



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
3 December 2019  
Agenda Item 11

Joint Overview and Scrutiny Committee  
21 November 2019  
Agenda Item [...]

Key Decision: No

Ward(s) Affected: All

## **Financially Sustainable Councils: Update to the 2020/21 - 2024/25 budget forecast and savings proposals for 2020/21**

**Report by the Director for Digital & Resources**

### **Executive Summary**

#### **1. Purpose**

- 1.1 This report provides an overview of the delivery of our sustainable councils financial strategy for 2020/21, along with details of the proposals that will help deliver a balanced budget for the next financial year and beyond
- 1.2 The report outlines the medium term financial challenge through to 2024/25, and sets out performance in the key strategic areas of commercialisation, service and digital transformation, affordable housing and strategic property investment.
- 1.3 Contained within this report are specific proposals to increase income, to deliver efficiency, and other savings initiatives for 2020/21. Members are asked to support these savings proposals.
- 1.4 The following appendices have been attached to this report:
  - (i) **Appendix 1** (a) 5 year forecast for Adur District Council  
(b) 5 year forecast for Worthing Borough Council
  - (ii) **Appendix 2** Committed growth items
  - (iii) **Appendix 3** Summary of savings proposals
  - (iv) **Appendix 4** Capital flexibilities schedule

## 2. Recommendations

- 2.1 The Joint Overview and Scrutiny Committee is asked to consider the report and make comment on the savings proposals to the Joint Strategic Committee.
- 2.2 The Joint Strategic Committee is recommended to:
- (i) Note the current 5 year forecast;
  - (ii) Note the committed growth items as set out in appendix 2;
  - (iii) Approve the proposed savings as set out in appendix 3;
  - (iv) Recommend to Adur and Worthing Council to approve the use of capital flexibilities to fund the costs associated with delivering the initiatives outlined in Appendix 4.

## 3. Context

- 3.1 The Joint Strategic Committee considered the outline 5-year forecast for 2020/21 to 2024/25 and the Budget Strategy on 9th July 2019, 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:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Adur	1,532	1,971	2,409	2,772	3,073
Worthing	3,123	4,456	5,349	6,034	6,624

- 3.2 The report built on the current strategy whose strategic aim was to ensure that the Councils would become community funded by 2020 reliant, by then, only on income from trading and commercial activities, council tax income and business rate income.
- 3.3 With this strategy in mind, the Councils have set-up several strategic programmes which are responsible for taking forward key initiatives aimed at delivering savings for the future:

1. The Major Projects programme leads on delivering regeneration projects to increase employment space and additional housing;
2. The Service Redesign programme leads on the delivery of service redesign and the digital strategy and ensures that the benefits are realised from this programme of work;
3. The Strategic Asset Management programme will lead on delivering the income growth associated with the Strategic Property Fund and any proposed new developments; and
4. The Commercial programme is developing initiatives for income growth from commercial services and seek to improve the customer experience.
5. The Affordable Homes Working Group leads on initiatives to improve the supply of affordable homes and to reduce the cost of temporary and emergency accommodation.

3.4 For 2020/21 the Service Redesign Programme, the Commercial Programme and the Strategic Asset Management Programmes were again set explicit targets as part of the budget strategy.

a. Service Redesign Programme

The initial programme focussed on digital transformation and has been successful at delivering significant savings in the past few years (£198k in 2016/17, £181k in 2017/18, £181k in 2018/19 and £185k in 2019/20) as part of a rolling programme which sought to deliver savings of £200k per year following the investment into the Council's digital strategy. Latterly this has been re-scoped into a service redesign programme. This is successfully helping service areas undertake more fundamental customer-centred change. With digital capabilities now established (the ability to design and build our own digital products) projects are becoming about deeper, customer-centred service change, which almost always require significant digital transformations. Projects in the programme are outlined in the Platforms for Our Places reports elsewhere on this agenda. To achieve this level of saving is a significant achievement, and it is believed that this programme of work will continue to deliver savings over the medium term. It was set the following targets for 2020/21 and beyond.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	200	200
Cumulative impact	200	400	600	800	1,000

b. Commercial Programme

The commercial programme involves close monitoring of key existing income streams, and progress against the annual growth target of £600k per annum.

Over the past four years, since the inception of the programme, income has grown by £3m (£798k in 2016/17, £686k in 2017/18, £828k in 2018/19 and £638k in 2019/20), well exceeding the target set.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Annual Savings	600	600	600	600	600
Cumulative impact	600	1,200	1,800	2,400	3,000

c. Strategic Asset Management Programme

Both Councils have committed to significant investment in commercial property either through direct purchase or by development over the next five years with the aim of increasing income from the Councils' property portfolio.

This investment is estimated to produce net additional income as follows for the two Councils:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
<b>Adur District Council:</b>					
Annual Savings*	455	100	100	100	100
Cumulative impact	455	555	655	755	855
<b>Worthing Borough Council:</b>					
Annual Savings	400	100	100	100	100
Cumulative impact	400	500	600	700	800

\* Includes net income from the new office block constructed on the Adur Civic Centre site.

Members should be aware that the success in delivering the savings identified for 2020/21 are dependent on two factors:

- (i) Identifying suitable properties to purchase
- (ii) The current legislative framework remains unchanged. The Treasury may prohibit borrowing for out of area acquisitions solely for investment purposes. However, many of our purchases meet a dual purpose of both supporting economic regeneration projects and generating income.

The budget for 2020/21 onwards assumes that approximately only half of the funds released each year will be spent in year. This will be closely monitored and if the target is at risk then the Council will need to take corrective action to lever in the savings identified.

The overall success in delivering the savings targets are detailed at appendix 3.

3.5 The forecast has also been updated by information captured on financial planning returns that provide a link between service planning and financial planning. The guidance was circulated to, and completed by, the Service Managers during the summer, and have been used to identify potential savings and committed growth items.

- 3.6 There has been no detailed overarching public budget consultation exercise this year. The current budget strategy was subject to a detailed consultation in 2016/17 and no substantive changes to this strategy are planned at this time. Individual savings proposals are subject to consultation with officers of the Council, Executive members, and the members of the Joint Overview and Scrutiny Committee.
- 3.7 This report represents the stage of the budgetary forecasting process whereby the Joint Overview and Scrutiny Committee are asked to consider and comment upon the progress in balancing the Worthing Borough Council budget before the Joint Strategic Committee consider and agree proposals for savings identified to date. Members of the Committee should be aware that at the time of writing some of the savings were still being verified and so the saving for each Council as a result of the options presented may change marginally. The minutes of the Joint Overview and Scrutiny Committee will be available for members of the JSC at the meeting.
- 3.8 There will be a further report after Christmas which will detail the final proposed budgets for the year, any further savings identified, and requests for investment into services and the amount to be drawn from reserves, if any. The proposed Council Tax increase for 2020/21 is scheduled to be considered by the respective Cabinets on 3rd February 2020 (Adur District Council) and 4th February 2020 (Worthing Borough Council).

#### **4. Update Of Outline 5-year Forecast**

- 4.1 The updated forecast for the General Fund for both Councils is attached at Appendix 1. This has been revised in the light of latest information from Government, inflationary pressures, interest rates, and unavoidable service growth, offset by compensatory savings. This overall forecast will continue to change in the coming months as the detailed work on the budget progresses and once the details of the settlement to Local Government is known. As a result, the overall position will inevitably change over the next two months.
- 4.2 The likely shortfall in resources necessary to balance the budget over the five years, before consideration of any savings or growth proposals is now in the region of:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
<b>Adur</b>					
July Forecast	1,532	1,971	2,409	2,772	3,073
November Forecast	1,390	1,845	2,179	2,542	2,842
Reduction (-) / increase (+) in shortfall forecast	-142	-126	-230	-230	-231

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
<b>Worthing</b>					
July Forecast	3,123	4,456	5,349	6,034	6,624
November Forecast	2,546	4,127	5,084	5,764	6,410
Reduction (-) / increase (+) in shortfall forecast	-577	-329	-265	-270	-214

The main changes to the forecast for 2020/21 are summarised in the table below:

<b>Changes in Budgetary Shortfall/Savings since report to Joint Strategic Committee on 9<sup>th</sup> July 2019</b>		
	<b>Adur</b>	<b>Worthing</b>
	<b>£'000</b>	<b>£'000</b>
<b>Original 2019/20 budget shortfall</b>	<b>1,532</b>	<b>3,123</b>
<b><i>Changes to income from grants and taxation:</i></b>		
(a) Improvements to the income from Council Tax	-32	-136
(b) Impact of current Council Tax Collection Fund deficits	9	31
(c) Impact of delay to fairer funding review		
- Delay to consolidation of homelessness grants into retained business rates	-139	-120
- Improvements to retained business rates	-235	-283
(d) Net impact of Business Rate Collection Fund deficit	219	-
<b><i>Other changes:</i></b>		
(e) Further increase in the cost of the temporary and emergency accommodation	-	100
(f) Reduction in employers pension contribution expected from 2019 triennial valuation.	-90	-221
(g) Reduction in commercial rent income	-	30
(h) Reprofiling of capital programme	-	-105
(i) Net committed growth items identified by Service Heads (See Appendix 2)	196	207
(j) Removal of contingency budget for new growth	-70	-80
<b>Revised Budget Shortfall</b>	<b>1,390</b>	<b>2,546</b>
(k) Potential savings identified to date (Appendix 3)	-1,383	-2,532
<b>Resources in hand (-) / current shortfall</b>	<b>7</b>	<b>14</b>

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

(a) Council Tax base for 2020/21:

Following the completion of the Council Tax Base return (CTB1) for each Council, the Council Tax Base calculation has now been revisited. Both Council Tax bases are showing a higher level of growth than originally expected. This is largely due to two factors:



- i) Falling cost of Council Tax Support and other Council Tax discounts
- ii) Greater number of new dwellings are expected to be completed (63 additional units in Adur and 561 additional units in Worthing)

(b) Collection fund deficit:

The Councils' Collection Funds for Council Tax are expected to be in deficit at the end of 2019/20, which is largely due to the deficit at the end of 2018/19. An in-year increase in the level of Council Tax discounts has contributed to the overall position.

	<b>Adur</b>	<b>Worthing</b>
	<b>£'000</b>	<b>£'000</b>
Deficit expected by 31 <sup>st</sup> March 2020	53	235
Council share of deficit	9	31

The level of deficit is minor compared to the amount of Council Tax collected. Adur District collects £40.1m and Worthing Borough Council collects £70.2m per year.

(c) Delay to fairer funding review:

The spending review was announced on the 4th September 2019 by the Chancellor. This was a one-year review with a full multi-year review now expected for next year.

The review confirmed that overall funding for Local Government would increase by 4.1% in 2020/21, although a considerable proportion of this increase will go to Adult Social Care (£1bn). The remaining funding for local Government is expected to increase by inflation (currently 1.7%).

As part of the announcement it was formally confirmed that the business rate baselines would also increase by inflation and that the referendum criteria for 2020/21 would be set at a 2% increase to Council Tax.

This was followed by a technical consultation on Local Government Finance Settlement for 2020/21 which was released on the 3rd October

2019. From the consultation it is clear that the Government has now formally delayed the fairer funding review to 2021/22 and are proposing a 'roll forward' settlement for 2020/21.

The implications of this change for 2020/21 are twofold:

1. Existing homelessness grants will continue until absorbed into the business rate retention scheme; and
2. The councils will retain all surplus business rate income for one more year.

Once the draft Local Government Settlement is announced, the Council will have confirmation on a number of matters including:

- Final referendum criteria;
- The future of New Homes Bonus for 2020/21;
- Business rates baseline funding (the minimum amount of business rate income that Council's can retain).

More recently the Councils have received a letter from the Director General of Local Government and Public Services which confirms that

'local authorities should take account of the proposals the Government has published in the technical consultation in drawing up draft budgets for next year.'

And also confirms that the current Government:

'.....remains committed to reducing homelessness and rough sleeping and intends, at a minimum, to maintain funding for the Flexible Homelessness Support Grant and Homelessness Reduction Act New Burdens at 2019-20 levels.'

Whilst we expect the draft settlement before Christmas, given the election, this could be delayed.

(d) Business Rate deficits:

It is now expected that the Collection Fund for Business Rates for both Councils will be in deficit by the year end. There are several factors which contribute to the position:

- Both Collection funds were in deficit as at 31st March 2019. The amount of Business Rate relief granted was higher than expected during the year, largely due to a number of revisions to the rate relief scheme after the precept for the year had been agreed. The Councils are reimbursed for the impact of these reliefs in year, whilst the resulting deficit will be addressed in 2020/21 which leads to an inherent timing difference between when the Councils receive the grant and when they fund the consequences of the lost income. To address this issue, both Councils placed resources into a business rate smoothing reserve at the end of 2018/19.
- The Councils have seen a number of properties removed from the business rate base in year either because they are being redeveloped or because they are being converted from commercial properties to residential.
- In addition, the power station in Adur has had significant issues with the turbines and has been out of operation for several months. During this period, no business rates are charged. As the largest ratepayer, this represents a loss in business rates of £602,000.
- The impact of appeals.

Overall the Councils are now expecting the following deficits:

	<b>Adur</b>	<b>Worthing</b>
	<b>£'000</b>	<b>£'000</b>
Deficit expected by 31 <sup>st</sup> March 2019	1,500	1,100
Council share of deficit (20%)	300	220
Funded by available Business Rate Smoothing Reserves	-81	-220
Net deficit to be funded by Council in 2020/21	219	0

(e) Increase in the costs associated with temporary and emergency accommodation

Current budget predictions for Adur District Council is that there will be an underspend in the 2019/2020 budget for emergency accommodation, whilst for Worthing there is likely to be a small overspend. There has however, recently been a further increase in the caseload associated with homelessness for Worthing Borough Council. This trend is being experienced throughout the region and consequently drive competition and costs for affordable housing solutions. The Council has a clear strategy for addressing these costs in the medium term and the cost per household accommodated is falling following the successful introduction of initiatives to improve the supply of affordable temporary accommodation. Nonetheless, should the case load continue to rise, the Council will need to address the cost pressures that are continuing. This will be reviewed again as part of the final budget to ensure that the level of funding allocated remains at an appropriate level.

(f) Decrease in pension costs

Preliminary outcome for the 2019 Pension Fund valuation would indicate that the Council should expect to see the cost of pension decrease over the next three years. There are two main factors behind this improved position including:

- Improved investment returns
- Changes to assumptions regarding longevity - whereas members are living longer, the rate of increase is declining.

Overall in the 2019 valuation, the pension fund was estimated to be 112% funded

(g) Commercial rents - Worthing Borough Council

A further decline in rental income for retail properties in Montague Street where one lease has been renegotiated and the property rental is too high in the current rental market.

(h) Capital Financing Costs

The cost of financing the capital programme has been recently reassessed following the most recent monitoring report. Re-profiling of some schemes into future years will reduce the expected cost of financing. The cost of financing the capital programme will be reassessed again in December.

(i) Net Committed Growth Items Identified by Service Heads:

This is the sum total of financial effects identified via the Service Pro-formas. A full breakdown of the items identified is included within Appendix 2.

(j) Removal of contingency budget.

The outline forecast allows for some resources for unidentified items at an earlier stage in the budget development, this can now be removed.

(k) Savings Identified by Service Heads:

This is the sum total of the savings proposals identified via the Service pro-formas. A full breakdown of the items identified is included within Appendix 3.

## **5. Future Strands Of Work**

5.1 There are a number of strands of financial work still to be completed which will influence the final 2020/21 budget as follows:

(a) Settlement - Revenue support grant and New Homes Bonus:

The Local Government Finance Settlement is unlikely to be announced until late December. Consequently, the Council will not have final confirmation of the amount of grant that it will receive until late December or early January.

Any New Homes Bonus for 2020/21 will be confirmed as part of settlement.

(b) Business Rate Retention Scheme:

There was a revaluation of the business rates base in 2016/17. The Councils were expecting to see a high level of appeals in the early years following the revaluation, however to date few appeals are being made under the 'Check, Challenge, Appeal' process. As usual, much depends on the level of business rates appeals which remain difficult to predict.

A full reassessment of the business rate income will be made later in the year when a better estimate of the impact of the appeals can be made.

(c) Council Tax income:

The Councils will need to consider what level increase is to be made to Council Tax. The current forecast assumes a 2.0% increase for 2020/21. This is equivalent to an average (Band C) annual increase in the Councils' part of the Council Tax bill of £5.35 for a property in Adur District Council and £4.22 for a property in Worthing Borough Council.

The recent technical consultation of settlement indicated that the Councils will be able to increase Council Tax by up to 2% or £5.00 whichever is higher.

The decision on the level of Council Tax increase will depend on a number of factors which will not be confirmed until later in the year:

- i) The outcome of the Local Government Finance settlement
- ii) Any new cost pressures or savings arising
- iii) The need to reinvest back into services

5.2 A full update on these issues will be included in the January report.

## **6. Saving Proposals**

6.1 The proposed savings are attached at Appendix 3 for consideration. The total savings identified to date are:

	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Adur</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget shortfall (as per appendix 1)	1,390	1,845	2,179	2,542	2,842
Savings identified to date	-1,383	-1,941	-2,331	-2,681	-3,031
Revised budget shortfall / Surplus (-)	7	-96	-152	-139	-189

	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Worthing</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget shortfall (as per appendix 1)	2,546	4,127	5,084	5,764	6,410
Savings identified to date	-2,532	-3,233	-3,986	-4,636	-5,638
Revised budget shortfall / Surplus (-)	14	894	1,098	1,128	772

- 6.2 This has been a successful savings exercise to date and the Councils are well positioned to set balanced budgets. The Councils have identified a significant amount of savings to meet the initial target; however Members should be aware that there is still some work to be completed which may impact on the final position.
- 6.3 Looking ahead to 2021/22 and beyond, the continuing financial pressure is not likely to ease especially if we wish to deliver on the commitments outlined in Platforms for our Places, however the proposed strategy will contribute significantly to meeting this challenge easing the burden on individual services as follows:

	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
<b>Cumulative Budget shortfall (Appendix 1)</b>				
Adur	1,845	2,179	2,542	2,842
Worthing	4,127	5,084	5,764	6,410
Total savings to be identified	5,972	7,263	8,306	9,252
<b>Less:</b> Savings identified for 2020/21	-3,915	-3,915	-3,915	-3,915
Savings yet to be identified	2,057	3,348	4,391	5,337
<b>Future savings initiatives:</b>				
Strategic Property Investment Fund	-200	-400	-600	-800
Affordable Housing Programme	-69	-69	-69	-69
Commercial Programme	-600	-1,200	-1,800	-2,400
Service Redesign Programme	-200	-400	-600	-800
Other identified savings	-225	-368	-368	-368
Total savings initiatives identified to date	-1,294	-2,437	-3,437	-4,437
Further savings to be identified by Heads of Service	763	911	954	900
Annual savings to be identified by Heads of Service	763	148	43	-

\* The financial pressure in 2021/22 reflects the potential cost of investing in food waste, the expected withdrawal of funding for homelessness, the cost of funding major projects within Worthing Borough Council, the estimated impact of the fairer funding review and the impact of the reduction in New Homes Bonus.

#### 6.4 Funding the delivery of the savings proposals:

6.4.1 The delivery of the service redesigns outlined in Appendix 3 may require implementation costs. A provision of £300,000 is recommended to be included within the capital flexibilities schedule at Appendix 4 which will be used to fund any associated costs. This will only be



released following the submission of a report to the relevant Executive Member outlining the costs and associated revenue benefits. It is proposed that these costs be funded from capital receipts using the capital flexibilities powers of both Councils split as follows:

Adur: £120,000

Worthing: £180,000

6.4.2 Under the relevant legislation, the Councils must approve the use of these receipts and the schedule at Appendix 4 outlines the updated plan.

## **7. Other Budget Issues**

### **7.1 Housing Revenue Account**

A full report on the Housing Revenue Account and the recommended rent levels will be considered by the Adur Executive in February 2020. It is intended that any savings identified by the Service Heads outlined within this report and identified by the Head for Housing will be the subject of consultation with the Executive Member for Customer Services, the Adur Homes Management Board, which includes representation from the Adur Consultative Forum in the coming months.

## **8. Conclusion**

8.1 The Councils continue to deal with the withdrawal of Government funding whilst building capacity in the budget to take forward the key priorities identified within Platform for our Places. There is no prospect of any easing of the financial pressure for the next few years. We await the local Government Settlement in late December and early January which will give the Councils certainty at least for 2020/21.

8.2 The Councils are in a fairly strong position to set a balanced budget with minimal use of reserves for 2020/21 depending on the outcome of the settlement. The report to be presented to members after Christmas will bring together any last changes to the revenue budget, the impact of Comprehensive Spending Review, the final implications of settlement and the final forecast of business rate income.

## **9. Engagement and Communication**

- 9.1 The Council previously undertook a full consultation exercise to establish public support for the current budget strategy. In the light of this, no consultation exercise has been carried out this year.
- 9.2 Officers and members have been consulted on the development of the savings proposals contained within the report.

## **10. Financial Implications**

- 10.1 The financial implications associated with the development of the budgets are detailed throughout the report.

Finance Officer: Sarah Gobey

Date: 7th November 2019

## **11. Legal Implications**

- 11.1 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 2020/21.
- 11.2 The Secretary of State for Ministry of Housing Communities and Local Government has issued a direction under the Local Government Act 2003 sections 16(2)(b) and 20: treatment of costs as capital expenditure which gives local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings.

Legal Officer: Susan Sale

Date: 6th November 2019

## **Background Papers**

Report to Adur District Council Executive 5<sup>th</sup> February 2019 - Estimates 2019/20 and setting of 2019/20 Council Tax

Report to Worthing Borough Council Executive 4<sup>th</sup> February 2019 - Estimates 2019/20 and setting of 2019/20 Council Tax

Report to Joint Strategic Committee 9<sup>th</sup> July 2019 – Final Revenue Outturn for Joint, Adur and Worthing 2018/19.

Report to Joint Strategic Committee 9<sup>th</sup> July 2019 – Becoming financially sustainable - Revenue Budget Strategy for 2020/21

Budget Statement 2015 – Report from HM Treasury

Budget Statement 2018 – Report from HM Treasury

Report to Joint Strategic Committee 2<sup>nd</sup> December 2014 – Investing in New Technology: The Springboard to Excellent Customer Experience and Business Efficiency.

Report to the Joint Strategic Committee 6<sup>th</sup> December 2017 – “Platforms for our Places” – Unlocking the power of people, communities and our local geographies.

Statutory Guidance on the flexible use of capital receipts - Ministry of Housing Communities and Local Government

**Officer Contact Details:-**

Sarah Gobey

Chief Financial Officer

(01903) 221221

sarah.gobey@adur-worthing.gov.uk

## **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**

Matter considered and no issues identified

#### **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified

#### **2.4 Human Rights Issues**

Matter considered and no issues identified

### **3. ENVIRONMENTAL**

Matter considered and no issues identified

### **4. GOVERNANCE**

Matter considered and no issues identified

**Appendix 1**

<b>ADUR DISTRICT COUNCIL</b>						
<b>Revenue Budget Summary Statement 2019/20 - 2024/25</b>						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Net Spending to be Financed from Taxation	Base £'000	£'000	£'000	£'000	£'000	£'000
Base budget	8,659	8,659	8,659	8,659	8,659	8,659
(a) <i>Annual Inflation</i>		342	677	1,007	1,326	1,648
(b) <i>One -off / non-recurring items</i>						
Local Elections (held every other year)		18	-	19	-	20
(c) <i>Committed Growth</i>						
Consolidation of homeless funding into overall Council funding as part of fairer funding review		45	140	140	140	140
Net cost of increasing recycling to meet 50% targets:						
- Full year impact of implementation of Alternate Weekly Collection		(70)	(70)	(70)	(70)	(70)
- Net impact of introducing weekly food waste collections		-	72	72	72	72
Reduction in pension contributions		(90)	(213)	(341)	(341)	(341)
Net new committed growth items identified by heads of service (see Appendix 2)		196	287	382	452	522
(d) <i>Impact of County budget reductions</i>						
Further reduction in supported housing budgets		270	270	270	270	270
Withdrawal of recycling support		377	377	377	377	377
(e) <i>Impact of capital programme</i>						
Financing costs		135	249	404	528	566
Maximum impact of Gigabit Project		42	42	42	42	42
(f) <i>Additional income</i>						
Investment income		(33)	(42)	(50)	(59)	(68)
(g) <i>Approved Growth items</i>						
Provision for new growth items		60	120	180	240	300
<b>Total Cabinet Member Requirements</b>	<b>8,659</b>	<b>9,951</b>	<b>10,568</b>	<b>11,091</b>	<b>11,636</b>	<b>12,137</b>

**ADUR DISTRICT COUNCIL**

**Revenue Budget Summary Statement 2019/20 - 2024/25**

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total Cabinet Member Requirements B/fwd</b>	8,659	9,951	10,568	11,091	11,636	12,137
Income from grants and taxation:						
Business Rate income						
Baseline funding	1,739	1,769	1,804	1,840	1,877	1,915
Add: Retained additional business rates	711	504	258	262	265	272
Add: Share of previous year's surplus / (deficit)	(250)	(219)				
Add: Levy surplus	27					
Adjusted Business Rate Income	2,227	2,054	2,062	2,102	2,142	2,187
Council Tax income	6,347	6,505	6,651	6,800	6,952	7,108
Other grants and contributions						
New homes bonus (2016/17 -2019/20)	115	-	-	-	-	-
New homes bonus (2017/18 - 2020/21)	1	1	-	-	-	-
New homes bonus (2019/20 - 2022/23)	10	10	10	10	-	-
Total New Homes Bonus	126	11	10	10	-	-
Collection fund surplus/deficit (-)	(41)	(9)	-	-	-	-
<b>Total Income from Grants and Taxation</b>	<b>8,659</b>	<b>8,561</b>	<b>8,723</b>	<b>8,912</b>	<b>9,094</b>	<b>9,295</b>
<b>(Surplus) / Shortfall in Resources</b>	<b>-</b>	<b>1,390</b>	<b>1,845</b>	<b>2,179</b>	<b>2,542</b>	<b>2,842</b>

## Appendix 1

<b>ADUR DISTRICT COUNCIL</b>						
<b>Revenue Budget Summary Statement 2019/20 - 2024/25</b>						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Base £'000	£'000	£'000	£'000	£'000	£'000
<b>AMOUNT REQUIRED TO BALANCE BUDGET</b>		<b>1,390</b>	<b>1,845</b>	<b>2,179</b>	<b>2,542</b>	<b>2,842</b>
Savings identified to date (see appendix 3):						
Strategic Property Investment Fund		500	700	900	1,100	1,200
New office block		55	55	55	55	55
Provision for future voids		(100)	(200)	(300)	(400)	(500)
Commercial Programme		149	319	489	659	829
Service Redesign Programme		68	148	228	308	388
Affordable Housing Programme						
Approved projects		380	410	410	410	410
Savings identified by Heads of Service		331	509	549	549	549
<b>Total savings initiatives identified</b>		<b>1,383</b>	<b>1,941</b>	<b>2,331</b>	<b>2,681</b>	<b>3,031</b>
<b>Cumulative savings still to be found/ (surplus)</b>		<b>7</b>	<b>(96)</b>	<b>(152)</b>	<b>(139)</b>	<b>(189)</b>
Annual savings still to be found per year		7	(103)	(56)	13	(50)
Council Tax increase included above		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£5.99	£6.11	£6.23	£6.36	£6.48
Weekly increase (Band D property)		£0.12	£0.12	£0.12	£0.12	£0.12
Average annual increase (Band C property)		£5.32	£5.43	£5.54	£5.65	£5.76
Average weekly increase (Band C property)		£0.10	£0.10	£0.11	£0.11	£0.11

## Appendix 1

<b>WORTHING BOROUGH COUNCIL</b>						
<b>Revenue Budget Summary Statement 2019/20 - 2024/25</b>						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Net Spending to be Financed from Taxation	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	13,704	13,704	13,704	13,704	13,704	13,704
(a) <i>Annual Inflation</i>		506	1,005	1,499	1,979	2,464
(b) <i>One -off / non-recurring items</i>						
Local Elections (not held once every four years)		-	(50)	-	-	-
(c) <i>Committed Growth / Cost reductions</i>						
Fall out of SDLT pension costs.		(18)	(36)	(36)	(36)	(36)
Consolidation of homeless funding into overall Council funding as part of fairer funding review		-	150	150	150	150
Net cost of increasing recycling to meet 50% targets:						
- Full year impact of implementation of Alternate Weekly Collection		(130)	(130)	(130)	(130)	(130)
- Impact of introducing weekly food waste collections		-	128	128	128	128
New theatres and culture contract		100	50	-	(50)	(100)
Closure of Café at Brooklands during improvements		20	20	20	20	20
Reduction in commercial rental agreements		120	120	120	120	120
Reduction in pension contributions		(221)	(387)	(558)	(558)	(558)
Increase in demand for homelessness accommodation		100	100	100	100	100
Net new committed growth items identified by heads of service (see Appendix 2)		207	345	475	555	635
(d) <i>Impact of County budget reductions</i>						
Further reduction in supported housing budgets		630	630	630	630	630
Withdrawal of recycling support		671	671	671	671	671
(e) <i>Impact of capital programme</i>						
Financing costs - General Programme		(38)	162	201	449	743
Impact of refurbishment of High Street Car Park			105	291	291	291
Maximum impact of Gigabit Project		63	63	63	63	63



## Appendix 1

<b>WORTHING BOROUGH COUNCIL</b>						
<b>Revenue Budget Summary Statement 2019/20 - 2024/25</b>						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Net Spending to be Financed from Taxation	Base £'000	£'000	£'000	£'000	£'000	£'000
(f) <i>Impact of major projects</i>						
Impact of land acquisitions and new developments at Union Place, Grafton, town hall car park and other major projects.		-	400	700	800	900
(g) <i>Additional income</i>						
Investment income		(55)	(92)	(128)	(168)	(213)
(h) <i>Approved Growth items</i>						
Provision for new growth items		90	180	270	360	450
<b>Total Cabinet Member Requirements</b>	<b>13,704</b>	<b>15,749</b>	<b>17,138</b>	<b>18,170</b>	<b>19,078</b>	<b>20,032</b>
<b>Income from grants and taxation:</b>						
<i>Business Rate Income</i>						
Baseline funding	2,649	2,694	2,748	2,803	2,859	2,916
Add: Net retained additional business rates	826	542	271	280	280	286
Add: Share of surplus /deficit (-)	-	-				
Add: Levy surplus	41					
Adjusted Business Rate income	3,516	3,236	3,019	3,083	3,139	3,202
<i>Council Tax income</i>	9,155	9,474	9,702	9,935	10,175	10,420
<i>New Homes Bonus</i>						
New homes bonus (2016-20)	518	-	-	-	-	-
New homes bonus (2017-21)	234	234	-	-	-	-
New homes bonus (2018-22)	222	222	222	-	-	-
New homes bonus (2019-23)	68	68	68	68	-	-
Total New Homes Bonus	1,042	524	290	68	-	-
<i>Collection fund surplus/deficit (-)</i>	(9)	(31)	-	-	-	-
<b>Total Income from Grants and Taxation</b>	<b>13,704</b>	<b>13,203</b>	<b>13,011</b>	<b>13,086</b>	<b>13,314</b>	<b>13,622</b>
<b>(Surplus) / Shortfall in Resources</b>	<b>-</b>	<b>2,546</b>	<b>4,127</b>	<b>5,084</b>	<b>5,764</b>	<b>6,410</b>

**WORTHING BOROUGH COUNCIL**  
**Revenue Budget Summary Statement 2019/20 - 2024/25**

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Base £'000	£'000	£'000	£'000	£'000	£'000
Amount required to balance the budget	-	2,546	4,127	5,084	5,764	6,410
Savings identified to date (see Appendix 3):						
Strategic Property Investment Fund		500	700	900	1,100	1,300
Provision for future voids and repairs		(100)	(200)	(300)	(400)	(500)
Wellbeing centre and car park						352
Affordable Housing Programme						
Approved projects		806	845	845	845	845
Commercial Programme		494	924	1,354	1,784	2,214
Service Redesign Programme		106	226	346	466	586
Savings identified by Heads of Service		726	738	814	814	814
Total savings initiatives identified to date		2,532	3,233	3,986	4,636	5,638
<b>Cumulative savings still to be found</b>		<b>14</b>	<b>894</b>	<b>1,098</b>	<b>1,128</b>	<b>772</b>
Annual savings still to be found		14	880	204	30	(356)
Council Tax increase included above		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£4.75	£4.85	£4.95	£5.05	£5.15
Weekly increase (Band D property)		£0.09	£0.09	£0.10	£0.10	£0.10
Annual increase (Band C property)		£4.22	£4.31	£4.40	£4.49	£4.58
Weekly increase (Band C property)		£0.08	£0.08	£0.08	£0.09	£0.09

## Committed Growth for 2020/21

## Appendix 2

		Expected contribution / cost (-)		
		2020/21		
	Comments and Actions	Joint (memo only) £	Adur £	Worthing £
<b>Committed Growth items:</b>				
<i>Environmental services</i>				
Commercial Waste	Fall in income from garden waste sack sales partially due to customers opting for the green bin service.	-57,420	-20,670	-36,750
Cemeteries	Fall in income based on current demand			-4,210
Memorial safety programme	Essential maintenance to graves	-20,000	-7,200	-12,800
<i>Technical Services</i>				
Increased energy costs	There has been an overall increase in energy costs following the reprocurement exercise. The new electricity contract is for the provision of green energy as part of the Councils climate change commitments.	16,000	2,500	-20,500
Increase building maintenance costs	Maintenance costs, particularly at Worthing, have been increasing over the past few years. In part this reflects the age of the facilities which require a higher level of day to day maintenance.		-25,000	-50,000
Increase in water bills	Water use at the Splash Pad is now being billed for by Southern Water.			-3,000
Loss in rental income from registrars	Registrar will move into the new community hub during 2020/21 and no longer pay rent for space in Portland House.			
<i>Revenues and Benefits</i>				
Service digital transformation	Revs & Bens E-forms annual licence cost - associated with the delivery of the service savings outlined in Appendix 3	-15,000	-6,000	-9,000

		<i>Expected contribution / cost (-)</i>		
		<i>2020/21</i>		
	Comments and Actions	<i>Joint (memo only)</i> £	Adur £	Worthing £
<i>Financial Services</i>				
Payroll Services	End of contract with SDLT for payroll services	-50,950	-20,380	-30,570
<i>Corporate initiatives</i>				
Increase in capital programme	Additional funding required for high priority schemes due to be considered as part of the capital budget report. - Additional schemes identified for 2020/21		-19,600	-27,500
Pension costs	Payments made to the pension fund relating to staff who retired early.		-39,000	-13,000
<i>Planning and Development Management</i>				
Shoreham Harbour Planning Officer	The external revenue funding for the Shoreham Harbour Team (one full time and one part time staff member) runs out at the end of 2019/20 but the work of the team continues despite the adoption of the Joint Area Action Plan (JAAP). The co-ordination of regeneration work across Adur and Brighton to meet the JAAP aspirations including the development of the District Heat Network, Green Infrastructure Strategy and major transport improvements requires at least one full time post. There is insufficient capacity to take this work on within the existing teams.		-60,700	
Total Committed growth items identified by Heads of Service:		-127,370	-196,050	-207,330
Removal of contingency budget			70,000	80,000
Net committed growth identified			-126,050	-127,330

## Savings proposals for 2020/21

## Appendix 3

		Expected contribution / cost		
		2020/21		
	Comments and Actions	Joint (memo only) £	Adur £	Worthing £
<u>Affordable Housing Programme:</u> Delivering emergency, temporary and truly affordable housing to reduce placements costs Council owned supply	Acquisition and development of accommodation required to alleviate budget pressures in EA/TA - 151 Rowlands Road (20 units) - Downsview (9 units in 20/21 + 8 units 21/22) - Albion Street (use of converted houses)			33,300 72,500
Reduction in TA spend	Impact of opening doors and reduced need in Adur. Within Worthing, the benefit of Opening Doors has been offset by growth in housing numbers.		50,000	
Recommission supported housing programme	Cross-county working group re-commissioning supported housing programme to meet the challenge of reduced budgets from the County Council (tbc). (note: This will leave £200,000 in the supported housing impact budget)	1,000,000	300,000	700,000
Total delivered via Affordable Housing programme			380,000	805,800
<u>Commercial Property Investment Programme</u> Commercial property investment	Net of provision for voids		400,000	400,000
Adur Civic Centre - Phase 1	Full year effect of completion of the office block. Handed to new tenant on 23rd April 2019		55,000	
Total delivered via the commercial property investment programme			455,000	400,000

## Savings proposals for 2020/21

## Appendix 3

		<i>Expected contribution / cost</i>		
		<i>2020/21</i>		
	Comments and Actions	<i>Joint (memo only)</i> £	Adur £	Worthing £
<u>Commercial income programme:</u>				
<i>Environmental Services</i>				
Waste commercial income project	Increase in green bin sales from increased uptake for 2020/21	48,370	17,410	30,960
Parks and foreshore	Additional income from fees and charges (including beach hut rentals). This represents a 5% uplift for Adur District Council and 4% for Worthing Borough Council.		8,840	20,010
Cemeteries	Additional income		27,280	
Crematorium	Increased income from cremations and memorialisation			129,930
	Less: Additional staff to meet increased demand in bereavement services	-11,390	-4,560	-6,830
<i>Housing</i>				
HMO Licencing Fees				20,000
<i>Economy</i>				
Seafront concessions	The Big Wheel - Three year contract			100,000
<i>Planning and Development</i>				
Planning	Additional development management fees	30,000	12,000	18,000
Building Control	Improve trading position towards break-even for defined activities.	85,000	50,000	35,000
<i>Customer Services and Digital</i>				
Increase income from car parking fees from increased usage			30,000	35,000

## Savings proposals for 2020/21

## Appendix 3

		Expected contribution / cost		
		2020/21		
	Comments and Actions	Joint (memo only) £	Adur £	Worthing £
<i>Financial Services</i>				
Loan to GBMet	£5m loan for 20 years to GBMet. Arrangement fee in the first year.			100,000
<i>Communications</i>				
Increased income	Report to JSC in November 2019 approved setting up a company to expand income generating opportunities for the service.	20,000	8,000	12,000
<b>Total commercial income</b>			148,970	494,070
<u>Service Redesign programme</u>				
Effortless programme	Customer Transformation Programme			
	Reduction in 1 FTE Business Support through efficiencies in Revenue and Benefits project - removal of vacant post	25,750	10,300	15,450
	Managed reduction in Customer Services hours	20,000	8,000	12,000
Revenues & Benefits Change Programme	Staffing reduction - removal of vacant posts	115,280	46,110	69,170
	Increase long-term empty premium from Council Tax*	10,800	3,100	7,600
	Remove 1-month unoccupied & unfurnished discount from Council Tax*	2,100	800	1,300
	* The proposed changes to Council Tax are currently being consulted on and will be subject to a decision of Council.			
<b>Total for Service Redesign Programme</b>			68,310	105,520

## Savings proposals for 2020/21

## Appendix 3

		<i>Expected contribution / cost</i>		
		<i>2020/21</i>		
	Comments and Actions	<i>Joint (memo only)</i> £	Adur £	Worthing £
<u>Corporate Initiatives</u>				
Inflation management	New approach to inflation management suggested by LGA Peer Review	89,000	40,000	153,000
<u>Communities Directorate:</u>				
Housing - New Burdens funding	One-off contribution to savings targets from unused grants	120,000		120,000
<i>Environmental Services</i>				
Closure of Brooklands Par 3	Deletion of 2 vacant posts			25,690
Parks self management initiatives for bowling clubs and allotment societies	Savings in salaries, materials, equipment	45,150	18,060	27,090
	Less: Loss of income		-8,270	-11,880
Reduction in use of Agency Staff		50,000	18,000	32,000
Environment service redesign programme - Phase 2	Review of service encompassing the vehicle workshop, cleansing and grounds maintenance	172,480	68,990	103,490
<i>Wellbeing Services</i>				
Head of Wellbeing	Salary saving - Reduction in hours (1 day a week)	23,000	9,200	13,800
Base Budget Review	Community Wellbeing services - deletion of unused budget provisions	10,110	4,040	6,070
	Review of vehicle costs			1,710
	Be Safe Be Well - deletion of unused budget			1,240
<i>Housing</i>				
Housing Act Advances	Deletion of unused budget			5,000
Head of Housing	Deletion of unused miscellaneous budgets	30,000	12,000	18,000



## Savings proposals for 2020/21

## Appendix 3

		Expected contribution / cost		
		2020/21		
	Comments and Actions	Joint (memo only) £	Adur £	Worthing £
<u>Economy Directorate</u>				
<i>Major projects</i>				
Sale / JV of Adur Civic Centre	Possible exchange in 2019/20 with completion in 2020 following planning process.		58,330	
<u>Digital and Resources Directorate</u>				
<i>Financial services</i>				
Deletion of vacant administration post				13,800
Gigabit external funding secured	2/3rds funding secured towards the scheme. Fully funded in 2020/21.		42,000	63,000
Council Tax Discount reviews	Removal of erroneous discounts. Joint exercise with Customer Services and the Revenues teams			40,000
Deletion of unused budgets		1,000	400	600
Deletion of levies budget	Now the responsibility of WSCC		12,640	
Pension budget review	Review of pension payments funded directly by the Councils		7,000	40,000
<i>Legal Services</i>				
Salary savings	Deletion of part vacant post	15,000	6,000	9,000
Computer cost savings	IKEN	7,500	3,000	4,500
<i>Human Resources</i>				
Human Resources printing	Printing budget not all required	1,150	460	690
<i>Technical Services</i>				
Technical Services redesign	Deletion of vacant post following service redesign	50,000	20,000	30,000
Porters Van	Use of a pool car rather than have a dedicated vehicle	1,840	740	1,100

## Savings proposals for 2020/21

## Appendix 3

		<i>Expected contribution / cost</i>		
		<i>2020/21</i>		
	Comments and Actions	<i>Joint (memo only)</i> £	Adur £	Worthing £
<i>Customer and Digital Services</i>				
ICT	Removal of ICT Out of Hours allowance	7,000	2,800	4,200
Base budget review	Savings in Digital Budget related to Census unwinding	40,000	16,000	24,000
Other corporate initiatives			331,390	726,100
Total savings identified			1,383,670	2,531,490

## Capital flexibilities schedules

## Appendix 4

Project	Overall annual savings generated £	Adur District Council				Nature of expenditure
		Annual saving %	Annual saving £	Financial year	Amount of capital receipts used £	
Environmental Services Redesign - Phase 1	336,670	37.91	127,630	2018/19 Actual	44,630	Redundancy costs and pension strain
				2019/20	13,600	
				2020/21	13,600	
2020/21 savings proposals	371,000	40	148,500	2020/21	120,000	tbc
Total	707,670		276,130		191,830	

Project	Overall annual saving generated £	Worthing Borough Council				Nature of expenditure
		Annual saving %	Annual saving £	Financial year	Amount of capital receipts used £	
Environmental Services Redesign - Phase 1	336,670	62.09	209,040	2018/19 Actual	164,432	Redundancy costs and pension strain
				2019/20	22,300	
				2020/21	22,300	
2020/21 savings proposals	371,000	60	222,500	2020/21	180,000	tbc
Total	707,670		431,540		389,032	