

FINANCIAL MONITORING REPORT (based on Performance to July 2017)

1. INTRODUCTION

- 1.1 This report provides an update on the 2017/18 budget, adjusting for any initial budget changes required (on a Portfolio and Committee basis), including the addition of the rephased budgets from 2016/17.

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 REVISED PROJECTION

- 3.1 A General Fund budget of **£16.587m** for 2017/18 was agreed by Council in February 2017.
- 3.2 Savings and additional income identified at this early stage total **£499,000**, offset by new requirements of **£567,000**; £150,000 of which is funded by an earmarked reserve. Rephasings into 2017/18 from 2016/17 total **£1.146m**, also funded by earmarked reserves set up in 2016/17. These changes result in an updated General Fund budget of **£16.505m**. The table below provides an overview of the variations and full details are provided in sections 3.3 to 3.5.

	Para.	Savings £'000	New Req. £'000	Rephasing £'000	Total £'000
Original Budget April 2017/18					16,587
Portfolio / Committee Items	3.3	-245	325	253	333
AMG / Asset Replacement	3.4	-254	80	496	322
Business Development / Third Party	3.5	0	162	397	559
		-499	567	1,146	17,801
Transfer from Earmarked Reserves			-150	-1,146	-1,296
Updated Budget July 2017					16,505

3.3 PORTFOLIO/COMMITTEE ITEMS

Savings; £245k

- £215k - Additional income from Development Control is expected to arise from ongoing application numbers, expected large site pre application enquiries and planning performance agreements (PDC)
- £ 30k – An ongoing underspend has been identified within the Health & Leisure Centre Utility Budgets (H&L)

New Requirements; £325k (net £175k allowing for the transfer from the earmarked reserve)

- £150k - On 3 May 2017 Cabinet approved the spending of the £976k Community Housing Fund Grant allocation received in 2106/17. An initial budget allocation of £150k is now identified for 2017/18 for staffing costs and anticipated grant applications. This expenditure will be financed from the earmarked reserve set up in 2016/17 (H&C)
- £100k - On 20 February 2017 Council approved resources of £100k for set up and management costs of the new Asset Investment Strategy (F&E)
- £ 75k - A reduction in the number of Land Search submissions has continued, resulting in an expected shortfall in income for the year of £75k (P&T)

Rephasings; £253k

Budgets rephased from 2016/17 and to be met from earmarked reserves are as follows:

- £200k - Kerbside Glass (ENV)
- £ 30k - Parking Business Rates (P&T)
- £ 23k - Text Reward Service (ENV)

3.4 ASSET MAINTENANCE & REPLACEMENT

Savings; £254k

A review of the programme taking into account the level of rephasings from 2016/17 has resulted in the following savings being identified;

- £145k - Health & Leisure Centres (H&L)
- £ 22k - Offices & Depots (F&E)
- £ 32k - Foreshores (ENV)
- £ 55k - CCTV (H&C)

New Requirements; £80k

- £80k - The Boilers at Lymington Town Hall have failed and are now in urgent need of replacement (F&E)

Rephasings; £496k

Budgets rephased from 2016/17 and to be met from earmarked reserves are as follows:

- £301k - Health & Leisure Centres (H&L)
- £165k - Parking (P&T)
- £ 24k - Foreshores & Open Spaces (ENV)
- £ 6k - Offices & Depots (F&E)

3.5 BUSINESS DEVELOPMENT/THIRD PARTY GRANTS

New Requirements; £162k

- £162k – In line with the recommendation made at the meeting of Cabinet on 05/07/17, the additional spend on the Ringwood Health & Leisure Centre Gym and Spin Studio enhancement project is now being added to the budget (offset by the H&L savings identified in 3.3 and 3.4 above).

Rephasings; £397k

Budgets rephased from 2016/17 and to be met from earmarked reserves are as follows:

- £329k - Public Conveniences (ENV)
- £ 68k - Community Grants (H&L)

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

- 4.1 The Capital Programme agreed in February amounted to **£21.266m**. This is now increased to a revised capital budget of **£23.002m** to reflect net budget reductions of **£156,000** and rephasings of schemes from 2016/17 (**£1.892m**).

	Savings £'000 Para 4.2	New Req. £'000 Para 4.3	Rephasing £'000 Para 4.4	Total £'000
Original Budget April 2017/18				21,266
Public Sector Housing	-150		74	-76
Other Services (General Fund)	-214	208	1,818	1,812
Updated Budget July 2017	-364	208	1,892	23,002

4.2 Savings; £364,000

- £150k – The Older Persons Scheme Alterations budget can be reduced by £150,000 as a result of recently received tender prices from our first project of this nature
- £214k – A review of Transportation schemes has resulted in a reduction to the 2017/18 programme.

4.3 New Requirements; £208,000

- £208k – A review of Open Space schemes has resulted in an increase to the 2017/18 programme.

4.3 Rephasings; £1.892m

Net capital schemes rephased from 2016/17 to 2017/18 totalled £1.892 million (detailed below).

	£'000	£'000
Public Sector Housing:		
· Compton & Sarum New Build		74
Environment:		
· Procurement of Cemeteries Land	38	
· Beach Hut & Environmental Enhancements	500	
· Coast Protection Schemes	53	
Finance & Efficiency:		
· Vehicle & Plant Acquisitions	268	
Health & Leisure:		
· Eling Experience	883	
Private Sector Housing:		
· Disabled Facilities Grants	71	
Planning & Transportation:		
· Open Space Works	-3	
· Transportation Works	8	1,818
TOTAL REPHASINGS BETWEEN 2016/17 AND 2017/18		1,892

5. HOUSING REVENUE ACCOUNT

- 5.1 A break-even HRA budget for 2017/18 was agreed in February 2017. No budget adjustments have been identified in the initial quarter of the year.

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 At this early stage of the budget I am pleased to see that remain on target.

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 approve the new budget requirement in need of approval at paragraph 3.4.

For Further Information Please Contact:

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