

2017/18 Revenue Budget Monitoring Report for the period ending 31st December 2017

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Director: Netta Meadows, Strategy and Commissioning
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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 31st December 2017

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of 1st February 2018.

Public Interest

3. This report gives an update on the revenue financial position and budgetary variations of the Council as at 31st December 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 31st December 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	866.9	866.9	0	
Director of Support Services	5,447.5	5,479.2	5,479.2	0	
Director of Service Delivery	2,669.5	2,770.8	2,338.0	-432.8	Planning income is likely to exceed the budgeted amount by at least £100k. Underspending on salaries within Environmental Health due to vacancies. £250k receivable from our commercial property investments
Communities Lead	1,258.3	1,317.1	1,317.1	0	
Director of Commercial Services and Income Generation	7,161.6	7,221.6	7,484.3	262.7	The Westlands Entertainment & Conference Centre Refurbishment Project report taken to District Executive in September 2017 detailed the reasons for the budget variance.
Total Overspend	17,379.2	17,655.6	17,485.5	-170.1	

(Negative figures = income, positive figures = costs)

8. There is currently an expected net over spend on currently approved budgets of £79,939 by the end of the financial year. This will result in an over spend equivalent to 0.45% of the revised budget.

9. The table below shows the movement of revenue budgets since 1st April 2017 to 31st December 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 31st December 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. The 3rd 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 surplus at the end of the financial year.
13. We have received a grant of £25k from Somerset County Council to help build the capacity of our existing services. It covers the period Dec 2017 to March 2019. We will be using the majority of this money to cover the costs of a new part time Funding Adviser who will be supporting groups across the three districts that we operate in. They will also be supporting the Manager to continue to diversify and develop our income generation.
14. We are one of the partner providers in the new Somerset Carers Service. Income of £15k per annum for the next 3 years has enabled us to fund a new Volunteer Manager post.
15. We have been commissioned by SCC and Somerset Partnership to work with Mind TWS to deliver the Somerset Mental Health Hub until the end of this financial year. We have received £5k to coordinate the website, newsletter and communications, as well as to organise user consultation events.

Council Tax Support and Council Tax

16. 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 £8.424 million has been allocated

as at 31 December 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.

17. The Hardship Scheme is in place for extreme circumstances with a budget of £30,000 for the year. By the end of Q3 SSDC had received 99 requests for hardship relief of which 84 were successful. The amount awarded to the end of Q3 was £14,514.
18. The in-year collection rate for Council Tax is 84.50% for 2017/18 compared to 84.78% for Q3 last year. In monetary terms we have collected £3.85 million more than in the same period last year. At the end of Q3 we had reduced total outstanding debt relating to previous years of £6.34 million by £1.935 million.

Non Domestic Rates

19. The in-year collection rate for Non Domestic Rates at the end of Q3 was 85.62% for 2017/18 compared to 83.28% for last year. At the end of Q3 we had reduced total outstanding debt relating to previous years of £2.15 million by £452k.
20. 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

21. 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 December 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 205.

Discretionary Housing Payments

22. 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 Q3 we had processed 356 DHP applications, 295 of which were successful with a total award value £121k. A further £21k is committed up to the end of this financial year. The total sum paid and committed (£142k) represents 42% 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 3 outstanding DHP applications.

Reserves & Balances

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

Reserve	Balance at 30/9/17 £'000	Transfers In/Out £'000	Balance at 31/12/17 £'000	Reason for Transfer
Usable Capital Receipts	-29,084	3	-29,081	Payment to DCLG of Pooling of Housing receipts
Capital Reserve	-1,247	-7	-1,254	Repayment of Photovoltaics
Local Authority Business Growth Initiative Reserve	-18	4	-14	Funding for Yeovil Innovation Hub (HIVE)
Transformation Reserve	-637	2	-635	Funding of Transformation Project
Revenue Grants Reserve	-815	-29	-844	Transfer from reserve: Neighbourhood plan Examination Wincanton £5k, Repayment of LGA Grant £15k,Portas Funding £1k Transfer into reserve: Homelessness New Burdens Grant £50k
Council Tax/Housing Benefits Reserve	-751	-25	-776	New burdens Grant from DWP and funding staffing costs relating to the Fraud and Error Reduction Incentive Scheme (FERIS)
Ticket Levy Reserve	-39	-41	-80	Transfer of ticket levies to reserve
Community Housing Fund	-232	11	-221	Various housing needs surveys
Internal Capital Loan repayments	-23	-34	-57	Internal Lease Repayments
Yeovil Athletic Track Fund	-125	-12	-137	Contribution to athletic track reserve
Artificial Grass Pitch Reserve	-85	-10	-95	Contribution to artificial grass pitch reserve
Business Support Scheme	-158	9	149	Grant towards flooding recovery

(Negative figures = income, positive figures = costs)

25. 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 underspend	-170
Unallocated General Fund Balance at 31st December 2017	-3,610

(Negative figures = income, positive figures = costs)

26. 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 31st December are therefore adequate to meet current risks.

Financial Implications

27. 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 £3.36 million.

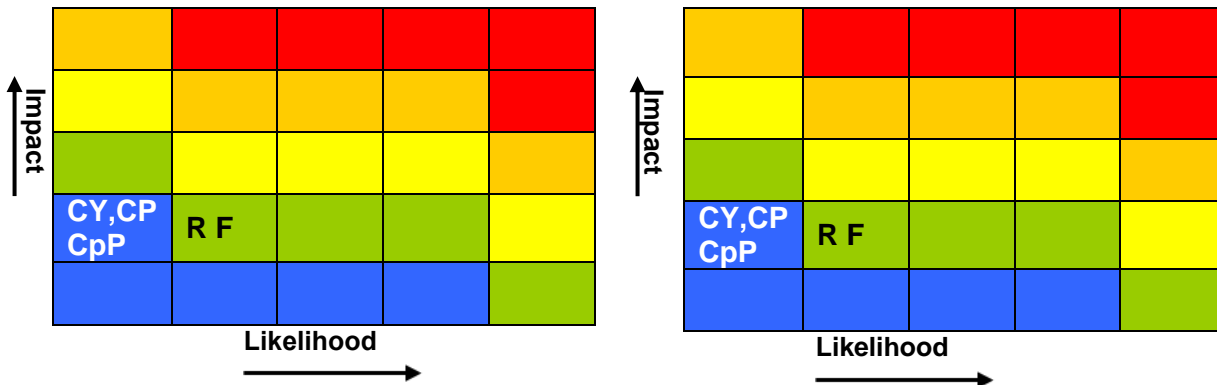
28. Details of the current key risks, as identified in the 2017/18 Budget Setting Report, are listed in the table below with an update from the responsible officer.

Current Risk	Responsible Officer	Officer's Update
Interest Rates	S151 Officer	Current predictions are for the Treasury Management income to achieve budget.
Business Rate income	Director-Support Services	The collection rate is up by 2.34% on the previous year's quarter 3; NDR collection can be quite volatile from quarter to quarter, especially in the first year of the new rating list. In addition some of the swing in the collection rate can be attributed to the spring budget reliefs being processed in quarter 3. There are a number of medium to longer term risks in that revaluation may affect income for 2017/18, there has also 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 was brought before District Executive in December in line with the forward plan.
The Council Tax Support Scheme	Director-Support Services	Current monitoring shows that 98.5% of the budget has been allocated by December 2017.
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 exceed the budgeted amount by at least £100k
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 £120k.
New Homes Bonus	S151 Officer	New Homes Bonus in 2017/18 is in line with budget. The forecasts for subsequent years have been updated within the 2018/19 budget and medium term financial plan.
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, although this is considered a low risk at this stage.
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 until 2019/20.

Risk Matrix

Risk Profile before officer recommendations

Risk Profile after officer recommendations



Key

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

Council Plan Implications

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

Carbon Emissions and Climate Change Implications

30. There are no implications currently in approving this report

Equality and Diversity Implications

31. 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

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

Background Papers

33. Revenue Quarterly Monitoring File