

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO PLANNING AND DEVELOPMENT COMMITTEE

Agenda Item No 11

meeting date: 12 JANUARY 2017
title: ORIGINAL REVENUE BUDGET 2017/18
submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

- 1.1 To agree the draft revenue budget for 2017/18, for consideration at Special Policy and Finance Committee.

2 BACKGROUND - COUNCIL'S OVERALL FINANCIAL POSITION

- 2.1 In September we updated the Council's four year Budget Forecast which predicted budget gaps as follows: £265k in 2017/18, £719k in 2018/19, £921k in 2019/20.
- 2.2 In October this Council submitted an Efficiency Plan to the Government in order to secure a multi year finance settlement. We were notified on 16 November that we are now formally on the multi-year settlement and can expect to receive the allocations published as part of the 2016/17 local government finance settlement in 2017/18, 2018/19 and 2019/20.
- 2.3 On Thursday 15 December 2016 the provisional Local Government Finance Settlement was announced and confirmed these allocations.
- 2.4 It was also announced that there would be significant changes to the New Homes Bonus Scheme following the consultation earlier in the year. The main changes are:
- In 2017/18 allocations paid will reduce from 6 years to 5
 - In 2018/19 allocations paid will reduce from 6 years to 4
 - A new growth baseline of 0.4% has been set for 2017/18 below which the bonus will not be paid. The Government will announce each year what the growth baseline will be
 - From 2018/19 the Government will consider withholding New Homes Bonus from local authorities that are not planning effectively ie making positive decisions on planning applications and delivering housing growth. They will also consider withholding payments from homes built following an appeal.
- 2.5 For Ribble Valley the impact of these changes is that our in year New Homes Bonus allocation for 2017/18 will reduce from £510k to £384k a reduction of £126k, as a result of the new 0.4% growth baseline. In effect our taxbase had to increase by 102 new properties before we could receive any New Homes Bonus for 2017/18. Our total allocation for next year will now be £1.570k instead of £1.815k a reduction of £244k. We will face further reductions in 2018/19 when the number of years included in the grant reduces from 5 to 4.

- 2.6 The Government also set out the referendum criteria for 2017/18. This will allow a maximum increase in band d council tax for Ribble Valley of £5. In addition to a 2% increase in council tax they have also allowed upper tier councils a further 3% in each of the next two years to be spent on social care.
- 2.7 From 1 April 2016 we have been a member of the Lancashire Business Rate Pool which means that we will benefit from not having to pay a 50% levy on growth above our business rate baseline. We currently estimate that our retained levy will be around £400k. A reconfigured pool for Lancashire has been agreed by the Government for 2017/18.
- 2.8 The Budget Working Group and the Special Policy and Finance Committee meeting will have to consider the implication of these announcements in approving our budget for next year.

3 BUDGET WORKING GROUP GUIDANCE TO SERVICE COMMITTEES

- 3.1 The Budget Working Group considered the forecast position for 2017/18 and gave the following guidance to service committees.

Committees should consider their budgets carefully. Where possible savings be identified in the preparation of the detailed estimates and shown in the budget analysis reported to service committees.

4 BUDGET PROCESS

- 4.1 Presented to committee for decision in October were the proposed fees and charges for 2017/18. The consequential impact of these approved fees and charges have been incorporated in to the service budgets shown within this report.
- 4.2 Following a great deal of in-depth service analysis and meetings with regard to this committees budgets by the council's accountants, budget holders, heads of service and management team, a proposed draft budget is now presented to members. This budget is agreed as that which best reflects the services of this committee for the next financial year.
- 4.3 When all committees have approved their detailed estimates the overall position will be considered by Budget Working Group.
- 4.4 The Budget Working Group will then make recommendations in order to produce a balanced budget for consideration at the Special meeting of Policy and Finance Committee. The final budget report will then be presented to Full Council, at which point the Council Tax for 2017/18 will also be approved

5 2017/18 DRAFT REVENUE BUDGET

- 5.1 As far as your budget is concerned, the estimates have been prepared on the current levels of service, and they allow for pay increases at 1.1% and increases at 1.5% for all other items.

5.2 Within this report the budget is shown in the same manner in which they are reviewed. Each costs centre within the report is shown individually. Behind each costs centre is a great deal more subjective level detailed budgets, but for the purposes of this report they are summarised in to the standard local government CIPFA Service Reporting Code of Practice basis.

- **Employee Related:** this group includes the cost of employees, both direct and indirect to the council.
- **Premises Related:** this group includes expenses directly related to the running of premises and land.
- **Transport Related:** this group includes all costs associated with the provision, hire or use of transport, including travelling allowances.
- **Supplies and Services:** this group includes all direct supplies and service expenses to the council.
- **Third Party Payments:** a third party payment is a payment to an external provider which is operating independently, in return for the provision of a service.
- **Transfer Payments:** this includes the cost of payments to individuals for which no goods or services are received in return by the local authority. A key item here would be the payment of housing benefits.
- **Support Services:** charges for services that support the provision of services to the public. At this council the main support service cost is the support from staff based at the council offices building and the building's associated cost
- **Depreciation and Impairment:** this is the revenue impact of capital items shown in the service revenue accounts of the council.
- **Income:** this includes income from fees and charges, grants, donations and contributions. Also shown here is the associated 'income' to a support service from the redistribution of its costs to those providing services to the public

5.3 As you will see, the draft proposed budget for 2017/18 for each service area is also built up looking at a number of stages. The starting point is the base budget, being the Original Estimate for the current financial year. A summary of the various elements is given below.

- **Original Estimate 2016/17:** This represents the base budget for the council and assumes no change in service level from that set for the previous year's original estimate.
- **Savings:** Here any savings or additional income that is identified from past service experience or trends would be brought in to the budget to adjust the base budget.
- **Inflation at 1.1% Pay and 1.5% Other:** The budget forecast allows for inflation on pay at 1.1% and on all other items (with some exceptions such as grants) of 1.5%. This is where that general allowance for inflation is brought in to the individual budget areas.

- **Variation to Standard Budgeted Inflation %:** Inevitably, as we undertake detailed work on the budget it becomes evident that there are some items of income or spend that experience a greater or lower level of inflation. This is where we adjusted for those differing levels of inflation. An example is energy costs.
- **Unavoidable Changes to Service Costs:** This relates to changes to a service, for example where costs are demand driven. In past years items included under the new 'Savings' heading were also included here.
- **Support Services:** Any changes that relate to the recharging of support service costs are included in this column.
- **Capital:** Any changes relating to depreciation and impairment are included in this column
- **DRAFT Original Estimate 2017/18:** The final column is the total of all preceding columns and is constructed from the base budget and any necessary changes to the base that are needed. If approved this will then form the base budget in next year's budget process.

5.4 Detailed in the following section of the report are the individual budget areas under this committee. Shown are the movements from the 2016/17 Original Estimate, to the DRAFT Original Estimate for 2017/18. Comments are also provided on the main variances.

6 COMMITTEE SERVICE ESTIMATES

6.1 **Cost Centre and Description** AONBS: Area of Outstanding Natural Beauty

This relates to the cost of membership of National AONB Organisation and the annual contribution to the Joint Advisory Committee Partnership. Funding contributes to managements work and projects

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Third Party Payments	6,900		100	-100				6,900
Support Services	8,750					870		9,620
Total Expenditure	15,650	0	100	-100	0	870	0	16,520
Net Expenditure	15,650	0	100	-100	0	870	0	16,520

6.2 **Cost Centre and Description** BCFEE: Building Control

Determination of all types of building control applications and related legislation and standards, including dangerous buildings and elements of licensing for which a fee can be charged

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Employee Related Expenditure	3,060		50	-30				3,080
Transport Related Expenditure	9,760		140		-1,710			8,190
Supplies & Services	12,910	-650	180	1,540	0			13,980
Support Services	157,190		0			-12,040		145,150
Total Expenditure	182,920	-650	370	1,510	-1,710	-12,040	0	170,400
Customer & Client Receipts	-174,860		-2,630	30	1,570			-175,890
Net Expenditure	8,060	-650	-2,260	1,540	-140	-12,040	0	-5,490
Associated Movement in Earmarked Reserves	-8,060				13,550			5,490
Net After Earmarked Reserves	0	-650	-2,260	1,540	13,410	-12,040	0	0

BCFEE: Building Control

Commentary on Substantial Budget Changes

Support Services :

The decrease is mainly due to changes in cost allocations from Chief Executives Department, largely due to a restructuring of the building control team

Customer & Client Receipts :

Income from building regulation fees has been based on a three year average plus a provision for inflation. As this is lower than the original estimate for 2016/17 plus inflation, there is a resulting movement in unavoidable changes to the service costs.

Net Expenditure

Initially there was a budgeted deficit for the building control function this has turned into a surplus, mainly due to the reduction in support services.

Movement in Earmarked Reserve

The estimated net expenditure for 2017/18 is in surplus, this will be transferred to the Building Regulation Reserve.

6.3 **Cost Centre and Description** BCNON: Building Control

Determination of all types of building control applications and related legislation and standards, including dangerous buildings and elements of licensing for which no fee can be charged

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Transport Related Expenditure	4,100		60		1,700			5,860
Supplies & Services	4,140		60	1,540	10			5,750
Support Services	53,770		0			-2,980		50,790
Total Expenditure	62,010	0	120	1,540	1,710	-2,980	0	62,400
Customer & Client Receipts	-1,300		-20					-1,320
Net Expenditure	60,710	0	100	1,540	1,710	-2,980	0	61,080

BCNON: Building Control

Commentary on Substantial Budget Changes

Support Services

The decrease is mainly due to changes in cost allocations from Chief Executives Department, largely due to a restructuring of the building control team

6.4 **Cost Centre and Description** BCSAP: Building Control SAP Fees

Procedure for estimating energy performance of dwellings

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Employee Related Expenditure	1,540		20		10			1,570
Supplies & Services	340		10	-10	-60			280
Support Services	1,030		0			-190		840
Total Expenditure	2,910	0	30	-10	-50	-190	0	2,690
Customer & Client Receipts	-5,390		-80		230			-5,240
Total Income	-5,390	0	-80	0	230	0	0	-5,240
Net Expenditure	-2,480	0	-50	-10	180	-190	0	-2,550

6.5 **Cost Centre and Description** CINTR: Clitheroe Integrated Transport Scheme

The council makes asmlal contribution to the running cots of the County Coucil's bus and rail interchange in Clitheroe.

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Premises Related Expenditure	100		0		-100			0
Transfer Payments	5,230		80					5,310
Support Services	0		0			800		800
Depreciation and Impairment	1,180		0					1,180
Total Expenditure	6,510	0	80	0	-100	800	0	7,290
Other Grants and Contributions	-100		0		100			0
Total Income	-100	0	0	0	100	0	0	0
Net Expenditure	6,410	0	80	0	0	800	0	7,290

6.6 **Cost Centre and Description** COMMG: Community Groups

Support funding for biodiversity, conservation and environmental community projects

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Transfer Payments	6,660		100	-100				6,660
Support Services	16,170		0			30,710		46,880
Total Expenditure	22,830	0	100	-100	0	30,710	0	53,540
Net Expenditure	22,830	0	100	-100	0	30,710	0	53,540

COMMG: Community Groups

Commentary on Substantial Budget Changes

Support Services

The increase is due to changes in cost allocations from Chief Executives Department

6.7 **Cost Centre and Description** CONSV: Conservation Areas

The council has the power to designate areas as Conservation Areas, these are areas of special architectural or historic interest, the character or appearance of which it is desirable to preserve or enhance

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Support Services	16,000		0			-3,030		12,970
Total Expenditure	16,000	0	0	0	0	-3,030	0	12,970
Net Expenditure	16,000	0	0	0	0	-3,030	0	12,970

CONSV: Conservation Areas

Commentary on Substantial Budget Changes

Support Services

The decrease is due to changes in cost allocations from Community Services

6.8 **Cost Centre and Description** COUNT: Countryside Management

Determination of all types of building control applications and related legislation and standards, including dangerous buildings and elements of licensing

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Premises Related Expenditure	10,900		160					11,060
Supplies & Services	9,300		140					9,440
Transfer Payments	16,940		250		-11,060			6,130
Support Services	19,300		0			1,340		20,640
Total Expenditure	56,440	0	550	0	-11,060	1,340	0	47,270
Miscellaneous Recharges	-10,250		-150		780			-9,620
Total Income	-10,250	0	-150	0	780	0	0	-9,620
Net Expenditure	46,190	0	400	0	-10,280	1,340	0	37,650

COUNT: Countryside Management

Commentary on Substantial Budget Changes

Transfer Payments

The decrease in transfer payments is due to transferring the budget provision for funding the Parish Lengthmans Scheme from this committee to Policy and Finance Committee to be included under the Concurrent Function grant scheme.

6.9 **Cost Centre and Description** FPATH: Footpaths & Bridleways

The council provides assistance in footpaths and diversion orders

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Premises Related Expenditure	310		0					310
Supplies & Services	1,590		20	-20				1,590
Support Services	6,540		0			120		6,660
Total Expenditure	8,440	0	20	-20	0	120	0	8,560
Other Grants and Contributions	-1,590		-20	20				-1,590
Total Income	-1,590	0	-20	20	0	0	0	-1,590
Net Expenditure	6,850	0	0	0	0	120	0	6,970

6.10 **Cost Centre and Description** LDEVE: Local Development Scheme

The Local Development Scheme (LDS) is a statutory document that the Council has to have in place. It is a public statement of the programme that the Council intend to take forward to deliver the Local Development Framework.

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Supplies & Services	36,000		560	-560	6,900			42,900
Support Services	4,040		0			60		4,100
Total Expenditure	40,040	0	560	-560	6,900	60	0	47,000
Net Expenditure	40,040	0	560	-560	6,900	60	0	47,000
Associated Movement in Earmarked Reserves	-36,000		0		-6,900			-42,900
Net After Earmarked Reserves	4,040	0	560	-560	0	60	0	4,100

LDEVE: Local Development Scheme

Commentary on Substantial Budget Changes

Supplies & Services

Having adopted the Core Strategy, the Council needed to deliver the previously identified proposals for specific land allocations. This has to follow a series of regulatory steps outlined in the Local Development Scheme. The first key stage is to consult on the emergent issues and options followed by a stage where there may be a need to refresh existing evidence ahead of any examination and any additional consultations. The unavoidable changes relate to the movement in the type of expenditure from the initial stage to the next process. The main change is an increase in consultants cost offset by reductions in postages, statutory notices etc.

6.11 **Cost Centre and Description** PLANG: Planning Control & Enforcement

The budget shown here relates to the determination of planning applications, pre-application advice and investigation of authorised development.

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Supplies & Services	62,500		950	280	-750			62,980
Third Party Payments	3,280		50	-70				3,260
Support Services	673,510		0			6,830		680,340
Depreciation and Impairment	2,400		0				7,130	9,530
Total Expenditure	741,690	0	1,000	210	-750	6,830	7,130	756,110
Customer & Client Receipts	-582,020		-8,740	-40	2,510			-588,290
Total Income	-582,020	0	-8,740	-40	2,510	0	0	-588,290
Net Expenditure	159,670	0	-7,740	170	1,760	6,830	7,130	167,820
Associated Movement in Earmarked Reserves	0		0					0
Net After Earmarked Reserves	159,670	0	-7,740	170	1,760	6,830	7,130	167,820

PLANG: Planning Control & Enforcement

Commentary on Substantial Budget Changes

Support Services

The increase is due to changes in cost allocations from Financial Services and Chief Executive Department offset by a reduction in support costs from Community Services.

Depreciation and Impairment

The increase is due to depreciation on the cost of Introducing a Planning Portal Link to the Planning Application System and Planning System Update, Which is in the capital programme as a scheme in 2016/17.

Customer & Client Receipts

Income from pre application advice fees has been based on a three year average plus a provision for inflation. However, as this is less than the original estimate for 2016/17 plus inflation, there is a resulting movement in unavoidable changes to service costs.

6.12 **Cost Centre and Description** PLANP: Planning Policy

To set an overall framework for improving's housing delivery, employment and the protection and enhancement of the environment of the area

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Support Services	161,810		0			-3,200		158,610
Total Expenditure	161,810	0	0	0	0	-3,200	0	158,610
Net Expenditure	161,810	0	0	0	0	-3,200	0	158,610

PLANP: Planning Policy

Commentary on Substantial Budget Changes

Support Services

The decrease in support services is due to changes in cost allocations from the Chief Executives Department offset by an increase in costs from Community Services.

6.13 **Cost Centre and Description** PLSUB: Grants & Subscriptions - Planning

Within this budget are various Grants, Contributions and Subscriptions paid by the council from this committee

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Supplies & Services	10,070	-6,570	150	1,600				5,250
Support Services	460		0			-460		0
Total Expenditure	10,530	-6,570	150	1,600	0	-460	0	5,250
Net Expenditure	10,530	-6,570	150	1,600	0	-460	0	5,250

PLSUB: Grants & Subscriptions - Planning

Commentary on Substantial Budget Changes

Supplies & Services

Previously Lancashire County Council provided an archaeological and ecological advice service. From April 2016 the archaeological advice has been provided by the Lancashire Archaeological Advisory Service under a service level agreement. This costs less than the previous service provided by LCC resulting in savings. However, the proposed fee for 2017/18 is above an inflationary increase, as shown in the table above.

7 SUMMARIES

- 7.1 The draft budget is summarised in two ways. One over the cost of the service provided by the committee (objective). The other is over the type of expenditure and income (subjective)

a) Cost of the service provided by the committee (Objective)

Cost Centre and Description	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
AONBS: Area of Outstanding Natural Beauty	15,650		100	-100		870		16,520
BCFEE: Building Control	8,060	-650	-2,260	1,540	-140	-12,040		-5,490
BCNON: Building Control	60,710		100	1,540	1,710	-2,980		61,080
BCSAP: Building Control SAP Fees	-2,480		-50	-10	180	-190		-2,550
CINTR: Clitheroe Integrated Transport Scheme	6,410		80		0	800		7,290
COMMG: Community Groups	22,830		100	-100		30,710		53,540
CONSV: Conservation Areas	16,000		0			-3,030		12,970
COUNT: Countryside Management	46,190		400		-10,280	1,340		37,650
FPATH: Footpaths & Bridleways	6,850		0	0		120		6,970
LDEVE: Local Development Scheme	40,040		560	-560	6,900	60		47,000

a) Cost of the service provided by the committee (Objective)

Cost Centre and Description	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
PLANG: Planning Control & Enforcement	159,670		-7,740	170	1,760	6,830	7,130	167,820
PLANP: Planning Policy	161,810		0			-3,200		158,610
PLSUB: Grants & Subscriptions - Planning	10,530	-6,570	150	1,600		-460		5,250
Grand Total	552,270	-7,220	-8,560	4,080	130	18,830	7,130	566,660
Associated Movement in Earmarked Reserves	-44,060				6,650			-37,410
Net After Earmarked Reserves	508,210	-7,220	-8,560	4,080	6,780	18,830	7,130	529,250

b) Type of Expenditure/Income (Subjective)

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Employee Related Expenditure	4,600		70	-30	10			4,650
Premises Related Expenditure	11,310		160		-100			11,370
Transport Related Expenditure	13,860		200		-10			14,050
Supplies & Services	136,850	-7,220	2,070	4,370	6,100			142,170
Third Party Payments	10,180		150	-170				10,160
Transfer Payments	28,830		430	-100	-11,060			18,100
Support Services	1,118,570		0			18,830		1,137,400
Depreciation and Impairment	3,580		0				7,130	10,710
Total Expenditure	1,327,780	-7,220	3,080	4,070	-5,060	18,830	7,130	1,348,610
Other Grants and Contributions	-1,690		-20	20	100			-1,590
Customer & Client Receipts	-763,570		-11,470	-10	4,310			-770,740
Miscellaneous Recharges	-10,250		-150		780			-9,620
Total Income	-775,510	0	-11,640	10	5,190	0	0	-781,950
Net Expenditure	552,270	-7,220	-8,560	4,080	130	18,830	7,130	566,660
Associated Movement in Earmarked Reserves	-44,060		0		6,650			-37,410
Net After Earmarked Reserves	508,210	-7,220	-8,560	4,080	6,780	18,830	7,130	529,250

8 EARMARKED RESERVES

8.1 Reserves are important to local authorities as, unlike central government, we cannot borrow money over the medium-term, other than for investment in assets, and we are required to balance our budgets on an annual basis.

8.2 Reserves can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- a contingency to cushion the impact of unexpected events or emergencies. This also forms part of general reserves;
- a means of building up funds, this is done through our earmarked reserves to meet known or predicted requirements; our earmarked reserves are accounted for separately but remain legally part of the General Fund.

8.3 Each service committee makes varied use of Earmarked Reserves, each very specific to the nature of the services that they provide

8.4 Earmarked reserves enable flexibility in approach to financial and service pressures, allowing the council to respond in a timely manner.

8.5 It therefore follows that there are a variety of different categories of earmarked reserves that we hold:

- Shorter Term Service Commitments
- Reserves to smooth the revenue impact of longer term cyclical costs
- Trading or business unit reserves
- Sums set aside for major schemes such as capital projects
- Longer term strategic or corporate reserves
- External grant funding where expenditure has yet to be incurred

8.6 In the Original Estimate for 2016/17 this committee planned to use £44,060 from earmarked reserves to support its net expenditure. Looking forward to 2017/18, the proposal included in the estimates is that this committee use £37,410 from earmarked reserves to support its spending.

8.7 The table below provides a summary of the DRAFT Original Estimate for 2017/18 together with the budgeted impact on the relevant earmarked reserves. Also detailed is a summary of the reasons for the movements on the earmarked reserves

	DRAFT Original Estimate 2017/18	Reason for Movement on Earmarked Reserve
Committee Net Cost of Services	566,660	
PLBAL/H234: Building Regulation Reserve	5,490	<p>Any surplus or deficit on the ringfenced fee-earning element of the Building Control service must be set aside in an earmarked reserve. Any surplus can then be used in future years/off-set against past deficits – or likewise any deficit must then be recovered in future years/off-set against past surpluses.</p> <p>As a result of reduced costs and increased income it is estimated that there will be a surplus on the net expenditure in 2017/18, which will therefore be added to the reserve.</p>
PLBAL/H336: Planning Reserve Earmarked Reserve	-42,900	<p>The total cost of the Local Development Scheme is to be met from earmarked reserves.</p> <p>This contribution represents the estimated final instalment of £42,900, out of a total of £82,000 which was set aside in earmarked reserves to fund the Local Development Scheme over a number of years.</p>
Committee Net Cost of Services after Movements on Earmarked Reserves	529,250	

9 KEY VARIATIONS

9.1 The net expenditure for this committee has increased by £21,040 after allowing for associated movements on earmarked reserves. The main reasons for this net increase are summarised in the table below.

Description	Variance Original Estimate 2016/17 to DRAFT Original Estimate 2017/18
<p><u>PLANG: Planning Control and Enforcement</u> Increase in depreciation due to the cost of Introducing a Planning Portal Link to the Planning Application System and Planning System Update</p>	7,130
<p><u>PLSUB: Grants & Subscriptions - Planning</u> Previously Lancashire County Council provided an archaeological and ecological advice service. From April 2016 the archaeological advice has been provided by the Lancashire Archaeological Advisory Service under a service level agreement. This costs less than the previous service provided by LCC resulting in savings. However, the proposed fee for 2017/18 is above an inflationary increase but retaining an overall lower cost</p>	-6,570
<p><u>COUNT: Countryside Management</u> Reduction in provision for grants to other precepting bodies as the provision for supporting the Parish Lengthmans scheme has been transferred from this committee to Policy and Finance Committee to be included under the Concurrent Function grant scheme.</p>	-11,060
<p><u>LDEVE: Local Development Scheme</u> Expenditure on the scheme, other than support service costs are met from earmarked reserves. The estimated balance remaining of the £82,000 brought forward at April 2017 has been used to increase the provision for consultants costs offset by a reduction in the provisions for postages and statutory notices.</p>	6,900
<p><u>Support Service Costs</u> The total increase in support costs from other services due to changes in cost allocations from those services.</p>	18,830

10 RISK ASSESSMENT

10.1 The approval of this report may have the following implications

- Resources: approval of the original budget for 2017/18 would see an increase in net expenditure of £14,390 compared with the original budget for 2016/17 or £21,040 after allowing for movements on earmarked reserves.
- Technical, Environmental and Legal: none identified
- Political: none identified
- Reputation: sound financial planning safeguards the reputation of the Council
- Equality and Diversity – Equality and diversity issues are considered in the provision of all Council services.

11 RECOMMENDED THAT COMMITTEE

- 11.1 Agree the revenue original estimate for 2017/18 and to submit this to the Special Policy and Finance Committee, subject to any further considerations made by the Budget Working Group.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PD3-17/TH/AC
22 December 2016

For further background information please ask for Trudy Holderness

BACKGROUND PAPERS - None

Planning and Development Committee - Subscriptions

Cost Centre	Body	Budgeted Subscription £	Benefits and Outcomes	Since
PLSUB Planning and Development Committee Grants and Subscriptions	<p>Lancashire Archaeological Advisory Service After Lancashire County archeological planning advisory service closed in March 2016, the Lancashire Archaeological Advisory Service have run the service on a consultancy basis. They believe that archaeological and historic remains should not be needlessly destroyed and therefore takes an active role in their management, conservation and recording. The service maintains the Lancashire Historic Environment Record (LHER), a record of known archaeological and historic sites in the County.</p>	5,250	The service can provide an assessment of the archaeological effects of a development and any measures to reduce its impact, thus ensuring that the sites are managed and conserved	2016
BLDGC Building Control Subscriptions	<p>Local Authority Building Control (LABC) LABC is a membership organisation representing all local authority building control departments in England and Wales; it is a not-for-profit organisation to promoting public sector expertise.</p>	1,760	The service provides a link to over 300 local authorities and over 3000 members. As a member the authority can obtain information on current legislation and technical advice to ensure a high quality of building control and access to submit-a-plan portal	2002
	<p>Local Authority Building Control NW LABC NW represents the North West Region which extends from Morecambe Bay in the north to the Cheshire Plain in the South, from the Lancashire coast to the Pennine watershed, and includes the counties of Lancashire and Cheshire</p>	180	Promotes high quality building by awarding annual building excellence awards to the winners of 12 categories	2007