

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 23

meeting date: 25 SEPTEMBER 2018
 title: OVERALL REVENUE MONITORING 2018/19
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

1 PURPOSE

1.1 To report the overall revenue position for the current financial year up to the end of July 2018.

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. To meet the objective within this priority, of maintaining critical financial management controls, ensuring the authority provides council tax payers with value for money.

Other Considerations – none identified.

2 COMPARISON AT COMMITTEE LEVEL

2.1 Shown in the table below is a summary across all committees, including:

- Full Year Budget
- Budget to the end of July 2018
- Actuals and Commitments (orders where goods or invoices have yet to be received) as at the end of July 2018
- The variance as at the end of July 2018
- Percentage Variance as at the end of July 2018

Committee	Net Budget for the full year	Net Budget to the end of the period	Actual including commitments to the end of the period	Variance	Percentage Variance
Community Services	3,773,700	954,492	955,256	764	0.08%
Economic Development	270,240	16,878	16,985	107	0.63%
Health and Housing	1,936,430	1,638,007	1,661,256	23,249	1.42%
Planning and Development	976,510	-244,197	-247,134	-2,937	1.20%
Policy and Finance	461,540	-196,954	-194,446	2,508	-1.27%
Total	7,418,420	2,168,226	2,191,917	23,691	1.09%

A full review of the distribution of budgets across committees is to be undertaken following the creation of the new Economic Development and Planning Department which came into effect from August 2018.

3 BUDGET VARIANCES

- 3.1 Within this report the overall budget has been broken down subjectively and monitored against the profiled budget up to the end of July 2018. As at this date, there shows an overspend of £23,691.
- 3.2 The full position is shown at Annex 1, with any variances above £10,000 (highlighted in yellow) at this high level detailed below, with reasons given. Favourable variances are shown as negative values.

Description	Amount £	Variance Reasons
Premises Related Expenditure – Energy Costs	49,707	<p>This variance is due to disputed invoices with nPower with regard to backdated electricity charges for the Council Offices. They were written to on 10 April disputing the charges and have only recently been in touch with the council at the end of August.</p> <p>We are currently in communication with nPower to try to resolve this dispute.</p>
Premises Related Expenditure - Repairs and Maintenance	16,938	<p>This variance relates to a number of service areas, largely under Community Services Committee.</p> <p>These have notably been new air conditioning unit at Ribblesdale Pool (£5,423), rendering works at Mardale Pavillion (£6,445), fire protection works and security lighting at Longridge Depot and repairs to sinks and vanity units at Edisford Toilets (£2,037). Most of this variance should correct itself as the year progresses – with lower levels of spend later in year.</p>
Supplies and Services - Services	20,631	<p>This variance is largely in relation to consultants under Planning and Development Committee. There has been a sizeable overspend (£14,525), notably with regard to an appeal in respect of an application in Read. It is anticipated that the appeal will be heard in October, and further expenditure is expected.</p> <p>Spend on consultants, which is above that allowed for in the budget, is generally funded from the Planning earmarked reserve. As such, the budget and movement on earmarked reserves will be reviewed as part of the revised estimate.</p> <p>There are some further smaller overspends across all committees</p>
Third Party Payments – Private Contractors	-10,118	<p>This variance largely relates to the CCTV monitoring contract (-£7,420) and the late submission of an invoice by the contractor for July 2018. This variance will clear by the end of the financial year.</p>

Description	Amount £	Variance Reasons
Transfer Payments – Benefit Payments	15,880	Rent allowance payments are slightly lower than budgeted for, after adjusting for recovery of benefits overpayments and non-cash transactions. This is mainly due to changing levels of caseload. Any lower payments at year-end would be reflected in less Rent Allowance subsidy grant income received at year end.
Government Grants Income	-23,922	<p>This is largely in respect of Storm Eva Section 31 Grant (-£30,786). This is funding received from MHCLG in support of our Council Tax and Business Rates support following the floods.</p> <p>The government paid this council a final grant at the end of 2017/18 which was equivalent to the monies due in total to all precepting bodies, rather than just the share due to this council.</p> <p>We are awaiting confirmation from MHCLG on how this will be rectified. This variance will eventually clear itself, by year end at the latest.</p> <p>Additionally there is a net variance of £10,031 in respect of £24,944 lower Rent Allowance subsidy grant income to date, partly offset by -£14,913 of additional funding from the DWP.</p>
Other Grants Reimbursements and Contributions Income	-43,039	<p>Part of this variance relates to the sponsorship income for the food festival, for which there is currently no budget (-£12,700). This sponsorship income will be reflected in the revised estimate.</p> <p>There is also -£25,411 of this variance in respect of grant for Individual Electoral Registration (IER) for 2018/19. The grant was announced and received in July 2018. This additional income will be reflected at revised estimate time.</p> <p>There has also been further income under Planning and Development Committee in respect of a prosecution for breach of an enforcement notice and the court ordered repayment of all legal fees, both internal and external, by the defendant to the council (-£8,844).</p>

Description	Amount £	Variance Reasons
<p>Customer and Clients Receipts Income</p>	<p>-25,453</p>	<p>The largest proportion of this variance is in respect of Trade Refuse income. There continues to be an increased level of income from trade waste above that budgeted for (-£32,000), this despite the increased budget this year. Additionally, there is a new charge for Waste Transfer Notes under this service, which to date has amounted to -£11,820, which was not within the original budget.</p> <p>There is also additional income (-£10,335) from new and replacement bins. This will be offset against associated costs shown elsewhere in Community Services Committee, and a contribution will be taken from or made to earmarked reserves – depending on the net position.</p> <p>Income from the sale of paper under our refuse collection service is very low. This is due to recent paper prices. To date only £1,046 has been received on a full year budget of £47,600. Profiled budget for this income to the end of July is £15,876, leaving a variance to the end of July of £14,830.</p> <p>There has also been reduced levels of income from property searches, with a variance of £10,460</p> <p>Planning fee income is currently showing as lower than the budget (£16,849). The budget is split evenly across the year for planning income and reflects the inability to forecast exactly when planning income will be received. It is too early in the year to forecast what the likely outturn for the year on planning fees will be.</p> <p>Additionally, Building Control income is down against the profiled budget for the period to the end of July, with a variance of £2,316. It is understandably difficult to predict the pattern in which this income is received, and so this is unlikely to be an indication of the eventual final outturn.</p> <p>On Health and Housing committee, income is up in relation to Disabled Facilities Grants (DFGs) administration income (-£12,095). This is due to an increase in applications/value of applications and also an increase in the administration charge (from 5% to 10%), which was brought in after the budget was set.</p>

Description	Amount £	Variance Reasons
Oncosts and Recharges Income	32,218	<p>Annual leave and staff vacancies within the grounds maintenance service have resulted in a lower rate of oncost recovery to date (£24,475).</p> <p>Additionally, staff sickness in the vehicle workshop has resulted in a lower rate of recovery (£12,302).</p> <p>Part of this oncost recovery should correct itself. However, an element will still need to be further recharged to services, particularly where lower service/staffing costs do not bring down the net cost position on the service area (ie staff sickness).</p>

5 CONCLUSION

- 5.1 There is an overall net overspend variance to the end of July 2018 of £23,691. The overall variances at a subjective level that are over £10,000 at the end of July have been analysed in more detail.
- 5.2 We continue to receive high levels of income from Trade Waste. However, the level of income being received from the sale of paper under our refuse collection service is very concerning, with only £1,046 having been received to date on a full year budget of £47,600. We will continue to keep this under review.
- 5.3 We have also seen a fall in income from Property Searches, Planning Fees and Building Control income. All of these income streams are difficult to predict when income will be received in year, and how much. Budgets levels have been set based on past experience and largely profiled to be received evenly across the year. These variances may correct themselves by the end of the financial year, but we will continue to monitor these income levels closely.
- 5.3 We will keep the disputed nPower invoice in respect of backdated electricity charges for the Council Offices under review, and continue to oppose the full level of charges that they are looking to pass on to the council.
- 5.4 A full review of the distribution of budgets across committees is to be undertaken following the creation of the new Economic Development and Planning Department which came into effect from August 2018.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF59-18/LO/AC
17 September 2018

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Original 2018/19	Original Estimate to Period End	Actual and Commitments to Period End	Variance at Period End	Percentage Variance for the Period
<u>Variances of more than £10,000 have been highlighted and examined in the body of the report</u>						
EXPENDITURE						
Employee Related Expenditure	Direct Employee Expenses	6,416,140	2,109,939	2,105,901	-4,038	-0.19%
	Indirect Employee Expenses	172,800	99,284	96,185	-3,099	-3.12%
Employee Related Expenditure	Subtotal	6,588,940	2,209,223	2,202,086	-7,137	-0.32%
Premises Related Expenditure	Apportionment of Operational Building Expense	148,470	-20	43	63	-312.50%
	Business Rates	256,680	211,254	212,514	1,260	0.60%
	Cleaning & Domestic Supplies	185,450	24,085	28,483	4,398	18.26%
	Energy Costs	155,470	39,355	89,062	49,707	126.30%
	Fixtures & Fittings	390	140	144	4	3.21%
	Grounds Maintenance Costs	439,300	156,224	149,553	-6,671	-4.27%
	Premises Insurance	35,710	32,758	32,562	-196	-0.60%
	Rates	2,220	1,384	1,297	-87	-6.25%
	Rents	52,930	6,575	7,939	1,364	20.75%
	Repairs & Maintenance	257,830	119,597	136,535	16,938	14.16%
	Water Services	92,040	53,226	53,518	292	0.55%
Premises Related Expenditure	Subtotal	1,626,490	644,578	711,649	67,071	10.41%
Transport Related Expenditure	Car Allowances & Travel Expenses	50,330	16,838	16,223	-615	-3.65%
	Contract Hire & Operational Leases	190,960	130,379	134,487	4,108	3.15%
	Direct Transport Costs	533,810	177,190	179,000	1,810	1.02%
	Public Transport	3,050	1,032	949	-83	-8.08%
	Transport Insurances	42,990	42,990	42,196	-794	-1.85%
	Transport Recharges	785,780	600	30	-570	-95.00%
Transport Related Expenditure	Subtotal	1,606,920	369,029	372,884	3,855	1.04%
Supplies and Services	Clothes, Uniform & Laundry	21,150	7,606	6,422	-1,184	-15.56%
	Communications & Computing	396,910	261,846	270,133	8,287	3.16%
	Debt Management Expenses	42,870	0	0	0	-
	Equipment, Furniture & Materials	306,950	137,255	140,904	3,649	2.66%
	Expenses	259,890	97,159	92,523	-4,636	-4.77%
	Grants & Subscriptions	67,560	27,070	27,068	-2	-0.01%
	Miscellaneous Expenses	147,530	41,910	35,076	-6,834	-16.31%

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Original 2018/19	Original Estimate to Period End	Actual and Commitments to Period End	Variance at Period End	Percentage Variance for the Period
	Printing, Stationery, Expenses	83,880	31,100	25,474	-5,626	-18.09%
	Services	325,580	37,711	58,342	20,631	54.71%
Supplies and Services	Subtotal	1,652,320	641,657	655,943	14,286	2.23%
Third Party Payments	Government Departments	3,100	-132	0	132	-100.00%
	Other Local Authorities	238,120	12,939	12,665	-274	-2.12%
	Private Contractors	132,820	47,514	37,396	-10,118	-21.29%
Third Party Payments	Subtotal	374,040	60,321	50,061	-10,260	-17.01%
Transfer Payments	Benefit Payments	6,333,910	2,018,868	2,034,748	15,880	0.79%
	Grant Payments	263,740	133,873	135,268	1,395	1.04%
Transfer Payments	Subtotal	6,597,650	2,152,741	2,170,016	17,275	0.80%
Support Services	Central Departmental Support	4,486,650	0	0	0	-
	Departmental Support	1,639,510	1,215	0	-1,215	-100.00%
	Other Recharges	328,900	0	0	0	-
Support Services	Subtotal	6,455,060	1,215	0	-1,215	-100.00%
Depreciation and Impairment	Depreciation	892,620	0	0	0	-
Depreciation and Impairment	Subtotal	892,620	0	0	0	-
TOTAL Expenditure		25,794,040	6,078,764	6,162,640	83,876	1.38%
INCOME						
Government Grants	Government Grants	-6,636,120	-2,232,860	-2,256,782	-23,922	1.07%
Government Grants	Subtotal	-6,636,120	-2,232,860	-2,256,782	-23,922	1.07%
Other Grants, Reimbsmts, Conts	Other Grants, Reimbursements and Contributions	-191,940	-33,466	-76,505	-43,039	128.61%
Other Grants, Reimbsmts, Conts	Subtotal	-191,940	-33,466	-76,505	-43,039	128.61%
Customer & Client Receipts	Customer & Client Receipts	-3,133,230	-1,326,491	-1,351,944	-25,453	1.92%
Customer & Client Receipts	Subtotal	-3,133,230	-1,326,491	-1,351,944	-25,453	1.92%
Oncosts and Recharges	Oncosts and Recharges	-8,414,150	-317,709	-285,491	32,218	-10.14%
Oncosts and Recharges	Subtotal	-8,414,150	-317,709	-285,491	32,218	-10.14%
Interest	Interest	-180	-12	0	12	-100.00%
Interest	Subtotal	-180	-12	0	12	-100.00%
TOTAL Income		-18,375,620	-3,910,538	-3,970,722	-60,184	1.54%
NET EXPENDITURE		7,418,420	2,168,226	2,191,917	23,691	1.09%