

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO HEALTH AND HOUSING COMMITTEE

Agenda Item No 7

meeting date: 16 JANUARY 2020
title: ORIGINAL REVENUE BUDGET 2020/21
submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

- 1.1 To agree the draft revenue budget for 2020/21 for this Committee, for consideration at Special Policy and Finance Committee.

2 BACKGROUND

3 Year Budget Forecast

- 2.1 The Council's three year budget forecast was presented to Policy & Finance Committee in September. Whilst every year it is extremely challenging to predict funding, nearly all of our major income streams are currently very difficult to forecast in the present climate. Our forecast in September predicted the following budget gaps; £0k in 2020/21, £372k in 2021/22, £410k in 2022/23, after allowing for the use of general fund balances.
- 2.2 2019/20 is the last year of the Government's 4 year multi settlement. From 2020/21 we were expecting substantial local government finance reforms. However, in September the Government wrote to all councils announcing that a decision has been taken to delay the implementation of 75% business rates retention and the Fair Funding Review until April 2021. They also announced that 75% business rates pilots will come to an end at the end of March 2020 with no new pilots planned for 2020/21.
- 2.3 Policy and Finance Committee recommend that service committees;
- budget based on the current levels of service provision
 - increase their fees and charges by inflation (2%) where possible; and
 - only consider growth items which can be funded by identified savings.

Spending Round 2019

- 2.4 The Spending Round 2019 was announced on 4 September 2019 and whilst it is for one year only it does provide councils with some certainty as to next year's funding:
- The Chancellor announced some extra funding for adult and children's social care. He also announced that key grants to local government will continue next year.
 - The future of the New Homes Bonus scheme remains uncertain. Legacy payments will be honoured but the scheme for 2020/21 is still for discussion with ministers. We currently rely on £1.105m to fund our revenue budget each year and also use some of our allocation to fund the capital programme.
 - Funding to remove negative RSG will continue for 2020/21.

- A 2% maximum council tax increase and a further 2% increase for Adult Social Care Precept for illustrative purposes. As is customary however, the government will consult on Council Tax Referendum Principles as part of the Local Government Finance Settlement.

General Election

- 2.5 The General Election has resulted in the announcement of the Provisional Local Government Finance Settlement being put back until after the election.
- 2.6 There is also considerable uncertainty with further Local Government Funding as all the major parties set out quite different spending priorities. Hopefully by the time of your meeting the position will be clearer.
- 2.7 Given all of these uncertainties the service committee budgets have been prepared based on the current level of service plus inflation. Where unavoidable service costs have arisen, these are highlighted.

3 BUDGET PROCESS

- 3.1 Presented to Committee for decision in October were the proposed fees and charges for 2020/21. The consequential impact of these approved fees and charges have been incorporated in to the service budgets shown within this report.
- 3.2 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.
- 3.3 When all committees have approved their detailed estimates the overall position will be considered by Budget Working Group.
- 3.4 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 2020/21 will also be approved.

4 2020/21 DRAFT REVENUE BUDGET

- 4.1 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%.
- 4.2 Within this report the cost centre budgets are shown in the same manner in which they are reviewed. Each cost centre within the report is shown individually. Behind each cost centre are more detailed subjective level budgets, but for the purposes of this report they are summarised into 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.

4.3 As you will see, the draft proposed budget for 2020/21 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 2019/20:** 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 the general allowance for inflation is brought into 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.
- **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 2020/21:** 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.

4.4 Detailed in the following section of the report are the individual budget areas under this Committee. Shown are the movements from the 2019/20 Original Estimate, to the DRAFT Original Estimate for 2020/21. Comments are also provided on the main variances.

5 COMMITTEE SERVICE ESTIMATES - DETAILS

5.1 **Cost Centre and Description** APLAC: Alma Place Unit

A one-bedroom property providing move-on accommodation for people previously supported in other homelessness accommodation.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Premises Related Expenditure	1,970		30		80			2,080
Supplies & Services	590		10					600
Support Services	1,000		0			10		1,010
Depreciation and Impairment	1,200		0				390	1,590
Total Expenditure	4,760	0	40	0	80	10	390	5,280
Customer & Client Receipts	-2,940		-60					-3,000
Total Income	-2,940	0	-60	0	0	0	0	-3,000
Net Expenditure	1,820	0	-20	0	80	10	390	2,280

5.2 **Cost Centre and Description** AWARM: Affordable Warmth

Services available to help vulnerable residents stay warm in winter – the services available are dependent on grant provided by Lancashire County Council. This is an estimate of affordable warmth grant funding that will be unspent at the end of 2019/20 and will be rolled forward into 2020/21 to be spent on affordable warmth related purchases and fuel top up grants.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Supplies & Services	0		0		260			260
Third Party Payments	100		0		-100			0
Transfer Payments	150		0					150
Total Expenditure	250	0	0	0	160	0	0	410
Net Expenditure	250	0	0	0	160	0	0	410
Associated Movement in Earmarked Reserves	-250		-10		-150			-410
Net After Earmarked Reserves	0	0	-10	0	10	0	0	0

5.3 **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 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Supplies & Services	510		10					520
Support Services	1,320		0			-10		1,310
Total Expenditure	1,830	0	10	0	0	-10	0	1,830
Net Expenditure	1,830	0	10	0	0	-10	0	1,830

5.4 **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 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Support Services	10,060		0			-1,030		9,030
Total Expenditure	10,060	0	0	0	0	-1,030	0	9,030
Net Expenditure	10,060	0	0	0	0	-1,030	0	9,030

CLAND: Contaminated Land
Commentary on Substantial Budget Changes
<u>Support Services, -£1,030</u>
Decrease in expenditure following a re-assessment of costs and time allocations in the Community Services department.

5.5 **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.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Premises Related Expenditure	72,050		1,430		80			73,560
Supplies & Services	4,400		80					4,480
Support Services	34,000		0			3,500		37,500
Depreciation and Impairment	5,280		0					5,280
Total Expenditure	115,730	0	1,510	0	80	3,500	0	120,820
Customer & Client Receipts	-82,760		-1,650		-2,360			-86,770
Total Income	-82,760	0	-1,650	0	-2,360	0	0	-86,770
Net Expenditure	32,970	0	-140	0	-2,280	3,500	0	34,050

CLCEM: Clitheroe Cemetery

Commentary on Substantial Budget Changes

Support Services, +£3,500

Increase in expenditure following a re-assessment of costs 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, -£2,360

Mainly due to estimated increases in interments income of £2,080 and exclusive woodland burial rights income of £1,100, based on increased interments and exclusive woodland burial rights income so far in 2019/20 and average income levels over recent years. In addition, there is a net reduction in income of £820 as a result of minor changes on other customer & client receipts budgets.

5.6 **Cost Centre and Description** CLDCY: Closed Churchyards

The Council is 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. This is a budget that has previously been included under the Ribble Valley Parks cost centre on Community Services Committee. It has been moved here in order to ensure that the regular grounds maintenance work costs and any other one-off costs on closed churchyards are charged to a specific cost centre going forwards.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Premises Related Expenditure	0		0			9,220		9,220
Total Expenditure	0	0	0	0	0	9,220	0	9,220
Net Expenditure	0	0	0	0	0	9,220	0	9,220

CLDCY: Closed Churchyards

Commentary on Substantial Budget Changes

Premises Related Expenditure - support services, +£9,220

Closed churchyards grounds maintenance work costs are being charged directly to this new Closed Churchyards cost centre. The costs were previously charged to the Ribble Valley Parks cost centre within Community Services Committee. Consequently, £9,220 of budget in 2020/21 is to be transferred from the Ribble Valley Parks cost centre to the new Closed Churchyards cost centre to reflect where grounds maintenance work costs are now charged.

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

General retail markets are held on three days per week (Tuesday, Thursday and Saturday). Cabins are rented to market traders under contract arrangements. Pitches are also provided for traders. From early 2020, there are no permanent stalls to let to traders, as a result of the Clitheroe Market Improvements changes.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Employee Related Expenditure	2,080		60					2,140
Premises Related Expenditure	28,970		580		440	-1,200		28,790
Supplies & Services	3,180		60		60			3,300
Support Services	42,320		0			-1,170		41,150
Depreciation and Impairment	10,050		0				12,350	22,400
Total Expenditure	86,600	0	700	0	500	-2,370	12,350	97,780
Customer & Client Receipts	-130,070		-2,600		3,830			-128,840
Miscellaneous Recharges	-6,440		0			-170		-6,610
Total Income	-136,510	0	-2,600	0	3,830	-170	0	-135,450
Net Expenditure	-49,910	0	-1,900	0	4,330	-2,540	12,350	-37,670

CLMKT: Clitheroe Market

Commentary on Substantial Budget Changes

Premises Related Expenditure - support services, -£1,200

Estimated decrease in the refuse collection recharge, based on the percentage of overall waste tonnage estimated for the market.

Support Services, -£1,170

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

Depreciation and Impairment - capital, +£12,350

Increased depreciation charges, based on the increased value of the market assets as a result of the Clitheroe Market Improvements works.

Customer & Client Receipts - unavoidable changes to service costs, +£3,830

There is an estimated reduction in stalls income of £9,170 as a result of the stalls being removed from the bull ring in early 2020. To partly offset this, pitches income is estimated to increase by £2,210, as some current stallholders may remain as pitch traders, and market cafe rent income is estimated to increase by £3,130 under a new lease agreement.

5.8 **Cost Centre and Description** CMGHH: Community Groups - Health & Housing

The Council's Partnerships and Regeneration teams work with community groups to enable them to:

- work in partnership with other public sector agencies and common interest groups
- gain access to grant funding streams; and
- support vulnerable groups in the borough.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Support Services	21,890		0			-1,620		20,270
Total Expenditure	21,890	0	0	0	0	-1,620	0	20,270
Net Expenditure	21,890	0	0	0	0	-1,620	0	20,270

CMGHH: Community Groups - Health & Housing

Commentary on Substantial Budget Changes

Support Services, -£1,620

Decrease in expenditure following a re-assessment of costs and time allocations in the Economic Development and Planning department.

5.9 **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 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Premises Related Expenditure	670		10					680
Support Services	1,630		0			40		1,670
Total Expenditure	2,300	0	10	0	0	40	0	2,350
Net Expenditure	2,300	0	10	0	0	40	0	2,350

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

District councils have a statutory duty to administer claims for Local Council Tax Support and respond to any legacy issues raised regarding Council Tax Benefit. 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. The Council is also required to investigate suspected fraudulent claims.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Employee Related Expenditure	280		10					290
Supplies & Services	21,400		420	-960	-570			20,290
Support Services	174,400		0			3,510		177,910
Total Expenditure	196,080	0	430	-960	-570	3,510	0	198,490
Government Grants	-33,610		0		4,540			-29,070
Total Income	-33,610	0	0	0	4,540	0	0	-29,070
Net Expenditure	162,470	0	430	-960	3,970	3,510	0	169,420

CTBEN: Localised Council Tax Support Admin

Commentary on Substantial Budget Changes

Support Services, +£3,510

Increase in expenditure following a re-assessment of costs and time allocations in support services areas, with the main increase being in the Resources department.

Government Grants - unavoidable changes to service costs, +£4,540

Estimated decrease in the Local Council Tax Support administration grant 2020/21 to be received from MHCLG. The estimate is 10% lower than the 2019/20 actual grant received, based on the general trend of reductions in administration grant allocations in recent years. The actual 2020/21 administration grant allocation from the MHCLG will be confirmed in due course.

5.11 **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 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Premises Related Expenditure	30,000		600			300		30,900
Transport Related Expenditure	4,750		100		1,330			6,180
Supplies & Services	4,120		80		1,020			5,220
Third Party Payments	4,560		90		1,370			6,020
Support Services	91,150		0			1,840		92,990
Depreciation and Impairment	2,000		0				-2,000	0
Total Expenditure	136,580	0	870	0	3,720	2,140	-2,000	141,310
Other Grants and Contributions	-2,250		0		-30			-2,280
Customer & Client Receipts	-16,600		-340	90	20			-16,830
Miscellaneous Recharges	-380		-10					-390
Total Income	-19,230	0	-350	90	-10	0	0	-19,500
Net Expenditure	117,350	0	520	90	3,710	2,140	-2,000	121,810

DOGWD: Dog Warden & Pest Control

Commentary on Substantial Budget Changes

Transport Related Expenditure - unavoidable changes to service costs, +£1,330

Higher estimated vehicle insurance costs of £850, based on recent claims history, and estimated increase in repairs costs of £480 as the pest control and dog warden vans become older.

Supplies & Services - unavoidable changes to service costs, +£1,020

Estimated increase in equipment purchases, similar to 2019/20, as a result of increased usage of and costs of dog bin bags and increases in dog bin lid replacements.

Third Party Payments - unavoidable changes to service costs, +£1,370

Increase in the annual retainer payable under the new kennelling contract which started in October 2019.

Support Services, +£1,840

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

Depreciation and Impairment - capital, -£2,000

Decrease due to no depreciation charges in 2020/21 for the dog warden van as it is now fully depreciated.

5.12 **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 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Supplies & Services	25,520		530		-1,660			24,390
Support Services	349,840		0			5,460		355,300
Total Expenditure	375,360	0	530	0	-1,660	5,460	0	379,690
Customer & Client Receipts	-45,170		-910	60	2,470			-43,550
Total Income	-45,170	0	-910	60	2,470	0	0	-43,550
Net Expenditure	330,190	0	-380	60	810	5,460	0	336,140

ENVHT: Environmental Health Services

Commentary on Substantial Budget Changes

Supplies & Services - unavoidable changes to service costs, -£1,660

The main reason is a £2,170 reduction in private water supplies estimated costs based on the expected yearly work to be undertaken in 2020/21. This is broadly reflected by reduced income (see below). Set against this, is a £510 increase in noise monitor calibration and testing costs.

Support Services, +£5,460

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

Customer and Client Receipts - unavoidable changes to service costs, +£2,470

The main reason is a £2,620 estimated reduction in private water supplies income based on the expected yearly work to be undertaken in 2020/21, which is broadly reflected by reduced costs (see above). Set against this, is a £150 net increase in estimated income as a result of minor changes on other customer and client receipts budgets.

5.13 **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 income and savings has been verified. The Council pays out Housing Benefits to eligible claimants and these payments are broadly reimbursed by subsidy grant received from the DWP.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Employee Related Expenditure	280		10					290
Supplies & Services	20,820		410	-960	-580			19,690
Transfer Payments	5,733,690		0		-559,960			5,173,730
Support Services	224,720		0			3,580		228,300
Total Expenditure	5,979,510	0	420	-960	-560,540	3,580	0	5,422,010
Government Grants	-5,850,050		0		571,410			-5,278,640
Total Income	-5,850,050	0	0	0	571,410	0	0	-5,278,640
Net Expenditure	129,460	0	420	-960	10,870	3,580	0	143,370
Associated Movement in Earmarked Reserves	0		0		-4,030			-4,030
Net After Earmarked Reserves	129,460	0	420	-960	6,840	3,580	0	139,340

HGBEN: Housing Benefits

Commentary on Substantial Budget Changes

Transfer Payments - unavoidable changes to service costs, -£559,960

The main reason is a £558,890 estimated reduction in Rent Allowance benefit payments because all new and change of circumstances working age benefit claims are now migrating to Universal Credit. Universal Credit is administered by the DWP rather than the Council. In addition, there is a £9,280 estimated decrease in Rent Rebate benefit payments, based on the decreased payments estimated to date in 2019/20 continuing in 2020/21, and a £8,210 estimated increase in discretionary housing payments made, which broadly reflects the estimated increase in the discretionary housing payments funding received from the DWP in 2020/21 (see below).

Support Services, +£3,580

Increase in expenditure following a re-assessment of costs and time allocations in support services areas, with the main increase being in the Resources department.

Government Grants - unavoidable changes to service costs, +£571,410

This is mainly due to a £562,050 estimated reduction in Rent Allowance subsidy from the DWP. This reduction broadly reflects the reduction in Rent Allowance payments estimated for the year (see above), subject to changes in other factors such as the level of benefits overpayments and non-cash transactions.

In addition, there are other budget reduction factors:

- A £7,850 estimated decrease in Rent Rebate subsidy from the DWP, based on decreased Rent Rebate estimated payments (see above).
- A £7,820 estimated decrease in Housing Benefits administration grant received from the DWP in 2020/21. This estimate is 10% lower than the 2019/20 actual grant received, based on the general trend of reductions in administration grant allocations in recent years. The actual 2020/21 administration grant allocation from the DWP will be confirmed in due course.
- At this stage, no Flexible Homelessness Support Grant (FHSG) is estimated to be received in 2020/21 to help cover Rent Rebate subsidy not received from the DWP for rent paid on behalf of temporary accommodation benefit claimants that is above the LHA level. This is a £5,940 reduction from the amount of FHSG used for this purpose in 2019/20. The Flexible Homelessness Support Grant reserve will be used to fund any Rent Rebate subsidy not received in 2020/21 (see overleaf).
- A £1,460 estimated decrease in DWP new burdens funding for various benefit changes that funding was received for in 2019/20 but are not expected to be funded in 2020/21, for example implementation of benefit cap changes.

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These reductions are partly offset by the following budget increases:

- A £7,710 estimated increase in discretionary housing payments funding from the DWP, based on the actual funding received from the DWP in 2020/21 being similar to the 2019/20 actual funding received from the DWP. The actual 2020/21 discretionary housing payments funding from the DWP will be confirmed in due course.
- A £6,000 estimated increase in Verify Earnings and Pensions fraud initiative (VEPs) funding. It is estimated the amount received from the DWP in 2020/21 will be similar to the 2019/20 actual funding received from the DWP. The actual 2020/21 VEPs funding from the DWP will be confirmed in due course.

Associated Movement in Earmarked Reserves, -£4,030

Estimated transfer from the Flexible Homelessness Support Grant reserve to cover rent rebate subsidy not received from the DWP for rent paid on behalf of claimants in temporary accommodation which is above the Local Housing Allowance level.

5.14 **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 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Supplies & Services	420		10					430
Support Services	4,560		0			920		5,480
Total Expenditure	4,980	0	10	0	0	920	0	5,910
Net Expenditure	4,980	0	10	0	0	920	0	5,910

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

This service includes:

- Homelessness prevention work, which includes provision of the tenancy protection scheme, referrals to floating support and mediation.
- Development of the Homelessness Strategy, maintaining the Homelessness Forum and achievements towards the homelessness 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 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Employee Related Expenditure	210		0					210
Transport Related Expenditure	100		0					100
Supplies & Services	20,140		410	280				20,830
Transfer Payments	8,820		0	170				8,990
Support Services	65,190		0			-1,230		63,960
Total Expenditure	94,460	0	410	450	0	-1,230	0	94,090
Government Grants	-39,360		0		39,360			0
Total Income	-39,360	0	0	0	39,360	0	0	0
Net Expenditure	55,100	0	410	450	39,360	-1,230	0	94,090
Associated Movement in Earmarked Reserves	25,860		520		-40,420			-14,040
Net After Earmarked Reserves	80,960	0	930	450	-1,060	-1,230	0	80,050

HOMES: Homelessness Strategy

Commentary on Substantial Budget Changes

Support Services, -£1,230

A net decrease in expenditure following a re-assessment of costs and time allocations in support services areas, with the main decrease being in the Economic Development and Planning department.

Government Grants - unavoidable changes to service costs, +£39,360

At this stage, no Flexible Homelessness Support Grant is expected to be received in 2020/21, compared to the £34,060 that was budgeted to be received and allocated to Homelessness Strategy in 2019/20. In addition, no Homelessness Reduction Act funding is expected to be received in 2020/21, compared to the £5,300 budgeted to be received in 2019/20.

Associated Movement in Earmarked Reserves, -£40,420

No amounts are to be set aside in earmarked reserves at year-end and there will be some use of earmarked reserves at year-end, as follows:

- Flexible Homelessness Support Grant reserve - £7,340 will be transferred from this reserve in 2020/21 to fund some temporary accommodation homelessness costs. This is a £23,920 net change between 2019/20 and 2020/21, compared to the amount set aside in this reserve in 2019/20. This is mainly because no Flexible Homelessness Support Grant is expected to be received in 2020/21 (see above), so funding for certain costs will be from the reserve rather than from in-year grant funding.
- Homelessness Reduction Act reserve - £6,700 will be transferred from this reserve in 2020/21 to fund additional Homelessness Reduction Act database costs. This is a £5,680 increase compared to the amount transferred from the reserve in 2019/20, mainly because no Homelessness Reduction Act funding is expected to be received in 2020/21 (see above).
- Capital reserve - No amounts from Homelessness Strategy are planned to be set aside in the capital reserve in 2020/21, which is a £10,820 reduction compared to the amount set aside in 2019/20 to fund the Joiners Arms Roof Renewal capital scheme.

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

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

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Support Services	6,210		0			140		6,350
Total Expenditure	6,210	0	0	0	0	140	0	6,350
Net Expenditure	6,210	0	0	0	0	140	0	6,350

5.17 **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, support providers and Community Groups. A housing forum is held twice a year to update stakeholders on housing strategy progress and key issues. The Housing service also maintains a self build and custom house register and liaises with the Planning department regarding suitable development advice and permissions for custom and self build properties. From Spring 2020, the Council will lease two properties purchased in 2019/20 to a registered housing provider to be let as affordable units.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Premises Related Expenditure	0		0		350			350
Supplies & Services	350		0		320			670
Third Party Payments	6,050		120					6,170
Support Services	42,670		0			-2,680		39,990
Depreciation and Impairment	0		0				4,680	4,680
Total Expenditure	49,070	0	120	0	670	-2,680	4,680	51,860
Government Grants	-15,000		0		15,000			0
Customer & Client Receipts	0		0		-6,560			-6,560
Total Income	-15,000	0	0	0	8,440	0	0	-6,560
Net Expenditure	34,070	0	120	0	9,110	-2,680	4,680	45,300
Associated Movement in Earmarked Reserves	15,000		300		-15,300			0
Net After Earmarked Reserves	49,070	0	420	0	-6,190	-2,680	4,680	45,300

HSTRA: Housing Strategy

Commentary on Substantial Budget Changes

Support Services, -£2,680

A net decrease in expenditure following a re-assessment of costs and time allocations in support services areas, with the main decrease being in the Economic Development and Planning department.

Depreciation and Impairment - capital, +£4,680

Depreciation charge introduced, based on estimated values for the two Longridge affordable rent properties purchased in 2019/20.

Government Grants - unavoidable changes to service costs, +£15,000

Custom and Self Build new burdens additional funding was received in 2019/20 from MHCLG. No such additional funding is expected in 2020/21.

Customer & Client Receipts - unavoidable changes to service costs, -£6,560

New budgets introduced for £6,200 of rent income expected for the two new Longridge affordable rent properties and £360 income estimated from self build and custom house register administration fees.

Associated Movement in Earmarked Reserves, -£15,300

Unspent Custom and Self Build new burdens additional funding was planned to be set aside in the Custom and Self Build funding reserve in 2019/20. No such additional funding is expected in 2020/21 (see above), so no set aside is required.

5.18 **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 significant input from housing officers and the Council's surveyors team.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Supplies & Services	0		0		150			150
Support Services	114,050		0			-14,600		99,450
Total Expenditure	114,050	0	0	0	150	-14,600	0	99,600
Customer & Client Receipts	-26,480		-530		-1,330			-28,340
Total Income	-26,480	0	-530	0	-1,330	0	0	-28,340
Net Expenditure	87,570	0	-530	0	-1,180	-14,600	0	71,260

IMPGR: Improvement Grants

Commentary on Substantial Budget Changes

Support Services, -£14,600

A net decrease in expenditure following a re-assessment of costs and time allocations in support services areas, with the main decreases being in the Economic Development and Planning and Community Services departments. The significant decrease in the recharge cost from the Economic Development and Planning department is mainly due to a part-time, fixed term post coming to an end.

Customer & Client Receipts - unavoidable changes to service costs, -£1,330

Estimated increase in DFGs administration fees income of £1,430, based on an estimated higher DFGs grants allocation in 2020/21, offset by a minor reduction of £100 in Landlord/Tenant Grants administration fees estimated income.

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

The Joiners Arms unit provides seven units of temporary accommodation, five of which are family units, to help prevent and deal with homelessness. The housing service manages the units and provides ongoing engagement with the households in the unit to try and ensure they do not remain in temporary accommodation for longer than the target length of stay of 7 weeks.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Employee Related Expenditure	12,640		380	-260				12,760
Premises Related Expenditure	20,720		400	10	140			21,270
Supplies & Services	2,570		50		100			2,720
Support Services	27,370		0			-1,600		25,770
Depreciation and Impairment	7,360		0				-730	6,630
Total Expenditure	70,660	0	830	-250	240	-1,600	-730	69,150
Customer & Client Receipts	-34,740		-690		6,370			-29,060
Total Income	-34,740	0	-690	0	6,370	0	0	-29,060
Net Expenditure	35,920	0	140	-250	6,610	-1,600	-730	40,090
Associated Movement in Earmarked Reserves	0		0		-6,140			-6,140
Net After Earmarked Reserves	35,920	0	140	-250	470	-1,600	-730	33,950

JARMS: Joiners Arms

Commentary on Substantial Budget Changes

Support Services, -£1,600

A net decrease in expenditure following a re-assessment of costs and time allocations in support services areas, with the main decreases being in the Economic Development and Planning and Community Services departments.

Customer & Client Receipts - unavoidable changes to service costs, +£6,370

This is mainly due to an estimated decrease in rent and service charge income of £5,770, based on lower levels of occupancy and an increase in former tenants arrears at the homelessness unit for the year-to-date in 2019/20. In addition, there is an estimated decrease of £600 in electric cards income.

Associated Movement in Earmarked Reserves, -£6,140

Estimated transfer of £6,140 from the Flexible Homelessness Support Grant reserve to cover the increased budget required at the Joiners Arms homelessness unit, as a result of reduced rent income (see above) and increased Council Tax void payments.

5.20 **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 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Support Services	0		0			850		850
Total Expenditure	0	0	0	0	0	850	0	850
Customer & Client Receipts	-1,280		-30		10			-1,300
Total Income	-1,280	0	-30	0	10	0	0	-1,300
Net Expenditure	-1,280	0	-30	0	10	850	0	-450

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

This service area covers additional support areas, such as liaison with supported housing scheme providers, domestic violence support and older people's support.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Supplies & Services	200		0					200
Third Party Payments	0		0		11,700			11,700
Transfer Payments	2,550		0					2,550
Support Services	4,140		0			430		4,570
Total Expenditure	6,890	0	0	0	11,700	430	0	19,020
Net Expenditure	6,890	0	0	0	11,700	430	0	19,020
Associated Movement in Earmarked Reserves	0		0		-11,700			-11,700
Net After Earmarked Reserves	6,890	0	0	0	0	430	0	7,320

SUPPE: Supporting People

Commentary on Substantial Budget Changes

Third Party Payments - unavoidable changes to service costs, +£11,700

Planned additional payments to Hyndburn and Ribble Valley Domestic Violence team (HARV) for provision of the Domestic Abuse Outreach Support Service in Ribble Valley between April 2020 and June 2020. This scheme is funded by specific grant from the MHCLG, via Lancashire County Council, that is planned to be set aside in the Domestic Abuse Outreach Support Service reserve at 31 March 2020 (see below). No such similar expenditure was planned in the 2019/20 original estimate.

Associated Movement in Earmarked Reserves, -£11,700

This relates to funding planned to be transferred from the Domestic Abuse Outreach Support Service reserve to fund additional domestic abuse support services provided in 2020/21 (see above). No such similar transfer was planned in the 2019/20 original estimate.

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

The Council has been working on behalf of the DWP to provide support to Universal Credit claimants in the borough and to manage the phased migration from Housing Benefit to Universal Credit.

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Support Services	23,830		0			910		24,740
Total Expenditure	23,830	0	0	0	0	910	0	24,740
Government Grants	-11,190		0		2,240			-8,950
Total Income	-11,190	0	0	0	2,240	0	0	-8,950
Net Expenditure	12,640	0	0	0	2,240	910	0	15,790

UCRED: Universal Credit

Commentary on Substantial Budget Changes

Government Grants - unavoidable changes to service costs, +£2,240

A £2,240 estimated decrease in Universal Credit Service funding received from the DWP in 2020/21. This estimate is 20% lower than the 2019/20 actual funding received, based on the general trend of reductions in administration funding allocations in recent years. The actual 2020/21 service funding allocation from the DWP will be confirmed in due course.

6 SUMMARIES

6.1 The draft budget is summarised in two ways. One over the cost of the services 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 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
APLAC: Alma Place Unit	1,820		-20		80	10	390	2,280
AWARM: Affordable Warmth	250		0		160			410
CLAIR: Clean Air	1,830		10			-10		1,830
CLAND: Contaminated Land	10,060		0			-1,030		9,030
CLCEM: Clitheroe Cemetery	32,970		-140		-2,280	3,500		34,050
CLDCY: Closed Churchyards	0		0			9,220		9,220
CLMKT: Clitheroe Market	-49,910		-1,900		4,330	-2,540	12,350	-37,670
CMGHH: Community Groups - Health & Housing	21,890		0			-1,620		20,270
COMNL: Common Land	2,300		10			40		2,350
CTBEN: Localised Council Tax Support Admin	162,470		430	-960	3,970	3,510		169,420
DOGWD: Dog Warden & Pest Control	117,350		520	90	3,710	2,140	-2,000	121,810
ENVHT: Environmental Health Services	330,190		-380	60	810	5,460		336,140

a) Cost of Services Provided (Objective)

Cost Centre and Description	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
HGBEN: Housing Benefits	129,460		420	-960	10,870	3,580		143,370
HOMEE: Home Energy Conservation	4,980		10			920		5,910
HOMES: Homelessness Strategy	55,100		410	450	39,360	-1,230		94,090
HSASS: Housing Associations	6,210		0			140		6,350
HSTRA: Housing Strategy	34,070		120		9,110	-2,680	4,680	45,300
IMPGR: Improvement Grants	87,570		-530		-1,180	-14,600		71,260
JARMS: Joiners Arms	35,920		140	-250	6,610	-1,600	-730	40,090
SHARE: Shared Ownership Rents	-1,280		-30		10	850		-450
SUPPE: Supporting People	6,890		0		11,700	430		19,020
UCRED: Universal Credit	12,640		0		2,240	910		15,790
Grand Total	1,002,780		-930	-1,570	89,500	5,400	14,690	1,109,870
Associated Movement in Earmarked Reserves	40,610	0	810	0	-77,740	0	0	-36,320
Net After Earmarked Reserves	1,043,390	0	-120	-1,570	11,760	5,400	14,690	1,073,550

b) Type of Expenditure/Income (Subjective)

	Original Estimate 2019/20	Savings	Inflation at 3% Pay and 2% Other	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2020/21
Employee Related Expenditure	15,490		460	-260				15,690
Premises Related Expenditure	154,380		3,050	10	1,090	8,320		166,850
Transport Related Expenditure	4,850		100		1,330			6,280
Supplies & Services	104,220		2,070	-1,640	-900			103,750
Third Party Payments	10,710		210		12,970			23,890
Transfer Payments	5,745,210		0	170	-559,960			5,185,420
Support Services	1,240,350		0			-2,750		1,237,600
Depreciation and Impairment	25,890		0				14,690	40,580
Total Expenditure	7,301,100	0	5,890	-1,720	-545,470	5,570	14,690	6,780,060
Government Grants	-5,949,210		0		632,550			-5,316,660
Other Grants and Contributions	-2,250		0		-30			-2,280
Customer & Client Receipts	-340,040		-6,810	150	2,450			-344,250
Miscellaneous Recharges	-6,820		-10			-170		-7,000
Total Income	-6,298,320	0	-6,820	150	634,970	-170	0	-5,670,190
Net Expenditure	1,002,780	0	-930	-1,570	89,500	5,400	14,690	1,109,870
Associated Movement in Earmarked Reserves	40,610		810		-77,740			-36,320
Net After Earmarked Reserves	1,043,390	0	-120	-1,570	11,760	5,400	14,690	1,073,550

7 EARMARKED RESERVES

- 7.1 In the Original Estimate for 2019/20 this Committee planned to transfer £40,610 to earmarked reserves. Looking forward to 2020/21, the proposal included in the estimates is that this Committee plans a net transfer of £36,320 from earmarked reserves at year-end.
- 7.2 The table below provides a summary of the DRAFT Original Estimate for 2020/21 together with the budgeted impact of the relevant earmarked reserves movements. Also detailed is a summary of the reasons for the movements on the earmarked reserves.

	DRAFT Original Estimate 2020/21	Reason for Movement on Earmarked Reserve
Committee Net Cost of Services	1,109,870	
HGBAL/H339: Housing Related Grants Reserve	-36,320	<p>This is where housing related grants and funding received but not spent at the end of each financial year are set aside, to then be committed to housing related expenditure in future years.</p> <p>In 2020/21, grant funding set aside from previous years will be released in-year to fund estimated additional expenditure or reduced income on specific services:</p> <ul style="list-style-type: none"> -£410 for affordable warmth purchases and fuel top up grants. -£4,030 to cover rent rebate subsidy not received from the DWP for rent paid on behalf of claimants in temporary accommodation which is above the Local Housing Allowance level. -£7,340 for additional expenditure on the Homelessness Reduction Act database. -£6,700 for additional temporary accommodation homelessness costs. -£6,140 to cover Joiners Arms reduced rent income and increased Council Tax void payments. -£11,700 for additional Domestic Abuse Outreach Support Service costs between April and June 2020.
Committee Net Cost of Services after Movements in Earmarked Reserves	1,073,550	

8 KEY VARIATIONS

8.1 The net expenditure for this Committee has increased by £30,160 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 2019/20 to DRAFT Original Estimate 2020/21 £
<p>CTBEN - Localised Council Tax Support Admin HGBEN - Housing Benefits UCRED - Universal Credit Estimated decreases in Housing Benefits, Local Council Tax Support and Universal Credit administration funding to be received from Central Government in 2020/21, based on the general trend of reductions in administration grant allocations in recent years. The actual 2020/21 administration grant funding allocations to be received from Central Government will be confirmed in due course.</p>	14,600
<p>CLMKT - Clitheroe Market Estimated increase in depreciation charges, based on the increased value of the market assets as a result of the Clitheroe Market Improvements works in 2019/20.</p>	12,350
<p>CLMKT - Clitheroe Market There will be no stalls income in 2020/21, as a result of the stalls being removed from the market bull ring in early 2020, partly offset by an estimated increase in pitches income, as some current stallholders may remain as pitch traders.</p>	6,960
<p>CLDCY - Closed Churchyards The costs of grounds maintenance work on closed churchyards that the Council has responsibility for are being charged to a new Closed Churchyards cost centre included in this Committee's revenue account. The costs were previously charged to the Community Services Committee revenue account. Consequently, £9,220 of budget is to be transferred from the Community Services Committee to this Committee in 2020/21 to reflect where grounds maintenance work costs are now charged.</p>	9,220
<p>HSTRA - Housing Strategy New budget introduced for the estimated annual rent income for the two new Longridge affordable rent properties purchased and leased to a registered housing provider.</p>	-6,200

9 RISK ASSESSMENT

9.1 The approval of this report may have the following implications:

- Resources: Approval of the original budget for 2020/21 would see an increase in net expenditure of £107,090 compared with the original budget for 2019/20 and an increase in net expenditure of £30,160 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 Approve the revenue original estimate for 2020/21 and submit this to the Special Policy and Finance Committee.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

HH3-20/AC/AC
2 January 2020

For further background information please ask for Andrew Cook
BACKGROUND PAPERS - None