

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLIICY AND FINANCE COMMITTEE

Agenda Item No 16

meeting date: 2 APRIL 2019
 title: REVENUE MONITORING 2018/19
 submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To let you know the position for the period April 2018 to February 2019 of this year's revised 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. 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 FINANCIAL INFORMATION

2.1 Shown below, by cost centre, is a comparison between actual expenditure and the original estimate for the period to the end of February. You will see an overall overspend of £66,113 on the net cost of services. Please note that underspends are denoted by figures with a minus symbol. After allowing for transfers to/from earmarked reserves and the useable capital receipts reserve there is an overspend of £61,863.

Cost Centre	Cost Centre Name	Net Budget for the Full Year	Net Budget to the end of period	Actual including Commitments to the end of the period	Variance	
CEXEC	Chief Executives Department	0	1,119,946	1,116,361	-3,585	A
CIVCF	Civic Functions	56,980	37,070	34,788	-2,282	A
CIVST	Civic Suite	0	20,116	19,844	-272	G
CLOFF	Council Offices	0	167,397	189,743	22,346	R
CLTAX	Council Tax	356,830	47,472	58,817	11,345	R
COMPR	Computer Services	0	83,576	83,429	-147	G
CORPM	Corporate Management	339,200	0	0	0	G
COSDM	Cost of Democracy	459,640	221,392	217,536	-3,856	A
CSERV	Corporate services	155,220	15,710	12,124	-3,586	R
DISTC	District Elections	60	60	1,037	977	G
ELADM	Election Administration	6,640	0	0	0	G

Cost Centre	Cost Centre Name	Net Budget for the Full Year	Net Budget to the end of period	Actual including Commitments to the end of the period	Variance	
ELECT	Register of Electors	77,590	30,096	44,613	14,517	R
EMERG	Community Safety	64,060	6,601	4,140	-2,461	A
ESTAT	Estates	80,960	-20,594	-11,300	9,294	R
FGSUB	Grants & Subscriptions - Policy and Fin	167,190	127,034	133,980	6,946	R
FMISC	Policy & Finance Miscellaneous	30,640	58,757	62,086	3,329	A
LANDC	Land Charges	23,630	-54,176	-48,763	5,413	R
LICSE	Licensing	27,280	-93,475	-96,975	-3,500	A
LUNCH	Luncheon Clubs	14,300	12,073	0	-12,073	R
NNDRC	National Non Domestic Rates	54,130	18,547	-11,184	-29,731	R
OMDEV	Organisation & Member Development	0	0	560	560	G
PARIS	Parish Elections	4,260	4,260	4,255	-5	G
RESOR	Resources Department	0	1,794,237	1,843,622	49,385	R
SUPDF	Superannuation Deficiency Payments	96,650	83,357	83,341	-16	G
WWOCO	World War One Commemoration	0	0	3,515	3,515	A
	Net cost of services	2,015,260	3,679,456	3,745,569	66,113	

Transfers to/from Earmarked Reserves and Useable Capital Receipts Reserve				
Elections Earmarked Reserve	22,990	0	0	0
Revaluation Reserve	2,110	0	0	0
Vat Shelter Reserve	39,710	0	0	0
Pensions Triennial Revaluation Reserve	33,060	0	0	0
IT Equipment Reserve	-12,140	-12,140	-12,140	0
Repairs and Maintenance Earmarked Reserve	-7,140	-7,140	-7,140	0
Release of Resources from the Useable Capital Receipts Reserve	0	0	-4,250	-4,250
Total after Transfers to/from Earmarked Reserves and Useable Capital Receipts Reserve	2,093,850	3,660,176	3,722,039	61,863

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, which 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 variances that are **unlikely to rectify themselves** by the end of the financial year are shown below:

Description	Variance to end February 2019 £
<p>Luncheon Clubs (LUNCH) – Luncheon Clubs, grants to voluntary, community and social enterprise groups A budget of £13,170 has been allocated in the 2018/19 financial year to provide grant assistance to luncheon clubs.</p> <p>No grants had been paid out by the end of February 2019 and the budget variance will not resolve in this financial year as the total of grants to be awarded before the end of March 2019 are estimated to be in the region of £2,500.</p>	-12,073
<p>Council Tax (CLTAX) – Court Costs The court costs invoiced to the council for the issuing of liability orders have reduced down from £3 per liability order to £0.50 per liability order, resulting in a favourable budget variance that will not resolve by the end of the financial year. The reduced costs per order will be built into future budget estimates.</p>	-2,559
<p>Policy and Finance Miscellaneous (FMISC) – National Fraud Initiative The council has been invoiced £2,100 from the Cabinet Office for the cost of national fraud initiative data matching which has been carried out during the financial year, the cost of which will fall on general fund balances.</p>	£2,100

Description	Variance to end February 2019 £
<p>Register of electors (ELECT) – Data Protection This variance is due to an above inflationary increase to the annual cost of the council’s data protection registration.</p>	£2,426
<p>World War One Commemoration (WWOCO) – Purchase of equipment and materials Expenditure to project a poppy onto Clitheroe Castle when commemorating the 100th anniversary of the end of the first world war, the cost of which will be met from general fund balances.</p>	£3,515
<p>Policy and Finance Miscellaneous (FMISC) – Audit fees This variance is due to an above inflationary increase to the annual cost of the council’s external auditor’s certification of the Housing Benefit Subsidy Claim, a variance which will therefore not resolve by the end of the financial year.</p>	£3,691
<p>Resources (RESOR) – Tuition fees Expenditure on departmental tuition fees up to the end of the financial year will be lower than that allowed for in the budget estimate. This is mainly due to a timing difference between the recruitment of new employees and the expenditures to be incurred once any training requirements are identified.</p> <p>There has been a delay in the recruitment of the new Senior Auditor and although Two Senior Accountants have recently been recruited into posts and training needs are to be assessed over the short-term, any expenditure for all three posts will fall into the new financial year.</p>	-£3,816
<p>Resources (RESOR) – Non-recurring purchases of equipment and materials Costs associated with the implementation of the new online payments facility (as approved at this Committee in November 2018) are higher than initially anticipated. Expenditure above that estimated will be met from general fund balances.</p>	£4,389
<p>Corporate services (CSERV) – Promotional activities A new 11 mile Quaker trail following points of interest from Barley to Clitheroe is currently being developed with Pendle Council. As lead authority Pendle Council are drawing up the budget requirements, but at this stage no funds have been committed to the project and it is likely that the budget variance will not clear by the end of the financial year.</p>	-£2,275

3 CONCLUSION

- 3.1 The comparison between actual and budgeted expenditure shows an overspend of £66,113 to February 2019 of the financial year 2018/19. After allowing for transfers to/from earmarked reserves and the useable capital receipts reserve there is an overspend of £61,863.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PD21-19/VT/AC
21 March 2019

Policy and Finance Committee Budget Monitoring – 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	Indicator	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
NNDRC/8649z	National Non Domestic Rates/Storm Eva S31 Grant (Tranche 2)	0	0	-30,786	-30,786		<p>This is final funding received from MHCLG in support of our Business Rates support following the floods in 2015.</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>	The variance will clear itself by the end of the financial year.
LUNCH/4678	Luncheon Clubs/Grants to Voluntary, Comm & Soc Ent Orgs	13,170	12,073	0	-12,073		<p>Applications for support from luncheon clubs in this financial year are lower than that allowed for in the budget.</p>	The budget manager is currently discussing grant requirements with five luncheon clubs to whom it is estimated that £2.5k will be allocated in total before the end of the financial year.

Policy and Finance Committee Budget Monitoring – 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	Indicator	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
CEXEC/0100	Chief Executives Department/ Salaries	889,090	823,386	817,549	-5,837		Vacancy savings in the roles of Licensing Assistant, Elections Assistant, Committee services & Complaints Officer and Building Control Technician are greater than that allowed for in the budget.	Any savings will reduce the net cost of the department that is recharged out to other service areas as part of the year-end closedown process.
CEXEC/2976	Chief Executives Department/ Reference Books	8,190	7,511	12,819	5,308		A payment in advance of the next financial year has been made for online subscription to the Westlaw and practical law services.	The expenditure will be moved into the correct financial year as part of the year-end closedown process.
RESOR/3301	Resources Department/ Security Phones	1,550	1,421	7,192	5,771		Expenditure includes a payment in advance for 2019/20 enterprise licenses.	An adjustment will be entered at year-end to move the expenditure into the correct financial year.

Policy and Finance Committee Budget Monitoring – 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	Indicator	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
CEXEC/3090	Chief Executives Department/Legal	4,910	4,501	10,481	5,980		Expenditure on specialised legal advice in excess of £7k that wasn't anticipated when the budget was revised.	The Chief Executives departmental recharge to other service areas at the year-end will be adjusted to reflect the final net cost of the department for 2018/19, including the additional legal costs incurred under this cost centre.
FGSUB/3013	Grants & Subscriptions - Policy and Fin/Subscriptions	12,000	10,834	17,671	6,837		A commitment for £5.5k in respect of 2019/20 Local Government Association subscriptions.	An adjustment will be entered at year-end to move the expenditure into the correct financial year.

Policy and Finance Committee Budget Monitoring – 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	Indicator	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
RESOR/0100	Resources Department/ Salaries	1,379,020	1,264,148	1,271,288	7,140		Additional staffing costs as a result of a number of changes within the resources department.	The resources departmental recharge to other service areas at the year-end will be adjusted to reflect the final net cost of the department for 2018/19, including the additional costs incurred under this cost centre.
ELECT/2998	Register of Electors/ Software Maintenance	12,970	12,970	25,985	13,015		A payment for software maintenance has been made in advance of the 2019/20 financial year.	An adjustment will be entered at year-end to move the expenditure into the correct financial year.
RESOR/2998	Resources Department/ Software Maintenance	71,520	70,119	88,310	18,191		A payment and a commitment for software support and maintenance of the financial system and the ICON system have been made in advance of the 2019/20 financial year.	Adjustments will be entered at the year-end to move the expenditures into the correct financial year.

Policy and Finance Committee Budget Monitoring – 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	Indicator	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
CLOFF/2432	Council Offices/Electricity	63,350	58,073	84,659	26,586		Actuals include an invoice for backdated electricity costs, the settlement of which is currently in dispute.	Negotiations to settle the dispute are currently ongoing and the situation will continue to be monitored.
CLTAX/2998	Council Tax/Software Maintenance	18,980	18,980	37,344	18,364		The variance relates to payment of an invoice for Northgate system software maintenance and support for the 2019/2020 financial year.	An adjustment will be entered at year-end to move the expenditure into the correct financial year.

Policy and Finance Committee Budget Monitoring – 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	Indicator	Reason for Variance
RESOR/1023	Resources Department/Corporate Training	15,620	14,319	9,714	-4,605		The corporate training budget is below estimate to the end of February. A commitment for further ICT training is due to be finalised before the end of March and enquiries are currently ongoing concerning the possibility of running an online GDPR course and a pre-retirement course. The budget will be assessed at year end to ensure that expenditure is allocated into the correct financial year.
CLOFF/2402	Council Offices/Repair & Maintenance - Buildings	28,300	25,634	21,062	-4,572		Repair and maintenance costs for the council offices are lower than budgeted for to the end of February. Given the responsive nature of property repairs and maintenance costs the budgets are managed at a corporate level. A virement will likely be used to move resources to other repairs and maintenance codes where possible.
RESOR/1013	Resources Department/Tuition Fees	6,960	6,381	2,565	-3,816		Expenditure on employee training has been lower than that allowed for in the budget to the end of February. This is mainly due to timing differences between the recruitment of new employees and subsequent expenditures on any training requirements identified which are now to take place in the new financial year.

Policy and Finance Committee Budget Monitoring – 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	Indicator	Reason for Variance
COMPR/3006	Computer Services/Government connect	21,100	16,220	13,421	-2,799		The invoice of £3.5k for the final quarter of the financial year has not yet been received. An estimated creditor will be entered at the end of the financial year if necessary.
CLTAX/3275	Council Tax/Court Costs	7,540	3,467	909	-2,559		The court cost of issuing liability orders has reduced from £3 per order down to £0.50 per order from July 2018. The reduced cost will be used to inform future estimates.
EMERG/2881	Community Safety/Purchase of Equipment & Materials	5,500	5,042	2,566	-2,476		Further commitments for equipment and materials have been entered in March which will mitigate some of this variance before the end of the financial year.
CSERV/3277	Corporate services/Promotional Activities	5,220	2,935	660	-2,275		A new Quaker trail is being launched in partnership with Pendle Council. The budget is currently being drawn up by Pendle Council as the lead authority, but at this stage no funds have been committed to the project.

Policy and Finance Committee Budget Monitoring – 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	Indicator	Reason for Variance
FMISC/5035	Policy & Finance Miscellaneous/National Fraud Initiative	0	0	2,100	2,100		Cost of data matching under the National Fraud Initiative, expenditure which wasn't anticipated when the budget was estimated. The expenditure will inform future budget estimates.
LICSE/8437u	Licensing/Premises Licences	-62,410	-61,255	-59,155	2,100		The budget is estimated on a four-year average. Actual income received in year will be used to inform future estimates.
ESTAT/2402	Estates/Repair & Maintenance - Buildings	3,500	3,209	5,474	2,265		Unanticipated repair costs have been incurred following vandalism at a council owned property. A virement will likely be used to move resources from other repairs and maintenance codes where possible.
ELECT/3100	Register of Electors/Data Protection	560	514	2,940	2,426		Above inflationary increases to the annual cost of the council's data protection registration.

Policy and Finance Committee Budget Monitoring – 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	Indicator	Reason for Variance
WWOCO/2881	World War One Commemoration/Purchase of Equipment & Materials	0	0	3,515	3,515		Expenditure projecting a poppy onto Clitheroe Castle commemorating the 100th anniversary of the end of the First World War. The cost will be met from general fund balances.
FMISC/5025	Policy & Finance Miscellaneous/Audit Fees - Grants	7,500	7,500	11,191	3,691		Payment to Grant Thornton external auditors for Certification of the Housing Benefit Subsidy claim is higher than the inflationary increase budgeted for.
COMPR/2997	Computer Services/Hardware Maintenance Agreements	5,290	4,750	8,534	3,784		Payments made in advance of 2019/20 and to be adjusted for at the end of the financial year.
RESOR/2976	Resources Department/Reference Books	3,690	3,383	7,270	3,887		Payment made in advance of 2019/20 for the CIPFA publications subscription. To be adjusted for at the end of the financial year.
ESTAT/3269	Estates/Disposal Costs	0	0	4,250	4,250		Disposal costs relating to the sale of land at Peel Street car park. Costs initially to be charged to the cost of the service, but there will be a subsequent release of funds from the Usable Capital Receipts Reserve to fund this expenditure.

Policy and Finance Committee Budget Monitoring – 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	Indicator	Reason for Variance
RESOR/2809	Resources Department/Non Recurring Purchases of Equipment etc.	16,180	16,180	20,569	4,389		Consulting and project management costs associated with the expansion of the council's on-line payments facility (approved at P&F Committee November 2018). The costs for this element of the project will be met from general fund balances.
NNDRC/2998	National Non Domestic Rates/Software Maintenance	4,730	4,730	9,336	4,606		Payment of £4.2k made in advance of 2019/20 for supply and maintenance of the Northgate system. To be adjusted for at the end of the financial year.
LANDC/2998	Land Charges/Software Maintenance	4,980	4,980	9,662	4,682		Payment of £4.7k made in advance of 2019/20 for supply and maintenance of the Land charges system. To be adjusted for at the end of the financial year.