

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO PLANNING AND DEVELOPMENT COMMITTEE

meeting date: 6 JANUARY 2022

title: ORIGINAL REVENUE BUDGET 2022/23

submitted by: DIRECTOR OF RESOURCES

principal author: VALERIE TAYLOR

1 PURPOSE

- 1.1 To agree the draft revenue budget, for consideration at Special Policy and Finance Committee.

2 BACKGROUND - COUNCIL'S OVERALL FINANCIAL POSITION

3 Year Budget Forecast

- 2.1 The Council's three-year budget forecast was presented to Policy and Finance Committee in September. We were awaiting the outcome of the planned review of local government finances reforms and therefore predicting our budget forecast was extremely difficult with any certainty.
- 2.2 Our forecast in September predicted the following budget gaps; £82k in 2022/23, £139k in 2023/24, £230k in 2024/25, after allowing for the use of general fund balances. However since then there have been a number of significant changes affecting our budget.

Changes since the September Forecast

- 2.3 We have seen significant rises in inflation. CPI rose to 4.2% in October from 3.1% the previous month. In November it rose further to 5.1% and the Bank of England now expect it could peak at 6% next April which is three times higher than the target. Consequently the Bank of England announced an increase in interest rates to 0.25% in December. We had allowed for inflationary increases of 2% for pay and 3% for general price increases in the budget forecast which is significantly lower than the current level. Already we are seeing extra inflationary costs of around £300k more than we had allowed for in the forecast in areas such as fuel, energy and utilities.
- 2.4 The Government announced national insurance contributions will increase by 1.25%. For Ribble Valley we anticipate this cost will be around £90k next year.
- 2.5 A new pay line has been agreed and implemented with effect from October 2021. The estimated cost of this is:

	2021/22 Estimate Part year	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Pay line increase	£75k	£296.1k	£369.8k	£412.1k

- 2.6 Following a submission by the staff involved CMT have recently carried out a rescoring of refuse collection driver posts under the Council's job evaluation scheme. The posts have been re-evaluated at grade Scale 5 as opposed to Scale 4. The impact of this would further increase costs by:

	2021/22 Estimate Part year	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Refuse drivers pay increase	£11.5k	£31k	£39k	£47k

- 2.7 On a more positive note, our council tax base has now been calculated at 24,553 which is higher than that allowed for in our budget forecast. We had assumed a 1.5% increase. The actual increase is 2.3% which will result in extra income of £29k each year.

2.8 In summary therefore the budget gap is estimated to increase next year to £497k before any additional growth requests are put forward by service committees. This is set out below.

2022/23	
Estimate	
£	
Extra Inflation costs – at least	
Pay	71k
Prices	62k
Fuel etc	180k
	323k
National Insurance	90k
Refuse Drivers	31k
Council Tax Base increase	-29k
Previous Shortfall	82k
Budget Gap	£497k

3 2022/23 PROVISIONAL LOCAL GOVERNMENT SETTLEMENT

3.1 On 16 December 2021 the Government announced the provisional finance settlement. They have pushed back the review of local government finance another year and announced a one year only settlement. This is the fourth one-year settlement in a row, but it is expected to be the last one before the Government consult on changes to future funding allocations.

3.2 Nationally there is 6.9% increase in Councils' core spending power in cash terms between 2021/22 and next year.

3.3 The headlines for Ribble Valley are

- Our core spending power is set to increase by only 0.2% (£11,000) next year from £6.849m to £6.860m.
- Our Business Rates Baseline funding level is £1.354 which is the same as the current year, however we will receive £111k compensation due to the loss in income we will received due to the freezing of the business rates multiplier.
- We been allocated a small amount of Revenue Support Grant (RSG) of £215 despite RSG increasing nationally by 3.1% for inflation.
- Our Rural Services Delivery Grant will be £113,250 which is the same as the current year
- We will receive an allocation from the Lower Tier Services Grant of £60,754 up from £57,696. We expected this to be a one year only grant last year
- A new one off 2022/23 Services Grant has been announced worth £822m. This is to provide funding for all tiers of local government in recognition of our services and includes the costs of the increase in NI contributions. Ribble Valley will receive £93,368.
- New Homes Bonus (NHB) – The Government have allowed a new round of NHB allocations in respect of 2022/23 which will not attract any future legacy payments. They have also allowed the one remaining legacy payment of £464k which we were aware of and had allowed for. Next year we will therefore receive £741k for 2022/23 along with the legacy payment of £464k ie a total of £1.2m. However we are relying on NHB of £1.1m to fund the revenue budget each year. This seems very much a one year only deal for NHB and it does appear the scheme will end next year.
- The Lancashire Business Rate Pool has received designation to continue.
- We will be allowed to increase our council tax next year by £5

3.4 Factoring the grant settlement into our budget forecast we are better off due to the business rate multiplier compensation (£111k) and the new 2022/23 Services Grant (£93k). We are also better off as a result of the Lower Tier services grant of £60k as we had assumed this was a one year only grant for 2021/22. In total therefore this reduces the budget gap from £497k to £233k.

3.5 We expect there will be transitional protection alongside the implementation of finance reforms going forward. However transitional protection is usually against a council's core spending power. It is important to note the income we receive from business rate growth does not form part of our core spending power. The Government have also made it clear the new one-off 2022/23 Services Grant will not form part of any transitional protection.

4 BUDGET PROCESS

4.1 The fees and charges for this committee were approved at your last meeting, and the consequential impact of these have been incorporated in to the service budgets shown within this report.

4.2 When all committees have approved their detailed estimates the overall position will be considered by Budget Working Group.

4.3 The Budget Working Group will then make recommendations in order to produce a balanced budget for consideration at the Special meeting of Policy and Finance Committee. The final budget report will then be presented to Full Council, at which point the Council Tax for 2022/23 will also be approved.

5 2022/23 DRAFT REVENUE BUDGET

5.1 As far as your budget is concerned, the estimates have been prepared on the current levels of service, and they allow for pay increases at 2% and price increases at 3%.

5.2 Within this report the budget is shown in the same manner in which they are reviewed. Each costs centre within the report is shown individually. Behind each cost centre is a great deal more subjective level detailed budgets, but for the purposes of this report they are summarised in to the standard local government CIPFA Service Reporting Code of Practice basis.

- **Employee Related:** this group includes the cost of employees, both direct and indirect to the council.
- **Premises Related:** this group includes expenses directly related to the running of premises and land.
- **Transport Related:** this group includes all costs associated with the provision, hire or use of transport, including travelling allowances.
- **Supplies and Services:** this group includes all direct supplies and service expenses to the council.
- **Third Party Payments:** a third party payment is a payment to an external provider which is operating independently, in return for the provision of a service.
- **Transfer Payments:** this includes the cost of payments to individuals for which no goods or services are received in return by the local authority. A key item here would be the payment of housing benefits.
- **Support Services:** charges for services that support the provision of services to the public. At this council the main support service cost is the support from staff based at the council offices building and the building's associated cost.
- **Depreciation and Impairment:** this is the revenue impact of capital items shown in the service revenue accounts of the council.
- **Income:** this includes income from fees and charges, grants, donations and contributions. Also shown here is the associated 'income' to a support service from the redistribution of its costs to those providing services to the public.

- 5.3 As you will see, the draft proposed budget for 2022/23 for each service area is also built up looking at a number of stages. The starting point is the base budget, being the Original Estimate for the current financial year. A summary of the various elements is given below.
- **Original Estimate 2021/22:** This represents the base budget for the council and assumes no change in service level from that set for the previous year's original estimate.
 - **Inflation at 2% Pay and 3% Other:** The budget forecast allows for inflation on pay at 2% and prices at 3% (with some exceptions such as grants). This is where that general allowance for inflation is brought into the individual budget areas.
 - **Movements in Expenditure:** This is where any movements in the expenditure budgets for this committee are shown. This excludes movements in support services and Capital, which are shown in separate columns.
 - **Movements in Income:** This is where any movements in the income budgets for this committee are shown.
 - **Movements in Support Services:** Any changes that relate to the recharging of support service costs are included in this column.
 - **Movements in Capital:** Any changes relating to depreciation and impairment are included in this column.
 - **DRAFT Original Estimate 2022/23:** The final column is the total all preceding columns and is constructed from the base budget and any necessary changes to the base that are needed. If approved this will then form the base budget in next year's budget process.

6 SUMMARIES

6.1 The draft budget is summarised in two ways. One over the cost of the service provided by the committee (objective). The other is over the type of expenditure and income (subjective)

a) Cost of the service provided by the committee (Objective)

Cost Centre and Description	Original Estimate 2021/22	Inflation at 2% Pay and 3% Other	Further Movements in Expenditure	Further Movements in Income	Movements in Support Services	Movements in Capital	DRAFT Original Estimate 2022/23
AONBS: Area of Outstanding Natural Beauty	16,150	220	0	0	760	0	17,130
BCFEE: Building Control Fee Earning	23,500	-4,440	-310	-5,330	10,190	0	23,610
BCNON: Building Control Non Fee Earning	74,210	170	0	0	4,160	0	78,540
CINTR: Clitheroe Interchange	7,160	160	-5,500	0	-640	-1,180	0
CONSV: Conservation Areas	8,710	0	0	0	710	0	9,420
COUNT: Countryside Management	54,270	300	0	0	2,410	0	56,980
ECPLA: Economic Development and Planning Dept	0	20,380	55,610	0	-75,990	0	0
LPLAN: Local Plan	250,660	4,200	-67,410	0	1,480	0	188,930
PLANG: Planning Control & Enforcement	30,800	-20,080	-3,990	21,640	69,890	0	98,260
PLANP: Planning Policy	110,510	80	0	0	670	0	111,260
PLSUB: Grants & Subscriptions - Planning	10,790	320	0	0	0	0	11,110
Grand Total	586,760	1,310	-21,600	16,310	13,640	-1,180	595,240
Associated Movements in Earmarked Reserves	-23,500	4,440	310	5,330	-10,190	0	-23,610
Net After Earmarked Reserves	563,260	5,750	-21,290	21,640	3,450	-1,180	571,630

b) Type of Expenditure/Income (Subjective)

	Original Estimate 2021/22	Inflation at 2% Pay and 3% Other	Movements in Expenditure	Movements in Income	Movements in Support Services	Movements in Capital	DRAFT Original Estimate 2022/23
Employee Related Expenditure	948,710	19,200	54,550	0	0	0	1,022,460
Premises Related Expenditure	9,160	270	740	0	0	0	10,170
Transport Related Expenditure	31,300	930	1,360	0	0	0	33,590
Supplies & Services	271,160	8,150	-78,250	0	0	0	201,060
Third Party Payments	7,220	220	0	0	0	0	7,440
Transfer Payments	13,840	0	0	0	0	0	13,840
Support Services	1,387,360	0	0	0	96,290	0	1,483,650
Depreciation and Impairment	6,330	0	0	0	0	-1,180	5,150
Total Expenditure	2,675,080	28,770	-21,600	0	96,290	-1,180	2,777,360
Other Grants and Contributions	0	0	0	0	0	0	0
Customer & Client Receipts	-914,970	-27,460	0	16,310	0	0	-926,120
Departmental Recharges	-1,173,350	0	0	0	-82,650	0	-1,256,000
Total Income	-2,088,320	-27,460	0	16,310	-82,650	0	-2,182,120
Associated Movement in Reserve	-23,500	4,440	310	5,330	-10,190	0	-23,610
Net After Earmarked Reserves	563,260	5,750	-21,290	21,640	3,450	-1,180	571,630

7 EARMARKED RESERVES

- 7.1 In the Original Estimate for 2021/22 this committee planned to take £23,500 from earmarked reserves to support its expenditure in future years. Looking forward to 2022/23, the proposal included in the estimates is that this committee take £23,610 from earmarked reserves.
- 7.2 The table below provides a summary of the DRAFT Original Estimate for 2022/23 together with the budgeted impact on the relevant earmarked reserves. Also detailed is a summary of the reasons for the movements on the earmarked reserves.

	DRAFT Original Estimate 2022/23	Reason for Movement on Earmarked Reserve
Committee Net Cost of Services	595,240	
PLBAL/H234: Building Regulation Reserve	-23,610	Any surplus or deficit on the ringfenced fee-earning element of the Building Control service must be set aside in an earmarked reserve. Any surplus can then be used in future years/off-set against past deficits – or likewise any deficit must then be recovered in future years/off-set against past surpluses. In 2022/23 it is forecast that the service will be in a deficit position, with £23,610 being released from the earmarked reserve to support the service-
Committee Net Cost of Services after Movements on Earmarked Reserves	571,630	

8 KEY VARIATIONS

- 8.1 The net expenditure for this committee has increased from £563,260 by £8,370 to £571,630 after allowing for associated movements on earmarked reserves. The main reasons for this net increase are summarised in the table below.

Description	Variance Original Estimate 2021/22 to DRAFT Original Estimate 2022/23
<p><u>ECPLA: Economic Development and Planning Department</u> The departmental salary, national insurance and superannuation costs are estimated to be £49k above the standard 2% inflation added to the original estimate for the 2022/23 financial year. The budget estimates incorporate changes to the payline approved by Policy and Finance Committee in November 2021 and the cost of the new Health and Social care levy. The additional costs of the pay review for the financial years 2022/23 to 2024/25 are to be funded from the Business Rates Growth earmarked reserve at a corporate level.</p>	49,320

Description	Variance Original Estimate 2021/22 to DRAFT Original Estimate 2022/23
<p><u>LPLAN: Local Plan</u> In January 2020 this Committee approved proposals to establish a budget for progression of the Local Plan, with budget estimates to total £300k plus recharges over a 3-year period. In April 2021 Committee authorised the publication of an updated Local Development Scheme (LDS) that set out the anticipated timeframe for the Local Plan Review. The estimated timing of expenditures has now been reviewed and this budget movement represents an adjustment to the base for estimated costs as they are now expected to fall in the 2022/23 financial year.</p>	-63,210
<p><u>PLANG: Planning Control and Enforcement</u> Net inflation of £5k for this committee includes -£20k in respect of planning fee income. Planning fees are set nationally and no inflationary increase is expected for the 2022/23 financial year. This budget movement therefore removes the standard 3% inflationary increase to the planning income estimates, reverting the estimated income back to the original base budget of £679k per the 2021/22 financial year.</p>	20,370

9 REQUESTS FOR GROWTH ITEMS

- 9.1 The September budget forecast did not allow for any growth items, on the assumption that past policies would continue, in that any growth should be funded from corresponding savings.
- 9.2 Since September there has been growth approved in respect of a change to the council's pay line, to tackle the issues around staff recruitment and retention. This change to the pay-line, as agreed at Policy and Finance Committee in November 2021, has been incorporated into the budgets contained in this report.
- 9.3 There have been a number of other budget growth requests submitted, which have not been included in the budget at this stage, and these are shown at Annex 1. Members are asked to consider these and identify any items that they wish to support. These are summarised in the table below.

Reference	Description	Amount	Recurring or non-Recurring
REVPLA01	Ash Die Back Management Plan - Felling works and replacement planting	7,000	Recurring
REVPLA02	Planning Applications: Biodiversity Net Gain Assessments	4,100	Recurring
		11,100	

10 RISK ASSESSMENT

10.1 The approval of this report may have the following implications

- Resources: approval of the original budget for 2022/23 would see an increase in net expenditure of £8,480 compared with the original budget for 2021/22 or an increase of £8,370 after allowing for movements on earmarked reserves.
- Technical, Environmental and Legal: none identified
- Political: none identified
- Reputation: sound financial planning safeguards the reputation of the Council
- Equality and Diversity – Equality and diversity issues are considered in the provision of all Council services.

11 RECOMMENDED THAT COMMITTEE

11.1 Approve the revenue original estimate for 2022/23 and submit this to the Special Policy and Finance Committee.

11.2 Consider the requests that have been submitted for growth items and identify the ones that are supported.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PD17-21/VT/AC
21 December 21

Ribble Valley Borough Council

REVPLA01

Revenue Growth Request Form - Original Revenue Estimate 2022/23

Requested By

Head of Planning Services

Description of Growth Request**Ash Die Back Management Plan**

Hymenoscyphus fraxineus or more commonly known as Ash Dieback (ADB) has been infecting and killing the United Kingdom's ash tree population from as early as 2004. The Council could potentially lose most of the ash tree population to ADB. Lancashire County Council have written a report that states "as of Summer 2020 it was present in over 60% of the tree stock UK and 96% of Lancashire. Due to the sheer amount of ash trees present this is not only going to make a huge impact to public safety issues in many cases cause unacceptable risks of failures in high target areas but also the local treescape & Amenity Value, Habitat & Biodiversity Value, and public wellbeing. Some trees are showing resilience and the Council are initiating an Action Plan which will enable us to monitor and protect trees where necessary and safe to do so. Please see Committee report ASH DIEBACK ACTION PLAN for more information 21/10/21.

Last year (2020/21) we spent £3,400 on felling 146 Ash trees that were infected by ADB, 15 of which were mature, out of both the RVPRK/2414 (Ribble Valley Parks/ Emergency Tree Works) & COUNT/2880 (Countryside Management/ Tree Management) budgets. As a result of this, insufficient budget remained to be able to carry out other High-Risk tree and woodland health and safety management works that were required in March.

More trees are becoming infected and will require felling/making safe over the next 2-5 years. Extra funding will also be required to replace the felled trees especially the mature trees which will be at a cost of approximately £110.00 species dependant per standard nursery stock tree. Replacement planting is imperative for the reasons outlined above. 3 mature trees and approximately 15 woodland suppressed trees require felling locally at a cost of £1,000, this is being paid out of RVPRK/2414.

Due to these being woodland trees replacement planting may not be necessary as natural regeneration should occur, but this will be monitored. A new Budget of £7,000 is requested, which will not only ensure the Council's Ash population are managed and monitored safely, but also replaced when necessary, to minimise the impact of the fungal disease within the Borough. The Council are continuing to utilise Arboricultural Consultants to survey Council owned trees and woodlands within the existing Budgets when required, but the Council have also invested in a Surface Pro tablet and now includes an asset management system which is enabling the Countryside Officers to carry out surveys initially on the smaller pockets of land and on a reactional basis where trees affected by ADB are reported. There is no external funding available at this time, however there may be tree planting initiatives the Council could take advantage of from the Woodland Trust if suitable areas can be designated.

There is a continuous monitoring of the Council's tree stock which will enable a further assessment of the relevant issues. Support of this bid with the replanting of the trees as appropriate will show a commitment of the Council towards the climate action agenda with the protection and enhancement of the environment.

Will this Growth be for 2022/23 only (NON-RECURRING) or for every year after too (RECURRING)**RECURRING****Environmental Considerations and Green Credentials****Relevance to the Council's policies**

Climate Change Strategy: To support the Objective: 'Protect the environment' and the action 'Review current management regimes on council owned land and implement changes that would benefit biodiversity'

Ash Dieback Action Plan: To support the implementation of the Ash Dieback Action Plan.....see earlier comments

Any other objectives/ policies: The Council are set to lose the majority of Ash trees on Council owned land which will severely impact the number of the Council's amenity assets, which in turn will impact the local Landscape, Treescape & Amenity Value, Habitat & Biodiversity Value, and public wellbeing.

Any Risks that may need to be considered

Trees dying unmanaged and potentially failing on to high targets and high target areas is an unacceptable risk of failure and the Council will be liable. If left unmanaged due to overspending Budgets other trees could fail and dead Ash trees may require crane removal which will increase overall costs.

Breakdown of Growth Request - Income and Expenditure

Increased/Decreased COSTS - Enter decreases with a minus sign		£
PROPOSED ADB FELLING WORKS PER YEAR		4,500
PROPOSED REPLACEMENT PLANTING PER YEAR		2,500
Changes to Revenue Costs		7,000
Increased/Decreased INCOME - Enter increases with a minus sign		£
Changes to Revenue Income		0
Net Revenue Impact of Growth Request		7,000

Requested By

Head of Planning Services

Description of Growth Request

The request is for external advice on planning applications that require assessment of Biodiversity Net Gain (BNG). All relevant planning applications from Winter 2023 will have to provide a Metric Net Gain report which will have to be assessed by experts. The Council will need to obtain expert advice as we do not have an Ecology Officer. Currently some applications already include a BNG and we may need to use existing budgets. However it is anticipated that in excess of 50 applications per annum will require advice, Most Lancashire Councils use Greater Manchester Ecology Unit for advice. The Environment Bill has made BNG mandatory and the National Planning Policy Framework makes it a material consideration so it is critical that it is assessed during determination of relevant applications

Will this Growth be for 2022/23 only (NON-RECURRING) or for every year after too (RECURRING)

RECURRING

Environmental Considerations and Green Credentials

The requirement for Biodiversity Net Gain is a significant Environmental Consideration and would be high on a green credential list by offsetting loss from developments.

Any Risks that may need to be considered

If we do not obtain proper advice decisions made could be challenged by Judicial Review or Local Government Ombudsman with reputational and financial consequences

Breakdown of Growth Request - Income and Expenditure

Increased/Decreased <u>COSTS</u> - Enter <u>decreases</u> with a minus sign		£
A quote from GMEU for advice is £82 per application		4,100
Changes to Revenue Costs		4,100
Increased/Decreased <u>INCOME</u> - Enter <u>increases</u> with a minus sign		£
Changes to Revenue Income		0
Net Revenue Impact of Growth Request		4,100