

SUBJECT:	REVENUES AND BENEFITS - FINANCIAL MONITORING QUARTER 3 2022/23
REPORT BY:	CHIEF EXECUTIVE & TOWN CLERK
LEAD OFFICER:	MARTIN WALMSLEY, HEAD OF SHARED REVENUES AND BENEFITS

1. Purpose of Report

- 1.1 To present to Members the third quarter's (ending 31st December 2022) performance for the Revenues and Benefits shared service for 2022/23.

2. Executive Summary

- 2.1 The forecast outturn for 2022/23 predicts that there will be an overspend against the approved budget of £107,405, a deterioration of £74,635 from quarter two, for which further details are contained within paragraph four of this report.

3. Background

- 3.1 The approved budget for 2022/23 was agreed by Shared Revenues and Benefits Joint Committee on 8th February 2022. The Committee set a budget for 2022/23 of £2,516,830 for the service.
- 3.2 At quarter one, the budget was increased to reflect New Burdens grants totalling £22,115, giving a revised budget of £2,538,950.
- 3.3 At quarter two, further new burdens totalling £5,228 were received, as follows:

	CoLC	NK	Total
	£	£	£
Original Budget	1,337,120	1,179,710	2,516,830
New Burdens – Q1 Single Housing Benefit Extract Automation (SHBE)	4,700	4,700	9,400
New Burdens – Q1 Supported and Temporary Accommodation (SA/TA)	4,610	4,610	9,220
New Burdens – Q1 Supported and Temporary Accommodation Change Request (SA/TA CR)	1,750	1,750	3,500
New Burdens – Q2 Scottish Government ADP & SAR Exceptions 2022	2,610	2,610	5,230
REVISED BUDGET	1,350,790	1,193,380	2,544,170

3.4 No further New Burdens were issued in quarter three.

4. Quarter Three Financial Performance and Forecast Outturn 2022/23

4.1 Performance Quarter 3

Financial performance as at the third quarter of 2022/23 is detailed in Appendix 1 to this report. At quarter three, there is an overspend against the approved budget of £73,440, a deterioration of £76,040 since quarter two.

4.2 Forecast Outturn 2022/23

The forecast outturn for 2022/23 predicts that there will be an overspend against the approved budget of £107,405, a deterioration of £74,635 from quarter two. Further details are attached within Appendix 2 of this report.

4.3 A summary of the main forecast year-end variations against the approved budget for 2022/23 is shown in the table below.

4.4 The key factor behind the deterioration in the forecast outturn at quarter three is the impact of the pay award, paid in December 2022, which was significantly higher than the budgeted pay award of 1.75% assumed within the base budget. The total impact across the shared service being £87,100.

4.5 The other key driver of the forecast overspend within the Revenues Local Taxation team is due to additional postage and IT costs as a result of administering the Council Tax Energy Rebate payments. Each Council has received a grant to compensate them for this, along with other administration costs associated with these payments, however these grants sit outside of the shared service budget. For the period 1st April 2022 to 31st December 2022, new burdens grants have been received from Central Government as follows – City of Lincoln £59,673 and North Kesteven £64,514. These additional grants should be taken into consideration when assessing the forecast overspend.

<u>Service Area</u>	<u>£</u>	<u>Reason for variance</u>
R&B Management		
Pay Award	11,660	Impact of pay award against budgeted assumptions.
Overtime	3,130	Additional hours as a result of oversight and management of increased workloads due to Covid-19 and other workstreams.
IT Costs	6,750	Increased cost of NEC Software from Q4 as a result of new contract.
Benefits		
Pay Award	36,750	Impact of pay award against budgeted assumptions.

Salary costs	(25,640)	Vacancy savings pending recruitment.
Overtime	37,050	Additional hours required as a result of vacancies and increased demand due to Covid-19 and increased workloads.
Postage Costs	(29,570)	Reduction in postage costs as a result of changes in distribution.
IT Costs	36,170	New Software requirements, partially funded through New Burdens funding.
New Burdens	(22,120)	Additional grant funding to offset new IT cost pressures.
Revenues Local Taxation		
Pay Award	21,530	Impact of pay award against budgeted assumptions.
Staffing Costs	(44,800)	Vacancy savings pending recruitment.
Overtime	24,170	Additional hours in response to backlog as a result of vacancies and increased workloads due to Covid-19 and CT Energy Rebate administration.
Postage Costs	19,450	Additional costs as a result of increased requirements, offset by NB funding for the CT Energy Rebate administration (outside of the shared service budgets).
IT Costs	25,925	New Software requirements, offset by NB funding for the CT Energy Rebate administration (outside of the shared service budgets).
Benefits/Money Advice		
Pay Award	17,160	Impact of pay award against budgeted assumptions.
Staffing Costs	(6,340)	Vacancy savings as a result of part-time hours.

5. Organisational Impacts

- 5.1 The financial implications are contained throughout the report.
- 5.2 There are no legal implications arising from this report.
- 5.3 There are no equality and diversity implications as a direct result of this report.

6. Risk Implications

- 6.1 A full financial risk assessment is included in the Council's Medium Financial Strategy.

7. Recommendations

- 7.1 Members are recommended to note the actual position at quarter three.

Key Decision No

Do the Exempt Information Categories Apply? No

Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

How many appendices does the report contain? Two

List of Background Papers: None

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Appendix 1 - Actual Position as at Quarter 3 2022/23

	Profiled Budget			Actual YTD			Variance YTD		
	CoLC	NK	Combined	CoLC	NK	Combined	CoLC	NK	Combined
Revenues & Benefits									
Management	140,510	140,510	281,015	146,696	146,696	293,392	6,186	6,186	12,372
Benefits	479,270	349,860	829,135	498,216	360,777	858,993	18,946	10,917	29,863
Revenues Local Taxation	300,520	312,780	613,298	310,724	323,406	634,130	10,204	10,626	20,830
Money Advice	89,640	89,630	179,275	94,824	94,824	189,649	5,184	5,194	10,379
Total 2022/23	1,009,940	892,780	1,902,723	1,050,460	925,704	1,976,164	40,520	32,924	73,444
Grand total							40,520	32,924	73,444

Appendix 2 Forecast Financial Outturn for 2022/23

	Annual Budget			Forecast Outturn			Variance		
	CoLC	NK	Combined	CoLC	NK	Combined	CoLC	NK	Combined
Revenues & Benefits Management	187,300	187,300	374,600	199,770	199,770	399,540	12,470	12,470	24,940
Benefits	643,470	469,730	1,113,200	657,239	479,781	1,137,020	13,769	10,051	23,820
Revenues Local Taxation	400,570	416,910	817,480	423,578	440,867	864,445	23,008	23,957	46,965
Money Advice	119,450	119,440	238,890	125,290	125,280	250,570	5,840	5,840	11,680
Total 2022/23	1,350,790	1,193,380	2,544,170	1,405,877	1,245,698	2,651,575	55,087	52,318	107,405
Grand total							55,087	52,318	107,405