

FINANCIAL MONITORING REPORT – FORECAST OUTTURN (BASED ON PERFORMANCE TO END OF JUNE 2015)

1. INTRODUCTION

- 1.1 This report monitors financial performance for the first 3 months of 2015/16 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 **£18.327m** for 2015/16 was agreed by Council in February 2015.
- 3.2 This report identifies net positive Portfolio budget variations of £50k (paragraph 3.5). In addition, the report identifies proposed new additional Asset expenditure of £75k (paragraph 3.6), together with rephased expenditure of £1.243m from 2014/15 (paragraph 3.4) that will be funded from reserves. The General Fund current estimated outturn is now set at **£19.595m**. 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)	50
Supported by Planned Use of Reserves	
Rephasings Brought Forward (3.4)	-1,243
Additional AMG, Equipment & ICT Projects (3.6)	-75

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

3.3 IMPACT OF 2014/15 OUTTURN

A review of the 2014/15 outturn is currently being undertaken. Any ongoing financial implications resulting from this review will be reported as part of the next Financial Monitoring report.

3.4 REPHASINGS

Asset Management Group - £319k

- £47k (Environment) rescheduling of work in respect of coastal steps due to beach huts issues and to Hordle Cliff Path
- £14k (Environment) of Public Conveniences expenditure at Winsor Road and Hythe continuing into 2015/16.
- £137k (F&E) in respect of rescheduled work relating principally to ATC committee rooms audio and visual work, Marsh Lane Depot work and expenditure relating to Unit 8, Hardley Industrial Estate.
- £121k (Health and Leisure) rephasings from 2014/15 of AMG schemes respect of the following:
 - New Milton HLC £ 16k
 - Ringwood HLC £ 72k
 - Open Space £ 33k

ICT Programme - £284k

- £284k rephasing of ICT investment now scheduled for 2015/16

Minor Vehicles & Equipment - £43k

- £43k rephasing of minor vehicles and equipment budgets to 2015/16.
 - HLC equipment replacement £ 34k
 - Grounds Maintenance minor kit £ 9k(Total Grounds Maintenance amount is £26k, but £17k of this is allocated to the HRA – see 5.1)

Environment Portfolio - £246k

- £145k rephasing of kerbside glass collection expenditure
- £80k rephasing of coast protection expenditure as shingle replacement has been delayed at Milford on Sea due to beach huts issues.
- £21k rephasing of already received recycling reward scheme grant to fund the shortfall between the estimated costs of the recycling reward scheme of £155k in 2015/16 compared to new grant funding of £134k in 2015/16.

Planning & Transportation Portfolio - £200k

- £190k rephasing of car park meter replacement programme
- £10k rephasing of Neighbourhood Plan grant (NPG) received.

Health & Leisure Portfolio - £151k

- £151k rephasing of the 2014/15 Community Grants budget to 2015/16.

3.5 PORTFOLIO BUDGET MONITORING TO JULY 2015

Finance & Efficiency Portfolio - £62k

- £42k annual insurance premium savings were reported to Audit Committee on 26 June, resulting from the collaborative Hampshire Insurance Forum procurement of this service. Broken down over the constituent parts of the contract the £42k net saving splits into a £20k increase of costs against budget for the HRA and a £62k reduction for the General Fund.

Environment - £12k

- World War 2 former sea defence metalwork - £12,000 additional expenditure for the removal of World War 2 metal defences. This metalwork, which has been identified below the waterline at Hordle Cliff, has the potential to cause injury to beach users if it is not removed.

3.6 AMG, EQUIPMENT AND ICT PROJECTS

Listed below are specific projects with additional costs totalling £75k that have been reviewed by the Asset Management Group:

- £25k has been allocated to demolish the Lyndhurst public conveniences old block and the creation of an open space since the original budget for 2015/16 was set.
- £28k is required to address additional costs that have arisen as part of the demolition of Unit 8 at Hardley Industrial Estate, principally due to asbestos removal work.
- £22k additional funding to carry out essential works to a collapsed culvert on Council owned land at Falconwood Close, Fordingbridge.

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

4.1 The Capital Programme agreed in February amounted to **£18.516m**. This is now increased by rephasings (£2.521m) to a revised capital budget of **£21.037m**.

4.2 The detailed reasons for the variations are:

REPHASINGS

Environment:

- | | |
|--|--------|
| • Procurement of Land / Beaulieu cemetery work (Cemeteries) | £ 310k |
| • Beach Hut Works | -£ 3k |
| • Coast Protection (delays in implementation of various schemes) | £ 67k |

Finance & Efficiency:

- | | |
|--|--------|
| • Rephasing of vehicle & plant investment to 2015/16 | £ 306k |
| • Rephasing of New Depot Site budgets | £ 48k |

Health & Leisure:

- Eling Tide Mill (delayed start to scheme) £ 218k

Housing:

- Totton Flats and Housing Acquisitions / Development £ 235k

Open Spaces Developer Contributions (Total £898k, shared
equally between 15/16 and 16/17) £ 449k

Transportation Developer Contributions £ 891k

TOTAL **£2,521k**

5. HOUSING REVENUE ACCOUNT

5.1 An HRA budget was agreed in February with a forecast net operating surplus of **£1.461m**.

5.2 This report identifies total negative variations of £37k, together with a rephasing from 2014/15 of £30k, reducing the forecast net operating surplus of the HRA to **£1.394m**. The variations consist of the following:

- £17k of the total of Grounds Maintenance minor kit rephasings of £26k is in respect of the HRA (see section 3.4 above)
- Insurance costs to the HRA have increased by £20k
- £30k of the new Housing Repairs System budget has been rephased from 2014/15.

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 I am pleased to see that the Council is continuing to identify savings against the budget. We will look to continue this process as we move forwards.

8. RECOMMENDATIONS

8.1 It is recommended that Cabinet notes the revised outturn forecasts of the General Fund (para 3.2), Capital Fund (para 4.1) and Housing Revenue Account (para 5.1) and approves the additional expenditure requirements identified in Section 3 of the report.

For Further Information Please Contact:

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Background Papers:

None