



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
13 July 2021
Agenda Item 8

Joint Overview & Scrutiny Committee
15 July 2021
Agenda Item

Key Decision [Yes/No]

Ward(s) Affected: All

Developing a revenue budget for 2022/23 at the time of a pandemic

Report by the Director for Digital, Sustainability & Resources

Executive Summary

1. Purpose

- 1.1 The purpose of this report is to propose a budget strategy for the development of the 2022/23 budgets against the background of the pandemic.
- 1.2 It is a long time since the Council had any certainty during budget setting and 2021/22 looks set to continue this tradition. At present we have no clear idea of how long the pandemic will continue to affect our communities and our economy. The impact of any fairer funding review is now looking likely to be deferred for a further year, but the councils do not know what will replace it for 2022/23; homelessness is on the rise, but forecasting this trend forward remains difficult; and inevitably the difficult economic climate will continue to influence a number of budget lines, from Council Tax revenues to income for services such as car parks.
- 1.3 The Council has had a clear strategy for facing the challenges of rapidly changing local government finance. It is now important to build on this strategy to meet the new and emerging challenges but within the context of supporting our local communities and economies.
- 1.4 Now more than ever, careful financial management is required to ensure that we manage both the emerging in-year pressures and the implications for the future, whilst driving forward with Platforms for Our Places to help regenerate and renew our places. Our strategy will need to include managed and prudent increases in council tax, and a clear focus on driving efficiency and productivity.

1.5 This report aims to set out how the Councils will address the challenges of the next few years, outlining the revenue forecast and setting out our strategic response to the challenges ahead. With the detailed budget proposals for 2022/23 coming forward to the Joint Strategic Committee in December, this report sets out the broader context for the detailed work that will be undertaken over the intervening months.

1.6 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.

1.7 Our strategy, 'Platforms for our Places: Going further' was approved by the Councils in February 2020, sets out how we can play an even greater role in helping to shape the future of our places. This was further updated by the 'And then' report considered in July 2020. The 5 'Platforms' that provide the direction for all our work are:

- Prosperous places
- Thriving people and communities
- Tackling climate change and supporting our local environment
- Good Services and new solutions
- Leadership of our Places

There is a report elsewhere on the agenda that updates members on the delivery of these priorities.

1.8 Work has been underway for some time to address the financial challenge for 2022/23 and beyond. This will continue over the summer and autumn, and the Organisational Leadership Team will be working to produce new financial 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 2021 as part of the development of the 2022/23 budget.

2. Recommendations

2.1 The Joint Strategic Committee is recommended to:

- (a) Note the report and the outline 5-year forecasts in Appendix 3;

- (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 2021/22 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. Current position in 2021/22

3.1.1 The impact of the Covid 19 pandemic continues to put the councils under financial pressure albeit not to the same extent as 2020/21. However in recognition of this the Councils took action during the 2021/22 budget round to put measures in place to manage any risks by building in known budget pressures into the 2021/22 budget and by creating Covid contingency budgets (Adur £447,000, Worthing £644,000).

3.1.2 In addition, the Councils have continued to maintain reserves with which to mitigate this risk. It is currently estimated that the Council will have the following reserves available to manage the shortfalls emerging:

Unallocated resources	Adur £'000	Worthing £'000
Working balance	951	1,543
Capacity Issues Reserves	465	1,050
Special and other emergency reserves	60	0
	1,476	2,593

3.1.3 Overall both Councils currently have sufficient contingency funding to meet known cost pressures.

The main issues that the Councils are currently facing can be summarised as follows:

Summary of cost pressures	Adur £	Worthing £	Total £
Homelessness caseload	100,000	300,000	400,000
Additional election costs	43,000	68,000	111,000
Increased staffing	26,670	54,200	80,870
Other costs	141,880	97,610	239,490
Additional cost pressures	311,550	519,810	831,360
Income losses	188,180	347,610	535,790
Budget pressures identified	499,730	867,420	1,367,150
Reduced cost of MRP	0	-145,000	-145,000
Net cost pressures	499,730	722,420	1,222,150
Covid budgets available	447,000	644,000	1,091,000
Additional grants received			
BEIS funding for grant administration	166,000	166,000	332,000
Election Covid funding	21,440	29,840	51,280
Total funding available	634,440	839,840	1,474,280
Current position (resources in hand)	-134,710	-117,420	-252,130

However, the situation remains fluid, and so the position will inevitably change over the coming months as new cost pressures emerge (or dissipate) and our understanding of the recovery improves.

3.2 Expected impact on income

- 3.2.1 The Councils continue to experience deterioration in commercial income particularly in the car parks albeit to a far lesser extent than last year. That said, car park income continues to improve and the Government has underwritten losses in the first quarter through the Sales, Fees and Charges income guarantee which reimburses Councils for around 75% of all losses. In summary the current expected income losses are:

	Adur £	Worthing £	Total £
Car parking	61,240	177,860	239,100
Court costs	84,440	206,680	291,120
Housing Benefit Overpayments	97,400	93,030	190,430
Concessionary income		55,000	55,000
	243,080	532,570	775,650
Less: Income guarantee grant	-54,900	-184,960	-239,860
Net loss	188,180	347,610	535,790

3.3 **Emerging costs:**

3.3.1 In parallel to the loss of income from a number of Council Services, the Council is likely to see an increase in costs from the following areas:

1. ***Housing Need***

Over the last few months both Councils have seen another increase in the number of homeless families, caseload is higher than normal and this is likely to be sustained for most of the year as the current restriction on evictions by landlords came to an end in May.

Looking ahead to 2022/23, unless accommodation can be sourced for those residents made homeless by the current emergency, then the Councils may face additional cost pressures within the 2022/23 budget.

However, the Councils have received significant external funding via the Contain Outbreak Management Fund and the Rough Sleepers Initiative to work with affected people and it is anticipated that over the coming months measures will be put in place to manage the current peak in demand for services.

To support preventing homelessness and reduce the number of people who need to approach the councils, the councils are piloting work using Policy in Practice 'Lift' tools to identify those facing financial hardship to get them the advice and support they need as well as looking to

implement 'Telljo' a further digital tool that will help us to target support for those who need it.

2. ***Additional covid 19 spend***

As part of the emergency, the council has had to fund a number of initiatives to support the local community and our local economies; and to ensure that the Council could continue to work effectively during this period. These are essentially one-off items and include:

a. Additional spend to support a safe election

The Council had to manage the delivery of the election in a covid safe manner ensuring that the public could vote in safety and that the count was managed in a compliant way. Consequently, the Council had to engage additional election staff, fund Covid safety measures and hire larger venues, leading to additional costs.

b. Staffing pressures

A number of services have required additional support to deal with both increasing demand and staff absences. In particular, the Revenues and Benefits service has several challenges:

- Due to the government support to the business community new business rates need to be produced reflecting the new reliefs.
- The service is experiencing an increase in applications for Council Tax Support and Housing Benefit.
- Supporting the processing of self isolation payments.

To address these needs additional temporary members of staff have been employed at an estimated cost of £88,870.

c. Digital tools

The Council has invested in a number of digital tools to support continued remote working and to provide data analysis to ensure that support is well targeted.

d. The Council has been planning to improve town centres and support events to encourage the community back into the towns and open spaces over the summer. These costs have been funded from the contingency budgets.

4. 2022/23 and beyond

- 4.1 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.
- 4.2 However, the financial pressure continues with the current emergency presenting the Councils with new challenges. Revenue support grant has already disappeared; New Homes Bonus has now been virtually phased out; and the Councils expect a reduction in the level of retained business rates when the business rate system is eventually 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.
- 4.3 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.

4.4 Funding from taxation

4.4.1 National context and external factors

Since 2010, the Councils have seen a considerable reduction in the level of funding from the Government. For 2021/22, there was another 1 year settlement with the full Comprehensive Spending Review delayed until the current financial year.

The Chancellor's Budget on the 3rd March confirmed that the Comprehensive Spending Review 2021 (CSR) is expected to be delivered later this year, probably in the Autumn. This should set out detailed spending plans for public services and investment, covering resource budgets for three years from 2022-23 to 2024-25 and capital budgets up to 2025-26.

Between 2021/22 and 2025/26, the government plans to increase day-to-day spending – excluding emergency spending on coronavirus measures – by 2.1% in each year, in real terms. However, that said, a considerable amount of the increase has already been allocated to areas such as the NHS, schools and defence. Consequently, only about 1% growth per year is available for other services.

4.4.2 Reform of Local Government Finance

In parallel to the CSR, the Councils were also 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.

However, it is looking increasingly likely that the impact of this review is now delayed until next year at the earliest. The recent report by the PAC supports this view indicating that it would be better to delay the implementation of the funding reforms. A delay would allow the reforms to take account of the effects of the pandemic, as well as major reviews of business rates and adult social care. There was also strong support with the report for multi-year settlements.

Nevertheless, the Government remains committed to reform and there is a possibility that the change will be brought in earlier but significantly damped to allow Councils time to change their financial plans.

4.4.3 The Councils will have a clearer picture of the likely changes for 2022/23 later in the year. However in the absence of both the CSR and the fairer funding review, changes to the current funding regime are likely to be marginal for 2022/23 to give local authorities time to address the continuing pressures emerging from the pandemic.

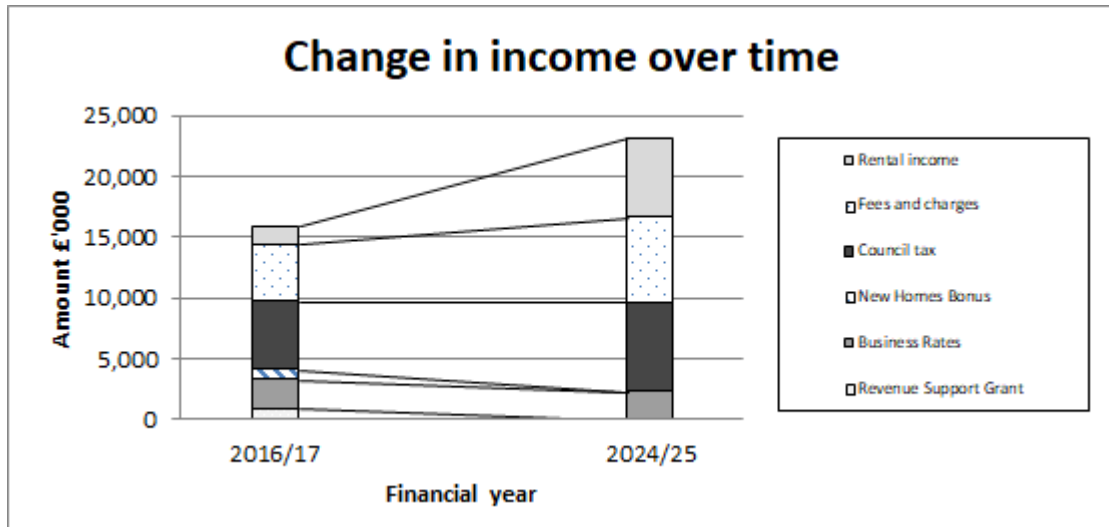
4.4.4 However as part of the Budget 2020, the Government announced a fundamental review of the business rate system. Whilst an interim report on the fundamental business rates review was published in March 2021 which summarises the responses from the recent consultation, it does not provide any indication of the decisions the Treasury will ultimately make about business rates. The final report on the fundamental review of business rates will be published in the Autumn. At that point, we should find out whether the Treasury is minded to replace or reform business rates, or offset the amount paid by businesses through the introduction of an Online Sales Tax.

4.4.5 The changes to how the Councils are funded:

4.4.5.1 The Councils 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 being phased out.



(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.

4.4.6 Income from Business Rates

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 always difficult 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% loss of surplus Business Rate income from 2023/24 onwards, however this is dependent on the progress of the CSR and the Fairer Funding Review (FFR). This is an improvement on previous forecasts which had assumed that the Councils would receive less business rate income in 2022/23 due to the implementation of the FFR.

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 2022/23. However the scale and timing of any adjustment to the tariff beyond 2022/23 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 the 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, known changes to the rateable values and any new charitable reliefs being awarded. A summary of the expected additional business rates is detailed below:

<u>Adur</u>	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Baseline funding	1,767	1,802	1,838	1,875	1,913	1,951
Retained surplus rates	668	704	358	363	371	380
Total business rate income kept locally	2,435	2,506	2,196	2,238	2,284	2,331
Net business rate income collected	18,175	18,882	19,252	19,618	20,030	20,440
Percentage retained locally	13.39%	13.27%	11.41%	11.41%	11.40%	11.40%

<u>Worthing</u>	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Baseline funding	2,693	2,747	2,802	2,858	2,915	2,973
Retained surplus rates	716	598	320	323	332	340
Total business rate income kept locally	3,409	3,345	3,122	3,181	3,247	3,313
Net business rate income collected	32,507	31,394	32,827	33,625	34,266	34,986
Percentage retained locally	10.28%	11.03%	9.45%	9.45%	9.45%	9.45%

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. For 2022/23, both Councils will be affected by a national revaluation of hospitals and fire stations.

One of the features of this 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.

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:

- New Monks Farm site in Adur – A planning application has been approved. The proposal includes a new IKEA store which is likely to be constructed over the next 2 years and will potentially benefit Adur from 2023.
- Free Wharf, Western Harbour Arm in Adur includes new commercial floorspace and is likely to start later in the year and be completed by 2023
- Union Place in Worthing – The development will take 3 – 4 years to complete once planning permission has been granted.
- Teville Gate in Worthing – This key development site is currently being progressed. The development will take 3 – 4 years to complete once planning permission has been granted.

Clearly, if the business rate income improves in 2021/22, then the increase could be used to support the budget in 2022/23. An update to the likely surplus or deficit will be undertaken later in the year.

4.5.7 New Homes Bonus

The Coalition Government introduced the New Homes Bonus (NHB) in 2011/12 which was specifically targeted at rewarding increases in the number of homes included in the Council Tax base, dealing with empty properties, and increasing the supply of affordable homes.

This scheme is now being phased out, with the New Homes Bonus generated in 2021/22 being paid for one year only (Adur £76,610 and Worthing £437,380). Given the transitional nature of the 2021/22 funding, the NHB awarded for 2021/22 was not used to balance the budget. Instead this grant was used to fund a covid contingency budget.

New Homes Bonus	2021/22	2022/23	2023/24 and beyond
	£'000	£'000	£'000
Adur	18	10	0
Worthing	408	68	0

4.5.8 Council Tax

Council Tax is now the Councils' major source of general income from taxation. It is now over 75% 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 increases to a minimum 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 more significant. 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 £4.3m.

Finally, Members are reminded that there is a referendum limit. The limit announced last year was the higher of 2.00% or £5.00 per Band D property. At this time we do not know the referendum limit for the 2022/23 Council Tax increase. The Consumer Price Index (CPI) was 1.5% in April 2021 and is expected to increase over the forthcoming months. Consequently for the purposes of planning it is assumed that the limit will be retained at 2%. A 2% increase would be equivalent to £6.23 per year for a Band D property in Adur and £4.95 per year for a 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 £64,840 in Adur and £97,200 in Worthing for 2022/23.

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

2022/23	2023/24	2024/25	2025/26	2026/27
2.0%	2.0%	2.0%	2.0%	2.0%

4.6. Other budget pressures in the next 5 years

4.6.1 In addition to the pressures identified above, 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:

4.6.2 Pay and Prices

4.6.2.1 The largest source of immediate cost pressure in any given year comes from inflation. General inflation is currently at 1.5% (CPI) which is below the target 2% set by the Bank of England.

4.6.2.2 In addition to general inflation, the Council will need to allow for any pay award for 2022/23. Given that the award proposed for 2021/22 is currently 1.5%, for the purposes of the budget, the Council is assuming that pay inflation would be in line or marginally higher than general inflation at 2%.

4.6.2.3 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:

	2022/23	2023/24	2024/25	2025/26	2026/27
	%	%	%	%	%
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 5	£'000 10	£'000 235

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 2021/22 base budget over the next 5 years as follows:

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Adur*	303	604	904	1,196	1,495
Worthing*	484	968	1,444	1,914	2,393
Note:					
Joint Services * (included above)	720	1,435	2,147	2,842	3,551

Income is assumed to increase by 2.0% in 2022/23 which will help to offset the inflationary pressures.

It is difficult to be certain about inflation for 2022/23 particularly in relation to pay at this early point in the year. A 1% difference in the inflation assumptions is equivalent to:

	Adur	Worthing	Joint
	£'000	£'000	£'000
Pay	6	8	257
Supplies and Services	30	110	41
Income	-35	-96	-55
Total	1	22	243
Share of joint inflation	97	146	-243
OVERALL TOTAL	98	168	-

4.6.3 **Impact of the Capital Programme**

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 £1.5m 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.

The recent downturn in interest rates combined with more realistic project profiling has reduced down the cost of the capital programme over the next

few years.

In addition, within the capital strategy, Adur District Council has allocated £5.6m in 2022/23 and 2023/24 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)

4.6.4 **Interest rates**

The bank interest rates have remained low throughout 2020/21 and the base rate is currently 0.1% in comparison our cash investments in the CCLA property funds currently yield about 4%. These rates are unlikely to rise until 2023 at the earliest. These will influence both the returns that the Council is likely to get on any cash investments and the cost of any borrowing associated with the capital programme. 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:

	2022/23	2023/24	2024/25	2025/26	2026/27
Average interest yield	0.75%	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).

4.6.5 **Impact of Platforms for our places:**

- 4.6.5.1 Contained within the Medium Term Financial Plan are a number of new commitments relating to the delivery of Platforms for our Places. In summary the amounts provided are:

Impact of Platforms for our places	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000

Adur District Council

Measures to reduce waste - Impact of the Environment bill	0	72	72	72	72
Bike share scheme	34	60	60	60	60
Heat Network	0	10	10	10	10
Total	34	142	142	142	142

2022/23	2023/24	2024/25	2025/26	2026/27
£'000	£'000	£'000	£'000	£'000

Worthing Borough Council

Measures to reduce waste - Impact of the Environment bill	-	128	128	128	128
Refurbishment of High Street Car Park - Financing costs	4	50	259	259	259
Refurbishment of Buckingham Road car park - Financing costs	132	132	132	132	132
Brooklands improvement programme - net costs	20	27	43	43	43
Bike share scheme	52	89	89	89	89
Heat Network	-	121	121	121	121
Lido substructure repairs	80	80	80	80	80
General provision for future impact of major projects	-	-	284	484	684
Total	288	627	1,136	1,136	1,136

4.6.5.2 Impact of the new Environment Bill

The changes proposed by the new bill are currently being consulted by DEFRA in the 'Consistency in Household and Business Recycling' consultation document. There are four changes which have a potential impact on the Councils:

- i) Consistency in the range of recycling materials collected and the method of handling the materials.
- ii) The implementation of charges for the producers of packaging towards the costs of disposal (Producer pays principle) which will be distributed to local government although it is unclear how this will be distributed.
- ii) The implementation of free fortnightly collections of green waste from 2023/24
- iii) The implementation of weekly food waste collections by 2024/25.

The Government has committed to funding the net cost of the proposed changes including the cost of implementation and any capital costs. However, at this time there is little information on how any funding mechanism will work and whether the funding is sufficient to cover the costs of the changes made. This will become more clear as the bill progresses.

In terms of impact on the budget, at the moment the most challenging proposition is the implementation of free fortnightly collections of green waste. The Council currently charges for a weekly green bin collection and will lose significant revenues if this charge is introduced as our current income is £1.6m for this service. The Government proposes to fund the cost of green waste collection but this is unlikely to cover the full losses that the Councils will experience. However this is the most contested element of the proposals with over 70% of local authorities objecting to this element of the bill in the previous consultation as many households do not require even a fortnightly collection as they have no garden, or have limited outdoor spaces or choose to compost.

Further reports on the impact of the new Environment Bill will be presented to the Joint Strategic Committee in due course. At present, an allowance of £200,000 is allowed in 2023/24 for the implementation of the new arrangements but there is a key assumption within the MTFS that the proposals regarding green waste will not be implemented (or will be fully funded).

4.7 Councils' Budget and Shortfall:

4.7.1 A summary of the position for 2022/23 is therefore:

	Adur £'000	Worthing £'000
Main cost pressures:		
Inflationary pressures in excess of the likely increase in Council Tax	141	228
Impact of Covid 19		
Reduction in Covid 19 support for leisure due to recovery plans	-205	-198
Removal of one off budgets	-558	-780
Overall change due to Covid 19	-763	-978
Changes in funding from Government		
Fall out of one off funding for 2021/22	508	886
Change in retained business rates	-71	64
Change in New Homes Bonus	8	340
Other funding changes	4	18
Total change to funding from Government	449	1308
Impact of funding 'Platforms'		
Refurbishment of Car Parks - Financing costs		136
Brooklands improvement programme - net costs		20
Bike share scheme	34	52
Lido superstructure repairs		80
Overall impact of funding Platforms	34	288
Other items:		
Net impact of the capital programme	220	159
Impact of accommodation rationalisation project	-106	-159
Impact of surplus / deficit on the collection fund	-17	40
Reduction in pension costs	-127	-132
Reduction in funding for homelessness		120
Reduction in income from the recovery of Housing Benefit overpayments		100
Other items	7	
Contingency for committed growth	70	90
Provision for new growth items	70	90
Overall savings to be met by the budget strategy / Surplus (-)	-22	1,154

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.

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

	2022/23	2023/24	2024/25	2025/26	2026/27
ADUR	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	(22)	1,026	1,184	1,537	1,877
Annual shortfall	(22)	1,004	158	353	340
Total net budget	9,297	9,128	9,304	9,508	9,717
Annual savings as a percentage of overall net budget (%)	-%	11.0%	1.7%	3.7%	3.5%

	2022/23	2023/24	2024/25	2025/26	2026/27
WORTHING	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	1,154	2,836	3,720	4,465	5,162
Annual shortfall	1,154	1,682	884	745	697
Total net budget	13,334	13,281	13,579	13,895	14,218
Annual savings as a percentage of overall net budget (%)	8.7%	12.7%	6.5%	5.4%	4.9%

	2022/23	2023/24	2024/25	2025/26	2026/27
JOINT SERVICES**	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	119	1,129	1,453	2,002	2,562
Annual shortfall	119	1,010	443	549	560
Total net budget	24,069	24,069	24,551	24,796	25,044
Annual savings as a percentage of overall net budget (%)	0.5%	4.2%	1.8%	2.2%	2.2%

5. Reserves Position

Both Councils have an established policy to maintain balances at a minimum level of 6% and a maximum level of 10% of net expenditure. However, the working balance was increased substantially at the end of 2019/20 to manage the risks associated with the pandemic with the expectation that this would be available to manage the financial losses resulting from the emergency. The level of General Fund working balance as at the 1st April 2021 is:

	Adur	Worthing
	£'000	£'000
Working balance	951	1,543
Net budget	9,581	14,448
Percentage held	9.9%	10.7%

The working balance was deliberately increased in 2019/20 to help fund the consequences of the pandemic. 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 2021/22 by proactively managing the inflation provision. In addition, where possible, the Councils are opting to use the ability to use capital receipts to fund initiatives which make on-going savings (capital flexibilities) to further protect the reserves position. It is estimated that the balance available to support the budget will be:

	Adur District Council		Worthing Borough Council	
	Balance as at 31-Mar-21	Uncommitted resources*	Balance as at 31-Mar-21	Uncommitted resources*
	£'000	£'000	£'000	£'000
Capacity Issues Reserve	715	465	1,669	1,050
Special and other emergency expenditure reserve	60	60	0	0
Total	775	525	1,669	1,050

* This allows for approvals to use the resources from 2021/22 onwards including the funding of any carry forward requests.

6. Options for addressing the budget gap in 2022/23 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, particularly if the Councils want to deliver on the initiatives detailed in Platforms for our Places. The savings process to be followed for the development of the budget has four stages:

1. Directors are responsible for identifying proposals to meet a significant proportion of the savings targets which are to be considered by the Council Leadership Team in the autumn.
2. A "Budget Reference Group" (joint Executives) will consider the proposals identified to meet the 2022/23 budget shortfall which fit with the Councils' priorities.
3. The savings proposals are then considered by the Joint Overview and Scrutiny Committee with a view to commenting on those which will impact on the Worthing Borough Council budget. Joint Overview and Scrutiny Committee can also add to the list of proposed savings with additional proposals as considered appropriate.
4. Consideration by the Joint Strategic Committee of which of the savings are to be used to fund the budget shortfall.

A flowchart with outline timescales for the 2022/23 budget is attached at Appendix 2.

6.2 The Councils fundamentally reshaped the budget strategy back in 2016/17, with new explicit strands of work designed to balance the budget and support the delivery of the Councils' priorities. The focus of this strategy 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.

6.3 This programme will continue to be shaped over the coming months by the strategic work streams which are discussed in more detail below. The proposed targets for the main programmes of work are:

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Main programmes:						
Strategic Property Investment Fund	200	200	552	200	200	1,352
Commercial income growth	600	600	600	600	600	3,000
Digital service redesign Programme	200	200	200	200	200	1,000
Corporate Landlord programme	205	135	135	260	190	925

6.4 Each programme of work is overseen by an internal working group as follows:

1. The Major Projects Board leads on delivering projects to increase employment space and additional housing;
2. The Commercial 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':

Platform 1: Prosperous places

The Councils will:

- i) Provide strategic support to the business sectors to drive growth across Adur and Worthing 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 support the delivery of projects to support our economies and deliver new revenue streams. 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.
 - b) The Councils will look for the opportunity to acquire or develop new commercial properties which supports the economic regeneration of our areas. 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 and support the cost of property improvement.

Per Council	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Expected cumulative return (after debt charges and allowance for voids)	100	200	300	400	500

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

Platform 2: Thriving People and Communities

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 £276.80 for Adur District Council and £219.92 for Worthing Borough Council in Council Tax income. There are a significant number of developments either being delivered or considered by both Councils. Adur District Council, via the HRA, is directly delivering a number of schemes to improve the supply of affordable homes.
- ii) The Council will prevent homelessness. 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: Tackling Climate Change and Supporting our Natural Environment

The Councils will:

i) **Becoming Carbon Neutral by 2030**

As part of this commitment, the councils will investigate new options for a solar farm, and additional options for widespread solar PV. £775,000 has been allocated to deliver these and other energy efficiency improvements in the 2021/22 capital investment programmes. A detailed Carbon Reduction Plan has been developed which identifies 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) **Reducing waste, increasing reuse, recycling and composting**

Engage with our communities to promote and support the zero to landfill objective thereby minimising the costs associated with meeting the 2023 recycling targets.

Platform 4: Good Services and New Solutions

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

a. Increasing the range of modern digital services:

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.

	2022/23	2023/24	2024/25	2025/26 and beyond
	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	200
Cumulative impact	200	400	600	800

b. Grow our commercial & traded income and external sources of funding:

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 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.

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Annual Savings	600	600	600	600	600
Cumulative impact	600	1,200	1,800	2,400	3,000

c. Develop a Corporate Landlord approach to managing our property estate

Platforms for our Places Going Further identified the development of a Corporate Landlord approach to property management as a means to instigate a ongoing programme of modernisation and improvement in how the Councils manage its property and assets. The recently adopted Joint Strategic Asset Management Plan (JSC March 2020) is the initial step setting out clear objectives and principles around how the Councils will look to manage its assets. The programme will involve a number of workstreams to improve existing approaches:

- Finance & Budgets Workstream
- Data, Information & Compliance Workstream
- Governance Workstream
- Revenue Generation Workstream
- Asset Challenge Workstream
- Property Rationalisation Workstream

The cumulative effect of delivering these workstreams will mean that the councils' land and resources will be managed as corporate resources in a holistic and strategic manner seeking to involve the right stakeholders to meet the needs and priorities of the councils. This will be a change to the historic approach, which is being explored through the corporate landlord group.

The Corporate Landlord Model means that the ownership and responsibility for the asset in terms of management and maintenance will transfer from services to the corporate centre. The service then transitions to a customer/corporate tenant approach as a key stakeholder freeing services to focus on planning and delivery of their service area.

Corporate landlord will take responsibility for acquisition, development, management, maintenance, disposal of land and buildings but also asset planning, review and feasibility/options appraisals to ensure that assets are challenged to be working to deliver council priorities.

In advance of this change programme three initial strands of work have been identified to drive financial return to the council in the shorter term and in accordance with the recently adopted Property Asset Management Plan:

- Property Rationalisation Workstream - initiatives to rationalise the amount of accommodation and depot space used by the Councils
- Revenue Generation Workstream - Work to ensure that rent reviews are up to date and continue effectively manage the councils' estates
- Asset Challenge Workstream - Identify surplus assets which could be disposed of to reduce the borrowing costs to the Councils for other priority projects identified in Platforms for our Places Going Further.

It is expected that this programme will lever in the following savings over the next 5 years.

	2022/23	2023/24	2024/25	2025/26	2026/27
Annual Savings	£'000 205	£'000 135	£'000 135	£'000 260	£'000 190
Cumulative impact	205	340	475	835	1,025

d. Effective procurement and contract management, driving sustainability and value for money

The Councils will continue to identify opportunities to lever in further procurement savings by 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.

e. 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 (excluding the working balance) of:

	£'000
Adur	525
Worthing	1,050

Given the current financial position of the Councils and the level of risk associated with the current pandemic, the reserves should only be used to balance the budget for 2022/23 as a last resort. Nevertheless, 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 2022/23, 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. 2023/24 and beyond

- 7.1 The detailed budget projections for 2022/23 to 2026/27 are also shown in Appendix 3. It is clear that many of the cost pressures identified for 2022/23 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 .

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 to support the local economy using the Strategic Property Investment Fund.
- v) Using the Councils assets through the asset management plan to best support the Council’s priorities.
- vi) To address the costs of homelessness through preventative measures and acquiring better value homes for emergency accommodation.

7.3 This strategy will have long term benefits. Overall as a result of the strategy adopted both Council will be able to address significant proportions of the budget shortfalls identified.

	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
Adur District Council	£'000	£'000	£'000	£'000	£'000
Estimated cumulative savings required to balance the budget	-22	1,026	1,184	1,537	1,877
Savings strategy:					
Strategic Property Investment	-100	-200	-300	-400	-500
Commercial income and commissioning	-150	-300	-450	-600	-750
Service and digital redesign	-80	-160	-240	-320	-400
Commercial landlord programme	-50	-130	-160	-230	-230
Residual savings to be identified	-452	236	34	-13	-3
Worthing Borough Council					
	1,154	2,836	3,720	4,465	5,162
Estimated cumulative savings required to balance the budget					
Savings strategy:					
Strategic Property Investment	-100	-552	-652	-752	-852
Commercial income and commissioning	-450	-900	-1,350	-1,800	-2,250
Service and digital redesign	-120	-240	-360	-480	-600
Commercial landlord programme	-105	-210	-315	-505	-695
Residual savings to be identified	379	655	209	-20	-163

Shown at Appendix 4 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 legacy of the 1% rent reduction and increasing maintenance costs associated with the condition of the housing stock.
- 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 2022/23 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 2022/23 revenue and capital budgets:

9.2 Revenue Budget Strategy

- 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;

- The Council will identify the majority of savings through six proposed programmes of work:
 - Strategic Property Investment Fund
 - Commercial strategy
 - Affordable homes programme
 - Corporate Landlord programme
 - Digital and service redesign programme
 - Investment in renewable energy
- Officers are to identify other 'cashable' efficiency savings, options for reducing non-priority services, and undertake a critical review of budgets to identify further options for balancing the budget.

9.3 Capital Investment Programme

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

Adur District Council: £1.5 m core funding in 2022/23 and 2023/24
 (plus £5.6m 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 25th November 2021.
- 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 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 2021/22 budget round.

Background Papers

Report to Adur District Council Executive 2nd February 2021 - Estimates 2021/22 and setting of 2021/22 Council Tax

Report to Worthing Borough Council Executive 1st February 2021 -Estimates 2021/22 and setting of 2021/22 Council Tax

Report to Joint Strategic Committee 13th July 2021 – Final Revenue Outturn for Joint, Adur and Worthing 2020/21.

Budget Statement 2021 – Report from HM Treasury

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

Report to the Joint Strategic Committee 3rd December 2019 – *Platforms for our Places - Going Further (2020-2022)* : Unlocking the Power of People, Communities and our Local Geographies

Covid 19: Local Government Finance report by the Parliamentary Accounts Committee

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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.

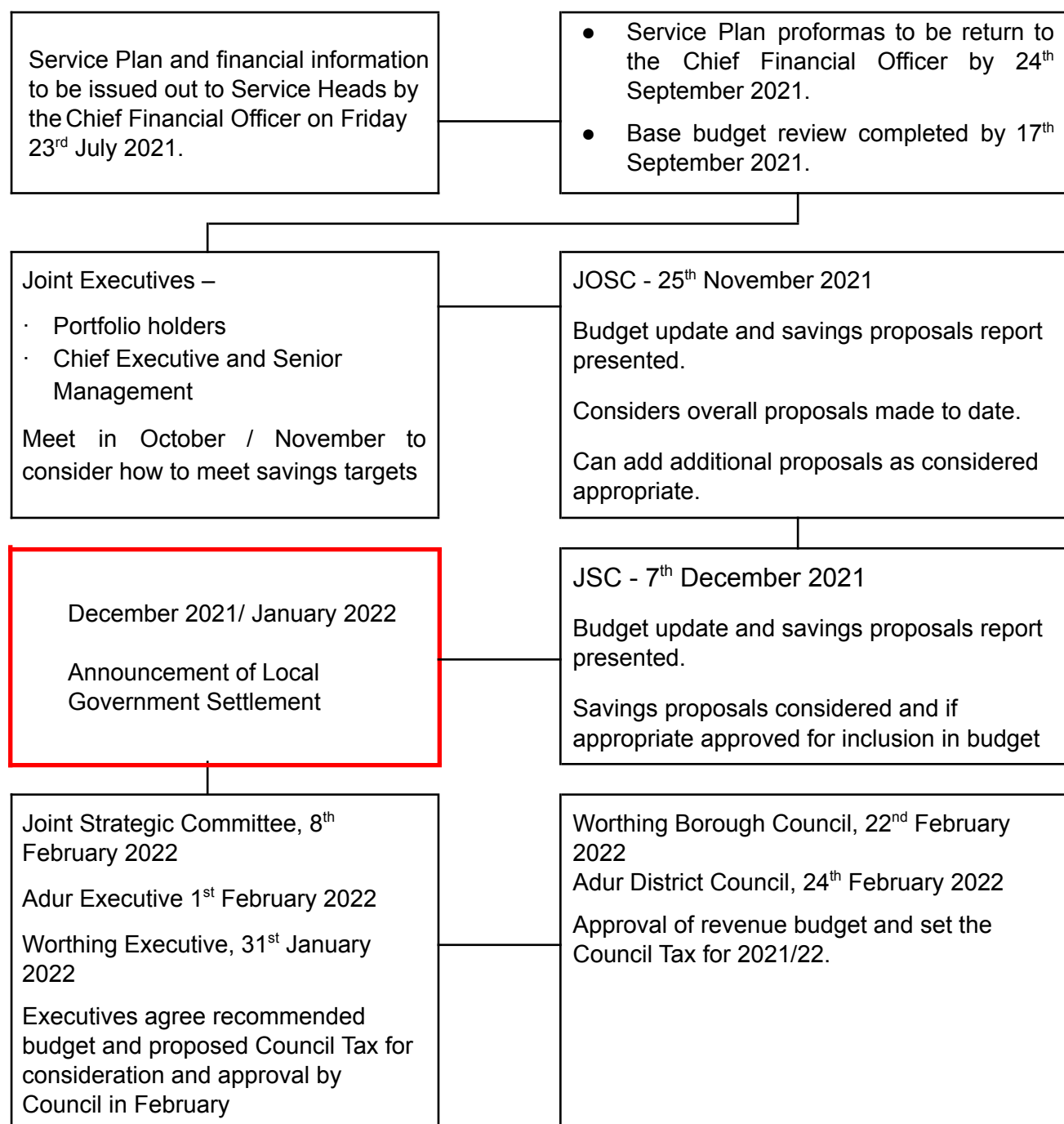
3. Environmental

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 2021/22 - 2026/27						
Net Spending to be Financed from Taxation	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
Base budget	£'000 9,581	£'000 9,581	£'000 9,581	£'000 9,581	£'000 9,581	£'000 9,581
(a) Annual Inflation						
Estimated inflation		303	604	904	1,196	1,495
Impact of 2021/22 pay rise		(14)	(14)	(14)	(14)	(14)
(b) One -off / non-recurring items						
Local Elections (held every other year)		(18)	-	(19)	-	(20)
(c) Impact of Covid 19 pandemic						
Delay to Fairer Funding Review - Homeless funding to continue for 2022/23		-	297	297	297	297
Final cost of new leisure contract		(205)	(223)	(322)	(322)	(322)
Removal of one-off budgets:						
Council Tax Support - discretionary reliefs		(111)	(111)	(111)	(111)	(111)
Covid 19 budget		(447)	(447)	(447)	(447)	(447)
(d) Impact of funding 'Platforms'						
Measures to reduce waste - Impact of the Environment bill		-	72	72	72	72
Bike share scheme		34	60	60	60	60
Heat Network		-	10	10	10	10
(e) Capital Programme and Treasury Management						
Capital programme financing costs		220	293	350	500	675
Impact of AW workspaces project		(106)	(106)	(106)	(106)	(106)
Investment income		-	(40)	(82)	(126)	(171)
(f) Other items						
Reduction in pension contributions						
Back Funded pension payment reduction		(52)	(52)	(52)	(52)	(52)
Reduction in pension contributions rate		(75)	(76)	(78)	(78)	(78)
Building maintenance		25	25	25	25	25
Allowance for committed growth items		70	140	210	280	350
(g) Approved Growth items						
Provision for new growth items		70	140	210	280	350
Total Cabinet Member Requirements	9,581	9,275	10,153	10,488	11,045	11,594

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2021/22 - 2026/27

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Total Cabinet Member Requirements B/fwd	9,581	9,275	10,153	10,488	11,045	11,594
Business Rate income:						
Baseline funding	1,767	1,802	1,838	1,875	1,913	1,951
Add: Retained additional business rates	668	704	358	363	371	380
Adjusted Business Rate Income	2,435	2,506	2,196	2,238	2,284	2,331
Council Tax income	6,612	6,760	6,911	7,066	7,224	7,386
Other grants						
New homes bonus (2019/20 - 2022/23)	10	10	-	-	-	-
New homes bonus (2021/22)	8	-	-	-	-	-
Total New Homes Bonus	18	10	-	-	-	-
Lower Tier Services Grant	75	-	-	-	-	-
Local Tax Guarantee Scheme - Council Tax	63	59	59	-	-	-
Covid 19 Funding Allocation	322	-	-	-	-	-
Covid 19 Funding - Council Tax Support Grant	111	-	-	-	-	-
Collection fund surplus/deficit (-)	(55)	(38)	(38)	-	-	-
Total other grants and contributions	534	31	21	-	-	-
Total Income from Grants and Taxation	9,581	9,297	9,128	9,304	9,508	9,717
AMOUNT REQUIRED TO BALANCE BUDGET	-	(22)	1,026	1,184	1,537	1,877

ADUR DISTRICT COUNCIL

Revenue Budget Summary Statement 2021/22 - 2026/27

	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
	£'000 (22)	£'000 1,026	£'000 1,184	£'000 1,537	£'000 1,877
AMOUNT REQUIRED TO BALANCE BUDGET					
Savings strategy:					
Strategic Property Investment Fund					
Future purchases	200	400	600	800	1,000
Provision for future voids	(100)	(200)	(300)	(400)	(500)
Commercial activities and commissioning Commercial and Customer Activities	150	300	450	600	750
Service and Digital redesign	80	160	240	320	400
Commercial Landlord Programme	100	130	160	230	230
Total initiatives identified	430	790	1,150	1,550	1,880
Cumulative savings still to be found/ (surplus)	(452)	236	34	(13)	(3)
Annual savings still to be found	(452)	688	(202)	(47)	10
Council Tax increase	2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)	£6.23	£6.35	£6.48	£6.61	£6.74
Weekly increase (Band D property)	£0.12	£0.12	£0.12	£0.13	£0.13
Average annual increase (Band C property)	£5.54	£5.64	£5.76	£5.88	£5.99
Average weekly increase (Band C property)	£0.11	£0.11	£0.11	£0.11	£0.12

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2021/22 - 2026/27

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	14,448	14,448	14,448	14,448	14,448	14,448
(a) Annual Inflation						
Estimated inflation		484	965	1,444	1,914	2,393
Impact of 2021/22 pay rise		(22)	(22)	(22)	(22)	(22)
(b) One -off / non-recurring items						
Local Elections (held 3 out of 4 years)		(50)	-	-	-	(50)
(c) Impact of Covid 19 pandemic						
Delay to Fairer Funding Review - Homeless funding in current form to continue for 2022/23		-	272	272	272	272
Final cost of support for leisure provision		(198)	(198)	(198)	(198)	(198)
Removal of one-off budgets:						
Council Tax Support - discretionary reliefs		(133)	(133)	(133)	(133)	(133)
Covid 19 contingency budget		(647)	(647)	(647)	(647)	(647)
(d) Impact of funding 'Platforms'						
Measures to reduce waste - Impact of the Environment bill		-	128	128	128	128
Refurbishment of High Street Car Park - Financing costs		4	50	259	259	259
Refurbishment of Buckingham Road car park - Financing costs		132	132	132	132	132
Brooklands improvement programme		20	27	43	43	43
Bike share scheme		52	89	89	89	89
Heat Network		-	121	121	121	121
Lido superstructure repairs		80	80	80	80	80
Provision for future impact of major projects		-	-	284	484	684
(e) Capital Programme and Treasury Management						
Financing costs - General Programme		159	518	602	899	1,218
Impact of AW workspaces project		(159)	(159)	(159)	(159)	(159)
Investment income		-	(48)	(115)	(201)	(309)
(g) Other items						
Reduction in pension contributions						
Back funded pension payment reduction		(9)	(9)	(9)	(9)	(9)
Reduction in pension contributions rate		(123)	(177)	(180)	(180)	(180)
Building maintenance		50	100	100	100	100
Allowance for committed growth items		90	180	270	360	450
Fall out of one-off Housing funding		120	120	120	120	120
Reduction in income associated with the recovery of housing benefit overpayments.		100	100	100	100	100
(h) Provision for new growth items		90	180	270	360	450
Total Cabinet Member Requirements	14,448	14,488	16,117	17,299	18,360	19,380

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2021/22 - 2026/27

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
	£'000	£'000	£'000	£'000	£'000	£'000
Total Cabinet Member Requirements b/fwd	14,448	14,488	16,117	17,299	18,360	19,380
Business Rate income:						
Baseline funding	2,693	2,747	2,802	2,858	2,915	2,973
Add: Net retained additional business rates	716	598	320	323	332	340
Adjusted Business Rate income	3,409	3,345	3,122	3,181	3,247	3,313
Council Tax income	9,681	9,915	10,153	10,398	10,648	10,905
Other grants and contributions:						
New homes bonus (2018/19- 2021/22)	222		-	-	-	-
New homes bonus (2019/20 - 2022/23)	68	68		-	-	-
New homes bonus (2021/22)	118		-	-	-	-
Total New Homes Bonus	408	68	-	-	-	-
Lower Tier Services Grant	203					
Local tax compensation scheme	55	37	37			
Covid 19 Funding Allocation	550					
Covid 19 Funding - Council Tax Support Grant	133					
Collection fund surplus/deficit (-)	9	(31)	(31)		-	-
Total other grants and contributions	1,358	74	6	-	-	-
Total Income from Taxation	14,448	13,334	13,281	13,579	13,895	14,218
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,154	2,836	3,720	4,465	5,162

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2021/22 - 2026/27

		2022/ 23 £'000	2023/ 24 £'000	2024/ 25 £'000	2025/ 26 £'000	2026/ 27 £'000
AMOUNT REQUIRED TO BALANCE BUDGET		1,154	2,836	3,720	4,465	5,162
Savings strategy::						
Strategic Property Investment Fund						
Future property purchases		200	400	600	800	1,000
Provision for future voids and repairs		(100)	(200)	(300)	(400)	(500)
Wellbeing centre and car park		-	352	352	352	352
Commercial and Customer Activities		450	900	1,350	1,800	2,250
Service and Digital redesign programme		120	240	360	480	600
Corporate Landlord Programme		105	210	315	505	695
Total savings initiatives identified to date		775	1,902	2,677	3,537	4,397
Cumulative savings still to be found/ (surplus)		379	934	1,043	928	765
Annual savings still to be found		379	555	109	(115)	(163)
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£4.95	£5.05	£5.15	£5.25	£5.36
Weekly increase (Band D property)		£0.10	£0.10	£0.10	£0.10	£0.10
Average annual increase (Band C property)		£4.40	£4.49	£4.58	£4.67	£4.76
Average weekly increase (Band C property)		£0.08	£0.09	£0.09	£0.09	£0.09

JOINT STRATEGIC COMMITTEE
Revenue Budget Summary Statement 2021/22 - 2026/27

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	23,609	23,609	23,609	23,609	23,609	23,609
(a) Annual Inflation						
Estimated inflation		720	1,435	2,147	2,842	3,551
Impact of 2021/22 pay rise		(36)	(37)	(38)	(39)	(40)
(b) Impact of funding 'Platforms'						
Measures to reduce waste		-	200	200	200	200
(c) Other items						
Reduction in pension contributions		(205)	(209)	(214)	(214)	(214)
Allowance for committed growth items		100	200	300	400	500
Net cost to be reallocated to the Councils	23,609	24,188	25,198	26,004	26,798	27,606
Adur District Council	9,545	9,731	9,731	9,926	10,025	10,125
Worthing Borough Council	14,064	14,338	14,338	14,625	14,771	14,919
Total income for services provided to the constituent councils	23,609	24,069	24,069	24,551	24,796	25,044
(Surplus) / Shortfall in Resources	-	119	1,129	1,453	2,002	2,562
Savings strategy:						
Commercial activities and commissioning						
Commercial and Customer Board						
Efficiency Measures						
Service and Digital redesign		120	120	120	120	120
		- - - -	- - - -	- - - -	- - - -	- - - -
Total savings identified		120	120	120	120	120
		- - - -	- - - -	- - - -	- - - -	- - - -
Savings still to be found/ (surplus)		(1)	1,009	1,333	1,882	2,442
Savings required in each year		119	1,010	324	549	560

Appendix 4

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027 /28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Adur District Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	9,581	9,581	9,581	9,581	9,581	9,581	9,581	9,581	9,581	9,581	9,581
Inflation		289	590	890	1,182	1,481	1,793	2,092	2,392	2,694	2,997
Impact of capital programme and treasury management decisions		114	147	162	268	398	533	671	794	919	1,145
Net growth / savings (-)		-709	-165	-145	14	134	284	394	544	654	804
Net expenditure funded by taxation	9,581	9,275	10,153	10,488	11,045	11,594	12,191	12,738	13,311	13,848	14,527
Income from taxation											
Business rates	2,435	2,506	2,196	2,238	2,284	2,331	2,353	2,401	2,450	2,499	2,549
Council Tax	6,557	6,722	6,873	7,066	7,224	7,386	7,551	7,720	7,893	8,069	8,250
Other grants	589	69	59	0	0	0	0	0	0	0	0
Total income from taxation	9,581	9,297	9,128	9,304	9,508	9,717	9,904	10,121	10,343	10,568	10,798
Cumulative budget shortfall	0	-22	1,026	1,184	1,537	1,877	2,287	2,617	2,968	3,280	3,729
Budget strategy initiatives											
Investment in commercial property		100	200	300	400	500	650	800	950	1,100	1,250
Development of commercial income		150	300	450	600	750	920	1,090	1,260	1,430	1,600
Impact of digital strategy		80	160	240	320	400	480	560	640	720	800
Commercial landlord initiatives		100	130	160	230	230	230	230	230	230	230
Total savings initiatives identified		430	790	1,150	1,550	1,880	2,280	2,680	3,080	3,480	3,880
Remaining savings to be identified		-452	236	34	-13	-3	7	-63	-112	-200	-151
Savings per year to be identified		-452	688	-201	-48	11	10	-70	-49	-88	49

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Worthing Borough Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	14,448	14,448	14,448	14,448	14,448	14,448	14,448	14,448	14,448	14,448	14,448
Inflation		462	943	1,422	1,892	2,371	2,872	3,353	3,836	4,322	4,812
Impact of capital programme and treasury management decisions		0	311	328	539	750	1,402	1,981	2,173	2,440	2,712
Net growth / savings (-)		-422	415	1,101	1,481	1,811	1,951	2,041	2,131	2,171	2,311
Net expenditure funded by taxation	14,448	14,488	16,117	17,299	18,360	19,380	20,673	21,823	22,588	23,381	24,283
Income from taxation											
Business rates	3,409	3,345	3,122	3,181	3,247	3,313	3,352	3,416	3,487	3,558	3,629
Council Tax	9,690	9,884	10,122	10,398	10,648	10,905	11,167	11,436	11,711	11,994	12,282
Other grants	1,349	105	37	0	0	0	0	0	0	0	0
Total income from taxation	14,448	13,334	13,281	13,579	13,895	14,218	14,519	14,852	15,198	15,552	15,911
Cumulative budget shortfall	0	1,154	2,836	3,720	4,465	5,162	6,155	6,972	7,390	7,829	8,373
Budget strategy initiatives											
Investment in commercial property			552	652	752	852	1,002	1,152	1,302	1,452	1,602
Development of commercial income		450	900	1,350	1,800	2,250	2,680	3,110	3,540	3,970	4,400
Impact of digital strategy		120	240	360	480	600	600	600	600	600	600
Commercial landlord initiatives		105	210	315	505	695	695	695	695	695	695
Total savings initiatives identified		775	1,902	2,677	3,537	4,397	4,977	5,557	6,137	6,717	7,297
Remaining savings to be identified		379	934	1,043	928	765	1,178	1,415	1,253	1,112	1,076
Savings per year to be identified		379	555	109	-115	-163	413	237	-162	-141	-37