

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 16

meeting date: 19 NOVEMBER 2019
 title: REVENUE MONITORING 2019/20
 submitted by: DIRECTOR OF RESOURCES
 principal author: VALERIE TAYLOR

1 PURPOSE

1.1 To let you know the position for the period April to September 2019 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 underspend of £137,106 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 is an underspend of £121,306.

Cost Centre	Cost Centre Name	Net Budget for the Full Year	Net Budget to the end of period	Actual including Commitments to the end of the period	Variance
CEXEC	Chief Executives Department	0	546,051	560,744	14,693
CIVCF	Civic Functions	61,430	32,025	29,511	-2,514
CIVST	Civic Suite	-1,200	21,644	21,902	258
CLOFF	Council Offices	0	128,037	122,972	-5,065
CLTAX	Council Tax	375,050	35,656	32,151	-3,505
COMPR	Computer Services	0	63,827	65,620	1,793
CORPM	Corporate Management	342,600	0	0	0
COSDM	Cost of Democracy	479,640	129,486	125,161	-4,325
CSERV	Corporate services	163,230	13,036	11,835	-1,201
DISTC	District Elections	120,000	120,000	102,071	-17,929
ELADM	Election Administration	24,660	0	0	0

Cost Centre	Cost Centre Name	Net Budget for the Full Year	Net Budget to the end of period	Actual including Commitments to the end of the period	Variance
ELECT	Register of Electors	108,670	41,091	22,768	-18,323
EMERG	Community Safety	65,210	1,286	2,044	758
ERNET	Emergency Radio Network	-2,000	-2,000	-1,800	200
ESTAT	Estates	68,840	-22,898	-34,175	-11,277
FGSUB	Grants & Subscriptions - Policy and Fin	169,670	102,639	107,939	5,300
FMISC	Policy & Finance Miscellaneous	43,370	28,081	-9,157	-37,238
LANDC	Land Charges	30,180	-22,463	-23,782	-1,319
LICSE	Licensing	31,070	-43,975	-47,528	-3,553
LUNCH	Luncheon Clubs	14,520	0	1,160	1,160
NNDRC	National Non-Domestic Rates	48,570	7,626	-23,825	-31,451
OMDEV	Organisation & Member Development	0	0	0	0
PARGR	Parish Council Grants	0	0	1,050	1,050
RESOR	Resources Department	8,980	1,039,571	1,015,408	-24,163
SUPDF	Superannuation Deficiency Payments	99,010	29,473	29,018	-455
Sum:		2,251,500	2,248,193	2,111,087	-137,106

Transfers to/from Earmarked Reserves				
Elections Earmarked Reserve	-90,000	-120,000	-102,071	17,929
Superannuation Adjustment Reserve	50,540	0	0	0
Revaluation Reserve	2,150	0	0	0
Capital Earmarked Reserve	0	0	7,501	7,501
ICT Equipment Reserve	0	0	-3,130	-3,130
Transparency Reserve	0	0	-4,900	-4,900
Council tax support new burdens Reserve	0	0	-1,600	-1,600
Total after Transfers to/from Earmarked Reserves	2,214,190	2,128,193	2,006,887	-121,306

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 In summary the **main** areas of variances that are **unlikely** to rectify themselves by the end of the financial year is shown below:

Description	Variance to end September 2019 £
EU Exit Funding (FMISC) – This is funding received from central government to support local councils with any costs incurred in preparation for the EU Exit. Any unspent funds in the current year will be set aside in the EU Exit Reserve to meet future associated costs.	-34,968
Register of Electors (ELECT) – This is income that relates to Individual Electoral Registration (IER) for 2019/20. The grant was announced in July 2019. This additional income will be reflected at revised estimate.	-17,788
Estates (ESTAT) – This is the net variance resulting from the sale of 3 parcels of freehold land (£9k) less associated land valuation costs (£2k).	-7,501
District Elections (DISTC) - £18k of budgeted costs in respect of the 2019 district election were incurred towards the end of the 2018/19 financial year which has resulted in an underspend in the current year. The budget assumes these costs would have fallen in 2019/20. District election costs are funded from the elections reserve where funds are set aside on an annual basis to smooth out the cost of elections. The budget and earmarked reserve will therefore be reviewed at revised estimate.	-17,929

3 CONCLUSION

- 3.1 The comparison between actual and budgeted expenditure shows an underspend of £137,106 for the first four months of the financial year 2019/20. After allowing for transfers to/from earmarked reserves there is an underspend of £121,306.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF62-19/LO/AC
6 November 2019

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
DISTC/0374	District Elections/ General Clerical - elections	120,000	120,000	102,071	-17,929	£18k of budgeted costs in respect of the 2019 district election were incurred towards the end of the 2018/ 2019 financial year. The budget assumes these costs would have fallen in 2019/20.	District election expenditures are funded from the elections reserve where monies are set aside on an annual basis. The election budget and earmarked reserve will be reviewed at revised estimate to account for actual costs incurred within the current financial year.
FMISC/8793Z	Policy & Finance Miscellaneous /MHCLG - EU Exit Funding	0	0	-34,968	-34,968	This variance follows funding that has been received in the current year from central government to support local councils with any costs incurred in preparation for the EU Exit.	Any anticipated costs associated with the EU Exit along with an associated movement in earmarked reserve will be brought in to the budget at revised estimate.
NNDRC/8649z	National Non-Domestic Rates/ Storm Eva S31 Grant (Tranche 2)	0	0	-30,786	-30,786	This is past grant income from previous financial years that is due for return to the government. The grant was originally received in respect of business rates reliefs following Storm Eva in 2015.	It was confirmed last year with MHCLG that this should be resolved in the closedown process around NNDR3.

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	1,422,440	711,504	688,559	-22,945	Due to the high level of staff turnover to date there are underspends on staffing cost above the 4% allowed for in the budget.	The budget will be reviewed and updated at revised estimate to reflect the most up to date position.
RESOR/0109	Resources Department/ Superannuation Salaries	232,730	116,410	110,255	-6,155		
ELECT/8050z	Register of Electors/ Individual Electoral Registration Grant	0	0	-17,788	-17,788	This income relates to Individual Electoral Registration (IER) for 2019/20. The grant was announced in July 2019.	The additional income will be reflected at revised estimate time.
ESTAT/8856I	Estates/ Sale of Land and Buildings <£10k	0	0	-9,501	-9,501	This is a receipt for the sale of 3 parcels of freehold land at Peel Park Avenue and Claremont Drive.	The budget will be adjusted for at revised estimate. These monies will be set aside in the capital earmarked reserve to help finance future schemes in the capital programme.
CEXEC/0100	Chief Executives Department/ Salaries	795,860	398,088	414,399	16,311	Council staffing budget estimates assume an average vacancy saving of 4% across the authority. Turnover to date within the Chief Executives department is lower than that allowed for within the budget which has resulted in the overspend shown.	The budget will be reviewed and updated at revised estimate to reflect the most up to date position.

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
ELECT/2998	Register of Electors/ Software Maintenance	14,570	14,570	10,756	-3,814	A portion of software maintenance costs have been reclaimed from central government for expenses relating to the European Election. The budget will be updated at revised estimate
ESTAT/8804u	Estates/ Building Rents	-10,200	0	-3,120	-3,120	There has been an increase in rental income this year following rental of the former physio centre from February 2019. Current year rental agreements will be reviewed at revised estimate and the forecast updated to reflect the most up to date position.
RESOR/0108	Resources Department/ National Insurance Salaries	123,050	61,550	58,763	-2,787	Vacancy savings which exceed that built into the budget estimate have reduced the council's national insurance liability within the Resources Department.
RESOR/2971	Resources Department/ Printing & Stationery	9,380	4,692	2,196	-2,496	Expenditure on Printing and Stationery is lower than estimated to the end of the period, the budget will be reviewed at revised estimate and the forecast updated to reflect the current year position.
ESTAT/2451	Estates /National Non-Domestic Rates	2,200	2,200	0	-2,200	A council owned building (the physio centre) has now been rented out so the NNDR liability is now the responsibility of the tenant.

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
CLOFF/2451	Council Offices/ National Non-Domestic Rates	62,400	62,400	60,248	-2,152	The transitional surcharge that applied to the council offices annual business rates liability following a reduction in the premises rateable value has now ended resulting in a favourable variance for the 2019/20 financial year. The budget will be amended at revised estimate.
CLOFF/2432	Council Offices/ Electricity	35,250	14,687	16,896	2,209	An invoice has been received from our electricity supplier for capacity mechanism charges (contribution to a scheme that ensures the UK meets future electricity needs) which could not be collected during the 2018/19 financial year following a legal challenge. The budget will be updated at revised estimate.
RESOR/2998	Resources Department/ Software Maintenance	77,710	60,495	62,751	2,256	Revenue implication of upgrading the Civica Pay system and implementation of 3D secure (to be funded from the council tax support new burdens reserve as approved by this Committee Sep 2019)
CEXEC/0130	Chief Executives Department/ Temporary Staff	0	0	2,530	2,530	Expenditure on the procurement of external pest control services during a period of employee vacancies to ensure continuation of the pest control service.

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 Executives Department/ Superannuation Salaries	132,000	66,024	68,560	2,536	Council staffing budget estimates assume an average vacancy saving of 4% across the authority. Turnover to date within the Chief Executives department is lower than that allowed for within the budget which has resulted in the overspend shown.
RESOR/2881	Resources/ Purchase of Equipment & Materials	10,440	2,759	5,849	3,090	Training laptops have been purchased at a cost of £3k. These are to be funded from a movement in earmarked reserve (which had been set aside following an underspend on corporate training in the 2018/ 2019 financial year), the budget will be amended at revised estimate.
ELECT/2981	Register of Electors/ Postages	27,780	18,858	22,003	3,145	Postage costs for the period are higher than average, particularly with regards to Royal Mail response services. The budget will be adjusted at revised estimate to reflect the likely outturn.
ESTAT/3090	Estates/ Legal	1,480	742	4,820	4,078	Expenditure and Commitments for the valuations of council land to be brought in to the budget 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
FGSUB/4678	Grants & Subscriptions - Policy and Fin/Grants to Voluntary, Comm & Soc Ent Orgs	111,310	85,063	89,250	4,187	Grant paid to LCC following approval from P&F Committee in June 2019 to support the continuation of the 280 bus service for twelve months. The expenditure is to be brought in to the budget at revised estimate for 2019/20 (with a corresponding reduction to the original estimate for 2020/2021)
RESOR/0101	Resources Department/ Salaries Overtime	0	0	4,691	4,691	Overtime costs incurred whilst existing employees worked additional hours to cover a period of employee vacancies. This variance is more than offset by salary savings (see RESOR/0100).
RESOR/2809	Resources Department/ Non-Recurring Purchases of Equipment etc	0	0	4,900	4,900	This variance is as a result of additional costs imposed on the council by the Financials system supplier Civica (UK) Ltd in the implementation of Making Tax Digital (MTD). This additional cost will be funded from the transparency earmarked reserve.
COMPR/2998	Computer Services/ Software Maintenance	19,950	38,963	46,334	4,973	This variance results from year one revenue costs associated with the corporate firewall capital scheme offset in part by a credit received for the trade in of returned hardware. The new contract will result in substantial savings over the longer term, and also the capital scheme has come in below budget
COMPR/8297n	Computer Services/ Sale of Equipment/ Materials	0	0	-2,398		