

GOSPORT BOROUGH COUNCIL

BUDGET MONITOR

FEBRUARY 2017

PURPOSE OF REPORT

To report to members on forecast expenditure compared to the revised budget for 2016/17 and to note related issues.

Recommendations

This report is for information only.

1.0 SUMMARY

1.1 Material issues identified in the report are:

- o General Fund (GF) revenue account – forecast revenue underspend of £268,700 (section 3 and Appendix B)
- o Housing Revenue Account (HRA) – forecast revenue overspend of £56,500 (section 4 and Appendix B)
- o Capital Programme – forecast slippage circa £2.2 million but with the overall programme remaining within budget (section 5 and Appendix C)

2.0 BACKGROUND

2.1 This budget monitor provides a brief report and comments on variances against the revised budget approved by Council on 8 February 2017.

2.2 The year end outturn position will be finalised by 31 May 2017.

2.3 The Council's external auditors, Ernst and Young, will present their governance report on the Council's Financial Statements for the 2016/17 financial year firstly to Standards and Governance Committee on 13 September 2017 and secondly to P&O Board on 27 September 2017.

2.4 Officers will formally report on, and seek member approval of, the final accounts for 2016/17 at P&O Board on 27 September 2017 prior to publication by 30 September 2017.

3.0 GENERAL FUND

REVENUE BUDGET

3.1 The Council's revised revenue budget of £10,610,380 was approved by Council on 8 February 2017.

3.2 An examination of the revenue budgets has revealed the emerging material variations listed in Appendix B, indicating a forecast net underspend in 2016/17 of £268,700. Key points include

- Leisure and Culture (forecast underspend £228,400) – a projected underspend on maintenance on the listed service areas. The final position will be influenced by capacity, weather and contractor availability etc. There may be budget carry forward requests at year end.
- Misc. Environmental and Transport (forecast underspend £48,500) – as with Leisure and Culture
- Service Units -Administration (forecast overspend £10,100) – includes :
 - Development Control - use of agency/hired staff in lieu of staff vacancies
 - Economic Prosperity - recruitment grant scheme not going ahead this year, probable carry forward request
 - Estimated General Fund underspend on salary budgets

3.3 Appendix A summarises the overall GF budget including the main revenue reserves.

RESERVES

3.4 Appendix A includes the revised GF revenue reserve forecasts as approved by Council on 8 February 2017. The Revenue Financing Reserve now includes for the projected underspend at 3.2.

4.0 HOUSING REVENUE ACCOUNT (HRA)

REVENUE BUDGET

4.1 An additional cost of £56,500 being the HRA part of the cost of the pension strain and redundancy costs, approved by Council 8 February 2016

4.2 The Housing Review is nearing completion and any unbudgeted costs and savings that accrue to 2016/17 will be included in both the Statement of Accounts and the Outturn Report for 2016/17.

RESERVES

4.3 Appendix A includes the revised HRA revenue reserves as approved by Council on 8 February 2017, now including for the projected overspend at 4.1

5.0 CAPITAL PROGRAMME

5.1 The capital programme for 2016/17 was approved by Council on 08/02/17. An update is included at Appendix C which shows the revised budget, expenditure to date, variance, forecast outturn and emerging slippage. Brief notes are included where relevant.

- 5.2 Indications are that programme slippage of approximately £2.2 million will be submitted for approval but that the overall Capital Programme remains within budget

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 showing 2015/16 and 2016/17 to February 2017.

7.0 CONCLUSION

- 7.1 For General Fund activities, the Council is forecast to remain within the Revised Budget 2016/17 and its overall financial position remains sound. There is a small forecast overspend against the Housing Revenue Account which can be accommodated within the Reserves available and without detracting from the 30 Year HRA Business Plan.

Budget variations – both positive and negative - are normal as circumstances change. Budgets are managed flexibly in overall terms and across budget headings under delegated authority in line with financial regulations to achieve both service delivery outcomes and financial balance.

- 7.2 Factors such as, capacity, weather, demand, contractor availability, planning permissions and many others, may all influence the final performance against approved budgets
- 7.3 Final under and over spending against both revenue and capital budgets along with budget carry forward submissions will be reported in April.

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

GENERAL FUND	REVISED 2016/17 £	FORECAST 2016/17 £	VARIANCE £
GENERAL FUND BUDGET			
COMMUNITY BOARD	5,811,500	5,545,700	(265,800)
ECONOMIC DEVELOPMENT BOARD	810,000	757,000	(53,000)
POLICY AND ORGANISATION BOARD	4,700,600	4,740,600	40,000
BUSINESS UNITS / ADMIN	0	10,100	10,100
			0
Total Net Expenditure	11,322,100	11,053,400	(268,700)
Transfer to/(from) Balances & Reserves			
General Fund Working Balance	-		
Revenue Financing Reserve	(507,550)	(238,850)	268,700
Stability and Resilience Reserve	(204,170)	(204,170)	0
Budget Total	10,610,380	10,610,380	0
Financed by			
Council Tax	(5,461,300)	(5,461,300)	0
Government Grants	(2,644,800)	(2,644,800)	0
Business Rates Retention	(2,504,280)	(2,504,280)	0
	(10,610,380)	(10,610,380)	0
GENERAL FUND - RESERVES			
	REVISED 31-Mar-17 £	FORECAST 31-Mar-17 £	VARIANCE £
BALANCES			
General Fund Working Balance	(890,000)	(890,000)	0
Revenue Financing Reserve	(2,559,870)	(2,828,570)	(268,700)
Stability and Resilience Reserve	(1,134,660)	(1,134,660)	0
	(4,584,530)	(4,853,230)	(268,700)
HOUSING REVENUE ACCOUNT (HRA)			
	REVISED 2016/17 £	FORECAST 2016/17 £	VARIANCE £
Net Surplus	(193,000)	(136,500)	56,500
HRA - RESERVES			
	REVISED 31-Mar-17 £	FORECAST 31-Mar-17 £	VARIANCE £
BALANCES			
HRA Balance	(991,000)	(991,000)	0
Major Repairs, New Build and Loan Repayment Reserve	(2,429,000)	(2,372,500)	56,500
	(3,420,000)	(3,363,500)	56,500

MAIN VARIATIONS IN GF REVISED REVENUE BUDGETS	
	VARIANCE £
<u>LEISURE AND CULTURE</u>	
OPEN SPACES	(119,500)
PLAY AREAS	(84,500)
BOWLS	(8,400)
RUGBY	(8,000)
TENNIS/BASKETBALL	(8,000)
<u>STREETSCENE</u>	
CAR PARK FEES	14,900
PERMITS	(300)
FINES	(3,500)
<u>MISC ENVIRONMENTAL AND TRANSPORT</u>	
FLOWER/SHRUB BEDS	(48,500)
<u>ECONOMIC PROSPERITY</u>	
CHRISTMAS LIGHTING CONTRACT	(8,000)
ECONOMIC PROSPERITY INITIATIVES	(28,300)
TOWN CENTRE IMPROVEMENT PROJECT	(6,600)
TOWN CENTRE ASSOCIATION	(10,100)
<u>LOCAL LAND CHARGES</u>	
FEES & CHARGES	5,000
<u>DEVELOPMENT SERVICES</u>	
PLANNING FEE INCOME INC PRE APPLICATIONS	25,000
<u>P&O MISCELLANEOUS SERVICES</u>	
INSURANCES - YEAR END DECLARATION ADJUSTMENT	10,000
<u>SERVICE UNIT (ADMINISTRATION) VARIANCES</u>	
NET COST INC TURNOVER	10,100
FORECAST UNDERSPENDING	(268,700)
1. The figures in brackets denote an underspending compared to the latest budget	

MAIN VARIATIONS IN HRA REVISED REVENUE BUDGETS	
	VARIANCE # £
<u>LEGAL SERVICES</u>	
REDUNDANCY COSTS - HRA ELEMENT	56,500
FORECAST OVERSPENDING	56,500
1. The figures in brackets denote an underspending compared to the latest budget	

Budget Holder	Cost Centre	Item	CAPITAL PROGRAMME 2016/17	Revised 2016/17 £	Expenditure 31-Jan-17 £	Variance £	Forecast 2016/17 £	Slippage to 2017/18 £	Notes / Comments
			COMMUNITY BOARD - HOUSING (HRA)						
TH/JH	6000	1	LA Tenants Disabled Persons Grant	50,000	0	(50,000)	50,000		
AW/TH/JH	6001	2	Improvements to Housing Stock	3,590,000	2,235,382	(1,354,618)	3,500,000		
TH/JH	6033	3	St Vincent Road Development	1,350,000	1,308,790	(41,210)	1,330,000		
TH/JH	6034	4	Purchase of Properties	359,000	300,560	(58,440)	300,560		
				5,349,000	3,844,732	(1,504,268)	5,180,560	0	
			COMMUNITY BOARD - HOUSING (GF)						
IR/ML	6102	1	Disabled Facilities	684,000	66,713	(617,287)	426,713	(257,287)	Grant funding received in year - carry forward of unspent grant cleared with HCC
IR/ML	6103	2	Housing Renewal	116,000	0	(116,000)	50,000		Parity Trust invoice to come. Assumed no slippage
				800,000	66,713	(733,287)	476,713	(257,287)	
			COMMUNITY BOARD - NON HOUSING						
SR/SV/JH	6201	1	Alver Valley Country Park	752,000	104,965	(647,035)	137,114	(614,886)	Play area construction to start in March in line with Planning conditions. Slippage into 17/18
AM/MJ/JH	6299	2	Gosport BMX National Centre	152,000	184,149	32,149	152,000	0	This scheme is currently at Planning and tender stage, works are due to take place June/July 2017. Match funding is in AV scheme
SR/JH	6203	3	River Hamble to Portchester CFERM Strategy	12,000	62,535	50,535	12,000	0	Funded by Environment Agency, managed by Coastal Partnership. Future schemes being developed. Grant outstanding
SR/AB/JH	6209	4	Car Park resurfacing & upgrading	107,000	11,646	(95,354)	11,646	(95,354)	Car park work delayed due to planning permission conditions, work will start 1.4.17 therefore entire outstanding budget requires carry forward.
SV/SR/JH	6230	5	Provide lighting to pathways within Leisure Parks, Gardens & Open Spaces	25,000	2,395	(22,605)	2,395	(22,605)	HCC / PFI specification being finalised - Amended designs to be reviewed amendment to Planning applications required - Slippage 22,605

Budget Holder	Cost Centre	Item	CAPITAL PROGRAMME 2016/17	Revised 2016/17 £	Expenditure 31-Jan-17 £	Variance £	Forecast 2016/17 £	Slippage to 2017/18 £	Notes / Comments
SR/SV/JH	6211	7	Lee Promenade resurfacing	45,000	0	(45,000)	45,000	0	Last phase to be completed in 2016/17. Survey in progress. Order to be raised following receipt of SSOW & RAMS subject to weather should be completed - slippage could be required
AB/SR/AW/JH	6214	8	Public Conveniences refurbishment	156,000	10,312	(145,688)	62,000	(94,000)	Approx £62,000 worth of work to be invoiced before 31.3.17 as work completed on site. Remaining budget to be carried forward.
SV/SR/JH	6256	9	Transfer of Play Areas at Priddys Hard	7,000	0	(7,000)	7,000	0	Awaiting full estimates. Order raised completion subject to weather
SV/SR/JH	6259	10	Privett Park-Provision of High Protective Fence	10,000	5,430	(4,570)	5,430	(4,570)	Main part of replacment work completed.
SV/SR/JH	6266	11	Playgrounds - improvements to existing facilities	77,000	59,436	(17,564)	59,436	(17,564)	Works underway St Nicholas Ave completed. Grove Road rec Playground Contractor to quote for works Slippage - Quotes recieved slippage required 17,564
SR/SV/JH	6263	13	Essential Paving Improvements & Upgrades	40,000	0	(40,000)	0	(40,000)	May slip as being used for resurfacing at Solent Gardens. Costs of repair works currently being obtained. Slippage £40,000
SR/SV/JH	6280	15	Stanley Park - phased refurbishment	63,000	0	(63,000)	0	(63,000)	Next stages to commence on tree works and replacement of surfacing at Osborne Gardens. Contractor not able to guarantee works will be completed owing to other commitments and weather conditions - slippage £63,000

Budget Holder	Cost Centre	Item	CAPITAL PROGRAMME 2016/17	Revised 2016/17 £	Expenditure 31-Jan-17 £	Variance £	Forecast 2016/17 £	Slippage to 2017/18 £	Notes / Comments
SR/SV/JH	6281	16	Renew interpretation boards across the Borough	39,000	8,054	(30,946)	12,239	(26,761)	On going, D Day Boards all in situ , planning permission to be applied for the revised boards for all phases. Frames ordered only graphics and content being pulled together, investigating Copyright, then graphics to be finalised then to company to produce.Planning permission received Slippage £ 26761
DW	6613	17	Ice Rink refurbishment & improvement	100,000	38,000	(62,000)	50,000	(50,000)	Works being certified by Parker Torrington prior to payment. Assumed 50% slippage
SR/SV/JH	6293	18	Stokes Bay Golf Club - drainage works	35,000	21,306	(13,694)	35,000	0	On schedule but subject to weather conditions
SR/SV/JH	6294	19	Ann's Hill Cemetery Waiting Room	20,000	59	(19,941)	20,000	0	Initial designs done, completion this year. Work commenced scheduled to be completed - monitoring taking place
SR/SV/JH	6295	20	Bridgemary Skate Park (to include BMX & Scooters)(subject to match funding of £90k)	180,000	0	(180,000)	0	(180,000)	Gravity currently seeking match funding. GBC going through application for external match funding 2nd stage not confirmed until after 07/03/2017 - Slippage full amount required
SR/SV/JH	6296	21	Cockle Pond - water circulation scheme	100,000	0	(100,000)	0	(100,000)	Schemes being drawn up and application to be submitted to NE for approval , advice from Planning to be sought if an application is required Slippage required £100,000
SR/SV/JH	6297	23	Community Space - Manor Way	100,000	0	(100,000)	0	(100,000)	Land still in possession of HCA. Assumed slippage
SR/JH	6298	24	Parham Road - flood measures	25,000	0	(25,000)	0	(25,000)	Designs currently being drawn up by Coastal Partnership. Assumed slippage
AM/MJ/JH	6292	25	Crown House - conversion to two flats	90,000	0	(90,000)	0	(90,000)	Currently at Planning submission stage, completion during FY2017/18
AM/MJ/JH	6301	26	Forton Lake Opening Bridge - Mechanical and Electrical upgrade	185,000	29,278	(155,722)	29,278	(155,722)	Currently out to tender completion expected May 2017

Budget Holder	Cost Centre	Item	CAPITAL PROGRAMME 2016/17	Revised 2016/17 £	Expenditure 31-Jan-17 £	Variance £	Forecast 2016/17 £	Slippage to 2017/18 £	Notes / Comments
SR/JH	6302	32	Fitness Suite and Studio Facilities Extension to Leisure Centre	185,000	2,627	(182,374)	92,500	(92,500)	P&O 21/09/16. £1m in 17/18.
SR/SV/JH	6300		Gosport Bowl Club Artificial Pitch	0	85	85	0	0	Assumed 50% slippage £20,280 Gosport Bowling Club contribution towards artificial bowling green construction at Anglesey Gardens
DW	6202		Landing Stage	0	18,785	18,785	18,785	0	Residual costs
				2,505,540	559,061	(1,946,479)	751,823	(1,772,502)	
ECONOMIC DEVELOPMENT BOARD									
DW	6605	1	Waterfront Masterplanning	27,000	3,779	(23,222)	3,779	(23,222)	Last expenditure was in May'16.
				27,000	3,779	(23,222)	3,779	(23,222)	Assumed slippage
POLICY & ORGANISATION BOARD									
JP/ML	6608	1	CCTV - Replacement & Upgrades	46,000	(42,806)	(88,806)	0	(31,000)	£31k slippage for spend to save to reduce annual fibre costs to be progressed in 17/18
DE/ML	6602	2	IT - PC Replacement Programme	10,000	0	(10,000)	0	(10,000)	£10K - Laptops and thin clients
DE/ML	6614	3	IT - Server Replacement	73,000	32,735	(40,265)	32,735	(40,265)	£20k VDI Refresh
DE/ML	6615	4	IT - Microsoft Licence	64,000	39,049	(24,951)	39,049	(24,951)	£22000 SQL CAL's
DE/ML	6616	5	IT - System Upgrades	40,000	53,118	13,118	53,118	0	
AM/MJ/JH	6603	6	Town Hall Major Repairs - Electrics	51,000	60,998	9,998	60,998		Complete
AM/MJ/JH	6618	7	Town Hall Major Repairs - Internal Decorations	29,000	35,494	6,494	35,494		Complete
AM/MJ/JH	6619	8	Town Hall Major Repairs - Health & Safety	31,000	36,223	5,223	36,223		Complete
AM/MJ/JH	6620	9	Town Hall Major Repairs - Adaptions	54,000	69,313	15,313	69,313		Complete
AM/MJ/JH	6622	10	Town Hall Passenger Lift - major refurbishment / renewal	79,000	4,225	(74,775)	4,225	(74,775)	A contractor has been appointed, works are currently due to take place June/July/August 2017. Overspend predicted <10k
AR/JN	6621	11	Financial Management System V.5 Upgrade	0	16,600	16,600	16,600	16,600	Consultancy from £70k budget in 17/18 to set up test system and hardware in March'17
				477,000	304,948	(172,052)	347,754	(164,391)	
				9,158,540	4,779,233	(4,379,307)	6,760,628	(2,217,402)	

CUMULATIVE WRITE OFFS UNDER DELEGATED AUTHORITY			2015/16	2016/17
			£	to 31 January
			£	£
Council Tax			132,583	4,983
NNDR			107,013	80,906
Housing Rents	HRA		46,695	11,684
	GF		61,269	-
Sundry Debtors			1,527	-
Housing Benefits			14,895	27,709
TOTALS			363,982	125,282