

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ECONOMIC DEVELOPMENT COMMITTEE

meeting date: 25 JANUARY 2024

title: ORIGINAL REVENUE BUDGET 2024/25

submitted by: DIRECTOR OF RESOURCES

principal author: HELEN SEEDALL

1 PURPOSE

- 1.1 To agree the draft revenue budget for 2024/25, 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. At that time you will recall we were still awaiting the outcome of the long anticipated reforms to local government finances. Therefore predicting our budget forecast with any certainty continued to be extremely difficult.
- 2.2 Our forecast in September predicted the following budget gaps; £877k in 2024/25, £2.261m in 2025/26, £2.740m in 2026/27, after allowing for the use of general fund balances. The biggest factors affecting our forecast then were:
- Threat of losing New Homes Bonus.
 - Assumption that the 'One-off Funding Guarantee' was indeed a one-off for 2023/24.
 - What level interest rates and inflation would be over the life of the forecast.

Changes since the September forecast

- 2.3 The Government's Policy Statement on Local Government Finance was published on 5 December 2023. They announced that all councils would receive an increase in Core Spending Power next year of at least 3%. This will be achieved by continuing the One-Off Funding Guarantee where required. This increase in Core Spending Power will be before any decisions we make on the level of our council tax. Crucially, they also stated now was not the time for reforms to Local Government Finance as councils required stability and continuity.
- 2.4 They also announced:
- New Homes Bonus Allocations will continue for 2024/25
 - Rural Services Delivery Grant will continue for 2024/25
 - Revenue support grant (RSG) will increase in line with CPI with no negative RSG
 - Business Rates will not be reset and Business Rate Pooling will continue
 - A council tax referendum principle of up to 3% or £5 for district councils
- 2.5 The government asks authorities to continue to consider how they can use their reserves to maintain services over this and the next financial year, recognising that not all reserves can be reallocated, and that the ability to meet spending pressures from reserves will vary between authorities.

Provisional Local Government Finance Settlement

- 2.6 The Provisional Local Government Finance Settlement was published on Tuesday 19 December 2023. This sets out the detailed figures for all councils in terms of the government funding they will receive (subject to consultation) in 2024/25. Ribble Valley's provisional settlement is as follows:

Core Spending Power	Actual	Provisional Movement	
	2023-24	2024-25	
	£m	£m	£m
Settlement Funding Assessment	1.453665	1.508544	0.054879
<i>consists of:</i>			
Baseline Funding Level	1.405077	1.456737	0.051660
Revenue Support Grant	0.048588	0.051807	0.003219
Compensation for under-indexing the business rates multiplier	0.239342	0.294109	0.054767
Council Tax Requirement excluding parish precepts	4.139603	4.342947	0.203344
New Homes Bonus	0.506197	0.647509	0.141312
Rural Services Delivery Grant	0.126574	0.126574	0.000000
Services Grant	0.054777	0.008619	-0.046158
Funding Guarantee	0.773369	0.710563	-0.062806
Core Spending Power	7.293527	7.638865	0.345338

- 2.7 Ribble Valley's Core Spending Power is set to increase by 4.7% after assuming we increase our band d council tax charge by the maximum possible of £5. The overall average nationally is a 6.5% increase in Core Spending Power however districts average a 4.9% increase. This is mainly due to additional funding being put into children's and adult social care.
- 2.8 When comparing the Provisional Grant Settlement to our latest budget forecast we are £826k better off. This is due to the continuation of the New Homes Bonus for another year and also the Funding Guarantee being extended.
- 2.9 The announcements from the Government are clearly much better than we expected. This not only improves our financial position compared with our forecast for next year but also for potentially subsequent years. Given the fact there will be a General Election next year, it now appears unlikely that reforms will take place before the next Spending Review. Even then, whichever Government is elected, it would take some time to propose, consult and implement these substantial reforms.
- 2.10 The guidance from Policy and Finance Committee to service committees is to manage their services from within their existing budgets, finding savings to fund any growth items where possible. It is also recommended that fees and charges are increased on average by 4%.
- 2.11 At the special Policy and Finance Committee meeting on 13 February 2024 we will be in a position to determine the overall financial position after all service committees have met to consider their budgets and after updating the budget forecast to reflect our updated assumptions on government funding, inflation, interest rates etc.

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 You have previously approved the level of this committee's fees and charges for 2024/25. The consequential impact of these fees and charges have been incorporated in to the service budgets shown within this report.
- 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 2024/25 will also be approved.

4 2024/25 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 4%, price increases at 4% and income at 4%. The level of these increases will be kept under review during the budget preparation period and will be reviewed again at a final time in February in light of the very latest information. If necessary and agreed, a contingency for further increases (eg in pay awards) would be added to the budget at that stage.
- 4.2 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.

4.3 As you will see, the draft proposed budget for 2024/25 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 2023/24:** 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 4%:** The budget forecast allows for inflation on pay at 4%, prices at 4% (with some exceptions such as grants) and income at 4% in line with the September budget forecast. This is where that general allowance for inflation is brought in to the individual budget areas.
- **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 base budget.
- **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.
- **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 2024/25:** 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.

4.4 Detailed in the following section of the report are the individual budget areas under this committee. Shown are the movements from the 2023/24 Original Estimate, to the DRAFT Original Estimate for 2024/25. 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

	Original Estimate 2023/24	Inflation at 4% for Pay, Prices and Income	Savings	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2024/25
Premises Related Expenditure	35,600	1,420		-2,000	-20			35,000
Supplies & Services	2,130	90						2,220
Support Services	3,630	0				5,580		9,210
Total Expenditure	41,360	1,510	0	-2,000	-20	5,580	0	46,430
Customer & Client Receipts	-41,180	-1,640						-42,820
Total Income	-41,180	-1,640	0	0	0	0	0	-42,820
Net Expenditure	180	-130	0	-2,000	-20	5,580	0	3,610

ALBNM: Albion Mill

Commentary on Substantial Budget Changes

Premises Related Expenditure

Reduction required to bring the charge for the rental of the units at Albion Mill in alignment with the renewed rental agreement.

Support Services

Increase in support service costs mainly due to an increase in estimated time to be spent in this area by officers of the Chief Executive's Department.

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

The Council had sole responsibility for the 2023 Food Festival event, which will continue in 2024. The event is organised by Council officers with help from staff who work on the day undertaking various roles and volunteers. The Clitheroe Food Festival contributes to our promotion of the area as a tourist destination and our economic development role.

The budget below reflects the breakdown of costs for the 2023 event and more work on developing the detail for the budget will be undertaken in the coming months.

	Original Estimate 2023/24	Inflation at 4% for Pay, Prices and Income	Savings	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2024/25
Employee Related Expenditure	7,880	320			-3,890			4,310
Premises Related Expenditure	3,020	120			-1,830			1,310
Transport Related Expenditure	15,420	620			2,020			18,060
Supplies & Services	25,950	1,040			170			27,160
Total Expenditure	52,270	2,100	0	0	-3,530	0	0	50,840
Other Grants and Contributions	-5,000	0						-5,000
Customer & Client Receipts	-22,370	-890			3,510			-19,750
Total Income	-27,370	-890	0	0	3,510	0	0	-24,750
Net Expenditure	24,900	1,210	0	0	-20	0	0	26,090

CLFFE: Clitheroe Food Festival

Commentary on Substantial Budget Changes

Whilst a budget is submitted for approval as above for the 2024 Food Festival, it is important that members understand that much work is still needed to be undertaken to arrive at the required categorisation of spend for the 2024 event. As a result, the breakdown shown above is only shown as it is representative of the 2023 event.

More work will be undertaken in the coming months to 'fine-tune' this budget with the service area responsible, and discussions have already been taking place around changing the allocations for staffing costs and stallholder income.

Work will continue in earnest to ensure that a successful event can be achieved within the overall net expenditure budget shown above of £26,090 and further details on this will be presented to members as the festival plans develop.

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.

	Original Estimate 2023/24	Inflation at 4% for Pay, Prices and Income	Savings	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2024/25
Premises Related Expenditure	280	10			60			350
Supplies & Services	23,810	960						24,770
Support Services	186,980	0				-49,530		137,450
Total Expenditure	211,070	970	0	0	60	-49,530	0	162,570
Net Expenditure	211,070	970	0	0	60	-49,530	0	162,570

INDDV: Economic Development

Commentary on Substantial Budget Changes

Support Services

Decrease in support service costs mainly due to time spent by Economic Development and Planning staff being diverted to UK Shared Prosperity funded projects -£54,760 along with a reduction in staff time by Community Services -£3,030 . Partly offsetting this is an increase in estimated time to be spent by staff from the Chief Executive's Department £8,290.

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.

	Original Estimate 2023/24	Inflation at 4% for Pay, Prices and Income	Savings	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2024/25
Employee Related Expenditure	2,220	90		90	190			2,590
Premises Related Expenditure	0	0			1,620			1,620
Transport Related Expenditure	90	0						90
Supplies & Services	34,680	1,380		30	-1,620			34,470
Support Services	99,120	0				6,330		105,450
Total Expenditure	136,110	1,470	0	120	190	6,330	0	144,220
Customer & Client Receipts	-3,700	-150						-3,850
Total Income	-3,700	-150	0	0	0	0	0	-3,850
Net Expenditure	132,410	1,320	0	120	190	6,330	0	140,370

TURSM: Tourism and Events

Commentary on Substantial Budget Changes

Premises Related Expenditure

It is necessary to rent storage space for storing the Ribble Valley Visitor Guides prior to their distribution. This is to be funded by a transfer from the postage budget.

Supplies and Services

Reallocation from the postage budget to the rental of storage space for storing the Ribble Valley Visitor Guides prior to their distribution.

Support Services

Increased support service costs mainly due to an increase in time allocations of staff charged to this area from the Economic Development & Planning Department £12,800. Partly offsetting this is an estimated reduction in time spent in this area by staff from Community Services due to the responsibility for Clitheroe Food Festival changing directorate -£7,030.

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	Original Estimate 2023/24	Inflation at 4% for Pay, Prices and Income	Savings	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2024/25
ALBNM: Albion Mill	180	-130		-2,000	-20	5,580		3,610
CLFFE: Clitheroe Food Festival	24,900	1,210			-20			26,090
INDDV: Economic Development	211,070	970			60	-49,530		162,570
TURSM: Tourism and Events	132,410	1,320		120	190	6,330		140,370
Grand Total	368,560	3,370		-1,880	210	-37,620		332,640

b) Type of Expenditure/Income (Subjective)

	Original Estimate 2023/24	Inflation at 4% for Pay, Prices and Income	Savings	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2024/25
Employee Related Expenditure	10,100	410		90	-3,700			6,900
Premises Related Expenditure	38,900	1,550		-2,000	-170			38,280
Transport Related Expenditure	15,510	620			2,020			18,150
Supplies & Services	86,570	3,470		30	-1,450			88,620
Support Services	289,730	0				-37,620		252,110
Total Expenditure	440,810	6,050	0	-1,880	-3,300	-37,620	0	404,060
Other Grants and Contributions	-5,000	0						-5,000
Customer & Client Receipts	-67,250	-2,680			3,510			-66,420
Total Income	-72,250	-2,680	0	0	3,510	0	0	-71,420
Net Expenditure	368,560	3,370	0	-1,880	210	-37,620	0	332,640

7 KEY VARIATIONS

- 7.1 The net expenditure for this committee has decreased by £35,920. The main reasons for this net increase are summarised in the table below.

Description	Movement from Original Estimate 2023/24 to DRAFT Original Estimate 2024/25
ALBNM - Albion Mill Increased support service costs mainly due to an increase in estimated time to be spent in this area by officers of the Chief Executive's Department.	5,580
INDDV - Economic Development Decrease in support service costs mainly due to time to be spent by Economic Development and Planning staff being diverted to UK Shared Prosperity funded projects -£54,760 along with a reduction in staff time by Community Services -£3,030. Partly offsetting this is an increase in estimated time to be spent by staff from the Chief Executive's Department £8,290.	-49,530
TURSM - Tourism and Events Increased support service costs mainly due to an increase in time allocations of staff charged to this area from the Economic Development & Planning Department £12,800. Partly offsetting this is an estimated reduction in time spent in this area by staff from Community Services due to the responsibility for Clitheroe Food Festival changing directorate -£7,030.	6,330

9 CONCLUSION

- 9.1 The difference between the Proposed Original Estimate 2024/25 and Original Estimate 2023/24 is a reduction in net expenditure of £35,920.

10 RISK ASSESSMENT

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

- Resources: The total movement from the Original Estimate 2023/24 to the Original Estimate 2024/25 is a reduction in net expenditure of £35,920.
- 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 2024/25 and submit this to the Special Policy and Finance Committee.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES
AND DEPUTY CHIEF EXECUTIVE

ED2-24/HS/AC
16 January 2024

For further background information please ask for Helen Seedall

BACKGROUND PAPERS - None