

# **2015/16 Revenue Budget Monitoring Report for the Period Ending 30<sup>th</sup> June 2015**

*Executive Portfolio Holder:* Peter Seib, Finance and Legal Services  
*Chief Executive:* Rina Singh/Vega Sturgess, Chief Executive  
*Assistant Director:* Donna Parham, Finance and Corporate Services  
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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 1<sup>st</sup> April to 30<sup>th</sup> June 2015.

## **Forward Plan**

This report appeared on the District Executive Forward Plan with an anticipated Committee date of 6<sup>th</sup> August 2015.

## **Public Interest**

This report gives an update on the revenue financial position and budgetary variations of the Council as at 30<sup>th</sup> June 2015.

## **1) Recommendations**

Members are recommended to:

- a) Note the current 2015/16 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;

## **2) Background**

2.1 The 2015/16 original budget was approved by Council in February 2015. 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 2015/16 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 2015/16.

3.2 A summary by Directorate of the revenue position as at 30<sup>th</sup> June 2015 is as follows:

Directorate	Original Budget £'000	Revised Budget £'000	Y/E Forecast £'000	Variance £'000	Comments on Major Variances (+/- £50,000)
Chief Executive	5,066.8	5,181.3	5,231.6	50.3	Treasury Management is expected to exceed its income budget by £81k but increased electronic bank charges, shortfalls in capital salaries and canteen income will result in an overspend.
Place & Performance	2,766.1	2,863.2	2,863.2	0.0	Budgets on target.
Operations & Customer Focus	9,556.7	9,692.2	9,714.6	22.4	Shortfalls in car park, pest control, home aid & building control income will be slightly reduced by savings in Engineering Services.
<b>Total</b>	<b>17,389.6</b>	<b>17,736.7</b>	<b>17,809.4</b>		
<b>Overspend</b>				<b>72.7</b>	

3.3 There is an expected net over spend on currently approved budgets of **£72.7k** by the end of the financial year. This will result in an over spend equivalent to 0.4% of the revised budget.

3.4 The table below shows the movement of revenue budgets since 1<sup>st</sup> April 2015 to 30<sup>th</sup> June 2015.

<b>Approved base budget as at April 2015</b>	<b>£'000</b> <b>17,389.6</b>
Budget Carry Forwards approved June 2015	302.9
Somerset Rivers Authority 15/16 Contribution from Gen Bals	43.7
Legal costs funded from General Balances	0.5
<b>Revised Budget as at 30<sup>th</sup> June 2015</b>	<b>17,736.7</b>

#### 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 2015/16 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.

<b>Major Savings (Savings over £25,000)</b>	<b>2015/16 Budget Saving Target £'000</b>	<b>Estimated Actual Saving at Year-End £'000</b>	<b>(Shortfall) £'000</b>
Development Control-Additional Income	125	125	0
Land Charges-Additional Income	50	50	0
Licensing-Additional Income	25	25	0
Engineering & Property-Further savings in Energy from Photovoltaic/Thin Clients/Voltage Optimisation	50	50	0
Economic Dev-Additional Income from Yeovil Innovation Centre	50	50	0
Waste & Recycling-Garden Waste Bin Income	25	25	0
Octagon-Additional Income	50	50	0
Finance-Additional income from Crematorium	25	25	0
Eng & Property-Shared office accommodation with Somerset County Council	95	95	0
Eng & Property-Increasing Commercial Properties Rental Income	25	25	0
Eng & Property-Letting of Petters to CAB	39	30	(9)
ICT-Maintenance Contracts	35	0	(35)
Postage Savings	25	25	0
<b>Total Major Savings</b>	<b>619</b>	<b>575</b>	<b>(44)</b>

## 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.

The management accounts for May 2015 are predicting a small surplus at the year end.

## 7) Council Tax Reduction Scheme and Council Tax

7.1 The Council Tax Reduction Scheme commenced in April 2013. For 2015/16 the authority set a budget of £8,707 million for annual discounts. Of this sum £8,646 million has been allocated for the year leaving £61k for additional growth during the year. The current trend in the sum allocated is downward.

- 7.2 The Hardship Scheme budget for 2015/16 is £30,000. At the end of June 2015 SSDC had received 27 requests for hardship relief of which 24 were successful. The amount awarded by the end of June 2015 is £2,578.
- 7.3 The collection rate for Council Tax was 28.89% by the end of June 2015 compared to 29.35% last year. This is 0.46% lower than last year. There are a number of reasons for this. The value of Council Tax Reduction credited directly to Council Tax accounts by the end of June 2015 is £432k less than the same time last year – leading to a substantial increase in the amount of Council Tax to be collected. There has been a significant increase in the number of households choosing to pay over 12 instalments instead of 10 from 6,334 at the end of 2014/15 it has increased to 7,300 at the end of Q1. The team has cleared a substantial volume of ‘work in hand’ during June this means bills have been sent but payment will not commence until July 15, and will appear in the Q2 collection performance. The valuation office amendment lists have also been brought up to date, and again payment for these amendments will be reflected in collection performance across the rest of this year.

## **8) Non Domestic Rates**

- 8.1 The collection rate for Non Domestic Rates was 29.83% at the end of June 2015 compared to 31.01% last year. This is 1.18% lower than last year. There are similar reasons as detailed above for council tax. The team has cleared a substantial volume of ‘work in hand’ during June with bills having been sent but payment not commencing until July 15, and as a result the income will appear in the Q2 collection performance. The valuation office amendment lists have also been brought up to date, and again payment for these amendments will be reflected in collection performance across the rest of this 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 223 at the end of June 2015, down from 235 at the beginning of the financial year. 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 2015/16 is £174k. From the Housing Benefit Subsidy monitoring at the end of June 2015, £29,165 of DHPs has been made and £26,008 is committed up to the end of this financial year. Based on awards made for 2015/16 so far we are currently projecting spending of 64% of the Government grant for DHPs. However, we currently have 73 outstanding applications and anticipate an increase in the projected percentage by the end of Q2.

## **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 01/04/15 £	Transfers In/(Out) £	Balance at 30/06/15 £	Reason for Transfer
Yeovil Athletics Track	99,668	18,690	118,358	15/16 Contribution from revenue
Revenue Grants Reserve	640,620	(147,363)	493,257	Release of grants for 2015/16 expenditure (£322,363) and receipts of grants for future expenditure (£175,000)
Council Tax / Housing Benefits Reserve	827,225	34,606	861,813	£7,690 to 2015/16 expenditure funding for Temp HB Officer, New Burden Welfare Reforms (£22,113), Universal Credits (£10,286) and FERIS Maintenance (£9,897)
Business Support Grant	171,596	(6,469)	165,127	Flood Grants
Flooding Reserve	85,000	(5,000)	80,000	To fund Thorney Pump
Infrastructure Reserve	995,100	(4,930)	990,170	Highways Contribution

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 2015	5,794
Transfers from balances	(347)
<b>Estimated Balances at 30/6/15</b>	<b>5,447</b>
Estimated over spend on Revenue Budget at out-turn for 2015/16	(73)
<b>Estimated Unallocated General Fund Balance at 31<sup>st</sup> March 2016</b>	<b>5,374</b>

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 30<sup>th</sup> June 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:

<b>Reserve</b>	<b>Balance at 01/04/15 £</b>	<b>Transfers In/(Out) £</b>	<b>Balance at 30/06/15 £</b>	<b>Reason for Transfer</b>
Non-Earmarked Balances	5,794,350	(347,130)	5,447,220	2015/16 Contribution to Somerset Rivers Authority (£43,750), Legal Costs (£500) and Carry Forwards (£302,880)

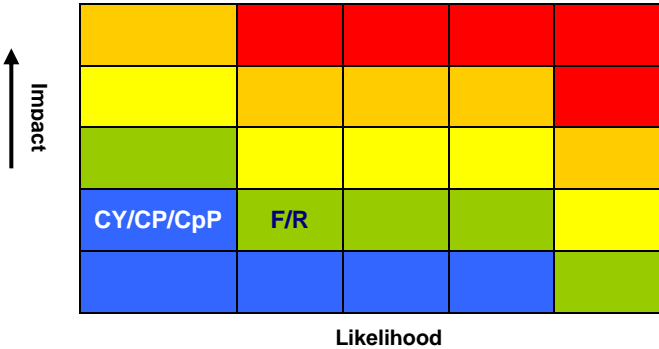
## 12) Risk

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 £5.4 million.

12.2 Details of the current key risks, as identified in the 2015/16 Budget Setting Report, are listed in the table below with an update from the responsible officer.

<b>Current Risk</b>	<b>Responsible Officer</b>	<b>Officer's Update</b>
Interest Rates	Assistant. Director-Finance & Corporate Services	Current predictions are for the Treasury Management budget to be £81k over achieving on income.
Business Rate income	Assistant Director-Finance & Corporate Services	Collection rate is down on the previous year and the risk remains.
The Council Tax Reduction Scheme	Assistant Director-Finance & Corporate Services	The CTR scheme is now being monitored as part of the budget monitoring report.
Housing Benefit Subsidy	Assistant Director-Finance & Corporate Services	Current predictions are for the housing benefit subsidy to have a small surplus at the year end.
Planning Income	Assistant Director-Economy	Current predictions are for planning income to be on budget.
Building Control Income	Assistant Director-Environment	Current predictions are that there will be a £16k shortfall in fee income.
Car parking Income	Assistant Director-Environment	Pay & Display and season ticket income is predicted to be down by £40k.
Land Charge Searches	Assistant Director-Legal & Corporate Services	The update from Land Registry is that any transfer of land charge searches will be phased over 8 years. It is expected that the project will start with the South East region. So it is safe to say that there will be no change for SSDC in 15/16, and only a slim chance that SSDC as part of the South West region will be in the early stages of the transfer.

**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