

COMMITTEE:	Cabinet	
DATE:	9 January 2003	
SUBJECT:	Civic Budget 2002-2003: Update	
REPORT OF:	Director Of Finance And Corporate Services	
Ward(s):	All	
Purpose:	1. To update Members on the General Fund revenue budget position to the end of November and the projected outturn forecast for the full financial year.	
	2. To update Members on the Housing Revenue Account budget position to the end of November and the projected outturn forecast for the full financial year.	
	3. To update Members on the current position of the Capital Programme.	
Contact:	Sue McHugh, Director of Finance and Corporate Services, Telephone No. 01323 415104 or internally on extension 5104.	
Recommendations:	Members are asked to -	
	i) note that general fund revenue net expenditure is over budget at the end of November by £6,000	
	ii) note that General Fund revenue net expenditure is currently forecast to be £6,000 over budget at 31 st March 2003	
	iii) instruct officers to identify savings of £6,000 to ensure that the General Fund revenue budget comes in on target	

	iv) note that Housing Revenue Account net expenditure is under budget at the end of November by £239,000				
	v) note that Housing Revenue Account net expenditure is currently forecast to be £230,000 under budget at 31 st March 2003				
	vi) note the revised budget and current position on the Capital Programme.				
1.0	<u>Introduction</u>				
1.1	Cabinet Members receive regular information on the Council's financial position to enable them to monitor performance and agree appropriate action to ensure that spending is in line with budget. This update follows the November Cabinet report informing Members that potentially the General Fund revenue account could be overspent by £1,000 at 31 st March 2003.				
1.2	Today's report shows the position after eight months of the financial year have been completed.				
1.3	The report also updates Cabinet on this year's current and forecast budget position for the Housing Revenue Account, and on the current position for the Capital Programme and Capital Resources taking into account revised information of the timing of capital receipts.				
2.0	<u>April – November Monitoring</u>				
	<u>Spend to date</u>				
2.1	The position at 30th November 2002 is shown in the table below, and has also been reported through the November Finance Briefing in the Members Newsletter.				
	General Fund	Budget	Profile	Actual	Variance
	Department	£'000	£'000	£'000	£'000

Chief Executive	2,273	1,243	1,222	Cr21
Housing, Health & Community Finance	2,691	2,155	2,171	16
Tourism & Leisure	4,332	3,573	3,587	14
Finance & Corporate Services	2,196	1,360	1,342	Cr18
Planning, Regeneration and Amenities	3,158	1,851	1,843	Cr 8
Corporate Costs	(375)	199	222	23
Total	14,275	10,381	10,387	6

Forecast Outturn

2.2 The departmental analysis of the projected year-end outturn is shown in the table below.

General Fund	Budget	Forecast	Revised	Variance
Department	£'000	Outturn	Outturn	£'000
		30th Sept	30th Nov	
		£'000	£'000	
Chief Executive	2,273	Cr58	2	60
Housing, Health & Community Finance	2,691	114	Cr44	Cr158
Tourism & Leisure	4,332	18	18	Nil
Finance & Corporate Services	2,196	Cr112	Nil	112
Planning, Regeneration and Amenities	3,158	Cr77	30	107
Corporate Costs	(375)	116	Nil	Cr116

	Total	14,275	1	6	5
2.3	<p>The outturn figures above take into account the savings proposals that were agreed by Members at the November Cabinet meeting.</p> <p>An explanation of the new variances is set out as follows:</p> <p>Housing, Health and Community Finance – the Department for Work and Pensions has confirmed that Eastbourne will receive a transitional payment of £97,000 for the change from Weekly Benefit Savings (WBS) to the Weekly Incorrect Benefits Scheme (WIBS).</p> <p>There is continuing pressure on the temporary accommodation budget which has shown steep increases recently with a year-end projection that expenditure could exceed budget by £26,000.</p> <p>Planning, Regeneration and Amenities - Demand continues to be strong for the free bus pass under the Concessionary Fares Scheme. Latest estimates suggest that expenditure will exceed the budget by £30,000.</p>				
2.4	<p>Members were informed in November of the potential loss of housing benefit subsidy due to period benefit overruns which arose as a direct result of mainframe migration. To date we have not received a decision from the Department for Work and Pensions on our request for a concession on the severe subsidy penalty. The potential subsidy loss has not been factored into the forecast outturn for the current year.</p>				
3.0	<u>Housing Revenue Account (HRA)</u>				
3.1		Profiled Budget £000	Actual to 30th November £000	Variance £000	Forecast Outturn Variance £000
	Income	Cr 10,801	Cr 10,717	84	60
	Expenditure	10,870	10,547	Cr 323	Cr 290
		69	Cr 170	Cr 239	Cr 230

3.2	<p>Key changes in income for the first eight months include -</p> <ul style="list-style-type: none"> · a reduction in rental income due to a lower stock level at 1st April because of a higher level of right to buy sales at the end of 2001-2002 after the budget was set, 	
	<ul style="list-style-type: none"> · a reduction in rental income as a result of the higher void levels that have occurred during the conversion works of Gwent Court. 	
3.3	<p>Key changes in expenditure for the first eight months include -</p> <ul style="list-style-type: none"> · an increase in the bad debts provision because of higher housing benefit overpayments, the potential for the write off of arrears, and the general level of rent arrears, 	
	<ul style="list-style-type: none"> · an underspend within Supervision and Management due to vacancies, 	
	<ul style="list-style-type: none"> · lower repairs and maintenance expenditure at the end of November compared with budget. Officers are taking action to ensure that our investment in tenants properties is maximised. 	
4.0	<u>Capital Programme</u>	
4.1	Delivery of the original 2002-2003 capital programme has always been dependent upon the generation of capital receipts.	

4.2	The completion of the sale of the Clifton Nursery site will not now occur until 2003-2004, together with other small asset disposals previously expected to arise in the current financial year.
4.3	The table below shows a revised capital programme for 2002-2003 as a result of the reduced level of capital receipts and other resources (section 106 contributions) that will accrue in this financial year.
4.4	Deferred schemes have been rescheduled into the 2003-2004 programme.
4.5	Expenditure to the end of November 2002 on the capital programme is shown in the table below.

	Full Year Budget £000	Revised Full Year Budget £000	Actual To Date £000	Vari- ance £000
Housing Program me	7,641	6,804	3,356	3, 44 8
Other Program mes	2,661	1,171	754	41 7

		10,302	7,975	4,110	3,86 5
	<u>Housing Investment Programme</u>				
4.6	<p>Expenditure on HRA schemes continues to be broadly in line with the profiled budget. Significant stage payments have been made on the conversions hard-to-let programme (which includes Gwent Court) and the windows programme. Expenditure on essential works to bring properties to the ‘decent homes’ standards now exceeds £400,000.</p>				
4.7	<p>On the general fund side, officers in Environmental Health continue to monitor very closely the progress of private sector housing renewal grants which have been fully committed for the year. Additional grant expenditure will be incurred where available resources allow.</p>				
	<u>Other Programmes</u>				
4.8	<p>Expenditure is currently being incurred under the approved urgent major works including the Sovereign Centre replacement water tank, demolition of Amazon Jungle (formerly the Butterfly Centre) and the replacement lighting bar at the Congress Theatre. Work has also been completed at the Shinewater Skate Park. Further grant expenditure has been made under the Conservation Area Partnership and Heritage Economic Regeneration Scheme.</p>				

4.9	<p>Additional usable capital receipts from right-to-buy sales are funding committed urgent works. Two assets included within the disposal programme are in their advanced stages and are expected to be determined in February. These will support other schemes within the programme which have been committed.</p>	
5.0	<p><u>Consultations</u></p>	
5.1	<p>Not relevant for this report.</p>	
6.0	<p><u>Implications</u></p>	
6.1	<p>There are no other relevant implications for this report.</p>	
<p>Sue McHugh Director of Finance and Corporate Services</p>		
<p>Background Papers:</p> <p>Civic Budget 2002-2003</p> <p>Civic Budget 2002-2003 : Revenue and Capital Monitoring Report – Cabinet 1st August 2002</p> <p>Civic Budget 2002-2003 : Update Report – Cabinet 5th September 2002</p> <p>Civic Budget 2002-2003 : Update Report – Cabinet 2nd October 2002</p> <p>Civic Budget 2002-2003 : Update Report – Cabinet 7th November 2002</p>		