



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
9 July 2019
Agenda Item 8

Key Decision [~~Yes~~/No]

Ward(s) Affected:

Becoming financially sustainable - Revenue Budget Strategy for 2020/21

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1 2020/21 is an unprecedented year for uncertainty. The timescales and quantum of the proposed changes arising from the new Comprehensive Spending Review and the associated Fairer Funding Review are very uncertain and it against this background that this year's budget strategy has been prepared.
- 1.2 The Council has a clear strategy for facing the challenges of rapidly changing local government finance and preparing for the reduction in retained business rates and the end of New Homes Bonus in the next few years. The Councils have already successfully addressed the removal of the Revenue Support Grant, and are actively and constructively working to mitigate the impacts of budget announcements by partners, in particular West Sussex County Council.
- 1.3 This strategic effort has involved the development of new and critical capabilities in the organisation, including strategic property investment, affordable housing investment, nationally recognised digital service design, and high quality, successful commercial services.
- 1.4 It has also required careful financial management, including managed and prudent increases in council tax, and a clear focus on driving efficiency and productivity.

- 1.5 Adur and Worthing Councils have responded to the challenge of falling government grant by promoting economic regeneration, investing in property, growing our commercial offer, and through business efficiency from the customer and digitisation transformation programmes. Despite the inevitable challenges brought about by reducing resources, the Councils have continued to maintain good core services across the board and have a clear focus on customer service excellence.
- 1.6 This report aims to set out how the Councils will continue to address the changing financial climate over the next 10 years, outlining the revenue forecast and setting out our strategic response to the challenges ahead. With the detailed budget proposals for 2020/21 coming forward to Joint Strategic Committee in December, this report sets out the broader context for the detailed work that will be undertaken over the intervening months.
- 1.7 As set out in the following pages, the Councils will be increasingly reliant on council tax income, business rate income, and our own income generating services. Our Councils have a good track record in innovation, working creatively in partnership, transforming our digital capabilities and putting the customer at the heart of our services, so that we have capacity to continue to deliver our aspirations for our Places.
- 1.8 Our strategy, 'Platforms for our Places' was approved by the Councils in February 2017 is sets out how we can play an even greater role in helping to shape the future of our places. The refresh of this strategy is elsewhere on this agenda. The 5 'Platforms' that provide the direction for all our work are:
- Our Financial Economies
 - Our Social Economies
 - Stewarding our Natural Resources
 - Services and Solutions for our places
 - Leadership of our Places
- 1.9 Work has been underway for some time to address the financial challenge in 2020/21 and beyond. This will continue over the summer and autumn, and the Operational Leaders Group (Heads of Service) will be working with the Councils Leadership Team to produce new service plans designed to deliver a balanced budget over the next 3 years. The outcome of the service planning process will be presented to the Joint Strategic Committee for approval in December 2019 as part of the development of the 2020/21 budget.

2. Recommendations

2.1 The Joint Strategic Committee is recommended to:

- (a) Note the report and the outline 5-year forecasts in Appendix 2;
- (b) Approve the proposed budget process as set out in section 6 of the report;
- (c) **Recommend** to the Councils to approve the Budget Strategy for 2020/21 outlined in Section 9 of the report.

2.2 The Joint Overview and Scrutiny Committee is asked to note the content of the report.

3. Background

3.1 Both Councils have successfully managed to maintain a balanced budget over recent years despite the considerable financial challenges presented by the withdrawal of Government funding. Council Tax increases have been kept to a minimum, with the Councils choosing to freeze or reduce the Council tax when possible.

3.2 However, the financial pressure continues. Revenue support grant has disappeared; the conditions attached to New Homes Bonus will mean that this will reduce as a resource in the future and is likely to be phased out from 2020/21 onwards; and the Councils expect a reduction in the level of retained business rates when the business rate system is reset. Local Government funding has changed considerably since 2010, and the pace of change is set to continue with the proposed changes to the business rates system and the new distribution of needs-based funding.

3.3 Members are being asked to consider the budget strategy at an early point in the year to enable the Councils to plan ahead. There are clear advantages in this approach, not least because it gives members and officers a good understanding of the overall financial position of the Council as well as giving sufficient time to consider how the challenges identified will be met.

4. Financial context

4.1 National context and external factors

4.1.1 Since 2010, the Councils have seen a considerable reduction in the level of funding from Government. The Comprehensive Spending Review of

2016/17 provided some certainty over the level of funding that the Councils could expect in the short term up to 2019/20. However the Councils are now awaiting the outcome of the next Comprehensive Spending Review (CSR) which should determine the overall resources allocated to Local Government for the four year period 2020/21 - 2023/24. But it is difficult to establish when the outcome of the new CSR will be announced with most commentators now predicting that it will not be reported on until November at the earliest.

To further complicate the position, the Country will also have a new Prime Minister in July and potentially a new Chancellor shortly thereafter. Much of the parliamentary time is currently taken up with deliberations about Brexit.

Consequently there is a real risk that the four year CSR will be delayed with a one year settlement being announced in the late Autumn.

4.1.2 Reform of Local Government Finance

In parallel to the CSR, the Councils are expecting some fundamental changes to the distribution of Local Government funding. There are two elements to this reform:

- The Fair Funding Review which considers how business rates and any government funding would be distributed across the Country in future.
- The review of the business rate retention scheme.

i) Fairer Funding Review:

The Government is undertaking a fairer funding review with the aim of introducing a more up-to-date, more transparent and fairer needs assessment formula which will be used to distribute the Business Rate income nationally and any residual Revenue Support Grant.

The review is considering all services provided by local Government and will determine the new starting point for local authorities under the revamped Business Rate Retention Scheme which is due to be introduced in 2020/21.

The Government has undertaken a series of consultations on the new system, a further consultation on the final shape of the new proposals is expected. The sector is now awaiting the financial outcome of the review which will not be announced until after the CSR. Consequently, the earliest that the Council could expect to know what the new funding levels will be is in late November / early December.

It is extremely difficult to predict the outcome of this review as insufficient details have been released. Given the logistical challenges for Councils in such a late notification, it is inevitable that there will be some transition arrangements in place. These arrangements will enable all Councils to manage potentially significant swings in funding.

ii) Business Rate Retention:

Due to the impact of Brexit on the legislative timetable, the full return of business rate income to Local Government has been deferred. The proposal is now to increase the amount retained locally by the Council and the County Council to 75% from 2020/21 onwards.

The new system is expected to be fiscally neutral and so the increase in business rate income will be matched by the removal of grants such as Revenue Support Grant, Housing grants, Public Health Grant and other funding streams.

Whilst it is not clear how this change will be dealt with in two tier areas, given the requirement for new system to be cost neutral, it is likely that the County Council will be the beneficiary of the increased share of the business rate income.

As part of the new system, along with the impact of the fairer funding review, there will be a 'baseline' reset. The statement by the Secretary of State was clear that:

"Local authorities will be able to keep that same share of growth on their baseline levels from 2020 to 2021 when the system is reset. So that from 2020 to 2021 business rates will be redistributed according to the outcome of the new needs assessment subject to suitable transitional measures".

4.1.3 Given the delay to the CSR, and the consequences for the delivery of the reforms to both the business rate retention scheme and the distribution of needs based funding, the full financial impact may not be seen until 2021/22. There are potentially two scenarios emerging:

- The changes resulting from the fairer funding review and the revamp of the business rate retention scheme are delayed a year with minimal changes for 2020/21
- The fairer funding review and business rate retention scheme goes ahead as planned but the changes are phased in over three years with a partial change in 2020/21.

The Councils will have a clearer picture of the likely changes for 2020/21 later in the year.

4.2 The changes to how the Councils are funded:

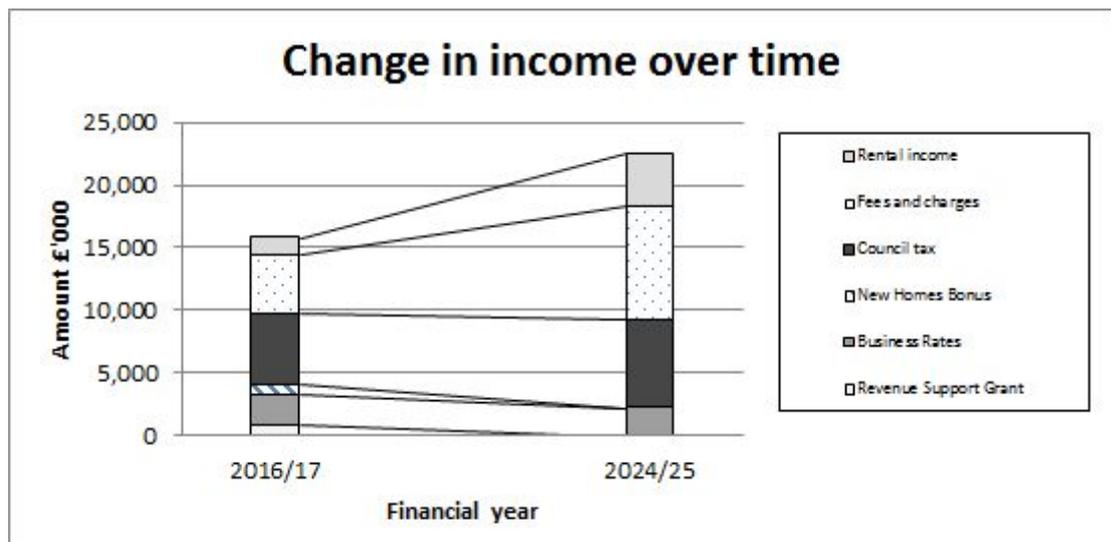
4.2.1 The Local Government Finance landscape has changed profoundly over the last few years due to three factors:

- The introduction of Business Rate Retention Scheme which is due to be reformed again for 2020/21
- Localising Council Tax Support (Council Tax Benefit)
- The continuing reduction in all Government grants

The Councils now receive three distinct funding streams from taxation which are discussed more fully later in the report:

- Business Rates;
- New Homes Bonus; and
- Council Tax

Revenue Support Grant (RSG) has ceased to be a funding source for the Councils and the underlying make-up of funding to the Councils continues to change rapidly with increasing proportions coming from fees and charges, rental income, Council Tax and the Business Rate Retention Scheme. New Homes Bonus has been substantially reduced and is likely to be phased out from 2020/21.



(Using Adur as an example)

These changes to local government funding have influenced how the Councils view both the building of new homes and the creation of new employment space. The Councils are taking an increasingly proactive role in stimulating the local economy through the Platforms for Our Places

strategy, whether this is through the provision of office space to attract high quality employers or through working with business to facilitate the development of sites within the areas to stimulate the economy.

4.2.2 Baseline Funding and Business Rates Retention

Under the current business rate retention scheme, District and Borough Councils are entitled to retain a 40% share of the business rate income raised locally. However the system is complex, with the share retained being reduced by a series of nationally determined adjustments (the Tariff and the levy).

Ultimately the Scheme allows councils to keep a small element (20%) of any growth in business rate income over a retained 'baseline' amount. The forecasting of overall business rate income is again difficult this year due to two factors which are discussed in more detail below:

- i) The continuing impact of the appeals arising from the national business rate revaluation in 2017/18.
- ii) The potential further reform of the business rate system and the impact of the fairer funding review.

The forecasts contained within the report are based on the current business rate system but with the assumption that there will be a 50% reset in Business Rate income in 2020/21, however this is dependent on the progress of the CSR and the Fairer Funding Review.

There are three aspects of this scheme which will ultimately influence the amount of business rate income retained locally and also the Councils' budgets in the medium term:

1. **The 'Tariff':**

Whilst the Councils are entitled to retain 40% of all business rate income, they are then obliged to pay over a substantial element of these retained business rates to the Government via an adjustment known as the Tariff. The 'Tariff' is due to be reset as part of the fairer funding review as the assumption for budgeting purposes is that this will increase by inflation for 2020/21. However the scale and timing of any adjustment to the tariff beyond 2020/21 is difficult to quantify at the moment due to the uncertainties around the fairer funding review.

2. **Target income from Business Rates (Baseline funding):**

Every year the Councils are set a target by Government of how much business rates to collect. If this target is exceeded, the Council can keep 20% of the extra income in addition to the baseline funding amount. If there is a shortfall, then the Councils will have to make up

40% of the difference, although the maximum loss of income is limited to 7.5% of baseline funding.

The Councils have developed a five year model for business rate income which underpins the medium term financial plan. This includes the impact of larger developments currently being built and any new charitable reliefs being awarded. A summary of the expected additional business rates is detailed below:

	2019/20	2020/21	2021/22	2022/23	2023/24	2023/25
Adur	£'000	£'000	£'000	£'000	£'000	£'000
Baseline funding	1,738	1,773	1,808	1,845	1,881	1,919
Retained surplus rates	462	235	270	273	277	284
Total business rate income kept locally	2,200	2,008	2,078	2,118	2,158	2,203
Net business rate income collected	18,765	18,820	19,192	19,565	19,934	20,349
Percentage retained locally	11.72%	10.67%	10.83%	10.83%	10.83%	10.83%
Worthing						
Baseline funding	2,648	2,700	2,754	2,810	2,866	2,923
Retained surplus rates	826	300	309	309	315	321
Total business rate income kept locally	3,474	3,000	3,063	3,119	3,181	3,244
Net business rate income collected	32,889	33,127	33,823	34,447	35,138	35,838
Percentage retained locally	10.56%	9.06%	9.06%	9.05%	9.05%	9.05%

Members should be aware that there is significant volatility around aspects of the system, such as appeals, which make it difficult to forecast income with accuracy.

In addition, the local NHS trusts are claiming mandatory business rate relief. This is the subject of a national dispute. Whilst this will not significantly affect Adur District Council, Worthing Borough Council has

several substantial claims amounting to a potential loss of income to the Council £806,000. Worthing Borough Council has made a provision within the Collection Fund for the likely loss of income.

One of the features of the new system is that the Councils determine how much Business Rate income that they are entitled to from the Collection Fund at the outset of the new financial year. Once set, this total cannot be changed irrespective of any changes to the net business rate income within the year. Any surplus or deficit, due to changes in the business rate income, will be adjusted for in future years. This is similar to how Council Tax is treated. Both Councils saw an increase in reliefs during 2018/19 due to changes in Government policy together with a number of appeals being settled at the end of the financial year which led to a deficit within the Collection Fund of both Councils. This is being recouped in 2019/20. The Councils have set up a business rate smoothing reserves to help address this timing issue.

It is intended to refine the forecast of the business rate income over the coming months and to project forward the impact of new developments where planning permission has been granted but building has not yet started. There are a number of developments in progress which will ultimately benefit the business rate income for both Councils. These include:

- The Parcellforce site in Adur – Expected completion date is September 2019.
- New Monks Farm site in Adur – A planning application is expected to be considered by the Planning Committee in July. The proposal includes a new IKEA store which, if approved, is likely to be constructed over the next 2 – 3 years and will potentially benefit Adur in 2022.
- Free Wharf, Western Harbour Arm in Adur includes new commercial floorspace and is likely to start later in the year and be completed by 2021
- Union Place in Worthing – The development will take 3 – 4 years to complete once planning permission has been granted.
- Teville Gate in Worthing – A planning application is expected by the end of the year. The development will take 3 – 4 years to complete once planning permission has been granted.

Clearly, if the business rate income improves in 2019/20, then the surplus could be used to support the budget in 2020/21. An update to the likely surplus or deficit will be undertaken later in the year.

4.2.3 New Homes Bonus

The Coalition Government introduced the New Homes Bonus (NHB) in 2011/12 which is specifically targeted at rewarding increases in the Council Tax base and dealing with empty properties. The scheme has been recently reformed. Grant is paid over 4 years. In addition, a national baseline for housing growth of 0.4% has been introduced from 2017/18 onwards; growth below this level will not qualify for grant. For Adur and Worthing, this means a substantial number of houses will need to be completed each year before any grant will be awarded (103 in Adur or 184 in Worthing).

Consequently, the grant will now only benefit those Councils which have the capacity to build a significant number of new homes, and Adur, in particular, will struggle to build sufficient homes to qualify for any grant.

At present the forecast assumes that the grant will be phased out as part of the next Comprehensive Spending Review. However, if as a result of delays to CSR, the New Homes Bonus continues of another year, it is suggested that the additional bonus be set aside for investment in one-off projects associated with Platforms for our Places.

New Homes Bonus	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/243 £'000
Adur	126	11	10	10	0
Worthing	1,042	524	290	68	0

4.2.4 Council Tax

Council Tax is now the Councils' major source of general income from taxation. By 2020/21 it will be over 66% of the total general income received by Adur District Council and 72% of the income received by Worthing Borough Council. Consequently, there is an ever increasing strategic significance to the annual debate of how much to increase the Council Tax by.

The Councils have kept to a minimum increases over the past several years, opting to freeze or reduce Council Tax where possible whilst government support for such initiatives was available.

The Councils are well aware of the long term consequences of these decisions. Looking ahead the decision whether or not to increase Council Tax will have inevitable consequences for the Councils.

Clearly the loss of income will have an impact on the budget shortfall which would add to the level of savings required for the future.

However, the decision whether to freeze Council Tax is a finely balanced one. The Councils have a policy of keeping Council Tax low and the cost of freezing council tax in any particular year is fairly low, but the cumulative impact is growing. Therefore the Councils are faced with the dilemma of increasing Council Tax or finding additional savings to support a Council Tax freeze. This is particularly pertinent in the next two years when the Councils have to find savings of over £6.4m.

Finally, Members are reminded that there is a referendum limit. The limit announced last year was the higher of 3.00% or £5.00 per Band D property. At this time we do not know the referendum limit for the 2020/21 Council Tax increase. Historically the limit has been set at a lower limit at around 2%. The Consumer Price Index (CPI) is currently falling and was at 2.0% in May 2019. Consequently for the purposes of planning it is assumed that the limit will revert to 2%. A 2% increase would be equivalent to £6.02 per Band D property in Adur and £4.75 per Band D property in Worthing.

So, even if the Councils were minded to increase Council Tax, there is an imposed limit on the actual increase that the Councils can make. Members should be aware that a 1% change in Council Tax is equivalent to £63,460 in Adur and £91,560 in Worthing for 2020/21.

The current outline forecasts assume that the Councils will set the following increases over the next 5 years:

2020/21	2021/22	2022/23	2023/24	2024/25
2.0%	2.0%	2.0%	2.0%	2.0%

4.3 Reserves Position:

Both Councils have a clear policy to maintain balances at a minimum level of 6% and a maximum level of 10% of net expenditure. The level of General Fund working balance as at the 1st April 2019 is:

	Adur	Worthing
	£'000	£'000
Working balance	519	869
Net budget	8,659	13,704
Percentage held	6.0%	6.3%

In addition to the General Fund reserves, the Councils can access other major reserves to help smooth the impact of Council Tax increases and levels of savings necessary:

- The Capacity Issues Fund which was set up to help the Council cope with a range of cost pressures including cushioning the impact of the recession and to fund one-off initiatives (both Adur District Council and Worthing Borough Council);
- The Special and Other Emergency Expenditure Reserve which was set up to fund any strategic or one-off expenditure that may arise (both Adur District Council and Worthing Borough Council).

The Councils have a policy of actively contributing to these reserves in 2019/20 by proactively managing the inflation provision. In addition, where possible, the Councils are opting to use the ability to use capital receipts to fund initiative which make on-going savings (capital flexibilities) to further protect the reserves position. Assuming that no further withdrawals are approved from these reserves, it is estimated that the balance available to support the budget will be:

	Adur District Council		Worthing Borough Council	
	Balance as at 31-Mar-19	Uncommitted resources*	Balance as at 31-Mar-19	Uncommitted resources*
	£'000	£'000	£'000	£'000
Capacity Issues Reserve	425	385	1,646	1,216
Special and other emergency expenditure reserve	60	60	0	0
Total	485	445	1,646	1,216

* This allows for approvals to use the resources from 2019/20 onwards including the funding of any carry forward requests.

5. Key budget pressures in the next 5 years

5.1 The Councils have a number of key financial issues that need to be addressed over the coming 5 years. Most of these were highlighted in the revenue budget report presented to Members earlier this year, and arise not from increasing service levels or delivering new services, but simply from maintaining current services. The most significant of these impacts are detailed below:

5.2 Pay and Prices

5.2.1 The largest source of immediate cost pressure comes from inflation. General inflation is currently at 2.0% (CPI) which is at the target 2% set by the Bank of England.

5.2.2 In addition to general inflation, the Council will need to allow for the any pay award for 2020/21. The Unions have put in a claim for a 10% pay award, however this has not been agreed by the employers and is under negotiation. For the purposes of the budget, the Council is assuming that pay inflation would be in line with general inflation at 2%.

5.2.3 The following pay and price inflation allowances have been built into the 5-year forecast which reflects the forecast provided by the Bank of England:

	2020/21	2021/22	2022/23	2023/24	2024/25
	%	%	%	%	%
Pay*	2	2	2	2	2
Supplies and Services	2	2	2	2	2
Income	2	2	2	2	2

* An additional allowance for increments has been included in each of the budgets as follows:

Adur	Worthing	Joint Strategic Committee
£'000	£'000	£'000
40	80	290

Increment costs vary year on year due to the impact of re-gradings and recruitment. This is reassessed annually.

Overall net pay and price inflation is expected to add to the 2020/21 base budget over the next 5 years as follows:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Adur*	342	677	1,007	1,326	1,648
Worthing*	506	1,005	1,499	1,979	2,464
Note:					
Joint Services * (included above)	746	1,484	2,214	2,924	3,645

Income is assumed to increase by 2.0% in 2020/21 which will help to offset the inflationary pressures.

It is difficult to be certain about inflation for 2020/21 at this early point in the year. A 1% difference in the inflation assumptions is equivalent to:

	Adur	Worthing	Joint
	£'000	£'000	£'000
Pay	8	29	236
Supplies and Services	23	110	53
Income	-35	-131	-60
Total	-4	8	229
Share of joint inflation	92	137	-229
OVERALL TOTAL	88	145	-

5.3 Impact of the Capital Programme

- 5.3.1 The General Fund capital programmes are currently funded through a combination of prudential borrowing and capital receipts supplemented by specific grants and contributions. The five year forecast assumes a programme of £1.0m per year for Adur District Council and £2.5m for Worthing Borough Council. This reflects concerns about affordability in the medium term balanced with the need to invest to maintain the Councils asset stock as identified within by the condition surveys.

In addition, within the capital strategy, Adur District Council has allocated £5.5m in 2020/21 and £5.6m in 2021/22 to the Housing Investment Programme for general maintenance of the Adur Homes stock which is reflected in the 30 year investment business plan.

Each £1m of borrowing is estimated to cost £10,000 in the first year and £78,000 the year after, although the cost is dependent on the prevailing rate of interest and the life of the asset acquired. (Based on a 2.0% interest cost and 15 year asset life)

5.3.2 Interest rates

The bank interest rates have continued to remain low for some time at 0.75% and are unlikely to rise until later in 2019 at the earliest. These will influence the returns that the Council is likely to get on any cash investments. There is considerable uncertainty at the moment about interest rates and our treasury advisors indicate that they will stay low for a longer period of time. Built into the 5 year forecasts are the following assumptions regarding average investment yields:

	2020/21	2021/22	2022/23	2023/24	2024/25
Average interest yield	0.90%	1.00%	1.25%	1.50%	1.75%

Each 0.5% change in interest rates is equivalent to £50,000 (based on £10,000,000 investments).

5.4 2020 recycling targets:

5.4.1 By 2020, the County will need to recycle 50% of all waste which is a statutory target enshrined in EU legislation. The Councils currently recycle around 36% of household waste.

5.4.2 To improve the councils recycling rates and to support the Councils' sustainability commitments within Platforms for our Places, the Councils have taken the decision to implement an Alternate Weekly Collection system which is due to be rolled out in September 2019. This was estimated to save the Councils £0.4m per year (£0.2m in 2019/20 and a further £0.2m in 2020/21) whilst boosting recycling rates to over 40%.

5.4.3 In parallel to this, the Councils are also actively considering a range of other waste recycling and minimisation initiatives. The Councils are working with our partners in the West Sussex Waste Partnership to drive up the county's recycling rate to meet the set 50% target on time. A provision of £200k per year for the cost impact of new measures to improve recycling collection rates across the two Councils is allowed for from 2021/22 onwards.

5.5 Impact of County Council budget proposals:

5.5.1 As part of the 2019/20 budget round, the County Council took the decision to reduce the budget for supported housing. This was a reduction in the level of housing support of £1.2m across Adur and Worthing Councils (30% from Adur and 70% from Adur) with potentially significant implications for the tenants of this accommodation and the Councils.

5.5.2 At this time the Councils do not know what the final financial impact of this decision will be. The Council is currently working with partners across the County area to recommission appropriate housing support and provision but at this time the full financial impact of this change cannot be quantified, therefore the budget currently contains a contingency amount of £1.2m.

5.5.3 In addition, it is clear that due to the financial position of the county Council, they are also considering reducing or cutting completely recycling payments from the budget. The Councils currently expect to receive £1.05m per year from the County and should prepare to receive no support from 2020/21 onwards.

5.5.4 Consequently, one of the Councils' largest financial pressures at the moment is the budget decisions of the County Council. These decisions are being made by the County Council against a backdrop of considerable financial pressure. The County need to significantly invest in core services whilst Government Funding fails to keep pace with the emerging demographic pressures. However, the consequences for District and Borough Councils are significant.

	Total £'000	Adur £'000	Worthing £'000
2019/20 - budget provision	300	90	210
Additional set aside in 2020/21	900	270	630
Contingency for the impact of Supported Housing	1,200	360	840
Withdrawal of recycling credits	1,048	377	671
Total current impact of County budget proposals	2,248	737	1,511

5.6 Cultural Services recommissioning

5.6.1 The current 5-year forecast has allowed the following additional amounts for the recommissioning of Cultural Services:

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Additional annual cost per year	100	200	150	100	50	0
Adjustment required in 2020/21 budget forecast		100	50	0	-50	-100

The report elsewhere on the agenda, updates members on the final costs associated with this exercise. If the report is approved, the 5-year forecast will be updated to reflect the profile of contract payments for the new Trust.

5.7 Councils' Budget and Shortfall:

5.7.1 A summary of the position for 2020/21 is therefore:

	Adur £'000	Worthing £'000
Main cost pressures:		
Inflationary pressures in excess of the likely increase in Council Tax	216	323
Changes in Government Funding		
Change in retained business rates	189	514
Change in New Homes Bonus	115	518
Reduction in Revenue Support Grant	184	120
Overall change to government funding	488	1,152
Other items:		
Potential impact of County budget decisions	647	1,301
Net impact of the capital programme	177	180
Impact of interest rates on investment income	-33	-56
Impact of 2020 recycling targets	-70	-130
Impact of reprocurement of Theatres and Culture services	0	100
Reinstatement of Elections budget	18	0
Provision for new investment in services	60	80
Removal of surplus / deficit on the collection fund	-41	-9
Reduction in commercial rental income		90
Contingency	70	90
Other changes		2
Overall savings to be met from a combination of increased income from investment & commercial activities, the service redesign strategy, and other savings initiatives.	1,532	3,123

Note: This breakdown of the cost pressures is given at an early point in the financial year; consequently a contingency amount has been added for unidentified items and known budget risks. This will be stripped out as the year progresses.

5.5.2 The overall estimated budget shortfall for both Councils is expected to increase for the next five years is as follows:

	2020/21	2021/22	2022/23	2023/24	2024/25
ADUR*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	1,532	1,971	2,409	2,772	3,073
Annual shortfall	1,532	439	438	363	301
Total net budget	8,523	8,708	8,895	9,077	9,277
Annual savings as a percentage of overall net budget (%)	17.98%	5.04%	4.93%	4.00%	3.24%

	2020/21	2021/22	2022/23	2023/24	2024/25
WORTHING*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	3,123	4,456	5,349	6,034	6,624
Annual shortfall	3,123	1,333	893	685	590
Total net budget	12,864	12,909	12,982	13,205	13,511
Annual savings as a percentage of overall net budget (%)	24.28%	10.33%	6.88%	5.19%	4.37%

	2020/21	2021/22	2022/23	2023/24	2024/25
JOINT SERVICES**	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	2,691	3,315	3,726	4,220	4,723
Annual shortfall	2,691	624	411	494	503
Total net budget	20,931	21,245	21,564	21,780	21,998
Annual savings as a percentage of overall net budget (%)	12.90%	2.90%	1.90%	2.30%	2.30%

6. Options for addressing the budget gap in 2020/21 and beyond

6.1 The Councils will need to identify significant savings or deliver income growth over the next 5 - 10 years to balance the budget; this is with building only limited additional capacity to deliver new or improved services. The Councils reshaped the budget strategy back in 2016/17, with new explicit strands of work designed to balance the budget and support the Councils priorities. The focus has been to increase income generation and reduce the savings to be delivered from service reductions – nevertheless each year efficiency savings will still need to be found, especially once the outcome of the fairer funding review is implemented when it is expected that income from government and business rates will fall.

6.2 This programme will continue to be shaped over the coming months by the strategic work streams. The current targets for the main agreed programme of work are:

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Main programmes:						
Strategic Property Investment Fund	1,000	400	400	400	400	2,600
Commercial income growth	600	600	600	600	600	3,000
Digital service redesign Programme	200	200	200	200	200	1,000
Affordable housing programme	160	115	0	0	0	275

6.3 The Councils will need to identify options to meet the budget shortfall for 2020/21 and beyond. The process follows the four stages:

1. Directors are responsible for identifying proposals to meet a significant proportion of the savings targets to be considered by Council Leadership Team.
2. The “Budget Reference Group” (joint Executives) will consider the proposals to meet the 2020/21 budget shortfall which fit with the Councils’ priorities.
3. Consideration by Joint Overview and Scrutiny Committee of the options put forward with a view to commenting on the proposed

savings than impact on the Worthing Borough Council budget. Joint Overview and Scrutiny Committee can also add to the list of proposed savings with additional options as considered appropriate.

4. Consideration by Joint Strategic Committee of which of the savings are to be used to fund the budget shortfall.

A flowchart with outline timescales for the 2020/21 budget is attached at Appendix 1.

6.4 There are several strands to the budget strategy which are explored in more detail below.

1. The Major Projects Board leads on delivering projects to increase employment space and additional housing;
2. The Commercial Activity working group leads on the delivery of the income growth from commercial services and seeks to improve the customer experience.
3. The Service Redesign Board leads on the delivery of business transformation and the Digital Strategy and ensure that the benefits are realised from this programme of work;
4. The Strategic Asset Management Board leads on delivering the income growth associated with the Strategic Property Investment Fund
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.

6.5 These strands of work reflect the priorities identified as part of 'Platforms for our Places', as follows:

Platform 1: Our Financial Economies

The Councils will:

- i) Provide strategic support to the business sectors to drive growth across Adur and Worthing thereby facilitating the creation of more employment and retail space thereby increasing business rates income.
- ii) Invest in and deliver major projects and key infrastructure to increase employment space and new homes

- iii) Use the Council's Strategic Property Investment Fund to deliver new revenue streams and support investment projects. This will be achieved through the following strands of work:
- a) The Council will look for development opportunities for owned land. For example both Councils own land which could be developed in partnership to provide accommodation or commercial property which could be rented out to generate an income stream which potentially could exceed that generated through investment of any sale proceeds. Adur District Council has recently approved in principle the construction of a new office building.
 - b) The Councils will look for the opportunity to acquire or develop new commercial properties. To facilitate this, within the capital strategy, funding is released each year for opportunities that will generate a return of between 2% and 3% after allowing for any financing costs. It should be appreciated that actual spend in any given year will be dependent on successfully identifying properties to purchase. An element of the additional income will be set aside each year to help fund the impact of any future void properties

Per Council	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Expected cumulative return (after debt charges and allowance for voids)	400	500	600	700	800

- iv) Promote initiatives to increase employment and reduce the burden on the public purse associated with benefits and poverty.

Platform 2: Our Social Economies

The Councils will:

- i) Provide and enable the delivery of new homes across Adur and Worthing. The delivery of new homes will increase Council Tax income and lever in any government reward grant (e.g. New Homes Bonus). On average each new home built (Band C) will generate £239.60 for Adur District Council and £199.68 for Worthing Borough Council in Council Tax income. There are a significant number of potential developments being considered by both Councils. Adur

District Council, via the HRA, is directly delivering a number of schemes to improve supply.

- ii) The Council will prevent homelessness and deliver the Homelessness reduction Act. As part of this, the councils have been proactively looking at ways in which to reduce the costs of accommodating residents in temporary and emergency accommodation including:
 - a) Preventing residents from becoming homeless;
 - b) Working with landlords on delivering fit for purpose, cost effective accommodation through the Open Door scheme; and
 - c) Acquiring or developing Council owned accommodation to meet community need. Three schemes have been approved to date which will generate savings for the Council whilst providing good quality temporary and emergency accommodation.
- iii) Encourage social innovation, social financing and supporting community and social entrepreneurs to create and deliver solutions that work for our places. This will include:
 - a. Extension of Community self-management of facilities such as sports sites and allotments;
 - b. Extension of the TCV project to involve communities in volunteering and conservation

Platform 3: Stewarding our Natural Resources

The Councils will:

- i) Deliver solar panels on our corporate buildings and reduce, in the longer term, our energy costs and protect against future energy price rises. £735,680 has been allocated to deliver these improvements in the 2019/20 capital investment programme. A *Carbon Reduction Plan* developed by the end of 2019 will identify prioritised interventions to deliver cost effective carbon reduction and long term cost savings. As an example, Worthing Borough Council lowered energy costs by 63% in two Worthing car parks by investing in replacement LED lighting
- ii) Engage with our communities to promote and support the zero to landfill objective thereby minimising the costs associated with meeting the 2020 recycling targets.

Platform 4: Services and Solutions for our places

The Councils will identify and maximise the financial return on our services to support the Council's budgetary position by:

a. Implementing the Digital Strategy:

The Councils have embarked on a radical digital transformation programme as approved by the Joint Strategic Programme on the 2nd December 2014. There is an ongoing programme of work designed to lever in significant savings which the Council has continued to roll-out.

	2020/21	2021/22	2022/23	2023/24 and beyond
	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	200
Cumulative impact	200	400	600	800

b. Identify options for commercialisation across all Directorates:

There are two elements to this area of work:

- Existing fee earning services are being reviewed:
 - Services which either have fees set by central government or can only break-even by statute will be reviewed to ensure that income is sufficient to cover costs. This includes Land Charges, Building Control and Development Management.
 - Services which have an agreed public subsidy (e.g. theatres) will be reviewed to ensure that the net cost of the service can be contained within the agreed subsidy and that the subsidy is reduced over time.
 - Services which operate on a commercial basis will be encouraged to maximise profit margins where possible.
- The Councils will look for new income generating opportunities.

A target increase in income from commercial activities has been agreed. It is expected that this strand of work will generate an additional £600k per annum which, if achieved, will be a substantial contribution to resolving the budget shortfall.

	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. Procurement

The Councils will continue to identify opportunities to lever in further procurement savings by implementing a category management approach to procurement with partners, working with other organisations to pool both specialist procurement resources and aggregate contracts to deliver value for money. The clear intention is to identify potential 'procurement savings' within existing budgets where possible thereby protecting front-line services.

d. Base budget review

The Councils will undertake a base budget review to ensure that the budgets are as accurate as possible and strip out any unneeded provisions.

6.6 The Councils currently have uncommitted reserves of:

	£'000
Adur	329
Worthing	1,248

So, there remains a limited option to use some reserves to smooth the impact of the savings required. However, any use of reserves can only be regarded as a short-term and non-sustainable solution and should have due regard to the level of reserves available. At this point of time in the budget cycle, it is not proposed to use reserves to balance the budget for 2019/20, but to set challenging targets for savings. This will be revisited in the autumn when the options for savings emerge and the Councils have a clearer understanding of the financial challenges ahead.

6.7 To ensure that the savings offered later in the year reflect the Councils' priorities, all the proposals which affect Worthing will also be presented to the Joint Overview and Scrutiny Committee for consideration and comment.

7. 2021/22 and beyond

7.1 The budget projections for 2020/21 to 2024/25 are also shown in Appendix 2. It is clear that many of the cost pressures identified in 2020/21 will continue on for the coming years and that there is a continuing need to make significant savings although the level of annual savings should decline once the Council has addressed the impact of the Fairer Funding Review .

	2020/21	2021/22	2022/23	2023/24	2024/25
Adur District Council	£'000	£'000	£'000	£'000	£'000
Estimated cumulative savings required to balance the budget	1,532	1,971	2,409	2,772	3,073
Savings required each year	1,532	439	438	363	301
Worthing Borough Council					
Estimated cumulative savings required to balance the budget	3,123	4,456	5,349	6,034	6,624
Savings required each year	3,123	1,333	893	685	590

7.2 It is an inherent feature of the budget strategy that officers will continue to be asked to identify annual “cashable” efficiency and procurement savings to help meet the budget gap and to protect priority services. However, the focus of the current strategy is to meet a significant proportion of the challenge through income generation by:

- i) Building new homes and increasing income from Council Tax.
- ii) Increasing business rates through the development of new employment spaces.
- iii) Increasing income from commercial activity;
- iv) Investing in property using the Strategic Property Investment Fund.

7.3 This strategy will have long term benefits. Shown at Appendix 3 is a 10 year forecast which considers whether the current strategy will result in a more sustainable budget for the future based on known cost pressures. Whilst

the next 2 to 3 years are challenging, if the Councils are successful in delivering the strategy detailed above, the financial issues faced in the future should be manageable.

- 7.4 Challenging times are ahead, however if the Councils focus on delivering the strategy and continue to target limited resources on priorities, then we are in a good position to respond to the inevitable budget shortfalls.

8. Housing Revenue Account

- 8.1 The Housing Revenue Account (HRA) has a 30-year financial plan which was included in the rent setting report considered in February this year. It is not intended to replicate those financial projections within this report but update the forecast later once the asset management plan has been refreshed. However, like the General Fund, the HRA is facing some significant challenges, not least the continued impact of the 1% rent reduction for the 4 years 2016/17 - 2019/2020.

- 8.2 Nevertheless, the HRA will be subject to the same budget process and strategy as outlined below.

9. Budget strategy for the development of the 2020/21 budget

- 9.1 A detailed budget strategy now needs to be agreed, to underpin the preparation of the budget throughout the coming months and to reflect the discussion outlined above. The following are recommended as principles to be used in the preparation of the 2020/21 revenue and capital budgets:

9.2 Revenue Budget Strategy

- The Councils aim to be self-sufficient by 2020/21 and reliant only on income from fees and charges, commercial rents, Council Tax and Business Rates
- The Councils will aim to keep Council Tax increases to a minimum;
- The Councils will seek to increase income from business rates and council tax by facilitating the creation of new homes and employment space.
- Growth in expenditure is to be restricted to unavoidable expenditure to satisfy the delivery of the Councils' Key Priorities and other legislative requirements. The key items of growth identified to date have been included in the outline 5-year forecast;
- Any other growth to be accompanied by proposals for equivalent ongoing savings and not to be funded from reserves;

- Income is to be increased in line with the inflationary pressures upon the Councils (2.0%) or such higher increase as the individual markets can bear
- Expenditure is to be increased by: 2% for pay (plus an allowance has been made for increments which are a contractual commitment) and 2.0% for all other expenditure (except for inflation arising from contractual indexation provisions and energy for which an appropriate provision is to be made);
- The Council aims to set a balanced budget. Any proposed use of reserves is to have regard to the adequacy of such reserves and any such policy must be sustainable in the longer term. In addition, the Council aims not to have any planned call upon the General Fund Working Balance;
- Officers are to identify 'cashable' efficiency savings, options for reducing non-priority services, and undertake a critical review of income.

9.3 Capital Investment Programme

- The maximum level of funding to be made available per year for the next 5 years to fund new General Fund schemes as follows:

Adur District Council: £1m core funding (plus £5.2m in 2019/20 and £5.5m in 2020/21 for the Housing Investment Programme)

Worthing Borough Council: £2.5m core funding

The funding of the programme is to be comprised of prudential borrowing, capital grants and capital receipts. This reflects concerns about affordability; however members need to be aware that the number, age and condition of the Councils' assets continue to be a cause for concern and that the programmes may need to be increased if any unavoidable expenditure that cannot be accommodated within the programme is identified.

- Additional capital expenditure to be only agreed where additional funding from capital grants, contributions, earmarked receipts, approved additional prudential borrowing or use of reserves has been secured.

10. Engagement and Communication

- 10.1 The budget proposals will be the subject of internal officer consultation.

- 10.2 All savings proposals will be scrutinised by the Joint Overview and Scrutiny Committee at its meeting of November 2018.
- 10.3 All members will participate in the setting of the annual budget at the Council meetings in February.
- 10.4 If appropriate the budget consultation this year will be undertaken over the autumn. The final form of the consultation is not yet decided.
- 10.5 The Adur Consultative Forum (tenants' forum) will be consulted on regarding any proposed changes to the HRA.

11. Financial Implications

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

12. Legal Implications

- 12.1 The Council is required to set a robust budget under the Local Government Act 2003. This report is the first step towards the Council achieving this aim for the 2019/20 budget round.

Background Papers

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

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

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

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 6th December 2017 – “Platforms for our Places” – Unlocking the power of people, communities and our local geographies.

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Sustainability & Risk Assessment

1. Economic

The budget contains funding for commitments made under Platform 1: Our Financial Economies.

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.

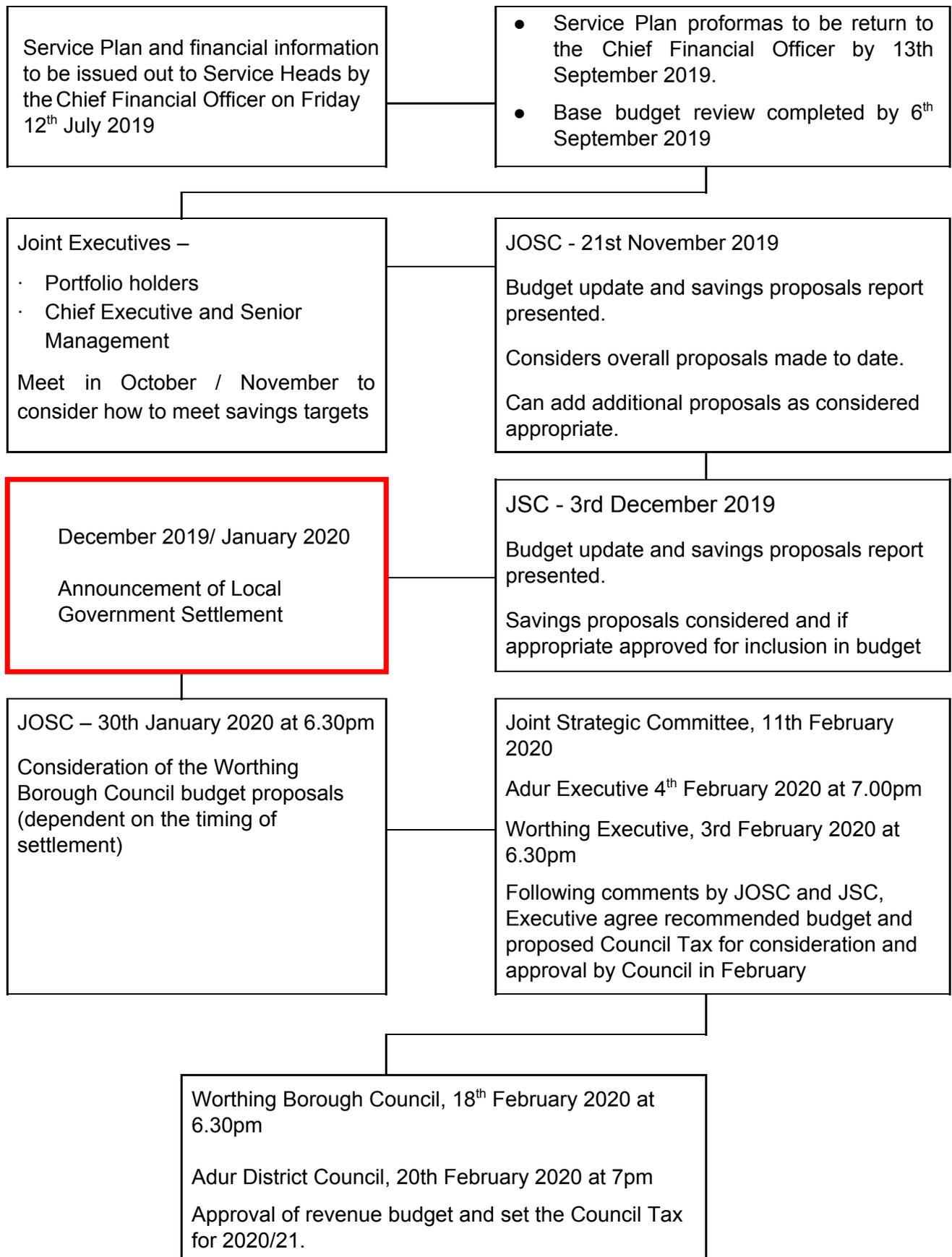
3. Environmental

Matter considered and no issues identified.

4. Governance

Matter considered and no issues identified.

Appendix 1



Appendix 2

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2019/20 - 2024/25						
Net Spending to be Financed from Taxation	2019/20 Base	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	8,659	8,659	8,659	8,659	8,659	8,659
(a) Annual Inflation						
Estimated inflation		342	677	1,007	1,326	1,648
(b) One -off / non-recurring items						
Local Elections (held every other year)		18	-	19	-	20
(c) Committed Growth						
Consolidation of homeless funding into overall Council funding as part of fairer funding review		184	184	184	184	184
Net cost of increasing recycling to meet 50% targets:						
- Full year impact of implementation of Alternate Weekly Collection		(70)	(70)	(70)	(70)	(70)
- Impact of introducing weekly food waste collections		-	72	72	72	72
Contingency for future committed growth		70	140	210	280	350
(d) Impact of County budget reductions						
Further reduction in supported housing budgets		270	270	270	270	270
Withdrawal of recycling support		377	377	377	377	377
(e) Impact of capital programme						
Financing costs		135	249	404	528	566
Maximum impact of Gigabit Project		42	42	42	42	42
(f) Additional income						
Investment income		(33)	(42)	(50)	(59)	(68)
(g) Approved Growth items						
Provision for new growth items		60	120	180	240	300
Total Cabinet Member Requirements	8,659	10,054	10,678	11,304	11,849	12,350

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2019/20 - 2024/25

	2019/20 Base	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Total Cabinet Member Requirements B/fwd	8,659	10,054	10,678	11,304	11,849	12,350
Baseline funding	1,739	1,774	1,809	1,845	1,882	1,920
Add: Retained additional business rates	711	265	270	273	277	284
Add: Share of previous year's surplus / (deficit)	(250)					
Add: Levy surplus	27					
Adjusted Baseline funding	2,227	2,039	2,079	2,118	2,159	2,204
Council Tax income	6,347	6,473	6,619	6,767	6,919	7,074
Other grants						
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	-	-
New homes bonus (2019/20 - 2022/23)	-	-	-	-	-	-
New homes bonus (2020/21 - 2023/24)	-	-	-	-	-	-
Total NHB	126	11	10	10	-	-
Collection fund surplus/deficit (-)	(41)	-	-	-	-	-
Total other grants and contributions	85	11	10	10	-	-
Total Income from Grants and Taxation	8,659	8,523	8,708	8,895	9,077	9,277
(Surplus) / Shortfall in Resources	-	1,532	1,971	2,409	2,772	3,073
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,532	1,971	2,409	2,772	3,073

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2019/20 - 2024/25

	2019/20 Base	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET		1,532	1,971	2,409	2,772	3,073
Savings strategy to date:						
Strategic Property Investment Fund						
Future purchases		150	350	550	750	950
Impact of properties purchased to date		350	350	350	350	350
New office block		55	55	55	55	55
Provision for future voids		(100)	(200)	(300)	(400)	(500)
Commercial and Customer Activities		170	340	510	680	850
Efficiency Measures						
Digital strategy		80	160	240	320	400
Affordable Housing Programme						
Approved projects		30	60	60	60	60
Total future initiatives identified		735	1,115	1,465	1,815	2,165
Cumulative savings still to be found/ (surplus)		797	856	944	957	908
Annual savings still to be found		797	59	89	13	(49)
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£6.02	£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)		£5.35	£5.43	£5.54	£5.65	£5.76
Average weekly increase (Band C property)		£0.10	£0.10	£0.11	£0.11	£0.11
Savings required in each year		1,532	439	438	363	301

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

	2019/20 Base	2020/21	2021/22	2022/23	2023/24	2024/25
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	13,704	13,704	13,704	13,704	13,704	13,704
(a) Annual Inflation		506	1,005	1,499	1,979	2,464
(b) One -off / non-recurring items						
Local Elections (not held once every four years)		-	(50)	-	-	-
(c) Committed Growth / Cost reductions						
Fall out of SDLT pension costs.		(18)	(36)	(36)	(36)	(36)
Reduction in grant for homelessness		120	120	120	120	120
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
Reprocurement of theatres and culture		100	50	-	(50)	(100)
Closure of Café at Brooklands during planning improvements		20	20	20	20	20
Reduction in commercial rental agreements		90	90	90	90	90
Contingency for future committed growth		80	160	240	320	400
(d) Impact of County budget reductions						
Further reduction in supported housing budgets		630	630	630	630	630
Withdrawal of recycling support		671	671	671	671	671
(e) Impact of capital programme						
Financing costs - General Programme		12	162	201	449	683
Impact of refurbishment of High Street Car Park		105	291	291	291	291
Maximum impact of Gigabit Project		63	63	63	63	63
(f) Impact of major projects						
Impact of land acquisitions and new developments at Union Place, Grafton, town hall car park and other major projects.		-	400	700	800	900
(g) Additional income						
Investment income		(56)	(93)	(130)	(170)	(213)
(h) Approved Growth items						
Provision for new growth items		90	180	270	360	450
Total Cabinet Member Requirements	13,704	15,987	17,365	18,331	19,239	20,135

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

	2019/20 Base	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Total Cabinet Member Requirements b/fwd	13,704	15,987	17,365	18,331	19,239	20,135
Baseline funding	2,649	2,702	2,756	2,811	2,867	2,924
Add: Net retained additional business rates	826	300	300	309	309	316
Add: Share of surplus /deficit (-)	-	-	-	-	-	-
Add: Levy surplus	41	-	-	-	-	-
Adjusted Baseline funding	3,516	3,002	3,056	3,120	3,176	3,240
Council Tax income	9,155	9,338	9,563	9,794	10,029	10,271
New homes bonus (2016/17 -2019/20)	518	-	-	-	-	-
New homes bonus (2017/18 - 2020/21)	234	234	-	-	-	-
New homes bonus (2018/19- 2021/22)	222	222	222	-	-	-
New homes bonus (2019/20 - 2022/23)	68	68	68	68	-	-
Total New Homes Bonus	1,042	524	290	68	-	-
Collection fund surplus/deficit (-)	(9)	-	-	-	-	-
Total other grants and contributions	1,033	524	290	68	-	-
Total Income from Taxation	13,704	12,864	12,909	12,982	13,205	13,511
AMOUNT REQUIRED TO BALANCE BUDGET	-	3,123	4,456	5,349	6,034	6,624

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

	2019/20 Base	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET		3,123	4,456	5,349	6,034	6,624
Savings / Initiatives identified to date:						
Strategic Property Investment Fund						
Future property purchases		500	700	900	1,100	1,300
Provision for future voids and repairs		(100)	(200)	(300)	(400)	(500)
Affordable Housing Programme						
Approved projects		130	215	215	215	215
Commercial and Customer Activities		430	860	1,290	1,720	2,150
Service and Digital redesign		120	240	360	480	600
Total savings initiatives identified to date		1,080	1,815	2,465	3,115	3,765
Cumulative savings still to be found/ (surplus)		2,043	2,641	2,884	2,919	2,859
Annual savings still to be found		2,043	598	243	35	(60)
Council Tax increase		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
Average annual increase (Band C property)		£4.22	£4.31	£4.40	£4.49	£4.58
Average weekly increase (Band C property)		£0.08	£0.08	£0.08	£0.09	£0.09

JOINT STRATEGIC COMMITTEE
Revenue Budget Summary Statement 2019/20 - 2024/25

	2019/20 Base	2020/21	2021/22	2022/23	2023/24	2024/25
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	22,033	22,033	22,033	22,033	22,033	22,033
(a) Annual Inflation Estimated inflation		746	1,484	2,214	2,924	3,645
(b) Committed Growth Net cost of increasing recycling to meet 50% targets:						
- Full year impact of implementation of Alternative Weekly Collection		(205)	(205)	(205)	(205)	(205)
- Impact of introducing weekly food waste collections		-	200	200	200	200
(b) Impact of County budget reductions Withdrawal of recycling support		1,048	1,048	1,048	1,048	1,048
Net cost to be reallocated to the Councils	22,033	23,622	24,560	25,290	26,000	26,721
Adur District Council	8,886	8,442	8,568	8,697	8,784	8,872
Worthing Borough Council	13,147	12,490	12,677	12,867	12,996	13,126
Total income for services provided to the constituent councils	22,033	20,931	21,245	21,564	21,780	21,998
(Surplus) / Shortfall in Resources	-	2,691	3,315	3,726	4,220	4,723

Appendix 3

10-year Forecast - Adur District Council

	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029 /30
Adur District Council	£'000	£'000								
Base	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659
Inflation	342	677	1,007	1,326	1,648	1,967	2,284	2,599	2,913	3,228
Impact of capital programme	177	291	446	570	608	735	880	929	1,029	625
Net growth	876	1,051	1,192	1,294	1,435	1,615	1,835	2,015	2,235	2,415
Net expenditure funded by taxation	10,054	10,678	11,304	11,849	12,350	12,976	13,658	14,202	14,836	14,927
Income from taxation										
Business rates	2,039	2,079	2,118	2,159	2,204	2,242	2,288	2,333	2,379	2,426
Council Tax	6,473	6,619	6,767	6,919	7,074	7,232	7,394	7,559	7,728	7,901
Other grants	11	10	10	0	0	0	0	0	0	0
Total income from taxation	8,523	8,708	8,895	9,077	9,277	9,474	9,682	9,892	10,107	10,328
Cumulative budget shortfall	1,532	1,971	2,409	2,772	3,073	3,502	3,976	4,310	4,729	4,599
Budget strategy initiatives										
Investment in commercial property	455	555	655	755	855	655	805	995	1,145	1,295
Development of commercial income	170	340	510	680	850	1,020	1,190	1,360	1,530	1,700
Impact of digital strategy	80	160	240	320	400	400	400	400	400	400
Other initiatives in place	30	60	60	60	60	60	60	60	60	60
Total savings initiatives identified	735	1,115	1,465	1,815	2,165	2,135	2,455	2,815	3,135	3,455
Remaining savings to be identified	797	856	944	957	908	1,367	1,521	1,495	1,594	1,144
Savings per year to be identified	797	59	88	13	-49	459	155	-26	99	-449

10-year Forecast - Worthing Borough Council

	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024 /25	2025/ 26	2026 /27	2027/ 28	2028/ 29	2029 /30
Worthing Borough Council	£'000									
Base	13,704	13,704	13,704	13,704	13,704	13,704	13,704	13,704	13,704	13,704
Inflation	506	1,005	1,499	1,979	2,464	2,946	3,427	3,907	4,388	4,869
Impact of capital programme	180	916	1,255	1,603	1,937	2,211	2,490	2,972	3,203	3,435
Net growth	1,597	1,740	1,873	1,953	2,030	2,310	3,090	3,820	4,550	5,230
Net expenditure funded by taxation	15,987	17,365	18,331	19,239	20,135	21,171	22,711	24,403	25,845	27,238
Income from taxation										
Business rates	3,002	3,056	3,120	3,176	3,240	3,298	3,363	3,435	3,500	3,570
Council Tax	9,338	9,563	9,794	10,029	10,271	10,518	10,772	11,031	11,297	11,569
Other grants	524	290	68	0	0	0	0	0	0	0
Total income from taxation	12,864	12,909	12,982	13,205	13,511	13,816	14,135	14,466	14,797	15,139
Cumulative budget shortfall	3,123	4,456	5,349	6,034	6,624	7,356	8,576	9,937	11,049	12,099
Budget strategy initiatives										
Investment in commercial property	400	500	600	700	800	950	1,100	1,250	1,400	1,550
Development of commercial income	430	860	1,290	1,720	2,150	2,580	3,010	3,440	3,870	4,300
Impact of digital strategy	120	240	360	480	600	600	600	600	600	600
Affordable Housing Programme	130	215	215	215	215	215	215	215	215	215
Total savings initiatives identified	1,080	1,815	2,465	3,115	3,765	4,345	4,925	5,505	6,085	6,665
Remaining savings to be identified	2,043	2,641	2,884	2,919	2,859	3,011	3,651	4,432	4,964	5,434
Savings per year to be identified	2,043	598	243	35	-60	152	641	781	532	471

10-year Forecast - Overall

	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024 /25	2025/ 26	2026 /27	2027/ 28	2028/ 29	2029 /30
Overall	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Overall budget shortfall										
Adur	1,532	1,971	2,409	2,772	3,073	3,502	3,976	4,310	4,729	4,599
Worthing	3,123	4,456	5,349	6,034	6,624	7,356	8,576	9,937	11,049	12,099
Total	4,655	6,427	7,758	8,806	9,697	10,857	12,552	14,247	15,777	16,698
Budget strategy initiatives										
Investment in commercial property	855	1,055	1,255	1,455	1,655	1,605	1,905	2,245	2,545	2,845
Development of commercial income	600	1,200	1,800	2,400	3,000	3,600	4,200	4,800	5,400	6,000
Impact of digital strategy	200	400	600	800	1,000	1,000	1,000	1,000	1,000	1,000
Other initiatives in place	160	275	275	275	275	275	275	275	275	275
Total budget strategy initiatives	1,815	2,930	3,930	4,930	5,930	6,480	7,380	8,320	9,220	10,120
Remaining cumulative savings to be identified	2,840	3,497	3,828	3,876	3,767	4,377	5,172	5,927	6,557	6,578
Annual savings still to be identified	2,840	657	331	48	-109	611	795	755	630	21

SCHEDULE OF EARMARKED RESERVES

	Balance as at 01.04.18	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.19	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 CAPACITY ISSUES FUND Purpose: To enable the Council to fund one-off initiatives. Now includes Carry Forward Reserve.	384	10	(259)	135	10	-	145
2 INSURANCE FUND Purpose: To offset the costs of insurance excesses and fund insurance risk management initiatives.	175	30	(63) *see below	142	30	(30)	142
3 INVESTMENT PROPERTY MAINTENANCE FUND Purpose: To offset future maintenance costs of investment properties.	38	-	-	38	-	-	38
4. SPECIAL & OTHER EMERGENCY RESERVE	81	-	-	81	-	-	81
5. ELECTION RESERVE To offset future maintenance costs of investment properties.	8	-	-	8	-	-	8

* contributions to be confirmed at year end

SCHEDULE OF EARMARKED RESERVES

ADUR DISTRICT COUNCIL 	Balance as at 01.04.18	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.19	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
6. BUSINESS RATES SMOOTHING RESERVE	74	-	-	74	-	-	74
7. GRANTS & CONTRIBUTIONS HELD IN RESERVES *	553	-	-	553	-	-	553
8. RESIDUAL PROJECTED UNDERSPEND Reserves to be identified at outturn*	-	- *see below	-	-	-	-	-
9. GENERAL FUND WORKING BALANCE	518	-	-	518	-	-	518
TOTAL	1,831	40	(322)	1,549	40	(30)	1,559

*contributions to be confirmed at year end

ADUR BUDGET 2019/2020

Summary of Executive Member Portfolios



ADUR DISTRICT
COUNCIL

APPENDIX 5

EXECUTIVE PORTFOLIO	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
Environment	2,525,430	2,266,260
Health and Wellbeing	1,208,510	1,269,140
Customer Services	1,354,650	1,507,950
Leader	598,120	604,800
Regeneration	1,522,330	1,745,460
Resources	1,912,180	1,087,230
Support Services Depreciation Not Charged To Services	205,720	249,790
NET SERVICE EXPENDITURE	9,326,940	8,730,630
Credit Back Depreciation / Impairments	(1,821,540)	(1,385,100)
Minimum Revenue Provision	1,097,860	1,242,940
	8,603,260	8,588,470
Transfer to / from Reserves	14,000	-
Balance Available to Transfer To / (From) Reserves	10,500	10,000
TOTAL BUDGET REQUIREMENT BEFORE EXTERNAL SUPPORT FROM GOVERNMENT	8,627,760	8,598,470
Baseline Funding	(1,699,870)	(1,738,820)
Additional business rate income	(637,000)	(461,370)
Levy Surplus	-	(26,680)
Other unfenced grants (New homes bonus)	(202,440)	(125,990)
Contribution to/ (from) Collection Fund	(4,190)	40,950
AMOUNT REQUIRED FROM COUNCIL TAX	6,084,260	6,286,560
COUNCIL TAX BASE	20,932.2	21,195.0
Average Band D Council Tax - Adur District	290.79	296.64
% increase		2.01%

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
DIRECTOR FOR DIGITAL AND RESOURCES		
Business and Technical Services		
Bus Shelters, Street Lighting & Highways	56,350	54,600
Public Conveniences	222,250	230,370
Sustainable Development	39,610	23,020
	318,210	307,990
Customer & Digital Services		
Car Parking	(200,500)	(238,550)
	(200,500)	(238,550)
DIRECTOR FOR COMMUNITIES		
Leisure Client	514,640	490,820
	514,640	490,820
Environmental		
Foreshores	(27,960)	(35,490)
Allotments	(25,880)	(23,470)
Cemeteries	130,690	151,990
Parks	883,420	833,290
Abandoned Vehicles	5,830	5,850
Clinical Waste	(3,130)	1,430
Graffiti	7,760	4,480
Recycling	(340,860)	(433,020)
Refuse	903,710	828,980
Street Cleansing including Pest Control	566,820	570,620
Trade Refuse	(213,240)	(207,530)
	1,887,160	1,697,130
Housing		
Public Health Burials	2,870	2,870
	2,870	2,870
Wellbeing		
Pollution Control & Dog Control	1,450	35,150
	1,450	35,150
DIRECTOR OF ECONOMY		
Place & Economy		
Street Scene	1,600	(29,150)
	1,600	(29,150)
TOTAL ENVIRONMENT PORTFOLIO	2,525,430	2,266,260

ADUR - ENVIRONMENT PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
DIRECTOR FOR DIGITAL & RESOURCES										
Business and Technical Services										
Bus Shelters, Street Lighting & Highways	-	27,390	-	7,170	-	(7,910)	26,650	13,210	14,740	54,600
Public Conveniences	-	162,820	-	120	-	(360)	162,580	13,400	54,390	230,370
Sustainable Development	-	-	-	-	-	-	0	23,020	-	23,020
Customer & Digital Services										
Car Parking	-	111,290	-	131,160	57,800	(643,650)	(343,400)	97,300	7,550	(238,550)
DIRECTOR FOR COMMUNITIES										
Leisure Client	-	51,490	-	4,150	135,000	(9,740)	180,900	13,210	296,710	490,820
Environment										
Foreshores	-	11,620	-	8,910	-	(116,390)	(95,860)	29,150	31,220	(35,490)
Allotments	-	21,080	-	-	-	(47,390)	(26,310)	-	2,840	(23,470)
Cemeteries	119,670	79,750	-	-	-	(179,080)	20,340	125,410	6,240	151,990
Parks	(7,230)	660,690	-	47,660	-	(152,790)	548,330	243,770	41,190	833,290
Abandoned Vehicles	-	-	-	5,850	-	-	5,850	-	-	5,850
Clinical Waste	1,430	-	-	-	-	-	1,430	-	-	1,430
Graffiti	3,070	-	-	-	-	-	3,070	1,410	-	4,480
Recycling	(587,920)	-	-	-	-	-	(587,920)	55,010	99,890	(433,020)
Refuse	556,490	-	-	-	-	-	556,490	175,370	97,120	828,980
Street Cleansing including Pest Control	572,330	-	-	-	-	(133,950)	438,380	87,790	44,450	570,620
Trade Refuse	138,660	-	-	250,990	-	(652,530)	(262,880)	22,520	32,830	(207,530)
Housing										
Public Health Burials	-	-	-	2,870	-	-	2,870	-	-	2,870
Wellbeing										
Pollution Control & Dog Control	-	-	-	-	-	-	0	33,690	1,460	35,150
DIRECTOR OF ECONOMY										
Place & Economy										
Street Scene	-	-	660	41,100	-	(70,910)	(29,150)	-	-	(29,150)
	796,500	1,126,130	660	499,980	192,800	(2,014,700)	601,370	934,260	730,630	2,266,260
Percentage Direct Cost	30%	43%	0%	19%	7%					

ENVIRONMENT SERVICES - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2019/2020

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	Committed Growth	Non Committed Growth	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£
DIRECTOR FOR DIGITAL & RESOURCES								
Business and Technical Services								
Bus Shelters, Street Lighting & Highways	56,350	340	-	-	-	-	(2,090)	54,600
Public Conveniences	222,250	3,460	-	-	-	-	4,660	230,370
Sustainable Development	39,610	-	-	-	-	-	(16,590)	23,020
Customer & Digital Services								
Car Parking	(200,500)	(11,070)	-	-	(20,000)	-	(6,980)	(238,550)
DIRECTOR FOR COMMUNITIES								
Leisure Client	514,640	520	(20,000)	-	-	(10,000)	5,660	490,820
Environment								
Foreshores	(27,960)	170	-	-	-	(13,520)	5,820	(35,490)
Allotments	(25,880)	120	1,840	-	-	-	450	(23,470)
Cemeteries	130,690	(3,610)	16,650	-	-	-	8,260	151,990
Parks	883,420	840	36,410	-	-	(8,000)	(79,380)	833,290
Abandoned Vehicles	5,830	20	-	-	-	-	-	5,850
Clinical Waste	(3,130)	-	-	-	-	-	4,560	1,430
Graffiti	7,760	-	-	-	-	-	(3,280)	4,480
Recycling	(340,860)	-	-	-	-	-	(92,160)	(433,020)
Refuse	903,710	-	-	-	-	-	(74,730)	828,980
Street Cleansing including Pest Control	566,820	(2,880)	-	-	-	-	6,680	570,620
Trade Refuse	(213,240)	(8,430)	-	-	-	(15,190)	29,330	(207,530)
Housing								
Public Health Burials	2,870	-	-	-	-	-	-	2,870
Wellbeing								
Pollution Control & Dog Control	1,450	-	-	-	-	-	33,700	35,150
DIRECTOR OF ECONOMY								
Place & Economy								
Street Scene	1,600	(880)	-	-	-	(30,000)	130	(29,150)
TOTAL COST	2,525,430	(21,400)	34,900	0	(20,000)	(76,710)	(175,960)	2,266,260

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
DIRECTOR OF COMMUNITIES		
Wellbeing		
Community Development, Fishersgate & Grants	345,440	350,570
Community Safety	261,020	237,060
Food Safety	189,950	157,520
Licensing	124,290	148,140
Public Health and Regulation	193,580	308,420
	1,114,280	1,201,710
DIRECTOR OF DIGITAL AND RESOURCES		
Business and Technical Services		
Emergency Planning	51,710	27,180
Street Lighting	42,520	40,250
	94,230	67,430
TOTAL FOR HEALTH AND WELLBEING	1,208,510	1,269,140

ADUR - HEALTH AND WELLBEING PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
DIRECTOR OF COMMUNITIES											
Wellbeing											
Community Development, Fishersgate & Grants	-	80,260	850	-	217,920	-	(15,300)	283,730	62,400	4,440	350,570
Community Safety	-	126,150	1,370	-	8,820	-	-	136,340	100,720	-	237,060
Food Safety	-	1,910	-	-	950	-	-	2,860	154,660	-	157,520
Licensing	8,160	126,330	-	-	13,410	-	(122,030)	25,870	122,270	-	148,140
Public Health and Regulation	-	5,720	-	-	15,400	4,820	(13,090)	12,850	292,730	2,840	308,420
DIRECTOR OF DIGITAL & RESOURCES											
Business and Technical Services											
Emergency Planning	-	5,580	-	-	-	-	-	5,580	21,600	-	27,180
Street Lighting	-	-	13,190	-	8,770	-	-	21,960	8,260	10,030	40,250
TOTAL COST	8,160	345,950	15,410	0	265,270	4,820	(150,420)	489,190	762,640	17,310	1,269,140
Percentage Direct Cost	1%	54%	2%	0%	41%	1%					

HEALTH AND WELLBEING SERVICES - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2019/2020

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Compensatory savings	Reduction In Income	Impact of Capital programme	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
DIRECTOR OF COMMUNITIES											
Wellbeing											
Community Development, Fishersgate & Grants	345,440	-	-	-	-	-	-	-	(610)	5,740	350,570
Community Safety	261,020	30	-	-	-	-	-	-	-	(23,990)	237,060
Food Safety	189,950	-	-	-	-	-	-	-	(8,000)	(24,430)	157,520
Licensing	124,290	(2,630)	-	-	-	-	-	-	-	26,480	148,140
Public Health and Regulation	193,580	(280)	-	-	-	-	-	-	-	115,120	308,420
DIRECTOR OF DIGITAL & RESOURCES											
Business and Technical Services											
Emergency Planning	51,710	-	-	-	-	-	-	-	-	(24,530)	27,180
Street Lighting	42,520	280	-	-	-	-	-	-	-	(2,550)	40,250
TOTAL COST	1,208,510	(2,600)	0	0	0	0	0	0	(8,610)	71,840	1,269,140

**CUSTOMER SERVICES
PORTFOLIO**



ADUR DISTRICT
COUNCIL

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
DIRECTOR OF COMMUNITIES		
Housing		
Housing including Homelessness	822,110	957,460
Community Alarm	171,450	162,380
	993,560	1,119,840
DIRECTOR OF DIGITAL AND RESOURCES		
Revenues and Benefits		
Revenues	268,480	303,130
Benefits	92,610	84,980
	361,090	388,110
TOTAL FOR CUSTOMER SERVICES	1,354,650	1,507,950

ADUR - CUSTOMER SERVICES PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
DIRECTOR OF COMMUNITIES											
Housing											
Housing including Homelessness	-	279,050	263,090	440	943,210	112,060	(905,630)	692,220	265,240	-	957,460
Community Alarm	118,400	170,530	-	5,340	44,430	41,050	(323,730)	56,020	89,070	17,290	162,380
DIRECTOR OF CUSTOMER & DIGITAL SERVICES											
Revenues and Benefits											
Revenues	53,000	252,000	-	1,910	77,610	-	(153,220)	231,300	71,830	-	303,130
Benefits	-	405,260	-	150	73,120	20,887,820	(21,352,590)	13,760	62,660	8,560	84,980
TOTAL COST	171,400	1,106,840	263,090	7,840	1,138,370	21,040,930	(22,735,170)	993,300	488,800	25,850	1,507,950
Percentage Direct Cost	1%	5%	1%	0%	5%	89%					

ADUR CUSTOMER SERVICES - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2018/2019

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Reduction in Income	Impact of Capital programme	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
DIRECTOR OF COMMUNITIES										
Housing										
Housing including Homelessness	822,110	14,970	-	150,000		-	-	-	(29,620)	957,460
Community Alarm	171,450	(6,650)	-	-	-	-	-	-	(2,420)	162,380
DIRECTOR OF DIGITAL & RESOURCES										
Revenues and Benefits										
Revenues	268,480	(3,300)	-	-	-	-	-	-	37,950	303,130
Benefits	92,610	(11,840)	-	-	-	-	-	-	4,210	84,980
TOTAL COST	1,354,650	(6,820)	0	150,000	0	0	0	0	10,120	1,507,950

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
CHIEF EXECUTIVE Communications Strategic Planning	£ 880	£ 880
	880	880
DIRECTOR OF COMMUNITIES Wellbeing Members Leaders Support for Cultural Projects	373,070 20,000	388,850 20,000
	393,070	408,850
DIRECTOR OF DIGITAL AND RESOURCES Customer & Digital Services Elections	204,170	195,070
TOTAL for LEADER	598,120	604,800

ADUR - THE LEADER PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
CHIEF EXECUTIVE											
Communications											
Strategic Planning	-	-	-	-	-	-	-	0	880	-	880
DIRECTOR OF COMMUNITIES											
Wellbeing											
Members	214,880	85,260	-	-	12,280	-	(15,600)	296,820	92,030	-	388,850
Leaders Support for Cultural Projects	-	-	-	-	20,000	-	-	20,000	-	-	20,000
DIRECTOR OF DIGITAL & RESOURCES											
Customer & Digital Services											
Elections	7,000	76,520	2,000	-	59,380	-	(3,280)	141,620	50,650	2,800	195,070
TOTAL COST	221,880	161,780	2,000	0	91,660	0	(18,880)	458,440	143,560	2,800	604,800
Percentage Direct Cost	46%	34%	0%	0%	19%	0%					

THE LEADER - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2019/2020

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Compensatory savings	Non Committed Growth	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
CHIEF EXECUTIVE										
Communications										
Strategic Planning	880	-	-	-	-	-	-	-	-	880
DIRECTOR OF COMMUNITIES										
Wellbeing										
Members	373,070	4,180	-	(2,000)	-	-	-	(1,470)	15,070	388,850
Leaders Support for Cultural Projects	20,000	-	-	-	-	-	-	-	-	20,000
DIRECTOR OF DIGITAL & RESOURCES										
Customer & Digital Services										
Elections	204,170	(30)	(18,000)	-	-	-	-	-	8,930	195,070
TOTAL COST	598,120	4,150	(18,000)	(2,000)	0	0	0	(1,470)	24,000	604,800

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
DIRECTOR FOR COMMUNITIES		
Wellbeing		
Land Drainage	1,380	1,320
	1,380	1,320
DIRECTOR FOR DIGITAL AND RESOURCES		
Business and Technical Services		
Coast Protection & Ditch Clearing	115,120	115,520
	115,120	115,520
DIRECTOR OF ECONOMY		
Grants		
Shoreham Harbour	37,510	33,630
	37,510	33,630
Planning & Development		
Planning Policy	166,240	319,140
Development Control & Major Projects	657,080	640,530
Building Control	166,550	202,660
	989,870	1,162,330
Place & Economy		
Regeneration	378,450	432,660
	378,450	432,660
TOTAL FOR REGENERATION	1,522,330	1,745,460

ADUR - REGENERATION PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
DIRECTOR FOR COMMUNITIES											
Wellbeing											
Land Drainage	-	-	-	-	30	-	-	30	-	1,290	1,320
DIRECTOR FOR DIGITAL AND RESOURCES											
Business and Technical Services											
Coast Protection & Ditch Clearing	-	-	4,240	-	5,820	-	-	10,060	25,220	80,240	115,520
DIRECTOR OF ECONOMY											
Grants											
Shoreham Harbour	138,340	-	-	-	-	-	(143,100)	(4,760)	38,390	-	33,630
Planning & Development											
Planning Policy	-	6,140	-	-	17,790	-	-	23,930	295,210	-	319,140
Development Control & Major Projects	-	419,870	-	-	8,620	5,380	(261,850)	172,020	468,510	-	640,530
Building Control	-	235,570	-	-	-	-	(179,040)	56,530	146,130	-	202,660
Place & Economy											
Regeneration	-	122,600	-	-	55,260	-	-	177,860	140,260	114,540	432,660
TOTAL COST	138,340	784,180	4,240	0	87,520	5,380	(583,990)	435,670	1,113,720	196,070	1,745,460
Percentage Direct Cost	14%	77%	0%	0%	9%	1%					

REGENERATION SERVICES - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2019/2020

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Compensatory savings	Impact of Capital programme	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
DIRECTOR FOR COMMUNITIES										
Wellbeing										
Land Drainage	1,380	-	-	-	-	-	-	-	(60)	1,320
DIRECTOR FOR DIGITAL AND RESOURCES										
Business and Technical Services										
Coast Protection & Ditch Clearing	115,120	-	-	-	-	-	-	-	400	115,520
DIRECTOR OF ECONOMY										
Grants										
Shoreham Harbour	37,510	-	-	-	-	-	-	-	(3,880)	33,630
Planning & Development										
Planning Policy	166,240	-	-	-	-	-	-	-	152,900	319,140
Development Control & Major Projects	657,080	(5,430)	-	-	-	-	-	(10,000)	(1,120)	640,530
Building Control	166,550	(4,830)	-	45,000	-	-	-	(2,640)	(1,420)	202,660
Place & Economy										
Regeneration	378,450	-	-	-	-	-	-	-	54,210	432,660
TOTAL COST	1,522,330	(10,260)	0	45,000	0	0	0	(12,640)	201,030	1,745,460

RESOURCES PORTFOLIO



ADUR DISTRICT
COUNCIL

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
DIRECTOR FOR DIGITAL AND RESOURCES		
Business and Technical Services		
Community Centres	129,970	124,760
	129,970	124,760
Finance		
Corporate Management & Pension costs	1,775,910	1,920,750
Treasury Management	889,130	1,052,820
	2,665,040	2,973,570
Revenues & Benefits		
Non Domestic Rates	(51,560)	(32,650)
	(51,560)	(32,650)
DIRECTOR OF ECONOMY		
Major Projects and Investment		
Estates	(817,060)	(1,958,380)
	(817,060)	(1,958,380)
Planning & Development		
Land Charges	(14,210)	(20,070)
	(14,210)	(20,070)
TOTAL FOR RESOURCES	1,912,180	1,087,230

ADUR - RESOURCES PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Transfer to/from Reserves	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£	£
DIRECTOR FOR DIGITAL & RESOURCES												
Business and Technical Services												
Community Centres	-	35,550	34,290	-	4,230	-	-	74,070	35,490	-	15,200	124,760
Finance												
Corporate Management & Pension costs	1,321,730	62,200	125,890	-	308,370	15,450	(612,200)	1,221,440	761,830	(62,520)	-	1,920,750
Treasury Management	-	-	-	-	-	-	(267,710)	(267,710)	880	-	1,319,650	1,052,820
Revenues & Benefits												
Non Domestic Rates	-	57,020	-	-	17,470	-	(107,140)	(32,650)	-	-	-	(32,650)
DIRECTOR OF ECONOMY												
Major Projects and Investment												
Estates	-	15,360	148,720	-	15,240	-	(2,359,330)	(2,180,010)	108,580	-	113,050	(1,958,380)
Planning & Development												
Land Charges	-	33,230	-	-	20,200	-	(103,220)	(49,790)	29,720	-	-	(20,070)
TOTAL COST	1,321,730	203,360	308,900	0	365,510	15,450	(3,449,600)	(1,234,650)	936,500	(62,520)	1,447,900	1,087,230
Percentage Direct Cost	60%	9%	14%	0%	17%	1%						

RESOURCES SERVICES - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2019/2020

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Compensatory savings	Impact of Capital programme	Non Committed Growth	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
DIRECTOR FOR DIGITAL & RESOURCES											
Business and Technical Services											
Community Centres	129,970	580	-	-	-	-	-	-	-	(5,790)	124,760
Finance											
Corporate Management & Pension costs	1,775,910	17,620	-	101,600	-	-	-	-	(15,720)	41,340	1,920,750
Treasury Management	889,130	(380)	-	-	-	3,000	-	(60,000)	(60,000)	281,070	1,052,820
Revenues & Benefits											
Non Domestic Rates	(51,560)	(230)	-	-	-	-	-	-	-	19,140	(32,650)
DIRECTOR OF ECONOMY											
Major Projects and Investment											
Estates	(817,060)	1,450	-	-	-	-	-	-	(200,000)	(942,770)	(1,958,380)
Planning & Development											
Land Charges	(14,210)	(2,220)	-	-	-	-	-	-	-	(3,640)	(20,070)
TOTAL COST	1,912,180	16,820	0	101,600	0	3,000	0	(60,000)	(275,720)	(610,650)	1,087,230

GLOSSARY OF TECHNICAL TERMS FROM THE PROVISIONAL LOCAL GOVERNMENT SETTLEMENT CONSULTATION DOCUMENT

Baseline funding level

The amount of an individual council's Start-up Funding Assessment for 2013-14 provided through the local share of the Estimated Business Rates Aggregate, updated in line with the small business rates multiplier (set at the September forecast of the Retail Price Index, unless otherwise decided).

Billing authorities

A unitary council, or a lower tier council in a two-tier area, which collects the Council Tax for its own activities, and for those of the precepting authorities in its area. The billing authority passes on the precept receipts to each precepting authority in its area. These are the 326 billing authorities that collect Council Tax and business rates: district councils, London boroughs, and unitary councils. Before 1 April 2009 there were 354.

Business Rates

These rates, formally called national non-domestic rates, are the means by which local businesses contribute to the cost of providing local council services.

Business rates baseline

Determined for individual councils at the outset of the business rates retention scheme by dividing the local share of the Estimated Business Rates Aggregate (England) between billing authorities on the basis of their proportionate shares, before the payment of any major precepting authority share.

Business Rates Retention Scheme

The name given to the current system of funding local authorities through the local government finance settlement, set out in the Local Government Finance Act 2013. The local government sector retains 50% of the business rates they collect. In addition they also receive Revenue Support Grant to help support their services.

Council Tax

A local tax on domestic property, set by councils – calculated by deducting any funding from reserves, income it expects to raise and general funding it will receive from the Government – in order to meet its planned spending. 31

Council Tax Base

This is the number of Band D equivalent dwellings in a council area. To calculate the tax base for an area, the number of dwellings in each Council Tax band is reduced to take account of discounts and exemptions. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. An adjustment is then made for the collection rate.

Council Tax Bands

There are eight Council Tax bands. How much Council Tax each household pays depends on the value of the homes. The bands are set out below.

Value of home estimated at 1 April 1991			Proportion of the tax due April 1991 for a band D property	
Band A	Under	£40,000	66.7%	(6/9)
Band B	£40,001 -	£52,000	77.8%	7/9)
Band C	£52,001 -	£68,000	8.9%	8/9)
Band D	£68,001 -	£88,000	100%	(9/9)
Band E	£88,001 -	£120,000	122.2%	(11/9)
Band F	£120,001 -	£160,000	144.4%	(13/9)
Band G	£160,001 -	£320,000	166.7%	(15/9)
Band H	Over	£320,001	200%	(18/9)

Estimated Business Rates Aggregate

The total business rates forecast at the outset of the business rate retention scheme to be collected by all billing authorities in England in 2013-14. The Estimated Business Rates Aggregate is updated year on year in line with the change in the small business multiplier (usually the September Retail Price Index).

Floor damping

A method by which stability in funding is protected through limiting the effect of wide variations in grant. A floor guarantees a lower limit to a year-on-year change in grant. The grant amounts of councils who receive changes above the floor are scaled back by a fixed proportion to help pay for the floor.

Levy

Mechanism to limit disproportionate benefit from business rates. The levy is applied proportionally on a 1:1 basis (i.e. a 1% increase in business rates income results in an council getting a 1% increase in revenue from the rates retention scheme) but with a limit on the maximum levy rate that is imposed, at 50p in the pound. Levy payments are used to fund the safety net.

Local government finance settlement

The local government finance settlement is the annual determination of funding distribution as made by the Government and debated by Parliament. 32

Local government spending control total

The total amount of expenditure for Revenue Support Grant in the Department for Communities and Local Government's Local Government Departmental Expenditure Limit plus the local share of the Estimated Business Rates Aggregate that is allocated to the local government sector by Government for each year of a Spending Review.

Local share

The percentage share of locally collected business rates that is retained by local government. This is set at 50% of which the Council retains 40% and the County Council retain 10%.

Lower tier councils

Councils that carry out the functions which in shire areas with two tiers of local government are carried out by shire districts. They are the same councils as billing authorities.

Multiplier

The business rates multiplier which, when multiplied by the rateable value of a property, determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. The small business multiplier is updated annually by the Consumer Price Index, unless the Government decides otherwise and the other multiplier adjusted accordingly, to fund rate relief for small businesses.

Precept

This is the amount of Council Tax income all billing and precepting authorities need to provide their services. The amounts for all authorities providing services in an area appear on one Council Tax bill, which is administered by the billing authority.

Precepting authority

An authority or body that does not collect Council Tax or business rates but is part of the business rates retention scheme. This is an authority which sets a precept to be collected by billing authorities. County councils, police authorities, the Greater London Authority, single purpose fire and rescue authorities and parish councils are all precepting authorities.

Proportionate share

This is the percentage of the national business rates yield which a council has collected on the basis of the average rates collected by councils over the two years to 2011-12. This percentage was applied to the local share of the 2013-14 Estimated Business Rates Aggregate to determine the billing authority business rates baseline.

Reserves

This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending.

Revenue Support Grant

A Government grant which can be used to finance revenue expenditure on any service.

Ring-fenced grant

A grant paid to councils which has conditions attached to it, which restrict the purposes for which it may be spent.

Safety net

Mechanism to protect any council which sees its business rates income drop, in any year, by more than 7.5% below its baseline funding level (with baseline funding levels being uprated by the small business rates multiplier for the purposes of assessing eligibility for support).

Settlement core funding

The definition of settlement core funding for this purpose takes into account the main resources available to councils, which for this purpose comprise:

- Council Tax income
- the Settlement Funding Assessment, comprising:
 - estimated business rates income (baseline funding level under the rates retention scheme)
 - Revenue Support Grant.

Settlement Funding Assessment

Previously referred to as Start-Up Funding Assessment. It comprises at a national level the total Revenue Support Grant and the local share of Estimated Business Rates Aggregate for the year in question. On an individual council level it comprises each council's Revenue Support Grant for the year in question and its baseline funding level, uprated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided.

Specific grants

Grants paid under various specific powers, but excluding Revenue Support Grant or area-based grant. Some specific grants are ring-fenced.

Tariffs and top ups

Calculated by comparing at the outset of the business rate retention scheme an individual council's business rates baseline against its baseline funding level. Tariffs and top ups are self-funding, fixed at the start of the scheme and uprated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided.