

FINANCIAL MONITORING REPORT (2020/21 PROVISIONAL OUTTURN)

1. RECOMMENDATIONS

1.1 It is recommended that Cabinet;

1.1.1 notes the latest budget forecasts of the General Fund (section 4), Capital (section 5) and HRA (section 6)

2. INTRODUCTION

2.1 Following the adoption of the Emergency Budget 2020/21 in September 2020, and subsequent Financial Monitoring Report in December 2020, this report provides an update on the General Fund, Capital and Housing Revenue Account budgets, adjusting for any budget changes now required.

3. BACKGROUND

3.1 The Emergency Budget approved by the Council in September retained a 2020/21 contribution to the budget equalisation reserve of £1.062m and preserved the Councils £3m General Reserve, both of which are therefore available to assist in further and future budget pressures.

3.2 Financial Monitoring is an important feature in the management of the Council's finances as it gives an opportunity to reflect on variations as against the latest set budget and reflect on the impact that these variations may have over the period covered by the Councils Medium Term Financial Plan.

4. GENERAL FUND REVISED PROJECTION

4.1 A General Fund budget of **£19.194m** for 2020/21 was agreed by Council in February 2020. The Emergency Budget adopted in September, which despite taking into account mitigations put in place by the Council, increased the General Fund Budget to £20.117m. The changes as reported in December resulted in an updated General Fund Budget of **£20.004m**; a reduction of £113k from the September Emergency Budget.

4.2 The updated positions with regards to Business Rate Retention, Council Tax collection and Interest Earnings will not be known until after the detailed yearend work has taken place. This report therefore focuses predominately on the variations within Services.

4.3 This report now makes allowances for the full value of the Sales, Fees and Charges Compensation expected to be received by the Authority in 2020/21. A further £1.646m of grant is therefore included in this latest forecast being the proportion of income losses funded by the government. The reported position now also reinstates the originally budgeted contribution to reserves from the Pension Deficit budget, and sets

aside £350,000 to the Local Plan Reserve.

- 4.4 The latest General Fund Net Budget projection, taking into account all other variations within Services and allowing for transfers from and to Earmarked Revenue Reserves, is a revised General Fund budget of **£20.211m**; an increase of £207,000 from the updated December budget.
- 4.5 The revised General Fund Budget 2020/21 can be seen at Appendix 1, with further details on the variations being reported included within Appendix 2.

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

- 5.1 A Capital Programme budget of **£25.694m** for 2020/21 was agreed by Council in February 2020.
- 5.2 The programme was revised in line with the preparation of the Emergency Budget, with non-essential schemes being removed, new requirements added and rephasing from the previous year reflected, where necessary.
- 5.3 The December forecast included variations totalling -£455k and rephasing's of £2.649m resulting in an updated Capital Programme budget of **£26.110m**.
- 5.4 The latest variations now being reported are summarised below:

Variations

- Disabled Facilities Grant (£30,000) – anticipated outturn spend is £590,000, £30,000 less than the current revised budget
- Strategic Regional Coastal Monitoring 15-21 +£244,000 – expenditure, fully funded by the EA, will be £244,000 higher than the current budget in 20/21, with a further £300,000 of fully funded expenditure forecast in 2021/22
- Vehicle and Plant Replacement Programme +£27,000 – cost increases on the purchase of vehicles during 2020/21 across the fleet have resulted in increased costs. The budget for 2021/22 will also need increasing by £41,000.
- Commercial Property Acquisitions +£400,000 – three property acquisitions have been completed during 2020/21. Total spend for the year is £3.4m.
- Residential Property Acquisitions +£350,000 – six residential acquisitions made been made during 2020/21 by Appletree Property Holdings with each property returning an income to the Council. Total spend for the year is £1.85m.
- Open Space / Transportation / Mitigation Projects +£63,000 – two new schemes (+£96,000) have been implemented in 2020/21 being Sandleheath Village Hall and Carvers and variations of £33,000 have occurred on Mitigation schemes
- HRA Strategy to Deliver more Council Owned Homes +£1m – spend in 2020/21 is forecast to be £1m in excess of the latest budget for 2020/21 (resulting in a total forecast spend of £10m).
- HRA Disabled Facilities Grants +£200k – pace has picked up on the delivery of disabled adaptations to Council Tenanted properties, and spend is now forecast for the year at £700,000.

Rephasings

- Barton Drainage Test (£225,000) – the fully funded scheme will take place in 2021/22
- New Depot Facility (£80,000) – £80,000 of the £250,000 latest budget will be rephased into 2021/22
- Vehicle and Plant Replacement Programme (£626,000) – Delays in the supply chain as a result of pandemic means that vehicle purchases have suffered significant delays in 2021/22; rephasing of £626,000 is necessary.
- Open Space / Transportation / Mitigation Projects (£195,000) – Delays in projects will require rephasing of £195,000 to 2021/22

5.5 The changes as above result in an updated Capital Programme Budget of **£27.238m** (appendix 3).

6. HOUSING REVENUE ACCOUNT

6.1 A break-even HRA budget for 2020/21 was agreed in February 2020, with the Revenue Account surplus of £8.473m supporting the financing of the £15.8m HRA Capital Programme. No overall budget variations have been reported yet this financial year from the original £28.2m budget.

6.2 The latest variations now being reported are summarised below:

Variations

- Non Dwelling Rents +£62,000 – rent voids, mainly from garages have resulted in a shortfall in income of £62,000
- Interest Receivable +£60,000 – reductions in balances as well as a reduced base rate will result in lower interest earnings
- Variations within expenditure within the HRA total +£70,000, with additional expenditure on Reactive Maintenance being partially offset with lower spend on Cyclical Maintenance and General Management.

6.3 The changes as above (as included within Appendix 4) result in an updated Housing Revenue Account budget of £192,000 which will be taken into account when the Capital Programme Financing is finalised.

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 Given the tumultuous year that we have been through I am very pleased with the predicted financial outturn within services, whilst noting that the final business rate and council tax positions won't be known until a little later.

8.2 Exceptional has been this year's normal across the whole of the Council and against a

backdrop of Covid-19 we have continued to deliver on a number of strategic targets including both the areas of housing provision and the development of our commercial investment.

- 8.3 To have maintained this momentum in the most challenging of years is a remarkable achievement and is a testament to the dedication and commitment of everyone involved.

For Further Information Please Contact:

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FINANCIAL MONITORING 2020/21							
REVISED GENERAL FUND BUDGET 2020/21	Feb 20	Sept 20	December 20	April 21			
	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
	Original	Emergency	Updated	New	New	New	Updated
	Budget	Budget	Budget	Variations	Variations	Variations	Budget
				Expend.	Income	Rephasings	
PORTFOLIO REQUIREMENTS							
Community Affairs	1,497	1,612	1,612	-46	-11	-62	1,493
Economic Development	-11	-85	-85	-45	0	0	-130
Environment and Regulatory Services	9,177	9,535	9,533	32	64	0	9,629
Environment - Income Support Scheme		0	0	0	-98	0	-98
Finance, Corporate Services and Improvement	3,863	3,708	3,379	-94	93	-200	3,178
Finance - New Burdens Funding		-170	-170				-170
Finance - Emergency Assistance Grant		-134	-134				-134
Housing Services	1,847	2,393	2,496	-75	-38	-8	2,375
Housing Services - Accommodation Support Funding		-100	-438				-438
Leader and Corporate Affairs	68	168	175				175
Leisure and Wellbeing	1,403	6,361	6,239	-250	836	0	6,825
Leisure and Wellbeing - Income Support Scheme		-2,220	-2,220	0	-1,583	0	-3,803
Leisure and Wellbeing - Furlough		-1,100	-1,100	0	41	0	-1,059
Planning and Infrastructure	1,361	2,316	2,291	-216	-44	-75	1,956
Planning and Infrastructure - Income Support Scheme		-620	-620	0	35	0	-585
	19,205	21,664	20,958	-694	-705	-345	19,214
Reversal of Depreciation	-1,545	-1,535	-1,535	40			-1,495
Contribution (from) / to Earmarked Revenue Reserves	-256	-435	158	-89	450	345	864
Contribution to Revenue Reserves	1,250	5	5	1,245			1,250
NET PORTFOLIO REQUIREMENTS	18,654	19,699	19,586	502	-255	0	19,833
Minimum Revenue Provision	1,181	1,204	1,204	-40			1,164
RCCO	375	0	0				0
Interest Earnings (Net)	-730	-500	-500				-500
New Homes Bonus	-286	-286	-286				-286
GENERAL FUND NET BUDGET REQUIREMENTS	19,194	20,117	20,004	462	-255	0	20,211
COUNCIL TAX CALCULATION							
Budget Requirement	19,194	20,117	20,004	462	-255	0	20,211
Less:			0				0
Settlement Funding Assessment			0				0
Revenue Support Grant	0	0	0				0
Business Rates Funding Target	-3,997	-3,997	-3,997				-3,997
	-3,997	-3,997	-3,997	0	0	0	-3,997
Covid Support Funding							
Public Sector Funding Support - Tranche 2		-1,783	-1,783				-1,783
Public Sector Funding Support - Tranche 3		-250	-250				-250
Public Sector Funding Support - Tranche 4			-204				-204
	0	-2,033	-2,237	0	0	0	-2,237
Locally Retained Business Rates	-2,398	-2,398	-2,398				-2,398
Budget Equalisation Reserve	1,062	1,062	1,379	-462	255		1,172
Estimated Collection Fund (Surplus)/Deficit Business Rates	-892	0	0				0
Estimated Collection Fund (Surplus)/Deficit Council Tax	-218	0	0				0
Use of General Budget Reserve	0	0	0				0
COUNCIL TAX	12,751	12,751	12,751	0	0	0	12,751
TAX BASE NUMBER OF PROPERTIES	71,492.90	71,492.90	71,492.90				71,492.90
COUNCIL TAX PER BAND D PROPERTY	178.36	178.36	178.36				178.36
GENERAL FUND BALANCE 31 MARCH	3,000	3,000	3,000				3,000

FINANCIAL MONITORING 2020/21

VARIATION ANALYSIS GENERAL FUND 2020/21

PORTFOLIO ADJUSTMENTS

Community Affairs

Canvassers Savings net of additional electoral services staffing costs
 Government Grant electoral registration
 Electoral Registration Supplies & Services
 Community Grants rephased into 21/22

Economic Development

Economic Development - vacancy savings

Environment and Regulatory Services

Cemeteries - Increased maintenance spend and shortfall in income
 Coast Protection - Shortfall in external fee income
 Fleet (Waste/Recycling) - numerous variations, mainly Capital Financing
 Foreshores - Additional maintenance spend
 Keyhaven - Additional maintenance spend
 Keyhaven - Installation of chain commenced in March (approx 15% complete) - budget in 21/22
 Late Night Entertainment License Income Shortfall
 Open Spaces - Additional maintenance spend
 Taxi Licensing - shortfall in income
 Environment and Regulatory Services - various SFC Grant income
 AMR - Ringwood Depot Resurfacing - Rephasing

Finance, Investment and Corporate Services

Business Rates Court costs income
 Council Tax Court costs income
 Council Tax Court costs expenditure
 Benefits Admin - Additional Govt Grant
 Revs & Bens staffing and other b unit savings
 Corporate & Democratic Supplies & Services/Transport
 AMR - Back up Power Supply to ATC - Rephasing
 ICT Equipment/ Workplan - Rephasing
 Comms - Additional expenditure
 Appletree Court - Additional works expenditure

Housing Services

Stillwater Park - Increased Sales Commission income
 Stillwater Park Repairs & Mtce
 Homelessness - lower additional expenditure than originally forecast
 Enabling Community Led Housing (reserves funded)
 Private Sector Stock Condition Survey (reserves funded)

Leader and Corporate Affairs

No new variations to report

2020/21 £'000's	Apr-20		2020/21 £'000's
	2020/21 £'000's	2020/21 £'000's	
New Variations Expend.	New Variations Income	New Variations Rephasings	Updated Budget
-30			
	-11		
-16			
		-62	
-46	-11	-62	-119
-45			
-45	0	0	-45
20	20		
	17		
-50			
12			
20			
		15	
	15		
30			
	12		
	-98		
		-15	
32	-34	0	-2
	10		
	110		
-16			
	-27		
-60			
-50			
		-100	
		-100	
12			
20			
-94	93	-200	-201
	-38		
-14		-8	
-140			
50			
29			
-75	-38	-8	-121
			0

FINANCIAL MONITORING 2020/21

VARIATION ANALYSIS GENERAL FUND 2020/21

PORTFOLIO ADJUSTMENTS

Leisure and Wellbeing

Dibden Golf Course - Rent income shortfall	
Dibden Golf Course - SFC Grant income	
Health & Leisure Centres - Income shortfall	
Health & Leisure Centres - SFC reimbursement	
Health & Leisure Centres - Furlough Grant	
Health & Leisure Centres - Employee Savings	
Health & Leisure Centres - Utilities Savings	
Health & Leisure Centres - Supplies & Services & Other Premises Savings	

Planning and Infrastructure

Building Control - Additional Income and Vacancy savings	
Parking - Income down Jan & Feb and March shortfall projection	
Parking - SFC Grant Income	
Parking - Maintenance - Lymington Quay scheme now 21/22	
Planning Fees - surplus income	
Planning Fees - no longer going to be SFC grant income	
Planning Appeals - Addit expnd re Shorefields	
Pre-app Income - shortfall in income	
Pre-app Income - no longer going to be SFC grant income	
Land charges - Additional income	
Land charges - no longer going to be SFC grant income	
Development Control & Enforcement - salary savings/CIL income loss	
Planning Policy Additional Supplies & Services	
Planning Policy Employee Savings	
Local Plan Expenditure from Reserves	

TOTAL PORTFOLIO ADJUSTMENTS

NON-PORTFOLIO ADJUSTMENTS

Contributions from Earmarked Reserves to offset additional expenditure in services	
Contributions to Earmarked Reserves - Local Plan	
Contributions to Earmarked Reserves - Building Control Breakeven Reserve	
Contribution to Earmarked Reserves - Rephased Projects	
Reinstatement of Originally Budgeted Contribution to Reserves - Pension Deficit Budget	

TOTAL NON-PORTFOLIO ADJUSTMENTS

GRAND TOTAL ADJUSTMENTS (Credited to (-) / Debited from (+) Budget Reserves)

2020/21 £'000's	Apr-20		2020/21 £'000's	2020/21 £'000's
	2020/21 £'000's	2020/21 £'000's		
New Variations Expend.	New Variations Income	New Variations Rephasings	New Variations Rephasings	Updated Budget
	116			
	-93			
	720			
	-1490			
	41			
-60				
-70				
-120				
-250	-706	0		-956
-40	-70			
	260			
	-142			
		-75		
	-260			
	130			
10				
	45			
	7			
	-64			
	40			
-124	45			
30				
-102				
10				
-216	-9	-75		-300
-694	-705	-345		-1744
-89				
	350			
	100			
		345		
1245				
1156	450	345		1951
462	-255	0		207

FINANCIAL MONITORING 2020/21

REVISED CAPITAL PROGRAMME 2020/21

Portfolio	Feb 20	Sept 20	Dec 20	2020/21			
	2020/21 £'000 Original Budget	2020/21 £'000's Emergency Budget	2020/21 £'000 Updated Budget	2020/21 £'000's New Variations Expend.	Apr 20 2020/21 £'000's New Variations Rephasing	2020/21 £'000 Updated Budget	
Disabled Facilities Grants	HSG (GF)	1,200,000	1,200,000	620,000	-30,000	590,000	
Strategic Regional Coastal Monitoring (15-21)	ENV	1,495,000	1,495,000	1,495,000	244,000	1,739,000	
Hurst Spit	ENV						
Barton Drainage Test (19-21)	ENV	50,000	225,000	225,000	-225,000		
Public Convenience Modernisation Programme	ENV	300,000					
Public Convenience Additional Enhancements	ENV/LEADERS	75,000					
Lymington Sea Wall	ENV	400,000					
Emergency Works - Milford Sea Wall			1,500,000	1,825,000		1,825,000	
Emergency Works - Milford Sea Wall S151 Contingency				300,000		300,000	
New Depot Site	F,CS&I	3,000,000	2,000,000	250,000	-80,000	170,000	
V&P; Replacement Programme	F,CS&I	1,682,000	1,490,000	841,000	27,000	242,000	
Smarter Working; Future Delivery	F,CS&I	500,000	500,000	250,000		250,000	
Commercial Property Acquisitions	F,CS&I		3,000,000	3,000,000	400,000	3,400,000	
Residential Property Acquisitions	F,CS&I		1,500,000	1,500,000	350,000	1,850,000	
Open Space Schemes	P&I	292,000	155,000	155,000	31,000	-130,000	56,000
Transport Schemes	P&I	265,000	150,000	150,000	65,000	-43,000	172,000
Mitigation Schemes	P&I	635,000	199,000	199,000	-33,000	-22,000	144,000
TOTAL GENERAL FUND CAPITAL PROGRAMME		9,894,000	13,414,000	10,810,000	1,054,000	-1,126,000	10,738,000
HRA - Major Repairs	HRA	5,600,000	5,600,000	5,600,000			5,600,000
Estate Improvements	HRA	200,000	200,000	200,000			200,000
Council Dwellings - Strategy Delivery	HRA	9,000,000	9,000,000	9,000,000	1,000,000		10,000,000
Disabled Facilities Grants	HRA	1,000,000	1,000,000	500,000	200,000		700,000
TOTAL HRA CAPITAL PROGRAMME		15,800,000	15,800,000	15,300,000	1,200,000		16,500,000
GRAND TOTAL CAPITAL PROGRAMME		25,694,000	29,214,000	26,110,000	2,254,000	-1,126,000	27,238,000

FINANCIAL MONITORING 2020/21

REVISED HOUSING REVENUE ACCOUNT BUDGET
2020/21

	Feb 20	Dec 20	Apr 20	
	2020/21 £'000 Original Budget	2020/21 £'000 Updated Budget	2020/21 £'000 New Variations	2020/21 £'000 Updated Budget
INCOME				
Dwelling Rents	-26,354	-26,354		-26,354
Non Dwelling Rents	-786	-786	62	-724
Charges for Services & Facilities	-660	-660		-660
Contributions towards Expenditure	-64	-64		-64
Interest Receivable	-78	-78	60	-18
Sales Administration Recharge	-32	-32		-32
Shared Amenities Contribution	-225	-225		-225
TOTAL INCOME	-28,199	-28,199	122	-28,077
EXPENDITURE				
Repairs & Maintenance				
Cyclical Maintenance	1,337	1,337	-80	1,257
Reactive Maintenance	3,356	3,356	254	3,610
Supervision & Management				
General Management	5,095	5,095	-104	4,991
Special Services	1,222	1,222		1,222
Homeless Assistance	64	64		64
Rents, Rates, Taxes and Other Charges	54	54		54
Provision for Bad Debt	150	150		150
Capital Financing Costs - Settlement Adjustment	8,376	8,376		8,376
MRP	72	72		72
Capital Financing Costs - New Borrowing				
TOTAL EXPENDITURE	19,726	19,726	70	19,796
HRA OPERATING SURPLUS(-)	-8,473	-8,473	192	-8,281
Contribution to Capital - supporting Housing Strategy	8,473	8,473		8,473
Transfer to Acquisitions/Development reserve	0	0	192	192

