

To: HOUSING AND TECHNICAL SERVICES COMMITTEE		Subject: REVENUE BUDGET MONITORING REPORT PERIOD 1 APRIL 2002 – 3 JANUARY 2003 NON HOUSING REVENUE ACCOUNT
From: DIRECTOR OF HOUSING & PROPERTY SERVICES		
Date: 5 February 2003	Ref: TMCK/IW/FD	

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.
- 1.2 Similar, to Social Work, the Non-Housing Revenue Account will receive additional income of some £900,000 that is mainly attributable to Transitional Housing Benefit. The under-noted report describes the use of these funds, which include resources to meet the cost of the additional Benefit staff and enhancements to the Homelessness service, with the balance being retained to address the previously reported budget pressures due to the overall reduction in benefit subsidy and also the lower administration subsidy grant received from the Department for Work and Pensions.

2. Summary of Budget Variances

- 2.1 The net expenditure for the period shows an underspend of £300,651 (6.72%). However, the projected outturn indicates an overspend of £5,668 (0.09%) at the year-end. This is a favourable movement of £616,966 from the previous report to Committee and is attributable mainly to additional income received from Transitional Housing Benefit relating to Tenancy Services initiatives. An expenditure statement is appended to the report.

3. Budget Virement Request

- 3.1 The department has now quantified and included in this report the projected expenditure for both the additional Benefits staff as approved at Committee on 16th May 2002, and also the enhancements to the Homelessness service. Accordingly, the employee costs and Supplies and Services budgets have been increased by £200,000 and £120,000 respectively, and this is matched by an increase in the government grants budget which is possible as a result of the income from Transitional Housing Benefit claims for Tenancy Services.

3.2 It should be noted that the financial implications of the expansion of services relating to Supporting People as a result of the reports approved at Committee on 31st October 2002 and 30th January 2003 for additional Tenancy Support Workers may require further budget transfers. However, any expenditure will be funded from Transitional Housing Benefit claims. This will be quantified for the next report to Committee.

4. Explanation of Projected Outturn Variances

4.1 *Employee Costs*

i. The projected overspend is a result of a reduced level of staff turnover savings of £43,000. The projected spend and budget includes £200,000 for the additional Benefit staff referred to in paragraph 3.1. £43,000 Overspend

4.2 *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. This has however, resulted in lower levels of income (See 4.6.ii). £17,000 Overspend

iii. Due to more intense use of the Homeless service, an overspend in removal costs has occurred. The option of using more unfurnished accommodation units is being examined in an attempt to avoid some of the need for expenditure of this nature. £45,000 Overspend

4.3 Car allowances are overspent due to higher than anticipated requirements within the Department. £14,000 Overspend

4.4 *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

4.5 *Benefits Payments/Income*

- i. Expenditure on benefit payments is projected to be £1,516,037 below budget and projected subsidy is £1,246,219 below budget, which nets off to the overall underspend of £269,818 or 5.53% of the net benefits budget. The reduction in expenditure is mainly the result of a reduction in caseload for Rent Rebates, whilst the overall percentage level of subsidy has decreased compared to the budgeted recovery. The under-recovery of subsidy is reduced as a result of Transitional Housing Benefit income of £590,000 for Tenancy Services, which is net of the budget virement referred to in paragraph 3.1. £270,000 Underspend

4.6 *Income*

The total projected under-recovery of £89,000 (excluding Benefits – see 4.5.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 4.2.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 outturn figure will depend on a continuation of this trend £35,000 Over-recovery
- v. Premature repayment of home loans has taken place, giving rise to an anticipated over-recovery of income. £90,000 Over-recovery

5. **Financial Concurrence**

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

6. Summary

- 6.1 The projected minor overspend of £5,668, which equates to 0.09% of the budget, is the result of a number of offsetting variances. The most significant items are a net underspend of £270,000 in benefits mainly due to Transitional Housing Benefit income for Tenancy Services which is offset by an under-recovery of £147,000 for benefit administration subsidy which is outwith the control of the Department. Other overspends on staffing, printing and property costs together with a net over-recovery in the remaining sundry income comprise the balance. 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.

7. Recommendation

- 7.1 Committee is requested to;

- a) note the contents of this report; and
- b) approve budget virement of £320,000 as outlined in paragraph 3.1.



T McKenzie
Director of Housing & Property Services

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North Lanarkshire Council
FINANCIAL MONITORING REPORT
1 April 2002 to 03 January 2003

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	1,674,453	1,625,762	48,691	Underspend	3%	2,293,121	2,336,121	(43,000)	Overspend	-2%
2.	PROPERTY COSTS	741,849	730,308	11,541	Underspend	2%	970,431	1,055,431	(85,000)	Overspend	-9%
3.	SUPPLIES AND SERVICES	169,072	178,190	(9,118)	Overspend	-5%	219,800	219,800	0		
4.	TRANSPORT & PLANT	37,172	50,475	(13,303)	Overspend	-36%	48,300	62,300	(14,000)	Overspend	
5.	ADMINISTRATION COSTS	93,578	58,966	34,612	Underspend	37%	360,445	404,445	(44,000)	Overspend	-12%
6.	PAYMENTS TO OTHER BODIES	46,150	32,179	13,971	Underspend	30%	60,000	60,000	0		
7.	HOUSING/ COUNCIL TAX BENEFIT	82,113,927	80,537,202	1,576,725	Underspend	1.92%	108,378,294	106,862,257	1,516,037	Underspend	1.40%
8.	APPORTIONED EXPENSES	153,280	153,280	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.	TOTAL EXPENDITURE	85,029,481	83,366,362	1,663,119	Underspend	1.96%	113,042,512	111,712,475	1,330,037	Underspend	1.18%
12.	GOVERNMENT GRANTS	78,420,534	77,071,616	(1,348,918)	Under-recovery	-1.72%	103,497,830	102,251,611	(1,246,219)	Under-recovery	-1.20%
13.	ADMINISTRATION SUBSIDY	1,137,458	1,014,600	(122,858)	Under-recovery	-11%	1,365,000	1,217,514	(147,486)	Under-recovery	-10.80%
14.	SALES FEES AND CHARGES	203,864	191,911	(11,953)	Under-recovery	-6%	375,020	308,020	(67,000)	Under-recovery	-17.87%
15.	RENTAL INCOME	539,448	584,637	45,189	Over-recovery	8.38%	780,000	815,000	35,000	Over-recovery	4.49%
16.	DEPARTMENTAL RECHARGES	0	0	0			388,632	388,632	0		
17.	HOME LOANS	256,819	332,891	76,072	Over-recovery	30%	333,832	423,832	90,000	Over-recovery	26.96%
18.	TOTAL INCOME	80,558,123	79,195,655	(1,362,468)	Under-recovery	-1.69%	106,740,314	105,404,609	(1,335,705)	Under-recovery	-1.25%
19.	NET EXPENDITURE	4,471,358	4,170,707	300,651	Underspend	6.72%	6,302,198	6,307,866	(5,668)	Overspend	-0.09%