

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 18

meeting date: 6 SEPTEMBER 2016
 title: OVERALL REVENUE OUTTURN 2015/16
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

1 PURPOSE

1.1 To report the revenue outturn for the year ending 31 March 2016

2 BACKGROUND

2.1 Our full Statement of Accounts were approved by the Director of Resources and reported to Accounts and Audit Committee on 29 June 2016. 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 17 August 2016. We are required to publish our audited accounts by the end of September 2016 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 2015/16

3.1 Shown below is the final position for the 2015/16 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	3,519	3,527	3,304	-215	-223
Policy & Finance	2,173	2,135	2,046	-127	-89
Planning & Development	629	530	473	-156	-57
Health & Housing	835	795	678	-157	-117
Committee Expenditure	7,156	6,987	6,501	-655	-486
Interest Payable	11	11	11	0	0
Parish Precepts	364	364	364	0	0
Interest Received	-25	-29	-34	-9	-5
Net Operating Expenditure	7,506	7,333	6,842	-664	-491
Precept from Collection Fund (including parish precepts)	-3,417	-3,417	-3,417	0	0
Collection Fund Surplus - Council Tax	-22	-22	-22	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	11	11	11	0	0
New Homes Bonus	-969	-969	-969	0	0
New Homes Bonus - Returned Funding	0	-4	-4	-4	0
Council Tax Freeze Concession	-32	-32	-32	0	0
Revenue Support Grant	-1,011	-1,011	-1,011	0	0
Business Rates Baseline Funding	-1,229	-1,229	-1,229	0	0
Retained Rates Income	-249	-249	-249	0	0
Business Rates Levy	417	256	294	-123	38
S31 Grant	-617	-721	-693	-76	28
Retained Rates - Renewable Energy	0	0	-11	-11	-11
Collection Fund Deficit - Business Rates	46	46	46	0	0
Deficit/(Surplus) for year	434	-8	-444	-878	-436
Depreciation	-726	-841	-855	-129	-14
Minimum Revenue Provision	133	133	133	0	0
Net Transfer to/from earmarked reserves	309	546	591	282	45
Deficit/(Surplus) for year	150	-170	-575	-725	-405

3.2 You will see we have made a surplus of £575,000 during the year, compared with the Revised Estimate which showed a surplus of £170,000, and the Original Estimate which showed a deficit of £150,000. 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	-169
Increase in Interest Received	-4
New Homes Bonus Returned Funding	-4
Decrease in Forecast Business Rates Levy	-161
Increased S31 Grants Receivable	-104
Increase in amount removed for Depreciation	-115
Increase in amount set aside in Earmarked Reserves	237
Net increase in amount to take from balances for the year	-320

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
<u>Expenditure Variations</u>	
Direct Employee Costs	-36
Energy Costs	-27
Training	-32
Local Development Scheme	-44
Subscriptions	-17
Printing and Stationery	-13
Paper Penalty - Cost Sharing	-29
Tipping Charges	19
Promotional Activities	-24
Rent Allowance Payments	-32
Payment of Grants	-65
Flooding Immediate Reactive Costs	51
Payment of Flood Grants to Individuals (£500)	119
Council Tax Flood Rebate	89
Cleaning of Public Conveniences	-17
Vehicle Fuel Costs	-29
Staff Mileage and Other Travel Costs	-13
ICT and Telecommunications	-18
Total Expenditure Variances	-118
<u>Income Variations</u>	
Rent Allowances Grant	-20
Transparency Code Grant	-8
DWP Data Sharing Grant	-6
Flooding Immediate Reactive Costs - Bellwin Scheme Funding	-51
Flood Grant reimbursement	-119
S31 Council Tax Flood Rebate Funding	-89
Property Searches New Burdens Funding	-28
Planning Fee Income	20
Building Control Fee Income	8
Trade Waste Collection Income	-31

Variation	£'000
Edisford All Weather Pitch Income	-9
Sale of Equipment and Materials	-29
Car Parking Income	-15
Total Income Variances	-377
Other Variations	9
Net Variation on Committee Expenditure	-486
Increased Interest Received	-5
Variation on Net Operating Expenditure	-491
Decreased Business Rates Levy	38
Increased S31 Grants	28
Retained Rates - Renewable Energy	-11
Variation on Deficit/(Surplus) for Year	-436
Addition Depreciation (Reversal of)	-14
Extra Transfers to Earmarked Reserves	45
Increase in amount to add to balances compared to Revised Estimate	-405

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

Variation	Reason	Amount £'000
Direct Employee Costs	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 Environmental Health, Housing and Regeneration, Planning and Engineering Services	-36
Training	There has been a low level of spend on training in a number of areas, but the majority of the variance relates to the low level of spend on centrally controlled corporate training within the year.	-32
Local Development Scheme	An underspend on the consultation on the issues and option stage of the allocations plan due to delays, as available resources have focused on updating information for cartography and producing subject papers. There is also a consequential matching impact on the amount released from earmarked reserves to fund this work.	-44

Variation	Reason	Amount £'000
Rent Allowance Payments	<p>Lower Rent Allowance payments than budgeted:</p> <ul style="list-style-type: none"> • Due to housing benefit overpayments deductions recovered directly from on-going housing benefit entitlement on the benefits IT system before actual payments are made to claimants (-£82k in 2015/16) and rent allowance benefits paid out in respect of voluntary disregarding of war pension income (+£23k in 2015/16). • Due to the uncertainty around rent allowance benefit overpayments, the amount recovered from claimants in 2015/16 was lower than budgeted for. Therefore, net expenditure was higher than budgeted for (+£27k in 2015/16). 	-32
Payment of Grants	<p>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 and Performance Reward Grants. Much of this has been set aside in earmarked reserves for use in 2015/16.</p> <p>There have also been no NNDR discretionary grant payments charged to the Council's revenue account 2015/16. These are now borne by the Collection Fund and the cost met according to the shares of the Business Rates Retention Scheme</p>	-65
Trade Waste Collection Income	<p>The closure of an alternative service provider has resulted in additional trade refuse income in year. However, there have also been some associated additional waste disposal costs</p>	-31

General Fund Balances

- 3.5 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.

	£
General Fund Balances: Brought forward at 1 April 2015	2,103,114
Surplus in 2015/16 added to General Fund Balances	575,718
General Fund Balances: Carried forward at 31 March 2016	2,678,832

Earmarked Reserves

- 3.6 The net amount set aside to earmarked reserves (including both revenue and capital transactions) at 31 March was £64,035.

Earmarked Reserves: Brought forward at 1 April 2015	5,941,467
Net added to Earmarked Reserves for revenue purposes	590,757
Net taken from Earmarked Reserves for capital purposes	-526,722
Earmarked Reserves: Carried forward at 31 March 2016	6,005,502

Collection Fund

- 3.7 With regard to council tax, the Collection Fund has made an in year surplus of £278,000. This is added to the surplus brought forward from 2014/15 of £320,000. The resulting overall surplus of £598,000 will be distributed pro-rata to the precepts from each authority, in future years.
- 3.8 On business rates, under the new accounting regime, the Collection Fund has made an in year loss of £698,000. This is largely due to a substantial increase in the provision for appeals on business rates. The provision for appeals is set following detailed analysis of appeals lodged with the Valuation Office Agency at the year end. These are assessed for the potential impact on the collection fund if successful. In 2015/16 the provision was increased by £704,300 to £1,171,500 (£99,000 increase to £467,200 in 2014/15)
- 3.9 The loss position is also partly due to the manner in which the government compensates council's for such reliefs/extensions as Small Business Rates Relief through the general fund.
- 3.10 Full details of the Collection Fund position can be seen at Annex 2

4 CONCLUSION

- 4.1 The final outturn of a **surplus of £575,000** means that we have added £405,000 **more** to general fund balances than was estimated when we prepared the Revised Estimates. There has also been £45,000 **less** (revenue only) added to earmarked reserves than forecast at revised estimate.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF50-16/LO/AC
24 August 2016

Earmarked Reserves – 2014/15

ANNEX 1

General Fund	Balance at 31 March 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £	Transfers In 2015/16 £	Transfers Out 2015/16 £	Balance at 31 March 2016 £
<u>Reserves for Shorter Term Service Commitments</u>							
<u>Local Recreation Grants Fund</u> <i>Used to fund recreation grants</i>	20,546		-7,860	12,686	16,240		28,926
<u>Audit Reserve Fund</u> <i>Used for computer audit</i>	12,335			12,335			12,335
<u>Christmas Lights/RV in Bloom</u> <i>Available to fund contributions towards Christmas Lights and Ribble Valley in Bloom</i>	1,186			1,186		-350	836
<u>Community Enhancement</u> <i>Used to fund grants to local organisations</i>	11,419			11,419		-11,419	0
<u>Conservation Reserve</u> <i>To fund conservation schemes completed after the financial year end</i>	6,210			6,210		-6,210	0
<u>Market Town Enhancement</u> <i>To fund grants under Market Towns Enhancement Scheme</i>	8,372			8,372		-8,372	0
<u>Refuse Collection</u> <i>To fund refuse collection costs of bin replacements and other cost pressures</i>	93,323	58,266	-4,386	147,203	19,100	-115,984	50,319
<u>Clean Air Reserve</u> <i>To fund clean air survey work</i>	3,161		-480	2,681		-2,681	0
<u>Promotional Activities Reserve</u> <i>To fund planned publicity and promotional activities</i>	12,110	9,260	-12,110	9,260		-9,260	0
<u>Core Strategy Reserve</u> <i>To fund the production of the Core Strategy</i>	83,100		-60,647	22,453		-1,920	20,533
<u>Human Resource Development</u> <i>To provide for staff training commitments</i>	27,500			27,500		-27,500	0
<u>Clitheroe Food Festival</u> <i>Resources set aside to help support the costs associated with the Clitheroe Food Festival</i>		6,204		6,204	13,653		19,857
<u>Tour of Britain Reserve</u> <i>To fund the potential cost of hosting a stage of the Tour of Britain Cycle Race</i>		90,000	-174	89,826		-89,826	0
Total Reserves for Shorter Term Service Commitments	279,262	163,730	-85,657	357,335	48,993	-273,522	132,806

Earmarked Reserves – 2014/15

General Fund	Balance at 31 March 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £	Transfers In 2015/16 £	Transfers Out 2015/16 £	Balance at 31 March 2016 £
<u>Reserves to Smooth the Revenue Impact of Longer Term Cyclical Costs</u>							
<u>Elections Fund</u> <i>Used to fund borough elections held once every four years</i>	56,306	22,383		78,689	21,880	-81,493	19,076
<u>Revaluation of Assets Reserve</u> <i>To contribute towards the revaluation of the Council's assets every five years.</i>	8,000	2,000	-8,800	1,200	2,000		3,200
Total Reserves to Smooth the Revenue Impact of Longer Term Cyclical Costs	64,306	24,383	-8,800	79,889	23,880	-81,493	22,276
<u>Reserves for Trading or Business Units</u>							
<u>Building Control Fund</u> <i>Available to equalise net expenditure over a three year period</i>	-103,459	453		-103,006		-2,001	-105,007
Total Reserves for Trading or Business Units	-103,459	453	0	-103,006	0	-2,001	-105,007
<u>Reserves for Sums Set Aside for Major Schemes such as Capital Projects</u>							
<u>Capital</u> <i>Used to fund the capital programme</i>	653,919	215,825	-177,121	692,623	598,921	-526,722	764,822
<u>Clitheroe Cemetery Reserve</u> <i>To finance any future liabilities from the cemetery extension</i>	3,640			3,640		-3,640	0
<u>Civic Suite Reserve</u> <i>Resources set aside to fund future capital spend on the council chamber.</i>		11,420		11,420		-11,420	0
<u>ICT Repairs and Renewals</u> <i>To fund future software and hardware upgrades</i>	69,903	100,000		169,903		-7,614	162,289
<u>Vehicle & Plant Repairs and Renewals Reserve</u> <i>Resources set aside to fund a repairs and renewals fund for the replacement of Vehicles and Plant</i>		300,000		300,000	46,000		346,000
Total Reserves for Sums Set Aside for Major Schemes such as Capital Projects	727,462	627,245	-177,121	1,177,586	644,921	-549,396	1,273,111

Earmarked Reserves – 2014/15

General Fund	Balance at 31 March 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £	Transfers In 2015/16 £	Transfers Out 2015/16 £	Balance at 31 March 2016 £
<u>Reserves for Longer Term Strategic or Corporate Items</u>							
<u>Concessionary Travel</u> <i>To fund the transfer of the administration of the scheme to upper tier local authorities</i>	40,026		-40,026	0			0
<u>VAT Shelter Reserve</u> <i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,511,441	184,612	-86,000	1,610,053	158,431	-392,204	1,376,280
<u>Fleming VAT Claim</u> <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	239,926	13,027	-18,050	234,903		-39,106	195,797
<u>Insurance</u> <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	16,748			16,748		-2,167	14,581
<u>Repairs and Maintenance</u> <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	29,299	5,000		34,299	8,570	-5,000	37,869
<u>Post LSVT</u> <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	365,125		-36,512	328,613		-36,513	292,100
<u>Restructuring Reserve</u> <i>To fund costs resulting from restructuring reviews</i>	227,541			227,541			227,541
<u>Equipment Reserve</u> <i>To fund essential and urgent equipment requirements</i>	84,096	34,635	-25,171	93,560	41,053	-11,863	122,750
<u>Invest to Save Fund</u> <i>To fund future invest to save projects</i>	250,000			250,000			250,000
<u>Planning Reserve</u> <i>To fund any future potential planning issues</i>	178,020	55,110	-17,188	215,942		-59,204	156,738
<u>Housing Benefit Reserve</u> <i>To help meet the challenges facing the service in the coming years</i>	100,000			100,000			100,000

Earmarked Reserves – 2014/15

General Fund	Balance at 31 March 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £	Transfers In 2015/16 £	Transfers Out 2015/16 £	Balance at 31 March 2016 £
<u>Business Rates Volatility Reserve</u> <i>To provide some protection against business rates volatilities</i>	212,704	102,047		314,751	350,043		664,794
<u>New Homes Bonus Reserve</u> <i>To help finance future economic development capital schemes</i>	339,418	261,026	-95,029	505,415	292,551	-35,662	762,304
Total Reserves for Longer Term Strategic or Corporate Items	3,594,344	655,457	-317,976	3,931,825	850,648	-581,719	4,200,754
<u>Reserves for External Funding where Expenditure has yet to be Incurred</u>							
<u>Performance Reward Grant</u> <i>Performance Reward Grant received and to be used to finance Partnership posts</i>	302,874		-88,192	214,682		-139,565	75,117
<u>Forest of Bowland Reserve</u> <i>To fund access improvement schemes within the Ribble Valley section of the Forest of Bowland</i>	29,646			29,646		-29,646	0
<u>Land Charges Reserve</u> <i>To fund any potential restitution claims for personal search fees</i>	11,000		-6,526	4,474	72,406	-28,321	48,559
<u>Pendle Hill User Reserve</u> <i>To fund improvement schemes on Pendle Hill</i>	16,703	191	-3,247	13,647	30,337	-11,465	32,519
<u>Crime Reduction Partnership Reserve</u> <i>To fund cost of crime reduction initiatives</i>	29,950	11,770	-22,615	19,105	5,070		24,175
<u>Wellbeing and Health Equality</u> <i>To fund expenditure on Wellbeing and Health</i>	47,428			47,428		-47,428	0
<u>Exercise Referral Reserve</u> <i>To fund potential residual staffing costs</i>	6,433	13,750		20,183	790	-4,572	16,401
<u>Housing Related Grants Reserve</u> <i>Residual grant received, to be committed to future grant schemes</i>	26,202	20,876	-20,598	26,480	54,460	-22,930	58,010

Earmarked Reserves – 2014/15

General Fund	Balance at 31 March 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £	Transfers In 2015/16 £	Transfers Out 2015/16 £	Balance at 31 March 2016 £
<u>Community Right to Bid/Challenge</u> <i>To fund any future costs under the Community Right to Bid and Community Right to Challenge Regulations</i>	29,822	16,402		46,224			46,224
<u>Grant Funded Sports Development</u> <i>To finance future Sports Development grant funded expenditure</i>	1,500	2,000		3,500	2,010		5,510
<u>Whalley Moor Reserve</u> <i>Grant received towards work at Whalley Moor Woodland</i>	4,970			4,970		-450	4,520
<u>Inspire III Reserve</u> <i>Grant received from DEFRA which will be used to fund future Inspire III work</i>	7,131		-7,131	0			0
<u>Individual Electoral Registration Reserve</u> <i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	17,024	37,276	-31,012	23,288	19,880	-25,266	17,902
<u>Neighbourhood Planning Reserve</u> <i>DCLG Neighbourhood Planning Grant received to fund future related expenditure</i>	0	10,000		10,000	5,000		15,000
<u>Repossession Prevention Fund Reserve</u> <i>Ring-fenced DCLG funded reserve to help prevent repossessions and homelessness.</i>	0	34,211		34,211		-5,720	28,491
<u>Parish Grant Reserve</u> <i>PRG resources set aside to fund the Parish Grant Scheme</i>	0			0	109,134		109,134
Total Reserves for External Funding where Expenditure has yet to be Incurred	530,683	146,476	-179,321	497,838	299,087	-315,363	481,562
Total of all Earmarked Reserves	5,092,598	1,617,744	-768,875	5,941,467	1,867,529	-1,803,494	6,005,502

Collection Fund – 2015/16

2014/15 Total £'000		2015/16 Council Tax £'000	2015/16 Business Rates £'000	2015/16 Total £'000
	Income			
32,208	Income from Council Tax Payers	33,345		33,345
6	Transfers From General Fund - Council Tax Benefits	11		11
0	Transfers From General Fund - Flood Relief	90		90
2	Family Annexes Discount Grant (DCLG)	2		2
14,242	Income from Business Ratepayers		14,677	14,677
33	Release of Deferred Payments			0
37	Transitional Protection Payments			0
	Share of Estimated Deficit:			
0	- Lancashire County Council		58	58
0	- Ribble Valley Borough Council		10	10
0	- Police and Crime Commissioner (PCC) for Lancashire		46	46
0	- Lancashire Combined Fire Authority		1	1
46,528		33,448	14,792	48,240
	Expenditure			
	Precepts and Demands:			
23,696	- Lancashire County Council	24,519		24,519
3,369	- Ribble Valley Borough Council (including parishes)	3,417		3,417
3,336	- Police and Crime Commissioner (PCC) for Lancashire	3,452		3,452
1,362	- Lancashire Combined Fire Authority	1,408		1,408
	Business Rates			
6,987	- Central Government		7,255	7,255
1,258	- Lancashire County Council		1,306	1,306
5,589	- Ribble Valley Borough Council		5,804	5,804
140	- Lancashire Combined Fire Authority		145	145
88	Costs of Collection		90	90
0	Renewable Energy Schemes		11	11
	Share of Estimated Surplus:			
37	- Central Government			0
8	- Lancashire County Council	155		155
30	- Ribble Valley Borough Council	22		22
1	- Lancashire Combined Fire Authority	9		9
0	- Police and Crime Commissioner (PCC) for Lancashire	22		22
20	Transfers to General Fund - Council Tax Benefits	54		54
187	Provision for Bad/Doubtful Debts	112	144	256
10	Enterprise Zone		18	18
0	Transitional Protection Payments		13	13
99	Provision for Appeals		704	704
46,217		33,170	15,490	48,660
311	(Deficit)/Surplus for the Year	278	-698	-420
-212	(Deficit)/Surplus Brought Forward	320	-222	98
99	Deficit Carried Forward	598	-920	-322
	Allocated to			
-111	- Central Government	0	-460	-460
219	- Lancashire County Council	447	-83	364
-55	- Ribble Valley Borough Council	62	-368	-306
34	- Police and Crime Commissioner (PCC) for Lancashire	63	0	63
12	- Lancashire Combined Fire Authority	26	-9	17
99		598	-920	-322