Worthing Borough Council

External Assurance Review

May 2026

A Report by:

The Chartered Institute of Public Finance and Accountancy

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

Further information about CIPFA can be obtained at www.cipfa.org

Any questions arising from this submission should be directed to:

John O'Halloran

CIPFA
77 Mansell Street
London
E1 8AN

Tel: +44 (0)20 7543 5600
Email: john.o'halloran@cipfa.org

Contents

1 Executive Summary

1.1 Summary of Findings, Issues, Evidence and Analysis

Worthing Borough Council is operating under severe and sustained financial pressure. The Medium-Term Financial Strategy (MTFS) identifies a cumulative funding gap of £5.833 million over 2026-27 to 2030-31, with a front-loaded gap of £3.448 million in 2026-27. The most acute pressures arise from housing, particularly temporary and supported accommodation, compounded by commercial income volatility, reserves below the council's own policy range, and high fixed borrowing costs. The council has responded with tighter expenditure controls, strengthened vacancy management, reset income assumptions, scaled-back capital ambition and a credible package of housing mitigations. It has delivered defined savings in 2024-25 and 2025-26 and demonstrates a materially improved understanding of its financial position.

Notwithstanding these actions, the council has not yet evidenced a fully credible route to medium-term financial sustainability. There is no fully specified or costed savings and transformation pipeline for 2026-27 onwards, a material weakness that limits transparency and reduces assurance over deliverability. Continued reliance on Exceptional Financial Support (EFS) reflects structural financial fragility rather than weak governance; however, it must be explicitly time-limited, supported by a credible exit strategy and underpinned by recurring savings and sustained demand reduction. This does not currently exist and means the MTFS indicates continued reliance on EFS. The capital, debt and asset position remains a significant source of risk: debt levels are high relative to the council's size, debt servicing costs place a material pressure on revenue.

Governance and oversight of the capital programme have improved, and the council has adopted a more cautious, affordability-led approach. However, the strategy for reducing exposure depends heavily on the timely execution of asset disposals in uncertain market conditions. This leaves the council materially exposed to affordability, delivery and refinancing risks over the medium term.

Financial management and governance arrangements are, overall, sound and improving. The council operates within a robust governance framework, supported by strengthened reporting, active risk management, enhanced scrutiny and clear member and officer accountabilities. The finance function demonstrates professional capability and has supported recent savings delivery and improved budget realism. However, organisational capacity and reliance on a limited number of key individuals remain material constraints on pace, resilience and the council's ability to accelerate improvement.

Overall, the council demonstrates a realistic understanding of its position and governance arrangements that are directionally sound. Financial management and governance are improving, supported by strengthened reporting, active risk management and enhanced scrutiny, though organisational capacity and key-person dependency remain constraints. Financial resilience is fragile and medium-term sustainability is not yet evidenced to remove reliance on EFS.

1.2 Key Risks and Recommendations

This table provides the improvement plan and roadmap that we recommend the council follows with priority actions indicated by the RAG rating and the recommended timeline included with the recommendations.

Worthing Borough Council is progressing through Local Government Reorganisation, with elections to a new shadow unitary authority expected in May 2027 and vesting day for the new authority expected in April 2028. Once the shadow authority is in place, the council will be subject to a direction under Section 24 of the Local Government and Public Involvement in Health Act 2007, requiring shadow authority consent for specified significant transactions until vesting day. This includes land disposals above £100,000 and capital contracts above £1 million. We have framed our recommendations with this context in mind: for those involving long-term capital commitments, asset disposals or major service redesign, we have adjusted the timeline so work can be delivered within the council's own authority where possible, or otherwise left evidenced and handover-ready for the shadow or successor authority.

Key risk	Risk rating (see details in Annex 3)	Recommendation
On quality of financial management and financial processes		
1. Material MTFS funding gap and insufficiently developed savings programme: The Council faces a cumulative £5.833 million funding gap over 2026-27 to 2030-31 and the absence of a detailed, fully costed savings programme for 2026-27 onwards creates significant near-term delivery risk and reduces transparency over deliverability.	9	**1. Agree a time-bound financial recovery and savings delivery plan for 2026-27,** supported by a fully costed savings and transformation pipeline for 2026-27 to 2030-31, with clear owners, milestones, delivery confidence ratings, dependencies, contingencies and monthly monitoring. The plan should include defined decision points to trigger corrective action where slippage emerges. Given the shortening window before Section 24 restrictions apply from May 2027, priority should be given to savings that are recurring, deliverable within the council's own authority, and do not depend on decisions requiring shadow authority consent. **As soon as possible**

Key risk	Risk rating (see details in Annex 3)	Recommendation
2. Inconsistent member understanding (reserves in particular): Variation in member understanding can weaken challenge and decision quality, especially around reserve adequacy and risk appetite, even if engagement is improving.	4	**2. Continue targeted member training** focused on reserves, resilience and key risks; align briefings to budget and monitoring milestones. This will support effective scrutiny and confident decision-making in an increasingly complex environment, including the transition to a shadow authority and eventual unitary council. **September 2026**
3. High borrowing, fixed financing cost, interest-rate and liquidity exposure: Continued reliance on borrowing creates high interest and MRP costs, a largely fixed pressure on revenue that reduces flexibility to balance budgets. Given the high borrowing requirement, higher interest rates, refinancing risk and cashflow pressures could further worsen affordability and constrain delivery of capital obligations.	9	**3. Maintain an affordability-first capital, treasury and liquidity approach** by strengthening scenario testing for interest rates, MRP, refinancing, liquidity and capital slippage; maintaining an up-to-date borrowing and maturity profile; and limiting new commitments that increase fixed revenue costs unless fully funded. This should support a clear path for debt stabilisation or reduction where feasible **As soon as possible**
4. Major capital programmes and inconsistent project governance: The council faces significant financial exposure from large capital delivery, including cost, delivery and affordability risks. Although governance has improved, historic control failures and maturing processes create residual risk that approval thresholds, member decision requirements and financial controls are applied inconsistently across projects.	6	**4. Strengthen capital programme governance and assurance** by applying consistent stage-gates, approval thresholds, member decision requirements, financial controls, tolerances and escalation routes across all projects. This should be, supported by training, periodic assurance checks, benefits realisation tracking and integration of capital costs into medium-term financial planning. Stage-gates and approval thresholds should be reviewed against emerging Section 24 consent requirements ahead of May 2027, and any large, uncommitted schemes should be reassessed for whether they can proceed, should pause, or should transfer for the shadow/successor authority to decide. **As soon as possible**

Key risk	Risk rating (see details in Annex 3)	Recommendation
5. Asset Portfolio optimisation and cost pressure: The portfolio appears **over-extended relative to financial capacity**, with **legacy/high-cost assets** (including heritage assets with limited disposal options) driving ongoing maintenance pressures and limiting flexibility, meaning the portfolio is not yet optimised for value for money.	6	**5. Prioritised portfolio strategy**: Continue the "**flight to quality**" approach with a clear prioritisation framework that balances **service outcomes, whole-life cost, and financial return**, and explicitly addresses constraints on heritage assets. From May 2027, disposal or retention decisions on higher-value or strategic assets are likely to require shadow authority consent; the council should build a clear, evidenced options framework now so decisions can be presented for consent efficiently rather than initiating new large-scale asset strategy after that point. **Before May 2027**
6. Inconsistent embedding of governance and decision-making arrangements under financial and delivery pressure: There is a risk that formal governance arrangements, including the new Mission Control model, are not applied consistently across the organisation. Financial controls could make governance overly reactive and might weaken decision-making on, prioritisation and risk management.	6	**6. Strengthen and embed governance and decision-making arrangements across all levels of the organisation.** The council should embed assurance within standard decision-making and the Mission Control governance model, ensuring decisions are properly evidenced. **September 2026**
7. Scrutiny, political engagement, transparency and external dependency pressures: If scrutiny is not engaged early enough on high-impact decisions, and opposition members do not have timely access to clear information and effective channels for challenge, confidence in leadership decisions, decision quality and delivery of priorities could be weakened.	6	**7. Strengthen scrutiny, political engagement, transparency and external dependency management** by engaging scrutiny earlier on major financial decisions and strategic risks; targeting scrutiny resources to the highest-risk issues; tracking recommendations and outcomes. **As soon as possible**
8. Demand-led housing and structural financial pressures: The council faces continuing financial instability from demand-led homelessness, temporary and supported accommodation costs, high local market prices, housing supply constraints and recurring subsidy losses.	9	**8. Strengthen the housing demand, cost-control and medium-term accommodation plan,** with measurable targets for demand, unit cost, length of stay, prevention outcomes and move-on pathways. The plan should include regular reporting on partner engagement, intervention effectiveness and progress in reducing reliance on high-cost temporary and supported accommodation. **As soon as possible**

Key risk	Risk rating (see details in Annex 3)	Recommendation
9. Capacity and capability constraints with key-person dependency: Significant capacity and capability constraints, combined with high utilisation and reliance on a small number of key individuals, create a material risk to delivery, resilience and oversight. The scale of major programmes, including LGR, and continued dependence on external expertise further heighten sustainability and pace-of-improvement risks.	6	**9. Implement a capacity and resilience plan:** Implement a targeted capacity and resilience plan to reduce key-person dependency and strengthen delivery, including cross-cover, improved documentation, and focused skills investment. Prioritise resourcing for high-risk programmes and use time-limited external support with clear knowledge transfer to build sustainable internal capability. The plan should explicitly factor in the additional demands of LGR transition and shadow authority working alongside business-as-usual delivery. **September 2026**
10. Competing priorities create execution risk: Concurrent requirements (strategic planning, monitoring, savings delivery, EFS, audit, capital/treasury and early LGR preparation) increase the risk of slippage, bottlenecks and control strain.	6	**10. Agree corporate prioritisation** and protect minimum control standards; maintain a single integrated forward plan for key finance deliverables, with LGR and shadow authority preparation explicitly and formally weighed alongside other priorities rather than absorbed informally. **As soon as possible**
On financial sustainability and risk		
11. Commercial income volatility: Income remains volatile (notably parking and bereavement), with ongoing risk from optimistic budgeting and/or weak delivery arrangements.	6	**11. Tighten income forecasting using historic trends and external drivers**; strengthen delivery governance (owners, actions, triggers); re-baseline budgets promptly where volatility persists. **As soon as possible**
12. Low reserves, limited financial buffer and continued reliance on EFS: The General Fund Working Balance is below the council's policy range, reducing shock-absorption capacity and increasing vulnerability to in-year pressures. Reserves remain insufficient to address forecast gaps, increasing reliance on EFS and indicating fragile financial resilience unless recurring savings, demand control and a clear EFS exit plan are delivered.	9	**12. Establish a phased reserves recovery and EFS exit plan** aligned to recurring savings delivery and reserves recovery. The plan should define minimum reserve thresholds, prioritise reserve contributions where in-year performance permits, reduce dependency on EFS through accelerated structural savings and demand control, and set out the governance needed to ensure any EFS use remains time-limited. **As soon as possible**

Key risk	Risk rating (see details in Annex 3)	Recommendation
13. Debt reduction plan dependent on disposals: Delays/uncertainty in asset disposal timing mean borrowing stays higher for longer, extending exposure to financing costs and weakening the mitigation strategy.	6	**13. Strengthen disposal programme execution** (planning readiness, market testing, phasing, contingencies); improve forecasting and ensure alternative mitigations are identified if receipts slip. Priority should be given to completing disposals that can conclude before May 2027 or that fall below Section 24 consent thresholds; for larger or strategic disposals unlikely to complete in time, the council should focus on preparing a robust, evidenced case (valuation, market testing, rationale) for shadow authority consent, and contingency planning should explicitly cover the scenario where disposals are delayed or declined pending consent. **As soon as possible**
On service reform, delivery and transformation		
14. The persistent underperformance of commercial income services presents an ongoing risk to the council's revenue base. While income assumptions have been reset to more realistic levels, this effectively acknowledges a permanent reduction in income rather than a temporary fluctuation. Furthermore, actions such as asset disposal, while reducing costs, may also reduce future income-generating capacity, limiting the council's ability to recover financial position over the medium term.	6	**14. The council should align income expectations with realistic demand levels by reviewing its asset base to ensure that non-performing sites minimise ongoing costs.** Where disposals are pursued, the council should ensure that decisions are made within a clear strategic framework that balances short-term financial benefit with longer-term income considerations. **September 2026**
15. Continued reliance on short-term financial controls could mask underlying structural pressures, particularly within housing services. This could delay the need for more fundamental service or funding solutions and reduce transparency over the longer-term sustainability of the council's financial position.	9	**15. The council should ensure that in-year financial controls are complemented by a clear focus on addressing underlying structural pressures, particularly within high-risk service areas such as housing.** This includes maintaining transparency over underlying cost drivers and ensuring that mitigation actions are tracked and evaluated for long-term impact. **As soon as possible**

Key risk	Risk rating (see details in Annex 3)	Recommendation
16. Transformation delivery and income-generation exposure: Transformation activity is focused on key financial pressure areas, but if initiatives remain incremental, fragmented or dependent on uncertain commercial income, the council could be exposed to financial instability and market volatility.	9	**16. Strengthen transformation prioritisation, programme management and benefits delivery** by developing a clear, prioritised and sequenced transformation roadmap focusing resources on the highest-impact programmes; establishing clear governance, accountability, reporting and risk management; with early intervention where progress or market assumptions are off track. The roadmap should distinguish between transformation that can be delivered and embedded before May 2027, which should be prioritised, and longer-term redesign that will need to continue into the shadow/successor authority. **September 2026**
17. Reactive transformation and service planning limiting strategic flexibility: Without a clearer long-term vision for service redesign and a stronger preventative focus, resources may continue to be diverted toward short-term mitigation rather than activity that reduces demand, improves efficiency and supports strategic outcomes.	6	**17. Shift further from reactive service responses toward preventative and strategic transformation** by developing a clearer long-term vision for service redesign, prioritising interventions that address the root causes of demand, particularly in housing and homelessness, and investing where feasible in prevention services, partnership working and market-shaping activity. Given the approaching Section 24 restrictions, this longer-term vision should identify activity that can be taken-on by the newly created authority. **September 2026**
18. Capacity, capability affecting transformation delivery: The council's resource constraints create a significant risk that transformation programmes are not sufficiently resourced or funded, particularly where initiatives require specialist expertise.	9	**18. Align transformation ambition with available capacity, capability and sustainable investment** by assessing the skills, capacity, funding and specialist expertise required to deliver the transformation portfolio; and addressing gaps through programme prioritisation, recruitment, training, external support or partnerships. This assessment should factor in the finite window before Section 24 restrictions apply from May 2027 and the likelihood that some transformation activity will transfer to the successor authority. **September 2026**

Key risk	Risk rating (see details in Annex 3)	Recommendation
19. External dependency and LGR uncertainty affecting transformation outcomes: External factors, such as LGR, create a risk that initiatives may be delayed, prove misaligned with future service structures, or fail to achieve intended outcomes if external conditions, market capacity or reorganisation assumptions change.	6	**19. Build flexibility and dependency management into transformation planning** by regularly reviewing transformation plans against external dependencies, market conditions, partner capacity and emerging LGR information; designing initiatives that can be scaled, adapted or integrated into a future unitary authority; and avoiding long-term commitments that may not align with future service configurations. The council should also engage early with the shadow authority, once established in May 2027, on transformation plans likely to fall within the scope of the anticipated Section 24 direction, so that consent is sought in good time rather than becoming a blocker. **September 2026**
20. Over-reliance on external provision and insufficiently strategic commissioning: Over-reliance on external provision in critical service areas reduces the Council's ability to control costs and service quality, with private providers and third-party arrangements exposing the Council to pricing pressures and market instability. The commissioning approach may remain insufficiently strategic where procurement activity is reactive rather than driven by a coherent, forward-looking pipeline aligned to corporate priorities and transformation programmes.	6	**20. Develop a strategic commissioning and options appraisal approach** by enhancing options appraisal when determining whether services are delivered in-house or externally, with rigorous evaluation of cost, risk, quality and control over outcomes. Develop an organisation-wide procurement pipeline aligned to corporate priorities and transformation programmes; use earlier supplier engagement, soft market testing and partner collaboration to shape provision in high-pressure areas; and embed procurement as a strategic function to improve planning, value for money and long-term service sustainability. New outsourcing or insourcing decisions and major contract re-lets that would bind the successor authority should be tested against Section 24 requirements. **September 2026**

Key risk	Risk rating (see details in Annex 3)	Recommendation
21. Procurement capability, contract management and assurance risk: Even where a Sustainable Procurement Strategy and toolkit exist, workforce constraints, capacity pressures or inconsistent application across services may limit the Council's ability to embed the skills, tools and processes needed to design, procure and manage complex contracts effectively. Weaknesses in supplier monitoring, defined review and escalation arrangements, or enforcement of contract terms could allow underperformance to go unaddressed, while a failure to systematically apply supplier performance intelligence, cost trends and market analysis could lead to cost escalation, unrealisable income assumptions and reduced assurance over service quality, commercial decision-making and value for money.	9	**21. Confirm that the commitments in the Council's Sustainable Procurement Strategy 2024–2027, including ongoing development of procurement and contract management skills, and maintenance of the procurement and contract management toolkit, are being delivered in practice, and address any residual gaps through targeted training, shared services or specialist support.** Building on the strategy's commitment to embedding performance measures within contracts, establish consistent operational arrangements for monitoring external providers, including defined review frequencies, clear escalation mechanisms for underperformance, and enforcement of contract terms. Ensure that supplier performance intelligence, cost trends and market analysis, gathered through the digital and data practices set out in the strategy, are explicitly used to inform not only procurement and commercial activity but also income assumptions and future delivery model decisions. **As soon as possible**
On governance, culture and leadership		
22. Strategic direction, collective leadership and organisational resilience under sustained financial and LGR pressures: Sustained financial pressure, organisational uncertainty and LGR transition could weaken collective political and officer leadership, reduce staff morale and undermine consistent delivery of priorities if communication, shared commitment and leadership visibility are not maintained.	9	**22. Maintain collective leadership, clear communication and organisational resilience through financial stabilisation and LGR transition** by reinforcing shared strategic and financial priorities and monitoring morale, workload and capacity so delivery risks are identified and addressed early. Members and officers should agree, proactively rather than reactively, a clear and shared understanding of what can and cannot be decided unilaterally once Section 24 restrictions apply from May 2027, so that the transition to reduced decision-making autonomy does not itself become a source of confusion or delay. **As soon as possible**

2. Introduction

2.1 Background

Worthing Borough Council is a non-metropolitan district council with borough status, serving as the lower tier of local government for the town of Worthing in West Sussex, England. It serves a population of approximately 113,900 people across 37 elected councillors representing 13 wards. The council is currently a Labour minority administration with no single party in overall control. Following the May 2026 local elections, the composition of the council is: Labour 15 seats, Green & Independent Alliance 10 seats, Conservatives 6 seats, Reform UK 5 seats and the Liberal Democrats holding 1 seat. The council has been in receipt of Exceptional Financial Support (EFS) and has requested capitalisation support of £5 million for 2026-27, which it intends to finance through external Public Works Loan Board (PWLB) borrowing.

The details of the analysis requested by the Ministry of Housing, Communities & Local Government (MHCLG), and the methods applied by CIPFA for the review are contained in Annex 1 and 2.

3. Areas Reviewed

3.1 Review Area 1: Quality of Financial Management and Financial Processes

An assessment of the local authority's financial management and management of risk.

The council has materially strengthened its financial management, governance, internal control and financial risk management arrangements, with clearer medium-term planning, improved budget realism, stronger in-year monitoring, tighter spending controls and a well-structured framework for oversight and escalation. The finance function is professionally led and supported by a shared service model, and members receive generally good-quality financial information to support decision-making. Governance arrangements are layered and broadly consistent with good practice, while risk management is active, clearly owned and embedded through formal strategies, registers and committee reporting.

However, the council continues to face significant structural financial pressures, particularly from housing-related demand, a material medium-term funding gap, and reliance on borrowing and Exceptional Financial Support (EFS). These pressures are compounded by constrained organisational capacity, key-person dependency, an as yet uncosted savings pipeline beyond 2026-27, and the need to embed newer governance arrangements such as Mission Control consistently.

Taken together, the evidence suggests that the council's arrangements are stronger and more disciplined than in earlier years, but that medium-term resilience will depend on translating this stronger framework into sustainable delivery, capacity, and demonstrable reduction in underlying financial risk.

a) ***The local authority's financial management, governance processes, the effectiveness of its internal control environment and the audit and scrutiny committee(s), as well as compliance with local government accounting codes and international finance reporting standards.***

Key findings and analysis

Financial Management

The council's financial management framework is well structured and has strengthened materially over the review period despite continued financial sustainability challenges. The Medium-Term Financial Strategy (MTFS) demonstrates a clear and realistic assessment of the council's financial position, with improved budget realism compared to earlier years, evidenced by a line-by-line review of service budgets, reset income assumptions, and sensitivity analysis across pay, income, interest rates and government funding.

In-year financial management is supported by a structured quarterly revenue monitoring process, with reports presented to the Joint Strategic Committee. The Q3 Revenue Monitoring Report for 2025-26 (to 30 December 2025) identifies a projected outturn overspend for Worthing of £1.808 million after reserve transfers, with gross operational overspends of £3.843 million driven principally by housing needs pressures.

Expenditure controls have been strengthened materially. The Spending Control Review confirms a formalised Budget Management Group process requiring pre-approval for spend requests above £5,000, recruitment, consultancy and agency costs, and purchase card transactions. A central triage function provides daily order approval, and finance officers work alongside services experiencing pressures to understand demand growth and explore mitigation strategies. These controls are appropriate and proportionate, though there is a risk that prolonged reliance on reactive controls indicates structural weakness in the underlying governance model rather than a sustainable long-term position.

The council has delivered defined savings in 2024-25 and 2025-26 through the joint Organisational Design Programme with Adur District Council, service budget reviews and procurement improvements. The Savings and Growth tracker and Organisational Design Programme savings tracker both provide evidence of granular savings identification and monitoring. However, no detailed, quantified savings plan exists for years beyond 2026-27, which represents a material weakness in the medium-term financial sustainability case.

Governance Processes

The council's governance structure operates through a shared service model with Adur District Council. Strategic governance is exercised through the Joint Strategic Committee, with Cabinet meetings held annually to set the budget and council tax. Financial decisions are presented to the Joint Strategic Committee quarterly covering revenue and capital monitoring, treasury management and financial strategy updates. These update reports are presented with appropriate appendices, executive summaries and tabular variance analysis, supporting informed member decision-making.

The council has a well-structured internal governance framework with the councils' Leadership Team meeting fortnightly to oversee committee reports and manage corporate risks; a 'Golden Triangle' (CEO, Deputy CEO, Section 151 Officer and Monitoring Officer) meeting monthly to identify concerns; a Forward Planning Group meeting weekly; and a Corporate Health Board meeting approximately every six weeks to oversee external and internal audit, complaints, information governance and risk. This layered governance model, with clear escalation routes, is consistent with good practice.

The Mission Board structure, aligned to the 'Fair, Green and Local' Corporate Strategy adopted in December 2025, provides an additional governance layer covering Core Services and LGR, Housing and Prevention, Place and Environmental Services, Regeneration and Economic Growth, and Thriving Together. A Major Programmes Board provides cross-cutting oversight for higher-risk projects. Member Mission Groups run parallel to officer boards, with quarterly progress reports presented to the Joint Strategic Committee, including full project-level RAG status, issues and mitigations.

The introduction of the 'Mission Control' governance model provides a structured approach to project design, prioritisation and assurance. However, as this model is relatively recent, there is a risk that inconsistent application or variable capacity could limit its effectiveness, particularly under ongoing financial and LGR-related pressure.

Internal control environment and Audit & Scrutiny

The internal control environment has been strengthened in response to financial pressure. The Annual Governance Statement for 2024-25 acknowledges the introduction of additional spending controls and centralised oversight as a direct response to that pressure. The internal audit plan for 2024-25 included 15 days of dedicated audit activity for both homelessness and achievement of savings, the two most material financial risk areas for the council.

Risk management is governed by the Risk and Opportunity Management Strategy 2026–28, which defines the council's risk appetite and embeds financial risk management within strategic, service and project-level decision-making. Corporate risk registers demonstrate consistent identification and ownership of key financial risks at CLT level, with mitigation actions linked to service plans and transformation activity. Risk registers have been refreshed and aligned to the 'Fair, Green and Local' mission framework, demonstrating active maintenance rather than static documentation. Financial risks are reported through the Joint Audit and Governance Committee and Joint Strategic Committee at least twice yearly, consistent with the strategy's requirements.

The Joint Audit and Governance Committee is the primary audit and assurance committee for the council, operating across both Worthing Borough Council and Adur District Council. It is supported by independent members and receives reports from internal audit, external audit, the Annual Governance Statement, risk management and the Strategic Property Investment Fund strategy, demonstrating broad and appropriate coverage of governance and financial assurance topics.

The JAGC also undertakes pre-scrutiny of major strategic financial matters, including the Strategic Property Investment Fund strategy, which was presented to the committee in January 2026 ahead of formal Joint Strategic Committee approval in March 2026. The Joint Overview and Scrutiny Committee provides a further layer of member oversight, including the ability to call in executive decisions. Member financial understanding has improved through training and briefing arrangements, though external audit feedback indicates understanding has not always been consistent, particularly regarding reserves, with learning still embedding.

We note that the Council received a disclaimed audit opinion for 2022/23 because of the national audit backlog and the auditor's inability to complete the audit by the mandatory backstop date. However, our review did not identify any concerns indicating that the Council has failed to comply with relevant accounting standards and requirements.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
1. Material MTFS funding gap and insufficiently developed savings programme: The Council faces a cumulative £5.833 million funding gap over 2026-27 to 2030-31 and the absence of a detailed, fully costed savings programme for 2026-27 onwards creates significant near-term delivery risk and reduces transparency over deliverability.	9	**1. Agree a time-bound financial recovery and savings delivery plan for 2026-27,** supported by a fully costed savings and transformation pipeline for 2026-27 to 2030-31, with clear owners, milestones, delivery confidence ratings, dependencies, contingencies and monthly monitoring. The plan should include defined decision points to trigger corrective action where slippage emerges. Given the shortening window before Section 24 restrictions apply from May 2027, priority should be given to savings that are recurring, deliverable within the council's own authority, and do not depend on decisions requiring shadow authority consent. **As soon as possible**
2. Inconsistent member understanding (reserves in particular): Variation in member understanding can weaken challenge and decision quality, especially around reserve adequacy and risk appetite, even if engagement is improving.	4	**2. Continue targeted member training** focused on reserves, resilience and key risks; align briefings to budget and monitoring milestones. This will support effective scrutiny and confident decision-making in an increasingly complex environment, including the transition to a shadow authority and eventual unitary council. **September 2026**
3. High borrowing, fixed financing cost, interest-rate and liquidity exposure: Continued reliance on borrowing creates high interest and MRP costs, a largely fixed pressure on revenue that reduces flexibility to balance budgets. Given the high borrowing requirement, higher interest rates, refinancing risk and cashflow pressures could further worsen affordability and constrain delivery of capital obligations.	9	**3. Maintain an affordability-first capital, treasury and liquidity approach by strengthening scenario testing for interest rates, MRP, refinancing, liquidity and capital slippage; maintaining an up-to-date borrowing and maturity profile; and limiting new commitments that increase fixed revenue costs unless fully funded. This should support a clear path for debt stabilisation or reduction where feasible** **As soon as possible**

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
4. Major capital programmes and inconsistent project governance: The Council faces significant financial exposure from large capital delivery, including cost, delivery and affordability risks. Although governance has improved, historic control failures and maturing processes create residual risk that approval thresholds, member decision requirements and financial controls are applied inconsistently across projects.	6	**4. Strengthen capital programme governance and assurance** by applying consistent stage-gates, approval thresholds, member decision requirements, financial controls, tolerances and escalation routes across all projects. This should be, supported by training, periodic assurance checks, benefits realisation tracking and integration of capital costs into medium-term financial planning. Stage-gates and approval thresholds should be reviewed against emerging Section 24 consent requirements ahead of May 2027, and any large, uncommitted schemes should be reassessed for whether they can proceed, should pause, or should transfer for the shadow/successor authority to decide. **As soon as possible**
5. Asset Portfolio optimisation and cost pressure: The portfolio appears **over-extended relative to financial capacity**, with **legacy/high-cost assets** (including heritage assets with limited disposal options) driving ongoing maintenance pressures and limiting flexibility, meaning the portfolio is not yet optimised for value for money.	6	**5. Prioritised portfolio strategy**: Continue the "**flight to quality**" approach with a clear prioritisation framework that balances **service outcomes, whole-life cost, and financial return**, and explicitly addresses constraints on heritage assets. From May 2027, disposal or retention decisions on higher-value or strategic assets are likely to require shadow authority consent; the council should build a clear, evidenced options framework now so decisions can be presented for consent efficiently rather than initiating new large-scale asset strategy after that point. **Before May 2027**
6. Inconsistent embedding of governance and decision-making arrangements under financial and delivery pressure: There is a risk that formal governance arrangements, including the new Mission Control model, are not applied consistently across the organisation. Financial controls could make governance overly reactive and might weaken decision-making on, prioritisation and risk management.	6	**6. Strengthen and embed governance and decision-making arrangements across all levels of the organisation.** The council should embed assurance within standard decision-making and the Mission Control governance model, ensuring decisions are properly evidenced. **September 2026**

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
7. Scrutiny, political engagement, transparency and external dependency pressures: If scrutiny is not engaged early enough on high-impact decisions, and opposition members do not have timely access to clear information and effective channels for challenge, confidence in leadership decisions, decision quality and delivery of priorities could be weakened.	**6**	**7. Strengthen scrutiny, political engagement, transparency and external dependency management** by engaging scrutiny earlier on major financial decisions and strategic risks; targeting scrutiny resources to the highest-risk issues; tracking recommendations and outcomes. **As soon as possible**

b) The capacity and capability of the local authority to deliver an effective finance function to the authority commensurate with the complexity of its particular circumstances, the ability to undertake any transformation activity as required, and consider whether officers / members are provided with the right information and training to take necessary financial decisions.

Key findings and analysis

The finance function is led by the Section 151 Officer and operates within a shared service arrangement with Adur District Council, providing resilience through shared expertise, peer challenge and access to specialist skills. The quality and consistency of reporting to Cabinet, the Joint Strategic Committee and the Audit & Governance Committee provide assurance that the finance function is well established and capable of producing accurate and relevant financial information. MTFS documents, budget monitoring reports and treasury management papers are generally clear, comprehensive and appropriately risk-focused. There is evidence of improved realism in budget assumptions compared with earlier years, indicating strengthening professional judgement within the finance team.

The council operates a structured and regular in-year revenue and capital monitoring framework. Reporting enables identification of emerging pressures, particularly in demand-led areas such as housing and temporary accommodation, and has improved in transparency over time, with clearer explanation of variances and mitigation actions. This supports effective member oversight and decision-making.

Reflection on prior-year performance shows that the finance function has supported delivery of defined savings plans in 2024-25 and 2025-26, including through the Organisational Design Programme, service budget reviews and strengthened controls. This demonstrates capability to deliver against plan where actions are clearly specified and governed. However, continued reliance on EFS and persistent overspends in demand-led services indicate that in-year management, while improving, cannot fully mitigate the structural nature of the council’s financial pressures.

Capacity pressures remain significant. Finance and wider corporate capacity are operating at a high level of utilisation, with officers balancing strategic planning, in-year management, savings delivery, EFS requirements, external audit, capital and treasury management, and early LGR preparation. Capacity within the finance team has reduced compared with earlier periods, and organisational change has added complexity. Delivery is therefore reliant on a small number of key individuals, reducing resilience and limiting the ability to accelerate transformation activity.

Members and senior officers are provided with comprehensive financial information through MTFS documents, budget reports and monitoring papers. Training and briefing arrangements are in place to support members' understanding of financial matters and governance responsibilities. However, external audit feedback indicates that member understanding of the council's financial position has not always been consistent, particularly in relation to reserve levels. While engagement has sharpened following audit challenge, this learning is still embedding, and continued targeted financial training remains important.

Overall, the council has the professional capability, leadership and structures necessary to deliver an effective finance function, and members are supported by appropriate information and training to take financial decisions. Reporting quality, transparency and budget realism have improved over time, and the function has demonstrated its ability to support delivery of defined savings and transformation activity. However, organisational and finance capacity is constrained and has reduced relative to the demands placed upon it. Capability is strong, but capacity and pace remain the key limiting factors in sustaining effectiveness over the medium term.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
8. Demand-led housing and structural financial pressures: The council faces continuing financial instability from demand-led homelessness, temporary and supported accommodation costs, high local market prices, housing supply constraints and recurring subsidy losses.	9	**8. Strengthen the housing demand, cost-control and medium-term accommodation plan,** with measurable targets for demand, unit cost, length of stay, prevention outcomes and move-on pathways. The plan should include regular reporting on partner engagement, intervention effectiveness and progress in reducing reliance on high-cost temporary and supported accommodation. **As soon as possible**

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
9. Capacity and capability constraints with key-person dependency: Significant capacity and capability constraints, combined with high utilisation and reliance on a small number of key individuals, create a material risk to delivery, resilience and oversight. The scale of major programmes, including LGR, and continued dependence on external expertise further heighten sustainability and pace-of-improvement risks.	6	**9. Implement a capacity and resilience plan:** Implement a targeted capacity and resilience plan to reduce key-person dependency and strengthen delivery, including cross-cover, improved documentation, and focused skills investment. Prioritise resourcing for high-risk programmes and use time-limited external support with clear knowledge transfer to build sustainable internal capability. The plan should explicitly factor in the additional demands of LGR transition and shadow authority working alongside business-as-usual delivery. **September 2026**
10. Competing priorities create execution risk: Concurrent requirements (strategic planning, monitoring, savings delivery, EFS, audit, capital/treasury and early LGR preparation) increase the risk of slippage, bottlenecks and control strain.	6	**10. Agree corporate prioritisation** and protect minimum control standards; maintain a single integrated forward plan for key finance deliverables, with LGR and shadow authority preparation explicitly and formally weighed alongside other priorities rather than absorbed informally. **As soon as possible**

c) The local authority's approach to financial risk management including identification, management and treatment of risk.

Key findings and analysis

The council has a clearly defined and articulated framework for managing financial risk, established through its Risk and Opportunity Management Strategy 2026–28. The Strategy defines the council's risk appetite, sets expectations for identification and treatment of risk, and embeds financial risk management within strategic, service and project-level decision-making. Risk management is explicitly linked to delivery of the council's corporate priorities and overseen by senior officers and members through established governance arrangements.

Corporate risk registers demonstrate that the council has clearly identified its most material financial risks. These include the sustained demand-led pressure arising from homelessness and temporary accommodation, significant financial exposure arising from major capital programmes, and wider affordability pressures linked to borrowing and constrained financial resilience. These risks are explicitly framed in financial terms, with clear articulation of causes, impacts and consequences, demonstrating a strong understanding of how service and project risks translate into financial exposure.

Roles, responsibilities and ownership of financial risk are clearly defined. Each financial risk in the corporate and high-risk registers is assigned a named senior officer owner, typically at Corporate Leadership Team level. This aligns with the Strategy's requirement for clear accountability and provides assurance that financial risks are actively owned rather than treated as abstract or collective concerns. Ownership is consistent across reporting periods, indicating stability of accountability rather than frequent re-assignment.

Escalation and oversight arrangements are well established. Financial risks are reported and reviewed through formal routes (at least twice-yearly review), including the Joint Audit and Governance Committee and the Joint Strategic Committee, in line with the Strategy. The presence of separate reporting on high / red risks demonstrates a deliberate escalation mechanism for the most severe financial exposures. There is evidence that risk registers are periodically revised and refined, including alignment to the "Fair, Green and Local" missions (Corporate Plan), rather than being static documents carried forward without interrogation.

The risk methodology applied is consistent and structured. Risks are scored using likelihood and impact, with inherent and residual risk ratings clearly presented. Mitigation actions are described and linked to service plans, transformation activity, project governance or external engagement. This provides a coherent line of sight between identified financial risk, management action and residual exposure. The methodology supports comparability of risks and prioritisation of management attention, consistent with the strategy's intent.

Overall, the council's approach to financial risk management is active rather than passive. The council has a clear strategic framework, systematically identifies and articulates its principal financial risks, assigns ownership at senior level, and escalates those risks through defined governance routes in line with the Risk and Opportunity Management Strategy. Roles and responsibilities are clearly defined, oversight arrangements are functioning as intended, and risk registers are used as a live management tool rather than a compliance exercise. Financial risks are communicated effectively to senior officers and members through structured reporting, supporting awareness and informed decision-making.

The approach currently provides strong assurance over visibility, ownership and governance of financial risk, however, there is limited assurance over the council's ability to materially reduce residual risk, particularly where exposure is structural or externally driven. Risk management is therefore effective in identifying, managing and containing financial risk, but constrained in achieving substantive risk reduction in the near term.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

3.2 Review Area 2: Financial Sustainability and Risk

An assessment of the local authority's overall financial resilience and sustainability, the identification of specific financial risks and a view on the authority's capital and debt position and approach to assets (with a view on the sustainability, Value for Money and risk exposure of the local authority in this space).The underlying drivers of any financial fragility and risk and the local authority's ability to successfully manage those drivers so that issues do not materialise.

The council demonstrates a stronger and more disciplined approach to financial sustainability and risk management, with clearer articulation of its underlying pressures, more realistic budget assumptions, tighter in-year controls, and improved governance and scrutiny of capital, borrowing and investment decisions. The most significant and persistent financial challenge remains housing-related demand, particularly homelessness, temporary accommodation and subsidy shortfalls, alongside wider pressures from volatile income streams, low reserves and high borrowing costs. The council has taken proportionate action within its control, including strengthened monitoring, tighter expenditure management, targeted housing interventions, scaled-back capital ambitions and an active asset disposal strategy, and there is evidence of increased realism, transparency and willingness to take difficult decisions.

However, these measures are not yet sufficient to restore structural financial balance. Continued reliance on EFS, funded through additional borrowing, creates material medium-term risk given already high debt levels, rising debt-servicing costs and sensitivity to delays in disposals, interest-rate movements and project delivery. Governance and risk management arrangements are now generally robust and improving, but capacity constraints, delivery risks and the absence of a fully quantified medium-term savings route mean that resilience remains fragile.

The council is managing its financial position with greater control and discipline than previously, but its medium-term sustainability still depends on successful delivery of savings, disposals, debt reduction and tighter management of demand-led pressures. There remains a lack of clear plan to reach financial resilience without the reliance on EFS.

a) ***The underlying drivers of any financial fragility and risk and the local authority's ability to successfully manage those drivers so that issues do not materialise.***

Key findings and analysis

The council has experienced sustained demand-led pressures in homelessness and temporary accommodation which remains the largest financial risk. Rising numbers of households presenting as homeless, combined with high local market costs, have resulted in recurring and material overspends within housing services that cannot be fully controlled through in-year budget management alone. A specific pressure arises from the supported accommodation subsidy shortfall that the council faces and reliance on non-registered providers means that full Housing Benefit subsidy cannot be recovered, resulting in a continuing mismatch between expenditure and funding that contributes materially to the budget gap.

The council is also exposed to volatility and long-term decline in discretionary and commercial income streams, particularly parking and bereavement services. Demand for these services remains below historic levels and is sensitive to economic conditions and behavioural change. The council has responded by reviewing fees and charges and resetting income assumptions in the MTFS and 2026-27 budget; however, income volatility persists and recovery prospects remain uncertain, reducing the reliability of these income streams as a balancing tool.

High levels of borrowing (£216m in 2024/25) relative to the council's size create pressure from the financing costs through interest and Minimum Revenue Provision (MRP) (£1.9m in 2024/25). These financing costs limit the scope to divert resources toward demand-led pressures. Capital monitoring reports indicate that delays and uncertainty in the timing of asset disposals have extended exposure to borrowing costs, weakening the short-term effectiveness of debt-reduction strategies and increasing sensitivity to capital programme delivery risk.

Whilst the council faces challenges it has demonstrated a strong and improving understanding of its financial position. The underlying drivers of financial fragility are consistently and clearly articulated across MTFS documentation, budget reports and quarterly monitoring papers, indicating increased realism and a reduction in optimism bias in recent financial planning.

The council has taken proactive and proportionate steps to manage pressures within areas of local control. Actions to address housing demand, improve financial grip, moderate income assumptions and engage with government departments demonstrate active management, rather than reliance on short-term or reactive measures. Budget setting and political decision-making demonstrate discipline under sustained pressure. Budget and strategy papers show a clear focus on protecting core and statutory services, limiting exposure to discretionary commitments and openly acknowledging constraints, supporting a controlled and transparent approach to managing ongoing financial risk.

The council has taken early and structured steps to address the implications of LGR. Governance arrangements have been put in place to oversee LGR preparation, risks and dependencies, and the MTFS explicitly recognises the financial and capacity implications of transition. Engagement with neighbouring authorities and early alignment of workstreams indicate preparation rather than deferral of risk to the successor authority.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
11. Commercial income volatility: Income remains volatile (notably parking and bereavement), with ongoing risk from optimistic budgeting and/or weak delivery arrangements.	**6**	**11. Tighten income forecasting using historic trends and external drivers**; strengthen delivery governance (owners, actions, triggers); re-baseline budgets promptly where volatility persists. **As soon as possible**

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
12. Low reserves, limited financial buffer and continued reliance on EFS: The General Fund Working Balance is below the council's policy range, reducing shock-absorption capacity and increasing vulnerability to in-year pressures. Reserves remain insufficient to address forecast gaps, increasing reliance on EFS and indicating fragile financial resilience unless recurring savings, demand control and a clear EFS exit plan are delivered.	9	**12. Establish a phased reserves recovery and EFS exit plan** aligned to recurring savings delivery and reserves recovery. The plan should define minimum reserve thresholds, prioritise reserve contributions where in-year performance permits, reduce dependency on EFS through accelerated structural savings and demand control, and set out the governance needed to ensure any EFS use remains time-limited. **As soon as possible**
13. Debt reduction plan dependent on disposals: Delays/uncertainty in asset disposal timing mean borrowing stays higher for longer, extending exposure to financing costs and weakening the mitigation strategy.	6	**13. Strengthen disposal programme execution** (planning readiness, market testing, phasing, contingencies); improve forecasting and ensure alternative mitigations are identified if receipts slip. Priority should be given to completing disposals that can conclude before May 2027 or that fall below Section 24 consent thresholds; for larger or strategic disposals unlikely to complete in time, the council should focus on preparing a robust, evidenced case (valuation, market testing, rationale) for shadow authority consent, and contingency planning should explicitly cover the scenario where disposals are delayed or declined pending consent. **As soon as possible**

b) An assessment of steps the local authority is undertaking to ensure it remains within its spending envelope, including deliverability and appropriateness of current savings / transformation plans, income generating activity, ensuring activities that are no longer required are being scaled back

Key findings and analysis

In response to the financial challenges it faces, the council has introduced tighter budgetary controls to address in-year pressures and prevent further deterioration of its financial position. These include daily spend checks, enhanced vacancy management, and a strengthened Budget Management Group process which scrutinises spend above agreed thresholds. Steps have also been taken to prioritise managing expenditure over pursuing additional growth or investment. The capital programme has been significantly scaled back and is now largely limited to schemes driven by health and safety, regulatory compliance, or unavoidable service pressures.

However, the council failed to successfully forecast the full extent of the 2025-26 overspend at an early stage, which contributed to an increased request for EFS. This highlights a forecasting risk in a volatile demand environment and demonstrates the sensitivity of the council's financial position to under-estimated pressures. The council has now undertaken a detailed budgeting exercise and identified and articulated the scale of its financial pressures through the MTFS, with the 2026-27 Financial Strategy highlighting a material and front-loaded funding gap.

In response to this the council has implemented targeted management action in response to housing overspends, including enhanced prevention and early intervention activity, additional housing officer capacity, improved triage arrangements, audits of supported accommodation providers and sourcing of longer-term and lower-cost accommodation. While these actions have not eliminated the overspend, they demonstrate active cost control and containment of growth.

There has also been an adjustment to budget assumptions to reflect structural pressures, with the 2026-27 budget including additional provision for homelessness and temporary accommodation compared with previous years. This reduces reliance on in-year mitigations and supports the setting of a more realistic budget. In addition, the council has avoided assuming significant growth in commercial income within the MTFS, recognising that demand remains volatile and largely outside local control. This has improved the realism of income assumptions, particularly in areas that have historically underperformed, such as car parking and bereavement services. Income targets have been reset to reflect behavioural change, increased competition, and structural shifts in demand, reducing the risk of recurring budget gaps.

The council has continued to refine the medium-term position through iterative MTFS updates, including assessment of future years' balance and affordability. However, at the point of our review the council has not yet set out a detailed, quantified savings programme over the medium term that would enable it to exit reliance on EFS. As a result, while current controls, mitigations, and adjustments are appropriate and largely deliverable, they are not sufficient in scale to address the underlying structural deficit, and continued reliance on EFS remains necessary.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

c) An overall view on the ability of the local authority to manage identified budget pressures through its own resources, including reserves. This should include a view on the actions the council should take to minimise the need to use / seek a capitalisation direction.

Key findings and analysis

The council has taken a broad and increasingly disciplined set of actions to manage its financial pressures through its own resources. These actions include strengthening the Medium-Term Financial Strategy, improving the realism and deliverability of budget assumptions, enhancing in-year financial monitoring and grip, and delivering savings through efficiency measures and organisational redesign. The council has also adopted more prudent income assumptions, reduced discretionary activity and moderated capital ambitions.

In response to housing-related pressures, the council has taken targeted operational steps, including increasing focus on prevention and early intervention, strengthening staffing capacity, improving triage and case management arrangements, and enhancing oversight of supported accommodation provision. These actions demonstrate a sustained focus on addressing the key drivers of overspending and operating within the council's available resources.

Notwithstanding these actions, the council continues to face material financial pressures that it is unable to resolve from within its own resource base. Demand-led growth, particularly within housing services, alongside a structural shortfall in supported accommodation subsidy, exacerbated by reliance on non-registered providers, continues to outweigh the impact of local mitigation. As a result, based on current financial projections, the council requires EFS to balance its budget across the MTFS period.

We consider that the council has taken appropriate and comprehensive action within its control to manage its position. The council continues to pursue further efficiencies, demand management and tighter financial control, although remaining options are increasingly constrained. Additional savings or reductions would fall disproportionately on core and statutory services, including housing and regulatory functions, increasing the risk to service delivery. There are also limits to further income generation given demand sensitivity and affordability considerations. In this context, while the council will continue to take mitigating action, it is likely that it will continue to require EFS in future years.

The council's view is that it will require EFS up to the point of Local Government Reorganisation (LGR). Based on current forecasts and the scale of underlying structural pressures, we consider it unlikely that the council will be able to achieve a balanced budget without some form of support prior to reorganisation.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

d) An assessment of how the council expects to finance capitalisation (i.e. through external / internal borrowing or through capital receipts), the viability / risks of their proposed approach.

Key findings and analysis

The council plans to fund the £5 million of EFS for 2026-27 through external borrowing from PWLB. The council demonstrates clear awareness of the financial implications of this approach as the MTFS acknowledges that borrowing to support capitalisation will increase future interest costs and MRP, which are already among the most significant pressures on the revenue budget.

Total borrowing stood at £224.155 million in 2025-26, rising from £216 million in 2024-25. The CIPFA Financial Resilience Index places Worthing in the upper quartile for indebtedness compared to statistical neighbours. Interest costs rose from £4.459 million in 2024-25 to £5.185 million in 2025-26, a 16% year-on-year increase. At this level, debt servicing costs represent approximately 15% of the net revenue budget and exceeds the council's reserves. This raises questions about the medium-term sustainability of the debt servicing model.

Each £1 million of additional PWLB borrowing used to fund EFS creates ongoing MRP obligations, alongside interest costs. Even a one percentage point movement in borrowing rates would affect the net budget, highlighting the council's exposure to interest-rate changes.

The proposed approach is viable as a short-term stabilisation measure but carries clear and material medium-term risks, as set out below. The council's financial strategies demonstrate awareness of these risks, but the compounding nature of EFS-funded borrowing means it is critical to identify structural savings, deliver the disposal programme and reduce overall debt exposure to mitigate the future need for EFS.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

e) An assessment of the council's current asset base and planned asset disposal strategy, and scope for the council to utilise planned receipts and generate to fund expenditure capitalised under exceptional financial support.

Key findings and analysis

The council's disposal programme is governed by the Disposals Strategy and Process 2024 (Revision B) which covers both Adur District Council and Worthing Borough Council. It is embedded in the Asset Management and Strategy Plan and adopts a 'flight to quality' approach: disposing of high-cost, low-purpose assets; recycling capital receipts to reduce borrowing and improve the revenue position; and retaining or investing in assets that offer the best sustainability, compliance and income prospects. The programme is structured in batches with progress being made.

The scope for disposal receipts to offset or reduce EFS requirements is meaningful over the medium term but is not available in the immediate term. In the short term, EFS must be funded through PWLB borrowing given the absence of unallocated capital receipts. Over the MTFS period, successful delivery of the disposal programme would reduce overall borrowing, reduce annual MRP and interest costs, and thereby reduce the structural revenue deficit that underpins the EFS requirement. However, this outcome is dependent on timely delivery, which is subject to risk.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

f)	***A detailed assessment of any financial risks in relation to the council's (i) capital programme, (ii) companies, (iii) commercial investments and (iv) major projects, identifying any risks associated with specific investments, and assessing the adequacy of internal processes, scrutiny of decisions, use of external expertise (where required), and capacity / capability to deliver. An assessment of whether and to what extent the council is complying with statutory guidance / following best practice in regards to these areas, including, but limited to, minimum revenue provision guidance, investment guidance, and accounting codes.***

Key findings and analysis

Governance and oversight of the capital programme and investments at Worthing Borough Council are now generally robust and improving, with clear frameworks, enhanced scrutiny, and strengthened reporting arrangements.

However, the council faces significant structural challenges, including:

- High exposure to borrowing and debt servicing costs
- Delivery risks associated with major projects
- Ongoing capacity constraints
- Dependence on external factors (income streams, market conditions, funding)

The council has responded by reducing risk appetite, tightening governance, and rebalancing its capital strategy, but financial resilience remains fragile, and exposure to refinancing and borrowing risks continues to be a key area requiring close management.

Governance and management of the capital programme

The capital programme is governed through a structured framework of key strategies, including the Capital Strategy, the Treasury Management Strategy Statement (TMSS) and the wider Financial Strategy. Formal governance arrangements support delivery, with oversight provided through the Capital Working Group and Major Programmes Board, alongside challenge and assurance from the Budget Management Group before capital expenditure is committed. Progress and performance are monitored through regular reporting, including quarterly capital monitoring reports to the Joint Strategic Committee and monthly updates from project managers and finance teams. In recent years, governance has been further tightened through enhanced highlight reporting and mission boards, and the introduction of defined approval thresholds (for example, escalation to committee for spend above £100k).

There is evidence of historical weaknesses in governance, including an overspend on the Buckingham car park refurbishment (undertaken during 2022-2024) that occurred without member approval, which subsequently required additional controls and training. Although current arrangements are described as more robust, the need for ongoing strengthening indicates that elements of the governance framework are still maturing, with a residual risk that processes may be applied inconsistently across projects if not embedded consistently.

Scrutiny and decision-making for investment activity

Decision-making for investment activity is subject to multi-layered scrutiny. This includes informal briefings for Cabinet and portfolio holders, formal approvals through the Joint Strategic Committee, and the ability for the Joint Overview and Scrutiny Committee to review decisions. The Audit and Governance Committee provide an additional line of assurance through its review of treasury activity and oversight of financial reporting and governance. Strategic investment frameworks (for example, the property investment strategy) are member-approved and supported by defined business case requirements.

External reviews have identified limitations in the historic approach to strategic financial planning, noting a stronger focus on short-term management than longer-term planning capability. There is also evidence that major decisions have required the council to revisit previous investment approaches in response to financial risk exposure (for example, the withdrawal from the Union Place joint venture), highlighting the importance of continued challenge, robust option appraisal and risk-based decision-making.

Use of external expertise

The council makes active use of external expertise to support delivery and assurance, including external audit and assurance work (such as annual and progress reports), specialist legal and technical advice for major projects (for example contractor disputes and lease arrangements), and consultants to help deliver programmes. Overall, this demonstrates that the council is willing to bring in appropriate independent or specialist input where required.

This approach also indicates a clear recognition of internal capacity constraints, with escalation to external support where risks are higher or work is more complex. However, the associated key risk is that ongoing reliance on external expertise may point to underlying internal capacity and capability gaps, particularly in complex programmes and transformation delivery, which could affect resilience and long-term value for money if not addressed.

Risk Management

The council demonstrates a clear and well-integrated approach to risk management. Key strengths include alignment across its capital, financial and treasury strategies, regular reporting of strategic risks to the Audit and Governance Committee, and explicit recognition of borrowing and debt costs within the MTFS. Delivery risks, such as cost overruns and project delays, are actively identified, with established governance forums used to escalate emerging issues at an early stage.

Despite these strengths, several material risks remain. Major projects continue to be exposed to delivery slippage and budget pressure, as demonstrated by delays and cost overruns on the Worthing Integrated Care Centre, largely linked to design and build issues, which have increased borrowing requirements. The council's financial resilience is also under pressure from rising debt servicing costs, placing sustained strain on revenue budgets. In addition, reliance on income streams such as parking and planning fees creates sensitivity to market conditions and demand fluctuations, increasing volatility in the council's funding position.

Capacity and capability to deliver

The council has taken tangible steps to strengthen delivery capacity and oversight. This includes restructuring and establishing dedicated programme teams, alongside introducing "Corporate Challenge" and enhanced finance oversight arrangements. The finance function also demonstrates a strong control environment, with frequent monitoring (including daily spend checks and weekly budget meetings) supported by active engagement from senior officers.

However, capacity pressures remain significant, particularly given the concurrent demands of multiple major projects, LGR, and ongoing housing and financial pressures. As a result, the capital programme has been scaled back to essential (for example, health and safety) schemes due to constrained capacity and affordability, and there is an increasing reliance on partnerships, asset disposals and enabling activity rather than direct delivery.

Management of Investments

The council's investment activity is governed by a clear framework, notably its Commercial Property Investment Strategy (CPIS), which sets defined objectives and risk controls. The strategy focuses on maintaining a balanced portfolio and generating income that supports service delivery. Recent decisions also indicate a more cautious approach, including withdrawing from higher-risk joint ventures and increasing the emphasis on asset disposals to reduce overall exposure.

Despite these mitigations, investment-related risk remains. Performance is sensitive to market conditions that can impact both asset values and income generation, creating potential volatility. There is also an ongoing tension between the council's stated risk appetite and the financial necessity of sustaining investment returns, requiring continued close oversight and disciplined decision-making.

Borrowing strategy and refinancing risk

The council's borrowing and investment decisions are guided by its Treasury Management Strategy and related prudential indicators. The stated approach prioritises liquidity and security over yield, with borrowing activity aligned to forecast capital financing requirements.

Notwithstanding this framework, the council faces several material treasury risks. Borrowing levels have increased, driven by major projects and cost overruns, which heightens overall debt exposure and places pressure on revenue budgets through interest costs and MRP. There is also refinancing risk linked to dependence on borrowing to fund the capital programme and the potential need to periodically restructure debt. In addition, rising interest rates would further increase borrowing costs and affordability pressures, while the treasury strategy highlights reliance on robust cashflow planning and continued access to funding to meet capital obligations.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

3.3 Review Area 3: Service Reform, Delivery and Transformation

An examination of high-cost service pressures and an assessment of specific opportunities for savings, innovation, and reform to support the local authority to move to financial sustainability with named service areas. This assessment has made use of recognised best practice models and guidance for delivering quality and cost-efficient services that put prevention first, and the council's alignment with this good practice.

The council has a clear understanding of the service, financial and transformation challenges affecting delivery and has aligned its plans accordingly, particularly in relation to housing pressures, financial sustainability and asset optimisation. Benchmarking indicates that total service expenditure is broadly average compared with nearest neighbours, but there are material cost pressures in specific areas, most notably housing services and, to a lesser extent, cultural services. Housing remains the most significant driver of financial instability, with overspends linked to temporary accommodation, supported accommodation subsidy loss and wider demand-led pressures, while car parking and bereavement services continue to experience structural income underperformance. In response, the council has taken a pragmatic set of actions, including prevention and demand-management measures, tighter in-year controls, service redesign, more realistic income assumptions, asset rationalisation and a broader transformation agenda focused on efficiency, commerciality and organisational redesign.

Service plans are generally well aligned to strategic priorities and supported by strengthened governance, financial monitoring and scrutiny, and the council has adopted a mixed delivery model that combines in-house provision with external providers and commercial approaches where this offers flexibility or capacity.

However, the overall picture remains constrained by structural financial pressures, workforce and specialist capacity limitations, external dependencies, and a transformation and procurement approach that is still more reactive than strategic in some areas. As a result, the council's direction of travel is positive and increasingly disciplined, but the effectiveness of service reform and delivery remains moderate, with medium-term success dependent on stronger prioritisation, delivery capacity, contract management, and the council's ability to convert aligned plans into sustainable financial and service outcomes.

a) The efficiency and effectiveness of service delivery, including benchmarking against comparator local authorities, sector, and wider public sector metrics.

Key findings and analysis

Benchmarking has been completed using data from the 2024-25 Revenue Outturn returns to compare the council's spend against that of statistically similar local authorities.

The statistical nearest neighbours for Worthing have been identified using a number of socio-economic characteristics such as Index of Multiple Deprivation, age profiles, education levels, employment rate and population density. The council's that we have compared Worthing against are those that are most likely to have similar challenges around service delivery as the council.

When looking at the benchmarking the council benchmarks 'Very High' in Housing Services when compared to statistically similar local authorities. The council has the highest unit costs of all councils within the nearest neighbour cohort at £66.39 per head of population, compared to the nearest neighbour average of £35.37 per head of population. This is in line with our expectations given that costs associated with housing are a key driver of the financial pressures facing the council. The council also benchmarks 'High' against its nearest neighbour cohort in Cultural and Related Services with a unit cost of £40.65 per head of population compared to nearest neighbour average of £23.68 per head of population.

Across all other service areas, as classified in RO categories, the council benchmarks as 'Average', 'Low' or 'Very Low'. The service area where the council benchmarks very low are Environmental and Regulatory Services.

When looking across Total Service Expenditure Worthing Borough Council benchmarks 'Average' against the nearest neighbour cohort with a unit cost of £163.75 per head of population compared to the nearest neighbour average of £168.43.

Overall, the benchmarking data shows that there are some pockets of service delivery where the council could increase its efficiency, but these are recognised by the council as a key driver of the financial pressures it faces with action being taken to mitigate cost pressures.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

b) Assessment of the extent to which the council's service delivery model particularly in Housing Services areas of high demand / financial pressure reflect current best practice and guidance on service effectiveness and efficiency.

Key findings and analysis

In 2024-25, the Housing Service recorded an overspend of approximately £2.4 million, including around £1.7 million relating to temporary accommodation costs, driven by high demand and rising market prices. In 2025-26, housing pressures have intensified further, with monitoring indicating forecast overspends of approximately £3.2 million, making housing the dominant driver of the council's in-year and medium-term financial instability. A structural element of this pressure arises from supported accommodation subsidy loss, estimated at around £0.8 million per annum, reflecting reliance on non-registered providers and capped subsidy rates.

Car parking income has persistently underperformed across both years. In 2025-26, monitoring indicates an adverse variance of approximately £0.9 million, comprising around £0.6 million of income shortfall and approximately £0.3 million of additional costs, including maintenance and security for under-utilised or closed sites. While detailed 2024-25 parking figures are smaller in scale, income volatility and under-achievement were already evident and contributed to broader revenue pressure.

Bereavement services continue to underperform due to structural changes in demand and increased competition. Financial impacts are smaller than housing and parking but are recurrent across both years. Service reviews have been undertaken and income assumptions reset; however, recovery remains limited and ongoing underperformance persists.

In 2024-25, despite significant in-year controls, the council recorded a net General Fund overspend of £0.235 million, representing a 1.5% overspend, following mitigation of a much larger in-year forecast deficit. This masked substantial underlying pressure within housing services, which was partially offset by favourable variances elsewhere. In 2025-26, pressures have re-emerged more starkly. Quarter 3 monitoring shows a forecast General Fund overspend of approximately £3.8 million before Exceptional Financial Support and reserve movements.

The council is addressing housing and homelessness pressures through a package of demand management and cost-control measures. Homelessness prevention activity has been expanded to intervene earlier and reduce new temporary accommodation placements, supported by additional staffing capacity and strengthened triage arrangements. The council is also seeking to reduce the unit cost of temporary accommodation by prioritising longer-term leased and council-controlled accommodation over nightly-paid provision. Alongside this, audits of supported accommodation placements are being undertaken to strengthen oversight and to transition, where feasible, away from non-registered providers, with the aim of reducing the £0.8 million annual housing benefit subsidy loss over time.

To contain the escalation of housing pressures, the council is continuing to stabilise caseload growth through prevention and improving move-on pathways, while working with partners to increase access to longer-term accommodation options. These actions are intended to moderate further growth and improve cost efficiency, even though they do not fully remove existing demand-driven costs.

In response to car-parking underperformance, the council has reset income assumptions to reflect structural changes in demand, improving forecast accuracy rather than relying on recovery. Operational responses include tariff reviews, changes to payment and enforcement arrangements, and tighter control of operating costs, particularly maintenance and security costs linked to under-utilised or closed sites. Where viable, disposal of non-operational car parks is pursued to eliminate ongoing costs and generate capital receipts, while recognising the associated permanent loss of income.

To address underperformance in bereavement services, the council has implemented a service redesign including restructuring, revised pricing, benchmarking against peers, and development of supplementary income streams such as memorialisation. Income assumptions have been recalibrated to reflect reduced demand for traditional services and increased competition, with the focus on achieving sustainability at a lower but more realistic income level rather than restoring historic performance.

At a corporate level, the council continues to apply stringent in-year financial controls, including vacancy management, spend triage and regular monitoring.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
14. The persistent underperformance of commercial income services presents an ongoing risk to the council's revenue base. While income assumptions have been reset to more realistic levels, this effectively acknowledges a permanent reduction in income rather than a temporary fluctuation. Furthermore, actions such as asset disposal, while reducing costs, may also reduce future income-generating capacity, limiting the council's ability to recover financial position over the medium term.	6	**14. The council should align income expectations with realistic demand levels by reviewing its asset base to ensure that non-performing sites minimise ongoing costs.** Where disposals are pursued, the council should ensure that decisions are made within a clear strategic framework that balances short-term financial benefit with longer-term income considerations. **September 2026**
15. Continued reliance on short-term financial controls could mask underlying structural pressures, particularly within housing services. This could delay the need for more fundamental service or funding solutions and reduce transparency over the longer-term sustainability of the council's financial position.	9	**15. The council should ensure that in-year financial controls are complemented by a clear focus on addressing underlying structural pressures, particularly within high-risk service areas such as housing.** This includes maintaining transparency over underlying cost drivers and ensuring that mitigation actions are tracked and evaluated for long-term impact. **As soon as possible**

c) Identification of opportunities to reform / transform delivery in these areas to support both improved outcomes and manage financial pressures.

Key findings and analysis

The council has articulated a clear set of transformation ambitions centred on achieving financial sustainability, improving service efficiency, and reshaping delivery models to better respond to demand pressures. The council's transformation ambitions are articulated across both formal documentation and stakeholder interviews. They are primarily set out in strategic and operational documents, including service improvement plans (e.g. housing, building control, land charges), financial planning documents (savings programmes, MTFS-related materials), and asset and commercial strategies. These documents demonstrate a consistent focus on financial sustainability, efficiency, and service redesign.

This is further supported by interview evidence from senior officers and Members, which confirms that these ambitions are understood and embedded at leadership level, particularly in relation to addressing structural financial pressures and reshaping service delivery models. A consistent theme is the shift toward a more financially disciplined and prioritised organisation, with transformation activity closely linked to addressing structural budget gaps and reducing reliance on diminishing or volatile income streams.

There is evidence that transformation plans are increasingly focused on targeting the council's most significant cost drivers, particularly within housing and homelessness services. Planned interventions include strengthening prevention activity, restructuring service delivery, and exploring alternative provision models to reduce reliance on high-cost temporary accommodation. These initiatives indicate an understanding that sustainable transformation must address the root causes of demand, rather than solely managing its consequences. Similarly, in other service areas such as regulatory functions and income-generating services, improvement plans demonstrate a focus on enhancing efficiency, recovery performance, and commercial viability.

The council has also set out ambitions to expand the use of commercial and income-generating approaches as part of its wider transformation strategy. This includes redesigning services such as bereavement provision to increase income, optimise pricing strategies, and invest in facilities that can generate longer-term returns. In parallel, the property and asset strategy plays a central role in transformation, with a focus on rationalising the estate, disposing of underperforming assets, and reinvesting in higher-quality or more productive assets. These approaches are aligned with the objective of strengthening financial resilience and reducing reliance on external support.

There is a growing emphasis on organisational redesign and efficiency, including restructuring services, holding vacancies, and reviewing workforce models. This reflects a broader ambition to create a leaner organisation capable of delivering services within constrained resources. Transformation plans are therefore not limited to individual services but extend to how the organisation operates as a whole, including governance, performance management, and corporate support functions. Improvements in financial management, data use, and reporting arrangements further support this ambition by providing a stronger foundation for evidence-based decision-making.

However, the effectiveness and deliverability of these transformation ambitions are constrained by a number of factors. A key limitation is that transformation activity is being progressed in a context of significant financial and operational pressure, which limits the council's ability to invest in change. Many initiatives are therefore incremental or focused on cost reduction, rather than representing fully funded, large-scale transformation programmes. This creates a risk that transformation is insufficient in scale or pace to address underlying structural challenges, particularly in high-demand areas.

There is also evidence that transformation remains predominantly reactive, driven by the need to respond to immediate pressures rather than by a long-term, proactive redesign of services. While plans are aligned to identified issues, such as housing demand or income underperformance, they are often focused on mitigation and recovery rather than systemic change. This limits the extent to which transformation can deliver sustainable improvements over the medium to long term.

Capacity and capability constraints present a further challenge to the delivery of transformation plans. Workforce pressures, including vacancies and limited specialist skills, reduce the council's ability to design and implement complex transformation programmes at pace. This is compounded by the need to maintain day-to-day service delivery while also progressing change initiatives. In some areas, transformation plans are dependent on external partners, market conditions, or regulatory frameworks, which introduces additional uncertainty and reduces the council's control over outcomes.

The council’s ambitions must also be considered in the context of forthcoming Local Government Reorganisation. While transformation plans are intended to improve the council’s current position, there is an inherent tension between investing in long-term change and maintaining flexibility ahead of structural reform. As a result, the council has generally adopted a pragmatic approach, focusing on stabilisation and targeted improvements rather than pursuing high-risk or speculative transformation. While this approach is appropriate in managing uncertainty, it may limit the extent to which transformational benefits are realised prior to reorganisation.

Overall, the council’s future transformation plans and ambitions are coherent, relevant, and aligned to its most significant challenges, particularly in relation to financial sustainability and demand management. There is clear evidence of intent to reshape services, improve efficiency, and adopt more commercial and sustainable delivery models. However, the extent to which these ambitions can be realised is constrained by financial pressures, capacity limitations, and external dependencies. As a result, transformation can be characterised as directionally strong but operationally constrained, with progress likely to be incremental rather than delivering rapid or fundamental change in the short term.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
16. Transformation delivery and income-generation exposure: Transformation activity is focused on key financial pressure areas, but if initiatives remain incremental, fragmented or dependent on uncertain commercial income, the council could be exposed to financial instability and market volatility.	9	**16. Strengthen transformation prioritisation, programme management and benefits delivery** by developing a clear, prioritised and sequenced transformation roadmap focusing resources on the highest-impact programmes; establishing clear governance, accountability, reporting and risk management; with early intervention where progress or market assumptions are off track. The roadmap should distinguish between transformation that can be delivered and embedded before May 2027, which should be prioritised, and longer-term redesign that will need to continue into the shadow/successor authority. **September 2026**

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
17. Reactive transformation and service planning limiting strategic flexibility: Without a clearer long-term vision for service redesign and a stronger preventative focus, resources may continue to be diverted toward short-term mitigation rather than activity that reduces demand, improves efficiency and supports strategic outcomes.	6	**17. Shift further from reactive service responses toward preventative and strategic transformation** by developing a clearer long-term vision for service redesign, prioritising interventions that address the root causes of demand, particularly in housing and homelessness, and investing where feasible in prevention services, partnership working and market-shaping activity. Given the approaching Section 24 restrictions, this longer-term vision should identify activity that can be taken-on by the newly created authority. **September 2026**
18. Capacity, capability affecting transformation delivery: The council's resource constraints create a significant risk that transformation programmes are not sufficiently resourced or funded, particularly where initiatives require specialist expertise.	9	**18. Align transformation ambition with available capacity, capability and sustainable investment** by assessing the skills, capacity, funding and specialist expertise required to deliver the transformation portfolio; and addressing gaps through programme prioritisation, recruitment, training, external support or partnerships. This assessment should factor in the finite window before Section 24 restrictions apply from May 2027 and the likelihood that some transformation activity will transfer to the successor authority. **September 2026**
19. External dependency and LGR uncertainty affecting transformation outcomes: External factors, such as LGR, create a risk that initiatives may be delayed, prove misaligned with future service structures, or fail to achieve intended outcomes if external conditions, market capacity or reorganisation assumptions change.	6	**19. Build flexibility and dependency management into transformation planning** by regularly reviewing transformation plans against external dependencies, market conditions, partner capacity and emerging LGR information; designing initiatives that can be scaled, adapted or integrated into a future unitary authority; and avoiding long-term commitments that may not align with future service configurations. The council should also engage early with the shadow authority, once established in May 2027, on transformation plans likely to fall within the scope of the anticipated Section 24 direction, so that consent is sought in good time rather than becoming a blocker. **September 2026**

d) A view on the extent to which service plans are aligned to the local authority's strategic priorities and financial sustainability, the effectiveness of service areas in responding to financial pressures, and whether financial management and sustainability is embedded within service area practices and culture.

Key findings and analysis

The council demonstrates a clear and consistent alignment between its service plans and overarching strategic priorities, with this alignment most evident in the way key corporate themes; financial sustainability, housing and homelessness, and asset optimisation are directly reflected in operational plans and resource allocation. For example, the prominence of housing pressures within corporate strategy is mirrored in detailed housing improvement plans, supported accommodation reviews, and increased budget allocation to temporary accommodation and prevention activity. Similarly, the priority of financial sustainability is translated into service-level savings programmes, organisational design changes, and spending controls, while asset and property strategies underpin wider plans for capital financing and income generation through disposals and commercial use.

Across the documentation reviewed, including service improvement plans, savings trackers, and asset strategies, there is a consistent line of sight from strategic objectives to specific service interventions. This is further evidenced by the integration of risks and opportunities within corporate frameworks, which are explicitly aligned to strategic priorities and used to inform service planning, as well as by the use of performance and financial monitoring reports to track delivery against these objectives.

Financial planning and resource allocation also broadly support this alignment. Budget setting, savings programmes, and organisational redesign initiatives are clearly linked to the council's objective of achieving financial sustainability, while capital and asset strategies demonstrate a deliberate shift toward reducing borrowing and improving long-term affordability. The prioritisation of resources toward housing services, alongside the development of asset disposal programmes and commercial income strategies, indicates that the council is directing available funding toward its most significant strategic challenges. However, this alignment is often driven by the need to respond to immediate financial pressures rather than as part of a fully proactive long-term transformation programme.

In practice, the extent to which service plans deliver against these priorities is more limited. Much of the alignment observed is reactive, shaped heavily by demand-led pressures, most notably within housing and homelessness services rather than the result of planned strategic repositioning. The council is operating in an environment where rising demand, constrained supply, and structural funding gaps necessitate a focus on short-term mitigation measures. As a result, service plans frequently prioritise operational responses to acute pressures, which can limit the ability to achieve longer-term strategic outcomes or deliver transformational change.

Delivery challenges further weaken the effectiveness of alignment. While service plans are generally well constructed and clearly linked to corporate objectives, there is evidence of capacity constraints, delays in implementation, and risks to the achievement of planned savings. Workforce pressures, including the management of vacancies and reduced staffing levels, alongside the complexity of multi-year transformation programmes, have affected the pace and consistency of delivery. In addition, many service plans are dependent on external factors, such as housing market conditions, planning demand, and national policy frameworks, which are outside the council's direct control and introduce further uncertainty around the achievement of intended outcomes.

Despite these limitations, governance arrangements provide a strong supporting framework for maintaining and monitoring alignment. Improvements in financial management, performance reporting, and scrutiny processes have enhanced transparency and strengthened the link between strategic priorities and service delivery.

There is evidence of effective member-officer relationships, increased challenge through scrutiny and audit functions, and more robust oversight of risks and performance. These arrangements help ensure that alignment is regularly reviewed and that corrective action can be taken where necessary, although they cannot fully mitigate the external and structural pressures faced by the council.

Overall, while there is a high degree of alignment between service plans and the council's strategic priorities at the level of design and resource allocation, the extent to which this alignment is realised in practice is constrained. Structural financial pressures, significant demand in priority services, reliance on volatile income streams and limited organisational capacity reduce the council's ability to fully deliver its plans as intended. Consequently, alignment can be characterised as moderate: clearly defined and supported by appropriate frameworks, but only partially effective in achieving the desired long-term outcomes.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

e) A consideration of the effectiveness of the chosen approach in delivering services (i.e. in house or external). This should include a consideration of how the operation of the procurement functions is geared towards effective service delivery, including overall management of the pipeline, capacity and capability of officers, the adequacy of the processes and culture and attitude towards procurement.

Key findings and analysis

The council has adopted a mixed approach to service delivery, combining in-house provision with targeted use of external providers, commercial activity, and partnership working. This approach is broadly aligned to its financial and strategic objectives and demonstrates a pragmatic response to resource constraints. Core statutory and high-risk services, particularly within housing and environmental services, are predominantly delivered in-house, reflecting the need for control, responsiveness, and safeguarding of vulnerable residents. At the same time, the council makes use of external delivery mechanisms in areas such as supported accommodation, specialist services, and elements of property and capital delivery, indicating a willingness to use the market where this is considered to offer flexibility or capacity benefits.

There is evidence that this blended delivery model is generally effective in principle, however its effectiveness is uneven in practice due to structural pressures and limitations in capacity and control. In housing, for example, reliance on external providers and private sector accommodation is necessary given demand pressures, but this has resulted in significant financial challenges where subsidy arrangements do not fully recover costs. This highlights a key limitation in the chosen approach: while external provision can provide short-term capacity, it can also introduce significant financial risk and reduce the council's ability to manage costs effectively. Similarly, commercial approaches, such as bereavement services and property investment strategies, demonstrate a proactive attempt to generate income and improve efficiency, but their effectiveness is dependent on market conditions and has been impacted by factors outside the council's control.

The council's procurement function supports this mixed delivery model and is underpinned by established governance arrangements. The council has a procurement strategy and a procurement and contract management toolkit, alongside formal arrangements such as contract standing orders, governance frameworks and officer oversight mechanisms. Together, these provide a sound basis for compliance, risk management and consistent procurement practice. Procurement activity is also linked to broader strategic objectives, particularly in relation to asset disposals, capital investment and service transformation, where commissioning decisions support financial sustainability goals.

However, procurement does not yet appear to be operating as a fully strategic enabler of service delivery. There is limited evidence of an integrated, forward-looking procurement pipeline that consistently links commissioning activity to corporate priorities and transformation programmes. While major initiatives, including the asset disposal programme and capital schemes, are clearly planned, wider procurement activity appears more reactive and service-led than coordinated across the organisation. This creates a risk that opportunities for aggregation, market shaping and innovative commissioning are not fully realised.

Capacity and capability within procurement and commissioning also remain a constraint. Wider workforce pressures, vacancy management and organisational redesign suggest that specialist procurement expertise may be stretched, particularly as commissioning arrangements and commercial activity become more complex. This may limit the council's ability to appraise in-house and external delivery options, negotiate effectively with suppliers and manage contracts to secure optimal outcomes. In high-risk areas such as housing and supported accommodation, these constraints can exacerbate cost pressures and weaken value for money.

Procurement processes are generally sound from a compliance and governance perspective, supported by the council's strategy and toolkit. However, there is less evidence that contract management and performance oversight are consistently strong once services are commissioned. Effective delivery through external providers depends not only on procurement at the point of award, but also on ongoing monitoring, relationship management and enforcement of performance expectations. Where these arrangements are weaker, there is a risk that externally delivered services do not achieve the expected standards, cost control or efficiencies.

Overall, the council demonstrates a pragmatic and increasingly commercially aware approach to procurement and service delivery. This is supported by formal procurement arrangements, including a procurement strategy and procurement and contract management toolkit, as well as strengthened governance and financial oversight. These provide a more disciplined framework for commissioning and decision-making than historically. However, procurement activity remains largely shaped by immediate financial constraints, resulting in a short-term and risk-managed focus rather than consistently proactive, transformational commissioning. The mixed model of in-house and external provision provides necessary flexibility, but it also introduces complexity and financial risk where reliance on external markets is high. Overall, the council's approach is appropriate and aligned to its financial context, but its effectiveness is moderate, reflecting sound governance foundations that are constrained by limited strategic coordination, forward planning and contract management capacity.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
20. Over-reliance on external provision and insufficiently strategic commissioning: Over-reliance on external provision in critical service areas reduces the Council's ability to control costs and service quality, with private providers and third-party arrangements exposing the Council to pricing pressures and market instability. The commissioning approach may remain insufficiently strategic where procurement activity is reactive rather than driven by a coherent, forward-looking pipeline aligned to corporate priorities and transformation programmes.	6	**20. Develop a strategic commissioning and options appraisal approach** by enhancing options appraisal when determining whether services are delivered in-house or externally, with rigorous evaluation of cost, risk, quality and control over outcomes. Develop an organisation-wide procurement pipeline aligned to corporate priorities and transformation programmes; use earlier supplier engagement, soft market testing and partner collaboration to shape provision in high-pressure areas; and embed procurement as a strategic function to improve planning, value for money and long-term service sustainability. New outsourcing or insourcing decisions and major contract re-lets that would bind the successor authority should be tested against Section 24 requirements. **September 2026**

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
21. Procurement capability, contract management and assurance risk: Even where a Sustainable Procurement Strategy and toolkit exist, workforce constraints, capacity pressures or inconsistent application across services may limit the Council's ability to embed the skills, tools and processes needed to design, procure and manage complex contracts effectively. Weaknesses in supplier monitoring, defined review and escalation arrangements, or enforcement of contract terms could allow underperformance to go unaddressed, while a failure to systematically apply supplier performance intelligence, cost trends and market analysis could lead to cost escalation, unrealisable income assumptions and reduced assurance over service quality, commercial decision-making and value for money.	9	**21. Confirm that the commitments in the Council's Sustainable Procurement Strategy 2024–2027, including ongoing development of procurement and contract management skills, and maintenance of the procurement and contract management toolkit, are being delivered in practice, and address any residual gaps through targeted training, shared services or specialist support.** Building on the strategy's commitment to embedding performance measures within contracts, establish consistent operational arrangements for monitoring external providers, including defined review frequencies, clear escalation mechanisms for underperformance, and enforcement of contract terms. Ensure that supplier performance intelligence, cost trends and market analysis, gathered through the digital and data practices set out in the strategy, are explicitly used to inform not only procurement and commercial activity but also income assumptions and future delivery model decisions. **As soon as possible**

f) Additional points for service specific issues in this authority as required

Key findings and analysis

No specific issues noted that have not already been addressed in the review.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

3.4 Review Area 4: Governance, Culture and Leadership

An assessment of the local authority's approach to ensuring robust overall governance / management processes, leadership, operational culture, capacity and capability to reach a view on whether the local authority is operating in line with the Nolan Principles and in a way to secure continuous improvement.

The council has a robust formal governance framework, a coherent strategic direction and generally effective leadership and working relationships, all increasingly shaped by the need to respond to severe financial pressure and secure ongoing service continuity. Governance arrangements are well established, with clear schemes of delegation, statutory officer oversight and formal assurance processes, while the council's strategic documents are aligned around affordability, risk management and financial sustainability. Political and officer leadership appear constructive and disciplined, with a shared understanding of financial constraints and a realistic focus on stabilisation rather than growth, and the wider organisational culture remains cooperative and resilient despite significant pressure.

However, the evidence also suggests that formal strength at the centre does not always translate consistently into operational delivery. Additional spending controls point to resilience pressures in standard decision-making routes; scrutiny appears compliant but not yet demonstrably influential in major decisions; and the newer "Mission Control" governance model is promising but not yet fully embedded. More broadly, prolonged financial strain, organisational uncertainty, capacity limitations and signs of change fatigue create ongoing risks to leadership bandwidth, staff resilience, transparency and the consistent application of priorities across the organisation.

The council's direction of travel is positive and its governance and leadership arrangements are stronger than weak, but medium-term effectiveness will depend on embedding these arrangements more consistently throughout the organisation and sustaining collective leadership and organisational capacity through continued pressure and change.

a) The adequacy of the local authority's decision making processes including presence / absence of clear schemes of delegation, scrutiny arrangements, quality of council papers and whether there is a clear understanding of governance arrangements across all levels of the authority. This should include a view on the effectiveness of the adopted governance model and whether it is suitable to drive the right outcomes for the area.

Key findings and analysis

Worthing Borough Council has a clearly articulated and formally adopted governance framework. This includes:

- A Constitution
- Code of Corporate Governance aligned to the CIPFA/SOLACE framework
- Financial Regulations
- Contract Standing Orders
- Scheme of Delegations covering both member and officer decision-making.

These documents set out roles, responsibilities, delegated authorities and procedural requirements in a comprehensive and compliant manner.

The Scheme of Delegations is reviewed and updated to reflect changes in senior management responsibilities and is supported by a published register of sub-delegations. Responsibility for constitutional compliance and oversight sits clearly with the statutory officers, with changes and compliance matters reported through established governance routes, including the Audit and Governance Committee.

Overall, the council's formal governance and delegation arrangements are robust and consistent with sector expectations. There is no evidence of an absence of formal rules, delegated authority, or procedural clarity at a constitutional level.

Quality and assurance of decision-making
Decision-making is supported by formal assurance processes. Reports requiring authorisation or approval are subject to review by both finance and legal officers, and equality considerations are embedded through the use of Equality Impact Assessments for relevant policies, projects and service changes. Decisions taken under delegated authority and at committee level are recorded and published, supporting transparency and accountability.

The Annual Governance Statement for 2024-25 notes that, in response to increasing financial pressures, the council has introduced additional internal controls over spending and decision-making, including enhanced monitoring and more frequent senior-level oversight. These measures reflect an effort to strengthen grip and assurance during a period of heightened financial risk.

While these additional controls demonstrate a proactive and responsive approach to governance, they also indicate that standard decision-making routes were assessed as insufficient on their own under current financial conditions. This points to resilience pressures within the organisation rather than weaknesses in the formal framework itself.

Scrutiny and challenge
The council operates established scrutiny arrangements, including an Overview and Scrutiny Committee and a Joint Audit and Governance Committee, the latter supported by independent members. These committees provide formal mechanisms for challenge, oversight and assurance, including review of governance, risk management, internal control and financial reporting.

The council has recently reviewed its scrutiny arrangements and identified opportunities for improvement. Actions have been taken to strengthen scrutiny practice, with further development activity planned. An annual scrutiny report is produced to reflect on activity and impact.

While scrutiny structures and processes are in place and compliant, the documented evidence does not consistently demonstrate the extent to which scrutiny has materially influenced major financial or strategic decisions. This does not indicate a failure of scrutiny, but it does suggest a risk that its impact may at times be procedural rather than strongly outcome-focused, particularly in the context of urgent or complex decision-making.

Understanding and consistency of governance arrangements
Roles and responsibilities within the governance framework are clearly defined at senior and statutory officer level. The "golden triangle" of statutory officers (Head of Paid Service, s151 Officer and Monitoring Officer) is embedded as a core assurance mechanism, with regular engagement and oversight of key decisions, projects and risks. The council explicitly recognises that effective governance depends not only on formal compliance but also on

behaviours, culture and shared understanding. This acknowledgement, set out in the Annual Governance Statement, reflects a mature understanding of governance risk. However, it also implies that consistency of application across the organisation has not always been sufficient to prevent governance and delivery issues from arising.

Effectiveness of the adopted governance model

The council has introduced a new internal operational governance model ("Mission Control") to strengthen prioritisation, risk management, project design and capacity assessment. This model introduces clearer stages for project development, earlier corporate challenge, and more structured reporting through mission boards and a major programmes board. The introduction of this model represents a deliberate response to recognised weaknesses in previous arrangements, under which projects could progress without sufficiently robust corporate challenge or assurance. The new model is well designed and aligned to good practice, and it has the potential to improve decision-making quality and delivery outcomes.

However, Mission Control is still relatively new and is not yet fully embedded across the organisation. Its effectiveness will depend on consistent application, staff capacity, and sustained cultural change. At this stage, while the model is directionally positive and appropriate, there is limited evidence of long-term impact on outcomes.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

b) The presence / absence of a clear, outcome orientated, measurable and performance driven strategic direction for the local authority and whether this is clearly set out through alignment of the key strategy documents (Corporate / Strategic Plan, Annual Governance Statement and Medium Term Financial Plan). This should include an assessment of the extent to which the strategic direction of the local authority is present throughout operational implementation or whether it exists in 'name only'.

Key findings and analysis

The council has a clear overarching strategic framework, with its MTFS providing a central focus on both revenue and capital expenditure and setting out the council's overall financial strategy. This is supported by a separate Capital Strategy that sits alongside the MTFS and articulates how capital investment, asset management and borrowing decisions are to be managed within the council's constrained financial environment. Together, these documents demonstrate a structured approach to financial planning and an explicit recognition of affordability, risk and sustainability.

There is evidence that the council has sought to align its strategic planning documents, including the MTFS, Capital Strategy and Annual Governance Statement, to provide a coherent narrative around financial sustainability, governance and risk management. The linkage between corporate priorities and financial planning is particularly evident through the integration of capital decisions, borrowing limits and revenue affordability within the MTFS framework. This alignment supports clearer decision-making and ensures that strategic objectives are increasingly grounded in what is financially deliverable.

The strategic direction of the council has been significantly shaped by its deteriorating financial position and the requirement to seek EFS. In response, the council's strategic focus has shifted toward stabilisation, financial control and sustaining statutory service delivery while managing severe demand-led pressures, particularly in housing. The overriding strategic objective is to maintain financial viability and service continuity in the period leading up to LGR.

This strategic direction is clearly articulated within the council's financial strategies, which acknowledge that the authority cannot achieve financial sustainability without support in the medium term and that planning assumptions must therefore reflect this reality. While this strategic focus is necessarily defensive rather than transformational, it is outcome-oriented in the sense that it prioritises measurable objectives around budget balance, affordability, debt management, and risk reduction, rather than aspirational growth or expansion.

There is a good level of shared understanding among officers and members regarding the severity of the council's financial challenges and the seriousness of the decisions required. There is a clear recognition of the need to take difficult decisions to control expenditure, reset income expectations and constrain ambition. This shared understanding supports consistent decision-making and reduces the risk of misalignment between strategic intent and operational delivery.

Leadership capacity and support arrangements have been particularly important in this context. Senior officers and members have provided visible support to the finance leadership in framing and delivering difficult choices, including constrained budgets, reduced capital ambition and reliance on EFS.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
22. Strategic direction, collective leadership and organisational resilience under sustained financial and LGR pressures: Sustained financial pressure, organisational uncertainty and LGR transition could weaken collective political and officer leadership, reduce staff morale and undermine consistent delivery of priorities if communication, shared commitment and leadership visibility are not maintained.	9	**22. Maintain collective leadership, clear communication and organisational resilience through financial stabilisation and LGR transition** by reinforcing shared strategic and financial priorities and monitoring morale, workload and capacity so delivery risks are identified and addressed early. Members and officers should agree, proactively rather than reactively, a clear and shared understanding of what can and cannot be decided unilaterally once Section 24 restrictions apply from May 2027, so that the transition to reduced decision-making autonomy does not itself become a source of confusion or delay. **As soon as possible**

c) *A view on the effectiveness of local authority leadership including the stability of senior leadership, their ability to work effectively together, set and communicate a clear vision and set of priorities for the local area, as well as their ability to lead the delivery of those priorities (as set out in key strategy documents) through the fostering of a cohesive organisation built on cooperation, trust and respect.*

Key findings and analysis

Council leadership is generally effective in the context of severe and sustained financial pressure. Political and officer leadership demonstrate an ability to work constructively together, with a shared understanding of the seriousness of the council's financial challenges and the need to prioritise stability, affordability and the maintenance of statutory services. This shared understanding has been particularly important in enabling the council to respond coherently to its deteriorating financial position and to progress an application for EFS.

Leadership has articulated a clear and realistic vision for the authority, although this is necessarily constrained by the council's immediate circumstances. The council's priorities are clearly focused on financial control, risk management and service continuity, rather than transformational change or growth. While this limits strategic ambition, it reflects a pragmatic and credible assessment of what is achievable within current financial and organisational constraints, particularly in advance of LGR.

There is evidence that political and senior officer leadership have been able to set and communicate these priorities clearly, resulting in a good level of alignment between strategic intent and senior-level decision-making. Leadership messaging has emphasised the need for difficult choices, disciplined financial management and constrained ambition, with a consistent narrative across key strategy documents and senior forums. This alignment has supported coherent leadership and reduced the risk of conflicting priorities across the organisation.

Leadership effectiveness is also reflected in the council's approach to delivery. Senior leaders have taken a measured and controlled approach to implementing financial strategies, balancing the need for timely action with the capacity and resilience of the organisation. Despite significant pressures, leadership has avoided over-extension and has sought to maintain organisational stability while navigating complex financial, demand-led and structural challenges.

The ability of leadership to encourage a cohesive organisation is evident at senior levels, where relationships are characterised by cooperation, mutual respect and shared ownership of difficult decisions. Trust between political leadership and senior officers has enabled open discussion of risks and constraints and has supported collective accountability for delivery. This cohesion has been critical in maintaining momentum and focus during a period of heightened uncertainty.

However, the effectiveness of leadership is constrained by external factors and internal capacity pressures. The council's ability to lead delivery beyond stabilisation is limited by staff capacity, demand volatility and the uncertainty associated with future reorganisation. While leadership has been effective in setting direction and maintaining control, this effectiveness is dependent on continued cooperation, clear communication and sustained engagement across all levels of the organisation.

Overall, the council's leadership is effective in the context of its current challenges. Leaders have demonstrated the ability to work together, set clear and realistic priorities, and lead delivery in a manner that is proportionate to the council's circumstances. Continued leadership cohesion and clarity will be essential to maintaining organisational stability and delivery confidence in the period ahead.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

d) A view on the working culture and working relationships across all levels of the council including between political and officer leadership, and senior officers and junior staff. The local authority's capacity and capability improve and transform to secure continuous improvement at an operational level (i.e. sufficient expertise, staff etc.) and at a cultural level (i.e. acknowledgement of problems, openness to constructive criticism and change including inviting external challenge and scrutiny, delivery with local partners, and collaboration with sector support), and a view on the local authority's ability to identify early warning signs and take action to address potential failures at the earliest opportunity.

Key findings and analysis

Working relationships across the council are generally constructive, particularly at senior levels, where there is evidence of effective collaboration between political leadership and senior officers. Interviews indicate a shared understanding of the council's financial position and the need to prioritise affordability, risk management and the continuity of statutory services. This has supported alignment in decision-making and a coherent response to the council's financial challenges.

Engagement between members and officers is regular and accessible, with established channels for discussion and decision-making. Relationships at senior level are characterised by professionalism, openness and a willingness to engage on difficult issues. This has enabled the council to take necessary but challenging decisions in a coordinated manner, particularly in the context of its application for EFS.

Scrutiny and challenge arrangements are in place and have shown signs of strengthening over time. However, views expressed by opposition members indicate that perceptions of limited transparency and access to information remain, particularly in relation to the use of exempt information and the visibility of decision-making processes. Management have expressed that the use of these have not prevented decisions from being taken, they point to underlying tensions that require ongoing management to maintain trust and confidence across the political environment.

Across the wider organisation, staff are described as professional and committed, with a clear awareness of the financial constraints facing the council. There is evidence that financial discipline and control are understood and largely accepted as organisational priorities. However, prolonged financial pressure, organisational change and increasing service demand have contributed to signs of change fatigue, particularly at operational levels. Working relationships between senior officers and staff remain functional and generally positive but are operating within a context of stretched capacity and competing demands. While communication from senior leadership has improved and helped maintain organisational focus, there is a risk that pressures on staff and services may affect consistency of delivery and the embedding of corporate priorities over time.

Overall, the council demonstrates a resilient and cooperative working culture, supported by constructive relationships at senior levels. However, this culture is under sustained pressure from financial constraints, organisational uncertainty and workload demands. Continued effectiveness will depend on maintaining strong communication, managing political tensions, and supporting staff capacity and engagement across all levels of the organisation.

Risks & Recommendations

Key risk	Risk rating (see details in Annex 3)	Recommendation (including Timeline)
See recommendations listed in above sections		

Annexes

A1 Requirement

As a result of receiving Exceptional Financial Support, MHCLG will be seeking some deeper assurance around the plans included in the business case for the 2026-27 financial year. In line with that expectation, CIPFA adopted the approach of looking to provide an assessment of the council's financial resilience, financial management, governance arrangements, capital programme, debt position, and service delivery, with a view to providing recommendations for improvement.

To provide this assessment, four key themes were investigated:

1. **Quality of financial management and financial processes**

   An assessment of the local authority's financial management and management of risk., covering:

   a. The local authority's financial management, governance processes, the effectiveness of its internal control environment and the audit and scrutiny committee(s), as well as compliance with local government accounting codes and international finance reporting standards.

   b. The capacity and capability of the local authority to deliver an effective finance function to the authority commensurate with the complexity of its particular circumstances, the ability to undertake any transformation activity as required, and consider whether officers / members are provided with the right information and training to take necessary financial decisions.

   c. The local authority's approach to financial risk management including identification, management and treatment of risk.

2. **Financial sustainability and risk**

   An assessment of the local authority's overall financial resilience and sustainability, the identification of specific financial risks and a view on the authority's capital and debt position and approach to assets (with a view on the sustainability, Value for Money and risk exposure of the local authority in this space). Specific factors have included:

   a. The underlying drivers of any financial fragility and risk and the local authority's ability to successfully manage those drivers so that issues do not materialise.

   b. An assessment of steps the local authority is undertaking to ensure it remains within its spending envelope, including deliverability and appropriateness of current savings / transformation plans, income generating activity, ensuring activities that are no longer required are being scaled back.

   c. An overall view on the ability of the local authority to manage identified budget pressures through its own resources, including reserves. This should include a view on the actions the council should take to minimise the need to use / seek a capitalisation direction.

d. An assessment of how the council expects to finance capitalisation (i.e. through external / internal borrowing or through capital receipts), the viability / risks of their proposed approach,

e. An assessment of the council's current asset base and planned asset disposal strategy, and scope for the council to utilise planned receipts and generate to fund expenditure capitalised under exceptional financial support.

f. A detailed assessment of any financial risks in relation to the council's (i) capital programme, (ii) companies, (iii) commercial investments and (iv) major projects, identifying any risks associated with specific investments, and assessing the adequacy of internal processes, scrutiny of decisions, use of external expertise (where required), and capacity / capability to deliver. An assessment of whether and to what extent the council is complying with statutory guidance / following best practice in regard to these areas, including, but limited to, MRP guidance, investment guidance, and accounting codes.

3. Service delivery, reform, and transformation

An examination of high-cost service pressures and an assessment of specific opportunities for savings, innovation, and reform to support the local authority to move to financial sustainability with named service areas. This assessment has made use of recognised best practice models and guidance for delivering quality and cost-efficient services that put prevention first, and the council's alignment with this good practice. The specific factors examined have included:

a. The efficiency and effectiveness of service delivery, including benchmarking against comparator local authorities, sector, and wider public sector metrics.

b. Assessment of the extent to which the council's service delivery model particularly in areas of high demand / financial pressure reflect current best practice and guidance on service effectiveness and efficiency.

c. Identification of opportunities to reform / transform delivery in these areas to support both improved outcomes and manage financial pressures.

d. A view on the extent to which service plans are aligned to the local authority's strategic priorities and financial sustainability, the effectiveness of service areas in responding to financial pressures, and whether financial management and sustainability is embedded within service area practices and culture.

e. A consideration of the effectiveness of the chosen approach in delivering services (i.e. in house or external). This should include a consideration of how the operation of the procurement functions is geared towards effective service delivery, including overall management of the pipeline, capacity and capability of officers, the adequacy of the processes and culture and attitude towards procurement.

Additional points for service specific issues in this authority have also been examined, as required.

4. Governance, culture, and leadership

An assessment of the local authority's approach to ensuring robust overall governance / management processes, leadership, operational culture, capacity and capability to reach a view on whether the local authority is operating in line with the Nolan Principles and in a way to secure continuous improvement. Factors that have been investigated include:

a. The adequacy of the local authority's decision making processes including presence / absence of clear schemes of delegation, scrutiny arrangements, quality of council papers and whether there is a clear understanding of governance arrangements across all levels of the authority. This should include a view on the effectiveness of the adopted governance model and whether it is suitable to drive the right outcomes for the area.

b. The presence / absence of a clear, outcome orientated, measurable and performance driven strategic direction for the local authority and whether this is clearly set out through alignment of the key strategy documents (Corporate / Strategic Plan, Annual Governance Statement and Medium Term Financial Plan). This should include an assessment of the extent to which the strategic direction of the local authority is present throughout operational implementation or whether it exists in 'name only'.

c. A view on the effectiveness of local authority leadership including the stability of senior leadership, their ability to work effectively together, set and communicate a clear vision and set of priorities for the local area, as well as their ability to lead the delivery of those priorities (as set out in key strategy documents) through the fostering of a cohesive organisation built on cooperation, trust and respect.

d. A view on the working culture and working relationships across all levels of the council including between political and officer leadership, and senior officers and junior staff. The local authority's capacity and capability improve and transform to secure continuous improvement at an operational level (i.e. sufficient expertise, staff etc.) and at a cultural level (i.e. acknowledgement of problems, openness to constructive criticism and change including inviting external challenge and scrutiny, delivery with local partners, and collaboration with sector support), and a view on the local authority's ability to identify early warning signs and take action to address potential failures at the earliest opportunity.

A2 Methodology

In our approach, we were mindful of the four broad areas for review, and the specific areas of focus, as set out above.

The approach taken comprised the following elements:

Desktop analysis

MHCLG provided appropriate background. We reviewed the material and made supplementary document requests to the council. The team has analysed around 60 documents together with other records that have been shared by the council as being relevant for the review. A list of documents reviewed is shown in Appendix 2. We also examined relevant comparator material. We would like to record our thanks to officers for their ready compliance with our request for reports and data.

Specialised inputs

Some comparative data analyses were conducted on issues such as revenue spend, and indebtedness. These are based on analysis undertaken by CIPFA using published data such as the Revenue Account (RA) and Revenue Outturn (RO) forms. Service performance data has been extracted from a wider range of sources including: the council's own surveys of residents and staff, and work undertaken by LG Futures.

Interviews

The bulk of the fieldwork comprised of interviews. These provided the invaluable triangulation of our analysis. Council officers, members, auditors, and other experts were invited to give views and respond to queries provoked by documentary evidence. Council officers at senior and junior levels, members, auditors, and other experts were invited to give views and respond to queries provoked by documentary evidence. We would like to thank everyone involved for their courtesy and constructiveness. A list of interviewees is shown in Appendix 3.

Report drafting, feedback and fact-checking

The above inputs were then analysed and subjected to our professional and expert judgement. The result is this report.

This report was fact checked as far as possible and is based on the fieldwork completed within the time frame for the review. It is not a comprehensive audit of the council's finances or its governance arrangements. Consequently, the conclusions do not constitute an opinion on the status of the council's financial accounts. Our review of the council's Minimum Revenue Provision (MRP) considers the reasonableness of the council's MRP policy and does not constitute an audit of the full application of the policy. Similarly, our review of the council's productivity does not constitute an audit of the council's productivity plan but represents an overview of the arrangements in place to consider productivity and take account of any publicly available information on historic or relevant performance.

CIPFA's review team consisted of an experienced finance consultant and relevant technical expertise.

The information and data within this report are accurate as at the time of the initial data gathering and interviews that took place in April 2026, and unless otherwise stated reflect the position at that time.

CIPFA would like to take this opportunity to thank the council for being so amenable and open to meeting with the review team and for the considerable effort that has been expended in collating and sharing key documents with CIPFA. We also thank everyone involved for the openness, tact, and honesty in what is a sensitive issue for the council.

Report Structure

The key findings and analysis, together with supporting evidence, are set out under each of the review areas requested (as detailed in the commission). Risks and recommendations are detailed under each of the review areas.

A3 Risk Assessment – Method

Impact

Likelihood	Critical:3	Moderate:2	Marginal:1
Probable:3	High - 9	High - 6	Medium - 3
Occasional:2	High - 6	Medium - 4	Low - 2
Improbable:1	Medium - 3	Low - 2	Low - 1

Likelihood:

- Improbable – possible, but unlikely to happen.
- Occasional – might happen, might not happen, in the order of 50/50
- Probable – most likely will happen.

Impact:

- Marginal – some minor, possible minor operating difficulties largely contained within the council, some awareness / action may be required by members.
- Moderate – notable financial and operational impact/ losses / costs operating impacts hitting services for some of the community, a significant issue for members to deal with
- Critical – major operating impact/ financial losses / costs requiring subsequent intervention by MHCLG or other 3rd parties, reaches national press interest, major political embarrassment for members.

A4 Documents Reviewed

2026-27 Financial Strategy and the Medium Term Financial Plan

Financial Strategy and Budget Update 2026-2027

2025-26 Q3 Revenue Monitoring Report

2025-26 Q3 Capital Investment Programme & Projects Monitoring

Financial Performance 2024-25 - Revenue Outturn

2024-25 Financial Statements

Budget estimates 2026-27 and setting of 2026-27 Council tax

Budget pack 2026-27

Treasury Management Strategy and Annual Investment Strategy 2026-27 to 2028-29

Mid-year review of Treasury Management 2025-26

Capital Programme 2026-27 to 2028-29

Capital Strategy 2025 - 2028

2024-25 Audit Results Report

Risk and Opportunity Management Strategy 2026-28

High Risk and Opportunities - March 2026

Internal Audit Plan 2026-27

Internal Audit Progress Report - March 2026

Worthing BC Report to Cabinet Dec 2015

Worthing BC 2023-24 Auditor's Annual Report

Worthing Cabinet - Capital Investment Programme 2025-26

Joint Capital Programme Monitoring Report Q2 25-26

Joint Treasury Management Strategy 2026–29

Strategic Property Investment Fund Strategy 2026-27

Annual Treasury Management Report 2024-25

Commercial Property Investment Strategy 2025-26

Strategic Property Investment Fund Annual Strategy

Asset Management and Strategy Plan

Strategic Property Investment Fund Strategy 2026-27

Disposals Strategy and Process 2024

Agreement for Joint Working between (1) ADC (2) WBC dated 19/07/2005

2026-27 Initial Outline 5 Year Live Version

EAR – Performance Reports

Corporate Governance System V9

Risk and Opportunities Register (aligned to Fair, Green, Local Missions Boards)

Fair Green Local_ Strategy Delivery Plan 2025-2028

Risk and Opportunity Management Strategy 2026-28

Spending Control Review

Worthing – EAR Document List

Worthing MRP Forecast 2025-26 Budget

Worthing MRP 2024-25 Final

Worthing Asset Disposal Programme

2025-2026 Savings and Growth

2025-26 Budgeted Savings – Performance Tracker

Organisation Design Savings Targets

Asset Disposal Programme (pipeline version)

Building Control Improvement Plan – LIVE 2025–27

MHCLG Assurance Paper – Housing Needs in Worthing

Adur & Worthing Bereavement Services

Supported Accommodation MHCLG April 2026

Land Charges Improvement Plan – LIVE 2025–27

Bereavement Redesign Summary

1st Quarter Revenue Monitoring Report 2025-26

2nd Quarter Revenue Monitoring Report 2025-26

Corporate Strategy and Management – Improvement Action Plan (Peer Review 2016)

Finance Peer Challenge Consultation Report December 2018

WBC Deals Outstanding 20/04/2026

Arlingclose MRP Review Worthing Borough Council

WBC Cashflow Forecast

MHCLG Review – Vacancies

LGA Benchmarking – Worthing Borough Council

A5 Staff Interviewed

Monitoring Officer: Joanne Lee

S151 Officer: Emma Thomas

Deputy S151 Officer: Joel Goacher

Director of Operations & Environmental Services: Jan Jonker

Leader of the Opposition: Kevin Jenkins

Portfolio Holder for Finance: John Turley

Leader of the council: Sophie Cox

Corporate Director of Housing and Communities: Tina Favier

Chief Executive: Paul Brewer

Director of Place & Economy: Andy Willem

77 Mansell Street, London E1 8AN
+44 (0)20 7543 5600
CIPFA.org