

2014/15 Revenue Budget Monitoring Report for the Period ending 31st December 2014

Executive Portfolio Holder: Tim Carroll, Finance and Spatial Planning
Chief Executive: Mark Williams, Chief Executive
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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 2014.

Forward Plan

This report appeared on the District Executive Forward Plan with an anticipated Committee date of 5th February 2015.

Public Interest

This report gives an update on the revenue financial position and budgetary variations of the Council as at 31st December 2014.

1) Recommendations

Members are recommended to:

- a) Note the current 2014/15 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 11.1 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) Approve a £5,000 contribution for a Thorney Bund pump and £5,000 for a boat from the Flood Reserve as detailed in paragraph 11.5.

2) Background

2.1 The 2014/15 original budget was approved by Council in February 2014. 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 2014/15 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 2014/15.

3.2 A summary by Directorate of the revenue position as at 31st December 2014 is as follows:

Directorate	Original Budget £'000	Revised Budget £'000	Y/E Forecast £'000	Variance £'000	Comments on Major Variances (+/- £50,000)
Chief Executive	4,886.3	5,159.8	4,792.4	(367.4)	Finance - Interest on investments is expected to exceed budget by £215k. Democratic Services - Staff vacancies & reduce spend on Members' travel & IT is predicted to result in a £60k underspend.
Place & Performance	2,993.0	2,923.6	2,542.8	(380.8)	Econ Dev - Additional income generated at Yeovil Innovation Centre will exceed the budget by £60k. Dev Control - Additional planning income less professional fees £278k.
Operations & Customer Focus	9,661.5	9,775.1	9,644.4	(130.7)	Car Park income shortfall £85k. Eng & Property - £120k savings from vacancies, lower spend on land drainage, CCTV, public conveniences & Birchfield. Arts - £52k additional net income from the Octagon. Waste-Additional income from garden sacks & bins £52k.
Total	17,540.8	17,858.5	16,979.6		
Underspend				(878.9)	

3.3 There is an expected net under spend on currently approved budgets of **£879k** by the end of the financial year. This will result in an under spend equivalent to 4.9% of the revised budget

3.4 The table below shows the movement of revenue budgets since 1st April 2014 to 31st December 2014.

Approved base budget as at April 2014	£'000 17,541
Budget Carry Forwards approved June 2014	289
Savings from Area West markets returned to balances	(3)
Funding Empty Homes Officer	9
Funding of Legal costs	3
Funding of Car Park income incentive schemes	20
Revised Budget as at 31st December 2014	17,859

4) Budget Virements

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

As part of budget monitoring it is important to monitor that savings proposed in the 2014/15 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)	2014/15 Budget Saving Target £'000	Estimated Actual Saving at Year-End £'000	(Shortfall) £'000
GIS-Reduction in IT & licence budgets	25.0	25.0	0.0
ICT-Changes to the Disaster Recovery Plan	26.6	26.6	0.0
Waste-Optimisation of Service	33.3	33.3	0.0
Property Services-Public Office utilities	51.0	51.0	0.0
Commercial Properties-Repairs & maintenance	35.0	35.0	0.0
Shared accommodation with SCC	94.6	94.6	0.0
HR-Transfer of Nursery	25.0	25.0	0.0
Essential user & mileage allowances	57.3	24.9	(32.4)
Travel costs	30.0	30.0	0.0
Crematorium Income	65.0	65.0	0.0
Licensing Income	30.0	30.0	0.0
Landcharges Income	50.0	50.0	0.0
Planning Fee Income	50.0	50.0	0.0
Area Restructure	89.0	89.0	0.0
Finance savings	29.5	29.5	0.0
Total Major Savings	691.3	658.9	(32.4)

6) External Partnerships and other Organisations

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 partnership:

South Somerset Voluntary Community Action (SSVCA) – In line with the service level agreement SSVCA has provided a statement on their financial position.

“Following recent restructuring we predict a small surplus in all business areas by year end”.

7) Council Tax Reduction Scheme and Council Tax

- 7.1 The Council Tax Reduction Scheme commenced in April 2013. For 2014/15 the authority set a budget of £9.319 million for annual discounts. Of this sum £8,942 million has been allocated for the year leaving £0.377 for additional growth during the year.
- 7.2 The Hardship Scheme budget for 2014/15 is £30,000. At the end of December 2014 SSDC had received 137 requests for hardship relief of which 102 were successful. The amount awarded by the end of December 2014 is £10,707. We currently have 4 applications outstanding.
- 7.3 The collection rate for Council Tax was 83.24% by the end of December 2014 compared to 84.90% last year. There are a number of reasons for this. We are in the middle of a Single Person Discount review and removed 296 of these discounts in December. This has increased the amount of Council Tax outstanding with collection taking place during Q4. There has been a 25% increase in the number of people electing to spread their payments over 12 months instead of the usual 10. This changes the collection profile for those households with more Council Tax expected to be collected in February and March this year than last. The additional four Revenue Officer posts agreed will be appointed shortly.

8) Non Domestic Rates

- 8.1 The collection rate for Non Domestic Rates was 82.06% at the end of December 2014 compared to 86.79% last year. We have approximately 80 accounts where the rate payer has opted to pay over 12 instalments instead of the usual 10. This amounts to £713K or 1.6% of the annual collectable debit which is now due in Feb and March which last year would have been included in the Q3 collection. In addition, NDR collection at Q3 has fluctuated year to year by anything up to 3% over the last 5 years. (The note about staff resources above also applies to Business Rates).

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 232 at the end of December 2014, broadly unchanged from the 229 at the end of Q2. Within this there is a turnover of properties with some becoming occupied and others reaching the two year trigger for inclusion in this statistic. The Empty Property Officer continues to work on reducing the number of long term empty properties.

10) Discretionary Housing Payments

- 10.1 The DHP allocation for 2014/15 is £253k. From the Housing Benefit Subsidy monitoring at the end of December 2014, £135,415 DHPs have been made and £26,963 is

committed up to the end of this financial year. We are currently projecting spend of 70% of the Government grant for DHP's. We currently have 34 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.

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

Reserve	Balance at 01/10/14 £	Transfers In/(Out) £	Balance at 31/12/14 £	Reason for Transfer
Capital Reserve	1,954,837	62,833	2,017,670	Contribution from revenue for Octagon toilet refurbishment (£26,000), Contribution from revenue for moving CAB to Petters House (£30,433). Repay PV Capital FIT 01.06.14 to 31.08.2014 (£6,400).
Risk Management Reserve	12,153	(1,000)	11,153	Contribution to safety on wooden surfaces of bridge at Yeovil Country Park.
Yeovil Athletics Track	80,978	18,690	99,668	Contribution to Reserve 14/15.
Yeovil Vision Reserve	90,474	10,000	100,474	Yeovil Town Contribution to reserve.
Revenue Grants Reserve	406,874	(6,279)	400,595	Release of grants for 2014/15 expenditure.
Business Support Grant	276,806	(21,753)	255,053	Flood grant funding
Sharing Office Space	87,810	(87,810)	0	Funding of office moves
Infrastructure Reserve	1,000,000	(2,500)	997,500	Consultancy for Bluebell Roundabout
NNDR Volatility Reserve	0	500,000	500,000	Setting up of NNDR Volatility Reserve

11.2 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 2014	5,280
Transfers from balances	(573)
NNDR Deficit for 2013/14 (£671k held in General Fund Balances from S31 Grant received in 2013/14)	(803)
Estimated Balances at 31/12/14	3,904
Estimated underspend on Revenue Budget at out-turn for 2014/15	879
Estimated Unallocated General Fund Balance at 31st March 2015	4,783

11.3 The latest review of risks to SSDC balances shows that balances need to remain within the range of £3.4 to £3.8 million to meet current financial risks. Current balances as at 31st December are therefore adequate to meet current risks.

11.4 The following transfer from balances is for noting by this Committee, as they have been undertaken under delegated authority:

Reserve	Balance at 01/10/14 £	Transfers In/(Out) £	Balance at 31/12/14 £	Reason for Transfer
Non-Earmarked Balances	5,267,440	(19,500)	5,247,940	Funding of parking offers for SSDC pay & display car parks.

11.5 At a Flood Action Plan meeting a request was made for SSDC to pay for a pump for Thorney Bund at a cost of £5,000. It is also requested that a £5,000 boat is purchased. If Members approve these payments to be made from the Flood Reserve, £29,890 will remain in that reserve.

12) Risk

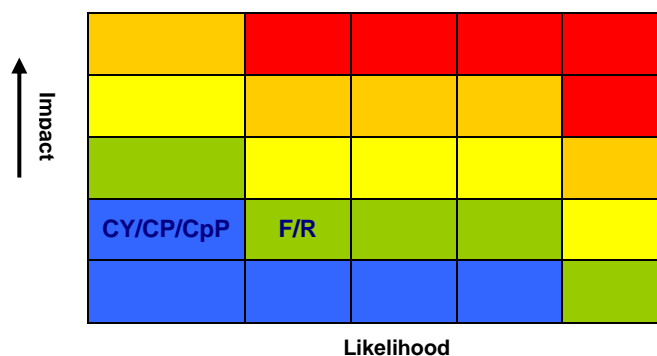
12.1 As part of monitoring an assessment of risk has been made. This review of balances and reserves has shown that SSDC currently has sufficient balances to cover major areas of financial risk. The balance at the year-end is estimated to be £5.6 million.

12.2 Details of the current key risks, as identified in the 2014/15 Budget Setting Report, are listed in the table below with an update from the responsible officer.

Current Risk	Responsible Officer	Officer's Update
The Council Tax Reduction Scheme	Assistant Director- Finance & Corporate Services	The CTR scheme is now being monitored as part of the budget monitoring report.
Cost of living increases to pay budgets has been increased by 1% for 2014/15. A 1.2% increase is also being built into 15/16 pay budgets	Chief Executive	A 2.2% pay increase was awarded from Jan 2015.
Interest Rates	Assistant. Director- Finance & Corporate Services	Current predictions are for the Treasury Management budget to be £215k over achieving on income.

Housing Benefit Subsidy	Assistant Director-Finance & Corporate Services	Current predictions are for the housing benefit subsidy to be on budget at the year end.
Planning Income	Assistant Director-Economy	Current predictions are for planning income to be, at the year-end, ahead of budget by £323k.
Building Control Income	Assistant Director-Environment	Current predictions are that there will be a £22k shortfall in fee income.
Car parking Income	Assistant Director-Environment	Pay & Display and season ticket income is predicted to be down by £85k.
Business Rate income	Assistant Director-Finance & Corporate Services	Collection rate is down on the previous year and the risk remains.

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

2014/15 Revenue Quarterly Monitoring Reports to District Executive.