



CABINET – 5 DECEMBER 2001

FINANCIAL REPORT FOR THE PERIOD APRIL 2001 TO SEPTEMBER 2001

1. INTRODUCTION

- 1.1 This report sets out the forecast budget variations of all Portfolios and Committees from the approved original estimates for 2001/02.
- 1.2 Appendix 1 shows the current forecast and actuals to date for the General Fund. Appendix 2 shows the Capital expenditure position. Appendix 3 shows the figures for the Housing Revenue Account.
- 1.3 Officers are currently analysing the new financial regulations and implementing procedures for approving newly identified budget variations. The regulations stipulate varying approval routes, depending on the size of the variation and whether it can be met from virement or requires a supplementary estimate. In the mean time, Cabinet approval is sought for all variations identified to date, but in addition, budget increases in excess of £20,000 must also be approved by Council at their next meeting.

2. GENERAL FUND (APPENDIX 1)

- 2.1 The new variations show a net increase in expenditure of £44,000, which together with previously reported items results in an overall increase in net expenditure of £353,000.
- 2.2 It is important to note however that whilst supplementary estimates have been requested, of the above sum, it is extremely unlikely that the position at the end of the year will show this level of overspend against the original estimates. It is very difficult at this time of the financial year to estimate what the likely position will be at the 31 March. Many of the factors influencing the Council's financial position are outside of its control, especially in the short term, and therefore there is little opportunity to influence this position. Based on past experience however it is unlikely that an additional draw on reserves of more than £100,000 will be required and it could be less than this sum.

2.3 The variations are listed below but full details are set out in Appendix 4.

	£'000
NEW VARIATIONS	
Corporate and Democratic Core	-15
Environment Directorate - Employee Secondment	-10
Refuse Collection and Street Cleansing – Special Collections	-33
Housing Renewal Grant Agency	70
Totton Recreation Centre Income	16
Concessionary Travel	-18
CCTV	-30
Contingency Fund – Single Status: DSO Payments	54
Other	<u>10</u>
	<u>44</u>

2.4 New variations identified in the report noted by Cabinet on 6 September are repeated in Appendix 6. Members will be aware that the Cabinet has delegated authority to approve budget variations up to a limit of £20,000. Any sums in excess of this value require the formal approval of Council. As a consequence all budget variations in excess of this sum for the year to date are attached in Appendix 8 and these items will be forwarded to the Council for their approval.

3. CAPITAL EXPENDITURE (APPENDIX 2)

3.1 Other Services

3.1.1 The new variations show a net reduction in 2001/02 expenditure of £167,000. Cumulative forecast variations will result in a net reduction of £632,000.

3.1.2 The reduction of £167,000 is summarised below but full details are shown in Appendix 5.

	£'000
Land Drainage	
- Critical Ordinary Watercourses	-56
Car Parks – St Johns, Hythe	-130
Other	<u>19</u>
	<u>-167</u>

3.1.3 Variations identified in the September Cabinet report are repeated in Appendix 7, as they require formal approval. No variations require Council approval.

3.2 Housing

3.2.1 The new variations for Housing Capital show a net increase in expenditure of £50,000. On 18 April 2001, Policy and Resources Committee approved a £250,000 increase in the Environmental Enhancements budget. As the process of identifying and progressing schemes is lengthy, including consultation with residents and tenants, £200,000 of the additional funding will now not be spent until 2002/03.

4. HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 The variations show a net reduction of £296,000, which will result in an estimated balance at 31/3/2002 to £2.465m.

4.2 The new variations are:

4.2.1 Repairs & Maintenance – As the Capital Environmental Enhancements budget is funded by a revenue contribution from the Housing Revenue Account, the £250,000 capital budget increase in April was matched by a corresponding reduction in the revenue contribution to the Major Repairs Account, for planned maintenance works.

4.2.2 Supervision & Management – It is anticipated that the Housing Management Contract variation budget will not be required this year, and with the delays in recruiting surveyors in Planned Maintenance there will be savings of £116,000. However this will be offset by £21,000 for additional staffing resources, to support the work of the Tenant Participation Compact, as approved by Policy and Resources Committee on 21 March 2001.

4.2.3 Other – Due to a reduction in caseload, there have been savings of £113,000 in rent rebate expenditure.

4.2.4 Revenue Contribution to Capital Expenditure – This variation matches the expenditure variation on the Capital Environmental Enhancements budget detailed in paragraph 3.2.1.

4.2.5 Other Income – The savings on Rent Rebate expenditure detailed in paragraph 4.2.3 are matched by a reduction in Rent Rebate Subsidy. In addition, subsidy will be further reduced, as the proportion of tenants on rebate has fallen below the level where limitation protection is initiated. The total subsidy reduction is £137,000. However, due to the delays in recruiting surveyors to the Planned Maintenance Section, interest earnings will increase by £25,000, as £1m of the Major Repairs Allowance funding will not be spent in the current year.

5. CRIME AND DISORDER IMPLICATIONS

5.1 There are no crime and disorder implications arising directly from this report.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no environmental implications arising directly from this report.

7. RECOMMENDATIONS

7.1 It is recommended that Members:-

- (a) approve the revised General Fund budget as set out in Appendix 1 and recommend Council to approve the items in Appendix 8;
- (b) approve the revised capital expenditure programme as set out in Appendix 2; and
- (c) approve the revised Housing Revenue Account budget as set out in Appendix 3 and recommend Council to approve the reduction in the Housing Subsidy budget of £137,000, which is largely due to matching savings in rent rebate expenditure.

For Further Information:

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Background Papers:

None.

APPENDIX 4

NEW VARIATIONS

£'000

1. Corporate & Finance - Direct		
Corporate and Democratic Core – A budget for the Local Government Improvement Scheme was included in the 2001/02 estimates in error		<u>-15</u>
	<u>-15</u>	
2. Corporate & Finance – Holding Accounts		
Chief Executive's - Long term sickness cover in secretarial services	5	
Environment Services – Secondment to Chief Executive's	-10	
Change in mobile phone supplier	-5	
Diesel fuel costs	-4	
Holding Accounts – Lease of new tractor for use at Lymington Town Hall and Appletree Court	<u>1</u>	
	<u>-13</u>	
3. Environment		
Refuse Collection and Street Cleansing – Following a reduction in the number of special collections, the service is now being provided by only one vehicle and crew	-33	
Abandoned Vehicles – A continuing rise in the number of abandoned vehicles will result in increased expenditure	12 Pest	
Control – A significant decline in the number of wasp treatments during the summer has resulted in a shortfall in income	10	
Refuse Collection and Waste Management – Lower diesel costs	-10	
Waste Management and Recycling – A reduction in waste disposal charges	<u>-6</u>	
	<u>-27</u>	
4. General Purposes & Licensing		
Caravan and Camping – Income has been received for court costs associated with an appeal against site ' licence conditions'	-3	
Public Entertainment Licences – an application for a sex shop licence has resulted in extra income	<u>-6</u>	
	<u>-9</u>	
5. Housing		
The Housing Renewal Grant Agency – The agency is currently being dismantled and the service is now being provided by the NFVSC Care and Repair Agency. The Council's agency is expected to make a closing loss, which arises principally through the overstatement of accrued income in the 2000/01 accounts	<u>70</u>	
	<u>70</u>	
6. Leisure		
Totton Recreation Centre – The anticipated shortfall in income is a result of the delay in building works on the Fitness Suite Extension	16	
Visitor Information Centres – The Premium Line income will not be achieved due to the present telephone system being incapable of handling the new technology	<u>10</u>	
	<u>26</u>	
7. Economy & Planning		
Concessionary Travel – Reduction in costs due to a lower than anticipated take up of concessions	-18	

Building Control – An increase in the number of applications has resulted in predicted additional income of £20,000, which has been offset by an increase in expenditure costs of £18,000	-2
Car Parks – Shortfall in meter income at Lymington Quay due to extended closure for environmental improvements	<u>8</u>
	<u>-12</u>
8. Crime & Disorder	
CCTV – Following a review of the current implementation timetable, £30,000 of the funding approved for staff recruitment and salaries will no longer be required this financial year.	<u>-30</u>
	<u>-30</u>
9. Contingency Fund	
Single status and other cost implications for payments to DSO - These costs will be transferred to individual Portfolios when fully analysed	<u>54</u>
	<u>54</u>
TOTAL	<u>44</u>

APPENDIX 5**NEW VARIATIONS**

£'000

1. Environment

Land Drainage Schemes

Critical Ordinary Watercourses – This budget was established on expectation of obtaining grant aid from DEFRA. The grant aid has not been received, therefore work will only continue when money is available in the revenue budget

-56

Ripley Flood Relief Scheme – An overspend is anticipated due to additional works undertaken during the winter floods and the result of consultation with the Manners Estate with regard to future works in the area

7
-49**2. Environment (Coast Protection)**

Milford on Sea Coast Protection Works – In the last financial statement, this scheme was rephased from this year to 2002/03. Funding of £12,000 is to now be reinstated in 2001/02 to enable the “Beach Plan Modelling” phase of the scheme to be carried out

1212**3. Economy & Planning**

St John’s Car Park Hythe – The start date for this project is dependent on the new link road being constructed by the County Council. Due to delays in construction works, the car park scheme is to be phased into 2002/03

-130-130**TOTAL**-167

**SEPTEMBER CABINET REPORT
NEW VARIATIONS – GENERAL FUND**

	£'000
1. Corporate & Finance - Direct	
Non Domestic Rates – Reduction in Cost of Collection Allowance	6
Council Tax Benefits – Increased Caseload	9
Housing Benefits – Supported People Scheme	90
– Caseload and Subsidy Variations	50
Corporate Core – Printing of New Employee Handbook	5
Corporate Core – Grants re: Local Government Association and South East Employers	5
Emergencies – Dog Waste Bin Collections	<u>11</u>
	<u>176</u>
2. Corporate & Finance – Holding Accounts	
Chief Executives -New Deal Vacancies	-4
Economic Development Vacancy	-6
ICT Maintenance	<u>-14</u>
	<u>-24</u>
3. Environment	
Refuse – Diesel Costs	-10
Special Collections Income	-5
Garden and Trade Refuse Sacks	<u>-13</u>
	<u>-28</u>
4. Housing	
Bed & Breakfast and Other Homelessness Costs	<u>150</u>
	<u>150</u>
5. Leisure	
Recreation Centres – Single Status Implication	-57
Asset Rental	256
Totton Income	12
Open Spaces – Tree Works, Maintenance & Drainage	<u>5</u>
	<u>216</u>
6. Economy & Planning	
Public Lighting – Bulk Lamp Charges	10
Car Parks – Non Domestic Rates re: St Johns Street	5
Economic Development – Small Business Floorspace Scheme	-30
Land Charges – Search Income	-50
Transport Links for Young People – Lower take up than anticipated	<u>-11</u>
	<u>-76</u>
7. Planning Development Control	
Development Control – Application Income	-40
Advertising Costs	25
Ombudsman Case	<u>1</u>
	<u>-14</u>
8. Contingency Fund	
Allocation re : Bed & Breakfast	-100
Community Radio Feasibility	<u>-5</u>
	<u>-105</u>
9. Asset Rental Income	
Contra re : Recreation Centre Increases	<u>-256</u>
	<u>-256</u>

TOTAL

39

SEPTEMBER CABINET REPORT
NEW VARIATIONS - CAPITAL

	£'000	
1. Environment (Coast Protection)		
Rephasing Coastal Strategy Plan to 2002/03		
- Calshot	-25	
- Christchurch Bay	-65	
- Western Solent	-53	
- Saltmarshes	-30	
Rephasing of Milford on Seas Works to 2002/03		-103
Rephasing of Regional Monitoring to 2002/03	<u>-660</u>	
	<u>-936</u>	
2. Leisure		
Lymington Phase 2 – Rephasing to 2002/03	<u>-272</u>	
	<u>-272</u>	
3. Leisure – Developers Contributions		
Carvers Recreation Ground, Ringwood	86	
Parish Paths Project	<u>9</u>	
	<u>95</u>	
4. Economy & Planning		
Environmental Initiatives – Totton Town Centre Rephasing to 2002/03	<u>-97</u>	
	<u>-97</u>	
TOTAL	<u><u>-1,210</u></u>	

APPENDIX 8**ITEMS REQUIRING COUNCIL APPROVAL**

£'000

1. Bed and Breakfast and Other Homelessness Costs (£100k vired form the Contingency Fund)	150
2. Housing Benefits – Supported People	90
- Caseload and Subsidy Variations	50
3. Development Control - Advertising Costs (virement from additional income of £40,000)	25
4. Housing Renewal Grant Agency	70
5. Single Status and other cost implications of payments to DSO	54