

ADUR & WORTHING COUNCILS

Joint Strategic Committee
2 March 2021
Item 5

Key Decision: No

Ward(s) Affected: All

3rd Revenue Budget Monitoring Report (Q3)

Report by the Director for Digital, Sustainability & 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 2020/21, compared to the Revenue Budget approved by both Councils in February. Whilst the 'spend to date' will be the position as at 31st December 2020, the forecast position will reflect the latest information available to ensure an up-to-date forecast is presented.

The Coronavirus pandemic has had a significant impact on the financial performance of the Councils with the pressure of both additional expenditure and reduced revenue income. These financial strains are reflected in the quarter 3 outturn projection for the 2020/21 financial year with net operational budget overspends predicted of £1,157,000 in Adur and £3,914,000 in Worthing. The government has recognised this pressure and provided funding to local authorities in the form of grants and the Income Guarantee Scheme. After allowance for the offsetting of this support funding it is currently estimated that the outturn position will be a net underspend of £223,000 in Adur and £13,000 in Worthing. A breakdown is set out in section 4.4 of the report.

- 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 Reserves
- (iii) **Appendix 3**
 - HRA Summary

- (iv) **Appendix 4**
- (a) Table of Variations - Forecast to Budget
 - (b) Table of movements over £50,000 between Quarters 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 2020/21 to 2025/26 on 1st December 2020.
- 3.2 This 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.

4. Issues for consideration - Revenue 2020/2021 Forecast

- 4.1 As part of the 2020/21 budget the Councils committed to savings of £1.379m for Adur District Council and £2.483m 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.

4.2 However, the financial landscape has changed due to the emergence of the Coronavirus. The impact of the measures implemented to manage the pandemic has been visible in both the fall in income and the additional cost pressures falling on the Council. The Government has provided support to Councils in the form of grant funding, some grants are designated for specific use, such as homelessness support, other grants are non specific. In July the government recognised the pressures faced by local authorities related to lost income from fees and charges, and announced its support in the form of an income guarantee scheme.

The scheme compensates local authorities for 75% of any losses in sales, fees and charges income over the first 5% of the associated budgets. Claims take the form of 3 online submissions in September, January and April, with the final one being a reconciliation payment. Two claims have now been submitted for the period April to December 2020 with payments received totalling £261,412 for Adur and £1,259,775 for Worthing. Based on current forecast losses it is estimated that total compensation funds of £400,000 for Adur and £2.1m for Worthing will be received for 2020/21, this does however directly correlate to level of losses and therefore the estimate may change as we approach the end of the financial year.

In summary the current 2020/21 Covid 19 related government funding forecasts for Adur and Worthing are:

	Adur £	Worthing £	Total £
General Government Funding:			
Covid-19 Emergency Grant:			
- Tranche 2	635,277	1,099,477	1,734,754
- Tranche 3	102,440	175,159	277,599
- Tranche 4	174,454	290,888	465,342
New Burdens Funding	188,500	188,500	377,000
Sales Fees and Charges Income			
Guarantee Scheme	400,000	2,100,000	2,500,000
Unallocated New Homes Bonus	0	252,460	252,460
Total non specific funding	1,500,671	4,106,484	5,607,155
Specific - Within Service:			
Hardship Funding	453,179	709,577	1,162,756
Homelessness support	1,500	9,750	11,250
Reopening High Streets Safely	56,760	98,170	154,930
Covid-19 Compliance and			
Enforcement	29,140	49,825	78,965
Total service specific funding	540,579	867,322	1,407,901
Total	2,041,250	4,973,806	7,015,056

*Tranche 1 Covid Funding was received in 2019/20

4.3 The forecast year end position is a net operational overspend by services, before general government Covid-19 related funding, of £1.157m in Adur and £3.914m in Worthing. This includes meeting the challenges of the impact of the covid-19 pandemic on cost pressures and levels of income together with the significant savings requirements to balance the 2020/21 budget. The main factors influencing the level of spend are discussed in detail in section 4.12 of the report.

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

2020/21 Forecast Outturn	Adur £000	Worthing £000
Over/(under)spend in operational services – including share from Joint	1,157	3,914
Reduced borrowing requirement: A lower than forecast call on the MRP (provision to repay debt) and net interest in 2020/21, due to reprofiling of the capital programme.	(152)	(533)
Commercial property income shortfall and cost pressure	190	668
Use of property void allowance	(200)	(250)
Section 31 - additional grant	(3,730)	(6,316)
Local tax income guarantee grant	(482)	(920)
Net over/(under) spend before Transfer to Reserves	(3,217)	(3,436)
Transfers to Local Tax Smoothing Reserves	4,212	7,236
Transfers to Earmarked reserves	284	294
Net over/(under) spend before Government funding support	1,278	4,094
Additional Unallocated New Home Bonus	-	(252)
Government Covid 19 Grant Funding	(1,101)	(1,755)
Sales, Fess and Charges Guarantee Scheme	(400)	(2,100)
Forecast net over/(under) spend	(223)	(13)

4.5 The key factors underpinning the current financial position include:

- The financial impact of the Coronavirus pandemic, both additional cost pressures and reduced income levels, net of financial support from the government.
- 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 year's capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have reduced the expected cost in 2021/22.
- Shortfall in commercial and strategic property income with the requirement to use the property void allowance to manage the pressure.
- Government section 31 grants received to compensate Councils for HM Treasury decisions relating to Business Rate reliefs. A number of additional reliefs have been introduced in 2020/21 to help businesses during the Covid-19 emergency. Although additional grants are paid in 2020/21 the impact of these decisions on business rates income will not hit the general fund until 2021/22. The amounts are significant, £3.7m in Adur and £6.3m in Worthing and it will therefore be necessary to transfer these additional funds to the business rates smoothing reserve to manage the volatility of the cash flow impact of the timing difference within the Business Rates mechanism in future years.

Once the above items are taken into account, the operational position is a net overspend by services of £1.157m in Adur and £3.914m in Worthing. This projection demonstrates the pressure on the Councils finances as a result of Covid-19 and the need for funding support from the government.

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

Summary of 3rd Quarter Budget Monitoring Report			
	Joint	Adur	Worthing
	£000s	£000s	£000s
Original Budget 2019/20	24,004	7,582	13,995
Projected outturn	24,630	4,365	10,559
Projected Forecast over/ (underspend) before Government support packages or any transfer to reserves	626	(3,217)	(3,436)
Transfer to Local Tax Smoothing Reserves		4,212	7,236
Transfer to Reserves -Wellbeing & Environmental Health grants		284	294
Projected Forecast over/ (underspend) after transfers to reserves (before Government support and additional New Homes Bonus)		1,278	4,094
Additional Unallocated New Homes Bonus		0	(252)
MHCLG - Government Grant Funding		(1,101)	(1,755)
MHCLG - Income guarantee funding (Estimated)		(400)	(2,100)
Projected Forecast over/ (underspend) after Government funding and proposed transfer to reserves	626	(223)	(13)

4.7 Comparison to the Q2 forecast:

	Joint	Adur	Worthing
	£000s	£000s	£000s
Forecast Over/(under)spend Q3	626	(223)	(13)
Forecast Over/(under)spend Q2	577	(346)	9
Change from Q2 to Q3 (improvement)/deterioration	49	123	(22)

The Adur and Worthing projected forecasts in the table above include the respective share of the Joint Services projected overspend. Details of the larger movements over £50,000 from quarter 2 to quarter 3 within revenue budgets are highlighted in appendix 4b.

4.8 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. The figures are after the transfer of section 31 grants, local tax guarantee grants and unused Public Health and Wellbeing grants are transferred to reserves:

	Expenditure	Income	Net Total
Joint	£'000	£'000	£'000
Budget	29,173	(5,169)	24,004
Forecast (after transfer to reserves)	30,060	(5,430)	24,630
Projected Forecast (Under)/Overspend	887	(261)	626
Forecast variance % before Government funding	3.04%	5.05%	2.61%
Adur	£'000	£'000	£'000
Budget	35,477	(27,895)	7,582
Forecast (after transfer to reserves)	35,021	(26,411)	8,610
Authority Projected Forecast (Under)/ Overspend	(456)	1,484	1,028
Share of Joint (Under) / Overspend	355	(104)	250
Authority Projected Forecast (Under) / Overspend	(101)	1,379	1,278
Forecast variance % before Government funding	-0.28%	-4.94%	16.86%
Worthing	£'000	£'000	£'000
Budget	64,802	(50,807)	13,995
Forecast (after transfer to reserves)	65,242	(47,529)	17,713
Authority Projected Forecast (Under)/Overspend	440	3,278	3,718
Share of Joint (Under) / Overspend	532	(157)	376
Authority Projected Forecast (Under)/ Overspend	972	3,122	4,094
Forecast variance % before Government funding	1.50%	-6.14%	29.25%

4.9 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;

4.10 We adopt a more structured approach to services which have more volatile budgets or hard to predict income streams. For 2020/21, these services are:-

- Car Parking
- Bereavement Services
- Commercial income from Property
- Homelessness
- Commercial Waste
- Development Management
- Cross cutting services including maintenance and utilities

4.11 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.

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

4.12.1 Car Parks

As has been previously reported car park income has been directly affected by the Covid-19 pandemic with demand reducing significantly during the government imposed lockdowns and restrictions. This has been particularly evident in Worthing due to the nature of the use of the car parks. As at quarter 3 the forecast income shortfall is £185,000 in Adur and £1,890,000 in Worthing, which is comparable with the quarter 2 projection.

In Worthing actual income revenue was £1.3m below budget from April to December. The year end projection assumes that there will be a gradual increase in demand over the final months of 2020/21 as the Covid 19

restrictions are eased, reaching 27% budgeted capacity by the end of March which is in line with the levels reached in June after the first lockdown. The government advice to work remotely where possible has, and will potentially continue to have, a negative impact on the worker deal income in Worthing, resulting in a shortfall of £22,000 per month if demand levels are maintained at around 44%.

In Adur, the shortfall in income from April to December was £127,000. The car parks saw demand start to recover over the mid summer months to a peak of 93% in September. However, demand started to drop again following further lockdown restrictions being imposed. As with Worthing the assumption is that the usage levels gradually return to the levels experienced following the first lockdown and reach 76% by March 2021.

Shortfalls in car park income will be covered by the income guarantee scheme. The Council will be compensated by 75% of loss over and above the first 5%. However there will still be a loss of an estimated £435,000 to be managed within the Worthing budget and £72,000 in Adur.

Overall, the net parking overspend against budgets including both income and expenditure items is £138,000 in Adur and £1.888m in Worthing.

4.12.2 Housing Needs

In Worthing there has been a direct impact seen from Covid-19 with the number of households in temporary accommodation being typically between 170 and 186 during the first quarter of the year, up from a figure of 133 in March. In the second quarter these numbers did start to reduce to an average of 161 in September, but have since increased month on month to the current level of 189 cases. It is anticipated that the service may see another increase in demand when both the current prohibition on evictions and furlough schemes come to an end, together with an increase in Domestic Abuse which has resulted in the commissioning of a temporary additional refuge by West Sussex County Council for use by all West Sussex Districts and Boroughs. However, an additional contingency of £100,000 was built into the budget to address ongoing costs pressures, the Local Housing Allowance rate has increased since April 2020 and the Housing Service has successfully sourced cheaper temporary accommodation. Furthermore, a successful bid for the Next Steps Accommodation Programme secured £234,423 of funding for sustained accommodation for those at risk of rough sleeping and accommodated due to Covid-19.

In Adur the service is projected to underspend. The combination of higher LHA rates, the sourcing of cheaper temporary accommodation and the average caseload figures marginally decreasing, means the full budget may

not be required, however the issues around delayed possession proceedings may impact and reduce the current forecasted underspend. The caseload numbers have increased from an average of 45 in April to 57 over December and January. The Next Steps Accommodation Programme bid secured £27,868 of funding.

The Councils have been allocated a small amount of funding for homelessness issues, Adur £1,500 and Worthing £9,750 which are factored into the outturn projections.

In addition there is Homelessness Reduction Grant allocated to Adur £75,000 and Worthing £124,000. This is new burdens funding associated with the Homelessness Reduction Act. In Worthing this may be utilised to offset any overspend.

	Adur	Worthing
	£000	£000
Homelessness - Emergency and temporary accommodation costs - budget pressure/(underspend)	(191)	957
Local Housing Allowance Income - budget shortfall/(excess)	97	(639)
Next Steps Accommodation Programme Funding	(27)	(234)
Emergency Funding - Homelessness	(2)	(9)
PSL budget Over/(underspend)	30	6
MHCLG Homelessness Reduction Grant (New Burdens associated with the Homelessness Reduction Act)	(75)	(124)
Net over/(under)spend forecast against budget	<u>(168)</u>	<u>(43)</u>

Overall the budget for Housing Needs is forecast to be underspent in Adur by £168,000 and Worthing by £43,000.

4.12.3 Environment - Waste and Recycling

Income for green waste has increased with an increase in demand during the year, a probable explanation being that more people were at home during the lockdown period combined with a robust promotional campaign for the service and easier availability via digital customer self-service. Currently it is predicted that the refuse and recycling income will be £62,000 above budget. However, there are overspends anticipated of £141,000 which will offset this mainly related to repair and maintenance of vehicles, a particular pressure arising from warranty periods expiring. In addition, there

will be projected staff overspends of £311,000 which are included within the vacancy provision monitoring. There is insufficient budget for agency staff in this service which has been addressed in the 2021/22 budget with an increase of £150,000, there have also been extra cost pressures in 2020/21 with cover required to fill resource gaps resulting from self isolation and shielding during the pandemic. The Cleansing service is projecting an overspend of £12,000 this includes £18,000 staff underspends that are included within the vacancy provision forecast.

Commercial Waste has seen a drop in income due to the impact of Covid-19 on local businesses and changes their demand for the service. Business did start to pick up again in the second quarter but the service has felt the legacy of the initial period of lockdown and now the additional effect of the current restrictions. The prediction is a shortfall in income of £68,000 in Adur and £194,000 in Worthing. Partially offsetting this are projected underspends on disposal and equipment costs £32,000 in Adur and £78,000 in Worthing. In addition there are cost pressures of £21,000, relating mainly to the vehicles. This is a demand led service and sensitive to changes in customer need, there has been, and continues to be, additional volatility due to the Covid-19 pandemic as businesses react to the changeable situation. Compensation for a proportion of the net income shortfall is being received through the Sales, Fees and Charges scheme.

The high-demand for commercial waste account changes, relating to Covid-19 affected local businesses, has put added strain on a largely manual process for day-to-day customer account management and billing. There is now renewed focus by the Commercial and Digital teams to fully automate customer account changes, which will dramatically reduce the time taken from account change to the issuing of the customers' bill, facilitating quicker income recovery.

4.12.4 Environment - Bereavement Services

The Bereavement Service is projecting to be overspent against budget in 2020/21 £58,000 in Adur and £226,000 in Worthing overall.

The crematorium income is below budget, a large factor being the proportional shift in direct delivery cremations compared to full services. This is further compounded by a shortfall in memorial income, which is due to the Coronavirus Act 2020 requiring cremation and burial authorities to focus solely on cremation and burial during the pandemic. Forecasts indicate that there will be a shortfall in income in 2020/21 of £53,000 from cremations and £45,000 from memorials including the memorial garden. This will be partially offset by £19,000 additional income associated with tributes. In addition to this there are cost pressures of £78,000 which

includes the investment in the media system of £47,000. There have also been additional staff costs of £47,000 that are included within the vacancy provision figures, these relate to extra resources resulting from Covid -19 pressures and the need to increase capacity.

Back in May 2020, the price list for Direct Cremations, a service used mainly by Sussex-based funeral directors (FDs) were streamlined, to reduce the gap between the price bandings. Covid-19 social gathering restrictions have reinforced a national trend towards on-premises chapel services, so it is expected that this will continue to grow with a reduction in the use of Worthing Crematorium's Kingswood and Muntham Chapels. Recognising this shift in the market, the price charged for Direct Cremation will be offered at a further Small Business Concession (SBC) rate, to those FDs who commit to a minimum booking number during a rolling one-year period, from January 2021. Sound FD relationships are essential to the success of this new approach. Therefore, all those who wish to take advantage of the new reduced rate will need to sign-up to revised terms and conditions, as directed by their Bereavement Services account manager. It is expected that this change will be largely seen as a positive step for smaller funeral director businesses, in a highly competitive market space.

The time between services has been extended to allow for thorough cleaning between services during the pandemic. This has been a popular change with the length of the service remaining the same at 40 minutes and 20 minutes for cleaning, it also provides a buffer between services entering and exiting the chapels. Engineers have been engaged to progress the hard landscaping for the extension to the private garden, which will provide approximately 280 rockery plots, 412 burial capacity in ribbon gardens and 912 capacity in private gardens.

Worthing cemeteries is forecasting additional income of £13,000 although this is offset by expenditure pressures of £35,000, including additional unbudgeted costs associated with Covid 19, that are funded from government funding. In Adur, cemeteries are projected to overspend by £58,000, a combination of a shortfall in income from burials £40,000 and additional cost pressures £18,000.

4.12.5 Environment - Parks and Open Spaces

The service has seen a reduction in income associated with outdoor sports and car boot events in the last quarter and predicted overspends on expenditure relating to repairs, maintenance and utilities. Worthing is also projecting an overspend of £62,000 a combination of income shortfall £44,000 and cost pressures of £18,000.

Within the Foreshores service there is a projected shortfall of income from beach huts and chalets in Adur £13,000 and Worthing £41,000 for 2020/21. These are offset by savings within the repairs and maintenance expenditure budgets. There are also £39,000 staff vacancy savings within the service reported within the vacancy provision.

Overall the net projection for Parks and Foreshores including expenditure are overspends in Adur £29,000 and in Worthing £39,000.

4.12.6 Planning & Development

Current projections are that the 2020/21 budgets will not be achieved in the Planning and Development service areas overall. Development Management is projected to be below budget by an estimated £30,000 in Adur and £40,000 in Worthing, previous projections had assumed a number of large applications would be received by the end of March which are now not expected until 2021/22. This is despite planning applications exceeding 2,000 in a calendar year for the first time since 2010. In Worthing the position is offset by an underspend in expenditure of £30,000. There are staffing cost pressures included in the vacancy provision monitoring of £30,000.

There are projected shortfalls in Building Control income of £73,000 in Adur and £76,000 in Worthing. The service area has been impacted by a slow down in activity as a result of Covid-19 with a significant reduction in applications received and all construction sites closed in the first lock down period. There are staffing cost pressures included in the vacancy provision monitoring of £28,000.

Land Charges income is predicted to be below budget by £40,000 in Adur and £43,000 in Worthing. The service areas have been impacted by a slow down in activity as a result of Covid-19 although the stamp duty holiday helped increase workload and income levels during the summer/autumn period. There are also some offsetting savings against expenditure budgets of £9,000 and £21,000 respectively.

4.12.7 Major Projects and Investment

The Major Projects team has actively been 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, currently it

is anticipated that the expenditure within this area will be marginally over budget by £6,000. Within this projection are £45,000 staff costs that were expected to be met from capital that will need to be funded from revenue.

Commercial and strategic property income has seen the impact of the Covid 19 pandemic with a forecast shortfall in income within Worthing of £300,000. Current forecast assumptions indicate that any rental shortfalls can be managed initially through use of the in year budgeted void allowance (£250,000) and any further shortfall by use of the property void reserve. In Adur the income from the strategic property portfolio is predicted to have a shortfall of £250,000. This is offset by the void allowance so that it exceeds the budget by £100,000. Of the strategic Investment Portfolio, Adur has seen one of its tenants announce they have gone into administration (this tenant makes up 2.6% of the total portfolio income) and work is under way to re-let this premises. In addition, it is forecast that there will be costs associated with this administration, void periods including rates prior to re-let that are expected to be £90,000 and £118,000 in Adur and Worthing respectively.

In Worthing, whilst rent collection has performed well to date, the council owned retail premises on Montague Street continue to present a risk to income. Of the five retail premises, Four have closed through entering administration and one has re-opened having left administration. Work is underway to activate and occupy these spaces with new tenants, without prejudicing any wider regeneration plans for the Grafton Multi Storey Car Park. The Council has responsibility for the Business rates on two of these properties at a cost of £62,000.

Pressure across both portfolios is being felt on car parking investment assets leased to third party operators. This is not dissimilar to the councils' own car parking income. Whilst no agreements have been reached, with the increase in parking demand and the ongoing active dialogue with the tenant's representative, officers are keeping the rent payment position under constant review in light of government guidance (The Code of Practice for the Commercial Property Sector) and the Coronavirus Act 2020

Across both councils a number of tenants have approached the Council requesting rent free periods and payment support. The Property & Investment team are in dialogue with clients where possible and reviewing all the information available to form any decisions, supporting local businesses where possible with moves to monthly payments, lease regears that provide value to both parties deferred payments and where necessary rent holidays and waivers.

The potential uncertainty to revenue as a result of Covid-19 impact remains the highest risk to this income as businesses struggle to meaningfully plan for their operations, the risk of future business insolvencies and fundamental shift in various sectors, including office and retail.

4.12.8 Place and Economy

The Place and Economy outturn projection for Adur is on budget overall. The service has experienced a shortfall in the income received for outdoor markets, events and commercial advertising space in direct response to the coronavirus pandemic. However, these losses have been offset by expenditure underspends in the same subject areas.

In Worthing there is a shortfall in income associated with the Worthing Observation Wheel which is partly offset by additional concession income, filming income and expenditure savings. The savings are associated as a direct result of the national restrictions, including the loss of the majority of the events programme. The year end forecast is a net overspend of £15,000. Staff savings of £15,000 are captured within the vacancy provision monitoring.

4.12.9 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 2019/20, there is certainty about the charge for the forthcoming year.

Worthing has an underspend on its MRP budget of £262,000 and Adur has an underspend of £135,000 due to the reprofiling to 2020/21 of a proportion of the 2019/20 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.

Interest receivable from treasury investments will be below budget for both Councils due to the significantly lower than forecast interest rates available in the market. For Adur there is the additional loss due to the delayed capital receipt from the sale of the Civic Centre site in Shoreham. However the interest payable on borrowing will also be reduced, again due to the reprofiling of capital budgets and lower interest rates. Net underspends are forecast to be £16,500 in Adur and £270,500 in Worthing.

4.12.10 Revenues and Benefits

There has been a significant impact on court cost recovery income due to the Covid-19 pandemic with Courts still not operating during the third quarter and recovery action suspended by the Councils. The estimated income shortfalls for Adur and Worthing is £270,000 and £429,000 respectively. A proportion of this shortfall in court cost recovery will be compensated through the Sales, Fees and Charges Scheme.

Overpayment income is also below budget in both councils with projected year end positions currently £196,000 in Adur and £381,000 in Worthing. The assumptions are based on activity to date assuming no significant change in the final quarter of the year. This pressure will be 100 per cent borne by the council.

There were some additional system, staff and printing costs incurred to:

- Continue to administer the changes in business rates reliefs announced by the government in response to the pandemic
- Respond to an increase in the volume of claims for Council Tax Support
- Award up to £150 discretionary Council Tax Support to working-age customers
- Introduce a new scheme that, subject to certain qualifying criteria, provides £500 support payments to residents who are required to self isolate through the government Track and Trace system. The scheme runs until 31 March 2021 and seeks to encourage residents to adhere to self-isolation requirements

Covid-19 Emergency funding and new burdens funding has been provided to support these pressures, including additional staff, as referenced in section 4.4 of this report. The government will reimburse Councils for the cost of setting up the track and trace payment system. Additionally there are some expenditure budgets expected to be underspent in 2021/22 amounting to an estimated £29,000 in Adur and £46,000 in Worthing.

4.12.11 Hardship Funding and New Homes Bonus

The councils received Hardship Fund grant payments from the government in April 2020 to ensure that financially vulnerable residents were supported during these difficult times. This grant was to be used to fund additional Council Tax discounts of at least £150.00 per Council Tax Support Claimant. Any residual funds are to be used at the discretion of the Council

for measures to support vulnerable residents. Currently it is anticipated that that there will be unspent grant at the end of the financial year;

	Adur	Worthing
	£	£
Hardship Grant Received	453,179	709,577
Estimated allocation of funds	206,479	695,377
Forecast balance of funds	246,700	14,200

As at December, £160,600 had been spent in Adur and £624,790 in Worthing. Funds have also been committed to self isolation payments and additional resources to administer the processes.

No surplus grant funds were previously forecast as it was too early to know the position at quarter 2. There is a larger balance in Adur due to the level of support given to claimants through the existing local scheme which has meant that the £150.00 additional discounts have cost less.

It is expected that Worthing will have unallocated New Homes Bonus grant in 2020/21 of £252,460. The additional one-off 2020/21 allocation was set aside to support one-off projects within the budget and has largely been committed to sustainability projects during the year. Currently there is £252,460 remaining within Worthing whereas Adur has fully committed the 2020/21 allocation.

4.12.12 Leisure Provision

As reported in September the leisure provider for Adur, ACL declared insolvency in July 2020. Since that time the Council has been working hard to position itself able to award a shorter term service contract (5 years) to South Down Leisure Trust. An update report was taken to the Joint Strategic Committee on 3rd November which informed members that overall costs have been identified of £717,870 in 2020/21, which exceeds the original budget for leisure provision of £135,000. The Joint Strategic committee approved the release of additional budget to be funded from the emergency grant provided by the government.

In Worthing the Council is providing financial support to provider South Downs Leisure. The additional funding package amounts to £572,000 for the current year which includes additional support to enable the re-opening of the swimming pool. The key issue facing the Council is the unknown timeline for the current pandemic, the current lockdown period and the

probability of Social Distancing measures thereafter staying in place for the longer than expected may increase the level of subsidy required.

Adur and Worthing Council have submitted claims to the National Leisure Recovery Fund for allocations of £110,000 and £200,000 respectively. Notification of the success of the claims is due in February, currently this funding is not built into the forecast projection so would improve the outturn position if awarded.

4.12.13 Business Rates

Additional net income is anticipated in relation to Business Rates S31 grants by Adur £3.7m and Worthing £6.3m. The variance is due to the timing difference between when the budget was set and decisions made by Treasury in relation to reliefs where compensation is funded through section 31 funding. A significant number of additional reliefs have been awarded in 2020/21, the government implemented these changes to support businesses in a year where the Covid-19 emergency has impacted on their ability to trade normally.

Business Rate income is volatile and can be affected by many factors: government decisions, changing use of commercial properties, valuations, appeals. It will therefore be recommended to members that they agree to put any additional business rates income received in 2020/21 into the Business Rates Smoothing Reserves. The reserves can then be used, when required, to smooth the effect of the business rates volatility in future years.

4.12.14 Local Tax Income Guarantee

The government intends to compensate Councils for any in-year losses in either Council Tax or Business Rates in 2020-21. This scheme will run in parallel to the requirement for billing authorities to spread the in-year 2020-21 collection fund deficit over 3 years.

Given that these losses are being funded over a three year period by the precepting bodies, this grant will be used over the same period to ensure that these losses are offset in the year in which the Council will need to fund them. It will therefore be prudent for these funds to be moved to reserves at the end of 2020/21 to be drawn down over the 3 years.

It is estimated that the value of the grants that will be received in 2020/21 are:

	ADC	WBC
	£	£
Council Tax	188,125	166,159
Business Rates	293,790	753,600
	<u>481,915</u>	<u>919,759</u>

4.14 Budget variations greater than £20,000

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.

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

4.15 Cross Cutting Budgets

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

Vacancy Provision

The budget includes a vacancy target of £758,530 and this is not being achieved. Despite recruitment being tightly controlled with director approval required for any new appointments, there are pressures resulting from both the pay award and Covid -19 resourcing requirements. During the

pandemic there has been the need for both extra agency staff and hours from employees to cover additional duties and to fill resource gaps created by the need for self isolation by some staff. Current indications are that the shortfall will be £679,000 which include the following;

- The pay award of 2.75% is an additional 0.75% above the increase built into the 2020/21 budget. This translates to an extra £198,000 cost pressure in the current year across the Councils.
- Overtime - additional resource required associated with Covid -19 £146,000 across all services. This reflects the costs that have been directly attributed to the Covid 19 code, however there will be other overtime costs associated with additional pressures associated with the pandemic that have not been separately identified as related.
- Agency costs within Environmental Services Waste and Cleansing to manage the resource staff shortages related to sickness and self isolation requirements £222,000.
- Compensation costs and exit payments £105,000.

The emergency covid funding will be used to fund some of these overspends where they relate to the pandemic pressures. As per section 4.12.3 it has been recognised that the current budget for agency costs in Waste and Cleansing is not sufficient, this has been addressed in the 2021/22 budget with an additional £150,000 allocated. Increased salary costs resulting from the 2020 award have been incorporated into the 2021/22 budget.

Utilities

Expenditure overall is currently forecast to be higher than budget. Water costs in Adur are expected to be £20,000 over budget and this is mainly in allotments, parks and public conveniences. Energy expenditure in Adur is projected to be marginally overspent, the main site being Commerce Way, with the overspend in Worthing estimated to be £11,000 over various sites including the Town Hall and Portland House.

These areas of expenditure will continue to be monitored and the impact of any new contracts reviewed.

Maintenance

Budgets are under pressure with an estimated overall overspend in both Adur and Worthing for 2020/21 of £66,000 and £71,000 respectively.

In Worthing there have been works required at the Splashpoint site which include replacement of 7 expensive glass panels due to vandalism at a cost of an estimated £36,000. In addition, work has been carried out on Parade

lighting with a number of replacements required as a result of issues identified during lighting checks. The additional cremations carried out in excess of the maintenance contract will increase the amount payable by an additional £25,000 in the year. The overspend projection for Worthing has reduced significantly from that reported at quarter 2 (£208,000) following a review of anticipated spend and the identification of expenditure to be charged to capital.

In Adur it is expected that the maintenance costs will exceed budgets for reactive expenditure on the Council sites including Commerce Way,, Ropetackle Centre and the Public Toilets.

Maintenance budgets have regularly been insufficient for the demand for required works. This is being addressed with an increase factored into the 2020/21 budget of £25,000 Adur and £50,000 Worthing and a further increase for the same added to the medium term financial plan for 2021/22.

4.16 Future Risks

Current forecast outturn positions include assumptions based on current information. These are reviewed and updated regularly but there is a risk, particularly during this volatile period both locally and nationally, that these assumptions are inaccurate. These are unprecedented times and it is difficult to anticipate trends in performance with any degree of certainty even this far into the financial year. There has been no firm information from the government on the timetable for easing current restrictions and it is therefore difficult to predict the economic course of recovery.

Worthing Theatre and Museum Trust have been very proactive during the pandemic, still providing a cultural offer where possible whilst adhering to the restrictions and social distancing guidelines. They have actively sought out opportunities to apply for external support funding and have been successful in their claim to the Art Recovery Fund with an allocated sum of £239,000. However, if the pandemic continues into the new year the Council may be required to consider the provision of additional support.

5. Housing Revenue Account

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

5.2 The HRA is forecast to overspend against the budget for 2020/21 by £273,849.

There has been a shortfall in rental income for both dwellings and garages.

This is partly as a result of letting restrictions earlier in the year, in line with Covid-19 government guidelines and partly due to the decant of the Ashcroft block of flats to enable investigatory repair works.

Repair and maintenance budgets have continued to be under pressure in 2020/21, as in 2019/20. This is due to additional requirements around fire safety and other compliance regulations, as well as sustained demand on the reactive repairs budget. It is anticipated that the latter will be eased in future years by an increased capital investment programme.

The approved budget includes the use of HRA reserves of £526,500 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.

6. Engagement and Communication

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

7. Financial Implications

- 7.1 The significant impact the pandemic is having on the Council finances during this financial year is evident from the anticipated operational overspends. The economic situation is ever changing and difficult to predict or model with any certainty and the assumptions used to forecast full year performance will continue to be reviewed and adapted. Currently, operational overspends are anticipated in Adur District Council £1.157m, and Worthing Borough Council £3.914m, included within these projections is a forecast overspend within the Joint Committee of £626,000.
- 7.2 The Government has recognised the pressure on Councils and has committed funding through grants and support schemes to help support, additionally the Councils will benefit from the income guarantee compensation scheme. Nevertheless there is still a budget pressure that needs to be managed.
- 7.3 Overall the projected outturn positions net of funding and reserve transfers are underspends of £223,000 in Adur and £13,000 in Worthing.

9. Legal Implications

- 9.1 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.

Background Papers

Joint Overall Budget Estimates 2020/21

<https://democracy.adur-worthing.gov.uk/documents/g226/Public%20reports%20pack%2011th-Feb-2020%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

Adur District Council Budget Estimates 2020/21 and Setting of the 2020/21 Council Tax

<https://democracy.adur-worthing.gov.uk/documents/b4175/2020.02.20%20-%20Adur%20Council%20-%20Revenue%20Budget%202020-21%20complete%2020th-Feb-2020%2019.00%20Adur%20Council.pdf?T=9>

Worthing Overall Budget Estimates 2020/21 and Setting of 2020/21 Council Tax

<https://democracy.adur-worthing.gov.uk/documents/b4180/Supplementary%20WBC%20Budget%20Pack%2018th-Feb-2020%2018.30%20Worthing%20Council.pdf?T=9>

Financial Performance 2019/20 - Revenue Outturn

<https://democracy.adur-worthing.gov.uk/documents/g1484/Public%20reports%20pack%2007th-Jul-2020%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

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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 - 3RD QUARTER PROJECTED OUTTURN 2020/21

APPENDIX 1a


Actual Previous year 2019/20	ADUR CABINET MEMBER PORTFOLIOS	Original Estimate 2020/21	Current Estimate 2020/21	Projected Outturn to 31st March 2021	Forecast Over/ (Under)
2,474,696	CM for Environment	2,555,220	2,555,220	3,462,020	906,800
1,218,545	CM for Health & Wellbeing	1,274,720	1,288,710	1,069,110	(219,600)
1,442,175	CM for Customer Services	1,443,050	1,443,050	1,684,850	241,800
677,922	Leader	638,050	638,050	592,050	(46,000)
1,803,786	CM for Regeneration	1,734,060	1,734,060	1,842,060	108,000
795,344	CM for Resources	(118,450)	(51,720)	(4,125,135)	(4,073,415)
0	Holding Accounts	55,670	55,670	55,670	0
8,412,468	Total Cabinet Member	7,582,320	7,663,040	4,580,625	(3,082,415)
(1,401,117)	Credit Back Depreciation	(1,326,600)	(1,326,600)	(1,326,600)	0
1,391,306	Minimum Revenue Provision	2,356,630	2,356,630	2,221,630	(135,000)
(525,336)	Non ring fenced grants	0	0	0	0
7,877,321		8,612,350	8,693,070	5,475,655	(3,217,415)
0	Government Grant funding	0	0	(1,500,671)	(1,500,671)
0	Transfer to/from reserves	0	0	4,495,515	4,495,515
(477,561)	Contribution to/(from reserves)	0	(80,720)	(80,720)	-
1,078,490	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	0	0
180,609	General Fund Working balance	0	0	222,571	222,571
	Net Underspend/(Overspend)				
	Recommended For Transfer To/ (From) Reserves				
8,658,859	Total Budget requirement before External Support from Government	8,612,350	8,612,350	8,612,350	0

 ADUR DISTRICT COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2020/21	Estimated Transfers Out 2020/21	Estimated Transfers In 2020/21	Projected Closing Balance 2020/21
£ Capacity Issues Reserve including approved Carry Forward budgets Friends of Shoreham Fort (JSC 6 May 2014) New Salts Farm Lancing (JSC/047/20-21 8 September 2020) Adur carry forwards from 2019/20 underspends, agreed Joint Strategic Committee 7th July, 2020 Food Waste Collection Service - Purchase of vehicle and equipment (6th October 2020 JSC) Budgeted contribution (to)/from revenue Balance	£ 337,445	£ (10,000) (40,000) (80,700) (25,500)	£ -	£ 181,245
Insurance Fund	153,344	(30,250)	30,700	153,794
Business Rates Smoothing Reserve	30,735		3,730,710	3,761,445
Local Tax Income Guarantee	-	-	481,915	481,915
Grants and Contributions held in Reserves	622,769			622,769
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)			223,000	223,000
General Fund Reserve	951,497	-	-	951,497
TOTALS	2,263,924	(186,450)	4,466,325	6,543,799

SUMMARY - 3RD QUARTER PROJECTED OUTTURN 2020/21

APPENDIX 2a

Actual Previous year 2019/20	WORTHING CABINET MEMBER PORTFOLIOS	Original Estimate 2020/21	Current Estimate 2020/21	Projected Outturn to 31st March 2021	Forecast Over/ (Under)
3,736,134	CM for Digital & Environment	3,020,850	3,020,850	4,000,250	979,400
1,739,403	CM for Health & Wellbeing	1,729,360	1,729,360	1,405,960	(323,400)
5,406,394	CM for Customer Services	5,266,890	5,266,890	5,849,090	582,200
770,406	Leader	810,290	810,290	769,290	(41,000)
2,885,345	CM for Regeneration	2,050,920	2,160,920	4,682,420	2,521,500
859,966	CM for Resources	727,290	774,790	(6,118,369)	(6,893,159)
-	Holding Accounts	389,570	389,570	389,570	0
15,397,648	Total Cabinet Member	13,995,170	14,152,670	10,978,211	(3,174,459)
(3,638,521)	Credit Back Depreciation	(3,195,320)	(3,195,320)	(3,195,320)	0
1,456,805	Minimum Revenue Provision	2,472,600	2,472,600	2,210,600	(262,000)
(395,355)	Non ring fenced grants	0	0	0	0
12,820,577		13,272,450	13,429,950	9,993,491	(3,436,459)
0	Government Grant funding	0	0	(4,106,484)	(4,106,484)
0	Transfer to/from reserves				
0	Contribution to/(from reserves)	86,250	86,250	7,616,409	7,530,159
(260,900)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	(157,500)	(157,500)	0
836,843	General Fund Working balance	0	0	0	0
307,491	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	0	0	12,784	12,784
13,704,011	Total Budget requirement before External Support from Government	13,358,700	13,358,700	13,358,700	-

 WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2020/21	Estimated Transfers Out 2020/21	Estimated Transfers In 2020/21	Projected Closing Balance 2020/21
£	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets	1,361,700			
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)		
Development of Natural Burial Area (5 March 2019 JSC/105/18-19)		(100,000)		
Food Waste Collection Service - Purchase of vehicle and equipment (6th October 2020 JSC)		(59,500)		
Teville Gate housing initial project costs (03/11/2020 JSC/71/20-21)		(246,000)		
Worthing carry forwards from 2019/20 underspends, agreed Joint Strategic Committee 7th July, 2020		(157,500)		
Budgeted contribution (to)/from revenue			-	
Balance				649,736
Insurance Reserve	247,687	(30,250)	26,250	243,687
Joint Health Promotion Reserve	1,485			1,485
Leisure Lottery & Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	27,766			27,766
Museum reserve	106,396			106,396
Theatres Capital Maintenance Reserve	108,733	TBC	TBC	108,733
Special and Other Emergency Reserve	3,053			3,053
Business Rates Smoothing Reserve	436,515		6,316,540	6,753,055
Local Tax Income Guarantee	0		919,759	919,759
Property Investment Risk Reserve	200,000			200,000
Grants & Contributions	805,648			805,648
Capital Expenditure Reserve	29,658	(29,658)		0
Projected Underspend/ (Overspend) (Reserve to be identified at outturn).			13,000	13,000
General Fund Working Balance	1,543,373			1,543,373
TOTAL	4,872,014	(771,872)	7,275,549	11,375,691

HOUSING REVENUE ACCOUNT SUMMARY

Appendix 3

	ORIGINAL BUDGET	YTD ACTUALS	FORECAST ACTUALS	FORECAST VARIANCE
	£	£	£	£
EXPENDITURE				
General Management	4,285,500	1,375,527	4,236,045	(49,455)
Special Services	685,670	351,382	613,242	(72,428)
Rent, Rates, Taxes & Other Charges	32,320	57,567	73,499	41,179
Repairs & Maintenance	2,693,680	1,852,367	2,808,539	114,859
Bad/Doubtful Debt	50,000	-	100,000	50,000
Capital Financing Costs				
Depreciation and Revenue Contribution to Capital	4,102,190	-	4,102,190	0
Interest charges	2,228,460	887,940	2,200,255	(28,205)
TOTAL EXPENDITURE	14,077,820	4,524,783	14,133,770	55,950
INCOME				
Dwelling Rents	(12,163,820)	(8,536,107)	(12,008,228)	155,592
Non-Dwelling Rents	(591,380)	(413,640)	(553,204)	38,176
Heating and Other Service Charges	(512,710)	(380,680)	(534,776)	(22,066)
Leaseholder's Service Charges	(255,410)	(62,937)	(212,213)	43,197
Interest Received	(28,000)	-	(25,000)	3,000
TOTAL INCOME	(13,551,320)	(9,393,364)	(13,333,421)	217,899
NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL RESERVE	526,500	(4,868,581)	800,349	273,849

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Director of Communities				
Community Wellbeing	(449)	-	(28)	Projected surplus balance on revenue grants reclassified as without conditions. Includes prior year surplus previously brought forward on receipt in advance, estimates for transfer to balance sheet at year end
Licensing	-	-	20	Worthing: Shortfall in license income (Gambling, Alcohol & Entertaining, Street trade)
Public Health & Regulation	-	(118)	(46)	Adur: MHCLG EHO Covid-19 enforcement grant (£50k) + DEFRA Export Health Certificate grant (£75k) less £7k shortfall in customer receipts. Worthing: MHCLG EHO Covid-19 enforcement grant (£50k) less £4k shortfall in customer receipts
Head of Housing	(68)			Unused miscellaneous expenses budget
Env Health - Housing	-	-	(98)	Home Improvement Assistance fee income expected to exceed budget WBC (£76k), Civil penalty notices and HMO licences in excess of budget (£44k) offset by increased cost of Public Health Funerals (22k)
Housing Needs	-	(93)	81	Adur: Homeless caseload previously stable for much of the year showed relatively rapid increase in Q3 (37 households at end Sept up to an average of 57 at the end Dec), reducing the underspend previously forecast. Worthing: Covid-19 has had large impact on Worthing caseload, however the increase anticipated due to winter pressures is less than previously forecast. Success in sourcing accommodation at a relatively affordable nightly rate has meant that much of the additional costs are almost covered by the rent charge.
Housing Needs Grant	-	(75)	(124)	MHCLG Homelessness Reduction Grant in respect of New Burdens associated with the Homelessness Reduction Act. Funding will be carried forward to 2021/22 if not spent in year (£75k Adur, £124k WBC).
Parks & Foreshore	-	29	39	Adur - includes income associated with landowners consent for laying electricity cables (£45k). There is additional income related from allotments and parks (£37k) which is partly offset by a loss of Outdoor sport and car boot income due to COVID 19 and overspend on repairs & maintenance and increased utility costs. Worthing - Beach Hut income has been impacted in 20/21 by the Coronavirus pandemic where refunds have been issued for the period of lockdown during April and May and like Adur a loss of Outdoor sport and car boot income due to COVID 19.
Environmental Services (Waste)	96	(1)	14	Although vehicle repair costs continues to be monitored, the budget is currently not sufficient with costs expected to rise due to their warranty ending. There has also been an increased pressure on the costs within the cleansing teams due to the increase numbers of visitors to the beach.
Commercial Waste	21	36	116	Disposal costs are underspending and Income costs are showing losses due to COVID19 and the associated fall in demand, this is due to a reduction in tonages collected as the pandemic continues to impact on the Commercial waste service. Adur Income losses 68k offset by reduced costs of £32k, Worthing lost income £194k offset by reduced costs £78k. Within the Joint service there is a projected overspend on vehicles and on other supplies & services £19.1k.
Bereavement Services (Cemeteries)	-	58	22	Adur - shortfall in income £40k plus some overspend in supplies and services expenditure. Worthing - Covid 19 Expenditure on equipment where there is no budget, including grave shoring, HAVS monitoring equipment and defibrillators. This is partly offset by income in excess of budget.
Bereavement Services (Crematorium)	-	-	157	Overspends in expenditure budgets of £78k include costs associated with security and the new media system. In addition there is an underachievement in Cremation income projected as there is a shift towards direct cremations as the pandemic continues, along with reduced memorial income as the Coronavirus Act limits work to funeral services only.
	(400)	(164)	153	
Director of Digital and Resources				
Elections	-	(46)	(41)	Elections were due to be held for both Adur & Worthing Councils on 7 May 2020. Due to the pandemic, all scheduled elections have been postponed until 6 May 2021.

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Parking Services	-	138	1,888	WORTHING - The maintenance for the parking ANPR equipment for the three MSCPs is overspending, the contract expires September 2021. There is low usage across the surface car parks and multi-storey car parks due to COVID. Companies have cancelled their season tickets which is impacting on the income. Teville Gate has very low usage, we hope this will improve once HMRC leases the site. Offset by a slight decrease in monthly costs from NSL. ADUR - Income has been impacted by the pandemic
Digital & ICT	(18)	-	-	Digital Services - Good progress on migration to cloud hosting in AWS has increased IaaS running costs but we are not yet able to decommission legacy infrastructure, meaning there were some dual running costs incurred.
Revenues	-	247	445	Due to the COVID-19 situation there is already an increase in Live CTS caseloads. Every time a CTS claim is adjusted a Council Tax adjustment notice is produced so it is highly likely that the print & postage budgets will be over-spent. Recovery action is currently suspended and therefore no Court costs are being raised; the Courts are also not currently operating. Court costs income for 2020/21 will not be met.
Benefits	-	190	319	Due to Covid-19 it is highly likely that the print & postage budgets will be overspent but offset by underspends in other areas. The estimate for Overpayments income has seen a downturn of £493k due to COVID19 as there is an increase in non recoverable write offs for Worthing. There is also a shortfall projected in Adur £150k.
Finance	61	(232)	(20)	Worthing: Various savings in Miscellaneous expenses to budget with a 50K insurance excess fee that is over budget. Large Adur underspend of 246K in the hardship fund accounts for most of the Adur difference. Various Joint overspends such as Costs to new Payroll system for around 12K and 50k Inflation cost in corp management
Local Tax Income guarantee schemes		(482)	(920)	Government grant for Local Tax income losses.
Business Rates - S31 Grant	-	(3,730)	(6,316)	Additional grant compensation for additional business rate reliefs.
Finance:Treasury Interest		(17)	(271)	Adur is forecast to overspend - interest receivable is estimated to under achieve by £211k due to the reduction in interest rates and the delay to the capital receipt for the sale of the Civic Centre site. Worthing's interest receivable is forecast to be below budget by £60k due to the significant reduction in interest rates. Both income shortfalls are offset by a reduction in the estimated interest payable and other financing costs on borrowing due to the re-profiling of the capital program for both authorities (Adur £216k and Worthing £319k).
Finance:Treasury MRP	-	(135)	(262)	MRP: Adur £135k and Worthing £262k both forecast underspends due to changing profiles within the capital programme.
	43	(4,067)	(5,178)	
Director of the Economy				
Major Projects and Investment (Estates)	(40)	(10)	418	Impact of COVID 19 for Investment properties that have now become vacant, this includes Montague Street in Worthing and the Luton complex Uxbridge in Adur. To manage and offset the shortfall in income during the year the budgeted transfer to the void reserves in both ADC and WBC will not be possible. There are also associated costs for rates and refurbishment of these properties.
Place and Economy (Economic Development)	-	-	15	Loss of Bus Shelter advertising and market income (Adur). Loss of income from Observation Wheel (Worthing) partly offset (£10k) from increased income in concessions.
Planning and Development (Building Control)	-	73	76	Loss of income due to impact of Covid-19.
Planning and Development (Development Control)	-	30	10	Income for the first part of the year was better than expected. This underspend should be sustained as long as expected major developments materialise before the end of the financial year
Planning and Development (Land Charges)	-	31	22	Loss of income due to impact of Covid-19.

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Business & Facilities	13	-	-	Mainly due to an overspend on Pool Cars £14k, offset by a saving in central equipment spend £27k
Emergency Planning	195	-	-	COVID 19 related expenditure which will be funded from the government emergency funding.
Admin Buildings	32	-	-	Net overspend on rates and other non pay under and over spends. Shortfall in income from rental payments and staff car parking during to COVID19.
Leisure	-	600	572	ADC: ACL ceased operating in Adur due to COVID 19 and liquidators were called in. There has been progress on reopening with SDL as a provider, but this will require additional support from the Council. WBC: Impact of support package to SDL - income shortfall from non payment of service fee (2 years) and Grounds maintenance charges and £38k p/m support costs for the operating of the pool at Splashpoint to end of March 2021.
	200	724	1,113	
Cross Cutting services				
Maintenance	-	66	71	Adur During quarter 3 many of our buildings and some of our contractors have closed due to Covid-19 Government restrictions. This has meant that some of the maintenance and servicing works that we would usually expect during the second half of quarter 3 have been delayed until quarter 4. Defects are likely to materialise when these reopen. During the interim handover period of the three leisure sites previously run by Adur Community Leisure around £75k of works have been instructed with some works still be finalised. Worthing As with Adur, many of the buildings (including those operated by Southdowns Leisure Trust and Theatres Trust) were closed part way through quarter 3. These closures have meant that some maintenance works may be delayed until quarter 4. As per recent years, we anticipate Public Toilets, The Crematorium, Southdowns Leisure Trust and Theatres Trust buildings to be overspent at the end of the financial year as the budgets are insufficient.
Vacancy Provision	509	(28)	-	Vacancy provision will not meet its target due to COVID 19 pressures which include staffing cover for self isolation in areas like Waste services and overtime in other services completing additional duties due to the pandemic.
Corporate Budgets	198	-	-	Cost impact of the agreed 2.75% pay award (0.75% above the budgeted pay inflation).
Water	4	17	23	Water costs are overspent in Adur and Joint (Public conveniences, allotments and in recreational grounds).
Energy Costs	(28)	3	(12)	Commerce way overspend on electricity by 6k but Town Hall and Portland house currently under by 13.6K and 8.2K respectively due to Covid reduced use. Various large variances in Worthing Electricity
Other	100	(18)	18	
	783	39	100	
Allocation of Joint Variance		250	376	Share of joint services allocated 40:60 to Councils
Total Variance	626	(3,217)	(3,436)	

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Director of Communities				
Community Wellbeing	(228)	-	(28)	Increase in projected surplus on Grants that will be moved to the Balance sheet at year end
Public Health & Regulation	-	(118)	(46)	MHCLG EHO Covid-19 enforcement grant & DEFRA Export Health Certificate grant received but will be carried forward to next year to offset future spend
Head of Housing	(68)	-	-	Miscellaneous budget underspent
Housing Needs	-	125	(22)	The homelessness caseload has increased since quarter 2 due to further restrictions and lockdowns because of the pandemic
Parks & Foreshore	-	75	(17)	Adur: Loss of income from football and outdoor sports & car boot income due to COVID 19, plus an increase in unexpected equipment costs
Environmental Services (Waste)	65	39	25	This reflects a revised green waste projection now allowing for advanced income being carried into 21/22 for the new rolling contract
Bereavement Services (Crematorium)	-	-	134	Income is now showing a shortfall due to more direct cremations rather than full cremations in the chapel because of the pandemic. Along with additional investment in our Media system, hydraulic pump and defibrillators
Director of Digital and Resources				
Parking Services	-	(46)	(93)	Revised projections are more favourable than in quarter 2 re COVID19 income shortfall
Revenues	-	253	67	Due to the COVID-19 situation there is an increase in Live Council Tax Support caseloads and with no recovery action still this projection of income loss has increased
Benefits	-	46	(52)	Overpayments income has seen a downturn due to COVID19 and is continuing to do so along with decisions on writing off debt which is also impacting in the outturn projection.
Finance	20	(223)	(56)	Adur's improved projection relates to income for the Government Hardship grant. ADC already had a support scheme in place so hasn't needed to use this for it's Council Tax support.
Local Tax Income guarantee schemes		(482)	(920)	Government grant for Local Tax income losses received and will be transferred to the Balance Sheet at the end of the year to offset future cost pressures
Business Rates - S31 Grant	-	(3,230)	(5,616)	Additional grant compensation for additional business rate reliefs, which will be transferred the the Business Rate Smoothing fund to offset future cost pressures
Finance:Treasury Interest	-	(56)	(44)	The continued decline in interested rates plus budgeted sales receipt costs now not expected have impacted on the swing in the forecast.

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Director of the Economy				
Major Projects and Investment (Estates)	(40)	(312)	201	Due to the ongoing pandemic, this has reduced the expected rental income along with increased costs of business rates for empty properties mainly in Worthing. Whilst, Adur is showing a favourable variance since last quarter as it has exceeded its budgeted income targets for investment income which is offsetting any losses made during the year.
Planning and Development (Development Control)	-	70	40	Income from major schemes are now expected to be delayed until after March 2021
Cross Cutting services				
Maintenance	-	(2)	(137)	In Worthing they has been a review of expected spend to the year end and due to the ongoing pandemic has reduced the previously reported cost pressures.
Vacancy Provision	237	-	-	Due to the ongoing pandemic, some front line services have required additional staff to keep their services running