



Joint Strategic Committee
17th July 2024

ADUR & WORTHING COUNCILS

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

Financial Performance 2023/24 - Revenue outturn

Report by the Director for Sustainability and Resources

Executive Summary

1. Purpose

- 1.1. This report outlines the revenue financial monitoring position for the end of the 2023/24 financial year for the Joint Strategic Committee, Adur District and Worthing Borough Councils. At the time of publication of this report, the Statements of Accounts have been completed and the audit is due to commence in July, any adjustments that emerge during the audit will be reported to members later in the year.
- 1.2 The final position for operational services was an underspend for Adur District Council of £598k and an overspend in Worthing Borough Council of £3.052m. This is compared to the projections reported at quarter 3 when operational outturns were predicted to be an underspend of £119k in Adur and an overspend of £2.142m in Worthing before any use of reserves.
- 1.3 Overall outturn positions were an underspend of £515k in Adur District Council and an overspend of £1.6m in Worthing Borough Council. This represents a 3% underspend against the budget for Adur and 12% overspend in Worthing. During the year there have been significant in-year spend controls and savings processes implemented to mitigate against a much larger projected overspend identified earlier in the year.
- 1.3 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 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 outturn position for Adur District Council against the approved revenue budgets and proposed use of and contributions to 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 outlined the context of local government finance, emphasising the ongoing uncertainty for councils due to the lack of a multi-year settlement from central government, and highlighting the expectation that this would not change in the current parliament. It also highlighted the importance of careful in-year financial management due to pressures on councils' commercial income in a post-COVID economy, the impact of the cost of living, broader inflationary effects, and increasing demands for emergency and temporary accommodation, all of which continue to strain budgets.

3.3 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 and 8.

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 successful in most areas, although there existing pressures grew and new cost and income pressures presented themselves across the 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 averaged 5.7% across the councils' workforce which was higher than the budgeted 4.5% increase.

4.3 A suite of budget management initiatives are in place to control spend, this has supported both the mitigation of overspends where possible and the delivery of in-year savings. These controls 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.

4.4 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.

4.5 As projected in quarter 3, a significant utilisation of reserves has been needed to meet the overspend for Worthing Borough Council. A new financial strategy being developed and reported elsewhere on the Agenda. This will look beyond the next 12 months and include a strategy to build reserves as follows:

	2025/26	2026/27	2027/28	2028/29	2029/30
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Adur	General	£100k	£100k	£100k	£100k	£100k
	Property Risk Reserve	£100k	£200k	£300k	£400k	£500k
Worthing	General	£200k	£200k	£200k	£200k	£200k
	Property Risk Reserve	£100k	£200k	£300k	£400k	£500k

4.6 For Adur, the inflationary pressures were contained within their budgets and resulted in an underspend.

5.0 2023/24 Forecast Outturn

5.1 The operational position is a net operational overspend by services of £3.052m in Worthing and 598k in Adur. Demonstrating the pressure on the councils' finances as a result of an increase in inflation, increased demand within the Housing Needs service and continued decline of income levels in some service areas as a result of both changing customer behaviour and customer requirements. 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:

2023/24 Outturn Position	£000's	
	Adur	Worthing
Over/(under)spend in operational services – including share from Joint	598	3,052
Net Borrowing requirement: Forecast call on the MRP (provision to repay debt)	(395)	331
Net Interest (increase)/decrease	91	(668)
Commercial property additional income shortfall / cost pressure	6	33
Property void allowance	(750)	(678)
Impact of pay award	131	195
Insurance contract renewal	115	199
Net over/(under) spend before Transfer to/(from) Reserves	(204)	2,464
Transfers to Local Tax Smoothing Reserves	(767)	(2,027)
Transfers to Earmarked reserves	(61)	(123)

Net over/(under) spend before funding from reserves	(1,032)	314
Adjustments for taxation	841	2,137
Transfer to/(from) reserves	(324)	(814)
Net over/(under) spend	(515)	1,637

Comparison to Quarter 3 Forecast	£000's		
	Joint	Adur	Worthing
Outturn Over/(under)spend	(208)	(515)	1,637
Over/(under)spend Q3	270	(299)	1,657
Movement from Q3 Forecast (Improvement)/Deterioration	(478)	(216)	(20)

5.2 The key factors resulting in the final 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 £337k and in Adur a net underspend of £304k. 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.

5.3 In summary the overall revenue outturn is as follows:

Projected Outturn Summary	£000's		
	Joint	Adur	Worthing
Current Budget 2023/24	27,521	10,612	14,189
Final Outturn	27,272	10,408	16,653
Projected Forecast over/ (underspend) before Government support packages or transfers to or from reserves	(249)	(204)	2,464
Reserves Funding		(311)	(827)
Projected Forecast over/ (underspend) after Government funding and proposed transfer to or from reserves	(249)	(515)	1,637
Projected over/(underspend)	0.98%	-2.82%	11.68%

The Adur and Worthing outturn figures in the table above include the respective share of the Joint Services underspend.

5.4 The table below separates 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.

	£000's		
	Expenditure	Income	Net Total
Joint			
Budget	32,906	(6,302)	26,604
Forecast (after transfer to reserves)	32,358	(6,003)	26,355
Projected Forecast (Under)/ Overspend	(548)	299	(249)
Forecast variance % before Government funding	-1.66%	4.74%	-0.94%
Adur			
Budget	37,420	(27,153)	10,267
Forecast (after transfer to reserves)	37,392	(27,540)	9,852
Authority Projected Forecast (Under)/ Overspend	(28)	(387)	(415)
Share of Joint (Under) / Overspend	(219)	119	(100)
Authority Projected Forecast (Under) / Overspend including Joint share	(247)	(267)	(515)
Forecast variance % before Government funding	-0.66%	-0.98%	-5.01%
Worthing			
Budget	71,251	(54,762)	16,489
Forecast (after transfer to reserves)	73,321	(55,046)	18,275
Authority Projected Forecast (Under)/Overspend	2,070	(284)	1,786
Share of Joint (Under) / Overspend	(329)	179	(149)
Authority Projected Forecast (Under) / Overspend including Joint share	1,742	(105)	1,637
Forecast variance % before Government funding	2.44%	-0.19%	9.93%

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

- the outturn variances in the councils' General Fund Revenue Budgets
- the current outturn 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 achieved significant variances from budget is presented in appendix 1 of this report. Summarised highlights are provided in this section.

6.2 The final outturn positions are set out in the following table with focus on the main factors that make up final variances:

In Year forecast (surplus)/deficit	Joint (Memo) £000	Adur £000	Worthing £000
Cross Cutting			
Pay Award over 4.5% budgeted	306	10	8
Insurance		199	115
Treasury		(304)	(337)
Services:			
Waste		119	(147)
Car Parks		(24)	(193)
Homelessness		241	848
Bereavement		45	1,226

Strategic Property		(690)	(974)
Planning and Development (Development Management, Building and Land Charges)		271	674
Parks		74	(93)
Place and Economy		56	334
Elections		(87)	145
Revenues & Benefits		391	914
Energy & Sustainability		(129)	(34)
Leisure Strategic Support		(229)	(69)
Corporate Contingency & Centralised Utilities		(431)	(807)
Other	(555)	73	176
<i>Share of Joint</i>	(249)	(100)	(149)
Total projected deficit before use of reserves		(515)	1,637

Further detail on these factors is provided below.

6.3 Pay Award and National Insurance contributions

The national pay award was 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.

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. Some claims have had to be amended due to them having been paid under LHA rates. The final impact in 2023/24 is cost of £914k in Worthing and £391k in Adur.

6.5 Utilities and Rates

From April 2023, the councils joined a flexible 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.

The final position of this resulted in an underspend against the budgets in the Joint service (£182k). In Adur there is a slight overspend (£47k), mainly due to void properties, whose costs fall to the council whilst vacant and in Worthing there is a net overspend (£22k).

Rates budgets are overspent in Adur (£101k) and in Worthing (£151k) due to the unbudgeted cost of paying for void properties

6.6 Maintenance

Maintenance costs in Worthing have resulted in an underspend of £193k. This is due to controlling expenditure to essential maintenance. In Adur there was an overspend in maintenance of £26k and in the Joint service maintenance was overspent by £216k due to improvements at Commerce Way and the Town hall.

6.7 Treasury

Worthing Borough Council has an underspend against the MRP and interest budgets of £337k. 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 has an underspend of £304k, 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. The use of agency staff in the service was reduced significantly between October 2023 and March 2024, mainly affecting the cleansing service. 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.

Vehicle 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 proved 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 is still below pre-covid levels and the income is continuing to underachieve against budget.

Car Parks had a net overachievement of budget of £193k, this is in contrast to the original deficit that was forecast £569k, this is mainly due to a reduction in the depreciation charged for the year as a result of changing valuations. The income underachieved by £294k which is slightly worse than was projected at Q3 of £280k.

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. The payments for card transaction fees are in the process of being renegotiated.

In Adur, the income has exceeded the budget by £24k.

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.

Worthing had an overspend of £848k and Adur had an overspend of £241k.

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. The industry is also changing with the opening of a new private crematorium in Arun and a growth in direct cremations which are less restricted by location. It is of note, that income budgets have been reviewed and partially reset as part of the 24/25 budget process.

There is also 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 shortfall in burial income.

Further detail is set out in appendix 1.

6.12 Strategic Property

The Adur and Worthing strategic property portfolios budget assumes 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 Adur's portfolio 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 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. Planning, Building Control & Land Charges have income shortfalls of £446k Worthing and £320k in Adur.

6.14 Elections

There is an overspend in the elections budget for Worthing Borough Council of £145k (As detailed in appendix 5a).

In relation to Adur District Council, there is an underspend of £87k in part due to there not being any elections in Adur in the financial year.

6.15 Budget variations greater than £20,000

The councils' individual Summaries 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 *Demand for housing*

The increased demand for housing services presents a significant risk to future council finances, primarily because many of the council's responsibilities in this area are statutory, limiting their ability to control spending. However, efforts are being made to improve cost efficiency. One key initiative is the recruitment of housing officers, which is expected to enhance the council's ability to process temporary accommodation cases

more swiftly. This should help reduce the number of people in nightly booked accommodation and expedite their transition into permanent housing. The current external economic factors including impacts to the private rental market, mean that despite significant work in this area it remains a considerable future risk.

7.2 *Inflation*

Though the annual rate of inflation has slowed, there is still a risk to council finances with the pressure on rising costs across all budget areas. 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 and is being addressed as part of the savings process for both councils.

7.3 *Financial sustainability*

The level of earmarked reserves have been reduced in Worthing as they were required to meet the overspends for the year. For Adur these were increased as there was an underspend.

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 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 in year movement is set out in the table below:

Worthing Borough Council Available Reserves	Balance at 1st April 2023	Transfer In/(Out) 2023/24	Balance Remaining
	£	£	£
Capacity Issues Reserve	881,673	(869,985)	11,688
General Fund Working Balance	1,347,348	(586,991)	760,357
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)	-
Total	3,188,189	(1,661,001)	1,527,188

The Council's established policy is to maintain the General Fund Working Balance at between 6 – 10% of net revenue expenditure. The current balance is £760,357. This balance is 5.1% of net revenue expenditure (previously 9.80% in 2022/23) and is below the range of 6% -10% set by the Council. As mentioned in 4.5, There are plans for reserves to be replenished at a rate of £200k p.a with a new financial strategy being developed. This will look beyond the next 12 months and include a strategy to build back up the reserves.

In Adur, the level of reserves are in a slightly healthier position, and the result of the final outturn was a contribution towards the Capacity Issues Reserve and to increase the Property Investment risk reserve, Overall, the value of useable reserves are set out below:-

Adur District Council Available Reserves	Balance at 1.4.23	Transfer In/(Out) 2023/24	Remaining balance
	£	£	£
Capacity Issues Reserve	367,184	273,161	640,345
General Fund Working Balance	1,051,497		1,051,497
Property Investment Risk Reserve	375,674	124,326	500,000
Insurance Reserve	82,959		82,959
Total	1,877,314	397,487	2,274,801

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 stands at £1,051,497. This balance is 9.6% 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 position 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 or where posts will aid the redesign work to be achieved.
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.

9.0 Housing Revenue Account

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

9.2 The HRA has an overspend against the budget for 2023/24 of £339,546. The most significant pressures are due to:

- Void properties (including losses in associated service charges and increased Council Tax liabilities) - £924,000.
- Delays and challenges in the 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 - £535,000
- Utilities cost increase - £219,000
- Increased provision for bad and doubtful debts due to increase in total arrears - £142,000
- Net impact of Leasehold service charges - £119,000

9.3 In contrast, a favourable budget position 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 - £852,000.
- 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 - £256,000.
- A reduction in staffing costs due to several vacancies either being held or taking longer to recruit than anticipated - £365,000
- An increase in the expected investment interest receivable due to the increased availability of reserves following the depreciation adjustment - £373,000.

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 The outturn position includes the impact that the increases in inflation have had on the councils.

11.2 Overall the outturn positions net of treasury savings, the performance in the strategic property portfolio and reserve transfers is an overspend in Worthing of £1.6m and an underspend in Adur of £0.515m, which includes the councils' share of the estimated £0.25m underspend within the Joint Service.

12.0 Looking ahead to 2024/25 and beyond

12.1 The 2024/25 budget included budget reviews in some of the service areas experiencing cost pressures or income reductions, including housing needs and bereavement.

12.2 Looking further ahead a new financial strategy is proposed from 2025/26 to create a self sufficient and resilient financial foundation on which to set a balanced budget whilst delivering each councils priorities. This includes;

- Creating longer term funding certainty for ourselves by widening our income streams, specifically targeting income to close the gap between government funding and the impacts of inflation.
- Changing the relationship with borrowing to reduce the impact of interest rates and capital financing costs,
- Reviewing and consolidating council assets in order to create 'flight to quality' which reduces costs while focusing on assets with the best alignment to council priorities.

- Management of housing costs as core to our budget management to address the ongoing cost pressures within the statutory service.
- A move to profit and loss reporting to reflect the full financial performance of a service which will enable better informed decision making.
- Optimising the acquisition and utilisation of external funding either through direct service delivery or through delivery through external partners.

13.0 Legal Implications

- 13.1 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.
- 13.2 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.
- 13.3 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-%20Adu%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-%20JS%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

Commentary on Services with significant outturn variances against budget

This information supplements the information in the Revenue Outturn report providing more detail to the service outturn in areas where there are significant variances 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 in previous reports. To counteract this, the council is currently undertaking a procurement exercise to reduce card payment fees.

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 remained closed). In addition the former Civic Centre car park has been closed since the construction of the WICC with the new MSCP opening in the near future. 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 £294k. In Adur, the parking income is exceeding the budget and has additional income of £28k.

1.2 Homelessness

There continues to be cost pressures associated with homelessness within both Adur and Worthing. The outturn overspend positions have increased from those in 2022/23 and this is despite an additional £381k (Adur) and £748k (Worthing) being included in 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, has increased as of 01 April 2024 but is not anticipated to have a big impact due to the lack of supply in the area.
- Increasing interest costs and the change to the Landlord & Tenant Act, causing landlords to exit the market, and reducing the supply of rental properties.
- The increased cost of living is impacting residents' ability to afford appropriate accommodation.
- Lack of affordable private sector properties to prevent and relieve homelessness

The demand for March averaged 360 households in Worthing, in Adur demand averaged 117 households.

Average nightly costs for temporary accommodation have increased from £42 in 2022/23 to £49 (Worthing) and from £46 to £47 (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.

Worthing's overspend is forecast to overspend by £835k and Adur is forecast to overspend by £241k.

1.3 Bereavement Services

Worthing cemetery has a net overspend against budget of £11k.

The crematorium has an overall shortfall against the service budget of £1.2m, this reflects 34% of the £3.5m income budget.

Worthing Crematorium has recently navigated a shifting landscape in the funeral industry. Evolving preferences for direct cremations and a slight national decline in the death rate have presented challenges. Additionally, the opening of a new crematorium in Arun last year has increased competition.

Despite these concerns, Worthing Crematorium remains committed to innovation and environmental responsibility. The HyCrem project, funded by the Net Zero Innovation Portfolio, presents a groundbreaking opportunity. This pilot program explores the use of green hydrogen for cremations, offering a significant reduction in the crematorium's carbon footprint. This aligns perfectly with the council's broader sustainability goals and positions Worthing Crematorium as a leader in eco-friendly funeral practices.

While recent maintenance restrictions temporarily reduced capacity, they did not significantly impact overall demand for services. Worthing Crematorium remains confident in its ability to serve the community. The combination of the HyCrem project and the crematorium's commitment to quality services positions it for long-term success and continued value to the council.

The construction of the new memorial garden at Worthing Crematorium is progressing, despite a budget overrun of £59,923.16. This initiative aims to address space constraints and is projected to yield a significant return on investment of over 336% over 12 years. Ground Control Limited was chosen for their quality proposal despite exceeding the initial budget due to added features and design changes, resulting in a total cost of £267,540. Funding adjustments have been approved, with estimated revenues of £2,382,684 over 12 years ensuring financial viability. Meeting with the contractor is scheduled for June 2024 to finalise the construction schedule.

In Adur there was a shortfall of Burial income against a budget of £45k, which is a slight deterioration over the last quarter's forecast.

1.5 Strategic and Commercial Property

Within Worthing investment property and core estate portfolio the net income surplus amounted to £956k. 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 net income surplus of £690,000 for 2023/24. This includes the void allowance of £750,000, though approval is sought in the recommendations to transfer a proportion of the underspend to the Property Investment Risk Reserve (£124,326). Vacant properties like York Road and Eskan Court represent potential cost pressures since the council covers business rates and other costs until they are re-let.

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

1.6 Planning and Development

In Adur and Worthing the final outturn is an overall net overspend of £299k and £518k respectively, which is a further deterioration in the projected income from £205,000 and £379,000 forecast last quarter 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	£166,000	£131,000
Development Management	£258,000	£95,000
Land Charges	£94,000	£73,000
Total	£518,000	£299,000

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 in Worthing (other than Union Place).

The Government has announced a significant increase in planning fees (the first increase for 6 years) 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 has an overspend in its concession budget (91k). 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 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. This is being reviewed for future years.

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 underspend in the treasury management budgets of £337k, this is a significant improvement on the forecast position 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 was above budget due to the higher than forecast base rates available in the market. The overspend in the MRP costs for the year is due to the assumption of capital receipts to offset

the outstanding debt position which the charge is based on not materialising within the financial year. The negotiations are ongoing and anticipated to crystallise in 2024/25.

In Adur the position is an overall underspend in the treasury management budgets of £150k. 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	316	(85)
Interest from Investment Income	(589)	(157)
Interest payable on borrowing	(70)	(62)
Total	(337)	(304)

WORTHING BOROUGH COUNCIL

Appendix
2a

Cabinet Member Portfolios	ORIGINAL BUDGET 2023/24	CURRENT BUDGET 2023/24	OUTTURN 2023/24	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£	£	£	£
<i>Leader</i>	831,508	831,508	1,027,553	95	-3,716	199,665
<i>CM for Environment</i>	3,999,243	3,999,243	5,071,187	-72,100	356,747	787,297
<i>CM for Community Wellbeing</i>	824,280	824,280	1,016,369	-2,329	-5,578	199,995
<i>CM for Citizen Services</i>	4,304,917	4,304,917	6,071,926	-7,816	68,039	1,706,786
<i>CM for Regeneration</i>	2,405,234	2,405,234	2,977,953	-974,979	46,560	1,501,138
<i>CM for Resources</i>	697,181	697,181	-1,474,613	-65,181	-116,144	-1,990,469
<i>CM for Culture & Leisure</i>	3,861,875	3,861,875	3,842,550	89,167	69,403	-177,894
<i>CM for Climate & Emergency</i>	119,706	119,706	87,078	-	-32,628	-
<i>Holding Accounts</i>	335,087	335,087	-	169,735	-382,683	-122,140
Total Cabinet Member	17,379,032	17,379,032	18,620,002	-863,409	-	2,104,379
<i>Credit Back Depreciation</i>	-4,804,182	-4,804,182	-3,912,153	863,409		28,620
<i>Minimum Revenue Provision</i>	1,527,850	1,527,850	1,859,293			331,443
Revised Total	14,102,700	14,102,700	16,567,142	-	-	2,464,442
<i>Additional Non Ring Fenced Grants</i>			-123,582			-123,582
<i>Additional grant funding</i>			-123,582			-123,582
			16,443,560	-	-	2,340,860
Adjustments for Taxation						
<i>Section 31 grants and Collection Fund adjustments</i>			2,137,098			2,137,098
			18,580,658	-	-	4,477,958
Transfer to/from reserves:						
<i>Business Rates Smoothing reserve</i>			-2,027,683			-2,027,683
<i>Transfer (from)/to reserves to fund specific expenditure</i>	86,250	86,250	-727,523			-813,773
<i>Contribution (from)/to Capacity Issue Reserve</i>	-	-				-

Net Overspend Transferred (from)/to Reserves			-1,636,502	-	-	-1,636,502
Total Budget requirement before External Support from Government	14,188,950	14,188,950	14,188,950	-		-

Movements in Earmarked Reserve Accounts

Appendix 2b

WORTHING BOROUGH COUNCIL	Opening Balance	Transfer In	Transfer Out	Closing Balance
Capacity Issues Reserve including approved Carry Forward budgets	881,673			
Foodbank - (£100k from unused Hardship contribution & Treasury)		-	(24,500)	
Contribution (to)/from revenue to cover Over/Under spend			(845,485)	
Capacity Issues Reserve Balance	881,673	-	(869,985)	11,688
Insurance Reserve	230,244			230,244
Leisure Lottery & Other Partnerships	27,766		(27,766)	-
Museum reserve	74,899			74,899
Business Rates Smoothing Reserve	2,491,626		(2,027,683)	463,943
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		(66,997)	15,714
Wellbeing Grant funded Employee exit cost reserve	68,150		(7,254)	60,896
Grants & Contributions opening Balance	754,421		(134,379)	620,041
General Fund Working Balance	1,347,348	-	(586,991)	760,356
TOTAL	6,850,044		(3,897,316)	2,332,687

ADUR DISTRICT COUNCIL

Appendix 3a

Cabinet Member Portfolios	ORIGINAL BUDGET 2023/24	CURRENT ESTIMATE 2023/24	OUTTURN 2023/24	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>Leader</i>	704,630	704,630	554,830	96,128	171,773	-417,702
<i>CM for Environment</i>	3,364,827	3,364,827	3,298,948	-2,785	33,718	-96,812
<i>CM for Health & Wellbeing</i>	1,332,296	1,332,296	1,470,795	21,064	60,223	57,211
<i>CM for Customer Services</i>	1,887,080	1,887,080	2,576,505	-340	-71,329	761,094
<i>CM for Regeneration</i>	2,028,948	2,028,948	2,438,497	419	-33,474	442,605
<i>CM for Resources</i>	681,212	681,212	226,457	47,942	336,906	-839,603
<i>Holding Accounts</i>	268,269	268,269	-	-50,066	-497,817	279,615
TOTAL CABINET MEMBER	10,267,261	10,267,261	10,566,032	112,362	-	186,408
<i>Credit Back Depreciation</i>	-1,625,511	-1,625,511	-1,733,284	-112,362		4,589
<i>Minimum Revenue Provision</i>	1,969,970	1,969,970	1,574,506			-395,464
	10,611,720	10,611,720	10,407,253	-	-	-204,467
<i>Additional Non Ring Fenced Grants</i>			-61,157			-61,157
<i>Additional grant funding</i>			-61,157			-61,157
			10,346,096	-	-	-265,624
<i>Section 31 grants and Collection Fund adjustments</i>			841,454			841,454
			11,187,551	-	-	575,831
Transfer to/from reserves:						
<i>Transferred (from) / to Smoothing reserve</i>			-767,302			-767,302
<i>Transfer (from) / to reserves to fund specific expenditure</i>			-324,015			-324,015
Net Overspend Transferred (from)/to Reserves			515,487			515,487
Total Budget requirement before External Support from Government	10,611,720	10,611,720	10,611,720	-	-	0

Appendix 3b

Movements in Earmarked Reserve Accounts				
ADUR DISTRICT COUNCIL	Opening Balance	Transfer In	Transfer Out	Closing Balance
Capacity Issues Reserve including approved Carry Forward budgets	367,184			
Shoreham Centre Decarbonisation (JSC/34/21-22 7 sept 2021)		-	(118,000)	
Underspend		391,161	-	
Capacity Issues Reserve Balance	367,184	391,161	(118,000)	640,345
Insurance Fund	82,959	-	-	82,959
Business Rates Smoothing Reserve	1,765,540	-	(767,302)	998,238
Local Tax Income Guarantee	59,666	-	-	59,666
Property Investment Risk Reserve	375,674	-	124,326	500,000
Risk Reserve Exit cost	68,150	-	(7,254)	60,896
Grants and Contributions held in Reserves	913,667	-	(253,254)	660,412
General Fund Reserve	1,051,497	-	-	1,051,497
TOTALS	4,684,337			4,054,013

HOUSING REVENUE ACCOUNT

Appendix 4a

	ORIGINAL BUDGET £	LATEST BUDGET £	ACTUALS £	VARIANCE £
EXPENDITURE				
General Management	4,102,590	4,102,590	4,063,140	-39,450
Special Services	796,020	796,020	949,987	153,967
Rent, Rates, Taxes & Other Charges	64,010	64,010	269,558	205,548
Repairs & Maintenance	3,142,880	3,142,880	3,673,479	530,599
Bad/Doubtful Debt	50,000	50,000	192,071	142,071
Capital Financing Costs				
Depreciation and Revenue Contribution to Capital	4,421,760	4,421,760	3,570,223	-851,537
Interest charges	2,304,920	2,304,920	2,048,447	-256,473
TOTAL EXPENDITURE	14,882,180	14,882,180	14,766,906	-115,274
INCOME				
Dwelling Rents	-13,330,160	-13,330,160	-12,863,075	467,085
Non-Dwelling Rents	-537,320	-537,320	-497,185	40,135
Heating and Other Service Charges	-706,760	-706,760	-505,242	201,518
Leaseholder's Service Charges	-307,940	-307,940	-188,851	119,089
Interest Received	-	-	-373,006	-373,006
TOTAL INCOME	-14,882,180	-14,882,180	-14,427,360	454,820
NET (SURPLUS)/DEFICIT - TFR (TO)/FROM HRA GENERAL RESERVE	-	-	339,546	339,546

Appendix 4b

Variations in Income and Running Costs (HRA)	(Under)/ Over Spends £'000
Rent & Service Charge void loss	716
Leasehold Service charges	119
Staff vacancies - Repairs & Maintenance and Tenancy Support senior posts	(365)
Repairs & Maintenance - over spend on subcontracted works	535
Council Tax - increase due to higher volume of voids than budgeted	208
Utilities cost increases due to price increases in the energy market	219
Southwick development options work	56
Provision for Bad Debts - increase in provision due to increased total arrears and associated increase in % BDP rates as debts age.	142
Legal fees	77
Internal recharge allocations	96
Other	17
Total Variation in Running Costs	1,820
Variations in Treasury Management and Capital Costs:	
Interest payable	(256)
Depreciation	(852)
Interest receivable	(373)
Total Variation in Treasury and Capital Costs	(1,481)
Total Variation	339

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

2.0 Reserve Balances

- The table below sets out the opening and closing reserve balances for 2023/24.
- The £339k over spend on the HRA was drawn from the general reserve.
- The residual balance on the discretionary assistance fund was transferred into the general reserve.

HRA Reserves	Opening Balance 1st Apr 23	Transfers to / (from) reserves	Closing Balance 31st Mar 24
General Reserve	£1,079,418	(£338,075)	£741,343
Discretionary Assistance Fund	£ 1,471	(£ 1,471)	£0
New Development Reserve	£ 30,900	(£ 30,900)	£0
Business Improvement Reserve	£ 84,176	£ 0	£ 84,176
	£1,195,965	(£370,446)	£825,519

Appendix 5a

Service Area	Joint £000s (under) / over spend	Adur £000s (under) / over spend	Worthin g £000s (under)/ over spend	Description of Significant Variations
Chief Executive				
Performance and Strategies	0	-35	26	Underspend on the Leaders Projects
People and Change	-210	-15	3	People & Change restructure and refund for leadership training
	-210	-50	29	

Director of Housing & Communities				
Director of Housing and Communities Office	185	0	0	Departmental Vacancy Provision
Community Wellbeing	-21	78	116	In Adur the overspend reflects the net cost of running Eastbrook CC, Joint relates to recharge to WBC for Rough Sleeper post
Head of Housing	-108	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	32	-38	-64	Increased income from Fixed Penalty Notices in both councils, delays in the delivery of planned savings in the joint service. In both councils there are also more cases in public burials than budget. With an underspend in equipment and services in Worthing.
Housing Needs	-97	241	848	Homelessness continues to present significant cost pressures to both councils.
Community Alarms	0	34	0	Staffing costs due to pay award higher than budgeted plus cost of equipment has increased with demand
Revenues and Benefits	126	-114	-138	This relates to staffing costs met by the joint service but funded by the respective Councils via grants. ADC & WBC relates to Energy rebate administration grant not previously included in forecast
Revenues	-19	64	217	Reduced court cost income due to a period of time when this was halted to deal with the work backlog plus an increase in the

				bad debt provision
Benefits	66	441	697	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
	167	706	1676	

Director of Sustainability and Resources				
Director of Digital & Resources Office	255	-31	41	Departmental Vacancy Provision
Digital	-92	-196	-248	JOINT: Delayed recruitment to a post in this area has contributed to a saving ADUR & WORTHING: relates to reduced depreciation charges for the year from the non portfolio recharge
Operations and Sustainability	5	0	0	
Parking Services	20	-24	-193	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, this is more than offset by the reduced Depreciation charge for the year
Waste & Cleansing	206	119	-147	Mainly due to Agency staff costs in Cleansing plus increased costs from the Medisort Clinical contract and cost of vehicle R&M due to age of fleet and overspend in supplies and services. Commercial Waste in WBC has benefited from significantly reduced tipping charges due to loss of contracts.
Bereavement Services	-2	45	1226	Worthing loss of income due to lower death rates, 399 fewer services, new competition, cost of living, and general market moves to direct cremations. and competition from a new site in Arun
Public Health and Regulation	8	48	67	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, Procurement & Democratic services	34	-12	43	JOINT: Overspend in salaries offset by consultancy budgets in Adur and Worthing. ADUR : underachievement of income in Legal, offset by savings in democratic services costs. WORTHING: Again an underachievement of income in Legal in addition to an overspend in members expenses
Electoral Services	-17	-87	145	Adur had no local election which resulted in the underspend. Worthing - Increased costs from holding the local elections include increases in the cost of election day staff which now meets the living wage and holiday pay, royal mail costs for poll cards and postal votes, count venue and polling station hire costs. Worthing was a stand alone election so no shared costs. In addition there were Increased costs of the electoral registration process.
Corporate Management	-290	21	-845	Utility price increase centrally budgeted (increased costs appear within service lines) in addition to contingency budgets not used and which have helped absorb some of the overspend
Finance	-118	-14	9	Vacant management posts and a vacant trainee post have been held to contribute towards the saving in year plus reduced staffing costs due to turnover of staff. starting on lower scp's
CTB Hardship Fund		96	136	Net cost of providing Council Tax Hardship support funded Grant
Energy & Sustainability	-54	-129	-34	Underspend on maintenance costs of rewilding sites and staff vacancies
Treasury Management	0	0	0	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.
	-45	-164	200	

Director for Place				
Director of Place Office	71	0	0	Departmental Vacancy Provision
Leisure Strategic Support	0	-229	-69	ADUR & WORTHING's underspend includes a profit share from South Downs Leisure from running of the Leisure sites in 23/24. ADC has an underspend on Maintenance though in Worthing this is an overspend
Economic Development	-17	56	139	ADUR : 2 Place based officers to support Adur Communities not yet appointed. Overspend in joint as budget is under Hd of Place & Economy.
Culture	0	0	90	Increased Premises Insurance and Depreciation costs
Strategic Projects	0	0	105	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 offset against a reimbursement.
Parks, Open Spaces Foreshore & Pier	4	74	-93	Rent reviews at Worthing parks sites have contributed to additional income along with underspends on maintenance, equipment and cleaning costs. ADC increase in electricity costs, rec grounds vandalism and recharges.
Estates	50	54	-329	ADUR: Rental income down by £65k plus cost of void properties at Bank House and Southwick FC. WORTHING: This includes a centralised budget for Planned Maintenance 304k that wasn't vired to services, so overspends in maintenance will be shown within other services with the underspend shown here. In addition the depreciation charge was much lower than budgeted due to revaluations and resulted in an underspend of £103k. The net impact once these underspends are removed are a Net overspend in Estates of £85k
Property Investment	0	-744	-645	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	514	-67	54	Planned maintenance costs for Town Hall and Commerce Way and increased energy costs are budgeted centrally within Worthing
Technical Services	-473	238	6	Joint underspends in Surveying and Major regeneration staffing costs along with increased capital fees. ADUR: costs relating to Beachbox settlement agreement, project feasibility costs and increased maintenance
Building Control	28	131	166	Underachievement of income due to the new rule that came into force in Oct 23 and lower numbers of applications
Development Management	-70	95	258	Joint underspend vacant posts. Income Forecast on application income is dependent on large applications being received . Pre-app income is also below the expected budget.
Planning Policy	-138	-28	156	Joint underspend due to vacant posts. These costs are for the studies for the Adur local plan, the Western Harbour Arm Study and the Biodiversity study which have been offset against grant income. In addition costs of payments relating to the CIL pot are included here which are met by a contribution from the Reserve
Land Charges	10	73	94	The number of charges for NLIS, Office and electronic payments have decreased significantly
LLPG	-45	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 as overachievement of income against the budget.
	-66	-347	-68	
Cross Cutting services				
Other	-95	-256	286	
Total Variances Before Joint Allocation	-249	-111	2123	
Allocation of Joint Variance		-100	-149	Share of joint services allocated 40:60 to Councils
Total Variance		-211	1974	

Movements between Q3 and Outturn greater than £50k
Appendix 5a

Service Area	Joint £000s (under) / over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Housing Needs	-55	76	251	Further pressure in Emergency Accommodation costs
Revenues	-2	35	205	In Worthing the increased overspend mainly relates to underachieved income from court costs which were budgeted to be on target though there was a period when the process of chasing up debts was halted £154k, in addition the Printing, stationery and postage costs overspent by a greater amount than projected at Q3 44k
Benefits	-4	252	245	Over spend due to HB subsidy losses on supported accommodation as DWP does not provide 100% subsidy on all expenditure in this category. New burdens funding has reduced the effect of this and is being used to offset agency staff costs in the Joint service.
Digital	111	-196	-248	Mainly due to costs relating to city fibre in joint and the nonportfolio recharges in Adur & Worthing that were underspent due to depreciation revaluations
Parking Services	-1	45	-762	Large change in the Worthing position related to the revaluation of car parks and the corresponding change in depreciation charged
Waste & Cleansing	50	87	36	Commercial Waste increased cost on Adur plus share of joint overspend
Bereavement Services	0	12	179	Further deterioration in Cremation income
Corporate Management	287	367	-106	Joint includes the cost of the rapid improvement team funded from capital flexibilities. Adur includes a shift in allocation from joint. In addition previous forecasts included the Insurance growth centrally where this is not allocated out across services
Culture - Client	0	0	115	Depreciation and additional recharges including premises insurance

Leisure Strategic Support	0	0	0	Profit share for the year for Adur & Worthing offset in Worthing by increased maintenance costs
Economic Development	-15	93	156	Unbudgeted costs and shortfall in income not previously projected
Parks and Open Spaces	-21	69	-22	Increased depreciation costs
Estates	7	-57	-305	Improvement in income and planned maintenance centralised budget costs with spend elsewhere across the services
Property Investment	0	-329	209	Improvement in income in Adur but an over projection in Q3 income for Worthing
Admin Buildings	181	-192	3	Joint movement relates to energy and maintenance costs which were higher than originally projected
Technical Services	-584	169	-77	Capital allocation fees higher than anticipated in Joint in addition to underspends for vacant posts ADUR - overspend includes a settlement cost for an aborted project
Development Management	1	40	140	Further deterioration in income
Planning Policy	1	-86	158	Further deterioration in income