



Joint Strategic Committee  
16 March 2022

## ADUR & WORTHING COUNCILS

Key Decision: No

Ward(s) Affected: All

### 3rd Revenue Budget Monitoring Report (Q3)

#### Report by the Director for Digital, Sustainability & Resources

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#### 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 2021/22, compared to the Revenue Budget approved by both Councils in February. Whilst the 'spend to date' will be the position as at the 31st December 2021, the forecast position will reflect the latest information available to ensure an up-to-date forecast is presented.

As at quarter 2, the current projection for the 2021/22 financial year are net operational budget overspends of £585k in Adur and £1.56m in Worthing. Government funding in the form of grants and the Income Guarantee Scheme will offset this and it is currently estimated that the outturn position will be a net overspends of £47k in Adur and £14k in Worthing. A breakdown is set out in section 4.4 of the report.

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

- (i) **Appendix 1** (a) Adur Summary  
(b) Adur Use of Earmarked Reserves

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

## **2. Recommendations**

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

## **3. Context**

- 3.1 Elsewhere on the agenda, the Joint Strategic Committee is considering the latest 5-year forecasts for 2022/23 to 2026/27.
- 3.2 This report outlines the financial context, and updates 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 2021/2022 Forecast**

- 4.1 As part of the 2021/22 budget the Councils committed to savings of £0.561m for Adur District Council and £1.149m for Worthing Borough Council to produce a balanced budget and to address the reduction in Government support. Services were required to carry out efficiency,

procurement and base budget reviews to identify where income could be increased or expenditure reduced. Current budget monitoring indicates that the majority of these savings are being delivered as expected.

4.2 However, the financial landscape has changed due to the impact of the Coronavirus, the measures that were implemented to manage the pandemic have been visible in both the fall in income and the additional cost pressures falling on the Council over the last two years. The Government has provided support to Councils during the emergency in the form of some grant funding, some grants designated for specific use, such as homelessness support, others non specific in nature. The Government support through the Sales, Fees and Charges Income Guarantee Scheme was extended to include the first quarter of 2021/22. Within this scheme the Council is expected to bear the impact of the first 5% of lost income but will then receive 75p in every £1 thereafter. However, the scheme's limitation is that it only covers income from fees and charges, it excludes any rental, commercial or investment income.

In summary, the current additional Government funding forecasts for Adur and Worthing are:

	Adur	Worthing	Total
	£	£	£
General Government Funding:			
New Burdens Funding	297,380	297,380	594,760
Sales Fees and Charges Income Guarantee Scheme (Q1 Claim)	81,799	395,395	477,194
<b>Total non specific funding</b>	<b>379,179</b>	<b>692,775</b>	<b>1,071,954</b>
Specific - Within Service:			
Cabinet Office - Elections Covid support	21,440	29,840	51,280
Test & Trace administration	204,974	126,282	331,256
<b>Total service specific funding</b>	<b>226,414</b>	<b>156,122</b>	<b>382,536</b>
<b>Total</b>	<b>605,593</b>	<b>848,897</b>	<b>1,454,490</b>

4.3 Whilst it is early in the financial cycle and difficult to have certainty on the estimates and assumptions, the preliminary projections indicate forecast year end outturn positions, after general Government Covid-19 related funding, of an overspend of £47k in Adur and an overspend of £14k in Worthing. This includes meeting the ongoing challenges from the impact of the covid-19 pandemic on cost pressures and levels of income together with the significant savings requirements to balance the 2021/22 budget. The main factors influencing the level of spend are discussed in detail in section 4.11 of the report.

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

<b>2021/22 Forecast Outturn</b>	Adur		Worthing	
	Q2 Projection	Current projection	Q2 Projection	Current projection
	£000	£000	£000	£000
Over/(under)spend in operational services – including share from Joint	336	585	1,601	1,583
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.	(122)	(133)	(794)	(882)
Commercial property income shortfall and cost pressure	628	524	316	355
Property void allowance	(550)	(550)	(350)	(350)
<b>Net over/(under) spend before Government funding support</b>	<b>292</b>	<b>426</b>	<b>773</b>	<b>706</b>
Government Covid 19 Grant Funding	(167)	(297)	(167)	(297)
Sales, Fees and Charges Guarantee Scheme	(82)	(82)	(395)	(395)
<b>Forecast net over/(under) spend</b>	<b>43</b>	<b>47</b>	<b>211</b>	<b>14</b>

4.5 The key factors underpinning the current financial position include:

- The ongoing financial impact of the Coronavirus pandemic, both additional cost pressures and reduced income levels, net of financial support from the government.
- A net underspend in the Minimum Revenue Provision (MRP) and interest budgets. The budgets are calculated on both the historic financing of previous years capital programmes and the impact of financing the current year's capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have reduced the expected cost in 2021/22.
- Shortfall in commercial property income with the requirement to use the property void allowance to manage the pressure.

Once the above items are taken into account, the operational position is a net overspend by services of £585k in Adur and £1.56m in Worthing. This projection demonstrates the continued pressure on the Councils finances as a result of Covid-19 and the need for funding support from the government.

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

<b>Projected Outturn Summary - Quarter 3</b>			
	<b>Joint</b>	<b>Adur</b>	<b>Worthing</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Current Budget 2021/22	23,609	9,581	14,448
Outturn	24,525	10,007	15,154
<b>Projected Forecast over/ (underspend) before Government support packages or any transfer to reserves</b>	<b>916</b>	<b>426</b>	<b>706</b>
<b>Projected Forecast over/ (underspend) after transfers to reserves (before Government support and additional New Homes Bonus)</b>		<b>426</b>	<b>706</b>
Additional New Homes Bonus			
MHCLG - Government Grant Funding		(297)	(297)
MHCLG - Income guarantee funding		(82)	(395)
<b>Projected Forecast over/ (underspend) after Government funding and proposed transfer to reserves</b>	<b>916</b>	<b>47</b>	<b>14</b>

4.7 Comparison to the Q2 forecast:

	<b>Joint</b>	<b>Adur</b>	<b>Worthing</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Forecast Outturn Over/(under)spend	916	47	14
Forecast Over/(under)spend Q2	696	42	211
Change from Q2 to Q3 Forecast Outturn (improvement)/deterioration	220	5	(197)

The Adur and Worthing projected forecasts in the table above include the respective share of the Joint Services projected overspend. There is an improvement in the outturn position in quarter 3 and this is largely in relation to the capitalisation of major project spend for Teville Gate in Worthing, due to funds being released and an improvement in the projected

investment property losses from void properties. Funding from the government through the fees and charges compensation scheme only applies to the losses incurred for the first quarter, ongoing shortfall for the remainder of the year will need to be absorbed by the councils.

Other large movements from quarter 2 to quarter 3 within revenue budgets are highlighted in appendix 4b.

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

	<b>Expenditure</b>	<b>Income</b>	<b>Net Total</b>
<b>Joint</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	31,489	(6,590)	24,899
Forecast (after transfer to reserves)	33,347	(7,533)	25,814
Projected Forecast (Under)/ Overspend	1,859	(943)	916
Forecast variance % before Government funding	5.90%	14.31%	3.68%
<b>Adur</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	35,693	(26,754)	8,940
Forecast (after transfer to reserves)	37,140	(28,141)	9,000
Authority Projected Forecast (Under)/ Overspend	1,447	(1,387)	60
Share of Joint (Under) / Overspend	743	(377)	366
Authority Projected Forecast (Under) / Overspend	2,190	(1,764)	426
Forecast variance % before Government funding	6.14%	6.59%	4.77%

<b>Worthing</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	67,673	(51,494)	16,179
Forecast (after transfer to reserves)	68,884	(52,548)	16,336
Authority Projected Forecast (Under)/Overspend	1,211	(1,054)	157
Share of Joint (Under) / Overspend	1,115	(566)	549
Authority Projected Forecast (Under)/Overspend	2,326	(1,620)	706
Forecast variance % before Government funding	3.44%	3.15%	4.37%

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

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

4.10 We adopt a more structured approach to services which have more volatile budgets or hard to predict income streams. For 2021/22, these services are:-

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

4.11 Most of these services are subject to closer monitoring because they meet one or more of the following criteria:-

- Demand led
- Income based
- Specialist
- Significant changes to the service are being made in the near future.

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

### 4.12.1 Car Parks

Car park income was the revenue stream most impacted by the pandemic and the longer term effect of changing behaviour by customers was built into the 2021/22 budget with a reduction in income budgets of £359,000 in Worthing and £64,000 in Adur. Demand is still below the pre pandemic levels with income falling short of the budget at quarter 3 by 13% in Adur and 20% in Worthing. Worthing has been particularly affected due to the following factors;

- The types of car park - Worthing has a number of multi-storey car parks that are used by customers for coming into the town centre to work, shop and for social events. The rate at which people have returned to these activities has been slower than anticipated.
- Demand from the worker deal permits and season tickets has not returned to the previous pre pandemic level of demand. This may be temporary but it could be that more people are choosing to work remotely as a long term or permanent option.
- The Government's covid19 pass has allowed critical NHS staff and social care workers to park for free which has also resulted in lower income in the car parks and on-street. The pass was officially withdrawn as of 21st June 2021.
- NHS staff are currently being offered free parking at Worthing hospital until April 2022, which will have an impact on the income level at the Lyndhurst Road car park.

Previous predictions have assumed that there would be an ongoing increase in demand with recovery expected to be quicker in Adur. However actual activity over the last quarter has shown demand fall in Adur from 98% over the summer months to 80% in December. In Worthing the demand has remained at 86% since it initially recovered over the first quarter of 2021/22.

There is a risk that Worthing may feel the impact of a permanent change in workers' behaviour with an increase in home working and a reduction in commuter parking and the demand does not fully recover to pre pandemic levels. The longer term impact on demand has been built into the 2022/23 budgets with a reduction in income of £52k in Adur and £55k in Worthing.

A more cautious approach to the forecast outcome is being taken with the assumption that footfall remains at the current level in Worthing with a gradual improvement in Adur. This position will be monitored and estimates adjusted as we progress through the year. The projected net shortfall against budget for the year is £57k and £698k in Adur and Worthing respectively, this includes any cost pressures or savings within supplies and services.

Shortfalls in car park income for the first quarter will be covered by the income guarantee scheme, which was extended to cover the first 3 months of 2021/22. The Council will be compensated by 75% of loss over and above the first 5% of budget. However there will still be a loss of an estimated £500k to be managed within the Worthing budget and £20k in Adur.

#### 4.12.2 Housing Needs

There continues to be cost pressures associated with homelessness with estimates of net costs exceeding the budget

In Worthing additional contingency of £80,000 had been built into the budget to address ongoing costs pressures, the Local Housing Allowance rate has increased since April 2020 and the Housing Service continues to source cheaper temporary accommodation with both Rowlands Road and Downview now available for use.

A Homelessness Reduction Grant has been allocated to Adur £73,000 and Worthing £124,000. This is new burdens funding associated with the Homelessness Reduction Act. This may need to be utilised to offset the projected 2021/22 overspend. Both councils have also received Domestic Abuse Safe Accommodation grant allocations of £33,000.

Looking forward we expect to see ongoing pressure on housing as we continue to see the impact of the pandemic and the abolition of section 21 notices. The current assumption is that the caseloads numbers will increase by 2 per month in Adur and 5 per month in Worthing which is based on current activity, this will be updated as the performance is monitored during the year. Work will continue to be done to mitigate the recognised pressures in the remainder of the financial year and beyond.

The current forecast is as follows:

## Housing Needs

	<b>Adur</b> £000	<b>Worthing</b> £000
Homelessness - Emergency and temporary accommodation costs - budget pressure/(underspend)	448	813
Local Housing Allowance Income - budget shortfall/(excess)	(130)	(526)
Next Steps Accommodation Programme Funding	(7)	(112)
Additional MHCLG Homelessness Reduction Grant (New Burdens associated with the Homelessness Reduction Act)	(73)	(124)
Additional MHCLG Domestic Abuse Accommodation Grant	(168)	(33)
Rough Sleeping - additional grant	(25)	-
Net over/(under)spend forecast against budget	<u>45</u>	<u>18</u>

Overall the budget for Housing Needs is forecast to be underspent in Adur by £45k and Worthing by £18k.

### 4.12.3 Environment - Waste and Recycling

The refuse, recycling and cleansing service faces a continued pressure on the agency staffing budget. Agency staff are used to cover annual leave, sickness absence and seasonal work. Cover is only provided for key roles, mainly refuse and recycling frontline staff where a full crew is needed to ensure collections can take place. Agency staff are also used for seasonal roles (e.g. beach cleansing) where recruitment processes are not conducive to the level of cover required. Whilst the use of agency staff is minimised where possible, the existing budget (£163,000 per annum) is insufficient to cover minimum cost. For example, the cost of covering annual leave for 80 frontline staff is approximately £240k per year. In the current year the budget has been used to cover costs associated with Covid, including self isolation of staff. For these reasons it is estimated that the staff and agency budgets will be overspent by £139k. In addition there are cost pressures related to the vehicle fleet.

Garden Waste Bin Collection subscriptions continued to rise slightly ahead of forecast for the time of year. This is probably related to increased public awareness via a robust communication campaign and prices held for the

second year in a row. The subscription base has passed the 18,500 mark for the first time and base growth is expected until at least the end of the financial year. Indications are that income will be on budget. Overall the Waste, Recycling and Cleansing service is projecting an overspend of £204k.

The commercial Waste service did see a drop in demand as a direct result of Covid 19. However, the number of accounts is now at an all-time high at just over 2600 customer calls, this is despite expected income shortfalls against budget for both Adur and Worthing. As reported in quarter 2 the disposal costs for both councils have increased and are forecast to be overspent as a result.

The first Commercial Food Waste collections began in September 2021 in both Worthing, with Adur, the service is running well. The strategy is to firstly convert existing customers who generate food waste who are currently using our general waste service, to use our new food waste bins. At scale, this will reduce the overall commercial services' waste disposal fees in both Adur and Worthing. It's too early to estimate annual disposal savings at this stage, but with food waste bin weights now collected automatically data should become available to project annual savings figures in the next quarter. This is a flagship service and underpins our 'better recycling' messages to local businesses.

A new digital automatic customer debt management tool was implemented during October which links customer account checks with service provision. This is already yielding positive results, which is stabilising regular payments for the service. Overall the Commercial Waste service is projected to have a net overspend of £79,000 in Adur and £167,000 in Worthing.

#### 4.12.4 Environment - Parks and Foreshore

The parks service in Adur has generated additional rental income for the year with a forecast outturn of £49,000, this is offset in part by some expected cost pressures with a net underspend predicted of £33,000. Worthing is forecast to be on budget.

The Foreshore service has also seen an increase in income from beach hut licences and rental. There is also expected to be savings against expenditure budgets and the combination leads to projected net underspends in both Adur and Worthing of £72,000 and £23,000 respectively. In addition there are staff savings included within the Joint service which have been factored into the vacancy allowance projection.

#### 4.12.5 Environment - Bereavement Services

The Bereavement Service is projecting a net overspend against the budget in 2021/22 of £526,000 in Worthing and £24,000 in Adur. This includes income shortfalls of £22,000 Adur and £395,000 Worthing;

	Adur	Worthing
	£	£
Burials	22,000	(51,000)
Rental income	0	15,000
Cremations (including tributes)	0	320,000
Memorial Gardens	0	83,000
Memorials	0	15,000
Tree Donations	0	13,000
Total under/(over) achievement of income	<u>22,000</u>	<u>395,000</u>

Overspends on expenditure budgets include additional costs associated with staff and additional cleaning requirements at the crematorium including one off deep cleans due to Covid.

#### Crematorium

The financial year of 2020/21 saw the highest demand for cremations carried out over a 12 month period. With direct cremation contributing to 37% of the total. The demand is attributed to covid deaths. The financial year for 2021/22 sees demand for cremations is more in keeping with years prior 2020/21.

Overall, there have been 470 fewer cremations in total in the period April to Jan 2022 compared to April to Jan 2021 (175 less than 2019).

Income shortfall was reviewed as part of the service planning and fee setting streams of work. This saw the end of the tiered direct cremation contract arrangements with several funeral directors in December 2021.

The crematorium will prioritise cremations with a service over direct cremations, however a limited number of direct cremations will still take place. More chapel times have been made available. The service recognises the majority of direct cremations will go elsewhere and there will be a drop in income relating to these cremations. This will be offset by a drop in variable costs associated with direct cremations, such as charges for the medical referees, cremator maintenance and gas.

The demand for cremations will be carefully monitored to adapt to any future need or changes in macroeconomic factors.

Work is underway to create more memorial garden space at the crematorium, initial designs have been drawn up. It is anticipated that off-plan sales for the garden should commence by the end of 2021/22. There is a waiting list for the garden and regular enquiries about availability, so sales should be positive as deposits are taken at the start of the 2022/23.

#### 4.12.6 Planning & Development

In Adur current projections are that there will be a net shortfall in income against the 2021/22 budgets in the Planning and Development service area:

	£
Building Control	75,000
Land Charges	31,000
Development Management	(20,000)
Total under/(over) achievement of income	<u>86,000</u>

In addition there are some small overspends in expenditure of £3,000, an overall net overspend against a budget of £89,000.

In Worthing there is a £70,000 budget pressure within Planning Policy associated with the commencement of the Local Plan Examination later this year. This cost was originally expected in 2022/23 in the financial planning exercise but the timing and the amount is always difficult to predict. The Local Plan was submitted in June although the timetable is driven by the Planning Inspectorate and the final date has not been fixed. There are also projected shortfalls in Development Management as there are no planning fees currently anticipated for any large scale developments for the remainder of the financial year and Land Charges as the number of house sales has and continues to be lower than anticipated:

	£
Building Control	4,000
Land Charges	43,000
Development Management	192,000
Total under/(over) achievement of income	<u>239,000</u>

In addition there are some small overspends in expenditure of £20,000, an overall net overspend against a budget of £289,000.

#### 4.12.7 Place and Economy

The Worthing Observation Wheel had a successful operating season on Worthing seafront which came to an end in October. The attraction's return was delayed due to the Coronavirus but has traded well and the agreed lower payment of £60,000 has been paid. The income shortfall is expected to be £25,000, however concession, filming and sponsorship income is expected to exceed budget and mitigate this shortfall.

In Adur, net income is currently projected to be on budget. Market activity is trading strongly and has bounced back well following gaps in delivery, whilst income targets for outdoor land hire (for events), filming and promotional opportunities, are projected to be delivered in this financial year.

#### 4.12.8 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. Currently it is anticipated that the expenditure within this area will be underspent against the budget by £180,00, this is due to the majority of the work being associated with capital projects.

Commercial property income has seen the impact of the Covid 19 pandemic with a forecast shortfall in income within Adur of £340,000 and Worthing £105,000. There are also costs associated with agent fees and rates relating to void properties which amount to £184,000 in Adur and £250,000 in Worthing. Current forecast assumptions indicate that any shortfalls can be managed initially through use of the in year budgeted void allowance (Adur £550,000, Worthing £350,000) and any further shortfall by use of the property void reserve.

In Adur a 6 month rent free period has been agreed with tenants at Highdown House in Worthing to secure an extension of the current lease for a further 5 years. In addition, there is still a shortfall in income for the void of part of the London Square property in Uxbridge previously leased by TM Lewin, agents have been instructed to enter into discussions with a potential tenant for the empty space. An update will be given at the next meeting.

In Worthing the pressure comes from the retail units in Montague Street and Canon House.

#### 4.12.9 External Borrowing Costs, Investments and Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a statutory charge to the revenue budget to provide for the repayment of debt. The calculation is based on the level of historical 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 2020/21, there is certainty about the charge for the forthcoming year.

Worthing has an underspend on its MRP budget of £451k, this is as a result of the following;

- the reprofiling to 2021/22 of a proportion of the 2020/21 Capital Programme 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.
- A technical review of the MRP calculations in preparation for the 2022/23 budget has resulted in substantial in-year savings.

Adur has an overspend of £168k in the MRP budget which reflects the delay in the sale of the Adur Civic Centre and the timing of the associated capital receipt. We had originally expected to receive the receipt in 2020/21 and to be able to use it to reduce the Council's reliance on debt.

Interest receivable from treasury investments will be above budget for both Councils, in addition the interest payable on borrowing will be reduced, again due to the reprofiling of capital budgets together with a sustained period of low interest for new borrowing. There are forecast net underspends in interest of £301k for Adur and £431k for Worthing.

Overall the position is as follows:

<b>Treasury Management (Under) / Overspends</b>	<b>Adur (General Fund)</b>	<b>Worthing</b>
	£	£
Minimum Revenue Provision	168,300	(450,815)
Interest on Borrowing and TM costs	(287,504)	(373,707)
Interest from Investment Income	(7,024)	(41,775)
Other financing costs	(7,000)	(15,380)
<b>Total</b>	<b>(133,228)</b>	<b>(881,677)</b>

#### 4.12.10 Revenues and Benefits

Overpayment income is also below budget in both councils with projected year end positions currently £367,000 in Adur and £367,000 in Worthing. The assumptions are based on activity to date but the position will continue to be monitored as the year progresses. The budget for overpayments is to be reviewed for the 2022/23 budget process, the value of overpayments raised has fallen for a number of reasons including the continued increase in the automation of records received from the DWP. Nevertheless, comparing the value of outstanding overpayments since October 2017 there has been a significant reduction (almost £400,000 for Adur and more than £1M for Worthing).

There has been an improvement in the forecast shortfall of recovery of court cost income for 2021/22. Previous estimations were cautious due to the closure of the courts during the pandemic, however they are now open and there is an element of backlog cases to be processed.

There is Covid and new burdens funding for additional work resulting from the pandemic, this together with departmental underspends offset the recovery shortfalls. Current estimations are that the net positions will be an operational overspend in Revenues and Benefits of £359,000 in Adur and £395,000 including the joint element of costs and housing subsidy.

#### 4.12.11 Pay Award and Vacancy Provision

The pay award currently with the union for consultation is 1.75% which is 0.25% below the 2% increase built into the 2021/22 budget. The Councils expect the award to be finalised shortly. Current predictions based on the activity to date are that the vacancy provision target will almost be met, with a minimal shortfall of £20,000. Included within the projection are:

- Agency costs associated with Waste and Recycling referred to in section 4.12.2.
- Redundancy and settlement costs estimated at £82k.
- Allowance for market supplements in Waste and Cleansing for HGV driver and fitter roles (from October) £41k.
- Allowance for grant funding for some temporary positions.

Some staff pressures are being met from the Covid contingency budget where extra resource has been required to manage additional pressures as a result of the pandemic. These costs have been excluded from the forecast figure.

#### 4.13 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

#### 4.14 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

#### Utilities

Water and energy bills are currently forecast to overspend based on activity to date. In Adur the pressure is predicted to be £41,000, in Worthing £87,000. The pressures relate to a combination of increased costs and some areas where the budget is not sufficient for usage, such as public conveniences.

#### Maintenance

Current projections indicate some pressure on the maintenance budgets in Adur of £84,000. Emergency works to retille large sections of WADURS swimming pool were necessary together with an increased demand for repairs and maintenance within Parks and our open spaces. In Worthing, there is estimated to be an underspend of £100,000, this is due to the delay of some works and with fewer repairs required as a result of some facilities being closed during the pandemic or operating at a lower capacity. The

main areas of underspend are Parks and Open Spaces, leisure facilities, crematorium and surface car parks.

The increased cost of building materials (a national situation) is impacting all maintenance costs.

#### 4.15 Future Risks

The overall risk is that the projected outturn positions include assumptions and predictions and therefore an inherent level of uncertainty. This is the second quarter monitoring and therefore the forecasts are based on a limited period of actual transactions which makes the uncertainty level higher than it should be later in the financial year. Current forecast estimates assume gradual recovery of services, should there be any further periods of restriction or lockdown this will need to be factored into the assumptions and the forecasts re-modelled.

### **5. Housing Revenue Account**

- 5.1 The Adur Housing Revenue Account is a ring fenced account. The HRA forecast is shown in Appendix 3.
- 5.2 The approved budget includes the use of HRA reserves of £380,000 which is required to meet the cost pressures related to the maintenance and repair work required to the housing stock resulting from the condition survey. The HRA is forecast to overspend against this budget for 2021/22 by £361,230, the main variances being a shortfall of rental income and an increase in repair costs.
- 5.3 The forecast anticipates a shortfall in rental income of £243,000 due to a higher number and longer turnaround period of void properties than the budget assumptions allowed for. This is partly as a result of additional properties being held vacant for the inner rooms fire safety project.
- 5.4 An over spend in repair and maintenance budgets is forecast as a result of an increased use of subcontractors. This is partly due to the need to prepare void properties in a short timeframe, ready for decanting tenants affected by the inner rooms fire safety project.
- 5.5 Due to a number of vacancies being held pending a restructure of the service, there have been significant savings on staff costs. However this lower resource level has also contributed to the increased void loss and repairs costs.

## **6. Engagement and Communication**

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

## **7. Financial Implications**

- 7.1 At this point of the financial year, we can see the significant impact the pandemic is continuing to have on the Council finances, particularly income and charges and the pressures associated with housing. The speed of recovery is hard to predict and the assumptions used to forecast a full year performance will continue to be reviewed and adapted as the monitoring cycle continues throughout 2021/22. Currently, operational overspends are anticipated in Adur District Council £585k, and Worthing Borough Council £1.56m, included within these projections is a forecast overspend within the Joint Committee of £916k.
- 7.2 The Government did recognise the pressure on Councils and committed to compensating councils for the first quarter of 2021/22 funding through the extension of its income guarantee compensation scheme. It has also allocated some new burdens funding. Nevertheless there is still a budget pressure that needs to be managed.
- 7.3 Overall the projected outturn positions net of funding and reserve transfers is an overspend in Adur of £47k and an overspend in Worthing of £14k.

## **8. Legal Implications**

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

## **Background Papers**

Joint Overall Budget Estimates 2021/22

<https://democracy.adur-worthing.gov.uk/documents/g1490/Public%20reports%20pack%2009th-Feb-2021%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

Adur District Council Budget Estimates 2021/22 and Setting of the 2021/22 Council Tax

<https://democracy.adur-worthing.gov.uk/documents/g1459/Public%20reports%20pack%2018th-Feb-2021%2019.00%20Adur%20Council.pdf?T=10>

Worthing Overall Budget Estimates 2021/22 and Setting of 2021/22 Council Tax

<https://democracy.adur-worthing.gov.uk/documents/g1505/Public%20reports%20pack%2023rd-Feb-2021%2018.30%20Worthing%20Council.pdf?T=10>

Financial Performance 2020/21 - Revenue Outturn

<https://democracy.adur-worthing.gov.uk/documents/g1583/Public%20reports%20pack%2013th-Jul-2021%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

## **Sustainability & Risk Assessment**

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

**SUMMARY - 3RD QUARTER PROJECTED OUTTURN 2021/22**
**APPENDIX 1a**

Actual Previous year 2020/21	ADUR EXECUTIVE MEMBER PORTFOLIOS	Original Estimate 2021/22	Current Estimate 2021/22	Projected Outturn to 31st March 2022	Forecast Over/ (Under)
	CM for Environment	3,010,790	3,010,790	3,127,590	116,800
	CM for Health & Wellbeing	1,336,810	1,336,810	1,324,810	(12,000)
	CM for Customer Services Leader	1,459,500	1,459,500	1,825,300	365,800
	CM for Regeneration	1,054,770	1,054,770	654,570	(400,200)
	CM for Resources	1,630,360	1,630,360	1,692,960	62,600
	- Holding Accounts	192,080	192,080	317,280	125,200
		255,580	255,580	255,580	0
0	<b>Total Cabinet Member</b>	8,939,890	8,939,890	9,198,090	258,200
	Credit Back Depreciation	(1,504,540)	(1,504,540)	(1,504,540)	0
	Minimum Revenue Provision	2,145,950	2,145,950	2,313,950	168,000
	Non ring fenced grants	0	0	0	0
0		9,581,300	9,581,300	10,007,500	426,200
0	<b>Government Grant funding</b>	0	0	(379,179)	(379,179)
	<b>Transfer to/from reserves</b>				
0	Contribution to/(from reserves)	0	0	0	0
	Budgeted contribution to/(from) Reserves	-	-	-	-
	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	0	0
	General Fund Working balance	0	0	0	0
	Net Underspend/(Overspend)	0	0	(47,021)	(47,021)
	Recommended For Transfer To/(From) Reserves				
0	<b>Total Budget requirement before External Support from Government</b>	<b>9,581,300</b>	<b>9,581,300</b>	<b>9,581,300</b>	-

 ADUR DISTRICT COUNCIL  <b>EARMARKED REVENUE RESERVE ACCOUNTS</b>	<b>Opening Balance</b>  <b>2021/22</b>	<b>Estimated Transfers Out</b>  <b>2021/22</b>	<b>Estimated Transfers In</b>  <b>2021/22</b>	<b>Projected Closing Balance</b>  <b>2021/22</b>
	£	£	£	£
<b>Capacity Issues Reserve including approved Carry Forward budgets</b>  New Salts Farm Lancing (JSC/047/20-21 8 September 2020)  Food Waste Collection Service - Purchase of vehicle and equipment (6th October 2020 JSC)  <b>Adur carry forwards from 2020/21 underspends</b> , agreed Adur Council 22nd July, 2021  Budgeted contribution (to)/from revenue  Balance	673,504	(35,257)  (25,500)  (189,000)	-	423,747
<b>Insurance Fund</b>	146,899	(30,250)	30,700	147,349
<b>Business Rates Smoothing Reserve</b>	3,768,261	(3,105,596)		662,665
<b>Local Tax Income Guarantee</b>	297,335	(179,000)		118,335
<b>Grants and Contributions held in Reserves</b>	1,342,991	TBC	TBC	1,342,991
<b>Election Reserve</b>	7,880			7,880
<b>Special and Other Emergency Reserve</b>	60,254			60,254
<b>Property Investment Risk Reserve</b>	300,000	(78,000)		222,000
<b>Projected Underspend/(Overspend) (Reserve to be identified at outturn)</b>		(47,021)		(47,021)
<b>General Fund Reserve</b>	951,497	-	-	951,497
<b>TOTALS</b>	7,548,621	(3,689,624)	30,700	3,889,697

# WORTHING BOROUGH COUNCIL



## SUMMARY - 3RD QUARTER PROJECTED OUTTURN 2021/22

## APPENDIX 2a

Actual Previous year 2020/21	WORTHING EXECUTIVE MEMBER PORTFOLIOS	Original Estimate 2021/22	Current Estimate 2021/22	Projected Outturn to 31st March 2022	Forecast Over/ (Under)
	CM for Digital & Environment	3,496,080	3,496,080	4,014,280	518,200
	CM for Health & Wellbeing	1,892,810	1,892,810	1,899,810	7,000
	CM for Customer Services Leader	5,634,900	5,634,900	6,039,100	404,200
	CM for Regeneration	1,526,670	1,526,670	998,870	(527,800)
	CM for Resources	2,650,210	2,650,210	3,453,610	803,400
	CM for Resources	618,890	618,890	571,190	(47,700)
	Holding Accounts	359,420	359,420	359,420	0
0	<b>Total Cabinet Member</b>	<b>16,178,980</b>	<b>16,178,980</b>	<b>17,336,280</b>	<b>1,157,300</b>
	Credit Back Depreciation	(3,804,240)	(3,804,240)	(3,804,240)	0
	Minimum Revenue Provision	1,986,790	1,986,790	1,535,790	(451,000)
	Non ring fenced grants	0	0	0	0
0		<b>14,361,530</b>	<b>14,361,530</b>	<b>15,067,830</b>	<b>706,300</b>
0	<b>Government Grant funding</b>	<b>0</b>	<b>0</b>	<b>(692,775)</b>	<b>(692,775)</b>
	<b>Transfer to/from reserves</b>				
0	Contribution to/(from reserves)	86,250	86,250	86,250	0
	Budgeted contribution to/(from) Reserves	-	-	-	-
	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	0	0
	General Fund Working balance	0	0	0	0
	Net Underspend/(Overspend)	0	0	(13,525)	(13,525)
	Recommended For Transfer To/(From) Reserves				
0	<b>Total Budget requirement before External Support from Government</b>	<b>14,447,780</b>	<b>14,447,780</b>	<b>14,447,780</b>	<b>-</b>

 WORTHING BOROUGH COUNCIL  <b>EARMARKED REVENUE RESERVE ACCOUNTS</b>	Opening Balance 2021/22	Estimated Transfers Out 2021/22	Estimated Transfers In 2021/22	Projected Closing Balance 2021/22
	£	£	£	£
<b>Capacity Issues Reserve including approved Carry Forward budgets</b>	1,613,662			
Development of Natural Burial Area (5 March 2019 JSC/105/18-19)		(100,000)		
Food Waste Collection Service - Purchase of vehicle and equipment (6th October 2020 JSC)		(59,500)		
Teville Gate housing initial project costs (03/11/2020 JSC/71/20-21)		(246,000)		
<b>Worthing carry forwards</b> from 2020/21 underspends, agreed Worthing Council 20th July, 2021		(242,000)		
Budgeted contribution (to)/from revenue			-	
<b>Balance</b>				966,162
<b>Insurance Reserve</b>	206,088	(30,250)	26,250	202,088
<b>Joint Health Promotion Reserve</b>	1,485	(1,485)		0
<b>Leisure Lottery &amp; Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre</b>	27,766			27,766
<b>Museum reserve</b>	106,396			106,396
<b>Theatres Capital Maintenance Reserve</b>	57,855			57,855
<b>Special and Other Emergency Reserve</b>	3,053			3,053
<b>Business Rates Smoothing Reserve</b>	6,985,305	(3,784,548)		3,200,757
<b>Local Tax Income Guarantee</b>	703,354	(234,450)		468,904
<b>Property Investment Risk Reserve</b>	450,000			450,000
<b>Building Maintenance Reserve</b>	383,000	(200,000)		183,000
<b>Grants &amp; Contributions</b>	1,436,893	TBC	TBC	1,436,893
<b>Projected Underspend/ (Overspend) (Reserve to be identified at outturn).</b>		(13,525)	0	(13,525)
<b>General Fund Working Balance</b>	1,543,373			1,543,373
<b>TOTAL</b>	13,518,230	(4,911,758)	26,250	8,632,722

## HOUSING REVENUE ACCOUNT SUMMARY

Appendix 3a

	<b>ORIGINAL BUDGET</b>	<b>FORECAST ACTUAL</b>	<b>VARIANCE</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>EXPENDITURE</b>			
General Management	4,141,320	3,981,280	(160,040)
Special Services	748,410	765,945	17,535
Rent, Rates, Taxes & Other Charges	58,150	77,210	19,060
Repairs & Maintenance	2,711,470	2,901,116	189,646
Bad/Doubtful Debt	51,000	51,000	0
<b>Capital Financing Costs</b>			
Depreciation and Revenue Contribution to Capital	4,179,980	4,179,980	0
Interest charges	2,181,360	2,269,194	87,834
<b>TOTAL EXPENDITURE</b>	<b>14,071,690</b>	<b>14,225,725</b>	<b>154,035</b>
<b>INCOME</b>			
Dwelling Rents	(12,320,450)	(12,096,265)	224,185
Non-Dwelling Rents	(535,010)	(542,128)	(7,118)
Heating and Other Service Charges	(547,610)	(528,776)	18,834
Leaseholder's Service Charges	(260,620)	(287,326)	(26,706)
Interest Received	(28,000)	(30,000)	(2,000)
<b>TOTAL INCOME</b>	<b>(13,691,690)</b>	<b>(13,484,495)</b>	<b>207,195</b>
<b>NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL RESERVE</b>	<b>380,000</b>	<b>741,230</b>	<b>361,230</b>

	(Under)/ Over Spends £'000
<b><u>Variations in Income and Running Costs:</u></b>	
Dwelling Rent & Service Charge void loss	243
Leasehold Service charges	(27)
Staff vacancies - Tenancy Services and Repairs & Maintenance	(171)
Repairs & Maintenance - responsive and void works	211
Repairs & Maintenance - planned maintenance contracts	0
Council Tax - extended void periods	16
Other	3
<b>TOTAL VARIATION IN RUNNING COSTS:</b>	<b>275</b>
<b><u>Variations in Treasury Management and Capital Costs:</u></b>	
Interest payable - expected increase in borrowing levels to fund capital programme	88
Interest receivable	(2)
<b>TOTAL VARIATION IN TREASURY MANAGEMENT AND CAPITAL COSTS:</b>	<b>86</b>
<b>TOTAL VARIATION:</b>	<b>361</b>

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
<b>Chief Executive</b>				
<b>Leader</b>	25	(437)	(525)	JOINT; recruitment costs relating to the CEO post plus increase staffing and other costs associated with the 'Roadmap to Return' after Covid. ADC & WBC ; Underspends relate to COVID Contingency budget (ADC £400k WBC £525k) as overspends are within services
	25	(437)	(525)	
<b>Director of Communities</b>				
<b>Community Wellbeing</b>	(55)	10	40	Joint: PA to Head of Wellbeing being funded from savings in a unused supplies & service budget plus the cost of the Interim structure arrangements covered by savings elsewhere in the organisation. Costs associated with administration of Track and Trace being met from Covid funding budget. Externally funded services funding is exceeding budgets by £105k and will be transferred to reserves at the end of the year. ADC & WBC Licensing income shortfall anticipated mainly from Taxi licensing
<b>Env Health - Housing</b>	(10)	(71)	(59)	ADC & WBC: HIA fee income expected to exceed budget
<b>Housing Needs</b>	93	213	51	JOINT: Additional staff funded from New Burdens income ADC & WBC: Continuing increase in temporary accomodation pressures for both Adur & Worthing
<b>Housing Needs Grant</b>	-	(168)	(33)	ADC: MHCLG Domestic abuse safe accommodation grant (32.5k) + MHCLG Ex Offender Accommodation (135.7k) WBC: MHCLG Domestic abuse safe accommodation grant (32.5k)
<b>Parks &amp; Foreshore</b>	(44)	(72)	(23)	JOINT: Staff vacancies. ADC Additional income from foreshore, recreation grounds and allotments. WBC: Additional Income from Beach Hut licences
<b>Environmental Services (Waste)</b>	149	18	20	Joint: mainly due to employee costs; for COVID cover and market supplements agreed for the retention of HGV staff. ADC: Overspend on various supplies and services projected. ADC and WBC : clinical waste income shortfall as the collection service has been stopped due to an increase in costs that can't be offset by revenue generated WBC: Includes food waste equipment costs not budgtded.
<b>Head of Environmental Services</b>	(80)	-	-	Vacancy saving - offsetting expenditure in other service areas to reflect the interim management structure arrangements.
<b>Commercial Waste</b>	12	75	160	Increased Trade Waste disposal costs of £20k and £88k in Adur and Worthing respectively due to increased tipping charges plus a shortfall in income against budget.
<b>Bereavement Services (Cemeteries &amp; Crematorium)</b>	-	24	526	WBC: £383k cremation income shortfall following a decision to not increase fees for 2021 and the continuing net loss from tiered direct cremation contracts which have ceased in January 22, £98k memorial income shortfall (including the gardens), Cost pressures in staff and supplies and services £45k (including Media systems costs). ADC Rental income shortfall due to sale of Mill Lane property and some customer receipts shortfall
	65	29	682	
<b>Director of Digital and Resources</b>				
<b>Elections</b>	(8)	30	(13)	ADC & WBC overspends in relation to extra requirements for putting on elections due to COVID 19, funded by Covid contribution.
<b>Sustainability</b>	(30)	-	-	Underspend in joint mainly to do with feasibility studies not being able to be completed due to other work commitments and utilising grant funding
<b>Customer Services</b>	(54)	-	-	Projected underspend in staff costs

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
<b>Parking Services</b>	-	57	698	ADC: The Executive Member has allowed for the Covid passes to continue to be used in South Street car park lancing, which has an impact on revenue WBC: There is a reduction in general usage, with footfall down at around 70% of pre covid levels. Customers seemingly are continuing to work from home and not using the car parks as season ticket sales and worker validation deal income is significantly down across the car park sites, Additionally NHS staff have been offered free parking till April 2022 onsite so Lyndhurst road income has dropped significantly. SFC Compensation for losses incurred in Q1 partly offset the shortfall.
<b>Digital &amp; ICT</b>	45	-	-	Mainly due to an overspend in Telephony costs £47k with increased charges, additional lines plus increased data consumption with home working, offset by an underspend in MFD's £25k along with increased costs in Digital support and maintenance contracts £13k
<b>Revenues</b>	(24)	162	71	ADC & WBC ; Under-achievement of court cost income due to the high volume of liability orders outstanding that relate to 20/21 & 21/22 and courts only opening in August, ADC: also include a £96k underachievement of grant income. WORTHING: an under achievement of NNDR grant income which needs to be corrected.
<b>Benefits</b>	183	133	229	JSC: Increased staffing costs in relation to COVID related work funded by grants and Reserves. ADC & WBC: under achievement of income for overpayments.
<b>Legal Services</b>	(14)	8	2	ADC: Shortfall in income budgeted. WBC: Net saving on budgets.
<b>Finance</b>	41	(2)	(63)	JOINT: Salary and Inflation contingency budget underspends offsetting some spend in departments. WBC: Currently projecting an underpsend against hardship funding.
<b>HR &amp; Organisational Development Costs</b>	(20)	-	-	Salary costs against a post not included in the budget (to be met from salary contingency). offset by savings against supplies and services.
<b>Finance: Treasury Interest</b>		(301)	(431)	There is a forecast underspend on interest payable on borrowing for both Adur (£294k) and Worthing (£389k) due to low interest rates and the reprofiling of the capital programmes since the budgets were set.
<b>Finance: Treasury MRP</b>	-	168	(451)	There is an overspend on MRP for Adur (168k), partly due to the delay in the sale of the Adur Civic Centre site. Worthing has an underspend (£451k) due to the reprofiling of the capital programme and the technical review of the MRP. Whilst the policy itself remains unchanged, recommendations regarding the asset lives to be used within the calculation have been implemented creating an in-year saving and future reductions in costs for the Council..
	<b>119</b>	<b>255</b>	<b>42</b>	
<b>Director of the Economy</b>				
<b>Leisure</b>	-	-	(214)	National Leisure Recovery Fund received for support to Councils for their increased Leisure site costs, this will be utilised to support our Leisure facilities
<b>Major Projects and Investment</b>	(7)	(31)	(173)	ADC: Net cost of awarding an initial 6 month free rent period during negotiations of one of our Investment Properties plus loss of income from the One York Way, Uxbridge site which is vacant - offset by utilising the Void reserve transfer allowance budget. WBC: Income shortfall mainly from Montague Street & Canon House properties offset by utilising the Void Budget allowance, plus an anticipated underspend in the Major Projects feasibility project budget as costs borne in the year are charged to approved Capital schemes.
<b>Place and Economy (Economic Development)</b>	43	(7)	(20)	JSC: Walking & Cycling strategy spend to be funded from Grant Reserve ADC: Additional Events income offset by shortfall in Market income WBC: Time for Worthing Sponsorship income 10k and 12k concessions offset by reduced income from the Observation Wheel £20k.
<b>Planning and Development (Building Control)</b>	-	75	3	ADC: based on the last six months and the profile of previous years for the last six months are projected to be lower than budget by the end of the year. WBC: the fees are slightly above budget and safety training fees are performing well against budget for the year to date.

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Planning and Development (Development Control)	4	(12)	178	ADC Planning applications forecast on budget but pre-applications £20k lower than budget. WBC; Includes £200k shortfall in income for Planning Applications and £27k shortfall in fees. There has been a lack of planning applications in the first six months and no large applications expected in the next 6 months,
Planning and Development (Planning Policy)	(23)	(5)	70	Local Plan examination. The spend is to be phased £16k in quarter 2 and £70k in quarter 4.
Planning and Development (Land Charges)	12	31	38	Shortfall in fee income on par with last year.
Business & Facilities	14	46	36	JOINT: insufficient budget for Waste disposal, ADC&WBC: Increased running costs of Public conveniences
Emergency Planning	57	-	-	Cost of H&S system funded from the COVID contingency budget
	<b>100</b>	<b>97</b>	<b>(90)</b>	
<b>Cross Cutting services</b>				
Maintenance	(21)	84	(100)	ADC: Overspend anticipated due to works associated with the leisure centres (including the re-tiling of the Wadars swimming pool)
Vacancy Provision	636	-	-	Salary savings for vacancies are against service lines to offset this
Water	4	21	43	General overspend against budget projected based on current costs.
Energy Costs	-	26	44	General overspend against budget projected based on current costs.
Rates	(12)	(15)	61	General overspend against budget projected based on current costs. In addition WBC has a legacy £50k credit budget to be addressed during 2022/23 budget setting.
Income guarantee scheme		(82)	(395)	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		(297)	(297)	Emergency Covid grant funding and new burdens funding.
	<b>607</b>	<b>(263)</b>	<b>(644)</b>	
Allocation of Joint Variance		366	549	Share of joint services allocated 40:60 to Councils
<b>Total Variance</b>	<b>916</b>	<b>47</b>	<b>14</b>	

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Chief Executive	79	-	-	Cost of recruitment for CEO post and increased pay not projected in quarter 2
Housing Needs	63	(97)	(52)	ADC: forecast nightly rates revised down from £40/night to £38/night for final quarter due to impact of new leases on HMOs being used for TA Caseload avg mthly increase revised down from + 3 to +2 mth, stabilising following sharp increase in Dec  WBC: forecast nightly rates revised down from £39/night to £35/night for final quarter due the above plus impact of Downview Phase 2 and Rowlands Road properties coming online from beginning Feb Caseload increasing at a higher rate than forecast at quarter 2, estimated avg +5 /month for final quarter compared with + 3 at Q2.
Head of Wellbeing	50	-	-	Backfill costs funded from interim structure higher than previously projected
Community Wellbeing	(169)	26	17	Grant funding exceeding spend will be transferred to Reserves at the end of the year
Parks & Foreshore	8	(34)	(55)	Increased beachut licence fees and rental and grants received
Commercial Waste	(31)	30	90	ADC & WBC: Income forecasts for year end position is not as optimistic as customers review their service need following the pandemic., plus increased tipping fees following re-tender of contract.
Bereavement Services (Crematorium)	(1)	-	182	Increased shortfall in income. Partly demand compounded by fees not being increased in January 2021 in line with 2021/22 budget assumption
Elections	(3)	8	(51)	Reduction in previous projection of costs being funded from the grant received
Revenues	13	38	(203)	Previously projected shortfall in court cost recovery since courts have re-opened has improved worthing's projection
Benefits	55	183	137	Joint: Staff overspend to be funded from grant income in Adur and Worthing. ADC & WBC: Overpayments income has seen a downturn due to COVID19 and is continuing to do so along with decisions on writing off debt is also impacting.
Finance	233	(25)	8	Joint: The previously reported contingency underspend have now been utilised or committed.
Finance:Treasury Interest	-	(11)	(88)	ADC & WBC: Net interest reduction. Decrease in income receivable is offset by the fall in interest payable on borrowing due to the re-profiling of the capital program.
Major Projects and Investments (Investment Properties)	-	(104)	39	ADC: projection for Investment properties income now more certain and has seen an improvement but in Worthing it has slightly deteriorated
Major Projects and Investment (Major Projects)	(51)	(11)	(180)	JSC: Previously projected shortfall in recharges to Capital projects is now longer anticipated. WBC: The feasibility budget is projecting an underspend as costs previously charged to revenue can be capitalised
Technical Services	73	61	63	Reduction in expected cost pressure due to Covid -19 emergency due to offsetting projected underspends (mainly within equipment budgets).

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
<b>Maintenance</b>	(34)	28	(130)	WBC: Some works have been delayed which have reduced the projected outturn position along, plus reduced maintenance required on the Town Hall and Portland House because of the Workspaces project. In addition there are reduced maintenance costs for the Cremators due to the reduced number of cremations.
<b>Government Funding</b>	-	(130)	(130)	Additional New burdens funding from MLUHC.