

FINANCIAL REPORT – OUTTURN PROJECTION BASED ON PERFORMANCE TO DECEMBER 2009

1 INTRODUCTION

- 1.1 This report considers financial performance for the first 9 months of 2009/10 and potential outturn implications on a Portfolio and Committee basis.

2 GENERAL FUND OUTTURN PROJECTION

- 2.1 A General Fund budget of £22.668 million for 2009/10 was agreed by Council in March, which has since been amended to £22.477m in line with the items reported in the November report to Cabinet.
- 2.2 The total of new commitments to be reported for the period since the last report amounts to £179,000. This is offset by positive variations totalling £295,000, resulting in a net improvement reported for this period of £116,000. In addition grant income of £229,000 from the Local Public Service Agreement (LPSA) grant is anticipated in the year. The most significant variations are summarised below:

Employment, Health and Wellbeing:

The cost of Meals on Wheels provision has increased significantly. Whilst traditionally Hampshire County Council and New Forest District Council share the costs the net impact on this Council is expected to be £25,000.

Environment:

Fuel costs are expected to be significantly above budget (full details are reflected in appendices 1 and 3). This is partly offset by smaller savings in other areas, leaving net additional costs of £57,000.

Leisure, Culture and Youth Matters:

As a result of further progress with the leisure review (£70k), improved income (£70k) and reduced utilities costs (£75k) additional budget savings totalling £215,000 can be reported.

Planning & Transportation / Planning Development Control:

Further improvement in building control income (£49,000) and Land Charges Income (£15,000) is expected, but this is largely offset by a reduction in the anticipated parking income for this year (£60,000).

- 2.3 All variations reported to date are summarised in the table on the following page and further detail is included in Appendix 1. The General Fund outturn after taking account of the reported variations is now forecast at £22.132m including the LPSA referred to above.

	Previously Reported £	New Items £	Latest Position £
Additional Resources (+)			
<u>Income</u>			
Interest Earned	50,000		50,000
Health & Leisure Centres / Dibden Income	100,000	70,000	170,000
Building Control & Land Charges Income	128,000	64,000	192,000
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>			
CCTV	30,000		30,000
Concessionary Fares	50,000		50,000
Health & Leisure Centre Costs	30,000	145,000	175,000
Vehicle Procurement (Delays)	20,000	16,000	36,000
Subtotal Additional Resources	687,000	295,000	982,000
New Commitments (-)			
<u>Income</u>			
Recycling Income	-49,000		-49,000
Planning Fee Income	-37,000		-37,000
Stillwater Park Income	-40,000		-40,000
Parking Income		-60,000	-60,000
<u>Expenditure</u>			
Fuel / Fuel Monitoring		-80,000	-80,000
Meals on Wheels		-25,000	-25,000
Engineering Works	-40,000		-40,000
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
Other Variations (net)	0	-14,000	-14,000
Subtotal New Commitments	-281,000	-179,000	-460,000
NET TOTAL	406,000	116,000	522,000

3 CAPITAL EXPENDITURE

- 3.1 Previously reported variations of £354,000 resulted in a forecast capital outturn of £13.344m. Net variations reported in this period amount to a £1.1m reduction in estimated expenditure. This results in a total decrease for the year to date of £746,000, reducing the projected capital outturn for the year to £12.244m.
- 3.2 The most significant factors responsible for the decrease is the reduction of £764,000 in the budget required for Social Housing Grant due largely to current market conditions, revisions to coastal protection schemes (which have no impact on the Council's resources), and a number of rephasings. Full details of all the variations are shown in Appendix 2.
- 3.3 The following table provides an overview of the funding implications of all the variations reported to date.

IMPACT ON CAPITAL RESOURCES	£'000
Net rephasings	-336
Variations affecting the Council's Capital Resources	-729
Funding from Developers' Contributions	190
Funding from Other External Sources	<u>129</u>
TOTAL	<u>-746</u>

- 3.4 In addition to the above variations the Council has been notified of Local Public Service Award Grant of £459,000 for 2009/10 and 2010/11. One half of this total will be allocated to increase funding resources for capital projects.

4 HOUSING REVENUE ACCOUNT

- 4.1 The Housing Revenue Account budget for the year originally predicted a surplus of £173,000. This needs to be adjusted for the following variations:
- A £380,000 reduction in rental income due to changes to the rent levels following the amendments earlier in the year
 - Partly offset by
 1. a positive impact (£48,000) on our net subsidy payment to Government due to the reduced rent levels,
 2. a £30,000 contribution from Supporting People subsidy to fund the floating support workers,
 3. savings on the computer equipment purchase budget of £68,000.
- 4.2 The total additional cost of the variations above of £234,000 will move the HRA budget from a £173,000 surplus for the year to a £61,000 deficit.

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 PORTFOLIO HOLDER COMMENTS

- 7.1 The Finance and Efficiency Portfolio Holder comments that the work put into improve efficiency is having a favourable effect in reducing expenditure, there are however continuing major outside adverse influences so it is good management to keep ahead of the game.

8 RECOMMENDATIONS

- 8.1 It is recommended that Members: -
- a) Note the revised outturn forecasts and their potential impact on the Authority's revenue (paragraph 2.3), capital (paragraph 3.1) and HRA (paragraph 4.2) budgets.
 - b) Note the detailed variations reported (Appendix 1 & 2)

For Further Information Contact

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REPORTED GENERAL FUND REVENUE BUDGET VARIATIONS NARRATIVES

<u>1. Employment, Health & Wellbeing</u>	£000
a) Meals on Wheels (HoS M Devine) – The cost of producing and providing meals has risen sharply over the last few years (food, energy and delivery and management costs which are increasingly dependant on paid staff rather than volunteers), whilst income has fallen due to the fact that the number of meals delivered is reducing. As HCC and NFDC are both contributing 50% to the costs of the service the likely additional cost to the Council is £25,000.	25
	25
<u>2. Environment</u>	
a) Coast Protection (HoS A Bradbury) – Unspent revenue budget of £16,000 is being transferred to Capital to finance the purchase of 2 engines for coastal protection boats.	-16
b) Environment Service Vehicles (HoS C Read) – This adjustment reflects the revenue impact of the updated vehicle purchases programme for 2009/10.	-16
c) Fleet Management System (HoS C Read / G Bettle) – Whilst savings of £37,000 (£22,000 fuel savings plus £15,000 system implementation savings) have already been achieved since the introduction of the fleet management system there is a likely shortfall against the anticipated full year savings as the data monitoring and feedback process have taken longer to implement than planned.	55
d) Fuel (HoS C Read / G Bettle) – An increase in the cost of fuel during the year will result in an overspend of approximately £25,000 on the fuel budgets.	25
e) Cemeteries (HoS C Read) – Underpinning works are required at Beaulieu Chapel (agreed by the Asset Management Group).	9
	57
<u>3. Finance & Efficiency</u>	
a) Public Offices (HoS G Bettle) – The Portfolio Holder has agreed additional expenditure of £8k to create 2 additional parking spaces at Ringwood offices to allow for increased visitor numbers.	8
	8
<u>4. Housing</u>	
a) Strategic Housing Manager (HoS D Brown) – Additional relocation and other costs were incurred in the recruitment of the strategic housing manager.	13
	13
<u>5. Leisure, Culture & Youth</u>	
a) Health and Leisure Centres / Dibden (HoS B Millard) – Further savings of £70,000 have been generated through the recent Fundamental Service Review (FSR). In addition there has been a continued improvement in the income position (£70,000) and together with savings due to reduced utility costs of £75,000 (principally as a result of new prices not becoming effective until the second half of the year) an overall budget saving of £215,000 can be reported.	-215
	-215
<u>6. Planning & Transportation</u>	
a) Building Control Income (HoS C Elliott) – After 9 months of the financial year income was £129,000 ahead of budget and it is expected to rise further to a positive variation of £143,000 by the end of the year (i.e. a further improvement of £49,000 on the already reported position)	-49
b) Land Charges Income (HoS C Elliott) – Income for the first 9 months exceeded profiled budgets by £77,000. However the likely outturn position is potentially going to be adversely affected by a variety of factors and at this stage it is prudent not to assume more than a £50,000 positive variation for the year (an improvement of £15,000 from the £35,000 previously reported).	-15
c) Parking (HoS G Miles) – Income for the first 6 months of the year was somewhat behind target. The situation has not improved in the last 3 months and a shortfall of £60,000 for the year is now expected.	60
	-4
TOTAL ALL VARIATIONS	-116
<u>Other</u>	
Local Public Service Agreement Grant	-229

REPORTED CAPITAL EXPENDITURE BUDGET VARIATIONS NARRATIVES

	NFDC £000	RE – PHASING £000	OTHER £000	TOTAL £000	
1. Environment					
a) Cemeteries (HoS C Read) – Due to adverse weather conditions £50k of the work on Eling Cemetery will now have to be rephased to 2010/11.		-50		-50	*
b) Boat Engines – Coast Protection (BRO A Bradbury) – Surplus revenue budget of £16k has been transferred from revenue funds to finance the purchase of 2 boat engines.			16	16	*
	0	-50	16	-34	
2. Environment – Coastal Protection					
a) A number of adjustments are required to Coastal Schemes. These are all fully Environment Agency funded and there is no impact on the Council's capital resources.					
• Regional Monitoring Phase 2			-376	-376	
• Christchurch Bay Management Plan			-4	-4	
• North Solent SMP Review			10	10	
• Solent Dynamic Project		-20		-20	
• Milford on Sea Emergency Works Phase 1			216	216	
• Milford on Sea Emergency Works Phase 2		-43		-43	
	0	-63	-154	-217	*
3. Finance & Efficiency					
a) ICT Server Room Air Conditioning (HoS G Bettle) – The Portfolio Holder has authorised £23k additional capital expenditure to safeguard the safe operation of the ICT server room.	23			23	
b) Vehicles & Equipment (HoS C Read) – There have been some minor additional costs to the programme (£8k) and purchases have needed to be brought forward (£132k – largely as a result of a refuse vehicle destroyed by fire). At the same time it has been possible to delay the procurement of a number of items to 10/11 (£76k).	8	56		64	*
c) Marsh Lane Depot (HoS G Bettle) – The Portfolio Holder has authorised £40k of additional capital expenditure on interceptors (to collect and filter water contamination). Not proceeding with this could put us at risk of action by the Environment Agency.	40			40	
	71	56	0	1217	
4. Leisure, Culture & Youth					
a) HLC Equipment (HoS B Millard) – As a result of extended useful life expectations, some equipment expenditure can be delayed.		-20		-20	*
b) Dibden Golf Centre (HoS B Millard) – Some drainage work will be delayed to 2010/11 as a result of recent poor weather conditions.		-10		-10	*
c) Health & Leisure Centres (HoS B Millard) – A net saving of £15k is expected to be achieved as a result of various minor over & underspends	-15			-15	
d) Leisure Services (HoS M Devine) – Schemes totalling £167k need to be rephased to 2010/11.		-167		-167	*
	-15	-197	0	-212	
5. Housing – Private Sector					
a) Social Housing Grant (HoS D Brown) – As a result of the economic conditions there have been fewer social housing developments than in previous years. £764k of resources will therefore not be required this year.	-764			-764	
TOTAL CAPITAL EXPENDITURE VARIATION	-708	-254	-138	-1,100	

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