



Joint Strategic Committee
12th March 2024

ADUR & WORTHING COUNCILS

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

3rd 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 Committee 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 December 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 £1.657m and for the Adur District Council General Fund a net underspend after reserve transfers of £299k. A breakdown is set out in section 5.1 of the report.

This position has been achieved as a result of a very significant in-year spend controls and savings process, However the savings achieved have been 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**
 - (a) Table of Variations over £20,000
 - (b) Table of movement in variations between quarters

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 ongoing 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.
- 3.4 The increased demand on some key services and the impact of customers choices on commercial income have led to in year pressures. The organisation has recognised the need to address this and introduced control measures to manage expenditure, with underspends helping to

mitigate uncontrollable costs. More information is provided at sections 4.4 and 8.1.

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 in most areas, although there have been emerging additional pressures in-year.
- 4.2 A key uncertainty for the 2023/24 budget had been the national pay award, which was agreed in late 2023. The resulting uplift averages 5.7% across the councils' workforce 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 has been difficult to have certainty when making forecast assumptions across the year. As both councils enter the final quarter of their financial year, though some of these risks have now stabilised, there remains material forecasting challenges which officers continue to work hard to address. The current projections indicate a forecast year end overspend against budget of £1.657m in Worthing and an underspend of £299k in Adur.
- 4.4 A suite of budget management initiatives are in place to control in-year spend, this has supported both the mitigation of overspends where possible and the delivery of in-year savings. 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 being 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 2024/25 budget papers outline plans for reserves to be replenished at a rate of

£200k p.a. A new financial strategy is being developed over the next few months with a committee report in July, this will look beyond the next 12 months and include a strategy to build reserves.

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 £2.142m in Worthing and £119k 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
	Q3	Q3
	£000	£000
2023/24 Forecast Outturn		
Over/(under)spend in operational services – including share from Joint	2,142	119
Net Borrowing requirement: Forecast call on the MRP (provision to repay debt)	476	(84)
Net Interest (increase)/decrease	(547)	(364)
Commercial property additional income shortfall / cost pressure	(92)	514
Property void allowance	(678)	(750)
Impact of pay award	195	131
Insurance contract renewal	161	135
Net over/(under) spend before Transfer to/(from) Reserves	1,657	(299)
Transfer to/(from) reserves	-	-
Forecast net over/(under) spend	1,657	(299)

Comparison to the Q2 forecast:

	Joint	Adur	Worthing
	£000s	£000s	£000s
Outturn Over/(under)spend	270	(299)	1,657
Forecast Over/(under)spend Q2	102	(33)	1,541
Change from Q2 to Q3 (improvement)/deterioration	168	(266)	116

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 £71k and in Adur a net underspend forecast of £448k. The MRP is the charge to revenue made in respect of paying off the principal sum of the borrowing undertaken to finance the capital programme. It is largely defined by regulation and the purpose is to ensure that the council does not have time expired assets with associated outstanding debt. The MRP budgets are calculated on both the historic financing of previous years capital programmes and the impact of financing the current year's capital spend. In Adur the underspend reflects lower capital expenditure than anticipated when the budget was set which has led to a reduced MRP charge and an underspend on interest payable due to a lower borrowing requirement. In Worthing the MRP charge is overspent, this is due the assumed capital receipts being higher when setting the budget than have been realised in year. There has been additional interest from investment income due to robust cash flow management and a cash injection from the disposal of an asset.

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

Projected Outturn Summary			
	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2023/24	27,521	10,612	14,189
Forecast Outturn	27,623	10,579	15,730

Projected Forecast over/ (underspend) before Government support packages or any transfer to reserves	270	(299)	1,657
Reserves Funding		0	0
Projected Forecast over/ (underspend) after Government funding and proposed transfer to reserves	270	(299)	1,657
Projected over/(underspend) percentage	0.98%	-2.82%	11.68%

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.

	Expenditure	Income	Net Total
Joint	£'000	£'000	£'000
Budget	32,906	(6,302)	26,604
Forecast (after transfer to reserves)	32,877	(6,003)	26,874
Projected Forecast (Under)/ Overspend	(29)	299	270
Forecast variance % before Government funding	-0.09%	4.74%	1.01%
Adur	£'000	£'000	£'000
Budget	37,420	(27,153)	10,267
Forecast (after transfer to reserves)	37,400	(27,540)	9,860
Authority Projected Forecast (Under)/ Overspend	(20)	(387)	(407)
Share of Joint (Under) / Overspend	(11)	119	108
Authority Projected Forecast (Under) /	(32)	(267)	(299)

Overspend including Joint share			
Forecast variance % before Government funding	-0.08%	-0.98%	-2.91%
Worthing	£'000	£'000	£'000
Budget	71,251	(54,762)	16,489
Forecast (after transfer to reserves)	73,030	(55,046)	17,984
Authority Projected Forecast (Under)/Overspend	1,779	(284)	1,495
Share of Joint (Under) / Overspend	(17)	179	162
Authority Projected Forecast (Under) / Overspend including Joint share	1,762	(105)	1,657
Forecast variance % before Government funding	2.47%	-0.19%	10.05%

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

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

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 the 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 is 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:

In Year forecast (surplus)/deficit	Joint (Memo) £000	Adur £000	Worthing £000
Cross Cutting			
Pay Award over 4.5% budgeted	307	10	8
Insurance		135	161
Treasury		(448)	(71)
Services:			
Waste		33	(182)
Car Parks		(69)	569
Homelessness		165	584
Bereavement		33	1,047
Strategic Property		(304)	(770)
Planning and Development (Development Management, Building and Land Charges)		269	377
Parks		5	(72)
Place and Economy		(62)	122
Elections		(85)	110
Revenues & Benefits		217	464
<i>Energy & Sustainability</i>		(103)	0
Corporate Contingency & Centralised Utilities		(346)	(739)
Other	(37)	143	(113)
<i>Share of Joint</i>		108	162
Total projected surplus/deficit before use of reserves		(299)	1,657

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 £640k in Worthing and £335k in Adur.

6.5 Utilities and Rates

From April 2023, the councils are now on a variable rate contract for electricity and gas following a 6-month period where they were tied into a substantially higher rate at the height of the energy crisis, following the end of the previous fixed rate. The cost of energy after this period was unknown, so an allowance for growth in energy costs was built into the budget.

Using a combination of actuals to date and historical invoice data, the current forecasts are estimating underspends against the budgets in the Joint service (£208k) and in Worthing (£121k). In Adur there is projected to be a slight overspend (£60k), mainly due to void properties, whose costs fall to the council whilst vacant.

Rates budgets are overspending due to the cost of paying for void properties.

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 £41k mainly due to improvements being made at Commerce Way.

6.7 Treasury

Worthing Borough Council has an underspend against the MRP and interest budgets of £70k. Disposal of key sites had previously presented a challenge, however increased investment returns have in part off-set this bringing the council closer to budget. Adur District Council is projected an underspend of £448k, caused in part by delays in capital expenditure leading to lower borrowing and therefore lower interest charges.

For both councils, elevated interest rates available on their invested funds has proved beneficial to the budget position. This has shown sustained improvement across the year as rates have remained elevated for longer than originally forecast.

6.8 Waste

The workforce plan and budget reviews mentioned at quarter two have begun to improve the profile of spend in Waste. Demand for commercial waste services has fallen slightly in Adur, whereas commercial waste has performed well for Worthing, particularly with efficiencies achieved in tipping costs.

Maintenance costs continue to increase with the age of the RCV fleet as well as fuel costs and the cost of replacement bins. The strategic management of the fleet continues to be an area of officer focus, while the unavoidable inflationary pressures contribute some challenge to the expenses of running waste services.

The decision to externalise the clinical waste contract to provide a more consistent and reliable service continues to be more costly than the in-house provision along with an increased uptake of the service.

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 £569k, this position has lost further ground due to weak demand through December. December is normally a significant period of earnings since the festive period is expected to draw people into town centres for shopping, entertainment and events.

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, though potentially more efficient these payment methods carry a transactional cost which is a material proportion of the current parking fees.

In Adur, the income is expected to exceed the budget by £69k.

Further information is provided in Appendix 1.

6.10 Homelessness

Cost pressures continue to be experienced with consistent numbers of households being supported in temporary accommodation and rising case complexity of those that are presenting as homeless.

Currently Worthing is forecast to overspend by £584k and Adur is forecast to overspend by £165k.

Further information is provided in Appendix 1.

6.11 Bereavement

The deficit against budget is due to a continued underachievement in income. The impact is significant for Worthing as the income budget for the crematorium has become unattainable. The commercial challenge is exacerbated by a lower death rate leading to lower demand for bereavement services. It is of note, that income budgets have been reviewed and reset 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 2023/24 property risk reserve provision of £678,000 for Worthing and £750,000 for Adur are fully utilised in year to offset overall general fund shortfalls. The financial strategy sets out that the provision is used where required in year with any unused amount transferred to the Property Risk Reserve at outturn where the general fund can accommodate it within an underspend position.

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. The Councils' Property Investment Risk Reserves exist to manage such risks.

6.13 Planning and Development

The Budget budget shortfall is largely related to the underachievement of income. These income streams are largely demand led and current economic conditions are slowing home-owner and developer applications. Based on current performance the forecast outturn position for Planning fees, Building Control Fees & Land Charges fees is a shortfall of £379k in Worthing and £205k 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 will be 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 the largest risk to council finances with the pressure on rising costs across all budget areas, particularly in utilities, fuel, supplies, salaries and construction costs. Though the rate of inflation has slowed across the 2023/24 year, the nature of some supplier contracts will mean that all inflationary pressures have not yet been fully felt across both Councils' finances. This remains an area of constant review over the remainder of the current financial year and for future financial years.

7.2 *Demand for housing*

Much of the Councils' duties in this area are statutory meaning there is limited control available to manage any increases in demand for temporary accommodation. Officers continue to work to structure the most cost efficient availability to meet the needs of local people, however the unpredictable nature of case loads means there remains a risk of additional cost pressures to both councils' finances.

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 remains a matter for concern as it will impact the council's ability to absorb financial shocks in future years and this is 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:

Worthing Borough Council Available Reserves	Balance at 1.4.23	Projected Transfer In/(Out) 2023/24	Remaining balance
	£	£	£
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		(1,657,240)	(1,657,240)
Total	3,188,189	(2,130,057)	1,058,132

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:-

Adur District Council Available Reserves	Balance at 1.4.23	Projected Transfer In/(Out) 2023/24	Remaining balance
	£	£	£
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		299,554	299,554
Total	1,951,535	127,060	2,078,595

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. As highlighted in section 4.4 a number of control initiatives have been introduced during the year:

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 for the remainder of the financial year and any corrective actions over and above those detailed above will be considered as required.

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 underspend against the budget for 2023/24 by £216,178. The most significant pressures are due to:

- Void properties (including losses in associated service charges and increased Council Tax liabilities) - £640,000.
- 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 - £404,000

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 - £865,000.
- 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.
- A reduction in staffing costs due to several vacancies either being held or taking longer to recruit than anticipated - £282,000
- 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 which has supported the development of the 24/25 budget. Residents have been invited to have their say on the budgets for both [Adur Council](#) and

[Worthing Council](#) and the findings of this engagement have shaped the final Budget for 24/25. 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 3rd 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 £1.657m and an underspend in Adur of £0.29m, which includes the councils' share of the estimated £0.27m 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

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

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

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

Officer Contact Details:-

Joel Goacher

Chief Accountant, Finance

01903 221236

joel.goacher@adur-worthing.gov.uk

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 Three Budget Monitoring - Commentary on Services with significant outturn forecast to budget variances

This information supplements the information in the 3rd 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 as addressed at quarter 2. Parking demand in December was below expectations.

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 Montague Centre car park (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.

The impact on Worthing's income is a shortfall against the budget of £569k. In Adur, the parking income is exceeding the budget and a projected additional income of £69k.

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, which has not increased with the local private rented market
- Increasing interest costs and the change to the Landlord & Tenant Act, which impacted on smaller landlords, with some exiting the market. This is increasing the rate of evictions, and reducing the availability of rented accommodation
- The increased cost of living is impacting residents' ability to afford appropriate accommodation.

The demand is currently averaging at around 313 households in Worthing, in Adur demand has increased since Q2 and is now averaging 106 households.

Average nightly costs for temporary accommodation have increased from £42 in 2022/23 to £49 (Worthing) and from £46 to £48 (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.

Currently Worthing is forecast to overspend by £584k and Adur is forecast to overspend by £165k.

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 £1,020,000, 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 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 £32k, 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 £746,000. 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 £415,000 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 £205k and £379k 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	£194,000	£101,000
Development Control	£118,000	£55,000
Land Charges	£67,000	£49,000
Total	<u>£379,000</u>	<u>£205,000</u>

The cost of borrowing, inflation and high construction costs is having a detrimental impact on house building and development, as well as increasing costs for homeowners considering extending their properties 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.

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 £71k, 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 £448k. 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.

Treasury Management (under)/overspends	Worthing	Adur
	£000	£000
Minimum Revenue Provision	476	(84)
Interest from Investment Income	(522)	(15)
Interest payable on borrowing	(25)	(349)
Total	(71)	(448)

**WORTHING BOROUGH COUNCIL SUMMARY - 3RD QUARTER
PROJECTED OUTTURN 2023/24**

**APPENDIX
2a**

Actual Previous year 2022/23	WORTHING CABINET MEMBER PORTFOLIOS	Original Estimate 2023/24	Current Estimate 2023/24	Projected Outturn to 31st March 2024	Forecast Over/ (Under)
4,898,300	CM for Environment	3,999,240	3,999,240	5,557,440	1,558,200
930,829	CM for Community Wellbeing	824,280	824,280	939,480	115,200
5,120,413	CM for Citizen Services	4,304,920	4,304,920	5,443,920	1,139,000
128,178	CM for Climate Emergency	119,700	119,700	109,500	(10,200)
4,438,618	CM for Culture & Leisure	3,835,040	3,835,040	3,796,040	(39,000)
985,506	Leader	831,510	831,510	934,710	103,200
3,127,961	CM for Regeneration	2,432,060	2,432,060	1,886,060	(546,000)
(2,724,355)	CM for Resources	(240,010)	(240,010)	(1,379,170)	(1,139,160)
0	Holding Accounts	382,350	382,350	382,350	0
16,905,450	Total Cabinet Member	16,489,090	16,489,090	17,670,330	1,181,240
(4,198,163)	Credit Back Depreciation	(4,804,180)	(4,804,180)	(4,804,180)	0
1,693,450	Minimum Revenue Provision	2,417,780	2,417,780	2,893,780	476,000
	Non ring fenced grants	0	0	0	0
14,400,737		14,102,690	14,102,690	15,759,930	1,657,240
(40,791)	Government Grant funding	0	0	0	0
	Transfer to/from reserves				
(44,610)	Contribution to/(from reserves)	86,250	86,250	86,250	0
0	Budgeted contribution to/(from) Reserves	-	-	-	-
(1,308,786)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	0	0
	General Fund Working balance	0	0	0	0
778,101	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	0	0	(1,657,240)	(1,657,240)
13,784,651	Total Budget requirement before External Support from Government	14,188,940	14,188,940	14,188,940	-

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				
Capacity Issues Reserve including approved Carry Forward budgets	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 Agreement		(300,000)		
Redundancies		(51,664)		
Capacity Issues Reserve Balance	881,673	(472,817)	0	408,856
Insurance Reserve	230,244			230,244
Leisure Lottery & Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	27,766			27,766
Museum reserve	74,899			74,899
Business Rates Smoothing Reserve	2,491,626			2,491,626
Local Tax Income Guarantee	264,949			264,949
Property Investment Risk Reserve	450,000			450,000
Building Maintenance Reserve	176,259			176,259
Place Project	82,711			82,711
Wellbeing Grant funded Employee exit cost reserve	68,150			
Grants & Contributions opening Balance	754,421			
Projected Underspend/ (Overspend) (Reserve to be identified at outturn).		(1,657,240)		(1,657,240)
General Fund Working Balance	1,347,348			1,347,348
TOTAL	6,850,044	(2,130,057)	0	3,897,417

ADUR DISTRICT COUNCIL SUMMARY - 3RD QUARTER PROJECTED OUTTURN
2023/24

APPENDIX
3a

Actual Previous year 2022/23	ADUR EXECUTIVE MEMBER PORTFOLIOS	Original Estimate 2022/23	Current Estimate 2023/24	Projected Outturn to 31st March 2024	Forecast Over/ (Under)
3,611,352	CM for Environment & Leisure	3,364,830	3,364,830	3,390,430	25,600
1,531,276	CM for Communities & Wellbeing	1,332,300	1,332,300	1,390,500	58,200
2,329,295	CM for Adur Homes & Customer Services	1,887,080	1,887,080	2,377,080	490,000
704,985	Leader	704,630	704,630	594,430	(110,200)
1,982,718	CM for Regeneration & Strategic Planning	2,028,950	2,028,950	1,822,950	(206,000)
721,607	CM for Finance & Resources	681,210	681,210	208,056	(473,154)
0	Holding Accounts	268,270	268,270	268,270	0
10,881,233	Total Cabinet Member	10,267,270	10,267,270	10,051,716	(215,554)
(1,541,257)	Credit Back Depreciation	(1,625,520)	(1,625,520)	(1,625,520)	0
1,875,637	Minimum Revenue Provision	1,969,970	1,969,970	1,885,970	(84,000)
	Non ring fenced grants	0	0	0	0
11,215,613		10,611,720	10,611,720	10,312,166	(299,554)
-470979	Government Grant funding	0	0	0	0
	Transfer to/from reserves				
0	Contribution to/(from reserves)	0	0	0	0
0	Budgeted contribution to/(from) Reserves	0	0	0	0
(992,117)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	0	0
0	General Fund Working balance	0	0	0	0
(10,166)	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	0	0	299,554	299,554
9,742,351	Total Budget requirement before External Support from Government	10,611,720	10,611,720	10,611,720	-

Appendix 3b

Movements in Earmarked Reserve Accounts	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
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets	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)		
Capacity Issues Reserve Balance	441,405	(172,494)	0	268,911
Insurance Fund	82,959	0	0	82,959
Business Rates Smoothing Reserve	1,765,540	0	0	1,765,540
Local Tax Income Guarantee	59,666	0	0	59,666
Property Investment Risk Reserve	375,674	0	0	375,674
Risk Reserve Exit cost	68,150	0	0	68,150
Grants and Contributions held in Reserves	913,667	0	0	913,667
Grants and contributions sub total		0	0	0
Projected Underspend/(Overspend) (Reserve to be identified at outturn)		0	299,554	299,554
Projected Underspend/(Overspend) HRA (Reserve to be identified at outturn)		0		0
General Fund Reserve	1,051,497	0	0	1,051,497
TOTALS	4,758,558	(172,494)	299,554	4,885,618

HOUSING REVENUE ACCOUNT SUMMARY

Appendix 4a

	ORIGINAL BUDGET	FORECAST ACTUAL	VARIANCE
	£	£	£
EXPENDITURE			
General Management	4,102,590	3,854,502	(248,088)
Special Services	796,020	803,099	7,079
Rent, Rates, Taxes & Other Charges	64,010	116,250	52,240
Repairs & Maintenance	3,142,880	3,547,028	404,148
Bad/Doubtful Debt	50,000	50,000	0
Capital Financing Costs			
Depreciation and Revenue Contribution to Capital	4,421,760	3,556,931	(864,829)
Interest charges	2,304,920	1,986,964	(317,956)
TOTAL EXPENDITURE	14,882,180	13,914,774	(967,406)
INCOME			
Dwelling Rents	(13,330,160)	(12,794,000)	536,160
Non-Dwelling Rents	(537,320)	(526,250)	11,070
Heating and Other Service Charges	(706,760)	(506,480)	200,280
Leaseholder's Service Charges	(307,940)	(269,222)	38,718
Interest Received	0	(35,000)	(35,000)
TOTAL INCOME	(14,882,180)	(14,130,952)	751,228
NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL RESERVE	0	(216,178)	(216,178)

HRA Major Variances

Appendix 4b

	(Under)/ Over Spends £'000
<u>Variations in Income and Running Costs:</u>	
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	13
Staff costs	(282)
Council Tax - increased costs due to extended void periods	52
Professional fees regarding regeneration proposals	90
Repairs & Maintenance - responsive and void works	404
Leasehold Service charges	39
Other	(50)
TOTAL VARIATION IN RUNNING COSTS:	1,002
<u>Variations in Treasury Management and Capital Costs:</u>	
Interest payable	(318)
Depreciation	(865)
Interest receivable	(35)
TOTAL VARIATION IN TREASURY MANAGEMENT AND CAPITAL COSTS:	(1,218)
TOTAL VARIATION:	(216)

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.

Service Area	Budget Assumption	Latest Estimate	Forecast Variance
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.

HRA Reserves	Opening Balance 23/24	Spent & Committed to date	Forecast Balance
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

Quarterly Variations

Appendix 5a

Service Area	Joint £000s (under)/ over spend	ADC £000s (under)/ over spend	WBC £000s (under)/ over spend	Description of Significant Variations
Chief Executive				
Performance and Strategies	0	-20	1	Underspend on the Leaders Projects
People and Change	-24	-20	3	People & Change restructure and refund for leadership training
	-24	-20	4	
Director of Housing & Communities				
Director of Housing and Communities Office	147	0	0	Departmental Vacancy Provision
Community Wellbeing	30	18	15	In Adur the overspend reflects the net cost of running Eastbrook CC and the overspend in joint relates to a recharge still to be made for a part funded post
Head of Housing	-62	0	0	Residual budget held following a previous restructure. A portion of this has been utilised in recent structure changes, the remainder has been offered as a saving.
Environmental Health - Housing	29	-9	-58	Increased income from Fixed Penalty Notices in both councils, delays in the delivery of planned savings in the joint service and additional income from Housing Improvement Assistance.
Housing Needs	-42	165	584	Homelessness continues to present significant cost pressures to both councils.
Community Alarms	0	24	0	Staffing costs due to pay award higher than budgeted plus cost of equipment has increased with demand but budget not increased in line with Income
Contact Centre / Business Support	22	0	0	The structure of the pay award and staff grading in this team have meant that the impact was more significant than in some areas
Head of Revenues and Benefits	240	0	0	This relates to staffing costs met by the joint service but funded by the respective Councils via grants.
Revenues	-17	28	12	Reduced court cost income due to a period of time when this was halted to deal with the work backlog

Benefits	71	189	452	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.
	418	415	1005	
Director of Sustainability and Resources				
Director of Digital & Resources Office	259	0	0	Departmental Vacancy Provision
Digital	-150	0	0	Significant review of software and other contracts to minimise spend wherever possible has delivered savings.
Technology and Design	-46	0	0	Delayed recruitment to a post in this area has contributed to a saving
Parking Services	19	-69	569	ADC: The income is exceeding the current budget WBC: Delay in price increases plus the move to more card payments have resulted in an overspend/under achievement of income. Materially weak income figures over December have led to a further revision for the remainder of the year.
Waste & Cleansing	187	33	-182	Mainly due to Agency staff costs in Cleansing plus increased costs from the Medisort Clinical contract (offset partly by Contingency budget In CM), Commercial Waste in WBC has benefited from significantly reduced tipping charges.
Bereavement Services	-2	33	1047	Pressure continues on income, this revised position results from a rationalisation of forecasting to reflect in year trends for the remainder of the year.
Public Health and Regulation	3	32	57	The loss of income from Gambling establishments as this moves to an online environment has had an impact. There is also a shortfall in income from Hackney Carriage Licences
Legal, Democratic & Procurement	44	-12	-1	An overspend in Legal funded from Adur & Worthing consultancy budgets partially offset by a vacant post in Procurement

Electoral Services	-13	-85	110	Increased costs mainly due to the staff bringing their hourly rate up to living wage and holiday pay. Increase in royal mail costs for poll cards and postal votes, and Worthing was a stand alone election so no shared costs. Increase in costs for holding the count and the polling stations.
Finance	-87	5	-1	Vacant management and a trainee post in Accountancy plus new starters appointed on lower scale points have been held to contribute this saving in year.
Insurances Administration	-19	135	161	Posts held vacant at times during the year have contributed to an underspend in joint services. New insurance contract tenders were significantly higher than budgeted, this is being experienced by Councils nationally.
Energy & Sustainability	-17	-103	0	Underspend on maintenance costs at Pad Farm and New Salts farm.
Treasury Management	0	-448	-71	Interest from investment income remains higher than forecast, borrowing costs remain challenging and the delay in sales of key sites has constrained efforts to maximise the contribution from this area.
Corporate Management	-558	-346	-739	Utility price increase centrally budgeted (increased costs appear within service lines) in addition to contingency budgets
	-380	-825	950	

Director for Place				
Director of Place Office	79	0	0	Departmental Vacancy Provision
Leisure Strategic Support	0	-68	-39	ADC Underspend on Maintenance £39k & 23k on the contract sum
Strategic Projects	0	0	99	We were unable to secure an alternative attraction to the rental income level that the observation wheel brought in which has led to a loss of rental income, additionally the Council meets the cost of rates in the meantime whilst the site is empty.
Economic Development & Tourism	-4	-74	-88	2 Place based officers to support Adur Communities not yet appointed plus additional net income from Markets and Events. In Worthing tourism and events are also making a net surplus along with savings in maintenance costs

Parks and Open Spaces, Allotments, Foreshore & Pier	25	5	-72	Rent reviews at Worthing parks sites have contributed to additional income along with underspends on maintenance, equipment and cleaning costs
Estates	43	111	-24	Rental income down by against the budget for potential rent reviews and void properties along with costs incurred for void properties,
Property Investment	0	-415	-746	Increased income from Rent reviews. In addition the Void property costs are less than the budgeted contribution to reserve producing a net underspend
Admin Buildings	333	125	-57	Town Hall planned maintenance costs and increased energy costs are budgeted centrally within Worthing
Technical Services inc Major Projects	65	70	87	JOINT cost relates mainly to lower capitalisation of staff costs ADC Maintenance of Public Conveniences, Bus SHelters and feasibility studies WBC Maintenance of Public Conveniences, and energy costs at Meadow Road Depot and for footway lighting
Building Control	-29	101	194	Underachievement of income due to the new rule that came into force in Oct 23 and lower numbers of applications
Development Management	-71	55	118	Income Forecast on application income is dependent on large applications being received . Pre-app income is also below the expected budget
Planning Policy	-139	64	-2	These costs are for the studies for the Adur local plan, the Western Harbour Arm Study and the Biodiversity study..
Land Charges	1	49	67	The number of charges for NLIS, Office and electronic payments have decreased significantly
LLPG	-47	0	0	The LLPG income is reliant on new development that requires street naming and numbering and this variance reflects the current level of applications from new developments
	256	23	-467	
Total Variances Before Joint Allocation	270	-407	1495	
Allocation of Joint Variance		108	162	Share of joint services allocated 40:60 to Councils
Total Variance	0	-299	1657	

Movement between Q2 & Q3 Variations greater than £50k

Appendix 5b

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Director of Housing & Communities				
Housing Needs	-42	-2	129	Further pressures arising from temporary accommodation in Worthing
Head of Revenues and Benefits	240	0	0	Agency costs funded by Grants within Adur & Worthing Benefits
Benefits	71	-153	-305	Grant funding used to offset Agency spend in Joint service
Director of Sustainability and Resources				
Digital	-150	0	0	A significant review has been made of software and other contracts to minimise spend wherever possible has delivered savings.
Parking Services	4	12	86	Further deterioration of parking income. Christmas period didn't bring in as much as hoped
Waste & Cleansing	85	33	-182	Increased running costs in Joint offset by a reduction in tipping charges in Worthing
Bereavement Services	-2	33	60	Cremation income still continues to fall
Finance	-87	5	-1	Posts kept vacant to help reduce the Council's overspend
Corporate Management	-269	-190	110	Revised Utility costs and use of contingency budgets
Treasury Management	0	-104	-61	Improvement in Treasury interest receivable
Director for Place				
Parks and Open Spaces	25	-75	-79	Lower than expected maintenance costs
Estates	43	111	120	A combination of void properties and delays in rent reviews have contributed towards these movements
Property Investment	0	-179	103	An improvement in the projected void position in Adur, In Worthing the movement relates to a duplication in income in the previous forecast
Admin Buildings	333	24	14	Planned Maintenance budget for Joint buildings
Development Management	-71	-23	-19	Posts kept vacant to help reduce the Council's overspend
Planning Policy	-139	-22	-55	Posts kept vacant to help reduce the Council's overspend

