

2015/16 Revenue Budget Monitoring Report for the Period Ending 30th September 2015

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
Chief Executive: Rina Singh/Vega Sturgess, 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 30th September 2015.

Forward Plan

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

Public Interest

This report gives an update on the revenue financial position and budgetary variations of the Council as at 30th September 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 and 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 30th September 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	5,164.1	5,214.2	50.1	Treasury Management is expected to exceed its income budget by £70k but increased electronic bank charges, shortfalls in capital salaries, canteen income and IT costs will result in an overspend.
Place & Performance	2,766.1	2,873.7	2,663.7	(210.0)	Additional income is predicted from Dev Control-£100k & Yeovil Innovation Centre-£50k.
Operations & Customer Focus	9,556.7	9,703.5	9,646.1	(57.4)	Shortfalls in car park, pest control & building control income will be offset by savings in Engineering Services and additional income at the Octagon.
Total	17,389.6	17,741.3	17,524.0		
Underspend				(217.3)	

3.3 There is an expected net under spend on currently approved budgets of **£217.3k** by the end of the financial year. This will result in an under spend equivalent to 1.2% of the revised budget.

3.4 The table below shows the movement of revenue budgets since 1st April 2015 to 30th September 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	0.5
Contribution to Somerset Growth Board	4.6
Revised Budget as at 30th September 2015	17,741.3

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	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	12	(23)
Postage Savings	25	25	0
Total Major Savings	619	587	(32)

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 year to date figures show a small surplus but are down against budget but we predict a small surplus by year end (Mar 2016).

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 £8,472 million has been allocated for the year leaving £235k 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 September 2015 SSDC had processed 93 requests for hardship relief of which 78 were successful. The amount awarded by the end of September 2015 is £9,984.
- 7.3 The collection rate for Council Tax was 55.86% by the end of September 2015 exactly the same as for last year. This means that despite an increase in the sum to be collected of £1.8 million compared with 2014/15 we have maintained the collection rate at the midpoint of the financial year. There are 7,933 households paying over 12 months compared with 5,109 at the same time last year. As a result of this, and increased recovery activity we anticipate an improvement in the collection rate by the end of the financial year.

8) Non Domestic Rates

- 8.1 The collection rate for Non Domestic Rates was 54.43% at the end of September 2015 compared to 54.94% last year. This is 0.51% lower than last year, but an improvement on the Q1 performance of -1.18%. We anticipate continuing improvement in the collection rate during the second half of the financial year due to an improved work position and increased recovery activity.

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 221 at the end of September 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 September 2015, £90k of DHP awards have been made and a further £51k is committed up to the end of this financial year. The total sum paid and committed (£141K) represents 80% of the government DHP grant. We currently have 41 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 01/07/15 £	Transfers In/(Out) £	Balance at 30/09/15 £	Reason for Transfer
Capital Reserve	1,391,386	17,450	1,408,836	Repayment to Capital from FIT income (£3,650). Contribution to capital from revenue for replacement tractor (£13,800)
Elections Reserve	256,023	(102,190)	153,833	Funding May 15 election
Council Tax / Housing Benefits Reserve	861,831	3,164	864,995	New Burden Welfare Reforms (£8,967), Universal Credits (£7,929) and FERIS Maintenance (£8,618) Funding for regrading of staff (£22,350)
Revenues Grant Reserve	493,256	5,214	498,470	Tourism Flood Grants (£12,480), Octagon Theatre Company (£181), Government grant received for Personal Search Settlement (£17,875)
Local Strategic Partnership	75,786	20,850	96,636	Contribution to the partnership reserve
Car Park Income	4,580	(4,580)	0	Funding towards electricity charge
Yeovil Vision Reserve	100,474	10,000	110,474	Yeovil Town Council contribution to Yeovil Vision
Closed Churchyards Reserve	10,404	(1,520)	8,884	Special levies transferred to revenue
Planning Obligations Admin Reserve	42,393	(9,270)	33,123	Funding of Dev Control plotter
Infrastructure Reserve	990,170	(7,247)	982,923	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	5,910
Transfers from balances	(352)
Commitments & once offs	(342)
Estimated Balances at 30/9/15	

General Fund Balances	£'000
Estimated under spend on Revenue Budget at out-turn for 2015/16	217
Estimated Unallocated General Fund Balance at 31st March 2016	5,433

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 30th 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 01/07/15 £	Transfers In/(Out) £	Balance at 30/09/15 £	Reason for Transfer
Non-Earmarked Balances	5,450,700	(4,570)	5,446,130	Funding of contribution to Somerset Growth Board

12) Risk

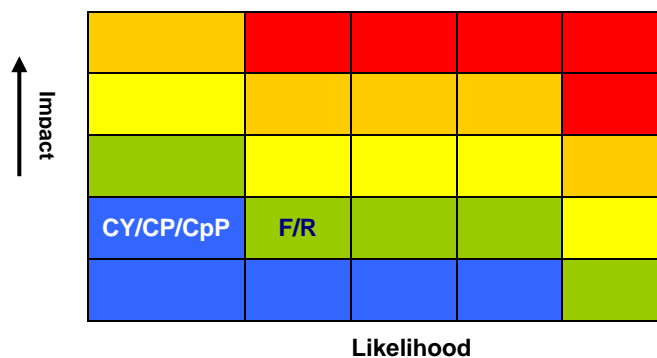
12.1 As part of monitoring an assessment of risk has been made. This review of balances and reserves has shown that SSDC currently has sufficient balances to cover major areas of financial risk. The balance at the year-end is estimated to be £5.4 million.

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 £70k over achieving on income.
Business Rate income	Assistant Director-Finance & Corporate Services	The collection rate is down on the previous year but has improved since quarter 1.
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 exceed budget by £100k.
Building Control Income	Assistant Director-Environment	Current predictions are that there will be a £36k shortfall in fee income.
Car parking Income	Assistant Director-Environment	Car Park income is predicted to be down by £60k.

Current Risk	Responsible Officer	Officer's Update
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