

PROVISIONAL FINAL ACCOUNTS – 2004/05**1. INTRODUCTION**

- 1.1 Under the Accounts and Audit Regulations 2003 (England), Local Authorities are required to adopt their final accounts within four months of the end of the financial year to which they refer.
- 1.2 A copy of this Council's consolidated final accounts will be presented to the Final Accounts Committee on 27 July 2005.
- 1.3 While work continues on the closedown process, the purpose of this report is to advise Cabinet of the provisional outturn position on the General Fund, Housing Revenue Account, Capital Programme and Commercial Services.

2. GENERAL FUND

- # 2.1 As shown in Appendix 1, net expenditure before transfers between reserves was £18.625m. This is a saving of £198,000 on the latest budget approved by Cabinet. The reasons for the variations are shown in Appendix 4. This saving level is after transferring an additional £354,000 to the Redundancy Provision, to cover all potential liabilities on past redundancies. Approval for this transfer is sought in this report.
- 2.2. Included within the Portfolio/Committee savings in Appendix 1 are items totalling £162,000, where it is proposed to carry funding forward into 2005/06, to cover items where expenditure was planned in 2004/05 but circumstances delayed implementation. The areas covered are as follows:

	£
Budgets covered by Planning Delivery Grant	129,000
Temporary Liquor Licensing Staffing	13,000
Equipment/Works at Milford / Calshot	
Public Conveniences	13,000
Eling Tollbridge Repair Works	7,000

	162,000

It is also now proposed to transfer £150,000 to the Renewals and Replacements Reserve to cover initial cash flow funding for the element of the new Planning System that is to be subsequently funded from future years Planning Delivery Grant.

- 2.3 After allowing for the proposed transfers to provisions and reserves, as detailed in paragraphs 2.1 and 2.2 and additional transfers of £3,000 from Commercial Services and £20,000 from the Capital Financing Reserve, re the commutation adjustment, there is an unallocated saving of £9,000 against the approved budget. It is proposed that this is transferred to the Capital Reserve, along with any other variations that are identified during the final stages of the closedown process.
- 2.4 The General Fund balance at 31 March 2005 was £2.036m. This equates to 10.9% of the net operating budget, which is broadly in line with the recommended level of 10%.

3. HOUSING REVENUE ACCOUNT

- # 3.1 The provisional income and expenditure for the Housing Revenue Account is shown in Appendix 2. It identifies net overspends of £108,000, which have not previously been reported to Members. Details of the main items are shown in Appendix 5.
- 3.2 After allowing for the overspends in Appendix 5 and previously reported savings variations of £240,000, the estimated balance on the Housing Revenue Account at 31 March 2005 is £3.605m, which is £132,000 higher than the original budget forecast.

4. NEW FOREST COMMERCIAL SERVICES

- 4.1 The provisional outturn trading surplus for New Forest Commercial Services is £189,000. After allowing for savings already allocated back to Portfolios/Committees during the year and within Appendices 1 and 2, the balancing transfer from Commercial Services to the General Fund will be in the region of £96,000.

The total credited back to the General Fund was £168,000, which exceeds the original budget by £56,000. The total credited back to the Housing Revenue Account was £21,000. No target figure was set.

5. CAPITAL EXPENDITURE PROGRAMME – OTHER SERVICES

- # 5.1 Total actual expenditure for 2004/05 was £5.638m (Appendix 3), which is an underspend of £809,000 from the last approved budget. This was principally due to slippage of £867,000. Details of all slippage items and other budget variations are set out within Appendix 3.

6. CAPITAL EXPENDITURE PROGRAMME – HOUSING

- 6.1 Total actual expenditure for 2004/05 was £4.903m (Appendix 3), which is an underspend of £278,000 from the last approved budget. This was mainly due to slippage of £277,000 in the Major Repairs programme. Details of other budget variations are set out within Appendix 3.

7. PORTFOLIO HOLDER COMMENTS

- 7.1 The Portfolio Holder, Finance welcomes the excellent result for the year which has made it possible to provide for liabilities in respect of termination and redundancy pay, and other revenue reserves and to reduce the amount of capital expenditure spent but not funded in the year. The partial under spending of the Planning Development Grant has also been carried forward to 2005/06.
- 7.2 The result stems from savings in most departments of the Council and he would like to couple with his support for the recommendation his thanks to all those who have contributed.

8. RECOMMENDATION

- 8.1 It is recommended that the provisional outturn figures be noted and that Cabinet request Council to approve the transfer of £354,000 to the Redundancy Fund, £150,000 to the Renewals and Replacements Reserve, £162,000 to specific revenue reserves and the balance of any other General Fund outturn variation to the Capital Programme Reserve.

Further Information:

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Background Papers:

NEW FOREST DISTRICT COUNCIL
GENERAL FUND - ACTUAL EXPENDITURE 2004/2005

Excluding asset rentals but including reserves adjustments

	2004/2005 Latest Approved Budget £'000	2004/2005 Provisional Actual £'000	2004/2005 Variation £'000
PORTFOLIO/COMMITTEE EXPENDITURE			
Finance & Support	5,360	5,492	132
Crime & Disorder	488	484	-4
Economy & Planning	1,773	1,657	-116
Environment	5,498	5,480	-18
Housing	1,388	1,339	-49
Health & Social Inclusion	1,420	1,410	-10
Leisure	2,959	2,815	-144
General Purposes & Licensing	499	554	55
Planning Development Control	927	915	-12
MRP re vehicles and equipment	0	167	167
Prior Year Adjustment	0	-89	-89
Sub Total	20,312	20,224	-88
DEDUCT - Asset Rental Income(Holding A/cs)	-384	-520	-136
NET COMMITTEE EXPENDITURE	19,928	19,704	-224
Capital Finance Provision	245	245	0
	20,173	19,949	-224
DEDUCT - Interest Earnings (Net)	-1,350	-1,324	26
Net Expenditure before Transfers to Reserves	18,823	18,625	-198
Transfers to/from(-) Reserves			
Transfer from Commercial Services	-93	-96	-3
Transfer from Capital Financing Reserve	-252	-272	-20
Transfer from Revenue Reserves	-656	-656	0
Transfer to Revenue Reserves	109	421	312
Transfer from(-)/to Capital Programme Reserve	728	637	-91
GENERAL FUND NET BUDGET/EXPENDITURE	18,659	18,659	0

GENERAL FUND BALANCE 1 APRIL 2004

2,036

GENERAL FUND BALANCE 31 MARCH 2005

2,036

Note: The budgets for transfers to and from revenue reserves have been adjusted to reflect the correct accounting treatment of such items. The adjustments are matched by adjustments within the Portfolio/Committee budgets. Figures therefore differ from the April financial monitoring report presented to Cabinet but there is no difference to the bottom line

HOUSING REVENUE ACCOUNT- ACTUAL EXPENDITURE 2004/2005

	2004/2005 Latest Approved Budget £000	2004/2005 Provisional Actual £000	2004/2005 Variation £000
INCOME			
Dwelling Rents (net of irrecoverable rents)	17,014	17,016	-2
Non Dwelling Rents - Garages	444	454	-10
- Land & Buildings	40	44	-4
Charges for Services & Facilities	1,149	1,128	21
Contributions towards Expenditure	248	279	-31
Government Subsidies - Housing Subsidy	-8,537	-8,458	-79
- Major Repairs Allowance	3,140	3,140	0
Interest Receivable - Mortgage Interest	4	3	1
- Balances Interest	147	152	-5
Other - Sales Administration Recharge	113	112	1
- Shared Amenities Contribution	114	114	0
Total Income	13,876	13,984	-108
EXPENDITURE			
Repairs & Maintenance	3,783	3,987	204
Supervision & Management	4,517	4,447	-70
Rents, Rates, Taxes & Other Charges	25	25	0
Rent Rebates - General	448	537	89
Provision for Bad Debt - Increased Provision	30	30	0
Capital Financing Costs	661	652	-9
Capital Expenditure Charged to Revenue	135	137	2
Contribution to Major Repairs Account	3,367	3,367	0
Total Expenditure	12,966	13,182	216
Deficit/Surplus(-) for year	-910	-802	108
Balance at 1 April 2004	2,803	2,803	0
BALANCE AT 31 MARCH 2005	3,713	3,605	108

CAPITAL OUT-TURN 2004/05

	2004/2005 Latest Approved Budget £'000	2004/2005 Actual £'000	2004/2005 Variation £'000	2004/2005 Slippage £'000	2004/2005 Other Variations £'000
Other Services					
Finance & Support	994	753	-241	-230	-11
Crime & Disorder	11	11	0	0	0
Economy & Planning	163	152	-11	-11	0
Environment (Coast Protection)	774	800	26	39	-13
Environment (Other)	391	404	13		13
Leisure	1556	1359	-197	-297	100
Leisure - (Developers' Contributions)	1340	1189	-151	-154	3
Vehicles and Equipment	1218	970	-248	-214	-34
	6447	5638	-809	-867	58
Housing:					
Private Sector	1679	1676	-3		-3
Public Sector	3502	3227	-275	-277	2
	5181	4903	-278	-277	-1
TOTAL	11628	10541	-1087	-1144	57

Analysis of Other Variations

Finance and Support - Underspends of £11,000 on Lymington Health and Leisure Centre Customer Social Area and £7,000 on Claymeadow Resurfacing were offset by an overspend of £6,000 on the ATC Heating Systems. Other net overspends totalled £1,000.

Environment (Coast Protection) - The main underspend was £7,000 on the Hurst Spit Management scheme. Other underspends totalled £6,000.

Environment (Other) - Overspends of £12,000 on Lyndhurst Flood Relief and £3,000 on Normandy Lane were offset by a saving of £5,000 on the Garden Waste Collection Vehicle. Other overspends totalled £3,000.

Leisure - The principal variation was expenditure of £77,000 on Milford Promenade, which is funded by external grants. The budget had not been grossed up to reflect external funding. In addition there was an overspend of £22,000 on Ringwood Health and Leisure Centre projects, largely on fees. Other net overspends totalled £1,000.

Vehicles and Equipment - On the expiry of a lease including recycling bins, the Authority was able to negotiate a favourable price to purchase the existing bins. This resulted in a saving of £32,000 as new bins were not required. A net overspend on vehicle purchases of £34,000 was due to the fact that allowance had not been made in the budget for vehicles purchased at the end of 2003/04 that were eventually purchased and not leased. This additional cost was however offset by savings of £35,000 in purchases of leisure equipment, principally at Ringwood and Totton.

Housing - An underspend of £17,000 on Private Sector Renewal Grants was offset by an overspend of £14,000 on Disabled Facilities Grants and £3,000 on Environmental Enhancements.

SCHEDULE OF SLIPPAGE ON CAPITAL EXPENDITURE

£'000

FINANCE & SUPPORT

Electrical testing remedial works - Appletree Court	-11
Electrical testing remedial works - Town Hall, Lymington	-10
Refurb gents GF toilets/add showers - Town Hall, Lymington	-11
Provision of new offices (purch/mods) - New Milton Offices	-7
Refurbishments - Information Offices	-12
Maintenance Work - Ringwood Depot	-15
Planned Maintenance & Refurbishment - Claymeadow Depot	-6
Disability Discrimination Act - Offices and Depots	2
Information Technology	-160
	<u>-230</u>

ECONOMY & PLANNING

Furlong Ringwood	-7
Fordingbridge Town Centre	-4
	<u>-11</u>

ENVIRONMENT (COAST PROTECTION)

Western Solent	6
Regional Monitoring	33
	<u>39</u>

LEISURE

Reception Refurbishment - New Milton	-26
Beach Huts - Milford	-22
Eling Tide Mill	-58
Minstead Study Centre	-30
Parish Partnership Programme	-161
	<u>-297</u>

LEISURE - (DEVELOPERS' CONTRIBUTIONS)

Open Space- Hythe Promenade	-134
Ringwood, Trinity College	-10
Ringwood, North Poulner Monitoring	-3
Totton - Hanger Farm, Totton, Community Use	-7
	<u>-154</u>

VEHICLES AND EQUIPMENT

Vehicles	-116
Leisure Equipment	-105
Other Equipment	7
	<u>-214</u>

TOTAL OTHER SERVICES SLIPPAGE**-867****HOUSING**

Public Sector - Major Repairs	-277
	<u>-277</u>

TOTAL SLIPPAGE**-1144**

VARIATIONS ON GENERAL FUND

FINANCE AND SUPPORT

£000

Corporate and Democratic Core – Overall savings of £65,000 were principally due to Review Panel Advisors (£-11,000), Community Planning/Best Value (£-12,000), Corporate Management printing and hired services (£-22,000), District Audit fees (£-8,000) and the Democratic Services business unit (£-10,000).	-65
Catering – Net catering costs exceeded the budget by £8,000. This was principally due to increased shortfalls of £9,000 at Dibden Golf Centre and £9,000 at Health and Leisure Centres, offset by an improved position of £11,000 on Welfare catering.	8
Unapportionable Central Overheads – Compensatory added years payments were £12,000 less than budgeted. In addition, there were savings of £13,000 in the General Fund element of the Pay and Reward Strategy and £20,000 in training costs.	-45
Council Tax – Additional income of £29,000 from court costs and savings of £2,000 in printing costs were offset by increased Securicor charges of £7,000.	-24
Benefits Administration – Overall savings of £51,000 resulted, predominantly through Government Grant from the Weekly Incorrect Benefit System exceeding the budget by £48,000. This was largely due to the grant rate on each incorrect benefit case increasing from £40 to £70, which was unknown when the budget was set.	-51
Housing Benefits – The net cost of benefits was £61,000 less than budgeted. This was due to the receipt of £46,000 in Government Grant that had not been budgeted for and additional income of £30,000 from recovered overpayments, offset by reduced net subsidy of £15,000, as overall overpayments exceeded the budget.	-61
Council Tax Benefits – Local Authority overpayments have been constrained to a level where 40% subsidy rather than 0% subsidy is received on the overpayments. This resulted in a saving of £16,000. Other net subsidy adjustments totalled £6,000.	-22

Appendix 4

	£000
Rent Rebates – Savings of £13,000 resulted by restricting Local Authority overpayments to the level that attracts 40% subsidy. In addition, a reduction in overall overpayments generated savings of £14,000 and the bad debt provision on recoverable overpayments has been reduced by £8,000.	-35
Balances Unallocated – While there were a number of compensating surpluses/deficits on various business units, this budget overrun is due to the change in policy for financing vehicles. This resulted in additional notional charges being allocated to the Transport business unit, which are matched by an increase in the asset rental credit. For this year only the additional charges have been retained within Finance and Support, but for 05/06 onwards they will be recharged to all Portfolios in accordance with vehicle usage.	51
Communications – A net overspend of £19,000 was due to increased supplies and services costs of £26,000, offset by additional income of £7,000.	19
Provisions – An additional £254,000 has been transferred to the Redundancy Provision to cover all potential liabilities on post redundancies.	254
Other Variations	3
	<u>32</u>

ECONOMY AND PLANNING

Policy, Conservation, Trees and Env. Action – Expenditure budgets funded from Planning Delivery Grant were underspent by £115,000. These resources are being carried forward to 05/6. The underspends were offset by an overspend of £30,000 on other budgets, principally on TPO review postages (£5,000), staffing costs (£14,000), due to appointments at higher spinal points and travel allowances, and income shortfalls (£5,000), due to the level of publications now being available on the internet.	-85
Building Control – Due to the level of applications, income exceeded the budget by £22,000. This was offset by net increased running costs of £4,000.	-18

Public Lighting – There was an underspend of £19,000 on public lighting maintenance and improvement works.	-19
Land Charges – Due to the continuing slow down of the housing market, there was a further income shortfall of £18,000. This was offset by a £3,000 saving in employee and supplies and services costs.	15
Other Variations	-9
	<u><u>-116</u></u>

ENVIRONMENT

£000

Grounds Maintenance – Savings in salaries, wages and transport costs within Commercial Services resulted in an underspend of £14,000 in Grounds Maintenance costs.	-14
Coast Protection – A saving of £23,000 in revenue expenditure resulted due to a greater proportion of staff time being recharged to capital and rechargeable projects than was budgeted.	-23
Public Conveniences – Overall savings of £22,000 were due to underspends of £10,000 in maintenance costs and £8,000 in equipment budgets, part of which have been carried forward to 05/6 for the new Milford and Calshot conveniences and £4,000 transferred from Commercial Services due to a greater level of management overheads being allocated to external contracts.	-22
Refuse Collection, Street Cleansing, Recycling – Operating costs exceeded budget by £42,000. This was principally due to additional staffing costs, following increases in sickness levels and fly tipping (£27,000), increased fuel costs (£15,000), additional repairs to bins and concrete bases at recycling sites (£11,000), recycling sacks (£13,000) and lower than anticipated glass recycling income (£15,000). These overspends were offset by additional grant income of £20,000 towards the Garden Waste scheme set up costs and savings of £8,000 in advertising costs, largely due to printing collection dates on sacks.	42
Other Variations	-1
	<u><u>-18</u></u>

HOUSING

Stillwater Park – Income from the sale of mobile homes exceeded the budget by £19,000 and savings in running costs were £4,000.	-23
Enabling – Expenditure on the General Fund element of the Stock Option Appraisal was £10,000 less than anticipated.	-10
Employee – Staff turnover savings, within the Housing Needs and Housing Improvements sections totalled £20,000.	-20
Other Variations	4
	<hr/> <hr/>
	-49

LEISURE

	£000
Health and Leisure Centres – Overall savings of £90,000 were principally due to a NDR revaluation at Applemore (£-36,000), savings in leasing budgets due to move to equipment purchase(£-35,000)(see MRP below), employee savings (£-30,000), reduced repairs and maintenance (£-16,000) and reduced cleaning charges of £7,000 from Commercial Services, due to receiving additional income from external contracts. These savings were offset by reduced income of £42,000.	-90
Eling Tollbridge – Repairs and maintenance expenditure of £7,000 has slipped to 05/6. In addition, income exceeds the budget by £3,000 and other expenditure savings totalled £4,000.	-14
Keyhaven River – Total net savings of £10,000 were principally due to additional income of £6,000 from the dinghy park and mooring fees.	-10
Tourism – Principally due to staff vacancies, employee savings were £22,000.	-22
Other Variations	-8
	<hr/> <hr/>
	-144

GENERAL PURPOSES & LICENSING

Public Entertainment Licensing – A lower than anticipated response nationally and locally in applications for new liquor licences has resulted in a shortfall in income of £70,000. This has been partially offset by a £5,000 saving in training and supplies and service budgets. 65

Registration of Electors – Savings of £6,000 in printing, £2,000 in advertising and £4,000 in business unit costs, resulted in overall savings of £12,000. -12

Other Variations 2

PLANNING DEVELOPMENT CONTROL £000

Development Control – Expenditure budgets funded from Planning Delivery Grant were underspent by £14,000. These resources have been carried forward to 05/6. Other development control budgets overspent by £2,000. -12
-12

OTHER PORTFOLIOS/COMMITTEES

Net savings on all other Portfolios/Committees totalled £14,000 -14

MINIMUM REVENUE PROVISION / ASSET RENTAL INCOME

Following the switch from leasing to purchase of vehicles and equipment, leasing charges within Portfolios are replaced by asset rental/depreciation charges. As asset rental charges are notional and need to be reversed out of the Council’s accounts (Asset Rental Income) a minimum revenue provision (MRP) charge is made to the accounts to ensure that sufficient resources are available to repay loans (internal or external). Compensating figures therefore largely offset each other, principally within these two budget lines and the Finance and Support and Leisure Portfolios. 31
31

PRIOR YEAR ADJUSTMENT

Following a successful appeal against the Applemore Health & Leisure Centre rateable value, a refund of £125,000 was received. £89,000 of this refund relates to previous years. -89
-89

INTEREST EARNINGS

Interest earnings were £26,000 less than budgeted, principally due to the interest rate on Social Housing Grant compensation being less than predicted.

26
26

TOTAL -298

VARIATIONS ON HOUSING REVENUE ACCOUNT

INCOME	£000
Garage Rents – Garage income exceeded the budget by £10,000.	-10
Charges for Services and Facilities – Income from service charges was £21,000 less than budget. This was principally due to an increased level of voids, mainly at Churchill Court.	21
Contributions to Expenditure – Income generated by Central Control, through charges to community alarm users and for the out of hours service exceeded the budget by £24,000. Other additional income totalled £7,000.	-31
Housing Subsidy – The contribution payable to the Government through the housing subsidy calculation is £79,000 less than budget. This is due to an increase in the interest rate used in the capital financing element of the calculation.	-79
Other Variations	-9
	-108
EXPENDITURE	
Repairs and Maintenance – Expenditure on reactive maintenance exceeded the budget by £116,000. Expenditure on cyclical maintenance exceeded the budget by £49,000, principally on external decorating and the Disabled Facilities budget was exceeded by £39,000, following the repayment to Customs and Excise of VAT misclaimed on grants paid between 2001/02 and 2004/05.	204
Supervision and Management – Overall savings of £70,000 were principally due to a £38,000 saving on business unit costs, £17,000 reduced allocations from the corporate budget and a £15,000 water bill refund relating to Gore Grange.	-70
Rent Rebates - Following the transfer of rent rebates to the General Fund, the cost now falling on the HRA relates to the rebates granted in relation to rents in excess of the Government limit allowable for subsidy purposes. 2004/05 was the first year of the new arrangements and the element falling on the HRA was underestimated by £89,000.	89
Other Variations	-7
	216
TOTAL VARIATIONS	108