



2nd REVENUE BUDGET MONITORING 2018/19 (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 2018/19, compared to the Revenue Budget approved by both Councils in February. Whilst the 'spend to date' will be the position as at the 30th September 2018, 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) **Appendix 1** (a) Adur Summary
(b) Adur Use of Earmarked Reserves
 - (ii) **Appendix 2** (a) Worthing Summary
(b) Worthing Use of Earmarked Reserves
 - (iii) **Appendix 3** HRA Summary
 - (iv) **Appendix 4** (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 Strategic Committee, Adur District Council and Worthing Borough Council against the approved revenue budgets and proposed use of reserves (Appendix 1b and 2b).

3. CONTEXT

- 3.1 The Joint Strategic Committee considered the '5-year forecast for 2018/19 to 2022/23 on 5th December 2017.
- 3.2 This report outlined the Financial Context, and update of the outline 5 year forecast, the Key Budget Pressures and the savings proposals for addressing the budget gap for Adur and Worthing Councils. The report built on the strategy first proposed in 2016/17 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.
- 3.3 The successful delivery of the strategy is fundamentally changing how the Councils are funded. The Councils are moving increasingly away from ever reducing 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 2018/19 FORECAST

- 4.1 As part of the 2018/19 budget, and to address the reduction in Government support, the Councils committed to savings of £1.365m for Adur District Council and £1.981m 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, at this early stage, that Adur will underspend by £184,000 and Worthing will underspend by £745,000. 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 Q2 are as follows:-

Summary of 2nd Quarter Budget Monitoring Report			
	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2018/19	22,331	10,041	16,406
Projected outturn	22,275	9,857	15,661
Projected Forecast over/ (underspend)	(56)	(184)	(745)
Projected over/(underspend) percentage	(0.3%)	(1.8%)	(4.5%)

The Joint underspend 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 services.

4. ISSUES FOR CONSIDERATION - REVENUE 2018/19 FORECAST

4.3 Comparison to the Q2 forecast outturn:-

	Joint	Adur	Worthing
	£'000	£'000	£'000
Forecast Over / (Under) spend Q2	(56)	(184)	(745)
Forecast Over / (Under) spend Q1	(137)	23	(189)
Change from Q1 to Q2: (Improvement) / Deterioration	81	(207)	(556)

In the table below, projections have been separated between authority and by Income and Expenditure, to indicate the level of under/overspend of costs and the over/under achievement of income targets.

	Expenditure	Income	Net Total
	£'000	£'000	£'000
Joint			
Budget	29,185	(6,854)	22,331
Forecast	29,219	(6,944)	22,275
Projected Forecast (Under)/ Overspend	34	(90)	(56)
Forecast varince percentage	0.12%	1.32%	-0.25%
Adur	£'000	£'000	£'000
Budget	38,331	(28,284)	10,048
Forecast	38,447	(28,561)	9,887
Authority Projected Forecast (Under)/ Overspend	116	(277)	(161)
Share of Joint (Under) / Overspend	14	(36)	(23)
Authority Projected Forecast (Under) / Overspend	130	(313)	(184)
Forecast varince percentage	0.34%	1.11%	-1.83%
Worthing	£'000	£'000	£'000
Budget	71,081	(54,675)	16,406
Forecast	70,954	(55,259)	15,695
Authority Projected Forecast (Under)/Overspend	(127)	(584)	(711)
Share of Joint (Under) / Overspend	20	(54)	(34)
Authority Projected Forecast (Under)/ Overspend	(107)	(638)	(745)
Forecast varince percentage	-0.15%	1.17%	-4.54%

4. ISSUES FOR CONSIDERATION - REVENUE 2018/19 FORECAST

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

- the current projections of variations in the two Councils General Fund Revenue Budgets;
- 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 2018/19, these services are:-

- Crematorium
- Development Control
- Homelessness
- Theatres
- Commercial Waste

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 **Car Parks**

In Worthing, Income from parking charges is currently exceeding the budget by £170,000. Of this, £120,000 will be used to fund the financing costs associated with improving the lighting at the car parks. This increased income is due to last year's tariff review, which was implemented in early 2018. This excess income will continue to be used in future years to fund MSCP improvements. The report elsewhere on the agenda regarding the future of car parking provision in the town details how these resources will be used to support improvements to the car parks.

In Adur, the income projection is expected to exceed its budget by £67,000

4. ISSUES FOR CONSIDERATION - REVENUE 2018/19 FORECAST

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

4.7.2 Housing Management

The continued increased spend on providing emergency and temporary accommodation reflects rising demand across the South East, including Adur and Worthing and the lack of housing supply for those needing affordable accommodation, whether this is to prevent homelessness or to move people on from emergency accommodation.

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. Whilst Adur and Worthing have made significant progress in leasing more affordable units of temporary accommodation, competition does mean that 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.

There is currently a projected overspend of £242,000 in Worthing and £110,000 in Adur. This estimate assumes the current caseload numbers in temporary accommodation remains static with an average room rate of £50 per night. More affordable units are projected to come on stream in the coming months, and the team continues to explore other avenues to prevent homelessness and consequently the need for temporary accommodation, as well as the potential purchase of suitable properties for this purpose.

Housing Management - Full Year forecast						
	2017/18			2018/19 - 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
ADUR						
ETA Expenditure	318	643	325	635	854	218
ETA rental income	(102)	(261)	(159)	(411)	(312)	98
Grant funding	-	(184)	(184)	-	(206)	(206)
	215	199	(16)	224	335	110
WORTHING						
ETA Expenditure	748	1,402	654	1,405	1,972	567
ETA rental income	(259)	(548)	(289)	(725)	(913)	(188)
Grant funding	-	(120)	(120)	-	(138)	(138)
	489	735	245	679	921	242
	704	933	229	904	1,256	352

4. ISSUES FOR CONSIDERATION - REVENUE 2018/19 FORECAST

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

4.7.2 Housing Management

Housing Management - Comparative Financial position at September						
	2017/18 Year to Date			2018/19 Year to Date		
	Budget to P6	Actual to P6	Variance to P6 Over / (Under)	Budget to P6	Actual to P6	Variance to P6 Over / (Under)
	£'000	£'000	£'000	£'000	£'000	£'000
ADUR						
ETA Expenditure	79	109	30	318	342	23
ETA rental income	(25)	(42)	(17)	(206)	(153)	53
Grant Funding	-	(184)	(184)	-	(206)	(206)
	54	(117)	(171)	112	(18)	(130)
WORTHING						
ETA Expenditure	187	302	116	702	750	48
ETA rental income	(65)	(125)	(61)	(362)	(331)	32
Grant Funding	-	(120)	(120)	-	(138)	(138)
	122	57	(65)	340	281	(58)
	176	(59)	(236)	452	263	(188)

For Adur, there is an additional overspend on Private Sector Leasing accommodation, £50,000 where there is an income shortfall over the cost of rent payable, in addition to a number of void properties awaiting repairs to bring them up to a lettable standard.

In Worthing, with effect from 1 October 2018 mandatory licensing of HMOs will be extended so that smaller properties used as HMOs in England which house 5 people or more in 2 or more separate households will in many cases require a licence. This has generated additional income of £80,000 for these 5 year licences.

Also in Worthing, the temporary accommodation overspend is currently partially offset by an underspend in the housing initiatives budget £120,000. It is projected that this budget will be used to support preventing homelessness projects over the course of the year.

4.7.3 Environment

The Restructure of the Environment and Waste teams into a new single service was fully implemented by the end of August. This had been planned from April and therefor has impacted on the ability to achieve the full year saving.

In 2018/19, growth was approved to create two additional waste & recycling rounds to service new properties being constructed. An in-year review has identified that it is not necessary to fully implement this growth immediately, (whilst retaining service delivery), therefore some of this budget is being used to offset the changes to the timeline of the Environment service redesign.

4. ISSUES FOR CONSIDERATION - REVENUE 2018/19 FORECAST

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

4.7.3 Environment

It is projected that Worthing Commercial Waste disposal costs are expected to be over budget by £145,000. This is a combination of increased disposal costs and under estimation of budget required. Adur is on target to meet its income budget.

Bereavement services – Cemetery income in both authorities are projected to fall short of their budget (£25,000 Adur, £20,000 Worthing). The Crematorium income is slightly below target at present, this will continue to be monitored closely, but is not currently deemed at risk.

Parks & Open Spaces – Worthing has received a one off receipt of £80,000 relating to an inconvenience payment from Rampion for the continued use of Brooklands park during the construction of the Rampion wind farm. This will be used in part to offset a projected shortfall of income of £40,000.

4.7.4 Planning & Development

Building Control

Building Control fees have increased slightly year on year but due to increasing competition from the private sector (Approved Inspectors) it is not predicted to meet its income budget (likely shortfall for Worthing £56,000 and Adur £44,000). This is a continuing trend from previous years following an expected increase in fee income which was not achieved and this will need to be addressed in the next budget setting cycle to set a realistic fee income target for next year.

Development Management

The current position is showing a slight shortfall in income against its budget, however, this is predicted to be on budget by the year end. This projection assumes that Planning fees will be received relating to two large projects: the West Sompting development and Teville Gate.

There are some additional fees for flood assessment, retail and landscape Consultants relating to the New Monks Farm development, however, if West Sompting application is submitted there could be a surplus in fees for Adur.

4.7.5 Farmers Markets

Income from farmers market has already met the budget for the year to date and is expected to exceed by an estimate of £20,000 by the year end.

4. ISSUES FOR CONSIDERATION - REVENUE 2018/19 FORECAST

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

4.7.6 External Borrowing Costs, Investments and Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a statutory charge to the revenue budget to provide for the repayment of debt. The calculation is based on the level of historic capital spend that has been financed from borrowing. Consequently, once the accounts have been closed and the calculation has been updated for the capital spend in 2017/18, there is certainty about the charge for the forthcoming year.

Both Councils have an underspend on their MRP budgets due to the reprofiling to 2018/19 of a proportion of the 2017/18 Capital Programmes and the impact of changes to planned financing due to increased levels of capital receipts and capital grants both of which offset the need to borrow.

Adur will underspend by approximately £44,000 and Worthing by approximately £418,000.

4.7.7 Revenues and Benefits

There is forecast to be an underachievement in the recovery of court costs in Worthing of £55,000 as a result of changes in the process, which take a more customer focused approach in:

- Engaging with customers earlier in the recovery process (reducing the number of accounts that require Court action); and
- In some instances negotiating repayment in return for remitting the court cost charge.

Overpayments in Worthing are showing an underachievement of income based on current figures. It is forecast that this will underachieve by £150,000. However, this is attributable to a reduction in the value of overpayments that have been raised which is a reflection that following:

- a) The provision of enhanced data sets from the Department for Work & Pensions (e.g. earnings and private pensions via the HMRC RTI database); and
- b) A number of data matches that were received from the Department for Work & Pensions during the last three years benefit records are more accurate and therefore the potential to identify overpayments has reduced.

4.7.8 Business Rates

Additional net income is anticipated in relation to Business Rates by Adur £247k and Worthing £330k;

4. ISSUES FOR CONSIDERATION - REVENUE 2018/19 FORECAST

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

4.7.8 Business Rates

	Worthing		Adur	
	2018/19 Budget	Projected Outturn	2018/19 Budget	Projected Outturn
Income - (Fixed)	12,803	12,803	7,307	7,307
Less Tariff payment (fixed)	- 9,839	- 9,839	- 4,931	- 4,931
	2,964	2,964	2,376	2,376
Section 31 Grants from Govt	910	1,287	616	769
Less Levy payment	- 818	- 865	- 701	- 606
Net Income	3,056	3,386	2,291	2,538
Additional income above budget		330		247

The precept income from the Collection Fund is set before the start of the financial year as part of the budget process and the tariff payment is fixed by Government as part of the local government finance settlement.

Section 31 grants are a reimbursement by Government for the income lost by local authorities for specific types reliefs or support given to local businesses under the business rate retention scheme. This year there has been an increase in the value of reliefs awarded to local businesses leading to additional income from grants.

However these increases were made after the overall income to be taken from the Collection Fund was determined. The result is a timing difference between when the grant is received and accounted for within the General Fund and when the actual loss of business rates to the Collection Fund income will be funded by the General Fund (2019/20).

The Councils have set aside resources into a business rate smoothing reserve to help fund these timing differences

The Worthing share of the projected Collection Fund deficit for 2019/20 is £403,651, and this is as a result of the timing differences between grant receipt and the business rates income.

The Adur Collection fund also has a projected deficit and the district council share is £562,517 but the position is more complex. In Adur there is a substantial in-year deficit which is the result of the adverse impact of the settlement of a significant appeal, revaluations and the impact of some commercial properties being converted to residential use (where in time council tax income will be received instead).

Business rate income is volatile and can be affected by many factors; government decisions, changing use of commercial properties, valuations, appeals. It will therefore be recommended to members that where there is available capacity at outturn, they agree to put any additional business rates income into reserves. The reserves can then be used, when required, to smooth the effect of the business rates volatility in future years.

4. ISSUES FOR CONSIDERATION - REVENUE 2018/19 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**

4.9.1 Vacancy provision – There is always a risk that the vacancy provision target, set at £758,000 this year, will not be met. It is currently on target to achieve but will continue to be monitored closely each month.

4.9.2 Commercial rent income - Target new commercial rent income of £416,000 for both Councils was set as part of the 2018/19 revenue budget. The Councils are in the process of acquiring property, but achievement of the budget will be dependent on successfully securing sufficient additional property over the coming months.

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

More detailed workings on these areas are in progress and will be reported in future if there are any major variances.

Energy

Due to a review of energy cost recharges to external organisations, it has been identified that these had not been completed for a number of years. It is estimated that costs of £100,000 will be recovered in 2018/19 relating to prior years.

4. ISSUES FOR CONSIDERATION - REVENUE 2018/19 FORECAST

4.10 Cross Cutting Budgets

Telephony

Telephony costs are expected to exceed its budget by £45,000. This includes additional costs associated with change of provider £10,000 which has resulted in improved resilience of the service. The remaining overspend is due to contract savings built into the budget that have not been achieved and the additional costs associated with legacy systems. This is to be addressed in the 2019/20 budget setting process.

4.11 Housing Revenue Account

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

	ORIGINAL ESTIMATE 2018/19	PROJECTED OUTTURN 2018/19	PROJECTED OVER/ (UNDERSPEND) 2018/19
	£	£	£
General Management and Other	4,132,760	4,151,991	19,231
Annual Revenue Maintenance costs	2,823,320	2,852,209	28,889
Capital Financing costs & Depreciation	6,908,980	6,852,978	(56,002)
Provision for Bad Debt	50,000	36,411	(13,589)
Total Expenditure	13,915,060	13,893,589	(21,471)
Less Income	(13,180,490)	(12,992,375)	188,115
Net (Surplus) / Deficit	(13,180,490)	(12,992,375)	188,115
Funded from Reserves	(734,570)	(734,570)	
Overall Position	-	166,643	166,643

4.11.2 The HRA is forecast to remain within budget for 2018/19. The approved budget includes the use of HRA reserves of £734,570 required to meet the cost pressures from rent limitation and maintenance and repair work required to the housing stock resulting from the condition survey. A number of income shortfalls have arisen during quarters 1 and 2 but these can be covered by reductions in expenditure elsewhere in the budget.

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 2nd Quarter of the revenue budgetary cycle, it is anticipated that there will be underspends in Adur District Council of £184,000, Worthing Borough Council of £745,000 and the Joint Committee £56,000. As mentioned previously in the report any underspend in major projects budget is committed to be spent on the future capital programme and the overachievement in parking income in Worthing is to be used to fund the capital MSCP improvement works. Additionally it will be recommended to members to consider putting additional business rate income into reserves at year end to mitigate against future volatility.

Finance Officer: Sarah Gobey

Date: 19th October 2018

7. LEGAL IMPLICATIONS

- 7.1 Section 151 of the Local Government Act, 1972 requires the Councils to make arrangements for the proper administration of their financial affairs. Further, Local authorities have a statutory duty under the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge.

Legal Officer: Susan Sale

Date: 2nd October 2018

Local Government Act 1972

Background Papers

Revenue Budget 2018/19 Joint, Adur and Worthing – 2018/19 Budget Book
<https://www.adur-worthing.gov.uk/media/media,148471,en.pdf>

Joint Overall Budget Estimates 2018/19–
<https://www.adur-worthing.gov.uk/media/media,147643,en.pdf>

Adur District Council Budget Estimates 2018/19 and Setting of the 2018/19 Council Tax –
<https://www.adur-worthing.gov.uk/media/media,147719,en.pdf>

Worthing Overall Budget Estimates 2017/18 and Setting of 2017/18 Council Tax –
<https://www.adur-worthing.gov.uk/media/media,147660,en.pdf>

Financial Performance 2017/18 - Revenue Outturn
<https://www.adur-worthing.gov.uk/media/media,149798,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 - 2nd QUARTER PROJECTED OUTTURN 2018/19

APPENDIX 1a


Actual Previous year 2017/18	ADUR CABINET MEMBER PORTFOLIOS	Original Estimate 2018/19	Current Estimate 2018/19	Projected Outturn to 31st March 2019	Forecast Over/(Under)
2,904,564	CM for Environment	2,844,860	2,844,860	2,802,860	(42,000)
1,002,320	CM for Health & Wellbeing	1,103,700	1,144,250	1,144,250	-
1,486,629	CM for Customer Services	1,164,740	1,164,740	1,292,740	128,000
583,779	Leader	598,120	598,120	598,120	-
1,345,284	CM for Regeneration	1,659,300	1,659,300	1,703,300	44,000
2,132,249	CM for Resources	1,963,740	1,993,740	1,723,740	(270,000)
-	Holding Accounts	(7,520)	(7,520)	(7,520)	-
9,454,824	Total Cabinet Member	9,326,940	9,397,490	9,257,490	(140,000)
(1,512,074)	Credit Back Depreciation	(1,821,540)	(1,821,540)	(1,821,540)	-
712,431	Minimum Revenue Provision	1,097,860	1,097,860	1,053,860	(44,000)
33,938	Non ring fenced grants	-	-	-	-
2,270	Financial Instruments Adjustment Account	-	-	-	-
8,691,389		8,603,260	8,673,810	8,489,810	(184,000)
	Transfer to/from reserves				
-	Contribution to/(from reserves)	14,000	14,000	14,000	-
	Budgeted contribution to/(from) Reserves	10,500	10,500	10,500	-
(20,552)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	(70,550)	(70,550)	-
110,000	General Fund Working balance	-	-	-	-
385,023	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-	-	184,000	184,000
9,165,860	Total Budget requirement before External Support from Government	8,627,760	8,627,760	8,627,760	-

 ADUR DISTRICT COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2018/19	Estimated Decrease 2018/19	Estimated Increase 2018/19	Projected Closing Balance 2018/19
	£	£	£	£
Capacity Issues Fund including General Fund Carry Forward Reserve Carry forwards approved at JSC 10th July 2018 Redundancy costs approved 16 May 2018 by Executive Members for Resources Budgeted contribution (to)/from revenue Balance	384,093	(88,680) (127,633)	10,500	178,280
Insurance Fund	174,943	(62,870)	30,000	142,073
Investment Property Maintenance Fund	38,387			38,387
Business Rates Smoothing Reserve	74,000			74,000
Grants and Contributions held in Reserves	552,668			552,668
Election Reserve	7,880			7,880
Special and Other Emergency Reserve	81,080			81,080
Projected Underspend/(Overspend) (Reserve to be identified at outturn)			184,000	-
General Fund Reserve	518,171	-	-	518,171
TOTALS	1,831,222	(279,183)	224,500	1,776,539

SUMMARY - 1st QUARTER PROJECTED OUTTURN 2018/19

APPENDIX 2a

Actual Previous year 2017/18	WORTHING CABINET MEMBER PORTFOLIOS	Original Estimate 2018/19	Current Estimate 2018/19	Projected Outturn to 31st March 2019	Forecast Over/(Under)
1,079,949	CM for Environment	2,139,780	2,139,780	2,138,710	(1,070)
3,408,498	CM for Health & Wellbeing	1,702,990	1,722,990	1,722,990	-
1,304,543	CM for Customer Services	4,779,360	4,793,360	4,705,360	(88,000)
5,196,703	Leader	852,870	852,870	852,870	-
2,699,126	CM for Regeneration	3,039,710	3,169,840	2,965,980	(203,860)
1,746,447	CM for Resources	2,389,670	2,434,670	2,400,670	(34,000)
-	Holding Accounts	710,270	710,270	710,270	-
15,435,265	Total Cabinet Member	15,614,650	15,823,780	15,496,850	(326,930)
(3,531,618)	Credit Back Depreciation	(3,633,620)	(3,633,620)	(3,633,620)	-
809,289	Minimum Revenue Provision	1,408,260	1,408,260	990,260	(418,000)
(270,026)	Non ring fenced grants	-	-	-	-
12,442,910		13,389,290	13,598,420	12,853,490	(744,930)
	Transfer to/from reserves				
	Contribution to/(from reserves)	86,250	86,250	86,250	-
	Budgeted contribution to/(from) Reserves	41,050	41,050	41,050	-
212,932	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	(209,130)	(209,130)	-
812,788	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-		744,930	744,930
13,468,630	Total Budget requirement before External Support from Government	13,516,590	13,516,590	13,516,590	-

 WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2018/19	Estimated Decrease 2018/19	Estimated Increase 2018/19	Projected Closing Balance 2018/19
	£	£	£	£
Capacity Issue Reserve	1,439,822			
- Marketing/legal costs re disposal of High St & Civic Centre car park sites (28/02/12 JSC/094/11-12) up to £50k each		(100,000)		
- Funding for Decoy Farm survey (22/7/14 JSC/031/14-15)		(150,000)		
- Preliminary costs of Theatre Trust bid (10 July 2018 JSC/026/18-19)		(100,000)		
Expenditure funded from approved carry forwards from 2017/18				
- Worthing carry forwards agreed Joint Strategic Committee 10th July, 2018		(241,330)		
- Budgeted contribution (to)/from revenue			41,050	
Balance				889,542
Insurance Reserve	296,907	(37,870)	30,700	289,737
Joint Health Promotion Reserve	7,810			7,810
Leisure Lottery & Other Partnerships - 01/02/18 JSC/078/17-18 for Museum Costume Research Centre	77,766	(50,000)		27,766
Museum reserve - 12/09/17 JSC/037/17-18 release of funds to support grant bid	97,702	(60,690)		37,012
Theatres Capital Maintenance Reserve	141,149	(142,000)	70,000	69,149
Special and Other Emergency Reserve	34,292			34,292
Business Rates Smoothing Reserve	425,000			425,000
Grants & Contributions	542,176			542,176
Capital Expenditure Reserve	29,658			29,658
Projected Underspend/ (Overspend) (Reserve to be identified at outturn).			745,000	745,000
General Fund Working Balance	843,625			843,625
TOTAL	3,935,907	(881,890)	886,750	3,940,767

HOUSING REVENUE ACCOUNT QUARTER 2 BUDGET MONITORING
APPENDIX 3

	ORIGINAL ESTIMATE 2018/19	REVISED ESTIMATE 2018/19	PROJECTED OUTTURN 2018/19	PROJECTED OVER/ (UNDERSPEND) 2018/19
	£	£	£	£
EXPENDITURE				
Supervision & Management	3,891,890	3,846,920	3,873,149	26,229
Special Services	214,570	259,540	241,027	(18,513)
Rent, Rates, Taxes & Other Charges	26,300	26,300	37,815	11,515
Repairs & Maintenance	2,823,320	2,823,320	2,852,209	28,889
Depreciation	4,600,000	4,600,000	4,599,958	(42)
Bad/Doubtful Debt	50,000	50,000	36,411	(13,589)
Capital Financing Costs				
Interest charges	2,308,980	2,308,980	2,253,020	(55,960)
Revenue Contributions to Capital	-	-	-	-
TOTAL EXPENDITURE	13,915,060	13,915,060	13,893,589	(21,471)
INCOME				
Dwelling Rents	(11,991,720)	(11,991,720)	(11,988,158)	3,562
Non Dwelling Rents	(566,920)	(566,920)	(550,535)	16,385
Tenants' Service Charges	(374,210)	(374,210)	(326,270)	47,940
Leaseholders' Service Charges	(219,640)	(219,640)	(103,077)	116,563
Commercial Property Service Charges	-	-	-	-
Contributions Towards Expenditure	-	-	3,665	3,665
Reimbursement of Costs	-	-	-	-
Interest Received	(28,000)	(28,000)	(28,000)	-
TOTAL INCOME	(13,180,490)	(13,180,490)	(12,992,375)	188,115
NET (SURPLUS)/DEFICIENCY	734,570	734,570	901,213	166,643

Quarter 2 2018/19

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
NET TRADING				
Parking	-	(67)	(170)	ADUR:Income over-achievement against budget WORTHING:Additional projected car parking income to August. Includes £120k debt charges for capital investment (estimated £200k pa)
Total Net Trading	-	(67)	(170)	
INCOME:				
Economic Development	-	(20)	-	Farmers markets - additional market income anticipated for 2018/19 as budget already achieved in August
Building Control & Land Charges	35	44	56	ADUR:Underachievement of Building Control income due to a continued decline in income through competition from Authorised Inspectors plus WORTHING:Shortfall of Building control Income £56k plus
Environment - Bereavement Services		25	20	ADUR:Shortfall of Cemetery Income projected based on current numbers and prior years profiles WORTHING:Shortfall of Cemetery Income projected based on current numbers and prior years profiles
Environment - Waste Services	(39)	-	145	JOINT: Cessation of Pest Control service delayed net 8k, Fuel and Maintenance savings £-31k Addtl recycling payment relating to 2017/18 less reduction in recycling credit from WSCC £-16k WORTHING Commercial Waste : Increase in tonnages from 17/18 not fully budgeted for
Environment - Parks & Open Spaces	-	-	(40)	Addtl inconvenience payment from Rampion for for the late reinstatement of the par 3 at Brooklands offet in part by shortfall in income of £40000
Environmental Health	-	(32)	(95)	ADUR: HMO income increase expected due to change in regulations which make more properties eligible for licensing. WORTHING HMO income increase expected due to change in regulations which make more properties eligible for licensing, Plus an additional £15,000 income from a HMO legal case in Heene Road.
Revenues & Benefits			215	Under-achievement of Court Cost income plus an Under-achievement of income from Benefit Overpayments debts raised
Finance		(247)	(330)	Business Rates Section 31 Grant
Total Income	(4)	(230)	(29)	

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
COSTS:				
Business & Technical Services			(70)	Income from Law Court balance sheet code £69860
Major Projects			(170)	Current estimated underspend on major projects. Any underspend at year end will be carry forward.
Environment - Bereavement Services			44	Additional maintenance payments made for cremations undertaken in excess of the contracted figure of 3000 per annum. offset by Underspend on Cemetery services budget
Planning & Development		20		Additional study costs arising from Monks Farm Development deferred decision
Housing	-	-	(20)	Housing Improvement Assistance fee income increase
Homelessness	-	160	122	ADUR:Increased use of temporary accommodation to meet increased demand (34 cases April to Aug) from homeless applicants £110,000 plus an overspend in PSL accomodation £50,000 WORTHING:Increased use of temporary accommodation to meet increased demand from homeless applicants £287,000 less £120,000 Housing initiatives budget currently not used but will reduced futre TA.
Finance	-	(44)	(418)	MRP underspends due to reprofiling of capital programme less write down of Municipal Bond less under achievement of investment interest
Cross Cutting:				
Energy Costs	(98)			Income recharged to law courts for electricity since 2013/14
Telephony	45			Overspend on Telephony costs
Allocation of Joint Variance		(23)	(34)	Share of joint services allocated 40:60 to Councils
Total costs	(53)	113	(546)	
Total Variance	(56)	(184)	(745)	

Quarter 2 2018/19

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

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
NET TRADING				
Parking		(67)	(120)	ADUR: Income is now expected to exceed the projected budget compared to the earlier quarterly projection. WORTHING: Additional income in quarter 1 was shown net of excess income set aside for capital investment, in quarter 2 this is shown gross
INCOME:				
Environment - Waste Services			63	The estimated full year cost of tipping charges is now estimated to exceed it budget by £146,000 this is a deterioration based on quarter one of £17,000. In addition the projected excess income is now expected to meet its budget target £46,000
Environmental Health	-		(60)	The new change in regulation in regard to HMO's has produced an increase in income not predicted in Q1. These regulations now make more properties eligible for licensing, in addition there is additional income from a successful HMO legal case.
Revenues & Benefits			215	Under-achievement of Court Cost income plus an Under-achievement of income from Benefit Overpayments debts raised not projected when Q1 was produced
Finance		(247)	(330)	Business rates - section 31 grants received in excess of amount budgeted. Information on s 31 grant calculations was issued after the budget setting process.
COSTS:				
Business & Technical Services			(70)	During the final accounts closedown, a prior year credit balance on the balance sheet relating to energy recharges was identified and required writing down to Revenue in 18/19. The investigations were in progress during Q1 and therefore not included in this report
Major Projects			(170)	Current projected underspend on Major Projects not anticipated at Q1
Homelessness		56	(32)	There is an Increase in homelessness numbers in Adur, offset to a revised cost per day rate from £50 to £47 per room, which has also reduced Worthing's expected overspend
Finance			(173)	Less borrowing has been required for the Capital programme than expected in the budget.