

## **FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD APRIL 2008 TO JUNE 2008**

### **1 INTRODUCTION**

- 1.1 An important part of the Council's financial monitoring system is the bi-monthly report to Cabinet on spending against the approved budget.
- 1.2 This report considers budget performance for the first quarter of 2008/09 on a Portfolio and Committee basis.
- 1.3 As part of the Council's scheme of Financial Delegation, budget variations over £50,000 are identified specifically for approval by Council at its next meeting.

### **2 GENERAL FUND (APPENDIX 1)**

- 2.1 The forecast position for the year anticipates an overall improvement of £180,000.
- 2.2 The major reason for this is a projected increase of £250,000 in interest earned due to the retention of a higher level of cash balances than had been assumed in the budget.
- 2.3 This is partly offset by an anticipated increase over the year of £90,000 in the cost of fuel and £12,000 in associated costs (Black Sacks). The impact is largely in the following areas:
  - Petrol/Diesel £70,000
  - Gas Oil £20,000The Fuel budget for the year was £556,000 and the increase of £90,000 (16%) allows for some anticipated future price increases.
- 2.4 In Appendix 1 these details together with other variations are reflected across Portfolios. Both interest earned and fuel budgets are currently subject to a high level of volatility and forecasts will likely change over the course of the year.
- 2.5 A supplementary budget of £57,000 is requested to update the asset management database. The resource would be in the form of additional temporary staffing. This will enable the asset management system to be fully populated with data and effectively operated. Full details are set out in Appendix 4.

- 2.6 The Government has recently confirmed allocations of Housing and Planning Delivery Grant (HPDG) for 2008/09, which are lower than anticipated. In addition an initial analysis of income from Planning Fees and Land Charges suggests a potential shortfall against current budgets, as a result of current economic conditions. Work is ongoing to identify the likely financial implications of both these situations and will be reported in the next bi monthly budget monitoring report when a full assessment will have been undertaken.

## **2.7 Leader Proposal – Response to national economic climate**

The recent increases we have seen in the cost of fuel and energy as well as other price rises has created a position whereby many people within our community are facing a very difficult period of financial uncertainty.

As the Council we are unable to provide direct financial support to individuals. However, we can through our normal processes support the third sector and our own housing services with the increased demand that is placed on them during these times, and help associations and groups which do support the most vulnerable members in the community.

The Leader has therefore proposed to recommend that Cabinet makes available an additional £25,000 to each of the Portfolio Holders for Housing and Leisure, Culture and Youth Matters to enable them collectively to provide more support to residents within our communities during this difficult period. Appropriate procedures will be identified that Cabinet will monitor over the next few months and undertake a further review if necessary.

## **3 CAPITAL EXPENDITURE (APPENDIX 2)**

- 3.1 After allowing for £1.118m of net rephasings from 2007/08 and the removal of coast protection schemes for which no Government funding has been received in this year (£201,000) there is an increase in budgeted expenditure of £346,000. A summary of the variations is shown in the table on the following page, but full details are shown in Appendix 2.

## VARIATIONS

	£'000
<b>Vehicles &amp; Plant (Finance &amp; Efficiency)</b>	<b>-120</b>
<b>Council Chamber (Finance &amp; Efficiency)</b>	<b>-35</b>
<b>Marsh Lane Depot (Finance &amp; Efficiency)</b>	<b>88</b>
<b>Applemore HLC (Leisure, Culture &amp; Youth)</b>	<b>80</b>
<b>Developers Contribution Schemes (L, C &amp; Y)</b>	<b>71</b>
<b>Marchwood RNAD (Planning &amp; Transportation)</b>	<b>163</b>
<b>Disabled Facilities (Housing)</b>	<b>79</b>
<b>Other</b>	<b><u>20</u></b>
<b>TOTAL</b>	<b><u>346</u></b>

- 3.2 The following table provides an overview of the funding implications of the variations.

	£'000
<b>IMPACT ON CAPITAL RESOURCES</b>	
Variations matched by movement in external resources	294
Variations falling on Council's Capital Resources	<u>52</u>
<b>TOTAL</b>	<b><u>346</u></b>

## 4 HOUSING REVENUE ACCOUNT (APPENDIX 3)

- 4.1 Total reported variations to June show an estimated decrease in net expenditure of £75,000. This is principally due to £145,000 of additional interest earnings forecast as a result of increased balances brought forward from 2007/08 and improved interest rates expectations, partly offset (£31k) by increased costs in the Housing Improvement Team already reported to and agreed by Cabinet on 4 June 2008 (Report C).
- 4.2 Details of all other reported variations are shown in Appendix 3.

## 5 COMMERCIAL SERVICES

- 5.1 The original Commercial Services budget surplus target on General Fund Activities of £31k has now been allocated to the Portfolios that should benefit from the surplus.

## 6 CRIME AND DISORDER / EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 There are no crime and disorder or equality and diversity 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 Cabinet: -
- a) Approve the Leader's proposal to make available £25,000 to each of the Portfolio Holders for Housing and Leisure, Culture and Youth Matters as set out in paragraph 2.7.
  - b) Approve the items set out in the revised General Fund, Capital Programme and Housing Revenue Account budgets, as set out in Appendices 1 – 3.
  - c) Recommend to Council the approval of supplementary estimates for:
    - (1) £102,000 in respect of additional fuel/fuel related General Fund revenue costs;
    - (2) £57,000 in respect of temporary General Fund revenue staffing resources to update the asset management database;
    - (3) £79,000 in respect of Private Sector Disabled Facilities Capital Grants, financed by Council resources of £19,000 and Grant of £60,000.
  - d) Note the actual expenditure position after 3 months (25%) compared to budgets of the General Fund, Capital Programme and Housing Revenue Account as set out in Appendices 1 – 3.

### **For Further Information Contact**

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**GENERAL FUND**

APPENDIX 1

Financial Assessment at end of June (General Fund Revenue)					
Original Budget £000s		Latest Revised Budget (1) £000s	Forecast Outturn £000s	Actual Spend (2) £000s	% Budget Spent to Date (3 months = 25%)
681	Crime & Disorder	709	709	231	34%
2283	Employment, Health & Wellbeing	2293	2308	522	23%
6641	Environment	6765	6825	1774	27%
4982	Finance & Efficiency-Direct	5027	5052	1018	20%
0	Finance & Efficiency-Holding	0	0	0	0%
659	General Purposes & Licensing	659	659	149	23%
1396	Housing	1396	1386	151	11%
2514	Leisure, Culture & Youth	2514	2602	938	37%
853	Planning Development Control	897	897	324	38%
2462	Planning & Transportation	2475	2486	12	0%
-1328	Business Unit Asset Rentals	-1328	-1328	-332	25%
<b>21143</b>	<b>Service Expenditure</b>	<b>21407</b>	<b>21596</b>	<b>4787</b>	<b>23%</b>
811	Capital Financing Provision	811	799		
-31	Commercial Services	0	0		
1514	Vehicles & Equipment Provision	1514	1514		
-1150	Interest Earnings	-1150	-1400	-350	30%
<b>22287</b>	<b>Net Expenditure</b>	<b>22582</b>	<b>22509</b>		
0	Transfer to (from) Specific Reserves	-295	-295		
0	Transfer to (from) Capital Reserve	0	73		
<b>22287</b>	<b>TOTAL REVENUE</b>	<b>22287</b>	<b>22287</b>		

(1) This reflects revenue rephasings of £295k from 2007/08 previously agreed and the allocation of the Commercial Services Surplus to Portfolios

(2) Including known commitments to date

	£000
Latest Revised 2008/09 Budget - Net Expenditure	22582
add: Net Increase(Decrease) in Costs	
Employment, Health & Wellbeing	15
Environment	60
Finance & Efficiency	25
Housing	-10
Leisure, Culture & Youth	88
Planning & Transportation	11
Capital Financing Provision	-12
Interest Earnings	-250
	<hr/>
Forecast Outturn - Net Expenditure	22509
Transfers to/(from) Reserves	-222
	<hr/>
<b>FORECAST OUTTURN - TOTAL REVENUE</b>	<b>22287</b>
	<hr/> <hr/>

**FORECAST GENERAL FUND FULL YEAR REVENUE  
EXPENDITURE 2008/09  
AND ACTUAL FOR THE PERIOD APRIL 2008 TO JUNE 2008**

<b><u>New Variations – General Fund Revenue Expenditure</u></b>	<b>£000</b>
<b><u>1. Crime &amp; Disorder</u></b>	
a) No new variations to report	0
	<u>0</u>
<b><u>2. Employment, Health &amp; Wellbeing</u></b>	
a) <b>Employment &amp; Tourism (BRO M Devine)</b> - There is a need for a supplementary estimate of £13,690 being a rental payment to the Ninth Centenary Trust for occupation of the Visitor Information Centre within their building in Lyndhurst. This item was initially reported and approved in 2007/08.	14
b) <b>Fuel Price Costs (BRO G Bettle)</b> – Allocation of cost increases reported separately in body of report	1
	<u>15</u>
<b><u>3. Environment</u></b>	
a) <b>Ringwood Depot (BRO P Freeman)</b> – As a result of the lease being renegotiated there is no longer a need to pursue alternative premises at increased costs and a saving of £34k can therefore be reported.	-34
b) <b>Vehicles &amp; Plant (BRO J Steeds)</b> – The capital savings in the vehicles & plant replacement programme (quad bikes not purchased) will lead to a revenue cost reduction of £2,800 in the Environment Portfolio.	-3
c) <b>Fuel Price Costs (BRO G Bettle)</b> – Allocation of cost increases reported separately in body of report	97
	<u>60</u>
<b><u>4. Finance &amp; Efficiency</u></b>	
a) <b>Council Tax Admin (BRO A Taylor)</b> – Virement to Planning and Transportation to reflect Customer Services section time allocation changes from Tax and Benefits to Concessionary Travel (see 10a).	-10
b) <b>Administration (BRO G Miles)</b> – The revenue impact in this year resulting from the capital purchase of a plan copier and mail folder (see item 5b on the capital schedule) is an expected cost increase of £3,000.	3
c) <b>Corporate &amp; Democratic Core ( BRO P Higgins)</b> – Income of £60,000 is anticipated from the continuation of the provision of financial services to the National Park Authority. This will partly be used to offset potential costs of £35k related to a lease negotiation.	-25
d) <b>Land Holdings (BRO A Groom)</b> – Supplementary funding of £57,000 is required for additional temporary staffing resources, in order to update the asset management database now available. This will ensure that it can be utilised fully for management and performance information. Full details are set out in Appendix 4.	57
	<u>25</u>
<b><u>5. Finance &amp; Efficiency (Holding)</u></b>	
No new variations to report	0
	<u>0</u>
<b><u>6. General Purposes and Licensing</u></b>	
No new variations to report	0
	<u>0</u>
<b><u>7. Housing</u></b>	
a) <b>General Fund Housing (BRO D Brown)</b> – Savings due to staffing and time allocation changes in the Housing Improvements Section, as previously approved by Cabinet - Report C to Cabinet (4/06/08)	-35
b) <b>Leader Proposal</b> – See paragraph 2.7 of report	25
	<u>-10</u>
<b><u>8. Leisure, Culture &amp; Youth</u></b>	
a) <b>Applemore Health &amp; Leisure Centre (BRO B Millard)</b> – Funding for income reduction arising from changing rooms' capital scheme, as agreed by Cabinet on 4/06/08 (Report G).	12

	<b>£000</b>
b) <b>Grants (BRO M Devine)</b> – Funding for the Community Engagement Grant scheme and the Rural Communities Assistance Fund, as agreed by Cabinet on 4/06/08 (Report F).	36
c) <b>Fuel Price Costs (BRO G Bettle)</b> – Allocation of cost increases reported separately in body of report.	3
d) <b>Lymington Health &amp; Leisure Centre (BRO B Millard)</b> – There is £20k in the capital programme for works required to the Sports Hall at Lymington HLC. The scheme is a joint venture with HCC who estimate the works will cost less and as a result a saving of up to £8k will occur. However due to the timing of the works, there will be a revenue loss in income of £7k not currently allowed for in the budget. ( <i>In the context of the size of the overall leisure fees and charges budgets - &gt;£5.2m – all management possibilities to offset this are being pursued and a supplementary estimate is not requested at this time</i> )	
e) <b>Health and Leisure Centres (BRO B Millard)</b> – Following the cancellation of the software licence for time recording and to reduce administration it is considered beneficial to remove Property Services from allocating time to capital projects. As a result the revenue recharge to health and leisure centres will increase by £12,180 but there will be a corresponding saving in Leisure capital budgets and the associated revenue contribution to capital (see note 11a).	12
f) <b>Leader Proposal</b> – See paragraph 2.7 of report	25
	<u>88</u>
<b>9. Planning Development Control</b>	
a) <b>No new variations to report</b>	<u>0</u>
	<u>0</u>
<b>10. Planning &amp; Transportation</b>	
a) <b>Concessionary Travel (BRO G Miles)</b> – Virement from Finance & Efficiency to reflect Customer Services section time allocation changes from Tax and Benefits to Concessionary Travel (see 4a).	10
b) <b>Fuel Price Costs (BRO G Bettle)</b> – Allocation of cost increases reported separately in body of report	1
	<u>11</u>
<b>11. Capital Financing Provision (BRO K Green)</b>	
a) The revenue contribution to capital will be reduced by £12k to match the reduction in the cost of the capital programme following the change in time allocation methodology by the Property Services Team (see note 8e).	-12
	<u>-12</u>
<b>12. Vehicles and Equipment Provision (BRO K Green)</b>	
<b>No new variations to report</b>	<u>0</u>
	<u>0</u>
<b>13. Interest Earnings (BRO K Green)</b>	
a) <b>Interest Earnings</b> – Due principally to higher balances as a result of 2007/08 year end underspends and increased interest rates additional income of £250k is now projected	-250
	<u>-250</u>
<b>14. Other</b>	
<b>No new variations to report</b>	<u>0</u>
	<u>0</u>
<b>15. Transfers to/from (-) Revenue Reserves</b>	
Transfer of above variations to the Capital Programme Reserve	73
	<u>73</u>
<b>TOTAL ALL NEW VARIATIONS (REVENUE)</b>	<u><u>0</u></u>

**CAPITAL**

**APPENDIX 2**

Financial Assessment at end of June (Capital)					
Original Budget £000s		Latest Revised Budget (1) £000s	Forecast Outturn £000s	Actual Spend (2) £000s	% Budget Spent to Date (3 months = 25%)
180	Crime & Disorder	180	180	0	0%
70	Employment, Health & Wellbeing	73	73	60	82%
285	Environment	284	284	0	0%
1414	Environment - Coastal Protection	1248	1248	103	8%
1841	Finance & Efficiency	2043	1995	371	18%
2183	Leisure, Culture & Youth	2809	2890	779	28%
9	Leisure, C & Y - Developers C	262	333	82	31%
581	Planning & Transportation	595	758	28	5%
<b>6563</b>	<b>Subtotal Other Services</b>	<b>7494</b>	<b>7761</b>	<b>1423</b>	<b>19%</b>
3267	Housing - Private Sector	3267	3346	122	4%
5695	Housing - Public Sector	5681	5681	1030	18%
<b>8962</b>	<b>Subtotal Housing</b>	<b>8948</b>	<b>9027</b>	<b>1152</b>	<b>13%</b>
<b>15525</b>	<b>TOTAL CAPITAL</b>	<b>16442</b>	<b>16788</b>	<b>2575</b>	<b>16%</b>

*(1) This reflects capital rephasings of £1,118k from/to 2007/08 previously agreed together with the removal of coast protection schemes where no government funding has been obtained for this year (£201k). If future bids are successful they will be reported to Members at the earliest opportunity.*

*(2) Including known commitments to date*

	<b>£000</b>
Latest Revised 2008/09 Budget	<b>16442</b>
add: Net Increase(Decrease) in Capital Programme	
Finance & Efficiency	<b>-48</b>
Leisure, Culture & Youth	<b>81</b>
Leisure, C & Y - Developers Contributions	<b>71</b>
Planning & Transportation	<b>163</b>
Housing - Private Sector	<b>79</b>
Forecast Outturn	<b>346</b>
	<b>16788</b>

**FORECAST FULL YEAR CAPITAL EXPENDITURE 2008/09  
AND ACTUAL FOR THE PERIOD APRIL 2008 TO JUNE 2008**

**New Variations – Capital Expenditure**

**1. Crime & Disorder**

No new variations to report

**2. Employment, Health & Wellbeing**

No new variations to report

**3. Environment**

No new variations to report

**4. Environment – Coastal Protection**

No new variations to report

**5. Finance & Efficiency**

a) **Vehicles & Plant (BRO J Steeds)** – As a result of changes to Engineering Works and Grounds Maintenance operations a number of vehicles on the replacement schedule are no longer needed, resulting in savings of £120k.

b) **Administration (BRO G Miles)** – Additional budgetary provision is required for a plan copier (£16k) and mail folder (£3k).

c) **Marsh Lane Depot (BRO G Bettle)** – A £76k supplementary estimate for Phase 2 works at the depot was agreed by Cabinet on 7/7/08 (Report C). Additional funding of £12k has been agreed by the Portfolio Holder on the Phase 1 scheme.

d) **Remodel Council Chamber (BRO P Freeman)** – This will not go ahead pending the one site review and the budget can therefore be removed.

**6. Leisure, Culture & Youth**

a) **Applemore Health & Leisure Centre (BRO B Millard)** – Cabinet agreed on 4/06/08 (report G) to a supplementary funding request of £80k in respect of capital costs relating to the Applemore changing rooms. Council ratification will have been sought in July.

b) **Lymington Health & Leisure Centre (BRO B Millard)** – There is £20k in the capital programme for works required to the Sports Hall at Lymington HLC. The scheme is a joint venture with HCC who estimate the works will cost less and as a result a saving of up to £8k will occur. It is anticipated that income will reduce by £7k but it is anticipated that this will be made up on the overall centres' income.

c) **Health and Leisure Centres (BRO B Millard)** – Following changes to the time allocations methodology of the Property Services team, charges to Leisure capital budgets will reduce by £12,180. The corresponding increase is shown in the revenue expenditure statement.

	NFDC £000	RE – PHASING £000	OTHER £000	TOTAL £000
				0
	0	0	0	0
				0
	0	0	0	0
				0
	0	0	0	0
	0	0	0	0
				0
	0	0	0	0
	0	0	0	0
				0
	-120			-120
	19			19
	88			88
	-35	0	0	-35
	<b>-48</b>	<b>0</b>	<b>0</b>	<b>-48</b>
	80			80
	-8			-8
	-12			-12

	NFDC £000	RE – PHASING £000	OTHER £000	TOTAL £000
d) <b>All Centres (BRO B Millard)</b> - Portfolio Holder approval has been granted to buy out an existing lease covering gym equipment at New Milton, Lymington and Applemore. The cost of the buy out was £14k although it is anticipated the equipment will be sold and capital receipts received to offset this amount.	14			14
e) <b>Foreshores – Beach Huts (BRO S Plumridge)</b> - An opportunity arose to erect 4 new beach huts along the coast line: two at Barton, one at Hordle and one at Calshot. This will generate an estimated £54,000 in Capital Receipts for the Council when sold. The cost of building the four new huts was £7,000 and this figure was agreed by the Portfolio Holders and Chief Executive as a supplementary estimate before they were put in place.	7			7
f) <b>Ringwood Health &amp; Leisure Centre (BRO B Millard)</b> - A virement of £14k has taken place from the now redundant squash court refurbishment budget and the Car Park control budget as the original estimate for the latter was too low to complete the required specification.	0			0
	<b>81</b>	<b>0</b>	<b>0</b>	<b>81</b>
<b>7. Leisure – Developers Contributions</b>				
a) <b>Developer Contributions (BRO M Devine)</b> - Two new schemes have recently been awarded from the Developers Contributions funds: Additional Sports Pitches; Fawcetts Fields New Milton £39,450 Improved Public Access; Ellingham, Ibsley & Harbridge £31,800	0	0	71	71
	<b>0</b>	<b>0</b>	<b>71</b>	<b>71</b>
<b>8. Planning &amp; Transportation</b>				
a) <b>Marchwood RNAD</b> - On 2 April Cabinet agreed additional funding of £163k from Marchwood Parish Drainage contributions (£113k) and up to £50k from other Developers Contributions, subject to various conditions (including the availability of the funding).	0	0	163	163
	<b>0</b>	<b>0</b>	<b>163</b>	<b>163</b>
<b>TOTAL VARIATION (CAPITAL – OTHER SERVICES)</b>	<b>33</b>	<b>0</b>	<b>234</b>	<b>267</b>
<b>9. Housing – Private Sector</b>				
a) <b>Private Sector Disabled Facilities - DFG (BRO D Brown)</b> – GOSE have allocated a maximum DFG allocation to NFDC of £314k subject to NFDC contributing £189k. The current budget of £424k allows for an NFDC contribution of £170k (with £254 coming from GOSE). An increase of NFDC capital funding of £19k will therefore secure additional GOSE funding of £60k.	19		60	79
	<b>19</b>	<b>0</b>	<b>60</b>	<b>79</b>
<b>10. Housing – Public Sector</b>				
<b>No new variations to report</b>	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL VARIATION (CAPITAL – HOUSING)</b>	<b>19</b>	<b>0</b>	<b>60</b>	<b>79</b>
<b>TOTAL CAPITAL EXPENDITURE VARIATION</b>	<b>52</b>	<b>0</b>	<b>294</b>	<b>346</b>

## HOUSING REVENUE ACCOUNT

## APPENDIX 3

Financial Assessment at end of June (Housing Revenue Account)					
Original Budget £000s		Latest Revised Budget (1) £000s	Forecast Outturn £000s	Actual Spend (2) £000s	% Budget Spent to Date (3 months = 25%)
-19896	Dwelling Rent Income	-19896	-19896	-4236	21%
-752	Other Rent Income	-752	-752	-135	18%
-1128	Service Charge Income	-1128	-1128	-243	22%
7920	Government Subsidy	7920	7940	794	10%
-568	Other Income	-568	-661	-38	7%
<b>-14424</b>	<b>Total Income</b>	<b>-14424</b>	<b>-14497</b>	<b>-3858</b>	<b>27%</b>
2000	Reactive Maintenance	2000	2000	818	41%
1657	Cyclical Maintenance/DFG	1657	1657	636	38%
4978	Supervision & Management	4978	4976	1025	21%
163	Rent Rebates	163	163	55	34%
5595	Funding of Major Repairs	5595	5595	1030	18%
100	Environmental Enhancements	86	86	0	0%
303	Capital Financing Costs	303	303	0	0%
57	Other Expenditure	57	57	19	33%
<b>14853</b>	<b>TOTAL EXPENDITURE</b>	<b>14839</b>	<b>14837</b>	<b>3583</b>	<b>24%</b>
<b>429</b>	<b>Deficit/Surplus (-)</b>	<b>415</b>	<b>340</b>	<b>-275</b>	<b>-64%</b>

(1) This principally reflects the Environmental Enhancement rephasing of £14k brought forward into 2007/08, previously agreed

(2) Including known commitments to date

	£000	
Latest Revised 2008/09 Budget		415
add: Net Increase(Decrease) in HRA Costs		
Supervision & Management	-2	
Government Subsidy	20	
Other Income	-93	-75
<b>FORECAST HRA OUTTURN</b>	<b>340</b>	<b>340</b>

**FORECAST FULL YEAR HOUSING REVENUE ACCOUNT**  
**EXPENDITURE 2008/09**  
**AND ACTUAL FOR THE PERIOD APRIL 2008 TO JUNE 2008**

**New Variations – Housing Revenue Account (HoS D Brown)**

	£000	£000
<b>Supervision &amp; Management</b>		
a) <b>Housing Improvement Team</b> – See Report C to Cabinet (4/06/08)	31	
b) <b>Council Tax</b> – A review of HRA budgets has shown that resources allocated for Council Tax liabilities exceed requirements by £4k	-4	
c) <b>Depreciation</b> – A charge for notional depreciation was omitted from the budgets in error, whilst the offsetting credit was included.	13	
d) <b>IT Provision</b> – The budget included £6k for a dedicated server for Winfrid House, which is no longer required following the outsourcing of Central Control.	-6	
e) <b>Central Control</b> – Following its outsourcing there is no longer a need to recharge costs to the General Fund and this means that expenditure and income (see Other Income heading) budgets of £52k can be deleted with no net impact on the HRA.	-52	
f) <b>Rent Collection</b> – The HRA has in the past not picked up the costs of rent collection using swipe cards and this results in an increase in future costs of £16k	16	-2
<b>Government Subsidy</b>		
g) As a result of changes in the loan charges element of the subsidy due to interest rate changes the negative subsidy forecast is increasing by £20k		20
<b>Other Income</b>		
h) <b>Interest Earnings</b> – Due to higher balances as a result of 200708 underspends and increased interest rates additional income of £145k is now projected	-145	
i) <b>Central Control</b> – Following its outsourcing there is no longer a need to recharge costs to the General Fund and this means that expenditure (see Supervision & Management) and income budgets of £52k can be deleted with no net impact on the HRA.	52	-93
	<u>52</u>	<u>-93</u>
		<u>-75</u>

**CABINET 6<sup>TH</sup> AUGUST 2008  
REQUEST FOR SUPPLEMENTARY ESTIMATE**

**1. INTRODUCTION**

- 1.1 This report requests a supplementary estimate for the engagement of two temporary posts to support the work of the Estates and Valuation Team, Legal Services and ICT Services. The posts will work under the direction of the Valuer within the Property Services team.

**2. BACKGROUND**

- 2.1 During 2005/06, a substantial investment was made in a new corporate Asset Management System (IPF); the purpose of this was to upgrade the existing asset database and property terrier. This system holds prime records of the Council's land and property holdings, plant and equipment, vehicles and infrastructure assets, and is accessed by the financial, legal and property services teams.
- 2.2 When the new system was implemented, data available on the existing asset management systems were transferred to the new database. Although the manual property terrier maintained by Legal Services was accurate, only very basic information relating to property assets was held in the old electronic system, and some of this was incomplete or contained inaccuracies.
- 2.3 The recording of plant, equipment and vehicles was completed last year and remains up to date. However, although work has been progressing in populating the data-base for property assets, these records remain substantially incomplete. As this system constitutes one of the Council's principle records, it is essential this database has integrity and the system contains accurate and comprehensive information relating to the Council's assets.

**3. PROPOSALS**

- 3.1 Both the IPF Asset Management System and Geographic Information System (GIS) are good systems and crucial in supporting services across the Council. An assessment of outstanding work has been undertaken and an action plan formulated to complete both elements of the work associated with updating the asset database and GIS. However resources cannot be identified within the Estates, Legal or ICT teams to complete either phase of the project, and temporary additional resources are required. A supplementary estimate of £57,000 for the engagement of two temporary posts within 2008/09 is therefore requested.

- 3.2 The first appointment is for a temporary post to continue the work underway in extracting property and transaction details from existing legal paper documents and transferring these on to the IPF Asset Management System, and checking the accuracy of data transferred from the previous system.
- 3.3 As a second phase of the development of the Council's property records, a project to upgrade and digitise the Geographic Information System was included in the IT capital programme. This system supports the IPF Asset Management System, providing the Council with a comprehensive database of its land and property holdings. Installation of the hardware and software applications for GIS has been completed, and work is currently underway to digitise all current plans showing land boundaries and property details.
- 3.4 However, as there is no dedicated resource to undertake this project, progress, whilst being maintained, is slow. To ensure the quality and integrity of this information, sample checks of new records created are being undertaken. The process to date has identified a number of old records where there have been discrepancies relating to land boundaries, between deeds and attached plans. These issues will need to be properly checked, verified and corrected.
- 3.5 A second temporary resource is therefore required to progress implementation of this phase of development of the asset management system. The work to be undertaken will be to check and 'clean' the data currently held, with resolution of discrepancies identified, and digitisation of plans and maps. Depending upon how the work progresses and the incidence of material errors, consideration will be given to outsourcing some elements of the work.

#### **4. CONCLUSION**

- 4.1 To ensure the Council optimises the investment already made in the acquisition of the Asset Management Systems, the accurate recording of manual data held must be continue and completed within the current financial year.