

Extract from the minutes of the Joint Strategic Committee - 11 July 2023

JSC/006/23-24 Financial Performance 2022/23 - Revenue outturn

The report outlined the revenue financial monitoring position for the end of the 2022/23 financial year for the Joint Strategic Committee, Adur District and Worthing Borough Councils. At the time of publication of this report, the Statements of Accounts were in progress, both due to be completed by the end of July. The audit commencement date was still to be confirmed but was unlikely to commence until the Autumn, any adjustments that emerged during the audit would be reported to members later in the year.

The final position for operational services were overspends for Adur District Council of £1.8m and Worthing Borough Council of £3.6m. This was compared to the projections reported at quarter 3 when operational outturns were predicted to be an overspend of £1.6m in Adur and £3.3m in Worthing before any use of reserves.

Overall outturn positions were an overspend of £10k in Adur District Council and an underspend of £778k in Worthing Borough Council. This represents a 0% overspend against the budget for Adur and 6% underspend in Worthing.

There was one 2022/23 budget carry forward proposed in Worthing of £35,000 to support Cost of Living funding.

The outcome was an improvement for both Councils from that forecast in the quarter 3 monitoring report '3rd Revenue Budget Monitoring Report (Q3) 2022/23' when net overall overspends after reserve transfers of £382k and £2.1m were being projected in Adur and Worthing respectively. The significant movement in Worthing was due to the outcome of the VAT appeal claim related to leisure services (see section 4.7) which was announced in the last quarter of the financial year. Adur's outturn position improved due to increased income from business rates

Members thanked the finance team for their diligence in completing the report. It was noted that the Chief Financial Officer was due to retire and thanked them for all of their hard work for Adur and Worthing.

Decision

That it be **recommended to Adur District Council, at its meeting on 20th July 2023** and Worthing Borough Council at its meeting on 18th July 2023, that :-

i) the overall final outturn for 2022/23 be noted.

ii) the net appropriations from General Fund Reserves in the year as detailed in section 6 of the report totalling: Adur District Council £749,839 Worthing Borough Council £1,644,580 be approved

iii) in Worthing Borough Council the revenue budget carry forward to 2023/24 of £35,000 to be funded from reserves to support work associated with the Cost of Living crisis be approved.

(Link to the report on the website e.g. [Joint Strategic Committee - 11 July 2023](#))

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JSC/007/23-24 Developing a revenue budget for 2024/25 in difficult economic circumstances

The purpose of the report before members was 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 had remained stubbornly high and had only just started to reduce with impacts on our pay, contracts and our treasury management costs.

It had 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 had to address the challenge of extended inflationary pressures which continued to impact on its budgets.

The local government funding review was now looking likely to be deferred until after the parliamentary election in 2024, consequently there was unlikely to be any change until 2026/27. The difficult economic climate continued 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.

The Councils had a clear strategy for facing the challenges of rapidly changing local government finance. It was now important to build on this strategy to meet the new and emerging challenges but within the context of supporting local communities and economies.

Now more than ever, careful financial management was required to ensure that the Councils manage both the emerging in-year pressures and the implications for the future, whilst driving forward with plans for the future. The financial strategy would need to include managed and prudent increases in council tax, and a clear focus on driving efficiency and productivity.

The report aimed to set out how the Councils would address the challenges of the next few years, outlining the revenue forecast and setting out the Councils' strategic response to the challenges ahead. With the detailed budget proposals for 2024/25 coming forward to the Joint Strategic Committee in December, the report sets out the

broader context for the detailed work that will be undertaken over the intervening months.

As set out in the report, the Councils would be increasingly reliant on council tax income, business rate income, and its own income generating services. The Councils had a good track record in innovation, working creatively in partnership, and transforming digital capabilities, so that there was capacity to continue to deliver our aspirations for our Councils

Work had been underway for some time to address the financial challenges for 2024/25 and beyond. This would continue over the summer and autumn, and the Organisational Leadership Team would be working to produce new financial plans designed to deliver a balanced budget over 3 years. The outcome of the service planning process would be presented to the Joint Strategic Committee for approval in December 2023 as part of the development of the 2024/25 budget.

In line with the recommendations outlined, the budget strategy was written with the assumption that the councils would 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 had been paid to where priorities differ and where relevant attention will be drawn to differences of approach.

The Chief Financial Officer responded to a question asked about car parking income

Members approved the recommendations within the report

Decision

That the Joint Strategic Committee

- i) Note the report and the outline 5-year forecasts in Appendix 3;
- ii) Approve the proposed budget process as set out in section 6 of the report;
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- iii) **Recommend to the Councils to approve the Budget Strategy for 2023/24 outlined in Section 9 of the report.**

(Link to the report on the website e.g. [Joint Strategic Committee - 11 July 2023](#))

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JSC/008/23-24 Investing for our future - Capital Strategy 2024/27

The report sought the approval of the Councils' Capital Strategy for 2024/27. The Strategy outlined the Councils' approach to capital investment and how the Council ensured that capital investment was directed to both of the Council's priorities.

The strategy was set against an environment of high inflation and increasing interest rates which was having a significant impact on the Councils' finances and the affordability of the Councils' investment programmes. Whilst the programmes were inevitably constrained, the recommended approach focused on the priorities identified by both councils around facilities that were recognised and valued by communities.

The strategy also proposed a refreshed approach to the prioritisation approach putting delivery of both of the Councils' priorities at the heart of the decision making process.

Members approved the recommendations within the report.

Decision

That the Joint Strategic Committee recommend to the Councils that the Capital Strategy 2024/27 be approved.

(Link to the report on the website e.g. [Joint Strategic Committee - 11 July 2023](#))