

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

meeting date: 12 SEPTEMBER 2023
 title: REVENUE MONITORING 2023/24
 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 2023 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 taxpayers 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. You will see an overall underspend of £347,531 on the net cost of services. Please note that underspends are denoted by figures with a minus symbol. After allowing for transfers to/from earmarked reserves there is an underspend of £316,637.

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	0	405,492	374,885	-30,607	R
CIVCF	Civic Functions	72,150	26,019	24,840	-1,179	G
CIVST	Civic Suite	0	20,800	16,771	-4,029	A
CLOFF	Council Offices	-6,000	135,501	122,997	-12,504	R
CLTAX	Council Tax	466,810	35,619	44,179	8,560	R
COMPR	Computer Services	0	58,949	59,106	157	G
CORON	Coronation of King Charles	15,610	15,610	22,567	6,957	R
CORPM	Corporate Management	419,620	0	0	0	G
COSDM	Cost of Democracy	607,850	105,205	101,051	-4,154	A
COVID	Covid-19 Response	0	-14,050	-14,050	0	G
CSERV	Corporate services	198,210	14,742	8,907	-5,835	R

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	
CTENP	Council Tax Energy Rebates - Acting as Principal	0	0	-780	-780	G
DISTC	District Elections	180,000	180,000	125,742	-54,258	R
ELADM	Election Administration	36,550	0	-16,024	-16,024	R
ELECT	Register of Electors	107,080	27,564	29,380	1,816	G
EMERG	Community Safety	105,650	2,460	3,372	912	G
ESTAT	Estates	108,970	-12,716	3,469	16,185	R
FGSUB	Grants & Subscriptions - Policy and Fin	181,110	130,390	65,978	-64,412	R
FMISC	Policy & Finance Miscellaneous	255,010	19,712	47,119	27,407	R
HSUPF	Household Support Fund	0	-24,520	-104,623	-80,103	R
LANDC	Land Charges	22,600	-18,093	-21,660	-3,567	A
LICSE	Licensing	79,810	-9,421	-11,658	-2,237	A
LUNCH	Luncheon Clubs	16,730	3,240	2,800	-440	G
NNDRC	National Non-Domestic Rates	66,740	7,318	5,766	-1,552	G
PARIS	Parish Elections	0	0	7,248	7,248	R
QPJUB	Queen's Platinum Jubilee	0	0	804	804	G
RESOR	Resources Department	28,240	856,558	836,646	-19,912	R
SUPDF	Superannuation Deficiency Payments	99,800	-28,660	-28,909	-249	G
UKSPF	UK Shared Prosperity Fund - Management and Admin	0	0	-115,735	-115,735	R
	Sum	3,062,540	1,937,719	1,590,188	-347,531	

Transfers to/from Earmarked Reserves					
	Cyber Resilience Grant Reserve	-11,210	0	0	0
	Elections Fund Reserve	-130,000	-180,000	-132,990	47,010
	Revaluation of Assets Reserve	4,000	0	0	0
	Performance Reward Grant Reserve	-5,610	-5,610	-5,610	0
	Parish Grants Reserve	-10,000	-10,000	-10,000	0
	Community right to bid/ right to challenge	-4,670	0	0	0
	Custom and Self-Build Register reserve	-14,430	0	0	0
	Audit Reserve	0	0	-16,117	-16,117
	Total after Transfers to/from Earmarked Reserves	2,890,620	1,742,109	1,425,472	-316,637

- 2.2 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

- 2.3 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.
- 2.4 The main variations for items included in the amber shaded cost centres are shown with budget holders' comments at Annex 2.
- 2.5 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 2023 £
Chief Executives and Resources Departmental Staffing Budgets	
Salary, National Insurance and Superannuation departmental budgets are underspent by £68k for the April to July period, partly because national pay negotiations are ongoing and partly because vacancy underspends are higher than the 4% built into the budget estimates, particularly due to vacancies within the environmental health section.	-67,972
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 both vacancy underspends and the national pay award (that is expected to be around 2% higher than the 5% increase estimated in the budgets).	
The council has engaged consultancy support to ensure continuation of the environmental health service during the period of reduced staffing. Costs are being met from the salary underspends detailed above.	13,613

Description		Variance to end July 2023 £
Grant Funds		
The table below shows the balance of various grant funds that are available for allocation/ distribution at the end of July after accounting for associated expenditures during the period:		
Grant Fund	Balance of funds at 31st July	
The Household Support Fund (Tranche 4)	-80,103	-£259,898
The UK Shared Prosperity Fund (Revenue)	-115,735	
RVBC Voluntary Organisation Grant Fund	-64,060	
TOTAL	-259,898	
Whilst these variances will largely decrease as the year progresses and funds are allocated or distributed to respective areas, both the income and expenditure budgets will require updating at revised estimate.		

3 CONCLUSION

- 3.1 The comparison between actual and budgeted expenditure shows an underspend of £347,531 for the April to July period of the financial year 2023/24. After allowing for transfers to/from earmarked reserves there is an underspend of £316,637.
- 3.2 A large proportion of the variance is accounted for in the grant totals shown above at paragraph 2.5.
- 3.3 Additionally, the pay award has yet to be agreed for the year. The budget allows for a 5% pay award and as such is also included in the variations shown. The latest pay offer which has yet to be agreed equates to a 7% pay award overall, so will likely result in an overspend in this area.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES
AND DEPUTY CHIEF EXECUTIVE

PF55-23/VT/AC
24 August 2023

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
UKSPF/ 8503z	UK Shared Prosperity Fund - Management and Admin/ DLUHC - UKSPF Revenue Grant	0	0	-116,610	-116,610	UK Shared Prosperity Fund revenue grant funding received for expenditures under year 2 of the council's approved investment plan.	The grant income and associated expenditures will be accounted for in the budgets when they are reviewed at revised estimate. Committee will continue to receive regular reports concerning grant allocations and progress towards the delivery of projects.
HSUPF/ 8982z	Household Support Fund/ LCC - Household Support Fund Grant to Distribute	0	0	-108,000	-108,000	The council has received half of this year's Household support fund grant allocation (tranche 4) following extension of the scheme to March 2024.	Budgets will be established for the grant funds received and for the associated expenditures at revised estimate.
HSUPF/ 4691	Household Support Fund/ Grants to Individuals - Gift Vouchers	0	0	40,000	40,000	Expenditure on food vouchers that were purchased during the period for distribution to residents qualifying for support under the scheme (approved by this committee in June 2023).	

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
HSUPF/ 8983Z	Household Support Fund/LCC - Household Support Admin Support	0	0	-12,000	-12,000	Grant received to help the council with the cost of administering tranche 4 of the Household Support Fund.	
FGSUB/ 4678	Grants & Subscriptions - Policy and Fin/ Grants to Voluntary, Comm & Soc Ent Orgs	115,810	115,810	51,750	-64,060	Voluntary organisation grant allocations for the year are lower than the funds available (March 2023 Policy and Finance Cttee).	The budget will be reviewed at revised estimate.
CEXEC/ 0100	Chief Executives Department/ Salaries	897,370	299,362	259,174	-40,188	The salary estimates assume a pay award of 5% for the 2023/24 financial year. As the pay award has yet to be agreed this is causing an underspend for the period. The remainder is caused by vacancy underspends that are higher than the 4% turnover estimate built into the budgets, mainly within the environmental health section.	The variance will partly resolve once national pay negotiations have been concluded and backpay is processed. Recruitment is ongoing to fill vacant positions and consultants are being engaged as required (see below).

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/ 3085	Chief Executives Department/ Consultants	0	0	13,613	13,613	Consultancy expenditure for the period to July to ensure continuation of the environmental health section during a prolonged period of understaffing.	The expenditure is being funded from associated salary underspends on the vacant posts (see above).
CLOFF/ 2433	Council Offices/Gas	113,380	17,050	3,894	-13,156	The estimated cost of gas and electricity for this year's budgets were based on market forecasts during the last financial year at a time of extreme price volatility. Actual unit costs this year are below that estimated resulting in the majority of the underspends shown for the period.	The budgets are highly likely to underspend this financial year and will be updated following review at revised estimate.
CLOFF/ 2432	Council Offices/ Electricity	103,550	25,170	19,498	-5,672		

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
RESOR/0100	Resources Department/Salaries	1,719,390	573,588	561,031	-12,557	<p>Direct employee budget estimates assumes a pay award of 5% for the 2023/24 financial year. The latest pay offer which has yet to be agreed equates to a 7% pay award overall. It is likely therefore there will be an overspend by the end of the year which is due to</p> <ul style="list-style-type: none"> • Higher pay award being agreed • Lower turnover than anticipated • Employment of a temporary HR officer (P&F Committee January 2023). 	<p>Budgets will be updated at revised estimate to reflect any pay award agreed. It is likely this will result in an increase of circa 2%. Turnover will continue to be monitored against the 4% allowed for.</p>

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
DISTC	District Elections /Various	180,000	180,000	125,742	-54,258	The cost of running the local council election was lower than the budget available. £22k of the variance is due to timing, with poll card postage costs falling into the 2022/23 year.	As funds for the cost of the local elections are set aside in earmarked reserves the net variance after accounting for movements in reserves is nil. The budgets will be updated at revised estimate and outturn will be used as a basis to inform future estimates.
PARIS/ 2970	Parish Elections/ Printing Ballot Papers	0	0	6,270	6,270	The cost of Parish Council elections are currently stood by this council.	
ELADM	Election Administration/ New Burdens Voter ID and Accessibility Costs	23,330	23,330	11,125	-12,205	The cost of implementing Voter ID and Accessibility changes brought about by the Elections Act and funded through new burdens grant is showing as lower than the budget for the period to July.	Work is currently ongoing to finalise and allocate Voter ID and Accessibility costs.
CORON/ 4677	Coronation of King Charles/ Grants to Precepting Bodies	10,000	10,000	16,500	6,500	Grants paid to Parish and Town council's to celebrate the King's Coronation (Policy and Finance Committee March 2023).	£10k of the expenditure is to be funded from earmarked reserves. The remainder is to be brought into the draft revised budget when estimates are updated later on in the financial year.

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
RESOR/ 2998	Resources Department/ Software Maintenance	124,500	81,110	89,662	8,552	This year's inflationary increases to existing departmental software maintenance contracts have been higher than estimated.	The budget will be reviewed and updated at revised estimate.
FMISC/ 5025	Policy & Finance Miscellaneous/ Audit Fees - Grants	23,620	23,620	33,810	10,190	The 2022/23 external audit fee for audit of the housing benefit grant claim is higher than the budget estimate.	New burdens grant funding of £16k was received last financial year for the anticipated increase in local government audit costs resulting from the redmond review. The funds were set aside in earmarked reserves and will be released to partially offset this year's overspend. Further grant funding may be announced later on in the financial year and the position will be reviewed at revised estimate.
FMISC/ 5021	Policy & Finance Miscellaneous/ Audit Fees	140,500	-18,350	1,126	19,476	Additional external audit fees that have been charged for work on the 2021/22 statement of accounts (following approval by PSAA, the Public Sector Audit Appointments body)	

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
CLTAX/ 2998	Council Tax/Software Maintenance	20,240	20,240	31,313	11,073	There has been an annual charge of £12k for use of the Citizen's Access module to enable residents to sign up for council tax e-billing services (Policy and Finance Committee Jan 2023)	The budget will be reviewed and updated at revised estimate.
CLOFF/ 2451	Council Offices/ National Non-Domestic Rates	67,420	67,420	79,770	12,350	There has been an increase in the rateable value of the Council Offices building.	The budget will be updated at revised estimate.
ESTAT/ 2402	Estates/ Repair & Maintenance - Buildings	11,410	3,804	18,746	14,942	Overspend due to works on the Old Physio Centre to prepare the property for the rental market, mainly on works to windows, doors and fascia's.	The overspend on the budget will be funded from additional rental income generated from the property and from savings on expenditure budgets once liabilities transfer to the leaseholder.

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/0108	Chief Executives Department /National Insurance Salaries	87,690	29,253	24,640	-4,613	Underspend on employers' national insurance and superannuation costs for the period for the reasons set out under red variance, CEXEC/0100
CEXEC/0109	Chief Executives Department/ Superannuation Salaries	122,820	40,972	36,516	-4,456	
ESTAT/8803I	Estates/Office Rents	-9,000	-3,000	-7,500	-4,500	Higher rental income has been received than estimated due to the receipt of £7.5k for a new rental agreement from this financial year. To be brought into the budgets at revised estimate.
RESOR/1023	Resources Department/ Corporate Training	14,730	4,912	417	-4,495	Underspend on the corporate training budget for the period to July. This is expected to resolve as the financial year progresses and orders are placed for planned training in the areas of diversity, equality and recruitment and selection processes.
CSERV/3264	Corporate Services/ Ribbles Valley News	11,180	3,728	0	-3,728	Publication of the council newspaper is currently on hold pending a review of design and possible shift to digital channels (to be informed by results of the People's Survey).

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/3033	Cost of Democracy/Basic Allowance	173,040	57,724	54,589	-3,135	The budget for payment of member's allowances assumes a 5% increase this year in line with the inflation estimate brought into officer salary budgets. The annual increase will be reviewed following completion of national pay negotiations for officer pay.
RESOR/0108	Resources Department/ National Insurance Salaries	161,660	53,930	50,842	-3,088	Underspend on employers national insurance and superannuation costs for the reasons set out under red variance RESOR/0100
RESOR/0109	Resources Department/ Superannuation Salaries	249,540	83,246	80,176	-3,070	
RESOR/1013	Resources Department/ Tuition Fees	7,930	2,644	74	-2,570	Expenditure on training/tuition fees is lower than the budget for the period to July. Qualification training that was being funded from this budget last financial year has now been completed and the apprenticeship levy is being utilised where possible. Performance appraisals are currently being rolled out across the department and the budget will be utilised to fund training requirements identified if required.
CIVST/8520I	Civic Suite/ Function Hire (exempt code)	-4,660	-1,556	-3,800	-2,244	Demand for hire of the Civic Suite has been higher than average.

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
CIVST/2451	Civic Suite/ National Non-Domestic Rates	10,980	10,980	12,986	2,006	There has been an increase to the rateable value of the Civic Suite building
CEXEC/8975l	Chief Executives Department/ Land and Property Legal Fees	-6,550	-2,184	0	2,184	Fee income received for preparation of land and property legal agreement is lower than the budget. A number of outstanding leases are due to be completed in the next quarter.
CEXEC/8402z	Chief Executives Department /Legal Fees	-9,570	-3,194	-135	3,059	No income for preparation of S106 agreements was received during the period as this was outsourced during a period of understaffing. The work is now being brought back in house progressively following recruitment of a lawyer into a vacant post.
RESOR/1020	Resources Department /Advertising	450	152	3,985	3,833	Overspend on the budget available for the cost of recruitment advertising that has been funded from salary underspends on the vacant position.