

# **2016/17 Revenue Budget Monitoring Report for the period ending 30<sup>th</sup> September 2016**

*Executive Portfolio Holder:* Peter Seib, Finance and Legal Services  
*Chief Executive:* Alex Parmley, Chief Executive  
*Assistant Director:* Donna Parham, Finance and Corporate Services  
*Service Manager:* Catherine Hood, Finance Manager  
*Lead Officer:* Jayne Beevor, Principal Accountant Revenue  
*Contact Details:* jayne.beevor@southsomerset.gov.uk or (01935) 462320

## **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> September 2016.

## **Forward Plan**

This report appeared on the District Executive Forward Plan with an anticipated Committee date of 3<sup>rd</sup> November 2016.

## **Public Interest**

This report gives an update on the revenue financial position and budgetary variations of the Council as at 30<sup>th</sup> September 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 11.1 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 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 30<sup>th</sup> September 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	554.7	554.7	0.0	
Finance & Corporate Services	3,704.8	3,788.5	3,709.9	(78.6)	The under spend is mainly due to additional investment income and a vacant Finance post.
Legal & Corporate Services	1,409.2	1,457.5	1,419.3	(38.2)	
Economy	1,330.2	1,317.1	1,417.1	100.0	Compensation payments for planning appeal costs exceed budget.
Communities	1,335.7	1,420.2	1,406.2	(14.0)	
Environment	6,572.0	6,619.5	6,677.1	57.6	Number plate recognition for car parking enforcement has not commenced leading to an estimated shortfall of £90k for pay & display income. This is somewhat offset by savings in Engineering Services.
Health & Wellbeing	2,361.9	2,401.8	2,390.5	(11.3)	
<b>Total Overspend</b>	<b>17,291.3</b>	<b>17,559.3</b>	<b>17,574.8</b>	<b>15.5</b>	

3.3 There is an expected net overspend on currently approved budgets of £15.5k by the end of the financial year. This will result in an overspend equivalent to 0.09% of the revised budget.

3.4 The table below shows the movement of revenue budgets since 1<sup>st</sup> April 2016 to 30<sup>th</sup> September 2016.

<b>Approved base budget as at April 2016</b>	<b>£'000</b> <b>17,291.3</b>
Rent allowance 80 South Street	2.4
2016/17 Carryforwards	265.6
<b>Revised Budget as at 30<sup>th</sup> September 2016</b>	<b>17,559.3</b>

#### 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.

<b>Major Savings (Savings over £25,000)</b>	<b>2016/17 Budget Saving Target £'000</b>	<b>Estimated Actual Saving at Year-End £'000</b>	<b>(Shortfall) £'000</b>
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	66	0
Increased income from planning fees	50	50	0
ANPR Scheme for car parks	200	110	(90)
Property management savings	25	25	0
Cessation of CEO contract	89	89	0
<b>Total Major Savings</b>	<b>980</b>	<b>890</b>	<b>(90)</b>

#### 6) External Partnerships and other Organisations

6.1 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:

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

6.3 Following the merger of the Voluntary Sector Support service and Mendip Community Support, the project has successfully rebranded as Spark. The new name reflects a

repositioning of our work, where we seek to promote our work to charities and voluntary groups and encourage individuals to get involved in their communities. Feedback has been extremely positive. There have been many exciting developments over the past three months, including a successful bid to the Somerset Community Foundation for seed funding to develop a low-cost training programme for voluntary groups. We hope to launch this in November. Our 'healthy communities' work in partnership with Symphony is developing pace, with pilots now underway in Wincanton, South Petherton and Martock. At the time of writing, we are in the final stages of preparation for a Loneliness Conference in partnership with SSDC and Public Health, which promises to be a successful event. We have also undertaken to work more collaboratively with the Community Council for Somerset and Engage, in a bid to work more effectively, avoid duplication and provide a clearer 'offering' for groups and communities. There are many exciting opportunities for the voluntary sector at the present time and we will continue to engage with key stakeholders and look to further develop our links with town and parish councils, health and social care over the coming months.

- 6.4 South Somerset Community Transport has had a very busy 2<sup>nd</sup> quarter, we have successfully been awarded an additional 2 school long term contracts from Somerset County Council. Unfortunately we are not servicing Yeovil College at the moment as no service user has registered for transport. This will bring our total number of school contracts to 11. We have now taken delivery of our new vehicle purchased in the first quarter. During the school holidays we kept our drivers busy by organising independent trips taking the elderly who cannot access transport easily out on day trips, which proved to be successful. We are planning on building on this area of the business over the coming months. Martin Ashby left Community Transport at the end of September. Victoria Butcher, Transport Manager has taken on the role as General Manager of Community Transport, and is looking forward to building the Social Care area of the business over the coming months.
- 6.5 The Furnicare with SC&R merger was completed October 1<sup>st</sup> 2016. By following this new direction it is forecasted that Furnicare will meet its financial and development goals. The forthcoming year provides an excellent opportunity to promote the service to the wider community with the target to increase footfall and raise income. Measures are already in place for Jan 2018 to re-vamp & modernise the current premises, creating a retail environment which is pleasant, safe and efficient to shop and work.

## **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 £8.547 million has been allocated for the year, leaving a projected overspend of £69k (was £176k overspend at Q1). It is 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.
- 7.2 The Hardship Scheme budget for 2016/17 is £30,000. At the end of September 2016 SSDC had processed 103 requests for hardship relief of which 85 were successful. The amount awarded by the end of September 2016 is £10,500.
- 7.3 The collection rate for Council Tax was 57.22% at the end of September 2016, a very small improvement of 0.01% on the 57.21% at the end of September 2015. This is despite an increase in the sum to be collected of £5.1 million (5.9%) compared with 2015/16. The collection figure for the financial year 2015/16 was 97.24%. There are 10,693 households paying over 12 months compared with 7,933 at the same time last year. As a result of this and increased recovery activity, we anticipate an improvement in the collection rate through at the end of the financial year.

## 8) Non Domestic Rates

8.1 The collection rate for Non Domestic Rates was 58.72% at the end of September 2016 compared to 54.43% last year. This is 4.29% 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 188 at the end of September 2016, down from 206 at the end of Q1. This is mainly due to an empty property review carried out by the Revenues Team during August and September. There is also a natural turnover of properties with some becoming occupied and others reaching the two year trigger for inclusion in this statistic.

## 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 at the end of September 2016, £75k of DHP awards have been made and a further £32k is committed up to the end of this financial year. The total sum paid and committed (£107k) represents 49% 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. The additional cost payments for 2016/17 will be met from the housing benefit reserve. We currently have 10 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 01/7/16 £'000	Transfers In/(Out) £'000	Balance at 30/9/16 £'000	Reason for Transfer
Capital Reserve	1,058	9	1,067	Repayment of PV-£4k and contribution to bus shelters-£5k
Cremator Replacement Capital Reserve	663	(12)	651	Funding of Wesley Audio/Visual System
Election Reserve	125	25	150	Funding received for individual election registration
Yeovil Athletic Track Repairs Fund	106	19	125	Contribution to athletic track reserve

Reserve	Balance at 01/7/16 £'000	Transfers In/(Out) £'000	Balance at 30/9/16 £'000	Reason for Transfer
Revenues Grant Reserve	724	(56)	668	Trf to revenue- outreach funding £3k, pitch strategy £4k, Yeovil One salary £17K, land charges claim £29k & play bus £3k
Council Tax/Housing Benefit Reserve	546	26	572	New burdens & universal credit grants
Closed Churchyards Reserve	10	(10)	0	Funding of work at Henstridge churchyard
LSP	91	(8)	83	Funding of LSP spend in 16/17
Infrastructure Reserve	962	(8)	954	Funding of highways consultant
Ticket Levy Reserve	4	9	13	Trf of ticket levies to 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 2016	8,267
Area Balances	(139)
Support for 2016/17 budget	(1,615)
2016/17 Carryforwards	(266)
Commitments	(267)
Rent re 80 South Street	(2)
Trf from Housing Benefit Reserve	591
Trf to Transformation Reserve	(1,300)
Trf to NDR Volatility Reserve	(1,292)
Estimated overspend on Revenue Budget at out-turn for 2016/17	(16)
<b>Estimated Unallocated General Fund Balance at 31<sup>st</sup> March 2017</b>	<b>3,961</b>

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 30<sup>th</sup> September 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 01/7/16 £'000	Transfers In/(Out) £'000	Balance at 30/9/16 £'000	Reason for Transfer
Non-Earmarked Balances	8,855.8	(265.5)	8,590.3	2016/17 Carryforwards

## 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 £3.8 million.

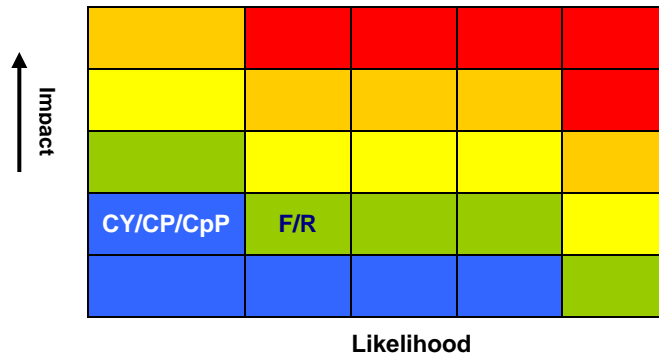
12.2 Details of the current key risks, as identified in the 2016/17 Budget Setting Report, are listed in the table below with an update from the responsible officer.

Current Risk	Responsible Officer	Officer's Update
Interest Rates	Assistant Director-Finance & Corporate Services	Current predictions are for the Treasury Management budget to be £69k over achieving on income. Bank rates were cut in August from 0.5% to 0.25% by the Bank of England and policy makers are still open to a further reduction by the end of the year.
Business Rate income	Assistant Director-Finance & Corporate Services	The collection rate is up by 4.29% 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 been a request made by YDH for business rate relief, and a consultation paper has been released regarding 100% retention of business rates.
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 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 shortfall at the year-end but the outcome will not be confirmed until the subsidy claim is externally audited

Current Risk	Responsible Officer	Officer's Update
		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 £38k shortfall in fee income.
Car parking Income	Assistant Director-Environment	Car Park income is predicted to be down by £90k.
New Homes Bonus	Assistant Director-Finance & Corporate Services	The results of a consultation document regarding amending the distribution of New Homes Bonus are awaited. Although this should not affect SSDC in the short to medium term it will impact on the budget longer term if the proposals to reduce the number of NHB payment years are implemented.
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. This is currently on hold until after the Autumn Statement in November.
The UKs Exit from the EU	Assistant Director-Finance & Corporate Services	It is likely in the short term that interest rates may reduce to 0.1 or 0%. SSDC has invested in a Property Fund and there has been an immediate drop in value of 4% - however yields are not expected to be impacted in the short to medium term. 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.



### 13) Risk Matrix



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

### 14) Corporate Priority Implications

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

### 15) Carbon Emissions and Climate Change Implications

There are no implications currently in approving this report.

### 16) 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.

### 17) Background Papers

Revenue Quarterly Monitoring File