

# **2017/18 Revenue Budget Monitoring Report for the Period Ending 30<sup>th</sup> June 2017**

*Executive Portfolio Holder:* Peter Seib, Finance and Legal Services  
*Chief Executive:* Alex Parmley, Chief Executive  
*S151 Officer:* Paul Fitzgerald  
*Finance Manager:* Catherine Hood  
*Lead Officer:* Jayne Beevor, Principal Accountant Revenue  
*Contact Details:* jayne.beevor@southsomerset.gov.uk or (01935) 462320

## **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 1<sup>st</sup> April to 30<sup>th</sup> June 2017.

## **Forward Plan**

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of 4th August 2017.

## **Public Interest**

3. This report gives an update on the revenue financial position and budgetary variations of the Council as at 30th June 2017.

## **Recommendations**

4. Members are recommended to:
  - 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 21 and the position of the Area Reserves as detailed in Appendix C and the Corporate Reserves as detailed in Appendix D;
  - d) Approve the virements as detailed in paragraph 11 and 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 30th June 2017 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	725.2	691.9	691.9	0.0	
Finance & Corporate Services	4,131.7	4,146.6	4,116.6	(30.0)	See Appx A
Legal & Corporate Services	1,315.8	1,282.1	1,282.1	0.0	
Policy & Performance	117.1	117.6	117.6	0.0	
Economy	929.4	938.5	978.5	40.0	See Appx A
Communities	1,245.2	1,250.1	1,250.1	0.0	
Environment	6,726.3	6,751.9	6,764.7	12.8	See Appx A
Health & Wellbeing	2,188.5	2,200.5	2,299.9	99.4	Unplanned start-up costs especially in the kitchen has led to a predicted overspend for Westlands Leisure Complex. A further project report will be presented to DX in August.
<b>Total Overspend</b>	<b>17,379.2</b>	<b>17,379.2</b>	<b>17,501.4</b>	<b>122.2</b>	

8. There is currently an expected net over spend on currently approved budgets of £122,220 by the end of the financial year. This will result in an over spend equivalent to 0.7% of the revised budget. It is worth noting that at this stage it is early in the financial year and the position can change in the remainder of the year, and there is time for action to be taken to control spending within the overall budget for the year.

9. The table below shows the movement of revenue budgets since 1st April 2017 to 30th June 2017.

	£'000
<b>Approved base budget as at April 2017</b>	<b>17,379.2</b>
No movements during the 1 <sup>st</sup> quarter	0.0
<b>Revised Budget as at 30<sup>th</sup> June 2017</b>	<b>17,379.2</b>

### 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.

11. All virements outside of the criteria set out above need the approval of District Executive and are detailed in the table below.

Amount £	From	To	Details
13,180	Equalities	Communities	Equalities duties are now combined with Third Sector Co-ordinator role.

### Delivery of Savings

12. 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
<b>Total Major Savings</b>	<b>734</b>	<b>734</b>	<b>0</b>

### External Partnerships and other Organisations

13. 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 service level agreement:

2017 has started well for SPARK. We have been successful in attracting some additional funding, which will be used to increase capacity and develop our services. We predict a small surplus at the end of the financial year.

- Symphony has already been funding our Community Partnerships Project for the past year. However, they have just agreed to additional funding of £10k to recruit a part-time post to develop a volunteer network, specifically related to health. The recruitment is already underway and we hope to have the person in post by September.
- We have been part of a successful bid for the County-wide Carers contract, in partnership with CCS and Engage. We will be managing a network of volunteers across South Somerset, Mendip and Sedgemoor who will provide support to carers
- We have just received confirmation that SPARK will be supporting a new initiative with Social Enterprise Network Somerset, following a successful application to the DCLG. We will be helping to recruit corporate/employer volunteers to support social enterprise start-ups and help charities to be more enterprising.
- We now generate income from our training and DBS checking service. We will also begin offering a cost-effective bookkeeping and accountancy service to voluntary and community groups in the Autumn.

Some other highlights from South Somerset in the past three months:

- More than 100 people have attended our training courses and events
- We're working with the Area South Development Team to undertake some targeted community development work on the Augusta Housing Estate
- We're also working with the Area West Development Team to provide targeted support to voluntary groups in Crewkerne, as part of the ABCD Project (A Better Crewkerne and District)
- Our work with Symphony continues in South Somerset, with a specific focus on Yeovil over the next year.
- We ran a facilitated workshop on loneliness and social isolation as part of our role chairing the SST Healthy Communities Group. This was attended by numerous partners from Public Health, SSDC, Adult Social Care, Fire Service, Police, Yarlinton, voluntary sector etc.
- National Volunteers Week went extremely well in June and we chose winners for the Star Volunteer Award in all three districts. Yeovil College graphic design degree students developed a social media campaign to promote volunteering that was extremely well-received. I'm now discussing what opportunities we have for students in the next academic year (e.g. impact report), as the tutor would like students to work with SPARK again as part of their coursework.

### **Council Tax Support and Council Tax**

14. 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 £8.491 million has been allocated as at 30 June 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.
15. The Hardship Scheme is in place for extreme circumstances with a budget of £30,000 for the year. By the end of Q1 SSDC had received 56 requests for hardship relief of which 49 were successful. The amount awarded in Q1 was £8,382.
16. The in-year collection rate for Council Tax is 29.69% for 2017/18 compared to 29.89% for Q1 last year. In Q1 we have reduced outstanding previous years' debts of £6.34 million by £832k.

### **Non Domestic Rates**

17. The in-year collection rate for Non Domestic Rates is 34.16% for 2017/18 compared to 33.95% for Q1 last year. In Q1 we have reduced outstanding previous years' debts of £2.155 million by £171k. 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**

18. 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 187 at the end of June 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 206.

### **Discretionary Housing Payments**

19. 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. In Q1 we have awarded £35k, and a further £28k is committed up to the end of this financial year. The total sum paid and committed (£63k) represents 21% 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 51 outstanding DHP applications.

## Reserves & Balances

20. 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.
21. Transfers out of specific reserves that require reporting to District Executive for noting are as follows:

Reserve	Balance at 01/4/17 £'000	Transfers In/(Out) £'000	Balance at 30/6/17 £'000	Reason for Transfer
Capital Reserve	1,244	3	1,247	Repayment of Photovoltaics
LABGI Reserve	27	(3)	24	Funding of Yeovil Innovation Hub
Council Tax/Housing Benefit Reserve	675	50	725	New burdens, Ferris & universal credit grants
Ticket Levy Reserve	6	11	17	Trf of ticket levies to reserve

22. 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)
Commitments	(103)
Recommended 2016/17 net underspend to transformation Reserve	(145)
Utilisation of general fund for transformation	(231)
Estimated overspend	(122)
<b>Unallocated General Fund Balance at 30<sup>th</sup> June 2017</b>	<b>3,318</b>

23. 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 30th June are therefore adequate to meet current risks.

## Risk

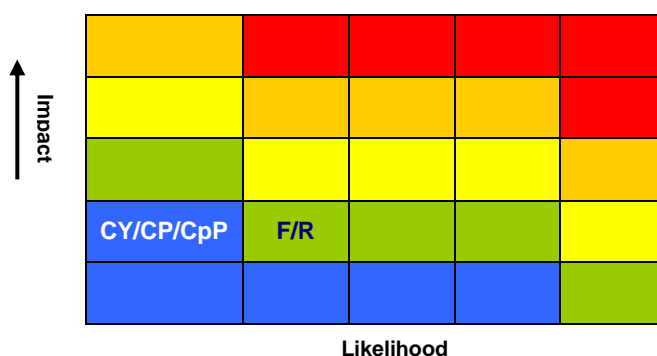
24. As part of monitoring an assessment of risk has been made. This review of balances and reserves has shown that SSDC currently has sufficient balances to cover major areas of financial risk. The balance at the year-end is estimated to be £3.3 million.

25. 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.

<b>Current Risk</b>	<b>Responsible Officer</b>	<b>Officer's Update</b>
Interest Rates	S151 Officer	Current predictions are for the Treasury Management budget to be £40k ahead of budget.
Business Rate income	Director-Support Services	The collection rate is up by 0.21% on the previous year's qrt 1 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 also has 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	There may be some further call on capital to finalise the project and this will be reported as soon as the figures are finalised.
The Council Tax Support Scheme	Director-Support Services	Current monitoring shows that 99.2% of the budget has been allocated by June 17.
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 in the Summer.
Planning Income	Director-Service Delivery	Current predictions are for planning income to come in on budget.
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 £80k.
New Homes Bonus	S151 Officer	Following the consultation there has been the introduction of national baseline for housing growth of 0.4% and NHB will only be paid for new homes built and occupied above this (so SSDC will not receive NHB for around the first 300 new homes built each year). A reduction will be made in the number of years for which payments are made from 6 years to 5 years in 2017/18, and to 4 years from 2018/19. From 2018/19 the Government will consider "withholding New Homes Bonus payments from local authorities that are not planning effectively, by making positive decisions on planning applications and delivering housing growth". The Government will also consider withholding payments for homes that are built following an appeal although this will follow further consultation.

Current Risk	Responsible Officer	Officer's Update
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.
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 in 17/18.

## 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

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

## Carbon Emissions and Climate Change Implications

27. There are no implications currently in approving this report.

## Equality and Diversity Implications

28. 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