

Statement of Accounts for 2017-18

Analysis of major variations

The main variances between the General Fund original budget and the outturn position in 2017-18 are as follows:

Ref	Underspends/ Additional income	£'000
a	BRRS (net of grant, MiRS/Reserves)	(904)
b	Investment Income	(242)
c	2-3 East Street Rental Income	(143)
d	Non Ring fenced Government Grants	(122)
e	Staffing	(119)
f	Green Waste Income	(90)
g	Careline Income	(85)
h	IT Infrastructure underspend	(80)
i	Industrial Estates Income	(67)
j	NNDR Refund on Estates Properties	(61)
k	Car Parks Contract/Service & Maintenance	(53)
l	Mileage	(42)
m	CCTV	(41)
n	Homeless Hostel Income	(40)
o	Bank Charges	(38)
p	Land Drainage Levy	(36)
q	Training	(34)
r	Insurance underspend	(34)
s	Street Waste Disposal Costs underspend	(26)
t	Revenues and Benefits Court Cost Income	(22)
u	Careline Equipment	(21)
	Minor Variations (net)	(14)
	Overspends/ Shortfall of income	£'000
v	Planning Application Income	326
w	Provision for bad debts	230
x	Planning Professional Fees	87
y	IT Support Agreements	83
z	Car Parking Income	81
aa	Housing Benefit	73
bb	Building Control Income	60
cc	Car Park Refunds at Leisure Centre	55
	(Surplus) / Deficit for the year	(1,319)

The following paragraphs provide an explanation for the main variances:

Underspends/Additional income

- a. BRRS (net of grant, MiRS/Reserves) – additional income of £904,300
This was a result of compensatory grants announced by the Government relating to changes in Business Rates, including the 2017 rating revaluation.
- b. Income from Investments – additional income of £242,000
Additional income to the Council generated from three external pooled investment Funds.
- c. 2-3 East Street Rental Income – additional income of £143,400
A new investment property acquired during the year, therefore the rental was not included in the original 2017-18 budget.
- d. Non Ring fenced Government Grants – additional income of £122,100
The Council received a number of unanticipated government grants during 2017-18. Business Rates Relief New Burdens (£12,000), Transparency Code set up (£8,100), Council Tax Annexe Discount (£19,300), Property Searches New Burdens Payment (£21,700), other smaller miscellaneous grants (£61,000).
- e. Staffing – a decrease in costs of £119,100
Staff vacancy savings of £419,000 accrued across council services during the year. The largest vacancy savings were in Internal Audit (£41,900), Building Services (£40,900), Customer Services (£40,000), Housing (£44,900), and Development Management (£39,700). There were however overspends in Land Charges (£23,900) and Careline (£24,600) due to the staff being required to work additional hours, and minor overspends totalling (£39,800) across other council departments. This underspend was £119,100 more than the £299,900 vacancy saving built in the base budget.
- f. Green Waste – additional income of £89,500
Budget predictions made were cautious as there was some concern that residents who had joined the service using the discounted offer would subsequently cancel. However, this does not appear to have happened and customer numbers have continued to rise this year.
- g. Chichester Careline – additional income of £85,000
Increased income has been achieved from winning contracts and reviewing corporate client charges. As a consequence additional income has also been generated from monitoring services provided.
- h. IT Infrastructure – a decrease in costs of £80,200
Lower spend last year on replacements as reviews put large scale replacements and renewals on hold. We are in the process of reviewing this over the next three years in line with the service improvement plans. Telephony Project completion report to be written which will review objectives vs outcomes. Anticipated underspend from changes to telephone circuits and billing, this will be evaluated in the report.

- i. Industrial Estates – additional income of £67,200
It can be difficult for the Estates Team to predict income levels accurately, however as a part of the Council's active management of the industrial estates at Terminus Road and Quarry Lane we have had a number of good results which account for the increased income; £33,600 at Quarry Lane and £28,800 at Terminus Road.
- j. NNDR Refund on Estates Properties – a decrease in cost of £61,000
Plot 12 Terminus Road (£48,160) and 29a South Street (£10,844).
- k. Car Park Contract/Service and Maintenance – a decrease in cost of £53,300
As a consequence of the introduction of new parking payment machines there has been an underspend on maintenance agreements as the machines are under warranty for the first year of operation. In addition, the Council had an underspend on the car parks contractor works budget due to a period of time during which we changed contractors resulting in delays organising and ordering the works required.
- l. Mileage – a decrease in cost of £41,900
Across the whole authority the staff mileage was generally underspent.
- m. CCTV – a decrease in cost of £41,500
Payments to the Police and Crime Commissioner for Sussex rental and transmission of CCTV for 2017-18 to be paid in 2018-19 (£15,000).
Telecommunications budget underspend of £13,000 in 2017-18 and similarly in previous years. This budget will be reviewed for future years as the telephone contract has just been renewed with more ongoing savings.
- n. Chichester Homeless Hostel – additional income of £39,600
Hostel occupation rate for the year was 93%, which has exceeded the budgeted rate of 81%
- o. Bank Charges – a decrease in cost of £37,800
Overall savings of £37,800 have been achieved in 2017-18 due to three factors:
- Savings arising from changing a method of payment for council tax payers from Allpay cards to the use of a bar code system on their bills, achieved a saving of £15,100.
 - Further savings of £29,100 due to the new payment card provider and corporate banking services contracts.
 - These savings are offset by a £6,400 overspend on the payment service contract for payments processed on the Council's website and via the customer contact centre.
- p. Land Drainage Levy – a decrease in costs of £35,900
The Internal Drainage Board responsible for certain watercourses and ditches in the district has been disbanded. The Levy payable by the Council is therefore no longer required. Responsibility for maintaining these ditches and watercourses is the responsibility of the riparian owners. £13,000 of the available budget has been vired to assist with the funding of a replacement tractor for the Foreshores service in 2017-18 and there will be a full year saving of £48,900 in 2018-19.
- q. Training – a decrease in cost of £34,100
Due to restructures in 2017-18, training across the whole authority is generally underspent.

- r. Insurance – a decrease in cost of £33,600
A total underspend of £33,600 on insurance is due to two main reasons. An underspend of £10,000 on the Council's insurance contract in connection with professional service charges associated with the risk management control allowance, which were previously discounted against the overall insurance premium and invoiced separately as work was completed, but following a change by the Council's insurer, Zurich Municipal, this is no longer invoiced separately but included in the gross insurance premiums charged to the Council. Secondly self-insurance costs were lower on claims covered under the Council's self-insurance arrangements resulting in an underspend of £27,800 this year.
- s. Street Waste disposal – a decrease in cost of £25,700
The budget provides a reactive resource to deal with the number of fly tip reports. There was a reduction in the number of hazardous waste fly tips in 2017-18.
- t. Revenues and Benefits Court costs – additional income of £22,500
The value of court costs awarded to the Council as a result of legal action to recover council tax and business rates arrears exceeded the estimated budget by £22,582. The actual sum awarded was £230,582 (£220,932 for council tax and £9,650 for business rates).
- u. Careline Equipment – a decrease in cost of £21,500
Conscious efforts were made to keep the stock of lifeline equipment to a minimum in order to accommodate the cost of a Tunstall system upgrade. This upgrade has now slipped into 2018-19.

Overspends/Shortfall of income

- v. Planning Application Income – a shortfall in income £326,200
This variance is a result primarily of a lower number of Major planning applications received this year compared to the previous two years. This is due to a number of factors including the uncertain economic climate, developer decisions about the timing of submission of applications and the reduction in speculative development proposals coming forward. Unfortunately, the large scale Major applications that were expected by the end of the financial year have only recently materialised (within the 2018/19 financial year) and therefore the actual shortfall in fee income was significantly higher (£326,200) to that previously forecast (£250,000). The income budget for 2018/19 has been adjusted to a more realistic level.
- w. Provision for bad debts – an increase in cost of £230,500
The Council provided for an increased risk of non-payment of debt owed to the authority. In some cases this was due to higher levels of debt compared to 31 March 2017, in others it was due to changes in the estimated likelihood of the debt being repaid. The changes are as follows:
- Council tax and business rates court costs £31,500 (At 31 March 2018 £309k debt outstanding, provision held totals £156k)
 - Housing Benefit Overpayments £95,500 (At 31 March 2018 £3.702m debt outstanding, provision held totals £2.221m)
 - General dad debts £103,500 (At 31 March 2018 £1.065m debt outstanding, provision held totals £265k).

- x. Planning professional fees – an increase in cost of £87,400
This overspend was as a direct result of needing to fund the costs of defending the Council's cases at appeal (Public Inquiry) for Stable Fields, Wisborough Green; Bell lane, Birdham; land to the south of Oving Road; and land east of Breach Avenue, Southbourne.
- y. IT Support Agreements – an increase in cost of £83,400
This overspend is in part due to the additional costs of the support for new modules purchased in year for the Revenues and Benefits Northgate system that provide improved functionality to aid customers in serving themselves on our website. The additional cost has been included in the 2018-19 budget and therefore this element of the overspend will not be recurring. The other part of the overspend is due to some suppliers increasing their annual support costs at a level over inflation. We will continue to monitor these and work closely with suppliers and potential alternative suppliers to ensure that we are maximising efficiency.
- z. Car Parking income – shortfall in income of £81,000
This represents less income to the council than CDC had budgeted for, partly explained by the changing use of the towns and city with the ability to work from home and shop online. The use of car parks and subsequent income is being closely monitored.
- aa. Housing Benefit – net increase in cost of £73,400
This variation has three components; Housing Benefit payments and subsidy for the year, identified overpayments and prior year subsidy adjustments:
- The net impact of Housing Benefit payments made during the year after the receipt of government subsidy is extremely difficult to predict as it is influenced by caseload volume, changing economic conditions and also government initiatives that affect the value of payments made and also the levels of subsidy provided. The actual outturn for the year shows that expenditure fell to £35.2 million compared to the budget for 2017-18 of £36.0 million. The council received £34.4 million Housing Benefit Subsidy. As a result the net cost to the Council (excluding the recovery of overpayments) increased by some £15k from £842k to £857k.
 - The value of housing benefit overpayments identified during the year was £1.4m. This exceeded the estimate provided in the base budget by £185k. This is mainly as a result of continued government initiatives to identify housing benefit overpayments and cases of fraud.
 - As result of the external audit of the 2016-17 Housing Benefit Subsidy Claim, a reduction was made to the amount claimed for the previous financial year of £243k. This over claim has subsequently been reflected in the 2017-18 accounts.
- bb. Building Control Income – shortfall in income of £60,400
It appears that the uncertain economic climate and a slowdown in building works generally were factors in a fall (by 10.8%) in the number of applications received compared to the previous year, resulting in actual income being some £60,000 below the budgeted level.

The income budget forecast for 2018-19 has been reduced by £57,000 to reflect this reduction in demand for the service. .

- cc. Parking fee refunds at the Westgate Leisure Centre– an increase in cost of £55,100
Car park refunds have been higher than expected as a consequence of increased attendance at the Westgate Leisure Centre. Whilst this is an increased cost to the Westgate Leisure management account, it has however resulted in a higher amount of income credited to the car parks budget for the Westgate Centre car park.