



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
1 December 2020
Agenda Item 9

Joint Overview and Scrutiny Committee

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

Towards a sustainable financial position - Budget update

Report by the Director for Digital, Sustainability & Resources

Executive Summary

This report provides an update on the budget strategy position for 2021/22 and beyond. In doing so, the report demonstrates the considerable success of the Councils' medium term financial strategy over the last five years, and how a broad and balanced strategy has delivered very effectively.

Despite significant financial challenges over the last five years, the Councils have developed vital strategic programmes that have reduced costs and increased income, delivered operating efficiencies while improving service levels, while continuing to invest in the delivery of the Platforms for Our Places strategy.

Savings of £1.8m have been identified across the two councils for 2021/22, including income growth in commercial waste and green bins, savings from across the property programme, and a range of efficiencies from digital and service redesign projects. Also reflected in the budget plan is the significant success in reducing the costs of temporary and emergency accommodation, and important provision in support of leisure services as they recover.

Alongside these initiatives, through prudent management of the budget that sees our borrowing requirement significantly reduced, the budget for 2021/22 is also able to accommodate investment in our Platforms strategy, for example in gigabit fibre and WiFi in our town centres to support the post COVID recovery, the refurbishment of multi-storey car parks and the exciting investments in Brooklands and New Salts Farm with such far reaching, long term community value.

There of course remain some uncertainties going forward in relation to the ongoing pandemic, although central government support has been both vital and effective in the current year.

1. Purpose

- 1.1 This report provides members with a progress report on the delivery of our financial strategy for 2021/22, 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 2025/26 and updates members, where possible, on government funding proposals.
- 1.3 Contained within this report are specific budget proposals to increase income, to deliver efficiency, and other savings initiatives for 2021/22. 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 forecasts;
 - (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 Council to approve the use of capital resources

to fund savings proposals as set out in the capital flexibilities schedule in Appendix 4.

3. Context

3.1 The Joint Strategic Committee considered the outline 5-year forecast for 2021/22 to 2025/26 and the Budget Strategy on 7th July 2020, 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:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Adur	410	927	1,279	1,511	1,858
Worthing	1,971	3,383	4,161	4,881	5,557

3.2 The report built on the previous strategies whose 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 seeks 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.
6. The Corporate Landlord programme which seeks to rationalise accommodation use and generate capital receipts from the sale of surplus assets and thereby reducing the costs associated with funding priority projects identified in Platforms for our Place: Going Further.

3.4 As part of the budget strategy, these programmes were set explicit targets for 2021/22 as follows:

	Adur £'000	Worthing £'000	Total £'000
Strategic Property Investment Programme	100	100	200
Affordable Housing Programme	30	540	570
Commercial Programme	150	450	600
Service and Digital redesign programme	80	120	200
Corporate Landlord Programme	50	140	190
	410	1,350	1,790

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 additional savings and committed growth items.
- 3.6 Individual savings proposals are subject to consultation with officers of the Council, Executive members, and the members of the Joint Overview and Scrutiny Committee prior to approval by the Councils of the overall budget in February.
- 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 At the time of writing, the Comprehensive Spending Review for 2021/22 is yet to be announced. This is due to be announced on the 25th November 2020. Subsequent to this review, the Councils will receive notification from MHCLG of draft settlement in late December. A full update to members will be included in the next report on setting the budget. However it is now likely that settlement will be a 'roll forward' of the 2020/21 settlement with a simple inflationary increase as there will not be time to make any significant changes to Local Government funding before Councils have to finalise their budgets.
- 3.9 There will be a further report after Christmas which will detail the local government settlement, the final proposed budgets for the year, any further savings identified, requests for investment into services and the amount to be drawn from reserves, if any. The proposed Council Tax increase for 2021/22 is scheduled to be considered by the respective Cabinets on 2nd February 2021 (Adur District Council) and 3rd February 2021 (Worthing Borough Council).

4. Update of the 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, 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:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Adur					
July Forecast	410	927	1,279	1,511	1,858
November Forecast	485	946	1,315	1,431	1,805
Reduction (-) / increase (+) in shortfall forecast	75	19	36	-80	-53

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Worthing					
July Forecast	1,971	3,383	4,161	4,881	5,557
November Forecast	1,333	2,865	3,644	4,346	5,026
Reduction (-) / increase (+) in shortfall forecast	-638	-518	-517	-535	-531

The main changes to the forecast for 2021/22 are summarised in the table below:

Changes in Budgetary Shortfall/Savings since report to Joint Strategic Committee on 7th July 2020		
	Adur	Worthing
	£'000	£'000
Original 2021/22 budget shortfall	410	1,971
<i>Changes to income from grants and taxation:</i>		
(a) Improvements to the income from Council Tax	-39	-15
(b) Impact of current Council Tax Collection Fund deficit / surplus (-)	48	-19
(c) Changes to business rate forecast		
- Updated assessment of deficit net of use of the business rate smoothing reserve	-99	-192
- Other changes	15	1
<i>Other changes:</i>		
(d) Reduction in the cost of the temporary and emergency accommodation	-	-420
(e) Adjustment to pension budgets following the Pension Fund triennial review.	38	7
(f) Investment income - reduction in interest rates	28	18
(g) Reprofiling of capital programme	-68	-96
(h) Finalisation of funding for leisure provision to allow for the impact Covid 19.	10	-102
(i) Net committed growth items identified by Service Heads (See Appendix 2)	131	270
(j) Removal of contingency budget for committed growth	-70	-90
Revised Budget Shortfall	485	1,333
(k) Potential savings identified to date (Appendix 3)	-561	-1,291
Resources in hand (-) / current shortfall	-76	42

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

(a) Council Tax base for 2021/22:

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 have improved from the forecast in

July. This is largely due to a lower increase in the cost of discounts and Council Tax Support has than originally forecast.

(b) Collection fund deficit:

The Councils' Collection Funds for Council Tax are expected to be in deficit at the end of 2020/21. This is partially due to changes in the year end position (Adur saw a £108k increase in deficit and Worthing saw an improvement of £310k). The in-year position for both Council has been overall losses due to three distinct factors:

- An in-year increase in the level of council tax discounts and support awarded during the year.
- An increase in Council Tax arrears. Recovery work has been affected
- this year due to increasing demands on the team to implement new discounts and reliefs and the extended closure of the courts which has delayed court action.
- Slowing in the delivery of new housing due to the impact earlier in the year of the pandemic on a wide range of schemes.

However, there is a nationally recognised issue and due to a change in regulation, the deficits incurred in-year must now be written off over a 3 year period

	Adur	Worthing
	£'000	£'000
Changes to year end position	108	-310
In-year deficit	577	479
Deficit expected by 31 st March 2021	685	169
Council share of deficit / surplus (-):		
2021/22	47	-19
2022/23	30	21
2023/24	30	21

However, the deficits must be viewed in the context of the significant amount of tax collected by both Councils. Adur District Council collects £42m and Worthing Borough Council collects £73.8m per year.

(c) Changes to the business rate forecasts:

- Business Rate deficits:

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 2020. 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 following years 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 have created a business rate smoothing reserve which is estimated to hold the following amounts as at 31st March 2021:

Adur - £531,000 (Balance as at 31/3/2020 £31,000 + £500,000 2020/21 contribution)

Worthing - £1,137,000 (Balance as at 31/3/2020 £437,000 + £700,000 2020/21 contribution)

- The Councils have seen a number of properties removed from the business rate base in the year either because they are being redeveloped or because they are being converted from commercial properties to residential.
- There have been two national decisions regarding the treatment of ATM's and purpose built doctor's surgeries which have reduced the rates charged for these properties. This has reduced the in-year income and impacted on the deficits for last year as the awards were backdated.
- Shoreham power station has been revalued downwards, again affecting both the in-year income and the deficit position.

In common with the new arrangements for Council Tax, the in-year deficit will be recovered over a three year period. Overall the Councils are now expecting the following deficits:

	Adur	Worthing
	£'000	£'000
Deficit expected by 31 st March 2021	1,111	2,426
Council share of deficit		
2021/22	171	437
2022/23	103	96
2023/24	103	96
Total deficit to be funded	377	629
Less: Proposed use of the business rate smoothing reserve to fund deficits	-377	-629
	-	-

(d) Reduction in the costs associated with temporary and emergency accommodation

At the start of the pandemic, Worthing Borough Council in particular saw a significant upswing in the costs associated with homelessness. Initially as a result of the need to accommodate all rough sleepers indoors during the initial lockdown and then subsequently due to increasing demand for the service.

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. The government also announced an increase to the Local Housing Allowance which is used to determine the level of rent charged for these properties and so the net cost to the Council has also reduced. As a result, the overall net additional cost of homelessness has reduced.

This will be reviewed again as part of the final budget to ensure that the level of funding allocated remains at an appropriate level.

- (e) Adjustment to pension budgets following the Pension Fund triennial review.

Following the final outcome of the triennial review there has been a marginal increase to the overall cost of pension.

- (f) Reduction in interest rates

Interest rates have continued to deteriorate and it is now expected that these low rates will persist into 2021/22 reducing income on investments.

- (g) 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 together with a reduction in interest rates will reduce the expected cost of financing. The cost of financing the capital programme will be reassessed again in December.

- (h) Finalisation of funding for leisure provision to allow for the impact Covid 19.

Following detailed discussions with the leisure providers over the summer months, agreement has been reached on the level of additional support required both in the current year 2020/21 and for the next five years.

This has been an extremely difficult time for leisure operators as the pandemic has compromised the ability to generate income and provided additional costs. It is expected that it will take at least a year for the business to return to normal levels of profitability.

There is clearly a risk that if the sector is subject to further extended closures that further funding may be needed.

- (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 2021/22 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 2021/22 will be confirmed as part of settlement.

(b) Business Rate Retention Scheme:

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 and likely level of income 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 2021/22. This is equivalent to an average (Band C) **annual** increase in the Councils' part of the Council Tax bill of £5.43 for a property in Adur District Council and £4.24 for a property in Worthing Borough Council.

The Councils are still waiting to be notified of the ceiling on Council Tax increases for 2021/22, however if this is the same as previous years the Councils should 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 detailed savings for 2021/22 are attached at Appendix 3 for consideration. The total saving proposals identified are:

	2021/22	2022/23	2023/24	2024/25	2025/26
Adur	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per appendix 1)	485	946	1,315	1,431	1,805
Savings identified to date	-561	-991	-1,461	-1,861	-2,261
Revised budget shortfall / Surplus (-)	-76	-45	-146	-430	-456

	2021/22	2022/23	2023/24	2024/25	2025/26
Worthing	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per appendix 1)	1,333	2,865	3,644	4,346	5,026
Savings identified to date	-1,291	-2,106	-3,193	-4,053	-4,913
Revised budget shortfall / Surplus (-)	42	759	751	293	113

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 2022/23 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:

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Cumulative Budget shortfall (Appendix 1)				
Adur	946	1,315	1,431	1,805
Worthing	2,865	3,644	4,346	5,026
Total savings to be identified	3,811	4,959	5,777	6,832
Less: Savings identified for 2021/22	-1,852	-1,852	-1,852	-1,852
Savings yet to be identified	1,959	3,107	3,925	4,980
Future savings initiatives:				
Strategic Property Investment Fund	-200	-400	-600	-800
Commercial Programme	-600	-1,200	-1,800	-2,400
Service Redesign Programme	-200	-400	-600	-800
Corporate Landlord Programme	-205	-450	-710	-970
Total savings initiatives identified to date	-1,205	-2,450	-3,710	-4,970
Further savings to be identified by Heads of Service	754	657	215	10
Annual savings to be identified by Heads of Service	754	-97	-422	-205

* The financial pressure in 2022/23 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 matters

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 2021. 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 and the impact of the pandemic 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 2021/22.

8.2 The Councils are in a fairly strong position to set a balanced budget with minimal use of reserves for 2021/22 depending on the outcome of the

settlement. However, the Councils are currently managing significant level of financial risk arising from the pandemic and so the reserves should be earmarked to support the Councils risks over the forthcoming year.

- 8.3 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.

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

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: 9th November 2020

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 2021/22.

- 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:

Date: November 2020

Background Papers

Report to Adur District Council Executive 4th February 2020 - Estimates 2020/21 and setting of 2020/21 Council Tax

Report to Worthing Borough Council Executive 3rd February 2020 - Estimates 2020/21 and setting of 2020/21 Council Tax

Report to Joint Strategic Committee 7th July 2020 – Final Revenue Outturn for Joint, Adur and Worthing 2019/20.

Report to Joint Strategic Committee 7th July 2020 – Impact of Covid 19 on the Council's finances - Update on current financial performance and developing a revenue budget for 2021/22

Budget Statement 2015 – Report from HM Treasury

Budget Statement 2018 – Report from HM Treasury

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

Report to the Joint Strategic Committee 3rd December 2019 – *Platforms for our Places - Going Further (2020-2022)* : 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 1a

ADUR DISTRICT COUNCIL						
Revenue Budget Summary Statement 2020/21 - 2025/26						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Base					
Net Spending to be Financed from Taxation:	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	8,612	8,612	8,612	8,612	8,612	8,612
(a) Annual Inflation						
Estimated inflation		271	567	861	1,147	1,438
Impact of 2020/21 pay rise		82	84	86	88	90
(b) One -off / non-recurring items						
Local Elections (held every other year - deferred in 2020/21 due to the pandemic)		-	-18	-	-19	-
(c) Impact of Covid 19 pandemic						
Delay to Fairer Funding Review - Homeless funding to continue for 2021/22		-	94	94	94	94
Final cost of new leisure contract		210	5	-13	-112	-112
Reduction in commercial income						
Car parking income		64	64	64	64	64
Trade Waste income		12	12	12	12	12
(d) Funding 'Platforms' priority projects:						
Gigabit Project		43	43	43	43	43
Measures to reduce waste		-	72	72	72	72
Western Harbour Arm Coast Defences		58	58	58	58	58
Purchase of New Salts Farm						
Debt charges		31	31	31	31	31
Running costs		50	35	35	35	35
(e) Treasury Management						
Capital programme financing costs		-328	-224	-85	-31	117
Investment income		248	208	166	122	77
(f) Other items						
Reduction in pension contributions		-57	-185	-188	-188	-188
Building maintenance		25	50	50	50	50
Loss of rental income from registrars		14	14	14	14	14
Committed growth items - see Appendix 2		131	201	271	341	411
(g) Provision for new growth items		70	140	210	280	350
Total Cabinet Member Requirements	8,612	9,536	9,863	10,393	10,713	11,268

ADUR DISTRICT COUNCIL						
Revenue Budget Summary Statement 2020/21 - 2025/26						
	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
Total Cabinet Member Requirements	8,612	9,536	9,863	10,393	10,713	11,268
Business rates:						
Baseline funding	1,767	1,802	1,838	1,875	1,913	1,951
Add: Retained additional rates	614	644	307	290	270	254
Add: Share of previous year's deficit	-300	-				
Total business rate income	2,081	2,446	2,145	2,165	2,183	2,205
Council Tax income	6,529	6,643	6,792	6,944	7,099	7,258
Other grants						
New homes bonus (2017/21)	1	-	-	-	-	-
New homes bonus (2019/23)	10	10	10	-	-	-
Total New Homes Bonus	11	10	10	-	-	-
Collection fund surplus/deficit (-)	-9	-48	-30	-30	-	-
Total other grants and contributions	2	-38	-20	-30	-	-
Total Income from Grants and Taxation	8,612	9,051	8,917	9,078	9,282	9,462
Amount required to balance budget	-	485	946	1,315	1,431	1,805
Savings strategy:						
Strategic Property Investment Fund						
Future purchases		200	400	600	800	1,000
Provision for future voids		-350	-450	-550	-650	-750
Commercial programme		153	303	453	603	753
Service and digital redesign		18	98	178	258	338
Affordable Housing Programme		140	140	140	140	140
Commercial Landlord Programme		90	190	330	400	470
Other efficiency savings		310	310	310	310	310
Total initiatives identified		561	991	1,461	1,861	2,261
Cumulative savings still to be found/ (surplus)		-76	-45	-146	-430	-456
Annual savings still to be found		-76	31	-101	-284	-26

Appendix 1b

<p style="text-align: center;">WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2020/21 - 2025/26</p>						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Base					
Net Spending to be Financed from Taxation:	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	13,359	13,359	13,359	13,359	13,359	13,359
(a) Annual Inflation						
Estimated inflation		349	799	1,248	1,687	2,134
Impact of 2020/21 pay rise		119	121	123	125	128
(b) One -off / non-recurring items						
Local Elections (held every other year - deferred in 2020/21 due to the pandemic)		-	-50	-	-	-
(c) Impact of Covid 19 pandemic						
Delay to Fairer Funding Review - Homeless funding to continue for 2021/22		-	152	152	152	152
Increase in demand for homelessness accommodation		80	80	80	80	80
Final cost of support for leisure provision		198	-	-	-	-
Reduction in commercial income						
Car parking income		300	300	300	300	300
Trade Waste income		53	53	53	53	53
(d) Funding 'Platforms' priority projects:						
Grafton site: Reduction in commercial rental agreements		142	142	142	142	142
Gigabit Project - financing costs and public wifi		64	64	64	64	64
Measures to reduce waste		-	128	128	128	128
Refurbishment of High Street Car Park - Financing costs		4	50	259	259	259
Refurbishment of Buckingham Road car park - Financing costs		60	192	192	192	192
Worthing Integrated Care Centre - closure of Town Hall car park		59	59	59	59	59
Brooklands improvement programme - net costs		20	27	43	43	43
General provision for future impact of major projects			273	330	487	644
(e) Treasury Management						
Financing costs - General Programme		-436	-130	-21	300	600
Investment income		105	62	6	-65	-153

WORTHING BOROUGH COUNCIL						
Revenue Budget Summary Statement 2020/21 - 2025/26						
	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
(g) Other items						
Fall out of SDLT pension costs.		-18	-36	-36	-36	-36
Triennial pension valuation - Reduction in contributions		-135	-310	-315	-315	-315
Building maintenance		50	100	100	100	100
Loss of rental income from registrars		21	21	21	21	21
Committed growth items - see Appendix 2		270	360	450	540	630
(h) Provision for new growth items		90	180	270	360	450
Total Cabinet Member Requirements	13,359	14,754	15,996	17,007	18,035	19,034
Funding from taxation:						
Business rate income:						
Baseline funding	2,693	2,747	2,802	2,858	2,915	2,973
Add: Net retained additional rates	649	672	356	361	364	374
Add: Share of surplus /deficit (-)	-	-	-	-	-	-
Total business rate income	3,342	3,419	3,158	3,219	3,279	3,347
Council Tax income	9,524	9,693	9,926	10,165	10,410	10,661
Other grants						
New homes bonus (2017/18 - 2020/21)	234	-	-	-	-	-
New homes bonus (2018/19- 2021/22)	222	222	-	-	-	-
New homes bonus (2019/20 - 2022/23)	68	68	68	-	-	-
Total New Homes Bonus	524	290	68	-	-	-
Collection fund surplus/deficit (-)	-31	19	-21	-21	-	-
Total other grants and contributions	493	309	47	-21	-	-
Total Income from Taxation	13,359	13,421	13,131	13,363	13,689	14,008
Amount required to balance budget	-	1,333	2,865	3,644	4,346	5,026

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2020/21 - 2025/26

	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
Amount required to balance budget		1,333	2,865	3,644	4,346	5,026
Savings / Initiatives identified to date:						
Strategic Property Investment Fund						
Future property purchases		200	400	600	800	1,000
Provision for future voids and repairs		-100	-200	-300	-400	-500
Wellbeing centre and car park			40	352	352	352
Affordable Housing Programme		129	129	129	129	129
Commercial Programme		279	729	1,179	1,629	2,079
Service and Digital redesign programme		27	147	267	387	507
Commercial Landlord Programme		260	365	470	660	850
Other efficiency savings		496	496	496	496	496
Total savings initiatives identified to date		1,291	2,106	3,193	4,053	4,913
Cumulative savings still to be found/ (surplus)		42	759	451	293	113
Annual savings still to be found		42	717	-308	-158	-180

Description	Details	2021/22		
		Joint (memo only)	Adur	Worthing
		£	£	£
Economy Directorate				
Theatre Trust - Pension costs	Following the triennial review, pension costs have increased for the theatres trust. Under the terms of the contract, the Council pays for any increase over the original rate quoted by the actuary.			-37,460
Senior Post (Major Applications) regrading	An additional Senior Post (Major Applications) was added to the establishment as part of the 19/20 budget but there have been difficulties in recruitment. Additional budget is required to upgrade the post to Principal Officer to assist in recruitment.	-10,000	-4,000	-6,000
Lone Worker - monitoring software	New statutory requirement	-8,000	-3,200	-4,800
Environmental services				
Increased vehicle costs	Vehicle warranties are now at an end and the fleet is ageing resulting in increased repair costs.	-120,000	-43,200	-76,800
Increased agency staff costs	Agency staff budgets are too low to meet cover costs.	-150,000	-54,000	-96,000

Committed Growth for 2021/22

Appendix 2

Description	Details	2021/22		
		Joint (memo only)	Adur	Worthing
		£	£	£
Customer and Digital Services				
Increase in hours for Information Governance Officer (0.5 FTE at Grade 5)		-19,220	-7,690	-11,530
Renewal of google licences	Price is fixed for the duration of the contract .	-22,500	-9,000	-13,500
<i>Implementation of cloud version of Academy</i>				
Increased costs of Academy		-78,500	-31,400	-47,100
O365 licencing costs to support Academy users		-26,400	-10,560	-15,840
Less: Customer Services staffing reduction	Reduction of 1.75 FTE	36,240	14,500	21,740
Less: Digital Team staffing reduction	Reduction of 1 FTE	44,980	17,990	26,990
Total committed growth items		-353,400	-130,560	-260,300
Removal of contingency budget			70,000	80,000
Total committed growth identified net of provision			-60,560	-180,300

Savings proposals for 2021/22

Appendix 3

		2021/22		
Description	Details	Joint (memo only)	Adur	Worthing
<u>Affordable Housing Programme:</u>				
Delivering emergency, temporary and truly affordable housing to reduce placements costs	Acquisition and development of accommodation required to alleviate budget pressures in EA/TA			
Targets unit numbers				
2020/21:	- 151 Rowlands Road (20 units) - cost of conversion higher than expected leading to a reduced saving			16,700
	- Downsview (9 units in 20/21 + 8 units 21/22)			22,500
	- Albion Street (use converted houses as TA)		30,000	
Reduction in TA spend	Impact of opening doors , new contracts and increased LHA.		100,000	0
Reduction in supported housing costs	Final contractual amount is £50k per Council, which is less than the budget allowed for		10,000	90,000
Total delivered via Affordable Housing programme			140,000	129,200
<u>Commercial Property Investment Programme</u>				
Commercial property investment	New rental income		200,000	200,000
	Less: Void provision		-350,000	-100,000
Total delivered via the commercial property investment programme			-150,000	100,000

Savings proposals for 2021/22

Appendix 3

Description	Details	2021/22		
		Joint (memo only)	Adur	Worthing
		£	£	£
<u>Commercial income programme:</u>				
<i>Environmental Services</i>				
Commercial waste new customers (85)		100,000	32,400	67,600
Less: associated tipping charges		-50,000	-16,200	-33,800
Commercial waste associated tipping fee reduction (customers recycling more)	Better promotion of recycling service	20,000	6,600	13,400
Green Waste Service (Fees are to remain static for the next two years)	- Increase in green bin sales to end of September	150,000	60,000	90,000
	- Further increase over next year	90,000	36,000	54,000
Lancing Parish Council grounds maintenance contract		30,000	12,000	18,000
Less : Associated costs				
Sales assistant to support income growth (across environmental services)	Grade 4 including oncosts	-32,110	-12,840	-19,270
Marketing and rebranding budget	Promotion to support income growth particularly within the bereavement services	-30,000	-12,000	-18,000
<i>Place and Economy</i>				
Open space hire for commercial and community events				5,000
Increase in concessions (targeting off season sales)				5,000
<i>Planning and Development</i>				
Additional fee income	Significant increase in major applications likely to continue into 2021/22 . For future years the Government has indicated that the planning service would be paid by those using the Service although this has been suggested in previous years.	30,000	12,000	18,000

Savings proposals for 2021/22

Appendix 3

Description	Details	2021/22		
		Joint (memo only)	Adur	Worthing
		£	£	£
Customer and Digital Services				
Improvements in income to car parks post covid 19 pandemic	Adur income back to 95% of previous levels. Losses in WBC based on reduction in town centre deals following pandemic impacts (losses in casual use difficult to establish although income continues to improve and is currently at 75 - 80% of previous levels)		32,240	75,000
Financial Services				
Uplift in insurance fees following renewal of SLA for 3 years		3,260	1,300	1,960
Treasury management contract with Arun - net after staffing costs (tbc)		3,500	1,400	2,100
Total commercial income target		314,650	152,900	278,990
<u>Service Redesign programme</u>				
Financial Services / Human Resources				
Implementation of new HR / Payroll system				
Salary saving	(0.5 FTE from July 2020)	13,210	5,280	7,930
Software saving	Contract let which will result in annual savings of £20k. Staff savings also expected.	25,590	10,240	15,350
Cash receipting system savings following implementation of Gov.Pay and new systems for licencing		5,770	2,310	3,460
Total for Service Redesign Programme		44,570	17,830	26,740

Savings proposals for 2021/22

Appendix 3

		2021/22		
Description	Details	Joint (memo only)	Adur	Worthing
		£	£	£
Corporate Landlord				
Rent review	Programme of updating rent reviews		30,000	70,000
Asset rationalisation programme	Disposal programme (Reduction in debt charges due to generation of capital receipts)		20,000	70,000
	Shoreham Airport Receipt - £600k received October 2020. Use to fund capital projects in 'Platforms'.			60,000
Accommodation rationalisation project	Proposal to share accommodation with another organisation. A report elsewhere on the agenda provides further detail of the project.	100,000	40,000	60,000
Total delivered via the corporate Landlord Programme			90,000	260,000
Corporate initiatives:				
Inflation management	Inflation management saving as recommended by LGA Peer Review	116,560	138,580	184,560
Corporate initiatives			138,580	184,560
Departmental savings:				
<u>Economy Directorate</u>				
Director				
Reduction in SDLT pensions	Following recent staffing changes, the cost of the pension cost support has further reduced.			4,350
Place and Economy				
Base budget review	More schemes are now funded via the capital programme which means that the revenue provisions can be reduced.		5,000	5,000
Reduction in allocation of grants to partner organisations		10,000	5,000	5,000

Savings proposals for 2021/22

Appendix 3

Description	Details	2021/22		
		Joint (memo only)	Adur	Worthing
		£	£	£
<u>Economy Directorate</u>				
<i>Planning and Development</i>				
Land Charges - Salary savings	Reducing staff numbers. Savings on Senior Land Charges Manager enable opportunity to offer £25k.	25,000	10,000	15,000
<i>Technical Services</i>				
Reduction in growth required for maintenance issues			15,000	
Net impact of the restructure of the surveying team		19,690	7,880	11,810
Public conveniences	From 1st April 2020 business rates are now no longer charged on public conveniences		21,980	5,660
<u>Communities Directorate</u>				
<i>Wellbeing</i>				
Review of base budgets			1,470	10,250
Additional textile income to offset the cost of community grants			5,000	
Reduction in funding for Eastbrook Community Centre				
Removal of 'Money Tree' budget	There is a total budget of £10,560 for participative budgeting for Worthing. This initiative has been reviewed and only £3,000 is required for a new Participation post.			7,560
<i>Environmental services</i>				
Charging beach huts for rates under Worthing	Under the terms of the agreement with the beach hut owners, the Council can recover rates from licensees. However to date WBC have chosen not to recoup these costs. Within Adur, these costs are regularly recharged back to the customer.			56,000
Recharge of utilities to bowling clubs and pavillion occupiers				86,000

Savings proposals for 2021/22

Appendix 3

		2021/22		
Description	Details	Joint (memo only)	Adur	Worthing
		£	£	£
Communities Directorate				
Environmental services restructure	Redundancy costs of £106,000 likely to be incurred	27,000	10,800	16,200
Digital, sustainability and resources directorate				
Customer and Digital Services				
Savings within stationery budget		10,000	4,000	6,000
Savings with print budget	New MFD contract and reduced printing requirements	25,000	10,000	15,000
Financial Services				
Local pension costs	Due to decline in pensioners, the cost of local pension payments has reduced.		39,500	34,220
Review of corporate management budgets			16,150	220
Removal of car allowance budget	Changes to investigation work and introduction of pool cars mean that this budget is no longer needed			2,500
Internal audit	Removal of employee related expenses budgets following restructure.			840
Budget review of joint services		1,050	420	630
Legal Services				
Reduction in printing costs		1,000	400	600
Base budget review				1,000
Revenues and Benefits				
Review of staffing levels	Removal of 1 post with the redeployment of the post holder into other work within the team if possible.	43,740	17,500	26,240
Human Resources				
Base budget review		3,460	1,380	2,080
Total Departmental Savings		165,940	171,480	312,160
Total savings identified		525,160	560,790	1,291,650

Capital flexibilities schedule

Appendix 4

Project	Overall annual savings generated £	Adur District Council				Nature of expenditure
		Share of 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 Actual	0	
				2020/21	13,600	
2020/21 savings proposals	371,000	40	148,500	2020/21	60,000	tbc
2021/22 savings proposals - general	83,950	40	33,580	2021/22	60,000	tbc
- Accomodation project	180,000	40	72,000	2020/21 - 2021/22	97,260	Project delivery costs
Total	971,620		309,710		178,230	

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 Actual	22,093	
				2020/21	22,300	
2020/21 savings proposals	371,000	60	222,500	2020/21	90,000	tbc
2021/22 savings proposals - general	83,950	60	50,370	2021/22	90,000	tbc
- Accomodation project	180,000	60	108,000	2020/21 - 2021/22	145,880	Project delivery costs
Total	791,620		481,910		388,825	