

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 16b

meeting date: 9 SEPTEMBER 2014
 title: OVERALL REVENUE OUTTURN 2013/14
 submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To report the revenue outturn for the year ending 31 March 2014

2 BACKGROUND

2.1 Our full Statement of Accounts were approved by Accounts and Audit Committee on 25 June 2014. 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 27 August 2014. We are required to publish our audited accounts by the end of September 2014 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 2013/14

3.1 Shown below is the final position for the 2013/14 financial year.

	Original Estimate	Restated Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000	£'000
Community Services	3,317	3,362	3,345	3,014	-303	-331
Policy & Finance	1,740	1,750	1,805	1,764	24	-41
Planning & Development	555	715	900	741	186	-159
Health & Housing	800	798	729	601	-199	-128
Committee Expenditure	6,412	6,625	6,779	6,120	-292	-659
Interest Payable	16	16	16	16	0	0
Parish Precepts	347	347	347	347	0	0
Interest Received	-29	-29	-30	-24	5	6
Net Operating Expenditure	6,746	6,959	7,112	6,459	-287	-653
Precept from Collection Fund (including parish precepts)	-3,309	-3,309	-3,309	-3,309	0	0
Deficit on Collection Fund	25	25	25	25	0	0

	Original Estimate	Restated Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000	£'000
Localisation of Council Tax Support - Parish Payment	23	23	23	23	0	0
Efficiency Support for Services in Rural Areas	-10	-10	-10	-10	0	0
Localisation of Council Tax Support - Transitional Grant	-6	-6	-6	-6	0	0
New Homes Bonus	-378	-378	-378	-378	0	0
Council Tax Freeze Concession	-32	-32	-31	-31	1	0
Revenue Support Grant	-1,778	-1,778	-1,778	-1,778	0	0
Revenue Support Grant - Redistributed	0	0	0	-9	-9	-9
Business Rates	-1,230	-1,230	-1,230	-1,278	-48	-48
S31 Grant - Business Rates less Levy	0	0	-169	-169	-169	0
Deficit/(Surplus) for year	51	264	249	-461	-512	-710
Depreciation	-685	-685	-678	-678	7	0
Minimum Revenue Provision	145	145	137	137	-8	0
Net Transfer to/from earmarked reserves	635	452	191	643	8	452
Deficit/(Surplus) for year	146	176	-101	-359	-505	-258

3.2 You will see we have made a surplus of £359,000 during the year compared with the Revised Estimate which showed a surplus of £101,000, and the Original Estimate which showed a deficit of £146,000. 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
S31 Grant - Business Rates less Levy	-169
Decrease in Depreciation	7
Decrease in Minimum Revenue Provision	-8
Decrease in amount set aside in Earmarked Reserves	-444
Net increase in Service Committee costs	367
Net increase in amount to take from/(Add to) balances for the year	-247

Final Position Compared to the Revised Estimate

- 3.3 During the 2013/14 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	£'000
<u>Expenditure Variations</u>		
Direct Employee Costs	-71	
Staff Training Costs	-29	
New Burdens Grant - Benefits (not all spent)	-30	
Energy, Utilities and Telecomms	-10	
Vehicle Repairs and Maintenance	-58	
Staff Vehicles and Mileage	-17	
Rent of Buildings and Ground Rents	-30	
Members, Meetings and Mayoral	-10	
Legal Fees	32	
Equipment and Materials	-31	
ICT Hardware and Software	-18	
Books and Publications	-12	
Publicity and Promotions	-21	
Printing and Stationery	-13	
Planning Consultants	-43	
Core Strategy	-81	
Management of Museum	-26	
Statutory Notices	-12	
Payment of Grants	-79	
Subscriptions	-15	
Council Tax benefit overpayments (net)	-17	
Payment of Benefits	173	
TOTAL EXPENDITURE VARIATIONS		-418
<u>Income Variations</u>		
Government Subsidy towards Benefits	-124	
Grant towards Discretionary Benefit Payments	-51	
Ribblesdale Pool	-15	
Replacement Bins	-13	
Children's Trust Grant	-10	
Planning Fee Income	19	

Variation	£'000	£'000
Search Fees	-11	
Recycling Credits	-41	
Release of Section 106 Monies	-35	
VAT Shelter Income	66	
TOTAL INCOME VARIATIONS		-215
Other Variations		-28
Increase in S31 Grant Amount		-17
Reduced Levy Payment due		-30
Revenue Support Grant Redistributed		-9
Decreased Interest		5
Extra Transfers to Earmarked Reserves		452
Increase in amount to add to balances		-260

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

Variation	Reason	Amount £'000
Direct Employee Costs	There have been a number of staff vacancies within the year, which have contributed to the underspend shown. This has particularly been in relation to Planning, Engineering Services, Computer Services, Environmental Health and Housing	-71
Vehicle Repairs and Maintenance	There has been a lower level of spend on fleet maintenance in year, partly due to staffing vacancies, and also due to a newer fleet. Fuel costs and expenditure on replacement tyres has also been lower. Part of this underspend has been set aside in the capital earmarked reserve	-58
Planning Consultants	When revised estimates were prepared, planning consultant fees on planning appeals and associated costs were anticipated to be higher than was actually experienced. As a consequence, a lower level of resources have been needed from Earmarked Reserves.	-43
Core Strategy	There has been slippage on core strategy expenditure as the examination of the strategy was not completed within the financial year. This has also resulted in a lower contribution being needed from the core strategy earmarked reserve	-81

Variation	Reason	Amount £'000
Payment of Grants	There have been a number of grants where it has not been possible to incur expenditure prior to the end of the financial year. This has been particularly on Affordable Warmth/Warm Homes grants, Recreation and Culture Grants. Much of this has been set aside in earmarked reserves for use in 2014/15.	-79
VAT Shelter Income	There has been a reduced level of VAT shelter receipts in 2013/14, than that originally forecast by Ribble Valley Homes. The lower level of receipts has been attributed, by Ribble Valley Homes, to a high level of work on VAT exempt schemes and good procurement.	66

- 3.5 There has been an increase in the transfers to Earmarked Reserves of £260,000, which is largely due to the variances described above.

General Fund Balances

- 3.6 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 2013	1,699
Surplus in 2013/14 added to General Fund Balances	359
General Fund Balances: Carried forward at 31 March 2014	2,058

Earmarked Reserves

- 3.7 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.
- 3.8 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.
- 3.9 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 2013	4,647
Amounts added to Earmarked Reserves in year	1,302
Amounts take from Earmarked Reserves in year	-856
Earmarked Reserves : Carried forward at 31 March 2014	5,093

Collection Fund

- 3.10 There have been some major changes to the collection fund in 2013/14, with business rates now accounted for on a similar basis as council tax following the localisation of business rates.
- 3.11 The Collection Fund has made an in year surplus of £195,000. This is added to the deficit brought forward of £216,000 brought forward from 2012/13. The resulting overall deficit of £21,000 is recovered pro-rata to the precepts from each authority.
- 3.12 On business rates, under the new accounting regime, the Collection Fund has made an in year loss of £192,000. This is due to the manner in which the government has compensated council's for its extension of Small Business Rates Relief. The government's compensation mechanism has been to provide a grant to the general fund, although the impact in year is on the Collection Fund. The impact on the Collection Fund will feed through to the general fund in the 2015/2016 financial year, through the distribution of the deficit.
- 3.13 Full details of the Collection Fund position can be seen at Annex 2

4 CONCLUSION

- 4.1 The final outturn of a **surplus of £359,000** means that we have **added £260,000** more to general fund balances than 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

PF47-14/LO/AC
29 August 2014

Earmarked Reserves – 2013/14

General Fund	Balance at 31 March 2012	Transfers In 2012/13	Transfers Out 2012/13	Balance at 31 March 2013	Transfers In 2013/14	Transfers Out 2013/14	Balance at 31 March 2014
	£	£	£	£	£	£	£
Local Recreation Grants Fund <i>Used to fund recreation grants</i>	23,651	3,010		26,661		-6,115	20,546
Elections Fund <i>Used to fund borough elections held once every four years</i>	19,552	20,507		40,059	20,880	-4,633	56,306
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>	-86,310		-33,111	-119,421	15,962		-103,459
Rural Development Reserve <i>Used to fund consultation work on rural housing</i>	1,631			1,631		-1,631	0
Capital <i>Used to fund the capital programme</i>	324,096	78,345	-3,083	399,358	356,396	-101,835	653,919
Insurance <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	20,000		-3,252	16,748			16,748
Christmas Lights/RV in Bloom <i>Available to fund contributions towards Christmas Lights and Ribble Valley in Bloom</i>	3,266		-1,980	1,286		-100	1,186
Community Enhancement <i>Used to fund grants to local organisations</i>	2,881	8,538		11,419			11,419
New Community Enhancement Schemes <i>Additional reserve for funding grants to local organisations</i>	6,809		-6,809	0			0
Rent Deposit Reserve <i>Set aside for homeless rent deposits</i>	7,837			7,837		-7,837	0
Revenue Contributions (RCCO) Unapplied <i>Used to fund capital expenditure</i>	10,605		-10,605	0			0
Parish Schemes <i>Used to fund Parish improvement schemes</i>	1,729		-1,729	0			0
Local Development Framework <i>To finance Local Development Framework costs</i>	3,829		-3,829	0			0
LALPAC Licensing System <i>To fund costs of LALPAC licensing system</i>	1,424			1,424		-1,424	0

Earmarked Reserves – 2013/14

General Fund	Balance at 31 March 2012 £	Transfers In 2012/13 £	Transfers Out 2012/13 £	Balance at 31 March 2013 £	Transfers In 2013/14 £	Transfers Out 2013/14 £	Balance at 31 March 2014 £
<u>IT Equipment</u> <i>To fund future software and hardware upgrades</i>	90,540		-42,147	48,393	37,470	-15,960	69,903
<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>Repairs and Maintenance</u> <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	33,299		-4,000	29,299			29,299
<u>Post LSVT</u> <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	438,150		-36,513	401,637		-36,512	365,125
<u>Market Town Enhancement</u> <i>To fund grants under Market Towns Enhancement Scheme</i>	6,643			6,643	1,729		8,372
<u>Performance Reward Grant</u> <i>Performance Reward Grant received and yet to be distributed to successful schemes</i>	428,048		-54,216	373,832		-70,958	302,874
<u>Refuse Collection</u> <i>To fund refuse collection costs of bin replacements and other cost pressures</i>	18,000			18,000	75,323		93,323
<u>Restructuring Reserve</u> <i>To fund costs resulting from restructuring reviews</i>	227,541			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>	1,427,224	385,503	-314,293	1,498,434	223,386	-210,379	1,511,441
<u>Revaluation of Assets Reserve</u> <i>To contribute towards the revaluation of the Council's assets every five years.</i>	4,000	2,000		6,000	2,000	0	8,000
<u>Clean Air Reserve</u> <i>To fund clean air survey work</i>	4,121		-480	3,641		-480	3,161

Earmarked Reserves – 2013/14

General Fund	Balance at 31 March 2012	Transfers In 2012/13	Transfers Out 2012/13	Balance at 31 March 2013	Transfers In 2013/14	Transfers Out 2013/14	Balance at 31 March 2014
	£	£	£	£	£	£	£
<u>Equipment Reserve</u> <i>To fund essential and urgent equipment requirements</i>	33,000	10,170		43,170	47,166	-6,240	84,096
<u>Forest of Bowland Reserve</u> <i>To fund access improvement schemes within the Ribble Valley section of the Forest of Bowland</i>	34,646			34,646		-5,000	29,646
<u>Invest to Save Fund</u> <i>To fund future invest to save projects</i>	264,298	78,082	-92,380	250,000			250,000
<u>Land Charges Reserve</u> <i>To fund any potential restitution claims for personal search fees</i>	34,356			34,356	11,000	-34,356	11,000
<u>Pendle Hill User Reserve</u> <i>To fund improvement schemes on Pendle Hill</i>	17,771	191	-4,450	13,512	3,191		16,703
<u>Planning Reserve</u> <i>To fund any future potential planning issues</i>	150,000	231,000	-71,929	309,071		-131,051	178,020
<u>Promotional Activities Reserve</u> <i>To fund planned publicity and promotional activities</i>	1,950		-1,950	0	12,110		12,110
<u>Crime Reduction Partnership Reserve</u> <i>To fund cost of crime reduction initiatives</i>	26,489	2,986		29,475	475		29,950
<u>Housing Benefit Reserve</u> <i>To help meet the challenges facing the service in the coming years</i>	100,000			100,000			100,000
<u>Wellbeing and Health Equality</u> <i>To fund expenditure on Wellbeing and Health</i>	47,428			47,428			47,428
<u>Exercise Referral Reserve</u> <i>To fund potential residual staffing costs</i>	5,310	847		6,157	276		6,433
<u>Clitheroe Cemetery Reserve</u> <i>To finance any future liabilities from the cemetery extension</i>	3,640			3,640			3,640
<u>New Homes Bonus Reserve</u> <i>To help finance future economic development capital schemes</i>	2,046	119,645		121,691	317,727	-100,000	339,418
<u>Core Strategy Reserve</u> <i>To fund the production of the Core Strategy</i>	87,412	103,829	-31,144	160,097	2,340	-79,337	83,100
<u>Emergency Planning Reserve</u> <i>To fund the production of District Emergency and Business Continuity Plans</i>	2,520		-1,250	1,270		-1,270	0

Earmarked Reserves – 2013/14

General Fund	Balance at 31 March 2012 £	Transfers In 2012/13 £	Transfers Out 2012/13 £	Balance at 31 March 2013 £	Transfers In 2013/14 £	Transfers Out 2013/14 £	Balance at 31 March 2014 £
<u>CCTV Reserve</u> <i>To fund purchase of additional CCTV Equipment</i>	1,000			1,000		-1,000	0
<u>Housing Related Grants Reserve</u> <i>Residual grant received, to be committed to future grant schemes</i>	44,470		-14,539	29,931	23,488	-27,217	26,202
<u>Business Rates Volatility Reserve</u> <i>To provide some protection against business rates volatilities</i>	0	135,904		135,904	76,800		212,704
<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	13,420		13,420	16,402		29,822
<u>Voluntary Organisation Grant Reserve</u> <i>To fund schemes carried out by the Voluntary Sector</i>	0	3,720		3,720		-3,720	0
<u>Grant Funded Sports Development</u> <i>To finance future Sports Development grant funded expenditure</i>	0	6,283		6,283	1,500	-6,283	1,500
<u>Human Resource Development</u> <i>To provide for staff training commitments</i>	0	3,100		3,100	27,500	-3,100	27,500
<u>Whalley Moor Reserve</u> <i>Grant received towards work at Whalley Moor Woodland</i>	0			0	4,970		4,970
<u>Inspire III Reserve</u> <i>Grant received from DEFRA which will be used to fund future Inspire III work</i>	0			0	7,131		7,131
<u>Individual Electoral Registration Reserve</u> <i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	0			0	17,024		17,024
	4,173,399	1,207,080	-733,689	4,646,790	1,302,246	-856,438	5,092,598

Collection Fund – 2013/14

ANNEX 2

2012/13 Total £'000		2013/14 Council Tax £'000	2013/14 Business Rates £'000	2013/14 Total £'000
	<u>Income</u>			
30,854	Income from Council Tax Payers	30,806		30,806
2,240	Transfers From General Fund - Council Tax Benefits	26		26
13,059	Income from Business Ratepayers		14,022	14,022
	Share of Estimated Deficit:			
68	- Lancashire County Council	173		173
10	- Ribble Valley Borough Council	24		24
9	- Police and Crime Commissioner (PCC) for Lancashire	23		23
4	- Lancashire Combined Fire Authority	10		10
46,244		31,062	14,022	45,084
	<u>Expenditure</u>			
	Precepts and Demands:			
24,864	- Lancashire County Council	22,866		22,866
3,528	- Ribble Valley Borough Council	3,309		3,309
3,363	- Police and Crime Commissioner (PCC) for Lancashire	3,219		3,219
1,428	- Lancashire Combined Fire Authority	1,340		1,340
	Business Rates			
12,974	- National Pool			0
	- Central Government		6,801	6,801
	- Lancashire County Council		1,224	1,224
	- Ribble Valley Borough Council		5,441	5,441
	- Lancashire Combined Fire Authority		136	136
85	- Costs of Collection		86	86
	Transfers to General Fund - Council Tax Benefits	95		95
52	Provision for Bad/Doubtful Debts	38	143	181
	Enterprise Zone		3	3
	Transitional Protection Payments		12	12
0	Provision for Appeals		368	368
46,294		30,867	14,214	45,081
-50	(Deficit)/Surplus for the Year	195	-192	3
-165	Deficit Brought Forward	-215	0	-215
-215	Deficit Carried Forward	-20	-192	-212
	<u>Allocated to</u>			
	- Central Government		-96	-96
-161	- Lancashire County Council	-15	-17	-32
-23	- Ribble Valley Borough Council	-2	-77	-79
-22	- Police and Crime Commissioner (PCC) for Lancashire	-2		-2
-9	- Lancashire Combined Fire Authority	-1	-2	-3
-215		-20	-192	-212