

2016/17 Revenue Budget Monitoring Report for the Quarter Ending 31st December 2016

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Purpose of the Report

The purpose of this report is to update Members on the current financial position of the revenue budgets of the Council and to report the reasons for variations from approved budgets for the period 1st April to 31st December 2016.

Forward Plan

This report appeared on the District Executive Forward Plan with an anticipated Committee date of 1st February 2017.

Public Interest

This report gives an update on the revenue financial position and budgetary variations of the Council as at 31st December 2016.

1) Recommendations

Members are recommended to:

- a) Note the current 2016/17 financial position of the Council;
- b) Note the reasons for variations to the previously approved Directorate Budgets as detailed in paragraphs 3.2;
- c) Note the transfers made to and from reserves outlined in paragraph 11.2 and the position of the Area Reserves as detailed in Appendix C and the Corporate Reserves as detailed in Appendix D;
- d) Note the virements made under delegated authority as detailed in Appendix B;
- e) Return the save to earn reserve of £50k to general balances;

2) Background

- 2.1 The 2016/17 original budget was approved by Council in February 2016. This represents the financial plans that the Executive manages under their delegated authority and that they monitor in accordance with the Financial Procedure Rules. All of the Council's income & expenditure has a responsible budget holder who is managing only items within their control.

3) Summary of the Current Revenue Financial Position and Forecast Outturn

3.1 Managers have been asked in 2016/17 to outline the actual expected outturn for the year and the reasons to date for under or over-spends. Appendix A to this report sets out the detail of the current position on Council spending and the forecasted outturn for 2016/17.

3.2 A summary by Directorate of the revenue position as at 31st December 2016 is as follows:

Directorate	Original Budget £'000	Revised Budget £'000	Y/E Forecast £'000	Variance £'000	Comments on Major Variances (+/- £50,000)
Strategic Management & Transformation	577.5	585.9	585.9	0.0	
Finance & Corporate Services	3,704.8	3,803.2	3,623.6	(179.6)	The under spend is mainly due to additional investment income and a vacant Finance post.
Legal & Corporate Services	1,409.2	1,425.1	1,383.1	(42.0)	
Economy	1,330.2	1,288.1	1,383.4	95.3	Compensation payments for planning appeal costs exceed budget.
Communities	1,335.7	1,420.2	1,400.2	(20.0)	
Environment	6,572.0	6,615.0	6,729.4	114.4	Number plate recognition for car parking enforcement has not commenced leading to an estimated shortfall of £200k for income. This is somewhat offset by savings in Engineering Services.
Health & Wellbeing	2,361.9	2,426.3	2,387.1	(39.2)	
Total Overspend	17,291.3	17,563.8	17,492.7	(71.1)	

3.3 There is an expected net under spend on currently approved budgets of £71k by the end of the financial year. This will result in an under spend equivalent to 0.4% of the revised budget.

3.4 The table below shows the movement of revenue budgets since 1st April 2016 to 31st December 2016.

Approved base budget as at April 2016	£'000 17,291.3
Rent allowance 80 South Street	2.4
2016/17 Carryforwards	265.6
Westlands Funding	14.5
Project funding returned to balances	(10.0)
Revised Budget as at 31st December 2016	17,563.8

4) Budget Virements

- 4.1 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 B for District Executive to note and have been approved by the Assistant Director-Finance & Corporate Services. There are no virements requiring approval.

5) Delivery of Savings

- 5.1 As part of budget monitoring it is important to monitor that savings proposed in the 2016/17 budget setting exercise are being delivered. The table below details the major savings (savings over £25,000) that were proposed and the expected achievement of those savings at year-end.

Major Savings (Savings over £25,000)	2016/17 Budget Saving Target £'000	Estimated Actual Saving at Year-End £'000	(Shortfall) £'000
Closure of Resource Centre	47	47	0
Vacant Posts removed - Agreed by Management Board	144	144	0
Further Vacant Posts	112	112	0
Reduced Corporate Training Budget	26	26	0
Savings in Housing once EDM implemented. (This project is now part of transformation & will be delivered in a different way)	25	25	0
Waste-Increase in green bin take up	40	40	0
Additional income through Crematorium fee increase	100	100	0
Increase in Careline income	26	26	0
Octagon-Increased ticket sales	30	30	0
Yeovil Innovation Centre additional income	66	33	(33)
Increased income from planning fees	50	50	0
ANPR Scheme for car parks	200	0	(200)
Property management savings	25	25	0
Cessation of CEO contract	89	89	0
Total Major Savings	980	747	(233)

6) External Partnerships and other Organisations

- 6.1 All key partnerships are monitored within SSSDC's overall budget – there are currently no financial issues within SSSDC's key partnerships. Members have requested some additional monitoring of the following substantial partnership:
- 6.2 **SPARK (formerly South Somerset Voluntary Community Action)** – In line with the service level agreement SSSVCA has provided a statement on their financial position.

- 6.3 Spark** has continued to be extremely busy this quarter. We have been working hard to promote our services to voluntary sector groups and communities across the District. The new website (www.sparksomerset.org.uk) has been launched and we plan to promote this widely in the coming months, once our new volunteering search database has been completed. This new database will enable people to search online for volunteering opportunities in their communities. We held an event in October, 'Let's End Loneliness in South Somerset', in partnership with SSDC and Public Health. The event, funded by SSDC and Somerset Community Foundation, was extremely well-attended, with over 100 representatives from community groups, parish and town councils and health. We plan to run follow-up meetings in the New Year. Spark was a lead partner in the development of a 'State of the Sector' report that gives a picture of the many challenges and opportunities facing the voluntary sector at the present time. The full report will be launched at the beginning of February. We will be using the findings from this survey to help inform the development of our services going forward. We launched the Spark Training Programme at the end of 2016. Sessions so far have been well-attended and have provided support for groups on a range of topics including fundraising, finance, DBS and social media.
- 6.4 Our partnership with The Symphony Programme continues to develop. The project aims put in place a preventative approach that will enable people to better manage their own health and wellbeing. Community Partnerships have now been established in Wincanton and South Petherton, with new projects being developed in Martock and Somerton. Subject to funding, we hope to roll the programme out across other areas of South Somerset throughout the next financial year,
- 6.5 During the 3rd quarter, **South Somerset Community Transport**, has concentrated their efforts on training new members of staff taken on for the new school contracts which we were awarded during the 2nd quarter. We have also had to replace 2 buses, as 2 of our old buses became uneconomical to repair. We had a busy Christmas period where we provided transport for several local care homes for them to attend the Pantomime at the Octagon Theatre and various Christmas parties. Over the coming months we will be looking at tendering for new Social Care Contracts and applying for additional funding to enable us to start replacing the older vehicles within the fleet. We are also looking for a new Administrator, Casual Drivers and Casual Passenger Assistants.

7) Council Tax Support and Council Tax

- 7.1 The Council Tax Support Scheme commenced in April 2013. For 2016/17 the authority set a budget of £8.478 million for annual discounts. Of this sum £8.494 million has been allocated for the year, leaving a projected overspend of £16k (was £176k overspend at Q1 and £69k at Q2). The initial overspend was a reflection that the additional premium for Adult Social Care had not been decided by SCC and funding for the SRA was announced after the tax base was set. A number of factors have subsequently reduced the overspend. We continue to undertake additional CTS reviews to identify undeclared changes of circumstance and there is a general reduction in the overall number of households receiving CTS.
- 7.2 The Hardship Scheme budget for 2016/17 is £30,000. At the end of December 2016 SSDC had processed 123 requests for hardship relief of which 105 were successful. The amount awarded by the end of December 2016 is £14,490.
- 7.3 The collection rate for Council Tax was 84.78% at the end of December 2016, a very small improvement of 0.05% on the 84.73% at the end of December 2015. This is despite an increase in the sum to be collected of £5.1 million (5.9%) compared with 2015/16. The final collection figure for the financial year 2015/16 was 97.24%. There are 10,360 households paying over 12 months compared with 8,432 at the same time last year. As a result of this and increased recovery activity, we anticipate a small improvement in the final collection rate at the end of the financial year.

8) Non Domestic Rates

- 8.1 The collection rate for Non Domestic Rates was 83.28% at the end of December 2016 compared to 80.50% last year. This is 2.78% higher than last year. However there is a lot of volatility in performance from month to month so we expect performance comparisons to fluctuate throughout the year.

9) Council Tax Reforms

- 9.1 Members agreed to amend some discounts to Council Tax from 1 April 2013, one of which relates to long term empty properties (unfurnished and unoccupied for 2 years or more). There were 205 at the end of December 2016, up from 188 at the end of Q2. There is a natural turnover of properties with some becoming occupied and others reaching the two year trigger for inclusion in this statistic. The average number of these properties during 2016/17 so far is 204.

10) Discretionary Housing Payments

- 10.1 The Government DHP funding allocation for 2016/17 is £217k. The Council is permitted to spend up to £326k of its own money on DHP awards. From the monitoring December 2016 monitoring, £109k of DHP awards have been made and a further £27k is committed up to the end of this financial year. The total sum paid and committed (£136k) represents 63% of the government DHP grant. The reduced overall Welfare Benefit Cap is being implemented from November 2017 and we anticipate an increase in the number of applications as a result. Projections based on previous years outturn spend is therefore not possible. We currently have 32 outstanding applications.

11) Reserves & Balances

- 11.1 Reserves are amounts that have been set aside from annual revenue budgets to meet specific known events that will happen in the future. Details of the reserves held within the Areas are provided in Appendix C. The complete list of specific Corporate Reserves and the current balance on each one is provided at Appendix D. The Appendix shows all movements of each one that has been actioned under the authority delegated in the Financial Procedure Rules.
- 11.2 The save to earn reserve has only been used twice and so members are asked to recommend that the £50k is returned to general balances.

Transfers out of specific reserves that require reporting to District Executive for noting are as follows:

Reserve	Balance at 01/10/16 £'000	Transfers In/(Out) £'000	Balance at 31/12/16 £'000	Reason for Transfer
Capital Reserve	1,067	25	1,092	Sport England contribution to Westland's Leisure Centre
Election Reserve	150	(25)	125	Trf to Electoral Registration to fund individual election registration
LABGI Reserve	36	(4)	32	Funding of Yeovil Innovation Hub

Reserve	Balance at 01/10/16 £'000	Transfers In/(Out) £'000	Balance at 31/12/16 £'000	Reason for Transfer
Revenues Grant Reserve	668	(37)	631	Trf from reserve to revenue-pitch strategy £4k, Yeovil One salary £6K, Sport England £25k, unused funds £3k, active B £3k. Funding received and trf to reserve- In it Together £4k.
Council Tax/Housing Benefit Reserve	572	11	583	New burdens, Ferris & universal credit grants
Closed Churchyards Reserve	0	11	11	Special levy precept trf to reserve £15k. Funding of Henstridge churchyard £4k.
Business Support Scheme	165	(7)	158	Flooding grant trf to revenue
Transformation Reserve	1,693	(104)	1,589	Funding of transformation project
Treasury Management Reserve	247	(147)	100	Reduction in TM reserve, surplus returned to general balances
Flooding Reserve	80	(80)	0	Funding returned to general balances
Infrastructure Reserve	954	(19)	935	Highway consultant funding £12k and consultant re Chard Town Centre redevelopment £7k
Waste Reserve	96	(96)	0	Waste leased vehicle income returned to revenue
Ticket Levy Reserve	13	47	60	Trf of ticket levies to reserve

11.3 General Fund Balance represents the accumulated revenue surpluses. Within the total, however, there 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.

General Fund Balances	£'000
Balance at 1 April 2016	8,267
Area Balances	(139)
Support for 2016/17 budget	(1,615)
2016/17 Carryforwards	(255)
Commitments	(317)
Rent re 80 South Street	(2)
Trf to Westlands	(15)
Trf to Transformation Reserve	(1,300)

General Fund Balances	£'000
Trf to NDR Volatility Reserve	(1,292)
Balance Movements for Noting	
Funding of CEO post	(30)
Funds returned to Gen Bals-TM Reserve	147
-HB Reserve	591
-Flood Reserve	80
-Beacon Fund	3
Estimated under spend on Revenue Budget at out-turn for 2016/17	71
Unallocated General Fund Balance at 31st December 2016	4,194

11.4 The latest review of risks to SSDC balances shows that balances need to remain within the range of £2.8 to £3.1 million to meet current financial risks. Current balances as at 31st December are therefore adequate to meet current risks.

12) Risk

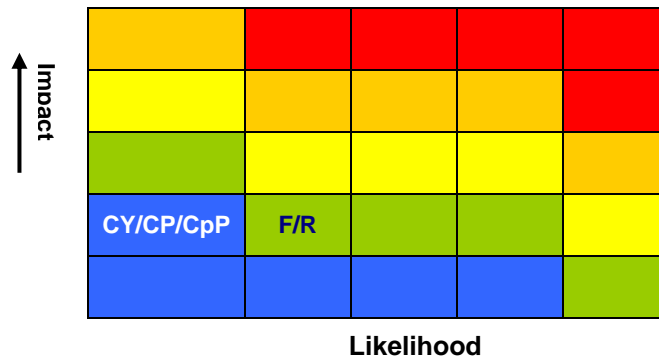
12.1 As part of monitoring an assessment of risk has been made. This review of balances and reserves has shown that SSDC currently has sufficient balances to cover major areas of financial risk. The balance at the year-end is estimated to be £4.2 million.

12.2 Details of the current key risks, as identified in the 2016/17 Budget Setting Report, are listed in the table below with an update from the responsible officer.

Current Risk	Responsible Officer	Officer's Update
Interest Rates	Assistant Director- Finance & Corporate Services	Current predictions are for the Treasury Management budget to be £110k over achieving on income.
Business Rate income	Assistant Director- Finance & Corporate Services	The collection rate is up by 2.78% on the previous year but volatility in performance throughout the year is expected. There are a number of medium to longer term risks in that revaluation may affect income for 2017/18, there has also been a request made by NHS Trusts for business rate relief.
Transformation	Deputy Chief Executive	The blueprint has confirmed that the £2 million savings are achievable however, there may be additional costs of achieving this and a further report will be brought forward once the technology solution is found.
Westland Leisure Centre	Assistant Director – Health and Well-Being	There may be some further call on capital to finalise the project and this will be reported and requested as soon as the figures are finalised
The Council Tax Support Scheme	Assistant Director- Finance & Corporate Services	The current figures show an increased requirement. This can be absorbed through the Collection Fund for 2016/17 but will impact on the 2017/18 budget if the upward trend continues. It is a reflection that the additional premium for

Current Risk	Responsible Officer	Officer's Update
		Adult Social Care had not been decided by SCC and funding for the SRA was announced after the tax base was set.
Housing Benefit Subsidy	Assistant Director-Finance & Corporate Services	Current predictions are for the housing benefit subsidy to have a small positive variance at the year-end but the outcome will not be confirmed until the subsidy claim is externally audited in the Summer.
Planning Income	Assistant Director-Economy	Current predictions are for planning income to come in on budget.
Building Control Income	Assistant Director-Environment	Current predictions are that there will be a £43k shortfall in fee income.
Car parking Income	Assistant Director-Environment	Car Park income is predicted to be down by £200k.
New Homes Bonus	Assistant Director-Finance & Corporate Services	<p>Following the consultation there has been the introduction of national baseline for housing growth of 0.4% and NHB will only be paid for new homes built and occupied above this (so SSDC will not receive NHB for around the first 300 new homes built each year).</p> <p>A reduction will be made in the number of years for which payments are made from 6 years to 5 years in 2017/18, and to 4 years from 2018/19.</p> <p>From 2018/19 the Government will consider "withholding New Homes Bonus payments from local authorities that are not planning effectively, by making positive decisions on planning applications and delivering housing growth".</p> <p>The Government will also consider withholding payments for homes that are built following an appeal although this will follow further consultation.</p>
Devolution	Chief Executive	SSDC are currently engaged in plans for Devolution. This may include joining some services and or joint funding. It may bring additional funding to the region as well as additional burdens.
The UKs Exit from the EU	Assistant Director-Finance & Corporate Services	We do not yet know the impact in the medium to long term. If consumer confidence reduces there may be an impact on SSDC's income streams such as planning, licencing, theatre income, and car parking.
Land Charge Searches	Assistant Director-Legal & Corporate Services	The update from Land Registry is that any transfer of land charge searches will be phased in over 8 years. Currently they are still working on getting all authorities digitalised and then it is expected that the project will start with the South East region. So it is unlikely that there will be any change for SSDC in 16/17.

Risk Matrix



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

Corporate Priority Implications

The budget is closely linked to the Corporate Plan and any growth bids are scored accordingly.

Carbon Emissions and Climate Change Implications

There are no implications currently in approving this report.

Equality and Diversity Implications

When the budget was set any growth or savings made included an assessment of the impact on equalities as part of that exercise.

Background Papers

Revenue Quarterly Monitoring File