

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 18

meeting date: 25 NOVEMBER 2018
 title: REVENUE MONITORING 2018/19
 submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To let you know the position for the period April to September 2018 of this year's revenue budget as far as this committee is concerned.

1.2 Relevance to the Council's ambitions and priorities:

Community Objectives – none identified

Corporate Priorities - to continue to be a well managed Council providing efficient services based on identified customer need. To meet the objective within this priority, of maintaining critical financial management controls, ensuring the authority provides council tax payers with value for money.

Other Considerations – none identified.

2 FINANCIAL INFORMATION

2.1 Shown below, by cost centre, is a comparison between actual expenditure and the original estimate for the period to the end of September. You will see an overall overspend of £67,493 on the net cost of services. Please note that underspends are denoted by figures with a minus symbol. After allowing for transfers to/from earmarked reserves there remains an overspend of £67,493.

Cost Centre	Cost Centre Name	Net Budget for the full year	Net Budget to the end of the period	Actual including commitments to the end of the period	Variance	
CEXEC	Chief Executives Department	0	645,147	667,311	22,164	
CIVCF	Civic Functions	60,220	31,262	28,035	-3,227	
CIVST	Civic Suite	-3,550	16,756	18,784	2,028	
CLOFF	Council Offices	-3,700	121,890	176,081	54,191	
CLTAX	Council Tax	337,060	31,896	32,666	770	
COMPR	Computer Services	1,200	51,460	75,324	23,864	
CORPM	Corporate Management	340,540	0	0	0	
COSDM	Cost of Democracy	450,060	123,076	121,708	-1,368	
CSERV	Corporate services	185,780	10,139	8,769	-1,370	
ELADM	Election Administration	5,370	0	0	0	
ELECT	Register of Electors	106,150	42,227	15,392	-26,835	
EMERG	Community Safety	64,130	4,684	1,936	-2,748	

Cost Centre	Cost Centre Name	Net Budget for the full year	Net Budget to the end of the period	Actual including commitments to the end of the period	Variance	
ESTAT	Estates	67,450	-16,530	-14,946	1,584	
FGSUB	Grants & Subscriptions - Policy and Finance	167,320	127,421	128,308	887	
FMISC	Policy & Finance Miscellaneous	-61,370	28,231	25,797	-2,434	
LANDC	Land Charges	15,020	-33,249	-22,949	10,300	
LICSE	Licensing	43,050	-43,325	-46,176	-2,851	
LUNCH	Luncheon Clubs	14,280	0	0	0	
NNDRC	National Non Domestic Rates	41,840	7,642	-16,655	-24,297	
OMDEV	Organisation & Member Development	0	0	1,503	1,503	
PERFM	Performance Reward Grants	3,430	0	0	0	
RESOR	Resources Department	-1,200	986,092	1,001,943	15,851	
SUPDF	Superannuation Deficiency Payments	97,600	49,220	48,701	-519	
	Sum:	1,930,680	2,184,039	2,251,532	67,493	

Transfers to/from Earmarked Reserves				
Elections Earmarked Reserve	22,990	0	0	0
Performance Reward Grant Earmarked Reserve	-2,650	0	0	0
ICT Earmarked Reserve	-3,970	0	0	0
VAT Shelter Earmarked Reserve	108,080	0	0	0
Pensions Triennial Revaluation Reserve	33,320	0	0	0
Revaluation Reserve	2,110	0	0	0
Repairs and Maintenance Earmarked Reserve	-7,140	-1,072	-1,072	0
Total after Transfers to/from Earmarked Reserves	2,089,170	2,182,967	2,250,460	67,493

2.2 The variations between budget and actuals have been split into groups of red, amber and green variance. The red variances highlight specific areas of high concern, for which budget holders are required to have an action plan. Amber variances are potential areas of high concern and green variances are areas, which currently do not present any significant concern.

Key to Variance shading	
Variance of more than £5,000 (Red)	R
Variance between £2,000 and £4,999 (Amber)	A
Variance less than £2,000 (Green)	G

- 2.3 We have then extracted the main variations for the items included in the red shaded cost centres and shown them with the budget holder's comments and agreed action plans, in Annex 1.
- 2.4 The main variations for items included in the amber shaded cost centres are shown with budget holders' comments at Annex 2.
- 2.5 For this committee there has been an additional revenue item approved in to the budget. As the 'responsible person' Ribble Valley Borough Council has carried out Fire Risk Assessments of most of the council's current building portfolio. Most of the council's buildings required only minor works following the Fire Risk Assessments but as these are deemed as minor works they are accommodated in the repair and maintenance budgets.
- 2.6 In respect of this committee, more substantial works were identified at the Longridge Over 60's Club (£7,140). Additional budget to facilitate these works was approved at Policy and Finance Committee on 19 June, with the additional budget to be funded from the Repairs and Maintenance Earmarked Reserve.
- 2.7 In summary the main area of variance that is **unlikely** to rectify itself by the end of the financial year is shown below:

Description	Variance to end September 2018 £
Register of Electors (ELECT) - This is income that relates to Individual Electoral Registration (IER) for 2018/19. The grant was announced and received in July 2018. This additional income will be reflected at revised estimate time	-25,411
Land charges (LANDC) – This is further grant that has been received by the council in respect of Land Charges New Burdens. This will be reflected in the revised estimate	-4,323

2.8 A further area of concern, but one which may correct itself by the end of the year is the variance shown in Annex 1 with regard to Land Charges Search Fees income (under achievement on income of £14,126 to the end of September). There has been a lower than anticipated level of income from Land Charge Search Fees – and compared to past years. This is due to a lower number of requests being received to date.

2.9 We will continue to closely monitor the fee income and the numbers of searches being requested. Further review work on the reasons for the fall in search requests/income is also to be carried out by the legal section.

3 CONCLUSION

3.1 The comparison between actual and budgeted expenditure shows an overspend of £67,493 for the first six months of the financial year 2018/19. After allowing for transfers to/from earmarked reserves there remains an overspend of £67,493.

3.2 There is concern around the lower level of income being received than anticipated in respect of Land Charge Search Fees, but further review work on the reasons for the fall in search requests/income is also to be carried out by the legal section.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF65-18/LO/AC
7 November 2018

Policy and Finance Committee Budget Monitoring – Red Variances

Ledger Code	Ledger Code Name	Budget for the Full Year	Budget to the end of the period	Actual including Commitments to the end of the period	Variance	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
CEEXEC/0100	Chief Executives Department/Salaries	855,940	476,506	492,156	15,650	There has been a lower level of staff turnover experienced in this service area than allowed for in the setting of the budget.	The budget will be reviewed at the time of setting the revised estimate.
CLOFF/2432	Council Offices/Electricity	37,900	18,952	71,163	52,211	<p>This variance is due to disputed invoices with nPower with regard to backdated electricity charges for the Council Offices.</p> <p>We are currently in communication with nPower to try to resolve this dispute.</p>	We will continue to monitor this position and hold these unpaid invoices in dispute.

Policy and Finance Committee Budget Monitoring – Red Variances

Ledger Code	Ledger Code Name	Budget for the Full Year	Budget to the end of the period	Actual including Commitments to the end of the period	Variance	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
COMPR/2991	Computer Services/Communication Equipment	11,060	4,617	25,210	20,593	This variance is due to a large multi-year commitment in respect of our internet connection. At the end of the financial year a large proportion of this variance will be rolled forward to the 2019/20 and 2020/21 financial years. There is also a partial refund anticipated.	The commitments that are showing against this year's budget will be rolled forward at the end of the financial year, clearing most of this variance
ELECT/8050z	Register of Electors/Individual Electoral Registration	0	0	-25,411	-25,411	This income relates to Individual Electoral Registration (IER) for 2018/19. The grant was announced and received in July 2018.	This additional income will be reflected at revised estimate time
LANDC/8408n	Land Charges/Search Fee (Vatable)	-73,840	-38,788	-24,662	14,126	Lower than anticipated level of income from Land Charge Search Fees – and compared to past years. This is due to a lower number of requests being received to date.	We will continue to closely monitor the fee income and the numbers of searches being requested. Further review work on the reasons for the fall in search requests/income is to be carried out by the legal section.

Policy and Finance Committee Budget Monitoring – Red Variances

Ledger Code	Ledger Code Name	Budget for the Full Year	Budget to the end of the period	Actual including Commitments to the end of the period	Variance	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
NNDRC/3165	National Non Domestic Rates/RV Finder Fees	0	0	8,918	8,918	This is a chargeable service for identifying properties not included on the Valuation Office list of rateable properties. This was not included within the budget, but does result in additional retained business rates for the council – which is reflected elsewhere in the council's overall budget.	This will be reflected in the revised estimate.
NNDRC/8649z	National Non Domestic Rates/Storm Eva S31 Grant	0	0	-30,786	-30,786	<p>This is final funding received from MHCLG in support of our Business Rates support following the floods of 2015.</p> <p>The government paid this council a final grant at the end of 2017/18 which was equivalent to the monies due in total to all precepting bodies, rather than just the share due to this council.</p>	<p>We are currently awaiting confirmation from MHCLG on how this will be rectified.</p> <p>This variance will eventually clear itself, by year end at the latest.</p>

Policy and Finance Committee Budget Monitoring – Red Variances

Ledger Code	Ledger Code Name	Budget for the Full Year	Budget to the end of the period	Actual including Commitments to the end of the period	Variance	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
RESOR/0100	Resources Department/Salaries	1,360,620	680,580	692,803	12,223	The budget allows for an element of staff turnover. Whilst there have been a number of vacancies to date, other staffing costs have meant that there remains an overspend on this budget.	Staffing budgets will continue to be closely monitored and the latest position reflected in the Revised Estimate
RESOR/1023	Resources Department/Corporate Training	15,620	7,812	2,100	-5,712	A corporate training plan due for approval by Personnel committee. There are a number of areas of training planned in the coming months which will commit approximately £7,300.	Once the training plan has been approved by Personnel Committee, the programmed training will be progressed.
RESOR/3301	Resources Department/Security Phones	1,700	852	6,724	5,872	This variance is due to a multi-year commitment in respect of mobile phones. At the end of the financial year, approximately £5,000 of this variance will be rolled forward to the 2019/20 financial year.	The commitments that are showing against this year's budget will be rolled forward at the end of the financial year, clearing most of this variance

Planning and Development Committee Budget Monitoring – Amber Variances

Ledger Code	Ledger Code Name	Budget for the Full Year	Budget to the end of the period	Actual including Commitments to the end of the period	Variance	Reason for Variance
CEXEC/0109	Chief Executive's Department/ Superannuation Salaries	142,140	79,076	82,351	3,275	The budget allows for an element of staff turnover. Whilst there have been a number of vacancies to date, this has not been to a level allowed for in the budget for this department. This position may change over the coming months, and the latest position will be reflected in the preparation of the Revised Estimate.
COMPR/3006	Computer Services/Government Connect	20,170	4,305	7,840	3,535	The overspend here reflects the commitment that is in place for the health check work that was unable to be completed at the end of the 2017/18 financial year. Resources have also been set aside in an earmarked reserve to fund this work and the necessary budget adjustments to reflect this will be brought in at revised estimate time

Planning and Development Committee Budget Monitoring – Amber Variances

Ledger Code	Ledger Code Name	Budget for the Full Year	Budget to the end of the period	Actual including Commitments to the end of the period	Variance	Reason for Variance
ESTAT/2409	Estates/Non Recurring Maintenance Items	7,140	3,570	1,072	-2,498	This budget relates to the Fire Protection Works at Longridge Over 60s Club. Work is continuing and the variance should clear by the end of the financial year, once works are fully completed.
ESTAT/3090	Estates/Legal	1,450	726	5,635	4,909	The variance shown relates to a number of external valuations that have been sought in respect of a number of council assets to support ongoing work.
LANDC/8657z	Land Charges/DCLG - Property Searches	0	0	-4,323	-4,323	Further grant has been received by the council in respect of Land Charges New Burdens Grant. This will be reflected in the revised estimate
RESOR/0109	Resources Department/ Superannuation Salaries	218,470	109,278	112,400	3,122	The budget allows for an element of staff turnover. Whilst there have been a number of vacancies to date, other staffing costs have meant that there remains an overspend on this budget.

Planning and Development Committee Budget Monitoring – Amber Variances

Ledger Code	Ledger Code Name	Budget for the Full Year	Budget to the end of the period	Actual including Commitments to the end of the period	Variance	Reason for Variance
RESOR/2998	Resources Department/Software Maintenance	67,430	53,944	58,854	4,910	The variance relates to software changes in relation to the Civica Financials system and the statutory requirements under HMRC's 'Making Tax Digital' in respect of the submission of our monthly VAT returns to HMRC.