



## 1<sup>st</sup> REVENUE BUDGET MONITORING 2017/18 (Q1)

### REPORT BY THE DIRECTOR FOR DIGITAL AND RESOURCES

#### EXECUTIVE SUMMARY

##### 1. PURPOSE

1.1 This report updates the Joint Strategic Committee with the latest expenditure and income projections for each Council in the current financial year 2017/18, compared to the Revenue Budget approved by both Councils on the 23rd February 2017 (Adur District Council) and 21st February 2017 (Worthing Borough Council).

Whilst the 'spend to date' will be the position as at the 30th June 2017, the forecast position will reflect the latest information available to ensure an up-to-date forecast is presented.

1.2 The following appendices have been attached to this report:

- |       |                   |     |                                    |
|-------|-------------------|-----|------------------------------------|
| (i)   | <b>Appendix 1</b> | (a) | Adur Summary                       |
|       |                   | (b) | Adur Use of Earmarked Reserves     |
| (ii)  | <b>Appendix 2</b> | (a) | Worthing Summary                   |
|       |                   | (b) | Worthing Use of Earmarked Reserves |
| (iii) | <b>Appendix 3</b> |     | HRA Summary                        |
| (iv)  | <b>Appendix 4</b> |     | Table of Variations over £20,000   |

##### 2. RECOMMENDATIONS

2.1 The Joint Strategic Committee is asked:

- To note the report and projected outturn position for the Joint, Adur & Worthing Revenue Budgets and proposed use of reserves (App'x 1b & 2b).

### 3. CONTEXT

- 3.1 The Joint Strategic Committee considered the 'Outline 5-year forecast for 2017/18 to 2021/22 and the Budget Strategy' on 13th September 2016.

This report outlined the Financial Context, the Key Budget Pressures, the Options for Addressing the Budget Gap and the Budget Strategy for Adur and Worthing Councils. The report built on the strategy first proposed last year whose strategic aim was to ensure that the Councils would become community funded by 2020 reliant, by then, only on income from trading and commercial activities, council tax income and business rate income.

- 3.2 The successful delivery of the strategy is fundamentally changing how the Council is funded. The Council is moving increasingly away from government funding towards funding from the local community via Council Tax and Business Rates, and will become increasingly reliant on income from commercial activities.

### 4. ISSUES FOR CONSIDERATION - REVENUE 2017/18 FORECAST

- 4.1 As part of the 2017/18 budget, and to address the reduction in Government support, the Councils committed to savings of £1.093m for Adur District Council and £1.740m for Worthing Borough Council to produce a balanced budget. Services have been required to carry out efficiency, procurement and base budget reviews.

- 4.2 The current year-end forecasts indicate that Worthing is broadly in line with the budget set, but Adur is showing a shortfall. Considering the extensive commitments included in the current years budgets, overall, services are successfully achieving these targets by reviewing their services, thinking more commercially and changing how these are delivered.

- 4.3 In summary the overall revenue outturns reported for Q1 are as follows:-

<b>Summary of 1st Quarter Budget Monitoring Report</b>			
	<b>Joint</b>	<b>Adur</b>	<b>Worthing</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Current Budget 2017/18	20,744	9,708	15,632
Projected outturn	21,144	9,763	15,574
Projected Forecast over/ (underspend)	400	55	(58)
Projected over/(underspend) percentage	1.9%	0.6%	(0.4%)

The Joint overspend is transferred to Adur and Worthing Councils in line with their allocated share. The reported budget variances in Adur and Worthing, in the table above, include the total share transferred from the Joint.

- 4.4 The Joint Strategic Committee (JSC) is asked to consider:-

#### 4. ISSUES FOR CONSIDERATION - REVENUE 2017/18 FORECAST

- the current projections of variations in the two Councils General Fund Revenue Budgets and the anticipated position relating to the staff vacancy provision;
- the current projections of variations in the Adur Housing Revenue Account; and
- any amendments and virements to budgets for each Council which may require a recommendation onto Council for approval;

4.5 We adopt a more structured approach to services which have more volatile budgets or hard to predict income streams. For 2017/18, these services are:-

- Crematorium
- Development Control
- Homelessness
- Theatres – currently on target to meet approved budget
- Trade Refuse

4.6 Most of these services are subject to closer monitoring because they meet one or more of the following criteria:-

- Demand led
- Income based
- Specialist
- Significant changes to the service are being made in the near future.

#### 4.7 **Headline budget variations across both the Councils' and the Joint account**

##### 4.7.1 **External Borrowing Costs, Investments and Minimum Revenue Provision**

Both Councils have an underspend on MRP due to slippage in the Capital programmes for 2016/17. Adur will underspend by approximately £105,000 and Worthing by approximately £260,000.

In respect of interest earned on investments, both Councils are currently achieving the budget income. Interest payable on borrowing for Adur is currently in line with the budget. For Worthing Borough Council the projections show a £60,000 underspend, but this will depend upon the progress of capital schemes which may necessitate additional borrowing.

##### 4.7.2 **Car Parks**

###### Worthing

Income from surface parking is exceeding the budget. There is an increase in income coming from RingGo payments within these car parks.

## **4. ISSUES FOR CONSIDERATION - REVENUE 2017/18 FORECAST**

### **4.7 Headline budget variations across both the Councils' and the Joint account**

#### **4.7.3 Housing Management**

The increased spend on providing emergency and temporary accommodation reflects rising demand across the South East, including Adur and Worthing, changes to service delivery and the lack of housing supply for those needing affordable accommodation.

Emergency accommodation (EA) is where we place individuals / families that meet certain initial criteria whilst we fully assess our duty to house the household. Investigation of this duty should take 33 days, at which time if we accept a full housing duty, the household is moved into long term temporary accommodation (TA). The household will then be added to the housing register, assigned a 'banding' and is able to bid for suitable properties that become available.

Across the South East there is competing demand between local authorities for both emergency and temporary accommodation, the latter often being leased private sector accommodation. As a consequence prices in some areas (e.g. Worthing) are being pushed beyond the reach of the Councils and the supply of suitable emergency and temporary accommodation within the Borough is reduced. The Councils are still faced with placing some clients in costly budget accommodation hotel chains when no other suitable options are available.

In response to this, the Councils have adopted a new strategy for sourcing both temporary and emergency accommodation as agreed at the Joint Strategic Committee in September 2017. The Councils committed to investing £3m in emergency temporary accommodation to reduce the need to rely on expensive private sector provision as a solution.

Since this time the Councils have successfully procured a number of temporary accommodation units which is improving the position. These additional units are newly refurbished good quality accommodation in the local area. Officers are continuing to actively appraise a number of other potential property purchases or leases that will allow the Councils to directly provide high quality emergency accommodation at rates much lower than the private sector.

A cross council working group (made up of finance, legal, procurement, surveyors and housing specialists) is meeting regularly to progress these schemes as quickly as possible, while ensuring the Councils are spending their investment wisely.

Members will be aware that there has recently been a change to how emergency and temporary accommodation is funded.

In 2016/17, the Councils claimed £60 management fee per week per household via Housing Benefit. From 2017/18, this is now paid as a fixed flexible Homeless Support grant. Whilst for Adur this change has had little impact, for Worthing the level of funding is estimated to be £75,000 less than the amount received via Housing Benefit. This change is reflected in the tables below.

#### 4. ISSUES FOR CONSIDERATION - REVENUE 2017/18 FORECAST

##### 4.7 Headline budget variations across both the Councils' and the Joint account

##### 4.7.3 Housing Management

Housing Management - Full Year forecast						
	2016/17			2017/18 - Full Year Projection		
	Budget for Year	Actual for Year	Variance for Year Over / (Under)	Budget for Year	Forecast for Year	Projected Variance for year Over / (Under)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>ADUR</b>						
ETA Expenditure	252	501	249	283	493	210
ETA rental income	(100)	(259)	(159)	(102)	(168)	(66)
Grant funding	-	-	-	-	(184)	(184)
	152	242	90	182	141	(40)
<b>WORTHING</b>						
ETA Expenditure	382	1,242	860	748	1,668	920
ETA rental income	(256)	(642)	(386)	(259)	(955)	(696)
Grant funding	-	(295)	(295)	-	(120)	(120)
	125	304	179	489	593	104
	277	546	269	671	734	64

Housing Management - Comparative Financial position at June						
	2016/17- Year to Date			2017/18 Year to Date		
	Budget to P3	Actual income P3	Variance to P3 Over / (Under)	Budget to P3	Actual income P3	Variance to P3 Over / (Under)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>ADUR</b>						
ETA Expenditure	71	125	54	79	125	46
ETA rental income	(25)	(55)	(30)	(25)	(42)	(17)
Grant Funding	-	-	-	-	(184)	(184)
	46	70	24	-	(101)	(155)
<b>WORTHING</b>						
ETA Expenditure	95	339	244	187	412	225
ETA rental income	(64)	(130)	(66)	(65)	(239)	(174)
Grant Funding	-	-	-	-	(120)	(120)
	31	209	178	122	53	(69)
	77	279	202	122	(47)	(224)

## **4. ISSUES FOR CONSIDERATION - REVENUE 2017/18 FORECAST**

### **4.7 Headline budget variations across both the Councils' and the Joint account**

#### **4.7.4 Development Management**

Worthing Development Management income is lower than budget and is predicted to underachieve by £50,000. Originally it was thought that this budget would be achieved by the planned increase in centrally set fees, but due to the General Election, the approval of this has been delayed. Adur is currently on target to achieve its budget.

#### **4.7.5 Waste and Cleansing**

Commercial Waste income is exceeding the budget and it is estimated there will be an achievement of £20,000 per Authority, above the budgeted income target by the end of the financial year. Agency costs continue to be higher than budget, £35,000 due to the higher minimum wage.

These are being incurred to over long term sickness. The expenditure is necessary to enable the smooth running of the service.

Worthing – Disposal costs are exceeding budget due to price increase notified after budget was set and not increased for higher tonnages £110,000.

The 2017/18 budget includes savings from additional income generation and expenditure reduction of £435,000.

#### **4.7.6 Environment**

Crematorium - Income is currently underachieving by £48,000. This is due to a rebate paid early in the year and an increase in demand for delivery only cremations, which therefore reduce the number of full cremations being taken.

Parks & Open Spaces - Underachievement of Beach Hut income for new huts due to a delay in planning approval (£23,000) and income shortfall, due to the impact of new franchise/concessions taken which is lower than expected.

#### **4.7.7 Strategic Property Investments**

Additional commercial rent income anticipated from new Strategic Investments in properties, net of borrowing costs. (Adur £76,000, Worthing £46,000)

#### **4.7.8 Building Control and Land Charges**

Building Control and Land Charges Income, which is derived from fees which are set on a cost recovery basis, is not predicted to meet its income budget by £50,000 (Worthing £10,000, Adur £40,000). Strategies are in place to ensure the level of income improves.

## **4. ISSUES FOR CONSIDERATION - REVENUE 2017/18 FORECAST**

### **4.7.9 Revenues and Benefits**

Overpayments are expected to exceed its budget for Worthing. This will be offset by a shortfall in court cost income. There are grant income budgets in 2017/18, which are no longer received (Adur £70,120, Worthing £54,660). These will be removed during the next budget process.

In October 2017, Adur's Revenues & Benefits team will join the Worthing service. There may be some additional set up costs/curtailment costs due to the merging of the teams, these costs will hopefully be contained within the current budget.

### **4.8 Budget variations greater than £20,000**

The Councils individual Summary Projected Outturns are reported in Appendix 1a for Adur District Council and Appendix 2a for Worthing Borough Council.

The variations greater than £20,000, for this report, are detailed in Appendix 4.

There are some expenditure items that are not identified until the year end that will impact on the final outturn. These items can have a positive or negative impact on the final position. They include:-

- Movement in the estimate for doubtful debts
- A review of any amounts needed to be set aside for liabilities that are likely to occur in the future
- Changes in allocations of staff time to outside the General Fund

### **4.9 Future Risks**

The Par 3 Golf course has been closed since the works started on the Rampion wind farm. It was expected that the course would be returned to the Council by Rampion for use at the start of 2017/18 and the income budget for golf income was reinstated at £98,000. There has been a delay in the return of the course to the Council due to delays in the works associated with the wind farm and therefore the Council has not been able to reopen the golf course and generate the expected level of income. There is a clause within the contract with Rampion for use of Council land which will allow for some reimbursement to the Council but the exact value is still being agreed. So there is a possibility that this income will not be achieved, in part or in full.

In 2015/16 Adur Housing Benefit subsidy claim was qualified by the external auditors and the Council had to repay an element of overpaid subsidy in 2016/17. This was the third successive year that the claim had been qualified. There is a risk that this could reoccur in 2016/17.

#### 4. ISSUES FOR CONSIDERATION - REVENUE 2017/18 FORECAST

##### 4.10 Cross Cutting Budgets

The following categories of expenditure are analysed across various services. It is anticipated that this will be on target

- Equipment, furniture and material
- Postage
- Printing stationery and office supplies
- Consultancy costs
- Travel costs

##### 4.11 Vacancy Savings and Pay Award

As at Quarter 1, it is anticipated that the vacancy saving will not be met by £378,000 although the position may well improve as the year progresses. This is partially offset by an overprovision in the Pension costs.

##### 4.12 Housing Revenue Account

4.12.1 The Adur Housing Revenue Account is a ring fenced account. The HRA forecast is shown in Appendix 3.

	ORIGINAL ESTIMATE 2017/18	PROJECTED OUTTURN 2017/18	PROJECTED OVER/ (UNDERSPEND) 2017/18
	£	£	£
General Management and other costs	3,850,390	3,850,390	-
Annual Revenue Maintenance costs	2,883,030	2,828,030	(55,000)
Capital Financing costs & Depreciation	6,729,160	6,729,160	-
Contribution to Reserves	-	-	-
Provision for Bad Debt	50,000	50,000	-
<b>Total Expenditure</b>	<b>13,512,580</b>	<b>13,457,580</b>	<b>(55,000)</b>
Less Income	(13,330,660)	(13,275,660)	55,000
			-
<b>Net (Surplus) / Deficit</b>	<b>181,920</b>	<b>181,920</b>	<b>55,000</b>
Funded from Reserves	(181,920)	(181,920)	
<b>Overall position</b>	<b>-</b>	<b>-</b>	<b>-</b>



#### **4. ISSUES FOR CONSIDERATION - REVENUE 2017/18 FORECAST**

##### **4.12 Housing Revenue Account**

4.12.2 The HRA is forecast to remain within budget for 2017/18. A number of income shortfalls have arisen during quarter 1 but these can be covered by reductions in expenditure elsewhere in the budget.

4.12.3 A programme of work underway to address rent arrears which have risen since last year - a new officer in the team is working to improve recovery which is beginning to have an impact.

#### **5. ENGAGEMENT AND COMMUNICATION**

5.1 The Corporate Leadership Team and budget managers have all collaborated in the content of this report providing explanation and narrative on the forecast variances.

#### **6. FINANCIAL IMPLICATIONS**

6.1 At the end of the 1st Quarter of the revenue budgetary cycle, it is anticipated that Adur District Council and the Joint Committee will have an overspend of £55,000 and £400,000 respectively, whilst Worthing Borough Council be under budget by £58,000.

**Finance Officer:** Sarah Gobey

**Date:** 31st August 2017

#### **7. LEGAL IMPLICATIONS**

7.1 Local authorities have a statutory duty under the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge.

**Legal Officer:** Susan Sale

**Date:** 31st August 2017

## **Local Government Act 1972**

### **Background Papers**

Revenue Budget 2017/18 Joint, Adur and Worthing – 2017/18 Budget Book

<https://www.adur-worthing.gov.uk/media/media,144912,en.pdf>

Joint Overall Budget Estimates 2017/18–

<https://www.adur-worthing.gov.uk/media/media,142986,en.pdf>

Adur Overall Budget Estimates 2017/18 and Setting of 2017/18 Council Tax –

<https://www.adur-worthing.gov.uk/media/media,143291,en.pdf>

Worthing Overall Budget Estimates 2017/18 and Setting of 2017/18 Council Tax –

<https://www.adur-worthing.gov.uk/media/media,143244,en.pdf>

Joint Revenue Outturn 2016/17

<https://www.adur-worthing.gov.uk/media/media,145065,en.pdf>

### **Officer Contact Details:**

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## **SUSTAINABILITY AND RISK ASSESSMENT**

### **1. ECONOMIC**

Matter considered and no issues identified

### **2. SOCIAL**

#### **2.1 Social Value**

Matter considered and no issues identified

#### **2.2 Equality Issues**

Matter considered and no issues identified

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

Matter considered and no issues identified

#### **2.4 Human Rights Issues**

Matter considered and no issues identified

### **3. ENVIRONMENTAL**

Matter considered and no issues identified


### **4. GOVERNANCE**

Matter considered and no issues identified

## SUMMARY - 1st QUARTER PROJECTED OUTTURN 2017/18

APPENDIX 1a


Actual Previous year 2016/17	ADUR CABINET MEMBER PORTFOLIOS	Original Estimate 2017/18	Current Estimate 2017/18	Projected Outturn to 31st March 2018	Forecast Over/(Under)
3,281,303	CM for Environment	3,067,650	3,067,650	3,077,650	10,000
1,009,226	CM for Health & Wellbeing	907,600	907,600	907,600	-
431,074	CM for Customer Services	642,150	642,150	672,150	30,000
728,107	Leader	626,870	626,870	626,870	-
2,377,935	CM for Regeneration	2,312,750	2,312,750	2,276,750	(36,000)
2,244,842	CM for Resources	1,960,440	1,960,440	2,011,440	51,000
(0)	Holding Accounts	190,140	190,140	190,140	-
10,072,487	<b>Total Cabinet Member</b>	9,707,600	9,707,600	9,762,600	55,000
(1,295,885)	Credit Back Depreciation	(1,378,220)	(1,378,220)	(1,378,220)	-
889,148	Minimum Revenue Provision	818,480	818,480	818,480	-
538,342	Non ring fenced grants	-	-	-	-
2,163	Financial Instruments Adjustment Account	-	-	-	-
10,206,255		9,147,860	9,147,860	9,202,860	55,000
	<b>Transfer to/from reserves</b>				
-	Contribution to/(from reserves)	14,000	14,000	14,000	-
	Budgeted contribution to/(from) Reserves	4,000	4,000	4,000	-
(506,799)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	-	-	-
80,854	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-	-	(55,000)	(55,000)
<b>9,780,310</b>	<b>Total Budget requirement before External Support from Government</b>	<b>9,165,860</b>	<b>9,165,860</b>	<b>9,165,860</b>	<b>-</b>

 ADUR DISTRICT COUNCIL <b>EARMARKED REVENUE RESERVE ACCOUNTS</b>	<b>Opening Balance</b>  <b>2017/18</b>	<b>Estimated Decrease</b>  <b>2017/18</b>	<b>Estimated Increase</b>  <b>2017/18</b>	<b>Projected Closing Balance</b>  <b>2017/18</b>
	£	£	£	£
Capacity Issues Fund including General Fund Carry Forward Reserve	117,187			
Consolidation of New Technology Fund into Capacity Issues	22,300			
Consolidation of Health & Safety Reserve into Capacity Issues	32,545			
Project Manager for CENSUS review (8/10/15 JSC/042/15-16)		(39,187)		
Carry forward from 2016/17 approved at JSC 11 July 2017: Fishersgate caretaker		(8,000)		
Budgeted contribution to/(from) revenue			4,000	
Balance				128,844
Insurance Fund	180,851	(52,870)	30,000	157,981
Investment Property Maintenance Fund - Revenue Maintenance Programme	38,387	(25,900)		12,487
Grants and Contributions held in Reserves	425,872			425,872
Election Reverse	7,880			7,880
Special and Other Emergency Reserve	86,103			86,103
<b>Projected Underspend/(Overspend) (Reserve to be identified at outturn)</b>		(55,000)		(55,000)
General Fund Reserve	408,171			408,171
<b>TOTALS</b>	<b>1,319,295</b>	<b>(180,957)</b>	<b>34,000</b>	<b>1,172,338</b>

SUMMARY - 1st QUARTER PROJECTED OUTTURN 2017/18

APPENDIX 2a

Actual Previous year 2016/17	WORTHING CABINET MEMBER PORTFOLIOS	Original Estimate 2017/18	Current Estimate 2017/18	Projected Outturn to 31st March 2018	Forecast Over/(Under)
3,686,204	CM for Environment	2,890,240	2,890,240	3,001,790	111,550
1,302,969	CM for Health & Wellbeing	1,286,210	1,286,210	1,286,210	-
4,245,861	CM for Customer Services	5,425,580	5,425,580	5,399,580	(26,000)
982,769	Leader	1,054,600	1,054,600	1,054,600	-
2,561,959	CM for Regeneration	2,621,670	2,621,670	2,635,670	14,000
2,705,754	CM for Resources	2,519,070	2,519,070	2,361,070	(158,000)
-	Holding Accounts	(165,700)	(165,700)	(165,700)	-
15,485,516	<b>Total Cabinet Member</b>	15,631,670	15,631,670	15,573,220	(58,450)
(3,129,800)	Credit Back Depreciation	(3,323,380)	(3,323,380)	(3,323,380)	-
976,560	Minimum Revenue Provision	1,072,620	1,072,620	1,072,620	-
(108,209)	Non ring fenced grants	-	-	-	-
13,224,067		13,380,910	13,380,910	13,322,460	(58,450)
	<b>Transfer to/from reserves</b>				
	Contribution to/(from reserves)	86,250	86,250	86,250	-
	Budgeted contribution to/(from) Reserves	1,470	1,470	1,470	-
145,668	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	-	-	-
668,885	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-	-	58,450	58,450
<b>14,038,620</b>	<b>Total Budget requirement before External Support from Government</b>	<b>13,468,630</b>	<b>13,468,630</b>	<b>13,468,630</b>	<b>-</b>

 WORTHING BOROUGH COUNCIL <b>EARMARKED REVENUE RESERVE            ACCOUNTS</b>	<b>Opening            Balance            2017/18</b>	<b>Estimated            Decrease            2017/18</b>	<b>Estimated            Increase            2017/18</b>	<b>Projected            Closing            Balance            2017/18</b>
	£	£	£	£
<b>Capacity Issue Reserve</b> - Marketing/legal costs re disposal of High St & Civic Centre car park sites (28/02/12 JSC/094/11-12) up to £50k each  - Funding for Decoy Farm survey (22/7/14 JSC/031/14-15)  <b>Expenditure funded from approved carry            forwards from 2016/17</b> - Worthing carry forwards from 2016/17 agreed Joint Strategic Committee 11th July, 2017  - Budgeted contribution to/(from) revenue  <b>Balance</b>	846,341	(100,000)		
		(150,000)		
		(128,560)		
			1,470	
				469,251
<b>Insurance Reserve</b>	388,949	(38,870)	30,700	380,779
<b>Joint Health Promotion Reserve</b>	9,910	(9,910)		0
<b>Leisure Lottery &amp; Other Partnerships</b>	77,166			77,166
<b>Museum reserve</b>	114,012			114,012
<b>Theatre Ticket Levy</b>	63,821			63,821
<b>Special &amp; Other Emergency Reserve</b>	41,827			41,827
<b>Grants &amp; Contributions</b>	574,292			574,292
<b>Capital Expenditure Reserve</b> Brooklands Environmental Scheme	73,158	(43,500)		29,658
<b>Projected Underspend/ (Overspend)            (Reserve to be identified at outturn).</b>			58,450	58,450
<b>General Fund Working Balance</b>	843,625			843,625
<b>TOTAL</b>	<b>3,033,101</b>	<b>(470,840)</b>	<b>90,620</b>	<b>2,652,881</b>

**HOUSING REVENUE ACCOUNT QUARTER 1 BUDGET MONITORING**
**APPENDIX 3**

	<b>ORIGINAL ESTIMATE 2017/18 £</b>	<b>PROJECTED OUTTURN 2017/18 £</b>	<b>PROJECTED OVER/ (UNDERSPEND) 2017/18 £</b>
<b>EXPENDITURE</b>			
General Management	3,616,390	3,616,390	-
Special Services	191,170	206,170	15,000
Rent, Rates, Taxes & Other Charges	42,830	27,830	(15,000)
Repairs & Maintenance	2,883,030	2,828,030	(55,000)
Depreciation	4,406,760	4,406,760	-
Bad/Doubtful Debt	50,000	50,000	-
<b>Capital Financing Costs</b>			
Interest charges	2,322,400	2,322,400	-
Revenue Contributions to Capital	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>13,512,580</b>	<b>13,457,580</b>	<b>(55,000)</b>
<b>INCOME</b>			
Dwelling Rents	(12,183,440)	(12,173,440)	10,000
Non Dwelling Rents	(545,130)	(515,130)	30,000
Heating and Service Charges	(365,090)	(350,090)	15,000
Leaseholder's Service Charges	(209,000)	(209,000)	-
Interest Received	(28,000)	(28,000)	-
<b>TOTAL INCOME</b>	<b>(13,330,660)</b>	<b>(13,275,660)</b>	<b>55,000</b>
<b>NET (SURPLUS)/DEFICIENCY</b>	<b>181,920</b>	<b>181,920</b>	<b>-</b>



The variations greater than £20,000, for this report, are detailed below

Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
<b>NET TRADING</b>				
<b>Parking</b>			(90)	Income from car parking is exceeding the budget for Worthing, mainly from surface car parks
<b>Total Net Trading</b>	-	-	(90)	
Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
<b>INCOME:</b>				
<b>Growth - Commercial Income</b>		(76)	(46)	Net income after borrowing costs, re investments
<b>Development Management - Fee Income</b>	-	-	50	Worthing Development management fee - projected shortfall
<b>Building Control &amp; Land Charges</b>	-	40	10	Building Control Income, which is derived from fees set on a cost recovery basis is projected to be below target at year end. Growth targets and strategies are being worked on. Land charges shortfall in income.
<b>Environment - Bereavement Services</b>			48	Income shortfall relating to Crematorium due to increase in Delivery only cremations (Lower income) £48,000
<b>Environment - Parks &amp; Open Spaces</b>			44	Underachievement of Beach Hut income for new huts due to delay in Planning approval £23,000 and Parks income shortfall due to new franchise/concessions but budgets don't reflect these changes.
<b>Revenues &amp; Benefits</b>		70	(130)	ADC - old grant income budget, to be removed. WBC - Net Additional income from the recovery of housing benefits overpayments above budgeted and shortfall expected on Court cost income and an old Grant income budget
<b>Total Income</b>	-	34	(25)	

Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
<b>COSTS:</b>				
<b>Waste Services</b>	65	10	110	Increased spend on Agency staff , Trade Waste disposal costs offset by increased income from Recycling and Trade
<b>Homelessness</b>	-	(40)	104	Emergency accommodation costs are continuing to increase to meet demand. This is partially offset by a grant provided to cover removal of the management element of the benefit subsidy.
<b>Telephony</b>	60			Overspend on Telephony - BT & Vodafone, as old systems contracts are cancelled, this should mitigate any further overspend.
<b>Finance</b>	-	(105)	(320)	Net savings due to changes in interest rates and impact of the final 2016/17 capital programme
<b>Overprovision of Pension costs</b>	(103)	(4)	(78)	
<b>Vacancy Provision</b>	378			Underachievement on Vacancy Provision forecast
<b>Allocation of Joint Variance</b>		160	240	Share of joint services allocated 40:60 to Councils
<b>Total costs</b>	400	21	56	
<b>Total Variance</b>	400	55	(58)	