

FINANCIAL MONITORING REPORT (2021/22 PROVISIONAL OUTTURN)

1. RECOMMENDATIONS

1.1 It is recommended that Cabinet;

1.1.1 notes the provisional outturn figures for the General Fund (section 4), Capital (section 5) and HRA (section 6).

2. INTRODUCTION

2.1 Financial monitoring reports for 2021/22 were considered by Cabinet in September 2021, November 2021 and February 2022. While significant workload is still to be carried out on the closedown process, this report provides an early update on the anticipated outturn position with a focus on variations within Portfolios.

3. BACKGROUND

3.1 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 Council's Medium Term Financial Plan.

4. GENERAL FUND REVISED PROJECTION

4.1 A General Fund budget of **£19.291m** for 2021/22 was agreed by Council in February 2021. Previous financial monitoring reports presented to Cabinet during the year reduced the anticipated net budget requirement by £161,000 to **£19.130m**. The changes now identified in this report reduce the anticipated year end requirement to **£17.580m**; a reduction of £1.550m from the latest approved budget, after allowing for a net transfer of £645,000 to Earmarked Reserves.

4.2 The updated positions with regards to Business Rate Retention, Council Tax collection, Interest Earnings, Housing Benefits Subsidy and Sundry Debtors bad debt provisions will not be known until after more detailed year-end work has taken place. This report therefore focuses on current identified variations within Portfolios.

4.3 Ultimately, a surplus for the year, taking all further outstanding matters into account, will be placed in the Council's Capital Programme reserve and will be used to support the delivery of the Medium-Term Financial Plan and specifically finance the delivery of the Council's large Capital Programme.

4.4 The provisional outturn figures for 2021/22 can be seen at Appendix 1. Variation items of highest value are set out by Portfolio in paragraphs 4.5 - 4.12 below. Full details of all variations are set out in Appendix 2.

4.5 **Business, Tourism and High Streets**

Net savings £45,000

A staff vacancy for part of the year and supplies and services savings resulted in an underspend of £45,000 in Economic Development.

4.6 **Environment and Coastal Services**

Net variations £0

Additional income of £50,000 and savings of £25,000 in maintenance costs resulted in a net saving of £75,000 in Car Parking. These savings were matched by additional net operating costs of £25,000 at Keyhaven River and £50,000 on Refuse and Recycling.

4.7 **Finance, Investment and Corporate Services**

Net savings £949,000 & Rephasings to 22/23 £220,000

Budget provision of £300,000 was approved during the year for the costs of the agreed pay award but not allocated to specific Portfolios. Actual costs have been absorbed within the figures reported under each Portfolio and therefore the central budget allocated to this Portfolio now shows as a saving. Similarly, £160,000 of the £360,000 budget provision for potential COVID related expenditure held within this Portfolio was not required.

Savings of £248,000 resulted in the General Fund ICT Licenses and Telecommunications budgets and COVID related New Burdens grant funding exceeded spending requirements by £120,000. In addition, the Council received a £54,000 refund of overpaid bank charges and additional Government Grants of £27,000 for Housing Benefits Administration and £22,000 towards audit costs.

General Fund ICT Work Programme budget provision of £182,000 has been rephased into 2022/23 together with £38,000 of the Appletree Court Emergency Power Supply project.

4.8 **Housing and Homelessness Services**

Net additional costs £62,000 & Rephasings to 22/23 £66,000

Maintenance costs on Private Sector Leasing properties, principally on properties being handed back to landlords, exceeded the budget by £163,000 and there was an income shortfall of £20,000 within Housing Improvements, due to a VAT refund to HMRC.

These additional costs were largely offset by additional sales commission income of £53,000 and savings of £21,000 in operating costs at Stillwater Park and vacancy/supplies and services savings of £47,000 in the Housing Development Team.

Planned maintenance works at Stillwater Park of £66,000 have been rephased into 2022/23.

4.9 **Leader**

Net savings £22,000

Net savings of £22,000, principally on staffing and supplies and services costs, resulted within Elections services.

4.10 **Partnering and Wellbeing**

Net savings £526,000 & Rephasings to 22/23 £9,000

The health and leisure centres asset maintenance programme was underspent by £304,000 and savings in costs following the transfer of operations to Freedom Leisure were £131,000. The Council's new Facilities Manager has already started to work closely with the Contract Monitoring Officer and relevant parties from Freedom Leisure to ensure the delivery of the full Landlord maintenance programme for 2022/23.

Net savings in various Environmental Health Services were £49,000 and £33,000 Community Safety grant was received from the Government late in the year, which will be transferred into reserves and utilised in 2022/23.

4.11 **People and Places**

Net savings £240,000 & Rephasings to 22/23 £77,000

COVID grants and other contributions for Clinically Extremely Vulnerable, the Contain Outbreak Management Fund, Household Support and Community Testing exceeded expenditure incurred in the year by £173,000 and there was an underspend of £62,000 on the Open Spaces Trees budget. Unspent COVID funding will be transferred to earmarked reserves for spending in 2022/23.

Four Community Grants totalling £77,000 are being rephased to 22/23.

4.12 **Planning, Regeneration and Infrastructure**

Net savings £87,000 & Rephasings to 22/23 £16,000

Additional income of £37,000 and expenditure savings of £13,000 occurred within Building Control. Salary and other business unit savings in Planning Policy were £37,000 and £10,000 Government grant for Biodiversity was received late in the year. These savings were offset by £10,000 additional legal costs on planning appeals. The net savings in Building Control will be transferred to the Building Control Surplus Reserve and the Biodiversity grant transferred to reserve to be utilised in 22/23.

4.13 **Reserves - £645,000**

Proposed transfers to/from (-) reserves in relation to budget variations identified in paragraphs 4.4-4.12 above are as follows:

	£
Contain Outbreak Management Fund	160,000
Household Support Fund	41,000
Community Safety	33,000
Building Control	50,000
Air Pollution	9,000
Community Grants	77,000
Stillwater Park Maintenance	66,000
Appletree Court Emergency Power	38,000
Planning Policy	26,000
ICT Work Programme	182,000
Council Tax Hardship Payments	-37,000
	645,000

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

- 5.1 A Capital Programme budget of **£36.197m** for 2021/22 was agreed by Council in February 2021.
- 5.2 Variations reported to Cabinet during the year reduced the programme by £4.369m to **£31.828m**. Further reductions of £4.239m and rephasings of expenditure of £2.103m to 2022/23 are detailed in this report leading to a provisional outturn figure of **£25.486m**.
- 5.3 Although project delivery totalling over £25m is positive, it is short of the overall sum allowed for within the Council's Capital Programme. The recently established officer Capital and Change Delivery Board will closely monitor the delivery of the Capital programme looking forward.
- 5.4 The main variations now being reported are set out below with all variations being included in Appendix 3:

Variations

- Private Sector Disabled Facilities Grants (-£370,000) – outturn spend is £830,000, £370,000 less than the last approved budget
- Coast Protection – Barton Drainage Test (-£200,000) – Reallocation of staffing resources to other projects has resulted in this project being rephased into 2022/23 but it is identified as a saving as it will be incorporated into a project with budget already allocated.
- Residential Property Acquisitions (+£129,000) – The Council acquired a fifth property late in March, resulting in £129,000 additional property equity than previously reported.
- HRA Major Repairs (-£1.030m) – An underspend of £1.030m, principally relating to external door replacements, structural repairs, external refurbishment and miscellaneous works resulted, largely due to the switching of staff resources to work on the Fire Assessment works projects.
- HRA Fire Risk Assessment Works (+£135,000) – A £3m budget for a major programme of essential works is included in 2022/23. Expenditure of £135,000 has been brought forward and has been incurred in 2021/22
- HRA Estate Improvements (-£151,000) – works totalling £49,000 were carried out during the year against the budget of £200,000.
- HRA Strategy to Deliver more Council Owned Homes (-£2.930m) – A number of development schemes have taken longer to proceed than anticipated, resulting in total spend for the year of £6.570m.
- HRA Disabled Facilities Grants (£-111,000) – outturn spend is £789,000, £111,000 less than the last approved budget.

Rephasings

- Coast Protection Regional Monitoring (-£1.020m) – Delays in awarding contracts arose during the year.
- New Depot Facilities (-£184,000) – minimal spend was incurred in 2021/22 whilst work was carried out on a wider strategic review of depot facilities and alignment of these facilities to the impending updated waste strategy
- Vehicle and Plant Replacement Programme (-£96,000) – expenditure totalled £3.084M for the year, with vehicles totalling £96,000 being rephased to 22/23
- Crow Lane Ringwood Industrial Site (-£672,000) – The scheme remains on track to be completed according to the original timeline, despite some

expenditure now being rephased into 22/23 due to an additional period where the contractor finalised design works and carried out procurement activities ahead of starting on site in January 2022.

- Lymington Quay Public Conveniences (-£142,000) - Delays in the programme necessitate £142,000 to be rephased to 2022/23.

6. HOUSING REVENUE ACCOUNT

- 6.1 A HRA budget with an estimated operating deficit of £350,000, to be funded from reserves, was agreed by Council in February 2021. Reports presented to Cabinet during the year identified net additional costs of £830,000, with a corresponding reduction in the proposed revenue contribution to fund the Capital Programme.
- 6.2 Detailed work is still required on the closedown process, particularly with regard to optimising resources to fund the capital programme, that will affect capital financing and interest figures, so updates in this report concentrate on estimated outturn figures on operational budgets.
- 6.3 Appendix 4 to this report details various budget variations resulting in an increase in net expenditure of £175,000, after allowing for transfers from earmarked reserves. The main variations are listed below:
- Contributions to Expenditure (-£44,000) – Additional income was largely due to receipts from two insurance claims.
 - Reactive Maintenance (+£344,000) – Largely due to storms, increases in materials costs and the need to employ external contractors to cover staff absences, reactive maintenance costs have exceeded budget by a further £344,000.
 - General Management - Stock Condition Surveys (-£129,000) – Due to delays in letting the contract, expenditure on stock condition surveys was £129,000 less than budget. A proportion of the remaining budget is likely to be rephased to 2022/23.
 - General Management - Housing ICT System replacement – (-£153,000) Budget of £200,000 was approved for 21/22 but only £47,000 was incurred in the year. A proportion of the remaining budget is likely to be rephased to 2022/23.
 - General Management – ICT (-£102,000) – The HRA will benefit by £102,000 from underspends and rephasings within the ICT Work Programme, Telecommunications and Corporate licences budgets.
 - Special Services (-£61,000) – Savings in various supplies and services and premises costs budgets, largely within older persons accommodation are currently showing as £61,000, but this may be reduced by accruals for utility bill costs.
 - Rents, Rates, Taxes and Other charges – (+£53,000) – Additional costs relate to Council Tax liabilities on void properties.
 - Reserves (+£282,000) – The savings identified above on stock condition surveys and the ICT System replacement will be matched by a reduction in the contribution from the earmarked reserves.

7. CRIME AND DISORDER / EQUALITY AND DIVERSITY

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

8. ENVIRONMENTAL IMPLICATIONS

- 8.1 The underspend as noted within the Trees budget is predominantly in relation to lower expenditure on dealing with Ash Die-back, as opposed to material lower spend on tree maintenance or replanting.
- 8.2 No variations as included within this provisional outturn report are thought to have a direct impact on the environment.

9. PORTFOLIO HOLDER COMMENTS

- 9.1 The report on the provisional outturn for 2021/22 shows the Council to be in a strong financial position as we move forward into the post COVID era.
- 9.2 It is almost inevitable that the disruptions of the past two years have had an impact on the delivery of our capital projects however as we move forward we must tighten up on this area and ensure that any issues are identified early and incorporated within budget reviews.

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FINANCIAL MONITORING 2021/22

REVISED GENERAL FUND BUDGET 2021/22

	Feb-21	Feb-22	May-22			
	2021/22 £'000's Original Budget	2021/22 £'000's Updated Budget	2021/22 £'000's New Variations Expend.	2021/22 £'000's New Variations Income	2021/22 £'000's New Variations Rephasings	2021/22 £'000's Provisional Outturn
PORTFOLIO REQUIREMENTS						
Business, Tourism and High Streets	296	331	-45	0	0	286
Environment and Coastal Services	3,588	3,698	125	-125	0	3,698
Finance, Investment and Corporate Services	2,722	2,191	-734	-215	-220	1,022
Housing and Homelessness Services	1,791	2,085	95	-33	-66	2,081
Leader	435	435	-22	0	0	413
Partnering and Wellbeing	5,345	6,158	-476	-50	-9	5,623
People and Places	3,573	3,531	166	-406	-77	3,214
Planning, Regeneration and Infrastructure	2,512	2,379	-86	-1	-16	2,276
	20,262	20,808	-977	-830	-388	18,613
Reversal of Depreciation	-1,526	-1,426				-1,426
Contribution (from) / to Earmarked Revenue Reserves	-815	-942	-116	373	388	-297
Contribution to Revenue Reserves	1,250	1,250				1,250
NET PORTFOLIO REQUIREMENTS	19,171	19,690	-1,093	-457	0	18,140
Minimum Revenue Provision	1,265	1,165				1,165
Interest Earnings (Net)	-569	-600				-600
Sales/Fees and Charges Grant Reimbursement	-300	-849				-849
New Homes Bonus	-276	-276				-276
GENERAL FUND NET BUDGET REQUIREMENTS	19,291	19,130	-1,093	-457	0	17,580
COUNCIL TAX CALCULATION						
Budget Requirement	19,291	19,130	-1,093	-457	0	17,580
Less:						
Settlement Funding Assessment						
Lower Tier Service Grant	-170	-170				-170
Council Tax Reduction Support Grant	-209	-209				-209
Business Rates Baseline	-3,997	-3,997				-3,997
	-4,376	-4,376	0	0	0	-4,376
Locally Retained Business Rates	-2,134	-2,134				-2,134
Use of (-) Budget Equalisation & Variation Reserves	-138	23	1,093	457		1,573
Estimated Collection Fund (Surplus)/Deficit Business Rates	424	424				424
Estimated Collection Fund (Surplus)/Deficit Council Tax	94	94				94
Irrecoverable Tax Loss Grant	-44	-44				-44
COUNCIL TAX	13,117	13,117	0	0	0	13,117
TAX BASE NUMBER OF PROPERTIES	71,538.70	71,538.70				71,538.70
COUNCIL TAX PER BAND D PROPERTY	183.36	183.36				183.36
GENERAL FUND BALANCE 31 MARCH	3,000	3,000				3,000

FINANCIAL MONITORING 2021/22

VARIATION ANALYSIS GENERAL FUND 2021/22

PORTFOLIO ADJUSTMENTS

Business, Tourism and High Streets

Economic Development - salary savings/S&S underspends

2021/22 £'000's	2021/22 £'000's	2021/22 £'000's	2021/22 £'000's
New Variations	New Variations	New Variations	New Variations
Expend.	Income	Rephasings	Total

-45			
-45	0	0	-45

Environment and Coastal Services

Car Parks - Maintenance savings re Lymington Quay - see Capital

-25			
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Car Parks - Net income up (Meter -£77k, PCNs down £67k, Other -£40k)

	-50		
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Keyhaven - Maintenance/Salaries overspend/Income up

30	-5		
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Refuse Collection - Clothing, Fuel, Trade tipping / Special Colls income

90	30		
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Recycling - Clothing, Trade tipping / Project Integra & Trade Waste income

30	-100		
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125	-125	0	0
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Finance, Investment and Corporate Services

Legal - salary costs re Data Governance

25			
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COVID 19 - New Burdens funding and expenditure

21	-141		
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COVID 19 Expenditure Budget not utilised

-160			
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Housing Benefits Admin - Additional Grant

	-27		
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Housing Benefits Admin - Business unit supplies & services/transport

-17			
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Corporate Management - Redmond Review Grant

	-22		
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Corporate Management - Refund of overcharged bank charges

-54			
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Democratic Processes - Members Travel cost

-15			
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Hardley Industrial Estate - Additional Income

	-25		
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Commercial Asset Investment - supplies & services savings

-10			
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Council Tax Collection - Hardship Payments

37			
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Pay Award Covered within Portfolio Variations

-300			
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ATC Emergency Power Supply Project

		-38	
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Pension Increase Act

-13			
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ICT Licences

-198			
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ICT Work Programme

		-182	
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ICT Telecommunications

-50			
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-734	-215	-220	-1169
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Housing and Homelessness Services

Stillwater Park - Sale of mobile homes commission

	-53		
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Stillwater Park - Asset Maintenance Programme

		-66	
--	--	-----	--

Stillwater Park - Other maintenance/operating cost savings

-21			
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Housing Improvements capital works income - largely VAT refund

	20		
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Enabling - Staff vacancy & supplies and services savings

-47			
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Private Sector Leasing Maintenance

163			
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95	-33	-66	-4
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Leader

Registration of Electors - salaries and supplies & services savings

-47			
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Election NFDC - various by-elections

25			
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-22	0	0	-22
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FINANCIAL MONITORING 2021/22

VARIATION ANALYSIS GENERAL FUND 2021/22

PORTFOLIO ADJUSTMENTS

Partnering and Wellbeing

Community Safety - DCLG Grant

Dibden Golf Club - staircase scheme/consultant

Air Pollution

Taxi Licences

Misc Licences

Environmental Health Services (various)

Sports & Comm Development

Health Development

Health & Leisure Centres Asset Maintenance Programme

Health & Leisure Centres Rebase on transfer to Freedom

Community Alarms - increase in stock holding

People and Places

Open Spaces - Trees spend

Cemeteries - additional spend/additional income

Grounds Maintenance - net additional income (Cemeteries)

Street Scene - various expenditure overspends (Fuel/Disposal of Waste)

Grants to be rephased

COVID - COMF/ Grant and expenditure

COVID 19 - Community Testing Grant adj and expenditure

Planning, Regeneration and Infrastructure

Building Control - expenditure savings / additional income

Development Management (Additional legal costs re planning appeals)

Development Management (Salary savings / Income Shortfall)

Planning Policy

TOTAL PORTFOLIO ADJUSTMENTS

NON-PORTFOLIO ADJUSTMENTS

Interest Earnings

Contribution to/from(-) Earmarked Reserves

TOTAL NON-PORTFOLIO ADJUSTMENTS

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

	May-22			
	2021/22 £'000's New Variations Expend.	2021/22 £'000's New Variations Income	2021/22 £'000's New Variations Rephasings	2021/22 £'000's New Variations Total
		-33		
14				
			-9	
		24		
		-7		
-26	-23			
-4	-11			
-5	0			
-304				
-131				
-20				
	-476	-50	-9	-535
-62				
17	-27			
		-25		
30				
			-77	
173	-329			
8	-25			
	166	-406	-77	-317
-13	-37			
10				
-46	46			
-37	-10		-16	
-86	-1		-16	-103
	-977	-830	-388	-2195
	-116	373	388	
	-116	373	388	645
	-1093	-457	0	-1550

FINANCIAL MONITORING 2021/22		Feb-21	Feb-22	2021/22		
REVISED CAPITAL PROGRAMME 2021/22		2021/22	2021/22	2021/22	May-22	2021/22
		£'000	£'000	£'000	£'000	£'000
Portfolio		Original Budget	Updated Budget	New Variations Expend.	New Variations Rephasing	Provisional Outturn
Disabled Facilities Grants	HSG (GF)	1,200	1,200	-370		830
South East Regional Coastal Monitoring Prog (22-27)	ENV & COAST	2,300	2,118		-645	1,473
South East Regional Coastal Monitoring Prog (18-21)	ENV & COAST		399		-363	36
South East Regional Coastal Monitoring Prog (12-17)	ENV & COAST		291		-12	279
Barton Drainage Test (19-21)	ENV & COAST	125	200	-200		
Westover Phase 2 Scheme Development	ENV & COAST	275				
Emergency Works - Milford Sea Wall	ENV & COAST		15	-10		5
Public Convenience Modernisation Programme	PEOPLE & PL	300	30	8		38
Public Convenience Additional Enhancements	PEOPLE & PL	75				
Public Convenience Refurbishment Scheme - Lym Quay	PEOPLE & PL		198	39	-142	95
Health & Leisure Centres	PART & WELL		300		86	386
New Depot Site: Hardley	F,I & CS	2,000	100		-84	16
New Depot Site: West	F,I & CS	100	100		-100	
V&P; Replacement Programme	F,I & CS	3,462	3,145	35	-96	3,084
Commercial Property Acquisition	F,I & CS		3,270	-4		3,266
Residential Property Acquisition			204	129		333
Smarter Working; Future Delivery	F,I & CS	250	250	-80	-75	95
Economic Sustainability & Regeneration Projects - Crow Lane Ringwood (provisional sum)	F,I & CS	5,000	3,200		-672	2,528
Open Space Schemes	P, R & I	265	88	132		220
Transport Schemes	P, R & I					
Mitigation Schemes	P, R & I	595	70	-51		19
TOTAL GENERAL FUND CAPITAL PROGRAMME		15,947	15,178	-372	-2,103	12,703
HRA - Major Repairs	HRA	6,050	6,050	-1,030		5,020
Fire Risk Assessment Works	HRA			135		135
Estate Improvements	HRA	200	200	-151		49
Development Strategy	HRA	13,000	9,500	-2,710		6,790
Disabled Facilities Grants	HRA	1,000	900	-111		789
TOTAL HRA CAPITAL PROGRAMME		20,250	16,650	-3,867		12,783
GRAND TOTAL CAPITAL PROGRAMME		36,197	31,828	-4,239	-2,103	25,486

FINANCIAL MONITORING 2021/22

REVISED HOUSING REVENUE ACCOUNT BUDGET
2021/22

	Feb-21	Feb-22	May-22	
	2021/22 £'000 Original Budget	2021/22 £'000 Updated Budget	2021/22 £'000 New Variations	2021/22 £'000 Provisional Outturn
INCOME				
Dwelling Rents	-27,276	-27,016	27	-26,989
Non Dwelling Rents	-713	-673	2	-671
Charges for Services & Facilities	-730	-710	7	-703
Contributions towards Expenditure	-64	-64	-44	-108
Interest Receivable	-15	-15		-15
Sales Administration Recharge	-33	-33	-9	-42
Shared Amenities Contribution	-242	-242		-242
TOTAL INCOME	-29,073	-28,753	-17	-28,770
EXPENDITURE				
Repairs & Maintenance				
Cyclical Maintenance	1,346	1,391	-56	1,335
Reactive Maintenance	3,418	3,718	344	4,062
Supervision & Management				
General Management	5,546	5,592	-371	5,221
Special Services	1,290	1,290	-61	1,229
Homeless Assistance	76	76	-18	58
Rents, Rates, Taxes and Other Charges	77	117	53	170
Provision for Bad Debt	150	150	19	169
Capital Financing Costs - Settlement Adjustment	8,270	8,270		8,270
Capital Financing Costs - Internal Borrowing	130	130		130
TOTAL EXPENDITURE	20,303	20,734	-90	20,644
HRA OPERATING SURPLUS(-)	-8,770	-8,019	-107	-8,126
Contribution to Capital - supporting Housing Strategy	9,120	8,290		8,290
HRA Total Annual Surplus(-) / Deficit	350	271	-107	164
Use of HRA Reserve for Major Projects	-350	-350	282	-68
Return to Earmarked Reserves (ICT Rephasing)		79		79
HRA TOTAL ANNUAL SURPLUS(-) / DEFICIT	0	0	175	175