

AGENDA  
ITEM

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## SOUTH HAMS DISTRICT COUNCIL

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<b>NAME OF COMMITTEE</b>	Executive
<b>DATE</b>	23 October 2014
<b>REPORT TITLE</b>	Revenue Budget Monitoring 2014/15
<b>Report of</b>	Head of Finance & Audit
<b>WARDS AFFECTED</b>	All

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### Summary of report:

This report enables Members to monitor income and expenditure variations against the approved budget for 2014/15, and provides a forecast for the year end position.

### Financial implications:

The report identifies an overall surplus of £10,000 for the 2014/15 financial year.

### RECOMMENDATION:

That the Executive **RESOLVES** to note the forecast income and expenditure variations for the 2014/15 financial year.

### Officer contact:

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## 1. BUDGET OVERVIEW

The gross service expenditure budget for 2014/15 was set at £45 million (£9.0 million net). **Actual net revenue expenditure is forecast to be under budget by £10,000 when compared against the total budget set for 2014/15.**

Table 1 below provides an analysis of the projected variances against budget.

**TABLE 1: 2014/15 BUDGET FORECAST**

	2014/15 Budget expenditure /(income) £000	Budget variations increase/ (decrease) £000	£000	Note
<b>APPROVED BUDGET</b>			<b>9,028</b>	
<b>Reductions in expenditure/additional income</b>				
Planning Applications (income)	(782)	(100)		<b>A</b>
Housing Benefit Recoveries	(150)	(75)		<b>B</b>
Tourism	15	(15)		<b>C</b>
<i>Sub total of variations</i>			<b>(190)</b>	
<b>Increases in expenditure/reductions in income</b>				
Dartmouth Lower Ferry (income)	(957)	100		<b>D</b>
Target for savings from Shared Services and vacancies	(155)	50		<b>E</b>
Waste Management	2,753	30		<b>F</b>
<i>Sub total of variations</i>			<b>180</b>	
<b>PROJECTED OUTTURN</b>			<b>9,018</b>	
<b>PROJECTED (SURPLUS)/DEFICIT</b>			<b>(10)</b>	

## **Notes**

- A. **Planning** – additional income from planning applications. Consistent with 2013/14 outturn.
- B. **Housing Benefit** – additional recoveries of over-payments (budgeted expenditure for Housing Benefit in 2014/15 is £21 million).
- C. **Tourism** - the Council no longer requires a seat on the Board of Visit South Devon and is therefore withdrawing financial support to them.
- D. **Dartmouth Lower Ferry**- Members will recall that the Ferry was out of action until 20<sup>th</sup> May 2013 for essential slipway maintenance (Minute E.15/12 refers). The indications are that not all the business lost during this period has returned and a shortfall in income of at least £100,000 is forecast.
- E. **Vacancy provision/Shared Services** - Members are aware that significant salary savings will be forthcoming from the implementation of the T18 project. However, in the short term, there are additional costs arising from the temporary deployment of agency staff to cover vacancies. In the longer term, this is a more cost effective approach than permanently filling posts.
- F. **Waste Management** – The Strategic Waste Review actions for the South Hams Collection Service have been agreed. The major procurement for the sale of dry recycling materials is under way currently, with tenders due to be received on 1 September 2014. Subject to market prices for recycling materials, the saving for the waste review in 14/15 will be £110,000 (Budgeted 14/15 saving was £140,000). Interim materials sales solutions have already increased income during this financial year. There is a reduction in the original saving estimated due to the decision made to delay property day changes until the autumn of 2015 when we will have our new fleet in place and the support officer capacity to deliver this customer change effectively and efficiently.

## **2. PRUDENTIAL INDICATORS**

The prudential code indicators were approved in the Treasury Management Strategy report to the Executive on 6 March 2014. The indicators are monitored during the year through the normal revenue and capital monitoring processes. Any exceptions are reported to the Executive together with any remedial action or revision required. To date all Treasury Management limits have been adhered to.

### 3. INCOME AND RESERVES

Income monitoring is an integral part of financial management. Current income forecasts are as follows:

Service	Actual Income 2013/14	Income Budget 2014/15	Projected Income 2014/15	Deficit/ (Surplus)	Deficit/ (Surplus)
	£'000	£'000	£'000	£'000	%
Car Parks	2,879	2,972	2,972	-	-
Dartmouth Ferry	678	957	857	100	10.4%
Employment Estates	1,299	1,293	1,293	-	-
Licensing	222	224	224	-	-
Planning Applications	782	650	750	-100	-15.4%
Trade Waste	707	724	724	-	-
<b>TOTAL</b>	<b>6,567</b>	<b>6,820</b>	<b>6,820</b>	<b>-</b>	<b>0%</b>

The decision on the level of balances and reserves is taken during the formulation of the annual budget and the medium term financial strategy. As a matter of prudence the Council has set aside various amounts in reserves to cover future liabilities and items of expenditure and these are attached as Appendix A.

### 4. LEGAL IMPLICATIONS

The Council's Financial procedure rules require that reports must be made on budget monitoring on a regular basis to the Executive as part of the Council's arrangements for Budget management.

There are no legal implications arising from this report.

### 5. RISK MANAGEMENT

The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

## 6. OTHER CONSIDERATIONS

<b>Corporate priorities engaged:</b>	Sound financial management underpins all of the Council's corporate priorities.
<b>Statutory powers:</b>	Local Government Act 1972, Section 151 Local Government Act 2003, Section 28
<b>Considerations of equality and human rights:</b>	There are no implications arising from this report.
<b>Biodiversity considerations:</b>	There are no implications arising from this report.
<b>Sustainability considerations:</b>	There are no implications arising from this report.
<b>Crime and disorder implications:</b>	There are no implications arising from this report.
<b>Background papers:</b>	Working papers in Support Services
<b>Appendices attached:</b>	A - Reserves

## STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Budget Variances	The financial standing of the Council is put at risk through variations in income and expenditure that are not detected at an early stage.	4	2	8	↔	Continual budget monitoring at all levels within the Council ensures early identification of variances.  Reporting to the Executive provides an opportunity for Members to identify and instigate remedial action where appropriate.	Heads of Service
2	Resource Planning	The Council must demonstrate that it sets budgets in line with corporate priorities and provides value for money.	4	2	8	↔	Consideration of revenue budget variances provides a mechanism for the identification of cost pressures and income opportunities that can be reflected in the Council's Medium Term Financial Strategy.	Head of Finance and Audit

Direction of travel symbols ↓ ↑ ↔