

## FINANCIAL MONITORING REPORT (based on Performance to July 2016)

### 1. INTRODUCTION

1.1 This report provides an update on the 2016/17 budget, adjusting for any initial budget changes required (on a Portfolio and Committee basis), including the addition of the rephased budgets from 2015/16.

### 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 support the ongoing development of the Medium Term Financial Plan (MTFP).

### 3. GENERAL FUND OUTTURN PROJECTION

3.1 A General Fund budget of **£17.192m** for 2016/17 was agreed by Council in February 2016.

3.2 This report identifies positive budget variations of **£731k**, offset by new budget requirements of **£77k**, resulting in a latest General Fund estimated outturn of **£16.538m**. In addition, the report identifies rephased budgets from 2015/16 totalling **£2.297m**, which will be funded from earmarked reserves set up in 2015/16 (specific to these rephasings). The table below provides an overview of the variations and full details are provided in sections 3.4 to 3.6.

	Para.	Savings £'000	New Req. £'000	Rephasing £'000	Total £'000
<b>Original Budget April 2016/17</b>					<b>17,192</b>
Portfolio / Committee Items	3.4	-661	110	435	-116
AMG / Asset Replacement	3.5	-70		1,344	1,274
Business Development / Third Party	3.6			518	518
<b>Total Budget Variations</b>		<b>-731</b>	<b>110</b>	<b>2,297</b>	<b>18,868</b>
Transfer from Reserves			-33	-2,297	-2,330
<b>Updated Budget July 2016/17</b>		<b>-731</b>	<b>77</b>	<b>0</b>	<b>16,538</b>

3.3 A review of the significant level of rephasings will be conducted and the resultant budget implications included in the next Financial Monitoring Report.

### 3.4 PORTFOLIO/COMMITTEE ITEMS

#### **Savings; £661k**

- £300k - Ongoing savings identified during the 2015/16 closedown process and not already built into the base 2016/17 budget are estimated to be c£300k.
- £78k - The ongoing Senior Management Review has identified an additional £78k of savings.
- £283k – Ongoing savings have been identified as part of the Budget Stabilisation strategy that will have an immediate impact to 2016/17. £169k relates to an improvement in the operating position of the Leisure Centres and the remaining £114k relates to team restructures across the Council.

#### **New Requirements; £110k (£77k net of transfer from reserves)**

- £65k - On 18 April 2016 Council approved a grant of £65k to St Barbe's Trust as a contribution towards the cost of the museum's planned development project (H&L).
- £12k - In March 2016 the Leader of the Council approved £12k as a first year contribution to Creative England for promotion of film and television productions in the New Forest (Leaders).
- £33k - Additional staff resources of £33k are required to implement the increased Disabled Facilities Grant programme detailed in paragraph 4.2 (£33k representing around 10% of the additional grant). The additional cost will be funded from reserves and will be exceeded by a reduction in the Council's original planned use of capital receipts (H&C).

#### **Rephasings; £435k**

Budgets rephased from 2015/16 and to be met from earmarked reserves are as follows:

- £220k - kerbside glass collection scheme (ENV)
- £155k - refuse and recycling text reward service (ENV)
- £40k - streetscene major roads litter picking (ENV)
- £20k - National Planning Grant receipts in advance (P&T)

### 3.5 ASSET MANAGEMENT GROUP/ASSET REPLACEMENT

#### **Savings; £70k**

- £70k from existing coastal step replacement budgets will be used towards the access improvement costs included in the capital scheme detailed in paragraph 4.2 (ENV).

#### **Rephasings; £1.344 million**

Budgets rephased from 2015/16 and to be met from earmarked reserves are as follows:

- £370k - Car Park Machine Replacement Programme (P&T)

- £256k - Various Health & Leisure Projects (H&L)
- £252k - ICT Work Programme and Equipment Replacement (F&E)
- £123k - Car Park Refurbishment Projects (P&T)
- £100k - Open Space Projects (ENV)
- £92k - Health & Leisure Equipment Replacement Programme (H&L)
- £73k - Appletree Court Car Park Resurfacing (F&E)
- £63k - Foreshores & Beaches (ENV)
- £15k - Offices & Depots Projects (F&E)

### 3.6 BUSINESS DEVELOPMENT/THIRD PARTY GRANTS

#### Rephasings; £518k

Budgets rephased from 2015/16 and to be met from earmarked reserves are as follows:

- £248k - Public Conveniences Refurbishments (ENV)
- £167k - Totton Gym Extension (H&L)
- £103k - Community Grants (H&L)

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

4.1 The Capital Programme agreed in February amounted to **£20.669m**. This is now increased to a revised capital budget of **£24.193m** to reflect additional budget requirements of **£1.363m** and rephasings of schemes from 2015/16 (**£2.161m**).

	Savings £'000	New Req. £'000 Para 4.2	Rephasing £'000 Para 4.3	Total £'000
<b>Original Budget April 2016/17</b>				<b>20,669</b>
Public Sector Housing		0	300	300
Other Services (General Fund)		1,363	1,861	3,224
<b>Updated Budget July 2016/17</b>	<b>0</b>	<b>1,363</b>	<b>2,161</b>	<b>24,193</b>

### 4.2 New Requirements; £1.363m

- £1.102m - On 11 July 2016 Council approved supplementary capital budgets of £171k for the Milford on Sea Beach Hut Replacement Scheme and £931k for associated Public and Environmental Enhancements. The Capital Programme reserve was increased by £975k as a result of the 2015/16 under spend and so this additional budget requirement is predominantly offset by that increase in the reserve.

- £261k - In late February 2016 the Council received notification that its 2016/17 grant allocation for Disabled Facilities Grants had increased by £335k to £901k. It is now recommended that the Grants expenditure budget be increased by £261k to £901k, removing the Council's original budget requirement to supplement the Government allocation with the use of £74k of capital receipts.

4.3 **Rephasings; £2.161m** – Capital schemes originally planned for 2015/16 rephased to 2016/17 are:

	£'000	£'000
<b>Public Sector Housing:</b>		
· North Milton Estate New Build	165	
· North Milton Estate Environmental Enhancements	135	
		300
<b>Environment:</b>		
· Procurement of Cemeteries Land	271	
· Beach Hut Works	63	
· Coast Protection Schemes	216	
<b>Finance &amp; Efficiency:</b>		
· Vehicle & Plant Acquisitions	788	
· New Depot Site Feasibility	37	
<b>Health &amp; Leisure:</b>		
· Eling Tide Mill	400	
Open Space Works (Developer Contributions)	30	
Transportation Works (Developer Contributions)	56	
		1,861
<b>TOTAL</b>		<b>2,161</b>

## 5. HOUSING REVENUE ACCOUNT

5.1 A break-even HRA budget for 2016/17 was agreed in February. Progress during the initial quarter of the year on the large maintenance programme has been slow. An updated position will be included on the next Financial Monitoring Report.

## 6. CRIME AND DISORDER / EQUALITY AND DIVERSITY/ENVIRONMENTAL IMPLICATIONS

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

## **7. PORTFOLIO HOLDER COMMENTS**

- 7.1 The rolling forward of items within the Revenue and Capital Programmes is noted however I see this as representing the first stage of the rephasing of these projects and, as each individual item is reviewed, there will inevitably be further changes.
- 7.2 Also worthy of note is the additional savings achieved through the senior management review and changes to staffing structures. All Councils, at whatever level, are aware that there is a need for collaborative working and a fundamental change to the way in which services are delivered. At New Forest District Council we can be proud of the way in which senior officers and staff are rising to this challenge.

## **8. RECOMMENDATIONS**

- 8.1 It is recommended that Cabinet notes the latest budget forecasts of the General Fund (para 3.2), Capital (para 4.1) and HRA (para 5.1) and recommends Council to increase the Disabled Facilities Grants gross capital budget by £261,000.

### **For Further Information Please Contact:**

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### **Background Papers:**

None