

FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD APRIL 2007 TO DECEMBER 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 December show an estimated increase in net expenditure of £36,000, increasing the total reported variations for the year to a net increase in expenditure of £323,000. After allowing for the additional receipt of £341,000 in respect of the Local Authority Business Growth Incentive Scheme Grant, which was noted in the October Cabinet report but not included in the table of variations, the overall position is a reduction in anticipated net expenditure of £18,000, which will be transferred to the Capital Programme Reserve.
- 2.2 Excluding budget virements, the major variations are listed below, but full details are set out in Appendix 1.

VARIATIONS	£'000
Food Safety (Employment, Health & Wellbeing)	-45
Land Drainage (Environment) – Appendix 6	37
Enabling Role (Housing)	-8
Homeless Assistance (Housing)	-10
Health and Leisure Centres (Leisure) – Appendix 7	90
Planning Applications (Planning Devel. Control) – Appendix 8	-60
Planning Appeal Costs (Planning Devel. Control)	30
Local Land Charges (Planning & Transportation)	44
Interest Earnings	-64
Commercial Services (see Section 5)	22
Total	36

- 2.3 Appendix 1 shows that actual expenditure at the end of December is £672k below the profiled budget expenditure, but this is partly offset by outstanding commitments of £406k.

3 CAPITAL EXPENDITURE (APPENDIX 2)

3.1 Other Services (Excluding Housing)

- 3.1.1 New variations show a decrease in 2007/08 expenditure of £333,000, but excluding items of rephasing, virement, developers' contributions and external funding, there is an increased call on the Council's capital resources of £53,000. The new variations are summarised in the table below:

VARIATIONS	£'000	£'000
Rephasings (08/09 to 10/11):		
Solent Dynamic Project (Environment)	-24	
Regional Monitoring Phase 2 (Environment)	-421	
Information Technology (Finance&Efficiency)	-154	
Vehicles and Plant (Finance&Efficiency)	-42	
Health and Leisure Centres (Leisure)	-52	
Calshot Slipway (Leisure)	-5	
Dual Use/Joint Provision/Open Space (Leisure)	-125	
Contaminated Land Investigations (EHW)	<u>-55</u>	-878
Solent Dynamic Project (Environment)		33
Regional Monitoring Phase 2 (Environment)		315
Contaminated Land Investigations (EHW)		60
Information Technology (Finance&Efficiency)		-57
Vehicles and Plant (Finance&Efficiency) – Appendix 5		71
Marsh Lane Depot (Finance&Efficiency) – Appendix 4		40
Fuel Monitoring System (Finance&Efficiency)		4
Calshot Slipway (Leisure)		-5
Eling Recreation Ground (Leisure – Developers Contribution)		<u>84</u>
Total		<u>-333</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 - 10/11	-878
Variations funded through Developers' Contributions	84
Variations matched by movement in external resources	408
Transfer from Revenue	0
Variations falling on Council's Capital Resources	<u>53</u>
Total	<u>-333</u>

3.2 Housing

3.2.1 New variations for the period are expected to lead to an underspend on the HRA capital programme in respect of Major Repairs Work of £800,000, whilst there is a need to rephase £1,150,000 of Social Housing Grant resources to reflect the revised phasing within the private sector housing capital programme.

VARIATIONS	£'000
Funding of Major Repairs	-800
Social Housing Grant Rephasing	-1,150
Total	-1,950

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

IMPACT ON CAPITAL RESOURCES	£'000
Variations falling on the Housing Revenue Account	-800
Rephasings to 2008/09	-1,150
Total	-1,950

4 HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 Total new variations to December show an estimated decrease in net expenditure of £575,000, bringing the total reported decrease for the year to £606,000.

4.2 Excluding budget virements, the major variations are listed below, but full details are set out in Appendix 3.

VARIATIONS	£'000
Disabled Facilities Grant	-75
General Management	300
Planned Maintenance	-800
Total	-575

4.3 Appendix 3 shows the actual net surplus at the end of December to be £1.182m greater than the profiled budget surplus. There are however outstanding commitments of £1.718m in respect of maintenance. These commitments are partly reflecting planned maintenance work which will now fall into 2008/09, but the remainder is likely to reduce the current net surplus to fall in line with the variations reported in 4.1 above.

5 COMMERCIAL SERVICES

- 5.1 The current Commercial Services budget surplus target on General Fund Activities is £22k. Pressures on the profitability of works carried out by Engineering Works will result in this target not being achieved. It is estimated that the likely outturn will now be at break even.

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.
- b) approve the revised capital expenditure as set out in Appendix 2.
- c) approve the revised Housing Revenue Account expenditure as set out in Appendix 3.
- d) recommend Council to approve supplementary estimates of
 - £300k in respect of HRA General Management costs, principally relating to one-off costs resulting from Central Control / Sheltered Housing Review redundancy and early retirement costs (Appendix3)
 - £90k in respect of income shortfalls and employee overspends at health and leisure centres (see Appendix 7)
 - £71k in respect of additional costs relating to the vehicle and plant replacement programme (see Appendix 5)
- e) note the financial position of Commercial Services as set out in section 5 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 DECEMBER 2007**

	FULL YEAR FORECAST					PERFORMANCE TO DECEMBER				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	741	-23		718	1	590	514	-76	87	4
Employment, Health & Wellbeing	2320	-51	-45	2224	2	1381	1263	-118	91	7
Environment	6231	130	37	6398	3	4789	4692	-97	98	19
Finance & Efficiency-Direct	4845	36		4881	4	5150	5017	-133	97	45
Finance & Efficiency-Holding	0	0		0	5	0	0	0	0	0
General Purposes & Licensing	659	0		659	6	519	531	12	102	3
Housing	1435	20	-18	1437	7	971	813	-158	84	12
Leisure, Culture & Youth	2905	104	90	3099	8	2593	2553	-40	98	229
Planning Development Control	930	138	-30	1038	9	701	867	166	124	31
Planning & Transportation	2102	318	44	2464	10	1508	1280	-228	85	56
Business Unit Asset Rentals	-1115	0		-1115						
Service Expenditure	21053	672	78	21803		18202	17530	-672	96	406
Capital Financing Provision	669	23		692	11					
Vehicles & Equipment Provision	1161	-15		1146	12					
Interest Earnings	-1135	-229	-64	-1428	13					
Other	0	0	-341	-341	14					
Net Expenditure	21748	451	-327	21872		18202	17530	-672	96	406
Transfer to (from) Comm. Servs	-22	0	22	0	15					
Transfer to (from) Rev. Res.	0	-164		-164	16					
Transfers to (from) Cap Programme	0	-287	305	18	17					
TOTAL REVENUE	21726	0	0	21726		18202	17530	-672	96	406

New Variations – General Fund Revenue Expenditure

£000

1. Crime & Disorder

a) No new variations to report.

0

0

2. Employment, Health & Wellbeing

a) **Food Safety (BRO D Jordan)** – Only part of the funding received from the Department of Health for the introduction of smoke free legislation was required and as a result a one off saving of £45k can be reported for this financial year.

-45

-45

3. Environment

a) **Land Drainage (BRO D Wright)** – Please see separate report attached as Appendix 6

37

37

4. Finance & Efficiency

a) No new variations to report.

0

0

5. Finance & Efficiency (Holding)

a) No new variations to report.

0

0

6. General Purposes and Licensing

a) No new variations to report.

0

0

	£000
<u>7. Housing</u>	
a) Enabling Role (BRO L Croker) – A one year only expenditure plan bid for a survey of housing needs across Central Hampshire and the New Forest was included within the 2007/08 budgets. The actual cost was less than anticipated, resulting in a saving of £8k.	-8
b) Homeless Assistance (BRO G Spawton) - Due to maternity leave, there has been a £15k salary saving within the Homeseach business unit. Part of this saving relates to the General Fund.	-10
	<u>-18</u>
<u>8. Leisure, Culture & Youth</u>	
a) Health and Leisure Centres (BRO B Millard) – Please see separate report attached as Appendix 7.	90
	<u>90</u>
<u>9. Planning Development Control</u>	
a) Planning Applications (BRO C Elliott) – Development Control fee income has shown its normal fluctuating pattern in the first 9 months of this financial year but on average has been about 8% higher than predicted. This is expected to continue until March when a substantial receipt is expected as applicants try to beat a large fee increase proposed for April resulting in projected additional income of £60k for the year.	-60
b) Planning Appeal Costs (BRO C Elliott) – On 2 January 2008, Cabinet approved a supplementary estimate of £30k for Planning Appeals costs.	30
	<u>-30</u>
<u>10. Planning & Transportation</u>	
a) Local Land Charges (BRO C Elliott) – A separate report in Appendix 8 provides details of a projected income shortfall of £44k .	44
	<u>44</u>
<u>11. Capital Financing Provision</u>	
a) No new variations to report.	0
	<u>0</u>
<u>12. Vehicles and Equipment Provision (BRO K Green)</u>	
a) No new variations to report.	0
	<u>0</u>
<u>13. Interest Earnings (BRO K Green)</u>	
a) A further increase in interest earnings of £64k is expected for this year due to interest rate increases because of the continuing credit squeeze in money markets.	-64
	<u>-64</u>
<u>14. Other</u>	
a) A further receipt in respect of the Local Authority Business Growth Incentive Scheme Grant for 2005/06 and 2006/07, following a court judgement, was reported in the October Cabinet Financial Monitoring Report but not included in the table of variations.	-341
	<u>-341</u>
<u>15. Commercial Services (BRO J Mascall)</u>	
a) Removal of the £22k surplus target as outlined in section 5 of the report.	22
	<u>22</u>
<u>16. Transfers to/from (-) Revenue Reserves</u>	
a) No new variations to report.	0
	<u>0</u>
TOTAL ALL NEW VARIATIONS (REVENUE)	<u><u>-305</u></u>

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

	FULL YEAR FORECAST					PERFORMANCE TO DECEMBER				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	5	62	2	40	0	-40	0	2
Environment	237	71	0	308	3	106	93	-13	88	0
Env (Coastal Protection)	2706	-1607	-97	1002	4	783	746	-37	95	16
Finance & Efficiency	2084	1226	-138	3172	5	2314	2106	-208	91	818
Leisure, Culture & Youth	1773	303	-187	1889	6	991	866	-125	87	240
Leisure C&Y - Developers Contrib.	150	271	84	505	7	249	268	19	108	0
Planning & Transportation	369	195	0	564	8	361	519	158	144	26
Subtotal Other Services	7341	494	-333	7502		4844	4598	-246	95	1102
Housing-Private Sector	3067	-354	-1150	1563	9	569	688	119	121	0
Housing-Public Sector	5343	0	-800	4543	10	2351	1472	-879	63	961
Subtotal Housing	8410	-354	-1950	6106		2920	2160	-760	74	961
TOTAL CAPITAL	15751	140	-2283	13608		7764	6758	-1006	87	2063

New Variations – Capital Expenditure

1. Crime & Disorder

- a) No new variations to report

2. Employment, Health & Wellbeing

- a) **Contaminated Land (BRO C Gallagher)** – The Council has recently been successful in obtaining grant funding of £60k from the Government to finance equivalent expenditure for Contaminated Land investigations at sites in Hordle and Ringwood.

3. Environment

- a) No new variations to report

4. Environment – Coastal Protection

- a) **Solent Dynamic Project (BRO S Cook)** – DEFRA have recently approved funding of £33k to extend this project into Poole and Christchurch Bays. As a result of the phasing of works it is expected that only £9k will be required in 07/08. The remainder (£24k) will therefore slip into 08/09.
- b) **Regional Monitoring Phase 2 (BRO S Cook)** – A further £315k has now been approved by DEFRA to develop the southeast data management system to host a national archive of coastal monitoring data. This increases overall allocations over the life of the project to £3,735,067. Because of the phasing of project work a further £421k of the overall allocation will need to be slipped into the years 2008/09 to 2011/12.

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
			0
	-55	60	5
0	-55	60	5
			0
	-24	33	9
	-421	315	-106
0	-445	348	-97

5. Finance & Efficiency

- a) **Information Technology (BRO K Connolly)** – A budget reduction of £211k is now anticipated as a result of the rephasing of equipment and projects to 08/09 (£154k) and reductions in the ICT replacement schedule (£57k).
- b) **Marsh Lane Depot (BRO P Freeman)** – Additional expenditure for accommodation improvements and additions has been required as outlined in a separate report attached as Appendix 4.
- c) **Vehicles and Plant (BRO C Read)** – Additional costs have led to an overspend of £71k as detailed in a separate report attached as Appendix 5. At the same time there is also a need to rephase some expenditure (£42k) into the next year in order to reflect the phasing of purchases and £4k has been approved to upgrade fuel monitoring software at Marsh Lane and Totton depots.

6. Leisure, Culture & Youth

- a) **All HLC's (BRO B Millard)** - Due to various reasons it is now necessary to rephase the following Capital schemes to 2008/09:
- Remedial Work to Resin Floors £16k
 - New Milton Car Park Barriers £10k
 - Ringwood Fitness Corridor Refurbishment £8k
 - Ringwood Equipment £12k
 - Other £6k
- b) **Calshot Slipway (BRO S Plumridge)** - There will be a saving of £5,000 on this scheme, and the remaining £5,000 needs to be rephased into 2008/09.
- c) **Dual Use / Joint Provision / Open Space (BRO M Devine)** - There have been delays in the following schemes which therefore require rephasing into 2008/09:
- Lyndhurst Scout Hall £40k
 - Parish Partnership Programme (Fawley Football Foundation) £85k

7. Leisure – Developers Contributions

- a) **Developers Contributions (BRO M Devine)** - A Portfolio holder decision in November has led to the following scheme being approved for funding from Developers Contributions:
- Eling Recreation Ground Childrens Play Area

8. Planning & Transportation

- a) No new variations to report

TOTAL VARIATION (CAPITAL – OTHER SERVICES)

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
-57	-154		-211
40			40
75	-42		29
58	-196	0	-138
-5	-5		-10
-5	-125		-125
-5	-182	0	-187
		84	84
0	0	84	84
			0
53	-878	492	-333

9. Housing – Private Sector

- a) **Social Housing Grant (BRO L Croker)** – Because of delays in project starts and the fact that some funding on committed projects will fall into next year the rephasing of £1,150,000 into 2008/09 is required.

10. Housing – Public Sector

- a) **Planned Maintenance / Major Repairs (BRO D Brown)** - Due to tendering rules, the contract for provision of new kitchens to our Housing Stock (as part of the work towards meeting the Decent Home Standard) had to go Europe-wide. As a consequence of difficulties in appointing the successful contractors, the planned maintenance budget is expected to be significantly underspent.

TOTAL VARIATION (CAPITAL – HOUSING)

TOTAL CAPITAL EXPENDITURE VARIATION

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
	-1150		-1150
0	-1150	0	-1150
-800			-800
-800	0	0	-800
-800	-1150	0	-1950
-747	-2028	492	-2283

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

	FULL YEAR FORECAST					PERFORMANCE TO DECEMBER				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	
Dwelling Rent Income	-19282	0	0	-19282		-14189	-14252	-63	100	0
Other Rent Income	-708	0	0	-708		-521	-493	28	95	0
Service Charge Income	-1172	0	0	-1172		-862	-842	20	98	0
Other Subsidy	6984	0	0	6984		5587	5461	-126	98	0
Other Income	-593	-31	0	-624		-410	-439	-29	107	0
Total Income	-14771	-31	0	-14802		-10395	-10565	-170	102	0
Reactive Maintenance	1810	0	0	1810		1207	1135	-72	94	409
Cyclical Maintenance/DFG	1582	0	-75	1507	1	1187	920	-267	78	344
Supervision & Management	4861	0	300	5161	2/3/4	3568	3621	53	101	4
Rent Rebates	208	0	0	208		156	161	5	103	0
Funding of Major Repairs Environmental	5243	0	-800	4443	5	2307	1472	-835	64	961
Enhancements	100	0	0	100		44	0	-44	0	0
Capital Financing Costs	328	0	0	328		0	154	154	0	0
Other Expenditure	56	0	0	56		47	41	-6	87	0
TOTAL EXPENDITURE	14188	0	-575	13613		8516	7504	-1012	88	1718
Deficit/Surplus (-)	-583	-31	-575	-1189		-1879	-3061	-1182		1718

New Variations – Housing Revenue Account

- | | £000 |
|---|-------------|
| 1. Disabled Facilities Grants (BRO S Gardener) - The current expenditure level on public sector Disabled Facilities Grants (DFGs) suggests an underspend arising mainly from staff shortages due to long term sickness. | -75 |
| 2. General Management (BRO D Brown) - The Central Control/Sheltered Housing Review completed last year has resulted in a number of one-off costs, for which there was no specific budget provision. Notably these are due to redundancy payments and early retirement charges, partly offset by a net salary saving across the Central Control/Sheltered Housing service. | 335 |
| 3. General Management (BRO D Brown) - Staff turnover, coupled with difficulties in recruiting staff, have led to a saving on salaries expenditure within the Planned Maintenance section. | -30 |
| 4. General Management (BRO D Brown) - Due to maternity leave, there has been a £15k salary saving within the Homeseach business unit. Part of this saving relates to the HRA. | -5 |
| 5. Planned Maintenance (BRO D Brown) - Due to tendering rules, the contract for provision of new kitchens to our Housing Stock (as part of the work towards meeting the Decent Home Standard) had to go Europe-wide. As a consequence of difficulties in appointing the successful contractors, the planned maintenance budget is expected to be significantly underspent. This budget change reflects the financing of the Housing Public Sector Capital Programme shown in Appendix 2. | -800 |

-575

SUPPLEMENTARY CAPITAL FUNDING REQUEST**CAPITAL SCHEME - MARSH LANE DEPOT (ACCOMMODATION IMPROVEMENTS AND ADDITIONS)****1. THE SCHEME**

- 1.1 The office accommodation at the Council's Marsh Lane Depot has for some years, for certain sections, been of a poor standard and in need of major upgrade. This project consists of the provision of new office and mess room accommodation for the vehicle workshops team, the removal of a number of very old portacabin type offices, a refurbishment of the toilet block and shower facilities and the construction of a new 2 storey modern office building providing new accommodation for the Central Purchasing and Street Scene teams.
- 1.2 The project has been undertaken in 2 phases with the vehicle workshop accommodation being completed first followed by the new 2 storey building which was constructed in the Autumn of 2007.
- 1.3 A budget of £286,000 was approved for the overall scheme. The main costs associated with the project related to the demolition of the old Central Purchasing building, the construction of new foundations for the new building and the build costs for the new modular 2 storey building.
- 1.4 The new building was procured from a supplier specialising in pre-assembled modular office buildings with the units being fabricated off site and transported in by road and assembled on site. The site preparation and groundworks was undertaken by a local civil engineering contractor.
- 1.5 During the project a number of problems and additional items were identified that were not originally budgeted for. These unforeseen items have resulted in overall project costs exceeding the approved budget by £40,000. A breakdown of these additional work items are as follows:
- Revisions to the original foundation design following consultation with Southern Water. Construction revised to include for sheet piling due to proximity of one surface water and one foul sewer to site (£15,000).
 - Discovery during excavation of an uncharted electricity sub mains running through the site. This needed to be re-routed (£5,160).
 - Damage during excavation to underground cabling serving the depot fuel pumps, again unknown and uncharted (£7,250).
 - Provision of additional underground cable ducting between various office buildings due to existing systems being at full capacity (£8,190).
 - Additional costs associated with the installation of the new ICT and telecoms infrastructure to the new building (£9,500).
- 1.6 The project has now been successfully completed with all business units relocated to their new office accommodation. All of the old portacabin units

have been removed from the site. The new 2 storey building provides modern, comfortable and energy efficient accommodation for 15 staff together with a much needed training room for the operational teams. The building has been well received by all employees and meets all of the latest health and safety and disability standards.

2. SUPPLEMENTARY REQUEST

- 2.1 Members are asked note the reasons for the overspend on this capital project and approve the additional expenditure of £40,000 incurred.

For Further Information:

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Geoff Bettle
Asst Director Commercial Services
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SUPPLEMENTARY CAPITAL FUNDING REQUEST**Vehicles and Plant £71,000**

Increases in the cost of replacement vehicles have arisen for a number of reasons:

- Changes in model availability for Grounds Mtce vehicles after budgets were set **£41k**
- Changes to specification of 2 refuse vehicles (to include bin lifts) **£7k**
- Price increases on 2 specialist lorries **£7k**
- Changes to vehicle specifications post budget and tender process **£7k**
- Increased cost of glass recycling lorry due to Euro 5 engine compliance
and metal price increases **£9k**

SUPPLEMENTARY REVENUE FUNDING REQUEST**Land Drainage £37,000**

Shortfall due to a reduction in budgeted income for work carried out under contract for the Environment Agency on Critical Ordinary Watercourses (£30,470) as a result of a reduction in supervision and administration required / less additional works ordered and the postponement of a number of external (HCC / Parish Council) schemes due to budget constraints resulting in reduced external income (£6,540).

SUPPLEMENTARY REVENUE FUNDING REQUEST**Health and Leisure Centres £90,000**

The Fundamental Service Review which took place this year involved a major management restructure and the loss of 9 management posts. In order to ensure that the implementation had minimal effect on existing employees there was a moratorium on recruitment in the first half of 2008/09. This created a large number of management vacancies which affected income in a number of ways;

- Posts critical to income generation for example customer advisors, remained vacant and although some cover was provided this affected membership sales particularly at Lymington, New Milton and Applemore.
- Operational posts which remained vacant had to be covered by other management staff whose primary role is to manage and develop the business, this affected income from both dry and wet programmes and activities.

The overall effect of these factors was a shortfall in income against target at the end of November of £92,000. However the restructure has now been implemented, staff recruitment to these critical posts has taken place and income generation will benefit as a result.

The projected year end position for income is a shortfall against target of £60,000.

Although the implementation of the restructure commenced in September and some savings are beginning to accrue these have been more than offset by additional employee costs as a result of;

- Long term sickness at Totton and Ringwood.
- Redundancy payments in lieu of notice at Totton and Lymington.
- Maternity cover at Ringwood.
- Overtime payments incurred in covering operational posts prior to the implementation of the restructure.

Employee budgets at the end of November showed a £60,000 overspend overall however given the ongoing projected savings from the Management restructure this is projected to reduce by the year end to £40,000.

A review of operational budgets has resulted in an identified one off saving on Centre planned maintenance of £10,000 through the re-phasing of the work programme.

The total projected shortfall against budget for 2008/09 for the Health and Leisure Centres is therefore £90,000. All of the factors which have contributed to this position are "one off" in their nature and therefore their financial effect is not seen as ongoing.

SUPPLEMENTARY REVENUE FUNDING REQUEST

Land Charges Income £44,000

A new charging structure for Land Charges was agreed at the April 2007 Cabinet and introduced in May in advance of the new HIP requirement. However, the principal reason for the lower than expected income is the reduced number of searches being received which was particularly noticeable in December 2007. This position is not expected to change over the next three months as the housing market slows due to wider economic concerns and a shortfall of £44k is therefore projected for this year.