

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 7

meeting date: 8 FEBRUARY 2011
 title: OVERALL REVENUE BUDGET 2011/12
 submitted by: DIRECTOR OF RESOURCES
 principal author: JANE PEARSON

1 PURPOSE

- 1.1 To approve the revised revenue budget for 2010/11.
- 1.2 To consider and recommend a revenue budget, budget requirement and precept for 2011/12 to Full Council on 8 March 2011.

2 BACKGROUND

- 2.1 The Council needs to set out its financial plans in the context of particularly uncertain and challenging circumstances. There has also been a change in Government which has inevitably led to a review of public sector expenditure.

3 CURRENT YEAR'S REVISED BUDGET 2010/11.

Background

- 3.1 The revised budget for 2010/11 has now been prepared. Committees, during this cycle, have reviewed their estimates and the reasons for any significant changes.
- 3.2 When the estimates were prepared 12 months ago provision was made for price increases of 1.5% and no allowance was included for any potential pay award. This proved an accurate estimate given local government workers have not received a pay award this year.
- 3.3 The revised budget is now looking as if there will be a reduction of £243k in net expenditure. This is shown in the summary below.

	Original Estimate 2010/11 £	Revised Estimate 2010/11 £
Committee Expenditure		
Planning & Development	526,550	697,170
Community	3,757,510	3,648,850
Health and Housing	771,090	800,540
Policy & Finance	3,023,740	3,248,160
Total of Committees	8,078,890	8,394,720
Capital Adjustments		
Less Depreciation (included in above)	-777,150	-791,860

	Original Estimate 2010/11 £	Revised Estimate 2010/11 £
Add Minimum Revenue Provision (MRP)	132,460	132,770
Total Expenditure	7,434,200	7,735,630
Other Items		
External Interest Payable	26,250	26,250
Interest Earned	-15,000	-15,000
Area Based Grant	-28,820	-34,660
Transfer From/To Various Funds (See Annex 1)	-99,410	-638,370
Net Expenditure	7,317,220	7,073,850
Adjustment to Balances to Get to Agreed Budget	-41,373	201,997
Agreed budget for year	7,275,847	7,275,847

Change in Committee Expenditure

3.4 In summary, committee expenditure (after allowing for transfers to and from earmarked reserves) has fallen by £223k. Obviously, in a total budget of over £7m there are many variations during the course of a year. Each committee, in considering its revised budget, has been given details for any differences.

3.5 The **main** ones are as follows:

	£000
Increased Income	
Increased Volume on Planning Pre Application Charge	-18
Grant Funding - Children's Trust Arrangements (Carried out Within Existing Resources)	-17
Homelessness Grant Continued Longer than Anticipated	-12
Net Increase in Recovered Legal Fees (Remains as a Debt)	-11
Retained Performance Reward Grant as Administration Fee	-36
Decreased Income	
Reduced Planning Control Fee Income	10
Car Parking - VAT Increase and Decreased Usage	13
Reduced Expenditure	
Net Decrease in Staffing Costs - Recruitment Review by CMT	-51
Net saving on Refuse Collection - New Waste Transportation Arrangements	-117
Reduced Usage and Tariff for Gas at Ribblesdale Pool	-20
Reduced Concurrent Functions Grant Claims	-15

	£000
Increased Expenditure	
Increased Oncosted Wages on Public Conveniences - Security and Cleansing	20
Increased Benefit Payments - Charitable Homes Provision for Disabled Clients	21
Net Other Movements	10
Net Change in Committee Expenditure forecast for 2010/11 RE	-223

Movement in Other items

3.6 Other Items show a predicted reduction in net expenditure of £20k as follows:

Other Items	Original Estimate 2010/11 £000	Revised Estimate 2010/11 £000	Difference £000
Interest Payable	26	26	0
Minimum Revenue Provision	132	133	1
Depreciation	-777	-792	-15
Interest Earned on Investments	-15	-15	0
Area Based Grant	-29	-35	-6
Net change	-663	-683	-20

3.7 We expect both interest payable and interest receipts to remain at the same level as the original estimate. However the total amount we will receive in Area Based Grants will increase by £6,000 due to new grants for petitions and also familiarisation costs of new statutory guidance on social housing allocations.

3.8 The other main change relates to depreciation. There has been an increase of £15k in the total amount of depreciation which we take out of our committee expenditure.

Impact on Balances

3.9 Overall the revised budget is £243k less than the original estimate. This means that if this revised forecast is correct we will actually add £202k to balances at the end of the year. This would leave the following position:

	£000
General Fund Balances B/Fwd at 1 April 2010	1,222
To add to Balances as per Revised Estimate	202
Therefore Estimated Balances at 31 March 2011	1,424

3.10 This is safely above the amount of £700,000 we've previously agreed as the minimum level

4 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2011/12 AND 2012/13

Information

- 4.1 The much awaited grant settlement for next year was finally published on Monday 13 December 2010. The Government announced the provisional grant figures for not only next year but also for 2012/13. However beyond this we are uncertain what level of grant we will receive. The Government have stated they will be reviewing the method of allocation of resources to local authorities, including business rates.
- 4.2 We expect to receive notification of the final settlement figures in early February and will report these to you at your meeting if possible.
- 4.3 If there are any changes to the grant figures we would recommend adjusting the use of general fund balances at this stage. This approach was endorsed by the Budget Working Group at their last meeting.
- 4.4 The data for Ribble Valley after the adjustment for the transfer of the responsibility for concessionary travel to the upper tier, is as follows:

	2010/11 Actual £	2011/12 Provisional £	2012/13 Provisional £
Adjusted previous years Formula Grant		3,772,774	3,192,655
Revenue Support Grant	525,133	758,020	}
Redistributed Business Rates	3,616,386	2,456,384	
Formula Grant	4,141,519	3,214,404	2,825,499
Grants Rolled In Using Tailored Distribution	0	0	0
Relative Needs Amount	1,326,623	1,092,416	981,505
Relative Resource Amount	-1,383,533	-938,045	-910,853
Central Allocation	4,370,115	2,896,863	2,624,602
Floor Damping	-171,687	163,169	130,245
Formula Grant	4,141,518	3,214,403	2,825,499
Difference in grant from adjusted		-£558,370	- £367,156
subnational population projection (number of people)	61,378	58,508	58,771
taxbase projection (band-D equivalents)	22,663	22,439	22,444

- 4.5 In summary the comparison between **10/11** and **11/12** is as follows:

£m		
Adjusted Formula Grant 2010/11	3.773	
Provisional Formula Grant 2011/12	3.214	14.8% reduction
Provisional Formula Grant without Damping	3.051	19.2% reduction

4.6 In summary the comparison between **10/11 and 12/13** is as follows:

£m		
Adjusted Formula Grant 2010/11	3.773	
Provisional Formula Grant 2012/13	2.825	25% reduction
Provisional Formula Grant without Damping	2.695	29% reduction

Conclusion

- 4.7 Whilst we anticipated the transfer of resources as a result of concessionary travel responsibilities moving, overall the Settlement is considerably worse than we expected.
- 4.8 Ribble Valley faces a 14.8% ie a £558k grant reduction next year and a further £948k ie 25% the year after compared with the base position for 2010/11.
- 4.9 Any differences in our final figures will need to be considered in setting the final budget.

5 COLLECTION FUND

5.1 The council tax is a combination of various factors, namely:

- ❖ The spending requirements of -
 - ❖ Lancashire County Council
 - ❖ Lancashire Police Authority
 - ❖ Lancashire Combined Fire Authority
 - ❖ Ribble Valley Borough Council
 - ❖ The Parish Councils in our area
- ❖ Less government grants
- ❖ Less our share of national non domestic rates
- ❖ Surplus/deficit on the collection fund
- ❖ Council tax base at band D equivalent

5.2 I have already assessed the potential surplus/deficit on the collection fund relating to council tax. I estimate the Collection Fund will produce a deficit of £140,641 this year. The main reason for this is the deficit brought forward from 2009/10 was higher than anticipated.

5.3 The deficit will be shared amongst all the current major precepting authorities. Our share of the £140,641 deficit is £15,000.

5.4 A statement showing the Collection Fund is attached at Annex 2.

6 REVENUE BUDGET 2011/12

Background

6.1 Since coming to power, the new Coalition Government have announced a considerable number of proposals which could have a very significant impact on local authorities and their future budgets. These include;

- ❖ Review of Local Government Finance
- ❖ Localism Bill
- ❖ New Homes Bonus Scheme
- ❖ Changes to NHS
- ❖ Review of Public Sector Pensions/Public Sector Pay Freeze

6.2 These announcements are at the same time as public expenditure is severely reduced.

Council Tax Freeze Grant/Capping

6.3 The spending review announced that the Government will protect the public from excessive council tax rises. The Government have set aside £650million to provide councils that freeze council tax with the equivalent of a 2.5% increase. This equates to a grant of £78,660 for Ribble Valley for each year for the next 4 years, ie the spending review period. The Government have also stated they want to ensure that council tax payers are protected against authorities that reject the offer and impose excessive council tax rises. They intend to introduce powers for residents to veto excessive council tax increases through a local referendum. In the meantime however, they have stated they will take capping action against councils that propose excessive rises.

6.4 We have been informed of the calculation of our 'Alternative Notional Amount' or 'ANA' for 2010/11. For Ribble Valley our figure is £6.908m which is calculated by adjusting our budget requirement for the current year by the transfers in responsibilities eg concessionary travel. This is to enable a like for like comparison between our budget for both years. The Government will use this base figure to compare our proposed budget requirement for next year if they consider our increase potentially excessive and need to consider whether we should be capped.

Budget Requirement Calculation

6.5 Unlike in previous years, we are already in a position where we know our 2011/12 council tax and therefore what our budget requirement needs to be, assuming we will be taking advantage of the freeze grant the Government are offering. Our Budget Requirement is therefore calculated as follows,

	£	£
Taxbase	22,364	
Band D	140.69	
Precept (ie amount raised from council tax)		3,146,391
Formula Grant		3,214,404
Council Tax Freeze Concession		78,660
Council Tax Deficit		-15,000
Our Total Budget Requirement		6,424,455

Base Budget Position

Introduction

- 6.6 Each committee has been asked to prepare their budget on the basis of no increase in the level of spending in real terms, although the budgets do include provision for price increases of 3% and a small increase in pay based upon the Government's statement on public sector pay. Fees and charges have also been reviewed by committees and have been increased by at least the rate of inflation where feasible. These increases are also included in the budgets. At the time of your meeting all committees will have considered their draft budgets for next year.

Provisional Base Position

- 6.7 The provisional base position for next year is shown below, compared with the original budget for 2010/11.

	Original Estimate 2010/11 £	Original Estimate 2011/12 £
Committee Expenditure		
Planning & Development	526,550	738,960
Community	3,757,510	3,818,160
Health and Housing	771,090	780,510
Policy & Finance	3,023,740	2,477,650
Total of Committees	8,078,890	7,815,280
Capital Adjustments		
Less Depreciation (included in above)	-777,150	-799,490
Add Minimum Revenue Provision (MRP)	132,460	140,250
Total Expenditure	7,434,200	7,156,040
Other Items		
External Interest Payable	26,250	26,250
Interest Earned	-15,000	-15,000
Area Based Grant	-28,820	0
Transfer From/To Various Funds (See Annex 4)	-99,410	-214,960
Net Expenditure	7,317,220	6,952,330
Adjustment to Balances to Get to Agreed Budget	-41,373	-527,875
Agreed budget for year	7,275,847	6,424,455

Comments on Next Year's Base Revenue Budget

Committee Expenditure

- 6.8 The net effect, as shown in the above summary, is that committee expenditure (after allowing for transfers to and from earmarked reserves) has fallen by £380k. The reasons

for this, again, are varied and have been reported to service committees in the budget reports. The main reasons however being:

2010/11 OE to 2011/12 OE differences		£000
<u>Increased Income</u>		
Increased Volume on Planning Pre Application Advice Charges		-13
<u>Decreased Income</u>		
Reduced Planning Control Fee Income		20
Car Parking - VAT Increase and Decreased Usage		19
Lower Recycling Credits		12
<u>Reduced Expenditure</u>		
Transfer of Concessionary travel responsibilities		-382
Net saving on Refuse Collection - New Waste Transportation Arrangements		-200
Reduced Usage and Tariff for Gas at Ribblesdale Pool		-19
<u>Increased Expenditure</u>		
Increased Audit Fee		9
Increased Oncosted Wages on Public Conveniences Security and Cleansing		21
Increased Benefit Payments - Charitable Homes Provision for Disabled Clients		30
Planning Delivery Grant shortfall – however £12k LDF earmarked reserve used to reduce this figure		33
Increased Refuse Vehicle Cost - Mainly Vehicle Fuel		20
<u>Increased Depreciation Charges</u>		22
<u>Inflation and Net Other Movements</u>		48
Net movement in Committee Expenditure		-380

6.9 Movement of Other items

	£000
Increase in Depreciation (which we remove from our committee estimates)	-22
Increase in MRP	8
No longer receive Area Based Grant	29
	15

Amendments to the base budget

6.10 The draft budgets presented to committees did not reflect any increases in the employer superannuation rates potentially arising as a result of the three year valuation of the pension fund. We have been recently informed that our rate needs to increase from

15.6% to 17.1% ie an increase of 1.5%. Such an increase will add approximately £75,000 to our pay bill. (Shown at 1 in the table below).

6.11 The savings arising out of the restructuring of senior management also need to be reflected in the base budget. (Shown at 2 in the table below):

6.12 This gives an amended base budget for 2011/12 as set out below:

	Original Estimate 2010/11 £000	Draft Original 2011/12 £000	Variation £000
Total Committees Expenditure after transfers	7,980	7,600	-380
Add superannuation increase (1)	0	75	75
Less savings from management restructure etc (2)	0	-149	-149
Capital Adjustments:			
Depreciation	-777	-799	-22
Minimum Revenue Provision	132	140	8
Total Expenditure	7,335	6,867	-468
Other Items:			
External Interest Payable	26	26	0
Interest Earned	-15	-15	0
Area Based Grant	-29	0	29
Net Expenditure	7,317	6,878	-439
Amount to (Take) or Add from General Balances/Savings Required	-41	-454	-413
RVBC Budget Requirement	7,276	6,424	-852

Summary of base budget position

6.13 In summary therefore, based upon freezing our council tax next year and our current base budget, we need to find savings and or use balances to the amount of £454k.

7 REVENUE BUDGET 2011/12 AND BEYOND

7.1 In addition to considering our budget for 2011/12 we need to be conscious of the challenges also facing us the year after.

7.2 As stated earlier, the Government have announced a two year grant settlement. We know that in 2012/13 the above base budget would require savings/and or use of balances totalling £894,000 (after factoring in the savings arising from the management restructure).

7.3 We therefore need to consider the impact of any savings proposals not only on 2011/12 but also on our base budget ie whether they are recurring in nature and therefore will also assist in agreeing future budgets.

8 BUDGET WORKING GROUP

Background

- 8.1 The Budget Working Group have met frequently throughout the year to consider the Council's financial position.
- 8.2 Recent meetings have concentrated on agreeing recommendations to this committee in order to set an affordable and sustainable budget for 2011/12.
- 8.3 The guidance given by the Budget Working Group to officers was to produce the 2011/12 budget but at the same time begin a more thorough review of how we provide our services in order to achieve the substantial savings we know we need to produce in future years.
- 8.4 This means that instead of making what could be hasty decisions, we will be able to take a more methodical, strategic and cautious approach in considering our future finances.

Savings Proposals

- 8.5 At their meeting on 12 January 2011 the Budget Working Group considered the first set of proposals for savings. At their subsequent meeting on 26 January they considered further saving proposals and reached agreement on a package of savings which total £244k for 2011/12 and £254k for 2012/13.
- 8.6 Further details regarding these proposals are set out in Annex 3. These reduce the budget shortfall for the two years as follows:

	2011/12 £000	2012/13 £000
Shortfall in base budget	454	894
Less savings proposals – Annex 3	-244	-254
Shortfall still to address	210	640

- 8.7 The Budget Working Group further recommended that the resultant shortfall for next year of £210k is met from general fund balances.

9 ROBUSTNESS OF THE ESTIMATES AND BALANCES AND RESERVES

Introduction

- 9.1 There is a legal requirement under Section 25 of the Local Government Act 2003 for the Council's Section 151 officer to report on the robustness of the budget and the adequacy of the Council's balances and reserves.

Robustness of the Budget

- 9.2 In order to ensure the Council sets a robust budget we follow the processes below;
- ❖ Accountancy staff carry out monthly budget monitoring in conjunction with budget holders and report the outcomes to Corporate Management Team
 - ❖ Service Committees also receive regular budget monitoring reports
 - ❖ Heads of Service are given responsibility for managing their budgets

- ❖ We prepare our financial plans using a base budget concept whereby any increases/reductions in the level of services are considered over and above the base budget and approval must be sought/virements requested
- ❖ We have a Budget Working Group consisting of members and the Council's Corporate Management Team which meets on a regular basis to make recommendations to officers and service committees in order to maintain a high level of control over our financial position and ensure we manage our finances strategically and effectively.
- ❖ We prepare three year budget forecasts and also a Medium Term Financial Strategy which considers our budget pressures in the medium to longer term

Budget Area	Measures Taken
Future pressures	<p>The Budget Working Group have been meeting monthly to assess pressures facing the Council. These have included;</p> <ul style="list-style-type: none"> ❖ Outcome of the CSR ❖ Management Restructuring ❖ Various Consultation Papers and future legislative changes ❖ Local Government Finance Settlement ❖ 5 year capital programme ❖ Income streams eg vat shelter
Consideration of Inflation and Interest Rates	<p>A small amount has been included in respect of a pay award based on the Government's statement on public sector pay. This may or may not be agreed for 2011/12.</p> <p>Further to the outcome of the three year valuation of the pension fund we have met with the actuary and factored into our budgets an increase of 0.5% each year for 3 years to reach the rate of 17.1% by April 2013</p> <p>The prospects for interest rates are regularly reviewed. Currently they are forecasted at 0.5% however we anticipate rates will increase towards the latter half of next year.</p>
Savings Considerations	<p>All saving proposals are examined to ensure they are realistic and sustainable before they are accepted. Furthermore they are monitored closely throughout the year once the budget has been set to ensure they are achieved.</p>
Use of reserves and balances	<p>Careful consideration is given to the use of reserves and balances when setting the budget to ensure that future budgets are sustainable.</p>

9.3 I am confident with all these measures in place that the Council continues to manage it's finances to a high standard and prepares robust budget plans.

Adequacy of Reserves

- 9.4 A reasonable level of balances is needed to provide funds to:
- ❖ Finance levels of inflation in excess of those provided in the budget
 - ❖ Provide for unforeseen expenditure
 - ❖ Finance expenditure in advance of income
 - ❖ Allow flexibility as the year progresses
- 9.5 The availability of balances has increased in importance since the Local Government Finance Act 1982 revoked local authorities' power to issue supplementary precepts.

General Fund Balances

- 9.6 At this stage general fund balances are estimated as follows:

	£000
Opening Balance 1 April 2010	1,222
Estimated Amount to be added to Balances in 2010/11	202
Estimated Balances in Hand 31 March 2011	1,424

- 9.7 The level of balances to retain is a matter of professional judgement but should be set in the context of the authority's medium term financial strategy and the risks facing the authority.
- 9.8 My view, especially bearing in mind our record of strong budgetary control, is that the minimum level of balances we should hold is £700,000. This more importantly is the figure that you have previously agreed in the Medium Term Financial Strategy and is recommended in the latest version elsewhere on the agenda.
- 9.9 Bearing this in mind and our previous good record in achieving savings in the revenue budget as the year progresses my judgement is that in 2011/12 the maximum amount to be used to fund recurring expenditure should be no more than £210,000. This is based upon our forward forecast of expenditure and income, and the uncertainty regarding grant settlements beyond 2012/13.
- 9.10 As you will be aware Heads of Service have been tasked with carrying out a review of their service areas with a view to producing savings. A meeting was held on Thursday 20 January with CMT to assess the initial outcome of their reviews.
- 9.11 Each Head of Service has presented a number of proposals for savings. These represent an extensive range of suggestions in terms of potential savings, impact on service, sustainability, impact on staffing etc. It is important that the consideration of these proposals is carried out in a methodical and thorough manner as previously suggested by the BWG. The meeting last week was merely the first stage of the review which we intend to conclude by September 2011.
- 9.12 At this stage none of these potential savings have been incorporated into the budget. This would be particularly hasty and I would certainly not be able to state that the budget was robust enough for approval. Indeed further work is needed on all proposals with detailed saving implications and impact assessments being considered by CMT and ultimately members, before they are included in our base budget.

9.13 The sum of £210k from balances may appear to be higher than we have previously recommended. I am confident however, that because we have a number of vacant posts on our establishment which have not brought into the budget savings at this stage, which will result in a reduction in our staffing bill, the actual amount we take from balances will ultimately be lower. In addition members will be aware of our track record in not fully utilising the amount we intend to take from balances when we set the original budget each year.

Earmarked Reserves

9.14 Annex 4 shows the Council's earmarked reserves together with any movements forecast for 2010/11 and the 2011/12 financial year.

9.15 The earmarked reserves are also judged to be adequate to meet the commitments and forecast expenditure facing the Council. However, you need to be aware that the Revenue Funds previously used to fund the Capital Programme have now been almost fully utilised. In addition the Building Control Reserve is predicted to be overdrawn over the two year period. However regulations state that the reserve needs to 'break even' over a 3 year period and therefore work needs to be carried out to ensure this is the case before the end of 2012/13.

9.16 If you agree to incorporate the proposed savings set out in Annex 3 and using £210k of general fund balances to set next year's budget, the resultant budget is set out below. This would still leave £1.2m in general fund balances at the end of March 2012.

10 BUDGET WORKING GROUP RECOMMENDED REVENUE BUDGET 2011/12

10.1 If you agree to the proposals outlined above the resultant budget would be as follows:

		Original Estimate 2010/11 £000	Draft Original 2011/12 £000
1	Total Committees Expenditure after transfers	7,980	7,600
2	Add superannuation increase	0	75
3	Less savings from management restructure etc	0	-149
4	Less savings proposals - Annex 3 excl interest		-229
	Capital Adjustments:		
	Depreciation	-777	-799
	Minimum Revenue Provision	132	140
	Total Expenditure	7,335	6,638
	Other Items:		
	External Interest Payable	26	26
	Interest Earned	-15	-30
	Area Based Grant	-29	0
	Net Expenditure	7,317	6,634
	Amount to (Take) or Add from General Balances/Savings Required	-41	-210
	RVBC Budget Requirement	7,276	6,424

11 BUDGET REQUIREMENT AND PRECEPT

- 11.1 The Local Government Finance Act 1992 requires the Council, as billing authority, to make certain calculations regarding the budget requirement. Obviously at this stage the calculation is based upon the information set out in Section 10 above.

BUDGET REQUIREMENT AND PRECEPT	
	£
RVBC Net Budget	6,424,455
Less Council Tax Freeze Grant**	-78,660
Plus Parish Precepts (See Annex 5)	372,315
	6,718,110
Less - RSG	-758,020
- NNDR	-2,456,384
Net Requirement Before Adjustments	3,503,706
Council Tax Deficit	15,000
Precept (Including Parishes)	3,518,706

** at this stage there is some uncertainty how this grant will be paid – whether as a special grant or be added to formula grant

Updated Three Year Forecast

- 11.2 I have updated the three year forecast assuming the above budget for 2011/12 is agreed. The Medium Term Financial Forecast is reported elsewhere on the agenda and shows our position in more detail.
- 11.3 In summary however I have set out below the updated the three-year budget forecast based upon a zero percent increase in council tax for 2011/12 and the grant settlement we anticipate. This results in a forecast for the next three years of:

	2011/12	2012/13	2013/14
	£000's	£000's	£000's
Expenditure	6,880	6,875	7,107
Interest Receipts	-30	-30	-30
Reserves	-215	0	0
Use of Balances	-210	-100	-100
Reductions in Expenditure Required	0	-618	-978
Net Expenditure	6,425	6,127	5,999
Government Funding	-3,214	-2,825	-2,599
Council Tax Freeze Grant	-79	-79	-79

	2011/12 £000's		2012/13 £000's		2013/14 £000's	
Collection Fund Deficit	15		10		10	
Precept	3,147		3,233		3,331	
Taxbase	22,364		22,420		22,532	
Band D Council Tax	140.69		144.21	2.5%	147.81	2.5%

11.4 The above forecast clearly shows much work still needs to be done to produce balanced and sustainable budgets beyond 2011/12. The work which has already begun by Heads of Services will need to be kept under review to achieve the level of savings required for future years.

12 ILLUSTRATIVE COUNCIL TAX AT BAND D

12.1 Finally I have shown below our total Band D council tax assuming a zero percentage increase for not only ourselves but also for the other precepting authorities, excluding parishes.

	Actual Band D Council Tax 2010/11 £	Estimated Band D Council Tax 2011/12 £	%
Ribble Valley	140.69	140.69	0.0
Parishes (average)	16.69	16.65	-0.2
Lancashire County Council	1,108.30	1,108.30	0.0
Police Authority	146.27	146.27	0.0
Combined Fire Authority	63.65	63.65	0.0
	1,475.60	1,475.56	0.0

13 RECOMMENDED THAT COMMITTEE

13.1 Approve the revised budget for 2010/11.

13.2 Approve the Budget Working Group's recommendations on savings and set a budget requirement and precept for 2011/12 as set out in Section 11.1.

13.3 Recommend the budget and precept to the Full Council meeting on 8 March 2011.

Joe Pease

DIRECTOR OF RESOURCES
PF10-11/JP/AC
1 FEBRUARY 2011

SPECIAL POLICY & FINANCE COMMITTEE

ANALYSIS OF TRANSFERS TO AND FROM EARMARKED RESERVES

	Original Estimate 2010/11 £	Revised Estimate 2010/11 £
Taken From Reserves		
Ribble Valley in Bloom/Xmas lights	-1,710	-670
Recreation and Culture Grants		-14,040
Government Connect		-4,510
Concurrent Function Grants	-14,140	-15,960
IT Equipment		-1,340
Civic Regalia		-4,500
Single Status		-26,040
Homelessness Unit Adaptations		-3,000
Countryside Management		-4,560
Building Control Fee Earning	-87,850	-90,490
Performance Reward Grant		-394,030
Longridge Grant Schemes		-5,000
Planning Delivery Grant		-94,060
Added to Reserves		
Elections	4,290	4,290
DEFRA Clean Air		4,500
Ribble Valley Crime Reduction Partnership		9,040
Revaluation Reserve		2,000
Total Net Transfers from Reserves	-99,410	-638,370

SPECIAL POLICY & FINANCE COMMITTEE

COLLECTION FUND

	Actual 2009/10 £000	Original 2010/11 £000	Revised 2010/11 £000
<i>Expenditure</i>			
Deficit brought forward	228	106	246
Precepts - Lancashire County Council	24,762	24,778	24,778
- Lancashire Policy Authority	3,174	3,270	3,270
- Lancashire Combined Fire Authority	1,394	1,423	1,423
- Ribble Valley Including Parishes	3,435	3,519	3,519
Allocation of Surplus for Year:			
Ribble Valley	0	0	0
Lancashire County Council	0	0	0
Lancashire Combined Fire Authority	0	0	0
Lancashire Police Authority	0	0	0
Cost of Collecting NNDR	84	84	84
Contribution to Pool	11,383	11,713	11,284
Bad Debts Provision	23	249	50
	44,483	45,142	44,654
<i>Income</i>			
Surplus Brought Forward	0	0	0
Share of Deficit:			
- Lancashire County Council	68	80	80
- Lancashire Policy Authority	9	10	10
- Lancashire Combined Fire Authority	4	5	4
- Ribble Valley	9	11	11
Council Tax Income	30,473	31,022	30,771
Council Tax Benefits	2,207	2,217	2,269
Business Rates	11,467	11,797	11,368
	44,237	45,142	44,513
Deficit for Year	-246	0	-141

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

No.	Summary of Saving Proposals	2011/12 £000	2012/13 £000
1	Consultation and Research	-12	-12
2	Reduction in Concurrent Function Grant Pot	-10	-10
3	Modern Apprentices	-25	-60
4	Extra Homelessness Grant	-19	0
5	Roefield Support Grant	0	-19
6	Local Government Association subscription fee	-2	-2
7	Increase in Cost of Summonses	-14	-14
8	Increase in Room Hire Charges	-1	-1
9	Restore the anticipated level of Planning Fee income to 2010/11 OE	-20	-20
10	Increase the anticipated income from Interest Earned on Investments (other item)	-15	-15
11	Adjust the Audit Fees budget	-16	-16
12	Phase in Proposed increase in Employers Superannuation Rate	-50	-25
13	New Homes Bonus	-60	-60
Total		-244	-254

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: Policy and Finance	2011/12	2012/13
1 Consultation and Research	£000	£000
Proposal: Potential reduction in joint arrangement with Pendle BC and other East Lancs authorities. Proposed to move to a fixed cost per partner basis of £6,800 for core services and a pay as you go approach for other consultation services Impact on Service: May need to buy in some services dependant on decisions taken in review of our establishment.	-12	-12
Staffing Impact: none		
User Impact: none		
Risk Assessment: none		
Other comments:		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: Policy and Finance	2011/12	2012/13
2 Concurrent Function Grants	£000	£000
<p>Proposal: Reduction in Concurrent Function Grant Pot.</p> <p>Impact on Service: None – total applications since the scheme started 2 years ago have not exceeded £16k. The total grant pot in the base budget for concurrent grant is £30k and therefore this budget could be reduced to £20k with no impact on applicants</p>	-10	-10
<p>Staffing Impact: none</p>		
<p>User Impact: none</p>		
<p>Risk Assessment: none</p>		
<p>Other comments:</p>		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: Policy and Finance	2011/12	2012/13
3 Modern Apprentices	£000	£000
<p>Proposal: Do not replace 4 modern apprentices at end of current contract on 30 October 2011</p> <p>Impact on Service: This is an opportunity to start young people in a local government career. The proposal to freeze these posts will mean that this opportunity will be lost.</p>	-25	-60
<p>Staffing Impact: 4 modern apprentices will not be retained at the end of their current contract and some of their work will fall upon other staff</p>		
<p>User Impact: none</p>		
<p>Risk Assessment: none</p>		
<p>Other comments:</p>		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: Health and Housing	2011/12	2012/13
4 Extra Homelessness Grant	£000	£000
<p>Proposal: Use extra homelessness grant to offset current expenditure in base budget</p> <p>DCLG have allocated an extra £19k next year to authorities to contribute towards Homelessness costs. This is a one year only additional grant and given that we spend more in our budget (£50k) than we get in grant (£31k) do not propose to increase the budget therefore will use this to reduce our current cost</p> <p>Impact on Service:</p>	-19	0
<p>Staffing Impact: none</p>		
<p>User Impact: none</p>		
<p>Risk Assessment: none</p>		
<p>Other comments:</p>		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: Community	2011/12	2012/13
5 Roefield Support Grant	£000	£000
Proposal: Do not continue with Roefield Support grant beyond 2011/12 as considered during approval of loan to enable refurbishment and extension to take place Impact on Service: Could be resistance from Roefield to removal of grant support	0	-19
Staffing Impact: none		
User Impact: none		
Risk Assessment: none		
Other comments:		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: Policy and Finance Committee	2011/12	2012/13
6 Local Government Association subscription fee	£000	£000
<p>Proposal: We have recently been informed that the subscription fee for the Local Government Association will reduce from next year from £8,200 in 2010/11 to £6,698 if we agree to pay the invoice promptly. The subscription fee has further reduced from 2009/10 when it stood at £10,000</p> <p>Impact on Service: None</p>	-2	-2
<p>Staffing Impact: none</p>		
<p>User Impact: none</p>		
<p>Risk Assessment: none</p>		
<p>Other comments: We welcome the decision of the LGA Leadership Board to review their subscription fees in light of the spending review and local government finance settlement</p>		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: Policy and Finance Committee	2011/12	2012/13
7 Increase in Cost of Summonses	£000	£000
<p>Proposal: We have reviewed our fees for summonses costs and reported this to Policy and Finance Committee on 25 January 2011. We propose to increase the cost from £50 to £60. This would equate to an increase in income of £14,360.</p> <p>Impact on Service: Ultimately this decision must be accepted by the courts, however it is not anticipated there will be any issues with this level of charge.</p>	-14	-14
<p>Staffing Impact: none</p>		
<p>User Impact: Costs added to Council tax debts are cleared before payments are allocated to debts.</p>		
<p>Risk Assessment: none</p>		
<p>Other comments: none</p>		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: Policy and Finance Committee	2011/12	2012/13
8 Increase in Room Hire Charges	£000	£000
<p>Proposal: We have reviewed our fees for hiring out the council chamber, committee rooms and use of the foyer area following concerns that the current level of fees did not reflect the true costs associated with running the facility. A report has been submitted to Policy and Finance Committee on 25 January 2011. If agreed the new charges could potentially raise extra income of £750.</p> <p>Impact on Service: It is important that we charge an appropriate fee to users of these rooms whilst at the same time recognise that it provides a valuable community facility</p>	-1	-1
<p>Staffing Impact: none</p>		
<p>User Impact: Could be resistance to the higher charges</p>		
<p>Risk Assessment: none</p>		
<p>Other comments: none</p>		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: Planning and Development Committee	2011/12	2012/13
9 Restore the anticipated level of Planning Fee income to 2010/11 OE	£000	£000
<p>Proposal: In preparing the budget we consider the previous three year's level of planning fee income to gain an average position. This may be an overly cautious approach particularly based upon fee income received to date in 2010/11.</p> <p>Proposed to restore level to £360k from £340k. This does not take into account any potential increase in fees arising from the recent consultation paper.</p> <p>Impact on Service: None – better reflection of recent activity on budget income for next year</p>	-20	-20
<p>Staffing Impact: none</p>		
<p>User Impact: none</p>		
<p>Risk Assessment: none</p>		
<p>Other comments: none</p>		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: Corporate Budget Item	2011/12	2012/13
10 Increase the anticipated income from Interest Earned on Investments	£000	£000
<p>Proposal:</p> <p>In preparing the budget we have assumed that the very low interest rates continue throughout the whole of next year and retained the expected budgeted income at £15,000</p> <p>However the Government will inevitably have to take action, fairly soon if it wants inflation to be kept under control. Most commentators now anticipate base rates will increase sooner rather than later.</p> <p>The proposal is to assume a modest increase in rates and therefore income can be increased to £30,000.</p> <p>Impact on Service: None</p>	-15	-15
<p>Staffing Impact: none</p>		
<p>User Impact: none</p>		
<p>Risk Assessment: If higher rates do not materialise this income predicted may not be achieved</p>		
<p>Other comments: none</p>		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: Policy and Finance Committee	2011/12	2012/13
11 Adjust the Audit Fees budget	£000	£000
<p>Proposal:</p> <p>Our draft audit fees budget of £103,800 assumed that there may be a charge for inspection work or some replacement for the CAA regime. Now the consultation process has ended on audit fees it is clear that there will be no such charge and also that fees are to be set centrally by the Audit Commission with no room for local negotiation.</p> <p>Our fees for 2011/12 have now been published and we have been informed that we will be charged £87,837. In addition we will still be charged for auditing grant claims. We do not know at this stage the exact amount for this but have budgeted for £28,010. This gives total fees payable potentially of £115,847.</p> <p>We propose to reduce our budget accordingly by £15,963</p> <p>We are still unhappy at the level of these fees going forward as they previously included an element for Use of Resources Work/VFM equating to £26k and the fees being proposed do not show any real reduction to reflect this work ceasing. I will therefore be raising this issue at next meeting of the Accounts and Audit Committee</p> <p>Impact on Service: None</p>	-16	-16
Staffing Impact: none		
User Impact: none		
Risk Assessment: none		
Other comments: none		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Committee: All service committees	2011/12	2012/13
12 Phase in Proposed increase in Employers Superannuation Rate	£000	£000
<p>Proposal:</p> <p>Following the triennial review of the Pension Fund by the actuary we need to consider the increase in the employer's rate of superannuation. The actuary considers the overall scheme and also the individual pension fund requirements of each member authority. The result of this review in our case, is to increase the rate from 15.6% to 17.1% ie an increase of 1.5% which we have so far added to our draft base budget. Six years ago it was agreed to recover the deficit on the Pension Fund over a 25 year period. Included in the rate of 17.1% is an allowance of 4% which represents recovering the current deficit over the remaining period of 19 years.</p> <p>Having met with the actuary to discuss our position in more detail, it is clear that there are many unknowns when trying to predict the assets and liabilities of the Pension Fund over such a long timescale. Perhaps the most important one being the Hutton Review of Public Sector Pensions. The implications arising from this review will be taken account of in the next triennial assessment. However it seems likely that employees will pay more and future pensions may also be reduced, ultimately employers will pay less.</p> <p>As was the case three years ago the actuary has said that those members which are deemed to have sufficiently high covenant can move to the new rate (17.1%) right away or phase in the increase as long as the required rate is reached by the time of the next revaluation (2013/14)</p> <p>I would suggest we phase in the 1.5% increase at a rate of 0.5% each year for the next 3 years subject to agreement with the actuary. This would mean we could reduce the budget for the next 2 years as illustrated.</p> <p>Impact on Service: None</p>	-50	-25
<p>staffing Impact: none</p>		
<p>User Impact: none</p>		

SPECIAL POLICY & FINANCE COMMITTEE

BUDGET SAVING PROPOSALS FOR 2011/12 and 2012/13

Risk Assessment: none		
Other comments: none		
Committee: Corporate	2011/12	2012/13
13 New Homes Bonus	£000	£000
<p>Proposal:</p> <p>The Government has proposed a New Homes Bonus scheme which will act as an incentive to local authorities to deliver sustainable housing developments. We understand that funding for the New Homes Bonus scheme has been top-sliced from the Formula Grant pot. It is also evident that new housing brings with it new costs for the council that aren't necessarily covered through our 10% share of the council tax revenue.</p> <p>The amount we could expect to receive in the first year is yet to be finalised however based upon the consultation paper it will relate to the movement in our council tax base from October to October, the level of council tax with an additional allowance of £350 per affordable dwelling. The current proposal is that the amount will be shared out - 80% to districts with the upper tier receiving 20% of the total.</p> <p>We understand that the announcement of what we will actually receive will be made at the same time as the confirmation of the grant settlement ie February 10th.</p> <p>Impact on Service: None</p>	-60	-60
Staffing Impact: none		
User Impact: none		
Risk Assessment: The consultation period for this scheme has now finished, however the exact amount we could expect to receive may change significantly. It is apparent that some councils are lobbying against this New Homes Bonus scheme.		
Other comments: none		

SPECIAL POLICY & FINANCE COMMITTEE

EARMARKED RESERVES

	Balance at 01/04/10 £	To be Added/Taken in 2010/11 £	Balance at 31/03/11 £	To be Added/Taken in 2011/12 £	Balance at 31/03/12 £
Capital Funds	742,552	-672,552	70,000	-70,000	0
Local Development Framework	11,583	0	11,583	-11,583	0
Local Recreation Grants Fund	14,039	-14,039	0	0	0
Christmas lights and Ribble Valley in bloom	669	-669	0	0	0
LALPAC Licensing System	1,866	0	1,866	0	1,866
Rent Deposit Reserve Fund	7,837	0	7,837	0	7,837
Community Enhancement Fund	2,881	0	2,881	0	2,881
Elections Fund	68,173	4,290	72,463	19,870	92,333
Building Control Reserve Fund	37,376	-90,490	-53,114	-44,730	-97,844
Audit Reserve Fund	12,335	0	12,335	0	12,335
Single Status Reserve Fund	47,095	-26,040	21,055	0	21,055
Rural Development Fund	1,631	0	1,631	0	1,631
Insurance Reserve	20,000	0	20,000	0	20,000
RCCO Unapplied	23,134	-23,134	0	0	0
Community Grants - General	6,809	0	6,809	0	6,809
Community Grants - Parishes	1,729	0	1,729	0	1,729
Community Grants - Longridge	5,000	-5,000	0	0	0
Homeless Unit Adaptations	3,000	-3,000	0	0	0
Information Technology Equipment	1,345	-1,345	0	0	0
Conservation	6,210	0	6,210	0	6,210
Concurrent Function Grants	15,960	-15,960	0	0	0
Civic Regalia	4,500	-4,500	0	0	0

SPECIAL POLICY & FINANCE COMMITTEE

EARMARKED RESERVES

	Balance at 01/04/10 £	To be Added/Taken in 2010/11 £	Balance at 31/03/11 £	To be Added/Taken in 2011/12 £	Balance at 31/03/12 £
Concessionary Travel	40,026	0	40,026	0	40,026
Countryside Management	4,566	-4,566	0	0	0
Fleming VAT Claim	182,005	0	182,005	0	182,005
Government Connect	9,028	-4,510	4,518	-4,518	0
Health and Safety maintenance	12,299	0	12,299	0	12,299
Post LSVT	438,150	0	438,150	0	438,150
Market Town Enhancement	6,643	0	6,643	0	6,643
Planning Delivery Grant	203,832	-94,060	109,772	-109,772	0
Performance Reward Grant	478,384	-394,030	84,354	-52,690	31,664
Refuse Collection	1,800	0	1,800	0	1,800
Restructuring Reserve	200,000	0	200,000	0	200,000
VAT Shelter Reserve	675,420	380,000	1,055,420	352,000	1,407,420
Community Safety Partnership	0	9,040	9,040	-9,040	0
Defra Clean Air	0	4,500	4,500	-4,500	0
Revaluation Reserve	0	2,000	2,000	2,000	4,000
Total	3,287,877	-954,065	2,333,812	67,037	2,400,849

SPECIAL POLICY & FINANCE COMMITTEE

EARMARKED RESERVES

Name of Reserve	Purpose
Capital Funds	Used to fund the capital programme
Local Development Framework	Used to fund work on local development framework
Local recreation grants fund	Used to fund recreation grants
Christmas lights and Ribble Valley in bloom	Used to finance grant payments
Conservation reserve fund	Used to fund conservation project expenditure
LALPAC Licensing System	Used to fund the LALPAC licensing system
Rent Deposit Reserve Fund	Used to fund rent deposits
Community enhancement fund	Used to fund community projects
Elections fund	Used to fund borough elections held once every four years
Building control reserve fund	Available to equalise net expenditure over a three year period
Audit reserve fund	Used for computer audit
Single status reserve fund	Available to meet any costs following the single status review
Rural Development Fund	Used to fund consultation work on Rural Housing
Insurance reserve	Available to meet the costs following demise of Municipal Mutual Insurance Company
RCCO Unapplied	Used to fund capital expenditure
Community Grants	To fund community projects
Castle Museum	To fund the costs associated with the initial setup of the Clitheroe Castle Museum
Homeless Unit Adaptations	To fund work to make two flats at the homelessness unit self contained
Information Technology Equipment	To fund purchase of a time recording system
Civic Regalia	To fund refurbishment of the mayoral chains

SPECIAL POLICY & FINANCE COMMITTEE

EARMARKED RESERVES

Name of Reserve	Purpose
Concurrent Function Grants	Arisen as a result of grants applied for being less than the budget provision
Concessionary Travel	To fund costs arising relating to Concessionary Travel over and above our budget provision
Countryside Management	To fund tree survey work
Fleming VAT Claim	VAT recovered from 'Fleming' Claim challenge to HMRC
Health and Safety Maintenance	To fund H&S repairs and maintenance in respect of such items as legionella and asbestos abatement
Post LSVT	To fund costs arising following the transfer of our Housing Stock
Market Town Enhancement	To fund grants under Market Towns Enhancement Scheme
Planning Delivery	To fund improved delivery of housing and other planning outcomes
Performance Reward Grant	Performance Reward Grant received and yet to be distributed to successful schemes
Refuse Collection	To fund agency staff employed in the distribution of collection date calendars
Restructuring Reserve	To fund any costs arising as a result of restructuring
VAT Shelter Reserve	To contribute towards future expenditure
Community Safety Partnership	To fund initiatives carried forward
DEFRA Clean Air	To fund DEFRA Clean Air initiatives
Revaluation Reserve	To equalise the cost of revaluing all Council owned assets.

SPECIAL POLICY AND FINANCE COMMITTEE

PARISH COUNCIL PRECEPTS

Band D Equiv Tax Base	Parish	Parish Precept 2011/12 £	Parish Precept 2010/11 £	Increase/ Decrease £	Band D Equivalent Tax £
434	Aighton, Bailey & Chaigley	4,750	4,500	250	10.94
202	Balderstone	1,300	1,300	0	6.44
196	Bashall Eaves, Great Mitton & Little Mitton	1,050	1,065	-15	5.36
2,154	Billington & Langho	20,282	25,980	-5,698	9.42
480	Bolton by Bowland, Gisburn Forest & Sawley	13,000	9,000	4,000	27.08
60	Bowland Forest (High)	1,732	1,732	0	28.87
77	Bowland Forest (Low)	1,200	1,200	0	15.58
78	Bowland with Leagram	750	800	-50	9.62
399	Chatburn	10,086	10,086	0	25.28
482	Chipping	7,000	7,000	0	14.52
520	Clayton le Dale	2,000	2,000	0	3.85
5,157	Clitheroe	98,347	98,347	0	19.07
41	Dinckley	0	0	0	0.00
55	Downham	0	0	0	0.00
107	Dutton	1,300	1,300	0	12.15
209	Gisburn	4,000	4,000	0	19.14
363	Grindleton	7,500	7,500	0	20.66
44	Horton	0	0	0	0.00
74	Hothersall	750	750	0	10.14
2,731	Longridge	60,343	60,343	0	22.10
7	Mearley	0	0	0	0.00
1,029	Mellor	15,000	15,000	0	14.58
21	Newsholme	0	0	0	0.00
150	Newton	2,500	2,500	0	16.67
102	Osbaldeston	750	750	0	7.35
41	Paythorne	0	0	0	0.00
104	Pendleton	1,400	1,400	0	13.46
282	Ramsgreave	1,700	1,700	0	6.03
563	Read	7,500	7,000	500	13.32
658	Ribchester	7,745	7,745	0	11.77
225	Rimington & Middop	3,800	3,800	0	16.89
509	Sabden	14,600	14,600	0	28.68
174	Salesbury	2,400	1,800	600	13.79
501	Simonstone	7,400	7,400	0	14.77
156	Slaidburn & Easington	1,750	1,750	0	11.22
162	Thornley with Wheatley	1,500	1,500	0	9.26
34	Twiston	0	0	0	0.00

SPECIAL POLICY AND FINANCE COMMITTEE

PARISH COUNCIL PRECEPTS

Band D Equiv Tax Base	Parish	Parish Precept 2011/12 £	Parish Precept 2010/11 £	Increase/ Decrease £	Band D Equivalent Tax £
456	Waddington	12,000	12,000	0	26.32
364	West Bradford	5,700	5,700	0	15.66
1,469	Whalley	31,680	32,095	-415	21.57
1,004	Wilpshire	14,000	14,000	0	13.94
452	Wiswell	5,500	5,500	0	12.17
38	Worston	0	0	0	0.00
22,364		372,315	373,143	-828	