



ADUR & WORTHING
C O U N C I L S

Key Decision: No

Ward(s) Affected: All

2nd Revenue Budget Monitoring Report (Q2)

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

1.1 This report updates the Joint Strategic Committee with the latest expenditure and income projections for each Council in the current financial year 2019/20, compared to the Revenue Budget approved by both Councils in February. Whilst the 'spend to date' will be the position as at the 30th September 2019, the forecast position will reflect the latest information available to ensure an up-to-date forecast is presented.

The Councils have positioned themselves to manage risk and contribute to reserves for the future. After allowing for the initiatives undertaken to enable this and for the revision of project delivery into the future, the operational underspends are projected to be £140,000 in Adur and £164,000 in Worthing.

1.2 The following appendices have been attached to this report:

- (i) **Appendix 1** (a) Adur Summary
(b) Adur Use of Earmarked Reserves
- (ii) **Appendix 2** (a) Worthing Summary
(b) Worthing Use of Earmarked Reserves
- (iii) **Appendix 3** HRA Summary
- (iv) **Appendix 4** (a) Table of Variations over £20,000
(b) Table of movements over £50,000 between quarter 1 and 2

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 1b and 2b).

3. Context

- 3.1 The Joint Strategic Committee considered the 5-year forecast for 2019/20 to 2023/24 on 4th December 2018.
- 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 the strategy first proposed in 2016/17 whose strategic aim was to ensure that the Councils would become community funded by 2020 reliant, by then, only on income from trading and commercial activities, council tax income and business rate income.
- 3.3 The successful delivery of the 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, and will become increasingly reliant on income from commercial activities.
- 3.4 As part of the 2019/20 budget the Councils committed to savings of £0.767m for Adur District Council and £1.373m for Worthing Borough Council to produce a balanced budget and to address the reduction in Government support. Services were required to carry out efficiency, procurement and base budget reviews to identify where income could be increased or expenditure reduced. Current budget monitoring indicates that the majority of these savings are being delivered as expected.

4. Issues for consideration - Revenue 2019/2020 Forecast

4.1 The current year end forecasts indicate, that at this early stage, the operational position will be a net operational underspend by services of £140,000 in Adur and £164,000 in Worthing. This includes meeting the challenges of significant savings requirements to balance the 2019/20 budget. The main factors influencing the level of spend are discussed in detail in section 4.9 of the report.

4.2 Following the LGA peer review which referenced the low level of the reserves, the Councils have positioned themselves to better manage risk and contribute to reserves for the future through three separate initiatives:

- The centralisation of inflation provisions which if not needed will contribute to the savings required in 2020/21. Currently the Council expects £88k for the Joint service, £5k for Adur and £100k for Worthing to be unspent at the year end;
- The creation of contingency budgets for areas of uncertainty in the budget. For 2019/20, the Councils set aside £300k for the risks associated with the changes to the County's supported housing budget. This contingency remains largely unused and will be placed into reserves at the year end; and
- Accelerating savings initiatives where possible - including the investment by the Strategic Property Investment Fund and generating additional commercial income.

Consequently, members should expect the Councils to underspend this year as a result of these proactive measures as highlighted in the table at 4.3.

4.3 The current year-end forecasts are comprised of a number of elements as set out in the table below:

2019/20 Forecast Outturn	Adur £000	Worthing £000
<u>Over/(under)spend in operational services – including share from Joint</u>	(140)	(164)
<u>Underspend against Supported Housing contingency budget</u>	(57)	(133)
<u>Reduced borrowing requirement:</u> A lower than forecast call on the MRP (provision to repay debt) and net interest in 2019/20, due to reprofiling of the capital programme already adjusted for in 2020/21 budget.	(50)	(280)
<u>Budgeted contributions to reserves:</u>		
Set aside for inflation	(35)	(197)
Allowance for Investment Property voids	(100)	(150)
Strategic Investment Property - accelerated purchases	(460)	(441)
<u>Budget provision related to timing differences:</u> Project funding to Carry forward to 2020/21 for projects that have yet to commence or will complete next year (Major Projects and Business Development)	(47)	(202)
Net over/(under) spend before contributions to/from Reserves	(889)	(1,567)

4.4 The key factors underpinning the current financial position include:

- An underspend in the Minimum Revenue Provision (MRP) and net interest budgets for Worthing Borough Council. The budgets are calculated on both the historic financing of previous years capital programmes and the impact of financing the current years capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have reduced the expected cost in 2020/21.

- Increased income from the Strategic Property Investment Fund. The fund has been successful in identifying suitable properties to acquire, and the associated income is benefiting the budget in 2019/20.

Once the above items are taken into account, including the contribution from reserves, the operational position is a net underspend by services of £140,000 in Adur and £164,000 in Worthing. The factors influencing the operational position have been addressed as part of the 2019/20 revenue budget.

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

Summary of 1st Quarter Budget Monitoring Report			
	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2019/20	22,353	8,721	15,452
Projected outturn	22,523	7,832	13,885
Projected Forecast over/ (underspend)	170	(889)	(1,567)
Projected over/(underspend) percentage	0.8%	(10.2%)	(10.1%)

Comparison to the Q1 forecast:

	Joint	Adur	Worthing
	£'000	£'000	£'000
Forecast Over / (Under) spend Q2	170	(889)	(1,567)
Forecast Over / (Under) spend Q1	52	(932)	(1,570)
Change from Q2 to Q3: (Improvement) / Deterioration	118	43	3

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

	Expenditure	Income	Net Total
Joint	£'000	£'000	£'000
Budget	29,340	(6,987)	22,353
Forecast	29,280	(6,757)	22,523
Projected Forecast (Under)/ Overspend	(60)	230	170
Forecast variance percentage	-0.20%	3.29%	0.76%
Adur	£'000	£'000	£'000
Budget	34,347	(25,626)	8,721
Forecast	33,157	(25,393)	7,764
Authority Projected Forecast (Under)/ Overspend	(1,190)	233	(957)
Share of Joint (Under) / Overspend	(24)	92	68
Authority Projected Forecast (Under) / Overspend	(1,214)	325	(889)
Forecast variance percentage	-3.53%	1.27%	-10.20%
Worthing	£'000	£'000	£'000
Budget	66,857	(51,404)	15,452
Forecast	67,658	(53,875)	13,783
Authority Projected Forecast (Under)/Overspend	801	(2,470)	(1,669)
Share of Joint (Under) / Overspend	(36)	138	102
Authority Projected Forecast (Under)/ Overspend	765	(2,332)	(1,567)
Forecast variance percentage	1.14%	-4.54%	-10.14%

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

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

4.8 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.

4.9 We adopt a more structured approach to services which have more volatile budgets or hard to predict income streams. For 2019/20, these services are:-

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

4.10 Headline budget variations across both the Councils' and the Joint account

4.10.1 Car Parks

Worthing car parks budgets are projected to be £28,000 below target for the full year. The temporary surface car park at Teville Gate was expected to be operational from April 2019 but did not open until the last week in July; and the footfall has been below than estimated. In addition the proposed evening tariffs in some surface car parks have not yet been implemented.

Adur income is currently expected to over achieve its target by £55,000.

4.10.2 Housing

The demand for emergency and temporary accommodation continues to be a cost pressure due to the rising demand across the South East, including Adur and Worthing, and the lack of housing supply for those needing affordable accommodation, whether this is to prevent homelessness or to move people on from emergency accommodation. Currently the caseload numbers for Adur and Worthing are 42 and 131 respectively.

Across the South East there is competing demand between local authorities for both emergency and temporary accommodation, the latter often being leased private sector accommodation.

Whilst Adur and Worthing have made significant progress in leasing more affordable units of temporary accommodation, competition does mean that prices in some areas (e.g. Worthing) are being pushed beyond the reach of the Councils, and the supply of suitable emergency and temporary accommodation within the Borough is reduced.

At the end of Quarter 2, there is a projected underspend of £138,000 in Adur and an overspend of £3,000 in Worthing. This estimate assumes the current caseload numbers in temporary accommodation increase by an average per month of 1 in Adur and 2 in Worthing, with an average room rate per night of £45 in Adur and £44 in Worthing. Also built into the projections are the 40+ units of leased, affordable temporary accommodation, which are due to come on stream in the coming months, as is phase 1 of the Worthing Borough Council owned accommodation at Downview (9 units).

Housing Management - Full Year forecast						
	2018/19			2019/20 - Full Year Projection		
	Budget for Year	Actual for Year	Variance for Year Over / (Under)	Budget for Year	Forecast for Year	Projected Variance for year Over / (Under)
	£'000	£'000	£'000	£'000	£'000	£'000
ADUR						
ETA Expenditure	635	769	134	907	664	(242)
ETA rental income	(411)	(325)	86	(379)	(274)	103
Grant funding	-	(206)	(206)	(140)	(139)	1
	223	238	15	388	251	(138)
WORTHING						
ETA Expenditure	1,267	1,724	457	1,814	1,949	135
ETA rental income	(589)	(685)	(96)	(689)	(819)	(130)
Grant funding	-	(233)	(233)	(150)	(152)	(2)
	678	807	129	976	979	3
	901	1,044	143	1,364	1,230	(134)

Housing Management - Comparative Financial position at September						
	2018/19 Year to Date			2019/20 Year to Date		
	Budget to P6	Actual to P6	Variance to P6 Over / (Under)	Budget to P6	Actual to P6	Variance to P6 Over / (Under)
	£'000	£'000	£'000	£'000	£'000	£'000
ADUR						
ETA Expenditure	318	372	54	453	299	(155)
ETA rental income	(206)	(153)	53	(189)	(145)	44
Grant Funding	-	(206)	(206)	(140)	(139)	1
	112	12	(99)	124	15	(109)
WORTHING						
ETA Expenditure	633	803	170	907	847	(60)
ETA rental income	(294)	(331)	(37)	(344)	(415)	(71)
Grant Funding	-	(138)	(138)	(150)	(152)	(2)
	339	335	(4)	413	279	(133)
	451	347	(104)	537	294	(242)

It should also be noted that the 2019/20 budget included a £300,000 allowance for supported housing cost pressures expected as a result of reduced housing budgets from West Sussex County Council. A cross county task and finish group has been established to address the challenges presented by the County Council's decision to cut these budgets and has been successful in; reaching consensus as to how best to use funds available; agreeing shared solutions to some specific issues and support the recommissioning of the supported housing programme, using better insight and intelligence as to the current and future needs of our most vulnerable residents. As a consequence the full budget is unlikely to be required this year. Currently it is anticipated that there will be an underspend of £190,000 against this contingency.

4.10.3 Environment - Waste and Recycling

With the rollout of alternate weekly collection, there has been some additional uptake for green bins, but it is hard to predict to what extent this will continue, green bin income is currently on budget. Income for green sacks and bulky waste are marginally below the target to meet the income budget with a respective £43,000 and £11,000 shortfall currently projected.

Prior to alternate weekly collection going live there has been a reduction in the amount of recycling credit income from WSCC which is currently forecast to be an estimated £140,000 lower than budget for the year. This is attributed to an uncommunicated WSCC deduction for contamination in the first quarter. Whether these levels of contamination continue throughout the year is yet unknown, however teams are focussing on education and

resident engagement in those areas where contamination levels are known to be high. This deduction is being queried. The recycling credit forecast has used a lower payment rate for recycling than will be actually realised. This should offset deductions for contamination, but only slightly.

Current activity within the trade waste service indicates that Adur is projected to be broadly on budget, whereas Worthing is predicted to have a net shortfall, with income £15,000 below budget for the year and tipping costs projected to be £25,000 higher. New business is unpredictable, and in-year account prospects are not accounted for here, but it is expected that at least part of the shortfall will be offset before the end of the year.

4.10.4 Environment - Bereavement Services

Net income for the Cemeteries in both authorities is projected to fall marginally short of the budget (£10,000 Adur, £22,000 Worthing). This is based on the number of burials in-year, which is lower than the same period in 2018/19.

Crematorium income is forecast to be on target for the year. Memorial income is projected to be below budget by £22,000. Currently the space available for private gardens at the crematorium has been exhausted. A development masterplan for the site, currently in its early stages, aims to mitigate by incorporating more memorialisation opportunities. There are some cost savings of £9,000 which partially offset this shortfall in the service.

4.10.5 Environment - Parks and Open Spaces

The income budget for beach hut income in Worthing included an allowance for additional huts being built, these have not received planning approval so this income will not be realised and any future income from new beach huts will be removed. Currently the income shortfall is estimated to be £13,000. Additionally the cost of business rates for the service is in excess of the annual budget by £4,700. Adur beach hut income is on target to meet the budget.

4.10.6 Planning & Development

Planning application fee income is forecast to achieve targets if the anticipated major applications in both Adur and Worthing are received during the year.

4.10.7 Place and Economy

During the summer the Worthing Observation Wheel was a prominent fixture on Worthing seafront and brought £70,000 additional income to the Council (offset by £10,000 set up costs). The attraction, which is set to return in 2020, drew more visitors to the town which had a wider positive impact on the local businesses. The service has identified expenditure areas which further supports the experience in the town centre (e.g. Spin Out Programme in partnership with Worthing Theatres) therefore the current net position at the end of 2019/20 is predicted to be £40,000.

Income from Markets and bus shelter advertising are currently projecting to exceed budget in Adur by £30,000, however following public consultation a new event-based approach has been adopted for Lancing Village Market (starting in 2020) due to limited interest in the monthly offering. As a result of this additional income combined with predicted expenditure savings the overall forecast for the service area in Adur is a £63,000 improvement against the budget.

Income generated through activities such as seafront concessions and open space hire sees Worthing predicting to exceed budget by £37,000. The service has agreed to reinvest the income into projects that support the improvement and regeneration of the seafront. The estimated net position at the end of 2019/20 is to exceed budget by £5,000, however reinvestment projects are being continuously reviewed. In addition it is estimated that there will be underspends against expenditure budgets of £34,000.

4.10.8 Major Projects and Investment

The Major Projects team has been actively working on a number of development sites and investments across the areas. The nature of these projects inevitably spans over a number of budget years and commissioning timetables vary according to projects' complexity and challenges that arise from market forces, public engagement, and viability issues. The effect of this is that projects have an uneven spend profile often with large amounts of money being paid over short time periods. For 2019/20 there is projected to be an underspend of £116,000 in the budget set aside for this in 2019/20. The majority of this is to be earmarked to be used as revenue contribution to capital projects in 2020/21.

The investment in Commercial properties is expected to exceed the budget for both Authorities by around £450,000. In addition, a budget for void rental income which has been created to allow for any vacant properties is not anticipated to be spent in 2019/20 so will be transferred to the Reserve set

up in 2018/19 for this purpose (Adur £100,000 and Worthing £150,000). Some known risks relating to the property investment fund around managing lease events and tenant issues have begun to crystallise. For instance a retail property on Montague Street, Worthing owned by the Worthing Borough Fund being subject to a CVA, and the fund's tenant falling into administration. While these risks can be managed effectively, it underlines that the properties require active management, and that the reserve fund will be called on appropriately.

4.10.9 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 2018/19, there is certainty about the charge for the forthcoming year.

The underspends related to MRP and net interest costs are Adur £50,000 and Worthing £280,000. The MRP underspends are due to the reprofiling in 2019/20 of a proportion of the 2018/19 Capital Programmes and the impact of changes to planned financing due to increased levels of capital receipts and capital grants both of which offset the need to borrow. Lower interest rates than expected have also contributed to the overall underspend by reducing the net cost of borrowing.

4.10.10 Revenues and Benefits

Currently, the recovery of court costs and overpayments are both predicted to be below the allowance made in the budget for both Councils, but due to the unpredictable nature of this element of the service it is difficult to forecast if this will be a continuing trend. Housing Benefit overpayment recovery has generally seen a reduction due to the transfer of claims onto Universal Credit that has resulted in fewer claims where overpayments can be recovered through ongoing payments.

At present the year end forecasts indicate that the Revenues and Benefits service will be within budget overall.

4.10.11 Business Rates

Additional net income is anticipated in relation to Business Rates S31 grants by Adur £7,500 and Worthing £170,000. However, the councils were using the Business Rate Smoothing Reserves to offset losses incurred in previous years due to timing differences. The planned use of reserves will

be reduced by any in-year additional income. So there will be no overall under spend this year.

Business Rate income is volatile and can be affected by many factors: government decisions, changing use of commercial properties (e.g. demolition and conversion to domestic properties), revaluations or appeals. It will therefore be recommended to members that where there is available capacity at outturn, they agree to put any additional business rates income into reserves. The reserves can then be used, when required, to smooth the effect of the business rates volatility in future years.

4.11 Budget variations greater than £20,000

4.11.1 The Councils individual Summary Projected Outturns are reported in Appendix 1a for Adur District Council and Appendix 2a for Worthing Borough Council. The variations greater than £20,000, for this report, are detailed in Appendix 4.

4.11.2 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

4.12 Cross Cutting Budgets

4.12.1 The following categories of expenditure are analysed across various services. It is anticipated that this will be on target:

- Equipment, furniture and materials
- Postage
- Printing stationery and office supplies
- Consultancy costs
- Travel costs

4.12.2 Energy costs are on budget based on current activity.

- 4.12.3 Water - this is forecast to overspend against budget by an estimated £15,000 in Joint, £20,000 Adur and £37,000 Worthing based on current activity. A significant piece of work is ongoing with the water contract supplier to identify variances in usage and charges.

In Adur there was a water leak reported in Buckingham Park, this has now been repaired but the Council is not eligible for a rebate due to the time that has elapsed since the leak began. The delay in the identification was due to the fact that the leak was deep underground and not surface visible, coupled with the fact that the contractor charges in advance on estimated values that are based on historic consumption. The leak was identified at a later date when a physical meter reading was taken by Council staff that indicated higher than expected usage. The Council are now taking regular monthly readings to monitor any unusual usage, the market rules also state that the supplier should take actual meter readings every six month which the Council are following up. These costs will continue to be monitored.

In Worthing the costs include the water supply to the Splash Pad and Rockswater fountain at Marine Parade for which there is not budget.

In addition, a project is underway internally to ensure all tenants are correctly being charged for energy and water usage in agreement with the terms of their leases.

- 4.12.4 Business Rates - Adur and Joint Services are broadly on budget. Worthing is forecast to exceed by an estimated £34,000, this includes the costs associated with beach huts mentioned in 4.10.5 and unbudgeted costs associated with concession premises that have been unoccupied at Brooklands Park.
- 4.12.5 Corporate Inflation savings are projected of £144,000 in Worthing and £88,000 within Joint services. These savings will be transferred to reserves to increase these balances.

4.13 Future Risks

There is a risk that the salary vacancy allowance of £758,000, will not be met. It is early in the year to predict the year end position as this area of spend is less predictable but it will be monitored closely on a monthly basis. Currently the projected position is a 16% shortfall, however in both 2017/18 and 2018/19 the comparative projection at quarter 2 was 30%, the position improved at outturn to 3% and 15% respectively.

4.14 Housing Revenue Account

4.14.1 The Adur Housing Revenue Account is a ring fenced account. The HRA forecast is shown in Appendix 3.

4.14.2 The HRA is forecast to remain largely within budget for 2019/20 with a small underspend of £67,404. The approved budget includes the use of HRA reserves of £724,950 which is required to meet the cost pressures from rent limitation and maintenance and repair work required to the housing stock resulting from the condition survey.

5. 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.

6. Financial Implications

6.1 At the end of the second quarter of the revenue budgetary cycle, it is anticipated that Adur District Council will have an operational underspend of £140,000 and Worthing Borough Council an underspend of £164,000. The overall underspends in Adur and Worthing include the respective shares of the Joint Committee overspend of £170,000.

Finance Officer:

Date:

7. 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.

Legal Officer: Susan Sale

Date: 7th November 2019

Background Papers

Revenue Budget 2019/20 Joint, Adur and Worthing – 2019/20 Budget Book

<https://www.adur-worthing.gov.uk/media/media,148471,en.pdf>

Joint Overall Budget Estimates 2019/20

<https://www.adur-worthing.gov.uk/media/media,152367,en.pdf>

Adur District Council Budget Estimates 2019/20 and Setting of the 2019/20 Council Tax

<https://www.adur-worthing.gov.uk/media/media,152404,en.pdf>

Worthing Overall Budget Estimates 2019/20 and Setting of 2019/20 Council Tax

<https://www.adur-worthing.gov.uk/media/media,152393,en.pdf>

Financial Performance 2018/19 - Revenue Outturn

<https://www.adur-worthing.gov.uk/media/media,154334,en.pdf>

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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

SUMMARY - 2nd QUARTER PROJECTED OUTTURN 2019/20

APPENDIX 1a

Actual Previous year 2018/19	ADUR CABINET MEMBER PORTFOLIOS	Original Estimate 2019/20	Current Estimate 2019/20	Projected Outturn to 31st March 2020	Forecast Over/ (Under)
2,591,947	CM for Environment	2,272,600	2,309,370	2,358,346	48,976
1,234,340	CM for Health & Wellbeing	1,269,140	1,281,140	1,268,990	(12,150)
1,317,721	CM for Customer Services	1,507,950	1,464,950	1,267,990	(196,960)
574,158	Leader	624,800	627,800	595,750	(32,050)
1,521,078	CM for Regeneration	1,765,060	1,831,010	1,786,400	(44,610)
1,661,187	CM for Resources	1,111,680	956,900	354,340	(602,560)
-	Holding Accounts	249,790	249,790	249,790	
8,900,430	Total Cabinet Member	8,801,020	8,720,960	7,881,606	(839,354)
(1,320,741)	Credit Back Depreciation	(1,385,100)	(1,385,100)	(1,385,100)	-
1,015,897	Minimum Revenue Provision	1,242,940	1,242,940	1,192,940	(50,000)
272	Non ring fenced grants	-	-	-	-
1,087	Financial Instruments Adjustment Account				-
8,596,946		8,658,860	8,578,800	7,689,446	(889,354)
	Transfer to/from reserves				
-	Contribution to/(from reserves)		-	-	-
	Budgeted contribution to/(from) Reserves		-	-	-
(481,767)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	80,060	80,060	-
603	General Fund Working balance	-	-	-	-
511,979	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-		889,354	889,354
8,627,760	Total Budget requirement before External Support from Government	8,658,860	8,658,860	8,658,860	-

 ADC ADUR DISTRICT COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2019/20	Estimated Transfers Out 2019/20	Estimated Transfers In 2019/20	Projected Closing Balance 2019/20
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets Funding for waste savings proposals (4 Dec 2018 JSC/066/18-19) Friends of Shoreham Fort (JSC 6 May 2014) Adur carry forwards from 2018/19 underspends , agreed Joint Strategic Committee 9th July, 2019 Budgeted contribution (to)/from revenue Balance	425,749	(43,200) (10,000) (151,720)	-	220,829
Insurance Fund	152,893	(36,750)	30,700	146,843
Business Rates Smoothing Reserve	402,161	(321,000)		81,161
Grants and Contributions held in Reserves	562,570			562,570
Election Reserve	7,880	(7,880)		-
Special and Other Emergency Reserve	60,254			60,254
Property Investment Risk Reserve	-		100,000	100,000
Projected Underspend/(Overspend) (Reserve to be identified at outturn)			789,354	789,354
General Fund Reserve	518,773	-	-	518,773
TOTALS	2,130,280	(570,550)	920,054	2,479,784

SUMMARY - 2nd QUARTER PROJECTED OUTTURN 2019/20

APPENDIX 2a

Actual Previous year 2018/19	WORTHING CABINET MEMBER PORTFOLIOS	Original Estimate 2019/20	Current Estimate 2019/20	Projected Outturn to 31st March 2020	Forecast Over/ (Under)
850,001	CM for Digital & Environment	2,991,380	3,137,250	3,310,390	173,140
3,594,064	CM for Health & Wellbeing	1,729,230	1,746,290	1,768,390	22,100
1,816,036	CM for Customer Services	5,172,460	5,231,960	4,956,600	(275,360)
4,954,410	Leader	802,300	802,300	785,830	(16,470)
2,217,162	CM for Regeneration	1,907,660	2,115,350	2,091,070	(24,280)
1,750,527	CM for Resources	2,232,150	1,905,490	739,189	(1,166,301)
-	Holding Accounts	513,700	513,700	513,700	-
15,182,200	Total Cabinet Member	15,348,880	15,452,340	14,165,169	(1,287,171)
(3,262,239)	Credit Back Depreciation	(3,224,030)	(3,224,030)	(3,224,030)	-
1,110,658	Minimum Revenue Provision	1,492,910	1,492,910	1,212,645	(280,265)
69,736	Non ring fenced grants	-	-	-	-
13,100,355		13,617,760	13,721,220	12,153,784	(1,567,436)
	Transfer to/from reserves				
	Contribution to/(from reserves)	86,250	86,250	86,250	-
	Budgeted contribution to/(from) Reserves	-	-	-	-
(731,199)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	(103,460)	(103,460)	-
1,147,435	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-	-	1,567,436	1,567,436
13,516,590	Total Budget requirement before External Support from Government	13,704,010	13,704,010	13,704,010	-

 WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2019/20	Estimated Transfers Out 2019/20	Estimated Transfers In 2019/20	Projected Closing Balance 2019/20
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets	1,643,480			
Marketing/legal costs re disposal of High St & Civic Centre car park sites (28/02/12 JSC/094/11-12) up to £50k each		(40,560)		
Funding for Decoy Farm survey (22/7/14 JSC/031/14-15)		(108,404)		
Preliminary costs of Theatre Trust bid (10 July 2018 JSC/026/18-19)		(16,488)		
Funding for savings proposals (4 Dec 2018 JSC/066/18-19)		(76,800)		
Development of Natural Burial Area (5 March 2019 JSC/105/18-19)		(100,000)		
Worthing carry forwards from 2018/19 underspends, agreed Joint Strategic Committee 9th July, 2019		(425,900)		
Budgeted contribution (to)/from revenue			-	
Balance				875,328
Insurance Reserve	273,678	(36,750)	30,700	267,628
Joint Health Promotion Reserve	3,353	(2,000)		1,353
Leisure Lottery & Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	37,205	(9,439)		27,766
Museum reserve - 12/09/17 JSC/037/17-18 release of funds to support grant bid	97,702			97,702
Theatres Capital Maintenance Reserve	170,486	(92,000)	45,000	123,486
Special and Other Emergency Reserve	3,053			3,053
Business Rates Smoothing Reserve	905,174	(250,000)		655,174
Property Investment Risk Reserve	50,000		150,000	200,000
Grants & Contributions	741,784			741,784
Capital Expenditure Reserve	29,658	(29,658)		0
Projected Underspend/ (Overspend) (Reserve to be identified at outturn).			1,417,436	1,417,436
General Fund Working Balance	868,625			868,625
TOTAL	4,824,198	(1,187,999)	1,643,136	5,279,335

HOUSING REVENUE ACCOUNT QUARTER 2 BUDGET MONITORING
APPENDIX 3

	ORIGINAL BUDGET 2019/20	YTD ACTUAL 2019/20	PROJECTED OUTTURN 2019/20	PROJECTED OVER/ (UNDERSPEND) 2019/20
	£	£	£	£
EXPENDITURE				
General Management	4,207,350	844,818	4,160,018	(47,332)
Special Services	665,450	190,886	678,957	13,507
Rent, Rates, Taxes & Other Charges	31,690	37,910	47,128	15,438
Repairs & Maintenance	2,630,360	1,392,279	2,675,492	45,132
Bad/Doubtful Debt	50,000	-	50,000	-
Capital Financing Costs				
Depreciation and Revenue Contribution to Capital	3,992,810	-	3,992,810	-
Interest charges	2,289,860	204,667	2,243,208	(46,652)
TOTAL EXPENDITURE	13,867,520	2,670,560	13,847,613	(19,907)
INCOME				
Dwelling Rents	(11,826,460)	(5,897,330)	(11,823,972)	2,488
Non-Dwelling Rents	(581,430)	(306,834)	(575,804)	5,626
Heating and Other Service Charges	(482,330)	(257,447)	(514,894)	(32,564)
Leaseholder's Service Charges	(224,350)	(221,952)	(224,200)	150
Interest Received	(28,000)	-	(51,197)	(23,197)
TOTAL INCOME	(13,142,570)	(6,683,563)	(13,190,067)	(47,497)
NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL	724,950	(4,013,003)	657,546	(67,404)

Quarter 2

The variations greater than £20,000, for this report, are detailed below

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
NET TRADING				
Parking	-	(55)	28	ADUR: Over-achievement of income against budget WORTHING: Underachievement of income mainly due to Teville Gate surface carpark, opening was later than anticipated and the uptake has been lower than expected.
Environment - Commercial Waste Services		-	40	WORTHING: Projected shortfall in income and tipping charges in excess of the budget.
Total Net Trading	-	(55)	68	

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
INCOME:				
Place and Economy			(70)	Worthing Big Wheel - this added attraction drew more visitors to the town, having a wider positive impact on the local businesses.
Economic Development	-	(30)	(37)	ADUR & WORTHING: Additional income from markets and bus shelter advertising anticipated.
Investment Properties		(559)	(591)	Income from new investments is projected to exceed the approved budget for both councils. In addition the budget set up for voids has not been required, so this will be transferred to Reserves at Outturn to fund future possible voids in excess of the budget; £100k Adur and £150k Worthing.
Environment - Bereavement Services		10	22	ADUR & WORTHING: Shortfall of cemetery income projected based on current numbers and prior years profiles WORTHING : Crematorium income is on target to meet the budget but there is a shortfall of cemetery income projected based on current numbers and prior years profiles and a shortfall in memorial income.
Environment - Waste Services	183			JOINT: Shortfall in contribution from WSCC £140k and a loss of income from garden sacks £44k.
Environmental Health	-		(85)	ADUR & WORTHING: Houses in Multiple Occupation (HMO) income - increase expected due to change in regulations which make more properties eligible for licensing.
Total Income	183	(579)	(760)	

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
COSTS:				
Major Projects			(116)	Current estimated underspend against major projects budget.
Housing		(173)	(216)	ADUR: The monthly average in cases for Adur has dropped from 50 cases at the end of January 2019 to 40 cases at the end of September 2019 and projecting an underspend of (£116k). In addition the provision of support housing is predicted to cost less than initially budgeted (£57k). WORTHING: Increased use of temporary accommodation to meet increased demand. Currently 141 cases at the end of September 2019 (98 cases at the end of January 2019) £3k offset by less than projected the provision of support housing initially budgeted (£133k). Underspend on homelessness initiatives budget (£80k). Additional supply of properties are assumed to be available by quarter 4.
Economic Development		(33)	(34)	Underspend on equipment and services budgets.
Finance: Treasury	-	(50)	(280)	MRP underspends due to reprofiling of capital programme and lower net interest costs due to lower interest rates than budgeted.
Business Development Fund		(47)	(86)	Under spend projected for Business Development Fund to be requested to be carried forward to fund future years spend.
Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
Corporate Budgets	(88)		(144)	The inflation for Supplies and services was centralised to allow for a budgeted contribution to Reserves net of any departmental cost pressures.
Other minor variances	75	(20)	(102)	Various minor over and underspends.
Allocation of Joint Variance		68	102	Share of joint services allocated 40:60 to Adur and Worthing Councils.
Total costs	(13)	(255)	(875)	
Total Variance	170	(889)	(1,567)	

Quarter 2 2019/20

Movement between quarters greater than £50,000 are detailed below

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthin g £000s (under)/ over- spend	Significant Variations
NET TRADING INCOME:				
Estates			59	Income from new investment portfolio - movement of projected outturn.
Environmental Services -Waste Services	183			Shortfall in contribution from WSCC £140k and a loss of income from Garden sacks £44k.
COSTS:				
Homelessness	-	(60)	(222)	Reduction in the projected cost of homelessness. The average case numbers and nightly rate has reduced which has improved the forecast position. Additionally, new supply is expected to be available in the final quarter of 2019/20 which has been factored into the projection.
Finance		(50)	(14)	MRP underspends due to reprofiling of the capital programmes and lower net interest costs as a result of lower interest rates.
Business Development Fund		(47)	(86)	Under spend projected for Business Development Fund to be requested to be carried forward to fund future years spend.