

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

meeting date: 14 SEPTEMBER 2021
 title: REVENUE MONITORING 2021/22
 submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To let you know the position for the period April to July 2021 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. Please note that underspends are denoted by figures with a minus symbol.

2.2 You will see an overall underspend of £1,266,615 after accounting for service specific movements in reserve and variances within coronavirus response cost centres. Whilst this has had a significant impact that has created a large underspend on the net cost of services within this committee, many of these Covid-19 Response variances will resolve as the year progresses as grant funds are either paid out or allocated to specific coronavirus response activities.

2.3 When we review just our standard service variances for this committee, you will see an underspend of £132,000:

High Level Summary of Variances			
Cost area	Net Cost of Services Variance £	Earmarked Reserve Movements £	Variance After Movements in Earmarked Reserves £
Service Cost Centres	-116,880	-15,320	-132,200
Covid-19 Response	-1,134,415	0	-1,134,415
Overall Net Total	-1,251,295	-15,320	-1,266,615

2.4 The table below provides a more detailed breakdown of the variances for this committee. We have tried to separately identify the Covid-19 response costs and grants that we are required to report through our accounts in the table below, to better identify the committee variances.

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	-3,000	382,692	333,219	-49,473	R
CIARA	Storm Ciara Response	0	2,500	4,365	1,865	G
CIVCF	Civic Functions	62,100	27,433	19,160	-8,273	R
CIVST	Civic Suite	0	15,541	11,733	-3,808	A
CLOFF	Council Offices	0	83,766	85,176	1,410	G
CLTAX	Council Tax	381,900	94,215	89,307	-4,908	A
COMPR	Computer Services	0	100,885	93,868	-7,017	R
CORPM	Corporate Management	353,190	0	-1,208	-1,208	G
COSDM	Cost of Democracy	506,740	109,430	98,103	-11,327	R
CSERV	Corporate services	171,400	2,864	-2,184	-5,048	R
DISTC	District Elections	0	0	4,889	4,889	A
ELADM	Election Administration	34,910	0	75	75	G
ELECT	Register of Electors	109,510	26,212	17,204	-9,008	R
EMERG	Community Safety	65,300	2,278	3,769	1,491	G
ERNET	Emergency Radio Network	0	-2,380	-2,500	-120	G
ESTAT	Estates	46,730	-21,640	-14,576	7,064	R
FGSUB	Grants & Subscriptions - Policy and Fin	175,640	80,786	77,083	-3,703	A
FMISC	Policy & Finance Miscellaneous	127,130	32,104	30,989	-1,115	G
FREED	Freedom of the Borough	7,650	2,552	0	-2,552	A
LANDC	Land Charges	13,020	-24,437	-23,288	1,149	G
LICSE	Licensing	40,750	-14,457	-10,573	3,884	A
LUNCH	Luncheon Clubs	16,250	0	0	0	G
NNDRC	National Non Domestic Rates	53,320	-116,383	-116,623	-240	G
PARIS	Parish Elections	0	0	2,011	2,011	A
RESOR	Resources Department	0	728,852	698,861	-29,991	R
SUPDF	Superannuation Deficiency Payments	93,060	20,949	18,022	-2,927	A
Service cost centre variances		2,255,600	1,533,762	1,416,882	-116,880	
Associated Movements in earmarked reserves	Election Fund	30,000	0	0	0	
	Revaluation Reserve	2,190	0	0	0	
	Cyber Resilience Grant Reserve	-13,600	0	0	0	
	Invest to Save Fund	5,510	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
	Business Rates Growth Reserve	0	0	-5,175	-5,175
	Repairs and Maintenance Reserve	0	0	-5,255	-5,255
	Equipment Reserve	0	0	-4,890	-4,890
Service cost centre variances after movements in reserves		2,279,700	1,533,762	1,401,562	-132,200
Coronavirus cost centre variances (see breakdown at Annex 3)		0	0	-1,134,415	-1,134,415
Total Policy and Finance Committee Variances		2,279,700	1,533,762	267,147	-1,266,615

- 2.5 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

- 2.6 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.
- 2.7 The main variations for items included in the amber shaded cost centres are shown with budget holders' comments at Annex 2.
- 2.8 A summary of coronavirus cost centre variances is included for information at Annex 3.
- 2.9 The **main** areas of variances that are **unlikely** to rectify themselves by the end of the financial year are shown below:

Description	Variance to end July 2021 £
<p>Chief Executive Department (CEXEC) Council staffing budgets assume an average vacancy underspend of 4% across the authority on estimated costs and a pay award of 2%. Vacancies throughout the April to July period, mainly within the environmental health section, have generated salary, superannuation and national insurance underspends above that estimated. Whilst some of this variance will resolve following the completion of national pay negotiations and the payroll processing of any backpay due, the salary forecasts will need to be reviewed and updated at revised estimate to incorporate vacancy underspends.</p>	-45,924

Description	Variance to end July 2021 £
<p>Resources Department (RESOR) There have also been salary underspends within the resources department for the period. This is mainly due to the late implementation of the annual pay award and also because of a vacancy within the internal audit section. All salary costs will be reviewed and updated at revised estimate.</p>	-21,320
<p>Register of Electors (ELECT) The Cabinet Office introduced changes to the annual canvass process from the 2020/21 financial year that reduced the number of Household Enquiry Form reminders that are posted out. The base budget for this year was estimated before cost savings from the reform were realised and available to inform the budget setting process. As last year savings at outturn were in the region of £12k compared to the base budget it is highly likely that there will be an underspend against the budget again this year.</p>	-5,136

3 CONCLUSION

- 3.1 The comparison between actual and budgeted expenditure within **service cost centres** shows an underspend of £116,880 for the April to July period of the financial year 2021/22. After allowing for transfers to/from earmarked reserves there is an underspend of £132,200.
- 3.2 The balance of grant funds accounted for within **coronavirus specific cost centres** of £1.13m have increased the underspend within this committee to £1.26m.
- 3.3 Whilst for the period to July coronavirus funding has had a significant impact that has created a large underspend on the net cost of services within this committee, many of these variances will resolve as the year progresses and grant funds are either paid out or allocated to specific coronavirus response activities.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF44-21/VT/AC
23 August 2021

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
CEXEC/0100	Chief Executives Department/ Salaries	853,470	284,716	249,151	-35,565	Council staffing budgets at original estimate assume average vacancy underspends of 4% across the authority on estimated costs and a pay award of 2%. Actual vacancies through the April to July period, mainly within the environmental health section, have generated underspends above that built into the budget and the pay award has yet to be finalised.	An element of the variance will resolve following completion of national pay negotiations and payroll processing of any backpay due. The salary estimates will be updated at revised estimate to adjust for vacancy underspends.
CEXEC/0109	Chief Executives Department/ Superannuation Salaries	143,670	47,928	41,028	-6,900	Lower employer superannuation scheme costs than budgeted due to the salary underspends as detailed above.	
RESOR/0100	Resources Department/ Salaries	1,485,600	495,596	478,383	-17,213	There have also been salary underspends within the resources department for the period. This is mainly due to the late implementation of the annual pay award and also because of a vacancy in the post of Internal Audit Manager.	An element of the variance will resolve following the conclusion of national pay negotiations. Recruitment is currently underway for the Internal Audit Manager vacancy, with interviews scheduled to take place in September. The salary estimates will be updated at revised estimate to adjust for vacancy underspend.
COMPR/2968	Computer Services/ Enterprise Agreements	19,200	61,340	50,781	-10,559	Review of Microsoft 365 licenses allocations across departments has reduced the charge allocated to computer services (and increased that to be charged direct to other service areas). The overall impact across all services is net nil.	The Microsoft licenses budgets across the various cost centres will be updated at revised estimate 2021/22

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
ELECT/2981	Register of Electors/ Postages	29,580	8,440	3,304	-5,136	The Cabinet Office introduced changes to the annual canvass process from the 2020/21 financial year that reduced the number of Household Enquiry Form reminders that are posted out. The base budget for this year was estimated before cost savings from the reform were realised. As last year savings at outturn were in the region of £12k compared to the base budget it is highly likely that there will again be an underspend this year.	The base budget will be reviewed at revised estimate
COMPR/3085	Computer Service/ Consultants	0	0	5,175	5,175	A budget of £13,630 was approved by this committee in November 2020 for the cost of implementing Microsoft 365. Some of the consultancy costs have fallen into the 2021/22 financial year creating the overspend shown. As the expenditure is to be funded from the Business Rates Growth earmarked reserve there is a corresponding movement in reserve variance.	The budget and associated movement in reserve will be brought in at revised estimate 2021/22

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
CLOFF/2427	Council Offices/ Painting and Redecoration	0	0	5,255	5,255	Some of the work for painting the council offices that was expected to be completed last year has fallen into the 2021/22 financial year, creating the variance shown. As the work is being funded from the repairs and maintenance reserve there is a corresponding movement in reserve variance.	The budget and associated movement in reserve will be brought in at revised estimate 2021/22
ESTAT/2402	Estates/ Repair & Maintenance - Buildings	6,020	1,708	8,564	6,856	Overspend on the estates repairs and maintenance budget, mainly as a result of essential works carried out at Back Lane Croft.	A virement request will be processed to divert funds from other areas within the corporate repairs and maintenance budget.

Policy and Finance 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
FGSUB/4678	Grants & Subscriptions - Policy and Fin/ Grants to Voluntary, Comm & Soc Ent Orgs	115,810	68,426	64,422	-4,004	The value of successful Voluntary Organisation Grants for the year to date is lower than the budget.
COSDM/3033	Cost of Democracy/ Basic Allowance	156,160	52,092	48,383	-3,709	Underspend on this budget due to councillor vacancies in April and May
CSERV/3264	Corporate services/ Ribble Valley News	10,400	3,468	0	-3,468	The spring edition of the Ribble Valley News hasn't been produced as a result of disruption to distribution services due to the pandemic. The budget will be reviewed at revised estimate.
CEXEC/0108	Chief Executives Department/ National Insurance Salaries	79,260	26,440	22,981	-3,459	Underspend on employer's national insurance contributions resulting from vacancy underspends within the Chief Executive Department (see CEXEC/0100)
CIVCF/3036	Civic Functions/ Annual Council	3,630	3,630	223	-3,408	No Civic functions have been held due to covid social distancing, the budget will be reviewed at revised estimate.
COSDM/3022	Cost of Democracy/ Conference Expenses	3,150	2,796	0	-2,796	The budget includes provision for costs associated with attending the annual Local Government Association conference which was held remotely this year.
RESOR/0108	Resources Department/ National Insurance Salaries	128,940	43,013	40,619	-2,394	Employer national insurance contributions variance caused by salary vacancy underspends for the period to July (RESOR/0100)
RESOR/1023	Resources Department /Corporate Training	14,520	4,840	2,461	-2,379	Reduced opportunities for corporate training in the first quarter of the year due to coronavirus social distancing measures, as things are improving we are now more hopeful that training will resume going forward.
FMISC/5029	Policy & Finance Miscellaneous/ Credit/Debit Card Fees	22,820	5,709	7,962	2,253	Increase in volume of payments made remotely as a result of the pandemic. The budget will be reviewed at revised estimate.

Policy and Finance 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
LICSE/8438u	Licensing/ Taxi Licences	-45,310	-13,218	-10,223	2,995	Lower income than average for the period to July as a result of Covid-19 which restricted the night-time economy and reduced the number of taxi licence renewals.
RESOR/2809	Resources Department /Non-Recurring Purchases of Equipment etc	0	0	3,050	3,050	Order for the cost of an upgrade to training equipment at the Salthill Depot, to be funded from funds set aside in earmarked reserves during 2020/21 from an underspend within the corporate training budget.
CEXEC/3085	Chief Executives Department/ Consultants	850	850	4,259	3,409	Consultancy support during a period of reduced staffing within the Environmental Health section, to be funded from vacancy underspends as set out at CEXEC/0100

Policy and Finance Committee Budget Monitoring – Coronavirus Cost Centre Variances

Cost Centre	Cost Centre Name	Actual including Commitments to the end of the period	Comments
CDCUL	Covid 19 Response - Culture and Other	13,101	General coronavirus response net expenditure allocated to various activities to July 2021. This will be funded from 2021/22 un-ringfenced central government grant (-£242k). Under accountancy regulations this grant funding is not recorded as income within the net cost of committee services, but is shown elsewhere within the financial statements (as a result is not offset here against the net expenditure shown).
CDFCO	Covid 19 Response - Finance and Corporate	1,965	
CDHOU	Covid 19 Response - Housing and Homelessness	-3,301	
CDICT	Covid 19 Response - ICT	327	
CDPPE	Covid 19 Response - PPE	319	
CDRVB	Covid 19 Response - Revenues and Benefits	-1,077	
Expenditure - Coronavirus Response		11,334	
CDENR	Covid 19 Response - Environmental and Regulatory	2,531	Expenditure to July on Contain Outbreak Management activities, to be funded from the Contain Outbreak Management Fund grant income.
CDHUB	Covid 19 Response - Hub	17,207	
CDLRO	Covid 19 Response - Economy and Lockdown Enforce	16,185	
CMCEV	COMF - Support Clinically Extremely Vulnerable	826	
CMCMM	COMF - Communications and Marketing	45	
CMTST	COMF - Testing	97,804	
COVID	Contain Outbreak Management Fund (grant income)	-435,983	Contain Outbreak Management Fund grant income.
Expenditure - Contain Outbreak Management Fund		-301,385	
COVID	Covid-19 Response	-30,832	The balance of other grant funding within this cost centre to July, received to help the council with the cost of the coronavirus response.
Grant Income for the cost of the coronavirus response		-30,832	

Policy and Finance Committee Budget Monitoring – Coronavirus Cost Centre Variances

Cost Centre	Cost Centre Name	Actual including Commitments to the end of the period	Comments
CVDPR	Covid-19 Grants - acting as Principal	-855,897	Balance of grant funding for distribution at the end of July. Most of the variance within CVDPR is the balance of Local Restrictions Support Grant and Additional Restrictions Grant of -£845k. The majority of the variances within EAGFE and NLRFG are for accountancy adjustments in respect of the 2020/21 financial year and these will resolve as the year progresses.
WNTRF	Covid-19 Winter Fund	20	
EAGFE	Covid Support via LCC – Food & Essential Supplies	-39,547	
NLRFD	National Leisure Recovery Fund - Covid 19	81,892	
Balance of grants held for distribution		-813,532	
Coronavirus cost centre variances		-1,134,415	