

**GOSPORT BOROUGH COUNCIL
BUDGET MONITOR
JULY 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 first Budget Monitor to be issued for 2015/16.

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

- o **General Fund revenue account is forecast for a net surplus of £47,000 (section 3 and Appendix B)**
- o **Housing Revenue Account – no forecast variances (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 original budget approved by Council on 11 February 2015 and provides an early indication of any issues arising.

2.2 The draft Statement of Accounts for 2014/15 was completed on schedule by 30 June and the external audit will take place from 01 August 2015.

2.3 The Council's external auditors, Ernst and Young, will present their governance report firstly to Standards and Governance Committee on 10 September 2015 and secondly to P&O Board on 23 September 2015.

2.4 Officers will formally report on, and seek member approval of, the final accounts at P&O Board on 23 September 2015.

2.5 The annual budget process for 2016/17 will shortly start and the budget strategy and capital programme will be considered by P&O Board in September.

2.6 The Government's Emergency Budget on 08 July 2015 is not anticipated to directly impact on the Council's 2015/16 budgets. The effect on future years from April 2016 will be assessed for incorporation into the budget process and future reporting to members. It is anticipated that key details affecting the General Fund budgets will emerge as part of the Government's Financial Settlement in December.

3.0 GENERAL FUND REVENUE

- 3.1 The Council's net revenue budget of £10,295,150 was approved by Council on 11 February 2015 with Band D Council Tax subsequently being set at £202.81 on 20 February 2015.
- 3.2 Revenue budgets totalling £174,880 have been carried forward from 2014/15 into 2015/16.
- 3.3 An examination of the revenue budgets at this early stage of the year has revealed the material variations listed in Appendix B, indicating a net budgetary saving of £47,000.
- 3.4 Appendix A summaries these figures together with the latest reserves position. Any overall budget shortfall or surplus will be funded from, or added to, the Revenue Financing Reserve (RFR).
- 3.2 The current level of reserves is considered adequate, but it is essential that they are maintained, and ideally increased, in order to safeguard the Council's position
- The Revenue Financing Reserve (RFR) is a general reserve particularly targeted at annual maintenance fluctuations, uninsured risks and funding further spend to save initiatives
 - The Stability and Resilience Reserve covers the risks and volatility inherent in the Business Rate Retention and Local Council Tax Support Schemes and the uncertainty of future levels Revenue Support Grant.

4.0 HOUSING REVENUE ACCOUNT (HRA)

- 4.1 There are no material variances to report for the HRA – the present budgetary position including reserve levels is also shown in Appendix A

5.0 CAPITAL PROGRAMME

- 5.1 The capital programme for 2015/16 was approved by Policy and Organisation Board on 29 September 2014. An update is included at Appendix C which shows the latest budget position, including slippage from 2014/15 and expenditure to date.
- 5.2 The programme schemes for this year will shortly be reviewed and an updated capital programme including proposed schemes for 2016/17 and beyond will be brought to Policy and Organisation Board in September as part of the Budget Strategy report.

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 2014/15 and 2015/16 to July 2015.

7.0 RISK ASSESSMENT

- 7.1 The Council's budget report for 2015/16 highlighted budget areas and associated risks. These included the new 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.

GENERAL FUND		ESTIMATE 2015/16 £	LATEST 2015/16 £
EXPENDITURE			
COMMUNITY BOARD		5,661,830	5,670,290
ECONOMIC DEVELOPMENT BOARD		879,880	927,050
POLICY AND ORGANISATION BOARD		3,027,150	3,063,900
BUSINESS UNITS / ADMIN		0	35,500
Total Net Expenditure		9,568,860	9,696,740
Transfer to/(from) Balances & Reserves			
General Fund Working Balance		0	0
Revenue Financing Reserve		(150,000)	(277,880)
Stability and Resilience Reserve		876,290	876,290
BUDGET TOTAL		10,295,150	10,295,150
FINANCED BY			
Council Tax		(5,297,610)	(5,297,610)
Revenue Support Grant		(1,824,610)	(1,824,610)
Business Rates Retention		(3,172,930)	(3,172,930)
		(10,295,150)	(10,295,150)
BALANCES			
General Fund Working Balance	B/Fwd	(890,000)	(890,000)
	Change	0	0
	C/Fwd	(890,000)	(890,000)
Revenue Financing Reserve (RFR)	B/Fwd	(2,092,612)	(2,746,367)
	Change	150,000	277,880
	C/Fwd	(1,942,612)	(2,468,487)
Stability and Resilience Reserve	B/Fwd	(291,440)	(291,440)
	Change	(876,290)	(876,290)
	C/Fwd	(1,167,730)	(1,167,730)
Total		(4,000,342)	(4,526,217)

HOUSING REVENUE ACCOUNT (HRA)		ESTIMATE 2015/16 £	LATEST 2015/16 £
NET EXPENDITURE / (SURPLUS)		(1,047,000)	(1,047,000)
BALANCES			
HRA Working Balance	B/Fwd	(991,738)	(991,738)
	Change	0	0
	C/Fwd	(991,738)	(991,738)
New Build Reserve	B/Fwd	(1,260,950)	(1,395,127)
	Change	(1,047,000)	(1,047,000)
	C/Fwd	(2,307,950)	(2,442,127)
Total		(3,299,688)	(3,433,865)

MAIN VARIATIONS IN GF REVISED REVENUE BUDGETS

	VARIANCE # £
Investment Properties - rental and concession income	(5,000)
Parking - income including permits and fines	(30,000)
Stokes Bay Mobile Home Park - commission on sales	(30,000)
Gosport Market - income	(7,000)
Land Charges - income	25,000
Net underspending	(47,000)

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

Item	CAPITAL PROGRAMME 2015/16	Approved Budget 2015/16 £	Slippage from 2014/15 £	Latest Budget 2015/16 £	Expenditure 07-Jul-15 £	Variance from Latest £	Notes / Comments
	COMMUNITY BOARD - HOUSING (HRA)						
1	LA Tenants Disabled Persons Grant	50,000	0	50,000	0	(50,000)	
2	Improvements to Housing Stock	3,510,000	0	3,510,000	260,283	(3,249,717)	
3	St Vincent Road Development	2,500,000	0	2,500,000	79,504	(2,420,496)	
		6,060,000	0	6,060,000	339,787	(5,720,213)	
	COMMUNITY BOARD - HOUSING (GENERAL FUND)						
1	Disabled Facilities	382,000	146,540	528,540	(324,062)	(852,602)	Incs unused grant b/fwd from 14/15 & 15/16 grant received to date
2	Housing Renewal	60,000	50,860	110,860	44,418	(66,442)	
		442,000	197,400	639,400	(279,644)	(919,044)	
	COMMUNITY BOARD - NON HOUSING						
1	Alver Valley Country Park	0	87,990	87,990	(6,902)	(94,892)	Invoices to follow for 2014/15
2	River Hamble to Portchester CFERM Strategy	0	77,320	77,320	(21,716)	(99,036)	Incs unused grant b/fwd from 14/15
3	Waste Recycling - Project Integra Contribution	8,000	0	8,000	0	(8,000)	No longer required, covered by revenue budget
4	Car Park resurfacing & upgrading	40,000	95,300	135,300	2,978	(132,322)	
5	Provide lighting to pathways within Leisure Parks, Gardens & Open Spaces	0	173,830	173,830	4,594	(169,236)	
6	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)	0	700,000	700,000	0	(700,000)	
7	Leesland Skatepark - MUGA & skatepark improvements	0	1,500	1,500	(8,500)	(10,000)	Invoices to follow for 2014/15
8	Lee Promenade resurfacing	0	45,000	45,000	0	(45,000)	
9	Public Conveniences refurbishment	80,000	61,870	141,870	23,394	(118,476)	
10	Transfer of Play Areas at Priddys Hard	0	7,480	7,480	0	(7,480)	
11	Privett Park-Provision of High Protective Fence & Multi Use Games Facility	0	10,000	10,000	0	(10,000)	
12	Replacement Car Park machines	0	0	0	(25,130)	(25,130)	Invoices to follow for 2014/15
14	Playgrounds - improvements to existing facilities	20,000	36,970	56,970	0	(56,970)	

Item	CAPITAL PROGRAMME 2015/16	Approved Budget 2015/16 £	Slippage from 2014/15 £	Latest Budget 2015/16 £	Expenditure 07-Jul-15 £	Variance from Latest £	Notes / Comments
16	Essential Paving Improvements & Upgrades	40,000	50,000	90,000	0	(90,000)	
17	Relay Tarmac to Rowner Green Bowling Club Car Park	0	6,650	6,650	0	(6,650)	
18	Stokes Bay - Wet & Dry Play Area	0	25,330	25,330	0	(25,330)	
19	Install permanent vehicle deterrents at various locations	0	33,000	33,000	0	(33,000)	
20	Gosport Park - replace bowling green hedge with fencing	0	18,760	18,760	11,820	(6,940)	
21	Stanley Park - phased refurbishment	20,000	28,880	48,880	0	(48,880)	
22	Renew interpretation boards across the Borough	10,000	20,000	30,000	0	(30,000)	
23	Ice Rink refurbishment & improvement	0	100,000	100,000	0	(100,000)	
24	Enclosure Football Pitch - automatic watering system	0	7,690	7,690	7,955	265	
25	Stokes Bay Golf Club - drainage works	0	35,000	35,000	0	(35,000)	
-	Bus Shelters	0	4,000	4,000	0	(4,000)	
-	Stokes Bay Promenade - maintenance of promenade	0	4,000	4,000	0	(4,000)	
-	Kings Road Playscheme	0	1,000	1,000	0	(1,000)	
		218,000	1,631,570	1,849,570	(11,506)	(1,861,076)	
	ECONOMIC DEVELOPMENT BOARD						
1	Waterfront Masterplanning	0	72,000	72,000	2,557	(69,443)	
2	Pumping Stations upgrade	0	15,000	15,000	0	(15,000)	
		0	87,000	87,000	2,557	(84,443)	
	POLICY & ORGANISATION BOARD						
1	CCTV - Replacement & Upgrades	15,000	0	15,000	0	(15,000)	
2	Hampshire High Speed Broadband Project	15,000	0	15,000	0	(15,000)	
5	IT - PC Replacement Programme	10,000	(20,370)	(10,370)	0	10,370	
6	IT - Server Replacement	40,000	42,750	82,750	5,133	(77,617)	
7	IT - Microsoft Licence	50,000	20,280	70,280	5,600	(64,680)	
8	IT - System Upgrades	10,000	66,440	76,440	6,544	(69,896)	
9	Town Hall Major Repairs - Electrics	10,000	64,500	74,500	0	(74,500)	
10	Town Hall Major Repairs - Internal Decorations	15,000	25,000	40,000	0	(40,000)	
11	Town Hall Major Repairs - Health & Safety	10,000	25,000	35,000	0	(35,000)	
12	Town Hall Major Repairs - Adaptions	15,000	89,850	104,850	0	(104,850)	
14	Financial Management System V.5 Upgrade	45,000	0	45,000	0	(45,000)	
		235,000	313,450	548,450	17,277	(531,173)	
		6,955,000	2,229,420	9,184,420	68,470	(9,115,950)	

CUMULATIVE WRITE OFFS UNDER DELEGATED AUTHORITY			2014/15	2015/16
			£	to July
				£
Council Tax			65,173	23,510
NNDR			60,140	-
Housing Rents	HRA		34,342	26,332
	GF		105,295	16,341
Sundry Debtors			4,128	-
Housing Benefits			94,426	8,068
TOTALS			363,503	74,251