

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 19

meeting date: 20 NOVEMBER 2018
 title: OVERALL REVENUE MONITORING 2018/19
 submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To report the overall revenue position for the current financial year up to the end of September 2018.

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 COMPARISON AT COMMITTEE LEVEL

2.1 Shown in the table below is a summary across all committees, including:

- Full Year Budget
- Budget to the end of September 2018
- Actuals and Commitments (orders where goods or invoices have yet to be received) as at the end of September 2018
- The variance as at the end of September 2018
- Percentage Variance as at the end of September 2018

Committee	Net Budget for the full year	Net Budget to the end of the period	Actual including commitments to the end of the period	Variance	Percentage Variance
Community Services	3,778,920	1,451,136	1,369,245	-81,891	-5.64%
Economic Development	270,240	36,938	35,417	-1,521	-4.12%
Health and Housing	977,040	183,389	213,058	29,669	16.18%
Planning and Development	461,540	-159,370	-131,989	27,381	-17.18%
Policy and Finance	1,930,680	2,184,039	2,251,532	67,493	3.09%
Total	7,418,420	3,696,132	3,737,263	41,131	1.11%

3 BUDGET VARIANCES

- 3.1 Within this report the overall budget has been broken down subjectively and monitored against the profiled budget up to the end of September 2018. As at this date, there shows an overspend of £41,131.
- 3.2 The full position is shown at Annex 1, with any variances above £10,000 (highlighted in yellow) at this high level detailed below, with reasons given. Favourable variances are shown as negative values.

Description	Amount £	Variance Reasons
Employee Related Expenditure - Direct Employee Expenses	34,542	This is largely as a result of anticipated overall staff turnover levels allowed for in the setting of the budget not being realised. However, this is partly offset by the lower levels of direct employee costs seen due to the Director of Economic Development and Planning being in post from August rather than for a full year.
Employee Related Expenditure - Indirect Employee Expenses	-14,204	Part of this variance relates to the corporate training budget. A corporate training plan has now been approved by Personnel committee. There are a number of areas of training planned in the coming months which will commit approximately £7,300. There are also a number of other service specific areas of underspend on training, particularly under Community Services Committee. However, there are plans in place for these budgets.
Premises Related Expenditure – Energy Costs	45,009	This variance is due to disputed invoices with nPower with regard to backdated electricity charges for the Council Offices. We are currently in communication with nPower to try to resolve this dispute.
Premises Related Expenditure – Grounds Maintenance Costs	-29,763	There have been staff vacancies in the grounds maintenance service. This has resulted in a lower rate of oncosts being recharged out to services for grounds maintenance. As the majority of time is spent by the grounds maintenance service at the borough's parks, it has resulted in a significantly lower than estimated recharge to the Ribble Valley Parks cost centre on Community Services Committee.

Description	Amount £	Variance Reasons
Transport Related Expenditure – Direct Transport Costs	15,973	<p>This variance almost all relates to services under Community Services Committee, and is notably in respect of the Refuse Collection Service.</p> <p>Repairs and Maintenance on individual refuse collection vehicles varies widely from vehicle to vehicle, ranging from an underspend of around £7.5k to an overspend of around £9k.</p> <p>Whilst an overspend is shown here, this is a considerably better position than has been seen over the last two years.</p> <p>Corporate Management Team are keeping a regular review on costs in this area. There are no foreseeable major works identified as needed by the mechanics workshop at this time.</p>
Supplies and Services – Communications and Computing	28,864	<p>This variance will largely correct itself by the end of the financial year and largely relates to multi-year ICT contracts that have been paid in full or ordered, and will be carried forward in to the next financial year at year end. One of the main items here is in respect of our internet connection.</p> <p>A variance of £5k 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.</p>
Transfer Payments – Benefit Payments	57,728	<p>Rent Allowance payments are slightly higher than budgeted for, after adjusting for recovery of benefits overpayments and non-cash transactions - actual is 1.6% higher than the £3.5m budgeted for to date.</p> <p>This is mainly due to changing levels of caseloads, which vary week to week. Any higher payments for the year as a whole would be reflected in more Rent Allowance subsidy grant income received at year-end, as expenditure for the year is broadly funded by subsidy grant received.</p> <p>As a result, there is unlikely to be a significant overspend at year-end. The budget will be amended at Revised Estimate to reflect the latest full-year estimate for Rent Allowance payments.</p>

Description	Amount £	Variance Reasons
Government Grants Income	-15,501	<p>This mainly relates to Health and Housing committee services and Policy and Finance Committee services:</p> <p>Health and Housing Committee</p> <p>Mainly due to £36,158 lower Rent Allowance subsidy grant income to date, offset by £15,150 of additional funding from the DWP, as follows:</p> <ul style="list-style-type: none"> - Actual Rent Allowance subsidy grant income is slighter lower than budgeted for - actual was 1.1% less than the £3.15m budgeted for to date. The reduced income is in line with the estimate prepared for the 2018/19 DWP subsidy grant initial estimate claim, which was completed after the original estimate budget was set. Rent Allowance subsidy grant income received at year-end will be amended to broadly reflect Rent Allowance expenditure for the year (see transfer payments above). As a result, there is unlikely to be a significant under recovery of income at year-end. The budget will be amended at Revised Estimate to reflect the latest full-year estimate for Rent Allowance subsidy grant income. - The additional funding received in-year from the DWP reflects the burden on the Council of administering various new processes for the DWP, such as benefits regulations changes, fraud arrangements and administering discretionary housing payments. This funding was not anticipated at original estimate budget stage and the budget will be updated at Revised Estimate stage to reflect this income. <p>Policy and Finance Committee</p> <p>Storm Eva Section 31 Grant (-£30,786) - This is funding received from DCLG in support of our Council Tax and Business Rates support following the floods. The government paid us a grant at the end of 2017/18 which was equivalent to the monies due to all precepting bodies – rather than just our share. We are awaiting confirmation on how this will be rectified.</p>
Other Grants Reimbursements and Contributions Income	-40,290	<p>Part of this variance relates to the sponsorship income and the RVBC financial contribution for the food festival, for which there is currently no budget (-£12,700). This income will be reflected in the revised estimate.</p> <p>There is also -£25,411 of this variance in respect of grant for 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.</p> <p>There has also been further income under Planning and Development Committee in respect of a prosecution for breach of an enforcement notice and the court ordered repayment of all legal fees, both internal and external, by the defendant to the council (-£6,081).</p>

Description	Amount £	Variance Reasons
<p>Customer and Clients Receipts Income</p>	<p>-16,563</p>	<p>The larger variances here are in relation to Policy and Finance Committee services, Community Services Committee services and Planning and Development Committee services</p> <p>Policy and Finance Committee</p> <p>Land Charges (£15,514): 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.</p> <p>Community Services Committee</p> <p>Refuse Collection and Trade Waste (-£56,120): Once again there continues to be a high level of income from trade waste (-£49,433), of which -£12,100 relates to the new charge for waste transfer notes to trade customers which was introduced April 2018 (no associated budget).</p> <p>The income here relates to invoices that have been raised for the full year. There will inevitably be some cancellations to contracts as the year progresses, with consequential credit notes reducing the level of income currently shown – however it is not anticipated that there would be substantial numbers of these.</p> <p>There is also a sizeable amount of income from the sale of bins to householders (-£17,432). This will be offset against any other costs associated with these, and other replacement bins and the balance will be added to or taken from the earmarked reserve to fund future replacement bins.</p> <p>Income levels with regard to the sale of waste paper and card continue to under-perform (£14,495). No income was received from the sale of paper in April due to falling market prices. Minimal income was received May (-£356), June 2018 (-£690) and July (-£334) No income received for August. Income of -£892 is to be received for September but the invoice was not raised until 11 October and is therefore not included as income here.</p> <p>Car Parking (-£7,425): There has been a high level of income from car parking charges, notably at Edisford. It is assumed that this is due to the good weather experienced over summer.</p> <p>Sale of Vehicles (-£11,150): Income totalling -£11,150 has been received from the sale of old vehicles and plant following replacement through the capital programme. This will be transferred to the capital earmarked reserve at the end of the financial year to fund future year's capital programmes.</p> <p>Ribblesdale Pool (£39,914): Income across most areas of the pool is down against the budget. A limited amount of this is seen as being due to the 'This Girl Can' project, for which grant funding was received. The largest proportion relates to swimming lessons (£25,809), some of this relates to late billing of schools, but the vast majority is due to the take up of swimming lessons not being at full capacity.</p>

Description	Amount £	Variance Reasons
		<p>Planning and Development Committee</p> <p>Planning Fees (£18,162): Planning fee income is currently showing as lower than the budget. The budget is split evenly across the year for planning income and reflects the inability to forecast exactly when planning income will be received. It is too early in the year to forecast what the likely outturn for the year on planning fees will be.</p>
<p>Oncosts and Recharges Income</p>	<p>-11,599</p>	<p>This largely relates to the Grounds Maintenance service, the Vehicle Workshop and the Works Administration service.</p> <p>The Vehicle Workshop and the Works Administration services are showing an over recovery, the works administration service being largely due to the increased level of time spent on the capital programme and the comparatively low levels of sickness (an element being allowed for in the budget).</p> <p>The Grounds Maintenance Service oncost recovery is conversely down, due to staff vacancies in 2 posts. This has also resulted in a lower charge to the Ribble Valley Parks cost centre (referred to above under Premises Related Expenditure)</p>

5 CONCLUSION

- 5.1 There is an overall net overspend variance to the end of September 2018 of £41,131. The overall variances at a subjective level that are over £10,000 at the end of September have been analysed in more detail.
- 5.2 We continue to receive high levels of income from Trade Waste. However, the level of income being received from the sale of paper under our refuse collection service is very concerning. We will continue to keep this under review.
- 5.3 We have also seen a fall in income from Property Searches and Planning Fees. These income streams are difficult to predict when income will be received in year, and how much. Budgets levels have been set based on past experience and largely profiled to be received evenly across the year. These variances may correct themselves by the end of the financial year, but we will continue to monitor these income levels closely. Income levels at the pool are also of concern, notably in respect of swimming lessons. General admission fees are also down.
- 5.4 We will keep the disputed nPower invoice in respect of backdated electricity charges for the Council Offices under review, and continue to oppose the full level of charges that they are looking to pass on to the council.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF68-18/LO/AC
8 November 2018

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Original 2018/19	Original Estimate to Period End	Actual and Commitments to Period End	Variance at Period End	Percentage Variance for the Period
Variances of more than £10,000 have been highlighted and examined in the body of the report						
EXPENDITURE						
Employee Related Expenditure	Direct Employee Expenses	6,416,140	3,148,582	3,183,124	34,542	1.10%
	Indirect Employee Expenses	172,800	113,344	99,140	-14,204	-12.53%
Employee Related Expenditure	Subtotal	6,588,940	3,261,926	3,282,264	20,338	0.62%
Premises Related Expenditure	Appor. of Opertnl Bldg Expense	148,470	-26	43	69	-263.46%
	Business Rates	256,680	211,223	212,514	1,291	0.61%
	Cleaning & Domestic Supplies	185,450	39,148	42,870	3,722	9.51%
	Energy Costs	155,470	66,208	111,217	45,009	67.98%
	Fixtures & Fittings	4,940	4,760	4,842	82	1.72%
	Grounds Maintenance Costs	439,300	236,201	206,438	-29,763	-12.60%
	Premises Insurance	35,710	35,364	33,062	-2,302	-6.51%
	Rates	2,220	1,594	1,665	71	4.42%
	Rents	52,930	16,336	17,866	1,530	9.37%
	Repairs & Maintenance	257,010	168,818	178,501	9,683	5.74%
	Water Services	92,040	64,471	66,871	2,400	3.72%
Premises Related Expenditure	Subtotal	1,630,220	844,097	875,886	31,789	3.77%
Transport Related Expenditure	Car Allowances & Trav Expenses	50,330	24,830	24,761	-69	-0.28%
	Contract Hire & Oper Leases	190,960	141,864	141,451	-413	-0.29%
	Direct Transport Costs	533,810	275,058	291,031	15,973	5.81%
	Public Transport	3,050	1,390	982	-408	-29.35%
	Transport Insurances	42,990	37,654	43,096	5,442	14.45%
	Transport Recharges	785,780	900	30	-870	-96.67%
Transport Related Expenditure	Subtotal	1,606,920	481,696	501,351	19,655	4.08%
Supplies and Services	Clothes, Uniform & Laundry	21,150	10,186	9,741	-445	-4.37%
	Communications & Computing	396,910	278,170	307,034	28,864	10.38%
	Debt Management Expenses	42,870	0	0	0	#DIV/0
	Equipment, Furniture & Materls	307,770	179,207	181,343	2,136	1.19%
	Expenses	259,890	137,223	131,407	-5,816	-4.24%
	Grants & Subscriptions	64,970	35,110	30,274	-4,836	-13.77%
	Miscellaneous Expenses	146,580	64,406	56,420	-7,986	-12.40%

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Original 2018/19	Original Estimate to Period End	Actual and Commitments to Period End	Variance at Period End	Percentage Variance for the Period
	Printing, Stationery, Exps	83,880	41,443	39,303	-2,140	-5.16%
	Services	325,580	103,797	97,768	-6,029	-5.81%
Supplies and Services	Subtotal	1,649,600	849,542	853,288	3,746	0.44%
Third Party Payments	Government Departments	3,100	-198	0	198	-100.00%
	Other Local Authorities	238,120	46,046	45,418	-628	-1.36%
	Private Contractors	132,820	71,923	68,333	-3,590	-4.99%
Third Party Payments	Subtotal	374,040	117,771	113,751	-4,020	-3.41%
Transfer Payments	Benefit Payments	6,333,910	3,501,748	3,559,476	57,728	1.65%
	Grant Payments	263,740	168,039	163,982	-4,057	-2.41%
Transfer Payments	Subtotal	6,597,650	3,669,787	3,723,458	53,671	1.46%
Support Services	Central Departmental Support	3,916,220	114	0	-114	-100.00%
	Departmental Support	1,953,950	0	0	0	#DIV/0
	Other Recharges	328,900	0	0	0	#DIV/0
Support Services	Subtotal	6,199,070	114	0	-114	-100.00%
Depreciation and Impairment	Depreciation	892,620	0	0	0	#DIV/0
Depreciation and Impairment	Subtotal	892,620	0	0	0	#DIV/0
TOTAL Expenditure		25,539,060	9,224,933	9,349,999	125,066	1.36%
INCOME						
Government Grants	Government Grants	-6,636,120	-3,309,816	-3,325,317	-15,501	0.47%
Government Grants	Subtotal	-6,636,120	-3,309,816	-3,325,317	-15,501	0.47%
Other Grants, Reimbsmts, Conts	Other Grants, Reimbsmts, Conts	-191,940	-37,095	-77,385	-40,290	108.61%
Other Grants, Reimbsmts, Conts	Subtotal	-191,940	-37,095	-77,385	-40,290	108.61%
Customer & Client Receipts	Customer & Client Receipts	-3,134,240	-1,755,395	-1,771,958	-16,563	0.94%
Customer & Client Receipts	Subtotal	-3,134,240	-1,755,395	-1,771,958	-16,563	0.94%
Oncosts and Recharges	Oncosts and Recharges	-8,158,160	-426,477	-438,076	-11,599	2.72%
Oncosts and Recharges	Subtotal	-8,158,160	-426,477	-438,076	-11,599	2.72%
Interest	Interest	-180	-18	0	18	-100.00%
Interest	Subtotal	-180	-18	0	18	-100.00%
TOTAL Income		-18,120,640	-5,528,801	-5,612,736	-83,935	1.52%
NET EXPENDITURE		7,418,420	3,696,132	3,737,263	41,131	1.11%