

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 19

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

4 PURPOSE

4.1 To report the overall revenue position for the current financial year up to the end of July 2019.

2 ORIGINAL BUDGET 2019/20

2.1 The original budget agreed for the current year is set out below.

| | Original Estimate 2019/20 £ |
|--|--|
| Committee Net Requirements | 7,950,580 |
| Capital Charges Adjustment | -878,568 |
| Committee Expenditure After Adjustments | 7,072,012 |
| Other Items - Interest Payable | 6,530 |
| - Interest on balances | -100,000 |
| - New Homes Bonus | -1,666,486 |
| - Levy Account Surplus | -20,446 |
| - Retained Business Rates Income | -581,737 |
| - Renewable Energy Business Rates | -93,820 |
| - Section 31 Grant for Business Rates | -1,636,295 |
| - Pilot Pool: 5% of extra growth to risk reserve | 29,555 |
| - Pilot Pool: 25% of extra growth to strategic growth fund | 147,776 |
| - Share of Business Rates Surplus on Collection Fund | -224,211 |
| Expenditure After Other Items | 2,932,878 |
| Less Added to/(taken from) Earmarked Reserves | |
| Elections | -90,000 |
| Building Control Fee Earning | -15,290 |
| Food Festival Reserve | -14,120 |
| Two Way Radio Reserve | 1,500 |
| Community Safety | -14,060 |
| Refuse Collection Reserve | 2,080 |
| Revaluation Reserve | 2,150 |

| | Original Estimate 2019/20 £ |
|--|--|
| Government Housing Grants Reserve | 30,000 |
| Planning Reserve | -11,200 |
| Post LSVT Pensions Reserve | -36,512 |
| Capital Reserve | 10,610 |
| New Homes Bonus Reserve | 561,486 |
| Pensions Triennial Revaluation Reserve | 50,540 |
| Business Rates Growth Reserve | 1,683,218 |
| Taken From Revenue Balances | -93,896 |
| Net Expenditure | 4,999,384 |

3 ADDITIONAL REVENUE ITEM

Human Resources Capacity

- 3.1 Capacity issues within the HR section were addressed following a report to Policy and Finance Committee in April 2019 and proposed changes to the staffing structure of the team were approved with additional costs of £11,950. This was then brought in to the budget for the 2019/20 financial year.
- 3.2 The impact on the council's revenue budget is summarised in the table below:

| | Original Estimate 2019/20 £ | Additional Revenue Item £ | Restated Original Estimate £ |
|--|--|--------------------------------------|---|
| Committee Net Requirements | 7,950,580 | 11,950 | 7,962,530 |
| Capital Charges Adjustment | -878,568 | | -878,568 |
| Committee Expenditure After Adjustments | 7,072,012 | 11,950 | 7,083,962 |
| Other Items | -4,139,134 | | -4,139,134 |
| Expenditure After Other Items | 2,932,878 | 11,950 | 2,944,828 |
| Less Added to/(taken from) Earmarked Reserves | 2,160,402 | | 2,160,402 |
| To be Taken from Balances | -93,896 | -11,950 | -105,846 |
| Net Expenditure | 4,999,384 | 0 | 4,999,384 |

4 BUDGET VARIANCES

- 4.1 Our budget monitoring to service committees focuses on the value shown above against Committee Net Requirements of £7,962,530.

- 4.2 Within this report, this amount is broken down subjectively and monitored against the profiled budget up to the end of July 2019. As at this date, there shows an underspend of £129,275.
- 4.3 The full position is shown at Annex 1, with any variances above £10,000 at this high level (highlighted in yellow) detailed below, with reasons given. Favourable variances are shown as negative values.

| Description | Amount £ | Variance Reasons |
|--|-------------|--|
| Employee Related Expenditure - Direct Employee Expenses | -32,793 | <p>This underspend falls largely under Policy and Finance Committee.</p> <p>There have been a large number of vacancies experienced in the Resources Department – above that allowed for within the budget. These vacancies have now been appointed to and the underspend will be reflected at the time of producing the Revised Estimate.</p> <p>There has also been an underspend at Ribblesdale Pool, particularly on Swimming Instructors (£9K) due to difficulties in recruiting to these posts – but there is an associated overspend on bought in services, detailed further down this variance list under ‘Supplies and Services – Services’</p> |
| Premises Related Expenditure - Business Rates | -20,638 | <p>There has been a fall in the amount of business rates payable compared to the budget particularly as the Museum Café has now been separately rated and the operator is now the liable party – rather than being recharged under the contract.</p> <p>This has resulted in a sizeable reduction in Business Rates directly payable by the council.</p> |
| Premises Related Expenditure - Repairs and Maintenance | 21,669 | <p>A large proportion of this relates to extra repairs and maintenance needed at a number of public convenience sites due to vandalism.</p> <p>Some further spend is proposed to help prevent further vandalism, including the installation of metal doors. This will be met through the use of virements to move budget from other service areas. It is hoped at this stage that the variance will resolve itself by the end of the financial year.</p> |

| Description | Amount £ | Variance Reasons |
|--|---------------|---|
| <p>Transport Related Expenditure - Direct Transport Costs</p> | <p>37,879</p> | <p>There are recurring overspends on the repairs and maintenance of the refuse collection fleet, resulting in an overspend on that service of approximately £75K - of this £25K relates to a single vehicle which was off the road for three months with extra vehicle hire costs being incurred. A reduction in the charge for the work is currently being sought due to quality issues.</p> <p>There is a partial offset on the refuse collection service due to lower Diesel costs and lower spend on Tyres, with a saving of £20K currently showing in total on these two items (£14K and £6K respectively).</p> <p>The net overspend on the refuse collection service vehicles is currently partly offset by an underspend of £10K on the Grounds Maintenance Service and £3K on the Street Cleansing Service.</p> |
| <p>Supplies and Services - Equipment, Furniture and Materials</p> | <p>19,313</p> | <p>At Ribblesdale Pool there has been a new installation of a data link as the existing type of provision was to be withdrawn by BT. Additional spend has also been needed on the heat exchanger at the pool due to failure of the existing one. The total overspend at the pool is currently £6K and virements will be sought to help address this variance as far as possible.</p> <p>There is also an overspend on the Resources department (£4K) in respect of upgrades required to the cash receipting system in order to allow further functionality around online payments. This additional cost is to be met from earmarked reserves.</p> <p>At the mechanics workshop there is also an overspend (£5K) due to CMT agreed work to repair the brake testing equipment from revenue. A replacement is included in the capital scheme in 2022/23 but it is hoped that if the repair and upgrade is successful it may result in this capital scheme for £61,900 being able to be removed.</p> |

| Description | Amount £ | Variance Reasons |
|---|-------------|--|
| Supplies and Services - Services | 21,779 | <p>The overspend here largely relates to the Planning Control and Enforcement service (£15K) and associated legal and consultancy costs in relation to a planning appeal at Henthorn Road, Clitheroe.</p> <p>Additionally, there is a £7K overspend at Ribblesdale Pool, which relates to the use of external providers for the provision of swimming lessons following difficulties in recruiting (See associated underspend under 'Employee Related Expenditure - Direct Employee Expenses')</p> |
| Third Party Payments - Private Contractors | -10,444 | <p>This variance relates to a reversal of a year-end creditor amount owed by the Council to HARV Domestic Violence Team for the Domestic Abuse Outreach Support Service provided between December 2018 and March 2019.</p> <p>Following finalisation of the service level agreement with HARV this payment will be made, which will clear the variance shown.</p> |
| Transfer Payments - Benefit Payments | -15,697 | <p>Rent Allowance payments are slightly lower than budgeted for. This is mainly due to changing caseload levels, which vary week to week. The overall caseload is reducing throughout the year as part of the migration from Housing Benefits to Universal Credit in Ribble Valley.</p> <p>Any lower payments for the year as a whole will be reflected in less Rent Allowance subsidy grant income received at year-end, as payments for the full year are broadly funded by subsidy grant received at year-end. As a result, there is unlikely to be a significant underspend at year-end.</p> |

| Description | Amount £ | Variance Reasons |
|---|-------------|---|
| Government Grants | 21,332 | <p>There is a mix of different grant variances resulting in the variance shown:</p> <p>Rent allowances Grant – Actual Rent Allowance subsidy grant income was 4% lower than the £1.901m budgeted for the year to date. Rent Allowance subsidy grant received at year-end is updated to broadly reflect the actual Rent Allowance payments for the year as a whole. As a result, there is unlikely to be a significant under-recovery of income at year-end.</p> <p>Storm Eva Section 31 Grant – This past grant income (£31K) is from previous financial years and is due for return to the government. This grant was originally received in respect of business rates reliefs following Storm Eva in 2015. It is anticipated that this will be recovered as part of the NNDR3 business rates end of year return.</p> <p>DWP Verify Earnings and Pensions (VEP) Alerts Grant – £6K of funding has been received in the current financial year from the government. This was not anticipated at the time of setting the budget.</p> <p>MHCLG EU Exit Funding - £17.5K of funding has been received in the current financial year from the government. This was not anticipated at the time of setting the budget.</p> |
| Other Grants, Reimbursements and Contributions | -67,172 | <p>The largest proportion of this variance relates to additional grant funding from Lancashire County Council to support the Council's expenditure on the Domestic Abuse Outreach Support Service that will be provided by HARV Domestic Violence Team. The grant agreement was not in place when the Original Estimate budget was set. This will be adjusted for at the revised estimate.</p> <p>Also, there has been £4K of sponsorship towards the Food Festival, which was not anticipated this year.</p> |

| Description | Amount £ | Variance Reasons |
|-------------------------------------|-------------|---|
| Customer and Client Receipts | -75,408 | <p>The largest proportion of this variance is in respect of Trade Refuse income (£53K in total). There continues to be an increased level of income from trade waste above that budgeted for, this despite the increased budget this year compared to last year's original estimate.</p> <p>There is also increased income from the sale of bins to new developments £23K. This income is set aside to fund the capital programme scheme for the replacement of old existing household refuse bins.</p> |

5 CONCLUSION

- 5.1 There is an overall underspend variance to the end of July 2019 of £129,275.
- 5.2 There have been a number of variances on direct employee costs reflecting the level of vacancies that have been seen to date. These posts are now recruited to, but there have been resulting savings which will be reflected in the revised estimate.
- 5.3 We continue to receive high levels of income from Trade Waste and also a number of additional grants that were not anticipated at the time of setting the current year's budget. Again, these will be reflected in the revised estimate.
- 5.4 Of continuing concern is the overspend being seen on the budgets for the refuse collection vehicles. This is an area that will be considered in more detail by CMT, budget working group and in the budget setting process.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF38-19/LO/AC
29 August 2019

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

| | | Original 2019/20 | Original Estimate to Period End | Actual and Commitments to Period End | Variance at Period End | Percentage Variance for the Period |
|---|---|---------------------|--|--|------------------------------|--|
| Variations of more than £10,000 have been highlighted and examined in the body of the report | | | | | | |
| EXPENDITURE | | | | | | |
| Employee Related Expenditure | Direct Employee Expenses | 6,847,940 | 2,268,644 | 2,235,851 | -32,793 | -1.45% |
| | Indirect Employee Expenses | 179,520 | 34,835 | 36,558 | 1,723 | 4.95% |
| Employee Related Expenditure | Subtotal | 7,027,460 | 2,303,479 | 2,272,409 | -31,070 | -1.35% |
| Premises Related Expenditure | Apportionment of Operational Building Expense | 153,610 | -52 | 0 | 52 | -100.00% |
| | Business Rates | 278,140 | 262,590 | 241,952 | -20,638 | -7.86% |
| | Cleaning & Domestic Supplies | 234,710 | 35,285 | 31,973 | -3,312 | -9.39% |
| | Energy Costs | 155,660 | 38,232 | 35,968 | -2,264 | -5.92% |
| | Fixtures & Fittings | 390 | 140 | 154 | 14 | 9.67% |
| | Grounds Maintenance Costs | 504,160 | 149,223 | 151,676 | 2,453 | 1.64% |
| | Premises Insurance | 33,900 | 5,026 | 0 | -5,026 | -100.00% |
| | Rates | 2,260 | 1,408 | 1,636 | 228 | 16.18% |
| | Rents | 51,510 | 36,461 | 34,449 | -2,012 | -5.52% |
| | Repairs & Maintenance | 244,730 | 105,277 | 126,946 | 21,669 | 20.58% |
| | Water Services | 99,600 | 56,937 | 59,963 | 3,026 | 5.31% |
| Premises Related Expenditure | Subtotal | 1,758,670 | 690,527 | 684,716 | -5,811 | -0.84% |
| Transport Related Expenditure | Car Allowances & Travel Expenses | 47,150 | 16,716 | 14,444 | -2,272 | -13.59% |
| | Contract Hire & Operational Leases | 214,530 | 56,228 | 50,074 | -6,154 | -10.94% |
| | Direct Transport Costs | 562,450 | 185,309 | 223,188 | 37,879 | 20.44% |
| | Public Transport | 3,080 | 860 | 289 | -571 | -66.42% |
| | Transport Insurances | 44,000 | 1,636 | 0 | -1,636 | -100.00% |
| | Transport Recharges | 887,080 | 683 | 66 | -617 | -90.34% |
| Transport Related Expenditure | Subtotal | 1,758,290 | 261,432 | 288,061 | 26,629 | 10.19% |
| Supplies and Services | Clothes, Uniform & Laundry | 21,400 | 7,662 | 5,100 | -2,562 | -33.44% |
| | Communications & Computing | 437,060 | 290,772 | 288,125 | -2,647 | -0.91% |

ANNEX 1

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

| | | Original 2019/20 | Original Estimate to Period End | Actual and Commitments to Period End | Variance at Period End | Percentage Variance for the Period |
|--|--|---------------------|--|--|------------------------------|--|
| | Equipment, Furniture & Materials | 279,720 | 114,824 | 134,137 | 19,313 | 16.82% |
| | Expenses | 266,530 | 100,468 | 97,695 | -2,773 | -2.76% |
| | Grants & Subscriptions | 67,270 | 22,804 | 20,167 | -2,637 | -11.56% |
| | Miscellaneous Expenses | 171,960 | 65,124 | 60,073 | -5,051 | -7.76% |
| | Printing, Stationery, Expenses | 95,440 | 54,889 | 51,669 | -3,220 | -5.87% |
| | Services | 337,920 | 42,844 | 64,623 | 21,779 | 50.83% |
| Supplies and Services | Subtotal | 1,677,300 | 699,387 | 721,587 | 22,200 | 3.17% |
| Third Party Payments | Government Departments | 3,160 | -136 | 0 | 136 | -100.00% |
| | Other Local Authorities | 242,620 | 19,943 | 19,725 | -218 | -1.09% |
| | Private Contractors | 118,920 | 44,116 | 33,672 | -10,444 | -23.67% |
| Third Party Payments | Subtotal | 364,700 | 63,923 | 53,397 | -10,526 | -16.47% |
| Transfer Payments | Benefit Payments | 5,733,690 | 1,869,381 | 1,853,684 | -15,697 | -0.84% |
| | Grant Payments | 265,810 | 125,141 | 128,053 | 2,912 | 2.33% |
| Transfer Payments | Subtotal | 5,999,500 | 1,994,522 | 1,981,737 | -12,785 | -0.64% |
| Support Services | Central Departmental Support | 4,278,160 | 16 | 0 | -16 | -100.00% |
| | Departmental Support | 2,119,600 | 504 | 0 | -504 | -100.00% |
| | Other Recharges | 350,010 | 0 | 0 | 0 | - |
| Support Services | Subtotal | 6,747,770 | 520 | 0 | -520 | -100.00% |
| Depreciation and Impairment | Depreciation | 1,004,470 | 2,650 | 0 | -2,650 | -100.00% |
| Depreciation and Impairment | Subtotal | 1,004,470 | 2,650 | 0 | -2,650 | -100.00% |
| TOTAL Expenditure | | 26,338,160 | 6,016,440 | 6,001,907 | -14,533 | -0.24% |

INCOME

| | | | | | | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|---------------|---------------|
| Government Grants | Government Grants | -6,039,210 | -1,953,570 | -1,932,238 | 21,332 | -1.09% |
| Government Grants | Subtotal | -6,039,210 | -1,953,570 | -1,932,238 | 21,332 | -1.09% |

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

| | | Original 2019/20 | Original Estimate to Period End | Actual and Commitments to Period End | Variance at Period End | Percentage Variance for the Period |
|---|---|---------------------|--|--|------------------------------|--|
| Other Grants, Reimbursements Contributions | Other Grants, Reimbursements, Contributions | -99,520 | 12,396 | -54,776 | -67,172 | -541.88% |
| Other Grants, Reimbursements Contributions | <i>Subtotal</i> | -99,520 | 12,396 | -54,776 | -67,172 | -541.88% |
| Customer & Client Receipts | Customer & Client Receipts | -3,345,790 | -1,411,816 | -1,487,224 | -75,408 | 5.34% |
| Customer & Client Receipts | <i>Subtotal</i> | -3,345,790 | -1,411,816 | -1,487,224 | -75,408 | 5.34% |
| Oncosts and Recharges | Oncosts and Recharges | -8,891,060 | -344,997 | -338,491 | 6,506 | -1.89% |
| Oncosts and Recharges | <i>Subtotal</i> | -8,891,060 | -344,997 | -338,491 | 6,506 | -1.89% |
| Interest | Interest | -50 | 0 | 0 | 0 | - |
| Interest | <i>Subtotal</i> | -50 | 0 | 0 | 0 | - |
| TOTAL Income | | -18,375,630 | -3,697,987 | -3,812,729 | -114,742 | 3.10% |
| | NET EXPENDITURE | 7,962,530 | 2,318,453 | 2,189,178 | -129,275 | -5.58% |