

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 18

meeting date: 24 SEPTEMBER 2019  
 title: REVENUE MONITORING 2019/20  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: LAWSON ODDIE

### 1 PURPOSE

1.1 To let you know the position for the period April to July 2019 of this year's 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 July. You will see an overall underspend of £107,273 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 there is an underspend of £84,076.

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	357,644	364,424	6,780	
CIVCF	Civic Functions	61,430	27,687	25,705	-1,982	
CIVST	Civic Suite	0	17,627	19,515	1,888	
CLOFF	Council Offices	0	96,737	91,440	-5,297	
CLTAX	Council Tax	375,050	30,477	27,009	-3,468	
COMPR	Computer Services	0	55,740	56,938	1,198	
CORPM	Corporate Management	342,600	0	0	0	
COSDM	Cost of Democracy	479,640	87,142	85,623	-1,519	
CSERV	Corporate services	163,230	11,849	11,575	-274	
DISTC	District Elections	120,000	120,000	100,694	-19,306	
ELADM	Election Administration	24,660	0	0	0	

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	108,670	27,103	26,071	-1,032
EMERG	Community Safety	65,210	2,176	831	-1,345
ESTAT	Estates	68,840	-16,431	-26,618	-10,187
FGSUB	Grants & Subscriptions - Policy and Fin	169,670	95,332	101,089	5,757
FMISC	Policy & Finance Miscellaneous	43,370	13,221	-7,127	-20,348
LANDC	Land Charges	30,180	-15,182	-18,090	-2,908
LICSE	Licensing	31,070	-10,584	-13,886	-3,302
LUNCH	Luncheon Clubs	14,520	0	520	520
NNDRC	National Non-Domestic Rates	48,570	6,694	-23,936	-30,630
OMDEV	Organisation & Member Development	0	0	0	0
PARGR	Parish Council Grants	0	0	300	300
RESOR	Resources Department	8,980	707,942	686,059	-21,883
SUPDF	Superannuation Deficiency Payments	99,010	22,201	21,967	-234
<b>Sum:</b>		<b>2,254,700</b>	<b>1,637,375</b>	<b>1,530,102</b>	<b>-107,273</b>

<b>Transfers to/from Earmarked Reserves</b>				
Elections Earmarked Reserve	-90,000	-120,000	-100,694	19,306
Superannuation Adjustment Reserve	50,540	0	0	0
Revaluation Reserve	2,150	0	0	0
Capital Earmarked Reserve	0	0	7,501	7,501
ICT Equipment Reserve	0	0	-3,610	-3,610
<b>Total after Transfers to/from Earmarked Reserves</b>	<b>2,217,390</b>	<b>1,517,375</b>	<b>1,433,299</b>	<b>-84,076</b>

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 is shown below:

Description	Variance to end July 2019 £
<b>EU Exit Funding (FMISC)</b> – This is funding received from central government to support local councils with any costs incurred in preparation for the EU Exit. Any unspent funds in the current year will be set aside in the EU Exit Reserve to meet future associated costs.	-17,484
<b>Estates (ESTAT)</b> – This is the net variance resulting from the sale of 3 x parcels of freehold land (£9k) less associated land valuation costs (£2k).	-7,501
<b>District Elections (DISTC)</b> - £18k of budgeted costs in respect of the 2019 district election were incurred towards the end of the 2018/19 financial year which has resulted in an underspend in the current year. District election costs are funded from the elections reserve where funds are set aside on an annual basis to smooth out the cost of elections. The budget and earmarked reserve will therefore be reviewed at revised estimate.	-19,306
<b>Estates (ESTAT)</b> – The rental of a council owned building (the former physio centre) has resulted in a reduction to the council's annual NNDR liability for the year (-£2k) and brought about an increase in rental income (-£3k). Budgets will be updated at revised estimate to reflect the most up to date position.	-5,320

3 CONCLUSION

- 3.1 The comparison between actual and budgeted expenditure shows an underspend of £107,273 for the first four months of the financial year 2019/20. After allowing for transfers to/from earmarked reserves there is an underspend of £84,076.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF45-19/VT/AC  
6 September 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	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
NNDRC/864 9z	National Non-Domestic Rates/Storm Eva S31 Grant (Tranche 2)	0	0	-30,786	-30,786	This is past grant income from previous financial years that is due for return to the government. The grant was originally received in respect of business rates reliefs following Storm Eva in 2015.	It was confirmed last year with MHCLG that this should be resolved in the closedown process around NNDR3.
RESOR/0100	Resources Department/ Salaries	1,422,440	474,524	454,891	-19,633	Due to the level of staff turnover to date there are underspends on staffing costs above the 4% allowed for in the budget.	The budget will be reviewed and updated at revised estimate to reflect the most up to date position.
FMISC/8793 Z	Policy & Finance Miscellaneous/ MHCLG - EU Exit Funding	0	0	-17,484	-17,484	This is the second and final tranche of funding received from central government to support local councils with any costs incurred in preparation for the EU Exit. The first payment which was received in 2018/ 2019 was set aside in the EU Exit Reserve.	Any anticipated costs associated with the EU Exit along with an associated movement in earmarked reserve will be brought in to the budget at revised estimate.
ESTAT/8856I	Estates/Sale of Land and Buildings <£10k	0	0	-9,501	-9,501	This is a receipt for the sale of 3 x parcels of freehold land at Peel Park Avenue and Claremont Drive. This	The budget will be adjusted for at revised estimate and an appropriate value will be transferred to the Capital Reserve at year-end.

## 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	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
						income is partially offset by associated land valuation costs of £2k (see ESTAT/ 3090)	
CEEXEC/0100	Chief Executives Department/ Salaries	795,860	265,496	275,738	10,242	Council staffing budget estimates assume an average vacancy saving of 4% across the authority. Turnover to date within the Chief Executives department is lower than that allowed for within the budget which has resulted in the overspend shown.	The budget will be reviewed and updated at revised estimate to reflect the most up to date position.
DISTC/ Various	District Elections/Various	120,000	120,000	100,694	-19,306	£18k of budgeted costs in respect of the 2019 district election were incurred towards the end of the 2018/ 2019 financial year.	District election expenditures are funded from the elections reserve where monies are set aside on an annual basis. The election budget and earmarked reserve will be reviewed at revised estimate to account for actual costs incurred within the current financial year.

## Planning and Development 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	Reason for Variance
RESOR/0109	Resources Department/Superannuation Salaries	232,730	77,636	72,687	-4,949	Vacancy savings which exceed that built into the budget estimate have reduced the council's superannuation costs within the Resources Department.
ESTAT/8804u	Estates/Building Rents	-10,200	0	-3,120	-3,120	There has been an increase in rental income this year following rental of the former physio centre from February 2019. Current year rental agreements will be reviewed at revised estimate and the forecast updated to reflect the most up to date position.
LICSE/8437u	Licensing/Premises Licences	-62,410	-11,048	-13,305	-2,257	Actual income received to the end of July is higher than average, the budget will be reviewed at revised estimate.
ESTAT/2451	Estates/National Non-Domestic Rates	2,200	2,200	0	-2,200	A council owned building (the physio centre) has now been rented out so the NNDR liability is now the responsibility of the tenant.
CLOFF/2451	Council Offices/National Non-Domestic Rates	62,400	62,400	60,248	-2,152	The transitional surcharge that applied to the council offices annual business rates liability following a reduction in the premises rateable value has now ended resulting in a favourable variance for the 2019/20 financial year. The budget will be amended at revised estimate.

## Planning and Development 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	Reason for Variance
RESOR/0108	Resources Department/National Insurance Salaries	123,050	41,048	39,039	-2,009	Vacancy savings which exceed that built into the budget estimate have reduced the council's national insurance liability within the Resources Department.
RESOR/2881	Resources Department/Purchase of Equipment & Materials	10,440	5,459	8,089	2,630	Training laptops have been purchased at a cost of £3k. These are to be funded from a movement in earmarked reserve (which had been set aside following an underspend on corporate training in the 2018/ 2019 financial year), the budget will be amended at RE1920.
FGSUB/4678	Grants & Subscriptions - Policy and Fin/Grants to Voluntary, Comm & Soc Ent Orgs	111,310	85,063	89,250	4,187	Grant paid to LCC following approval from P&F Committee in June 2019 to support the continuation of the 280 bus service for twelve months. The spend is to be brought in at revised estimate (with a corresponding reduction to original estimate 2020/ 2021).
RESOR/0101	Resources Department/Salaries Overtime	0	0	4,544	4,544	Overtime costs incurred whilst existing employees worked additional hours to cover a period of employee vacancies. This variance is offset by salary savings (see RESOR/0100).



## Planning and Development 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	Reason for Variance
COMPR/2998	Computer Services/Software Maintenance	19,950	36,903	41,628	4,725	This variance results from year one revenue costs associated with the corporate firewall capital scheme which have been offset in part by the credit received below. The new contract will result in substantial savings over the longer term, and also the capital scheme has come in below budget.
COMPR/8297n	Computer Services/Sale of Equipment/Materials	0	0	-2398	-2398	This variance results from a credit that was received from the council's supplier for the trade in of returned hardware as part of the corporate firewall renewal.
ESTAT/3090	Estates/Legal	1,480	496	5,231	4,735	Expenditure and Commitments for the valuations of council land to be brought in to the forecast at revised estimate. £2k of these costs relate to valuations of land at Peel Park (see ESTAT/8856l variance)