

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

meeting date: 10 SEPTEMBER 2024  
 title: OVERALL REVENUE MONITORING 2024/25  
 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 period to the end of July 2024.

### 2 ORIGINAL REVENUE BUDGET 2024/25

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

	<b>Original Estimate 2024/25 £</b>
Committee Net Requirements	11,492,130
Additional Approvals	3,525
<b>New Committee Net Requirements</b>	<b>11,495,655</b>
Capital Charges Adjustment	-1,105,061
<b>Committee Expenditure After Adjustments</b>	<b>10,390,594</b>
Other Items - Interest on balances	-1,058,270
- New Homes Bonus	-665,149
- Rural Services Delivery Grant	-146,559
- Services Grant	-9,456
- Funding Guarantee	-745,029
- Contingency for Pay Increase Above 4%	200,000
- Contingency for Fuel and Energy Costs	200,000
- Retained Business Rates Income Adjustment	353,504
- Renewable Energy Business Rates	-79,791
- Section 31 Grant for Business Rates	-3,108,877
- 10% of Retained Levy – Payable to LCC under Pooling Arrangements	99,587
- Share of Business Rates Deficit on Collection Fund	-195,981
<b>Expenditure After Other Items</b>	<b>5,234,573</b>
Less Added to/(taken from) Earmarked Reserves	682,428
Further amounts taken from Earmarked Reserves for Additional Approvals	-3,525
Less Taken from Revenue Balances	-8,924
<b>Net Expenditure</b>	<b>5,904,552</b>

2.2 The additional approval of £3,525 related to the Contemporary Arts Exhibition grant request.

### 3 BUDGET VARIANCES

3.1 Our budget monitoring reports to service committees focuses on the value shown above against Committee Net Requirements of £11,495,655.

3.2 Within this report, this amount is broken down subjectively and monitored against the profiled budget up to the end of July 2024. As at this date, there shows a net underspend/over recovery of income of £187,558.

Cost Area	Original Estimate for the Year £	Original Estimate to the end of July £	Actual to end of July £	Variance to end of July £	%
Committee Net Requirements	11,495,655	3,286,742	3,099,184	-187,558	-5.71

3.3 The breakdown subjectively is shown below:

Cost Type	Original Estimate for the Year £	Original Estimate to the end of July £	Actual to end of July £	Variance to end of July £	%
Employee Related	8,971,360	2,842,931	2,827,315	-15,616	-0.55%
Premises Related	2,566,810	896,310	804,511	-91,799	-10.24%
Transport Related	2,348,720	408,867	350,153	-58,714	-14.36%
Supplies and Services	2,533,340	932,750	940,279	7,529	0.81%
Third Party Payments	565,510	102,273	109,062	6,789	6.64%
Transfer Payments	5,847,665	2,288,581	2,310,286	21,705	0.95%
Support Services	8,979,620	0	1,001	1,001	-
Depreciation and Impairment	1,205,530	0	0	0	-
<b>Total Expenditure Variances</b>	<b>33,018,555</b>	<b>7,471,712</b>	<b>7,342,607</b>	<b>-129,105</b>	<b>-1.73%</b>
Government grants	-5,837,980	-2,032,829	-2,179,229	-146,400	7.20%
Other Grants, Reimbursements and Contributions	-281,930	-91,220	-157,263	-66,043	72.40%
Customer and Client Receipts	-3,692,240	-1,658,469	-1,549,765	108,704	-6.55%
Oncosts and Recharges	-11,710,750	-402,452	-357,166	45,286	-11.25%
<b>Total Income Variances</b>	<b>-21,522,900</b>	<b>-4,184,970</b>	<b>-4,243,423</b>	<b>-58,453</b>	<b>1.40%</b>
<b>Net Variance</b>	<b>11,495,655</b>	<b>3,286,742</b>	<b>3,099,184</b>	<b>-187,558</b>	<b>-5.71%</b>

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

Description	Amount £	Variance Reasons
<b>EXPENDITURE</b>		
<b>Employee Related Expenditure</b>	<b>-15,616</b>	<p>The effect of the outstanding pay award has been profiled out of the budget and so has no impact on the variance shown.</p> <p>The variance is mainly caused by a number of vacancies across the council's services, with continued difficulties in some areas to recruit, such as environmental health, accountancy and vehicle maintenance. (-£75K)</p> <p>The budget already has a 4% turnover allowance built into it, and so the variance shown is beyond the 4% already removed from the budget.</p> <p>Whilst there are the underspends detailed above, there are also overspends on budgets for Temporary Staffing (£41k) in the areas of Refuse Collection and Ribblesdale Pool, and Agency Staffing (£14K) in the area of vehicle maintenance.</p>
<b>Premises Related Expenditure</b>	<b>-91,799</b>	<p>There has been an underspend in the area of public convenience cleaning, due to additional approved budget but a slight delay in increased contracted staff hours. (-£14K)</p> <p>There is an underspend on gas and electricity budgets for the period, mainly because the unit cost of gas and electricity has been lower than that originally estimated (-£69K). The gas meter at Ribblesdale Pool was replaced in February 2024, and so will no longer be a cause of any underspend.</p> <p>Lower level of recharge from Grounds Maintenance to other services due to underspends on external vehicle repair costs under that service (-£19K).</p> <p>Overspend on premises repairs and maintenance, but nothing of any notable level on any individual property (£10K). There has been one-off expenditure on the cost of installing predator resistant fencing at Alston Wetlands (£17K), but this has been funded from S106 monies, which shows under the 'Other Grants, Reimbursements and Contributions Income' section below.</p> <p>There have been some underspends on a number of properties for water services, but this is likely to be due to irregular billing patterns from the supplier. (-£10K).</p>
<b>Transport Related Expenditure</b>	<b>-58,714</b>	<p>This variance is largely due to two items:</p> <ul style="list-style-type: none"> <li>- Budgeted lease cars which have not been renewed or taken up (-£13K).</li> <li>- Vehicle fuel costs being lower than that budgeted, due to unit costs being lower than anticipated when the budget was set. (-£34K).</li> </ul>

Description	Amount £	Variance Reasons
<b>Supplies and Services Expenditure</b>	<b>7,529</b>	<p>Mainly due to:</p> <ul style="list-style-type: none"> <li>- Annual invoice for internet connection at the council offices which is usually charged for a twelve-month period, with six months being paid in advance of the next financial year. This year's invoice is for connection to March 2024 only (-£8K).</li> <li>- Other ICT underspends on system support costs as the capital schemes have not yet been completed or are disputed. (-£8K)</li> <li>- Consultant costs are overspent due to use of the same to cover work on DFGs due to the building surveyor vacancy in the Community Services Department (£6K), to cover Environmental Health vacancies in the Chief Executives Department (£12K). There is also an overspend showing on the Local Plan (£14K), which is due to outstanding orders raised in 2023/24 and will be fully funded from the earmarked reserve set up for this purpose.</li> </ul>
<b>Third Party Payments Expenditure</b>	<b>6,789</b>	No major variances in this area
<b>Transfer Payments Expenditure</b>	<b>21,705</b>	<p>An area of large overspend here is Housing Benefits (£23K), with more payments made than forecast to the end of July. 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 (-£48K) as not all of the budget was awarded.</p> <p>There is spend on the provision of food vouchers for distribution to residents that qualify under the Household Support Fund, for which there is no budget at this stage, but for which there is unbudgeted funding shown under the 'Other Grants, Reimbursements and Contributions Income' section below (£60K).</p>
<b>Support Services</b>	<b>1,001</b>	No major variances in this area
<b>Depreciation and Impairment</b>	<b>0</b>	No major variances in this area
<b>TOTAL EXPENDITURE VARIANCE</b>	<b>-129,105</b>	

Description	Amount £	Variance Reasons
<b>INCOME</b>		
<b>Government Grants Income</b>	<b>-146,400</b>	<p>Impact is mainly from the following 4 areas of funding:</p> <ul style="list-style-type: none"> <li>- There has been an additional 'top up' grant received in May 2024 that the Council had not been informed about at the time of setting the Original Estimate in respect of Homelessness (-£63K). Part of this is planned to be used for temporary staffing to the end of March 2025.</li> <li>- Grant funding has been received to help the council with the costs of implementing electoral integrity programme changes that result from the Elections Act 2022 (-£15K)</li> <li>- The council have received Air Quality New Burden funding, which was not anticipated at the time the budget was set. (-£12K)</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. (-£44K)</li> </ul>
<b>Other Grants, Reimbursements and Contributions Income</b>	<b>-66,043</b>	<p>Variance mainly relates to:</p> <ul style="list-style-type: none"> <li>- S106 monies used to support the spend on installing predator resistant fencing at Alston Wetlands (-£17K), see Premises Related expenditure variance in respect of this, above.</li> <li>- A variance (£67K) relates to accounting adjustments between the financial years 2023/24 and 2024/25 in respect of Ukrainian Sponsor Grant funding owed to the council. This shows as an underachievement on income here as we are currently awaiting income from LCC which will then remove the variance once received.</li> <li>- Repayment of Overpaid Housing Benefit: lower level of repayments to date than anticipated when the budget was set. (£20K)</li> <li>- Additional funding above that which was budgeted for has been received for Weight Management under Exercise Referral service (-£11K)</li> <li>- Household Support Funding has been received which was not budgeted for when setting the Original Estimate, as unknown about at that stage (-£107K). There is an associated spend on the provision of food vouchers for distribution to residents that qualify under the Household Support Fund. This unbudgeted spend shows under the 'Transfer Payments Expenditure' section above.</li> </ul>
<b>Customer and Client Receipts Income</b>	<b>108,704</b>	<p>This variance is as a result of a mix of positions on our income streams, the larger ones being:</p> <ul style="list-style-type: none"> <li>- Albion Mill: Through Robert Pinkus Property Management, the council is aware of an arrears position and have not been notified of the income due to the council for some time. The variance here represents</li> </ul>

Description	Amount £	Variance Reasons
		<p>income still due for 2023/24 and budgeted income due to date for 2024/25 (£46K).</p> <ul style="list-style-type: none"> <li>- Ribblesdale Pool income down, particularly on general admissions (£17k)</li> <li>- Clitheroe Cemetery: Decreased income to date in this demand led service area (£9K)</li> <li>- Building Control: Inflation within the construction industry is impacting on the number of applications being received and there has also been a reduction in the level of income being generated from new build property inspections when compared to previous years. (£12K)</li> </ul>
<b>Oncosts and Recharges Income</b>	<b>45,286</b>	<p>There has been lower levels of cost recovery in the following areas:</p> <ul style="list-style-type: none"> <li>- Vehicle Workshop: due to long-standing staffing vacancies, meaning that it has not been possible to recover all service costs through recharges to other service areas based on the work being undertaken (£17K)</li> <li>- Works Administration: Under recovery of costs as less hours worked due to vacant posts within the team. (£11K)</li> <li>- Stores Oncost: The value of stores issues is lower than forecast (See related lower costs on Diesel under Transport Related Expenditure) which has resulted in a decrease in recovery of oncosts. (£10K).</li> </ul>
<b>TOTAL INCOME VARIANCE</b>	<b>-58,453</b>	
<b>NET VARIANCE</b>	<b>-187,558</b>	

3.5 The key variations from above that are **unlikely** to rectify themselves by the end of the year are:

- staffing vacancies (although there are a number of compensating increased costs around temporary staff, agency staff and consultants).
- reduced energy costs
- lower vehicle fuel costs.

3.6 Looking outside of the Committee Service level budgets, there is a variance on the level of income we are achieving on our investments. As shown elsewhere on the agenda, the position on income earned and budget to the end of July is shown below.

Interest Earned on Investments 2024/2025			
Budget for the full year	Budget to the end of July	Actual to the end of July	Variance
-£1,058,270	-£352,757	-£457,226	-£104,469

3.7 The latest forecast is that the council may potentially achieve investment income for the full year 2024/25 of £1.370m

4 CONCLUSION

- 4.1 There is an overall net underspend to the end of July 2024 of £188K on service committee net expenditure. This underspend position is likely to remain in the areas of staffing vacancies (although there are some compensating areas of increased cost), 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. At the end of July investment income was £104K ahead of budget. It is forecast that the council may potentially earn £1.370m by the end of the year on investment income, which would be £312K more than budgeted.
- 4.3 The overall net underspend/overachievement of income to the end of July can be summarised below:

<b>Variance at the end of July</b>	
<b>£'000</b>	
Committee Net Requirements	-188
Investment Income	-104
<b>Overall Net Variance</b>	<b>-292</b>

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES AND  
DEPUTY CHIEF EXECUTIVE

PF50-24/LO/AC  
29 August 2024