

FINANCIAL REPORT – OUTTURN PROJECTION BASED ON PERFORMANCE TO JULY 2009

1 INTRODUCTION

- 1.1 This report considers financial performance for the first 4 months of 2009/10 and potential outturn implications on a Portfolio and Committee basis. It needs to be read in the context of the likely need to identify ongoing annual revenue savings of approximately £4 million per annum over the 3 year period to 2011/12, as set out in the Medium Term Financial Plan (MTFP) report considered by Cabinet on 6 July.

2 GENERAL FUND OUTTURN PROJECTION

- 2.1 A General Fund budget of £22.668 million for 2009/10 was agreed by Council in March and subsequently £218,000 have been added to this as a result of budgets carried forward from 2008/09, following the (MTFP) Report 2008 – 2012 to Cabinet of 6 July 2009.
- 2.2 Initially the 2009/10 budget was balanced by a contribution from reserves of £975,000. Portfolios have now identified total contributions of £978,000 towards this target. The surplus achievement of £3,000 together with the budgets carried forward from 2008/09 result in a revised General Fund Budget for 2009/10 of £22.883m.
- 2.3 In July Cabinet also noted the need to identify over £4 million of revenue savings and efficiencies by 2012. To support the ongoing Savings & Efficiency Plan approval was given for the provision of a reserve of £974,000, created initially by transferring resources from the Capital Programme reserve.
- 2.4 Indications are that the 2009/10 pay award will be settled within the budget provision level made.
- 2.5 The total of new commitments to be reported at this stage amounts to £132,000. This is offset by the following positive variations, totalling £517,000, leaving a net improvement in the forecast outturn of £385,000:
- **Interest Earnings** are now expected to be £50,000 ahead of budgets, principally due to higher than expected General Fund balances.
 - **Additional Benefit Admin Grant** (to assist with increasing case loads) of £170,000 has been received of which £40,000 is committed to additional costs in this financial year.
 - **Additional Local Authority Business Growth Incentive Scheme Grant** for 2009/10 of £116,000 has been received, together with £23,000 in respect of **Area Based Grant**.

- **Planning & Transportation / Planning Development Control:**
Last year saw a significant reduction in income generated from land charges, planning fee and building control income as a direct result of the economic downturn. This year income for these areas is exceeding the reduced budgets set by a net £71,000. In addition £17,000 of habitat grant has been received of which to date only £7,000 has been allocated to cover increased costs.
- **Leisure, Culture and Youth Matters:**
Income at Health and Leisure Centres and at Dibden Golf Course is approximately £100,000 ahead of the reduced budget target set after the first 4 months of this year.

Variations are summarised in the table below and further detail is included in Appendix 1. The General Fund Outturn is now forecast at £22.498m.

	Previously Reported £	New Items £	Latest Position £
Additional Resources (+)			
<u>Income</u>			
Interest Earned		50,000	50,000
Health & Leisure Centres / Dibden Income		100,000	100,000
Building Control & Land Charges Income		88,000	88,000
Benefits Admin Grant (net of costs)		130,000	130,000
LABGI Grant		116,000	116,000
Area Based Grant		23,000	23,000
Habitat Grant (net of costs)		10,000	10,000
<u>Expenditure</u>			
Other Variations (net)		0	0
Subtotal Additional Resources		517,000	517,000
New Commitments (-)			
<u>Income</u>			
Planning Fee Income		-17,000	-17,000
<u>Expenditure</u>			
Property Services Staff		-30,000	-30,000
Single District CAB		-15,000	-15,000
One Site Project		-30,000	-30,000
Office Optimisation		-40,000	-40,000
Subtotal New Commitments		-132,000	-132,000
NET TOTAL		385,000	385,000

3 CAPITAL EXPENDITURE

- 3.1 The Capital Programme agreed by Council in March amounted to £11.568m. This has since been increased by 2008/09 capital programme slippage of £1.421m resulting in a total programme of £12.989m at the beginning of April 2009. Variations reported now result in a net increase in capital budgets of £397,000 resulting in a forecast capital outturn of £13.386m.

- 3.2 The most significant factors responsible for the increase are additional coastal protection schemes, fully funded by Government grants (£275,000) together with the allocation of a net £157,000 of developers contributions to a variety of schemes, fully detailed in Appendix 2. Net costs of the increase in capital budgets falling onto the Council amount to only £15,000, of which £14,000 are covered by capital receipts from the sale of equipment. Delays in the lottery submission process mean that the £50,000 budget for Ringwood Meeting House will not now be needed until 2010/11.
- 3.3 The following table provides an overview of the funding implications of the variations.

IMPACT ON CAPITAL RESOURCES	£'000
Net Rephasings	-50
Variations affecting the Council's Capital Resources	15
Funded from External Sources	<u>432</u>
TOTAL	<u>397</u>

4 HOUSING REVENUE ACCOUNT

- 4.1 There are no variations expected in the Housing Revenue Account Outturn forecast at this stage of the year.

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 from this report.

7 RECOMMENDATIONS

- 7.1 It is recommended that Members: -
- a) Note the revised outturn forecasts and their potential impact on the Authority's revenue (paragraph 2.5) and capital (paragraph 3.1) budgets.
 - b) Note the detailed variations reported (Appendix 1 & 2)

For Further Information Contact

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**Reported General Fund Revenue Budget
Variations 2009/10**

	New Items £000	Analysis of Latest Position	
		Accounting/ Virements £000	Other £000
Crime & Disorder:			
Other Items < £5k	0		
	0	0	0
Employment, Health & Wellbeing:			
Other Items < £5k	0		
	0	0	0
Environment:			
Other items < £5k	0		
	0	0	0
Finance & Efficiency:			
Property Services Staffing	30		30
Single District CAB	15		15
One Site Project	30		30
Office Optimisation	40		40
Benefits Admin	-130		-130
Other items < £5k	0		0
	-15	0	-15
Finance & Efficiency - Holding:			
Other items < £5k	0		0
	0	0	0
General Purposes and Licensing:			
Other Items < £5k	0		
	0	0	0
Housing:			
Other Items < £5k	0		
	0	0	0
Leisure:			
Health & Leisure Centre / Dibden Income	-100		-100
Other Items < £5k	0		0
	-100	0	-100
Planning Development Control:			
Planning Fee Income	17		17
Habitats Grant (net of costs)	-10		-10
Other items < £5k	0		
	7	0	7
Planning & Transportation:			
Building Control Income	-54		-54
Land Charges Income	-34		-34
Other items < £5k	0		
	-88	0	-88
Capital Financing Provision:			
Other Items < £5k	0		
	0	0	0
ICT, Vehicles and Equipment Provision:			
Other items < £5k	0		
	0	0	0
Interest Earnings:	-50	0	-50
Other Items			
LABGI	-116		-116
Area Based Grant	-23		-23
	-139	0	-139
NET VARIATION	-385	0	-385

REPORTED GENERAL FUND REVENUE BUDGET VARIATIONS NARRATIVES

1. Crime & Disorder	
2. Employment, Health & Wellbeing	
3. Environment	
4. Finance & Efficiency	
a) Property Services Staff (HoS G Bettle) – Cabinet approved a supplementary budget of £30,000 (part year) to establish a new post of property manager on 6 July.	30
b) Single District CAB (HoS G Miles) – A one-off payment of £14,750 has been authorized by the Portfolio Holder to partly fund the setting up of a single Citizens Advice Bureau across the District.	15
c) One Site Project (ED J Mascall) – Resource requirement to progress 2 nd stage of feasibility project, including site investigation works.	30
d) Office Optimisation (ED J Mascall) – Review efficiency opportunities at ATC, including review and implementation of improved office working arrangements.	40
e) Benefits Admin (HoS G Miles) – Additional grant funding of £170k has been made available by Government to reflect the additional workload resulting from the impact of the economic situation. Only £40k of this funding will be required in this year for additional staffing resources.	-130
	<hr/> -15 <hr/>
5. Finance & Efficiency (Holding)	
6. General Purposes and Licensing	
7. Housing	
8. Leisure, Culture & Youth	
a) Health and Leisure Centres / Dibden (HoS B Millard) – Income in the first 4 months of this year is £100k ahead of target.	-100
	<hr/> -100 <hr/>
9. Planning Development Control	
a) Habitat Grant (HoS C Elliott) – Grant of £17,000 has been received, of which £7,000 has been utilized to offset expenditure to date.	-10
b) Planning Fee Income (HoS C Elliott) – Income for the first 4 months was £17,000 behind target.	17
	<hr/> 7 <hr/>
10. Planning & Transportation	
a) Building Control Income (HoS C Elliott) – Income for the first 4 months exceeded profiled budgets by £54,000.	-54
b) Land Charges Income (HoS C Elliott) – Income for the first 4 months exceeded profiled budgets by £34,000.	-34
	<hr/> -88 <hr/>
11. Capital Financing Provision (BRO K Green)	
12. Vehicles and Equipment Provision (BRO K Green)	
13. Interest Earnings (BRO K Green)	
a) Interest Earnings – Largely as a result of higher than expected balances, projected interest earnings exceed budgets by £50k.	-50
	<hr/> -50 <hr/>
14. Other	
LABGI Grant – Grant awarded for 2009/10	-116
Area Based Grant – Grant awarded for 2009/10	-23
	<hr/> -139 <hr/>
TOTAL ALL NEW VARIATIONS	<hr/> -385 <hr/>

Reported Capital Budget Variations 2009/10

	New Items £000	Latest Position £000	Analysis of Latest Position		
			NFDC £000	Accounting/ Rephasings £000	Other £000
Crime & Disorder:					
Other items < £5k	0	0	0	0	0
	0	0	0	0	0
Employment, Health & Wellbeing:					
Other items < £5k	0	0	0	0	0
	0	0	0	0	0
Environment:					
Other items < £5k	0	0	0	0	0
	0	0	0	0	0
Environment - Coastal Protection:					
North Solent SMP Review	67	67	0	0	67
Milford on Sea Emerg Works Phase 1	160	160	0	0	160
Milford on Sea Emerg Works Phase 2	48	48	0	0	48
Other items < £5k	0	0	0	0	0
	275	275	0	0	275
Finance & Efficiency:					
Other items < £5k	-11	-11	-11	0	0
	-11	-11	-11	0	0
Leisure:					
Coast	12	12	12	0	0
Dual Use / Joint Provison	-50	-50	0	-50	0
New Milton Equipment	4	4	4	0	0
Lymington Equipment	10	10	10	0	0
NM Bike Racking / Totton Lighting	-17	-17	-17	0	0
Applemore Lift Scheme	17	17	17	0	0
Other items < £5k	0	0	0	0	0
	-24	-24	26	-50	0
Leisure - Developers Contributions:					
Fordingbridge Recreation Ground	6	6	0	0	6
Hythe Challenger Way	113	113	0	0	113
Fawley - Land at Holbury	41	41	0	0	41
Other items < £5k	-3	-3	0	0	-3
	157	157	0	0	157
Planning & Transportation:					
Other items < £5k	0	0	0	0	0
	0	0	0	0	0
Housing - Private Sector					
Private Sector Disabled Facilities	0	0	0	0	0
Social Housing Grants	0	0	0	0	0
Housing - Public Sector					
Other items < £5k	0	0	0	0	0
	0	0	0	0	0
NET VARIATION	397	397	15	-50	432

REPORTED CAPITAL EXPENDITURE BUDGET VARIATIONS NARRATIVES

	NFDC £000	RE – PHASING £000	OTHER £000	TOTAL £000	
1. Crime & Disorder					
2. Employment, Health & Wellbeing					
3. Environment					
4. <u>Environment – Coastal Protection</u>					
The Council has been successful in obtaining grant funding for the following coastal protection schemes:					
a) North Solent SMP Review			67	67	
b) Milford on Sea Emergency Works Phase 1			160	160	
c) Milford on Sea Emergency Works Phase 2			48	48	
	0	0	275	275	*
5. <u>Finance & Efficiency</u>					
a) A number of small capital budgets totalling £11k can be deleted as they can be covered from within existing revenue budgets.	-11			-11	
	-11	0	0	-11	
6. <u>Leisure, Culture & Youth</u>					
a) Coast (HoS M Devine) – Relevant approval has been sought to replace 4 beach huts damaged as a result of the Milford Sea Wall collapse.	12			12	
b) Dual Use / Joint Provision (HoS M Devine) – Due to delays in the lottery submission process this budget (Ringwood Meeting House) is now not expected to be needed until 2010/11.		-50		-50	*
c) Totton Lighting / NM Bike Racking / Applemore Lift Scheme (HoS B Millard) – It is proposed to vire a total of £17k from the Totton Lighting / New Milton Bike Racking schemes in order to fund the costs of an enhanced lift replacement at Applemore, which will have the benefit of allowing safe evacuation of disabled persons in an emergency.	0			0	*
d) New Milton/Lymington Health and Leisure Centres (HoS B Millard) – A capital receipt will be used to enable the efficient replacement of equipment at the same time rather than in steps.	14			14	
	26	-50	0	-24	
7. <u>Leisure – Developers Contributions</u>					
a) Developer Contributions (HoS M Devine) – A number of new schemes have recently been approved from Developers Contributions funds:					
Fordingbridge – Enhancing Facilities at Rec Ground			£6,000		
Hythe – Challenger Way			£113,000		
Marchwood – Public Information Board			£2,000		*
Fawley – Acquisition & Preparation of land at Holbury			£41,300	162	*
b) Developer Contributions (HoS M Devine) – The £5k feasibility study budget for amenity land at Totton is no longer required.			-5	-5	
	0	0	157	157	
8. Planning & Transportation					
9. Housing – Private Sector					
10. Housing – Public Sector					
TOTAL CAPITAL EXPENDITURE VARIATION	15	-50	432	397	

* = items/totals identified by an asterisk have no impact on the Council's own capital funding requirement