

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO PLANNING AND DEVELOPMENT COMMITTEE

meeting date: 12 JANUARY 2023
title: REVISED REVENUE BUDGET 2022/23
submitted by: DIRECTOR OF RESOURCES
principal author: VALERIE TAYLOR

1 PURPOSE

- 1.1 To agree a revised revenue budget for 2022/23 for this committee.

2 BACKGROUND

- 2.1 The original estimate for this current financial year was set in March 2022.
- 2.2 As members will be aware, there can be numerous variations to the budget that come to our attention as the year progresses, particularly through the budget monitoring process.
- 2.3 At this time of year we revise the estimates for the current financial year in order to predict the likely outturn. In essence the Revised Estimate is the council's latest forecast for the outturn on the current financial year's budget. This also assists us in preparing the original estimate for the coming financial year.

3 REVISING THE ORIGINAL ESTIMATE

- 3.1 Since the budget was originally set we now have the benefit of information from the outturn position for 2021/22 and the variances that were experienced in that financial year. Furthermore, as we have been monitoring our budgets during the year we can also use this information to inform the revised budget process.
- 3.2 The original budget for 2022/23 included provision for pay increases at 2% and price increases at 3%.
- 3.3 We now know that the Pay Award has been settled at £1,925 per full time employee. It is estimated that this will add £369k to the base budget above what was initially allowed.
- 3.4 The Consumer Prices Index (CPI) is the UK's key inflation statistic, designed to measure changes in the prices of things that consumers regularly purchase. Inflation is calculated by the Office for National Statistics (ONS), which constructs a statistical shopping basket consisting of the hundreds of goods and services bought by a 'typical' household.
- 3.5 The Budget Working Group considered a report earlier in the year which highlighted the impact of inflation on the Council base budget in the current year at that point in time. It has been assumed that these other inflationary costs will add a further £331k to the budget.
- 3.6 Taken together this extra inflation amounted to approx £700k across all committees. As this was an anticipated substantial increase to the current year's base budget, the Original Estimate has been adjusted to reflect this known inflationary increase. For this committee, this means that the Original Estimate 2022/23 is adjusted as shown below:

	Original Estimate 2022/23 £	Further In- Year Inflation £	Adjusted Original Estimate 2022/23 £
EXPENDITURE			
Employee Related	1,024,840	49,060	1,073,900
Premises Related	10,170	-10	10,160
transport related	33,590	1,390	34,980
Supplies and Services	201,060	330	201,390
Third Party Payments	7,440		7,440
Transfer Payments	13,840		13,840
Support Services	1,483,650		1,483,650
Depreciation and Impairment	5,150		5,150
TOTAL EXPENDITURE	2,779,740	50,770	2,830,510
INCOME			
Customer and Client Receipts	-926,120		-926,120
Departmental Recharges	-1,256,000		-1,256,000
TOTAL INCOME	-2,182,120	0	-2,182,120
NET EXPENDITURE	597,620	50,770	648,390
Associated Movements in Earmarked Reserves	-23,610	0	-23,610
NET AFTER EARMARKED RESERVES	574,010	50,770	624,780

- 3.7 Whilst our committee income and expenditure may increase or decrease at the revised estimate, items such as our budgeted core government funding and our council tax precept remain fixed. As a result, any compensating movement is within our earmarked reserves and general fund balances.
- 3.8 In addition to the use of data on past performance there have been detailed discussions with budget holders and heads of service on past service provision and future plans, playing an integral part in the budget setting process.
- 3.9 Furthermore, decisions and actions required as a result of committee meetings are incorporated into the budget setting process, whilst financial implications would likely have already been identified as part of any committee decision.
- 3.10 As part of the setting of the revised estimate, this report is now presented to committee to seek comment and approval. Once approved by this committee, the revised estimate will be reported to Special Policy and Finance Committee.
- 3.11 The proposed revised estimate for this committee is now presented in the following section, with details of the movements that affect this revision being detailed at Annex 1. There are also details of the current actual position as at the end of November against the profiled Original Estimate and alongside the proposed Revised Estimate at Annex 2.

4 PROPOSED REVISED REVENUE BUDGET 2022/23

4.1 A comparison between the Adjusted Original and Revised budgets for each cost centre is shown below, together with the associated movements in earmarked reserves.

Cost Centre and Description	Adjusted Original Estimate 2022/23	Movement in Expenditure	Movement in Income	Movement in Support Services	Movement in Capital Charges	Revised Estimate 2022/23
AONBS: Area of Outstanding Natural Beauty	17,130			1,100		18,230
BCFEE: Building Control Fee Earning	24,100	-3,470	-27,730	-5,910		-13,010
BCNON: Building Control Non Fee Earning	78,980	-1,660		-4,020		73,300
CONSV: Conservation Areas	9,420			30		9,450
COUNT: Countryside Management	56,970	9,530	-8,000	1,280		59,780
ECPLA: Economic Development and Planning Dept	52,800	145,760		-198,560		0
LPLAN: Local Plan	189,390	90,320		14,800		294,510
PLANG: Planning Control & Enforcement	97,310	9,770	244,820	-26,580		325,320
PLANP: Planning Policy	111,180	80		-10,640		100,620
PLSUB: Grants & Subscriptions - Planning	11,110	-270				10,840
Grand Total	648,390	250,060	209,090	-228,500		879,040
Associated Movements in Earmarked Reserves						
PLBAL/H234 Building Regulation Reserve	-23,610	2,980	27,730	5,910		13,010
PLBAL/H336: Planning Reserve	0	-6,820	0	0	0	-6,820
PLBAL/H387: Local Plan Reserve	0	-167,570	0	0	0	-167,570
Net After Movement in Earmarked Reserve	624,780	78,650	236,820	-222,590	0	717,660

4.2 The difference between the revised and original estimate is an increase in net expenditure of £230,650 or an increase in net expenditure of £92,880 after allowing for movements in earmarked reserves.

5 KEY MOVEMENTS FROM ORIGINAL ESTIMATE TO REVISED ESTIMATE

5.1 Within the proposed Revised Estimate there are a number of substantial movements, and these are summarised in the table below. A more detailed analysis of the movements is provided at Annex 1.

Description	Movement from Original Estimate 2022/23 to DRAFT Revised Estimate 2022/23
Additional Inflation added to the Original Estimate in September 2022 to arrive at the Adjusted Original Estimate 2022/23	50,770
<u>BCFEE: Building Control Fee Earning Account</u> Demand for building control services is higher than originally expected and as a result the income estimates for the year have been increased at the draft revised estimate.	-27,730
<u>BCFEE: Building Control Fee Earning Account (Earmarked Reserve)</u> The annual net surplus or deficit from the building control fee earning service is set aside in a separate earmarked reserve under charging regulations. Mainly due to increased demand levels the value to be added to the reserve has increased at the draft revised estimate.	36,620
<u>LPLAN: Local Plan</u> The local plan draft budget has been reprofiled per the revised Local Development Scheme. This has brought about an increase in this year's estimated expenditure for external consultancy services when compared to the original estimate.	88,790
<u>LPLAN: Local Plan (Earmarked Reserve)</u> Release of funds set aside in the local plan reserve on supplies and services that are estimated to be expended to support progression of the local plan during the current financial year.	-167,570
<u>ECPLA: Economic Development and Planning Department</u> There have been increases to the departmental salary, national insurance and superannuation costs as a result of restructures that move the building control section and a Tourism Officer into this department from the Chief Executives and Community Services departments.	202,390
<u>ECPLA: Economic Development and Planning Department</u> Salary, national insurance and superannuation underspends due to vacancies throughout the year, mainly within the planning section.	-61,090

Description	Movement from Original Estimate 2022/23 to DRAFT Revised Estimate 2022/23
<p><u>PLANG: Planning Control & Enforcement</u> Planning application fee income was lower than the original budget estimate by 32% for the period to October. The draft revised estimate assumes that this reduced income level will continue through to the end of the financial year, reducing estimated outturn by £220k.</p>	220,100
<p><u>PLANG: Planning Control & Enforcement</u> Demand for Pre-application advice is lower than that originally estimated and the draft income estimate has been reduced accordingly.</p>	26,220
<p><u>Net support charges</u> Net reduction to estimated support charges at the draft revised estimate that is mainly due to an increase in the cost of the Economic Development and Planning Department.</p>	-222,590

6 CONCLUSION

- 6.1 As mentioned in section 3 of the report, it was recognised earlier in the year that the council was facing significant increases in costs due to inflation and pay increases. For this committee this extra cost was then estimated at £50,770. The Original Estimate was therefore restated from £597,620 to £648,390.

	Original Estimate 2022/23 £	Adjusted Original Estimate 2022/23 £	Revised Estimate 2022/23 £	Movement from Original to Adjusted Original Estimate £	Movement from Adjusted Original to Revised Estimate £	Total Movement from Original to Revised Estimate £
Net Expenditure	597,620	648,390	879,040	50,770	230,650	281,420
Movement in Earmarked Reserves	-23,610	-23,610	-161,380	0	-137,770	-137,770
Net after Movement in Earmarked Reserves	574,010	624,780	717,660	50,770	92,880	143,650

- 6.2 The difference between the Revised and Adjusted Original Estimate is a further increase in net expenditure of £92,880 after allowing for transfers to and from earmarked reserves. This means that the total movement from the true Original Estimate to the Revised Estimate is £281,420, or £143,650 after movements in earmarked reserves.

7 RISK ASSESSMENT

- 7.1 The approval of this report may have the following implications

- Resources: The total movement from the Original Estimate to the Revised Estimate is £281,420, or £143,650 after movements in 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.

8 RECOMMENDED THAT COMMITTEE

- 8.1 Agree the revenue revised estimate for 2022/23.

SENIOR ACCOUNTANT
PD1-23/VT/AC

DIRECTOR OF RESOURCES

For further background information please ask for Valerie Taylor
BACKGROUND PAPERS - None

**PLANNING AND DEVELOPMENT COMMITTEE
VARIANCES FROM ADJUSTED ORIGINAL ESTIMATE TO REVISED ESTIMATE 2022/23**

ANNEX 1

	MOVEMENT IN EXPENDITURE £	MOVEMENT IN INCOME £	MOVEMENT IN SUPPORT SERVICES £	MOVEMENT IN CAPITAL £	TOTAL MOVEMENT £
AONBS: Area of Outstanding Natural Beauty					
Net increase in support service recharges from the Community and Economic Development and Planning departments.			1,100		
Total Area of Outstanding Natural Beauty					1,100
BCFEE: Building Control Fee Earning Account					
Reduction to the estimated cost of tuition fees within the section as professional qualification training is currently being funded from the apprenticeship levy.	-1,760				
Expenditure on car allowance claims is lower than the original budget estimate.	-830				
Reduction to the estimated number of professional subscriptions to be paid this financial year following review.	-710				
Reduction to the estimated cost of other subscriptions following review at revised estimate.	-760				
Expenditure on the authorised refund of building control fees at the date of the review.	860				
Net decrease in support service costs due to changes in cost allocations from the ICT, Chief Executives, Resources and Economic Development & Planning Departments.			-5,910		
Higher demand for building control services for the period to October has increased the draft income estimates for 2022/23.		-27,730			
Total Building Control Fee Earning A/c					-36,840
BCNON: Building Control Non Fee Earning Account					
Expenditure on car allowance claims is lower than the original budget estimate.	-1,660				

PLANNING AND DEVELOPMENT COMMITTEE
VARIANCES FROM ADJUSTED ORIGINAL ESTIMATE TO REVISED ESTIMATE 2022/23

ANNEX 1

	MOVEMENT IN EXPENDITURE £	MOVEMENT IN INCOME £	MOVEMENT IN SUPPORT SERVICES £	MOVEMENT IN CAPITAL £	TOTAL MOVEMENT £
Net decrease in support service costs due to changes in cost allocations from the ICT, Chief Executives, Resources and Economic Development and Planning Departments.			-4,020		
Total Building Control Non Fee Earning A/c					-5,680
COUNT: Countryside Management					
£8k of S106 funds have been released and brought into the estimates as income to pay for related expenditure on works at Whalley Community Woodland.	8,000	-8,000			
A higher number of tree surveys have been undertaken this financial year than estimated in order to bring the rolling programme up to date.	1,530				
Net increase in support service costs due to changes in cost allocations from the Community, Chief Executives, Resources and Economic Development and Planning Departments.			1,280		
Total Countryside Management					2,810
ECPLA: Economic Development and Planning Dept					
There has been an increase to salary estimates of £161k within the Department that are the result of corporate restructures, mainly due to the building control section moving into this department from the Chief Executive's department. This increase has been offset by underspends of £47k on other salary estimates due to departmental vacancies.	113,840				
Net increase to employer national insurance (£8k) and superannuation (£19k) estimates mainly due to the reasons set out above.	27,460				
An increase to the estimated cost of departmental tuition fees following approval for an officer to undertake professional qualification training (that cannot be funded from the apprenticeship levy).	2,220				

PLANNING AND DEVELOPMENT COMMITTEE
VARIANCES FROM ADJUSTED ORIGINAL ESTIMATE TO REVISED ESTIMATE 2022/23

ANNEX 1

	MOVEMENT IN EXPENDITURE £	MOVEMENT IN INCOME £	MOVEMENT IN SUPPORT SERVICES £	MOVEMENT IN CAPITAL £	TOTAL MOVEMENT £
Expenditure on advertising for vacant posts this financial year. The expenditure has been funded from departmental salary vacancy underspends.	9,940				
Cancellation of an annual online subscription following a value for money review.	-4,800				
Net increase in support service costs due to changes in cost allocations from council premises and the ICT, Community, Chief Executives and Resources Departments.			40,720		
An increase to the net cost of the department overall as a result of the reasons listed above and also due to the additional inflation built into the original estimates has increased the recharges out to other service areas.			-239,280		
Total: Economic Development and Planning Department					-49,900
LPLAN: Local Plan					
The 3-year local plan budget of £300k has been reprogrammed at revised estimate in line with the Local Development Scheme. This has brought about an increase in the allocation of consultancy expenditure now expected to fall into the current financial year (to be funded from the local plan reserve).	88,790				
Other estimated expenditures on local plan supplies and services at revised estimate, mainly due to postage costs (to be funded from the local plan reserve).	1,530				
Net increase in support service costs due to changes in cost allocations from the Economic Development and Planning Department.			14,770		
Total: Local Plan					105,090

PLANNING AND DEVELOPMENT COMMITTEE
VARIANCES FROM ADJUSTED ORIGINAL ESTIMATE TO REVISED ESTIMATE 2022/23

ANNEX 1

	MOVEMENT IN EXPENDITURE £	MOVEMENT IN INCOME £	MOVEMENT IN SUPPORT SERVICES £	MOVEMENT IN CAPITAL £	TOTAL MOVEMENT £
PLANG: Planning Control & Enforcement					
Reduction to the estimated cost of maintenance of the planning section copier following review of monthly costs at revised estimate.	-880				
The cost of legal fees and consultancy support in respect of planning appeals and enforcement matters is higher than the original estimate. The increase is to be funded from the planning reserve.	6,770				
There has been an increase in the number of applications for agricultural dwellings/ buildings during the financial year for which professional external advice is required.	2,090				
Expenditure on statutory notices at the date of review was higher than average which has increased the revised estimate for 2022/23.	1,500				
Estimated income to be received this year for officer time spend on the Haweswater project under a Planning Performance Agreement with United Utilities.		-1,500			
Net decrease in support service costs. This is mainly due to changes in cost allocations from the Economic Development and Planning Department that have reduced the recharge by £42k, offset by increases from the Resources and Chief Executive's Departments of £9k and £7k respectively.			-26,580		

PLANNING AND DEVELOPMENT COMMITTEE
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ANNEX 1

	MOVEMENT IN EXPENDITURE £	MOVEMENT IN INCOME £	MOVEMENT IN SUPPORT SERVICES £	MOVEMENT IN CAPITAL £	TOTAL MOVEMENT £
Planning fee income at original estimate was budgeted to be £679k. At the time of the budget review actual income generated for the year to October was just over 32% lower than the budget for the period. It is assumed that this reduced income level will continue for the duration of the financial year. There has been a reduction to the number of major applications as the current local plan sites have been largely delivered on and the cost of living crisis is thought to be impacting on the level of income generated from other lower value applications.		220,100			
There has been lower demand for pre-application advice than the budget estimate.		26,220			
Total Planning Control & Enforcement					227,720
PLANP: Planning Policy					
Net decrease in support service costs due to changes in cost allocations from the Community, Economic Development and Planning, Chief Executives and Resources Departments.			-10,640		
Total Planning Policy					-10,640
Other	-3,070		60		-3,010
Sub-total	250,060	209,090	-228,500	0	230,650
MOVEMENT IN EARMARKED RESERVES					
PLBAL/H336					
Planning Reserve					
Spend on consultants/ legal advice for planning appeals and enforcement matters is higher than that estimated. The increase in the draft budget at revised estimated is to be funded from the planning reserve.	-6,820				-6,820

PLANNING AND DEVELOPMENT COMMITTEE
VARIANCES FROM ADJUSTED ORIGINAL ESTIMATE TO REVISED ESTIMATE 2022/23

ANNEX 1

	MOVEMENT IN EXPENDITURE £	MOVEMENT IN INCOME £	MOVEMENT IN SUPPORT SERVICES £	MOVEMENT IN CAPITAL £	TOTAL MOVEMENT £
PLBAL/H234					
Building Regulation Reserve					
Under charging regulations any surplus/ deficit from building control fee charging activities is held in a separate earmarked reserve. Revisions to draft estimates for 2022/23 have therefore impacted on the anticipated movements in reserve (see BCFEE).	2,980	27,730	5,910		36,620
PLBAL/H387					
Local Plan Reserve					
The Local Plan has an approved budget of £300k excluding recharges. Remaining funds of £271k were set aside in this reserve last financial year to be released as future expenditures occur. This draft estimated movement in reserve represents total budgeted expenditure on supplies and services to support progression of the local plan following review at revised estimate.	-167,570				-167,570
Total Movement in Earmarked Reserves	-171,410	27,730	5,910	0	-137,770
Total Movement	78,650	236,820	-222,590	0	92,880

ACTUAL TO DATE WITH ORIGINAL ESTIMATE AND PROPOSED REVISED ESTIMATE

Cost Centre	Description	Original Estimate to End November	Actual and Commitments to End November	Full Year Original Estimate	Proposed Revised Estimate
AONBS	Area of Outstanding Natural Beauty	0	0	17,130	18,230
BCFEE	Building Control Fee Earning A/c	-118,488	-145,914	24,100	-13,010
BCNON	Building Control Non Fee Earning A/c	5,084	4,965	78,980	73,300
CONSV	Conservation Areas	0	0	9,420	9,450
COUNT	Countryside Management	18,208	24,863	56,970	59,780
ECPLA	Economic Development & Planning Dept	723,809	822,650	52,800	0
LPLAN	Local Plan	51,208	34,814	189,390	294,510
PLANG	Planning Control & Enforcement	-442,781	-255,324	97,310	325,320
PLANP	Planning Policy	1,874	87	111,180	100,620
PLSUB	Grants & Subscriptions-Planning	11,110	10,837	11,110	10,840
Committee Subtotal		250,024	496,978	648,390	879,040
Earmarked Reserves					
PLBAL/ H234	Building Regulation Reserve	118,488	145,914	-23,610	13,010
PLBAL/ H336	Planning Reserve	0	-4,064	0	-6,820
FNBAL/ H387	Local Plan Reserve	-51,208	-34,814	0	-167,570
Subtotal Earmarked Reserves		67,280	107,036	-23,610	-161,380
Total		317,304	604,014	624,780	717,660