



FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD APRIL 2006 TO OCTOBER 2006

1. INTRODUCTION

- 1.1 This report sets out the forecast budget variations of all Portfolios and Committees from the approved original estimates for 2006/07.
- 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.

2. GENERAL FUND (APPENDIX 1)

- 2.1 Total new variations to October show an estimated increase in expenditure of £5,000, bringing the total reported variations for the year to a net decrease in expenditure of £26,000.
- 2.2 Excluding budget virements, the major variations are listed below, but full details are set out in Appendix 1.

VARIATIONS	£'000
Concessionary Travel (Economy & Planning)	-70
Land Charges (Economy & Planning)	-45
Cemeteries (Environment)	-35
Clean Neighbourhoods & Environment (Environment)	15
Homeless Assistance (Housing)	30
Administration (Health and Social Inclusion)	-198
Health and Leisure Centres – see Appendix 4 (Leisure)	206
Visitor Information Centres – see Appendix 5 (Leisure)	50
Planning Fees (Planning Development Control)	52
Commercial Services	20
Other	-20
Total	5

- 2.3 Appendix 1 shows that actual expenditure, at the end of August, is £458,000 below the profiled budget expenditure. This is partly offset by outstanding commitments of £333,000.

3. CAPITAL EXPENDITURE (APPENDIX 2)

3.1 Other Services (Excluding Housing)

3.1.1 New variations show an increase in 2006/07 expenditure of £8,000, but excluding items of rephasing, virement, developers' contributions and external funding, there is an increased call on the Council's capital resources of £106,000. The expenditure decrease is summarised in the table below:

VARIATIONS	£'000
Leisure Equipment Budgets (Leisure)	-103
Ringwood HLC (Leisure)	12
Eling Tide Mill / Calshot Beach Huts – see App 6 (Leisure)	51
Cannon Street Car Park (Economy & Planning)	-24
IT Equipment (Finance & Efficiency)	73
Other	-1
Total	8

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
Rephasing from/to future years	-94
External Funding	-4
Variations falling on Council's Capital Resources	106
Total	8

3.2 Housing

3.2.1 Reported variations show a decrease in 2006/07 expenditure of £950,000.

VARIATIONS	£'000
Social Housing Grant	-950
Total	-950

3.2.2 The table on the following page provides an overview of the funding implications of the variations.

IMPACT ON CAPITAL RESOURCES	£'000
Rephasing to future years	-950
Total	-950

4. HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 Reported variations show a reduction of £106,000 in the overall planned 2006/07 expenditure.

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

VARIATIONS	£'000
Supervision & Management	-50
Other Income / Capital Financing Costs	-56
Total	-106

4.3 Appendix 3 shows that the actual net surplus at the end of October is £423,000 ahead of the profiled budget surplus, but this is more than offset by outstanding commitments of £974,000.

5. COMMERCIAL SERVICES

5.1 The current Commercial Services budget surplus target on General Fund activities is £52k. Performance to date indicates a shortfall against this target and a supplementary estimate in the sum of £20,000 is therefore requested, to reduce the target to £32,000. Full background details are shown in Appendix 7.

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 supplementary estimates of
 - £206,000 for Health & Leisure Centres
 - £50,000 for Visitor Information Centres
 - £52,000 for Planning Income
- b) approve the revised capital expenditure programme, as set out in Appendix 2 and recommend Council to approve supplementary estimates of
 - £73,000 for ICT software for Environmental Health & Licensing

- c) approve the revised Housing Revenue Account programme, as set out in Appendix 3.
 - d) note the financial position of Commercial Services, as set out in section 5 of this report.
 - d) 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.
- 8.2 It is recommended that Council note that, in accordance with financial regulation 1.3, the Director of Resources has suspended financial regulations, in order that additional capital expenditure of £57,000 can be incurred on the Eling Tide Mill capital scheme and to enable £73,000 to be incurred on ICT software enhancement for the Environmental Health and Licensing functions.

For Further Information Contact

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

FORECAST GENERAL FUND FULL YEAR REVENUE EXPENDITURE
2006/07
AND ACTUAL FOR THE PERIOD APRIL 2006 TO OCTOBER 2006

	FULL YEAR FORECAST					PERFORMANCE TO OCTOBER				Outstanding Commitment £000s
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	Notes	Profiled Budget £000s	Actual to Date £000s	Actual to Profiled £000s	% of Profile Spent	
Finance & Efficiency-Direct	5295	-83	-9	5203	1	2930	2829	-101	97	20
Finance & Efficiency-Holding	0	0	0	0	2	0	0	0	0	0
Crime & Disorder	678	0	0	678	3	424	430	6	101	1
Economy & Planning	2290	-88	-115	2087	4	632	334	-298	53	45
Environment	6111	37	-20	6128	5	3580	3506	-74	98	31
Housing	1401	-27	30	1404	6	696	716	20	103	11
Health & Social Inclusion	1617	-14	-207	1396	7	885	866	-19	98	8
Leisure	2875	188	256	3319	8	2219	2261	42	102	215
General Purpose & Licensing	569	-10	-2	557	9	368	343	-25	93	0
Planning Development Control	842	81	52	975	10	395	386	-9	98	2
Business Unit Asset Rentals	-1025	0		-1025						
Service Expenditure	20653	84	-15	20722		12129	11671	-458	96	333
Capital Financing Provision	769	54		823	11					
Vehicles & Equipment Provision	633	-1		632	12					
Interest Earnings	-1000	-70		-1070	13					
Net Expenditure	21055	67	-15	21107		12129	11671	-458	96	333
Transfer to (from) Comm. Servs	-52	0	20	-32	14					
Transfer to (from) Rev. Res.	0	-98		-98	15					
Transfers to (from) Cap Programme	0	31	-5	26						
TOTAL REVENUE	21003	0	0	21003		12129	11671	-458	96	333

New Variations – General Fund Revenue Expenditure

£000

1. Finance & Efficiency – Direct

- a) **Member's Expenses (BRO R Rutins)** – This budget is no longer required due to equipment purchase savings following the inclusion of Member's PC replacements in the ICT programme.

-9

-9

2. Finance & Efficiency – Holding Accounts

- a) No new variations to report.

3. Crime & Disorder

- a) No new variations to report.

4. Economy & Planning

- a) **Concessionary Travel (BRO G Miles)** – It is projected that the expenditure on the new local travel vouchers will be a further £70k less than anticipated because more people aged over 60 and the disabled have opted for the free Farepass instead.

-70

	£000
b) Land Charges (BRO C Elliott) – Due to the level of applications, further additional income of £45k has been received. It is not known whether this level of activity will continue.	-45
	<u>-115</u>
5. Environment	
a) Cemeteries (BRO C Read) – The last 2 years have seen an increase in people purchasing the exclusive right to burial, resulting in estimated additional income of £15k. Also, due to an increase in burials, a £20k increase in income is anticipated from interment fees.	-35
b) Clean Neighbourhoods & The Environment (BRO G Miles) – A £15k supplementary estimate was approved at Cabinet on 1 November for costs relating to the implementation of the Clean Neighbourhoods and Environment Act.	15
	<u>-20</u>
6. Housing	
a) Homeless Assistance (BRO G Spawton) – The homelessness budget has been reduced in recent years as a result of the work carried out by the Council on homelessness prevention, which has helped to reduce the use of bed and breakfast accommodation. Recent months have however seen a significant increase in B & B useage, reflecting a worsening housing situation. This, together with current problems with the private sector leasing scheme, has resulted in an expected overall additional expenditure need of £30k. It is hoped that the in house leasing scheme, which is currently being developed, will counteract this expenditure pressure and depending on its success a reduction of the overspend may be achievable later in the year. An update will be provided as soon as the actual impact can be assessed.	30
	<u>30</u>
7. Health & Social Inclusion	
a) Administration (BRO A Righton) – The Wessex Slaughterhouses Board, of which NFDC was a constituent Authority, was dissolved on 1 st April 1981. The Council has just received £198,000 following the distribution of surplus funds being held by Southampton City Council, to cover future pension liabilities.	-198
b) Administration / Dog Warden (BRO - Various) – Savings of £9k have been identified in Environmental Health Services, which are being used to part fund the cost of the new Acolaid system for Environmental Health and Licensing, as detailed in Appendix 2 (capital expenditure).	-9
	<u>-207</u>
8. Leisure	
a) Health and Leisure Centres / Dibden Golf Centre (BRO B Millard) – Supplementary funding of £206k is required across the Health and Leisure Centres and Dibden Golf Centre. Full details of this are contained in appendix 4.	206
b) Visitor Information Centres / Tourism (BRO M Devine) – Supplementary funding of £50k is required for various Tourism budgets. Full details are provided in Appendix 5.	50
	<u>256</u>
9. General Purposes and Licensing	
a) Public Entertainment Licences (BRO M Powell) – Savings of £1.5k have been identified in Licensing Services, which are being used to part fund the cost of new Acolaid system for Environmental Health and Licensing, as detailed in Appendix 2 (capital expenditure).	-2
	<u>-2</u>
10. Planning Development Control	
a) Planning Fees (BRO C Elliott) – A shortfall in Planning Fee Income of £52k was reported to the Planning Development Control Committee in November. This shortfall is mainly due to April and May being very quiet months following a surge in applications being submitted earlier in the year before the National Park Authority took on its planning responsibilities.	52
	<u>52</u>
14. Commercial Services	
a) Details of a £20k supplementary estimate are reported in the main report (section 5), with full details shown in Appendix 7.	20
	<u>20</u>
TOTAL ALL NEW VARIATIONS (REVENUE)	<u><u>5</u></u>

**FORECAST FULL YEAR CAPITAL EXPENDITURE 2006/07
AND ACTUAL FOR THE PERIOD APRIL 2006 TO OCTOBER 2006**

	FULL YEAR FORECAST					PERFORMANCE TO OCTOBER				Outstanding Commitment
	Original Budget	Previous Variations	New Variations	Forecast Outturn	Notes	Profiled Budget	Actual to Date	Actual to Profiled	% of Profile Spent	
	£000s	£000s	£000s	£000s		£000s	£000s	£000s		£000s
Finance & Efficiency	2206	924	72	3202	1	1854	1417	-437	76	244
Crime & Disorder	0	21	0	21	2	0	0	0	0	0
Economy & Planning	551	-162	-24	365	3	230	26	-204	11	2
Environment	263	88	0	351	4	204	84	-120	41	2
Env (Coastal Protection)	1674	-734	0	940	5	534	347	-187	65	179
Health & Social Inclusion	0	27	0	27	6	0	0	0	0	0
Leisure	1117	532	-40	1609	7	743	489	-254	66	102
Leisure Developers Contrib.	178	416	0	594	8	266	258	-8	97	0
Subtotal Other Services	5989	1112	8	7109		3831	2621	-1210	68	529
Housing-Private Sector	2117	195	-950	1362	9	1349	298	-1051	22	0
Housing-Public Sector	5279	135	0	5414	10	2376	2300	-76	97	588
Subtotal Housing	7396	330	-950	6776		3725	2598	-1127	70	588
TOTAL CAPITAL	13385	1442	-942	13885		7556	5219	-2337	69	1117

New Variations – Capital Expenditure

1. Finance & Efficiency

- a) **Vehicles & Plant (BRO - Various)** – The £6,000 additional cost, in excess of insurance payout, of a new vehicle to replace a written off van and a new van for Critical Ordinary Watercourses work (£15k) is more than offset by a budget reduction of £22,000 for 2 new car parking vans which were purchased in 05/06 rather than 06/07.
- b) **IT Equipment (BRO - Various)** – This reflects the cost of the Plantec Acolaid software module enhancement for the Environmental Health and Licensing functions. Financial Regulations were suspended to enable this project to be carried out alongside the implementation of the planning system.
- c) **Town Hall Lymington (BRO – P Freeman)** – The cost of suspended floor works in ICT was less than anticipated.
- d) **New Milton Offices (BRO – P Freeman)** – The budget provision for the retention payment of £14k was insufficient.

2. Crime & Disorder

- a) No new variations to report.

3. Economy & Planning

- a) **Cannon Street Car Park (BRO J Bull)** – This scheme has been deleted from the capital programme due to difficulties relating to an appropriate layout for the scheme, which would not impact unduly on neighbouring properties. The scheme was to be funded by developers' contributions.

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
-1			-1
73			73
-7			-7
7			7
72	0	0	72
0	0	-24	-24

4. Environment

- a) No new variations to report.

5. Environment – Coastal Protection

- a) No new variations to report.

6. Health & Social Inclusion

- a) No new variations to report

7. Leisure

- a) **Equipment (BRO B Millard)** – Various pieces of capital equipment due for purchase have had their replacement cycles reviewed and this has led to some rephasing of budget allocations:

- Brought forward to 2006/07 £11k
- Rephased into future years -£105k

- b) **Equipment (BRO B Millard)** – Reductions of £9k are possible due to savings on purchase or due to items no longer being required.
- c) **Ringwood H&LC – Boiler (BRO B Millard)** – An overspend is due to more extensive building works being required, more expensive control mechanisms and the need to dispose of asbestos found during installation.
- d) **Eling Tide Mill / Calshot Beach Huts (BRO M Devine)** – Additional funding of £57k (see Appendix 6) is required for this scheme. £20k of the total will be covered by grant from the Environment Agency and £6k through a virement from the Calshot Beach huts scheme. Financial regulations were suspended to allow expenditure to go ahead.

8. Leisure – Developers Contributions

- a) No new variations to report.

TOTAL VARIATION (CAPITAL – OTHER SERVICES)**9. Housing – Private Sector**

- a) **Social Housing Grant (BRO L Croker)** – As a consequence of the Housing Corporation not fully utilising their grant funding from previous years, they have introduced an 'interim' bid round to fund social housing schemes in the New Forest and throughout the South East region. This has meant that RSL's have not called upon our grant funding as they normally would. Funding of £950,000 can therefore be rephased to 2007/08, when we expect the RSL grant requests to increase as the Housing Corporation funding runs out.

10. Housing – Public Sector

- a) No new variations to report.

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

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
	-94		-94
-9			-9
12			12
31		20	51
34	-94	20	-40
106	-94	-4	8
	-950		-950
0	-950	0	-950
0	-950	0	-950
106	-1044	-4	-942

**FORECAST FULL YEAR HOUSING REVENUE ACCOUNT
EXPENDITURE 2006/07
AND ACTUAL FOR THE PERIOD APRIL 2006 TO OCTOBER 2006**

	FULL YEAR FORECAST					PERFORMANCE TO OCTOBER				
	Original Budget	Previous Variations	New Variations	Forecast Outturn	Notes	Profiled Budget	Actual to Date	Actual to Profiled	% of Profile Spent	Outstanding Commitment
	£000s	£000s	£000s	£000s		£000s	£000s	£000s		£000s
Dwelling Rent Income	-18076	0		-18076		-10428	-10471	-43	100	0
Other Rent Income	-618	0		-618		-356	-345	11	97	0
Service Charge Income	-1225	0		-1225		-707	-663	44	94	0
Other Subsidy	6299	0		6299		3780	3752	-28	99	0
Other Income	-704	0	-59	-763	2	-463	-470	-7	102	0
Total Income	-14324	0	-59	-14383		-8174	-8197	-23	100	0
Reactive Maintenance	1800	0		1800		900	901	1	100	336
Cyclical Maintenance/DFG	1553	0		1553		851	689	-162	81	46
Supervision & Management	4917	0	-50	4867	1	2800	2579	-221	92	5
Rent Rebates	223	0		223		130	136	6	105	0
Revenue Cont. to Major Repairs	1996	0		1996		898	898	0	100	0
Capital Financing Costs	379	0	3	382	2	88	139	51	158	0
Major Repairs	3283	0		3283		1477	1402	-75	95	587
Other Expenditure	56	0		56		44	44	0	100	0
Capital Expenditure charged to Revenue	0	0		0		0	0	0	0	0
TOTAL EXPENDITURE	14207	0	-47	14160		7188	6788	-400	94	974
Deficit/Surplus (-)	-117	0	-106	-223		-986	-1409	-423		974

New Variations – Housing Revenue Account

	£000
1. Supervision & Management (BRO D Brown) – Due to the restructuring of the service, savings of £50k have been achieved to date.	-50
2. Other Income / Capital Financing Costs (BRO D Brown) – An increase of £56k in net interest earnings is projected due to increased interest rate expectations and revised balances.	-56
	<u><u>-106</u></u>

Health and Leisure Centres Supplementary Funding Request

Expenditure

Pool Safety Operating Procedure (PSOP) (£40k).

Following an incident at Totton Health and Leisure and a subsequent investigation and report by the Health & Safety Executive (HSE) the Centres have revised their safety standards mainly in relation to Centre based and HCC School swimming lessons.

The number of lifeguards for lessons has increased and the supplementary estimate is required to cover those costs to the value of £40,000. However there are a number of issues that members should be aware of:

1. The additional costs associated with the Centre run swimming lessons will reduce as those costs are passed on to the customer through price increases, but this has not been possible this year given the introduction of the new swim academy structure.
2. With regard to the additional costs associated with school lessons this is still being borne by the Council pending;
 - Discussions between HCC and the HSE regarding the County Council's safety standards.
 - Discussions between the Council and HCC regarding the funding of any additional costs to the schools.

Dibden Plant Maintenance Budget (£5k)

The plant maintenance budget has been reduced by £20,000 over the last 2 years and a review of the current position indicates that the cost of maintaining the existing plant and vehicles in this year will exceed the budgetary provision by £5,000.

Applemore Health and Leisure Centre Insurance Claim (£5k)

Applemore Health and Leisure centre recently had an insurance claim which resulted in NFDC having to pay the excess of £4,700. The claim came about after a young lad broke his leg caused by a football goal collapsing which should have been affixed to the wall in the sports hall.

Income

Dibden golf Centre (£20,000)

Business trends in 2006/07 show an ongoing shortfall of income against target, the main factors in which are;

- Pressure on disposable income as the housing market recovers and utility prices increase.
- The numbers of new golfers is now decreasing.
- New golf courses continue to open.
- Private and proprietary clubs become more price competitive and focus on increasing market share.

Health and Leisure Centres (£118,000)

The main activity which shows a shortfall against targeted income is Health and Fitness although swimming also shows some underachievement.

The main reasons are;

APPENDIX 4

- The 3 Centres involved are in the latter stages of the 5 year gym lifecycle when the product is not at its best and income is most vulnerable to competition.
- Increased competition in the market e.g. Romsey Rapids.
- Competitors are becoming increasingly price competitive as they seek to maintain/increase market share.
- There is increasing pressure on disposable income through the resurgent housing market and high utility prices.

Applemore Pool closure (£6,500)

There will be an unscheduled pool closure at Applemore for 3 weeks in November/December which will result in a loss of income for which no budget provision has been made.

Kids For Life (£12,000)

Traditionally the Centres have managed and run their own holiday programmes although demand and therefore profitability has varied. Following a successful pilot at one of the Centres it was decided to deliver the programme at 3 of the sites jointly with a private sector company 'Kids for Life'. Although the programme operated successfully a change to the organisations funding base has meant they have gone into administration still owing the Council £12,000.

TOURISM SUPPLEMENTARY ESTIMATE

2006/07

The supplementary estimate items are listed below with a short note on each item. None of the items are related to growth, in the sense of additional costs for new services. These issues have been behind recurring supplementary estimates in previous years (<£34K in 05/06). The review of the service has identified the source of these overspends and rather than wait until the year end, the needs have been brought forward now.

Concurrently, the work on the Review continues and delivery of the service examined with a view to containing and where possible reducing costs in 07/08.

ITEM	COST	NOTES
PR budget	15,000	This sum was proposed after discussions at the start of the financial year - in the wake of the response to the original Expenditure Plan proposal to reduce the PR budget from £25K to nil. It is the basis of the current SLA with PRU.
Books income	15,000	Additional income was profiled from a new initiative with Red Post Books. Unfortunately all the income was credited in one year (£19.8K) when it should have been spread over the period of the Expenditure Plan (4 years x £5,000 income)
Ticket commission income	20,000	Historic miscalculation in the proportion of ticket income earned as commission. (Current target £26K when in practice it is £6K)
	50,000	
Employee costs	10,000	There will be an overspend in employee costs but these can be funded by under spends elsewhere within the Service.

Eling Tide Mill

	£	£	
Original Budget	- 116,000		
Supplementary Estimate	- 102,100		
		<u>- 218,100</u>	
Spend to Date;	See Details sheet	95,230	
Outstanding to Date;	Commitments to Existing project	4,000	Commitment
	Sea gates Work	129,000	Tender cost
	All fees	21,000	Consultants / closures / Property Services
	Operating Platform	9,000	
	A & S Scaffolding	1,000	Hire cost extended to fit project timescales
	Contingency	16,000	10% of project costs for this phase
		<u>275,230</u>	
Total Overspend		<u>57,130</u>	
Partially offset by virement from Calshot Beach huts scheme;		- 6,000	
Contribution from Environment Agency		<u>- 20,000</u>	
Supplementary Required		<u><u>31,130</u></u>	

[j:l:m:etm:works:sea gates:AB capital 101208 - Eling Tide Mill v CAB BRF]

Commercial Services Funding Request

The last financial monitoring report to Cabinet on 4 Oct 2006 identified a possible shortfall against the Commercial Services surplus target of £52,000 and that further details would be given in the next financial monitoring report.

A review of the current financial position confirms that there is still likely to be a shortfall. The reason for this is primarily due to the erosion of financial margins on work undertaken by the Engineering Works section under the Highways Term Maintenance contract. 2005/06 realised a surplus of £28,000 for this work but latest estimates indicate a likely break even year end position in 2006/07 for this area of work. This reduction will however be offset by a number of new external contracts, recently awarded to the Engineering Works section, on which surpluses of £8,000 have been budgeted for in the tender sum.

A supplementary estimate in the sum of £20,000 is therefore requested, to reduce the Commercial Services surplus target to £32,000.