

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 13(b)

meeting date: 10 SEPTEMBER 2013
 title: OVERALL REVENUE OUTTURN 2012/13
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

1 PURPOSE

1.1 To report the revenue outturn for the year ending 31 March 2013

2 BACKGROUND

2.1 Our full Statement of Accounts were approved by Accounts and Audit Committee on 26 June 2013. 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 28 August 2013. We are required to publish our audited accounts by the end of September 2013 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 2012/13

3.1 Shown below is the final position for the 2012/13 financial year.

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Community Services	3,309	3,256	3,112	-197	-144
Policy & Finance	1,910	1,774	1,619	-291	-155
Planning & Development	600	630	421	-179	-209
Health & Housing	672	718	650	-22	-68
Committee Expenditure	6,491	6,378	5,802	-689	-576
Interest Payable	20	20	20	0	0
Parish Precepts	372	372	372	0	0
Interest Received	-30	-30	-27	3	3
Net Operating Expenditure	6,853	6,740	6,167	-686	-573
Precept from Collection Fund (including parish precepts)	-3,528	-3,528	-3,528	0	0
Deficit on Collection Fund	10	10	10	0	0
New Homes Bonus	-167	-180	-180	-13	0
Council Tax Freeze Concession	-79	-79	-79	0	0
Revenue Support Grant	-55	-55	-55	0	0

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Business Rates Redistribution	-2,847	-2,847	-2,847	0	0
Contingency	75	0	0	-75	0
Deficit/(Surplus) for year	262	61	-512	-774	-573
Depreciation	-688	-656	-656	32	0
Minimum Revenue Provision	148	140	140	-8	0
Net Transfer to/from earmarked reserves	299	525	945	646	420
Deficit/(Surplus) for year	21	70	-83	-104	-153

- 3.2 You will see we have made a surplus of £83,000 during the year compared with the Revised Estimate which showed a deficit of £70,000, and the Original Estimate which showed a deficit of £21,000.
- 3.3 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
Increase in New Homes Bonus	-13
Removal of Contingency (<i>For potential pay award in 2012/13 which didn't take place</i>)	-75
Decrease in Depreciation	32
Decrease in Minimum Revenue Provision	-8
Increase in amount set aside in Earmarked Reserves	226
Net decrease in Service Committee costs	-113
Net increase in amount to take from balances for the year	49

Final Position Compared to the Revised Estimate

- 3.4 During the 2012/13 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
Direct Employee Costs	-38
Staff Training Costs	-19
Public Conveniences	-35
Building Repairs and Maintenance	-5
Vehicle Running Costs	-21
Staff Vehicle Mileage	-7
Equipment, Materials and Admin	-23
Books and Publications	-10
Forest of Bowland Bridleway Scheme (<i>Scheme now to take place in 2013/14</i>)	-35
Computer Equipment	-20
Postages	-9
Printing and Stationery	-10
Planning Consultants	35
Core Strategy Consultants (<i>Costs of further consultancy work will fall in 2013/14</i>)	-38
Council Meetings and Members' Allowances	-10
Protective Clothing and Uniforms	-4
Bank and Audit Fees	-4
Advertising	-12
Management of Homelessness Unit	-5
Management of Museum	-7
Ordnance Survey Fees	-6
Warm Homes Scheme	-30
Payment of Grants	-22
Payment of Benefits	143
Government Subsidy towards Benefits	-140
Children's Trust Grant	-10
Planning Fee Income	-131
Building Control Income	18
Recycling Credits	-15
Release of Section 106 Monies (<i>To fund two capital schemes</i>)	-19
Increased income from other services	-28
VAT Shelter Income	-37
Other Variations	-22
	-576
Decreased Interest Received	3
Extra Transfers to Earmarked Reserves	420
Increase in amount to add to balances	-153

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

Variation	Reason	Amount £
Direct Employee Costs	There have been a number of post vacancies through the latter half of the year, which have resulted in the savings experienced. Variances were notably in Financial Services, Pest Control, Legal Services and Planning.	-38,000
Public Conveniences	Savings on Public Conveniences have mainly been due to reductions in staffing and overtime working on cleaning and security work over and above the savings already removed from the budget as part of the initial service reviews. There have also been savings on the budget set aside to pay toilet providers under the Community Toilet Scheme as there have been no requests for use of this resource.	-35,000
Forest of Bowland Bridleway Scheme	The Forest of Bowland Bridleway Scheme is fully funded from an Earmarked Reserve set aside for this purpose. Planned expenditure within the 2012/13 financial year on Whitendale Bridleway and Hodder Bridge roadside path did not take place as agreement has still to be reached with the landowner. As a result the scheme is now planned to take place in 2013/14. The funds remain in the Forest of Bowland Earmarked Reserve for this purpose.	-35,000
Planning Consultants	There was an increase in consultancy costs within the year, over and above those already included in the increased revised estimate (from £7,890 to £45,390). The overspend above the increased revised estimate is largely due to: <u>Whalley New Rd, Billington appeal</u> - Costs awarded <u>Chatburn Old Road, Chatburn appeal</u> - Geological, mining and environmental impact evidence. This expenditure is fully funded from the Planning Earmarked Reserve.	35,000
Core Strategy Consultants	Planned expenditure on consultants and legal fees relating to the core strategy did not take place due to suspension of the examination of the strategy to allow an update of the evidence base. Such expenditure should now take place in the 2013/14 financial year. This has resulted in less being taken from the Core Strategy Earmarked Reserve which was established to fund this expenditure.	-38,000

Variation		Amount £
Warm Homes Scheme	Grant received in previous years has been set aside to pay for the Warm Homes Scheme. The scheme funds the costs of installation, replacement or repair of boilers. Take-up of the scheme has been lower than anticipated. The grant funding remains in the Warm Homes Scheme Earmarked Reserve.	-30,000
Planning Fee Income	There has been a sizeable increase in planning fee income due to an influx of applications. There have been six large applications which were received after the preparation of revised estimates: Pendle Garage, Clitheroe; Petre Wood Close, Langho; Two applications at Henthorn Rd, Clitheroe; Clitheroe Road, Whalley; Preston Road, Longridge.	-131,000
VAT Shelter Income	The revised estimate was prepared on a prudent basis having reviewed the the amounts that had been received in previous years, which fell short of the forecasts within the VAT Shelter agreement. However, whilst actual income of £385,500 was above the revised estimate of £348,360, this was considerably below the forecast for 2012/13 of £463,820, which was made at the time of the housing transfer when the VAT Shelter agreement was signed.	-37,000

- 3.6 There has been an increase in the transfers to Earmarked Reserves of £413,000. This is largely due to the variances described above, which have resulted in a £250,000 variance to the amount set aside or taken from Earmarked Reserves. Further variances relate to the topping up of the Invest to Save Earmarked Reserve (£78,080), adding further resources to the Capital Fund Reserve (£50,000).

General Fund Balances

- 3.7 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 and also very importantly setting a low council tax.

	£'000
General Fund Balances: Brought forward at 1 April 2012	1,616
Surplus in 2012/13 added to General Fund Balances	83
General Fund Balances: Carried forward at 31 March 2013	1,699

Earmarked Reserves

- 3.8 Whilst there has been an addition to general fund balances in the year, there has also been a net increase in the level of earmarked reserves.
- 3.9 Unlike the general fund balance, the council's Earmarked Reserves have been set aside for a specific purpose. The council has a variety of earmarked reserves and the specific details of each one can be seen at Annex 1.
- 3.10 The table below provides a high level summary of the movement in the council's Earmarked Reserves.

	£'000
Earmarked Reserves: Brought forward at 1 April 2012	4,173
Amounts added to Earmarked Reserves in year	1,207
Amounts take from Earmarked Reserves in year	-734
Earmarked Reserves : Carried forward at 31 March 2013	4,646

Collection Fund

- 3.11 The original estimate for the Collection Fund is prepared on the basis that there will be no surplus or deficit, calculated on an estimate of the previous year's surplus or deficit. At the time of preparing the revised estimate we will be in a position of knowing the **actual** surplus or deficit from the preceding financial year, which in the case of this council was a deficit of £165,000 compared to the originally forecast £90,000 deficit.
- 3.12 At the time of setting the Revised Estimate for the Collection Fund we are in a position to forecast the likely surplus or deficit for the following financial year. It is this forecast surplus or deficit that we inform our major precepting bodies of, for recovery (deficit) or distribution (surplus) in the following financial year.
- 3.13 On this basis our original estimate was that there would be no residual surplus or deficit on the collection fund for 2012/13. The revised position showed a deficit of £231,000. The final outturn proved slightly more favourable with a deficit of £216,000.
- 3.14 Full details of the Collection Fund position can be seen at Annex 2

4 CONCLUSION

- 4.1 The final outturn of a surplus of £83,000 means that we have **added £83,000** to general fund balances **instead of taking £70,000** which was estimated when we prepared the Revised Estimates.
- 4.2 Whilst the level of general balances and earmarked reserves may appear high there is a great level of uncertainty around the level of future local government funding which looks set to continue for a number of years to come.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF37-13/LO/AC
28 August 2013

Earmarked Reserves – 2012/13

General Fund	Balance at 31 March 2011 £	Transfers In 2011/12 £	Transfers Out 2011/12 £	Balance at 31 March 2012 £	Transfers In 2012/13 £	Transfers Out 2012/13 £	Balance at 31 March 2013 £
Local Recreation Grants Fund <i>Used to fund recreation grants</i>	16,831	6,820		23,651	3,010		26,661
Elections Fund <i>Used to fund borough elections held once every four years</i>	63,551	19,870	-63,869	19,552	20,507		40,059
Audit Reserve Fund <i>Used for computer audit</i>	12,335			12,335			12,335
Building Control Fund <i>Available to equalise net expenditure over a three year period</i>	-53,274		-33,036	-86,310		-33,111	-119,421
Rural Development Reserve <i>Used to fund consultation work on rural housing</i>	1,631			1,631			1,631
Capital <i>Used to fund the capital programme</i>	54,665	282,279	-12,848	324,096	78,345	-3,083	399,358
Insurance <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	20,000			20,000		-3,252	16,748
Christmas Lights/RV in Bloom <i>Available to fund contributions towards Christmas Lights and Ribble Valley in Bloom</i>	3,416		-150	3,266		-1,980	1,286
Community Enhancement <i>Used to fund grants to local organisations</i>	2,881			2,881	8,538		11,419
New Community Enhancement Schemes <i>Additional reserve for funding grants to local organisations</i>	6,809			6,809		-6,809	0
Rent Deposit Reserve <i>Set aside for homeless rent deposits</i>	7,837			7,837			7,837
Revenue Contributions (RCCO) Unapplied <i>Used to fund capital expenditure</i>	23,134		-12,529	10,605		-10,605	0
Parish Schemes <i>Used to fund Parish improvement schemes</i>	1,729			1,729		-1,729	0
Local Development Framework <i>To finance Local Development Framework costs</i>	11,583		-7,754	3,829		-3,829	0
LALPAC Licensing System <i>To fund costs of LALPAC licensing system</i>	1,866		-442	1,424			1,424

Earmarked Reserves – 2012/13

General Fund	Balance at 31 March 2011	Transfers In 2011/12	Transfers Out 2011/12	Balance at 31 March 2012	Transfers In 2012/13	Transfers Out 2012/13	Balance at 31 March 2013
	£	£	£	£	£	£	£
<u>IT Equipment</u> <i>To fund future software and hardware upgrades</i>	0	90,540		90,540		-42,147	48,393
<u>Conservation Reserve</u> <i>To fund conservation schemes completed after the financial year end</i>	6,210			6,210			6,210
<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			40,026
<u>Fleming VAT Claim</u> <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	239,926			239,926			239,926
<u>Government Connect</u> <i>To fund revenue costs of Government Connect Service</i>	5,239		-5,239	0			0
<u>Repairs and Maintenance</u> <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	33,299			33,299		-4,000	29,299
<u>Post LSVT</u> <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	438,150			438,150		-36,513	401,637
<u>Market Town Enhancement</u> <i>To fund grants under Market Towns Enhancement Scheme</i>	6,643			6,643			6,643
<u>Planning Delivery</u> <i>To fund improved delivery of housing and other planning outcomes</i>	132,846	13,200	-146,046	0			0
<u>Performance Reward Grant</u> <i>Performance Reward Grant received and yet to be distributed to successful schemes</i>	526,710		-98,662	428,048		-54,216	373,832
<u>Refuse Collection</u> <i>To fund refuse collection costs of bin replacements</i>	18,000			18,000			18,000
<u>Restructuring Reserve</u> <i>To fund costs resulting from restructuring reviews</i>	275,000	27,900	-75,359	227,541			227,541
<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>	1,047,542	445,230	-65,548	1,427,224	385,503	-314,293	1,498,434

Earmarked Reserves – 2012/13

General Fund	Balance at 31 March 2011	Transfers In 2011/12	Transfers Out 2011/12	Balance at 31 March 2012	Transfers In 2012/13	Transfers Out 2012/13	Balance at 31 March 2013
	£	£	£	£	£	£	£
<u>Revaluation of Assets Reserve</u> <i>To contribute towards the revaluation of the Council's assets every five years.</i>	2,000	2,000		4,000	2,000		6,000
<u>Clean Air Reserve</u> <i>To fund clean air survey work</i>	4,500		-379	4,121		-480	3,641
<u>Estates Maintenance Reserve</u> <i>To fund approved one-off boundary maintenance work to Estates asset</i>	2,500		-2,500	0			0
<u>Equipment Reserve</u> <i>To fund essential and urgent equipment requirements</i>	31,000	2,000		33,000	10,170		43,170
<u>Forest of Bowland Reserve</u> <i>To fund access improvement schemes within the Ribble Valley section of the Forest of Bowland</i>	27,146	7,500		34,646			34,646
<u>Invest to Save Fund</u> <i>To fund future invest to save projects</i>	250,000	21,917	-7,619	264,298	78,082	-92,380	250,000
<u>Land Charges Reserve</u> <i>To fund any potential restitution claims for personal search fees</i>	34,356			34,356			34,356
<u>Land Charges System Reserve</u> <i>To fund planned land charges system purchase</i>	9,000		-9,000	0			0
<u>Pendle Hill User Reserve</u> <i>To fund improvement schemes on Pendle Hill</i>	17,830	7,941	-8,000	17,771	191	-4,450	13,512
<u>Planning Reserve</u> <i>To fund any future potential planning issues</i>	100,000	153,167	-103,167	150,000	231,000	-71,929	309,071
<u>Tourism Promotions Reserve</u> <i>To fund planned tourism publicity and promotions</i>	6,812	1,950	-6,812	1,950		-1,950	0
<u>Crime Reduction Partnership Reserve</u> <i>To fund cost of crime reduction initiatives</i>	16,060	10,429		26,489	2,986		29,475
<u>Housing Benefit Reserve</u> <i>To help meet the challenges facing the service in the coming years</i>	60,000	40,000		100,000			100,000
<u>Wellbeing and Health Equality</u> <i>To fund expenditure on Wellbeing and Health</i>	0	47,428		47,428			47,428
<u>Exercise Referral Reserve</u> <i>To fund potential residual staffing costs</i>	0	5,310		5,310	847		6,157

Earmarked Reserves – 2012/13

General Fund	Balance at 31 March 2011	Transfers In 2011/12	Transfers Out 2011/12	Balance at 31 March 2012	Transfers In 2012/13	Transfers Out 2012/13	Balance at 31 March 2013
	£	£	£	£	£	£	£
<u>Clitheroe Cemetery Reserve</u> <i>To finance any future liabilities from the cemetery extension</i>	0	3,640		3,640			3,640
<u>New Homes Bonus Reserve</u> <i>To help finance future economic development capital schemes</i>	0	2,046		2,046	119,645		121,691
<u>Core Strategy Reserve</u> <i>To fund the production of the Core Strategy</i>	0	87,412		87,412	103,829	-31,144	160,097
<u>Emergency Planning Reserve</u> <i>To fund the production of District Emergency and Business Continuity Plans</i>	0	2,520		2,520		-1,250	1,270
<u>CCTV Reserve</u> <i>To fund purchase of additional CCTV Equipment</i>	0	1,000		1,000			1,000
<u>Warm Homes Healthy People Reserve</u> <i>Residual grant received, to be committed to future grant schemes</i>	0	44,470		44,470		-14,539	29,931
<u>Business Rates Volatility Reserve</u> <i>To provide some protection against business rates volatilities</i>	0			0	135,904		135,904
<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>	0			0	13,420		13,420
<u>Voluntary Organisation Grant Reserve</u> <i>To fund schemes carried out by the Voluntary Sector</i>	0			0	3,720		3,720
<u>Grant Funded Sports Development</u> <i>To finance future Sports Development grant funded expenditure</i>	0			0	6,283		6,283
<u>Human Resource Development</u> <i>To provide for staff training commitments</i>	0			0	3,100		3,100
	3,505,789	1,326,569	-658,959	4,173,399	1,207,080	-733,689	4,646,790

Collection Fund – 2012/13

ANNEX 2

	Original 2012/13 £000'S	Revised 2012/13 £000'S	Actual 2012/13 £
Deficit Brought Forward	90,434	165,041	165,041
Precepts:			
Lancashire County Council	24,863,629	24,863,629	24,863,629
Lancashire Police Authority	3,363,453	3,363,453	3,363,453
Lancashire Combined Fire Authority	1,427,924	1,427,924	1,427,924
Ribble Valley incl Parishes	3,528,054	3,528,054	3,528,054
Cost of Collecting NNDR	85,289	85,289	85,289
Contribution to Pool	12,746,372	12,746,372	12,974,061
Bad Debts Provision	250,753	50,000	52,119
TOTAL EXPENDITURE	46,355,908	46,229,762	46,459,570
Share of Deficit:			
Lancashire County Council	67,926	67,926	67,926
Lancashire Police Authority	8,964	8,965	8,965
Lancashire Combined Fire Authority	3,901	3,901	3,901
Ribble Valley	9,643	9,643	9,643
Council Tax Income	31,138,317	30,838,886	30,853,710
Council Tax Benefits	2,295,496	2,238,270	2,240,364
Business Rates	12,831,661	12,831,661	13,059,350
TOTAL INCOME	46,355,908	45,999,252	46,243,859
Surplus/(Deficit) Carried Forward	0.00	-230,510	-215,711