



## FINANCIAL REPORT FOR THE PERIOD APRIL 2002 TO DECEMBER 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 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 an increase in net expenditure of £39,000, which together with previously reported items results in an overall decrease in the net budget of £189,000.
- 2.2 The major variations are listed below but full details are set out in Appendix 4.

	£'000
<b>NEW VARIATIONS</b>	
Best Value Review (Chief Execs)	-16
Public Lighting	-18
Gas and Electricity (Leisure)	16
Official guide production (Tourism)	-18
Bed and Breakfast (Housing)	25
Catering	66
Other	<u>-16</u>
	<u>39</u>

- 2.2 The profile in the payment of bed and breakfast payments has changed significantly in recent months. As a result, it is no longer likely that there will be any saving in 2002/03. The increase shown above is removing the previously anticipated saving of £25,000, pending further investigations.

2.3 The Catering Service was set a target of £30k savings for the current financial year as part of the best value review process, without any specific direction on how this would be achieved. Although work continues on the review, it has become apparent that it is not possible to achieve the target in 2002/03. Members will receive a full report in due course when a number of issues have been finalised. In the meantime a number of other issues have also been identified, which are largely employment related and beyond the direct control of the service. They increase the 2002/03 catering costs by £36,000. This comprises £17,000 holiday and sick pay, arising from new contracts, wages overspends of £5,200, largely due to supervisor differentials following the increase in the minimum wage, the inclusion of a £10,400 single status income budget in error and redundancies / pay in lieu of £3,400.

### 3. CAPITAL EXPENDITURE (APPENDIX 2)

#### 3.1 Other Services

3.1.1 The new variations show a net decrease in 2002/03 expenditure of £654,000. Cumulative forecast variations will result in a net decrease of £352,000.

3.1.2 The decrease of £654,000 is summarised below but full details are shown in Appendix 5.

	£'000
<b>NEW VARIATIONS</b>	
Rephasing into 2003/04:	
Economy and Planning – Fawley Village Centre	-40
Environment – Public Conveniences, Brockenhurst	-125
Leisure – Various Schemes (see Appendix 5)	-216
Economy and Planning:	
Highways Agency Works	-243
Environment :	
Coast Protection – Hurst Spit	-20
Leisure:	
Bartley Park and Marl Lane Cycle Way	-15
Hangar Farm	5
	<u>-654</u>

3.2 Excluding items of rephasing, virement, developers' contributions and external funding there is no impact on the Council's capital resources from the new variations.

### 3.3 Housing

3.3.1 Various environmental improvement projects will be either delayed or not fully completed as a result of the extended lead in times required for consultation and the need to get full agreement from all parties involved. As a result, £150,000 of capital expenditure is expected to slip to 2003/04.

3.3.2 The overall cumulative underspend on the Housing Capital Programme is £163,000.

## 4. HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 The new variations show a decrease in net expenditure of £204,000, which together with previously reported items results in an overall decrease in the net budget of £333,000

4.2 The variations are as follows:

	£'000
Repairs & Maintenance	
Responsive – The previously forecast underspend of £149,000 has reduced by £10,000 due to the impact of winter weather.	10
Cyclical – It was previously thought that additional spending of £60,000 would take place in order to catch up with work originally programmed for 2001/02. This is no longer likely.	-60
Environmental Improvements – Due to spending delays on capital schemes, the revenue contribution is reduced by £150,000 (see 3.3.1 above).	-150
Disabled Adaptations – As a result of extensive demand, this budget is expected to overspend by £14,000.	14
General Supervision & Management	
Continued vacancies and problems recruiting staff.	<u>-18</u>
	<u>-204</u>

## 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 approve:-

- a) the revised General Fund budget as set out in Appendix 1 and recommend Council to approve supplementary estimates of £25,000 in lieu of the deletion of a previously anticipated saving on bed and breakfast costs and £66,000 in respect of catering expenditure, as a result of delays in achieving best value review savings (£30k) and other spending pressures (£36k), as detailed in paragraph 2.3.
- b) the revised capital expenditure programme, as set out in Appendix 2.
- c) the revised Housing Revenue Account, as set out in Appendix 3.

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**FORECAST GENERAL FUND REVENUE EXPENDITURE 2002/03**  
**FOR THE PERIOD APRIL 2002 TO DECEMBER 2002**

	Original Estimate £000s	Previous Variations £000s	New Variations £000s	Original to Forecast Variations	Forecast Budget £000s
Corporate & Finance - Direct	5,787	-53	45	-8	5,779
Corporate & Finance - Holding	0	-21	0	-21	-21
Crime & Disorder	430	0	0	0	430
Economy & Planning	2,474	-19	-23	-42	2,432
Environment	7,898	191	-11	180	8,078
Housing	1,383	-33	25	-8	1,375
Health & Social Exclusion	122	0	0	0	122
Leisure	3,653	421	3	424	4,077
General Purposes & Licensing	440	18	0	18	458
Planning Development Control	983	-34	0	-34	949
Asset Rental Income	-3,767	-548	0	-548	-4,315
<b>Net Expenditure</b>	<b>19,403</b>	<b>-78</b>	<b>39</b>	<b>-39</b>	<b>19,364</b>
Capital Financing Provision	250	0	0	0	250
Interest Earnings	-850	-150	0	-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>-150</b>	<b>0</b>	<b>-150</b>	<b>-1,033</b>
Transfer to(from) Gen. Fund Bal.	0	228	-39	189	189
<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**  
**FOR THE PERIOD APRIL 2002 TO DECEMBER 2002**

	Original Estimate £000s	Previous Variations £000s	New Variations £000s	Original to Forecast Variations	Forecast Budget £000s
Corporate & Finance	1,020	-430	0	-430	590
Crime & Disorder	358	207	0	207	565
Economy & Planning	768	-283	-283	-566	202
(Env) Coastal Protection	962	140	-20	120	1,082
Environment	586	153	-125	28	614
Leisure	819	166	-201	-35	784
Leisure - Developers Contrib.	200	349	-25	324	524
<b>Subtotal Other Services</b>	<b>4,713</b>	<b>302</b>	<b>-654</b>	<b>-352</b>	<b>4,361</b>
Housing - Public Sector	500	0	-150	-150	350
Housing - Private Sector	3,541	-13	0	-13	3,528
<b>Subtotal Housing</b>	<b>4,041</b>	<b>-13</b>	<b>-150</b>	<b>-163</b>	<b>3,878</b>
<b>TOTAL CAPITAL</b>	<b>8,754</b>	<b>289</b>	<b>-804</b>	<b>-515</b>	<b>8,239</b>

**FORECAST HOUSING REVENUE ACCOUNT EXPENDITURE 2002/03**  
**FOR THE PERIOD APRIL 2002 TO DECEMBER 2002**

	Original Estimate £000s	Previous Variations £000s	New Variations £000s	Original to Forecast Variations	Forecast Budget £000s
Repairs & Maintenance	8,582	-89	-36	-125	8,457
Supervision & Management	4,168	-40	-18	-58	4,110
Other	11,574	0	0	0	11,574
Revenue Cont. to Cap. Exp.	500	0	-150	-150	350
<b>Total Expenditure</b>	<b>24,824</b>	<b>-129</b>	<b>-204</b>	<b>-333</b>	<b>24,491</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>877</b>	<b>-129</b>	<b>-204</b>	<b>-333</b>	<b>544</b>
<b>Deficit/Surplus(-)</b>	<b>877</b>	<b>-129</b>	<b>-204</b>	<b>-333</b>	<b>544</b>

## APPENDIX 4

### New Variations – General Fund Revenue Expenditure

£000

#### 1. Corporate & Finance – Direct

Corporate and Democratic Core – Savings of £21k are expected, mainly due to the Chief Execs Best Value Review (£16k), augmented by a number of minor expenditure reductions (£5k).

-21

Catering – Best Value Review Implementation	£30,000	
- Holiday and Sick Pay relating to new contract	£17,000	
- Wages Overspends	£ 5,200	
- Single Status Income Budget	£10,400	
- Redundancy Pay / Pay in Lieu	<u>£ 3,400</u>	66

#### **TOTAL VARIATIONS**

45

#### 2. Economy and Planning

Building Control – Due to the large volume of applications, further additional income of £15,000 is anticipated, which will be partly offset by additional costs of £10,000.

-5

Public Lighting – Based on the level of invoices received to date, further savings of £18,000 are forecast.

-18

#### **TOTAL VARIATIONS**

-23

#### 3. Environment

Cemeteries and Grounds Maintenance – Reduced use of agency staff and savings on waste disposal and transport costs are likely to result in savings of £11,000.

-11

#### **TOTAL VARIATIONS**

-11

#### 4. Leisure

Keyhaven Mooring Fees – As a result of the Cabinet decision of 4 Dec to reduce the increase in mooring fees from 13% to 6.5%, income for the year will be reduced by £5,000.

5



Gas and Electricity Costs – As a result of the full year effect of substantial energy cost increases in the second half of 2001/02, it is expected that budgets will be exceeded by £16,000. 16

Tourism Marketing – A provision was made at the end of 2001/02 for the costs of the 'Official Guide' production of £36,000. Only half of the provision was eventually required. -18

**TOTAL VARIATIONS** 3

## 5. Housing

Homeless Assistance – Changes in the profile of bed and breakfast payments suggest that it is unlikely that a previously reported saving can be made on this budget in 2002/03. Pending further investigations, which are currently being undertaken, the saving of £25,000 has therefore been removed. 25

**TOTAL VARIATIONS** 25

**TOTAL ALL VARIATIONS (REVENUE)** 39

APPENDIX 5

**New Variations – Other Services Capital Expenditure**

£000

**1. Economy and Planning**

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

-40

Highways Agency Works – Hampshire County Council is now awarding most highways maintenance work directly to contractors. As a consequence the amounts paid out by this Council and subsequent reimbursements are continuing to reduce significantly.

-243

**TOTAL VARIATIONS**

-283

**2. Environment – Coast Protection**

Hurst Spit Beach Management – Savings of £20,000 are anticipated as a result of survey works, which will now be undertaken as part of the Regional Monitoring Programme.

-20

**TOTAL VARIATIONS**

-20

**3. Environment – Other**

Public Conveniences, Brockenhurst – As reported to the Environment Review Panel on 14 November (Report B), the proposed cost of this scheme has increased from £150,000 to £175,000. £25,000 of these costs will be incurred in 2002/03. The remainder of the 2002/03 budget (£125,000) will therefore slip to 2003/04.

-125

**TOTAL VARIATIONS**

-125

**4. Leisure**

Ringwood Electrical Testing – £6,000 of savings have been vired to Totton Wet Change Refurbishment.

0

Dibden Golf Course – £2,000 has been vired from Bunker Refurbishment and Tee Renovation to Additional Drainage works

0

Slippage to 2003/04 – Due to delays in obtaining partner funding or the timing of works, the following schemes will slip into 2003/04:

- Marchwood Youth Centre -85
- Eling Tide Mill -116
- Totton – Bartley Park (Developers Contribution) -10
- Totton – Rushington Amenity Land (Developers Contribution) -5

Savings – Savings of £10,000 are expected at Bartley Park and of £ 5,000 at Marl Lane Cycle Way. This money will therefore remain available as Developers' Contributions for future schemes. -15

Hangar Farm – It has previously been reported that this scheme will be deferred. However some preliminary work will have to be funded from the 2002/03 capital budget. (Developers' Contributions) 5

**TOTAL VARIATIONS** -226

**TOTAL ALL VARIATIONS (CAPITAL – OTHER)** -654