

2015/16 Revenue Budget Monitoring Report for the quarter ending 31st December 2015

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
Chief Executive: Rina Singh/Vega Sturgess, Interim Chief Executives
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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 2015.

Forward Plan

This report appeared on the District Executive Forward Plan with an anticipated Committee date of 4th February 2016.

Public Interest

This report gives an update on the revenue financial position and budgetary variations of the Council as at 31st December 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 31st December 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	5,156.6	5,064.3	(92.3)	Treasury Management is expected to exceed its income budget by £103k
Place & Performance	2,766.1	2,868.2	2,853.9	(14.3)	Additional income at Yeovil Innovation Centre £40k and salary savings in Econ Dev £35k. This is offset by a predicted yearend shortfall in Planning fees £71k, although currently the fees are ahead of budget by £40k.
Operations & Customer Focus	9,556.7	9,717.0	9,628.2	(88.8)	Shortfalls in car park and building control income will be offset by savings in Engineering Services, Goldenstones, Housing and additional income at the Octagon.
Total	17,389.6	17,741.8	17,546.4		
Underspend				(195.4)	

3.3 There is an expected net under spend on currently approved budgets of **£195,410** by the end of the financial year. This will result in an under spend equivalent to 1.1% of the revised budget.

3.4 The table below shows the movement of revenue budgets since 1st April 2015 to 31st December 2015.

Approved base budget as at April 2015	£'000 17,389.6
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	1.0
Contribution to Somerset Growth Board	4.6
Revised Budget as at 31st December 2015	17,741.8

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.

Major Savings (Savings over £25,000)	2015/16 Budget Saving Target £'000	Estimated Actual Saving at Year-End £'000	(Shortfall) £'000
Development Control-Additional Income	125	54	(71)
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	0	(25)
Total Major Savings	619	479	(140)

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.

SSVCA is projected to be marginally ahead of budget for year ending April 2016, we will be down on last year but last year's figures were distorted by the revenue from the management of the flood project on the levels. The individual projects are mixed in performance, Voluntary Sector Support is in line with budget and there are plans to merge with Mendip Community

Support in the early part of 2016. Community Transport has taken on additional school contracts this year and has also relocated the management of the Langport office into Yeovil which will provide cost savings moving forward. Furnicare is down on sales this year and will not make budget however we are introducing a new website which will allow customers to view stock on line and reserve/purchase on line we are expecting this to give an increase in sales volume.

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 £8,385 million has been allocated for the year leaving £322k 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 December 2015 SSDC had processed 133 requests for hardship relief of which 110 were successful. The amount awarded by the end of December 2015 is £12,878.
- 7.3 The collection rate for Council was 82.82% by the end of December 2015, an improvement of 0.2% on the same time last year. This is despite an increase in the sum to be collected of £1.8 million compared with 2014/15. There are 8,432 households paying over 12 months compared with 5,288 at the same time last year. As a result of this and increased recovery activity, we anticipate maintaining that improvement in the collection rate through to the end of the financial year.

8) Non Domestic Rates

- 8.1 The collection rate for Non Domestic Rates was 80.50% at the end of December 2015 compared to 82.06% last year. This is 1.56% lower than last year. However there is a lot of volatility in performance from month to month. To illustrate this at the end of November 2015 the collection rate was 1.52% better than the same time last year. We still anticipate an improvement in the collection rate by the end of the financial 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 225 at the end of December 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 monitoring at the end of December 2015, £139k of DHP awards have been made and a further £39k is committed up to the end of this financial year. The total sum paid and committed (£178K) represents 102% of the government DHP grant. The additional payments will be met from the housing benefit reserve. We currently have 15 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 01/10/15 £	Transfers In/(Out) £	Balance at 31/12/15 £	Reason for Transfer
Capital Reserve	1,408	6	1,415	Repayment to Capital from Feed In Tariff income
Elections Reserve	154	(63)	91	Funding May 15 election
Council Tax / Housing Benefits Reserve	865	10	875	Grants received for Universal Credits (£5,286), FERIS Maintenance (£9,870), funding temp staff (£4,850)
Revenues Grant Reserve	498	71	569	Government grant received re Land Charges (£117,620), Contributions towards Project Zero (£2,050) and Click into Activity (£45,000)
Local Strategic Partnership	97	(2)	95	Funding towards Inspired to Achieve employability project
Insurance Reserve	47	6	53	Contribution from Insurance budget
Infrastructure Reserve	983	(8)	975	Funding Highway's Consultant September to November 2015
NNDR Volatility Reserve	500	959	1,459	Estimated surplus from the Collection Fund in 2014/15.

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	5,910
Transfers from balances	(352)
Commitments & once offs	(338)
Estimated Balances at 30/12/15	
Estimated under spend on Revenue Budget at out-turn for 2015/16	195
Estimated Unallocated General Fund Balance at 31st March 2016	5,415

11.3 The latest review of risks to SSDC balances shows that balances need to remain within the range of £3.1 to £3.4 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 01/10/15 £	Transfers In/(Out) £	Balance at 31/12/15 £	Reason for Transfer
Non-Earmarked Balances	5,557,930	(500)	5,557,430	Contribution to legal fees

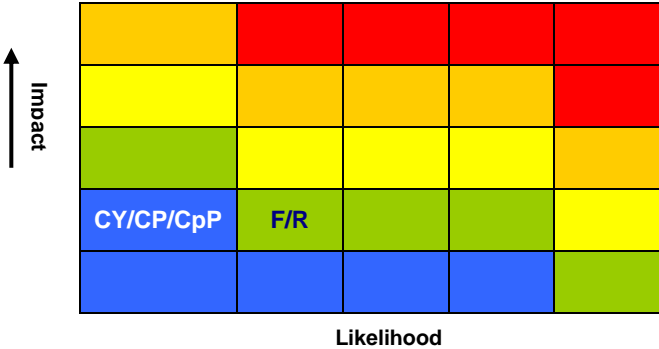
12) Risk

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.

Current Risk	Responsible Officer	Officer's Update
Interest Rates	Assistant. Director-Finance & Corporate Services	Current predictions are for the Treasury Management budget to be £103k over achieving on income.
Business Rate income	Assistant Director-Finance & Corporate Services	The collection rate is down by 1.56% on the previous year but it is still anticipated that the rate will have improved by the year end.
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 shortfall at the year-end but the outcome will not be confirmed until the subsidy claim is audited in the Summer.
Planning Income	Assistant Director-Economy	Current predictions are for planning income to under achieve its budget by £70k.
Building Control Income	Assistant Director-Environment	Current predictions are that there will be a £51k shortfall in fee income.
Car parking Income	Assistant Director-Environment	Car Park income is predicted to be down by £128k.
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