

2017/18 Revenue Budget Monitoring Report for the Period Ending 30th September 2017

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
Director: Ian Clark, Support Services
S151 Officer: Paul Fitzgerald
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Purpose of the Report

1. 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 annual budgets for the period 1st April to 30th September 2017.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of 3rd November 2017.

Public Interest

3. This report gives an update on the revenue financial position and budgetary variations of the Council as at 30th September 2017.

Recommendations

4. That the District Executive:
 - a. Note the current 2017/18 financial position of the Council
 - b. Note the reasons for variations to the previously approved Directorate Budgets as detailed in paragraph 7;
 - c. Note the transfers made to and from reserves outlined in paragraph 23 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.

Background

5. The 2017/18 original budget was approved by Council in February 2017. 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 and expenditure has a responsible budget holder who is managing only items within their control.

Summary of the Current Revenue Financial Position and Forecast Outturn

6. Managers have been asked in 2017/18 to outline the actual expected outturn for the year and the reasons to date for under- or overspend. Appendix A to this report sets out the detail of the current position on Council spending and the forecasted outturn for 2017/18.
7. A summary by Directorate of the revenue position as at 30th September 2017 is as follows:

Directorate	Original Budget £'000	Revised Budget £'000	Y/E Forecast £'000	Variance £'000	Comments on Major Variances (+/- £50,000)
Chief Executive	842.3	842.9	842.9	0.0	
Director of Support Services	5,447.5	5,503.2	5,503.2	0.0	
Director of Service Delivery	2,669.5	2,770.8	2,777.7	6.9	
Communities Lead	1,258.3	1,317.1	1,317.1	0.00	
Director of Commercial Services and Income Generation	7,161.6	7,221.6	7,457.4	235.8	There has been a number of unexpected start-up costs especially for the kitchen which were not budgeted for. This has also led to delays in hiring out the complex for functions. Full business plan revision to come to DX in December as per forward plan.
Total Overspend	17,379.2	17,655.6	17,898.3	242.7	

8. There is currently an expected net over spend on currently approved budgets of £242,726 by the end of the financial year. This will result in an over spend equivalent to 1.37% of the revised budget. It is worth noting that at this stage it is the middle of the financial year and the position can change in the remainder of the year, and there is time for action to be taken to control spending within the overall budget for the year.
9. The table below shows the movement of revenue budgets since 1st April 2017 to 30th September 2017.

	£'000
Approved base budget as at April 2017	17,379.2
2017/18 Carry forwards	246.4
Strategic Land and Property Project	30.0
Revised Budget as at 30th September 2017	17,655.6

Budget Virements

10. Under the Financial Procedure Rules, providing that the S151 Officer has been notified in advance, Assistant Directors/Managers may authorise any virements for an individual cost centre within their responsibility. Directors and 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 S151 Officer. There are no virements requiring approval.

Delivery of Savings

11. As part of budget monitoring it is important to monitor that savings proposed in the 2017/18 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)	2017/18 Budget Saving Target £'000	Estimated Actual Saving at Year-End £'000	(Shortfall) £'000
Engineering and Property Services-Reduction in premises costs	59	59	0
Transformation-Blueprint savings	625	625	0
Waste-Additional income from garden waste collections	50	50	0
Total Major Savings	734	734	0

External Partnerships and other Organisations

12. All key partnerships are monitored within SSDC's overall budget – there are currently no financial issues within SSDC's key partnerships. Members have requested some additional monitoring of the following substantial service level agreement:

13. The 2nd quarter for 2017 continues to be busy. Spark have been successful in attracting some additional funding, which will be used to increase capacity and develop our services. We still predict a small surplus at the end of the financial year.

- We have received funding from Somerset Community Foundation to develop our training programme for voluntary and community groups.
- We are due to launch our new Community Accountancy Service where we will offer a cost-effective bookkeeping and accountancy service to voluntary and community groups. We are already in discussion with several organisations and due to commence several contracts.

14. Some other highlights from South Somerset in the past three months:

- We're holding a launch event on 1 November in Crewkerne in partnership with ABCD Project (A Better Crewkerne and District) where we will be developing a Community and Voluntary Sector Network.
- Our work with Symphony continues in South Somerset, with a specific focus on Yeovil over the next year. The Yeovil Health and Wellbeing Alliance inaugural meeting takes places on the evening of the 1 November.

- Funded by Symphony, we will be developing a Community Ambassador Volunteer Network across the District that will be supporting the development of new health services.
- The new Somerset Carers Service launched at the beginning of October. Spark is working in partnership with CCS, Somerset Partnership, Engage and the County Council to provide support to carers across the County. We will be focussed on managing the volunteers for this service.

Council Tax Support and Council Tax

15. The Council Tax Scheme (CTS) commenced in April 2013. The authority has set a budget for 2017/18 of £8.556 million for annual CTS discounts. Of this sum £8.499 million has been allocated as at 30 June 2017. The cost of CTS is allocated through the Council Tax Collection Fund and is shared between the preceptors in proportion to their relative shares of council tax due for the year.
16. The Hardship Scheme is in place for extreme circumstances with a budget of £30,000 for the year. By the end of Q2 SSDC had received 84 requests for hardship relief of which 72 were successful. The amount awarded to the end of Q2 was £13,207.
17. The in-year collection rate for Council Tax is 56.67% for 2017/18 compared to 57.22% for Q1 last year. In monetary terms we have collected £2.7 million more than the same period last year. In Q1 and Q2 we have reduced total outstanding debt relating to previous years of £6.34 million by £1.39 million.

Non Domestic Rates

18. The in-year collection rate for Business Rates (BR) at the end of Q2 was 53.31% for 2017/18 compared to 58.72% for last year. Collection rates for BR are more volatile across the year than Council Tax. We are in the process of awarding the reliefs announced in the Spring Budget which will show through in Q3 collection date. In Q1 and Q2 we have reduced total outstanding debt relating to previous years of £2.15 million by £385k.
19. Non Domestic Rates income that we collect is distributed between Government, SSDC, the County Council, and Fire and Rescue Authority under the Business Rates Retention funding system.

Council Tax Reforms

20. 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 174 at the end of September 2017. There is a natural turnover of properties with some becoming occupied and others reaching the two year trigger for inclusion in this statistic. At the same point last year there were 188.

Discretionary Housing Payments

21. The Government DHP funding allocation for 2017/18 is £287k. In addition to this the Council is permitted to spend up to £431k of its own money on DHP awards. By the end of Q2 we had awarded £75k, and a further £22k is committed up to the end of this financial year. The total sum paid and committed (£97k) represents 34% of the government DHP grant. Universal Credit recipients have their housing cost support paid directly by DWP, however they are still able to apply to SSDC for a DHP. The number of Universal Credit recipients in the district is increasing each month and as a result it is difficult to project the end of year spending on DHP's. We will continue to monitor closely this area of spend. We currently have 9 outstanding DHP applications.

Reserves & Balances

22. Reserves are amount 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.
23. Transfers out of specific reserves that require reporting to District Executive for noting are as follows:

Reserve	Balance at 01/6/17 £'000	Transfers In/(Out) £'000	Balance at 30/9/17 £'000	Reason for Transfer
Usable Capital Receipts	29,054	30	29,084	Transfers from reserve: £1k Pooling of Housing receipts Transfers to reserve: £31k Sale of land at Touches and repayment of private sector housing grants
LABGI Reserve	24	(6)	18	Funding for Yeovil Innovation Hub (HIVE)
Transformation Reserve	782	(145)	637	Funding of Transformation Project
Revenue Grants Reserve	672	143	815	Transfer from reserve: £1.5k Fire alarm to Careline £11k Yeovil One salary Transfer into reserve: £155.5k Homeless Flex grant
Council Tax/Housing Benefits Reserve	725	26	751	New burdens and FERIS credit grants
Closed Churchyards Reserve	3	8	11	Transfer from reserve: £7k funding for churchyard works Transfer into reserve: £15k Special levy
Infrastructure Reserve	932	(69)	863	Funding for Yeovil Refresh £35K, Chard Regeneration Scheme £34k
Ticket Levy Reserve	17	22	39	Transfer of ticket levies to reserve
Community Housing Fund	263	31	232	Transfer from reserve: South Petherton £7k Wessex community lead project £24k

24. 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 2017	5,078
Area & Economic Development Balances	(124)
Support for 2017/18 budget	(789)
2016/17 Carryforwards	(246)
Funding for Property Review	(30)
Commitments	(73)
Recommended 2016/17 net underspend to transformation Reserve	(145)
Utilisation of general fund for transformation	(231)
Estimated overspend	(243)
Unallocated General Fund Balance at 30th September 2017	3,197

25. 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 30th September are therefore adequate to meet current risks.

Financial Implications

26. 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 £3.1 million.

27. Details of the current key risks, as identified in the 2017/18 Budget Setting Report, are listed in the table below with an update from the responsible officer.

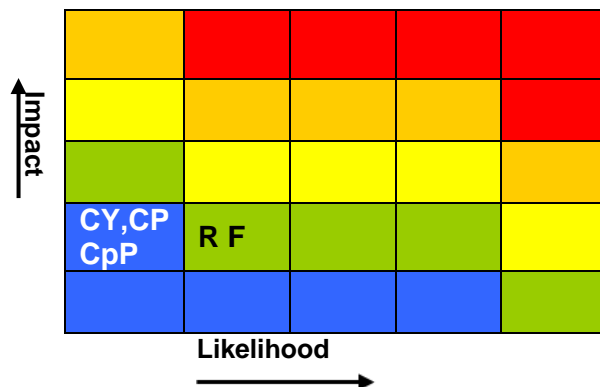
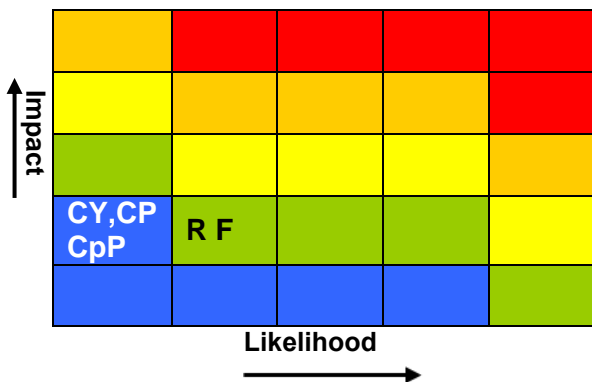
Current Risk	Responsible Officer	Officer's Update
Interest Rates	S151 Officer	Current predictions are for the Treasury Management budget to be in line with budget.
Business Rate income	Director-Support Services	The collection rate is down by 5.41% on the previous year's quarter 2; however reliefs announced in the Spring Budget are in the process of being awarded and 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 has been a request made by NHS Trusts for business rate relief.
Transformation	Chief Executive	The blueprint has confirmed that the £2.5 million savings are achievable. Spend is being closely monitored.
Westland Leisure Centre	Director – Commercial Services & Income Generation	A full business plan revision is due to be brought to District Executive in December in line with the forward plan.
The Council Tax Support Scheme	Director-Support Services	Current monitoring shows that 99.3% of the budget has been allocated by September 17.
Housing Benefit Subsidy	Director-Support Services	Current predictions are for the housing benefit subsidy to be on budget at the year-end but the outcome will not be confirmed until the subsidy claim is externally audited.
Planning Income	Director-Service Delivery	Current predictions are for planning income to come in on budget.

Current Risk	Responsible Officer	Officer's Update
Building Control Income		Current predictions are that there will be a £51k shortfall in fee income.
Car parking Income		Car Park income is predicted to be down by £80k.
New Homes Bonus	S151 Officer	<p>The Government has issued the technical consultation on the 2018/19 finance settlement. This includes considering withholding part of the bonus from local authorities that are not planning effectively for new homes. They also intend to go further in 2019/20 this could include linking payment of the bonus to the housing delivery test or the standard approach to the local housing need.</p> <p>In 2015 Government consulted on a "by unit" methodology which would reduce payment in line with number of homes allowed on appeal and alternative approach is being considered linking bonus allocations to the ratio of successful appeals to residential planning decisions. This signals continuing risk to further reductions to grant in the future.</p>
The UKs Exit from the EU	S151 Officer	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	Director-Support Services	The update from Land Registry is that they are currently 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 17/18.

Risk Matrix

Risk Profile before officer recommendations

Risk Profile after officer recommendations



Key

Categories	Colours <i>(for further detail please refer to Risk management strategy)</i>
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

Council Plan Implications

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

Carbon Emissions and Climate Change Implications

29. There are no implications currently in approving this report

Equality and Diversity Implications

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

Privacy Impact Assessment

31. There is no personal information included in this report.

Background Papers

32. Revenue Quarterly Monitoring File
