

AGENDA
ITEM

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SOUTH HAMS DISTRICT COUNCIL

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NAME OF COMMITTEE	Executive
DATE	5 March 2015
REPORT TITLE	Revenue Budget Monitoring 2014/15
Report of	Finance Business Partner
WARDS AFFECTED	All

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 £45,000, which is 0.5% of the overall budget set for 2014/15 of £9.028 million.

RECOMMENDATION:

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

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1. BUDGET OVERVIEW

The gross service expenditure budget for 2014/15 was set at £45 million (£9.028 million net). **Actual net revenue expenditure is forecast to be under budget by £45,000 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
APPROVED BUDGET			9,028	
Reductions in expenditure/additional income				
Planning Applications (income)	(650)	(325)		A
Housing Benefit Recoveries	(150)	(75)		B
Investment Income	(110)	(20)		C
Tourism	15	(15)		D
<i>Sub total of variations</i>			(435)	
Increases in expenditure/reductions in income				
Dartmouth Lower Ferry (income)	(957)	150		E
Target for savings from Shared Services and vacancies	(155)	95		F
Car Parks (income)	(2,972)	75		G
Public Conveniences	799	40		H
Waste Management	2,753	30		I
<i>Sub total of variations</i>			390	
PROJECTED OUTTURN			8,983	
PROJECTED SURPLUS			(45)	

Notes

- A. **Planning** – planning application numbers remain fairly consistent however, the number of applications which attract a large planning fee, such as renewable energy applications, has increased leading to the higher income. The number of these types of application received is unpredictable and cannot easily be projected.
- B. **Housing Benefit** – additional recoveries of over-payments (budgeted expenditure for Housing Benefit in 2014/15 is £21 million).
- C. **Investment Income** – slightly better return achieved of 0.54% than budgeted (0.50%) and more favourable cashflows.
- D. **Tourism** - the Council no longer requires a seat on the Board of Visit South Devon and is therefore withdrawing financial support to them.
- E. **Dartmouth Lower Ferry**- Members will recall that the Ferry was out of action until 20th 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 £150,000 is forecast.
- F. **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.
- G. **Car Parks** – car parking income is anticipated to be below its income target by £75,000. The Council has been addressing budget under-performances through a realignment exercise over a period of time. The income target from car parking has been reduced by £50,000 per annum for 2014/15 and 2015/16, based on trends over the last three years.
- H. **Public Conveniences** – The anticipated saving which will be made on the public conveniences budget this year will be £40,000. This is lower than the budgeted saving of £80,000 for the following reasons:
- Income from the pay on entry pilot schemes has not been achieved in this financial year. Whilst quotes have been gathered and the feasibility of installation have been scoped with our Assets team we were unable to introduce the equipment in advance of the main tourist season. Rather than do this mid season it was recommended that this was programmed for the 2015 summer season which also allows time for the communities who have suggested they are suitable to test the pilot equipment to advise their wider communities and identify any further pilot sites.

- A number of parishes have requested full asset transfer as part of the discussions on seasonal closure; the Council had committed to maintain these toilets during this financial year whilst transfers took place. The pay back to the Council from 2015 onwards is well in excess of that which would have been achieved as part of the original seasonal closure plans.
 - Anticipated savings on seasonal utility costs are proving to be lower than projected. This is having an impact in year 1 however the work which has been conducted on reviewing the number of toilet rounds/number of cleans will be extended in 2015/16 to meet the anticipated saving on a permanent basis in future financial years. This could only be based upon an estimate in Year 1.
- I. **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 now complete and the new contract started on 1 October 2014. Subject to market prices and the level of contamination of 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	2,897	75	2.5%
Dartmouth Ferry	678	957	807	150	15.7%
Employment Estates	1,299	1,293	1,293	-	-
Licensing	222	224	224	-	-
Planning Applications	782	650	975	-325	-50.0%
Trade Waste	707	724	724	-	-
TOTAL	6,567	6,820	6,920	-100	-1.5%

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

Corporate priorities engaged:	Sound financial management underpins all of the Council's corporate priorities.
Statutory powers:	Local Government Act 1972, Section 151 Local Government Act 2003, Section 28
Considerations of equality and human rights:	There are no implications arising from this report.
Biodiversity considerations:	There are no implications arising from this report.
Sustainability considerations:	There are no implications arising from this report.
Crime and disorder implications:	There are no implications arising from this report.
Background papers:	Executive 23 October 2014 and 29 January 2015 – Revenue Budget Monitoring report 2014/15.
Appendices attached:	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.	Senior Leadership Team
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.	S151 Officer

Direction of travel symbols ↓ ↑ ↔