

COMMITTEE:	CABINET
DATE:	13 March 2003
SUBJECT:	Civic Budget 2002-2003: Update
REPORT OF:	Director of Finance and Corporate Services
Ward(s):	All
Purpose:	To update Members on the General Fund revenue budget position to the end of January and the projected forecast of the outturn for the full financial year.
	To update Members on the Housing Revenue Account budget position to the end of January and the projected outturn forecast for the full financial year.
	To update Members on the current position of the Capital Programme.
Contact:	Sue McHugh, Director of Finance and Corporate Services telephone 01323 415104 or internally on extension 5104.
Recommendations:	Members are asked to
	Note that general fund revenue net expenditure is under budget at the end of January by £13,000.
	Note that general fund revenue net expenditure is currently forecast to be underspent at 31 st March 2003 by £4,000.

	Note that the Housing Revenue Account net expenditure is under budget at the end of January by £155,000.
	Note that Housing Revenue Account net expenditure is currently forecast to be under budget at 31 st March 2003 by between £150,000 and £200,000.
	Note the current position on the Capital Programme.

1.0	<u>Introduction</u>				
1.1	Cabinet Members have received regular information throughout the year on the Council's financial position to enable them to monitor performance and agree appropriate action to ensure spending is in line with budget. This is the seventh of such reports in this financial year.				
1.2	This report shows the position after ten months of the financial year have been completed, and takes account of decisions previously taken by Cabinet to ensure a balanced budget is achieved at the year end.				
2.0	<u>April – January Monitoring</u>				
2.1	<u>Spend to Date and Forecast Outturn</u>				
	As reported in the February Finance Briefing, the position at 31 st January 2003 is shown in the table below.				
	General Fund	Budget	Profile	Actual	Variance
		£'000	£'000	£'000	£'000
	Department				
	Chief Executive	2,273	1,540	1,533	Cr 7

	Housing, Health & Community Finance	2,691	2,744	2,763	19
	Tourism & Leisure	4,332	4,418	4,405	Cr 13
	Finance & Corporate Services	2,204	1,759	1,752	Cr 7
	Planning, Regeneration and Amenities	3,150	2,410	2,405	Cr 5
	Corporate Costs	(375)	(312)	(312)	0
	Total	14,275	12,559	12,546	Cr 13
	The current surplus shown above is an improvement on the £1,000 overspend reported at the end of December 2002.				
2.2	<u>Contingency Budget</u>				
	The budget includes a contingency of £134,000 and the outturn forecast assumes that the contingency will be spent in full.				

2.3	<u>Forecast Outturn</u>		
	The departmental analysis of the projected year end outturn is shown in the table below:		
	Department	£'000	
		(under)/overspend	

	Chief Executive	6	
	Finance and Corporate Services	21	
	Tourism and Leisure	(10)	
	Housing, Health and Community Finance	(49)	
	Planning, Regeneration and Amenities	28	
	Corporate Costs	0	
		(4)	
	An explanation of the new variances is set out as follows:-		
	<u>Chief Executive/Finance and Corporate Services</u> – overspends are due to a slowdown in income for land charges and printing income, both of which are demand led.		
	<u>Tourism and Leisure</u> – there has been some improvement in the outturn forecast for Coastline Caterers.		
	<u>Housing, Health and Community Finance</u> – we have recently received the promised transitional payment of £97,000 from the Department for Works and Pensions to compensate for the change from Weekly Benefit Savings (WBS) to the Weekly Incorrect Benefits Scheme (WIBS).		
	Pressure continues to be strong on the temporary accommodation budget and expenditure could exceed the budget by £29,000.		
	<u>Planning, Regeneration and Amenities</u> – Demand continues to be strong for the free bus pass under the Concessionary Fares Scheme. The latest year end estimate is that expenditure will exceed budget by £30,000.		

	<p>Cabinet is reminded that the forecast outturn figures set out above do not include any provision for Housing Benefit subsidy loss for 2001-2002. The potential for a penalty of £234,000 was reported to Cabinet on 7th November 2002. Since then officers have been working with the Council's auditors (the Audit Commission) to provide some comfort to the Department of Work and Pensions (DWP) that this was due to exceptional circumstances driven by the significant impact of the mainframe migration project.</p>			
	<p>In his audit letter to DWP of 20th December 2002, the auditor has stated "I am satisfied that the circumstances which prevailed at that time (system change) are isolated and are not representative of the Council's past history or current approach".</p>			
	<p>Cabinet will be aware that once the subsidy penalty became known officers wrote to DWP on 8th October 2002. We have asked that DWP consider exercising any discretion it may have in finalising our subsidy claim for 2001-2002. We still await a response.</p>			
3.0	Housing Revenue Account (HRA)			
		Profiled Budget £'000	Actual To 31st January £'000	Variance £'000
	Income	Cr 13,501	Cr 13,366	135
	Expenditure	13,554	13,264	Cr 290
		53	Cr 102	Cr 155
	The variance to date continues to be favourable.			
	As reported previously the principal reason for this is a net saving generated from the movement of capital financing charges away from the HRA.			
	Expenditure is currently behind profile for repairs and maintenance and this factor adds to the net subsidy gain.			

	The reduced stock levels as a consequence of right to buy sales and conversions (Gwent Court) has generated a reduced level of rental income.				
	Given the movement of some of the large items within the HRA the latest forecast outturn is for an underspend in the range £150,000 and £200,000.				
4.0	Capital Programme				
4.1	Expenditure on the Capital Programme is shown in the table below including a forecast outturn.				
		Revised Budget £'000	Actual To Date £'000	Forecast Outturn £'000	Carry Forward £'000
	Housing Investment Programme	7,461	4,791	6,201	1,260
	General Fund	3,039	1,085	1,339	1,700
		10,500	5,876	7,540	2,960
	The revised budget incorporates brought forward schemes from 2001-2002 and excludes schemes previously deferred to 2003-2004 as a result of the rescheduling of the disposal of assets.				
	All budgets have been committed for the HRA programme but there are indications that £600,000 may not be spent in the current year.				
	The General Fund expenditure excludes Eastbourne Park which is funded by developers contributions.				
	The schemes under the major repairs programme are progressing and all are expected to be complete or near completion by the end of March 2003.				

	There is no loss of resources as a consequence of schemes being deferred to 2003-2004.	
5.0	<u>Consultations</u>	
5.1	Not relevant for this report.	
6.0	<u>Implications</u>	
6.1	There are no other relevant implications for this report.	
Sue McHugh		
Director of Finance and Corporate Services		
Background Papers:		
<p>The Background Papers used in compiling this report were as follows:</p> <p>Civic Budget 2002-2003</p> <p>Civic Budget 2002-2003: Revenue and Capital Monitoring Report Capital 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> <p>Civic Budget 2002-2003: Update Report – Cabinet 9th January 2003</p> <p>Civic Budget 2003-2004: Update Report – Cabinet 13th February 2003.</p> <p>To inspect or obtain copies of background papers please refer to the contact officer listed above.</p>		
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