



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
10 September 2019
Agenda Item 5

Key Decision: No

Ward(s) Affected: All

1st Revenue Budget Monitoring Report (Q1)

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

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

1.2 The following appendices have been attached to this report:

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

2. Recommendations

- 2.1 The Joint Strategic Committee is asked to note the report and projected outturn position for the Joint Committee, Adur District Council and Worthing Borough Council against the approved revenue budgets and proposed use of reserves (Appendix 1b and 2b).

3. Context

- 3.1 The Joint Strategic Committee considered the 5-year forecast for 2019/20 to 2023/24 on 4th December 2018.
- 3.2 The report outlined the financial context, and updated the outline 5 year forecast, the key budget pressures and the savings proposals for addressing the budget gap for Adur and Worthing Councils. The report built on the strategy first proposed in 2016/17 whose strategic aim was to ensure that the Councils would become community funded by 2020 reliant, by then, only on income from trading and commercial activities, council tax income and business rate income.
- 3.3 The successful delivery of the strategy is fundamentally changing how the Councils are funded. The Councils are moving increasingly away from ever reducing government funding towards funding from the local community via Council Tax and Business Rates, and will become increasingly reliant on income from commercial activities.

4. Issues for consideration - Revenue 2019/2020 Forecast

- 4.1 As part of the 2019/20 budget the Councils committed to savings of £0.767m for Adur District Council and £1.373m for Worthing Borough Council to produce a balanced budget and to address the reduction in Government support. Services were required to carry out efficiency, procurement and base budget reviews to identify where income could be increased or expenditure reduced. Current budget monitoring indicates that the majority of these savings are being delivered as expected.
- 4.2 Following the LGA peer review which referenced the low level of the reserves, the Councils have positioned themselves to better manage risk and contribute to reserves for the future through three separate initiatives:

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

Consequently, members should expect the Councils to underspend this year as a result of these proactive measures.

- 4.3 The current year end forecasts indicate, that at this early stage, the operational position will be a net operational underspend by services of £235,000 in Adur and £228,000 in Worthing. This includes meeting the challenges of significant savings requirements to balance the 2019/20 budget. The main factors influencing the level of spend are discussed in detail in section 4.9 of the report.
- 4.4 The current year-end forecasts are comprised of a number of elements as set out in the table below:

2019/20 Forecast Outturn	Adur £000	Worthing £000
<u>Over/(under)spend in operational services – including share from Joint</u>	(235)	(228)
<u>Underspend against Supported Housing contingency budget</u>	(57)	(133)
<u>Reduced borrowing requirement:</u> _____ A lower than forecast call on the MRP (provision to repay debt) and net interest in 2019/20, due to reprofiling of the capital programme already adjusted for in 2020/21 budget.	0	(266)
<u>Budgeted contributions to reserves:</u>		
Set aside for inflation	(40)	(153)
Allowance for Investment Property voids	(100)	(150)
Strategic Investment Property - accelerated purchases	(500)	(500)
<u>Budget provision related to timing differences:</u>		
Major Project funding to Carry forward to 2020/21 for projects that have yet to commence or will complete next year	0	(140)
Net over/(under) spend before contributions to/from Reserves	(932)	(1,570)

4.5 The key factors underpinning the current financial position include:

- An underspend in the Minimum Revenue Provision (MRP) and net interest budgets for Worthing Borough Council. The budgets are calculated on both the historic financing of previous years capital programmes and the impact of financing the current years capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have reduced the expected cost in 2020/21.
- Increased income from the Strategic Property Investment Fund. The fund has been successful in identifying suitable properties to acquire, and the associated income is benefiting the budget in 2019/20.

Once the above items are taken into account, including the contribution from reserves, the operational position is a net underspend by services of £235,000 in Adur and £228,000 in Worthing. The factors influencing the operational position have been addressed as part of the 2019/20 revenue budget.

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

	Expenditure	Income	Net Total
Joint	£'000	£'000	£'000
Budget	30,082	(6,978)	23,104
Forecast	29,909	(6,754)	23,156
Projected Forecast (Under)/ Overspend	(173)	225	52
Forecast varaince percentage	-0.57%	3.22%	0.23%
Adur	£'000	£'000	£'000
Budget	34,390	(25,967)	8,423
Forecast	33,839	(26,369)	7,470
Authority Projected Forecast (Under)/ Overspend	(551)	(401)	(952)
Share of Joint (Under) / Overspend	(69)	90	21
Authority Projected Forecast (Under) / Overspend	(620)	(311)	(932)
Forecast varaince percentage	-1.80%	-1.20%	-11.06%
Worthing	£'000	£'000	£'000
Budget	66,658	(51,481)	15,177
Forecast	66,346	(52,771)	13,575
Authority Projected Forecast (Under)/Overspend	(312)	(1,289)	(1,601)
Share of Joint (Under) / Overspend	(104)	135	31
Authority Projected Forecast (Under)/ Overspend	(416)	(1,154)	(1,570)
Forecast varaince percentage	-0.62%	-2.24%	-10.35%

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

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

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

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

4.9 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.

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

4.10.1 Car Parks

Worthing car parks budgets are projected to be on target for the full year. The temporary surface car park at Teville Gate was expected to be operational from April 2019 but did not open until the last week in July, although this has had an impact on the financial performance year to date the income shortfall is expected to be offset by the projected underspend in expenditure. Adur income is currently expected to over achieve its target by £30,000.

4.10.2 Housing

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

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

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

At the end of Quarter 1, there is a projected underspend of £56,000 in Adur and an overspend of £139,000 in Worthing. This estimate assumes the current caseload numbers in temporary accommodation increase by an average of 2 per month, with an average room rate of £46 per night. 40+ units of leased, affordable temporary accommodation, are due to come on stream in the coming months, as is phase 1 of the Worthing Borough Council owned accommodation at Downview (9 units). Assuming agreements are finalised, it is anticipated that this, combined with a continued focus on preventing homelessness, will result in a reduction in the predicted overspend in Worthing at Q2.

Housing Management - Full Year forecast						
	2018/19			2019/20 - Full Year Projection		
	Budget for Year	Actual for Year	Variance for Year Over / (Under)	Budget for Year	Forecast for Year	Projected Variance for year Over / (Under)
	£'000	£'000	£'000	£'000	£'000	£'000
ADUR						
ETA Expenditure	635	769	134	907	798	(109)
ETA rental income	(411)	(325)	86	(379)	(326)	51
Grant funding	-	(206)	(206)	(140)	(139)	1
	223	238	15	388	333	(56)
WORTHING						
ETA Expenditure	1,267	1,724	457	1,814	2,140	326
ETA rental income	(589)	(685)	(96)	(689)	(874)	(185)
Grant funding	-	(233)	(233)	(150)	(152)	(2)
	678	807	129	976	1,115	139
	901	1,044	143	1,364	1,447	83

Housing Management - Comparative Financial position at June						
	2018/19 Year to Date			2019/20 Year to Date		
	Budget to P3	Actual to P3	Variance to P3 Over / (Under)	Budget to P3	Actual to P3	Variance to P3 Over / (Under)
	£'000	£'000	£'000	£'000	£'000	£'000
ADUR						
ETA Expenditure	159	178	19	227	167	(60)
ETA rental income	(103)	(71)	31	(95)	(74)	20
Grant Funding	-	(206)	(206)	(140)	(139)	1
	56	(100)	(156)	(8)	(46)	(38)
WORTHING						
ETA Expenditure	317	405	88	453	477	24
ETA rental income	(147)	(164)	(17)	(172)	(207)	(35)
Grant Funding	-	(138)	(138)	(150)	(152)	(2)
	169	103	(66)	131	119	(13)
	225	4	(222)	123	72	(51)

It should also be noted that the 2019/20 budget included a £300,000 allowance for supported housing cost pressures expected as a result of reduced housing budgets from West Sussex County Council. A cross county wide working group has been established to recommission the supported housing programme to meet this challenge and the full budget is unlikely to be required this year. Currently it is anticipated that there will be an underspend of £190,000 against this contingency.

4.10.3 Environment - Waste and Recycling

Income for green and bulky waste is broadly on target to meet the income budget with only small shortfalls currently projected. However, there are concerns that there are cost pressures relating to levels of sickness requiring agency cover, higher than expected repair costs on the new vehicle fleet and additional resource required to rollout the new bin deliveries.

Trade waste income for Adur is estimated to come in on budget. This will be monitored closely as the months progress as new business is unpredictable. Tipping charges however for Adur, based on current costs, are forecast to be higher than expected (£30,000 to date). Further analysis by the service area is being done to identify if this will continue for the remainder of the year. Worthing's income and tipping charges are expected to be as per the budget.

4.10.4 Environment - Bereavement Services

Net income for the Cemeteries in both authorities is projected to fall marginally short of the budget (£10,000 Adur, £17,000 Worthing). This is based on the number of burials in-year, which is lower than the same period in 2018/19.

Crematorium income is forecast to be on target for the year.

4.10.5 Environment - Parks and Open Spaces

Worthing has received a one off receipt of £40,000 relating to an inconvenience payment from Rampion for the continued use of Brooklands park during the construction of the Rampion wind farm. This income will be partly offset by unbudgeted expenditure of £11,000 for the rates charges for 2018/19 and 2019/20. Rental income is on target.

The income budget for beach hut income in Worthing included an allowance for additional huts being built, these are not yet available and this could impact on the annual target being achieved. Adur beach hut income is currently underachieving by 10%.

A new Electronic Communication Code (part of the Digital Economy Act 2017) will have an impact on the rental income receivable from operators for telephone mast leases when renewed. Currently Adur has two sites with a combined annual income of £13,000, under the new regulations this could potentially fall to £300 per annum.

4.10.6 Planning & Development

Planning application fee income is forecast to achieve targets if the anticipated major applications in both Adur and Worthing are received during the year. In Worthing this includes West Durrington and Union Place and in Adur it includes Free Wharf and the Riverside development.

4.10.7 Place and Economy

The Worthing Observation Wheel is now in place on Worthing seafront and operational. This is set to attract £70,000 additional income to the Council (offset in 2019/20 by £10,000 set up costs). This added attraction will draw in more visitors to the town, having a wider positive impact on the local economy. The service has identified expenditure areas which further supports the experience in the town centre (e.g. Spin Out Programme in partnership with Worthing Theatres).

Income from Markets and bus shelter advertising are currently projecting to exceed budget in Adur by £32,000. Income generated through activities such as seafront concessions and open space hire together with estimated expenditure underspends sees Worthing predicting to exceed the budget by £60,000. The service is currently looking at key spend areas to ensure both places continue to improve and regenerate, therefore there is likely to be a different net position at the end of 2019/20.

4.10.8 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. For 2019/20 there is projected to be an underspend of £140,000 in the budget set aside for this in 2019/20. The majority of this is to be earmarked to be used as revenue contribution to capital projects in 2020/21.

The investment in Commercial properties is expected to exceed the budget for both Authorities with the combination of completed and projected purchases in the year. In addition, a budget for void rental income which has been created to allow for any vacant properties is not anticipated to be spent in 2019/20 so will be transferred to the Reserve set up in 2018/19 for this purpose (Adur £100,000 and Worthing £150,000).

4.10.9 External Borrowing Costs, Investments and Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a statutory charge to the revenue budget to provide for the repayment of debt. The calculation is based on the level of historic capital spend that has been financed from borrowing. Consequently, once the accounts have been closed and the calculation has been updated for the capital spend in 2018/19, there is certainty about the charge for the forthcoming year.

Worthing has an underspend on its MRP budget of £266,000 due to the reprofiling to 2019/20 of a proportion of the 2018/19 Capital Programmes and the impact of changes to planned financing due to increased levels of capital receipts and capital grants both of which offset the need to borrow.

4.10.10 Revenues and Benefits

Currently, the recovery of court costs and overpayments income are both projected to meet their budgets in 2019/20. However these can be unpredictable and will continue to be monitored.

4.10.11 Business Rates

Additional net income is anticipated in relation to Business Rates S31 grants by Worthing £160,000. However, the councils were using the Business Rate Smoothing Reserves to offset losses incurred in previous years due to timing differences. The planned use of reserves will be reduced by any in-year additional income. So there will be no overall under spend this year.

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

4.10.12 Culture

Worthing Theatres are performing well particularly live events and, although it is early in the financial year, there is a strong possibility for the income target to be exceeded. The current forecast, excluding the capital levy element, is an underspend of £90,000 after allowing for the new contract payment due to the Trust.

From 1st November 2019, Worthing Theatres will become an independent trust

4.11 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

4.12 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

Energy costs are on budget based on current activity, however the energy contracts are due for renewal and this may have an impact on the outturn position. Indications are that prices may increase, particularly gas.

Water - this is forecast to overspend against budget by an estimated £50,000 across all sites based on current activity. There are a number of sites where the usage is being investigated, as it is higher than expected possibly due to unidentified leaks. This will continue to be monitored. The costs include the water supply to the Splash Pad and Rocks water fountain at Marine Parade for which there is no budget.

Business Rates - Adur and Joint Services are broadly on budget. Worthing is forecast to exceed by an estimated £34,000, this includes the unbudgeted costs at Brooklands mentioned in section 4.10.5 that will be offset by the Rampion compensation payment.

Corporate Inflation savings are projected of £100,000 in Worthing and £88,000 within Joint services. In Adur the saving is likely to be much more marginal, it is forecast currently at £5,000. These savings will be transferred to reserves to increase these balances.

4.13 Future Risks

There is a risk that the vacancy provision target of £758,000, will not be met. It is early in the year to predict the year end position but it will be monitored closely on a monthly basis.

4.14 Housing Revenue Account

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

4.14.2 The HRA is forecast to remain largely within budget for 2019/20 with a small shortfall of £22,685. The approved budget includes the use of HRA reserves of £724,950 which is required to meet the cost pressures from rent limitation and maintenance and repair work required to the housing stock resulting from the condition survey.

5. Engagement and Communication

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

6. Financial Implications

6.1 At this early stage at the end of the first quarter of the revenue budgetary cycle, it is anticipated that Adur District Council will have an operational underspend of £235,000, Worthing Borough Council an underspend of £228,000 and the Joint Committee an overspend of £52,000.

7. Legal Implications

7.1 Section 151 of the Local Government Act, 1972 requires the Councils to make arrangements for the proper administration of their financial affairs. Further, Local authorities have a statutory duty under the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge.

Background Papers

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

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

Joint Overall Budget Estimates 2019/20

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

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

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

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

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

Financial Performance 2018/19 - Revenue Outturn

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

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Sustainability & Risk Assessment

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

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

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

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

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


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

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

SUMMARY - 1st QUARTER PROJECTED OUTTURN 2019/20

APPENDIX 1a


Actual Previous year 2018/19	ADUR CABINET MEMBER PORTFOLIOS	Original Estimate 2019/20	Current Estimate 2019/20	Projected Outturn to 31st March 2020	Forecast Over/ (Under)
2,591,947	CM for Environment	2,272,600	2,309,370	2,310,230	860
1,234,340	CM for Health & Wellbeing	1,269,140	1,281,140	1,283,030	1,890
1,317,721	CM for Customer Services	1,507,950	1,464,950	1,205,940	(259,010)
574,158	Leader	624,800	627,800	651,540	23,740
1,521,078	CM for Regeneration	1,765,060	1,831,010	1,644,080	(186,930)
1,661,187	CM for Resources	1,111,680	854,350	342,154	(512,196)
-	Holding Accounts	249,790	249,790	249,790	
8,900,430	Total Cabinet Member	8,801,020	8,618,410	7,686,764	(931,646)
(1,320,741)	Credit Back Depreciation	(1,385,100)	(1,385,100)	(1,385,100)	-
1,015,897	Minimum Revenue Provision	1,242,940	1,242,940	1,242,940	-
272	Non ring fenced grants	-	-	-	-
1,087	Financial Instruments Adjustment Account				-
8,596,946		8,658,860	8,476,250	7,544,604	(931,646)
	Transfer to/from reserves				
-	Contribution to/(from reserves)		-	-	-
	Budgeted contribution to/(from) Reserves		-	-	-
(481,767)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	182,610	182,610	-
603	General Fund Working balance	-	-	-	-
511,979	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-		931,646	931,646
8,627,760	Total Budget requirement before External Support from Government	8,658,860	8,658,860	8,658,860	-

 ADC ADUR DISTRICT COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2019/20	Estimated Transfers Out 2019/20	Estimated Transfers In 2019/20	Projected Closing Balance 2019/20
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets Funding for waste savings proposals (4 Dec 2018 JSC/066/18-19) Friends of Shoreham Fort (JSC 6 May 2014) Adur carry forwards from 2018/19 underspends , agreed Joint Strategic Committee 9th July, 2019 Budgeted contribution (to)/from revenue Balance	425,749	(151,720)	-	220,829
Insurance Fund	152,893	(36,750)	30,700	146,843
Business Rates Smoothing Reserve	402,161			402,161
Grants and Contributions held in Reserves	562,570			562,570
Election Reserve	7,880	(7,880)		-
Special and Other Emergency Reserve	60,254			60,254
Property Investment Risk Reserve	-		100,000	100,000
Projected Underspend/(Overspend) (Reserve to be identified at outturn)			831,646	831,646
General Fund Reserve	518,773	-	-	518,773
TOTALS	2,130,280	(249,550)	962,346	2,843,076

SUMMARY - 1st QUARTER PROJECTED OUTTURN 2019/20

APPENDIX 2a

Actual Previous year 2018/19	WORTHING CABINET MEMBER PORTFOLIOS	Original Estimate 2019/20	Current Estimate 2019/20	Projected Outturn to 31st March 2020	Forecast Over/ (Under)
850,001	CM for Digital & Environment	2,991,380	3,164,240	3,168,500	4,260
3,594,064	CM for Health & Wellbeing	1,729,230	1,746,290	1,754,730	8,440
1,816,036	CM for Customer Services	5,172,460	5,231,960	4,920,560	(311,400)
4,954,410	Leader	802,300	802,300	813,900	11,600
2,217,162	CM for Regeneration	1,907,660	2,098,810	1,960,570	(138,240)
1,750,527	CM for Resources	2,232,150	1,702,050	823,372	(878,678)
-	Holding Accounts	513,700	513,700	513,700	-
15,182,200	Total Cabinet Member	15,348,880	15,259,350	13,955,332	(1,304,018)
(3,262,239)	Credit Back Depreciation	(3,224,030)	(3,224,030)	(3,224,030)	-
1,110,658	Minimum Revenue Provision	1,492,910	1,492,910	1,226,910	(266,000)
69,736	Non ring fenced grants	-	-	-	-
13,100,355		13,617,760	13,528,230	11,958,212	(1,570,018)
	Transfer to/from reserves				
	Contribution to/(from reserves)	86,250	86,250	86,250	-
	Budgeted contribution to/(from) Reserves	-	-	-	-
(731,199)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	89,530	89,530	-
1,147,435	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-	-	1,570,018	1,570,018
13,516,590	Total Budget requirement before External Support from Government	13,704,010	13,704,010	13,704,010	-

 WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2019/20	Estimated Transfers Out 2019/20	Estimated Transfers In 2019/20	Projected Closing Balance 2019/20
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets Marketing/legal costs re disposal of High St & Civic Centre car park sites (28/02/12 JSC/094/11-12) up to £50k each Funding for Decoy Farm survey (22/7/14 JSC/031/14-15) Preliminary costs of Theatre Trust bid (10 July 2018 JSC/026/18-19) Funding for savings proposals (4 Dec 2018 JSC/066/18-19) Development of Natural Burial Area (5 March 2019 JSC/105/18-19) Worthing carry forwards from 2018/19 underspends, agreed Joint Strategic Committee 9th July, 2019 Budgeted contribution (to)/from revenue Balance	1,643,480	(40,560) (108,404) (16,488) (76,800) (100,000) (425,900)	-	875,328
Insurance Reserve	273,678	(36,750)	30,700	267,628
Joint Health Promotion Reserve	3,353			3,353
Leisure Lottery & Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	37,205	(9,439)		27,766
Museum reserve - 12/09/17 JSC/037/17-18 release of funds to support grant bid	97,702	(77,000)		20,702
Theatres Capital Maintenance Reserve	170,486	(92,000)	83,000	161,486
Special and Other Emergency Reserve	3,053			3,053
Business Rates Smoothing Reserve	905,174			905,174
Property Investment Risk Reserve	50,000		150,000	200,000
Grants & Contributions	741,784			741,784
Capital Expenditure Reserve	29,658			29,658
Projected Underspend/ (Overspend) (Reserve to be identified at outturn).			1,420,018	1,420,018
General Fund Working Balance	868,625			868,625
TOTAL	4,824,198	(983,341)	1,683,718	5,524,575

HOUSING REVENUE ACCOUNT QUARTER 1 BUDGET MONITORING
APPENDIX 3

	ORIGINAL BUDGET 2019/20	YTD ACTUAL 2019/20	PROJECTED OUTTURN 2019/20	PROJECTED OVER/ (UNDERSPEND) 2019/20
	£	£	£	£
EXPENDITURE				
General Management	4,207,350	573,873	4,207,879	529
Special Services	665,450	164,095	681,362	15,912
Rent, Rates, Taxes & Other Charges	31,690	28,978	47,128	15,438
Repairs & Maintenance	2,630,360	851,737	2,646,319	15,959
Bad/Doubtful Debt	50,000	-	50,000	-
Capital Financing Costs				
Depreciation and Revenue Contribution to Capital	3,992,810	-	3,992,810	-
Interest charges	2,289,860	2,675	2,289,860	-
TOTAL EXPENDITURE	13,867,520	1,621,358	13,915,358	47,838
INCOME				
Dwelling Rents	(11,826,460)	(3,848,841)	(11,827,521)	(1,061)
Non-Dwelling Rents	(581,430)	(201,987)	(575,844)	5,586
Heating and Other Service Charges	(482,330)	(167,753)	(512,008)	(29,678)
Leaseholder's Service Charges	(224,350)	(221,791)	(224,350)	-
Interest Received	(28,000)	-	(28,000)	-
TOTAL INCOME	(13,142,570)	(4,440,372)	(13,167,723)	(25,153)
NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL	724,950	(2,819,014)	747,635	22,685

Quarter 1

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

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
NET TRADING				
Parking	-	(30)	-	ADUR: Over-achievement of income against budget
Theatres			(90)	Worthing Theatres are performing well particularly live events and, although it is early in the financial year, there is a strong possibility for the income target to be exceeded pre Theatre Trust
Environment - Commercial Waste Services		30	-	ADUR & WORTHING Commercial Waste : Increase in tonnages for Adur not fully budgeted for
Total Net Trading	-	-	(90)	

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
INCOME:				
Place and Economy			(60)	Worthing Big Wheel is now in place on Worthing seafront and operational. This added attraction will draw in more visitors to the town, having a wider positive impact on the local businesses
Economic Development	-	(32)	(60)	ADUR & WORTHING: Additional income from Markets and Bus Shelter Advertising anticipated
Investment Properties		(600)	(650)	Income from new investments is projected to exceed the approved budget by £500k for both councils. In addition the budget set up for voids has not been required, so this will be transferred to Reserves at Outturn to fund future possible voids in excess of the budget; £100k Adur and £150k Worthing. ADUR & WORTHING: Shortfall of Cemetery Income projected based on current numbers and prior years profiles
Environment - Bereavement Services		10	17	WORTHING : Crematorium income on target to meet the budget but there is a Shortfall of Cemetery Income projected based on current numbers and prior years profiles
Environment - Parks & Open Spaces	-	-	(29)	Additional inconvenience payment from Rampion for the late reinstatement of the par 3 at Brooklands offset in part by shortfall in income
Environmental Health	-		(85)	ADUR & WORTHING: Houses in Multiple Occupation (HMO) income - increase expected due to change in regulations which make more properties eligible for licensing.
Finance				Business Rates Section 31 Grant
Total Income	-	(622)	(867)	

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
COSTS:				
Major Projects			(140)	Current estimated underspend against major projects budget
Homelessness		(113)	6	ADUR: The monthly average in cases for Adur has dropped from 50 cases at the end of January 2019 to 41 cases at the end of July 2019 and projecting an underspend of (£56k). In addition the provision of support housing is predicted to cost less than initially budgeted (£57k). WORTHING: Increased use of temporary accommodation to meet increased demand Currently 122 cases at the end of July 2019 (98 cases at the end of January 2019) £139k offset by less than projected the provision of support housing initially budgeted (£133k).
Finance: Treasury	-	-	(266)	MRP underspends due to reprofiling of capital programme
Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
Corporate Budgets	(88)	(5)	(100)	The inflation for Supplies and services was centralised to allow for a budgeted contribution to Reserves net of any departmental cost pressures
Other minor variances	140	(213)	(145)	Various minor over and underspends
Allocation of Joint Variance		21	31	Share of joint services allocated 40:60 to Adur and Worthing Councils
Total costs	52	(310)	(613)	
Total Variance	52	(932)	(1,570)	