

ADUR & WORTHING
COUNCILS

Joint Strategic Committee
13 July 2021
Agenda Item 6

Joint Overview & Scrutiny Committee
15 July 2021
Agenda Item

Key Decision: No

Ward(s) Affected: All

Financial Performance 2020/21 - Revenue outturn

Report by the Director for Digital, Sustainability & Resources

Executive Summary

1. Purpose

- 1.1 This report outlines the revenue financial monitoring position for the end of the 2020/21 financial year for the Joint Strategic Committee, Adur District and Worthing Borough Councils. At the time of publication of this report, the Statements of Accounts are completed and with the audit scheduled to commence in August 2021. Any adjustments that emerge as the audit proceeds will be reported to members later in the year.
- 1.2 The final position for operational services were overspends in Adur District Council £876k and in Worthing Borough Council £3.7m. This is a variation to the projections reported at quarter 3 when operational outturns were predicted to be an overspend of £1.1m in Adur and £3.9m in Worthing.
- 1.3 Overall outturn positions were underspends of £641k in Adur District Council and £1.1m in Worthing Borough Council which is due largely to the level of government support received for the impact of Covid 19. After allowance for proposed carry forward of budgets in 2020/21, this represents a 5% underspend against the budget for Adur and 6.7% for Worthing. Significant variations in the last quarter of the year included lower than estimated expenditure on reactive maintenance and the receipt of additional emergency government funding.

- 1.4 The table at 4.6 below sets out the components contributing to the underspend in 2020/21, the most significant being lower capital borrowing costs, additional income from government funding and some changes in maintenance requirements and scheduling. Within this there are some clearly identifiable items which can be attributed to the impact of the pandemic.
- 1.5 The outturn figures include proposed carry forward requests, detailed in appendix 6, that will need to be met from these underspends. The budgets relate to committed spend that is planned for delivery in 2021/22: Adur District Council £189,000 and Worthing Borough Council £242,000.
- 1.6 This outcome is an improvement overall than what was forecast in the quarter 3 monitoring report '3rd Revenue Budget Monitoring Report (Q3)' when net underspends of £223,000 and £13,000 were being projected in Adur and Worthing respectively. The main movements in the last quarter are set out in appendix 5b, with additional emergency funding and lower maintenance expenditure being the significant factors. The outturn position does help to assist the Councils in managing a difficult financial position in 2021/22 particularly in light of the budget pressures identified elsewhere on the agenda.
- 1.7 The following appendices have been attached to this report:

Appendix 1 Joint Summary of 2020/21 Outturn

Appendix 2 (a) Adur Summary of 2020/21 Outturn
(b) Adur Use of Earmarked Reserves

Appendix 3 (a) Worthing Summary of 2020/21 Outturn
(b) Worthing Use of Earmarked Reserves

Appendix 4 HRA Summary

Appendix 5 (a) Table of Variations over £20,000
(b) Table of movements over £50,000 between quarter 3 and 4
(c) HRA Major Variations - Budget to Outturn

Appendix 6 Budgets Carried Forward to 2021/22

2. Recommendations

2.1 The Joint Strategic Committee is asked to recommend that Adur District Council, at its meeting on 22nd July 2021 and Worthing Borough Council at its meeting on 20th July 2021:-

(a) NOTE the overall final outturn for 2020/21.

(b) APPROVE the net appropriations to General Fund Reserves in the year as detailed in section 6 of the report totalling: Adur District Council £5,326,227 Worthing Borough Council £8,700,773.

(c) AGREE the net carry over of revenue budget to 2021/22 funded from reserves as detailed in appendix 6: Adur District Council £189,000 Worthing Borough Council £242,000.

2.2 The Joint Strategic Committee is recommended to delegate to the Executive Member of Resources in consultation with the Leader and the Chief Executive the ability to release up to £250k from the Capacity Issues Reserve and the Building Maintenance Reserve to fund post pandemic recovery measures for our communities and businesses as well as supporting preparations for important national events such as the Platinum Jubilee.

2.3 Joint Overview and Scrutiny Committee is recommended to note:

(i) the contents of the report and consider whether it needs to scrutinise any budget area in detail.

3. Context

3.1 The Joint Strategic Committee considered the 5-year forecast for 2020/21 to 2024/25 on 3rd December 2019. This report 'Financially Sustainable Councils: Update to the 2020/21 - 2024/25 budget forecast and savings proposals for 2020/21' 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.

- 3.2 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. 2020/21 was an exceptional year with additional government funding made available to enable local authorities to navigate their way through the additional financial pressures created during the Covid -19 pandemic.

4. Issues for consideration

- 4.1 As part of the 2020/21 budget the Councils committed to savings of £1.383m for Adur District Council and £2.532m 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. The final outturn position indicates that the majority of the expenditure reductions have been delivered as expected, however the expected increases to commercial income proved challenging in the context of the pandemic.
- 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 2021/22.
 - The creation of contingency budgets for areas of uncertainty in the budget.
 - Accelerating savings initiatives where possible - including the investment by the Strategic Property Investment Fund and generating additional commercial income.

These measures built some capacity in the Council's budgets.

- 4.3 However, the budget was approved in February 2020 before the country started to see what would become a significant impact from the Covid 19 pandemic. As the emergency unfolded during 2020/21 the pressure for councils increased as the government took responsive decisions to help support people and businesses:

- Additional resources required to set up and administer government backed schemes for business grants and self isolation grants.
- Additional resources required to effect the changes to the business rates reliefs awarded to support business, including the re-issuing of the bills.
- A reduction in business rate income as a result of the additional reliefs.
- A reduction in demand on some council services resulting from the imposed restrictions, particularly sales fees and charges related to car parking and discretionary services and concessions.

4.4 All of these additional pressures would have had a huge impact on the councils financial position had the government not recognised the issues and provided additional funding from emergency grants and income compensation through the sales, fees and charges and tax guarantee schemes. The operational outturn position for both Councils are large overspends as set out in the table at 4.6. The government Covid 19 support funding in 2020/21 is summarised below:

	Adur £	Worthing £	Total £
General Government Funding:			
Covid-19 Emergency Grant	912,171	1,565,524	2,477,695
New Burdens Funding	188,500	188,500	377,000
Sales Fees and Charges Income			
Guarantee Scheme	452,251	2,096,041	2,548,292
Additional non ring fenced grants including New Homes Bonus	84,677	442,894	527,571
Total non specific funding	1,637,599	4,292,959	5,930,558
Specific - Within Service:			
Hardship Funding	453,179	709,577	1,162,756
Test & Trace	191,655	365,419	557,074
Homelessness support	1,650	9,750	11,400
Reopening High Streets Safely	45,117	71,936	117,053
Covid-19 Compliance and			
Enforcement	19,431	48,587	68,018
DWP Covid administration	16,724	29,094	45,818
English Sports Council - National			
Leisure Recovery Fund	1,542	1,542	3,084
Total service specific funding	729,298	1,235,905	1,965,203
Total	2,366,897	5,528,864	7,895,761

4.5 The significant variations that impact on the final outturn from quarter 3 to quarter 4 are identified in appendix 5(b).

- 4.6 The outturn position is comprised of a number of elements as set out in the table below:

2020/21 Outturn	Adur Worthing	
	£000	£000
Over/(under)spend in operational services – including share from Joint	876	3,677
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.	(198)	(580)
Major Projects - overspend (£130k funded from reserves)	0	165
Budget provision related to timing differences - project funding to carry forward to 2021/22 for projects that are yet to commence or will complete next year.	(189)	(242)
Net Overspend before Government Funding and Transfers to reserves	489	3,020
Non ring fenced Government grants		
Additional Non ring fenced grant	(85)	(443)
Government Covid 19 Grant Funding	(1,101)	(1,754)
Sales, Fees and Charges Guarantee Scheme	(452)	(2,096)
Total Non-Ring Fenced Grant Funding	(1,638)	(4,293)
Outturn underspend before impact of taxation and transfer to/from reserves	(1,149)	(1,273)
Impact of Taxation		
Section 31 - additional NNDR grant for the impact of the increased business rate reliefs	(3,828)	(6,217)
Local tax income guarantee grant	(297)	(703)
Underspend before transfer to reserves	(5,274)	(8,193)
Transfers to Reserves:		
Business rates smoothing reserve	3,738	6,549
Tax Guarantee smoothing reserve	297	703
Transfer to / from (-) reserves to fund revenue expenditure	598	(196)
Outturn - net Underspend	(641)	(1,137)
Transfer to Maintenance Reserve	0	383
Transfer to Property Risk Reserve	200	250
Funding of projects carried forward to 21/22	189	242
Outturn after total transfers to/from reserves and funding budget commitments carried forward to 2021/22	(252)	(262)

4.7 The key factors underpinning the outturn financial position include:

- The Covid 19 Coronavirus emergency, there has been a significant financial impact as a result of the pandemic during 2020/21. Additional costs have been incurred to meet service demands including additional support for leisure services, the administration of business and personal grants and compliance requirements. There has also been a noticeable decrease in the level of income from sales fees and charges particularly car parking during the year, as a result of the drop in demand during the national restrictions. In response to the recognised financial pressures the government has during the year released additional funding to local authorities for the new burdens and to compensate for income shortfalls both from fees and charges and local taxation.
- 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.
- An underspend against the maintenance programme in Worthing with Coronavirus restrictions delaying some works during the year. A maintenance reserve has been established in 2020/21 from the underspend, the purpose is to ensure essential maintenance is undertaken and to avoid year on year fluctuations in expenditure on reactive maintenance. The reserve will be used to support town centre and seafront maintenance projects and replacement play equipment in our parks and open spaces; including replacement equipment for Gull Island. This will in turn, support town centre businesses and ensure that we present an attractive and welcoming environment for residents and visitors. To enable this work to progress effectively, a delegation is requested to the Leader and Executive Member of Resources to enable the reserves to be released when needed to support this programme of works.

Once the above items are considered, the operational position is a net overspend by services of £876k in Adur and £3.649m in Worthing. A number of the factors influencing the operational position have been addressed as part of the 2020/21 revenue budget or financial items that only relate to the reporting year such as expenditure and income pressures associated with the pandemic.

4.8 In summary the overall revenue outturn positions reported for Q4 are as follows:

	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2020/21	22,946	8,612	13,359
Outturn (Including govt funding and before transfer to reserves)	24,029	7,971	12,222
Over/(Underspend)	1,083	(641)	(1,137)
Percentage		-7.45%	-8.51%

Comparison to the Q3 forecast:

	Joint	Adur	Worthing
	£000s	£000s	£000s
Outturn Over/(under) spend	1,083	(641)	(1,137)
Forecast Over/(under) spend Q3	626	(223)	(13)
Change from Q3 to Outturn (improvement)/deterioration	457	(418)	(1,124)

4.9 The reported budget variances in Adur and Worthing, in the table above, include the total share transferred from the Joint services in line with their allocated share.

4.10 There are a number of key items which require a more detailed explanation. These are listed below.

4.11 COMMUNITIES DIRECTORATE

4.11.1 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 an average of 209 cases in March 2021. 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, £112,000 of this grant in Worthing has been transferred to reserves to be utilised in 2021/22.

In Adur the service underspent. The combination of higher LHA rates, the sourcing of cheaper temporary accommodation and the average caseload figures marginally decreasing, means the full budget was not required, however the issues around delayed possession proceedings may impact and cause cost pressures in 2021/22. The caseload numbers have increased from an average of 45 in April to an average of 55 in March 2021. The Next Steps Accommodation Programme bid secured £27,868 of funding.

The Councils have been allocated a small amount of emergency Covid funding for homelessness issues, Adur £1,500 and Worthing £9,750.

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.

Housing Needs Variances

	Adur £000	Worthing £000
Homelessness - Emergency and temporary accommodation costs - budget pressure/(underspend)	(129)	835
Local Housing Allowance Income - budget shortfall/(excess)	71	(760)
Next Steps Accommodation Programme Funding	(27)	(122)
Emergency Funding - Homelessness	(2)	(9)
Additional MHCLG Homelessness Reduction Grant (New Burdens associated with the Homelessness Reduction Act)	(75)	(4)
Net over/(under)spend forecast against budget	<u>(162)</u>	<u>(60)</u>

Overall the budget for Housing Needs was underspent in Adur by £162,000 and in Worthing by £60,000. This is comparable to the projected underspends of £168,000 and £43,000.

4.11.2 Environment - Waste and Recycling

Income for green waste has increased in demand during the year, following a robust promotional campaign for the service and easier availability via digital customer self-service. Refuse and Recycling income is £92,000 above budget. However, there were overspends of £109,000 which will offset this mainly related to repair and maintenance of vehicles, a particular pressure arising from warranty periods expiring. Both income and expenditure positions have improved since what was being predicted in quarter 3 with a combined reduction in the overspend of £17,000. In addition, there are staff overspends of £460,000 which are included within the vacancy provision overspend. There was 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 underspent by £61,000 which includes £15,000 staff underspends that are included within the vacancy provision overspend. This is an improvement from quarter 3 with main variance being underspends on vehicle maintenance and running costs.

Commercial Waste saw a drop in income due to the impact of Covid-19 on local businesses and changes in their demand for the service during restrictions. The shortfall in income for 2020/21 was £115,000 in Adur and £210,000 in Worthing. Partially offsetting this are underspends on disposal and equipment costs £47,000 in Adur and £102,000 in Worthing. 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. This is a variation from the prediction at quarter 3 however the impact of the difference is offset by the compensation 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.

4.11.3 Environment - Bereavement Services

The Bereavement Service was overspent against budget in 2020/21 £49,000 in Adur and £171,000 in Worthing overall, which compares to overspend projections of £58,000 and £226,000 in quarter 3.

The crematorium income was below budget by £53,000, a large factor being the proportional shift in direct delivery cremations compared to full services. This is further compounded by a shortfall in memorial and memorial garden income of £60,000 which is due to the Coronavirus Act 2020 requiring cremation and burial authorities to focus solely on cremation and burial during the pandemic. This has been partially offset by £43,000 additional income associated with tributes and a reimbursement of £6k from the Cameo abatement scheme. In addition to this there are cost pressures of £48,000 which includes the investment in the media system of £47,000. There have also been additional staff costs of £63,000, 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 received income above budget of £37,000 although this is offset by expenditure pressures of £33,000, including additional unbudgeted costs associated with Covid 19, that are funded from government funding. In Adur, cemeteries ended the year in an overspend position of £49,000, a combination of a shortfall in income from burials £47,000 and additional cost pressures £2,000.

4.11.4 Environmental Health - Private Sector Housing

The service has over-achieved against budget in Adur £14,000 and Worthing £94,000. A large part of this is due to an increase in income related to the Home Initiatives Assistance Scheme of £12,000 and £76,000 in Adur and Worthing respectively. Income is based upon size and number of grants approved, due to the scale of Better Care Fund (BCF) allocation, a discretionary Disabled Facilities Grant (DFG) policy is in place that has increased the size and number of grants.

4.11.5 Parks and Foreshore

The parks service had an underspend in both Adur and Worthing £9,000 and £36,000 respectively. In Worthing this came from a reduction in expenditure, particularly utilities. Adur outturn was a combination of overspends in costs that were offset by additional income. In addition there were savings within the Joint services of £104,000 through underspends on vehicle and service costs, together with some additional income.

Foreshore services were on budget in Adur, whereas Worthing had a shortfall of £42,000 this was largely due to reduced income as a result of issuing beach hut refunds due to Covid-19. These figures are broadly in line with previous forecasts.

4.12 DIGITAL, RESOURCES AND SUSTAINABILITY DIRECTORATE

4.12.1 Parking Services

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 where actual revenue for 2020/21 is £1.2m, which equates to a shortfall of 61% against the full year income budget of £3.1m. In Adur, the shortfall is smaller at 27% with income received of £503k against a budget of £686k. These figures are in line with the forecast position reported at quarter 3.

Shortfalls in car park income are covered by the income guarantee scheme. The Council will be compensated by 75% of loss over and above the first 5% of budget. However, there is still a real loss to the Councils of £436,000 in Worthing and £37,000 in Adur.

There were some cost savings against the expenditure budgets to offset the income shortfall. Overall, the net parking overspend against budgets including both income and expenditure items is £124,000 in Adur and £1.913m in Worthing.

The performance for the first couple of months in 2021/22 has been encouraging with income at 67% of budget in Worthing and 73% in Adur for May. The government Sales, fees and charges scheme is to continue for the first quarter of 2021/22 so a proportion (approximately 73%) of the shortfall in this period will be compensated for by funding. Thereafter the full loss will need to be met by the Councils.

4.12.2 Revenues and Benefits

There has been a significant impact on court cost recovery income due to the Covid-19 pandemic. However, the Courts have begun to operate again and the initial stages of recovery action have been restarted by the Councils. The income shortfalls within the Revenues department for Adur and Worthing are £207,000 and £395,000 respectively. A proportion of this shortfall in court cost recovery is compensated through the Sales, Fees and Charges Scheme.

In-year collection rates as at the end of May 21 have improved from the same time last year and are (May 2020 figures are in brackets) and compare favourably to neighbouring councils.

- Adur Council Tax = 24.23% (23.98%)
- Worthing Council Tax = 22.75% (22.36%)
- Adur Business Rates = 21.37% (15.19%)
- Worthing Business Rates = 26.11% (22.98%)

Recovery work in respect of overpaid Housing Benefit has continued albeit it has been somewhat hampered by the DWP's suspension of deductions from other state benefits due to the pandemic. The value of overpayments raised has fallen for a number of reasons including the team remaining up to date with work and the continued increase in the automation of records received from the DWP. However, income is below budget in both councils (£333,000 in Adur and £437,000 in Worthing) and this pressure is 100 per cent borne by the council with no compensation from the government.

Additional system, staff and printing costs have continued:

- Administration of changes in business rates reliefs announced by the government in the March 2021 budget. This will include a mid-year reduction of two reliefs from 1 July 2021
- An on-going increase in the volume of claims for Council Tax Support (albeit the live caseload for working age customers has remained broadly static)
- Awards up to £150 discretionary Council Tax Support to working-age customers in respect of 2021/22
- In conjunction with the Communities Team, continuing to administer self-isolation £500 payments including a new category for parents/guardians. The scheme currently runs until 30 June 2021 but it's anticipated that it may be extended

Overall the Revenues and Benefits outturn position was an overspend against budget of £456,000 Adur and £342,000 Worthing. These are broadly in line with quarter 3 with the exception of the outturn in Worthing seeing an improvement of £136,000 in the final Housing Benefit Subsidy position for 2020/21. In addition there were cost pressures for staff in the Joint service of £159,000, these are included within the vacancy provision referenced at section 4.15.2.

Covid-19 Emergency funding and new burdens funding has been provided to support these pressures, including additional staff. In addition there are some variances against budgets in relation to Housing Benefit subsidy.

4.12.3 Elections

As there were no elections during 2020/21 as a result of the Covid-19 emergency there were savings in relation to the Registration of Electors. The final outturn position was an underspend for both Adur and Worthing of £82,000 and £32,000.

4.12.4 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 £262k and Adur has an underspend of £135k 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 is 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 and other financing costs was also reduced, again due to the reprofiling of capital budgets and the sustained lower interest rates. Summary of the overall variances:

Treasury Management (Under) / Overspends	Adur (General Fund)	Worthing
	£	£
Minimum Revenue Provision	(134,986)	(262,442)
Interest on Borrowing and TM costs	(240,181)	(351,711)
Interest from Investment Income	199,132	57,044
Additional net interest from loans to Worthing Homes and GB Met	0	(3,379)
Debt Management Expenses	(21,860)	(19,760)
Total	(197,895)	(580,248)

The final outturn position is in line with previous budget monitoring forecasts.

4.13 ECONOMY DIRECTORATE

4.13.1 Planning & Development

Development Management income for 2020/21 was below budget by £42,000 in Adur and £108,000 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 £25,000, Adur has overspends against consultancy and equipment expenditure budgets of £12,000. In the joint service there are staffing overspends of £43,000 included in the vacancy provision overspend plus expenditure overspends related to IT software and grants. The

outturn position is a variation on the forecast reported at quarter 3, particularly in Worthing, mainly as a number of major applications were not received in the year.

There are shortfalls in Building Control income of £53,000 in Adur and £64,000 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. A proportion of the shortfall will be compensated through the Sales, Fees and Charges guarantee scheme. In addition there are staffing overspends £32,000 included in the vacancy provision overspend. This is broadly in line with the quarter 3 monitoring forecast.

Land Charges income is also below budget by £38,000 in Adur and £42,000 in Worthing. As with Building Control, this service area has 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. These outturn positions are in line with the quarter 3 forecast. This is in line with previous projections.

4.13.2 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. In Worthing the expenditure within this area came in £165,000 higher than budget with £90,000 funded by budget carried forward and £40,000 being funded from reserves. Within this are £45,000 staff costs that were expected to be met from capital that have had to be funded from revenue. Adur has a small overspend of £17,000.

Commercial and strategic property income has performed well despite the impact of the Covid 19 pandemic with income exceeding the budget in both Adur and Worthing. It has meant that the budgeted allowance for the transfer of funds to the Property risk reserves has been possible for 2020/21 £200,000 Adur and £250,000 Worthing, in quarter 3 it was forecast that the in year allowance may have been used to offset income shortfalls in Worthing. The income has exceeded budget (after transfers to reserve) by £232,000 in Adur and £147,000

in Worthing. Vacancy savings have been made on staff costs which are included within the vacancy provision.

Of the Strategic Investment Portfolio, Adur has seen one of its tenants go 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, there have been costs incurred associated with this administration, void periods including rates prior to re-let.

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 £65,000.

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

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. Overall the final position is an improvement on what was projected at quarter 3, with strong income collection levels.

4.13.3 Place and Economy

The Place and Economy outturn in Adur is favourable against the budget with a net underspend of £104k. 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 as a result of inactivity due to the pandemic. Grant monies have been received that are included in this outturn position, some of this funding has been transferred to reserves to be utilised in 2021/22.

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 position is a net underspend of £107,000. As in Adur the outturn includes grant income some of which has been transferred to reserves for future use.

In both councils the outturn is better than projected due to the receipt of grant monies in the year.

4.13.4 Leisure Provision

As reported in September the leisure provider for Adur, ACL declared insolvency in July 2020. Since that time the Council has awarded 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 had been identified of £717,870 in 2020/21, against a 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. The actual cost for 2020/21 totalled £409,000, this was lower than expected as the facilities did not open as expected due to a further imposed lockdown period.

In Worthing the Council is providing financial support to provider South Downs Leisure. The additional funding package amounted to £608,000 for the year which included a combination of direct support payments and the write off of income due relating to service charge fees and the provision of services. The key issue facing the Council going into 2021/22 is the timeline for the easing of the current social distancing measures and the length of time support will be required for the trust to enable the provision of leisure facilities at below profitable capacity.

Adur and Worthing Councils were successful with claims to the National Leisure Recovery Fund, receiving allocations of £110,000 and £200,000 respectively. These have been carried forward for use in 2021/22 to support the reopening of the Leisure facilities. Additional amounts of £1,542 were also awarded to each council for administration costs which are included in the outturn figures.

4.13.5 Culture Provision

The operation of Worthing Theatres and Museums transferred to a trust from November 2019, a final settlement payment relating to the transfer of the business operation was made in 2020/21 for £47,000. As part of this winding up process there were a number of balance sheet accounts settled and closed which resulted in a draw down to revenue, the final balances were not agreed and reconciled until May 2020. In addition, Worthing Borough Council has incurred pension costs associated with the staff that tupe'd to the trust of £57,000, this reflects the excess employer contribution costs that have resulted from an increase in the contribution rate above the initial rate at transfer. A proportion of the pension charges, £20,000, were backdated charges relating to 2019/20. There was also some expenditure for a project that forms part of a claim to the Heritage lottery fund, this was initially capitalised but as the timeframe for the period that expenditure can be held in capital has elapsed and it has been written down to revenue. This will be funded from reserves.

4.13.6 Emergency Planning

The Councils had specific unbudgeted cost pressures of £216,000 associated with the Covid 19 response including PPE and cleaning equipment, signage, IT hardware and software and agency staff. In addition there was £113,000 for other Coronavirus staffing pressures. This expenditure has been funded from the emergency government grants.

4.14 CORPORATE

4.14.1 Business Rates

The Covid-19 emergency has resulted in an exceptional year for business rates. The government, in response to pressures emerging from the pandemic, awarded a significant level of additional business rate reliefs to retail, hospitality and leisure businesses to reflect their inability to trade normally. The result was a sizable drop in business rate income for local authorities which has been compensated by the government through section 31 grant funding.

There is an inherent timing difference in the accounting for business rates between when the budget is set and future decisions made by Treasury in relation to reliefs where compensation is funded through section 31 funding. Local taxation is accounted for transparently through a separate account known as the Collection Fund with any differences between what is expected to be collected and what is actually collected by the authority accounted for through

the general fund as surplus or deficit adjustments. An estimated surplus/deficit is calculated in January and that is used in the budget for the next financial year, any variance will then not flow through to the general fund until the following year. The 2020/21 budget was set in January 2020 before the impact of Covid-19 and responsive treasury decisions regarding additional rate reliefs. Section 31 grants are paid to authorities in the year reliefs are awarded however the actual impact of the shortfall in income will be accounted for in future years.

The financial impact on the general fund in 2020/21 is shown below:

	Adur		Worthing	
	Budget	Outturn	Budget	Outturn
	£m	£m	£m	£m
Income from business rates collected	7.420	7.308	12.495	12.481
Less: tariff	5.125	5.125	10.228	10.228
Add: section 31 grant	0.852	4.566	1.799	8.030
Less: Levy	0.690	0.700	0.687	0.355
Less: 2019/20 deficit	0.375	0.229	0.038	0.038
Income expected from Business rates	2.082	5.820	3.341	9.890
Surplus - S31 grants to be transferred to reserves		3.738		6.549

Business Rate income is volatile and can be affected by many factors: government decisions, changing use of commercial properties, valuations, appeals. The amount of income to benefit the General Fund is set at the outset of the financial year and will not change irrespective of the actual level of business rate income received. In 2020/21, the Government awarded significant additional reliefs in-year. However due to the nature of the business rate system, whilst the Council received additional grant to offset this loss in a year, the losses themselves will not be borne by the General Fund until 2021/22 and beyond.

It is therefore recommended to members that they agree to transferring the additional business rates income received in 2020/21 Adur £3.738m and Worthing £6.549m into the Business Rates Smoothing Reserves. The reserves can then be used to fund the expected collection fund losses in 2021/22 and to smooth the effect of the business rates volatility in future years.

4.14.2 Local Tax Income Guarantee

The government has committed to compensating Councils for any in-year losses for Council Tax and Business Rates in 2020-21. This scheme runs 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 and it is recommended that members agree the transfers for the amounts shown in the table below to the Tax Guarantee Smoothing Reserves at the end of 2020/21:

	Adur	Worthing
	£	£
Council Tax	181,376	127,570
Business rates	115,959	575,784
Total transfer to Reserves	297,335	703,354

4.14.3 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:

	Adur	Worthing
	£	£
Hardship Grant Received	453,179	709,577
WSCC Contribution to Hardship Fund	0	20,633
Less: Allocation of funds	178,394	654,784
Balance of funds	274,785	75,426

The unspent balance of the grant has and will continue to be used to continue to support residents who find themselves vulnerable during difficult circumstances. The Councils have agreed to extend the additional Council Tax discounts of £150.00 for 2021/22.

4.15 CROSS CUTTING

4.15.1 Maintenance

Maintenance expenditure was overspent in Adur by £50,000 which is in line with the quarter 3 forecast position. In Worthing there was a significant underspend of £400,000, this is due to a large extent on Covid 19 restrictions and lockdowns which have led to the delay of some work and a reduction in demand for some reactive budgets where facilities have not been in use.

To address the need to catch up on some areas of maintenance work members are recommended to approve the establishment of a reserve in Worthing with £383,000 of the 2020/21 underspend to help mitigate the resulting cost pressure. This will also be significant in helping to meet the priorities referred to in paragraph 4.6 of this report.

4.15.2 Vacancy Provision

The Councils had a total vacancy saving target of £758,530 for 2020/21, this was not achieved with a shortfall of £840,000 which compares to the quarter 3 forecast of £679,000. Despite recruitment being tightly controlled with director approval required for any new appointments, there have been 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.

- 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 £152,000 cost pressure in the current year across the Councils.
- Overtime - additional resource required associated with Covid-19 £114,000 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. £407,000.
- Compensation costs and exit payments £88,000.

The emergency covid funding will be used to fund some of these overspends where they relate to the pandemic pressures. 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.

5.0 ADUR HOUSING REVENUE ACCOUNT (HRA)

- 5.1 Adur Homes is held within a ring fenced Housing Revenue Account, which is shown in Appendix 4. Overall the HRA shows an overspend against its budget of £138,311 which is an improvement on the £273,848 overspend projected in quarter 3. The movement is due to an improvement in managing maintenance and repair cost pressures and a decrease in the bad debt provision. Details of the significant variances are detailed in appendix 5(c).
- 5.2 The HRA Reserve stood at £0.348m at 31st March 2021 with earmarked reserves totalling £1.865m.

6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

6.1 Recommended Carry Forwards of Unspent Budget

Any unspent funds are placed into reserves at the year end. Budgets in respect of the items in appendix 6 remain unspent at 31st March 2021 and are required to complete existing initiatives in 2021/22 or to address emerging cost pressures.

The focus for carry forward proposals this year is on existing commitments or essential items rather than bids for new initiatives. This is to build capacity in the reserves to protect the Councils' interests for the next two years. It is recommended that these amounts are carried forward to 2021/22 and funded from the respective Capacity Issues Reserves. The Committee may wish to consider how these items contribute to the Councils' priorities when approving the carry forwards.

The items detailed in appendix 6 are recommended for carry forward for the Joint Committee, Adur District Council and Worthing Borough Council.

6.2 Movements and Use of Reserves

As part of the 2020/21 final accounts process, officers have identified amounts that are recommended for transfer to reserves for specific purposes or planned as part of the budget process, as detailed below.

In 2020/21, both authorities drew down on reserves to fund other costs. A detailed breakdown of the reserve positions is included in **Appendix 2b** for Adur and **Appendix 3b** for Worthing.

Adur District Council:

Adur District Council transfers to General Fund Earmarked Reserves 2020/21		
Budgeted/Committed contributions to/(from) reserves:	£	£
<ul style="list-style-type: none"> Increase in Grants Carried Forward 	720,222	
<ul style="list-style-type: none"> Local Tax Income Guarantee 	297,335	
<ul style="list-style-type: none"> Self-insurance charges and proposed contributions 	30,700	
<ul style="list-style-type: none"> Approved use of reserves 	(100,369)	
<ul style="list-style-type: none"> Business Rate Smoothing Reserve 	3,737,526	4,685,414
Contribution to reserves from general underspend:		
<ul style="list-style-type: none"> Carry Forward requests to Capacity Issues Reserve (see appendix 6) 	189,000	
<ul style="list-style-type: none"> Property Investment Risk Reserve 	200,000	
<ul style="list-style-type: none"> General Fund underspend transferred to Capacity Issues Reserve to fund future one-off projects 	251,813	640,813
Total recommended net contributions to Reserves		5,326,227

If all the proposals in the above table are adopted, Adur District Council's General Fund Working Balance will remain at £0.951m which, at 12% of net expenditure of £7.971m, is well above the range of 6%-10% normally set by the Council. However this is a deliberate move in the light of the significant financial risks that the Covid 19 pandemic presents to the Council's overall finances.

In addition the Council would retain earmarked revenue reserves of £1.230m (excluding the revenue grants reserve, the Business Rates Smoothing Reserve and the Local Tax Income Guarantee), an increase of £0.571m over 31st March, 2020. The full listing of earmarked reserves is attached at **Appendix 2b**.

Worthing Borough Council:

Worthing Borough Council net transfers to General Fund Earmarked Reserves 2020/21		
Budgeted/Committed contributions to/(from) reserves:	£	£
<ul style="list-style-type: none"> • Increase in Grants Carried Forward 	631,245	
<ul style="list-style-type: none"> • Net withdrawal from Theatres Maintenance Reserve 	(50,878)	
<ul style="list-style-type: none"> • Approved use of reserves 	(300,017)	
<ul style="list-style-type: none"> • Local Tax Income Guarantee 	703,354	
<ul style="list-style-type: none"> • Self-insurance charges and proposed contributions 	30,700	
<ul style="list-style-type: none"> • Business Rates Smoothing Reserve 	6,548,790	7,563,194
Contribution to reserves from general underspend:		
<ul style="list-style-type: none"> • Carry Forward requests to Capacity Issues Reserve (see appendix 6) 	242,000	
<ul style="list-style-type: none"> • Property Investment Risk Reserve 	250,000	
<ul style="list-style-type: none"> • Building Maintenance Reserve 	383,000	
<ul style="list-style-type: none"> • General Fund underspend transferred to Capacity Issues Reserve 	262,579	1,137,579
Total recommended net contributions to Reserves		8,700,773

If all the proposals in the above table are adopted, Worthing Borough Council's General Fund Working Balance will remain at £1.543m which, at 12.6% of net expenditure of £12.222m, is above the range of 6%-8% normally set by the Council. However this is a deliberate move in the light of the significant financial risks that the Covid 19 pandemic presents to the Council's overall finances.

In addition the Council would retain earmarked revenue reserves of £2.904m (excluding the revenue grants reserve, the Business Rates Smoothing Reserve

and the Local Tax Income Guarantee), an increase of £0.817m over 31st March 2020. The full listing of earmarked reserves is attached at **Appendix 3b**.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2020/21 AND DEBT POSITION

MRP Requirement for 2020/21

7.1 The Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2008 require the Councils to make a prudent provision within the accounts for repayment of debt. This provision is called the Minimum Revenue Provision (MRP) and is charged to revenue expenditure.

7.2 The Councils' MRP policy was approved by the Joint Strategic Committee at its meeting of 2nd June 2016 and was recommended for approval by Worthing Council at its meeting on 19th July 2016 and by Adur Council at its meeting on 21st July 2016. It was agreed that: firstly for any debt associated with unfunded capital expenditure incurred before 1st April 2008, the MRP will be set aside in equal instalments over the life of the associated debt.

This does not apply to Worthing Borough Council which had no debt as at 1st April 2008. Secondly, for both Councils' non-HRA capital expenditure which forms part of the Capital Financing Requirement (the CFR), (excluding loans to RSLs), after 1st April 2008, the MRP will be calculated as the annual amount required to repay the CFR using the Annuity Method over the life of the assets acquired. The option remains to use additional revenue contributions or capital receipts to repay debt earlier. Where a building is being constructed, the MRP will be set aside once the building has been completed. The CFR is a prescribed calculation which is used to measure the Councils' underlying need to borrow to finance all capital expenditure.

7.3 The MRP policy will ensure that, by the time debts are due to be repaid, sufficient funds will have been set aside.

7.4 As MRP is applied in the year after that in which capital expenditure is funded from borrowing, the MRP for 2020/21 relates to unfunded expenditure incurred up to and including 31st March 2020. Voluntary MRP may be set aside, which can be offset in future years.

7.5 By applying the approved methodologies, described in paragraph 7.2, the following MRP determinations have been provided for in the 2020/21 accounts:

- For Adur District Council General Fund the MRP was £2,231,644. £10,000 of Voluntary MRP was offset. No Voluntary MRP was set aside for the HRA.
- For Worthing Borough Council the MRP was £2,070,158. A net Voluntary MRP of £140,000 was also set aside.

Debt Position at 31 March 2021

- 7.6 In recognition of the introduction of the HRA Self-Financing regime, the Councils' joint treasury management policy also includes a requirement to account separately for General Fund and HRA debt in accordance with the "two pool approach" recommended by CIPFA within the Treasury Management Code of Practice. This approach apportioned historic debt at 31 March 2012 between the HRA and General Fund in accordance with the Code guidance, and requires new borrowing from 1 April 2012 onwards to be attributed to either the General Fund or HRA according to the purpose for which it is obtained.
- 7.7 For Adur Council the separation of General Fund and HRA debt facilitates a comparison with the corresponding underlying need to borrow (the Capital Financing Requirement) i.e. capital expenditure not financed from internal resources. The purpose of the comparison is to enable General Fund and HRA treasury management decisions to be taken independently of each other, and in an equitable and transparent manner.
- 7.8 Accordingly, there follows a comparison of the respective debt outturn positions compared to the CFR for each Council, albeit that as Worthing does not have an HRA it therefore does not operate a two pool approach.

Debt Position at 31 March 2021	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Actual Long Term Debt 01/04/20	101,027,440	58,452,292	159,479,732	126,070,560
New Long Term Debt Raised in year	2,500,000	4,000,000	6,500,000	20,000,000
Long Term Debt Repaid in Year	(5,511,502)	(1,976,166)	(7,487,668)	(8,345,635)
Actual Long Term Debt 31/03/21	98,015,938	60,476,126	158,492,064	137,724,925

CFR v Long Term Debt Position at 31 March 2021	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Capital Financing Requirement (CFR)	106,904,618	61,591,043	168,495,661	135,632,017
(Over) / Under Borrowing	8,888,680	1,114,917	10,003,597	(2,092,908)

7.9 Adur also held the Parish Precept of £444,400 on behalf of Lancing Parish Council.

7.10 For Adur Council the General Fund is under-borrowed based on long term borrowing by approximately £8.889m. The HRA is under-borrowed by £1.115m. We have used this approach because, in the light of the cost of borrowing compared to the income from investments, we are opting to finance some of the capital expenditure through the use of internal resources. This position largely reflects the opening position at 1st April 2012 arising from the application of the two pool split, where-in the CIPFA methodology assumed the HRA was fully borrowed at the level of its CFR, so that any under or over borrowing at that time was fully attributed to the General Fund. The General Fund took out new long term borrowing to fund the capital programme and the refinancing of maturing debt.

7.11 Worthing is over-borrowed by £2.093m based on long term borrowing, which is due to the timing of the receipt of grants to reimburse the Council for economic regeneration projects, such as Decoy Farm. New loans have been taken out in 2020-21 to fund economic regeneration projects, the capital programme and the refinancing of maturing debt.

8.0 ENGAGEMENT AND COMMUNICATION

8.1 The Corporate Leadership Team, Heads of Service and budget managers have all collaborated on the content of this report providing explanation and narrative on the outturn variances.

9.0 FINANCIAL IMPLICATIONS

- 9.1 There are no further financial implications. The report sets out the final outturn position with both Adur and Worthing presenting underspends against budget.

10.0 LEGAL IMPLICATIONS

- 10.1 Local authorities have a statutory duty under section 28 of 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. Section 151 of the Local Government Act 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.

11.0 CONCLUSION

- 11.1 The overall underspends for Worthing and Adur are most welcome at this time to help the Councils manage the challenging financial climate which they are currently grappling with. However, the nature of many of the underspends does not indicate an improved outlook for the revenue budget going forward, and pressures very much remain.
- 11.2 The Councils have had a difficult year with additional pressures resulting from the global pandemic both in terms of demands on services both in terms of capacity and finances. The underspends in 2020/21 have only been achievable as a result of emergency government funding from the government both in the form of emergency grants and the introduction of the Sales, fees and charges and Tax income guarantee schemes, as highlighted in section 4.6 before any funding the position for both councils was an operational overspend.

The Councils are in a position to be able to take the opportunity to contribute to reserves, which is welcome at a time when local government faces ongoing financial pressures, including the reduction in central government funding and the ongoing strain on expenditure and income streams.

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>

3rd Revenue Budget Monitoring Report (Q3)

<https://democracy.adur-worthing.gov.uk/documents/g1488/Public%20reports%20pack%2001st-Dec-2020%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

Officer Contact Details:

Emma Thomas

Chief Accountant


01403 221232


emma.thomas@adur-worthing.gov.uk


Sustainability & Risk Assessment


- 1. Economic**
Matter considered and no issues identified
- 2. Social**
 - 2.1 Social Value**
Matter considered and no issues identified
 - 2.2 Equality Issues**
Matter considered and no issues identified
 - 2.3 Community Safety Issues (Section 17)**
Matter considered and no issues identified
 - 2.4 Human Rights Issues**
Matter considered and no issues identified
- 3. Environmental**
Matter considered and no issues identified
- 4. Governance**
Matter considered and no issues identified


2020/21 FINAL REVENUE OUTTURN JOINT SUMMARY

 ADUR & WORTHING COUNCILS	ORIGINAL ESTIMATE 2020/21	CURRENT ESTIMATE 2020/21	OUTTURN 2020/21	(UNDER)/ OVERSPEND 2020/21
	£	£	£	£
Chief Executive	496,980	496,980	468,075	(28,905)
Director for Communities	8,121,310	8,168,420	8,388,629	220,209
Director for Digital & Resources	11,966,480	11,692,290	12,116,389	424,099
Director for the Economy	3,633,240	3,569,650	3,675,031	105,381
TOTAL SERVICES	24,218,010	23,927,340	24,648,124	720,784
ALLOCATION OF COSTS				
Recharged to Capital	(981,530)	(981,600)	(619,570)	362,030
Recharged to other joint	(326,200)			-
	22,910,280	22,945,740	24,028,554	1,082,814
Adur District Council	(9,337,470)	(9,401,455)	(9,834,455)	(432,999)
Worthing Borough Council	(13,572,810)	(13,544,285)	(14,194,099)	(649,814)
TOTAL SERVICE BLOCK ALLOCATIONS	(22,910,280)	(22,945,740)	(24,028,554)	(1,082,813)

 ADUR DISTRICT COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2020/21	CURRENT ESTIMATE 2020/21	OUTTURN 2020/21	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>Leader</i>	638,050	645,980	545,980	43,832	74,912	(218,744)
<i>CM for Environment</i>	2,555,220	2,681,150	3,519,794	1,120	85,070	752,454
<i>CM for Health & Wellbeing</i>	1,274,720	1,292,130	1,046,497	9,205	14,466	(269,305)
<i>CM for Customer Services</i>	1,443,050	1,460,270	1,358,450	20	16,247	(118,087)
<i>CM for Regeneration</i>	1,734,060	1,690,930	1,727,737	(502)	33,858	3,450
<i>CM for Resources</i>	(118,450)	(186,710)	186,144	185,954	183,617	3,283
<i>Holding Accounts</i>	55,670	(1,430)	-	(61,177)	(408,171)	470,778
TOTAL CABINET MEMBER	7,582,320	7,582,320	8,384,602	178,452	-	623,830
<i>Credit Back Depreciation</i>	(1,326,600)	(1,326,600)	(1,505,052)	(178,452)		(0)
<i>Minimum Revenue Provision</i>	2,356,630	2,356,630	2,221,644			(134,986)
<i>Financial Instrument Adjustment</i>	-	-				-
	8,612,350	8,612,350	9,101,194	-	-	488,844
<i>COVID 19 Support Grants</i>			(1,100,671)			(1,100,671)
<i>Sales, Fees & Charges Grant</i>			(452,251)			(452,251)
<i>Additional Non Ring Fenced Grants</i>			(84,677)			(84,677)
<i>Additional grant funding</i>			(1,637,599)			(1,637,599)
			7,463,595	-	-	(1,148,755)
<i>Section 31 grants and Collection Fund adjustments</i>			(3,827,589)			(3,827,589)
<i>Council Tax Income Guarantee Grant</i>			(181,376)			(181,376)
<i>NNDR Tax Income Guarantee Grant</i>			(115,959)			(115,959)
						-
			3,338,671	-	-	(5,273,679)
Transfer to/from reserves:						
<i>Tax Income Guarantee Reserve</i>			297,335			297,335
<i>Transferred to Smoothing reserve</i>			3,737,526			3,737,526
<i>Transfer from reserves to fund specific expenditure</i>			598,005			598,005
Net Underspend Transferred to Reserves			640,813			640,813
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
<p>Capacity Issues Reserve including approved Carry Forward budgets</p> <p>Friends of Shoreham Fort (JSC 6 May 2014)</p> <p>New Salts Farm Lancing (JSC/047/20-21 8 September 2020)</p> <p>Adur carry forwards from 2019/20 underspends, agreed Joint Strategic Committee 7th July, 2020</p> <p>Revenue underspend</p> <p>Balance</p>	<p>£</p> <p>337,445</p>	<p>£</p> <p>(10,000)</p> <p>(4,743)</p> <p>(48,481)</p>	<p>£</p> <p>440,813</p>	<p>£</p> <p>715,034</p>
Insurance Fund	153,344	(37,145)	30,700	146,899
Business Rates Smoothing Reserve	30,735		3,737,526	3,768,261
Local Tax Income Guarantee	0		297,335	297,335
Grants and Contributions held in Reserves	622,769	(223,289)	943,511	1,342,991
Building Maintenance Reserve	-	-		
Election Reserve	7,880			7,880
Special and Other Emergency Reserve	60,254			60,254
Property Investment Risk Reserve	100,000		200,000	300,000
General Fund Reserve	951,497	-	-	951,497
TOTALS	2,263,924	(323,658)	5,649,885	7,590,151

 WORTHING BOROUGH COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2020/21	CURRENT ESTIMATE 2020/21	OUTTURN 2020/21	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>Leader</i>	810,290	912,860	1,034,707	20	(6,089)	127,916
<i>CM for Digital and the Environment</i>	3,020,850	3,114,235	4,519,213	360,869	190,029	854,080
<i>CM for Health & Wellbeing</i>	1,729,360	1,805,670	1,487,320	95	(30,020)	(288,425)
<i>CM for Customer Services</i>	5,266,890	5,311,550	5,636,519	(9,375)	125,334	209,010
<i>CM for Regeneration</i>	2,050,920	2,181,135	4,707,772	399,198	320,622	1,806,817
<i>CM for Resources</i>	727,290	223,960	732,229	119,343	377,806	11,121
<i>Holding Accounts</i>	389,570	445,760	-	(30,317)	(977,681)	562,237
TOTAL CABINET MEMBER	13,995,170	13,995,170	18,117,759	839,833	-	3,282,756
<i>Credit Back Depreciation</i>	(3,195,320)	(3,195,320)	(4,035,153)	(839,833)		0
<i>Minimum Revenue Provision</i>	2,472,600	2,472,600	2,210,158			(262,442)
	13,272,450	13,272,450	16,292,764	-		3,020,314
<i>COVID 19 Support Grants</i>			(1,754,024)			(1,754,024)
<i>Sales, Fees & Charges Grant</i>			(2,096,041)			(2,096,041)
<i>Additional Non Ring Fenced Grants</i>			(442,894)			(442,894)
<i>Additional grant funding</i>			(4,292,959)			(4,292,959)
			11,999,805	-	-	(1,272,645)
Adjustments for Taxation						
<i>Section 31 grants and Collection Fund adjustments</i>			(6,217,307)			(6,217,307)
<i>Council Tax Income Guarantee Grant</i>			(127,570)			(127,570)
<i>NNDR Tax Income Guarantee Grant</i>			(575,784)			(575,784)
			5,079,145	-	-	(8,193,305)
Transfer to/from reserves:						
<i>Tax Income Guarantee Reserve</i>			703,354			703,354
<i>Transferred to Smoothing reserve</i>			6,548,790			6,548,790
<i>Transfer from reserves to fund specific expenditure</i>	86,250	86,250	(110,167)			(196,417)
Net Underspend Transferred to Reserves			1,137,579			1,137,579
Total Budget requirement before External Support from Government	13,358,700	13,358,700	13,358,700	-		(0)

 WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance	Estimated Transfers Out	Estimated Transfers In	Projected Closing Balance
	2020/21	2020/21	2020/21	2020/21
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets Marketing/legal costs re disposal of High St & Civic Centre car park sites (28/02/12 JSC/094/11-12) up to £50k each Worthing carry forwards from 2019/20 underspends, agreed Joint Strategic Committee 7th July, 2020 Revenue underspend Balance	1,361,700	(40,560) (157,500)	504,579	1,668,219
Insurance Reserve	247,687	(72,299)	30,700	206,088
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	(14,310)	14,310	106,396
Theatres Capital Maintenance Reserve	108,733	(50,878)		57,855
Special and Other Emergency Reserve	3,053			3,053
Business Rates Smoothing Reserve	436,515		6,548,790	6,985,305
Local Tax Income Guarantee	-	-	703,354	703,354
Property Investment Risk Reserve	200,000		250,000	450,000
Building Maintenance Reserve	-	-	383,000	383,000
Grants & Contributions	805,648	(717,735)	1,348,980	1,436,893
Capital Expenditure Reserve	29,658	(29,658)		0
General Fund Working Balance	1,543,373			1,543,373
TOTAL	4,872,014	(1,082,940)	9,783,713	13,572,787

HOUSING REVENUE ACCOUNT SUMMARY

Appendix 4

	ORIGINAL BUDGET	ACTUAL	VARIANCE
	£	£	£
EXPENDITURE			
General Management	4,285,500	4,261,451	(24,049)
Special Services	685,670	627,706	(57,964)
Rent, Rates, Taxes & Other Charges	32,320	72,313	39,993
Repairs & Maintenance	2,693,680	2,768,341	74,661
Bad/Doubtful Debt	50,000	(43,968)	(93,968)
Capital Financing Costs			
Depreciation and Revenue Contribution to Capital	4,102,190	4,051,250	(50,940)
Interest charges	2,228,460	2,197,244	(31,216)
TOTAL EXPENDITURE	14,077,820	13,934,337	(143,483)
INCOME			
Dwelling Rents	(12,163,820)	(12,005,319)	158,501
Non-Dwelling Rents	(591,380)	(551,924)	39,456
Heating and Other Service Charges	(512,710)	(535,066)	(22,356)
Leaseholder's Service Charges	(255,410)	(148,098)	107,312
Interest Received	(28,000)	(29,119)	(1,119)
TOTAL INCOME	(13,551,320)	(13,269,526)	281,794
NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL RESERVE	526,500	664,811	138,311

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	(44)	(245)	(265)	Revenue grants reclassified as without conditions transferred to reserves. These were originally held as receipts in advance in Joint but transferred to Adur and Worthing. The grants include Journey to Work £115k Going Local £71k), Public Health Wellbeing Hub (pre 2015/16 bal)£72k, Think Family £104k and Safer Communities £137k.
Public Health & Regulation	(52)	(107)	0	JOINT: Income includes £33k reimbursement relating to Covid grant funded posts, £8k from Arun Dog Warden. ADC: Income £75k DEFRA Export Health Certificate Support Grant to be transferred to reserves and MHCLG Covid Compliance and Enforcement grant that has been spent in 2020/21.
Head of Housing	(52)			Underspends against expenditure budgets.
Env Health - Housing	(21)	(14)	(94)	Income above budget related to Home Improvement Assistance fees, Civil penalty and HMO licences. This is partly offset by an increased cost of Public Health Funerals (22k)
Housing Needs	-	(87)	(56)	ADC: Net underspend on Temporary Accommodation budgets £58k and additional grant funding £29k including Next Steps Accommodation Programme. WBC: Net overspend on Emergency Accommodation budget £177k partially offset by £101k underspend within the Homelessness Initiatives budget. Additional grant funding £135k which includes Next Steps Accommodation Programme.
Housing Needs Grant	-	(75)	(4)	MHCLG Homelessness Reduction Grant in respect of New Burdens associated with the Homelessness Reduction Act. Funding to be transferred to reserves for use in 2021/22.
Parks & Foreshore	(104)	(10)	6	Underspend against expenditure budgets, includes savings on vehicle costs of £25k and supplies and services £49k.
Environmental Services (Waste)	(44)	-	13	Overspend on vehicle repair costs against budget due to the aging fleet, this will need to be monitored going forward as the vehicles come to the end of their warranty period. There has also been an increased pressure on the costs within the cleansing teams due to the increase numbers of visitors to the beach. There is a partial offset by additional Green Waste income of £120k.
Commercial Waste	(30)	68	108	Income shortfall due to COVID19 and the associated fall in demand offset in part by a fall in disposal costs. The reduction in tonnage collected is due to the direct impact the pandemic has had and continues to have on the Commercial waste service.
Bereavement Services (Cemeteries)	-	49	(4)	Adur - shortfall in income plus some overspend in supplies and services expenditure.
Bereavement Services (Crematorium)	-	-	175	Overspends in expenditure budgets of £48k include costs associated with security and the new media system. In addition there is an underachievement in Cremation income as there has been a shift towards direct cremations during the pandemic as the Coronavirus Act limits the numbers attending funeral services. In addition the Act limits work on funeral services only, which has resulted in a shortfall in memorial income during the year.
	(347)	(421)	(122)	
Director of Digital and Resources				
Elections	-	(82)	(32)	Elections were due to be held for both Adur & Worthing Councils on 7 May 2020. Due to the pandemic, all scheduled elections were postponed until 6 May 2021 leading to an underspend in 2020/21.
Parking Services	-	124	1,913	Income shortfalls due to a fall in demand as a result of the restriction imposed during the pandemic. Compensation through the government Sales, Fees and charges Scheme for some of this loss is within non ringfenced funding.
Digital & ICT	(159)	-	-	Underspend within Digital Strategy, office budgets, and Centralised Equipment & Stationery

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Revenues	-	211	335	ADUR ; Shortfall in Court cost income £215k (ADC) £339k (WBC) which has not been achieved due to Covid-19 and the courts being closed.
Benefits	-	245	7	Due to Covid-19 Overpayments income has reduced with a shortfall against budget of £333k ADC & £437k WBC, this has been offset by Government Grants.
Finance	63	(413)	(203)	ADC & WBC : Hardship Fund grant in excess of awards given £-275k ADC £-109 k WBC; plus an underspend against contingency budget/inflation budgets, this is partly offset by increased Audit fees.
Finance: Treasury Interest		(63)	(318)	Adur's interest receivable is below budget by £199k 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 below budget by £57k due to the significant reduction in interest rates. Both income shortfalls are offset by a reduction in the interest payable and other financing costs on borrowing due to the re-profiling of the capital programme for both authorities (Adur £262k and Worthing £375k).
Finance: Treasury MRP	-	(135)	(262)	Minimum Revenue Provision - Both Councils are underspent against budget due to changing profiles within the capital programme.
	(96)	(113)	1,440	
Director of the Economy				
Culture Client	-	-	140	Council share of increased Pension contributions following going out to Trust, plus the final settlement payment of £49k and a write back of Museum Capital costs due to delay in funding approval (offset by Reserve transfer). An element of these costs actually relate to 2019/20 but were not known and accrued they have therefore been reported in 2020/21.
Leisure	-	409	608	ADC: Adur Community Leisure ceased operating in Adur due to COVID 19. In the interim the Council were responsible for the costs associated with closure until the new contract was agreed with South Down Leisure as the new service provider with some requirement for additional ongoing support from the Council due to ongoing restrictions. WBC: This relates to the support package provided to SDL - income shortfall related to the agreed write off of the service fee payable for 2019/20 and 2020/21 and Grounds maintenance charges. In addition support payments of £38k per month to enable opening at the leisure facilities with limited capacity whilst restrictions in place.
Major Projects and Investment (Estates)	(72)	50	268	WBC costs includes and overspend on the major projects budget of £165k, this will be funded in part from reserves £130k). Also includes the impact of COVID 19 for core estate and investment properties that have now become vacant, such as Montague Street in Worthing and the Luton complex in Uxbridge within the Adur portfolio. There are also associated costs (rates, refurbishment, re-let and managing agents) of these properties. In joint there is a net underspend against the budgets.
Place and Economy (Economic Development)	(17)	(104)	(107)	Loss of Bus Shelter advertising and market income (Adur). Loss of income from Observation Wheel (Worthing) offset by Grant income received.
Planning and Development (Building Control)	23	53	64	Loss of income due to impact of Covid-19 on demand.
Planning and Development (Development Control)	20	54	83	Income shortfall as COVID has delayed some of the expected major developments.
Planning and Development (Planning Policy)	-	(6)	57	Consultancy costs incurred with no budget.
Planning and Development (Land Charges)	27	29	21	Loss of income due to impact of Covid-19 on demand.
Business & Facilities	58			Increase in gas costs in the Town Hall - the need for a replacement meter led to the discovery that past readings were incorrect. Contract cleaning costs include some March 20 invoices and there has also been a need for additional cleaning. Costs for a new asbestos system which have been shared with HRA.

Current Variations

Appendix 3

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Emergency Planning	216	-	-	COVID 19 related expenditure which is funded from the government emergency funding including PPE, Digital equipment and software.
	255	485	1,134	
Cross Cutting services				
Maintenance	(34)	50	(400)	Adur: Overspend due to Covid-19 Government restrictions. Worthing: the majority of this underspend £383k is being recommended to be transferred to an earmarked Reserve to smooth the future impact of the delayed works.
Vacancy Provision	840			Mainly due to the impact of additional staffing requirements / agency cover for front line services from the impact of COVID 19 which will be covered by the Government support grants we received. In addition the pay award was 0.75% higher than budgeted, a cost pressure of £175k.
Pay costs budgeted to be funded by Capital	484			Due to delays in some Capital schemes the proportion of staff costs that could be charged to Capital was higher than anticipated when the setting of the 2020/21 budget, the impact is higher costs within revenue.
Water		15	28	A continuation of an Increase in water costs following change of contracted supplier.
Energy Costs	-	35	(25)	Various over/underspends in Energy costs
Rates	(13)	-	88	Overspend associated with vacant properties where the costs falls to the Council rather than the leaseholder.
Business Development Fund	-	34	52	Overspends in the Business Development fund, covered by contributions from Reserves from prior year underspends.
Other	(6)	228	62	General oversends and shortfall of income against budgets.
Income guarantee scheme		(452)	(2,096)	Grant received from the government to compensate Councils for a proportion of the loss of income from sales, fees and charges as a result of the restrictions imposed during the pandemic.
MHCLG - Government Grant Funding		(1,101)	(1,755)	Emergency Covid grant funding and new burdens funding
Additional New Homes Bonus		(85)	(443)	
Transfer to Reserves		250	250	Grants for Wellbeing moved from joint to Adur & Worthing Grants in advance on the Balance sheet
	1,271	(1,026)	(4,239)	
Allocation of Joint Variance		433	650	Share of joint services allocated 40:60 to Councils
Total Variance	1,083	(641)	(1,137)	

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	405	(245)	(237)	Revenue grants reclassified from Joint to Adur & Worthing and some additional grant funding received.
Public Health & Regulation	(52)	-	-	JOINT: Income incl £33k reimbursement re Covid grant funded posts, £8k from Arun Dog Warden (£5K of which pending cf request)
Housing Needs	-	-	(137)	WBC: Projected overspend on Emergency Accommodation lower than expected in quarter 3.
Housing Needs Grant	-	-	120	Grant variance offset by budget not previously included in Q3 forecast.
Parks & Foreshore	(104)	-	-	Underspends higher than originally anticipated particularly vehicle costs and supplies and services.
Environmental Services (Waste)	(140)	-	-	Increased income from Green Garden Waste
Commercial Waste	(51)	-	-	Joint relates to contribution from the Business Development fund for staffing.
Director of Digital and Resources				
Digital & ICT	(141)	-	-	Budget underspends higher than expected.
Revenues	-	-	(110)	Improvement in the outcome of reduced income from Court costs and higher underspends in supplies & services budgets than forecast.
Benefits	-	55	(312)	Shortfall in Overpayments income in addition to grant income for both Adur and Worthing. In Worthing this was offset by an underspend against the net budget for subsidy payments.
Finance	-	(181)	(183)	Grant income from the Hardship fund exceeded the cost of awards especialy in Adur where there is a local scheme already in place. The surplus grants are to be used to support vulnerable local residents.
Director of the Economy				
Culture Client	-	-	140	Additional costs not budgeted for in 2020/21.
Leisure	-	(191)	-	ADC: reopening costs delayed due to ongoing lockdown restrictions

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Major Projects and Investment (Estates)	-	60	(150)	Lower than anticipated void costs and income shortfalls over the whole Estate portfolio.
Place and Economy (Economic Development)	-	(104)	(122)	Grant funded schemes exceeded earlier projections.
Planning and Development (Development Control)	-	-	73	Fee income for major schemes predicted to be received in 20/21 have been delayed.
Planning and Development (Planning Policy)	-		57	Higher than projected consultancy costs to be drawn down from reserves
Cross Cutting services				
Maintenance	-	-	(471)	Delayed reactive maintenance works due to the pandemic. Recommendation for underspend to be transferred to a reserve for future years pressures.
Vacancy Provision	331	-	-	Additional grants received for covid related works requiring additional staffing costs to be incurred.
Pay costs funded by Capital	484	-	-	The re-profiling of the capital programme into 2021/22 has resulted in staffing costs not being able to be charged to schemes in 20/21, the impact is a higher cost met from revenue.
Corporate Budgets	(198)	-	-	In Quarter 3 the additional 0.75% above budget pay award costs were reported against the corporate budget, these costs are included within the vacancy provision overspend for outturn. The two figures can be netted together.
Rates	-	-	88	Predicted rates overspend of was reported against the Estates forecast for quarter 3, it is identified separately for outturn.
Business Development Fund	-	-	52	Overspend is funded from budgets carried forward and additional New Homes Bonus.
Other	(106)	246		
Additional New Homes Bonus	-	(85)	(191)	
Transfer to Reserves	-	250	250	Property risk Reserve transfer - included within estates for quarter 3 monitoring.

	(Under)/ Over Spends £'000
<u>Variations in Income and Running Costs:</u>	
Rental & Service Charge void loss - delay in letting due to Covid-19 restrictions and additional loss due to Ashcroft decant	169
Service charge income from leaseholders - irrecoverable costs	100
Staff vacancies - Tenancy Services and Repairs & Maintenance	(122)
Repairs & Maintenance - over spend on responsive and void works	82
Repairs & Maintenance - saving on planned maintenance contracts	(55)
Council Tax - extended void periods due to Covid-19 letting restrictions, plus Ashcroft decant	37
Printing and postage costs	12
Transfer Incentive Scheme budget not fully spent	(29)
Provision for Bad Debts - reduction in provision	(94)
Insurance premiums on premises	11
Internal recharge allocations	95
Other	(13)
TOTAL VARIATION IN RUNNING COSTS:	193
<u>Variations in Treasury Management and Capital Costs:</u>	
Interest payable - under spend due to reduced borrowing costs	(31)
Depreciation - reduction due to change in asset valuation methodology	(23)
Interest receivable - reduction due to higher level of reserves than anticipated	(1)
TOTAL VARIATION IN TREASURY MANAGEMENT AND CAPITAL COSTS:	(55)
TOTAL VARIATION:	138

Appendix 6

Proposed Carry Forward of unspent budgets within the Joint Strategic Committee			
	ADC share	WBC share	Joint
	£	£	£
Wellbeing: Tascomi System amendments to implement the Dog Module.	2,000	3,000	5,000
Digital and Resources: Programme of System enhancements including recruitment of a Principal Accountant (systems) post to help improve/implement a new Matsoft module for Debtors.	24,000	36,000	60,000
Total carry forward proposals for the Joint Strategic Committee shared between Adur and Worthing	26,000	39,000	65,000

Proposed Carry Forward of Unspent Budgets within Adur District Council	
Economy: Wadars Pool Tiling costs.	£ 60,000
Digital: Business Development Fund – Projects to take forward business transformation initiatives.	103,000
Total carry forward proposals for Adur District Council	163,000

Proposed Carry Forward of Unspent Budgets within Worthing Borough Council	
Digital: Business Development Fund – Projects to take forward business transformation initiatives.	£ 175,000
Environment - Seafront bin replacement programme has been accelerated to include multi use bins and exceeds the capital programme budget. This carry forward will fund the additional cost and implementation	28,000
Total carry forward proposals for Worthing Borough Council	203,000