

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO PLANNING AND DEVELOPMENT COMMITTEE

Agenda Item No 8

meeting date: 10 JANUARY 2019
title: ORIGINAL REVENUE BUDGET 2019/20
submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

- 1.1 To agree the draft revenue budget for 2019/20, 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: £101k in 2019/20, £225k in 2020/21, £426k in 2021/22.
- 2.2 2019/20 is the final year of multi-year grant settlement which we signed up to and as such we would not expect our allocations to change from those previously announced. You may recall we were anticipating negative Revenue Support Grant (RSG) for 2019/20 of £108,866.
- 2.3 In October the Government consulted on proposals to eliminate negative RSG. We were advised at the same time that the New Homes Bonus (NHB) threshold may increase from its current national level of 0.4% which would reduce the amount of NHB we would receive.
- 2.4 In addition this Council along with 14 other authorities in Lancashire submitted a bid to be a Pilot for 75% Business Rate Retention.
- 2.5 None of these potential changes were included in the September budget forecast.

3 2019/20 PROVISIONAL LOCAL GOVERNMENT SETTLEMENT

- 3.1 On 13 December 2018 the Government announced the provisional finance settlement. The announcement had been delayed by a week due to the BREXIT debate.
- 3.2 The headlines for Ribble Valley are:
- Negative RSG has been eliminated gaining us £109k.
 - Rural Services Delivery Grant has been increased back to the same level as 2018/19 gaining us £21k.
 - NHB threshold remains at 0.4%.

- Our Business Rates Pilot bid has been successful. How much we gain from this will depend on our actual Business Rate growth in 2019/20 but estimates suggest this could be in the region of £400k. Some of this will be set aside to fund losses and also to fund Lancashire wide strategic economic growth projects.
- The Government are returning to local authorities the levy account surplus. Ribble Valley will gain by £20k

3.3 The Government also announced consultations on the future of Business Rate Retention and the Fair Funding Review which may have a significant impact on our financial position beyond 2019/20. These will be considered by the Budget Working Group.

3.4 In summary the 2019/20 provisional settlement has improved the council's financial position compared with the budget forecast in September.

4 BUDGET PROCESS

4.1 Presented to committee for decision in October were the proposed fees and charges for 2019/20. 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 2019/20 will also be approved.

5 2019/20 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 3% and price increases at 2%.

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 2018/19 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 2018/19:** 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 3% Pay and 2% Other:** The budget forecast allows for inflation on pay at 3% and prices at 2% (with some exceptions such as grants). This is where that general allowance for inflation is brought in to the individual budget areas. This is the second year of a two year pay award that has already been settled.
- **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.

- **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 2019/20:** 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 2018/19 Original Estimate, to the DRAFT Original Estimate for 2019/20. 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. This funding contributes to management work and specific projects.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Third Party Payments	7,040		140		-240			6,940
Support Services	8,970		0			-380		8,590
Total Expenditure	16,010	0	140	0	-240	-380	0	15,530
Net Expenditure	16,010	0	140	0	-240	-380	0	15,530

AONBS: Area of Outstanding Natural Beauty
Commentary on Substantial Budget Changes
Third Party Payments:
 The budget has been adjusted in order to match the actual annual contribution that is made by the council to the AONB Organisation.

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

The expenditure shown under this cost centre results from administering those functions for which charges are to be made in accordance with the Charges Regulations. The charges relate only to the building regulations plan examination and site inspection function, including consideration of any enforcement action but not the service of notices under the provisions of the Building Act 1984.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Employee Related Expenditure	5,470		100		400			5,970
Transport Related Expenditure	7,770		150					7,920
Supplies & Services	11,730		230	40	-150			11,850
Support Services	146,940		0			12,880		159,820
Total Expenditure	171,910	0	480	40	250	12,880	0	185,560
Customer & Client Receipts	-186,930		-3,740		20,400			-170,270
Total Income	-186,930	0	-3,740	0	20,400	0	0	-170,270
Net Expenditure	-15,020	0	-3,260	40	20,650	12,880	0	15,290
Associated Movement in Earmarked Reserves	15,020		300		-30,610			-15,290
Net After Earmarked Reserves	0	0	-2,960	40	-9,960	12,880	0	0

BCFEE: Building Control Fee Earning

Commentary on Substantial Budget Changes

Support Services:

Support service departmental recharges have changed following a review of staff time allocations and the departmental restructure increasing costs in this area - particularly through the Chief Executive's Department

Customer & Client Receipts :

The estimated income from building regulation fees is based on income received to date at the point of review for a rolling 12 month period with the addition of inflation at 2%. The resulting reduction in estimated income is shown as an unavoidable change to the service costs, and reflects current income trends.

Net Expenditure

Due to the estimated reduction in income and increase in support service costs, there is now a deficit forecast on the building control function.

Movement in Earmarked Reserve

The estimated net expenditure for 2019/20 is in deficit. This will be funded from the Building Regulation Reserve.

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. Over a number of years the reserve should breakeven. The forecast deficit position shown above is to be further reviewed by the Corporate Management Team over the coming months.

6.3 **Cost Centre and Description** BCNON: Building Control Non Fee Earning

Shown here is the balance of building control work for which a charge is not made (Non Fee Earning). These other activities can be roughly split into Statutory and critical Building Control functions, and include such items as Dealing with Dangerous Structures, administration of the Approved Inspectors Regulations and Building Control Enforcement work.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Transport Related Expenditure	4,560		90					4,650
Supplies & Services	3,320		70	40				3,430
Support Services	52,060		0			11,490		63,550
Total Expenditure	59,940	0	160	40	0	11,490	0	71,630
Customer & Client Receipts	-1,350		-30					-1,380
Net Expenditure	58,590	0	130	40	0	11,490	0	70,250

BCNON: Building Control Non Fee Earning

Commentary on Substantial Budget Changes

Support Services:

Support service departmental recharges have changed following a review of staff time allocations and the departmental restructure increasing costs in this area - particularly through the Chief Executive's Department

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

SAP (Standard Assessment Procedure) Calculations - estimating energy performance of buildings - are a requirement of the Building Regulations, and are required for all newly built dwellings in the UK. A SAP Rating has been required for all new homes under Part L of the building regulations since 1995. This cost centre shows officer time involved in doing this, and income received from fees and charges levied.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Employee Related Expenditure	1,310		20		-740			590
Supplies & Services	290		10					300
Support Services	1,290		0			-1,290		0
Total Expenditure	2,890	0	30	0	-740	-1,290	0	890
Customer & Client Receipts	-3,010		-60		1,770			-1,300
Total Income	-3,010	0	-60	0	1,770	0	0	-1,300
Net Expenditure	-120	0	-30	0	1,030	-1,290	0	-410

BCSAP: Building Control SAP Fees

Commentary on Substantial Budget Changes

Support Services:

A reduction in the number of surveys being undertaken has reduced the allocation of time to this service.

Customer & Client Receipts

The reduction in time spent in this service area has resulted in a lower level of income being recoverable.

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

The council makes a small contribution to the running costs of the County Council's bus and rail interchange in Clitheroe.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Transfer Payments	5,250		0					5,250
Support Services	820		0			0		820
Depreciation and Impairment	1,180		0					1,180
Total Expenditure	7,250	0	0	0	0	0	0	7,250
Net Expenditure	7,250	0	0	0	0	0	0	7,250

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

Support funding for biodiversity, conservation and environmental community projects

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Support Services	9,140		0			-740		8,400
Total Expenditure	9,140	0	0	0	0	-740	0	8,400
Net Expenditure	9,140	0	0	0	0	-740	0	8,400

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

The Council supports the work of conservation, access and recreation in the natural greenspace and countryside sector. Funding is also given from this cost centre to support third party organisations in the furtherance of our own aims and objectives.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Premises Related Expenditure	11,280		230		-2,710			8,800
Supplies & Services	9,630		190		-8,800			1,020
Transfer Payments	13,040		0		260			13,300
Support Services	28,090		0			780		28,870
Total Expenditure	62,040	0	420	0	-11,250	780	0	51,990
Miscellaneous Recharges	-8,910		0		8,910			0
Total Income	-8,910	0	0	0	8,910	0	0	0
Net Expenditure	53,130	0	420	0	-2,340	780	0	51,990

COUNT: Countryside Management

Commentary on Substantial Budget Changes

Premises Related:

Emergency Tree Works were previously charged to this cost centre and then recharged out to other services. This budget has now been removed so that it sits on the service code that is having the work carried out - and the costs are being charged directly to that same code. Additionally, budget that was previously shown under Supplies & Services labelled as equipment purchases has now been moved under Premises Related Expenditure to be used for tree management works.

Supplies & Services:

Budget that was previously shown under Supplies & Services labelled as equipment purchases has now been moved under Premises Related Expenditure to be used for tree management works.

Miscellaneous Recharges

As mentioned under the Premises Related heading above - Emergency Tree Works were previously charged to this cost centre and then recharged out to other services as a Miscellaneous Recharge. Costs are now being charged directly to the relevant service.

6.8 **Cost Centre and Description** ECPLA: Economic Development and Planning Dept

This cost centre holds the costs of the new Economic Development and Planning Department. At the time that the Original Estimate 2018/19 was set, the new Economic Development and Planning Department included only the new director's post, with all other departmental staff included under the previous departmental structure that was in place at that time.

Since then, the costs have been reallocated across the various departments, which are spread across the council's committee structure. This reallocation of costs across the new departmental structure was cost neutral. This departmental cost centre holds the cost of the director and the Regeneration & Housing Section and the Planning Section. The large changes seen for 2019/20 reflect that the 2018/19 budget was for a part year (August 2018 to March 2019) - 2019/20 being the first full financial year of operation.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Employee Related Expenditure	633,640		18,890	100	283,170			935,800
Transport Related Expenditure	15,640		310		4,320			20,270
Supplies & Services	13,370		260		7,800			21,430
Support Services	140,210		0			24,030		164,240
Total Expenditure	802,860	0	19,460	100	295,290	24,030	0	1,141,740
Departmental Recharges	-802,860		0			-338,880		-1,141,740
Total Income	-802,860	0	0	0	0	-338,880	0	-1,141,740
Net Expenditure	0	0	19,460	100	295,290	-314,850	0	0

ECPLA: Economic Development and Planning Dept

Commentary on Substantial Budget Changes

As referred to in the above narrative, the large changes seen for 2019/20 reflect that the 2018/19 budget was for a part year (August 2018 to March 2019) - 2019/20 being the first full financial year of operation. This explains all of the variations that are shown across the above table.

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

The council previously provided assistance in footpaths and diversion orders. The costs shown here were for officer time involved in undertaking this work and also the costs of advertising footpath diversion orders. These advertising costs (under supplies and services) were recovered from those requesting the order in full and are shown under 'Other Grants and Contributions'. This service now fully falls under LCC and therefore the budget has now been removed as shown below.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Premises Related Expenditure	310		10		-320			0
Supplies & Services	1,620		30		-1,650			0
Support Services	5,540		0			-5,540		0
Total Expenditure	7,470	0	40	0	-1,970	-5,540	0	0
Other Grants and Contributions	-1,620		0		1,620			0
Total Income	-1,620	0	0	0	1,620	0	0	0
Net Expenditure	5,850	0	40	0	-350	-5,540	0	0

FPATH: Footpaths & Bridleways

Commentary on Substantial Budget Changes

As mentioned in the narrative above, this service now fully falls under LCC and therefore the budget has now been removed as shown below.

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

Local Planning Authorities are required to produce a Local Development Scheme that explains the approach and timetable for policy preparation. The scheme will be used to monitor the Councils progress, and is intended to help manage workloads, resource requirements and to give the public and other interested parties greater opportunity for involvement in the policy process. The costs here are in relation to the production of the Local Plan (Allocations DPD). These costs are funded from monies previously set aside in an earmarked reserve for this purpose.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Supplies & Services	19,160		380		-8,340			11,200
Support Services	74,690		0			34,890		109,580
Total Expenditure	93,850	0	380	0	-8,340	34,890	0	120,780
Net Expenditure	93,850	0	380	0	-8,340	34,890	0	120,780
Associated Movement in Earmarked Reserves	-19,160		7,960					-11,200
Net After Earmarked Reserves	74,690	0	8,340	0	-8,340	34,890	0	109,580

LDEVE: Local Development Scheme

Commentary on Substantial Budget Changes

Supplies & Services:

The remaining costs that are anticipated to fall in the 2019/20 financial year relate to postage in respect of the final consultation (£1,200) and the production and publication of the final plan document (£10,000).

Support Services:

There is an increased level of time charged here from the key staff involved in the Local Development Scheme in 2019/20.

Movement in Earmarked Reserve:

The net costs of the scheme excluding support costs is funded from reserves . It is anticipated that costs in 2019/20 will be less than 2018/19 which means that in 2019/20 less funding is needed from the planning reserve.

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

The budget shown here relates to the costs associated with the determination of planning applications, pre-application advice and investigation of authorised development. Also shown here is the associated income from charges made under this service. Due to the nature of the service it is difficult to predict accurate income levels from year to year, and therefore past experience in income levels largely forms the basis in establishing the income budgets.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Supplies & Services	64,430		1,280	2,340				68,050
Third Party Payments	3,320	-220	60					3,160
Support Services	698,230		0			-41,740		656,490
Depreciation and Impairment	9,530		0				-3,490	6,040
Total Expenditure	775,510	-220	1,340	2,340	0	-41,740	-3,490	733,740
Customer & Client Receipts	-656,050		-13,120	-13,280	-63,080			-745,530
Total Income	-656,050	0	-13,120	-13,280	-63,080	0	0	-745,530
Net Expenditure	119,460	-220	-11,780	-10,940	-63,080	-41,740	-3,490	-11,790

PLANG: Planning Control & Enforcement

Commentary on Substantial Budget Changes

Supplies and Services

There has been an increase in the estimated cost of statutory notices following a review of actual expenditure at the date of review plus an estimate based on average prior year income brought forward.

Support Services

Support service departmental recharges have changed following a review of staff time allocations and the departmental restructure decreasing costs in this area

Capital

In 2019/20, some historical depreciation charges come to an end, whilst new charges are brought in (at a lower value) for the more recent capital works within the capital programme.

Customer & Client Receipts

The planning fee estimate has been increased for the year based on a three year full year average incorporating the increase to fees of 20% which were introduced in January 2018. This accounts for the variation under 'Unavoidable Changes to Service Costs' shown above. Shown under 'Variation to Standard Budgeted Inflation Percentage' is £13,020, being brought in following a review of pre-application fees and charges for the 2019/20 financial year (as agreed by Committee in November 2018).

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

The costs shown here are in relation to staff time spent on developing the overall policy framework for improving's housing delivery, employment and the protection and enhancement of the environment of the area.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Support Services	105,520		0			1,180		106,700
Total Expenditure	105,520	0	0	0	0	1,180	0	106,700
Net Expenditure	105,520	0	0	0	0	1,180	0	106,700

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

This budget represents the charges that are paid by this committee in relation to the Lancashire Archaeological Advisory Service.

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Supplies & Services	7,880		160					8,040
Total Expenditure	7,880	0	160	0	0	0	0	8,040
Net Expenditure	7,880	0	160	0	0	0	0	8,040

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 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
AONBS: Area of Outstanding Natural Beauty	16,010		140		-240	-380		15,530
BCFEE: Building Control Fee Earning	-15,020		-3,260	40	20,650	12,880		15,290
BCNON: Building Control Non Fee Earning	58,590		130	40		11,490		70,250
BCSAP: Building Control SAP Fees	-120		-30		1,030	-1,290		-410
CINTR: Clitheroe Integrated Transport Scheme	7,250		0			0		7,250
CONSV: Conservation Areas	9,140		0			-740		8,400
COUNT: Countryside Management	53,130		420		-2,340	780		51,990
ECPLA: Economic Development and Planning Dept	0		19,460	100	295,290	-314,850		0
FPATH: Footpaths & Bridleways	5,850		40		-350	-5,540		0
LDEVE: Local Development Scheme	93,850		380		-8,340	34,890		120,780

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

Cost Centre and Description	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
PLANG: Planning Control & Enforcement	119,460	-220	-11,780	-10,940	-63,080	-41,740	-3,490	-11,790
PLANP: Planning Policy	105,520		0			1,180		106,700
PLSUB: Grants & Subscriptions - Planning	7,880		160					8,040
Grand Total	461,540	-220	5,660	-10,760	242,620	-303,320	-3,490	392,030
Associated Movement in earmarked reserves	-4,140		8,260		-30,610	0	0	-26,490
Net After Earmarked Reserves	457,400	-220	13,920	-10,760	212,010	-303,320	-3,490	365,540

b) Type of Expenditure/Income (Subjective)

	Original Estimate 2018/19	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2019/20
Employee Related Expenditure	640,420		19,010	100	282,830			942,360
Premises Related Expenditure	11,590		240		-3,030			8,800
Transport Related Expenditure	27,970		550		4,320			32,840
Supplies & Services	131,430		2,610	2,420	-11,140			125,320
Third Party Payments	10,360	-220	200		-240			10,100
Transfer Payments	18,290		0		260			18,550
Support Services	1,271,500		0			35,560		1,307,060
Depreciation and Impairment	10,710		0				-3,490	7,220
Total Expenditure	2,122,270	-220	22,610	2,520	273,000	35,560	-3,490	2,452,250
Other Grants and Contributions	-1,620		0		1,620			0
Customer & Client Receipts	-847,340		-16,950	-13,280	-40,910			-918,480
Departmental Recharges	-802,860		0			-338,880		-1,141,740
Miscellaneous Recharges	-8,910		0		8,910			0
Total Income	-1,660,730	0	-16,950	-13,280	-30,380	-338,880	0	-2,060,220
Net Expenditure	461,540	-220	5,660	-10,760	242,620	-303,320	-3,490	392,030
Associated Movement in Earmarked Reserves	-4,140		8,260		-30,610			-26,490
Net After Earmarked Reserves	457,400	-220	13,920	-10,760	212,010	-303,320	-3,490	365,540

8 EARMARKED RESERVES

- 8.1 In the Original Estimate for 2018/19 this committee planned to use a net amount of £4,140 from earmarked reserves to support its net expenditure. Looking forward to 2019/20, the proposal included in the estimates is that this committee will use £26,490 from earmarked reserves.
- 8.2 The table below provides a summary of the DRAFT Original Estimate for 2019/20 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 2019/20	Reason for Movement on Earmarked Reserve
Committee Net Cost of Services	392,030	
PLBAL/H234: Building Regulation Reserve	-15,290	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. In 2019/20 it is forecast that the service will be in a deficit position, with £15,290 being released from the earmarked reserve to support the service. The forecast deficit position is to be further reviewed by the Corporate Management Team over the coming months.
PLBAL/H336: Planning Reserve Earmarked Reserve	-11,200	The total cost of the Local Development Scheme is to be met from earmarked reserves. This contribution represents the estimated final contribution from earmarked reserves of £11,200, out of a total of £82,000 which was set aside to fund the Local Development Scheme over a number of years.
Committee Net Cost of Services after Movements on Earmarked Reserves	365,540	

9 KEY VARIATIONS

- 9.1 The net expenditure for this committee has decreased from £457,400 by £91,860 to £365,540 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 2018/19 to DRAFT Original Estimate 2019/20
<p><u>BCFEE: Building Control Fee Earning</u></p> <p>The net position on the building control fee earning service is forecast to move to a deficit position, largely due to falling income and also increased support services included below. This forecast position is supported through movements to or from the building control earmarked reserve.</p> <p>Shown here is the anticipated fall in income levels for the service for 2019/20, compared to the Original Estimate 2018/19</p> <p>The forecast deficit position is to be further reviewed by the Corporate Management Team over the coming months.</p>	20,400
<p><u>PLANG: Planning Control & Enforcement</u></p> <p>The planning fee estimate has been increased for the year based on applications received to date. Pre-Application advice fees have been increased following this committee's decision on 1st November 2018 to fund an increase in the hours worked of the Pre-Application Advice Officer from 22.5 hours to 37 hours per week</p>	-76,360
<p><u>ECPLA: Economic Development and Planning Department</u></p> <p>This new department only included costs in respect of the new director at the Original Estimate 2018/19, with staff that were to be moved in to the new department being budgeted for within the departmental structure that was in place at the time of setting the budget.</p> <p>There has been a large move in costs at the Original Estimate 2019/20, with all relevant staff now having been moved from their respective previous departments to this new department. As a result, costs have substantially increased on this cost centre, but have fallen on other departmental codes - which fall under other committees.</p>	314,850
<p><u>Support Service Costs</u></p> <p>There is a net increase in income under net support service costs - particularly due to the increased income from recharges out of the Economic Development and Planning Department in relation to the increased expenditure detailed above.</p>	-303,320

10 RISK ASSESSMENT

10.1 The approval of this report may have the following implications

- Resources: approval of the original budget for 2019/20 would see a decrease in net expenditure of £69,510 compared with the original budget for 2018/19 or £91,860 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 Approve the revenue original estimate for 2019/20 and submit this to the Special Policy and Finance Committee.

TEMPORARY SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PD3-19/VT/AC
18 December 2018

For further background information please ask for Valerie Taylor

BACKGROUND PAPERS - None