

NORTH LANARKSHIRE COUNCIL

REPORT

AGENDA ITEM No. 2(b)

<b>To:</b> HOUSING AND TECHNICAL SERVICES COMMITTEE		<b>Subject:</b> REVENUE BUDGET MONITORING REPORT PERIOD 1 APRIL 2002 - 13 SEPTEMBER 2002
<b>From:</b> DIRECTOR OF HOUSING & PROPERTY SERVICES		
<b>Date:</b> 3 October 2002	<b>Ref:</b> TMCK/IW/FD	NON HOUSING REVENUE ACCOUNT

**1. Introduction**

1.1 The purpose of this report is to advise Committee on actual expenditure and income against estimates for the year to date and on the projected outturn. The report also provides explanations of the more significant outturn variances.

**2. Summary of Budget Variances**

2.1 The net expenditure for the period shows an underspend of £62,616 (2.57%). However, the projected outturn indicates an overspend of £386,158 (6.13%) at the year-end. This is an adverse movement of £288,518 from the last Committee report. This is attributable in part to reduced subsidy rates and to a higher level of Benefits expenditure which is demand led. An expenditure statement is appended to the report.

**3. Explanation of Projected Outturn Variances**

3.1 Employee Costs

i. The projected overspend is a result of a reduced level of staff turnover savings of £90,000 and a small increase in overtime of £10,000. This has been a consequence of the needs of the Benefit service due to the requirements to comply with a variety of new regulations and procedural arrangements. £100,000 Overspend

3.2 Property Costs

i. Stair and communal lighting expenditure is likely to exceed budget taking account of charges to be received from Scottish Power and maintenance costs. £23,000 Overspend

ii. Higher than budgeted Security Costs at Gypsy Traveller sites have caused this anticipated overspend. As one of these sites is now unoccupied, it has been possible to reduce this from earlier reports. £17,000 Overspend

This has however, resulted in lower levels of income (See 3.5.ii).

- iii. Due to more intense use of the Homeless service an overspend in removal costs has occurred. £17,000 Overspend

### 3.3 Administration Costs

- i. More regular contact with Benefit claimants as recommended within the Benefit Fraud Inspectorate review, including the insertion of a reply paid envelope with the new Benefit forms has resulted in an overspend in printing and postage costs. £44,000 Overspend

### 3.4 Benefits Payments/Income

- i. Expenditure on benefit payments is projected to be £710,701 above budget, whereas projected subsidy is £620,029 above budget, which nets off to the overall overspend of £90,672 or 1.75% of the net benefits budget. The increased expenditure is mainly the result of higher caseload for both Rent Rebates and for Council Tax claims, whilst the overall percentage level of subsidy has decreased compared to the budgeted recovery. This is subject to ongoing scrutiny. £91,000 Overspend

### 3.5 Income

The total projected under-recovery of £94,000 (excluding Benefits – see 3.4.i) is attributable to the following:

- i. The Department for Work and Pensions have advised a reduction in the level of Benefits Administration Subsidy. This budget was set by the Scottish Executive and is outwith the control of the Department. The department has challenged the Department for Work and Pensions for clarification on the level of Administration Subsidy. Their response has indicated there will be no change to the original amount. £147,000 Under-recovery
- ii. Occupation of the Gypsy Traveller sites is currently at a minimal level and this is reflected in expected income. (See 3.2.ii). £26,000 Under-recovery
- iii. Bed and breakfast expenditure attracts benefits subsidy. This is paid at a lower level than set in the budget. £41,000 Under-recovery
- iv. Shop tenancy levels are higher than anticipated resulting in an over recovery of rental income. The eventual outcome will depend on a continuation of this trend £40,000 Over-recovery
- v. Premature repayment of home loans has occurred giving rise to an anticipated over-recovery of income. £80,000 Over-recovery

#### **4. Financial Concurrence**

- 4.1 The Director of Finance concurs with the financial information contained in this report and has been fully involved in its preparation.

#### **5. Summary**

- 5.1 The projected overspend of £386,158, which equates to 6.13% of the budget, is partially attributable to a reduction in the level of benefit administration subsidy of £147,000 over which the Department has no control. It is also attributable to a projected overspend of £91,000 in benefits relating to higher caseload for Rebates and Council Tax claims and an overall reduction in the level of subsidy. Other overspends on staffing, printing and property costs together with a net over-recovery in the remaining sundry income comprise the balance. The Department is currently reviewing other potential sources of income such as funding from Transitional Housing Benefit for Rough Sleepers and also Weekly Incorrect Benefit. In addition, the effect of Bad Debt Provision on the recovery of Benefit overpayments and shop rentals is being quantified. All budget variances will be closely monitored throughout the remainder of the year and reported on accordingly.

#### **6. Recommendation**

- 6.1 It is recommended that the Committee note the contents of this report.



T McKenzie  
**Director of Housing & Property Services**

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**North Lanarkshire Council**  
**FINANCIAL MONITORING REPORT**  
**1 April 2002 to 13 September 2002**

COMMITTEE: HOUSING AND PROPERTY SERVICES

SERVICE: **NON-HRA**  
 (Improvement and Repair Grants, Capital Works, Homeless, Home Loans, Gypsy Traveller Sites and Benefits)

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		% (6)	ANNUAL BUDGET (7)	PROJECTED OUTTURN (8)	PROJECTED OUTTURN VARIANCES (9)		% (10)
		£	£	£		£			£	£	
1.	EMPLOYEE COSTS	854,978	918,653	(63,675)	Overspend	-7%	2,093,121	2,193,121	(100,000)	Overspend	-5%
2.	PROPERTY COSTS	408,023	399,809	8,214	Underspend	2%	970,431	1,027,431	(57,000)	Overspend	-6%
3.	SUPPLIES AND SERVICES	46,052	22,809	23,243	Underspend	50%	99,800	99,800	0		
4.	TRANSPORT & PLANT	22,300	25,061	(2,761)	Overspend	-12%	48,300	48,300	0		
5.	ADMINISTRATION COSTS	56,134	47,488	8,646	Underspend	15%	360,445	404,445	(44,000)	Overspend	-12%
6.	PAYMENTS TO OTHER BODIES	27,690	21,669	6,021	Underspend	22%	60,000	60,000	0		
7.	HOUSING/ COUNCIL TAX BENEFIT	47,094,771	47,519,787	(425,016)	Overspend	-0.90%	108,378,294	109,088,995	(710,701)	Overspend	-0.66%
8.	APPORTIONED EXPENSES	67,472	67,472	0			600,368	600,368	0		
9.	CAPITAL FINANCING CHARGES	0	0	0			111,753	111,753	0		
10.	OTHER	0	0	0			0	0	0		
11.	<b>TOTAL EXPENDITURE</b>	<b>48,577,420</b>	<b>49,022,748</b>	<b>(445,328)</b>	<b>Overspend</b>	<b>-0.92%</b>	<b>112,722,512</b>	<b>113,634,213</b>	<b>(911,701)</b>	<b>Overspend</b>	<b>-0.81%</b>
12.	GOVERNMENT GRANTS	44,836,448	45,205,741	369,293	Over-recovery	0.82%	103,177,830	103,797,859	620,029	Over-recovery	0.60%
13.	ADMINISTRATION SUBSIDY	682,366	608,760	(73,606)	Under-recovery	-11%	1,365,000	1,217,514	(147,486)	Under-recovery	-10.80%
14.	SALES FEES AND CHARGES	122,296	251,127	128,831	Over-recovery	105%	375,020	308,020	(67,000)	Under-recovery	-17.87%
15.	RENTAL INCOME	342,810	364,462	21,652	Over-recovery	6.32%	780,000	820,000	40,000	Over-recovery	5.13%
16.	DEPARTMENTAL RECHARGES	0	0	0			388,632	388,632	0		
17.	HOME LOANS	154,065	215,839	61,774	Over-recovery	40%	333,832	413,832	80,000	Over-recovery	23.96%
18.	<b>TOTAL INCOME</b>	<b>46,137,985</b>	<b>46,645,929</b>	<b>507,944</b>	<b>Over-recovery</b>	<b>1.10%</b>	<b>106,420,314</b>	<b>106,945,857</b>	<b>525,543</b>	<b>Over-recovery</b>	<b>0.49%</b>
19.	<b>NET EXPENDITURE</b>	<b>2,439,435</b>	<b>2,376,819</b>	<b>62,616</b>	<b>Underspend</b>	<b>2.57%</b>	<b>6,302,198</b>	<b>6,688,356</b>	<b>(386,158)</b>	<b>Overspend</b>	<b>-6.13%</b>