



Joint Strategic Committee
6th December 2022

ADUR & WORTHING COUNCILS

Key Decision [Yes/No]
Ward(s) Affected: All

2023/24 Budget update

Report by the Director for Digital, Sustainability & Resources

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Executive Summary

1. Purpose

- 1.1 This report provides members with a progress report on the delivery of our financial strategy for 2023/24, along with details of the proposals that will help deliver a balanced budget for the next financial year and beyond. These proposals have already been considered by the constituent authorities.
- 1.2 Contained within this report are the specific budget proposals to increase income, to deliver efficiency, and other savings initiatives for 2023/24 which impact on the Joint Strategic Committee.
- 1.3 The following appendices have been attached to this report:
 - (i) **Appendix 1** 5 year forecast for Joint Strategic Committee
 - (ii) **Appendix 2** Committed growth items; and
 - (iii) **Appendix 3** Savings proposals to be approved.

2. Recommendations

- 2.1 The Joint Strategic Committee is recommended to:
- (i) Note the current 5 year forecasts at appendix 1;
 - (ii) Note the committed growth items as set out in appendix 2; and
 - (iii) Note the proposed savings as set out in appendix 3 which have already been considered by the constituent authorities.

3. Context

- 3.1 The Joint Strategic Committee considered the outline 5-year forecast for 2023/24 to 2027/28 and the Budget Strategy on 5th July 2022, which was subsequently adopted by each full Council. At this stage in the budget cycle, the report identified the following cumulative shortfall in funding for the Joint Strategic Committee:

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Adur	3,770	4,650	5,038	5,650	6,275

- 3.2 The report to the JSC in July also identified that the JSC was under financial pressure with inevitable consequences for the two Councils. The major factors behind this pressure are: the current level of inflation with impacts both on salary and energy costs; and the impact of resolving the waste dispute. The most recent monitoring confirms that the likely overspend related to the Joint Strategic Committee will be £2.3m.
- 3.3 As reported to the two Councils, work has been ongoing over the summer to deliver balanced budgets. The overall success in delivering the savings required are detailed at appendix 3.
- 3.6 The approach to delivering a balanced budget was changed this year in light of the in-year pressures detailed above and the ongoing work to develop a new operating model to reflect the new corporate plan - 'Our Plan' which is based around the priorities of the two administrations. This was used to create a framework for the delivery of budget challenge work which was first focussed on savings which did not have an impact on staffing levels and services. Two rounds of budget challenge were completed over the first part of the summer: budget challenge #1 and #2

with the Organisational Leadership Team (OLT). Teams worked at pace to address both the in-year gap and to get ahead and start to build the 23/24 budget.

A third round of budget challenge work carried out early in the summer captured potential savings from staff and service changes to address the residual budget gap. Building on the principles in Our Plan, teams worked together to open up opportunities where they could work differently and preserve services to residents.

- 3.7 The forecast has also been updated by information captured on financial planning returns that provide a link between service planning and financial planning. The guidance was circulated to, and completed by, the Service Managers in the late Summer, and has been used to identify potential additional savings and committed growth items.
- 3.8 Individual savings proposals are subject to consultation with officers of the Council, Executive members, and the members of the Joint Overview and Scrutiny Committee prior to approval by the Councils of the overall budget in February.
- 3.10 There will be a further report after Christmas which will detail the final proposed budgets for the year, any further savings identified, any any requests for investment into the joint services.

4. Update of the 5-year Forecast

- 4.1 The updated forecast for the Joint Strategic Committee is attached at Appendix 1. This has been revised in the light of the latest information. This overall forecast will continue to change in the coming months as the detailed work on the budget progresses. As a result, the overall position will inevitably change over the next two months.
- 4.2 The main changes to the forecast for 2023/24 are summarised in the table below:

Changes in Budgetary Shortfall/Savings since report to Joint Strategic Committee on 5th July 2022	
	JSC
	£'000
Original 2023/24 budget shortfall	3,770
Other changes:	
(a) Review of inflationary provisions including energy costs	50
(b) Impact of triennial review of the pension fund	-22
(c) Impact of removal of 1.25% National Insurance payments	-180
(g) Changed assessment of impact of the Environment Act	-150
(h) Final impact of 2022/23 pay award and the settlement of the dispute	376
(i) Net committed growth items identified by Service Heads (See Appendix 1 and 2)	95
(j) Removal of contingency budget for committed growth	-100
Revised Budget Shortfall	3,839
(k) Potential savings identified to date (Appendix 3)	-2,018
Additional resources to be provided by the two Councils	1,821

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

(c) Review of inflationary provisions including energy costs:

The impact of likely changes to the energy costs have been reassessed. Currently we are expecting the cost of gas to increase by 380% and electricity by 190% which is a further increase on the assumptions made in July when we assumed that electricity would increase by 50% and gas by 300%.

There is a degree of uncertainty about the future cost of energy, partially as the energy market is very volatile at the moment and partially as there is a degree of uncertainty about any future support from the government towards energy inflationary pressures. The budget currently assumes that the energy support measures will end in March 2022.

The inflation provision will be reviewed in December after the Autumn Statement and once the detailed budget work is completed.

(e) Impact of triennial review of the pension fund

The Pension Fund contributions are subject to a three yearly review. The 2022 review by the actuary has estimated that all of the future liabilities are now fully funded:

Funding position	As at 31/3/2019	As at 31/3/2022
Adur	85%	108%
Worthing	89%	105%
Joint Strategic Committee	119%	128%

As a result of the funding position, the pension contributions to the fund will reduce for the next three years.

(f) Decrease in national insurance contributions.

In 2021/22 the Government announced an increase to national insurance payments of 1.25% which would be set aside to fund improvements in health and social care. However with the appointment of a new Prime Minister, this increase was reversed with effect from the 7th November 2022.

(g) Changed assessment of impact of the Environment Act

The Council is still awaiting details of the proposed regulations for new collection requirements for food waste and recycling, including time scales and any likely new burdens funding for the associated changes.

It will be vital to work in partnership with the County Council regarding the new requirements, developing a funding model that enables the new services to be delivered.

The impact for 2023/24 has been revised and will be reviewed once more information is forthcoming on both the timescales for implementation and the overall cost. At this stage it is still unclear when more guidance from the government will be provided.

(h) Final impact of 2022/23 pay award and the settlement of the dispute

The pay award has now been agreed for 2022/23 at £1,925 per spinal column point which is an average increase of 5.82%. This is higher than the previous estimate of a 5% average increase.

The negotiation with the Unions have concluded regarding the waste dispute with the final details of the settlement now known. Overall the cost impacts can be broken down as follows:

	JSC £'000
Final impact of pay award	219
Final impact of waste negotiations	157
Total	376

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

This is the sum total of financial effects identified via the Service Pro-formas. A full breakdown of the items identified is included within Appendix 1 and 2.

(j) Removal of contingency budget for committed growth items.

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

(k) Savings Identified by Service Heads:

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

4. Saving Proposals

4.1 The proposed detailed savings for 2023/24 are attached at Appendix 4 for noting. The total saving proposals identified are:

	2023/24	2024/25	2025/26	2026/27	2027/28
Adur	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per appendix 1)	1,104	2,121	2,404	2,671	2,866
Savings identified to date	-1,333	-1,693	-2,093	-2,423	-2,753
Revised budget shortfall / Surplus (-)	-229	428	311	248	113

4.2 This has been a successful savings exercise to date and the savings identified will support both Councils to set balanced budgets. Some initiatives are targeted for delivery within the current year, supporting the Councils' in-year position as well as benefiting 2023/24. The Councils' have identified a significant amount of savings to meet the initial target; however Members should be aware that there is still some work to be completed which may impact on the final position.

4.3 Looking ahead to 2024/25 and beyond, the continuing financial pressure for the two Councils is not likely to ease especially if the fairer funding review is as significant as expected, however the proposed strategy will contribute significantly to meeting this challenge easing the burden on individual services.

4.4 The potential financial challenge remains significant although much depends on the timing of the fairer funding review, the final extent of the impact and whether the new funding levels are phased in. That said, the Councils will need to continue to build on existing work streams in preparation for addressing the potential shortfall.

5. Conclusion

5.1 The Councils continue to deal with the impact of changes to Government funding and the impact of the current economic downturn whilst building capacity in the budgets to take forward the key priorities of the Councils and where possible rebuild reserves. There is no prospect of any easing of the financial pressure for the next few years given the current economic challenges.

5.2 The both Councils are in a fairly strong position to set a balanced budget with minimal use of reserves for 2023/24 depending on the outcome of

the settlement. The Joint Strategic Committee has contributed over £2m savings to meet this challenge. There is a significant programme of change required to be delivered by 31st March 2023 in order to secure this budget position, and the Chief Executive has established a Budget Challenge Programme Board to drive and track delivery. The JSC and the Councils are currently managing a significant level of financial risk arising from inflationary pressures and the economic downturn which the Bank of England forecasts to last until 2024 and so any remaining Council reserves should be earmarked to support the Councils risks over the forthcoming year.

- 5.3 The report to be presented to members after Christmas will bring together any last changes to the revenue budget together with the implications of settlement and the final forecast of business rate income on the Councils' ability to fund the joint services.

6. Engagement and Communication

- 6.1 The Councils are planning to consult on any budget proposals which impact the public along with key budget changes proposed to deliver the ambitions set out in the Council's strategic direction and 'Our Plan' in December. The final form of the consultation will be developed in liaison with the Cabinet Member for Resources and the Leader.
- 6.2 Staff have been kept up to date on the development of these plans by the Chief Executive.
- 6.3 Officers and members have been consulted on the development of the savings proposals contained within the report. The savings will be presented to the Joint Overview and Scrutiny Committee to gain comment on the proposals.

7. Financial Implications

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

8. Legal Implications

- 8.1 Section 151 of the Local Government Act, 1972 requires the Councils to make arrangements for the proper administration of their financial affairs. Further, Local authorities have a statutory duty under the Local

Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge.

- 8.2 The Local Government Act 2003 requires that the Councils set a balanced budget. This report demonstrates how the Councils intend to meet that requirement for 2022/23.
- 8.3 There are a range of safeguards in place that help to prevent local authorities overcommitting themselves financially. These include a duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirement

Background Papers

Report to Joint Strategic Committee 8th February 2022 - Final Revenue Budget Estimates for 2022/23

Report to Joint Strategic Committee 7th July 2022 – Financial Performance 2021/22 - Revenue outturn.

Report to Joint Strategic Committee 7th July 2022 – Developing a revenue budget for 2023/24 against a backdrop of high inflation.

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

These proposals have been developed with regard to the Equality Act 2010. No proposals contained within the proposals would require a detailed Equalities Impact Assessment.

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

JOINT STRATEGIC COMMITTEE						
Revenue Budget Summary Statement 2022/23 - 2027/28						
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	24,477	24,477	24,477	24,477	24,477	24,477
(a) Annual Inflation						
Estimated inflation		1,343	2,093	2,839	3,568	4,313
Impact of 2022/23 pay award (Assume 5.82% budget contains 2%)		1,020	1,040	1,061	1,082	1,104
Reduction in employers national insurance by 1.25%		(180)	(184)	(188)	(192)	(196)
(b) Impact of funding Our Plan:						
Measures to reduce waste		50	50	50	50	50
(c) Impact of Cost of Living crisis						
Additional pay award - Usually budget for 2% assume 4.5%		667	680	694	708	722
Gas and electricity (380% gas, 190% electricity)		215	215	215	215	215
Diesel (50% increase)		244	244	244	244	244
(c) Other items						
Impact of waste dispute:						
Impact of negotiation on salaries costs		407	407	407	407	407
Impact of Triennial review:						
Reduction in pension rates		(22)	(22)	(22)	(22)	(22)
Provision for new growth items (see appendix 2).		95	195	295	395	495
Net cost to be reallocated to the Councils	24,477	28,316	29,195	30,072	30,932	31,809
Adur District Council	9,873	10,608	10,820	11,036	11,146	11,257
Worthing Borough Council	14,604	15,690	16,004	16,324	16,487	16,652
Total income for services provided to the constituent councils	24,477	26,298	26,824	27,360	27,633	27,909
(Surplus) / Shortfall in Resources	-	2,018	2,371	2,712	3,299	3,900
Savings identified to date:						
Commercial and Customer Board		263	263	263	263	263
Service and Digital redesign programme		178	178	178	178	178
Corporate initiatives		460	460	460	460	460
Departmental proposals		1,117	1,117	1,117	1,117	1,117
Total savings identified		2,018	2,018	2,018	2,018	2,018
Savings still to be found/ (surplus)		(0)	353	694	1,281	1,882
Savings required in each year		2,018	353	341	587	601

Appendix 2

Committed growth items:		Expected cost (cumulative)								
		2023/24			2024/25			2025/26		
Description	Comments	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Impact of regardings within the parks and bereavement teams		95,000	38,000	57,000	95,000	38,000	57,000	95,000	38,000	57,000
Total growth identified through financial planning		95,000	38,000	57,000	95,000	38,000	57,000	95,000	38,000	57,000
Residual annual savings to be identified		-100,000	-40,000	-60,000	-100,000	-40,000	-60,000	-100,000	-40,000	-60,000
Net growth identified		-5,000	-2,000	-3,000	-5,000	-2,000	-3,000	-5,000	-2,000	-3,000

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Commercial income programme:							
Technical Services							
Review of service charge for Portland House	0.8 FTE Porter to be charged to tenants of Portland House	28,150	11,260	16,890	28,150	11,260	16,890
Public Health and Regulation							
Contract for dog warden service with Arun District Council		5,000	2,000	3,000	5,000	2,000	3,000
Financial Services							
Increase in fees following renewal of the SLA for treasury management		1,950	780	1,170	1,950	780	1,170

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Commercial income programme:							
Waste, Customer, Parking and Elections							
Increase commercial waste charges		90,000	32,400	57,600	90,000	32,400	57,600
Increase commercial recycling & food waste collection		50,000	18,000	32,000	50,000	18,000	32,000
Improve collection of bin rental		16,000	5,760	10,240	16,000	5,760	10,240
Bin rental new recycling customers		30,000	10,800	19,200	30,000	10,800	19,200
Review garden waste collection tariff	Increase from £85.00 to £89.00	20,000	7,200	12,800	20,000	7,200	12,800
Increase pricing of garden waste sacks		15,000	5,400	9,600	15,000	5,400	9,600
Increase price of bulky waste collection (domestic)		2,000	720	1,280	2,000	720	1,280
Increase price of bulky waste collection (commercial)		5,000	1,800	3,200	5,000	1,800	3,200
Introduction of 'heavy levy' for overweight commercial bins (subject to invest to save case)					40,000	14,400	25,600
Total commercial income target		263,100	96,120	166,980	303,100	110,520	192,580

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Service Redesign programme							
Digitisation of aspects of revenues and benefits workload	Deletion of posts from structure - can be managed using turnover and vacant posts	74,730	29,890	44,840	74,730	29,890	44,840
Review of customer services and business support structure	Digitisation of high transactional services and impact of revs and bens transformation project. The reduction in staff may be partially managed through turnover.	102,910	41,160	61,750	102,910	41,160	61,750
Total for Service Redesign Programme		177,640	71,050	130,960	177,640	71,050	130,960

Proposed savings for Adur District Council:		<i>Expected contribution / cost (cumulative)</i>					
		2023/24			2024/25		
Description	Comments and Actions	<i>Joint (memo only)</i>	Adur	Worthing	<i>Joint (memo only)</i>	Adur	Worthing
Corporate initiatives:							
Rental of accommodation to NHS - 1st floor of Portland House		210,000	84,000	126,000	210,000	84,000	126,000
Review of management structure	Estimated saving in management structure following organisation redesign (TBC)	250,000	100,000	150,000	250,000	100,000	150,000
		460,000	184,000	276,000	460,000	184,000	276,000

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<u>Departmental proposals</u>							
Communities							
<i>Wellbeing</i>							
Review of structure of Communities team	[REDACTED]	113,380	45,350	68,030	113,380	45,350	68,030
Review of structure of Communities team	[REDACTED]	11,560	4,620	6,940	11,560	4,620	6,940
<i>Public Health and Regulation</i>							
Base budget review		2,300	5,720	1,430	2,300	5,720	1,430
Creation of new regulatory team	Rationalisation of management structure with investment back into lower graded role	23,890	9,560	14,330	23,890	9,560	14,330

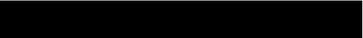
Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Economy							
Parks and Foreshore							
Review of roles and responsibilities within the Parks service	A review of the management structure will align the Parks & Foreshore service closer to our Place priorities set out in Our Plan.	72,730	29,090	43,640	72,730	29,090	43,640
Removal of overtime provision	Inability to respond to any out of hours activity or support out of hours events unless it is an emergency.	32,650	13,060	19,590	32,650	13,060	19,590
Economy							
Technical Services							
Increased recharges to WTAM to recoup increased energy costs		55,000	22,000	33,000	55,000	22,000	33,000
Review of health and safety budgets		2,000	800	1,200	2,000	800	1,200

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Economy							
Technical Services							
Review of structure of Technical Services team	[REDACTED]	40,380	16,150	24,230	40,380	16,150	24,230
Land Drainage responsibilities to be handed back to WSCC - [REDACTED] net saving after income loss from WSCC	Requires engagement with WSCC.	12,440	4,980	7,460	12,440	4,980	7,460
Saving in Electricity and Gas following AW Workspaces project and decision to reduce building temperature		4,000	1,600	2,400	4,000	1,600	2,400
Planning and Development							
Development Management	[REDACTED]	5,000	2,000	3,000	5,000	2,000	3,000
Digital, Sustainability and Resources							
Human Resources							
Base budget review		10,000	4,000	6,000	10,000	4,000	6,000

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Digital Services							
Base budget review		22,960	9,180	13,780	22,960	9,180	13,780
Review of digital contracts		117,790	47,120	70,670	117,790	47,120	70,670
Deletion of digital developer role		46,550	18,620	27,930	46,550	18,620	27,930
Legal and Democratic Services							
Base budget review		35,570	20,590	35,580	35,570	20,590	35,580
Review of charge to the HRA for legal advice		23,000	9,200	13,800	23,000	9,200	13,800
Review of the delivery of support to the Committees		55,590	22,240	33,350	55,590	22,240	33,350
Deletion of vacant legal officer post	Reduction in contract and procurement legal support	32,270	12,910	19,360	32,270	12,910	19,360

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Financial Services							
Reduction in support via the Orbis Contract	Review of the level of support needed via Orbis has identified that the contract can be scaled back	35,000	14,000	21,000	35,000	14,000	21,000
Review of accountancy structure	Review of management roles within the team	35,820	14,330	21,490	35,820	14,330	21,490
Waste, Customer, Parking and Elections							
Base budget review		10,000	4,000	41,000	10,000	4,000	6,000
Review scope and resourcing around Insight, complaints, data, service design, proactive and admin to remove overlaps in resources.		87,110	34,840	52,270	87,110	34,840	52,270
Reduce staffing level in street cleansing	Reduce team by 1 member which would potentially impact service resilience. The team is holding a vacancy so no impact on the current workforce.	30,000	10,800	19,200	30,000	10,800	19,200

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Waste, Customer, Parking and Elections							
Review of roles and responsibilities in the waste and cleansing team		20,620	7,420	13,200	20,620	7,420	13,200
Replace 2 x HGV driver/Loader with 2 x Loader	This will be managed through turnover. This will leave the team with less resilience in managing sickness/ annual leave. This may result in us having to appoint agency drivers or on occasion not complete all rounds.	10,000	3,600	6,400	10,000	3,600	6,400
Total Departmental Savings		1,117,180	460,760	729,990	1,117,180	460,760	694,990
Total savings identified		2,017,920	811,930	1,279,560	1,880,280	826,330	1,270,160