



ADUR & WORTHING COUNCILS

Worthing Joint Strategic Sub-Committee
5th December 2022

Joint Overview and Scrutiny Committee
24th November 2022

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.
- 1.2 The report outlines the medium term financial challenge through to 2027/28 and updates members, where possible, on government funding proposals.
- 1.3 Contained within this report are specific budget proposals to increase income, to deliver efficiency, and other savings initiatives for 2023/24.
- 1.4 The following appendices have been attached to this report:
 - (i) **Appendix 1** 5 year forecast for Worthing Borough Council
 - (ii) **Appendix 2** Committed growth items for Worthing Borough Council
 - (iii) **Appendix 3** Savings proposals to be approved; and
 - (iv) **Appendix 4** Schedule of proposed use of capital receipts to support the delivery of the budget savings.

2. Recommendations

- 2.1 The Joint Overview and Scrutiny Committee is asked to consider the report with respect to delivering a balanced budget for Worthing Borough Council and make comments on the savings proposals to the Worthing Joint Strategic Sub-Committee.
- 2.2 The Worthing Joint Strategic Sub- Committee is recommended to:
- (i) Note the current 5 year forecasts at appendix 2a;
 - (ii) Note the committed growth items as set out in appendix 2b;
 - (iii) Approve the proposed savings as set out in appendix 2c subject to any changes arising from consultation;
 - (iv) Recommend to council to approve the use of capital receipts to support the delivery of the budget as set out in Appendix 2d.

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 shortfalls in funding for the General Fund:

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Worthing	2,702	4,341	5,209	5,933	6,381

- 3.2 The report built on the previous strategies whose aim was to ensure that the Councils would become community funded, reliant only on income from trading and commercial activities, council tax income and business rate income. While the new administration in Worthing is developing its economic approach, this strategy has continued as the underlying principles are sound and continue to apply to our context.
- 3.3 The report to the JSC in July also identified that both Councils were under financial pressure. The major factors behind this are the current level of

inflation, the impact of the economic downturn and the impact of resolving the waste dispute. The most recent monitoring confirms that the likely overspend will be £2,017,000.

If the overspend is as predicted, by the end of the financial year, Worthing Borough Council's reserves will be significantly depleted and will require rebuilding to a more sustainable position over the next few years.

3.4 With this strategy in mind, the Councils had already set-up several strategic programmes which are responsible for taking forward key initiatives aimed at delivering savings for the future. These are now in the process of being reviewed in the context of Our Plan and new political priorities but the overarching structure is sound and we continue to organise our work in these programmes:

1. The Major Projects programme leads on delivering regeneration projects to increase employment space and additional housing;
2. The Strategic Asset Management programme will lead on delivering the income growth associated with the Strategic Property Fund and any proposed new developments;
3. The Commercial programme is developing initiatives for income growth from commercial services and seeks to improve the customer experience;
4. 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; and
5. 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 the Council strategic plans.
6. The Service and Digital Redesign Programme which continues to deliver new digital services and improvements to existing systems.

3.5 As part of the budget strategy, these programmes were set explicit targets for the delivery of the 2023/24 budget as follows:

	Adur £'000	Worthing £'000	Total £'000
Strategic Property Investment Programme	-100	-100	-200
Commercial Programme	150	450	600
Service and Digital redesign programme	80	120	200
Corporate Landlord Programme	30	105	135
	160	575	935

The overall success in delivering the savings targets is 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 has been developed to ensure delivery of the priorities of both administrations. Our Plan provided the framework for budget challenge work, which prioritised savings that protected staffing levels and services.

Two rounds of budget challenge were completed over 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 autumn 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 shaped by information captured on financial planning returns that provide a link between service planning and financial planning. This 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.
- 3.9 This report represents the stage of the budgetary forecasting process whereby the Joint Overview and Scrutiny Committee are asked to consider

and comment upon the progress in balancing the Worthing Borough Council budget before the Joint Strategic Committee considers and agrees proposals for the savings identified to date. Members of the Committee should be aware that at the time of writing some of the savings were still being verified and so the savings presented may change marginally. The minutes of the Joint Overview and Scrutiny Committee will be available for members of the JSC sub-committee at the meeting.

3.9 At the time of writing this report, the Government had postponed the latest fiscal event (The Autumn Statement) until the 17th November. It is expected that this will provide some insight into key matters affecting the Councils financial future such as:

- The Council Tax referendum limit for 2023/24. The medium term financial plan currently plans for a 2% referendum limit. As as September 2022 CPI was 10.1% consequently the referendum limit may be higher allowing the Councils the flexibility to further increase Council Tax to balance the budget if needed and following consultation with the public;
- The increase for business rates and whether there will be any extension to business rate reliefs;
- The future of the energy support scheme currently in place until the end of March 2023; and
- The quantum of funding available for local government although the detailed impact of this will not be known until the draft local government settlement is released. This would usually happen late in December.

3.10 There will be a further report after Christmas which will detail the local government settlement, the final proposed budgets for the year, any further savings identified, requests for investment into services and the amount to be drawn from reserves, if any. The proposed Council Tax increase for 2023/24 is scheduled to be considered by Cabinet on the 1st February 2023.

4. Update of the 5-year Forecast

4.1 The updated forecast for the General Fund is attached at Appendix 1. This has been revised in the light of latest information from Government, interest rates, and unavoidable service growth, offset by compensatory savings. This overall forecast will continue to change in the coming months as the detailed work on the budget progresses and once the details of the settlement to Local Government is known. As a result, the overall position

will inevitably change over the next two months.

4.2 The likely shortfall in resources necessary to balance the budget over the five years, before consideration of any savings or growth proposals is now in the region of:

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Worthing					
July Forecast	2,702	4,341	5,209	5,933	6,381
November Forecast	3,390	5,344	5,866	6,586	6,930
Reduction (-) / increase (+)	688	1,003	657	653	549

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	
	Worthing
	£'000
Original 2023/24 budget shortfall	2,702
<i>Changes to income from grants and taxation:</i>	
(a) Changes to the income from Council Tax	25
(b) Impact of current forecast Council Tax Collection Fund deficit / surplus (-)	3
(c) Review of the impact of the introduction of the new Council Tax Support Scheme	-86
<i>Other changes:</i>	
(d) Review of inflationary provisions including energy costs	393
(e) Impact of interest rates:	
Increased investment income	-120
Increase in costs associated with the capital investment programme	658

Changes in Budgetary Shortfall/Savings since report to Joint Strategic Committee on 5th July 2022	
	Worthing
	£'000
(f) Impact of triennial review of the pension fund	-237
(g) Impact of removal of 1.25% National Insurance payments	-111
(h) Changed assessment of impact of the Environment Act	-96
(i) Final impact of 2022/23 pay award and the settlement of the dispute	236
(j) Net committed growth items identified by Service Heads (See Appendix 1 and 2)	113
(k) Removal of contingency budget for committed growth	-90
Revised Budget Shortfall	3,390
(l) Potential savings identified to date (Appendix 3)	-3,203
Resources in hand (-) / current shortfall	187

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

(a) Council Tax base for 2022/23:

Following the completion of the Council Tax Base return (CTB1) for each Council, the Council Tax Base calculation has now been revisited.

For Worthing, whilst there is an increase in the number of dwellings, the impact of this has been offset by an increasing amount of cost associated with the Council Tax Support Scheme and other discounts.

(b) Collection fund deficit:

The Councils Collection Fund for Council Tax expected year end position for 2022/23 has changed, within Worthing the overall position is largely as expected

Due to the pandemic, the government changed the regulations in 2020/21 to allow any in-year deficits relating to 2020/21 to be recovered over a three year period (2021/22 - 2023/24). Consequently, the loss to be recovered is as follows:

	Worthing
	£'000
Changes to 2021/22 year end position	241
2020/21 deficit to be recovered in 2023/24	321
In-year surplus (-)	-212
Deficit / Surplus (-) expected by 31 st March 2023	350
Council share of deficit / surplus (-):	
2023/24	43

However, any surplus or deficit must be viewed in the context of the significant amount of tax collected by both Councils. Worthing Borough Council collects £80.5m per year.

(c) Impact of changes to the Council Tax Support Scheme:

The impact of the removal of the £5.00 restriction on Council Tax Support awards has recently been reassessed to reflect the current level of awards made and improved information on the likely impact of the removal.

(d) 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.

(e) Impact of interest rates

Interest rates have been increasing throughout 2022/23. To put this into context:

	2021/22	Quarter 1 2022/23	Quarter 2 2022/23
Average base rate	0.21%	1.0%	1.92%
Weighted average return on investments	0.57%	1.17%	2.88%
Return on the CCLA property investment fund	4.18%	3.61%	3.90%
Weighted average cost of borrowing	0.30%	3.01%	4.41%

Base rates have been increased in November to 3% which will further increase both investment and borrowing rates for 2023/24. A revised assessment of both the cost of borrowing and likely investment income has been included in the Medium Term Financial Plan

(f) 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
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.

(g) 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.

(h) 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.

(i) 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:

	Worthing £'000
Final impact of pay award	136
Final impact of waste negotiations	100
	236

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

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

(k) Removal of contingency budget for committed growth.

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

(l) Savings Identified by Service Heads:

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

5. Future Strands Of Work

5.1 There are a number of strands of financial work still to be completed which will influence the final 2023/24 budget as follows:

(a) Settlement - Revenue support grant and New Homes Bonus:

The Local Government Finance Settlement is unlikely to be announced until late December. Consequently, the Council will not have final confirmation of the amount of grant that it will receive until late December or early January.

Any New Homes Bonus for 2023/24, if the scheme is continued, will be confirmed as part of settlement.

(b) Business Rate Retention Scheme:

A full reassessment of the business rate income will be made later in the year when a better estimate of the impact of the appeals and likely level of income can be made.

(c) Council Tax income:

The Councils will need to consider what level increase is to be made to Council Tax. The current forecast assumes a 2.0% increase for 2023/24. This is equivalent to an average (Band C) **annual** increase in

the Councils' part of the Council Tax bill of £4.49 for a property in Worthing Borough Council.

The Councils are still waiting for confirmation of the referendum limit for 2023/24 which may be announced as part of the Autumn Statement, however there have been indications that the referendum threshold will be set at 2% per annum for Council Tax. A final decision on Council Tax referendum thresholds will be confirmed at the provisional Local Government Finance Settlement.

The decision on the level of Council Tax increase will depend on a number of factors which will not be confirmed until later in the year:

- i) The outcome of the Local Government Finance settlement
- ii) Any new cost pressures or savings arising
- iii) The need to reinvest back into services

5.2 A full update on these issues will be included in the January report.

6. Saving Proposals

6.1 The proposed detailed savings for 2023/24 are attached at Appendix 3 for consideration. The total saving proposals identified are:

	2023/24	2024/25	2025/26	2026/27	2027/28
Worthing	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per appendix 1)	3,390	5,344	5,866	6,586	6,930
Savings identified to date	-3,203	-4,303	-5,078	-5,938	-6,798
Revised budget shortfall / Surplus (-)	187	1,041	788	648	132

6.2 This has been a successful savings exercise to date and the Councils are well positioned to set balanced budgets. Some initiatives are targeted for delivery within the current year, supporting the Councils' in-year position as well as 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.

6.3 Looking ahead to 2024/25 and beyond, the continuing financial pressure 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 as follows:

	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000
Cumulative Budget shortfall (Appendix 1)				
Worthing	5,344	5,866	6,586	6,930
Less: Savings identified for 2023/24	-3,203	-3,203	-3,203	-3,203
Savings yet to be identified	2,141	2,663	3,383	3,727
Future savings initiatives:				
Strategic Property Investment Fund	-452	-552	-652	-752
Commercial Programme	-450	-900	-1,350	-1,800
Service Redesign Programme	-120	-240	-360	-480
Corporate Landlord Programme	-78	-183	-373	-563
Total savings initiatives identified to date	-1,100	-1,875	-2,735	-3,595
Further savings to be identified by Heads of Service	1,041	788	648	132
Annual savings to be identified by Heads of Service	1,041	-253	-140	-516

* The financial pressure in 2024/25 largely relates to the cost of funding major projects within Worthing Borough Council and the estimated impact of the fairer funding review.

6.4 Looking ahead to 2024/25, it is clear that the potential financial challenge is 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. To support the development of the future revenue budgets the following strands of work continue to be pursued:

i) A review of assets held:

The Councils hold a significant number of assets for the delivery of services and for community use. Many of these assets are in significant need of capital maintenance which the councils are struggling to fund despite having increased the size of the capital programme in recent years. The intention of the review is to reduce the number of such assets held whilst ensuring that the remaining assets held are fit for purpose with a fully developed asset management plan which identifies the maintenance requirements over the next 10 years. The Council may need to resource the review but hold the Business Development budget for this purpose.

ii) Addressing the cost of temporary and emergency accommodation:

The cost of providing homeless services is escalating due to demand-led pressures. In the 2022/23 budget, the net cost is £2,466,200 or 17.89% of the overall net budget in Worthing. Consequently reducing the cost is becoming more critical. Measures to improve the supply of both affordable homes and temporary accommodations are detailed within the Affordable Homes delivery plan.

There are three strands of work to help address this issue:

- i) Working on preventative measures via initiatives such as Proactive;
- ii) Improving the supply of Council owned temporary and emergency accommodation. Currently the average cost per night of bed and breakfast or hotel accommodation is £38.00. Whereas, Council owned accommodation is estimated to cost around £14.00 per night.
- iii) Expanding the opening doors initiative to improve the supply of affordable private sector accommodation;
- iv) Looking to improve the supply of affordable accommodation by working in partnership with Registered Social Landlords. There are a number of schemes being delivered locally which should improve the supply of lower cost tenure accommodation within Worthing.

Whilst some of these initiatives are longer term in nature, they should support the delivery of a balanced budget for some time.

7. Other budget matters

7.1 Funding the costs of delivering the budget savings

The savings identified represent service and staff changes which will require some investment up front, details of which can be found in Appendix 4. To deliver the expected level of savings the Councils will be required to fund a number of strands of work as follows:

- i) The costs of disposing assets to lever in capital receipts;
- ii) The costs associated with asset rationalisation;
- iii) A 2 year rapid digital improvement programme;
- iv) Any departure costs arising from the proposals including the review of the management team. The Councils are expecting less than 20 redundancies across the organisation which is equivalent to 3% of the workforce;
- v) Support to the organisational change programme which is delivering a new more resilient operating model for the councils based on the principles outlined in Our Plan.

The Digital Rapid Improvement Programme requires “burst capacity” to ensure delivery of significant digital transformation at pace, both to support delivery of the 2023/24 budget plan but also to enable delivery of further efficiencies to support the budget challenge in 2024/25. This means making sure we have got the capacity we need in the team to be able to deliver the change we need quickly. The Councils are very well placed with excellent in-house skills and low code digital development platforms. These need to be augmented with additional capacity and skills to be able to support a significant existing “business as usual” workload as well as the new Digital Rapid Improvement Programme. This digital transformation work is foundational to both our ambitions for resilience and a more adaptive organisation as outlined in Our Plan. An application for support is currently being made to the DLUHC “Future Councils” fund, which could support further growth in capacity if successful.

Overall the programme of work is expected to cost £494,680 over the next two years. This is set out in the capital flexibilities schedules at Appendix 4.

Given the level of reserves, it is planned to use the capital receipts flexibility regime which allows Councils to release capital receipts to fund initiatives to generate a saving. There is a restriction on the funding of departure

costs, only statutory redundancy and pension costs can be funded from capital receipts.

As at 31st March 2022, the Council held £477,690 for this purpose. Any minor receipts generated in 2022/23 will also be set aside together with a proportion of the receipts from the 2023/24 disposal programme for this purpose to ensure that the programme can be funded and that the reserves of the Councils are protected.

8. Conclusion

- 8.1 The Council continues to deal with the impact of changes to Government funding and the impact of the current economic downturn whilst building capacity in the budget to take forward the key priorities of the Council. There is no prospect of any easing of the financial pressure for the next few years. We await the local Government Settlement in late December and early January which will give the Councils certainty at least for 2023/24.
- 8.2 The Council is 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. 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 Council is 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 reserves should be earmarked to support the Council's risks over the forthcoming year.
- 8.3 The current reserves will be significantly depleted at the end of this financial year based on current forecasts, consequently if possible the Council should actively rebuild the reserves over the next few years to provide the Council with sufficient resources to manage the inevitable risks that we face. The early implementation of a savings programme with respect to the savings required to balance the 2024/25 budget would help in this regard.
- 8.4 The report to be presented to members after Christmas will bring together any last changes to the revenue budget, the impact of the Comprehensive Spending Review, the final implications of settlement and the final forecast of business rate income.

9. Engagement and Communication

- 9.1 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 Council will also consult on the level of increase to Council Tax for each authority for 2023/24. The final form of the consultation will be developed in liaison with the Cabinet Member for Resources and the Leader.
- 9.2 Staff have been kept up to date on the development of these plans by the Chief Executive.
- 9.3 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.

10. Financial Implications

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

11. Legal Implications

- 11.1 The Local Government Act 2003 requires that the Councils set a balanced budget. This report demonstrates how the Councils intend to meet that requirement for 2022/23.
- 11.2 The Secretary of State for Ministry of Housing Communities and Local Government has issued a direction under the Local Government Act 2003 sections 16(2)(b) and 20: treatment of costs as capital expenditure which gives local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings. Further statutory guidance has been released clarifying the extent to which departure costs can be funded from capital receipts restricting this down to statutory redundancy costs only.

Background Papers

Report to Worthing Borough Council Executive 31st January 2022 - Budget Estimates 2022/23 and setting of 2022/23 Council Tax

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.

Statutory Guidance on the flexible use of capital receipts - Ministry of Housing Communities and Local Government

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

WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2022/23 - 2027/28						
	2022/ 23 Base	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation	13,785	13,785	13,785	13,785	13,785	13,785
Base budget						
(a) Annual Inflation						
Estimated inflation (with 4.5% allowance in 2023/34)		258	743	1,215	1,682	2,160
Impact of 2022/23 pay award (Assume 5.82% budget contains 2%)		646	659	672	685	699
Reduction in employers national insurance by 1.25%		(111)	(113)	(115)	(117)	(119)
(b) One -off / non-recurring items						
Local Elections (held three out of four years)		50	50	-	50	50
(c) Impact of Cost of Living crisis						
Additional pay award - Usually budget for 2% assume 4.5%		420	424	439	450	459
Gas and electricity (380% gas, 190% electricity)		914	914	914	914	914
Diesel (50% increase)		156	156	156	156	156
Leisure Contract		90	90	90	90	90
Removal of inflation contingency budget		(158)	(158)	(158)	(158)	(158)
(d) Impact of funding the Council's priorities						
Measures to reduce waste - Impact of the Environment bill		32	32	32	32	32
Refurbishment of High Street Car Park - Financing costs		148	148	148	148	148
Brooklands improvement programme - net costs		7	23	43	43	43
Bike share scheme (£52k already included in the 2022/23 budget)		37	37	37	37	37
Heat Network		-	121	121	121	121
General provision for future impact of major projects		-	284	484	684	684
(e) Treasury Management						
Financing costs - General Programme		868	1,588	1,880	2,124	2,274
Investment income		(239)	(311)	(423)	(549)	(702)
(g) Other items						
Impact of waste dispute:						
Impact of negotiation on salaries costs		260	260	260	260	260
Impact of dispute on net income		48	48	48	48	48
Impact of Triennial review:						
Reduction in pension rates		(33)	(34)	(35)	(36)	(37)
Reduction in back funded contributions		(227)	(423)	(618)	(618)	(618)

Appendix 1

WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2022/23 - 2027/28						
	2022/ 23 Base	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Building maintenance - scale up budget		50	50	50	50	50
Removal of hardship funding following introduction of new Council Tax Support Scheme		(39)	(39)	(39)	(39)	(39)
Delay to Fairer Funding Review - Homeless funding in current form to continue for 2023/24		-	272	272	272	272
Allowance for committed growth items as set out in Appendix 2		113	203	293	383	473
(h) Approved Growth items						
Provision for new growth items		90	180	270	360	450
Total Cabinet Member Requirements	13,785	17,165	18,989	19,821	20,857	21,532
Business rate income:						
Baseline funding	2,693	2,693	2,747	2,802	2,858	2,915
Add: Net retained additional business rates	867	845	411	417	421	433
Add: Share of surplus /deficit (-) net of use of reserves	(194)					
Adjusted Baseline funding	3,366	3,538	3,158	3,219	3,279	3,348
Council Tax income	9,996	10,212	10,458	10,709	10,967	11,231
Impact of removal of Council Tax Support		(90)	(92)	(94)	(96)	(98)
New homes bonus (2019/20 - 2022/23)	68					
New homes bonus (2022/23)	88					
Total New Homes Bonus	156	-	-	-	-	-
Lower Tier Services Grant	121	121	121	121	121	121
Local tax compensation scheme	37	37				
Services Grant	185					
Collection fund surplus/deficit (-)	(76)	(43)			-	-
Total other grants and contributions	423	115	121	121	121	121
Total Income from Taxation	13,785	13,775	13,645	13,955	14,271	14,602
AMOUNT REQUIRED TO BALANCE BUDGET	-	3,390	5,344	5,866	6,586	6,930

Appendix 1

WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2022/23 - 2027/28						
	2022/ 23 Base	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
	£'000	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET	3,390	5,344	5,866	6,586	6,930	6,930
Savings / Initiatives identified to date:						
Strategic Property Investment Fund						
Future property developments	113	313	513	713	913	913
Provision for future voids and repairs	(100)	(200)	(300)	(400)	(500)	(500)
Wellbeing centre and car park - net of debt charges	-	352	352	352	352	352
Commercial and Customer Activities	606	1,056	1,506	1,956	2,406	2,406
Service and Digital redesign programme	131	251	371	491	611	611
Corporate Landlord Programme	78	156	261	451	641	641
Corporate initiatives	1,241	1,241	1,241	1,241	1,241	1,241
Departmental proposals	1,134	1,134	1,134	1,134	1,134	1,134
Total savings initiatives identified to date	3,203	4,303	5,078	5,938	6,798	6,798
Cumulative savings still to be found/ (surplus)	187	1,041	788	648	132	132
Annual savings still to be found	187	854	(253)	(140)	(516)	(516)
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)	£5.05	£5.15	£5.25	£5.36	£5.46	£5.46
Weekly increase (Band D property)	£0.10	£0.10	£0.10	£0.10	£0.10	£0.11
Average annual increase (Band C property)	£4.49	£4.58	£4.67	£4.76	£4.86	£4.86
Average weekly increase (Band C property)	£0.09	£0.09	£0.09	£0.09	£0.09	£0.09

Appendix 2

Committed growth items:		Expected cost (cumulative)								
		2023/24			2024/25			2025/26		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Increase in audit fees	150% notified by PSAA following the procurement exercise		57,290	56,150		57,290	56,150		57,290	56,150
Impact of regradings 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		95,000	95,290	113,150	95,000	95,290	113,150	95,000	95,290	113,150
Removal of growth provision		-100,000	-70,000	-90,000	-100,000	-70,000	-90,000	-100,000	-70,000	-90,000
Net growth identified		-5,000	25,290	23,150	-5,000	25,290	23,150	-5,000	25,290	23,150

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Affordable Housing Programme:							
New affordable units							
Victoria Road							25,540
Total delivered via Affordable Housing programme			0	0		0	25,540
Commercial Property Investment Programme							
Commercial property investment	Net new rental income after debt charges			300,000		200,000	500,000
	Less: Increase to Void provision	-100,000		-300,000	-200,000		-400,000
	Financial benefit of funding capital expenditure from additional rental income			13,000			26,000
Medical / Wellbeing Centre	Assume the building completes in 23/24 with a rent free period of 6 months. Timescales and saving tbc						352,000
Major Projects							
	Rental of temporary building at Liverpool Gardens			48,000			48,000
	Rent reviews of commercial properties		30,000	30,000		30,000	30,000
Total delivered via the commercial property investment programme			-70,000	91,000		30,000	556,000

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
		Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Description	Comments and Actions						
Commercial income programme:							
Parks and Foreshore							
Increase beach hut fees	Increase fees by 20%		17,000	58,000		17,000	58,000
Place and Economy							
Bus Shelter / Digital Screen Contract Renewal			30,000	35,000		30,000	35,000
Technical Services							
Increase fees for weddings	Following benchmarking exercise, the proposal is to increase the fee to £500 from £175.00 (excluding VAT)			3,650			3,650
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
Planning and Development							
New charge for planning applications not submitted via the planning portal	£50.00 charge introduced to encourage users of the service to use the planning portal. This should have the benefit of reducing work in the planning team.		4,500	10,500		4,500	10,500
Increase in fees from pre-application advice			15,000	35,000		15,000	35,000
Additional income from fees arising from planning enforcement.			6,000	14,000		6,000	14,000

Proposed savings for Worthing Borough 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:							
Charging for advice on the need for Planning Permission			1,800	4,200		1,800	4,200
Increase in fees and taking on additional health and safety work			4,000	6,000		4,000	6,000
Public Health and Regulation							
Home improvement Agency Fees			21,630	69,100		21,630	69,100
HMO Licencing Fees	Reviewed on a 3 year cycle			45,400			0
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
Waste, Customer, Parking and Elections							
Review of parking prices	Minor increases proposed in consultation with Cabinet Member.		19,750	108,850		19,750	108,850
Introduce Amazon lockers into MSCP car parks				7,000			7,000

Appendix 3

Proposed savings for Worthing Borough 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:							
Introduce charges for previously free car parks				42,000			42,000
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	215,800	605,680	303,100	230,200	585,880

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Rapid Improvement 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
Reduction in counter fraud resource	Following implementation of the new fraud management case management team resources needed to sustain current service have been reviewed.			24,370			24,370
Review of customer services and business support structure	Digitisation of high transactional services and impact of revs and bens transformation project.	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 Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	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
Asset Disposal Programme				600,000			600,000
Defer High Street refurbishment programme and take a phased approach to improvements	Current budget is insufficient for programme of works and affordability is questionable						
Pause Colonnade House redevelopment	Current budget is insufficient for the planned design and financing costs have escalated			78,380			0
Reduction in major projects budget				50,000			50,000
Bike scheme	Revised cost forecast		60,000	89,000			89,000
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	244,000	1,093,380	460,000	184,000	1,015,000

Proposed savings for Worthing Borough 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>							
Base budget review			5,000	19,290		5,000	19,290
Review of structure of Communities team	Deletion of vacant posts	113,380	45,350	68,030	113,380	45,350	68,030
Review of structure of Communities team	Work to better reflect the new operating model and Our Plan ambitions	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 additional lower graded role	23,890	9,560	14,330	23,890	9,560	14,330

Proposed savings for Worthing Borough 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
Review of foreshore service	Reconfiguration of the foreshore service across Adur and Worthing with a view to improving provision within the Adur area.		-44,100	44,100		-44,100	44,100
Place and Economy							
Review of regeneration budget			12,500	12,500		12,500	12,500
Reduction in payment to WTAM	Reduction in annual payment as specified in the contract			42,000			42,000

Proposed savings for Worthing Borough 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							
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
Review of structure of Technical Services team		40,380	16,150	24,230	40,380	16,150	24,230
Land Drainage responsibilities to be handed back to WSCC - █████ 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							
Review of the roles and responsibilities within the Planning Policy team	Increasing work associated with the Adur local plan review will require increased input from the planning policy team.		-40,100	40,100		-40,100	40,100

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Economy							
Planning and Development							
Development Management		5,000	2,000	3,000	5,000	2,000	3,000
HMLR Transitional grant for Land Charges	Grant given for the transfer of responsibilities for Land charges to the HMLR		15,000	20,000		20,000	30,000
Reduction in the number of neighbour notifications			2,100	4,900		2,100	4,900
Leisure contract							
Change of contractual arrangements	Whilst the guaranteed annual payment is being removed from the budget, the income share arrangement should provide for some income in 2023/24. This arrangement is being reviewed with new proposals coming to members for the 2023/24 financial year in November			90,000			

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Digital, Sustainability and Resources							
Human Resources							
Base budget review		10,000	4,000	6,000	10,000	4,000	6,000
Change to training and development roles following departure of the organisational design manager		16,910	6,760	10,150	16,910	6,760	10,150
Consolidation of administration functions following digitisation of Revenues and Benefits Service	Review of staffing requirements	29,290	11,720	17,570	29,290	11,720	17,570
Revenues and Benefits							
Review of adjudication and overpayments team	Universal credit is impacting on the work of the adjudication and overpayments team	99,400	39,760	59,640	99,400	39,760	59,640
Base budget review		370	5,300	8,190	370	5,300	8,190

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Sustainability							
Reduction in consultancy budgets		23,600	9,440	14,160	23,600	9,440	14,160
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 Worthing Borough 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							
Base budget review			10,630	13,290		10,630	13,290
Reduce scope of internal audit contract	Removal of contingency days and reduction down in the number of contract and IT audits by 1 to 2 each per year.		11,280	11,280		11,280	11,280
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
Review of pension arrangements associated with SDLT and WTaM	Amendment to pensions contract clause allowing for a full pass through arrangement. To be considered at WJSSC in December			106,660			106,660
Waste, Customer, Parking and Elections							
Base budget review		10,000	4,000	41,000	10,000	4,000	6,000
Review across a range of central support functions to maximise efficiency and resilience		87,110	34,840	52,270	87,110	34,840	52,270

Appendix 3

Proposed savings for Worthing Borough Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
		Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Description	Comments and Actions						
Waste, Customer, Parking and Elections							
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
Review of roles and responsibilities in the waste and cleansing service.		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	433,070	1,134,110	1,117,180	438,070	1,019,110
Total savings identified		2,017,920	893,920	3,055,130	2,057,920	953,320	3,332,490

Appendix 4

Project	Overall annual saving generated £	Worthing Borough Council				Nature of expenditure
		Annual saving %	Annual saving £	Financial year	Amount of capital receipts used £	
2021/22 savings programme						
- Accommodation project	190,290	60	114,170	2020/21 Actual	6,772	Project delivery costs
				2021/22 Actual	139,108	
				2022/23 Estimate	6,530	
2022/23 savings programme						
- Accommodation project NWOW phase 2	210,000	60	126,000	2022/23 Estimate	27,000	Project management, removal costs and minor works costs
- Asset disposal programme	600,000	100	600,000	2022/23 Estimate	50,000	Costs associated with the sales of assets
- Digital rapid improvement programme	177,640	60	106,580	2022/23 Estimate	25,990	Digital systems design, development and project management
- Organisational redesign	250,000	60	150,000	2022/23 Estimate	209,210	HR support and delivery manager. Associated Statutory departure costs
- Service redesign	400,000	60	240,000	2022/23 Estimate	72,000	Departure costs

Appendix 4

Project	Overall annual saving generated £	Worthing Borough Council			Amount of capital receipts used £	Nature of expenditure
		Annual saving %	Annual saving £	Financial year		
2023/24 savings programme						
- Digital rapid improvement programme	200,000	60	120,000	2023/24 Estimate	103,950	Digital systems design, development and project management
<i>Breakdown of use by financial year</i>						
Actual use 2020/21					6,772	
Actual use 2021/22					139,108	
Planned use 2022/23					390,730	
Planned use 2023/24					103,950	
Total	2,027,930		1,456,750		640,560	

