

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

meeting date: 12 SEPTEMBER 2023
 title: OVERALL REVENUE MONITORING 2023/24
 submitted by: DIRECTOR OF RESOURCES AND DEPUTY CHIEF EXECUTIVE
 principal author: LAWSON ODDIE

1 PURPOSE

1.1 To report the overall revenue position for the current financial year for the first quarter up to the end of June 2023.

2 ORIGINAL REVENUE BUDGET 2023/24

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

	Original Estimate 2023/24 £
Committee Net Requirements	11,593,560
Additional Approvals	49,280
New Committee Net Requirements	11,642,840
Capital Charges Adjustment	-1,045,936
Committee Expenditure After Adjustments	10,596,904
Other Items - Interest on balances	-450,000
- New Homes Bonus	-506,197
- Rural Services Delivery Grant	-126,574
- Services Grant	-54,777
- One Off Funding Guarantee	-773,369
- Contingency for Edisford Car Park Extension Feasibility Study	10,000
- Retained Business Rates Income	204,255
- Renewable Energy Business Rates	-31,248
- Section 31 Grant for Business Rates	-2,726,538
- 10% of Retained Levy – Payable to LCC under Pooling Arrangements	96,217
- Share of Business Rates Deficit on Collection Fund	242,439
Expenditure After Other Items	6,481,112
Less Added to/(taken from) Earmarked Reserves	-459,219
Further amounts taken from Earmarked Reserves for Additional Approvals	-49,280
Less Taken from Revenue Balances	-300,000

	Original Estimate 2023/24 £
Net Expenditure	5,672,613

2.2 The additional approvals can be broken down as:

Additional Approvals	Amount £	2023/24 - Funded from
Changing Places Toilet Scheme	18,140	VAT Shelter Earmarked Reserve
Berry Lane Toilets	3,640	VAT Shelter Earmarked Reserve
Coronation Grants	10,000	Parish Grant Earmarked Reserve
BioFuel Trial	15,000	VAT Shelter Earmarked Reserve
Senior Management Changes	2,500	Restructuring Earmarked Reserve
	49,280	

3 BUDGET VARIANCES

3.1 Our budget monitoring reports to service committees focuses on the value shown above against Committee Net Requirements of £11,642,840.

3.2 Within this report, this amount is broken down subjectively and monitored against the profiled budget up to the end of June 2023 (Quarter 1). As at this date, there shows a net underspend/over recovery of income of £233,070.

Cost Area	Original Estimate for the Year £	Original Estimate to the end of June £	Actual to end of June £	Variance to end of June £	%
Committee Net Requirements	11,642,840	2,600,694	2,367,624	-233,070	-8.96

3.3 The breakdown subjectively is shown below:

Cost Type	Original Estimate for the Year £	Original Estimate to the end of June £	Actual to end of June £	Variance to end of June £	%
Employee Related	8,491,590	2,170,623	2,014,711	-155,912	-7.18
Premises Related	3,037,560	690,260	692,176	1,916	0.28
Transport Related	2,464,160	314,019	274,156	-39,863	-12.69
Supplies and Services	2,461,420	679,836	792,734	112,898	16.61
Third Party Payments	456,730	13,173	15,780	2,607	19.79
Transfer Payments	5,580,280	1,746,356	1,726,485	-19,871	-1.14
Support Services	8,607,940	270	0	-270	-100
Depreciation and Impairment	1,148,570	2,879	0	-2,879	-100

Cost Type	Original Estimate for the Year £	Original Estimate to the end of June £	Actual to end of June £	Variance to end of June £	%
Total Expenditure Variances	32,248,250	5,617,416	5,516,042	-101,374	-1.8
Government grants	-5,402,840	-1,420,631	-1,522,524	-101,893	7.17
Other Grants, Reimbursements and Contributions	-252,050	23,865	-34,846	-58,711	-246.01
Customer and Client Receipts	-3,539,290	-1,330,491	-1,302,480	28,011	-2.11
Oncosts and Recharges	-11,411,230	-289,465	-288,568	897	-0.31
Total Income Variances	-20,605,410	-3,016,722	-3,148,418	-131,696	4.37
Net Variance	11,642,840	2,600,694	2,367,624	-233,070	-8.96

3.4 The main variances for the committee service cost centres are given below:

Description	Amount £	Variance Reasons
EXPENDITURE		
Employee Related Expenditure	-155,912	<p>The salary, national insurance and superannuation budget estimates assume a pay award of 5% for the 2023/24 financial year. As the pay award has yet to be confirmed this accounts for around £100k of the variance shown.</p> <p>The remainder is mainly caused by a number of vacancies across the council's services, with continued difficulties in some areas to recruit. These are vacancies above 4% turnover already allowed for within the budget.</p>
Premises Related Expenditure	1,916	<p>There are two large areas of variance under Premises Related Expenditure which partly cancel each other out:</p> <ul style="list-style-type: none"> - Energy Costs: The increase in energy costs has not been as high as that forecast. This is currently showing an underspend for the period to the end of June (-£16K) - Repairs and Maintenance: There is an overspend of £22K on the repairs and maintenance to council premises. A large proportion of this is work being undertaken to property for lease. It is also partly due to an overspend on the council offices repairs and maintenance budget, but this element may resolve itself by the end of the financial year.
Transport Related Expenditure	-39,863	<p>The fall in the cost of diesel since the budget was prepared has resulted in some significant underspends in 2023/24 to date. This fall in the cost of diesel largely makes up the variance that is shown (-£32K)</p>

Description	Amount £	Variance Reasons
Supplies and Services Expenditure	112,898	<p>There are a wide range of items that contribute to the variance shown:</p> <ul style="list-style-type: none"> - Increased software maintenance costs across many service areas - Citizens Access Module to allow for residents to sign up for e-billing - Consultants in respect of the pitch strategy (to be funded from earmarked reserves) - External audit fees increase on Housing Benefits audit - Environmental Health use of agency services
Third Party Payments Expenditure	2,607	No major variances in this area
Transfer Payments Expenditure	-19,871	<p>An area of large overspend here is Housing Benefits (£42K), with more payments made than forecast to the end of June. Increased spend will be compensated by the end of the year through additional subsidy income.</p> <p>There is an underspend on the voluntary organisation grants budget (-£64K) as not all of the budget was awarded.</p> <p>With regard to Homes for Ukraine, there is a low level of spend on Housing grants (-£19K) and on Integration grants (-£18K), but a higher level distributed for sponsor Thank You payments (£19k), for which additional funding has been received.</p>
Support Services	-270	No major variances in this area
Depreciation and Impairment	-2,879	No major variances in this area
TOTAL EXPENDITURE VARIANCE	-101,374	
INCOME		
Government Grants Income	-101,893	<p>Impact is mainly from the following 4 areas of funding:</p> <ul style="list-style-type: none"> - Domestic Abuse Support to Victims Funding: this is additional funding that has been received in 2023/24. There is currently no expenditure budget to offset this, but this will be introduced at Revised Estimate -(-£35K). Staffing costs will be a large part of such costs. - Council Tax Support Fund: Policy and Finance Committee agreed a scheme where £45 would be allocated to each household in receipt of Local Council Tax Support where council tax liability is not nil. This government funding is to offset the costs of the scheme and was given to councils to allow the provision of such types of local reliefs. -(-£56K) - Homes for Ukraine: grant income is below that which is expected. This is because we are still waiting for quarter 4

Description	Amount £	Variance Reasons
		2022/23 funding, which has been accrued for into 2022/23 (£27K) - Housing Benefits Subsidy: Subsidy income is higher than allowed for in the budget profile. This variance should be viewed together with Transfer Payments detailed above. The year-end position will be net fully funded. (-£25K)
Other Grants, Reimbursements and Contributions Income	-58,711	Repayment of Overpaid Housing Benefit: higher level of repayments to date than anticipated when the budget was set. (-16K) Homes for Ukraine Sponsor Thank You Payments funding: Additional funding received due to the higher level of grants paid out. (-£25K)
Customer and Client Receipts Income	28,011	This variance is as a result of a mix of positions on our income streams, the larger ones being: Income that is behind budget: - Trade Waste Charges: Reduction in demand for the trade waste collection service due to a combination of some businesses having closed down and others using alternative providers (£32K) - Ribblesdale Pool income down, particularly on swimming lessons due to recruitment difficulties (£19k) Income that is ahead of budget: - Sale and hire of bins: Income is currently higher than anticipated. Any income shown here at year end will be transferred to earmarked reserves to fund spend on bin replacements in future years (-£27K) - Clitheroe Market: There has been a higher level of demand, particularly on stalls and pitches than allowed for in the budget (-£12K)
Oncosts and Recharges Income	897	No major variances in this area
TOTAL INCOME VARIANCE	-131,696	
NET VARIANCE	-233,070	

3.5 The key variations from above that are **unlikely** to rectify themselves by the end of the year are the staffing vacancies, reduced energy costs and lower vehicle fuel costs.

3.6 With regard to the Council Tax Support Fund monies from the government, there will be a mismatch in the funding being received this year (£56K) and the potential impact being felt on the general fund through the collection fund surplus/deficit next year. This is because the impact of the measures introduced is through the Collection Fund.

- 3.7 Other areas of the budget, outside of the committee services, would ordinarily see little movement, unless there were any one off additional non-specific government grant funding announced.
- 3.8 However, with steadily increasing interest rates, the interest income earned from investing our balances has increased substantially. Interest received in the first quarter was £204K. This is compared against the full year budgeted investment income of £450K (£113K for a quarter), so an over achievement on investment income for the first quarter of £91K.
- 3.9 Looking at the full year latest estimates for investment income, it is currently thought that the council may earn as much as £1m for the full year based on current interest rate predictions, so £550K more than the original estimate.

4 CONCLUSION

- 4.1 There is an overall net underspend to the end of June 2023 of £233K on service committee net expenditure. This underspend position is likely to remain in the areas of staffing vacancies, reduced energy costs and lower vehicle fuel costs.
- 4.2 Added to the position on service committees, there is a likely over achievement on investment income due to unprecedented interest rate increases since the budget was set. At the end of the first quarter investment income was £91K ahead of budget. It is forecast that the council may earn as much as £1m by the end of the year on investment income, which would be £550K more than budgeted.
- 4.3 The overall net underspend/overachievement of income for the first quarter can be summarised below:

Variance at the end of the First Quarter	
£'000	
Committee Net Requirements	-233
Investment Income	-91
Overall Net Variance	-324

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES AND
DEPUTY CHIEF EXECUTIVE

PF50-23/LO/AC
15 August 2023