



ADUR & WORTHING COUNCILS

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

2024/25 Final revenue budget estimates

Report by the Director for Sustainability & Resources

Executive Summary

1. Purpose

1.1 This report is the final budget report of the year, the culmination of the annual budgeting exercise, and asks members to note:

- The full update on the impact of the annual grant settlement as detailed in section 5.
- The final revenue estimates for 2024/25; and
- An updated outline 5-year forecast;

1.2. These budgets reflect the decisions taken by members to date in relation to agreed savings proposals and any committed growth. The budgets are still to be adjusted for the proposals to balance the budget detailed in Appendix 2 which were considered by the Cabinets last week.

1.3 For the purposes of the JSC discussion, the budget is analysed by each Directorate and service block. Portfolio responsibilities differ between Adur and Worthing Cabinet members and so the individual cabinet portfolio breakdowns were included in the preceding cabinet reports. In addition, the draft estimates for 2024/25 have been prepared, as always, in accordance with the requirements of the Service Reporting Code of Practice for Local Authorities (except in relation to pension cost adjustments that do not impact either on the Budget Requirement or the Council Tax Requirement).

1.4 The respective Adur and Worthing 2024/25 Estimates and Council Tax setting reports have already been considered by the Worthing Cabinet on 6th February 2024 and the Adur

Cabinet on 1st February 2024. Both the estimates for Adur District Council and Worthing Borough Council include their respective share of the cost of the Joint Strategic Committee.

1.5 These cabinet meetings also made recommendations with respect to council tax setting for each council which are reflected in this report.

1.6 The following appendices have been attached to the report:

Appendix 1 - 5 year forecasts for the Joint Strategic Committee

Appendix 2 - Proposals for savings

Appendix 3 - Proposals for investment in services

Appendix 4 - Summary of Cabinet Member Portfolio budgets for 2024/25

Appendix 5 - Organisational design programme

1.7 In light of the challenging context in which the councils this report also outline risks and key assumptions underpinning the budget proposals as well as risk mitigation actions which are planned.

1.8 This is a joint revenue report that reflects the shared service delivery between the two councils with impacts for Adur and Worthing outlined as necessary.

1.9 This report reflects decisions taken at the cabinet meetings with respect to fees and charges.

2. Recommendations

2.1 The Joint Strategic Committee is recommended to:

- (a) Note the proposals for savings and the invest in services outlined in Appendix 2 which were considered at meetings of both Adur and Worthing Cabinets in early February;
- (b) Note the proposed 2024/25 budget detailed in Appendix 3. The respective council shares have been approved by the Adur and Worthing Cabinets. Please note, that the budget will be adjusted for any changes to the Investment in

Services proposals agreed by each Cabinet at the February meetings.

- (c) Note the proposed use of capital receipts to support the delivery of the budget as set out at section 9.2 and Appendix 5 which were considered at the Adur and Worthing Cabinet meetings in early February .

3. Context

- 3.1 The operating context for Adur and Worthing Councils is the most difficult environment that has been experienced to date, as outlined in the December 2023 budget update report. The combined impacts of inflation, increased interest rates, and reducing grant funding alongside increased need with respect to key services such as housing, mean that the work to produce a balanced budget has been challenging.
- 3.2 Despite this, the proposed budget does show a continued path towards a transformed organisation which is able to deliver on the strategic goals outlined by both administrations, and the essential services which both councils continue to prioritise.
- 3.3 The senior leadership team, who have worked to prepare these proposals, would like to thank the many people who have contributed to this process as well as the staff who continue to deliver excellent services despite the considerable challenges faced.
- 3.4 This budget has been created alongside the implementation of in-year spending controls which have been necessary to manage the 2023/24 position. These controls have been largely successful in maintaining an addressable overspend for 2023/24 for both Adur and Worthing. The controls have been a useful foundation for the 2024/25 budget process and are now being mainstreamed as part of the organisation's financial management arrangements providing tight control over spending and investment. These controls will be necessary throughout the 2024/25 and will be in place in some form until the reserves position has recovered from its current level.
- 3.5 This report takes into account the recent grant agreement from central government which has had limited impact on the overall position of the councils since it was reported in December 2023.

The proposals which were developed in draft form for that update report are now here in detail for consideration.

3.6 Specifically, the position of the two councils continues to be materially different. This is something that has been considered at all stages of the process and is reflected in the budget recommendations being made here.

3.7 The Joint Strategic Committee considered the outline 5-year forecast for 2024/25 to 2028/29 and the Budget Strategy on 11th July 2023 which was subsequently adopted by each full Council. At this stage in the budget cycle, the report identified the following cumulative shortfalls in funding for the respective General Funds:

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

3.8 The cumulative impact of required savings is significant and has been the case for a considerable period. To respond to this Adur and Worthing Councils will be undertaking the annual review of the MTFs early in 2024/25 in preparation for the next budget cycle. This will explore what steps are needed in order to secure a more sustainable position over time.

3.9 For this budget cycle the leadership team has refreshed the format of the MTFs here to reflect three different types of assumptions and projections:

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

3.10 The approach to delivering a balanced budget has continued from the last update and includes:

- The ongoing work to develop a new organisational design to reflect the corporate plan ('Our Plan') has been accelerated
- More effective integration between the different elements of the budget and delivery; service planning and the link between capital and revenue expenditure
- Ongoing work on commercial income; both looking at property investments and income lines for both councils
- Significant work on the in-year spending pressures has been used to shape budget proposals for 2024/25 and beyond. This area of work has included deep analysis of longstanding budget items and work across the board on contracts and services.
- Work to address the financial impact of increased housing needs including a focus on developing and acquiring a more affordable pipeline of emergency and temporary accommodation. Work is also underway to develop a stronger focus on prevention of homelessness and to more effectively triage and manage the caseload of households in emergency and temporary accommodation.
- Work to address Housing Benefit overspend in Worthing including focusing on the subsidy levels.
- A detailed review of priorities in Worthing has been undertaken with the Administration - reflecting the additional pressures which Worthing faces

3.11 This report presents the combined position of Adur and Worthing Councils as it is seen through the lens of the joint operating model and shared services agreement. The cabinet reports from February 1st and 6th have outlined the priorities of each administration that this revenue budget supports.

4. Key risks and assumptions following impact of settlement

4.1 The risks for each council were outlined in sections 7 of the related cabinet reports and will not be repeated here. There are, however, two risks which impact on the shared services.

4.2 The impact of the Environment Act 2021

4.2.1 This was raised in each of those reports but as a significant shared delivery activity which is expanded upon below:

4.2.2 The Act is a vehicle for the implementation of key policies set out in the National Resource and Waste Strategy as well as the legal

framework for significant reforms to local authority waste and recycling services. It also creates new statutory duties for local authorities on nature recovery.

- 4.2.3 Following numerous delays the government has now announced details of the simpler recycling scheme as part of the Act which places additional burdens on the Councils. The most significant one is the requirement to provide food waste collections from all residential properties by 1 April 2026.
- 4.2.4 Given the financial position of the Councils, we will only be able to introduce the new services, and comply with the new statutory requirements, if they are fully funded in terms of both revenue and capital. The Government has made a commitment to new burdens funding, and ongoing funding through extended producer responsibility (a levy raised on the manufacturing industry) to support councils with the roll out of food waste collections. Details have been released of the capital funding to be made available, which we do not believe will cover all our costs (detailed analysis is being undertaken). At the time of writing no details regarding revenue funding were available.
- 4.2.5 Officers are working to estimate what this financial impact might be taking into account the unknowns, particularly around the extent and scope of new burdens funding, and any future funding through the EPR scheme.
- 4.2.6 For these reasons it has been impossible to add any projections to the MTFS as yet but will do once the new burdens funding is clear. This was due to be announced by the end of 2023, but no further details have been forthcoming from the Government. Without additional funding the overall costs could bring an impact in excess of £1.6m on the revenue budget which would bring a severe pressure to bear.
- 4.2.7 The Simpler Recycling scheme also requires businesses to recycle and separate food waste by 31 March 2025. Our commercial waste service does already offer these services to businesses, but the uptake is around 26% for recycling and less for food waste. We will need to increase our capacity for these services in order to ensure all our customers can comply with the new requirements by 31 March 2025, or risk them moving to other service providers.

4.3 **Pressure on the shared service arrangements**

4.3.1 The shared service arrangement has successfully delivered for both councils since 2007. It has provided effective service delivery and enabled each council to deliver on their priorities and separate commitments. This has continued to be the case despite experiencing a period of considerable turbulence.

4.3.2 However, the financial positions of the two councils are not the same. This brings with it risk for the partnership as any asymmetry in the capacity of each council needs to be addressed in the shared delivery model. This has been taken into account in the organisational design work, however it remains a considerable risk for both councils and the share service arrangement.

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

5.1 Detailed budgetary work for the Joint Strategic Committee is now complete (subject to any decisions arising from the Adur and Worthing Cabinet in February) and the estimate of the Joint Service budget requirement is £26,233,540. This includes the savings set out in Appendix 2. Attached at Appendix 3 are the additional proposals for investment into services recently considered by the Cabinets.

5.2 A breakdown of each Cabinet Member's summary budget is attached in Appendix 4. The changes to the Joint Services budget in 2024/25 can be summarised briefly as follows:

Joint Service	£'000
2023/24 Original Estimate	26,347
Add: Committed and Unavoidable Growth:	
Pay inflation	1,558
Impact of 2023/24 pay award	433
Other Inflation	104
Review of Clinical Waste budgets	30
Heat Network energy costs	24
	28,496
Less: Proposed Savings (appendix 2)	-2,262
Net cost to be funded by the Councils	26,234
Net cost allocated as follows:	
- Adur District Council	10,575
- Worthing Borough Council	15,659
Cost reallocated to both Councils	26,234

5.3 The main changes to the forecast for 2024/25 for Adur District and Worthing Borough Council are summarised in the table below:

Changes in Budgetary Shortfall/Savings since report to Joint Strategic Committee on 11th July 2023		
	Adur	Worthing
		£'000
Original 2024/25 budget shortfall	941	2,754
Other changes:		
(a) Final impact of 2023/24 pay award	-115	-160
(b) Financing costs of capital programme	-40	-75
(c) Investment income	78	-51
(d) Increase in budget for Housing Needs	100	150
(e) Committed growth - Increase in audit fee costs	40	40
(f) Addition of reduced WTAM contract costs		-23
(g) Council tax - impact of taxbase	-139	51
(h) Review of additional business rates	35	239
(i) Collection Fund surplus/deficit	100	-69
(j) Removal of contingency budget for committed growth item	-40	-40
Revised Budget Shortfall in December	960	2,816
Impact of Settlement:		
Change to Business Rates	117	-12
One off funding	-239	-385
Final adjustments:		
Final assessment of Council Tax Income for 2024/25 based on a 2.99% increase	-73	-102
Review of capital programme programming	71	90
Increase/-reduction in Inflation budget	146	-42
Contingency Budget	35	-
Removal of contingency for committed growth	-30	-80
Removal of Budget for new investment in Service proposals	-100	-150
Increase to provision to build reserves	100	-
Total Budget Shortfall	987	2,135
(k) Potential savings identified (Appendix 3)	-1,087	-2,285
Budget surplus based on a 2.99% Council Tax increase available to fund new initiatives (before any further action is agreed)	-100	-150

* Adur and Worthing budgets in the table above include the respective share of the Joint Service budget

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

(a) Final impact of 2023/24 pay award

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

(b) Financing Costs of the capital programme:

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

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

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

(c) Investment income.

Interest rates have been updated within the outline forecast to reflect revised average rates based on the Bank of England projections. The assumptions for the amounts available for investment include the estimates for the minimum repayment of debt associated with the current capital programmes, these estimates have also been updated. Based on the forecast capital spend, this has led to an increase in projected income for Worthing and a decrease for Adur.

(d) Housing Needs

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

(e) Committed growth

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

(f) Worthing Theatres and Museum contract costs (Worthing only).

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

(g) Council Tax.

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

(h) Business Rates

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

(i) Collection Fund surplus/deficit

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

(j) Removal of committed growth

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

- 5.5 General government funding allocated for 2024/25 in the provisional settlement are shown in the table below:

	Adur	Worthing
Lower Tier Services Grant	£11,246	£17,135
Funding Guarantee Grant	£446,933	£602,110
New Homes Bonus	£2,800	£14,840

6. Reserves and future plans

- 6.1 In order to rebuild each council's reserve position, the MTF5 allows for provision into council reserves which is outlined in each of the respective cabinet reports:
- 6.2 Provision for transfer to General Fund Reserves

The medium term financial strategy includes the provision for the contribution to reserves for both councils to replenish the general fund revenue reserves that have required draw down for the last couple of years.

	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Adur District Council	200	100	100	100	100
Worthing Borough Council	200	200	200	200	200

- 6.3 Provision to the Property Risk Reserve

As part of the initiative to invest in commercial property, an element of the additional rent raised every year is being set aside into a specific reserve to manage void periods on these properties and to set aside resources to fund future investment needs. Contributions over the next 5 years are set out below:

	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Adur District Council	850	950	1050	1150	1250
Worthing Borough Council	650	750	850	950	1050

6.4 The overall estimated reserves for both councils over the next 3 years is:

	Adur			Worthing		
	2024/25 £000	2025/26 £000	2026/27 £000	2024/25 £000	2025/26 £000	2026/27 £000
General Earmarked Reserves	968	792	1,642	1,993	848	1498
Collection Fund Smoothing Reserves	1,826	586	0	2,756	0	0
Grants and Contributions	914	914	914	754	754	754
Total Earmarked Reserves	3,708	2,292	2,556	5,503	1602	2252

7. Saving Proposals

7.1 The outline savings for 2024/25 are attached at Appendix . The total saving proposals forecast over the next 5 years are:

	2024/25	2025/26	2026/27	2027/28	2028/29
Joint	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per Appendix 1)	2,262	2,929	3,834	4,720	5,623
Savings identified to date	-92	-425	-767	-782	-798
Organisation Redesign	-2,170	-4,000	-4,080	-4,162	-4,245
Revised budget shortfall / Surplus (-)	-	-1,496	-1,013	-224	580

7.2 The savings exercise continues to challenge officers but good progress has been made with the additional insight provided by the in-year spending controls.

7.3 Looking ahead to 2025/26 and beyond, the continuing financial pressure for the two Councils is not likely to ease and it is essential to look further ahead to create a long term sustainable position for the councils. Officers are therefore developing a two year organisational change programme which will address shortfalls in

2024/25 and 2025/26 with a significant and far reaching programme of service redesign. Year one of this programme is outlined in this report with 2025/26 proposals being developed early in 2024/25.

8. Delivering the savings proposals: The path to balanced budgets

8.1 Appendix 2 outlines proposed savings and growth items which have been developed in order to balance the 2024/25 budget as well as positively improve the 2025/26 position and beyond. As outlined in 3.8 these fall into 4 areas:

8.2 Organisational redesign

8.2.1 Appendix 5 outlines the proposed organisational design and provides more detail with respect to areas of focus that are in scope for this work:

- Housing
- Neighbourhoods
- Community Capacity and Resilience
- Residents services

This appendix has also been considered as part of the related cabinet reports from 1st February (Adur) and 6th February (Worthing).

8.2.2 This work underpins the savings outlined in appendix 2 but also represents significant steps towards the new organisational design which is being delivered to support the corporate strategy 'Our Plan'.

8.2.3 The head of paid service, subject to these proposals being agreed as part of the budget setting process, will bring a programme overview report to JSC in March and quarterly progress reports subsequent to that as part of the monitoring process. This will include an overview of the staff engagement approach for this work which will be critical to its success.

8.3 Review of contracts and services

8.3.1 We have implemented a programme of measures to assist with the budget setting process to include:-

- A review of essential spend only, defining essential spend as:-
 - a) Existing staff expenditure and pension cost
 - b) Existing contract spend
 - c) Statutory spend
 - d) Urgent expenditure
 - e) For safeguarding purposes
 - f) Ring-fence grant spend
 - g) Spend necessary to mitigate additional expenditure
 - h) Spend from the Housing Revenue Account

- A daily triage team to review all essential spend below £25,000 requested via requisitions raised, with a weekly budget management group for all essential spend above £25,000.
- A request for all officers to value engineer existing contracts.
- Increased levels of procurement and decision making training.
- Corporate leadership messaging to review all existing expenditure to update the Councils' Contracts Register with all 2022/2023 contract spend and existing contracts.
- The Procurement Instruction Form requires officers to provide procurement instructions with sufficient information to enable an advanced digital notification for re-procurement and pre-procurement planning.
- Greater use of the Contracts Register and more detailed instructions, will enable officers to track efficiency and spend against an updated procurement strategy and target spend, ultimately enabling total control over officer spend.

8.3.2 There are areas where significant impact can be made on spend in 2024/2025. 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.

The programme will include:-

- A review of the contracts register spend analysis data will enable the Councils to consider where to target internal department procurement reviews; consider where contracts may be merged or terminated to drive efficiencies; establish further contracts for value engineering; link contract spend

to organisation re-design for efficiencies in procurement spending habits and contract management.

- Ensuring maximum use of the contracts register will enable advance procurement planning, ensuring officers are proactive and not reactive to contract renewals and spend. This will in turn enable more effective contract management enabling a vital change in approach management approach.
- The procurement strategy is under review to incorporate changes made by the Procurement Act 2023 this will make procurement quicker, simpler and more transparent with a digital central platform for all suppliers to see all opportunities in one place, this will in turn drive competition and efficiencies with a more agile and resilient supply chain.
- Rather than using open tenders and frameworks, the Council is keen to restrict procurement (where lawful) to local businesses. This is to be done by creating a local supply chain list of SMEs for different areas of below threshold spend.
- The strategy will also provide for local procurement; maximise social value and will aim (subject to further review) to be more closely linked to community groups, providing greater public benefit. This is now being achieved by requiring the provision of social value to be a pass or fail question to suppliers prior to submitting a tender.
- Contract spend analysis has highlighted the highest costs are in professional consultancy spend across the Councils. The redesign will go some way to addressing this need, with the People and Change function encouraging home grown talent across the Councils.

8.4 Development of commercial income proposals

8.4.1 Both councils continue to drive significant benefits from fees and charges and in fact could not produce a balanced budget without this element of income. In considering the changes in these areas officers consider three main factors:

- Inflationary pressures on the cost to deliver
- Market benchmarks
- Affordability for residents

8.4.2 Fees and charges are set by Directors, Assistant Directors and Heads of Service in consultation and agreement with relevant Cabinet members. These charges can be amended or changed

throughout the year but most follow an annual cycle, whether calendar year or financial year. It should be noted that car parking pricing must follow a statutory process.

- 8.4.3 Over the course of 24/25 we will continue the detailed review of our commercial services to ensure that where we are charging for products and services it is meeting criteria of profitability and public value. As with previous years, this review will be conducted over the summer and report back to each sub committee in the Autumn in advance of the budget setting process.
- 8.4.4 For the majority of the income lines it should be noted that the councils invest capital funding to maintain or replace equipment or infrastructure associated with these income lines, therefore this estimated additional income contributes to ongoing maintenance or replacement. For example, the councils periodically invest in waste vehicles to ensure the commercial and green waste services can be delivered.
- 8.4.5 The portfolio of commercial lines flows across a number of departments and portfolio holders, whilst it should be noted that some commercial activity is weighted to each council depending on the activity and level of activity. For example, for Worthing there is a higher volume of car parking and beach huts, whilst street markets are solely delivered in Adur.
- 8.4.6 The estimated budget impact for the shared service has been modelled on a minimum inflationary increase of 3% increase, whilst some are projected to increase to match the current inflation level of 6.3% or beyond. The commercial services highlighted in the table within exempt Appendix three signal those services that are estimated to rise above the minimum 3%. A number of these income lines have been reviewed and assessed to ensure the correct governance process is in place and any change in the pricing can be made ahead of the next billing cycle, whether calendar or financial year. For example, for products or services such as Community Alarm or Beach Huts, customers must be notified of any price changes two months in advance of them coming into action.
- 8.4.7 All commercial lines, especially those services that will rise above the minimum 3%, have been considered in the context of individual reports to Cabinet Members for detailed consideration.

These reports were presented and considered through October - December 2023 and provide the rationale for the fees and charges increases in the context of the service and the Council as a whole. The 2024/25 fees and charges are being set in the context of this report and the overall budget setting for the Councils.

8.4.8 Alongside fees and charges, the other significant area of income are the strategic property investment funds (SPIF) for each council. The SPIFs are expected to generate £11.6m in 2023/24, exclusive of VAT and borrowing costs, across Adur and Worthing Councils. This makes up around a fifth of the councils' income and is up £2.0m on the previous year. This is due to active management of the assets including rent reviews, securing minimal voids (zero for the Worthing SPIF and 2 long-term vacant properties in the Adur SPIF), and through positive additions to the portfolio such as the acquisition of Southern House in November 2022. No properties were acquired in 2023.

8.4.9 Looking to 2024/25, the portfolio will continue to be reviewed against its strategic objectives to ensure that it is the best use of borrowing, continues to generate revenue, and to ensure that they meet any legal requirements such as the 2027 requirement that commercial properties hold an EPC of C or above (and a minimum of B from 2030) or they cannot be re let at lease end. Currently 15 of the councils' 26 units are not compliant - an upgrade and/or disposals programme is being considered to address this. Assets will continue to be proactively managed.

8.5 Work to manage the impact of increasing housing need

8.5.1 There has been a rapid growth in housing demand in both Council areas. In Adur the demand for Temporary Accommodation (TA) has risen by 98% over a three year period. By March 2025 it is projected to rise further by 42%. Whilst a significant amount of work has been underway to secure cheaper nightly accommodation, the current average cost of accommodation is £42 per night (September 23).

In Worthing, demand for Temporary Accommodation is even greater and has risen more rapidly, with the numbers of households in TA having risen by 157% over a three year period. By March 2025 we project a further rise of 38%. Nightly average cost of accommodation is £49 per night (Sept 23).

There remains a significant shortfall between Local Housing Allowance (LHA) rates - the rate we can claim - and market rents for a 2 bed property in both councils with the estimated monthly shortfalls below:

- Adur = £321.00
- Worthing = £578.00

- 8.5.2 To help shape this area of work the Councils are developing a new Housing Strategy to reflect the approach to the changing demands upon the service. This will look at the priorities for the local authorities around homelessness, housing allocations, housing delivery and supporting residents to thrive in their home and places. It is anticipated that a new Housing Strategy will be adopted in the Autumn 2024 with an extension to the current strategy in the interim period.

There is also significant focus upon identifying and securing more local and cost effective TA for homeless households in self contained accommodation. This is being achieved through a number of leased arrangements with accommodation providers and the delivery of new TA units owned and developed by the respective councils. In Adur specifically a development programme to deliver permanent accommodation is also in place with a number of schemes estimated for completion in 2024/25.

- 8.5.3 As detailed above, the purpose of the housing service redesign focuses on a number of areas but most importantly how the wider council can wrap around our housing front door and the significant demand being experienced. This will enhance the contact experience, develop alternative ways for citizens to easily access appropriate information and the service in the right way for them. Specifically for Adur Homes residents it aims to ensure residents are supported to thrive in decent homes.

In addition the service redesign will help shift the service towards a more data informed approach which will identify and embed opportunities to prevent homelessness earlier to reduce the need for emergency and temporary accommodation.

- 8.5.4 Funding of wider housing services remains a challenging area with varied funding opportunities becoming available for specific groups, capital funding from Homes England currently suspended and Right to Buy receipts and S106 affordable

housing contribution funding either anticipated to reduce or be finite and time limited.

8.6 Review of major projects

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

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

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

8.6.3 This approach will enable the councils to take a proportional, and risk appropriate approach to each project to best manage and realise our assets and ambitions. For Worthing, this will mean pursuing a responsible approach to disposing of our land interests (Grafton MSCP, Teville Gate, Decoy Farm) whilst maintaining a clear focus that our strategic objectives can still be delivered through the planning and disposal process; or delivery through a development partner (Union Place).

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

9. Funding the costs of delivering the budget savings

9.1 The savings identified represent service and staff changes which will require some investment up front, details of which can be

found in Appendix 5. To deliver the expected level of savings the councils will be required to fund a number of strands of work as follows:

- Delivery support to the organisational change programme which is delivering a new more resilient operating model;
- External advice for service areas where specialised knowledge is required;
- Any departure costs arising from the proposals;
- Specialist people and change support and advice over the two year programme

9.2 The Organisational Design programme is planned to deliver savings of £4m over 2 years for Adur and Worthing, the cost of the work required to support the delivery is expected to be £1.56m. This is set out in more detail in Appendix 5.

9.3 Given the level of reserves, it is planned to use the capital receipts flexibility regime which allows councils to release capital receipts to fund initiatives to generate a saving. The estimated use of receipts:

Adur	£624,000
Worthing	£936,000

As at 31st December 2023, the councils held the following uncommitted and available capital receipts.

Adur	£3.980m
Worthing	£1.846m

9.4 There is a restriction on the funding of departure costs, only statutory redundancy and pension costs can be funded from capital receipts.

10. Conclusion

10.1 The Councils continue to struggle to address the challenges of the wider operating context of high interest, inflation and an uncertain picture with respect to government funding. Despite this, and with considerable in-year pressure the Councils are in a position to both recommend balanced budgets to their respective councils.

10.2 These pressures do not look to change, and in particular the pressure on housing continues to increase despite the welcome

announcements in the Autumn Statement of a removal of the cap on Local Housing Allowance.

- 10.3 While these budgets are balanced, there is still considerable risk and uncertainty with respect to income and additional pressures and so the budget control measures which were instigated in 2023/24 will continue into 2024/25 and beyond.

11. Engagement and Communication

- 11.1 The Councils have conducted a budget consultation and the results are a separate paper on the JSC agenda. The engagement aimed to inform budget development, enhance public understanding of financial challenges, and showcase increased participation. Building on previous engagement, key questions on spending reductions, investment priorities, and council tax options were posed. The survey targeted residents, council staff, businesses, and media, using diverse channels for engagement. The exercise aimed for representative responses to shape the Budget 2024/25 based on community insights.

- 11.2 On the insights from Adur District Council's engagement, key concerns include discomfort with any potential reduced spending on waste, housing, and health services. Priorities for investment include housing affordability and support for those in need. There were varying views on council tax range from wanting a 3% increase to improve services to freezing taxes with associated spending cuts. Themes from free-text responses included housing, infrastructure, traffic, the environment, youth services, safety, tax, spending, and miscellaneous concerns.

- 11.3 Engagement from Worthing Borough Council revealed varied opinions on spending reductions. Concerns include discomfort with any potential spending reductions in addressing the cost of living, health services, and housing development. Residents prioritised investment in social issues, youth initiatives, and housing challenges. The survey highlights nuanced views on council tax, with varying preferences for different levels of increase. Themes from free-text responses cover financial responsibility, infrastructure, development, housing, community engagement, environmental concerns, transportation, economic support, cultural services, education, public safety, political accountability, and health services.

11.4 Staff have been kept up to date on the development of these plans by the Chief Executive.

11.5 Officers and members have been consulted on the development of the savings proposals contained within the report. The savings will be presented to the Joint Overview and Scrutiny Committee to gain comment on the proposals.

12. Comments by the Chief Financial Officer

12.1 Section 25 of the Local Government Act 2003 requires an authority's Chief Financial Officer to make a report to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so Members will have authoritative advice available to them when they make their decisions. The Section requires Members to have regard to the report when making their decisions.

12.2 As Members are aware, the Joint Strategic Committee must set its estimates in advance of the start of the financial year. This is because both Councils must decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on each of their services. This includes a share of the cost of the Joint Strategic Committee. Because they decide on the council tax in advance of the financial year in question, and are unable to increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:

- making prudent allowance in the estimates for each of the services, and in addition;
- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

Subject to the important reservations below, a reasonable degree of assurance can be given about the robustness of the estimates.

The exceptions relate to:

- (1) The provision of estimates for items outside of the direct control of the Council:

- Income from fees and charges in volatile markets, and income from grants.
- External competition and declining markets, particularly during a recession.

(2) Cost pressures not identified at the time of setting the budget. This would include items such as excess inflation.

(3) Initiatives and risks not specifically budgeted for.

12.3 **Overall view on the robustness of the estimates:**

It will therefore be important for members to maintain a diligent budget monitoring regime during 2024//25.

12.4 The Chief Financial Officer and Section 151 Officer's overall view of the robustness of the estimates is, therefore, as follows:

The processes followed are sound and well established and identical to those that produced robust estimates in the past. The Joint Strategic Committee has also demonstrated that it has a sound system of financial management in place.

13. **Legal Implications**

13.1 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.

13.2 The Local Government Act 2003 requires that the Councils set a balanced budget. This report demonstrates how the Councils intend to meet that requirement for 2024/25.

13.3 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

13.4 Section 3(1) of the Local Government Act 1999 (LGA 1999)

contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Background Papers

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

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

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

Report to the Joint Strategic Committee 7th December 2023 - Budget update

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SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Matter considered and no issues identified

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

These proposals have been developed with regard to the Equality Act 2010. No proposals contained within the proposals would require a detailed Equalities Impact Assessment with the exception of the organisational design work where impact assessments will be completed as part of the process.

2.3 Community Safety Issues (Section 17)

We are considering how these proposals impact safety in our communities and are ensuring that where possible these reductions do not have an adverse effect. Where possible we are working to create better alignment and organisational change to strengthen this work and ensure there is much better organisational ownership for our work around community safety.

2.4 Human Rights Issues

Matter considered and no issues identified

3. ENVIRONMENTAL

The strategic budget setting approach has successfully maintained both Council's commitments to addressing the climate and biodiversity crises. This includes a fully staffed sustainability team delivering projects across carbon, nature, circular economy and transport agendas in collaboration with other internal teams and a multitude of partners. Annual carbon emissions targets are being met, and there is a large portfolio of projects progressing well.

Beyond the sustained commitments in the General Fund, the Councils have demonstrated that these core staff resources can be effectively used to leverage significant external funding across the sustainability agenda, and that the Councils are providing area, regional and national leadership in some areas, for example the Sussex Bay programme.

4. GOVERNANCE

Matter considered and no issues identified

Joint Services Revenue Budget Summary Statement 2024/25- 2028/29						
	2023/24 Base	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	26,347	26,347	26,347	26,347	26,347	26,347
External Economic Factors						
Inflation on Pay:						
- Assumption of 4.5% increase in 24/25 and 2% in future years		1,558	2,211	3,039	3,848	4,675
- Impact of 2022/23 pay award (average of 5.8% against a budget of 4.5%)		433	377	385	393	401
Inflation on Costs:						
- Assumption of 3% in 24/25 and 2% in Future years		197	289	382	478	575
Inflationary increase on income (Commercial activities and Fees and Charges):						
- Assumption of 3% in 24/25 and 2% in Future years		(93)	(215)	(339)	(466)	(595)
Council Commitments to services and long term obligations						
Review of clinical waste budgets		30	30	30	30	30
Heat Network		24	24	24	24	24
Provision for Investment in Services		-	100	200	300	400
Net cost to be reallocated to the Councils	26,347	28,496	29,163	30,068	30,954	31,857
Adur District Council	10,590	10,575	10,575	10,575	10,575	10,575
Worthing Borough Council	15,757	15,659	15,659	15,659	15,659	15,659
Total income for services provided to the constituent councils	26,347	26,234	26,234	26,234	26,234	26,234
(Surplus) / Shortfall in Resources	-	2,262	2,929	3,834	4,720	5,623
Savings identified to date:						
Corporate initiatives (Directorate Services Review)		92	425	767	782	798
Organisation Redesign		2,170	4,000	4,080	4,162	4,245
Total savings identified		2,262	4,425	4,847	4,944	5,043
Savings still to be found/ (surplus)		(0)	(1,496)	(1,013)	(224)	580
Savings required in each year		2,262	667	905	886	903

Proposed Savings 2024/25

Description	Comments	Joint (memo only)	Adur	Worthing
Contract Review				
Contract Review	Review and rationalisation of contracts	£404,600	£161,800	£259,800
Review of security provision in MSCP				£12,000
Reduction in Funding of Community Works	Further wider review pending.		£7,900	£7,800
Reduction in Funding of Community Transport Grants	Further wider review pending.		£3,000	£5,000
Base Budget Reviews				
Place and Economy		£41,200	£26,900	£129,100
Utilities	Reduction in energy budgets	£30,000	£62,000	£218,000
Health & Safety	Removal or reduction of under utilised budgets	£2,300	£900	£1,400
Commercial Income				
<u>Place and Economy</u>				
Foreshore Services	Income from Lancing Parish Council			£15,000
Beach Hut Rental	Uplift in fees by 6.27%		£4,600	£14,200
Events	Additional budget		£4,000	£5,000
Concession Income	Uplift in fees by 4.5%			£800
Colonnade House	Contribution to staff costs from trust			£7,500

Commercial Income (continued)				
<u>Parking</u>				
Increase in Parking Tariffs	Uplift in tariffs by 7%			£57,800
Increase in Season Ticket Prices	Uplift in tariffs by 7%			£8,100
Additonal Season ticket income from NHS				£4,400
<u>Community Alarm</u>				
	Uplift in fees by 5%		£7,000	
<u>Waste</u>				
Commercial Waste	Uplift in fees by 8%		£42,000	£85,200
Green Waste - no uplift in fees in 2024/25	Retain £89 annual fee	-£57,500	-£23,000	-£34,500
Household Bulky Waste	Uplift fees by 7.85%	£6,800	£2,700	£4,100
Asset Rationalisation and review				
			£30,000	£350,000
Organisation Redesign (Further details provided in appendix 4)				
	Neighbourhoods	£504,000	£202,000	£302,000
	Resident Services	£266,000	£106,000	£160,000
	Community Capacity	£173,000	£69,000	£104,000
	Regenerative Development	£296,000	£129,000	£182,000
	Housing Redesign	£202,000	£94,000	£121,000
	Core Services	£160,000	£64,000	£96,000
	Waste and Cleansing	£97,000	£39,000	£58,000
	Place	£96,000	£38,000	£65,000
	Bereavement	£40,000	£16,000	£46,000
Total Savings from Proposals		£2,261,400	£1,086,800	£2,284,700

Investment in Services

		<i>Expected cost (cumulative)</i>					
		<i>2024/25</i>			<i>2025/26</i>		
		<i>Joint (memo only)</i>	<i>Adur</i>	<i>Worthing</i>	<i>Joint (memo only)</i>	<i>Adur</i>	<i>Worthing</i>
Description	Comment						
Rapid Improvement Programme	Funding of the Digital Rapid Improvement Team to support the digital transformation and organisational redesign across the councils - Lead Service Designer - uplift to core budget - Digital Applications and Innovation Manager - uplift to core budget - Lead Digital Developer - uplift to core budget - Service Designer x 2 - Business Analyst - Junior Business Analyst	250,000	100,000	150,000	250,000	100,000	150,000
Total growth identified through financial planning		250,000	100,000	150,000	250,000	100,000	150,000
Allowance in MTFS for Investment in Services			-100,000	-150,000		-100,000	-150,000
Net growth identified			0	0		0	0

Joint Service Block Recharged to Adur and Worthing Councils

Executive Portfolio	Estimate 2023-2024	Estimate 2024-2025
Chief Executive	1,476,110	1,483,720
Director for Housing and Communities	5,365,760	5,064,540
Director for Sustainability and Resources	13,369,960	13,981,190
Director for Place	7,261,690	6,799,070
Director for Place - Grants	(280)	0
Total Services	27,473,240	27,328,520
Allocations of Costs		
Less: Allocation to HRA and Capital Programme charged direct to Adur and Worthing	(1,126,440)	(1,094,980)
	26,346,800	26,233,540
Adur District Council	(10,589,810)	(10,575,230)
Worthing Borough Council	(15,756,990)	(15,658,310)
Total Service Block Allocations	(26,346,800)	(26,233,540)

Chief Executive

Service	Estimate 2023-2024	Estimate 2024-2025
Chief Executive		
Chief Executive	457,340	281,140
Head of Environment	118,680	0
AD People and Change		
Organisational Development	282,060	182,060
Communications	238,490	229,300
People, Mission Control & Workforce	379,540	672,200
AD People and Change	0	119,020
Total Chief Executive	1,476,110	1,483,720

Director for Housing and Communities

Service	Estimate 2023-2024	Estimate 2024-2025
AD Housing Homelessness and Prevention		
Head of Housing	252,000	236,780
Housing Needs	915,090	858,930
Environmental Health - Housing	317,970	334,250
Home Improvement Assistance	209,890	206,750
Director for Housing and Communities		
Director of Housing and Communities Office	(1,990)	(100,250)
Head of Resident Services		
Contact Centre	1,164,780	1,266,180
Customer Services	114,730	0
Resident Services	697,440	692,670
Benefits	380,500	360,380
Revenues	717,870	777,820
Business Support	92,060	101,590
Head of Community Capacity and Resilience		
Community Wellbeing	505,420	329,440
Total Director for Housing and Communities	5,365,760	5,064,540

Director for Sustainability and Resources

Service	Estimate 2023-2024	Estimate 2024-2025
Director for Sustainability and Resources		
Director of Sustainability & Resources Office	(92,940)	(74,220)
AD Operations and Sustainability		
Bereavement Services	460,450	433,890
Public Health and Regulation	1,235,180	1,305,030
Commerce Way - Building	164,970	164,910
AWCS Management	317,250	343,730
Compliance	80,840	50,020
Refuse & Recycling	1,503,140	1,611,410
Bulky Refuse & Waste Projects	(9,970)	(13,020)
Street Cleansing	1,859,810	1,908,430
Commercial Waste	604,770	691,000
Fleet Management	0	(13,280)
Operations and Sustainability	0	123,350
Emergency Planning	170,410	172,840
Energy & Sustainability	283,400	265,130
Off Street Parking Team	459,640	419,900
Parking Services	161,670	145,420
AD Finance		
Finance	119,380	123,960
Corporate Management	404,280	427,320
Accountancy	1,080,840	1,075,940
Exchequer Office	191,250	208,020
Payroll	146,810	158,150
Cash Office	93,260	100,320
Insurances Administration	48,540	45,450
AD Legal and Democratic Services		
Democratic Services	268,490	287,880
Procurement	128,500	70,310
Electoral Services	234,770	248,030
Legal	849,780	975,910
Head of Technology and Design		
Technology and Design	0	102,680
Digital	2,605,440	2,622,680
Total Director for Sustainability and Resources	13,369,960	13,981,190

Director for Place

Service	Estimate 2023-2024	Estimate 2024-2025
Director For Place		
Director of Place Office	108,620	123,210
AD Place and Economy		
Parks and Open Spaces	576,430	380,850
Foreshores	182,450	160,990
Head of Business & Technical Services	104,490	0
Engineering	530,470	511,570
Head of Place & Economy	417,160	286,340
Economic Development	63,830	193,610
Commercial Development	133,950	149,700
Tourism and Events	63,560	62,550
Head of Planning		
Building Control	577,940	570,460
LLPG	24,740	22,470
Land Charges	105,120	111,620
Planning	105,360	102,020
Planning Policy	379,020	349,280
Development Management	1,351,290	1,310,600
AD Regenerative Development		
Facilities Management	247,410	221,650
Admin Buildings	303,170	331,770
Surveying & Design	983,720	957,280
Major Regeneration Projects	540,000	527,980
Estates	462,960	425,120
Total Director for Place	7,261,690	6,799,070

Organisational design programme

1. Purpose of programme

1.1 The programme has two core objectives:

1.1.1 To implement a new organisational design based on the principles and framework outlined in Our Plan which was adopted in Autumn 2022. The goal of this is to create a sustainable organisation which is adaptive, resilient and participative.

1.1.2 To provide a mechanism for delivering outlined savings targets in a way which protects frontline service delivery to the greatest extent possible and retaining our ability to deliver the ambitions of the two councils.

1.2 The implementation plan and initial projects will be reported to the March 2024 Joint Strategic Committee meeting. Progress of the programme will be reported to that committee on a quarterly basis from March 2024.

1.3 The programme will therefore incorporate the in-year spending controls into its governance and approach in order to ensure that organisational design and spending reductions are closely aligned.

2. Scope of programme

2.1 Service redesigns look across all revenue budgets for a service, including agency and contractor spend alongside staffing, contract spend and incidentals such as print and postage. By putting more budget lines into the scope of a single exercise, the process has maximised the opportunities to reduce the total cost of delivery without continuing to remove delivery capacity which is an outcome of the 'salami slicing' approach. The programme workstreams are outlined in this section.

2.2. Governance and performance systems

Governance and performance are core functions of a well run organisation. A priority is to redesign and support the subsequent organisational design work. A new internal governance system will be

implemented as an early deliverable for the programme and will be reported to the Joint Audit and Governance Committee.

2.3 Digital and design

Digital transformation is essential to the successful delivery of these redesigns. The budget proposals include the extension of the digital rapid improvement team to deliver this work.

2.4 Contracts and procurement

In order to underpin the 6% savings target (£340K) on external contracts there will be strong corporate accountability, as well as additional training and personal development for managers to improve their organisational grip of this key area. Given the corporate track record of £200K annual savings (approx) for procurement, these additional measures support this higher target.

2.5 Commercial income development

The new organisational design will consolidate the Councils commercial capability and also develop the organisation's ability to secure external funding. This capability will then develop a new commercial income strategy in advance of the 2025/26 budget as well as to manage in-year targets for income generation.

3. Programme design and implementation approach

3.1 The programme will address all areas of the organisation by creating a pipeline of redesign projects (areas of focus) which will then be programmed into delivery based on factors such as savings profile, support needed and annual delivery rhythms for the services involved.

3.2 Given the continued need for vacancy control, the programme will maximise use of vacancies in order to minimise impact on staff. It should be noted that given the current vacancy levels in the organisation due to this year's budget control measures, much of the capacity impact of removing staff is already being felt. Service redesign is now needed to balance out workloads and ensure that staff are focused on the right priority areas. While redundancies cannot be avoided, this approach will minimise them.

3.3 By embedding the current in-year controls into the programme governance, the programme team will be able to make real time adjustments to the delivery plans of the organisation and maximise opportunities for redesign.

- 3.4 The programme will be managed by the new People and Change function, supported by a multidisciplinary team which will include representatives from finance and legal. It will also incorporate the Rapid Improvement team.
- 3.5 The lessons learned from the Organisational Design programme will be acted on in real time to inform improvement on the wider building blocks to make the organisation adaptable, participative and resilient.
- 3.6 The organisation design programme will have costs associated with transformation. The overall estimated cost is set out in the table below, and includes exit costs where needed which can include redundancy and pension costs, programme delivery support and external advice to support redesign.

Item	Description	Estimated 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 for managing change	1 People Specialist role to support the organisational change process over 2 years	£120k

- 3.7 Due to the reserve position, it is planned to use the capital receipts flexibility regime which allows the Councils to release capital receipts to fund initiatives to generate a future saving. There is a restriction on the funding of departure costs. Only statutory redundancy and pension costs can be funded from capital receipts.

Year	Overall annual savings generated £	Annual saving Adur £	Use of capital receipts Adur £	Annual saving Worthing £	Use of capital receipts Worthing £	Nature of expenditure
2024/2025	2,226,700	890,800	336,100	1,335,900	504,120	HR and delivery support (to manage and support the delivery of the reorganisation design work over the 2 year programme). Associated Statutory departure costs. Expert/specialist advice on service design.
2025/2026	1,797,700	719,100	287,900	1,078,600	431,880	
Total	4,024,400	1,609,900	624,000	2,414,500	936,000	

The total capital receipts available and uncommitted as at 31st December 2023:

Adur £3.980m
Worthing £1.847m

Draw down from the cost of change fund will be monitored via the quarterly reports to JSC and the normal scheme of delegation will apply with respect to decision making.

4. Initial areas of focus

Each area of focus has been developing proposals based on its overall operating model - allowing savings to be made with respect to management, removing duplication with respect to support roles and addressing capacity issues by implementing digital solutions. Grant funding has also been reviewed to ensure that the Councils are maximising the impact of external monies while addressing the risks of posts being underwritten by uncertain income.

Further areas of focus will be developed over the course of 2024/25 and reports will come to the JSC as they are programmed.

4.1 Neighbourhood model

4.1.1 Summary: The neighbourhood model is the most ambitious of the areas of focus. Its objective 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.

4.1.2 The model will be implemented in phases in order to ensure that ideas can be developed and tested with communities and stakeholders and a careful transition delivered:

- The first phase of implementation will be redesign of key frontline services in order to ensure that they work to a common physical footprint based on neighbourhoods and have shared planning and prioritisation to make sure teams are most effective on the ground
- The next phase will look at ensuring that capabilities such as participation are embedded in the model - developing the Councils ability to work more effectively with stakeholders and its communities.
- Finally the volunteering and participation 'offer' will be developed, working alongside communities in order to support their ambitions.

4.1.3 The following areas of organisation have been identified so far for review as part of the neighbourhood model, however this model may draw in other aspects during the long-term development and delivery of working with and throughout the neighbourhoods:

- Parks & Foreshore
- Sustainability (Nature, Circular Economy & Sustainable Transport)
- Cleansing
- Community Assets and Grants

4.2 Housing redesign

4.2.1 Summary: The housing redesign will prioritise prevention and early intervention of homelessness. It will enhance collaboration across community services and the wider council to collectively address housing challenges and opportunities.

4.2.2 This redesign has been in discussion for some time and will embed the proactive principles that have been developed by the proactive project

team. This redesign will focus on addressing the costs and human impacts of the increased housing need across both councils and maximise the use of grant funding in this area. The team will also need to continue to manage and deliver the Adur Homes improvement plan.

4.2.3 The following areas of organisation have been identified for review for the housing redesign

- Housing needs
- Adur Homes
- Health and Wellbeing teams (see below)
- Private sector housing

4.3 Resident services

4.3.1 Summary: 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.

4.3.2 This work builds on the work of the rapid improvement team in 2023/24 which provides a solid foundation for further digitisation work.

4.3.3 This change will affect the following teams and services:

- Revenue (Council Tax and NNDR (national non-domestic rates))
- Benefits
- Customer Services
- Customer Insight
- Business Support

4.4 Community Capacity and Resilience

4.4.1 With participative being a key principle of Our Plan communities, prevention and wellbeing will be at the centre of what the Councils do. Following the departure of the Head of Service for Community Capacity and Resilience, the organisation is working through proposals to integrate and align the core functions of the team.

4.4.2 The savings for this area of focus will be filled through deletion of the Head of Service post (which is vacant as of end of January 2024) to better align to the service offer above.

- Participation: Combine engagement resources and lead it from the

new People and Change function. This will strengthen a coordinated approach to participation across the organisation that makes the best use of community capacity and is integrated into the strategic priorities.

- Prevention and wellbeing: Embedding wellbeing in the housing team to develop a joined-up offer. This will provide leadership for residents around prevention, and create the opportunity to redesign the health and wellbeing offer to better develop approaches that support early intervention.
- Community safety and safeguarding: Put the safety of residents and safeguarding right at the centre of the organisation in the people and change function. This includes delivering statutory responsibilities and duties, and the reviewing of community safety partnership activities as part of this design work in 2024/25.
- Business development: Key functions and activities, such as community assets, grants, commissioning, contracts, responsive activity and levered in funding. These are to be better aligned with the Councils place-based and corporate work and will be aligned to the anticipated commercial function.

4.4.3 This change enables these functions to operate more effectively with foundational delivery areas such as housing and increases the level of CLT focus on them - mitigating the capacity impact of removing the head of service post.

4.4.4 This change will affect the following teams and services

- Safeguarding
- Safer Communities
- Business Development
- OneStop
- Wellbeing
- Going Local
- Grants and Commissioning
- Participation

4.5 Building the pipeline

4.5 Building the pipeline

An ongoing pipeline of service redesigns are being planned in order to continue to work towards a resilient staffing model that reflects the

organisational design needed to deliver Our Plan. This pipeline has savings targets assigned which are subject to change as the proposals are developed. These further areas of focus have plans in development which will be reported on at JSC as outlined above.

4.5.1 **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.

4.5.2 **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.

4.5.3 **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.

4.5.4 **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.

4.5.5 **Waste redesign**

4.5.5.1 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.

- 4.5.5.2 The Environment Act 2021 will have a major impact on the organisation's waste service. This legislative milestone will undoubtedly reshape the landscape of waste management, calling for an evolution in the organisation's approach. While the full impact of the 2021 Act is yet to be unveiled, the organisation is not sitting idle. It is already preparing for the challenges and opportunities it presents, in the form of a comprehensive review. This seeks to bolster resilience and adaptability, ensuring that the waste service remains at the forefront of sustainable waste management.
- 4.5.5.3 The Councils are committed to a meticulous and thorough examination of all opportunities for savings, cost-effectiveness, and sustainability. The aim is to ensure that every decision made in this area is grounded in a deep understanding of the evolving waste management ecosystem.
- 4.5.5.4 Further discovery work will be undertaken over the coming months to identify what additional opportunities can be added to this pipeline of organisational redesign work.

5. Conclusion

- 5.1 This is an ambitious programme of change which delivers both savings and improvements for the Councils.
- 5.2 The pace at which this needs to be delivered is also ambitious and a detailed risk mitigation plan will be developed as part of programme governance alongside detailed monitoring of progress. A key risk is the anticipated Environment Act 2021 implementation which has the potential to derail ourselves and many other councils if the funding approach is not addressed.
- 5.3 In delivering this programme the objective is an organisation which, based on current projects and understanding of government funding, is sustainable and will be able to lift its head up from annual saving rounds in order to focus on wider ambitions. There is much to do but very good reasons to do it.