



ADUR & WORTHING COUNCILS

Joint Strategic Committee
6th March 2025

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

3rd Quarter Revenue Monitoring Report 2024/25

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 2024/25, compared to the Revenue Budget approved by both Councils in February 2024. This report is accurate to 31st December 2024 with any relevant updates included beyond this date wherever possible.

The current outturn projection for the 2024/25 financial year for the Worthing Borough Council General Fund is a net overspend of £792k and for Adur District Council General Fund is a net underspend of £558k. These projections reflect the assumption that the budgeted contributions to rebuild reserves within the councils budgets will not be possible unless there are underspend outturn positions and surplus funds to transfer. A breakdown is set out in section 4.4 of the report.

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

1.3.

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

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

2. Recommendations

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

3.0 Context

- 3.1 The Joint Strategic Committee last considered the 5-year forecast for 2024/25 to 2028/29 on 11th July 2023.
- 3.2 The report outlined the financial context, and updated the outline 5 year forecast, the key budget pressures and the savings proposals for addressing the budget gap for Adur and Worthing Councils. The report built on previous strategies whose aim was to ensure that the Councils would become community funded, reliant only on income from trading and commercial activities, council tax income and business rate income.
- 3.3 The delivery of this strategy is fundamentally changing how the Councils are funded. The Councils are moving increasingly away from ever reducing government funding towards funding from the local community via Council Tax and Business Rates, becoming increasingly reliant on income from commercial activities. In terms of the strategy the organisation is working strenuously to ensure successful delivery, however there are other factors that are outside of the councils control that are putting pressure on the overall finances and these are covered in the report.

4.0 Issues for consideration - Revenue 2024/25 Forecast

- 4.1 As part of the 2024/25 budget the Councils committed to savings of £1.087m for Adur District Council and £2.285m for Worthing Borough Council to produce a balanced budget and to address the reduction in Government support.
- 4.2 These savings include £2.2 million in anticipated budget reductions from the organisational design programme. This programme has two core objectives: implementing a design aligned with the principles and

framework of Our Plan, and repositioning the council financially to achieve a more resilient and sustainable budget position.

The challenges outlined in this report underscore the importance of the programme's long-term goals, highlighting the need for structural and financial resilience. It is also of note that many of these same challenges are associated with statutory duties and risk eroding the progress of spend controls and the design programme in addressing the financial challenge faced by the councils. Though a significant amount of effort is generating financial transformation, these risks continue to work against this process.

The *Organisational Design Programme* report delivered to this committee elsewhere on this agenda provides a detailed programme update and should be reviewed for further detail on the programme's progression. Current projections are that the programme is on track in terms of the overall delivery of savings but there are some delays in the timeline which will see lower than anticipated savings in 2024/25, In response we are accelerating the 2025/26 organisation design programme work into the current year to deliver the savings earlier where possible and ensure full year savings will be made in 2025/26.

4.3 Increased cost pressures, particularly within the Housing Needs and Benefits services alongside shortfalls against some income budgets mean that there are material future risks to this forecast. The main factors influencing the level of spend are discussed in detail in section 4.11 of the report. Additionally, 4.13 details the future risks currently identified in relation to this forecast.

4.4 The current year-end forecast is comprised of a number of elements as set out in the table below:

2024/25	£000's	
	Adur	Worthing
Over/(under)spend in operational services	(302)	1,592
Net Interest (increase)/decrease	(23)	100
Commercial property additional income shortfall / cost pressure	620	(130)
Property void allowance	(850)	(750)
Net over/(under) spend before Transfer to/(from) Reserves	(555)	812

2024/25	£000's	
	Adur	Worthing
Over/(under)spend in operational services	(302)	1,592
Net Interest (increase)/decrease	(23)	100
Commercial property additional income shortfall / cost pressure	620	(130)
Property void allowance	(850)	(750)
Transfers from Earmarked reserves	(3)	(20)
Net over/(under) spend after reserve transfers	(558)	792

4.5 The key factors underpinning the current financial position will be given throughout this report.

Once these items are taken into account, the operational position is a net overspend by services of £1,591k in Worthing and an underspend of £304k in Adur. This projection demonstrates the pressure on the Councils finances as a result increased homelessness caseloads, costs pressures associated with Housing Benefit and income levels in some areas still below pre pandemic levels.

4.6 In summary the overall revenue outturn projections reported for Q3 are as follows:

Projected Outturn Summary	£000's		
	Joint	Adur	Worthing
Current Budget 2024/25	27,579	10,902	15,225
Forecast Outturn	26,551	10,347	16,037
Projected Forecast over/ (underspend) before Government support packages or transfers to or from reserves	(1,028)	(555)	812
Reserves Funding		(3)	(20)
Projected Forecast over/ (underspend) after Government funding and proposed transfer to or from reserves	(1,028)	(558)	792
Projected over/(underspend)	-3.73%	-5.12%	5.21%

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

Comparison to the Q2 forecast:	Joint £000s	Adur £000s	Worthing £000s
Forecast Outturn Over/(under)spend	(1,028)	(558)	792
Forecast Over/(under)spend Q2	(649)	(333)	511
Change from Q2 to Q3 (improvement)/deterioration	(379)	(225)	281

4.7 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.

Joint	£000's		
	Expenditure	Income	Net Total
Budget	33,966	(6,387)	27,579
Forecast (after transfer to reserves)	32,837	(6,286)	26,551
Projected Forecast (Under)/ Overspend	(1,129)	101	(1,028)
Forecast variance % before Government funding	-3.32%	1.58%	-3.73%
Adur			
Budget	35,907	(25,005)	10,902
Forecast (after transfer to reserves)	35,470	(25,126)	10,344
Authority Projected Forecast (Under)/ Overspend	(437)	(121)	(558)
Forecast variance % before Government funding	-1.22%	-0.48%	-5.12%
Worthing			
Budget	66,702	(51,477)	15,225
Forecast (after transfer to reserves)	67,628	(51,610)	16,017
Authority Projected Forecast (Under)/Overspend	926	(133)	792
Forecast variance % before Government funding	1.39%	-0.26%	5.21%

4.8 The Joint Strategic Committee (JSC) sub committees for Worthing Borough Council and Adur District Council are asked to consider:-

- the current projections of variances in the Council's General Fund Revenue Budgets:

- any amendments and variations to budgets which may require a recommendation onto Council for approval;

In addition, the Strategic Committee (JSC) sub committee for Adur District Council is asked to consider:-

- the current projections of variances in the Adur Housing Revenue Account; and

4.9 We adopt a more structured approach to services which have more volatile budgets or hard to predict income streams. For 2024/25, these services are:-

- Car Parking
- Crematorium
- Development Management
- Homelessness
- Commercial Waste
- Cross cutting services including maintenance and utilities

4.10 Most of these 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.

4.11 **Headline Budget Variations**

4.11.1 Appendix 1 of this report provides detailed commentary on service areas with significant budget variances. The key highlights are summarised in this section.

4.11.2 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	£000's		
	Joint	Adur	Worthing
Treasury		(23)	100
Services:			
Commercial Waste		84	(32)
Car Parks		5	151
Homelessness		413	1,348
Bereavement		54	361
Strategic Property		(160)	(714)
Planning and Development (Development Management, Building and Land Charges)		235	487
Parks		(7)	(7)
Place and Economy		(34)	77
Elections		82	70
Revenues & Benefits		328	968
Energy & Sustainability		(191)	(1)
Leisure Strategic Support		(90)	(1)
Corporate Contingency & Centralised Utilities & Centralised budget areas		(710)	(1,104)
Other	(1,028)	170	11
Total projected deficit before share of Joint services & use of or budgeted contributions to reserves	(1,028)	156	1,714
Share of Joint Services		(411)	(617)
Total projected deficit before use of or budgeted contributions to reserves		(255)	1,098
Contribution from Reserves to expenditure		(3)	(20)
<i>Contribution to reserves (variance against budget)</i>		(300)	(286)
Total projected deficit (surplus)		(558)	792

Further detail on these factors is provided below.

4.11.3 Homelessness

Cost pressures continue to persist due to the steady number of cases involving individuals, couples, and families presenting to the council in the immediate housing crisis. Full details including case loads are given in the appendices.

As part of the wider Housing Service Redesign, the homeless team has been reprofiled to secure additional capacity within the homeless advice team. This additional capacity is in place to maximise the opportunities to undertake homeless prevention work wherever possible and reduce the need for nightly paid accommodation.

Please see Appendix 1 for more details.

4.11.4 Exempt Supported Accommodation

Worthing, and to a lesser extent, Adur, are both disproportionately impacted by the volume of Exempt Supported Accommodation commissioned into our area and due to independent providers setting up in the area. The causes of this issue is complex and largely driven by an unregulated market and a lack of regulatory powers of councils to control supply. It is also driven partly by commissioners and also due to the historic comparatively lower property prices and the availability of larger buildings.

Exempt supported accommodation refers to housing provided to vulnerable individuals alongside care, support, or supervision. This includes accommodations for people experiencing homelessness, those fleeing domestic abuse, individuals with mental health needs, or those recovering from substance misuse.

Please see Appendix 1 for more details.

4.11.5 Pay Award and National Insurance contributions

The agreed national pay award was an increase of £1,290 to each spinal column pay point up to 43 and 2.5% for pay scales beyond this point. This equates to an average increase of around 4%, which was aligned with the assumption increase built into the 2024/25 budget.

4.11.6 Utilities and Rates

In April 2023 the council were on variable rates and had an extra budget allocated to allow for this. Since April 2024 we are now on fixed rates of £4.70 per kWh for gas, Electricity Night rate of 21p kWh and 24p kWh day rate, with an unmetered supply rate of 29p kWh. This should generate savings across both councils budgets.

Current outturn projections indicate an overall underspend on utilities of £403k across the councils for 24/25.

Rates are predicted to be £176k overspent in Adur against the 2024/25 budget, mainly due to void units within the property portfolio. Worthing is also expected to be overspent by an estimated £287k, a significant proportion relating to revaluations of the car parks & Crematorium by the Valuation Office and also from void properties.

Budget Area	(£)				Over/(Under) spend
	Electricity	Gas	Water	Rates	
Adur	46	(39)	33	176	215
Worthing	(86)	(129)	68	287	140
Joint	(228)	(73)	6	(7)	(303)

The utility costs within the Joint Service are associated with corporate buildings. The share of this cost is allocated to Adur and Worthing on a 40:60 basis. Therefore the underspend will be shared on the same basis and is included in the overall projected outturn figures.

4.11.7 Maintenance

Current indications are that maintenance costs will be overspend against budget in Joint by £44k, this includes £46k for works at commerce way. In Worthing the costs projected will be £70k under budget, £41k of this relates to maintenance of the cremators with other underspends mitigating the balance. Adur are currently forecast to be kept within budget.

4.11.8 Treasury

Treasury budgets continue to be pressured by a sustained period of increased interest rates and delays in property disposals, though a number of mitigation measures are in place as agreed in the treasury management strategy. Currently Worthing is anticipating an overspend in this area and Adur a small underspend.

There are a number of factors which can influence this forecast including, completion of asset disposals, changes in the rate of new capital expenditure and market sentiment on the future position of headline interest rates set by the ECB, MPC and US Fed. As such, there has been room for some movement in forecasts over the quarter, however falling rates will likely harm short term investment rates for the remainder of the financial year.

4.11.9 Waste and Cleansing

Domestic Refuse and Recycling collections have seen a rise in agency spend due to higher levels of staff sickness. Agency staff are used to cover vacancies, holidays, and sickness for the kerbside service, which requires a minimum staffing level to operate. It is forecast that targeted vacancy management will deliver in year savings on the Cleansing service to help manage the current budget pressures. The service is also being impacted by inflation, rising costs of fuel, parts, bins and consumables and the ageing HGV fleet.

Commercial waste is forecasting a net deficit to budget in Adur of £88k and a net surplus in Worthing of £35k. The difference in the variances between authorities is being driven by the impact of loss of large customers resulting in an underachievement of income in Adur, whereas Worthing benefits from lower disposal costs resulting in a saving.

4.11.10 Car Parks

Worthing Car Parks are currently forecasting a net underachievement of budget of £151k due to a combination of drop in demand and delayed tariff increases, though this has improved slightly from last quarters forecast. This figure includes £91k overspend on rates which are highlighted in section 4.11.6 and £36k shortfall in income. Buckingham Road MSCP is now open but no net gain is currently forecast as it is expected that outside of peak summer months this income will have been displaced into other car parks.

Adur is forecast to be on target to meet its budget.

Further information is provided in Appendix 1.

4.11.11 Bereavement

The net deficit against budget is due to a continued underachievement in income, in Worthing this shortfall is £361k, a commercial review has been undertaken by an external party in order to inform improvements to the service. A budget reset was introduced the 24/25 budget process reducing the income target by £500k however there is still a projected shortfall. Work is due to complete shortly on the extension to the memorial garden, which will generate additional income once sales are able to be secured off plan.

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

Further detail is set out in appendix 1.

4.11.12 Strategic Property

Projected income in Adur & Worthing from strategic property portfolios are based on the assumption that the budgeted transfer to the Property Investment Risk Reserves are not made in the 2024/25 year, due to overspend pressures in other areas of the organisation.

4.11.13 Planning and Development

As with Bereavement Services the budget shortfall is largely related to the underachievement of income. These income streams are largely demand led and can therefore fluctuate making forecasting difficult to predict. Based on current performance the forecast outturn position is a shortfall of £481k in Worthing (prior quarter £430k) and £320k in Adur (prior quarter £348k). See Appendix 1 for further details

4.12 **Budget variations greater than £20,000**

The Council's individual Summary Projected Outturns are reported in Appendix 2a & 3a. The variations are detailed in Appendix 5.

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

They include:-

- Movement in the estimate for doubtful debts
- A review of any amounts needed to be set aside for liabilities that are likely to occur in the future

- Changes in allocations of staff time to outside the General Fund

4.13 Future Risks

4.13.1 Demand for housing

After statistics briefly suggested that the councils may be reaching a plateau in housing pressures, the past 3 months have seen a significant increase in case load. 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.

Central government provides support funding to local authorities through the Homelessness prevention grant. However, Adur and Worthing have low level allocations of this central pot and is disproportionate in comparison to other neighbouring councils;

£ of HPG per Household			
	2021/22	2022/23	2023/24
Adur	£2,038	£2,123	£1,778
Arun	£4,685	£5,003	£3,893
Chichester	£3,952	£4,315	£4,550
Crawley	£2,908	£2,389	£1,864
Horsham	£2,874	£2,748	£2,651
Mid Sussex	£4,242	£6,364	£5,437
Worthing	£944	£898	£929

	2021/22	2022/23	2023/24
Average grant per homelessness claim	£3,450	£3,824	£3,362
Adur variation to average	-£1,412	-£1,701	-£1,584
Worthing variation to average	-£2,505	-£2,926	-£2,433

Senior Officers have been in discussion with MHCLG regarding this issue, as we believe there is scope for a review of funding allocations. However, resolution is expected to take time. Given the ongoing discussions and uncertainty around MHCLG's final decision, councils must, at least in the

near term, absorb the financial pressure of the unfunded net cost of homelessness services.

In the meantime, the councils have a number of ongoing initiatives intended to mitigate additional costs in this area wherever possible:

- Reducing reliance on costly provision: Officers have implemented several spend control measures to shift reliance from expensive nightly paid accommodation to more cost-effective, longer-term leased arrangements, securing a lower equivalent cost per night. Wherever there is a business case within the restrictions of the capital programme, the approach seeks to move to council-owned accommodation.
- Service redesign and risk management: Following the housing service redesign, officers are enhancing the focus on prevention and accelerating homeless decision-making to reduce demand and avoid unnecessary extensions of temporary accommodation stays.

However, though the above initiatives are likely to bring welcome savings, external economic factors, including pressures on the private rental market, present an ongoing risk despite significant mitigation efforts in this area.

4.13.2 *Revenues and Benefits*

Worthing, and to a lesser extent Adur, face challenges due to the high volume of Supported Accommodation (SA) commissioned in the area. This trend is partly driven by historically lower property prices and the availability of larger buildings. A significant issue arises with non-profit landlords who are not registered as social landlords. Unlike registered social landlords, the council can only claim housing benefit subsidy up to the Market Rent, which is based on 2011 levels, for these properties.

This limitation results in a substantial subsidy shortfall, which the council must cover from its own budgets. This is projected to be in excess of budgets by £989k for Worthing and £329k for Adur, a material statutory pressure.

Projections indicate that this issue will worsen, with 75% of the anticipated net subsidy shortfall for 2024/25 expected to be associated with this type of accommodation. For this reason it is now listed as a future risk.

4.13.3 *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 review and is being addressed as part of the savings process for both councils.

4.13.4 *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 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. In recognition of this position, the Council has applied to MHCLG for financial support through the Exceptional Funding Support scheme for the coming budget year. 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 2024	Transfer In/(Out) 2024/25	Balance Remaining
	£	£	£
Capacity Issues Reserve	11,688	(11,688)	0
General Fund Working Balance	760,356	(510,023)	250,333
Property Investment Risk Reserve	450,000	(270,000)	180,000
Building Maintenance Reserve	15,714	(15,714)	0
Insurance Reserve	230,244	0	230,244
Museum Reserve	74,899	0	74,899
Risk Reserve Exit costs	60,896	(3,817)	57,079
Total	1,603,796	(811,241)	792,555

The Council's established policy to maintain the General Fund Working Balance at between 6 – 10% of net revenue expenditure. The current balance is £760,356, reducing to £250,333 after allowing for the overspend. This balance would reduce to 1.4% of net revenue

expenditure (previously, 8.5% in 2023/24) and is significantly below the range of 6% -10% recommended level set by the Council. It should be noted that the level of reserves held is very low and the importance of closely monitoring financial performance and commitments undertaken. Any overspend for the financial year would deplete the reserves further, the financial strategy plans for reserves to be rebuilt over future years but this can only happen when there are resources available at the year end.

In Adur, the level of reserves are in a slightly healthier position. Overall, the value of useable reserves are set out below:-

Adur District Council Available Reserves	Balance at 1st April 2024	Transfer In/(Out) 2024/25	Remaining balance
	£	£	£
Capacity Issues Reserve	640,345	558,107	1,198,451
General Fund Working Balance	1,051,497	0	1,051,497
Property Investment Risk Reserve	500,000	0	500,000
Insurance Reserve	82,959	0	82,959
Risk Reserve Exit costs	60,896	(2,545)	58,351
Total	2,335,696	555,562	2,891,258

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 30th June 2024 is £1,051,497. This balance is 9.5% of net revenue expenditure (previously, 9.9% in 2023/24) 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 2024/25 budget set out plans to begin rebuilding reserve balance for both councils, however any transfer is limited to the outturn position and current indications are that neither council will be in a position to meet the budgeted contribution to reserves.

4.14 **Corrective Action**

4.14.1 As an organisation we are addressing the forecast overspend with the following spend control processes:

1. **Triage of expenditure:** All spending requests are reviewed either through the daily purchase order triage process or the weekly budget

management group, depending on the category and value of the request.

2. **Centralised budget monitoring:** Some budget areas are being centralised to improve oversight, control spending, and hold a contingency to mitigate cost pressures.
3. **Vacancy control:** While vacancy controls remain in place, permanent recruitment is now approved for service areas that have completed or are entering their new design phase, ensuring a more sustainable workforce structure.
4. **Capital programme refinement:** The capital programme has been reviewed, with reductions in borrowing requirements helping to lower associated treasury costs.

4.14.2 With limited months remaining in the financial year, officers continue to actively monitor budgets and manage pressures wherever possible. This includes discussions with government departments regarding how the Councils' pressures can be more appropriately supported by funding.

4.15 Housing Revenue Account

4.15.1 The Adur Housing Revenue Account is a ring fenced account. The HRA forecast is shown in Appendix 4a.

4.15.2 The HRA is forecast to overspend against the budget for 2024/25 by £540k. The most significant pressures are due to:

- Void properties (including losses in associated service charges and increased Council Tax liabilities) - £485k.
- Repairs and maintenance - £376k.

4.15.3 A forecast under spend is expected in employee costs as a result of a slightly lower pay award than anticipated and also a number of posts being held vacant pending a redesign of the service which is now complete - £167k. As part of the wider Housing Service Redesign the service will be reducing reliance on agency staff across a number of roles.

4.15.4 The apportionment of interest payable and interest receivable charges from Treasury Management is currently forecast with a zero variance. Work will be required closer to the year end in order to fully understand the cash movements of the HRA and therefore its corresponding income and charges. Much like the general fund treasury forecast there remains a likelihood of movement in these particular figures.

Engagement and Communication

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

Financial Implications

- 6.1 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 demand in some service areas particularly Housing Needs and Benefits. For Worthing this is compounded by a deterioration in the projection of a number of income streams, particularly in Planning, Building Control and bereavement.
- 6.2 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 £792k and an underspend in Adur of £558k, which includes the councils share of the estimated £1m underspend within the Joint Service.
- 6.3 The projected outturn figures are based on the assumption that budgeted transfers to reserves will not be possible in Worthing and that only the forecast surplus for Adur would be available. The transfers included within the 2024/25 budget are :

	Adur	Worthing
Property Risk Reserve	£850k	£750k
Provision to build general reserves	£300k	£200k

- 6.4 The financial performance of the Councils will continue to be monitored closely against budgets and projections with the next update at the end of the financial year.

Legal Implications

- 7.1 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.

- 7.2 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.
- 7.3 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 2024/24

https://democracy.adur-worthing.gov.uk/documents/s11898/2024.02.08%20-%20JSC%20-%20Agenda%20item%206%20-%20Final%20revenue%20budget%20estimate%202024_25.pdf

Adur District Council Budget Estimates 2024/25 and Setting of the 2024/25 Council Tax

https://democracy.adur-worthing.gov.uk/documents/s11839/Adur%20Cabinet%20-%20Budget%20Estimates%202024_25%20and%20setting%20of%20the%202024_25%20Council%20Tax.pdf

Worthing Overall Budget Estimates 2024/25 and Setting of 2024/25 Council Tax

https://democracy.adur-worthing.gov.uk/documents/s11872/Worthing%20Cabinet%20-%20Budget%20Estimates%202024_25%20and%20setting%20of%20the%202024_25%20Council%20Tax.pdf

Financial Performance 2023/24 - Revenue Outturn

https://democracy.adur-worthing.gov.uk/documents/s12967/2024.07.17%20-%20JSC%20Revenue%20Outturn%202023_24.pdf

Officer Contact Details:-

Joel Goacher

Financial Services Manager

01903 221236

joel.goacher@adur-worthing.gov.uk

Sustainability & Risk Assessment

- 1. Economic**
Matter considered and no issues identified

- 2. Social**
 - 2.1 Social Value**
Matter considered and no issues identified

 - 2.2 Equality Issues**
Matter considered and no issues identified

 - 2.3 Community Safety Issues (Section 17)**
Matter considered and no issues identified

 - 2.4 Human Rights Issues**
Matter considered and no issues identified

- 3. Environmental**
Matter considered and no issues identified

- 4. Governance**
Matter considered and no issues identified

Quarter 3 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 Homelessness

There continue to be cost pressures associated with homelessness within both Adur and Worthing with increasing numbers of people presenting themselves to the Council for support for their housing needs.

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

- Introduction of Homeless Reduction Act
- The Local Housing Allowance(LHA) does not increase in line with the private sector rent prices and there are very few properties available to rent at LHA rates in the area, leading to those who would not usually seek help from the council presenting as homeless. The lack of available affordable homes (social and private sector) and supported housing not only limits prevention work but also means that those in temporary accommodation are there for long periods until they receive an offer of private rented, social or supported housing.
- Councils are only able to charge rent on Temporary Accommodation at 90% of 2011 LHA irrespective of the cost of the accommodation to the councils and costs of temporary accommodation are increasing due to housing shortages, increased demand as well as costs to the providers increasing. As well as the development of owned stock, the service is increasing its contracted Temporary Accommodation portfolio to meet demand and reduce costs on spot purchased
- COVID
- Increasing interest costs and the change to the Landlord & tenant act, which impacted on smaller landlords resulting in some deciding to sell reducing the number of available rental properties, this is likely to increase further when the Renters (Reform) Bill banning no fault section 21 evictions comes into law.

Worthing is seeing an increase in demand, the average caseload of households in temporary accommodation for 2023/24 was 340. This had increased to an average of 395 in December 2024 and is projected at 414 by March 2025. The outturn forecast includes an assumed increase in caseload of 8 cases per month, offset by a target decrease of 11 per month for the remainder of the year with prevention activity increasing.

In Adur the average caseload for 2023/24 was 105 increasing to a projected 113 in 2024/25. In December 2024 the average caseload was 163, and is forecast to increase to 166 by March 2025. The outturn forecast includes an assumed increase in caseload of 1 cases per month, offset by a target decrease of 3 cases per month for the remainder of the year with prevention activity increasing.

As set out at section 4.13.1 of the main report central government Homeless Prevention Grant funding is disproportionately low in Adur and Worthing compared to other neighbouring West Sussex councils. In 2023/2024 Worthing's average grant per homelessness household was £929 and Adurs £1,778 compared to the West Sussex average of £3,362. It is understood that this legacy allocation relates to incorrect data going back over 5 years and we are still impacted despite Worthing having the second highest number of households in temporary accommodation in the county as at the end of the 2023/24 financial year.

The increase in the demand is impacting on the cost pressures due to the need to procure additional accommodation, along with increased costs from existing suppliers who are passing on their inflationary cost pressures to customers through their increased accommodation charges. The impact of this is an increase in the average rate being charged from £48 to £50 per night in Worthing, with some months average reaching £53 per night and some being as high as £53 per night in Adur.

1.2 Exempt Supported Accommodation

Worthing, and to a lesser extent, Adur, are both disproportionately impacted by the volume of Exempt Supported Accommodation (SA) commissioned and being provided in our locality. This is a long standing issue that the Government is aware of and is largely driven due to a lack of regulation and powers for local authorities to restrict this type of accommodation.

Exempt supported accommodation refers to housing provided to vulnerable individuals alongside care, support, or supervision. This includes

accommodation for people experiencing homelessness, those fleeing domestic abuse, individuals with mental health needs, or those recovering from substance misuse..

To qualify as "exempt accommodation," providers must provide housing alongside care, support or supervision for tenants. These providers operate under specific financial rules that differ from standard housing arrangements. These rules allow them to charge higher rents and service costs due to the additional support they offer. Properties therefore classified as "exempt" are not subject to the same benefit cap or local housing allowance (LHA) limits. Landlords can charge higher rents to cover the additional costs of support services.

There are a number of commissioners and providers involved in this provision, which relates to landlords that are not registered social landlords (we can claim 100% housing benefit subsidy back with registered social landlords). Councils are therefore restricted in the amount of subsidy that can be claimed back on these properties up to the Market Rent (which is based on 2011 levels).

Since 2021 there has been a 221% increase in units in Worthing. The impact of this is that the Revenues and Benefits budget line in Worthing is £968k overspent and in Adur it is £328k overspend.

A programme of work has been established to address the issues that we can by working with our teams, commissioners and the DWP. There are some policy levers that we can use and others that we are working to influence, including working to map current supply and current/future needs as well as ensuring that we identify ways of driving up the quality of existing provision.

1.3 Parking

Worthing car park income continues to be one of the main income streams that is most impacted by the pandemic's longer term effect of changing behaviour by customers. One of the main reasons for this is that previous town centre workers are choosing to work remotely some or part of the time reducing the levels of town centre worker deal income and season tickets. As a result we are looking at a shortfall to the budget of approximately 152K.

Buckingham Road has only just opened after being closed for over 2 years and there are a number of bays closed at Liverpool gardens while works are completed on the former mobility shop section, which are expected to be freed again shortly. Whilst some of these drivers will be displaced to other council owned car parks (particularly High Street and Grafton) the closures will have

some impact on income. Prices were increased by 7% at the end of August 2024.

In Adur, the parking Budget is showing a small overspend of 5K.

1.4 Bereavement Services

Worthing cemetery income is currently expected to exceed the income budget by £95,000

The crematorium is forecasting an overall shortfall against the service income budgets of £538,000

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 in the winter, when plots can start to be sold off plan. Income of £134,900 from the initial sales is forecast for the latter part of this financial year. This has been revised due to the weather affecting building works on the new garden.

Overall Bereavement Services in Worthing is predicting a net deficit against budget of £361,000, which reflects 26.4% of the £1.4m net budget.

Adur cemetery income is currently expected to fall short of the income budget by £37,000.

1.5 Strategic and Commercial Property

The Worthing investment property and core estate portfolio is forecast a net income surplus of £714k, this assumes that the transfer of the void allowance of £650k to the Property Investment Risk Reserve will not be made in 2024/25. This is due to increased occupation, filling previously void properties and rental increases, some of which are backdated under lease arrangements. The portfolio has seen some impact from market conditions, with rent free periods being offered in order to attain lease renewals, within the normal boundaries of normal commercial property arrangements.

The Adur investment property and core estate portfolio the forecast is a net income surplus of £160k assuming that the transfer of the void allowance of £750k to the Property Investment Risk Reserve is not made in 2024/25. There are two voids with the SPIF at York road causing a shortfall of £217k, One void at Eskan court at £93k and a number of properties transitioning tenancy

across the estate, whilst empty the Council is responsible for the business rates and all other outgoings until they are relet.

1.6 Planning and Development

In Adur and Worthing the net projected outturn is an overall shortfall of £319,381 and £480,512 respectively within Planning and Development. A breakdown of the variation in the service budget is provided below:

	Adur Net Total	Worthing Net Total
Building Control	£188,627	£148,155
Development Control	£152,009	£255,593
Land Charges	£62,990	£71,170
Planning Policy	(£84,245)	£5,594
Total	£319,381	£480,512

The current economic conditions with high inflation and mortgage rates together with high construction costs is having a significant impact on the housing market and development industry. This has had an impact on planning, building control and land charges fee income.

For Development Management there have been no major applications submitted since the start of the financial year. As acknowledged by the government in its recent consultation regarding the National Planning Policy Framework, smaller authorities that do not receive many major applications are likely to suffer a shortfall in their fee income. Although fees for other types of application increased by 25% last year, such fees are significantly smaller than for major applications. The government is now consulting on a proposal to increase householder application fees from the current £258 to £528 which, if implemented, would significantly increase income received from those applications in the future.

1.7 Place and Economy

An Observation Wheel returned to the seafront for the summer holiday with an income of £12,237. The fee is substantially lower than the anticipated budget. The rateable value for the site is being challenged by the Concessions team and a proportion of the associated business rates will be payable by the wheel operator.

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 overspend in the treasury management budgets of £100k largely due to the impact of the delay in the sale of key sites which were estimated to reduce borrowing costs by £600k. The position is kept under review, in particular our prudent borrowing cost forecasts contain opportunities for improvement across the year.

Interest receivable from treasury investments is forecast to lower than budgeted, as cash balances minimised to reduce borrowing costs, additionally the council is not benefiting from incidental balances as a result of disposals as planned.

In Adur the position is marginally better with a predicted overall underspend in the treasury management budgets of £23k. This is in part due to a prudent financial forecast in relation to borrowing costs, for which there is the possibility of improvement across the year.

WORTHING BOROUGH COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2024/25	CURRENT BUDGET 2024/25	Projected Outturn to 31st March 2025	Forecast Over/ (Under)
	£	£	£	£
<i>Leader *</i>	997,560	1,398,080	1,396,280	(1,800)
<i>CM for Environmental Services</i>	4,181,000	4,589,510	5,221,110	631,600
<i>CM for Safety Equalities & Inclusion</i>	737,250	450,400	513,800	63,400
<i>CM for Housing & Citizen Services</i>	4,604,040	4,604,040	6,813,640	2,209,600
<i>CM for Regeneration</i>	1,648,460	1,126,280	852,880	(273,400)
<i>CM for Resources</i>	281,770	281,770	(1,226,316)	(1,508,086)
<i>CM for Culture, Leisure & Wellbeing</i>	3,864,500	3,864,500	3,863,500	(1,000)
<i>Holding Accounts</i>	536,100	536,100	536,048	(52)
TOTAL CABINET MEMBER	16,850,680	16,850,680	17,970,942	1,120,262
<i>Credit Back Depreciation</i>	(3,845,070)	(3,845,070)	(3,845,070)	0
<i>Minimum Revenue Provision</i>	1,932,720	1,932,720	1,932,720	0
<i>Net Overspend including Additional Non Ring Fenced Grants</i>	14,938,330	14,938,330	16,058,592	1,120,262
<i>Transfer to/from reserves:</i>				
<i>Transfer (from)/to reserves to fund specific expenditure</i>	286,250	286,250	(19,530)	(305,780)
<i>Net Overspend Transferred (from)/to Reserves</i>			(791,711)	(791,711)
Total Budget requirement before External Support from Government	15,224,580	15,224,580	15,247,351	22,771

Movements in Earmarked Reserve Accounts
Appendix 2b

WORTHING BOROUGH COUNCIL	Opening Balance	Transfer In	Transfer Out	Closing Balance
Capacity Issues Reserve	11,688	-	-	11,688
Insurance Reserve	230,244	-	-	230,244
Museum reserve	74,899	-	-	74,899
Business Rates Smoothing Reserve	463,943	-	-	463,943
Local Tax Income Guarantee	264,949	-	-	264,949
Property Investment Risk Reserve	450,000	-	-	450,000
Building Maintenance Reserve	-	-	-	-
Place Project	15,714	-	(15,714)	-
Risk Reserve Exit costs	60,896	-	(3,817)	57,079
Grants & Contributions opening Balance	620,041	-	-	620,041
Projected Underspend / (Overspend)		-	(791,711)	(791,711)
General Fund Working Balance	760,356	-	-	760,356
TOTAL	2,952,728	-	(811,241)	2,141,487

ADUR DISTRICT COUNCIL	ORIGINAL BUDGET 2024/25	CURRENT ESTIMATE 2024/25	Projected Outturn to 31st March 2025	Forecast Over/ (Under)
	£	£	£	
<i>Leader</i>	698,260	698,260	707,460	9,200
<i>CM for Environment & Leisure</i>	3,317,150	3,317,150	3,455,150	138,000
<i>CM for Communities & Wellbeing</i>	1,283,290	1,283,290	1,352,290	69,000
<i>CM for Housing & Citizen Services</i>	2,034,130	2,034,130	2,767,530	733,400
<i>CM for Regeneration & Strategic Planning</i>	1,923,660	1,923,660	1,930,860	7,200
<i>CM for Finance & Resources</i>	908,190	908,190	(226,395)	(1,134,585)
<i>Holding Accounts</i>	224,490	224,490	224,581	91
TOTAL CABINET MEMBER	10,389,170	10,389,170	10,211,476	(177,694)
<i>Credit Back Depreciation</i>	(1,617,020)	(1,617,020)	(1,617,020)	0
<i>Minimum Revenue Provision</i>	2,029,730	2,029,730	1,950,730	(79,000)
<i>Net Overspend before reserve transfers</i>	10,801,880	10,801,880	10,545,186	(256,694)
<i>Transfer to/from reserves:</i>				
<i>Transfer (from) / to reserves to fund specific expenditure</i>	300,000	300,000	(2,545)	(302,545)
<i>Net underspend Transferred (from)/to Reserves</i>			558,107	558,107
Total Budget requirement before External Support from Government	11,101,880	11,101,880	11,100,748	(1,132)

Movements in Earmarked Reserve Accounts				
ADUR DISTRICT COUNCIL	Opening Balance	Transfer In	Transfer Out	Closing Balance
Capacity Issues Reserve	640,345	-	-	640,345
Projected Underspend / (Overspend)		558,107	-	558,107
Insurance Fund	82,959	-	-	82,959
Business Rates Smoothing Reserve	998,238	-	-	998,238
Local Tax Income Guarantee	59,666	-	-	59,666
Property Investment Risk Reserve	500,000	-	-	500,000
Risk Reserve Exit costs	60,896	-	(2,545)	58,351
Grants and Contributions held in Reserves	660,412	-	-	660,412
General Fund Working Balance	1,051,497	-	-	1,051,497
TOTALS	4,054,013	558,107	(2,545)	4,609,575

HOUSING REVENUE ACCOUNT

Appendix 4a

	ORIGINAL BUDGET	LATEST BUDGET	FORECAST ACTUALS	FORECAST VARIANCE
	£	£	£	£
EXPENDITURE				
General Management	4,929,640	4,929,640	4,787,693	(141,947)
Special Services	853,840	853,840	809,266	(44,574)
Rent, Rates, Taxes & Other Charges	189,460	189,460	161,537	(27,923)
Repairs & Maintenance	3,249,640	3,249,640	3,604,527	354,887
Bad/Doubtful Debt	75,000	75,000	75,000	0
Capital Financing Costs				
Depreciation and Revenue Contribution to Capital	3,533,120	3,533,120	3,459,060	(74,060)
Interest charges	2,542,090	2,542,090	2,542,090	0
TOTAL EXPENDITURE	15,372,790	15,372,790	15,439,173	66,383
INCOME				
Dwelling Rents	(14,498,500)	(14,498,500)	(14,057,693)	440,807
Non-Dwelling Rents	(552,130)	(552,130)	(549,386)	2,744
Heating and Other Service Charges	(630,640)	(630,640)	(586,608)	44,032
Leaseholder's Service Charges	(317,180)	(317,180)	(331,331)	(14,151)
Interest Received	(35,000)	(35,000)	(35,000)	0
TOTAL INCOME	(16,033,450)	(16,033,450)	(15,560,018)	473,432
NET (SURPLUS)/DEFICIT - TFR (TO)/FROM HRA GENERAL RESERVE	(660,660)	(660,660)	(120,845)	539,815
Transfer to/(from) New Development & Acquisitions Reserve	200,000	200,000	0	(200,000)
Transfer to/(from) Improvement Plan Reserve	200,000	200,000	0	(200,000)
Transfer to/(from) General Reserve	260,660	260,660	120,845	(139,815)
	0	0	0	0

Appendix 4b

Variations in Income and Running Costs (HRA)	(Under)/ Over Spends £'000
Rent & Service Charge loss due to void properties	485
Leasehold Service charges	(45)
Staff vacancies pending redesign of the service	(167)
Repairs & Maintenance over spend on responsive subcontracted works	376
Other	(35)
Total Variation in Running Costs	614
Variations in Treasury Management and Capital Costs:	
Interest payable	0
Depreciation	(74)
Interest receivable	0
Total Variation in Treasury and Capital Costs	(74)
Total Variation	540

HRA Financial Update 2024/25 – Q2

1.0 Budget Context

The budget for 2024/25 assumes that the income generated during the year would be enough to cover all revenue running expenses and in addition to contribute £660,660 to reserves. This improved position in comparison to previous years is due to the combination of an overall increase to rental income and a reduction in capital financing depreciation costs

The key budget assumptions are:

1.1 Income

- Rental Income increased by the central government cap of CPI+1% (7.7%).
- Dwelling void loss budget for 86 properties (3.4% of total stock) vacant for the full year.
- Garage void loss budget of 357 units (33.1% of total stock) vacant for the full year, to allow for Small Sites developments.
- Re-introduction of £35k investment income budget due to increased reserve levels.

1.2 Repairs

- General inflation at 3%.
- An increase of £100k to responsive and void repairs budgets to allow for additional inflation in materials costs.
- Increase in the budget for council tax on void properties of £125k.
- A reduction of £50k due to the Energy Performance Certificate (EPC) update programme nearing completion. EPCs are required to be renewed every 10 years.

1.3 Staffing costs

- The pay award has been estimated at 4.5% (£135k).
- A vacancy provision of 2.5% (£77k) to allow for natural turnover and therefore savings during the recruitment process.

1.4 Other costs

- Increase in central support costs charged to the HRA (£246k).
- The depreciation policy was reviewed during 2022/23, this has led to a budget reduction of £889k.

- A contingency budget of £200k.

1.5 Reserve contributions

Providing the surplus is available at the end of March 2025, it is to be allocated to reserves as follows:

- £200,000 to the New Development reserve.
- £200,000 to the Improvement Plan reserve.
- £260,660 to the General reserve.

2.0 Potential Budget Variances during 2024/25

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

Service Area	Description	Forecast Variance £,000
Rent & Service Charge Income	Void numbers have risen from 150 at the end of March 2024 to an average of 160 during 2024/25 to date. The forecast assumes that the level remains at 157 properties for the rest of the financial year. The budget allowed for 86 voids.	485
Leaseholder Service Charges	An anticipated increase in service charges.	-45
Staffing Costs	Several posts were held vacant pending a redesign of the service which has now been completed.	-167
Repairs & Maintenance	Under-recovery of internal income into the Building Services department along with continued high levels of subcontractor usage.	376
Supplies & Services	Various operational budgets are expected to be managed at an under spend in order to offset some of the pressure arising from the void losses being higher than expected.	-35
Capital Financing	Reduction in depreciation charges	-74
	FORECAST OVER SPEND	540
	BUDGETED TRANSFER TO RESERVES	661
	FORECAST TRANSFER TO RESERVES	121

3.0 Reserves

3.1 As mentioned at paragraph 1.5, the budget allowed for a surplus position and therefore the following planned contribution to reserves:

	Opening Balance £	Budgeted Contribution £	Budgeted Closing Balance £
New Development Reserve	0	200,000	200,000
Business Improvement Reserve	84,176	200,000	284,176
General Reserve	741,343	260,660	1,002,003
	825,519	660,660	1,486,179

3.2 As the forecast transfer to reserves is now lower than expected, the table below shows the latest anticipated position:

	Opening Balance £	Forecast Contribution £	Forecast Closing Balance £
New Development Reserve	0	0	0
Business Improvement Reserve	84,176	0	84,176
General Reserve	741,343	120,845	862,188
	825,519	120,845	946,364

Appendix 4a

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Chief Executive				
Performance and Strategies	0	-40	0	Underspend on the Leaders Projects
People and Change	-69	0	3	Vacancies held within the service plus an underspend organisational development budgets
	-69	-40	3	
Director for Housing and Communities				
Director of Housing and Communities Office	272	0	0	Departmental Vacancy Provision
Community Capacity & Wellbeing	-133	-24	-20	JOINT: Underspend on vacancies during redesign ADUR & WORTHING underspends on running costs and Grants
AD Housing Homelessness & Prevention	16	0	0	Additional cost of Housing redesign to be funded from savings generated from new structure
Environmental Health (Housing)	-15	-3	-32	JOINT: impact of Redesign ADC & WBC : New income from Housing Improvement Assistance
Housing Needs	89	413	1348	JOINT: Additional cost of Housing redesign to be funded from savings generated from new structure ADUR & WORTHING: Homelessness continues to present significant cost pressures to both councils.
Community Alarms	0	61	0	Staffing costs higher following redesign and increased cost of equipment due to conversion to digital
Resident Services	-161	328	968	JOINT: staffing costs less than budgeted due to posts funded from grants. ADUR & WORTHING - 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
	68	775	2264	

Director for Sustainability and Resources				
Director of Digital & Resources Office	243	0	0	Departmental Vacancy Provision

Digital, Technology & Design	-93	0	0	Vacancies within the Digital team along with some contract savings
Parking Services	127	5	151	Joint services service redesign savings has been delayed - savings are expected to come from running costs in Adur & Worthing WBC: Delay in price increases plus the move to more card payments have resulted in an overspend/under achievement of income along with increased rates charges which exceed the budget
Waste & Cleansing	-6	84	-32	ADC: Shortfall in income from Commercial Waste WBC: Underspends in Commercial Waste for tipping charges
Bereavement Services	21	54	361	Joint overspend relates to delayed budget implementation of redesign savings Worthing position is reflecting the continued shortfall in cremations though this has been partially offset by the expected income from the opening of the memorial garden. The shortfall in cremations relate to a number of reasons; new competition, cost of living, and general market moves to direct cremations. and competition from a new site in Arun
Public Health and Regulation	-19	45	32	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	-104	63	33	JOINT: Underspend in salaries ADUR Projected overspend in members allowances and an underachievement in legal fees WORTHING: underachievement of income in Legal, offset by savings from joint
Electoral Services	-13	82	70	Increased cost of local elections mainly for staffing costs, postages, & increased rents
Corporate Management	-763	-807	-1247	Centralised budgets for contingencies and Energy price fluctuations are included here with spend for energy within services budgets.
Finance	-217	34	18	JOINT Multiple vacancies within the finance team ADUR & WORTHING includes increased Audit costs

Fraud & CTB Hardship Fund		1	16	Net cost of providing Council Tax Hardship support funded Grant
Energy & Sustainability	-105	-191	-1	JOINT: underspend due to vacancies ADUR: Projected saving budget for ecological projects and joint recharges
Treasury Management	0	-23	100	Borrowing costs remain challenging and the delay in sales of key sites has constrained efforts to maximise the contribution from this area.
	-929	-653	-499	

Director for Place				
Director of Place Office	-75	0	0	Departmental Vacancy Provision
Leisure Strategic Support	0	-90	-1	ADUR underspend relates mainly to contractual and maintenance spend projections
Economic Development	153	-73	-35	JOINT: costs shown here following redesign where teams have been brought together to form the new Neighbourhood team, savings are shown within other services ADUR : 2 Place based officers to support Adur Communities not yet appointed offset by additional income from events and savings in maintenance WORTHING: Additional income from Events
Culture	0	0	-42	Relates to a projected underspend on maintenance
Strategic Projects	0	0	97	The rental income level that the new observation wheel is less than the budget, though during the lease period the cost of rates are reassigned to the lessee
Parks, Open Spaces Foreshore & Pier	88	-7	-7	JOINT: Overspend in staff costs which include budgeted savings for service redesign plus Foreshore income budget not met as received directly into Adur & Worthing ADC & WBC additional income from parks and foreshores
Estates	-5	108	-319	ADUR: Rental income down due to void properties at Bank House and Southwick FC. WORTHING: Shortfall in income projected from a few void properties
Property Investment	0	-268	-395	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	205	50	-66	JOINT: Budget includes the cost of a security guard for the customer services desk not budgeted plus a shortfall in income being recharged for services provided to Portland House previously a share site plus increased maintenance at Commerce Way ADC: relates to an overspend on utility costs WBC: Additional income asset rentals
Public Conveniences	-30	22	71	JOINT: cleansing budget not utilised as directly spent in Adur & Worthing ADC & WBC increased Maintenance& utilities costs
Technical Services	-89	13	163	Joint underspends in Surveying and Major regeneration staffing costs along with increased capital fees. WBC: Spend on Major projects and budget included within Corporate Management and increased maintenance costs in Community Centres
Building Control	-150	189	148	Underachievement of income due to the new rule that came into force in Oct 23 and lower numbers of applications. The current financial position with high inflation and mortgage rates together with high construction costs is having a significant impact on the housing market and development industry. This has an impact on the income received.
Development Management	50	152	256	JOINT: includes costs written off to revenue in relation to the aborted upgrade of the new system as it didn't meet the needs of the service. ADUR & WORTHING - The current financial position with high inflation and mortgage rates together with high construction costs is having a significant impact on the housing market and development industry. The Income from application income is dependent on large applications being received . Pre-app income is also below the expected budget. In addition in Worthing there are increased costs relating to the Chatsmotre site
Planning Policy	-233	-84	6	Joint underspend due to vacant posts awaiting redesign of the service to be completed. ADC budget for the Local plan in underspent
Land Charges	10	64	71	The number of charges for NLIS, Office and electronic payments have decreased significantly

LLPG				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.
	-22	-2	0	
	-98	74	-53	
Total Variances before Reserves transfers	-1028	156	1715	
Transfer from Reserves	0	(3)	(20)	
Budgeted Contribution to Reserves	0	-300	-286	
Total Variances Before Joint Allocation	-1028	-147	1409	
Allocation of Joint Variance	1028	-411	-617	Share of joint services allocated 40:60 to Councils
Total Variance		-558	792	