

2014/15 Revenue Budget Outturn Report

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Purpose of Report

To inform Members of the actual spend against budgets for the 2014/15 financial year.

Forward Plan

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

Public Interest

This report gives the outturn revenue financial position and budgetary variations of the Council compared to the budget at 31st March 2015.

Recommendations

1. Members are RECOMMENDED to:
 - (a) Note the outturn position of £16,477,111 (an under spend of £1,403,919) and explanation of variances from budget holders for the 2014/15 financial year as shown in paragraphs 7-8;
 - (b) Approve the carry forwards listed and recommended for approval by Management Board in Appendix B into the 2015/16 budgets;
 - (c) Approve all overspends are funded from general balances;
 - (d) Note the use of the specific reserves in paragraph 21 and approve the set-up of a treasury management volatility as detailed in paragraph 9;
 - (e) Note the use of general fund balances in paragraph 22;
 - (f) Note the transfers to and from balances outlined in paragraph 25;
 - (g) Note the position of the Area Committee balances in paragraph 26;
 - (h) Note the virements in Appendix G;
 - (i) Note the stock write offs detailed in paragraph 29.

Background

2. Full Council approved the 2014/15 budget in February 2014. The responsibility for monitoring and controlling budgets is delegated down to individual Area Committees and District Executive. Directors, Assistant Directors, and Service Managers had the responsibility for the day-to-day monitoring of budgets and reporting variations to the appropriate Committee.

- District Executive has received regular budget monitoring reports throughout the year that have highlighted variances from budgets and comments from the budget holder.

Summary of Revenue Budgets

- The overall outturn for SSDC Services in 2014/15 was £1,403,919 under spent (or 7.9%). The table below sets out a summary by Directorate of the 'above the line' revenue budgets that will form part of the annual Statement of Accounts that is required to be approved by the Audit Committee in September 2015 after being audited by Grant Thornton.

(F=favourable variance, A=adverse variance)

Service	Original Budget £'000	Movement During the Year £'000	Final Budget £'000	Actual Spend £'000	Variation On Spend £'000	Variation After Carry Forwards £'000	
Chief Executive	4,886.3	271.6	5,157.9	4,800.0	(357.9)	(209.1)	F
Place & Performance	2,993.0	(55.0)	2,938.0	2,258.9	(679.1)	(590.0)	F
Operations & Customer Focus	9,661.5	123.6	9,785.1	9,418.2	(366.9)	(301.9)	F
Total	17,540.8	340.2	17,881.0	16,477.1	(1,403.9)	(1,101.0)	F

Note that all figures in brackets are under spends.

- Income received has exceeded budget and additional income budgets of £423k have been reflected in the 2015/16 budgets. This includes planning, land charges, waste, streetscene, property, licensing and the Octagon.
- The net expenditure of £16,477.1k was financed as follows:

	£'000	%
Revenue Support Grant (RSG)	3,766.2	22.9
National Non-Domestic Rates	3,266.0	19.8
Council Tax	8,209.3	49.8
New Homes Bonus	1,567.6	9.5
New Burdens Grant	121.9	0.7
Use of Reserves and Balances	(453.9)	(2.7)
Total	16,477.1	100.0

2014/15 Outturn

- Appendix A shows the budget, actual expenditure and income, variance between budget and actual together with an explanation of the variance from the Service Manager and the carry forwards requested under the financial procedure rules.
- The Services with significant variations (over £50,000) are as follows:

Service	Service Manager	Variance £'000		Budget Holders' Comments
Revenues & Benefits	Ian Potter	(182.4)	F	Year-end debtor adjustments, to recognise the increased housing benefit overpayments that have arisen mainly from the introduction

Service	Service Manager	Variance £'000		Budget Holders' Comments
				of real time information, have been responsible for this underspend.
Legal Services	Angela Watson	70.5	A	Although land charge income was above target there has been additional spend on professional fees.
Economic Development	David Julian	(136.7)	F	Increased rental income at the Innovation Centre and some underspends on salaries mainly accounts for this surplus.
Development Control	David Norris	(433.4)	F	An increase in applications led to income exceeding the budget. Vacancies were also held.
Environmental Health	Alasdair Bell	(60.3)	F	Savings have mainly come from vacant posts and less spending on equipment.
Streetscene	Chris Cooper	(55.5)	F	A higher level of service provision has accounted for the increased income.
Waste & Recycling	Laurence Willis	(117.6)	F	Savings have been made on the contract cost through increased recycling performance and increasing garden waste income. This allows confidence that the increased garden waste target for 15/16 will be achieved.
Arts	Adam Burgen	(50.9)	F	The refined programme and increased marketing has proved successful in attracting new audiences. This increased attendance has led to additional income across all areas.
Housing & Welfare	Kirsty Larkins	(52.2)	F	Dealing with cases earlier has reduced the use of B&B & spend on rent in advance and prevention fund has fallen.

Note that figures in brackets are under spends.

9. In 2014/15 the original budget for treasury management income was £340k whereas the actual investment income earned was £587k, a surplus of £247k. This surplus is recommended to be added to the Treasury Management Reserve to smooth out volatility in 2015/16 and beyond.

Delivery of Savings

10. District Executive monitors the delivery of savings that are agreed as part of the budget setting process through quarterly budget monitoring reports. The achievement of the targets for South Somerset District Council (SSDC) are shown in the table below;

Year	Target £'000	SSDC Actual £'000	(Excess)/Shortfall £'000
2012/13	1,509	1,288	221
2013/14	540	540	0
2014/15	691	659	32
Total	2,740	2,487	253

Appendix E to this report details the progress of all major savings (those over £25,000) that were taken in the 2014/15 budget setting process.

Carry Forwards

11. In the Financial Procedure Rules, Managers can request that specific under spends (within a minimum of £5,000 for any specific purpose) may be carried forward to the following year. However, those rules also state that District Executive may waive this depending on corporate need.
12. The accounting rules require that grants need to be accounted for in the year they are actually paid and not when committed. Therefore, the carry forward on the grant budgets reflects the commitments to pay grants that have been made by the various committees.
13. Specific carry forward requests amounting to £302.9k are shown at Appendix B and members are recommended to approve these.
14. Under the Council's Financial Procedure Rules, District Executive can approve an overspend of a maximum of £25,000 to be carried forward into the following year unless District Executive agree that they are funded from General Balances. The service areas that would need to carry the overspend forward would have difficulty finding savings to compensate and therefore it is recommended that no overspends are carried forward to 2014/15.

Total Cost of Services

15. The CIPFA accounting regulations requires all expenditure to be allocated to front line services. This means that all support service budgets have to be apportioned as required by the Best Value Accounting Code of Practice. This is set out in Appendix F.

Council Tax Reduction Scheme

16. The Council Tax Reduction Scheme commenced in April 2013. The authority set a budget of £9.319 million for annual discounts. Of this sum, £8.941 million was allocated for the year. This has been allocated through the Collection Fund to be shared amongst the major preceptors. The budget for 2015/16 is £8.981 million.
17. A Hardship Scheme was set up with a budget of £30,000. By the end of the year SSDC had received 152 requests for hardship relief of which 115 were successful. The amount awarded by the end of the financial year was £11,581.
18. The collection rate for Council Tax was 97.03% for 2014/15 compared to 97.40% for the previous year. We undertook a single person discount review in late 2014 which has impacted the in-year collection rate due to discounts being removed back to 1 April 2014. Despite this the actual amount of Council Tax collected in 2014/15 was £1.7m more than the previous year.

Non Domestic Rates

19. The collection rate for Non Domestic Rates was 95.29% for 2014/15 compared to 98.81% for the previous year. This is due to a change of computer system and the resultant limited recovery work taking place. Despite this, the amount of business rates collected was down by just £7k on the previous year. The computer system change is complete and a full recovery programme is underway for 2015/16.

Reserves, Balances and Contingency

20. In addition to the funds available in the Revenue Budget, the Council also has certain reserves and balances.

21. **Reserves** are amounts that have been set aside from annual revenue budgets to meet specific known events that will happen in the future. An example of such a reserve is the amount set aside annually to cover the cost of South Somerset District Council elections that occur every four years. The complete list of specific Reserves and the current balance on each one is provided at Appendix D. The Appendix shows all transfers in or out of each one that has been actioned under the authority delegated in the Financial Procedure Rules during the last quarter. Transfers out of specific reserves that require reporting to District Executive for noting are as follows:

Reserve	Balance at 01/01/15 £	Transfers In/ (Out) £	Balance at 31/03/15 £	Reason for Transfer
Capital Reserve	2,017,670	(626,284)	1,391,386	Release of Capital Contributions to fund capital schemes in 2014/15.
Cremator Replacement Reserve	300,479	362,812	663,291	Merging of the Cremator Replacement Reserve and the Burial CAMEO Reserve.
Burial CAMEO Reserve	362,812	(362,812)	0	As above
Elections Reserve	193,803	62,220	256,023	Transfer from revenue 2014/15
Local Plan Enquiry Provision	40,549	9,950	50,499	Transfer from revenue 2014/15
Planning Delivery Reserve	31,983	(6,000)	25,983	Transfer to revenue 2014/15
Bristol to Weymouth Rail Reserve	21,590	(9,696)	11,894	Funding revenue for Rail Partnership
New Homes Bonus	1,656,603	1,994,464	3,651,067	NHB retained to fund budgets in future years
Voluntary Redundancy/Early Retirement Fund	407,660	(13,950)	393,710	Funding of Legal Executive
Treasury Management Reserve	0	247,000	247,000	Transfer of 2014/15 Treasury Management surplus
Revenue Grants Reserve	400,595	240,025	640,620	Release of grants for expenditure in 2014/15 (£13,259). Additional grants received in advanced for 2015/16 and future years (£253,284).
Council Tax/Housing Benefits Reserve	612,674	214,551	827,225	Additional Revenue and Benefits grants received in 2014/15
Closed Churchyards	7,176	3,228	10,404	Additional contributions to fund future work in closed churchyards
Health Inequalities Reserve	27,674	3,654	31,328	LSP funding to reserve (£4,050), release to revenue (£396)

Reserve	Balance at 01/01/15 £	Transfers In/ (Out) £	Balance at 31/03/15 £	Reason for Transfer
Deposit Guarantee Claims Reserve	16,554	(10,739)	5,815	Release of deposit into revenue
Park Homes Replacement Reserve	104,162	30,400	134,562	Additional contributions
Planning Obligations Admin Reserve	31,134	11,259	42,393	Transfer from revenue 2014/15
LSP Reserve	77,209	1,423	75,786	Funding to Health Inequalities Reserve (£4,050), transfer from revenue (£2,627).
Artificial Grass Pitch Reserve	21,035	20,940	41,975	Transfer from revenue 2014/15
Business Support Scheme	255,053	(83,457)	171,596	Numerous flood grants
Flooding Reserve	90,000	(5,000)	85,000	Contribution to a boat
Infrastructure Reserve	997,500	(2,400)	995,100	Transfer to Development for transport highway consultancy
NNDR Volatility Reserve	0	500,000	500,000	Transfer from revenue 2014/15 to mitigate risks from Business Rates.

(figures in brackets denote a reduction in the reserve)

22. **General Fund Balance** represents the accumulated revenue surpluses. Within the total, however, 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 compared to that previously reported.

General Fund Balances	£'000
Balance at 1 April 2014	5,280
Transfers from balances	(1,192)
NNDR Deficit for 2013/14 (£671k held in General Fund Balances from S31 Grant received in 2013/14)	(803)
Underspend on Revenue Budget at out-turn for 2014/15	1,404
Carry forwards to Services approved per Appendix B	(303)
Unallocated General Fund Balance at 31st March 2015	4,386

23. A memorandum account has now been set up to record Building Control surpluses and deficits on the chargeable work. On a rolling three year basis, taking into account the below the line costs, Building Control has made a surplus of £37,058.
24. A review of balances and reserves has shown that SSDC currently has sufficient balances to cover major areas of financial risk. Risks were reviewed in May 2015 this established that the minimum general balance should be in the range £3.9m to £4.3m.
25. The following transfers from balances are for noting by this Committee, as they have been undertaken under delegated authority:

Reserve	Balance at 01/01/15 £	Transfers In/(Out) £	Balance at 31/03/15 £	Reason for Transfer
Non-Earmarked Balance	5,247,940	(18,970)	5,228,970	To support local parking schemes (£15,500) and legal costs (£3,470)
Area West Reserve	53,120	(3,480)	49,640	Chard Youth Club

(figures in brackets denote a reduction in the reserve)

Area and Group Balances

26. Each Area and District Executive have balances that can be used during the year, the position of the Areas and District Executive balances at 31/03/15 and any movement within the year is as follows:

	Area East £	Area North £	Area West £	Total £
Position at start of financial year	60,190	26,600	53,120	139,910
Allocations to/(from) reserve during year	0	0	(3,480)	(3,480)
Position at end of financial year	60,190	26,600	49,640	136,430
Less commitments not yet spent	56,730	10,000	49,640	(116,370)
Unallocated balance available	3,460	16,600	0	20,060

27. The table shows that overall balances have reduced by £3,480 and there is a further £116,370 committed. This leaves an overall £20,060 uncommitted. Allocations of the Area Reserves are detailed in Appendix C.

Budget Virements

28. 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 G for District Executive to note and have been approved by the Assistant Director-Finance & Corporate Services. There are no virements requiring approval.

Stock Write Offs

29. Under the Financial Procedure Rules any adjustments to stock or stores accounts exceeding £1,000 shall be reported to Committee. Following stock checks on the 31st March 2015 a total of £6,545 has been written off of stock values.

External Partnerships and Other Organisations

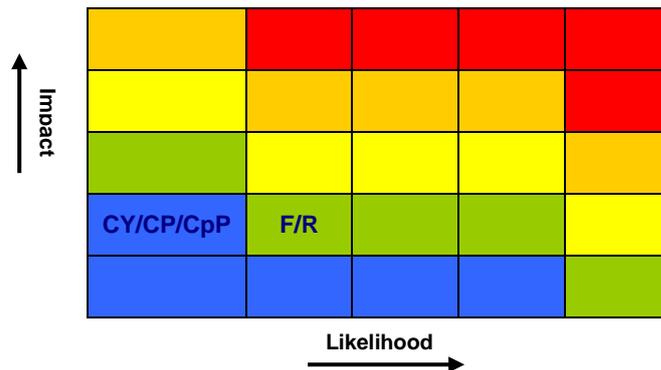
30. Members have requested that partnerships are monitored within SSDC's overall budget because they are given grants. This currently includes the following;
- South Somerset Voluntary Community Action (SSVCA)

Year Ending 14/15 SSVCA had a surplus of £88,509 this is attributable mainly to the Flood Recover Project undertaken on behalf of Somerset County Council.

Community Transport made a small surplus against a budgeted loss and is in a strong position moving forward in the next financial year.

Furnicare also made a small surplus but not as much as budgeted this is due to reorganisation in Yeovil and investment in an EPOS systems to enable online payments, Furnicare is also projecting a surplus for 15/16.

Risk Matrix



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

Background Papers

Appendix A - District Executive detailed budgets out turn position 2014/15

Appendix B - Carryforwards 2014/15

Appendix C - Area Reserves

Appendix D - Usable Reserves

Appendix E - Major Efficiency Savings 2014/15

Appendix F - Total Cost of Services 2014/15

Appendix G - Virements for Noting Qrt 4 2014/15