

## FINANCIAL REPORT FOR THE PERIOD APRIL 2001 TO JANUARY 2002

### 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 financial regulations and considering 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, 5 December 2001 and 6 February 2002.

### 2 GENERAL FUND (APPENDIX 1)

- 2.1 The new variations show a decrease in net expenditure of £166,000, which together with previously reported items results in an overall decrease in the net budget of £112,000.
- 2.2 The major variations are listed below but full details are set out in Appendix 4.

	£'000
<b>NEW VARIATIONS</b>	
Housing Benefit Scheme	-58
Corporate and Democratic Core	-18
Balances Unallocated	-30
Cemeteries	10
Public Conveniences	-10
Homeless Assistance	-20
Land Charges	-15
CCTV	-10
Other	-15
	<u>-166</u>

### 3 CAPITAL EXPENDITURE (APPENDIX 2)

#### 3.1 Other Services

3.1.1 The new variations show a net increase in 2001/02 expenditure of £266,000. Cumulative forecast variations will result in a net reduction of £1,634,000.

3.1.2 The increase of £266,000 is summarised below but full details are shown in Appendix 5.

	£'000
<b>NEW VARIATIONS</b>	
Rephasing – Corporate and Finance	-150
Environment	-23
Environment (Coast Protection)	-157
Economy and Planning	-16
Crime and Disorder	<u>-10</u>
	-356
Ringwood Rec Centre – Re Tile Swimming Pool	17
Highways Agency	398
CCTV Programme	210
Other	<u>-3</u>
	<u>266</u>

#### 3.2 Housing

3.2.1 The new variations show an increase of £89,000 in Housing Capital expenditure. This is due to expenditure on Environmental Enhancements being estimated at £120,000 greater than previously reported, although overall there is a reduction of £180,000 on the originally approved budget of £500,000. This increase has been offset by the rephasing of £31,000 of Social Housing Grant schemes into 2002/03.

### 4 HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 The variations show a net expenditure increase of £133,000, which will result in an estimated balance at 31/3/2002 of £2.333m.

4.2 The new variations are:

4.2.1 Repairs & Maintenance – There has been a slight increase in the demand for responsive works, which together with the 10% increase in costs on the term contracts from 1 January 2002, has resulted in further additional costs of £10,000.

4.2.2 Supervision & Management – The net overspend of £3,000 is due to the following:-

	£'000
Tenant Liaison - Delays in recruitment	-15
- Other	-2
Increased Grounds Maintenance costs	<u>20</u>
	<u>3</u>

4.2.3 Revenue Contribution to Capital Expenditure – Expenditure on Environmental Enhancements is estimated to be £120,000 greater than was previously reported. This is a reduction of £180,000 on the originally approved budget of £500,000.

## 5 COMMERCIAL SERVICES ACCOUNTS

The Corporate and Finance Review Panel is responsible for performance monitoring of the Council's Commercial Services, which includes the Direct Services Organisation, Housing Contract, Catering and Tax & Benefits. The current surpluses are reported here for Members' information. Any surpluses for the Direct Service Organisation and Catering will be subject to Profit/Performance Related Pay at the year end.

	BUDGETED SURPLUS (-)/ DEFICIT TO 31/12/01 £'000's	ACTUAL SURPLUS (-)/ DEFICIT TO 31/12/01 £'000's
New Forest Commercial Services	-354	-241
Housing	-8	-124
Catering	-8	-8
Tax & Benefits	36	-27
	<b>-334</b>	<b>-400</b>

## 6 CRIME AND DISORDER IMPLICATIONS

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

## 7 ENVIRONMENTAL IMPLICATIONS

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

## 8 RECOMMENDATIONS

8.1 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 £398,000 for Highways Agency Works, £210,000 for the CCTV Programme and £120,000 for Housing Environmental Enhancements.
- c) approve the revised Housing Revenue Account budget as set out in Appendix 3 and recommend Council to approve supplementary estimates of £20,000 for increased grounds maintenance costs and £120,000 revenue contribution for Environmental Enhancements.

**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	44	-87	-43	6,019
Corporate & Finance - Holding	0	102	-30	72	72
Environment	7,829	-42	7	-35	7,794
General Purposes & Licensing	397	14	0	14	411
Housing	1,293	229	-30	199	1,492
Leisure	3,033	232	8	240	3,273
Economy & Planning	2,482	-120	-24	-144	2,338
Planning Development Control	1,006	-14	0	-14	992
Crime & Disorder	177	25	-10	15	192
Contingency Fund	123	-32	0	-32	91
Transfer to Provisions	0	0	0	0	0
Asset Rental Income	-3,362	-234	0	-234	-3,596
<b>Net Expenditure</b>	<b>19,040</b>	<b>204</b>	<b>-166</b>	<b>38</b>	<b>19,078</b>
Capital Financing Provision	250		0	0	250
Interest Earnings	-1,300	-150	0	-150	-1,450
Transfer to(from) DSO reserve	-250		0	0	-250
Transfer to(from) Cap. Fin. res.	-293		0	0	-293
<b>Net Financing</b>	<b>-1,593</b>	<b>-150</b>	<b>0</b>	<b>-150</b>	<b>-1,743</b>
Transfer to(from) Gen. reserve	-79	-54	166	112	33
<b>TOTAL REVENUE</b>	<b>17,368</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,368</b>

**FORECAST CAPITAL EXPENDITURE 2001/02**

	Original Estimate £000s	Previous Variations £000s	New Variations £000s	Original to Forecast Variations	Forecast Budget £000s
Corporate & Finance	772	31	-150	-119	653
Environment	285	-65	-26	-91	194
(Env) Coastal Protection	1,147	-762	-154	-916	231
Leisure	1,547	-39	14	-25	1,522
Leisure - Developers Contrib.	231	504	0	504	735
Economy & Planning	508	-348	382	34	542
Crime & Disorder	1,605	-1,221	200	-1,021	584
<b>Subtotal Other Services</b>	<b>6,095</b>	<b>-1,900</b>	<b>266</b>	<b>-1,634</b>	<b>4,461</b>
Housing - Public Sector	250	-50	120	70	320
Housing - Private Sector	3,695	-160	-31	-191	3,504
<b>Subtotal Housing</b>	<b>3,945</b>	<b>-210</b>	<b>89</b>	<b>-121</b>	<b>3,824</b>
<b>TOTAL CAPITAL</b>	<b>10,040</b>	<b>-2,110</b>	<b>355</b>	<b>-1,755</b>	<b>8,285</b>

**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	-182	10	-172	8,302
Supervision & Management	4,018	-139	3	-136	3,882
Other	11,710	-113	0	-113	11,597
Revenue Cont. to Cap. Exp.	250	-50	120	70	320
<b>Total Expenditure</b>	<b>24,452</b>	<b>-484</b>	<b>133</b>	<b>-351</b>	<b>24,101</b>
Rent Income	-16,659			0	-16,659
Other Income	-7,496	187	0	187	-7,309
<b>Total Income</b>	<b>-24,155</b>	<b>187</b>	<b>0</b>	<b>187</b>	<b>-23,968</b>
<b>Sub-total Variations</b>	<b>297</b>	<b>-297</b>	<b>133</b>	<b>-164</b>	<b>133</b>
<b>Deficit/Surplus(-)</b>	<b>297</b>	<b>-297</b>	<b>133</b>	<b>-164</b>	<b>133</b>

## APPENDIX 4

### New Variations – General Fund Revenue Expenditure

£000

#### 1. Corporate & Finance – Direct

Other Land Holdings – Further additional income of £8,000 due to the sale of several small pieces of land. -8

Council Tax – Additional reimbursement for court costs when collecting Council Tax will result in increased income. -3

Housing Benefit Scheme – Due to fewer people taking up the Transitional Supported Housing Scheme than originally thought, it is anticipated there will be savings of £60,000. This has been offset by a reduction of £2,000 in the Administration Subsidy Grant. -58

Corporate and Democratic Core – Savings have arisen due to the removal of charges from the Head of Central Administration and Accountancy. These charges had been included incorrectly when setting the original 2001/02 budgets. -18

#### **TOTAL VARIATIONS**

-87

#### 2. Corporate & Finance – Holding Accounts

Chief Executives:

Personnel – Due to the employee counselling programme being delivered in a different way, net savings of £11,500 have been identified.

Corporate Training – Due to the Senior Management Programme not running, net savings have been identified of £6,000.

New Deal – Despite requests to the employment service, the Authority has been unable to recruit personnel under the New Deal scheme, resulting in savings of £17,650. -35

Environment:

Due to the late approval by DEFRA of two capital schemes, there will be a business unit income loss of £30,000. This has been offset by savings of £20,000 on salaries and training due to job vacancies within Economic Development and Development Control. The cost of mobile phones will be £5,000 lower across the directorate due to the new Government Contract. 5

#### **TOTAL VARIATIONS**

-30

£000

#### 3. Environment



Cemeteries – Fewer burials have taken place this financial year than in previous years. Therefore, a loss of income of £10,000 is estimated. 10

Public Conveniences – Further savings of £10,000 are anticipated, following the reduction in the number of vandalism repairs on Public Conveniences. -10

Waste Management & Recycling – As a result of new legislation on the transport and disposal of clinical waste, the clinical waste disposal charge was increased by Hampshire County Council on the 1 January 2002. The charge increased from £295 to £725 per tonne. This has resulted in an overspend of £7,000. 7

**TOTAL VARIATIONS** 7

In addition, the following virements have been approved.

Grounds Maintenance – From January 2002 the grounds maintenance contract has been carried out in-house by the DSO. To help fund the additional cost of the contract for the remainder of this financial year, £6,000 has been vired from Public Conveniences and £7,000 from Refuse Collection (reported to Cabinet 6 February 2002)

Refuse Collection and Street Cleansing – A saving of £10,000 in the cost of diesel was previously incorrectly reported within Waste Management and Recycling. This has now been reallocated to the Refuse Collection and Street Cleansing service.

#### 4. Housing

Enabling Role – It is anticipated that the Housing Needs Survey will now not exceed the original estimate. -5

Homeless Assistance – Although the number of homeless acceptances remains high, there has been an increase in the rent thresholds on which benefit is paid, thus reducing the anticipated cost to this authority. -20

Welfare Funerals – It is anticipated that there will be a saving of £5,000 due to a reduction in demand for this service. -5

**TOTAL VARIATIONS** -30

£000

#### 5. Leisure

Keyhaven River – Higher than expected erosion of the Ground Chain at Keyhaven River has resulted in the need for more work to be undertaken this winter. It has therefore been necessary to transfer £3,000 from Coastal PPM (Capital) to Keyhaven moorings (Revenue) to fund these works. 3

Tourism – Ongoing problems during the course of this financial year both at home and abroad have resulted in a fall in general customer confidence, which has impacted upon tourism sales nationwide. One area severely affected here was the Official Map sales and with over 10,000 copies still in stock, there are no plans to print a new one at the present time. However, should circumstances change this position will be reviewed. The financial impact is that income will underachieve by £11,000, although this is offset by expenditure savings of £8,000. 3

Due to the outbreak of Foot and Mouth Disease, the Tourism trade was experiencing a very difficult year. It was therefore agreed that hard selling of advertising space was not appropriate. In addition, during the crisis, it was decided that advertising orders already placed could, if requested, be cancelled. Some income has been generated. However, income will underachieve by £2,000. 2

**TOTAL VARIATIONS** 

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**8**

## 6. Economy and Planning

Land Charges – As previously reported, the housing market this financial year has been more bouyant than expected. The number of land searches carried out in January was more than estimated and an extra £15,000 income was received. -15

Transport Links For Young People – As previously reported, there has been a lower take up of this scheme than anticipated. Further savings of approximately £9,000 are now forecast. -9

**TOTAL VARIATIONS** 

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**-24**

## 7. Crime and Disorder

CCTV – Further staffing savings of £10,000 for 2001/02 are expected due to the revised timing of the implementation of CCTV. -10

**TOTAL VARIATIONS** 

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**-10**

**TOTAL VARIATIONS** 

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**-166**

## APPENDIX 5

### New Variations – Other Services Capital Expenditure

£000

#### 1. Corporate and Finance

Expenditure on the following schemes has been rephased into 2002/03:

Appletree Court – Rain Water Recycling Scheme	-4
New Milton Offices – Provision Of New Offices	-117
Fordingbridge Offices – Relocation To New Offices	-22
Catering – Applemore Recreation Centre Bar Furniture	-7
<b>TOTAL VARIATIONS</b>	<b><u>-150</u></b>

## 2. Environment

Expenditure on the following schemes has been rephased into 2002/03:

Land Drainage Schemes - Great Ballard Lake New Milton	-1
Lyndhurst Investigations	-2
Public Conveniences – Rebuilding	-20
	<u>-23</u>

Land Drainage Schemes:

Ripley Flood Relief Scheme – Works on this scheme are now complete. £5,000 was held to enable works to be carried out to 'Deep Ditch' if necessary, but this work will now be undertaken by the landowner, therefore £5,000 will be saved.

-5

Lymington Quay Project – Reasons for an increase in costs and essential rephasing of this project have already been reported. These figures reflect the latest known position.

2

<b>TOTAL VARIATIONS</b>	<b><u>-26</u></b>
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£000

## 3. Environment (Coastal Protection)

Expenditure on the following schemes has been rephased into 2002/03:

Coastal Strategy Plan – Christchurch Bay & Western Solent	-125
Hurst Spit Beach Management	-30

Milford on Sea Coast Protection Works	-2
	<u>-157</u>

Lymington Quay Walls & Surfaces – As previously reported this scheme is expected to overspend. The further £3,000 reflects the latest known position. Government and Hampshire County Council grant and supplementary credit approval will match the additional cost.

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<b>TOTAL VARIATIONS</b>	<u><b>-154</b></u>
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#### 4. Leisure

Ringwood Recreation Centre – Following protracted negotiations with the Pool Retiling Contractor at Ringwood Recreation Centre, Legal Services and Internal Audit agreed with the contractor to drop all outstanding legal issues and conclude the matter amicably. As a result of the final meeting between both parties, the invoice raised to recover costs was cancelled, hence the additional costs incurred are £17,000.

	17
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Coast Amenities PPM – Higher than expected erosion of the Ground Chain at Keyhaven River has resulted in the need for more work to be undertaken this winter. It has therefore been necessary to transfer £3,000 from Coastal PPM to the Keyhaven moorings revenue budget to fund these works.

	-3
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<b>TOTAL VARIATIONS</b>	<u><b>14</b></u>
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£000

#### 5. Economy and Planning

Expenditure on the following schemes has been rephased into 2002/03:

Environmental Initiatives - Fordingbridge Town Centre	-13
Totton Town Centre	<u>-3</u>
	<u>-16</u>

Highways Agency – Hampshire County Council have transferred a number of agency budgets from revenue into capital. For consistency of reporting, the budgets have been transferred into our capital programme. All expenditure is reimbursed by the County Council.

398

**TOTAL VARIATIONS**

**382**

**6. Crime and Disorder**

The following scheme has been rephased into 2002/03:

Emergency Planning – Community Radio -10

CCTV Programme – It was announced orally at the Cabinet meeting on the 6 February 2002 that £387,000 has been rephased from 2002/03 to allow for the payment of transmission costs to British Telecom. This reflects a request from GOSE to maximise spend in 2001/02. However, since this time Contractors have updated the scheme expenditure profile. Costs of £177,000 mainly associated with the CCTV installation and the fitting out of the monitoring centre have been rephased into 2002/03.

210

**TOTAL VARIATIONS**

**200**

**TOTAL VARIATIONS**

**266**