

FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD APRIL 2007 TO OCTOBER 2007

1 INTRODUCTION

- 1.1 This report sets out the forecast budget variations of all Portfolios and Committees from the approved original estimates for 2007/08.
- 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.** 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 £50,000, must also be approved by Council at their next meeting.

2 GENERAL FUND (APPENDIX 1)

- 2.1 Total new variations to October show an estimated increase in net expenditure of £248,000, bringing the total reported variations for the year to a net increase in expenditure of £287,000.
- 2.2 Excluding budget virements, the major variations are listed below, but full details are set out in Appendix 1. Separate reports are furthermore attached in Appendix 4 (Concessionary Travel) and in Appendix 5 (Refuse Collection, Waste & Recycling and Street Scene).

VARIATIONS	£'000	£'000
Health Development (Emp., Health & Wellbeing)		-15
Homelessness Assistance (Housing)		20
Dibden Golf Centre Catering (Leisure)		15
Concessionary Travel (Plan. & Transp.)		54
One Site Project (Finance & Efficiency)		50
Refuse Collection (Environment)	62	
Waste & Recycling (Environment)	-17	
Street Scene (Environment)	34	79
Cemeteries (Environment)		36
Public Conveniences (Environment)		9
Other		0
Total		248

- 2.3 Appendix 1 shows that actual expenditure at the end of October is £452,000 below the profiled budget expenditure, but this is to a large extent offset by outstanding commitments of £361,000.

3 CAPITAL EXPENDITURE (APPENDIX 2)

3.1 Other Services (Excluding Housing)

- 3.1.1 New variations show a decrease in 2007/08 expenditure of £147,000, but excluding items of rephasing, virement, developers' contributions and external funding, there is an increased call on the Council's capital resources of £120,000. The new variations are summarised in the table below:

VARIATIONS	£'000	£'000
Rephasings to 08/09 or 09/10:		
North Solent SMP (Environment)	-25	
Totton Town Centre / Town Centre Regeneration (Planning&Transportation)	-210	
HLC Equipment (Leisure)	-22	
Eling Tide Mill (Leisure)	-10	-267
Public Convenience – Library Rd Totton (Env.)		25
Public Convenience - Barton		50
Information Technology (Finance&Efficiency)		-44
Applemore HLC Roof Repairs (Leisure)		61
Dibden – Fox Hills Cottage (Leisure)		28
Total		<u>-147</u>

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 to 08/09 or 09/10	-267
Variations funded through Developers' Contributions	0
Variations matched by movement in external resources	0
Transfer from Revenue	0
Variations falling on Council's Capital Resources	120
Total	<u>-147</u>

3.2 Housing

3.2.1 New variations show a decrease in expenditure of £638,000 in this period and as a result there is a reduced call on the Council's capital resources of £638,000.

VARIATIONS	£'000
Social Housing Grant	-638
Total	-638

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	-638
Total	-638

4 CAPITAL RECEIPTS

4.1 The Council has recently obtained capital receipts of £327,000, which will provide additional funding for its capital programme. Details of the receipts are shown below

Auction Proceeds:

	£'000
Brockenhurst Public Convenience	110
Blackfield Public Convenience	36
Yew Lea Cadnam (Housing)	161
Total	307

Other Proceeds:

	£'000
Lyndhurst Car Park Easement	20
Total	20

5 HOUSING REVENUE ACCOUNT (APPENDIX 3)

5.1 No variations are reported for the last period and as a result there is no change in the planned 2007/08 expenditure at this stage.

5.2 Appendix 3 shows the actual net surplus at the end of October to be £1.882m greater than the profiled budget surplus. There are however outstanding commitments of £1.476m in respect of maintenance expenditure, which will offset a substantial part of the current variation.

6 COMMERCIAL SERVICES

6.1 The current Commercial Services budget surplus target on General Fund Activities is £22k. Performance to date does not require any change in the forecast surplus.

7 CRIME AND DISORDER IMPLICATIONS

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

8 ENVIRONMENTAL IMPLICATIONS

8.1 There are no environmental implications arising directly from this report.

9 RECOMMENDATIONS

9.1 It is recommended that Members:-

- a) approve the items set out in the revised General Fund budget in Appendix 1.
- b) approve the revised capital expenditure as set out in Appendix 2.
- c) recommend Council to approve supplementary estimates of
 - £62k in respect of additional costs relating to refuse collection (this is included within the overall £79k analysis covering Refuse Collection, Waste & Recycling and Street Scene in Appendix 5)
 - £54k in respect of additional concessionary travel scheme costs (see separate report in Appendix 4).
- d) note the capital receipts reported in section 4 of this report.
- e) note the financial position of Commercial Services as set out in section 6 of this report.
- f) 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 2007/08
AND ACTUAL FOR THE PERIOD APRIL 2007 TO OCTOBER 2007**

	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
Crime & Disorder	741	-23		718	1	491	437	-54	89	4
Employment, Health & Wellbeing	2320	-31	-20	2269	2	1083	935	-148	86	12
Environment	6231	6	124	6361	3	3713	3703	-10	100	30
Finance & Efficiency-Direct	4845	-19	55	4881	4	4155	4107	-48	99	42
Finance & Efficiency-Holding	0			0	5	0	0	0	0	
General Purposes & Licensing	659			659	6	411	502	91	122	4
Housing	1435		20	1455	7	716	606	-110	85	10
Leisure, Culture & Youth	2905	89	15	3009	8	1946	1990	44	102	194
Planning Development Control	930	138		1068	9	485	665	180	137	19
Planning & Transportation	2102	264	54	2420	10	941	544	-397	58	46
Business Unit Asset Rentals	-1115			-1115					0	
Service Expenditure	21053	424	248	21725		13941	13489	-452	97	361
Capital Financing Provision	669	23		692	11					
Vehicles & Equipment Provision	1161	-15		1146	12					
Interest Earnings	-1135	-229		-1364	13					
Net Expenditure	21748	203	248	22199		13941	13489	-452	97	361
Transfer to (from) Comm. Servs	-22	0		-22	14					
Transfer to (from) Rev. Res.	0	-164		-164	15					
Transfers to (from) Cap Programme	0	-39	-248	-287						
TOTAL REVENUE	21726	0	0	21726		13941	13489	-452	97	361

New Variations – General Fund Revenue Expenditure

£000 £000

1. Crime & Disorder

a) No new variations to report

0

0**2. Employment, Health & Wellbeing**a) **Health Development (BRO A Righton)** – A replacement Health Development Manager has now been appointed, but salary underspends together with the effect on project work will generate a further underspend of £15k.

-15

b) **Environmental Health (BRO A Righton)** – Savings on the consultants budget are expected to lead to an underspend of £5k.

-5

-20**3. Environment**a) **Refuse Collection / Waste Recycling / Street Scene (BRO C Read)** - An increase in the price of oil has impacted on the production costs for refuse and recycling sacks.

9

b) **Refuse Collection / Waste Recycling / Street Scene (BRO C Read)** - A shortfall in special collection income is projected due to a downturn in demand.

18

c) **Refuse Collection / Waste Recycling / Street Scene (BRO C Read)** - Additional employee costs for refuse and recycling (£50k) and street scene (£30k) are due to increases in the materials collected and long term issues relating to sickness and overtime. These will be partly offset by additional glass collection income of £20k and increased receipts from other recyclable materials (£25k), leaving a net projected shortfall of £35k.

35

	£000	£000
d) Refuse Collection / Waste Recycling / Street Scene (BRO C Read) – The 2007/08 financial year incorporates two Easter holiday periods. This will result in additional costs of £17,000 for the refuse collection and recycling services, which will be compensated for in 2008/09 as no Easter period falls in that year.	17	79
e) Cemeteries (BRO C Read) – After 2 exceptional years the demand for internment has fallen back to its previous level. This has resulted in a projected shortfall against the budgeted income of £36k.		36
f) Public Conveniences (BRO C Read) – Three years ago the installation of an automatic locking system was agreed resulting in savings of £20k. Due to anti social behaviour this system has not proved as robust as necessary and some facilities have to be locked manually, leading to additional costs of £9k.		9
		124
<u>4. Finance & Efficiency</u>		
a) Claymeadow Depot (BRO P Freeman) – Replacement of red diesel tank at Totton depot with new bunded tank in order to address substantial risk of a leak discharging to water course.		5
b) One Site Project (BRO J Mascall) – A budget of £50k is requested for the employment of consultants to work with officers on design and planning options for one site office accommodation.		50
		55
<u>5. Finance & Efficiency (Holding)</u>		
a) No new variations to report		0
		0
<u>6. General Purposes and Licensing</u>		
a) No new variations to report		0
		0
<u>7. Housing</u>		
a) Homelessness Assistance (BRO G Spawton) – Homeless applicants in temporary accommodation are waiting for longer periods for permanent housing due to waiting lists. This results in insufficient available temporary stock and results in pressure on the B&B budget.		20
		20
<u>8. Leisure, Culture & Youth</u>		
a) Dibden Golf Centre Catering (BRO S Plumridge) – Sales are currently £23k behind budget due to a variety of reasons (e.g. refurbishment closure and poor weather conditions in the summer). The reduced income is partly offset by reduced purchases expenditure of £8k.		15
		15
<u>9. Planning Development Control</u>		
a) No new variations to report		0
		0
<u>10. Planning & Transportation</u>		
a) Concessionary Travel (BRO G Miles) – Please see report attached as Appendix 4.		54
		54
<u>11. Capital Financing Provision</u>		
a) No new variations to report		0
		0
<u>12. Vehicles and Equipment Provision (BRO K Green)</u>		
a) No new variations to report		0
		0
<u>13. Interest Earnings (BRO K Green)</u>		
a) No new variations to report		0
		0
<u>14. Commercial Services</u>		
a) No new variations to report		0
		0

	£000	£000
<u>15. Transfers to/from (-) Revenue Reserves</u>		
a) No new variations to report		<u>0</u>
		0
TOTAL ALL NEW VARIATIONS (REVENUE)		<u>248</u>

**FORECAST FULL YEAR CAPITAL EXPENDITURE 2007/08
AND ACTUAL FOR THE PERIOD APRIL 2007 TO OCTOBER 2007**

	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	
Crime & Disorder	0	0	0	0	1	0	0	0	0	0
Employment, Health & Wellbeing	22	35	0	57	2	40	0	-40	0	2
Environment	237	-4	75	308	3	47	37	-10	79	0
Env (Coastal Protection)	2706	-1582	-25	1099	4	628	620	-8	99	41
Finance & Efficiency	2084	1270	-44	3310	5	2047	1423	-624	70	1018
Leisure, Culture & Youth	1773	246	57	2076	6	784	626	-158	80	86
Leisure C&Y - Developers Contrib.	150	271	0	421	7	160	184	24	115	0
Planning & Transportation	369	405	-210	564	8	495	455	-40	92	26
Subtotal Other Services	7341	641	-147	7835		4201	3345	-856	80	1173
Housing-Private Sector	3067	284	-638	2713	9	569	590	21	104	0
Housing-Public Sector	5343	0	0	5343	10	1888	963	-925	51	651
Subtotal Housing	8410	284	-638	8056		2457	1553	-904	63	651
TOTAL CAPITAL	15751	925	-785	15891		6658	4898	-1760	74	1824

New Variations – Capital Expenditure

1. Crime & Disorder

- a) No new variations to report

2. Employment, Health & Wellbeing

- a) No new variations to report

3. Environment

- a) **Public Convenience, Library Road, Totton (BRO D Wright) –**

Since the initial cost assessment, material costs have risen sharply and a total scheme cost of £262k is now projected. As a result, a supplementary estimate of £25k is required.

- b) **Toilet Unit – Barton on Sea (BRO C Read) –** It is proposed that £25k planned for investment in 08/09 to replace the facility to meet DDA requirements is brought forward and combined with work to replace the foul sewage system (£25k), which is no longer functioning and which had led to closure. This change in the timing of the investment will allow the facilities to be reopened by Easter next year.

4. Environment – Coastal Protection

- a) **North Solent SMP Review (BRO A Bradbury) –** Due to changes in guidance requiring 'appropriate assessments', progress on the scheme will be slower than originally planned and £25k will slip into 2008/09.

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
			0
			0
25	0	0	25
50			50
75	0	0	75
0	-25		-25
0	-25	0	-25

5. Finance & Efficiency

- a) **Information Technology (BRO J Steeds)** - The Planning DIP and Workflow project had been included in the original IT budgets and subsequently in reported slippage. £44k can therefore be removed.

6. Leisure, Culture & Youth

- a) **All HLCs, Equipment (BRO B Millard)** – A few items of capital equipment (value: £22k) are to be rephased to future years, after outliving their initial useful live expectations.
- b) **Applemore HLC (BRO B Millard)** – A £61k supplementary estimate for roof repairs was agreed by Council on 17/09/07.
- c) **Dibden Golf Course (BRO B Millard)** – On 7 November Cabinet approved a supplementary estimate of £28k for works necessary to refurbish Foxhills cottage.
- d) **Eling Tide Mill (BRO M Devine)** – Rephasing of £10k of the Eling Experience project into 08/9 is expected.

7. Leisure – Developers Contributions

- a) No new variations to report

8. Planning & Transportation

- a) **Totton Town Centre (BRO M Devine)** – The timing of the scheme now requires a rephasing of the budget to 08/09.
- b) **Totton Town Centre Regeneration (BRO M Devine)** – In order to keep this scheme in line with the Town Centre scheme above, the Regeneration budget should be rephased to 08/09.

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

- a) **Social Housing Grants (BRO L Croker)** – Due to late approval from the Housing Corporation to provide funding for Social Housing schemes that would otherwise have been funded by NFDC, the budget provision can be reduced by £638,000.

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
-44			-44
-44	-0	0	-44
	-22		-22
61			61
28			28
	-10		-10
89	-32	0	57
			0
0	-100	0	-100
0	-110	0	-110
0	-210	0	-210
120	-267	0	-147
-638	0	0	-638
-638	0	0	-638
0	0	0	0
-638	0	0	-638
-518	-267	0	-785

FORECAST FULL YEAR HOUSING REVENUE ACCOUNT
EXPENDITURE 2007/08
AND ACTUAL FOR THE PERIOD APRIL 2007 TO OCTOBER 2007

	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	-19282	0	0	-19282		-11126	-10957	169	98	0
Other Rent Income	-708	0	0	-708		-408	-377	31	92	0
Service Charge Income	-1172	0	0	-1172		-676	-656	20	97	0
Other Subsidy	6984	0	0	6984		4190	3510	-680	84	0
Other Income	-562	-31	0	-593		-131	-126	5	96	0
Total Income	-14740	-31	0	-14771		-8151	-8606	-455	106	0
Reactive Maintenance	1810	0	0	1810		905	858	-47	95	469
Cyclical Maintenance/DFG	1582	0	0	1582		1055	749	-306	71	353
Supervision & Management	4861	0	0	4861		2835	2698	-137	95	3
Rent Rebates	208	0	0	208		121	125	4	103	0
Funding of Major Repairs	5243	0	0	5243		1853	963	-890	52	651
Environmental Enhancements	100	0	0	100		35	0	-35	0	0
Capital Financing Costs	328	0	0	328		0	0	0	0	0
Other Expenditure	56	0	0	56		42	26	-16	62	0
TOTAL EXPENDITURE	14188	0	0	14188		6846	5419	-1427	79	1476
Deficit/Surplus (-)	-552	-31	0	-583		-1305	-3187	-1882	244	1476

New Variations – Housing Revenue Account

1. No new variations to report

£000
0
0

HAMPSHIRE COUNTYWIDE CONCESSIONARY TRAVEL SCHEME

From 1 April 2006, the Council has had to provide free bus travel for residents aged 60 or over. The basis of reimbursing travel operators for this free travel is still subject to a series of formal appeals. The Secretary of State in his initial appeal determinations has removed the concept of a 'pool cap' and therefore there is now no upper limit on the reimbursement calculation.

MCL transport consultants, for the Hampshire Countywide Scheme have recently advised the 11 participating authorities of a further increase in operator reimbursement costs, reflecting the changing situation in terms of likely final scheme arrangements and experience based on increasing knowledge about actual demand levels. Negotiations for a final reimbursement scheme are meanwhile continuing and Cabinet will be kept informed about further progress and developments in general.

A further supplementary estimate of £54,000 will fully reflect the current situation as outlined above.

Environment Budget Variations

Refuse and Recycling Service:

- (1) There have been a number of factors which have impacted upon the budget this year. An increase in the price of oil has raised the production costs for both refuse and recycling sacks, which now require an additional budget allocation of £9,000.

Action taken: it is recommended in the 2008/09 expenditure plans that we revert from Pink sacks to Black sacks to offset some of these increased costs.

- (2) A shortfall in special collection income, due to a down turn of requests to remove items from households, will require an additional budget allocation £18,000.

Action taken: it is recommended that the pricing structure is changed in the 2008/09 expenditure plans.

- (3) Additional glass collection income of £20,000 has been generated from Project Integra due to an increase in the quantity of glass being collected, but there has been some additional labour and vehicle costs (which has also been reported in this report)

Action taken: to monitor the income received from Project Integra to see if further income can be generated to offset additional collection costs.

- (4) Additional income from Project Integra due to an increase in recyclable materials being collected and a more favourable receipt being received from the sale of the paper, tins and plastics has allowed us to report that we will increase our projected income by £25,000.

As we have two Easter Bank Holiday weekends in 2007-08 there will need to be additional overtime payments to cover the collection of refuse and recycling. This will be offset in 2008-09 as there are no Easter bank holidays in that financial year. £13,000

Additional labour cost for refuse and recycling collections are due to an increase in the quantity of material that we are collecting, as well as some long term issues with sickness and overtime. The increased material has been mainly glass and garden waste especially this year due to the excessive growing season which has resulted in over 600 additional tonnes of Garden Waste being collected. This has resulted in a projected overspend of £30,000 to cover additional overtime which can be partially offset by the additional income from glass collection and the sale of recyclable materials. A further overspend of £20,000 due to staff sickness is also reported.

Action taken: a more robust mechanism for dealing with sickness and ill health is starting to improve the days lost through sickness in this service. Currently this service has only one member of staff on long term sick.

Therefore the overall impact on this service is projected at an additional cost of £45,000.

Street Scene Service

- (1) The street scene service has suffered from some long term sickness issues this year which have now been resolved. It has also been identified that due to the high demand on our bring sites, increased cleansing activities have been required around the bottle banks, which previously have not been budgeted for at a cost of approximately £8,000. This also needs to be considered against the additional income received for glass as previously reported. The use of agency staff to cover the absentees and has resulted in a projected overspend of £22,000.

Action Taken: both members of staff who were on long term sick have subsequently retired.

As we have two Easter Bank Holiday weekends in 2007-08 there will need to be additional overtime payments to cover the street cleaning activities. This will be offset in 2008-09 as there are no Easter bank holidays in that financial year. £4,000

The overall impact on this service is predicted to be £34,000 shortfall in 2007/08.