

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 15

meeting date: 25 OCTOBER 2016
 title: REVENUE MONITORING 2016/17
 submitted by: DIRECTOR OF RESOURCES
 principal author: TRUDY HOLDERNESS

1 PURPOSE

1.1 To let you know the position for the first six months 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 and meets the objective within this priority, of maintain 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. You will see an overall overspend/reduction in income of £64,762 on the net expenditure, after allowing for estimated transfers to and from balances and reserves. Please note that favourable variances are denoted by figures with a minus symbol.

Cost Centre	Cost Centre Name	Net Budget for full year £	Net Budget to the end of the period £	Actual including Commitments to the end of the period £	Variance £	
ALBNM	Albion Mill	960	6,786	12,393	5,607	R
INDDV	Economic development	96,650	8,489	7,159	-1,330	G
COMPR	Computer Services	0	126,995	127,069	74	G
LICSE	Licensing	-2,550	-58,669	-56,518	2,151	A
LANDC	Land Charges	25,430	-29,473	-17,789	11,684	R
FGSUB	Grants & Subscriptions – P & F	148,040	113,702	114,448	746	G
RURAL	Rural Area Delivery	107,254	0	0	0	G
CEEXEC	Chief Executives Department	0	531,896	498,932	-32,964	R
CLTAX	Council Tax	344,690	36,479	16,567	-19,912	R
NNDRC	National Non Domestic Rates	54,940	6,488	8,366	1,878	G
CORPM	Corporate Management	320,590	0	0	0	G
EMERG	Community Safety	57,270	4,548	3,296	-1,252	G
FLDRB	Flood Resilience Grants – Businesses	0	0	13,346	13,346	R

Cost Centre	Cost Centre Name	Net Budget for the full year	Net Budget to the end of the period	Actual including Commitments to the end of the period	Variance	
		£	£	£	£	
FLDRH	Flood Resilience Grants - Householders	0	0	156,411	156,411	R
BYELE	District By-Elections	0	0	1,032	1,032	G
DISTC	District Elections	0	0	-781	-781	G
ELADM	Election Administration	55,560	0	0	0	G
ELECT	Register of Electors	93,600	38,534	20,032	-18,502	R
PARIS	Parish Elections	0	0	4,164	4,164	A
ESTAT	Estates	44,000	-17,428	-19,343	-1,915	G
CIVCF	Civic Functions	60,870	31,382	31,944	562	G
COSDM	Cost of Democracy	441,570	118,206	113,776	-4,430	A
FSERV	Financial Services	0	336,804	344,547	7,743	R
LUNCH	Luncheon Clubs	13,870	6,456	1,896	-4,560	A
CIVST	Civic Suite	0	22,682	18,323	-4,359	A
CLOFF	Council Offices	0	136,766	117,565	-19,201	R
FMISC	Policy & Finance Miscellaneous	-56,730	23,964	23,672	-292	G
PERFM	Performance Reward Grants	61,260	29,890	18,226	-11,664	R
SUPDF	Superannuation Deficiency Paym'ts	108,880	48,983	48,504	-479	G
LSERV	Legal Services	0	183,495	181,980	-1,515	G
OMDEV	Organisation & Member Development	0	194,685	188,885	-5,800	R
CSERV	Corporate Services	181,050	15,226	14,325	-901	G
CONTC	Contact Centre	0	98,352	99,363	1,011	G
REVUE	Revenues & Benefits	0	264,435	266,710	2,275	A
Total net cost of services		2,157,204	2,279,673	2,358,500	78,827	

Items added to / (taken from) balances and reserves

FNBAL H230	<p>Election Reserve Fund District elections take place once every four years. This reserve was established to fund these and other local elections by contributing a sum to the reserve each year, increased by inflation. The elections are then funded from this reserve. This evens out the expenditure over the four years or whenever a local election takes place.</p> <p>At the end of the period £4k is required to fund the net expenditure on District, Parish and By elections. The annual contribution to the reserve will take place at the financial year end.</p>	22,210	0	-4,415	-4,415
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Items added to / (taken from) balances and reserves					
FNBAL H269	<p>Asset Revaluation Reserve Every five years our assets have to be revalued and reviewed annually. By contributing an annual sum to this earmarked reserve, we can smooth out the cost of the revaluation.</p> <p>The annual contribution will take place at the end of the financial year. No other transactions have taken place to-date.</p>	2,030	0	0	0
FNBAL H272	<p>Land Charges Restitution Reserve A reserve fund was established to fund the settlement of costs claims in respect of property searches litigation commenced by property search companies against local authorities.</p> <p>At the end of the period we estimate to take £6k from the reserve.</p>	0	0	-6,241	-6,241
FNBAL H326	<p>Performance Reward Grant (PRG) Reserve A reserve fund was established with the £647k the council received to fund schemes for the achievement of targets contained within the Local Area Agreement. At the beginning of this financial year the balance in the reserve was £173k with commitments of £140k, of which £114k has been earmarked for parish and town council grants.</p> <p>At the end of the period only £18k has been awarded in grants compared to the £30k estimated resulting in less being taken from the reserve.</p>	-59,780	-29,890	-18,226	11,664
FNBAL H337	<p>Equipment Reserve Resources have been set aside from various sources to fund the purchase of equipment and materials not included in the capital programme either due to the cost being below the de-minus level for capital expenditure or due to their urgent nature.</p> <p>At the end of the period we have estimated that £14k will be taken from this reserve to fund the purchase of an upgrade to the payments system (Civica Icon) Icon and chip and pin devices.</p>	0	0	-13,975	-13,975

Items added to / (taken from) balances and reserves					
FNBAL H362	<p>Individual Electoral Registration Reserve (IER) The IER reserve was established from grant income received from the cabinet office, it is used to fund the additional burden of introducing an electoral registration system where each member of a household must register individually rather than a single return per household.</p> <p>The variance shows that an additional £1k is required from the reserve. This is to cover the cost of temporary staff.</p>	-11,540	-5,772	-6,870	-1,098
FNBAL F719	<p>VAT Shelter Reserve The reserve was established from funds received from the post large scale voluntary transfer of housing stock VAT shelter arrangements, partly used to contribute towards the future financing of the capital programme.</p> <p>The contribution will take place at the end of the financial year. No other transactions have taken place to-date.</p>	180,000	0	0	0
Net Balances and reserves		132,920	-35,662	-49,727	-14,065

Net Expenditure	2,290,124	2,244,011	2,308,773	64,762
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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 that 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 variance which are summarised below. Please note favourable variances are denoted by figures with a minus symbol.

	Variance to end of September £
CEXEC – Chief Executive Department The large variance in staffing cost is mainly due to several vacant posts including a Building Surveyor, Community Development Officer, Pest Control Officer and Environmental Health Officer.	-32,289
ELECT – Register of Electors A section 31 grant has been received from the Cabinet Office to assist with the additional financial burden of individual electoral registration.	-12,979
CLOFF – Council Offices This variance is due to a dispute we are currently having with the supplier regarding the usage of electricity.	-10,336
Increased income due to new arrangement commencing with Department for Works and Pension from October 2016 to March 2017.	-10,586
CLTAX – Council Tax An order has been raised for an upgrade to the payments system (Civica Icon) and chip and pin devices. To be funded from earmarked reserve.	13,975
Unallocated balance of section 31 grant received in 2015/16 from Department of Communities and Local Government carried forward to 2016/17. Purpose of which is to cover the cost of Council Tax discounts given to flood effected households.	-27,946
FLDRB / FLDRH – Flood Resilience Grants – Households / Business Grants Payment of grants to households/ businesses affected by floods. Expenditure is fully grant funded under the 'Property Resilience Scheme'. Funding will come from the Department of Communities and Local Government (DCLG) via Lancashire County Council (LCC).	69,538

3 CONCLUSION

- 3.1 The comparison between actual and budgeted expenditure shows an overall overspend/reduction in income of £64,762 on the first six months of the financial year 2016/17 after transfers to / from earmarked reserves. However there are some large fluctuations that make up this net figure, some of which will be offset by future income / expenditure, as an example the reimbursement of flood resilience grants will reduce the variance shown to an underspend of £4,776.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

BACKGROUND WORKING PAPERS

Policy & Finance budget monitoring working papers

PF61-16/TH/AC

6 October 2016

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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
FLDRH/4676	Flood Resilience Grants - Households / Grants	0	0	156,971	156,971	R	Payment of grants to households / businesses affected by floods. Expenditure is fully grant funded, under the 'Property Resilience Scheme'.	No action at present, other than interim grant claim to be submitted.
FLDRB/4672	Flood Resilience Grants - Business / Grants	0	0	13,016	13,016	R	Monies will be reimbursed from DCLG via LCC. Payment of grants to businesses affected by floods. Expenditure to be grant funded, under the 'Property Resilience Scheme'.	
ALBNM/88051	Albion Mill / Land Rents	-34,500	-16,524	-10,066	6,458	R	The variance is due to arrears of rent.	Suggestion made by Property Management company to agree to surrender lease and use deposit to offset arrears.

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
PERFM/4677	Performance Reward Grants / Grants to Precepting Bodies	59,780	29,890	18,226	-11,664	R	Performance reward grants are mainly paid on completion of the scheme approved. To date only a few schemes have been completed.	Budget to be reviewed when revised estimates are produced.
CLOFF/2432	Council Offices / Electricity	20,140	10,070	-266	-10,336	R	Invoices for the period April to June are currently being disputed.	To liaise with Npower to rectify meter reading issue.
CLOFF/8694I	Council Offices / DWP Licence Fee	0	0	-10,586	-10,586	R	New licence fee for use of room by Department for Works and Pension (DWP) for period 15 October 2016 to 31 March 2017	Budget to be introduced when revised estimates produced
CEXEC/0100/0108/0109	Chief Executive / Pay, Ni, Super	963,300	480,925	448,636	-32,289	R	The large variance is the result of several vacant posts within the Department. It includes Community Development Officer, Building Surveyor, Pest Control Officer and Environmental Health Officer.	Budget to be reviewed when revised estimates are produced.

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
CLTAX/2809	Council Tax / Non Recurring Purchase of Equipment	0	0	13,975	13,975	R	The variance is due to an order being raised for an upgrade to payment system (Civica Icon) and chip and pin devices.	Expenditure to be funded from Local Council Tax Support reserve
CLTAX/8649z	Council Tax / Storm Eva S31 Grant (Tranche 2)	0	0	-27,946	-27,946	R	Balance of section 31 Grant received in 2015/16 from the DCLG carried forward to 2016/17. The grant is being used to cover the cost of Council Tax discounts given to flood effected households.	No action at present, DCLG will be undertaking a reconciliation exercise at the end of 2016/17, when any grant not required will be repaid, or any shortfall will be made good.
REVUE/0100	Revenues & Benefits / Salaries	369,200	184,674	191,382	6,708	R	There has been a lower level of staff turnover experienced to date than that budgeted for.	Budget to be reviewed when revised estimates are produced.
ELECT/8050z	Register of Electors / Individual Electoral Registration Grant	0	0	-12,979	-12,979	R	Grants from cabinet office to support councils with the additional financial burden of individual electoral registration.	Budget to be reviewed when revised estimates are produced.

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
LANDC/3090	Land Charges / Legal	0	0	6,241	6,241	R	Payment in respect of the property searches litigation, in settlement of the costs claim commenced by property search companies against local authorities to recover their costs of pursuing the substantive claims. To be funded from earmarked reserves.	Budget to be reviewed when revised estimates are produced.
LANDC/8408z	Land Charges / Search Fees	-79,680	-40,477	-33,969	6,508	R	Below average income received	Budget to be reviewed when revised estimates are produced.
FSERV/0100	Financial Services / Salaries	443,530	221,854	230,386	8,532	R	There has been a lower level of staff turnover experienced to date than that budgeted for.	Budget to be reviewed when revised estimates are produced.

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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
LUNCH/4672	Luncheon Clubs / Grants	12,910	6,456	1,960	-4,496	A	No new luncheon clubs that require financial assistance have been established during the period.
CLTAX/2971	Council Tax / Printing & Stationery	6,700	2,164	-760	-2,924	A	Underspends due to various one-off discounts and rebates on printed materials.
NNDRC/3090	National Non Domestic Rates / Legal Expenses	0	0	2,408	2,408	A	Professional fee incurred for acting on-behalf of the Council.
OMDEV/0100	Organisation & Member Development / Salaries	241,860	122,769	125,011	2,242	A	There has been a lower level of staff turnover experienced to date than that budgeted for.
OMDEV/1023	Organisation & Member Development / Corporate Training	15,080	7,542	4,330	-3,212	A	The training and development plan approved by corporate management team (CMT) is still to be implemented.
ELECT/2998	Register of Electors / Software Support	12,460	12,460	8,641	-3,819	A	Half of the annual system licence fee has been charged to Police Crime Commissioner and EU referendum elections thus resulting in a saving on this budget.

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
LSERV/0100	Legal Services / Salaries	248,540	124,320	126,682	2,362	A	There has been a lower level of staff turnover experienced to date than that budgeted for.
LSERV/2976	Legal Services / Reference Books	11,070	9,247	6,893	-2,354	A	Reduction in online subscriptions.
LICSE/8437u	Licensing / Premises Licenses	-60,020	-40,326	-37,471	2,855	A	Fewer Licenses issued compared to the same period in 2015/16
CEEXEC/2881	Chief Executives Department / Purchase of Equipment & Materials	3,060	3,060	5,974	2,914	A	The variance is due to improvements to the environmental services office.
FMISC/3013	Policy & Finance Miscellaneous / Subscription	0	0	2,295	2,295	A	Share of cost of subscribing to Cipfa's finance advisory network (FAN) for 2016/17. This will be funded from income yet to be received.
COMPR/0100	Computer Services / Salaries	125,010	62,528	67,378	4,850	A	There has been a lower level of staff turnover experienced to date than that budgeted for.
COMPR/2991	Computer Services / Communication Equipment	9,470	9,434	13,032	3,598	A	A licence purchase has been made which covers three years. Two years of this charge will be adjusted for at year end, which will negate this variance.