



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
10 December 2024

Ward(s) Affected: All

Financial Strategy and Budget Update 2025/2026

Report by the Director for Sustainability & Resources

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Executive Summary

This report presents an update on the budget setting process for 25/26 for both councils as well as updating on the progress of the implementation of the new financial strategy.

As can be seen in the report progress on the new strategy is progressing well and is showing mid-term benefits but the short term budget pressures caused by external factors are considerable. As a result neither council is as yet able to show a balanced budget at this point and the report shows the steps being taken to achieve this.

The Local Government Finance Policy Statement¹ indicates a significant change to the approach to the settlement process and as such a likely material change to the budget position. The government has committed additional funding to local authorities however the allocation across individual councils will not be visible until the provisional settlement. This is suggested by the focus on housing needs which is the main driver of the challenges in both Councils' position. The statement is currently being reviewed and will be reflected in the next budget update alongside the updated funding levels for both councils.

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<https://www.gov.uk/government/publications/local-government-finance-policy-statement-2025-to-2026/local-government-finance-policy-statement-2025-to-2026>

Despite this, and despite the considerable work being done to redesign the organisation and implement a more resilient and sustainable financial strategy, it is clear that it is unlikely to provide the funding required to close the significant budget gap in Worthing and so the proposed route for requesting exceptional funding support which is outlined in the policy statement is also welcome. Members are being recommended to request the Chief Executive formally write to the Ministry for Housing, Communities and Local Government to request this support for Worthing.

Purpose

- 1.1. This report provides an update on the ongoing implementation of the new financial strategy, the creation of the budget for 2025/2026 and the development of the Medium Term Financial Plan, together with details of the proposals that will support a balanced revenue budget for the next financial year and beyond.

The following 5 year forecasts have been have been attached to this report as appendix 1 for consideration by Members:

- 1.2. Members will note that the proposals at Appendix 3 have been considered in advance of the Local Government Finance Policy Statement which was published on 29th November and the provisional settlement, expected on or just before 19th December. As such they are proposed for approval but we anticipate a further review following these key announcements.
- 1.3. In line with the decision to bring all financial reports as joint reports to JSC (with the exception of the capital programmes); this report includes items for consideration by each individual authority as well as the specific budget proposals to increase income, to deliver efficiency, and other savings initiatives for 2025/26 which impact on the Joint Strategic Committee.

Recommendations

- 2.1 The Joint Strategic Committee is recommended to:
 - 2.1.1 Note the contents of the report including the working 5 year forecasts as at appendix 1
 - 2.1.2 Request that the Chief Executive writes to MHCLG in order to request exceptional financial support for Worthing in order to get the

help needed to balance the budget during this period while the new financial strategy is being implemented.

3.0 Context

- 3.1 The financial situation for local government continues to be challenging though the Autumn budget has indicated some improvements in specific areas such as housing which were signalled but have not yet been quantified in terms of impact for Adur District and Worthing Borough. Our expectation is that the grant settlement process later this month will provide more information and details of how this additional funding will be distributed.
- 3.2 The Autumn budget did bring an additional cost pressure of £450k across Adur and Worthing as a result of National Insurance increases and this has been included in this update. The government has confirmed that this will be met through funding and will form part of the central allocation.
- 3.3 Implementation of the new financial strategy continues to move at pace and this budget update includes the positive impacts of the new asset strategy which was signed off in November 2024.
- 3.4 The organisational design work has now reached a point where all areas of the organisation have been or are in consultation and the focus has shifted to the non-staffing savings included in that work. Work is now focused on the residual £800k of savings that need to be found and proposals for the changes needed to deliver these savings will be reviewed with cabinets between now and the final budget update in February.
- 3.5. The Financial Strategy and Organisational Design demonstrate that the Councils are not only redesigning services to meet significant financial challenges but also actively improving outcomes for our communities in ways that are more sustainable and cost-effective in the long term.
- 3.6. These changes are more than a response to immediate pressures—it is a fundamental shift in how we act as a steward of our place. By embedding these changes now, we are creating a foundation for delivery that is better for our communities, more empowering for our staff, and more robust for our finances. This positions us to adapt to an increasingly uncertain social and economic environment and, critically, to shape and influence that change for the better.

3.7. Our approach recognises the unprecedented challenges we face are structural - from reduced government funding, inflationary pressures and high interest rates. The foundations we are building helps to future proof as much as possible against these in the long term.

- We have redesigned services such as housing and resident services that tackle the demand pressures upfront, integrating wraparound support and prevention to reduce reliance on costly temporary accommodations.
- We are driving smarter cost recovery and a zero-base capital programme in ways that bake in inflationary pressures and high interest rates as a potential long term trend.

3.8 Instead of managing decline as a consequence of persistent reductions in central government funding, and a fast changing economic landscape, local government has a unique position to be a trusted steward in local areas to bring together people & organisations who want to invest in the future of the place and our communities.

- Our connected work on our organisational design and financial strategy sets a course for the Councils to:
 - Be adaptive, responding to and shaping economic and social changes.
 - Be participative, empowering and amplifying the impact of communities and partners.
 - Be resilient, ensuring we can thrive through future challenges, and create the infrastructure for more regenerative and sustainable public services.

4. Medium Term Financial Plan

4.1 The medium term financial plan (MTFS) has been reviewed and a new format introduced at appendix 1 to clearly set out the key elements within the forecasts:

- Alignment to key strategies
- Wider economic factors - inflation and interest rates assumptions
- Material items separately identified
- Central funding assumptions

- Funding from taxation

4.2 An additional change has been made since the last budget update to make it easier to see the externally driven cost pressures from housing and supported accommodation. This is to make the interplay between cost pressures, targeted savings and in-year cost controls. The Medium Term Financial Strategy (MTFS) is now presented to align with the different areas of strategy work that form the overall financial strategy. Work is ongoing within the strategies and will continue to do so into 2025/26 and beyond which will inform the financial planning as we continue to develop the 2025/26 budget and beyond. Changes will be visible with the MTFS.

5. Current estimated projections for 2025/26 and beyond

- 5.1.1 These projections as yet do not reflect a final picture and work continues to develop the balanced budget.
- 5.1.2 The updated forecast for the Joint Strategic Committee is attached at appendix 1, this has been revised to reflect current assumptions related to inflation and interest projection together with any change to budget assumptions emerging from the key strategic reviews. Assumption on funding will be updated once the settlement is announced by the Treasury.
- 5.1.3 There are a number of key assumptions that have not yet been refined / updated and these are listed in the section below which will be addressed before the next budget update, including central funding which will be notified via the settlement in December.
- 5.1.4 A comparison between these updated General Fund projections to those provided in October presented in the following below. The financial strategy work continues to close the projected shortfalls, including assumptions in relation to additional commercial income and external funding opportunities. Some of these are more achievable in the medium term as teams are engaged with this focus either directly or through multi disciplinary teams.

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|---------|---------|---------|---------|---------|
| Joint | £'000 | £'000 | £'000 | £'000 | £'000 |
| October 2024 projected cumulative shortfall (surplus) | (531) | 454 | 1,152 | 1,943 | 2,693 |
| Current projected cumulative shortfall | (118) | 877 | 1,585 | 2,387 | 3,148 |
| Annual shortfall | (118) | 995 | 709 | 802 | 761 |

** The Adur and Worthing share of the Joint Services budget is included within the estimates for each council*

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|---------|---------|---------|---------|---------|
| Adur | £'000 | £'000 | £'000 | £'000 | £'000 |
| October 2024 projected cumulative shortfall (surplus) | 916 | 1,332 | 1,911 | 2,465 | 2,969 |
| Current projected cumulative shortfall | 601 | 1,250 | 1,767 | 2,307 | 2,784 |
| Annual shortfall | 601 | 649 | 516 | 541 | 476 |

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|---------|---------|---------|---------|---------|
| Worthing | £'000 | £'000 | £'000 | £'000 | £'000 |
| October 2024 projected cumulative shortfall (surplus) | 2,491 | 4,211 | 5,429 | 6,259 | 6,960 |
| Current projected cumulative shortfall | 2,530 | 4,799 | 5,292 | 6,126 | 6,793 |
| Annual shortfall | 2,530 | 2,269 | 492 | 834 | 667 |

The current projections are based on the following assumptions:

5.2 Government funding and taxation

The Autumn budget statement (30th October 2024) set out the government's plans for funding in 2025/26 and the spending review from 2026/27. The subsequent Local Government finance policy statement has provided more detail about how funding will be allocated. However there is still some uncertainty about how the budget decisions will flow into the settlement and the allocations across the sector as actual allocations and draft decisions about the settlement will not be released until December.

The current assumption in the budget in relation to government funding is that it will be in line with the 2024/25 allocation for each council, which included some additional funding following settlement. This is an intentional prudent assumption until we have more clarity on funding allocations in the settlement. The medium term financial assumptions will be updated following settlement which is by 19th December.

Council tax is projected to increase by 2.99% each year. The policy statement confirmed that there are no changes to referendum limits so this assumption has been retained. Any decision to not increase council tax up to the referendum limit would have inevitable cumulative consequences to the council which need to be balanced with the need to find savings. When referencing the core spending power and the % increase in the level of local government funding the government assumes councils will apply the maximum increase.

The Chancellor also announced that the business rates multipliers for smaller businesses will be frozen and that the standard multiplier will be indexed (to 55.5p). From 2026/27 new sectoral multipliers will be introduced, with lower multipliers for Retail, Hospitality and Leisure properties. Compensation for both the reliefs and the freezing of the small multiplier will be paid as normal. There was also confirmation that charitable relief on business rates would be removed from private schools from April 2025.

5.3 Inflation

Inflation is a pressure felt across the whole economy and the assumed rates within the MTPS are shown in the table below, the Bank of England target rate is 2% and this is projected from 2026/27. The current inflation rate (October 2024) is 2.3%..

Assumptions around pay will be kept under close observation but as this is subject to national negotiations it is not something that the councils have direct influence on.

In the wider sense, inflation has had the greatest impact in delivery of major projects where projects have been subject to increased development costs.

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|---------|---------|---------|---------|---------|
| Pay | 3.5% | 2% | 2% | 2% | 2% |
| Costs, commercial income and fees and charges | 2.5% | 2% | 2% | 2% | 2% |

5.4 Interest Rates

The Bank of England interest rates remained consistently within the range 5.00- 5.25% throughout 2023/24. This continued into 2024/25 until the rate was reduced in November by 25 base points to 4.75%, however due to an increase in the inflation rate to 2.3% in October (up from 1.7% in September) current predictions suggest there will be no further reductions in 2024. There is an expectation that the interest rates will reduce albeit slowly over the next couple of years with an average rate of 3.9% by 2027/28. These rates will influence both the returns that the Council is likely to get on any cash investments and the cost of any borrowing associated with the capital programme.

Assumptions are that the rate will drop marginally in 2025/26 to between 4.75% and 4.25% dropping further in the years beyond. However, there is uncertainty around these assumptions as much depends on the wider national and global economic performance.

It should be noted that the councils will experience the impact of historical borrowing for some time as debts which were taken on at low rates of interest need to be refinanced as the load period matures.

Assumptions in the medium term financial strategy are:

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|------------------------|---------|---------|---------|---------|---------|
| Average interest yield | 4.6% | 4.25% | 3.9% | 3.9% | 3.9% |

The current assumption is that the capital programme will need to be funded through prudential borrowing where external funding has not been secured either through grant or external contributions. However, the new financial strategy aligns more closely the asset management programme and the capital programme with treasury. Expectations are that this work will have a number of benefits, capital receipts from disposals will help to reduce the overall cost of borrowing and a strong asset management strategy ensures revenue resources are invested efficiently.

Over the previous few months a zero based review of the current capital programme has commenced with projects being considered to determine if they should continue, be deferred or they are no longer a priority and therefore removed from the programme. In addition to this there are limited new bids for the 2025/26 capital programmes. This has had a positive impact on the financing assumptions that sees a reduction in the 2025/26 cost estimate of £100k in Worthing and £80k in Adur. However this has been offset by the revised increase in interest rates projections which increase the cost of new borrowing and the refinancing of low interest loans that mature in the financial year, in Worthing this has reduced the benefit to £30k and in Adur the benefit has increased to £150k. The variable in the level of reduction between Adur and Worthing relates in part to the category of projects removed from the programme and the associated Minimum Revenue Provision period and the level of refinancing required in 2025/26.

Additionally the strategy sets out the intention to increase external funding to benefit both the capital and revenue budgets and help to deliver council priorities.

5.5 Other assumptions

Allowance for additional pressures has been made, in particular for housing pressures relating to the unusually high number of supported accommodation places provided in the area, which place an unfunded burden on the councils.

Work associated with the income generation strategy as set out in section 5.5 will inform further amendments during the autumn as review work is progressed in bereavement, commercial waste, parking and across other commercial fees & charges.

The ongoing work on the organisational design and associated savings programme is assumed as meeting its financial targets.

In addition there are cost pressures built into the MTPS to reflect the council commitments and priorities including the impact of some capital projects where revenue pressures are identified either from capital financing or loss of income. This is more applicable to Worthing where there are some assumptions associated with some key schemes including Grafton, Union Place and Worthing Integrated Care Centre.

To help build reserves there is a predicted contribution for Adur and Worthing. This is important to both rebuild reserve levels in Worthing but also ensure long term stability for both councils.

6. Strategic Reviews

- 6.1 There are a number of supporting strategies and activities below which are in progress in order to support the development of the 25/26 budget and create greater financial resilience over the longer term. We have developed a number of building blocks through the [Organisational Design](#) programme that strengthen our ability to manage and deliver these shifts in a financially resilient way, develop the skills of managers and staff to manage budgets and contracts better, and the future development of a capabilities pathway for commercial skills.

6.2 Asset Management

A new asset management approach was signed off at the November JSC meeting. The strategy sets out the council's aim to embark on a programme to higher quality, low risk and sustainable estate portfolios, with the intention of aligning the estate to specific goals and objectives (asset tiers). It looks to address the challenges of managing an ageing portfolio, changing community and social needs and the ability to maintain income whilst seeking to reduce costs.

Work has been undertaken to review the assets held by both councils, to categorise into the tiers and propose a group of assets that meet the criteria in the disposal strategy within the short term 3 year timescale. The potential beneficial revenue impact of this has been factored into the MTFs within the Asset Strategy section, represented by both the reduction in debt charges from the capital receipt and the reduction in maintenance costs associated with the assets.

6.3 **New approaches to funding community outcomes**

A report was presented to the October 2024 Joint Strategic Committee on new approaches to funding community outcomes.

The report set out the opportunity for the councils to broaden their approach to external funding and investment based on the successes achieved so far across programmes such as Gigabit, the Worthing Heat Network and Sussex Bay.

As part of the organisation design programme, a new team is being established to take forward a mission-based approach to funding which emphasises the importance of working with partners and communities, joining forces to deliver long term economic, social and environmental outcomes.

The report recommended that projects be assembled into mission-based programmes in order to engage funders more strategically, creating 'containers' for the funding of existing ideas and projects, and for new ones to be developed in pursuit of administration priorities.

The paper also pointed to the opportunity to seek opportunities across the councils' land estate, so that biodiversity net gain developer payments (and other future natural capital financing mechanisms) are directed to local nature restoration initiatives.

Work will start early in the new year to review projects across mission programmes to develop proposals to funders. Adur & Worthing Councils recently partnered with West Sussex County Council and several districts to submit an Expression of Interest to the Nature Towns and Cities Fund to support work to renature our parks and open spaces with communities. The new team will increase the number of such proposal submissions during 2025, aligned to administration priorities.

As such there are no assumptions of income from this strand of activity as yet but these are being developed.

6.4 **Procurement Strategy**

A revised Procurement Strategy was presented to the November 2024 Joint Strategic Committee setting out the councils commitment to steering its spend ever more towards local businesses, and the delivery of social and environmental as well as financial value.

The Councils' procurement team continue to work in detail with services to examine contracts and spend, with major gains identified in emergency and temporary accommodation costs (through new long term lease deals), digital contracts, and repairs and maintenance.

Effective contract management is key to delivering value for money, and detailed reviews are also progressing well in relation to consultant, external legal and agency spend, reducing spend in each area through improved contracting and better workforce planning as a result of recent organisational designs.

Development work in 2025 will include further capability building across the organisation to ensure our contract managers have the skills and tools to strengthen our procurement and contracting practices. Working through a new Business Leaders forum, the Councils will also seek to develop the market in relation to aggregation of buyers and support for small businesses in accessing opportunities.

The procurement strategy included an update on the National Procurement Policy focusing on five areas; value for money; social value sustainability and circular economy; small/medium enterprises and local procurement; commercial and procurement delivery; skills and capabilities for procurement.

The current assumption in the medium term financial strategy is that there will be some additional savings from the important work as the work to date has supported the delivery of the savings in the organisational design programme. The strategy work will continue and further savings will be built into future financial updates.

6.5 Income generation

6.5.0 Commercial income has become increasingly vital to the Councils over the years, and as a result of the recent organisational design process, a new team is being brought together to strengthen our strategic approach. During 2025, strategic work will be undertaken that improve our approach to

- Leveraging the council's brand as local, ethical and sustainable
- Improving our product marketing, and value propositions
- Improving and harmonising the digital and payment experience
- Proactive work to increase the customer base
- Broader marketing to raise awareness of the services we offer

6.5.1 The JSC report in July set out the iterative approach being taken with commercial incomes and the principles of:

- Enabling robust and accurate income projections to ensure greater resilience and avoid any surprises by using data more effectively. It's vitally important that the Councils move to assessing products less on turnover but more on profit and loss.
- To develop our commercial acumen and capability beyond price rises (set against inflation) as we need to adapt to improve customer journeys, boost our marketing presence (including cross-selling of services) and examine how technology will help drive smoother processes.
- Changing our approach in order the Councils can react to the changing market conditions and the ability to act 'in-year' rather than waiting on the cyclical budget setting process. This is an important area where the Councils will need to act differently in order to 'keep up with the market' and, more importantly, compete in the market.

This work is ongoing and this section outlines current progress. The outputs of this are not yet represented in the MTPS as they are not complete and will be added before the next update.

6.5.2 There are a number of independent reviews being undertaken that look to either rebalance income targets and / or are looking at the business cases associated with each product for today's and future markets. These include the following.

6.5.2.1 Fees and Charges:

This internal review is now well progressed and looks at the rationale and costs associated with all products and services where there is a charge. The MTFs currently assumes that 2.5% will be applied across all lines of business, which aligns with the anticipated increases in matched resources to run these products and services (whether staff, equipment or vehicles) but this assumption will be reviewed and these changes reflected in the final Budget Update. This exercise has assessed the market demand, any competition, feedback received to date on the service, as well as benchmarking against other local authorities providing similar services (where higher increases circa 3.5% are

starting to be seen), to determine percentage increases for 2025/26.

6.5.2.2 Bereavement:

As part of our change policy, a budget was set aside to undertake an independent review of this service due to its specialist and sensitive nature and the dependency on both capital and revenue investment (as part of any business case). Following an open tender exercise, the Councils have recruited an external consultant who is providing an expert view on the service to date, the opportunities for the future and, ultimately, will provide recommendations to inform a commercial business plan going forward. This includes the crematorium and cemeteries. The report is expected to be completed by December 2024, and therefore influencing the strategy / delivery from 2025 onwards. At present assumptions in the MTPS do not reflect this work.

6.5.2.3 Commercial Waste:

Similar to Bereavement, a full review is due to be undertaken to assess the Council's position in this competitive market to inform a targeted sustainable business strategy. The strategy needs to inform which market segments we should be prioritising and how the service needs to adapt and be more flexible to meet customer demands in terms of materials collected and reporting on tonnages of waste and recycling collected. The private sector is more agile in this regard which we need to address to remain competitive. An internal review of the service is currently underway which will inform the scope of targeted work to inform the business strategy.

6.5.2.4 Parking:

As noted at previous JSC meetings, parking income, particularly in Worthing, continues to underperform due to the changing nature of the economy and those wishing to use multi-storey parking. The fees and charges will form part of 5.5.4 but, equally, will also align with strategic and financial considerations in terms of the change in technology and the adaptation of car parks in the future, noting the sustainability and net zero agenda. This internal review is ongoing and will continue to provide challenges and opportunities. The Council commissioned a review in 2019/20 and whilst some of the

recommendations still hold, this will need to be revisited as this report was prior to Covid, and the changes in the modal habits of individuals (and the economy as a whole). At present assumptions in the MTPS do not reflect this work.

6.5.2.5 Beach Huts:

The Council continues to receive strong interest in this product and still holds a waiting list, however a full product review is planned to determine the long-term future of how the Council provides these in the future. In 2025/26, the Council will trial a 'pay as you go' model to provide a new option for residents and visitors wishing to have a 'day by the sea'. This option will be considered in line with the more traditional annual offerings and a business case will be drawn together that will likely come into effect from 2026/27 onwards. For this product there is a direct link between the quality of asset, the experience provided and the associated cost. Any new business case will be viewed from a full cost recovery basis.

6.5.3 All of the reviews listed above will have a bearing on the budget for 2025/26, with some more than others, however all will assist with the medium term financial planning as the expectation is greater assurance and robustness will be built into the business cases associated with all. Equally, it should be noted that there is a dependency and alignment with some of the decision-making, such as with the asset management strategy as most products are dependent on the effectiveness of the asset and therefore the ability or level, to charge for the asset (for example parking and beach huts).

6.5.4 There are opportunities that are still untapped, whether that is better use of our land, our assets or our people or indeed the council brand as a long term and reliable public body. Examples being explored to provide additional income include further advertising space and coastal activity licences. As part of this exploration, the Councils have a number of successful examples of how initial investment has unlocked further income potential, therefore the councils will explore partnering with others in relation to income opportunities as part of generating 'new income'.

6.5.5 In order to realise the above, and those further detailed in the July JSC paper, there are a number of developments underway to improve the income generating approach, notably:

- Establishment of a new team: as part of organisational redesign, a team will be developed that will provide direct and indirect support to all commercial product owners across the Councils. This will provide a consistency in analysis and approach, including the opportunity to quickly replicate good practice (including the use of digital / tech) and also spot practice that can be improved. The intention is the new team will be able to advise on changes 'in year' to ensure the Councils continue to provide value for money in the market.
- Point-of-sale purchasing: aligned to the previous point, the Councils have adopted Book, Pay, Notify as a system but this needs to be developed and improved to ensure the Councils can provide a seamless customer experience. Where possible, those products that demand 'quick transactions' will be transitioned onto the new system that allows customers an easier interface but, for the Councils, an understanding of income levels and a greater depth of data to analyse and improve products. This model is now expected in day to day life, and in day to day transactions, therefore the Councils need to improve in this area to keep pace.
- Flexible pricing: as previously described in the JSC paper in July, the Councils will develop and establish a mechanism to allow for pricing changes, including those that are required 'in year'. This won't be the case for all products, however where there are changes in demand or the change in the seasons the Councils need to, at least, have the ability to make these changes.

6.6. These interconnected reviews showcase our commitment to redesigning how we operate, aligning with our principles of adaptability, participation, and resilience. The asset strategy, procurement innovations, and new funding approaches collectively ensure that we deliver long-term value for our communities and achieve financial sustainability

7. **Managing demand**

7.1 Housing demand - Housing Services has long been an area of significant challenge and focus. Demand on housing teams across the country continues to increase with a continuing squeeze on the options to prevent homelessness. We are seeing extraordinary demands on the service at a time of significant budget pressures. In addition to the requirements of the Homeless Reduction Act increasing the need for a greater focus on prevention and relief of homelessness, in recent years we have seen a

significant increase in numbers of households on the respective councils housing registers and in temporary accommodation.

The single largest pressure is meeting the accommodation needs for those facing homelessness in priority need. We have a duty to accommodate these households and are increasingly reliant upon the most expensive solution of nightly paid accommodation to meet this need.

There are a number of areas that we can influence and control to have a positive impact on our demand, costs and the service we are able to offer. The cross-cutting challenges facing Adur & Worthing Councils are deeply interconnected, with issues like temporary accommodation, void council properties, benefits overspend, and debt management influencing one another.

The key areas of focus include:

- Temporary Accommodation Costs
 - Increasing the number of owned temporary accommodation units
 - Increasing the rent for our owned Temporary Accommodation
 - Shifting providers to longer term lease arrangements and away from nightly paid provision for reduced cost
 - Focus on outstanding homeless decisions and discharge of duty decisions where appropriate
- Renewed focus on homelessness prevention with a redesigned service with seven Homeless Intervention and Prevention Officers, aligning the work of the homeless service with the Proactive team and Social Prescribers for wrap around support of those at risk of homelessness
- Voids management
 - Priority assessment of void properties to match needs of management moves and homeless households alongside long term voids with CTax costs and larger family homes
 - Improved contract management especially asbestos survey and removal works
 - Process to identify recharge possibility when notice given

In addition to this work we are also reviewing the grant allocation which is received from MHCLG to ensure that we are getting the appropriate amount. Critical to this will be ensuring that we focus on prevention cases and capturing evidence to show this within the data

8. Engagement and Communication

- 8.1 The financial strategy, and the strategic reviews underway, involve a wide range of leaders and managers in a range of working groups, with the Organisational Leadership Team engaged in practical sessions, such as budget management and contract management workshops. Wider staff are being engaged through budget briefings and lunch & learns, as well as a new intranet hub on our organisational design.
- 8.2 Regular all-staff briefings are provided by the Chief Executive to keep the whole workforce informed.
- 8.3 A set of cabinet member working groups are enabling ongoing input and challenge into the process, and a new Joint Overview and Scrutiny Budget Working Group is being established.
- 8.4 As our approach to external funding and proposition development is progressed, significant partnership development and community engagement will be required to maximise opportunities.
- 8.5 Our work to engage local partners, central government departments and key statutory agencies is developing well through a number of programmes and projects, and this will continue to be key to successful development of new opportunities, and new approaches to funding and investment.
- 8.6 We have launched a budget campaign with our residents and partners to help our communities better understand how we are funded, our financial challenges and how we spend our money to improve lives for our people and places so they can see the impact the Councils' funding has.

9. Financial Implications

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

10. Legal Implications

- 10.1 The Councils are required to set a robust budget under the Local Government Act 2003. This report provides an update to the Councils in achieving this aim for the 2025/26 budget.

- 10.2 Under Section 111 of the Local Government Act 1972, the Councils have the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 10.3 s1 of the Localism Act 2011 empowers the Councils to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.

Background Papers

[New Financial Strategy](#) - Joint Strategic Committee 17 July 2024

[Financial Strategy and Budget Update 2025/26](#) - Joint Strategic Committee 1 October 2024

[Strategic Property \(non residential\) Asset Management Plan 2024/Asset Strategy](#) - Joint Strategic Committee 12 November 2024

Sustainability & Risk Assessment

1. Economic

The work of the councils is vital in support of the local economy and its ability to respond to the challenges and opportunities presented in the context of post-covid recovery, cost of living, and climate. New opportunities are expected from a new government in housing, net zero and devolution which the councils must be ready to respond to.

2. Social

2.1 Social Value

The councils' new procurement strategy will reaffirm commitment to local purchasing where possible, and the delivery of social value through contracts, including the assembly of contract opportunities with local partners. The Worthing Heat Network is an example of a project creating local jobs and value through corporate social responsibility funding support.

2.2 Equality Issues

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

2.3 Community Safety Issues (Section 17)

The budget contains funding for community safety.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

The budget is being developed with regard to the councils' carbon neutral and biodiversity commitments, creating financial capacity for higher energy bills as we move off gas to low carbon heating through the heat network, and leveraging external funding for biodiversity projects.

4. Governance

Matter considered and no issues identified.

Appendix 1

| Joint Committee - Medium Term Financial Plan | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
| | £000 | £000 | £000 | £000 | £000 |
| Base Budget | 26,234 | 26,234 | 26,234 | 26,234 | 26,234 |
| External Economic Factors | | | | | |
| Inflation: | | | | | |
| Pay | 1,220 | 2,028 | 2,778 | 3,624 | 4,430 |
| Impact of National Insurance increase | 413 | 423 | 434 | 445 | 456 |
| Costs | 127 | 231 | 337 | 445 | 555 |
| Income | (148) | (270) | (394) | (521) | (650) |
| Contracts & Long term commitments | | | | | |
| Impact from triennial pension Review | - | 230 | 231 | 231 | 231 |
| Investment in Services | 100 | 102 | 104 | 106 | 108 |
| Organisation Re-design | (1,830) | (1,867) | (1,904) | (1,942) | (1,981) |
| | 26,116 | 27,111 | 27,819 | 28,621 | 29,382 |
| Allocation to Adur and Worthing Budgets: | | | | | |
| Adur District Council | 10,575 | 10,575 | 10,575 | 10,575 | 10,575 |
| Worthing Borough Council | 15,659 | 15,659 | 15,659 | 15,659 | 15,659 |
| Total Allocation | 26,234 | 26,234 | 26,234 | 26,234 | 26,234 |
| (Surplus) / Shortfall in Resources | (118) | 877 | 1,585 | 2,387 | 3,148 |
| Savings required in each year | (118) | 995 | 709 | 802 | 761 |

Adur District Council - Medium Term Financial Plan

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|---------|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 | £000 |
| Base Budget | 11,102 | 11,102 | 11,102 | 11,102 | 11,102 |
| External Economic Factors | | | | | |
| Inflation | | | | | |
| Pay | 516 | 857 | 1,198 | 1,568 | 1,950 |
| Costs | 172 | 313 | 457 | 604 | 754 |
| Income | (153) | (278) | (406) | (536) | (669) |
| Impact of National Insurance Increase | 169 | 173 | 176 | 180 | 183 |
| Interest from Investments | 42 | 115 | 44 | (45) | (136) |
| Commercial Income Strategy | | | | | |
| Additional Income from existing product lines | - | - | - | - | - |
| New product initiatives | - | - | - | - | - |
| Review of Planning income | 300 | 300 | 300 | 300 | 300 |
| External funding development | - | - | - | - | - |
| Capital Strategy | | | | | |
| Financing of Capital programme: | | | | | |
| Interest on borrowing | 207 | 257 | 286 | 310 | 329 |
| Minimum Revenue Provision (debt repayment) | (250) | (149) | (87) | (1) | 79 |
| Fleet strategy | | | | | |
| Interest on borrowing | 26 | 77 | 120 | 144 | 154 |
| Minimum Revenue Provision (debt repayment) | - | 105 | 218 | 329 | 386 |
| Digital strategy | | | | | |
| Interest on borrowing | 9 | 16 | 20 | 23 | 25 |
| Minimum Revenue Provision (debt repayment) | (20) | (48) | (24) | (49) | (102) |
| Asset Strategy | | | | | |
| Revenue impact - capital receipt on asset rationalisation | (52) | (127) | (149) | (149) | (149) |
| Repairs and maintenance | (9) | (24) | (29) | (29) | (29) |
| Housing Strategy | | | | | |
| Cost pressures from Housing (including Supported Accommodation) | 300 | 300 | 300 | 300 | 300 |

| | | | | | |
|---|------------|--------------|--------------|--------------|--------------|
| Contracts & Long term commitments | | | | | |
| Impact from Pension Review | (95) | 83 | 84 | 84 | 84 |
| Allowance for Committed Growth items | 106 | 87 | 106 | 86 | 106 |
| Removal of contingency budgets | (300) | (300) | (300) | (300) | (300) |
| Organisation Re-design | (732) | (747) | (762) | (777) | (792) |
| Reserves | | | | | |
| Increase to the Strategic Property Management provision | 100 | 150 | 200 | 300 | 400 |
| Provision to build reserves | 150 | 200 | 300 | 400 | 500 |
| Provision for investment in services | 100 | 123 | 146 | 200 | 250 |
| Budget requirement before central funding | 11,688 | 12,586 | 13,300 | 14,043 | 14,724 |
| Funding | | | | | |
| Business Rates | 2,337 | 2,813 | 2,833 | 2,854 | 2,873 |
| Council Tax | 7,819 | 7,993 | 8,170 | 8,352 | 8,538 |
| Other Grants: | | | | | |
| Lower Tier Services Grant / Revenue Support Grant | 80 | 80 | 80 | 80 | 80 |
| Extended Producer Responsibility Payment | 563 | | | | |
| Funding guarantee | 450 | 450 | 450 | 450 | 450 |
| Collection fund surplus/deficit (-) | (162) | | | | |
| Total income from grants and taxation | 11,087 | 11,336 | 11,533 | 11,736 | 11,941 |
| Amount required to balance the budget | 601 | 1,250 | 1,767 | 2,307 | 2,784 |
| Annual Savings to be found | 601 | 649 | 516 | 541 | 476 |

Worthing Borough Council - Medium Term Financial Plan

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|---------|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 | £000 |
| Base Budget | 15,225 | 15,225 | 15,225 | 15,225 | 15,225 |
| External Economic Factors | | | | | |
| Inflation | | | | | |
| Pay | 770 | 1,280 | 1,788 | 2,287 | 2,794 |
| Costs | 448 | 815 | 1,190 | 1,572 | 1,962 |
| Income | (375) | (682) | (995) | (1,315) | (1,641) |
| Impact of National Insurance increase | 281 | 286 | 292 | 298 | 304 |
| Interest from Investments | 76 | 187 | 81 | (59) | (206) |
| Commercial Income Strategy | | | | | |
| Additional Income from existing product lines | - | - | - | - | - |
| New product initiatives | - | - | - | - | - |
| Planning Income reset | 300 | 300 | 300 | 300 | 300 |
| External funding development | - | - | - | - | - |
| Capital Strategy | | | | | |
| Financing of Capital programme: | | | | | |
| Interest on borrowing | 226 | 447 | 481 | 503 | 543 |
| Minimum Revenue Provision (debt repayment) | 426 | 638 | 792 | 951 | 1,060 |
| Fleet strategy | | | | | |
| Interest on borrowing | 46 | 136 | 213 | 257 | 274 |
| Minimum Revenue Provision (debt repayment) | - | 186 | 388 | 584 | 687 |
| Digital strategy | | | | | |
| Interest on borrowing | 3 | 11 | 17 | 21 | 23 |
| Minimum Revenue Provision (debt repayment) | 64 | 100 | 132 | 114 | 83 |
| Asset Strategy | | | | | |
| Revenue impact - capital receipt on asset rationalisation | (21) | (453) | (865) | (865) | (865) |
| Repairs and maintenance | (3) | (95) | (185) | (185) | (185) |
| Commercial Property | - | - | - | - | - |
| Impact of council commitments and long term obligations | 770 | 858 | 856 | 854 | 852 |
| Housing Strategy | | | | | |
| Cost pressures from Housing (including Supported Accommodation) | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |

| | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| Contracts & Long term commitments | | | | | |
| Worthing Heat Network | 141 | 141 | 141 | 141 | 141 |
| Culture and leisure contracts | (70) | (70) | (70) | (70) | (70) |
| Impact from Pension Review | (195) | 137 | 138 | 138 | 138 |
| Allowance for Committed Growth items | 160 | 160 | 160 | 160 | 160 |
| Removal of contingency budgets | (150) | (150) | (150) | (150) | (150) |
| Organisation Re-design | (1,098) | (1,120) | (1,142) | (1,165) | (1,189) |
| Reserves | | | | | |
| Increase to the Strategic Property Management provision | 100 | 150 | 250 | 350 | 450 |
| Provision to build reserves | 500 | 550 | 650 | 750 | 850 |
| Provision for investment in services | 90 | 160 | 260 | 360 | 460 |
| Budget requirement before central funding | 18,715 | 20,197 | 20,947 | 22,056 | 23,000 |
| Funding | | | | | |
| Business Rates | 3,597 | 3,543 | 3,532 | 3,532 | 3,528 |
| Council Tax | 10,878 | 11,139 | 11,407 | 11,682 | 11,963 |
| Other Grants: | | | | | |
| Lower Tier Services Grant / Revenue Support Grant | 116 | 116 | 116 | 116 | 116 |
| Extended Producer Responsibility Payment | 975 | | | | |
| Funding guarantee | 600 | 600 | 600 | 600 | 600 |
| Collection fund surplus/deficit (-) | 19 | | | | |
| Total income from grants and taxation | 16,185 | 15,398 | 15,655 | 15,930 | 16,207 |
| Amount required to balance the budget | 2,530 | 4,799 | 5,292 | 6,126 | 6,793 |
| Annual Savings to be found | 2,530 | 2,269 | 492 | 834 | 667 |