



WORTHING BOROUGH
COUNCIL

**COUNCIL MEETING
20th FEBRUARY, 2018
AGENDA ITEM NO: 7b**

Draft Revenue Budget 2018/2019

If Members have any questions regarding the detail behind the Revenue budget, please contact **Emma Thomas (01903 221232)** or **Sarah Gobey (01903 221221)** prior to the meeting.

C O N T E N T S

1. **REPORT TO THE EXECUTIVE**
Estimates 2018/19 and setting of 2018/19 Council Tax

2. **APPENDIX 1**
Revenue Budget Summary Statement 2017/18 – 2022/23.

3. **APPENDIX 2**
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5. **APPENDIX 4**
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5. **RECOMMENDATION FROM THE EXECUTIVE 05TH FEBRUARY 2018**

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(including Summary of Variations)
 - Environment
 - Health and Wellbeing
 - Customer Services
 - Leader
 - Regeneration
 - Resources

7. **COUNCIL TAX DETERMINATION 2018/19 – TO FOLLOW**

FURTHER DETAIL ON THE BUDGET IS AVAILABLE ON ADUR-WORTHING INTRANET



WORTHING BOROUGH COUNCIL BUDGET ESTIMATES 2018/19 AND SETTING OF 2018/19 COUNCIL TAX

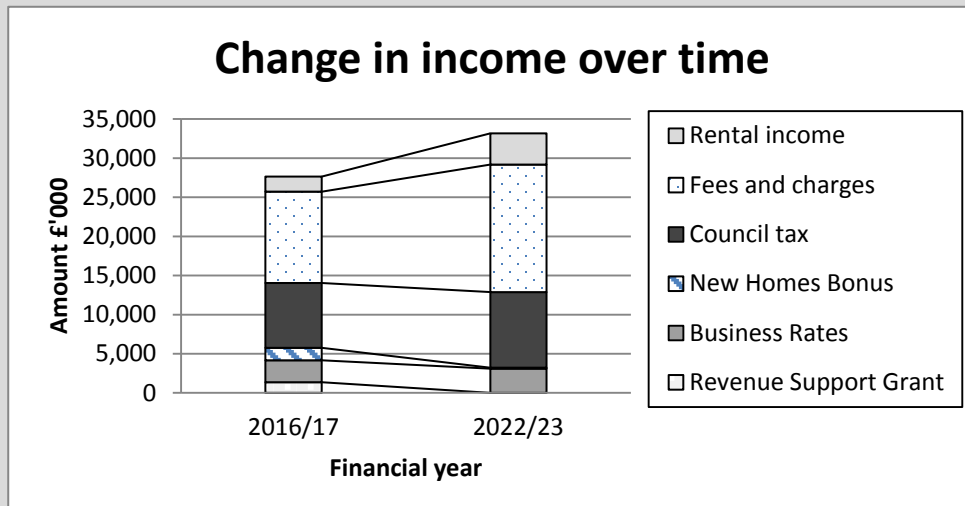
REPORT BY: DIRECTOR OF DIGITAL AND RESOURCES

1. EXECUTIVE SUMMARY

1.1 This report is the final budget report of the year, the culmination of the annual budgeting exercise, and asks members to consider:

- The final revenue estimates for 2018/19 including any adjustments arising from settlement;
- An updated outline 5-year forecast; and
- The provisional level of Council Tax for 2018/19, prior to its submission to the Council for approval on the 20th February 2018. This will be subject to any proposals to change the draft revenue budget following the consideration of the budget proposals by Executive.

1.2 The report outlines the medium term financial challenge through to 2022/23, and sets out performance in the key strategic areas of commercialisation, digital transformation and strategic property investment. The budget strategy initiated 2 years ago is having a significant effect on how the Councils will be funded in the future with increasing income generated from commercial income and rents.



1. EXECUTIVE SUMMARY

- 1.3 These budgets reflect the decisions taken by Members to date in relation to agreed savings proposals and any committed growth. The report also updates members about the impact of the draft 2018/19 settlement.
- 1.4 The major points raised within the report include:
- A full update on the impact of settlement. The Council should prepare itself for a continuation of the reduction in Government resources for another 2-5 years (see section 4.2) ;
 - The Executive will need to consider whether to increase Council Tax by maximum level possible 3% or by a lower amount (paragraph 5.10); and, finally
 - The Executive needs to consider the proposals to invest in services outlined in Appendix 2
- 1.5 The budget is analysed by Executive Member portfolio. In addition, the draft estimates for 2018/19 have been prepared, as always, in accordance with the requirements of the Service Reporting Code of Practice for Local Authorities (except in relation to pension costs adjustments that do not impact either on the Budget Requirement or the Council Tax Requirement).
- 1.6 The Police and Crime Commissioner has consulted on an increase to the Council Tax for 2018/19 of £5.00 or 3.25%. The proposed 2018/19 budget is due to be considered by the Sussex Police and Crime Panel (PCP) on 19th January 2018. If the proposals are vetoed by the PCP, revised proposals will be considered by the Panel on the 19th February 2018 at which point the Commissioner will be in a position to confirm the Council Tax for 2018/19 just in time for Council on the 20th February 2018.
- 1.7 The Chancellor's Autumn Budget in November 2017 contained very little new news on Local Government.
- 1.8 The draft Local Government Settlement allow Councils to increase core Council Tax by up to 3% which is in addition to the 3% Council Tax increase permitted specifically to support adult social care services. Therefore a maximum Council Tax increase of 6% for Councils with social care responsibilities is allowed.
- 1.9 The precept for West Sussex County Council has not yet been finalised and will not be confirmed until 16th February 2018. The formal detailed resolution setting the overall Council Tax for next year will be presented direct to the Council Meeting on 20th February 2018.
- 1.10 The following appendices have been attached to this report:
- (i) **Appendix 1** 5 year forecast for Worthing Borough Council

1. EXECUTIVE SUMMARY

- (ii) **Appendix 2** Proposals for investment in services
- (iii) **Appendix 3** Estimated Reserves
- (iv) **Appendix 4** Council Tax base for 2018/19
- (v) **Appendix 5** Summary of Executive Member Portfolio budgets for 2018/19
- (vi) **Appendix 6** Glossary of terms used

1.11 Due to the timing of the Joint Overview and Scrutiny Committee, there may be some minor alterations to the Business Rate forecasts following the meeting prior to considerations by Joint Strategic Committee in February (paragraph 4.3.2).

2. RECOMMENDATIONS

2.1 The Joint Overview and Scrutiny Committee is asked to consider the report and make any comments on the budget proposals for Worthing Borough Council (including the proposals for Council Tax) to the Joint Strategic Committee.

2.2 The Executive is recommended to:

- (a) Consider and approve, if agreed, the proposals to invest in services outlined in Appendix 2;
- (b) Agree to recommend to Council the draft budgets for 2018/19 at Appendix 5 as submitted in Executive Member Portfolio order, and the transfer to Reserves leading to a net budget requirement of £13,433,340, subject to any amendments agreed above; and
- (c) Consider which band D Council Tax to recommend to Council for Worthing Borough Council's requirements in 2018/19 as set out in paragraph 5.10.

3.0 SUMMARY

3.1 The Joint Strategic Committee considered the 'Outline 5-year forecast for 2018/19 to 2022/23 and the Budget Strategy' on 11th July 2017. 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 in 2015/16 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 and business rates.

3.0 SUMMARY

3.2 The Councils have set up several boards that are responsible for taking forward key strands of the budget strategy aimed at delivering savings for the future:

- **The Major Projects Board** will lead on delivering projects to increase employment space and additional housing;
- **The Service Redesign Board** (previously the Digital Programme Board) will lead on the delivery of the Digital Strategy and ensure that the benefits are realised from this programme of work.
- **The Strategic Asset Management Board** will lead on delivering the income growth associated with the Strategic Property Fund; and
- **The Customer and Commercial Board** will lead on the delivery of the income growth from commercial services and seek to improve the customer experience.

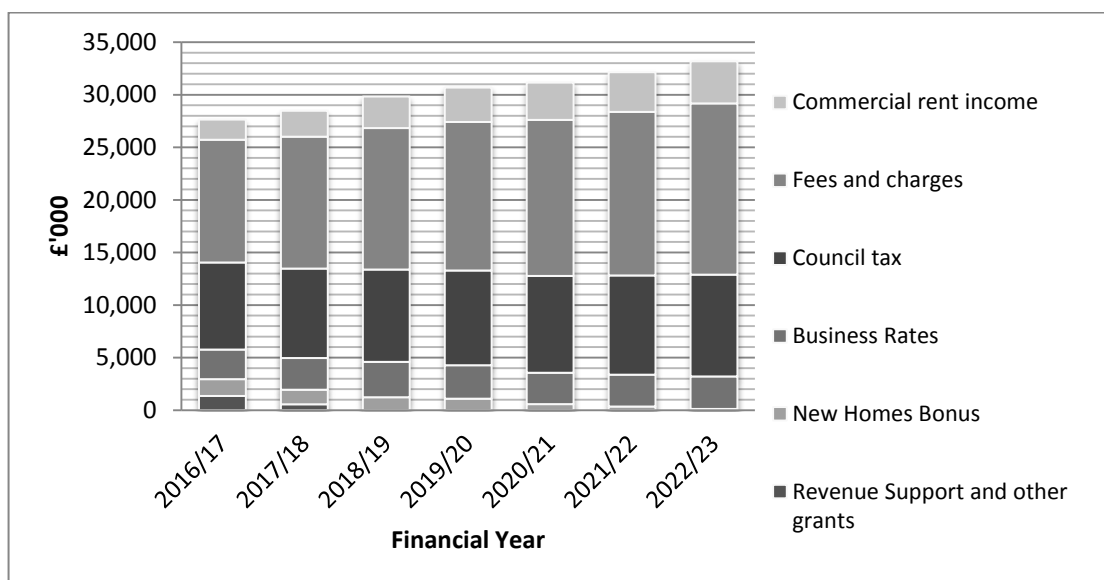
For 2018/19 the Service Redesign Board, the Customer and Commercial Board and the Strategic Asset Management Board have been set explicit targets as part of the budget strategy.

3.3 The successful delivery of our strategy fundamentally changes 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 over time.

Total budgeted income	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue Support and other grants	1,354	553	8	0	0	0	0
New Homes Bonus	1,599	1,388	1,220	1,094	576	342	120
Business Rates	2,809	3,020	3,359	3,179	2,974	3,033	3,092
Council Tax	8,277	8,507	8,846	9,002	9,219	9,441	9,669
Income from taxation	14,039	13,468	13,433	13,275	12,769	12,816	12,881
Fees and charges	11,672	12,541	13,447	14,136	14,839	15,556	16,287
Commercial rent income	1,928	2,475	2,945	3,264	3,539	3,770	4,005
Income from commercial activity	13,600	15,016	16,392	17,400	18,378	19,326	20,292
Total income excluding specific grants	27,639	28,484	29,825	30,675	31,147	32,142	33,173

3.0 SUMMARY

Overall income



3.4 The subsequent report to the Joint Strategic Committee, on 5th December 2017 updated Members as to the latest budgetary information and the forecast shortfall, before savings or growth, was revised as follows:

Worthing Borough Council	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Overall shortfall – July forecast	1,485	2,301	3,957	4,463	5,303
Overall shortfall – December forecast (including net approved growth)	1,931	3,016	4,869	5,573	6,366
Increase / (Decrease) in shortfall	446	715	912	1,110	1,063
Overall shortfall – December forecast	1,931	3,016	4,869	5,573	6,366
Savings identified in December 2017 report	-2,022	-2,264	-2,533	-2,752	-2,912
Revised budget shortfall/Surplus(-) as at December 2017	-91	752	2,336	2,821	3,454

3.5 The 2018/19 savings proposals identified within the report amounted to £2,022,000.

3.6 Since the meeting in December, the Worthing Borough Council budget has been finalised and the last adjustments have been included subject to the final considerations about the level of Council Tax and any proposals to reinvest back into services. Overall, therefore, the current financial position of the Council for 2018/19 can be summarised as:

3.0 SUMMARY

	£'000
Original shortfall as identified in July	1,485
Summary of changes identified in December 2017:	
(a) Improvements to the income from Council Tax	-144
(b) Further increase to cost of the homelessness service	122
(c) Reduction in Government Grants	117
(d) Impact of major development schemes	247
(e) Net committed growth items identified by budget holders and other minor adjustments	274
(f) Removal of contingency budget	-170
Budget shortfall as at 5th December 2017	1,931
Settlement	
Impact of provisional New Homes Bonus allocation	-36
Adjustment for final items identified	
Changes to the capital programme	
- Impact of latest expected spend profile	-37
Change to Public Convenience cleaning arrangements	32
Improved forecast business rate income	-82
Adjustments to final inflation calculations, pension costs including the impact of increments and regradings	45
Revised budget shortfall	1,853
Less: Net savings agreed in December	-2,022
Introduction of a provision for void rents arising from the new commercial properties acquired.	50
Adjustment to final savings arising from finalisation of restructuring proposals and review of allocations.	-9
Budget surplus to be placed in reserves (before any further action is agreed)	-128

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.1 Autumn Budget Statement 2017

- 4.1.1 The Chancellor Philip Hammond delivered the 2017 Budget Statement on the 22nd November 2017. There were some significant announcements made in the budget relating to changes to economic forecasts, fundamental changes to the business rate system, and some high-profile funding announcements including additional resources for the NHS and housing.

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.1 Autumn Budget Statement 2017

4.1.2 There were significant changes to the prospects for growth, with Gross Domestic Product (GDP) likely to be 0.5% lower than originally expected at around 1.5% next year. The implication for public finances is that national taxation is likely to grow at a slower rate than previously forecast particularly from 2019/20 onwards with inevitable consequences for the funding available for public services. Nevertheless, public expenditure is still expected to grow albeit at a slower rate than originally anticipated.

4.1.3 We are currently in a spending review period which is due to end in 2019/20, consequently there were very few changes to departmental budgets. Some additional funding was released for the National Health Services but beyond this there were no changes to the Departmental Expenditure Limits (DELs) or the Resources budget. The DELs are only confirmed until 2019/20, the new limits for 2020/21 onwards will only be published once the outcome of the next Comprehensive Spending Review is announced.

4.1.4 In the short term, there were no changes for the funding made available for Local Government. However the lower growth forecast may mean that local government spending will be lower than originally assumed following the next Comprehensive Spending Review. But there were some significant announcements of particular interest to Local Authorities:

i) Business rates:

The inflation rate to be used for the business rate multiplier has been switched from the Retail Price Index (RPI) to the Consumer Price Index (CPI). This rate is generally 1% lower. Whilst the Council's baseline funding and tariff payment will be adjusted to reflect the loss of income, there are consequences for the Council due to the loss of potential income growth in its share of retained business rates over the medium term.

Valuations will now be on a three year cycle which will cause more upheaval but will lessen the impact of the revaluations when they occur both for businesses and local authorities.

The current £1,000 discount for pubs will be extended for one more year. The Council will be compensated for the potential loss of income.

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

ii) Council Tax:

The Council will be given the power to charge 100% premium on empty properties. Currently the Council charges a 50% premium on homes that have been empty for more than two years. The Council is awaiting the relevant legislation to be laid before parliament before deciding whether to use this new power or not. A report will be presented to the Joint Strategic Committee in due course regarding the use of this new power. It should be remembered that the Council has very few long term empty properties (59 as per the CTB1 form) and so the potential additional income is relatively small, although the additional premium would be an incentive to owners to bring the property back into use and improve the supply of housing.

iii) Housing:

Housing was a major theme in the statement with many of the announcements affecting local government directly. These included:

- Homelessness taskforce and a commitment to halving rough sleeping by 2022.
- £630m fund to support the delivery of homes on small sites
- £2.7bn to increase the Housing Infrastructure Fund
- A lifting of the debt cap in high demand areas to help Councils build additional affordable homes. Councils will have to bid for increases to their borrowing caps from 2019/20 onwards. A total of £1bn has been made available in the period 2019/20 – 2021/22.

4.2 2018/19 Local Government Finance Settlement

4.2.1 The Secretary of State for the Department for Communities and Local Government (DCLG) Sajid Javit delivered the provisional Local Government Finance Settlement on the 19th December 2017. Consultation on the provisional settlement will close on the 16th January 2018.

4.2.2 The key features of the 2018/19 provisional settlement were outlined in the speech as:

- *Four year settlement*
- *Adjustments for the business rate retention system*
- *Negative Revenue Support Grant (RSG)*
- *New Homes Bonus*
- *Council Tax referendum thresholds*

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.2 2018/19 Local Government Finance Settlement

- *Other minor settlement matters*
- *100% business rate pilots*
- *Changes to local government funding in 2020/21 Fair Funding review*

Taking each of these in turn:

4.2.3 Four Year Settlement

The multi-year settlements that were announced in 2016/17 were confirmed for 2018/19 and 2019/20. The Government had previously offered 4-year certainty over the level of funding for each Council provided that they submitted an efficiency plan.

The Council had received confirmation in 2016/17 that its efficiency plan had been accepted by the government as so have certainty about the level of government funding from revenue support grant for the period 2017/18 to 2019/20. However, as the Council is not receiving any revenue support grant from 2019/20 onwards this confirmation is now of academic interest only.

Worthing Borough Council	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Draft settlement	2,043	1,194	453	8	0	0
Decrease year on year (£)		849	741	445	8	
Decrease year on year (%)		41.56%	62.06%	98.23%	100.00%	

4.2.4 Adjustments to the Business Rate Retention System

The Council's Tariff (the amount to be paid over to Government from business rates), Baseline Funding Level (BFL) and Revenue Support Grant (RSG) have been updated to reflect the new business rate multiplier which, from 2018-19 onwards, will be based on the CPI.

There have also been two changes to the way that the Government will adjust for the effect of the 2017 revaluation on the 2018/19 Tariff and BFL:

- The tariff calculation is based on the estimated growth in the overall business rate values between 2010 and 2017 as per the Valuation Office listings. In 2017/18 this was calculated using the values as at 31st March 2016. This calculation has now been revised for the values as at 31st March 2017. Consequently any properties that have been revalued during 2016/17 will have an impact on the calculation.

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.2 2018/19 Local Government Finance Settlement

4.2.4 Adjustments to the Business Rate Retention System

Worthing	2010 valuation listing	2017 valuation listing	Growth	% growth
2017/18 calculation	78,710,860	82,584,857	3,873,997	4.92%
2018/19 calculation	78,499,000	82,348,000	3,849,000	4.90%
Change	211,860	236,857		

- Previously the intention was to revise the 2017-18 revaluation adjustment using the 2016-17 outturn (for Non-Domestic Rating Income). The Department is now proposing to “remove the one-off changes” to the appeals provision in 2016-17.

These adjustments have generated revised tariffs and top-ups for 2017-18. The adjustment is indexed (using the small business rate multiplier) to create a similar adjustment in 2018-19.

In 2018-19 (“exceptionally”) authorities will also receive a backdated “adjustment” representing the difference between their provisional and revised top-up or tariff in 2017-18.

For Worthing Borough Council, this change in methodology has only a very marginal impact. The Council will pay over an additional £7k in tariff to the Government relating to 2017-18.

However, the change does have a significant impact for our partner Adur District Council. Shoreham Power Station had a significant revaluation at the end of 2016/17 due to an appeal, its rateable value was reduced from 4,135,000 to 3,480,000. This has had a significant impact on the amount that Adur has to pay over to the government relating to 2017/18 in tariff which amounts to £142k.

Whilst it is legitimate to re-calculate the tariffs and BLF using the most up-to-date information available, it is questionable whether it is legitimate or fair to expect Councils to make a back payment as a result of changing methodology and data.

Where changes have been made in the past to government calculations to distribute funding, these have only applied to the new financial year, there have been no retrospective adjustments.

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.2 2018/19 Local Government Finance Settlement

4.2.5 Negative RSG

When the multi-year settlements were announced, some authorities were given “negative RSG” allocations in 2018-19 and in 2019-20. This was where an authority’s Baseline Funding Level (BFL) is greater than its Settlement Funding Assessment (SFA) and, in order to ensure that these authorities were not ‘over-funded’, the authority’s tariff or top-up was adjusted. The adjustment is often referred to as “negative RSG”. Whilst this approach was technically correct, it was difficult to convince the sector about its legitimacy particularly in light of the business rate retention scheme which was intended to give Councils’ an element of control and reward over the income generated through local business rates.

In his statement, the Secretary of State referred to the "strength of feeling" in the sector. These representations were successful in 2018-19 (when the small numbers of negative RSG allocations were reversed).

The Government has announced that they will review the “negative RSG” allocations for 2019-20. Whilst it is by no means certain that they will be removed, it does strongly suggest that the Secretary of State is minded to address the issue.

If the Government decides to reverse the adjustment relating to negative RSG allocations then additional funding to be found for the sector. It should not to be funded from within the 2019-20 settlement itself. The cost nationally would be £152.9m.

For Worthing Borough Council, the proposed adjustment to the Tariff will be £489,700. The overall impact on the income paid over to the Government via the tariff is expected to change as follows as a result of the recalculation and the imposition of ‘Negative RSG’:

Tariff payment	2017/18	2018/19	2019/20
	£	£	£
As per 2018/19 settlement	9,540,280	9,833,400	10,051,500
Add:			
Retrospective adjustment		6,300	
Negative RSG			489,700
Revised 2018/19 tariff	9,540,280	9,839,700	10,541,200
Annual increase		299,420	701,500
Percentage increase in payment		3.14%	7.35%

Although due to the impact of the levy calculation the financial impact is reduced to £244,850.

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.2 2018/19 Local Government Finance Settlement

4.2.5 Negative RSG

	2019/20	
	Without negative subsidy	Including negative subsidy
Council share of business rates and S31 grants	14,250,400	14,250,400
Less: Tariff	-10,051,500	-10,541,200
	4,198,900	3,709,200
Less: Base Line Funding	-2,647,500	-2,647,500
Additional business rates	1,551,400	1,061,700
Less: 50% Levy	-775,700	-530,850
Additional retained rates	775,700	530,850
Reduction due to negative subsidy		244,850

4.2.6 New Homes Bonus (NHB)

The Government has decided not to implement any further changes to the way that New Homes Bonus (NHB) is calculated. It had been proposed in a recent consultation paper (September 2017) that NHB payments might be reduced where the authority had refused planning permission which was subsequently granted on appeal, this change is now not being implemented.

This condition would have been in addition to the threshold on payments that had been set at 0.4% in 2017-18. The threshold meant that NHB payments would only be made on increase in council tax base that exceeded 0.4%. There was an expectation that the threshold would also be increased, partly to ensure that the total funding would remain within the control total of £938m in 2018-19 (down from £1bn in 2017-18). Instead the Secretary of State has announced that the threshold will remain at 0.4%. Overall the Council is expected to receive the following amounts in NHB over the next few years.

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.2 2018/19 Local Government Finance Settlement

4.2.6 New Homes Bonus (NHB)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Current assumption	1,388	1,184	1,058	540	306	120
Draft settlement						
Historic allocations	1,388	998	752	234	0	0
2017/18 allocation		222	222	222	222	0
Potential future allocations			120	120	120	120
Total New Homes Bonus	1,388	1,220	1,094	576	342	120
Increase / decrease (-) in grant from previous assumptions		36	36	36	36	0

The New Homes Bonus has been an important source of funding. The provisional 2018/19 allocation for this council is £1,220,870. It should be noted that the future allocations are indicative only as they are dependent on the level of house building.

It is currently assumed that NHB will be phased out as part of the next CSR and the fairer funding review. Nationally, the amounts allocated to the scheme have been reduced year on year over the lifetime of the current CSR as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20
	£Bn	£Bn	£Bn	£Bn	£Bn
Total funding allocated nationally	1.2	1.485	1.251	0.946	0.9

4.2.7 Council Tax referendum thresholds

In parallel to the settlement, the proposed referendum criteria were published. Shire districts can increase council tax by 3% or £5.00 on Band D equivalent property whichever is higher. The higher threshold is justified on the grounds that it reflects the current inflation rate. CPI in November was 3.1%. It is possible that the Government will continue with a policy of setting the referendum criteria in the light of prevailing inflation rates in future years, however the impact of this will lessen if inflation falls back to the target rate of 2%.

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.2 2018/19 Local Government Finance Settlement

4.2.7 Council Tax referendum thresholds

The current 5-year forecast assumes an increase of 2%. The additional increase would enable the Council to re-invest back into priority services to meet the commitments detailed in Platforms for our Places.

The options for the Council Tax increase are discussed in detail later in the report.

4.2.8 Other minor settlement matters

The Council will be able to increase their planning fees by 20% for 2018/19 if the proceeds are invested in their planning services. The planning service currently costs £903,470 so any proceeds will be used to support the service. This proposal was set out in the housing white paper earlier this year. Given that the fees budget has underachieved over the past few years, there will be no immediate financial benefit as a result of this change.

No additional funding was announced for the proposed 2% two-year pay offer for local government workers. The Chancellor promised to fund costs of NHS pay award in the Autumn Budget but, as expected, there is no new money to do the same for local government.

4.2.9 100% business rate pilots

West Sussex was unsuccessful in its bid to be one of the pilot areas, however the scheme was heavily oversubscribed.

In the prospectus for 2018-19 pilots the Government had set out a criteria for selecting pilots. The pilots had to be affordable: the increase in the number of pilots will be costly to HM Treasury. Other criteria were:

- Wide geographic spread across England;
- Focus on rural areas and on two-tier areas;
- Wide variation of business rates represented.

The successful bids in the South East of England were Surrey and Kent.

There will be further pilots in 2019-20 and the Department will announce details in due course.

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.2 2018/19 Local Government Finance Settlement

4.2.10 Changes to local government funding in 2020/21

Fair funding review

The Government is undertaking a Fair Funding Review, to thoroughly consider how to introduce a more up-to-date, more transparent and fairer needs assessment formula.

The review is looking at all the services provided by local government and will determine the starting point for local authorities under the new business rate retention scheme which is now due to be introduced across the Country by 2020/21.

Consequently this review will not only influence the level of Revenue Support Grant received by each Council but also the amount of business rates each Council will be able to retain.

As part of settlement, the Government announced a consultation on the Fair Funding Review (FFR). The consultation will close on the 12th March 2018 and the Council will consider and respond to the document with a report being presented to the Joint Strategic Committee on 6th March 2018.

Reform of the Business Rate Retention Scheme

The Secretary of State has announced that the local share in the Business Rate Retention Scheme (BRRS) will increase from 50% (40% to the District Councils and 10% to the County Councils) to 75% in 2020-21. The increase in local share will be fiscally neutral and will be matched by transfers of Revenue Support Grant, public health grant and other grants. This is a significant change from previous plans with the local share now increasing to 75% rather than 100%.

This change has arisen because of the significant amount of legislation required for Brexit. It will be very difficult to introduce a Local Government Finance Bill before 2020-21. The Government will be using existing legislation instead, but will continue to test the 100% system as well. Consequently the more radical change to the business rate scheme has been deferred but not abandoned.

Whilst it is not clear how this change will be dealt with in two tier areas, given the requirement for fiscal neutrality, it is likely that the County will be the beneficiary of the increased share of business rate income.

The Statement also appears to suggest that there will be a full baseline reset in 2020-21, however no decision has been made yet on whether there will be a full or partial reset:

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.2 2018/19 Local Government Finance Settlement

4.2.10 Changes to local government funding in 2020/21

Reform of the Business Rate Retention Scheme

“Local authorities will be able to keep that same share of growth on their baseline levels from 2020 to 2021, when the system is reset. So from 2020 to 2021 business rates will be redistributed according to the outcome of the new needs assessment subject to suitable transitional measures.”

Within the 5 year forecast, it is assumed that the Council will lose at least 50% of any gain in the new system.

4.2.11 Summary of 2018/19 Local Government Settlement

In overall terms, the 2018/19 settlement revealed that District and Borough Councils received an overall cut in government funding of 7.10%, this is the lowest for some time. For districts, this is significantly less than last year's drop of 15.35% although this does reflect the lower reduction in overall funding which last year amounted to a 10.6% reduction, nearly double the current year's reduction.

YEAR-ON-YEAR CHANGE FOR THE 2018/19 SETTLEMENT			
Class of Local Authority	2017-18 Adjusted Settlement Funding Assessment	2018-19 Settlement Funding Assessment	Overall Reduction in funding
	£million	£million	%
England	17,904.97	16,937.59	-5.40%
London Area			
London Boroughs	3,078.33	2,901.23	-5.75%
GLA	2,117.15	2,151.37	1.62%
Metropolitan Areas			
Metropolitan Districts	4,545.09	4,355.80	-4.16%
Metropolitan Fire Authorities	229.95	222.43	-3.27%
Combined Authorities	60.95	60.95	0.00%
Shire Areas			
Shire unitaries with fire	315.78	294.47	-6.75%
Shire unitaries without fire	3,067.30	2,854.81	-6.93%
Shire counties with fire	1,426.86	1,294.50	-9.28%
Shire counties without fire	2,043.98	1,846.54	-9.66%
Shire districts	670.83	623.22	-7.10%
Combined fire authorities	348.75	332.27	-4.73%

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.2 2018/19 Local Government Finance Settlement

4.2.12 Members should be aware that the settlement figures quoted above are provisional only. The consultation period ended on 16th January 2018 with final settlement expected by the middle of February.

4.2.13 There were few significant changes at this late stage in previous years. If there are any significant changes arising from the final information members will be briefed before Council.

4.3 Update on current Business Rate Retention Scheme

4.3.1 The business rate retention scheme has now been in place for several years. There are two key features which members are reminded of:

- There is a 'safety net' in place for any Council whose actual business rates income falls short of the target income for business rates. The safety net arrangements will be of 7.5% of Baseline Funding which is equivalent to a maximum fall in income below the baseline funding level of £194,250.
- A 'levy' is in place for any Council whose business rates exceed the target set. The levy will mean that the Council can keep 50p of every additional £1 generated over its share of the business rate target.

For each additional £100,000 raised the Council will keep the following amounts:

	Share of additional income	Additional Levy paid to Pool*	Kept locally
	£'000	£'000	£'000
HM Treasury	50		
County Council	10	5	5
Borough Council	40	20	20
	100	25	25

* Any levy is now retained by the business rate pool rather than paid over to the Treasury.

4.3.2 The forecast for 2018/19 is currently being finalised. The 2018/19 NNDR return which underpins this forecast is due to be submitted by the 31st January 2018 and any substantial changes resulting from the final assessment of the business rate income will be reported verbally to members at the meeting.

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.3 Update on current Business Rate Retention Scheme

4.3.3 Looking further ahead, the generation of additional business rates is one of the solutions to the Council's ongoing financial pressures especially in light of the Government's commitment to return all of business rates to Local Government. Members will be aware that there are several schemes progressing within the Council which will create employment space. Examples include: The Aquarena site, Union Place and Teville Gate.

4.3.4 The Council is now participating in a County based business rates pool. The business rates pool has been approved by DCLG. Participating in the pool will enable the participating Councils to retain any 'levy' paid which will be set aside to fund economic regeneration initiatives within the County area. The equates to an estimated additional business rate income of over £2.6m retained locally each year to benefit the residents of West Sussex.

4.3.5 Finally, it should be appreciated that there are a number of risks associated with the business rate forecast:

- It is difficult to establish the number of appeals which are likely to come forward. There is no time limit on when an appeal might be lodged. This is particularly pertinent in a valuation year. In the first year of the 2010 valuation, the VOA received 222 appeals with an ultimate loss in rateable value of over £0.5m, however to date far fewer appeals have been received following the 2017 revaluation.
- There is a specific risk associated with schools becoming academies. If a school assumes academy status then it will become eligible for mandatory rate relief which will reduce the Council's business rate income.
- The Councils have received mandatory rate relief claims from the local NHS trusts. Whilst the Council believes the trusts are not eligible for such financial support, until the legal position is clarified, there is a risk that the Council could lose 80% of its income from the NHS Trust sites. This is the subject of a national legal challenge.
- Major redevelopments will temporarily reduce business rate income whilst the site is being redeveloped.

4.3.6 Consequently there could be significant swings in the amount of business rate income in any one year particularly following a rating revaluation. However, any shortfall in income will be recovered in the following financial year. The Council will fully provide for any known backdated business rates appeals at the 2017/18 year end.

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.4 Long term implications of current government policy

4.4.1 The financing of local government has continues to change. We are moving from a grant based on need (Revenue Support Grant) to funding based on performance in the delivery of homes (New Homes Bonus and additional Council Tax) and the creation of employment space (Business Rate Retention Scheme).

Consequently, the income from Council Tax forms an increasingly significant proportion of the Council's overall taxation income over the next 5 years and the decision regarding the annual increase has a greater strategic importance.

Breakdown of taxation income to the Council:

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax *	8,507	8,846	9,002	9,219	9,441	9,669
Business Rates *	3,020	3,359	3,179	2,974	3,033	3,092
New Homes Bonus	1,388	1,220	1,094	576	342	120
Revenue Support and other grants **	553	8	0	0	0	0
	13,468	13,433	13,275	12,769	12,816	12,881

* Includes any surplus or deficit on the collection fund

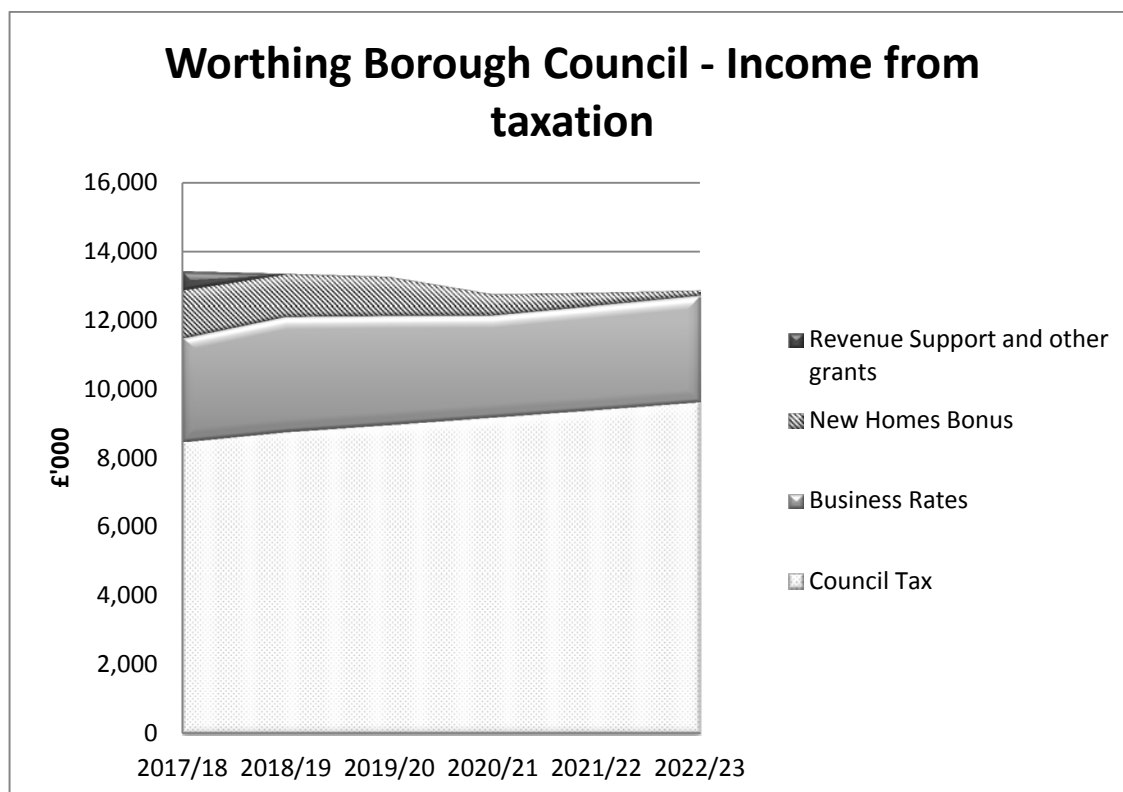
** Includes the Transition Grant and other minor grants

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Council Tax *	63.16%	65.85%	67.81%	72.20%	73.66%	75.07%
Business Rates *	22.42%	25.01%	23.95%	23.29%	23.67%	24.00%
Revenue Support and other grants **	10.31%	9.08%	8.24%	4.51%	2.67%	0.93%
New Homes Bonus	4.11%	0.06%	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

4.0 THE BUDGET STATEMENT 2017 AND 2018/19 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.4 Long term implications of current government policy

Breakdown of taxation income to the Council:



5.0 DRAFT REVENUE ESTIMATES 2018/19

5.1 Detailed budgetary work is now complete and the estimate of the budget requirement (net of any proposed transfers to reserves) is £13,433,340. This includes the savings and committed growth proposals agreed at Joint Strategic Committee in December. The budget already contains a number of spending commitments including:

- Increases to the Housing Services budget to address service pressures and to ensure that the service is adequately resourced to meet the challenges of the new Homelessness Reduction Act and increasing demand (£222k)
- Investment in the development of a number of key sites in the area including Union Place, Teville Gate (including the demolition of the car park), Grafton, and the new Wellbeing and Health hub planned for the Town Hall car park (£247k).
- The impact of changing the cleansing arrangements for public conveniences. The toilets will now be cleaned in-house improving the quality for the benefit of the user (£32k)

5.0 DRAFT REVENUE ESTIMATES 2018/19

- Funding the new investment in the Councils assets (£306k) including:
 - Improving the car parks
 - Acquisition of a Council owned supply of temporary and emergency accommodation
 - Investments in parks and opens spaces including two new play areas, outdoor gym equipment and improvements to tennis courts
 - Improvements to fire safety at the Pier
- Investment in new refuse and recycling rounds to meet the demands of our growing communities retaining the current weekly refuse round and fortnightly recycling round (£164k).

Attached at Appendix 2 are some additional proposals for investment into services for member consideration.

- 5.2 The final budget will be dependent on Members consideration of the non-committed growth proposals, and the Council Tax increase that Members are prepared to support.
- 5.3 The key question of how the net budget requirement of £13.433m translates into the Council Tax charge can now be determined as the proposed details of the Local Government Finance Settlement have been received. Any final changes arising from settlement will be dealt with through the reserves. However, if there is a significant reduction in government resources, in-year action will be needed to reduce the final impact on the reserves.
- 5.4 Details of all of the main changes in the base budget from 2017/18 to 2018/19 are at Appendix 1. A breakdown of each Executive Member's summary budget is attached in Appendix 5. The changes can be summarised briefly as follows:

	£'000	£'000
2018/19 Original Estimate		13,468
Add: General Pay and Price Increases		567
Add: Committed and Unavoidable Growth:		
Increased Expenditure as per 5 year forecast (net of any proposed use of reserves)	643	
Reduced Income as per 5 year forecast	263	
Impact of Capital Investment and Development Programme	595	1,501
Less: Compensatory savings/Additional Income:		
Compensatory savings	-219	
Additional income	-31	-250
2018/19 budget prior to agreed savings		15,286

5.0 DRAFT REVENUE ESTIMATES 2018/19

	£'000	£'000
2018/19 budget prior to agreed savings		15,286
Less: Savings agreed by members		
Approved in December	-2,022	
Adjustments arising from finalisation of restructuring proposals and review of the commercial property income	41	
		-1,981
Executive Member requirements		13,305
Potential contribution to reserves*		128
Potential budget requirement before external support		13,433
Collection fund surplus		-55
2018/19 BUDGET REQUIREMENT		13,378
*The planned contributions to and from the reserves are analysed in Appendix 3. The final amount will depend on the decisions made about the proposals to invest in services at Appendix 2 and the Council Tax increase.		

5.5 The estimates reflect the Council's share of the Joint Strategic Committee budget. The allocation of the costs of joint services under the remit of the JSC has been the subject of an annual review this year.

5.6 As part of the review of the allocation of support services there have been some changes for individual services which are reflected in the detailed budgets. It is important to note that this does not change the overall cost of the support services to each Council, but that it does influence the size of the share that each service takes, and the proportion borne by the General Fund and the Capital Investment Programme.

Further details can be provided by request from Emma Thomas (Chief Accountant) or Sarah Gobey (Chief Financial Officer).

5.7 The current net estimated 2018/19 spend is less than previously predicted in December and is mainly due to the following factors:

	£'000
Increase in New Homes Bonus	36
Impact of latest expected capital spend on treasury management costs	-37
Latest forecast of business rate income (including any adjustments arising from settlement)	-82
Impact of bringing public convenience cleansing back in-house to improve quality of cleansing	32
Final adjustments to inflation and pension costs (including the impact of increments and regradings)	34

5.0 DRAFT REVENUE ESTIMATES 2018/19

5.8 The projected surplus on the Collection Fund is estimated to be £393,400, of which £54,880 is the Borough Council share. This is a minor surplus in light of the overall income due which exceeds £61.9m, and is due a full review of the Single Person Discounts undertaken in 2017/18.

5.9 Members are now faced with two questions:

- What level of Council Tax to set?
- Whether to accept the growth items detailed in Appendix 2?

The decisions made today will be reflected in the budget papers presented to Council.

5.10 The Council Tax increase:

5.10.1 The Council Tax has only been increased in 2 out of the last 7 years generating an overall increase in the tax of 4%. Over the same period, inflation (CPI) has been 10.08%

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£	£	£	£	£	£	£	£
Band D tax	216.00	216.00	216.00	216.00	216.00	216.00	220.27	224.64
Annual Increase per year		0.00%	0.00%	0.00%	0.00%	0.00%	1.98%	1.98%
Increase over 7 years								4.00%
Inflation over 7 years								10.08%

5.10.2 The budget forecast currently assumes that Council Tax will increase by just under 2.0% in 2018/19. However the referendum criteria announced just before Christmas gives the Council the flexibility to raise the Council Tax by up to 3% if so desired. Members are reminded that the Consumer Price Index is currently 3.1%.

5.10.3 Even a 3% uplift would only be a modest increase in the District council share of the bill for 2018/19. The table below details how the Council Tax will change as a result of 2%, 2.5% (the increase required to fund all of the growth proposals detailed in Appendix 2) and just under 3%.

	2017/18	Annual increase for 2018/19		
		2%	2.50%	2.96%
	£	£	£	£
Council Tax Band D	224.64	229.14	230.22	231.30
Annual increase		4.50	5.58	6.66
Weekly increase		0.09	0.11	0.13
Council Tax Band C	199.68	203.68	204.64	205.60
Average annual increase		4.00	4.96	5.92
Average weekly increase		0.08	0.10	0.11
Total Council Tax raised		172,370	215,460	258,560
Additional Council Tax raised			43,090	86,190

5.0 DRAFT REVENUE ESTIMATES 2018/19

5.10 The Council Tax increase:

5.10.3 Members should also be aware that the Police and Crime Commissioner has been consulting on a £5.00 (3.2%) increase for their share of the overall bill. There are indications that the County Council will set an increase close to the maximum permitted (6%). Consequently, the total overall increase in the Council Tax bill for a Band D property based on the Council opting to set the tax at the maximum allowed would be just over 5%:

	2017/18	2018/19 (Indicative only)	%
	£	£	
Worthing Borough Council	224.64	231.30	2.96%
West Sussex County Council	1,231.46	1,304.10	5.90%
Sussex Police and Crime Commissioner	153.91	158.91	3.25%
	1,610.01	1,694.31	5.24%

5.10.4 The decision to raise Council Tax should be considered alongside the projected budget shortfalls for the next 5 years, as there are long term consequences to setting a Council Tax increase significantly lower than the maximum permitted. This is particularly significant at the moment given the scale of the withdrawal of government funding the Council will contend with over the next 5 years. The impact of changing the Council Tax by 1% for 2018/19 would be as follows:

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Estimated Council Tax increase		2%	2%	2%	2%
Impact of 1% change to Council Tax in 2018/19	86.2	87.9	89.7	91.5	93.3

5.10.5 Members are asked to consider which level of Council Tax increase that they support. An increase of 2% would enable the Council to set a balanced budget and fund some of the new initiatives outlined in Appendix 2. An increase of 2.50% will enable the Council to fund all of the proposals outlined in Appendix 2.

5.10.6 Increasing Council Tax by at least 2.0% will protect the longer term financial interests of the Council during a particularly challenging time.

5.11 Summary of budget position

Depending on the choices made regarding the Council Tax increase and the new growth items; the overall budget position will be at a 2% increase:

5.0 DRAFT REVENUE ESTIMATES 2018/19

5.11 Summary of budget position

Net budget requirement	£'000	£'000
		13,305
Less: Government grants	8	
Baseline Funding	2,590	
Share of additional Business Rate income	769	
Council Tax (2.0% increase)	8,791	
New Homes Bonus	1,220	
Collection Fund surplus	55	-13,433
Balanced budget based on 2.00% Council Tax increase		-128
Maximum impact of accepting the growth items (Appendix 2)		170
		42
Maximum withdrawal from reserves if Council Tax increase remains at 2% or additional amount to be raised from Council Tax		-42
		-

6.0 IMPACT ON FUTURE YEARS

6.1 The impact of the proposed changes on the overall revenue budget for the next 5 years is shown in Appendix 1 (which includes an assumed 2.00% tax increase for 2018/19 which is to be considered as part of this report). The settlement, together with the other agreed changes to the budget means that the Council is likely to face a minimum shortfall of:

	Expected shortfall (Cumulative)				
	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Cumulative budget shortfall as per appendix 1	1,853	3,110	4,935	5,642	6,472
Less:					
Net savings	-1,981	-2,282	-2,551	-2,770	-2,930
Impact of accepting the growth items in paragraph 5.11	170	170	160	160	160
Potential contribution from reserves / or additional amount to be raised from Council tax if all growth approved	-42	-	-	-	-
Adjusted cumulative budget shortfall	-	998	2,544	3,032	3,702
Savings required each year	-	998	1,546	488	670

6.0 IMPACT ON FUTURE YEARS

6.2 The continuation of the withdrawal of government fund has had significant consequences for the Council. Looking ahead, the stimulation of the local economy and provision of additional housing will be two of the measures which will help protect the Council's services. There are potentially three benefits which flow from an improving economy and which will directly improve the council's financial position:

- Increased income from business rates which is discussed fully in section 4 above;
- Reduced cost of Council Tax benefits from any new jobs created;
- Additional Council Tax income from each new home;

6.3 However, these measures are unlikely to be enough. The Council will also need to deliver on the strategy to generate £600k more commercial income per year and invest in property. Alongside this, there will need to be a continuing emphasis on efficiency in the annual savings exercise; whether this is through the digital strategy or by improving customer service. Overall, if the Council delivers upon the current budget strategy then the level of new initiatives required each year to balance the budget will reduce as follows:

	Expected shortfall (Cumulative)			
	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
Cumulative budget shortfall	998	2,544	3,032	3,702
Future savings from budget strategy:				
Customer and Commercial Board	-420	-840	-1,260	-1,680
Service Redesign Board	-120	-240	-360	-480
New savings initiatives to be identified	458	1,464	1,412	1,542
New initiatives required each year	458	1,006	-52	130

7.0 RESERVES

7.1 Sections 26 and 27 of The Local Government Act 2003 require the Council's Chief Financial Officer to comment on the adequacy of the Council's reserves. The reserves have therefore been reviewed in accordance with best practice as advised by the Chartered Institute of Public Finance and Accountancy (CIPFA) in LAAP 99 'Local Authority Reserves and Balances'.

7.2 To enable a view to be taken on the adequacy of reserves, Members need to be aware that, broadly speaking, there are two categories of revenue reserves relevant to the Council. The **General Fund Working Balance** which primarily is available to cushion the impact of uncertain cash flows and act as a contingency to meet unforeseen costs arising during a budget year (e.g. unexpected increases in the demand for services); and **Earmarked Reserves** which are sums held for specific defined purposes and to meet known or predicted liabilities. Both categories of reserves can be used on a planned prudent basis to underpin the annual budget.

7.0 RESERVES

- 7.3 The Council's established policy is to maintain the General Fund Working Balance at between 6 – 10% of net revenue expenditure. This is even more important in the current economic climate when there are so many uncertainties. The balance as at 31st March 2017 was £844,000 which was 6.3% of net 2017/18 revenue expenditure – just within the range of 6%-10% set by the Council. There are no plans to draw down from the working balance

The year-end level on the General Fund Working Balance for the foreseeable future, therefore, is estimated as follows:

		£'000	%
31.03.2017	Balance carried forward – per Final Accounts	844	6.3
31.03.2018	No planned drawdown or contribution expected	844	6.4
31.03.2019	No planned drawdown or contribution expected	844	6.6
31.03.2020	No planned drawdown or contribution expected	844	6.6
31.03.2021	No planned drawdown or contribution expected	844	6.6

The reduction in revenue support grant and the resultant decrease in the Council's net spend means that the same level of working balance equates to a higher percentage of net revenue expenditure each year.

- 7.4 On the basis of the year-end figures above, and taking into account past performance and the acknowledged track record of sound financial management in this Council, I believe the working balance is adequate for its purpose. In forming this view I have considered the following potential impacts upon the Council's finances:

1. A further fall in interest rates of 0.25% would cost the Council in a region of £18,500 in 2018/19.
2. A pay award of 1% more than currently allowed for within the budget would cost the General Fund approximately £166,600.
3. Further adverse falls in income from such sources as development control income, car parks and land.
4. Demand is increasing for services such as homelessness and housing benefit which may well lead to increased (and unbudgeted) costs.
5. Other unforeseen circumstances such as the failure of a major contract
6. Any use of the working balance would be difficult to recoup in the short term. Consequently, the reserve needs to be sufficient enough to cope with at least two years of adverse impacts.

7.0 RESERVES

Against this background, and especially given the current economic climate, it is important that the Council has minimum reserves in 2018/19 of £806,000 or 6% of net revenue spend as laid out in the current policy. However, it is unlikely that the Council will need in excess of £1,343,300 in the working balance which is roughly equivalent to 10% of net revenue spend. Consequently, the current policy of holding balances of between 6% and 10% is valid and the forecast level falls within these parameters.

7.5 The estimated balance of general fund earmarked reserves as at 31st March, 2019 is £2,452,000, although this reduces to £1,878,000 if any Section 106 sums held for future environmental improvements, grants, and any specific capital resources are excluded. A detailed schedule of the earmarked reserves is attached at Appendix 2. The significant risks to the overall budget and the Council's reserves are detailed below.

7.6 With a lower level of reserves, it is now critical that these reserves be used only as a funding resource of last resort until such time as the reserve level has recovered to some extent. The Council has over the past year minimised new calls on such resources.

7.7 In all probability, the Council will continue to have occasional opportunities to put money into earmarked reserves rather than solely to drawdown on a planned basis. Even without this, I believe the earmarked revenue reserves are adequate for their particular purposes provided that they are used sparingly. However the size and nature of the risks to the overall budget leaves the Council with no room for using these reserves for new on-going spending initiatives. The Council should maintain its current policy of spending its scarce earmarked reserves on:

- supporting one-off rather than recurring revenue expenditure;
- dealing with short-term pressures in the revenue budget; and
- managing risk to the Council's budget.

8.0 SIGNIFICANT RISKS

8.1 Members will be aware that there are several risks to the Council's overall budget. These can be summarised as follows:-

(i) **Housing Services** – The Council has experienced a significant increase in demand for emergency and temporary accommodation over the past year. Whilst substantial growth has been built into the budget, the degree to which this will be adequate depends on two factors:

1. The extent to which caseload continues to grow

8.0 SIGNIFICANT RISKS

2. The supply of cost effective accommodation

Whilst the Council is now sourcing more cost effective accommodation for our clients, there remains a risk that demand for such accommodation will outstrip our ability to find additional cost effective units.

- (ii) **Income** - The Council receives income from a number of services which will be affected by demand. These include land charges, crematorium income, trade and green waste services, development control and now business rates. Whilst known reductions in income have been built into the proposed budgets for 2018/19, income may fall further than expected or new targets for commercial income may not be met.

The Council is investing in new commercial property, as leases expire there is an increased risk of loss of income from voids. To mitigate this risk the Council is introducing an annual provision for void rents of £50k which will be increased annually in line with the level of investment in the property portfolio.

- (iii) **Withdrawal of funding by partners** - All budgets within the public sector are under scrutiny which may lead to partners reassessing priorities and withdrawing funding for partnership schemes. Consequently, the council may lose funding for key priorities and be left with unfunded expenditure together with the dilemma about whether to replace the funding from internal resources.
- (iv) **Inflation** - A provision for 1% inflation has been built into non-pay budgets. Pay budgets have a 1% inflationary increase allowed for. Whilst the Bank of England inflation forecasts expect that inflation will gradually return to 2% in 2018/19, there is a risk that inflation will run at a higher rate than allowed for within the budget. Each 1% increase in inflation is equivalent to the following amount:

	1% increase
	£'000
Pay	167
Non-pay	142

- (v) **Accounting changes - International Financial Reporting Standard (IFRS) 9: Accounting for Financial Instruments**

Chartered Institute of Public Finance and Accountancy (CIPFA) has recently adopted the new IFRS 9 accounting standard for financial instruments in the proposed 2018/19 Accounting Code of Practice.

8.0 SIGNIFICANT RISKS

(v) Accounting changes - International Financial Reporting Standard (IFRS) 9 : Accounting for Financial Instruments

Guidance on the new standard is expected early in the New Year, however the Council should expect that the adoption of IFRS 9 will result in potential additional costs to the General Fund resulting from how certain investments will be valued in the future. These costs arise from the requirement to value at the year-end certain investments based on the potential sale price of the instrument.

The Council has relatively little exposure to this risk as it only has one £0.5m investment in the CCLA LAMIT property fund which would meet the definition contained within the new standard. It should be appreciated that the investment in the property fund is to secure long term revenue streams not immediate growth in fund value. Although over the medium term, it is expected that such funds will increase in value. The investment in the CCLA generates approximately a 4% return, by far our best performing investment.

Currently the maximum loss that the Council is exposed to is £20,000 although the extent of the loss may be influenced by the economy over the next few years as the Country exits the EU.

The Local Government Sector is currently lobbying the Government for a statutory override for the new accounting standard which will allow Councils to better manage any potential in-year losses.

- 8.2 To help manage these risks, the council has a working balance of £844,000 and other earmarked reserves are also available to the Council to help mitigate these risks.

9.0 CONSULTATION

- 9.1 The Council ran a detailed consultation exercise in 2015/16 which supported the proposed five year budget strategy. In light of this, no consultation exercise was undertaken this year. There are no significant changes to either the strategy or services planned for 2018/19.
- 9.2 Officers and members have been consulted on the content of this report.

10.0 UPDATE TO PRUDENTIAL INDICATORS

- 10.1 The Council's budget fully reflects the cost of financing the capital programme. Members have previously approved sufficient growth to accommodate the proposed capital programme. The Council has a fully funded capital programme and the associated revenue costs are built into the budget for 2018/19 and future years.

10.0 UPDATE TO PRUDENTIAL INDICATORS

- 10.2 Under the Prudential Code of Practice and the capital finance system introduced in April 2004, the capital programme is based on the Council's assessment of affordability. This includes any new borrowing which the Council wishes to undertake.
- 10.3 The Code of Practice has recently been revised. The freedom for local authorities to set the scope and size of their capital plans remains unrestricted, but the prudential system processes have been strengthened to set out greater consideration of prudence, with sustainability and risk reporting improved through the governance procedures. This includes a new requirement to publish an annual capital strategy, which the Council has long complied with however this document must now contain more information on risk management.
- 10.4 The Prudential Code of Practice requires the Council to set a series of indicators to show that the capital programme has due regard to affordability, sustainability and prudence. These are included with the annual Treasury Management Strategy Statement which is due to be considered by JSC on the 1st February 2018 and which will be included in the Council budget pack for approval.

11.0 COMMENTS BY THE CHIEF FINANCIAL OFFICER

- 11.1 Section 25 of the Local Government Act 2003 requires an authority's Chief Financial Officer to make a report to the authority when it is considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so Members will have authoritative advice available to them when they make their decisions. The Section requires Members to have regard to the report in making their decisions.
- 11.2 As Members are aware, local authorities decide every year how much they are going to raise from Council Tax. They base their decision on a budget that sets out estimates of what they plan to spend on each of their services. Because they decide on the Council Tax in advance of the financial year in question, and are unable to increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:
- making prudent allowance in the estimates for each of the services, and in addition;
 - ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

11.3 Overall view on the robustness of the estimates:

Subject to the important reservations below, a reasonable degree of assurance can be given about the robustness of the estimates and the adequacy of reserves. The exceptions relate to:

11.0 COMMENTS BY THE CHIEF FINANCIAL OFFICER

11.3 Overall view on the robustness of the estimates:

- (1) The provision of estimates for items outside of the direct control of the Council:
 - Income from fees and charges in volatile markets, e.g. car parks and development control fees.
 - External competition and declining markets, particularly during a recession. E.g. Local land charges and building control fees.
 - Changes to business rate income due to revaluations, redevelopments and increases in mandatory rate relief.
- (2) Cost pressures not identified at the time of setting the budget. This would include items such as excess inflation.
- (3) Initiatives and risks not specifically budgeted for.

It will therefore be important for members to maintain a diligent budget monitoring regime during 2018/19.

- 11.4 The Chief Financial Officer's overall view of the robustness of the estimates is, therefore, as follows:

The processes followed are sound and well established and identical to those that produced robust estimates in the past. The Council has also demonstrated that it has a sound system of financial management in place.

12.0 COUNCIL TAX SETTING

- 12.1 The Council is obliged to raise the balance of its resources after grant to finance the General Fund Revenue Budget from its local Council Taxpayers. The Worthing Borough Council Tax will be added to the Precepts from West Sussex County Council and the Sussex Police and Crime Commissioner to form a combined Council Tax to levy on the taxpayers of Worthing Borough.

- 12.2 Once the Executive has reached a decision on the Total Budget Requirement it wishes to recommend to the Council for the 2018/19 Budget, the resulting Council Tax for the Borough can be set. This takes into account the Total Aggregate External Finance (Revenue Support Grant and Business Rates contributions) and any contribution to or from the local Collection Fund.

12.3 Worthing Borough Council:

- (a) The following table shows the net sum to be raised from local Council Taxpayers in 2018/19 prior to the consideration of the budget proposals. This is based on 2.5% Council Tax increase which is sufficient to fund all of the proposals for growth included at Appendix A:

12.0 COUNCIL TAX SETTING

12.3 Worthing Borough Council:

	£	£
Net 2018/19 Budget *		13,433,340
Less:		
Aggregate External Finance:		
Revenue Support Grant	-7,680	
Baseline Funding	-2,590,030	
Additional Retained Business Rate income	-769,100	
New Homes Bonus	-1,220,870	
Contribution from the Collection Fund surplus (as per paragraph 5.8)	-54,880	
		-4,642,560
Amount to be raised from Council Tax based on 2% Council Tax		8,790,780
Additional impact of proposals identified in Appendix 2 if all approved		42,190
Amount to be raised from Council Tax based on 2.5% Council Tax		8,832,970

* 2018/19 budget requirement after any contribution to or from reserves required to balance the budget or any further increase to Council Tax.

Within section 5 of the report, members are given the options for the Council Tax and approving the non-committed growth items.

(b) Council Tax Base

The Council's Tax base for 2018/19 is 38,365.90 Band D equivalent properties. There is an increase to the current year base of 37,829.30 which is due to a reduction in Council Tax discounts following a fundamental review of Single Persons Discounts, an increasing number of homes and the falling cost of Council Tax benefits. The full calculation of the tax base is shown in Appendix 4.

(d) Worthing Borough Council Band D Council Tax

Members are now asked to consider which level of Council Tax to set for 2018/19. A Council Tax increase of 2.0% will ensure that the Council has a balanced budget, an increase of 2.5% will lever in sufficient additional resources to fund the growth proposed at Appendix 2.

12.0 COUNCIL TAX SETTING

12.3 Worthing Borough Council:

(d) Worthing Borough Council Band D Council Tax

	2017/18	2018/19 (2.0% increase)	2018/19 (2.5% increase)
	£	£	£
Worthing Borough Council	224.64	229.14	230.22
Annual increase		4.50	5.58
Weekly increase		0.09	0.11

12.4 West Sussex County Council and Sussex Police Authority

- (a) The County Council requirements are expected to be confirmed on 20th February, 2018. The Police and Crime Commissioner's proposed increase of around 3.25% is due to be considered by the Police and Crime Panel on 19th January 2018.

	2017/18 £	2018/19 £
West Sussex County Council	1,231.46	t.b.c.
Sussex Police Authority	153.91	158.91
TOTAL	1,385.37	t.b.c.

12.5 Overall Council Tax

The final figures for all authorities will be incorporated into the formal Council Tax setting resolution to be presented to the Borough Council at its meeting on 20th February 2018.

13.0 LEGAL IMPLICATIONS

- 13.1 The Local Government Act 2003 requires that the Councils set a balance budget. This report demonstrates how the Council will meet this requirement for 2018/19.

14.0 CONCLUSION

- 14.1 This has been a very difficult year. The Council has seen the withdrawal of a significant amount of Revenue Support Grant. However, to meet this challenge the Council has identified over £2.0m of savings and is now in the position to set a balanced budget and make some re-investment back into priority services.

14.0 CONCLUSION

- 14.2 Looking further ahead, 2019/20 onwards will continue to be challenging as the Council continues to address falling resources from Government and has only limited opportunities to lever in New Homes Bonus. Consequently, the strategy of delivering commercial income growth and business efficiencies through the digital agenda continues to play a vital role in balancing the budget.
- 14.3 However, provided we continue to deliver on this strategy, the Council will become increasingly financially resilient over the next 5-10 years as Revenue Support Grant disappears, New Homes Bonus reduces and we become largely funded by our community through Council Tax and Business Rates and income from our commercial services. Nevertheless, we must not forget that the planned Fairer Funding Review and business rate reset may present yet further challenges for the Council to meet.
- 14.4 The aims of 'Platforms for our Places' are critical to our success. Developing the local economy to increase employment space and local jobs together with the provision of new homes is one of the strategic measures that the Council can take to protect its longer term financial interests, however there will be inevitably be some difficult days ahead as the Council seeks to address the remaining budget shortfall.
- 14.5 There will need to be a sharp focus on financial health over the next couple of years whilst we balance the budget and rebuild the reserves. However, we must not forget that the Council has a good track record in dealing with such challenges
- 14.6 Finally, in preparing the strategy and forecast for 2018/19 an assessment was carried out of the significant risks and opportunities which may have an impact on the Council's budget. Where quantifiable, the budget has been adjusted accordingly but it is important to acknowledge that there are still some risks to the overall position which may have to be funded from reserves. Members will continue to receive regular budget monitoring reports and updates to the Council's 5-year Medium Term Financial Plan, to ensure that the financial challenges ahead are effectively met.

Local Government Act 1972

Background Papers :

Report to the Joint Strategic Committee 13th July 2017 'Towards a sustainable future – Budget strategy for the 2018/19 budget'

Report to the Joint Strategic Committee 5th December 2017 'Sustainable Councils: 5 year forecast 2018/19 – 2022/23 and savings proposals'

Report to the Joint Strategic Committee 5th December 2017 'Investing in Service Delivery: Capital Investment Programme 2018/19 to 2020/21'

Background Papers :

Local Authority Finance (England) Settlement Revenue Support Grant for 2018/19 and Related Matters: DCLG Letters and associated papers of 19th December 2017.

Autumn Budget 2017 - HM Treasury

Autumn Budget 2017 – On-the-day Briefing by CIPFA Financial Advisory Service

Local Government Act 2003 and Explanatory Note

“Guidance Note on Local Authority Reserves and Balances” – LAAP Bulletin No. 77 - CIPFA -published in November 2008

Statement of Accounts 2016/17

Report to Joint Strategic Committee 5th December 2017 – 2nd Revenue Budget Monitoring 2017/18

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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

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2017/18 - 2022/23

	2017/18 Base	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	13,468	13,468	13,468	13,468	13,468	13,468
(a) Annual Inflation						
Estimated inflation		567	1,098	1,626	2,133	2,641
(b) One -off / non-recurring items						
Local Elections (not held once every four years)		76	78	80	(50)	83
(c) Committed Growth / Cost reductions						
Impact of Pension Fund Triennial valuation		(201)	(261)	(264)	(269)	(274)
Impact of pension valuation for SDLT - Fall out of pension costs.		(18)	(36)	(54)	(72)	(72)
Additional waste and recycling round		164	164	164	164	164
Impact of increasing costs of homelessness		175	175	295	295	295
Impact of Homelessness Reduction Act		47	47	47	47	47
Planning income shortfall		50	50	50	50	50
New 2020 recycling targets		-	300	600	600	600
Loss of Housing Benefit Administration Grant		73	73	73	73	73
Impact of new public convenience cleaning service		32	32	32	32	32
Committed growth items identified by Heads of Service and approved in December 2017		289	289	289	289	289
Contingency		-	80	160	240	320
(d) Impact of capital programme						
Financing costs - General Programme		348	333	376	454	598
Impact of land acquisitions and new developments at Union Place, Grafton, town hall car park and other major projects.		247	447	647	847	847
(e) Additional income						
Investment income		(31)	(42)	(66)	(113)	(168)
(f) Approved Growth items						
Provision for new growth items		-	90	180	270	360
Total Cabinet Member Requirements	13,468	15,286	16,385	17,703	18,458	19,353
Baseline funding	2,514	2,590	2,648	2,701	2,755	2,810
Add: Net retained additional business rates	506	764	531	273	278	282
Add: Share of surplus /deficit (-)	-	5	-	-	-	-
Adusted Baseline funding	3,020	3,359	3,179	2,974	3,033	3,092

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2017/18 - 2022/23

	2017/18 Base	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue Support Grant	453	8	-	-	-	-
Council Tax income						
Adjusted Council Tax income	8,498	8,619	8,826	9,039	9,256	9,479
Transitional Grant	100	-	-	-	-	-
New homes bonus (2013/14 - 2018/19)	220	-	-	-	-	-
New homes bonus (2014/15 - 2019/20)	170	-	-	-	-	-
New homes bonus (2015/16 - 2020/21)	246	246	-	-	-	-
New homes bonus (2016/17 -2019/20)	518	518	518	-	-	-
New homes bonus (2017/18 - 2020/21)	234	234	234	234	-	-
New homes bonus (2018/19- 2021/22)	-	222	222	222	222	-
New homes bonus (2019/20 - 2022/23)	-	-	120	120	120	120
Total New Homes Bonus	1,388	1,220	1,094	576	342	120
Collection fund surplus/deficit (-)	9	55	-	-	-	-
Total other grants and contributions	1,497	1,275	1,094	576	342	120
Total Income from Taxation	13,468	13,261	13,099	12,589	12,631	12,691
(Surplus) / Shortfall in Resources	-	2,025	3,286	5,115	5,827	6,662
AMOUNT REQUIRED TO BALANCE BUDGET	-	2,025	3,286	5,115	5,827	6,662
Savings identified to date:						
Strategic Property Investment Fund						
Recent Acquisitions		54	63	72	81	91
Future property purchases		216	517	768	969	1,169
Proposed increase to 2017/18 programme		200	200	200	200	200
Provision for future voids		(50)	(100)	(150)	(200)	(250)
Commercial activities and commissioning						
Commercial and Customer Board		592	592	592	592	592
Efficiency Measures						
Digital Strategy Board		108	108	108	108	108
Restructures and service plan savings not included above						
Development of temporary accomodation supply (15 units of 1/2 bed)		-	-	59	118	118
Potential annual reduction in SDLT fees		-	75	75	75	75
		1,981	2,282	2,551	2,770	2,930
Cumulative savings still to be found		44	1,004	2,564	3,057	3,732
Annual savings still to be found		44	960	1,560	494	675

WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2017/18 - 2022/23						
	2017/18 Base	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax increase		0.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£0.00	£4.49	£4.58	£4.67	£4.77
Weekly increase (Band D property)		£0.00	£0.09	£0.09	£0.09	£0.09
Average annual increase (Band C property)		£0.00	£3.99	£4.07	£4.15	£4.24
Average weekly increase (Band C property)		£0.00	£0.08	£0.08	£0.08	£0.08
Savings required in each year		2,025	1,261	1,829	713	835

Bids for investment into services	2018/19				2019/20	2020/21	APPENDIX 2 Notes
	Joint (memo)	Adur	Worthing	Total			
	£	£	£	£	£	£	
<p>Additional capacity for Major Projects Team Creation of a new Head of Major Projects (Grade 10) to manage the existing team. This will also add to capacity to take major projects forward which form an important part of 'Platforms for our Places'.</p>	68,750	3,440	65,310	68,750	68,750	68,750	This links to Commitment 1.6 'Investment in and delivery of Major Projects and key infrastructure' in the Financial Economies Platform. The majority of the work is being undertaken on Worthing sites.
<p>Additional capacity in the Communications Team The Communications Team has significantly increased awareness of Councils' activities. It has increased internal awareness of the need for good story-telling and engagement across services. It has challenged all directorates to make communication a core of all strategic thinking. In addition it has begun to win contracts from internal and external bodies. There is considerable opportunity both enhance and improve Councils engagement and communications and bring in more revenue from other public bodies.</p>	43,230	17,290	25,940	43,230	33,230	23,230	<p>Net of additional income of £10k per year.</p> <p>This links to commitment 4.7 in the 'Services and Solutions for our Places' platform: 'Develop a communications service that champions the places, people, councils and projects of Adur and Worthing creatively, professionally and cost effectively (4.7.3). The service has a specific commitment to 'Oversee the development of a sales and sponsorship package which will help the Councils create new revenue opportunities and open up affordable, attractive promotional packages for local businesses, with a target of £200,000 of revenue generated within 3 full years.</p>

Bids for investment into services	2018/19				2019/20	2020/21	APPENDIX 2 Notes
	Joint (memo)	Adur	Worthing	Total			
	£	£	£	£	£	£	
<p>Investment in Digital Team</p> <p>The Councils have successfully established platform technology that allows us to design & build our own applications. This is proving to be by far the best way to redesign and transform our services, providing better solutions than those from 3rd party suppliers, & we continue to be viewed as a national leader. Following the success of work in waste m'gement, where response times have been reduced from days to hours through process automation, the digital team delivered several time saving internal applications in 2017 alongside significant solutions in housing options and housing repairs that are delivering large efficiencies (in contact centre & service teams) & significantly improved customer experience. With this success, high demand has followed from teams, & we have a significant project pipeline.</p> <p>The time is right to invest in resources to help the Councils do more, faster, now that we have a clearly proven approach. This bid for growth seeks revenue to fund one full time Project Manager and full time Senior Developer. The additional expertise in the team will assist in the delivery of the Service Redesign Programme and reduce reliance on external staff. In terms of Platforms for Our Places it will:</p> <ul style="list-style-type: none"> i) Support our continued redesigning of services around individuals ii) Enable us to develop our digital capacity & capabilities and begin to support others in building platforms on our digital foundations. 	48,623	19,450	29,170	48,620	64,830	64,830	This links to the delivery of specific commitments in both the 'Social Economies' and 'Services and Solutions for our Places' platforms (commitments 2.2.7, 4.1.1 and 4.3.7)

<u>Bids for investment into services</u>	2018/19				2019/20	2020/21	APPENDIX 2 Notes
	Joint (memo)	Adur	Worthing	Total			
Playing pitch and built facilities review Review of Council held land with the intention of identifying opportunities to improve built leisure facilities	£	£	£	£	£	£	This links to the 'Financial Economies' platform, specifically the review of Council owned property (Commitment 1.4.1) and commitment 2.5.6 in the Social Economies platform to
	0	0	50,000	50,000	0	0	
	160,603	40,180	170,420	210,600	166,810	156,810	

SCHEDULE OF EARMARKED RESERVES

Reserve	Balance as at 01.04.17	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.18	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1. CAPACITY ISSUES RESERVE Purpose: The Capacity Issues Reserve was set up in 2005/06 to give the Council scope to deal with a range of cost pressures expected to arise from 2006/07 onwards.	846	1	(466)	381	1	-	382
2. INSURANCE RESERVE Purpose: The Insurance Reserve was established in 1993/94 to develop risk management, fund self-insurance and to achieve longer-term revenue savings.	389	30	(38)	381	30	(30)	381
3. JOINT HEALTH PROMOTION Purpose: The Joint Health Promotion reserve was established in 2005 with funding received from the local Primary Care Trust for health promotion projects.	10	-	(10)	-	-	-	-

C = Capital Contribution

SCHEDULE OF EARMARKED RESERVES

Reserve	Balance as at 01.04.17	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.18	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
4. LEISURE LOTTERY & OTHER PARTNERSHIP Purpose: The Leisure, Lottery & Other Partnerships Reserve was established in 1995/96 to assist in financing capital schemes attracting substantial support from the National Lottery distributor bodies & other funding agencies & organisations. This reserve is currently earmarked for support to the Museum Redevelopment bid & the Football Foundation bid.	77	-	-	77	-	-	77
	C						
C = Capital Contribution							

SCHEDULE OF EARMARKED RESERVES

Reserve	Balance as at 01.04.17	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.18	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
5. MUSEUM RESERVE Purpose: The Museum Reserve was established in 1993/94 to support the overall service aims of the Museum and Art Gallery on occasions where annual budgets do not allow the work of the Museum and Art Gallery to progress in a manner which will contribute to achieving these aims.	114	-	(77)	37	-	-	37
6. THEATRE TICKET LEVY Purpose: Established in 2013/14 to fund refurbishment and other works for all of WBC's theatres.	64	90	(60)	94	80	(50)	124
7. SPECIAL AND OTHER EMERGENCY EXPENDITURE The Special and Other Emergency Expenditure Reserve was set up to fund strategic or unforeseen one-off expenditure, which may arise.	42	-	(39)	3	-	-	3

* Contribution to be confirmed at the year-end

SCHEDULE OF EARMARKED RESERVES

Reserve	Balance as at 01.04.17	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.18	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
8. GRANTS & CONTRIBUTIONS Held in reserves*	574	-	-	574	-	-	574
9. PROJECTED UNDERSPEND Reserves to be identified at outturn.		*see below					-
10. GENERAL FUND WORKING BALANCE	844			844			844
11. CAPITAL EXPENDITURE RESERVE	73	-	(43)	30	-	-	30
TOTAL	3,033	121	(733)	2,421	111	(80)	2,452
* Contribution to be confirmed at the year-end							

PROPERTY ANALYSIS AND CALCULATION OF TAX BASE										
Properties	Band A -	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Number of Dwellings	0.00	7,785.00	11,142.00	12,901.00	9,383.00	5,394.00	2,334.00	897.00	26.00	49,862.00
Less: Exemptions	0.00	-192.00	-155.00	-135.00	-114.00	-55.00	-17.00	-5.00	0.00	-673.00
Disabled Relief Adjustment (net)	0.00	7,593.00	10,987.00	12,766.00	9,269.00	5,339.00	2,317.00	892.00	26.00	49,189.00
Chargeable Dwellings	4.00	33.00	19.00	0.00	8.00	-32.00	5.00	-19.00	-18.00	0.00
	4.00	7,626.00	11,006.00	12,766.00	9,277.00	5,307.00	2,322.00	873.00	8.00	49,189.00
Broken down as follows:										
Full Charge	1.00	2,724.00	6,115.00	8,808.00	6,815.00	4,134.00	1,890.00	702.00	6.00	31,195.00
25% Discount (Including Adj for SP dis)	3.00	4,841.00	4,836.00	3,927.00	2,440.00	1,149.00	391.00	140.00	0.00	17,727.00
50% Discount	0.00	74.00	111.00	124.00	111.00	87.00	59.00	39.00	2.00	607.00
0% Discount (Long Term Empty Homes)	0.00	267.00	252.00	161.00	85.00	34.00	17.00	13.00	0.00	829.00
Total Equivalent Number of Dwellings	3.25	6,395.75	9,771.50	11,766.25	8,657.00	5,011.25	2,204.75	822.00	7.00	44,638.75
Reduction in tax base due to Council Tax Support	2.05	1,360.79	1,398.68	991.72	364.01	109.71	20.97	4.82	0.00	4,252.75
Adjusted equivalent total dwellings	1.20	5,034.96	8,372.82	10,774.53	8,292.99	4,901.54	2,183.78	817.18	7.00	40,386.00
Band D Equivalents										
Revenue Support Settlement	0.70	3,356.60	6,512.20	9,577.40	8,293.00	5,990.80	3,154.30	1,362.00	14.00	38,261.00
Add: Forecast new homes	0.00	10.70	40.40	160.00	92.50	0.60	0.70	0.00	0.00	304.90
Add: Second Homes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Adjustments for Losses on Collection, and Void Properties	0.00	0.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	200.00
COUNCIL TAX BASE	0.70	3,367.30	6,552.60	9,737.40	8,185.50	5,991.40	3,155.00	1,362.00	14.00	38,365.90

DECISION

The following appendices have been updated to reflect the recommendations from Executive as laid out in the Record of Decisions.

DECISION THE EXECUTIVE

- (i) Approved the proposals to invest in services outlined in Appendix 2.
- (ii) Agreed to recommend to Council the draft budgets for 2018/19 at Appendix 5 as submitted in Executive Member Portfolio order, and the transfer to Reserves leading to a net budget requirement of £13,433,340 subject to the approval of the proposals outlined above and the final agreed rate of Council Tax.
- (iii) Agreed to recommend to Council an increase of 2.96% making Band D for Worthing Borough Council's requirements in 2018/19 as set out in paragraph 5.10 of £231.30 per annum.

REASON FOR DECISION

Statutory requirement to set a budget

APPENDIX 5
CIVIC BUDGET TABLE 2018/19
Summary of Executive Member
Requirements

INDIVIDUAL MEMBER PORTFOLIOS
Summary and Variance Pages

WORTHING BUDGET 2018/2019
Summary of Executive Member Portfolios



WORTHING BOROUGH
 COUNCIL

APPENDIX 5

EXECUTIVE PORTFOLIO	ESTIMATE 2017/2018	ESTIMATE 2018/2019
	£	£
Environment	2,890,240	2,139,780
Health and Wellbeing	1,286,210	1,702,990
Customer Services	5,425,580	4,779,360
Leader	1,054,600	852,870
Regeneration	2,621,670	3,039,710
Resources	2,519,070	2,389,670
Support Services Depreciation Not Charged To Services	(165,700)	710,270
NET SERVICE EXPENDITURE	15,631,670	15,614,650
Credit Back Depreciation / Impairments	(3,323,380)	(3,633,620)
Minimum Revenue Provision	1,072,620	1,408,260
	13,380,910	13,389,290
Transfer to / from Reserves	86,250	86,250
Balance Available to Transfer To / (From) Reserves	1,470	41,050
Total budget requirement before external support from government	13,468,630	13,516,590
Baseline Funding	(2,514,490)	(2,590,030)
Additional business rate income	(505,750)	(769,100)
Revenue Support Grant	(452,930)	(7,680)
Transition Grant	(99,860)	-
Council Tax Reduction Scheme Grant	-	-
Council Tax Freeze Grant	-	-
Other unfenced grants (New homes bonus & Ctax Transition)	(1,388,230)	(1,220,870)
Contribution to/ (from) Collection Fund	(9,400)	(54,880)
Amount required from Council Tax	8,497,970	8,874,030
Council Tax Base	37,829.3	38,365.9
Average Band D Council Tax - Worthing Borough	224.64	231.30
% increase	-	2.96%

SERVICE	ESTIMATE 2017/2018	ESTIMATE 2018/2019
	£	£
DIRECTOR OF DIGITAL AND RESOURCES		
Business and Technical Services		
Bus Shelters, Drainage, Flood Defence, Street Nameplates	100,660	67,360
Parking	(829,560)	(1,119,650)
Public Conveniences, Seats & Public Clock	352,870	372,540
	(376,030)	(679,750)
DIRECTOR OF COMMUNITIES		
South Downs Leisure	1,298,350	1,341,210
	1,298,350	1,341,210
Environmental Services		
Allotments	63,190	12,480
Cemeteries	92,800	14,530
Crematorium	(1,438,670)	(1,462,520)
Parks	1,627,510	1,702,410
Abandoned Vehicles	28,580	1,810
Clinical Waste	16,780	(5,470)
Compliance	(1,770)	(1,810)
Graffiti	670	5,420
Recycling	(408,920)	(737,440)
Refuse	1,336,980	1,588,530
Street Cleansing (includes Pest Control)	767,020	733,520
Trade Refuse	(401,430)	(467,150)
Vehicle Workshop	630	630
	1,683,370	1,384,940
Wellbeing		
Pollution Control	212,260	93,380
	212,260	93,380
TOTAL ENVIRONMENT PORTFOLIO	2,817,950	2,139,780

WORTHING - ENVIRONMENT PORTFOLIO - 2018/2019 - SUBJECTIVE ANALYSIS



SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	Depreciation/Impairment	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£		£
DIRECTOR FOR DIGITAL AND RESOURCES												
Business & Technical Services												
Bus Shelters, Drainage, Flood Defence, Street Nameplates	-	-	34,720	-	310	-	(570)	34,460	32,900	-	-	67,360
Public Conveniences, Seats & Public Clock	-	-	282,940	-	-	-	(600)	282,340	6,100	84,100	84,100	372,540
DIRECTOR OF COMMUNITIES												
South Downs Leisure	132,750	-	225,570	-	50,000	-	(102,060)	306,260	40,810	994,140	994,140	1,341,210
Environmental Services												
Allotments	-	-	15,700	-	-	-	(5,220)	10,480	-	2,000	2,000	12,480
Cemeteries	-	82,740	130,180	-	16,410	-	(272,410)	(43,080)	27,110	30,500	30,500	14,530
Crematorium	227,430	100,730	479,520	3,560	180,750	-	(2,744,970)	(1,752,980)	203,330	87,130	87,130	(1,462,520)
Parks	-	109,210	1,111,290	-	128,730	-	(312,370)	1,036,860	409,740	255,810	255,810	1,702,410
Abandoned Vehicles	-	-	-	-	2,280	-	(470)	1,810	-	-	-	1,810
Clinical Waste	-	(5,470)	-	-	-	-	-	(5,470)	-	-	-	(5,470)
Compliance	-	-	-	-	-	-	(1,810)	(1,810)	-	-	-	(1,810)
Graffiti	-	-	-	-	-	-	-	0	2,820	2,600	2,600	5,420
Parking	-	343,240	694,570	3,740	151,730	-	(2,733,790)	(1,540,510)	321,920	98,940	98,940	(1,119,650)
Recycling	-	(870,150)	-	-	-	1,400	-	(868,750)	74,050	57,260	57,260	(737,440)
Refuse	-	1,027,380	-	-	-	-	-	1,027,380	214,250	346,900	346,900	1,588,530
Street Cleansing	-	895,730	-	-	-	-	(331,380)	564,350	100,520	68,650	68,650	733,520
Trade Refuse	-	307,330	-	-	504,570	-	(1,333,030)	(521,130)	19,400	34,580	34,580	(467,150)
Vehicle Workshop	-	-	-	-	-	-	-	0	-	630	630	630
Wellbeing												
Pollution Control	-	790	-	-	-	-	(3,390)	(2,600)	95,980	-	-	93,380
	360,180	1,991,530	2,974,490	7,300	1,034,780	1,400	(7,842,070)	(1,472,390)	1,548,930	2,063,240		2,139,780
Percentage Direct Cost	6%	31%	47%	0%	16%	0%						

WORTHING - ENVIRONMENT PORTFOLIO - 2018/2019 - VARIANCE ANALYSIS



WORTHING BOROUGH
COUNCIL

SERVICE / ACTIVITY	Original Estimate 2017/2018	Inflation	One off - items	Committed Growth	Unavoidable Growth	Impact of Capital programme	Savings	Non-MTFP Other Changes	TOTAL BUDGET
DIRECTOR FOR DIGITAL AND RESOURCES	£	£	£	£	£	£	£	£	£
Business and Technical Services									
Bus Shelters, Drainage, Flood Defence, Streetlights	100,660	850	-	-	-	-	-	(34,150)	67,360
Public Conveniences, Seats & Public Clocks	352,870	6,030	-	32,000	-	-	-	(18,360)	372,540
DIRECTOR OF COMMUNITIES									
South Downs Leisure	1,298,350	2,190	-	(18,000)	50,000	-	-	8,670	1,341,210
Environmental Services									
Allotments	63,190	380	-	-	-	-	(4,600)	(46,490)	12,480
Cemeteries	92,800	(2,850)	-	-	-	-	-	(75,420)	14,530
Crematorium	(1,438,670)	(50,020)	-	120,000	-	-	(120,000)	26,170	(1,462,520)
Parks	1,627,510	24,840	-	20,000	-	-	(19,500)	49,560	1,702,410
Abandoned Vehicles	28,580	50	-	-	-	-	-	(26,820)	1,810
Clinical Waste	16,780	-	-	-	-	-	-	(22,250)	(5,470)
Compliance	(1,770)	(40)	-	-	-	-	-	-	(1,810)
Graffiti	670	-	-	-	-	-	-	4,750	5,420
Parking	(829,560)	(41,650)	-	-	-	-	(171,650)	(76,790)	(1,119,650)
Recycling	(408,920)	-	-	-	-	-	-	(328,520)	(737,440)
Refuse	1,336,980	-	-	-	-	-	-	251,550	1,588,530
Street Cleansing	767,020	(8,060)	-	-	-	-	-	(25,440)	733,520
Trade Refuse	(401,430)	(20,450)	-	84,000	-	-	(73,850)	(55,420)	(467,150)
Vehicle Workshop	630	-	-	-	-	-	-	-	630
Wellbeing									
Pollution Control	212,260	(80)	-	-	-	-	-	(118,800)	93,380
	2,817,950	(88,810)	0	238,000	50,000	0	(389,600)	(487,760)	2,139,780

SERVICE	ESTIMATE 2017/2018	ESTIMATE 2018/2019
	£	£
DIRECTOR OF COMMUNITIES		
Worthing Festival	3,420	3,520
	3,420	3,520
Housing		
Housing Standards	1,540	156,850
	1,540	156,850
Wellbeing		
Community Wellbeing	449,820	400,250
Community Safety	308,770	324,830
Food Safety & Health & Safety	246,310	209,990
Licensing	51,860	102,750
Public Health & Regulation	234,910	449,490
	1,291,670	1,487,310
DIRECTOR OF DIGITAL AND RESOURCES		
Business and Technical Services		
Footway Lighting	61,850	55,310
	61,850	55,310
Revenues and Benefits		
Revenues	20	-
	20	-
TOTAL HEALTH AND WELLBEING PORTFOLIO	1,358,500	1,702,990

WORTHING - HEALTH AND WELLBEING PORTFOLIO - 2018/2019 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
DIRECTOR OF COMMUNITIES											
Worthing Festival	-	-	3,040	-	480	-	-	3,520	-	-	3,520
Housing											
Housing Standards	-	152,800	-	-	1,680	-	(100)	154,380	2,470	-	156,850
Wellbeing											
Community Wellbeing	-	107,910	-	-	197,920	-	-	305,830	94,420	-	400,250
Community Safety	-	177,420	3,740	-	21,220	-	-	202,380	116,330	6,120	324,830
Food Safety & Health & Safety	-	3,950	-	-	15,750	-	(3,830)	15,870	194,120	-	209,990
Licensing	-	155,650	-	-	3,930	-	(222,110)	(62,530)	165,280	-	102,750
Public Health & Regulation	-	55,120	-	-	26,070	-	(1,010)	80,180	362,460	6,850	449,490
DIRECTOR FOR DIGITAL AND RESOURCES											
Business and Technical Services											
Footway Lighting	-	-	48,740	-	-	-	-	48,740	6,570	-	55,310
Revenues and Benefits											
Revenues	-	-	-	-	-	-	-	0	-	-	0
	0	652,850	55,520	0	267,050	0	(227,050)	748,370	941,650	12,970	1,702,990
Percentage Direct Cost	0%	67%	6%	0%	27%	0%					

WORTHING - HEALTH AND WELLBEING PORTFOLIO - 2018/2019 - VARIANCE ANALYSIS



WORTHING BOROUGH
COUNCIL

SERVICE / ACTIVITY	Original Estimate 2017/2018	Inflation	One off - items	Committed Growth	Impact of Capital programme	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£
DIRECTOR OF COMMUNITIES									
Worthing Festival	3,420	90	-	-	-	-	-	10	3,520
Housing									
Housing Standards	1,540	40	-	-	-	-	-	155,270	156,850
Wellbeing									
Community Wellbeing	449,820	5,380	-	-	-	-	(22,610)	(32,340)	400,250
Community Safety	308,770	610	-	-	-	-	-	15,450	324,830
Food Safety & Health & Safety	246,310	300	-	-	-	-	-	(36,620)	209,990
Licensing	51,860	(5,320)	-	-	-	-	-	56,210	102,750
Public Health & Regulation	162,620	960	-	-	-	-	(14,020)	299,930	449,490
DIRECTOR FOR DIGITAL AND RESOURCES									
Business and Technical Services									
Footway Lighting	61,850	1,190	-	-	-	-	-	(7,730)	55,310
Revenues and Benefits									
Revenues	20	-	-	-	-	-	-	(20)	0
	1,286,210	3,250	0	0			(36,630)	450,160	1,702,990

CUSTOMER SERVICES PORTFOLIO



WORTHING BOROUGH
COUNCIL

SERVICE	ESTIMATE 2017/2018	ESTIMATE 2018/2019
	£	£
DIRECTOR OF COMMUNITIES		
Housing		
Housing including Homelessness	1,534,340	1,766,680
Housing Improvement Assistance	71,330	103,430
Housing Strategy	32,270	113,040
	1,637,940	1,983,150
Wellbeing		
Community Centres	80,270	70,250
	80,270	70,250
DIRECTOR OF ECONOMY		
Culture		
Theatres	1,613,360	1,506,970
Museums	489,580	419,300
	2,102,940	1,926,270
DIRECTOR OF DIGITAL AND RESOURCES		
Finance		
Fraud, Verification & Adjudication	31,610	33,900
Revenues and Benefits		
Revenues	511,470	246,280
Benefits	1,061,350	519,510
	1,604,430	799,690
TOTAL CUSTOMER SERVICES PORTFOLIO	5,425,580	4,779,360

WORTHING - CUSTOMER SERVICES PORTFOLIO - 2018/2019 - SUBJECTIVE ANALYSIS



WORTHING BOROUGH
COUNCIL

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
DIRECTOR OF COMMUNITIES											
Housing											
Housing including Homelessness	-	637,550	-	-	1,454,120	153,890	(744,740)	1,500,820	265,860	-	1,766,680
Housing Improvement Assistance	-	98,640	-	-	-	-	(42,190)	56,450	46,980	-	103,430
Housing Strategy	-	-	-	-	-	-	-	0	113,040	-	113,040
Wellbeing											
Community Centres	-	17,210	21,500	-	650	-	-	39,360	28,000	2,890	70,250
DIRECTOR OF ECONOMY											
Culture											
Theatres	1,703,990	80,440	447,120	10,090	2,111,900	-	(3,541,160)	812,380	370,990	323,600	1,506,970
Museums	172,740	25,770	98,730	1,080	44,120	-	(66,200)	276,240	75,350	67,710	419,300
DIRECTOR FOR DIGITAL AND RESOURCES											
Finance											
Fraud, Verification & Adjudication	-	-	-	-	93,900	-	(60,000)	33,900	-	-	33,900
Revenues and Benefits											
Revenues	-	439,690	-	-	93,820	-	(540,020)	(6,510)	252,790	-	246,280
Benefits	-	783,460	-	-	63,370	36,561,110	(37,392,490)	15,450	504,060	-	519,510
	1,876,730	2,082,760	567,350	11,170	3,861,880	36,715,000	(42,386,800)	2,728,090	1,657,070	394,200	4,779,360
Percentage Direct Cost	4%	5%	1%	0%	9%	81%					

WORTHING - CUSTOMER SERVICES PORTFOLIO - 2018/2019 - VARIANCE ANALYSIS



WORTHING BOROUGH
COUNCIL

SERVICE / ACTIVITY	Original Estimate 2017/2018	Inflation	One off - items	Committed Growth	Impact of Capital programme	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£
DIRECTOR OF COMMUNITIES									
Housing									
Housing including Homelessness	1,534,340	20,210	-	175,000	-	-	-	37,130	1,766,680
Housing Improvement Assistance	71,330	(1,030)	-	-	-	-	-	33,130	103,430
Housing Strategy	32,270	-	-	-	-	-	-	80,770	113,040
Wellbeing									
Community Centres	80,270	390	-	-	-	-	-	(10,410)	70,250
DIRECTOR OF ECONOMY									
Culture									
Theatres	1,613,360	(18,570)	-	-	-	-	(8,000)	(79,820)	1,506,970
Museums	489,580	1,820	-	-	-	-	-	(72,100)	419,300
DIRECTOR FOR DIGITAL AND RESOURCES									
Finance									
Fraud, Verification & Adjudication	31,610	2,290	-	-	-	-	-	-	33,900
Revenues and Benefits									
Revenues	511,470	(7,850)	-	-	-	-	-	(257,340)	246,280
Benefits	1,061,350	(9,020)	-	73,000	-	-	(80,000)	(525,820)	519,510
	5,425,580	(11,760)	0	248,000	0	0	(88,000)	(794,460)	4,779,360

SERVICE	ESTIMATE 2017/2018	ESTIMATE 2018/2019
	£	£
CHIEF EXECUTIVE OFFICE		
Communications		
Communications	21,190	-
Performance and Scrutiny	200	210
	21,390	210
DIRECTOR OF COMMUNITIES		
Wellbeing		
Democratic Services	776,330	525,460
	776,330	525,460
DIRECTOR OF DIGITAL AND RESOURCES		
Customer & Digital		
Elections	256,880	327,200
	256,880	327,200
TOTAL LEADER PORTFOLIO	1,054,600	852,870

WORTHING - THE LEADER PORTFOLIO - 2018/2019 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
CHIEF EXECUTIVE											
Communications											
Communications	-	-	-	-	-	-	-	0	-	-	0
Performance and Scrutiny	-	-	-	-	210	-	-	210	-	-	210
DIRECTOR OF COMMUNITIES											
Wellbeing											
Democratic Services	274,830	215,700	-	3,340	25,030	-	-	518,900	6,560	-	525,460
DIRECTOR OF DIGITAL & RESOURCES											
Customer & Digital											
Elections	33,000	105,630	3,000	-	106,760	-	(5,420)	242,970	80,590	3,640	327,200
	307,830	321,330	3,000	3,340	132,000	0	(5,420)	762,080	87,150	3,640	852,870
Percentage Direct Cost	40%	42%	0%	0%	17%	0%					

WORTHING - THE LEADER PORTFOLIO - 2018/2019 - VARIANCE ANALYSIS

SERVICE / ACTIVITY	Original Estimate 2017/2018	Inflation	One off - items	Committed Growth	Impact of Capital programme	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£
CHIEF EXECUTIVE									
Communications									
Communications	21,190	-	-	-	-	-	-	(21,190)	0
Performance and Scrutiny	200	10	-	-	-	-	-	-	210
DIRECTOR OF COMMUNITIES									
Wellbeing									
Democratic Services	776,330	6,090	-	-	-	-	-	(256,960)	525,460
DIRECTOR OF DIGITAL & RESOURCES									
Customer & Digital									
Elections	256,880	1,580	76,000	-	-	-	-	(7,260)	327,200
	1,054,600	7,680	76,000	0	0	0	0	(285,410)	852,870

SERVICE	ESTIMATE 2017/2018	ESTIMATE 2018/2019
	£	£
DIRECTOR OF DIGITAL AND RESOURCES		
Business and Technical Services		
Administrative Buildings	(750)	(760)
Meadow Road Depot	6,980	40,420
	6,230	39,660
Finance		
Corporate Management	2,431,230	2,765,840
Treasury Management	268,110	733,230
	2,699,340	3,499,070
DIRECTOR OF COMMUNITIES		
Environmental		
Lido/Pier/Pavillion	229,000	165,290
	229,000	165,290
DIRECTOR OF ECONOMY		
Place & Investment		
Estates	(424,130)	(1,323,320)
Growth		
Land Charges	8,630	8,970
	(415,500)	(1,314,350)
TOTAL RESOURCES PORTFOLIO	2,519,070	2,389,670

WORTHING - RESOURCES PORTFOLIO -2018/2019 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
DIRECTOR FOR DIGITAL AND RESOURCES										
Business and Technical Services										
Administrative Buildings	-	-	-	-	-	(760)	(760)	-	-	(760)
Meadow Road Depot	-	10,880	57,970	3,390	80	(52,830)	19,490	-	20,930	40,420
Finance										
Corporate Management	2,156,000	127,430	(47,960)	251,320	-	(144,690)	2,342,100	423,650	90	2,765,840
Treasury Management	-	-	-	262,410	-	(341,250)	(78,840)	650	811,420	733,230
DIRECTOR OF COMMUNITIES										
Environmental										
Lido/Pier/Pavillion	-	-	246,650	9,190	-	(120,220)	135,620	-	29,670	165,290
DIRECTOR OF ECONOMY										
Place & Investment										
Estates	-	-	413,300	27,340	-	(2,010,320)	(1,569,680)	12,230	234,130	(1,323,320)
Growth										
Land Charges	-	85,120	-	46,710	-	(180,080)	(48,250)	57,220	-	8,970
	2,156,000	223,430	669,960	600,360	80	(2,850,150)	799,680	493,750	1,096,240	2,389,670
Percentage Direct Cost	59%	6%	18%	16%	0%					

WORTHING - RESOURCES PORTFOLIO -2018/2019 - VARIANCE ANALYSIS

SERVICE / ACTIVITY	Original Estimate 2017/2018	Inflation	One off - items	Committed Growth	Impact of Capital programme	Additional Income	Savings	Non Committed Growth	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
DIRECTOR FOR DIGITAL AND RESOURCES										
Business and Technical Services										
Administrative Buildings	(750)	(10)	-	-	-	-	-	-	-	(760)
Meadow Road Depot	6,980	1,100	-	-	50,000	-	-	-	(17,660)	40,420
Finance										
Corporate Management	2,431,230	5,530	-	(129,600)	-	-	(30,240)	-	488,920	2,765,840
Treasury Management	268,110	380	-	27,000	363,580	(31,000)	-	-	105,160	733,230
DIRECTOR OF COMMUNITIES										
Environmental										
Lido/Pier/Pavillion	229,000	6,020	-	-	-	-	-	-	(69,730)	165,290
DIRECTOR OF ECONOMY										
Place & Investment										
Estates	(424,130)	9,930	-	-	-	-	(426,000)	-	(483,120)	(1,323,320)
Growth										
Land Charges	8,630	(3,250)	-	-	-	-	-	-	3,590	8,970
	2,519,070	19,700	0	(102,600)	413,580	(31,000)	(456,240)	0	27,160	2,389,670

SERVICE	ESTIMATE 2017/2018	ESTIMATE 2018/2019
	£	£
DIRECTOR OF DIGITAL AND RESOURCES		
Business and Technical Services		
Emergency Planning & Business Continuity	53,520	66,450
Coastal Protection	157,250	119,120
Energy and Sustainability	52,510	28,320
	263,280	213,890
DIRECTOR OF COMMUNITIES		
Environmental		
Foreshores	668,930	706,540
	668,930	706,540
DIRECTOR OF ECONOMY		
Growth		
Planning Policy	369,990	394,190
Major Projects	155,060	71,750
Development Control	533,480	876,140
Building Control	108,180	128,030
	1,166,710	1,470,110
Place & Investment		
Economic Development (including Tourism)	522,750	579,580
	522,750	579,580
TOTAL REGENERATION PORTFOLIO	2,621,670	3,039,710

WORTHING - REGENERATION PORTFOLIO - 2018/2019 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
DIRECTOR FOR DIGITAL & RESOURCES											
Business and Technical Services											
Emergency Planning & Business Continuity	-	41,690	-	-	-	-	-	41,690	24,760	-	66,450
Coastal Protection	-	-	90,950	-	4,580	-	(23,180)	72,350	28,140	18,630	119,120
Energy and Sustainability	-	-	-	-	-	-	-	0	28,320	-	28,320
DIRECTOR OF COMMUNITIES											
Environmental											
Foreshores	-	202,650	402,440	4,520	31,720	-	(429,960)	211,370	244,780	250,390	706,540
DIRECTOR OF ECONOMY											
Growth											
Planning Policy	-	6,260	-	-	19,590	-	-	25,850	368,340	-	394,190
Major Projects	-	-	-	-	71,750	-	-	71,750	-	-	71,750
Development Control	-	599,160	-	-	50,190	5,380	(469,730)	185,000	672,270	18,870	876,140
Building Control	-	291,510	-	-	4,020	-	(378,970)	(83,440)	211,470	-	128,030
Place & Investment											
Economic Development	-	212,140	8,730	-	133,170	-	-	354,040	207,820	17,720	579,580
	69,590	1,353,410	502,120	4,520	315,020	5,380	(1,301,840)	948,200	1,785,900	305,610	3,039,710
Percentage Direct Cost	3%	60%	22%	0%	14%	0%					

WORTHING - REGENERATION PORTFOLIO - 2018/2019 - VARIANCE ANALYSIS



WORTHING BOROUGH
COUNCIL

SERVICE / ACTIVITY	Original Estimate 2017/2018	Inflation	One off - items	Committed Growth	Unavoidable Growth	Impact of Capital programme	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
DIRECTOR FOR DIGITAL & RESOURCES										
Business and Technical Services										
Emergency Planning & Business Continuity	53,520	-	-	-	-	-	-	-	12,930	66,450
Coastal Protection	157,250	1,760	-	-	-	-	-	-	(39,890)	119,120
Energy and Sustainability	52,510	-	-	-	-	-	-	-	(24,190)	28,320
DIRECTOR OF COMMUNITIES										
Environmental	-	-	-	-	-	-	-	-	-	0
Foreshores	668,930	9,580	-	-	-	-	-	(15,500)	43,530	706,540
DIRECTOR OF ECONOMY										
Growth										
Planning Policy	369,990	1,700	-	-	-	-	-	(50,000)	72,500	394,190
Major Projects	155,060	1,750	-	-	-	-	-	-	(85,060)	71,750
Development Control	533,480	(11,030)	-	50,000	-	-	-	(12,000)	315,690	876,140
Building Control	108,180	(9,140)	-	-	-	-	-	-	28,990	128,030
Place & Investment										
Economic Development	522,750	3,470	-	-	-	-	-	-	53,360	579,580
	2,621,670	(1,910)	0	50,000	0	0	0	(77,500)	447,450	3,039,710

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Baseline funding level

The amount of an individual council's Start-up Funding Assessment for 2013-14 provided through the local share of the Estimated Business Rates Aggregate, updated in line with the small business rates multiplier (set at the September forecast of the Retail Price Index, unless otherwise decided).

Billing authorities

A unitary council, or a lower tier council in a two-tier area, which collects the Council Tax for its own activities, and for those of the precepting authorities in its area. The billing authority passes on the precept receipts to each precepting authority in its area. These are the 326 billing authorities that collect Council Tax and business rates: district councils, London boroughs, and unitary councils. Before 1 April 2009 there were 354.

Business Rates

These rates, formally called national non-domestic rates, are the means by which local businesses contribute to the cost of providing local council services.

Business rates baseline

Determined for individual councils at the outset of the business rates retention scheme by dividing the local share of the Estimated Business Rates Aggregate (England) between billing authorities on the basis of their proportionate shares, before the payment of any major precepting authority share.

Business Rates Retention Scheme

The name given to the current system of funding local authorities through the local government finance settlement, set out in the Local Government Finance Act 2013. The local government sector retains 50% of the business rates they collect. In addition they also receive Revenue Support Grant to help support their services.

Council Tax

A local tax on domestic property, set by councils – calculated by deducting any funding from reserves, income it expects to raise and general funding it will receive from the Government – in order to meet its planned spending. 31

Council Tax Base

This is the number of Band D equivalent dwellings in a council area. To calculate the tax base for an area, the number of dwellings in each Council Tax band is reduced to take account of discounts and exemptions. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. An adjustment is then made for the collection rate.

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Council Tax Bands

There are eight Council Tax bands. How much Council Tax each household pays depends on the value of the homes. The bands are set out below.

Value of home estimated at 1 April 1991			Proportion of the tax due April 1991 for a band D property	
Band A	Under	£40,000	66.7%	(6/9)
Band B	£40,001 -	£52,000	77.8%	7/9)
Band C	£52,001 -	£68,000	8.9%	8/9)
Band D	£68,001 -	£88,000	100%	(9/9)
Band E	£88,001 -	£120,000	122.2%	(11/9)
Band F	£120,001 -	£160,000	144.4%	(13/9)
Band G	£160,001 -	£320,000	166.7%	(15/9)
Band H	Over	£320,001	200%	(18/9)

Estimated Business Rates Aggregate

The total business rates forecast at the outset of the business rate retention scheme to be collected by all billing authorities in England in 2013-14. The Estimated Business Rates Aggregate is updated year on year in line with the change in the small business multiplier (usually the September Retail Price Index).

Floor damping

A method by which stability in funding is protected through limiting the effect of wide variations in grant. A floor guarantees a lower limit to a year-on-year change in grant. The grant amounts of councils who receive changes above the floor are scaled back by a fixed proportion to help pay for the floor.

Levy

Mechanism to limit disproportionate benefit from business rates. The levy is applied proportionally on a 1:1 basis (i.e. a 1% increase in business rates income results in an council getting a 1% increase in revenue from the rates retention scheme) but with a limit on the maximum levy rate that is imposed, at 50p in the pound. Levy payments are used to fund the safety net.

Local government finance settlement

The local government finance settlement is the annual determination of funding distribution as made by the Government and debated by Parliament. 32

Local government spending control total

The total amount of expenditure for Revenue Support Grant in the Department for Communities and Local Government's Local Government Departmental Expenditure Limit plus the local share of the Estimated Business Rates Aggregate that is allocated to the local government sector by Government for each year of a Spending Review.

Local share

The percentage share of locally collected business rates that is retained by local government. This is set at 50% of which the Council retains 40% and the County Council retain 10%.

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Lower tier councils

Councils that carry out the functions which in shire areas with two tiers of local government are carried out by shire districts. They are the same councils as billing authorities.

Multiplier

The business rates multiplier which, when multiplied by the rateable value of a property, determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. The small business multiplier is updated annually by the Consumer Price Index, unless the Government decides otherwise and the other multiplier adjusted accordingly, to fund rate relief for small businesses.

Precept

This is the amount of Council Tax income all billing and precepting authorities need to provide their services. The amounts for all authorities providing services in an area appear on one Council Tax bill, which is administered by the billing authority.

Precepting authority

An authority or body that does not collect Council Tax or business rates but is part of the business rates retention scheme. This is an authority which sets a precept to be collected by billing authorities. County councils, police authorities, the Greater London Authority, single purpose fire and rescue authorities and parish councils are all precepting authorities.

Proportionate share

This is the percentage of the national business rates yield which a council has collected on the basis of the average rates collected by councils over the two years to 2011-12. This percentage was applied to the local share of the 2013-14 Estimated Business Rates Aggregate to determine the billing authority business rates baseline.

Reserves

This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending.

Revenue Support Grant

A Government grant which can be used to finance revenue expenditure on any service.

Ring-fenced grant

A grant paid to councils which has conditions attached to it, which restrict the purposes for which it may be spent.

GLOSSARY OF TECHNICAL TERMS FROM THE PROVISIONAL LOCAL GOVERNMENT SETTLEMENT CONSULTATION DOCUMENT

Safety net

Mechanism to protect any council which sees its business rates income drop, in any year, by more than 7.5% below its baseline funding level (with baseline funding levels being uprated by the small business rates multiplier for the purposes of assessing eligibility for support).

Settlement core funding

The definition of settlement core funding for this purpose takes into account the main resources available to councils, which for this purpose comprise:

- Council Tax income
- the Settlement Funding Assessment, comprising:
 - estimated business rates income (baseline funding level under the rates retention scheme)
 - Revenue Support Grant.

Settlement Funding Assessment

Previously referred to as Start-Up Funding Assessment. It comprises at a national level the total Revenue Support Grant and the local share of Estimated Business Rates Aggregate for the year in question. On an individual council level it comprises each council's Revenue Support Grant for the year in question and its baseline funding level, uprated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided.

Specific grants

Grants paid under various specific powers, but excluding Revenue Support Grant or area-based grant. Some specific grants are ring-fenced.

Tariffs and top ups

Calculated by comparing at the outset of the business rate retention scheme an individual council's business rates baseline against its baseline funding level. Tariffs and top ups are self-funding, fixed at the start of the scheme and uprated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided.