

**FINANCIAL MONITORING REPORT (based on Performance April to July 2018 inclusive)****1. INTRODUCTION**

- 1.1 This report provides an update on the 2018/19 General Fund, Capital and Housing Revenue Account budgets, adjusting for any initial budget changes required, including the addition of the rephased budgets from 2017/18.

**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 **£17.243m** for 2018/19 was agreed by Council in February 2018.
- 3.2 Savings and additional income identified at this early stage total **£577k**, offset by new requirements of **£102k**. Rephasings into 2018/19 from 2017/18 total **£606k**, funded by earmarked reserves set up in 2017/18. These changes result in an updated General Fund budget of **£16.768m**. The table below provides an overview of the variations and full details are provided in sections 3.5 to 3.7.

<b>Table 1</b>	<b>Para.</b>	<b>Savings £'000</b>	<b>New Req. £'000</b>	<b>Rephasing £'000</b>	<b>Total £'000</b>
<b>Original Budget April 2018/19</b>					<b>17,243</b>
Portfolio Items	3.5	-550	102	140	-308
AMG / Asset Replacement	3.6	-27	0	359	332
Business Development / Third Party	3.7	0	0	107	107
		<b>-577</b>	<b>102</b>	<b>606</b>	<b>17,374</b>
Transfer from Reserves				-606	-606
<b>Updated Budget July 2018</b>					<b>16,768</b>

- 3.3 A net £448k (£550k - £102k) savings within the Portfolios may appear a large figure at such an early point in the financial year, however in considering the latest MTFP

budget forecast as presented to Cabinet in August, an allowance of £750k on-going savings from the 2017/18 outturn position has been assumed in order to assist the balancing of the 2019/20 budget. It is therefore reasonable that the majority of these on-going savings will also materialise in 2018/19.

- 3.4 Car Parking income is currently ahead of the year to date profile. Latest projections on the level of maintenance spend and equipment investment required in the year show that expenditure will exceed budget by around £80,000. The Cabinet is asked to approve that an additional £80,000 be made available for Car Park Maintenance and Equipment during 2018/19, but recognises that the forecast impact on the parking account as a whole is a net nil, as it is projected that additional income generated through clock sales and through meter income will offset this additional expenditure requirement.

### 3.5 PORTFOLIO ITEMS

#### **Savings; £550k**

- £130k – Vacancies within the Benefits team are not currently being filled as a result of the imminent roll out of Universal Credit. The on-going staffing requirement will be reviewed once the residual on-going workload is known (F,CS&I)
- £125k – Continuation of income performance and expenditure budget underspends from 2017/18 across the 5 Health & Leisure centres (L&W)
- £60k – Savings within the Streetscene budget, predominantly on staffing (ENV&REG)
- £60k – New burdens funding has been received from the DWP during the year in relation to benefits administration. It is envisaged that the majority of the increased requirements will be absorbed within the existing staffing establishment (F,CS&I)
- £40k – The original budget allows for costs to be incurred as a result of commercial property acquisitions. Any costs incurred during the year would be offset by the generation of new income, and so the expenditure budget is being reduced (LE,P&I)
- £30k – Reduced expenditure is anticipated on the locking up and maintenance of the Council's Public Conveniences (ENV&REG)
- £30k – Garden Waste Scheme income is expected to exceed the budget by £30k in 2018/19 (ENV&REG)
- £25k – it is anticipated that general savings across Development Control will amount to £25k (P&I)
- £50k – Other savings across the Portfolios total £50k (£19k F,CS&I, £16k LE,P&I £10k L&W and £5k ENV&REG)

#### **New Requirements; £102k**

- £67k – Additional costs of £17k are expected within the Land Charges budget as a result of revised charges from HCC, and income is anticipated to be lower than the annual budget by £50k based on the continuation of performance from 2017/18 and using Q1 as a forecast (P&I)
- £35k – It is anticipated that additional Open Space establishment posts, as previously approved by Cabinet, will cost £35k in 2018/19 (ENV&REG)

#### **Rephasings; £140k**

- £140k – Budget was rephased from 2017/18 to enable the annual top up of shingle on MoS beach to take place during April 2018 (ENV&REG)

### 3.6 ASSET MAINTENANCE & REPLACEMENT

#### **Savings; £27k**

- £27k – Expenditure required on the installation of Air Conditioning at Ringwood Gateway was less than originally estimated (F,CS&I)

#### **Rephasings; £359k**

Budgets rephased from 2017/18 and to be met from earmarked reserves are as follows:

	£
Coastal Steps Replacement	25,000
Ringwood Gateway Air con	58,000
HLC's all fire dampers checked	16,000
Ringwood HLC Various Works	81,000
ICT Protect and Maintain Frontline Services	100,000
ICT Wireless Connectivity	50,000
Minor V&P	29,400
	<b>359,400</b>

### 3.7 BUSINESS DEVELOPMENT/THIRD PARTY GRANTS

#### **Rephasings; £107k**

Budgets rephased from 2017/18 and to be met from earmarked reserves are as follows:

- £63k - Community Grants (L&W)
- £44k – New Milton Health & Leisure Centre Squash Court Conversion (L&W)

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

- 4.1 The Capital Programme agreed in February amounted to **£26.225m**. This is now increased to a revised capital budget of **£27.985m** to reflect rephasings of schemes from 2017/18 (**£1.760m**).

<b>Table 2</b>	<b>Savings £'000</b>	<b>New Req. £'000</b>	<b>Rephasing £'000 Para 4.2</b>	<b>Total £'000</b>
<b>Original Budget April 2018/19</b>				<b>26,225</b>
Public Sector Housing (HRA)			1,564	1,564
Other Services (General Fund)			196	196
<b>Updated Budget July 2018</b>	0	0	1,760	<b>27,985</b>

#### 4.2 Rephasings; £1.760m

Net capital schemes rephased from 2017/18 to 2018/19 totalled £1.760 million (detailed below).

	<b>£'000</b>	<b>£'000</b>
<b>Public Sector Housing:</b>		
· Compton & Sarum New Build	221	
· Stocklands New Build	34	
· Section 106 Acquisitions	1,309	
		<u>1,564</u>
<b>Environment:</b>		
· Procurement of Cemeteries Land	24	
· Beach Hut & Environmental Enhancements	20	
· Coast Protection Schemes	43	
· Hurst Spit	246	
		<u>333</u>
<b>Finance &amp; Efficiency:</b>		
· Vehicle & Plant Acquisitions		231
<b>Health &amp; Leisure:</b>		
· Eling Experience		-374
<b>Planning &amp; Transportation:</b>		
· Open Space Works	14	
· Transportation Works	-8	
		<u>6</u>
<b>TOTAL REPHASINGS BETWEEN 2017/18 AND 2018/19</b>		<u><u>1,760</u></u>

## 5. HOUSING REVENUE ACCOUNT

- 5.1 A break-even HRA budget for 2018/19 was agreed in February 2018. A variation of £250k is now being reported, as shown within table 3 and explained within the narrative at 5.2.

Table 3	Original Budget	New Variations (Para. 5.2)
	£'000	£'000
Income	27,667	
Revenue Maintenance	4,144	-250
Supervision & Management	5,391	
Rents, Rates, Taxes & Other Charges	38	
Provision for Bad Debt	150	
Capital Financing Costs	8,528	
Contribution to Capital	9,416	
	<b>27,667</b>	<b>-250</b>

- 5.2 Phase 2 of the Uniclass Contractor repairs system has changed the way the Council delivers cyclical maintenance works, and in particular gas repairs and inspections and electrical inspections. The anticipated scale of efficiencies that will be delivered in 2018/19 are in the region of £150k. In addition, £100k of cyclical decorating re-phasing has taken place on dwellings that remain in very good condition.

## 6. SMARTER WORKING

- 6.1 To fulfil the objectives and realise the benefits of Smarter Working, upfront investment is required. The approved Capital programme for 2018/19 set aside a sum to enable the Council to invest in design and feasibility, and included a caveat on the overall project funding that any expenditure beyond design and feasibility would first require Cabinet sign off.
- 6.2 The case for change will be presented to the Corporate Overview and Scrutiny Panel in September, and then onto Cabinet in October. The associated financial implications will be included on the relevant Financial Monitoring Report later on in the year and reflected through the developing MTFP.

## 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 This is an encouraging outturn at the end of our first quarter, however we should not underestimate the challenges facing this Council, as outlined in the Medium Term Financial Plan.

## **9. RECOMMENDATIONS**

- 9.1 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 Cabinet approve the new budget requirement at paragraph 3.4.

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

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### **Background Papers:**

None