

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 17

meeting date: 8 SEPTEMBER 2015  
 title: OVERALL REVENUE OUTTURN 2014/15  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: LAWSON ODDIE

### 1 PURPOSE

1.1 To report the revenue outturn for the year ending 31 March 2015

### 2 BACKGROUND

2.1 Our full Statement of Accounts were approved by the Director of Resources and reported to Accounts and Audit Committee on 24 June 2015. They have also been published on our website.

2.2 The Council's external auditors, Grant Thornton UK LLP, have now completed their audit of the accounts and approval of the final audited Statement of Accounts took place at Accounts and Audit Committee on 26 August 2015. We are required to publish our audited accounts by the end of September 2015 at the latest.

2.3 Our Statement of Accounts shows our outturn in a prescribed format which is not particularly helpful to the reader, as they are not in our committee structure format. We are however reporting outturn to individual committees in the current cycle.

### 3 STATEMENT OF ACCOUNTS FOR 2014/15

3.1 Shown below is the final position for the 2014/15 financial year.

Committee	Original Estimate £'000	Revised Estimate £'000	Actual £'000	Original Estimate Compared to Actual £'000	Revised Estimate Compared to Actual £'000
Community Services	3,480	3,418	3,181	-299	-237
Policy & Finance	1,870	1,957	1,774	-96	-183
Planning & Development	578	547	504	-74	-43
Health & Housing	833	801	666	-167	-135
<b>Committee Expenditure</b>	<b>6,761</b>	<b>6,723</b>	<b>6,125</b>	<b>-636</b>	<b>-598</b>
Interest Payable	13	13	13	0	0
Parish Precepts	360	360	360	0	0
Interest Received	-29	-26	-29	0	-3
<b>Net Operating Expenditure</b>	<b>7,105</b>	<b>7,070</b>	<b>6,469</b>	<b>-636</b>	<b>-601</b>
Precept from Collection Fund (including parish precepts)	-3,369	-3,369	-3,369	0	0

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Localisation of Council Tax Support - Parish Payment	17	17	17	0	0
Rural Areas Delivery Grant - Additional Funding	0	-3	-3	-3	0
New Homes Bonus	-595	-595	-595	0	0
New Homes Bonus - Returned Funding	0	-4	-4	-4	0
Council Tax Freeze Concession	-32	-32	-32	0	0
Revenue Support Grant	-1,398	-1,398	-1,398	0	0
Business Rates Baseline Funding	-1,206	-1,206	-1,206	0	0
Retained Rates Income	-139	-139	-139	0	0
Business Rates Levy	372	366	332	-40	-34
S31 Grant	-605	-560	-528	77	32
Collection Fund Surplus - Business Rates	-15	-30	-30	-15	0
<b>Deficit/(Surplus) for year</b>	<b>135</b>	<b>117</b>	<b>-486</b>	<b>-621</b>	<b>-603</b>
Depreciation	-725	-740	-740	-15	0
Minimum Revenue Provision	136	136	136	0	0
Net Transfer to/from earmarked reserves	603	326	1,045	442	719
<b>Deficit/(Surplus) for year</b>	<b>149</b>	<b>-161</b>	<b>-45</b>	<b>-194</b>	<b>116</b>

3.2 You will see we have made a surplus of £45,000 during the year compared with the Revised Estimate which showed a surplus of £161,000, and the Original Estimate which showed a deficit of £149,000. When the Revised Estimates were considered in January we explained the main differences between the Original and Revised Estimates. During the preparation of the revised estimate a number of changes were made to the budget:

Item	£'000
Net Decrease in Service Committee Costs	-38
Decrease in Interest Received	3
Rural Areas Delivery Grant - Additional Funding	-3
New Homes Bonus Returned Funding	-4
Decrease in Forecast Business Rates Levy	-6
Decrease S31 Grants Receivable	45

Item	£'000
Increase in Forecast Business Rates Collection Fund Surplus	-15
Increase in amount removed for Depreciation	-15
Decrease in amount set aside in Earmarked Reserves	-277
<b>Net increase in amount to take from balances for the year</b>	<b>-310</b>

### **Final Position Compared to the Revised Estimate**

- 3.3 During the 2014/15 financial year there are many variances that occur when we carry out our budget monitoring. The main variations affecting our final position compared with the **revised estimate** can be summarised as:

Variation	£'000
<b><u>Expenditure Variations</u></b>	
Direct Employee Costs	-46
Staff Training Costs	-21
Energy and Utilities	-24
Postage and Telecommunications	-11
Rent of Buildings and Ground Rents	-9
Vehicle Repairs and Maintenance	-62
Vehicle Fuel	-22
Staff Vehicles and Mileage	-16
Grant Supported Spend on Localisation of Council Tax Support and Housing Benefits	-55
Printing, Stationery, Books and Photocopying	-22
Software and ICT Consumables	-10
Subscriptions	-18
Planning and Core Strategy Consultants	-16
Publicity and Promotions	-36
Payment of Benefits (see Subsidy below)	-183
Payment of Grants	-81
<b>Total Expenditure Variances</b>	<b>-632</b>
<b><u>Income Variations</u></b>	
Rent Rebate Grant	-12
Children's Trust Grant	15
Recycling Credits	-44
VAT Shelter	-45
Sale of Equipment and Materials	-19

<b>Variation</b>	<b>£'000</b>
New Burden NNDR Administration Grant	-11
Government Subsidy towards Benefits ( <i>see Payment of Benefits above</i> )	184
Ribblesdale Pool	-11
Car Park Fines	12
<b>Total Income Variances</b>	<b>69</b>
Other Variations	-35
<b>Net Variation on Committee Expenditure</b>	<b>-598</b>
Increased Interest Received	-3
<b>Variation on Net Operating Expenditure</b>	<b>-601</b>
Reduced Business Rates Levy Payable	-34
Reduced S31 Grant Income	32
<b>Variation on Deficit/(Surplus) for Year</b>	<b>-603</b>
Extra Transfers to Earmarked Reserves	719
<b>Reduction in amount to add to balances compared to Revised Estimate</b>	<b>116</b>

3.4 The reasons for the larger variations have been detailed below:

<b>Variation</b>	<b>Reason</b>	<b>Amount £'000</b>
<b>Direct Employee Costs</b>	There have been a number of staff vacancies within the year, which have contributed to the underspend shown. This has particularly been in relation to Financial Services, Planning, Environmental Health and Paper Collection	-46
<b>Vehicle Repairs and Maintenance</b>	Staff vacancy in the position of HGV and Municipal Vehicle Technician has resulted in reduced time allocations being charged to the repair and maintenance of vehicles. Additionally, previous levels of servicing and maintenance, and also the updating of the vehicle fleet, has resulted in lower levels of expenditure.	-62
<b>Grant Supported Spend on Localisation of Council Tax Support and Housing Benefits</b>	Expenditure incurred in responding to the new burdens placed on the Council as a result of the introduction of the Local Council Tax Support system and housing benefits and other welfare system changes was lower than anticipated. The majority of this underspend has been set aside in earmarked reserves at year-end to fund any future related spend	-43

Variation	Reason	Amount £'000
<b>Payment of Grants</b>	There have been a number of grants where it has not been possible to incur expenditure prior to the end of the financial year. This has been particularly on Affordable Warmth/Warm Homes grants, Recreation and Culture Grants. Much of this has been set aside in earmarked reserves for use in 2015/16.	-81
<b>Recycling Credits</b>	Higher than anticipated level of green waste recycled due to the implementation of larger green bins for the collection of garden and food waste.  Additionally, budgets for recycling credits are set based upon the rate per tonne being paid by LCC. However, invoices are raised at the prescribed government default rate per tonne which is a higher rate – and disputed by LCC. A proportion of this variance has been set aside to fund any potential write off of the unpaid balance of invoices raised at the higher rate.	-44
<b>VAT Shelter Income</b>	The level of capital works that fell within the VAT shelter arrangements was greater than originally anticipated by Ribble Valley Homes. This additional income has been set aside in earmarked reserve together with other all other VAT shelter income	-45

- 3.5 There has been an increase in the transfers to Earmarked Reserves of £719,000, which is largely due to the variances described above. However, £400,000 was set aside in earmarked reserves to pump prime the creation of repairs and renewals funds for ICT Infrastructure and also Vehicles and Plant replacement.

### **General Fund Balances**

- 3.6 It is obviously very important to maintain a healthy level of general fund balances to cover for unforeseen events and also provide a stable level of resources for future planning. However, this has to be balanced against meeting the council's spending priorities and also very importantly setting a low council tax.

	£'000
General Fund Balances: Brought forward at 1 April 2014	<b>2,058</b>
Surplus in 2014/15 added to General Fund Balances	<b>45</b>
General Fund Balances: Carried forward at 31 March 2015	<b>2,103</b>

### **Earmarked Reserves**

- 3.7 Whilst there has been an addition to general fund balances in the year, there has also been a net increase in the level of earmarked reserves.

- 3.8 Unlike the general fund balance, the council's Earmarked Reserves have been set aside for a specific purpose. The council has a variety of earmarked reserves and the specific details of each one can be seen at Annex 1.
- 3.9 The table below provides a high level summary of the movement in the council's Earmarked Reserves.

	£'000
Earmarked Reserves: Brought forward at 1 April 2014	5,092
Amounts added to Earmarked Reserves in year	1,618
Amounts take from Earmarked Reserves in year	-769
Earmarked Reserves : Carried forward at 31 March 2015	5,941

### **Collection Fund**

- 3.10 For Council Tax, the Collection Fund has made an in year surplus of £341,000. This is added to the deficit brought forward from 2013/14, of £20,000. The resulting overall surplus of £321,000 is distributed over time, pro-rata to the precepts from each authority.
- 3.11 On business rates, under the new accounting regime, the Collection Fund has made an in year loss of £30,000. This is added to the deficit brought forward from 2013/14, of £192,000. The resulting overall deficit of £222,000 is recovered over time, pro-rata to the demand from each authority.
- 3.12 Full details of the Collection Fund position can be seen at Annex 2

## 4 CONCLUSION

- 4.1 The final outturn of a **surplus of £45,000** means that we have **added £116,000** less to general fund balances than was estimated when we prepared the Revised Estimates.
- 4.2 Whilst the level of general balances and earmarked reserves may appear high there is a great level of uncertainty around the level of future local government funding which looks set to continue for a number of years to come.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF49-15/LO/AC  
26 August 2015

## Earmarked Reserves – 2014/15

ANNEX 1

General Fund	Balance at 31 March 2013 £	Transfers In 2013/14 £	Transfers Out 2013/14 £	Balance at 31 March 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £
<b>Local Recreation Grants Fund</b> <i>Used to fund recreation grants</i>	26,661		-6,115	20,546		-7,860	12,686
<b>Elections Fund</b> <i>Used to fund borough elections held once every four years</i>	40,059	20,880	-4,633	56,306	22,383		78,689
<b>Audit Reserve Fund</b> <i>Used for computer audit</i>	12,335			12,335			12,335
<b>Building Control Fund</b> <i>Available to equalise net expenditure over a three year period</i>	-119,421	15,962		-103,459	453		-103,006
<b>Rural Development Reserve</b> <i>Used to fund consultation work on rural housing</i>	1,631		-1,631	0			0
<b>Capital</b> <i>Used to fund the capital programme</i>	399,358	356,396	-101,835	653,919	215,825	-177,121	692,623
<b>Insurance</b> <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	16,748			16,748			16,748
<b>Christmas Lights/RV in Bloom</b> <i>Available to fund contributions towards Christmas Lights and Ribble Valley in Bloom</i>	1,286		-100	1,186			1,186
<b>Community Enhancement</b> <i>Used to fund grants to local organisations</i>	11,419			11,419			11,419
<b>Rent Deposit Reserve</b> <i>Set aside for homeless rent deposits</i>	7,837		-7,837	0			0
<b>LALPAC Licensing System</b> <i>To fund costs of LALPAC licensing system</i>	1,424		-1,424	0			0
<b>ICT Repairs and Renewals</b> <i>To fund future software and hardware upgrades</i>	48,393	37,470	-15,960	69,903	100,000		169,903
<b>Conservation Reserve</b> <i>To fund conservation schemes completed after the financial year end</i>	6,210			6,210			6,210
<b>Concessionary Travel</b> <i>To fund the transfer of the administration of the scheme to upper tier local authorities</i>	40,026			40,026		-40,026	0

## Earmarked Reserves – 2014/15

General Fund	Balance at 31 March 2013 £	Transfers In 2013/14 £	Transfers Out 2013/14 £	Balance at 31 March 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £
<b>Fleming VAT Claim</b> <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	239,926			239,926	13,027	-18,050	234,903
<b>Repairs and Maintenance</b> <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	29,299			29,299	5,000		34,299
<b>Post LSVT</b> <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	401,637		-36,512	365,125		-36,512	328,613
<b>Market Town Enhancement</b> <i>To fund grants under Market Towns Enhancement Scheme</i>	6,643	1,729		8,372			8,372
<b>Performance Reward Grant</b> <i>Performance Reward Grant received and yet to be distributed to successful schemes</i>	373,832		-70,958	302,874		-88,192	214,682
<b>Refuse Collection</b> <i>To fund refuse collection costs of bin replacements and other cost pressures</i>	18,000	75,323		93,323	58,266	-4,386	147,203
<b>Restructuring Reserve</b> <i>To fund costs resulting from restructuring reviews</i>	227,541			227,541			227,541
<b>VAT Shelter Reserve</b> <i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,498,434	223,386	-210,379	1,511,441	184,612	-86,000	1,610,053
<b>Revaluation of Assets Reserve</b> <i>To contribute towards the revaluation of the Council's assets every five years.</i>	6,000	2,000	0	8,000	2,000	-8,800	1,200
<b>Clean Air Reserve</b> <i>To fund clean air survey work</i>	3,641		-480	3,161		-480	2,681
<b>Equipment Reserve</b> <i>To fund essential and urgent equipment requirements</i>	43,170	47,166	-6,240	84,096	34,635	-25,171	93,560
<b>Forest of Bowland Reserve</b> <i>To fund access improvement schemes within the Ribble Valley section of the Forest of Bowland</i>	34,646		-5,000	29,646			29,646
<b>Invest to Save Fund</b> <i>To fund future invest to save projects</i>	250,000			250,000			250,000

## Earmarked Reserves – 2014/15

General Fund	Balance at 31 March 2013 £	Transfers In 2013/14 £	Transfers Out 2013/14 £	Balance at 31 March 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £
<b>Land Charges Reserve</b> <i>To fund any potential restitution claims for personal search fees</i>	34,356	11,000	-34,356	11,000		-6,526	4,474
<b>Pendle Hill User Reserve</b> <i>To fund improvement schemes on Pendle Hill</i>	13,512	3,191		16,703	191	-3,247	13,647
<b>Planning Reserve</b> <i>To fund any future potential planning issues</i>	309,071		-131,051	178,020	55,110	-17,188	215,942
<b>Promotional Activities Reserve</b> <i>To fund planned publicity and promotional activities</i>	0	12,110		12,110	9,260	-12,110	9,260
<b>Crime Reduction Partnership Reserve</b> <i>To fund cost of crime reduction initiatives</i>	29,475	475		29,950	11,770	-22,615	19,105
<b>Housing Benefit Reserve</b> <i>To help meet the challenges facing the service in the coming years</i>	100,000			100,000			100,000
<b>Wellbeing and Health Equality</b> <i>To fund expenditure on Wellbeing and Health</i>	47,428			47,428			47,428
<b>Exercise Referral Reserve</b> <i>To fund potential residual staffing costs</i>	6,157	276		6,433	13,750		20,183
<b>Clitheroe Cemetery Reserve</b> <i>To finance any future liabilities from the cemetery extension</i>	3,640			3,640			3,640
<b>New Homes Bonus Reserve</b> <i>To help finance future economic development capital schemes</i>	121,691	317,727	-100,000	339,418	261,026	-95,029	505,415
<b>Core Strategy Reserve</b> <i>To fund the production of the Core Strategy</i>	160,097	2,340	-79,337	83,100		-60,647	22,453
<b>Emergency Planning Reserve</b> <i>To fund the production of District Emergency and Business Continuity Plans</i>	1,270		-1,270	0			0
<b>CCTV Reserve</b> <i>To fund purchase of additional CCTV Equipment</i>	1,000		-1,000	0			0
<b>Housing Related Grants Reserve</b> <i>Residual grant received, to be committed to future grant schemes</i>	29,931	23,488	-27,217	26,202	20,876	-20,598	26,480

## Earmarked Reserves – 2014/15

General Fund	Balance at 31 March 2013 £	Transfers In 2013/14 £	Transfers Out 2013/14 £	Balance at 31 March 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £
<b><u>Business Rates Volatility Reserve</u></b> <i>To provide some protection against business rates volatilities</i>	135,904	76,800		212,704	102,047		314,751
<b><u>Community Right to Bid/Challenge</u></b> <i>To fund any future costs under the Community Right to Bid and Community Right to Challenge Regulations</i>	13,420	16,402		29,822	16,402		46,224
<b><u>Voluntary Organisation Grant Reserve</u></b> <i>To fund schemes carried out by the Voluntary Sector</i>	3,720		-3,720	0			0
<b><u>Grant Funded Sports Development</u></b> <i>To finance future Sports Development grant funded expenditure</i>	6,283	1,500	-6,283	1,500	2,000		3,500
<b><u>Human Resource Development</u></b> <i>To provide for staff training commitments</i>	3,100	27,500	-3,100	27,500			27,500
<b><u>Whalley Moor Reserve</u></b> <i>Grant received towards work at Whalley Moor Woodland</i>	0	4,970		4,970			4,970
<b><u>Inspire III Reserve</u></b> <i>Grant received from DEFRA which will be used to fund future Inspire III work</i>	0	7,131		7,131		-7,131	0
<b><u>Individual Electoral Registration Reserve</u></b> <i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	0	17,024		17,024	37,276	-31,012	23,288
<b><u>Vehicle &amp; Plant Repairs and Renewals Reserve</u></b> Resources set aside to fund a repairs and renewals fund for the replacement of Vehicles and Plant					300,000		300,000
<b><u>Clitheroe Food Festival</u></b> <i>Resources set aside to help support the costs associated with the Clitheroe Food Festival</i>					6,204		6,204

## Earmarked Reserves – 2014/15

General Fund	Balance at 31 March 2013 £	Transfers In 2013/14 £	Transfers Out 2013/14 £	Balance at 31 March 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £
<b><u>Repossession Prevention Fund Reserve</u></b> <i>Ring-fenced DCLG funded reserve to help prevent repossessions and homelessness.</i>					34,211		34,211
<b><u>Neighbourhood Planning Reserve</u></b> <i>DCLG Neighbourhood Planning Grant received to fund future related expenditure</i>					10,000		10,000
<b><u>Civic Suite Reserve</u></b> <i>Resources set aside to fund future capital spend on the council chamber.</i>					11,420		11,420
<b><u>Tour of Britain Reserve</u></b> <i>To fund the potential cost of hosting a stage of the Tour of Britain Cycle Race</i>					90,000	-174	89,826
	4,646,790	1,302,246	-856,438	5,092,598	1,617,744	-768,875	5,941,467

## Collection Fund – 2014/15

ANNEX 2

2013/2014 Total £'000		2014/15 Council Tax £'000	2014/15 Business Rates £'000	2014/15 Total £'000
	<b>Income</b>			
30,806	Income from Council Tax Payers	32,208		32,208
26	Transfers From General Fund - Council Tax Benefits	6		6
0	Family Annexes Discount Grant (DCLG)	2		2
14,022	Income from Business Ratepayers		14,242	14,242
0	Release of Deferred Payments		33	33
0	Transitional Protection Payments		37	37
	Share of Estimated Deficit:			
173	- Lancashire County Council			0
24	- Ribble Valley Borough Council			0
23	- Police and Crime Commissioner (PCC) for Lancashire			0
10	- Lancashire Combined Fire Authority			0
<b>45,084</b>		<b>32,216</b>	<b>14,312</b>	<b>46,528</b>
	<b>Expenditure</b>			
	Precepts and Demands:			
22,866	- Lancashire County Council	23,696		23,696
3,309	- Ribble Valley Borough Council (including parishes)	3,369		3,369
3,219	- Police and Crime Commissioner (PCC) for Lancashire	3,336		3,336
1,340	- Lancashire Combined Fire Authority	1,362		1,362
	Business Rates			
6,801	- Central Government		6,987	6,987
1,224	- Lancashire County Council		1,258	1,258
5,441	- Ribble Valley Borough Council		5,589	5,589
136	- Lancashire Combined Fire Authority		140	140
86	- Costs of Collection		88	88
	Share of Estimated Surplus:			
	- Central Government		37	37
	- Lancashire County Council	1	7	8
	- Ribble Valley Borough Council		30	30
	- Lancashire Combined Fire Authority		1	1
95	Transfers to General Fund - Council Tax Benefits	20		20
181	Provision for Bad/Doubtful Debts	91	96	187
3	Enterprise Zone		10	10
12	Transitional Protection Payments			0
368	Provision for Appeals		99	99
<b>45,081</b>		<b>31,875</b>	<b>14,342</b>	<b>46,217</b>
<b>3</b>	<b>(Deficit)/Surplus for the Year</b>	<b>341</b>	<b>-30</b>	<b>311</b>
<b>-215</b>	<b>(Deficit)/Surplus Brought Forward</b>	<b>-20</b>	<b>-192</b>	<b>-212</b>
<b>-212</b>	<b>Deficit Carried Forward</b>	<b>321</b>	<b>-222</b>	<b>99</b>
	<b>Allocated to</b>			
-96	- Central Government		-111	-111
-32	- Lancashire County Council	239	-20	219
-79	- Ribble Valley Borough Council	34	-89	-55
-2	- Police and Crime Commissioner (PCC) for Lancashire	34	0	34
-3	- Lancashire Combined Fire Authority	14	-2	12
<b>-212</b>		<b>321</b>	<b>-222</b>	<b>99</b>