



CABINET – 6 August 2003

FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD APRIL 2003 TO JUNE 2003

1 INTRODUCTION

- 1.1 This report sets out the forecast budget variations of all Portfolios and Committees from the approved original estimates for 2003/04.
- 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, 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 reported variations show an estimated increase in net expenditure for the full year of £427,000.
- 2.2 The major variations are listed below, but full details are set out in Appendix 1.

	£'000	£'000
VARIATIONS		
Insurance Costs (Corporate & Finance)		68
Reduction in Rates (Corporate & Finance)		-35
Road Adoption Income (Economy & Planning)		30
Land Charges Income (Economy & Planning)		100
District Local Plan (Economy & Planning)		80
Ringwood Rec Centre (Leisure)		
– Rate Revaluation		-28
Planning Applications Income (Planning Development Control)		-39
Other		37
Subtotal		213
Already approved		
(Council 28/04/03 & 21/07/03):		
Pay and Reward Strategy	66	
Planning Development Grant	109	
Traffic Management	<u>39</u>	<u>214</u>
Total		<u>427</u>

2.3 Appendix 1 shows that actual expenditure at the end of June is £951,000 below the profiled budget expenditure. It should be noted however that work is ongoing in setting accurate profiled budgets and that in some areas recharges have not yet been made to services.

3 CAPITAL EXPENDITURE (APPENDIX 2)

3.1 Other Services

3.1.1 Reported variations show an increase in 2003/04 expenditure of £2,119,000, but excluding items of rephasing, virement, developers' contributions and external funding, the impact is an increased call on the Council's capital resources of £2,000.

3.1.2 The increase of £2,119,000 is summarised below, but full details are shown in Appendix 2.

	£'000	£'000
NEW VARIATIONS		
Rephasing from 2002/03:		
Corporate & Finance	105	
Crime & Disorder	22	
Economy & Planning	84	
Environment	382	
Environment (Coastal Protection)	605	
Leisure	364	
Leisure – Developers Contributions	<u>112</u>	1,674
Fordingbridge Flood Alleviation (Environment)		-100
Hythe Promenade (Leisure – Developers Contr.)		167
Hangar Farm (Leisure – Developers Contr.)		492
Coast Protection (Environment)		
Hurst Spit		-18
Milford on Sea		-94
Saltmarshes		-30
Western Solent		-26
Others		<u>54</u>
		<u>2,119</u>

3.1.3 The table on the next page provides an overview of the funding implications of the variations. Items of rephasing do not affect overall resources.

£'000

IMPACT ON CAPITAL RESOURCES

Delayed from 2002/03	1,674
Delayed to 2004/05	-224
Brought forward from 2004/05	26
Variations matched by additional resources	641
Variations to be funded from the Capital Reserve	<u>2</u>
	<u>2,119</u>

3.1.4 The above does not yet include any variation in respect of the Lymington Quay Wall & Surfaces capital scheme. A final account has now been received and the Council is awaiting the consultants' response. As soon as this is available any potential variation will be reported.

3.1.5 Details of slippage amounts totalling £1.407m (rephasings) were reported to Cabinet as part of the provisional final accounts for 2002/03. Those provisional amounts have now been updated and listed on the following page are the schemes where the slippage reported has changed substantially:

£'000

SLIPPAGE VARIATIONS

CCTV – new slippage identified (Crime and Disorder):	22
Fawley Village Centre (Economy & Planning) – slippage increased from £27k to £67k	40
Leisure – Marchwood Youth Centre	85
Eling Tide Mill	116
Leisure – Developers Contributions	19
Others	<u>-15</u>
	<u>267</u>

3.2 Housing

3.2.1 Various environmental improvement projects, which were either delayed or not fully completed in 2002/03 will now be brought to completion. The cost of £113,000 will be funded from the unused addition of the same amount to the HRA balance at the end of 2002/03.

3.2.2 £524,000 of expenditure, which was originally planned for 2003/04 was brought forward to 2002/03 in order to maximise grant reimbursement from the Housing Corporation. This has had the effect of reducing expenditure in 2003/04 by an equivalent amount.

4 HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 The reported variations show an increase in net expenditure of £154,000.

4.2 The variations are as follows:

	£'000
Environmental Improvements – Due to spending delays on capital schemes in 2002/03, the revenue contribution in 2003/04 will increase by £113,000 (financed from the increased balance brought forward – see 3.2.1)	113
Supervision and Management	
Significant increases in buildings insurance premiums will result in additional costs of £41,000.	41
Disabled Adaptations (DA) – As a result of extensive demand causing mandatory expenditure, this budget is expected to overspend by £50,000.	50
Planned Maintenance	
It is proposed to fund the increased DA expenditure through a virement from the Planned Maintenance budget	<u>-50</u>
	<u>154</u>

4.3 Appendix 3 shows that actual expenditure at the end of June is £110,000 below the profiled budget expenditure. It should be noted however that work is ongoing in setting accurate profiled budgets.

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 supplementary estimates of:
 - £68,000 for additional insurance costs
 - £30,000 in lieu of reduced road adoption income
 - £100,000 in lieu of reduced land charges income
 - £80,000 for local plan costs

- b) approve the revised capital expenditure as set out in Appendix 2.
- c) approve the revised Housing Revenue Account as set out in Appendix 3 and recommend Council to approve a supplementary estimate of £154,000, reflecting the items listed in section 4.2 above.
- d) note the actual expenditure to profiled budget positions of the General Fund and Housing Revenue Account as set out in Appendices 1 and 3.

For Further Information Contact

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**FORECAST GENERAL FUND FULL YEAR REVENUE
EXPENDITURE 2003/04
AND ACTUAL FOR THE PERIOD APRIL 2003 TO JUNE 2003**

	FULL YEAR FORECAST					ACTUAL TO 30 JUNE			
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	New Variation Note	Profiled Budget £000s	Actual to 30 June £000s	Actual to Profiled £000s	% of Profile Spent
Corporate & Finance - Direct	5,367		0	5,367		1,557	1,319	-238	85
Corporate & Finance - Holding	0		101	101	1	0	0	0	
Crime & Disorder	545		3	548	2	136	82	-54	60
Economy & Planning	2,414		249	2,663	3	820	730	-90	89
Environment	7,008		0	7,008		1,655	1,209	-446	73
Housing	1,475		0	1,475		299	274	-25	92
Health & Social Inclusion	1,458		0	1,458		338	283	-55	84
Leisure	3,821		4	3,825	4	856	811	-45	95
General Purposes & Licensing	576		0	576		183	217	34	119
Planning Development Control	938		70	1,008	5	144	112	-32	78
Asset Rental Income	-3,547		0	-3,547					
Net Expenditure	20,055		427	20,482		5,988	5,037	-951	84
Capital Financing Provision	0		0	0		0	0	0	
Interest Earnings	-800		0	-800		0	0	0	
Net Financing	19,255		427	19,682		0	0	0	
Transfer to (from) DSO reserve									
Transfer to (from) Cap. Fin. res.	-115		0	-115		0	0	0	
Transfer to (from) Gen. Fund Bal.	-72		0	-72		0	0	0	
TOTAL REVENUE	19,068		427	19,495		5,988	5,037	-951	84

New Variations – General Fund Revenue Expenditure

£000

1. Corporate & Finance – Holding

Civic Expenses – The costs of the Chairman's car will exceed budget by £2,000 2

Insurance Costs – Additional costs of buildings insurance premiums are £68,000 above the 2003/04 budget. These premiums will in due course be allocated to specific cost centres. 68

Implementation of Council's Pay and Reward Strategy as reported to Cabinet on 28/04/03 66

Offices and Depots – Savings on rates as a result of revaluations -35

101

2. Crime and Disorder

CCTV – In order to provide CCTV monitoring information for Romsey to the police a server/PC costing £3,000 is required. The CCTV monitoring of Romsey will provide an annual income of £16,000 (already included in base budgets) over the next 5 years.

3

3

3. Economy and Planning

Car Parks – This reflects the additional cost of implementing a traffic management scheme as reported to Cabinet on 10 July 2003.

39

Highways and Agency Services– Road adoption income is estimated to reduce by £30,000 as a result of the decline in major building schemes in the District.

30

Land Charges– Income for land charges is very volatile. Based on the trend in the first quarter (as a result of the slowdown in the housing market) an income shortfall of £100,000 is likely.

100

Policy, Conservation, Trees and Env. Action – The review of the District Local Plan (DLP) is estimated to cost £201,000, of which £121,000 can be financed from the DLP fund. The bulk of the cost (£135,000) will be for inspectors' fees.

80

249

4. Leisure

Recreation Centres:

Ringwood – The annual non domestic rate charge has reduced from £99,000 to £71,000 following revaluation

-28

Delays in commencing the soft play area at Ringwood reduce the income projection by £4,000

4

Applemore - £9,000 of staff savings will not be achievable as a result of the decision not to close the crèche (after a review of the potential impact of closure)

9

Totton – The original licence for the Fitlinxx System allowed for 500 users. Due to demand this licence needs to be extended to allow more users, costing £3,000.

3

Eling Toll Bridge:

6

As a result of changes in VAT legislation, VAT is now due in respect of toll bridge income. This will result in a shortfall of £6,000.

Various:

Following the introduction of the HPSN system throughout the district, insufficient budget provision was retained for separate BT lines still required in some instances (e.g. Recreation Centres and Visitor Information Centres).

10

4

5. Planning Development Control

A report to Cabinet on 02/04/03 recommended the approval of a supplementary estimate of £109,000 in order to utilize the Planning Delivery Grant.

109

Additional income of £43,000 has been achieved in the first quarter as a result mainly of an increased number of planning applications for extensions. This has been partly offset by additional advertising costs.

-39

70

TOTAL ALL NEW VARIATIONS (REVENUE)

427

APPENDIX 2

**FORECAST FULL YEAR CAPITAL EXPENDITURE 2003/04
AND ACTUAL FOR THE PERIOD APRIL 2003 TO JUNE 2003**

	FULL YEAR FORECAST					ACTUAL TO 30 JUNE			
	Original Budget £000s	Slippage £000s	New Variations £000s	Forecast Outturn £000s	New Variation Notes	Profiled Budget £000s	Actual to 30 June £000s	Actual to Profiled £000s	Actual to Profiled %
Corporate & Finance	782	105	0	887	1		190		
Crime & Disorder	11	22	0	33	2		0		
Economy & Planning	449	84	0	533	3		41		
Environment	828	382	-100	1,110	5		379		
Env (Coastal Protection)	876	605	-116	1,365	4		432		
Leisure	736	364	2	1,102	6		167		
Leisure – Developers Contrib.	1,468	112	659	2,239	7		-9		
Subtotal Other Services	5,150	1,674	445	7,269			1,200		
Housing – Public Sector		113	0	113	8		78		
Housing – Private Sector	3,255	-524	0	2,731	8		508		
Subtotal Housing	3,255	-411	0	2,844			586		
TOTAL CAPITAL	8,405	1,263	* 445	10,113			1,786		

* Of the total new variation of £445,000, £2,000 needs to be funded from the Capital Reserve.

New Variations – Capital Expenditure

1. Corporate and Finance

Total provisional slippage of 02/03 capital expenditure to 03/04 is estimated at £105,000.

2. Crime and Disorder

Total provisional slippage of 02/03 CCTV capital expenditure to 03/04 is estimated at £22,000.

3. Economy and Planning

Total provisional slippage of 02/03 schemes to 03/04 is estimated at £84,000, relating to:

- Special Improvements, Beaulieu £ 3,000
- Fawley Village Centre £67,000
- Fordingbridge Town Centre £14,000

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
	105		
	105		105
	22		
	22		22
	84		
	84		84

4. Environment – Coast Protection

Provisional Slippage of 02/03 schemes to 03/04 is estimated at £605,000.

Variations identified to date for 2003/04 are:

- Savings on Hurst Spit Beach Management survey work
- Rephasing of Milford on Sea Coast Protection Works to 2004/05 in order to benefit from the recommendations of the Christchurch Bay Strategy Study
- Rephasing of the Saltmarshes Scheme to 2004/05
- Reprogramming of Western Solent Scheme to commence in 2003/04

Lymington Quay Wall & Surfaces – The final account has now been received and we are awaiting a response from consultants. As soon as this has been received any additional costs will be charged to the scheme

5. Environment – Other

Land Drainage Schemes –

- Provisional Slippage to 2003/04 is estimated at £244,000
- Fordingbridge Flood Alleviation works cannot commence until the preliminary study has been completed this year and will therefore be rephased to 2004/05.

Lymington Quay Project - Provisional Slippage to 2003/04 is estimated at £38,000

Public Conveniences - Provisional Slippage to 2003/04 is estimated at £100,000

6. Leisure

Provisional Slippage of 02/03 schemes to 03/04 is estimated at £364,000.

Lymington Rec Centre – The final costs for the Café Conversion have been £2,000 above previous estimates.

7. Leisure – Developers Contributions

Provisional Slippage of 02/03 schemes to 03/04 is estimated at £112,000.

Hythe Promenade – On 6/01/03 Cabinet approved a scheme to enhance the promenade (Report G)

Hangar Farm Scheme – An increase of funding to £2,122,000 was approved by Cabinet on 2/04/03 (Report E).

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
	605		
		-18	
		-94	
		-30	
		26	
	605	-116	489
	244		
		-100	
	38		
	100		
	382	-100	282
	364		
2			
2	364		366
	112		
		167	
		492	
	112	659	771
2	1,674	443	2,119

TOTAL VARIATIONS (CAPITAL – OTHER SERVICES)

8. Housing

Public Sector - Various environmental improvement projects, which were either delayed or not fully completed in 2002/03 will now be brought to completion.

Private Sector - £524,000 of expenditure originally planned for 2003/04 was brought forward to 2002/03 in order to maximise grant reimbursement from the Housing Corporation prior to the introduction of fundamental changes to funding.

TOTAL VARIATION (CAPITAL – HOUSING)

TOTAL CAPITAL EXPENDITURE VARIATION

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
	113		
	-524		
	-411		-411
2	1,263	443	1,708

FORECAST FULL YEAR HOUSING REVENUE ACCOUNT
EXPENDITURE 2003/04
AND ACTUAL FOR THE PERIOD APRIL 2003 TO JUNE 2003

	FULL YEAR FORECAST					ACTUAL TO 30 JUNE			
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	New Variation Note	Profiled Budget £000s	Actual to 30 June £000s	Actual to Profiled £000s	Actual to Profiled %
Reactive Maintenance	2,342		0	2,342		586	586	0	100
Planned Maintenance	1,327		0	1,327	1	332	222	-110	67
Supervision & Management	4,297		41	4,338	2	1,064	1,049	-15	99
Rent Rebates	10,078		0	10,078		2,519	2,519	0	100
Revenue Cont. to Cap. Exp.	372		0	372		93	93	0	100
Capital Financing Costs	915		0	915		229	229	0	100
Depreciation	3,214		0	3,214		803	803	0	100
Other Expenditure	53		0	53		31	30	-1	97
Capital Expenditure charged To Revenue			113	113	3				
Total Expenditure	22,598		154	22,752		5,657	5,531	-126	98
Dwelling Rent Income	-16,622		0	-16,622		-4,156	-4,176	-20	100
Other Rent Income	-457		0	-457		-115	-116	-1	101
Rent Rebate Subsidy	-9,510		0	-9,510		-2,378	-2378	0	100
Other Subsidy	5,100		0	5,100		1,275	1275	0	100
Other Income	-1,723		0	-1,723		-469	-432	37	92
Total Income	-23,212		0	-23,212		-5,843	-5,827	16	100
Deficit/Surplus(-)	-614		154	-460		-186	-296	-110	-

NEW VARIATIONS – HOUSING REVENUE ACCOUNT

1. Planned Maintenance.

Disabled Adaptations - As a result of extensive demand an additional budget provision of £50,000 is required . Disabled adaptations are mandatory and it is therefore proposed that the additional resources are vired from the remainder of the planned maintenance budget with no overall budgetary effect on the HRA.

0

2. Supervision and Management.

As a result of increased buildings insurance premiums additional budget provision of £41,000 is required.

41

3. Capital Expenditure charged to Revenue.

Due to spending delays on capital schemes, the revenue contribution in 2002/03 was reduced by £113,000 and added to the Housing Revenue Account balance at the year end. As the schemes are completed in 2003/04 this balance will be spent.

113