

FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD APRIL 2008 TO DECEMBER 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 9 months 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 A summary of the variations reported to date is shown in the table below. Further detail is provided in paragraphs 2.2 to 2.8 and in Appendix 1.

	Previously Reported (To October) £	This Report (To December) £	Total £
Additional Interest Earned	535,000	-100,000	435,000
Concessionary Travel	235,000	265,000	500,000
Extra Fuel Costs	-82,000	0	-82,000
Increased Electricity Costs	-28,000	0	-28,000
Reduced Fees & Charges Income:			
Planning Income	-300,000	-85,000	-385,000
Building Control Income		-110,000	-110,000
Land Charges Income	-136,000	0	-136,000
Car Parking Income	-68,000	0	-68,000
Stillwater Park Income		-42,000	-42,000
Dibden Golf Course Income	-50,000	-54,000	-104,000
Health and Leisure Centre Income	-12,000	-175,000	-187,000
Other Health & Leisure Variations	-47,000	-77,000	-124,000
Building Control Cost Reductions		50,000	50,000
Land Drainage Costs		-77,000	-77,000
Reduction in Government Grant:			
Planning Delivery Grant	-76,000	0	-76,000
Increased Grants	-50,000	0	-50,000
Vehicle & Equipment Provision	14,000	100,000	114,000
Other Variations (net)	68,000	58,000	126,000
Total	3,000	-247,000	-244,000

- 2.2 The previously forecast position for the year anticipated an overall net decrease in budgeted expenditure of £3,000 after allowing for significant increases in fuel and related costs as well as significant shortfalls in income from Housing and Planning Delivery Grant, Planning Fees and Land Charges being offset by a significant reduction in Concessionary Travel Costs and increased interest earnings. Variations this month reflect largely the ongoing impact of the economic conditions and the effect of the substantial cut in Bank Of England base rates since October resulting in an increase in budgeted expenditure since the last financial monitoring report of £247,000 resulting in an overall budget deficit for the year of £244,000. Significant variations are individually addressed below and full details are also shown in Appendix 1.
- 2.3 Previous monitoring reports have highlighted significant budget pressures on Planning Fees and Land Charges income and the need for close monitoring because of the potential further impact of economic conditions on these income streams. Whilst there has been no significant change to the outturn position previously predicted for Land Charges, Planning Fee income has deteriorated further and is now expected to fall £335,000 short of the original budget (a deterioration of £85,000).
- 2.4 Building Control fee income had initially met or exceeded budgetary expectations in the first few months of the year but has in recent months been following the same trend as Land Charges and Planning Fee income and is now estimated to fall £110,000 short of the 2008/09 income target. Savings on employee and consultancy costs are expected to offset part of the income shortfall (£50,000) to leave an expected adverse variation at the end of the year of £60,000. Further close scrutiny will be required in order to monitor the above income streams.
- 2.5 Income at Health and Leisure Centres and at Dibden Golf Course has increasingly been affected by the general economic outlook in recent months and as a result it is necessary to report a likely further shortfall at Dibden of £54,000 (bringing the total shortfall for the year to £104,000) and of £175,000 at Health and Leisure Centres (bringing the total shortfall for the year to £187,000). Other adverse Health and Leisure Variations for the period amount to £77,000 (£124,000 for the year), bringing the overall adverse variation for the Health & Leisure Portfolio to £415,000.
- 2.6 Following significant Bank of England Base rate cuts since October the interest earnings forecast had to be revised. Earnings in this financial year are now expected to be £100,000 lower than previously anticipated.

- 2.7 Other significant adverse variations reported in this period are an anticipated overspend of £77k as a result of various pressures on the Land Drainage budget and a shortfall of income from mobile home sales of £42k (Stillwater Park). In contrast, a further cost reduction of £265k is now expected in respect of Concessionary Travel (bringing the total reduction to £500k) and reductions of £100k are expected to accrue from the rescheduling and rephasing of the Vehicles and Equipment (incl. ICT) investment programme and of a net £58k due to a number of other smaller variations. Full details on all reported variations are shown in Appendix 1.
- 2.8 It is important to note that the income budgets referred to in sections 2.3 to 2.5 above are continuing to be subject to a high level of volatility and it is too early to predict the likely impact on the remaining 3 months with a high level of certainty. Whilst in principle a continuation of the current experience has been assumed any significant deterioration could make an increase in the shortfall possible.

3 CAPITAL EXPENDITURE (APPENDIX 2)

- 3.1 A decrease in budgeted capital expenditure of £343,000 has been reported previously. Variations reported now (decrease of £2,185,000) result in a net expenditure reduction to date of £2,528,000.
- 3.2 A summary of the variations for this period is shown in the table below, but full details are shown in Appendix 2.

VARIATIONS

	£'000
Rephasings from (to) 2009/10:	
CCTV (Crime & Disorder)	-227
Vehicles & Plant / ICT (Finance & Efficiency)	-208
Applemore Changing Rooms (Leisure, C Y M)	-153
Capital Equipment (Leisure C Y M)	-136
Other Capital Schemes (Leisure C Y M)	-275
Developers Cont. Schemes (Leisure C Y M)	-50
Other:	
CCTV (Crime & Disorder)	341
Fordingbridge Public Convenience (Environment)	-100
Vehicles & Plant (Finance & Efficiency)	-75
Applemore Changing Rooms (Leisure C Y M)	53
Developers Contribution Schemes (Leisure C Y M)	135
Social Housing Grants (Housing)	-1498
Other	8
TOTAL	<u>-2185</u>

- 3.3 The significant expenditure reduction on Social Housing Grants (£1,498,000) is due largely to current housing market conditions, the global economic situation and the timing of grant payments already approved. The underspend has a direct impact on available capital resources for future housing capital investment and proposals in respect of 2009/10 will be considered by the Housing Review Panel, Cabinet and Council during January and February.
- 3.4 The following table provides an overview of the funding implications of the variations.

IMPACT ON CAPITAL RESOURCES	£'000
Net Rephasings	-1049
Variations affecting the Council's Capital Resources	-1324
Funded from External Sources	<u>188</u>
TOTAL	<u>-2185</u>

4 HOUSING REVENUE ACCOUNT (APPENDIX 3)

- 4.1 Previously reported variations showed a decrease in net expenditure of £1,000. Variations reported for this period are due to a reduction in projected interest receipts in this financial year (£88,000) following the recent reductions in base rates, partly offset by further savings as a result of the implementation of the Housing Restructure (-£20,000). The result is a net increase in reported expenditure for the year of £67,000.

5 CRIME AND DISORDER / EQUALITY AND DIVERSITY IMPLICATIONS

- 5.1 There are no crime and disorder or equality and diversity implications arising directly from this report.

6 ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no environmental implications arising directly from this report.

7 RECOMMENDATIONS

7.1 It is recommended that Members: -

- a) approve the items set out in the revised General Fund, Capital Programme and Housing Revenue Account budgets, as shown in Appendices 1 – 3.
- b) recommend Council to approve supplementary estimates of
 - £77k in respect of the Land Drainage budget overspend
 - £56k in respect of Leisure cleaning
 - £145k in respect of various Health and Leisure Centre / Dibden Golf Course variations (see Appendix 4)
 - £85k in respect of a further Planning Application income shortfall
 - £60k in respect of Building Control income shortfall
 - £100k in respect of a projected interest earnings shortfall
- c) note the actual expenditure position after 9 months (75%) compared to the budgets for 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 December (General Fund Revenue)					
Original Budget		Latest Revised Budget (1)	Forecast Outturn	Actual Spend (2)	% Budget Spent to Date (9 months = 75%)
£000s		£000s	£000s	£000s	
681	Crime & Disorder	705	676	537	76%
2283	Employment, Health & Wellbeing	2276	2251	1731	76%
6641	Environment	6814	6883	5262	77%
4982	Finance & Efficiency-Direct	5054	5070	3823	76%
0	Finance & Efficiency-Holding	0	-5	0	0%
659	General Purposes & Licensing	659	644	386	59%
1396	Housing	1387	1429	849	61%
2514	Leisure, Culture & Youth	2630	2936	2706	103%
853	Planning Development Control	1273	1358	924	73%
2462	Planning & Transportation	2495	2298	1366	55%
-1328	Business Unit Asset Rentals	-1328	-1328	-996	75%
21143	Service Expenditure	21965	22212	16588	78%
811	Capital Financing Provision	799	799		
-31	Commercial Services	0	0		
1514	Vehicles & Equipment Provision	1500	1400		
-1150	Interest Earnings	-1685	-1585	-1189	71%
22287	Net Expenditure	22579	22826		
0	Transfer to (from) Specific Reserves	-295	-295		
0	Transfer to (from) Capital Reserve	3	-244		
22287	TOTAL REVENUE	22287	22287		

(1) This reflects budget changes previously approved

(2) Including known commitments to date

	£000
Latest Revised 2008/09 Budget - Net Expenditure	22579
add: Net Increase(Decrease) in Costs	
Crime & Disorder	-29
Employment, Health & Wellbeing	-25
Environment	69
Finance & Efficiency	16
Finance & Efficiency - Holding	-5
General Purpose & Licensing	-15
Housing	42
Leisure, Culture & Youth	306
Planning Development Control	85
Planning & Transportation	-197
Vehicles & Equipment Provision	-100
Interest Earnings	100
	247
Forecast Outturn - Net Expenditure	22826
Transfers to/(from) Reserves	-539
FORECAST OUTTURN - TOTAL REVENUE	22287

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

<u>New Variations – General Fund Revenue Expenditure</u>	£000
<u>1. Crime & Disorder</u>	
a) CCTV (BRO Martyn Powell) – An improved CCTV maintenance contract has generated savings of £29,000 in this financial year.	-29
	<u>-29</u>
<u>2. Employment, Health & Wellbeing</u>	
a) Environmental Health Services (BRO C Gallagher) – Largely as a result of employee cost savings a positive variation of £25k can be reported for this area.	-25
	<u>-25</u>
<u>3. Environment</u>	
a) Land Drainage (HoS G Bettle) – Pressures on the Land Drainage budget will result in an estimated total overspend of £77,000. This overspend has arisen primarily for the following reasons:	
<ul style="list-style-type: none"> • Costs incurred in preparing a defence against proceedings issued to the Council for flooding incidents suffered by a householder in 2001. Proceedings were due to go to trial in January 2009 and costs incurred by this Council in preparing the defence amount to £36,000. The case has very recently been withdrawn by the claimants but the costs incurred to date will have to be met by the Council. No budgetary provision exists to cover these costs. • One off unbudgeted training costs of £4,600 associated with the corporate upgrade of Autocad design software. The training was not covered by the corporate ICT Autocad budget and was therefore recharged to business units. • An under-recovery of £32,000 by the Engineering Design team on capital and rechargeable works undertaken. As capital and revenue budgets have come under increasing pressure the volume of fee earning work undertaken by the team has reduced resulting in a shortfall in income and an overspend against the net budget. Resourcing levels will be reviewed by the end of this financial year to ensure that a balanced budget is established for 2009/10. 	77
b) Cemeteries (HoS C Read) – Following a review of grounds maintenance capital plant and equipment purchases, revenue savings of £8,060 have been identified.	-8
	<u>69</u>
<u>4. Finance & Efficiency</u>	
a) Engineering Works (HoS G Bettle) – Following the loss of the Highways Term Maintenance contract in May 2008 the downsized Engineering Works business unit has been faced with a reduced order book but similar overheads. The projected year end deficit relates to the under recovery of overheads. A new structure, which was implemented in January, will see the team being jointly managed by the new post of Grounds Maintenance and Engineering Works Manager and a comprehensive review of the business unit for the 2009/10 financial year.	16
	<u>16</u>
<u>5. Finance & Efficiency (Holding)</u>	
a) Insurance Premiums (BRO K Green/Various) – Following re-negotiation of the Council's insurance contract a £18k reduction in the premium has been achieved. £13k of this is already reflected as part of the items reported for leisure (Appendix 4). The remaining £5k will be allocated to Portfolios in due course.	-5
	<u>-5</u>
<u>6. General Purposes and Licensing</u>	
a) Licensing Services (BRO Martyn Powell) – A £15k employee cost saving will be achieved in this area in 2008/09.	-15
	<u>-15</u>
<u>7. Housing</u>	
a) Stillwater Park (BRO D Brown) – Income from sale of mobile homes has ceased due to the poor housing market combined with the global economic situation.	42
	<u>42</u>

	£000
<u>8. Leisure, Culture & Youth</u>	
a) Health & Leisure Centres & Dibden Golf Centre (BRO B Millard) - An options review of the cleaning function was carried out in conjunction with Commercial Services, Audit and HR and concluded that the most efficient and effective way forward would be to let the contract to a specialist cleaning company. The procurement process has been ongoing for the last 12 months and as such no actual savings have accrued yet. The process has now been concluded and the new contract will take effect from 05/01/09. Full savings of £60,000 will accrue in 2009/10.	56
b) Health & Leisure Centres & Dibden Golf Centre (BRO B Millard) - A separate report is attached setting out the full details of the additional £145,000 negative variation regarding Health and Leisure Centres and Dibden Golf Centre.	145
c) Health & Leisure Centres (BRO B Millard) - Payments of £105,000 have previously been approved in line with Financial Regulation 2.4 in respect of costs awarded against the Council relating to work on sports hall floors.	105
	<u>306</u>
<u>9. Planning Development Control</u>	
a) Planning Applications (HoS C Elliott) – An income shortfall of £250k in respect of planning fees has been reported to Cabinet and Council earlier in the year. Based on the ongoing and increasing impact of the economic environment on this income stream it is expected that there will be a further shortfall of income of £85k.	85
	<u>85</u>
<u>10. Planning & Transportation</u>	
a) Street Lighting (BRO N Hunt) – On 5 November Cabinet agreed additional provision of £8k in respect of increased energy costs for street lighting in 2008/09.	8
b) Building Control (HoS C Elliott) – Previous monitoring reports had updated Cabinet about the adverse impact of the economic conditions on planning fees and land charges and the need to closely scrutinise building control income, which had initially not been affected. This has unfortunately been changing in the quarter to the end of December and an income shortfall of £110k for the year is now expected. Part of this shortfall (£50k) will be offset by reductions in employee and consultancy costs.	60
c) Concessionary Travel (HoS G Miles) – The Council has finally received updated cost projections for this financial year based on journey numbers in the first 2 quarters of the year. On the basis of this a further saving of £265k is likely.	-265
	<u>-197</u>
<u>11. Capital Financing Provision (BRO K Green)</u>	
No new variations to report	0
	<u>0</u>
<u>12. Vehicles and Equipment Provision (BRO K Green)</u>	
a) Due to the rephasing of ICT investment and of the purchase of vehicles, plant and equipment together with costs incurred later within the financial year than initially scheduled, additional revenue savings totalling £100k for 2008/09 are now anticipated.	-100
	<u>-100</u>
<u>13. Interest Earnings (BRO K Green)</u>	
a) The Council is now expecting a reduction of £100k in General Fund interest earnings due mainly to the large reductions in the Bank of England base rate since October.	100
	<u>100</u>
<u>14. Other</u>	
No new variations to report	0
	<u>0</u>
<u>15. Transfers to/from (-) Revenue Reserves</u>	
Transfer of above variations to the Capital Programme Reserve	-247
	<u>-247</u>
TOTAL ALL NEW VARIATIONS (REVENUE)	<u>0</u>

CAPITAL

APPENDIX 2

Financial Assessment at end of December (Capital)					
Original Budget £000s		Latest Revised Budget (1) £000s	Forecast Outturn £000s	Actual Spend (2) £000s	% Budget Spent to Date (9 months = 75%)
180	Crime & Disorder	180	294	180	100%
70	Employment, Health & Wellbeing	73	73	62	85%
285	Environment	284	184	42	15%
1414	Environment - Coastal Protection (3)	2087	2087	1121	54%
1841	Finance & Efficiency	1955	1672	970	50%
2183	Leisure, Culture & Youth	2431	1928	1486	61%
9	Leisure, C & Y - Developers C	353	438	318	90%
581	Planning & Transportation	548	548	383	70%
6563	Subtotal Other Services	7911	7224	4562	58%
3267	Housing - Private Sector	3346	1848	670	20%
5695	Housing - Public Sector	5681	5681	4020	71%
8962	Subtotal Housing	9027	7529	4690	52%
15525	TOTAL CAPITAL	16938	14753	9252	55%

(1) This reflects budget changes previously approved

(2) Including known commitments to date

(3) This does now includes agreed Government grant funding of £839k for expenditure relating to emergency works at Milford on Sea, of which £337k had been spent at the end of December.

	£000
Latest Revised 2008/09 Budget	16938
add: Net Increase(Decrease) in Capital Programme	
Crime & Disorder	114
Environment	-100
Finance & Efficiency	-283
Leisure, Culture & Youth	-503
Leisure, C & Y - Developers Contributions	85
Housing - Private Sector	-1498
Forecast Outturn	<u>14753</u>

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

New Variations – Capital Expenditure

1. Crime & Disorder

- a) **CCTV System Extension (HoS A Righton)** – On 3 December Cabinet recommended a capital sum of £340,871 for the proposed extension of the Council's Public CCTV system, which was subsequently approved by Council. It is expected that approximately £227,000 of the agreed funds will be required in 2009/10.

2. Employment, Health & Wellbeing

No new variations to report

3. Environment

- a) **Fordingbridge Public Convenience (HoS Colin Read)** – A review of our method and design of public conveniences has led to a new modular design of facilities being constructed which is designed to minimise circulation space, improve cleaning standards and where possible design out crime. This approach has also allowed savings of £100,000 on a budget of £274,000 in 2008/09.

4. Environment – Coastal Protection

No new variations to report

5. Finance & Efficiency

- a) **Vehicles & Plant / ICT (HoS Colin Read/Ken Connolly)** – A review of the vehicles & plant programme has identified savings of £75,000 for the remainder of the year and the need to rephase £132,000 of vehicle and equipment purchases into 2009/10 due to the fact that the life of assets can be extended or that the purchases cannot be concluded in this year. A similar review of the ICT investment programme has resulted in the need for rephasings amounting to £76,000.

6. Leisure, Culture & Youth

- a) **Applemore Health & Leisure Centre Changing Rooms (BRO B Millard)** - Rephasing of £153,000 is necessary from 2008/09 in accordance with previous report to Cabinet and Council (approved 15 December). In addition Government Grant of £52,630 has been received and will be spent in 2008/09 due to the free swimming initiative.
- b) **Leisure Capital Programme (BRO B Millard / M Devine)** - A review of the Capital programme has revealed necessary rephasings of £275,000 and minor over spends totalling £8,000.
- c) **Leisure Capital Equipment Programme (BRO B Millard)** - A review of the Capital Equipment has revealed the need to rephase £136,000 of purchases into 2009/10.

	NFDC £000	RE – PHASING £000	OTHER £000	TOTAL £000
	341	-227	0	114
	341	-227	0	114
				0
	0	0	0	0
	-100	-0	0	-100
	-100	0	0	-100
				0
	0	0	0	0
	-75	-132	0	-207
	0	-76	0	-76
	-75	-208	0	-283
	0	-153	53	-100
	8	-275		-267
	0	-136	0	-136
	8	-564	53	-503

7. Leisure – Developers Contributions

- a) **Developers Contributions (BRO M Devine)** - A review of the Capital programme has revealed necessary rephasings to 2009/10 of £50,000 and net savings of £15,000 (-£20,000 land at Poulner Lakes, +£4,500 Hythe Promenade).
- b) **Developer Contributions (BRO M Devine)** - Four new schemes have recently been awarded funding from Developers Contributions.
- Fordingbridge Recreation Ground £17,000
 - Multi Use Games Area, New Milton £27,000
 - Totton Green Route £31,000
 - Totton New Forest Park £74,500

8. Planning & Transportation

No new variations to report

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

- a) **Social Housing Grants (BRO D Brown)** – Due to the housing market, the global economic situation and the timing of grant payments already approved, a saving of £1,498,000 is expected in this financial year. This saving relates to funds earmarked for expenditure on social housing.

10. Housing – Public Sector

No new variations to report

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

NFDC £000	RE – PHASING £000	OTHER £000	TOTAL £000
0	-50	-15	-65
0	0	150	150
0	-50	135	85
			0
0	0	0	0
174	-1049	188	-687
NFDC £000	RE – PHASING £000	OTHER £000	TOTAL £000
-1498	0	0	-1498
-1498	0	0	-1498
0	0	0	0
0	0	0	0
-1498	0	0	-1498
-1324	-1049	188	-2185

HOUSING REVENUE ACCOUNT

APPENDIX 3

Financial Assessment at end of December (Housing Revenue Account)					
Original Budget £000s		Latest Revised Budget (1) £000s	Forecast Outturn £000s	Actual Spend (2) £000s	% Budget Spent to Date (9 months = 75%)
-19896	Dwelling Rent Income	-19896	-19896	-14627	74%
-752	Other Rent Income	-752	-752	-492	65%
-1128	Service Charge Income	-1128	-1128	-831	74%
7920	Government Subsidy	7940	7940	6362	80%
-568	Other Income	-587	-499	-85	14%
-14424	Total Income	-14423	-14335	-9673	67%
2000	Reactive Maintenance	2000	2000	1523	76%
1657	Cyclical Maintenance/DFG	1657	1657	1159	70%
4978	Supervision & Management	4976	4956	3272	66%
163	Rent Rebates	163	163	166	102%
5595	Funding of Major Repairs	5595	5595	2976	53%
100	Environmental Enhancements	86	86	0	0%
303	Capital Financing Costs	303	303	0	0%
57	Other Expenditure	57	57	19	33%
14853	TOTAL EXPENDITURE	14837	14817	9115	61%
429	Deficit/Surplus (-)	414	482	-558	

(1) This reflects budget changes previously approved

(2) Including known commitments to date

	£000	£000
Latest Revised 2008/09 Budget		414
add: Net Increase(Decrease) in HRA Costs		
Other Income		88
Supervision & Management		-20
FORECAST HRA OUTTURN		482

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

New Variations – Housing Revenue Account (HoS D Brown)

	£000	£000
Supervision & Management		
a) Housing Restructure (BRO P Lewis) – Implementation of the final elements of the Housing Restructure have resulted in a net saving of £20k.		-20
b) Other Income (BRO D Brown) – Due mainly to the large reductions in the Bank of England base rate since October the projected interest earnings for the Housing Revenue Account are expected to reduce from previously projected £364,000 to £276,000.		88
		<u>68</u>

HEALTH & LEISURE CENTRES AND DIBDEN GOLF CENTRE – 2008/09 YEAR END FINANCIAL PROJECTIONS

INTRODUCTION

A recent review of the income and expenditure budgets for the Health & Leisure Centres and Dibden Golf Centre has revealed a number of projected variations resulting in net budget pressures of £145k which cannot be contained within the portfolio.

The purpose of this report is to inform members of the reasons for the projected variations which are detailed in the schedule attached.

BUDGET PRESSURES

Employees: There is a projected overspend on employee costs of £44k. The majority of the overspend is at Ringwood (£24k) where not all of the anticipated saving from the management restructure has been achieved, and there has been an overspend on instructor and Senior Attendant costs at Totton (£10k) which has been more than offset by increased income at this site. In addition the costs of centralising the Direct Debit unit were underestimated and while there were administrative cost savings at four Centres there were additional costs within the new unit of £10k.

Income; There is a projected year end short fall of £229k against the current budget. Income is currently £178k (4.4%) behind target although the shortfall at the HLC's in both November and December was 9% and projections assume that this general trend will continue to the year end.

SAVINGS

In order to partially offset the current budget pressures of £273k a detailed review of costs has been undertaken resulting in an overall projected saving of £128k resulting in a net bid of £145k, the main elements of which are;

Employees; In order to try and offset some of these additional costs a review of instructor led activity programmes has been undertaken and some savings identified. Unfortunately these have been partially offset by a number of cases of long term sickness. There will be net savings identified at Lymington (£10k) and at Applemore (£5k).

Supplies and Services; A review of these budgets across all Centres has resulted in projected savings of £51k.

Premises; The annual buildings insurance has come in less than budgeted resulting in a saving of £13k. There will also be a saving on Plant at Dibden of £9k.

Health Projects; The grant received was £30k higher than originally budgeted for.

Income; There will be a projected over achievement on income against budget of £49k at Totton. This is as a result of a budget adjustment last year following a number of years of income shortfall and exceptional performance on fitness income following the gym refurbishment in 2008.

	HLC Total	Dibden	TOTAL
Budget Pressures;			
Employees	44,000		44,000
Income to date	125,000	53,000	178,000
Potential Further variation (Jan-Mar)	50,000	1,000	51,000
Offsetting Factors;			
Employees	-15,000		-15,000
Supplies and Services	-41,000	-10,000	-51,000
Plant	0	-9,000	-9,000
Premises Insurance	-13,000		-13,000
Health Projects	-30,000		-30,000
Income (Catering)	-5,000		-5,000
Income (Service Charge)	-5,000		-5,000
	110,000	35,000	145,000