

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

1 INTRODUCTION

- 1.1 This report sets out the forecast budget variations of all Portfolios and Committees from the approved original estimates for 2005/06.
- 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. All individual variations shown in the appendices also show the name of the Budget Responsible Officer (BRO), who can be contacted for further information.
- 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 December show an estimated decrease in expenditure of £94,000, bringing the total reported variations for the year to a net reduction in expenditure of £186,000.
- 2.2 Excluding budget virements, the major variations are listed below, but full details are set out in Appendix 1.

2.3

VARIATIONS	£'000
Council Tax (Finance & Support)	-20
Benefits Administration (Finance & Support)	-80
Balances Unallocated (Finance & Support)	37
ICT Programme (Finance & Support Holding A/c)	-45
Land Charges (Economy & Planning)	-60
Bed & Breakfast (Housing)	-22
Public Entertainment Licences (General Purposes & Licensing)	-20
Development Control (Planning Development Control)	-25
Interest Earnings	-105
Item A Transfer to Capital Reserve	219
Other	27
Total	-94

- 2.4 Appendix 1 shows that actual expenditure at the end of December is £351k 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 2005/06 expenditure of £299,000, but excluding items of rephasing, virement, developers' contributions and external funding, there is an increased call on the Council's capital resources of £245,000. The decrease is summarised in the table below:

VARIATIONS	£'000
Town Hall Electrical Testing (Finance & Support)	-10
Health and Safety Compliance (Finance & Support)	31
Totton Town Centre (Economy & Planning)	-100
New Street Lymington Footways (Economy & Planning)	-28
Cycle Route, Stopples Lane (Economy & Planning)	18
Public Convenience Calshot (Environment)	-36
Coast Protection - Barton on Sea (Environment)	-30
SCOPAC - Regional Monitoring (Environment)	137
Solent Mainland SMP Review (Environment)	-50
Ringwood HLC Refurbishment (Leisure)	128
Milford Promenade Phase B (Leisure)	26
Keyhaven Quay (Leisure)	-59
Eling Tide Mill (Leisure)	-21
Parish Partnership – Blackfield (Leisure)	-32
Parish Partnership – Fawley (Leisure)	-80
New Milton Land Acquisition (Leisure)	-100
Land at Poulner Lake (Leisure)	-20
West Totton Centre (Leisure)	-35
Other Leisure Capital Schemes	-38
Total	-299

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 2006/07 & 2007/08	-681
Brought forward to 2005/06	137
Variations falling on Council's Capital Resources	245
Total	-299

3.2 Housing

3.2.1 New variations show a decrease in 2005/06 expenditure of £300,000.

VARIATIONS	£'000
Major Repairs	-300

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

IMPACT ON CAPITAL RESOURCES	£'000
Variations falling on Council's Capital Resources	-300

4 HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 Reported variations show a reduction of £568,000 in the overall planned 2005/06 expenditure.

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

VARIATIONS	£'000
Reactive Maintenance	-200
Supervision and Management	-68
Revenue Contributions to Major Repairs	-300
Total	-568

4.3 Appendix 3 shows that the actual net surplus at the end of December is £871,000 ahead of the profiled budget surplus, but this principally reflects the variations reported above and variations in the timing of repairs and maintenance expenditure, with significant outstanding commitments at the end of December 2005.

5 COMMERCIAL SERVICES

5.1 Commercial Services A/c's show a net surplus of £48k for the period April to November 2005. The estimated allocation of this is a £42k surplus to the General Fund and a £6k surplus to the Housing Revenue Account.

5.2 The current Commercial Services Budget Surplus target on General Fund Activities is £49k.

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:
 - an additional £17k in respect of Refuse Collection (Special Collections – see Appendix 7)
- b) approve the revised capital expenditure as set out in Appendix 2 and recommend Council to approve a supplementary estimate of:
 - £128k in respect of the Ringwood HLC Refurbishment project (see Appendix 4)
 - an additional £18k in respect of Stopples Lane (see Appendix 5)
 - £31k in respect of Health and Safety Compliance expenditure (see Appendix 6)
- 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 section 5 of this report.
- 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 2005/06
AND ACTUAL FOR THE PERIOD APRIL 2005 TO DECEMBER 2005**

	FULL YEAR FORECAST					PERFORMANCE TO DECEMBER				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	5305	-346	-81	4878	1	3515	3669	154	104	0
Finance & Support – Holding	0	0	-45	-45	2	0	0	0	0	0
Crime & Disorder	586	7	0	593	3	474	470	-4	99	1
Economy & Planning	1695	371	-60	2006	4	1265	1060	-205	84	214
Environment	5793	73	17	5883	5	4447	4344	-103	98	122
Housing	1447	-62	-14	1371	6	931	900	-31	97	3
Health & Social Inclusion	1605	-2	-4	1599	7	1163	1115	-48	96	11
Leisure	2606	250	24	2880	8	2502	2516	14	101	186
General Purposes & Licensing	568	-65	-20	483	9	347	311	-36	90	0
Planning Development Control	957	-95	-25	837	10	498	406	-92	82	1
Business Unit Asset Rentals	-520	0	0	-520						
Service Expenditure	20042	131	-208	19965		15142	14791	-351	98	538
Capital Financing Provision	769			769						
Interest Earnings	-1110	-125	-105	-1340	11					
Net Expenditure	19701	6	-313	19394						
Transfer to (from) Comm. Servs	-116	67		-49	12					
Transfer to (from) Rev. Res.	0	-165		-165	13					
Transfer to (from) Cap. Fin. Res.	-141			-141						
Item A Transfer to Capital Reserve	0		219	219	14					
Other Transfers to (from) Cap. Reserve	0	92	94	186						
TOTAL REVENUE	19444	0	0	19444						

New Variations – General Fund Revenue Expenditure

£000

1. Finance & Support – Direct

- a) **Council Tax (BRO A Taylor)** – Additional income of £20k is anticipated from court costs received on Council Tax arrears cases. -20
- b) **Benefits Administration (BRO A Taylor)** – Grant Income from Weekly Incorrect Benefit cases has increased due to the number of cases identified being greater than originally anticipated. -45
- c) **Benefits Administration (BRO A Taylor)** – In 2003/04, additional recurring expenditure budgets were approved to cover workload involved in dealing with changes in the benefits system relating to tax credits. These were matched by Government Grant at the time. £35,000 of the expenditure budgets are no longer needed. -35
- d) **Corporate and Democratic (BRO P Higgins)** – Savings of £6k have been identified from the corporate printing budget. -6
- e) **Unapportionable Overheads (BRO K Green)** – The December monitoring report identified a transfer of £7k to the Crime and Disorder Portfolio, relating to the Pay & Reward Strategy. The balancing reduction in this Portfolio's Contingency Fund budget was omitted. -7
- f) **Balances Unallocated (BRO R Powell)** – A reduction of £5k in telephone call costs has been identified due to more beneficial rates. -5

g) Balances Unallocated (BRO P Freeman) – Drainage work at Appletree Court is £8k over estimate. In addition, the annual maintenance budget has already been spent and to allow for further maintenance work to be carried out a supplementary estimate of £20k is needed. Electricity consumption at Offices & Depots has also increased, resulting in an overspend of £9k.	£000 37
	-81
<u>2. Finance & Support – Holding Accounts</u>	
a) The timing of payments on the ICT programme are later than originally anticipated. This will result in savings of £45k in 2005/06 (BRO K Green).	-45
	-45
<u>3. Crime & Disorder</u>	
a) No new variations to report.	
<u>4. Economy & Planning</u>	
a) Land Charges (BRO C Elliott) – A shortfall of £240k in land charges income was reported earlier in the year due to a downturn in the housing market. The level of applications received in the last 3 months has increased, resulting in additional income of £60k. It is not known if this level of activity will continue.	-60
	-60
<u>5. Environment</u>	
a) Refuse Collection & Street Cleansing (BRO R Sired) – Reasons for this £17k supplementary estimate on special collections are explained in appendix 7.	17
	17
<u>6. Housing</u>	
a) Bed and Breakfast (BRO G Spawton) – Expenditure on bed and breakfast costs continues to remain below budgets and a further saving of £22k is likely.	-22
b) Stillwater Park (BRO D Brown) – Mobile Home sale income is £8k below target to date.	8
	-14
<u>7. Health & Social Inclusion</u>	
a) Welfare Funerals (BRO A Righton) – Welfare Funeral costs are projected to be £4k below budget.	-4
	-4
<u>8. Leisure</u>	
a) Health and Leisure Centres (BRO B Millard) - Further to a review of the financial situation with regard to the cleaning of the Health and Leisure Centres, the need for additional funding has been identified. This is mainly due to staff time, equipment and training in order to carry out high level cleaning of all the centres and to fully comply with the new 'working from height' regulations which has dramatically changed working practices.	13
b) Dibden Golf Centre (BRO B Millard) - A customer at Dibden Golf Centre was using the trolley ramp that links the main car park to the area by the front door of the Clubhouse. While using the ramp the customer slipped, broke her ankle and consequently pursued an insurance claim against the Council. Our insurance advisors felt that she had a case and so agreed a settlement. This resulted in the Council having to pay £5,000, which is the excess for personal injuries on our insurance policy. The ramp has since been taken out of use and will be permanently removed.	5
c) Applemore H&LC – Gym (BRO B Millard) – Included in the original budgets was net income of £10k from the new Gym. Due to the delayed opening date there will be a shortfall against net income of £6k.	6
	24
<u>9. General Purposes and Licensing</u>	
a) Public Entertainment Licenses (BRO M Powell) – As a result of the delayed impact of Liquor Licensing regulations, enforcement staffing recruitment has been delayed, although employment of temporary staff for processing licenses has been necessary. In this financial year an underspend of £20,000 is therefore projected.	-20
	-20

<u>10. Planning Development Control</u>	£000
a) Development Control and Enforcement (BRO C Elliott) – The level of applications re high hedges is significantly lower than originally anticipated. Therefore, a saving of £25,000 has been identified.	-25
	<u>-25</u>
<u>11. Interest Earnings (BRO K Green)</u>	
a) A further increase of £105k in interest earnings is projected due to an increase in interest rate expectations (£20k) and due to cash flow adjustments (£85k).	-105
	<u>-105</u>
<u>12. Commercial Services</u>	
a) No new variations to report	
<u>13. Transfers to/from (-) Revenue Reserves</u>	
a) No new variations to report	
<u>14. Transfers to/from (-) Capital Reserves (BRO K Green)</u>	
a) Members will be aware that the Final Accounts Committee recently considered a report from the District Auditor regarding the closure of the 2004/05 financial accounts. Most of the DA's comments related to technical accounting issues. The majority of the transactions relating to these issues date back to the early 90's and the Council is unable to verify whether certain transactions were properly accounted for at this time, as the detailed supporting documentation is no longer available. Officers have however reviewed items back to 1997 and have discovered that certain items were incorrectly treated. It is therefore proposed to make specific one-off provision, in the sum of £219k, for these items within the 2005/06 budget.	219
	<u>219</u>
TOTAL ALL NEW VARIATIONS (REVENUE)	<u><u>-94</u></u>

**FORECAST FULL YEAR CAPITAL EXPENDITURE 2005/06
AND ACTUAL FOR THE PERIOD APRIL 2005 TO DECEMBER 2005**

	FULL YEAR FORECAST					PERFORMANCE TO DECEMBER				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	198	1651	21	1870	1	1370	1024	-346	75	460
Crime & Disorder	0	22	0	22	2	0	1	1	0	0
Economy & Planning	581	-105	-110	366	3	333	17	-316	5	54
Environment	569	18	-36	551	4	378	252	-127	66	58
Env (Coastal Protection)	1320	-618	57	759	5	505	430	-75	85	56
Leisure	502	769	-62	1209	6	778	-9	-787	-1	56
Leisure – Developers Contrib.	9	522	-169	362	7	279	521	242	187	0
Vehicles & Equipment	1376	-1376	0	0	8	0	0	0	0	0
Subtotal Other Services	4555	883	-299	5139		3643	2236	-1408	61	684
Housing – Private Sector	4128	-235	0	3893	9	2481	1198	-1283	48	586
Housing – Public Sector	4800	-250	-300	4250	10	1980	1471	-509	74	468
Subtotal Housing	8928	-485	-300	8143		4461	2669	-1792	60	1054
TOTAL CAPITAL	13483	398	-599	13282		8104	4905	-3200	61	1738

New Variations – Capital Expenditure

1. Finance & Support

- a) **Town Hall Electrical Testing Remedial Works (BRO P Freeman)** – To be slipped into 2006/07
- b) **Health & Safety Compliance (BRO P Freeman)** – One off budget needed to achieve Health & safety compliances legislation, in terms of legionella, fire risks and asbestos (see appendix 6).

2. Crime & Disorder

- a) No new variations to report.

3. Economy & Planning

- a) **Totton Town Centre (BRO J Ward)** – The project programme has been revised, mainly to allow time for negotiation of formal permissions from HCC (land owner)
- b) **New Street Lymington Footways (BRO J Ward)** – The accessibility and environmental works must follow implementation of a Hampshire County Council drainage system which was originally to be undertaken in June 2005, but following commencement, had to be abandoned due to unforeseen complications with other services in the street. A revised drainage scheme is being developed by HCC and the accessibility and environmental works will follow on from this.
- c) **Cycle Route Stopples Lane Hordle (BRO D Wright)** – Reasons for this £18k supplementary estimate are explained in appendix 5 of this report.

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
	-10		-10
31			31
31	-10	0	21
	-100		-100
	-28		-28
18			18
18	-128	0	-110

4. Environment

- a) **Public Conveniences Calshot (BRO D Wright)** – Construction of the new toilet building was scheduled to start early in July 2005. Changing the location from the Spit End to Hill Head and delaying the start time to avoid school holidays resulted in a site start on 12 September 2005. Consequently, the final contract payment and release of retention monies will now be made in 2006/07.

5. Environment – Coastal Protection

- a) **Barton on Sea (BRO A Bradbury)** – It is unlikely that DEFRA approval of this scheme will be received this financial year, therefore £30k needs to be rephased into 2007/08.
- b) **Regional Monitoring (BRO A Bradbury)** – As the scheme has progressed, unforeseen circumstances have resulted in elements of the program being brought forward. Therefore, rephasing of £137k is necessary from 2006/07 in to 2005/06.
- c) **Solent Mainland SMP Review (BRO A Bradbury)** – It is unlikely that DEFRA approval for this scheme will be received this financial year, therefore £50k needs to be rephased into 2006/07

6. Leisure

- a) **New Milton H&LC – Reception Refurbishment (BRO – B Millard)** – The original budget for the Reception Refurbishment scheme at New Milton was £28,000. The lowest quote for the work required came in at £32,000. It was also decided at the start of the year that revenue budgets would be used to cover additional works, including painting of the foyer canopy and the swimming pool corridor, as well as re-carpeting, in order to enhance the appearance of the whole ground floor. These budgets have since been utilized on other works, therefore a supplementary capital estimate of £10,000 is now required.
- b) **Ringwood H&LC - Refurbishment Project (BRO B Millard)** – Full details are contained in appendix 4 of this report.
- c) **Totton H&LC – Dance Studio Flooring (BRO B Millard)** – The floor in the Dance Studio at Totton is a wooden sprung floor with a laminate top surface which periodically requires sanding down and re-sealing to be satisfactory for use. The estimate of when this work would need to be carried out was originally in this financial year but upon closer inspection it became clear that the work would not be required until 2006/07 at the earliest. Therefore this scheme is to be rephased.
- d) **Dibden Golf Course – Irrigation System (BRO B Millard)** – Given the age of the wiring it was anticipated that the entire irrigation system would need replacing, however a detailed examination last year revealed that only part of the system required rewiring, which has resulted in a saving of £20k.
- e) **Dibden Golf Course – Renovation of Pond (BRO B Millard)** – An on-going review of the pond situation at Dibden has meant that no work will be carried out in 2005/06. Therefore the budget of £4,000 is to be rephased into 2006/07.
- f) **Open Space – Parish Partnership Programme Blackfield (BRO M Devine)** – The Blackfield programme has been affected by difficulties experienced with Fawley Parish Council relating to the agreement of future maintenance/management responsibilities and the need for additional fundraising. The intention is to be on site towards the end of 2005/06, however the first payment will not be made until the first quarter of 2006/07.
- g) **Coast – Milford Promenade Phase B (BRO M Devine)** – In April '05 Cabinet approved phase B of the Milford Promenade scheme which outlined the refurbishment and the overall improvement of the area.

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
	-36		-36
0	-36	0	-36
	-30		-30
	137		137
	-50		-50
0	57	0	57
10			10
128			128
	-10		-10
-20			-20
	-4		-4
	-32		-32
78			78

	£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
h) Coast – Milford Promenade Phase B (BRO M Devine) – The confirmation from Milford Parish Council on the design requirements was not received until December '05. Additional site investigations on other elements of the project were also required. A combination of this and seasonal constraints have lead to revisions to the programme. Therefore there is a need to rephase £52,000 into 2006/07.		-52		-52
i) Coast – Keyhaven Quay (BRO M Devine) – Delays in the tendering of the complete coastal capital programme and complications of obtaining consents from English Nature and the Environment Agency have resulted in delays to this scheme. There is therefore a need to rephase £59,000 into 2006/07.		-59		-59
j) Dual use / Joint Provision – Eling Tide Mill (BRO M Devine) – Much of the work relating to this scheme has been commissioned/committed. However the sea gates are complex and are outstanding. The remaining work is to be carried out in 2006/07, thus a rephasing of £21,000 is required.		-21		-21
k) Open Space – Parish Partnership Programme Fawley (BRO M Devine) – The scheme has made it past stage one of the Football Foundation evaluation process but the final decision will not be made until the end of 2006/07.		-80		-80
	196	-258	0	-62
7. Leisure – Developers Contributions				
a) New Milton Land Acquisition (BRO M Devine) – Ongoing difficulties with land negotiations have meant that this scheme has been rephased into 2006/07		-100		-100
b) Ringwood – Land at Poulner Lakes (BRO M Devine) – As in a above		-20		-20
c) Totton – Rushington Amenity Land (BRO M Devine) – Totton and Eling Town Council have reviewed their list of priority schemes and as a result the £5,000 05/06 budget is to be rephased into 2006/07.		-5		-5
d) Totton – West Totton Centre (BRO M Devine) – As in c above		-35		-35
e) Other – Parish Paths Project (BRO M Devine) – It is necessary to rephase £9,000 into 2006/07.		-9		-9
	0	-169	0	-169
8. Vehicles and Equipment				
a) No new variations to report.				
TOTAL VARIATION (CAPITAL – OTHER SERVICES)	245	-544	0	-299
9. Housing – Private Sector				
a) No new variations to report.				
	0	0	0	0
10. Housing – Public Sector				
a) Major Repairs (BRO D Brown) – Whilst investment into the achievement of Decent Homes Standards is increasing towards the levels recommended by consultants as part of the Stock Option Appraisal, it is likely that delays in the commencement and completion of projects will result in an underspend of at least £300k in 2005/06. This amount is subject to variations due to the timing of projects agreed with contractors and this impact will be reported as it becomes known. It is recommended that any underspend is set aside in the Major Repairs Reserve for investment into Decent Homes requirements in future years.	-300			-300
	-300	0	0	-300
TOTAL VARIATION (CAPITAL – HOUSING)	-300	0	0	-300
TOTAL CAPITAL EXPENDITURE VARIATION	-55	-544	0	-599

FORECAST FULL YEAR HOUSING REVENUE ACCOUNT
EXPENDITURE 2005/06
AND ACTUAL FOR THE PERIOD APRIL 2005 TO DECEMBER 2005

	FULL YEAR FORECAST					PERFORMANCE TO DECEMBER				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
Dwelling Rent Income	-17509			-17509		-13132	-13131	1	100	0
Other Rent Income	-525			-525		-394	-386	8	98	0
Service Charge Income	-1202			-1202		-902	-886	16	98	0
Other Subsidy	5272			5272		4217	4180	-37	99	0
Other Income	-688	-20		-708		-446	-455	-9	102	0
Total Income	-14652	-20	0	-14672		-10657	-10678	-21	100	0
Reactive Maintenance	2355		-200	2155	1	1570	1183	-387	73	264
Cyclical Maintenance/DFG	1371	250		1621		1216	1346	130	111	153
Supervision & Management	4761		-68	4693	2	3517	3324	-193	95	2
Rent Rebates	407	30		437		305	351	46	100	0
Revenue Cont. to Major Repairs	1453	-250	-300	903		529	0	-529	0	0
Capital Financing Costs	564	-15		549		85	140	55	165	0
Depreciation	3297			3297		1451	1471	20	101	468
Other Expenditure	56			56		49	57	8	116	0
Capital Expenditure charged To Revenue	0			0		0	0	0	0	0
Total Expenditure	14264	15	-568	13711		8722	7872	-850	90	887
Deficit/Surplus (-)	-388	-5	-568	-961		-1935	-2806	-871	-	887

New Variations – Housing Revenue Account

- | | £000 |
|---|--------------------|
| 1. Reactive Maintenance (BRO Dave Brown) – Due to the introduction of new reactive maintenance and voids policies a saving of £200k will be achieved in 2005/06 | -200 |
| 2. Supervision and Management (BRO Dave Brown) – Principally due to staff savings as a result of vacant posts, maternity cover provided from within the exiting establishment and lead in savings resulting from the management restructuring exercise a saving of £68k in business unit costs is likely. | -68 |
| 3. Major Repairs (BRO Dave Brown) – Whilst investment into the achievement of Decent Homes Standards is increasing towards the levels recommended by consultants as part of the Stock Option Appraisal, it is likely that delays in the commencement and completion of projects will result in an underspend of at least £300k in 2005/06. This amount is subject to variations due to the timing of projects agreed with contractors and this impact will be reported as it becomes known. It is recommended that any underspend is set aside in the Major Repairs Reserve for investment into Decent Homes requirements in future years. | -300 |
| | <u>-568</u> |

Ringwood H&I Centre - Refurbishments Project 2004/05

This project has been the subject of previous reports but for the sake of clarity a summary of the progress of the works and subsequent events is provided, followed by a summary of the present financial situation.

In the summer of 2004 a main contractor (Ashe Construction, Southern, Ltd) was appointed to carry out the works. The start on site happened as planned at the end of September, with Dryside changing areas closed for remodeling, refitting and then decoration. These works began to slow down during October as defaults caused by the contractor's incompetence had to be rectified but additional resources were not deployed. Progress in November was neither diligent nor regular despite the best efforts of your officers and the second interim payment request was refused by us pending an adjudication by a private Quantity Surveyor. In the end a very much reduced payment was made in December, by when the progress to the works had slowed further. We employed a Clerk of Works during November and December to provide daily monitoring on the scheme and put a Quantity Surveying consultancy under contract to help us defend against an increasingly "contractual" contractor. On 17 December - contract completion date - more than half the works had been completed but large areas had not been handed back and the 6 week programme of works in the Wetside changing areas had not even begun. The contractor was more than 8 weeks behind programme after 12 weeks on site. In December 2004 the advice of legal counsel was sought and a default notice was issued pre-Christmas, warning the contractor that we would terminate the contract unless progress improved.

In the new year there was a noticeable improvement in performance (from a low base) on the Wetside works, but other important areas were not handed back on (the revised) programme; then works on the wetside were omitted in error; and other works were notified as defective but remedial work was slow to follow. We did not consider the contractor's performance to be sufficiently improved and on 17 January we determined the contract on that basis. We decided not to pay on Ashe's third payment request as we were discovering several and extensive defaults to the areas which had been handed back (eg wall tiling in the Dryside change) which would result in contra costs.

In order to get a 'completion contract' let as quickly as possible the Director of Resources suspended Standing Orders and a new main contractor was in place in the last week of January. The works were completed by the end of February 2005, some 10 weeks late on a 12 week project, with much of the defective work already rectified. Once re-opened, access was restricted but almost all the defects have now been completed.

In November 2005 Ashe went to Adjudication to recover payment for the works completed which we had not paid, additionally claiming costs, on the basis that their performance in January had improved sufficiently that the determination of the contract was unreasonable. Their claim was for £130k. The adjudicator found the determination was unreasonable and awarded Ashe the value of the works (£48k) and costs (£21k) but allowed us costs for remedial works (£13k) and damages for lateness (£3k). So the net settlement of the claim (£56k + interest) was £59k, with the £3k damages yet to come in.

The project as a whole consisted of several schemes, their total budget was £374k.

Total expenditure is shown in the accounts as £520k of which £22k was reported as overspend last year and £5k (for a stair-lift) can be disregarded, so the expenditure comes back to £493k. To this must be added the Adjudicator's fees of £9k (notified and unavoidable, though not yet invoiced). The overspend (493+9-374) to be accommodated is therefore £128k.

A scrutiny of the transactions on the relevant codes shows that the accounts include £14k which is not for expenditure on this project. The remaining £114k is built up from £59k instructed by the adjudicator, his fee of £9k, and £46k spent on rectification works (which will be reduced by a further £3k when the damages for late completion are recovered),

MEASURES TO ENCOURAGE CYCLING CYCLE ROUTE STOPPLES LANE HORDLE

1. HISTORY

- 1.1 The upgrading of the footpath to a cycle route was proposed in 1997. The western end had been upgraded by developers and the eastern end, including replacing the footbridge over the stream was long overdue. A budget of £48,000 including fees was made available.
- 1.2 The works were commissioned from the Council's Engineering Works group at a cost of £45,613.
- 1.3 Supplementary estimates totalling £20,000 have been approved this year.

2. CURRENT SITUATION

- 2.1 Bad weather during November caused temporary works connected with the construction of the new bridge to be washed away on two occasions. A revised system of temporary works has now had to be installed at an estimated cost of £2,800.
- 2.2 Additional work to the foundations of the bridge has also had to be carried out at an estimated cost of £1,500.
- 2.3 When work started on clearing the existing ditches, it was found that additional ditching work was required because of the presence of exceptionally wet ground conditions. At this time members of the public started fly-tipping at night on the site and the tipped material had to be cleared from the site to tip at an estimated cost of £5,500
- 2.4 Although the land has been used as a footpath for many years, when excavation for construction of the cycleway commenced poor ground conditions were discovered in several areas. The bad material was removed to tip and additional type 1 sub-base and geotextile membrane were used to stabilise the ground at an estimated cost of £6,000
- 2.5 Overnight of 13 to 14 December 2005 materials to a value of £1,500 were stolen from the site. The cost of the materials will need to be found to replace them, and there will be costs inherent in the delay to the works while replacement materials were sourced in the approach to Christmas.
- 2.6 Hampshire County Council Bridges Section has required that an anti-slip surface be applied to the bridge deck that was not anticipated during design. The bridge manufacturer has quoted £850 for this.
- 2.7 The total final cost of the scheme is now estimated at £86,000.

3. OPTIONS

- 3.1** The council has no viable option other than to complete the works at the additional costs explained above. The old bridge has been removed, to allow construction of the abutments for the new bridge, and replaced with a temporary structure. The surface course is still to be laid to the footpath and bollards required under the Deed of Grant are yet to be installed.

4. CRIME AND DISORDER IMPLICATIONS

- 4.1** If the works are left incomplete there will be a greater possibility of vandalism and a greater risk of injury on the temporary works.

5. ENVIRONMENTAL CONSIDERATIONS

- 5.1** The temporary arrangements for pedestrian access across the stream will deteriorate with time and possibly lead to bank collapse and siltation of the stream in contravention of the requirements of the Council's Land Drainage Consent from the Environment Agency

6. PORTFOLIO HOLDERS COMMENTS

- 6.1** To be added

7. RECOMMENDATION

- 7.1** That Cabinet recommend Council to approve a supplementary estimate of £18,000 for the Hordle Cycle Route, resulting in a total scheme cost of £86,000 including fees.

Further Information

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HEALTH AND SAFETY COMPLIANCE

As part of this year's expenditure plan process a one off budget of £41k was agreed in respect of essential Health and Safety compliance work in 2006/07. The business case in support of this expenditure plan bid identified the need for a supplementary estimate totalling £31k in respect of expenditure necessary in 2005/06. The full project details provided with the expenditure plan bid (with the relevant details relating to the supplementary estimate in bold) are repeated below for information:

Surveys in 12 of the main civic buildings have been completed in the last few months to assess the extent of works required to bring the buildings into compliance with Legionella Risk Management legislation. The cost of the surveys can be met from existing maintenance budgets. The cost of remedial works urgently required to be completed across all the buildings is estimated to be £44k (although the works have not yet been tendered). **It is intended to proceed as soon as possible with the works, of which approx. £17k can be carried out this year (subject to supplementary estimate being allowed).** The remainder of the works to be carried out next year are estimated at £27k. In future years the cost of managing this risk forward can be met from existing resources.

In the last three years 17 Fire Risk Assessments (FRAs) have been undertaken, covering the main civic buildings. To date, most of the remedial work identified in the FRAs has not been undertaken, and although some of the work is not urgent, some is. In 2006 the regulations on fire safety are set to change – the old Fire Certificate will essentially be replaced by a recent and actioned FRA. It is considered essential that the urgent remedial works identified in FRAs are now undertaken, so that Fire Risk is properly managed and so that our buildings comply with the fire safety regulations. The cost of these works across all the buildings is estimated at £25k. **It is intended to proceed as soon as possible with the works of which approx. £9k can be completed in this year (subject to supplementary estimate)** and the remainder to be carried out next year at an estimated cost of £16k. Thereafter, forward management costs, for FRAs and future works, should be able to be met from within existing maintenance budgets.

It is 5 years since the civic buildings were surveyed for the presence of Asbestos Containing Materials (ACMs). The Asbestos Register produced then is the main tool for managing the risk from ACMs and the register now needs to be updated. It is intended to proceed with the re-visiting identified locations of ACMs, to assess their condition and then to undertake any remedial work required. It may be that this programme can be carried through using existing resources but it is considered prudent to put a budget in place of £10k so as not inhibit the ordering of any work which might be discovered to be an urgent health and safety matter. **For this year and the next a £5k funding is requested.**

Further Information

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CABINET – 1 FEBRUARY 2006

SHORTFALL IN INCOME FROM SPECIAL COLLECTIONS**1. INTRODUCTION**

- 1.1 There is a requirement for supplementary funding owing to a shortfall in income from special refuse collections. The charge for special collections in 2005/06 is £15 per collection plus £4.00 for each additional item. For fridges there is an additional charge of £21 each.
- 1.2 This follows on from supplementary requests reported earlier in the financial year as a result of a reduction in the number of special collections of bulky household waste carried out by the Council.
- 1.3 The shortfall in income from Special Collections became apparent early in 2005/06. On 3 August 2005 Cabinet approved £9,000 supplementary funding and on 5 October 2005 a further £8,000 was approved by Cabinet.

2. BACKGROUND

- 2.1 The Council carried out 5,351 Special Collections in 2003/04 and 5,105 Special Collections in 2004/05. From April to December 2005 the Council carried out 3,415 Special Collections. The out turn for 2005/06 is expected to be approximately 4,700 Special Collections.
- 2.2 There are two main reasons for the decline in the number of Special Collections:
 - 2.2.1 A general reduction in consumer spending in 2005 has affected the purchase of new furniture and white goods etc. This year, New Forest residents appear to have fewer bulky items to dispose of.
 - 2.2.2 The new charges introduced in April 2005 are generally higher than the charges for Special Collections in 2004/05. This has caused a reduction in demand for the service.
 - 2.2.3 The new charging structure introduced in April 2005 includes a charge of £4 for each additional item. This has tended to discourage New Forest residents from disposing of large numbers of items. There is evidence that there are now fewer items per collection and hence a reduction in income.

3. FINANCIAL IMPLICATIONS

- 3.1 The budget for income from Special Collections for 2005/06 is £117,000. The out turn income for 2005/06 is expected to be approximately £83,300.

3.2 This report requests Cabinet to approve an additional £17,000 supplementary funding to cover the continued shortfall in income from Special Collections. The total supplementary funding for 2005/06 amounts to £34,000. This reduced level of income from Special Collections has been included in the 2006/07 Expenditure Plan.

4. ENVIRONMENTAL IMPLICATIONS

4.1 There are no environmental implications arising from this report.

5. CRIME AND DISORDER IMPLICATIONS

5.1 There are no crime and disorder implications arising from this report.

6. RECOMMENDATIONS

6.1 That Members recommend Council to approve a supplementary request of £17,000 to cover the shortfall in income from Special Collections.

FURTHER INFORMATION

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BACKGROUND PAPERS

Cabinet – 3 August 2005
Report - C

Cabinet - 5 October 2005
Report - E