



FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD APRIL 2004 TO FEBRUARY 2005

1 INTRODUCTION

- 1.1 This report sets out the forecast budget variations of all Portfolios and Committees from the approved original estimates for 2004/05.
- 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. Appendix 4 shows the financial position of Commercial Services for the period April to January 2005. All individual variations shown in the appendices also show the name of the Budget Responsible Officer (BRO), who can be contacted for further information. Details substantiating supplementary estimates are attached after the appropriate appendix.
- 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 Total new variations to February show an estimated reduction in net expenditure of £185,000, bringing the total reduction in net expenditure for the year to £728,000.
- 2.2 The major variations are listed below, but full details are set out in Appendix 1.

VARIATIONS	£'000
Resources Directorate Employee Costs (Fin & Support)	-67
Tax and Benefits (Finance & Support)	10
Catering (Finance & Support)	43
CCTV (Crime & Disorder)	21
Car Parks (Economy & Planning)	-40
Economic Development (Economy & Planning)	-35
Building Control (Economy & Planning)	-25
Land Drainage (Environment)	-25
Refuse Collection (Environment)	-25
Homeless Assistance (Housing)	-22
Pollution (Health & Social Inclusion)	-33
Health Commercial (Health & Social Inclusion)	-21
Health and Leisure Centres (Leisure)	183
Beach Huts (Leisure)	25
Interest Earnings	-100
Other	<u>-74</u>
Total	-185

2.3 Provision for the costs of the Pay and Reward Strategy was originally made within a central Finance and Support portfolio budget. The latest stage of the review has been largely concluded and appropriate budget provision has been vired to relevant portfolios/committees as follows: -

	£'000
Finance and Support	-57
Crime and Disorder	3
Environment	12
Housing	1
Health and Social Inclusion	3
Leisure	24
General Purposes and Licensing	2
Planning Development Control	5
Commercial Services	<u>7</u>
Total	0

2.4 Appendix 1 shows that actual expenditure at the end of February is £692,000 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 2004/05 expenditure of £534,000, but excluding items of rephasing, virement, developers' contributions and external funding, there is a decreased call on the Council's capital resources of £10,000. The decrease of £534,000 is summarised in the table below:

VARIATIONS	£'000	£'000
Slippage to 2005/06:		
CCTV (C&D)	-22	
Cycle Route (E&P)	-39	
Calshot Public Conv. (Env)	-6	
Milford Public Conv. (Env)	-52	
Christchurch Bay (Env)	-5	
Solent Dynamic Coast (Env)	-9	
Health and Leisure Ctrs (Leisure)	-96	
Dibden Golf Course (Leisure)	-92	
Keyhaven Quay (Leisure)	-34	
Developers Contribution		
Schemes (Leisure)	<u>-169</u>	<u>-524</u>
Fawley Village Centre (Economy & Planning)		9
Lift Replacement and Barrier Control (Leisure)		<u>-19</u>
Total		-534

Full details of the amounts included in the table are shown in Appendix 2.

3.1.2 The following table provides an overview of the funding implications of the variations.

IMPACT ON CAPITAL RESOURCES	£'000
Delayed to 05/06	-524
Variations affecting the Council's Capital Resources	<u>-10</u>
Total	-534

3.2 Housing

3.2.1 Reported variations show a decrease in 2004/05 expenditure of £341,000, but excluding items of rephasing and external funding there is a decreased call on the Council's capital resources of £207,000.

VARIATIONS	£'000
Disabled Facilities Grant	-139
Private Sector Renewal	-80
Revenue Contribution to Major Repairs	-57
Environmental Enhancements	<u>-65</u>
Total	-341

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

IMPACT ON CAPITAL RESOURCES	£'000
Delayed to 05/06 (HRA)	-65
Variations matched by Government Grants	-69
Variations affecting the Council's Capital Resources	<u>-207</u>
Total	-341

4 HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 Reported variations show a decrease in 2004/05 expenditure of £112,000.

4.2 The variations are listed below. Full details are shown in Appendix 3.

VARIATIONS	£000
Supervision and Management	-47
Capital Expenditure charged to Revenue	<u>-65</u>
Total	-112

- 4.3 Appendix 3 shows that actual net expenditure at the end of February is £1,282,000 below the profiled budget expenditure, but this principally reflects variations in the timing of expenditure and income, in particular delays in payments for repairs and maintenance expenditure.

5 COMMERCIAL SERVICES (APPENDIX 4)

- 5.1 Appendix 4 shows a net surplus of £103,362 for the period April to January 2005. The estimated allocation of this is £101,725 to the General Fund and £1,637 to the Housing Revenue Account.

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 items set out in the revised General Fund budget in Appendix 1 and recommend Council to approve a supplementary estimate of
 - £43,000 for increased Catering costs / income shortfalls
 - £21,000 for increased CCTV costs
 - £183,000 due to increased Health and Leisure Centre costs/shortfall in income
 - £25,000 in respect of Beach Hut income
 - 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 to Council to approve a virement of £57,000 from Revenue Contributions to Major Repairs to the Disabled Facilities Grant budget.
 - 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, Capital Programme and Housing Revenue Account as set out in Appendices 1 to 3.

For Further Information Contact

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**FORECAST GENERAL FUND FULL YEAR REVENUE
EXPENDITURE 2004/05
AND ACTUAL FOR THE PERIOD APRIL 2004 TO FEBRUARY 2005**

	FULL YEAR FORECAST					PERFORMANCE TO FEBRUARY				Outst.
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	Notes	Profiled Budget £000s	Actual to Date £000s	Actual to Profile £000s	% of Profile Spent	Commitment £000
Finance & Support – Direct	5311	-285	-91	4935	1	4246	4191	-55	99	20
Finance & Support – Holding	0	0	0	0	2	0	0	0	n/a	0
Crime & Disorder	470	-6	24	488	3	428	438	10	102	1
Economy & Planning	1850	-25	-79	1746	4	1651	1374	-277	83	90
Environment	5670	-69	-115	5486	5	5248	5079	-169	97	114
Housing	1483	-97	-35	1351	6	1189	1145	-44	96	14
Health & Social Inclusion	1537	-53	-64	1420	7	1337	1282	-55	96	16
Leisure	2665	16	235	2916	8	4319	4212	-107	98	173
General Purposes & Licensing	486	49	-17	518	9	522	540	18	103	35
Planning Development Control	851	71	5	927	10	831	818	-13	98	5
Business Unit Asset Rentals	-375	0	0	-375						
Service Expenditure	19948	-399	-137	19412		19771	19079	-692	97	468
Capital Financing Provision	245	0	0	245						
Interest Earnings	-1170	-80	-100	-1350	11					
Net Expenditure	19023	-479	-237	18307						
Transfer to (from) Comm. Servs	-112	-26	52	-86	12					
Transfer to (from) Rev. Res.	0	-38	0	-38						
Transfer to (from) Cap. Fin. Res.	-252	0	0	-252						
Transfer to (from) Cap. Reserve	-	543	185	728						
TOTAL REVENUE	18659	0	0	18659						

New Variations – General Fund Revenue Expenditure

1. Finance & Support – Direct

- | | £000 |
|--|------|
| a) Resources Directorate – Overall savings of £27k are expected due to the following
Employee savings of £67k are principally due to delays and difficulties with staff recruitment (BRO: Various) | -67 |
| Following an audit at SX3, the computer suppliers providing our Tax & Benefits software, it was established that the company had undercharged the Council annual maintenance costs for nearly 10 years. Following legal advice and after extensive negotiation, SX3 have agreed to remit the major part of the undercharge. The balance payable is a maximum of £50k, but savings on the Tax Credits budget (£40k) have been offset against this. (BRO: G Miles) | 10 |
| b) Catering – Various (please see detail in paper at the end of this appendix) (BRO: S Plumridge) | 43 |
| c) Members Expenses – An underspend of £20k is anticipated due to underspends on printing and Supplies and Services | -20 |
| d) Pay and Reward (see para 2.3 of report) | -57 |
| | -91 |

2. Finance & Support – Holding

No new variations to report.

	£000
3. Crime & Disorder	
a) Pay and Reward (see para 2.3 of report)	3
b) CCTV – Currently an overspend is occurring due to overtime being paid to operators to cover annual leave thus maintaining two person crews whenever possible. This issue and other operational issues are currently being reviewed. (BRO: M Powell)	21
	<u>24</u>
4. Economy & Planning	
a) Car Parks – Further additional town centre meter income has been received mainly due to a higher number of people paying via meters than purchasing clocks, in comparison to the estimate. The additional income forecast to the end of the financial year is £120k partially offset by an estimated £50k shortfall in clocks income. Also, amenity meter income for 2004/05 is estimated to have a total shortfall of £30k mainly due to poor weather during the summer of 2004. (BRO: J Bull)	-40
b) Economic Dev – Further savings of £35k are forecast for salaries and initiatives budgets associated with a vacant business support officer post within the Economic Development Section. (BRO: N Miller)	-35
c) Green Transport Plan – A £10k virement to Green Transport has been necessary to improve pedestrian safety at ATC. (BRO: N Hunt)	0
d) Land Charges – Due to the continued slowdown of the housing market, there has been a further shortfall income of £40k. This is partially offset by savings on charges from HCC due to the reduction in numbers of searches £13k and vacancy savings within the land charges business unit of £13k. (BRO: C Elliott)	14
e) Street Naming & Numbering – A 30% increase in the number of new nameplates and repairs undertaken during the year (430 compared to 328 in 2003/04) has resulted in an additional budget requirement of £7k. Efficiencies gained through the transfer of responsibility for managing and undertaking the work to Engineering works have minimised the impact of the increased volume of work. (BRO: T Gibbons)	7
f) Building Control – It is anticipated that further additional income of £25k will be received for 2004/05 based on the level of building control applications received to date. (BRO: S Grange)	-25
	<u>-79</u>
5. Environment	
a) Abandoned Vehicles – Due to the continuing decline in the number of abandoned vehicles mainly due to high scrap values and removal of end of life vehicles free of charge, further savings of £13k are anticipated. (BRO: R Sired)	-13
b) Cemeteries & Grounds Maintenance – Transfer of Commercial Services surpluses to relevant service area. Mainly due to budget underspends relating to wages, transport and salaries. As well as efficiencies achieved through better use of resources and lower sub-contractor expenditure. (BRO: S Jones)	-40
c) Coast Protection – Savings of £15k are forecast within the employees heading for this service, mainly due to more staff time charged to capital and rechargeable grant funded projects than budgeted. (BRO: A Bradbury)	-15
d) Pay and Reward (see para 2.3 of report)	12
e) Land Drainage – Savings have been made within the employees heading for this service. There are 2 main reasons, one being additional income received within the Engineers business unit for staff time charged to capital/rechargeable projects, the other being a vacant trainee engineer post. (BRO: D Wright)	-25
f) Public Conveniences – Savings have been achieved due to a reduction in planned maintenance expenditure whilst a revised programme is being developed (BRO: C Morey)	-4
g) Public Conveniences – Transfer of Commercial Services surpluses (mainly due to underspend on wages within the building cleaning section) into the relevant service area. (BRO: C Morey)	-5
h) Refuse Collection (-£16k) and Waste Management (-£9k) – Lower than estimated expend on repairs and maintenance, largely due to new vehicles within the Refuse & Recycling fleet. (BRO: J Steed)	-25
	<u>-115</u>
6. Housing	
a) Pay and Reward (see para 2.3 of report)	1
b) Various – Savings in business units, principally due to delays and difficulties in recruiting to vacant posts are anticipated to lead to a £14k cost reduction (BRO: Various)	-14

	£000
c) Homeless Assistance – Further savings of £14k are anticipated as a result of reduced bed and breakfast costs in the last quarter of this year. In addition supplies and services budgets are expected to generate a saving of £8k, due principally to reduced removal and storage costs (-£6k) (BRO: G Spawton).	-22
	<u>-35</u>
7. Health & Social Inclusion	
a) Food Safety - £5,500 has been awarded by the Food Standards Agency to perform a contract for sampling and surveillance of imported foods. £4,715 shall be received in 2004/05 and £1,375 in 2005/06. (Derek Jordan)	-4
b) Environmental Protection – Additional income of £5k has been received from HCC as reimbursement for the cost of setting up the Lyndhurst Air Quality station. Esso have also contributed an additional £700 to the Fawley Air Quality Site. (Carole Gallagher)	-6
c) Dog Warden / Environmental Protection - £3,500 has been vired from Dog Wardens to Noise Pollution within Supplies & Services to cover the cost of legal advice for a number of complex noise cases. (Carole Gallagher)	0
d) Administration – Directors salary virement. (Annie Righton)	1
e) Pay and Reward (see para 2.3 of report)	2
f) Pollution – A saving of £33k has been identified due to vacancy savings within the Pollution Unit. (Carole Gallagher)	-33
g) Health Commercial – A saving of £21k has been identified due to vacancy savings within the Health Commercial business unit. (Derek Jordan)	-21
h) Personal Health & Social Inclusion – Supplies & Services savings of £3k (BRO: N Frost)	-3
	<u>-64</u>
8. Leisure	
a) Pay and Reward (see para 2.3 of report)	24
b) Health and Leisure Centres (BRO: Various)	
Additional PCT grant funding of £8k reported previously is matched by additional spending commitments of the same amount	8
Additional PCT funding of £15k for obesity will be matched by an equivalent amount of expenditure.	0
Health and Leisure Centres – Shortfall on income and employees / supplies and services overspends	74
c) Ringwood HLC – As a result of delays in the opening of the site from December 2004 to March 2005, due to problems with the main contractor there will be a significant variation, principally due to a shortfall in income (BRO: E Coote)	101
d) Dibden Golf Course – Additional funding is required for the purchase of four golf buggies to replace those on a rental agreement now coming to an end (BRO: B Millard)	12
e) Community Recreation – Savings in business unit staffing costs are expected to result in a reduction in costs of £9k (BRO: M Devine)	-9
f) Beach Huts – Income from beach huts is anticipated to be £25k below budget (BRO: S Plumridge)	25
	<u>235</u>
9. General Purposes and Licensing	
a) Liquor Licensing – There will be an estimated additional income of £10k received due to an increase in the transitional fees for Premises Licences. The effect on future years will be reported at a later date. (BRO: M Powell)	-10
b) Pay and Reward (see para 2.3 of report)	2
c) Health Commercial – A savings of £9k has been identified due to vacancy savings within the Health Commercial Business Unit. (BRO: D Jordan)	-9
	<u>-17</u>
10. Planning Development Control	
a) Pay and Reward (see para 2.3 of report)	5
	<u>5</u>
11. Interest Earnings	
Increased Interest earnings are due to reduced use of cash reserves (£72k), increased Social Housing Grant interest compensation (£22k) and improved cash flows (£6k)	-100
	<u>-100</u>

	£000
12. Commercial Services	
a) Pay and Reward (see para 2.3 of report)	7
b) Transfer of Commercial Services surpluses (see 5b above)	40
c) Transfer of Commercial Services surpluses (see 5g above)	5
	<hr/>
	52
TOTAL ALL NEW VARIATIONS (REVENUE)	<hr/> -185 <hr/>

Finance & Support - Supplementary Estimates (Revenue)

CATERING

- **APPLEMORE HEALTH & LEISURE**

Applemore Health & Leisure Catering is currently £14,000 behind the original profiled budgeted position for 2004/05, the reasons for the shortfall are :-

Estimated party income associated with the new soft play area has not been realised.

The vending machines were moved away from the public thoroughfares at the request of Health & Safety resulting in a reduction in income.

The sundries income was amalgamated with shop sales in 2004/05 budgets but sundries was also shown so was double counted.

The budget was a total estimate with no way of knowing how the site would perform, income from shop sales was over-estimated particularly as Tesco is within 200 yards of the Centre and its prices are far lower, Tesco's sales have increased by 7% during the year and they provide menu items no longer provided at the Centre such as All Day Breakfasts and Burger and Chips.

A review of the service has resulted in the following action being taken:-

Applemore will become a fully vended service from 1 April 2005,

Party food has recently been outsourced.

The Duty Officer Catering has now resigned and the post will not be filled

Opening hours and employee hours have been reduced in order to minimise losses in the interim.

A reduction of the overall loss of £3,000 was achieved in January 2005 due to some of the measures outlined above being implemented.

- **DIBDEN GOLF CENTRE**

Dibden has historically performed ahead of budget but unfortunately over the last 2 years it has underperformed and now seems to be continuing that trend with their period 10 performance showing them to be £49,500 behind target. The problems at Dibden are due to the following:-

Gaming machine income is down by £7,000, mainly due to one customer no longer using the Golf Centre.

Purchases are £18,000 over budget but it appears that some income is not yet accounted for, nevertheless, GPs are down and this is an area which is being addressed, audit have also been involved in this discussion.

Bar income is below budget which may be due to golf society numbers reducing and also a reduction in disposable income due to increasing interest rates.

Employee costs are £19,000 over budget, part of this is due to appointing a Catering Manager on a higher spinal column point than the budgeted figure also one member of staff has been on long term sick leave, one on paternity leave and one is currently on maternity leave. These absences have to be covered by paying additional hours.

An additional £3,000 was spent on staff advertising against a budget of £500.

Another contributing factor is the need to offer contracted hours to a number of employees or an enhanced rate of pay to casual employees without budgetary provision being made.

Equipment and Tools is overspent by £8,700 due to the furniture requiring urgent replacement in the function suite.

A review of the service has resulted in the following action being taken:-

The correct management structure is now in place with the Assistant Manager post remaining vacant during the quieter months until 1 April 2005.

Due to the problems with an overspend on wages, it is proposed to introduce annualised hours contracts from 1 April 2005 to ensure that budget targets are met.

Weekly stock-takes are taking place in order to address reduced GPs and increased purchases. Additionally, wastage is being recorded daily to minimise losses.

A price increase will be implemented the day after the budget .

Menu's have been changed.

Function brochures are being revised together with prices.

Prices have been re-negotiated with the brewery.

A change of vending supplier is being investigated.

A five year programme of equipment replacement will be developed for the 2006/07 expenditure planning process.

Overall, income has increased by 10.97% since 2002/03 but expenditure has increased by 19.90% which includes an increase of 73.30% in employee costs partly due to employment regulations outlined above and also the fact that two years ago the previous catering manager and assistant manager worked a 6 day week without claiming overtime. In order to comply with working time regulations, the rota's were changed to take account of this.

A supplementary estimate of £30,000 was agreed for Catering in October 2004 by CMT this was agreed by Cabinet in December 2004, this has been included in the Dibden and Applemore budgets. A further supplementary estimate was not requested earlier as it was hoped that Dibden's performance over Christmas and New Year would have a positive effect on financial performance, this sadly was not the case. Catering overall was £49,000 behind budgeted targets, to end of January 2005, it is likely that the deficit will not worsen by the end of the financial year and could improve, I would like to request a supplementary estimate of £43,000 for the remainder of 2004/05.

TAX & BENEFITS

Following an audit at SX3, the computer suppliers providing our Tax & Benefits software, it was established that the company had undercharged the Council annual maintenance costs for nearly 10 years. Following legal advice and after extensive negotiation, SX3 have agreed to remit the major part of the undercharge. The balance payable is a maximum of £80k, but savings on the Tax Credits budget (£40k) have been offset against this.

Leisure - Supplementary Estimate (Revenue)

BEACH HUTS (£25k)

On 1 April 2004, a new fee of assignment was introduced for beach hut sales. In previous years, the average number of beach huts being sold was around 100, therefore, the projected income from fees of assignment was based on this level of turnover.

In reality, the introduction of the fee of assignment had a significant influence on the number of beach huts being sold, which, year to date is only 36 (6 at Barton on Sea, 16 at Hordle Cliff, 5 at Milford on Sea and 9 at Calshot).

The income to date is £13,750 which is £25,890 below the budgeted figure of £39,640, it is possible that more beach huts may be sold prior to 31 March 2005 but I request a supplementary estimate of £25,000 for 2004/05 and £20,000 for 2005/06 in anticipation of the figures remaining static.

DIBDEN GOLF COURSE (£12k)

The buggies were previously rented, but that rental agreement has now come to an end and we wish to buy replacement buggies via the Replacement & Renewals fund, as they've proven a popular addition to the course since they were first introduced.

There are six buggies, two of which are on an operational lease and the other four are those which we wish to purchase.

The total cost of the four buggies is £11,800 and it is intended to repay this over a five year period. The whole of the annual R&R recharge of £2,360 (for the four buggies) can be met by virement from within the Hired & Contracted budget, by using the funding for buggy rental which will no longer be required.

However, there is no provision for the outright purchase sum of £11,800 and a supplementary estimate is therefore requested for this amount.

Financial Implications

- Do not replace - This will save the ongoing rental costs, but in 2004/05 the total income from buggies alone at Dibden was £4,370 (for information, the buggies are not used during the inclement winter period). This is without taking into consideration any loss from green fees/season tickets.
- Replace via R&R - This will cost approximately £590 per buggy, per annum (£2,360). Income per buggy is £730 p.a. (£4,370) so the recharge cost is more than covered by maintaining the existing income. Individual buggy income is anticipated to increase to approx. £770 p.a. during 05/06, this equates to £3,080 for the four buggies, which means a payback on outright purchase costs of approx. 3.8 years. This will also help to maintain the green fee/season ticket income.

The buggies are a popular service provision, especially for Societies and the users of Dibden for whom access to the course would otherwise be difficult such as the elderly and golfers with disabilities. With this in mind, the supplementary estimate is requested on the grounds that payback is within the lifetime of the revenue and capital programme; that existing income levels are maintained; that the existing service provision is not reduced; and that the buggies provide equal opportunity for access to the course for all users, which is in keeping with the Corporate Equality Plan.

RINGWOOD HLC (£101k)

It is well known that Ringwood have experienced significant problems with the main contractor who won the tender for the major refurbishment of the site. Whilst this will be the subject of a formal report covering the full revenue and capital implications, there are financial implications which it is important to cover now.

The original contract for refurbishment was from October to December. As a result of the problems, the opening of the site was delayed until March 2005. Not only did this result in a loss of income in normal day-to-day use, it also meant an entire set of wet course enrolments (lasting approximately 13 weeks) was lost. As a consequence, there will be a significant income shortfall. Furthermore, supplies and services budgets have overspent primarily because given that the opening date was put back a couple of times customers had to be contacted on a number of occasions.

The income shortfall is estimated to be £86,000, the majority of which is due to the total loss of the wet course enrolments. The over-spend on expenditure is £15,000.

It should be noted that as the site was closed in large areas, some employee savings resulted but as this didn't affect the management team or salaried staff, these savings were offset by the 1.8% turnover savings which were not achieved.

VARIOUS HEALTH AND LEISURE CENTRES (£82k)

Excluding implications at Ringwood, which are covered above, there is a need for additional funding at the Health & Leisure Centres to cover a shortfall on income and overspends on employee and supplies & services budgets. There are three sections - £8,000 relating to New Forest Primary Care Trust; £20,000 is due to problems with the Sports Hall Flooring and £54,000 is due to various factors relating to income and expenditure at the Health & Leisure Centres.

New Forest Primary Care Trust (PCT) - Earlier in the financial year, it was reported that the PCT had given another £8,000 towards the Healthy Horizons/GP Referral Scheme. As this is a specific grant, the expenditure budgets should also have been increased by £8,000 to match the income, but this was omitted in error at that time.

Sports Hall Flooring – A problem has arisen with the recent resealing of the sports hall floors at Applemore, Ringwood and Totton. Whilst this is being progressed by Officers from Legal Services, Leisure and Property Services, the present situation is that following recent resealing work the floors do not now meet health & safety requirements and therefore cannot be used. A report will be presented to Members in the new financial year covering the full implications of this closure and the remedial works required. The current situation is that a supplementary estimate of £20,000 across the sites is required for the loss of income resulting from the closures.

Health & Leisure Centres - The employee overspends at New Milton and Totton are due largely to sickness and maternity leave cover. At Totton, further recruitment costs have been incurred. Difficulties in appointing a Sales & Marketing Advisor have resulted in an increase in Staff Advertising costs.

Employee Turnover Savings have not been achieved at any of the sites given that the operational nature of the service means vacancies have to be temporarily covered for the whole period until a replacement is recruited.

Supplies and Services are overspent at New Milton because the decision was made to “lock down” the fitness gym, allowing users to access machines using only a Technogym Key. This was in order to obtain detailed customer information vital to improving retention rates. The costs of the lock down are front-loaded as the keys need to be available when re-inducting users.

Although ahead of previous years income is behind target across the sites except at Lymington, where performance of the fitness suite and swimming courses has put the Centre ahead of budget. The key elements which have affected income at the other sites are:

- **Fitness Strategy** – the target for additional income (£180,000) was mistakenly set at an artificially high level. It was assumed that all the income from memberships would accrue in the current year whereas some income is actually allocated into the following financial year depending on when the memberships are taken out.
- **Applemore** – the total target for increased income from the fitness suite was £79,000 (21%) against the previous year’s total of £385,000. Only £49,000 of the target increase in income was achieved despite the fact that membership sales went up by 200 on the previous year.
- **Totton** – recruitment and retention problems meant that the Centre was only able to employ a sales and membership advisor for 5 months of the year. This was a major factor in a shortfall in fitness income of £30,000.
- **New Milton** – as in the case of Totton recruitment problems and staff shortages have contributed to a shortfall in income from swimming courses (£8,000) and the fitness suite (£10,000) which has also been affected by an anticipated transfer to the new fitness suite at Lymington

The overspends/income shortfall are partly offset by PPM savings which have arisen from the operational difficulties within Property Services, and because their resources have been further stretched because of the problems at Ringwood and with the Sports Hall Floors. As a result it is estimated there will be at least a £53,000 saving on PPM in this financial year.

	AII	AHLC	NMHLC	RHLC	LHLC	THLC	TOTAL
Employees			4		-10	30	24
Supplies & Services			3		7	8	18
Income		40	25		-30	30	65
PPM			-16	-6	-16	-15	-53
		40	16	-6	-49	53	54
Primary Care Trust	8						8
Sports Hall Flooring		6		8		6	20
	8	46	16	2	-49	59	82

[Economy & Planning - Supplementary Estimate \(Revenue\)](#)

LAND CHARGES

Due to the continued slowdown of the housing market, there has been a further shortfall in income of £40k. This is partially offset by savings on charges from HCC due to the reduction in numbers of searches of £13k and vacancy savings within the land charges business unit of £13k.

STREET NAMING AND NUMBERING

A 30% increase in the number of new nameplates and repairs undertaken during the year (430 compared to 328 in 2003/04) has resulted in an additional budget requirement of £7k. Efficiencies gained through the transfer of responsibility for managing and undertaking the work to Engineering works have minimised the impact of the increased volume of work.

[Crime and Disorder - Supplementary Estimate \(Revenue\)](#)

CCTV

Currently an overspend (£21k) is occurring due to overtime being paid to operators to cover annual leave thus maintaining two person crews whenever possible. This issue and other operational issues are currently being reviewed.

**FORECAST FULL YEAR CAPITAL EXPENDITURE 2004/05
AND ACTUAL FOR THE PERIOD APRIL 2004 TO FEBRUARY 2005**

	FULL YEAR FORECAST					PERFORMANCE TO FEBRUARY				Outst. Commitment £000
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	Notes	Profiled Budget £000s	Actual to Date £000s	Actual to Profile £000s	% of Profile Spent	
Finance & Support – Direct	460	583	0	994		745	636	-109	85	99
Crime & Disorder	0	33	-22	11		33	11	-22	33	0
Economy & Planning	261	-68	-30	163		161	70	-91	43	0
Environment	539	-90	-58	391		275	204	-71	74	41
Env (Coastal Protection)	882	-94	-14	774		664	550	-114	83	100
Leisure	1409	388	-241	1556		1112	755	-357	68	59
Leisure – Developers Contrib.	642	867	-169	1340		1274	1179	-95	93	0
Subtotal Other Services	4193	1570	-534	5229		4264	3405	-859	80	299
Housing – Private Sector	3099	-1201	-219	1679		1609	1625	16	101	0
Housing – Public Sector	3751	-127	-122	3502		3121	2444	-677	78	491
Subtotal Housing	6850	-1328	-341	5181		4730	4069	-661	86	491
TOTAL CAPITAL	11043	242	-875	10410		8994	7474	-1520	83	790

New Variations – Capital Expenditure

1. Finance & Support

No new variations to report

2. Crime & Disorder

Rephasing of £22k into 2005/06 has been necessary due to continuing problems gaining a Licence to mount the necessary equipment to run the CCTV camera at Quay Hill Lymington. The Council's CCTV consultants are working on an alternative proposal using a radio link to overcome the problem. It has not yet been possible to complete the costings and technical appraisal and therefore the budget needs to be slipped to 2005/06. (BRO: M Powell)

3. Economy & Planning

- a) Fawley Village Centre – A further overspend of £9k is forecast in relation to the additional works found to be necessary for this scheme (BRO: P Freeland)
- b) Cycle Route Stopples Lane Hordle – Obtaining the necessary consents from the landowner and Parish Council for the construction of this cycle route has taken a significant amount of negotiation and redrafting of documents/ Agreement is close, but because the footpath is a route to school, the works should be carried out during the school holidays. It is now not possible to mobilise for a start before the summer holidays 2005. (BRO: D Wright)

	£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
		-22		-22
	9			9
		-39		-39
	9	-39	0	30

	£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
4. Environment				
a) Calshot PC – Slippage necessary as the second installment of architects fees will not be incurred until April 2005. (BRO: D Wright)		-6		-6
b) Milford PC – Slippage necessary as steelwork delivery to site delayed. This has not affected the rebuild programme. (BRO: D Wright)		-52		-52
	0	-58	0	-58
5. Environment – Coastal Protection				
a) Christchurch Bay - £5k needs to be rephased into 2005/06 due to staff working on other projects. (BRO: A Bradbury)		-5		-5
b) Solent Dynamic Coast - £9k needs to be rephased into 2005/06 due to staff working on other projects. (BRO: A Bradbury)		-9		-9
	0	-14	0	-14
6. Leisure				
a) The following expenditure now requires rephasing due to timing, operational and resource issues:				
- New Milton HLC, Replacement of Wetside Tiling	£30k			
Refurbishment of Workshop	£15k			
- Lymington HLC, Extension to Sports Hall Store	£23k			
Sports Hall Refurbishment	£18k			
- Totton HLC, Toilet Refurbishments	£10k			
- Dibden GC, Irrigation System & Misc Enhancements	£92k			
- Coast, Keyhaven Quay	£34k			
		-222		-222
Due to efficiencies achieved during implementation the following saving has been achieved, principally on lift replacement and barrier control expenditure at various Health and Leisure Centres.	-19			-19
	-19	-222	0	-241
7. Leisure – Developers Contributions				
a) The following expenditure financed from developers contributions now requires rephasing, due to timing, operational and resource issues:				
- New Milton Land Acquisition (Open Space)	£100k			
- Ringwood, Land at Poulner Lakes (Open Space)	£20k			
- Totton, Rushington Amenity Land (Open Space)	£5k			
- Parish Paths Project (Environmental Improvements)	£9k			
- Totton, West Totton Centre (Community Facilities)	£35k			
		-169		-169
	0	-169	0	-169
TOTAL VARIATION (CAPITAL – OTHER SERVICES)	-10	-524	0	-534
8. Housing – Private Sector				
a) Disabled Facilities Grant – Despite the recent House Condition Survey identifying an increasing need for disabled adaptations in the private sector, there has been a decrease in the expenditure in this financial year. This is partly due to the nature of the adaptations and partly due to a waiting list of referrals (which is being addressed as the Occupational Therapy Team is now fully staffed.) (BRO: Sara Gardner)	-70		-69	-139
b) Private Sector Renewal – There have been major legislative changes this year relating to the financial packages available to assist homeowners in maintaining their homes. These will temporarily reduce projected expenditure in this financial year. (BRO: S Gardner)	-80			-80
	-150	0	-69	-219

9. Housing – Public Sector

- a) Revenue Contribution To Major Repairs – Major Repairs expenditure is expected to remain below budget due to recruitment difficulties and the effect on committing capital schemes. At the same time there has been an increase in mandatory means tested public sector Disabled Facilities Grant and it is proposed to cover the anticipated additional cost (£57k) through a virement from the Revenue Contribution to Major Repairs. (BRO: S Gardner / G Prentice)
- b) Environmental Enhancements – Commitments for external enhancements were temporarily put on hold pending the introduction of improved monitoring systems. This is expected to lead to the slippage of an additional £65k of expenditure into 2005/06. (BRO: G Prentice)

TOTAL VARIATION (CAPITAL – HOUSING)**TOTAL CAPITAL EXPENDITURE VARIATION**

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
-57			-57
	-65		-65
-57	-65	0	-122
-207	-65	-69	-341
-217	-589	-69	-875

[Economy & Planning - Supplementary Estimate \(Capital\)](#)

FAWLEY VILLAGE CENTRE

A further overspend of £9k is forecast in relation to the additional works found to be necessary for this scheme and reported to Cabinet in December (BRO: P Freeland)

FORECAST FULL YEAR HOUSING REVENUE ACCOUNT
EXPENDITURE 2004/05
AND ACTUAL FOR THE PERIOD APRIL 2004 TO FEBRUARY 2005

	FULL YEAR FORECAST					PERFORMANCE TO FEBRUARY				Outst.
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	Notes	Profiled Budget £000s	Actual to Date £000s	Actual to Profile £000s	% of Profile Spent	Commit- ment £000
Reactive Maintenance	2294	19	0	2313		2120	1794	-326	85	299
Cyclical Maintenance/DFG	1336	77	57	1470	1	1348	1211	-137	90	290
Supervision & Management	4506	58	-47	4517	2,3,4	4093	3995	-98	98	0
Rent Rebates	448	0	0	448		411	411	0	100	0
Revenue Cont. to Major Repairs	361	-77	-57	227	1,6	203	203	0	100	0
Capital Financing Costs	472	189	0	661		606	606	0	100	0
Depreciation	3140	0	0	3140	6	2809	2194	-615	78	490
Other Expenditure	55	0	0	55		37	34	-3	92	0
Capital Expenditure charged To Revenue	250	-50	-65	135	5	109	47	-62	43	1
Total Expenditure	12862	216	-112	12966		11736	10495	-1241	89	1080
Dwelling Rent Income	-16884	-130	0	-17014		15374	15386	12	100	0
Other Rent Income	-494	10	0	-484		438	451	13	103	0
Service Charge Income	-1149	0	0	-1149		1038	1022	-16	98	0
Other Subsidy	5586	-189	0	5397		-4683	-4683	0	100	0
Other Income	-591	-35	0	-626		396	428	32	108	0
Total Income	-13532	-344	0	-13876		12563	12604	41	100	0
Deficit/Surplus (-)	-670	-128	-112	-910		-827	-2109	-1282	255	1080

New Variations – Housing Revenue Account

£000

- Disabled Facilities Grant/Major Repairs** - Major Repairs Expenditure is expected to remain below budget due to recruitment difficulties. At the same time there has been an increase in mandatory means tested public sector Disabled Facilities Grant and it is proposed to cover the anticipated additional cost (57k) through a virement from the Revenue Contribution to Major Repairs (BROs: S Gardener/G Prentice). 0
- Supervision and Management** - Mainly due to budget underspends relating to wages, transport and salaries in conjunction with efficiencies achieved through better use of resources and lower subcontractor expenditure a saving on grounds maintenance costs of £24k is expected (BRO: R Topliss) -24
- Supervision and Management** - Increased costs due to the introduction of the pay and reward strategy (+£18k), are more than offset by employee savings, principally due to difficulties and delays in recruitment of £24k (BRO: R Topliss) -6
- Supervision and Management** - Business unit savings on printing, car allowances, postages etc. are expected to contribute a total saving of £17k (BRO: R Topliss) -17

5. **Capital Expenditure Charged to Revenue** – Commitments for external enhancements were temporarily put on hold pending the introduction of improved monitoring systems. This is expected to lead to the slippage of a further £65k of Environmental Enhancement expenditure into 2005/06 (BRO: G Prentice).

-65

-112

6. **Major Repairs** – The phasing of major repairs expenditure does not always allow the full budget for one year to be spend in that particular year. The Government allows for this in providing the ability to transfer any underspend to a Major Repairs Account in order to avoid the need for authorities to repay any of the funding to Government. Because of the phasing of planned expenditure and some delays due to recruitment problems in the year it is proposed that the anticipated underspend of £250 - £300k for 2004/05 is transferred to the Major Repairs Account in accordance with recommended practice to fund Major Repairs expenditure falling into 2005/06. As a result there is no net impact on the Housing Revenue Account.

NEW FOREST COMMERCIAL SERVICES

SUMMARY REVENUE ACCOUNTS FOR THE FINANCIAL PERIOD: 1 APRIL - 31 JANUARY 2005

	Engineering	Building Works	Grounds Maintenance	Refuse Coll. & Street Clsng.	Building Cleaning	Fleet Management	Veh. & Plant Maintenance	CPU & Stores	TOTAL
	£	£	£	£	£	£	£	£	£
INCOME	(854,495)	(1,375,491)	(719,396)	(2,381,699)	(668,704)	(1,359,243)	(629,774)	(1,186,697)	(9,175,499)
EXPENDITURE	779,079	1,386,326	655,027	2,388,137	635,801	1,351,516	589,485	1,187,397	8,972,768
(SURPLUS) / DEFICIT	(75,416)	10,835	(64,369)	6,438	(32,903)	(7,727)	(40,289)	700	(202,731)
% to Turnover	8.83%	(0.79%)	8.95%	(0.27%)	4.92%	0.57%	6.40%	(0.06%)	2.21%

ALLOCATION OF (SURPLUS) / DEFICIT

INTERNAL - GENERAL FUND	(9,773)	3,290	(40,100)	6,438	(18,934)	(7,727)	(37,613)	902	(103,517)
EXTERNAL - GENERAL FUND	(59,013)	964	-	-	(12,381)	-	(2,676)	(202)	(73,308)
GENERAL FUND SURPLUS	(68,786)	4,254	(40,100)	6,438	(31,315)	(7,727)	(40,289)	700	(176,825)
General Fund Surplus Target 2004/05 (See below)									(136,420)
INTERNAL - HSG REV. ACC'NT	(6,630)	6,581	(24,269)	-	(1,588)	-	-	-	(25,906)
TOTAL (SURPLUS) / DEFICIT	(75,416)	10,835	(64,369)	6,438	(32,903)	(7,727)	(40,289)	700	(202,731)

SURPLUSES ALLOCATED BACK TO SERVICES

GENERAL FUND:									£
GROUND MAINTENANCE			40,100	a					40,100
BUILDING CLEANING - PUBLIC CONV.S.					10,000	a			10,000
VEHICLE & PLANT MAINT.							25,000	b	25,000
HOUSING REVENUE ACCOUNT:									
GROUND MAINTENANCE			24,269	b					24,269
TOTAL SURPLUSES BACK TO SERVICES	-	-	64,369	-	10,000	-	25,000	-	99,369
SURPLUS AFTER ALLOCATION	(75,416)	10,835	-	6,438	(22,903)	(7,727)	(15,289)	700	(103,362)

Previous 2004/05 Surplus Target	£ (136,420)
a) Transfer of Surpluses to Services	50,100
Latest Surplus Target	(86,320)
b) Savings above Target transferred to Services :	49,269