



## Quarterly Monitoring – June Revenue Budget 2008-09

### Report by the Executive Head of Financial Services

#### 1. Summary

- 1.1 This report presents actual revenue expenditure as at 30<sup>th</sup> June 2008 against the budgets approved by Council on 18<sup>th</sup> February 2008 and gives a projected outturn for the 2008/09 financial year.
- 1.2 Overall the General Fund is forecast to overspend by £136,000 on a net revenue budget of £10.741m. Support services and the Housing Revenue Account expenditure are currently expected to be contained within approved budgets.

#### 2. Background

- 2.1 In February 2008, the Council agreed the 2008/09 Revenue Budgets as part of the overall Council Tax and Rent setting process. Local authorities have a statutory duty under the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge. If monitoring establishes that the budgetary situation has deteriorated, authorities are required to take such action as they consider necessary. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or the authority might decide to take no action but to finance the shortfall from reserves.
- 2.2 It is intended to report on the revenue budget at least three times during each year, presenting the budget monitoring position at the end of each quarter, with a further analysis of the variances at the end of the year when the probable outturn figures are reported. Full revised estimates in February are to be discontinued. This is due to the increased focus on quarterly reporting and feedback regarding clarity of reporting at the 3<sup>rd</sup> Quarter stage of the budget cycle.
- 2.3 The Council's Standing Orders and Financial Regulations place an obligation on Chief Officers to advise Members where revenue expenditure cannot be contained within the approved estimates. Where such overspendings amount to less than £25,000 and can be funded from savings elsewhere in the budget approval for a virement can be given by Strategic Directors. Where it is proposed to meet the overspend from earmarked reserves or the virement required is up to £40,000, the Cabinet's approval is required. Any virement or use of reserves in excess of £40,000 requires the approval of Full

Council. Any movements in approved budgets will be identified and any necessary approvals sought as part of the quarterly monitoring reports.

### 3. Revenue Monitoring as at June 30th

3.1 The overall spending to date against budget and the year end forecast for all revenue services is shown in the appendices attached. These show that the General Fund is forecast to overspend by £136k or 1.3% of the net expenditure budget whilst net Housing Revenue Account spending is projected to be on budget.

3.2 The main variations on the General Fund are detailed in the table below;

<b>SERVICE</b>	<b>Forecast Over/(Under)</b>
	£'000
Property Management security costs	46
Land Charges reduction in net income – see paragraph 3.3 below	50
Revenues Collection – additional income now not expected	30
Homelessness – see paragraph 3.4 below	229
Joint Services – AWCS, lower capital charges see para. 3.6 below	(191)
Higher Interest receipts	(50)
Other changes (net)	<u>22</u>
<b>TOTAL</b>	<b>136</b>

3.3 The decline in the property market has caused the value of land charges income to halve in the first part of the financial year. If this continues for the whole year this will leave a shortfall of £70,000 which can be partially offset by expenditure savings of £20,000. The falling property market and general decline in the economy has also impacted on Planning Fee income with an expected fall of £15,000 included in the other changes line above.

3.4 My report to Members in July on the outline 3 year budget forecast identified the significant pressure on bed and breakfast and other emergency accommodation. By the end of the 1<sup>st</sup> quarter this year 28 households were in bed and breakfast accommodation compared to 8 at the same time last year. This is despite a continued reduction in the numbers of households being accepted as homeless, from 153 in 2005/06 to 71 in 2007/08. The problem is rather the lack of suitable accommodation caused by the loss of Golden Sands and the continued buoyancy of the private lettings market which is making it very difficult to increase our stock of private sector leased dwellings. The latest forecast is that net costs will exceed the original budget by around £229,000.

3.5 One means of alleviating this increase, which was referred to in the July report, is to increase the amount we charge B&B households up to the maximum allowable for Housing Benefit. Housing officers are still trying to obtain confirmation as to how much can be charged however they are hopeful that the charges can be increased by around £90 per week which would generate around £120,000 in a full year. Higher weekly charges might also act as an encouragement for households to migrate to the private rental sector more quickly. Until the ability to increase charges is confirmed, the Council is able to obtain more private leases or there is a levelling

off in the number of homeless households the forecast overspend is likely to grow rather than fall

- 3.6 In producing the final accounts for 2007/08 it emerged that the capital costs associated with the purchase of the new refuse vehicles and wheeled bins had been effectively doubled counted within the estimates. An adjustment was also required to the charge for support costs to ensure that there was no detriment to either Council due to the merging of the two Councils' services. Although these adjustments were not material in 2007/08 the overall impact in 2008/09 is to reduce the net cost to Adur DC by around £191,000.

#### **4. Risk Assessment**

##### **4.1 Pay & Grading**

The Joint Staff Committee has decided at present to limit the implementation of the local pay and grading review to gender inequalities and the joint Adur and Worthing Council refuse and recycling service. A budget provision of £50,000 a year has been set aside to meet these costs but at present the final costs are unknown

In addition there have been a number of regrading applications that have been on hold awaiting the results of the review. If a significant number of these are successful the costs may not be able to be met from within existing resources.

##### **4.2 Concessionary Fares**

Concessionary Fares continues to be a potential financial risk. The final cost for 2006/07 was finally agreed in May 2008 and was included in the final revenue accounts for 2007/08.

Provision was also made within the final accounts for the impact of appeals for 2007/08 together with a provision in respect of an unfavourable outcome of the judicial reviews concerning how the independent adjudicator calculated the sums due to the operators as a result of these appeals. However until the results of the judicial reviews are known there will always be an element of uncertainty.

2008/09 has seen the introduction of a nationwide concessionary fare scheme. The Council has not yet received any revised cost projections based on the actual level of demand rather than the current broad based estimates. At this point in time, it is difficult to know what the true cost of the scheme will be.

##### **4.3 2008/09 Pay Award**

The current offer from the employers is for a set of increases which is estimated to add 2.5% to overall salaries which is already above the budgeted increase of 2.25%. This offer is likely to result in an overspend of around £20,000. Unison have not accepted this offer which is the subject of industrial action. Each 0.25% over 2.5% will cost the Council a further £20,000.

#### 4.4 **Staff Vacancy Savings**

For the first time in 2008/09 the approved budget included provision for a vacancy saving of 2.5% on all salary budgets. Monitoring information to the end of the first quarter indicates a small shortfall of £1,800 on a profiled target of £77,900. This shortfall is not considered material at this stage but further vacancies will have to occur, particularly within General Fund and Support Services if the overall target saving is to be met.

#### 4.5 **Fuel Costs**

The current excessive inflationary pressures on vehicle fuel have been absorbed into the budgets, however, if diesel prices continue to rise it may not be possible to contain the costs.

### 5. **Conclusions**

- 5.1 It is too early in the year to predict the overall outturn expenditure with any certainty and historically it has proved difficult to identify eventual underspends at this early stage of the financial year. However the forecast overspend of £136k indicates that the Council must continue to monitor closely and take appropriate action, particularly in respect of Bed and Breakfast costs to offset any further upward pressures on net expenditure in the coming months.

### 10. **Legal Implications**

- 10.1 The legislative and constitutional aspects of the budget monitoring process are identified in paragraph 2 above.

### 11. **Recommendations**

- 11.1 The Overview and Scrutiny Committee and Cabinet are recommended to;

Note the revenue budget variances as at 30<sup>th</sup> June and the forecast variances for 2008/09.

## **Local Government Act 1972**

### **Background Papers:**

#### **Contact Officer:**

Sarah Gobey  
Executive Head of Financial Services  
(01903) 221221  
sarah.gobey@worthing.gov.uk.

## **Schedule of other matters**

### **1. Council Priority**

1.1 The budget underpins the achievement of all of the Council's priorities.

### **2. Specific Action Plans**

2.1 Matter considered and no issues identified

### **3. Sustainability Issues**

3.1 Matter considered and no issues identified

### **4. Equality Issues**

4.1 Matter considered and no issues identified

### **5. Community Safety Issues (Section 17)**

5.1 Matter considered and no issues identified

### **6. Human Rights Issues**

6.1 Matter considered and no issues identified

### **7. Reputation**

7.1 Matter considered and no issues identified

### **8. Consultations**

8.1 Matter considered and no issues identified

### **9. Risk Assessment**

9.1 Matter considered and no issues identified

### **10. Health and Safety Issues**

10.1 Matter considered and no issues identified

### **11. Procurement Strategy**

11.1 Matter considered and no issues identified

### **12. Partnership Working**

12.1 The costs associated with the Council's partnership arrangements are an inherent part of the Council's budget.

**APPENDIX 1**

**General Fund Budget 2008/2009  
Summary of Budget Monitoring**

<b>CABINET MEMBER PORTFOLIOS</b>	<b>Original Budget 2008/09</b>	<b>Current Budget to end June 2008</b>	<b>Actual Expend 30th June 2008</b>	<b>Projected Outturn 31st March 2009</b>	<b>Projected Variance 31st March 2009</b>	<b>Comment</b>
	£	£	£	£	£	
Leader	328,030	82,813	92,332	328,030	0	
Resources	1,259,020	217,572	-233,478	1,305,020	46,000	Security costs
	2,796,350	-65,276	-315,404	2,859,350	63,000	Land charges £50k & Car park £13k
CM for Clean, Green & Environment						
Cm for Health, Safety & Wellbeing	760,630	83,223	-285,503	760,630	0	
	2,779,130	3,724,686	3,441,249	2,803,304	24,174	Homelessness £6k CR & £30k collection revenues income not materialised
CM for Improved Customer Services						development control £15k and Homelessness
	1,884,240	-81,135	-92,063	2,128,114	243,874	
CM for Regeneration						
<b>Total Cabinet Member</b>	<b>9,807,400</b>	<b>3,961,883</b>	<b>2,607,133</b>	<b>10,184,448</b>	<b>377,048</b>	
Joint Services - AWCS	1,283,410	463,068	91,330	1,474,410	-191,000	£191.000 saving due to lower capital charges
Interest & Capital Charges	-350,100	-87,525	0	-300,100	-50,000	interest rate changes
<b>Net Expenditure</b>	<b>10,740,710</b>	<b>4,337,426</b>	<b>2,698,463</b>	<b>11,358,758</b>	<b>136,048</b>	

## APPENDIX 2

### Forecast Outturn at 30th June 2008 by Portfolio

Leader						
Description	Original Budget 2008/09	Current Budget to end June 2008	Actual Expend 30th June 2008	Projected Outturn 31st March 2009	Projected Variance 31st March 2009	Comment
	£	£	£	£	£	
Executive Office	46,410	11,602	6,518	46,410	0	
Elections	<b>171,090</b>	41,927	49,646	171,090	0	
Members Expenses and Allowances	110,530	29,283	36,168	110,530	0	
<b>Total Leader</b>	<b>328,030</b>	<b>82,813</b>	<b>92,332</b>	<b>328,030</b>	<b>0</b>	

Resources						
Description	Original Budget 2008/09	Current Budget to end June 2008	Actual Expend 30th June 2008	Projected Outturn 31st March 2009	Projected Variance 31st March 2009	Comment
	£	£	£	£	£	
Corp mngmnt - Gen	473,870	66,445	-105,100	473,870	0	
A&W Partnership	0	0	-115,000	0	0	
Misc items - Gen	28,360	13,555	11,065	28,360	0	
Member Decisions	-344,700	-86,175	0	-344,700	0	
Member Support	349,830	66,682	13,486	349,830	0	
Non Distributed Cost	655,510	259,090	113,831	655,510	0	
Beaches and Amen	<b>-810</b>	-39,000	-43,643	-810	0	
Community Buildings	<b>147,510</b>	9,120	901	147,510	0	
Property Management	-221,460	-99,140	-121,086	-175,460	46,000	Golden sands cost of security as site is being disposed of
Public Toilet - Gen	<b>170,910</b>	26,995	12,069	170,910	0	
<b>Total Resources</b>	<b>1,259,020</b>	<b>217,572</b>	<b>-233,478</b>	<b>1,305,020</b>	<b>46,000</b>	

**APPENDIX 2 (Cont.)**

**Forecast Outturn at 30th June 2008 by Portfolio**

<b>Clean , green and environment</b>						
<b>Description</b>	<b>Original Budget 2008/09</b>	<b>Current Budget to end June 2008</b>	<b>Actual Expend 30th June 2008</b>	<b>Projected Outturn 31st March 2009</b>	<b>Projected Variance 31st March 2009</b>	<b>Comment</b>
	£	£	£	£	£	
Environmental health - Domestic	287,060	-4,055	7,380	287,060	0	
Environmental health - Commercial	307,860	20,680	17,327	307,860	0	
Licensing	85,810	-20,057	-23,219	85,810	0	
Car Parks-General	-15,440	-25,760	-33,192	-2,440	13,000	Net income not expected to be achieved due to the delay in CPE
Highways	19,360	85	824	19,360	0	
Street Lighting	16,500	1,670	1,537	16,500	0	
Streetscene	106,430	-187	5,675	106,430	0	
Bus Shelters	83,390	320	3,041	83,390	0	
Allotments	57,520	-3,267	-4,754	57,520	0	
Adur Watch - Gen	0	3,055	993	0	0	
Cemeteries and Churchyards	168,740	41,877	-25,916	168,740	0	
Countryside and open spaces	215,650	32,497	10,030	215,650	0	
Dog Warden	55,630	615	1,016	55,630	0	
Pest Control - Gen	53,190	505	2,795	53,190	0	
Parks	412,540	44,620	-25,201	412,540	0	
Recreation Grounds	323,270	1,552	-33,811	323,270	0	
Courier Service	0	1,763	1,295	0	0	
Visual Quality Initi	23,940	5,807	3,890	23,940	0	
Adur & Worthing Services	34,710	0	0	34,710	0	
Trade refuse collect	43,340	-243,338	-301,085	43,340	0	
Street Sweeping & Cleansing - Adur	520,560	96,390	82,856	520,560	0	
Clinical Waste Collection	32,340	8,085	10,768	32,340	0	
Land Charges	-36,050	-28,132	-17,651	13,950	50,000	Net reduction in income £50,000 due to price changes regulations and housing market slump
<b>Total Clean, Green &amp; Environment</b>	<b>2,796,350</b>	<b>-65,276</b>	<b>-315,404</b>	<b>2,859,350</b>	<b>63,000</b>	



## APPENDIX 2 (Cont.)

### Forecast Outturn at 30th June 2008 by Portfolio

Health, Safety & Wellbeing						
Description	Original Budget 2008/0	Current Budget to end June	Actua Expend June	Projected Outturn 31st March	Projected Variance March	Comment
	£	£	£	£	£	
Community Safety	112,83	14,81	-	112,83	0	
CCT	10,84	2,42	6,70	10,84	0	
Local	13,00	3,25	568	13,00	0	
Land Drainage & coast Protection	42,58	5,99	3,60	42,58	0	
CDC Comm Plan	42,83	-	-	42,83	0	
Community Health	103,49	1,34	1,40	103,49	0	
Sustain Dev -	34,29	1,50	39	34,29	0	
Leisure Development	189,49	11,18	-	189,49	0	
Community & Welfare Grants	219,18	53,39	144,92	219,18	0	
Community Alarm	-	-	0	-	0	
<b>Total Health , Safety &amp; Wellbeing</b>	<b>760,63</b>	<b>83,22</b>	<b>-</b>	<b>760,63</b>	<b>0</b>	

Improved Customer Services						
Description	Original Budget 2008/0	Current Budget to end June	Actua Expend June	Projected Outturn 31st March	Projected Variance March	Comment
	£	£	£	£	£	
LeisureCentresClien	470,67	63,63	121,11	470,67	0	
Collection of Revenues	604,02	94,70	-	634,02	30,00	income from others £30,000 not expecte
Business	0	0	3,00	0	0	
Council Tax	570	4,65	4,22	570	0	
RenRebate&Allow	-63,290	7,65	-	-	0	
Rent Allow - H/Ben	314,26	1,772,165	1,800,345	314,26	0	
Rent Allowances	504,34	3,261,722	3,208,754	498,51	-	Increase in B & B rebates due to increase in B & B cost/income (£5,826). To be netted off against the overspend
Concessionary	1,199,530	299,97	136,63	1,199,530	0	
<b>Total Improved Customer Services</b>	<b>2,779,130</b>	<b>3,724,686</b>	<b>3,441,249</b>	<b>2,803,304</b>	<b>24,17</b>	

**APPENDIX 2 (Cont.)**

**Forecast Outturn at 30th June 2008 by Portfolio**

<b>Regeneration</b>						
<b>Description</b>	<b>Original Budget 2008/09</b>	<b>Current Budget to end June 2008</b>	<b>Actual Expend 30th June 2008</b>	<b>Projected Outturn 31st March 2009</b>	<b>Projected Variance 31st March 2009</b>	<b>Comment</b>
	£	£	£	£	£	
Housing General District	616,470	-41,840	-62,828	616,470	0	
Homelessness	288,880	24,325	58,996	517,754	228,874	Increased B&B costs see main report paragraph 3.4
Drain Clearing	<b>3,120</b>	780	346	3,120	0	
Building Control	<b>228,840</b>	-28,617	-30,357	228,840	0	
Development Control	<b>278,520</b>	-48,592	-46,769	293,520	15,000	Reduction in income for general planning application, possibly due to credit crunch
Economic Regeneration	<b>227,500</b>	9,882	2,000	227,500	0	
Adur Site Regen	<b>0</b>	0	-13,211	0	0	
5 Town Network	<b>0</b>	-9,942	-10,033	0	0	
Planning Policy & Implementation	<b>240,910</b>	12,870	9,793	240,910	0	
<b>Total Regeneration</b>	<b>1,884,240</b>	<b>-81,135</b>	<b>-92,063</b>	<b>2,128,114</b>	<b>243,874</b>	

APPENDIX 3

Support Services

Description	Original Budget 2008/09	Current Budget to end June 2008	Actual Expend 30th June 2008	Projected Outturn 31st March 2009	Projected Variance 31st March 2009	Comment
	£	£	£	£	£	
Chief Executive	93,410	25,425	-225,379	93,410	0	
Departmental Expenses Planning & Community	13,700	3,425	1,232	13,700	0	
Policy Officers	125,380	31,295	27,927	125,380	0	
Planning & Community	1,323,290	345,646	271,460	1,323,290	0	
Insurance	0	0	360,188	0	0	
Resources Departmental Management	151,320	39,190	39,609	151,320	0	
Financial Services Division	927,810	251,344	211,322	927,810	0	
Business Transformation	1,254,650	249,257	224,726	1,254,650	0	
Corporate & legal Services Division	1,610,080	437,746	365,937	1,610,080	0	
Census- Revenues and Benefits	1,048,820	272,634	197,599	1,048,820	0	
Departmental Expenses - Housing	151,180	40,095	38,442	151,180	0	
Departmental Expenses - Direct Service	11,740	2,935	1,501	11,740	0	
Housing Need & Environmental Health Division	1,053,750	275,571	247,712	1,053,750	0	
Housing Management Services	1,848,740	31,295	27,927	1,848,740	0	
Direct Services	839,920	219,807	188,989	839,920	0	
Local Office	42,170	13,127	8,933	42,170	0	
Civic Centre	437,660	178,852	186,974	446,960	9,300	Overspend on electricity costs
Commerce Way Depot	126,140	71,302	13,445	126,140	0	
	<b>11,059,760</b>	<b>2,488,945</b>	<b>2,188,546</b>	<b>11,069,060</b>	<b>9,300</b>	

## APPENDIX 4

## Holding Accounts

Description	Original Budget 2008/09	Current Budget to end June 2008	Actual Expend 30th June 2008	Projected Outturn 31st March 2009	Projected Variance 31st March 2009	Comment
	£	£	£	£	£	
CM for Clean, Green & Environment <b>Grounds Maintenance Trading Account</b>	16,120	111,735	103,705	16,120	0.00	
CM for Regeneration <b>Building Maintenance Trading Account</b>	-10,830	-37,127	-69,175	-10,830	0.00	
<b>Total Holding Accounts</b>	0	0	493,847	0	0.00	
<b>Total Trading Accounts and Holding Accounts</b>	-5,540	37,480	459,202	-5,540	0.00	

## HOUSING REVENUE ACCOUNT

## APPENDIX

	ESTIMATE 2008/0	Actua Expenditure 30th June 2008	Projected Outturn 31st March	Projected Variance March	Comment
	£	£	£	£	
<b>EXPENDITURE</b>					
GENERAL	2,298,440	40,15	2,228,440	(70,000)	Professional fees - no planned expenditure at this time saving £25k. Forecast salary savings £45k
1					
2 SPECIAL SERVICES	1,162,280	136,59	1,162,280	0	
3 RENTS, RATES, TAXES & OTHER	18,14	0	18,14	0	
4 CONTRIBUTION TO REPAIRS ACCOUNT	1,770,000	0	1,770,000	0	
5 RENT	0	0	0	0	
6 REVENUE CONTRIBUTION TO CAPITAL	200,00	0	200,00	0	
7 CHARGES FOR	2,957,070	0	2,957,070	0	
8 HRA SUBSIDY	4,284,670	0	4,284,670	0	
<b>TOTAL EXPENDITURE</b>	<b>12,690,600</b>	<b>176,74</b>	<b>12,620,600</b>	<b>(70,000)</b>	
<b>INCOME</b>					
DWELLING RENTS	(9,327,000)	(2,309,044)	(9,261,000)	66,000	Reduced income due to Golden Sands being closed
9					
10 NON-DWELLING RENTS	(410,740)	(109,058)	(410,740)	0	
11 HEATING	(51,390)	(12,945)	(51,390)	0	
12 LEASEHOLDER'S SERVICE	(92,000)	(133,943)	(92,000)	0	
13 OTHER SERVICE	(520,330)	(2,812)	(520,330)	0	
14 CONTRIBUTIONS TOWARDS EXPENDITURE	(17,210)	(15,191)	(17,210)	0	
15 INTEREST	(74,560)	0	(74,560)	0	
16 MAJOR REPAIRS ALLOWANCE	(1,897,640)	0	(1,897,640)	0	
17 RENTAL CONSTRAINT ALLOWANCE	0	0	0	0	
18 TRANSFER RE SHARED	(59,010)	0	(59,010)	0	
<b>TOTAL INCOME</b>	<b>(12,449,880)</b>	<b>(2,582,993)</b>	<b>(12,383,880)</b>	<b>66,000</b>	
<b>NET COST OF</b>	<b>240,72</b>	<b>(2,406,250)</b>	<b>236,72</b>	<b>(4,000)</b>	
<b>Balance</b>					
1ST	(1,454,852)		(1,689,000)	(234,148)	
31ST	(1,214,132)		(1,452,280)	(238,148)	