

FINANCIAL MONITORING REPORT – FORECAST OUTTURN (BASED ON PERFORMANCE TO MAY 2014)

1. INTRODUCTION

- 1.1 This report monitors financial performance for the first 2 months of 2014/15 and any potential outturn implications on a Portfolio and Committee basis.

2. BACKGROUND

- 2.1 The Council's financial strategy of a continuous review of activities and services to identify opportunities for savings in expenditure, alongside opportunities to generate income, has been successful in addressing the significant reductions in government funding, whilst at the same time maintaining key service levels. Budget monitoring reports form an important part of this process and the ongoing development of the Medium Term Financial Plan (MTFP).

3. GENERAL FUND OUTTURN PROJECTION

- 3.1 A General Fund budget of **£18.630m** for 2014/15 was agreed by Council in February 2014.
- 3.2 This report identifies a negative Portfolio budget variation of £74,000. In addition, the report identifies proposed new Portfolio expenditure of £81,000 and new additional Asset / ICT project expenditure of £196,000, together with rephased expenditure of £1.073m from 2013/14 that will be funded from reserves. The General Fund current estimated outturn is now set at £20.054m. The table below provides an overview of the variations and full details are provided in sections 3.4 to 3.6.

GENERAL FUND VARIATIONS	
	£000
Portfolio budget variation (3.5)	-74
Supported by Planned Use of Reserves	
Rephasings Brought Forward (3.4)	-1,073
New Portfolio projects (3.5)	-81
Additional AMG, Equipment & ICT Projects (3.6)	-196

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

3.3 IMPACT OF 2013/14 OUTTURN

A review of 2013/14 outturn savings is currently being undertaken. It is expected that ongoing variations can be established and reported in time for the next Financial Monitoring report.

3.4 REPHASINGS

Asset Management Group - £406k

- £33k rephasing (Foreshores - ENV) of the 2013/14 coastal steps budget underspend due to the impact of February storms and other delays in tendering the work.
- £57k rephasing (Public Conveniences) of 2013/14 savings due to the delay of the Burley public conveniences scheme
- £84k rephasing of various works originally scheduled for Appletree Court in 2013/14.
- £50k rephasing of lift replacement work originally scheduled for 2013/14 at Lymington Town Hall
- £182k rephasings from 2013/14 of AMG schemes In Health and Leisure in respect of the following:

- New Milton HLC	£ 13k
- Lymington HLC	£ 50k
- Totton HLC	£ 65k
- Open Space	£ 59k
- Eling Development Phase	-£ 5k

ICT Program - £176k

- £176k rephasing of ICT investment scheduled for 2013/14

Environment Portfolio - £282k

- £35k rephasing (Coast Protection) of the 2013/14 shingle budget underspend as a result of the allocation of resources elsewhere due to the severe weather impact.
- £247k rephasing due to the delay in the implementation of the kerbside glass collection service

Health & Leisure Portfolio - £209k

- £99k rephasing of the 2013/14 Community Grants budget to 2014/15.
- £110k in respect of delayed replacement of equipment

3.5 PORTFOLIO BUDGET MONITORING TO MAY 2014

Environment Portfolio - £155k

- £74k income loss from beach huts is expected, as outlined in detail in reports to Cabinet in April and June
- £81k additional budget provision is required for the Hordle Cliff pathway and lights scheme for works required following February storms (see report to Asset Management Group – 24/04/2014)

3.6 AMG, EQUIPMENT AND ICT PROJECTS

Listed below are specific schemes (total value £196k) approved by the Cabinet, a Portfolio Holder or the ICT Investment Panel since the 2014/15 budget was approved:

- £134k additional funding required in respect of increased cost of Applemore Health and Leisure Centre fabric and business development project (Asset Management Group)
- £50k additional funding (£40k one off + £10k for annual maintenance) to implement a **Secure Wireless Network** at Appletree Court, Lymington Town Hall and Marsh Lane depot (ICT Investment Panel – 10/04/14)
- £12k additional funding for a project to upgrade the Web Content Management system to directly improve security and utilisation by mobile devices (ICT Investment Panel – 10/04/14)

4. CAPITAL EXPENDITURE (GENERAL FUND AND HOUSING REVENUE ACCOUNT)

4.1 The Capital Programme agreed in February amounted to £20.672m. This is now increased by rephasings (£2.330m) and variations (£230k) to a revised capital budget of £23.232m. The £230k of variations are solely due to additional coast protection expenditure, fully funded by the Environment Agency.

4.2 The detailed reasons for the variations are:

REPHASINGS

Environment:

- Cemeteries £344k
(due to delay in procurement of additional land)
- Coast Protection £ 70k
(delays in implementation of various schemes)

Finance & Efficiency:

- Rephasing of vehicle & plant investment to 2014/15 £644k
- Rural Broadband -£115k
- Foxhills Cottage £ 50k

Health & Leisure:

- Solar PV Panels Totton HLC £ 10k

Housing:

- New Build / Acquisitions £ 195k

Open Spaces Developer Contributions £ 294k

Transportation Developer Contributions £ 820k

RNAD Site Marchwood £ 18k

TOTAL **£2,330k**

VARIATIONS

Environment:

- Coast Protection £230k
(Hurst Spit and Milford on Sea storm related capital investment)

5. HOUSING REVENUE ACCOUNT

- 5.1 The performance of the Housing Revenue Account, after 2 months, is broadly in line with budget targets for 2014/15, but the contribution to the capital budget will be increased by £195,000 to reflect the rephrasing of the Acquisitions budget in paragraph 4.2.

6. STORM DAMAGE

- 6.1 On 2 April 2014 a report to Cabinet identified estimated costs of the February severe weather to be £415,000. Latest estimates are that the costs will be in the region of £660,000, plus any agreed action on beach huts. Expenditure incurred is being analysed and it is currently anticipated that £440,000 will be recovered from the Government.
- 6.2 The costs to be incurred by this Council are likely to be principally the loss of beach hut income (£74,000) and Hordle Cliff pathway repairs (£81,000) - detailed in paragraph 3.5 - the £38,000 net cost of the Bellwin scheme and c£20,000 for other clear up costs.

7. CRIME AND DISORDER / EQUALITY AND DIVERSITY/ ENVIRONMENTAL IMPLICATIONS

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

8. PORTFOLIO HOLDER COMMENTS

- 8.1 It is still early within the financial year and the Council is still responding to the consequences of the severe storms in February. There is however no reason to believe that the Council will not achieve its budget by the end of the year.

9. RECOMMENDATIONS

- 9.1 It is recommended that Cabinet:-
- (a) request Council to approve budget variations of £81,000 for Hordle Cliff pathway repairs and £74,000 for loss of beach hut income;
 - (b) note the £134,000 additional funding approved for the Applemore Health and Leisure Centre fabric and business development project, which has already been reported to the Council;
 - (c) approve additional funding of £62,000 for the Secure Wireless Network and Web Content Management ICT systems; and
 - (d) note the revised outturn forecasts of the General Fund (para 3.2), Capital (para 4.1) and Housing Revenue Account (para 5.1).

FOR FURTHER INFORMATION PLEASE CONTACT:

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BACKGROUND PAPERS:

Published documents