

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

meeting date: 30 MARCH 2021
 title: OVERALL REVENUE MONITORING 2020/21
 submitted by: DIRECTOR OF RESOURCES
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4 PURPOSE

4.1 To report the overall revenue position for the current financial year for the half year position up to the end of February 2021.

2 REVISED REVENUE BUDGET 2020/21

2.1 The revised estimate agreed for the current year is set out below.

	Revised Estimate 2020/21 £
Committee Net Requirements	7,954,560
Capital Charges Adjustment	-769,834
Committee Expenditure After Adjustments	7,184,726
Other Items - Interest Payable	6,020
- Interest on balances	-48,000
- New Homes Bonus	-1,770,952
- Rural Services Delivery Grant	-107,921
- Retained Business Rates Income	-447,301
- Renewable Energy Business Rates	-100,000
- Section 31 Grant for Business Rates	-3,942,197
- 10% of Retained Levy – Payable to LCC under Pooling Arrangements	72,529
- Share of Business Rates Surplus on Collection Fund	-252,894
Expenditure After Other Items	594,010
Less Added to/(taken from) Earmarked Reserves	4,706,569
Less Taken from Revenue Balances	-186,411
Net Expenditure	5,114,168

4 BUDGET VARIANCES

4.1 Our budget monitoring to service committees focuses on the value shown above against Committee Net Requirements of £7,954,560.

- 4.2 Within this report, this amount is broken down subjectively and monitored against the profiled budget up to the end of February 2021. As at this date, there shows a net underspend/over recovery of income of £7,702. Whilst there is a small net variance overall, there are some sizeable individual variances within the report, with Refuse Collection Vehicle Maintenance Costs being a continuing area of concern.
- 4.3 It is also important to note that the various grants that have been received from the government, the various grant support payments that the council have paid out, and the other directly associated Covid-19 expenditure is excluded from this monitoring statement. This report provides details of the financial position for our normal activities. However, there have been repercussions from the Covid-19 pandemic across our services, which have largely been built into our revised estimates.
- 4.4 The full position is shown at Annex 1. For any variances above £10,000 at the high level shown at Annex 1 (items highlighted in yellow) the details with reasons are given over the following pages. Favourable variances are shown as negative values.

Description	Amount £	Variance Reasons
Employee Related Expenditure - Direct Employee Expenses	-10,587	There are a number of smaller underspends across all service committees which overall come to a net variance of -£10,587. This is largely due to the staff turnover and vacancy levels being slightly lower than that allowed for when we revised the estimate.
Employee Related Expenditure – Indirect Employee Expenses	-28,447	Budgets have underspent within the Chief Executive’s Department (-£2,621), Resources Department (-£3,065) and Corporate training cost centre (-£7,524) for the period to February. The underspends have occurred because professional qualification training being undertaken by several officers within the Resources department is being funded through the apprenticeship levy and opportunities for ad-hoc training within all cost centres have reduced this year as a result of coronavirus social distancing rules. Quotes are currently being sought to upgrade in-house training equipment, although this may not progress to procurement stage within the current financial year.
Premises Related Expenditure – Energy Costs	-20,274	There are underspends showing here due to the temporary closure of various facilities because of Covid 19 restrictions including electricity (-£3,915) and gas (-£2,784) usage at the pool and gas at the museum (-£1,331). In addition, electricity charges for February have not yet been posted for various facilities resulting in a variance of -£6,698 which will eventually correct itself in March when the actual costs align with the budget.
Premises Related Expenditure - Repairs and Maintenance	35,650	The main overspend is £19,732 within Ribble Valley Parks due to works to repair vandalism at the Castle Grounds and bandstand, along with repairs to the Bowling Green Café. Also included is £6,566 overspend at Edisford All Weather Pitch for the erection of a steel fence to enable better access control at the 3G facility. There is also an overspend at the Platform Gallery of £2,718 due to the redecoration of the gallery during the Covid closure, which is being funded from savings on the promotional activities budget there. Ribchester car park also has an overspend of £2,316 due to work on clearing drains at the car park. Virements are being sought to meet these variances.
Transport Related Expenditure - Direct Transport Costs	156,447	This variance is mainly repairs to date being higher than estimated for refuse collection vehicles (£179,244), partly due to staffing problems earlier in the year at the vehicle workshop where it has been necessary to use external companies to carry out repairs, and also the requirement for vehicle hire (£130,985) whilst the vehicles are off road being repaired. This is partly offset by a reduced requirement on tyres for refuse collection vehicles (-£17,000), reduced repairs and maintenance by outside firms for grounds maintenance vehicles (-£10,633). Further narrative on this variance is provided in a later section of the report.

Description	Amount £	Variance Reasons
Supplies and Services – Equipment, Furniture and Materials	-10,111	This variance is made up of a number of smaller variations across a wide variety of services that net to a total underspend of £10,111.
Supplies and Services – Miscellaneous Expenses	-19,390	This is mainly in respect of promotional activities due to less events and activities as a result of the pandemic, particularly at the Gallery and within Sports Development.
Supplies and Services – Printing and Stationery Expenses	-14,602	Whilst this variance is the net result of a number of variances across many services, the larger proportion is in respect of books and publications, and copy charges under Policy and Finance committee services (i.e. Chief Executive's Department and Resources Department).
Supplies and Services – Services	-54,315	<p>The largest majority of the variance is due to an underspend of £46k on the Local Plan for the period to February (£37k on consultancy costs and £9k on legal costs).</p> <p>The programme was delayed earlier in the year due to the pandemic and concerns around the impact of the government's proposals in the White Paper. The programme and budgets were reprofiled at revised estimate and it was expected at that time that legal advice would be sought in advance of procuring consultancy support. The Planning Advisory Service subsequently offered to provide some consultancy support which has delayed progress on the plan as the meeting with consultants could only be undertaken recently due to the consultant's availability.</p> <p>Under Community Services Committee there have also been underspends here in respect of trade refuse tipping charges (-£6,079) as there has been a decrease in the waste tonnage collected due to a reduction in the demand for the trade refuse collection service caused by Covid 19. There have also been savings on credit/debit card fees at the car parks - £4,696 due to lower usage of car parking facilities as a consequence of the Covid 19 restrictions and lockdown measures.</p>

Description	Amount £	Variance Reasons
Transfer Payments - Benefit Payments	60,067	<p>Rent Allowances benefit payments are 1.2% higher than budgeted for at revised estimate stage.</p> <p>The caseload reduction impact on actual payments to date in 2020/21 from the on-going caseload migration from Housing Benefits to Universal Credit in Ribble Valley is less than budgeted for. However, any higher Rent Allowance payments for the year as a whole will be reflected in more Rent Allowance subsidy grant income received at year-end from the DWP, 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 net overspend at year-end.</p>
Transfer Payments – Grant Payments	-25,328	<p>The largest proportion of the variance is in respect of Luncheon Club, which have not been meeting this year because of the pandemic. As a result the budget provision set aside to support clubs has not been required for the period to February, bringing about an underspend of -£13k. There are plans to write out to luncheon clubs in 2021/22 to enquire if clubs are planning any projects that may require grant support.</p>
Income – Other Grants, Reimbursements and Contributions	-19,928	<p>This is largely due to variations under Community Services Committee. There is District Grant Funding (-£13,000 variance) received in respect of increasing the quality of recycling or encouraging waste minimisation. The grant will be used to fund surfacing improvements at Salthill Depot to ensure that cross-contamination is minimised between materials.</p> <p>Additionally, there is funding received to carry out Weight Management (-£18,506), Cardiac Rehab (-£11,000) and Stepping Out (-£2,100) programmes. It is expected the latter two will be carried forward for spending in 2021/22 as the programmes have been unable to be delivered this year due to Covid 19 restrictions.</p> <p>Partly offsetting these variances under Health and Housing Committee is £24,560 less income than budgeted being received to date for the recovery of Rent Allowance overpayments. There have been less benefits overpayments invoiced for the year to date (the level of overpayments identified can fluctuate from year to year and in-year).</p>
Income – Oncosts and recharges	-22,293	<p>The number of recoverable hours worked is higher than estimated which has resulted in an increase in the recovery of Works Admin costs (-£30,935). However, this is partly offset by a reduction in the amount of time spent on capital projects (£6,530) causing a reduction in costs charged to capital schemes. There is also an under recovery of Grounds Maintenance costs (£9,803) due to a number of staff having to self-isolate.</p>

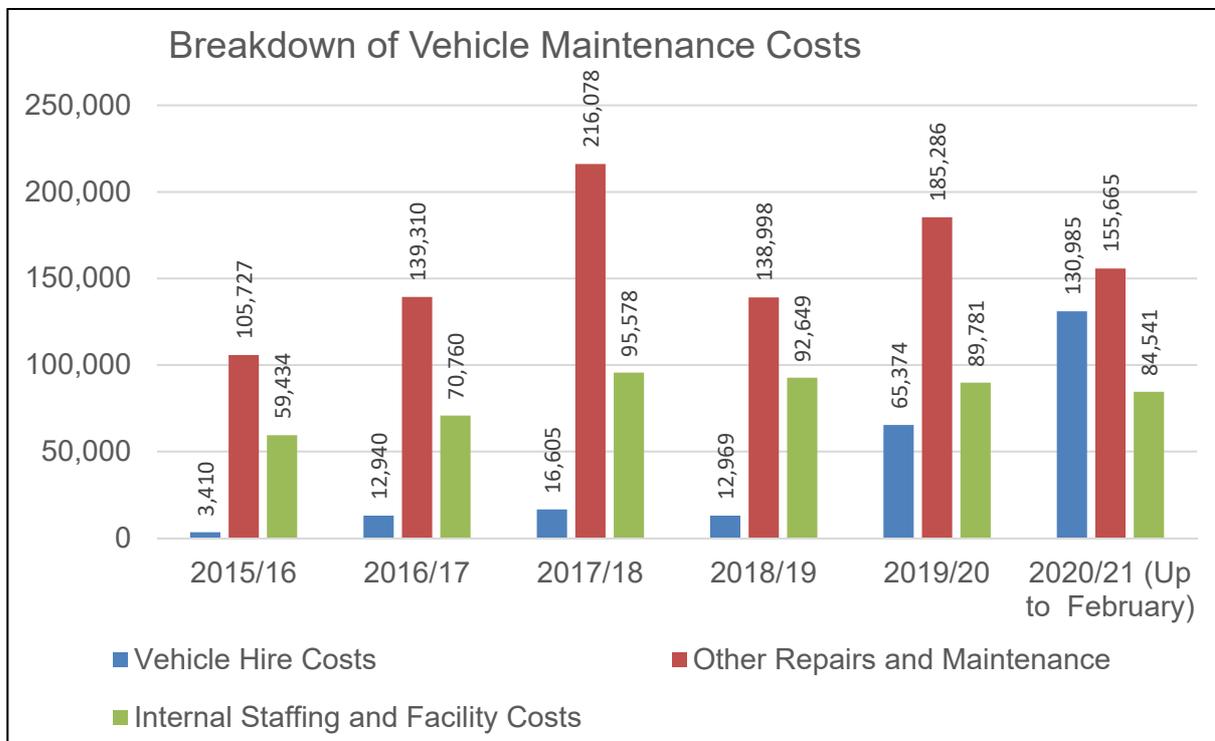
5 REFUSE COLLECTION VEHICLE MAINTENANCE COSTS

5.1 Refuse Collection Vehicle maintenance costs continue to be an area of concern. This is an area that has been raised as part of the council’s Annual Governance Review and is likely to be raised again at the close of this financial year.

5.2 This level of overspend is extremely concerning, and the variance shown to date is after increasing the budget by £50,000 at the revised estimate.

5.3 From a financial perspective, more information is provided below.

	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 (Up to February) £
Vehicle Hire Costs	3,410	12,940	16,605	12,969	65,374	130,985
Other Repairs and Maintenance <i>i.e. external contractors and bought in parts</i>	105,727	139,310	216,078	138,998	185,286	155,665
Internal Staffing and Facility Costs <i>earlier lower costs largely relate to vacancies</i>	59,434	70,760	95,578	92,649	89,781	84,541
Total	168,571	223,010	328,261	244,616	340,441	371,191



5.4 As shown above there is a level of services and parts relating to refuse collection vehicles that require the use of external providers, and further very high level analysis of this is included below. One of the worryingly growing areas of spend, and a major factor in the more recent overspends that have been seen, is in respect of vehicle hire.

- 5.5 The service has always operated with a spare vehicle held in case repairs necessitate taking a vehicle off a collection round. As such, these vehicle hire costs shown as external costs are in addition to the use of our own surplus vehicle.
- 5.6 This surplus vehicle is a vehicle that the council has always held for this purpose, and is generally the 'retired' vehicle that is being replaced in the current year's capital programme
- 5.7 Looking back at the spend in the tables above for external supplies and services. Over the period shown, the three highest spend providers in each year for these supplies and services have been:
- **2015/16:** Dennis Eagle Ltd (£38,579); Hydrair (£12,529); Taylor Engineering & Fabrications Ltd (£6,714)
 - **2016/17:** Dennis Eagle Ltd (£35,855); Terberg Matec U.K. Ltd (£16,652); C P Davidson & Sons Ltd vehicle hire (£12,940)
 - **2017/18:** Dennis Eagle Ltd (£50,198); Farid Hillend Engineering Ltd (£24,476); Hydrair (£18,875)
 - **2018/19:** Dennis Eagle Ltd (£36,048); Hydrair (£12,621); Terberg Matec U.K. Ltd (£12,033)
 - **2019/20:** Southfield RCV Services (£84,053); Dennis Eagle Ltd (£39,152); Hydrair (£12,529); Lynch Truck Services Ltd (£16,667)
 - **2020/21 (up to February):** Southfield RCV Services (£128,061); Dennis Eagle Ltd (£56,466); C P Davidson & Sons Ltd (£31,917)
- 5.8 At a meeting of the Budget Working Group on 22 March 2021, the issues above were discussed. It was agreed that there should be an external review of the costs of the service. It was also agreed that costs should be sought for a 'fully inclusive' maintenance contract. Findings would initially be reported back to the Budget Working Group.

6 CONCLUSION

- 6.1 There is an overall net underspend to the end of February 2021 of £7,702.
- 6.2 This overall net position masks the concerning variance on the Refuse Collection Vehicle Maintenance costs. This is a very longstanding concern and with little movement on budget performance.
- 6.3 At a recent Budget Working Group options were discussed for taking this issue forward.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF25-21/LO/AC
19 March 2021

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Revised 2020/21 £	Revised Estimate to Period End £	Actual and Commitments to Period End £	Variance at Period End* £	Percentage Variance for the Period
Variances of more than £10,000 have been highlighted and examined in the body of the report						
EXPENDITURE						
Employee Related Expenditure	Direct Employee Expenses	6,551,590	5,944,971	5,934,114	-10,857	-0.18%
	Indirect Employee Expenses	185,430	176,398	147,951	-28,447	-16.13%
Employee Related Expenditure	Subtotal	6,737,020	6,121,369	6,082,065	-39,304	-0.64%
Premises Related Expenditure	Appor. of Operntl Bldg Expense	181,500	-199	1,058	1,257	-631.72%
	Business Rates	281,910	281,722	281,721	-1	0.00%
	Cleaning & Domestic Supplies	207,890	93,962	96,564	2,602	2.77%
	Energy Costs	174,430	138,687	118,413	-20,274	-14.62%
	Fixtures & Fittings	410	388	384	-4	-1.06%
	Grounds Maintenance Costs	506,020	439,704	432,866	-6,838	-1.56%
	Premises Insurance	34,550	34,483	33,274	-1,209	-3.51%
	Rates	2,670	2,547	2,382	-165	-6.46%
	Rents	46,530	51,786	48,833	-2,953	-5.70%
	Repairs & Maintenance	315,600	303,428	339,078	35,650	11.75%
	Water Services	92,280	84,460	75,184	-9,276	-10.98%
Premises Related Expenditure	Subtotal	1,843,790	1,430,968	1,429,756	-1,212	-0.08%
Transport Related Expenditure	Car Allowances & Trav Expenses	27,330	25,230	21,685	-3,545	-14.05%
	Contract Hire & Oper Leases	207,370	159,453	158,076	-1,377	-0.86%
	Direct Transport Costs	615,470	560,529	716,976	156,447	27.91%
	Public Transport	2,130	1,932	-14	-1,946	-100.70%
	Transport Insurances	42,660	42,205	43,232	1,027	2.43%
	Transport Recharges	929,060	1,441	0	-1,441	-100.00%
Transport Related Expenditure	Subtotal	1,824,020	790,790	939,956	149,166	18.86%

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Revised 2020/21 £	Revised Estimate to Period End £	Actual and Commitments to Period End £	Variance at Period End* £	Percentage Variance for the Period
Supplies and Services	Clothes, Uniform & Laundry	23,210	21,183	15,183	-6,000	-28.32%
	Communication s & Computing	472,490	515,061	524,490	9,429	1.83%
	Equipment, Furniture & Materls	305,160	273,704	263,593	-10,111	-3.69%
	Expenses	239,380	219,754	215,616	-4,138	-1.88%
	Grants & Subscriptions	74,060	44,779	44,974	195	0.43%
	Miscellaneous Expenses	132,220	99,244	79,854	-19,390	-19.54%
	Printing, Stationery, Exps	72,360	64,410	49,808	-14,602	-22.67%
	Services	359,260	279,699	225,384	-54,315	-19.42%
<i>Supplies and Services</i>	<i>Subtotal</i>	<i>1,678,140</i>	<i>1,517,834</i>	<i>1,418,903</i>	<i>-98,931</i>	<i>-6.52%</i>
Third Party Payments	Government Departments	5,340	0	0	0	-
	Other Local Authorities	236,540	217,510	220,786	3,276	1.51%
	Private Contractors	142,530	126,293	123,392	-2,901	-2.30%
<i>Third Party Payments</i>	<i>Subtotal</i>	<i>384,410</i>	<i>343,803</i>	<i>344,177</i>	<i>374</i>	<i>0.11%</i>
Transfer Payments	Benefit Payments	5,648,140	5,126,018	5,186,085	60,067	1.17%
	Grant Payments	253,670	216,142	190,814	-25,328	-11.72%
<i>Transfer Payments</i>	<i>Subtotal</i>	<i>5,901,810</i>	<i>5,342,160</i>	<i>5,376,899</i>	<i>34,739</i>	<i>0.65%</i>
Support Services	Central Departmental Support	4,345,930	0	0	0	-
	Departmental Support	2,185,130	0	0	0	-
	Other Recharges	361,000	0	0	0	-
<i>Support Services</i>	<i>Subtotal</i>	<i>6,892,060</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-</i>
Depreciation and Impairment	Depreciation	883,780	0	0	0	-
<i>Depreciation and Impairment</i>	<i>Subtotal</i>	<i>883,780</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-</i>
TOTAL Expenditure		26,145,030	15,546,924	15,591,756	44,832	0.29%

ANNEX 1

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Revised 2020/21 £	Revised Estimate to Period End £	Actual and Commitments to Period End £	Variance at Period End* £	Percentage Variance for the Period
INCOME						
Government Grants	Government Grants	-6,540,990	-5,560,346	-5,567,882	-7,536	0.14%
<i>Government Grants</i>	<i>Subtotal</i>	<i>-6,540,990</i>	<i>-5,560,346</i>	<i>-5,567,882</i>	<i>-7,536</i>	<i>0.14%</i>
Other Grants, Reimbsmts, Conts	Other Grants, Reimbsmts, Conts	-459,610	-76,232	-96,160	-19,928	26.14%
<i>Other Grants, Reimbsmts, Conts</i>	<i>Subtotal</i>	<i>-459,610</i>	<i>-76,232</i>	<i>-96,160</i>	<i>-19,928</i>	<i>26.14%</i>
Customer & Client Receipts	Customer & Client Receipts	-2,145,050	-2,022,981	-2,025,758	-2,777	0.14%
<i>Customer & Client Receipts</i>	<i>Subtotal</i>	<i>-2,145,050</i>	<i>-2,022,981</i>	<i>-2,025,758</i>	<i>-2,777</i>	<i>0.14%</i>
Oncosts and Recharges	Oncosts and Recharges	-9,044,540	-856,168	-878,461	-22,293	2.60%
<i>Oncosts and Recharges</i>	<i>Subtotal</i>	<i>-9,044,540</i>	<i>-856,168</i>	<i>-878,461</i>	<i>-22,293</i>	<i>2.60%</i>
Interest	Interest	-280	0	0	0	-
<i>Interest</i>	<i>Subtotal</i>	<i>-280</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-</i>
TOTAL Income		-18,190,470	-8,515,727	-8,568,261	-52,534	0.62%
NET EXPENDITURE		7,954,560	7,031,197	7,023,495	-7,702	-0.11%

* Variances of more than £10,000 are highlighted in yellow above and are reported in more detail in the body of the report.