

RIBBLE VALLEY BOROUGH COUNCIL

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Dear Councillor

The next meeting of the **SPECIAL POLICY AND FINANCE COMMITTEE** is at **6.30pm** on **TUESDAY, 10 FEBRUARY 2015** at the **TOWN HALL, CHURCH STREET, CLITHEROE.**

I do hope you can be there.

Yours sincerely

CHIEF EXECUTIVE

To: Committee Members (copy for information to all other members of the Council)
Directors
Press
Parish Councils (copy for information)

AGENDA

Part I – items of business to be discussed in public

1. Apologies for absence.
2. Declarations of Interest (if any).
3. Public Participation (if any).

INFORMATION ITEMS

- ✓ 4. Provisional Local Government Finance Settlement for 2015/2016 – report of Director of Resources – copy enclosed.

DECISION ITEMS

- ✓ 5. Overall Revised Capital Programme 2014/2015 – report of Director of Resources – copy enclosed.
- ✓ 6. Overall Capital Programme 2015/2018 – report of Director of Resources – copy enclosed.
- ✓ 7. Overall Revenue Budget 2015/16 – report of Director of Resources – copy enclosed.
- ✓ 8. Medium Term Financial Strategy 2015/2016 to 2017/2018 – report of Director of Resources – copy enclosed.

Part II - items of business **not** to be discussed in public

None.

INFORMATION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 4

meeting date: 10 FEBRUARY 2015
title: PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2015/16
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1. PURPOSE

1.1 To report the details of the provisional finance settlement for 2015/16.

2. BACKGROUND

2.1 The local government finance settlement is the annual determination of funding to local government and is approved by the House of Commons. The grant settlement for next year was issued on Thursday 18 December 2014.

2.2 The Minister for Local Government, Kris Hopkins, issued a written ministerial statement to the House of Commons which set out the Local Government Finance Settlement for 2015/16.

2.3 The consultation period ends on 15 January 2015. It is expected the final 2015/16 settlement will be laid before the House of Commons in mid-February.

3. KEY POINTS

3.1 There is a cut in net Aggregate External Finance of 13.9% in 2015-16 on a like for like basis when compared with 2014-15.

3.2 There is an overall reduction of revenue spending power of 1.8% in 2015-16. This includes the Better Care Fund in full. Excluding council tax income this is a cut of 3.7% in 2015-16. This is a greater reduction than the 3.5% reduction announced in December 2013's illustrative 2015-16 settlement.

3.3 Confirmation has been given that the Government will pay in full for the further business rates 2% freeze and other changes announced in the Autumn Statement through a section 31 grant.

3.4 The Government has announced that council tax increases of 2 per cent or over will be subject to a referendum.

4. THE SETTLEMENT IN DETAIL

4.1 This is a one year settlement covering 2015-16 only. It largely confirms the illustrative settlement announced last year. The Government have stated the following:

- Settlement Funding Assessment (SFA) figures for 2015-16. This is a cut of 13.9% in 2015-16, or 14.6% if the GLA is taken out of the figures.
- Revenue spending power (RSP) figures for 2015-16 for each council. These show an overall cut in RSP of 1.8% in 2015-16. These figures include council tax income. If you leave council tax out, this is a cut of 3.7% in 2015-16. After removing ringfenced and social care new burdens funding the reduction is 11.8%. The main difference between RSP and SFA is explained by:
- The RSP figures include the New Homes Bonus (NHB) grant which is top-sliced from the SFA.

- An estimate of the revenue impact of the BCF of £3.46billion in 2015-16 as well as Care Act new burdens funding of £285million in addition to a £11.2million grant for social care in prisons.
 - The effects of changes to business rates announced in the Autumn Statement, including the 2% cap.
- 4.2 The Government has confirmed that it will pay Efficiency Support Grant to councils which would otherwise have a RSP cut of more than 6.4%. The grant is worth £2.29 million and 19 councils are eligible in 2015-16.
- 4.3 They will also continue to pay a grant to the most sparsely populated authorities; this is estimated at £15.5million in 2015-16. This is incorporated into the SFA. They have published research into funding in rural areas
5. NEW HOMES BONUS
- 5.1 The provisional amounts of £1,167 million for the NHB 2015-16 have been announced by DCLG. This will continue to be funded through £250 million in specific grant with the rest in top-sliced funding.
- 5.2 £32.7 million of returned new homes bonus funding will be paid as a separate grant in proportion to the SFA – this is included in the RSP figures.
- 5.3 As previously announced £70 million will be transferred from London Boroughs and the City to the Greater London Authority in 2015-16.
- 5.4 The LGA View is that the NHB represents a considerable addition to funding for some authorities, mainly shire districts. However for many other authorities the effect of its being mainly funded through top-sliced funding is a net reduction in resources.
6. BUSINESS RATES
- 6.1 There are no changes to the business rates retention scheme which is now in its third year, other than an announcement on pooling. DCLG is consulting on 28 proposals for pools in 2015-16, 4 more than in 2014-15.
- 6.2 Income from business rates will be affected by the measures announced in the 2014 Autumn Statement. These are:
- The 2.3 per cent RPI increase for 2014-15 will be reduced to 2 per cent.
 - A £1,000 discount for all retail, pubs, cafes (excluding banks and betting offices) with rateable values below £50,000 will be increased to £1,500 for 2015-16.
 - The doubling of Small Business Rate Relief will continue for a further year.
- 6.3 The Government will pay for this through a section 31 grant so that councils are fully compensated. Figures reflected in the settlement aggregate this grant into local business rates.
- 6.4 The multiplier will therefore be 49.3 pence, with the small business multiplier being 48.0 pence. Top-ups and tariffs will be uprated by 1.91 per cent; rather than the September Retail Price Index of 2.3 per cent.
- 6.5 The Government issued further consultations on business rates administration and business rates avoidance on 10th December. These close on 28th February 2015. More information on the review of the structure of business rates is expected early in 2015.

7. COUNCIL TAX

7.1 The Provisional Local Government Finance Settlement announces the following on council tax:

- The freeze grant will be extended for 2015-16. This grant is equivalent to a one per cent increase in council tax.
- The Government has announced that council tax increases of 2% or over will be subject to a referendum. The Government is asking for views on whether some parish and town councils should be subject to referendums.

8. LOCAL COUNCIL TAX SUPPORT

8.1 Funding for local council tax support schemes is now included in the SFA.

- As was the case in 2014-15, the funding for council tax support in 2015-16 is not separately identified. If councils decrease funding to their local council tax support schemes in line with the reduction in SFA over £1 billion will be taken out of external funding by the end of 2015-16.
- DCLG has also announced additional New Burdens funding for local council tax support of £12.47 million and this will go to billing authorities.

9. OUR PROVISIONAL SETTLEMENT IN DETAIL

	Provisional 2015-16 Settlement Funding Assessment		
Settlement Funding Assessment	2.240595		
of which:			
Revenue Support Grant	1.011321		
Baseline Funding Level	1.229274		
Tariff/Top-Up	-4.325447		
Levy Rate (p in £)	0.500000		
Safety Net Threshold	1.137079		
Breakdown of 2015-16 Elements			
	Revenue Support Grant	Baseline Funding Level	Settlement Funding Level
Upper-Tier Funding			
Lower-Tier Funding	0.853479	1.175872	2.029351
Fire and Rescue Funding			
Council Tax Freeze Compensation Part 1	0.045361	0.032649	0.078010
Early Intervention Funding			
GLA General Funding			
GLA Transport Funding			
London Bus Services Operators Grant			
Homelessness Prevention Funding	0.028309	0.020753	0.049062

Lead Local Flood Authority Funding			
Learning Disability and Health Reform Funding			
Rural Services Delivery Funding	0.020651		0.020651
Council Tax Freeze Compensation Part 2	0.063520		0.063520
Efficiency Support Funding			
Carbon Reduction Credits Energy Efficiency Scheme			
Local Welfare Provision			
Total	1.011321	1.229274	2.240595

10. SPENDING POWER

10.1 The Government once again have produced tables showing what they say is the “spending power” of each authority.

10.2 The Government’s definition of revenue spending power is spending power from council tax, Government revenue grants including New Homes Bonus and National Health Service Funding for social care. The calculation of each local authority’s spending power is also used to calculate eligibility for Efficiency Support Grant.

How does our allocation compare with 2014/15

10.3 There are two ways of looking at this – the Government’s view and then the comparison in cash terms.

10.4 Using the Government’s Spending Power comparison, the situation for Ribble Valley is set out below:

PROVISIONAL 2015-16 SPENDING POWER			
Ribble Valley			
Spending Power Components		2014-15 adjusted	2015-16
Council Tax Requirement excluding parish precepts	£m	3.009500	3.021194
Settlement Funding Assessment	£m	2.638482	2.240595
SFA: Adjustment to reflect Section 31 grants for business rates initiatives	£m	0.012805	0.017927
minus Council Tax Support Funding to Parishes	£m	-0.023063	-0.023063
Efficiency Support Grant	£m		0.000000
Commons Registration Authorities	£m	0.000000	0.000000
Inshore Fisheries Conservation Authorities	£m	0.000000	0.000000
Lead Local Flood Authorities	£m	0.000000	0.000000
Community Right to Challenge	£m	0.008547	
Community Right to Bid	£m	0.007855	
Fire Revenue Grant (FireLink and New Dimension elements)	£m	0.000000	0.000000
Council Tax Freeze Grant 2015-16	£m		0.032173
New Homes Bonus	£m	0.594806	0.962484
New Homes Bonus: returned funding	£m	0.004084	0.004043
Council Tax Support New Burdens Funding	£m	0.056553	0.011229
Local Council Tax Support and Housing Benefit Admin	£m	0.187884	0.165338

PROVISIONAL 2015-16 SPENDING POWER			
Ribble Valley			
Spending Power Components		2014-15 adjusted	2015-16
Subsidy			
Social Housing Fraud	£m	0.000000	
City of London Offset	£m	0.000000	0.000000
GLA Transport Revenue Grant	£m	0.000000	0.000000
Department of Health Revenue grant	£m	0.000000	0.000000
Public Health Grant (Ring-fenced)	£m	0.000000	0.000000
Adult Social Care New Burdens	£m	0.000000	0.000000
Better Care Fund	£m	0.000000	0.000000
Provisional Revenue Spending Power including Better Care Fund	£m	6.497453	6.431919
Change in Provisional Revenue Spending Power 2015-16	£m		-0.065534
Change in Provisional Revenue Spending Power 2015-16			-0.010086

10.5 According to the Government Ribble Valley's spending power is set to fall by 1% next year.

10.6 Our analysis of the change in cash terms however shows a different picture:

	2014/15 settlement £	2015/16 Provisional settlement £	% change
RSG	1,397,544	1,011,321	
Business Rates Baseline	1,206,225	1,229,274	
SFA	2,603,769	2,240,595	-14%

10.7 The main difference between the two comparisons is that the Government include in our Spending Power the income we get from the New Homes Bonus scheme. Clearly by doing this the Government are suggesting this forms part of our core Government funding.

11. NEW HOMES BONUS FOR RIBBLE VALLEY

11.1 Under the scheme we receive funding for new homes or empty properties brought back into use. The amount receivable is equivalent to the national average council tax for each property and is paid out every year for the following six years.

11.2 We have been notified that our provisional allocation for 2015/16 is £962,484.

11.3 We have made a claim to the Government for a further £7,666 in respect of the impact of downbandings on our taxbase. We have been successful in claiming for this in the last three years and are hopeful we will be this year. **If we are successful** our share of this amount would be £6,132 (80%). **This would result in total NHB of £968,616 for 2015/16** of which £333,780 is already committed to support the revenue budget. This would leave £634,836 'uncommitted' of next year's allocation

12. CONCLUSION

12.1 The Grant Settlement is virtually the same as was indicated as illustrative figures in December 2013.

12.2 Our settlement as set out at 10.6 shows that we face a 14% reduction in grant next year. This is before taking into account other funding such as our New Homes Bonus allocation.

DIRECTOR OF RESOURCES

PF15-15/JP/AC
3 February 2015

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 5

meeting date: 10 FEBRUARY 2015
title: OVERALL REVISED CAPITAL PROGRAMME 2014/15
submitted by: DIRECTOR OF RESOURCES
principal author: ANDREW COOK

1 PURPOSE

1.1 To consider the overall revised capital programme.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – none identified.
- Corporate Priorities – to continue to be a well-managed council, providing efficient services based on identified customer needs.
- Other Considerations – none identified.

2 BACKGROUND

2.1 The original capital programme for 2014/15 was approved by Full Council in March 2014.

2.2 Regular reports have been presented quarterly to all committees on progress with the capital programme.

3 ORIGINAL PROGRAMME 2014/15

3.1 The original capital programme for 2014/15 included schemes at a total estimated cost of £315,540. In addition to this, £57,020 of budget from 2013/14 was moved to the 2014/15 financial year at the time of setting the revised estimate for 2013/14. This gave an approved capital programme of £372,560.

3.2 Following the initial approval, the following changes have also been made:

- £162,820 of planned expenditure for 2013/14 was not spent by the end of the financial year and this was transferred into 2014/15, this is known as slippage.
- One further approval to the capital programme was made in year, £15,450 for a grant to Roefield Leisure to support capital expenditure on their activity room.
- £63,270 of capital budget has been transferred from the Landlord Tenant Grants scheme to the Disabled Facilities Grants scheme, as approved by Policy and Finance Committee in October 2014. This transfer had no impact on the overall capital programme budget total.

3.3 The total approved capital programme budget for 2014/15 was £550,830 covering twelve schemes, as shown in Annex 1.

4 REVISING THE 2014/15 PROGRAMME

4.1 We have now discussed each of the schemes in the capital programme with budget holders and revised the programme to reflect their progress and estimated full year expenditure.

- 4.2 The 2014/15 budgets for two schemes, totalling £147,000, is recommended for transfer into 2015/16. This action is recommended following detailed discussions with budget holders as the Council is currently unlikely to commit the current year's full budget by the end of March 2015. The schemes affected are:
- Installation of 3G Artificial Pitch, £47,000 – The scheme is dependent on external funding which has not been obtained to date. Officers are planning to make an updated bid to Sport England to secure funding for 2015/16.
 - Economic Development Initiative, £100,000 – The budget was set up to provide support for economic development whenever appropriate opportunities arise. No such opportunities have arisen so far and it is unlikely that the budget will be called upon before year end, so the budget will be moved into 2015/16.
- 4.3 Following this update, the overall revised capital programme for 2014/15 is £403,830. This is a £31,270 increase from the original capital programme approved at this time last year, which is accounted for by the variances listed above.
- 4.4 Actual expenditure (including commitments) on all schemes, as at the end of December, is £351,068. This is 86.9% of the revised estimate.
- 4.5 Annex 1 shows the full capital programme, showing the budget and actual expenditure (including commitments) as at the end of December for each scheme. The summary position is shown below.

Committee	Budget Analysis							Expenditure Analysis
	Original Estimate 2014/15 £	Budget Moved from 2013/14 £	Slippage from 2013/14 £	Additional Approvals 2014/15 £	Total Approved Budget 2014/15 £	Revised Estimate 2014/15 £	Budget Moved to 2015/16 £	Actual Expenditure including commitments (at end of December 2014) £
Community Services	110,000	0	11,710	15,450	137,160	90,160	47,000	83,756
Policy and Finance	0	0	116,430	0	116,430	16,430	100,000	5,420
Health and Housing	205,540	57,020	34,680	0	297,240	297,240	0	261,892

- 4.6 Updated capital evaluation forms completed by the responsible officers for these schemes have been reported to all committees in previous cycles.

5 FINANCING OF THE 2014/15 CAPITAL PROGRAMME

5.1 The capital resources to finance the Capital Programme for 2014/15 have also been revised, and are shown in the table below:

	Current Financing 2014/15 £	Revised Financing 2014/15 £	Financing of schemes moved to 2015/16 £
Total Approved Budget	550,830	403,830	147,000
Resources			
Grants and Contributions			
Disabled Facilities Grants	-119,540	-119,540	
Repossession Prevention Fund	-27,800	-27,800	
External Funding – 3G Artificial Pitch Scheme	-25,000		-25,000
Borrowing			
Unsupported Borrowing	-4,970	-4,970	
S106 Monies			
S106 Monies	-40,000		
Earmarked Reserves			
VAT Shelter	-86,000	-86,000	
New Homes Bonus	-45,000	-63,000	-22,000
Capital Reserve Fund	-161,930	-61,930	-100,000
Fleming VAT Reclaim	-15,450	-15,450	
Capital Receipts			
Capital Receipts	-25,140	-25,140	
Total of Resources Used	-550,830	-403,830	-147,000

5.2 Shown below is a summary of the movements on available capital resources from 1 April 2014 to the anticipated closing balance at 31 March 2015.

Resource	Opening Balance 1 April 2014 £	Added in Year £	Used in Year £	Earmarked for schemes moved to 2015/16 £	Closing Balance 31 March 2015 £
Capital Grants Unapplied b/f	-46,158	0	27,800	0	-18,358
New Grants and Contributions in Year	0	-119,540	119,540	0	0
Capital Reserve Fund**	-653,919	-3,080	61,930	100,000	-495,069
Use of VAT Shelter	0	-86,000	86,000	0	0
Use of New Homes Bonus	0	-85,000	63,000	22,000	0

Resource	Opening Balance 1 April 2014 £	Added in Year £	Used in Year £	Earmarked for schemes moved to 2015/16 £	Closing Balance 31 March 2015 £
Capital Receipts	-28,959	-292,318	25,140	0	-296,137
Fleming VAT Reclaim Reserve	0	-15,450	15,450	0	0
Unsupported Borrowing	0	-4,970	4,970	0	0
External Funding – 3G Artificial Pitch Scheme	0	-25,000	0	25,000	0
Total	-729,036	-631,358	403,830	147,000	-809,564

*** The recommended minimum level of this reserve is £350,000*

6 COMMENTS ON OVERALL POSITION

- 6.1 The revised 2014/15 capital programme is £403,830. This has increased by £31,270 from the originally approved capital programme at this time last year of £372,560. These changes are summarised in the table below:

	£	£
Original Capital Programme 2014/15		372,560
Slippage from 2013/14	162,820	
Schemes added for the current year	15,450	
Schemes moved to 2015/16 at Revised Estimate time	-147,000	
Net Changes		31,270
Proposed Revised Capital Programme 2014/15		403,830

- 6.2 As shown earlier, the revised capital programme for 2014/15 is fully financed. However, as available resources diminish, this puts further pressure on the affordability of the forward capital programme for future years.

7 RISK ASSESSMENT

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

- Resources – approval of the revised capital programme would see the transfer of a proportion of the current year's budget into the next financial year. The financing of the schemes to be moved has also been ring-fenced.
- Technical, Environmental and Legal – none.
- Political – none.
- Reputation – sound financial planning for known capital commitments safeguards the reputation of the Council.
- Equality and Diversity – equality and diversity issues are examined as part of the capital bid appraisal process.

8 CONCLUSION

- 8.1 The overall revised capital programme for 2014/15 is £403,830. This is a £31,270 increase from the original capital programme approved at this time last year. The increase is due to

slippage from the 2013/14 capital programme budget and the approval of an additional scheme during the year. The increased capital programme for 2014/15 is fully financed.

8.2 Actual expenditure on all schemes, as at the end of December, is £351,068. This is 86.9% of the revised estimate.

8.3 The level of capital resources continues to be a matter of concern. However, the level of the capital reserve will not fall below the suggested minimum of £350,000.

9 RECOMMENDED THAT COMMITTEE

9.1 Approve the overall revised capital programme for 2014/15.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF13-15/AC/AC
30 January 2015

For further background information please ask for Andrew Cook.

BACKGROUND PAPERS - None

**SPECIAL POLICY AND FINANCE COMMITTEE
OVERALL REVISED CAPITAL PROGRAMME 2014-15**

Cost Centre	Schemes	Original Estimate 2014/15	Budget Moved from 2013/14	Slippage from 2013/14	Additional Approvals in 2014/15	Total Approved Budget 2014/15	Revised Estimate 2014/15	Budget Moved to 2015/16	Actual Expenditure including commitments (as at end of December 2014)
		£	£	£	£	£	£	£	£
<u>Community Committee</u>									
CFTOI	Castlefield Toilets Refurbishment	33,000	0	0	0	33,000	33,000	0	32,309
PLAYN	Play Area Improvements 2013/14	0	0	11,710	0	11,710	11,710	0	8,672
PLAYO	Play Area Improvements 2014/15	30,000	0	0	0	30,000	30,000	0	27,330
TGAPS	Installation of 3G Artificial Pitch	47,000	0	0	0	47,000	0	47,000	0
RGRNT	Grant to Roefield – Activity Room	0	0	0	15,450	15,450	15,450	0	15,445
Total Community Services Committee		110,000	0	11,710	15,450	137,160	90,160	47,000	83,756
<u>Policy and Finance Committee</u>									
ECDVI	Economic Development Initiatives	0	0	100,000	0	100,000	0	100,000	0
PSNCO	Public Sector Network (PSN) Compliance	0	0	16,430	0	16,430	16,430	0	5,420
Total Policy and Finance Committee		0	0	116,430	0	116,430	16,430	100,000	5,420

**SPECIAL POLICY AND FINANCE COMMITTEE
OVERALL REVISED CAPITAL PROGRAMME 2014-15**

Cost Centre	Schemes	Original Estimate 2014/15	Budget Moved from 2013/14	Slippage from 2013/14	Additional Approvals in 2014/15	Total Approved Budget 2014/15	Revised Estimate 2014/15	Budget Moved to 2015/16	Actual Expenditure including commitments (as at end of December 2014)
<i><u>Health and Housing Committee</u></i>									
CMEXT	Installation of Cemetery Infrastructure	0	0	4,970	0	4,970	4,970	0	4,100
DISCP	Disabled Facilities Grants	119,540	10,000	-11,340	63,270	181,470	181,470	0	174,999
LANGR	Landlord/Tenant Grants	75,000	20,000	40,270	-63,270	72,000	72,000	0	71,874
PWPBC	Replacement of Pest Control Vehicle PO07 WPB	11,000	0	0	0	11,000	11,000	0	10,919
REPPF	Repossession Prevention Fund	0	27,020	780	0	27,800	27,800	0	0
Total Health and Housing Committee		205,540	57,020	34,680	0	297,240	297,240	0	261,892
TOTAL ALL COMMITTEES		315,540	57,020	162,820	15,450	550,830	403,830	147,000	351,068

Please note, the budget for the Repossession Prevention Fund may not be fully spent in year. This is because this budget is a ring-fenced specially funded scheme to prevent homelessness and it is a tool considered only when appropriate circumstances are presented. Given that, the budget may be called upon at any time or may not be used at all in any given period. Consequently, the revised estimate for this scheme remains as £27,800 because the fund could be accessed at any time in-year. As in previous years, any actual balance outstanding at year-end will be made available in the following year.

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 6

meeting date: 10 FEBRUARY 2015
title: OVERALL CAPITAL PROGRAMME 2015-18
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

1.1 To recommend a capital programme for 2015/18 to Full Council on 3 March 2015

2 DEVELOPING THE THREE YEAR CAPITAL PROGRAMME 2015-18

2.1 Before a capital programme can be approved, consideration needs to be given to whether it is:

- Affordable, both in capital and revenue terms
- Achievable in terms of staff resources and time scales
- In line with Council priorities

2.2 In the same manner as the previous financial year, all Heads of Service were asked to submit capital bids, bearing in mind the limited financial resources that are available to finance the capital programme. Heads of Service were asked to put forward schemes which were the **absolute basic requirement** to keep the council's services running.

2.3 A bid form was completed for each scheme, asking for such details as how the scheme linked to the Council's ambitions, the revenue implications, full capital costs, risk management, performance management.

2.4 Schemes were previously requested at this time last year for the 2015/16 and 2016/17 financial years. However, no bids had previously been requested for the 2017/18 financial year.

2.5 Full details of all bids were presented to members during the recent committee cycle as part of the forward capital programme reports. The Budget Working Group (BWG) and Corporate Management Team (CMT) have also met to consider the draft programme and made a number of proposals/amendments.

3 EXISTING THREE YEAR CAPITAL PROGRAMME

3.1 Last year after considerable discussion and debate, both at the Budget Working Group and CMT meetings, members arrived at a final capital programme for the years 2014 to 2017.

3.2 In reaching the approved capital programme a number of bids were deleted or reduced due to the level of available resources, and it was agreed that the final approved programme was both achievable and affordable in the context of the council's available resources.

3.3 Details of the schemes originally approved in to the capital programme for 2015/16 and 2016/17 can be found at Annex 1, however shown below is a summary of the approved capital programme and the resources planned to finance it.

Previously Approved Capital Programme	2015/16	2016/17
Community Services	404,000	227,000
Policy and Finance	282,500	0
Health and Housing	236,000	411,000
Total	922,500	638,000
Financing		
Disabled Facility Grants	-161,000	-161,000
New Homes Bonus	-88,000	-77,000
External Funding from LCC (Clitheroe Townscape)	-60,000	
Earmarked Reserves (Clitheroe Townscape)	-7,000	
VAT Shelter	-424,000	-225,000
Capital Reserve	-15,000	
Borrowing	-167,500	-175,000
Total	-922,500	-638,000

4 AVAILABLE RESOURCES FOR ANY NEW SCHEMES

4.1 Both Capital and Revenue have competing requirements for the very limited resources that are available. With limited external funding, the only other resources available to us are the earmarked reserves that we hold, such as the VAT Shelter and New Homes Bonus.

4.2 In forthcoming years it is anticipated that New Homes Bonus will largely be used for Revenue purposes, and the VAT shelter is now only received on a 75% reimbursement basis, dropping to 40% in 2018/19. This adds to the longer term pressures on financing the capital programme.

4.3 In reviewing our available resources and balancing the needs of revenue, the recommended maximum level of resources that should be made available for the new capital bids that were received from Heads of Service are summarised below:

Resource	£
VAT Shelter – For Housing Schemes	-75,000
VAT Shelter – For Other Schemes	-150,000
New Homes Bonus	-200,000
Better Care Funding – For Disabled Facility Grants	-161,000
Total Funding Available for New Bids Received	-586,000

4.4 In the past, members have also agreed that borrowing may be considered as an option to finance the capital programme for assets of a long life, for example land and buildings.

4.5 Shown below is a summary of the anticipated closing balance of other capital resources as at 31 March 2015.

Resource	Earmarked for Schemes moved to 2015/16 £	Closing Available Balance 31 March 2015 £
Capital Grants Unapplied		-18,358
New Homes Bonus	-22,000	0
Capital Reserve Fund**	-100,000	-495,069
Capital Receipts		-296,137
Total	-122,000	-809,564

** The recommended minimum level of this reserve is £350,000

5 NEW SCHEME BIDS RECEIVED

- 5.1 Heads of Service were asked to review the current programme and submit any new scheme bids for consideration. A summary of these new bids and amendments to the previously approved capital programme is shown in the table below, however they are shown in more detail at Annex 2.

Committee Expenditure	2015/16	2016/17	2017/18	TOTAL
Community Services	428,600	232,000	639,710	1,300,310
Planning and Development	0	0	0	0
Policy and Finance	282,500	0	285,150	567,650
Health and Housing	236,000	411,000	246,000	893,000
Total	947,100	643,000	1,170,860	2,760,960

- 5.2 As the capital programme has already been approved for 2015/16 and 2016/17 last year, we would not normally anticipate new bids for these years unless new funding had been identified, or there were circumstances unforeseen at this time last year. However, there were 2 new schemes submitted for 2015/16 totalling £24,600 and a proposed £5,000 increase to a scheme in 2016/17.
- 5.3 Based on the available resources as detailed in the previous section of the report, it was not possible for all of the bids to be approved in to the forward capital programme.

6 CMT AND BWG RECOMMENDATIONS

- 6.1 Corporate Management Team and the Budget Working Group have met on several occasions earlier in January 2015 to discuss the existing capital programme and the new bids that had been submitted.
- 6.2 Based on the bids that had been submitted it was clear that the proposals in their entirety were unaffordable and that there was a need to review the bids that had been submitted in order to arrive at an affordable and achievable capital programme.
- 6.3 The recommendations of both CMT and the BWG are detailed at Annex 3 however a summary is shown in the table below.

Financial Impact of CMT and BWG Recommendations		£
Capital bids submitted and reported to Service Committees		1,200,460
Resources Available		-586,000
Excess Bids/Shortfall in Resources		614,460
CMT/BWG Recommendations – Review of Bids		-282,100
CMT/BWG Recommendations – Review of Resources		-332,360
Resulting Excess Bids/Shortfall in Resources		0

7 CAPITAL BUDGETS MOVED FROM 2014/15 TO 2015/16

- 7.1 As shown in the Revised Capital Programme 2014/15 report elsewhere on the agenda, some capital budget is recommended for transfer to the 2015/16 financial year. This action is recommended following detailed discussions with Budget Holders as the services are currently unlikely to commit the current year's full budget by the end of March 2015. The amounts involved are shown in the table below.

Cost Centre	Scheme Title	Total Approved Budget 2014/15	Revised Estimate 2014/15	Budget Moved to 2015/16
TGAPS	Installation of 3G Artificial Pitch Surface	47,000	0	47,000
ECDVI	Economic Development Initiatives	100,000	0	100,000
		147,000	0	147,000

- 7.2 All associated resources to finance this transfer of budget will also be carried forward to the 2015/16 financial year and therefore this action has no impact on the affordability of the 2015/18 Forward Capital Programme. Details of the financing to be used for these schemes is detailed below:

- **Installation of 3G Artificial Pitch Surface:** *Use of New Homes Bonus to the value of £22,000 and external funding of £25,000, which has yet to be secured. The continuation of the scheme is dependant on the securing of £25,000 of external funding.*

- **Economic Development Initiatives:** Use of New Homes Bonus which was set aside in the Capital Reserve for this purpose at the end of the 2013/14 financial year.

8 FINAL PROPOSED CAPITAL PROGRAMME FOR 2015/16 TO 2017/18

8.1 After taking into consideration the existing capital programme for 2015/16-2016/17, the new scheme bids that have been submitted and the CMT and BWG recommendations, the final proposed capital programme is summarised below, and is shown in detail by scheme at Annex 4.

Committee	2015/16			2016/17 £	2017/18 £
	2015/16 £	Moved from 2014/15 £	Total for 2015/16 £		
Community Services	436,600	47,000	483,600	212,000	452,610
Policy and Finance	371,400	100,000	471,400	100,000	36,250
Health and Housing	236,000	0	236,000	411,000	211,000
TOTAL	1,044,000	147,000	1,191,000	723,000	699,860

8.2 The final proposed financing of the capital programme is shown in the table below

Resources	2015/16			2016/17 £	2017/18 £
	2015/16 £	Moved from 2014/15 £	Total for 2015/16 £		
Disabled Facility Grant Funding	-161,000		-161,000	-161,000	-161,000
VAT Shelter	-417,000		-417,000	-325,000	-132,000
Capital Reserve	-15,000		-15,000		-69,990
Capital Reserve (New Homes Bonus moved in 2013/14)		-100,000	-100,000		
New Homes Bonus	-103,000	-22,000	-125,000	-62,000	-200,000
External Funding (3G Artificial Pitch Surface – not yet secured)		-25,000	-25,000		
External Funding (LCC for Townscape Scheme)	-60,000		-60,000		
Revenue Contributions (Townscape Scheme)	-7,000		-7,000		
Use of Fleming VAT Reserve	-24,600		-24,600		
Borrowing	-256,400		-256,400	-175,000	-62,560
Earmarked Cost of Democracy Savings					-11,250
Vehicle Residual Values					-28,060
Police and Crime Commissioners Resource					-10,000
Earmarked S31 New Burdens Funding					-25,000
TOTAL	-1,044,000	-147,000	-1,191,000	-723,000	-699,860

8.3 The impact of the proposals on the capital reserve is shown below

Capital Reserve	2015/16 £	2016/17 £	2017/18 £
Opening Balance	-595,069	-480,069	-480,069
Taken from Reserve	115,000	0	69,990
Closing Balance	-480,069	-480,069	-410,079
Recommended Minimum Balance	-350,000	-350,000	-350,000

8.4 Whilst a balance above the minimum of £350,000 remains on the Capital Reserve over the programmes life, this allows some contingency for any urgent schemes which may need approval outside the normal bidding rounds, particularly where alternative or external resources may not be available.

8.5 Furthermore, there are a number of funding streams for the capital programme that rely on savings or asset sales being achieved over the life of the programme. As there is a degree of uncertainty around these being achieved at this stage, the balance on the Capital Reserve gives some flexibility to meet any potential shortfall.

9 CONCLUSION

9.1 Committees have considered the bids that have been put forward for their services in the January committee cycle.

9.2 It is clearly unaffordable for us to agree for all new scheme bids to be included in our approved capital programme.

9.3 CMT and the Budget Working Group have met on several occasions and have made recommendations in order to provide a capital programme for 2015/16 to 2017/18 that is both affordable and achievable.

10 RECOMMENDED THAT SPECIAL POLICY AND FINANCE COMMITTEE

10.1 Recommend to Council the Capital Programme for 2015/18 as set out in Annex 4

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF14-15/LO/AC
2 February 2015

**CAPITAL PROGRAMME PREVIOUSLY APPROVED FOR 2015/16 TO
2016/17**

EXISTING SCHEMES	2015/16 £	2015/16 £
<u>Community Services Committee – Existing Schemes</u>		
Play Area Improvements	40,000	40,000
Replacement of Geesink 26t RP HGV Refuse Collection Vehicle	210,000	
Replacement of 4 x 4 Tractor/Mower (PNO4 NPZ)	17,000	
Replacement of Kubota Mower PN05 PLO	19,000	
Replace Scag Mower	9,000	
Two Heavy Goods Trailers	6,000	
Replacement of 2 Tri Star Mowers	16,000	
Replacement of Waste Transfer Station Loader Shovel	75,000	
Replacement of multi use panel van (Currently Vauxhall Vivaro)	12,000	
All Weather Pitch Lighting		15,000
Replacement of Scag Mower with equivalent spec vehicle		10,000
Replacement of John Deere Gang Mower Tractor (PN05 UKE) with an equivalent spec vehicle		45,000
Replacement of 2 x Open Backed Single Bodied Paper Collection Vehicle (VX55 KXD & VU06 TKN)		30,000
Replacement of MAN 7.7 RO-RO Truck (PN06 FRV) with equivalent spec vehicle		38,000
Replacement of Salthill Depot Multi Use Fork Lift Truck		25,000
Replacement of Works Section Small Van -Ford Transit PF09 DHX (Toilet Van)		12,000
Replacement of Works Section Panel Van PK06 HKA (currently Vauxhall Vivaro) with a smaller van		12,000
Total Community Services Committee	404,000	227,000
<u>Policy and Finance Committee – Existing Schemes</u>		
Clitheroe Townscape Scheme	115,000	
Council Offices - Re-roofing Scheme	167,500	
Total Policy and Finance Committee	282,500	0
<u>Health and Housing Committee – Existing Schemes</u>		
Landlord/Tenant Grants	75,000	75,000
Disabled Facilities Grants	161,000	161,000
Clitheroe Market Improvements		175,000
Total Health and Housing Committee	236,000	411,000
Subtotal of Existing Schemes	922,500	638,000

ANNEX 1

**CAPITAL PROGRAMME PREVIOUSLY APPROVED FOR 2015/16 TO
2016/17**

FINANCING	2015/16 £	2016/17 £
Disabled Facility Grants	-161,000	-161,000
New Homes Bonus	-88,000	-77,000
External Funding from LCC (Clitheroe Townscape)	-60,000	
Earmarked Reserves (Clitheroe Townscape)	-7,000	
VAT Shelter	-424,000	-225,000
Capital Reserve	-15,000	
Borrowing	-167,500	-175,000
Total	-235,000	-688,000

ALL NEW SCHEME BIDS AS SUBMITTED BY HEADS OF SERVICE

NEW SCHEME BIDS	2014/15 £	2015/16 £	2016/17 £	Total £
<u>Community Services Committee</u>				
All Weather Pitch Lighting – <i>Increased Cost of Existing Scheme</i>		5,000		5,000
Hyprolyser Electrochlorination system at Ribblesdale Pool	15,600			15,600
Replacement of the UV unit at Ribblesdale Pool	9,000			9,000
Replacement mower (Hayter) PN07 MVG			36,000	36,000
Replacement mower (Kubota) PN09 SWO			20,000	20,000
Replacement mower (Scag 4x4) rvbc 016			10,000	10,000
Replacement pick up vehicles (Ford Ranger S/C 4WD x 2) – PK07 LSY and PK07 TZG			36,000	36,000
Longridge CCTV (Transfer of Images to Clitheroe Monitoring Station)			12,500	12,500
Renewal of sections of floor to residual waste transfer station (Phase 1)			16,000	16,000
Ribble Valley off-street car parks – upgrade of payment systems			20,550	20,550
Replacement of Garwood (12 Tonne GVW) single bodied RCV & Cage truck with single multi-use vehicle – PN05 PWL			120,000	120,000
Replacement of Twin-bodied refuse collection vehicle (VU59 JJK)			210,000	210,000

ALL NEW SCHEME BIDS AS SUBMITTED BY HEADS OF SERVICE

NEW SCHEME BIDS	2014/15 £	2015/16 £	2016/17 £	Total £
Replacement of Works Iveco Tipper with Iveco Daily Long Wheelbase high top van			25,000	25,000
Refurbishment of castle museum windows			62,560	62,560
Rapid Charge Electric Vehicle Charging Point 2017/18 – <i>potential for £23,325 of external funding towards this scheme</i>			31,100	31,100
Play Area Improvements			40,000	40,000
Total Community Services Committee	24,600	5,000	639,710	669,310
<u>Policy and Finance Committee</u>				
Church Walk Council Offices – Replacement of Original Windows and Rooflights			88,900	88,900
Council chamber – Seating renewal scheme			11,250	11,250
Replacement server for Revenues & Benefits			25,000	25,000
ICT Infrastructure refresh			160,000	160,000
Total Policy and Finance Committee	0	0	285,150	285,150
<u>Health and Housing Committee</u>				
Replacement of Precision Noise Analyser			10,000	10,000

ALL NEW SCHEME BIDS AS SUBMITTED BY HEADS OF SERVICE

NEW SCHEME BIDS	2014/15 £	2015/16 £	2016/17 £	Total £
Landlord Tenant Grants			75,000	75,000
Disabled Facilities Grants – <i>assumption that Lancashire Better Care Fund funds all this expenditure (TBC)</i>			161,000	161,000
Total Health and Housing Committee	0	0	246,000	246,000
Total of New Scheme Bids and Requests for Additional Funding	24,600	5,000	1,170,860	1,200,460

CMT AND BUDGET WORKING GROUP RECOMMENDATIONS

	£	£
<u>Schemes</u>		
Capital bids submitted and reported to Service Committees		1,200,460
<u>Resources</u>		
VAT Shelter – For Housing Schemes	-75,000	
VAT Shelter – For Other Schemes	-150,000	
New Homes Bonus	-200,000	
Better Care Funding – For Disabled Facility Grants	-161,000	
Total Resources Available		-586,000
Excess Bids/Shortfall in Resources		614,460
<u>CMT/BWG Recommendations – SCHEME BIDS</u>		
All Weather Pitch Lighting This scheme is to be reprogrammed to 2015/16 to match the timing of the scheme for the Installation of 3G Artificial Pitch Surface	0	
Replacement mower (Hayter) PN07 MVG This scheme is to be deleted and resubmitted as a bid in the future.	-36,000	
Replacement of Precision Noise Analyser This scheme is to be deleted.	-10,000	
Church Walk Council Offices – Replacement of Original Windows and Rooflights This scheme is to be reprogrammed to 2015/16 to match the timing of the Council Offices Reroofing Scheme (bid was for 2017/18)	0	
Replacement of Garwood (12 Tonne GVW) single bodied RCV & Cage truck with single multi-use vehicle – PN05 PWL This scheme is to be deleted and resubmitted as a bid in the future.	-120,000	
Rapid Charge Electric Vehicle Charging Point This scheme is to be deleted. If external funding can be secured, this could be brought to committee as a request for an Additional Approval to the capital.	-31,100	
Landlord Tenant Grants 2017/18 From 2017/18 onwards this scheme is to be reduced to £50,000. This is to reflect the falling level of VAT Shelter receipts	-25,000	
ICT Infrastructure refresh The Storage Area Network (SAN) and Network & Server Replacement elements are to go ahead, but the Virtual Desktop element is to be reported back to CMT with a business case over the coming months. The scheme is also to be reprogrammed to 2016/17 (bid was for 2017/18)	-60,000	
IMPACT OF REVIEW OF BIDS		-282,100

CMT AND BUDGET WORKING GROUP RECOMMENDATIONS

	£	£
CMT/BWG Recommendations – RESOURCES		
<i>Use of Capital Reserve</i> Use resources from the Capital reserve, but leaving the recommended minimum balance of £350,000 in the reserve	-69,990	
<i>Use of Fleming VAT Earmarked Reserve</i> Use of this Earmarked Reserve to finance the 'Hyprolyser Electrochlorination system at Ribblesdale Pool' scheme and the 'Replacement of the UV unit at Ribblesdale Pool' scheme	-24,600	
<i>Use of Borrowing</i> Use of borrowing to finance the 'Church Walk Council Offices – Replacement of Original Windows and Rooflights' scheme and the 'Refurbishment of Castle Museum Windows' scheme	-151,460	
<i>Use of Lancashire Police and Crime Commissioners (LPC) Resource</i> Use of this funding to help finance the 'Longridge CCTV (Transfer of Images to Clitheroe Monitoring Station)' scheme	-10,000	
<i>Use of Revenue Savings on the Cost of Democracy Service</i> Earmarking of savings over the coming years on the Cost of Democracy service for use in 2017/18 to help finance the 'Council chamber – Seating renewal' scheme	-11,250	
<i>Use of S31 New Burdens Funding</i> Use of S31 New Burdens funding to finance the Replacement server for Revenues & Benefits' scheme	-25,000	
<i>VAT Shelter Resource Following Deletion of 2015/16 Vehicle Scheme</i> As a scheme in 2015/16 has been deleted, this resource is available for other schemes.	-12,000	
<i>Income from Residual Values of Vehicles</i> A resource has been brought in which represents the sale value of all vehicles and plant that is being replaced within the 3-year capital programme.	-28,060	
<i>Switch 'VAT Shelter – For Housing Schemes' resource to 'VAT Shelter – For Other Schemes'</i> Due to the lower level of VAT Shelter resource needed for housing schemes following the reduction of the 'Landlord Tenant Grants' scheme in 2017/18, £25,000 of this resource has been used to finance schemes for other service areas. This has a net nil impact.	0	
IMPACT OF REVIEW OF RESOURCES		-332,360
Resulting Excess Bids/Shortfall in Resources		0

FINAL PROPOSED CAPITAL PROGRAMME 2015/16 TO 2017/18

ANNEX 4

Schemes	2015/16 £	Budget Moved from 2014/15 £	Total for 2015/16 £	2016/17 £	2017/18 £
<u>Community Services Committee</u>					
Play Area Improvements	40,000		40,000	40,000	40,000
Installation of 3G Artificial Pitch Surface		47,000	47,000		
Replacement of Geesink 26t RP HGV Refuse Collection Vehicle	210,000		210,000		
Replacement of 4 x 4 Tractor/Mower (PNO4 NPZ)	17,000		17,000		
Replacement of Kubota Mower PN05 PLO	19,000		19,000		
Replace Scag Mower	9,000		9,000		
Two Heavy Goods Trailers	6,000		6,000		
Replacement of 2 Tri Star Mowers	16,000		16,000		
Replacement of Waste Transfer Station Loader Shovel	75,000		75,000		
All Weather Pitch Lighting	20,000		20,000		
Replacement of Scag Mower with equivalent spec vehicle				10,000	
Replacement of John Deere Gang Mower Tractor (PN05 UKE)				45,000	
Replacement of 2 x Open Backed Single Bodied Paper Collection Vehicle (VX55 KXD & VU06 TKN)				30,000	
Replacement of MAN 7.7 RO-RO Truck (PN06 FRV) with equivalent spec vehicle				38,000	
Replacement of Salthill Depot Multi Use Fork Lift Truck				25,000	
Replacement of Works Section Small Van -Ford Transit PF09 DHX (Toilet Van)				12,000	

FINAL PROPOSED CAPITAL PROGRAMME 2015/16 TO 2017/18

ANNEX 4

Schemes	2015/16 £	Budget Moved from 2014/15 £	Total for 2015/16 £	2016/17 £	2017/18 £
Replacement of Works Section Panel Van PK06 HKA (currently Vauxhall Vivaro) with a smaller van				12,000	
Hyprolyser Electrochlorination system at Ribblesdale Pool	15,600		15,600		
Replacement of the UV unit at Ribblesdale Pool	9,000		9,000		
Replacement mower (Kubota) PN09 SWO					20,000
Replacement mower (Scag 4x4) rvbc 016					10,000
Replacement pick up vehicles (Ford Ranger S/C 4WD x 2) – PK07 LSY and PK07 TZG					36,000
Longridge CCTV (Transfer of Images to Clitheroe Monitoring Station)					12,500
Renewal of sections of floor to residual waste transfer station (Phase 1)					16,000
Ribble Valley off-street car parks – upgrade of payment systems					20,550
Replacement of Twin-bodied refuse collection vehicle (VU59 JJK)					210,000
Replacement of Works Iveco Tipper with Iveco Daily Long Wheelbase high top van					25,000
Refurbishment of Castle Museum Windows					62,560
Total Community Services Committee	436,600	47,000	483,600	212,000	452,610
<u>Policy and Finance Committee</u>					
Clitheroe Townscape Scheme	115,000		115,000		
Council Offices - Re-roofing Scheme	167,500		167,500		
Economic Development Initiatives		100,000	100,000		

FINAL PROPOSED CAPITAL PROGRAMME 2015/16 TO 2017/18

ANNEX 4

Schemes	2015/16 £	Budget Moved from 2014/15 £	Total for 2015/16 £	2016/17 £	2017/18 £
Church Walk Council Offices – Replacement of Original Windows and Rooflights	88,900		88,900		
Council chamber – Seating renewal scheme					11,250
Replacement server for Revenues & Benefits					25,000
ICT Infrastructure refresh (Storage Area Network and Network & Server Replacement)				100,000	
Total Policy and Finance Committee	371,400	100,000	471,400	100,000	36,250
<i>Health and Housing Committee</i>					
Disabled Facilities Grants	161,000		161,000	161,000	161,000
Landlord/Tenant Grants	75,000		75,000	75,000	50,000
Clitheroe Market Improvements				175,000	
Total Health and Housing Committee	236,000	0	236,000	411,000	211,000
Total for all Committees	1,044,000	147,000	1,191,000	723,000	699,860

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 7

meeting date: 10 FEBRUARY 2015
 title: OVERALL REVENUE BUDGET 2015/16
 submitted by: DIRECTOR OF RESOURCES
 principal author: JANE PEARSON

1 PURPOSE

- 1.1 To approve the revised revenue budget for 2014/15.
- 1.2 To consider and recommend a revenue budget and council tax requirement for 2015/16 to Full Council on 3 March 2015.

2 CURRENT YEAR'S REVISED BUDGET 2014/15

Background

- 2.1 The revised budget for 2014/15 has now been prepared. Committees, during this cycle, have reviewed their estimates and the reasons for any significant changes.
- 2.2 The Original Estimate included provision for price increases of 2.75% and a potential pay increase of 1%, overall general inflation for the year is likely to be slightly less than this. The pay award has been settled at 2.2% but this covers 2 years which equates to approximately 1% in the current year.
- 2.3 The revised budget is now looking as if there will be a reduction of £310k in net expenditure. This is shown in the summary below.

	Original Estimate 2014/15 £	Revised Estimate 2014/15 £
<i>Committee Expenditure</i>		
Planning & Development	578,290	546,650
Community	3,480,480	3,418,750
Health & Housing	833,090	800,540
Policy & Finance	1,869,690	1,957,130
Total of Committees	6,761,550	6,723,070
<i>Capital Adjustments</i>		
Less Depreciation (included in above)	-725,170	-739,520
Add Minimum Revenue Provision (MRP)	135,960	135,860
Total Expenditure	6,172,340	6,119,410
<i>Other Items</i>		
External Interest Payable	13,200	13,200
Interest Earned	-28,790	-26,160

	Original Estimate 2014/15 £	Revised Estimate 2014/15 £
Council Tax Freeze Grant	-31,560	-32,048
Localisation of Council Tax Support – grant paid to parishes	17,034	17,034
Rural Areas Delivery Grant – Additional funding	0	-2,665
New Homes Bonus	-594,807	-594,806
New Homes Bonus Returned Funding to LA's	0	-4,084
Income from Business Rates after levy	-387,003	-363,365
Earmarked Reserves		
Transfer From/To Various Funds (See Annex 1)	602,729	326,000
Net Expenditure	5,763,143	5,452,516
Adjustment to Balances to Get to Agreed Budget	-149,646	160,981
Agreed budget for year	5,613,497	5,613,497

Change in Committee Expenditure

- 2.4 In summary, committee expenditure has fallen by £38k. However this is before appropriations to and from earmarked reserves (eg the Planning reserve fund).
- 2.5 Obviously, in a total budget of £6m there are many variations during the course of a year. Service Committees are currently considering their detailed reports which give more information on the forecast variations between the original estimate and the revised estimate, however the **main reasons** are shown below:

Description	Variances from original estimate to revised estimate £
CTBEN - Localised Council Tax Support Administration Following the introduction of Local Council Tax Support, and the move from Council Tax Benefit, any previous years' overpayments of Benefit recovered are retained by the Council, whilst any back payments of Council Tax Benefits to claimants falls on the Council.	-10,840
DOGWD – Dog Warden and Pest Control Reduced pest control and wasps' nests fees income estimated for the year, based on reduced demand and income for the year to date and experience from previous years.	5,790
HGBEN – Housing Benefits Administration A minor reduction in net rent allowance subsidy grant income from the Government compared to original estimate	7,870
CLCEM – Clitheroe Cemetery Reduced income estimated for the year on interments, exclusive burial rights, plaques, headstone foundations and maintenance of graves.	11,940
AWARM – Affordable Warmth and WARMH - Warm Homes Estimated expenditure on affordable warmth schemes in-year of £47,150, partly funded by a 2014/15 grant from Lancashire County Council of £21,900.	25,250

Description	Variances from original estimate to revised estimate £
<p><i>It should be noted that:</i> - The budgeted increase in net expenditure of £25,250 will be funded by contributions from the Government Housing Grants Reserve, which was set aside for this purpose.</p>	
<p>CTBEN – Localised Council Tax Support Administration, HGBEN – Housing Benefits Administration and UCRED – Universal Credit The Council has entered into a delivery agreement with the DWP to provide support to Universal Credit claimants between late November 2014 and March 2015. Budgeted additional income from the DWP for provision of this service is £38,510.</p>	-38,510
<p>ENVHT - Environmental Health Increased Environmental Protection Registration fee income from newly liable commercial sites and increased private water sampling income from increased work to clear the sampling backlog.</p>	-16,550
<p>COMMD Community Services Department Staff turnover and vacancies has resulted in a reduction in estimated spend.</p>	-59,020
<p>RCOLL Refuse Collection Increased budget to reflect the full establishment costs .</p>	21,720
<p>RCOLL Refuse Collection Increase in estimated recycling credit income due to the additional tonnage of green waste collected.</p>	-40,840
<p>PAPER Waste Paper and Card Collection A staff vacancy for the position of driver/loader has contributed to an underspend.</p>	-24,660
<p>TRREF Trade Refuse Additional income has been generated from an increase in the number of charitable trade waste contracts.</p>	-16,500
<p>CRIMP RV Community Safety Partnership Additional external funding has been received from the Lancashire Police and Crime Commissioner and Clitheroe Town Council.</p>	-15,000
<p>MUSEM Castle Museum An estimated reduction in curatorial fees payable to Lancashire County Council.</p>	-22,820
<p>EXREF Exercise Referral Additional grant income has been received in respect of the Active East Programme and also from the Clinical Commissioning Group.</p>	-15,000
<p>PLANG: Planning Control & Enforcement Planning consultants fees on planning appeals and associated costs are anticipated to reach £30k in the financial year, which is £21,690 above the current budget provision. This additional cost is to be met from the planning earmarked reserve fund.</p>	21,690
<p>PLANG: Planning Control & Enforcement Decrease in the provision for ordnance survey work as the service level agreement is no longer required.</p>	-7,000
<p>PLANG: Planning Control & Enforcement Several large planning applications, such as Bowland Meadows, Longridge; Henthorn Rd, Clitheroe; and Land East of Chipping Lane, Longridge has resulted in additional planning fee income</p>	-46,040
<p>CORES: Core Strategy Inspection and associated production costs for Ribble Valley's Core Strategy. This expenditure is to be met from an earmarked reserve established for this purpose</p>	70,250
<p>BLDGC: Building Control Reduced Income from building regulations fees. This is mainly due to current economic climate and also due to some organisations using private competitors</p>	12,000
<p>CEXEC: Chief Executives Department Increase in employee costs due to 1 year temporary Environmental Health officer post covering for vacancies and work on</p>	5,900

Description	Variances from original estimate to revised estimate £
private water supplies partially offset by flexible retirement within Building Control	
LSERV: Legal Services Increase in employee related expenditure due to new IER post and maternity cover	7,470
LSERV: Legal Services Reduction in budget provision for the purchase of reference books due to a move towards an on-line subscription	-10,000
CSERV: Corporate Services Increase in the budget provision for the production of the Ribble Valley news, this is due to a delay in producing the spring 2014 edition and will be funded from an earmarked reserve established for this purpose	5,610
CLTAX: Council Tax Increase in income from court costs and summonses	-6,340
NNDRC: National Non Domestic Rates External legal fees incurred due to a legal challenge regarding non domestic rates	7,950
ELECT: Register of Electors Expected underspend at year end on budget to cover purchase of equipment, temporary staff, printing and stationery etc due to change to individual electoral registration, to be added to an earmarked reserve established by grants from Ministry of Justice	-6,780
ELECT: Register of Electors Additional grant from Ministry of Justice to reimburse authorities for expenditure incurred on move towards individual electoral registration to be added to an earmarked reserve established for this purpose.	-13,050
WWOCO: World War One Commemorations Cost of supplying and planting of trees in commemoration of world war one, partly funded from an earmarked reserve established for this purpose.	10,190
VARIOUS: Meals on Wheels / Luncheon Clubs Meals on wheels service operated by Royal Voluntary service ended in June 2014 as service is no longer to be supported by the County Council in its current format resulting in a reduction in transport, equipment, meal costs and income	-6,660
FMISC: Policy & Finance miscellaneous expenses Additional income received from reimbursement of VAT from HMRC in respect of trade waste claim offset by a consultant fee for assisting in making the claim. The net effect will be added to an earmarked reserve established from previous claims.	-10,420
FMISC: Policy & Finance miscellaneous expenses Reduced income from Symphony Homes in respect of VAT shelter monies resulting in a lower contribution to the earmarked reserve	139,300
PERFM: Performance Reward Grants Reduction in cost of schemes anticipated to be completed by March 2015 resulting in a reduction in funding from earmarked reserves.	-5,740
SUPDF: Superannuation Deficiency Payments Reduction in number of beneficiaries	-9,160
COMPR: Computer Services Upgrade to ICON (cash receipting) system. This expenditure will be met from an earmarked reserve.	7,200
REVUE: Revenue Services Increase in employee related expenses as turnover is lower than expected.	9,810
	-36,240

Movement in Other items

- 2.6 When we prepared our original estimate for 2014/15 we anticipated 'other items' would reduce our net budget by £1,012k, however our revised budget shows these will reduce our budget by £993k. This is a difference of £19k and can be explained below.

Other Items	£000
New Homes Bonus returned funding to grant settlement	-4
Additional Rural Areas delivery grant	-3
Reduction in interest received	2
Reduced Business Rate Income	24
	19

2.7 Our latest estimate of Business Rate income for the current year predicts

Business Rate Retained Income	2014/15 At Jan 2014 Original Estimate £	2014/15 At Jan 2015 Latest Estimate £
Billing Authority NNDR Income	13,973,821	13,973,821
LA share of NNDR income	5,589,528	5,589,528
Less Tariff	4,244,345	4,244,345
	1,345,183	1,345,183
Baseline Funding Level	1,206,225	1,206,225
Retained Rates Income before levy	138,958	138,958
Section 31 Grant:		
SBRR	366,681	366,681
Multiplier Cap	60,376	15,319
"New Empty" Property	8,085	8,085
"Long Term Empty" Property	8,085	8,085
Retail Relief	161,699	161,699
Total Section 31 Grant	604,926	559,869
Less Levy*	371,942	365,584
<i>*Levy paid over after end of year after audited NNDR3 submitted</i>		
Total Business Rate Income to General Fund	371,942	333,244
Surplus carried forward from 2013/14	15,062	30,122
Total Business Rate Income to General Fund	387,004	363,366
Used to fund revenue budget	-262,926	-262,926
Remaining to add to earmarked reserve	124,078	100,440

2.8 Based on the current position we expect to receive £100k more than the amount relied upon to fund the revenue budget in the current year. The latest estimates suggest there will be a deficit at the end of the year of £115,340 of which our share will be £46,136. This will be recovered in 2015/16.

Movement in Earmarked Reserves

- 2.9 Annex 1 shows the forecasted transfers to and from earmarked reserves compared with the restated original estimate. In summary the net position is that we anticipate adding £277k less to earmarked reserves in the current year than originally forecasted.

Overall Changes

- 2.10 A summary of the changes between the original and revised estimate is shown below:

	Difference £000
Committees	-38
Depreciation	-14
Other Items	19
Use of Earmarked Reserves	-277
Net change	-310

- 2.11 This shows that the Council will in effect 'save' or benefit from £310k compared with the original estimate. Therefore **instead of taking** £150k from general fund balances at the end of the year, based on these revised estimates we **would be adding** £161k to balances.

3 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2015/16

Provisional Grant Settlement

- 3.1 The details of our grant settlement are set out in the separate report elsewhere on your agenda. The table below summarises our provisional position.

Settlement Funding Assessment	£2,240,595
Consists of:	
Revenue Support Grant	1,011,321
Business Rates Baseline (Target)	1,229,274

- 3.2 We expect to receive notification of the final settlement figures in early February. We will report our final figures to you at your meeting if possible.

Future Years Government Funding

- 3.3 No announcement has been made of our likely grant settlement for 2016/17. However the Chancellor of the Exchequer announced in the Autumn Statement that public spending would continue to fall in the next Parliament at the same rate seen over the last 5 years
- 3.4 The Budget Working Group are obviously concerned about potential further reductions and will be meeting early in the new financial year to consider the Council's future budget position.

4 COLLECTION FUND

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

- ❖ The net spending requirements of -
 - ❖ Lancashire County Council
 - ❖ Lancashire Police and Crime Commissioner
 - ❖ Lancashire Combined Fire Authority
 - ❖ Ribble Valley Borough Council
 - ❖ The Parish Councils in our area
- ❖ Surplus/deficit on the collection fund
- ❖ Council tax base at band D equivalent

4.2 Following the introduction of the Business Rates Retention Scheme (BRRS) which is also operated via our Collection Fund we also now have a surplus or deficit in respect of Business Rates at the end of each financial year

4.3 I have already assessed the potential surplus/deficit on the collection fund. I estimate the Collection Fund will produce an overall surplus of £92,106 this year. This consists of a surplus for council tax of £207,446 and a deficit in respect of Business Rates of £115,340.

4.4 The Council Tax surplus will be shared amongst all the major precepting authorities. Our share of the surplus is £22,004.

4.5 The Business Rates deficit will be recovered from the Government, Lancashire County Council, Lancashire Combined Fire Authority and ourselves in 2015/16. Our share of the deficit will be £46,136.

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

Local Council Tax Support

4.7 The Council agreed a Local Council Tax Support Scheme (LCTS) which came into effect on 1 April 2013 and replaced Council Tax Benefit.

4.8 Our scheme was set to cap the maximum reduction in support for working age claimants to 8.5% in 2013/14 and 12% each year thereafter.

4.9 Importantly Council Tax Support is awarded as a discount against an individual's council tax bill. This means that the cost of our council tax support scheme impacts on our tax base.

4.10 The Government have again asked authorities to allocate funding from within their grant settlement to pass on to parishes to compensate them for the impact of Council Tax Support on their tax bases. This has proved a contentious issue nationally as it is not clear just how much funding is within the grant settlement given this grant was 'rolled-up' a couple of years ago and the grant settlement has been cut significantly each year. . Some authorities have decided not to pass on any funding. We have however again allocated grants to individual parishes based upon an estimated amount of grant funding within our grant settlement. We have asked parishes to take this funding into account when setting their parish precepts.

Council Tax Base

- 4.11 I have calculated the council tax base in accordance with proper practices and have allowed for the impact of our Local Council Tax Support Scheme mentioned above. Our council tax base for 2015/16 is 21,703. This compares with the current tax base of 21,391 in 2014/15.
- 4.12 A breakdown of the calculation showing the tax base by parish is included in Annex 4.

5 REVENUE BUDGET 2015/16

Background

- 5.1 The announcement of the Finance Settlement confirms that local government continues to bear the brunt of public spending cuts.

Council Tax Freeze Grant/Capping

- 5.2 On 26 June 2013 the Chancellor of the Exchequer announced as part of the Spending Round 2013 that the government will provide additional grant funding to support councils that freeze Council Tax in both 2014/15 and 2015/16.
- 5.3 Ministers have agreed that the funding for the 2015/16 freeze grant scheme will be in the spending review baseline for future years, so there will not be a 'cliff edge' effect on council finances. Funding for 2011/12, 2013/14, 2014/15 freeze grants is already in the main local government settlement total for future years. (The 2012/13 freeze grant was a one off grant in that year only).
- 5.4 The funding offered equates to a 1.0% increase in council tax foregone and will be paid as a grant in 2015/16. For Ribble Valley we estimate this would equate to £32,380.
- 5.5 Our current Band D tax is **£140.69** (and has been since 2010/11). We are in the bottom quartile of all councils and 44th out of 201 district councils. Across Lancashire the position in 2014/15 is as follows.

Average council tax for (Band D) £	
LANCASHIRE	
Ribble Valley	140.69
Chorley	177.41
Wyre	180.16
West Lancashire	183.55
Fylde	185.90
Lancaster	199.99
South Ribble	208.38
Hyndburn	230.52
Pendle	240.38
Rosendale	253.40
Burnley	267.50
Preston	279.49

- 5.6 The Localism Act 2011 abolished Council Tax capping in England and instead introduced a power for local electorates to approve or veto excessive council tax rises. From 2012/13 onwards, an authority setting a council tax increase which exceeds principles approved by the Government alongside the local government finance settlement has been required to hold a council tax referendum. The result of a council tax referendum is binding. For 2015/16 any council proposing a council tax increase of 2% or more will need to hold a referendum.
- 5.7 It is important when deciding on our council tax level for next year to consider the amount of income any change will bring in. A 1.99% increase in our share of the Council Tax would result in a Band D amount of £143.49 ie an extra £2.80. This would generate £60,770 each year in extra revenue, compared with the freeze grant income of £32,380 per year, if members decide to freeze our council tax.

Band D Tax	% increase	Income Generated	Income over 6 years
140.69	0	32,380	194,280
141.39	0.50%	15,190	91,150
142.10	1%	30,600	183,610
142.80	1.5%	45,790	274,760
143.49	1.99%	60,770	364,610

New Homes Bonus Scheme

- 5.8 The New Homes Bonus (NHB) scheme commenced in April 2011, and match funds the additional council tax raised for new homes and empty properties brought back into use, with an additional amount for affordable homes, for the following six years. The grant is calculated based on the movement of dwellings in council tax base retrospectively October to October.
- 5.9 The New Homes Bonus grant is shared 80:20 between district and county councils in two tier areas and is un-ringfenced. The Government state that New Homes Bonus is a powerful, simple and transparent incentive for housing growth. It is paid as an unringfenced grant, which means local authorities are free to decide how to spend it. The NHB can be spent on either revenue or capital, or placed in a local authority's reserves.
- 5.10 Our provisional allocation for next year was £962,484, however we have again managed to successfully challenge the impact of council tax rebandings on our new homes bonus and I can advise that our final allocation is £968,616. We will receive this higher amount for six years, if the New Homes Bonus scheme continues in its present form.
- 5.11 The table below shows the allocations by year. You can see that we will receive each year's allocation for a six year period therefore by 2017/18 the year 1 allocation falls out.
- 5.12 You will recall last year you agreed to commit £334k of new homes bonus to fund the revenue budget.

Use of New Homes Bonus monies

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£	£	£	£	£	£	£	£
Relates to:								
2011/12	62,046	62,046	62,046	62,046	62,046	62,046		
2012/13		117,599	117,599	117,599	117,599	117,599	117,599	
2013/14			188,053	188,053	188,053	188,053	188,053	188,053
2014/15				227,109	227,109	227,109	227,109	227,109
2015/16					373,809	373,809	373,809	373,809
2016/17						?	?	?
2017/18							?	?
2018/19								?
2019/20								
2020/21								
2021/22								
2022/23								
	62,046	179,645	367,698	594,807	968,616	968,616	906,570	788,971
Allocated to date:								
Revenue base budget	60,000	60,000	60,000	333,780	333,780	333,780	333,780	333,780
Capital	0	0	100,000	63,000	125,000	62,000	200,000	??
	60,000	60,000	160,000	396,780	458,780	395,780	533,780	333,780
Spare ie unallocated	2,046	119,645	207,698	198,027	509,836	572,836	372,790	455,191
Bal C/fwd	2,046	121,692	329,390	527,417				

5.13 From the table above you can see at the end of March 2015 we will have £527k unspent to be carried forward together with £510k unallocated out of next year's allocation.

5.14 However there continues to be great uncertainty surrounding the future of the New Homes Bonus scheme. The Shadow Communities Secretary has pledged to abolish the scheme if Labour wins the general election.

Council Tax Requirement

- 5.15 As last year, we are therefore already in a position where we know our 2015/16 council tax and therefore what our budget requirement needs to be, assuming you accept the Budget Working Group's recommendation to freeze our council tax. Our Council Tax Requirement is therefore calculated as follows,

	£	£
Taxbase	21,703	
Band D	140.69	
Precept (ie amount raised from council tax)	3,053,395	3,053,395
Council Tax Surplus		22,004
Settlement Funding Assessment		2,240,595
Our Maximum Net Expenditure 2015/16		5,315,994

Base Budget Position

Introduction

- 5.16 Each committee has been asked to prepare their budget on the basis of no increase in the level of spending in real terms. The budgets do include provision for price increases of 2% and the already agreed pay award of 2.2% which covers the two years, 2014/15 and 2015/16. Fees and charges have also been reviewed by committees and have been increased by at least the rate of inflation where feasible. All committees have now considered their draft budgets for next year.

Provisional Base Position

- 5.17 The provisional base position for next year as submitted to service committees is shown below, compared with the original budget for 2014/15.

	Original Estimate 2014/15 £	Original Estimate 2015/16 £
Committee Expenditure		
Planning & Development	578,290	583,180
Community	3,480,480	3,494,060
Health & Housing	833,090	834,360
Policy & Finance	1,869,690	2,048,260
Total of Committees	6,761,550	6,959,860
Capital Adjustments		
Less Depreciation (included in above)	-725,170	-725,860
Add Minimum Revenue Provision (MRP)	135,960	132,830
Total Expenditure	6,172,340	6,366,830
Other Items		
External Interest - Payable	13,200	11,140

	Original Estimate 2014/15 £	Original Estimate 2015/16 £
Interest - Earned	-28,790	-25,260
Council Tax Freeze Concession (re 2014/15 freeze)	-31,560	0
Localisation of Council Tax Support - Payment to Parishes	17,034	11,500
New Homes Bonus	-594,807	-968,616
Business Rates		
Retained Rates Income	-138,958	-330,171
Section 31 Grant for Business Rates	-604,926	-617,898
Levy payable on growth	371,942	417,186
Share of Business Rates Deficit/(Surplus)	-15,061	46,136
Transfer From/To Various Earmarked Reserves (See Annex 3)	602,729	904,902
Net Expenditure	5,763,143	5,815,749
Adjustment to Balances to Get to Agreed Budget	-149,646	-499,755
Agreed budget for 2014/15 /Maximum Budget for 2015/16	5,613,497	5,315,994

Comments on Next Year's Base Revenue Budget

Committee Expenditure

- 5.18 The net effect, as shown in the above summary, is that committee has increased by £198k (before allowing for the use of earmarked reserves). The reasons for this, again, are varied and have been reported to service committees in the budget reports. In summary the main reasons for this are as follows;

Description	Variances from OE 2014/15 to OE 2015/16 £
CEXEC: Chief Executives Reduction in staffing costs due to an increase in the provision for staff turnover, reduction in hours worked within housing section, a pay award adjustment and a reduction in the amount of superannuation deficit payment due to the pension fund.	-32,690
OMDEV: Organisation and Member Development Reduction in staffing costs due to an increase in the provision for staff turnover, a pay award adjustment and a reduction in the amount of superannuation deficit payment due to the pension fund.	-9,330
OMDEV: Organisation and Member Development Reduction in depreciation costs due to the telephone system installed in 2004/05 becoming fully depreciated	-4,630

Description	Variances from OE 2014/15 to OE 2015/16
	£
DISTC: District Elections A budget provision has been introduced for holding the 2015 local elections, this expenditure will be funded from an earmarked reserve established for this purpose	77,750
ELECT: Register of Electors Increase in printing and stationery costs due to the move to individual electoral registration, expenditure to be funded from earmarked reserve established to fund additional costs involved in the move.	5,000
FMISC: Policy and Finance Miscellaneous Reduction in debt management expenses mainly due to the removal of the provision for revaluation of assets due in March 2015. The reduction will be offset by a reduction in the contribution from earmarked reserve.	-9,670
FMISC: Policy and Finance Miscellaneous Reduced income from VAT shelter money due from Symphony Homes resulting in a lower contribution to the earmarked reserve established from previous receipts	99,300
PERFM: Performance Reward Grants Reduced expenditure due to reducing number of approved schemes still to complete	-11,550
SUPDF: Superannuation Deficiency Payments Reduced expenditure due to reducing number of beneficiaries entitled to a pension	-9,270
COMPR: Computer Section Additional employee related expenses due to the restructure of the section which took place in 2014	5,440
FSERV: Financial Services Reduction in staffing costs due to an increase in the provision for staff turnover, a pay award adjustment and a reduction in the amount of superannuation deficit payment due to the pension fund.	-15,890
LSERV: Legal Services Reduction in budget provision for purchase of reference books resulting from a move towards to an online subscription	-10,000
LSERV: Legal Services Removal of the budget provision for the new burden grants income for the right to bid and the right to challenge. The reduction will be offset by a reduction in the contribution to the earmarked reserve established from previous grant payments	16,400
CONTC: Contact Centre Reduction in staffing costs due to an increase in the provision for staff turnover, a pay award adjustment and reduction in the amount of superannuation deficit payment due to the pension fund.	-6,830
CONTC: Contact Centre Reduction in depreciation costs due to the CRM system purchased in 2011/12 becoming fully depreciated	-4,450
REVUE: Revenues and Benefits Reduction in staffing costs due to an increase in the provision for staff turnover, a pay award adjustment and a reduction in the amount of superannuation deficit payment due to the pension fund.	-11,120
CTBEN – Localised Council Tax Support Administration Administration Grant income from the DCLG and DWP is reduced.	13,150
HGBEN – Housing Benefits Administration Administration Grant income from the DCLG and DWP is reduced.	13,150

Description	Variances from OE 2014/15 to OE 2015/16
	£
CLCEM – Clitheroe Cemetery Reduced income budgeted for the year on interments, exclusive burial rights, headstone foundations, plaques and maintenance of graves, based on reduced income levels in recent years.	5,030
DOGWD – Dog Warden and Pest Control The purchase of a new dog warden van in 2014/15 has resulted in increased depreciation being charged to this cost centre over the next five years, starting in 2015/16.	2,200
VARIOUS Net impact of the 2% inflation increase across income and expenditure budgets for Health & Housing Committee	-5,655
HGBEN – Housing Benefits Administration Savings from no longer needing to use the Civica IT fraud module from 1 April 2015.	-5,830
ENVHT – Environmental Health Budgeted increase in income from Environmental Protection Registration fees, based on predictions of newly liable commercial sites, and private water sampling income, based on increased levels of sampling for 2015/16 onwards to avoid future sampling backlogs.	-6,950
PLANG: Planning Control and Enforcement Planning fees have been reduced due to an anticipated fall in the larger planning application fees experience in recent years, also adjustment to decision notices income expected	108,150
PLANG: Planning Control and Enforcement Reduction in third party payments in respect of agricultural consultants and Ordnance survey costs	-8,570
BLDGC: Building Control Reduced income from building control fees is anticipated to continue	14,950
Planning & Development Committee various – net Inflation	-12,090
COMMD: Community Services Department Reduction in Children's Trust Grant receivable from Lancashire County Council.	10,000
VARIOUS: Public Conveniences Reduction in supplies and service and premises related costs following the closure and sale of three public toilets (Waddington, Newton and Gisburn).	-12,710
MUSEM: Castle Museum Reduced budget for curatorial fees to more accurately reflect the actual payment due.	-26,110
Community Committee - Various Increase in net expenditure due to inflationary increases in income, offset by inflationary increase in expenditure.	26,280
	193,455

Movement of Other items

- 5.19 When we prepared our original estimate for 2014/15 we anticipated 'other items' would reduce our net budget by £1,011,926 however our draft budget for next year anticipates these will reduce our budget by £1,455,983. This is a difference of £444k and can be explained below.

Other Items	£000
Additional New Homes Bonus	-374
Lower external interest payable & interest receivable	1
Difference in amount paid to parishes for impact of LCTS	-5
2014/15 Freeze Grant – now built in to our settlement	32
Additional Business Rate Income above our baseline	-98
Net Total reduction in other items	-444

6 BUSINESS RATE RETENTION SCHEME (BRRS)

- 6.1 The calculation of our income to be retained under Business Rates remains extremely complex and difficult to estimate. We have now completed our NNDR return which we will submit to the Government by 31 January 2015. We anticipate our share of business rates for next year will be as follows:

Business Rate Retained Income	2015/16 31 January 2015 as per NNDR1 £
Billing Authority NNDR Income	14,509,476
LA share of NNDR income	5,803,790
Less Tariff	4,244,345
	1,559,445
Baseline Funding Level	1,229,274
Retained Rates Income before levy	330,171
Less Levy	417,186
Section 31 Grant:	
SBRR	399,626
Multiplier Cap	23,136
"New Empty" Property	8,118
"Long Term Empty" Property	8,118
Retail Relief	178,900
Total Section 31 Grant	617,898
<i>*Levy paid over after end of year after audited NNDR3 submitted</i>	
Total Business Rate Income to General Fund	530,883
Deficit carried forward from 2014/15	-46,136
Total Business Rate Income to General Fund	484,747
Used to fund revenue budget	-262,926
Remaining to add to earmarked reserve	221,821

6.2 This shows that **based on our NNDR1 return** we expect to retain business rates income of £484,747

Volatility and Uncertainty

6.3 Due to the volatility and also the complexity of how the Business Rates Retention scheme works and further uncertainties surrounding issues such as appeals and growth estimates these figures should be treated with caution.

6.4 How much we should rely on to support our base revenue budget is a matter for professional judgement and has been considered by the BWG who have recommended that we use the same level of Business Rate Income as in the current year of £263k.

6.5 As shown above we estimate we could receive £485k next year. If you agree with the BWG recommendation I would recommend we add the balance (£485k-£263k=£222k) of the total estimated income to the business rates volatility earmarked reserve.

7 OTHER BUDGET ITEMS

Refuse Collection & Recycling

7.1 As you are aware the County Council will cease paying recycling credits on 31 March 2015. They have however offered a Cost Sharing agreement to Ribble Valley which was considered by Community Committee on 13 January 2015. Committee resolved that they were minded to accept the Cost Sharing offer subject to agreement of terms. The financial impact of the offer compared with our proposed budget is as follows:

	RCOLL Refuse Collection Service	PAPER Waste Paper and Card Collection	RECYC Recycling & Waste Awareness	TOTAL
Costs as Reported to Service Committees	1,151,240	67,550	65,360	1,284,150
Removal of Recycling Credits	279,160	70,260	6,930	356,350
Addition of Cost Sharing income	-326,580	-103,760		-430,340
Penalty Charge for RVBC Retaining Waste Paper and Card		98,900		98,900
Subtotal of Adjustments	-47,420	65,400	6,930	24,910
Amended Service Costs	1,103,820	132,950	72,290	1,309,060

7.2 We have written to LCC accepting their offer subject to a satisfactory agreement being reached.

7.3 **I would recommend that the budget impact shown above of £24,910 is funded from our New Homes Bonus allocation.** Members need to be aware that the County Council have informed all districts that Cost Sharing will cease in March 2018.

Tour of Britain Cycle Race

7.4 As previously agreed Ribble Valley will co-host a stage of the Tour of Britain cycle race with Pendle BC in September 2015. The estimated cost of £90,000 agreed by this Committee at your October meeting needs to be included in our budget for next year. This amount is not included in the Committee estimates above.

7.5 I would recommend that this is funded from our earmarked reserves as follows:

	Tour of Britain £
Budgeted Cost	90,000
Funded by:	
Use of Concessionary Travel Earmarked Reserve – no longer required	-40,026
Use of Tourism element of Remaining Performance Reward Grant Earmarked Reserve	-49,974
Budgeted Cost	90,000

8 REVENUE BUDGET 2016/17 AND BEYOND

8.1 In addition to considering our budget for 2015/16 we need to be conscious of the challenges also facing us the year after.

8.2 As stated earlier, we have no advance notice of our future settlements. However it is widely believed that public sector spending cuts may continue for another five years whichever party is in government.

9 BUDGET WORKING GROUP

Background

9.1 The Budget Working Group has again met frequently throughout the year to consider the Council's financial position.

9.2 Recent meetings have concentrated on reviewing the overall budget for 2015/16. After considering our budget forecast the Budget Working Group suggested a number of key considerations as a recommended approach to addressing the budget shortfall.

9.3 After reviewing each of these, the Budget Working Group have made a number of recommendations in order to achieve an affordable budget.

Budget Recommendations

1. Whether our council tax should be increased for 2015/16. The extra revenue gained by a 1.99% increase would be £61k each year. If we freeze our council tax we would receive £32k via freeze grant.

The BWG recommended we freeze our council tax for 2015/16.

2. How much of general fund balances should be used to finance the revenue budget shortfall? As per our MTFs we have estimated using £200k in 2015/16 to support revenue.

The BWG considered this and recommend that a maximum of £150k should be budgeted to be used, recognising that we have doubled the savings expected from staff turnover from 2% to 4% (based on recent experience) which equates to approx. an extra £114k and this may not materialise.

3. Examination of our base budget and previous underspends/overspends.

These have been incorporated in to the draft committee budget reports

4. Examination of how much business rates growth we can realistically expect to rely on

As set out earlier in the report, we have now completed our NNDR1 return for 2015/16 and expect to receive around £485k next year. **The BWG recommend using £263k of this to support the revenue budget.**

5. How much New Homes Bonus we can use to support the revenue budget.

We have received notification on 30 January that our final NHB allocation for next year will be £969k. We have already committed using £333k each year to support revenue. We need to consider how much of the balance (£635k) should be further used for revenue. **The BWG recommend we use a total amount of £651k to support our base revenue budget.**

10 ROBUSTNESS OF THE ESTIMATES AND BALANCES AND RESERVES

Introduction

- 10.1 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

10.2 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 regularly 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/Current pressures	<p>Ongoing cost of Planning Appeals:</p> <ul style="list-style-type: none"> • This includes the cost of defending appeals by our own staff and also the engagement of consultants and barristers to act on our behalf There are a number of appeals which are current. • This also includes costs awarded against the Council by the Planning Inspector at appeal stage, both settled and outstanding. There are a number of cost award claims which are still outstanding and indeed there may be future cost decisions against the Council. <p>Refuse Collection/Recycling As mentioned above recycling credit payments from LCC cease on 31 March 2015. The Council have received an offer from LCC to join their Cost Sharing Agreement. Community Committee considered this offer at their meeting on 13 January 2015 and resolved that we would be minded to enter such an agreement dependent upon agreement of terms. The impact on our revenue budget is a net cost of £25k. The County Council have however already given notice that Cost Sharing will cease in March 2018. Under this agreement we will receive £430k which from 2018/19 would be lost.</p> <p>Business Rate Retention Scheme Due to the volatility and also the complexity of how the Business Rates Retention scheme works and further uncertainties surrounding issues such as appeals and growth estimates I recommend not relying on the full</p>

	<p>amount of anticipated income for next year. I would recommend we add the balance of the total estimated income to the business rates volatility earmarked reserve.</p> <p>New Homes Bonus Our allocation for next year will be £969k. We have already committed using £333k each year to support revenue. The BWG recommend we use a further £317k to support our base budget resulting in a total amount of £651k. I must stress that there continues to be considerable uncertainty surrounding the future of the New Homes Bonus scheme, whichever political party with the forthcoming General Election.</p> <p>Income Streams The income share from the VAT shelter continues to decline and whilst this funding has been used to date to support the capital programme and not been relied upon to fund the revenue budget it is a cause for some concern.</p>
Consideration of Inflation and Interest Rates	<p>Inflation has been added to appropriate budgets at 2% and the agreed pay award for 2015/16 has been reflected in the committee estimates.</p> <p>The prospects for interest rates are regularly reviewed. Currently base rates are forecasted to remain at 0.5% for 2015/16</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>

- 10.3 I am confident with all these measures in place that the Council continues to manage its finances to a high standard and prepares robust budget plans.

Adequacy of Reserves

- 10.4 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 10.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued Local Authority Accounting Panel (LAAP) bulletin 99 in July 2014 regarding Local Authority Reserves and Balances. This replaced bulletin 77 and gives important guidance to local authorities.

10.6 *CIPFA guidance states that:* when reviewing their medium term financial plans and preparing their annual budgets local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes:

- ❖ a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
- ❖ a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
- ❖ a means of building up funds, often referred to as earmarked reserves to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the General Fund.

10.7 In order to assess the adequacy of unallocated general reserves when setting the budget, it is crucial to take account of the strategic, operational and financial risks facing the authority. The assessment of risks should include external risks, such as flooding, as well as internal risks, for example, the ability to deliver planned efficiency savings.

General Fund Balances

10.8 At this stage general fund balances are estimated as follows:

	£000
Opening Balance 1 April 2014	2,058
Estimated Amount to be added to Balances in 2014/15	161
Estimated Balances in Hand 31 March 2015	2,219

10.9 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.

10.10 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.

10.11 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 2015/16 the maximum amount to be used to fund recurring expenditure should be no more than £200,000. This is based upon our sound system of financial control and our recent track record of underspendings during the year.

Earmarked Reserves

10.12 Annex 3 shows the Council's earmarked reserves together with any movements forecast for 2014/15 and the 2015/16 financial year.

10.13 The earmarked reserves are used for mainly supporting the revenue budget but are also used to fund the capital programme. They are judged to be adequate to meet the commitments and forecast expenditure facing the Council..

11 BUDGET WORKING GROUP RECOMMENDED REVENUE BUDGET 2015/16

11.1 If you agree to the Budget Working Group's recommendations, the resultant budget for 2015/16 is set out below. This would still leave £2.069m in general fund balances at the end of March 2016

	Original Estimate 2014/15 £	Original Estimate 2015/16 £
Committee Expenditure		
Planning & Development	578,290	583,180
Community	3,480,480	3,518,970
Health & Housing	833,090	834,360
Policy & Finance	1,869,690	2,138,260
Total of Committees	6,761,550	7,074,770
Capital Adjustments		
Less Depreciation (included in above)	-725,170	-725,860
Add Minimum Revenue Provision (MRP)	135,960	132,830
Total Expenditure	6,172,340	6,481,740
Other Items		
External Interest - Payable	13,200	11,140
Interest - Earned	-28,790	-25,260
Council Tax Freeze Grant (re 2014/15 freeze)	-31,560	0
Council Tax Freeze Grant (re 2015/16 freeze)	0	-32,380
Localisation of Council Tax Support - Payment to Parishes	17,034	11,500
New Homes Bonus	-594,807	-968,616
Business Rates		
Retained Rates Income	-138,958	-330,171
Section 31 Grant for Business Rates	-604,926	-617,898
Levy payable on growth	371,942	417,186
Share of Business Rates Deficit/(Surplus)	-15,061	46,136
Transfer From/To Various Earmarked Reserves (See Annex 3)	602,729	472,617
Net Expenditure	5,763,143	5,465,994
Adjustment to Balances to Get to Agreed Budget	-149,646	-150,000
Agreed budget for 2014/15 /Maximum Budget for 2015/16	5,613,497	5,315,994

12 BUDGET AND COUNCIL TAX REQUIREMENT

- 12.1 We are required as a billing authority, to make certain calculations regarding the budget and council tax requirement. Obviously the calculation is based upon the information set out above.

BUDGET AND COUNCIL TAX REQUIREMENT	
	£
RVBC Net Budget	5,315,994
Plus Parish Precepts	363,992
	5,679,986
Less - Settlement Funding Assessment	-2,240,595
Net Requirement Before Adjustments	3,439,391
Council Tax Surplus	-22,004
Council Tax Requirement (Including Parishes)	3,417,387

13 UPDATED THREE YEAR BUDGET FORECAST

- 13.1 I have updated the three year forecast assuming the above budget for 2015/16 is agreed. The Medium Term Financial Strategy (MTFS) is reported elsewhere on the agenda and shows our position in more detail.
- 13.2 Our MTFS is the Council's key financial planning document. It aims to provide the council with an assurance that our spending plans are affordable over the Medium Term (3 year period)
- 13.3 The forward projections included within our MTFS are based upon our core base budget and capital programme. As you will appreciate these will change as we progress through 2015/16 to reflect the very latest income and expenditure projections
- 13.4 I have assumed we will rely on the same level of income from business rates and the New Homes Bonus throughout the forecast as currently ie £263k and £676k.
- 13.5 I have assumed ongoing reductions of 10% in Government Funding for each year in our forecast ie 2016/17, 2017/18 and 2018/19. I have included the council tax freeze grant as income for each year following the Government's assurance that we will receive this amount as part of our baseline funding going forward.
- 13.6 In terms of council tax levels I have included a 2% increase each year which would take our Band D tax to £149.30 by 2018/19. Clearly the decision on our council tax level for will be taken as part of each year's budget setting round.
- 13.7 This results in a forecast for the next three years of:

Three Year Budget Forecast

	2016/17		2017/18		2018/19	
	£		£		£	
Net Expenditure	6,977,000		7,181,591		7,819,083	
Interest Receipts	-26,000		-40,000		-60,000	
Use of Superannuation reserve	-36,175		-36,175		-36,175	
Council Tax Freeze grant re 2015/16	-32,380		-32,380		-32,380	
Use of Business Rate Growth	-262,926		-262,926		-262,926	
Use of New Homes Bonus	-676,065		-676,065		-676,065	
Use of Balances	-200,000		-200,000		-200,000	
Reductions in Expenditure Required	-581,311		-878,558		-1,579,672	
Budget Requirement	5,162,143		5,055,487		4,971,865	
Government Funding	2,016,536	assume 10% reduction on 15/16	1,814,882	assume 10% reduction on 16/17	1,633,394	assume 10% reduction on 17/18
Coll Fund Deficit/(Surplus)	0		0		0	
Council Tax Requirement	3,145,608	increase	3,240,605	increase	3,338,471	increase
Tax Base	21,920	1%	22,139	1%	22,361	1%
Band D Council Tax+A4	143.50	2%	146.37	2%	149.30	2%
Effect of above on General Fund Balances						
General Fund Balances	2016/17		2016/17		2016/17	
	£		£		£	
Brought Forward	2,069,383		1,869,383		1,669,383	
Used	-200,000		-200,000		-200,000	
Carried Forward	1,869,383		1,669,383		1,469,383	

13.8 The above forecast shows that if our estimates are correct the amount required to balance our budget will be significant, even after the use of balances and also supporting our revenue budget via the use of our new homes bonus by £676k each year. **For 2016/17 the budget gap would be £581k, 2017/18 £879k and 2018/19 £1.580m.** However any forward projections of our income and expenditure are always difficult. This has proved more so than ever because of the uncertainties around Business Rates, New Homes Bonus and the outcome of the general election in May.

13.9 The Budget Working Group will continue to review the Budget Forecast as we enter the next financial year.

14 ILLUSTRATIVE TOTAL COUNCIL TAX AT BAND D

- 14.1 Finally I have shown below our anticipated total Band D council tax assuming a zero percentage increase for ourselves, a 1.95% increase for Lancashire Combined Fire Authority and a 1.99% increase for Lancashire County Council and the Police and Crime Commissioner for Lancashire. I must stress these are indicative figures at this stage.

	Meeting Date to agree council tax	Actual Band D Council Tax 2014/15 £	Estimated Band D Council Tax 2015/16 £	%
Ribble Valley		140.69	140.69	0
Parishes (average)		16.81	16.77	-0.24
Lancashire County Council	12 Feb 15	1,107.74	1,129.78	1.99
Police and Crime Commissioner for Lancashire	Feb 15	155.96	159.06	1.99
Lancashire Combined Fire Authority	16 Feb 15	63.65	64.89	1.95
		1,459.88	1,487.02	1.7

15 RECOMMENDED THAT COMMITTEE

- 15.1 Approve the revised budget for 2014/15.
- 15.2 Approve the Budget Working Group's recommendations and set a budget and council tax requirement for 2015/16 as set out in Section 12.1.
- 15.3 Recommend the budget and council tax requirement to the Full Council meeting on 3 March 2015.

DIRECTOR OF RESOURCES
/JP/AC
2 FEBRUARY 2015

**SPECIAL POLICY & FINANCE COMMITTEE
ANALYSIS OF TRANSFERS TO AND FROM EARMARKED RESERVES**

	Original Estimate 2014/15 £	Revised Estimate 2014/15 £
Local Recreation Grants Fund	0	-8,960
Elections Fund	21,450	22,840
Building Control Fund	1,770	3,770
Capital	0	3,080
Fleming VAT Claim	0	10,420
Post LSVT	-36,175	-36,175
Performance Reward Grant	-23,510	-17,770
Refuse Collection	0	-470
VAT Shelter Reserve	279,300	140,000
Revaluation of Assets Reserve	-8,000	-8,000
Clean Air Reserve	-480	-480
Equipment Reserve	0	-23,610
Land Charges Reserve	0	-4,670
Pendle Hill User Reserve	0	-3,450
Planning Reserve	0	-16,580
Promotional Activities Reserve	0	-12,110
Crime Reduction Partnership Reserve	-25,580	-12,230
Exercise Referral Reserve	-7,550	0
New Homes Bonus Reserve	261,027	261,026
Core Strategy Reserve	0	-70,250
Housing Related Grants Reserve	0	-25,250
Business Rates Volatility Reserve	124,077	100,439
Community Right to Bid/Challenge	16,400	16,400
Grant Funded Sports Development	0	-1,500
Inspire III Reserve	0	-7,130
Individual Electoral Registration Reserve	0	16,660
Net Movement	602,729	326,000

**SPECIAL POLICY & FINANCE COMMITTEE
COLLECTION FUND STATEMENT**

	Original 2014/15 £	Revised 2014/15 £
Expenditure		
Deficit Brought Forward:		
Council Tax	0	20,747
Business Rates	0	192,002
Council Tax Precepts:		
Lancashire County Council	23,695,666	23,695,666
Police & Crime Commissioner for Lancashire	3,336,140	3,336,140
Lancashire Combined Fire Authority	1,361,537	1,361,537
Ribble Valley incl Parishes	3,369,132	3,369,132
Allocation of Council Tax Surplus for Year:		
Ribble Valley	157	228
Lancashire County Council	1,083	1,083
Lancashire Combined Fire Authority	63	63
Police & Crime Commissioner for Lancashire	152	152
Allocation of Business Rates Surplus:		
Central Government	37,653	37,653
Ribble Valley	30,122	30,122
Lancashire County Council	6,777	6,777
Lancashire Combined Fire Authority	753	753
Cost of Collecting NNDR	87,901	87,901
Distribution of Business Rates:		
Central Government	6,986,911	6,986,911
Ribble Valley	5,589,528	5,589,528
Lancashire County Council	1,257,644	1,257,644
Lancashire Fire Authority	139,738	139,738
Enterprise Zone	10,008	10,008
Transitional Protection Payments	0	0
Overpayments of council tax benefit		15,592
NNDR - Bad Debts Provision	75,637	75,637
NNDR - Appeals Provision	142,242	142,242
Council Tax - Bad Debts Provision	240,019	75,000
CT Benefit Subsidy paid to RVBC		
	46,368,863	46,432,256
Income		
Surplus Brought Forward:		
Council Tax	1,455	0
Business Rates	75,305	0
Share of Deficit:		
Lancashire County Council		
Police & Crime Commissioner for Lancashire		

**SPECIAL POLICY & FINANCE COMMITTEE
COLLECTION FUND STATEMENT**

	Original 2014/15 £	Revised 2014/15 £
Lancashire Combined Fire Authority		
Ribble Valley		
Council Tax Income	32,002,494	32,078,041
Council Tax Benefits		4,745
Transitional Protection Payments due to the authority	65,436	51,067
Business Rates	14,224,173	14,390,509
	46,368,863	46,524,362
Surplus/(Deficit) carried forward		
CTAX - Surplus/Deficit) Carried Forward	0	207,446
NNDR - Surplus/Deficit) Carried Forward	0	-115,340
Total Surplus/(Deficit)	0	92,106

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2014	To be added/(taken) in 2014/15	Balance at 31 March 2015	To be added/(taken) in 2015/16	Balance at 31 March 2016
	£	£	£	£	£
Local Recreation Grants Fund	20,546	-8,960	11,586	0	11,586
Elections Fund	56,306	22,840	79,146	-55,870	23,276
Audit Reserve Fund	12,335	0	12,335	0	12,335
Building Control Fund	-103,459	3,770	-99,689	3,020	-96,669
Capital	653,919	-58,850	595,069	-115,000	480,069
Insurance	16,748	0	16,748	0	16,748
Christmas Lights/RV in Bloom	1,186	0	1,186	0	1,186
Community Enhancement	11,419	0	11,419	0	11,419
IT Equipment	69,903	0	69,903	0	69,903
Conservation Reserve	6,210	0	6,210	0	6,210
Concessionary Travel	40,026	0	40,026	-40,026	0
Fleming VAT Claim	239,926	-5,030	234,896	-24,600	210,296
Repairs and Maintenance	29,299	0	29,299	0	29,299
Post LSVT	365,125	-36,175	328,950	-36,175	292,775
Market Town Enhancement	8,372	0	8,372	-7,000	1,372
Performance Reward Grant	302,874	-17,770	285,104	-61,934	223,170
Refuse Collection	93,323	-470	92,853	0	92,853
Restructuring Reserve	227,541	0	227,541	0	227,541
VAT Shelter Reserve	1,511,441	54,000	1,565,441	-237,000	1,328,441
Revaluation of Assets Reserve	8,000	-8,000	0	2,000	2,000
Clean Air Reserve	3,161	-480	2,681	-480	2,201
Equipment Reserve	84,096	-23,610	60,486	0	60,486
Forest of Bowland Reserve	29,646	0	29,646	0	29,646
Invest to Save Fund	250,000	0	250,000	0	250,000

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2014	To be added/(taken) in 2014/15	Balance at 31 March 2015	To be added/(taken) in 2015/16	Balance at 31 March 2016
	£	£	£	£	£
Land Charges Reserve	11,000	-4,670	6,330	0	6,330
Pendle Hill User Reserve	16,703	-3,450	13,253	0	13,253
Planning Reserve	178,020	-16,580	161,440	0	161,440
Promotional Activities Reserve	12,110	-12,110	0	0	0
Crime Reduction Partnership Reserve	29,950	-12,230	17,720	-17,720	0
Housing Benefit Reserve	100,000	0	100,000	0	100,000
Wellbeing and Health Equality	47,428	0	47,428	0	47,428
Exercise Referral Reserve	6,433	0	6,433	0	6,433
Clitheroe Cemetery Reserve	3,640	0	3,640	0	3,640
New Homes Bonus Reserve	339,418	198,026	537,444	167,551	704,995
Core Strategy Reserve	83,100	-70,250	12,850	0	12,850
Housing Related Grants Reserve	26,202	-25,250	952	0	952
Business Rates Volatility Reserve	212,704	100,439	313,143	221,821	534,964
Community Right to Bid/Challenge	29,822	16,400	46,222	0	46,222
Grant Funded Sports Development	1,500	-1,500	0	0	0
Human Resource Development	27,500	0	27,500	0	27,500
Whalley Moor Reserve	4,970	0	4,970	0	4,970
Inspire III Reserve	7,131	-7,131	0	0	0
Individual Electoral Registration Reserve	17,024	16,660	33,684	-14,570	19,114
	5,092,598	99,619	5,192,217	-215,983	4,976,234
Used for revenue budget		326,000		472,617	
Used for capital programme		-226,381		-688,600	

**SPECIAL POLICY AND FINANCE COMMITTEE
PARISH PRECPTS 2015/16**

Band D		Parish	Parish	Parish	Band D
Equiv	Parish	2015/16	2014/15	Increase/ Decrease	Equivalent Tax 2015/16
Tax Base		£	£	£	£
440	Aighton, Bailey & Chaigley	4,750.00	4,750.00	0.00	10.80
192	Balderstone	1,190.00	1,245.00	-55.00	6.20
352	Barrow	6,000.00	N/A	N/A	17.05
197	Bashall Eaves, Great Mitton & Little Mitton	1,202.00	1,105.00	97.00	6.10
1,993	Billington & Langho	13,500.00	15,000.00	-1,500.00	6.77
473	Bolton by Bowland, Gisburn Forest & Sawley	9,898.00	15,000.00	-5,102.00	20.93
67	Bowland Forest (High)	2,133.00	2,166.80	-33.80	31.84
83	Bowland Forest (Low)	1,200.00	1,200.00	0.00	14.46
82	Bowland with Leagram	187.00	500.00	-313.00	2.28
367	Chatburn	10,085.00	9,570.00	515.00	27.48
483	Chipping	7,150.00	5,900.00	1,250.00	14.80
499	Clayton le Dale	2,781.00	2,929.00	-148.00	5.57
4,797	Clitheroe	92,558.00	87,417.00	5,141.00	19.29
45	Dinckley	0.00	0.00	0.00	0.00
51	Downham	0.00	0.00	0.00	0.00
105	Dutton	479.00	496.00	-17.00	4.56
194	Gisburn	3,877.00	3,733.00	144.00	19.98
355	Grindleton	7,500.00	7,500.00	0.00	21.13
44	Horton	0.00	0.00	0.00	0.00
72	Hothersall	750.00	750.00	0.00	10.42
2,622	Longridge	59,558.00	58,295.00	1,263.00	22.71
8	Mearley	0.00	0.00	0.00	0.00
986	Mellor	14,300.00	14,300.00	0.00	14.50
20	Newsholme	0.00	0.00	0.00	0.00
145	Newton	2,456.00	2,424.00	32.00	16.94
106	Osbaldeston	741.00	700.00	41.00	6.99
43	Paythorne	0.00	0.00	0.00	0.00
103	Pendleton	1,266.00	1,263.00	3.00	12.29
266	Ramsgreave	1,889.00	1,932.00	-43.00	7.10
547	Read	7,838.00	7,603.00	235.00	14.33
651	Ribchester	7,586.00	7,477.00	109.00	11.65
216	Rimington & Middop	3,946.00	4,000.00	-54.00	18.27
516	Sabden	14,287.00	14,676.00	-389.00	27.69
171	Salesbury	4,740.00	4,800.00	-60.00	27.72
493	Simonstone	8,200.00	8,000.00	200.00	16.63
147	Slaidburn & Easington	1,750.00	1,750.00	0.00	11.90
160	Thornley with Wheatley	1,500.00	1,500.00	0.00	9.38
37	Twiston	0.00	0.00	0.00	0.00
447	Waddington	13,500.00	13,500.00	0.00	30.20

**SPECIAL POLICY AND FINANCE COMMITTEE
PARISH PRECPTS 2015/16**

Band D		Parish	Parish	Parish	Parish	Band D
Equiv	Parish	2015/16	2014/15	Increase/ Decrease	2015/16	Equivalent Tax 2015/16
Tax Base		£	£	£		£
356	West Bradford	6,200.00	6,070.00	130.00		17.42
1,474	Whalley	31,353.00	31,029.00	324.00		21.27
1,076	Wilpshire	15,147.00	15,051.00	96.00		14.08
179	Wiswell	2,495.00	6,000.00	-3,505.00		13.94
43	Worston	0	0	0.00		0.00
21,703		363,992.00	359,631.80	-1,639.80		

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 8

meeting date: 10 FEBRUARY 2015
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 2015/16 to 2017/18.

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 (2015/16 plus 2 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 2015/16 and the suggested Forward 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

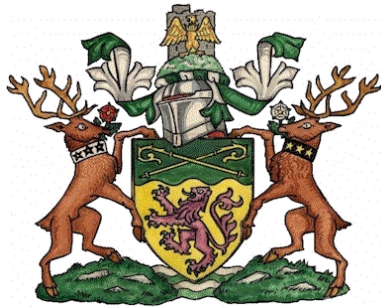
4.1 Approve the Medium Term Financial Strategy for 2015/16 to 2017/18.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF17-15/LO/AC
3 February 2015

February 2015



Ribble Valley Borough Council

Medium term financial strategy

2015/16 to 2017/18

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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 2015/16 to 2017/18 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 Corporate Strategy sets out the strategic direction of the Council, providing a focus to ensure that the services the council delivers meet the needs of its communities. 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 continues to be that we aim to ensure that Ribble Valley will be:

Our Vision

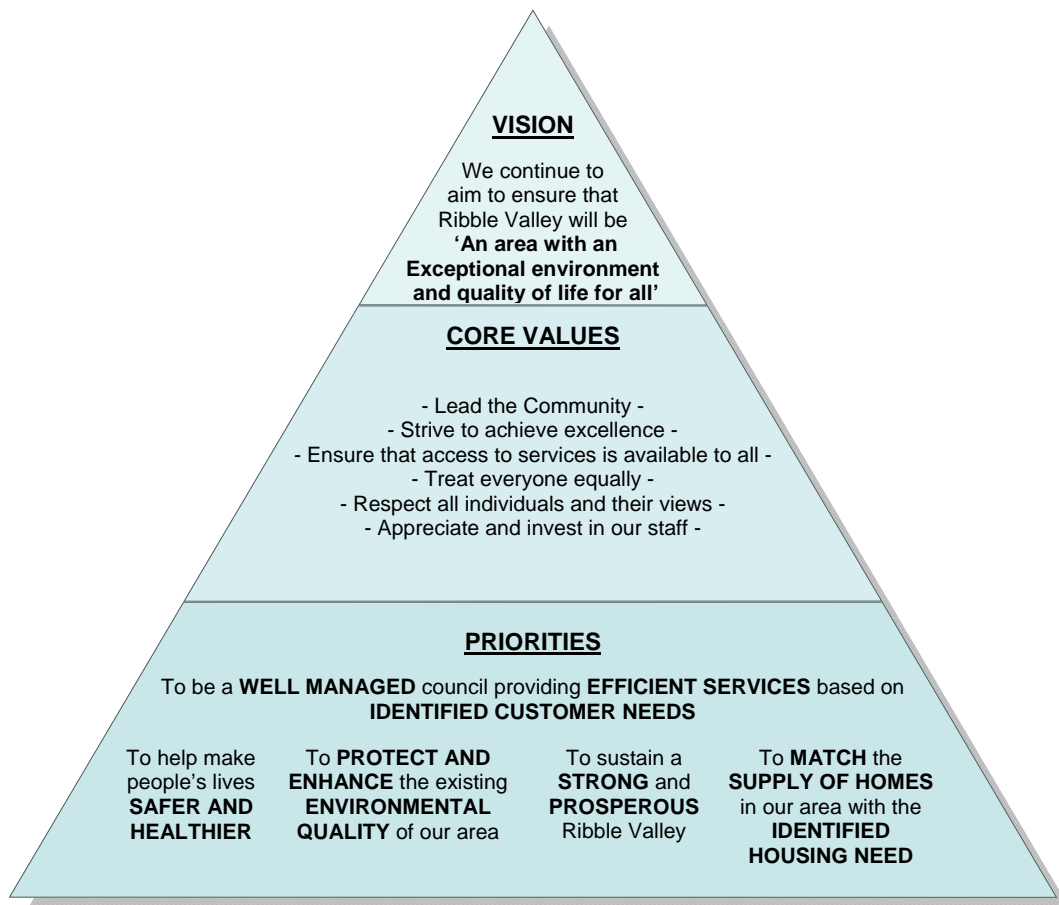
An area with an exceptional environment and quality of life for all; sustained by vital and vibrant market towns and villages acting as thriving service centres meeting the needs of residents, businesses and visitors.

- 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.
- 2.7 In order to deliver its Vision and provide a focus for how it delivers services, the Council has agreed a set of five corporate priorities. The Council's priorities are deliberately limited to focus attention over the life of the Corporate Strategy. Each priority has a number of objectives, underlying actions, and key measures of success, which should allow progress towards the achievement of the priority to be monitored. They are expanded upon in the supporting Corporate Action Plan.
- 2.8 Above all **'We aim to be a well-managed Council providing efficient services based on identified customer needs'** overarches all of our priorities, whilst recognising the importance of securing a diverse, sustainable economic base for the Borough. The priorities are driven by local needs with consideration to national priorities.



3 **Demographic Context**

Locality

- 3.1 Ribble Valley is in the County of Lancashire bordering neighbouring councils in Pennine Lancashire, Craven District Council in North Yorkshire, South Ribble, Preston, Wyre and Lancaster Borough Councils. The administrative centre for the district is the historic market town of Clitheroe. The industrial and commercial centre for the west of the borough is the town of Longridge.
- 3.2 The remaining area is mainly rural, ranging from large villages to small hamlets. Some settlements are accessible along the A59 corridor; others are more remote from services and public transport. Along with ancient woodland, biological heritage sites, conservation areas and sites of special scientific interest, two thirds of Ribble Valley is part of the Forest of Bowland Area of Outstanding Natural Beauty (AONB).

Local Economy

- 3.3 Unemployment is below the national and regional averages and the third lowest in the North West (at 4.2% compared with the national average of 6.5%)¹. Earnings are above the national average.
- 3.4 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 8.2% 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 2,400 jobs in tourism-related businesses.
- 3.5 One of the largest employment sectors in Ribble Valley is manufacturing, which accounts for 22.6² of employment within the borough, and is represented by major national and multi-national companies such as Hanson Cement, Johnson Matthey, and BAe Systems. The relatively small number of large employers is complemented by an above average presence of micro enterprises employing 0-9 employees.
- 3.6 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 and first time buyers. The ratio of lower quartile house price to lower quartile earnings is 7.45, which is the highest in Lancashire and one of the highest in the North. The mean house price sale in Ribble Valley as at April – June 2013 was £222,968³. In Lancashire the mean house price sale was £151,012 over the same period.

Resident Population and Projections

- 3.7 According to the ONS Census figures, the total resident population of the Borough reached 57,900⁴ during 2013. Life expectancy within the Ribble Valley is currently 80.5 for males and 84.0 for females⁵. According to ONS projections, the resident population of the Borough is predicted to increase by an additional 2,100 people over the next few years to reach a total of 60,000 Borough residents by 2027.⁶ Migration accounts for all of the population growth as projections show fewer births than deaths in the Borough.
- 3.8 In 2 wards there has been an increase in population of more than 15% since 2002 – Whalley (24.9%) and Billington and Old Langho (30.22%). Six wards have seen a population decrease over the same period – Chatburn (-1.64%), Chipping (-1.16%), Derby and Thornley (-0.85%), Edisford and Low Moor (-2.76%), Langho (-1.35%) and Littlemoor (-0.44%).⁷
- 3.9 Population density across the Borough as a whole averages 1 person per hectare. This is far lower than the overall England average of 4.1 persons per hectare and the North West average of 5 persons per hectare.⁸
- 3.10 From the 2011 Census 97.8% of the borough is recorded as White. There has been a small population increase in ethnic groups since 2001.⁹ There are no geographical areas of the borough where there is a significant community of non-white ethnic groups.

¹ ONS – NOMIS Labour Market Statistics September 2013 (October 2013 to September 2014)

² NOMIS - Business register and Employment Survey (BRES) 2013

³ GOV.UK - Land Registry Data April – June 2013

⁴ Office for National Statistics 2013 Population Estimate

⁵ Ribble Valley 2014 Health Profile produced by the English Public Health Observatories

⁶ Office for National Statistics interim 2012-based Subnational Population Projections (May 2014)

⁷ Comparison of 2001 Census and 2007 mid year projected population – ward quinary (experimental stats)

⁸ Office for National Statistics Census 2011 – Population density

⁹ Office for National Statistics Census 2011 – Ethnicity

Ribble Valley	White		Mixed		Asian		Black		Other	
	2011	2001	2011	2001	2011	2001	2011	2001	2011	2001
	97.8	98.4	0.7	0.4	1.4	1.0	0.1	0.1	0.1	0.1

3.11 Between 2002/03 to 2005/06 the highest numbers of people registering for National Insurance in Lancashire were from Poland (around 3,500), India (almost 2,000) and Pakistan (1,800).¹⁰ The 2011 Census confirms that the highest percentage of people with a country of birth not being the United Kingdom, were from Poland.¹¹

Age Structure (Older Persons)

3.12 Within Ribble Valley 20.2%¹² of the population (11,531) has reached retirement age and 18% have retired (compared to 16.5% in 2001).¹³ The retired population has increased since the Census in 2001. There are now significantly more retired people living in the borough compared with the number of children (10,580 aged 0-15 years)¹⁴. The 2011 Census shows that there are 1,479 people aged over 85 living in the borough, which is an increase of 21% since 2001 (1,168).

3.13 The highest proportion of people at retirement age (65+) can be seen in Clayton-le-Dale (26.71%), with 1 other ward having over 25% of the population at retirement age, being Waddington and West Bradford (26.07%).¹⁵

Age Structure (Young Persons)

3.14 There are 9,733 children (aged 0-14) living in the borough. This is 299 fewer than 11 years ago (10,032,)¹⁶. Within this age group the number of pre-school children (aged 0-4) fell by 1.5% between 2002 and 2013 and currently stands at 2,830. The number of primary school children (aged 5-9) fell by 6.5% over the same period and currently stands at 3,106 and the number of high school children (aged 10-15) also declined and now stands at 3,797.¹⁷

3.15 Within the borough several wards have seen large declines in the number of children (aged 0-15) – Chatburn (-18.3%), Chipping (-16.06%) and Derby and Thornley (-23.04%). However, some wards have seen substantial increases – Whalley (20.73%), Primrose (20.31%) and Billington and Old Langho (40.04%).¹⁸

Age Structure (Working Age)

3.16 There are currently 41,285 people in the working age population (age 16 to retirement age) of the Borough.¹⁹

3.17 Billington and Langho (20.72%) has seen the largest increase in the working age population (age 20 to retirement age) in the borough between 2002 and 2011. Two other wards have also seen substantial increases – Whalley (20.12%) and Gisburn (10.37%). Several wards have seen notable declines – Langho (-9.47%), Edisford and Low Moor (-6.2%) and Wiswell and Pendleton (-8.5%).

¹⁰ Analysis of National Insurance Number Registrations by non-UK Nationals, by country of origin, in Lancashire County and the Districts: 2002/03 – 2005/06 – A report produced by LCC's Research and Intelligence Team

¹¹ Office for National Statistics Census 2011 – Country of birth detailed

¹² Office for National Statistics Census 2011 – Age Structure

¹³ Office for National Statistics Census 2011 – Economic activity

¹⁴ Office for National Statistics Census 2011 – Age structure

¹⁵ Office for National Statistics 2011 mid-year projection - ward quinary

¹⁶ Comparison of ONS mid 2002 and mid 2011 projected population – quinary age groups

¹⁷ Comparison of ONS mid 2002 and mid 2011 projected population

¹⁸ Comparison of ONS Census 2001 and mid 2007 projected population – ward quinary (experimental stats)

¹⁹ ONS Census 2011 – Economic Activity

Housing and Households

- 3.18 In terms of housing tenure, 76.6% of dwellings are owner occupied, 13.7 % are privately rented and 7.6% are social rented. There are currently approximately 365 long-term vacant private dwellings, a figure that we are taking action to reduce.²⁰
- 3.19 According to household projections there were 25,011²¹ households within the Borough at the end of 2012. The number of borough households is expected to grow to 29,000 by 2028 at an estimated increase of 250²² households per annum.
- 3.20 The average size of Borough households was 2.3 persons in 2011, compared to a projected figure of 2.18 persons per household by 2028. The declining household size is directly linked to the requirements for new dwellings.

Social Deprivation (Index of Multiple Deprivation)

- 3.21 The IMD 2010 provides measures of deprivation at local authority level, ranking the deprivation of 354 local authority districts in England, where 1 is the most deprived and 354 is the least deprived. The rankings for the Ribble Valley are summarised below:

Rank out of 354	
Average Score	290
Extent	294
Local Concentration	312
Income Scale	323
Employment Scale	305

Health

- 3.22 According to the Ribble Valley Health Profile 2014²³, the health of people in Ribble Valley is generally better than the England average. Life expectancy for men and women is higher than the England average. Over the last 10 years, all-cause mortality rates have fallen. The early death rate from heart disease and stroke has fallen and is better than the England average.
- 3.23 However, there are significant health problems. Deprivation is lower than average, however about 600 children live in poverty. About 11.4% of Year 6 children are classified as obese, this is lower than the average for England. Levels of breast feeding initiation and smoking in pregnancy are worse than the England average with 19.4% of expectant mothers smoke during pregnancy.
- 3.24 The rate of road injuries and deaths of 69.2 per 100,000 population is significantly higher than the England average of 40.5 per 100,000 population.

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. The creation of earmarked reserves enables flexibility in approach to financial and service pressures, allowing the council to respond in a timely manner.
- 4.2 At the end of the 2013/14 financial year the Council further built its financial resilience by strengthening the level of earmarked reserves to meet the challenging and uncertain period that it continues to work through, and also to meet known shorter term commitments

²⁰ 2011 Census

²¹ Valuation Office – Council Tax

²² Core Strategy 2008-2028 – Submission Version

²³ Produced by the Association of Public Health Observatory on behalf of the Department of Health

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- 4.3 The level of General Fund Balances and Earmarked Reserves at the 31 March 2013 totalled £7.151 million.
- General Fund Balances: £2.058m
 - Earmarked Reserves: £5.093m
- 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. As we continue to work through this period of financial uncertainty, there is increasing pressure on the use of our general fund balances and earmarked reserves. Whilst the Government continue to reduce their funding for local government, they also continue to encourage authorities to freeze their council tax levels. As we continue to use our general fund balances to finance the revenue budget it must be noted that it is recommended that they are not allowed to fall below £700,000.
- 4.5 The level of the Council's net expenditure (expenditure net of fees and charges, interest and movements in balances) continues to fall as a result of the reducing level of support from the Government. With council tax levels frozen, alternative sources of financial support for council services is limited.
- 4.6 The level of net expenditure needed in future years will also be very sensitive to changing income levels from investment returns and fees and charges, both of which have been affected substantially by the poor economic climate over the past few years.
- 4.7 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. In the medium term we look to use approximately £150,000 in 2015/16 and £200,000 per annum thereafter from General Fund balances to support the revenue budget.
- 4.8 Whilst the level of government support is known to continue to reduce in to 2015/16, following receipt of provisional figures, the level of future government support for 2016/17 onwards remains uncertain. This uncertainty reinforces the need for the council to maintain a healthy level of general fund balances, and indeed the potential volatility around the new business rates retention scheme has added to the uncertainties that we face and the need to use earmarked reserves in order to cushion future fluctuations and pressures.
- 4.9 The level of overall capital reserves has been a matter of concern over recent years. These have been somewhat depleted. At the 31 March 2015 it is estimated that the capital reserve earmarked reserve will be above the minimum recommended level of £350,000 and will remain so until the end of the forward capital programme.

5 **National Context and Other External Factors**

The Local Government Finance Settlement (2015/16)

- 5.1 On 18th December 2014, Kris Hopkins MP, the Minister for Local Government announced the provisional local government finance settlement for 2015-16.
- 5.2 The headline for this council was that provisional “spending power” (as defined by the Government) would reduce by 1% in 2015/16. However, when we compare the figures for our Settlement Funding Assessment (SFA) our analysis of the change in cash terms shows a fall of 14% (£2.604m to £2.241m)

Local Government Finance Settlement – Settlement Funding Assessment

Financial Year	£'000	Percentage Decrease from 2014/15
2014/15	2,604	-
2015/16 – Provisional	2,241	-14%

- 5.3 The Settlement Funding Assessment consists of the local share of business rates, and Revenue Support Grant. The first Settlement Funding Assessment in 2013/14, which formed the starting point for setting Revenue Support Grant until 2020, was called the Start-Up Funding Assessment. This is broadly the same as our former Formula Grant.

Business Rates Retention

- 5.5 As referred to above, business rates retention forms an important element of the council’s Settlement Funding Assessment. The level of baseline funding to be received through Business Rates in 2015/16 has been confirmed by the government as part of the Settlement Funding Assessment. The council also knows the corresponding level of business rates growth, above the baseline, that it is likely to receive in 2015/16, based on the completion of government return NNDR1.
- 5.6 Any further growth (or the impact of any decline) that occurs in the 2015/16 financial year, over and above that forecast in the government return NNDR1, will not be benefitted from until future years, through the distribution of any surplus on the collection fund relating to business rates. This is declared to the government and the major precepting bodies through the completion of government return NNDR3 at the end of the financial year.
- 5.8 As a result of the volatility around business rates, the council has an earmarked reserve in order to cushion the impact of future fluctuations in funding that we are to receive. Forecast additional growth and any compensation for the future extension of Small Business Rate Relief (SBRR) and Empty Property Rate Relief (EPRR) will be set aside in this earmarked reserve.

New Homes Bonus

- 5.10 The New Homes Bonus commenced in April 2011 and is paid to the council by the Government for new homes and empty properties brought back in to use. The amount receivable is equivalent to the national average council tax for each property and is receivable every year for the following six years. The amount is also supplemented with an additional amount for affordable homes.
- 5.11 The Government have announced the provisional amounts for the New Homes Bonus for 2015/16 (£1,167m)

5.12 Our allocation for 2014/15 was £594,807 and for 2015/16 will be £968,616. The table below shows the amounts we have already received and also the amounts forecast for the coming years. Also shown are our commitments to using this funding.

Year of Award	Received 2011/12 £	Received 2012/13 £	Received 2013/14 £	Received 2014/15 £	Final 2015/16 £	Provisional 2016/17 £	Provisional 2017/18 £
Granted 2011/12	62,046	62,046	62,046	62,046	62,046	62,046	
Granted 2012/13		117,599	117,599	117,599	117,599	117,599	117,599
Granted 2013/14			188,053	188,053	188,053	188,053	188,053
Granted 2014/15				227,109	227,109	227,109	227,109
Provisional 2015/16					373,809	373,809	373,809
Estimated 2016/17						?	?
Estimated 2017/18							?
Total	62,046	179,645	367,698	594,807	968,616	968,616	906,570
New Homes Bonus Commitments¹	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Revenue	-60,000	-60,000	-60,000	-333,780	-676,065	-676,065	-676,065
Capital	0	0	-100,000	-63,000	-125,000	-62,000	-200,000
Total	-60,000	-60,000	-160,000	-396,780	-801,065	-738,065	-876,065
Unallocated in Year	2,046	119,645	207,698	198,027	167,551	230,551	30,505
Unallocated Cumulative	2,046	121,691	329,389	527,416	694,967	925,518	956,023

² The Commitments section of the above table assumes continued use of New Homes Bonus at the level agreed for 2015/16

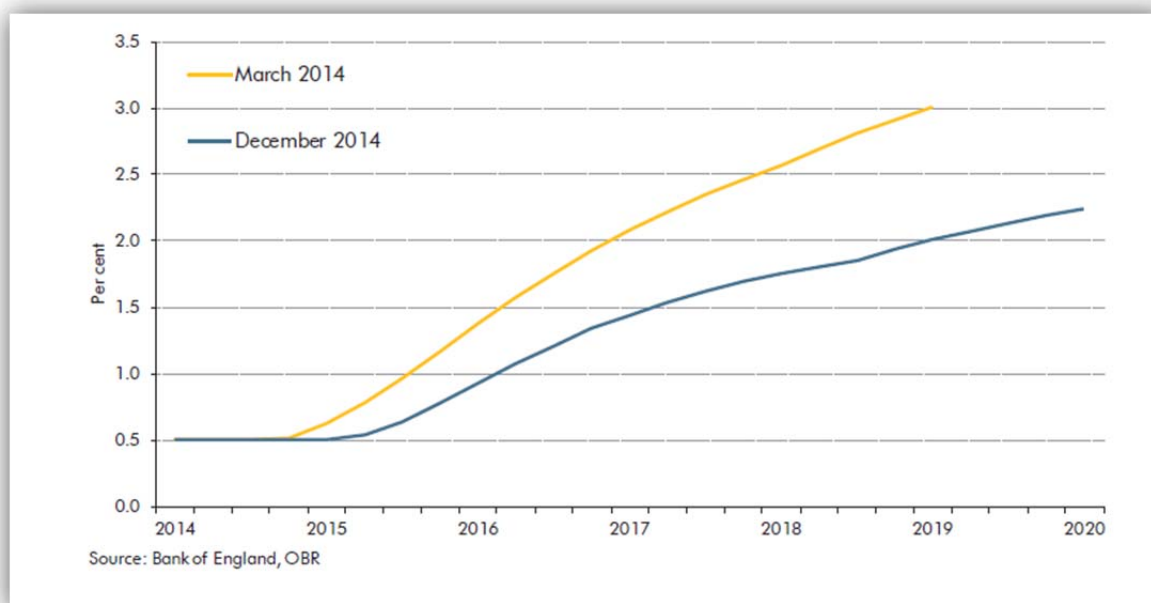
5.13 The unallocated cumulative totals as shown above are added to an earmarked reserve and will be used to meet future revenue and capital pressures; however, at this stage it is anticipated that it is more likely to be used to meet the pressures anticipated on the revenue budget.

Interest Rates

5.14 Nationally, bank base interest rates have remained static at 0.5% in the period. This low interest rate has had no immediate effect on the interest payable on the Council's long-term loan debt from Public Works Loan Board (PWLB), which is all at fixed interest rates. However, it has resulted in a continued low level of income from our temporary investments.

5.15 Interest rates are not anticipated to increase until 2017/18, and even then at a modest rate. Based on information provided by the Office of Budget Responsibility (OBR), relative to expectations in March, markets expect Bank Rate to rise later and by significantly less over the next five years. Bank Rate is now expected to reach 2.0 per cent in the first quarter of 2019, two years later than forecast in March 2014.

- 5.16 The table below shows the comparison of market expectations of Bank Rate in March 2014, to the expectations in December 2014.



Localisation of Council Tax Support

- 5.17 Whilst the council has put in place a scheme for the Localisation of Council Tax Support, the longer term impact on the council's budget is unknown. This is largely due to unknown future case load in the current downturn, which could conversely improve our position should the economy recover. Any future changes to the governments support for localised council tax support is also unknown, as the funding element that was made known to the council for 2013/14 is now rolled-in to the main Settlement Funding Assessment.
- 5.18 The scheme adopted by this council matched the previous Council Tax Benefit scheme but with a 12% reduction in entitlement for those of working age. The scheme costs continue to be closely monitored.

Council Tax

- 5.19 The Government has again encouraged council's to freeze the level of council tax for 2015/16 through the offer of a further Council Tax Freeze Grant. In order to help facilitate this, the Government have announced a Freeze Grant worth 1% for 2015/16 for those councils who decide to freeze their council tax. For Ribble Valley this would be a grant of approximately £32,380.
- 5.20 The budget proposals show a council tax freeze for Ribble Valley Borough Council in 2015/16 followed by a 2% increase in 2017/18 and 2018/19. It must be recognised that these are medium term forecasts, and such proposals may change as part of the regular review of the medium term financial strategy.

Other Specific Growth Pressures

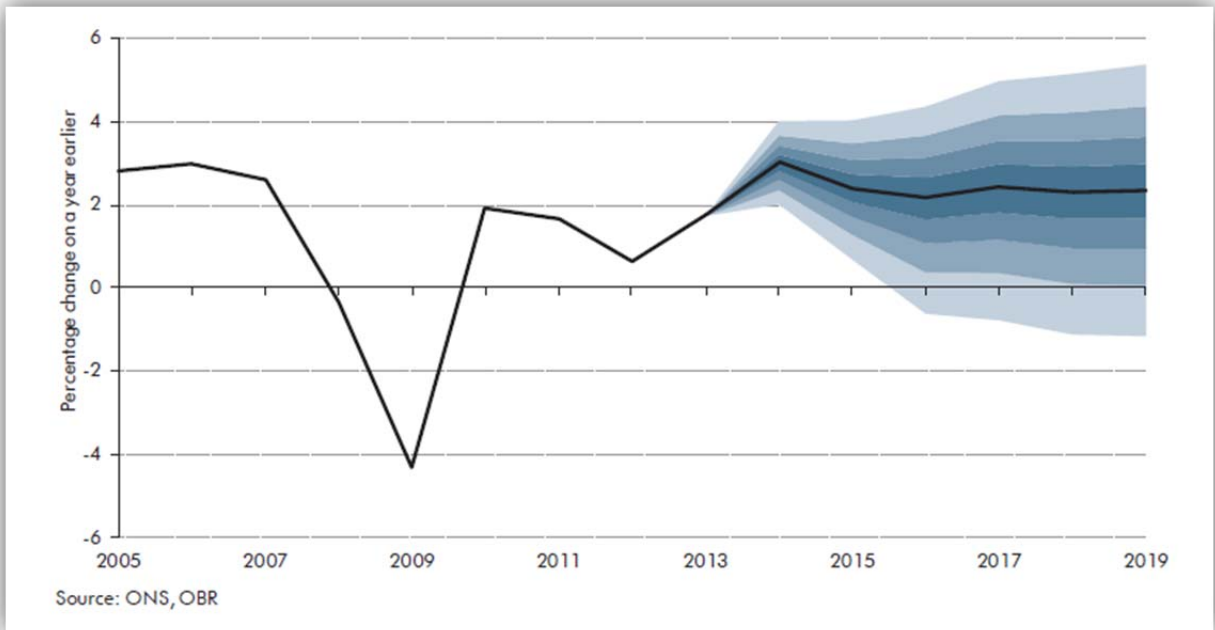
- 5.21 Future pressure on services is anticipated due to the expected increase in housing in the borough. This could impact on an array of services, however the actual level of housing growth can't be anticipated year by year, nor the timing of any major impact on the ability to continue providing services at the level of current resources.

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- 5.22 Whilst the council has seen increased levels of income from planning fees in the recent past, it is anticipated that the council is likely to continue to see a fall in future levels of planning fee income. There are a number of appeals outstanding and we cannot estimate at this stage how much these may cost to defend.
- 5.23 The Core Strategy has now been adopted and we now move to the next stage of the process which is site allocation. There is some funding left within the Core Strategy budget that can be used for any costs arising, but more may be required. This would be funded from reserves if it proved necessary.
- 5.24 Employee costs have remained relatively stable following recent pay freezes. The current year saw a two year pay award of 2.2% and the 2015/16 budget includes the impact of this. The budget forecast for 2016/17 and 2017/18 allows for a potential 2% increase in overall employee costs.
- 5.25 In April 2016 a change to the pension regulations means that contracted out schemes like the Local Government Pension Scheme will no longer benefit from reduced National Insurance employer contributions. At this stage it is anticipated that this will result in increased costs for this council of approximately £90,000.
- 5.26 This regard to recycling and refuse collection, the council's Community Committee considered a report on the options available to the council following the withdrawal of recycling credits by Lancashire County Council from April 2015, They are minded to sign up to cost sharing offered by Lancashire County Council, which would be paid until 2018. The net loss in budgeted income by signing up to this agreement would be £25,000 each year. From 2018 Lancashire County Council have indicated that cost sharing will cease. This would result in further lost income of around £430,000 per annum.
- 5.27 The borough is to share the hosting of a stage of the Tour of Britain cycle race with Pendle. The costs falling on this council are likely to be in the region of £90,000. This will be funded from existing Earmarked Reserves.

Autumn Statement and Office of Budget Responsibility – Economic and Fiscal Outlook

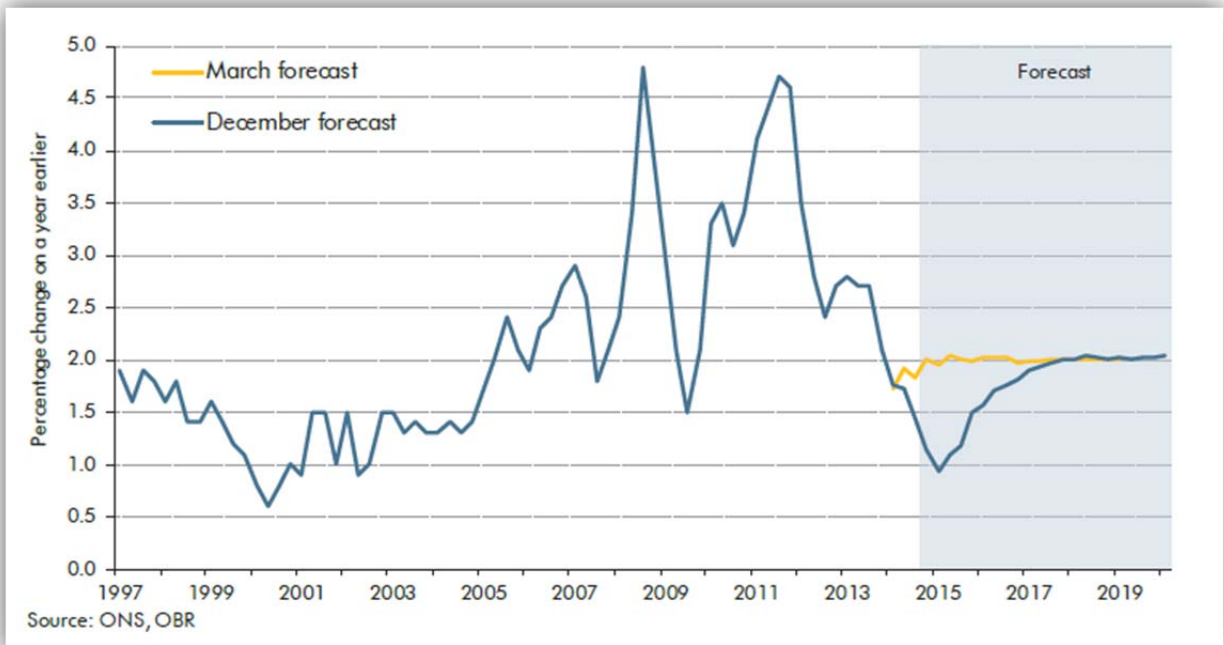
- 5.31 The Autumn Statement was presented to Parliament on 3 December 2014. Alongside the Autumn Statement, the Office of Budget Responsibility (OBR) released its latest Economic and Fiscal Outlook, containing the latest update on the economy and public finances.
- 5.32 The OBR has revised its forecast for GDP growth to 3.0% in 2014 and 2.4% in 2015. The OBR has forecast GDP growth of 2.2% in 2016, 2.4% in 2017 and 2.3% in 2018 and 2019. The forecast for cumulative real GDP growth between the fourth quarter of 2013 and the start of 2019 is slightly lower than the March forecast (13.4 versus 13.7 per cent).
- 5.33 The chart below presents the government's central growth forecast with a fan showing the range of possible different outcomes based purely on past official forecasting errors. The solid black line shows their median forecast, with successive pairs of lighter shaded areas around it representing 20 per cent probability bands.

Gross Domestic Product (GDP) Fan Chart



5.34 The OBR expects the rate of inflation to slow between 2014 and 2017, possibly falling even further, but it is anticipated to return to the 2.0% target at the end of 2017. This is consistent with the Bank of England’s November 2014 *Inflation Report* forecast.

Consumer Price Increase (CPI) Inflation Forecast



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- 5.35 CPI inflation has fallen by more than expected in the OBR forecast in March 2014. Inflation was 0.4 percentage points below forecast in the third quarter of 2014. Food price inflation has continued to fall more quickly than expected, as domestic production.
- 5.36 There were also larger-than-expected falls in petrol and diesel prices as oil prices fell below the OBR forecast in March 2014. The trade-weighted exchange rate has also been stronger than assumed, putting downward pressure on items with a high import component, including food prices.
- 5.37 In summary, the main factors that have impacted on CPI inflation are:
- lower food price inflation, thanks to good domestic and international harvests, sterling appreciation and more intense supermarket price competition;
 - lower petrol and diesel prices. Dollar oil prices have fallen much more than assumed by the OBR in March and sterling has appreciated, reducing fuel prices;
 - lower inflation for import-intensive goods. Again, sterling appreciation has reduced prices for goods with high import content; and
 - lower-than-expected unit labour costs. Average earnings growth has continued to be weaker than expected, outweighing the shortfall in productivity.

Other Factors

- 5.38 The continuing uncertainty surrounding the current economic downturn has substantially impacted on the council's resources, not least in the form of sustained low return on short-term investments. With the forthcoming general election, uncertainty around future local government funding has increased. Over recent years there has been the benefit of two year settlements (year two being provisional) which has allowed some level of short to medium term planning. With no indication of local government funding from 2016/17 onwards, medium to longer term planning is shrouded in uncertainty, although most political parties are indicating continued reductions in future local government funding.
- 5.39 The medium term financial strategy will need to remain flexible to respond to any opportunities or threats that are presented to the council.
- 5.40 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.
- 5.41 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;
 - 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 Specific partner funding or grant income is generally not assumed within the budget unless its allocation has been confirmed.
- 6.3 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.

Partnership Working	Purpose
Community Safety Partnership	A partnership plan to address anti social behaviour, criminal activity, neighbourhood policing and alcohol harm awareness. Action days are organised by this group.
Lancashire Waste Partnership	To promote a culture whereby waste is recognised as a resource and there is acceptance of responsibility of minimising its production and maximising its recovery.
Lancashire Enterprise Zone Partnership	A vehicle for supporting the delivery of the Lancashire Enterprise Zone. Comprising Ribble Valley, South Ribble and Fylde Borough Councils, Lancashire County Council and British Aerospace. The group meets fortnightly to coordinate putting in place statutory measures for delivering the project, maintaining close liaison between partners, co-ordinating links with the community and the Lancashire Economic Partnership.
Mid Lancashire Partnership	This group meets to co-ordinate activity in relation to Economic Development, Strategic Housing and Planning activities across the Mid Lancashire grouping of authorities, including South Ribble, Chorley, Preston, Lancaster, Ribble Valley and Lancashire County Council.
Health and Wellbeing Partnerships	Health and Wellbeing Partnerships created within local government in an attempt to coordinate commissioning of NHS services, social care and health improvement.

- 6.4 Aside from the financial support from the Government in the form of Settlement Funding Assessment, the Council also receives grant funding for the provision of housing benefit payments to claimants within the borough. Payments are fully funded by grant from the government. The Council has budgeted to pay approximately £7.5m in housing benefit payments to claimants per annum.
- 6.5 The council also receives an administration grant to help support the provision of service costs, which in 2015/16 will be approximately £165,340. This is a reduction of approximately £22,540 from that received in 2014/15.
- 6.6 Further financial support is received from the Government towards the administration of business rates and in 2015/16 the council has budgeted to receive approximately £90,490.
- 6.7 Substantial funding is received from Public Health Lancashire (PHL) and East Lancashire Clinical Commissioning Group (ELCCG) (via Lancashire County Council) towards the provision of healthy lifestyle services and the Exercise Referral Scheme service. In 2015/16 the council has budgeted to receive £90,360 towards the provision of this service. At the moment funding is guaranteed until 31 March 2016, with uncertainty around future funding.

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- 6.8 Following extensive lobbying from SPARSE and RSN, the Government announced a small amount of grant funding for some authorities in rural areas. This council received £9,901 as a separate grant in 2013/14. For 2014/15 and 2015/16 the Government announced that this grant would be £12,657. However, this is no longer paid as a separate grant, but instead is included within our Revenue Support Grant.
- 6.9 Government support of the capital programme comes in the form of Disabled Facilities Grant. The grant is received with very specific conditions and is used to fully fund the disabled facilities grants that the Council award as part of the capital programme. The method by which this funding will be passed to this council will change from 2015/16, being paid directly to Lancashire County Council as part of Better Care Funding. Lancashire County Council are charged with passporting the disabled facility grants element of this funding directly on to this council. Our funding for disabled facility grants will increase to £161,000 in 2015/16 (£119,540 in 2014/15)
- 6.10 All other external capital finance support is scheme specific and dependant on schemes included within the capital programme. There are currently three schemes in the 2015/18 capital programme where we look to receive third party funding contributions. Further additional approvals for other third party funded schemes may also take place over the coming period.

7 Initial Three Year Projections of Revenue Expenditure

- 7.1 The key aim of the MTFS is to develop a financial projection 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 and 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 2018 anticipated of £1.669m. Council tax increases have been forecast at 0% for 2015/16 and 2% for 2016/17 and 2017/18.
- 7.4 The substantial uncertainty that surrounds future Government financial support for local government must be kept to the fore when reviewing the three year forecast shown below. The forecast below has been prepared with the assumption of inflation of 2% overall on employee costs and 2% on all other items. Government grant is assumed to fall by 10% in each year from 2016/17.
- 7.5 A summary of the assumptions made in the forecast is shown below:
- Government grant is assumed to fall by 10% in each year from 2016/17
 - Inflation has been allowed for at 2% on employee costs and 2% on all other items
 - Use of balances will be at approximately £150,000 in 2015/16 and by £200,000 p.a. from 2016/17 onwards
 - An increase in interest receipts to £26,000 in 2016/17 and £40,000 in 2016/17 based on an assumption that interest rates will see a minimal increase.
 - No new growth items that cannot be funded from efficiency savings or existing earmarked reserves.
 - No council tax surplus or deficit has been allowed for after 2015/16.
 - Increase in the council taxbase each of 1% based on current indications.
 - Council tax freeze in 2015/16 and an increase of 2% in 2016/17 and 2017/18

	2014/15 Forecast £	2015/16 Forecast £	2016/17 Forecast £	2017/18 Forecast £
Net Expenditure	6,143,605	6,498,800	6,977,000	7,181,591
Interest Receipts	-26,160	-25,260	-26,000	-40,000
Use of Superannuation Reserve	-36,175	-36,175	-36,175	-36,175
Council Tax Freeze Grant re 2014/15	-32,048	0	0	0
Council Tax Freeze Grant re 2015/16	0	-32,380	-32,380	-32,380
Use of Business Rates Growth	-262,926	-262,926	-262,926	-262,926
Use of New Homes Bonus	-333,780	-676,065	-676,065	-676,065
(Use of)/Contribution to Balances	160,981	-150,000	-200,000	-200,000
Savings Required	0	0	-581,311	-878,558
Budget Requirement	5,613,497	5,315,994	5,162,143	5,055,487
Government Funding	-2,603,769	-2,240,595	-2,016,536	-1,814,882
Collection Fund (Deficit)/Surplus	-228	-22,004	0	0
Precept	3,009,500	3,053,395	3,145,607	3,240,605
Taxbase	21,391	21,703	21,920	22,139
Band D Council Tax	£140.69	£140.69	£143.50	£146.37
Projected Council Tax increase	0%	0%	2%	2%

7.6 The main reasons for the increase in net expenditure between years are shown below:

	2014/15 to 2015/16 £	2015/16 to 2016/17 £	2016/17 to 2017/18 £
Movement in cost of services	355,195	478,200	204,591
Increased Interest Receipts	900	-740	-14,000
Council Tax Freeze Grant re 2014/15	32,048	0	0
Council Tax Freeze Grant re 2015/16	-32,380	0	0
Increased Use of New Homes Bonus	-342,285	0	0
Increased Use of Balances	-310,981	-50,000	0
Increased Savings Required	0	-581,311	-297,247
Total Change in Budget Requirement	-297,503	-153,851	-106,656

8 General Fund Balance and Earmarked Reserves

- 8.1 The impact of the forecast on the council's general fund balances is summarised in the table below. It is important to note that whilst the government funding has been indicated for 2015/16, there remains uncertainty around 2016/17 and around any level of business rates growth that is retained.
- 8.2 The information provided below is based on an assumption of inflation at 2% on employee costs and 2% on all other items, and Government grant falling by 10% from 2016/17 onwards.
- 8.3 The impact of the above on council general fund balances is shown below. The minimum recommended level of balances is £700,000.

	2014/15 £	2015/16 £	2016/17	2017/18 £
Brought Forward	2,058,402	2,219,383	2,069,383	1,869,383
(Use of)/Contribution to Balances	160,981	-150,000	-200,000	-200,000
Carried Forward	2,219,383	2,069,383	1,869,383	1,669,383

- 8.4 As with any plan spanning a number of years it is only prudent to consider the associated risks. As previously stated, although the Government has provided details of what the council will receive in 2015/16 it is still unknown what the council will receive in 2016/17 and onward. There is also uncertainty around the level of business rates growth there will be and consequently the level of business rates that will be retained by the council. To protect against the potential volatility around business rates retention, an earmarked reserve was created at 31 March 2013, and the level of this has been reviewed closely.
- 8.5 Other service pressures that are currently impacting on the council's budget focus around the planning service. Earmarked reserves are playing a vital role in this area in allowing the council flexibility in its approach to meeting these demands in a timely manner.
- 8.6 As previously mentioned, the borough is to share the hosting of a stage of the Tour of Britain cycle race with Pendle. The costs falling on this council are likely to be in the region of £90,000 and will be funded from existing Earmarked Reserves.
- 8.7 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.

Earmarked Reserves	Balance at 31 March 2014 £	Balance at 31 March 2015 £	Balance at 31 March 2016 £	Balance at 31 March 2017 £	Balance at 31 March 2018 £
<u>Local Recreation Grants Fund</u> <i>Used to fund recreation grants</i>	20,546	11,586	11,586	11,586	11,586
<u>Elections Fund</u> <i>Used to fund borough elections held once every four years</i>	56,306	79,146	23,276	45,596	68,366
<u>Audit Reserve Fund</u> <i>Used for computer audit</i>	12,335	12,335	12,335	12,335	12,335
<u>Building Control Fund</u>	-103,459	-99,689	-96,669	-96,669	-96,669

Earmarked Reserves	Balance at 31 March 2014 £	Balance at 31 March 2015 £	Balance at 31 March 2016 £	Balance at 31 March 2017 £	Balance at 31 March 2018 £
<i>Available to equalise net expenditure over a three year period</i>					
<u>Capital</u> <i>Used to fund the capital programme</i>	653,919	595,069	480,069	480,069	410,079
<u>Insurance</u> <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	16,748	16,748	16,748	16,748	16,748
<u>Christmas Lights/RV in Bloom</u> <i>Available to fund contributions towards Christmas Lights and Ribble Valley in Bloom</i>	1,186	1,186	1,186	1,186	1,186
<u>Community Enhancement</u> <i>Used to fund grants to local organisations</i>	11,419	11,419	11,419	11,419	11,419
<u>IT Equipment</u> <i>To fund future software and hardware upgrades</i>	69,903	69,903	69,903	69,903	69,903
<u>Conservation Reserve</u> <i>To fund conservation schemes completed after the financial year end</i>	6,210	6,210	6,210	6,210	6,210
<u>Concessionary Travel</u> <i>To fund the transfer of the administration of the scheme to upper tier local authorities</i>	40,026	40,026	0	0	0
<u>Fleming VAT Claim</u> <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	239,926	234,896	210,296	210,296	210,296
<u>Repairs and Maintenance</u> <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	29,299	29,299	29,299	29,299	29,299
<u>Post LSVT</u> <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	365,125	328,950	292,775	256,600	220,425
<u>Market Town Enhancement</u> <i>To fund grants under Market Towns Enhancement Scheme</i>	8,372	8,372	1,372	1,372	1,372
<u>Performance Reward Grant</u> <i>Performance Reward Grant received and yet to be distributed to successful schemes</i>	302,874	285,104	223,170	223,170	223,170
<u>Refuse Collection</u>	93,323	92,853	92,853	92,853	92,853

Earmarked Reserves	Balance at 31 March 2014 £	Balance at 31 March 2015 £	Balance at 31 March 2016 £	Balance at 31 March 2017 £	Balance at 31 March 2018 £
<i>To fund refuse collection costs of bin replacements and other cost pressures</i>					
<u>Restructuring Reserve</u> <i>To fund costs resulting from restructuring reviews</i>	227,541	227,541	227,541	227,541	227,541
<u>VAT Shelter Reserve</u> <i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,511,441	1,565,441	1,328,441	1,183,441	1,231,441
<u>Revaluation of Assets Reserve</u> <i>To contribute towards the revaluation of the Council's assets every five years.</i>	8,000	0	2,000	4,000	6,000
<u>Clean Air Reserve</u> <i>To fund clean air survey work</i>	3,161	2,681	2,201	1,721	1,241
<u>Equipment Reserve</u> <i>To fund essential and urgent equipment requirements</i>	84,096	60,486	60,486	60,486	60,486
<u>Forest of Bowland Reserve</u> <i>To fund access improvement schemes within the Ribble Valley section of the Forest of Bowland</i>	29,646	29,646	29,646	29,646	29,646
<u>Invest to Save Fund</u> <i>To fund future invest to save projects</i>	250,000	250,000	250,000	250,000	250,000
<u>Land Charges Reserve</u> <i>To fund any potential restitution claims for personal search fees</i>	11,000	6,330	6,330	6,330	6,330
<u>Pendle Hill User Reserve</u> <i>To fund improvement schemes on Pendle Hill</i>	16,703	13,253	13,253	13,253	13,253
<u>Planning Reserve</u> <i>To fund any future potential planning issues</i>	178,020	161,440	161,440	161,440	161,440
<u>Promotional Activities Reserve</u> <i>To fund planned publicity and promotional activities</i>	12,110	0	0	0	0
<u>Crime Reduction Partnership Reserve</u> <i>To fund cost of crime reduction initiatives</i>	29,950	17,720	0	0	0
<u>Housing Benefit Reserve</u>	100,000	100,000	100,000	100,000	100,000

Earmarked Reserves	Balance at 31 March 2014 £	Balance at 31 March 2015 £	Balance at 31 March 2016 £	Balance at 31 March 2017 £	Balance at 31 March 2018 £
<i>To help meet the challenges facing the service in the coming years</i>					
<u>Wellbeing and Health Equality</u> <i>To fund expenditure on Wellbeing and Health</i>	47,428	47,428	47,428	47,428	47,428
<u>Exercise Referral Reserve</u> <i>To fund potential residual staffing costs</i>	6,433	6,433	6,433	6,433	6,433
<u>Clitheroe Cemetery Reserve</u> <i>To finance any future liabilities from the cemetery extension</i>	3,640	3,640	3,640	3,640	3,640
<u>New Homes Bonus Reserve</u> <i>To help finance future economic development capital schemes</i>	339,418	537,444	704,995	935,546	1,028,097
<u>Core Strategy Reserve</u> <i>To fund the production of the Core Strategy</i>	83,100	12,850	12,850	12,850	12,850
<u>Housing Related Grants Reserve</u> <i>Residual grant received, to be committed to future grant schemes</i>	26,202	952	952	952	952
<u>Business Rates Volatility Reserve</u> <i>To provide some protection against business rates volatilities</i>	212,704	313,143	534,964	534,964	534,964
<u>Community Right to Bid/Challenge</u> <i>To fund any future costs under the Community Right to Bid and Community Right to Challenge Regulations</i>	29,822	46,222	46,222	46,222	46,222
<u>Grant Funded Sports Development</u> <i>To finance future Sports Development grant funded expenditure</i>	1,500	0	0	0	0
<u>Human Resource Development</u> <i>To provide for staff training commitments</i>	27,500	27,500	27,500	27,500	27,500
<u>Whalley Moor Reserve</u> <i>Grant received towards work at Whalley Moor Woodland</i>	4,970	4,970	4,970	4,970	4,970
<u>Inspire III Reserve</u> <i>Grant received from DEFRA which will be used to fund future Inspire III work</i>	7,131	0	0	0	0
<u>Individual Electoral Registration Reserve</u>	17,024	33,684	19,114	19,114	19,114

Earmarked Reserves	Balance at 31 March 2014 £	Balance at 31 March 2015 £	Balance at 31 March 2016 £	Balance at 31 March 2017 £	Balance at 31 March 2018 £
<i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>					
	5,092,598	5,192,217	4,976,234	5,049,450	5,108,126

9 Capital Programme 2015/16 – 2017/18

- 9.1 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 Prudential Code plays a key role in capital finance in local authorities. Councils determine their own programmes for capital investment in fixed assets that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA, the Chartered Institute of Public Finance and Accountancy, as a professional code of practice to support councils in making their decisions. Local authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.
- 9.3 A sound capital programme must be driven by the desire to provide high quality, value for money public services. The Prudential Code recognises that in making its capital investment decisions the council must have explicit regard to option appraisal, asset management planning, strategic planning for the council and achievability of the capital programme.
- 9.4 The Prudential Code does not specify how the council should have regard to these factors. Instead it concentrates on the means by which the council will demonstrate that its proposals are affordable, prudent and sustainable.
- 9.5 The Council has always sought to maximise funding for capital, including any from revenue sources, within a prudential framework.
- 9.6 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 earmarked reserves such as the capital reserve, VAT shelter and New Homes Bonus, in a corporate approach, thus providing the maximum investment position.
- 9.7 The Council's proposed 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 capital programme. The council's policy is to maintain the capital reserve at a level above the minimum recommended balance of £350,000. The table shows that the balance of the capital reserve will remain above this level for the life of the capital programme.

	2015/16 £	2016/17 £	2017/18 £	Total £
Total of all Proposed Schemes	1,191,000	723,000	699,860	2,613,860
Resources Available in the year	-1,076,000	-723,000	-629,870	-2,428,870
Balance of Capital Reserve Brought Forward	-600,819	-485,819	-485,819	-600,819
Balance Remaining	-485,819	-485,819	-415,829	-415,829

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 2015/16.

Area of Sensitivity	Percentage Fluctuation	Annual Impact on Budget
Pay Award (Impact on Direct Employee Costs)	1.00%	£60,440
Energy Costs	5.00%	£7,950
Vehicle Fuel	5.00%	£13,450
Short Term Investment Interest Rates	0.25%	£14,590
Fees and Charges	1.00%	£25,200
Service Specific Government Grants	1.00%	£78,400
Other Grants and Contributions	1.00%	£7,850
Settlement Funding Assessment	1.00%	£22,400

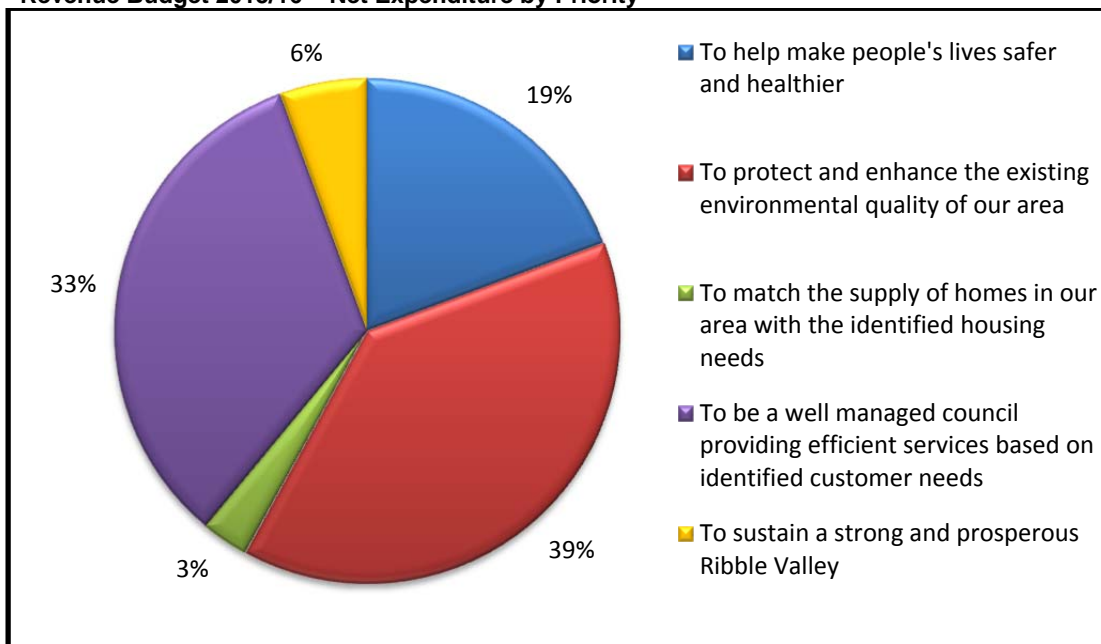
- 10.3 In terms of impact on the council tax, each budget adjustment of £100,000 has the effect of changing council tax at Band D equivalent by £4.67 or 3.3%.
- 10.4 On the other hand, for every 1% increase in the level of 2015/16 council tax charge, an additional £30,100 council tax revenue would be raised and therefore, for every 1% decrease in the level of council tax revenue £30,100 savings would need to be identified or alternative funding such as use of balances would need to be found.
- 10.5 In terms of the Settlement Funding Assessment that is received for 2015/16 (including anticipated growth), this will support approximately 42% of the Council's budget requirement and so any variation has a major impact. A variation of 1% in this funding (before anticipated growth) would amount to £22,400.

Risk	Level	Mitigation
Past savings that have been identified by Heads of Service do not continue to be achieved	Medium	Regular monitoring of budgets and meetings with Heads of Service where savings have been identified in order to enable early corrective action if required
A financial institution that has been invested in is unable to repay the principle sum to the Council	Medium	This risk is managed through the Treasury Management Strategy. The markets are regularly monitored and discussions held with the Director of Resources, Head of Financial Services and Senior Accountant daily.
Future Settlement Funding Assessment for 2016/17 and onwards sees further substantial reduction	High	Further service savings would need to be identified or there would need to be an increased use of balances. The forecast anticipates a fall of 10% per annum from 2016/17 onwards.
Business Rates Growth Retention	High	There is a high level of uncertainty around the future level of business rates growth, or downturn. Whilst the council is protected to an extent by the government setting a Safety Net Threshold, we will continue to maintain a Business Rate Volatility earmarked reserve in order to cushion future fluctuations
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.

11 Links to Ambitions and Priorities

11.1 All budgets are linked to the Council's priorities and these links were identified throughout the budget setting process. The table below shows our planned net revenue budget for 2015/16 broken down over the Council priorities.

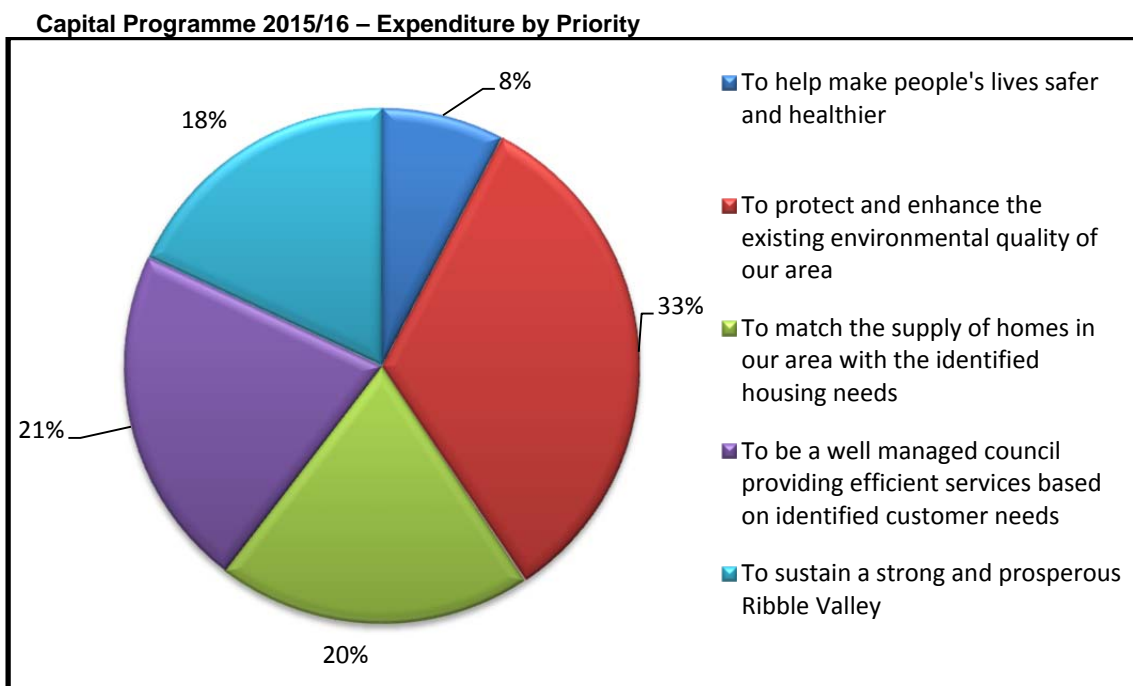
Revenue Budget 2015/16 – Net Expenditure by Priority



11.2 As with revenue budgets, all proposed capital schemes are linked to the Council's priorities. The evaluation process also required Heads of Service to submit detailed bid forms for new capital schemes. These included such information as:

- Link to priorities
- 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 capital programme for 2015/16 broken down over the Council priorities.



Forward Capital Programme – 2015/16 to 2017/18

Schemes	2015/16 £	Budget Moved from 2014/15 £	Total for 2015/16 £	2016/17 £	2017/18 £
<u>Community Services Committee</u>					
Play Area Improvements	40,000		40,000	40,000	40,000
Installation of 3G Artificial Pitch Surface		47,000	47,000		
Replacement of Geesink 26t RP HGV Refuse Collection Vehicle	210,000		210,000		
Replacement of 4 x 4 Tractor/Mower (PNO4 NPZ)	17,000		17,000		
Replacement of Kubota Mower PN05 PLO	19,000		19,000		
Replace Scag Mower	9,000		9,000		
Two Heavy Goods Trailers	6,000		6,000		
Replacement of 2 Tri Star Mowers	16,000		16,000		
Replacement of Waste Transfer Station Loader Shovel	75,000		75,000		
All Weather Pitch Lighting	20,000		20,000		
Replacement of Scag Mower with equivalent spec vehicle				10,000	
Replacement of John Deere Gang Mower Tractor (PN05 UKE)				45,000	
Replacement of 2 x Open Backed Single Bodied Paper Collection Vehicle (VX55 KXD & VU06 TKN)				30,000	
Replacement of MAN 7.7 RO-RO Truck (PN06 FRV) with equivalent spec vehicle				38,000	

Forward Capital Programme – 2015/16 to 2017/18

Schemes	2015/16 £	Budget Moved from 2014/15 £	Total for 2015/16 £	2016/17 £	2017/18 £
Replacement of Salthill Depot Multi Use Fork Lift Truck				25,000	
Replacement of Works Section Small Van -Ford Transit PF09 DHX (Toilet Van)				12,000	
Replacement of Works Section Panel Van PK06 HKA (currently Vauxhall Vivaro) with a smaller van				12,000	
Hyprolyser Electrochlorination system at Ribblesdale Pool	15,600		15,600		
Replacement of the UV unit at Ribblesdale Pool	9,000		9,000		
Replacement mower (Kubota) PN09 SWO					20,000
Replacement mower (Scag 4x4) rvbc 016					10,000
Replacement pick up vehicles (Ford Ranger S/C 4WD x 2) – PK07 LSY and PK07 TZG					36,000
Longridge CCTV (Transfer of Images to Clitheroe Monitoring Station)					12,500
Renewal of sections of floor to residual waste transfer station (Phase 1)					16,000
Ribble Valley off-street car parks – upgrade of payment systems					20,550
Replacement of Twin-bodied refuse collection vehicle (VU59 JJK)					210,000
Replacement of Works Iveco Tipper with Iveco Daily Long Wheelbase high top van					25,000
Refurbishment of Castle Museum Windows					62,560
Total Community Services Committee	436,600	47,000	483,600	212,000	452,610

Forward Capital Programme – 2015/16 to 2017/18

Schemes	2015/16 £	Budget Moved from 2014/15 £	Total for 2015/16 £	2016/17 £	2017/18 £
<u>Policy and Finance Committee</u>					
Clitheroe Townscape Scheme	115,000		115,000		
Council Offices - Re-roofing Scheme	167,500		167,500		
Economic Development Initiatives		100,000	100,000		
Church Walk Council Offices – Replacement of Original Windows and Rooflights	88,900		88,900		
Council chamber – Seating renewal scheme					11,250
Replacement server for Revenues & Benefits					25,000
ICT Infrastructure refresh (Storage Area Network and Network & Server Replacement)				100,000	
Total Policy and Finance Committee	371,400	100,000	471,400	100,000	36,250
<u>Health and Housing Committee</u>					
Disabled Facilities Grants	161,000		161,000	161,000	161,000
Landlord/Tenant Grants	75,000		75,000	75,000	50,000
Clitheroe Market Improvements				175,000	
Total Health and Housing Committee	236,000	0	236,000	411,000	211,000
Total for all Committees	1,044,000	147,000	1,191,000	723,000	699,860