

GOSPORT BOROUGH COUNCIL

BUDGET MONITOR

FEBRUARY 2018

SUMMARY OF REPORT AND RECOMMENDATIONS

To report to members on forecast expenditure compared to the latest budget for 2017/18 and to note any related issues.

Recommendations

This report is for information only.

1.0 PURPOSE OF REPORT

1.1 This is the final Budget Monitor to be issued for 2017/18.

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

- o **General Fund revenue account – estimated underspend of £291,670 (section 3 and Appendix B) including potential carry forwards of £285,130**
- o **Housing Revenue Account – overspend of £75,000 (section 4)**
- o **Capital Programme – summary attached (section 5 and Appendix C)**

2.0 BACKGROUND

2.1 This monitor reports and comments on variances against the revised budget approved by Council on 7 February 2018 and indicates any issues arising.

2.2 All local authorities are now required to complete the draft Statement of Accounts by 31 May and to have approved and published the final audited Statement by 31 July

2.3 The Final Accounts process for 2017/18 has therefore started and the final Statement and Outturn will be formally reported to P&O Board on 25 July 2018 by the Council's officers.

2.4 The Council's external auditors, Ernst and Young, will also submit their Final Accounts and Value for Money report to the same meeting.

3.0 GENERAL FUND

REVENUE BUDGET AND RESERVES

- 3.1 The Council's net revised revenue budget of £10,163,590 was approved by Council on 07 February 2018.
- 3.2 An examination of the revenue budgets has indicated the material variations listed in Appendix B, totalling an underspend of £291.670 which includes estimated budget carry forwards of £285,130 (subject to approval)
- 3.3 Appendix A summarises the overall General Fund budget including the main revenue reserves.

4.0 HOUSING REVENUE ACCOUNT (HRA)

REVENUE BUDGET AND RESERVES

- 4.1 The HRA revenue budget, shown at Appendix A, is forecast to overspend by approximately £75,000
- 4.2 The total Housing Repairs and Maintenance budget of £7.2m (for both capital and revenue) is recording expenditure of £6.19m at the end of January – this covers both responsive and planned elements. Taking into account commitments and the likely spend for February and March, it is anticipated that the budget will overspend by approximately £150k.(2% of the total) of which £75k will be revenue

This budget comprises of both responsive and planned elements and the main potential overspends are on voids, overcladding and roofing works.

5.0 CAPITAL PROGRAMME

- 5.1 The revised capital programme for 2017/18 was reported to and approved by Council on 11 October 2017 and 07 February 2018. An update is included at Appendix C which shows the revised budget position, latest spend and an indication of likely slippage together with scheme notes.
- 5.2 The final position will be reported soon after 31 March with a slippage list for consideration and approval.

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 D and also include write off submissions which are about to be made. 2016/17 is included for comparison.

7.0 RISK ASSESSMENT

- 7.1 This report provides an overview of the main variances that are emerging as we near year end. In practice there will always be many variances, both positive and negative, of all sizes.

- 7.2 There are some budgets which may be influenced by external factors, including government guidance and demand and which are also complex and technically challenging – these include Business Rates and Housing Benefits.
- 7.3 As the outturn position is revealed 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, in the first instance, to John Norman.

GENERAL FUND	REVISED 2017/18 £	FORECAST 2017/18 £	VARIANCE £
GENERAL FUND BUDGET			
COMMUNITY BOARD	5,620,260	5,515,520	(104,740)
ECONOMIC DEVELOPMENT BOARD	840,340	776,080	(64,260)
POLICY AND ORGANISATION BOARD	3,702,990	3,726,130	23,140
BUSINESS UNITS / ADMIN	0	(145,810)	(145,810)
			0
TOTAL NET EXPENDITURE	10,163,590	9,871,920	(291,670)
TRANSFER TO/(FROM) RESERVES			
GENERAL FUND WORKING BALANCE	-	-	
REVENUE FINANCING RESERVE	59,540	351,210	291,670
STABILITY AND RESILIANCE RESERVE	569,350	569,350	0
BUDGET TOTAL	10,792,480	10,792,480	0
FINANCED BY			
COUNCIL TAX	(5,675,290)	(5,675,290)	0
GOVERNMENT GRANTS	(1,839,390)	(1,839,390)	0
BUSINESS RATES RETENTION	(3,277,800)	(3,277,800)	0
	(10,792,480)	(10,792,480)	0
GENERAL FUND - RESERVES	REVISED 31-Mar-18 £	FORECAST 31-Mar-18 £	VARIANCE £
BALANCES			
GENERAL FUND WORKING BALANCE			
B/FWD	(890,000)	(890,000)	0
CHANGE			0
C/FWD	(890,000)	(890,000)	0
REVENUE FINANCING RESERVE			
B/FWD	(3,288,920)	(3,288,920)	0
CHANGE	(59,540)	(351,210)	(291,670)
C/FWD	(3,348,460)	(3,640,130)	(291,670)
STABILITY AND RESILIANCE RESERVE			
B/FWD	(1,134,660)	(1,134,660)	0
CHANGE	(569,350)	(569,350)	0
C/FWD	(1,704,010)	(1,704,010)	0

HOUSING REVENUE ACCOUNT (HRA)	REVISED 2017/18 £	FORECAST 2017/18 £	VARIANCE £
NET SURPLUS	(919,000)	(844,000)	75,000
HRA - RESERVES	REVISED 31-Mar-18 £	FORECAST 31-Mar-18 £	VARIANCE £
BALANCES			
HRA BALANCE			
B/FWD	(991,000)	(991,000)	0
CHANGE			
C/FWD	(991,000)	(991,000)	0
MAJOR REPAIRS, NEW BUILD AND LOAN REPAYMENT RESERVE			
B/FWD	(2,462,000)	(2,462,000)	0
CHANGE	(919,000)	(844,000)	75,000
CAPITAL FINANCING	364,000	364,000	0
C/FWD	(3,017,000)	(2,942,000)	75,000

MAIN VARIATIONS IN GF REVENUE BUDGETS			
	REVISED 2017/18 £	FORECAST 2017/18 £	TOTAL £
LEISURE AND CULTURE			
OPEN SPACES - SIGNAGE - RESOURCE ISSUE - C/FWD	32,000	290	(31,710)
PLAY AREAS - SPECIAL MAINTENANCE - WAITING QUOTES - C/FWD	131,000	40,860	(90,140)
GOSPORT LEISURE CENTRE - LEGAL FEES FOR AGREEMENT VARIATION AND SITE DEVELOPMENT	0	30,570	30,570
ENVIRONMENTAL SERVICES			
GBC SHARE OF ENVIRONMENTAL HEALTH PARTNERSHIP REDUNDANCY COSTS, OFFSET BY FUTURE VACANCIES/RESTRUCTURE	666,880	742,660	75,780
MISCELLANEOUS ENVIRONMENTAL & TRANSPORTATION			
MAINTAINANCE OF SEAWALLS - PROBABLE C/FWD	105,100	31,850	(73,250)
STOKES BAY MOBILE HOME PARK			
COMMISSION ON ADDITIONAL SALES	(29,050)	(45,040)	(15,990)
ECONOMIC PROSPERITY			
REGENERATION PROJECTS - INCLUDES BUSINESS START UP INITIATIVES, REDEVELOPMENT OF BUS STATION, WATERSIDE - C/FWD (NB SERVICE REVIEW)	48,110	0	(48,110)
TOWN CENTRE INITIATIVES - C/FWD (NB SERVICE REVIEW)	16,150	0	(16,150)
OTHER CORPORATE AREAS			
ROYAL CLARENCE YARD - COSTS NOT CAPITALISABLE AT THIS STAGE	0	23,140	23,140
ADMINISTRATION			
DEVELOPMENT CONTROL - AGENCY STAFF (NB SERVICE REVIEW)	75,570	63,330	(12,240)
ECONOMIC PROSPERITY - SALARIES (NB SERVICE REVIEW)	171,550	124,860	(46,690)
HOUSING BENEFITS - SALARIES INCLUDING OVERTIME	537,300	510,460	(26,840)
IT - SALARIES	453,960	439,450	(14,510)
STREETSCENE - SALARIES	285,080	266,970	(18,110)
MAYORAL SUPPORT - SALARIES	157,380	140,050	(17,330)
PURCHASING & INSURANCE - REDUNDANCY COSTS	0	12,650	12,650
REPROGRAPHICS - REDUNDANCY COSTS	0	34,900	34,900
HOUSING BENEFIT - AGENCY STAFF SPANNING YEAR END - C/FWD	113,000	87,230	(25,770)
REPROGRAPHICS - MAINTENANCE, CONSUMABLES ETC	29,480	(2,390)	(31,870)
FORECAST UNDERSPENDING	2,793,510	2,501,840	(291,670)
1. The figures in brackets denote an underspending compared to the latest budget			

MAIN VARIATIONS IN HRA REVENUE BUDGETS			
	REVISED 2017/18 £	FORECAST 2017/18 £	TOTAL £
FORECAST OVER / (UNDER) SPENDING			
	0	75,000	75,000
1. The figures in brackets denote an underspending compared to the latest budget			

Item	CAPITAL PROGRAMME 2017/18	Revised 2017/18 £	Expenditure 21-Feb-18 £	Variance @21/02/18 £	Slippage to 2018/19 £	Notes / Comments
1	COMMUNITY BOARD - HOUSING (HRA)					
0	IMPROVEMENTS TO HOUSING STOCK	3,150,000	2,639,030	(510,970)		£3.1m at final accs
2	ST VINCENT ROAD DEVELOPMENT	0	(48,384)	(48,384)		Retention tbc
2	PURCHASE OF PROPERTIES	520,000	402,704	(117,296)		3 additional purchases Feb'18
		3,670,000	2,993,350	(676,650)	0	
1	COMMUNITY BOARD - HOUSING (GF)					
1	DISABLED FACILITIES	916,000	487,053	(428,947)	(342,000)	Total funding (grant) in 17/18 is £988,152. Assumes 4 quarterly payments to PCC of £160k
		916,000	487,053	(428,947)	(342,000)	
1	COMMUNITY BOARD - NON HOUSING					
1	ALVER VALLEY COUNTRY PARK	604,200	411,350	(192,850)		£450k spent to date for new adventure play area. Currently withholding £40k from Contractor whilst we remedy drainage issues.
2	GOSPORT BMX NATIONAL CENTRE	147,000	164,539	17,539	(4,000)	Complete. Retention to be carried over for release Nov 2018, £4,055
3	RIVER HAMBLE TO PORTCHESTER CFERM STRATEGY	56,000	14,960	(41,040)		Environment Agency funded
4	COASTAL - FORTON	73,000	97,535	24,535		Environment Agency funded
5	COASTAL - ALVERSTOKE	73,000	104,005	31,005		Environment Agency funded
6	COASTAL -SEAFIELD	73,000	100,536	27,536		Environment Agency funded + HRA contribution
7	COASTAL -HILL HEAD to PH BMP	59,000	53,914	(5,086)		Environment Agency funded
8	CAR PARK RESURFACING & UPGRADING	215,000	42,968	(172,032)	(97,000)	Works in progress, with resurfacing commencing on 19/02/18. £75k will be spent before 31/03/18 remainder to carry over to 18/19.

Item	CAPITAL PROGRAMME 2017/18	Revised 2017/18 £	Expenditure 21-Feb-18 £	Variance @21/02/18 £	Slippage to 2018/19 £	Notes / Comments
9	PROVIDE LIGHTING TO PATHWAYS WITHIN LEISURE PARKS, GARDENS & OPEN SPACES	167,000	4,989	(162,011)	(162,000)	Property progressing schemes on behalf of Streetscene as part of the PFI agreement with HCC. Due to technical design works taking longer to progress required to carry forward to 18/19
10	PUBLIC CONVENIENCES REFURBISHMENT	80,000	6,488	(73,512)	(74,000)	Required for Rowner Road toilets. Carry over to 18/19.
11	TRANSFER OF PLAY AREAS AT PRIDDYS HARD	8,000	7,824	(176)		Completed
12	PRIVETT PARK-PROVISION OF HIGH PROTECTIVE FENCE	2,000	0	(2,000)		Completed
13	PLAYGROUNDS - IMPROVEMENTS TO EXISTING FACILITIES	38,000	0	(38,000)	(38,000)	Existing programme being funded from Special maintenance within Revenue. £38k to be carried forward to 18/19 for Leesland Park Scheme next financial year.
14	ESSENTIAL PAVING IMPROVEMENTS & UPGRADES	70,000	0	(70,000)	(70,000)	Funding allocated to continue with renewal of Lee promenade surfacing. Currently with property to progress for Streetscene.
15	STOKES BAY - WET & DRY PLAY AREA	25,000	0	(25,000)	(25,000)	Carry forward to 18/19 for safety surface replacement within Splash Park wet side.
16	STANLEY PARK - PHASED REFURBISHMENT	55,000	24,750	(30,250)	(15,000)	Planned tree works and further scrub removal. Carry forward £15k to 18/19 for instillation of a boardwalk.
17	RENEW INTERPRETATION BOARDS ACROSS THE BOROUGH	31,000	225	(30,775)	(16,000)	Requirement to carry forward to 18/19.
18	ICE RINK REFURBISHMENT &	62,000	0	(62,000)	(62,000)	Slippage if not spent
19	STOKES BAY GOLF CLUB - DRAINAGE WORKS	17,000	15,226	(1,774)		Completed.
20	ANN'S HILL CEMETERY WAITING ROOM	6,000	10,600	4,600		Completed.
21	BRIDGEMARY SKATE PARK (TO INCLUDE BMX & SCOOTERS)(SUBJECT TO MATCH FUNDING OF £90K)	140,000	145,987	5,987		Completed

Item	CAPITAL PROGRAMME 2017/18	Revised 2017/18 £	Expenditure 21-Feb-18 £	Variance @21/02/18 £	Slippage to 2018/19 £	Notes / Comments
22	COCKLE POND - WATER CIRCULATION SCHEME	100,000	0	(100,000)	(100,000)	Carry forward to 18/19 due to restrictions in working and NE licencing requirements. ESCP currently undertaking site survey.
23	COCKLEPOND FOOTWAYS REPAIRS	100,000	0	(100,000)	(100,000)	Carry forward to 18/19 due to restrictions in working and NE licencing requirements. ESCP currently undertaking site survey.
24	COMMUNITY SPACE - MANOR WAY	100,000	3,748	(96,252)	(96,000)	Requirement to carry forward due to ongoing negotiations with 1 Olave Close regarding knotweed eradication and sale for land.
25	PARHAM ROAD - FLOOD MEASURES	25,000	0	(25,000)	(25,000)	Carry forward to 18/19 as being incorporated within the Forton Flood Scheme which is currently on hold due to St Vincent College development.
26	CROWN HOUSE - CONVERSION TO TWO FLATS	89,000	96,254	7,254	(2,000)	Works substantially complete, interim payments still to be made and final account to be agreed. Retention to be carried over for release Feb 2019, Approx £2,445
27	CHILWORTH GROVE FOOTPATH	26,000	9,890	(16,110)		Order issued for £15k to GS Builders. Will be completed prior to 31/03/18.
28	ALVERBANK CARPARKS DRAINAGE	40,000	0	(40,000)	(40,000)	Carry forward to 18/19 due to seawall investigations.
29	REPLACE CAR PARK MACHINES	33,000	0	(33,000)	(33,000)	Carry forward to 18/19 as currently trialling one machine to ensure they are suitable prior to commencing long term replacement programme.
31	LEISURE CENTRE EXTENSION	1,182,000	804,888	(377,112)		Completed
32	ST LUKES ROAD - 12TH SCOUTS	9,000	8,672	(328)		Completed
33	ALLOTMENTS -JAPANESE KNOTWEED	64,500	0	(64,500)	(65,000)	Delayed due to negotiations with 1 Olave Close. Related to 6297 above.

Item	CAPITAL PROGRAMME 2017/18	Revised 2017/18 £	Expenditure 21-Feb-18 £	Variance @21/02/18 £	Slippage to 2018/19 £	Notes / Comments
0	LANDING STAGE	0	43,793	43,793		Residual scheme costs - refcus
		3,769,700	2,173,141	(1,596,559)	(1,024,000)	
	ECONOMIC DEVELOPMENT BOARD					
1	WATERFRONT REGENERATION	57,300	1,117	(56,184)		Slippage if not spent
2	ALVERBANK HOTEL EXT REPAIRS	20,000	0	(20,000)	(20,000)	Works proposed for Aug/Sept 2018
3	FORTON LAKE OPENING BRIDGE - RENEWAL OF MOTORS, GEARS, SPROCKETS AND CHAINS	246,000	6,544	(239,456)	(239,000)	Works commencing end March 2018
5	DAEDALUS REGENERATION	150,000	19,819	(130,181)		PCC managed, slippage if not spent
		473,300	27,480	(445,820)	(259,000)	
	POLICY & ORGANISATION BOARD					
1	CCTV - REPLACEMENT & UPGRADES	46,000	(13,705)	(59,705)		Possible slippage - March CCTV report
2	IT - PC REPLACEMENT PROGRAMME	10,000	61	(9,939)		Order to be raised shortly
3	IT - SERVER REPLACEMENT	64,000	49,795	(14,206)		Order to be raised shortly
4	IT - SYSTEM UPGRADES	33,000	38,579	5,579		
5	TOWN HALL MAJOR REPAIRS - ELECTRICS	10,000	0	(10,000)	(10,000)	Awaiting strategic guidance
6	TOWN HALL MAJOR REPAIRS - INTERNAL DECORATIONS	15,000	0	(15,000)	(15,000)	Awaiting strategic guidance
7	TOWN HALL MAJOR REPAIRS - HEALTH & SAFETY	10,000	0	(10,000)	(10,000)	Awaiting strategic guidance
8	TOWN HALL MAJOR REPAIRS - ADAPTIONS	15,000	2,478	(12,522)	(13,000)	Awaiting strategic guidance
9	TOWN HALL PASSENGER LIFT - MAJOR REFURBISHMENT / RENEWAL	75,000	82,731	7,731	8,000	Works substantially complete.
11	FINANCIAL MANAGEMENT SYSTEM V.5 UPGRADE	39,000	16,113	(22,887)	0	eProc (last) module go live April'18 - possible marginal slippage
12	IT DATA PROTECTION UPGRADES	100,000	0	(100,000)		£100k to be committed (Housing £8k, Uniform £16k, Civica £28k, Email/file £48k) with a request for another £50k for 2018/19. NB may be slippage from 2017/18

Item	CAPITAL PROGRAMME 2017/18	Revised 2017/18 £	Expenditure 21-Feb-18 £	Variance @21/02/18 £	Slippage to 2018/19 £	Notes / Comments
		417,000	176,051	(240,949)	(40,000)	
		9,246,000	5,857,075	(3,388,925)	(1,665,000)	

CUMULATIVE WRITE OFFS UNDER DELEGATED AUTHORITY			2016/17	2017/18
			£	to February
			£	£
Council Tax			167,737	394,000
NNDR			125,797	82,000
Housing Rents	HRA		13,258	637
	GF		43,020	7,791
Sundry Debtors			2,112	1,249
Housing Benefits			27,709	91,052
TOTALS			379,632	576,729