



CABINET – 4 DECEMBER 2002

## FINANCIAL REPORT FOR THE PERIOD APRIL 2002 TO OCTOBER 2002

### 1. INTRODUCTION

- 1.1 This report sets out the forecast budget variations of all Portfolios and Committees from the approved original estimates for 2002/03.
- 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 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 decrease in net expenditure of £328,000, which together with previously reported items results in an overall decrease in the net budget of £274,000.
- 2.2 The major variations are listed below but full details are set out in Appendix 4.

	£'000
<b>NEW VARIATIONS</b>	
Holding Accounts:	
- Pay Award 2002/03	97
- Appletree Court / Town Hall Offices	-127
- Chief Executive's	-15
- Environment Directorate	-20
Building Control	-20
Car Parks	81
Concessionary Travel	-48
Economic Development	-41
Coast Protection	30
Homelessness Assistance	-18
Choice Based Lettings	-15
Applemore Rec Centre/Clayfields	-15
Totton Recreation Centre	32
Asset Rental Income	-71
Interest Earnings	-150
Other	-28
	<u>-328</u>

### 3. CAPITAL EXPENDITURE (APPENDIX 2)

#### 3.1 Other Services

3.1.1 The new variations show a net increase in 2002/03 expenditure of £841,000. Cumulative forecast variations will result in a net increase of £2,174,000.

3.1.2 The increase of £841,000 is summarised below but full details are shown in Appendix 5.

	£'000
<b>NEW VARIATIONS</b>	
Rephasing into 2003/04:	
- Corporate & Finance	-364
- Crime and Disorder	-11
- Economy and Planning	-170
- Environment Coast Protection	-59
Fordingbridge Offices – Relocation to new offices	-22
Catering	-38
Land Drainage Schemes	
- Lyndhurst Flood Relief	53
- Portmore Flood Relief	53
- Other	12
Leisure	
- Applemore Recreation Centre	47
- Lymington Recreation Centre	20
Leisure Developers Contributions	
- Hanger Farm, Totton	1,316
Other	<u>4</u>
	<u>841</u>

3.2 Excluding items of rephasing, virement, developers' contributions and external funding, the impact on the Council's capital resources is a reduction of £18,000.

#### 3.3 Housing

3.3.1 The new variations show a decrease of £200,000 in Housing Capital expenditure. The current demand for Private Sector Renewal Grants and Home Repairs Assistance is expected to result in a budget underspend.

### 4. HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 There are no new variations to report.

### 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 a virement of £44,000 for additional expenditure offset by increased income of £45,000 at Applemore Recreation Centre, and a supplementary estimate for £32,000 at Totton Recreation Centre due to reduced income;
- (b) approve the revised capital expenditure as set out in Appendix 2 and recommend Council to approve £51,000 for Western Solent Coastal Strategic Plan, £53,000 for Portmore Flood Relief, and £53,000 for Lyndhurst Flood Relief. However there will be no overall impact on the Council, as these schemes are funded externally; and
- (c) approve the revised Housing Revenue Account as set out in Appendix 3.

### **For Further Information Please Contact:**

Kevin Green, Accountancy Manager  
Tel: (023) 8028 5715  
E-mail: kevin.green@nfdc.gov.uk

**FORECAST GENERAL FUND REVENUE**  
**EXPENDITURE 2002/03**

	Original Estimate £000s	Previous Variations £000s	New Variations £000s	Original to Forecast Variations	Forecast Budget £000s
Corporate & Finance - Direct	5,787	-41	0	-41	5,746
Corporate & Finance - Holding	0	33	-54	-21	-21
Crime & Disorder	430	0	0	0	430
Economy & Planning	2,474	55	-58	-3	2,471
Environment	7,898	101	36	137	8,035
Housing	1,383	0	-33	-33	1,350
Health & Social Exclusion	122	0	0	0	122
Leisure	3,653	411	-6	405	4,058
General Purposes & Licensing	440	6	8	14	454
Planning Development Control	983	-34	0	-34	949
Asset Rental Income	-3,767	-477	-71	-548	-4,315
<b>Net Expenditure</b>	<b>19,403</b>	<b>54</b>	<b>-178</b>	<b>-124</b>	<b>19,279</b>
Capital Financing Provision	250	0	0	0	250
Interest Earnings	-850	0	-150	-150	-1,000
Transfer to(from) DSO reserve	-180	0	0	0	-180
Transfer to(from) Cap. Fin. res.	-103	0	0	0	-103
<b>Net Financing</b>	<b>-883</b>	<b>0</b>	<b>-150</b>	<b>-150</b>	<b>-1,033</b>
Transfer to(from) Gen. Fund Bal.	0	-54	328	274	274
<b>TOTAL REVENUE</b>	<b>18,520</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,520</b>

**FORECAST CAPITAL EXPENDITURE 2002/03**

	Original Estimate £000s	Previous Variations £000s	New Variations £000s	Original to Forecast Variations	Forecast Budget £000s
Corporate & Finance	1,020	-10	-420	-430	590
Crime & Disorder	358	218	-11	207	565
Economy & Planning	768	-71	-170	-241	527
(Env) Coastal Protection	962	216	-59	157	1,119
Environment	586	61	118	179	765
Leisure	819	427	67	494	1,313
Leisure - Developers Contrib.	200	492	1,316	1,808	2,008
<b>Subtotal Other Services</b>	<b>4,713</b>	<b>1,333</b>	<b>841</b>	<b>2,174</b>	<b>6,887</b>
Housing - Public Sector	500	0	0	0	500
Housing - Private Sector	3,541	187	-200	-13	3,528
<b>Subtotal Housing</b>	<b>4,041</b>	<b>187</b>	<b>-200</b>	<b>-13</b>	<b>4,028</b>
<b>TOTAL CAPITAL</b>	<b>8,754</b>	<b>1,520</b>	<b>641</b>	<b>2,161</b>	<b>10,915</b>

**FORECAST HOUSING REVENUE ACCOUNT**  
**EXPENDITURE 2002/03**

	Original Estimate £000s	Previous Variations £000s	New Variations £000s	Original to Forecast Variations	Forecast Budget £000s
Repairs & Maintenance	8,582	0	0	0	8,582
Supervision & Management	4,168	-35	0	-35	4,133
Other	11,575	0	0	0	11,575
Revenue Cont. to Cap. Exp.	500	0	0	0	500
<b>Total Expenditure</b>	<b>24,825</b>	<b>-35</b>	<b>0</b>	<b>-35</b>	<b>24,790</b>
Rent Income	-16,927	0	0	0	-16,927
Other Income	-7,020	0	0	0	-7,020
<b>Total Income</b>	<b>-23,947</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-23,947</b>
<b>Sub-total Variations</b>	<b>878</b>	<b>-35</b>	<b>0</b>	<b>-35</b>	<b>843</b>
<b>Deficit/Surplus(-)</b>	<b>878</b>	<b>-35</b>	<b>0</b>	<b>-35</b>	<b>843</b>

**New Variations – General Fund Revenue Expenditure**

£000

**1. Corporate & Finance – Holding Accounts**

Pay Award 2002/03 – Council approved an additional £27,000 on the 9 Sept 02 for the minimum £5 per hour pay rate, and on the 14 Oct 02 a further 1% pay award from 1 October 2002 at a cost of £70,000.

97

Appletree Court / Town Hall Offices – Due to the rateable value of Appletree Court and Town Hall being re-assessed from 1 April 2000 the charge for 2002/03 has been reduced. This includes an adjustment for previous years.

-127

Claymeadow / Sturt Pond Depots – Revised interpretation of CIPFA guidelines relating to the treatment of capital assets has resulted in new depreciation charges.

11

Chief Executive's – Due to efficiency savings within the Chief Executive's department a support post is no longer required, along with stationery, subsistence and other savings.

-15

Environment Directorate – A virement of £20,000 was agreed at Cabinet on 4 Sept 02 for the appointment of consultants, to carry out a consultation process in support of the Council's review of future road traffic management needs.

-20

**TOTAL VARIATIONS****-54****2. Economy and Planning**

Building Control – A net saving of £20,000 for this service was reported to the Economy and Planning Review Panel on 19 June 02 and Cabinet on 8 July 02. The net £20,000 comprises additional income of £40,000 for 2002/03 and an increase in charges from 1 October 2002 generating further income of £8,000, offset by the employment of consultants as an additional resource at a cost of £28,000.

-20

Car Parks – The growth in this service is made up of three main items. A virement of £20,000 was agreed at Cabinet on 4 Sept 02 for the appointment of consultants, to carry out a consultation process in support of the Council's review of future road traffic management needs. A shortfall in car park meter income of £18,000 is forecast for 2002/03 due to the poor weather at the start of the Amenity charging season. A revaluation of all car parks has resulted in an additional notional interest charge of £43,000.

81

	£000
Concessionary Travel – The cost to the Council of each farepass issued in the current year has been retrospectively reduced from £27 to £21 a pass. The reduction has been made because although the number of passes that have been issued is in line with predictions, the amount of travel actually generated is well below that anticipated by the consultants. In the current financial year this will result in an estimated saving of £48,000.	-48
Economic Development – Due to delays in reviewing the Economic Development service, salary savings of approximately £11,000 are forecast for this financial year. Further savings of £30,000 are anticipated as the development of a second managed workspace scheme within the district will not be implemented in 2002/03.	-41
Policy, Conservation, Trees & Env. Action – Cabinet on 1 Aug 01 considered and approved a report requesting a contribution of up to £5,700 per year for three years from 1 April 2002, towards the post of employing a New Forest Transport Officer. This funding has not yet been taken up due to recruitment difficulties, therefore it is proposed to rephase the work to commence on 1 April 2003.	-6
Public Lighting – Based on previous years repair costs and invoices received to date, savings of £10,000 for public lighting reactive repairs are anticipated for 2002/03.	-10
Transport Links For Young People – Savings of £14,000 for this service were reported to the Economy and Planning Review Panel on 18 Sept 02 and Cabinet on 2 Oct 02, due to the lower than estimated take up of the Young Persons Concessionary Fares scheme.	-14
<b>TOTAL VARIATIONS</b>	<b><u>-58</u></b>

### 3. Environment

Coast Protection – Due to additional capital expenditure on Coast Protection schemes, the notional interest and depreciation charges have collectively increased by £30,000	30
Public Conveniences – The net overspend of £10,000 relates to a new notional depreciation charge of £16,000, which is a result of revised interpretation of CIPFA guidelines, partially offset by a decrease in the notional asset rental charge of £6,000.	10
Waste Management & Recycling – A saving of approximately £4,000 will be made in 2002/03 because glass is now delivered directly to the Midland Glass reprocessing plant at Southampton Docks. Previously a storage bay charge was paid for glass delivered to Marchwood.	-4
<b>TOTAL VARIATIONS</b>	<b><u>36</u></b>



	£000
<b>4. Housing</b>	
Homeless Assistance – Reduced costs as a result of a reduction in homelessness acceptance, partly offset by an increase in the costs incurred in private sector leasing. Leasing provides a more economical way of providing accommodation for the homeless.	-18
Choice Based Lettings – Government Grant income is expected to reduce net expenditure in this area.	-15
<b>TOTAL VARIATIONS</b>	<b><u>-33</u></b>
<b>5. Leisure</b>	
Recreation Centres:	
Applemore – It is anticipated that income will exceed the original budget by £45,000. However, this has been largely offset by anticipated additional employee costs of £44,000, due to lower than normal staff turnover, single status implications, maternity cover and additional input following the extension of Profiles and the introduction of the new booking system. There has also been a reduction of £10,000 in the notional asset charge.	-11
Clayfields - It is anticipated that there will be an additional operating surplus at Clayfields of £4,000.	-4
Totton – There is an income shortfall at Totton Recreation Centre at present of £32,000. This is due to a delay in the completion of the wet change refurbishment, which has led to a fall in swimming use, the ongoing impact of a fall in centre membership, and the inability to achieve inflationary growth built into the budget, due to increased local competition.	32
Asset Rental and Notional Interest – Revised interpretation of CIPFA guidelines relating to the treatment of capital assets has resulted in variations within different Leisure services budgets.	-13
Eling Toll Bridge – Due to increased use of Eling Toll Bridge, income is anticipated to exceed the original estimate by £10,000.	-10
<b>TOTAL VARIATIONS</b>	<b><u>-6</u></b>

£000

## 6. General Purposes & Licensing

Hackney Carriages & Private Hire Licences – Due to a downward trend in vehicle licensing, in particular vehicle changeovers during the currency of a licence, a shortfall in income is anticipated.

4

Public Entertainment Licences – A shortfall in income of approximately £4,000 is forecast for this financial year, due to the fact that application was not made for two occasional concert licences at Somerley and several existing indoor licences did not apply for renewal.

4

### TOTAL VARIATIONS

8

## 7. Asset Rental Income

Revised interpretation of CIPFA guidelines relating to the treatment of capital assets has resulted in changes to depreciation and notional interest charges.

-71

### TOTAL VARIATIONS

-71

## 8. Interest Earnings

An increase of £150,000 is anticipated due to an increase of £65,000 in the external fund managers forecast of interest earnings and a forecasted increase of £85,000 from cash invested temporarily.

-150

### TOTAL VARIATIONS

-150

### TOTAL ALL VARIATIONS

-328

## APPENDIX 5

### New Variations – Other Services Capital Expenditure

£000

#### 1. Corporate and Finance

Rephasing into 2003/04:

New Milton Offices - Provision of new offices

-339

Catering – Lymington Rec Centre Phase 2 Catering Area

-25

Fordingbridge Offices – Relocation to new offices

As a result of New Forest District Council remaining at their existing offices the relocation budget is no longer required.

-22

Catering

Due to the catering facilities offered at Recreation Centres changing, Cabinet agreed on 8 July 02 that four catering establishment refurbishment budgets, totalling £38,000, should be vired to contribute to the funding required for new soft play facilities within Leisure Services.

-38

Appletree Court – Guillotine

The purchase of a guillotine for the copying service. This is to be funded by capital receipts from the sales of other equipment when Print Services was disbanded.

4

#### **TOTAL VARIATIONS**

**-420**

#### 2. Crime and Disorder

CCTV Programme - £11,000 of this scheme budget has been rephased into 2003/04, to allow for retention monies that will not be paid until a 12 month period has elapsed from the date of acceptance of the equipment.

-11

#### **TOTAL VARIATIONS**

**-11**

#### 3. Economy and Planning

St Johns Car Park Hythe – The start date of the project is dependant on the new St John's Road link being constructed by Hampshire Country Council. Due to continuing delays in construction works, the link road is now scheduled for completion in 2003/04. Therefore, given the rebuilding of the car park is dependant on the link road, it has been necessary to reschedule the scheme to commence in 2003/04.

-130

Fawley Village Centre – Due to a revised date for commencement of the contract, £40,000 of this scheme has been rephased into 2003/04.

-40

#### **TOTAL VARIATIONS**

**-170**

£000

#### 4. Environment – Coast Protection

Western Solent – This scheme has now incorporated the Coastal Strategy Plan at Calshot, which was originally due to commence in 2003/04. The gross cost of £110,000, an increase of £51,000 from the previously approved Western Solent budget, will be met by Government and Hampshire County Council grant and an allocation of supplementary credit approval.

51

However, DEFRA have indicated that their budget for 2002/03 has been allocated and it is highly unlikely that we will receive approval for this scheme in this financial year. Therefore, it has been rephased into 2003/04.

-110

#### **TOTAL VARIATIONS**

**-59**

#### 5. Environment – Other

Land Drainage Schemes:

Watercourse Imp. Friars Walk – The original budget for this scheme was based upon an estimate before the investigation into the causes of flooding in the area had been completed. Following the completion of the investigation a more detailed proposal has been prepared and approved by DEFRA. The estimated cost of the revised proposal is £41,000, an increase of £7,000 on the approved budget. DEFRA grant of 25% is payable for this scheme and supplementary credit approval is available for the remaining 75%.

7

Portmore Flood Relief – The original budget for this scheme of £50,000 was based upon a preliminary estimate before the investigation into the causes of flooding had been completed. The current estimated cost of the scheme is £103,000, which will be met by grant from DEFRA (25%) and an allocation of supplementary credit approval (75%).

53

Ripley Flood Relief – Additional expenditure of £5,000 will be incurred on this scheme due to a compensation payment to a landowner for loss of use of land.

5

Lyndhurst Flood Relief – As a result of the completion of the design of this scheme, the gross cost has increased by £53,000 to £115,000. A contribution of £30,000 will be received from Hampshire County Council, 25% of the remaining balance will be funded by DEFRA and an allocation of supplementary credit approval will be received for the remaining 75%.

53

#### **TOTAL VARIATIONS**

**118**

£000

**6. Leisure**

Cabinet approved on 8 July 02 proposals for bar and café closures, and agreed the virement of catering budgets to two new schemes:

Applemore Recreation Centre – Bar Conversion to Soft Play Area	47
Lymington Recreation Centre – Café Conversion to Fitness Suite	20

<b>TOTAL VARIATIONS</b>	<b><u>67</u></b>
-------------------------	------------------

**7. Leisure – Developers Contributions**

Totton – Hanger Farm, Totton, Open Space

On 20 October 2002, Cabinet agreed additional Developers' Contributions funding, for the Hanger Farm scheme at Totton (Report E).

	1,316
--	-------

<b>TOTAL VARIATIONS</b>	<b><u>1,316</u></b>
-------------------------	---------------------

<b>TOTAL ALL VARIATIONS</b>	<b><u>841</u></b>
-----------------------------	-------------------