

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, 9 FEBRUARY 2016** 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 Pecuniary and Non-Pecuniary Interest (if any).
3. Public Participation (if any).

INFORMATION ITEMS

- ✓ 4. Provisional Local Government Finance Settlement for 2016/17 – report of Director of Resources – copy enclosed.

DECISION ITEMS

- ✓ 5. Overall Revised Capital Programme 2015/2016 – report of Director of Resources – copy enclosed.
- ✓ 6. Overall Capital Programme 2016/2019 – report of Director of Resources – copy enclosed.
- ✓ 7. Overall Revenue Budget 2016/17 – report of Director of Resources – copy enclosed.
- ✓ 8. Medium Term Financial Strategy 2016/2017 to 2018/2019 – report of Director of Resources – copy enclosed.

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

None.

RIBBLE VALLEY BOROUGH COUNCIL INFORMATION

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 4

meeting date: 9 FEBRUARY 2016
 title: PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/17
 submitted by: DIRECTOR OF RESOURCES
 principal author: JANE PEARSON

1. PURPOSE

1.1 To report the details of the provisional finance settlement for 2016/17 and the offer to Councils for future years.

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 17 December 2015.

2.2 The Secretary of State for Communities and Local Government, Greg Clark, issued a written ministerial statement to the House of Commons which set out the Local Government Finance Settlement for 2016/17. They have also issued indicative figures up to 2019/20.

2.3 The consultation period ended on 15 January 2016. It is expected the final 2016/17 settlement will be laid before the House of Commons in mid-February.

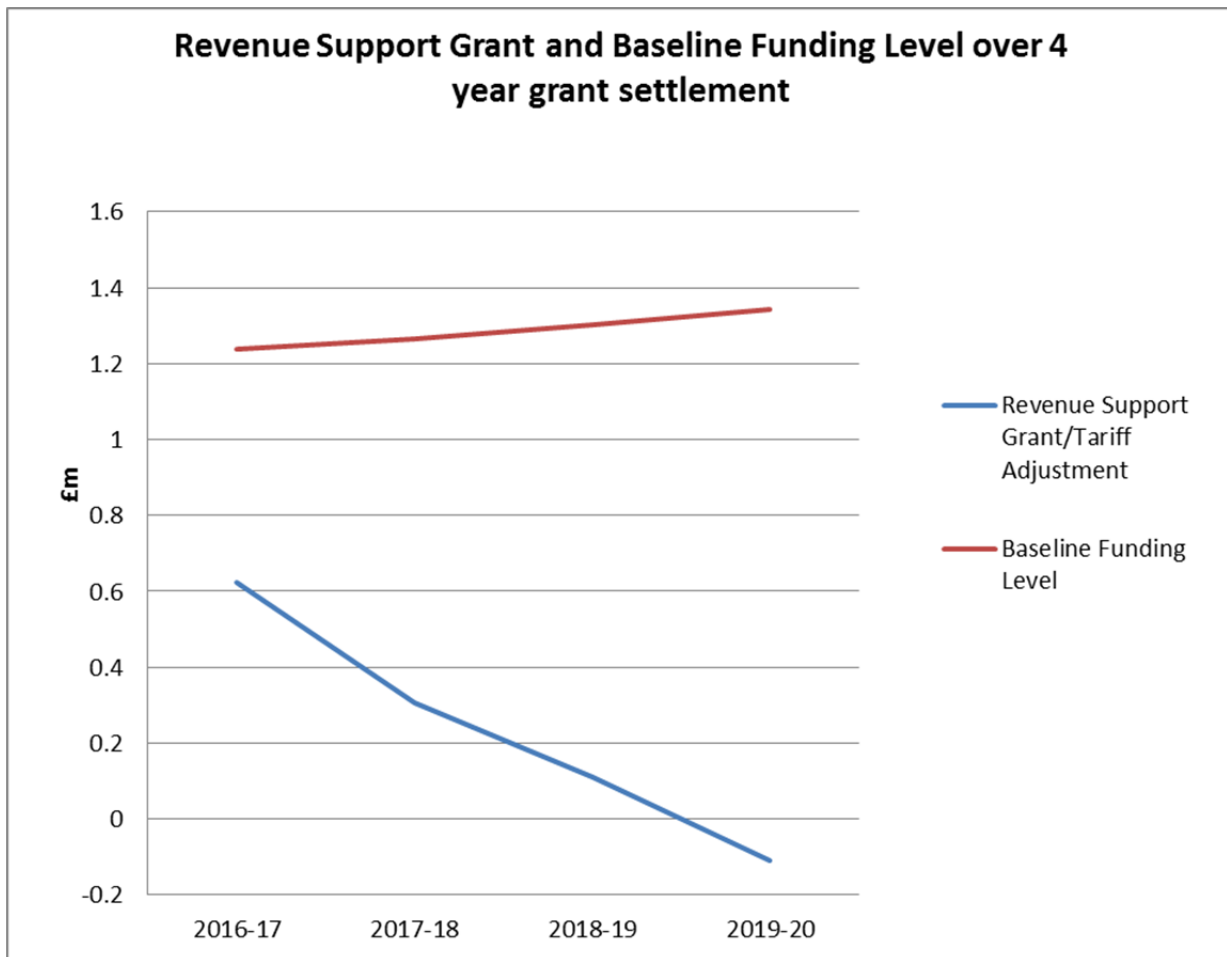
3. KEY POINTS

3.1 This is a four-year settlement. However the figures for 2017/18 and beyond are part of an offer to any council that wishes to take it up. This will be conditional on councils publishing an efficiency plan. To date no further details have been published by the Government regarding the requirement of efficiency plans.

4. THE SETTLEMENT IN DETAIL

4.1 For illustration purposes our provisional four year figures are shown below. You will see not only does our Revenue Support Grant become zero by 2019/20 but we will also be charged a tariff adjustment of £109k, in effect ensuring our Revenue Support Funding becomes negative.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Settlement Funding Assessment	1.862606	1.568216	1.410332	1.342771
of which:				
Revenue Support Grant	0.623087	0.304319	0.109149	0.000000
Baseline Funding Level	1.239518	1.263897	1.301183	1.342771
Tariff/Top-Up	-4.361493	-4.447276	-4.578474	-4.724810
Tariff/Top-Up adjustment	0.000000	0.000000	0.000000	-0.108866
Safety Net Threshold	1.146554	1.169105	1.203595	1.242064
Levy Rate (p in £)	0.500000	0.500000	0.500000	0.500000



5. NEW HOMES BONUS

5.1 The provisional amount of £1,461 million for the New Homes Bonus (NHB) in 2016-2017 has been announced by DCLG. This will continue to be funded through £210 million in specific grant with the rest in top-sliced funding, expected to be £1,275 million.

5.2 As announced in the November 2015 Spending Review, the Government is also consulting on delivering savings to the New Homes Bonus. These include:

- Reducing the number of years of payments under the scheme from 6 down to 4 or even further down to 3 or 2 years.
- Withholding NHB where no local plan is in place
- Reducing payments for homes built on appeal
- Only making payments for delivery above a baseline representing 'deadweight'

5.3 The Consultation ends on 10 March 2016 and obviously it is very important we as a Council submit our responses.

5.4 Our New Homes Bonus allocation for next year is £1,366,884 which represents 6 years payments under the current scheme.

- 5.5 Interestingly the announcement of our NHB provisional allocations for the 4 year provisional grant settlement possibly gives us some idea of the Government's intentions.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
New Homes Bonus (Illustrative)	1.369880	1.377260	0.865285	0.830230

6. BUSINESS RATES

- 6.1 There are no changes to the current business rates retention scheme for 2016/17. DCLG is consulting on 29 proposals for pools in 2016/17, compared with 28 in 2015/16. Therefore the only new pool for next year is the Lancashire Business Rates Pool. The Department did not issue a formal pooling prospectus this year.
- 6.2 The Settlement contains some further information on the introduction of 100 per cent business rates retention, which the Government has promised by the end of the Parliament. The Government will be consulting on giving more responsibility to councils to support older people with care needs, including people who, under the current system, would be supported through Attendance Allowance. There will be protection for existing claimants and new responsibilities will be matched by the transfer of equivalent spending power. The Government will consult in the New Year on the proposals, including what it describes as the right model of devolution and level of flexibility.
- 6.3 The Government has announced £50 million top-slice for the business rates safety net in 2016/17. This is the same level as 2015/16.
- 6.4 The Government has confirmed that it will pay in full for the extension of small business relief announced in the Spending Review and Autumn Statement 2015 through a section 31 grant. The doubling of Small Business Rate Relief will continue for a further year but the retail discount will end on 31 March 2016.
- 6.5 The multiplier will therefore be 49.7 pence, with the small business multiplier being 48.4 pence. Top-ups and tariffs will be uprated by 0.8 per cent; in line with the increase in the September 2015 Retail Price Index.

7. RURAL SERVICES FUNDING

- 7.1 Government funding through the Rural Services Delivery Grant will continue. The Government will top slice £20 million from Revenue Support Grant in 2016/2017 to pay as a non-ringfenced Section 31 grant to the upper quartile of authorities based on the super-sparsity indicator. This funding will increase to £65 million over the four year period of the Settlement.
- 7.2 Obviously this is good news for authorities such as ourselves and we appreciate the successful lobbying carried out by SPARSE and the RSN on our behalf. For Ribble Valley the provisional four year figures are as follows:

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Rural Services Delivery Grant	0.026647	0.046632	0.066618	0.086603

9. COUNCIL TAX

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

- The referendum principle for 2016/17 is proposed to be 2 per cent, with the exception of Police and Crime Commissioners and shire district authorities which are in the lowest quartile by council tax level, for which a higher limit of either 2 per cent or £5 (on a Band D bill) applies.
- In addition, social care authorities will be able to increase their council tax by 2 per cent over the existing referendum threshold, with the proviso that the additional 2 per cent 'social care precept' is spent on adult social care services. This will have to be separately itemised on council tax bills.
- In summary, section 151 officers of local authorities will be expected to notify the Secretary of State of the amount intended to be raised through the additional social care precept and what impact it has on previous plans for social care budgets. This will then be verified through various existing financial statutory returns.

10. BETTER CARE FUND

10.1 The Settlement confirms the continuation of the Better Care Fund (BCF) and additional funding for adult social care through the BCF worth £1.5 billion by 2019/20. In the interim years, the additional funding through the BCF will be worth £105 million in 2017/2018 and £825 million in 2018/2019. This funding will be allocated as a specific grant.

10.2 The Government will consult on how the additional funding is distributed. However, as a default option it has proposed that the BCF grant should act as a method of equalising the relative needs for social care services and the maximum possible impact of the social care council tax precept. This would lead to some social care councils receiving no additional BCF money.

11. FLEXIBLE USE OF CAPITAL RECEIPTS

11.1 Draft statutory guidance on the flexible use of capital receipts was published alongside the Settlement consultation.

11.2 Under this guidance, councils will be able to use new capital receipts from April 2016 to March 2019 to pay for the revenue set up costs of projects that are designed to make revenue savings.

12. FUNDING FOR LEAD LOCAL FLOOD AUTHORITIES

12.1 Existing funding for lead local flood authorities will be incorporated into the Settlement. This amounts to £32.5 million in total. In addition there will be a new section 31 grant to ensure that these elements of funding for lead local flood authorities increase in real terms in each year of the Settlement. It is consulting on whether this grant should be ring-fenced.

13. SPENDING POWER

13.1 The Government once again have produced tables showing what they say is the "spending power" of each authority.

13.2 The Government has defined Core Spending Power as Revenue Support Grant, retained business rates, income from the New Homes Bonus, the local government element of the Improved Better Care Fund, and the Rural Services Delivery Grant

as well as income from council tax assuming that the tax base grows, councils increase council tax by CPI and where appropriate by 2 per cent to support social care.

- 13.3 The Government will reduce revenue support grant to individual local authorities in a way that ensures that councils delivering the same set of services receive the same percentage change in settlement core funding for these services. Taking council tax into account when calculating this adjustment is a significant change in central government policy. As a result of the calculations, some individual local authorities in later years (such as ourselves) will be required to contribute funding from other elements of their settlement core funding if their revenue support grant amount is reduced to a level below zero. The Government proposes that this adjustment could be made through the top-up and tariff method.
- 13.4 Attached at Annex 1 is a comparison of our spending power for 2016/17 compared with other authorities in Lancashire.
- 13.5 You will see the Government's calculation of spending power for Ribble Valley includes the assumption that we will take advantage of their permission to increase our council tax by £5 as we are in the bottom quartile of all districts in terms of our Band D council tax at £140.69.
- 14. CONCLUSION
- 14.1 Note the provisional grant settlement for Ribble Valley

DIRECTOR OF RESOURCES

PF17-16/JP/AC
1 February 2016

Core Spending Power 2016/17 compared with Adjusted 2015/16

Annex 1

Local Authority	Adjusted Settlement Funding Assessment	Council Tax excluding Parish Precepts	New Homes Bonus	Rural Services Delivery Grant	Adjusted Core Spending Power	Settlement Funding Assessment	Estimated Council Tax excluding Parish Precepts	Potential additional Council Tax revenue from Adult Social Care flexibility	Potential additional Council Tax revenue from £5 referendum principle for districts in lower quartile	Proposed Improved Better Care Fund	New Homes Bonus	Rural Services Delivery Grant	Core Spending Power	% change in Core Spending Power from 2015-16 to 2016-17
	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	%
	2015-16	2015-16	2015-16	2015-16	2015-16	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	
Blackburn with Darwen	77.4	41.9	1.5	0.0	120.8	69.6	44.1	0.9	0.00	0.0	1.7	0.0	116.4	-3.7%
Blackpool	84.3	45.5	1.6	0.0	131.4	75.8	46.4	0.9	0.00	0.0	1.8	0.0	125.0	-4.9%
Burnley	8.6	5.9	0.8	0.0	15.4	7.6	6.1	0.0	0.00	0.0	1.0	0.0	14.6	-4.8%
Chorley	4.9	6.1	3.4	0.0	14.4	4.1	6.4	0.0	0.00	0.0	4.5	0.0	14.9	3.5%
Fylde	3.3	5.3	1.7	0.0	10.2	2.6	5.4	0.0	0.00	0.0	1.9	0.0	9.9	-2.7%
Hyndburn	7.4	4.3	0.5	0.0	12.2	6.5	4.5	0.0	0.00	0.0	0.6	0.0	11.6	-4.6%
Lancashire	338.5	387.1	4.4	0.0	730.0	292.2	398.6	7.9	0.00	0.0	5.5	0.0	704.2	-3.5%
Lancashire Fire	29.4	26.6	0.0	0.0	56.1	27.6	27.4	0.0	0.00	0.0	0.0	0.0	55.0	-1.9%
Lancaster	9.2	7.9	1.3	0.0	18.3	7.9	8.1	0.0	0.00	0.0	1.9	0.0	17.9	-2.0%
Pendle	7.7	5.4	1.0	0.0	14.1	6.7	5.6	0.0	0.00	0.0	1.1	0.0	13.5	-4.7%
Preston	9.0	9.9	1.0	0.0	19.9	7.6	10.1	0.0	0.00	0.0	1.3	0.0	19.0	-4.2%
Ribble Valley	2.253017	3.053395	0.966526	0.020651	6.293590	1.862606	3.140475	0.000000	0.069875	0.000000	1.369880	0.026647	6.469483	2.8%
Rossendale	3.6	4.9	0.8	0.0	9.3	3.0	5.1	0.0	0.00	0.0	1.0	0.0	9.1	-2.3%
South Ribble	4.0	7.2	1.1	0.0	12.2	3.2	7.4	0.0	0.00	0.0	1.7	0.0	12.3	0.3%
West Lancashire	5.5	6.2	1.4	0.0	13.0	4.6	6.3	0.0	0.00	0.0	1.7	0.0	12.6	-2.8%
Wyre	5.6	6.2	1.8	0.0	13.7	4.8	6.4	0.0	0.00	0.0	2.3	0.0	13.4	-1.7%

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 5

meeting date: 9 FEBRUARY 2016
title: OVERALL REVISED CAPITAL PROGRAMME 2015/16
submitted by: DIRECTOR OF RESOURCES
principal author: ANDREW COOK

1 PURPOSE

1.1 To consider the Council's overall revised capital programme for 2015/16.

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 2015/16 was approved by Full Council in March 2015.

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

3 ORIGINAL CAPITAL PROGRAMME 2015/16

3.1 All committees considered proposals for the new capital programme at their meetings in January 2015. The programme was set against a background of limited capital resources and reducing revenue budgets. In total, sixteen new schemes were approved for the 2015/16 financial year, along with budgets for two schemes that were moved from 2014/15 at the revised estimate stage. This made a total planned capital programme for the current year of £1,191,000, covering eighteen schemes.

3.2 In addition, not all planned expenditure for 2014/15 was spent. For three schemes, the unspent balance in 2014/15 has been transferred into 2015/16. This is known as slippage. The total of this slippage was £30,150.

3.3 An additional approval was gained from Policy and Finance Committee in June 2015 to complete the Installation of Cemetery Infrastructure scheme in 2015/16. The additional approval of £2,730 was funded by a revenue contribution from Health and Housing Committee.

3.4 The total of all these elements created a 2015/16 overall capital programme with nineteen schemes and a total approved budget of £1,223,880. This is shown at Annex 1.

4 REVISING THE 2015/16 CAPITAL 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. Following this review, the revised capital programme for 2015/16 is £1,181,000, a reduction of £42,880 from the total approved original budget.

4.2 The main reasons for the £42,880 reduction are:

- The All Weather Pitch Lighting scheme, which had a budget of £20,000, has been removed from the capital programme because the LED technology required for this scheme will not be available at the budgeted cost in 2015/16. The scheme has been re-submitted as a capital bid for the 2018/19 capital programme, at a revised cost.
- Four mower purchase schemes were completed in the first part of the year, with a combined underspend of £19,856.
- The Installation of Cemetery Infrastructure scheme was completed in the first part of the year, with an underspend of £1,446.

4.3 Annex 1 shows the full capital programme, with the budget and actual expenditure (including commitments) as at the end of December 2015 for each scheme. The summary position is shown below.

Committee	Budget Analysis						Expenditure Analysis
	Original Estimate 2015/16 £	Budget Moved from 2014/15 £	Slippage from 2014/15 £	Additional Approvals 2015/16 £	Total Approved Budget 2015/16 £	Revised Estimate 2015/16 £	Actual Expenditure including commitments as at end of December 2015 £
Community Services	436,600	47,000	0	0	483,600	442,270	435,934
Policy and Finance	371,400	100,000	0	0	471,400	471,400	3,772
Health and Housing	236,000	0	30,150	2,730	268,880	267,330	246,200
TOTAL	1,044,000	147,000	30,150	2,730	1,223,880	1,181,000	685,906

4.4 Expenditure (including commitments) on all schemes as at the end of December 2015 is £685,906. This is 58% of the revised estimate. Significant expenditure is still to take place on the four Policy and Finance Committee schemes.

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

5 FINANCING OF THE 2015/16 CAPITAL PROGRAMME

5.1 The capital resources to finance the Capital Programme for 2015/16 have also been revised, and are shown in the table below:

	Current Financing 2015/16 £	Revised Financing 2015/16 £
Total Approved Budget	1,223,880	1,181,000
Resources		
Grants and Contributions		
Disabled Facilities Grants	-161,000	-160,900
Sport England – 3G Artificial Pitch Scheme	-25,000	-23,500
Lancashire County Council – Clitheroe Townscape (to be confirmed)	-60,000	-60,000
Borrowing		
Unsupported Borrowing	-257,270	-257,270
Earmarked Reserves		
VAT Shelter	-417,000	-392,210
New Homes Bonus	-125,000	-88,000
Capital Reserve Fund	-147,010	-169,040
Fleming VAT Reclaim	-24,600	-23,080
Conservation Reserve	-5,630	-5,630
Market Town Enhancement Reserve	-1,370	-1,370
Total of Resources Used	-1,223,880	-1,181,000

5.2 Shown below is a summary of the movements on available capital resources from 1 April 2015 to the anticipated closing balance at 31 March 2016.

Resource	Opening Balance 1 April 2015 £	Added in Year £	Used in Year £	Closing Balance 31 March 2016 £
Capital Grants Unapplied b/f	-13,822	0	0	-13,822
New Grants and Contributions in Year	0	-244,400	244,400	0
Capital Reserve Fund**	-692,623	-45,070	169,040	-568,653
Use of VAT Shelter	0	-392,210	392,210	0
Use of New Homes Bonus	0	-88,000	88,000	0
Capital Receipts	-458,239	-242,064	0	-700,303
Fleming VAT Reclaim Reserve	0	-23,080	23,080	0

Resource	Opening Balance 1 April 2015 £	Added in Year £	Used in Year £	Closing Balance 31 March 2016 £
Other Earmarked Reserves	0	-7,000	7,000	0
Unsupported Borrowing	0	-257,270	257,270	0
Total	-1,164,684	-1,299,094	1,181,000	-1,282,778

*** The recommended minimum level of the Capital Reserve Fund is £350,000*

6 COMMENTS ON OVERALL POSITION

- 6.1 The revised 2015/16 capital programme is £1,181,000. This is a reduction of £10,000 from the originally approved capital programme at this time last year of £1,191,000. The changes are summarised in the table below.

	£	£
Original Capital Programme 2015/16		1,191,000
Slippage from 2014/15	30,150	
Schemes added for the current year – additional approval	2,730	
Net changes to the Total Approved Budget		32,880
Schemes reduced at Revised Estimate for the current year	-42,940	
Schemes increased at Revised Estimate for the current year	60	
Net Changes at Revised Estimate		-42,880
Proposed Revised Capital Programme 2015/16		1,181,000

- As shown earlier, the revised capital programme is fully financed. There is a £10,000 reduction in the level of financing resources needed to fund the programme, compared to that needed at the time the originally approved capital programme was set at this time last year. Compared to the currently approved programme, the revised programme requires £42,880 less in financing.

7 RISK ASSESSMENT

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

- Resources – Approval of the revised capital programme will see a reduction of £10,000 in the level of financing resources needed to fund the programme, compared to the programme originally approved at this time last year, or £42,880 less compared to the currently approved programme.
- 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 2015/16 is £1,181,000 for eighteen schemes. This is a £10,000 reduction from the original capital programme approved at this time last year. The decrease is due to £30,150 slippage from the 2014/15 capital programme budget and a £2,730 approval of an additional scheme during the year, set against a £42,880 reduction in the overall cost of capital programme schemes when reviewed at revised estimate stage.
- 8.2 The reduced capital programme for 2015/16 is fully financed.
- 8.3 Actual expenditure on all schemes, as at the end of December 2015, is £685,906. This is 58% of the revised estimate.
- 8.4 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 2015/16.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF19-16/AC/AC
29 January 2016

For further background information please ask for Andrew Cook.

BACKGROUND PAPERS - None

**SPECIAL POLICY AND FINANCE COMMITTEE
OVERALL REVISED CAPITAL PROGRAMME 2015-16**

Cost Centre	Schemes	Original Estimate 2015/16 £	Budget Moved from 2014/15 £	Slippage from 2014/15 £	Additional Approvals 2015/16 £	Total Approved Budget 2015/16 £	Revised Estimate 2015/16 £	Actual Expenditure including commitments as at end of December 2015 £
Community Committee								
PLAYP	Play Area Improvements 2015/16	40,000	0	0	0	40,000	40,000	33,676
RBBFV	Replacement of Geesink 26t RP HGV Refuse Collection Vehicle	210,000	0	0	0	210,000	210,060	210,055
GNPZV	Replacement of 4x4 Tractor/Mower (PN04 NPZ)	17,000	0	0	0	17,000	12,220	12,220
GPLOV	Replacement of Kubota Mower (PN05 PLO)	19,000	0	0	0	19,000	14,040	14,037
RSCAG	Replacement of Scag Mower	9,000	0	0	0	9,000	4,890	4,887
HGTRL	Two Heavy Goods Trailers	6,000	0	0	0	6,000	6,000	6,000
TRISM	Replacement of 2 Trim Star Mowers	16,000	0	0	0	16,000	10,000	10,000
RSHOV	Replacement of Waste Transfer Station Loader Shovel	75,000	0	0	0	75,000	75,000	75,000
HYPRO	Hyprolyser Electrochlorination System at Ribblesdale Pool	15,600	0	0	0	15,600	14,840	14,838
REPUV	Replacement of the UV unit at Ribblesdale Pool	9,000	0	0	0	9,000	8,240	8,240
TGAPS	Installation of 3G Artificial Pitch	0	47,000	0	0	47,000	46,980	46,981
AWPLG	All Weather Pitch Lighting	20,000	0	0	0	20,000	0	0
	Total Community Committee	436,600	47,000	0	0	483,600	442,270	435,934

**SPECIAL POLICY AND FINANCE COMMITTEE
OVERALL REVISED CAPITAL PROGRAMME 2015-16**

Cost Centre	Schemes	Original Estimate 2015/16 £	Budget Moved from 2014/15 £	Slippage from 2014/15 £	Additional Approvals 2015/16 £	Total Approved Budget 2015/16 £	Revised Estimate 2015/16 £	Actual Expenditure including commitments as at end of December 2015 £
<i>Policy and Finance Committee</i>								
OROOF	Council Offices – Re-roofing	167,500	0	0	0	167,500	167,500	3,172
WINDW	Council Offices – Replacement Windows and Rooflights	88,900	0	0	0	88,900	88,900	600
TNSCP	Clitheroe Townscape Scheme	115,000	0	0	0	115,000	115,000	0
ECDVI	Economic Development Initiatives	0	100,000	0	0	100,000	100,000	0
	Total Policy and Finance Committee	371,400	100,000	0	0	471,400	471,400	3,772
<i>Health and Housing Committee</i>								
DISCP	Disabled Facilities Grants	161,000	0	11,150	0	172,150	172,050	150,917
LANGR	Landlord/Tenant Grants	75,000	0	18,130	0	93,130	93,130	93,129
CMEXT	Installation of Cemetery Infrastructure	0	0	870	2,730	3,600	2,150	2,154
	Total Health and Housing Committee	236,000	0	30,150	2,730	268,880	267,330	246,200
OVERALL TOTAL		1,044,000	147,000	30,150	2,730	1,223,880	1,181,000	685,906

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 6

meeting date: 9 FEBRUARY 2016
title: OVERALL CAPITAL PROGRAMME 2016-19
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

1.1 To recommend a capital programme for 2016/19 to Full Council on 1 March 2016.

2 DEVELOPING THE THREE YEAR CAPITAL PROGRAMME 2016-19

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 and performance management.

2.4 Schemes were previously requested at this time last year for the 2016/17 and 2017/18 financial years. However, no bids had previously been requested for the 2018/19 financial year.

2.5 Full details of all bids were presented to members during the October 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 2015 to 2018.

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 2016/17 and 2017/18 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	2016/17	2017/18
Community Services	212,000	452,610
Policy and Finance	100,000	36,250
Health and Housing	411,000	211,000
Total	723,000	699,860
Financing		
Disabled Facilities Grants	-161,000	-161,000
New Homes Bonus	-62,000	-200,000
Vehicle Residual Values		-28,060
Revenue Contributions		-36,250
VAT Shelter	-325,000	-132,000
External Resources		-10,000
Capital Reserve		-69,990
Borrowing	-175,000	-62,560
Total	-723,000	-699,860

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	-120,000
New Homes Bonus	-200,000
Better Care Funding – For Disabled Facilities Grants	-161,000
Total Funding Available for New Bids Received	-481,000

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 2016.

Resource	Closing Available Balance 31 March 2016 £
Capital Grants Unapplied	-13,822
Capital Reserve Fund**	-568,653
Capital Receipts	-700,303
Total	-1,282,778

** 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	2016/17	2017/18	2018/19	TOTAL
Community Services	234,200	13,700	1,441,800	1,689,700
Planning and Development	30,200	0	0	30,200
Policy and Finance	79,000	141,950	23,500	244,450
Health and Housing	0	0	211,000	211,000
Total	343,400	155,650	1,676,300	2,175,350

- 5.2 As the capital programme has already been approved for 2016/17 and 2017/18 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.
- 5.3 However, there were 7 new schemes submitted for 2016/17 totalling £340,900 and 4 new schemes for 2017/18 totalling £166,150. There were also amendments to existing schemes in both 2016/17 and 2017/18 resulting in a net proposed reduction of £8,000.

6 CMT AND BWG RECOMMENDATIONS

- 6.1 Corporate Management Team and the Budget Working Group have met on several occasions 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		£
New capital bids and amendments as submitted and reported to Service Committees		2,175,350
Resources Available		-481,000
Excess Bids/Shortfall in Resources		1,694,350
CMT/BWG Recommendations – Review of Bids		-953,550
CMT/BWG Recommendations – Review of Resources		-740,800
Resulting Excess Bids/Shortfall in Resources		0

7 FINAL PROPOSED CAPITAL PROGRAMME FOR 2016/17 TO 2018/19

- 7.1 After taking into consideration the existing capital programme for 2016/17 - 2017/18, 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	2016/17 £	2017/18 £	2018/19 £
Community Services	374,500	453,610	679,600
Policy and Finance	100,000	26,000	147,750
Planning and Development	30,200	0	0
Health and Housing	411,000	211,000	211,000
TOTAL OF ALL SCHEMES	915,700	690,610	1,038,350

- 7.2 The final proposed **financing** of the capital programme is shown in the table below

Resource	2016/17 £	2017/18 £	2018/19 £
Disabled Facilities Grant Funding	-161,000	-161,000	-161,000
VAT Shelter	-278,500	-144,000	-159,500
Capital Reserve		-69,990	
New Homes Bonus	-62,000	-200,000	-216,770
Borrowing	-175,000	-62,560	
Earmarked Cost of Democracy Savings			-11,250
Vehicle Residual Values (Capital Reserve)		-28,060	
Earmarked S31 New Burdens Funding (Capital Reserve)		-25,000	
Earmarked Additional Trade Waste Income			-120,000
Earmarked Planning Fee Income (Capital Reserve)	-30,200		

Resource	2016/17 £	2017/18 £	2018/19 £
Earmarked Fleming VAT Income	-59,000		
Vehicle Renewals Fund Earmarked Reserve			-300,000
ICT Renewals Fund Earmarked Reserve			-23,500
Invest to Save Earmarked Reserve			-23,000
External Funding: towards Ribblesdale Pool - Improvement Work	-150,000		
External Funding: towards Electric Vehicle Charging Point			-23,330
TOTAL OF ALL RESOURCES	-915,700	-690,610	-1,038,350

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

Capital Reserve	2016/17 £	2017/18 £	2018/19 £
Opening Balance	-568,653	-538,453	-415,403
Taken from Reserve	30,200	123,050	0
Closing Balance	-538,453	-415,403	-415,403

Recommended Minimum Balance	-350,000	-350,000	-350,000
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7.4 Whilst a balance above the minimum of £350,000 remains on the Capital Reserve over the programme's 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.

7.5 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.

8 CONCLUSION

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

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

8.3 CMT and the Budget Working Group have met on several occasions and have made recommendations in order to provide a capital programme for 2016/17 to 2018/19 that is both affordable and achievable.

9 RECOMMENDED THAT SPECIAL POLICY AND FINANCE COMMITTEE

10.1 Recommend to Council the Capital Programme for 2016/19 as set out in Annex 4.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

ANNEX 1

**CAPITAL PROGRAMME PREVIOUSLY APPROVED FOR 2016/17 TO
2017/18**

EXISTING SCHEMES	2016/17 £	2017/18 £
<u>Community Services Committee</u>		
Replacement of Works Section Panel Van PK06 HKA (currently Vauxhall Vivaro) with a smaller van	12,000	
Replacement of Scag Mower with equivalent spec vehicle	10,000	
Replacement of Works Section Small Van - Ford Transit PF09 DHX (Toilet Van)	12,000	
Play Area Improvements (2016/17)	40,000	
Replacement of 2 x Open Backed Single Bodied Paper Collection Vehicles (VX55 KXD & VU06 TKN)	30,000	
Replacement of Salthill Depot Multi Use Fork Lift Truck	25,000	
Replacement of John Deere Gang Mower Tractor (PN05 UKE)	45,000	
Replacement of MAN 7.7 RO-RO Truck (PN06 FRV) with equivalent spec vehicle	38,000	
Longridge CCTV (Transfer of Images to Clitheroe Monitoring Station)		12,500
Ribble Valley off-street car parks – upgrade of payment systems		20,550
Castle Museum - Refurbishment of Windows		62,560
Play Area Improvements (2017/18)		40,000
Renewal of sections of floor to residual waste transfer station - Phase 1 (2017/18)		16,000
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
Replacement mower (Kubota) PN09 SWO		20,000
Replacement mower (Scag 4x4) rvbc 016 with equivalent specification vehicle		10,000
Replacement pick up vehicles (Ford Ranger S/C 4WD x 2) – PK07 LSY and PK07 TZG		36,000
Total Community Services Committee	212,000	452,610

ANNEX 1

**CAPITAL PROGRAMME PREVIOUSLY APPROVED FOR 2016/17 TO
2017/18**

EXISTING SCHEMES	2016/17 £	2017/18 £
<u>Health and Housing Committee</u>		
Clitheroe Market Improvements	175,000	
Disabled Facilities Grants	161,000	161,000
Landlord/Tenant Grants	75,000	50,000
Total Health and Housing Committee	411,000	211,000
<u>Policy and Finance Committee</u>		
ICT Infrastructure refresh (Storage Area Network (SAN) and also Network & Server Replacement)	100,000	
Council chamber – Seating renewal scheme		11,250
Replacement server for Revenues & Benefits		25,000
Total Policy and Finance Committee	100,000	36,250
Total Schemes/Bids for all Committees	723,000	699,860

ALL NEW BIDS AND REVIEWS OF EXISTING SCHEMES AS SUBMITTED BY HEADS OF SERVICE

ALL NEW SCHEMES AND REVIEWS OF EXISTING SCHEMES	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£
COMMUNTY SERVICES COMMITTEE				
REVIEW OF EXISTING SCHEMES				
Replacement of Works Section Panel Van PK06 HKA (currently Vauxhall Vivaro) with a smaller van: DELETE	-12,000			-12,000
Replacement of Scag Mower with equivalent spec vehicle: DELETE	-10,000			-10,000
Replacement of 2 x Open Backed Single Bodied Paper Collection Vehicles (VX55 KXD & VU06 TKN): INCREASED COST	19,000			19,000
Replacement of Salthill Depot Multi Use Fork Lift Truck: REDUCED COST	-9,000			-9,000
Replacement of John Deere Gang Mower Tractor (PN05 UKE): INCREASED COST	1,000			1,000
Replacement of MAN 7.7 RO-RO Truck (PN06 FRV) with equivalent spec vehicle: INCREASED COST	13,500			13,500
Longridge CCTV (Transfer of Images to Clitheroe Monitoring Station): DELETE (fund from revenue)		-12,500		-12,500
Renewal of sections of floor to residual waste transfer station - Phase 1 (2017/18): INCREASED COST		3,500		3,500
Replacement of Twin-bodied refuse collection vehicle (VU59 JJK): INCREASED COST		8,000		8,000
Replacement of Works Iveco Tipper with Iveco Daily Long Wheelbase high top van: REDUCED COST		-1,500		-1,500

ALL NEW BIDS AND REVIEWS OF EXISTING SCHEMES AS SUBMITTED BY HEADS OF SERVICE

ALL NEW SCHEMES AND REVIEWS OF EXISTING SCHEMES	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£
Replacement mower (Kubota) PN09 SWO: REDUCED COST		-4,500		-4,500
Replacement mower (Scag 4x4) rvbc 016 - plus Replacement of Scag Mower (rvbc014) with equivalent spec vehicle: INCREASED COST		3,000		3,000
Replacement pick up vehicles (Ford Ranger S/C 4WD x 2) – PK07 LSY and PK07 TZG: INCREASED COST		5,000		5,000
NEW SCHEMES				
Ribblesdale Pool - Improvement Work	209,000			209,000
Tour of Britain Legacy	10,000			10,000
Playing Pitch Renovation Programme	12,700	12,700	12,700	38,100
Renewal of sections of floor to residual waste transfer station - Phase 2 (2018/19)			23,500	23,500
Replacement of Twin Bodied Refuse Collection Vehicles (VU60 HNX and PO60 YEK)			445,000	445,000
Replacement of Works Iveco Tipper (PO60 AYK)			37,500	37,500
Replacement of Car Parking Van - Fiat Doblo PN09 MHY with an equivalent spec			13,000	13,000
Replacement of Garwood (12 Tonne GVW) single bodied RCV & Cage Truck with single multi-use vehicle - PN05 PWL			120,000	120,000
Rapid Charge Electric Vehicle Charging Point 2018/19			31,100	31,100

ALL NEW BIDS AND REVIEWS OF EXISTING SCHEMES AS SUBMITTED BY HEADS OF SERVICE

ALL NEW SCHEMES AND REVIEWS OF EXISTING SCHEMES	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£
Castle Keep Lime Re-pointing Works and Repair			282,000	282,000
Platform Gallery - Window Replacement and Roof Purlin Repairs			102,500	102,500
Salthill Depot Garage - Refurbishment Scheme			163,500	163,500
Replacement mower (Haytor) PN07 MVG			36,500	36,500
Replacement mower (Kubota) PN09 SWO			16,000	16,000
Replacement Mini Tractor and Trailer (John Deere) - PN06 TSZ			12,000	12,000
Replacement Vehicle (Renault Hook Lift) - PN07 VWG			38,000	38,000
Replacement Truck (Ford) c/w Tail Lift			37,500	37,500
Play Area Improvements			40,000	40,000
All Weather Pitch Lighting			31,000	31,000
Total Community Services Committee	234,200	13,700	1,441,800	1,689,700

HEALTH AND HOUSING COMMITTEE				
NEW SCHEMES				
Disabled Facilities Grants			161,000	161,000

ALL NEW BIDS AND REVIEWS OF EXISTING SCHEMES AS SUBMITTED BY HEADS OF SERVICE

ALL NEW SCHEMES AND REVIEWS OF EXISTING SCHEMES	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£
Landlord/Tenant Grants			50,000	50,000
Total Health and Housing Committee	0	0	211,000	211,000

PLANNING AND DEVELOPMENT COMMITTEE				
NEW SCHEMES				
Introduction of Planning Portal Link to the Planning Application System and Planning System Update	30,200	0		30,200
Total Planning and Development Committee	30,200	0	0	30,200

POLICY AND FINANCE COMMITTEE				
REVIEW OF EXISTING SCHEMES				
Replacement server for Revenues & Benefits: REDUCED COST		-11,500		-11,500
NEW SCHEMES				
Mod Gov Committee System	21,500			21,500

ALL NEW BIDS AND REVIEWS OF EXISTING SCHEMES AS SUBMITTED BY HEADS OF SERVICE

ALL NEW SCHEMES AND REVIEWS OF EXISTING SCHEMES	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£
Printing section equipment upgrade	12,500			12,500
New Council telephone system	45,000			45,000
Civic Suite Upgrade		73,450		73,450
Resurface Dewhurst Road, Langho to a better standard		57,000		57,000
Queensway Garages - Replace roof covering and repairs		23,000		23,000
Windows Server Upgrade			23,500	23,500
Total Policy and Finance Committee	79,000	141,950	23,500	244,450
TOTAL NEW BIDS AND AMENDMENTS FOR ALL COMMITTEES	343,400	155,650	1,676,300	2,175,350

CMT AND BUDGET WORKING GROUP RECOMMENDATIONS

	£	£
Schemes		
New capital bids and amendments as submitted and reported to Service Committees		2,175,350
Resources		
VAT Shelter	-120,000	
New Homes Bonus	-200,000	
Better Care Funding – For Disabled Facility Grants	-161,000	
Total Resources Available		-481,000
Excess Bids/Shortfall in Resources		1,694,350
REVIEW BY CMT AND BWG to reduce Excess Bids/Shortfall in Resources		
CMT/BWG Recommendations – SCHEME BIDS		
Replacement of 2 Open Backed Single Bodied Paper Collection Vehicles This scheme is to be reprogrammed to 2018/19 to coincide with the ending of cost sharing. The scheme bid is also changed to be for one vehicle.	0	
Replacement of Two Twin Bodied Refuse Collection Vehicles Scheme to be changed to the replacement of just one vehicle, with the second vehicle to be reviewed in future capital programmes.	-222,500	
Castle Keep Lime Re-Pointing Works and Repair This scheme bid is to be deleted. The scheme bid will be reconsidered if external funding for the works can be secured.	-282,000	
Platform Gallery – Window Replacement and Roof Purlin Repairs This scheme bid is to be deleted. Some works may potentially be funded from any underspend on the current Council Offices Windows and Roofing Scheme.	-102,500	
Salthill Depot Garage – Refurbishment Scheme This scheme bid is to be deleted.	-163,500	
Replacement Renault Hook Lift Vehicle This scheme bid is to be deleted as an increased specification vehicle is being introduced in 2016/17. As a consequence this further vehicle will not be replaced.	-38,000	
Tour of Britain Legacy This scheme bid is to be moved from 2016/17 to 2018/19.	0	
Playing Pitch Renovation Programme This scheme bid is to be deleted from 2016/17, 2017/18 and 2018/19. Such work is to be carried out within existing revenue resources where possible.	-38,100	
Council Chamber Seating Renewal Scheme This scheme bid is to be reprogrammed to 2018/19.	0	
Civic Suite Upgrade This scheme bid is to be reprogrammed to 2018/19, and to be managed within a reduced budget, focussing on audio/visual update requirements.	-28,450	
Mod Gov Committee System This scheme bid is to be deleted. This may be a scheme bid that can be reconsidered in future years if the revenue impact of the software reduces.	-21,500	
Printing Section Equipment Upgrade This scheme bid is to be reprogrammed to 2017/18.	0	

CMT AND BUDGET WORKING GROUP RECOMMENDATIONS

	£	£
New Council Telephone System This scheme bid is to be reprogrammed to 2018/19.	0	
Resurface Dewhurst Road, Langho This scheme bid is to be deleted.	-57,000	
IMPACT OF REVIEW OF BIDS		-953,550
CMT/BWG Recommendations – RESOURCES		
New Homes Bonus Increase in the use of New Homes Bonus, above £200,000.	-1,770	
Use of Additional Trade Waste Income The additional Trade Waste income experienced on the revenue budget is to be set aside over future years. This will be released in 2018/19 to fund the replacement of the refuse vehicle used in the provision of this service.	-120,000	
Delete Use of Lancashire Police and Crime Commissioners (LPCC) Resource Use of this funding was to help finance the 'Longridge CCTV (Transfer of Images to Clitheroe Monitoring Station)' scheme. This is now to be funded from revenue due to the lower cost of the scheme. The resources are therefore deleted from the capital programme.	10,000	
Use of Additional Planning Fee Income Increase in planning fee income in 2015/16 is to be set aside to fund the 'Introduction of Planning Portal Link to the Planning Application System and Planning System Update' scheme bid in 2016/17.	-30,200	
Vehicle Renewals Fund Use of the full resources available in the Vehicle Renewals Fund to fund the replacement of vehicles in 2018/19.	-300,000	
ICT Renewals Fund Use of part of the ICT renewals fund in 2018/19 for the Windows Server Upgrade.	-23,500	
Invest to Save Use of the Invest to Save Fund to finance the Queensway Garages, Waddington Scheme. Retained rents will replenish the reserve in future years.	-23,000	
Use of Fleming VAT Reserve Use of part of the Fleming VAT Reserve in 2016/17 for the Ribblesdale Pool Improvement Work.	-59,000	
External Funding Potential funding for the Ribblesdale Pool Improvement Work.	-150,000	
External Funding Potential funding for the Rapid Charge Electric Vehicle Charging Point scheme.	-23,330	
Previously Earmarked New Homes Bonus A previous All Weather Pitch Lighting scheme was not progressed in 2015/16 due to prohibitive costs. The associated resources have been carried forward for the new scheme in 2018/19.	-15,000	
Previously Earmarked VAT Shelter A previous All Weather Pitch Lighting scheme was not progressed in 2015/16 due to prohibitive costs. The associated resources have been carried forward for the new scheme in 2018/19.	-5,000	
IMPACT OF REVIEW OF RESOURCES		-740,800
Resulting Excess Bids/Shortfall in Resources		0

FINAL PROPOSED CAPITAL PROGRAMME 2016/17 TO 2018/19

ANNEX 4

SCHEMES	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£
COMMUNTY SERVICES COMMITTEE				
Ribblesdale Pool - Improvement Work <i>(Subject to securing external funding)</i>	209,000			209,000
Replacement of Works Section Small Van - Ford Transit PF09 DHX (Toilet Van)	12,000			12,000
Replacement of Salthill Depot Multi Use Fork Lift Truck	16,000			16,000
Replacement of John Deere Gang Mower Tractor (PN05 UKE)	46,000			46,000
Replacement of MAN 7.7 RO-RO Truck (PN06 FRV) with equivalent spec vehicle	51,500			51,500
Play Area Improvements	40,000	40,000	40,000	120,000
Ribble Valley off-street car parks – upgrade of payment systems		20,550		20,550
Castle Museum - Refurbishment of Windows		62,560		62,560
Renewal of sections of floor to residual waste transfer station		19,500	23,500	43,000
Replacement of Twin-bodied refuse collection vehicle (VU59 JJK)		218,000		218,000
Replacement of Works Iveco Tipper with Iveco Daily Long Wheelbase high top van		23,500		23,500
Replacement mower (Kubota) PN09 SWO		15,500		15,500

FINAL PROPOSED CAPITAL PROGRAMME 2016/17 TO 2018/19

ANNEX 4

SCHEMES	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£
Replacement mower (Scag 4x4) rvbc 016 - plus Replacement of Scag Mower (rvbc014) with equivalent spec vehicle		13,000		13,000
Replacement pick up vehicles (Ford Ranger S/C 4WD x 2) – PK07 LSY and PK07 TZG		41,000		41,000
Replacement of 1 x Open Backed Single Bodied Paper Collection Vehicles (VX55 KXD <u>OR</u> VU06 TKN)			49,000	49,000
Replacement of a Twin Bodied Refuse Collection Vehicle (VU60 HNX <u>OR</u> PO60 YEK)			222,500	222,500
Replacement of Works Iveco Tipper (PO60 AYK)			37,500	37,500
Replacement of Car Parking Van - Fiat Doblo PN09 MHY with an equivalent spec			13,000	13,000
Replacement of Garwood (12 Tonne GVW) single bodied RCV & Cage Truck with single multi-use vehicle - PN05 PWL			120,000	120,000
Rapid Charge Electric Vehicle Charging Point			31,100	31,100
Replacement mower (Haytor) PN07 MVG			36,500	36,500
Replacement mower (Kubota) PN09 SWO			16,000	16,000
Replacement Mini Tractor and Trailer (John Deere) - PN06 TSZ			12,000	12,000
Replacement Truck (Ford) c/w Tail Lift			37,500	37,500
Tour of Britain Legacy			10,000	10,000
All Weather Pitch Lighting			31,000	31,000
Total Community Services Committee	374,500	453,610	679,600	1,507,710

FINAL PROPOSED CAPITAL PROGRAMME 2016/17 TO 2018/19

ANNEX 4

SCHEMES	2016/17 £	2017/18 £	2018/19 £	TOTAL £
HEALTH AND HOUSING COMMITTEE				
Clitheroe Market Improvements	175,000			175,000
Disabled Facilities Grants	161,000	161,000	161,000	483,000
Landlord/Tenant Grants	75,000	50,000	50,000	175,000
Total Health and Housing Committee	411,000	211,000	211,000	833,000
PLANNING AND DEVELOPMENT COMMITTEE				
Introduction of Planning Portal Link to the Planning Application System and Planning System Update	30,200			30,200
Total Planning and Development Committee	30,200	0	0	30,200
POLICY AND FINANCE COMMITTEE				
ICT Infrastructure refresh (Storage Area Network (SAN) and also Network & Server Replacement)	100,000			100,000
Replacement server for Revenues & Benefits		13,500		13,500
Printing section equipment upgrade		12,500		12,500

FINAL PROPOSED CAPITAL PROGRAMME 2016/17 TO 2018/19

ANNEX 4

SCHEMES	2016/17 £	2017/18 £	2018/19 £	TOTAL £
Council chamber – Seating renewal scheme			11,250	11,250
Windows Server Upgrade			23,500	23,500
New Council telephone system			45,000	45,000
Civic Suite Upgrade			45,000	45,000
Queensway Garages - Replace roof covering and repairs			23,000	23,000
Total Policy and Finance Committee	100,000	26,000	147,750	273,750
TOTAL FINAL PROPOSED CAPITAL PROGRAMME 2016/17 TO 2018/19	915,700	690,610	1,038,350	2,644,660

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 7

meeting date: 9 FEBRUARY 2016
 title: OVERALL REVENUE BUDGET 2016/17
 submitted by: DIRECTOR OF RESOURCES
 principal author: JANE PEARSON

1 PURPOSE

- 1.1 To approve the revised revenue budget for 2015/16.
- 1.2 To consider and recommend a revenue budget and council tax requirement for 2016/17 to Full Council on 1 March 2016.

2 CURRENT YEAR'S REVISED BUDGET 2015/16

Background

- 2.1 The revised budget for 2015/16 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% and for the settled pay award of 2.2% spread over two years (2014/15 and 2015/16). This equated to approximately a 1% increase for 2015/16.
- 2.3 The revised budget is now looking as if there will be a reduction of £396k in net expenditure. This is shown in the summary below.

Committee	Original Estimate 2015/16 £	Revised Estimate 2015/16 £	Difference £
Planning & Development	629,180	530,410	-98,770
Community	3,518,970	3,526,770	7,800
Health & Housing	834,360	795,640	-38,720
Policy & Finance**	2,173,260	2,134,710	-38,519
Total of Committees	7,155,770	6,987,530	-168,209
Capital Adjustments:			
Depreciation	-725,860	-840,840	-114,980
Minimum Revenue Provision	132,830	132,820	-10
Total Expenditure	6,562,740	6,279,510	-283,199
Other Items			
External Interest – Payable	11,140	11,140	0
Interest – Earned	-25,260	-29,400	-4,140
Council Tax Freeze Concession (re 2015/16 freeze)	-32,380	-32,380	0

Committee	Original Estimate 2015/16 £	Revised Estimate 2015/16 £	Difference £
Localisation of Council Tax Support - Payment to Parishes	11,500	11,500	0
New Homes Bonus Scheme			
New Homes Bonus	-968,616	-968,616	0
Less New Homes Bonus Transferred to Earmarked Reserve	292,551	292,551	0
New Homes Bonus: Returned Funding	0	-4,002	-4,002
Business Rates			
Retained Rates Income	-249,069	-249,069	0
Section 31 Grant for Business Rates	-616,716	-720,399	-103,683
Levy payable on growth	417,186	255,936	-161,250
Share of Business Rates Deficit on Collection Fund	46,136	46,136	0
Total retained income above Business Rates Baseline	-402,463	-667,396	-264,933
Less Business Rate income transferred to Volatility Reserve	139,537	404,470	264,933
Less Added to/(taken from) Other Earmarked Reserves	-122,755	-227,452	-104,697
Adjustment to Balances to Get to Agreed Budget	-150,000	246,069	396,069
Agreed Budget for year	5,315,994	5,315,994	0

****Policy and Finance Committee expenditure changed since reported to Committee to include £12,720 in 2015/16 in respect of the Bellwin Threshold for flooding**

Changes in Expenditure

2.4 In summary our overall expenditure has changed as follows

	£000
Committee Expenditure	-283
Other Items	-273
Transfers to and from Earmarked Reserves	160
	-396

2.5 Committee expenditure has fallen by £283k. However this is before appropriations to and from earmarked reserves of which there are many.

2.6 Service Committees have considered 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 £
COMMUNITY SERVICES COMMITTEE		
COMMD	Community salaries - general vacancies	-76,740
COMMD	Childrens Trust Grant no longer to be received	10,000
CPADM	Reduced income from fixed penalty notices	13,560
CRIME	Grant to be received from the Police and Crime Commissioner	-10,000
PAPER	Sale of waste paper and cardboard	34,470
PAPER	Drivers wages (reduced from 3 to 2)	-19,450
PCADM	Reduction in temporary toilet cleaners budget	-9,570
RCOLL / PAPER	Reduced budget for Promotional Activities	-7,550
RCOLL / PAPER	Vehicle Repairs & Maintenance	-14,910
RCOLL / PAPER	Diesel	-15,310
TRREF	Increased trade refuse customers due to closure of alternative supplier	-57,440
TRREF	Increased tipping charges due to higher tonnages collected	10,660
		-142,280
HEALTH AND HOUSING COMMITTEE		
CTBEN	Localised Council Tax Support Administration - Council Tax Benefit overpayments recovered by the Council in-year that relate to previous years, netted off against previous years' back payments of Council Tax Benefits paid to claimants.	-35,500
UCRED	Universal Credit - The Council provides services to Universal Credit claimants in the borough, on behalf of the DWP. Income to be received for these services has now been agreed with the DWP.	-20,240
CTBEN + HGBEN	Localised Council Tax Support Administration and Housing Benefits Administration - Increased IT system licence and support costs in-year to Housing Benefits and Local Council Tax support, because of a change in IT cost allocations across various cost centres.	10,400
HGBEN	Housing Benefits Administration - A new bad debt provision budget has been included for Housing Benefits overpayments recovered via the sundry debtor system. .	30,000
		-15,340

DESCRIPTION		VARIANCES FROM ORIGINAL ESTIMATE TO REVISED ESTIMATE £
POLICY AND FINANCE COMMITTEE		
CLOFF	Reallocation of repair & maintenance budget and reduced energy costs	-11,490
CLTAX	Additional Income from Royal Mail	-10,000
LSERV	Reduction in tuition fees, transport costs, protective clothing, printing & stationery, reference books etc	-12,260
FMISC	Reduced External Audit fees	-20,810
SUPDF	Reduction in superannuation deficiency payments due to reducing numbers of beneficiaries	-8,530
Various	Reduction in Software maintenance costs now charged direct to service outside committee	-12,840
Various	Staff turnover provision not reached	40,090
Bellwin	Bringing in to revised budget amount of Bellwin Threshold following recent flooding in Ribble Valley	12,720
		-23,120
ALL COMMITTEES		
Various	Utilities - Gas and Electric	-16,180
Various	Other Variances	-41,819
		-57,999
GRAND TOTAL		-396,069

Extra Support for Capital Programme

- 2.7 The Budget Working Group recommends that the anticipated additional income from Trade Refuse (after adjusting for increased tipping charges) of **£46,000** should be earmarked to part fund the cost of replacing the Garwood refuse vehicle which is used for trade refuse purposes. This is scheduled to be replaced in the capital programme in 2018/19.
- 2.8 The Budget Working Group also agreed to set aside £30,200 from the extra planning fee income brought into the revised estimate to fund the 2016/17 capital scheme – Introduction of Planning Portal link to the Planning Application system and planning system update costing **£30,200**.
- 2.9 In summary these two adjustments, if agreed, will amend the revised budget as follows:

	£
Increase in amount added to earmarked reserves	76,200
Reduction in amount added to general fund balances	-76,200
	0

2.10 The anticipated amount to be added to general fund balances will therefore become **£169,869** (£246,069 - £76,200).

Movement in Business Rate Income

2.11 Our latest estimate of Ribble Valley's General Fund share of Business Rate income for the current year predicts;

	2015/16 31 January 2015 Original Estimate as per NNDR1 £	2015/16 26 January 2016 Revised Estimate £
Levy calculation		
Billing Authority NNDR Income	14,509,476	13,559,433
LA share of NNDR income	5,803,790	5,423,773
LA share of SBRR	392,975	406,525
LA share of discretionary reliefs	192,328	236,294
Pre levy income	6,389,093	6,066,593
Less Tariff	4,325,447	4,325,447
Retained Rates Income	2,063,646	1,741,146
Baseline Funding Level	1,229,274	1,229,274
Retained Rates Income above Baseline	834,372	511,872
Levy at 50%	417,186	255,936

	2015/16 31 January 2015 as per NNDR1	2015/16 26 January 2016 Revised Estimate
Calculation of Business Rate Retained Income		
Billing Authority NNDR Income	14,509,476	14,509,476
LA share of NNDR income	5,803,790	5,803,790
Less Tariff	4,325,447	4,325,447
	1,478,343	1,478,343
Baseline Funding Level	1,229,274	1,229,274
Retained Rates Income before levy	249,069	249,069
Less Levy	417,186	255,936
Section 31 Grant:		
SBRR	399,626	412,454
SBRR where 2nd prop occupied		
Multiplier Cap	21,954	79,567
"New Empty" Property	8,118	1,975
"Long Term Empty" Property	8,118	11,119
Retail Relief	178,900	215,284
Total Section 31 Grant	616,716	720,399
<i>*Levy paid over after end of year after audited NNDR3 submitted</i>		
Total Business Rate Income to General Fund	448,599	713,532
Deficit carried forward from 2014/15	-46,136	-46,136
Total Business Rate Income to General Fund	402,463	667,396
Used to fund revenue budget	-262,926	-262,926
Remaining to add to earmarked reserve	139,537	404,470

- 2.12 Based on the current position we expect to receive £404k more than the amount relied upon to fund the revenue budget in the current year. However this is largely due to the complexities of the retention scheme where some elements are calculated on an accruals basis ie the levy and section 31 grant where as others are 'fixed' at the start of the year upon submission of our NNDR1 return.
- 2.13 Due to these timing differences the latest estimates on the business rates element of the Collection Fund suggest there will be a deficit at the end of the year of £1,051,731 of which our share will be £420,692. This will be recovered in 2016/17.

Movement in Earmarked Reserves

- 2.14 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 £236k more to earmarked reserves in the current year than originally forecasted.

Overall Changes

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

	Difference £000
Committees	-168
Depreciation	-115
Other Items	-273
Use of Earmarked Reserves	236
Net change	-320

2.16 This shows that the Council will in effect 'save' or benefit from £320k 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** £170k to balances.

3 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/17

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	£1,862,606
Consists of:	
Revenue Support Grant	623,087
Business Rates Baseline (Target)	1,239,518

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 The announcement is a four-year settlement. However the figures for 2017/2018 and beyond are part of an offer to any council that wishes to take it up. This will be conditional on councils publishing an efficiency plan.
- 3.4 For illustration purposes our provisional four year figures are shown below. You will see not only does our Revenue Support Grant become zero by 2019/20 but we will also be charged a tariff adjustment of £109k.

	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Settlement Funding Assessment	1.862606	1.568216	1.410332	1.342771
of which:				
Revenue Support Grant	0.623087	0.304319	0.109149	0.000000
Baseline Funding Level	1.239518	1.263897	1.301183	1.342771
Tariff/Top-Up	-4.361493	-4.447276	-4.578474	-4.724810
Tariff/Top-Up adjustment	0.000000	0.000000	0.000000	-0.108866
Safety Net Threshold	1.146554	1.169105	1.203595	1.242064
Levy Rate (p in £)	0.500000	0.500000	0.500000	0.500000

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 council tax share of 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 deficit of £592,908 this year. This consists of a surplus for council tax of £458,823 and a deficit in respect of Business Rates of £1,051,731.
- 4.4 The Council Tax surplus will be shared amongst all the major precepting authorities. Our share of the surplus is £47,809.

- 4.5 The Business Rates deficit will be recovered from the Government, Lancashire County Council, Lancashire Combined Fire Authority and ourselves in 2016/17. Our share of the deficit will be £420,692.
- 4.6 A statement showing the Collection Fund is attached at Annex 2.

Council Tax Base

- 4.7 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. Our council tax base for 2016/17 is 22,024. This compares with the current tax base of 21,703 in 2015/16.
- 4.8 A breakdown of the calculation showing the tax base by parish is included in Annex 4.

5 REVENUE BUDGET 2016/17

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 The Government intends to roll the **2015/16** Council Tax Freeze Grant into Revenue Support Grant (paid only to those authorities which qualified for the council tax freeze scheme in 2015/16), in the same way as the grant in previous years.
- 5.3 No Council Tax Freeze Grant scheme has been announced for 2016/17 onwards.
- 5.4 The Localism Act 2011 abolished central government capping and made provision for binding referendums to be held on excessive council tax increases. A referendum must be held where an authority's council tax increase is higher than the principles proposed annually by the Secretary of State and approved by the House of Commons.
- 5.5 For 2016/17 the Government have again set the core referendum threshold at 2%.
- 5.6 The Government state the unanimous view across local government is that the biggest cost pressure is care for the growing elderly population. Hence for authorities with social care responsibilities the Government are allowing an additional precept to be levied of 2% together with an announcement of a further £1.5bn to supplement this extra funding.
- 5.7 They also recognise that some district councils ie those with low Council Tax bases, or which serve the most rural areas, face particular pressures. Therefore for district councils with a council tax in the bottom quartile the threshold will be a £5 increase. The Government state this is to ensure such districts aren't punished for being economical while those who have spent more in the past are allowed to spend more now. The spending power figures announced for Ribble Valley assume that we will increase our council tax by the full amount permitted ie £5.
- 5.8 Our current Band D tax is **£140.69** (and has been since 2010/11). We are in the bottom quartile of all councils and 43rd out of 201 district councils. Across Lancashire the position in 2015/16 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	185.79
Lancaster	203.97
South Ribble	208.38
Hyndburn	230.52
Pendle	240.38
Rossendale	253.40
Burnley	272.58
Preston	285.06

- 5.9 It is important when deciding on our council tax level for next year to consider the amount of income any change will generate. The table below shows the range of increases available to the Council for next year. A £5 increase in our share of the Council Tax would result in a Band D amount of £145.69 ie an increase of 3.6%. This would generate £110,120 each year in extra revenue.

Band D Tax	% increase	Income Generated	Income over 6 years
140.69	0	0	0
142.10	1%	31,054	186,324
143.49	1.99%	61,667	370,002
144.21	2.5%	77,524	465,144
145.69	£5.00 3.6%	110,120	660,720

6 Rural Services Delivery Grant

- 6.1 The Government have announced that support for the most sparsely populated rural areas by way of the Rural Services Delivery Grant, will quadruple from £15.5 million this year to £65 million in 2019/20 by which time they will consider if any further grant is due.
- 6.2 For Ribble Valley we will receive £26,647 in 2016/17. Based on the illustrative four year settlement figures this rises to £86,603 in 2019/20.
- 6.3 We have now added this grant to our Policy and Finance Committee estimates for next year and the Council will need to decide how this amount should be spent.

New Homes Bonus Scheme

- 6.4 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.
- 6.5 The New Homes Bonus grant is currently shared 80:20 between district and county councils in two tier areas and is un-ringfenced. 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.
- 6.6 Our provisional allocation for next year is £1,366,884. We will receive this amount for six years, **if the New Homes Bonus scheme continues in its present form**. However the Government have issued a consultation paper “New Homes: Sharpening the Incentive” which poses a number of radical options which could seriously reduce how much funding we may receive in the future. This important consultation ends on 10 March 2016 and we need to consider our response. I would suggest our response is delegated to myself in consultation with the Budget Working Group.
- 6.7 Interestingly the Government show our New Homes Bonus allocation reducing over the four year illustrative grant settlement period as follows;

	£
2016/17	1,369,880
2017/18	1,377,260
2018/19	865,285
2019/20	830,230

- 6.8 We currently commit £676k of new homes bonus each year to fund the revenue budget.

		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						398,267	398,267	398,267
	2017/18							?	?
	2018/19								?
	2019/20								
	2020/21								
	2021/22								
	2022/23								
		62,046	179,645	367,698	594,807	968,616	1,366,883	1,304,837	1,187,238
Allocated to date:									
Revenue	base	60,000	60,000	60,000	333,780	676,065	676,065	676,065	676,065
Capital		0	0	100,000	85,000	88,000	62,000	200,000	216,770
		60,000	60,000	160,000	418,780	764,065	738,065	876,065	892,835
Adjustment				-10,029	10,029				
Spare ie unallocated		2,046	119,645	217,727	165,998	204,551	628,818	428,772	294,403
	Bal C/fwc	2,046	121,692	339,419	505,417	709,969			

6.9 From the table above you can see at the end of March 2016 we will have £710k unspent to be carried forward together with £628k unallocated out of next year's allocation (at this stage).

Council Tax Requirement

6.10 As a result of the Government's capping announcement, we are already in a position where we can calculate our maximum possible Net Revenue Budget for 2016/17. For illustration this is set out below.

	£	£
Taxbase	22,024	
Band D (Assuming a £5.00 increase)	145.69	
Precept (ie amount raised from council tax)	3,208,677	3,208,677
Council Tax Surplus		47,809
Settlement Funding Assessment		1,862,605
Our Maximum Net Expenditure 2016/17		5,119,091

Base Budget Position

Introduction

6.11 Each committee has been asked to prepare their budget on the basis of no increase in the level of spending in real terms, however including any unavoidable changes to service costs. The budgets do include provision for pay and price increases of 1.5%. 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

6.12 The provisional base position for next year as submitted to service committees is shown below, compared with the original budget for 2015/16.

	Original Estimate 2015/16 £	Original Estimate 2016/17 £
Committee Expenditure		
Planning & Development	629,180	552,270
Community	3,518,970	3,523,580
Health & Housing	834,360	935,100
Policy & Finance	2,173,260	2,076,597
Total of Committees	7,155,770	7,087,547
Capital Adjustments		
Less Depreciation (included in above)	-725,860	-837,740
Add Minimum Revenue Provision (MRP)	132,830	134,960
Total Expenditure	6,562,740	6,384,767
Other Items		
External Interest - Payable	11,140	9,480
Interest - Earned	-25,260	-28,730
Council Tax Freeze Concession (re 2015/16 freeze)	-32,380	0
Localisation of Council Tax Support - Payment to Parishes	11,500	5,750
New Homes Bonus	-968,616	-1,366,884
Rural Services Delivery Grant	0	-26,647
Business Rates		
Retained Rates Income	-249,069	-339,115
Section 31 Grant for Business Rates	-616,716	-528,416
Levy payable on growth	417,186	38,664
Share of Business Rates Deficit/(Surplus)	46,136	420,692
Transfer From/To Various Earmarked Reserves (See Annex 3)	309,333	860,426
Net Expenditure	5,465,994	5,429,987
Adjustment to Balances to Get to Agreed Budget	-150,000	-310,896
Agreed budget for 2015/16 /Maximum Budget allowed for 2016/17	5,315,994	5,119,091

Comments on Next Year's Base Revenue Budget

Committee Expenditure

6.13 The net effect, as shown in the above summary, is that net expenditure has reduced by £36k. 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;

Cost Centre	Budget Area	Change at OE 2016/17
COMMUNITY SERVICES COMMITTEE		
COMMD	Childrens Trust Grant no longer to be received	10,150
COMMD	Community Services Staff - Reduced Mileage Payments	-5,280
CPADM	Reduced income from fixed penalty notices	13,370
PAPER	Drivers wages (reduced from 3 to 2)	-18,960
PCADM	Reduction in temporary toilet cleaners salary	-11,480
RCOLL / PAPER	Reduced budget for Vehicle R&M to reflect past underspends	-12,570
RCOLL / PAPER	Reduced budget for Promotional Activities	-7,360
TRREF	Increased customers due to closure of alternative supplier	-58,310
EXREF	Reduction in salary costs due to end of fixed term contracts	-60,350
EXREF	Healthy Lifestyles Funding from LCC and NHS Clinical Commissioning Group	94,380
VARIOUS	Car Park Income - Pay & Display	-33,450
		-89,860
HEALTH AND HOUSING COMMITTEE		
CTBEN / HGBEN	Localised Council Tax Support Administration and Housing Benefits Administration - reduced grant	33,840
		33,840
PLANNING AND DEVELOPMENT COMMITTEE		
PLANG	Increase in Planning fee and Pre Application income	-100,630
		-100,630
POLICY AND FINANCE COMMITTEE		
LSERV	Reduction in tuition fees, transport costs, protective clothing, printing & stationery, reference books etc	-11,150
SUPDF	Reduction in superannuation deficiency payments due to reducing numbers of beneficiaries	-10,040

Cost Centre	Budget Area	Change at OE 2016/17
Various	Reduction in Software maintenance costs now charged direct to service outside committee	-12,840
	Rural Services Grant bring in new budget	26,647
		-7,383
ALL COMMITTEES		
Various	Utilities - Gas and Electric	-14,020
	Inflation	84,200
	Other Variances/Transfers to and from Earmarked Reserves	62,993
		133,173
TOTAL OF MAJOR BUDGET CHANGES		-30,860
Other Reasons		
	External Interest - Payable	-1,660
	Interest - Earned	-3,470
	Council Tax Freeze Concession (re 2015/16 freeze)	32,380
	Localisation of Council Tax Support - Payment to Parishes	-5,750
	Rural Services Delivery Grant new grant from Government	-26,647
Difference in Net Expenditure		-36,007

7 BUSINESS RATE RETENTION SCHEME (BRRS)

7.1 We have now completed our NNDR1 return which we will submit to the Government by 31 January 2016. We anticipate our share of business rates for next year will be as follows:

2016/17 31 January 2016 as per NNDR1	
Levy calculation	
Billing Authority NNDR Income	14,850,314
LA share of NNDR income	5,940,126
LA share of SBRR	409,778
LA share of discretionary reliefs	24,378
Pre levy income	6,374,282
Less Tariff	4,361,493
Retained Rates Income	2,012,789
Baseline Funding Level	1,239,518
Retained Rates Income above Baseline	773,271
Levy at 50%	386,636
Retained levy therefore	347,972
2016/17 31 January 2016 as per NNDR1	
Calculation of Business Rate Retained Income	
Billing Authority NNDR Income	14,850,314
LA share of NNDR income	5,940,126
Less Tariff	4,361,493
	1,578,633
Baseline Funding Level	1,239,518
Retained Rates Income before levy	339,115
Less Levy (10% now paid to LCC)	38,664
Section 31 Grant:	
SBRR	417,959
Multiplier Cap	85,725
"New Empty" Property	1,990
"Long Term Empty" Property	11,207
Retail Relief	0
In lieu of Transitional Relief	11,535
Total Section 31 Grant	528,416
<i>*Levy paid after end of year after audited NNDR3 submitted</i>	
Total Business Rate Income to General Fund	828,867
Deficit carried forward	-420,692
Total Business Rate Income to General Fund	408,175
Used to fund revenue budget	-262,926
Remaining to add to earmarked reserve	145,249

- 7.2 This shows that **based on our NNDR1 return** we expect to retain business rates income of £408,175 of which £262,926 is currently relied on each year to fund the base revenue budget.

Lancashire Business Rate Pool

- 7.3 From 1 April 2016 we are now part of the Lancashire Business Rate Pool for Rates Retention purposes. The estimated levy for 2016/16 of £387k shown in the table above will no longer be paid over to the Government, instead 90% (£348k) will be retained by this Council and the remaining 10% (£39k) will be paid to the County Council.

Volatility and Uncertainty

- 7.4 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 the figures shown above based on our NNDR1 return should be treated with caution.
- 7.5 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 continue to use £262,926 of our Business Rate Income in 2016/17.
- 7.6 As shown above we estimate we could receive £408k next year. If you agree with the BWG recommendation I would recommend we add the balance of £145k to the business rates volatility earmarked reserve.

8 REVENUE BUDGET 2017/18 AND BEYOND

- 8.1 In addition to considering our budget for 2016/17 we need to be conscious of the challenges also facing us the year after.
- 8.2 As stated earlier, we do have some indication of our settlements upto 2019/20. However it is unclear whether these may change. The Council could accept the Government's four year offer which would guarantee these figures providing we submit an efficiency statement. No further details have been received regarding this requirement.

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 2016/17. 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 2016/17. The extra revenue gained by a £5 (or 3.6%) increase would be £110k each year. The Government's Spending Power projections assume we will increase our council tax by this amount in 2016/17.

The BWG recommended we increase our Band D council tax for 2016/17 by £5, therefore increasing it from £140.69 to £145.69.

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 2016/17 to support revenue.

The BWG considered this and recommend that a maximum of £200k should be budgeted to be used.

3. 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 2016/17 and expect to receive around £408k next year. The BWG recommend using £263k of this to support the revenue budget, ie the same amount as this year

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

We have received notification in the Finance Settlement that our NHB allocation for next year will be £1,367k. We have already committed using £676k each year to support revenue. We need to consider how much of the balance (£691k) should be further used for revenue. The BWG recommend we use a further amount of £110,896 to support our base revenue budget. This would mean we would be relying on a total of £786,961 for 2016/17. .

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 Recycling credit payments from LCC ceased on 31 March 2015. The Council agreed to join their Cost Sharing Agreement from 1 April 2015. 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 will 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 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 £1,367k. We have already committed using £676k each year to support revenue. The BWG recommend we use a further £111k to support our base budget resulting in a total amount of £787k. Though it does appear that the New Homes Bonus Scheme will continue it won't be in its present form. Much will depend on the outcome of the consultation exercise which ends in March.</p> <p>Income Streams The income share from the VAT shelter continues to decline. This funding has been used to date to support the capital programme and not been relied upon to fund the revenue budget.</p>
Consideration of Inflation and Interest Rates	<p>Inflation has been added to appropriate budgets at 1.5% for both pay and price increases. The pay award for 2016/17 has not yet been agreed.</p> <p>The prospects for interest rates are regularly reviewed. Currently base rates are forecasted to remain at 0.5% for 2017/18.</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 2015	2,103
Estimated Amount to be added to Balances in 2015/16	170
Estimated Balances in Hand 31 March 2016	2,273

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 2016/17 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 2015/16 and the 2016/17 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 2016/17

11.1 If you agree to the Budget Working Group's recommendations, the resultant budget for 2016/17 is set out below. This would still leave £2.073m in general fund balances at the end of March 2017.

	Original Estimate 2015/16 £	Original Estimate 2016/17 £
Committee Expenditure		
Planning & Development	629,180	552,270
Community	3,518,970	3,523,580
Health & Housing	834,360	935,100
Policy & Finance	2,173,260	2,076,597
Total of Committees	7,155,770	7,087,547
Capital Adjustments		
Less Depreciation (included in above)	-725,860	-837,740
Add Minimum Revenue Provision (MRP)	132,830	134,960
Total Expenditure	6,562,740	6,384,767
Other Items		
External Interest - Payable	11,140	9,480
Interest - Earned	-25,260	-28,730
Council Tax Freeze Concession (re 2015/16 freeze)	-32,380	0
Localisation of Council Tax Support - Payment to Parishes	11,500	5,750
New Homes Bonus	-968,616	-1,366,884
Rural Services Delivery Grant	0	-26,647
Business Rates		
Retained Rates Income	-249,069	-339,115
Section 31 Grant for Business Rates	-616,716	-528,416
Levy payable on growth	417,186	38,664
Share of Business Rates Deficit/(Surplus)	46,136	420,692
Transfer From/To Various Earmarked Reserves (See Annex 3)	309,333	749,530
Net Expenditure	5,465,994	5,319,091
Adjustment to Balances to Get to Agreed Budget	-150,000	-200,000
Agreed budget for 2015/16 /Maximum Budget allowed for 2016/17	5,315,994	5,119,091

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	5,119,091
Plus Parish Precepts	376,779
	5,495,870
Less - Settlement Funding Assessment	-1,862,605
Net Requirement Before Adjustments	3,633,265
Council Tax Surplus	-47,809
Council Tax Requirement (Including Parishes)	3,585,456

13 UPDATED THREE YEAR BUDGET FORECAST

- 13.1 I have updated the three year forecast assuming the above budget for 2016/17 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 2016/17 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 in 2016/17 ie £263k and £787k.
- 13.5 I have included the four year Settlement Funding Assessment figures announced as part of the Local Government Finance Settlement in December on the assumption that these are likely to prove accurate.
- 13.6 In terms of council tax levels I have included a 2% increase each year. Clearly the decision on our council tax level for will be taken as part of each year's budget setting round. It is worth noting that the Government have indicated, in our Spending Power figures, we will be able to increase our council tax by £5 each year (if we remain in the bottom quartile) for the next four years.
- 13.7 This results in a forecast for the next three years of:

Three Year Budget Forecast

	2017/18		2018/19		2019/20	
	£		£		£	
Net Expenditure	6,651,992		7,011,766		7,159,199	
Interest Receipts	-50,000		-75,000		-100,000	
Use of Superannuation reserve	-36,512		-36,512		-36,512	
Council Tax Freeze grant re 2015/16	0		0		0	
Rural Services Grant	-46,632		-66,618		-86,603	
Use of Business Rate Growth	-262,926		-262,926		-262,926	
Use of New Homes Bonus	-786,961		-786,961		-786,961	
Use of Balances	-200,000		-200,000		-200,000	
Reductions in Expenditure Required	-395,251		-768,142		-944,210	
Budget Requirement	4,873,710		4,815,607		4,741,988	
Core Government Funding						
Revenue Support Grant	304,319		109,149		-108,866	
Business Rates Baseline	1,263,897		1,301,183		1,342,771	
Coll Fund Deficit/(Surplus)	0		0		0	
Precept	3,305,494		3,405,275		3,508,083	
Tax Base	22,244	1%	22,467	1%	22,691	1%
Band D Council Tax	148.60	2%	151.57	2%	154.60	2%

General Fund Balances	2017/18		2018/19		2019/20	
	£		£		£	
Brought Forward	2,072,983		1,872,983		1,672,983	
Used	-200,000		-200,000		-200,000	
Carried Forward	1,872,983		1,672,983		1,472,983	

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 increased amount of our new homes bonus by £787k each year. **For 2017/18 the budget gap would be £395k, 2018/19 £768k and 2019/20 £944k.** However any forward projections of our income and expenditure remain challenging to predict.

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 based on the latest information. I must stress these are indicative figures at this stage.

	Meeting Date to agree council tax	Actual Band D Council Tax 2015/16 £	Estimated Band D Council Tax 2016/17 £	%
Ribble Valley		140.69	145.69	3.55
Parishes (average)		16.77	17.11	2.03
Lancashire County Council	11 Feb 16	1,129.78	1,174.86	3.99*
Police and Crime Commissioner for Lancashire	Feb 16	159.06	162.23	1.99
Lancashire Combined Fire Authority	15 Feb 16	64.86	66.15	1.99
		1,511.16	1,566.04	3.63

*Includes 2% social care precept

15 RECOMMENDED THAT COMMITTEE

- 15.1 Approve the revised budget for 2015/16.
- 15.2 Approve the Budget Working Group's recommendations and set a budget and council tax requirement for 2016/17 as set out in Section 12.1.
- 15.3 Recommend the budget and council tax requirement to the Full Council meeting on 1 March 2016.

DIRECTOR OF RESOURCES

PF21-16/JP/AC
1 FEBRUARY 2016

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

	Original Estimate 2015/16 £	Revised Estimate 2015/16 £
Local Recreation Grants Fund	0	9,990
Elections Fund	-55,870	-58,480
Building Control Fund	3,020	-460
Capital	0	91,070
ICT Repairs and Renewals	0	-7,610
Concessionary Travel Reserve	-40,026	0
Fleming VAT Claim	-22,920	-16,510
Post LSVT	-36,175	-36,512
Performance Reward Grant	-74,014	-27,574
Refuse Collection	0	-112,200
VAT Shelter Reserve	180,000	180,000
Revaluation of Assets Reserve	2,000	2,000
Clean Air Reserve	-480	-480
Equipment Reserve	0	6,920
Forest of Bowland Reserve	0	-29,640
Land Charges Reserve	0	17,950
Pendle Hill User Reserve	0	28,670
Planning Reserve	-23,550	-70,080
Promotional Activities Reserve	0	-9,260
Crime Reduction Partnership Reserve	-17,720	-3,120
Exercise Referral Reserve	0	-13,750
New Homes Bonus Reserve	292,551	292,551
Core Strategy Reserve	-22,450	-22,450
Housing Related Grants Reserve	0	23,000
Business Rates Volatility Reserve	139,537	404,470
Individual Electoral Registration Reserve	-14,570	-7,180
Repossession Prevention Reserve	0	-5,720
Tour of Britain Reserve	0	-89,826
Net Movement	309,333	545,769

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

		Original 2015/16 £	Revised 2015/16 £
Expenditure			
	Deficit Brought Forward:		
	Council Tax	0	0
	Business Rates	115,340	222,238
	Council Tax Precepts:		
	Lancashire County Council	24,519,615	24,519,615
	Police & Crime Commissioner for Lancashire	3,452,079	3,452,079
	Lancashire Combined Fire Authority	1,407,657	1,407,657
	Ribble Valley incl Parishes	3,417,387	3,417,387
	Allocation of Council Tax Surplus for Year:		
	Ribble Valley	22,004	22,004
	Lancashire County Council	154,760	154,760
	Lancashire Combined Fire Authority	8,892	8,892
	Police & Crime Commissioner for Lancashire	21,789	21,789
	Cost of Collecting NNDR	90,494	90,494
	Distribution of Business Rates:		
	Central Government	7,254,738	7,254,738
	Ribble Valley	5,803,790	5,803,790
	Lancashire County Council	1,305,853	1,305,853
	Lancashire Fire Authority	145,095	145,095
	Enterprise Zone	17,018	17,018
	Renewable Energy Schemes	10,000	10,000
	Transitional Protection Payments	0	11,422
	Overpayments of council tax benefit	0	45,961
	NNDR - Bad Debts Provision	148,328	116,000
	NNDR - Appeals Provision	57,524	806,200
	Council Tax - Bad Debts Provision	247,834	100,000
		48,200,197	48,932,992
Income			
	Surplus Brought Forward:		
	Council Tax	207,445	320,283
	Business Rates	0	0
	Allocation of Business Rates Deficit:		
	Central Government	57,670	57,670
	Lancashire County Council	10,381	10,381
	Lancashire Combined Fire Authority	1,153	1,153
	Ribble Valley	46,136	46,136
	Council Tax Income	33,044,572	33,277,399
	Council Tax Benefits	0	11,285
	Business Rates	14,832,840	14,615,777
		48,200,197	48,340,084

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

	Original 2015/16 £	Revised 2015/16 £
Surplus/(Deficit) carried forward		
CTAX - Surplus/(Deficit) Carried Forward	0	458,823
NNDR - Surplus/(Deficit) Carried Forward	0	-1,051,731
Total Surplus/(Deficit)	0	-592,908

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2015	To be added/taken in 2015/16 for Revenue Purposes	To be added/taken in 2015/16 for Capital Purposes	Balance at 31 March 2016	To be added/taken in 2016/17 for Revenue Purposes	To be added/taken in 2016/17 for Capital Purposes	Balance at 31 March 2017
	£	£	£	£	£	£	£
<u>Local Recreation Grants Fund</u> <i>Used to fund recreation grants</i>	12,686	9,990		22,676			22,676
<u>Elections Fund</u> <i>Used to fund borough elections held once every four years</i>	78,689	-58,480		20,209	22,210		42,419
<u>Audit Reserve Fund</u> <i>Used for computer audit</i>	12,335			12,335			12,335
<u>Building Control Fund</u> <i>Available to equalise net expenditure over a three year period</i>	-103,006	-460		-103,466	-8,060		-111,526
<u>Capital</u> <i>Used to fund the capital programme</i>	692,623	45,070	-169,040	568,653		-30,200	538,453
<u>Insurance</u> <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	16,748			16,748			16,748
<u>Christmas Lights/RV in Bloom</u>	1,186			1,186			1,186

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2015	To be added/taken in 2015/16 for Revenue Purposes	To be added/taken in 2015/16 for Capital Purposes	Balance at 31 March 2016	To be added/taken in 2016/17 for Revenue Purposes	To be added/taken in 2016/17 for Capital Purposes	Balance at 31 March 2017
	£	£	£	£	£	£	£
<i>Available to fund contributions towards Christmas Lights and Ribble Valley in Bloom</i>							
<u>Community Enhancement</u> <i>Used to fund grants to local organisations</i>	11,419			11,419			11,419
<u>ICT Repairs and Renewals</u> <i>To fund future software and hardware upgrades</i>	169,903	-7,610		162,293			162,293
<u>Conservation Reserve</u> <i>To fund conservation schemes completed after the financial year end</i>	6,210		-5,630	580			580
<u>Fleming VAT Claim</u> <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	234,903	-16,510	-23,080	195,313		-59,000	136,313
<u>Repairs and Maintenance</u> <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	34,299			34,299			34,299
<u>Post LSVT</u> <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	328,613	-36,512		292,101	-36,512		255,589
<u>Market Town Enhancement</u> <i>To fund grants under Market Towns Enhancement Scheme</i>	8,372		-1,370	7,002			7,002

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2015	To be added/taken in 2015/16 for Revenue Purposes	To be added/taken in 2015/16 for Capital Purposes	Balance at 31 March 2016	To be added/taken in 2016/17 for Revenue Purposes	To be added/taken in 2016/17 for Capital Purposes	Balance at 31 March 2017
	£	£	£	£	£	£	£
<u>Performance Reward Grant</u> <i>Performance Reward Grant received and yet to be distributed to successful schemes</i>	214,682	-27,574		187,108	-59,780		127,328
<u>Refuse Collection</u> <i>To fund refuse collection costs of bin replacements and other cost pressures</i>	147,203	-112,200		35,003			35,003
<u>Restructuring Reserve</u> <i>To fund costs resulting from restructuring reviews</i>	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>	1,610,053	180,000	-392,210	1,397,843	180,000	-278,500	1,299,343
<u>Revaluation of Assets Reserve</u> <i>To contribute towards the revaluation of the Council's assets every five years.</i>	1,200	2,000		3,200	2,030		5,230
<u>Clean Air Reserve</u> <i>To fund clean air survey work</i>	2,681	-480		2,201	-480		1,721
<u>Equipment Reserve</u> <i>To fund essential and urgent equipment requirements</i>	93,560	6,920		100,480			100,480

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2015	To be added/taken in 2015/16 for Revenue Purposes	To be added/taken in 2015/16 for Capital Purposes	Balance at 31 March 2016	To be added/taken in 2016/17 for Revenue Purposes	To be added/taken in 2016/17 for Capital Purposes	Balance at 31 March 2017
	£	£	£	£	£	£	£
<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	-29,640		6			6
<u>Invest to Save Fund</u> <i>To fund future invest to save projects</i>	250,000			250,000			250,000
<u>Land Charges Reserve</u> <i>To fund any potential restitution claims for personal search fees</i>	4,474	17,950		22,424			22,424
<u>Pendle Hill User Reserve</u> <i>To fund improvement schemes on Pendle Hill</i>	13,647	28,670		42,317			42,317
<u>Planning Reserve</u> <i>To fund any future potential planning issues</i>	215,942	-70,080		145,862	-36,000		109,862
<u>Promotional Activities Reserve</u> <i>To fund planned publicity and promotional activities</i>	9,260	-9,260		0			0
<u>Crime Reduction Partnership Reserve</u> <i>To fund cost of crime reduction initiatives</i>	19,105	-3,120		15,985	-13,320		2,665
<u>Housing Benefit Reserve</u> <i>To help meet the challenges facing the service in the coming years</i>	100,000			100,000			100,000
<u>Wellbeing and Health Equality</u> <i>To fund expenditure on Wellbeing and Health</i>	47,428			47,428			47,428

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2015	To be added/taken in 2015/16 for Revenue Purposes	To be added/taken in 2015/16 for Capital Purposes	Balance at 31 March 2016	To be added/taken in 2016/17 for Revenue Purposes	To be added/taken in 2016/17 for Capital Purposes	Balance at 31 March 2017
	£	£	£	£	£	£	£
<u>Exercise Referral Reserve</u> <i>To fund potential residual staffing costs</i>	20,183	-13,750		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
<u>New Homes Bonus Reserve</u> <i>To help finance future economic development capital schemes</i>	505,415	292,551	-88,000	709,966	579,923	-62,000	1,227,889
<u>Core Strategy Reserve</u> <i>To fund the production of the Core Strategy</i>	22,453	-22,450		3			3
<u>Housing Related Grants Reserve</u> <i>Residual grant received, to be committed to future grant schemes</i>	26,480	23,000		49,480	-14,190		35,290
<u>Business Rates Volatility Reserve</u> <i>To provide some protection against business rates volatilities</i>	314,751	404,470		719,221	145,249		864,470
<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>	46,224			46,224			46,224
<u>Grant Funded Sports Development</u>	3,500			3,500			3,500

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2015	To be added/taken in 2015/16 for Revenue Purposes	To be added/taken in 2015/16 for Capital Purposes	Balance at 31 March 2016	To be added/taken in 2016/17 for Revenue Purposes	To be added/taken in 2016/17 for Capital Purposes	Balance at 31 March 2017
	£	£	£	£	£	£	£
<i>To finance future Sports Development grant funded expenditure</i>							
<u>Human Resource Development</u> <i>To provide for staff training commitments</i>	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
<u>Individual Electoral Registration Reserve</u> <i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	23,288	-7,180		16,108	-11,540		4,568
<u>Vehicle & Plant Repairs and Renewals Reserve</u> <i>Resources set aside to fund a repairs and renewals fund for the replacement of Vehicles and Plant</i>	300,000	46,000		346,000			346,000
<u>Clitheroe Food Festival</u> <i>Resources set aside to help support the costs associated with the Clitheroe Food Festival</i>	6,204			6,204			6,204
<u>Repossession Prevention Fund Reserve</u> <i>Ring-fenced DCLG funded reserve to help prevent repossessions and homelessness.</i>	34,211	-5,720		28,491			28,491

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2015	To be added/taken in 2015/16 for Revenue Purposes	To be added/taken in 2015/16 for Capital Purposes	Balance at 31 March 2016	To be added/taken in 2016/17 for Revenue Purposes	To be added/taken in 2016/17 for Capital Purposes	Balance at 31 March 2017
	£	£	£	£	£	£	£
<u>Neighbourhood Planning Reserve</u>							
<i>DCLG Neighbourhood Planning Grant received to fund future related expenditure</i>	10,000			10,000			10,000
<u>Civic Suite Reserve</u>							
<i>Resources set aside to fund future capital spend on the council chamber.</i>	11,420			11,420			11,420
<u>Tour of Britain Reserve</u>							
<i>To fund the potential cost of hosting a stage of the Tour of Britain Cycle Race</i>	89,826	-89,826		0			0
	5,941,467	545,769	-679,330	5,807,906	749,530	-429,700	6,127,736

**SPECIAL POLICY AND FINANCE COMMITTEE
PARISH PRECPTS 2016/17**

Band D Equivalent Tax Base	Parish	Parish Precept 2016/17	Parish Precept 2015/16	Increase / (Decrease)	Band D Equivalent Tax 2016/17
		£	£	£	£
443	Aighton, Bailey & Chaigley	4,950	4,750	200	11.17
193	Balderstone	1,240	1,190	50	6.42
353	Barrow	7,525	6,000	1,525	21.32
202	Bashall Eaves, Great Mitton & Little Mitton	1,202	1,202	0	5.95
2,032	Billington & Langho	16,326	13,500	2,826	8.03
477	Bolton by Bowland, Gisburn Forest & Sawley	4,956	9,898	-4,942	10.39
73	Bowland Forest (High)	2,156	2,133	23	29.53
77	Bowland Forest (Low)	1,200	1,200	0	15.58
83	Bowland with Leagram	200	187	13	2.41
374	Chatburn	11,372	10,085	1,287	30.41
481	Chipping	7,600	7,150	450	15.80
495	Clayton le Dale	2,889	2,781	108	5.84
4,961	Clitheroe	96,295	92,558	3,737	19.41
44	Dinckley	0	0	0	0.00
49	Downham	0	0	0	0.00
104	Dutton	500	479	21	4.81
197	Gisburn	3,942	3,877	65	20.01
345	Grindleton	7,500	7,500	0	21.74
46	Horton	0	0	0	0.00
73	Hothersall	750	750	0	10.27
2,657	Longridge	64,000	59,558	4,442	24.09
8	Mearley	0	0	0	0.00
991	Mellor	14,300	14,300	0	14.43
20	Newsholme	0	0	0	0.00
145	Newton	2,477	2,456	21	17.08
110	Osbaldeston	700	741	-41	6.36
44	Paythorne	0	0	0	0.00
106	Pendleton	1,289	1,266	23	12.16
281	Ramsgreave	1,651	1,889	-238	5.88
552	Read	8,056	7,838	218	14.59
650	Ribchester	7,558	7,586	-28	11.63
221	Rimington & Middop	3,963	3,946	17	17.93
515	Sabden	14,476	14,287	189	28.11
186	Salesbury	4,800	4,740	60	25.81
490	Simonstone	8,200	8,200	0	16.73
154	Slaidburn & Easington	1,750	1,750	0	11.36
160	Thornley with Wheatley	1,528	1,500	28	9.55
37	Twiston	0	0	0	0.00
455	Waddington	13,500	13,500	0	29.67
360	West Bradford	6,494	6,200	294	18.04
1,496	Whalley	32,048	31,353	695	21.42
1,065	Wilpshire	15,876	15,147	729	14.91
176	Wiswell	3,510	2,495	1,015	19.94

**SPECIAL POLICY AND FINANCE COMMITTEE
PARISH PRECPTS 2016/17**

Band D Equivalent Tax Base	Parish	Parish Precept 2016/17 £	Parish Precept 2015/16 £	Increase / (Decrease) £	Band D Equivalent Tax 2016/17 £
43	Worston	0	0	0	0.00
22,024		376,779	363,992	12,787	

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 8

meeting date: 9 FEBRUARY 2016
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 2016/17 to 2018/19.

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 (2016/17 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 (including Balances and Reserves)
- National Context and Other External Factors
- Partnership Working and External Funding
- Initial Three Year Projections of Revenue Expenditure
- Capital Programme
- Risk Assessment and Sensitivity
- Links to Ambitions and Priorities

3.2 The MTFS reflects the proposed Revenue Budget for 2016/17 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 2016/17 to 2018/19.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF20-16/LO/AC
2 February 2016

090216
Medium
Term
Financial
Strategy

2016/17 to 2018/19



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

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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 Corporate Strategy 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 2016/17 to 2018/19 and sets out the resource issues and principles that shape the council's 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

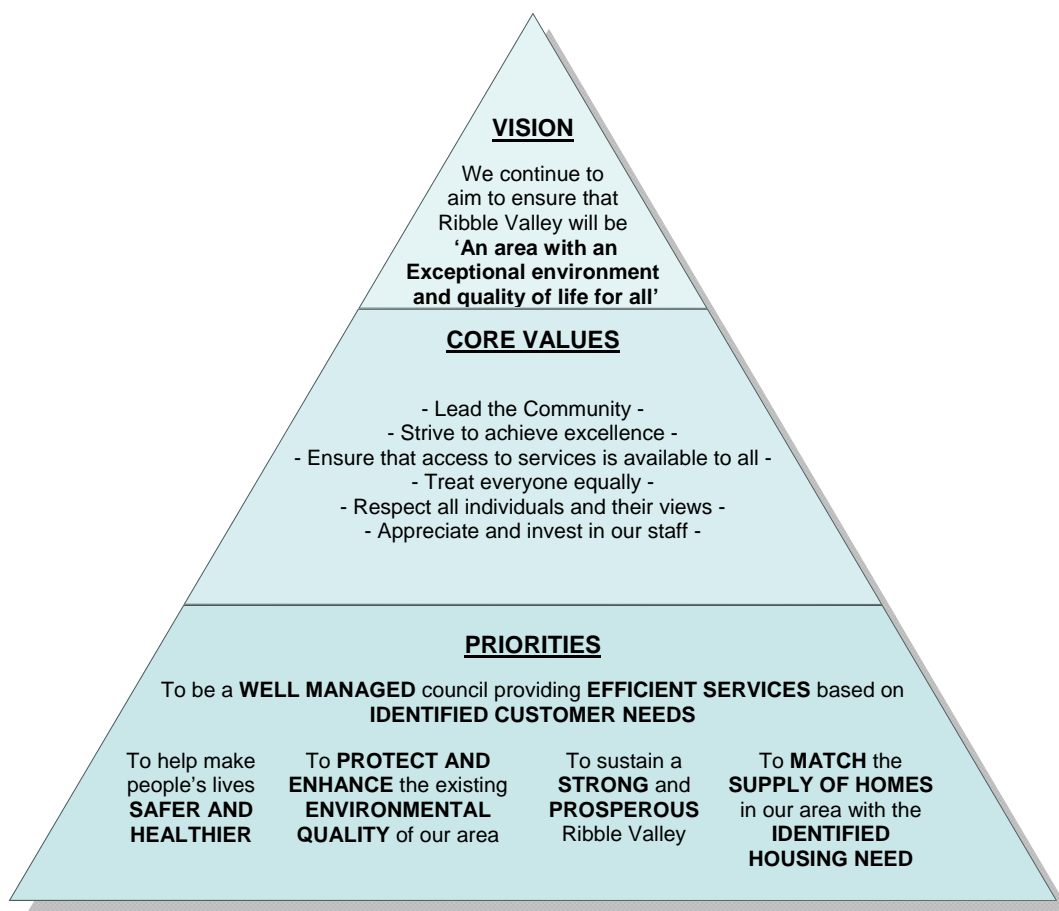
An area with an exceptional environment and quality of life for all; sustained by vital and vibrant market towns and villages acting as thriving service centres meeting the needs of residents, businesses and visitors.

- 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 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 3.3% compared with the national average of 5.7%)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 approximately 14% of employment, and it is estimated that day visits generated £113.2 million for the local economy of Ribble Valley in 2014. There are estimated to be around 3,700 jobs in tourism-related businesses.
- 3.5 One of the largest employment sectors in Ribble Valley is manufacturing, which accounts for 27.5%² 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 58,000⁴ during 2014. Life expectancy within the Ribble Valley is currently 81.2 for males and 83.9 for females⁵. According to ONS projections, the resident population of the Borough is predicted to increase by an additional 1,900 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 (July 2014 to June 2015)

² NOMIS - Business register and Employment Survey (BRES) 2014

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

⁴ Office for National Statistics 2014 Population Estimate

⁵ Ribble Valley 2015 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 25,762²¹ households within the Borough at the end of 2015. 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 2015 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 Rank	290
Average Score	292
Extent	302
Local Concentration	309
Income Scale (average rank)	325
Employment Scale (average rank)	300

Health

- 3.22 According to the Ribble Valley Health Profile 2015²³, 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 some significant health problems. Deprivation is lower than average, however about 600 children live in poverty. About 15.2% 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 17.8% of expectant mothers smoking during pregnancy.
- 3.24 The rate of road injuries and deaths of 66.0 per 100,000 population is significantly higher than the England average of 39.7 per 100,000 population.

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
20-16pf

4 Financial Context

Council Tax

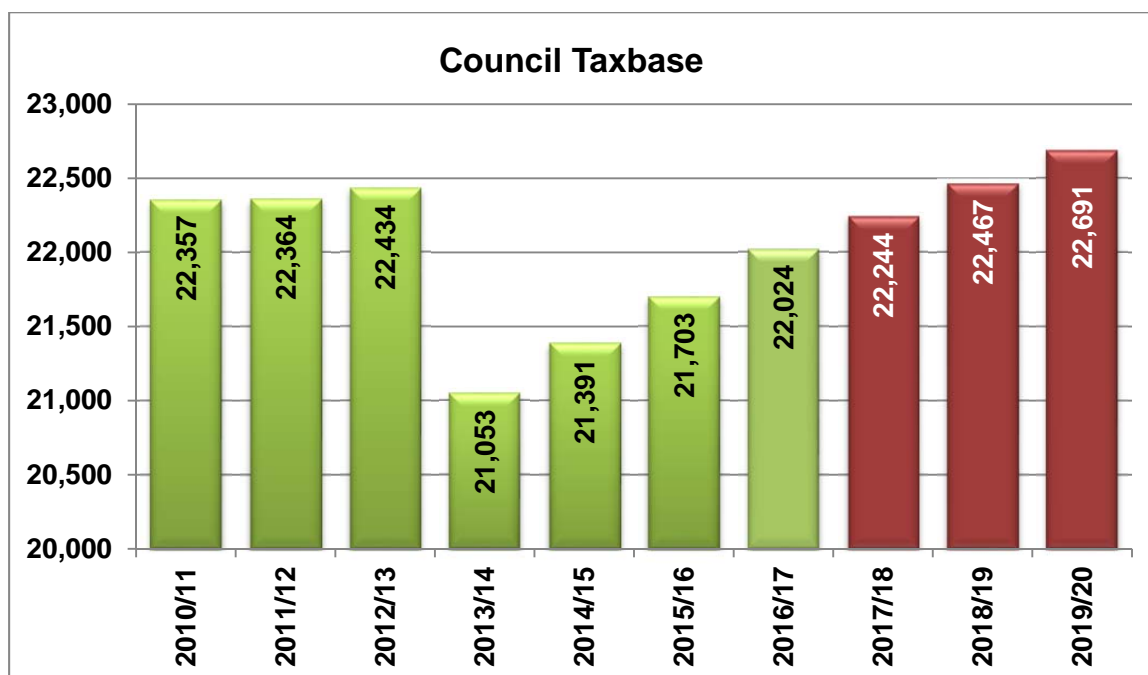
- 4.1 The Government has for a number of years encouraged council's to freeze the level of council tax through the offer of various Council Tax Freeze Grants. However, the latest figures released by the government showing our 'Spending Power' builds in an increase of £5 to our council tax level at Band D.
- 4.2 Whilst the setting of council tax levels is a local decision, not a central government decision, the inclusion of this increase and the lack of the offer of council tax freeze grant could be interpreted as a signal from central government.
- 4.3 As we have a council tax level in the bottom quartile the government have allowed us to increase our council tax by £5 (3.6%) – equating to more than the limit for other authorities, being up to 2%.
- 4.4 The budget forecast allows for a council tax increase of £5 in the 2016/17 financial year, followed by a 2% increase in each year thereafter.

Localisation of Council Tax Support

- 4.5 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, largely due to unknown future case load. We have more recently seen a decrease in the level of localised council tax support awarded due to the slight upturn in the economic climate and rise in employment.
- 4.6 The scheme adopted by this council matches 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.
- 4.7 As the number of Council Tax Support cases have been falling, this means the cost of this which impacts on the council's taxbase has also been falling.

Council Taxbase

- 4.8 The level of the council taxbase impacts on the level of resources that the council can raise from council tax. Equated from the number of Band D equivalent properties there are in the borough, there is the added impact of property banding appeals and also the various discounts that are awarded, on its calculation.
- 4.9 For budget purposes the council taxbase is calculated at a snapshot point in October (subject to review) and all precepting bodies are informed of the taxbase in order to assist them in setting their precepts.
- 4.10 The council taxbase has been increasing steadily over more recent years, and the budget forecast has been produced on the assumption of a 1% increase per annum after 2016/17.



Columns in Green are Actuals and Columns in Red are Estimates

- 4.11 The decrease in the taxbase seen in 2013/14 is due to the introduction of the localisation of council tax support, and is a clear reflection of the impact of discounts on the taxbase calculation.

Business Rates Retention

- 4.12 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 2016/17 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 2016/17, based on the completion of government return NNDR1.
- 4.13 Any further growth (or the impact of any decline) that occurs in the 2016/17 financial year, over and above that forecast in the government return NNDR1, will not be benefitted from/or felt until future years, through the distribution of any surplus or deficit 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.
- 4.14 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 from Section 31 grant will be set aside in this earmarked reserve.
- 4.15 The council relies on business rates retention of £292,930 per annum in the budget forecast.

Lancashire Business Rates Pool

- 4.16 In a Business Rate Pool, tariffs, top-ups, levies and safety nets can be combined. This can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

4.17 The Lancashire Business Rates Pool has now been designated by the Secretary of State for Communities and Local Government and the retained levy in Lancashire will be distributed each year as follows:

- The County Council is paid 10% of the overall retained levy;
- Each district within the pool retains 90% of their levy.

4.18 As part of the pool arrangements, one authority must be designated as lead authority, which in the case of the Lancashire Business Rates Pool is Ribble Valley Borough Council. For this, a fee of £20,000 per annum will be received i.e. £2,000 payable per pool member including ourselves.

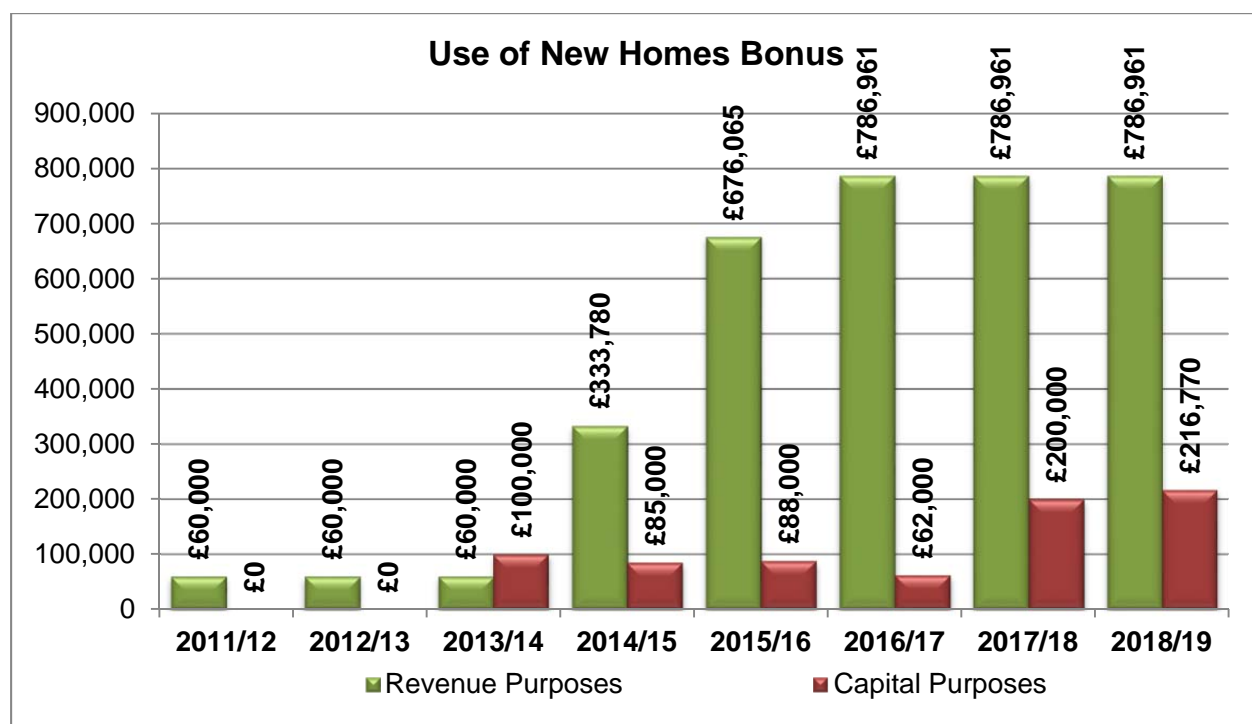
4.19 With regard to this council, based on our NNDR 1 return for 2016/17 we estimate the retained levy would be £364,340, hence under pooling we would benefit by extra income of £328,000. The County Council will receive the remaining 10% of retained levies for all pool district members.

New Homes Bonus

4.20 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.

4.21 Our allocation for 2015/16 was £968,616 and for 2016/17 will be £1,366,883. Annex 1 shows the level of New Homes Bonus that has been received in past years and forecast to be received in the coming years.

4.22 The table below shows the amount of New Homes Bonus that has been used to support the revenue budget and the capital programme, since the inception of New Homes Bonus in 2011/12. Any New Homes Bonus not used in a particular year is set aside in an earmarked reserve.



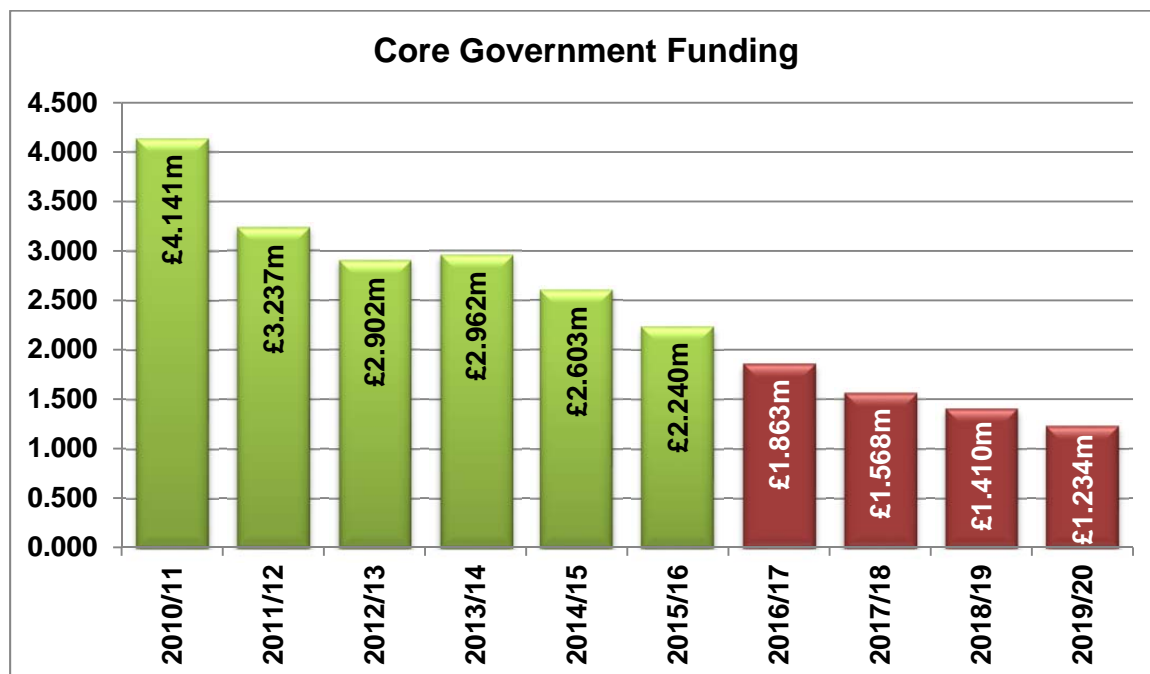
2011/12 to 2014/15 are Actuals whilst 2015/16 to 2018/19 are Estimates

4.23 A consultation paper entitled New Homes Bonus: Sharpening the Incentive was issued on 17 December 2015 alongside the provisional local government finance settlement, with a deadline for the consultation of 10 March 2016.

- 4.24 The consultation poses a number of important proposals including:
- Reducing the number of years of payments under the scheme from 6 down to 4 or even further down to 3 or 2 years.
 - Withholding New Homes Bonus where no local plan is in place
 - Reducing payments for homes built on appeal
 - Only making payments for delivery above a baseline representing 'deadweight'.
- 4.25 Any outcome from the consultation could materially impact on the level of New Homes Bonus that the council may receive in future years and the amounts we are forecasting to use to support our revenue and capital budgets.

Core Government Funding

- 4.26 Over recent years the council has seen a substantial reduction to its core funding from the government. Since the decreases in our core funding were first seen in 2011/12, there has been a 54% decrease from £4.141m in 2010/11 to £2.240m received in 2015/16.
- 4.27 In the recent Local Government Grant Settlement we were told that the past trend of falling core funding was to continue, with an option for a guaranteed grant settlement for every council for the 4 year period 2016/17 to 2019/20.
- 4.28 This 4 year settlement showed that our grant reductions in future years will be more severe than anticipated. By 2019/20 not only will our Revenue Support Grant be eliminated but the Government propose to introduce a further reduction of £109,000 which will increase our tariff payable under the Business Rates Retention Scheme.
- 4.29 The table below shows the level of the reductions to our core funding experienced to date and the future levels indicated by the government in the latest Local Government Grant Settlement.



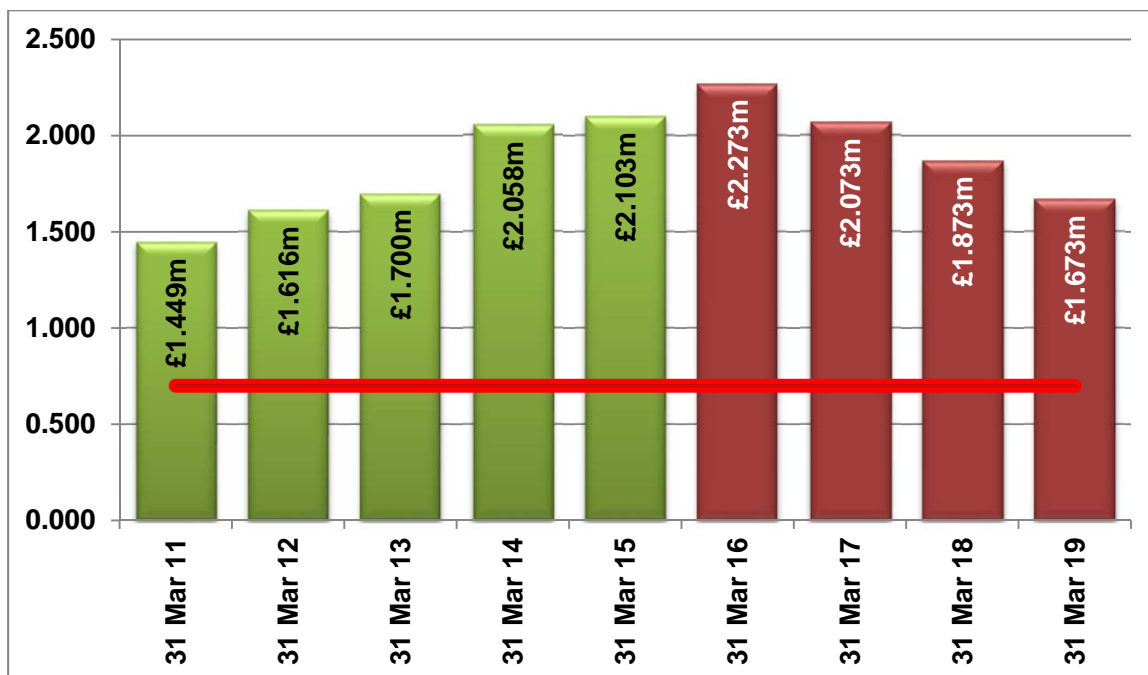
Columns in Green are Actuals and Columns in Red are Estimates

- 4.30 In past years the Local Government Grant Settlements have been short term announcements, with a great deal of uncertainty remaining around medium to long term funding. Whilst the longer term announcement made this year allows for some level of certainty around future funding, the levels of reductions are markedly worse than those we had previously predicted.

-
- 4.31 Past funding uncertainties have produced a prudent approach to ensure financial stability going forward and this has been reflected through the management of our general and earmarked reserves.
- 4.32 This approach was well founded in light of the recent Local Government Grant Settlement and the future reductions to be experienced in our core government funding as shown above.
- 4.33 Reserves are important to local authorities as, unlike central government, we cannot borrow money over the medium-term, other than for investment in assets, and we are required to balance our budgets on an annual basis.
- 4.34 Reserves can be held for three main purposes:
- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – 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, this is done through our earmarked reserves to meet known or predicted requirements; our earmarked reserves are accounted for separately but remain legally part of the General Fund.

General Fund Balances

- 4.35 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. This has been particularly important in more recent years with very general knowledge of likely continuing falls in local government core funding, but little knowledge of who will be affected and by how much.
- 4.36 Whilst we continue to make good use of earmarked reserves, which are set aside to meet known or predicted cost pressures in future years, general fund balances are not set aside for any specific known or anticipated purpose.
- 4.37 In our budget forecast shown in a later section of this document, we look to use an element of our general fund balances to help support the revenue budget. As we continue to use our general fund balances to finance the revenue budget it must be noted that it is recommended by the council's S151 Officer (the Director of Resources) that they should not be allowed to fall below £700,000. The setting of this threshold requires a considerable degree of professional judgement, and is tailored to local circumstances.
- 4.38 The table below shows the level of our general fund balances over the past few years at each financial year end, and the level of general fund balances anticipated at each year end over the next few years based on our budget forecast and the anticipated use of £200,000 of general fund balances each year from 2016/17.



Red line shows recommended minimum level of General Fund Balances at £700,000
Columns in Green are Actuals and Columns in Red are Estimates

4.39 Whilst the council forecasts use of £200,000 per annum in the medium term to help support the revenue budget, this is seen as a short term measure and cannot be sustained in the longer term. It would be only 7 years before the council reached its recommended minimum level of general fund balances of £700,000 if we continued to use £200,000 per annum to support the revenue budget. This also assumes no other unforeseen cost pressures arising in the meantime that may require us to use our general fund balances.

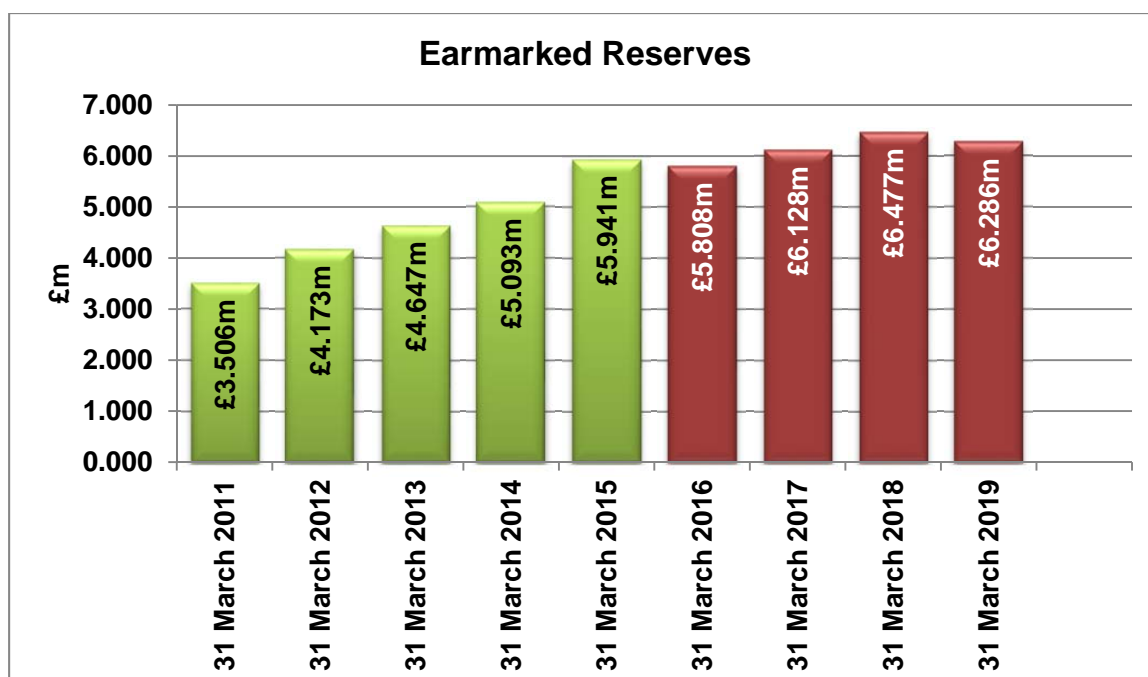
Earmarked Reserves

4.40 The council's earmarked reserves can be categorised in to a number of specific purposes, and the balance of £5,941,467 of earmarked reserves held at the 31 March 2015 by the council is broken down in the table below, together with the forecast balances up to 31 March 2019.

Purpose	Balance held at 31 March 2015 £	Balance held at 31 March 2016 £	Balance held at 31 March 2017 £	Balance held at 31 March 2018 £	Balance held at 31 March 2019 £
Shorter Term Service Commitments	357,335	126,109	125,629	125,146	124,666
Reserves to smooth the revenue impact of longer term cyclical costs	79,889	23,409	47,649	71,889	96,129
Trading or business unit reserves	-103,006	-103,466	-111,526	-111,526	-111,526
Sums set aside for major schemes such as capital projects	1,177,586	1,092,006	1,061,806	1,012,756	558,006

Longer term strategic or corporate reserves	3,931,825	4,189,374	4,622,534	5,001,945	5,242,086
External grant funding where expenditure has yet to be incurred	497,838	480,474	381,644	377,070	377,070
	5,941,467	5,807,906	6,127,736	6,477,280	6,286,431

- 4.41 As can be seen, there are wide ranging reasons for the holding of our earmarked reserves and increasingly risk and uncertainty have been key factors in the setting aside of resources in order to ensure that we can meet future pressures, safeguard against volatility and to equalise the pattern of some spend.
- 4.42 Earmarked reserves also allow us to build resources for future projects such as capital expenditure, which by its nature can peak in certain years. Earmarked reserves also allow us to set aside resources in any given year in order to resource a project in the future. This reduces the impact on the revenue budget and this method of financing removes the impact on the revenue budget that external (and internal) borrowing would have.
- 4.43 In general terms, the creation of earmarked reserves enables flexibility in approach to financial and service pressures, allowing the council to respond in a timely manner.
- 4.44 The table below shows the level of our earmarked reserves over the past few years at each financial year end, and the anticipated level of earmarked reserves anticipated at each year end over the next few years based on our budget forecast.



Columns in Green are Actuals and Columns in Red are Estimates

- 4.45 As can be seen, there has been an increase in the level of our earmarked reserves over the past few years. This is largely accounted for by:
- the earmarking of resources to help fund the **capital programme**, particularly in the creation of reserves such as the vehicle renewals reserve and the ICT renewals reserve

- the adding of **VAT shelter** monies since the transfer of the council's housing stock to Ribble Valley Homes. This resource is again largely linked to the capital programme as it is one of our limited resources. Whilst we do use some of this resource, it is in a measured manner as we are now on a 75% reimbursement rate, dropping to 40% in 2018/19 for the final 5 years of its life.
- The use and replenishing of the **planning** earmarked reserve, the level of which evolves on an annual basis.
- The balance of set aside New Homes Bonus, which is a relatively recent funding stream from the government and has seen a number of restrictions and then relaxations on its use. This has been a resource increasingly used to support the revenue budget, but has been a valuable funding stream for the capital programme, which is largely what the balance in earmarked reserves has been used for.
- the setting aside of resources to protect the council against the potential volatilities of the Business Rates Retention Scheme. We currently benefit from business rates growth and part of this is set aside in the Business Rates Volatility Reserve to help provide a buffer should this growth ever cease. This will be particularly important as we join the Lancashire Business Rates Pool.

4.46 Forecast use of our earmarked reserves, which is reflected in the chart above, is largely around the financing of the council's capital programme.

4.47 A full list of our earmarked reserves and their current and forecast balances can be seen at Annex 2.

New Responsibilities (Spending Review/Autumn Statement)

4.48 Within the Spending Review/Autumn Statement the government made further reference to the full devolution of business rates. However, there was also reference to 'new responsibilities so local areas have the tools to drive local growth'.

4.49 It is unclear at this stage what such new responsibilities would be, the likely cost, or any associated funding.

4.50 Some examples were given within the Spending Review/Autumn Statement, which are shown below:

For example, the government will consider transferring responsibility for funding the administration of Housing Benefit for pensioners and Transport for London's capital projects to local government and will also consult on options to transfer responsibility for funding public health. The government will consult on these and other additional responsibilities in 2016.

4.51 It is hoped that the proposals and their impact will become clearer over the next financial year.

Combined Authority

4.52 For the past year all the councils in Lancashire have been discussing the concept of a Lancashire Combined Authority and how it could work for the county.

4.53 In November last year all councils agreed to take a report to their full council meetings in the run up to Christmas updating progress so far and asking to go out to consultation in January 2016. All councils, except Wyre Council, agreed.

4.54 If formed, the new Combined Authority will allow a formal, legal step to allow councils to work more closely together in a more structured way and will be a move to improve economic development, skills and transport to benefit the whole county.

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- 4.55 The financial impacts are yet to be fully established for Ribble Valley, and as we are currently still at consultation stage, nothing has been reflected within the budget forecast.

Other Cost Pressures and Uncertainties

- 4.56 Whilst the council has seen increased levels of income from planning fees in the recent past, it was previously anticipated that we may see a fall in income levels from planning fees in 2015/16. This has not materialised and income level projections have now been revised upwards for both the current and coming years. There are a number of appeals/award of costs outstanding and we cannot estimate at this stage how much these may cost to defend, however our earmarked reserves allow us some flexibility within this budget area.
- 4.57 In 2015/16 Lancashire County Council withdrew the payment of recycling credits to the council. At that stage we moved to receiving a fixed payment of around £430,000 per annum under the cost sharing agreement. 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.
- 4.58 The level of net expenditure needed in future years will also be very sensitive to changing income levels from fees and charges. Certainly a number of discretionary service areas are sensitive to the levels of disposable income that residents and visitors may have to hand, most notably recreation and leisure services. Additionally, there is the inability to attract income from other services to support the provision of council services overall, as the government have indicated that they should be provided at cost only.
- 4.59 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.
- 4.60 Employee costs have remained relatively stable following recent pay freezes. The budget forecast for the next three years allows for a potential 1.5% increase in overall employee costs.
- 4.61 The medium term financial strategy will need to remain flexible to respond to any opportunities or threats that are presented to the council.
- 4.62 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.
- 4.63 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.

5 ***National Context and Other External Factors***

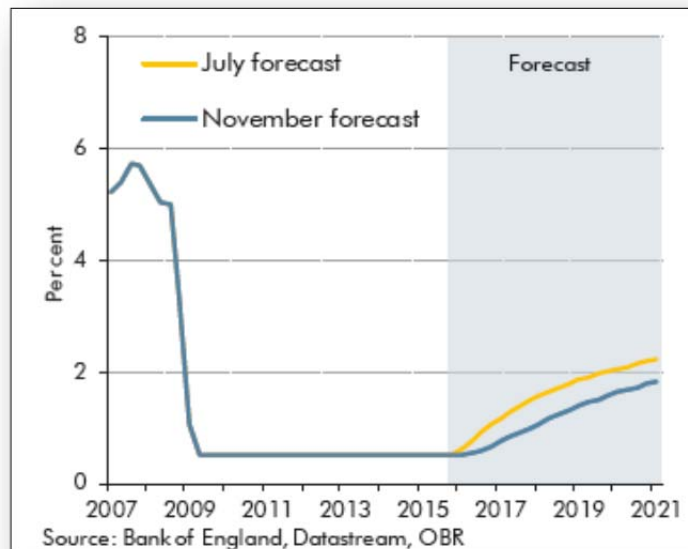
UK Economy

- 5.1 Latest population projections show slightly faster population growth, being driven by higher net inward migration than previous projections, but with slightly higher mortality rates among older people. This is expected to boost employment in the shorter term, but then this will be offset by the forecast higher mortality rates in the ageing population in the longer term.
- 5.2 Looking at CPI, oil prices have fallen further, but the value of the pound has also fallen which has had a negating effect. Labour costs have been increasing and are forecast to increase further, but the policies of the government to bring in lower energy bills are anticipated to help CPI fall slightly in 2017. The effect of this is forecast to be negated when looking at RPI due to the government's decision to make it easier for some local authorities to raise council tax.
- 5.3 Employment growth is expected to slow from that recently experienced to a level closer to the historical average. Whilst wage growth has increased of late, the forecast by the Office of Budget Responsibility (OBR) revises previously predicted growth to a lower level. This is due to the anticipated impacts of autoenrolment and also the introduction of an apprentice levy.
- 5.4 House price inflation is forecast to average around 5 per cent per annum over the forecast period to 2020. However, it is forecast that actual property transaction levels will fall, which reflects the rising proportion of housing owned by landlords combined with the impact of the Government's decision to introduce an additional stamp duty land tax charge of 3 per cent on purchases of properties as a second home or as a buy-to-let.

Interest Rates

- 5.5 The Bank of England cut interest rates to 0.5% in 2009, where they have remained since.
- 5.6 The Governor of the Bank of England has said that three factors would be the strongest guide to when interest rates might rise:
- First, that economic growth in the UK would be higher than the average trend. He said that growth at an average quarterly rate of 0.5% in 2015 had 'disappointed'
 - Second, that wage growth strengthens and productivity improves
 - Third, that core inflation starts to approach the target rate of 2%.
- 5.7 The current low interest rate has no 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.
- 5.8 Interest rates are not anticipated to increase until early 2017, and even then at a modest rate. Based on information provided by the Office of Budget Responsibility (OBR) in November 2015, since their July forecast medium-term interest rate expectations have fallen so that the first increase in Bank Rate is now not expected until the first quarter of 2017.
- 5.9 The table below shows the comparison of market expectations of Bank Rate in July 2015, to the expectations in November 2015.

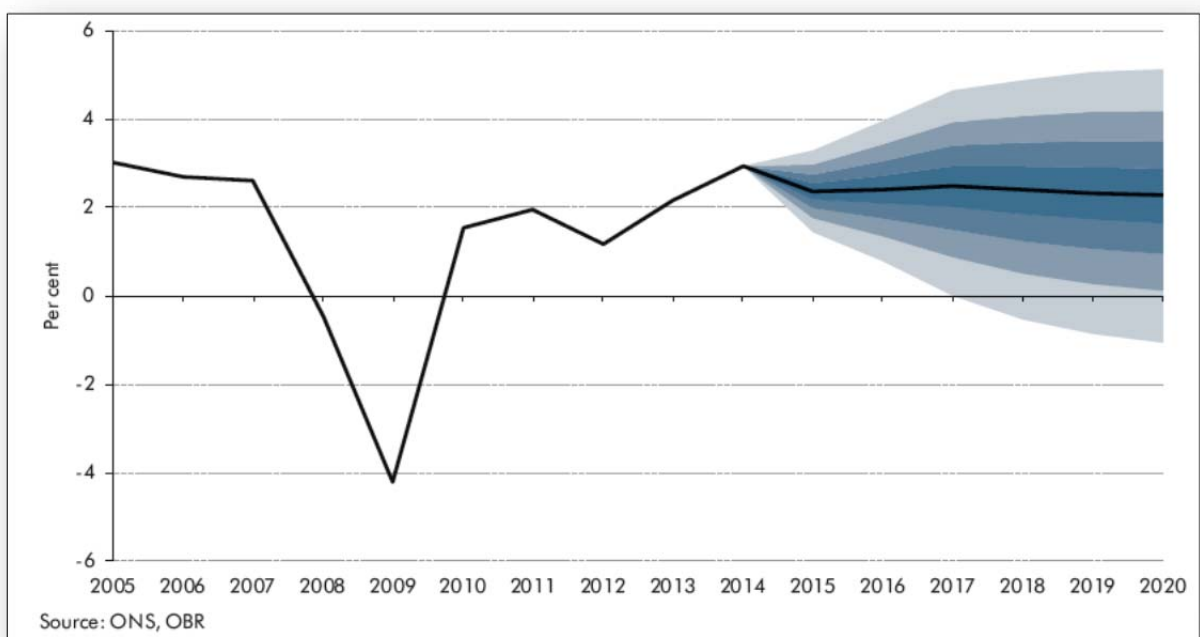
OBR Bank Rate Forecast Comparison



Spending Review/Autumn Statement and Office of Budget Responsibility – Economic and Fiscal Outlook

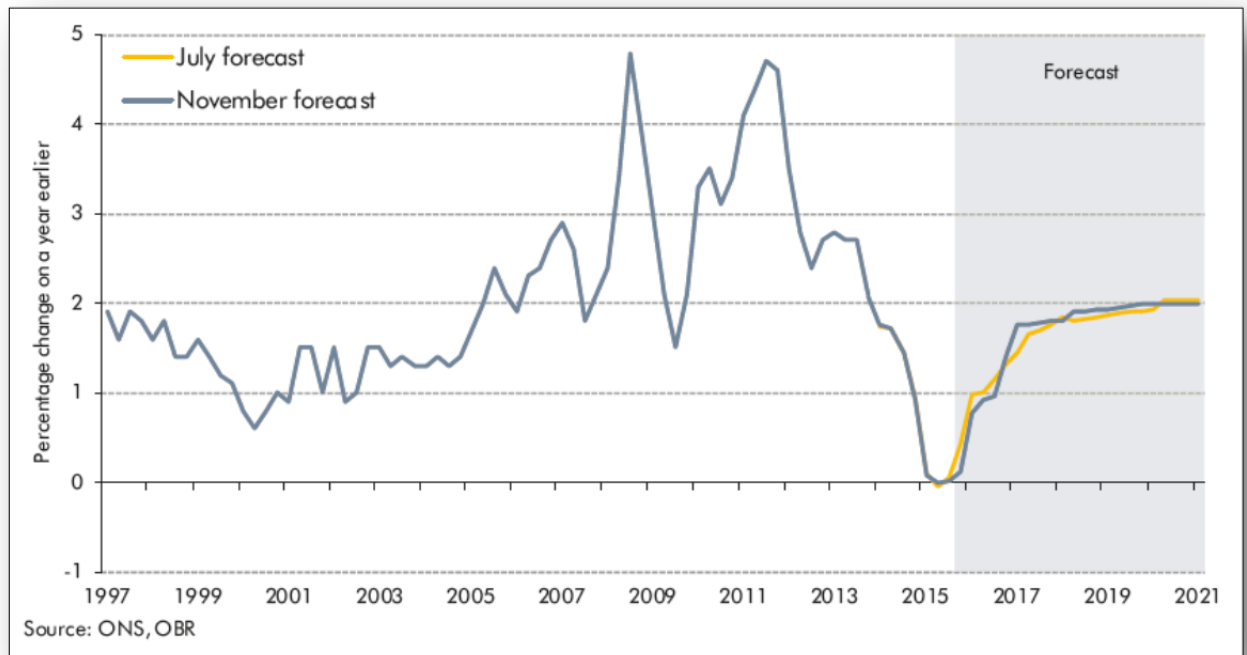
- 5.10 The government published a joint Spending Review and Autumn Statement on 25 November 2015. Alongside this, the Office of Budget Responsibility (OBR) released its latest Economic and Fiscal Outlook, containing the latest update on the economy and public finances.
- 5.11 The OBR has revised its forecast for GDP growth to 2.4% in 2015 and 2.4% in 2016. The OBR has forecast GDP growth of 2.5% in 2017, 2.4% in 2018 and 2.3% in 2019 and 2020. The OBR expect nominal GDP to grow by a cumulative 28.9 per cent between the start of 2015 and the start of 2021 – revised down slightly from the cumulative growth of 29.1 per cent they expected in the July forecasts.
- 5.12 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



- 5.13 Inflation was expected to rise slightly in the final quarter of 2015, driven partly by unit labour cost driven rises in the prices of goods and services, and some of last year's petrol price falls dropping out of the annual inflation comparison. It is then forecast to rise more significantly in the first quarter of 2016, with similar factors at work. Inflation is forecast to reach 1.8 per cent by the second half of 2017.

Consumer Price Increase (CPI) Inflation Forecast



Strength/weakness of the pound

- 5.14 The US Federal Reserve's decision to raise interest rates in December has highlighted the differences between the US and UK economies. Last year there had been an expectation that when the Fed rate rise eventually came, the Bank of England would quickly follow suit. The predicted timing of the next UK interest rate rise has now moved to late 2016 or early 2017.
- 5.15 With the current low interest rate of 0.5% making holding sterling less attractive, traders have been selling the currency. Furthermore, inflation has been continuously below the Bank of England's 2% target and earnings growth has been slowing down.
- 5.16 Further ahead, there have been concerns about the outcome of a referendum on the UK's continued membership of the EU and traders are also generally more risk-averse in the light of the global turmoil caused by Chinese market problems and falling oil prices.
- 5.17 If the pound continues to be weak, imported goods will become more expensive when priced in pounds, which could fuel domestic inflation.

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 funded by grant from the government. The council has budgeted to pay approximately £7.0m in housing benefit payments to claimants in 2016/17.
- 6.5 The council also receives an administration grant to help support the provision of housing benefit and local council tax support service costs, which in 2016/17 will be approximately £134,000. This is a reduction of approximately £31,000 from that received in 2015/16.
- 6.6 Further financial support is received from the Government towards the administration of business rates and in 2016/17 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. Provision of the service in 2016/17 will be awarded through a tendering process for which the council has tendered. A prudent approach has been applied in 2016/17 and no budget provisions (income or expenditure) have been included for the Healthy Lifestyles Programmes. This will be reviewed once the outcome of the tendering process is known.

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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. A Rural Areas Delivery Grant of £26,647 will be received in 2016/17 and an associated expenditure budget has been included.
- 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 funding is provided by the Government and is paid to the council via the Lancashire Better Care Fund. Our funding for Disabled Facility Grants has been included in the capital budget at £161,000 per annum, and is subject to confirmation in each financial year.
- 6.10 All other external capital finance support is scheme specific and dependant on schemes included within the capital programme. There are currently two schemes in the 2016/19 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 2019 anticipated of £1.673m. Council tax increases have been forecast at £5.00 (3.6%) for 2016/17 and 2% for 2017/18 and 2018/19.
- 7.4 In the recent Local Government Grant Settlement we were told that the past trend of falling core funding was to continue, with an option for a guaranteed grant settlement for every council for the 4 year period 2016/17 to 2019/20. The budget forecast has been prepared using the figures provided by the government.
- 7.5 A summary of the assumptions made in the forecast is shown below:
- By 2019/20 our Revenue Support Grant be eliminated and the Government propose to introduce a further reduction of £109,000 which will increase our tariff payable under the Business Rates Retention Scheme.
 - Inflation has been allowed for at 1.5% on employee costs and 1.5% on all other items in 2017/18, and 2% on all other items in 2018/19.
 - Use of balances will be at £200,000 per annum.
 - An increase in interest receipts to £50,000 in 2017/18 and £75,000 in 2018/19 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 2017/18.
 - Increase in the council taxbase each year of 1% based.
 - Council tax increase of £5.00 (3.6%) for 2016/17 and 2% for 2017/18 and 2018/19.

	2015/16 Forecast £	2016/17 Forecast £	2017/18 Forecast £	2018/19 Forecast £
Net Expenditure	6,183,408	6,460,867	6,651,992	7,011,766
Interest Receipts	-29,400	-28,730	-50,000	-75,000
Use of Superannuation Reserve	-36,512	-36,512	-36,512	-36,512
Council Tax Freeze Grant (2015/16)	-32,380	0	0	0
Rural Services Grant	0	-26,647	-46,632	-66,618
Use of Business Rates Growth	-262,926	-262,926	-262,926	-262,926
Use of New Homes Bonus	-676,065	-786,961	-786,961	-786,961
(Use of)/Contribution to Balances	169,869	-200,000	-200,000	-200,000
Savings Required	0	0	-395,251	-768,142
Budget Requirement	5,315,994	5,119,091	4,873,710	4,815,607
Government Funding	-2,240,595	-1,862,605	-1,568,216	-1,410,332
Collection Fund (Deficit)/Surplus	-22,004	-47,809	0	0
Precept	3,053,395	3,208,677	3,305,494	3,405,275
Taxbase	21,703	22,024	22,244	22,467
Band D Council Tax	£140.69	£145.69	£148.60	£151.57
Projected Council Tax increase	0%	£5 (3.6%)	2%	2%

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

	2015/16 to 2016/17 £	2016/17 to 2017/18 £	2017/18 to 2018/19 £
Movement in cost of services	277,459	191,125	359,774
Increased Interest Receipts	670	-21,270	-25,000
Council Tax Freeze Grant re 2015/16	32,380	0	0
Rural Services Grant	-26,647	-19,985	-19,986
Increased Use of New Homes Bonus	-110,896	0	0
Increased Use of Balances	-369,869	0	0
Increased Savings Required	0	-395,251	-372,891
Total Change in Budget Requirement	-196,903	-245,381	-58,103

7.7 The level of savings needed over the life of the budget forecast will be addressed through service committees and particularly through the work of the Budget Working Group.

8 **Capital Programme 2016/17 – 2018/19**

- 8.1 The Capital Programme is an important element of the Medium Term Financial Strategy and as such the main elements are shown below.
- 8.2 The Prudential Code requires the council to make a reasonable estimate of the total capital expenditure that it intends to incur during the forthcoming financial year and at least the following two financial years.
- 8.3 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.
- 8.4 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.
- 8.5 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.
- 8.6 The council has always sought to maximise funding for capital, including any from revenue sources, within a prudential framework.
- 8.7 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.
- 8.8 The council's proposed capital programme at the time of producing this medium term financial strategy is reproduced at Annex 3. The table below shows a summary of the proposed capital programme and details of how it will be financed.

	2016/17 £	2017/18 £	2018/19 £
CAPITAL PROGRAMME BY COMMITTEE			
Community Services	374,500	453,610	679,600
Policy and Finance	100,000	26,000	147,750
Planning and Development	30,200	0	0
Health and Housing	411,000	211,000	211,000
TOTAL OF ALL SCHEMES	915,700	690,610	1,038,350
RESOURCES			
Disabled Facilities Grant Funding	-161,000	-161,000	-161,000
VAT Shelter	-278,500	-144,000	-159,500
Capital Reserve		-69,990	
New Homes Bonus	-62,000	-200,000	-216,770

	2016/17 £	2017/18 £	2018/19 £
Borrowing	-175,000	-62,560	
Earmarked Cost of Democracy Savings			-11,250
Vehicle Residual Values (Capital Reserve)		-28,060	
Earmarked S31 New Burdens Funding (Capital Reserve)		-25,000	
Earmarked Additional Trade Waste Income			-120,000
Earmarked Planning Fee Income (Capital Reserve)	-30,200		
Earmarked Fleming VAT Income	-59,000		
Vehicle Renewals Fund Earmarked Reserve			-300,000
ICT Renewals Fund Earmarked Reserve			-23,500
Invest to Save Earmarked Reserve			-23,000
External Funding: towards Ribblesdale Pool - Improvement Work	-150,000		
External Funding: towards Electric Vehicle Charging Point			-23,330
TOTAL OF ALL RESOURCES	-915,700	-690,610	-1,038,350

8.9 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.

Capital Reserve	2016/17 £	2017/18 £	2018/19 £
Opening Balance	-568,653	-538,453	-415,403
Taken from Reserve	30,200	123,050	0
Closing Balance	-538,453	-415,403	-415,403

Recommended Minimum Balance	-350,000	-350,000	-350,000
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8.10 Whilst a balance above the minimum of £350,000 remains on the Capital Reserve over the programme's 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.

8.11 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 **Risk Assessment and Sensitivity**

9.1 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.

9.2 The table below shows some of the areas of sensitivity and the potential impact on the strategy, based on the original estimate for 2016/17.

Area of Sensitivity	Percentage Fluctuation	Annual Impact on Budget
Pay Award (Impact on Direct Employee Costs)	1.00%	£60,820
Energy Costs	5.00%	£7,190
Vehicle Fuel	5.00%	£12,680
Short Term Investment Interest Rates	0.25%	£20,500
Customer and Client Receipts	1.00%	£27,080
Service Specific Government Grants	1.00%	£72,750
Other Grants and Contributions	1.00%	£6,680
Settlement Funding Assessment	1.00%	£18,630
New Homes Bonus (Received in Year)	1.00%	£13,670
Retained Business Rates Levy	5.00%	£17,400

9.3 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 £4.54 or 3.1% (based on the increased Band D council tax charge of £145.69 for 2016/17).

9.4 On the other hand, for every 1% increase in the level of 2016/17 council tax charge, an additional £32,090 council tax revenue would be raised and therefore, for every 1% decrease in the level of council tax revenue £32,090 savings would need to be identified or alternative funding such as use of balances would need to be found (based on the increased Band D council tax charge of £145.69 for 2016/17).

9.5 In terms of the Settlement Funding Assessment that is received for 2016/17, this will support approximately 36% 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 £18,630.

9.6 The table below provides a summary of the main financial risks facing the council, and their potential impact and our mitigating actions.

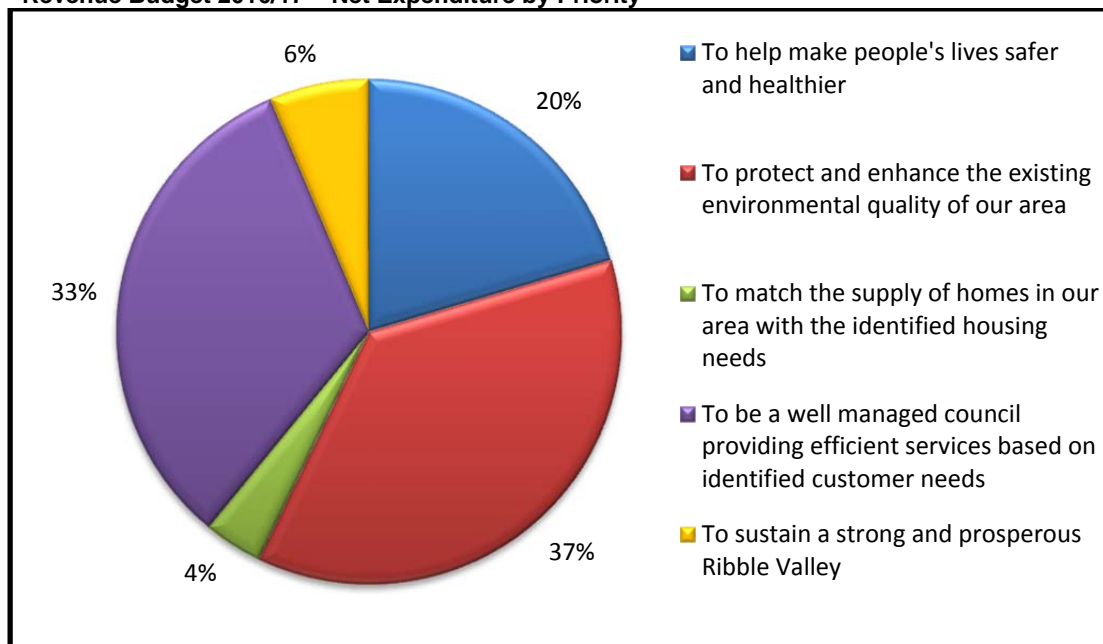
Risk	Level	Mitigation
Past savings that have been identified by Heads of Service do not continue to be achieved	Medium	Regular monitoring of budgets and meetings with Heads of Service where savings have been identified in order to enable early corrective action if required.
A financial institution that has been invested in is unable to repay the principal 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.

Risk	Level	Mitigation
Identified savings required are not achieved	Medium	Through sound working practices in the review of savings needed and through the work of the Budget Working Group the required savings/funding will be found.
Business Rates Growth Retention	High	There is a high level of uncertainty around the future level of business rates growth, or downturn. As we enter the Lancashire Business Rates Pool, 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.
New Homes Bonus Consultation	High	<p>A substantial reduction in our New Homes Bonus funding would have a major impact on the council, particularly due to its reliance on this valuable funding stream, which was previously 'top sliced' from core government funding.</p> <p>We will ensure that we contribute to the consultation process.</p>

10 **Links to Ambitions and Priorities**

10.1 The table below shows our 2016/17 revenue budget broken down over the council's priorities.

Revenue Budget 2016/17 – Net Expenditure by Priority

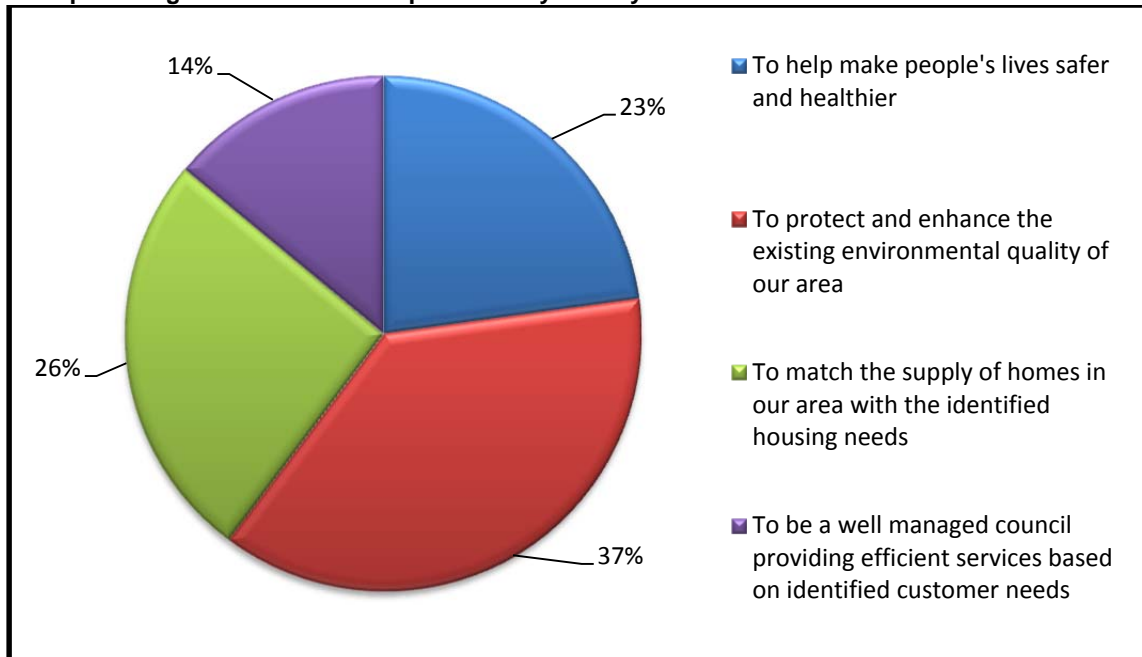


10.2 As with revenue budgets, all proposed capital schemes are linked to the council's priorities. The evaluation process also required Heads of Service to submit detailed bid forms for new capital schemes. These included such information as:

- 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

10.3 The table below shows our planned capital programme for 2016/17 broken down over the council priorities.

Capital Programme 2016/17 – Expenditure by Priority



New Homes Bonus

Year of Award	Received 2011/12 £	Received 2012/13 £	Received 2013/14 £	Received 2014/15 £	Received 2015/16 £	Provisional 2016/17 £	Estimated 2017/18 £	Estimated 2018/19 £
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	188,053
Granted 2014/15				227,109	227,109	227,109	227,109	227,109
Granted 2015/16					373,809	373,809	373,809	373,809
Provisional 2016/17						398,267	398,267	398,267
Estimated 2017/18							?	?
Estimated 2018/19								?
Total	62,046	179,645	367,698	594,807	968,616	1,366,883	1,304,837	1,187,238
New Homes Bonus Commitments¹	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2017/18 £
Revenue	-60,000	-60,000	-60,000	-333,780	-676,065	-786,961	-786,961	-786,961
Capital	0	0	-100,000	-85,000	-88,000	-62,000	-200,000	-216,770
Total	-60,000	-60,000	-160,000	-418,780	-764,065	-848,961	-986,961	-1,003,731
Unallocated in Year	2,046	119,645	207,698	176,027	204,551	517,922	317,876	183,507
Unallocated Cumulative	2,046	121,691	329,389	505,416	709,967	1,227,889	1,545,765	1,729,272

¹ The Commitments section of the above table assumes continued use of New Homes Bonus at the level agreed for 2016/17

Actual and Forecast Earmarked Reserves 2014/15 to 2018/19

General Fund	Balance at 31 March 2015	Balance at 31 March 2016	Balance at 31 March 2017	Balance at 31 March 2018	Balance at 31 March 2019
	£	£	£	£	£
Shorter term service commitments					
<u>Local Recreation Grants Fund</u> <i>Used to fund recreation grants</i>	12,686	22,676	22,676	22,676	22,676
<u>Audit Reserve Fund</u> <i>Used for computer audit</i>	12,335	12,335	12,335	12,335	12,335
<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>Conservation Reserve</u> <i>To fund conservation schemes completed after the financial year end</i>	6,210	580	580	580	580
<u>Market Town Enhancement</u> <i>To fund grants under Market Towns Enhancement Scheme</i>	8,372	7,002	7,002	7,002	7,002
<u>Clean Air Reserve</u> <i>To fund clean air survey work</i>	2,681	2,201	1,721	1,241	761
<u>Promotional Activities Reserve</u> <i>To fund planned publicity and promotional activities</i>	9,260	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>Refuse Collection</u> <i>To fund refuse collection costs of bin replacements and other cost pressures</i>	147,203	35,003	35,003	35,003	35,003
<u>Core Strategy Reserve</u> <i>To fund the production of the Core Strategy</i>	22,453	3	3	0	0
<u>Clitheroe Food Festival</u> <i>Resources set aside to help support the costs associated with the Clitheroe Food Festival</i>	6,204	6,204	6,204	6,204	6,204
<u>Tour of Britain Reserve</u> <i>To fund the potential cost of hosting a stage of the Tour of Britain Cycle Race</i>	89,826	0	0	0	0
Sub total	357,335	126,109	125,629	125,146	124,666
Reserves to smooth the revenue impact of longer term cyclical costs					
<u>Elections Fund</u> <i>Used to fund borough elections held once every four years</i>	78,689	20,209	42,419	64,629	86,839
<u>Revaluation of Assets Reserve</u> <i>To contribute towards the revaluation of the council's assets every five years.</i>	1,200	3,200	5,230	7,260	9,290

General Fund	Balance at 31 March 2015	Balance at 31 March 2016	Balance at 31 March 2017	Balance at 31 March 2018	Balance at 31 March 2019
	£	£	£	£	£
Sub total	79,889	23,409	47,649	71,889	96,129
Trading or business unit reserves					
Building Control Fund <i>Available to equalise net expenditure over a three year period</i>	-103,006	-103,466	-111,526	-111,526	-111,526
Sub total	-103,006	-103,466	-111,526	-111,526	-111,526
Sums set aside for major schemes such as capital projects					
Capital <i>Used to fund the capital programme</i>	692,623	568,653	538,453	415,403	415,403
ICT Repairs and Renewals <i>To fund future software and hardware upgrades</i>	169,903	162,293	162,293	162,293	138,793
Clitheroe Cemetery Reserve <i>To finance any future liabilities from the cemetery extension</i>	3,640	3,640	3,640	3,640	3,640
Vehicle & Plant Repairs and Renewals Reserve Resources set aside to fund a repairs and renewals fund for the replacement of Vehicles and Plant	300,000	346,000	346,000	420,000	0
Civic Suite Reserve <i>Resources set aside to fund future capital spend on the council chamber.</i>	11,420	11,420	11,420	11,420	170
Sub total	1,177,586	1,092,006	1,061,806	1,012,756	558,006
Longer term strategic or corporate reserves					
Insurance <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	16,748	16,748	16,748	16,748	16,748
Fleming VAT Claim <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	234,903	195,313	136,313	136,313	136,313
Repairs and Maintenance <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	34,299	34,299	34,299	34,299	34,299
Post LSVT <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	328,613	292,101	255,589	219,077	182,565
Restructuring Reserve <i>To fund costs resulting from restructuring reviews</i>	227,541	227,541	227,541	227,541	227,541
VAT Shelter Reserve <i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,610,053	1,397,843	1,299,343	1,335,343	1,271,843

General Fund	Balance at 31 March 2015	Balance at 31 March 2016	Balance at 31 March 2017	Balance at 31 March 2018	Balance at 31 March 2019
	£	£	£	£	£
<u>Equipment Reserve</u> <i>To fund essential and urgent equipment requirements</i>	93,560	100,480	100,480	100,480	100,480
<u>Invest to Save Fund</u> <i>To fund future invest to save projects</i>	250,000	250,000	250,000	250,000	227,000
<u>Planning Reserve</u> <i>To fund any future potential planning issues</i>	215,942	145,862	109,862	109,862	109,862
<u>Housing Benefit Reserve</u> <i>To help meet the challenges facing the service in the coming years</i>	100,000	100,000	100,000	100,000	100,000
<u>New Homes Bonus Reserve</u> <i>To help finance future economic development capital schemes</i>	505,415	709,966	1,227,889	1,607,812	1,970,965
<u>Business Rates Volatility Reserve</u> <i>To provide some protection against business rates volatilities</i>	314,751	719,221	864,470	864,470	864,470
Sub total	3,931,825	4,189,374	4,622,534	5,001,945	5,242,086
External grant funding where expenditure has yet to be incurred					
<u>Performance Reward Grant</u> <i>Performance Reward Grant received and yet to be distributed to successful schemes</i>	214,682	187,108	127,328	127,328	127,328
<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	6	6	0	0
<u>Land Charges Reserve</u> <i>To fund any potential restitution claims for personal search fees</i>	4,474	22,424	22,424	22,424	22,424
<u>Pendle Hill User Reserve</u> <i>To fund improvement schemes on Pendle Hill</i>	13,647	42,317	42,317	42,317	42,317
<u>Crime Reduction Partnership Reserve</u> <i>To fund cost of crime reduction initiatives</i>	19,105	15,985	2,665	2,665	2,665
<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>	20,183	6,433	6,433	6,433	6,433
<u>Housing Related Grants Reserve</u> <i>Residual grant received, to be committed to future grant schemes</i>	26,480	49,480	35,290	35,290	35,290
<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>	46,224	46,224	46,224	46,224	46,224
<u>Grant Funded Sports Development</u> <i>To finance future Sports Development grant funded expenditure</i>	3,500	3,500	3,500	3,500	3,500

General Fund	Balance at 31 March 2015	Balance at 31 March 2016	Balance at 31 March 2017	Balance at 31 March 2018	Balance at 31 March 2019
	£	£	£	£	£
<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>Individual Electoral Registration Reserve</u>					
<i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	23,288	16,108	4,568	0	0
<u>Repossession Prevention Fund Reserve</u>					
<i>Ring-fenced DCLG funded reserve to help prevent repossessions and homelessness.</i>	34,211	28,491	28,491	28,491	28,491
<u>Neighbourhood Planning Reserve</u>					
<i>DCLG Neighbourhood Planning Grant received to fund future related expenditure</i>	10,000	10,000	10,000	10,000	10,000
Sub total	497,838	480,474	381,644	377,070	377,070
TOTAL	5,941,467	5,807,906	6,127,736	6,477,280	6,286,431

Forward Capital Programme – 2016/17 to 2018/19

SCHEMES	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£
COMMUNTY SERVICES COMMITTEE				
Ribblesdale Pool - Improvement Work <i>(Subject to securing external funding)</i>	209,000			209,000
Replacement of Works Section Small Van - Ford Transit PF09 DHX (Toilet Van)	12,000			12,000
Replacement of Salthill Depot Multi Use Fork Lift Truck	16,000			16,000
Replacement of John Deere Gang Mower Tractor (PN05 UKE)	46,000			46,000
Replacement of MAN 7.7 RO-RO Truck (PN06 FRV) with equivalent spec vehicle	51,500			51,500
Play Area Improvements	40,000	40,000	40,000	120,000
Ribble Valley off-street car parks – upgrade of payment systems		20,550		20,550
Castle Museum - Refurbishment of Windows		62,560		62,560
Renewal of sections of floor to residual waste transfer station		19,500	23,500	43,000
Replacement of Twin-bodied refuse collection vehicle (VU59 JJK)		218,000		218,000
Replacement of Works Iveco Tipper with Iveco Daily Long Wheelbase high top van		23,500		23,500

ANNEX 3

Forward Capital Programme – 2016/17 to 2018/19

SCHEMES	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£
Replacement mower (Kubota) PN09 SWO		15,500		15,500
Replacement mower (Scag 4x4) rvbc 016 - plus Replacement of Scag Mower (rvbc014) with equivalent spec vehicle		13,000		13,000
Replacement pick up vehicles (Ford Ranger S/C 4WD x 2) – PK07 LSY and PK07 TZG		41,000		41,000
Replacement of 1 x Open Backed Single Bodied Paper Collection Vehicles (VX55 KXD <u>OR</u> VU06 TKN)			49,000	49,000
Replacement of a Twin Bodied Refuse Collection Vehicle (VU60 HNX <u>OR</u> PO60 YEK)			222,500	222,500
Replacement of Works Iveco Tipper (PO60 AYK)			37,500	37,500
Replacement of Car Parking Van - Fiat Doblo PN09 MHY with an equivalent spec			13,000	13,000
Replacement of Garwood (12 Tonne GVW) single bodied RCV & Cage Truck with single multi-use vehicle - PN05 PWL			120,000	120,000
Rapid Charge Electric Vehicle Charging Point			31,100	31,100
Replacement mower (Haytor) PN07 MVG			36,500	36,500
Replacement mower (Kubota) PN09 SWO			16,000	16,000
Replacement Mini Tractor and Trailer (John Deere) - PN06 TSZ			12,000	12,000
Replacement Truck (Ford) c/w Tail Lift			37,500	37,500

ANNEX 3

Forward Capital Programme – 2016/17 to 2018/19

SCHEMES	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£
Tour of Britain Legacy			10,000	10,000
All Weather Pitch Lighting			31,000	31,000
Total Community Services Committee	374,500	453,610	679,600	1,507,710

HEALTH AND HOUSING COMMITTEE				
Clitheroe Market Improvements	175,000			175,000
Disabled Facilities Grants	161,000	161,000	161,000	483,000
Landlord/Tenant Grants	75,000	50,000	50,000	175,000
Total Health and Housing Committee	411,000	211,000	211,000	833,000

PLANNING AND DEVELOPMENT COMMITTEE				
Introduction of Planning Portal Link to the Planning Application System and Planning System Update	30,200			30,200
Total Planning and Development Committee	30,200	0	0	30,200

ANNEX 3

Forward Capital Programme – 2016/17 to 2018/19

SCHEMES	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£
POLICY AND FINANCE COMMITTEE				
ICT Infrastructure refresh (Storage Area Network (SAN) and also Network & Server Replacement)	100,000			100,000
Replacement server for Revenues & Benefits		13,500		13,500
Printing section equipment upgrade		12,500		12,500
Council chamber – Seating renewal scheme			11,250	11,250
Windows Server Upgrade			23,500	23,500
New council telephone system			45,000	45,000
Civic Suite Upgrade			45,000	45,000
Queensway Garages - Replace roof covering and repairs			23,000	23,000
Total Policy and Finance Committee	100,000	26,000	147,750	273,750
TOTAL CAPITAL PROGRAMME 2016/17 TO 2018/19	915,700	690,610	1,038,350	2,644,660