



Budget Estimates 2022/23 and setting of the 2022/23 Council Tax

Report by the Director for Digital, Sustainability & Resources

Officer Contact Details

Sarah Gobey, Chief Financial Officer, 01903 221221
sarah.gobey@adur-worthing.gov.uk

Executive Summary

1. Purpose

1.1 This report is the final budget report of the year, the culmination of the annual budgeting exercise, and asks members to consider:

- The final revenue estimates for 2022/23 including any adjustments arising from settlement;
- An updated outline 5-year forecast; and
- The provisional level of Council Tax for 2022/23, prior to its submission to the Council for approval on the 22nd February 2022. This will be subject to any proposals to change the draft revenue budget following the consideration of the budget by the Executive.

1.2 The report outlines the medium term financial challenge through to 2026/27, discusses the continuing impact that the pandemic is having on our finances over the next year, and sets out performance in the key strategic areas of commercialisation, digital transformation and strategic asset investment. This has been updated to include the latest information regarding the impact of the pandemic on the Council financial position. The current budget strategy is having a significant effect on how the Council will be funded in the future with increasing income generated from commercial income and rents. Following the delay to the fairer funding review, the challenge still remains significant for 2023/24, however the delivery of the budget strategy will ensure that this is met.

1.3 These budgets reflect the Councils' ambitions set out in *Platforms for our Places: Going Further and 'And then'*, and agreed savings proposals contributing to the financial sustainability of the Councils. The report also updates members about the impact of the draft 2022/23 settlement.

1.4 The major points raised within the report include:

- A full update on the impact of settlement. The Council should prepare itself for a continuation of the reduction in Government resources for 2023/24 and beyond (see section 4);
- Highlights the proposed funding for initiatives to support the Councils' ambitions set out in *Platforms for our Places - Going Further and And Then*;
- Details the proposals to invest in services outlined in Appendix 2;
- The Executive will need to consider whether to increase Council Tax by 2.0% or by a lower amount (section 5.10).

1.5 The budget is analysed by Executive Member portfolio. In addition, the draft estimates for 2022/23 have been prepared, as always, in accordance with the requirements of the Service Reporting Code of Practice for Local Authorities (except in relation to pension costs adjustments that do not impact either on the Budget Requirement or the Council Tax Requirement).

1.6 The Police and Crime Commissioner (PCC) has already been informed that the referendum criteria for this year is an increase of £10.00 per Band D property which would be equivalent to an increase of 4.65%. The proposed 2022/23 budget is due to be considered by the Sussex Police and Crime Panel (PCP) on 28th January 2022. If the proposals are vetoed by the PCP, revised proposals will be considered by the Panel on the 14th February 2022 at which point the Commissioner will be in a position to confirm the Council Tax for 2022/23 in time for Council on the 22nd February 2022.

1.7 The draft Local Government Settlement allows Councils to increase core Council Tax by up to 2%. Those Councils with responsibility for Adult Social Care can increase Council Tax by up to a further 1% which can be increased by up to 3% where they opted to defer the flexibility that was available to them in 2021/22. Therefore a Council Tax increase of between 3% and 6% for Councils with social care responsibilities is allowed for 2022/23.

1.8 The precept for West Sussex County Council has not yet been finalised and will not be confirmed until 18th February 2022. The formal detailed resolution setting the overall Council Tax for next year will be presented directly to the Council Meeting on 22nd February 2022.

1.9 The following appendices have been attached to this report:

- (i) **Appendix 1** 5 year forecast for Worthing Borough Council
- (ii) **Appendix 2** Proposals for investment in services
- (iii) **Appendix 3** Estimated Reserves
- (iv) **Appendix 4** Council Tax base for 2022/23
- (v) **Appendix 5** Summary of Executive Member Portfolio budgets for 2022/23

2. Recommendations

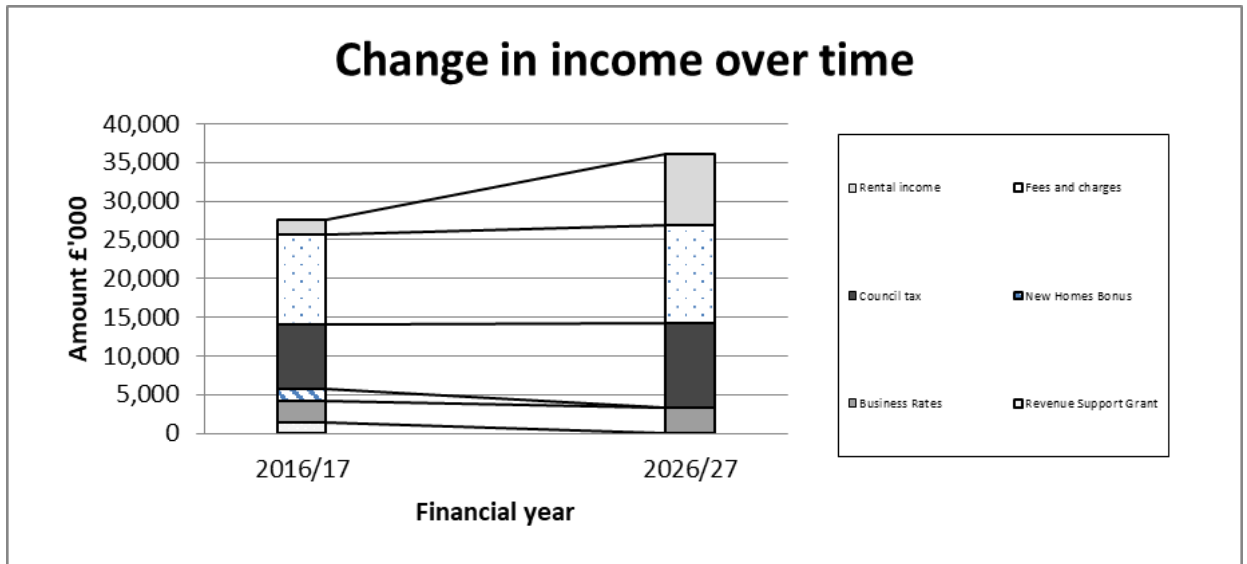
2.1 The Executive is recommended to:

- (a) Consider and approve, if agreed, the proposals to invest in services outlined in Appendix 2;
- (b) Agree to recommend to Council the draft budgets for 2022/23 at Appendix 5 as submitted in Executive Member Portfolio order, and the transfer to Reserves leading to a net budget requirement of £13,784,570 which includes provision for the proposals in Appendix 2, subject to any agreed amendments; and
- (c) Consider which Band D Council Tax to recommend to Council for Worthing Borough Council's requirements in 2022/23 as set out in section 5.10
- (d) Approve the Council Tax base of 39,610.50 for 2022/23 as set out in paragraph 12.3.

3. INTRODUCTION

- 3.1 The Joint Strategic Committee considered the report 'Developing a revenue budget for 2022/23 at the time of a pandemic' on 13th July 2021. This report outlined the current financial context, the key budget pressures and the budget strategy for Adur and Worthing Councils. The report built on the strategy first proposed in 2015/16 whose strategic aim was to ensure that the Councils would become community funded by 2020 reliant, by then, only on income from trading and commercial activities, council tax and business rates.
- 3.2 To address the known pressures and to realise its ambitions set out in *Platforms for our Places*, the Councils have set-up several strategic programmes delivering new income and savings for the next 5 years:
- The Major Projects programme will lead on delivering regeneration projects to increase employment space and additional housing;
 - The Service Redesign programme leads on the delivery of the Digital Strategy and ensure that the benefits are realised from this programme of work;
 - The Strategic Asset Management programme will lead on delivering the income growth associated with the Strategic Property Investment Fund;
 - The Commercial programme develops initiatives to promote income growth from commercial services and seeks to improve the customer experience; and
 - 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.
 - The Corporate Landlord programme which seeks to rationalise accommodation use and generate capital receipts from the sale of surplus assets and thereby reducing the costs associated with funding priority projects identified in *Platforms for our Place: Going Further*.
- 3.3 The successful delivery of our strategy fundamentally changes how the Council is funded while pursuing transformational approaches to how we deliver services and work with our partners. The Council is moving

increasingly away from government funding towards funding from the local community via Council Tax, and will become increasingly reliant on income from commercial activities over time. Between 2016/17 and 2026/27 income from locally controlled sources (including Council Tax) is expected to increase from £21.9m to £32.6m, whilst at the same time income controlled by central government (including a share of business rates) will reduce from £5.8m to £3.4m.



- 3.4 The subsequent report to the Joint Strategic Committee, on 7th December 2021 updated Members as to the latest budgetary information and the forecast shortfall was revised as follows:

Worthing Borough Council	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Overall shortfall – December forecast	1,190	3,039	3,782	4,527	5,227
Savings identified in December 2021	-1,136	-2,263	-3,038	-3,898	-4,758
Revised budget shortfall/ Surplus(-) as at December 2021	54	776	744	629	469

- 3.5 The 2022/23 savings proposals identified within the report amounted to £1,136,000.

- 3.6 Since the meeting in December, the Worthing Borough Council budget has been finalised and the last adjustments have been included subject to the final considerations about the level of Council Tax and any proposals to reinvest back into services. Overall, therefore, the current financial position of the Council for 2022/23 can be summarised as:

	£'000
Original 2022/23 budget surplus	1,154
<i>Changes to income from grants and taxation:</i>	
(a) Improvements to the income from Council Tax	-83
(b) Impact of current forecast Council Tax Collection Fund deficit / surplus (-)	58
(c) Improvement to business rate forecast	-27
(d) Increased government income to compensate for increase to National Insurance costs - continuation of lower tier grant.	-203
<i>Other changes:</i>	
(e) Impact of 1.25% National Insurance payments	202
(f) Reprofiling of capital programme	-50
(g) Impact of 2021/22 pay award and regradings	37
(h) Net committed growth items identified by Service Heads (See Appendix 2)	192
(i) Removal of contingency budget for committed growth	-90
Revised budget surplus as at 7th December 2021	1,190
<i>Impact of Settlement</i>	
Final change to business rate income following confirmation of the tariff and new multiplier and review of current income levels	6
One off funding:	
New Homes Bonus	-89
Reduction in Lower Tier Grant	82
Service Grant	-186
Budget deficit following settlement	1,003

	£'000
Budget Surplus following settlement	1,003
<i>Adjustment for final items identified</i>	
Final assessment of Council Tax income and the collection fund deficit for 2022/23	-11
Impact of new tipping charge contract	105
Further reduction in car parking income due to continued impact of pandemic on income.	189
Removal of revenues and benefits savings target - staff resources retained due to impact of Covid on work volumes.	26
Reprofiling of the capital programme	-169
Removal of contingency for new service investment proposals	-90
Revised Budget shortfall	1,053
Less: Net savings agreed in December	-1,136
Budget surplus based on a 2% Council Tax increase (before any further action is agreed)	-83

4. 2022/23 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 4.1 The government published the provisional local government finance settlement for 2022/23 on 16th December 2021 via a written statement. Consultation on the provisional settlement closed on the 16th January 2022. This is a one-year settlement and in many ways is similar to the 2021/22 settlement.
- 4.2 Settlement confirmed the referendum principles set out above. The Councils will be able to increase Council Tax by up to 2% or £5.00 whichever is the lower.
- 4.3 Ministers will be re-starting the local government funding reforms in the Spring. This means that the Fair Funding Review and baseline reset are both going to be under consideration again, for possible implementation in 2023-24.
- 4.4 The impact of settlement can be summarised as follows:

- **Revenue support grant and baseline funding**

The Council will receive no Revenue Support Grant in 2022/23. Since 2016/17 the Council has seen Revenue Support Grant fall by £1.4m and has received no grant since 2018/19.

Whereas baseline funding (minimum amount of retained business rates) has frozen this year in line with the business rate multiplier at £2,692,550.

However, councils will be compensated for the impact of freezing of business rates via grants and the net overall impact of this change is a loss of £6,000 in business rate income.

- **Lower tier services grant (£111m nationally)**

This grant which is broadly distributed on the basis of need but also includes an element to support those with reductions in Core Spending Power. Worthing Borough Council will receive £120,780.

- **Services Grant (£822m nationally)**

A new one-off 2022-23 Services Grant has been created to fund core services which is distributed using the 2013/14 Settlement Funding Assessment methodology. Worthing Borough Council will receive £185,618.

This funding will be excluded from any proposed baseline for transitional support as a result of any proposed system changes.

- **New Homes Bonus**

New Homes Bonus (NHB) will continue for another year but the government very clearly intends to phase out the current scheme by 2023-24. For 2022-23, there is no change in the operation of the scheme: the scheme works in the same way and applies the same threshold (0.4%). The threshold means that NHB payments will only be made on an increase in the council tax base that exceeds 0.4%.

NHB allocations of £554m will be made nationally. This is a one off allocation in 2022/23 and the Council will receive an additional grant of £88,522.

Overall the Council is expected to use the following amounts in NHB to support the budget over the next few years.

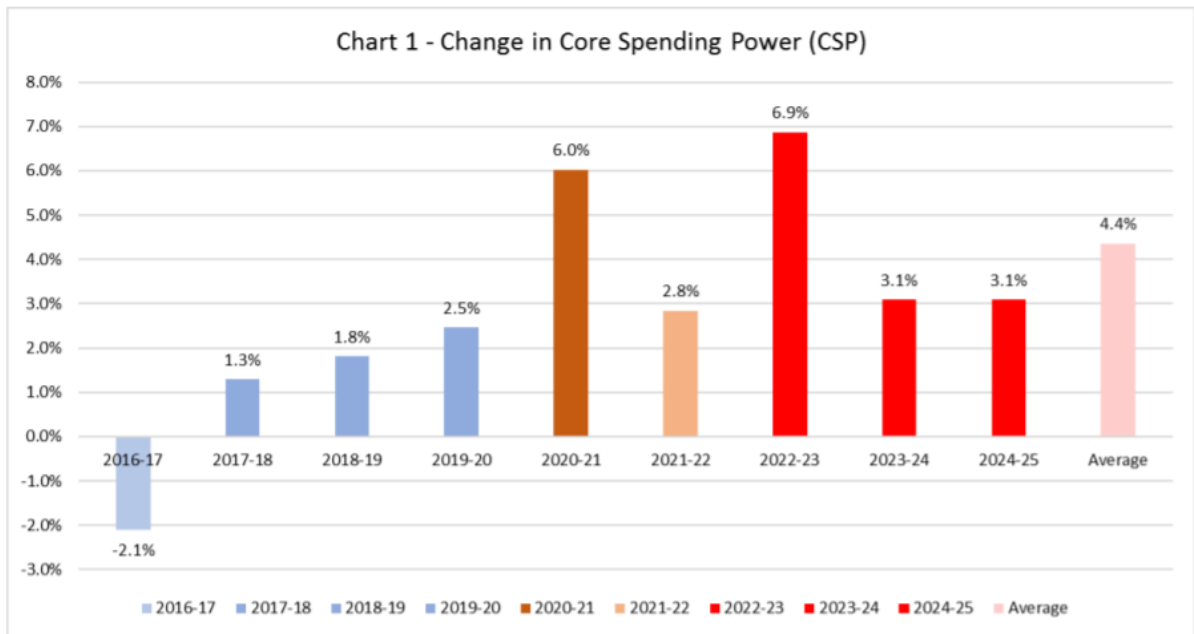
	2021/22	2022/23	2023/24 Onwards
	£'000	£'000	£'000
NHB used to support the budget			
Historic allocations	222		
2019/20 allocation	68	67	0
2021/22 allocation	118	0	0
2022/23 allocation		89	0
Total NHB used to support the budget	408	156	0
One off payment in 2020/21 used to fund projects.	0	0	0
Total New Homes Bonus	408	156	0

4.4 **Changes to local government funding in 2023/24 and beyond:**

The Fairer Funding Review and the changes to the Business Rate Retention Scheme have now been delayed until 2023/24 at the earliest. However, there is now an intention to review and update the funding system with a clear indication that transitional arrangements will be in place for historic funding allocations.

4.4 **Summary of 2022/23 Local Government Settlement**

4.4.1 In overall terms, the 2022/23 settlement revealed that Core Spending Power (CSP which is the total of council tax, business rates, and government grant) has increased by 6.9% in cash terms which is roughly equivalent to a 4.0% increase in real terms. This is the largest increase for some time and it is expected that CSP will continue to grow for the following two years following the increases announced as part of the Comprehensive Spending Assessment.



4.4.2 Members should be aware that the settlement figures quoted above are provisional only. The consultation period ended on 13th January 2022 with final settlement expected in February.

4.4.3 There were few significant changes at this late stage in previous years. If there are any significant changes arising from the final information members will be briefed before Council.

4.5 **Update on current Business Rate Retention Scheme**

4.5.1 The business rate retention scheme has now been in place for several years. There are two key features which members are reminded of:

- 1) There is a 'safety net' in place for any Council whose actual business rates income falls short of the target income for business rates. The safety net arrangements will be of 7.5% of Baseline Funding which is equivalent to a maximum fall in income below the baseline funding level of £201,940.
- 2) A 'levy' is in place for any Council whose business rates exceed the target set. The levy will mean that the Council can keep 50p of every additional £1 generated over its share of the business rate target.

For each additional £100,000 raised the Council will keep the following amounts:

	Share of additional income	Additional Levy paid to treasury	Kept locally
	£'000	£'000	£'000
HM Treasury	50		
County Council	10	5	5
Borough Council	40	20	20
	100	25	25

4.5.2 The forecast for 2022/23 is currently being finalised. The 2022/23 NNDR return which underpins this forecast is due to be submitted by the 31st January 2022 and any substantial changes resulting from the final assessment of the business rate income will be managed through the business rate smoothing reserve which has been set up for this purpose.

4.5.3 The Collection Fund will have another deficit at the end of the current year, largely due to the additional Covid 19 (£5.8m) and other reliefs granted in the year together with a share of the losses incurred in 2020/21 are now being recovered over a three year period. Overall a deficit of £8.4m will need to be recouped in 2022/23 which can be broken down as follows:

	2021/22 £'000	Share of 2020/21 loss £'000	Total to be recovered in 2022/23 £'000
Worthing Borough Council	3,113.9	256.2	3,370.1
West Sussex County Council	778.5	64.1	842.6
Government (HMT)	3,892.4	320.3	4,212.7
Total recovered	7,784.8	640.6	8,425.4

The Council has received compensation in 2021/22 for the additional reliefs granted. The losses, which can largely be attributed to the additional Covid reliefs, are funded from the business rate smoothing reserve in 2022/23 and 2023/24 set up to address timing differences in the business rate system.

4.5.4 Looking further ahead, the generation of additional business rates is one of the solutions to the Council's ongoing financial pressures. Members will be aware that there are several schemes progressing which will create employment space. Examples include: Union Place, Grafton and Teville Gate.

4.5.5 Finally, it should be appreciated that there are still a number of risks associated with the business rate forecast:

- It is difficult to establish the number of appeals which are likely to come forward. There is no time limit on when an appeal might be lodged. However to date far fewer appeals have been received following the 2017 revaluation following the introduction of the new 'Check, Challenge, and Appeal' process by the VOA.
- Major redevelopments will temporarily reduce business rate income whilst the site is being redeveloped.
- Conversion of office blocks and retail space into accommodation will result in a permanent loss of income however, this will be mitigated to some extent by the additional Council Tax generated once the conversion is completed.

4.5.6 Consequently there could be significant swings in the amount of business rate income in any one year. However, any shortfall in income will be recovered in the following financial year. The Council will fully provide for any known backdated business rates appeals at the 2021/22 year end. To help mitigate these risks the Council has created a Business Rate smoothing reserve.

4.6 **Long term implications of current government policy**

4.6.1 The financing of local government has continued to change. We are moving from a grant based on need (Revenue Support Grant) to funding based on the delivery of homes (Council Tax) and the creation of employment space (Business Rate Retention Scheme). However, the proposed Fairer Funding Review and associated review of the Business Rate retention scheme will reset the position in the short term as business income will be re-distributed on the basis of need.

The income from Council Tax forms an increasingly significant proportion of the Council's overall taxation income over the next 5 years and so the decision regarding the annual increase has a greater strategic importance for both the current year and future years as well.

Breakdown of taxation income to the Council:

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax *	9,690	9,920	10,021	10,303	10,552	10,806
Business Rates **	3,409	3,366	2,932	3,248	3,316	3,384
Government grants***	0	0	0	0	0	0
New Homes Bonus	408	156	0	0	0	0
Total funding from taxation***	13,507	13,442	12,953	13,551	13,868	14,190

* Includes any surplus or deficit on the collection fund

** Includes the surplus or deficit on the collection fund and any levy account payment

*** Includes one-off Covid grants

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Council Tax	71.74%	73.80%	77.36%	76.03%	76.09%	76.15%
Business Rates	25.24%	25.04%	22.64%	23.97%	23.91%	23.85%
Government grants (incl New Homes Bonus)	3.02%	1.16%	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

5.0 DRAFT REVENUE ESTIMATES 2022/23

5.1 Detailed budgetary work is now complete and the estimate of the budget requirement (net of any proposed transfers to reserves) is £13,784,570. This includes the savings and committed growth proposals agreed at Joint Strategic Committee in December.

5.2 Impact of the pandemic on the Council's budgets:

5.2.1 As part of settlement the Council received a number of one-off grants particularly in relation to the pandemic. These include:

	£'000
Services Grant	185
Lower Tier grant	121
New Homes Bonus	156
Total allocated to support the budget	462

5.2.2 The pandemic will continue to impact on the Councils finances throughout 2022/23. Where these impacts have been able to be quantified, provision has been included in the draft budget. Nevertheless, depending on the speed of the roll out of the vaccination and the impact of any new variants of the illness, the rate at which income recovers is difficult to quantify with any certainty. Risk areas relating to the pandemic include:

- Fees and charges income, particularly in relation to car parks. Whilst throughout 2020/21 and in the first quarter of 2021/22 the Government has committed to providing 75% funding for any lost income, this support is no longer available. Consequently all future losses will have to be funded by the Council.
- Impact on homelessness caseload. There remains a risk that demand and associated costs may increase further over the coming year.
- Additional staffing costs. Currently there are a number of areas where it is proving difficult to recruit new staff, consequently there is increasing pressure on staffing budgets.

5.3 ***Delivering the Council's priorities:***

5.3.1 The budget is fundamental to realising the Council's ambitions set out in 'Platforms for our Places : Going further 2020-2023' and in 'And Then'. The budget enables the Council's role to lead and work with partners to develop our communities and our economies. Attached at Appendix 2 are some proposals for investment back into services to deliver the outcomes committed to in Platforms for our Places for member consideration.

5.3.2 The budget includes specific funding for the commitments outlined in Platforms for our Places. Examples include:

5.3.3 **Prosperous places**

The Council recognises the importance of ongoing investment in our places to ensure that they remain vibrant locations for social, economic and culture hubs for our communities. Budgets have been created to facilitate the delivery of major projects to enable the development of Worthing town centres and provide for additional employment land.

There is also investment through the capital programme, investing in facilities to improve the local economy.

5.3.4 Thriving People and Communities

The Council continues to see an increase in demand for our Housing Service, in particular from those who are experiencing homelessness. The Council has made funding available for new investments to acquire Council-owned temporary and emergency accommodation to improve the accommodation offered to clients and reduce the costs for the Council.

The Councils are also aware of the importance of our communities to have active lives and enjoy our parks and open spaces. Funding is proposed to improve parks and play areas throughout the area to promote health and wellbeing of our communities through the capital programme.

5.3.3 Tackling Climate Change and Supporting our Natural Environment

In July 2019 the Councils declared a climate emergency and have developed a comprehensive Carbon Reduction Plan, outlining a set of ambitious and detailed actions designed to make the Councils carbon neutral by 2030.

Alongside the organisational work, the Councils have developed an area wide framework called SustainableAW which was published in December 2019. This was followed by a major community-led conference Zero2030 and a Climate Assembly process which provided a representative forum for residents over six one day sessions to engage with the climate and ecology challenge, creating ideas for action.

5.3.4 Good Services and New Solutions

Much of the Medium-Term Financial Strategy is underpinned by new approaches to how we design and deliver our services, and develop our commercial activities and investment portfolios. These approaches are not only designed to improve the financial sustainability of the Councils, but also the services that our communities, clients and customers experience. We will continue to invest in service improvement, using research and design methods to understand what needs to change in our services, working with staff to drive a customer first ethos and using our digital platforms to deliver simple, efficient digital service channels.

5.4 The final budget will be dependent on Members' consideration of the non-committed growth proposals, and the Council Tax increase that Members are prepared to support.

5.5 The key question of how the net budget requirement translates into the Council Tax charge can now be determined as the proposed details of the Local Government Finance Settlement have been received. Any final changes arising from settlement will be dealt with through the reserves. However, if

there is a significant reduction in government resources, in-year action will be needed to reduce the final impact on the reserves.

- 5.6 Details of all of the main changes in the base budget from 2021/22 to 2022/23 are at Appendix 1. A breakdown of each Executive Member's summary budget is attached in Appendix 5. The changes can be summarised briefly as follows:

	£'000	£'000
2021/22 Original Estimate		14,448
Add: General Pay and Price Increases		701
Add: Committed and Unavoidable Growth:		
Net reduction in Cost pressures relating to Covid 19	-978	
Impact of delivering Platforms	288	
Other committed growth	373	
Increased Expenditure as per 5 year forecast (net of any proposed use of reserves)	-317	
Reduced income	407	
Impact of Capital Investment and Development Programme	-219	-129
Less: Compensatory savings and additional Income:		
Compensatory savings	-182	
Additional income	0	-182
2022/23 budget prior to agreed savings		14,838
Less: Savings agreed by members		
Approved in December	-1,136	-1,136
Executive Member requirements		13,702
Potential contribution to reserves / amount available to invest in services (see Appendix 2)*		83
Potential budget requirement before external support		13,785
Collection fund deficit		76
2022/23 BUDGET REQUIREMENT		13,861
<p>* The planned contributions to and from the reserves are analysed in Appendix 3. The final amount will depend on the decisions made about the proposals to invest in services at Appendix 2 and the Council Tax increase.</p>		

5.7 The estimates reflect the Council's share of the Joint Strategic Committee budget. The allocation of the costs of joint services under the remit of the JSC has been the subject of an annual review this year for any significant changes.

Further details can be provided by request from Emma Thomas (Chief Accountant) or Sarah Gobey (Chief Financial Officer).

5.8 The projected deficit on the Council Tax element of the Collection Fund is estimated to be £931,070, of which £116,760 is the Borough Council share. The deficit carried forward from 2020/21 must be spread over the three years 2021/22 - 2023/24 and so an element of the deficit relating to 2020/21 will be recouped in 2023/24. Consequently, current deficit will be recouped as follows:

	2022/23	2023/24
	£	£
Worthing BC	-76,450	-40,310
West Sussex CC	-466,770	-246,120
Sussex Police CC	-66,410	-35,010
	<hr/>	<hr/>
	-609,630	-321,440

The deficit reflects the impact that the Pandemic is having on the amount of Council Tax Discounts claimed and the level of debt outstanding. The Government committed to support any 2020/21 deficits through the Local Taxation Compensation Scheme. The Council received a grant of £128,000 in 2020/21 which will be used over the three years to offset the losses incurred during the year.

5.9 Members are now faced with two questions:

- What level of Council Tax to set?
- Whether to accept the growth items detailed in Appendix 2?

The decisions made today will be reflected in the budget papers presented to Council.

5.10 **The Council Tax increase:**

5.10.1 The decision over the level of increase to the Council Tax influences not only the current budget but future budgets as well. Over the past 10 years, the Council Tax has been increased by 14.5 %, an average of 1.5% per year (in 2011/12 the average Band D tax was £216.00, in 2021/22 it was £247.41). Over the equivalent period, inflation (CPI) has been 18.66%.

5.10.2 The budget forecast currently assumes that Council Tax will increase by 2.0% in 2022/23. The most recent inflation index was 5.4% (CPI in December 2021) and so the forecast rate is significantly below current inflation rates.

5.10.3 A 2% uplift would only be a modest increase in the Council share of the bill for 2022/23. The table below details how the Council Tax will change as a result of a 1%, 1.5%, 1.8% and 2% increase.

	2021/22	Average annual increase for 2022/23			
		1%	1.5%	1.75%	2%
	£	£	£	£	£
Council Tax Band D	247.41	249.84	251.10	251.73	252.36
Annual increase		2.43	3.69	4.32	4.95
Weekly increase		0.06	0.07	0.08	0.19
Council Tax Band C	219.92	222.08	223.21	223.74	224.33
Average annual increase		2.16	3.59	4.12	4.41
Average weekly increase		0.04	0.07	0.08	0.08
Total additional Council Tax raised		95,470	145,360	168,940	194,870
Additional Council Tax raised over a 1% increase			49,890	73,470	99,400

5.10.4 Members should also be aware that the Police and Crime Commissioner has previously consulted on a £10.00 (4.65%) increase for their share of the overall bill. Whilst the level of increase to be set by the County Council is unknown at this stage, given the financial pressures that the County is under, there are indications that the increase will be close to the maximum permitted (3%). Consequently, the total overall increase in the Council Tax bill for a Band D property based on the Council opting to set the tax at the maximum allowed could be close to 3%:

	2021/22	2022/23 (Indicative only)	%
	£	£	
Worthing Borough Council	247.41	252.36	2.00%
West Sussex County Council	1,510.56	1,555.83	2.99%
Sussex Police and Crime Commissioner	214.91	224.91	4.65%
	1,972.88	2,033.10	3.05%

5.10.5 The decision to raise Council Tax influences not just the 2022/23 budget but future years and should be considered alongside the projected budget shortfalls for the next 5 years, as there are long term consequences to setting a Council Tax increase lower than the maximum permitted. This is particularly significant at the moment given the scale of the withdrawal of government funding the Council will contend with over the next 2 - 3 years following the introduction of the fairer funding review. Potentially the next few years are financially challenging with significant savings required in each financial year of:

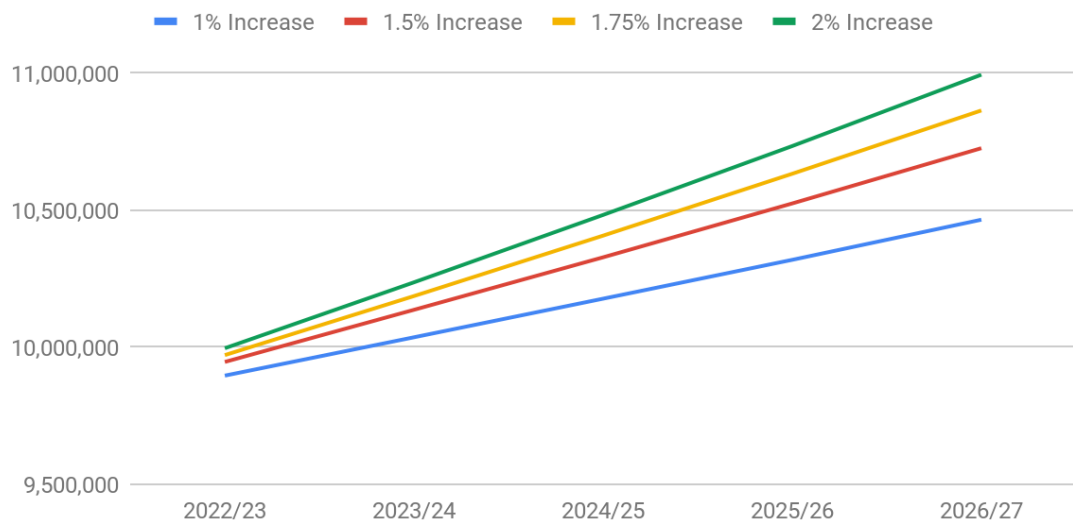
Estimated budget shortfall	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Annual saving	2,016	653	841	710
Cumulative Savings	2,016	2,669	3,510	4,220

5.10.6 The impact of changing the Council Tax by 1%, 1.5%, 1.75% and 2.00% annually would be as follows:

Total income	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£
1% annual increase	9,896,290	10,036,080	10,176,850	10,318,570	10,464,910
1.5% annual increase	9,946,200	10,136,300	10,327,780	10,524,220	10,725,720
1.75% annual increase	9,971,150	10,186,410	10,406,830	10,632,460	10,863,360
2% annual increase	9,996,110	10,236,510	10,482,300	10,733,480	10,993,770

Over the longer term, a higher increase will give the Council significant additional income:

Worthing Borough Council - Long term impact of Council Tax increases



5.10.6 Members are asked to consider which level of Council Tax increase that they support. An increase of 2.00% would enable the Council to set a balanced budget and fund all of the proposals for investment in services recommended for approval in Appendix 2. However, if a lower rate is set, then additional savings will have to be identified to fund the financial consequences as it would be inappropriate to use the reserves to balance the budget.

5.10.7 At this late stage in the budget process, it would be difficult to make any decisions that result in service reductions as these should be the subject of consultation, however the option remains to defer projects or the proposed investments into services to generate an in-year saving and fund the desired level of Council Tax increase.

5.11 **Summary of budget position**

Depending on the choices made regarding the Council Tax increase and the new growth items; the overall budget position will be (based on a 2% increase):

Net budget requirement	£'000	£'000
		13,702
Less:		
Baseline Funding	-2,693	
Share of additional Business Rate income	-673	
Council Tax (2% increase)	-9,996	
Other grants	-499	
Collection Fund Deficit	76	-13,785
Budget surplus based on 2% Council Tax increase		-83
Maximum impact of accepting the growth items (Appendix 2)		83
Budget balanced at a 2% Council Tax increase		-

6.0 IMPACT ON FUTURE YEARS

- 6.1 The impact of the proposed changes on the overall revenue budget for the next 5 years is shown in Appendix 1 (which includes an assumed 2% tax increase for 2022/23 which is to be considered as part of this report). The settlement, together with the other agreed changes to the budget means that the Council is likely to face a minimum shortfall of:

	Expected shortfall (Cumulative)				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Budget shortfall prior to approving growth	1,053	3,069	3,722	4,563	5,273
Impact of accepting the growth items at appendix 2	83	83	83	83	83
Cumulative budget shortfall as per appendix 1	1,136	3,152	3,805	4,646	5,356
Less:					
Net savings identified in 2021/22 budget round	-1,136	-1,136	-1,136	-1,136	-1,136
Adjusted cumulative budget shortfall	-	2,016	2,669	3,510	4,220
Savings required each year	-	2,016	653	841	710

6.2 The continuation of the withdrawal of government funding has significant consequences for the Council . Looking ahead, the stimulation of the local economy and provision of additional housing will be two of the measures which will help protect the Council's services. There are potentially three benefits which flow from an improving economy and which will directly improve the council's financial position:

- Increased income from business rates which is discussed fully in section 4 above;
- Reduced cost of Council Tax benefits from any new jobs created;
- Additional Council Tax income from each new home;

6.3 However, these measures are unlikely to be enough. The Council has previously approved a budget strategy to:

- Generate £100k more commercial income per year;
- Rationalise the use of assets to reduce running costs and generate opportunities for disposal;
- Invest in new assets where these provide the opportunity to improve the local economy, the supply of housing or to reduce our carbon footprint;
- Promote efficiency whether this is through the digital strategy or by improving customer service; and
- Reducing the cost of temporary and emergency accommodation.

Overall, if the Council delivers upon the current budget strategy then the level of new initiatives required each year to balance the budget will reduce as follows:

	Expected shortfall per year			
	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
Annual budget shortfall	2,016	653	841	710
Future savings from budget strategy:				
Investment in new assets	-452	-100	-100	-100
Commercial activities	-450	-450	-450	-450
Service and digital redesign	-120	-120	-120	-120
Asset rationalisation and disposal programme	-105	-105	-190	-190
Excess savings (-) / new savings initiatives to be identified	889	-122	-19	-150

6.4 With the delay to the fairer funding review, the challenge has now moved onto 2023/24 which becomes a more challenging year. Given the scale of savings that the Council needs to deliver from 2023/24 onwards, it is intended to do a full refresh of the strategy to ensure the Council meets the challenges of the next few years and continues to set a budget without reliance on reserves.

7.0 RESERVES

7.1 Sections 26 and 27 of The Local Government Act 2003 require the Council's Chief Financial Officer to comment on the adequacy of the Council's reserves. The reserves have therefore been reviewed in accordance with best practice.

7.2 To enable a view to be taken on the adequacy of reserves, Members need to be aware that, broadly speaking, there are two categories of revenue reserves relevant to the Council. The General Fund Working Balance which primarily is available to cushion the impact of uncertain cash flows and act as a contingency to meet unforeseen costs arising during a budget year (e.g. unexpected increases in the demand for services or losses in income); and Earmarked Reserves which are sums held for specific defined purposes and to meet known or predicted liabilities. Both categories of reserves can be used on a planned prudent basis to underpin the annual budget.

7.3 The Council's established policy is to maintain the General Fund Working Balance at between 6 – 10% of net revenue expenditure. The current balance as at 31st March 2021 is £1,543,370. The working balance was increased in 2019/20 to mitigate the additional risks that the Council is carrying in the light of the pandemic. The balance is 10.7% of net 2021/22 revenue expenditure and is in the upper part of the range of 6% -10% set by the Council. There are no plans to draw down from the working balance other than to fund any potential overspend from 2021/22 and if needed this reserve will be boosted over the next few years from any in-year underspend to ensure that it remains sufficient to manage risks.

The year-end level on the General Fund Working Balance for the foreseeable future, therefore, is estimated as follows:

		£'000	%
31.03.2021	Balance carried forward – per Final Accounts	1,543	10.7
31.03.2022	Use of reserves expected to fund the potential 2021/22 overspend.	1,332	9.7
31.03.2023	No planned drawdown or contribution expected	1,332	10.2
31.03.2024	No planned drawdown or contribution expected	1,332	9.7
31.03.2025	No planned drawdown or contribution expected	1,332	9.5

7.4 On the basis of the year-end figures above, and taking into account past performance and the acknowledged track record of sound financial management in this Council, I believe the working balance is adequate for its purpose. In forming this view I have considered the following factors:

1. The Government has provided additional funding for 2022/23 which has been placed into a contingency budget to enable the Council to manage financial risks next year.
2. The Council has created specific budgets to manage any void losses related to commercial property and where there are likely to be ongoing losses these have been built into the revenue budget.
3. Interest rates are extremely low at present (0.25% base rate) and this has been reflected in our budgets. A further fall in interest rates of 0.1% would cost the Council in a region of £9,000 in 2022/23 in lost investment income.
4. A pay award of 1% more than currently allowed for within the budget would cost the General Fund approximately £162,200.
5. Any use of the working balance would be difficult to recoup in the short term. Consequently, the reserve needs to be sufficient enough to cope with at least two years of adverse impacts.

Against this background, and especially given the current economic climate and the impact of the pandemic, it is important that the Council maintains its reserves at the planned amount for the foreseeable future.

7.5 However, with the planned expansion of commercial activity, especially the investment in commercial property, the council has taken two other measures to further manage risk and bolster the reserves:

- i) As part of the initiative to invest in commercial property, an element of the additional rent raised every year is being set aside into a specific reserve to manage void periods on these properties and to set aside resources to fund future investment needs. The annual provision will be £450,000 in 2022/23. This provision will be gradually built up over the next 5 years to a level of £850,000 per year by 2026/27.
- ii) Following the LGA peer review, there was a change in approach to the management of general inflation (excluding inflation on items such as salaries, rates, utilities, and contractual commitments). This is no longer allocated out this year but held centrally in the Corporate Management budget. This budget will be allocated out where the inflationary pressure can be demonstrated. Any unutilised budget at the year end will be transferred to the reserves and the budget offered up as a budget saving for the forthcoming year. This also provides a contingency budget for in-year pressures.

7.6 In the medium term, once the challenges of the next couple of years have been addressed, the council should review the position and take proactive steps to further bolster the overall reserves.

7.7 The estimated balance of general fund earmarked reserves as at 31st March, 2022 is £2,465,000 excluding the Business Rates Smoothing Reserve, any Section 106 sums held for future environmental improvements, grants, and any specific capital resources. Overall, the level of reserves held by the Councils is expected to change over the forthcoming years as follows:

	Balance as at 31st March				
	2021	2022	2023	2024	2025
	Actual	Est.	Est.	Est.	Est.
	£'000	£'000	£'000	£'000	£'000
General Earmarked Reserves	3,552	2,465	2,998	3,631	4,401
Business Rates Smoothing Reserve	6,985	3,200	0	0	0
Grants and Contributions	1,437	1,437	1,437	1,437	1,437
Total earmarked reserves	11,974	7,102	4,435	5,068	5,838
General Fund Working Balance	1,543	1,332	1,332	1,332	1,332
Total reserves	13,517	8,434	5,767	6,400	7,170

A detailed schedule of the earmarked reserves is attached at Appendix 3. The significant risks to the overall budget and the Council's reserves are detailed below.

- 7.8 Given the relatively low level of reserves, it is now critical that these reserves be used only as a funding resource of last resort until such time as the reserve level has recovered to some extent. The Council has over the past year minimised new calls on such resources, utilising the ability to use capital receipts to fund initiatives to generate budget savings where possible.
- 7.9 In all probability, the Council will continue to have occasional opportunities to put money into earmarked reserves rather than solely to drawdown on a planned basis. Even without this, I believe the earmarked revenue reserves are adequate for their particular purposes provided that they are used sparingly.
- 7.10 However the size and nature of the risks to the overall budget leaves the Council with little room for using these reserves for new on-going spending initiatives. The Council should maintain its current policy of spending its scarce earmarked reserves on:
- supporting one-off rather than recurring revenue expenditure;
 - dealing with short-term pressures in the revenue budget; and
 - managing risk to the Council's budget.

8.0 SIGNIFICANT RISKS

8.1 Members will be aware that there are several risks to the Council's overall budget. These can be summarised as follows:-

(i) **Pandemic**

The risks associated with the pandemic are set out in detail in paragraph 5.2.2. However in summary we are expecting risks in a number of areas - income, cost of housing provision, impact on cost of contracts, and additional staffing costs. Wherever possible allowance has been built into the budget to accommodate these risks, but the scale of the challenge may be greater than expected.

(ii) **Withdrawal of funding by partners**

All budgets within the public sector are under scrutiny which may lead to partners reassessing priorities and withdrawing funding for partnership schemes. Consequently, the council may lose funding for key priorities and be left with unfunded expenditure together with the dilemma about whether to replace the funding from internal resources.

- (iii) **Income** - The Council receives income from a number of services which will be affected by demand particularly at the moment due to the impact of the pandemic. These include land charges, crematorium income, trade and green waste services, development control and now business rates. Whilst known further reductions in income have been built into the proposed budgets for 2022/23: the pace of recovery may be slower than anticipated; income may fall further than expected; or new targets for commercial income may not be met.

The Council is investing in new commercial property, as leases expire there is an increased risk of loss of income from voids. To mitigate this risk the Council has introduced an annual provision for void rents which will be £450,000 in 2022/23. This will be increased annually in line with the level of investment in the property portfolio and the associated risk.

- (iv) **Inflation** - A provision for 2% inflation has been built into pay and non-pay budgets. Whilst the Bank of England inflation forecasts expect that inflation will gradually return to 2% in 2022/23, there is a risk that inflation will run at a higher rate than allowed for within the budget. Each 1% increase in inflation is equivalent to the following amount:

	1% increase
	£'000
Pay	162
Non-pay	135

- 8.2 The Council has an expected working balance of £1.3m and £2.5m of other earmarked reserves available in 2022/23 to help mitigate these risks.

9.0 CONSULTATION

- 9.1 The Council ran a detailed consultation exercise which supported the proposed five year budget strategy. In light of this, no consultation exercise was undertaken this year.
- 9.2 Officers and members have been consulted on the development of the budget.

10.0 UPDATE TO PRUDENTIAL INDICATORS

- 10.1 The Council's budget fully reflects the cost of financing the capital programme. Members have previously approved sufficient growth to accommodate the proposed capital programme. The Council has a fully funded capital programme and the associated revenue costs are built into the budget for 2022/23 and future years.

- 10.2 Under the Prudential Code of Practice and the capital finance system introduced in April 2004, the capital programme is based on the Council's assessment of affordability. This includes any new borrowing which the Council wishes to undertake.
- 10.3 The Code of Practice has been revised with a new code due to be introduced for 2023/24. The freedom for local authorities to set the scope and size of their capital plans remains unrestricted, but the prudential system processes have been strengthened to set out greater consideration of prudence, with sustainability and risk reporting improved through the governance procedures. There is also stronger guidance on commerciality which effectively prohibits solely commercial investment and requires the Council to regularly review current commercial investments. However this change was pressaged by the new rules surrounding borrowing from the PWLB and the Council has long since adapted it's property investment criteria.
- 10.4 The Prudential Code of Practice requires the Council to set a series of indicators to show that the capital programme has due regard to affordability, sustainability and prudence. These are included with the annual Treasury Management Strategy Statement which is due to be considered by JSC on the 8th February 2022 and which will be included in the Council budget pack for approval.

11.0 COMMENTS BY THE CHIEF FINANCIAL OFFICER

- 11.1 Section 25 of the Local Government Act 2003 requires an authority's Chief Financial Officer to make a report to the authority when it is considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so Members will have authoritative advice available to them when they make their decisions. The Section requires Members to have regard to the report in making their decisions.
- 11.2 As Members are aware, local authorities decide every year how much they are going to raise from Council Tax. They base their decision on a budget that sets out estimates of what they plan to spend on each of their services. Because they decide on the Council Tax in advance of the financial year in question, and are unable to increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:
- making prudent allowance in the estimates for each of the services, and in addition;
 - ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient which has been considered in detail on section 7 of the report.

11.3 Overall view on the robustness of the estimates:

Subject to the important reservations below, a reasonable degree of assurance can be given about the robustness of the estimates and the adequacy of reserves. The exceptions relate to:

- (1) The provision of estimates for items outside of the direct control of the Council:
 - Income from fees and charges in volatile markets particularly at the moment given the pandemic, e.g. car parks and development control fees.
 - External competition and declining markets, particularly during a recession. E.g. Local land charges and building control fees.
 - Changes to business rate income due to revaluations, redevelopments and increases in mandatory rate relief.
- (2) Cost pressures not identified at the time of setting the budget. This would include items such as excess inflation.
- (3) Initiatives and risks not specifically budgeted for.

It will therefore be important for members to maintain a robust budget monitoring regime during 2022/23.

11.4 The Chief Financial Officer's overall view of the robustness of the estimates is, therefore, as follows:

The processes followed are sound and well established and identical to those that produced robust estimates in the past. The Council has also demonstrated that it has a sound system of financial management in place.

12.0 COUNCIL TAX SETTING

12.1 The Council is obliged to raise the balance of its resources, after allowing for any government grant and business rates, to finance the General Fund Revenue Budget from its local Council Taxpayers. The Council Tax for Worthing Borough Council will be added to the Precepts from West Sussex County Council and the Sussex Police and Crime Commissioner to form a combined Council Tax to levy on the taxpayers of Worthing. This will be formally approved by Council on the 22nd February 2022 via a report on the Council Tax Determination.

12.2 Once the Executive has reached a decision on the Total Budget Requirement it wishes to recommend to the Council for the 2022/23 Budget, the resulting Council Tax for the Borough can be set. This takes into account the Total Aggregate External Finance (Government grants and Business Rates contributions) and any contribution to or from the local Collection Fund.

12.3 Worthing Borough Council:

- (a) The following table shows the net sum to be raised from local Council Taxpayers in 2022/23 prior to the consideration of the budget proposals. This is based on 2.0% Council Tax increase, which is lower than the maximum increase (£5.00) permitted without triggering the requirement for a referendum:

	£	£
Net 2022/23 Budget *		13,701,330
Less: Aggregate External Finance		
Baseline Funding	-2,692,550	
Additional Retained Business Rate income	-867,380	
Share of Business Rate deficit net use of reserves	194,000	
New Homes Bonus	-155,670	
Lower Tier Services Grant	-120,780	
Services Grant	-185,620	
Local Tax Guarantee Scheme - use of set aside grant	-37,000	
Contribution to the Collection Fund surplus (as per paragraph 5.8)	76,450	
		-3,788,460
Minimum amount to be raised from Council Tax		9,912,870
Net additional impact of proposals identified in Appendix 2 if all approved		83,240
Amount to be raised from Council Tax based on 2.0% Council Tax		9,996,110

- * 2022/23 budget requirement after any contribution to or from reserves required to balance the budget or any further increase to Council Tax.

Within section 5 of the report, members are given the options for the Council Tax and approving the service investment proposals.

- (b) Council Tax Base

The Council's Tax base for 2022/23 is 39,610.5 Band D equivalent properties. There is an increase to the current year base of 39,131.0 which is due to a decreasing level of Council Tax discounts. The full calculation of the tax base is shown in Appendix 4.

(c) Worthing Borough Council Band D Council Tax

In Section 5.10, the options for the Council Tax increase are discussed in detail. An average Council Tax increase of 1.24% will ensure that the Council has a balanced budget, an average increase of 2.00% will lever in sufficient additional resources to fund the service investment proposals recommended for approval at Appendix 2 and deliver a balanced budget.

12.4 West Sussex County Council and Sussex Police Authority

- (a) The County Council requirements are expected to be confirmed on 18th February, 2022. The proposed Police and Crime 2022/23 budget is due to be considered by the Sussex Police and Crime Panel (PCP) on 28th January 2022.

	2021/22 £	2022/23 £
West Sussex County Council	1,510.56	t.b.c
Sussex Police Authority	214.91	t.b.c
TOTAL	1,724.47	t.b.c.

12.5 The final figures for all authorities will be incorporated into the formal Council Tax setting resolution to be presented to the Council at its meeting on 22nd February 2022.

13.0 LEGAL IMPLICATIONS

13.1 The Local Government Act 2003 requires that the Council sets a balanced budget. This report demonstrates how Worthing Borough Council will meet this requirement for 2022/23.

14.0 CONCLUSION

14.1 This has been another challenging year in which the Council has had to address a budget shortfall of £1.136m whilst contending with a pandemic. The Government is providing more support in 2022/23 however much of this support is one-off in nature. To meet this challenge the Council has identified £1.136m of savings and is now in the position to set a balanced budget.

- 14.2 With the further delay to the Fair Funding Review, the financial challenge now moves to 2023/24. It is now clear that the Government does intend to introduce some reform of local government funding for 2023/24 although there may well be some form of transitional relief as we move from one funding system to another. Consequently we must prepare the Council for the impact of the review and so the 2023/24 budget round will again be difficult as the Council grapples with the impact of reducing government funding, the continued impact of the Pandemic on our finances and the building capacity to invest in the initiatives detailed in Platform for our Places. Consequently, the strategy of delivering commercial income growth and business efficiencies continues to play a vital role in balancing the budget. Nevertheless, given the scale of the potential challenges ahead, a refreshed budget strategy will be presented in July next year which will bring forward new savings initiatives.
- 14.3 Provided we continue to deliver on our agreed budget strategy, the Council will become increasingly financially resilient over the next 5-10 years as government funding reduces and we become largely funded by our community through Council Tax, retained Business Rates and income from our commercial services.
- 14.4 The aims of 'Platforms for our Places' are critical to our success. Developing the local economy to increase employment space and local jobs together with the provision of new homes is one of the strategic measures that the Council can take to protect its longer term financial interests, however there will inevitably be some difficult days ahead as the Council seeks to address the remaining budget shortfall.
- 14.5 There will need to be a sharp focus on financial health over the next couple of years whilst we balance the budget and rebuild the reserves. However, we must not forget that the Council has a good track record in dealing with such challenges
- 14.6 Finally, in preparing the strategy and forecast for 2022/23 an assessment was carried out of the significant risks and opportunities which may have an impact on the Council's budget. Where quantifiable, the budget has been adjusted accordingly but it is important to acknowledge that there are still some risks to the overall position which may have to be funded from reserves. Members will continue to receive regular budget monitoring reports and updates to the Council's 5-year Medium Term Financial Plan, to ensure that the financial challenges ahead are effectively met.

Local Government Act 1972

Background Papers:

Report to the Joint Strategic Committee 13th July 2021 'Developing a revenue budget for 2022/23 at the time of a pandemic '

Report to the Joint Strategic Committee 7th December 2021 'Towards a sustainable financial position - Budget update '

Report to the Joint Strategic Committee 7th December 2021 'Investing in our Places : Capital Programme 2021/22 to 2023/24'

Local Authority Finance (England) Settlement Revenue Support Grant for 2022/23 and Related Matters: MHCLG Letters and associated papers of 16th December 2021.

2021 Spending Review – On-the-day briefing

Local Government Act 2003 and Explanatory Note

"Guidance Note on Local Authority Reserves and Balances" – LAAP Bulletin No. 77 - CIPFA -published in November 2008

Statement of Accounts 2020/21

Report to Joint Strategic Committee 7th December 2021 – 2nd Revenue Budget Monitoring Report (Q2)

Contact Officer:

Sarah Gobey,

Chief Financial Officer

Town Hall, Worthing

01903 221221

sarah.gobey@adur-worthing.gov.uk

SUSTAINABILITY AND RISK ASSESSMENT

1. **ECONOMIC**

Matter considered and no issues identified

2. **SOCIAL**

2.1 **Social Value**

Matter considered and no issues identified

2.2 **Equality Issues**

Matter considered and no issues identified

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

Matter considered and no issues identified

2.4 **Human Rights Issues**

Matter considered and no issues identified

3. **ENVIRONMENTAL**

Matter considered and no issues identified

4. **GOVERNANCE**

Matter considered and no issues identified

WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2021/22 - 2026/27						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
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		15	15	15	15	15
Impact of new increase to national insurance (1.25%)		202	206	210	214	218
(b) One -off / non-recurring items						
Local Elections (held every other year - deferred in 2020/21 due to the pandemic)		(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)
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 - net costs		20	27	43	43	43
Bike share scheme		52	89	89	89	89
Heat Network		-	-	121	121	121
Lido superstructure repairs		80	80	80	80	80
General provision for future impact of major projects		-	-	284	484	684
(e) Treasury Management						
Financing costs - General Programme		(60)	254	328	705	1,015
Impact of AW workspaces project		(159)	(159)	(159)	(159)	(159)
Investment income		-	(41)	(97)	(170)	(261)
(g) Other items						
Triennial pension valuation - Reduction in contributions		(132)	(186)	(189)	(189)	(189)
Building maintenance - scale up budget		50	100	100	100	100
Impact of increasing demand on homelessness budgets						
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
Increase in tipping charges due to new contract		105	105	105	105	105
Unachieved saving in 2021/22 due to impact of pandemic		26	26	26	26	26
Reduction in car parking income due to extended pandemic measures.		187	94	-	-	-
Removal of hardship funding following introduction of new Council Tax Support Scheme		-	(39)	(39)	(39)	(39)
Allowance for committed growth items approved in December		192	282	372	462	552
(h) Approved Growth items						
Provision for new growth items (see appendix 2).		83	173	263	353	443
Total Cabinet Member Requirements	14,448	14,921	16,263	17,477	18,635	19,667

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

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Total Cabinet Member Requirements b/fwd	14,448	14,921	16,263	17,477	18,635	19,667
Income from Business rates:						
Baseline funding	2,693	2,693	2,747	2,802	2,858	2,915
Add: Net retained additional business rates	716	867	441	446	458	469
Add: Share of surplus /deficit (-) net of use of reserves	-	(194)	(256)	-	-	-
Total business rate income	3,409	3,366	2,932	3,248	3,316	3,384
Council Tax income	9,681	9,996	10,237	10,483	10,736	10,994
Impact of removal of Council Tax Support			(176)	(180)	(184)	(188)
Income from 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	-	-	-	-	-
New homes bonus (2022/23)	-	88	-	-	-	-
Total New Homes Bonus	408	156	-	-	-	-
Lower Tier Services Grant	203	121	121	121	121	121
Local tax compensation scheme	55	37	37	-	-	-
Covid 19 Funding Allocation	550	-	-	-	-	-
Covid 19 Funding - Council Tax Support Grant	133	-	-	-	-	-
Services Grant	-	185	-	-	-	-
Collection fund surplus/deficit (-)	9	(76)	(40)	-	-	-
Total other grants and contributions	1,358	423	118	121	121	121
Total Income from Taxation	14,448	13,785	13,111	13,672	13,989	14,311
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,136	3,152	3,805	4,646	5,356
Savings / Initiatives identified to date:						
Strategic Property Investment Fund						
Future property developments		200	400	600	800	1,000
Provision for future voids and repairs		(100)	(200)	(300)	(400)	(500)
Wellbeing centre and car park - net of debt charges		-	352	352	352	352
Commercial and Customer Activities		354	804	1,254	1,704	2,154
Service and Digital redesign programme		3	123	243	363	483
Corporate Landlord Programme		105	210	315	505	695
Other efficiency savings (net of growth)		184	184	184	184	184
Impact of new financing method		390	390	390	390	390
Total savings initiatives identified to date		1,136	2,263	3,038	3,898	4,758
Cumulative savings still to be found/ (surplus)		-	889	767	748	598
Annual savings still to be found		-	889	(122)	(19)	(150)

		<i>Expected cost (cumulative)</i>								
		<i>2022/23</i>			<i>2023/24</i>			<i>2024/25</i>		
Service reinvestment proposal	Grade	<i>Joint (memo only)</i>	Adur	Worthing	<i>Joint (memo only)</i>	Adur	Worthing	<i>Joint (memo only)</i>	Adur	Worthing
Democratic Services Officer										
Additional capacity to support the new Committee and additional meetings now required.	7	39,970	15,990	23,980	47,960	19,180	28,780	47,960	19,180	28,780
Assistant Waste Manager										
Additional capacity within the waste team to support the introduction of the requirements of the Environment Act	8	54,830	19,740	35,090	54,830	19,740	35,090	54,830	19,740	35,090
Transformation / delivery programme manager										
Additional capacity to support the redesign of the organisation and subsequent transformation programme.	12	96,680	48,340	48,340	96,680	48,340	48,340	96,680	48,340	48,340
Less: Contribution from the HRA (50% in 2022/23 and 2023/24)		-48,340	-24,170	-24,170	-48,340	-24,170	-24,170			
Plant Heritage Officer										
Part of the HLF commitment to ongoing maintenance of Highdown Gardens. The post is to be funded from fundraising via the Trust.	5	44,050	0	44,050	44,050	0	44,050	44,050	0	44,050
Less: Contribution from the Trust		-44,050	0	-44,050	-44,050	0	-44,050	-44,050	0	-44,050
Overall cost of new proposals		143,140	59,900	83,240	151,130	63,090	88,040	199,470	87,260	112,210

SCHEDULE OF EARMARKED RESERVES

APPENDIX 3

	Balance as at 01.04.21	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.22	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1. CAPACITY ISSUES RESERVE Purpose: The Capacity Issues Reserve was set up in 2005/06 to give the Council scope to deal with a range of cost pressures expected to arise from 2006/07 onwards.	1,614	-	(649)	965	131	-	1,096
2. INSURANCE RESERVE Purpose: The Insurance Reserve was established in 1993/94 to develop risk management, fund self-insurance and to achieve longer-term revenue savings.	206	26	(30)	202	30	(30)	202
3. JOINT HEALTH PROMOTION Purpose: The Joint Health Promotion reserve was established in 2005 with funding received from the local Primary Care Trust for health promotion projects.	1	-	(1)	-	-	-	-
4. PROPERTY INVESTMENT RISK RESERVE Purpose: To offset future void rental periods in investment properties and to provide for future maintenance of the commercial property portfolio.	450	-	-	450	450	-	900
5. LEISURE LOTTERY & OTHER PARTNERSHIP Purpose: The Leisure, Lottery & Other Partnerships Reserve was established in 1995/96 to assist in financing capital schemes attracting substantial support from the National Lottery distributor bodies & other funding agencies & organisations. This reserve is currently earmarked for support to the Museum Redevelopment bid & the Football Foundation bid.	28	-	-	28	-	(28)	-

C = Capital Contribution

SCHEDULE OF EARMARKED RESERVES

APPENDIX 3

	Balance as at 01.04.21	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.22	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
6. MUSEUM RESERVE Purpose: The Museum Reserve was established in 1993/94 to support the overall service aims of the Museum and Art Gallery on occasions where annual budgets do not allow the work of the Museum and Art Gallery to progress in a manner which will contribute to achieving these aims.	106	-	-	106	-	(20)	86
7. THEATRE CAPITAL RESERVE Purpose: Established in 2013/14 to fund refurbishment and other works for all of WBC's theatres.	58	TBC	TBC	58	TBC	TBC	58
8. SPECIAL AND OTHER EMERGENCY EXPENDITURE Purpose: The Special and Other Emergency Expenditure Reserve was set up to fund strategic or unforeseen one-off expenditure, which may arise.	3	-	-	3	-	-	3
9. GRANTS & CONTRIBUTIONS* Purpose: The reserve is used to hold grants or contributions which have been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date.	1,437	-	-	1,437	-	-	1,437
10. BUSINESS RATES SMOOTHING RESERVE Purpose: This reserve is intended to smooth the impact of timing differences in the business rate system largely due to in-year changes to business rate reliefs .	6,985	-	(3,784)	3,201	-	(3,201)	-

* Contribution to be confirmed at the year-end

SCHEDULE OF EARMARKED RESERVES

APPENDIX 3

	Balance as at 01.04.21	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.22	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
11. LOCAL TAX INCOME GUARANTEE Purpose: The council received grant funding in 2020/21 towards the impact of council tax and business rates losses from the pandemic. However, due to the regulations governing the Collection Fund, the 2020/21 losses are due to be funded by the general fund over the next three years (2021/22-2023/24). This reserve will be used to offset losses over that period.	704		(234)	470			470
12. CREMATORIUM IMPROVEMENT RESERVE Purpose: To fund capital improvements to the Crematorium.	-	60	(60)	-	60	(60)	-
13. BUILDING MAINTENANCE RESERVE Purpose: This will fund re-profiled expenditure on building maintenance.	383	-	(200)	183	-	-	183
14. GENERAL FUND WORKING BALANCE	1,543		(211)	1,332			1,332
TOTAL	13,518	86	(5,169)	8,435	671	(3,339)	5,767

* Contribution to be confirmed at the year-end

PROPERTY ANALYSIS AND CALCULATION OF TAX BASE - Budget Year 2022/23

Properties	Band A -	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Number of Dwellings	0	8,142.00	11,445.00	13,108.00	9,632.00	5,556.00	2,399.00	917	30	51,229.00
Less: Exemptions	0	-209	-223	-160	-118	-70	-22	-13	0	-815
	0	7,933.00	11,222.00	12,948.00	9,514.00	5,486.00	2,377.00	904	30	50,414.00
Disabled Relief Adjustment (net)	8	31	19	-10	13	-29	7	-22	-17	0
Chargeable Dwellings	8	7,964.00	11,241.00	12,938.00	9,527.00	5,457.00	2,384.00	882	13	50,414.00
Broken down as follows:										
Full Charge	5	2,569.00	6,101.00	8,740.00	6,918.00	4,228.00	1,924.00	720	11	31,216.00
25% Discount (Including Adj for SP dis)	3	5,362.00	5,102.00	4,170.00	2,586.00	1,210.00	417	132	0	18,982.00
50% Discount	0	2	9	11	15	15	41	29	2	124
Second Homes 0% discount	0	67	100	109	87	58	23	9	2	455
Empty receiving 0% discount	0	225	201	123	68	27	17	8	1	670
100% Discount LT Empty	0	16	13	9	5	2	0	0	0	45
0% Discount (Long Term Empty Homes)	0	15	16	8	3	2	2	1	0	47
Total Equivalent Number of Dwellings	7.25	6,621.50	9,964.00	11,889.00	8,871.00	5,148.00	2,261.25	835.5	12	45,609.50
Total Equivalent Number of Dwellings (after family annexe)	7.25	6,617.25	9,964.00	11,889.00	8,871.00	5,148.00	2,261.26	835.5	12	45,605.26
Reduction in tax base due to Council Tax Support	1.7	1,169.84	1,204.16	853.71	313.71	94.22	18.37	3.99	0	3,659.71
Adjusted equivalent total dwellings	5.55	5,447.41	8,759.84	11,035.29	8,557.29	5,053.78	2,242.89	831.51	12	41,945.55
Band D Equivalents										
Revenue Support Settlement	3.1	3,631.60	6,813.20	9,809.10	8,557.30	76,176.80	3,239.70	1,385.80	24	39,640.60
Add: Forecast new homes	0	28.3	36.2	41.8	38	91.7	2.2	1.7	0	239.9
Less: Adjustments for Losses on Collection, and Void Properties	0	0	0	0	270	0	0	0	0	270
COUNCIL TAX BASE	3.1	3,659.90	6,849.40	9,850.90	8,325.30	6,268.50	3,241.90	1,387.50	24	39,610.50

WORTHING BUDGET 2022/2023

Summary of Executive Member Portfolios



WORTHING BOROUGH
COUNCIL

APPENDIX 5

EXECUTIVE PORTFOLIO	ESTIMATE 2021/2022	ESTIMATE 2022/2023
	£	£
Digital and Environment	3,379,150	3,754,520
Health and Wellbeing	1,892,870	1,913,960
Customer Services	5,634,910	5,665,820
Leader	1,586,460	918,280
Regeneration	2,620,230	2,782,630
Resources	771,290	12,410
Support Services Depreciation Not Charged To Services	359,540	732,220
NET SERVICE EXPENDITURE	16,244,450	15,779,840
Credit Back Depreciation / Impairments	(3,804,240)	(4,160,610)
Minimum Revenue Provision	1,986,790	1,995,930
	14,427,000	13,615,160
Transfer to / from Reserves	86,250	86,250
Investment in Services to be Approved	-	83,240
Total budget requirement before external support from government	14,513,250	13,784,650
Baseline Funding	(2,692,550)	(2,692,550)
Additional business rate income	(716,440)	(673,370)
Lower Tier Services Grant	(202,840)	(120,780)
Local Tax Guarantee Scheme	(55,390)	(37,000)
Services Grant	-	(185,620)
Covid 19 Funding Allocation	(549,590)	-
Covid 19 Funding - Council Tax Support Grant	(132,980)	-
Other unfenced grants (New homes bonus)	(407,590)	(155,670)
Contribution to/ (from) Collection Fund	(9,000)	76,450
Amount required from Council Tax	9,746,870	9,996,110
Council Tax Base	39,131.0	39,610.5
Average Band D Council Tax - Worthing Borough	247.41	252.36
% increase	2.00%	2.00%