

<b>COMMITTEE:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>9th JANUARY 2002</b>
<b>SUBJECT:</b>	<b>CIVIC BUDGET 2001-2002 – REVENUE AND CAPITAL MONITORING</b>
<b>REPORT OF:</b>	<b>SUE MCHUGH, CHIEF FINANCE OFFICER</b>
<b>Ward(s):</b>	All
<b>Purpose:</b>	To update Members on the budget position to the end of November and on the latest forecast of the outturn for the full financial year.
<b>Contact:</b>	Sue McHugh, Chief Finance Officer, Telephone 01323 415104 or internally on extension 5104.
<b>Recommendations:</b>	Members are recommended to:
	1. Note that general fund revenue net expenditure is over budget at the end of November by £30,000.
	2. Note that general fund revenue net expenditure is forecast to be underspent by £62,000 at 31 <sup>st</sup> March 2002.
	3. Instruct the Director of Housing, Health and Community Finance and the Director of Tourism and Leisure in consultation with the relevant Cabinet spokespersons to contain all revenue expenditure in order to reduce their projected overspends.

	4. Note the progress of the general fund capital programme and Housing Investment Programme and the likely carry forward of committed resources to 2002-2003.
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<b>1.0</b>	<b><u>Introduction</u></b>					
1.1	Cabinet Members receive regular information on the Council's financial position to enable them to scrutinise performance and agree appropriate action to ensure spending is in line with budget. This is the fourth of such reports for this financial year.					
1.2	The report focuses on the performance of the Council's main revenue accounts: the general fund and housing revenue accounts, plus capital. Within each area key risk budgets have been identified and these are reported on in detail within the report.					
1.3	This report reviews the first eight months of the financial year.					
<b>2.0</b>	<b><u>General Fund Revenue Account</u></b>					
2.1	<u>Spend to date and Forecast Outturn</u>					
	As reported in the November Finance Briefing the position at 30th November is as follows, with the full year forecast variance shown in the final column.					
		Profiled Budget £000	Actual Spend £000	Variance £000	Estimated Variance £000	Full Year CR
	Chief Executive's	1,054	944	CR 110		59
	Housing, Health and Community Finance	2,385	2,439	54		63

	Tourism and Leisure	2,867	2,937	70	65
	Finance and Corporate Services	1,148	1,161	13	CR 44
	Planning, Regeneration and Amenities	1,859	1,836	CR 23	CR 76
	Corporate Costs	41	171	130	163
	Contingency	104	0	CR 104	CR 174
		9,458	9,488	30	CR 62
	It should be noted that £33,000 of the Planning, Regeneration and Amenities underspend relates to Amenities, which, under the previous management structure, was combined with Tourism and Leisure.				
	The significant variances within each group are explained in more detail in section 2.3.				
2.2	<b><u>Contingency budget</u></b>				
	<b>The budget includes a contingency of £174,000. This sum will be largely consumed by expenditure relating to the Eastbourne Buses joint venture agreement and the increased proportion of Treasury Management costs falling on the general funds.</b>				
2.3	<b><u>Key Risk Areas</u></b>				
	Officers have identified key risk areas within the general fund revenue budget. The position on each of these is as follows:-				
2.3.1	<b><u>Homelessness</u></b>				
	The financial position with regards Homelessness has further improved since the last Cabinet report and the current overspend has been reduced to £5,000. It is still expected that expenditure will be contained within budget by the year end.				

2.3.2	<u>Cemeteries and Crematoria</u>	
	Financial pressures continue to exist at the Crematorium as outlined in previous Cabinet reports. The current overspend has however been contained at £39,000. The forecast outturn for the Cemeteries and Crematorium is a £53,000 overspend which is a small reduction compared with the previous forecast.	
2.3.3	<u>Lifeline</u>	
	Additional staffing costs to part-time staff, partly offset by additional income have given rise to a current overspend of £11,000. The full year overspend is still forecast at £20,000.	
2.3.4	<u>Benefits</u>	
	The Council bears a proportion of the total costs of Rent Allowances and Council Tax benefits. The proportion is 5% for routine payments. For certain categories of payment the proportion is higher. It is not straightforward to calculate the cost to the Council in-year. However, the level of Rent Allowances and Council Tax benefits granted compared to 2000-01 provides an indication of whether the budget is likely to face pressure.	
	The graph shows the level of Rent Allowances and Council Tax benefits to date compared to 2000-01. Expenditure is ahead of budget on Council Tax Benefits. <i>(graph not available in this version)</i>	
2.3.5	<u>Weekly Benefit Savings/Weekly Incorrect Benefits Savings</u>	
	Work is still being undertaken in order to identify the impact of the change to the Weekly Incorrect Benefits Scheme from next April. In response to Local Authority comments about the unfairness of the new scheme the Department for Work and Pensions has recently issued improved subsidy arrangements for the new scheme. Officers are currently working on the impact of these new proposals and their effect on funding the EBC Fraud Investigation Team.	
	The graph above shows fraudulent overpayments identified under the Weekly Benefit Savings scheme this year compared to 2000-01. Performance shows a significant improvement for September and October. Figures for November are not yet available. <i>(graph not available in this version).</i>	
2.3.6	<u>Council Tax Collection</u>	
	The amount of Council Tax collected impacts on cashflow and the need for future bad debt provisions. The Council increased the target collection rate for 2001-02. A number of outstanding software errors still mean that officers are currently unable to obtain this crucial information. Sadly the technician for the suppliers dealing with this area of work died suddenly last month and this has further delayed the resolution of the problems.	

	The migration process has also meant delays in taking Court action to recover unpaid Council Tax. Reminders have now been sent to about 6,000 customers and testing is taking place with a view to issuing summonses for Courts in January, February and possibly March. Staffing shortages due to sickness are continuing to contribute to the delays here, but every effort is being made to ensure the budgeted summons cost income is received.	
2.3.7	<u>Amenities – Car Parks</u>	
	Two of the town's car parks – Hyde Gardens and Beachy Head - continue to show reductions in income against budgets. A proportion of this shortfall is being recovered from extra income generated at the Seafront Car Parks. A year end shortfall is still predicted, but this has now been revised from £20,000 down to £17,000.	
2.3.8	<u>Tourism Leisure Marketing</u>	
	There has been a shortfall in the take up of advertising in the forthcoming holiday guide. This has led to a £25,000 adverse variance.	
2.3.9	<u>Coastline Caterers</u>	
	Absence of large conferences and a shortfall in the number of conference delegates has resulted in a fall in the Coastline Caterers surplus to date by £45,000. The anticipated shortfall for the full year is expected to be £65,000.	
2.3.10	<u>Treasury Management</u>	
	The forecast for additional costs falling on the general fund in this financial year remains at £100,000. Officers are currently evaluating options which will reduce this exposure which they expect to implement early in the Near Year. Although this will only have a small impact in the current financial year it will have a much larger impact for next year's budget.	
2.3.11	<u>Concessionary Fares</u>	
	Demand for the free bus pass has continued to exceed expectations. Currently additional costs associated with the scheme stand at £26,000. Further work since the previous monitoring report has reduced the expected overspend from £60,000 down to £35,000 for the year end.	
<b>3.0</b>	<b><u>Housing Revenue Account</u></b>	

3.1	Spend to date	Profiled Budget £000	Spend to Date £000	Variance £000	Full Year Estimate Variance £000
	Income	CR 11,019	CR 11,047	CR 28	CR 36
	Expenditure	11,480	11,514	34	36
	Net	461	467	6	0
3.2	Rental income from dwellings has increased as a result of a change in the profile of right to buy sales. Some of the repairs expenditure previously charged to the revenue account have now been transferred to the housing capital programme.				
	Some areas of expenditure (e.g. rent rebates, capital financing costs) are linked with the level of Government subsidy received. Any reduction in expenditure will see a matching reduction in subsidy.				
	Officers are confident that this account will be within budget at the year end.				
3.3	<u>Key Risk Areas</u>				
	Rent Collection				
	The rent arrears levels are in line with the current year's target. An arrears exercise undertaken at the start of December, and leading up to the two rent free weeks, should see a reduction in the level of arrears by the end of December.				
4.0	<b><u>General Fund Capital Programme</u></b>				
4.1	<u>Spend to date</u>				

		Full Year Budget £000	Actual £000	Variance £000	Full Year Estimate Variance £000
	General Fund	4,275	1,591	2,684	1,560
	Coast Protection Scheme	81	28	53	0
		4,356	1,619	2,737	1,560
4.2	The above table shows the full year budget against spend to date. Various schemes (conservation area partnership grants, theatre roof work) will be committed by 31 <sup>st</sup> March 2002, but some expenditure may accrue in the following financial year. The year end variance is very much dependent upon the timetable for further capital receipts.				
	Members were informed in the last monitoring report that any year end surplus of capital receipts will adversely affect capital allocations in future years. Officers are currently working up options to ensure that capital receipts are fully utilised to avoid any detrimental affect to future capital allocations.				
4.3	<b><u>Capital Receipts</u></b>				
	The forecast estimate of previously unallocated capital receipts is now £271,000. This comprises –				
				£'000	
	Asset Management Plan disposals			101	
	Right to Buy Sales (in excess of Housing programme)			<u>170</u>	
				<u>271</u>	
				-	

	These receipts have been released to finance the following schemes –					
						£'000
	Pavilion Tea Rooms – provide disabled toilet					15
	Devonshire Park Exhibition Halls – roof and ceiling repairs					32
	Accommodation Strategy					30
	Sovereign Centre – Boiler room and flooring					30
	Sovereign Centre – Replace filters					64
	Bandstand					<u>100</u>
						<u>271</u>
5.	<b><u>Housing Capital</u></b>					
5.1	<b><u>Spend to date</u></b>					
		Profiled Budget £000	Actual £000	Variance £000	Full Year Estimated Variance £000	
	HRA	1,759	1,540	219		742
	General Fund	1,020	488	532		145
		2,779	2,028	751		887

5.2	<u>HRA Capital</u>	
	Taken together with commitments and work in progress, overall levels of HRA capital expenditure exceed the profiled budget.	
	The programme for the conversion work at Gwent Court has been slightly delayed due to the need for extended consultation. It is also likely that the replacement windows programme may also take longer to complete. Both of these areas are therefore likely to impact on the current total budget spend profile. Officers are currently reassessing this as a matter of urgency.	
	<b>Although there will be slippage on the Housing Investment Programme, there will be no loss of resources. Any underspending on HRA schemes will be offset by an equal and opposite underspending of the Major Repairs Allowance (MRA) which the Government now pays as a cash grant.</b>	
5.3	<u>Private Sector Grants</u>	
	Officers continue to work to maximise the take up of private sector grants.	
	In respect of disabled facilities grants (DFG's) the demand for adaptations remains strong and our case load has increased. Based on the current level of spend and outstanding commitments the estimated outturn is £400,000, against a budget of £545,000 which includes £133,000 brought forward from 2000-2001. Any DFG supplementary credit approval (SCA) not used in the current financial year will be carried forward to 2002/03.	
5.4	<u>General Fund Development</u>	
	Progress in relation to General Fund development budgets is dependent upon the progress of a small number of schemes. Subject to the successful outcome of negotiations with the Housing Corporation concerning one particular project, we are anticipating expenditure in line with budgets.	
5.5	<u>Housing Related Capital Receipts</u>	
	As at 30 <sup>th</sup> November 40 houses and 14 flats had been sold through the right to buy scheme. The level of usable capital receipts (including shared ownership equity shares) has now reached the required full year budget of £520,000.	

<b>6.0</b>	<b><u>Consultations</u></b>	
6.1	There are no relevant consultations for the report.	
<b>7.0</b>	<b><u>Implications</u></b>	
7.1	There are no relevant implications for this report.	
<b>8.0</b>	<b><u>Conclusion</u></b>	
8.1	The key budget pressures remain in much the same areas as those previously reported but action continues to be taken by Directors in line with previous Cabinet instructions to contain those pressures.	
8.2	Officers continue to closely monitor all budgets through the monthly budget monitoring cycle of meetings. This mechanism allows corrective and controlling action to be undertaken to ensure that the authority's revenue budget is on target and that capital resources are spent.	
8.3	Officers have provided a revised forecast of the likely revenue account outturns and capital spends for the year. The revenue budget forecast shows an improved position since the report of 31 <sup>st</sup> October – a forecast surplus of £62,000 compared with a forecast surplus of £48,000. The capital forecast continues to show likely slippage on the Housing Investment Programme (HIP), and the need to generate further capital receipts from asset sales to allow the approved General Fund programme to be delivered in full.	
8.4	The next budget monitoring report to Cabinet is due on 6 <sup>th</sup> February 2002 for the position at 31 <sup>st</sup> December 2001.	
8.5	Members are asked to approve the recommendations.	
	<b>Sue McHugh</b>	
	<b>Chief Finance Officer</b>	

**Background Papers:**

Civic Budget 2001-2002 – Revenue and Capital Monitoring

- Cabinet 2<sup>nd</sup> July 2001
- Cabinet 5<sup>th</sup> September 2001
- Cabinet 31<sup>st</sup> October 2001

[OpenlinkCFO/reports/Cabinet 31.10.01/CivBud01-02 rev cap monitoring 01.10.31-3](#)