

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

Agenda Item No 17

meeting date: 19 NOVEMBER 2019  
 title: OVERALL REVENUE MONITORING 2019/20  
 submitted by: DIRECTOR OF RESOURCES  
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#### 4 PURPOSE

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

#### 2 ORIGINAL BUDGET 2019/20

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

	<b>Original Estimate 2019/20 £</b>
Committee Net Requirements	7,950,580
Capital Charges Adjustment	-878,568
<b>Committee Expenditure After Adjustments</b>	<b>7,072,012</b>
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
<b>Expenditure After Other Items</b>	<b>2,932,878</b>
<b>Less Added to/(taken from) Earmarked Reserves</b>	
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

	<b>Original Estimate 2019/20 £</b>
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
<b>Net Expenditure</b>	<b>4,999,384</b>

### 3 ADDITIONAL REVENUE ITEMS

#### ***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. This additional cost was to be funded from the Restructuring Reserve.

#### ***Ashes Beam at Clitheroe Cemetery***

- 3.2 A request for funding for the installation of additional ashes beams for cremated remains in Clitheroe Cemetery was considered by Policy and Finance Committee at its September 2019 meeting. It was agreed that the full amount previously set aside for this purpose in the Equipment Reserve, be used to fund this work. As a result, a budget of £4,410 was approved.

#### ***Strategic Housing and Economic Needs Assessment***

- 3.3 In line with the commitment set out in the Core Strategy, the council needed to appoint appropriate consultancy support to undertake a strategic housing and economic needs assessment at a cost of £20,000. Following a report to the Emergency Committee in August 2019, this was brought in to the budget. This additional cost was to be funded from the Planning Reserve.
- 3.4 The impact of these additional approvals and the associated funding on the council's revenue budget is summarised in the table below:

	<b>Original Estimate 2019/20 £</b>	<b>Additional Revenue Item £</b>	<b>Restated Original Estimate £</b>
Committee Net Requirements	7,950,580	36,360	7,986,940
Capital Charges Adjustment	-878,568		-878,568
<b>Committee Expenditure After Adjustments</b>	<b>7,072,012</b>	<b>36,360</b>	<b>7,108,372</b>
Other Items	-4,139,134		-4,139,134
<b>Expenditure After Other Items</b>	<b>2,932,878</b>	<b>36,360</b>	<b>2,969,238</b>
Less Added to/(taken from) Earmarked Reserves	2,160,402		2,160,402
To be Taken from Balances	-93,896	-36,360	-130,256
<b>Net Expenditure</b>	<b>4,999,384</b>	<b>0</b>	<b>4,999,384</b>

#### 4 BUDGET VARIANCES

- 4.1 Our budget monitoring to service committees focuses on the value shown above against Committee Net Requirements of £7,986,940.
- 4.2 Within this report, this amount is broken down subjectively and monitored against the profiled budget up to the end of September 2019. As at this date, there shows an underspend of £75,790.
- 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.

<b>Description</b>	<b>Amount £</b>	<b>Variance Reasons</b>
<b>Employee Related Expenditure - Direct Employee Expenses</b>	-41,381	<p>This underspend falls largely under Policy and Finance Committee and Planning and Development 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 within Planning Committee due to a number of staff vacancies in the Economic Development and Planning Department.</p> <p>Within Community Services committee there are compensating variances, with an underspend at Ribblesdale Pool, particularly on Swimming Instructors (£14K), and an overspend on refuse collection pay and agency staff costs, due to sickness absence.</p>

Description	Amount £	Variance Reasons
<b>Premises Related Expenditure - Business Rates</b>	-21,174	<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>
<b>Premises Related Expenditure - Repairs and Maintenance</b>	19,732	<p>A large proportion of this relates to extra repairs and maintenance needed at a number of public convenience sites due to vandalism, but also some refurbishment work. Some virements have yet to be carried out to fund this work.</p> <p>There has also been a number of repairs carried out at Edisford Car Park resulting in a budget overspend. This has included drainage work and re-tarmacking.</p>
<b>Transport Related Expenditure - Direct Transport Costs</b>	76,075	<p>There is a significant overspend collectively for repairs and maintenance to the refuse vehicle fleet of £93,802, this is currently being closely monitored and a review of repairs and maintenance of the vehicle fleet will be carried out at revised estimate.</p> <p>The overspend relating to one refuse collection vehicle is £28k and includes essential major repair work. The repairs resulted in the vehicle being off the road for three months therefore also incurring vehicle hire costs. It was felt the charges for the repair work were excessive due to quality issues and the prolonged length of time to carry them out. A reduction to the charges was obtained of £4k.</p> <p>Off-setting the overspend are savings collectively of £11,951 due to lower demand for repairs and maintenance by specialist outside firms on grounds maintenance vehicles.</p>

Description	Amount £	Variance Reasons
<p><b>Supplies and Services – Communications and Computing</b></p>	<p>14,957</p>	<p>There have been increased charges due to the Installation of a new computer connection to Salthill depot. However, this will result in substantial savings going forward.</p> <p>There have also been fees incurred as a result of customers using the card payment facility to pay for car parking charges. This currently amounts to £3K.</p> <p>There are also a number of contract payments that have been made in advance for multi-year software contracts. This will be adjusted for at the year end, but result in part of the variance shown here at this point in the year.</p>
<p><b>Supplies and Services - Equipment, Furniture and Materials</b></p>	<p>33,027</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 £9K and virements will be sought to help address this variance as far as possible.</p> <p>There is also increased expenditure on the purchase of householder waste bins due to an increase in the number of new properties. However, income received will be offset against expenditure incurred in the purchase of the bins and the surplus/deficit transferred to/from an earmarked reserve at year end to help fund future purchases through the capital programme.</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 and it is planned for this capital scheme for £61,900 to be removed from the capital programme.</p>

Description	Amount £	Variance Reasons
<b>Supplies and Services – Miscellaneous Expenses</b>	-11,829	This variance largely falls under Community Services Committee. This is notably in respect of Community Safety (-£10k) due to a delay in the delivery of the Shop Watch project.
<b>Supplies and Services - Services</b>	43,741	<p>The overspend here largely relates to the Planning Control and Enforcement service (£34K) and associated legal and consultancy costs in respect of a planning appeal at Henthorn Road, Clitheroe.</p> <p>Also, an external consultancy service has been engaged within the Building Control section to provide cover over a period of recruitment and the training of a new employee of the service. The requirement for continuing use of the external consultancy service will be subject to ongoing review. The budget will be updated at revised estimate (£10k).</p> <p>Additionally, on Community Services committee, there is a £10K 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> <p>There is also a £7k underspend on Health and Housing committee in respect of lower water sampling charges, as there have been fewer undertaken. It is planned to increase this work over the coming months.</p>
<b>Transfer Payments - Benefit Payments</b>	-64,312	<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
<b>Government Grants</b>	41,742	<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 £2.851m 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 (£114k).</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, -£35K 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>
<b>Other Grants, Reimbursements and Contributions</b>	-92,455	<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 (£58k).</p> <p>Also, we have received £18k in respect of Individual Electoral Registration. This was only announced in July 2019 and will be brought in to the Revised Estimate, together with any associated expenditure where necessary.</p> <p>Under Community Services Committee we have also received funding £14K of funding to enable the determination of needs of the Borough for the preparation of a bid to apply for monies from the Together an Active Future scheme.</p>

Description	Amount £	Variance Reasons
<b>Customer and Client Receipts</b>	-41,798	<p>The largest proportion of this variance is in respect of Trade Refuse income (£47K 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 £29K. This income is set aside to fund the capital programme scheme for the replacement of old existing household refuse bins.</p> <p>There are also a number of concerning adverse variances at the pool include income from the delivery of swimming lessons being reduced (£19,795) because of the problems obtaining instructors which has caused a lack of stability and also the inability to hold one to one lessons. A reduction in the hire of the pool by clubs (£9,206) as the budget was based on club hire usage in 17/18 but in 18/19 demand reduced by the main user and this reduction in usage has continued into 19/20.</p>
<b>Oncosts and Recharges</b>	-17,177	<p>Grounds Maintenance Oncosts have achieved a higher rate of recovery (-£8k) as casual staff have been employed which has resulted in more hours being worked – and hence used in the recovery of costs.</p> <p>There has been a higher rate of Works Administration Oncost recovery (-£10k) due to lower than estimated sickness levels.</p> <p>However there has been an under recovery of recharges year to date for Vehicle Workshop Oncost (£10k) due to sickness absences.</p> <p>There have been higher levels of stores issues at Salthill Depot, which have resulted in a greater recovery of oncosts to date (-£3k).</p> <p>Under the Community Services Department, the recharge of work carried out on capital projects has been greater than budgeted (-£6k) - mainly on the Edisford sports complex and play areas.</p>



## 5 CONCLUSION

- 5.1 There is an overall underspend variance to the end of September 2019 of £75,790.
- 5.2 There have been a number of variances on direct employee costs reflecting the level of vacancies that have been seen to date. Most of 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. Also of concern is the low level of income being attained through the various activities at Ribblesdale Pool, with substantially lower levels of income being seen.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF65-19/LO/AC  
7 November 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
<b>Variances of more than £10,000 have been highlighted and examined in the body of the report</b>						
<b>EXPENDITURE</b>						
<b>Employee Related Expenditure</b>	Direct Employee Expenses	6,847,940	3,419,480	3,378,099	-41,381	-1.21%
	Indirect Employee Expenses	179,520	123,358	117,729	-5,629	-4.56%
<b>Employee Related Expenditure</b>	<b>Subtotal</b>	<b>7,027,460</b>	<b>3,542,838</b>	<b>3,495,828</b>	<b>-47,010</b>	<b>-1.33%</b>
<b>Premises Related Expenditure</b>	Apportionment of Operational Building Expenses	153,610	-74	0	74	-100.00%
	Business Rates	278,140	263,126	241,952	-21,174	-8.05%
	Cleaning & Domestic Supplies	234,710	47,878	46,539	-1,339	-2.80%
	Energy Costs	155,660	68,227	70,528	2,301	3.37%
	Fixtures & Fittings	390	210	230	20	9.66%
	Grounds Maintenance Costs	504,160	230,897	235,453	4,556	1.97%
	Premises Insurance	33,900	33,551	33,099	-452	-1.35%
	Rates	2,260	1,622	1,914	292	18.02%
	Rents	51,510	37,167	35,871	-1,296	-3.49%
	Repairs & Maintenance	244,730	148,462	168,194	19,732	13.29%
	Water Services	99,600	68,170	69,254	1,084	1.59%
<b>Premises Related Expenditure</b>	<b>Subtotal</b>	<b>1,758,670</b>	<b>899,236</b>	<b>903,036</b>	<b>3,800</b>	<b>0.42%</b>
<b>Transport Related Expenditure</b>	Car Allowances & Travel Expenses	47,150	24,352	21,982	-2,370	-9.73%
	Contract Hire & Operational Leases	214,530	78,736	71,739	-6,997	-8.89%
	Direct Transport Costs	562,450	285,058	361,133	76,075	26.69%
	Public Transport	3,080	1,418	331	-1,087	-76.65%
	Transport Insurances	44,000	39,972	42,096	2,124	5.31%
	Transport Recharges	887,080	925	0	-925	-100.00%
<b>Transport Related Expenditure</b>	<b>Subtotal</b>	<b>1,758,290</b>	<b>430,461</b>	<b>497,281</b>	<b>66,820</b>	<b>15.52%</b>
<b>Supplies and Services</b>	Clothes, Uniform & Laundry	21,400	10,315	9,227	-1,088	-10.54%

## 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
	Communications & Computing	434,720	320,852	335,809	14,957	4.66%
	Equipment, Furniture & Materials	284,130	137,325	170,352	33,027	24.05%
	Expenses	266,530	141,826	136,891	-4,935	-3.48%
	Grants & Subscriptions	69,610	36,309	31,727	-4,582	-12.62%
	Miscellaneous Expenses	171,960	83,802	71,973	-11,829	-14.12%
	Printing, Stationery, Expenses	95,440	46,087	45,863	-224	-0.49%
	Services	357,920	85,278	129,019	43,741	51.29%
<b>Supplies and Services</b>	<b>Subtotal</b>	<b>1,701,710</b>	<b>861,794</b>	<b>930,862</b>	<b>69,068</b>	<b>8.01%</b>
<b>Third Party Payments</b>	Government Departments	3,160	-204	0	204	-100.00%
	Other Local Authorities	242,620	26,087	26,582	495	1.90%
	Private Contractors	118,920	63,752	62,740	-1,012	-1.59%
<b>Third Party Payments</b>	<b>Subtotal</b>	<b>364,700</b>	<b>89,635</b>	<b>89,322</b>	<b>-313</b>	<b>-0.35%</b>
<b>Transfer Payments</b>	Benefit Payments	5,733,690	3,262,065	3,197,753	-64,312	-1.97%
	Grant Payments	265,810	150,031	158,774	8,743	5.83%
<b>Transfer Payments</b>	<b>Subtotal</b>	<b>5,999,500</b>	<b>3,412,096</b>	<b>3,356,527</b>	<b>-55,569</b>	<b>-1.63%</b>
<b>Support Services</b>	Central Departmental Support	4,278,160	328	0	-328	-100.00%
	Departmental Support	2,119,600	756	0	-756	-100.00%
	Other Recharges	350,010	0	0	0	#DIV/0!
<b>Support Services</b>	<b>Subtotal</b>	<b>6,747,770</b>	<b>1,084</b>	<b>0</b>	<b>-1,084</b>	<b>-100.00%</b>
<b>Depreciation and Impairment</b>	Depreciation	1,004,470	1,814	0	-1,814	-100.00%
<b>Depreciation and Impairment</b>	<b>Subtotal</b>	<b>1,004,470</b>	<b>1,814</b>	<b>0</b>	<b>-1,814</b>	<b>-100.00%</b>
<b>TOTAL Expenditure</b>		<b>26,362,570</b>	<b>9,238,958</b>	<b>9,272,856</b>	<b>33,898</b>	<b>0.37%</b>

<b>INCOME</b>						
<b>Government Grants</b>	Government Grants	-6,039,210	-2,921,510	-2,879,768	41,742	-1.43%
<b>Government Grants</b>	<b>Subtotal</b>	<b>-6,039,210</b>	<b>-2,921,510</b>	<b>-2,879,768</b>	<b>41,742</b>	<b>-1.43%</b>

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
<b>Other Grants, Reimbsmts, Conts</b>	Other Grants, Reimbsmts, Conts	-102,520	-42,388	-134,843	-92,455	218.11%
<b>Other Grants, Reimbsmts, Conts</b>	<b>Subtotal</b>	<b>-102,520</b>	<b>-42,388</b>	<b>-134,843</b>	<b>-92,455</b>	<b>218.11%</b>
<b>Customer &amp; Client Receipts</b>	Customer & Client Receipts	-3,342,790	-1,878,629	-1,920,427	-41,798	2.22%
<b>Customer &amp; Client Receipts</b>	<b>Subtotal</b>	<b>-3,342,790</b>	<b>-1,878,629</b>	<b>-1,920,427</b>	<b>-41,798</b>	<b>2.22%</b>
<b>Oncosts and Recharges</b>	Oncosts and Recharges	-8,891,060	-491,461	-508,638	-17,177	3.50%
<b>Oncosts and Recharges</b>	<b>Subtotal</b>	<b>-8,891,060</b>	<b>-491,461</b>	<b>-508,638</b>	<b>-17,177</b>	<b>3.50%</b>
<b>Interest</b>	Interest	-50	0	0	0	#DIV/0!
<b>Interest</b>	<b>Subtotal</b>	<b>-50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>TOTAL Income</b>		<b>-18,375,630</b>	<b>-5,333,988</b>	<b>-5,443,675</b>	<b>-109,687</b>	<b>2.06%</b>

<b>NET EXPENDITURE</b>		<b>7,986,940</b>	<b>3,904,970</b>	<b>3,829,180</b>	<b>-75,790</b>	<b>-1.94%</b>
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