

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 10

meeting date: 24 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 5 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 Ribbles 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 ALBNM: Albion Mill

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

	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	32,160		480	-480				32,160
Supplies & Services	1,720		30					1,750
Support Services	4,910		0			10		4,920
Total Expenditure	38,790	0	510	-480	0	10	0	38,830
Customer & Client Receipts	-37,830		-570	570				-37,830
Total Income	-37,830	0	-570	570	0	0	0	-37,830
Net Expenditure	960	0	-60	90	0	10	0	1,000

6.2 **Cost Centre and Description**

CEXEC: Chief Executives Department

The Chief Executive's Department comprises three service units: Regeneration and Housing, Legal and Democratic Services and Environmental Health. The Regeneration and Housing section is responsible for providing support for regeneration in the area, community safety and provide the council's mandatory housing functions. Legal and Democratic services provide the council with advice on legal issues and support to the democratic process, it also has responsibility for the Committee Services section, which prepares and distributes agendas, and offers support to the Borough Mayor. The costs for staffing for Legal and Democratic Services are shown in a separate paragraph 6.22. Environmental Health provides commercial and domestic environmental health support and also the building control function within 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
Employee Related Expenditure	1,017,840	-31,080	10,930	26,100	14,310			1,038,100
Transport Related Expenditure	26,900	-2,950	400	-190	-550			23,610
Supplies & Services	20,000	-2,770	260	0	-240			17,250
Support Services	165,830		0			-3,000		162,830
Total Expenditure	1,230,570	-36,800	11,590	25,910	13,520	-3,000	0	1,241,790
Other Grants and Contributions	-50		0					-50
Departmental Recharges	-1,218,680		0			-10,970		-1,229,650
Miscellaneous Recharges	-11,840		0			-250		-12,090
Total Income	-1,230,570	0	0	0	0	-11,220	0	-1,241,790
Net Expenditure	0	-36,800	11,590	25,910	13,520	-14,220	0	0

CEXEC: Chief Executives Department
Commentary on Substantial Budget Changes

Employee Related Expenditure

The savings are mainly due to a restructure of the building control team, offset by an increase in costs due to a previous grant funded post being brought into main stream funding.

The above inflationary increase is mainly due to an increase in the rate of employers superannuation contributions.

Transport Related Expenditure

The savings relate to the removal of the provision for a leased car not currently being required. There has also been a reduction in car allowances and car insurance costs.

Supplies & Services

The savings relate to reductions in several budget heads such as protective clothing, printing and stationery, reference books and postages this is to reflect past spending profiles.

Support Services

The reduction in support costs relates to a lower accommodation charge offset by an increase in the cost of IT support, this is due to changes in cost allocations from these services.

Departmental / Miscellaneous Recharges

The increase in net expenditure is reflected in an increase in recharges to other services.

6.3 Cost Centre and Description

CIVCF: Civic Functions

Costs of all mayoral expenditure including events, functions, support and transport.

	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	12,800		140	10	-590			12,360
Premises Related Expenditure	560		10	40				610
Transport Related Expenditure	6,930		100	-80	-330			6,620
Supplies & Services	22,680		350		-1,420			21,610
Support Services	17,900		0			-230		17,670
Total Expenditure	60,870	0	600	-30	-2,340	-230	0	58,870
Net Expenditure	60,870	0	600	-30	-2,340	-230	0	58,870

6.4 **Cost Centre and Description** CIVST: Civic Suite

All running costs for the civic suite are shown here, including staffing and cleaning of the facility. On occasions the civic suite is hired out to external organisations, for which a charge is made. Council departments are also charged a proportion of the running costs.

	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	11,160		110	-390	10			10,890
Premises Related Expenditure	26,760	-420	380	260	-420			26,560
Supplies & Services	1,870		20	-10	70			1,950
Support Services	10,810		0			-1,080		9,730
Depreciation and Impairment	9,570		0				130	9,700
Total Expenditure	60,170	-420	510	-140	-340	-1,080	130	58,830
Customer & Client Receipts	-4,050		-60		-210			-4,320
Departmental Recharges	-56,120		0			1,610		-54,510
Total Income	-60,170	0	-60	0	-210	1,610	0	-58,830
Net Expenditure	0	-420	450	-140	-550	530	130	0

6.5 **Cost Centre and Description** CLOFF: Council Offices

This budget is for the cost of our Council offices in Clitheroe. All running costs are collated under this budget and then recharged to the services that use the building at the end of the financial year.

	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	46,340		520	4,160	150			51,170
Premises Related Expenditure	146,090	-1,530	2,200	1,870	-2,420			146,210
Supplies & Services	8,500		120	-20				8,600
Third Party Payments	1,030		20					1,050
Support Services	20,580		0			840		21,420
Depreciation and Impairment	52,220		0				-18,780	33,440
Total Expenditure	274,760	-1,530	2,860	6,010	-2,270	840	-18,780	261,890
Customer & Client Receipts	-9,080		-130	100	-23,000			-32,110
Departmental Recharges	-265,680		0			35,900		-229,780
Total Income	-274,760	0	-130	100	-23,000	35,900	0	-261,890
Net Expenditure	0	-1,530	2,730	6,110	-25,270	36,740	-18,780	0

CLOFF: Council Offices

Commentary on Substantial Budget Changes

Employee Related Expenditure

The above inflationary increase is mainly due to an increase in the rate of employers superannuation contributions.

Premises Related Expenditure

Reduction in water usage. Also a reduction in business rates following the 2017 revaluation.

Depreciation and Impairment

Reduction in provision for depreciation due to a past scheme needing to be reclassified from equipment and materials to land and buildings resulting in a longer life span, and therefore lower annual charge.

Customer & Client Receipts

Additional income from rent of facilities to Department for Work and Pensions due to co-location of Clitheroe Job Centre in the Council Offices

Departmental Recharges

Recharges to other services have been reduced due to a reduction in net expenditure.

6.6 **Cost Centre and Description** CLTAX: Council Tax

The administration and collection of council tax

	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	73,250	-200	1,080	-240	180			74,070
Support Services	351,220		0			-8,570		342,650
Depreciation and Impairment	12,500		0					12,500
Total Expenditure	436,970	-200	1,080	-240	180	-8,570	0	429,220
Customer & Client Receipts	-89,850		-1,350	1,350	3,880			-85,970
Other Grants and Contributions	-2,430		-40					-2,470
Total Income	-92,280	0	-1,390	1,350	3,880	0	0	-88,440
Net Expenditure	344,690	-200	-310	1,110	4,060	-8,570	0	340,780

CLTAX: Council Tax

Commentary on Substantial Budget Changes

Support Services

Reduction in support costs from revenues and financial services offset by increase in costs from legal due to changes in cost allocations from these services.

Customer & Client Receipts

Reduction in income from summonses

6.7 **Cost Centre and Description** COMPR: Computer Services

The Computer (ICT) Services Section function supports all the services in the council where there is an ICT reliance. It is responsible for the installation and development of the computer based systems of the council. Management of the data protection responsibilities of the council also falls within this service area. These costs are fully recharged to service users.

	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	163,260		1,810	5,850	8,020			178,940
Premises Related Expenditure	1,590		20					1,610
Transport Related Expenditure	640	-430	0					210
Supplies & Services	85,020	-18,460	1,120	30	-3,000			64,710
Support Services	38,000		0			-1,110		36,890
Depreciation and Impairment	13,070		0				8,260	21,330
Total Expenditure	301,580	-18,890	2,950	5,880	5,020	-1,110	8,260	303,690
Departmental Recharges	-301,580		0			-2,110		-303,690
Total Income	-301,580	0	0	0	0	-2,110	0	-303,690
Net Expenditure	0	-18,890	2,950	5,880	5,020	-3,220	8,260	0

COMPR: Computer Services

Commentary on Substantial Budget Changes

Employee Related Expenditure

Increase in staffing costs due to the extension of the modern apprentice post. The above inflationary increase is mainly due to an increase in the rate of employers superannuation contributions.

Supplies & Services

Savings achieved by a reduction in the provision for hardware and software maintenance, consumables and government connect cost, to bring estimates in line with previous year's spending profiles. In addition to savings on software maintenance, the provision for maintaining the national land and property gazetteer has been transferred to Community committee.

Depreciation and Impairment

Increase in depreciation charge resulting from capital scheme improving ICT infrastructure scheme.

Departmental Recharges

Departmental recharges have been increased due to an increase in the net expenditure on this service.

6.8 **Cost Centre and Description** **CONTC: Contact Centre**

The contact centre acts as first point of contact for a range of front line services and provides the main telephony service.

	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	162,820		1,830	6,840	-190			171,300
Transport Related Expenditure	320		0		10			330
Supplies & Services	21,930		320	-100				22,150
Support Services	55,400		0			2,010		57,410
Depreciation and Impairment	2,780		0				-2,780	0
Total Expenditure	243,250	0	2,150	6,740	-180	2,010	-2,780	251,190
Departmental Recharges	-243,250		0			-7,940		-251,190
Total Income	-243,250	0	0	0	0	-7,940	0	-251,190
Net Expenditure	0	0	2,150	6,740	-180	-5,930	-2,780	0

CONTC: Contact Centre

Commentary on Substantial Budget Changes

Employee Related Expenditure

The above inflationary increase is mainly due to an increase in the rate of employers superannuation contributions.

Support Services

Increase in support costs from computer service and organisation and member development offset by a reduction in the accomodation charge due to changes in cost allocation from these services.

Depreciation and Impairment

Decrease in depreciation as the CRM system purchased in 2011/12 has now been fully depreciated.

Departmental Recharges

Increase in income from recharges to other services due to an increase in net expenditure of the contact centre.

6.9 **Cost Centre and Description** CORPM: Corporate Management

Corporate Management concerns those activities and costs that provide the infrastructure to allow services to be provided and the information that is required for public accountability.

This budget includes staff indirectly employed on corporate issues such as corporate planning, council and corporate policy making, preparation of published accounts, publicity, estimating and accounting for precepts.

	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	320,590		0			5,670		326,260
Total Expenditure	320,590	0	0	0	0	5,670	0	326,260
Net Expenditure	320,590	0	0	0	0	5,670	0	326,260

CORPM: Corporate Management
Commentary on Substantial Budget Changes

Support Services
 Increase in support costs mainly from financial services and contact centre off set by reduction from chief executives department due to changes in cost allocations from these services.

6.10 **Cost Centre and Description** COSDM: Cost of Democracy

This budget includes member allowances, special responsibility allowances, member travel expenses, council meeting expenses and miscellaneous costs relating to members.

	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	4,140		40	-830	110			3,460
Supplies & Services	232,370	-3,100	3,440	8,240	0			240,950
Support Services	205,060		0			-3,670		201,390
Total Expenditure	441,570	-3,100	3,480	7,410	110	-3,670	0	445,800
Net Expenditure	441,570	-3,100	3,480	7,410	110	-3,670	0	445,800

COSDM: Cost of Democracy

Commentary on Substantial Budget Changes

Supplies & Services

Savings achieved from reduction in the provisions for purchase of equipment and materials, newspapers, members car allowances, travel expenses and council meeting expenses, to bring estimates in line with previous years spending profiles.

Support Services

Reduction in support costs from chief executives department and accomodation costs offset by increase in costs from Financial services and legal services due to changes in cost allocations from these services.

6.11 **Cost Centre and Description**

CSERV: Corporate services

The cost of a small team (within the Resources Department) providing corporate support, advice and services including health and safety issues, strategic planning, performance management, policy development and review, consultation and communications, which is recharged here from the Organisation and Member Development Cost Centre.

	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	30,520		460	10	0			30,990
Support Services	150,530					-1,050		149,480
Total Expenditure	181,050	0	460	10	0	-1,050	0	180,470
Net Expenditure	181,050	0	460	10	0	-1,050	0	180,470

6.12 Cost Centre and Description

ELADM: Election Administration

The cost of administering elections to the council.

	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	55,560		0			-12,240		43,320
Total Expenditure	55,560	0	0	0	0	-12,240	0	43,320
Net Expenditure	55,560	0	0	0	0	-12,240	0	43,320

ELADM: Election Administration**Commentary on Substantial Budget Changes****Support Services**

Reduction in support costs from legal services and chief executives department due to changes in cost allocations from these services.

6.13 Cost Centre and Description

ELECT: Register of Electors

The council has a statutory duty to compile and maintain a register of all those entitled to vote

	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	5,510		60					5,570
Supplies & Services	43,810		660	-10	10,320			54,780
Support Services	45,560		0			-13,080		32,480
Total Expenditure	94,880	0	720	-10	10,320	-13,080	0	92,830
Customer & Client Receipts	-1,280		-20					-1,300
Other Grants and Contributions	0		0					0
Total Income	-1,280	0	-20	0	0	0	0	-1,300
Net Expenditure	93,600	0	700	-10	10,320	-13,080	0	91,530
Associated Movement in Earmarked Reserves	-11,540				10,120			-1,420
Net After Earmarked Reserves	82,060	0	700	-10	20,440	-13,080	0	90,110

ELECT: Register of Electors**Commentary on Substantial Budget Changes****Supplies & Services**

Increase in provision for postages reflecting previous years spending profiles.

Support Services

Reduction in support costs from legal services due to changes in cost allocations from this service.

Associated Movement in Earmarked Reserves

Reduction in contribution from reserve due to lack of resources in reserve

6.14 **Cost Centre and Description**

EMERG: Community Safety

The Council is designated as a Category 1 responder under the Civil Contingency Act and as such is required to work with other agencies to develop and provide a suitable robust response to a range of identified local civil emergency risks.

	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	11,550		180	-40	-1,380			10,310
Support Services	45,720		0			3,540		49,260
Total Expenditure	57,270	0	180	-40	-1,380	3,540	0	59,570
Net Expenditure	57,270	0	180	-40	-1,380	3,540	0	59,570

EMERG: Community Safety**Commentary on Substantial Budget Changes****Support Services**

Increase in support costs from fiancail services an chief executive department offset by reduction in cost from community services due to changes in cost allocations from these services.

6.15 **Cost Centre and Description** ESTAT: Estates

The council has many assets, which include land and property. Individual Heads of Service manage the properties that support their operations and the legal section support this work.

	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	10,830	-710	150		-840			9,430
Supplies & Services	1,400		20					1,420
Support Services	35,190		0			590		35,780
Depreciation and Impairment	34,970		0				13,340	48,310
Total Expenditure	82,390	-710	170	0	-840	590	13,340	94,940
Customer & Client Receipts	-38,390		-580	140	-1,150			-39,980
Total Income	-38,390	0	-580	140	-1,150	0	0	-39,980
Net Expenditure	44,000	-710	-410	140	-1,990	590	13,340	54,960

ESTAT: Estates

Commentary on Substantial Budget Changes

Depreciation and Impairment

The increase in depreciation charge reflects the change of classification of the garage sites from investment assets to operational assets.

6.16 **Cost Centre and Description** FGSUB: Grants & Subscriptions - Policy and Fin

Within this budget are various Grants, Contributions and Subscriptions paid by the Council from this Committee. The major payments under this budget are to Citizen's Advice Bureau, Ribble Valley Crossroads and Local Government Association (subscription). In addition, concurrent function grants are allocated from this budget.

	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	12,940		190					13,130
Transfer Payments	132,560	-100	1,580		11,060			145,100
Support Services	2,540		0			-210		2,330
Total Expenditure	148,040	-100	1,770	0	11,060	-210	0	160,560
Net Expenditure	148,040	-100	1,770	0	11,060	-210	0	160,560

FGSUB: Grants & Subscriptions - Policy and Fin

Commentary on Substantial Budget Changes

Transfer Payments

The provision for payment of grants to precepting bodies has been increased by transferring the provision for grant funding the parish lengthsman scheme from planning committee to this committee.

6.17 **Cost Centre and Description**

FMISC: Policy & Finance Miscellaneous

Included in this budget are the council's external audit fees and charges for the council's bank accounts. Bank account charges are recharged to services at the end of the financial year.

	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	1,040		20					1,060
Premises Related Expenditure	550		0					550
Supplies & Services	83,120	-4,030	1,240		3,370			83,700
Transfer Payments	280		0					280
Support Services	13,380		0			-1,980		11,400
Capital Financing Costs	37,770		0				1,290	39,060
Total Expenditure	136,140	-4,030	1,260	0	3,370	-1,980	1,290	136,050
Government Grants	0		0					0
Customer & Client Receipts	-20		0					-20
Interest	-40		0		10			-30
Other Grants and Contributions	-180,000		0		2,000			-178,000
Miscellaneous Recharges	-12,810		0		70			-12,740
Total Income	-192,870	0	0	0	2,080	0	0	-190,790
Net Expenditure	-56,730	-4,030	1,260	0	5,450	-1,980	1,290	-54,740
Associated Movement in Earmarked Reserves	182,030		30		-4,300			177,760
Net After Earmarked Reserves	125,300	-4,030	1,290	0	1,150	-1,980	1,290	123,020

FMISC: Policy & Finance Miscellaneous

Commentary on Substantial Budget Changes

Supplies & Services

There is an increase in external audit fees for the audit of grants.

Other Grants and Contributions

Reduction in income from VAT shelter money paid by Symphony Homes offset by increase in income from admin fee charged for business rate pooling.

Associated Movement in Earmarked Reserves

Reduction in contribution to VAT shelter reserve due to anticipated reduction in income received offset by a contribution to Business rate volatility reserve

6.18 **Cost Centre and Description**

FSERV: Financial Services

The Financial Services Section provides the Accountancy and Internal Audit services of the Council. The section is responsible for all matters of financial administration. The section's main tasks are the preparation of budgets, closure of the Council's accounts, payment of invoices, the collection of debt, the treasury management function, and also the achievement of the annual internal audit plan.

	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	586,800	-12,600	6,370	9,330	6,410			596,310
Transport Related Expenditure	9,790		140		640			10,570
Supplies & Services	47,570	-650	710	-140	0			47,490
Support Services	86,500		0			-3,240		83,260
Total Expenditure	730,660	-13,250	7,220	9,190	7,050	-3,240	0	737,630
Customer & Client Receipts	-1,110		-20		-30			-1,160
Other Grants and Contributions	-20		0					-20
Departmental Recharges	-720,700		0			-6,930		-727,630
Miscellaneous Recharges	-8,830		0			10		-8,820
Total Income	-730,660	0	-20	0	-30	-6,920	0	-737,630
Net Expenditure	0	-13,250	7,200	9,190	7,020	-10,160	0	0

FSERV: Financial Services

Commentary on Substantial Budget Changes

Employee Related Expenditure

Savings in staffing costs achieved by reducing the procurement post to part time and also employing a new full time apprentice post.

The above inflationary increase is mainly due to an increase in the rate of employers superannuation contributions.

Support Services

Reduction in accomodation costs offset by increase in costs from computer services due to changes in cost allocations from these services.

Departmental Recharges

The increase in net expenditure is reflected in an increase in recharges to other services.

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

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

	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	170		0		290			460
Supplies & Services	19,820		300					20,120
Support Services	76,660		0			9,270		85,930
Total Expenditure	96,650	0	300	0	290	9,270	0	106,510
Net Expenditure	96,650	0	300	0	290	9,270	0	106,510

INDDV: Economic Development

Commentary on Substantial Budget Changes

Support Services

Increase in support costs from chief executive department due to changes in cost allocations from this service.

6.20 Cost Centre and Description

LANDC: Land Charges

The council holds and compiles the register of charges affecting properties, which then forms the basis of the local land charges search.

	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	1,760		30	50				1,840
Supplies & Services	13,050		200	-260				12,990
Support Services	84,970		0			-1,740		83,230
Depreciation and Impairment	5,330		0				-5,330	0
Total Expenditure	105,110	0	230	-210	0	-1,740	-5,330	98,060
Customer & Client Receipts	-79,680		-1,200	80				-80,800
Total Income	-79,680	0	-1,200	80	0	0	0	-80,800
Net Expenditure	25,430	0	-970	-130	0	-1,740	-5,330	17,260

LANDC: Land Charges**Commentary on Substantial Budget Changes****Depreciation and Impairment**

Removal of provision for depreciation of the land charges system as it has been fully depreciated.

6.21 **Cost Centre and Description** LICSE: Licensing

The council has a statutory duty to licence premises that serve alcohol, provide regulated entertainment or permit gambling and issue personal licenses to individuals. In addition the council licenses hackney and private hire drivers, vehicles and operators.

	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	3,890		60	-10	-760			3,180
Supplies & Services	22,060	-550	320	-430				21,400
Support Services	96,560		0			25,810		122,370
Total Expenditure	122,510	-550	380	-440	-760	25,810	0	146,950
Customer & Client Receipts	-121,170		-1,820	1,230	2,970			-118,790
Other Grants and Contributions	-3,890		-60	10	760			-3,180
Total Income	-125,060	0	-1,880	1,240	3,730	0	0	-121,970
Net Expenditure	-2,550	-550	-1,500	800	2,970	25,810	0	24,980

LICSE: Licensing

Commentary on Substantial Budget Changes

Support Services

Increase in support costs from legal services due to changes in cost allocation from this service.

Customer & Client Receipts

Based on previous three years income it is estimated that there will be an increase in income mainly from taxi and premises licences.

6.22 **Cost Centre and Description** LSERV: Legal Services

The Legal Services Section provides legal advice to all departments of the council and represents the council in court proceedings and conveyancing, or other non-contentious transactions.

The section also includes the direct costs of staff working on land charges, licensing, mayoralty and democratic services, elections, electoral registration, the complaints procedure and various related enforcement functions. These are recharged according to staff time allocations

	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	324,610	-1,390	3,570	7,490	-200			334,080
Transport Related Expenditure	5,990	-360	90	-30	690			6,380
Supplies & Services	29,990	-2,970	420	20	570			28,030
Support Services	98,330		0			-2,330		96,000
Total Expenditure	458,920	-4,720	4,080	7,480	1,060	-2,330	0	464,490
Customer & Client Receipts	0		0		-1,020			-1,020
Other Grants and Contributions	-8,780		-130		500			-8,410
Departmental Recharges	-448,250		0			-4,690		-452,940
Miscellaneous Recharges	-1,890		0			-230		-2,120
Total Income	-458,920	0	-130	0	-520	-4,920	0	-464,490
Net Expenditure	0	-4,720	3,950	7,480	540	-7,250	0	0

LSERV: Legal Services

Commentary on Substantial Budget Changes

Employee Related Expenditure

Savings have been achieved by recruiting replacement staff on a lower salary point than previous employee.

The above inflationary increase is mainly due to an increase in the rate of employers superannuation contributions.

Reduction in provision for payment of employees professional subscriptions.

Supplies & Services

Savings from protective clothing, photocopying, reference books, postages and legal expenses to bring estimates in line with previous years spending profiles.

A provision for subscription the North West Legal Consortium has been introduced to assist the council in procuring legal services.

Support Services

Reduction in accommodation charge, financial and revenue services offset by an increase in support costs from chief executives department and contact centre due to changes in cost allocations from these services.

Departmental Recharges

The increase in net expenditure is reflected in an increase in recharges to other services.

6.23 **Cost Centre and Description**

LUNCH: Luncheon Clubs

Financial support is provided by the Council to develop new and existing clubs to help them become self sustainable in the longer term

	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	12,910		0					12,910
Support Services	960		0			1,200		2,160
Total Expenditure	13,870	0	0	0	0	1,200	0	15,070
Net Expenditure	13,870	0	0	0	0	1,200	0	15,070

6.24 Cost Centre and Description

NNDRC: National Non Domestic Rates

The administration and collection of national non-domestic rates

	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	8,760		130	-60	2,130			10,960
Transfer Payments	26,750		0		-26,750			0
Support Services	116,130		0			6,390		122,520
Total Expenditure	151,640	0	130	-60	-24,620	6,390	0	133,480
Government Grants	-90,490		0	-1,360				-91,850
Customer & Client Receipts	-6,030		-90	90	770			-5,260
Other Grants and Contributions	-180		0		10			-170
Total Income	-96,700	0	-90	-1,270	780	0	0	-97,280
Net Expenditure	54,940	0	40	-1,330	-23,840	6,390	0	36,200
Associated Movement in Earmarked Reserves					26,750			26,750
Net After Earmarked Reserves	54,940	0	40	-1,330	2,910	6,390	0	62,950

NNDRC: National Non Domestic Rates

Commentary on Substantial Budget Changes

Supplies & Services

The unavoidable change to the services mainly relates to our contribution towards the administration cost of business rate pooling.

Transfer Payments

The provision for payment of business rates discretionary grants has been removed as it is no longer needed under the recent business rates retention scheme

Support Services

Increase in support costs from financial, legal and revenues services offset by reduction in cost from computer services due to changes in cost allocations from these services.

Associated Movement in Earmarked Reserves

The reduction in transfer payments have been added to the business volatility reserve

6.25 **Cost Centre and Description**

OMDEV: Organisation & Member Development

This budget covers human resources, central administration functions and corporate services. Human resources provide the personnel function and organisation wide training. The central administration function provides typing and corporate printing. Corporate services provide advice and services including health and safety issues, strategic planning, performance management, policy development and review, consultation and communications.

	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	331,850	-1,000	3,710	5,060	180			339,800
Transport Related Expenditure	4,310	-360	60	-40	200			4,170
Supplies & Services	37,210	-1,590	540		40			36,200
Support Services	78,590		0			-980		77,610
Total Expenditure	451,960	-2,950	4,310	5,020	420	-980	0	457,780
Customer & Client Receipts	-3,900		-60		80			-3,880
Departmental Recharges	-448,060		0			-5,840		-453,900
Total Income	-451,960	0	-60	0	80	-5,840	0	-457,780
Net Expenditure	0	-2,950	4,250	5,020	500	-6,820	0	0

OMDEV: Organisation & Member Development

Commentary on Substantial Budget Changes

Employee Related Expenditure

The saving in employee related expenditure relates to a reduction in the provision for tuition fees to bring the estimate in line with previous years spending profiles.

The above inflationary increase is mainly due to an increase in the rate of employers superannuation contributions.

Departmental Recharges

the increase in net expenditure is reflected in an increase in the recharges to other services.

6.26 **Cost Centre and Description**

PERFM: Performance Reward Grants

Residual budget relation to former Performance Reward Grant received by this Council. This budget has been used to fund various grants/community projects etc.

	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	59,780		0		-6,280			53,500
Support Services	1,480		0			30		1,510
Total Expenditure	61,260	0	0	0	-6,280	30	0	55,010
Net Expenditure	61,260	0	0	0	-6,280	30	0	55,010

PERFM: Performance Reward Grants

Commentary on Substantial Budget Changes

Transfer Payments

Reduction in payment of grants compared to 2016/17

6.27 Cost Centre and Description

REVUE: Revenues & Benefits

Income and expenditure that relates to both revenues and benefits, which is then recharged to the individual cost centres

	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	481,130	-3,040	5,310	11,050				494,450
Transport Related Expenditure	8,800	-500	120	-40	50			8,430
Supplies & Services	26,900		390	-570	1,470			28,190
Support Services	159,450		0			-9,010		150,440
Total Expenditure	676,280	-3,540	5,820	10,440	1,520	-9,010	0	681,510
Departmental Recharges	-676,220		0			-4,550		-680,770
Miscellaneous Recharges	-60		0			-680		-740
Total Income	-676,280	0	0	0	0	-5,230	0	-681,510
Net Expenditure	0	-3,540	5,820	10,440	1,520	-14,240	0	0

REVUE: Revenues & Benefits

Commentary on Substantial Budget Changes

Employee Related Expenditure

Savings from new staff being recruited.

The above inflationary increase is mainly due to an increase in the rate of employers superannuation contributions.

Support Services

Reduction in accommodation and financial service costs offset by an increase in support costs from organisation and member development and contact centre due to changes in cost allocation from these services.

Departmental Recharges

Increase in net expenditure is reflected in an increase in recharges to other services.

6.28 **Cost Centre and Description**

RURAD: Rural Areas Delivery

This grant was awarded by the government in recognition that council services in rural areas face extra costs. The grant was a late announcement by the government last year and an expenditure budget was included whilst consideration was given as to how it should be treated longer term. The grant will now be used to help support the overall budget, rather than being expended under a separate cost heading.

	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	107,254	-107,254	0					0
Total Expenditure	107,254	-107,254	0	0	0	0	0	0
Net Expenditure	107,254	-107,254	0	0	0	0	0	0

RURAD: Rural Areas Delivery**Commentary on Substantial Budget Changes****Supplies & Services**

Removal of the budget provision. This grant income will now be used to help support the overall budget. This increased grant was a late announcement from the government at the time of setting the budget last year, and final treatment had not been able to be considered in detail at that point in time

6.29 Cost Centre and Description

SUPDF: Superannuation Deficiency Payments

Costs here relate to historic liabilities arising from unfunded pension costs.

	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	6,310		70	-10				6,370
Third Party Payments	102,570		1,540	-630	-11,930			91,550
Total Expenditure	108,880	0	1,610	-640	-11,930	0	0	97,920
Net Expenditure	108,880	0	1,610	-640	-11,930	0	0	97,920

SUPDF: Superannuation Deficiency Payments**Commentary on Substantial Budget Changes****Third Party Payments**

The reduction in cost is due to a decrease in number of beneficiaries.

6 SUMMARIES

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

a) Cost of 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
ALBNM: Albion Mill	960		-60	90		10		1,000
CEXEC: Chief Executives Department	0	-36,800	11,590	25,910	13,520	-14,220		0
CIVCF: Civic Functions	60,870		600	-30	-2,340	-230		58,870
CIVST: Civic Suite	0	-420	450	-140	-550	530	130	0
CLOFF: Council Offices	0	-1,530	2,730	6,110	-25,270	36,740	-18,780	0
CLTAX: Council Tax	344,690	-200	-310	1,110	4,060	-8,570		340,780
COMPR: Computer Services	0	-18,890	2,950	5,880	5,020	-3,220	8,260	0
CONTC: Contact Centre	0		2,150	6,740	-180	-5,930	-2,780	0
CORPM: Corporate Management	320,590		0			5,670		326,260
COSDM: Cost of Democracy	441,570	-3,100	3,480	7,410	110	-3,670		445,800

a) Cost of 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
CSERV: Corporate services	181,050		460	10	0	-1,050		180,470
ELADM: Election Administration	55,560		0			-12,240		43,320
ELECT: Register of Electors	93,600		700	-10	10,320	-13,080		91,530
EMERG: Community Safety	57,270		180	-40	-1,380	3,540		59,570
ESTAT: Estates	44,000	-710	-410	140	-1,990	590	13,340	54,960
FGSUB: Grants & Subscriptions - Policy and Fin	148,040	-100	1,770		11,060	-210		160,560
FMISC: Policy & Finance Miscellaneous	-56,730	-4,030	1,260		5,450	-1,980	1,290	-54,740
FSERV: Financial Services	0	-13,250	7,200	9,190	7,020	-10,160		0
INDDV: Economic Development	96,650		300		290	9,270		106,510
LANDC: Land Charges	25,430		-970	-130		-1,740	-5,330	17,260
LICSE: Licensing	-2,550	-550	-1,500	800	2,970	25,810		24,980
LSERV: Legal Services	0	-4,720	3,950	7,480	540	-7,250		0

a) Cost of 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
LUNCH: Luncheon Clubs	13,870		0			1,200		15,070
NNDRC: National Non Domestic Rates	54,940		40	-1,330	-23,840	6,390		36,200
OMDEV: Organisation & Member Development	0	-2,950	4,250	5,020	500	-6,820		0
PERFM: Performance Reward Grants	61,260		0		-6,280	30		55,010
REVUE: Revenues & Benefits	0	-3,540	5,820	10,440	1,520	-14,240		0
RURAD: Rural Areas Delivery	107,254	-107,254	0					0
SUPDF: Superannuation Deficiency Payments	108,880		1,610	-640	-11,930			97,920
Grand Total	2,157,204	-198,044	48,240	84,010	-11,380	-14,830	-3,870	2,061,330
Associated Movement in Earmarked Reserves	132,920		360		38,850			172,130
Net After Earmarked Reserves	2,290,124	-198,044	48,600	84,010	27,470	-14,830	-3,870	2,233,460

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	3,161,260	-49,110	34,580	74,700	27,450			3,248,880
Premises Related Expenditure	218,710	-2,660	3,240	1,690	-3,390			217,590
Transport Related Expenditure	63,680	-4,600	910	-380	710			60,320
Supplies & Services	963,294	-141,574	12,500	6,420	12,110			852,750
Third Party Payments	103,600		1,560	-630	-11,930			92,600
Transfer Payments	232,280	-100	1,580		-21,970			211,790
Support Services	2,338,410		0			-8,160		2,330,250
Depreciation and Impairment	130,440		0				-5,160	125,280
Capital Financing Costs	37,770		0				1,290	39,060
Total Expenditure	7,249,444	-198,044	54,370	81,800	2,980	-8,160	-3,870	7,178,520
Government Grants	-90,490		0	-1,360				-91,850
Other Grants and Contributions	-195,350		-230	10	3,270			-192,300
Customer & Client Receipts	-392,390		-5,900	3,560	-17,710			-412,440
Interest	-40		0		10			-30
Departmental Recharges	-4,378,540		0			-5,520		-4,384,060
Miscellaneous Recharges	-35,430		0		70	-1,150		-36,510
Total Income	-5,092,240	0	-6,130	2,210	-14,360	-6,670	0	-5,117,190
Net Expenditure	2,157,204	-198,044	48,240	84,010	-11,380	-14,830	-3,870	2,061,330
Associated Movement in Earmarked Reserves	132,920		360		38,850	0		172,130
Net After Earmarked Reserves	2,290,124	-198,044	48,600	84,010	27,470	-14,830	-3,870	2,233,460

7 EARMARKED RESERVES

7.1 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.

7.2 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.

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

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

7.5 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

7.6 In the Original Estimate for 2016/17 this committee planned to use £132,920 from earmarked reserves to support its net expenditure. Looking forward to 2017/18, the proposal included in the estimates is that this committee use £172,130 from earmarked reserves to support its spending.

7.7 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	2,061,330	
FNBAL/H326 Performance Reward Grant (PRG) Reserve	-53,500	Reserve established from money payable by Central Government for the achievement of targets contained within Local Area Agreements. This contribution from the reserve represents the estimated revenue expenditure in 2017/18
FNBAL/H362 IER Reserve	-1,420	Reserve established from grant received for the implementation of individual electoral registration. This contribution from the reserve represents the estimated balance left in the reserve it is to fund the photocopying cost.
FNBAL/H230 Election Fund	22,540	Reserve established from monies set aside on an annual basis to smooth out the cost of local elections. This contribution represents the annual contribution to the reserve for the financial year 2017/18.
FNBAL/H269 Revaluation Reserve	2,060	Reserve established from monies set aside on an annual basis to smooth out the costs of revaluation of assets carried out every five years. This contribution represents the annual contribution to the reserve for the financial year 2017/18.
FNBAL/H326 VAT Shelter Reserve	158,000	As part of the housing stock transfer to a social housing landlord an VAT shelter agreement was established. The council receives an annual payment from the landlord which is set aside in a reserve. This contribution represents the annual contribution to the reserve for the financial year 2017/18.
FNBAL/H361 Business Rate Volatility Reserve	44,450	Reserve established to protect the council against business rate volatility. This contribution to the reserve is funded from the removal of the budget for discretionary rate relief, additional income from business rate pooling administration fees, less the additional cost of subscriptions to the CIPFA Financial Advisory Network.
Committee Net Cost of Services after Movements on Earmarked Reserves	2,233,460	

8 KEY VARIATIONS

- 8.1 The net expenditure for this committee has decreased by £56,664 after allowing for associated movements on earmarked reserves. The main reasons for this net decrease are summarised in the table below.

Description	Variance Original Estimate 2016/17 to DRAFT Original Estimate 2017/18 £
CEXEC: Chief Executives Department	
Savings in employee costs due to a restructure of building control section, partly offset by increase due to a previous grant funded post being brought into main stream funding.	-17,430
CLOFF: Council Offices	
Reduction in provision for depreciation due to a past scheme needing to be reclassified from equipment and materials to land and buildings resulting in a longer life span, and therefore lower annual charge.	-18,780
Additional income from rent of facilities to Department for Work and Pension.	-23,000
COMPR: Computer Services	
Reduction in provisions for hardware and software maintenance, consumables and government connect cost, to bring estimates in line with previous years spending profile	-18,460
Increase in staffing costs due to extension of apprentice post	8,350
Increase in depreciation resulting from 2016/17 ICT Infrastructure capital scheme.	8,260
ELECT: Register of Electors	
Increase in provision for postage costs reflecting previous spending profiles	10,110
ESTAT: Estates	
Increase in depreciation reflecting change in classification of physio centre and garage sites	13,340

Description	Variance Original Estimate 2016/17 to DRAFT Original Estimate 2017/18 £
FGSUB: Grants & Subscriptions - Policy & Finance	
Provision for grants to precepting bodies increased by transferring the provision for grant funding the parish lengthsman scheme from planning committee to this committee.	11,060
FMISC: Finance Miscellaneous	
Reduction in income from VAT shelter money paid by Symphony Homes.	22,000
Additional income as a result of hosting the business rate pool, all authorities are charged an administration fee.	-20,000
FSERV: Financial Services	
Savings in staffing costs by reducing contracted hours of procurement post.	-11,940
Increase in staffing costs by employing a modern apprentice	6,560
NNDRC: Non Domestic Rates	
The provision for payment of business rates discretionary grants has been removed as it is no longer needed under the recent business rates retention scheme	-26,750
RURAD: Rural Areas Delivery	
This grant was awarded by the government in recognition that council services in rural areas face extra costs. The grant was a late announcement by the government last year and an expenditure budget was included whilst consideration was given as to how it should be treated longer term. The grant will now be used to help support the overall budget, rather than being expended under a seperate cost heading.	-107,254
SUPDF: Superannuation Deficiency Payments	
Reduction in payments due to reducing number of beneficiaries	-11,930
Inflation	
Provision for inflationary increases	132,250
Support Service Costs	
Reduction in support costs	-14,830

9 RISK ASSESSMENT

9.1 The approval of this report may have the following implications

- Resources: approval of the original budget for 2017/18 would see an decrease in net expenditure of £95,874 compared with the original budget for 2016/17 which is £56,664 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.

10 RECOMMENDED THAT COMMITTEE

- 10.1 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

PF5-17/TH/AC
12 January 2017

For further background information please ask for Trudy Holderness

BACKGROUND PAPERS - None

Policy and Finance Committee - Subscriptions

Cost Centre	Body	Budgeted Subscription £	Benefits and Outcomes	Since
FGSUB Policy and Finance Committee Grants And Subscriptions	<p>SPARSE Rural (RSN Network) SPARSE are the most comprehensive rural network in England, and the only national network representing service providers, community representatives and national organisations. Their goal is to give rural areas a louder voice and bring rural thoughts and concerns together.</p>	2,180	The service pulls together the work of Rural England and the representative role of the network to enable local authority officers and members, but also a wider network of organisations to effectively network together. By bring together a range of cross sector organisations to facilitate the sharing of information, best practice, innovative ideas and research and analysis to ultimately provide a better service for rural communities.	2003
	<p>North West Employers Organisation North West Employers is a body representing boroughs in Lancashire and Cheshire and other public service providers in the region on people matters and is certified as part of 1974 trade Union and Labour Relation Act.</p>	3,400	North West Employers provide a network of support, advice and consultancy on all people matters, from human resources policy and practice, through to leadership, management development and organisational design and performance. They represent the interest of North West authorities as employers, including consultation on national pay and conditions of service. With the regional trade unions it operates a joint conciliation and dispute resolution process to support authorities.	1994
	<p>Local Government Association (LGA) The LGA is a politically-led, cross-party organisation that seeks to promote local government on behalf of councils to national governments. Its aim is to influence and set the political agenda on issues that matter to councils so they are able to deliver local solutions to national problems</p>	5,750	The LGA are a politically-led,cross-party organisation that works on behalf of councils to ensure local government has a strong credible voice with national government. It aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.	1997

Cost Centre	Body	Budgeted Subscription £	Benefits and Outcomes	Since
FGSUB Policy and Finance Committee Grants And Subscriptions	District Councils' Network The District Councils' Network is a member led network of 199 district councils. It is a special interest group of the LGA, and provide a single voice for district councils within LGA and to Central Government	340	The District Council's Network acts as an informed and representative advocate for districts to government and other national bodies. It responds to government consultations and undertakes research and produces publications on behalf of the sector.	2009
FMISC/ FSERV Finance Miscellaneous / Financial Services	Finance Advisory Network The Finance Advisory Network (FAN) supports and advises subscribers on best practice in finance	3,290	The FAN network provides an advisor service to which the council can put technical queries. It provides a dedicated link with peers around the country and also access to publications and newsletters to keep on top of latest developments., communicate and network	2016