

FINANCIAL MONITORING REPORT – FORECAST OUTTURN (BASED ON PERFORMANCE TO JULY 2013)

1. INTRODUCTION

- 1.1 This report monitors financial performance for the first 4 months of 2013/14 and any potential outturn implications on a Portfolio and Committee basis.

2. BACKGROUND

- 2.1 The Council's financial strategy has been to develop a process of continuous review of activities and services identifying both areas where savings in expenditure can be made and opportunities exist to generate income. This means that the budget is an ongoing process and not simply an annual event. To date this approach has been successful in addressing the significant reductions in government funding whilst at the same time maintaining key service levels. The budget monitoring report therefore forms an important part of the ongoing development of the Medium Term Financial Plan (MTFP)

3. GENERAL FUND OUTTURN PROJECTION

- 3.1 A General Fund budget of £19.156m for 2013/14 was agreed by Council in February 2013, which has been adjusted to **£19.857m** to reflect budgets carried forward from 2012/13 (+£693k) and the net impact (+£8k) of the policy change on the procurement of capital equipment.
- 3.2 This report identifies **positive** net variations of **£511k** and the General Fund budget outturn is now set at **£19.346m**. The table below provides an overview of the variations and full details are provided in sections 3.3 to 3.5.

GENERAL FUND VARIATIONS	
	£000
Impact of 2012/13 Outturn (3.3)	+344
Budget Monitoring to July (3.4)	+204
Asset, Equipment & ICT Projects (3.5)	-37
Total Variations	+511

(+ = improvement in the budget position / - = deterioration in the budget position)

3.3 IMPACT OF 2012/13 OUTTURN

As part of a review of the 2012/13 outturn savings £296k were identified as ongoing savings. This figure can now be increased to **£344k** principally due to the fact that there is no longer an expectation of a budget shortfall in respect of planning fee and land charges income (see 3.4 below).

Income

Environment –		
	- Garden Waste Income	+ £20k
	- Project Integra Income	- £35k
	- Beach Hut Income	+ £35k
Health & Leisure – Leisure Centre Net Income		+£139k
Housing & Communities – Community Alarm Income		+ £41k

Expenditure – Achievable General Savings

Planning & Transportation / PDC		
	- Supplies and Services	+ £43k
Housing & Communities – General Savings		+ £59k
Finance & Efficiency – Democratic Process		<u>+ £42k</u>
Total Outturn based variations		<u>+£344k</u>

3.4 PORTFOLIO BUDGET MONITORING TO JULY 2013

Planning & Transportation / Planning Development Control:

• Parking – Positive variation £105k

- Car park meter income in the first 4 months is £50k ahead of budget, particular due to the performance in July (probably as a result of much better seasonal weather conditions).
- Ongoing savings of £30k have been identified from the review of operations.
- Transitional arrangements should result in A Car Parking NNDR saving of £25k in 2013/14

• Planning Applications / Land Charges – Total variation £0

Performance in the year to date has shown a marked improvement on last year and at this stage it is expected that planning applications income and land charges income will meet the original 2012/13 budget target.

Finance & Efficiency – Positive Variation £95k:

Positive variations are arising from

- £30k (1) in 2013/14 from the **Senior Management** review (rising to approx. £80k from 2014/15)
- £15k in 2013/14 from revised arrangements following the vacation of the **Fordingbridge office** (rising to £27.5k in 2014/15)
- £50k in 2013/14 from a revised staffing and management structure in **Customer & Support Services** (rising to £70k from 2014/15)

(1) full saving in 2013/14 will be £40k, rising to £120k in 2014/15, but some of the saving will benefit the Housing Revenue Account

Housing & Communities – Positive Variation £5k:

Welfare Catering – A saving of £5k is expected in 2013/14.

Others – Net Positive Variation £0k

Health & Leisure – Net Minor Variations	- £12.0k
Street scene - Ringwood Depot lease (Environment)	- £ 7.5k
Coast Protection – Shingle Saving (Environment)	+ £19.0k

Of these variances it is anticipated that £236k of the savings will be ongoing in line with the Council's Review strategy.

3.5 ASSET, EQUIPMENT AND ICT PROJECTS

Listed below are specific schemes (total value £174k) approved by Cabinet or Portfolio Holder since the 2013/14 budget was set:

- £40k in respect of an NFDC contribution to a larger project led by Priestlands school for the **extension of the car park** at the school / leisure centre site (Lymington HLC).
- £14k in respect of ICT investment to procure an **estates and valuation case management system**.
- £12k in respect of ICT investment to implement the **Learn 2** (swim school management system).
- £8.2k in respect of work by the Valuation Office relating to **Hardley Industrial estate**.
- £80k in respect of **CCTV control room renovations** and purchase of **equipment** to facilitate the combination of the CCTV, Community Alarms and Out of Hours service.
- £20k in respect of works to the **shower water supply** at Totton Health and Leisure centre

The following Asset Management Group property maintenance projects are expected to come in £137k below budget due to changes to the schemes or savings on completion:

- | | |
|----------------------------------|------|
| • Totton H&L Boilers | £20k |
| • Lymington H&L Roof Replacement | £42k |
| • Versatemp Heating ATC | £25k |
| • Lymington TH Boilers | £37k |
| • Marsh Lane Depot Doors | £13k |

3.6 BUSINESS RATES / LOCAL COUNCIL TAX SUPPORT

The commencement of the new business rates retention and local council tax support schemes has introduced two additional elements that will impact on the Council's overall financial position. Officers are in the process of producing new reports that will monitor the position of business rates, the council tax base and collection performance. Early indications are that both the business rate debit (£65m) and the council tax base (67,702.70) are broadly in line with the original estimates for the year, but more detailed work is still needed on the impact of ongoing business rate appeals and the impact on council tax income of the local support scheme. This will be carried out in time for the next Financial Monitoring report.

4. CAPITAL EXPENDITURE (General Fund and Housing Revenue Account)

4.1 The Capital Programme agreed in February is now updated to reflect budgets brought forward from the previous year (£2.121m) and to reflect the policy change in equipment and ICT expenditure approved by the Audit Committee. Minor capital programme changes together with rephasings will result in a net increase of £165k. The revised capital programme now stands at **£19.549m**.

4.2 The **change** in the programme is due to:

- Additional allocation of £118k developer contributions to Health and Leisure Open Space projects.
- Rephasing of 2 kerbside glass collection vehicles at a total cost £270k.
- Land Rover coastal protection vehicle (£29k) as a result of end of lease of existing vehicle.
- Additional £8k Solar PV panels at Lymington Health and Leisure Centre (approved and agreed via Solar PV Board and Head of Service).
- A £60k Regional Monitoring National Programme expenditure reduction
- A rephasing of £200k of the expenditure on Foxhills Cottage to next year to coincide with planning application progress.

5. HOUSING REVENUE ACCOUNT

5.1 The performance of the Housing Revenue Account after 4 months is broadly in line with budget targets for 2013/14.

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 The government's "go for growth" policy changes the basis of Council funding to the detriment of councils such as ours. Predominantly rural and containing a nation park, growth is limited. This requires from us an ongoing vigilant approach to levels of expenditure so it is good to see the effect of our continuing reviews coming out in favourable variances.

8. RECOMMENDATIONS

8.1 It is proposed that Cabinet: -

- (a) Note the revised outturn forecasts and their potential impact on the Authority's revenue (paragraph 3.2) capital (paragraph 4.1) and HRA (paragraph 5.1) budgets;
- (b) Note the detailed variations reported.

For Further Information Please Contact:

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Background Papers:

None