

**SUBJECT: REVENUES AND BENEFITS - FINANCIAL OUTTURN 2022/23**

**REPORT BY: CHIEF EXECUTIVE & TOWN CLERK**

**LEAD OFFICER: MARTIN WALMSLEY, ASSISTANT DIRECTOR SHARED REVENUES AND BENEFITS**

## 1. Purpose of Report

- 1.1 To provide Members with the financial outturn for the Revenues and Benefits shared service for 2022/23.

## 2. Executive Summary

- 2.1 The 2022/23 financial outturn for the Revenues and Benefits shared service resulted in an overspend of £119,915, a variance of 4.6% of the revised budget. This is prior to a recharge for pension strain costs totalling £21,935.38 to be split on a 50/50 basis as agreed between both authorities.

## 3. Background

- 3.1 The approved budget for 2022/23 was agreed by Revenues and Benefits Joint Committee on 8<sup>th</sup> 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, the budget was increased to reflect further new burdens grants totalling £5,228, giving a revised budget of £2,544,170.
- 3.4 No further New Burdens were issued in quarter three.
- 3.5 At quarter four, the budget has been increased by a further £43,290, to reflect additional new burdens grants as detailed in paragraph 3.6.
- 3.6 The budget has been revised as follows:

	<b>CoLC</b>	<b>NK</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Original Budget</b>	<b>1,337,120</b>	<b>1,179,710</b>	<b>2,516,830</b>
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
New Burdens – Q4 Housing Benefit Review (HBR)	240	0	240
New Burdens – Q4 Business Rates	23,120	19,940	43,060
<b>REVISED BUDGET</b>	<b>1,374,150</b>	<b>1,213,320</b>	<b>2,587,470</b>

#### 4. Financial Outturn 2022/23

- 4.1 Financial performance for the year 2022/23 is detailed in Appendix 1 to this report. At outturn, quarter 4, after the application of the above budget adjustments, there is an overspend against the approved budget of £119,915, a deterioration against the forecast overspend of £73,440 as at quarter 3.

The outturn position of £119,915 is prior to agreed recharges for pension strain costs totalling £21,935.38 as detailed in paragraph 2.1.

- 4.2 A summary of the main forecast year-end variations against the approved budget for 2022/23 is shown in the table in paragraph 4.5
- 4.3 The most significant variance against the approved budget 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.
- 4.4 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, a large proportion of which was charged in quarter four. 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. Further new burdens grants were received in March bringing the total grants received from Central Government to; City of Lincoln £166,419 and North Kesteven £175,183. These additional grants should be taken into consideration when assessing the forecast overspend.

#### 4.5 Main variances:

<b><u>Service Area</u></b>	<b><u>£</u></b>	<b><u>Reason for variance</u></b>
<b>R&amp;B Management</b>		
Pay Award	11,710	Impact of pay award against budgeted assumptions.
Overtime	5,380	Additional hours as a result of oversight and management of increased workloads due to Covid-19 and other workstreams.
IT Costs	6,670	Increased cost of NEC Software from Jan-23 as a result of new contract.
<b>Benefits</b>		
Pay Award	36,750	Impact of pay award against budgeted assumptions.
Salary costs	(22,780)	Vacancy savings pending recruitment.
Overtime	37,230	Additional hours required as a result of vacancies and increased demand due to Covid-19 and increased workloads.
Postage Costs	(39,350)	Reduction in postage costs as a result of changes in distribution.
IT Costs	39,400	New Software requirements, partially funded through New Burdens funding.
New Burdens	(22,120)	Additional grant funding to offset new IT cost pressures.
<b>Revenues Local Taxation</b>		
Pay Award	21,530	Impact of pay award against budgeted assumptions.
Staffing Costs	(37,150)	Vacancy savings pending recruitment.
Overtime	27,280	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	77,080	Additional costs as a result of increased requirements, offset by NB funding for the CT Energy Rebate administration (outside of the shared service budgets, see paragraph 4.5).
IT Costs	29,460	New Software requirements, offset by NB funding for the CT Energy Rebate administration (outside of the shared service budgets).
New Burdens	(48,060)	Additional grant funding to offset staffing cost pressures.
<b>Benefits/Money Advice</b>		
Pay Award	17,160	Impact of pay award against budgeted assumptions.
Staffing Costs	(9,470)	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 financial outturn for the Revenues and Benefits shared service for 2022/23.

**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?** One

**List of Background Papers:** None

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## Appendix 1 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	200,032	200,032	400,064	12,732	12,732	25,464
Benefits	643,710	469,730	1,113,440	657,678	479,923	1,137,601	13,968	10,193	24,161
Revenues Local Taxation	423,690	436,850	860,540	451,664	470,099	921,763	27,974	33,249	61,223
Money Advice	119,450	119,440	238,890	123,984	123,974	247,958	4,534	4,534	9,068
<b>Total 2022/23</b>	<b>1,374,150</b>	<b>1,213,320</b>	<b>2,587,470</b>	<b>1,433,358</b>	<b>1,274,027</b>	<b>2,707,385</b>	<b>59,208</b>	<b>60,707</b>	<b>119,915</b>
50% Pension Strain Costs							10,968	10,968	21,935
<b>Grand total</b>							<b>70,176</b>	<b>71,675</b>	<b>141,851</b>