

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

meeting date: 9 NOVEMBER 2021
 title: REVENUE MONITORING 2021/22
 submitted by: DIRECTOR OF RESOURCES
 principal author: VALERIE TAYLOR

1 PURPOSE

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

2.2 You will see an overall underspend of £1,164,141 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 £203,496, after movements in earmarked reserves:

High Level Summary of Variances			
Cost Area	Net Cost of Services Variance £	Earmarked Reserves Movements £	Variance After Movements in Earmarked Reserves £
Service Cost Centres	-188,176	-15,320	-203,496
Covid-19 Response	-960,645	0	-960,645
Overall Net Total	-1,148,821	-15,320	-1,164,141

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	576,256	509,040	-67,216	R
CIARA	Storm Ciara Response	0	2,500	7,500	5,000	A
CIVCF	Civic Functions	62,100	31,533	20,961	-10,572	R
CIVST	Civic Suite	0	19,551	14,170	-5,381	R
CLOFF	Council Offices	-4,000	114,232	107,131	-7,101	R
CLTAX	Council Tax	381,900	46,159	42,096	-4,063	A
COMPR	Computer Services	0	62,374	51,706	-10,668	R
CORPM	Corporate Management	353,190	0	-1,812	-1,812	G
COSDM	Cost of Democracy	506,740	153,025	146,809	-6,216	R
CSERV	Corporate services	171,400	11,997	4,411	-7,586	R
ELADM	Election Administration	34,910	0	86	86	G
ELECT	Register of Electors	109,510	45,618	30,511	-15,108	R
EMERG	Community Safety	65,300	3,414	3,887	473	G
ERNET	Emergency Radio Network	0	-1,020	-2,200	-1,180	G
ESTAT	Estates	49,520	-22,962	-21,677	1,285	G
FGSUB	Grants & Subscriptions - Policy and Fin	175,640	122,738	103,751	-18,987	R
FMISC	Policy & Finance Miscellaneous	127,130	20,592	13,896	-6,696	R
FREED	Freedom of the Borough	7,650	3,828	0	-3,828	A
LANDC	Land Charges	13,020	-34,740	-38,182	-3,442	A
LICSE	Licensing	40,750	-49,058	-46,263	2,795	A
LUNCH	Luncheon Clubs	16,250	0	500	500	G
NNDRC	National Non Domestic Rates	53,320	7,662	6,872	-790	G
RESOR	Resources Department	0	1,064,310	1,016,489	-47,821	R
SUPDF	Superannuation Deficiency Payments	93,060	33,774	29,767	-4,007	G
VARIOUS	Parish and District By-Elections	0	0	24,158	24,158	R
Service cost centre variances		2,254,390	2,211,783	2,023,607	-188,176	
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	

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
	Invest to Save Fund	5,510	0	0	0
	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		2,278,490	2,211,783	2,008,287	-203,496
Coronavirus cost centre variances (See Annex 3)		0	0	-960,645	-960,645
Total Policy and Finance Committee Variances		2,278,490	2,211,783	1,047,642	-1,164,141

2.3 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

2.4 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.

2.5 The main variations for items included in the amber shaded cost centres are shown with budget holders' comments at Annex 2.

2.6 A summary of coronavirus cost centre variances is included for information at Annex 3.

2.7 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 September 2021 £
<p>Chief Executive Department (CEXEC) Council staffing budgets assume average vacancy underspends of 4% across the authority on estimated costs and a pay award of 2%.</p> <p>Vacancies throughout the April to September period, mainly within the environmental health section, have generated salary, superannuation and national insurance underspends above that estimated.</p> <p>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 underspends to date.</p>	-65,507
<p>Resources Department (RESOR) Vacancy underspends above that estimated have also resulted in salary, superannuation and national insurance variances within the resources department for the period.</p> <p>This is mainly due to the pay award not having been agreed and also because of a vacancy within the internal audit section.</p> <p>All salary costs will be reviewed and updated at revised estimate.</p>	-39,256
<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.</p> <p>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>	-8,597
<p>Parish and District By-Elections Expenditure on elections for the period to September of £24k. A budget will be established at revised estimate.</p>	24,158

3 CONCLUSION

- 3.1 The comparison between actual and budgeted expenditure within **service cost centres** shows an underspend of £188,176 for the April to September period of the financial year 2021/22. After allowing for transfers to/from earmarked reserves there is an underspend of £203,496.
- 3.2 The balance of grant funds accounted for within **coronavirus specific cost centres** of £960k have increased the underspend within this committee to £1.16m.

- 3.3 Whilst for the period to September 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

PF62-21/LO/AC
25 October 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
Various election cost centres	Elections/Various	0	0	24,158	24,158	Expenditure on Parish and District By-elections to September 2021.	A budget will be established at revised estimate.
CEXEC/0100	Chief Executives Department/ Salaries	853,470	426,904	377,009	-49,895	Council staffing budgets at original estimate assumes a staff turnover allowance at 4% across the authority on estimated costs and a pay award of 2%. Actual vacancies through the April to September 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 underspends to date.
CEXEC/0108	Chief Executives Department/ National Insurance Salaries	79,260	39,646	34,605	-5,041	Lower employer national insurance and superannuation costs than budgeted due to the salary underspends as detailed above	
CEXEC/0109	Chief Executives Department/ Superannuation Salaries	143,670	71,864	61,293	-10,571		
CEXEC/3085	Chief Executives Department /Consultants	850	850	7,470	6,620	Consultancy support during a period of reduced staffing within the Environmental Health section, to be funded from vacancy underspends on the establishment as set out at CEXEC/0100	A budget will be established at revised estimate.

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
CIARA/4688/4689	Storm Ciara Response/ Flood Resilience Grants	0	0	10,414	10,414	Property flood resilience grant expenditure for the period to September.	The £5k balance relates to grant funding that was paid out in September 2021 and that is reclaimable from Defra in November 2021.
CIARA/8775z	Storm Ciara Response/ Flood Resilience Funding (S31)	0	0	-5,414	-5,414	Reclaims from Defra for the claims window to August 2021.	
CLOFF/2402	Council Offices/ Repair & Maintenance - Buildings	26,900	14,030	8,140	-5,890	Responsive repairs and maintenance requirements for the council offices building is lower than the budget estimate for the period.	Expenditure fluctuates month to month depending on requirements. The repairs and maintenance budget is managed corporately and following review of budgets at revised estimate, funds will be diverted to other areas if necessary.
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

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
COMPR/ 2968	Computer Services/ Enterprise Agreements	19,200	19,200	8,639	-10,561	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
COMPR/ 3085	Computer Services/ 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
COSDM/ 2968	Cost of Democracy/ Enterprise Agreements	2,010	2,010	7,113	5,103	A review of Microsoft 365 licenses allocations has increased the charge to the Cost of Democracy cost centre.	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
CSERV/ 3264	Corporate services/ Ribble Valley News	10,400	5,202	0	-5,202	The spring edition of the Ribble Valley News was not produced as a result of disruption to distribution services due to the pandemic.	The budget will be updated at revised estimate.
ELECT/ 2981	Register of Electors/ Postages	29,580	20,790	12,193	-8,597	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

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
FGSUB/4669	Grants & Subscriptions - Policy and Fin/ Concurrent Functions Grant Scheme	33,200	33,200	19,818	-13,382	The value of claims for the year to date under the council's concurrent functions grant scheme is lower than allowed for within the base budget.	A further claim is expected from one parish council that was unable to claim earlier in the financial year as they were temporarily unable to access financial records. At the September 2021 meeting this committee approved an amendment to the scheme to allow for grant support in respect of CCTV expenditure from the current financial year onwards. All parish and town councils have subsequently been invited to apply for grant support in respect of associated capital expenditures and a further report will be brought to Committee for consideration of any grant claims in January 2022.
FGSUB/4678	Grants & Subscriptions - Policy and Fin/ Grants to Voluntary, Comm & Soc Ent Orgs	115,810	70,428	64,422	-6,006	Underspend on the council's voluntary organisation grant fund for the period to September.	The value of grants awarded to voluntary organisations for the year to date is lower than that allowed for within the budget.

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
FMISC/5021	Policy & Finance Miscellaneous /Audit Fees	37,110	0	-6,110	-6,110	Public Sector Audit Appointments (PSAA) rebate of surplus funds.	The rebate will offset some of the council's cost of audit services this year and will be accounted for within the budget at revised estimate.
RESOR/0100	Resources Department/ Salaries	1,485,600	743,098	710,541	-32,557	Vacancy underspends above that estimated within the resources department for the period to September. 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 November. The salary estimates will be updated at revised estimate to adjust for vacancy underspends.

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
CEXEC/ 2971	Chief Executives Department/ Printing & Stationery	5,710	2,858	705	-2,153	Underspend on departmental printing and stationery requisitions to September, likely as a result of homeworking towards the beginning of the financial year. The budget will be reviewed at revised estimate.
CEXEC/ 8402z	Chief Executives Department /Legal Fees	-8,750	-4,376	-339	4,037	S106 legal work has temporarily been outsourced due to a vacancy within the legal services section.
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.
CLOFF/ 2432	Council Offices/ Electricity	38,030	15,862	12,379	-3,483	Lower electricity usage than estimated, likely as a result of increased homeworking towards the beginning of the financial year. The budget will be reviewed at revised estimate.
COMPR/ 2991	Computer Services/ Communication Equipment	10,780	3,680	107	-3,573	Following the move to Office 365 a product budgeted for within this cost centre is no longer providing the functionality required and the contract has therefore not been renewed. Microsoft 365 backup and security software options were considered by this committee in November 2020 and a software maintenance budget established for the preferred option that meets updated functionality requirements.

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
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.
COSDM/ 3031	Cost of Democracy/ Members Car Allowances	4,550	2,276	253	-2,023	Lower member mileage claims than allowed for within the budget, likely as a result of social distancing during the pandemic, to be updated at revised estimate.
COSDM/ 3033	Cost of Democracy/ Basic Allowance	156,160	78,110	73,200	-4,910	Underspend on this budget due to councillor vacancies in April, May and August.
FMISC/ 5029	Policy & Finance Miscellaneous/ Credit/Debit Card Fees	22,820	9,511	12,865	3,354	Increase in volume of payments made remotely as a result of the pandemic. The budget will be reviewed at revised estimate.
FREED/ 2881	Freedom of the Borough/ Purchase of Equipment & Materials	4,690	2,346	0	-2,346	The Freedom of the Borough March was cancelled as a result of the coronavirus pandemic. The budget will be reviewed at revised estimate.
LANDC/ 8408n	Land Charges/ Search Fee (Vatable)	-62,430	-29,399	-33,855	-4,456	Higher demand than average for the period, possibly as a result of an extension to the reduced rates of stamp duty.

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	-19,680	-15,777	3,903	Lower income than average for the year to September as a result of Covid-19 which restricted the night-time economy and reduced the number of taxi licence renewals.
RESOR/ 0108	Resources Department/ National Insurance Salaries	128,940	64,495	60,985	-3,510	Employer national insurance contributions variance caused by salary underspends as set out at RESOR/0100
RESOR/ 0109	Resources Department/ Superannuation Salaries	248,080	124,088	120,899	-3,189	Employer superannuation contributions variance caused by salary underspends as set out at RESOR/0100
RESOR/ 1020	Resources Department/ Advertising	420	210	2,442	2,232	Overspend on advertising as a result of recruitment efforts in respect of a vacancy within the internal audit section.
RESOR/ 1023	Resources Department/ Corporate Training	14,520	7,260	3,026	-4,234	Reduced opportunities for corporate training in the first quarter of the financial year due to coronavirus social distancing measures.
RESOR/ 2809	Resources Department/ Non Recurring Purchases of Equipment etc	0	0	2,542	2,542	Expenditure on upgrading 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.
SUPDF/ 0100	Superannuation Deficiency Payments/ Salaries	7,060	3,532	414	-3,118	Reduction to the council's superannuation deficiency liability from the current year. The budget will be amended at revised estimate.

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	13,300	<p>General coronavirus response net expenditure allocated to various activities to September 2021. To be funded from local authority un-ringfenced funding.</p> <p>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 (and as a result is not offset here against the net expenditure shown).</p>
CDFCO	Covid 19 Response - Finance and Corporate	5,100	
CDHOU	Covid 19 Response - Housing and Homelessness	-2,039	
CDICT	Covid 19 Response - ICT	5,146	
CDPPE	Covid 19 Response - PPE	718	
CDRVB	Covid 19 Response - Revenues and Benefits	-1,077	
Expenditure - Coronavirus Response		21,148	
CDENR	Covid 19 Response - Environmental and Regulatory	6,764	<p>Expenditure to September on Contain Outbreak Management activities, to be funded from the Contain Outbreak Management Fund (COMF).</p>
CDHUB	Covid 19 Response - Hub	39,605	
CDLRO	Covid 19 Response - Economy and Lockdown Enforce	20,740	
CDTTR	Covid 19 Response - Track and Trace	167	
CMCEV	COMF - Support Clinically Extremely Vulnerable	826	
CMCMM	COMF - Communications and Marketing	45	
CMCPM	COMF - Compliance Measures	35,606	
CMTRC	COMF - Tracing	3,243	
CMTST	COMF - Testing	76,346	
COVID	Contain Outbreak Management Fund - grant funding income	-435,983	
Expenditure - Contain Outbreak Management Fund		-252,641	
COVID	Covid-19 Response (excluding COMF)	-73,806	The balance of other grant funding within this cost centre to September, received to help the council with the cost of the coronavirus response.
Grant Income for the cost of the coronavirus response		-73,806	
CVDPR	Covid-19 Grants - acting as Principal	-615,819	

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
WNTRF	Covid-19 Winter Fund	20	Balance of grant funding for distribution at the end of September. Most of the variance within CVDPR is the balance of Local Restrictions Support Grant and Additional Restrictions Grant of -£550k.
EAGFE	Covid Support via LCC - FES and TTS	-39,547	
Balance of grants held for distribution		-655,346	
Coronavirus cost centre variances		-960,645	