



WORTHING BOROUGH
COUNCIL

Communities Directorate

25 January 2019

Worthing Executive

Date: 4 February 2019

Time: 6.30pm

Venue: Gordon Room, Worthing Town Hall, Chapel Road, Worthing

Worthing Executive: Councillors Daniel Humphreys (Leader), Kevin Jenkins (Deputy Leader), Edward Crouch, Heather Mercer, Elizabeth Sparkes and Val Turner

Agenda

Part A

1. Declarations of Interest

Members and officers must declare any disclosable pecuniary interests in relation to any business on the agenda. Declarations should also be made at any stage such an interest becomes apparent during the meeting.

If in doubt contact the Legal or Democratic Services representative for this meeting.

2. Public Questions

To receive any questions from the public, addressed to Members of the Executive, in accordance with Council Procedure Rule 11.

3. Items Raised Under Urgency Provisions

To consider any items the Chairman of the meeting considers to be urgent.

4. Budget Estimates 2019/20 and Setting of 2019/20 Council Tax

To consider a report from the Director for Digital & Resources, a copy is attached as item 4.

Part B - Not for Publication – Exempt Information Reports

None.

Recording of this meeting

The Council will be voice recording the meeting, including public questions. The recording will be available on the Council's website as soon as practicable after the meeting. The Council will not be recording any discussions in Part B of the agenda (where the press and public have been excluded).

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The agenda and reports are available on the Councils website, please visit www.adur-worthing.gov.uk



Key Decision [No]

Ward(s) Affected: All

BUDGET ESTIMATES 2019/20 AND SETTING OF 2019/20 COUNCIL TAX

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

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 2019/20 including any adjustments arising from settlement;
- An updated outline 5-year forecast; and
- The provisional level of Council Tax for 2019/20, prior to its submission to the Council for approval on the 26th February 2019. This will be subject to any proposals to change the draft revenue budget following the consideration of the budget by the Executive.

1.2 The report outlines the medium term financial challenge through to 2023/24, and sets out performance in the key strategic areas of commercialisation, digital transformation and strategic property investment. The current budget strategy is having a significant effect on how the Councils will be funded in the future with increasing income generated from commercial income and rents. However the challenge still remains significant for 2020/21, with the earlier identification of initiatives to bridge the emerging budget gap a priority.

1.3 These budgets reflect the Councils' ambitions set out in *Platforms for our Places*, and agreed savings proposals contributing to the financial sustainability of the Councils. The report also updates members about the impact of the draft 2019/20 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 2020/21 and beyond (see section 4.2) ;
- Highlights the proposed funding for initiatives to support the Councils' ambitions set out in *Platforms for our Places*;
- The impact of recent County Council decisions upon the Council;
- The Executive needs to consider the proposals to invest in services outlined in Appendix 2;
- The Executive will need to consider whether to increase Council Tax by maximum level possible 3% or by a lower amount (paragraph 5.11).

1.5 The budget is analysed by Executive Member portfolio. In addition, the draft estimates for 2019/20 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 2019/20 of £12.00 or 7.23%. The proposed 2019/20 budget is due to be considered by the Sussex Police and Crime Panel (PCP) on 1st February 2019. If the proposals are vetoed by the PCP, revised proposals will be considered by the Panel on the 18th February 2019 at which point the Commissioner will be in a position to confirm the Council Tax for 2019/20 just in time for Council on the 26th February 2019.

1.7 The draft Local Government Settlement allow Councils to increase core Council Tax by up to 3% which is in addition to the 2% Council Tax increase permitted specifically to support adult social care services (subject to a maximum increase for social care of 6% in the period 2017/18 to 2019/20). Therefore a maximum Council Tax increase of 5% for Councils with social care responsibilities is allowed.

1.8 The precept for West Sussex County Council has not yet been finalised and will not be confirmed until 15th February 2019. The formal detailed resolution setting the overall Council Tax for next year will be presented direct to the Council Meeting on 26th February 2019.

- 1.9 The following appendices have been attached to this report:
- (i) **Appendix 1** 5 year forecast for Worthing Borough Council
 - (ii) **Appendix 2** Proposals for investment in services
 - (iii) **Appendix 3** Estimated Reserves
 - (iv) **Appendix 4** Council Tax base for 2019/20
 - (v) **Appendix 5** Summary of Executive Member Portfolio budgets for 2019/20
 - (vi) **Appendix 6** Glossary of terms used
- 1.10 Due to the timing of the Joint Overview and Scrutiny Committee, there may be some minor alterations to the report prior to considerations by Joint Strategic Committee in February.

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 Worthing Executive.
- 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 2019/20 at Appendix 5 as submitted in Executive Member Portfolio order, and the transfer to Reserves leading to a net budget requirement of £13,633,430, 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 2019/20 as set out in paragraph 5.11

3. INTRODUCTION

3.1 The Joint Strategic Committee considered the 'Achieving Financial Sustainability - Budget Strategy for 2019/20 and beyond' on 10th July 2018. This report outlined the financial context, the key budget pressures 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.

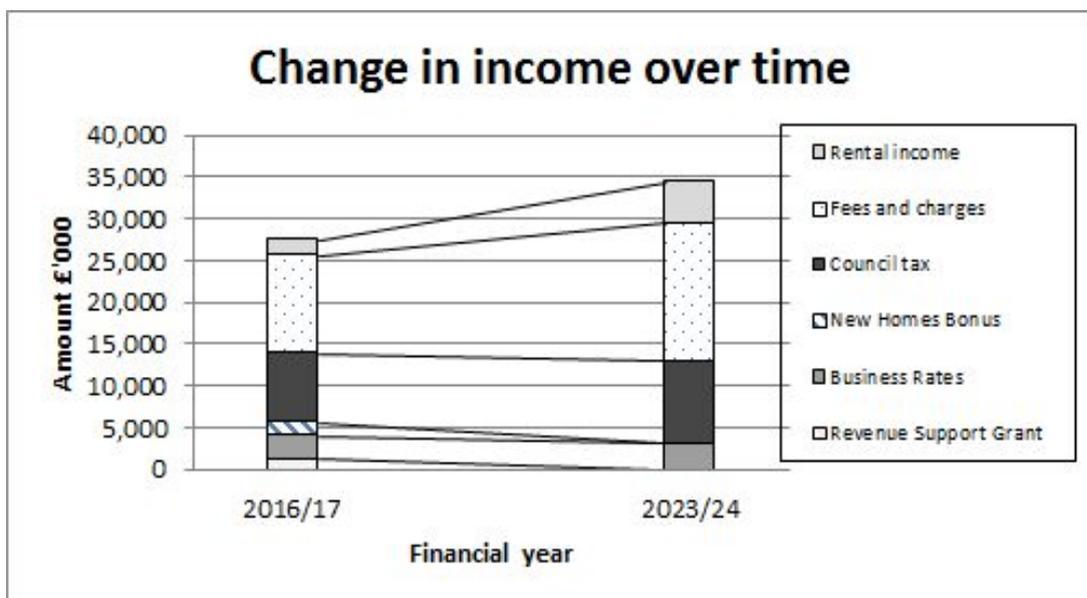
3.2 To address the known pressures and to realise its ambitions set out in *Platforms for our Places*, the Councils have set-up several strategic programmes delivering new income and savings for the next 5 years:

- The Major Projects programme will lead on delivering regeneration projects to increase employment space and additional housing;
- The Service Redesign programme leads on the delivery of the Digital Strategy and ensure that the benefits are realised from this programme of work.
- The Strategic Asset Management programme will lead on delivering the income growth associated with the Strategic Property Investment Fund; and
- The Commercial programme develops initiatives to promote income growth from commercial services and seeks to improve the customer experience.

For 2019/20 the Service Redesign programme, the Commercial programme and the Strategic Asset Management Board were set explicit targets as part of the budget strategy.

3.3 The successful delivery of our strategy fundamentally changes how the Council is funded while pursuing transformational approaches to how we deliver services and work with our partners. 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	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue Support and other grants	1,354	553	8	0	0	0	0	0
New Homes Bonus	1,599	1,388	1,221	1,042	524	290	68	0
Business Rates	2,809	3,020	3,359	3,516	3,001	3,061	3,121	3,179
Council Tax	8,277	8,507	8,929	9,075	9,303	9,527	9,756	9,991
Income from taxation	14,039	13,468	13,517	13,633	12,828	12,878	12,945	13,170
Fees and charges	11,672	12,307	12,806	13,529	14,230	14,945	15,674	16,417
Commercial rent income	1,928	2,861	3,766	3,991	4,321	4,557	4,798	5,044
Income from commercial activity	13,600	15,168	16,572	17,520	18,551	19,502	20,472	21,461
Total income excluding specific grants	27,639	28,636	30,089	31,153	31,379	32,380	33,417	34,631



3.4 The subsequent report to the Joint Strategic Committee, on 4th December 2018 updated Members as to the latest budgetary information and the forecast shortfall was revised as follows:

Worthing Borough Council	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Overall shortfall – July forecast	1,159	2,931	3,946	4,894	5,518
Overall shortfall – December forecast (including net approved growth)	1,353	3,651	4,800	5,796	6,418
Increase / (Decrease) in shortfall	194	720	854	902	900
Overall shortfall – December forecast	1,353	3,651	4,800	5,796	6,418
Savings identified in December 2018 report	-1,373	-1,824	-1,824	-1,824	-1,824
Revised budget shortfall/Surplus(-) as at December 2018	-20	1,872	2,976	3,972	4,594

3.5 The 2019/20 savings proposals identified within the report amounted to £1,373,000.

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 2019/20 can be summarised as:

	£'000
Original shortfall as identified in July 2018	1,159
Summary of changes identified in December 2018:	
(a) Improvements to the income from Council Tax	-6
(b) Further increase to cost of the homelessness service	270
(c) Improvement in Government Grants largely as a result of increased retained business rate income	-219
(d) Contingency sum for further increases to the cost of temporary and emergency accommodation	175
(e) Net committed growth items identified by budget holders and other adjustments	144
(f) Removal of contingency budgets	-170
Budget shortfall as at 4 th December 2018	<hr/> 1,353
Settlement	
Impact of provisional New Homes Bonus allocation	2
Distribution of surplus business rates held nationally	-41
Adjustment for increase to business rate multiplier	18
Adjustment for final items identified	
Impact of County Council budget decisions	35
Revised budget shortfall	<hr/> 1,367
Less: Net savings agreed in December	-1,373
Budget surplus based on a 2% Council Tax increase (before any further action is agreed)	<hr/> (6) <hr/>

4. THE BUDGET STATEMENT 2018 AND 2019/20 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.1 Budget Statement 2018

4.1.1 The Chancellor Philip Hammond delivered the 2018 Budget Statement on 29th October 2018. Overall the public sector forecasts for the 2019 Spending Review are better than previously expected, and local government should gain from this improvement.

4.1.2 The budget contained a key political message which was that this Budget heralded “the end to austerity”. In future, the Government intends not to cut public spending just to balance the budget. There is an expectation across the sector that public spending will stop falling in real terms and start to increase in line with growth in the economy. This is, of course, predicated on the improved fiscal forecasts contained within the budget: a recession or unexpected external shock to the economy could derail these plans.

4.1.3 However, much of the increase to public sector spending will be allocated to the NHS. Earlier this year the Prime Minister announced an improved 5-year settlement for the NHS covering the period 2019/20 to 2023/24. By 2023/24 spending on the NHS will be £20.5bn higher in real terms.

4.1.4 Nevertheless Local Government is now emerging as one of the priorities. For the first time local Government was given a prominent role in the Budget. In his speech the Chancellor states that :

‘Local government has made a significant contribution to repairing the public finances and this Budget ensures local councils have more resources to deliver high quality public services.

We are giving councils greater control over the money they raise through the Adult Social Care precept, through our plans for increased business rate retention from 2020, and by removing the Housing Revenue Account cap so that councils can help to build the homes this country needs.’

4.1.5 New funding was announced for the following services:

- £650m additional grant funding for adult social care in 2019-20,
- £45m for Disabled Facilities Grant in 2018-19,
- £84m was made available to 20 authorities over 5 years to improve children’s social care programmes.

- £450m in 2018-19 for potholes that will be allocated to highways authorities.

Longer term decisions on overall local government funding will be made in the 2019 Spending Review. The amount of funding that the Council will eventually benefit from will also depend on the Fairer Funding Review.

4.1.6 In addition to the changes to Local Government Funding, the Chancellor also announced changes to the Business Rate Relief Scheme.

- Reduce business rates by one-third for retail properties with a rateable value below £51,000 for two years from April 2019 subject to state aid limits;
- The £1,500 local newspaper discount will continue for another year;
- Local authorities will be able to award mandatory relief to public lavatories whether publicly or privately owned from 2020/21 onwards, previously local authorities did not qualify for this benefit.

Whilst these will not have a direct financial impact on the Council as they will be fully funded by the government, they will benefit local businesses.

4.2 **2019/20 Local Government Finance Settlement**

4.2.1 The provisional Local Government Settlement was announced on 13th December 2018 by the Secretary of State. Consultation on the provisional settlement closed on the 10th January 2019.

4.2.2 Settlement confirmed much of what was contained in the Technical Consultation that was published in July 2018, namely:

- ***Four year settlement***

The four year settlement remains unchanged. As expected the Council will receive no Revenue Support Grant in 2019/20. Since 2015/16 the Council has seen Revenue Support Grant fall by over £2m.

	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	0
Decrease year on year (%)		41.56%	62.06%	98.23%	100.00%	

- **Council Tax referendum thresholds**

The council Tax referendum threshold for District Councils was confirmed as the higher of 3% or £5.00 for a Band D property. For Worthing Borough Council, the Council can increase council tax by up to 3%.

The current 5-year forecast assumes an increase of 2%. An additional increase would enable the Council to balance the budget and reinvest a minor amount back into priority services.

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

- **Negative Revenue Support Grant (RSG)**

Negative RSG, which was an adjustment to reduce the amount of business rates income retained locally, has been removed with the cost funded by the Government. The Council had expected this to be the case following the Technical Consultation earlier in the year.

For Worthing Borough Council, the proposed adjustment to the Tariff would have been £489,700. Although due to the impact of the levy calculation the financial impact was reduced to £244,850 as follows:

	2019/20	
	Without negative RSG	Including negative RSG
Council share of business rates and S31 grants	14,147,450	14,147,450
Less: Tariff	-10,056,800	-10,546,500
	4,090,650	3,600,950
Less: Baseline Funding	-2,649,390	-2,649,390
Additional business rates	1,441,260	951,560
Less: 50% Levy	-720,630	-475,780
Additional retained rates	720,630	475,780
Reduction due to negative subsidy		244,850

- **New Homes Bonus**

The baseline for the payment of New Homes Bonus (NHB) remains at 0.4%. The threshold means that NHB payments will only be made on an increase in the council tax base that exceeds 0.4%. The Council receives largely the same amount of NHB as assumed in December, although the final number of affordable homes delivered is marginally lower than expected leading to a minor reduction of £2,000 in the amount of grant to be paid.

Overall the Council is expected to receive the following amounts in NHB over the next few years.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
Current assumption	1,221	1,044	526	292	70	0
Draft settlement						
Historic allocations	1,221	974	456	222	0	0
2018/19 allocation		68	68	68	68	0
Total New Homes Bonus	1,221	1,042	524	290	68	0
Increase / decrease (-) in grant from previous assumptions		2	2	2	2	0

The New Homes Bonus has been an important source of funding. However, the future of the scheme after next year remain very uncertain. The provisional 2019/20 allocation for this council is £1,042,234.

4.2.3 Levy Account Adjustment

In addition, to the changes trailed in the Summer, the Government announced that it would distribute surplus business rates held in the Levy Account in 2018-19. Worthing Borough Council expects to receive £40,650.

4.2.4 **75% business rate pilots**

The number of pilots announced as part of settlement were higher than expected increasing from 10 to 15.

West Sussex has been successful in its bid to be one of the pilot areas. Whilst this does not benefit the council directly, the additional sums (circa £18m) held in the County area will be invested into initiatives to support the local economies.

4.2.5 **Changes to local government funding in 2020/21 and beyond:**

As part of settlement, two consultations were announced on details pertaining to the Fairer Funding Review and the new Business Rate Retention Scheme:

i) Fair funding review consultation - Review of local authorities' relative needs and resources

As members are aware, 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 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.

The consultation announced as part of settlement seeks views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020-21.

This consultation:

- proposes to simplify the assessment of local authorities' relative needs;
- considers the type of adjustment that will be made to an authority's relative needs assessment to take account of the relative resources available to them to fund local services;
- proposes a set of principles that will be used to design potential transitional arrangements and examines how the baseline for the purposes of transition should be established.

As part of settlement, the Government announced a further technical consultation on the Fair Funding Review (FFR).

ii) Reform of the Business Rate Retention Scheme

The Secretary of State has previously 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.

As part of settlement, a further consultation on the new Business Rate Retention Scheme was announced. This consultation seeks views on proposals for sharing risk and reward, managing volatility in income and setting up the reformed business rates retention system.

The reform of the business rates retention system sits alongside wider changes to the local government finance system which the government aims to introduce in 2020.

4.2.6 The consultations will close on the 21st February 2019 and the Council will consider and respond to the documents with a response being prepared in consultation with the Executive Member of Resources.

4.2.7 Summary of 2019/20 Local Government Settlement

In overall terms, the 2019/20 settlement revealed that District and Borough Councils received an overall cut in government funding of 12.09%. For districts, this is significantly more than last year's drop of 7.10%.

YEAR-ON-YEAR CHANGE FOR THE 2019/20 SETTLEMENT

Class of Local Authority	2017-18 Adjusted Settlement Funding Assessment	2018-19 Settlement Funding Assessment	Overall Reduction in funding
	£million	£million	%
England	15,536.04	14,499.70	-6.67%
London Area			
London Boroughs	2,896.82	2,717.73	-6.18%
GLA	1,174.06	1,198.63	2.09%
Metropolitan Areas			
Metropolitan Districts	4,078.64	3,842.54	-5.79%
Metropolitan Fire Authorities	222.26	219.17	-1.39%
Shire Areas			
Shire unitaries with fire	261.59	241.24	-7.78%
Shire unitaries without fire	2,843.64	2,626.26	-7.64%
Shire counties with fire	1,285.88	1,157.38	-9.99%
Shire counties without fire	1,834.91	1,638.18	-10.72%
Shire districts	602.95	530.06	-12.09%
Shire fire authorities	332.00	325.23	-2.04%

4.2.8 Members should be aware that the settlement figures quoted above are provisional only. The consultation period ended on 10th January 2019 with final settlement expected in February.

4.2.9 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:

- 1) 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 £198,700.
- 2) 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 2019/20 is currently being finalised. The 2019/20 NNDR return which underpins this forecast is due to be submitted by the 31st January 2019 and any substantial changes resulting from the final assessment of the business rate income will be managed through the business rate smoothing reserve which has been set up for this purpose.

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 **75% Business Rate pilot**

The Council is now participating in a new County based business rates pool as part of the national pilot of the proposed business rate retention scheme. Participating in the pilot will enable the participating Councils to retain any 'levy' paid which will be set aside to fund initiatives within the County area to support economic growth, principally through the delivery of enhanced digital infrastructure. The equates to an estimated additional business rate income of over £18m retained locally in 2019/20 to benefit the residents of West Sussex.

However, as a result of becoming part of the pilot, the safety net is now calculated on the entire pool. The safety net calculation is based on 5% of the overall pool baseline of £96.2m which means that the maximum loss of income before the safety net would be triggered is £4.8m. To manage this risk, the contingency available from the current pool (Adur, Arun, Chichester, Worthing and West Sussex County Council) of £2m will be transferred into the new pool and additional contingency sums from the £18m gain will be set aside.

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. However to date far fewer appeals have been received following the 2017 revaluation following the introduction of the new 'Check, Challenge, and Appeal' process by the VOA.
- 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. However the Council is fully providing for this additional relief within the accounts.
- Major redevelopments will temporarily reduce business rate income whilst the site is being redeveloped.
- Conversion of office blocks and retail space into accommodation will result in a permanent loss of income however, this will be mitigated to

some extent by the additional Council Tax generated once the conversion is completed.

4.3.6 Consequently there could be significant swings in the amount of business rate income in any one year. 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 2018/19 year end. To help mitigate these risks the Council has created a Business Rate smoothing reserve.

4.4 **Long term implications of current government policy**

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

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 for both the current year and future years as well.

Breakdown of taxation income to the Council:

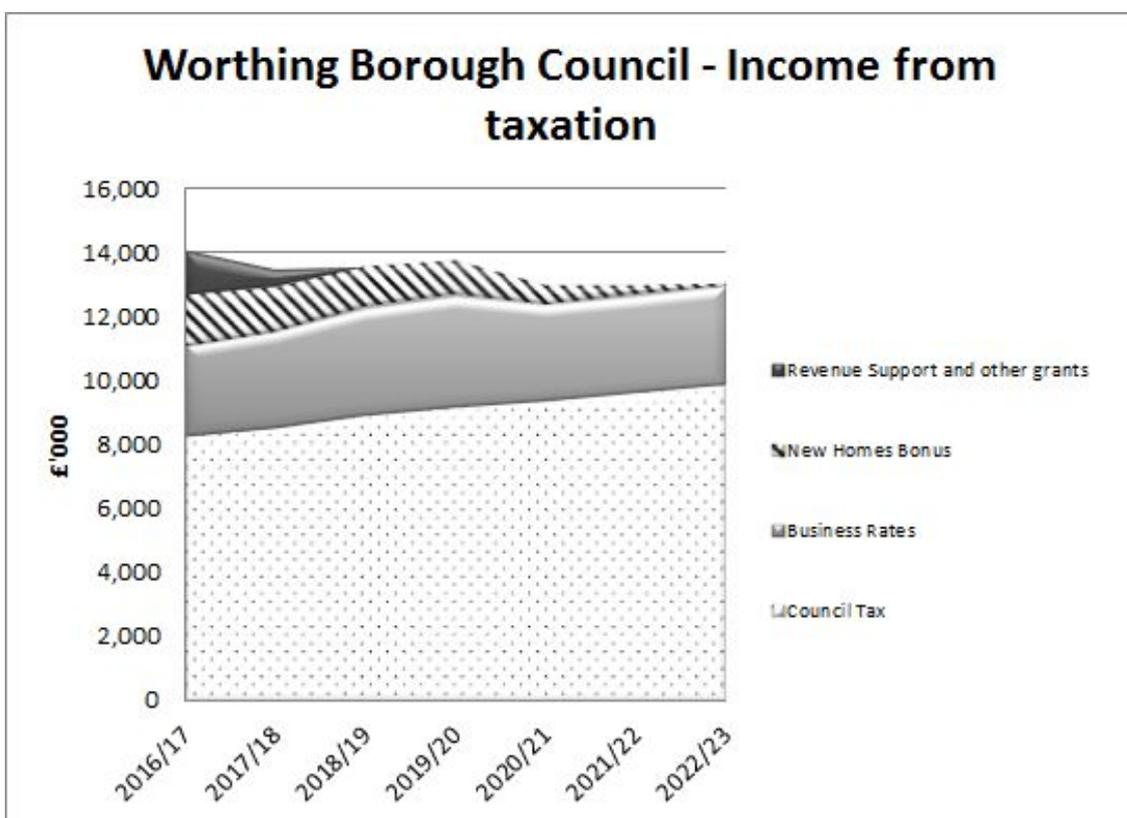
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax *	8,929	9,075	9,303	9,527	9,756	9,991
Business Rates **	3,359	3,516	3,001	3,061	3,121	3,179
New Homes Bonus	1,221	1,042	524	290	68	0
Revenue Support Grant	8	0	0	0	0	0
	13,517	13,633	12,828	12,878	12,945	13,170

* Includes any surplus or deficit on the collection fund

** Includes the surplus or deficit on the collection fund and the levy account payment

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Council Tax	66.06%	66.57%	72.53%	73.98%	75.37%	75.86%
Business Rates	24.85%	25.79%	23.39%	23.77%	24.11%	24.14%
Revenue Support Grant	9.03%	7.64%	4.08%	2.25%	0.52%	0.00%
New Homes Bonus	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Breakdown of taxation income to the Council:



5.0 DRAFT REVENUE ESTIMATES 2019/20

5.1 Detailed budgetary work is now complete and the estimate of the budget requirement (net of any proposed transfers to reserves) is £13,633,430. This includes the savings and committed growth proposals agreed at Joint Strategic Committee in December.

5.2 The budget is fundamental to realising the Council's ambitions set out in *Platforms for our Places*. The budget enables the Council's role to lead and work with partners to develop our communities and our economies. Attached

at Appendix 2 are some proposals for investment into services to deliver the outcomes committed to in Platforms for our Places for member consideration.

5.3 The budget includes specific funding for the commitments outlined in Platforms for our Places. Examples include:

5.3.1 **Our Financial Economies**

The Councils recognise the importance of ongoing investment in our places to ensure that they remain vibrant locations for social, economic and culture hubs for our communities. Budgets have been created to facilitate the delivery of major projects to enable the development of Worthing's town centres and provide for additional employment land. Specific projects being supported in this year's budget are:

- facilitating the development of Union Place;
- the development of a new health and wellbeing centre on the car park at Worthing Town Hall
- the potential redevelopment of Grafton site
- facilitating the use of Decoy Farm to bring new employment space into Worthing.

These and the delivery of other strategic projects for both Councils will be supported by further investment in a major projects team.

There is also investment through the capital programme, in facilities to improve our town centres and make them more attractive places to visit, including:

- the refurbishment of the town centre car parks;
- increased programme of public convenience refurbishment
- fire safety and environmental improvements at Worthing Pier.

5.3.2 **Our Social Economies**

The Councils continue to see a increase in demand for our Housing Service, in particular those who are experiencing homelessness. In response this budget proposes additional growth of £270,000 to respond to these service pressures. This is in addition to funding to make new investments to acquire Council-owned temporary and emergency accommodation to improve the accommodation offered to clients and reduce the costs for the Councils. The Councils are also proactively working with partners across West Sussex to respond to budget decisions being made by the West Sussex County Council. A contingency sum of £210,000 has been proposed in order for the Councils to respond to the impact of these decisions.

The Councils are also aware of the importance of our communities to have active lives and enjoy our parks and open spaces. Funding is proposed for two new play areas, outdoor gym equipment and improvement to tennis courts to promote health and wellbeing of our communities. This investment will complement the development of the Adur and Worthing Activities Strategy, which is currently being developed.

5.3.3 Stewarding our Natural Resources

In 2018 the Councils have taken a number of decisions to reduce the Councils and our communities impact on our environment, and to enhance our natural assets. The adoption of the Adur & Worthing Sustainability Framework set an ambitious set of actions to respond to the pressing and complex environmental challenges that we face locally and globally.

Moving to Alternate Weekly Collection for waste services is a critical strategy to improve our communities recycling rates and reduce level of waste. The budget provides for the investment required to make this service change and provide additional information to our communities about recycling.

Brooklands lake and parklands is an important natural asset enjoyed by the communities of Adur, Worthing and beyond. Worthing Borough Council's budget provides for £90,000 to begin the delivery of the Brookland masterplan to bring a new lease of life to the parklands and lake.

5.3.4 Services and Solutions

Much of the Medium-Term Financial Strategy is underpinned by new approaches to how we design and deliver our services, and develop our commercial activities and investment portfolios. These approaches are not only designed to improve the financial sustainability of the Councils, but also the services that our communities, clients and customers experience. We will continue to invest in new digital tools to improve how customers access Customer Services and the Revenues and Benefits service

- 5.4 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.
- 5.5 The key question of how the net budget requirement of £13.633m 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.
- 5.6 Details of all of the main changes in the base budget from 2018/19 to 2019/20 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		13,476
Add: General Pay and Price Increases		633
Add: Committed and Unavoidable Growth:		
Increased Expenditure as per 5 year forecast (net of any proposed use of reserves)	1,206	
Reduced Income as per 5 year forecast	90	
Impact of Capital Investment and Development Programme	-247	1,049
Less: Compensatory savings and additional income:		
Compensatory savings	-115	
Additional income	-43	-158
2019/20 budget prior to agreed savings		15,000
Less: Savings agreed by members		
Approved in December	-1,373	
Adjustments arising from finalisation of restructuring proposals and review of the commercial property income	tbc	
		-1,373
Executive Member requirements		13,627
Potential contribution to reserves*		6
Potential budget requirement before external support		13,633
Collection fund surplus		9
2019/20 BUDGET REQUIREMENT		13,642
* 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.		

5.7 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 for any significant changes.

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

5.8 Impact of County Council budget proposals:

5.8.1 The current net estimated 2019/20 spend is greater than previously predicted in December which is attributable to the spending decisions of the County Council. Members will be aware that the County Council have decided to reduce the budgets for supported housing by 2/3rds from £6.4m to £2.4m per annum from 1st October 2019 (£2m reduction in 2019/20 and a further £2m in 2020/21). Of the remaining budget, the remaining proposals put forward by WSCC suggest at this stage:

- £1.4m is ring-fenced for accommodation for young people/care leavers
- £1m is for supporting preventing homelessness projects across the whole of WSCC

At present, there is no clear indication of how the £1m allocated to preventing homelessness will be used.

5.8.2 Of the total current spend, £1.8m is spent within Adur and Worthing and approximately 70% of the caseload relates to Worthing residents. Consequently, the supported housing providers will see a reduction of approximately £1.2m in funding, with potentially severe consequences for the tenants and with inevitable knock-on consequences for the Council.

5.8.3 The most critical issue for the Council will be to retain the capacity of bed spaces available to those in need, otherwise there will be a significant shift of cost to more expensive Emergency and Temporary Accommodation (EA / TA) and potentially an increase to rough sleeping.

5.8.4 The preliminary financial analysis suggests some level of support for commissioned services will be more cost effective than dealing with the potential levels of homelessness and associated EA / TA costs. However this needs further exploration and assessment of sustainability.

5.8.5 The Councils had provided a £250,000 contingency for 2019/20 of which £175,000 related to Worthing Borough Council for dealing with the impact of the County budget decisions. Given the scale of the reduction in 2019/20, the Council should look to provide at least a further £35,000 more to mitigate against the significant risk of increasing costs arising from higher demand for EA/TA resulting from the decision of the County Council. Looking ahead, the cost impact is likely to escalate in 2020/21 when the full impact of the reductions is experienced locally.

5.8.6 At this stage, there is still a degree of uncertainty about the full financial impact of the County's decisions, over the coming months the Council will work with others in the County area to fully understand the impact of this change and make joint recommendations going forward

5.9 Overall the current net estimated budget is more the predicted in December due to the following factors:

	£'000
Decrease in New Homes Bonus	2
Distribution of nationally held business rates	-41
Latest forecast of business rate income (including any adjustments arising from settlement)	17
Increase to contingency for the impact of County Council budget decision	35

5.10 The projected deficit on the Collection Fund is estimated to be £67,380, of which £9,090 is the Borough Council share. This is a minor deficit in light of the overall income due which exceeds £65.5m and is due to marginally lower increase in housing growth than expected.

5.11 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.

5.12 The Council Tax increase:

5.12.1 Over the past 10 years, the Council Tax has been increased by 13.9%, an average of 1.4% per year (in 2008/09 Band D tax was £203.04, in 2018/19 it was £231.30). Over the past 10 years, inflation (CPI) has been 24.61%.

5.12.2 The budget forecast currently assumes that Council Tax will increase by just over 2.0% in 2019/20. However the referendum criteria announced just before Christmas gives the Council the flexibility to raise the Council Tax by up to 3%. A higher increase will give the council the opportunity to reinvest back into priority services. Members are reminded that the Consumer Price Index is currently 2.3%.

5.12.3 Even a 3% uplift would only be a modest increase in the District council share of the bill for 2019/20. The table below details how the Council Tax will change as a result of a 2%, 2.5%, 2.8% and just under 3% increase.

	2018/19	Annual increase for 2019/20			
		2%	2.5%	2.8%	3.0%
	£	£	£	£	£
Council Tax Band D	231.30	235.98	237.06	237.78	238.23
Annual increase		4.68	5.76	6.48	6.93
Weekly increase		0.09	0.11	0.12	0.13
Council Tax Band C	205.60	209.76	210.72	211.36	211.76
Average annual increase		4.16	5.12	5.76	6.16
Average weekly increase		0.08	0.10	0.11	0.12
Total additional Council Tax raised		176,740	221,790	249,510	266,840
Additional Council Tax raised over a 2% increase			45,050	72,770	90,100

5.11.4 Members should also be aware that the Police and Crime Commissioner has been consulting on a £12.00 (7.23%) increase for their share of the overall bill. Whilst the level of increase to be set by the County Council is unknown at this stage, given the financial pressures that the County is under, there are indications that the increase will be close to the maximum permitted (5%). 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 could be just over 5%:

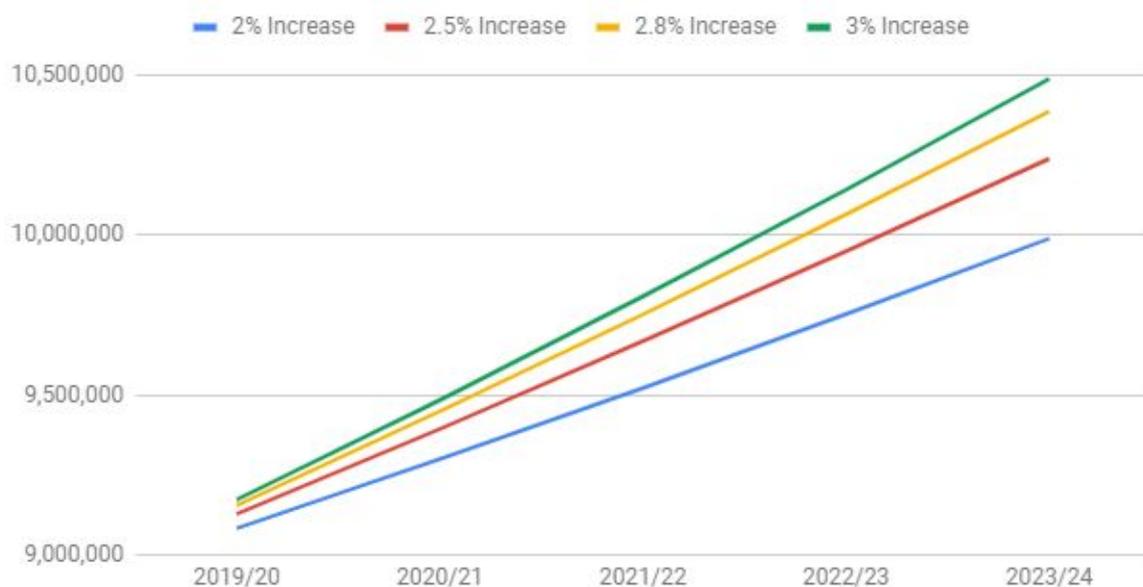
	2018/19	2019/20 (Indicative only)	%
	£	£	
Worthing Borough Council	231.30	238.23	3.00%
West Sussex County Council	1,317.78	1,383.66	5.00%
Sussex Police and Crime Commissioner	165.91	177.91	7.23%
	1,714.99	1,799.80	4.95%

5.11.5 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 and the potential impact of the County Council budget decisions. The impact of changing the Council Tax by 2%, 2.5%, 2.8% and 3% annually would be as follows:

Total income	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
2% annual increase	9,082,760	9,300,000	9,522,330	9,753,330	9,989,530
2.5% annual increase	9,127,810	9,393,940	9,669,040	9,949,720	10,239,530
2.8% annual increase	9,155,530	9,449,610	9,752,880	10,065,460	10,387,420
3% annual increase	9,172,860	9,484,400	9,808,770	10,142,620	10,489,540

Over the longer term, a higher increase will give the Council significant additional income:

Worthing Borough Council - Long term impact of Council Tax increases



5.11.6 Members are asked to consider which level of Council Tax increase that they support. An increase of 2.00% would enable the Council to set a balanced budget. An increase of 2.8% will enable the Council to fund all of the proposals for investment in services recommended for approval in Appendix 2. Due to the financial constraints upon the Council, not all of the proposals can be funded. Those recommended for approval are the initiatives which directly contribute to achieving the Council's priorities.

5.12 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 (based on a 2% increase)

Net budget requirement	£'000	£'000
		13,627
Less:		
Baseline Funding (including Levy surplus payment)	2,690	
Share of additional Business Rate income	826	
Council Tax (2.0% increase)	9,084	
New Homes Bonus	1,042	
Collection Fund Deficit	-9	-13,633
Budget surplus based on 2.00% Council Tax increase		-6
Maximum impact of accepting the growth items (Appendix 2)		76
		70
Maximum withdrawal from reserves if Council Tax increase remains at 2% or additional amount to be raised from Council Tax through a 2.8% council tax increase.		-70
		-

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 2019/20 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)				
	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Cumulative budget shortfall as per appendix 1	1,367	4,374	5,523	6,529	7,156
Less:					
Net savings identified in 2019/20 budget round	-1,373	-1,824	-1,824	-1,824	-1,824
Impact of accepting the growth items in paragraph 5.11.5	76	76	76	76	76
Potential contribution to reserves / or additional amount to be raised from Council tax if all growth approved	-70	-70	-70	-70	-70
Adjusted cumulative budget shortfall	-	2,556	3,705	4,711	5,338
Savings required each year	-	2,556	1,149	1,006	626

6.2 The continuation of the withdrawal of government fund together with the added pressures from County Council budget decisions has 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 Councils 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)			
	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Annual budget shortfall	2,556	1,149	1,006	626
Future savings from budget strategy:				
Investment in commercial property	-150	-150	-150	-150
Commercial activities	-430	-430	-430	-430
Service and digital redesign	-120	-120	-120	-120
New savings initiatives to be identified	1,856	449	306	-74

6.4 Nevertheless 2020/21 remains an extremely challenging year and the early development of a three year savings plan will be essential.

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.

7.3 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 2018 was £844,000 which was 6.3% of net 2018/19 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	%
31.03.2018	Balance carried forward – per Final Accounts	844	6.2
31.03.2019	No planned drawdown or contribution expected	844	6.2
31.03.2020	No planned drawdown or contribution expected	844	6.5
31.03.2021	No planned drawdown or contribution expected	844	6.5
31.03.2022	No planned drawdown or contribution expected	844	6.5

The reduction in government funding 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 2019/20.
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.

Against this background, and especially given the current economic climate, it is important that the Council has minimum reserves in 2019/20 of £818,000 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 £1,363,000 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 However, with the planned expansion of commercial activity, especially the investment in commercial property, the council is taking two immediate measures to further manage risk and bolster the reserves:
- i) As part of the initiative to invest in commercial property, an element of the additional rent raised every year is being set aside into a specific reserve to manage void periods on these properties and to set aside resources to fund investment needs. The annual contribution to this provision will be gradually built up over the next 5 years to a level of £350,000 per year by 2023/24.
 - ii) As part of the development of the 2019/20 budget and at the suggestion of the LGA peers, general inflation (excluding inflation on items such as salaries, rates, utilities, and contractual commitments) has not been allocated out this year but held centrally in the Corporate Management budget. This budget will be allocated out where the inflationary pressure can be demonstrated. Any unutilised budget at the year end will be transferred to the reserves and the budget offered up as a budget saving. This has been implemented following a suggestion from the LGA Finance Peers.
- 7.6 In the medium term, once the challenges of 2020/21 have been addressed, the council should review the position and take proactive steps to further bolster the reserve to around £6m by 2023/24.
- 7.7 In addition, the estimated balance of general fund earmarked reserves as at 31st March, 2020 is £2,365,000 (excluding any potential contribution from underspend), although this reduces to £1,793,000 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.
- 7.8 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, utilising the ability to use capital receipts to fund initiatives to generate budget savings where possible.

7.9 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 since the introduction of the Homelessness Reduction Act. 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
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. However, to better manage this a contingency budget has been created for further increases to the cost of this service

(ii) **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.

This is particularly pertinent this year when the budget decisions of the County Council has had a significant impact on the finances of the Council. Overall the Council has seen a significant increase in costs this year as a result of County Council decisions:

	2019/20			Full year impact
	Adur	Worthing	Total	
	£'000	£'000	£'000	£'000
Impact of changes to recycling credits	120	180	300	300
Contingency for the County budget reduction to supported housing services	90	210	300	1,200 (up to)
Total impact	210	390	600	1,500

Looking ahead, it is clear that given the financial pressure that the county council is under that there may be further reductions in items such as recycling payments from 2020/21 onwards.

- (iii) **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 2019/20, 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 has introduced an annual provision for void rents which will be £100,000 in 2019/20. This will be increased annually in line with the level of investment in the property portfolio and the associated risk.

- (iv) **Inflation** - A provision for 2% inflation has been built into non-pay budgets. Pay budgets have a 3% inflationary increase allowed for. Whilst the Bank of England inflation forecasts expect that inflation will gradually return to 2% in 2019/20, 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	169
Non-pay	143

8.2 To help manage these risks, the council has a working balance of £844,000 and £1.9m of 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 which supported the proposed five year budget strategy. In light of this, no consultation exercise was undertaken this year.

9.2 Officers and members have been consulted on the development of the budget.

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 2019/20 and future years.

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 31st January 2019 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:

- (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 2019/20.

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 allowing for any government grant and business rates, 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 2019/20 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 2019/20 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:

	£	£
Net 2019/20 Budget *		13,633,430
Less:		
Aggregate External Finance:		
Baseline Funding	-2,649,390	
Additional Retained Business Rate income	-826,340	
New Homes Bonus	-1,042,230	
Contribution to the Collection Fund deficit (as per paragraph 5.9)	9,090	
Levy payment	-40,650	
		-4,549,520
Amount to be raised from Council Tax (2.00% Council Tax)		9,083,910
Additional impact of proposals identified in Appendix 2 if all approved		70,580
Amount to be raised from Council Tax based on 2.8% Council Tax		9,154,490

- * 2019/20 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 2019/20 is 38,504.50 Band D equivalent properties. There is an increase to the current year base of 38,365.90 which is due to 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.

(c) Worthing Borough Council Band D Council Tax

Members are now asked to consider which level of Council Tax to set for 2019/20. A Council Tax increase of 2.00% will ensure that the Council has a balanced budget, an increase of 2.8% will lever in sufficient additional resources to fund the growth recommended for approval at Appendix 2 and deliver a balanced budget.

	2018/19	2019/20 (2.00% increase)	2019/20 (2.50% increase)	2019/20 (2.80% increase)	2019/20 (3.0% increase)
Band D tax					
	£	£	£	£	£
Worthing Borough Council	231.30	235.98	237.06	237.78	238.23
Annual increase		4.68	5.76	6.48	6.93
Weekly increase		0.09	0.11	0.12	0.13

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 has consulted on an increase to the Council Tax for 2019/20 of £12.00 or 7.23%. The proposed 2019/20 budget is due to be considered by the Sussex Police and Crime Panel (PCP) on 1st February 2019.

	2018/19 £	2019/20 £
West Sussex County Council	1,317.78	t.b.c
Sussex Police Authority	165.91	177.91
TOTAL	1,483.69	t.b.c.

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 26th February 2019.

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 2019/20.

14.0 CONCLUSION

14.1 This has been another challenging year. The Council has seen the government grants fall, a substantial increase in housing need numbers, and addressed the consequences of the County Council's budget decisions. However, to meet this challenge the Council has identified £1.4m of savings and is now in the position to set a balanced budget.

14.2 Looking further ahead, 2020/21 will be particularly challenging as the Council grapples with the impact of the fairer funding review, and the continuing consequences of the withdrawal of funding by the County Council for supported housing. 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.

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 2019/20 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 10th July 2018 'Achieving Financial Sustainability – Budget strategy for the 2019/20 budget and beyond'

Report to the Joint Strategic Committee 4th December 2018 'Financially Sustainable Councils: 5 year forecast 2019/20 – 2023/24 and savings proposals'

Report to the Joint Strategic Committee 4th December 2018 'Investing for the future: Capital Investment Programme 2019/20 to 2021/22'

Local Authority Finance (England) Settlement Revenue Support Grant for 2019/20 and Related Matters: DCLG Letters and associated papers of 13th December 2018.

Autumn Budget 2018 - HM Treasury

Autumn Budget 2018 – On-the-day Briefing by Pixel Financial Consulting

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 2017/18

Report to Joint Strategic Committee 6th November 2018 – 2nd Revenue Budget Monitoring 2018/19

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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 2018/19 - 2023/24						
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Base					
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	13,476	13,476	13,476	13,476	13,476	13,476
(a) Annual Inflation						
Estimated inflation		633	1,121	1,603	2,072	2,545
(b) One -off / non-recurring items						
Local Elections (not held once every four years)		-	-	-50	-	-
(c) Committed Growth / Cost reductions						
Impact of Pension Fund Triennial valuation		-57	-57	-57	-57	-57
Fall out of SDLT pension costs.		-18	-36	-54	-54	-54
Reduction in grant for homelessness		-	120	120	120	120
Net cost of increasing recycling to meet 50% targets:						
- Reduction in recycling income		180	180	180	180	180
- Impact of introducing weekly food waste collections		-	420	420	420	420
Deletion of one-off savings in 2018/19		34	34	34	34	34
Increased homelessness caseload		270	270	270	270	270
Impact of growth items identified by heads of service		412	412	412	412	412
Contingency for the impact of the County budget proposals and further growth in housing		210	840	840	840	840
Closure of Brooklands Par 3 golf course		90	90	90	90	90
Reprocurement of theatres and culture		100	200	150	100	50
Contingency for future committed growth		-	80	160	240	320

WORTHING BOROUGH COUNCIL

Revenue Budget Summary Statement 2018/19 - 2023/24

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
(d) Impact of capital programme						
Financing costs - General Programme		-317	-154	-48	139	360
Provision for additional cost of new burial spaces		32	32	32	32	32
Increase in capital programme from £2m to £2.5m		38	76	76	76	76
Impact of refurbishment of High Street Car Park		-	105	291	291	291
Impact of land acquisitions and new developments at Union Place, Grafton, town hall car park and other major projects.		-	-	400	700	800
(e) Additional income						
Investment income		-43	-57	-84	-137	-199
(f) Approved Growth items						
Provision for new growth items		-	90	180	270	360
Fall out of one-off growth items		-40	-40	-40	-40	-40
Total Cabinet Member Requirements	13,476	15,000	17,202	18,401	19,474	20,326
Baseline funding	2,590	2,649	2,702	2,756	2,811	2,867
Add: Net retained additional business rates	764	826	299	305	310	312
Add: Share of surplus /deficit (-)	5	-	-	-	-	-
Add: Levy surplus	-	41	-	-	-	-
Adjusted Baseline funding	3,359	3,516	3,001	3,061	3,121	3,179

WORTHING BOROUGH COUNCIL

Revenue Budget Summary Statement 2018/19 - 2023/24

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue Support Grant	8	-	-	-	-	-
Council Tax income						
Adjusted Council Tax income	8,874	9,084	9,303	9,527	9,756	9,991
New homes bonus (2015/16 - 2020/21)	247	-	-	-	-	-
New homes bonus (2016/17 -2019/20)	518	518	-	-	-	-
New homes bonus (2017/18 - 2020/21)	234	234	234	-	-	-
New homes bonus (2018/19- 2021/22)	222	222	222	222	-	-
New homes bonus (2019/20 - 2022/23)	-	68	68	68	68	-
Total New Homes Bonus	1,221	1,042	524	290	68	-
Collection fund surplus/deficit (-)	55	-9	-	-	-	-
Total other grants and contributions	1,276	1,033	524	290	68	-
Total Income from Taxation	13,517	13,633	12,828	12,878	12,945	13,170
(Surplus) / Shortfall in Resources	-41	1,367	4,374	5,523	6,529	7,156
Use of / (contribution to) Reserves to Balance Budget						
Capacity issues reserve	-41	-	-	-	-	-
Total Income from Reserves	-41	-	-	-	-	-
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,367	4,374	5,523	6,529	7,156

WORTHING BOROUGH COUNCIL

Revenue Budget Summary Statement 2018/19 - 2023/24

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET	1,367	4,374	5,523	6,529	7,156
Savings / Initiatives identified to date:					
Strategic Property Investment Fund					
Future property purchases	250	550	750	950	1,150
Provision for future voids and repairs	-100	-150	-200	-250	-300
Commercial activities and commissioning					
Commercial and Customer Activities	403	833	1,263	1,693	2,123
Efficiency Measures					
Service and Digital redesign	126	246	366	486	606
Restructures and service plan savings not included above					
Development of temporary accommodation supply (15 units of 1/2 bed)	-	-	-	59	118
Total savings initiatives identified to date	1,373	2,624	3,324	4,083	4,842
Cumulative savings still to be found/ (surplus)	-6	1,750	2,199	2,446	2,314
Annual savings still to be found	-6	1,756	449	247	-132

<u>Proposals for investment in services</u>	2019/20				2020/21	2021/22
	Joint (memo)	Adur	Worthing	Total		
Proposals recommended for approval:	£	£	£	£	£	£
Additional capacity for Estates Team - 1 FTE The purchase of commercial property and temporary accommodation are critical components of the budget strategy. This investment enables the Councils to deliver on future savings targets. The post is expected to be filled from July 2019.	36,750	14,700	22,050	36,750	49,000	49,000
Additional Senior Planning Officer Reinvestment back into the service following the 20% increase in fees which the Government required Councils to allocate to the Planning Service. The additional post will support the delivery of key strategic development sites as outlined in Platforms. The increase will also help address current demands on the service as planning applications are increasing and support the maintenance of Government performance targets.	49,000	19,600	29,400	49,000	49,000	49,000
Junior Developer (Apprentice roles) Our in-house software development strategy is saving us money and delivering significant benefits to our residents through well designed online services. Our strategy of in-house development is very popular and the service is in high demand. We need to expand the team to deliver benefits faster and would like to develop an opportunity for an apprentice position. The post is expected to be filled from July 2019.	24,380	9,750	14,630	24,380	32,500	32,500

<u>Proposals for investment in services</u>	2019/20				2020/21	2021/22
	Joint (memo)	Adur	Worthing	Total		
<p>Strategic Sustainability Officer (increased hours)</p> <p>We have made strong progress with the Stewarding our Natural Resources Platform commitments and are scaling up our ambition. Our progress is currently being driven by a single 0.6 FTE resource which does not currently match the ambitions of the programme. This request is to increase this post to 0.8 FTE to help deliver the strategy to be presented to Joint Strategic Committee in November 2018.</p>	£ 15,840	£ 6,340	£ 9,500	£ 15,840	£ 15,840	£ 15,840
<p>Total value of proposals recommended for approval</p>	125,970	50,390	75,580	145,970	166,340	166,340
<p>Additional funds available at with a 3% Council Tax increase</p>			95,100	150,170	150,170	150,170
<p>Excess growth (+) / Resources in hand (-) based on a 3% Council Tax increase</p>			-19,520	-18,270	2,100	2,100
<p>Proposals not recommended for approval:</p> <p>Additional testing of IT security arrangements</p> <p>Security Testing: Currently independent security testing is carried out once per annum (for PSN compliance). Given the ongoing risk of cyber attacks, potential fines as a result of data breaches under GDPR, and a change in scope (with services in the cloud), there is a need to change the scope of security testing and increase the frequency to provide greater assurance that systems, services, and data are protected adequately on an ongoing basis.</p>	15,000	6,000	9,000	15,000	15,000	15,000
<p>Maintenance of grass verges</p> <p>Following reduction in WSCC budgets, the proposal is for the Councils to assume responsibility for maintaining grass verges and pavements.</p>		85,000	85,000	170,000	170,000	170,000

<u>Proposals for investment in services</u>	2019/20				2020/21	2021/22
	Joint (memo)	Adur	Worthing	Total		
	£	£	£	£	£	£
Proposals not recommended for approval:						
Service Redesign lead	54,000	21,600	32,400	54,000	54,000	54,000
There is a growing need for expertise and support for services undertaking significant change initiatives, including the multi-agency change work set out in Platforms for our Places (e.g. homelessness and loneliness). Projects are delivering clear results, such as significant reductions in evictions as a result of the preventing homelessness project, reducing costs to the councils. We need additional capacity to service more projects, such as revenues and benefits transformation, prevention services and others. The Service Design Lead will help manage and drive change initiatives, ensure they are approached in a user centred way, and deliver results. The role would sit within the customer insight team, and work very closely with digital.						
Grafton redevelopment support costs			50,000	50,000	50,000	0
The redevelopment of the Grafton Site is a significant commitment within Platforms for our Places. Specialist support is required to ensure that the project progresses effectively over the next two years. This will be funded from existing budgets.						
Total value of proposals not recommended for approval	69,000	112,600	176,400	289,000	289,000	239,000

SCHEDULE OF EARMARKED RESERVES

<p>WORTHING BOROUGH COUNCIL </p>	<p>Balance as at 01.04.18</p>	<p>Planned Contributions</p>	<p>Planned Withdrawals</p>	<p>Forecast Balance as at 01.04.19</p>	<p>Planned Contributions</p>	<p>Planned Withdrawals</p>	<p>Forecast Balance as at 31.03.20</p>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<p>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.</p>	1,440	41	(668)	813	5	-	818
<p>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.</p>	297	31	(38)	290	30	(30)	290
<p>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.</p>	8	-	(5)	3	-	(3)	-
<p>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.</p>	77 C	-	(25)	52	-	(25)	27

C = Capital Contribution

SCHEDULE OF EARMARKED RESERVES

WORTHING BOROUGH COUNCIL 	Balance as at 01.04.18	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.19	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.20
	£'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.	98	-	(61)	37	-	-	37
6. THEATRE CAPITAL RESERVE Purpose: Established in 2013/14 to fund refurbishment and other works for all of WBC's theatres.	141	83	(92)	132	80	(50)	162
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.	34	-	-	34	-	-	34
8. GRANTS & CONTRIBUTIONS Held in reserves*	542	-	-	542	-	-	542
9. BUSINESS RATES SMOOTHING RES	425	-	-	425	-	-	425
10. PROJECTED UNDERSPEND Reserves to be identified at outturn.		*see below					-
11. GENERAL FUND WORKING BALANCE	844			844			844
12. CAPITAL EXPENDITURE RESERVE	30	-	-	30	-	-	30
TOTAL	3,936	155	(889)	3,202	115	(108)	3,209

* 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	7,862.00	11,252.00	12,940.00	9,475.00	5,416.00	2,338.00	899.00	26.00	50,208.00
Less: Exemptions	0.00	-200.00	-190.00	-154.00	-121.00	-74.00	-21.00	-7.00	0.00	-767.00
	0.00	7,662.00	11,062.00	12,786.00	9,354.00	5,342.00	2,317.00	892.00	26.00	49,441.00
Disabled Relief Adjustment (net)	5.00	35.00	18.00	1.00	1.00	-26.00	2.00	-18.00	-18.00	0.00
Chargeable Dwellings	5.00	7,697.00	11,080.00	12,787.00	9,355.00	5,316.00	2,319.00	874.00	8.00	49,441.00
Broken down as follows:										
Full Charge	2.00	2,667.00	6,164.50	8,774.00	6,853.00	4,117.00	1,886.00	706.00	5.00	31,174.50
25% Discount (Including Adj for SP dis)	3.00	4,973.00	4,869.00	3,985.00	2,472.00	1,177.00	391.00	136.00	0.00	18,006.00
50% Discount	0.00	72.00	113.00	129.00	121.00	81.00	62.00	40.00	4.00	622.00
0% Discount (Long Term Empty Homes)	0.00	340.00	289.00	175.00	104.00	46.00	16.00	11.00	0.00	981.00
Total Equivalent Number of Dwellings	4.25	6,428.75	9,845.25	11,775.75	8,722.50	5,015.25	2,199.75	825.00	6.50	44,823.00
Reduction in tax base due to Council Tax Support	1.95	1,322.96	1,359.01	963.86	354.18	106.63	20.99	4.59	0.00	4,134.18
Adjusted equivalent total dwellings	2.30	5,105.79	8,486.24	10,811.89	8,368.32	4,908.62	2,178.76	820.41	6.50	40,688.82
Band D Equivalentents										
Revenue Support Settlement	1.30	3,403.90	6,600.40	9,610.60	8,368.30	5,999.40	3,147.10	1,367.30	13.00	38,511.30
Add: Forecast new homes	0.00	20.70	35.40	70.70	114.00	31.80	1.40	-0.80	0.00	273.20
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	280.00	0.00	0.00	0.00	0.00	280.00
COUNCIL TAX BASE	1.30	3,424.60	6,635.80	9,681.30	8,202.30	6,031.20	3,148.50	1,366.50	13.00	38,504.50

WORTHING BUDGET 2019/2020
Summary of Executive Member Portfolios



WORTHING BOROUGH
 COUNCIL

APPENDIX 5

EXECUTIVE PORTFOLIO	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
Digital and Environment	3,251,830	2,991,380
Health and Wellbeing	1,739,960	1,729,230
Customer Services	4,711,980	5,172,460
Leader	852,870	802,300
Regeneration	1,958,070	1,868,760
Resources	2,389,670	2,195,480
Support Services Depreciation Not Charged To Services	710,270	513,690
NET SERVICE EXPENDITURE	15,614,650	15,273,300
Credit Back Depreciation / Impairments	(3,633,620)	(3,224,030)
Minimum Revenue Provision	1,408,260	1,492,910
	13,389,290	13,542,180
Transfer to / from Reserves	86,250	86,250
Balance Available to Transfer To / (From) Reserves	41,050	5,000
Total budget requirement before external support from government	13,516,590	13,633,430
Baseline Funding	(2,590,030)	(2,649,390)
Additional business rate income	(769,100)	(826,340)
Revenue Support Grant	(7,680)	-
Levy Surplus	-	(40,650)
Other unfenced grants (New homes bonus)	(1,220,870)	(1,042,230)
Contribution to/ (from) Collection Fund	(54,880)	9,090
Amount required from Council Tax	8,874,030	9,083,910
Council Tax Base	38,365.9	38,504.2
Average Band D Council Tax - Worthing Borough	231.30	235.98
% increase	-	2.00%

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
DIRECTOR OF DIGITAL AND RESOURCES		
Business and Technical Services		
Flood Defence	18,290	18,820
Public Conveniences	359,320	371,720
	377,610	390,540
DIRECTOR OF COMMUNITIES		
South Downs Leisure	1,341,210	1,155,380
	1,341,210	1,155,380
Environmental Services		
Allotments	12,480	14,090
Cemeteries	14,530	15,420
Crematorium	(1,462,520)	(1,650,800)
Parks	1,702,410	1,929,850
Abandoned Vehicles	1,810	1,800
Clinical Waste	(5,470)	2,810
Compliance including Fixed Penalty Notices	(1,810)	(1,850)
Recycling	(737,440)	(760,630)
Refuse	1,588,530	1,371,980
Street Cleansing (includes Pest Control and Graffiti)	738,940	717,350
Trade Refuse	(467,150)	(341,290)
Vehicle Workshop	630	280
	1,384,940	1,299,010
Wellbeing		
Dog and Pollution Control	148,070	146,450
	148,070	146,450
TOTAL ENVIRONMENT PORTFOLIO	3,251,830	2,991,380

WORTHING - ENVIRONMENT PORTFOLIO - 2019/2020 - 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 AND RESOURCES	£	£	£	£	£	£	£	£	£	£	£
Business & Technical Services											
Flood Defence	-	-	-	-	-	-	-	0	18,820	-	18,820
Public Conveniences	-	-	275,870	-	-	-	(610)	275,260	14,670	81,790	371,720
DIRECTOR OF COMMUNITIES											
South Downs Leisure	114,750	-	232,930	-	-	-	(104,010)	243,670	41,990	869,720	1,155,380
Environmental Services											
Allotments	-	-	16,000	-	-	-	(4,570)	11,430	-	2,660	14,090
Cemeteries	-	104,150	131,440	-	4,960	-	(274,010)	(33,460)	23,540	25,340	15,420
Crematorium	263,560	108,690	488,720	10	197,360	-	(2,992,400)	(1,934,060)	213,100	70,160	(1,650,800)
Parks	-	179,880	1,101,290	-	152,230	-	(167,680)	1,265,720	390,890	273,240	1,929,850
Abandoned Vehicles	-	-	-	-	1,800	-	-	1,800	-	-	1,800
Clinical Waste	-	2,500	-	-	-	-	-	2,500	-	310	2,810
Compliance	-	-	-	-	-	-	(1,850)	(1,850)	-	-	(1,850)
Recycling	-	(1,027,220)	-	-	-	1,400	-	(1,025,820)	74,220	190,970	(760,630)
Refuse	-	972,320	-	-	-	-	-	972,320	213,330	186,330	1,371,980
Street Cleansing	-	880,260	-	-	-	-	(338,660)	541,600	102,840	72,910	717,350
Trade Refuse	-	323,540	-	-	645,630	-	(1,404,560)	(435,390)	28,950	65,150	(341,290)
Vehicle Workshop	-	-	-	-	-	-	-	0	-	280	280
Wellbeing											
Dog and Pollution Control	-	1,910	-	-	-	-	(3,470)	(1,560)	143,840	4,170	146,450
	378,310	1,546,030	2,246,250	10	1,001,980	1,400	(5,291,820)	(117,840)	1,266,190	1,843,030	2,991,380
Percentage Direct Cost	7%	30%	43%	0%	19%	0%					

WORTHING - ENVIRONMENT PORTFOLIO - 2019/2020 - VARIANCE ANALYSIS



WORTHING BOROUGH
COUNCIL

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Unavoidable Growth	Savings	Non-MTFP Other Changes	TOTAL BUDGET
DIRECTOR FOR DIGITAL AND RESOURCES	£	£	£	£	£	£	£	£
Business and Technical Services								
Flood Defence	18,290	-	-	-	-	-	530	18,820
Public Conveniences	359,320	5,860	-	-	-	-	6,540	371,720
DIRECTOR OF COMMUNITIES								
South Downs Leisure	1,341,210	1,980	-	(68,000)	-	-	(119,810)	1,155,380
Environmental Services								
Allotments	12,480	300	-	650	-	-	660	14,090
Cemeteries	14,530	(4,640)	-	4,170	-	(11,450)	12,810	15,420
Crematorium	(1,462,520)	(50,550)	-	58,010	-	(204,640)	8,900	(1,650,800)
Parks	1,702,410	10,080	-	139,110	-	7,970	70,280	1,929,850
Abandoned Vehicles	1,810	(10)	-	-	-	-	-	1,800
Clinical Waste	(5,470)	-	-	-	-	-	8,280	2,810
Compliance	(1,810)	(40)	-	-	-	-	-	(1,850)
Recycling	(737,440)	-	-	-	-	-	(23,190)	(760,630)
Refuse	1,588,530	-	-	-	-	-	(216,550)	1,371,980
Street Cleansing	738,940	(7,280)	-	-	-	-	(14,310)	717,350
Trade Refuse	(467,150)	(18,240)	-	129,970	-	(42,200)	56,330	(341,290)
Vehicle Workshop	630	-	-	-	-	-	(350)	280
Wellbeing								
Dog and Pollution Control	93,380	(80)	-	-	-	-	53,150	146,450
	3,197,140	(62,620)	0	263,910	0	(250,320)	(156,730)	2,991,380

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
DIRECTOR OF COMMUNITIES		
Worthing Festival	3,520	3,550
	-	-
	3,520	3,550
Housing		
Housing Standards	156,850	152,790
	156,850	152,790
Wellbeing		
Community Centres & Grants	467,630	458,570
Community Safety	324,830	311,960
Food Safety & Health & Safety	209,990	188,570
Licensing	102,750	136,460
Public Health & Regulation	394,800	396,130
	1,500,000	1,491,690
DIRECTOR OF DIGITAL AND RESOURCES		
Business and Technical Services		
Bus Shelters, Drainage, Footway Lighting	79,590	81,200
	79,590	81,200
TOTAL HEALTH AND WELLBEING PORTFOLIO	1,739,960	1,729,230

WORTHING - HEALTH AND WELLBEING PORTFOLIO - 2019/2020 - 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	-	-	3,070	-	480	-	-	3,550	-	-	3,550
Housing											
Housing Standards	-	148,530	-	-	1,680	-	(100)	150,110	2,680	-	152,790
Wellbeing											
Community Wellbeing	-	128,840	19,580	-	182,010	-	-	330,430	125,810	2,330	458,570
Community Safety	-	167,220	3,820	-	21,220	-	-	192,260	119,700	-	311,960
Food Safety & Health & Safety	-	9,540	-	-	9,750	-	(3,910)	15,380	173,190	-	188,570
Licensing	-	177,110	-	-	3,930	-	(227,030)	(45,990)	182,450	-	136,460
Public Health & Regulation	-	7,630	-	-	26,070	-	(1,040)	32,660	361,970	1,500	396,130
DIRECTOR FOR DIGITAL AND RESOURCES											
Business and Technical Services											
Bus Shelters, Drainage, Footway Lighting	-	-	73,900	-	-	-	-	73,900	7,300	-	81,200
	0	638,870	100,370	0	245,140	0	(232,080)	752,300	973,100	3,830	1,729,230
Percentage Direct Cost	0%	65%	10%	0%	25%	0%					

WORTHING - HEALTH AND WELLBEING PORTFOLIO - 2019/2020 - VARIANCE ANALYSIS

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Compensatory savings	Impact of Capital programme	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
DIRECTOR OF COMMUNITIES										
Worthing Festival	3,520	30	-	-	-	-	-	-	-	3,550
Housing										
Housing Standards	156,850	-	-	-	-	-	-	-	(4,060)	152,790
Wellbeing										
Community Centres & Grants	467,630	950	-	-	-	-	-	(17,240)	7,230	458,570
Community Safety	324,830	80	-	-	-	-	-	-	(12,950)	311,960
Food Safety & Health & Safety	209,990	(80)	-	-	-	-	-	(6,000)	(15,340)	188,570
Licensing	102,750	(4,920)	-	-	-	-	-	-	38,630	136,460
Public Health & Regulation	449,490	(30)	-	-	-	-	-	-	(53,330)	396,130
DIRECTOR FOR DIGITAL AND RESOURCES										
Business and Technical Services										
Bus Shelters, Drainage, Footway Lighting	79,590	1,420	-	-	-	-	-	-	190	81,200
	1,794,650	(2,550)	0	0	0	0	0	(23,240)	(39,630)	1,729,230

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
DIRECTOR OF COMMUNITIES		
Housing		
Housing including Homelessness	1,870,110	2,205,040
Housing Strategy	113,040	116,320
	1,983,150	2,321,360
Wellbeing		
Community Centres	2,870	2,950
	2,870	2,950
DIRECTOR OF ECONOMY		
Culture		
Theatres	1,506,970	1,611,870
Museums	419,300	421,660
	1,926,270	2,033,530
DIRECTOR OF DIGITAL AND RESOURCES		
Finance		
Fraud, Verification & Adjudication	33,900	33,900
Revenues and Benefits		
Revenues	246,280	246,520
Benefits	519,510	534,200
	799,690	814,620
TOTAL CUSTOMER SERVICES PORTFOLIO	4,711,980	5,172,460

WORTHING - CUSTOMER SERVICES PORTFOLIO - 2019/2020 - 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											
Housing											
Housing including Homelessness	-	761,760	126,000	-	2,001,840	15,840	(1,027,180)	1,878,260	326,780	-	2,205,040
Housing Strategy	-	-	-	-	-	-	-	0	116,320	-	116,320
Wellbeing											
Community Centres	-	-	2,780	-	-	-	-	2,780	-	170	2,950
DIRECTOR OF ECONOMY											
Culture											
Theatres	1,781,780	85,420	460,040	10,740	2,211,650	-	(3,625,790)	923,840	376,290	311,740	1,611,870
Museums	181,300	27,240	102,020	1,080	44,120	-	(67,520)	288,240	76,210	57,210	421,660
DIRECTOR FOR DIGITAL AND RESOURCES											
Finance											
Fraud, Verification & Adjudication	-	-	-	-	93,900	-	(60,000)	33,900	-	-	33,900
Revenues and Benefits											
Revenues	-	441,690	-	-	93,820	-	(549,010)	(13,500)	260,020	-	246,520
Benefits	-	794,250	-	-	63,370	36,687,160	(37,529,170)	15,610	518,590	-	534,200
	1,963,080	2,110,360	690,840	11,820	4,508,700	36,703,000	(42,858,670)	3,129,130	1,674,210	369,120	5,172,460
Percentage Direct Cost	4%	5%	2%	0%	10%	80%					

WORTHING - CUSTOMER SERVICES PORTFOLIO - 2019/2020 - VARIANCE ANALYSIS



WORTHING BOROUGH
COUNCIL

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£
DIRECTOR OF COMMUNITIES								
Housing								
Housing including Homelessness	1,870,110	26,790	-	270,000	-	-	38,140	2,205,040
Housing Strategy	113,040	-	-	-	-	-	3,280	116,320
Wellbeing								
Community Centres	2,870	50	-	-	-	-	30	2,950
DIRECTOR OF ECONOMY								
Culture								
Theatres	1,506,970	(64,560)	-	100,000	-	(12,000)	81,460	1,611,870
Museums	419,300	540	-	-	-	-	1,820	421,660
DIRECTOR FOR DIGITAL AND RESOURCES								
Finance								
Fraud, Verification & Adjudication	33,900	-	-	-	-	-	-	33,900
Revenues and Benefits								
Revenues	246,280	(8,990)	-	-	-	-	9,230	246,520
Benefits	519,510	(12,000)	-	-	-	-	26,690	534,200
	4,711,980	(58,170)	0	370,000	0	(12,000)	160,650	5,172,460

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
CHIEF EXECUTIVE OFFICE Communications Performance and Scrutiny	£ 210	£ 210
	210	210
DIRECTOR OF COMMUNITIES Wellbeing Democratic Services - Members & Mayoral	525,460	447,930
	525,460	447,930
DIRECTOR OF DIGITAL AND RESOURCES Customer & Digital Elections	327,200	354,160
	327,200	354,160
TOTAL LEADER PORTFOLIO	852,870	802,300

WORTHING - THE LEADER PORTFOLIO - 2019/2020 - 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 Performance and Scrutiny	-	-	-	-	210	-	-	210	-	-	210
DIRECTOR OF COMMUNITIES Wellbeing Democratic Services	280,260	131,700	-	3,740	23,530	-	-	439,230	8,700	-	447,930
DIRECTOR OF DIGITAL & RESOURCES Customer & Digital Elections	33,000	130,300	3,000	-	106,760	-	(5,470)	267,590	82,910	3,660	354,160
	313,260	262,000	3,000	3,740	130,500	0	(5,470)	707,030	91,610	3,660	802,300
Percentage Direct Cost	44%	37%	0%	1%	18%	0%					

WORTHING - THE LEADER PORTFOLIO - 2019/2020 - VARIANCE ANALYSIS



WORTHING BOROUGH
COUNCIL

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£
CHIEF EXECUTIVE								
Communications								
Performance and Scrutiny	210	-	-	-	-	-	-	210
DIRECTOR OF COMMUNITIES								
Wellbeing								
Democratic Services - Members & Mayoral	525,460	5,430	-	-	-	(1,500)	(81,460)	447,930
DIRECTOR OF DIGITAL & RESOURCES								
Customer & Digital								
Elections	327,200	(50)	-	-	-	-	27,010	354,160
	852,870	5,380	0	0	0	(1,500)	(54,450)	802,300

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
DIRECTOR OF DIGITAL AND RESOURCES		
Business and Technical Services		
Emergency Planning & Business Continuity	66,450	33,770
Coastal Protection, Street Nameplates, Pedestrian Precincts	143,910	146,880
Seats & Public Clock	13,220	13,510
Energy and Sustainability	28,320	34,530
	251,900	228,690
Customer & Digital Services		
Parking	(1,119,650)	(1,209,330)
	(1,119,650)	(1,209,330)
DIRECTOR OF COMMUNITIES		
Environmental		
Foreshores	706,540	726,960
	706,540	726,960
DIRECTOR OF ECONOMY		
Grants		
Commit to Culture	69,590	78,480
	69,590	78,480
Planning & Development		
Planning Policy	394,190	403,590
Development Control	876,140	830,470
Building Control	128,030	171,700
	1,398,360	1,405,760
Place & Economy		
Economic Development (including Tourism)	579,580	584,450
	579,580	584,450
Major Projects & Investment		
Major Projects	71,750	53,750
	71,750	53,750
TOTAL REGENERATION PORTFOLIO	1,958,070	1,868,760

WORTHING - REGENERATION PORTFOLIO - 2019/2020 - 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	-	8,380	-	-	-	-	-	8,380	25,390	-	33,770
Coastal Protection, Street Nameplates, F	-	-	104,170	-	4,890	-	(24,270)	84,790	43,440	18,650	146,880
Seats & Public Clock	-	-	13,510	-	-	-	-	13,510	-	-	13,510
Energy and Sustainability	-	-	-	-	-	-	-	0	34,530	-	34,530
Customer & Digital Services											
Parking	-	391,290	695,890	4,140	151,730	-	(2,888,600)	(1,645,550)	330,010	106,210	(1,209,330)
DIRECTOR OF COMMUNITIES											
Environmental											
Foreshores	-	207,860	411,540	6,150	31,720	-	(443,890)	213,380	241,970	271,610	726,960
DIRECTOR OF ECONOMY											
Grants											
Commit to Culture	78,480	-	-	-	-	-	-	78,480	-	-	78,480
Planning & Development											
Planning Policy	-	7,370	-	-	19,790	-	-	27,160	376,430	-	403,590
Development Control	-	640,880	-	-	50,190	5,380	(495,070)	201,380	623,190	5,900	830,470
Building Control	-	288,560	-	-	4,020	-	(337,670)	(45,090)	216,790	-	171,700
Place & Economy											
Economic Development (including Touris	-	227,700	8,810	-	134,270	-	-	370,780	191,240	22,430	584,450
Major Projects & Investment											
Major Projects	-	-	-	-	53,750	-	-	53,750	-	-	53,750
	78,480	1,772,040	1,233,920	10,290	450,360	5,380	(4,189,500)	(639,030)	2,082,990	424,800	1,868,760
Percentage Direct Cost	2%	50%	35%	0%	13%	0%					

WORTHING - REGENERATION PORTFOLIO - 2019/2020 - VARIANCE ANALYSIS

SERVICE / ACTIVITY	Original Estimate 2018/2019	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	66,450	-	-	-	-	-	-	-	(32,680)	33,770
Coastal Protection, Street Nameplates, Pedestrian P	143,910	1,720	-	-	-	-	-	-	1,250	146,880
Seats & Public Clock	13,220	290	-	-	-	-	-	-	-	13,510
Energy and Sustainability	28,320	-	-	-	-	-	-	-	6,210	34,530
Customer & Digital Services										
Parking	(1,119,650)	(45,170)	-	-	-	-	-	(105,000)	60,490	(1,209,330)
DIRECTOR OF COMMUNITIES										
Environmental										
Foreshores	706,540	7,640	-	-	-	-	-	(13,060)	25,840	726,960
DIRECTOR OF ECONOMY										
Grants										
Commit to Culture	69,590	-	-	-	-	-	-	-	8,890	78,480
Planning & Development										
Planning Policy	394,190	200	-	-	-	-	-	-	9,200	403,590
Development Control	876,140	(10,340)	-	-	-	-	-	(15,000)	(20,330)	830,470
Building Control	128,030	(8,340)	-	55,000	-	-	-	(5,360)	2,370	171,700
Place & Economy										
Economic Development (including Tourism)	579,580	1,180	-	-	-	-	-	-	3,690	584,450
Major Projects & Investment										
Major Projects	71,750	-	-	-	-	-	-	(18,000)	-	53,750
	1,958,070	(52,820)	0	55,000	0	0	0	(156,420)	64,930	1,868,760

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
DIRECTOR OF DIGITAL AND RESOURCES		
Business and Technical Services		
Administrative Buildings	(760)	(770)
Meadow Road Depot	40,420	(11,200)
	39,660	(11,970)
Finance		
Corporate Management	2,765,840	3,274,700
Treasury Management	733,230	966,480
	3,499,070	4,241,180
DIRECTOR OF COMMUNITIES		
Environmental Services		
Lido/Pier/Southern Pavillion	165,290	165,640
	165,290	165,640
DIRECTOR OF ECONOMY		
Major Projects & Investment		
Estates - Core Estate & New Investments	(1,323,320)	(2,205,950)
	(1,323,320)	(2,205,950)
Planning & Development		
Land Charges	8,970	6,580
	8,970	6,580
TOTAL RESOURCES PORTFOLIO	2,389,670	2,195,480

WORTHING - RESOURCES PORTFOLIO -2019/2020 - 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	-	-	-	-	-	(770)	(770)	-	-	(770)
Meadow Road Depot	-	13,300	59,470	3,390	80	(102,830)	(26,590)	-	15,390	(11,200)
Finance										
Corporate Management	2,161,320	187,390	(49,010)	653,520	-	(144,730)	2,808,490	466,120	90	3,274,700
Treasury Management	-	-	-	262,410	-	(410,250)	(147,840)	650	1,113,670	966,480
DIRECTOR OF COMMUNITIES										
Environmental Services										
Lido/Pier/Southern Pavillion	-	-	252,280	5,740	-	(115,700)	142,320	-	23,320	165,640
DIRECTOR OF ECONOMY										
Major Projects & Investment										
Estates - Core Estate & New Investments	-	-	425,240	27,340	-	(2,853,410)	(2,400,830)	42,490	152,390	(2,205,950)
Planning & Development										
Land Charges	-	85,030	-	46,710	-	(184,040)	(52,300)	58,880	-	6,580
	2,161,320	285,720	687,980	999,110	80	(3,811,730)	322,480	568,140	1,304,860	2,195,480
Percentage Direct Cost	52%	7%	17%	24%	0%					

WORTHING - RESOURCES PORTFOLIO -2019/2020 - VARIANCE ANALYSIS

SERVICE / ACTIVITY	Original Estimate 2018/2019	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	(760)	(10)	-	-	-	-	-	-	-	(770)
Meadow Road Depot	40,420	1,180	-	-	-	-	-	-	(52,800)	(11,200)
Finance										
Corporate Management	2,765,840	203,830	-	175,320	-	-	(17,720)	-	147,430	3,274,700
Treasury Management	733,230	-	-	-	21,000	(43,000)	(30,000)	-	285,250	966,480
DIRECTOR OF COMMUNITIES										
Environmental Services										
Lido/Pier/Southern Pavillion	165,290	5,220	-	-	-	-	1,210	-	(6,080)	165,640
DIRECTOR OF ECONOMY										
Major Projects & Investment										
Estates - Core Estate & New Investments	(1,323,320)	8,270	-	-	-	-	(205,000)	-	(685,900)	(2,205,950)
Planning & Development										
Land Charges	8,970	(3,960)	-	-	-	-	-	-	1,570	6,580
	2,389,670	214,530	0	175,320	21,000	(43,000)	(251,510)	0	(310,530)	2,195,480

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

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, uprated 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.

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%.

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.

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.