

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

meeting date: 7 NOVEMBER 2023  
 title: OVERALL REVENUE MONITORING 2023/24  
 submitted by: DIRECTOR OF RESOURCES AND DEPUTY CHIEF EXECUTIVE  
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### 1 PURPOSE

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

### 2 ORIGINAL REVENUE BUDGET 2023/24

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

	<b>Original Estimate 2023/24 £</b>
Committee Net Requirements	11,593,560
Additional Approvals	49,280
<b>New Committee Net Requirements</b>	<b>11,642,840</b>
Capital Charges Adjustment	-1,045,936
<b>Committee Expenditure After Adjustments</b>	<b>10,596,904</b>
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
<b>Expenditure After Other Items</b>	<b>6,481,112</b>
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
<b>Net Expenditure</b>	<b>5,672,613</b>

2.2 The additional approvals can be broken down as:

<b>Additional Approvals</b>	<b>Amount £</b>	<b>2023/24 - Funded from</b>
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
	<b>49,280</b>	

### 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 September 2023 (first half of the financial year). As at this date, there shows a net underspend/over recovery of income of £1,042,649, or a net underspend/over recovery of income of £870,976 after movements in committee level earmarked reserves.
- 3.3 For the purposes of this report, the payment of the budgeted pay award has been profiled to be made in December, and so should present a more understandable position for the council at the end of the first half year, without the variance for the yet-to-be-settled pay award.
- 3.4 Whilst the budgets have been profiled for the potential payment of the pay award in December, it must be noted that the national pay award is expected to be around 2% higher than the 5% increase estimated in the budgets. This could see approximately £170K of additional costs for the full year in respect of the additional 2% above the 5% that has been budgeted for.

<b>Cost Area</b>	<b>Original Estimate for the Year £</b>	<b>Original Estimate to the end of September £</b>	<b>Actual to end of September £</b>	<b>Variance to end of September £</b>	<b>%</b>
Committee Net Requirements	11,642,840	4,750,283	3,707,634	-1,042,649	-21.95
Associated Committee Level Movements in Earmarked Reserves	-581,750	-219,002	-47,329	171,673	-78.39
<b>Net After Movements in Committee Level Earmarked Reserves</b>	<b>11,061,090</b>	<b>4,531,281</b>	<b>3,660,305</b>	<b>-870,976</b>	<b>-19.22</b>

3.5 The breakdown subjectively is shown below:

<b>Cost Type</b>	<b>Original Estimate for the Year £</b>	<b>Original Estimate to the end of September £</b>	<b>Actual to end of September £</b>	<b>Variance to end of September £</b>	<b>%</b>
Employee Related	8,496,090	4,060,427	3,995,754	<b>-64,673</b>	-1.59
Premises Related	3,049,190	1,289,946	615,273	<b>-674,673</b>	-52.30
Transport Related	2,467,160	577,447	537,452	<b>-39,995</b>	-6.93

<b>Cost Type</b>	<b>Original Estimate for the Year £</b>	<b>Original Estimate to the end of September £</b>	<b>Actual to end of September £</b>	<b>Variance to end of September £</b>	<b>%</b>
Supplies and Services	2,453,920	1,161,422	1,243,886	<b>82,464</b>	7.10
Third Party Payments	456,730	86,992	86,139	<b>-853</b>	-0.98
Transfer Payments	5,580,280	3,078,718	3,237,752	<b>159,034</b>	5.17
Support Services	8,607,940	12,823	11,805	<b>-1,018</b>	-7.94
Depreciation and Impairment	1,148,570	0	0	<b>0</b>	-
<b>Total Expenditure Variances</b>	<b>32,259,880</b>	<b>10,267,775</b>	<b>9,728,061</b>	<b>-539,714</b>	<b>-5.26</b>
Government grants	-5,402,840	-2,718,245	-3,048,784	-330,539	12.16
Other Grants, Reimbursements and Contributions	-252,050	-67,277	-341,550	-274,273	407.68
Customer and Client Receipts	-3,550,920	-2,108,839	-2,028,276	80,563	-3.82
Oncosts and Recharges	-11,411,230	-623,131	-601,817	21,314	-3.42
<b>Total Income Variances</b>	<b>-20,617,040</b>	<b>-5,517,492</b>	<b>-6,020,427</b>	<b>-502,935</b>	<b>9.12</b>
<b>Net Variance</b>	<b>11,642,840</b>	<b>4,750,283</b>	<b>3,707,634</b>	<b>-1,042,649</b>	<b>-21.95</b>
Associated Committee Level Movements in Earmarked Reserves	-581,750	-219,002	-47,329	171,673	-78.39
<b>Net After Movements in Committee Level Earmarked Reserves</b>	<b>11,061,090</b>	<b>4,531,281</b>	<b>3,660,305</b>	<b>-870,976</b>	<b>-19.22</b>

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

<b>Description</b>	<b>Amount £</b>	<b>Variance Reasons</b>
<b>EXPENDITURE</b>		
<b>Employee Related Expenditure</b>	-64,673	<p>The largest proportion of this variance relates to the lower level of costs in respect of the local elections (-£48K). This variance will be removed as part of the revised estimate and nets to nil by the associated movements in earmarked reserves.</p> <p>Other variances here relate to vacancies current and past in environmental health, financial services, economic development and planning, and community services. These underspends are partly offset here by associated recruitment costs and also elsewhere within the budget through spend on consultancy and agency staff. (-£77K)</p> <p>There is a large overspend in this spend category on temporary staffing within the refuse collection service through the provision of</p>

Description	Amount £	Variance Reasons
		<p>cover for increased annual leave and long-term sickness absenteeism (£44K)</p> <p>There has also been increased costs on temporary staffing at Ribblesdale Pool (£17K), which is being further analysed.</p> <p>Training budgets, particularly the corporate training budget, are also seeing an underspend, although future training plans are being progressed (-£11K).</p>
<b>Premises Related Expenditure</b>	-674,673	<p>Following several successful legal cases regarding the valuation of museum premises in respect of business rates, there has been a change in methodology of the calculation of business rates for museums. Consequently, this Council has made a successful appeal and received a <b>one-off</b> rates refund for the Castle Museum dating back to 2010. (-£473K). Whilst this is positive news for the General Fund budgets shown here, this will however mean a fall in the business rates income receipts that the council see through the Collection Fund.</p> <p>Whilst there have been some usage reductions at a number of sites in respect of energy, there has been a substantially lower charge per unit seen in year. This is compared to those allowed for in the budget – which was based on prevailing information on energy prices at the time (-£180K).</p>
<b>Transport Related Expenditure</b>	-39,995	<p>The underspend seen here is largely made up of two elements:</p> <ul style="list-style-type: none"> <li>- Vehicle Maintenance: repairs to date are higher than estimated for the refuse collection vehicle fleet. Further work is being undertaken currently to explore the specific reasons behind this, particularly following the large scale overspends seen a number of years ago, which were brought under control more recently. Other repairs costs such as those within the Grounds Maintenance service have been lower than budgeted, bringing down the overall net variance (£30K).</li> <li>- The increase in the price of diesel that was forecast when the budget was prepared has not materialised, with the price per litre having fallen in 2023/24 (-£61K).</li> </ul>
<b>Supplies and Services Expenditure</b>	82,464	<p>There are a wide range of items that contribute to the variance shown:</p> <ul style="list-style-type: none"> <li>- Reduction in the frequency and size of planning notices in the press (-£11K)</li> <li>- Net overspend on consultancy services in respect of the Local Plan. There is an underspend in respect of consultants for the production of evidence-based documents, but an overspend in respect of consultants engaged to progress the Local Plan following staff vacancies (so associated savings shown under employee related expenditure). (£15K)</li> <li>- Above inflationary increases on software contracts and ongoing costs from the introduction of the Citizens Access Module within council tax (£11K)</li> <li>- Increased External Audit Fees, partly supported by funding set aside in earmarked reserves in respect of the Redmond Review (£30K)</li> </ul>

Description	Amount £	Variance Reasons
		<ul style="list-style-type: none"> <li>- Spend on consultancy services to support the Environmental Health Service (so associated savings shown under employee related expenditure). (£18K)</li> <li>- Cost of replacement bins provided to residents. Some of this cost will be offset by income received from bin charges and funds in earmarked reserves (£27K)</li> </ul>
<b>Third Party Payments Expenditure</b>	-853	No major variances in this area
<b>Transfer Payments Expenditure</b>	159,034	<p>An area of large overspend here is Housing Benefits (£114K), with more payments made than forecast to the end of September. Increased spend will be compensated over 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 Homes for Ukraine, there is a low level of spend on Housing grants (-£38K) and Integration grants (-£24K), but a higher level distributed for sponsor Thank You payments (£44k), for which additional funding has been received.</p> <p>An overspend is shown against the Household Support Fund, as funding for this initiative was received after the budget was set (£120K). There is a correlating variance under 'Other Grants, Reimbursements and Contributions Income'</p>
<b>Support Services</b>	-1,018	No major variances in this area
<b>Depreciation and Impairment</b>	0	No variances in this area
<b>TOTAL EXPENDITURE VARIANCE</b>	<b>-539,714</b>	
<b>INCOME</b>		
<b>Government Grants Income</b>	-330,539	<p>Impact is mainly from the following areas of funding:</p> <ul style="list-style-type: none"> <li>- UK Shared Prosperity revenue funding. The funding and associated expenditure is not within the council's budgets but will be brought in at the revised estimate. Funding and spend will overall net to nil. (-£117K)</li> <li>- 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.</li> <li>- 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</li> </ul>

Description	Amount £	Variance Reasons
		<p>offset the costs of the scheme and was given to councils to allow the provision of such types of local reliefs. (-£56K)</p> <ul style="list-style-type: none"> <li>- Asylum Dispersal Scheme: This is new funding received this year, after the budget was set. There is currently no offsetting spend or budget for use of this grant funding, but some spend is anticipated (-£23K)</li> <li>- 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. (-£20K)</li> <li>- Homelessness Prevention Grant – Homes for Ukraine Funding Top-Up Grant: This is a new grant that was awarded after the budget was set. There is no correlating spend against this grant as yet, but the grant was only received mid-August (-£64K).</li> </ul>
<b>Other Grants, Reimbursements and Contributions Income</b>	-274,273	<p>Impact is mainly from the following areas of funding:</p> <ul style="list-style-type: none"> <li>- Additional funding provided by Lancashire County Council to carry out public realm work on their behalf for weed spraying (-£45K) and leaf clearance (-£19K)</li> <li>- Additional funding received for Household Support Fund. Funding for this initiative was received after the budget was set (-£120K). There is a correlating variance under 'Transfer Payments Expenditure'</li> <li>- Repayment of Overpaid Housing Benefit: higher level of repayments to date than anticipated when the budget was set. (-£20K)</li> <li>- Homes for Ukraine Sponsor Thank You Payments funding: Additional funding received due to the higher level of grants paid out, so offset by other grant expenditure. (-£34K)</li> </ul>
<b>Customer and Client Receipts Income</b>	80,563	<p>This variance is as a result of a mix of positions on our income streams, the larger ones being:</p> <p>Income that is behind budget:</p> <ul style="list-style-type: none"> <li>- Albion Mill: A combination of rent arrears and loss of income due to unoccupied units at Albion Mill (£23K)</li> <li>- Planning Fees: Planning income is lower than estimated. Income levels depend on demand and whether applications are being received for major developments (£50K).</li> <li>- 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 (£21K)</li> <li>- Ribblesdale Pool income down, including on general adult and junior admissions, but notably on swimming lesson income (£31K)</li> </ul> <p>Income that is ahead of budget:</p> <ul style="list-style-type: none"> <li>- Edisford all Weather Facility: (-£24K)</li> </ul>

Description	Amount £	Variance Reasons
		- 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 (-£17K)
<b>Oncosts and Recharges Income</b>	21,314	No major variances in this area
<b>TOTAL INCOME VARIANCE</b>	-502,935	
<b>NET VARIANCE</b>	<b>-1,042,649</b>	
<b>Associated Committee Level Movements in Earmarked Reserves</b>	171,673	Additional movements in Earmarked Reserves largely relates to the setting aside of grant funding that has yet to be spent as at the end of September.
<b>Net After Movements in Committee Level Earmarked Reserves</b>	<b>-870,976</b>	

- 3.7 The key variations from above that are **unlikely** to rectify themselves by the end of the year are the reduced energy costs (-£180K), refunded business rates in respect of the Castle Museum (-£473K) and lower vehicle fuel costs (-£61K). The total of these accounts for the vast majority of the £871K variance shown above.
- 3.8 Members should be mindful of the various areas flagged within the report where there are large overspends or underachievement of income. It is likely that the position on some of these variances may continue for the remainder of the year.
- 3.9 It must be noted that rates refund for the Castle Museum is a **one-off** receipt and whilst this is positive news for the General Fund budgets shown here, this will however mean a fall in the business rates income receipts that the council see through the Collection Fund.
- 3.10 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.
- 3.11 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.
- 3.12 However, with steadily increasing interest rates, the interest income earned from investing our balances has increased substantially. Interest received in the first half year was £602K. This is compared against the full year budgeted investment income of £450K (£226K for half of the year), so an over achievement on investment income for the first half of the year of £376K.

3.13 Looking at the full year latest estimates for investment income, it is currently thought that the council may earn as much as £1.2m for the full year based on current interest rate predictions, so £750K more than the original estimate.

#### 4 CONCLUSION

4.1 There is an overall net underspend to the end of September 2023 of £1.043m on service committee net expenditure, or £871K after movements in earmarked reserves. This underspend position is likely to remain for energy costs (-£180K), refunded business rates in respect of the Castle Museum (-£473K) and lower vehicle fuel costs (-£61K). The position on these items is already factored into the latest budget forecast as reported to committee in September.

4.2 Members should note that the position with the Castle Museum rates is a **one-off**, and also the variances in respect of overspends and underachievement of income may continue for the remainder of the year.

4.3 There will be a large additional cost above that budgeted for when the pay award is settled. The national pay award is expected to be around 2% higher than the 5% increase estimated in the budgets. This could see approximately £170K of additional costs for the full year in respect of the additional 2% above the 5% that has been budgeted for.

4.4 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 half of the year investment income was £376K ahead of budget. It is forecast that the council may earn as much as £1.2m by the end of the year on investment income, which would be £750K more than budgeted.

4.5 The overall net underspend/overachievement of income for the first half of the year can be summarised below:

	<b>Variance at the end of the First Half of the Year</b>
	<b>£'000</b>
Committee Net Requirements	-1,043
Associated Committee Level Movements in Earmarked Reserves	172
<b>Net After Movements in Committee Level Earmarked Reserves</b>	<b>-871</b>
Investment Income	-376
<b>Overall Net Variance</b>	<b>-1,247</b>

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES AND  
DEPUTY CHIEF EXECUTIVE

PF78-23/LO/AC  
30 October 2023