

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

DECISION

meeting date: 16 FEBRUARY 2021
 title: OVERALL REVENUE BUDGET 2021/22
 submitted by: DIRECTOR OF RESOURCES
 principal author: JANE PEARSON

1 PURPOSE

- 1.1 To approve the revised revenue budget for 2020/21.
- 1.2 To consider and recommend a revenue budget and council tax requirement for 2021/22 to Full Council on 2 March 2021.

2 CURRENT YEAR'S REVISED BUDGET 2020/21

Background

- 2.1 The revised budget for 2020/21 has now been prepared. Committees, during this cycle, have reviewed their estimates and the reasons for any significant changes.
- 2.2 The Original Estimate initially allowed 2% for price increases and 3% for pay increases. The actual pay award was settled at 2.75%.
- 2.3 The revised budget now forecasts that there will be an increase of £44k in how much we need to take from general fund balances to balance our budget. This is shown in the summary below.

Committee	Original 2020/21 £	Revised 2020/21 £	Difference £
Planning and Development	570,540	393,910	-176,630
Community Services	4,205,110	4,367,450	162,340
Economic Development	311,360	304,580	-6,780
Health and Housing	1,109,870	733,360	-376,510
Policy and Finance	2,195,210	2,155,260	-39,950
Total of Committees	8,392,090	7,954,560	-437,530
Capital Adjustments:			
Depreciation	-1,103,640	-885,330	218,310
Minimum Revenue Provision	117,667	115,496	-2,171
Total Expenditure	7,406,117	7,184,726	-221,391
Other Items	-3,856,236	-6,590,716	-2,734,480
Less Added to/(taken from) Earmarked Reserves	1,707,099	4,706,569	2,999,470
General Balances	-142,812	-186,411	-43,599
Net Expenditure	5,114,168	5,114,168	0
Parishes	507,581	507,581	0
Budget Requirement	5,621,749	5,621,749	0

Changes in Expenditure

- 2.4 Committee expenditure has fallen by £438k. However this is before the removal of depreciation and appropriations to and from earmarked reserves of which there are many.
- 2.5 Service Committees have considered their detailed reports which give more information on the forecast variations between the original estimate and the revised estimate, however the **main reasons** are shown in Annex 1.

Impact of Covid

- 2.6 In year we have received £803,272 of unringfenced emergency funding from the Government. To date we have allocated this funding over the following estimated full year Covid expenditure pressures.

Covid Expenditure Pressure Area	Estimated Costs Pressure in 2020/21 £
CDTTR - Testing, contact tracing and outbreak planning	75,000
CDCUL - Culture & Related - Sports, Leisure & Community	20,000
CDENR - Environmental & Regulatory	3,000
CDFCO - Finance & Corporate - Other	150,000
CDHOU - Homelessness services	50,000
CDHUB - Other Shielding (Hub)	75,000
CDICT - Finance & Corporate - ICT & Remote working	75,000
CDPPE - Other -PPE	40,000
CDREF - Waste Management	60,000
CDRNT - Rent Allowances	188,000
CDRVB - Finance & Corporate - Revenues and Benefits expansion	20,000
CDLRO - lockdown compliance and enforcement	100,000
	856,000

- 2.7 This income from the emergency funding and also the costs of the expenditure pressures have not been included within committee estimates.
- 2.8 The Government also launched the Sales, Fees and Charges income support scheme to recognise the impact the pandemic has had on income from sales, fees and charges.
- 2.9 They introduced a co-payment scheme to compensate councils for relevant unforeseen losses that are irrecoverable. Councils absorb the first 5% of all relevant irrecoverable losses compared to their original budget, with the Government compensating councils for 75 pence in every pound of loss thereafter. By introducing a 5% deductible, the Government is accounting for an acceptable level of volatility, whilst shielding councils from significant losses.

Service	Full Year Budget	April to July Losses	August to November Losses	Extrapolated for the Full Year	Government Fund 75%	Balance Not Funded by the Government
	£'000	£'000	£'000	£'000	£'000	£'000
Off Street Parking	461	65	23	133	82	50
Recreation and Sport	524	87	83	254	171	83
Culture and Heritage	122	22	19	62	42	20
Public Health	24	2	0	3	2	2
Regulatory Services	27	4	5	14	9	4
Development Control	247	70	120	247	176	71
Civic Halls	2	2	0	2	2	1
Trade Waste	416	44	-15	44	18	27
Central Services	101	59	27	101	72	29
		356	263	860	573	287

2.10 The Spending Review confirmed that the Government will also compensate local authorities for 75% of irrecoverable losses in council tax and business rate income in respect of 2020/21. This will be determined at the end of the financial year when final figures are known. We have not allowed for any compensation at this stage.

Movement in Business Rate Income

2.11 A significant element of our income is Business Rate Growth. Our latest estimate of Ribble Valley's share of Business Rate income for the current year predicts the following;

	Original Estimate 2020/21 £	Revised Estimate 2020/21 £
Total Business Rate income to be collected as per NNDR1	15,282,796	15,282,796
RVBC Share (40%)	6,113,118	6,113,118
Top-up/(Tariff)	-4,311,424	-4,311,424
Share after Tariff	1,801,694	1,801,694
Baseline Funding Level	-1,354,393	-1,354,393
Business Rates Income Above Baseline	447,301	447,301
Less 10% of retained levy payable to LCC	-67,385	-72,529
Add Renewable Energy	96,180	100,000
Add Business Rates Surplus/(Deficit)	252,894	252,894
Add share of S31 Grant (after adj re multiplier cap)	1,252,043	3,942,197
Add transfer to S31 Grant Adjustment Reserve	0	-2,578,153
Total BR Income above baseline for RVBC	1,981,033	2,091,710

- 2.12 When setting the original budget we agreed in year use of £875,514 to fund the revenue budget and £60,880 to fund the capital programme. Based on the latest position we expect in year to receive £2.092m, use £100,200 to fund the capital programme, use £875,514 to fund the base revenue budget and use £32,220 of further revenue in year expenditure approved by the emergency committee.. The revised difference of £1,083,776 will be added to the business rate growth reserve.
- 2.13 This is after allowing for the surplus carried forward from 2019/20 of £252k. Some elements of the rate retention scheme are calculated on an accruals basis eg levies and section 31 grant whereas others (such as income) are 'fixed' at the start of the year based upon our NNDR1 return.
- 2.14 There are further in year complications due to the late announcement in March 2020 of 100% retail discount and the issuing of new regulations in December to enable the repayment of collection fund deficits arising in 2020/21 to be spread over the next three years rather than the usual period of a year.

Movement in Earmarked Reserves

- 2.15 Annex 2 shows the forecasted transfers to and from earmarked reserves compared with the original estimate. In summary the net position is that we anticipate adding £2.999m more to earmarked reserves in the current year than originally forecasted. This is largely due to timing differences. We have received section 31 grants paid to us by the Government for 100% business rate retail discount which need to be carried forward to offset the deficit we will face next year. The full amount of section 31 grant for retail discount was paid to billing authorities instead of just our share. This was deliberate to assist cash flow pressures due to the pandemic in 2020/21. The balance needs to be paid over to the Government and major preceptors in 2021/22.

Overall Changes

- 2.16 A summary of the changes between the original and revised estimate is shown below:

	Difference £000
Committees	-437
Depreciation	216
Other Items	-2,734
Use of Earmarked Reserves	2,999
Net change	44

- 2.17 This shows that the Council is slightly worse off by **£44k** compared with the original estimate. Therefore instead of taking **£142k** from general fund balances at the end of the year, based on these revised estimates we would be taking **£186k** from balances.

3 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2021/22

Final Grant Settlement

- 3.1 The details of our grant settlement are set out in the separate report elsewhere on your agenda. The table below summarises our final expected position.

	2021/22 £m
Settlement Funding Assessment	1.354393
of which:	
Revenue Support Grant	0
Baseline Funding Level	1.354393
New Homes Bonus	1.515848
Rural Services Delivery Grant	0.113250
Lower Tier Services Grant	0.057696

Rural Services Delivery Grant

- 3.2 The Government have announced that they will continue with the Rural Services Delivery Grant next year and increase the overall level by £4m to £85m. This is a grant paid to the top quartile of local authorities on the basis of the super-sparsity indicator, in recognition of possible additional costs for rural councils.
- 3.3 For Ribble Valley we will receive £113,250. This will be paid as a separate grant.
- 3.4 From 2017/18 onwards it was agreed this funding will be used to support our net revenue expenditure.

Lower Tier Services Grant

- 3.5 This is a new one off grant for 2021/22 due to the current exceptional circumstances. This will be paid to district councils and unitary authorities.
- 3.6 Ribble Valley will receive £57,696.

Future Years Government Funding

- 3.7 2021/22 is a one year settlement.
- 3.8 The Government have further delayed two important consultations which will both consider future local government funding;
- Review of local authorities' relative needs and resources (Fair Funding Review)
 - Business Rates Retention Reform
- 3.9 They have also announced the New Homes Bonus Scheme will be reformed from 2022/23.
- 3.10 We received notification of the final settlement figures on 4 February 2021.

Council Tax Referendum Criteria

- 3.11 As set out in the previous report a referendum must be held where an authority's Council Tax increase is higher than the principles proposed annually by the Secretary of State and approved by the House of Commons.
- 3.12 For 2021/22 the Government have announced the core referendum thresholds:
- a core principle of up to 2 per cent applying to shire county councils, unitary authorities, London borough councils, the City of London, the Isles of Scilly, the GLA general precept and fire and rescue authorities.
 - a continuation of the Adult Social Care precept, with an additional 3 per cent flexibility available for social care authorities on top of the core principle. This can be spread over two years.
 - 2 per cent or £5, whichever is higher, for shire district councils.
 - £15 for Police and Crime Commissioners.
 - no referendum principle for Mayoral Combined Authorities or town and parish councils
- 3.13 It is important when deciding on our council tax level for next year to consider the amount of income any change will generate. For indicative purposes the table below shows the increased income available to the Council for next year for a both a council tax freeze and a £5 increase on our Band D charge.
- 3.14 A £5 increase in our share of the Council Tax would result in a Band D tax amount of £160.69 (an increase of 3.2%). This would generate £120,035 each year in extra revenue. In addition the increase in our taxbase generates a further £59,785.

	Current Council Tax £	Council Tax increased by £5.00 £
Band D Council Tax	155.69	160.69
Taxbase for 2021/22	24,007	24,007
= Council Tax Income 2021/22	3,737,650	3,857,685
Council Tax income 2020/21	3,677,865	3,677,865
Extra income from Council Tax	59,785	179,820
Of which due to increase in taxbase	59,785	59,785
Of which due to increase in council tax charge	0	120,035

4 MAJOR INCOME SOURCES

Council Tax

- 4.1 I have calculated the council taxbase in accordance with proper practices. Our council taxbase for 2021/22 is 24,007. This compares with the current taxbase of 23,623 in 2020/21.
- 4.2 A breakdown of the calculation showing the taxbase by parish is included in Annex 3.
- 4.3 Our current Band D tax is £155.69. We are in the bottom quartile of all district councils at 30th out of 188. Across Lancashire the position in 2020/21 is as follows.

Average council tax for the authority 2020/21 excluding parish precepts (Band D)			
Local authority	£	% change from 2019/20	£ change from 2019/20
LANCASHIRE			
Preston	320.75	1.99	6.25
Burnley	306.19	1.99	5.97
Rossendale	276.83	1.98	5.37
Pendle	270.62	1.99	5.28
Hyndburn	250.52	2.04	5.00
Lancaster	231.95	2.20	5.00
South Ribble	223.24	1.99	4.36
Fylde	210.71	1.99	4.11
West Lancashire	208.39	2.46	5.00
Wyre	204.74	2.50	5.00
Chorley	190.92	-0.53	-1.02
Ribble Valley	155.69	3.32	5.00

- 4.4 As shown in above the maximum income from council tax we can rely on for 2021/22 is £3,857,685 based upon a £5 increase in Band D. If you were to decide to increase our Band D council tax, you can see from the above table, we would still have the lowest in Lancashire by a considerable margin.

New Homes Bonus Scheme (NHB)

- 4.5 Our NHB allocation for next year of £1,515,848. There will be no legacy payment in respect of 2020/21, and also in respect of 2021/22 in forthcoming years. The threshold over which the bonus is paid remains at 0.4 per cent.
- 4.6 The Government aim to implement reforms to the scheme in 2022/23.
- 4.7 The New Homes Bonus makes up a considerable part of our funding.
- 4.8 We are currently relying on £1.105m each year to fund our revenue budget. We will need to consider alternatives to funding our budget going forward given the impending reforms.

4.9 The expected balance of unused New Homes Bonus at the 31 March 2021 is £2.8m. If the scheme were to cease in 2022/23 the unused NHB could cover the funding gap on our revenue budget for 2022/23 and 2023/24.

4.10 Annex 4 shows the allocation of our NHB since the start of the scheme.

Business Rates

4.11 We have now completed our NNDR1 return which were required to submit to the Government before 31 January 2021. This forms the basis of the payments we will make to central government and the major precepting authorities and ourselves next year. We obviously have to make assumptions about the potential of successful appeals, bad debts and also growth in our business rates base. In any year this is a difficult task however this is made even more so due to the pandemic. As a member of the Lancashire Business Rate Pool we anticipate our business rate income next year will be as follows.

	2020/21 Original Estimate £	2021/22 Original Estimate £
Billing Authority NNDR Income	15,282,796	15,114,383
LA share of NNDR income	6,113,118	6,045,753
Less Tariff	4,311,424	4,311,424
	1,801,694	1,734,329
Baseline Funding Level	1,354,393	1,354,393
Retained Rates Income before levy	447,301	379,936
<u>Less Payments under pooling arrangements</u>		
10% of levy paid to LCC	-67,385	-69,296
Add Section 31 Grants	1,252,043	1,196,502
Add Renewable Energy	96,180	95,687
Add Transfer from earmarked reserve re Section 31 grants	0	2,578,153
Total Business Rate Income to General Fund	1,728,139	4,180,982
Surplus/(Deficit) brought forward	252,894	-2,725,770
Total Business Rate Income	1,981,033	1,455,212
Used to fund revenue budget	-875,514	-675,514
Remaining	1,105,519	779,698

4.12 As a member of the Lancashire Business Rate Pool our share of business rate income is 40% and we will make a payment of 10% of our levy to Lancashire County Council.

4.13 The Final Local Government Grant Settlement announced that our final tariff and baseline figures will remain the same therefore we estimate that the total business rate growth income for next year will be £1,455,212. As per our budget forecast we plan to use £675k next year to fund the revenue budget.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Revised Estimate	Original Estimate	Original Estimate	Original Estimate	Original Estimate
	£	£	£	£	£	£
Business Rate Growth Used to support Revenue Budget	2,595,953	2,091,710	1,455,212	0	0	0
Additional support Revenue Budget	-675,514	-875,514	-675,514	-675,514	-675,514	-675,514
Used to support Capital Programme		-32,220				
	-1,345,397	-100,200	-37,600	-474,387		-480,680
Surplus/deficit for year	575,042	1,083,776	742,098	-1,149,901	-675,514	-1,156,194
Of which:						
Added to growth res	575,042	1,083,776	742,098	-1,149,901	-675,514	-1,156,194
<u>Business Rate Volatility Reserve</u>	575,042	1,083,776	742,098	-1,149,901	-675,514	-1,156,194
Opening Balance b/fwd	1,682,000	1,682,000	1,682,000	1,682,000	1,682,000	1,682,000
Closing Balance c/fwd	1,682,000	1,682,000	1,682,000	1,682,000	1,682,000	1,682,000
<u>Business Rate Growth Reserve</u>						
Opening Balance b/fwd	999,572	1,574,614	2,658,390	3,400,488	2,250,587	1,575,073
Closing Balance c/fwd	1,574,614	2,658,390	3,400,488	2,250,587	1,575,073	418,879

4.14 The volatility reserve stands at £1.682m. This provides a safety net protection which we have had to forgo as a pool member at 92.5% of our business rates. Since reaching this level we have created a Business Rate Growth Reserve to support both the revenue budget and capital programme.

4.15 Even if we assume no business rate growth from 2022/23 onwards (which is unlikely), the balance on both reserves are still predicted to be in excess of £2.2m at 31/03/2025.

5 COLLECTION FUND

- 5.1 The council tax is a combination of various factors, namely:
- ❖ The net spending requirements of -
 - ✧ Lancashire County Council
 - ✧ Lancashire Police and Crime Commissioner
 - ✧ Lancashire Combined Fire Authority
 - ✧ Ribble Valley Borough Council
 - ✧ The Parish Councils in our area
 - ❖ Surplus/deficit on the council tax share of the collection fund
 - ❖ Council tax base at Band D equivalent
- 5.2 The Business Rates Retention Scheme is also operated via the Collection Fund and therefore we also have a surplus or deficit in respect of Business Rates at the end of each financial year.
- 5.3 I have already assessed the potential surplus/deficit on the collection fund.
- 5.4 I estimate the Collection Fund will produce an overall deficit of £6,855,148 this year. This consists of a surplus for council tax of £262,369 and a deficit in respect of Business Rates of £7,117,517. The deficit in respect of Business rates is mostly as a result of the reduction in income to the collection fund due to the awarding in year of £6.9m of retail discount.
- 5.5 As stated earlier in this report the Government issued regulations in December to allow local authorities to spread deficits over a three year period. This spreading only relates to the in-year deficit and does not cover deficit which is funded by Section 31 grant. For Ribble Valley the deficit to be spread has been calculated at £357,466. This therefore reduces the overall deficit in respect of Business Rates to £6,760,051.
- 5.6 The Council Tax surplus will be shared amongst all the major precepting authorities. Our share of the surplus is £24,995.
- 5.7 The Business Rates deficit will be borne by the Government, Lancashire County Council, Lancashire Combined Fire Authority and ourselves in 2021/22. Our share of the deficit is £2,725,770.
- 5.8 A statement showing the Collection Fund is attached at Annex 5.

6 REVENUE BUDGET 2021/22

Base Budget Position

Introduction

- 6.1 Committee budgets include provision for pay increases of 2% and price increases of 2%. Fees and charges have also been reviewed by committees and have been increased by at least the rate of inflation where feasible. All committees have now considered their draft budgets for next year.

Provisional Base Position

- 6.2 The provisional base position for next year as agreed by service committees is shown below, compared with the original budget for 2020/21.

Committee	Original 2020/21 £	Original 2021/22 £
Planning and Development	570,540	586,760
Community Services	4,205,110	4,167,170
Economic Development	311,360	314,050
Health and Housing	1,109,870	1,053,130
Policy and Finance	2,195,210	2,257,180
Total of Committees	8,392,090	8,378,290
Capital Adjustments:		
Depreciation	-1,103,640	-889,470
Minimum Revenue Provision	117,667	107,240
Total Expenditure	7,406,117	7,596,060
Other Items	-3,856,236	-598,343
Added to/(taken from) Earmarked Reserves	3,687,613	366,885
Net Expenditure to be financed	7,237,494	7,364,602
Less Business Rates Baseline	-1,354,393	-1,354,393
Less Collection Fund Surplus	-81,910	-24,995
Less Use of NHB	-1,105,000	?
Less Use of Business Rate Growth	-875,514	?
Less Use of General Balances	-142,812	?
Council Tax Precept (23,623 * £155.69)	-3,677,865	?
Balance to be funded	0	5,985,214

- 6.3 This shows that as per the budgets agreed by service committees at their January meetings we would need to consider how to fund the balance of £5.985k after deducting the collection fund surplus and the business rates baseline funding level. The table indicates the major funding streams available to fund the revenue budget.

Committee Expenditure

- 6.4 As shown overall Committee expenditure is set to fall marginally by £14k. The reasons for this, again, are varied and have been reported to service committees in the budget reports. In summary the main reasons for this are shown in Annex 6.

Capital Adjustments

- 6.5 The total depreciation we are taking out of our committee estimate is falling from £1.104m in 2020/21 to £889K in 2021/22. This reflects the decrease in capital charges included in committee estimates due to the largely downward revaluation of our assets at 31 March 2020.

Movement of Other items

- 6.6 When we prepared our original estimate for 2020/21 we anticipated 'other items' would reduce our net budget by £3.856m however our draft budget for next year anticipates these will reduce our budget by £598k. This is a difference of £3,258k and can be explained below.

Movement on Other Items	£000
Less New Homes Bonus to be received	242
Less Business Rate Income to be received	67
Less interest receipts anticipated	25
More Rural Services Delivery Grant	-5
New Lower Tier Services Grant	-58
Provision for higher costs of repairs on Refuse Vehicles now in base budget	-50
More Section 31 Grant	56
More Business Rate Deficit (from a surplus in 2020/21)	2,979
Lower Levy Due to LCC	2
	3,258

- 6.7 By far the most significant movement is the different between our share of the Business Rate Surplus in 2020/21 to that of the deficit next year. This movement however is largely offset by the release of £2.6m from the Section 31 grant adjustment reserve next year.

Major Changes not included in Committee Budgets for 2021/22

Pay Award

- 6.8 The pay award for 2021/22 is at an early stage with the employer side awaiting a formal submission from the unions. We have allowed for a 2% increase in pay. Every 1% adds approximately £70,000 to our revenue budget.

Difficulties in Recruitment and Retention

- 6.9 We have continued to face difficulties in retaining and recruiting to posts particularly those requiring professionally qualified staff. This has been exacerbated due to the Covid pandemic. We now have a number of vacancies across the council and we may have to look again at the remuneration packages we offer.

7 BUDGET WORKING GROUP

Background

- 7.1 The Budget Working Group has considered the Council's financial position and overall budget position for next year.
- 7.2 They focussed on our key funding streams including business rate income, new homes bonus and council tax income to consider how much should be used to fund our revenue budget. The Budget Working Group have made the following recommendations.

Budget Recommendations

1. **Fees and Charges Losses due to Covid.** - We have budgeted for income within service committees on the basis of no impacts from the covid pandemic. However we do expect the pandemic to continue to impact on our income into the next financial year. The Government have announced a 3 month extension to the compensation scheme.

We therefore need to include a contingency for the balance of lost income which we have not factored into committee estimates. For the current year the potential total income loss for 12 months is estimated at £860k. We hope to be compensated by the Government's compensation scheme for £573k which leaves the remaining loss of £287k to be borne by ourselves. We have assumed we could face losses for the first six months of next year which would leave a gap of around £150k. We suggest adding this as a contingency to next year's budget.

The BWG recommend that a contingency be added to next year's budget of £150,000 for potential further income losses due to the covid pandemic

2. **New Homes Bonus**– How much of our New Homes Bonus allocation should be used to fund the revenue budget? As per the budget forecast this is currently £1,105,000 each year. We also use our New Homes Bonus to fund capital expenditure. Annex 4 sets out our allocation each year.

Though the Budget Working Group recognise the impending changes to the scheme they recommend we use £1,105,000 to fund the 2021/22 revenue budget.

3. **Business rates growth** – Do you confirm the amount of business rate growth used to support the revenue budget at the same level as the budget forecast at £675,514 next year?

The BWG recommend to use £675,514 of business rate growth to support the 2021/22 revenue budget.

4. **Council Tax** - Do you agree a £5 increase in our Band B council tax? This would take our Band D charge to £160.69?

The BWG considered the level of our council tax at £155.69 for a Band D property and given the budget pressures recommend a £5 increase in our Band D tax for 2021/22 to assist in bridging the budget gap. This would generate an extra £120,035.

5. **Use of Balances.** Do you confirm the use of balances to support the revenue budget? (general fund balances at 1/4/20 = £2.376m)

The BWG recommend using £250,000 from general fund balances as per the budget forecast. They also further recommend funding the new £150,000 contingency for losses in income from general fund balances. This takes the total amount to be used to £400,000.

If members agree with the Budget Working Group recommendations so far and we bring in the final figure of our Lower Tier Services Grant (extra £16) this leaves a budget gap of £97,015.

6. **Use of Business Rate Volatility Reserve.** This reserve stands at £1.681m and was set aside to fund volatilities in our business rate income.

The BWG recommend financing the remaining budget gap of £97,015 from the Business Rate Volatility Reserve.

- 7.3 The above changes result in a balanced budget as shown below:

	Original 2021/22 £
Net Expenditure to be funded	7,364,602
Add Contingency for Covid Income Losses	150,000
To be Funded	7,514,602
Less Business Rates Baseline	-1,354,393
Collection Fund Surplus	-24,995
	6,135,214
Use of General Balances	-400,000
Use of New Homes Bonus	-1,105,000
Use of Business Rate Growth	-675,514
Council Tax Precept	-3,857,685
Use of Business Rate Volatility Reserve	-97,015
Balance still to fund	0

8 ROBUSTNESS OF THE ESTIMATES AND BALANCES AND RESERVES

Introduction

8.1 There is a legal requirement under Section 25 of the Local Government Act 2003 for the Council’s Section 151 officer to report on the robustness of the budget and the adequacy of the Council’s balances and reserves.

Robustness of the Budget

8.2 In order to ensure the Council sets a robust budget we follow the processes below;

- ❖ Accountancy staff carry out monthly budget monitoring in conjunction with budget holders and regularly report the outcomes to Corporate Management Team
- ❖ Service Committees also receive regular budget monitoring reports
- ❖ Heads of Service are given responsibility for managing their budgets
- ❖ We prepare our financial plans using a base budget concept whereby any increases/reductions in the level of services are considered over and above the base budget and approval must be sought/virements requested
- ❖ We have a Budget Working Group consisting of members and the Council’s Corporate Management Team which meets on a regular basis to make recommendations to officers and service committees in order to maintain a high level of control over our financial position and ensure we manage our finances strategically and effectively.
- ❖ We prepare three year budget forecasts and also a Medium Term Financial Strategy which considers our budget pressures in the medium to longer term

Budget Area	Measures Taken
Future/Current pressures	<p>Covid Pandemic</p> <p>The Covid pandemic has had a major impact on individuals, businesses, public services and the economy. It is impossible to assess when the pandemic will end. We will continue to face both direct and indirect impacts of the Covid Pandemic in 2021/22.</p> <p>Direct – Expenditure falling on the council and losses in income.</p> <p>Indirect – How will the economy recover post pandemic and what impact will this have on council services, council tax payers, business rate payers, the high street, car parking income, leisure activities.</p> <p>In March 2020 the Chancellor stated the councils would be fully funded for their costs in dealing with pandemic.</p> <p>The Government have said that the Sales, Fees and Charges Compensation scheme will continue for the first 3 months of 2021/22. They have also announced £1.55bn Covid-19 Expenditure Pressures Grant for 2021/22. This is additional unringfenced funding. Ribble Valley is set to receive £242,180 in April 2021.</p>

Budget Area	Measures Taken
	<p>Business Rates</p> <p>We will remain a member of the Lancashire Business Rate Pool Pilot next year. We will retain a levy which would otherwise be payable on any growth we receive above our baseline. We estimate this to be £692k, before payment of 10% is made to LCC.</p> <p>As we do each year we have to make assumptions on the level of write-off's, appeals, growth, reliefs etc. This is difficult in any year however made much worse next year due to the Covid pandemic.</p> <p>Beyond next year we await the outcome of the delayed reforms to Business Rate Retention which could have a significant impact on how much income we could expect to retain in future to support our budget.</p> <p>New Homes Bonus</p> <p>Our NHB allocation for next year is £1,515,848. There will be no legacy payment in respect of 2020/21, and also in respect of 2021/22 in forthcoming years. The threshold over which the bonus is paid remains at 0.4 per cent.</p> <p>The Government aim to implement reforms to the scheme in 2022/23. The New Homes Bonus makes up a considerable part of our funding and we are currently relying on £1.105m each year to fund our revenue budget.</p> <p>We will need to consider alternatives to funding our budget going forward given the impending reforms.</p> <p>The expected balance of unused New Homes Bonus at the 31 March 2021 is £2.8m. If the scheme were to cease fully in 2022/23 the unused NHB could cover the funding gap on our revenue budget for 2022/23 and 2023/24.</p> <p>Fair Funding Review</p> <p>We await the outcome of the Fair Funding Review which has been pushed back a further year. The impact of the review will no doubt be significant and we will keep the Budget Working Group updated with any developments.</p> <p>Difficulties in Recruitment and Retention</p> <p>We have continued to face difficulties in retaining and recruiting to posts particularly those requiring professionally qualified staff. This has been exacerbated due to the Covid pandemic. We now have a number of vacancies across the council and we may have to look again at the remuneration packages we offer</p> <p>Ongoing cost of Planning Appeals:</p> <p>This includes the cost of defending appeals by our own staff and also the engagement of consultants and</p>

Budget Area	Measures Taken
	<p>barristers to act on our behalf There are a number of appeals which are current. This also includes costs awarded against the Council by the Planning Inspector at appeal stage, both settled and outstanding. There may be future cost decisions against the Council when defending planning appeals.</p> <p>There is also a Judicial Review brought by the Council against the Planning Inspectorate decision to award planning permission on land at Chatburn Road, Clitheroe.</p> <p>Revenue Impact of Capital Programme The revenue implications of the capital programme for 2021/22 have been built into the revenue budget.</p> <p>Income Streams The income share from the VAT shelter continues to decline. This funding has been used to date to support the capital programme and not been relied upon to fund the revenue budget.</p>
Consideration of Inflation and Interest Rates	<p>Inflation has been added to appropriate budgets at 2.0% for price increases.</p> <p>The pay award for 2021/22 is at an early stage with the employer side awaiting a formal submission from the unions. We have allowed for a 2% increase in pay. Every 1% adds approximately £70,000 to our revenue budget. The prospects for interest rates are regularly reviewed.</p> <p>Obviously the prospects for inflation and interest rates will need to be closely monitored.</p>
Savings Considerations	<p>The budget reports presented to each service committee included any identified savings for 2021/22. These will be monitored closely throughout the year to ensure they are achieved.</p>
Use of reserves and balances	<p>Careful consideration is given to the use of reserves and balances when setting the budget to ensure that future budgets are sustainable.</p>

8.3 I am confident with all these measures in place that the Council continues to manage its finances to a high standard and prepares robust budget plans.

Adequacy of Reserves

8.4 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

- 8.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued Local Authority Accounting Panel (LAAP) bulletin 99 in July 2014 regarding Local Authority Reserves and Balances. This replaced bulletin 77 and gives important guidance to local authorities.
- 8.6 *CIPFA guidance states that:* when reviewing their medium term financial plans and preparing their annual budgets local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes:
 - ❖ a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
 - ❖ a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
 - ❖ a means of building up funds, often referred to as earmarked reserves to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the General Fund.
- 8.7 In order to assess the adequacy of unallocated general reserves when setting the budget, it is crucial to take account of the strategic, operational and financial risks facing the authority. The assessment of risks should include external risks, such as flooding, as well as internal risks, for example, the ability to deliver planned efficiency savings.

General Fund Balances

8.8 At this stage general fund balances are estimated as follows:

	£000
Opening Balance 1 April 2020	2,375
Estimated Amount to be taken from Balances in 2020/21	-186
Estimated Balances in Hand 31 March 2021	2,189

- 8.9 The level of balances to retain is a matter of professional judgement but should be set in the context of the authority’s medium term financial strategy and the risks facing the authority.
- 8.10 My view, especially bearing in mind our record of strong budgetary control, is that the minimum level of balances we should hold is £700,000. This more importantly is the figure that you have previously agreed in the Medium Term Financial Strategy.
- 8.11 Bearing this in mind and our previous good record in achieving savings in the revenue budget as the year progresses my judgement is that in 2021/22 the maximum amount to be used to fund recurring expenditure should be no more than £250,000. This is based upon our sound system of financial control and our recent track record of underspending during the year.

Earmarked Reserves

- 8.12 Annex 7 shows the Council’s earmarked reserves together with any movements forecast for 2020/21 and the 2021/22 financial year.
- 8.13 The earmarked reserves are used for mainly supporting the revenue budget but are also used to fund the capital programme. They are judged to be more than adequate to meet the commitments and forecast expenditure facing the Council.

9 BUDGET WORKING GROUP RECOMMENDED REVENUE BUDGET 2021/22

- 9.1 If you agree to the Budget Working Group's recommendations, the resultant budget for 2021/22 is set out below. This would still leave £2.189m in general fund balances at the end of March 2021.

Committee	Original 2020/21 £	Original 2021/22 £
Planning and Development	570,540	586,760
Community Services	4,205,110	4,167,170
Economic Development	311,360	314,050
Health and Housing	1,109,870	1,053,130
Policy and Finance	2,195,210	2,257,180
Total of Committees	8,392,090	8,378,290
Capital Adjustments		
Less Depreciation (included in above)	-1,103,640	-889,470
Add Minimum Revenue Provision (MRP)	117,667	107,240
Total Expenditure	7,406,117	7,596,060
Other Items		
External Interest - Payable	6,020	5,510
Interest - Earned	-75,000	-50,000
Rural Services Delivery Grant	-107,921	-113,250
Lower Tier Services Grant	0	-57,696
Contingency for Refuse Vehicles	50,000	0
Contingency for Feasibility Study - Edisford Car Park Extension	10,000	10,000
Contingency for potential uncompensated lost income due to Covid-19	0	150,000
New Homes Bonus		
New Homes Bonus Allocation Received	-1,758,302	-1,515,848
Business Rates		
Retained Rates Income	-447,301	-379,936
Renewable Energy	-96,180	-95,687
Section 31 Grant for Business Rates	-1,252,043	-1,196,502
Pool Payments - Levy payable to LCC	67,385	69,296
Share of Business Rates Deficit/(Surplus)	-252,894	2,725,770
Transfer From/To Various Earmarked Reserves (Annex 7)	1,707,099	-1,510,644
Net Expenditure	5,256,980	5,637,073
Less taken from General Fund Balances	-142,812	-400,000
Agreed budget for 2020/21		
Recommended budget for 2021/22	5,114,168	5,237,073

10 BUDGET AND COUNCIL TAX REQUIREMENT

- 10.1 We are required as a billing authority, to make certain calculations regarding the budget and council tax requirement. Obviously the calculation is based upon the information set out above.

BUDGET AND COUNCIL TAX REQUIREMENT	
	£
RVBC Net Budget	5,237,073
Plus Parish Precepts (Annex 3)	503,609
	5,740,682
Less - Settlement Funding Assessment	-1,354,393
Net Requirement Before Adjustments	4,386,289
Council Tax Surplus	-24,995
Council Tax Requirement (Including Parishes)	4,361,294

11 UPDATED THREE YEAR BUDGET FORECAST

- 11.1 I have updated the three year forecast assuming the above budget for 2021/22 is agreed.
- 11.2 The forward projections included are based upon our core base budget and capital programme. As you will appreciate these will change as we progress through 2021/22 to reflect the very latest income and expenditure projections.
- 11.3 A key impact on our future budget will be the outcome of the Fair Funding Review and the changes arising from Business Rate Retention Reforms.
- 11.4 With regards to New Homes Bonus, I have assumed continuing to rely on using £1.105m to fund the revenue budget.
- 11.5 With regards to Business Rates, the BWG recommended using an extra £400k for each of the three years 18/19, 19/20 and 20/21. However it was recognised that this amount needed to be profiled over the period as follows; 18/19 an extra £200k, 19/20 an extra £400k and 20/21 an extra £600k, taking the average amount used to fund the revenue budget to £676k. For 21/22 and 22/23 I have, at this stage, assumed we will rely on the same level, ie £676k.
- 11.6 In terms of council tax levels I have included for **illustration purposes** the maximum allowed increase each year. Clearly the decision on our council tax level for will be taken as part of each year's budget setting round. It is worth noting that the Government have indicated, in our Spending Power figures, we can increase our council tax by £5 next year.
- 11.7 I have assumed the council taxbase will increase by 1.5% next year and then 1% in each of the remaining years of the forecast.
- 11.8 Our MTFs is the Council's key financial planning document. It aims to provide the Council with an assurance that our spending plans are affordable over the Medium Term (3 year

period). The MTFs will now be updated and reported to the Budget Working Group to consider in detail our future budget pressures

11.9 These assumptions result in a budget forecast for the next three years of:

Three Year Budget Forecast

	2021/22		2022/23		2023/24		2024/25	
	£		£		£		£	
Net Expenditure	7,675,029		7,699,235		7,890,486		8,095,515	
Interest Receipts	-50,000		-75,000		-75,000		-75,000	
Use of Superannuation reserve	-36,512		-36,512		-36,514		0	falls out
Rural Services Grant	-113,250		-113,250		-113,250		-113,250	
Lower Tier Services Grant	-57,680		0		0		0	
Use of Business Rate Growth	-675,514		-675,514		-675,514		-675,514	
Use of New Homes Bonus	-1,105,000		1,105,000		1,105,000		1,105,000	
Use of Balances	-400,000		-250,000		-250,000		-250,000	
Reductions in Expenditure Required	0		-27,180		-55,001		-130,252	
Budget Requirement	5,237,073		5,416,779		5,580,206		5,746,499	
Core Government Funding								
Revenue Support Grant	0		0		0		0	
Business Rates Baseline	1,354,393		1,354,393	assume freeze	1,354,393	assume freeze	1,354,393	assume freeze
Coll Fund Surplus/(Deficit)	24,995		25,000		25,000		25,000	
Precept	3,857,685		4,037,386		4,200,813		4,367,106	
Tax Base	24,007		24,367	1.5% inc	24,611	1% inc	24,857	1% inc
Band D Council Tax	160.69	0%	165.69	£5 max	170.69	£5 max	175.69	£5 max
Effect of above on General Fund Balances								
General Fund Balances	2021/22		2022/23		2023/24		2024/25	
	£		£		£		£	
Brought Forward	2,189,235		1,789,235		1,539,235		1,289,235	
Used	-400,000		-250,000		-250,000		-250,000	
Carried Forward	1,789,235		1,539,235		1,289,235		1,039,235	

11.10 The above forecast shows that if our estimates are correct we will have budget shortfalls of £27k in 22/23, £55k in 23/24 and £130k in 24/25 after allowing for using £250k from balances

and assuming our council tax increases by £5 in each year of the forecast. The forecast is also based on pay and price inflation of 2% each year.

- 11.11 I have assumed our core government funding consists rural services delivery grant and no increase in our business rates baseline.
- 11.12 I must stress however, that the outcome of the Fair Funding Review, the potential changes to the New Homes Bonus Scheme and the implications of Business Rate Retention Reforms will be crucial in terms of our future budget forecast and therefore to some extent the forecast beyond 2021/22 is impossible to predict.
- 11.13 The Budget Working Group will continue to review the Budget Forecast as we enter the next financial year.

12 ILLUSTRATIVE TOTAL COUNCIL TAX AT BAND D

- 12.1 Finally I have shown below our estimated total Band D council tax based on the latest information. I must stress these are indicative figures at this stage.

	Meeting Date to agree council tax	Actual Band D Council Tax 2020/21 £	Estimated Band D Council Tax 2021/22 £	change
Ribble Valley		155.69	160.69	3.2%
Parishes (average)		21.49	20.98	-2.4%
Lancashire County Council	11 Feb 21	1,400.32	1,470.20	4.99%*
Police and Crime Commissioner		211.45	226.45	7.1% (£15)
Lancashire Combined Fire Authority	22 Feb 21	70.86	72.27	1.99%
		1,859.81	1,950.59	4.88%

*Includes 3% social care precept

13 RECOMMENDED THAT COMMITTEE

- 13.1 Approve the revised budget for 2020/21.
- 13.2 Approve the Budget Working Group's recommendations and set a budget and council tax requirement for 2021/22 as set out in Section 10.
- 13.3 Recommend the budget and council tax requirement to the Full Council meeting on 2 March 2021.

DIRECTOR OF RESOURCES
/JP/AC

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2020/21**

COMMUNITY COMMITTEE

Description	Variance Original Estimate 2020/21 to DRAFT Revised Estimate 2020/21
<p>VARIOUS: Capital Decreases to depreciation as result of a reduction in the revaluation of various assets in particular Ribblesdale Pool -£70,720, Castle Museum -£33,980, Museum Café -£11,690, Mardale Pavilion and Edisford Changing Rooms -£24,450.</p>	-173,700
<p>VARIOUS: Car Parks A large decrease in car parking charges £223,530 as a consequence of reduced usage, due to the pandemic. This is partly offset by grant funding from central government of £90,290.</p>	133,240
<p>CLRFF: Clitheroe Food Festival A net saving has resulted from the cancelling of the 2020 food festival due to the pandemic.</p>	-21,390
<p>RPOOL: Ribblesdale Pool Decrease in income at the pool is £357,930 as a consequence of the pool closure and social distancing restrictions due to the pandemic. This is partly offset by grant funding from central government £168,840.</p>	189,090
<p>VARIOUS: Refuse Collection Vehicles Increase to the repairs and maintenance budget for refuse collection vehicles due to a continued increase in repairs experienced in recent years. This is the movement of the amount previously held corporately as a contingency in 2020/21 now being released and provided against the service.</p>	50,000

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2020/21**

ECONOMIC DEVELOPMENT COMMITTEE

Description	Variance Original Estimate 2020/21 to DRAFT Revised Estimate 2020/21
<p>INDDV - Economic Development Vired budget from Policy and Finance committee services (Clitheroe Interchange) to help support further promotional activities to the end of the financial year. Other resources have been used to fund the capacity analysis for the Clitheroe to Hellifield Rail Project.</p>	5,340
<p>INDDV - Economic Development Decrease in support service costs mainly due to staff vacancy savings within the Economic Development and Planning Department.</p>	-13,340
<p>INDDV - Economic Development Reduction in the depreciation charge due to a delay in the planned installation of gateway signs at Whalley, Longridge and Clitheroe.</p>	-6,670
<p>RHSSF – Reopening High Streets Safely Fund Expenditure of £28,370 was incurred on posters, signage and measures taken to temporarily divert traffic in Clitheroe and Longridge town centres, to encourage shoppers back to the High Street in a safe environment following the ending of the first lockdown. There was no budget provided for this as the pandemic had not begun when the budget was originally set. Partly off-setting this is forecast funding from the government of £23,650 in respect of eligible expenditure.</p>	4,720

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2020/21**

HEALTH AND HOUSING COMMITTEE

Description	Variance - Original Estimate 2020/21 to Revised Estimate 2020/21 £
<p>AFHOU – Affordable Rent Properties Section 106 monies used to finance estimated capital expenditure of £266,610 on the Longridge Affordable Housing and Clitheroe Affordable Housing capital schemes in 2020/21 will be released from the Section 106 fund and recognised as income in the Affordable Rent Properties cost centre in-year.</p> <p>An associated transfer of this income to the Capital Reserve at year-end will complete the financing of the capital expenditure that has taken place in-year and the £266,610 budget variance shown here will be reduced to nil.</p>	-266,610
<p>VARIOUS – Support Services Estimated net reduction in support services recharges across all cost centres. This is mainly due to reduced support service recharges totaling -£81,370 in the following service areas due to lower costs caused by staff vacancies in-year:</p> <ul style="list-style-type: none"> - Chief Executive’s recharge to Environmental Health Services, -£38,230. - Chief Executive’s recharge to Dog Warden & Pest Control, -£18,300. - Resources recharge to Local Council Tax Support Admin, -£13,020. - Resources recharge to Housing Benefits, -£11,820. <p>These reduced recharges are partly offset by a net increase in support services recharges of £17,190 across all other cost centres.</p>	-64,180
<p>VARIOUS – Homelessness Grants and Funding £40,000 of Flexible Homelessness Support Grant and £13,390 of Homelessness Reduction Act funding has been received in-year from MHCLG which had not been budgeted for. The Council was not informed of the funding allocations until after the Original Estimate budget was set. The funding received has been allocated to several cost centres to support specific homelessness estimated costs in-year:</p> <ul style="list-style-type: none"> - Homelessness Strategy, -£42,470. - Joiners Arms (homelessness unit), -£5,470. - Housing Benefits, -£5,450. <p>It is estimated that £33,830 of this ring-fenced grant funding will be unspent in-year and will be transferred to the Housing Related Grants Reserve at year-end for use on supporting additional homelessness expenditure in future years. This transfer will reduce the budget variance</p>	-53,390

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2020/21**

Description	Variance - Original Estimate 2020/21 to Revised Estimate 2020/21 £
<p>HGBEN – Housing Benefits Increased housing benefits administration grant and other new burdens work grant income received in-year from the DWP. The Council was not notified of the yearly funding levels for these grants until after the original estimate budget was set.</p>	-7,600
<p>DOGWD – Dog Warden & Pest Control Estimated reduced pest control income for the year, because no in-house pest control work was undertaken between April and December 2020 due to Covid-19 restrictions between April and July 2020 and no trained pest control officer in place at the Council until January 2021.</p>	+8,710
<p>ENVHT – Environmental Health Services Estimated net under-recovery of income from private water supplies sampling and risk assessments work in-year. This is because no work was undertaken between April and June 2020 due to Drinking Water Inspectorate Covid-19 guidance and since then the work has been on-hold due to the reduced Environmental Health team resources, caused by vacancies and sickness absence, being focused on other priority areas of work.</p>	+8,080
<p>UCRED – Universal Credit Universal Credit Service funding received for 2020/21 is lower than budgeted for, because DWP reduced the funding significantly and the Council was not notified of the yearly funding level until after the original estimate budget was set.</p>	+6,070

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2020/21**

PLANNING AND DEVELOPMENT COMMITTEE

Description	Variance Original Estimate 2020/21 to Revised Estimate 2020/21 £
<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>	262,710
<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>	-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</p>	-5,070

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2020/21**

Description	Variance Original Estimate 2020/21 to Revised Estimate 2020/21 £
<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

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2020/21**

POLICY AND FINANCE COMMITTEE

Description	Variance Original Estimate 2020/21 to DRAFT Revised Estimate 2020/21 £
<p><u>CEEXEC: Chief Executive's Department</u> Council staffing budgets at original estimate assume an average vacancy saving of 4% across the authority on estimated costs. Actual vacancy savings within the Chief Executive's Department have exceeded those built into the budget, bringing about an underspend for the year. Following a full analysis at revised estimate of year to date expenditure and estimated recruitment timescales the budget estimates have been reduced by -£70k at revised estimate.</p> <p>The savings above have been partially offset by the engagement of an external pest control service to ensure continuation of the service during a period of staff shortages (£4k).</p>	-66,090
<p><u>CIVCF - Civic Functions</u> Reductions to various estimated costs within the Civic Functions cost centre have reduced the overall expenditure estimate for the current financial year by 20k. Mainly due to the cancellation of annual council (-£3.5k), reductions to employee estimated costs (-£4.5k), movement on estimated food and drink expenditure budgets (-£3.4k) and reduced expenditure on the Mayoral and Deputy Mayoral allowances (-£5.9k).</p>	-20,550
<p><u>CLOFF - Council Offices</u> Funds were set aside in an earmarked reserve at the end of the 2018/19 financial year for the cost of redecorating the council offices. As the project has now started budgets for the expenditure and movement in reserve have been established at revised estimate.</p>	27,950
<p><u>CLTAX: Council Tax</u> As a result of the coronavirus pandemic summonses are not currently being issued in respect of council tax arrears, reducing income received for the recovery of direct and indirect costs.</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.</p>	81,790
<p><u>COMPR: Computer Services</u> Funds received from the Local Government Association during the 2018/19 financial year to meet the cost of external consultancy support to undertake a review of the council's resilience and recovery arrangements are set aside in reserve. Due to service pressures the review is unlikely to take place in the current financial year and budgets that include provision for the cost of implementing recommendations that may arise as a result of the review have therefore been reduced at revised estimate.</p>	-6,690

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2020/21**

Description	Variance Original Estimate 2020/21 to DRAFT Revised Estimate 2020/21 £
<p>Estimated annual software maintenance costs have been increased, mainly as a result of the implementation of Microsoft 365 which has brought about an additional annual cost of £22k for backup and security software (approved at P&F Committee in November 2020). The costs for the 2020/21 financial year are to be funded partly from savings in the post of ICT Apprentice and partly from the equipment earmarked reserve.</p>	19,910
<p>Consultancy costs for implementation of Microsoft 365 as approved by P&F Committee in November 2020. To be fully funded from the Business Rates Growth Earmarked Reserve.</p>	13,630
<p><u>COSDM - Cost of Democracy</u> Delayed implementation of the modgov system, which is expected to be live early in 2021, has reduced annual software maintenance estimated costs for the current year.</p>	-7,090
<p>The annual estimated cost of members allowances has been revised down following review at revised estimate (-£5k), conference expenses are now expected to be minimal as conferences are cancelled as a result of COVID-19 (-£3k) and the budget for committee meeting expenses has been reduced as meetings under social distancing rules are being held online (-£3k).</p>	-11,100
<p><u>CSERV: Corporate Services</u> The estimate for the cost of annual surveys this year has been reduced by -£7k following a delay to the issue of surveys including the biennial resident perception survey due to COVID-19.</p>	-7,430
<p>The estimated cost of producing the Ribble Valley News publication has reduced by -£5k this year following cancellation of the spring edition as a result of the pandemic and there are also estimated savings of around -£3k within the promotional activities budget.</p>	-7,810
<p><u>ELECT: Register of Electors</u> It has not been necessary to employ staff this year to carry out the annual canvass because contact has been initiated over the telephone in order to comply with COVID-19 social distancing rules.</p>	-7,890
<p>The Cabinet Office have introduced changes to the annual canvass process from this financial year. Household property data is now securely matched with central government information prior to the posting of Household Enquiry Forms. Where data agrees it is not necessary to post reminders and this has reduced estimated postage and printing costs at revised estimate.</p>	-8,720

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2020/21**

Description	Variance Original Estimate 2020/21 to DRAFT Revised Estimate 2020/21 £
<p><u>FGSUB: Grants and Subscriptions</u> The budget for estimated concurrent function grant expenditures for the year has been reduced down to £25k following the reimbursement of actual grant claims of £22.9k which are lower than that allowed for within the budget provision.</p>	-7,550
<p><u>FREED: Freedom of the Borough march</u> The regimental freedom parade which was due to take place in April 2020 was cancelled as a result of the pandemic and the budget has now been moved to the 2021/22 financial year.</p>	-7,500
<p><u>FMISC: Finance Miscellaneous</u> Increase to the external audit fee budgets following a revision to fee structures as a result of additional work undertaken (Accounts and Audit Committee November 2020). The value of VAT shelter income to be received in the current financial year from Onward Homes has been forecast and a budget brought in. This will be transferred to the VAT shelter earmarked reserve at the end of the financial year.</p>	21,990
<p>A lump sum payment in advance of the council's monthly pension liability was expected to be made to Lancashire County Council in April 2020 – rather than monthly payments. Cashflows were reviewed in March following the economic shock resulting from COVID-19 and the decision was made to pay the council's liability on a monthly basis without the advanced payment. A movement to the pensions triennial revaluation reserve for potential savings brought about as a result of the advance payment will no longer be taking place.</p>	-6,410
<p><u>LICSE: Licensing</u> Income receipts from licensing fees have reduced this year as a result of the economic impact of COVID-19, mainly within the events (£4k) and taxi licensing income streams (£10k). 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 licensing income stream for the year.</p>	38,700
<p><u>LICSE: Licensing</u> Income receipts from licensing fees have reduced this year as a result of the economic impact of COVID-19, mainly within the events (£4k) and taxi licensing income streams (£10k). 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 licensing income stream for the year.</p>	14,310
<p><u>LANDC: Land Charges</u> Income estimates for land charges have been increased this year following a request from an organisation in November to undertake bulk searches on a number of properties within the Borough, generating income above that estimated within the base budget.</p>	-7,020
<p><u>LANDC: Land Charges</u> Income estimates for land charges have been increased this year following a request from an organisation in November to undertake bulk searches on a number of properties within the Borough, generating income above that estimated within the base budget.</p>	-20,270

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2020/21**

Description	Variance Original Estimate 2020/21 to DRAFT Revised Estimate 2020/21 £
<p><u>RESOR: Resources Department</u> Following a full review of current year costs at revised estimate, vacancy savings for the year within the Resources Department are expected to be lower than that built into the budget at original estimate, resulting in an increase to estimated employee costs.</p>	6,860
<p><u>SUPDF: Superannuation deficiency payments</u> The annual estimated cost of the superannuation scheme deficiency payments has been revised down following a full review of payments to date.</p>	-8,080
<p><u>VARIOUS: Travel and subsistence expenses</u> There have been lower travel and subsistence expenses claims this year than allowed for within committee budgets, likely as a result of employee vacancies and compliance with COVID-19 social distancing rules. Chief Executives Department -£6k, Resources Department -£4k, Cost of Democracy -£4k.</p>	-14,340
<p><u>VARIOUS: Enterprise Agreements</u> The council's three-year agreement for Microsoft licensing products ended this year and a tendering exercise was carried out for the renewal.</p> <p>Options were submitted to Emergency Committee in June 2020 and a new 3-year contract option was approved which increased costs within P&F Committee by £19k for the 2020/21 financial year. The net impact of year one costs on the revised estimate is largely offset via funding of £16k out of the Business Rates Growth earmarked reserve.</p>	19,030
<p><u>Support Service Costs</u> There is a net increase in inter-departmental costs to this committee following changes to various departmental cost allocations</p>	62,360
<p><u>Movement in capital (depreciation charges)</u> There is a net reduction in the estimated capital charge for the 2020/21 financial year.</p>	-34,480

SPECIAL POLICY & FINANCE COMMITTEE
REVENUE APPROPRIATIONS TO AND FROM EARMARKED RESERVES 2020/21

	Original Estimate 2020/21 £	Revised Estimate 2020/21 £
Reserves for Shorter Term Service Commitments		
Refuse Collection	-8,910	-9,260
Amenity Cleansing Reserve	-4,920	
Clitheroe Food Festival	-5,460	1,700
Two-Way Radio Reserve		-300
Total Reserves for Shorter Term Service Commitments	-19,290	-7,860
Reserves to Smooth the Revenue Impact of Longer Term Cyclical Costs		
Elections Fund	30,000	30,000
Revaluation of Assets Reserve	2,190	2,190
Pensions Triennial Revaluation Reserve	38,700	
Total Reserves to Smooth the Revenue Impact of Longer Term Cyclical Costs	70,890	32,190
Reserves for Trading or Business Units		
Building Control Fund	-16,150	3,850
Total Reserves for Trading or Business Units	-16,150	3,850
Reserves for Sums Set Aside for Major Schemes such as Capital Projects		
Capital		317,780
Total Reserves for Sums Set Aside for Major Schemes such as Capital Projects	0	317,780
Reserves for Longer Term Strategic or Corporate Items		
VAT Shelter Reserve		6,410
Repairs and Maintenance		-27,950
Post LSVT	-36,512	-36,512
Equipment Reserve		-23,420
Invest to Save Fund		5,510
Business Rates Volatility Reserve		
Business Rates Growth Reserve	1,105,519	1,183,976
New Homes Bonus Reserve	653,302	665,952
Total Reserves for Longer Term Strategic or Corporate Items	1,722,309	1,773,966

**SPECIAL POLICY & FINANCE COMMITTEE
REVENUE APPROPRIATIONS TO AND FROM EARMARKED RESERVES 2020/21**

Reserves for External Funding where Expenditure has yet to be Incurred		
Pendle Hill User Reserve		-2,180
Crime Reduction Partnership Reserve	-14,340	
Housing Related Grants Reserve	-36,320	21,720
Planning Policy Related Grants Reserve		-2,000
Parish Grant Reserve		-1,940
Flood Resilience, Response and Recovery Grant Reserve		-2,000
Cyber Resilience Grant Reserve		3,000
LCTS New Burdens Grant Reserve		-1,600
Parks Improvement Funding Reserve		-6,510
Business Rates S31 Grant Adjustment Reserve		2,578,153
Total Reserves for External Funding where Expenditure has yet to be Incurred	-50,660	2,586,643
Total of all Earmarked Reserves	1,707,099	4,706,569

**SPECIAL POLICY & FINANCE COMMITTEE
PARISH PRECEPTS**

Band D Equivalent Tax Base	Parish Council	Parish Precept 2021/22 £	Parish Precept 2020/21 £	Increase / (Decrease) in Precept £	Band D Equivalent Tax 2021/22 £	Band D Equivalent Tax 2020/21 £	Increase / (Decrease) in Band D Tax £	Increase / (Decrease) in Band D Tax %
470	Aighton, Bailey & Chaigley	6,000	5,600	400	12.77	12.39	0.38	3.03%
199	Balderstone	4,000	3,000	1,000	20.10	15.15	4.95	32.68%
618	Barrow	14,430	12,935	1,495	23.35	23.35	0.00	0.00%
210	Bashall Eaves, Great Mitton & Little Mitton	1,624	1,624	0	7.73	7.92	-0.19	-2.36%
2,149	Billington & Langho	21,960	21,960	0	10.22	10.22	0.00	-0.01%
487	Bolton by Bowland, Gisburn Forest & Sawley	17,000	33,000	-16,000	34.91	67.76	-32.85	-48.48%
72	Bowland Forest (High)	2,167	2,167	0	30.10	28.89	1.21	4.18%
80	Bowland Forest (Low)	1,200	1,200	0	15.00	15.00	0.00	0.00%
84	Bowland with Leagram	900	900	0	10.71	10.84	-0.13	-1.16%
391	Chatburn	11,372	11,372	0	29.08	28.94	0.14	0.50%
519	Chipping	8,678	8,280	398	16.72	16.56	0.16	0.97%
515	Clayton le Dale	3,000	3,000	0	5.83	5.77	0.06	0.96%
5,705	Clitheroe	117,079	116,845	234	20.52	21.06	-0.54	-2.55%
47	Dinckley	0	0	0	0.00	0.00	0.00	-
50	Downham	0	0	0	0.00	0.00	0.00	-
105	Dutton	500	500	0	4.76	4.85	-0.09	-1.82%
227	Gisburn	5,500	5,275	225	24.23	23.34	0.89	3.81%
359	Grindleton	8,000	8,000	0	22.28	22.04	0.24	1.11%

**SPECIAL POLICY & FINANCE COMMITTEE
PARISH PRECEPTS**

Band D Equivalent Tax Base	Parish Council	Parish Precept 2021/22 £	Parish Precept 2020/21 £	Increase / (Decrease) in Precept £	Band D Equivalent Tax 2021/22 £	Band D Equivalent Tax 2020/21 £	Increase / (Decrease) in Band D Tax £	Increase / (Decrease) in Band D Tax %
50	Horton	0	0	0	0.00	0.00	0.00	-
76	Hothersall	1,000	1,000	0	13.16	13.33	-0.17	-1.29%
2,944	Longridge	79,093	76,250	2,843	26.87	26.60	0.27	1.00%
8	Mearley	0	0	0	0.00	0.00	0.00	-
985	Mellor	25,000	24,000	1,000	25.38	24.46	0.92	3.76%
20	Newsholme	0	0	0	0.00	0.00	0.00	-
144	Newton	2,000	2,000	0	13.89	13.99	-0.10	-0.72%
105	Osbaldeston	1,000	1,000	0	9.52	9.52	0.00	0.04%
44	Paythorne	0	0	0	0.00	0.00	0.00	-
112	Pendleton	1,600	1,500	100	14.29	14.02	0.27	1.90%
283	Ramsgreave	3,298	3,000	298	11.65	10.56	1.09	10.36%
581	Read	10,836	10,449	387	18.65	18.30	0.35	1.92%
662	Ribchester	9,826	9,826	0	14.84	14.93	-0.09	-0.58%
233	Rimington & Middop	6,500	6,500	0	27.90	27.66	0.24	0.86%
543	Sabden	15,880	15,420	460	29.24	29.48	-0.24	-0.80%
191	Salesbury	4,800	4,800	0	25.13	25.26	-0.13	-0.51%
502	Simonstone	8,400	8,400	0	16.73	16.90	-0.17	-0.99%
152	Slaidburn & Easington	2,050	2,050	0	13.49	13.40	0.09	0.65%

**SPECIAL POLICY & FINANCE COMMITTEE
PARISH PRECEPTS**

Band D Equivalent Tax Base	Parish Council	Parish Precept 2021/22 £	Parish Precept 2020/21 £	Increase / (Decrease) in Precept £	Band D Equivalent Tax 2021/22 £	Band D Equivalent Tax 2020/21 £	Increase / (Decrease) in Band D Tax £	Increase / (Decrease) in Band D Tax %
169	Thornley with Wheatley	1,500	1,500	0	8.88	8.82	0.06	0.63%
35	Twiston	0	0	0	0.00	0.00	0.00	-
451	Waddington	13,500	13,500	0	29.93	29.74	0.19	0.65%
367	West Bradford	7,490	7,307	183	20.41	20.07	0.34	1.69%
1,758	Whalley	60,823	58,320	2,503	34.60	33.42	1.18	3.52%
1,079	Wilpshire	18,717	18,350	367	17.35	16.98	0.37	2.16%
181	Wiswell	6,886	6,751	135	38.04	37.30	0.74	2.00%
45	Worston	0	0	0	0.00	0.00	0.00	-
24,007		503,609	507,581	-3,972				

**SPECIAL POLICY & FINANCE COMMITTEE
USE OF NEW HOMES BONUS**

Relates to:	Received in year												2023/24
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
2011/12	62,046	62,046	62,046	62,046	62,046	62,046							
2012/13		117,599	117,599	117,599	117,599	117,599							
2013/14			188,053	188,053	188,053	188,053	188,053						
2014/15				227,108	227,108	227,108	227,108						
2015/16					373,810	373,810	373,810	373,810					
2016/17						398,268	398,268	398,268	398,267				
2017/18							389,751	389,751	389,751	389,751			
2018/19								414,079	414,079	414,079	414,079		
2019/20									464,389	464,389	464,389	464,389	
2020/21										502,733			
2021/22											637,380		
2022/23												?	
2023/24													?
	62,046	179,645	367,698	594,806	968,616	1,366,884	1,576,990	1,575,908	1,666,486	1,770,952	1,515,848	464,389	0
Allocated to date:													
Revenue base	60,000	60,000	60,000	333,780	676,065	786,961	793,079	1,105,000	1,105,000	1,105,000	1,105,000	1,105,000	1,105,000
Revenue in year						6,000							
Capital	0	0	100,000	85,000	35,662	57,749	175,618	139,469	361,547	229,150	241,040	70,960	306,637
Adjustment	60,000	60,000	160,000	418,780	711,727	850,710	968,697	1,244,469	1,466,547	1,334,150	1,346,040	1,175,960	1,411,637
Unallocated	2,046	119,645	217,727	165,997	256,889	516,174	608,293	331,439	199,939	436,802	169,808	-711,571	-1,411,637
Bal C/fwd	2,046	121,691	339,418	505,415	762,304	1,278,478	1,886,771	2,218,210	2,418,149	2,854,951	3,024,759	2,313,188	901,551

**SPECIAL POLICY & FINANCE COMMITTEE
COLLECTION FUND**

	Original 2020/21 £	Revised 2020/21 £
Expenditure		
Council Tax Precepts:		
Lancashire County Council	33,079,759	33,079,759
Police & Crime Commissioner for Lancashire	4,995,084	4,995,084
Lancashire Combined Fire Authority	1,673,926	1,673,926
Ribble Valley incl Parishes	4,185,446	4,185,446
Allocation of Council Tax Surplus for Year:		
Ribble Valley	81,910	81,910
Lancashire County Council	648,385	648,385
Lancashire Combined Fire Authority	33,455	33,455
Police & Crime Commissioner for Lancashire	96,998	96,998
Allocation of Business Rates Surplus:		
Central Government	117,836	117,836
Ribble Valley	252,893	252,893
Lancashire County Council	78,492	78,492
Lancashire Combined Fire Authority	6,763	6,763
Cost of Collecting NNDR	90,775	90,775
Distribution of Business Rates:		
Central Government	7,641,398	7,641,398
Ribble Valley	6,113,118	6,113,118
Lancashire County Council	1,375,452	1,375,452
Lancashire Fire Authority	152,828	152,828
Enterprise Zone	123,112	0
Renewable Energy Schemes	96,180	100,000
Transitional Protection Payments	0	5,518
NNDR - Bad Debts Provision	161,343	200,000
NNDR - Appeals Provision	484,029	616,755
Council Tax - Bad Debts Provision	331,996	200,000
	61,821,178	61,746,790
Income		
Surplus Brought Forward:		
Council Tax	860,748	782,758
Business Rates	455,984	320,048
Council Tax Income	44,266,211	44,474,573
Transitional Protection Payments due to the authority	103,920	21,533
Business Rates	16,134,315	9,292,730
	61,821,178	54,891,642
CTAX - Surplus/Deficit) Carried Forward	0	262,369
NNDR - Surplus/Deficit) Carried Forward	0	-7,117,517
Total Surplus/(Deficit)	0	-6,855,148

**SPECIAL POLICY & FINANCE COMMITTEE
COLLECTION FUND**

Calculation of Spread Amount for in-year Business Rate Deficit	£	21/22 Deficit to apportion £	Adjustment for 3 year spread £
Deficit	-7,117,517		
Remove Deficit relating to Funded Reliefs	-6,445,382	-6,445,382	
Adjusted Deficit (ie which can be spread) carried forward to 21/22	-672,135		
Less Deficit from previous year carried forward to 21/22	-135,936	-135,936	
Exceptional Balance	-536,199		
Spread amount for one year carried forward to 21/22	-178,733	-178,733	
2/3 of spread amount to carry forward to 2022/23 and 2023/24	-357,466		-357,466
Remove Deficit relating to Funded Reliefs		-6,760,051	-357,466

**SPECIAL POLICY & FINANCE COMMITTEE
MAIN BUDGET VARIANCES 2020/21 OE TO 2021/22 OE**

COMMUNITY COMMITTEE

Description	Variance Original Estimate 2020/21 to DRAFT Original Estimate 2021/22
<p>VARIOUS: Capital Decreases to depreciation as result of a reduction in the accounting valuation of various assets following the closedown of the 2019/20 accounts – in particular Ribblesdale Pool - £70,720, Castle Museum -£33,980, Museum Café -£11,690, Mardale Pavilion and Edisford Changing Rooms -£24,470.</p>	-198,390
<p>VARIOUS: Support Services There is a net decrease in inter-departmental costs and miscellaneous recharges on this committee following changes to various departmental cost allocations and reduced costs.</p>	-76,020
<p>VARIOUS: Refuse Collection Vehicles Increase to the repairs and maintenance budget for refuse collection vehicles due to a continued increase in repairs experienced in recent years. This is the movement of the amount previously held corporately as a contingency in 2020/21 now being released and provided against the service.</p>	50,000
<p>RPOOL: Ribblesdale Pool Increase to the gas budget has been necessary as a result of a new energy meter being installed at the pool which has registered readings of an increase in usage.</p>	15,720
<p>VARIOUS: Inflationary Increase When the 2% inflationary increase is applied, it accounts collectively to a substantial increase for this committee.</p>	104,520

**SPECIAL POLICY & FINANCE COMMITTEE
MAIN BUDGET VARIANCES 2020/21 OE TO 2021/22 OE**

ECONOMIC DEVELOPMENT COMMITTEE

Description	Variance Original Estimate 2020/21 to DRAFT Original Estimate 2021/22
INDDV - Economic Development Increase in support service costs mainly due to inflationary increases in the Economic Development and Planning Department.	5,150
INDDV - Economic Development Reduction in the depreciation charge due to a delay in the planned installation of gateway signs at Whalley, Longridge and Clitheroe.	-6,670
TURSM – Tourism and Events Increase in support service costs mainly due to inflationary increases charged to Community Services.	3,040

HEALTH AND HOUSING COMMITTEE

Description	Variance - Original Estimate 2020/21 to DRAFT Original Estimate 2021/22 £
VARIOUS – Support Services A net increase in support service recharges across all cost centres following a re-assessment of budgeted costs in all support services areas. The increased charges will also reflect the impact of 2% inflation for those support services.	28,550

**SPECIAL POLICY & FINANCE COMMITTEE
MAIN BUDGET VARIANCES 2020/21 OE TO 2021/22 OE**

PLANNING AND DEVELOPMENT COMMITTEE

Description	Variance Original Estimate 2020/21 to DRAFT Original Estimate 2021/22
<p><u>Inflation</u> The budget forecast allows for inflation on pay and prices at 2%. The net inflationary increase for this committee brought into the estimates is £10k.</p>	10,630
<p><u>ECPLA: Economic Development and Planning Department</u> The departmental direct salary costs are estimated to be £5k above the standard 2% inflation added to the original estimate for the 2021/22 financial year. This is mainly due to an increase to the employer superannuation estimate following scheme membership changes.</p>	5,630
<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.</p> <p>Following final approval at Special Policy and Finance Committee in February 2020, year one estimated costs of £190k were brought into the base budget. This movement represents an adjustment to the base for these estimated costs as they are now expected to fall in the 2021/22 financial year.</p>	-53,800
<p><u>PLANG: Planning Control and Enforcement</u> Planning fees are set nationally and no inflationary increase is expected for the 2021/22 financial year. This budget movement removes the standard 2% inflationary increase to the planning income estimates, reverting the estimated income back to the original base budget of £679k per the 2020/21 financial year.</p>	13,580
<p><u>Depreciation charges</u> The capital scheme for the new plotter/copier in the planning section was completed during the 2020/21 financial year and a budget has been established for associated depreciation charges.</p>	4,390
<p><u>Support Service Costs</u> There is a net increase in inter-departmental costs to this committee following changes to various departmental cost allocations.</p>	26,810

**SPECIAL POLICY & FINANCE COMMITTEE
MAIN BUDGET VARIANCES 2020/21 OE TO 2021/22 OE**

POLICY AND FINANCE COMMITTEE

Description	Variance Original Estimate 2020/21 to DRAFT Original Estimate 2021/22 £
<p><u>Inflation</u> The budget forecast allows for inflation on pay and prices at 2%. The net inflationary increase for this committee brought into the estimates is £81k.</p>	81,160
<p><u>COMPR: Computer Services</u> Expenditure payable for access to the Public Services Network (that enables secure data sharing between public sector bodies) has reduced following renewal of the annual contract. Estimated annual software maintenance costs have increased, mainly as a result of the implementation of Microsoft 365 which has brought about an additional annual cost of £22k for backup and security software (approved at P&F Committee in November 2020). Expenditure has also increased by an estimated £4k per year for purchases that enable employees to securely access the council's systems when remote working following an increase to homeworking brought about as a result of the coronavirus pandemic.</p>	-4,930 25,860
<p><u>ESTAT: Estates</u> An estimate has been brought into the budget for a transfer of funds to the Invest to Save Earmarked Reserve. The contribution is the estimated additional rental income to be generated in the 2021/22 financial year as a result of the Queensway Garages capital scheme (originally funded from this reserve).</p>	5,510
<p><u>FGSUB: Grants and Subscriptions</u> In June 2019 this Committee resolved to provide a one-off grant payment of £10k to Lancashire County Council to support the continuation of the 280 bus service between Clitheroe and Preston and Clitheroe to Skipton for a period of 12 months. The cost of the payment was to be funded from the Council's voluntary organisation grant's budget from the 2019/20 and 2020/21 financial years. The temporary reduction to the base budget at OE20/21 has now been reversed.</p>	4,270
<p><u>FMISC: Finance Miscellaneous</u> Increase to the annual budget provision for the cost of external audit work following an increase to the 2020/21 fees in respect of the Housing Benefit Assurance Process (HBAP) (Accounts and Audit Committee November 2020).</p>	16,020
<p><u>SUPDF: Superannuation deficiency payments</u> The annual estimated cost of superannuation scheme deficiency payments has been revised down following a full review.</p>	-9,960

**SPECIAL POLICY & FINANCE COMMITTEE
MAIN BUDGET VARIANCES 2020/21 OE TO 2021/22 OE**

Description	Variance Original Estimate 2020/21 to DRAFT Original Estimate 2021/22 £
<p><u>Movement in capital (depreciation charges)</u> There is a net reduction in the estimated capital charge for the 2021/22 financial year of £41k.</p>	-41,030
<p><u>Enterprise Agreements</u> The council's three-year agreement for Microsoft products ended this year and a tendering exercise was carried out for the renewal. Options were submitted to Emergency Committee in June 2020 and a new 3-year contract option was approved which have increased estimated costs within P&F Committee by £19k for the 2021/22 financial year.</p>	19,420
<p><u>Support Service Costs</u> There is a net decrease in support service costs charged to the committee following changes to various departmental cost allocations.</p>	-82,120

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

	Forecast Balance at 31 March 2020 £	Budgeted to be added/taken in 2020/21 on Revenue £	Budgeted to be added/taken in 2020/21 on Capital £	Forecast Balance at 31 March 2021 £	Budgeted to be added/taken in 2021/22 on Revenue £	Budgeted to be added/taken in 2021/22 on Capital £	Forecast Balance at 31 March 2022 £
Reserves for Shorter Term Service Commitments							
<u>Community Services Committee Grants Fund</u> <i>Used to fund various Community Services Committee grants</i>	17,913			17,913			17,913
<u>Audit Reserve Fund</u> <i>Used for computer audit</i>	12,335			12,335			12,335
<u>Refuse Collection</u> <i>To fund refuse collection costs of bin replacements and other cost pressures</i>	59,610	-9,260	-13,000	37,350	-9,210	-13,000	15,140
<u>Amenity Cleansing Reserve</u> <i>Used to fund known future amenity cleansing works</i>	11,830			11,830			11,830
<u>Clitheroe Food Festival</u> <i>Resources set aside to help support the costs associated with the Clitheroe Food Festival</i>	6,905	1,700		8,605	-8,600		5

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

	Forecast Balance at 31 March 2020 £	Budgeted to be added/taken in 2020/21 on Revenue £	Budgeted to be added/taken in 2020/21 on Capital £	Forecast Balance at 31 March 2021 £	Budgeted to be added/taken in 2021/22 on Revenue £	Budgeted to be added/taken in 2021/22 on Capital £	Forecast Balance at 31 March 2022 £
<u>Two-Way Radio Reserve</u> <i>Contributions from the Lancashire Resilience Forum towards the running of the two-way radio system and future enhancements</i>	718	-300		418			418
<u>Promotional Activities Reserve</u> <i>To fund planned publicity and promotional activities</i>	0			0			0
Total Reserves for Shorter Term Service Commitments	109,311	-7,860	-13,000	88,451	-17,810	-13,000	57,641
Reserves to Smooth the Revenue Impact of Longer Term Cyclical Costs							
<u>Elections Fund</u> <i>Used to fund borough elections held once every four years</i>	25,118	30,000		55,118	30,000		85,118
<u>Revaluation of Assets Reserve</u> <i>To contribute towards the revaluation of the Council's assets every five years.</i>	2,420	2,190		4,610	2,190		6,800
<u>Pensions Triennial Revaluation Reserve</u> <i>Savings on contribution rates, set aside with a view to offsetting any future pensions fund deficits</i>	68,592			68,592			68,592

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Total Reserves to Smooth the Revenue Impact of Longer Term Cyclical Costs	96,130	32,190	0	128,320	32,190	0	160,510
Reserves for Trading or Business Units							
<u>Building Control Fund</u> <i>Available to equalise net expenditure over a three year period</i>	-78,755	3,850		-74,905	-23,500		-98,405
Total Reserves for Trading or Business Units	-78,755	3,850	0	-74,905	-23,500	0	-98,405
Reserves for Sums Set Aside for Major Schemes such as Capital Projects							
<u>Capital</u> <i>Used to fund the capital programme</i>	931,767	317,780	-344,020	905,527		-94,920	810,607
<u>ICT Repairs and Renewals</u> <i>To fund future software and hardware pressures</i>	122,740		-30,000	92,740			92,740
<u>Vehicle & Plant Repairs and Renewals Reserve</u> <i>Resources set aside to fund future replacement of Vehicles and Plant through the capital programme</i>	51,035			51,035			51,035
Total Reserves for Sums Set Aside for Major Schemes such as Capital Projects	1,105,542	317,780	-374,020	1,049,302	0	-94,920	954,382
Reserves for Longer Term Strategic or Corporate Items							

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<u>VAT Shelter Reserve</u> <i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,104,453	6,410	-97,370	1,013,493		-186,740	826,753
<u>Fleming VAT Claim</u> <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	58,819		-15,100	43,719			43,719
<u>Insurance</u> <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	14,581			14,581			14,581
<u>Repairs and Maintenance</u> <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	45,079	-27,950		17,129			17,129
<u>Post LSVT</u> <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	146,050	-36,512		109,538	-36,512		73,026
<u>Restructuring Reserve</u> <i>To fund costs resulting from restructuring reviews</i>	187,903			187,903			187,903
<u>Equipment Reserve</u> <i>To fund essential and urgent equipment requirements</i>	83,655	-23,420	-8,430	51,805	-500		51,305

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<u>Invest to Save Fund</u> <i>To fund future invest to save projects</i>	237,162	5,510		242,672	5,510		248,182
<u>Planning Reserve</u> <i>To fund any future potential planning issues such as Planning Appeals</i>	41,643		-13,190	28,453			28,453
<u>Housing Benefit Reserve</u> <i>To help meet the challenges facing the service in the coming years</i>	100,000			100,000			100,000
<u>Business Rates Volatility Reserve</u> <i>To provide some protection against business rates volatilities</i>	1,682,000			1,682,000	-97,015		1,584,985
<u>Business Rates Growth Reserve</u> <i>Business rates growth used to support revenue expenditure or the capital programme.</i>	1,574,614	1,183,976	-100,200	2,658,390	779,698	-37,600	3,400,488
<u>New Homes Bonus Reserve</u> <i>To help support revenue and capital expenditure</i>	2,418,149	665,952	-229,150	2,854,951	410,848	-241,040	3,024,759
Total Reserves for Longer Term Strategic or Corporate Items	7,694,108	1,773,966	-463,440	9,004,634	1,062,029	-465,380	9,601,283
Reserves for External Funding where Expenditure has yet to be Incurred							
<u>Performance Reward Grant</u> <i>Performance Reward Grant received and used to fund associated projects</i>	67,577			67,577			67,577

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<u>Land Charges Reserve</u> <i>To fund any potential restitution claims for personal search fees</i>	51,117			51,117			51,117
<u>Pendle Hill User Reserve</u> <i>To fund improvement schemes on Pendle Hill</i>	2,181	-2,180		1			1
<u>Crime Reduction Partnership Reserve</u> <i>To fund cost of crime reduction initiatives</i>	38,059			38,059	-14,620		23,439
<u>Exercise Referral and Up and Active Reserve</u> <i>To fund potential residual staffing costs and to hold other service grants</i>	5,032			5,032			5,032
<u>Housing Related Grants Reserve</u> <i>Residual grant received, to be committed to future expenditure</i>	206,452	21,720	-157,530	70,642	42,820		113,462
<u>Planning Policy Related Grants Reserve</u> <i>To provide short term capacity support when dealing with housing planning applications</i>	5,850	-2,000		3,850			3,850

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<u>Community Right to Bid/Challenge</u> <i>To fund any future costs under the Community Right to Bid and Community Right to Challenge Regulations</i>	45,124			45,124			45,124
<u>Grant Funded Sports Development</u> <i>To finance future Sports Development grant funded expenditure</i>	10,687			10,687			10,687
<u>Whalley Moor Reserve</u> <i>Grant received towards work at Whalley Moor Woodland</i>	4,520			4,520			4,520
<u>Individual Electoral Registration Reserve</u> <i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	16,590			16,590			16,590
<u>Rural Services Reserve</u> <i>Grant received with the purpose of supporting rural services</i>	75,392		-75,030	362		-360	2
<u>Neighbourhood Planning Reserve</u> <i>MHCLG Neighbourhood Planning Grant received to fund future related expenditure</i>	16,133			16,133			16,133

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<u>Repossession Prevention Fund Reserve</u> <i>Ring-fenced MHCLG funded reserve to help prevent repossessions and homelessness.</i>	28,491			28,491			28,491
<u>Parish Grant Reserve</u> <i>PRG resources set aside to fund the Parish Grant Scheme</i>	35,769	-1,940		33,829			33,829
<u>Custom and Self Build Register Grant Reserve</u> <i>Grant funding towards maintenance of a register of individuals, and associations of individuals, seeking to acquire serviced plots of land in the area</i>	88,750			88,750			88,750
<u>Brownfield Register Grant Reserve</u> <i>Grant funding towards preparation and maintenance of a register of brownfield sites suitable for residential development.</i>	26,263			26,263			26,263
<u>Flood Resilience, Response and Recovery Grant Reserve</u> <i>Grant funding relating to residual Flood Resilience Grants and also in respect of flood response and recovery</i>	18,408	-2,000		16,408			16,408

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<u>EU Exit Funding Reserve</u> <i>Grant funding relating to impacts in respect of the EU Exit</i>	52,452			52,452			52,452
<u>Cyber Resilience Grant Reserve</u> <i>Grant funding in respect of Cyber Resilience work</i>	10,600	3,000		13,600	-13,600		0
<u>Pendle Hill Landscape Partnership Reserve</u> <i>To fund schemes in respect of the Pendle Hill Landscape Partnership</i>	0			0			0
<u>Housing Benefits New Burden Grants Reserve</u> <i>Grant income to support new burdens in respect of Housing Benefits</i>	4,669			4,669			4,669
<u>LCTS New Burdens Grant Reserve</u> <i>Grant income to support new burdens in respect of Localised Council Tax Support</i>	18,370	-1,600	-10,000	6,770			6,770
<u>Parks Improvement Funding Reserve</u> <i>Grant funding to support improvements to parks</i>	7,111	-6,510		601			601

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<u>Covid-19 Response</u> <i>Balance of grant income received prior to the end of 2019/20 financial year in respect of the response to the Covid-19 pandemic</i>	3,835			3,835			3,835
<u>Business Rates S31 Grant Adjustment Reserve</u> Short term reserve to hold Section 31 grant received in 2020/21 in respect of business rates relief - to fund collection fund deficit in 2021/22	0	2,578,153		2,578,153	-2,578,153		0
Total Reserves for External Funding where Expenditure has yet to be Incurred	839,432	2,586,643	-242,560	3,183,515	-2,563,553	-360	619,602
Total of all Earmarked Reserves	9,765,768	4,706,569	-1,093,020	13,379,317	-1,510,644	-573,660	11,295,013