

**GOSPORT BOROUGH COUNCIL
BUDGET MONITOR
DECEMBER 2015**

SUMMARY OF REPORT AND RECOMMENDATIONS

To report to members on forecast expenditure compared to the latest budget for 2015/16

Recommendations

This report is for information only.

1.0 PURPOSE OF REPORT

1.1 This is the second Budget Monitor to be issued for 2015/16.

1.2 **Major issues identified in the report are:**

- o **General Fund revenue account is forecast for additional expenditure of £150,000 (section 3 and Appendix A). This however represents a net saving of £25,000 on the current years budget once the approved carry forwards totalling £175,000 are taken into account.**
- o **Housing Revenue Account – no forecast variances (section 4)**
- o **Capital Programme – summary attached (section 5 and Appendix B)**

2.0 BACKGROUND

2.1 This monitor reports and comments on variances against the original budget approved by Council on 11 February 2015.

2.2 The Statement of Accounts for 2014/15 was published by the 30 September deadline following approval by P&O Board on 23 September 2015.

2.3 The Capital Programme for 2015/16 to 2018/19 was approved by P&O Board on 23 September 2015.

2.4 The Fees and Charges for 2016/17 were approved by Council on 14 October 2015.

2.5 The Budget Strategy for 2016/17 was approved by P&O Board on 23 September 2015. The report confirmed the continuing pressure on budgets from both the national economy and resulting grant settlements. The Council continues to proactively address this situation by looking for further efficiency savings, reviewing both methods of service delivery and staffing levels.

2.6 The budget process for 2016/17 is well advanced. Following the Spending Review 2015, the details of the Local Government Finance Settlement are expected before Christmas. This monitor is intended to give an indication of the material budget variances for the current year that have been identified at this stage.

3.0 GENERAL FUND REVENUE

3.1 An examination of the revenue budgets for 2015/16 has revealed the major variations listed in Appendix A, indicating net additional spending in comparison to the original budget of £150,000. This sum comprises two main elements - the approved carry forwards from 2014/15 of £175,000 (as reported to P&O Board on 23 September) and an overall net budgetary saving of £25,000 which has reduced the cost of the carry forwards to £150,000. The balance of the Revenue Financing Reserve at 1 April 2015 (3.4 below) included the unspent revenue budgets of £175,000 that were brought forward into 2015/16.

3.2 Appendix A lists the main variations for 2015/16 that have been identified so far from the budget process for 2016/17.

3.3 The budget process will also examine Business Rates income from the Business Rates Retention scheme which has been in operation since 2013/14.

The Business Rates scheme gives the Council the potential to benefit from a proportion of any additional business rate income collected but also leaves the Council with a proportion of the risk of not collecting business rate income as anticipated. It is complex to administer, being subject to various government regulations and multiple streams of related income that are required to be accounted for on different timescales.

3.4 General Fund Reserves at 1 April 2015 comprise

- General Fund Working Balance £0.89 million
- Revenue Financing Reserve £2.67 million
- Stability and Resilience Reserve £0.29 million

While the current level of reserves is considered adequate, it is essential that they are maintained and managed in order to safeguard the Council against the risks relating to both the local and national financial position.

3.5 The main budget report in February 2016 will summarise both the expenditure and funding sides of the budget for 2015/16 and 2016/17 - the former comprising the Council's boards and services and the latter Council Tax, Revenue Support Grant and Business Rates income.

4.0 HOUSING REVENUE ACCOUNT (HRA)

4.1 There are presently no variances to report for the HRA.

5.0 CAPITAL PROGRAMME

5.1 The revised Capital Programme for 2015/16 was approved by P&O Board on 23 September 2015. An update is included at Appendix B which shows the revised budgets, expenditure to date and a preliminary forecast for the year together with brief notes.

6.0 WRITE OFFS

- 6.1 Under Financial Regulations, the Borough Treasurer has delegated authority to approve write offs up to £20,000. These are summarised in Appendix C showing 2014/15 and 2015/16 to December 2015.

7.0 RISK ASSESSMENT

- 7.1 The Council's budget report for 2015/16 highlighted budget areas and associated risks. These included the Business Rate Retention scheme. These areas have been examined as part of this budget monitoring exercise and, where applicable, are included in section 3 above.
- 7.2 Budgets are kept under review to identify further savings and efficiencies in order to minimise any effect on council tax levels.

Any questions regarding this monitor or comments on the content and presentation should be directed to either Julian Bowcher or John Norman.

VARIATIONS IN GENERAL FUND REVISED REVENUE BUDGETS

	VARIANCE # £
Revenue budgets carried forward from 2014/15 including Economic Prosperity, Property, Local Development Plan, Mobile Home Park, Depot and Open Spaces	175,000
Investment Properties - income	(45,000)
Gosport Leisure Centre - profit share	(20,000)
Waste Recycling - income	55,000
Parking - income	(8,000)
Coastal Partnership - fee	(24,000)
Homelessness - net running costs excluding admin	117,000
Stokes Bay Mobile Home Park - commission on sales	(72,000)
Land Charges - income	(33,000)
Benefits - increased net cost after subsidy	66,000
External Interest Payable - saving on payments	(25,000)
External Interest Receivable - increased income	(36,000)
Net additional spending	150,000

Note : the figures in brackets denote an underspending compared to the latest budget

Budget Holder	Cost Centre	Item	CAPITAL PROGRAMME 2015/16	Revised 2015/16 £	Expenditure 09-Dec-15 £	Variance to date £	Forecast 2015/16 £	Slippage 2015/16 £	Notes / Comments
			COMMUNITY BOARD - HOUSING (HRA)						
CH/CW	6000	1	LA Tenants Disabled Persons Grant	50,000	0	(50,000)	50,000	0	
CH/CW	6001	2	Improvements to Housing Stock	3,510,000	1,578,379	(1,931,621)	3,510,000	0	
CW/TH	6033	3	St Vincent Road Development	1,400,000	136,685	(1,263,315)	800,000	(600,000)	
				4,960,000	1,715,064	(3,244,936)	4,360,000	(600,000)	
			COMMUNITY BOARD - HOUSING (GENERAL FUND)						
TC/IR/CW	6102	1	Disabled Facilities	493,000	190,000	(303,000)	493,000	0	Assumed budget will be spent
TC/IR/CW	6103	2	Housing Renewal	111,000	44,418	(66,582)	111,000	0	Assumed budget will be spent
				604,000	234,418	(369,582)	604,000	0	
			COMMUNITY BOARD - NON HOUSING						
SR/IL/SV	6201	1	Alver Valley Country Park	966,000	(14,975)	(980,975)	966,000	0	Assumed budget will be spent
SR/IL	6203	2	River Hamble to Portchester CFERM Strategy	77,000	93,186	16,186	77,000	0	Assumed budget will be spent
SR/AB/IL	6209	3	Car Park resurfacing & upgrading	135,000	67,794	(67,206)	135,000	0	Ongoing - assumed on target
SV/SR/IL	6230	4	Provide lighting to pathways within Leisure Parks, Gardens & Open Spaces	174,000	4,594	(169,406)	5,000	(169,000)	Draft spec being undertaken Slippage required
IL	6264	5	Privett Park - Replacement 2nd Pavilion & paths (this scheme is subject to both S.106 developer contribution and equivalent match funding [each £350k] being identified - the capital programme funding projections currently assume that this will be the case or the scheme will not proceed)	700,000	0	(700,000)		(700,000)	Assumed slippage
SV/SR/IL	6237	6	Leesland Skatepark - MUGA & skatepark improvements	2,000	0	(2,000)	2,000	0	Completed
SV/SR/IL	6211	7	Lee Promenade resurfacing	45,000	0	(45,000)	45,000	0	Site Visit 14/12/15 to address works required
AB/SR/AW/IL	6214	8	Public Conveniences refurbishment	142,000	46,192	(95,808)	142,000	0	Ongoing - assumed on target
SV/SR/IL	6256	9	Transfer of Play Areas at Priddys Hard	7,000	0	(7,000)	7,000	0	Awaiting Designs from Contractor
SV/SR/IL	6259	10	Privett Park-Provision of High Protective Fence & Multi Use Games Facility	10,000	0	(10,000)	10,000	0	GBC to apply for planning permission for additional fence requirement rear of 102 & 106 privett Road
SV/SR/IL	6266	11	Playgrounds - improvements to existing facilities	57,000	0	(57,000)	57,000	0	Site Visit with Contractor Jan 2016
SV/SR/IL	6263	13	Essential Paving Improvements & Upgrades	90,000	0	(90,000)	0	(90,000)	Slippage required

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AM/MJ/CW/SV	6274	14	Stokes Bay - Wet & Dry Play Area	25,000	0	(25,000)	25,000	0	Completed
SV/SR/IL	6276	15	Install permanent vehicle deterrents at various locations	33,000	0	(33,000)	0	(33,000)	Slippage required
AM/MJ/CW	6279	16	Gosport Park - replace bowling green hedge with fencing	12,000	11,820	(180)	11,820	(180)	Completed
SV/SR/IL	6280	17	Stanley Park - phased refurbishment	49,000	6,141	(42,860)	49,000	0	On going - Slippage required
SV/SR/IL	6281	18	Renew interpretation boards across the Borough	30,000	0	(30,000)	30,000	0	Assumed budget will be spent
JB	6613	19	Ice Rink refurbishment & improvement	100,000	0	(100,000)	0	(100,000)	Assumed slippage
SV/SR/IL	6290	20	Enclosure Football Pitch - automatic watering system	8,000	7,955	(45)	7,955	(45)	Completed
SV/SR/IL	6293	21	Stokes Bay Golf Club - drainage works	35,000	0	(35,000)	35,000	0	Slippage required working with Club & NE
AB/SR/IL	6234	0	Bus Shelters	4,000	2,911	(1,089)	4,000	0	Assumed budget will be spent
SV/SR/IL	6239	0	Stokes Bay Promenade - maintenance of promenade	4,000	0	(4,000)	4,000	0	On target
SV/SR/IL	6275	0	Kings Road Playscheme	1,000	0	(1,000)	1,000	0	On target
				2,706,000	195,135	(2,510,865)	1,583,294	(1,122,706)	
ECONOMIC DEVELOPMENT BOARD									
IL	6605	1	Waterfront Masterplanning	72,000	3,546	(68,454)	72,000	0	Assumed budget will be spent
AM/MJ/CW	6291	2	Pumping Stations upgrade	15,000	14,839	(161)	14,839	(161)	Completed?
				87,000	18,385	(68,615)	86,839	(161)	
POLICY & ORGANISATION BOARD									
JP/IL	6608	1	CCTV - Replacement & Upgrades	15,000	0	(15,000)	15,000	0	Assumed budget will be spent
LD/IL	6610	2	Hampshire High Speed Broadband Project	15,000	0	(15,000)	15,000	0	Assumed budget will be spent
DE/IL	6602	3	IT - PC Replacement Programme	5,000	6,538	1,538	5,000	0	Assumed budget will be spent
DE/IL	6614	4	IT - Server Replacement	68,000	6,591	(61,409)	68,000	0	Assumed budget will be spent
DE/IL	6615	5	IT - Microsoft Licence	70,000	5,600	(64,400)	70,000	0	Assumed budget will be spent
DE/IL	6616	6	IT - System Upgrades	76,000	38,422	(37,578)	76,000	0	Assumed budget will be spent
AM/MJ/CW	6603	7	Town Hall Major Repairs - Electrics	75,000	0	(75,000)	75,000	0	Assumed budget will be spent
AM/MJ/CW	6618	8	Town Hall Major Repairs - Internal Decorations	40,000	0	(40,000)	40,000	0	Assumed budget will be spent
AM/MJ/CW	6619	9	Town Hall Major Repairs - Health & Safety	35,000	761	(34,239)	35,000	0	Assumed budget will be spent
AM/MJ/CW	6620	10	Town Hall Major Repairs - Adaptions	105,000	26,873	(78,127)	105,000	0	Assumed budget will be spent
AM/MJ/CW	6622	11	Town Hall Passenger Lift - major refurbishment / renewal	79,000	0	(79,000)	79,000	0	Assumed budget will be spent
				583,000	90,711	(492,289)	588,927	5,927	
				8,940,000	2,253,713	(6,686,287)	7,223,060	(1,716,940)	

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				0	0	0			
				8,940,000	2,253,713	(6,686,287)	7,515,060	(1,424,940)	
				0	0	0	292,000	292,000	

CUMULATIVE WRITE OFFS UNDER DELEGATED AUTHORITY			2014/15	2015/16
			£	to December
			£	£
Council Tax			65,173	23,510
NNDR			60,140	0
Housing Rents	HRA		34,342	46,575
	GF		105,295	24,417
Sundry Debtors			4,128	0
Housing Benefits			94,426	14,895
TOTALS			363,504	109,397