

FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD APRIL 2003 TO AUGUST 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 previous report outlined total variations of £427,000. Of these variations £136,000 related to additional insurance premiums, the cost of implementing the pay and reward strategy and additional civic expenses, which were shown under the holding account heading. The costs have now been allocated to individual portfolios and as a result the previous total variations have been adjusted accordingly. Details of the adjustment to previous variations are shown in the table below:

	Reported Previously £'000	Change £000	Adjusted Variations £'000
C & F Holding A/c	101	-136	-35
Corporate & Finance	0	133	133
Crime & Disorder	3	-2	1
Leisure	4	5	9
Total Change		0	<u>0</u>

- 2.2 The new variations show an estimated increase in net expenditure for the full year of £33,000.
- 2.3 The major variations are listed on the following page, but full details are set out in Appendix 1.

	£'000
NEW VARIATIONS	
Offices Rent Income (Corporate & Finance)	23
Hythe Market (Economy & Planning)	59
Healthy Horizons Funding (Leisure)	-27
Recreation Centre Utility Costs (Leisure)	27
Recreation Centre Business Rates (Leisure)	-52
Refuse Collection VAT (Environment)	-96
Waste Management & Recycling (Environment)	-22
Interest Earnings	120
Other	-41
Total	-9
Already Approved (Council 6 August 2003)	
Litter Collection (Environment)	27
Car Parks Disabled Parking (Economy & Planning)	15
TOTAL	<u>33</u>

2.4 Appendix 1 shows that actual expenditure at the end of August is £976,000 below the profiled budget expenditure. It should be noted however that work is ongoing in setting accurate profiled budgets and that the major areas of variations are being monitored.

3 CAPITAL EXPENDITURE (APPENDIX 2)

3.1 Other Services (Excluding Housing)

3.1.1 New variations show a decrease in 2003/04 expenditure of £135,000, but excluding items of rephasing, virement, developers' contributions and external funding, the impact is an increased call on the Council's capital resources of £15,000.

3.1.2 The decrease of £135,000 is summarised below, but full details are shown in Appendix 2.

	£'000	£'000
NEW VARIATIONS		
Milford Sea Front (Economy & Planning)		-200
New Street Lymington Public Conveniences (Environment)		15
Developers Contributions (Leisure)		
Trinity Church	40	
Fordingbridge Skateboard Park		10
		<u>-135</u>

3.1.3 The table below provides an overview of the funding implications of the variations.

	£'000
IMPACT ON CAPITAL RESOURCES	
Delayed to 2004/05	-200
Variations to be funded from the Capital Reserve	15
Variations to be funded from Developers Contributions	50
	<u>-135</u>

3.2 Housing

3.2.1 The increase of £5,000 for Public Sector housing is for parking for disabled people in sheltered housing and on council estates. This item was approved by Cabinet on 10 July 2003.	5
	<u>5</u>

4 HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 The new variations show a decrease in net expenditure of £3,000.

4.2 The variations are as follows:

	£'000
Reduction in Rent Rebates	-738
Reduction in Rent Rebates Subsidy	730
Disabled Car Parking (Cabinet 10 July 2003)	5
	<u>-3</u>

4.3 Appendix 3 shows that actual net expenditure at the end of August is £62,000 above the profiled budget expenditure. It should be noted however that work is ongoing in setting accurate profiled budgets and monitoring areas where variations have been identified.

5 COMMERCIAL SERVICES

5.1 Commercial Services Accounts currently show a net surplus of £115,203 for the period April to July 2003. However, this surplus is overstated by approximately £40,000 due to stores items not being correctly posted since the new purchasing system was implemented. Corrections and recent purchases will be posted in the financial system imminently.

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 and recommend Council to approve supplementary estimates of:
 - £23,000 for the income shortfall on Offices
 - £59,000 income shortfall from Hythe Market
 - £120,000 reduction in interest earnings
- 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.
- d) note the financial position of Commercial Services as set out in paragraph 5.1.
- e) 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

Kevin Green
Accountancy Manager
Town Hall
Telephone: 023 8028 5715
e-mail: kevin.green@nfdc.gov.uk

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

	FULL YEAR FORECAST					ACTUAL TO AUGUST			
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	New Variation Note	Profiled Budget £000s	Actual to August £000s	Actual to Profiled £000s	% of Profile Spent
Corporate & Finance – Direct	5367	133	0	5500		2374	2138	-236	90
Corporate & Finance – Holding	0	-35	23	-12	1	390	384	-6	98
Crime & Dis order	545	1	0	546		182	167	-15	92
Economy & Planning	2414	249	54	2717	2	1178	959	-219	81
Environment	7008	0	-112	6896	3	2668	2432	-236	91
Housing	1475	0	0	1475		603	541	-62	90
Health & Social Inclusion	1458	0	0	1458		532	495	-37	93
Leisure	3821	9	-52	3778	4	1592	1488	-104	93
General Purposes & Licensing	576	0	0	576		304	306	2	101
Planning Development Control	938	70	0	1008		352	289	-63	82
Asset Rental Income	-3547	0	0	-3547					
Service Expenditure	20055	427	-87	20395		10175	9199	-976	90
Interest Earnings	-800	0	120	-680					
Net Expenditure	19255	427	33	19715					
Transfer to (from) DSO reserve									
Transfer to (from) Cap. Fin. res.	-115			-115					
Transfer to (from) Gen. Fund Bal.	-72	-427	-33	-532					
TOTAL REVENUE	19068	0	0	19068					

New Variations – General Fund Revenue Expenditure

£000

1. Corporate & Finance – Holding

Council offices rental income is anticipated to be £23k less than estimated. This is principally due to a full year's rental from the CAB having been assumed at the new New Milton offices (£14,000) and £10,000 net cash from HCC re a presence in the information offices being replaced by non cash resources such as staffing and support services.

23

 23

2. Economy & Planning

CAR PARKS:-

Hythe Market - Following the decision of the Licensees to cease operating Hythe Market, interim arrangements have been implemented to enable the market to continue. It is anticipated that until a new contract is let later this financial year, the interim arrangements will result in an income shortfall of £29,000. In addition, the final settlement with the licensees has resulted in an income write off of £30,000, relating to 2002/03.

59

	£000
Excess Charge Income – Following a decision notified by Her Majesty's Customs & Excise that VAT should not be charged on car parks excess charge notices, a refund of £12,000 has been received in 2003/04. This relates to a claim back dated to April 1998.	-12
Disabled Parking – additional expenditure on parking for disabled people in Council car parks was approved by Cabinet on 10 July 2003.	15
Virement – Responsibility for the management of abandoned vehicles has changed. As this was only partly reflected in the original estimates, a reallocation of employee recharges of £21,280 has been made between Car Parks and Abandoned Vehicles (Environment)	21
Community Transport and Transport Links for Young People – A virement of £10,500 has been necessary between the Transport Links for Young People and Community Transport budgets. This is to increase funding for the new Forest Community Transport Officer, as a proportion of the funding for this post was only provided on a temporary basis.	0
Concessionary Travel – There are anticipated savings for this service of £17,000 in the current financial year, as a result of a reduction in the cost to the Council for each farepass issued. This is due to the amount of travel actually generated by each farepass being less than originally estimated.	-17
Highways Agency Services – Hampshire County Council allocate NFDC an annual budget for Technical, Professional and Administrative support covering Traffic Management and Development Control. When this income budget was set it was based on the previous year's allocation. The current year allocation has now been received and is £11,550 greater than the budget.	-12
	<hr/> 54 <hr/>
3. Environment	
Abandoned Vehicles Virement – Responsibility for the management of abandoned vehicles has changed. As this was only partly reflected in the original estimates, a reallocation of employee recharges of £21,280 has been made between Car Parks (Economy Planning) and Abandoned Vehicles.	-21
Waste Management & Recycling - £30,400 income has been received from Project Integra from the sale of recycled materials between January 2000 and March 2003. This has been partially offset by an increase in the membership fee, which is £8,200 greater than the current budget.	-22
REFUSE COLLECTION & STREET CLEANSING:-	
Litter Collection – A supplementary estimate of £27,000 for 2003/04 was approved at Cabinet on 6 August 2003, to clear litter from the dual carriageways and trunk roads in the New Forest.	27
Refuse Collection VAT – Following a decision notified by Her Majesty's Customs & Excise that VAT should not be charged on special collections and domestic or garden waste sacks, a refund of £78,000 has been received. This income related to a claim made for transactions between the dates of June 1998 and May 2003. It is estimated that further additional income of £18,000 will be received for the remainder of the current financial year. Therefore, estimated additional income for 2003/04 is £96,000.	-96
	<hr/> -112 <hr/>

	£000
4. Leisure	
RECREATION CENTRES	
Last year, as part of the Expenditure Plan Process, £27,000 was built into the budgets to cover the potential withdrawal of PCT funding of the Healthy Horizons programme. Funding of £35,000 has recently been notified, including an additional £8,000 due to the new availability of the service at Lymington. However, the net effect is an overall saving of £27,000, due to matching expenditure requirements for the Lymington element.	-27
Business Rates – Following a review of the rateable values at recreation centres, business rates have reduced by £52,000.	-52
Utility Accounts – Gas and electricity costs are anticipated to exceed the budgets by £27,000, due principally to changes in unit prices and consumption increases being underestimated.	27
	<u>-52</u>
INTEREST EARNINGS – Reduction of £120,000 is anticipated in interest earnings. This is principally due to a reduction in assumed interest rates on managed funds and temporary investments/offset by improvements in cash flow.	<u>120</u>
TOTAL ALL NEW VARIATIONS (REVENUE)	<u>33</u>
<u>Previously Reported Variations – General Fund Revenue Expenditure</u>	
	£000
1. Corporate & Finance – Direct <i>Adjustment in this report – see paragraph 2.1</i>	<u>133</u>
	<u>133</u>
2. Corporate & Finance – Holding Accounts <i>Cabinet - 6 August 2003</i> <i>Adjustment in this report – see paragraph 2.1</i>	101
	-136
	<u>-35</u>
3. Crime & Disorder <i>Cabinet - 6 August 2003</i> <i>Adjustment in this report – see paragraph 2.1</i>	3
	-2
	<u>-1</u>
4. Economy & Planning <i>Cabinet - 6 August 2003</i>	<u>249</u>
	<u>249</u>
5. Leisure <i>Cabinet - 6 August 2003</i> <i>Adjustment in this report – see paragraph 2.1</i>	4
	5
	<u>9</u>
6. Planning Development Control <i>Cabinet – 6 August 2003</i>	<u>70</u>
	<u>70</u>
TOTAL PREVIOUSLY REPORTED	<u>427</u>

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

	FULL YEAR FORECAST					ACTUAL TO AUGUST			
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	New Variation Notes	Profiled Budget £000s	Actual to August £000s	Actual to Profiled £000s	Actual to Profiled %
Corporate & Finance	782	105		887			220		
Crime & Disorder	11	22		33			-2		
Economy & Planning	449	84	-200	333	1		117		
Environment	828	282	15	1125	2		830		
Env (Coastal Protection)	876	489		1365			432		
Leisure	736	366		1102			139		
Leisure – Developers Contrib.	1468	771	50	2289	3		130		
Subtotal Other Services	5150	2119	-135	7134			1866		
Housing – Public Sector		113	5	118	4		-74		
Housing – Private Sector	3255	-524		2731			851		
Subtotal Housing	3255	-411	5	2849			777		
TOTAL CAPITAL	8405	1708	-130	9983			2643		

- Of the total new variation of -£130,000, additional funding of £15,000 is required from the Capital Reserve

New Variations – Capital Expenditure

1. Economy & Planning

Milford Sea Front – This scheme was subject to a major review earlier this financial year, resulting in the commencement of the scheme being delayed until 2004/05.

2. Environment

Feasibility Study and Rebuilding New Street Lymington Public Conveniences – A net overspend of £15,000 is anticipated for these schemes, mainly due to additional officer time spent in connection with an investigation into a claim from a landowner adjacent to the site and the need to give SEB access to their sub-station behind the site. This has also resulted in a variation to the original design and extension to the contract period. The overspend is partially offset by a £2,000 saving on the Feasibility Study.

3. Leisure

On 3 September 2003, Cabinet approved expenditure from Developers Contributions on schemes of Trinity Church Ringwood (£40,000) and Fordingbridge Skateboard Park (£10,000).

	£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
		-200		-200
		-200		-200
	15			15
	15			15
			50	50
			50	50

APPENDIX 2

	£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
TOTAL VARIATIONS (CAPITAL – OTHER SERVICES)	15	-200	50	-135
4. Housing Public Sector – Additional expenditure for parking for disabled people in sheltered housing and on Council estates, as agreed by Cabinet on 10 July 2003.			5	5
TOTAL VARIATION (CAPITAL – HOUSING)			5	5
TOTAL CAPITAL EXPENDITURE VARIATION	15	-200	55	-130

Previously Reported Variations – Capital Expenditure

	£000
1. Corporate & Finance <i>Cabinet - 6 August 2003 - Slippage</i>	<u>105</u>
	105
2. Crime & Disorder <i>Cabinet - 6 August 2003 - Slippage</i>	<u>22</u>
	22
3. Economy & Planning <i>Cabinet - 6 August 2003 - Slippage</i>	<u>84</u>
	84
4. Environment <i>Cabinet – 6 August 2003 - Slippage</i> <i>Cabinet - 6 August 2003 - Variation</i>	<u>382</u> <u>-100</u>
	282
5. Environment – Coastal Protection <i>Cabinet – 6 August 2003 - Slippage</i> <i>Cabinet - 6 August 2003 - Variation</i>	<u>605</u> <u>-116</u>
	489
6. Leisure <i>Cabinet – 6 August 2003 - Slippage</i> <i>Cabinet - 6 August 2003 - Variation</i>	<u>364</u> <u>2</u>
	366
7. Leisure – Developers’ Contributions <i>Cabinet – 6 August 2003 - Slippage</i> <i>Cabinet - 6 August 2003 - Variation</i>	<u>112</u> <u>659</u>
	771
SUBTOTAL OTHER SERVICES	<u>2119</u>

8. Housing Public Sector	
<i>Cabinet – 6 August 2003 - Slippage</i>	113
9. Housing Private Sector	
<i>Cabinet – 6 August 2003 - Slippage</i>	-524
SUBTOTAL HOUSING	<u>-411</u>
TOTAL PREVIOUSLY REPORTED – ALL CAPITAL SCHEMES	<u>1708</u>

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

	FULL YEAR FORECAST					ACTUAL TO AUGUST			
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	New Variation Note	Profiled Budget £000s	Actual to August £000s	Actual to Profiled £000s	Actual to Profiled %
Reactive Maintenance	2342	0	0	2342		976	1063	87	109
Cyclical Maintenance/DFG	1327	0	0	1327		553	951	398	172
Supervision & Management	4297	41	0	4338		1785	1750	-35	98
Rent Rebates	10078	0	-738	9340	1	3876	3578	-298	92
Revenue Cont. to Cap. Exp.	372	0	0	372		155	155	0	100
Capital Financing Costs	915	0	0	915		381	381	0	100
Depreciation	3214	0	0	3214		1339	1339	0	100
Other Expenditure	53	0	0	53		35	27	-8	77
Capital Expenditure charged To Revenue	0	113	5	118	2	118	72	-46	61
Total Expenditure	22598	154	-733	22019		9218	9316	98	101
Dwelling Rent Income	-16622	0	0	-16622		-6393	-6417	-24	100
Other Rent Income	-457	0	0	-457		-190	-187	3	98
Service Charge Income	-1115	0	0	-1115		-429	-429	0	100
Rent Rebate Subsidy	-9510	0	730	-8780	1	-3962	-3962	0	100
Other Subsidy	5100	0	0	5100		2125	2125	0	100
Other Income	-608	0	0	-608		-308	-323	-15	105
Total Income	-23212	0	730	-22482		-9157	-9193	-36	100
Deficit/Surplus(-)	-614	154	-3	-463		61	123	62	

NEW VARIATIONS – HOUSING REVENUE ACCOUNT

1. Rent Rebates / Subsidy

£000

Expenditure on rent rebates is anticipated to be £738,000 less than originally estimated, due principally to the changes arising from supported people payments. This saving is largely matched by a reduction in rent rebate subsidy but a net saving of £8,000 is predicted.

-8

2. Capital Expenditure charged to Revenue.

On 10 July 2003, Cabinet approved £5,000 additional expenditure on parking for disabled people. This expenditure is accounted for on the capital expenditure statement but is to be financed by an increase in the revenue contribution.

5

TOTAL VARIATION

-3

Previously Reported Variations – Housing Revenue Account

Cabinet - 6 August 2003

£000
154
154