

FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD APRIL 2003 TO OCTOBER 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 Variations already reported to Cabinet have highlighted expenditure increases of £460,000. Total new variations to October 2003 show an estimated increase in net expenditure of £116,000 and bring the total reported overspend to £576,000.
- 2.2 The major variations are listed below, but full details are set out in Appendix 1.

	£'000
NEW VARIATIONS	
Economic Development (Economy & Planning)	-25
Homeless Assistance (Housing)	-50
Abandoned Vehicles (Environment)	11
Cemeteries (Environment)	23
Pest Control (Health and Social Inclusion)	14
Tourism Income (Leisure)	35
Elections (General Purposes and Licensing)	11
Planning Development Control – Income	-28
Other	-11
Subtotal	-20
Already Approved (Council 5 November 2003)	
Catering Budget Variation (Corporate & Finance)	106
Stock Option Appraisal (Housing)	30
TOTAL	<u>116</u>

2.3 Appendix 1 shows that actual expenditure at the end of October is £697,000 below the profiled budget expenditure.

3 CAPITAL EXPENDITURE (APPENDIX 2)

3.1 Other Services (Excluding Housing)

3.1.1 New variations show a decrease in 2003/04 expenditure of £992,000, which reduces the total increase reported to Cabinet in October of £1,984,000 to £992,000. Excluding items of rephasing, virement, developers' contributions and external funding, the effect of the new variations reported is a reduction in the call on the Council's capital resources of £7,000. This reduces the previously reported increased call on resources from £17,000 to £10,000.

3.1.2 The decrease of £992,000 is summarised below, but full details are shown in Appendix 2.

NEW VARIATIONS	£'000
Fawley Village Centre (Economy & Planning)	116
Lyndhurst Flood Relief Scheme (Environment)	93
Public Conveniences – Calshot (Environment)	-150
Developers Contributions (Leisure)	
Hangar Farm	-1051
	<u>-992</u>

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

IMPACT ON CAPITAL RESOURCES	£'000
Delayed to 2004/05	-1051
Variations to be funded from Grants and Supplementary Credit Approvals	66
Variations to be transferred from Capital Reserve	-7
	<u>-992</u>

3.2 Housing

3.2.1 New variations show a decrease in 2003/04 expenditure of £60,000. This is in respect of decreased demand for Disabled Facilities Grant. Only 40% of the Disabled Facilities Grant is financed by the Council. The call on the Council's Housing Capital resource will therefore be reduced by £24,000.

NEW VARIATIONS	£'000
Decreased demand for Disabled Facilities Grants (due to lack of demand and reduction in large adaptations).	-60
	<u>-60</u>

4 HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 Variations already reported to Cabinet amounted to an increase in expenditure of £151,000. New variations show an increase in net expenditure of £182,000, bringing the total increase for the year to £333,000.

4.2 The variations are as follows:

	£'000
Reactive Maintenance Cost Increase	58
Housing Stock Options Review (Cabinet 5 November 2003)	124
	<u>182</u>

4.3 Appendix 3 shows that actual net expenditure at the end of October is £351,000 above the profiled budget expenditure, but this principally reflects variations in the timing of expenditure and income.

5 COMMERCIAL SERVICES

5.1 Commercial Services trading accounts show a net surplus of £140,636 for the period April to September 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 have been carried out in October and will be reflected on the next statement.

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:
 - £35,000 income shortfall in Tourism
 - £45,000 reduction in interest earnings
- b) approve the revised capital expenditure as set out in Appendix 2 and recommend Council to approve a supplementary estimate of:
 - £116,000 for Fawley Village Centre, which will be funded by external grant
- c) approve the revised Housing Revenue Account as set out in Appendix 3 and recommend Council to approve a supplementary estimate of:
 - £58,000 for Reactive Maintenance
- d) note the financial position of Commercial Services as set out in Appendix 4.
- 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

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

	FULL YEAR FORECAST					ACTUAL TO OCTOBER			
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	New Variation Note	Profiled Budget £000s	Actual to October £000s	Actual to Profiled £000s	% of Profile Spent
Corporate & Finance – Direct	5367	133	96	5596	1	2936	2886	-50	98
Corporate & Finance – Holding	0	-12	5	-7	2	528	560	32	106
Crime & Disorder	545	1	0	546		300	327	27	109
Economy & Planning	2414	303	-25	2692	3	1512	1341	-171	89
Environment	7008	-112	34	6930	4	3828	3646	-182	95
Housing	1475	0	-20	1455	5	857	802	-55	94
Health & Social Inclusion	1458	0	14	1472	6	809	774	-35	96
Leisure	3821	-43	29	3807	7	2374	2190	-184	92
General Purposes & Licensing	576	0	11	587	8	418	405	-13	97
Planning Development Control	938	70	-28	980	9	514	448	-66	87
Asset Rental Income	-3547	0	0	-3547					
Service Expenditure	20055	340	116	20511		14079	13376	-697	95
Interest Earnings	-800	120	0	-680					
Net Expenditure	19255	460	116	19831					
Transfer to (from) DSO reserve									
Transfer to (from) Cap. Fin. res.	-115			-115					
Transfer to (from) Gen. Fund Bal.	-72	-460	-116	-648					
TOTAL REVENUE	19068	0	0	19068					

New Variations – General Fund Revenue Expenditure

£000

1. Corporate & Finance – Direct

Catering – 2003/04 projected adverse variation as reported to Cabinet on 5 November 2003. 106

-10

Corporate and Democratic Core – The cost of bank charges has reduced as a result of renegotiations.

96

2. Corporate & Finance – Holding

Offices and Depots - Additional costs of £5,000 will be incurred in terms of caretaking and security provision for the new office at New Milton. 5

5

3. Economy & Planning

Economic Development – A saving of £25,000 is projected as a result of the delay in filling a post .	-25
	<u>-25</u>

4. Environment

Abandoned Vehicles – Employee time allocations to the HCC agency vehicle disposal budget have reduced and as a result increased the cost falling onto NFDC by £10,640	11
Cemeteries – Based on income levels to date, it is anticipated that cemetery income will be £23,000 less than the original budget. (Exclusive Rights £11k and Interment Fees £12k.)	23
	<u>34</u>

5. Housing

Homeless Assistance – As a result of improvements in the approach to accommodation provision, which avoids the need for Bed and Breakfast wherever possible, the costs are projected to fall significantly below the original budget.	-50
Stock Option Appraisal – The cost falling on the General Fund is estimated to amount to £30,000 in 2003/04 as reported to Cabinet on 5/11/2003.	30
	<u>-20</u>

6. Health and Social Inclusion

Pest Control – As a result of a poor wasp breeding season across Hampshire, pest control income has fallen behind target.	14
	<u>14</u>

7. Leisure

Eling Tollbridge – New VAT rules were initially considered to lead to a shortfall in budgeted income. On the basis of recent performance this income shortfall can now be eliminated.	-6
Tourism - As a result of the long-term illnesses of the Marketing and Visitor Information Centre managers, there is a likely shortfall on income targets in the following areas:	35
Merchandising Activities	£10,000
New income generating activities	£ 4,000
Calendar Income	£ 2,500
Community Tourism	£ 9,000
E-commerce	£ 6,500
The fact that the Pitkin Guide is no longer produced contributes another £2,620 to the income shortfall	
	<u>29</u>

8. General Purposes and Licensing

Elections – As there were fewer parish contests than anticipated, with elections in only 11 of the 37 Parish / Town Councils, a greater proportion of the total cost of £120,000 needs to be borne by the District Council.	11
	<u>11</u>

9. Planning Development Control

As a result of increases in the number of planning applications for extensions and a number of larger fee income schemes, additional income of £28,000 has been achieved

-28

-28**TOTAL ALL NEW VARIATIONS (REVENUE)**116**Previously Reported Variations – General Fund Revenue Expenditure**

£000

1. Corporate & Finance – Direct*Adjustment in previous report*133**133****2. Corporate & Finance – Holding Accounts***Cabinet - 6 August 2003*

101

Adjustment in previous report

-136

*Cabinet – 1 October 2003*23**-12****3. Crime & Disorder***Cabinet - 6 August 2003*

3

Adjustment in previous report-2**-1****4. Economy & Planning***Cabinet - 6 August 2003*

249

*Cabinet – 1 October 2003*54**303****5. Environment***Cabinet - 1 October 2003*-112**-112****6. Leisure***Cabinet - 6 August 2003*

4

Adjustment in previous report

5

Cabinet - 1 October 2003-52**-43****7. Planning Development Control***Cabinet – 6 August 2003*70**70****8. Interest Earnings***Cabinet – 1 October 2003*120**120****TOTAL PREVIOUSLY REPORTED****460**

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

	FULL YEAR FORECAST					ACTUAL TO OCTOBER			
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	New Variation Notes	Profiled Budget £000s	Actual to October £000s	Actual to Profiled £000s	Actual to Profiled %
Corporate & Finance	782	105	0	887			236		
Crime & Disorder	11	22	0	33			0		
Economy & Planning	449	-116	116	449	1		119		
Environment	828	297	-57	1068	2		484		
Env (Coastal Protection)	876	489	0	1365			554		
Leisure	736	366	0	1102			415		
Leisure – Developers Contrib.	1468	821	-1051	1238	3		-9		
Subtotal Other Services	5150	1984	-992	6142			1799		
Housing – Public Sector		118	0	118			77		
Housing – Private Sector	3255	-524	-60	2671	4		1029		
Subtotal Housing	3255	-406	-60	2789			1106		
TOTAL CAPITAL	8405	1578	-1052	8931			2905		

- Of the total new variation of -£992,000 within the Other Services subtotal, reduced funding of £7,000 is required from the Capital Reserve. The saving of £60,000 on the Private Sector Housing Capital will result in reduced funding of £24,000 being required from the Council's Housing Capital Resources.

New Variations – Capital Expenditure

1. Economy & Planning

Fawley Village Centre – The cost of this scheme was previously reported as £107,000. This however was the anticipated element to fall on NFDC. The scheme cost has now been grossed up to £223,000, with grants to be received of £123,000. The net cost to NFDC has therefore now reduced to £100,000.

2. Environment

Lyndhurst Flood Relief Scheme – For the scheme to be completed additional expenditure of £93,000 is required, funded from grant and SCA. This item was approved by Cabinet on 5 November 2003.

Public Conveniences (Calshot) – This scheme was originally shown as a gross cost to the Council of £330,000, with an estimated contribution of £150,000. The scheme set up is now such that the Council will make a contribution of £180,000 to the external provider. There is no effect on the Council's overall capital resources.

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
-7		123	116
-7		123	116
		93	93
		-150	-150
		-57	-57

3. Leisure

The Hangar Farm scheme will not be completed in this financial year, resulting in a rephasing of expenditure and resource allocation. Final amounts will be subject to amendment, depending on the actual level of activity and expenditure in 2003/04.

TOTAL VARIATIONS (CAPITAL – OTHER SERVICES)

4. Housing

Private Sector – Demand for Private Sector Disabled Facilities Grant has dropped off this year and is expected to reduce expenditure by £60,000.

TOTAL VARIATION (CAPITAL – HOUSING)

TOTAL CAPITAL EXPENDITURE VARIATION

APPENDIX 2			
£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
	-1051		-1051
	-1051		-1051
	-7	66	-992
	-24	-36	-60
	-24	-36	-60
	-31	30	-1052

Previously Reported Variations – Capital Expenditure

	£000
1. Corporate & Finance	
<i>Cabinet - 6 August 2003 - Slippage</i>	105
	<u>105</u>
2. Crime & Disorder	
<i>Cabinet - 6 August 2003 - Slippage</i>	22
	<u>22</u>
3. Economy & Planning	
<i>Cabinet - 6 August 2003 - Slippage</i>	84
<i>Cabinet - 1 October 2003</i>	-200
	<u>-116</u>
4. Environment	
<i>Cabinet – 6 August 2003 - Slippage</i>	382
<i>Cabinet - 6 August 2003 - Variation</i>	-100
<i>Cabinet - 1 October 2003</i>	15
	<u>297</u>
5. Environment – Coastal Protection	
<i>Cabinet – 6 August 2003 - Slippage</i>	605
<i>Cabinet - 6 August 2003 - Variation</i>	-116
	<u>489</u>
6. Leisure	
<i>Cabinet – 6 August 2003 - Slippage</i>	364
<i>Cabinet - 6 August 2003 - Variation</i>	2
	<u>366</u>
7. Leisure – Developers' Contributions	
<i>Cabinet – 6 August 2003 - Slippage</i>	112

APPENDIX 2

<i>Cabinet - 6 August 2003 - Variation</i>	659
<i>Cabinet - 1 October 2003</i>	<u>50</u>
	<u>821</u>
SUBTOTAL OTHER SERVICES	<u>1984</u>
8. Housing Public Sector	
<i>Cabinet – 6 August 2003 - Slippage</i>	113
<i>Cabinet - 1 October 2003</i>	<u>5</u>
	<u>118</u>
9. Housing Private Sector	
<i>Cabinet – 6 August 2003 - Slippage</i>	-524
	<u>-524</u>
SUBTOTAL HOUSING	<u>-406</u>
TOTAL PREVIOUSLY REPORTED – ALL CAPITAL SCHEMES	<u>1578</u>

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

	FULL YEAR FORECAST					ACTUAL TO OCTOBER			
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	New Variation Note	Profiled Budget £000s	Actual to October £000s	Actual to Profiled £000s	Actual to Profiled %
Reactive Maintenance	2342	0	58	2400	1	1366	1429	63	105
Cyclical Maintenance/DFG	1327	0	0	1327		774	1074	300	139
Supervision & Management	4297	41	124	4462	2	2494	2457	-37	99
Rent Rebates	10078	-738	0	9340		5478	5478	0	100
Revenue Cont. to Cap. Exp.	372	0	0	372		217	217	0	100
Capital Financing Costs	915	0	0	915		534	534	0	100
Depreciation	3214	0	0	3214		1875	1875	0	100
Other Expenditure	53	0	0	53		40	27	-13	68
Capital Expenditure charged To Revenue	0	118	0	118		118	77	-41	65
Total Expenditure	22598	-579	182	22201		12896	13168	272	102
Dwelling Rent Income	-16622	0	0	-16622		-9696	-9598	98	99
Other Rent Income	-457	0	0	-457		-268	-265	3	98
Service Charge Income	-1115	0	0	-1115		-651	-651	0	100
Rent Rebate Subsidy	-9510	730	0	-8780		-5122	-5122	0	100
Other Subsidy	5100	0	0	5100		2975	2975	0	100
Other Income	-608	0	0	-608		-392	-414	-22	106
Total Income	-23212	730	0	-22482		-13154	-13075	79	99
Deficit/Surplus(-)	-614	151	182	-281		-258	93	351	

NEW VARIATIONS – HOUSING REVENUE ACCOUNT

1. Reactive Maintenance

£000

Requests for responsive repairs have increased and costs of repairs to properties returned to the Council or vacant have increased (in terms of the average expenditure per property and as a result of the condition of vacant properties)

58

2. Supervision and Management

On 5 November 2003, Cabinet approved £124,000 additional expenditure to cover the additional costs associated with the Housing Stock Option Review.

124

TOTAL VARIATION

182

Previously Reported Variations – Housing Revenue Account

	£000
<i>Cabinet - 6 AUGUST 2003</i>	154
<i>Cabinet - 1 OCTOBER 2003</i>	-3
	<hr/> 151 <hr/>