

## **2015/16 Revenue Budget Outturn Report**

*Executive Portfolio Holder:* Peter Seib, Finance and Legal Services  
*Interim Chief Executive:* Rina Singh  
*Assistant Director:* Donna Parham, Finance and Corporate Services  
*Service Manager:* Catherine Hood, Finance Manager  
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### **Purpose of Report**

To inform Members of the actual spend against budgets for the 2015/16 financial year.

### **Forward Plan**

This report appeared on the District Executive Forward Plan with an anticipated Committee date of July 2016.

### **Public Interest**

This report gives the outturn revenue financial position and budgetary variations of the Council compared to the budget at 31<sup>st</sup> March 2016.

### **Recommendations**

1. Members are RECOMMENDED to:
  - (a) Note the outturn position of £16,979,214 (an under spend of £802,716) and explanation of variances from budget holders for the 2015/16 financial year as shown in paragraphs 5-6;
  - (b) Approve the carry forwards listed and recommended for approval by Management Board in Appendix B into the 2016/17 budgets;
  - (c) Approve all overspends are funded from general balances;
  - (d) Note the use of the specific reserves in paragraph 18;
  - (e) Note the use of general fund balances in paragraph 19 and approve the transfer of £1,300,000 to the Transformation Reserve & £1,292,000 to the NNDR Volatility Reserve;
  - (f) Note the transfers to and from balances outlined in paragraph 22;
  - (g) Note the position of the Area Committee balances in paragraph 23;
  - (h) Note the virements in Appendix G;
  - (i) Note the stock write offs detailed in paragraph 26.

### **Background**

2. Full Council approved the 2015/16 budget in February 2015. The responsibility for monitoring and controlling budgets is delegated down to individual Area Committees and District Executive. Directors, Assistant Directors, and Service Managers had the

responsibility for the day-to-day monitoring of budgets and reporting variations to the appropriate Committee.

- District Executive has received regular budget monitoring reports throughout the year that have highlighted variances from budgets and comments from the budget holder.

### Summary of Revenue Budgets

- The overall outturn for SSDC Services in 2015/16 was £802,716 under spent (or 4.5%). The table below sets out a summary by Directorate of the 'above the line' revenue budgets that will form part of the annual Statement of Accounts that is required to be approved by the Audit Committee in July 2016 after being audited by Grant Thornton.

(F=favourable variance, A=adverse variance)

Service	Original Budget £'000	Movement During the Year £'000	Final Budget £'000	Actual Spend £'000	Variation On Spend £'000	Variation After Carry Forwards £'000	
Chief Executive	5,066.8	88.7	5,155.5	4,795.5	(360.0)	(253.2)	F
Place & Performance	2,766.1	102.1	2,868.2	2,676.9	(191.3)	(111.8)	F
Operations & Customer Focus	9,556.7	201.6	9,758.3	9,506.8	(251.5)	(172.2)	F
<b>Total</b>	<b>17,389.6</b>	<b>392.4</b>	<b>17,782.0</b>	<b>16,979.2</b>	<b>(802.8)</b>	<b>(537.2)</b>	F

### 2015/16 Outturn

- Appendix A shows the budget, actual expenditure and income, variance between budget and actual together with an explanation of the variance from the Service Manager and the carry forwards requested under the financial procedure rules.
- The Services with significant variations (over £50,000) are as follows:

Service	Service Manager	Variance £'000		Budget Holders' Comments
Finance	Catherine Hood	81.4	A	Overspends have arisen through a shortfall in income streams for the crematorium, canteen, capital salaries and advertising on the web. Savings have also not materialised for postages, whilst costs have increased for debit & credit card transactions. Some of this has been offset by treasury management income exceeding budget by £130k.
Revenues & Benefits	Ian Potter	(282.8)	F	The under spend is mainly due to higher collection of court and liability order costs and an end of year adjustment that recognises the recovery of housing benefit overpayments.
Economic Development	David Julian	(118.6)	F	Underspend largely from vacant posts and increased Yeovil Innovation Centre rental income.

Service	Service Manager	Variance £'000		Budget Holders' Comments
Development Control	David Norris	51.6	A	Expenditure exceeded the budget, mainly a result of the £132k spend on consultants for their advice on complex planning appeals.
Environmental Health	Alasdair Bell	(62.1)	F	Underspend mainly due to salary vacancies.
Engineering & Property	Garry Green	(63.5)	F	Savings have been made on salaries, land drainage & public conveniences. Income has also risen from an increase in street name & numbering applications.
Building Control	Dave Durrant	75.6	A	Increased competition led to below expected income.

### Delivery of Savings

7. District Executive monitors the delivery of savings that are agreed as part of the budget setting process through quarterly budget monitoring reports. The achievement of the targets for South Somerset District Council (SSDC) are shown in the table below;

Year	Target £'000	SSDC Actual £'000	(Excess)/Shortfall £'000
2012/13	1,509	1,288	221
2013/14	540	540	0
2014/15	691	659	32
2015/16	619	506	113
<b>Total</b>	<b>3,359</b>	<b>2,993</b>	<b>366</b>

Appendix E to this report details the progress of all major savings (those over £25,000) that were taken in the 2015/16 budget setting process.

### Carry Forwards

8. In the Financial Procedure Rules, Managers can request that specific under spends (within a minimum of £5,000 for any specific purpose) may be carried forward to the following year. However, those rules also state that District Executive may waive this depending on corporate need.
9. The accounting rules require that grants need to be accounted for in the year they are actually paid and not when committed. Therefore, the carry forward on the grant budgets reflects the commitments to pay grants that have been made by the various committees.
10. Specific carry forward requests amounting to £265,530 are shown at Appendix B and members are recommended to approve these.
11. Under the Council's Financial Procedure Rules, District Executive can approve an overspend of a maximum of £25,000 to be carried forward into the following year unless District Executive agree that they are funded from General Balances. The service areas that would need to carry the overspend forward would have difficulty finding savings to

compensate and therefore it is recommended that no overspends are carried forward to 2016/17.

### Total Cost of Services

12. The CIPFA accounting regulations requires all expenditure to be allocated to front line services. This means that all support service budgets have to be apportioned as required by the Best Value Accounting Code of Practice. This is set out in Appendix F.

### Council Tax Reduction Scheme

13. The Council Tax Reduction Scheme commenced in April 2013. The authority set a budget of £8,707 million for annual discounts. Of this sum, £8.219 million was allocated for the year. This has been allocated through the Collection Fund to be shared amongst the major preceptors. The budget for 2016/17 is £8.478 million.
14. A Hardship Scheme was set up with a budget of £30,000. By the end of the year SSDC had received 160 requests for hardship relief of which 133 were successful. The amount awarded by the end of the financial year was £14,551.
15. The in-year collection rate for Council Tax was 97.24% for 2015/16 compared to 97.03% for the previous year. In cash terms we collected £1.9 million more than in 2014/15. In addition to this we collected £1.476 million of previous year arrears.

### Non Domestic Rates

16. The in-year collection rate for Non Domestic Rates was 97.03% for 2015/16 compared to 95.44% for the previous year. In cash terms we collected £0.7 million more than in 2014/15. In addition to this we collected £2.56 million of previous year arrears.

### Reserves, Balances and Contingency

17. In addition to the funds available in the Revenue Budget, the Council also has certain reserves and balances.
18. **Reserves** are amounts that have been set aside from annual revenue budgets to meet specific known events that will happen in the future. An example of such a reserve is the amount set aside annually to cover the cost of South Somerset District Council elections that occur every four years. The complete list of specific Reserves and the current balance on each one is provided at Appendix D. The Appendix shows all transfers in or out of each one that has been actioned under the authority delegated in the Financial Procedure Rules during the last quarter. Transfers out of specific reserves that require reporting to District Executive for noting are as follows:

Reserve	Balance at 01/01/16 £	Transfers In/ (Out) £	Balance at 31/03/16 £	Reason for Transfer
Capital Reserve	1,414,686	(360,221)	1,054,465	Release of Capital Contributions to fund capital schemes in 15/16-£426,716. Repayment of PV-£4,495. RCCO Goldenstone's 10 year plan-£55,000.
Elections Reserve	90,763	34,366	125,129	Revenue 15/16 top up of fund.

Reserve	Balance at 01/01/16 £	Transfers In/ (Out) £	Balance at 31/03/16 £	Reason for Transfer
Local Plan Enquiry Provision	50,499	31,270	81,769	Revenue 15/16 top up of fund.
Bristol to Weymouth Rail Reserve	11,894	3,870	15,764	Unused partnership funding to reserve.
MTFP Support Fund	3,651,057	1,306,524	4,957,581	NHB retained to support budgets.
Revenue Grants Reserve	569,040	112,987	682,027	Release of grants for expenditure in 2015/16-£63,707. Additional grants received in advanced for 2016/17 and future years-£176,694.
Council Tax/Housing Benefits Reserve	875,301	229,668	1,104,969	Additional Revenue and Benefits grants received in 2015/16.
Closed Churchyards	8,884	1,520	10,404	Additional contributions towards future work in closed churchyards.
Deposit Guarantee Claims Reserve	5,815	2,745	8,560	Additional bad debt provision.
Park Homes Replacement Reserve	134,562	30,400	164,962	Revenue 15/16 top up of fund.
Planning Obligations Admin Reserve	33,123	1,750	34,873	Revenue 15/16 top up of fund.
LSP Reserve	94,994	(4,465)	90,529	Release of funding to revenue.
Artificial Grass Pitch Reserve	41,975	20,000	61,975	Revenue 15/16 top up of fund.
Infrastructure Reserve	974,991	(13,250)	961,741	Transfer to Development Control for transport highway consultancy.
Ticket Levy Reserve	0	4,282	4,282	Octagon ticket levy transferred to reserve.
Waste Reserve	0	95,671	95,671	Waste leased vehicle income.

19. **General Fund Balance** represents the accumulated revenue surpluses. Within the total, however, are amounts that have been earmarked by the District Executive for specific purposes. The table below shows the current position on the General Fund Balance compared to that previously reported.

<b>General Fund Balances</b>	<b>£'000</b>
Balances	8,267
Less Area Reserves	(139)
Transfers from balances	(392)
Commitments & once offs	(301)
Underspend on Revenue Budget at out-turn for 2015/16	803
Carry forwards to Services approved per Appendix B	(266)
<b>Unallocated General Fund Balance at 31<sup>st</sup> March 2016</b>	<b>7,972</b>
Use of Balances for in 2016/17 budget	(1,615)
Transfer to Transformation Reserve	(1,300)
Transfer to NNDR Volatility Fund	(1,292)
<b>Unallocated Balances as at 30<sup>th</sup> June 2016</b>	<b>3,765</b>

20. A memorandum account has now been set up to record Building Control surpluses and deficits on the chargeable work. On a rolling three year basis, taking into account the below the line costs, Building Control has made a surplus of £13,663.
21. A review of balances and reserves has shown that SSDC currently has sufficient balances to cover major areas of financial risk. Risks were reviewed in May 2016 this established that the minimum general balance should be in the range £3.3m to £3.7m.
22. The following transfers from balances are for noting by this Committee, as they have been undertaken under delegated authority:

<b>Reserve</b>	<b>Balance at 01/01/16 £</b>	<b>Transfers In/(Out) £</b>	<b>Balance at 31/03/16 £</b>	<b>Reason for Transfer</b>
Non-Earmarked Balance	5,557,430	(40,130)	5,517,300	Westlands preliminary work (£37,700), rental loss 80 South Street (£2,430)

### **Area and Group Balances**

23. Each Area and District Executive have balances that can be used during the year, the position of the Areas and District Executive balances and movement within the year is as follows:

	<b>Area East £</b>	<b>Area North £</b>	<b>Area West £</b>	<b>Area South £</b>	<b>Total £</b>
Position at start of financial year	60,190	26,600	49,640	0	<b>136,430</b>
Allocations to/(from) reserve during year	0	0	0	0	<b>0</b>
Position at end of financial year	60,190	26,600	49,640	0	<b>136,430</b>
Less commitments not yet spent	56,730	16,600	49,640	0	<b>122,970</b>

<b>Unallocated balance available</b>	<b>3,460</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>13,460</b>
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24. The table shows that overall balances have not reduced during the year and there have been no further commitments in Area East or Area North. This leaves an overall £13,460 uncommitted. Allocations of the Area Reserves are detailed in Appendix C.

### **Budget Virements**

25. Under the Financial Procedure Rules, providing that the Assistant Director-Finance & Corporate Services has been notified in advance, Assistant Directors/Managers may authorise any virements for an individual cost centre within their responsibility. Strategic Directors & Assistant Directors can authorise virements, up to a maximum of £25,000, for an overall Directorate that is within their area of responsibility. Portfolio Holders can approve virements between services within their areas of responsibility, up to a maximum of £25,000 per virement. These virements are listed in Appendix G for District Executive to note and have been approved by the Assistant Director-Finance & Corporate Services. There are no virements requiring approval.

### **Stock Write Offs**

26. Under the Financial Procedure Rules any adjustments to stock or stores accounts exceeding £1,000 shall be reported to Committee. Following stock checks on the 31st March 2016 a total of £1,410 has been written off of stock values.

### **External Partnerships and Other Organisations**

27. Members have requested that partnerships are monitored within SSDC's overall budget because they are given grants. This currently includes the following;

- **South Somerset Voluntary Community Action (SSVCA)**

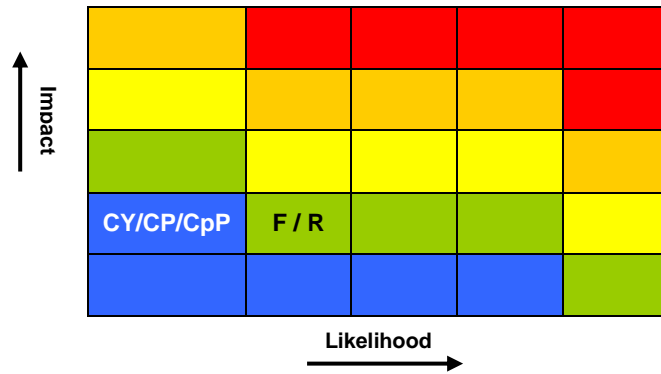
All three of the SSVCA projects made a small surplus in the year ending March 2016, the combined surplus was below budget due to reorganisation of the community transport activity in Langport, the administration was relocated to Yeovil, and high maintenance costs due to the age of the fleet. VSS merged with Mendip Community Support from the beginning of April and the two activities are now being jointly managed from Yeovil.

Community transport has purchased four second hand vehicles from Somerset County Council and also one new vehicle this has reduced the average fleet age from 13 to 9, this will reduce maintenance costs significantly moving forward.

Furnicare has introduced an EPOS stocktaking system and is looking to increase the number of opening days from 4 to 5, this will hopefully increase sales.

Looking forward to 2016/17 we are hoping to develop further work for VSS with the Symphony Project at YDH and also with the CCG in Somerset, Community Transport is looking to consolidate its existing activities with a view to improving operational efficiencies whilst Furnicare is developing links with SSDC's housing section and also with the local housing associations.

### **Risk Matrix**



**Key**

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

**Background Papers**

- Appendix A - District Executive detailed budgets out turn position 2015/16
- Appendix B - Carryforwards 2015/16
- Appendix C - Area Reserves
- Appendix D - Usable Reserves
- Appendix E - Major Efficiency Savings 2015/16
- Appendix F - Total Cost of Services 2015/16
- Appendix G - Virements for Noting Qrt 4 2015/16