

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 16

meeting date: 17 NOVEMBER 2020
 title: OVERALL REVENUE MONITORING 2020/21
 submitted by: DIRECTOR OF RESOURCES
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4 PURPOSE

4.1 To report the overall revenue position for the current financial year for the half year position up to the end of September 2020.

2 ORIGINAL BUDGET 2020/21

2.1 The original budget agreed for the current year is set out below.

	Original Estimate 2020/21 £
Committee Net Requirements	8,392,090
Capital Charges Adjustment	-985,973
Committee Expenditure After Adjustments	7,406,117
Other Items - Interest Payable	6,020
- Interest on balances	-75,000
- New Homes Bonus	-1,758,302
- Rural Services Delivery Grant	-107,921
- Retained Business Rates Income	-447,301
- Renewable Energy Business Rates	-96,180
- Section 31 Grant for Business Rates	-1,252,043
- 10% of Retained Levy – Payable to LCC under Pooling Arrangements	67,385
- Share of Business Rates Surplus on Collection Fund	-252,894
- Contingency for Refuse Vehicle Repairs and Maintenance	50,000
- Contingency for Edisford Car Park Extension Feasibility Study	10,000
Expenditure After Other Items	3,549,881
Less Added to/(taken from) Earmarked Reserves	
Elections	30,000
Building Control Fee Earning	-16,150
Food Festival Reserve	-5,460
Amenity Cleansing Reserve	-4,920
Community Safety	-14,340

	Original Estimate 2020/21 £
Refuse Collection Reserve	-8,910
Revaluation Reserve	2,190
Government Housing Grants Reserve	-36,320
Post LSVT Pensions Reserve	-36,512
New Homes Bonus Reserve	653,302
Pensions Triennial Revaluation Reserve	38,700
Business Rates Growth Reserve	1,105,519
Taken from Revenue Balances	-142,812
Net Expenditure	5,114,168

3 ADDITIONAL REVENUE ITEMS

Licensing Arrangements for Microsoft Products

- 3.1 An additional item was approved in to the council's budget in respect of the council's Microsoft licencing arrangements, which also included a move to Microsoft 365 – this was to be funded from Business Rates Growth Earmarked Reserve. A budget of £21,390 was added for the year

	Original Estimate 2020/21 £	Additional Revenue Item £	Restated Original Estimate 2020/21 £
Committee Net Requirements	8,392,090	21,390	8,413,480
Capital Charges Adjustment	-985,973		-985,973
Committee Expenditure After Adjustments	7,406,117	21,390	7,427,507
Other Items	-3,856,236		-3,856,236
Expenditure After Other Items	3,549,881	21,390	3,571,271
Less Added to/(taken from) Earmarked Reserves	1,707,099	-21,390	1,685,709
To be Taken from Balances	-142,812		-142,812
Net Expenditure	5,114,168	0	5,114,168

4 BUDGET VARIANCES

- 4.1 Our budget monitoring to service committees focuses on the value shown above against Committee Net Requirements of £8,413,480.
- 4.2 Within this report, this amount is broken down subjectively and monitored against the profiled budget up to the end of September 2020. As at this date, there shows an overspend/under recovery of income of £396,060.
- 4.3 It is important to note that the various grants that have been received from the government, the various grant support payments that the council have paid out, and the other directly associated Covid-19 expenditure is excluded from this monitoring statement. This report provides details of the financial position for our normal activities. However, as you will see there are repercussions from the Covid-19 pandemic across our services.
- 4.4 The full position is shown at Annex 1. For any variances above £10,000 at the high level shown at Annex 1 (items highlighted in yellow) the details with reasons are given over the following pages. Favourable variances are shown as negative values.

Description	Amount £	Variance Reasons
Employee Related Expenditure - Direct Employee Expenses	-165,952	<p>There have been sizeable underspends on direct employee costs on Community Services Committee (-£68,234), Planning and Development Committee (-£38,661) and Policy and Finance Committee (-£27,975).</p> <p>When budgets are set, an allowance of 4% of full establishment costs is made within the budget for temporary vacancies caused by staff turnover, however the variance shown is above this.</p> <p>Variances have largely fallen in the following areas: Ribblesdale Pool, Ground Maintenance, Community Services Department, Chief Executives Department, Resources Department, Economic Development and Planning Department.</p> <p>Some vacancies reflect general difficulties in recruiting, whilst others are also attributable to the pandemic and consequential difficulties in recruiting, or the purposeful holding of posts as vacant as facilities have been closed to the public.</p> <p>On the refuse collection service there have been increased costs due to the hiring of additional staff to cover for staff absence as a result of the pandemic, allowing the vital service to continue to be provided.</p>
Employee Related Expenditure – Indirect Employee Expenses	-17,788	<p>The variance is largely due to reduced spending on corporate training, as a direct consequence of the pandemic. Other professional qualification training has continued to be provided remotely by providers and more recently at the premises of providers, and so has been unaffected.</p>
Premises Related Expenditure – Energy Costs	-17,814	<p>This underspend is largely due to the temporary closure of various facilities because of Covid-19 restrictions.</p>

Description	Amount £	Variance Reasons
Premises Related Expenditure – Grounds Maintenance Costs	-35,007	Sitting under Community Services Committee, this variance is due to a reduction in time spent working on Ribble Valley Parks (£32k) by the Grounds Maintenance Team due to fewer hours worked because of self-isolation and a vacant post.
Premises Related Expenditure - Repairs and Maintenance	55,075	<p>Under Policy and Finance Committee, funds were set aside in an earmarked reserve at the end of the 2018/19 financial year to fund the cost of redecorating the council offices during 2019/20. Due to delays, the work was not started until the current year, an external company has now been engaged which has caused a variance of £28k in the current financial year. Funds set aside will be brought into the budget at revised estimate. The remaining variance under this committee is mainly due to repairs and maintenance overspends within the council offices (£3k) and estates (£4k) budgets. Repairs and maintenance budgets are managed and reviewed at a corporate level and funds will be diverted from other areas if necessary as the year progresses.</p> <p>For Health and Housing Committee, this is mainly due to higher repairs spend at three sites - Joiners Arms (£7k) (re-decoration), Clitheroe Market (£4k) (five yearly electrical testing all done this year and other repairs), Clitheroe Cemetery (£3k) (new roller shutter door installation and other repairs). Less repairs work is likely to be undertaken on these sites later in the year (urgent repairs permitting) as part of managing the Council's overall repairs budgets across all Council sites.</p>
Premises Related Expenditure – Water Services	-13,837	This variance largely falls under Community Services Committee and comprises small amounts across numerous cost centres as invoices from WaterPlus have not been received since 12 July. The variance should hopefully reduce once the invoicing by the supplier is brought up to date.
Transport Related Expenditure – Car Allowances and Travel Expenses	-11,428	There has been a general decrease in mileage and other travel costs across all service areas due to the Covid-19 restrictions, resulting in the underspend seen here.

Description	Amount £	Variance Reasons
Transport Related Expenditure – Contract Hire and Leases	-11,820	The underspend seen here is mainly under Community Services committee and in respect of savings on hire of plant at Clitheroe Food Festival not being required due to the cancellation caused by Covid-19 restrictions on gatherings.
Transport Related Expenditure - Direct Transport Costs	73,790	This variance is under Community Services Committee and mainly relates to repairs to date being higher than estimated for refuse collection vehicles (£114k) partly due to staffing problems experienced at the vehicle workshop where it has been necessary to use external companies to carry out repairs and also the requirement for vehicle hire whilst the vehicles are off road being repaired. Partly offsetting this are underspends on diesel for refuse collection vehicles (-£16k), repairs and maintenance by outside firms for grounds maintenance vehicle (-£10k) and repairs and maintenance for works admin vehicles (-6k)
Transport Related Expenditure – Transport Insurances	-23,484	There has been a delay in the invoicing for Vehicle Insurance by the company that provides the council’s insurance cover. This is expected to be rectified in the coming months
Supplies and Services – Communications and Computing	-34,251	<p>This variance largely falls under Policy and Finance Committee. The Cabinet Office have introduced changes to the annual canvass process from this financial year. Household property data is now securely matched with central government information prior to the posting of Household Enquiry Forms. Where data agrees it is not necessary to post reminders. The data matching exercise has delayed the initial posting out of the forms (and subsequent costs of royal mail response services) creating an underspend of £10k on postage costs to the end of September within the Register of Electors cost centre.</p> <p>A further underspend has been caused by a delay to implementing the modgov committee software system which has resulted in a variance to software maintenance costs of £8k. The remaining variance is made up of smaller underspends mainly within the Resources department and computer services section. Budgets will be reviewed at revised estimate.</p>

Description	Amount £	Variance Reasons
Supplies and Services – Equipment, Furniture and Materials	20,125	This variance is in respect of Economic Development Committee is in respect of the implementation of temporary traffic diversion measures in Clitheroe and Longridge town centres in respect of Covid19 £19,748. It is hoped that this will be funded from the Reopening of High Streets Safely Fund.
Supplies and Services – Expenses	-29,588	There has been an underspend on conference expenses of £4k within the committee as conferences were cancelled due to Covid-19. There has also been an underspend of £19k within the Civic Functions cost centre for expenses, mainly following cancellation of annual council (£3k), reduction in expenses relating to functions (food, drink and general expenditures £3k) and the mayoral and deputy mayoral allowances (£10k). The Cost of Democracy cost centre has lower expenditure than estimated in respect of basic and special responsibilities (£1.5k), there has been a reduction to the value of expenses claims for travel and subsistence (£2k) and reduced expenditure on council meeting expenses (£1k).
Supplies and Services – Miscellaneous Expenses	-26,298	The major part of this variance, under Community Services Committee, comprises -£17,745 in respect of Clitheroe Food Festival which was cancelled due to Covid-19 restrictions and -£7,942 in respect of crime reduction related promotional activities where fewer projects are being carried out.
Supplies and Services – Printing and Stationery Expenses	-20,719	The majority of this variance is due to lower direct expenditure on printing and stationery than allowed for within the budget for this committee. Of this, £6k falls within the electoral registration cost centre following delays to the annual canvass as a result of changes introduced from the Cabinet Office which meant that household enquiry forms were printed later than usual.

Description	Amount £	Variance Reasons
Supplies and Services – Services	-143,926	<p>The vast majority of this (-£95k) is due to an underspend on the Local Plan (LPLAN).</p> <p>Work on the local plan has been delayed as a result of the diversion of staff resources to the Covid-19 response. The Pandemic has also introduced delays in working with suppliers to progress commissioning. A key piece of work for this year is the commissioning of the Sustainability Consultancy which was due to be commissioned at the end of August. This commission has been held due to the government publishing its proposals to reform the planning system the implications of which need to be considered in terms of overall time-frames and avoiding the risk of undertaking abortive work for the local plan.</p> <p>A report was submitted to Special Planning and Development Committee in September 2020 outlining a proposed response to the consultation on the Planning White Paper ' Planning for the Future ' and summarising the impact that the government proposals will have on the local plan. The issue is to be discussed by the Local Plan Working Group prior to a further report being considered by Planning and Development Committee on the Local Plan Programme.</p> <p>Further variances here are seen under Health and Housing Committee and relate to Homelessness Temporary Accommodation (-£5k) as most of the homelessness costs have been Covid-19 related and have therefore been charged to the Covid-19 response cost centres rather than to the committee, resulting in underspends here. Additionally, there have been underspends in respect of water sampling (£8k) as no private water supply sample work has been undertaken for the year to date and so no lab test costs have been incurred to date, due to Drinking Water Inspectorate current guidance on work under Covid-19.</p> <p>Under Community Services Committee there have also been underspends here in respect of trade refuse tipping charges (£21k) as there has been a decrease in the waste tonnage collected due to a reduction in the demand for the trade refuse collection service caused by Covid-19.</p>

Description	Amount £	Variance Reasons
Transfer Payments - Benefit Payments	227,747	<p>Rent Allowance payments are 8.4% higher than budgeted for, after adjusting for recovery of benefits overpayments and non-cash transactions. The main reasons for this are:</p> <ul style="list-style-type: none"> - Increased payments to eligible claimants in-year as a result of Covid-19, in areas such as increased benefit rates for additional earnings disregard and Local Housing Allowance. - We budgeted for Rent Allowance caseload to reduce and associated payments to reduce by 10% in 2020/21, mainly due to the on-going caseload migration from Housing Benefits to Universal Credit in Ribble Valley. The caseload reduction impact on actual payments to date in 2020/21 is less than budgeted for. <p>Any higher Rent Allowance payments for the year as a whole will be reflected in more Rent Allowance subsidy grant income received at year-end from the DWP, as payments for the full year are broadly funded by subsidy grant received at year-end. As a result, there is unlikely to be a significant net overspend at year-end.</p>
Government Grants	-89,231	<p>The majority of this variance falls under Health and Housing Committee. The main reasons are increased income from the following grants and funding allocations to date:</p> <ul style="list-style-type: none"> • £40,000, Flexible Homelessness Support Grant income from MHCLG. Not budgeted for because the Council was not notified of the grant allocation until after the original estimate budget was set. • £23,448, Actual Rent Allowance subsidy grant income is higher than budgeted for the year to date. This is because the DWP have started to pay increased monthly grant payments to cover some of the additional costs that Council's will incur from increased Local Housing Allowance benefit rates in 2020/21. Rent Allowance subsidy grant received at year-end will be updated to broadly reflect the actual Rent Allowance payments for the year as a whole. As a result, there is unlikely to be a significant over-recovery of income at year-end. • £13,393, Homelessness Reduction Act funding from MHCLG. Not budgeted for because the Council was not notified of the funding allocated until after the original estimate budget was set. • £8,538, The actual and budget figures to date reflect 1/3rd of the full year Discretionary Housing Payments grant income to be received. The full-year allocation from DWP is £63,325, which is £25,615 higher than the amount budgeted for. This is because the full-year allocation was notified to the Council after the original estimate budget was set. This grant funds additional discretionary housing benefits spend in-year by the Council. Thus, there will be no significant over-recovery of income at year-end.

Description	Amount £	Variance Reasons
Other Grants, Reimbursements and Contributions	-31,929	<p>The majority of this variance (-£49k) is in respect of Planning and Development Committee and is the result of a release of section 106 monies to be used for the primrose lodge capital scheme. An associated movement in reserve will transfer these funds to the capital reserve to finance final capital expenditure on the scheme that has occurred during the 2020/21 financial year.</p> <p>Partly offsetting the above variance is £11k of additional income under Health and Housing committee which relates to the recovery of benefit overpayments in year under Health and Housing Committee.</p>
Customer and Client Receipts	704,092	<p>Planning income has been impacted by the coronavirus pandemic and subsequent slowdown in the economy which has resulted in a significant variance to the amount of income received for the April to September period. Income from planning fees is lower than the estimate by £135k and pre-application advice income is lower by £8k. In September, Central Government launched the Local Government income compensation scheme for lost income from sales, fees and charges as a result of COVID-19. The grant is payable at 75% of lost income (net of the first 5% of the budget and any associated expenditure underspends). The first claim for lost planning income for the April - July period which was submitted at the end of September will partly offset this variance when the grant payment is received.</p> <p>Under Policy and Finance Committee, income has been impacted by the coronavirus, particularly in respect of the land charges (£5k), taxi licenses (£5k) and event licenses (£3k) income streams. In September, Central Government launched the Local Government income compensation scheme for lost income from sales, fees and charges as a result of Covid-19. The grant will be payable at 75% of lost income (net of the first 5% of the budget and any associated expenditure underspends). The first claim for lost income for the April - July period which was submitted at the end of September will partly offset this variance when the grant payment is received.</p> <p>For Community Services Committee, the variance is again mainly due to the consequences of Covid-19. The main areas to have been impacted are lost income at the pool due to its temporary closure and reduced demand on reopening of £230,088, suspension of charging at pay and display car parks and reduced demand £153,625 and trade refuse collection £82,294 where there have been many suspensions of the service due to the compulsory closure of non-essential businesses during the lockdown. Also included in the variance is £26,331 relating to the Castle museum and its temporary closure along with reduced visitor numbers on reopening, £20,200 lost income due to the cancellation of Clitheroe food festival and £13,510 lost income at Edisford 3G facility during the temporary closure.</p>

5 CONCLUSION

- 5.1 There is an overall overspend variance to the end of September 2020 of £396,060.
- 5.2 The various grants that have received from the government, the various grant support payments that the council have paid out, and the other directly associated Covid-19 expenditure is excluded from this monitoring statement. This report provides details of the financial position for our normal activities.
- 5.3 Income generating services have been particularly hit, and there is funding expected from the government to help support our financial position in some of these service areas.
- 5.4 The report provides a half year position for the council, however there is great uncertainty regarding the rest of the financial year and the impact of the Covid-19 pandemic.
- 5.5 The overspend on refuse collection vehicle repairs and maintenance continues to be an area of concern in addition to the pressures from Covid-19

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF38-20/LO/AC
9 November 2020

ANNEX 1

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Original 2019/20	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	6,690,250	3,383,541	3,217,589	-165,952	-4.90%
	Indirect Employee Expenses	187,020	49,346	31,558	-17,788	-36.05%
Employee Related Expenditure	Subtotal	6,877,270	3,432,887	3,249,147	-183,740	-5.35%
Premises Related Expenditure	Apportionment of Operational Building Expenses	172,060	-94	760	854	-908.51%
	Business Rates	285,940	232,101	231,289	-812	-0.35%
	Cleaning & Domestic Supplies	215,370	43,483	50,002	6,519	14.99%
	Energy Costs	174,280	70,868	53,054	-17,814	-25.14%
	Fixtures & Fittings	410	222	230	8	3.78%
	Grounds Maintenance Costs	534,000	267,882	232,875	-35,007	-13.07%
	Premises Insurance	34,750	4,462	0	-4,462	-100.00%
	Rates	2,670	1,927	1,472	-455	-23.62%
	Rents	52,310	37,809	32,489	-5,320	-14.07%
	Repairs & Maintenance	261,870	148,818	203,893	55,075	37.01%
	Water Services	102,030	63,005	49,168	-13,837	-21.96%
	Premises Related Expenditure	Subtotal	1,835,690	870,483	855,233	-15,250
Transport Related Expenditure	Car Allowances & Travel Expenses	43,760	22,454	11,026	-11,428	-50.89%
	Contract Hire and Leases	215,220	92,819	80,999	-11,820	-12.73%
	Direct Transport Costs	577,340	290,850	364,640	73,790	25.37%
	Public Transport	3,130	1,440	0	-1,440	-100.00%
	Transport Insurances	42,660	23,484	0	-23,484	-100.00%
	Transport Recharges	919,270	942	0	-942	-100.00%
Transport Related Expenditure	Subtotal	1,801,380	431,989	456,665	24,676	5.71%
Supplies and Services	Clothes, Uniform & Laundry	24,240	11,750	8,069	-3,681	-31.33%
	Communications & Computing	493,700	369,328	335,077	-34,251	-9.27%
	Equipment, Furniture & Materials	293,000	158,132	178,257	20,125	12.73%

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SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Original 2019/20	Original Estimate to Period End	Actual and Commitments to Period End	Variance at Period End*	Percentage Variance for the Period
	Expenses	274,100	145,788	116,200	-29,588	-20.30%
	Grants & Subscriptions	67,190	38,296	34,455	-3,841	-10.03%
	Miscellaneous Expenses	168,770	79,022	52,724	-26,298	-33.28%
	Printing, Stationery, Expenses	90,000	47,197	26,478	-20,719	-43.90%
	Services	547,700	203,433	59,507	-143,926	-70.75%
Supplies and Services	Subtotal	1,958,700	1,052,946	810,766	-242,180	-23.00%
Third Party Payments	Government Departments	5,340	2,674	0	-2,674	-100.00%
	Other Local Authorities	247,470	26,607	24,700	-1,907	-7.17%
	Private Contractors	137,990	61,978	62,061	83	0.13%
Third Party Payments	Subtotal	390,800	91,259	86,761	-4,498	-4.93%
Transfer Payments	Benefit Payments	5,228,320	2,828,744	3,056,491	227,747	8.05%
	Grant Payments	265,190	127,593	125,939	-1,654	-1.30%
Transfer Payments	Subtotal	5,493,510	2,956,337	3,182,430	226,093	7.65%
Support Services	Central Departmental Support	4,322,450	334	0	-334	-100.00%
	Departmental Support	2,222,430	732	0	-732	-100.00%
	Other Recharges	327,150	0	0	0	-
Support Services	Subtotal	6,872,030	1,066	0	-1,066	-100.00%
Depreciation and Impairment	Depreciation	1,099,620	0	0	0	-
Depreciation and Impairment	Subtotal	1,099,620	0	0	0	-
TOTAL Expenditure		26,329,000	8,836,967	8,641,002	-195,965	-2.22%

		Original 2019/20	Original Estimate to Period End	Actual and Commitments to Period End	Variance at Period End*	Percentage Variance for the Period
Government Grants	Government Grants	-5,406,660	-2,690,013	-2,779,244	-89,231	3.32%
Government Grants	Subtotal	-5,406,660	-2,690,013	-2,779,244	-89,231	3.32%
Other Grants, Reimbursements, Contributions	Other Grants, Reimbursements, Contributions	-144,370	-208,969	-240,898	-31,929	15.28%
Other Grants, Reimbursements, Contributions	Subtotal	-144,370	-208,969	-240,898	-31,929	15.28%

ANNEX 1

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Original 2019/20	Original Estimate to Period End	Actual and Commitments to Period End	Variance at Period End*	Percentage Variance for the Period
Customer & Client Receipts	Customer & Client Receipts	-3,293,030	-1,962,819	-1,258,727	704,092	-35.87%
Customer & Client Receipts	Subtotal	-3,293,030	-1,962,819	-1,258,727	704,092	-35.87%
Oncosts and Recharges	Oncosts and Recharges	-9,071,180	-486,752	-477,662	9,090	-1.87%
Oncosts and Recharges	Subtotal	-9,071,180	-486,752	-477,662	9,090	-1.87%
Interest	Interest	-280	0	0	0	-
Interest	Subtotal	-280	0	0	0	-
TOTAL Income		-17,915,520	-5,348,553	-4,756,532	592,021	-11.07%

	NET EXPENDITURE	8,413,480	3,488,414	3,884,470	396,056	11.35%
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* Variances of more than £10,000 are highlighted in yellow above and are reported in more detail in the body of the report.