

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 8

meeting date: 8 FEBRUARY 2011
title: MEDIUM TERM FINANCIAL STRATEGY
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

1.1 To approve the Council's Medium Term Financial Strategy 2011/12 to 2013/14.

2 BACKGROUND

2.1 The Council has a Medium Term Financial Strategy (MTFS) that is updated annually.

2.2 The MTFS is the Council's key financial planning document. It aims to provide the Council with an assurance that the Council's spending plans are affordable over the Medium Term (3 years).

2.3 It includes a three year budget forecast and provides the financial foundation for the delivery of the Council's policy priorities.

3 MEDIUM TERM FINANCIAL STRATEGY

3.1 The attached MTFS includes sections covering:

- Policy and Service Context
- Demographic Context
- Financial Context
- National Context and Other External Factors
- Partnership Working and External Funding
- A Three Year projection of Revenue Expenditure
- Capital Programme
- Balances and Reserves
- Risk Assessment and Sensitivity
- Links to Ambitions and Priorities

3.2 The MTFS reflects the proposed Revenue Budget for 2011/12 and the suggested Five Year Capital programme which are covered in separate reports elsewhere on the agenda. It will be amended if either the Revenue Budget or Capital Programme are changed.

3.3 Finally and importantly the MTFS forms an integral part of the Council's financial planning process and should be read in conjunction with the two reports mentioned above.

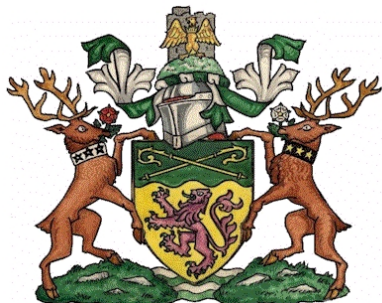
4 RECOMMENDED THAT COMMITTEE

4.1 Approve the Medium Term Financial Strategy for 2011/12 to 2013/14.

FINANCIAL SERVICES MANAGER

PF13-11/LO/AC
1 February 2011

February 2011



Ribble Valley Borough Council

Medium term financial strategy

2011/12 to 2013/14

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1 Introduction

- 1.1 The medium term financial strategy (MTFS) is the Council's key financial planning document. It aims to provide the Council with an assurance that the Council's spending plans are affordable over the medium term (3 years).
- 1.2 The main objectives of the medium term financial strategy are
- to look to the longer term to help plan sustainable services and budgets and help ensure that the Council's financial resources are sufficient to support delivery of Council Plan priorities
 - to provide a single document to communicate the financial context, aims and objectives to staff and stakeholders and support working with partners
- 1.3 The financial strategy includes a three-year budget forecast that is reviewed annually. The medium term financial forecast builds on previous medium term strategies to provide the financial foundation for delivery of the Council's policy priorities and to meet the identified performance and resource issues.
- 1.4 This strategy covers the period 2011/12 to 2013/14 and sets out the resource issues and principles that shape the council budget.

2 Policy and Service Context

- 2.1 The Council's Corporate Strategy provides the overall direction for the medium term financial strategy and the annual budget.
- 2.2 The Plan explains our plans to improve services for the people of the Ribble Valley. It is one of the Council's most important documents setting out those areas identified for focused improvement over future years.
- 2.3 The Council's Vision, which is shared with the Local Strategic Partnership, is that by no later than 2016 we aim to ensure that the Ribble Valley will be:

Our Vision

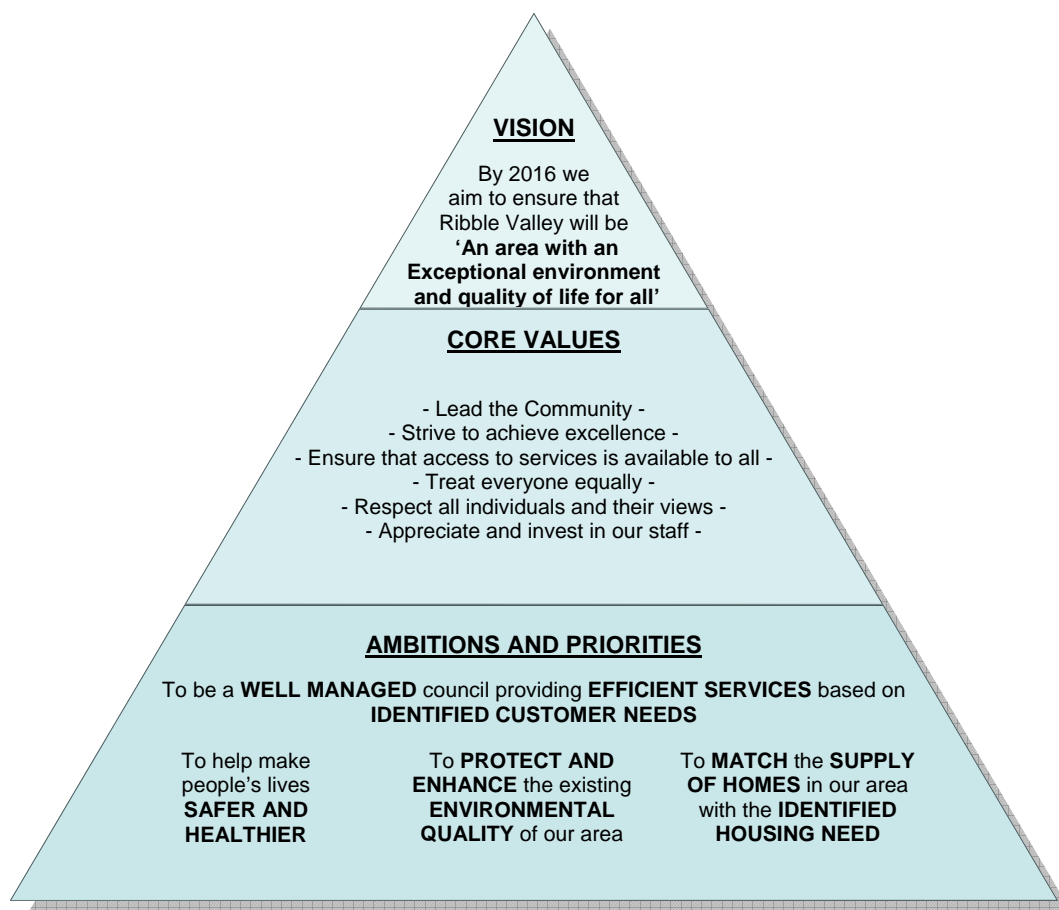
An area with an exceptional environment and quality of life for all; sustained by vital and vibrant market towns and villages acting as thriving service centres meeting the needs of residents, businesses and visitors.

- 2.4 We believe that this Vision reflects our shared aim for the Borough, which has the highest quality of environment for those who live in and visit the area. It recognises that people must have a high quality of life; that suitable homes are available to meet their diverse needs and that they should be safe and feel safe. People should also be able to access the best services without having to travel long distances to receive them.
- 2.5 Key to the Council's Corporate Strategy is the Mission Statement of the council. The Council has adopted the following statement that sets out its role and responsibilities in relation to the communities it exists to serve:

Mission Statement

The Council will provide high quality, affordable and responsive public services that develop the social and economic well being of the Borough whilst safeguarding the rural nature of the area

- 2.6 The role of the Council's financial planning process is to support the achievement of the Council's strategic goals, Corporate Strategy and Community Strategy.
- 2.7 In order to deliver its Vision and provide a focus for how it delivers services, the Council has agreed a set of overriding ambitions and priorities.
- 2.8 Above all '***We aim to be a well-managed Council providing efficient services based on identified customer needs***' overarches all of our Ambitions, whilst recognising the importance of securing a diverse, sustainable economic base for the Borough. The ambitions are driven by local needs with consideration to national priorities.



3 Demographic Context

- 3.1 According to the 2001 census, the population of the district is 53,960 (although it is now estimated at 57,700¹), living in 24,743² households, of which approximately 25% are in the town of Clitheroe.
- 3.2 Ribble Valley has the largest geographical area within Lancashire, covering 226 square miles (583 square kilometres), but the smallest population. Sparsity of population is, therefore, a key feature – on average 94 people per square kilometre, compared with 380 nationally.

¹ ONS – 2009 mid-year projection

² Valuation Office for end of December 2010

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- 3.3 The black and minority ethnic (BME) population is small, less than 2 per cent, and is mainly concentrated in Clitheroe. The resident population is old (23 per cent over 60/65 compared with 19.34 per cent for England), and population projections suggest that this imbalance will continue to increase. The general health of the population is good; of 32 indicators used to measure health, 19 are better and 5 worse than the national average³.
 - 3.4 Ribble Valley is a relatively affluent area and is ranked 296 out of 354⁴ in the indices of deprivation for local authority areas in England (with one being the most disadvantaged). No wards figure in the 25% most deprived, but 5 wards do figure within the worst 10% of all English wards under the Access to Services Index.
 - 3.5 Unemployment is well below the national and regional averages and the lowest in the Northwest (at 3.7% compared with the national average of 7.7%). Earnings are above the national average. However, this masks the structural threat to the area's employment opportunities: the type of jobs available (low skill jobs in declining sectors) and their relatively low pay⁵.
 - 3.6 Given the rural nature of the area, it is not surprising that agriculture and tourism are important employers. However, recent years have seen major restructuring, within the agricultural/land-based sector in particular. The tourism sector accounts for over 10% of employment, and it is estimated that the total spent by tourists in Ribble Valley each year is in excess of £19.5 million. Additionally there are estimated to be around 2,700 jobs in tourism-related businesses⁶.
 - 3.7 One of the largest employment sectors in Ribble Valley is manufacturing, which accounts for 26.2% of employment within the borough, and is represented by major national and multi-national companies such as Castle Cement, Johnson Matthey, and BAe Systems. The relatively small number of large employers is complemented by an above average presence of small companies employing 1-4 employees. Of the employed population, 40.3% are classified as managers and professionals, according to the Standard Occupational Classification 2000 (SOC2000)
 - 3.8 A survey undertaken in 2001 showed that Ribble Valley has the second most skilled population in the country after the City of London. However, the survey masks the fact that many of these well-qualified people in high-earning, senior positions commute daily out of the borough, and live in the area because of the high quality environment and the quality of life it offers. This has had the effect of forcing up the price of houses within the borough, putting them well out of the reach of young people/first time buyers. Comparing average house prices, the national average is £164,773 compared to the Lancashire average of £157,305, and the average for the Ribble Valley of £220,994.⁷
 - 3.9 In terms of housing tenure, 81.2% of dwellings are owner occupied, 11.2 % are privately rented and 7.6% are public sector rented. There are currently approximately 365 long-term vacant private dwellings, a figure that we are taking action to reduce.

³ APHO and Department of Health – 2009 Health Profiles

⁴ Index of Multiple Deprivation - 2007

⁵ NOMIS Labour Market Statistics – June 2010

⁶ NOMIS Labour Market Statistics – available data as at 2008

⁷ Land Registry

4 Financial Context

- 4.1 More so now than ever, it is very important for the Council to maintain a healthy level of balances to cover for unforeseen events and also provide a stable level of resources for future planning.
- 4.2 At the end of the 2009/10 financial year the Council greatly increased the level of its earmarked reserves in light of the changing economic climate, including two specific earmarked reserves, totalling £600,000.
- 4.3 The level of General Fund Balances and Earmarked Reserves at the 31 March 2010 totalled just over £4.5 million.
- General Fund Balances: £1.22m
 - Earmarked Reserves: £3.29m
- 4.4 The level of reserves and balances has been reviewed and found to be more than adequate to meet the Council's projected revenue expenditure, whilst reserves specifically earmarked for capital have been greatly reduced.
- 4.5 However, the Council recognised in 2006 that the level of General Fund balances had become excessive and agreed the objective of reducing these funds to a more manageable level of £0.7m by 2012. The transfer of the council's housing stock to Ribble Valley Homes prompted a review of balances and the target is currently to reduce the combined General Fund balances to £1m by 2014. The movement on general fund balances is shown at paragraph 8.1, with a closing balance at 31 March 2014 anticipated of £1.014m
- 4.6 The council will continue to use General Fund balances prudently to subsidise the revenue budget over the medium-term, however longer-term it is important that the council looks to set its revenue budget with minimum support from its general fund balances. As resources from central government are reducing, the council has recognised that it must review its structure in order to increase the efficiency of the organisation and achieve greater value for money.
- 4.7 A review of the senior management took place in the 2010/11 financial year and achieved substantial savings. This was part of a longer-term review, which is expected to be completed in September 2011. This restructuring will enable the council to meet its financial challenges more effectively.
- 4.8 For 2010/11 the Council's original net revenue budget requirement was approximately £7.28m (net of fees and charges, interest and movements in balances) and the capital programme was £1.08m. Together they provide the resources to meet the service delivery plans of the Council.
- 4.9 A substantial level of income other than council tax or government grant income supports the council's gross expenditure. As a consequence, whilst a reducing level of government grant settlement is fundamentally impacting on the economic operation of the council, the budget position continues to be very sensitive to changing investment returns and fees and charges, both of which have been affected by the current economic climate.
- 4.10 As part of the Performance Management Framework of the Council all sections are required to produce service plans. These plans provide the mechanism by which the Corporate Ambitions and Objectives of the Council are translated into key tasks for front line services. They are part of a hierarchy of plans and an integral part of the Council's planning process.

4.11 In light of the current economic climate the council has reviewed its service planning process in order to better achieve its objectives over the coming years. Each service plan now covers the areas listed below:

- Introduction
 - *Summary of Service Areas*
 - *Classification of services between Mandatory and Discretionary*
- Financial Resources
- Suggested Budget Savings
 - *Proposal*
 - *Financial Impact*
 - *Staffing Impact*
 - *Customer Impact*
 - *Impact on Assets*
 - *Impact on Support Services*
- Resources: Staff
 - *Employee Numbers*
 - *Gender Analysis*
 - *Age Analysis*
 - *Staff Turnover*
 - *Sickness Analysis*
- Structure Diagram
- Key service issues over the next 3 years
- Performance against Key Corporate Priorities
- Customer Views

5 National Context and Other External Factors

5.1 The Comprehensive Spending Review 2010 was announced on 20 October and set out real terms reduction of 28% in local authority budgets over the next four years. This compares with overall cuts of 8.3% across all departmental budgets. Local authority core funding from DCLG is to fall from £28.5bn in 2010/11 to:

- £26.1bn in 2011/12
- £24.4bn in 2012/13
- £24.2bn in 2013/14
- £22.9bn in 2014/15

5.2 The fall in grant is more than 7% a year in real terms, and significantly front-loaded.

5.3 In the Finance Settlement 2011/12, more weight was given to those parts of the country with the highest levels of need, and also provided additional grants to help those Council's in the most deprived areas, including many of the Council's neighbours, via a new Transitional Grant.

5.4 As a result, district councils probably had the worst settlement of all groups of authorities. This council was particularly hard hit as the population figure for the borough was revised downward. As much of the calculation of the Finance Settlement is population based, this adversely affected the level of grant to be received.

- 5.5 Additionally, Concessionary Travel responsibilities and its associated funding, transfer to the County Council in 2011/12. In order to allow for a comparison of the movement in future grant funding, the grant for 2010/11 must be adjusted for Concessionary Travel. The table below provides a comparison of the provisional grant form 2011/12 and 2012/13, together with the adjusted grant for 2010/11.

Local Government Finance Settlement – Formula Grant

Financial Year	£000	Percentage Decrease from 2010/11 Adjusted
2010/11 – Adjusted	3,773	-
2011/12 – Provisional	3,214	14.8% reduction
2012/13 – Provisional	2,825	25.1% reduction

- 5.6 The council's medium term financial strategy is set within the context of national economy, public expenditure plans and national legislation.
- 5.7 The continuing uncertainty surrounding the current economic downturn has impacted on the council's resources, not least in the form of sustained reductions in returns on short-term investments. Additionally the council has seen reduced income levels from the fees and charges that the council sets, with the downturn mostly affecting income streams such as building regulations, planning fees and land charges.
- 5.8 As the uncertainty of the economic climate continues it is likely that such reduced income streams will impact on the council in the coming years. The medium term financial strategy will therefore need to remain flexible to respond to any opportunities or threats that this external environment presents.
- 5.9 All known financial implications that are likely to arise from published strategies and plans across the council and other plans agreed with partners and other stakeholders have been considered in preparing this strategy.
- 5.10 This strategy contains the most up to date information at the time of drafting but the Council's financial position is dynamic. The Council faces a number of financial uncertainties that could affect the Council's financial position over the medium term, including:
- Central government policies
 - Changes in interest rates
 - Impact of market forces on costs
 - Financial implications of technology
 - Community expectations, potentially leading to demand for new or improved services

6 Partnership Working and External Funding

- 6.1 The council is focused on working with partners in order to benefit the local communities and investigates opportunities for joint working with a wide range of partners.
- 6.2 The Council was a partner in the Lancashire Local Area Agreement (LAA), which was a process of agreeing community priorities for the county area based on district level community strategies and local priorities. Government reward funding was allocated to the LAA following achievement of the agreed performance targets. The community has benefited greatly from the Performance Reward Grant that was received in 2010/11. Some additional grant is expected, and it is anticipated that this will further benefit those within the Ribble Valley.

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- 6.3 The Council recently agreed a Multi Area Agreement (MAA) with other local authorities in Pennine Lancashire and the County Council to deliver holistic regeneration throughout the whole of Pennine Lancashire focussing on health, worklessness, education and infrastructure.
- 6.4 Specific partner funding or grant income is generally not assumed within the budget unless its allocation has been confirmed.
- 6.5 Key areas of partnership working within the borough at the time of producing this medium term financial strategy are noted below. However, the council remains keen to further the potential of working with other partners.
- Ribble Valley Strategic Partnership
 - Community Safety Partnership
 - Shared Services Contact Centre Partnership
 - Regenerate Pennine Lancashire Ltd
 - Procurement Hub
 - CRACS (Collaborative Research and Consultation Service)

7 Initial Three Year Projections of Revenue Expenditure

- 7.1 The key aim of the MTF5 is to develop a series of financial projections to determine the achievability and sustainability of the Council's planned service delivery over the next 3 years.
- 7.2 The Council has made a forecast of a three-year revenue budget based upon known commitments, inflationary pressures and including any significant expenditure/income items that are likely to arise. This forecast also includes estimates of resources from government grants and shows an indicative level of council tax.
- 7.3 The minimum amount of general fund balances has in the past been agreed at £700,000. The forecast within this Medium Term Financial Strategy keeps balances above this minimum, with a closing balance at 31 March 2014 anticipated of £1.014m. Council tax increases have been forecast at 0% for 2011/12 and 2.5% per annum thereafter.
- 7.4 The Finance Settlement confirmed that there would be a £650m grant to fund the implementation of a council tax freeze in 2011/12. There will also be funding to support this amount in the following three financial years. However, there is no requirement for the council to freeze its council tax beyond the 2011/12 financial year to qualify for this continued support in the following three years
- 7.5 As can be seen below, the forecast allows for a freeze in the council tax for 2011/12, and allows for a 2.5% increase in each of the following years. Even with this increase in council tax, there would still be a need for efficiencies/savings to be found in order to bring the budget in line with the financial strategy for that budget year, due to the fall in the level of the Finance Settlement. Whilst the Settlement for 2012/13 has already been proposed by the Government, the forecast for 2013/14 has also been estimated within this Medium Term Financial Strategy to be a further reduction of approximately 8% of the anticipated settlement for 2012/13.

	2010/11 Latest Forecast £'000	2011/12 Forecast £'000	2012/13 Forecast £'000	2013/14 Forecast £'000
Net Expenditure	7,727	6,880	6,796	7,035
Interest Receipts	-15	-30	-30	-30
Reserves	-638	-215	79	72
(Use of)/Contribution to Balances	202	-210	-100	-100
Savings Required	0	0	-618	-978
Budget Requirement	7,276	6,425	6,127	5,999
Formula Grant	-4,142	-3,214	-2,825	-2,599
Council Tax Freeze Concession	0	-79	-79	-79
Collection Fund Deficit	11	15	10	10
Precept	3,145	3,147	3,233	3,331
Taxbase	22,357	22,364	22,420	22,532
Band D Council Tax	£140.69	£140.69	£144.21	£147.81
Projected Council Tax increase		0%	2.50%	2.50%

7.6 A number of assumptions have been made in the above forecast:

- Use of balances will fall to approximately £100,000 p.a. from 2012/13 onwards
- Continued use of the Building Control Reserve.
- An increase in interest receipts to £30,000 based on an assumption that interest rates will see a minimal increase.
- No new growth items that cannot be funded from efficiency savings.
- A council tax deficit has been allowed for, based on current experience.
- Inflation has been allowed for at 3% for 2011/12, 3% for 2012/13 and 3% for 2013/14.
- Whilst proposed reducing formula grant settlement has only been given for 2011/12 and 2012/13 further reducing formula grant has been allowed for in 2013/14 in line with indications given by the Government. The Government has also decided to undertake a review of the Finance Formula mechanisms starting in 2012 and therefore it is unknown how this may affect any settlement for 2013/14.
- Increase in the council taxbase each year kept to a minimum.

- 7.7 The main reasons for the increases in net expenditure between years is explained as follows:

	2011/12 to 2012/13 £'000	2012/13 to 2013/14 £'000
Movement in cost of services	-84	239
Increased Interest Receipts	0	0
Reduced Use of Reserves	294	-7
Use of Balances	110	0
Increased Savings Required	-618	-360
Total Change in Net Expenditure	-298	-128

8 General Fund Balance and Earmarked Reserves

- 8.1 The impact of the above on council general fund balances is shown below. The minimum recommended level of balances is £700,000 (£500,000 + 2.5% of net expenditure).

	Current Year £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Brought Forward	1,222	1,424	1,214	1,114
(Use of)/Contribution to Balances	202	-210	-100	-100
Carried Forward	1,424	1,214	1,114	1,014

- 8.2 As with any plan spanning a number of years it is only prudent to consider the associated risks. Although the Government has provided indications of the finance settlement for the next two years, it is still unknown what the council will receive in 2013/14 and onward. There is also uncertainty around the Governments review of the Finance Formula mechanisms starting in 2012. Therefore the council continues to be at risk from financial pressures.
- 8.3 The Council have a number of earmarked reserves that have been set up voluntarily in order to provide for future spending plans. The table below shows the expected movement in these reserves over the life of this medium term financial strategy and Annex 2 provides details of the purpose of each of these reserves.

Reserve	Estimate 31 March 2011 £	Estimate 31 March 2012 £	Estimate 31 March 2013 £	Estimate 31 March 2014 £
Elections Fund	72,463	0	20,000	40,000
Audit Reserve Fund	12,335	12,335	12,335	12,335
Building Control Fund	-53,114	-97,844	0	50,000
Rural Development Reserve	1,631	1,631	1,631	1,631
Single Status	21,055	21,055	21,055	21,055
Capital Funds	69,952	71,702	0	0
Insurance Reserve	20,000	20,000	20,000	20,000
Community Enhancement	2,881	2,881	2,881	2,881
New Community Enhancement Schemes	6,809	6,809	6,809	6,809
Rent Deposit Reserve	7,837	7,837	0	0
RCCO Unapplied (General Fund)	23,134	23,134	12,464	12,464
Parish Schemes	1,729	1,729	1,729	1,729
Local Development Framework	11,583	0	0	0
LALPAC Licensing System	1,866	1,866	1,866	1,866
Conservation Reserve	6,210	6,210	6,210	6,210
Concessionary Travel	40,026	40,026	40,026	40,026
Fleming VAT Claim	182,005	182,005	182,005	182,005
Government Connect	4,518	0	0	0
Health and Safety Maintenance	12,299	12,299	12,299	12,299
Post LSVT	438,150	438,150	438,150	438,150
Market Town Enhancement	6,643	6,643	6,643	6,643
Planning Delivery	109,772	0	0	0
Performance Reward Grant	84,354	31,664	0	0
Refuse Collection	1,800	1,800	0	0
Restructuring Reserve	200,000	200,000	200,000	200,000
VAT Shelter Reserve	1,055,420	1,407,420	1,764,420	2,000,420
RV Crime Reduction Partnership	9,040	0	0	0
DEFRA Clean Air	4,500	0	0	0
Revaluation Reserve	2,000	4,000	6,000	8,000
TOTALS	2,356,898	2,403,352	2,756,523	3,064,523

9 Capital Programme 2011/12 – 2015/16

- 9.1 The Council's Capital Strategy sets out in more detail how the Council plans and controls its capital investment plans. However, the Capital Programme is an important element of the Medium Term Financial Strategy and as such the main elements are shown below.
- 9.2 The Council's funding policy has been to set programmes which address its key priorities and to fund these by utilising prudential borrowing, capital receipts (both in hand and anticipated in year) and capital reserves built up over a number of years in a corporate approach, thus providing the maximum investment position.
- 9.3 A key issue for capital has been the removal of the need to seek Government approval to borrow and the introduction of a new control regime in the form of the Prudential Code for Capital Finance from 1 April 2004.
- 9.4 The Council has always sought to maximise funding for capital, including any from revenue sources, within a prudential framework. Therefore, the changes have not affected the Council's approach to prudence, affordability and sustainability.
- 9.5 However, it should be made clear that notwithstanding the removal of the requirement to seek borrowing approval, the Government only offers revenue support for a specified element of the Council's prudential borrowing limit (determined under the single capital pot arrangements). No 'supported' borrowing allocation has been given for General Fund (OSB) non housing schemes and this is not expected to change in the period of this medium term financial strategy. This means that the additional financing costs of these schemes, unless funded from reductions elsewhere in the budget, will fall to be met in full from Council Tax.
- 9.6 The Council agreed to undertake substantial Prudential Borrowing in 2007/08 and 2008/09 to support the investment in 3 stream waste collection. The ability to Prudentially borrow gave the Council the option to build on the opportunity afforded by the award of a significant DEFRA capital grant to provide a new recycling facility.
- 9.7 The Council's proposed five-year capital programme at the time of producing this medium term financial strategy is reproduced at Annex 1. The table below shows a summary of the proposed five-year capital programme. The council's policy is to maintain a £300,000 balance of resources. The current programme shows a shortfall of resources past the 2011/12 financial year. A Capital Working Group is to be tasked with producing an affordable programme for 2012/13 to 2015/16, to tie in with the outcomes of the service reviews which are already underway.

	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	Total £
Schemes to go ahead in 2011/12	590,000	0	0	0	0	590,000
Proposed Schemes	0	789,200	533,000	444,000	617,500	2,383,700
Total of Schemes	590,000	789,200	533,000	444,000	617,500	2,973,700
Estimated Resources	661,702	442,000	439,900	436,000	440,000	2,419,602
Balance of Resources	71,702	-347,200	-93,100	-8,000	-177,500	-554,098

10 Risk Assessment and Sensitivity

- 10.1 There are a number of risks with the medium term financial strategy as fluctuations in some of the underlying assumptions can produce significant changes to the forecast.
- 10.2 The table below shows some of the areas of sensitivity and the potential impact on the strategy, based on the original estimate for 2010/11.

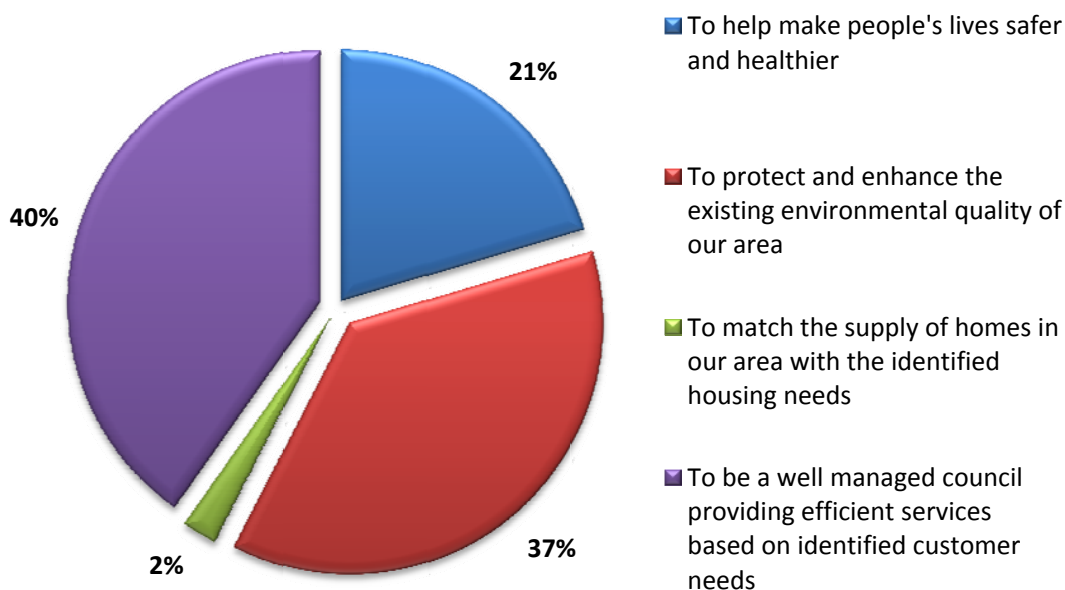
Area of Sensitivity	Percentage Fluctuation	Annual Impact on Budget
Pay Award	0.25%	£12,640
Energy Costs	5.00%	£6,630
Interest Rates	0.25%	£7,700
Fees and Charges	1.00%	£18,440
Government Grants	1.00%	£89,960
Other Grants and Contributions	1.00%	£6,900

- 10.3 In terms of impact on the council tax, each budget adjustment of £100,000 has the effect of changing council tax at Band D equivalent by £4.48 or 3.2%.
- 10.4 On the other hand, for every 1% increase in the level of 2011/12 council tax charge, an additional £31,460 council tax revenue is raised and therefore, for every 1% decrease in the level of council tax revenue £31,460 savings would need to be identified or alternative funding such as use of balances would need to be found.
- 10.5 In terms of Formula Grant that is received, for 2011/12 this will support approximately 51% of the Council's budget requirement and so any variation has a major impact. A variation of 1% in this funding would amount to £32,930.

11 Links to Ambitions and Priorities

- 11.1 All budgets are linked to the Council's ambitions and priorities and these links were identified throughout the budget setting process. The table below shows our planned revenue spend for 2010/11 broken down over the Council ambitions and priorities.

Revenue Budget 2011/12 – Net Expenditure by Ambition

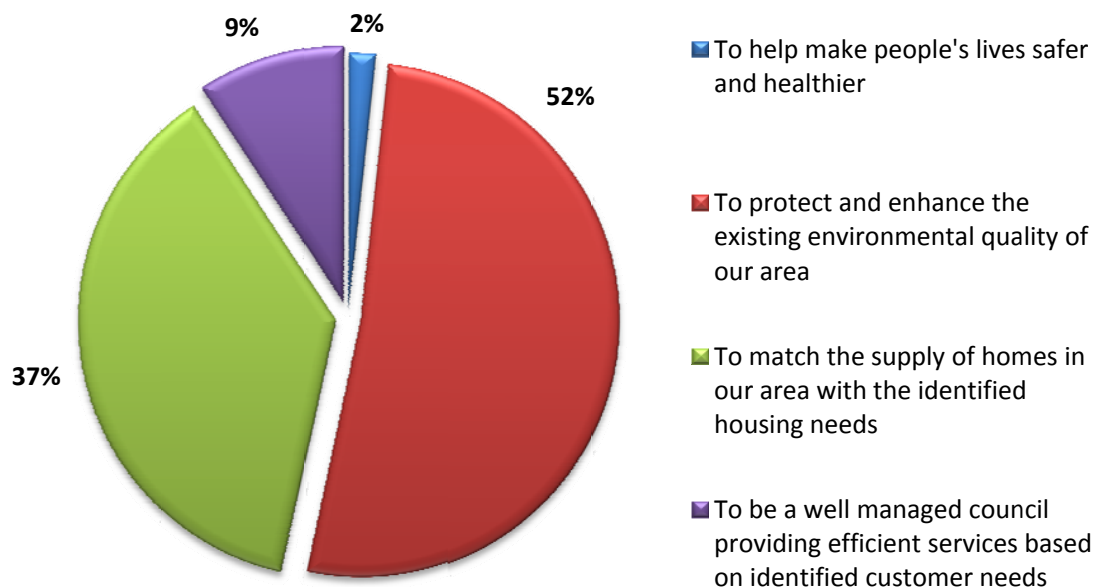


11.2 As with revenue budgets, all proposed capital schemes were linked to the Council ambitions and priorities. The evaluation process also required service managers to submit detailed bid forms for new capital schemes, asking service managers to details such information as:

- Link to ambitions and priorities
- Any statutory or legal obligations
- Performance management
- Efficiency and Value for Money
- Consultation
- Start Date and Milestones
- Useful Economic Life
- Environmental Impact
- Capital and Revenue Implications
- Whole Life Cost
- Risk Assessment
- Consequences of Delay or Deletion

11.3 The table below shows our planned revenue spend for 2011/12 broken down over the Council ambitions and priorities.

Capital Programme 2011/12 – Expenditure by Ambition



Five Year Capital Programme – 2011/12 to 2015/16

	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	Total £
COMMUNITY SERVICES COMMITTEE						
<u>Outdoor Recreation</u>						
Football Pitch Drainage and Improvement Works	10,000				11,000	21,000
Improvements to children's play areas	20,000	20,000	40,000	50,000		130,000
Edisford Artificial Pitch Surface Replacement		60,000				60,000
<u>Depots</u>						
Replace Fuel Storage Tank at Salthill Depot		10,000				10,000
<u>Ribblesdale Pool</u>						
Small Pool Filter Refurbishment				10,000		10,000
<u>Public Conveniences</u>						
Refurbishment of Castle Field Toilets		43,400				43,400
<u>Outdoor Recreation Vehicles and Plant</u>						
Replace John Deere Lawn Tractor PN04 NPZ		16,500				16,500
Replace Kubota Mower PN05 PLO		16,500				16,500
Replace John Deere 4WD tractor Mower PN05 BYS		12,500				12,500
Replace John Deere Mini Tractor PN06 TSZ		9,000				9,000
Replace Vauxhall Vivaro Panel Van PK06 VWY			13,000			13,000
Replace Man ERF Tipper truck PN06 FRV				38,000		38,000
Replace Hayter Triple Mower PN07 MVG			28,000			28,000
Replace John Deere Cylinder Mower PN07 OWU			17,000			17,000
Replace Ford Ranger PK07 LSY				15,500		15,500

	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	Total £
COMMUNITY SERVICES COMMITTEE						
Replace Ford Ranger PK07 TZG				15,500		15,500
Replace Gang Mower TDR 16000		20,000				20,000
General Works						
Replace Vauxhall Vivaro Panel Van PK06 HKA		15,400				15,400
Replace Iveco Tipper PO54 COA		30,900				30,900
Car Parking						
Car Parks Rolling Programme	40,000		40,000		40,000	120,000
Refuse Collection						
Replace Refuse Collection Vehicle PN05 PWL			100,000			100,000
Replace Refuse Collection Vehicle VX04 FXV	200,000					200,000
Replace Refuse Collection Vehicle VX53 TZJ		200,000				200,000
Provision of New and Replacement Wheeled Bins		10,000	15,000	15,000		40,000
Replacement Floors in Transfer Station					81,500	81,500
Replacement Refuse Vehicle					205,000	205,000
TOTAL COMMUNITY SERVICES COMMITTEE	270,000	594,200	253,000	144,000	337,500	1,598,700
PLANNING AND DEVELOPMENT COMMITTEE						
Economic Development						
Clitheroe Market Area Redevelopment	30,000					30,000
TOTAL PLANNING AND DEVELOPMENT COMMITTEE	30,000	0	0	0	0	30,000

	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	Total £
POLICY AND FINANCE COMMITTEE						
Contact Centre						
Contact Customer relationship management (CRM) Replacement	25,000					25,000
TOTAL POLICY AND FINANCE COMMITTEE	25,000	0	0	0	0	25,000
HEALTH AND HOUSING COMMITTEE						
Clitheroe Cemetery						
Installation of Infrastructure at Clitheroe Cemetery	45,000	45,000				90,000
Dog Warden and Pest Control						
Replacement of Vehicle PE56 EFB				10,000		10,000
Replacement of Vehicle PE07 WPD				10,000		10,000
Housing						
Landlord/Tenant Grants	90,000	100,000	100,000	100,000	100,000	490,000
Disabled Facilities Grants (DFGs)	130,000	180,000	180,000	180,000	180,000	850,000
TOTAL HEALTH AND HOUSING COMMITTEE	265,000	325,000	280,000	300,000	280,000	1,450,000
TOTAL OF PROPOSED PROGRAMME	590,000	789,200	533,000	444,000	617,500	2,973,700

Purpose of Earmarked Reserves

Reserve	Purpose
Elections Fund	<i>Used to fund borough elections, held once every four years</i>
Audit Reserve Fund	<i>Used for Computer Audit</i>
Building Control Fund	<i>Available to equalise net expenditure over a three year period</i>
Rural Development Reserve	<i>Used to fund consultation work on Rural Housing</i>
Single Status	<i>Set aside to contribute towards the costs arising from single status and job evaluation</i>
Capital Funds	<i>Used to fund the capital programme</i>
Insurance Reserve	<i>Available to meet any costs following the demise of Municipal Mutual Insurance Company</i>
Community Enhancement	<i>Used to fund grants to local organisations</i>
New Community Enhancement Schemes	<i>Additional reserve for funding grants to local organisations</i>
Rent Deposit Reserve	<i>Set aside for homeless rent deposits</i>
RCCO Unapplied (General Fund)	<i>Used to fund capital expenditure</i>
Parish Schemes	<i>Used to fund Parish improvement schemes</i>
Local Development Framework	<i>To finance Local Development Framework Costs</i>
LALPAC Licensing System	<i>To fund costs of LALPAC licensing system</i>
Conservation Reserve	<i>To fund conservation schemes completed after the financial year end</i>
Concessionary Travel	<i>To fund the transfer of the administration of the scheme to upper tier local authorities</i>
Fleming VAT Claim	<i>VAT recovered from 'Fleming' claim challenge to HMRC</i>
Government Connect	<i>To fund revenue costs of Government Connect service</i>
Health and Safety Maintenance	<i>To fund H&S repairs and maintenance in respect of such items as legionella and asbestos abatement</i>
Post LSVT	<i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>
Market Town Enhancement	<i>To fund grants under Market Towns Enhancement Scheme</i>
Planning Delivery	<i>To fund improved delivery of housing and other planning outcomes</i>
Performance Reward Grant	<i>Performance Reward Grant received and yet to be distributed to successful schemes</i>
Refuse Collection	<i>To fund agency staff employed in the distribution of collection date calendars</i>
Restructuring Reserve	<i>To fund any costs resulting from the structure review</i>
VAT Shelter Reserve	<i>To contribute towards the future financing of the Capital Programme</i>
RV Crime Reduction Partnership	<i>Uncommitted Crime Reduction Partnership funding for use in future years</i>
DEFRA Clean Air	<i>Funding received for future clean air analysis</i>
Revaluation Reserve	<i>To fund future revaluations of the council's assets, in line with the Code of Practice on Local Government Accounting</i>

Risk Assessment

Risk	Level	Mitigation
Savings that have been identified by service managers are not achieved	Medium	Regular monitoring of budgets and meetings with service managers where savings have been identified in order to enable early corrective action if required
Areas where growth has been identified within the budget does not occur, or costs are higher than anticipated	Medium	Regular monitoring of budgets and meetings with service managers where savings have been identified in order to enable early corrective action if required
Interest rates on investments fluctuate to a greater extent than anticipated	High	This risk is managed through the Treasury Management Strategy. The markets are regularly monitored and discussions held with the Director of Resources, Financial Services Manager and Senior Accountant when necessary.
A financial institution that has been invested in is unable to repay the principle sum to the Council	High	This risk is managed through the Treasury Management Strategy. The markets are regularly monitored and discussions held with the Director of Resources, Financial Services Manager and Senior Accountant when necessary.
Future formula grant settlement for 2012/13 and onwards sees a substantial reduction	High	Further service savings would need to be identified or there would need to be an increased use of balances. The MTFs allows for a reduction in grant in line with indications given by the Government
Expenditure is not contained within the approved budgets	Low	The council has a well developed budget monitoring process which enables early identification of variances and allows corrective action to be taken