

FINANCIAL MONITORING REPORT – FORECAST OUTTURN

1. INTRODUCTION

- 1.1 This report monitors financial performance for the first 4 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 and this was amended for rephasings and variations reported to Cabinet in June. The rephasings are covered by movements in reserves. The actual increase to the General Fund Budget requirement due to variations was £74k, up to **£18.704m** (see appendix 1).
- 3.2 This report identifies new variations to 2014/15 amounting to a net saving of £55k which is summarised in the September column within appendix 1 and within 3.3 below. This results in a revised General Fund estimated outturn of **£18.649m**. There are further adjustments to AMG projects being offset by movements in reserves of £24k (reduction in spend to 14/15). A more detailed breakdown of these variations is shown in paragraph 3.4 below.

3.3 Portfolio Budget Monitoring

Environment Portfolio - £30k positive

- £15k higher than budgeted cemeteries income is now anticipated in this financial year
- £15k savings are now projected as a result of lower costs for black sacks and recycling sacks.

Finance and Efficiency Portfolio - £35k negative

- £50k saving from transfer of fraud investigation function: As part of the Government's 'Single Fraud Investigation Project' (SFIS) the Housing Benefit fraud investigation function will be transferring from local authorities into the Department for Works and Pensions. As a result of this there will be a saving of £50k in this financial year as the Council's staff will transfer to the DWP from October with no commensurate reduction in the grants we receive from Government. This situation will however be temporary and in future years the cost reduction will be accompanied by a withdrawal of grant. At this point in time the Government is still consulting on the details of the grant withdrawal and we will only be able to assess the financial impact on future years once final proposals emerge.

- Changes to the structure of the Sundry Debtors section are expected to generate savings of £25k in this financial year.
- £48k additional funding for scanning of hard copy documents into Meridio to enable utilisation of its document retention features, enabling other (non corporate and less structured) systems to cease to be operational.
- The Council uses a well-established Northgate ICT system (with a large user base) to administer Council Tax and Benefits and a Civica ICT system to administer National Non Domestic Rates (NNDR). We are now the only authority using the old windows version of the NNDR system and this position is not sustainable. The Members' ICT investment panel has approved a business case to migrate our NNDR system to Northgate's NNDR product with a one off cost of £79k (£62k to 14/15 and £17k to 15/16). The proposal achieves the twin goals of moving off a product platform which does not support our PC configuration and has one current customer, and moves us to a well-established platform within Tax & Benefits, for which we have extensive expertise and trained staff. The proposal also achieves a reduction in on-going support costs of £19k per annum from 2016/17. The numerous financial, operational, environmental and other benefits are contained in the detailed business case which was considered by the Members ICT Panel.

Planning & Transportation Portfolio / PDC - £60k positive

- £60k additional land charges income - In 2013/14 land charges income exceeded the £400k budget by £60k. Given that this year's search figures remain roughly in line with those of last year, it is reasonable to anticipate that the £400k budget in 14/15 will also be exceeded by £60k. The remainder of the Planning & Transportation and Planning Development Control budgets remain in line with current budget estimates after the first four months of the year.

3.4 Amg, Equipment And Ict Projects

During the final stages of the closedown process, in June, two additional projects were identified as needing to be rephased into 14/15. These were £40k for works at Lymington Town Hall and £13k for the Valuers' section Case Management System.

In August, the Council's AMG met to discuss a review of the 14/15 budgets. Rephasings of £107k into 2015/16 have been identified within the revenue funded projects.

Additional projects have also been discussed and agreed by the group; the cost of these will be financed by savings within the overall programme. The additional projects include; committee room improvements enabling improved public access and facilities (£21k), upgrades of the audio-visual capabilities of the Council Chamber (£39k), committee room recording equipment (£7k), essential works to Ringwood Depot (£24k) and damp penetration works at Lymington Town Hall (£29k). Cabinet are required to give approval to the overall budget virement across the Portfolios to accommodate these additional projects, noting a net nil increase in cost overall.

Listed below are specific schemes (total value £30k) identified since the June monitoring report was approved:

- £13k additional funding (£5k one-off + £8k for 6 months 14/15 licence costs) to upgrade the data communication link between Appletree Court and Lymington Town Hall (ICT Investment Panel – 11 June 2014).
- The Leisure equipment replacement programme included £57,000 for 114 replacement spinning bikes over the next two years. Following a competitive tender and evaluation exercise, the new price exceeds the budget provision by £19k (£17k in 14/15 and £2k in 15/16) and therefore additional funding has been approved by the Portfolio Holder.

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

- 4.1 A Capital Programme of **£20.672m** for 2014/15 was agreed by Council in February and this was amended for rephasings and variations reported to Cabinet in June to **£23.232m**. This is now reduced by a net £2.681m to **£20.551m** (see appendix 2).
- 4.2 The detailed reasons for the variations are:

Variations

Finance & Efficiency

Harbour Commissioners loan completed in 13/14 (actual loan amount £2.007m) rather than 14/15

-£3,240k

Rephasing of expenditure related to the re-build of Foxhills Cottage (Dibden Golf Centre)

-£290k

Initial budget requirement relating to an alternative Depot (see report C)

£50k

Environment

Beach Hut report, approved by Cabinet in August, estimated spend in 14/15

Site Clearance

£150k

Beach Hut Replacement (£454k net total, est. £50k to 14/15)

£50k

Environment (Coast Protection)

Concrete Slab

(Beach Hut Report)

£225k

Coast Protection Pre Grant Recovery Scheme Development

£50k

(Cabinet February 2014)

Transportation Developer Contributions

New allocations via Portfolio Holder decision (13/06/14) *

£72k

* - net of transfers between schemes

Health & Leisure

Eling Tide Mill and Learning Centre report, approved by Cabinet

In August (£1.658m gross total), estimated spend in 14/15 to be met by

external grant

£252k

TOTAL

£2,681k

5. STORM DAMAGE

- 5.1 The monitoring report to Cabinet in June identified estimated storm damage costs of £660,000 (excluding beach huts) with £440,000 to be recovered from the Government. Expenditure figures have not changed and the final grant claims to the Government have been submitted for £435,000. The coast protection claim (£280,000) has been approved by the Environment Agency but officers are still responding to various questions being raised by the Department for Communities and Local Government re the £155,000 Bellwin scheme element.

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 budget variations being reported in this paper, from an operational point of view, are responding to the charging demands and pressures the Council faces. The major movements from the original budget represent an underspend in 2013/14 which were placed in a reserve at the end of that year and has now been released. Our tight controls and flexible approach to the management of the budget is enabling us to respond positively to a wide range of issues that the Council faces without materially increasing overall expenditure.

8. RECOMMENDATIONS

- 8.1 It is recommended that Cabinet: -
- (a) approve funding of £48k for document scanning into Meridio.
 - (b) request Council to approve funding of £79k (£62k 14/15 and £17k 16/17) for a change in system to administer NNDR.
 - (c) approve a budget virement across Portfolio's to enable the delivery of additional AMG projects, the costs of which are offset within the overall AMG programme.
 - (d) note the revised outturn forecasts for the General Fund (para 3.2) and for Capital expenditure (para 4.1).

For Further Information Please Contact:

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Background Papers:

None

Summary Of General Fund Budget Requirements

	Original Budget £000's	June Cabinet £000's	September Cabinet £000's
Portfolio's			
Environment	8,064	8,138	8,108
Finance & Efficiency	4,784	4,784	4,819
General Purposes & Licencing	522	522	522
Health & Leisure	4,060	4,060	4,060
Housing & Communities	1,832	1,832	1,832
Leader's	534	534	534
Planning & Transportation	562	562	502
Planning Development Control Committee	1,198	1,198	1,198
Rephasing Previously Reported	-	-	1,073
Rephasing of Expenditure	-	1,073	- 54
New Asset Management Schemes	-	277	307
	<u>21,556</u>	<u>22,980</u>	<u>22,901</u>
Asset Rental	- 2,467	- 2,467	- 2,467
Contribution to/(from) Earmarked Reserves	268	- 1,082	- 1,058
Net Portfolio Requirements	19,357	19,431	19,376
Contributions to Town & Parish Councils	300	300	300
Minimum Revenue Provision	1,052	1,052	1,052
Interest Earnings (Net)	- 240	- 240	- 240
Grants	- 1,839	- 1,839	- 1,839
General Fund Budget Requirements	<u><u>18,630</u></u>	<u><u>18,704</u></u>	<u><u>18,649</u></u>
Movement		74	- 55
Movement from Original Budget		74	19

Capital Expenditure

	Original Budget £000's	June Cabinet £000's	September Cabinet £000's
Housing and Communities			
Private Sector (General Fund)	842	842	842
Public Sector (HRA)	13,078	13,273	13,273
	<u>13,920</u>	<u>14,115</u>	<u>14,115</u>
Other Services			
Finance & Efficiency/ Leader's	5,066	5,645	2,165
Environment (Other)	-	344	544
Environment (Coast Protection)	455	755	1,030
Health & Leisure	-	10	262
Developer's Cont. Schemes (Planning)	1,231	2,363	2,435
	<u>6,752</u>	<u>9,117</u>	<u>6,436</u>
Total All Services	20,672	23,232	20,551
Movement		2,560	- 2,681
Movement from Original Budget		2,560	- 121