

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO HEALTH AND HOUSING COMMITTEE

Agenda Item No 10

meeting date: 19 JANUARY 2017
title: ORIGINAL REVENUE BUDGET 2017/18
submitted by: DIRECTOR OF RESOURCES
principal author: ANDREW COOK

1 PURPOSE

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

2 BACKGROUND - COUNCIL'S OVERALL FINANCIAL POSITION

- 2.1 In September we updated the Council's four year Budget Forecast which predicted budget gaps as follows: £265k in 2017/18, £719k in 2018/19, £921k in 2019/20.
- 2.2 In October this Council submitted an Efficiency Plan to the Government in order to secure a multi year finance settlement. We were notified on 16 November that we are now formally on the multi-year settlement and can expect to receive the allocations published as part of the 2016/17 local government finance settlement in 2017/18, 2018/19 and 2019/20.
- 2.3 On Thursday 15 December 2016 the provisional Local Government Finance Settlement was announced and confirmed these allocations.
- 2.4 It was also announced that there would be significant changes to the New Homes Bonus Scheme following the consultation earlier in the year. The main changes are:
- In 2017/18 allocations paid will reduce from 6 years to 5.
 - In 2018/19 allocations paid will reduce from 6 years to 4.
 - A new growth baseline of 0.4% has been set for 2017/18 below which the bonus will not be paid. The Government will announce each year what the growth baseline will be.
 - From 2018/19 the Government will consider withholding New Homes Bonus from local authorities that are not planning effectively ie making positive decisions on planning applications and delivering housing growth. They will also consider withholding payments from homes built following an appeal.
- 2.5 For Ribble Valley the impact of these changes is that our in year New Homes Bonus allocation for 2017/18 will reduce from £510k to £384k, a reduction of £126k, as a result of the new 0.4% growth baseline. In effect our taxbase had to increase by 102 new properties before we could receive any New Homes Bonus for 2017/18. Our total allocation for next year will now be £1,570k instead of £1,815k, a reduction of £244k. We will face further reductions in 2018/19 when the number of years included in the grant reduces from 5 to 4.

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

3 BUDGET WORKING GROUP GUIDANCE TO SERVICE COMMITTEES

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

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

4 BUDGET PROCESS

- 4.1 Presented to committee for decision in October were the proposed fees and charges for 2017/18. The consequential impact of these approved fees and charges have been incorporated in to the service budgets shown within this report.
- 4.2 Following a great deal of in-depth service analysis and meetings with regard to this committee's budgets by the council's accountants, budget holders, heads of service and management team, a proposed draft budget is now presented to members. This budget is agreed as that which best reflects the services of this committee for the next financial year.
- 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 cost centre within the report is shown individually. Behind each cost centre is a great deal more subjective level detailed budgets, but for the purposes of this report they are summarised in to the standard local government CIPFA Service Reporting Code of Practice basis.

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

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 the 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 changes.

6 COMMITTEE SERVICE ESTIMATES

6.1 **Cost Centre and Description** CLAIR: Clean Air

The Council is required to undertake periodic screening and assessments of local air quality. To meet the requirements, the Council undertakes local air quality monitoring, including localised monitoring of NOx on Whalley Road, Clitheroe, associated with traffic congestion.

	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	1,390		20		-30			1,380
Support Services	1,160		0			-20		1,140
Total Expenditure	2,550	0	20	0	-30	-20	0	2,520
Total Income	0	0	0	0	0	0	0	0
Net Expenditure	2,550	0	20	0	-30	-20	0	2,520
Associated Movement in Earmarked Reserves	-480		-10		490			0
Net After Earmarked Reserves	2,070	0	10	0	460	-20	0	2,520

6.2 **Cost Centre and Description** CLAND: Contaminated Land

The authority has a statutory duty under Part IIA of the Environmental Protection Act 1990 to produce a contaminated land strategy, setting out how it intends to identify and subsequently see remedied any land in its area that is considered to be contaminated.

	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	330	-330	0					0
Support Services	11,450		0			-2,460		8,990
Total Expenditure	11,780	-330	0	0	0	-2,460	0	8,990
Net Expenditure	11,780	-330	0	0	0	-2,460	0	8,990

CLAND: Contaminated Land

Commentary on Substantial Budget Changes

Support Services -£2,460

A net decrease in expenditure following a re-assessment of costs and time allocations in Community Services.

6.3 **Cost Centre and Description** CLCEM: Clitheroe Cemetery

The Council provides a municipal cemetery service at Clitheroe Cemetery, primarily for the residents of Ribble Valley. This includes traditional burials and interment of ashes, woodland burial and also a remembrance arboretum.

The Council is also responsible for several closed churchyards that have been entrusted to the Council within 12 months of their closure. These are St Bartholomew's at Chipping, St Mary Magdalene's and St James's at Clitheroe and a portion of St Mary's at Gisburn. This includes the grounds maintenance, upkeep of walls, fences, paths and the safety of headstones.

	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	59,770	-80	890	90	7,420			68,090
Supplies & Services	4,980	-320	70		130			4,860
Support Services	29,200		0			1,650		30,850
Depreciation and Impairment	6,120		0					6,120
Total Expenditure	100,070	-400	960	90	7,550	1,650	0	109,920
Customer & Client Receipts	-44,830		-680		-4,460			-49,970
Total Income	-44,830	0	-680	0	-4,460	0	0	-49,970
Net Expenditure	55,240	-400	280	90	3,090	1,650	0	59,950

CLCEM: Clitheroe Cemetery

Commentary on Substantial Budget Changes

Premises Related Expenditure - unavoidable changes to service costs, +£7,420

The main reasons are a projected increase in grounds maintenance team charges of £5,850, based on the hours to be input, and a projected increase in grave digging costs of £1,540, based on a similar level of interments in 2017/18 as is projected for 2016/17. In addition, there is a £30 net increase as a result of minor changes on other premises related budgets.

Customer & Client Receipts - unavoidable changes to service costs, -£4,460

The main reason is an estimated increase in income from interments, exclusive burial rights and exclusive woodland burial rights of £3,260, based on the average of such income received in the last four financial years and planned to be received in 2016/17 - there has been an increase in interments and plot reservations experienced in 2016/17 to date. There is also an increase in income estimated for monuments fees of £550, commemorative trees sales of £500 and cemetery plaques sales of £150.

6.4 **Cost Centre and Description** CLMKT: Clitheroe Market

The market site was redeveloped in 1995 to provide a modern facility with adjacent car parking. General retail markets are held on three days per week (Tuesday, Thursday and Saturday) with a collectors market held on Friday. Cabins are rented to market traders under contract arrangements. Stalls and pitches are also provided for traders.

Please note - The 2017/18 original estimate is based on a normal trading year for the market. This will be re-visited at revised estimate time for 2017/18, once the timings for the market development are finalised.

	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	2,620	-1,090	20					1,550
Premises Related Expenditure	36,530	-1,350	540	740	-820			35,640
Supplies & Services	3,070	-60	50					3,060
Support Services	39,160		0			-2,860		36,300
Depreciation and Impairment	4,900		0				3,890	8,790
Total Expenditure	86,280	-2,500	610	740	-820	-2,860	3,890	85,340
Customer & Client Receipts	-129,340		-1,950	160	5,860			-125,270
Miscellaneous Recharges	-6,430		0		140			-6,290
Total Income	-135,770	0	-1,950	160	6,000	0	0	-131,560
Net Expenditure	-49,490	-2,500	-1,340	900	5,180	-2,860	3,890	-46,220

CLMKT: Clitheroe Market

Commentary on Substantial Budget Changes

Support Services, -£2,860

A net decrease in expenditure following a re-assessment of costs to date and time allocations in support services areas, with the main decrease being in Legal Services.

Depreciation and Impairment - capital, +£3,890

A technical accounting re-classification of the Market cafe from an investment property to a market related asset, means that additional depreciation charges are made to the Clitheroe Market cost centre.

Customer & Client Receipts - unavoidable changes to service costs, +£5,860

The main reason is an estimated reduction on cabins income of £4,140, based on reduced cabin occupancy in 2017/18, in line with occupancy levels currently projected for 2016/17. In addition, stalls and pitches income is estimated to reduce by £1,720, based on similar income levels in 2017/18 to those currently predicted for 2016/17.

6.5 **Cost Centre and Description** COMNL: Common Land

The Council has a responsibility for the management of the common land at Salesbury and Copster Green, and an overseeing role regarding common land in general.

	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	540		10		110			660
Supplies & Services	110		0		-110			0
Support Services	1,690		0			10		1,700
Total Expenditure	2,340	0	10	0	0	10	0	2,360
Net Expenditure	2,340	0	10	0	0	10	0	2,360

6.6 **Cost Centre and Description** CTBEN: Localised Council Tax Support Admin

District councils have a statutory duty to administer claims for Local Council Tax Support. This involves producing forms for the public to complete and then processing them on a bespoke computer system once evidence of all income and savings has been verified. We are also required to investigate suspected fraudulent claims.

	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	260		0					260
Supplies & Services	20,910	-1,490	290		360			20,070
Transfer Payments	0		0					0
Support Services	146,650		0			8,260		154,910
Total Expenditure	167,820	-1,490	290	0	360	8,260	0	175,240
Government Grants	-66,990		0		1,610			-65,380
Total Income	-66,990	0	0	0	1,610	0	0	-65,380
Net Expenditure	100,830	-1,490	290	0	1,970	8,260	0	109,860

CTBEN: Localised Council Tax Support Admin

Commentary on Substantial Budget Changes

Support Services, +£8,260

A net increase in expenditure following a re-assessment of costs to date and time allocations in support services areas, with the main increases being in Financial Services and Revenue Services.

6.7 **Cost Centre and Description** DOGWD: Dog Warden & Pest Control

A dedicated pest control and dog warden service is provided in the Borough. The pest control service deals with the control and eradication of a range of public health pests in private residential and commercial premises and also the control and eradication of rodents within the public sewer system. The dog warden service deals with dog-related complaints, including stray dogs, dog fouling and noise arising from barking dogs.

	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	23,160		340		-400	560		23,660
Transport Related Expenditure	4,670	-680	60	40	630			4,720
Supplies & Services	3,900		60					3,960
Third Party Payments	5,300		80		-1,000			4,380
Support Services	74,020		0			2,920		76,940
Depreciation and Impairment	4,270		0					4,270
Total Expenditure	115,320	-680	540	40	-770	3,480	0	117,930
Other Grants and Contributions	-2,470	-250	-40		420			-2,340
Customer & Client Receipts	-16,070		-240		0			-16,310
Miscellaneous Recharges	-440		0					-440
Total Income	-18,980	-250	-280	0	420	0	0	-19,090
Net Expenditure	96,340	-930	260	40	-350	3,480	0	98,840

DOGWD: Dog Warden & Pest Control

Commentary on Substantial Budget Changes

Support Services (including premises related support services), +£3,480

A net increase in expenditure following a re-assessment of costs to date and time allocations in support services areas, with the main increases being in Financial Services, the Chief Executive's department and Salthill Depot.

6.8 **Cost Centre and Description** ENVHT: Environmental Health Services

These functions are principally regulatory and consist mainly of staff time spent on food control, health and safety work, nuisance complaint investigation, private water supply regulation, infectious diseases, Local Authority Pollution Prevention Control, associated registration of premises and animal welfare licensing.

	Original Estimate 2016/17	Savings	Inflation at 1.1% Pay and 1.5% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2017/18
Supplies & Services	11,790	-1,210	150		310			11,040
Support Services	308,210		0			2,180		310,390
Total Expenditure	320,000	-1,210	150	0	310	2,180	0	321,430
Customer & Client Receipts	-22,360		-340		-5,240			-27,940
Total Income	-22,360	0	-340	0	-5,240	0	0	-27,940
Net Expenditure	297,640	-1,210	-190	0	-4,930	2,180	0	293,490

ENVHT: Environmental Health Services

Commentary on Substantial Budget Changes

Support Services, +£2,180

A net increase in expenditure following a re-assessment of costs to date and time allocations in support services areas, with the main increase being in the Chief Executive's department.

Customer & Client Receipts - unavoidable changes to service costs, -£5,240

The main reason is an estimated increase in private water samples income of £4,230, based on plans to carry out 45 risk assessments in 2017/18 in the new five yearly cycle of private water supply assessments. There is also an increase in income estimated for environmental protection registration fees of £580, licences of £390 and vet inspection fees income of £40.

6.9 **Cost Centre and Description** HGBEN: Housing Benefits

District councils have a statutory duty to administer claims for housing benefit. This involves producing forms for the public to complete and then processing them on a bespoke computer system once evidence of all rental income and savings has been verified.

The Council pays out Housing Benefits to eligible claimants and these payments are reimbursed by subsidy grant received from the DWP.

	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	260		0					260
Supplies & Services	21,790	-1,500	300		360	-50		20,900
Transfer Payments	7,018,850		0		-317,840			6,701,010
Support Services	192,020		0			10,830		202,850
Total Expenditure	7,232,920	-1,500	300	0	-317,480	10,780	0	6,925,020
Government Grants	-7,117,280		0		321,920			-6,795,360
Total Income	-7,117,280	0	0	0	321,920	0	0	-6,795,360
Net Expenditure	115,640	-1,500	300	0	4,440	10,780	0	129,660

HGBEN: Housing Benefits

Commentary on Substantial Budget Changes

Transfer Payments - unavoidable changes to service costs, -£317,840

This is mainly due to a £328,070 estimated reduction in Rent Allowance benefit payments because of a reducing claimant caseload and no inflation related increase planned, as a result of the 1% reduction in social rents and freezes on local housing allowance and other applicable amounts payable to benefit claimants. This reduction is partly offset by a £3,450 estimated increase in Rent Rebate benefit payments, due to an estimated increase in homeless unit occupancy, and a £6,780 estimated increase in discretionary housing payments made, based on estimated funding available from the DWP.

Support Services (including supplies & services related support services), +£10,780

A net increase in expenditure following a re-assessment of costs to date and time allocations in support services areas, with the main increases being in Financial Services and Revenue Services.

Government Grants - unavoidable changes to service costs, +£321,920

This is mainly due to a £325,440 estimated reduction in Rent Allowance subsidy from the DWP, due to lower Rent Allowance payments (see above) and a £1,840 estimated reduction in Rent Rebate subsidy from the DWP, because subsidy grant income paid for some homeless temporary accommodation will be reduced from April 2017. This reduction is partly offset by a £6,020 estimated increase in discretionary housing payments funding from the DWP. In addition, the budget includes a £1,610 estimated reduction in Housing Benefits and Local Council Tax Support administration funding and estimated increases of £950 for other New Burdens related DWP funding in 2017/18.

6.10 **Cost Centre and Description** HOME: Home Energy Conservation

The service provides advice to households as to how to improve the energy efficiency of their home and reduce CO2 emissions as well as aiming to raise the profile of renewable energy sources and their benefits, particularly in new build developments.

	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	750	-540	0		190			400
Support Services	13,030		0			-260		12,770
Total Expenditure	13,780	-540	0	0	190	-260	0	13,170
Net Expenditure	13,780	-540	0	0	190	-260	0	13,170

6.11 **Cost Centre and Description** HOMES: Homelessness Strategy

This service includes:

- Homeless prevention work, which includes provision of the tenancy protection scheme, referrals to floating support and mediation.
- Development of the Homelessness Strategy, maintaining the Homeless Forum and achievements towards the homeless action plan.
- The housing needs service, which provides advice and assistance to households that are facing homelessness. It is often appropriate for home visits to be made to undertake the initial interview.

	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	210		0					210
Premises Related Expenditure	3,050		50					3,100
Transport Related Expenditure	100		0					100
Supplies & Services	3,440	-210	40					3,270
Transfer Payments	12,180	-1,880	160					10,460
Support Services	69,870		0			-1,290		68,580
Total Expenditure	88,850	-2,090	250	0	0	-1,290	0	85,720
Net Expenditure	88,850	-2,090	250	0	0	-1,290	0	85,720
Associated Movement in Earmarked Reserves	0		0		-130			-130
Net After Earmarked Reserves	88,850	-2,090	250	0	-130	-1,290	0	85,590

6.12 **Cost Centre and Description** HSASS: Housing Associations

Enabling the delivery of affordable housing, working in partnership with Housing Associations to identify potential sites and support bids to assist delivery.

	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	500		10					510
Support Services	6,050		0			110		6,160
Total Expenditure	6,550	0	10	0	0	110	0	6,670
Net Expenditure	6,550	0	10	0	0	110	0	6,670

6.13 **Cost Centre and Description** HSTRA: Housing Strategy

The Strategic Housing Service addresses the housing needs in the borough through partnership working with Registered Housing Providers and support providers. The service also undertakes housing needs surveys to assess the affordable housing need in the borough. A housing forum is held twice a year to update stakeholders on housing strategy progress and key issues.

	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	1,700		20		200			1,920
Third Party Payments	5,590		80					5,670
Support Services	47,740		0			-3,450		44,290
Total Expenditure	55,030	0	100	0	200	-3,450	0	51,880
Net Expenditure	55,030	0	100	0	200	-3,450	0	51,880

HSTRA: Housing Strategy

Commentary on Substantial Budget Changes

Support Services -£3,450

A net decrease in expenditure following a re-assessment of costs to date and time allocations in support services areas, with the main decrease being in the Chief Executive's department.

6.14 **Cost Centre and Description** IMPGR: Improvement Grants

The service administers and oversees the delivery of the disabled facilities grants and landlord tenant grants. Disabled facilities grants enable homeowners and tenants to remain in their own home. Landlord tenant grants facilitate an increase in affordable housing units in the borough. Delivery of disabled facilities grants requires the greatest input from the 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
Support Services	71,170		0			8,960		80,130
Total Expenditure	71,170	0	0	0	0	8,960	0	80,130
Customer & Client Receipts	-7,250		-110		900			-6,460
Total Income	-7,250	0	-110	0	900	0	0	-6,460
Net Expenditure	63,920	0	-110	0	900	8,960	0	73,670

IMPGR: Improvement Grants

Commentary on Substantial Budget Changes

Support Services +£8,960

A net increase in expenditure following a re-assessment of costs to date and time allocations in support services areas, with the main increases being in the Chief Executive's department and Community Services.

6.15 **Cost Centre and Description** JARMS: Joiners Arms

The Joiners Arms unit provides seven units of temporary accommodation; five of which are family units. The service oversees the allocation of the units and the ongoing engagement to ensure households do not remain in temporary accommodation for longer than the target length of stay of 7 weeks. The Joiners Arms is currently managed by Ribble Valley Homes, on behalf of the Council. Ribble Valley Homes have informed the Council that they will no longer undertake this role after 31 March 2017, so the Council will manage the unit in-house from 1 April 2017.

	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	0		0		15,920			15,920
Premises Related Expenditure	3,060		40		12,070			15,170
Transport Related Expenditure	0		0		150			150
Supplies & Services	240		0		1,950			2,190
Third Party Payments	8,980		130		-9,110			0
Support Services	3,400		0			950		4,350
Depreciation and Impairment	6,500		0				230	6,730
Total Expenditure	22,180	0	170	0	20,980	950	230	44,510
Customer & Client Receipts	0		0		-28,800			-28,800
Total Income	0	0	0	0	-28,800	0	0	-28,800
Net Expenditure	22,180	0	170	0	-7,820	950	230	15,710

JARMS: Joiners Arms

Commentary on Substantial Budget Changes

The Council will manage the Joiners Arms in-house from 1 April 2017. The detailed operational plan and budget for running the Joiners Arms in 2017/18 are still to be confirmed. These will be finalised in the period leading up to 1 April 2017. However, a high-level initial budget estimate has been produced based on best estimates of income and running costs for the unit, as opposed to the current costs that the Council incurs. The substantial budget changes are as follows:

Employee Related Expenditure - unavoidable changes to service costs, +£15,920

Initial estimate for employing a part-time hostel officer from 2017/18 onwards. No employee costs are currently borne by the Council.

Premises Related Expenditure - unavoidable changes to service costs, +£12,070

Initial estimate of additional premises costs associated with the Council running the Joiners Arms unit from 2017/18, such as increased repairs costs, utilities costs, Council Tax payments and alarm systems costs.

Third Party Payments - unavoidable changes to service costs, -£9,110

The Council will no longer pay a management fee to Ribble Valley Homes for managing the Joiners Arms, which is an estimated cost reduction of £9,110.

Customer & Client Receipts - unavoidable changes to service costs, -£28,800

Initial estimate of rent and service charge income the Council will receive from running the Joiners Arms. No rent and service charge income is currently received by the Council, because Ribble Valley Homes keep this income.

Please note - There are several other risks and uncertainties on this budget for 2017/18, at this point in time:

a - There are risks around on-going Lancashire County Council funding of personal support for clients at the Joiners Arms in 2017/18. This may be resolved soon. If not, some costs may fall on the Council.

b - More new clients on benefits may be paid Universal Credit going forwards. This increases the risk of rent arrears at the unit because rent cannot normally be paid direct to the Council under Universal Credit and there are several weeks payment delays for new claimants. 10% rent arrears has been built into this estimate.

c - Rent Rebate subsidy payable to the Council for temporary accommodation will be reduced from 1 April 2017 and the impact of this has been included in the HGBEN cost centre original estimate. A new fund may be available from Central Government to help cover some or all of this shortfall but nothing is confirmed yet.

d - Housing department are re-visiting the provision of homeless accommodation in the borough.

6.16 **Cost Centre and Description** SHARE: Shared Ownership Rents

This budget represents income received from shared ownership property rents at Riverside, Clitheroe, and any related 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
Support Services	640		0			-640		0
Total Expenditure	640	0	0	0	0	-640	0	0
Customer & Client Receipts	-1,210		-20					-1,230
Total Income	-1,210	0	-20	0	0	0	0	-1,230
Net Expenditure	-570	0	-20	0	0	-640	0	-1,230

6.17 **Cost Centre and Description** SUPPE: Supporting People

Supporting People is the funding stream which funds the support element of any supporting housing scheme. The service looks to ensure existing schemes continue to receive appropriate financial support and seeks to identify new areas of need and submit appropriate bids for new allocations. This service area also covers additional support areas, such as domestic violence provision and older people's support.

	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	200		0					200
Third Party Payments	14,190		210		-14,400			0
Transfer Payments	2,540		40					2,580
Support Services	15,010		0			-5,910		9,100
Total Expenditure	31,940	0	250	0	-14,400	-5,910	0	11,880
Net Expenditure	31,940	0	250	0	-14,400	-5,910	0	11,880
Associated Movement in Earmarked Reserves	-14,190		-210		14,400			0
Net After Earmarked Reserves	17,750	0	40	0	0	-5,910	0	11,880

SUPPE: Supporting People

Commentary on Substantial Budget Changes

Third Party Payments - unavoidable changes to service costs, -£14,400

An additional domestic abuse support service was provided between April and September 2016, as a result of grant funding provided by the DCLG. The service cannot be provided in 2017/18, because the DCLG funding is not available to cover the estimated £14,400 cost.

Support Services, -£5,910

A net decrease in expenditure following a re-assessment of costs to date and time allocations in support services areas, with the main decrease being in the Chief Executive's department.

Associated Movement in Earmarked Reserves - unavoidable changes to service costs, +£14,400

DCLG funding was transferred from the Government Grants Housing earmarked reserve to fund the additional domestic abuse support service provided in 2016/17 (see above). There is no funding left in the reserve to be transferred to the service in 2017/18.

6.18 **Cost Centre and Description** UCRED: Universal Credit

The Council has been working in partnership with the DWP to provide support to Universal Credit claimants in the borough.

	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	20,550		0			230		20,780
Total Expenditure	20,550	0	0	0	0	230	0	20,780
Government Grants	0		0		-11,380			-11,380
Net Expenditure	20,550	0	0	0	-11,380	230	0	9,400

UCRED: Universal Credit

Commentary on Substantial Budget Changes

Government Grants - unavoidable changes to service costs, -£11,380

DWP notification has already confirmed that the Council will receive £11,380 funding in 2017/18 for the Universal Credit service provided to Ribble Valley residents, on behalf of the DWP. In previous years, the service has been provided on the basis of a service level agreement (SLA) and the income related to the SLA has never been agreed at original estimate stage, so nil income has been included in previous years' original estimate budgets.

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 Services Provided (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
CLAIR: Clean Air	2,550		20		-30	-20		2,520
CLAND: Contaminated Land	11,780	-330	0			-2,460		8,990
CLCEM: Clitheroe Cemetery	55,240	-400	280	90	3,090	1,650		59,950
CLMKT: Clitheroe Market	-49,490	-2,500	-1,340	900	5,180	-2,860	3,890	-46,220
COMNL: Common Land	2,340		10		0	10		2,360
CTBEN: Localised Council Tax Support Admin	100,830	-1,490	290		1,970	8,260		109,860
DOGWD: Dog Warden & Pest Control	96,340	-930	260	40	-350	3,480		98,840
ENVHT: Environmental Health Services	297,640	-1,210	-190		-4,930	2,180		293,490
HGBEN: Housing Benefits	115,640	-1,500	300		4,440	10,780		129,660
HOMEE: Home Energy Conservation	13,780	-540	0		190	-260		13,170
HOMES: Homelessness Strategy	88,850	-2,090	250			-1,290		85,720

a) Cost of Services Provided (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
HSASS: Housing Associations	6,550		10			110		6,670
HSTRA: Housing Strategy	55,030		100		200	-3,450		51,880
IMPGR: Improvement Grants	63,920		-110		900	8,960		73,670
JARMS: Joiners Arms	22,180		170		-7,820	950	230	15,710
SHARE: Shared Ownership Rents	-570		-20			-640		-1,230
SUPPE: Supporting People	31,940		250		-14,400	-5,910		11,880
UCRED: Universal Credit	20,550		0		-11,380	230		9,400
Grand Total	935,100	-10,990	280	1,030	-22,940	19,720	4,120	926,320
Associated Movement in Earmarked Reserves	-14,670		-220		14,760			-130
Net After Earmarked Reserves	920,430	-10,990	60	1,030	-8,180	19,720	4,120	926,190

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	3,350	-1,090	20		15,920			18,200
Premises Related Expenditure	126,110	-1,430	1,870	830	18,380	560		146,320
Transport Related Expenditure	4,770	-680	60	40	780			4,970
Supplies & Services	75,100	-5,660	1,010		3,360	-50		73,760
Third Party Payments	34,060		500		-24,510			10,050
Transfer Payments	7,033,570	-1,880	200		-317,840			6,714,050
Support Services	1,051,020		0			19,210		1,070,230
Depreciation and Impairment	21,790		0				4,120	25,910
Total Expenditure	8,349,770	-10,740	3,660	870	-303,910	19,720	4,120	8,063,490
Government Grants	-7,184,270		0		312,150			-6,872,120
Other Grants and Contributions	-2,470	-250	-40		420			-2,340
Customer & Client Receipts	-221,060		-3,340	160	-31,740			-255,980
Miscellaneous Recharges	-6,870		0		140			-6,730
Total Income	-7,414,670	-250	-3,380	160	280,970	0	0	-7,137,170
Net Expenditure	935,100	-10,990	280	1,030	-22,940	19,720	4,120	926,320
Associated Movement in Earmarked Reserves	-14,670		-220		14,760			-130
Net After Earmarked Reserves	920,430	-10,990	60	1,030	-8,180	19,720	4,120	926,190

8 EARMARKED RESERVES

- 8.1 Reserves are important to local authorities as, unlike central government, we cannot borrow money over the medium-term, other than for investment in assets, and we are required to balance our budgets on an annual basis.
- 8.2 Reserves can be held for three main purposes:
- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
 - a contingency to cushion the impact of unexpected events or emergencies; this also forms part of general reserves;
 - a means of building up funds, this is done through our earmarked reserves to meet known or predicted requirements; our earmarked reserves are accounted for separately but remain legally part of the General Fund.
- 8.3 Each service committee makes varied use of Earmarked Reserves, each very specific to the nature of the services that they provide.
- 8.4 Earmarked reserves enable flexibility in approach to financial and service pressures, allowing the council to respond in a timely manner.
- 8.5 It therefore follows that there are a variety of different categories of earmarked reserves that we hold:
- Shorter Term Service Commitments.
 - Reserves to smooth the revenue impact of longer term cyclical costs.
 - Trading or business unit reserves.
 - Sums set aside for major schemes such as capital projects.
 - Longer term strategic or corporate reserves.
 - External grant funding where expenditure has yet to be incurred.
- 8.6 In the Original Estimate for 2016/17 this committee planned to use £14,670 from earmarked reserves to support its net expenditure. Looking forward to 2017/18, the proposal included in the estimates is that this committee use £130 from earmarked reserves to support its spending.
- 8.7 The table below provides a summary of the DRAFT Original Estimate for 2017/18 together with the budgeted impact on the relevant earmarked reserves. Also detailed is a summary of the reasons for the movements on the earmarked reserves.

	DRAFT Original Estimate 2017/18	Reason for Movement on Earmarked Reserve
Committee Net Cost of Services	926,320	
HGBAL/H339: Government Housing Grants Reserve	-130	<p>This is where housing related grants received but not spent at the end of each financial year are set aside, to then be committed to grant related expenditure in future years.</p> <p>DCLG grant set aside from previous years will be released in-year to fund measures, mainly emergency accommodation, to prevent rough sleeping among non-priority single homeless people.</p>
Committee Net Cost of Services after Movements on Earmarked Reserves	926,190	

9 KEY VARIATIONS

- 9.1 The net expenditure for this committee has increased by £5,760 after allowing for associated movements on earmarked reserves. The main reasons for this net increase are summarised in the table below.

Description	Variance Original Estimate 2016/17 to DRAFT Original Estimate 2017/18 £
<p>ALL cost centres - Support Services Net increase in Support Services recharges for the Health and Housing Committee overall, following a re-assessment of costs to date and time allocations in all support services areas.</p>	19,720
<p>VARIOUS cost centres - Savings Savings have been identified on several cost centres. Whilst no one individual saving is substantial, the combined savings identified totals £10,990.</p>	-10,990
<p>UCRED - Universal Credit DWP notification has already confirmed that the Council will receive £11,380 funding in 2017/18 for the Universal Credit service provided to Ribble Valley residents, on behalf of the DWP. In previous years, the service has been provided on the basis of a negotiated service agreement and income had never been agreed at original estimate stage, so nil income had been included in previous years' original estimate budgets.</p>	-11,380

10 RISK ASSESSMENT

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

- Resources: approval of the original budget for 2017/18 would see a decrease in net expenditure of £8,780 compared with the original budget for 2016/17 or an increase in net expenditure of £5,760 after allowing for movements on earmarked reserves. There are several risks and uncertainties on the original estimate set for the Joiners Arms unit. The original estimate is an initial high-level estimate, because the detailed operational plan and budget for the Council taking over the running of the unit from 1 April 2017 are still to be finalised.
- Technical, Environmental and Legal: none identified.
- Political: none identified.
- Reputation: sound financial planning safeguards the reputation of the Council.
- Equality and Diversity – Equality and diversity issues are considered in the provision of all Council services.

11 RECOMMENDED THAT COMMITTEE

- 11.1 Agree the revenue original estimate for 2017/18 and 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

HH3-17/AC/AC
4 January 2017

For further background information please ask for Andrew Cook

BACKGROUND PAPERS - None

Health and Housing Committee - Subscriptions

Cost Centre	Body	Budgeted Subscription £	Benefits and Outcomes	Since
ENVHT Environmental Health	EHC Net Chartered Institute of Environmental Health (CIEH) Environmental Health Network	£480	Membership is compulsory amongst all local authorities within the UK. It enables communication with other environmental health officers and allows members to obtain advice and communicate information.	1999/2000
ENVHT Environmental Health	EMAQ+ EMAQ+ provides professional development training and technical guidance to help Environmental Protection Officers build the knowledge and understanding they need to implement the functions required of a local authority.	£740	The subscription provides essential training and competency for officers dealing with emissions and air quality. Included within the subscription are seminar places and access to technical reference materials. It is viewed as best practice to subscribe.	2002/03
CTBEN + HGBEN Localised Council Tax Support and Housing Benefits Administration	Ovaltech Calculation service for Housing Benefits and Local Council Tax Support.	£580	Website based calculator service for Ribble Valley residents to access via the Council website. It allows them to enter their own details to check whether they are eligible for benefits and the levels they would receive.	2012/13

Cost Centre	Body	Budgeted Subscription £	Benefits and Outcomes	Since
CTBEN + HGBEN Localised Council Tax Support and Housing Benefits Administration	QuickCalc Calculation service for Housing Benefits and Local Council Tax Support.	£230	Technical benefits calculator service that the Benefits section access to calculate Housing Benefits payable and Local Council Tax Support to be granted, based on claimants' income levels.	2006/07
CTBEN + HGBEN Localised Council Tax Support and Housing Benefits Administration	HB Info Technical service for Housing Benefits and Local Council Tax Support.	£210	Subscription service that provides up to date information on benefits in the form of technical guidance, case law updates and regular bulletins. The service also supports a message forum for benefits professionals to share queries and information.	2006/07
CTBEN + HGBEN Localised Council Tax Support and Housing Benefits Administration	IRRV Forum Technical service for Housing Benefits and revenues services. Provided by the Institute of Revenues, Ratings and Valuation.	£550	Subscription provides regular technical updates, mainly in the form of regular bulletins put together by technical experts. This service provides essential technical reference service for benefits and also revenues related issues.	2012/13

Cost Centre	Body	Budgeted Subscription £	Benefits and Outcomes	Since
SUPPE Supporting People	Older People's Champion Network A network of Local Authority elected member older peoples champions in the North West.	£200	The network provides support to the Council's elected member Older People's Champion and all North West older people's champions, allowing them to influence their local authorities to actively respond to the needs of older people. It also shares good practice among members.	2013/14