



## 2nd REVENUE BUDGET MONITORING 2017/18 (Q2)

### 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).

The projected outturn position as at quarter 2 are underspends of £176,000 in Adur District Council and £117,000 in Worthing Borough Council. This is an improvement on the quarter 1 position when an overspend of £55,000 was forecast in Adur and an underspend of £58,000 in Worthing. The areas that have contributed to the net movement are highlighted in the report and appendix 4(b) and include; External borrowing costs, investment income, Minimum Revenue Provision, Waste and Recycling and income from Environmental Services, Development Management, Building Control and property investments.

Whilst the 'spend to date' will be the position as at the 30th September 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> | (a) | Table of Variations over £20,000   |
|       |                   | (b) | Quarterly Comparison               |

##### 2. RECOMMENDATIONS

- 2.1 The Joint Strategic Committee is asked:
- To note the report and projected outturn position for the Joint, Adur and Worthing Revenue Budgets and proposed use of reserves (Appendix 1b and 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, 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.
- 3.3 The 2017/18 budgets approved in February 2017 addressed 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.
- 3.4 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.

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

- 4.1 This report represents the 2<sup>nd</sup> quarter of the monitoring cycle. The projected outturn is reported three times during each year with a final analysis of the variances at the end of the year when the outturn figures are reported.
- 4.2 This means that the net expenditure is fully allocated out to the two councils and the overall projected outturn for the JSC at the yearend will be zero.
- 4.3 The current year-end forecasts indicate that both Adur and Worthing are broadly in line with the budget set. Considering the extensive commitments included in the current year's budgets, overall, services are successfully achieving these targets by reviewing their services, thinking more commercially and changing how these are delivered.

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

In summary the overall revenue outturns reported for Q2 are as follows:-

<b>Summary of 2nd 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	21,041	9,531	15,515
Projected Forecast over/ (underspend)	297	(176)	(117)
Projected over/(underspend) percentage	1.4%	(1.8%)	(0.8%)

The JSC budgets are held separately and operate as holding accounts. They represent pooled budgets of Adur and Worthing Councils. All expenditure and income in the JSC budgets are recharged back to the respective authorities. 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:-

- 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

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

- 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 a lower than anticipated borrowing requirement. Adur will underspend by approximately £262,000 and Worthing by approximately £399,000. This is due to re-profiling of the 2016/17 capital programme which reduces down the MRP required in the current financial year.

In respect of interest earned on investments, both Councils are currently achieving the budget income. The interest payable on borrowing is projected to be underspent against budget for Adur by £22,000 and Worthing £90,000, but this will depend upon the progress of capital schemes which may necessitate additional borrowing.

#### 4.7.2 **Car Parks**

##### Worthing

Income from off street parking is exceeding the budget and currently additional income of £110,000 is being forecast for the year. The increase is in part due to the increased take up of the Town Centre Workers deal allowing customers working in the BN11 area to park for £4 per day. The application process has been simplified and the scheme promoted by the team resulting in increased uptake. More customers are also choosing to pay using the RingGo app in surface car parks.

Parking income is subject to external factors including the weather and the economy and it will continue to be monitored closely.

#### 4.7.3 **Housing Management**

The cost of providing emergency and temporary accommodation continues to increase and 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. Currently in Worthing there are 76 cases and in Adur 35 cases, in emergency accommodation units, this compares with 47 cases and 23 cases respectively in September 2016.

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 also be added to the housing register, assigned a 'banding' and is able to bid for suitable properties that become available.

## **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**

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 recent weeks the Councils have expanded its supply of EA by securing additional leasehold units and unsuccessfully bid on a property that was auctioned last month. There is very real competition in the housing market for suitable properties; however the team is committed to continuing to explore options to increase the supply of suitable emergency accommodation.

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 in the local area. Officers are continuing to actively appraise other potential property purchases 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 is meeting regularly to appraise and progress these schemes as quickly as possible, while ensuring the Councils are spending their investment wisely.

A further budget pressure has resulted from a government change in housing benefit subsidy. Previously councils received a payment of a management fee per temporary accommodation placement via housing benefit; this has been replaced by a grant. The initial impact of this was a predicted shortfall of £75,000 for Worthing in 2017/18. With ever increasing demand and an increasing number of households remaining in temporary accommodation, the shortfall for Worthing Borough Council in 2017/18 is now estimated at £125,000. This could increase further if demand continues to rise. Adur District Council is not being affected to the same extent as the basis of the grant funding is closer to the current demand in the area.

#### 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	318	568	250
ETA rental income	(100)	(259)	(159)	(101)	(218)	(117)
Grant funding	-	-	-	-	(184)	(184)
	152	242	90	217	166	(51)
<b>WORTHING</b>						
ETA Expenditure	381	1,242	861	748	1,743	995
ETA rental income	(256)	(642)	(386)	(259)	(984)	(725)
Grant funding	-	(295)	(295)	-	(120)	(120)
	125	305	180	489	639	150
	277	547	270	706	805	99

Housing Management - Comparative Financial position at September						
	2016/17- Year to Date			2017/18 Year to Date		
	Budget to P6	Actual income P6	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	141	331	190	159	270	111
ETA rental income	(50)	(75)	(25)	(51)	(109)	(58)
Grant Funding	-	-	-	-	(184)	(184)
	91	256	165	108	(23)	(131)
<b>WORTHING</b>						
ETA Expenditure	191	726	535	374	872	498
ETA rental income	(128)	(295)	(167)	(129)	(491)	(362)
Grant Funding	-	-	-	-	(120)	(120)
	63	431	368	245	261	16
	154	687	533	353	238	(115)

## **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 £80,000. Originally it was thought that this budget would be achieved by the planned increase in centrally set fees (by 20%) and various major developments being submitted in the town centre e.g. Teville Gate and Union Place. However, the increase in fees was not implemented in June, as originally envisaged, and various large scale planning applications have not been received. It is now expected that the fee increase will be implemented before the end of the year but too late to make any significant difference to the underachievement of budget. Adur is currently on target to exceed its budget by £50,000, although this could be higher if, as expected, further large scale applications are submitted for the strategic housing allocation at West Sompting and additional developments at Shoreham Harbour come forward.

#### **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. Disposal costs however, are exceeding budget due to a price increase notified after budget was set, for Adur this is £50,000 and for Worthing £160,000.

Agency staff costs continue to be higher than budget due to a combination of the higher minimum wage, long term sickness, extra crew required to cope with the increasing numbers of properties and an increase in the take up of the green bin service. Also some of the staff savings identified in the saving plan haven't materialised due to workload, and the delay in the delivery of the new fleet. The expenditure is necessary to enable the smooth running of the service.

West Sussex County Council have now finalised the 2016/17 income figures from the sale of recycling materials. The Adur and Worthing service will receive a share of this totalling £97,000. This is partially offset by the underachievement of an £50,000 income target at Commerce Way depot which is included in the 2017/18 budget.

Although still early days but the new fleet are showing a saving on diesel costs of around £40,000. The 2017/18 budget includes savings from additional income generation and expenditure reduction of £435,000.

#### **4.7.6 Environment**

The Crematorium generates a net income to the council of £1.4m. It is forecast to underachieve its £2.5m gross income budget by £100,000, due to an increase in the number of delivery only cremations, (where there is no family or other service associated with the cremation) and also includes a rebate paid for last year. Work is currently being undertaken by the service to review projected future demand and fee structure across the bereavement service as a whole.

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

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

#### **4.7.6 Environment**

Parks & Open Spaces – There is a £23,000 underachievement of Beach Hut income for new huts due to a delay in applying for planning approval and within Parks there is an income shortfall forecast of £20,500 due to new franchise/concessions budgets previously not being reprofiled by the service.

Brooklands Par 3 Golf course has been closed since the works started on the Rampion wind farm in 2016. It was expected that the course would be returned to Council use in 2017/18 and the income budget of £98,000 was reinstated. There has been a delay in the return of the course to the Council and consequently no income is being generated, an estimated shortfall of £50,000 has been included in the outturn forecast. A claim for loss of income is under negotiation with Rampion but full compensation is not being assumed.

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

Additional commercial rent income is anticipated from new Strategic Investments in properties, and rent reviews. (Adur £75,000 and Worthing £100,000).

#### **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 (Adur £65,000 and Worthing £40,000). Both of these service areas are subjected to increasing levels of competition. Land Charges are bedding in a new digital platform currently and have not been able to meet customer expectation over the last two months. This work is close to complete and a marketing campaign will run from November aimed at re-assuring customers. Building Control are active in the marketplace, managing communications, promoting the service to customers and are actively seeking a new national customer plus further cross boundary working. Some of the shortfall in income is also being offset by managing salary and other expenditure.

#### **4.7.9 Revenues and Benefits**

Overpayments are expected to exceed its budget for Worthing; the current forecast is £200,000. 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.

On 1<sup>st</sup> October 2017 Adur's Revenues & Benefits team joined the Worthing service. There have been some additional set up costs/curtailment costs due to the merging of the teams; it is anticipated that these costs will be contained within the current budget.



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

### 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**

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. There is a risk that this could reoccur in 2016/17 although early indications from the auditor are that there have been far fewer issues in the audit this year.

### 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 2, it is anticipated that the vacancy saving will not be met (£224,000). This will continue to be monitored and the position may improve depending on future staff changes.

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

##### 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	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)	
Overall position	-	-	-

4.12.2 The HRA is forecast to remain within budget for 2017/18. A number of income shortfalls have arisen during quarter 2 but these can be covered by reductions in expenditure elsewhere in the budget.

4.12.3 A programme of work is 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 2<sup>nd</sup> Quarter of the revenue budgetary cycle, it is anticipated that the Joint Committee will have an overspend of £297,000 whilst Adur District Council and Worthing Borough Council will be under budget by £176,200 and £117,300 respectively.

**Finance Officer:** Sarah Gobey

**Date:** 12<sup>th</sup> October 2017

## 7. LEGAL IMPLICATIONS

- Consult with legal services as early as possible identify any legal issues and the statutory power or duty that the Councils will use to carry out the proposal.

**Legal Officer:** Susan Sale

**Date:** 12<sup>th</sup> October 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:

**Emma Thomas**

**Chief Accountant**

**01903 221232**

**emma.thomas@adur-worthing.gov.uk**

## SUSTAINABILITY AND RISK ASSESSMENT

### 1. ECONOMIC

Matter considered and no issues identified

### 2. SOCIAL

#### 2.1 Social Value

Matter considered and no issues identified

#### 2.2 Equality Issues

Matter considered and no issues identified

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

Matter considered and no issues identified

#### 2.4 Human Rights Issues

Matter considered and no issues identified

### 3. ENVIRONMENTAL

Matter considered and no issues identified


### 4. GOVERNANCE

Matter considered and no issues identified

## 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)
3,256,180	CM for Environment	3,067,650	3,067,650	3,097,650	30,000
990,930	CM for Health & Wellbeing	907,600	907,600	907,600	-
597,453	CM for Customer Services	642,150	642,150	661,150	19,000
707,780	Leader	626,870	626,870	626,870	-
2,270,150	CM for Regeneration	2,312,750	2,312,750	2,252,750	(60,000)
2,356,510	CM for Resources	1,960,440	1,960,440	1,795,240	(165,200)
295,170	Holding Accounts	190,140	190,140	190,140	-
-	Cross Cutting Variances	-	-	-	-
-	Estimated Joint Service (Efficiencies)/Vacancy Shortfall	-	-	9,588,640	-
10,474,173	<b>Total Cabinet Member</b>	9,707,600	9,707,600	9,531,400	(176,200)
-	Trading Accounts	-	-	-	-
(1,776,510)	Credit Back Depreciation	(1,378,220)	(1,378,220)	(1,378,220)	-
1,156,240	Minimum Revenue Provision	818,480	818,480	818,480	-
-	Non ring fenced grants	-	-	-	-
-	Financial Instruments	-	-	-	-
-	Adjustment Account	-	-	-	-
9,853,903		9,147,860	9,147,860	8,971,660	(176,200)
	<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	-
(73,593)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	-	-	-
-	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-	-	176,200	176,200
9,780,310	<b>Total Budget requirement before External Support from Government</b>	9,165,860	9,165,860	9,165,860	-

 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>
	£	£	£	£
<b>Capacity Issues Fund including General Fund Carry Forward Reserve</b>	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)		
Redundancy costs (24/04/17 JAW/8/16-17)		(59,310)		
<b>Carry forward from 2016/17 approved at JSC 11 July 2017: Fishersgate caretaker</b>		(8,000)		
Budgeted contribution to/(from) revenue			4,000	
Balance				69,534
<b>Insurance Fund</b>	180,851	(52,870)	30,000	157,981
<b>Investment Property Maintenance Fund - Revenue Maintenance Programme</b>	38,387	(25,900)		12,487
<b>Grants and Contributions held in Reserves</b>	425,872			425,872
<b>Election Reserve</b>	7,880			7,880
<b>Special and Other Emergency Reserve</b> Redundancy costs (22/06/17 JAW/1/17-18)	86,103	(25,850)		60,253
<b>Projected Underspend/(Overspend) (Reserve to be identified at outturn)</b>			176,000	176,000
<b>General Fund Reserve</b>	408,171			408,171
<b>TOTALS</b>	1,319,295	(211,117)	210,000	1,318,178

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)
3,255,630	CM for Environment	2,890,240	2,890,240	3,113,740	223,500
1,356,520	CM for Health & Wellbeing	1,286,210	1,286,210	1,286,210	-
4,564,540	CM for Customer Services	5,425,580	5,425,580	5,375,580	(50,000)
996,520	Leader	1,054,600	1,054,600	1,054,600	-
2,750,990	CM for Regeneration	2,621,670	2,621,670	2,641,670	20,000
2,853,590	CM for Resources	2,519,070	2,519,070	2,208,270	(310,800)
359,600	Holding Accounts	(165,700)	(165,700)	(165,700)	-
	Cross Cutting Variances			-	-
<b>16,137,390</b>	<b>Total Cabinet Member</b>	<b>15,631,670</b>	<b>15,631,670</b>	<b>15,514,370</b>	<b>(117,300)</b>
-	Trading Accounts	-	-	-	-
(3,272,280)	Credit Back Depreciation	(3,323,380)	(3,323,380)	(3,323,380)	-
1,326,130	Minimum Revenue Provision	1,072,620	1,072,620	1,072,620	-
-	Non ring fenced grants	-	-	-	-
-	Financial Instruments	-	-	-	-
-	Adjustment Account	-	-	-	-
<b>14,191,240</b>		<b>13,380,910</b>	<b>13,380,910</b>	<b>13,263,610</b>	<b>(117,300)</b>
	<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	-
(152,620)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	-	-	-
-	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-	-	117,300	117,300
<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) - Redundancy costs (24/04/17 JAW/8/16-17)  <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)  (87,460)	1,470	381,791
<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 - 12/09/17 JSC/037/17-18 release of funds to support grant bid</b>	114,012	(77,000)		37,012
<b>Theatre Ticket Levy</b>	63,821	(60,000)	90,000	93,821
<b>Special and Other Emergency Reserve</b> Redundancy costs (22/06/17 JAW/1/17-18)	41,827	(38,775)		3,052
<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>			117,000	117,000
<b>General Fund Working Balance</b>	843,625			843,625
<b>TOTAL</b>	3,033,101	(734,075)	239,170	2,538,196



**HOUSING REVENUE ACCOUNT QUARTER 2 BUDGET MONITORING**
**APPENDIX 3**

	ORIGINAL ESTIMATE	PROJECTED OUTTURN	PROJECTED OVER/ (UNDERSPEND)
	2017/18	2017/18	2017/18
	£	£	£
<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>				
Parking			(110)	Income from car parking is exceeding the budget for Worthing, mainly from surface car parks
<b>Total Net Trading</b>	-	-	(110)	
Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
<b>INCOME:</b>				
Growth - Commercial Income		(75)	(100)	Net income after borrowing costs, re investments
Development Management - Fee Income	-	(50)	80	Worthing Development management fee - projected surplus for Adur and shortfall for Worthing/shortfall
Building Control & Land Charges	-	65	40	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.
Environment - Bereavement Services			100	Income shortfall relating to Crematorium due to increase in Delivery only cremations (Lower income) £100,000
Environment - Parks & Open Spaces			94	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. Loss of income due to closure of the Par 3 golf course estimated at £50,000
Revenues & Benefits		70	(200)	ADC - old grant income budget, to be removed. WBC - Net Additional income from the recovery of housing benefits overpayments above budget and an old Grant income budget that won't be realised.
<b>Total Income</b>	-	10	14	

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>	13	30	140	Increased spend on Agency staff , Trade Waste disposal costs offset by increased income from Recycling and Trade. Savings on diesel costs.
<b>Homelessness</b>	-	(51)	150	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>	-	(284)	(489)	Net savings due to changes in interest rates and impact of the final 2016/17 capital programme
<b>Vacancy Provision</b>	224			Underachievement on Vacancy Provision forecast
<b>Allocation of Joint Variance</b>		119	178	Share of joint services allocated 40:60 to Councils
<b>Total costs</b>	297	(186)	(21)	
<b>Total Variance</b>	297	(176)	(117)	

Movement between quarters greater than £50,000 are detailed below

Service Area	Joint £000s (spend decrease)/ spend increase	Adur £000s (spend decrease)/ spend increase	Worthing £000s (spend decrease)/ spend increase	Significant Variations
<b>Growth - Commercial Income</b>	-	1	(54)	Due to Rent reviews and increase in strategic property investment income
<b>Development Management</b>	-	(50)	30	Additional income expected for Adur major Developments and Worthing income is suffering from a delay in the price increase
<b>Building Control</b>	-	25	30	Building Control and Land charges income are suffering from increasing levels of competition and Land charges are bedding in a new digital platform and have struggled to meet customer expectations
<b>Environment - Bereavement Services</b>	-	-	52	Income underachieving as increasing numbers of delivery only cremations not previously expected when the budget was set
<b>Environment - Parks &amp; Open Spaces</b>	-	-	50	Projected loss of income from the Brooklands Par3 course due to continuing use by Rampion
<b>Benefits</b>	-	-	(70)	Improvement in court fee income.
<b>Waste Services</b>	(52)	20	30	Joint costs for vehicle maintenance repairs & fuel on the new vehicles lower than expected. In Adur & Worthing the cost of Waste Disposal has increased
<b>Homelessness</b>	-	(11)	46	Increased emergency accommodation to meet demand, except in Worthing the grant to cover change in payment of management costs is insufficient for the number of claimants
<b>Finance</b>	-	(179)	(169)	Investment income, MRP and borrowing costs exceeding budget. This follows the reprofiling of the budget for the capital programme and in year adjustment for the new investments.