



ADUR & WORTHING  
COUNCILS

Key Decision [Yes/No]  
Ward(s) Affected: All

**2nd Quarter Revenue Monitoring Report 2023/24**

**Report by the Director for Sustainability and Resources**

**Executive Summary**

**1. Purpose**

- 1.1. This report updates the Joint Strategic Committees with the latest expenditure and income projections for both Adur District Council and Worthing Borough Council for the current financial year 2023/24, compared to the Revenue Budget approved by both Councils in February. Whilst the 'spend to date' will be the position as at the 30th June 2023, the forecast outturn position will reflect the latest information available to ensure an up-to-date forecast is presented.

The current outturn projection for the 2023/24 financial year for the Worthing Borough Council General Fund is a net overspend after reserve transfers of £1.541m and for Adur District Council General Fund is a net underspend after reserve transfers of £33k. A breakdown is set out in section 4.4 of the report.

This position has been achieved as a result of a very significant in-year spend controls and savings process delivering £1.1m in forecast savings, largely counteracted by significant emerging new pressures.

- 1.2. The following appendices have been attached to this report:

- (i) **Appendix 1** Briefing Note on Service Performance
- (ii) **Appendix 2**
  - (a) Worthing Summary
  - (b) Worthing Use of Earmarked Reserves
- iii) **Appendix 3**
  - (a) Adur Summary
  - (b) Adur Use of Earmarked Reserves

- (iii) **Appendix 4** (a) HRA Summary  
(b) HRA Major variances  
(c) HRA Briefing note
- (iv) **Appendix 5** Table of Variations over £20,000

## **2. Recommendations**

- 2.1. The Joint Strategic Committee is asked to note the report and projected outturn position for Worthing Borough Council against the approved revenue budgets and proposed use of reserves (Appendix 2b).
- 2.2. The Joint Strategic Committee is asked to note the report and projected outturn position for Adur District Council against the approved revenue budgets and proposed use of reserves (Appendix 3b).

## **3.0 Context**

- 3.1 The Joint Strategic Committee last considered the 5-year forecast for 2023/24 to 2027/28 on 11th July 2023.
- 3.2 The report set out the context of local government finance and the continuing uncertainty for councils across the country, with a lack of a multi-year settlement from central government. This is expected to remain the case until at least after the national general election in late 2024 / early 2025.
- 3.3 The report also highlighted the importance of careful financial management in-year due to downward pressures on the councils' commercial income post covid and in relation to the cost of living and broader inflationary effects such as the increased cost of goods and services. Moreover, increasing demands for emergency and temporary accommodation would continue to put significant pressure on budgets.

## **4.0 Issues for consideration - Revenue 2023/24 Forecast**

- 4.1 As part of the 2023/24 budget the Councils committed to savings of £1.333m for Adur District Council and £3.203m for Worthing Borough Council to produce a balanced budget and to address the reduction in Government support. Delivery against these targets has been very

successful, although there have been emerging additional pressures in-year.

- 4.2 Further details are set out at 4.13 below, but a key uncertainty for the 23/24 budget has been the national pay award, which has only recently been agreed. This averages out at 5.8% which is higher than the assumed 4.5% built into the 2023/24 budget.
- 4.3 Given the ongoing uncertainty around inflation, increased demand on services and energy resources and pricing, it is difficult to have certainty on the estimates and assumptions, however the current projections indicate forecast year end overspends against budgets of £1.541k in Worthing and an underspend of £33k in Adur. This is a positive position given the significant additional pressures that emerged in the first part of the year.
- 4.4 A suite of budget management controls are in place to control in-year spend and these are forecast to deliver in-year savings of £735k in Worthing and £441k in Adur. These controls include a developed set of in-year initiatives that include tighter controls on external spend, vacancy management and agency and consultant spend. A Budget Management Group meets weekly to review spend requests above £25k, and sub £25k requests are considered daily by a triage group.
- 4.5 In-year initiatives are being carefully tracked to ensure delivery, and service reviews undertaken to ensure any impact is understood to support communications to staff, members and the public.
- 4.6 Assuming a significant utilisation of reserves is made in order to meet the forecast overspend for Worthing Borough Council, planning must be undertaken for how these reserves will be replenished. The Joint Strategic Committee Budget Update report outlines how reserves will be replenished at a rate of £200k p.a, this is essential to return the Council's reserves to a more desirable level.
- 4.7 For Adur, the inflationary pressures are also impacting services, but currently these are being contained within their budgets with a minor underspend currently being projected.

## **5.0 2023/24 Forecast Outturn**

- 5.1 The operational position is a net overspend by services of £2.188m in Worthing and £282k in Adur. This projection demonstrates the pressure

on the Councils' finances as a result of an increase in inflation, increased demand within the Housing Needs service and continued deterioration of income levels in some areas since the pandemic. The current net over or underspend for each Council is calculated by the addition or subtraction of a number of non operational items as detailed in the table below:

	Worthing	Adur
<b>2023/24 Forecast Outturn</b>	Q2	Q2
	£000	£000
Over/(under)spend in operational services – including share from Joint	2,188	282
Net Borrowing requirement: Forecast call on the MRP (provision to repay debt)	476	(84)
Net Interest (increase)/decrease	(486)	(260)
Commercial property additional income shortfall / cost pressure (excluding business rates)	(315)	514
Property void allowance	(678)	(750)
Proposed pay award	195	131
Insurance contract renewal	161	135
<b>Net over/(under) spend before Transfer to/(from) Reserves</b>	<b>1,541</b>	<b>(33)</b>
Transfer to/(from) reserves	-	-
<b>Forecast net over/(under) spend</b>	<b>1,541</b>	<b>(33)</b>

Comparison to the Q1 forecast:

	Joint	Adur	Worthing
	£000s	£000s	£000s
Outturn Over/(under)spend	102	(33)	1,541
Forecast	616	254	1,830
Over/(under)spend Q1			
Change from Q1 to Q2 (improvement)/deterioration	(514)	(287)	(289)

5.2 The key factors underpinning the current financial position include:

- The financial impact of rising inflation and interest rates;

- In Worthing there is a net underspend in the Minimum Revenue Provision (MRP) and interest budgets of £10k and in Adur a net underspend forecast of £344k. The budgets are calculated on both the historic financing of previous years capital programmes and the impact of financing the current year's capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have increased the expected cost in 2023/24. In Worthing the borrowing position has been affected by the delay in the sale of key assets assumed in the 2023/24 budget which has meant that capital receipts are yet to be realised.

5.3 In summary the overall revenue outturn projections reported for Q2 are as follows:

<b>Projected Outturn Summary</b>			
	<b>Joint</b>	<b>Adur</b>	<b>Worthing</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Current Budget 2023/24	27,521	10,612	14,189
Forecast Outturn	27,623	10,579	15,730
<b>Projected Forecast over/ (underspend) before Government support packages or any transfer to reserves</b>	<b>102</b>	<b>(33)</b>	<b>1,541</b>
Reserves Funding		0	0
<b>Projected Forecast over/ (underspend) after Government funding and proposed transfer to reserves</b>	<b>102</b>	<b>(33)</b>	<b>1,541</b>
Projected over/(underspend) percentage	0.37%	-0.31%	10.86%

The Adur and Worthing projected forecasts in the table above include the respective share of the estimated Joint Services overspend.

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

	<b>Expenditure</b>	<b>Income</b>	<b>Net Total</b>
<b>Joint</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	32,906	(6,302)	26,604
Forecast (after transfer to reserves)	32,739	(6,033)	26,705
Projected Forecast (Under)/ Overspend	(167)	269	102
Forecast variance % before Government funding	-0.51%	-4.27%	0.38%
<b>Adur</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	37,420	(27,153)	10,267
Forecast (after transfer to reserves)	37,430	(27,236)	10,194
Authority Projected Forecast (Under)/ Overspend	10	(84)	(73)
Share of Joint (Under) / Overspend	(67)	108	41
Authority Projected Forecast (Under) / Overspend	(57)	24	(33)
Forecast variance % before Government funding	-0.15%	-0.09%	-0.32%
<b>Worthing</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	71,251	(54,762)	16,489
Forecast (after transfer to reserves)	73,171	(55,201)	17,969
Authority Projected Forecast (Under)/Overspend	1,919	(439)	1,480
Share of Joint (Under) / Overspend	(100)	161	61
Authority Projected Forecast (Under)/ Overspend	1,819	(278)	1,541
Forecast variance % before Government funding	2.55%	0.51%	9.35%

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

- the current projections of variances in the Council's General Fund Revenue Budgets;
- any amendments and virements to budgets which may require a recommendation onto Council for approval;
- the current projections of variances in the Adur Housing Revenue Account; and

5.6 Alongside the significant budget management controls described above, our commercial income lines are closely and routinely monitored by our commercial group, paying particular attention to areas with challenges such as crematorium (price competition), car parking (reduced demand post covid) and development management (major planning applications).

5.7 Specific services are subject to closer monitoring because they meet one or more of the following criteria:-

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

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

6.1 Commentary on service areas that are forecasting significant variances from budget are presented in appendix 1 of this report, summarised highlights are provided in this section.

6.2 The forecast in year deficit is set out in the following table with focus on the main factors that make up the estimated outturn position:

<b>In Year forecast (surplus)/deficit</b>	<b>Joint (Memo) £000</b>	<b>Worthing £000</b>	<b>Adur £000</b>
Cross Cutting			
Pay Award over 4.5% budgeted	307	10	8
Insurance		161	135
Treasury		(10)	(344)
Services (detail in appendix 1)			
Waste	102		
Car Parks		483	(81)
Homelessness		455	167
Bereavement		987	39
Strategic Property		(1,030)	(236)
Planning and Development (Development Management, Building and Land Charges)		424	227
Revenues & Benefits		769	370
Other Income		(768)	(359)
<i>Share of Joint</i>		61	41
<b>Total projected deficit before use of reserves</b>		<b>1,541</b>	<b>(33)</b>

Further detail on these factors is provided below.

### 6.3 Pay Award and National Insurance contributions

The national pay award has now been agreed at £1,925 to each spinal column pay point up to scale point 42 and then a 3.88% increase on every scale point above that. This equates to an average increase of 5.7%, which is higher than the 4.5% increase built into the 2023/24 budget. This is a reduction over the previous quarter's report, where the forecast was assuming the likelihood of a higher pay award.

### 6.4 Revenues and Benefits

Changes to the supported housing element of the Housing Benefit subsidy have resulted in a significant additional cost to the councils as there is only partial or no subsidy provided on these payments made to claimants. This is in relation to a number of specific providers of supported accommodation, which is currently being investigated. Some claims have had to be



amended due to them having been paid under LHA rates. The current impact is a shortfall of £769k in Worthing and £370k in Adur.

#### 6.5 Utilities and Rates

The contract for energy was renewed in October 2022 and the Council was tied into a 6 month substantially higher contract for that period.

The current estimates for energy costs are assuming a reduction against budget. This is estimated against the historical invoices received, assuming a continued lower rate over the winter period. However, the latest data has only just been received and full calculations are actively being drafted at the time of writing.

#### 6.6 Maintenance

Maintenance costs in Worthing are currently projecting an underspend of £100k. This is due to controlling expenditure to essential maintenance. In Adur there is a projected overspend in maintenance of £92k mainly due to improvements being made at Commerce Way.

#### 6.7 Treasury

Worthing Borough Council has a small underspend against the MRP and interest budgets of £10k in Worthing. There have been some delays in the sale of key sites and associated capital receipts, which has impacted on the level of borrowing needed offset by increased interest receipts. For Adur there is a projected underspend of £344k due to the delay in some capital schemes commencing.

Increase in interest rates during the year has also led to higher investment return income for both Authorities.

#### 6.8 Waste

There are costs resulting from agency spend being incurred to cover vacancies, holiday and sickness. However there is a corresponding underspend in establishment staffing costs as a result of vacancies in the service. As a result, the workforce plan and relevant budgets are being reviewed. Income is currently expected to be on budget. In addition, the decision to externalise the clinical waste contract to provide a more consistent and reliable service is costing more than the in-house provision along with an increased uptake of the service. There are also rising costs of

fuel, parts, bins and consumables. As the RCV fleet ages, maintenance costs are also increasing. The cost pressure resulting from both the impact of inflation and an ageing vehicle fleet.

## 6.9 Car Parks

Demand for parking in Worthing Borough is still below pre covid levels and the income is continuing to underachieve against budget.

Car Parks are currently forecasting a net underachievement of budget of £455k due to a combination of drop in demand and delayed ticket price increases.

In addition, pressure remains in running costs, in particular utilities and the cost of card processing. The cost of processing card transactions has escalated as users of car parks have moved away from cash towards digital payments. This has occurred more rapidly than anticipated, in part following changes in behaviour during Covid-19, in light of this, work is underway by officers to investigate options for a more cost effective contract for these services.

In Adur, the income is expected to exceed the budget by £81k.

Further information is provided in Appendix 1.

## 6.10 Homelessness

Cost pressures continue to be experienced with consistent caseload numbers and rising complexity of those that are presenting as homeless (individuals, couples and families presenting themselves to the council in immediate housing crisis)

The demand is currently averaging at around 300 cases per month in Worthing, but in Adur the numbers are steadily increasing and are currently at 106 per month. Average nightly costs for temporary accommodation have increased from £42 in 2022/23 to £48 (Worthing) and from £46 to £49 (Adur) per night, with the need to use hotel chains and expensive nightly booked self-contained accommodation. Cost pressures have been compounded further with some bed and breakfast providers and contracted landlords increasing their prices to meet growing inflationary cost pressures.

## 6.11 Bereavement

The deficit against budget is due to a continued underachievement in income. In Worthing this is associated with an income expectation that is proving unachievable for cremations. The situation is exacerbated by a lower death rate which is also reported by funeral directors and mortuaries. A review and budget reset is being undertaken as part of the 24/25 budget process. There has also been a shortfall in income from memorials but work is underway to create an extension to the memorial garden, for which there is already a waiting list, with consideration to the linked maintenance costs it is expected that this extension will generate resources for the council over future years.

In Adur there is a forecast shortfall in burial income predicted.

Further detail is set out in appendix 1.

## 6.12 Strategic Property

Projected income in Adur and Worthing from strategic property portfolios is based on the assumption that the budgeted transfer to the Property Investment Risk Reserves of £678,000 for Worthing and £750,000 for Adur are not made for 2023/24. There are currently vacant properties in each council's portfolios where the council picks up associated service costs and rates charges, and one lease under a rent-free period.

## 6.13 Planning and Development

As with Bereavement Services the budget shortfall is largely related to the underachievement of income. These income streams are largely demand led and can therefore fluctuate making forecasting difficult to predict. Based on current performance the forecast outturn position for Planning fees, Building Control Fees & Land Charges fees is a shortfall of £424k in Worthing and £279k in Adur.

## 6.14 Elections

There is an overspend in the elections budget for Worthing Borough Council (As detailed in appendix 5a).

In relation to Adur District Council, there is currently an underspend of £73k in part due to there not being any elections in Adur this year.

## 6.15 Budget variations greater than £20,000

The councils' individual Summary Projected Outturns are reported in Appendix 2a & 3a. The variations greater than £20,000, for this report, are detailed in Appendix 5.

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

They include:-

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

## 7.0 Future Risks

### 7.1 *Inflation*

Inflation is still currently the biggest risk on council finances with the pressure on rising costs across all budget areas, particularly in utilities, fuel, supplies, salaries and construction costs. The forecast outturn positions will be reviewed during the year and adjusted to reflect the changes in actual experience and economic forecasts.

### 7.2 *Demand for housing*

Any increase in demand on Housing services through homelessness caseloads will cause additional cost pressures on the councils' finances. With demand levels in excess of the availability of cheaper supply in the form of council-owned accommodation or private leasing, the costs will escalate further as the service is forced to utilise more expensive hotels.

### 7.3 *Financial sustainability*

The level of earmarked reserves will reduce if they are required to meet the overspends currently forecast for the year.

Worthing Borough Council holds a limited level of available reserves (excluding the Business Rates Smoothing Reserve, the Tax Guarantee Reserve and Grants and Contributions). The projected utilisation of these reserves is a matter for concern as it will impact the council's ability to

absorb financial shocks in future years and this remains a key driver for continued efforts to improve the Council's financial standing. The Council's reserves position and projected movement is set out in the table below:

<b>Worthing Borough Council Available Reserves</b>	<b>Balance at 1.4.23</b>	<b>Projected Transfer In/(Out) 2023/24</b>	<b>Remaining balance</b>
	£	£	£
Capacity Issues Reserve	881,673	(472,817)	408,856
General Fund Working Balance	1,347,348		1,347,348
Property Investment Risk Reserve	450,000		450,000
Building Maintenance Reserve	176,259		176,259
Insurance Reserve	230,244		230,244
Museum Reserve	74,899		74,899
Leisure Lottery & Other	27,766		27,766
Projected overspend 2023/24		(1,541,163)	(1,541,163)
<b>Total</b>	<b>3,188,189</b>	<b>(2,013,980)</b>	<b>1,174,209</b>

The Council's established policy to maintain the General Fund Working Balance at between 6 – 10% of net revenue expenditure. The current balance as at 31st October 2023 is £1,347,348. This balance is 8.5% of net revenue expenditure (previously, 9.80% in 2022/23) and is in the mid part of the range of 6% -10% set by the Council.

In Adur, the level of reserves are in a slightly healthier position, though the planned draw down for the year would use up the majority of the Capacity Issues Reserve, Overall, the value of useable reserves are set out below:-

<b>Adur District Council Available Reserves</b>	<b>Balance at 1.4.23</b>	<b>Projected Transfer In/(Out) 2023/24</b>	<b>Remaining balance</b>
	£	£	£
Capacity Issues Reserve	441,405	(172,494)	268,911
General Fund Working Balance	1,051,497		1,051,497
Property Investment Risk Reserve	375,674		375,674
Insurance Reserve	82,959		82,959
Projected underspend 2023/24		32,670	32,670
<b>Total</b>	<b>1,951,535</b>	<b>(139,824)</b>	<b>1,811,711</b>

As in Worthing, the Council's established policy to maintain the General Fund Working Balance at between 6 – 10% of net revenue expenditure. The current balance as at 31st June 2023 is £1,051,497. This balance is 9.9% of net revenue expenditure (previously, 9.90% in 2022/23) and is in the top part of the range of 6% -10% set by the Council.

The current commitment on all the General Fund earmarked reserves are set out in appendix 2b and 3b. The council will need to plan for protecting and rebuilding reserve levels into the future to ensure we meet the guideline minimum level.

#### 8.0 Corrective action:

8.1 As an organisation we have addressed the forecast financial standing by undertaking a mid-year directorate-based spending review and implementing ongoing control processes.

1. **Vacancy Control:** Recruitment is paused, with exception only where the recruitment is service critical or it would impact on the ability to generate income beyond the cost of the resource.
2. **Identification of Cost Reduction Areas:** Identifying areas where costs could be delayed or reduced to help mitigate unavoidable in-year cost pressures.
3. **Alignment with Annual Planning:** The spending review is aligned to annual planning work to identify opportunities to accelerate towards our future state in terms of service model or delivery.
4. **Introduction of Budget Management Groups:** A Budget Management group reviews all expenditures over £25,000. Additionally, a daily purchase order triage group reviews any spending below £25k being processed.

Furthermore, a recent workshop was held with budget managers to facilitate a more focused and supportive forecasting approach. This session enabled managers to review and complete their forecasts with the participation of finance business partners and the council leadership team.

8.2 The current budget pressures will be monitored throughout the year to identify if any further action is required to bring them back within the set budget.

## 9.0 Housing Revenue Account

9.1 The Adur Housing Revenue Account (HRA) is a ring-fenced account. The HRA forecast is shown in Appendix 4a.

9.2 The HRA is forecast to overspend against the budget for 2023/24 by £29,000. The most significant pressures are due to:

- Void properties (including losses in associated service charges and increased Council Tax liabilities) - £710,000.
- Delay in implementation of the rent increase by 6-8 weeks - £75,000.
- Delay in handover of new-build housing supply £125,000.
- Repair and maintenance costs exceeding budget due to the increased use of subcontractors - £89,000

9.3 In contrast, a favourable budget position is expected in the following areas, which will offset some of the above cost pressures:

- A review of the depreciation policy last financial year has reduced the annual charge to the revenue budget - £634,000.
- A reduction in the expected interest payable on borrowing costs as a result of being able to charge new-build housing borrowing costs to the capital scheme - £318,000.
- An increase in the expected investment interest receivable due to the increased availability of reserves following the depreciation adjustment - £35,000.

## **10.0 Engagement and Communication**

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

10.2 There is a communication and engagement programme in place to support the development of the 24/25 budget which has been expanded to include messaging with respect to any impacts from the in-year spending review exercise. Residents have been invited to have their say on the budgets for both [Adur Council](#) and [Worthing Council](#) and we outline the findings of this engagement which will shape the final Budget for January 2024. Assessments of impact have been developed for each budget proposal. These will be used to explain what will be different for

services when the Councils agree the final budget in Spring 2024 to staff, members and public.

## **11.0 Financial Implications**

- 11.1 At this stage at the end of the 2nd quarter of the revenue budgetary cycle, we continue to see the financial impact of the increase in inflation on the councils.
- 11.2 Overall the projected outturn positions net of treasury savings, the performance in the strategic property portfolio and reserve transfers is an overspend in Worthing of £1.541m and an underspend in Adur of £0.33m, which includes the councils' share of the estimated £0.616m overspend within the Joint Service.
- 11.3 The financial performance of the councils will continue to be monitored closely against budgets and projections updated as the financial year continues.

## **12.0 Legal Implications**

- 12.1 Section 151 of the Local Government Act, 1972 requires the councils to make arrangements for the proper administration of their financial affairs. Further, Local authorities have a statutory duty under the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge.
- 12.2 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, and s42A and 42B of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 12.3 There are a range of safeguards in place that help to prevent local authorities overcommitting themselves financially. These include a duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirement).



## **Background Papers**

Joint Overall Budget Estimates 2023/24

[https://democracy.adur-worthing.gov.uk/documents/s9818/2023.02.07%20-%20JSC%20-%20Final%20Revenue%20Budget%20Estimates%20for%202023\\_24.pdf](https://democracy.adur-worthing.gov.uk/documents/s9818/2023.02.07%20-%20JSC%20-%20Final%20Revenue%20Budget%20Estimates%20for%202023_24.pdf)

Adur District Council Budget Estimates 2023/24 and Setting of the 2023/24 Council Tax

[https://democracy.adur-worthing.gov.uk/documents/s9812/2023.02.02%20-%20Adur%20Executive%20-%20Revenue%20Budget%202023\\_24.pdf](https://democracy.adur-worthing.gov.uk/documents/s9812/2023.02.02%20-%20Adur%20Executive%20-%20Revenue%20Budget%202023_24.pdf)

Worthing Overall Budget Estimates 2023/24 and Setting of 2023/24 Council Tax

[https://democracy.adur-worthing.gov.uk/documents/s9774/2023.02.01%20-%20Worthing%20Exec%20-%20Budget%20Estimates%202023\\_24%20and%20setting%20of%20the%202023\\_24%20Council%20Tax.pdf](https://democracy.adur-worthing.gov.uk/documents/s9774/2023.02.01%20-%20Worthing%20Exec%20-%20Budget%20Estimates%202023_24%20and%20setting%20of%20the%202023_24%20Council%20Tax.pdf)

Financial Performance 2022/23 - Revenue Outturn

[https://democracy.adur-worthing.gov.uk/documents/s10814/2023.07.11%20-%20JSC%20-%20agenda%20item%206%20-%20Revenue%20outturn%202022\\_23.pdf](https://democracy.adur-worthing.gov.uk/documents/s10814/2023.07.11%20-%20JSC%20-%20agenda%20item%206%20-%20Revenue%20outturn%202022_23.pdf)

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# **Sustainability & Risk Assessment**

## **1. Economic**

The financial position of the Councils is highly relevant to the core support able to be offered to local businesses, culture and leisure institutions in support of the local economy. Whilst central government funding is made available at times in support of these outcomes, the Council provides dedicated resources as core support, including events, and collaboration with business organisations.

The Councils' functions around regeneration, planning, public realm, parks and foreshore, waste collection, car parking, environmental health and many others are critical infrastructure for the thriving local economy.

## **2. Social**

### **2.1 Social Value**

Through procurement and contract activity, and services such as housing and community well-being, community safety, proactive and customer support, the Councils provide important services to support residents, particularly the most vulnerable.

### **2.2 Equality Issues**

It is vital that spend controls and savings initiatives take account of the impact on residents and that these are assessed.

### **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**

Our work on climate and sustainability is treated as a key priority

## **4. Governance**

Matter considered and no issues identified

## Appendix 1

### Quarter 2 Budget Monitoring - Commentary on Services with significant outturn forecast to budget variances

This information supplements the information in the 2nd Quarter Revenue Monitoring report providing more detail to the service forecast in areas where there are significant variances in the forecast outturn positions than budgeted. The variances are across the organisation but are mostly in the areas that are either volatile in nature or demand led which can make income streams more difficult to predict. There are also some areas where global and national economic activity are impacting causing costs pressures, such as inflation and energy supply.

#### 1.1 Car Parking

Car Parking income for Worthing continues to be one of the main income streams to have been impacted by the long term changes to customers behaviours as a result of the Covid-19 Pandemic. In particular those who previously commuted to the town centre for employment are increasingly able to work remotely, all or part of the time. This has reduced town centre workers' deal income and season ticket income.

In addition to reducing income, changing consumer habits have increased some costs as customers move increasingly to digital payment, which has associated processing costs. This movement has been accelerated as a result of the pandemic and therefore the Council's current contract structure is not delivering best value, work is underway to address this with the current providers or with other providers as appropriate.

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There have been changes to the make-up of the parking resources made available to the town as work continues on Buckingham Road MSCP and Liverpool Gardens (where a number of bays remain closed). Though much of that income is expected to have shifted to other car parks in the town, there will naturally have been some incidental loss of income.

The impact on Worthing's income is a shortfall against the budget of £483k. In Adur, the parking income is exceeding the budget and a projected additional income of £81k.

#### 1.2 Homelessness

There continue to be cost pressures associated with homelessness within both Adur and Worthing. Current forecast outturn overspend positions have

increased from those in 2022/23 and this is despite an additional £381k (Adur) and £748k (Worthing) 2023/24 budgets respectively. Since 2020/21 the budgets have seen £566k and £1m increases to the respective Adur and Worthing budgets to fund the ongoing additional pressures of people presenting themselves to the councils for support for their housing needs.

The main reasons for these increased pressures on the councils include:-

- Introduction of Homeless Reduction Act
- The Local Housing Allowance does not increased in line with the private sector rent prices
- COVID
- Increasing interest costs and the change to the Landlord & Tenant Act, which impacted on smaller landlords resulting in some deciding to sell reducing the number of available rental properties
- The increased cost of living

Worthing demand has plateaued in the last quarter and the average caseload is 300 per month. The outturn forecast assumes these numbers continue to stabilise and do not increase for the remainder of the year.

In Adur the average caseload for 2022/23 was 89 increasing to a projected 105 in 2023/24. The outturn forecast includes an assumed increase in caseload of 1 case per month for the remainder of the year.

The increase in demand is impacting on the cost pressures in procuring additional accommodation along with increased costs from existing suppliers who are passing on their inflationary cost pressures to customers through their increased accommodation charges. The impact of this is an increase in the average rate being charged from accommodation providers of £42 to £48 per night in Worthing and from £46 to £49 in Adur.

Current forecast are an overspend in Adur of £167k and £455k for Worthing.

### 1.3 Bereavement Services

Worthing cemetery income is currently expected to meet the income budget.

The crematorium is forecasting an overall shortfall against the service income budget of £987,000, this reflects 30% of the £3.3m income budget.

This is due to many factors including changes to direct cremations as mourners use smaller venues provided by funeral directors or companies

offering low-cost simple funerals, a countrywide drop in the death rate, plus new competition from the newly opened crematorium in Arun.

There is currently no available space in the existing memorial garden. Additional income is expected from the delivery of the new garden which was considered and approved by members in January 2023. The works for this are due to commence later this year, when plots can start to be sold off-plan. Memorials make up £106k of the overall shortfall.

In Adur there is a predicted shortfall of Burial income against a budget of £39k, which is a slight improvement over the last quarter's forecast.

### 1.5 Strategic and Commercial Property

Within Worthing investment property and core estate portfolio the forecast is a net income surplus of £993,000. This assumes that the transfer of the void allowance of £628,000 to the Property Investment Risk Reserve is not made in 2023/24, due offsetting other cost pressures throughout the council. This is due to some recent rent reviews within the Strategic Property Portfolio.

In Adur's property portfolio, there's a forecasted net income surplus of £236,000 for 2023/24. This assumes the void allowance of £750,000 isn't transferred to the Property Investment Risk Reserve. The surplus isn't from voids but is contingent on the decision not to allocate the void allowance. Vacant properties like York Road and Eskan Court represent cost pressures since the council covers business rates and other costs until they are re-let.

In both councils the core estate portfolios are forecast to be marginally over budget at this early stage of the year.

### 1.6 Planning and Development

In Adur and Worthing the projected outturn is an overall net overspend of £206,000 and £368,000 respectively, which is a further deterioration in the projected income from £189,000 and £230,000 forecast in Q1 within the Planning and Development budgets. A breakdown of the variation in the service budget is provided below:

	Worthing Net Total	Adur Net Total
Building Control	£164,000	£69,000
Development Control	£137,000	£78,000

Land Charges	£67,000	£59,000
Total	£368,000	£206,000

The cost of borrowing, inflation and high construction costs is having a detrimental impact on the housing market and development industry resulting in a reduction in planning, building control and land charges fee income.

This year to date has seen a reduction in the number of applications received. This has been compounded by no new major developments being submitted. However, Union Place, a major development project in Worthing, will attract large planning fees which will help reduce the current shortfall; it is expected to be submitted this year.

The Government has also announced a significant increase in planning fees and funding to increase the number of planners to tackle resource issues for planning authorities. Draft regulations to introduce a national fee increase of 35% for major applications and 25% for all other applications were laid on 20 July and will come into force on 1st April 2024.

#### 1.7 Place and Economy

Worthing is forecasting an overspend in its concession budget. Whilst the overall Seasonal Concession Programme has maintained its income level, an Observation Wheel didn't return to the seafront, instead a carousel took its plot for the summer period but the fee was substantially lower (£68k) than the budget and previous income received from the wheel. In addition, business rates are payable on the site, which the council has to pick up when there is no operator on the site.

#### 1.8 Treasury- External Borrowing Costs, Investments and Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a statutory charge to the revenue budget to provide for the repayment of debt. The calculation is based on the level of historic capital spend that has been financed from borrowing. Consequently, once the accounts have been closed and the calculation has been updated for the capital spend in 2023/24, there is certainty about the charge for the forthcoming year.

Worthing Borough Council has net projected underspend in the treasury management budgets of £10k, this is a significant improvement on the forecast position from Quarter 1 for a number of reasons:

- The disposal of Southdown View Road and subsequent capital receipt has provided cash flow and delayed borrowing needs, reducing exposure to elevated interest rates.
- Adapted dealing practices have facilitated an increase in deal frequency and improved yields on short term cash surpluses.
- The unfortunate delays experienced in some capital projects have meant that borrowing costs are lower than earlier forecasts.

Interest receivable from treasury investments is forecast to be above budget due to the higher than forecast base rates available in the market.

In Adur the position is a predicted overall underspend in the treasury management budgets of £344k. The decision to use internal funds rather than borrowing is reflected in the underachievement in the interest receivable forecast offset by the underspend against the budget for interest payable on borrowing.

The breakdown is provided in the following table.

<b>Treasury Management (under)/overspends</b>	<b>Worthing</b>	<b>Adur</b>
	£000	£000
Minimum Revenue Provision	476	(84)
Interest from Investment Income	(438)	106
Interest payable on borrowing	(48)	(366)
<b>Total</b>	<b>(10)</b>	<b>(344)</b>

**WORTHING BOROUGH COUNCIL SUMMARY - 2ND  
QUARTER PROJECTED OUTTURN 2023/24**

**APPENDIX  
2a**

<b>Actual Previous year 2022/23</b>	<b>WORTHING CABINET MEMBER PORTFOLIOS</b>	<b>Current Estimate 2023/24</b>	<b>Projected Outturn to 31st March 2024</b>	<b>Forecast Over/ (Under)</b>
4,898,300	CM for Environment	3,999,240	5,138,586	1,139,346
930,829	CM for Community Wellbeing	824,280	853,002	28,722
5,120,413	CM for Citizen Services	4,304,920	5,496,311	1,191,391
128,178	CM for Climate Emergency	119,700	119,700	0
4,438,618	CM for Culture & Leisure	3,835,040	3,835,040	0
985,506	Leader	831,510	936,577	105,067
3,127,961	CM for Regeneration	2,432,060	2,308,794	(123,266)
(2,724,355)	CM for Resources	(240,010)	(1,516,108)	(1,276,098)
0	Holding Accounts	382,350	382,350	0
<b>16,905,450</b>	<b>Total Cabinet Member</b>	<b>16,489,090</b>	<b>17,554,253</b>	<b>1,065,163</b>
(4,198,163)	Credit Back Depreciation	(4,804,180)	(4,804,180)	0
1,693,450	Minimum Revenue Provision	2,417,780	2,893,780	476,000
	Non ring fenced grants	0	0	0
<b>14,400,737</b>		<b>14,102,690</b>	<b>15,643,853</b>	<b>1,541,163</b>
(40,791)	<b>Government Grant funding</b>	0	0	0
	<b>Transfer to/from reserves</b>			
(44,610)	Contribution to/(from reserves)	86,250	86,250	0
(1,308,786)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	0
778,101	Net Underspend/(Overspend)	0	(1,541,163)	(1,541,163)
	Recommended For Transfer To/(From) Reserves			
<b>13,784,651</b>	<b>Total Budget requirement before External Support from Government</b>	<b>14,188,940</b>	<b>14,188,940</b>	<b>-</b>



## Appendix 2b

## Movements in Earmarked Reserve Accounts

WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2023/24	Estimated Transfers Out 2023/24	Estimated Transfers in 2023/24	Projected Closing Balance 2023/24
	£	£	£	£
REVENUE GRANT RESERVES				
<b>Capacity Issues Reserve including approved Carry Forward budgets</b>	881,673			
Hardship Fund Contribution (11/01/22 JSC/77/21-22)				
Foodbank - (£100k from unused Hardship contribution & Treasury)		(35,000)		
Resourcing of community engagement, inclusion and participation activities (JSS-C(W)/4/22-23 5 July 2022) - Big Cleanup		(15,000)		
Business Development Fund		(29,080)		
Local Plan examination costs		(42,073)		
LCR Caravan Club Agreement		(300,000)		
Redundancies		(51,664)		
<b>Capacity Issues Reserve Balance</b>	881,673	(472,817)	0	408,856
<b>Insurance Reserve</b>	230,244			230,244
<b>Leisure Lottery &amp; Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre</b>	27,766			27,766
<b>Museum reserve</b>	74,899			74,899
<b>Business Rates Smoothing Reserve</b>	2,491,626			2,491,626
<b>Local Tax Income Guarantee</b>	264,949			264,949
<b>Property Investment Risk Reserve</b>	450,000			450,000
<b>Building Maintenance Reserve</b>	176,259			176,259
Place Project	82,711			82,711
<b>Wellbeing Grant funded Employee exit cost reserve</b>	68,150			
<b>Grants &amp; Contributions</b>	754,421	0	0	754,421
Projected Underspend/ (Overspend) (Reserve to be identified at outturn).		(1,541,163)		(1,541,163)
<b>General Fund Working Balance</b>	<b>1,347,348</b>			<b>1,347,348</b>
<b>TOTAL</b>	<b>7,604,465</b>	<b>(2,013,980)</b>	<b>0</b>	<b>4,767,914</b>

**ADUR DISTRICT COUNCIL SUMMARY - 2ND QUARTER  
PROJECTED OUTTURN 2023/24**

**APPENDIX  
3a**

<b>Actual Previous year 2022/23</b>	<b>ADUR EXECUTIVE MEMBER PORTFOLIOS</b>	<b>Current Estimate 2023/24</b>	<b>Projected Outturn to 31st March 2024</b>	<b>Forecast Over/ (Under)</b>
3,611,352	CM for Environment & Leisure	3,364,830	3,364,284	(546)
1,531,276	CM for Communities & Wellbeing	1,332,300	1,369,291	36,991
2,329,295	CM for Adur Homes & Customer Services	1,887,080	2,424,288	537,208
704,985	Leader	704,630	631,804	(72,826)
1,982,718	CM for Regeneration & Strategic Planning	2,028,950	1,966,332	(62,618)
721,607	CM for Finance & Resources	681,210	294,332	(386,878)
0	Holding Accounts	268,270	268,270	0
<b>10,881,233</b>	<b>Total Cabinet Member</b>	<b>10,267,270</b>	<b>10,318,600</b>	<b>51,330</b>
(1,541,257)	Credit Back Depreciation	(1,625,520)	(1,625,520)	0
1,875,637	Minimum Revenue Provision	1,969,970	1,885,970	(84,000)
	Non ring fenced grants	0	0	0
<b>11,215,613</b>		<b>10,611,720</b>	<b>10,579,050</b>	<b>(32,670)</b>
(470,979)	<b>Government Grant funding</b>	0	0	0
	<b>Transfer to/from reserves</b>			
0	Contribution to/(from reserves)	0	0	0
0	Budgeted contribution to/(from) Reserves	0	0	-
(992,117)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	0
0	General Fund Working balance	0	0	0
(10,166)	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	0	32,670	32,670
<b>9,742,351</b>	<b>Total Budget requirement before External Support from Government</b>	<b>10,611,720</b>	<b>10,611,720</b>	<b>-</b>

## Appendix 3b

<b>Movements in Earmarked Reserve Accounts</b>	Opening Balance	Estimated Transfers Out	Estimated Transfers in	Projected Closing Balance
ADUR DISTRICT COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	2023/24	2023/24	2023/24	2023/24
	£	£	£	£
<b>Capacity Issues Reserve including approved Carry Forward budgets</b>	441,405			
New Salts Farm Lancing (JSC/047/20-21 8 September 2020)		(2,199)		
Shoreham Centre Decarbonisation (JSC/34/21-22 7 sept 2021)		(118,000)		
Business Development fund		(14,923)	-	
Redundancies		(37,372)		
<b>Capacity Issues Reserve Balance</b>	441,405	(172,494)	0	268,911
<b>Insurance Fund</b>	82,959	0	0	82,959
<b>Business Rates Smoothing Reserve</b>	1,765,540	0	0	1,765,540
<b>Local Tax Income Guarantee</b>	59,666	0	0	59,666
<b>Property Investment Risk Reserve</b>	375,674	0	0	375,674
<b>Risk Reserve Exit cost</b>	68,150	0	0	68,150
<b>Grants and Contributions held in Reserves</b>	913,667	0	0	913,667
Projected Underspend/(Overspend) (Reserve to be identified at outturn)		0	32,670	32,670
Projected Underspend/(Overspend) HRA (Reserve to be identified at outturn)		0		0
General Fund Reserve	1,051,497	0	0	1,051,497
<b>TOTALS</b>	<b>5,672,224</b>	<b>(172,494)</b>	<b>32,670</b>	<b>5,532,400</b>

**HOUSING REVENUE ACCOUNT SUMMARY**

**Appendix 4a**

	<b>ORIGINAL BUDGET</b>	<b>FORECAST ACTUAL</b>	<b>VARIANCE</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>EXPENDITURE</b>			
General Management	4,102,590	4,191,750	89,160
Special Services	796,020	731,770	(64,250)
Rent, Rates, Taxes & Other Charges	64,010	116,250	52,240
Repairs & Maintenance	3,142,880	3,232,055	89,175
Bad/Doubtful Debt	50,000	50,000	0
<b>Capital Financing Costs</b>			
Depreciation and Revenue Contribution to Capital	4,421,760	3,788,165	(633,595)
Interest charges	2,304,920	1,986,964	(317,956)
<b>TOTAL EXPENDITURE</b>	<b>14,882,180</b>	<b>14,096,954</b>	<b>(785,226)</b>
<b>INCOME</b>			
Dwelling Rents	(13,330,160)	(12,794,000)	536,160
Non-Dwelling Rents	(537,320)	(414,510)	122,810
Heating and Other Service Charges	(706,760)	(506,480)	200,280
Leaseholder's Service Charges	(307,940)	(318,222)	(10,282)
Interest Received	0	(35,000)	(35,000)
<b>TOTAL INCOME</b>	<b>(14,882,180)</b>	<b>(14,068,212)</b>	<b>813,968</b>
<b>NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL RESERVE</b>	<b>0</b>	<b>28,742</b>	<b>28,742</b>

## HRA Major Variances

## Appendix 4b

	(Under)/ Over Spends £'000
<b><u>Variations in Income and Running Costs:</u></b>	
Dwelling rent and service charge void loss	536
Dwelling rent and service charge loss due to rent increase delay	75
Dwelling rent and service charge loss due to new-build handover delay	125
Garage rent void loss	121
Staff costs	52
Council Tax - increased costs due to extended void periods	52
Professional fees regarding regeneration proposals	53
Repairs & Maintenance - responsive and void works	89
Leasehold Service charges	(10)
Other	(78)
TOTAL VARIATION IN RUNNING COSTS:	1,015
<b><u>Variations in Treasury Management and Capital Costs:</u></b>	
Interest payable	(318)
Depreciation	(634)
Interest receivable	(35)
TOTAL VARIATION IN TREASURY MANAGEMENT AND CAPITAL COSTS:	(987)
TOTAL VARIATION:	29

## **1.0 Budget Context**

The HRA budget for 2023/24 was set as a balanced budget, i.e. with the assumption that in-year expenditure would equal in-year income and neither a surplus nor deficit would be added to nor drawn from reserves.

This net zero budget for 2023/24 is based on the following key assumptions:

### **1.1 Income**

- Rental Income was increased by the maximum allowable by central government - 7% for General Needs properties and 11.1% for Sheltered properties.
- Dwelling void loss budget for 83 properties (3.3% of total stock) vacant for the full year, in addition to the decanted Ashcroft flats and further decants for Inner Rooms fire safety works.
- Garage void loss budget of 340 units (32% of total stock) vacant for the full year, to allow for Small Sites developments.
- Removal of £28k investment interest income budget due to depletion of reserve levels.

### **1.2 Repairs**

- A further £135k was added to the budget for planned maintenance and compliance requirements, with general inflation assumed at 8%.

### **1.3 Staffing Costs**

- A pay award estimated at 4.5% (£129k).
- A vacancy provision of 5% (£126k)
- Additional temporary staff budget approved for repair & maintenance works (£98k).

### **1.4 Other**

- Reduction in central support costs charged to the HRA (£79k).
- The Depreciation budget was set at the same level as 2022/23. At the time of setting this budget, work was underway to review the depreciation policy with the expectation that a reduction in cost may be seen. As the outcome of that review was as yet unknown, the budget was neither increased or decreased for 2023/24. We now know that the outcome of the review is a significant reduction in costs.

## **2.0 Current Year Potential Variances**

The table below provides a summary of and indicative figures for the main HRA budget variances.

<b>Service Area</b>	<b>Budget Assumption</b>	<b>Latest Estimate</b>	<b>Forecast Variance</b>
Rental Income	General Needs 7% increase Sheltered 11.1% increase	Delay in implementation of rent increase due to system and administration issues	£75,000
Rental Income	New-build properties (49 units) to become lettable from Oct 2023	Delay in completion of new-build properties, now expected to remain vacant until Mar 2024	£125,000
Dwelling Voids (excl. decants)	83 voids per year (3.3% of total stock) Average loss of £9,000/wk	Current voids at end Oct = 128 (5.1% of total stock) Average loss of £13,500/wk	£536,000
Garage Voids	340 voids per year Average loss of £4,200/wk	Current voids at end Oct = 358 Average loss of £4,400/wk	£121,000
Rates	Council Tax liabilities based on 83 voids per year	Current voids at end Oct = 128 (5.1% of total stock)	£52,000
Repairs & Maintenance	Contract inflation of 8%	Continued higher volume of responsive repairs	£89,000
Staffing Costs	Pay award of 4.5% = £129k	Pay award agreed at flat rate increase of £1,925 per head or 3.88% for staff at scp 43 and above	£20,000
Staffing Costs	Vacancy provision of 5% = £126k	This is unlikely to be achieved due to the recruitment of temporary repairs & maintenance staff which are additional to the establishment.	£32,000
Capital Financing	Depreciation Budget = £4,422k	The depreciation policy review was completed in 2022/23 and agreed with external auditors. Annual costs are now expected to be £3,788k.	(£634,000)
Interest Payable	Based on expected capital programme	Reduction due to reduced capital spending and the ability to charge new-build borrowing costs to the capital project	(£318,000)
Interest Receivable	Nil budget to reflect reduced reserve position	Reserves are higher than anticipated following the depreciation policy adjustment	(£35,000)
Other		Other minor variations	(£34,000)
		POTENTIAL OVER SPEND	£29,000
		BALANCED BUDGET	£ 0
		POTENTIAL IMPACT ON RESERVES	£29,000

### **3.0 Reserve Balances**

- The HRA general and earmarked reserves have been drawn upon in recent years in order to maintain service levels when the government's rent reduction policy required a 1% per annum reduction between 2016/17 and 2019/20.
- Since the 2020/21 budget, rents can be increased by a maximum of CPI + 1%. However, for the 2023/24 budget, central government capped the CPI+1% regulation to 7% for General Needs properties. This was in response to higher than expected inflation rates (10.1% at Sep22) and concerns over cost of living pressures. Despite this, 2023/24 is the first year since 2016/17 that a balanced budget could be set.
- These rent policies and ongoing cost pressures have reduced the level of reserves significantly over the last seven years. The table below sets out the reserve balances as at 1st April 2023.

<b>HRA Reserves</b>	<b>Opening Balance 23/24</b>	<b>Spent &amp; Committed to date</b>	<b>Forecast Balance</b>
General Reserve	£1,079,418	£ 28,742	£1,050,676
Discretionary Assistance Fund	£ 1,471	£ 0	£1,471
New Development Reserve [committed-Southwick development]	£ 30,900	£ 30,900	£0
Business Improvement Reserve	£ 84,176	£ 0	£84,176
	£1,195,965	£ 59,642	£1,136,323



Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
<b>Director of Housing &amp; Communities</b>				
Wellbeing		10	29	ADC: The overspend relates to costs of running Eastbrook Community Centre. WBC~: Overspend relates to increased Utility costs and Maintenance of Community centres
Env Health - Housing			(32)	Increased income from FPNs
Housing Needs		167	455	Homelessness cost pressures continue to increase
Revenues		28	12	Reduced court cost income due to a period of time when this was halted to deal with the work backlog
Benefits		342	757	The supported housing element of the Housing Benefit subsidy has resulted in a cost to the Council as there is only partial or no subsidy provided on these payments made to claimants.
	-	547	1,220	
<b>Director of Sustainability and Resources</b>				
Parking Services		(81)	483	ADC: The income is exceeding the current budget WBC: Delay in price increases plus decision to not progress free car park charging along with a drop in people using the car parks has resulted in a large drop in parking income for Worthing. In addition, the move to more card payments have resulted in an overspend in card charges
Environmental Services (Waste)	102			Mainly due to Agency staff costs in Cleansing plus increased costs from the Medisort Clinical contract (offset partly by Contingency budget In CM)
Bereavement Services (Cemeteries & Crematorium)		39	987	Continuing pressure on income -- budget reset in progress and £500k being built into next year's budget for Worthing
Public Health & Regulation		27	61	Loss of income from Gambling establishments as this is moving more into the online

## Q2 Variations

## Appendix 5a

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
				environment plus a shortfall in income from Hackney Carriage licences
<b>Elections</b>		(73)	105	WBC: Increased cost of postage for postal votes and electoral roll, plus increasing staffing numbers and costs at polling station
<b>Insurance</b>		135	161	New insurance contract tenders were higher than budgeted, which is in line with the countrywide increase in premiums
<b>Energy &amp; Sustainability</b>		(62)		Underspend on Maintenance costs
<b>Finance: Treasury Interest</b>		(260)	(486)	Interest from Investment income net of Increased Borrowing interest due to higher Interest Rates
<b>Finance: Treasury MRP</b>		(84)	476	Shortfall largely due to the impact of the delay in the sale of key sites which were estimated to reduce borrowing costs
	<b>102</b>	<b>(358)</b>	<b>1,787</b>	
<b>Director for Place</b>				
<b>Leisure Client</b>		(79)		Projected underspend in maintenance costs
<b>Place and Economy (Economic Development)</b>		(54)	21	In Adur there are underspends in Equipment and other supplies and services, where as in Worthing there is a shortfall in Rental income from the Observation wheel offset by underspends in supplies & services costs
<b>Parks &amp; Foreshore</b>		80	7	Maintenance costs for the service are exceeding the budget
<b>Regeneration (IP &amp; Estates)</b>		(236)	(993)	Net impact of the position in Property income which is showing a slight shortfall in Adur so is offset by the budgeted void allowance which contributes towards the void allowance reserve. For Worthing there is excess income from Rental reviews
<b>Regeneration (Major Projects)</b>			(37)	Income from NHS for IT fitout
<b>Surveyors</b>		28	95	Cost of Maintenance and Utilities for Public Conveniences

## Q2 Variations

## Appendix 5a

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Planning and Development (Building Control)		69	164	Shortfall projected to continue in Building Control fee income in line with 22/23. From the beginning of October The Building Safety regulator will be dealing with any schemes over 18m which we would have previously had income for. There has been a general reduction in income due to interest rates and material costs
Planning and Development (Development Control)		78	137	Current projections for Planning fee income is lower than the budget due to fewer large scale development planning application being received / expected to be received, plus in Worthing there are additional costs arising from the Chatsmore Farm appeal
Planning and Development (Planning Policy)		22	55	Overspend on Consultancy costs
Planning and Development (Land Charges)		59	67	Shortfall projected to continue in Land Charges fee income in line with 22/23
	-	(34)	(483)	
<b>Cross Cutting services</b>				
Pay Award	307	8	10	Pay award over the budgeted amount
Corporate Budgets	(323)	(154)	(846)	Contingency & Energy growth budgeted centrally in Corporate management
Other	16	(82)	(208)	
	0	(228)	(1,044)	
Allocation of Joint Variance		41	61	Share of joint services allocated 40:60 to Councils
<b>Total Variance</b>	<b>102</b>	<b>(33)</b>	<b>1,541</b>	

Service Area	Joint £000s (under)/ over spend	Adur £000s (under) / over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
<b>Director of Housing &amp; Communities</b>				
Housing Needs	-	19	(185)	Homelessness numbers have stabilised
Benefits	-	342	757	The supported housing element of the Housing Benefit subsidy has resulted in a cost to the Council - there has been a reclassification of claimants from LHA rates to SA rates that has impacted in the current years claim
<b>Director of Sustainability and Resources</b>				
Parking Services	-	(95)	209	As well as shortfalls in parking income in Worthing along with some cost pressures from maintenance and utilities not known at Quarter 1
Environmental Services (Waste)	72	-	-	Increased costs from the new Clinical Waste contract
Bereavement Services (Cemeteries & Crematorium)	-	(10)	300	There is a continuing deterioration in Crematorium income due to a number of factors which include a lower death rate meaning less cremations
Public Health & Regulation	-	27	61	Income from licencing establishments lower than expected at quarter 1
Elections	-	(73)	105	The increased cost of local elections was not apparent at the time of the quarter 1 report. This relates to increased postages, staffing and hall hire costs
Energy & Sustainability	-	(62)	-	Underspend on Maintenance
Finance: Treasury Interest	-	38	(198)	Interest from Investment income net of Increased Borrowing interest due to higher Interest Rates

<b>Director for Place</b>				
<b>Leisure Client</b>	-	(79)	-	Projected underspend in maintenance costs is now forecast
<b>Place and Economy (Economic Development)</b>	-	(54)	(44)	Underspends in supplies & services budgets are contributing to Income shortfalls
<b>Parks &amp; Foreshore</b>	-	80	7	Maintenance costs higher than budgeted
<b>Regeneration (IP &amp; Estates)</b>	-	111	(502)	Additional income projected
<b>Regeneration (Major Projects)</b>	-	-	(337)	Movement due to a technicality in the purchase of leasehold rights at Titnore Way
<b>Surveyors</b>	-	28	95	Public Convenience overspend in Maintenance
<b>Planning and Development (Building Control)</b>	-	(22)	86	Continuing deterioration in Building control income as there is a deterioration in building works due to interest rates and material costs
<b>Cross Cutting services</b>				
<b>Pay Award</b>	(279)	(180)	(205)	Pay award over the budgeted amount was lower than anticipated following the pay award agreement
<b>Corporate Budgets</b>	(323)	(154)	(846)	Contingency & Energy growth budgeted centrally in Corporate management which offset overspends through services