

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 14

meeting date: 12 SEPTEMBER 2017
 title: REVENUE OUTTURN 2016/17
 submitted by: DIRECTOR OF RESOURCES
 principal author: TRUDY HOLDERNESS

1 PURPOSE

1.1 To report on the outturn for the financial year 2016/17 in respect of the Revenue Budget for this Committee.

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 needs' and within this priority meets the objective 'to maintain critical financial management controls, ensuring the authority provides council tax payers with value for money'.
- Other Considerations – none identified.

2 BACKGROUND

2.1 Our full Statement of Accounts was signed off for audit by the Director of Resources on 31 May 2017 and that audit has now been completed.

2.2 The 2017/18 financial year will be the first where we are required to meet the new deadlines for release of our Statement of Accounts for external audit by the 31 May and approval following audit by 31 July. We undertook to meet this deadline a year earlier and successfully published our Statement of Accounts (subject to audit) for 2016/17 on our website on 1 June.

2.3 Our final audited Statement of Accounts was approved by Accounts and Audit Committee at their meeting on 26 July 2017.

3 FINANCIAL INFORMATION

3.1 Shown below, by cost centre, is a comparison with the revised estimate. You will see an overall underspend of £177,809 on the net costs of services. After transfers to and from earmarked reserves, the overall underspend is £57,757. This has been added to General Fund Balances.

Cost Centre	Cost Centre Name	Revised Estimate	Actual	Variation	Associated Earmarked Reserves	Net Variance
		2016/17	2016/17		Variance	
		£	£	£	£	£
OMDEV	Organisation & Member Development **	0	0	0	-2,000	-2,000

Cost Centre	Cost Centre Name	Revised Estimate	Actual	Variation	Associated Earmarked Reserves	Net
		2016/17	2016/17		Variance	Variance
		£	£	£	£	£
COMPR	Computers **	6,800	0	-6,800	0	-6,800
FSERV	Financial Services**	0	0	0	0	0
LSERV	Legal Services **	0	0	0	-1,100	-1,100
REVUE	Revenues and Benefits **	0	0	0	0	0
CONTC	Contact Centre**	0	0	0	0	0
CIVST	Civic Suite **	0	0	0	0	0
CLOFF	Council Offices **	0	0	0	0	0
CORPM	Corporate Management	327,190	330,885	3,695	0	3,695
CEXEC	Chief Executives Department **	0	0	0	0	0
CSERV	Corporate Services	179,860	169,692	-10,168	0	-10,168
CLTAX	Council Tax	349,490	344,752	-4,738	12,320	7,582
NNDRC	National Non Domestic Rates	37,980	42,254	4,274	0	4,274
CIVCF	Civic Functions	57,920	60,886	2,966	0	2,966
COSDM	Cost of Democracy	426,560	424,554	-2,006	0	-2,006
ELADM	Election Administration	50,710	51,259	549	0	549
DISTC	District Elections	-780	-238	542	-542	0
BYELE	District By Election	1,030	1,032	2	-2	0
PARIS	Parish Elections	4,160	4,164	4	-4	0
ELECT	Register of Electors	82,110	76,270	-5,840	6,902	1,062
LUNCH	Luncheon Clubs	14,120	4,433	-9,687	0	-9,687
LANDC	Land Charges	27,960	27,944	-16	4,955	4,939
LICSE	Licensing	15,890	16,151	261	0	261
FLDRB	Flood Grants – Businesses	0	0	0	0	0
FLDRH	Flood Grants – Households	0	0	0	0	0
EMERG	Community Safety	59,040	57,041	-1,999	0	-1,999
FMISC	Policy & Finance Miscellaneous	-78,120	-120,929	-42,809	-1,486	-44,295

Cost Centre	Cost Centre Name	Revised Estimate	Actual	Variation	Associated Earmarked Reserves	Net Variance
		2016/17	2016/17		Variance	
		£	£	£	£	£
PERFM	Performance Reward Grant	22,240	27,638	5,398	-5,390	8
SUPDF	Superannuation Deficiency Payment	96,760	95,403	-1,357	0	-1,357
ESTAT	Estates	62,100	62,870	770	855	1,625
RURAL	Rural Areas Delivery	107,254	1,710	-105,544	105,544	0
FGSUB	Grants and Subscriptions	137,690	133,295	-4,395	0	-4,395
ALBNM	Albion Mill	5,160	11,489	6,329	0	6,329
ROYAL	Royal Visit	0	1,846	1,846	0	1,846
INDDV	Economic Development	107,180	98,094	-9,086	0	-9,086
NET COST OF SERVICES		2,100,304	1,922,495	-177,809	120,052	-57,757

4 EARMARKED RESERVES

4.1 Reserves are important to local authorities as, unlike central government, we cannot borrow money over the medium term, other than for investment in assets, and we are required to balance our budgets on an annual basis.

4.2 Reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies. This also forms part of general reserves;
- A means of building up funds or accounting for funds we are committed to spend (re grants) received, this is done through our earmarked reserves to meet known or predicted requirements; our earmarked reserves are accounted for separately but remain legally part of the General Fund.

4.3 The table below provides details of the revised estimate, our actual outturn and the impact in both cases of the movement in earmarked reserves. Full details are provided of the earmarked reserves that have been impacted and the reason for the movement

	Revised Estimate 2016/17 £	Outturn £	Variance £	Reason for movement on Earmarked Reserve
Committee Net Cost of Services	2,100,304	1,922,495	-177,809	
FNBAL/ H326 Performance Reward Grants The reserve was established from money payable by Central Government for the achievement of targets contained within Local Area Agreements.	-20,720	-26,111	-5,391	More schemes completed in the financial than anticipated when estimates prepared, resulting in an increase in the funding from reserves
FNBAL/H362 Individual Electoral Registration Reserve The reserve was established from grants received for the implementation of Individual Electoral Registration.	-16,600	-9,698	6,902	The variance represents the reduction in expenditure on postages resulting in less funding from the reserve
FNBAL/H230 Election Reserve The reserve was established from monies set aside on an annual basis to smooth out the cost of local elections	17,800	17,253	-547	Reduced income from recovery of costs has resulted in a reduction in the contribution to the reserve
FNBAL/H269 Revaluation Reserve Reserve established from monies set aside on an annual basis to smooth out the costs of the full revaluation of councils assets which must be carried out every five years	2,030	2,030	0	No variance
FNBAL/H282 Land Charges Restitution Reserve Reserve established by grant funding to cover litigation costs	-6,720	-1,765	4,955	The variance is mostly due to additional grant funding received in the year offset by additional costs

	Revised Estimate 2016/17 £	Outturn £	Variance £	Reason for movement on Earmarked Reserve
<p>FNBAL/H337 Equipment Reserve</p> <p>This reserve was established by setting aside unspent budget provisions and miscellaneous grants received to fund equipment and new burdens imposed on the council</p>	-6,850	3,473	10,323	The variance is a combination of only part of the cost of Icon upgrade falling due in the year rather than the total costs resulting a lower contribution from the reserve offset by an additional contribution taken from the reserve to fund replacement mobile phones.
<p>FNBAL/H326 Vat Shelter Reserve</p> <p>As part of the housing stock transfer to a social housing landlord an Vat shelter agreement was established. The council receives an annual payment from the landlord which is set aside reserve.</p>	158,000	200,561	42,561	Additional income received from Ribble Valley Homes added to reserves
<p>FNBAL/H361 Business Rates Volatility Reserve</p> <p>The reserve was established to protect the council against business rates volatility</p>	44,050	0	-44,050	Decision made at the end of the financial year not to contribute to this reserve in respect of Discretionary Rate Relief, and the net admin fee for received for the Business Rates Pool
<p>FNBAL/H262 IT Equipment reserve</p> <p>The reserve was established to fund the purchase of computer equipment, both capital and revenue</p>	9,110	9,110	0	No variance
<p>FNBAL/H267 Rural Area Reserve</p> <p>Reserve established from grant funding to assist in the delivery of services in a rural area</p>	0	105,544	105,544	No plans were made to use the funding during the year. Funds placed in a reserve to allow for plans to be established in 2017/18

	Revised Estimate 2016/17 £	Outturn £	Variance £	Reason for movement on Earmarked Reserve
FNBAL/H354 Right to Challenge / Bid Reserve established from grant funding to assist in cost incurred in challenging decisions or bidding for community assets	0	-1,100	-1,100	Contribution from reserve to cover the cost of legal expenses incurred in respect of Barrow allotments
CPBAL/H330 Capital Reserve Fund This reserve is used to fund capital programme.	2,060	2,915	855	Additional income received from freehold sales added to reserve
Committee Net Cost of Services after Movements on Earmarked Reserves	2,282,464	2,224,707	-57,757	

5 KEY MOVEMENTS FROM REVISED ESTIMATE TO OUTTURN

5.1 The main variations have been extracted, and are shown with the Budget Holder's comments at Annex 1. However, a summary of the major variations is set out in the table below.

SERVICE AREA	DESCRIPTION OF VARIANCE	AMOUNT £
CLOFF Council Offices	After the installation of a new electricity meter there was a big increase in usage readings. Initially it was thought that the readings were incorrect but after some investigation the new meter was found to be registering the correct usage, this has resulted in a substantial increase in the cost of electricity	20,029
CLTAX Council Offices	Initially total cost of upgrading Icon System to version 16 was required on placing an order, but after some negotiation a part payment was agreed on order with balance of payment following later. The estimate was based on full payment on order which has resulted in an underspend	-12,320
RURAL Rural Areas Delivery	Grant received to contribute towards cost of rural services. Little expenditure during financial year, reserve fund established to fund future schemes	-105,544

6 CONCLUSION

- 6.1 There have been a number of variations in both income and expenditure during the year, and this has given rise to an overall underspending of £177,809 on the net cost of services. After transfers to and from earmarked reserves the overall underspend is £57,757.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF49-17/TH/AC
31 August 2017

BACKGROUND PAPERS;
Policy & Finance closedown working papers 2016/17

For further information please ask for Trudy Holderness.

POLICY & FINANCE COMMITTEE – VARIANCES 2016/17

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
ALBNM: Albion Mill							
Units 4 & 5 were due a rent review on 5 April 2016, no increase proposed and no fee charged.	-1,720						
Units 2 & 3 became vacant at the end of August 2016, it was assumed that the units would be let by November but remained vacant resulting in reduced income from rent of units		8,003					
Total Albion Mill					6,283	0	6,283
CEXEC: Chief Executives							
There has been a lower level of staff turnover experienced in November to March than that budgeted for.	4,979						
When the estimates were prepared a provision was left for possible training on the environmental health system, this was placed on hold whilst other training courses are undertaken.	-2,212						
Below average mileage within Environmental Health Service, mainly due to no claims in last few months of financial year	-1,251						
Increase in support service costs mainly from council offices and IT services due to increases in net expenditure in these services			5,392				
The increase in net expenditure is reflected in higher recharges to other services			-6,898				
Total Chief Executives					10	0	10

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
CIVCF: Civic Functions							
Increase in civic regalia & plaque cost due to an adjustment made to release stock value held on the balance sheet to revenue account, no longer to be treated as stock. This additional cost is offset by a reduction in mayoral car expenses, mostly fuel and other civic function expenses such as refreshments etc.	-3,060						
Increase in support costs mainly from legal and financial services due to increases in net expenditure in these services.			-180				
Total Civic Functions					-3,240	0	-3,240
CLOFF: Council Offices							
Additional temporary cover for long term sickness and holiday pay owing paid to a member of staff on ill-health retirement,	1,169						
After the installation of a new electricity meter there was a big increase in usage readings. Initially it was thought that the readings were incorrect but after some investigation the new meter was found to be registering the correct usage, this has resulted in a substantial increase in the cost of electricity.	20,029						
The estimated cost of replacing heating controls and the above average use metered water has caused an overspend on non-recurring maintenance and metered water budgets.	1,129						
The increase in net expenditure is reflected in higher recharges to other services			-22,262				
Total Council Offices					65	0	65

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
CLTAX: Council Tax							
Initially total cost of upgrading Icon system to version 16 was required on placing an order, but after some negotiation a part payment was agreed on order with balance of payment following later. The estimate was based on full payment on order (this was to be funded from a reserve fund) which has resulted in an under spend.	-12,320					12,320	
Below average cost of printing & stationery due to a contribution from LCC to include their leaflet with the council tax bills invoices and below average number of court referrals.	-4,685						
The discount on Council Tax bills is to be met from a section 31 Grant relating to Storm EVA.	70,265	-70,265					
An increase in support service costs mainly from revenue services is due to an increase in net expenditure in this service			3,977				
Below average income from summonses		8,240					
Total Council Tax					-4,788	12,320	7,532
COMPR: Computer Services							
There has been a lower level of staff turnover experienced in November to March than that budgeted for.	2,300						
Increase in support costs mainly from an increase in the accommodation charge and support from Financial services due to increases in net expenditure from these services.			1,016				
The increase in net expenditure is reflected in higher recharges to other services			-9,506				

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
Total Computer Services					-6,190	0	-6,190
CONTC: Contact Centre							
There has been a lower level of staff turnover experienced in November to March than that budgeted for.	1,984						
Increase in support costs mainly from the accommodation charge and support from Computer services due to increases in net expenditure in these services.			1,812				
The increase in net expenditure is reflected in higher recharges to other services			-3,612				
Total Contact Centre					184	0	184
COSDM: Cost of Democracy							
Reduced expenditure on the purchase of equipment, subsistence, car allowances, traveling expenses, council meeting expense and statutory notices. Due to members moving to the use of IPADs resulting in less consumables being issued , few members claiming subsistence , only a few mileage claims being made in March and reduction in refreshments supplied at meetings.	-3,984						
Increase in support cost mainly from Financial and Legal services offset reduction in support costs from Chief Executives due to increase changes in net expenditure in these services.			2,041				
Total Cost of Democracy					-1,943	0	-1,943

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
CSERV: Corporate Services							
Delay in the production of the spring edition of the Ribble Valley News, due to reduced number of staff preparing items to be included.	-9,330						
Total Cost of Democracy					-9,330	0	-9,330
ELADM: Elections Administration							
Increase in support costs mainly from Financial and Legal services due to increase in net expenditure in these services.			549				
Total Election Administration					549	0	549
EMERG: Community Safety							
Underspend caused by delays in delivering Business Continuity plan and other emergency planning schemes.	-1,590						
Provision for repairs to emergency line not required	-451						
Total Community Safety					-2,041	0	-2,041
ELECT: Register of electors							
The provision for postages included an element of Printing & stationery cost which had already been included in the provision for printing & stationery. The saving reduces the amount required from earmarked reserves	-8,376					6,902	
					-8,376	6,902	-1,474

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
ESTAT: Estates							
The variance in expenditure on repairs has been caused by repairs to lighting, water heater and some renovation work at the Over 60's club.	2,599						
No legal expenses have been incurred during the year	-1,400						
Additional income from freehold sales added to capital reserve		-826				855	
Increase in support costs mainly from Financial and Legal services due to increase in net expenditure in these services.			411				
Total Estates					784	855	1,639
FGSUB: Grants & Subscriptions - Policy & Finance Committee							
No contribution has been made towards the Young Achievers awards	-942						
Provision left for late concurrent grants to Parish Councils not required	-3,492						
Total Grants & Subscriptions - P&F Committee					-4,434	0	-4,434
FMISC: Finance Miscellaneous							
Additional work required out on Housing Benefit Subsidy Claim	-1,480						
Increase in debt management expenses mainly due to District Valuers charge for reviewing valuation of assets				1,639			
Decision taken not to contribute to business volatility reserve.						-44,050	
Additional income from Ribble Valley homes from VAT shelter money added to earmarked reserves		-42,561				42,561	

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
Total Finance Miscellaneous					-42,402	-1,489	-43,891
FSERV: Financial Services							
There has been a lower level of staff turnover experienced in November to March than that budgeted for.	9,595						
Only one member of staff currently undertaking Accounting technician training	-1,642						
Increase in support costs mainly from accommodation costs and computer services due to increase in net expenditure in these services.			3,717				
The increase in net expenditure is reflected in higher recharges to other services			-11,322				
Total Financial Services					348	0	348
INDDV: Economic Development							
Provision for subscriptions currently used to value development sites and advice for purchasing sites, no subscription currently being paid	-8,695						
Provision for promotional activities mostly used as a contribution to Clitheroe food festival to promote Ribble Valley and other business events	-570						
Increase in support cost mainly from Chief Executives' due to increases in net expenditure in this service			494				
Total Economic Development					-8,771	0	-8,771
LANDC: Land Charges							
Increase in support costs mainly from legal services due to increase in net expenditure in this service			714				

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
Additional grant received for new burden property searches after estimates prepared added to earmarked reserves		-5,172				4,955	
Below a 3 year average number of part 1 & part 2 enquiries received		4,489					
Total Land Charges					31	4,955	4,986
LICSE: Licensing							
Increase in number of renewed and new licenses compared to anticipated numbers.		-3,272					
Reduced number of driver renewal licences and 6month vehicle licenses		2,018					
Increase in support costs mainly from legal services due to increase in net expenditure in this service			1,144				
Total Licensing					-110	0	-110
LSERV: Legal Services							
There has been a lower level of staff turnover experienced in November to March than that budgeted for.	6,477						
Honorary payments made to staff for additional duties not anticipated / known about when estimate prepared	1,180						
Less A4 paper and other printing & stationery items purchased compared to the estimate based on the previous 3 years actuals	-1,018						
The online subscription for reference books from Lexis Nexis not renewed and no releases of election law purchased in the financial year.	-2,602						
Increase in support costs mainly from an increase in accommodation charge and computer support due to increases in net expenditure in these services.			3,037				

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
Contribution made from right to challenge reserve in respect of legal expenses incurred relating to Barrow allotments						-1,100	
The increase in net expenditure is reflected in higher recharges to other services			-4,702				
Total Legal Services					2,372	-1,100	1,272
LUNCH: Luncheon Club							
The provision for grants towards the cost of establishing new luncheon clubs was underspent as only a few clubs have been established.	-9,690						
Total Luncheon Clubs					-9,690	0	-9,690
NNDRC: National Non Domestic Rates							
Invoice for professional fees incurred for acting on-behalf of the Council at Burnley Magistrates Court received after estimates prepared.	3,608						
Increase in support costs mainly from Revenue Service due to increases in net expenditure in this service			1,407				
Total National Non Domestic Rates					5,015	0	5,015
OMDEV: Organisation & Member Development							
There has been a lower level of staff turnover experienced in November to March than that budgeted for.	2,911						
Due to availability of tutors some corporate training courses could not take place in this financial year. Also no staff currently undertaking professional training has resulted in an underspend on the provision for departmental training.	-4,134						

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
A prudent approach was taken when reducing the estimate for printing & stationery to allow for procurement savings. The underspend reflects the over cautious approach taken.	-1,764						
Contribution made from earmarked reserves to fund the purchase of replacement mobile phones						-2,000	
As the main switchboard is coming to the end of its lifespan an allowance was allowed for adhoc maintenance work. This was not needed resulting in an underspend.	-1,158						
Increase in support costs mainly from the accommodation charge and support from computer services due to increases in net expenditure from these services			2,568				
The decrease in net expenditure is reflected in lower recharges to other services			3,164				
Total Organisation & Member Development					1,587	-2,000	-413
PERFM: Performance Reward Grants							
More schemes completed than anticipated when estimates prepared funded from earmarked reserve	5,391					-5,391	
Total Performance Reward Grants					5,391	-5,391	0
REVUE: Revenues							
There has been a lower level of staff turnover experienced in November to March than that budgeted for.	6,894						
No staff currently undertaking professional training	-1,860						
The variance is mostly due to the visiting officer mileage being below a 3 year average.	-1,016						

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
Increase in support costs is mainly due to the accommodation charge due to increases in net expenditure from this service.			3,488				
The increase in net expenditure is reflected in higher recharges to other services			-6,714				
Total Revenues					792	0	792
RURAL: Rural Areas Delivery							
Grant received to contribute towards cost of rural services. Little expenditure in the financial year, reserve fund established to fund future schemes	-105,544					105,544	
Total Rural Areas Delivery					-105,544	105,544	0
SUPDF: Superannuation Deficiency Payments							
A decrease in the number of beneficiaries during the year has resulted in an underspend	-1,359						
Total Superannuation Deficiency Payments					-1,359	0	-1,359
Other	-515	8,530	-1,019	2	6,998	-544	6,454
Total variances for Policy & Finance Committee	-57,350	-99,056	-23,044	1,641	-177,809	120,052	-57,757