

FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD APRIL 2007 TO FEBRUARY 2008

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.** Appendices 1 to 3 provide narrative information covering all variations reported.

2 GENERAL FUND (APPENDIX 1)

- 2.1 Total new variations to February show an estimated decrease in net expenditure of £614,000 based on favourable service variations of £431,000, reduced revenue provision charges of £100,000 to fund the ICT Work Programme and additional interest earnings of £117,000, partly offset by an adverse variation on Commercial Services activities of £34,000. The overall position for the year after allowing for a total of £18,000 of reductions reported previously is a net reduction in expenditure of £632,000. Cabinet is being asked to allow the transfer of £185,000 of this to specific revenue reserves to cover expenditure now to be incurred early in 2008/09 (items 3c, 3f and 4d of Appendix 1) and the transfer of the remainder (£447,000) to the Capital Programme Reserve, in accordance with the approved financial strategy.
- 2.2 Excluding budget virements, the major variations are listed below, but full details are set out in Appendix 1.

VARIATIONS	£'000
Expenditure Deferred to 2008/09	
Street Scene (Environment)	-25
One Site Project (Finance & Efficiency)	-43
Coast Protection (Environment) – Appendix 7	-117
	<hr/>
	-185
Savings/New Expenditure Requirements	
Refuse Coll., Environm. Policy & Recycling (Environment)	-25
Benefits Administration (Finance & Efficiency)	-30
Corporate & Democratic (Finance & Efficiency)	60
Local Land Charges (Planning & Transportation)	-20
Building Control (Planning & Transportation)	-30
Transportation Measures (Planning & Transportation)	-15

Gambling Act/Other Licences (General Purposes & Lic)	-32
Resources Directorate (Finance & Efficiency)	-90
Revenue Implications of ICT Work Programme (F & E)	-100
Interest Earnings	-117
Commercial Services Engineering Works – Appendix 6	34
Others	-64
	<u>-429</u>

2.3 Appendix 1 shows that actual expenditure at the end of February is £1,218k below the profiled budget expenditure, but this is partly offset by outstanding commitments of £499k and £349k of variations reported above.

3 CAPITAL EXPENDITURE (APPENDIX 2)

3.1 OTHER SERVICES (EXCLUDING HOUSING)

3.1.1 New variations show a decrease in 2007/08 expenditure of £540,000, but excluding items of rephasing, virement, developers' contributions and external funding, there is a decreased call on the Council's capital resources of £35,000. The new variations are summarised in the table below:

VARIATIONS	£'000	£'000
Rephasings (08/09):		
Coast Protection (Environment)		
Hurst Spit	-38	
Coastal Strategy – Western Solent	-2	
North Solent SMP Review	-8	
Town Hall (Finance & Efficiency)	-2	
Information Technology (Finance & Efficiency)	-115	
Health and Leisure Centres (Leisure)	-102	
Coastal Projects (Leisure) – Appendix 4		
Hordle Cliff Top Path	-89	
Calshot Pedestrianisation	-54	
Coastal DDA	-30	
Eling Tide Mill (Leisure)	-28	
Dual Use/Joint Provision (Leisure) – Appendix 5	-97	-565
Third Party Funding		
Lloyd Recreation Ground, Marchwood (Leisure – Developers Contribution)		60
NFDC Funding		
Information Technology (Finance & Efficiency)	-40	
Appletree Court (Finance & Efficiency)	-20	
Health and Leisure Centres (Leisure)	-10	
Milford Promenade (Leisure)	9	
Hythe Promenade (Leisure)	20	
Fordingbridge Gateway A338 (Planning & Transp.)	6	-35
Total		<u>-540</u>

Full details of the amounts included in the table in section 3.1.1 are shown in Appendix 2.

3.2 HOUSING

3.2.1 New variations for the period are expected to lead to increased spend on Private Sector Disabled Facilities Grants of £48,000 against a current budget of £424,000. Of this £29,000 will be funded by additional Government Grant

VARIATIONS	£'000
Disabled Facilities Grants	48
Total	48

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	0
Variations matched by external resources	29
Variations falling on Council's Capital Resources	19
Rephasings to 2008/09	0
Total	48

4 HOUSING REVENUE ACCOUNT (APPENDIX 3)

4.1 Total new variations to December show an estimated decrease in net expenditure of £12,000, bringing the total reported decrease for the year to £618,000.

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

VARIATIONS	£'000
Other Income	-12
Total	-12

4.3 Appendix 3 shows the actual net surplus at the end of February to be £962,000 greater than the profiled budget surplus. There are however outstanding commitments of £1.681m 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 – ENGINEERING WORKS

- 5.1 The Commercial Services outturn is now expected to result in a deficit of £34,000. Full details covering the background to this are provided in Appendix 6.

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) note the items set out in the revised General Fund budget in Appendix 1 and agree the transfer of £25,000 to revenue reserves in respect of planned street scene revenue expenditure delayed to 2008/09 on A31 litter clearance (Item 3c / Appendix 1) and the transfer of £43,000 to revenue reserves in respect of One Site consultancy work originally planned for 2007/08 but now expected to be required in 2008/09 (Item 4d / Appendix 1).
- b) recommend Council to approve the transfer of £117,000 to revenue reserves in respect of planned coast protection maintenance delayed until 2008/09 due to outstanding planning approval (Appendix 7 & 3f of Appendix 1).
- c) recommend Council to approve revenue budget provision of £60k in place of the current capital estimate, to reflect the change in financing of Members ICT provision, following the option to move away from Council owned asset provision.
- d) recommend Council to approve the transfer of £447,000 to the Capital Programme Reserve, in accordance with the approved financial strategy.
- e) note the revised capital expenditure as set out in Appendix 2 and approve the proposed rephasings of capital expenditure.
- f) note the revised Housing Revenue Account expenditure as set out in Appendix 3.
- f) note the financial position of Commercial Services as set out in section 5 of this report.

- g) 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 FEBRUARY 2008**

	FULL YEAR FORECAST					PERFORMANCE TO FEBRUARY				
	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	0	718	1	646	617	-29	96	5
Employment, Health & Wellbeing	2320	-96	-11	2213	2	2011	1895	-116	94	55
Environment	6231	167	-197	6201	3	6030	5667	-363	94	50
Finance & Efficiency-Direct	4845	36	-25	4856	4	4639	4537	-102	98	69
Finance & Efficiency-Holding	0	0	-90	-90	5	0	0	0	0	0
General Purposes & Licensing	659	0	-32	627	6	613	646	33	105	4
Housing	1435	2	7	1444	7	1198	1022	-176	85	23
Leisure, Culture & Youth	2905	194	0	3099	8	2988	2778	-210	93	216
Planning Development Control	930	108	0	1038	9	906	887	-19	98	21
Planning & Transportation	2102	362	-83	2381	10	2002	1766	-236	88	56
Business Unit Asset Rentals	-1115	0	0	-1115						
Service Expenditure	21053	750	-431	21372		21033	19815	-1218	94	499
Capital Financing Provision	669	23	0	692	11					
Vehicles & Equipment Provision	1161	-15	-100	1046	12					
Interest Earnings	-1135	-293	-117	-1545	13					
Other	0	-341	0	-341	14					
Net Expenditure	21748	124	-648	21224		21033	19815	-1218	94	499
Transfer to (from) Comm. Servs	-22	22	34	34	15					
Transfer to (from) Rev. Res.	0	-164	185	21						
Transfers to (from) Cap Programme	0	18	429	447						
TOTAL REVENUE	21726	0	0	21726		21033	19815	-1218	94	499

New Variations – General Fund Revenue Expenditure**£000****1. Crime & Disorder**

- a) No new variations to report.

0

0

2. Employment, Health & Wellbeing

- a) **Economic Development (BRO N Miller)** – Savings on a new employer database and the business connexions magazine will lead to a positive variation of £12k.
- b) **Food Safety (BRO C Gallagher)** – Employee cost savings due to a vacant post together with underspends on supplies and services in the dog warden service are expected to lead to an overall saving of £11k.
- c) **Tourism (BRO M Devine)** – There is a need for a supplementary estimate of £11,500 being a rental payment to the Ninth Centenary Trust for occupation of the Visitor Information Centre. A review of the working arrangement identified that the Council was not paying an appropriate rent. The principle of an appropriate rent is an important one for the partnership and is therefore proposed. It also means that the trust has a more sustainable basis to its core funding and therefore the services it delivers. This will be payable annually and as a result will be subject to a supplementary estimate in 2008/09 and an expenditure plan bid for 2009/10.

-12

-11

12

-11

3. Environment

- a) **Refuse Collection (BRO C Read)** – An improvement in staff costs due to the sickness monitoring scheme is expected to lead to an underspend of £10k.
- b) **Grounds Maintenance (BRO S Jones)** – Due to additional works being obtained within the grounds maintenance service a net positive variation of £10k is predicted.
- c) **Street Scene (BRO M Cash)** – It has not been possible to obtain correct permissions from the Highways Authority to work on litter clearance on the A31 in March due to the timing of Easter. This will result in a £25k saving in 2007/08. It is requested that this budget be carried over to 08/09 so that work can be carried out in April/May 2008.

-10

-10

-25

	£000
d) Refuse Collection / Environmental Policy & Recycling (BRO C Read) – Vehicle workshop maintenance costs are lower than initially estimated, leading to a predicted saving of £25k for 2007/08.	-25
e) Coast Protection (BRO A Bradbury) – It has been possible to offset a larger proportion of costs against capital projects in this financial year and as a result a saving of £10k is anticipated.	-10
f) Coast Protection – Maintenance (BRO A Bradbury) – £117k of the coast protection maintenance budget for 2007/08 could not be spent in this financial year, due to delays with planning approval. Work will however need to be carried out as soon as planning approval is obtained and it is therefore essential that the budget will be available when work commences in 2008/09. It is therefore proposed that the unspent budget is carried forward as a revenue provision for 2008/09. Further details are provided in Appendix 7.	-117
	-197
4. Finance & Efficiency	
a) Benefits Administration (BRO A Taylor) – Savings on employees costs due to staff vacancies.	-30
b) Balances Unallocated (BRO K Green) – Savings on employees costs due to staff vacancies.	-12
c) Corporate & Democratic (BRO R Rutins) – This reflects a change in financial arrangements following the move towards Members receiving contributions towards their own ICT provision rather than using Council supplied equipment. Capital budgets have been reduced elsewhere in this report, but the full benefits of the policy change will be spread over future years.	60
d) One Site Project (BRO J Mascall) – A £50k budget was requested earlier in the year for the employment of consultants to work with officers on design and planning options for one site office accommodation. The phasing of the work now means that £7k will be spent in this financial year with the remainder falling into 2008/09 and it is therefore requested that the budget be carried forward for this purpose	-43
	-25
5. Finance & Efficiency (Holding)	
a) Various (BRO K Green) - Additional income of £10k from the National Park and savings in employee costs of £80k within the Resources Directorate due to staff vacancies. These will be allocated to services as part of the year end closedown process.	-90
	-90
6. General Purposes and Licensing	
a) Gambling Act & Various Licences (BRO M Powell) - Additional income (£23k) together with various small underspends (£9k) are expected to create an overall favourable variation of £32k for the year.	-32
	-32
7. Housing	
a) Stillwater Park (BRO D Brown) – Supplementary funding of £7,000 is required due to an overspend of £20,000 on water and sewerage, caused by a broken pipe on NFDC land. This is partially offset by having received £13,000 more than anticipated for commission on the sale of caravans at the site.	7
	7
8. Leisure, Culture & Youth	
a) No new variations to report	0
	0
9. Planning Development Control	
a) No new variations to report	0
	0
10. Planning & Transportation	
a) Local Land Charges (BRO C Elliott) – Earlier reports had anticipated a fall in land charge search fee income of £244,000. Based on the experience for 10 months of this year this estimate can now be reduced by £20,000.	-20
b) Building Control (BRO C Elliott) – Due to continued buoyancy in the housing market, work levels have remained higher than expected and the fees income forecast is now expected to exceed the budget target by £30,000.	-30

	£000
c) Environmental Design (BRO N Williamson) – Principally as the result of savings due to a reorganization of the service and an unfilled conservation officer vacancy for part of 07/08, partly offset by reduced fee income a net saving of £10k is likely to be achieved.	-10
d) Highways Agency Services (BRO N Hunt) – Principally due to an increased level of road closure applications a positive variation of £8k at year end is now likely.	-8
e) Transportation Measures (BRO N Hunt) – Due to a reduction in supplies and services costs a saving of £15k is now likely.	-15
	<u>-83</u>
<u>11. Capital Financing Provision</u>	
a) No new variations to report.	0
	<u>0</u>
<u>12. ICT, Vehicles and Equipment Provision (BRO K Green)</u>	
a) Savings and rephasings of ICT capital expenditure identified within this and previous monitoring reports result in a reduction of c£100k in associated revenue charges.	-100
	<u>-100</u>
<u>13. Interest Earnings (BRO K Green)</u>	
a) Additional interest earnings of £117k are now anticipated due to market rates being above LIBID for longer than originally envisaged (£39k) and due to delays in the phasing of capital and revenue expenditure (£78k).	-117
	<u>-117</u>
<u>14. Other</u>	
a) No new variations to report.	0
	<u>0</u>
<u>15. Commercial Services Engineering Works (BRO G Bettle)</u>	
a) Full Details of a £34k adverse variation are included in Appendix 6.	34
	<u>34</u>
TOTAL ALL NEW VARIATIONS (REVENUE)	<u><u>-614</u></u>

5. Finance & Efficiency

- a) **Town Hall (BRO P Freeman)** – A budget reduction of £2k is now anticipated as a result of the rephasing of Electrical Circuit Work to 08/09.
- b) **Appletree Court (BRO P Freeman)** – Due to a lower than expected cost of rebuilding the roof to the North Wing a 4k saving has resulted.
- c) **Appletree Court (BRO P Freeman)** – It is no longer necessary to relay and straighten the drainage at Appletree Court as the existing problem has been solved by other methods.
- d) **Information Technology (BRO K Connolly)** – A budget reduction of £115k is now anticipated as a result of the rephasing of equipment and projects to 08/09.
- e) **Information Technology (BRO K Connolly)** – Reduced capital expenditure will result from the change of procedure in the provision of Members ICT equipment.(see appendix 1 -4c)

6. Leisure, Culture & Youth

- a) **All HLC's (BRO B Millard)** – The following capital schemes are being rephased into 2008/09;
- | | | | |
|------------------------------|----------|--|--|
| Ringwood Car Park Scheme | -£40,000 | | |
| Ringwood Squash Court Refurb | -£14,000 | | |
| Replacement Dwelling DGC | -£26,000 | | |
| Equipment | -£22,000 | | |
- b) **All HLC's (BRO B Millard)** - The installation of air conditioning to studio 1 within Lymington Health and Leisure Centre was originally estimated to cost £20,000. The scheme has now been completed and a saving of £10,000 has been achieved.
- c) **Coastal Capital Projects (BRO M Devine)** – A number of variations are reflected in detail in Appendix 4. In summary these are:
- | | | | |
|---------------------------|-----------|-----------|--|
| | Variation | Rephasing | |
| Keyhaven Quay | £41,000 | | |
| Hordle Cliff Top Path | -£41,000 | -£89,000 | |
| Calshot Pedestrianisation | | -£54,000 | |
| Coastal DDA | | -£30,000 | |
- d) **Coastal Capital Projects (BRO M Devine)** – An overspend of £9k has occurred on the Milford Promenade scheme due to repairs after storm damage and remedial work necessary to the amenity area adjacent to the café.
- e) **Coastal Capital Projects (BRO M Devine)** – There is currently a balance of £32k available on the Eling Tide Mill improvement scheme of which approximately £4k will be spent by the end of the year, requiring a rephasing of the remaining £28k into 2008/09.
- f) **Dual Use / Joint Provision (BRO M Devine)** – A number of rephasings are reflected in detail in Appendix 5. In summary these are:
- | | | | |
|-----------------------------|----------|--|--|
| Lymington Town Sailing Club | -£15,000 | | |
| Ringwood Meeting House | -£50,000 | | |
| St Mary Magdelene | -£10,260 | | |
| Youth Facilities | -£9,500 | | |
| Open Door Project | -£12,000 | | |

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
	-2		-2
-4			-4
-16			-16
	-115		-115
-40			-40
-60	-117	0	-177
	-102		-102
-10			-10
0	-173		-173
9			9
	-28		-28
	-97		-97
-1	-400	0	-401

7. Leisure – Developers Contributions

- a) **Developers Contributions (BRO M Devine)** - The final payment on the agreed revised contract sum for the Hythe Promenade Improvement scheme has now been paid and as a result a £20,000 overspend has occurred (in addition to an £18k overspend reported in 2006/07). Although originally a Developers Contribution funded scheme, these resources have now been fully utilised and the overspend will fall on NFDC. The main reasons for the variance is as follows;

Additional works over and above original tender drawings
 Re-measurement of bill items
 Extension of time as a result of additional works

- b) **Developers Contributions (BRO M Devine)** - A Portfolio holder decision in February has led to the following scheme being approved for funding from Developers Contributions:

Lloyd Recreation Ground - Marchwood

8. Planning & Transportation

- a) **Fordingbridge Gateway A338 (BRO R Hand)** - Due to unforeseen site conditions (buried concrete, excess ground water/spring), additional street lighting cabling and vandalism to temporary signing, an overspend of £6k is expected.

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

- a) **Disabled Facilities Grants (BRO D Brown)** – As a result of the level of mandatory disabled facilities grants awarded, it is expected that additional expenditure of £48k will result. The impact will be offset by the receipt of £29k additional Government Grant.

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
20			20
		60	60
20	0	60	80
6			6
6	0	0	6
-35	-565	60	-540
19		29	48
19	0	29	48
0	0	0	0
19	0	0	48
-16	-565	89	-492

**FORECAST FULL YEAR HOUSING REVENUE ACCOUNT
EXPENDITURE 2007/08
AND ACTUAL FOR THE PERIOD APRIL 2007 TO FEBRUARY 2008**

	FULL YEAR FORECAST					PERFORMANCE TO FEBRUARY				
	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		-19282		-17797	-17177	620	97	0
Other Rent Income	-708	0		-708		-640	-594	46	93	0
Service Charge Income	-1172	0		-1172		-1059	-1007	52	95	0
Other Subsidy	6984	0		6984		6984	6826	-158	98	0
Other Income	-562	-31	-12	-605	1	-423	-464	-41	110	0
Total Income	-14740	-31	-12	-14783		-12935	-12416	519	96	0
Reactive Maintenance	1810	0		1810		1508	1349	-159	89	587
Cyclical Maintenance/DFG	1582	-75		1507		717	1170	453	163	196
Supervision & Management	4861	300		5161		4634	4395	-239	95	19
Rent Rebates	208	0		208		191	196	5	103	0
Funding of Major Repairs	5243	-800		4443		3824	2214	-1610	58	879
Environmental Enhancements	100	0		100		74	0	-74	0	0
Capital Financing Costs	328	0		328		0	154	154	0	0
Other Expenditure	56	0		56		53	42	-11	79	0
TOTAL EXPENDITURE	14188	-575	0	13613		11001	9520	-1481	87	1681
Deficit/Surplus (-)	-552	-606	-12	-1170		-1934	-2896	-962		1681

New Variations – Housing Revenue Account

£000

1. **Other Income (BRO D Brown)** – Interest earnings due to interest rate movements are expected to reduce by £10k, but this is more than offset by a £22k increase in earnings due to higher than expected HRA balances during the year.

-12

-12

COASTAL CAPITAL PROJECTS 2007/08

PROJECT	BUDGET	VARIANCE	REPHASING	COMMENTS
Keyhaven Quay	247,000	41,000		Negotiations taking place with Dyer & Butler
Hordle Cliff Path	200,000	-41,000	-89,000	Includes DDA works
Calshot Pedestrianisation	80,000	0	-54,000	Phase I spend
Coastal DDA	30,000	0	-30,000	See HC Path
TOTAL	567,000	0	-173,000	

KEYHAVEN QUAY

The final cost of the works to Keyhaven Quay was £30,469 over the estimated budget. A variety of reasons contributed to this, including £3,225 re legal fees and payment to Meyrick Estates for their agreement to the works being carried out, an increase in the cost of raw materials and various key items being omitted from the tender specification. Additional works costing £10,396 were also required to the steps to the River Warden's office.

The above equates to a total overspend at Keyhaven of £40,865.

***HORDLE CLIFF PATH**

Tenders have been received for the work to replace the cliff top path at Hordle at a cost of £141,000, it is anticipated that fees and other costs will total approximately £18,000 giving a scheme cost of £159,000. £70,000 will be paid during 2007/08 with the balance of £89,000 being paid in 2008/09 which will require rephasing.

It is proposed that the resulting saving of £41,000 is vired to the Keyhaven Quay scheme in order to offset the overspend.

***CALSHOT PEDESTRIANISATION**

Of the £80,000 budget in 2007/08, £26,000 will be spent on the provision of pedestrian crossings across the one-way system at Calshot and the installation of 4 chicanes for traffic calming along Jack Maynard Road.

It is requested that the balance of £54,000 is rolled forward to 2008/09 as further capital work will be required at Calshot.

***DISABILITY DISCRIMINATION ACT (DDA) WORKS**

The DDA works budget was originally for use at Milford but was not utilised as the opportunity was taken to include the DDA works within the Hordle Cliff Path scheme, in which sufficient budget provision was available. It is therefore proposed to roll the original DDA budget forward to 2008/09 as we are currently considering management plans for Calshot and Barton, both of which will require DDA works.

DUAL USE / JOINT PROVISION CAPITAL SCHEMES

PROJECT	BUDGET	VARIANCE	REPHASING
Lymington Town Sailing Club	15,000		-15,000
Ringwood Meeting House	50,000		-50,000
St Mary Magdalene	15,000		-10,260
Youth Facilities	20,000		-9,500
Open Door Project	12,000		-12,000

LYMINGTON TOWN SAILING CLUB

The scheme for improving access is more costly than was anticipated when the bid was put forward. More fundraising is needed and the timescale has been put back.

RINGWOOD MEETING HOUSE

There are now more stages in the Lottery process and the scheme is taking longer to develop. This funding is to assist with project development and build costs, so is affected by the longer lead in time.

St MARY MAGDALENE, NEW MILTON

The local fundraising for this refurbishment has proven more challenging than anticipated and as the funding is dispersed pro-rata to local funding, the scheme is taking longer than expected.

YOUTH FACILITIES

This is the first year of a programme. There are projects in development that will make best use of this funding when joined with the £50,000 in the programme in 2008/09. It will also be a better fit with the re-organised Service for Young People.

OPEN DOOR PROJECT

The project has lost its fundraiser / project manager and this has been a set back for the whole scheme for refurbishment.

FINANCIAL MONITORING REPORT – APRIL 2008

COMMERCIAL SERVICES- ENGINEERING WORKS

The February report highlighted a reduction in the financial target for Commercial Services from a £22,000 surplus to a break even position. This was based on financial performance of the business units to December 2007. The main reason for the reduction in the target was due to the continuing pressures on the profitability of works undertaken by the Engineering Works section. It was hoped that the situation would stabilise through to the year end.

Draft figures to the end of February indicate continuing poor financial performance for the Engineering Works team due in the main to:

- The volume and unprofitable nature of works undertaken through the Highways Term Maintenance Contract (now at the end of the 6 year contract)
- Higher than budgeted sickness levels following an extended period of sickness for one of the operational team in the last month
- A general under recovery on the overhead account

It is therefore estimated that the Commercial Services target needs to be revised downward from break even to a £34,000 deficit at the year end.

The Highways Term Maintenance Contract expires from 1st May 2008. Discussions with the new main contractor (Amey PLC) are underway regarding the continuation of this work which will either result in a newly negotiated set of rates to continue providing the service locally or the transfer of the work to the new contractor. Outcomes of these negotiations and the implications for the business unit and Council as a whole will be reported to Members in due course.

FINANCIAL MONITORING REPORT – APRIL 2008

COAST PROTECTION - MAINTENANCE

During 2007 lowering beach levels at Hordle Cliff (fronting the seawall) placed the wall in a vulnerable position. The lower beach level resulted in the level of protection being given to the wall being greatly reduced, with the potential of the failure of the wall. The works required to prevent this failure were identified as the construction of a rock revetment in front of the section of wall concerned.

Following completion of consultation with landowners and Natural England a planning application was submitted to NFDC in August 2007, with a view to carrying out the work during the Autumn of 2007. However, there have been a number of issues with planning in progressing this application and as of 6th March 2008 planning approval has still not been received. We have now been advised that approval is unlikely to be received until the end of March and consequently the budget that has been set aside for this work will not be spent before the year end. It is therefore essential that remaining maintenance budget (£117,000) is carried forward into 2008/09 to enable the works to be completed.

There is a clear need to complete this work, as during the winter of 2007/08 movement of the wall did occur. It was necessary to carry out some emergency works to prevent a complete failure of the wall. However, this is only a short term measure and construction of the rock revetment is required to prevent further failure.