

**PROVISIONAL FINAL ACCOUNTS – 2002/03****1. INTRODUCTION**

- 1.1 Under the Audit and Accounts Regulations 1996, Local Authorities are required to adopt their final accounts within six months of the financial year to which they refer.
- 1.2 A copy of this Council's consolidated final accounts will be presented to General Purposes and Licensing Committee in September 2003.
- 1.3 While work continues on the closedown process, the purpose of this report is to advise Cabinet of the provisional outturn position on the General Fund, Housing Revenue Account, Capital Programme and Commercial Services.

**2. GENERAL FUND**

- # 2.1 As shown in Appendix 1, net expenditure before transfers between reserves was £18.361m. This is a saving of £253,000 on the latest budget approved by Cabinet. The reasons for the variations are shown in Appendix 4.
- 2.2 After allowing for transfers between reserves, the net expenditure position shows an overall saving of £153,000. Together with savings previously reported to Members, the overall saving from the original estimate is £342,000.
- 2.3 The General Fund balance at 31 March 2002 was £2.036m. This equates to 10.8% of the 2002/03 net operating budget, which is broadly in line with the recommended 10% level.
- # 2.4 In addition to the issues in Appendix 1, during the year the Council received reimbursement of £1.08m of business rates plus interest, following a successful appeal against the recreation centres rateable values, dating back to 1990.
- 2.5 As the figures in this report are provisional, no recommendation has been made as to the treatment of the annual General Fund surplus or the windfall receipt. All of the Council's reserves will be reviewed as part of the continuing closedown process and a recommendation made to members once final figures are known.

**3. HOUSING REVENUE ACCOUNT**

- # 3.1 The provisional income and expenditure for the Housing Revenue Account is shown in Appendix 2. It identifies savings of £194,000, which have not previously been reported to Members. Details of the main items are shown in Appendix 5.
- 3.2 Together with previously reported savings of £333,000, the overall saving from the original estimate is £527,000, although approximately £100,000 of this relates to slippage on environmental enhancement works, that will now be incurred in 2003/04.

- 3.3 The estimated balance on the Housing Revenue Account at 31<sup>st</sup> March 2003 is £2.276m.

#### **4. NEW FOREST COMMERCIAL SERVICES**

- # 4.1 The estimated trading surplus for New Forest Commercial Services is £155,000. After allowing for performance related pay payments and grounds maintenance savings already allocated back to services in Appendix 1, the balancing transfer from Commercial Services to the General Fund will be in the region of £80,000.

Historically, Commercial Services has maintained its own reserve and the budgeted transfer from Commercial Services to the General Fund has drawn on the reserve and not been based on recent annual surpluses, which were £12,000 in 2001/2 and £188,000 in 2000/01. In 2001/02, a number of the Council's reserves, including Commercial Services were consolidated within the General Fund balance. As the budgeted transfer of £180,000 for 2002/03 was based on the historic reserve position, the actual transfer of £80,000 is £100,000 less than budgeted for.

#### **5. CAPITAL EXPENDITURE PROGRAMME – OTHER SERVICES**

- # 5.1 Total actual expenditure for 2002/03 was £2.955m (Appendix 3), which is an under-spend of £1.406m from the last approved budget. This was principally due to slippage of £1.407m. Details of all slippage items and other budget variations are set out within Appendix 3.

#### **6. CAPITAL EXPENDITURE PROGRAMME – HOUSING**

- 6.1 Total actual expenditure for 2002/03 was £4.332m, which is an over-spend of £454,000 from the last approved budget. This was mainly due to the decision to bring forward £524,000 of expenditure on Social Housing Grant from 2003/04, to maximise grant reimbursement from the Housing Corporation before changes were implemented. In addition, additional expenditure of £47,000 was incurred on environmental enhancements, but this was offset by savings of £117,000 on Disabled Facilities Grants.

#### **7. RECOMMENDATION**

- 7.1 It is recommended that the provisional outturn figures be noted.

#### **Further Information:**

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

#### **Background Papers:**

**NEW FOREST DISTRICT COUNCIL**  
**GENERAL FUND - ACTUAL EXPENDITURE 2002/2003**

	<b>2002/2003 Approved Budget £'000</b>	<b>2002/2003 Provisional Actual £'000</b>	<b>2002/2003 Variation £'000</b>
<b>PORTFOLIO/COMMITTEE EXPENDITURE</b>			
Corporate & Finance	5,758	5,643	-115
Crime & Disorder	430	390	-40
Economy & Planning	2,432	2,442	10
Environment	8,078	7,939	-139
Housing	1,375	1,384	9
Health & Social Inclusion	122	118	-4
Leisure	4,077	4,108	31
General Purposes & Licensing	458	443	-15
Planning Development Control	949	989	40
Contingency Fund			0
<b>Sub Total</b>	<b>23,679</b>	<b>23,456</b>	<b>-223</b>
DEDUCT - Asset Rental Income	-4,315	-4,276	39
<b>NET COMMITTEE EXPENDITURE</b>	<b>19,364</b>	<b>19,180</b>	<b>-184</b>
Capital Finance Provision	250	250	0
	<b>19,614</b>	<b>19,430</b>	<b>-184</b>
DEDUCT - Interest Earnings (Net)	-1,000	-1,069	-69
<b>Net Expenditure before Transfers to Funds</b>	<b>18,614</b>	<b>18,361</b>	<b>-253</b>
<b>Transfers to Funds</b>			
Transfer from DSO Reserves	-180	-80	100
Transfer from Capital Financing Reserve	-103	-103	0
			0
<b>GENERAL FUND NET BUDGET/EXPENDITURE</b>	<b>18,331</b>	<b>18,178</b>	<b>-153</b>

GENERAL FUND BALANCE 1 APRIL 2002

2,036

## HOUSING REVENUE ACCOUNT- ACTUAL EXPENDITURE 2002/2003

	2002/2003 Approved Budget £000	2002/2003 Provisional Actual £000	2002/2003 Variation £000
<b>INCOME</b>			
Dwelling Rents (net of irrecoverable rents)	16,483	16,715	-232
Non Dwelling Rents - Garages	414	421	-7
- Land & Buildings	30	41	-11
Charges for Services & Facilities	1,100	1,094	6
Contributions towards Expenditure	238	255	-17
Government Subsidies - Rent Rebates	9,479	9,283	196
- Housing Subsidy	-7,370	-7,366	-4
- Major Repairs Allowance	3,157	3,157	0
Housing Benefit Transfers	60	66	-6
Interest Receivable - Mortgage Interest	9	7	2
- Balances Interest	139	165	-26
Other - Sales Administration Recharge	103	103	0
- Shared Amenities Contribution	105	100	5
<b>Total Income</b>	<b>23,947</b>	<b>24,041</b>	<b>-94</b>
<b>EXPENDITURE</b>			
Repairs & Maintenance	3,577	3,806	229
Supervision & Management	4,110	3980	-130
Rents, Rates, Taxes & Other Charges	24	22	-2
Rent Rebates - General	10,101	9,890	-211
- Local Scheme	60	66	6
Provision for Bad Debt - Increased Provision	30	24	-6
Capital Financing Costs	1,360	1,327	-33
Capital Expenditure Charged to Revenue	350	397	47
Contribution to Major Repairs Account	4,880	4,880	0
<b>Total Expenditure</b>	<b>24,492</b>	<b>24,392</b>	<b>-100</b>
<b>Deficit/Surplus(-) for year</b>	<b>545</b>	<b>351</b>	<b>-194</b>
Balance at 1 April 2002	2,627	2,627	0
<b>BALANCE AT 31 MARCH 2003</b>	<b>2,082</b>	<b>2,276</b>	<b>-194</b>

CAPITAL OUT-TURN 2002/03

	2002/2003 Approved Budget £'000	2002/2003 Actual £'000	2002/2003 Variation £'000	2002/2003 Slippage £'000	2002/2003 Other Variations £'000
<b>Other Services</b>					
Corporate & Finance	590	467	-123	-108	-15
Crime & Disorder	565	565	0		0
Economy & Planning	202	161	-41	-44	3
Environment ( Coast Protection)	1082	474	-608	-607	-1
Environment (Other)	614	219	-395	-389	-6
Leisure	784	638	-146	-166	20
Leisure - (Developers' Contributions)	524	431	-93	-93	0
	<b>4361</b>	<b>2955</b>	<b>-1406</b>	<b>-1407</b>	<b>1</b>
<b>Housing:</b>					
Private Sector	3528	3935	407		407
Public Sector	350	397	47		47
	<b>3878</b>	<b>4332</b>	<b>454</b>	0	454
<b>TOTAL</b>	<b>8239</b>	<b>7287</b>	<b>-952</b>	<b>-1407</b>	<b>455</b>

Notes:

**Corporate & Finance** - The underspend of £15,000 is principally due to the fact that budgets were approved for minor capital works but the expenditure was eventually charged to revenue maintenance codes.

**Environment** - An underspend of £35,000 on the South East Ringwood Investigations Land Drainage Scheme (Developers' Contributions ) was offset by an overspend of £27,000 on the Lymington Quay Project.

**Leisure** - The principal variation is due to overspends of £13,000 on the Totton Fitness Suite Extension and £7,000 on the Totton Wet Change Refurbishment.

**Housing** - Overspends of £524,000 in Social Housing Grant, £47,000 in environmental enhancements and an underspend of £117,000 in Disabled Facilities Grants are detailed in the body of the report.

## SCHEDULE OF SLIPPAGE ON CAPITAL EXPENDITURE

	<b>£'000</b>
<b>CORPORATE &amp; FINANCE</b>	
Information Technology	-71
Electrical Testing Remedial Works - Appletree Court	-13
- Town Hall	-23
Town Hall - Refurbish Gents Toilets / Add Showers	-11
New Milton Offices	51
Offices and Depots - Disability Discrimination Act	-24
Other	-17
	<u>-108</u>
<b>ECONOMY &amp; PLANNING</b>	
Fawley Village Centre	-27
Fordingbridge Town Centre	-14
Beaulieu Car Park Special Improvements	-3
	<u>-44</u>
<b>ENVIRONMENT (COAST PROTECTION)</b>	
Regional Monitoring	-522
Christchurch Bay Coastal Strategy Plan	-82
Milford on Sea	-3
	<u>-607</u>
<b>ENVIRONMENT (OTHER)</b>	
Land Drainage - Lyndhurst Flood Relief	-95
- Portmore Flood Relief	-99
- Friars Walk	-39
Lymington Quay - Public Conveniences	-10
- Environmental Enhancements	-26
Public Conveniences - New Street Lymington	-107
Other	-13
	<u>-389</u>
<b>LEISURE</b>	
New Milton - Extension to Contours	-51
Ringwood - Installation of Automatic Doors	-14
Applemore - Bar Conversion to Soft Play	-8
All Centres - Underwater Repairs	-13
Dibden - Electrical Remedial Works	-15
Coast - Coast Amenities PPM	-23
- Milford Promenade	-20
Other	-22
	<u>-166</u>

	<b>£'000</b>
<b>LEISURE - DEVELOPERS' CONTRIBUTIONS</b>	
New Milton Land Acquisition	-100
West Totton Centre	-35
Corkfield Marchwood	-21
Land at Poulner Lakes	-20
Hangar Farm Open Space	61
Other	<u>22</u>
	<u>-93</u>
<b>TOTAL SLIPPAGE</b>	<u><u>-1407</u></u>

**VARIATIONS ON GENERAL FUND**

<b><u>CORPORATE AND FINANCE</u></b>	£ 000
Housing Benefits – Increased net costs are due to reduced recovery of overpayments, (£104,000) and increased Local Scheme Rebates (£6,000) offset by increased Government Grant (£65,000).	45
Catering – Additional net costs of catering were £60,000	60
Corporate and Democratic Core – Savings on various budgets, including Training and Conference attendance (£19,000), Community Planning (£17,000), Citizens Panel (£11,000), Printing (£18,000) and Panel Consultants / Witnesses (£6,000), offset by additional District Audit Fees (£21,000)	-61
Emergencies – The costs of the December 2002 flooding were £31,000. No budget provision had been made.	31
Business Unit / Holding Account Balances – Net savings on various business units and holding accounts totaled £186,000.	-186
Other.	-4
	<b><u>-115</u></b>
<b><u>CRIME AND DISORDER</u></b>	
CCTV – Savings resulted from delays in recruiting staff (£12,000) and reduced equipment maintenance costs (£4,000).	-16
Community Safety – Savings in project expenditure resulted due to staff vacancies meaning that the Council could not commit to managing the projects.	-21
Other.	-3
	<b><u>-40</u></b>
<b><u>ECONOMY AND PLANNING</u></b>	
Building Control – Additional income of £30,000 is offset by additional employee costs (£7,000) and additional supplies and services costs (4,000).	-19



## Appendix 4

	£ 000
Car Parks – Reduced income of £52,000 from Hythe Market is offset by £11,000 additional income from excess charges and season tickets. Other net savings total £3,000.	38
Economic Development – Total savings of £66,000 were due to staff vacancies (£12,000) and under-spent supplies and services budgets (£54,000)	-66
Highways Agency Services – Due to a decline in the amount of major building works being carried out within the District, road adoption income was £77,000 less than estimated. In addition, due to the cessation of the Highways Agency, Management Fee income payable by HCC, has reduced by £14,000. It should be noted however, that savings of £39,000 in the Highways section business unit are included within the Corporate and Finance savings reported above.	91
Street Naming and Numbering – Fewer repairs and maintenance on street name plates has resulted in savings of £15,000 .	-15
Transport Links for Young People – Lower than anticipated take up and delays in the expansion of the scheme have generated savings of £11,000.	-11
Other.	-8
	<u>10</u>

**ENVIRONMENT**

Cemeteries and Grounds Maintenance – Due to the reduced use of agency staff and savings on disposal and transport costs, additional savings of £49,000 have resulted on Cemeteries and Enhanced Grass Cutting.	-49
Coast Protection – Due to additional time input to Regional Monitoring, revenue expenditure on inspections and maintenance is £12,000 less than estimated.	-12
Pest Control – Savings of £11,000 were generated on staffing (£3,000), materials (£6,000) and equipment and tools (£2,000)	-11

## Appendix 4

	£ 000
Public Conveniences – Net savings of £40,000 have arisen principally due to a reduced Notional Asset charge (£16,000), reduced vandalism repairs (£7,000), reduced demolition costs (£7,000) and reduced materials costs (£9,000).	-40
Waste Management and Recycling – Additional income, mainly from trade and clinical waste (£34,000) and garden waste sacks (£8,000) has been received. These savings are offset by additional expenditure of £14,000 repairing and renewing dangerous recycling bins. Other net overspends total £4,000.	-24
Other.	-3
	<u>-139</u>
 <b><u>HOUSING</u></b>	
Homeless Assistance – Additional costs of bed and breakfast were £30,000.	30
Shared Amenities – Savings in Housing Revenue Account expenditure have led to a reduction in the shared amenities contribution.	-5
Housing Advice / Sub Standard Housing – Savings in business unit operational costs total £8,000.	-8
Other.	-8
	<u>9</u>
 <b><u>HEALTH AND SOCIAL INCLUSION</u></b>	
Welfare Funerals – Savings in the cost of welfare funerals were £4,000.	-4
	<u>-4</u>

£ 000

**LEISURE**

Recreation Centres – Total net expenditure exceeded the budget by £86,000 due to the following:-

## Fees and Charges Income

Income was £122,000 less than estimated. This was largely due to extended refurbishment works at Totton Recreation Centre and College (£41,000), reduced public usage of the sports hall at Lymington, following increased school usage (£15,000) and £54,000 at Ringwood, principally due to the accounting treatment of Easter course enrolments. Other variations were a general income shortfall of £26,000 at Applemore and surplus income of £14,000 at New Milton.

122

## Staffing Costs

An expenditure plan bid of £48,000 for 2003/04 was approved for single status implications. The need for this funding also existed in 2002/3 but was not budgeted for. This, together with lower than average turnover savings and training requirements on the new booking system resulted in a net overspend of £64,000 on staffing costs.

64

## Leasing / R &amp; R costs

Due to equipment replacement taking place later in the year than estimated or being delayed until the new year, savings of £81,000 were made in leasing and renewals and replacement costs.

-81

## Commuted Sum Receipt

When the dual use contract was agreed with HCC, a provision was included for the County to contribute 25% towards the 40-year loan-charge repayments at the Applemore and New Milton. HCC asked to pay off their liability in a single payment, resulting in contributions of £62,000 (ARC) and £23,000 (NMRC).

-85

## Savings target

£ 000

At Council in February 2002, budget of £44,000 was transferred from recreation centres to fund additional Concessionary Travel. Savings to match the transfer were not made by the recreation centres during the year.

44

Overspend on supplies and services and other budgets.

22

Dibden Golf Centre – Total net savings of £42,000 were principally due to additional income of £17,000 and savings in employee costs of £19,000.

-42

Tourism – The net overspend of £17,000 was principally due to an overspend on marketing of £12,000 and a shortfall of income of £11,000, as the premium line was not implemented at Lymington VIC, offset by savings of £6,000 on the official guide and map.

17

Foreshores and Beaches – Savings of £20,000 resulted due to a reduced level of maintenance works being required during the year than had been anticipated.

-20

Other.

-10

**31**

### **GENERAL PURPOSES AND LICENSING**

Hackney Carriages and Private Hire Licenses – Additional income of £7,000 was received, largely as a result of vehicles having to be re-licensed following 3 companies changing hands during the year.

-7

Elections – Net savings were £6,000 due to reduced supplies and services costs and the receipt of income from the Home Office for Parish Elections.

-6

Other.

-2

**-15**

**PLANNING DEVELOPMENT CONTROL**

Development Control – Due to the continuing rise in the number of planning applications hired and contracted and advertising costs exceeded the budget by £40,000. The overspend has not been matched by additional income as there has been few major developments.

40

40

**ASSET RENTAL INCOME**

The national asset charge to services has been £39,000 less than was estimated.

39

39

**INTEREST EARNINGS**

Interest earnings exceeded the budget by £69,000

-69

-69

**TOTAL**

-253

## **VARIATIONS ON HOUSING REVENUE ACCOUNT**

<b><u>INCOME</u></b>	£ 000
Rent Income – Total rent income for 2002/03 exceeds the approved budget by £250,000 (Dwelling Rents £232,000, Non Dwelling Rents £18,000). This is largely as a result of additional income in respect of the fact that 2002/03 was a 53 week rent year.	-250
Government Subsidies – Government subsidies for 2002/03 are expected to be £192,000 lower than budgeted. This reflects a significantly reduced level of rent rebates (listed under expenditure items).	192
Interest Receivable – Overall, interest income is exceeding the budget by £24,000. This is largely (£26,000) due to additional investment income on higher than expected balances, partly offset by lower mortgage interest income (£2,000).	-24
Other – Miscellaneous variations on other items (Charges and Contributions - £11,000, Reimbursement of Local Scheme Rent Rebates - £6,000, Shared Amenities Contribution +£5,000) contribute a total of £12,000 to additional income.	-12
	<b><u>-94</u></b>
<b><u>EXPENDITURE</u></b>	
Repairs & Maintenance – Reductions in the level of demand led work had indicated a potential underspend that was reported earlier in the year. This trend was however reversed in the winter months leading to a reinstatement of additional costs of £162,000. In addition, a reduction in the value of jobs raised in the year but not carried out until the new year increased 2002/03 expenditure by £88,000. The overspend on Disabled Facilities has increased by £2,000. This has been partly offset by additional reductions in expenditure on cyclical repairs (£23,000).	229
Supervision & Management – Underspends previously indicated have continued to grow in the last quarter. In addition, income achieved and savings made in business unit budgets of approximately £90,000 over the year have now been returned to the Housing Revenue Account.	-130

## Appendix 5

£ 000

Rent Rebates – Rent rebate expenditure has fallen significantly (-£211,000) during the year, partly due to the introduction of new arrangements as a result of the Government's 'Supporting People' initiative. This expenditure reduction is partly offset by a reduction in Government Subsidy (see income items).	-211
Capital Financing – Costs have fallen as a result of lower interest rates and high value 'Right to Buy' sales.	-33
Capital Expenditure Charged to Revenue – Some of the previously forecast projects delays have been avoided, leading to an increase of £47,000. This is still a reduction of £103,000 against the original budget, which will however be required for the financing of environmental enhancement commitments in 2003/04.	47
Other – Other minor variations contribute a further net £2,000 to the underspend.	-2
	<u>-100</u>
<b>TOTAL VARIATION</b>	<u><b>-194</b></u>