

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 17

meeting date: 24 SEPTEMBER 2019
 title: REVENUE OUTTURN 2018/19
 submitted by: DIRECTOR OF RESOURCES
 principal author: VALERIE TAYLOR

1 PURPOSE

1.1 To report on the outturn for the financial year 2018/19 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 2019 and that audit has now been completed.

2.2 Under the Accounts and Audit Regulations 2015 we are required to have our audited Statement of Accounts approved by 31 July.

2.3 Our final audited Statement of Accounts was approved by Accounts and Audit Committee at their meeting on 24 July 2019.

3 FINANCIAL INFORMATION

3.1 Shown below, by cost centre, is a comparison with the revised estimate. You will see an overall underspend of £54,958 on the net costs of services. After transfers to and from earmarked reserves, there is an underspend of £47,221. 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	Actual	Variance	Associated Earmarked Reserves	Net Variance
		2018/19	2018/19	2018/19	Variance	2018/19
		£	£	£	£	£
CEXEC	Chief Executives Department**	0	0	0	0	0
CIVCF	Civic Functions	56,980	54,294	-2,686	0	-2,686

Cost Centre	Cost Centre Name	Revised Estimate	Actual	Variance	Associated Earmarked Reserves	Net Variance
		2018/19	2018/19	2018/19	Variance	2018/19
		£	£	£	£	£
CIVST	Civic Suite**	0	0	0	0	0
CLOFF	Council Offices**	0	0	0	0	0
CLTAX	Council Tax	356,830	342,605	-14,225	0	-14,225
COMPR	Computer Services**	0	0	0	0	0
CORPM	Corporate Management	339,200	337,052	-2,148	0	-2,148
COSDM	Cost of Democracy	459,640	454,136	-5,504	0	-5,504
CSERV	Corporate services	155,220	143,404	-11,816	5,000	-6,816
DISTC	District Elections	60	18,232	18,172	-8,222	9,950
ELADM	Election Administration	6,640	6,591	-49	0	-49
ELECT	Register of Electors	77,590	80,199	2,609	0	2,609
EMERG	Community Safety	64,060	61,822	-2,238	0	-2,238
ERNET	Emergency Radio Network	-2,000	-70	1,930	0	1,930
ESTAT	Estates	80,960	84,849	3,889	-7,140	-3,251
FGSUB	Grants & Subscriptions - Policy and Fin	167,190	162,006	-5,185	0	-5,185
FLDRH	Flood Resilience Grants - Households	0	20,000	20,000	-20,000	0
FMISC	Policy & Finance Miscellaneous	30,640	3,747	-26,893	34,256	7,363
LANCS	Lancashire County Elections	0	-4	-4	0	-4
LANDC	Land Charges	23,630	25,572	1,942	4,323	6,265
LICSE	Licensing	27,280	20,828	-6,452	0	-6,452
LUNCH	Luncheon Clubs	14,300	3,079	-11,221	0	-11,221
NNDRC	National Non Domestic Rates	54,130	35,620	-18,510	0	-18,510
PARIS	Parish Elections	4,260	4,255	-5	0	-5
RESOR	Resources Department**	0	0	0	3,130	3,130
SUPER	Superannuation	0	0	0	-3,610	-3,610
SUPDF	Superannuation Deficiency Payments	96,650	96,571	-79	0	-79
WWOCO	World War One Commemoration	0	3,515	3,515	0	3,515
	Sum:	2,013,260	1,958,302	-54,958	7,737	-47,221

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 2018/19 £	Outturn 2018/19 £	Variance £	Reason for movement on Earmarked Reserve
Committee Net Cost of Services	2,013,260	1,958,302	-54,958	
FNBAL/H230 - Election Reserve The reserve was established from monies set aside on an annual basis to smooth out the cost of local elections.	22,990	14,768	-8,222	£33k has been added to this reserve to smooth out the cost of local elections and £18k has been released from the reserve to fund expenditures on the 2019 local election falling in the 2018/19 financial year.
FNBAL/H269 - Revaluation Reserve Reserve established from monies set aside on an annual basis to smooth out the cost of the full revaluation of council assets which must be carried out every five years.	2,110	2,110	0	No variance.

	Revised Estimate 2018/19	Outturn 2018/19	Variance	Reason for movement on Earmarked Reserve
	£	£	£	
FNBAL/H337 - Equipment Reserve This reserve was established by setting aside unspent budget provisions and miscellaneous grants received to fund equipment and new burdens imposed on the council.	0	8,103	8,103	A transparency code new burdens grant has been received from MHCLG and set aside in this reserve to fund associated future expenditures.
FNBAL/H325 - VAT Shelter Reserve 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.	39,710	37,779	-1,931	Lower VAT shelter income was received from Ribble Valley Homes than was anticipated at the time of setting the revised estimate.
FNBAL/H262 - ICT Equipment reserve The reserve was established to fund the purchase of computer equipment, both capital and revenue.	0	3,130	3,130	A budget underspent on corporate training during 2018/19 has been set aside in this reserve to fund expenditure on corporate training laptops in 2019/20.
	-12,140	-12,140	0	Release from reserve to fund various approved ICT initiatives.
FNBAL/H375 - Flood Resilience Reserve Reserve established to set aside outstanding flood resilience grants.	0	-20,000	-20,000	This is the return of grant funding received from LCC and set aside in this reserve for schemes which are no longer eligible.
FNBAL/H369 - Pension Triennial Revaluation Reserve Savings on contribution rates, set aside with a view to offsetting any future pensions fund deficits.	33,060	29,450	-3,610	Savings on contribution rates during 2018/19 were lower than estimated.

	Revised Estimate 2018/19	Outturn 2018/19	Variance	Reason for movement on Earmarked Reserve
	£	£	£	
FNBAL/H328 - Repairs & Maintenance Reserve Reserve established to fund emergency repairs and maintenance items, including legionella and asbestos abatement.	0	-7,140	-7,140	Release from the repairs and maintenance reserve to fund essential fire protection works at the over 60's Club in Longridge.
FNBAL/H272 – Land Charges Reserve Reserve established to fund any potential restitution claims for personal search fees.	0	4,323	4,323	A new burdens grant was received from MHCLG during 2018/19 and moved to this reserve at the year-end.
FNBAL/H289 - EU Exit Reserve Grant funding relating to impacts in respect of the EU Exit are moved to this reserve.	0	17,484	17,484	District council's received a grant from MHCLG in 2018/19 to support council's to prepare for the EU Exit. The grant income has been set aside to fund future associated expenditures.
FNBAL/H294 - Cyber Resilience Grant Reserve Grant funding in respect of Cyber Resilience work.	0	10,600	10,600	The council successfully bid for grant support from the Local Government Association to support consultancy and training expenditures in respect of cyber resilience and recovery initiatives. The grant income has been set aside to fund future expenditures.
FNBAL/H276 - Promotions Activities Reserve To fund planned publicity and promotional activities.	0	5,000	5,000	Due to publication restrictions in the run up to the local election there was a delay in the publication of the Spring Ribble Valley News, with expenditure falling in the 2019/20 financial year. Unspent 2018/19 budget in respect of this publication was therefore set aside in this earmarked reserve.
	2,098,990	2,051,769	-47,221	

5 KEY MOVEMENTS FROM REVISED ESTIMATE TO OUTTURN

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

Service Area	Description of Variance	Amount £
DISTC District Elections	This is expenditure on the 2019 Local election which fell within the 2018/19 financial year. The expenditure has been funded from the Elections Reserve.	18,232
FLDRH Flood Resilience Grants	This is the repayment of flood resilience grants to Lancashire County Council which had been held in reserve.	20,000
FMISC Cyber Resilience Grant	The council successfully bid for grant support from the Local Government Association for consultancy and training expenditures in respect of cyber resilience and recovery initiatives. The grant income has been set aside to fund future associated expenditures.	-10,600
FMISC EU Exit Funding	District council's received a grant from the Ministry for Housing Communities and Local Government (MHCLG) in 2018/19 to support council's to prepare for the EU Exit. The grant income has been set aside to fund future associated expenditures.	-17,484
LUNCH Luncheon Clubs/ Grants to Voluntary Organisations	Applications for grant assistance from luncheon clubs during 2018/19 were lower than allowed for in the budget.	-11,211
NNDRC National Non Domestic Rates/ DCLG Business Rates S31	This variance is due to the recalculation of a prior year S31 grant from central government in respect of small business rate relief. The year-end accounting requirement for this adjustment was to credit the service, rather than presenting it together with all other business rates S31 grants – hence the variance shown.	-17,521

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 underspend of £54,958 on the net cost of services. After transfers to and from earmarked reserves the overall underspend is £47,221.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF36-19/VT/AC

29 August 2019

For further information please ask for Val Taylor.

POLICY & FINANCE COMMITTEE – VARIANCES 2018/19

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
CEXEC: Chief Executive's Department							
Savings arising from various employment vacancies within the Department.	-8,188						
Claims by employees for the reimbursement of mileage expenses were lower than that allowed for in the estimate.	-2,465						
Unanticipated expenditure of £7k incurred in the last quarter of the 2018/19 financial year in respect of specialised legal advice.	5,993						
Lower than anticipated net expenditure in the Chief Executives Department for 2018/19 decreased the recharge to the Environmental Health Section.			2,724				
Total Chief Executive's Department	-4,660		2,724		-1,936		-1,936
CLOFF: Council Offices							
Lower electricity charges than forecast for the financial year has resulted in a favourable variance.	-2,978						
Total Council Offices	-2,978				-2,978		-2,978
CLTAX: Council Tax							

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
Expenditure on postages in the 2018/19 financial year for council tax were lower than allowed for in the budget estimate. Outturn will be built into future forecasts.	-2,942						
The court cost of issuing liability orders reduced from £3 per order down to £0.50 per order during the financial year. The reduced cost will be used to inform future estimates.	-6,632						
Total Council Tax	-9,574				-9,574		-9,574
COMPR: Computer Services							
Expenditure on equipment & materials within computer services during the financial year were lower than average resulting in a saving.	-2,577						
Total Computer Services	-2,577				-2,577		-2,577
CSERV: Corporate Services							
Due to publication restrictions in the run up to the local election there was a delay in the publication of the Spring edition of the Ribble Valley News, with expenditure falling in the 2019/20 financial year. Unspent 2018/19 budget in respect of this publication was therefore set aside in an earmarked reserve.	-6,546						
Planned spend on promotions did not occur within the 2018/19 financial year.	-4,520						
Total Corporate Services	-11,066				-11,066		-11,066

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
DISTC: District Elections							
This is expenditure on the 2019 Local election which fell within the 2018/19 financial year. The expenditure has been funded from the Elections Reserve.	18,232					-18,232	
Additional contribution to the Elections Reserve to ensure the 2018/19 total sum set aside to fund future expenditures was £33k.						10,010	
Total District Elections	18,232				18,232	-8,222	10,010
ELECT: Register of Electors							
The fee payable for the council's annual data protection registration has increased following a revision to the pricing structure under the Data Protection (Charges and Information) Regulations 2018.	2,380						
Total Register of Electors	2,380				2,380		2,380
ESTAT: Estates							
The cost of estates repairs & maintenance works were above that estimated, particularly with regards to essential fire protection works on a council owned property. Cost per the original estimate has been met from the repairs and maintenance reserve.	2,166					-7,140	

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
Part of the estates budget allowed for full annual business rates liability in respect of a building that was let part way through the financial year.	-2,171						
Disposal costs relating to the sale of land at Peel Street car park.	4,250						
Total Estates	4,245				4,245	-7,140	-2,895
FGSUB: Grants and Subscriptions							
Reimbursement of Parish Council expenditure under the concurrent function grants scheme was lower than allowed for in the 2018/19 budget.	-5,142						
Total Grants and Subscriptions	-5,142				-5,142		-5,142
FLDRH: Flood resilience grants							
Repayment of flood resilience grants to Lancashire County Council following release from reserve.		20,000				-20,000	
Total Flood resilience grants		20,000			20,000	-20,000	0
FMISC: Policy & Finance Misc.							
Payment to Grant Thornton external auditors for Certification of the Housing Benefit Subsidy claim was higher than forecast.	3,691						
Expenditure resulting from national fraud initiative data matching exercises which were carried out during the financial year.	2,100						

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
A transparency code new burdens grant was received from MHCLG and set aside in this reserve to fund associated expenditures.		-8,103				8,103	
The council successfully bid for grant support from the Local Government Association to support consultancy and training expenditures in respect of cyber resilience and recovery initiatives. The grant income has been set aside to fund future associated expenditures.		-10,600				10,600	
District council's received a grant from MHCLG in 2018/19 to support council's to prepare for the EU Exit. The grant income has been set aside to fund future associated expenditures.		-17,484				17,484	
Savings on employer pension contribution rates which are set aside in an earmarked reserve were lower than estimated.		3,610				-3,610	
Total Policy & Finance Misc.	5,791	-32,577			-26,786	32,577	5,791
LICSE: Licensing							
Requirements for the purchase of taxi plates and fixings (recharged to drivers) lower than forecast.	-2,313						

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
Premises licence Income received during 2018/19 was higher than the previous 4-year average upon which the forecast is based. Outturn will be used to inform future estimates.		-2,218					
Total Licensing	-2,313	-2,218			-4,531		-4,531
LUNCH: Luncheon Clubs							
Applications for grant assistance from luncheon clubs was lower than allowed for in the 2018/19 budget. A report is to be submitted to this Committee for a decision concerning current and future year allocations.	-11,211						
Total Luncheon Clubs	-11,211				-11,211		-11,211
NNDRC: National Non-Domestic Rates							
This variance is due to the recalculation of a prior year S31 grant from central government in respect of small business rate relief. The year-end accounting requirement for this adjustment was to credit the service, rather than presenting it together with all other business rates S31 grants – hence the variance shown.		-17,521					
Total National Non-Domestic Rates		-17,521			-17,521		-17,521

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
RESOR: Resources Department							
Additional, unanticipated staffing costs were incurred as a result of changes within the department.	2,466						
Employer superannuation contribution savings arising from various employment vacancies within the Department.	-2,963						
Training requirements lower than that allowed for within the budget due to a timing difference between the recruitment of new employees and the expenditures to be incurred once any training requirements are identified.	-4,394						
Budget underspent on corporate training during 2018/19 with part being set aside in the ICT equipment reserve to fund expenditure on corporate training laptops in 2019/20.	-5,906					3,130	
Additional consulting and project management costs associated with the expansion of the council's on-line payments facility.	4,389						
The revenue cost of upgrading the civic financial system to a web based version did not materialise during the 2018/19 financial year.	-2,806						

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
The cost of carrying out a desktop valuation of the council's assets, to be met from general fund balances.	3,500						
Total Resources Department	-5,714				-5,714	3,130	-2,584
WWOCO: World War One Commemoration							
Expenditure commemorating the 100th anniversary of the end of the First World War, to be met from general fund balances.	3,515						
Total World War One Commemoration	3,515				3,515	0	3,515
Other Variances	-23,162	34,138	-15,287	17	-4,294	7,392	3,098
Total Variances for Policy and Finance Committee	-44,234	1,822	-12,563	17	-54,958	7,737	-47,221