

# RIBBLE VALLEY BOROUGH COUNCIL

## REPORT TO ECONOMIC DEVELOPMENT COMMITTEE

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meeting date: 26 JANUARY 2023  
 title: ORIGINAL REVENUE BUDGET 2023/24  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: HELEN SEEDALL

### 1 PURPOSE

- 1.1 To agree the draft revenue budget for 2023/24, for consideration at Special Policy and Finance Committee.

### 2 BACKGROUND - COUNCIL'S OVERALL FINANCIAL POSITION

#### **3 Year Budget Forecast**

- 2.1 The budget forecast was presented to Policy and Finance Committee in September. The forecast took into account our knowledge at the time of;

- Covid19
- Changes to the prime minister and the ministerial team
- Changes to our key funding streams
- Cost of living crisis and impact on demand for our services
- Fast moving inflation

#### **Potential Recession and Impact on our Income Levels**

- 2.2 The forecast predicted a budget gap of;

£	
2023/24	1,040,966
2024/25	1,394,296
2025/26	2,412,914

- 2.3 Since the forecast was prepared we have seen;
- Another new prime minister and ministerial team
  - Further increases in inflation
  - Further increases in interest rates
  - Further increase in energy costs

#### **Provisional Local Government Finance Settlement**

- 2.4 On 19 December 2022 the Government announced the Provisional Finance Settlement after a week earlier producing a Policy Statement which set out the Government's intention for local government finance over the next two years.

- 2.5 The main points of the Policy Statement as far as we concerned were;
- Revenue Support Grant will increase in line with CPI (10.1% in September)
  - Council Tax – the referendum threshold for shire districts will be 3% or £5 whichever is greater

- Rural Services Delivery Grant will be unchanged
- The Services Grant will reduce in 2023/24 to reflect the national insurance contribution increase being abolished
- New Homes Bonus will continue in 2023/24 but without legacy payments
- The Lower Tier Services Grant will be repurposed together with a proportion of the NHB legacy payments to create a new one off funding guarantee grant to ensure all Council's receive at least a 3% increase in Core Spending Power before any decision on Council Tax.

2.6 In the Policy Statement the Government notes the increase in some local authority reserves over the two years of the pandemic. It encourages "local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account, of course, of the need to maintain appropriate levels of reserves to support councils' financial sustainability and future investment."

2.7 The table below shows the assumption made in the Budget Forecast compared with the Provisional Settlement.

	2023/24 Budget Forecast	Provisional Settlement
Council Tax Income (based on £5/£10 inc)	4,232,861	4,138,936
Business Rates Baseline Funding	1,422,113	1,405,077
Transition Grant	695,411	0
New one-off Funding Guarantee	0	788,858
Revenue Support Grant	215	48,588
Less rolled in grants: <i>Council tax annexe discount</i> <i>Local Council Tax Support Admin Subsidy</i>	0	-46,310
New Homes Bonus	420,000	506,197
Rural Services Delivery Grant	118,913	113,250
Lower Tier Services Grant	65,058	0
Services Grant	0	52,612
	<b>6,954,571</b>	<b>7,007,208</b>

2.8 Overall our funding is broadly the same albeit slightly higher (£53,000) than our forecast in September

2.9 However a significant concern is that the new Funding Guarantee is described as a one off grant. Our forecast had assumed we would receive protection via a transition grant each year. This adds considerably more uncertainty to our future financial position and something that will be factored in when we produce an updated 3 year Budget Forecast later in the budget cycle.

2.10 Policy and Finance Committee, when considering our budget forecast, had already recognised that we would have to rely on our reserves in the interim in order to meet our budget deficit. They also recommended that;

- Committees in reviewing their estimates should find savings where possible

- Committees should increase fees and charges in line with the CPI in September (10.1%).

### 3 BUDGET PROCESS

- 3.1 Following a great deal of in-depth service analysis and meetings with regard to this committee's budgets by the council's accountants, budget holders, heads of service and management team, a proposed draft budget is now presented to members. This budget is agreed as that which best reflects the services of this committee for the next financial year.
- 3.2 Presented elsewhere on the agenda for decision are the proposed fees and charges for 2023/24. The consequential impact of these fees and charges have been incorporated into the service budgets shown within this report, and as such this report assumes that they will be approved by committee.
- 3.3 When all committees have approved their detailed estimates the overall position will be considered by Budget Working Group.
- 3.4 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 2023/24 will also be approved.

### 4 2023/24 DRAFT REVENUE BUDGET

- 4.1 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 5% and price increases at 7.5% and income at 5%.
- 4.2 The base budget for these inflationary increases has been the Adjusted Original Estimate as referred to in your previous report on the Revised Estimate. This Adjusted Original Estimate brings in the known inflationary adjustments that have already been seen on the 2022/23 Original Estimate. For this committee, the impact of these adjustments to the base budget is minimal.
- 4.3 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 costs centre is a great deal more subjective level detailed budgets, but for the purposes of this report they are summarised into the standard local government CIPFA Service Reporting Code of  
  - **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

4.4 As you will see, the draft proposed budget for 2023/24 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.

- **Adjusted Original Estimate 2022/23:** 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 5% Pay, 7.5% Prices and 5% Income:** The budget forecast allows for inflation on pay at 5%, prices at 7.5% (with some exceptions such as grants) and initially income at 5% in line with the September budget forecast. This is where that general allowance for inflation is brought in to the individual budget
- **Savings:** Here any savings or additional income that is identified from past service experience or trends would be brought in to the budget to adjust the
- **Variation to Standard Budgeted Inflation %:** Inevitably, as we undertake detailed work on the budget it becomes evident that there are some items of income or spend that experience a greater or lower level of inflation. This is where we adjusted for those differing levels of inflation. An example is energy costs. Also included here is the further increase to fees and charges as recommended by Policy and Finance Committee - bringing in an overall increase to fees and charges in line with CPI of 10.1% (5% of which is shown
- **Unavoidable Changes to Service Costs:** This relates to changes to a service, for example where costs are demand driven.
- **Support Services:** Any changes that relate to the recharging of support service costs are included in this column.
- **Capital:** Any changes relating to depreciation and impairment are included in this column
- **DRAFT Original Estimate 2023/24:** The final column is the total of 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.

- 4.5 Detailed in the following section of the report are the individual budget areas under this committee. Shown are the movements from the 2022/23 Adjusted Original Estimate, to the DRAFT Original Estimate for 2023/24. Comments are also provided on the main variances.

5 COMMITTEE SERVICE ESTIMATES

5.1 **Cost Centre and Description** ALBNM: Albion Mill

The Council leases industrial units at Albion Mill, Clitheroe and sublets these to tenants

	Adjusted Original Estimate 2022/23	Inflation at 5% Pay, 7.5% Prices and 5% Income	Savings	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2023/24
<b>Premises Related Expenditure</b>	33,120	2,480						35,600
<b>Supplies &amp; Services</b>	1,980	150						2,130
<b>Support Services</b>	4,790	0				-1,160		3,630
<b>Total Expenditure</b>	<b>39,890</b>	<b>2,630</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,160</b>	<b>0</b>	<b>41,360</b>
<b>Customer &amp; Client Receipts</b>	-39,550	-1,980			350			-41,180
<b>Total Income</b>	<b>-39,550</b>	<b>-1,980</b>	<b>0</b>	<b>0</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>-41,180</b>
<b>Net Expenditure</b>	<b>340</b>	<b>650</b>	<b>0</b>	<b>0</b>	<b>350</b>	<b>-1,160</b>	<b>0</b>	<b>180</b>
<b>ALBNM: Albion Mill</b>								
<b>Commentary on Substantial Budget Changes</b>								
<b><u>Support Services</u></b>								
Decrease in support service costs mainly due to a reduction in estimated time to be spent in this area by officers of Economic Development and Planning.								

5.3 **Cost Centre and Description**      CFDFT: Clitheroe Food Festival

The Council had sole responsibility for the 2022 Food Festival event, which will continue in 2023. The event is organised by Council officers with help from staff who work on the day undertaking various roles and volunteers. The budget below reflects the net cost of the event.

The Clitheroe Food Festival contributes to our promotion of the area as a tourist destination and our economic development role.

For 2023/24, this service is transferred from the council's Community Services Committee to Economic Development Committee

	Adjusted Original Estimate 2022/23	Inflation at 5% Pay, 7.5% Prices and 5% Income	Savings	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2023/24
Employee Related Expenditure	0	0			7,880			7,880
Premises Related Expenditure	0	0			3,020			3,020
Transport Related Expenditure	0	0			15,420			15,420
Supplies & Services	0	0			25,950			25,950
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52,270</b>	<b>0</b>	<b>0</b>	<b>52,270</b>
Other Grants and Contributions	0	0			-5,000			-5,000
Customer & Client Receipts	0	0			-22,370			-22,370
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-27,370</b>	<b>0</b>	<b>0</b>	<b>-27,370</b>
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,900</b>	<b>0</b>	<b>0</b>	<b>24,900</b>

**CFDFT: Clitheroe Food Festival**

**Commentary on Substantial Budget Changes**

**Expenditure and Income**

Transfer from Community Services Committee all budgeted costs and income relating to the 2023 Food Festival.

5.2 **Cost Centre and Description** INDDV: Economic Development

This budget covers costs for economic development and regeneration works, including projects, partnership work and joint working, to support, maintain and enhance the local community.

	<b>Adjusted Original Estimate 2022/23</b>	<b>Inflation at 5% Pay, 7.5% Prices and 5% Income</b>	<b>Savings</b>	<b>Variation to Standard Budgeted Inflation %</b>	<b>Unavoidable Changes to Service Costs</b>	<b>Support Services</b>	<b>Capital</b>	<b>DRAFT Original Estimate 2023/24</b>
<b>Premises Related Expenditure</b>	0	0			280			280
<b>Supplies &amp; Services</b>	22,150	1,660						23,810
<b>Support Services</b>	217,140	0				-30,160		186,980
<b>Total Expenditure</b>	<b>239,290</b>	<b>1,660</b>	<b>0</b>	<b>0</b>	<b>280</b>	<b>-30,160</b>	<b>0</b>	<b>211,070</b>
<b>Net Expenditure</b>	<b>239,290</b>	<b>1,660</b>	<b>0</b>	<b>0</b>	<b>280</b>	<b>-30,160</b>	<b>0</b>	<b>211,070</b>

**INDDV: Economic Development**

**Commentary on Substantial Budget Changes**

**Support Services**

Decrease in support service costs mainly due to a reduction in estimated time to be spent on economic development activities by officers of Economic Development and Planning.



5.3 **Cost Centre and Description**      TURSM: Tourism and Events

The budget covers marketing the Ribble Valley as a visitor destination by promoting the borough at various trade fairs and events, for example wedding fairs and travel shows. The production of key publications (both online and in print) such as the visitors guide and Ribble Valley Wedding Heaven also fall within this service area.

	Adjusted Original Estimate 2022/23	Inflation at 5% Pay, 7.5% Prices and 5% Income	Savings	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2023/24
Premises Related Expenditure	0	0						0
Transport Related Expenditure	80	10						90
Supplies & Services	32,270	2,410						34,680
Support Services	88,120	0				11,000		99,120
<b>Total Expenditure</b>	<b>122,580</b>	<b>2,530</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,000</b>	<b>0</b>	<b>136,110</b>
Government Grants	-1,900	0			1,900			0
Customer & Client Receipts	-3,520	-180						-3,700
<b>Total Income</b>	<b>-5,420</b>	<b>-180</b>	<b>0</b>	<b>0</b>	<b>1,900</b>	<b>0</b>	<b>0</b>	<b>-3,700</b>
<b>Net Expenditure</b>	<b>117,160</b>	<b>2,350</b>	<b>0</b>	<b>0</b>	<b>1,900</b>	<b>11,000</b>	<b>0</b>	<b>132,410</b>

**TURSM: Tourism and Events**

**Commentary on Substantial Budget Changes**

**Support Services**

Increased support service costs mainly due to an increase in costs of the Economic Development & Planning department along with an estimated increase in time allocations of staff charged to this area.

**Government Grants**

The Kickstart scheme that was used to fund work placements for young unemployed people for six months has ended, therefore funding is no longer being received.

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)

Cost Centre and Description	Adjusted Original Estimate 2022/23	Inflation at 5% Pay, 7.5% Prices and 5% Income	Savings	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2023/24
ALBNM: Albion Mill	340	650			350	-1,160		180
CFDFT: Clitheroe Food Festival	0	0			24,900			24,900
INDDV: Economic Development	239,290	1,660			280	-30,160		211,070
TURSM: Tourism and Events	117,160	2,350			1,900	11,000		132,410
<b>Grand Total</b>	<b>356,790</b>	<b>4,660</b>			<b>27,430</b>	<b>-20,320</b>		<b>368,560</b>

**b) Type of Expenditure/Income (Subjective)**

	<b>Adjusted Original Estimate 2022/23</b>	<b>Inflation at 5% Pay, 7.5% Prices and 5% Income</b>	<b>Savings</b>	<b>Variation to Standard Budgeted Inflation %</b>	<b>Unavoidable Changes to Service Costs</b>	<b>Support Services</b>	<b>Capital</b>	<b>DRAFT Original Estimate 2023/24</b>
<b>Employee Related Expenditure</b>	2,110	110			7,880			10,100
<b>Premises Related Expenditure</b>	33,120	2,480			3,300			38,900
<b>Transport Related Expenditure</b>	80	10			15,420			15,510
<b>Supplies &amp; Services</b>	56,400	4,220			25,950			86,570
<b>Support Services</b>	310,050	0				-20,320		289,730
<b>Total Expenditure</b>	<b>401,760</b>	<b>6,820</b>	<b>0</b>	<b>0</b>	<b>52,550</b>	<b>-20,320</b>	<b>0</b>	<b>440,810</b>
<b>Government Grants</b>	-1,900	0			1,900			0
<b>Other Grants and Contributions</b>	0	0			-5,000			-5,000
<b>Customer &amp; Client Receipts</b>	-43,070	-2,160			-22,020			-67,250
<b>Total Income</b>	<b>-44,970</b>	<b>-2,160</b>	<b>0</b>	<b>0</b>	<b>-25,120</b>	<b>0</b>	<b>0</b>	<b>-72,250</b>
<b>Net Expenditure</b>	<b>356,790</b>	<b>4,660</b>	<b>0</b>	<b>0</b>	<b>27,430</b>	<b>-20,320</b>	<b>0</b>	<b>368,560</b>

## 7 KEY VARIATIONS

- 7.1 The net expenditure for this committee has increased by £10,670. The main reasons for this net increase are summarised in the table below.

Description	Movement from Original Estimate 2022/23 to DRAFT Original Estimate 2023/24
<b>CFDFT - Clitheroe Food Festival</b> Transfer from Community Services Committee all budgeted costs and income relating to the 2023 Food Festival.	24,900
<b>INDDV - Economic Development</b> Decrease in support service costs mainly due to a reduction in estimated time to be spent on economic development activities by officers of the Economic Development and Planning Services.	-30,160
<b>TURSM - Tourism and Events</b> Increase in support service costs mainly due to an increase in costs of Economic Development & Planning Services along with an estimated increase in time allocations of staff charged to Tourism and Events.	11,000

## 8 CONCLUSION

- 8.1 As mentioned in section 4.2 of the report and Section 3 of the Revised Estimate report, it was recognised earlier in the 2022/23 financial year that the council was facing significant increases in costs due to inflation and pay increases. For this committee there was a small net decrease in the budget based on the movement of items within CPI. The net reduction was £1,100. The Original Estimate was therefore restated from £357,890 to £356,790.

	Original Estimate 2022/23 £	Adjusted Original Estimate 2022/23 £	Original Estimate 2023/24 £	Movement from Original to Adjusted Original Estimate 2022/23 £	Movement from Adjusted Original Estimate 2022/23 to Original Estimate 2023/24 £	Total Movement from Original Estimate 2022/23 to Original Estimate 2023/24 £
Net Expenditure	357,890	356,790	368,560	-1,100	11,770	<b>10,670</b>
Movement in Earmarked Reserves	0	0	0	0	0	<b>0</b>
<b>Net after Movement in Earmarked Reserves</b>	<b>357,890</b>	<b>356,790</b>	<b>368,560</b>	<b>-1,100</b>	<b>11,770</b>	<b>10,670</b>

8.2 The difference between the Original Estimate 2023/24 and Adjusted Original Estimate 2022/23 is an increase in net expenditure of £11,770. This means that the net total movement from the true Original Estimate 2022/23 to the Original Estimate 2023/24 is £10,670.

## 9 RISK ASSESSMENT

9.1 The approval of this report may have the following implications

- Resources: Approval of the original budget for 2023/24 would see a net increase in net expenditure of £10,670 compared with the original budget for 2022/23.
- 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.

## 10 RECOMMENDED THAT COMMITTEE

10.1 Approve the revenue original estimate for 2023/24 and submit this to the Special Policy and Finance Committee.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

ED4-23/HS/AC  
17 January 2023

For further background information please ask for Helen Seedall  
BACKGROUND PAPERS - None