



FINANCIAL MONITORING REPORT – FORECAST OUTTURN

1. INTRODUCTION

- 1.1 This report monitors financial performance for the first 8 months of 2014/15 and considers 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. Financial monitoring reports form an important part of this process and the ongoing development of the Medium Term Financial Plan.

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 and September. The rephasings are covered by movements in reserves. The actual net increase to the General Fund Budget requirement due to variations reported to date amounts to £19k, increasing the budget to **£18.649m** (see appendix 1).
- 3.2 This report identifies new variations in 2014/15 amounting to a net saving of £210k which is summarised in the January column within appendix 1 and detailed in para 3.3 below. This results in a revised General Fund estimated outturn of **£18.439m**. There are further adjustments to AMG projects being offset by movements in reserves of £12k (increase 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

- £30k higher than budgeted cemeteries income is now anticipated in this financial year, a further increase of £15k on the amount reported to Cabinet in September
- £30k savings are now projected as a result of lower costs for black sacks and recycling sacks, a further improvement of £15k on the amount reported to Cabinet in September.

General Purposes And Licensing Committee - £27k positive

- £12k additional caravan licensing income as a result of the introduction of new licensing arrangements.
- £15k savings across licensing activities, which have been ongoing.

Housing and Communities Portfolio - £27k positive

- In 2013/14 the homelessness budget was underspent. While numbers have increased in 14/15 a reduced saving of £50k is still anticipated.
- An overspend of £23k is anticipated at Stillwater Park due to essential health and safety works required to replace fire hoses and hydrants.

Planning & Transportation Portfolio / PDC - £171k positive

- £50k additional car parking income – Income from car park meters and penalty charge notices has performed fairly well this summer and autumn, reflecting the predominantly good weather conditions experienced this year.
- £50k additional income from planning fees and land charges – Following a very good start to the year income generation has slowed down in the last few months, but at the moment we are heading for a further positive income variation of approximately £50k (£20k land charges, £20k planning informal advice, £10k planning fees). It is however important to note that any further slowdown in the property market could have an adverse effect on the income generation in the remainder of the year and if this is the case the forecast will have to be revised accordingly.
- £19k additional public lighting costs – HCC made an error in the calculation of energy prices in their public lighting invoice covering the period October 2013 to March 2014. The 2013/14 costs were, as a result, understated by £19k and the invoice to recover these costs is now adding to costs in 2014/15. This could also potentially affect costs in 2014/15, but it is likely that some of the additional cost will in future be balanced by decreased energy consumption, as a result of the ongoing installation of more energy efficient lighting units. A full assessment will only be possible when the effect can be seen in future energy bills, in light of the speed of the installation process.
- £20k landscape and open space income – This team has a fee earning target of £40k. Based on performance to date it is anticipated that this year about £60k will be achieved resulting in a positive variation of £20k
- £70k cost savings have been achieved across Planning & Transportation business units, principally as a result of staff turnover resulting in temporary vacancies and recruitment being delayed due to considerations of a revised structure of the section, the introduction of which will generate future savings.

All Portfolios - £45k negative

- £45k supplementary estimate is being sought for the additional cost of implementing the 2014 National pay award (Report A – GPL Committee 08/12/2014)

3.4 AMG, EQUIPMENT AND ICT PROJECTS

Previous monitoring reports included additional 2014/15 asset management schemes totalling £307k. This report sets out a further £202k of new schemes, as follows:

- £15k Rum Walk 2014/15 supplementary estimate – A supplementary estimate of £95k was sought for works to the Rum Walk path (Report F – Cabinet 03/12/2014), with £15k of the additional budget required in 2014/15 and a further £80k required in 2015/16.
- £165k supplementary estimate was sought for the demolition of unit 8 on the Hardley Industrial Estate (Report E – Cabinet 03/12/2014)
- The Members ICT Investment Panel has approved expenditure of £14k in 2014/15 for a Committee Management System and £3k for an E Post Room Document Scanning Licence. In addition, £5k is to be incurred on compliance with DEFRA's INSPIRE technical standard for ICT systems, funded by Government grant.

3.5 REPHASING OF EXPENDITURE

Previous monitoring identified net scheme rephasings of £1.019m into 2014/15. Implementation of the 2014/15 element of the car park meter replacement programme has now been rephased resulting in £190k needing to be transferred from 2014/15 to 2015/16.

3.6 THE PLACE (RINGWOOD YOUNG PEOPLES SERVICES)

Ringwood Town Council has approached the Council for financial support towards a purpose-built youth facility which will provide local services for young people in the area. The building will be constructed at Carvers Playing Field and serve multiple functions, providing a focal point for community based activities,

Some of the project objectives include:

1. Providing a 'One Stop Shop' for all young people's activities in the town;
2. The provision of a purpose built facility which will support multiple activities of community benefit; and
3. Increasing the use of Open Space activities at Carvers for local residents

The project cost estimate is £575,000 and would be funded by partners.

Hampshire County Council has already confirmed that they will provide £400,000. The Council's partnership contribution is proposed at £70,000, of which approximately £40,000 is likely to be required in 2014/15. The balance of funding will be provided by Ringwood Town Council together with other partners.

4. HOUSING REVENUE ACCOUNT

- 4.1 The reactive maintenance budget is expected to be overspent by £100k due to repairs relating to last year's flooding but this will be matched by an anticipated underspend of £100k in cyclical maintenance due to some projects not being completed by the year end.

5. CAPITAL EXPENDITURE

- 5.1 A Housing capital programme of £13.920m for 2014/15 was agreed by Council in February. This was increased by £195k to £14.115m in June to reflect rephasings from 2013/14. New variations reported below will increase the programme by £817k to £14.932m.

The Affordable Housing Project Board has recommended that the £7m New Build/Acquisitions budget be increased by £1m to enable the purchase of additional properties. This will be funded from existing housing capital resources. £1,000k

The Major Repairs budget of £5.143m is expected to be underspent by £143k due to some projects not being completed by the year end. -£143k

£40k of the £50k Property Extension budget will be rephased to 2015/16 due to a redesign of the project. -£40k

The £100k Social Housing Grant budget will be underspent by £40k as an anticipated scheme has been withdrawn by the Housing Association. -£40k

The £692k Improvement Grants budget is expected to be overspent by £40k. £40k

5.2 Developer Contribution Schemes

Developer Contribution schemes totalling £1.231m had been agreed by Council in February. This was increased by £1.204m to £2.435m in June and September to reflect rephasings from 2013/14 of 1.132m and additional Portfolio Holder allocations of £72k. New allocations and rephasings reported below will now reduce the programme for 2014/15 by £206k to £2.229m.

Transportation Developer Contribution Schemes

New allocations via Portfolio Holder decision (21/10/14) * £123k

(* - **Total allocations amounted to £172k, but £49k are subject to collection of the contributions before they can be added to budgets**)

Forecast underspend on existing schemes -£26k

Open Space Developer Contribution Schemes

Some Open Space scheme expenditure is now expected to need rephasing in line with changing implementation schedules -£303k

- 5.3 An Other Services (General Fund) capital programme of £5.521m for 2014/15 was agreed by Council in February. This was reduced by £1.520m to £4.001m in previous reports to Cabinet to reflect rephasings and variations reported to date. New variations reported now will reduce the programme by £616k to £3.385m. The detailed reasons for the variations are:

Environment

£200k was approved by Cabinet (Beach Hut Report) in August in respect of Site Clearance and Beach Hut Replacement for 2014/15. It is now expected that the expenditure will be largely delayed to 2015/16 requiring a rephasing of £198k of the budget. -£198k

Environment (Coast Protection)

£222k of the £225k approved in respect of the Concrete Slab (Beach Hut Report) needs to be rephased to 2015/16, as a result of delays in the implementation of the scheme. -£222k

The implementation of a number of coast protection schemes has been adjusted and the allocation of the financial resources needs to be rephased in accordance with revised arrangements. -£196k

All Other Services new variations are rephasings and therefore there is no impact on the Council's overall internal capital resources.

6. STORM DAMAGE

6.1 Previous monitoring reports to Cabinet identified details of storm damage costs. The Bellwin Scheme claim to Government for £155,000 has now been paid at £152,000, following a deduction of £3,000 for expenditure deemed ineligible, as it was an insurable cost. Grant of £132,000 has been received from the Environment Agency towards coast protection expenditure and the balancing £148,000 is expected by 31 March 2015.

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

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

8. PORTFOLIO HOLDER COMMENTS

8.1 The budget variations being reported in this paper, from an operational point of view, are responding to the changing 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.

9. RECOMMENDATIONS

9.1 It is recommended that Cabinet: -

- (a) approve a supplementary estimate of £45k for implementation of the 2014 National Pay Award.
- (b) request Council to approve an increase of £1m in the Housing New Build/Acquisitions budget.
- (c) approve a supplementary estimate of £40k for Housing Improvement/Disabled Facilities Grants
- (d) note the revised outturn forecasts for the General Fund (para 3.2), Housing Revenue Account (para 4.1) and Capital expenditure (para 5.1).
- (e) That the Cabinet request the Council to approve the expenditure of £70,000, of which £40,000 will be incurred in 2014/15, as a contribution towards the cost of “The Place” Ringwood (para 3.6)

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Background Papers:

Published documents

Summary Of General Fund Budget Requirements

	Original Budget £000's	Previous Reports £000's	January Cabinet £000's	Estimated Outturn £000's
Portfolios				
Environment	8,064	44	-30	8,078
Finance & Efficiency	4,784	35	0	4,819
General Purposes & Licencing	522	0	-27	495
Health & Leisure	4,060	0	0	4,060
Housing & Communities	1,832	0	-27	1,805
Leader's	534	0	0	534
Planning & Transportation	562	-60	-141	361
Planning Development Control Committee	1,198	0	-30	1,168
Pay Award to be allocated	0	0	45	45
Rephasing of Expenditure	0	1,019	-190	829
New Asset Management Schemes	0	307	202	509
	<u>21,556</u>	<u>1,345</u>	<u>-198</u>	<u>22,703</u>
Asset Rental	-2,467	0	0	-2,467
Contribution to/(from) Earmarked Reserves	268	-1,326	-12	-1,070
Net Portfolio Requirements	19,357	19	-210	19,166
Contributions to Town & Parish Councils	300	0	0	300
Minimum Revenue Provision	1,052	0	0	1,052
Interest Earnings (Net)	-240	0	0	-240
Grants	-1,839	0	0	-1,839
General Fund Budget Requirements	<u>18,630</u>	<u>19</u>	<u>-210</u>	<u>18,439</u>
Movement from Original Budget		19	-210	-191

Capital Expenditure

	Original Budget £000's	Previous Reports £000's	January Cabinet £000's	Estimated Outturn £000's
Housing				
Private Sector (General Fund)	842	0	0	842
Public Sector (HRA)	13,078	195	817	14,090
	<u>13,920</u>	<u>195</u>	<u>817</u>	<u>14,932</u>
Developer's Cont. Schemes (Planning)	<u>1,231</u>	<u>1,204</u>	<u>-206</u>	<u>2,229</u>
Other Services				
Finance & Efficiency/ Leader's	5,066	-2,901	0	2,165
Environment (Other)	0	544	-198	346
Environment (Coast Protection)	455	575	-418	612
Health & Leisure	0	262	0	262
	<u>5,521</u>	<u>-1,520</u>	<u>-616</u>	<u>3,385</u>
Total All Services	20,672	-121	-5	20,546
Movement from Original Budget		-121	-5	-126