

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 21

meeting date: 25 SEPTEMBER 2018
 title: REVENUE OUTTURN 2017/18
 submitted by: DIRECTOR OF RESOURCES
 principal author: TRUDY HOLDERNESS

1 PURPOSE

1.1 To report on the outturn for the financial year 2017/18 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 2018 and that audit has now been completed.

2.2 The 2017/18 financial year was 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 also matched these new deadlines in last year's closedown process in preparation for this year's new requirements.

2.3 Our final audited Statement of Accounts was approved by Accounts and Audit Committee at their meeting on 25 July 2018.

3 FINANCIAL INFORMATION

3.1 Shown below, by cost centre, is a comparison with the revised estimate. You will see an overall underspend of £34,679 on the net costs of services. After transfers to and from earmarked reserves, the overall underspend is £15,543. This has been added to General Fund Balances.

3.2 In the table below are a number of services with a net cost of 'nil', marked **. This is where services are fully recharged out to other service areas.

Cost Centre	Cost Centre Name	Revised Estimate 2017/18	Actual 2017/18	Variation	Associated Earmarked Reserves Variance	Net Variance
		£	£	£	£	£
OMDEV	Organisation & Member Development **	0	0	0	0	0

Cost Centre	Cost Centre Name	Revised Estimate	Actual	Variation	Associated Earmarked Reserves	Net
		2017/18	2017/18		Variance	Variance
		£	£	£	£	£
COMPR	Computers **	0	0	0	4,260	4,260
FSERV	Financial Services**	0	0	0	0	0
LSERV	Legal Services **	0	0	0	0	0
REVUE	Revenues and Benefits **	0	0	0	0	0
CONTC	Contact Centre**	0	0	0	0	0
CIVST	Civic Suite **	-3,080	0	3,080	83	3,163
CLOFF	Council Offices **	5,810	0	-5,810	0	-5,810
CORPM	Corporate Management	335,920	331,938	-3,982	0	-3,982
CEXEC	Chief Executives Department **	0	0	0	0	0
CSERV	Corporate Services	165,720	157,219	-8,501	0	-8,501
CLTAX	Council Tax	350,280	344,382	-5,898	3,048	-2,850
NNDRC	National Non Domestic Rates	30,350	21,844	-8,506	0	-8,506
CIVCF	Civic Functions	53,390	49,362	-4,028	0	-4,028
COSDM	Cost of Democracy	441,950	434,252	-7,698	0	-7,698
ELADM	Election Administration	68,970	68,525	-445	0	-445
DISTC	District Elections	3,720	4,123	403	37,129	37,532
BYELE	District By Election	750	3,889	3,139	-3,139	0
PARIS	Parish Elections	0	1,389	1,389	-1,389	0
ELECT	Register of Electors	79,040	59,666	-19,374	16,867	-2,507
LUNCH	Luncheon Clubs	14,020	4,320	-9,700	0	-9,700
LANDC	Land Charges	19,120	26,600	7,480	0	7,480
LICSE	Licensing	35,630	28,412	-7,218	0	-7,218

Cost Centre	Cost Centre Name	Revised Estimate 2017/18	Actual 2017/18	Variation	Associated Earmarked Reserves Variance	Net Variance
		£	£	£	£	£
FLDRB	Flood Grants – Businesses	0	0	0	0	0
FLDRH	Flood Grants – Households	0	-20,000	-20,000	20,000	0
EMERG	Community Safety	64,230	61,309	-2,921	0	-2,921
FMISC	Policy & Finance Miscellaneous	-126,800	-70,576	56,224	-61,951	-5,727
PERFM	Performance Reward Grant	780	772	-8	0	-8
PARGR	Parish Grants	15,720	13,817	-1,903	1,903	0
SUPDF	Superannuation Deficiency Payment	94,590	94,601	11	0	11
ESTAT	Estates	60,630	63,394	2,764	2,325	5,089
RURAL	Rural Areas Delivery	0	0	0	0	0
FGSUB	Grants and Subscriptions	164,840	161,663	-3,177	0	-3,177
NET COST OF SERVICES		1,875,580	1,840,901	-34,679	19,136	-15,543

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 2017/18 £	Outturn £	Variance £	Reason for Movement on Earmarked Reserve
Committee Net Cost of Services	1,875,580	1,840,901	-34,679	
FNBAL/ H372 - Parish Grants The reserve was established by transferring money payable by Central Government for the achievement of targets contained within Local Area Agreements into a separate reserve for parish grants.	-15,720	-13,817	1,903	Fewer parish grants completed in 2017/18 than anticipated when the estimates were prepared.
FNBAL/H362 - Individual Electoral Registration Reserve The reserve was established from grants received for the implementation of Individual Electoral Registration.	-8,480	8,387	16,867	The variance is mostly due to an increase in the grant received in year, as a result of a successful bid for more funding.
FNBAL/H230 - Election Reserve The reserve was established from monies set aside on an annual basis to smooth out the cost of local elections.	18,070	50,671	32,601	Additional contributions made to the election reserve to top it up in preparation for the District Election in 2019/20
FNBAL/H269 - Revaluation Reserve Reserve established from monies set aside on an annual basis to smooth out the costs of the full revaluation of council assets which must be carried out every five years.	2,060	2,060	0	No variance

	Revised Estimate 2017/18 £	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>	-12,320	-1,169	11,151	<p>The variance is a combination of funding an Icon upgrade where only part of the cost has fallen in the 2017/18 financial year, rather than the full cost.</p> <p>This has resulted in a lower contribution from the reserve than initially envisaged. This is offset by an additional contribution made to the reserve in respect of a Transparency Grant that has been received.</p>
<p>FNBAL/H326 - VAT Shelter Reserve</p> <p>As part of the housing stock transfer to a social housing landlord a VAT shelter agreement was established. The council receives an annual payment from the landlord which is set aside in an earmarked reserve, largely to fund future capital expenditure.</p>	205,650	130,738	-74,912	<p>Reduced VAT shelter income was received from Ribble Valley Homes than anticipated at the time of setting the revised estimate.</p>
<p>FNBAL/H262 - ITC Equipment reserve</p> <p>The reserve was established to fund the purchase of computer equipment, both capital and revenue.</p>	-6,520	-2,260	4,260	<p>Resources set aside in the ITC earmarked reserve have been used in year to fund the cost of software and licences.</p> <p>Resources have also been set aside health check work in relation to the government connect network, which was not able to be undertaken prior to the end of the 2017/18 financial year.</p>
<p>FNBAL/H375 Flood Resilience Reserve</p> <p>Reserve established to set aside outstanding flood resilience grants.</p>	0	20,000	20,000	<p>These are earmarked flood resilience grants that have been set aside until grant conditions are met.</p>

	Revised Estimate 2017/18 £	Outturn £	Variance £	Reason for Movement on Earmarked Reserve
FNBAL/H369 Pension Triennial Revaluation Reserve Reserve established from set aside superannuation savings. This is as a result of the payment being made in full at the beginning of the year, rather than monthly, resulting in a lower amount due in year.	7,920	12,778	4,858	The difference between the prepayment made and contributions that would have been due otherwise was greater than anticipated. This has resulted in a greater amount being set aside.
CPBAL/H330 Capital Reserve Fund This reserve is used to fund capital programme.	0	2,408	2,408	Additional income received from freehold sales and sale of equipment has been added to reserve
Committee Net Cost of Services after Movements on Earmarked Reserves	2,066,240	2,050,697	-15,543	

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 £
OMDEV Organisation and Member Development	Although some corporate training courses were in the process of being organised, they could not take place before the financial year end, resulting in an underspend.	-8,383
NNDRC National Non Domestic Rates	Government grant received to cover additional administration costs resulting from changes in business rates.	-12,000
ELECT Register of Electors	Additional grant from Ministry of Justice after a successful bid for additional funding in relation to Individual Electoral Registration.	-20,794

Service Area	Description of Variance	Amount £
FMISC Finance Miscellaneous	Reduction in VAT shelter money received from Ribble Valley Homes resulting in a lower contribution to the earmarked reserve.	74,912

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 £34,679 on the net cost of services. After transfers to and from earmarked reserves the overall underspend is £15,543.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF45-18/TH/AC
 29 August 2018

BACKGROUND PAPERS;
Policy & Finance closedown working papers 2017/18

For further information please ask for Lawson Oddie.

POLICY & FINANCE COMMITTEE – VARIANCES 2017/18

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
OMDEV: Organisation & Member Development							
There has been a lower level of staff turnover experienced for this service in November to March than that budgeted for.	3,194						
Although some corporate training courses were in the process of being organised, they could not take place before the financial year end, resulting in an underspend	-8,383						
A prudent approach was taken when reducing the estimate for printing & stationery and photocopying, to follow recent spending patterns. However a greater level of underspend has taken place. This will be further reviewed in future budget setting.	-1,553						
Reduction in support cost mainly from Computer Services and Financial Services due to a reduction in net expenditure in these services			-479				
The decrease in net expenditure on this service is reflected in lower recharges to other services			7,130				
Total Organisation & Member Development	-6,742	0	6,651	0	-91	0	-91
COMPR: Computer Services							
The overspend is as a result of additional staff cost for maternity cover.	2,020						

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
No staff currently undertaking professional qualification training due to a member of staff leaving.	-1,630						
Reduction in hardware and software maintenance costs due to the cancellation of some contracts, and identification of alternative providers.	-4,247						
Some work with regard to the government connect service was delayed and could not be completed by the end of the financial year. This has resulted in an underspend in 2017/18. However, this has been set aside in an earmarked reserve in order to fund this work in 2018/19.	-4,317					4,260	
The reduction in net expenditure is reflected in lower recharges to other services			7,965				
Total Computer Services	-8,174	0	7,965	0	-209	4,260	4,051
FSERV: Financial Services							
There has been a lower level of staff turnover in this service area experienced in November to March than that budgeted for.	5,839						
Due to changes in staffing there has been an underspend on the professional qualification training budget.	-1,482						
Increase in support costs mainly due to an increase in office recharge costs			489				
The increase in net expenditure is reflected in higher recharges to other services			-2,419				
Total Financial Services	4,357	0	-1,930	0	2,427	0	2,427

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
LSERV: Legal Services							
There has been a lower level of staff turnover in this service area experienced in November to March than that budgeted for.	2,219						
An underspend has occurred on the training budget, as no staff undertook professional qualification training in year.	-1,418						
The online subscription for reference books was less than estimated. Also no other reference books were purchased in the year, which led to the underspend shown.	-2,571						
Spend on legal fees and land registry fees was lower than that anticipated at the time of setting the budget.	-1,788						
Reduction in support costs mainly from an increase in office recharge costs, offset by lower recharges from Computer Services and Member Development due to decreases in net expenditure in those service areas.			-570				
The decrease in net expenditure is reflected in lower recharges to other services			5,798				
Total Legal Services	-3,558	0	5,228	0	1,670	0	1,670

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
REVUE: Revenues							
An underspend has occurred on the training budget. There are currently no staff undertaking professional qualification training, however the budget was left to allow other ad-hoc training to be undertaken.	-1,600						
The mileage of the Visiting Officer post has been that anticipated in the budget.	-1,648						
A delay in upgrading the Icon system has resulted in an underspend on software maintenance costs.	-1,700						
Increase in support costs is mainly due to the office recharge costs following increases in net expenditure in that area.			564				
The decrease in net expenditure is reflected in lower recharges to other services			5,004				
Total Revenues	-4,948	0	5,568	0	620	0	620
CONTC: Contact Centre							
There has been a lower level of replacement uniforms for contact centre staff. Although full replacement is every other year, a budget remained to allow for any costs in respect of staff turnover – which did not fully materialise.	-1,912						
Several smaller budgets were underspent such as training, staff medicals, transport expenses, purchase of equipment	-1,639						
Reduction in support costs mainly from Computer Services due to decreases in net expenditure in this service.			-346				

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
The decrease in net expenditure is reflected in lower recharges to other services			3,860				
Total Contact Centre	-3,551	0	3,514	0	-37	0	-37
CIVST: Civic Suite							
The decrease in net expenditure is reflected in lower recharges to other services			4,348				
Total Civic Suite	0	0	4,348	0	4,348	0	4,348
CLOFF: Council Offices							
Increase in recharges to other services, caused by an increase in building repairs costs which were covered by a virement from other budgets.			-5,935				
Total Council Offices	0	0	-5,935	0	-5,935	0	-5,935
CORPM: Corporate Management							
Reduction in support costs mainly from the Chief Executives Department and Contact Centre due to decreases in net expenditure in those services.			-3,982				
Total Corporate Management	0	0	-3,982	0	-3,982	0	-3,982
CEXEC: Chief Executives							
Reduced staffing costs due to higher than budgeted turnover of staff within the Environmental Health and Housing and Regeneration sections	-3,407						

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
The level of training spend anticipated by the budget holder at the time of setting the revised estimate has not materialised, resulting in the underspend shown.	-2,634						
Lower levels of mileage within the Environmental Health service. This has largely been due to a review of working practices.	-1,535						
Reduction in support costs from Civic suite, Computer services and Organisation and Member Development. This has been partially offset by an increase in the office recharge costs due to changes in net expenditure within that area			-567				
The decrease in net expenditure is reflected in lower recharges to other services			11,097				
Total Chief Executives	-7,576	0	10,530	0	5,908	0	5,908
CSERV: Corporate Services							
The cost of the production of the Ribble Valley News publication has been lower than in previous years, resulting in the saving shown	-2,137						
The underspend on promotional activities is partly due to a number of activities not having taken place by the end of the financial year	-4,045						

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
Reduction in support costs manly from Organisation and Member Development services due to reduction in net expenditure in that service area.			-2,342				
Total Corporate services	-6,182	0	-2,342	0	-8,524	0	-8,524
CLTAX: Council Tax							
Only part of the work of upgrading the Icon system has been able to take place. The work is being funded from earmarked reserves and so the balance of the work required will be undertaken in 2018/19 and funded from the same earmarked reserve.	-3,048					3,048	
The variance shown is in respect of the discounts given to those affected by the floods of December 2015. Also shown as a variance is the grant income received from the Government to fund these discounts. Neither element was included in the revised estimate – but both variances negate each other.	-63,925	63,925					
An increase in support service costs mainly from Revenue Services and Computer Services is due to an increase in net expenditure in those service areas.			-4,215				
Below average income from summonses / court fees		3,460					
Total Council Tax	-66,973	67,385	-4,215	0	-3,803	3,048	-755

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
NNDRC: National Non Domestic Rates							
Additional cost of upgrading Northgate system, resulting from a change in legislation	2,550						
Government grant received for additional administration costs resulting from changes to business rates. This is partially offset by a reduction in the Cost of Collection Grant.		-10,997					
Reduction in support costs mainly from Revenue Service due to decreases in net expenditure in that service			-1,261				
Below average income from summonses			2,110				
Total National Non Domestic Rates	2,550	-10,997	849	0	-7,598	0	-7,598
CIVCF: Civic Functions							
There has been no expenditure on civic regalia or plaques. There has also been a reduction in mayoral car expenses (mostly fuel), and other reduced civic function expenses such as refreshments etc.	-3,901						
Reduction in support costs mainly from Legal Services due to decrease in net expenditure in this service area.			-125				
Total Civic Functions	-3,901	0	-125	0	-4,026	0	-4,026

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
COSDM: Cost of Democracy							
A number of areas of areas of slightly reduced expenditure, including equipment, subsistence, car allowances, traveling expense, council meeting expense and statutory notices.	-4,186						
Decrease in support cost mainly from office recharge costs, Financial Services and Legal Services. This has been partially offset by a reduction in support costs from Community Services.			-3,559				
Total Cost of Democracy	-4,186	0	-3,559	0	-7,745	0	-7,745
ELADM: Elections Administration							
Decrease in support costs mainly from Legal Services and Organisation and Member Development due to changes in net expenditure in those service areas.			-445				
Total Election Administration	0	0	-445	0	-445	0	-445
VARIOUS: District, By and Parish Elections							
Staffing costs such as postal vote issuing and opening, presiding officer and poll clerk fees above that budgeted for.	2,288						
Other election costs above that budgeted for.	2,643						
Increase in contribution to elections earmarked reserve to ensure reserve is sufficient for next district election						32,601	
Total Elections	4,931	0	0	0	4,931	32,601	37,532

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
ELECT: Register of electors							
Decrease in support costs mainly from Legal Services due to changes in net expenditure from that service area.			-436				
Additional grant from Ministry of Justice as a result of bidding for additional funding. This has been added to earmarked reserves, net of additional expenditure		-20,794				16,867	
Total Register of Electors	0	-20,794	-436	0	-21,230	16,867	-4,363
LUNCH: Luncheon Club							
The provision for grants towards the cost of establishing new luncheon clubs was underspent as only a few clubs have applied.	-9,690						
Total Luncheon Clubs	-9,690	0	0	0	-9,690	0	-9,690
LANDC: Land Charges							
Fewer 'Part 2 enquiries' that are referred to Lancashire County Council than anticipated	-1,137						
Decrease in support costs mainly from Financial Services and Computer Services due to decrease in net expenditure in those service areas			-825				
Lower income levels due to fewer Part 1 & Part 2 enquiries being received		9,448					
Total Land Charges	-1,137	9,448	-825	0	7,486	0	7,486

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
LICSE: Licensing							
Increase in number of premises licences issued, offset by a reduction in taxi licences		-5,097					
Decrease in support costs mainly from Legal Services due to decrease in net expenditure in that service area.			-1,584				
Total Licensing	0	-5,097	-1,584	0	-6,681	0	-6,681
FLDRH :Flood Grants - Households							
Until Flood Grant conditions have been met, the underspent budget has been set aside in an earmarked reserve, with a view to being released in 2018/19.	-20,000					20,000	
Total Flood Grants Households	-20,000	0	0	0	-20,000	20,000	0
EMERG: Community Safety							
A number of planned schemes were not able to be undertaken in the 2017/18 financial year, resulting in the underspend shown	-2,363						
There has been a decrease in support costs, mainly from the Chief Executive's department			-406				
Total Community Safety	-2,363	0	-406	0	-2,769	0	-2,769
FMISC: Finance Miscellaneous							
Government Transparency grant received at the end of the financial year. This has been added to earmarked reserves.		-8,103				8,103	

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
<p>This variance is as a result of the superannuation contribution payment being made in full at the beginning of the year, rather than monthly, resulting in a lower amount due in year.</p> <p>The difference between this prepayment and the contributions that would have otherwise been due was greater than anticipated.</p> <p>This has resulted in a greater amount being set aside in earmarked reserves.</p>		-4,858				4,858	
Rebate on previously paid audit commission fees		-4,975					
Reduced income from Ribble Valley Homes in respect of VAT shelter work. This has therefore resulted in a lower contribution to earmarked reserves		74,912				-74,912	
Total Finance Miscellaneous	0	56,976	0	0	56,976	-61,951	-4,975
ESTAT: Estates							
Additional legal expenses have been incurred during the year.	1,085						
Reduced income from ground rents and garage rents. Any income from freehold sales have been added to the capital earmarked reserve.		1,448				2,325	
Decrease in support costs mainly from Legal Services due to changes in net expenditure in that service area			-264				
Total Estates	1,085	1,448	-264	0	2,269	2,325	4,594

	Variance in Expenditure	Variance in Income	Variance in Support	Variance in Capital	Total Variance	Associated Earmarked reserve	Net VARIANCE
FGSUB: Grants & Subscriptions - Policy & Finance Committee							
Spend on other grants and subscriptions was lower than that anticipated at the revised estimate.	-948						
The budget that remained to support any delayed claims for Concurrent Function Grant to Parish Councils was not required.	-2,751						
Increase in support costs mainly from Community services due to an increase in net expenditure in that service area.			523				
Total Grants & Subscriptions - P&F Committee	-3,699	0	523	0	-3,176	0	-3,176
PARGR / PERFM: Parish / Performance reward grants							
Less schemes completed than anticipated when estimates prepared, expenditure funded from earmarked reserve	-1,903					1,903	
Total Parish Grants	-1,903	0	0	0	-1,903	1,903	0
Other	-15,038	7,714	-3,246	54	-10,516	83	-10,433
Total Variances for Policy & Finance Committee	-156,698	106,083	15,882	54	-34,679	19,136	-15,543