£'000	£'000	£'000	£'000
Estimated cumulative savings required to balance the budget	941	1,606	2,388	3,137	3,855
Savings strategy:					
Asset rationalisation programme	(30)	(60)	(90)	(120)	(150)
Commercial income	(150)	(300)	(450)	(600)	(750)
Service and digital redesign	(80)	(160)	(240)	(320)	(400)
Residual savings to be identified	681	1,086	1,608	2,097	2,555

	2024/25	2025/26	2026/27	2027/28	2028/29
Worthing Borough Council	£'000	£'000	£'000	£'000	£'000
Estimated cumulative savings required to balance the budget	2,754	4,024	5,490	6,640	8,299
Savings strategy:					
Asset rationalisation programme	(350)	(473)	(525)	(577)	(629)
Commercial income	(450)	(900)	(1,350)	(1,800)	(2,250)
Service and digital redesign	(120)	(240)	(360)	(480)	(600)
Residual savings or income growth to be identified	1,834	2,411	3,255	3,783	4,820

Shown at Appendix 4 is a 10 year forecast which considers whether the current strategy will result in a more sustainable budget for the future based on known cost pressures. Whilst the next 2 to 3 years are challenging, if the Councils are successful in delivering the strategy detailed above, the financial issues faced in the future should be manageable.

7.4 Challenging times are ahead, however if the Councils focus on delivering the strategy and continue to target limited resources on priorities, then we are in a good position to respond to the inevitable budget shortfalls.

8. Adur District Council - Housing Revenue Account

8.1 The Housing Revenue Account (HRA) has a 30-year financial plan which was included in the rent setting report considered in February this year. It is not intended to replicate those financial projections within this report but update the forecast later once the asset management plan has been refreshed. However, like the General Fund, the HRA is facing some significant challenges, not least the impact of inflation on the cost of service delivery and

increasing maintenance costs associated with the condition of the housing stock.

8.2 Nevertheless, the HRA will be subject to the same budget process and strategy as outlined below.

9. Budget strategy for the development of the 2024/25 budget

9.1 A detailed budget strategy now needs to be agreed, to underpin the preparation of the budget throughout the coming months and to reflect the discussion outlined above. The following are recommended as principles to be used in the preparation of the 2024/25 revenue and capital budgets:

9.2 Revenue Budget Strategy

The following assumptions underpin our budget strategy:

- Both Councils will aim to keep Council Tax increases to a minimum;
- Both Councils will seek to increase income from business rates and council tax by facilitating the creation of new homes and employment space.
- Growth in expenditure is to be restricted to unavoidable expenditure to satisfy the delivery of each Councils' Key Priorities and other legislative requirements. The key items of growth identified to date have been included in the outline 5-year forecast;
- Any other growth to be accompanied by proposals for equivalent ongoing savings and not to be funded from reserves;
- Commercial income is to be increased in line with the inflationary pressures upon the Councils (3.0%) or such higher increase as the individual markets can bear
- 2024/25 expenditure is to be increased by: 4.5% for pay (plus an allowance has been made for increments which are a contractual commitment) and 3.0% for all other expenditure (except for inflation arising from contractual indexation provisions);
- The Council aims to set a balanced budget. Any proposed use of reserves is to have regard to the adequacy of such reserves and any such policy must be sustainable in the longer term. In addition, the Council aims not to have any planned call upon the General Fund Working Balance;

- The Council will identify the majority of savings for 2024/25 through six proposed programmes of work, although these strands of work will be reviewed in the light of the new corporate plan:
 - Commercial strategy
 - Affordable homes programme and subsequent reductions in emergency and temporary accommodation costs
 - Asset review and rationalisation programme
 - Service transformation through digital investment
 - Investment in renewable energy
 - Development of an external funding strategy
 - Shared service and partnering review
- Officers will continue to identify other 'cashable' efficiency savings, options for reducing non-priority services, and undertake a critical review of budgets to identify further options for balancing the budget including reviewing commitments to existing projects.

9.3 Capital Investment Programme

- The maximum level of funding be made available per year for the next 5 years to fund new General Fund schemes as follows:

Adur District Council: £1.0 m core funding in 2024/25 and 2025/26 (plus £10m for the Housing Investment Programme)

Worthing Borough Council: £1.5m core funding

The funding of the programme is to be made up of prudential borrowing, and capital receipts. The Council will actively seek to supplement this programme through external funding where possible. This reflects concerns about affordability; however members need to be aware that the number, age and condition of the Councils' assets continue to be a cause for concern and that the programmes may need to be increased if any unavoidable expenditure that cannot be accommodated within the programme is identified.

- Additional capital expenditure to be only agreed where additional funding from capital grants, contributions, earmarked receipts, approved additional prudential borrowing or use of reserves has been secured.

10. Engagement and Communication

- 10.1 The budget proposals will be the subject of internal officer consultation and staff will be briefed on the challenges ahead.

- 10.2 All savings proposals will be scrutinised by the Joint Overview and Scrutiny Committee at its meeting of 24th November 2023.
- 10.3 All members will participate in the setting of the annual budget at the Council's meetings in February.
- 10.4 Any savings which impact on the services delivered to the public will be consulted on. The outcome will be available for members when they consider the savings proposals in February 2023.
- 10.5 The Adur Homes Management Board will be consulted regarding any proposed changes to the HRA.

11. Financial Implications

- 11.1 There are no other financial implications other than those outlined above.

12. Legal Implications

- 12.1 The Council is required to set a robust budget under the Local Government Act 2003. This report is the first step towards the Council achieving this aim for the 2023/24 budget round.

Background Papers

Report to Adur District Council Executive 2nd February 2023 - Estimates 2023/24 and setting of 2023/24 Council Tax

Report to Worthing Borough Council Executive 1st February 2023 -Estimates 2022/23 and setting of 2022/23 Council Tax

Report to Joint Strategic Committee 11th July 2023 – Final Revenue Outturn for Joint, Adur and Worthing 2022/23.

Budget Statement 2023 – Report from HM Treasury

Report to Joint Strategic Committee 11th October 2022 - Our Plan - The new corporate plan for Adur & Worthing Councils

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Sustainability & Risk Assessment

1. Economic

The budget contains funding for commitments made under Mission: Thriving Economies

2. Social

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified with the budget strategy itself. However individual proposals arising from the budget will be the subject of an equalities impact assessment.

2.3 Community Safety Issues (Section 17)

The budget contains funding for community safety.

2.4 Human Rights Issues

Matter considered and no issues identified.

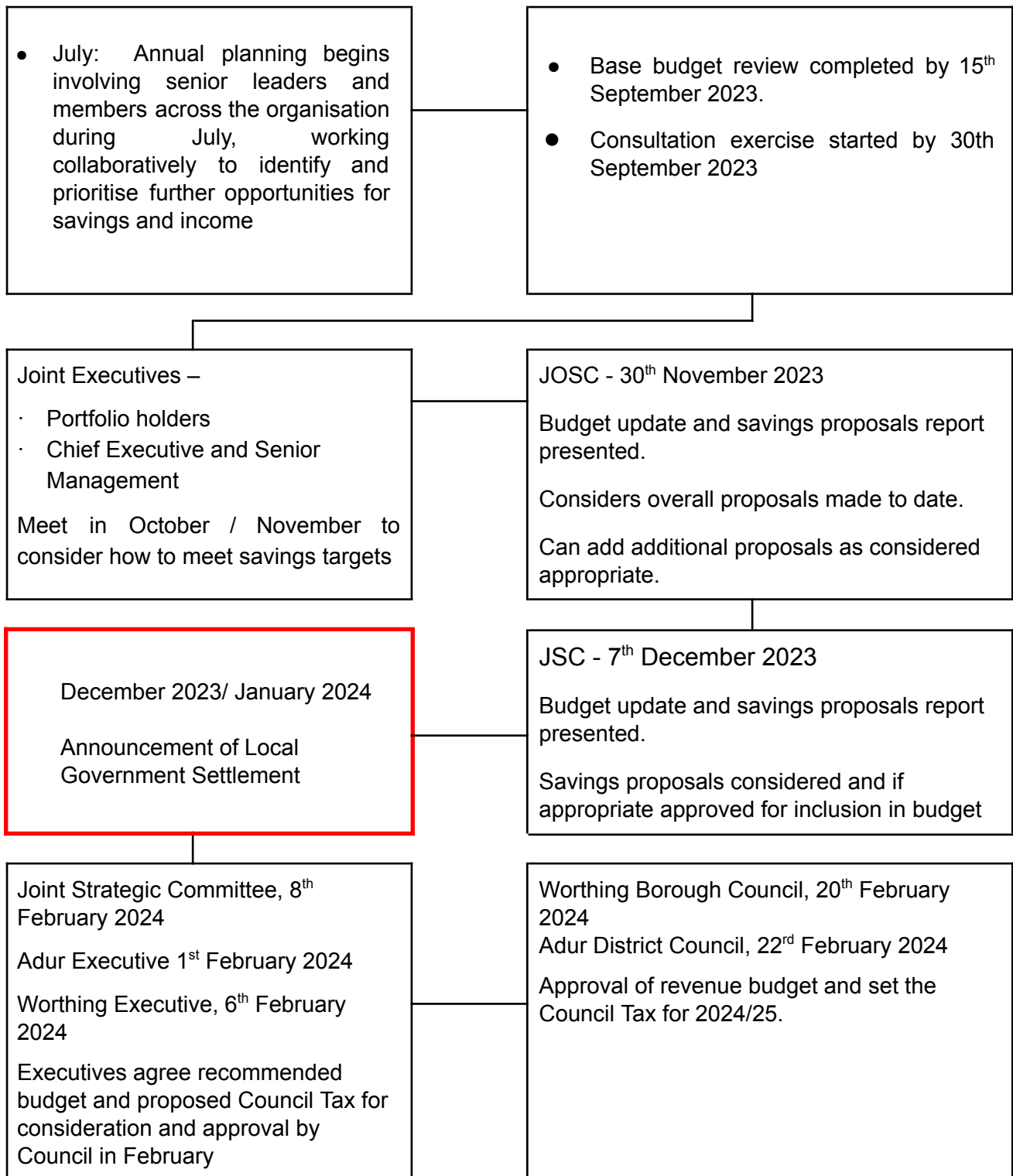
3. Environmental

The budget contains funding for decarbonisation initiatives.

4. Governance

Matter considered and no issues identified.

Appendix 1



Appendix 2

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2023/24- 2027/28						
	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation	10,610	10,610	10,610	10,610	10,610	10,610
Base budget	10,610	10,610	10,610	10,610	10,610	10,610
(a) Annual Inflation						
Estimated inflation		626	962	1,297	1,626	1,961
Impact of current pay offer (an average of 5.7%)		117	119	121	123	125
Provision for higher pay award (say 2 % extra)		196	200	204	208	212
(b) One -off / non-recurring items						
Local Elections (held every other year)		(18)	-	(19)	-	(20)
(c) Impact of funding the Council's priorities						
Heat Network		10	10	10	10	10
Nature restoration projects - to fund capital and revenue impacts of any proposals		100	100	100	100	100
(d) Capital Programme and Treasury Management						
Capital programme financing costs		60	216	309	288	258
Investment income		(13)	99	176	167	158
(e) Other items						
Impact of Triennial review:						
Reduction in back funded contributions		(95)	(190)	(190)	(190)	(190)
Final cost of new leisure contract		(99)	(99)	(99)	(99)	(99)
Impact of rate revaluation 2022		5	8	29	30	31
Removal of one-off growth associated with the local plan review		(50)	(150)	(150)	(150)	(150)
Renewal of insurance contract		135	135	135	135	135
Review of clinical waste budgets		12	12	12	12	12
Removal of contingency budget created by one off resources in 2023/24		(123)	(123)	(123)	(123)	(123)
Planned increase to the Strategic Property Management annual provision		100	200	300	400	500
Contingency budget		100	100	100	100	100
Allowance for committed growth items		70	140	70	140	210
(f) Approved Growth items						
Provision for new growth items to be agreed later in the process		100	200	300	400	500
Total Cabinet Member Requirements	10,610	11,843	12,549	13,192	13,787	14,340

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2023/24- 2027/28

	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Total Cabinet Member Requirements B/fwd	10,610	11,843	12,549	13,192	13,787	14,340
Baseline funding	1,832	1,924	1,962	2,001	2,041	2,082
Add: Retained additional business rates	1,066	1,457	1,479	1,135	772	393
Add: Share of previous year's surplus / (deficit)		-				
Adjusted Business Rate Income	2,898	3,381	3,441	3,136	2,813	2,475
Council Tax income	7,107	7,266	7,428	7,594	7,763	7,936
Other grants						
New homes bonus	79	-	-	-	-	-
Lower Tier Services Grant / Revenue Support Grant	74	74	74	74	74	74
Local Tax Guarantee Scheme - Council Tax	59	-	-	-	-	-
Services Grant	69	-	-	-	-	-
Funding guarantee	227	227	-	-	-	-
Collection fund surplus/deficit (-)	97	(46)	-	-	-	-
Total other grants and contributions	605	255	74	74	74	74
Total Income from Grants and Taxation	10,610	10,902	10,943	10,804	10,650	10,485
AMOUNT REQUIRED TO BALANCE BUDGET	-	941	1,606	2,388	3,137	3,855

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2023/24- 2027/28

Net Spending to be Financed from Taxation	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET		941	1,606	2,388	3,137	3,855
Savings strategy:						
Asset review and rationalisation		30	60	90	120	150
Commercial income		150	300	450	600	750
Service and Digital redesign - Rapid improvement programme		80	160	240	320	400
Total initiatives identified		260	520	780	1,040	1,300
Cumulative savings still to be found/ (surplus)		681	1,086	1,608	2,097	2,555
Annual savings still to be found		681	405	522	489	458
Council Tax increase		1.99%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£6.45	£6.61	£6.74	£6.88	£7.01
Weekly increase (Band D property)		£0.12	£0.13	£0.13	£0.13	£0.13
Average annual increase (Band C property)		£5.73	£5.88	£5.99	£6.12	£6.23
Average weekly increase (Band C property)		£0.11	£0.11	£0.12	£0.12	£0.12

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2023/24- 2027/28

	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	14,189	14,189	14,189	14,189	14,189	14,189
(a) Annual Inflation						
Estimated inflation (with 4.5% allowance for pay increase in 2023/34)		982	1,516	2,050	2,574	3,109
Impact of current pay offer (an average of 5.7%)		176	180	184	188	192
Provision for higher pay award (say 2 % extra)		293	299	305	311	317
(b) One -off / non-recurring items						
Local Elections (held three out of four years)		-	(50)	-	-	-
(c) Impact of funding the Council's priorities						
Brooklands improvement programme - net costs		16	20	20	20	20
Heat Network		121	225	225	225	225
Redevelopment of Union Place - Phase 1						
Loss of income from High Street surface car park		52	52	52	52	52
Other costs		5	5	5	5	5
Teville Gate - MRP costs if not sold		-	73	75	77	79
Grafton Site - Loss of income		-	83	83	83	83
General provision for future impact of new policy commitments		-	-	200	400	400
(d) Treasury Management						
Financing costs - General Programme		413	834	1,054	1,178	1,945
Investment income		(91)	46	137	137	137
(e) Other items						
Impact of Triennial review:						
Reduction in back funded contributions		(163)	(358)	(358)	(358)	(358)
Impact of business rate revaluation 2017		12	18	50	3	3
Reassessment of the net cost of bereavement services		500	500	500	500	500
Removal of temporary rental income from Liverpool Gardens (for 2023/24 only)		48	48	48	48	48
Removal of proposal to charge for free car parks		49	49	49	49	49
Review of budgets for car parks		250	250	250	250	250
Review of clinical waste budgets		18	18	18	18	18
Impact of new insurance contract		161	161	161	161	161

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2023/24- 2027/28

	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
(e) Other items (contd)						
Planned increase to the Strategic Property Management provision		100	200	300	400	500
Contingency provision		200	200	200	200	200
Allowance for committed growth items		120	240	360	480	600
(f) Approved Growth items						
Provision for new growth items to be agreed later in the process		250	370	490	610	730
Total Cabinet Member Requirements	14,189	17,701	19,168	20,647	21,800	23,454
Baseline funding	2,793	2,933	2,992	3,052	3,113	3,175
Add: Net retained additional business rates	1,049	1,301	1,315	1,010	687	349
Add: Share of surplus /deficit (-) net of use of reserves	(473)	(129)				
Adjusted Business rate income	3,369	4,105	4,307	4,062	3,800	3,524
Council Tax income	10,232	10,477	10,728	10,986	11,251	11,522
Grants and contributions						
New Homes Bonus	125					
Lower Tier Services Grant	109	109	109	109	109	109
Local tax compensation scheme	37		-	-	-	-
Funding guarantee	256	256				
Services Grant	104					
Collection fund surplus/deficit (-)	(43)		-	-	-	-
Total other grants and contributions	588	365	109	109	109	109
Total Income from Taxation	14,189	14,947	15,144	15,157	15,160	15,155
AMOUNT REQUIRED TO BALANCE BUDGET	-	2,754	4,024	5,490	6,640	8,299

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2023/24- 2027/28

	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET		2,754	4,024	5,490	6,640	8,299
Savings / Initiatives identified to date:						
Asset review and rationalisation		350	473	525	577	629
Strategic Property Investment Fund Wellbeing centre and car park - net of debt charges		50	(143)	(143)	(143)	(143)
Commercial income		450	900	1,350	1,800	2,250
Service and Digital redesign programme		120	240	360	480	600
Total savings initiatives identified to date		970	1,470	2,092	2,714	3,336
Cumulative savings still to be found/ (surplus)		1,784	2,554	3,398	3,926	4,963
Annual savings still to be found		1,784	770	844	528	1,037
Council Tax increase		1.99%	1.99%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£5.17	£5.28	£5.41	£5.52	£5.63
Weekly increase (Band D property)		£0.10	£0.10	£0.10	£0.11	£0.11
Average annual increase (Band C property)		£4.60	£4.69	£4.81	£4.90	£5.00
Average weekly increase (Band C property)		£0.09	£0.09	£0.09	£0.09	£0.10

JOINT STRATEGIC COMMITTEE
Revenue Budget Summary Statement 2023/24- 2027/28

	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	26,347	26,347	26,347	26,347	26,347	26,347
(a) Annual Inflation						
Estimated inflation		1,471	2,256	3,039	3,805	4,588
Impact of current pay offer (an average of 5.7%)		293	299	305	311	317
Provision for higher pay award (say 2 % extra)		489	499	509	519	529
(b) Other items						
Review of clinical waste budgets		30	30	30	30	30
Provision for new growth items		100	200	300	400	500
Net cost to be reallocated to the Councils	26,347	28,730	29,631	30,530	31,412	32,311
Adur District Council	10,590	10,590	10,590	10,590	10,590	10,590
Worthing Borough Council	15,757	15,757	15,757	15,757	15,757	15,757
Total income for services provided to the constituent councils	26,347	26,347	26,347	26,347	26,347	26,347
(Surplus) / Shortfall in Resources	-	2,383	3,284	4,183	5,065	5,964

Appendix 4

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/24
Adur District Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	10,610	10,610	10,610	10,610	10,610	10,610	10,610	10,610	10,610	10,610	10,610
Inflation		939	1,281	1,622	1,957	2,298	2,641	2,986	3,332	3,681	4,034
Impact of capital programme and treasury management decisions		47	315	485	455	416	800	915	1,052	1,201	1,338
Net growth		247	343	475	765	1,016	1,307	1,558	1,849	2,100	2,391
Net expenditure funded by taxation	10,610	11,843	12,549	13,192	13,787	14,340	15,358	16,069	16,843	17,592	18,373
Income from taxation											
Business rates	2,898	3,381	3,441	3,136	2,813	2,475	2,124	2,166	2,209	2,254	2,299
Council Tax	7,204	7,220	7,428	7,594	7,763	7,936	8,113	8,294	8,479	8,668	8,861
Other grants	508	301	74	74	74	74	74	74	74	74	74
Total income from taxation	10,610	10,902	10,943	10,804	10,650	10,485	10,311	10,534	10,762	10,995	11,233
Cumulative budget shortfall	0	941	1,606	2,388	3,137	3,855	5,047	5,535	6,081	6,597	7,140
Budget strategy initiatives											
Asset rationalisation		30	60	90	120	150	180	210	240	270	300
Commercial income		150	300	450	600	750	920	1,090	1,260	1,430	1,600
Impact of digital strategy		80	160	240	320	400	480	560	640	720	800
Total savings initiatives identified		260	520	780	1,040	1,300	1,580	1,860	2,140	2,420	2,700
Remaining savings to be identified		681	1,086	1,608	2,097	2,555	3,467	3,675	3,941	4,177	4,440
Savings per year to be identified		681	405	522	489	458	912	208	266	236	263

	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/24
Worthing Borough Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	14,189	14,189	14,189	14,189	14,189	14,189	14,189	14,189	14,189	14,189	14,189
Inflation		1,451	1,995	2,539	3,073	3,618	4,164	4,714	5,267	5,825	6,388
Impact of capital programme		322	880	1,191	1,315	2,082	2,156	1,918	2,118	2,318	2,754
Net growth		1,739	2,104	2,728	3,223	3,565	3,857	4,249	4,591	4,933	5,225
Net expenditure funded by taxation	14,189	17,701	19,168	20,647	21,800	23,454	24,366	25,070	26,165	27,265	28,556
Income from taxation											
Business rates	3,369	4,105	4,307	4,062	3,800	3,524	3,239	3,304	3,370	3,437	3,506
Council Tax	10,189	10,477	10,728	10,986	11,251	11,522	11,799	12,084	12,374	12,672	12,978
Other grants	631	365	109	109	109	109	0	0	0	0	0
Total income from taxation	14,189	14,947	15,144	15,157	15,160	15,155	15,038	15,388	15,744	16,109	16,484
Cumulative budget shortfall	0	2,754	4,024	5,490	6,640	8,299	9,328	9,682	10,421	11,156	12,072
Budget strategy initiatives											
Asset rationalisation		350	473	525	577	629	681	733	785	837	889
Commercial income		450	900	1,350	1,800	2,250	2,680	3,110	3,540	3,970	4,400
Impact of digital strategy		120	240	360	480	600	600	600	600	600	600
Strategic Property Investment		50	-143	-143	-143	-143	60	60	60	60	210
Total savings initiatives identified		970	1,470	2,092	2,714	3,336	4,021	4,503	4,985	5,467	6,099
Remaining savings to be identified		1,784	2,554	3,398	3,926	4,963	5,307	5,179	5,436	5,689	5,973
Savings per year to be identified		1,784	770	844	528	1,037	344	-128	257	253	284

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Overall	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Overall budget shortfall										
Adur	941	1,606	2,388	3,137	3,855	5,047	5,535	6,081	6,597	7,140
Worthing	2,754	4,024	5,490	6,640	8,299	9,328	9,682	10,421	11,156	12,072
Total	3,695	5,630	7,878	9,777	12,154	14,375	15,217	16,502	17,753	19,212
Budget strategy initiatives										
Investment in commercial property	380	533	615	697	779	861	943	1,025	1,107	1,189
Development of commercial income	600	1,200	1,800	2,400	3,000	3,600	4,200	4,800	5,400	6,000
Impact of digital strategy	200	400	600	800	1,000	1,080	1,160	1,240	1,320	1,400
Total budget strategy initiatives	1,180	2,133	3,015	3,897	4,779	5,541	6,303	7,065	7,827	8,589
Remaining cumulative savings to be identified	2,515	3,497	4,863	5,880	7,375	8,834	8,914	9,437	9,926	10,623
Annual savings still to be identified	2,515	982	1,366	1,017	1,495	1,459	80	523	489	697