



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
8 February 2023

Key Decision [No]

Ward(s) Affected: N/A

Summary of Risks & Opportunities

Report by the Director for Sustainability & Resources

Executive Summary

1. Purpose

1.1 This report provides the updates on the management of the Councils' Corporate Risks and Opportunities.

2. Recommendations

2.1 That the progress in managing the Corporate Risks and Opportunities be noted;

2.2 That the Committee consider if it would like any further information on any of the Corporate Risks and Opportunities; and

2.3 That the Committee agree to receive a further annual progress report in Autumn/Winter 2024/25.

3. Context

- 3.1 The Councils recognise that there are risks and opportunities involved in everything that they do and they have a duty to manage the risks and opportunities in a balanced, structured and cost-effective way. In line with the Councils' Risk and Opportunities Management Strategy, the latest summary of the Corporate Risks and Opportunities is attached to this report to assist the Councils in the monitoring and management of the Corporate Risks and Opportunities and this is also good practice in effective Risk and Opportunity management.

4. Issues for consideration

- 4.1 Corporate Risks and Opportunities are reported and updated to the Council Leadership Team (CLT) and in consultation with Heads of Service and relevant Officers. General information on Risks and Opportunities is also provided to the Joint Audit and Governance Committee on a regular basis in order that it can monitor the effective development and operation of Risk and Opportunity management in the Councils.
- 4.2 The Corporate Risks and Opportunities are key issues which have been identified by the Leadership Team as having the potential to impact on the operations and delivery of the Strategic objectives and priorities of both Councils and affect the direction contained in the Corporate Plan, 'Our Plan' covering the three years 2023-2025 which sets out for the Councils to be resilient, adaptable and participative and address the big ambitions and complex issues contained in Missions - 'Thriving People - Thriving Places, Thriving environment and Thriving economy'.
- 4.3 The inclusion of these issues on the Risks and Opportunities register does not mean that they will occur but ensures that effective risk and opportunity management arrangements are in place as an integral component of strategic decision making, service planning and delivery which will help increase the likelihood of the Councils achieving the Corporate aims and Objectives and move in the direction prescribed in the Corporate Plan.
- 4.4 The Leadership Team have recently undertaken a review of the Corporate Risks and Opportunities to ensure that the key issues impacting the Councils are included and that the risks and opportunities align with the priorities of the Councils. There are currently 19 Risks and 3 Opportunities and of the Risks, 11 are High and 8 are Medium. The review undertaken has led to 5 new Risks and 1 new Opportunity being added. The role of the Committee is

to review and monitor the management of these risks and opportunities.

4.5 Local Government is currently operating within an environment of substantial budget cuts and major policy changes with potential significant impact/risk on service delivery and organisational structures. The pace and scale of change requires the Councils to constantly assess the risk and opportunity profile and implement suitable controls to manage those risks and opportunities. There are many different sources of high level risks and opportunities which could impact on the priorities of the Councils and these are included in the risks and opportunities register but at the moment there are four key strands of risk and opportunity areas set out below which need to be highlighted as seriously impacting on the delivery of services and priorities for the Councils:-

- Councils finances
- Housing demand, supply and management
- Major Projects development; and
- The organisational design of the Councils

4.6 Council Finances

4.6.1 Council finances continue to be under severe pressure, an issue widely experienced across local government, which is a severe risk for both Councils in maintaining service levels. In order to address in-year budget pressures, the Councils have implemented a range of spend controls, including vacancy, purchasing and project spend controls to bring the forecast overspend down to addressable levels. Worthing Councils reserves position is expected to reach a critical state as a result of pressures in 23/24, with the 24/25 budget designed to gradually replenish reserves over the next few years. The Local government settlement was announced in December 2023 with very little additional funding than previously assumed in the Medium Term Financial Strategy. The latest budget position for 2024/25 is that both Adur and Worthing are balanced with an assumed 2.99% increase in council tax proposed.

4.6.2 Looking ahead to 2025/26 and beyond, the continuing financial pressure for the two Councils is not likely to ease especially if the funding review is as significant as expected, however a proposed strategy will contribute significantly to meeting this challenge easing the burden on individual services and so work has been developed to create an ongoing pipeline of projects which will continue beyond the 2024/25 period. The potential financial challenge remains significant although much depends on the timing of the funding review, the final extent of the impact and whether the new

funding levels are phased in. That said, the Councils have a programme of strategic initiatives which include organisational redesign, digital transformation, development of commercial income and review of contracts to deliver savings to help meet the shortfall. However, depending on the financial situation this may impact on the delivery of the issues and objectives contained in the Missions set out in 'Our Plan'.

4.7 Housing demand, supply and management

- 4.7.1 There has been a rapid growth in housing needs in both Council areas. In Adur the demand for Temporary Accommodation has risen here by 98% over a three year period. By March 2025 it is projected for a further rise of 42%. Nightly 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). In Adur the shortfall between Local Housing Allowance (LHA) - rate we can claim - and market rents for a 2 bed property = £321.00 and in Worthing the shortfall between Local Housing Allowance (LHA) - rate we can claim - and market rents for a 2 bed property = £578.00
- 4.7.2 There is also a growth in the funding gap with respect to supported accommodation. In Adur there are some pressures around Housing Budget overspend, which are not as significant, which also includes the Housing Revenue Account but in Worthing there are significant pressures due to overspend in the Housing Benefit budget due to levels of subsidy that cannot be claimed for some types of supported accommodation in the private sector.
- 4.7.3 To help mitigate this risk, preliminary work is underway by the Councils for a new Housing Strategy. This will look at the priorities for the local authorities around homelessness, housing allocations, housing delivery and keeping people safe and secure in their homes. It is anticipated that a new Housing Strategy will be adopted following local elections in 2024 with an extension to the current strategy approved by councillors in the interim period.
- 4.7.4 Limited housing supply in all areas and all tenures is a key risk for the Councils in terms of both discharging its statutory duty to prevent homelessness and support those at risk, as well as placing critical budgetary pressures on the Councils. Managing this demand is challenging and places additional capacity pressures on the operational teams. The housing supply situation will impact on the 'Thriving People' mission and the objective to

ensure that everyone has a safe, secure and affordable home.

4.8 Adur Homes

4.8.1 Members will be well aware of the factors leading to the self referral of Adur Homes to the Regulator of Social Housing and that finance is critically important to enable the delivery of the agreed Improvement Plan. Importantly, this plan forms part of the first fundamental steps to reforming the service and getting it onto a more stable footing by addressing the issues raised to the Regulator (providing decent homes standards and improving health, safety and compliance) and the delivery of a wider set of actions that address almost every element of the service (tenant / leaseholder management and involvement, improving systems, performance and data, good governance, etc.)

4.8.2 Alongside this, new revised housing standards (part of the new Social Housing Regulator Act 2023) requires councils to meet new and important requirements by strengthening tenants' rights and ensuring better quality and safer homes for residents.

4.8.3 Longer term planning is required in order to build an effective plan to invest in our stock. Being a small stock holding authority, this is particularly challenging.

4.9 Major Projects development

4.9.1 There is a risk also that major Projects are not delivered or place a significant burden on the councils' finances. Inflationary pressures in the construction sector and wider economic uncertainty have had a significant impact on the development sector and have made the viability of some projects more challenging. Up until recently, interest rates have also been increasing which has undermined the viability of the invest to save proposals. Some major projects are being delayed across Adur and Worthing which will impact on the Councils desire to achieve a varied and resilient thriving economy.

4.9.2 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 the 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 being sure of the approach to each project, testing the original assumptions and that success measures are still valid and reviewing each

project through the lens of a successful exit strategy.

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

4.9.4 For Adur, the focus will be very much about working with development partners and the statutory agencies to capture the development premium and ensure that this it 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.

4.10 The organisational design of the Councils

4.10.1 'Our Plan' has identified 5 areas where significant service design can move the organisation faster towards a new operating model with an emphasis on creating greater resources and financial resilience. There are projected savings associated with these redesign proposals which will help achieve a better budget position for the Councils and more detailed proposals on the redesign and costs will be reported to Members shortly. The organisational design work has a target of a combined £2.226m saving for 2024/25 across the delivery model in the areas identified, looking at staffing (both establishment and external spend) but also at changes to delivery models that can drive out additional cost savings such as print cost savings supported by a move to digital first delivery.

4.10.2 These organisational redesign works do not come without risk and a series of risks have been identified which the Councils will need to manage in order to achieve the objectives of this work. As part of the organisational design a People & Change team was established under the Chief Executive and Assistant Director, People & Change. This team is now leading the development of a workforce strategy that will seek to address key strategic issues around recruitment and retention, particularly in key areas of skill shortage, addressing succession planning, remuneration and talent retention. Local government in general is suffering recruitment issues in a number of key areas, and work to develop solutions in partnership with neighbouring authorities will be explored. This work will also need to manage the pace of the organisation redesign work and pace of change generally as well as the

impact which this could have on staff morale

4.10.3 A summary of the current monitoring and status for the Corporate Risks and Opportunities are set out in the Appendix to this report. This includes details of the mitigation measures in place and highlights the importance of effective risk and opportunity management as part of the corporate governance arrangements.

5. Engagement and Communication

5.1 CLT has been consulted on the production of this report.

6. Financial Implications

6.1 There are no direct financial implications as a result of this report but there are financial implications connected with the actual Risks and Opportunities.

7. Legal Implications

7.1 There are no direct legal matters arising as a result of this report. The Joint Strategic Committee has responsibility for receiving a report on the management of the Corporate Risks and Opportunities. The approved Code of Corporate Governance specifies that the Councils should have an effective system of Risk management in place.

Background Papers

Adur and Worthing Councils Risk and Opportunity Management Strategy - 2021 - 2023

Our Plan - A three year framework for Adur and Worthing Councils

[Our Plan](#)

Strategic Priorities for Adur District Council: 2022/23 Progress update report and New Priorities for 2023/24 - [Adur JSC Sub-Committee 27 September 2023](#)

Strategic Priorities for Worthing Borough Council: 2022/23 Progress Update Report
and New Priorities for 2023/24 - [Worthing JSC Sub-Committee 13 June 2023](#)

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Sustainability & Risk Assessment

1. Economic

Matter considered. The Risks and Opportunities are directly linked to the projects and work streams that are in place to help deliver the commitments and activities contained in 'Our Plan and the Councils' priorities and some may impact on the economic development of the areas if they occur.

2. Social

2.1 Social Value

Matter considered. Some of the Risks and Opportunities impact on communities.

2.2 Equality Issues

Matter considered. No issues identified. There is a Corporate Risk on equality issues.

2.3 Community Safety Issues (Section 17)

Matter considered and no direct issues identified.

2.4 Human Rights Issues

Matter considered and no direct issues identified.

3. Environmental

Matter considered. There is a Corporate Risk covering 'Climate Emergency' that considers these issues.

4. Governance

The Risks and Opportunities are aligned with the Councils' priorities and the objectives of 'Our Plan. As part of good Governance the Councils need to manage Risks and Opportunities effectively and clear governance controls are contained in the Risks and Opportunity Management Strategy which include the requirement to report on the Corporate Risks and Opportunities to the Joint Strategic Committee.