

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO PLANNING AND DEVELOPMENT COMMITTEE

meeting date: 7 JANUARY 2021
title: REVISED REVENUE BUDGET 2020/21
submitted by: DIRECTOR OF RESOURCES
principal author: VALERIE TAYLOR

1. PURPOSE

- 1.1. To agree a revised revenue budget for 2020/21 for this committee.

2. BACKGROUND

- 2.1. The original estimate for this current financial year was set in March 2020.
- 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.
- 2.4. The budget this year has been particularly impacted by the Covid-19 pandemic. The pandemic has also brought about wider pressures on service resources to the extent that there has been a lighter touch review of the budgets this year, and the reporting this year is at a higher level than that usually provided.
- 2.5. Any impacts on fees and charges due to Covid-19 will be included within this committee's estimates. This also includes the estimated part funding towards these losses from the government towards such losses. Other Covid-19 response costs have been included under Policy and Finance committee as corporate emergency response costs.

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 2019/20 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 2020/21 included provision for pay increases at 3% and price increases at 2%.
- 3.3. 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.
- 3.4. In addition to the use of data on past performance there have been discussions with budget holders and heads of service on past service provision and future plans. However, as previously highlighted, there has been a lighter touch review of the budgets this year due to Covid-19.
- 3.5. Furthermore, decisions and actions required as a result of committee meetings are incorporated in to the budget setting process, whilst financial implications would likely have already been identified as part of any committee decision.

3.6. 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.

3.7. The proposed revised estimate for this committee is now presented in the following section. 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 1.

4. PROPOSED REVISED REVENUE BUDGET 2020/21

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

Cost Centre and Description	Original Estimate 2020/21	Movement in Expenditure	Movement in Income	Movement in Support Services	Movement in Capital Charges	Revised Estimate 2020/21
AONBS: Area of Outstanding Natural Beauty	15,720	0	0	360	0	16,080
BCFEE: Building Control Fee Earning	16,150	-2,230	-10	-17,760	0	-3,850
BCNON: Building Control Non-Fee Earning	69,240	-500	680	-10,950	0	58,470
CINTR: Clitheroe Integrated Transport Scheme	7,360	-5,340	0	-650	0	1,370
CONSV: Conservation Areas	8,510	0	0	460	0	8,970
CORES: Core Strategy	0	2,000	0	0	0	2,000
COUNT: Countryside Management	53,050	-5,070	0	1,560	0	49,540
ECPLA: Economic Development and Planning Dept	0	-72,190	0	72,190	0	0
LPLAN: Local Plan	304,160	-135,000	0	-26,540	0	142,620
PENDU: Pendle Hill User Group	0	2,180	0	0	0	2,180
PLANG: Planning Control & Enforcement	-21,600	-2,000	92,390	-13,350	0	55,440
PLANP: Planning Policy	107,370	-1,600	0	-6,590	0	99,180
PLSUB: Grants & Subscriptions - Planning	10,580	0	0	0	0	10,580
PRIML: Primrose Lodge	0	0	-48,670	0	0	-48,670
Grand Total	570,540	-219,750	44,390	-1,270	0	393,910

Cost Centre and Description	Original Estimate 2020/21	Movement in Expenditure	Movement in Income	Movement in Support Services	Movement in Capital Charges	Revised Estimate 2020/21
Associated Movements in Earmarked Reserves						
PLBAL/H336 Planning Reserve (Core Strategy)	0	-2,000	0	0	0	-2,000
PLBAL/H330 Capital Reserve (PLANG)	0	0	2,500	0	0	2,500
PLBAL/H330 Capital Reserve (PRIML)	0	0	48,670	0	0	48,670
PLBAL/H234 Building Regulation Reserve	-16,150	2,230	10	17,760	0	3,850
PLBAL/H273 Pendle Hill User Reserve	0	-2,180	0	0	0	-2,180
PLBAL/H376 Business Rates Growth Reserve	0	-1,990	0	0	0	-1,990
Net After Movement in Earmarked Reserve	554,390	-223,690	95,570	16,490	0	442,760

4.2. The difference between the revised and original estimate is a decrease in net expenditure of £176,630 or a decrease in net expenditure of £111,630 after allowing for movements on earmarked reserves.

5. EARMARKED RESERVES

5.1. In the Original Estimate for 2020/21 this committee planned to transfer £16,150 out of earmarked reserves to support its net expenditure. In revising this committee's estimates, the proposal included here is that this committee add £48,850 to earmarked reserves.

5.2. The table below provides a summary of the DRAFT Revised Estimate for 2020/21 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 Revised Estimate 2020/21	Reason for Movement on Earmarked Reserve
Committee Net Cost of Services	393,910	
PLBAL/H336 Planning Reserve (Core Strategy)	-2,000	Release of funds set aside in the Planning reserve in 2019/20 for final expenditure on the Strategic Housing and Economic Needs Assessment that took place in the current financial year.

	DRAFT Revised Estimate 2020/21	Reason for Movement on Earmarked Reserve
PLBAL/H330 Capital Reserve (PLANG)	2,500	Trade in of old equipment within the Planning department upon completion of the new plotter/ copier capital scheme this year. The credit received for the equipment has been transferred to the capital reserve to contribute towards the funding of future capital schemes.
PLBAL/H330 Capital Reserve (PRIML)	48,670	Section 106 monies spent on the primrose lodge capital scheme during 2020/21 have been released and recognised as income within this Committee. The income has been moved to the capital earmarked reserve in order to finance the capital expenditure which has taken place on the scheme during the year.
PLBAL/H234 Building Regulation Reserve	3,850	Under charging regulations any surplus/deficit from building control fee charging activities is held in a separate earmarked reserve. This year activities are estimated to make a net profit and accordingly this movement represents the contribution to the earmarked reserve.
PLBAL/H273 Pendle Hill User Reserve	-2,180	Request from Pendle Hill Advisory Group to transfer residual funds held in this reserve to Champion Bowland, a registered charity that works closely with the AONB, to form part of a fund that is being established to maintain improvements brought about following the end of the Pendle Hill Landscape Partnership project in 2022.
PLBAL/H376 Business Rates Growth Reserve	-1,990	Contribution from earmarked reserve towards the increased cost of the council's Microsoft licenses renewal. Approved by Emergency Committee in June 2020 when options following a tendering exercise were presented for consideration.
Committee Net Cost of Services after Movements on Earmarked Reserves	442,760	

6. KEY MOVEMENTS FROM ORIGINAL ESTIMATE TO REVISED ESTIMATE

6.1 Within the proposed Revised Estimate there are a number of substantial movements, and these are summarised in the table below. The variances shown are prior to movements in earmarked reserves.

Description	Variance Original Estimate 2020/21 to
<p>LPLAN: Local Plan</p> <p>Work on the local plan has been delayed this year as a result of the diversion of staff resources to the Covid 19 response. The Pandemic also introduced delays in working with suppliers to progress commissioning.</p> <p>A key piece of work for this year is the commissioning of the Sustainability Consultancy which was due to be commissioned at the end of August. This commission has been held, due to the government publishing its proposals to reform the planning system, the implications of which need to be considered in terms of overall time-frames and avoiding the risk of undertaking abortive work for the local plan.</p> <p>It is now expected that spend will progress in the new calendar year, but as a result of the delays experienced the spend profile in the current financial year has reduced.</p>	-135,000
<p>PLANG: Planning Control and Enforcement</p> <p>Planning income has been impacted by the coronavirus pandemic and subsequent slowdown in the economy, which has resulted in a significant variance to the amount of income received for the period to November when compared with the original estimate.</p> <p>Income estimates have now been revised down for the year by £246k for planning fees and £16k for pre-application advice fees and includes the assumption that income for the December to March period will be 30% lower than originally estimated.</p> <p>In September, Central Government launched the Local Government income compensation scheme for lost income from sales, fees and charges as a result of COVID-19. A budget has been brought in as an estimate for the net amount claimable in respect of the above lost income.</p>	262,710 -169,040
<p>COUNT: Countryside Management</p> <p>A budget of £13.5k for the year is available to support projects aimed at conserving, enhancing and protecting the countryside and natural environment. There isn't currently a formal grant scheme in operation, with requests for funding brought to committee on an ad-hoc basis following receipt of applications for support.</p> <p>Following review of the current budget position it is estimated that the fund will underspend this year and the budget has been reduced down to £8.5k to reflect this.</p>	-5,070

Description	Variance Original Estimate 2020/21 to
<p>PRIML: Primrose Lodge</p> <p>This budget movement is to allow for the release of final section 106 monies for use on the Primrose Lodge capital scheme. There is an associated movement in earmarked reserves to transfers the funds to the capital earmarked reserve to finance the final expenditure on the capital scheme during the 2020/21 financial year. After this movement in reserves the net budget variance in this area is nil.</p>	-48,670
<p>ECPLA: Economic Development and Planning Department</p> <p>Council staffing budgets at original estimate assume an average vacancy saving of 4% across the council on estimated costs. Actual vacancy savings within the Economic Development and Planning Department have exceeded those built into the budget, bringing about an underspend for the year.</p> <p>Following a full analysis at revised estimate of year to date expenditure and estimated recruitment timescales the budget estimates have been reduced.</p>	-68,540
<p>CINTR: Clitheroe Integrated Transport Scheme</p> <p>A budget had been set aside for the annual contribution to Lancashire County Council towards the running costs of the Clitheroe Interchange. The contribution is no longer required following LCC's decision to withdraw the service during the 2019/20 financial year and as such the budget has been removed at revised estimate for the current year.</p>	-5,340

7. CONCLUSION

- 7.1. There has been a substantial impact on the committee's budget this year due to Covid-19 and the impact on income levels from planning fees. This has been partly compensated for through the receipt of government grant, received for this purpose.
- 7.2. The publication of the government's proposals to reform the planning system have also impacted on the Local Plan spend, resulting in a sizeable variance in this service area this year. The budget allows for the reprogrammed timetable for work on the local plan.
- 7.3. The difference between the revised and original estimate is a decrease in net expenditure of £111,630 after allowing for transfers to and from earmarked reserves. The main reason for this position is the reprogramming of the local plan spend in to 2021/22, without which committee would have shown an increase of costs after earmarked reserves of £23,370.

8. RISK ASSESSMENT

- 8.1. The approval of this report may have the following implications
 - Resources: approval of the revised estimate would see a decrease in net expenditure of £176,630, or £111,630 after 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.

9. RECOMMENDED THAT COMMITTEE

9.1. Agree the revenue revised estimate for 2020/21.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PD1-21/VT/AC
January 2021

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	15,720	16,080
BCFEE	Building Control Fee Earning A/c	-107,100	-111,510	16,150	-3,850
BCNON	Building Control Non-Fee Earning A/c	4,860	4,580	69,240	58,470
CINTR	Clitheroe Integrated Transport Scheme	5,340	0	7,360	1,370
CONSV	Conservation Areas	0	0	8,510	8,970
CORES	Core Strategy	0	2,000	0	2,000
COUNT	Countryside Management	23,200	16,630	53,050	49,540
ECPLA	Economic Development & Planning Dept	647,230	585,570	0	0
LPLAN	Local Plan	126,700	50	304,160	142,620
PENDU	Pendle Hill User Group	0	2,180	0	2,180
PLANG	Planning Control & Enforcement	-442,810	-259,270	-21,600	55,440
PLANP	Planning Policy	1,790	0	107,370	99,180
PLSUB	Grants & Subscriptions-	10,580	10,380	10,580	10,580
PRIML	Primrose Lodge	0	-48,670	0	-48,670
Committee Subtotal		269,790	201,940	570,540	393,910
Earmarked Reserves					
PLBAL/ H234	Building Regulation Reserve	107,100	111,510	-16,150	3,850
PLBAL/ H336	Planning Reserve (CORES)	0	-2,000	0	-2,000
PLBAL/ H376	Business Rates Growth Reserve	0	-1,990	0	-1,990

Cost Centre	Description	Original Estimate to End November	Actual and Commitments to End November	Full Year Original Estimate	Proposed Revised Estimate
PLBAL/ H273	Pendle Hill User Reserve	0	-2,180	0	-2,180
FNBAL/ H330	Capital Reserve (PLANG)	0	2,500	0	2,500
FNBAL/ H330	Capital Reserve (PRIML)	0	48,670	0	48,670
Subtotal Earmarked Reserves		107,100	156,510	-16,150	48,850
Committee Total after Transfers to / from(-) Earmarked Reserves		376,890	358,450	554,390	442,760