



CABINET – 6 FEBRUARY 2002

PORTFOLIO: ALL

FINANCIAL REPORT FOR THE PERIOD APRIL 2001 TO DECEMBER 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 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.
- 1.4 The variations shown under the previous variations headings in Appendices 1 – 3 were detailed in financial reports to Cabinet on 6 September 2001 and 5 December 2001.

2 GENERAL FUND (APPENDIX 1)

- 2.1 The new variations show a decrease in net expenditure of £304,000, which together with previously reported items results in an overall increase in the net budget of £49,000.
- 2.2 The major variations are listed below but full details are set out in Appendix 4.

	£'000
NEW VARIATIONS	
Other Land Holdings	-15
Council Tax Benefits	-45

Housing Benefit Scheme	-10
Corporate and Democratic Core	-14
Hythe Marina	-25
Insurance Premiums	37
Coast Protection	-32
Public Conveniences	-10
	£'000
Elections	18
Dibden Golf Centre	-40
Car Parks	-10
Land Charges	-15
Asset Rental Income	22
Other	-15
Interest Earnings	<u>-150</u>
	<u>-304</u>

- 2.3 Council approval of the increases in Insurance Premiums is not required, as these costs are allocated over various service heads. The reduction in asset rental income is notional and is matched by reductions in service budgets and therefore also does not require Council 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 £1,268,000. Cumulative forecast variations will result in a net reduction of £1,900,000.

3.1.2 The reduction of £1,268,000 is summarised below but full details are shown in Appendix 5.

	£'000
Rephasing – Corporate and Finance	-111
Environment	-175
Leisure	-118
Economy and Planning	-143
Crime and Disorder	<u>-765</u>
	-1,312
Lymington Quay Wall & Surfaces (funded by additional Grant/SCA)	15
Lymington Quay Project	23
Other	<u>6</u>
	<u>-1,268</u>

3.2 Housing

3.2.1 The new variations show a reduction of £90,000 in Housing Capital expenditure. This is due to the rephasing of £160,000 of Social Housing Grant schemes into 2002/03 and additional expenditure of £70,000 in the Environmental Enhancements programme. While a supplementary estimate for Environmental Enhancements is now required, it should be noted that a budget reduction of £200,000 was included in the 5 December 2001 Financial Report.

4 HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 The variations show a net expenditure increase of £156,000, which will result in an estimated balance at 31/3/2002 of £2.309m.

4.2 The new variations are:

4.2.1 Repairs & Maintenance – A report elsewhere on this agenda considers additional funding of £55,000 for reactive maintenance, assuming implementation on the 1 January 2002.

4.2.2 Supervision & Management – Net savings of £44,000 are due to the following:-

	£'000
Rephasing of Barfields improvements to 2002/03	-28
Delays in recruitment re: Tenant Liaison	-20
Savings in Estate Management Hired and Contracted	-10
Increased Insurance Premiums (Cabinet 7 Nov 2001)	10
Increased Grounds Maintenance costs	5
Hostels Equipment	-1
	<u>-44</u>

4.2.3 Revenue Contribution to Capital Expenditure – As detailed in paragraph 3.2.1, expenditure on Environmental Enhancements will be £70,000 greater than previously reported. This increase reflects the additional revenue contribution required to fund the expenditure.

4.2.4 Other Income – Total interest earnings are anticipated to reduce by £75,000. This is due to a reduction in interest rates used on

balances (£50,000) and the transfer of a number of right to buy mortgages to a private organisation (£25,000).

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.
- b) approve the revised capital expenditure as set out in Appendix 2 and recommend Council to approve supplementary estimates of £23,000 for the Lymington Quay Project and £70,000 for Environmental Enhancements.
- c) approve the revised Housing Revenue Account budget as set out in Appendix 3 and recommend Council to approve supplementary estimates of £55,000 for repairs and maintenance, £70,000 revenue contribution for Environmental Enhancements and £75,000 for reductions in interest.

For Further Information Contact

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FORECAST GENERAL FUND REVENUE
EXPENDITURE 2001/02

	Original Estimate £000s	Previous Variations £000s	New Variations £000s	Original to Forecast Variations	Forecast Budget £000s
Corporate & Finance - Direct	6,062	162	-118	44	6,106
Corporate & Finance - Holding	0	65	37	102	102
Environment	7,829	0	-42	-42	7,787
General Purposes & Licensing	397	-8	22	14	411
Housing	1,293	222	2	224	1,517
Leisure	3,033	277	-45	232	3,265
Economy & Planning	2,482	-88	-32	-120	2,362
Planning Development Control	1,006	-14		-14	992
Crime & Disorder	177	25		25	202
Contingency Fund	123	-32		-32	91
Transfer to Provisions	0	0		0	0
Asset Rental Income	-3,362	-256	22	-234	-3,596
Net Expenditure	19,040	353	-154	199	19,239
Capital Financing Provision	250			0	250
Interest Earnings	-1,300		-150	-150	-1,450
Transfer to(from) DSO reserve	-250			0	-250
Transfer to(from) Cap. Fin. res.	-293			0	-293
Net Financing	-1,593	0	-150	-150	-1,743
Transfer to(from) Gen. reserve	-79	-353	304	-49	-128
TOTAL REVENUE	17,368	0	0	0	17,368

FORECAST CAPITAL EXPENDITURE 2001/02

	Original Estimate £000s	Previous Variations £000s	New Variations £000s	Original to Forecast Variations	Forecast Budget £000s
Corporate & Finance	772	134	-103	31	803
Environment	285	81	-146	-65	220
(Env) Coastal Protection	1,147	-777	15	-762	385
Leisure	1,547	79	-118	-39	1,508
Leisure - Developers Contrib.	231	504		504	735
Economy & Planning	508	-205	-143	-348	160
Crime & Disorder	1,605	-448	-773	-1,221	384
Subtotal Other Services	6,095	-632	-1,268	-1,900	4,195
Housing - Public Sector	250	50	70	120	370
Housing - Private Sector	3,695		-160	-160	3,535
Subtotal Housing	3,945	50	-90	-40	3,905
TOTAL CAPITAL	10,040	-582	-1,358	-1,940	8,100

FORECAST HOUSING REVENUE ACCOUNT
EXPENDITURE 2001/02

	Original Estimate £000s	Previous Variations £000s	New Variations £000s	Original to Forecast Variations	Forecast Budget £000s
Repairs & Maintenance	8,474	-250	55	-195	8,279
Supervision & Management	4,018	-95	-44	-139	3,879
Other	11,710	-113		-113	11,597
Revenue Cont. to Cap. Exp.	250	50	70	120	370
Total Expenditure	24,452	-408	81	-327	24,125
Rent Income	-16,659			0	-16,659
Other Income	-7,496	112	75	187	-7,309
Total Income	-24,155	112	75	187	-23,968
Sub-total Variations	297	-296	156	-140	157
Deficit/Surplus(-)	297	-296	156	-140	157

APPENDIX 4

New Variations – General Fund Revenue Expenditure

£000

1. Corporate & Finance – Direct

Other Land Holdings – Additional income of £15,000 due to the sale of several small pieces of land. -15

Non-Domestic Rates – Savings of £9,000 due to a lower number of foot and mouth hardship reliefs being awarded, offset by an increase of £6,000 in general awards, partly due to reinstatement of previously withdrawn reliefs. In addition, the 2001/02 budget included £5,600 for depreciation on IT equipment, which is no longer required, as the equipment has been fully depreciated at the beginning of the year. -9

Council Tax Benefits – Additional subsidy of £31,000 is predicted due to an increase in the anticipated percentage reimbursement rate and a change in regulations for awarding administration subsidy. In addition, £14,000 income is to be generated from the recovery of overpaid benefit. -45

Housing Benefit Scheme - Fewer people receiving discretionary rent rebates under the Local Scheme. -10

Corporate and Democratic Core – Savings on bank charges mainly due to the re-negotiation of the quarterly charges. -14

Hythe Marina – Anticipated increased activity within the Marina. -25

TOTAL VARIATIONS -118

2. Corporate & Finance – Holding Accounts

Additional cost of insurance premiums (reported to Cabinet 7 November 2001) 37

TOTAL VARIATIONS 37

£000

3. Environment

Coast Protection – This decrease in the asset rental charge is mainly due to the Regional Monitoring Coast Protection capital scheme being removed from the asset rental calculation. The majority of the scheme costs are associated with staffing and survey work and are therefore not applicable to these charges.

-32

Public Conveniences – The number of vandalism repairs being carried out on Public Conveniences this financial year has declined. Therefore, a saving of £10,000 is anticipated.

-10

TOTAL VARIATIONS

-42

4. General Purposes and Licensing

Elections – This increase in expenditure is due to six by-elections being carried out this financial year, in the wards of Bashley, Marchwood, Becton, Pennington, Milford and Ringwood.

18

Registration of Electors – Following a recent high court decision, electors must now be given the option of their names not appearing on the electoral register. Consequently, no registers can be sold before new regulations are received from the DTLR. As it is unlikely this will happen until the new financial year, a loss in income of £3,800 is anticipated.

4

TOTAL VARIATIONS

22

5. Housing

Housing Purchase & Improvement Scheme – Due to early repayment of a loan by a Housing Association, there will be a reduction in the level of interest received.

2

TOTAL VARIATIONS

2

£000

6. Leisure

Dibden Golf Centre – The quality of the golf course at Dibden has benefited in recent years from careful management during extremely wet weather. This, together with the new pricing strategy, and the favourable weather conditions this year, has resulted in green fee income being significantly ahead of the budgeted target. Although income from season tickets is lower than anticipated, this has been offset by additional income from the sale of Millennium Loyalty Cards, and overall the centre is projected to increase its income target.

-40

Totton Recreation Centre – It was previously reported, that there was a delay in the completion of the fitness suite extension at Totton recreation Centre. As a result, there was a projected shortfall on the level of income that could be achieved at the Centre. It is now anticipated that the completion date of the scheme will be the end of February. If the scheme is completed on time £5,000 income will now be generated.

-5

TOTAL VARIATIONS

-45

7. Economy and Planning

Car Parks – A saving on the maintenance budget for car parks of approximately £8,000 is anticipated. This is due to a proportion of staff time being spent on preparation for the implementation of CCTV. Further savings of £2,000 are forecast due to Securicor carrying out fewer collections of car park meter income than was previously thought necessary.

-10

Concessionary Travel – Revision of the leasing figure charged has resulted in a saving of £4,000.

-4

Land Charges – The latest projections show a further anticipated increase of £15,000 in land charges income. This makes a £65,000 total increase from the original budget.

-15

Public Lighting – Revision of the Notional Interest figure.

-3

TOTAL VARIATIONS

-32

8. Asset Rental Income

This adjustment reflects the latest notional asset rental charges and largely contras the changes within the coast protection and public lighting services reported elsewhere in this Appendix.

22

TOTAL VARIATIONS

22

£000

9. Interest Earnings

An increase of £150k in interest earnings caused mainly by savings of £290k in interest payments due principally to the premature repayment of debt, offset by reductions in earnings because of lower than anticipated interest rates (-£140k).

-150

TOTAL VARIATIONS

-150

TOTAL VARIATIONS

-304

APPENDIX 5

New Variations – Other Services Capital Expenditure

£000

1. Corporate and Finance

The following schemes have been rephased into 2002/03:

Appletree Court – Electrical remedial works	-10
Town Hall, Lymington – Electrical remedial works	-25
Catering Client – Applemore Recreation Centre, Kitchen Ventilation	-4
- Appletree Pantry – Kitchen Extension	-15
- Kitchen Ventilation	-5
- New Milton Bar Served	-7
- Lymington Recreation Centre Phase 2	-25
- Totton recreation Centre – Café/Bar Conversion	-20

-111

Appletree Court – Renewal of Electrical Supply. On 7 November 2001 Cabinet approved expenditure of £46,000 to upgrade the electric supply to Appletree Court. This is largely being funded by virements from the following schemes:

Appletree Court – Refurbishment of Council Chamber	46
- Refurbishment of Heating Systems	-18
- Replace External Lighting Lanterns	-8
Town Hall - Replace Heating Pipes	-4
	-8

8

TOTAL VARIATIONS

-103

2. Environment

Land Drainage Schemes

Watercourse Improvements, Friars Walk – The main part of this scheme has been rephased into 2002/03 due to delays in response from a grant application submitted to DEFRA. There has also been additional expenditure on various other land drainage schemes of £6,000.

-17

Public Conveniences – Due to a delay in starting the rebuilding of the public convenience at New Street, Lymington, the majority of this scheme has been rephased into 2002/03. Included within the overall slippage figure is £17,000 that has been vired from the Toilet Refurbishment budget, as due to the location of the toilet on a very cramped area a way street, the total scheme cost is anticipated to exceed the £150,000 approved budget.

-137

£000

Lymington Quay Project – Latest forecasts show additional scheme costs of £43,000, split between £23,000 in 2001/02 and £20,000 in 2002/03. Fee costs have increased by £30,000 due to the employment of consultants in connection with contractual issues between the Council and the contractors and works costs have increased by £13,000. The increase of £23,000 in this financial year is partially offset by the rephasing of the public

convenience retention monies (£15,000) into 2002/03. Although these figures reflect the latest known position, the outcome of a claim by the contractor and submission of the final account may have an affect on the final position.

8

TOTAL VARIATIONS

-146

3. Environment (Coastal Protection)

Lymington Quay Wall & Surfaces – It is anticipated that the sea wall will cost an additional £23,000, of which £15,000 will be spent during 2001/02. Government and Hampshire County Council grant and an allocation of supplementary credit approval match the additional cost.

15

TOTAL VARIATIONS

15

4. Leisure

The following schemes have been rephased into 2002/03:

Applemore Recreation Centre – Reflections Sauna Refurbishment	-1
- Extension to Health and Fitness Suite	-5
New Milton Recreation Centre - Pool Hall Roof	-1
- Squash Court Refurbishment	-5
Ringwood Recreation Centre – Installation of Automatic Doors	-15
Totton Recreation Centre – Fitness Suite Extension	-6
	-33

Dual Use / Joint Provision – The Council's £85,000 contribution to a scheme at Marchwood Youth Centre for the construction of a permanent centre for young people in the village has been deferred, to allow full project development, prior to the completion of bids for external funding.

-85

TOTAL VARIATIONS

-118

£000

5. Economy and Planning

Environmental Initiatives – Fawley Village Centre. Due to the demands of drawing to a conclusion the Lymington Quay project, the majority of this budget has been rephased into 2002/03.

-100

Measures to Encourage Cycling – Cycle Route Stopples Lane, Hordle. Commencement of this scheme is dependent on negotiations with a

landowner being successfully concluded. Whilst the landowner is supportive of the proposals, her legal advisor has not progressed the matter, despite numerous requests from the Council. The lack of progress on this issue means that construction of the cycle route will be delayed until 2002/03. Efforts are continuing to be made to conclude negotiations as quickly as possible.

-43

TOTAL VARIATIONS

-143

6. Crime and Disorder

CCTV Programme – Due to delays in Home Office decisions being made in respect of digital recording and final scheme permission, it is anticipated that the majority of the capital programme will be rephased into 2002/03 (£745k) and 2003/034 (£20k). The bulk of the contract payments will be made in July 2002.

-765

In addition, an £8,000 virement to the Corporate and Finance Portfolio will contribute towards upgrading the electrical supply to Appletree Court. This virement was supported by Cabinet on 7 November 2001.

-8

TOTAL VARIATIONS

-773

TOTAL VARIATIONS

-1,268