

## FINANCIAL REPORT – OUTTURN PROJECTION BASED ON PERFORMANCE TO DECEMBER 2011

### 1. INTRODUCTION

- 1.1 This report considers financial performance for the first 9 months of 2011/12 and any potential outturn implications on a Portfolio and Committee basis.

### 2. BACKGROUND

- 2.1 The report consolidates and updates the financial picture for the Authority since the earlier financial reports presented to Cabinet in July and September and a further update of the position provided as part of the Medium Term Financial Plan report in November. The appendices now show a full picture of any new variations alongside previously reported variations in order to give Members a consolidated picture of variations reported throughout the year.

### 3. GENERAL FUND OUTTURN PROJECTION

- 3.1 A General Fund budget of £20.404m for 2011/12 was agreed by Council in February 2011.
- 3.2 Previous reports to Cabinet up to November have identified net overall improvements to the budget position of £293,000 (including £85,000 from workstream efficiencies). The update now reported identifies further net positive variations of £385,000 from reduced concessionary travel costs (£200k), improved leisure fees and charges income together with reduced costs (£150K) and additional interest earnings (£35k). The latest position is therefore an overall improvement of £678,000. A full summary of all reported variations is provided as part of Appendix A.
- 3.3 The most significant new variations are summarised below:

#### **Planning & Transportation:**

##### **• Concessionary Travel – Total positive variation £200,000**

The consultants to the Hampshire Transport Consortium have now concluded that further additional capacity claims are unlikely and the remaining £200k of the provision set aside to cover such claims can now be released.

#### **Health & Leisure – Total positive variation £150,000**

##### **• Health and Leisure Centres**

**Fees and Charges Income** is now expected to be £120k ahead of the budget target with the greatest contribution coming from Applemore (£57k).

**Employee** cost savings across health and leisure centres are now expected to contribute a total positive variation of £30k.

### **Interest Earnings – Positive variation £35,000:**

Improved interest rates on investments are expected to generate additional interest earnings of £35k for this financial year.

- 3.4 The revised revenue outturn forecast taking into account all variations reported to date and allowing for items rephased from the previous year is now **£19.841m**.

## **4. CAPITAL EXPENDITURE**

- 4.1 The Capital Programme agreed in February amounted to £16.334m. This has since been amended to **£20.190m** in line with the reports to Cabinet up to November. Total positive variations of £813,000 reported now are largely due to the rephasing of transportation schemes funded from developer contributions (£760,000). These positive variations are only partly offset by new capital commitments amounting to £212,000 (largely due to the expected costs of installing photovoltaic panels at ATC and LTH – see 4.2 below). This leads to a net reduction in capital expenditure reported for the period of **£601,000** and a revised capital programme total for 2011/12 of **£19.589m**. A summary of all variations reported to date, including the new variations reported now is provided in Appendix B.
- 4.2 The main factors responsible for the additional capital commitments are the adoption by Council of a Cabinet recommendation to agree the provision of £150,000 for the purpose of installing Solar PV schemes at Appletree Court and Lyminster Town Hall and the decision by the Health and Leisure Portfolio holder to allocate £62,000 in from of Open Space Developer Contributions.
- 4.3 The reductions in the programme are due to the rephasings of developer funding based transportation schemes (£760,000), the rephasing of health and leisure centre capital equipment budgets (£27,000) together with the Oak Road car park scheme (£26,000) and savings on car park equipment of £6,000.

## **5. HOUSING REVENUE ACCOUNT**

- 5.1 There are currently no further variations to report.

## **6. CRIME AND DISORDER / EQUALITY AND DIVERSITY/ENVIRONMENTAL IMPLICATIONS**

- 6.1 There are no Crime & Disorder, Equality & Diversity or Environmental implications arising directly from this report.

## **7. PORTFOLIO HOLDER COMMENTS**

- 7.1 There are three changes to our out-turn forecast namely the Health and Leisure Centre income is up £150,000, there is no need to retain further the provision of £200,000 for old concessionary travel claims and interest income is expected to be higher. However it should be mentioned that work to lower expenditure across the Council is continuing and is expected to greatly assist in balancing the budget next year. With regard to capital the only additional operational expenditure is the installation of the photovoltaic panels agreed by Council in July.

## **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 3.4) and capital (paragraph 4.1) budgets;
- (b) Note the detailed variations reported (Appendix A and B)

### **For Further Information Please Contact:**

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**REPORTED GENERAL FUND REVENUE BUDGET VARIATIONS**

	Previously Reported £000	New Items £000	Total £000
<b><u>Environment</u></b>			
a. <b>Refuse Collection / Recycling / Street Scene</b> – no new variations in this period.	-50		-50
<b><u>Finance &amp; Efficiency</u></b>			
a. <b>Hythe Marina</b> – no new variations in this period.	-25		-25
b. <b>Bank Charges</b> – no new variations in this period.	+30		+30
<b>Total</b>	<b>+5</b>		<b>+5</b>
<b><u>Health &amp; Leisure</u></b>			
a. <b>Health and Leisure Centres</b> – Income from fees and charges is now expected to be £120k ahead of the budget target across Health and Leisure Centres and in addition to this a saving of £30k due to underspends on employee costs is expected, bringing the total positive variation to £150k.	+51	+150	+201
b.			
c. <b>Dibden Golf Centre</b> – no new variations in this period.	-60		-60
<b>Total</b>	<b>-9</b>	<b>+150</b>	<b>+141</b>
<b><u>Planning &amp; Transportation / Planning Development Control</u></b>			
a. <b>Parking</b> – no new variations in this period..	-340		-340
b. <b>Concessionary Travel</b> - The Council had set aside a provision for potential additional capacity claims. Based on information from the consultants to the scheme it is not likely that further amounts will be payable in respect of additional capacity claims and the remaining £200k can be released.	+150	+200	+350
c. <b>P&amp;T Business units</b> – no new variations in this period.	+23		+23
d. <b>Planning Development Control</b> – no new variations in this period.	+50		+50
e. <b>P&amp;T Miscellaneous</b> – no new variations in this period.	+6		+6
<b>Total</b>	<b>-111</b>	<b>+200</b>	<b>+89</b>
<b><u>Other Items</u></b>			
a. <b>Government Grants</b> – no new variations in this period.	+288		+288
b. <b>Interest Earnings</b> – Due to improvements in the interest rates on investments the Council is now expecting to achieve a further £35k in interest earnings by the end of the financial year.	+85	+35	+120
<b>TOTAL VARIATION</b>	<b>+208</b>	<b>+385</b>	<b>+593</b>

**REPORTED CAPITAL BUDGET VARIATIONS****Environment – Coastal Protection**

- a. No new variations in this period.

**Finance & Efficiency**

- a. **Marsh Lane Depot**– No new variations in this period.
- b. **Appletree Court / Lymington Town Hall** – Installation of PV schemes as agreed by Council on 18 July 2011.
- c. **Vehicles & Plant** – No new variations in this period.
- d. **One Site** – No new variations in this period.

**Total****Health & Leisure**

- a. **Health and Leisure Centres** – A review of capital equipment budgets has shown that some of them will not be required until 2012/13 and can therefore be rephased.
- b. **Developer Contributions** – Portfolio Holder decisions have been made to allocate Open Space Developer contributions to:
- Fawley – Play Area at Gang Warily      £ 48,000
- Totton – Sportswall at Testwood Rec      £ 14,000

**Total****Planning & Transportation**

- a. **Developer Contributions** – Progress on transportation based developer contribution schemes is generally dependent on agreement of detailed schemes between a number of parties and often extends over more than one financial year. At the moment it is expected that work to the value of £760k on already agreed schemes will fall into 2012/13 and the amount will therefore need to be rephased to meet this commitment.
- b. **Car Parks** – The Oak Road Car Park scheme (£20k) will need to be rephased to 2012/13 to allow for prior agreement with all parties involved in the scheme, whilst the equipment replacement budget of £6k can be released due to the improved reliability and life of existing equipment.

**TOTAL VARIATION**

- + Saving  
- Additional Cost

Previously Reported £000	New Items £000	Total £000
+146		+146
+49		+49
	-150	-150
+5		+5
-24		-24
<b>+30</b>	<b>-150</b>	<b>-120</b>
+101	+27	+128
-396	-62	-458
<b>-295</b>	<b>-35</b>	<b>-330</b>
-543	+760	+217
	+26	+26
<b>-543</b>	<b>+786</b>	<b>+243</b>
<b>-662</b>	<b>+601</b>	<b>-61</b>

Funding of Capital Variations			
Increase (+)/ Decrease (-) in External Funding Utilised (1)	+793	-698	+95
Increase (+)/ Decrease (-) in NFDC Funding	-131	+97	-34

(1) This will in most cases reflect changes to coast protection and developer contribution funded schemes