

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 7

meeting date: 7 FEBRUARY 2017
 title: OVERALL REVENUE BUDGET 2017/18
 submitted by: DIRECTOR OF RESOURCES
 principal author: JANE PEARSON

1 PURPOSE

- 1.1 To approve the revised revenue budget for 2016/17.
- 1.2 To consider and recommend a revenue budget and council tax requirement for 2017/18 to Full Council on 28 February 2017.

2 CURRENT YEAR'S REVISED BUDGET 2016/17

Background

- 2.1 The revised budget for 2016/17 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 pay and price increases of 1.5%. Overall general inflation has been slightly less than this and the overall pay award was settled at 1% although some lower pay scales were increased by a higher amount as a result of the national pay settlement.
- 2.3 The revised budget is now looking as if there will be a reduction of £192k in net expenditure. This is shown in the summary below.

Committee	Original Estimate 2016/17 £	Revised Estimate 2016/17 £	Difference £
Planning & Development	552,270	492,570	-59,700
Community**	3,523,580	3,413,510	-110,070
Health & Housing	935,100	859,490	-75,610
Policy & Finance	2,157,204	2,087,104	-70,100
Total of Committees	7,168,154	6,852,674	-315,480
Capital Adjustments:			
Depreciation	-837,740	-856,050	-18,310
Minimum Revenue Provision	134,960	134,610	-350
Total Expenditure	6,465,374	6,131,234	-334,140
Other			
External Interest – Payable	9,480	9,480	0
Interest – Earned	-28,730	-21,070	7,660
Rural Areas Delivery Grant	-107,254	-107,254	0

Committee	Original Estimate 2016/17 £	Revised Estimate 2016/17 £	Difference £
Localisation of Council Tax Support - Payment to Parishes	5,750	5,750	0
New Homes Bonus Scheme			
New Homes Bonus	-1,366,884	-1,366,884	0
Less New Homes Bonus Transferred to Earmarked Reserve	579,923	579,923	0
Transition Grant	-20,424	-20,424	0
Business Rates			
Retained Rates Income	-339,115	-339,115	0
Renewable Energy	0	-36,321	-36,321
Section 31 Grant for Business Rates	-528,416	-458,193	70,223
10% Levy payable to LCC	38,664	37,973	-691
Share of Business Rates Deficit on Collection Fund from 15/16	420,692	420,692	0
Total retained income	-408,175	-374,964	33,211
Less Business Rate income taken from Volatility Reserve	-202,723	-229,715	-26,992
Add Retained Levy under pooling	347,972	341,753	-6,219
Less Added to/(taken from) Other Earmarked Reserves	44,782	179,332	134,550
Adjustment to Balances to Get to Agreed Budget	-200,000	-8,070	191,930
Agreed Budget for year	5,119,091	5,119,091	0

****Community Committee Revised Estimate expenditure increased by £10,920 for urgent repairs to Platform Gallery following agreement at Committee meeting on 10/1/17**

Changes in Expenditure

- 2.4 Committee expenditure has fallen by £334k. However this is before appropriations to and from earmarked reserves of which there are many.
- 2.5 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 in Annex 1.

Movement in Business Rate Income

- 2.6 Our latest estimate of Ribble Valley's General Fund share of Business Rate income for the current year predicts our levy will be as follows;

	2016/17 as per NNDR1	2016/17 revised
Levy calculation		
Billing Authority NNDR Income	14,850,314	14,831,806
LA share of NNDR income	5,940,126	5,932,722
LA share of SBRR	409,778	412,644
LA share of discretionary reliefs	24,378	15,097
Pre levy income	6,374,282	6,360,463
Less Tariff	4,361,493	4,361,493
Retained Rates Income	2,012,789	1,998,970
Baseline Funding Level	1,239,518	1,239,518
Retained Rates Income above Baseline	773,271	759,452
Levy at 50%	386,636	379,726
Retained levy therefore	347,972	341,753

2.7 When we feed this into our calculation of expected retained income this results as follows:

	2016/17 per NNDR1	2016/17 revised
Calculation of Business Rate Retained Income		
Billing Authority NNDR Income	14,850,314	14,850,314
LA share of NNDR income	5,940,126	5,940,126
Less Tariff	4,361,493	4,361,493
	1,578,633	1,578,633
Baseline Funding Level	1,239,518	1,239,518
Retained Rates Income before levy	339,115	339,115
Less Retained Levy	-347,972	-341,753
Less Levy (10% now paid to LCC)	-38,664	-37,973
Section 31 Grant:		
SBRR	417,959	418,662
Multiplier Cap	85,725	24,214
"New Empty" Property	1,990	0
"Long Term Empty" Property	11,207	7,726
Retail Relief	0	-474
Flooding Relief	0	3,234
In lieu of Transitional Relief	11,535	4,831
Total Section 31 Grant	528,416	458,193
Renewable Energy	0	36,321
Deficit carried forward from 2015/16 payable in 2016/17	-420,692	-420,692
Total Business Rate Income to General Fund	60,203	33,211
Used to fund revenue budget	-262,926	-262,926
Remaining to take from earmarked reserve	-202,723	-229,715
Retained Levy added to earmarked reserve	347,972	341,753
Net amount added to volatility earmarked reserve	145,249	112,038

- 2.8 When setting the original budget we agreed to use £262,926 of our business rate income to fund the revenue budget. Based on the current position we expect to receive £375k (including retained levy), therefore the difference of £112k will be added to the volatility reserve.
- 2.9 This is after allowing for the deficit carried forward from 2015/16 of £420,692 which resulted from significantly increasing the amount set aside to fund appeals in 2015/16. Please note some elements of the rate retention scheme are calculated on an accruals basis ie the levy and section 31 grant where as others (such as income) are 'fixed' at the start of the year upon submission of our NNDR1 return.
- 2.10 As a member of the Lancashire Business Rate Pool we benefit from retaining a levy which would otherwise be payable to the Government. In 16/17 we estimate this will be £341,753.

Movement in Earmarked Reserves

- 2.11 Annex 2 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 £101k more to earmarked reserves in the current year than originally forecasted.

Overall Changes

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

	Difference £000
Committees	-316
Depreciation	-18
Other Items	41
Use of Earmarked Reserves	101
Net change	-192

- 2.13 This shows that the Council will in effect 'save' or benefit from **£192k** compared with the original estimate. Therefore instead of taking **£200k** from general fund balances at the end of the year, based on these revised estimates we would be taking only **£8k** from balances.

3 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2017/18

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.

2017/18 £m	
Settlement Funding Assessment	1.569143
of which:	
Revenue Support Grant	0.304319
Baseline Funding Level	1.264824

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 the second year of a four-year settlement. As mentioned in the previous report we have signed up to the Government's multi year settlement offer and they have accepted our efficiency plan.

3.4 Our provisional four year figures are shown below and we do not expect these to change. 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 effectively making our grant negative.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Settlement Funding Assessment	1.862606	1.569143	1.414666	1.243089
of which:				
Revenue Support Grant	0.623087	0.304319	0.109149	
Baseline Funding Level	1.239518	1.264824	1.305517	1.351954
Tariff/Top-Up	-4.361493	-3.997472	-4.126081	-4.272846
Tariff/Top-Up adjustment				-0.108866
Safety Net Threshold	1.146554	1.169962	1.207603	1.250558
Levy Rate (p in £) if not in pool	0.50	0.50	0.50	0.50

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 The Business Rates Retention Scheme is also operated via our Collection Fund and therefore we also now have a surplus or deficit in respect of Business Rates at the end of each financial year.

- 4.3 I have already assessed the potential surplus/deficit on the collection fund. I estimate the Collection Fund will produce an overall surplus of £686,095 this year. This consists of a surplus for council tax of £572,673 and a surplus in respect of Business Rates of £113,422.
- 4.4 The Council Tax surplus will be shared amongst all the major precepting authorities. Our share of the surplus is £59,557.
- 4.5 The Business Rates surplus will be paid out to the Government, Lancashire County Council, Lancashire Combined Fire Authority and ourselves in 2017/18. Our share of the surplus will be £45,368.
- 4.6 A statement showing the Collection Fund is attached at Annex 3.

Council Tax Base

- 4.7 I have calculated the council taxbase in accordance with proper practices. Our council taxbase for 2017/18 is 22,481. This compares with the current taxbase of 22,024 in 2016/17.
- 4.8 A breakdown of the calculation showing the taxbase by parish is included in Annex 5.

5 REVENUE BUDGET 2017/18

Background

- 5.1 The confirmation of the multi year settlement provides us with some certainty regarding our core government funding however the Government are clear in the future local government spending will be funded by local resources not central grant. Our settlement funding assessment next year will fall by £293k.

Council Tax Referendum Criteria

- 5.2 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.
- 5.3 For 2017/18 the Government have set the core referendum threshold for all district councils at 2% or £5 whichever is higher.
- 5.4 The Government have agreed that authorities with social care responsibilities can levy an additional precept to be levied of 3% in each of the next 2 years. They have also announced further support of £240m to such authorities from savings from the changes to the New Homes Bonus scheme.
- 5.5 Our current Band D tax is **£145.69** and was increased last year by £5 for the first time since 2010/11. We are in the bottom quartile of all councils and 42nd out of 201 district councils. Across Lancashire the position in 2016/17 is as follows.

	Average council tax for 2016/17 Band D £	% change from 2015/16
LANCASHIRE		
Ribble Valley	145.69	3.55
Chorley	177.41	0.00
Wyre	183.31	1.75
West Lancashire	186.76	1.75
Fylde	190.77	2.68
South Ribble	208.38	0.00
Lancaster	208.97	2.45
Hyndburn	230.52	0.00
Pendle	245.16	1.99
Rosendale	253.40	0.00
Burnley	277.76	1.90
Preston	290.73	1.99

- 5.6 It is important when deciding on our council tax level for next year to consider the amount of income any change will generate. For indicative purposes the table below shows the increased income available to the Council for next year for a number of options. A £5 increase in our share of the Council Tax would result in a Band D amount of £150.69 ie an increase of 3.4%. This would generate £112,405 each year in extra revenue.

	Current Council Tax £	Current Council Tax increased by 1.99% £	Council Tax increased by £5.00 £
Band D Council Tax	145.69	148.59	150.69
Taxbase for 2017/18	22,481	22,481	22,481
= Council Tax Income 2017/18	3,275,257	3,340,452	3,387,662
Council Tax income 2016/17	3,208,677	3,208,677	3,208,677
Extra income from Council Tax	66,580	131,775	178,985
Of which due to increase in tax base	66,580	66,580	66,580
Of which due to increase in ctax charge	0	65,195	112,405

6 Rural Services Delivery Grant

- 6.1 The Government announced last year a considerable increase in support for the most sparsely populated rural areas by way of a Rural Services Delivery Grant.
- 6.2 For Ribble Valley we received £107,254 in 2016/17. To date this has not been allocated and I would suggest this could be used to support the capital programme, this will be reviewed when the accounts are closed down.

6.3 Our expected allocations for the next 3 years are

Rural Services Delivery Grant £	
2017/18	86,603
2018/19	66,618
2019/20	86,603

6.4 For 2017/18 onwards we have assumed this funding will be used to support our net revenue expenditure.

New Homes Bonus Scheme (NHB)

6.5 The local government grant settlement included the long awaited Government’s decisions regarding the New Home Bonus Scheme following the Consultation exercise carried out early in 2016. The key changes are to:

- reduce the number of years for which legacy payments are made from 6 years to 5 years in 2017/18 and **then to 4 years from 2018/19**; and
- introduce a baseline for housing growth set initially at 0.4% of the council tax base for 2017/18. Housing growth below this level in each authority will not receive Bonus allocations. The Government will retain the option of **making adjustments to the baseline** in future years in the event of a significant increase in housing growth.

6.6 From 2018/19 they will consider withholding new Homes Bonus payments from local authorities who in their view are not planning effectively, by making positive decisions on planning applications and delivering housing growth. They will also consider withholding payments for homes that are built following an appeal.

6.7 As the Government is implementing wider planning reforms, including measures announced at Autumn Statement and through the Neighbourhood Planning Bill and forthcoming Housing White Paper, they have decided not to introduce the proposals to withhold payments for areas without a local plan in 2017/18.

6.8 The savings generated of £241 million from the reform of the New Homes Bonus have been allocated to social care authorities through the new Adult Social Care Support Grant

6.9 The remaining New Homes Bonus grant will continue to be shared 80:20 between district and county councils in two tier areas. 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.

Impact on Ribble Valley

6.10 Our in year allocation for 2017/18 will reduce from £510k to £384k a reduction of £126k, as a result of the new 0.4% growth baseline. In effect our taxbase had to increase by 102 new properties before we could receive any NHB for 17/18.

6.11 Our total allocation for next year (before any appeal for downbandings) will now be £1.570k instead of £1.815k a reduction of £244k. This however compares with £1.367m

in the current year (2016/17). We will face further reductions in 2018/19 when the number of years further reduces from 5 to 4.

- 6.12 Interestingly the Government show our New Homes Bonus allocation reducing over the four year illustrative grant settlement period as follows;

NHB £	
2017/18	1,573,939
2018/19	1,200,931
2019/20	1,152,279

- 6.13 We currently commit £787k of new homes bonus each year to fund the revenue budget. As you are aware we also use some of our allocation to support our capital programme. The capital programme report also on this agenda sets out how much we intend to use over the next 5 years,

Council Tax Requirement

- 6.14 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 2017/18. For illustration this is set out below.

	Based on £5 increase		Based on 0% increase	
Taxbase	22,481		22,481	
Band D (Assuming a £5.00 increase)	150.69		145.69	
Precept (ie amount raised from council tax)	3,387,662	3,387,662	3,275,257	3,275,257
Council Tax Surplus		59,557		59,557
Settlement Funding Assessment		1,569,143		1,569,143
Our Maximum Net Expenditure 2017/18		5,016,362		4,903,957

Base Budget Position

Introduction

- 6.15 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%. Savings have been identified across all committee budgets and presented within the budget reports. These total £138k. 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

- 6.16 The provisional base position for next year as submitted to service committees is shown below, compared with the original budget for 2016/17.

	Original Estimate 2016/17 £	Original Estimate 2017/18 £
Committee Expenditure		
Planning & Development	552,270	566,660
Community	3,523,580	3,443,070
Health & Housing	935,100	926,320
Policy & Finance	2,157,204	2,061,330
Total of Committees	7,168,154	6,997,380
Capital Adjustments		
Less Depreciation (included in above)	-837,740	-876,200
Add Minimum Revenue Provision (MRP)	134,960	131,820
Total Expenditure	6,465,374	6,253,000
Other Items		
External Interest - Payable	9,480	7,830
Interest - Earned	-28,730	-15,660
Transition Grant	-20,424	-20,345
Localisation of Council Tax Support - Payment to Parishes	5,750	0
New Homes Bonus	-1,366,884	-1,570,846
Rural Services Delivery Grant	-107,254	-86,603
Business Rates (incl retained levy)		
Retained Rates Income	-339,115	-447,824
Renewable Energy	0	-29,091
Section 31 Grant for Business Rates	-528,416	-591,197
Levy payable to LCC	38,664	50,080
Share of Business Rates Deficit/(Surplus)	420,692	-45,368
Transfer From/To Various Earmarked Reserves (Annex 4)	769,954	1,714,917
Net Expenditure	5,319,091	5,218,893
Adjustment to Balances to Get to Agreed Budget	-200,000	-314,936
Agreed budget for 2016/17	5,119,091	
Maximum Budget 2017/18 for a 0% ctax increase		4,903,957

6.17 The budget shortfall at this stage, based on the draft committee budgets, and before using general fund balances is **£314,936**.

Committee Expenditure

6.18 The net effect, as shown in the above summary, is that net expenditure has reduced by £172k. 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 shown in Annex 6.

Changes since budgets presented to Committees

6.19 There have been changes totalling £46,230 to Committee Budgets as follows:

- Policy and Finance Committee – removal of Discretionary Rate Relief from Volatility reserve £24,450
- Removal of Lead Authority Administration Fees from Volatility reserve £20,000
- Health and Housing – DCLG updated LCTS Admin Grant £1,780

6.20 We have submitted our appeal to the Government regarding the impact downbandings has had on our NHB allocation for next year. We calculate this to be £6,118. We have been successful in the past and therefore recommend bringing this in to fund the budget.

6.21 **These adjustments reduce the budget shortfall to £262,588**, before the use of balances.

7 BUSINESS RATES

7.1 We have now completed our NNDR1 return which we will submit to the Government by 31 January 2017. We anticipate our share of business rates for next year will be as follows:

	2017/18 31 January 2017 as per NNDR1
Levy calculation	
Billing Authority NNDR Income	14,275,299
LA share of NNDR income	5,710,120
LA share of SBRR	542,417
LA share of discretionary reliefs	11,368
Pre levy income	6,263,905
Less Tariff	3,997,472
Retained Rates Income	2,266,433
Baseline Funding Level	1,264,824
Retained Rates Income above Baseline	1,001,609
Levy at 50%	500,805
Retained levy therefore	450,724
Calculation of Business Rate Retained Income	
Billing Authority NNDR Income	14,275,299
LA share of NNDR income	5,710,120
Less Tariff	3,997,472
	1,712,648
Baseline Funding Level	1,264,824
Retained Rates Income before levy	447,824
Less Retained Levy	-450,724
Less Levy (10% paid to LCC)	-50,080

2017/18 31 January 2017 as per NNDR1	
Section 31 Grant:	
SBRR	549,639
SBRR where 2nd prop occupied	1,851
Multiplier Cap	28,168
Rural Rate Relief	11,539
Total Section 31 Grant	591,197
Renewable Energy	29,091
Total Business Rate Income to General Fund excluding retained levy	567,308
Surplus/(Deficit) brought forward	45,368
Total Business Rate Income to General Fund excluding retained levy	612,676
Used to fund revenue budget	-262,926
Remaining to add/take to volatility earmarked reserve	349,750
Retained Levy	450,724
	800,474

7.2 This shows that **based on our NNDR1 return** we expect to retain business rates income of £612,676 of which £262,926 is currently relied on each year to fund the base revenue budget. In addition, as a member of the Lancashire Business Rate Pool, we anticipate we will benefit from retaining the levy of a further £450,724.

Volatility and Uncertainty

7.3 Due to the volatility and also the complexity of how the Business Rates Retention scheme works and further uncertainties surrounding issues such as appeals and growth estimates the figures shown above based on our NNDR1 return should be treated with caution.

7.4 How much we should rely on to support our base revenue budget is a matter for professional judgement and has been considered by the BWG who have previously recommended that we use £262,926 of our Business Rate Income to support the revenue budget.

7.5 I would recommend we add the balance of any unused business rates to the volatility earmarked reserve.

8 BUDGET WORKING GROUP

Background

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

8.2 Recent meetings have concentrated on reviewing the overall budget for 2017/18. After considering the latest budget position the Budget Working Group suggested a number of

key considerations as a recommended approach to addressing the budget shortfall of £262,588.

Budget Recommendations

1. How much of general fund balances should be used to finance the revenue budget shortfall?

The BWG considered this and recommend that a maximum of £250k should be budgeted to be used, recognising that we have an excellent record of achieving budgetary savings throughout the year.

This will reduce the budget shortfall to £12,588.

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

As set out above, we have now completed our draft NNDR1 return for 2017/18 and expect to receive around £1.063m next year. **The BWG recommend using £275k of this to support the revenue budget, ie the same amount as this year £262,926 plus the amount of the remaining budget shortfall £12,588. This leaves £788k which will be transferred to the volatility reserve.**

3. How much New Homes Bonus we can use to support the revenue budget – our allocation for next year is expected to be £1.571m but we have submitted our downbandings claim for a further £6,118. This would make our total allocation £1.577m. We have already assumed above this extra amount will be used to fund the based budget making the total amount £793k used to support revenue.

The BWG recommend using a significant amount of the balance of our NHB to support the capital programme.

4. Whether our council tax should be increased for 2017/18. .

The above changes result in a balanced budget. The BWG recommended therefore we freeze our Band D council tax for 2017/18 at £145.69.

9 ROBUSTNESS OF THE ESTIMATES AND BALANCES AND RESERVES

Introduction

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

Robustness of the Budget

9.2 In order to ensure the Council sets a robust budget we follow the processes below;

- ❖ Accountancy staff carry out monthly budget monitoring in conjunction with budget holders and 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 a 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 receive £430k which from 2018/19 will be lost.</p> <p>Business Rates Due to the volatility and also the complexity of how the Business Rates Retention scheme works and further uncertainties surrounding issues such as appeals, growth estimates and the 2017 Rating Revaluation 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 but keep this under review.</p>

	<p>New Homes Bonus Our allocation for next year will be £1.577m. As set out earlier in the report we have committed using £793k each year to support revenue. In addition the 5 year capital programme, if approved, relies on using significant NHB. Considerable changes have been announced to the scheme and further changes may be made in future years. The NHB will also need to be kept under review as it forms a major element of our funding for both our revenue and capital budgets.</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 price increases and pay increases have been calculated at 1.1%. The pay award for 2017/18 has already been agreed as the second year of a two year deal.</p> <p>The prospects for interest rates are regularly reviewed. Currently base rates are forecasted to remain at 0.25% for 2017/18.</p> <p>Obviously the prospects for inflation and interest rates will need to be closely monitored as national and international events unfold.</p>
Savings Considerations	<p>The budget reports presented to each service committee included identified savings for 2017/18. These will be monitored closely throughout the year to ensure they are achieved.</p>
Use of reserves and balances	<p>Careful consideration is given to the use of reserves and balances when setting the budget to ensure that future budgets are sustainable.</p>

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

Adequacy of Reserves

- 9.4 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.
- 9.5 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.

9.6 *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.

9.7 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

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

	£000
Opening Balance 1 April 2016	2,679
Estimated Amount to be taken from Balances in 2016/17	-8
Estimated Balances in Hand 31 March 2017	2,671

9.9 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.

9.10 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.

9.11 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 2017/18 the maximum amount to be used to fund recurring expenditure should be no more than £250,000. This is based upon our sound system of financial control and our recent track record of underspendings during the year.

Earmarked Reserves

9.12 Annex 4 shows the Council’s earmarked reserves together with any movements forecast for 2016/17 and the 2017/18 financial year.

9.13 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 more than adequate to meet the commitments and forecast expenditure facing the Council.

10 BUDGET WORKING GROUP RECOMMENDED REVENUE BUDGET 2017/18

- 10.1 If you agree to the Budget Working Group's recommendations, the resultant budget for 2017/18 is set out below. This would still leave £2.421m in general fund balances at the end of March 2018.

	Original Estimate 2016/17 £	Original Estimate 2017/18 £
Committee Expenditure		
Planning & Development	552,270	566,660
Community	3,523,580	3,443,070
Health & Housing	935,100	924,540
Policy & Finance	2,157,204	2,061,330
Total of Committees	7,168,154	6,995,600
Capital Adjustments		
Less Depreciation (included in above)	-837,740	-876,200
Add Minimum Revenue Provision (MRP)	134,960	131,820
Total Expenditure	6,465,374	6,251,220
Other Items		
External Interest - Payable	9,480	7,830
Interest - Earned	-28,730	-15,660
Transition Grant	-20,424	-20,345
Localisation of Council Tax Support - Payment to Parishes	5,750	0
New Homes Bonus	-1,366,884	-1,576,964
Rural Services Delivery Grant	-107,254	-86,603
Business Rates (incl retained levy)		
Retained Rates Income	-339,115	-447,824
Renewable Energy	0	-29,091
Section 31 Grant for Business Rates	-528,416	-591,197
Levy payable to LCC	38,664	50,080
Share of Business Rates Deficit/(Surplus)	420,692	-45,368
Transfer From/To Various Earmarked Reserves (Annex 4)	769,954	1,657,879
Net Expenditure	5,319,091	5,153,957
Adjustment to Balances to Get to Agreed Budget	-200,000	-250,000
Agreed budget for 2016/17	5,119,091	
Recommended budget for 2017/18		4,903,957

11 BUDGET AND COUNCIL TAX REQUIREMENT

- 11.1 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	4,903,957
Plus Parish Precepts	405,278
	5,309,235
Less - Settlement Funding Assessment	-1,569,143
Net Requirement Before Adjustments	3,740,092
Council Tax Surplus	-59,557
Council Tax Requirement (Including Parishes)	3,680,535

12 UPDATED THREE YEAR BUDGET FORECAST

- 12.1 I have updated the three year forecast assuming the above budget for 2017/18 is agreed. The Medium Term Financial Strategy (MTFS) is reported elsewhere on the agenda and shows our position in more detail.
- 12.2 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)
- 12.3 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 2017/18 to reflect the very latest income and expenditure projections. As already stated we will lose income of £430k when cost sharing ends on 31 March 2018. We have factored in to the forecast half of loss of income on the assumption that funding the remaining sum would need to further considered.
- 12.4 It is important to note that 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 2017/18 ie £275k and £793k.
- 12.5 In terms of council tax levels I have included for illustration purposes the maximum allowed 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.
- 12.6 I have assumed the council taxbase will increase by 1.5% in 2018/19 then 1% thereafter. This results in a forecast for the next three years of:

Three Year Budget Forecast

	2018/19		2019/20		2020/21	
	£		£		£	
Net Expenditure	6,743,911		6,892,367		7,043,865	
Interest Receipts	-30,000		-50,000		-70,000	
Use of Superannuation reserve	-36,512		-36,512		-36,512	
Rural Services Grant	-66,618		-86,603		-86,603	
Use of Business Rate Growth	-275,514		-275,514		-275,514	
Use of New Homes Bonus	-793,079		-793,079		-793,079	
Use of Balances	-250,000		-250,000		-250,000	
Reductions in Expenditure Required	-414,046		-544,478		-674,027	
Budget Requirement	4,878,143		4,856,182		4,858,130	
Core Government Funding						
Revenue Support Grant	109,149		-108,866		-250,000	
Transition Grant	0		0		0	
Business Rates Baseline	1,305,517		1,351,954		1,342,771	
Coll Fund Surplus/(Deficit)	25,000		25,000		25,000	
Precept	3,438,477		3,588,094		3,740,359	
Tax Base	22,818	1.5%	23,046	1%	23,277	1%
Band D Council Tax	150.69	£5 max	155.69	£5 max	160.69	£5 max

General Fund Balances	2018/19		2019/20		2020/21	
	£		£		£	
Brought Forward	2,420,762		2,170,762		1,920,762	
Used	-250,000		-250,000		-250,000	
Carried Forward	2,170,762		1,920,762		1,670,762	

12.7 The above forecast shows that if our estimates are correct the budget gap would be £414k in 2018/19, £544k in 2019/20 and £674k in 2020/21. **It is important to note however that this forecast assumes only using £276k of our business rate income each year and £793k of our new homes bonus.**

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

13 ILLUSTRATIVE TOTAL COUNCIL TAX AT BAND D

- 13.1 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 2016/17 £	Estimated Band D Council Tax 2017/18 £	% change
Ribble Valley		145.69	145.69	0.00
Parishes (average)		17.11	18.03	5.38
Lancashire County Council	9 Feb 17	1,174.86	1,221.74	3.99*
Police and Crime Commissioner for Lancashire	Feb 17	162.22	165.45	1.99
Lancashire Combined Fire Authority	Feb 17	65.50	66.80	1.99
		1,565.38	1,617.71	3.34

*Includes 2% social care precept

14 RECOMMENDED THAT COMMITTEE

- 14.1 Approve the revised budget for 2016/17.
- 14.2 Approve the Budget Working Group's recommendations and set a budget and council tax requirement for 2017/18 as set out in Section 11.1.
- 14.3 Recommend the budget and council tax requirement to the Full Council meeting on 28 February 2017.

DIRECTOR OF RESOURCES

PF15-17/JP/AC
30 January 2017

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2016/17**

Description	Variances from OE 2016/17 to RE 2016/17 £
HEALTH AND HOUSING COMMITTEE	
CLCEM - Clitheroe Cemetery Income for the year from interments, exclusive burial rights and woodland exclusive burial rights is now estimated to be £17,740 higher than originally budgeted based on income to date	-17,740
HGBEN - Housing Benefits Administration Additional unbudgeted income received in-year from the DWP.	-15,890
CTBEN - Localised Council Tax Support Administration Net repayments relating to the previous Council Tax Benefit scheme.	-15,710
ALL cost centres - Support Services Net decrease in Support Services recharges for the Health and Housing Committee overall, following a re-assessment of costs to date and time allocations in all support services areas.	-13,480
UCRED - Universal Credit Services to Universal Credit claimants in the borough on behalf of the DWP - no funding for this service had been confirmed at original estimate stage.	-11,890
CTBEN - Localised Council Tax Support Administration and HGBEN - Housing Benefit Administration Local Council Tax Support Administration grant received from the DCLG had not been notified by the time the original estimate was set. The actual income is £9,180 higher than estimated.	-9,180
AWARM - Affordable Warmth Estimated expenditure on affordable warmth schemes in-year of £12,230, funded from the earmarked reserve set aside for this purpose last year	12,230
COMMUNITY SERVICES COMMITTEE	
PCADM: Public Conveniences Reduced oncosted recharges for cleaning of the toilets based upon the contracted hours to be worked.	-13,200
RCOLL: Drivers and Loaders Wages There have been a number of staff movements between loader and driver roles and also between the main refuse collection service and the paper collection service. The net impact of these movements on this service for the revised estimate is the loader budgets increasing by £8,890 and the driver budget on this service reducing by £33,550	-24,660
RCOLL: Refuse Collection Increased recharge to the trade waste collections cost centre, due to the increased tonnage levels being collected, as the number of contracts increase.	-16,100

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2016/17**

Description	Variances from OE 2016/17 to RE 2016/17 £
TRREF: Trade Refuse Increased estimated tipping charges based upon the increased tonnages collected from trade waste customers.	34,870
TRREF: Trade Refuse Additional income generated from trade customers	-54,920
VARIOUS: Diesel Reduced expenditure on diesel based upon current market prices and estimated mileage.	-27,470
VARIOUS: Car Parks Increased income due to an increase in usage.	-10,250
RPOOL: Ribblesdale Pool Reduced employees costs for Pool Attendants due to vacancies in the position of Pool Attendant and Modern Apprentice.	-25,090
RPOOL: Ribblesdale Pool Reduced income from swimming lessons and contract swims due to the closure of the pool for refurbishment.	32,230
RPOOL: Ribblesdale Pool Reduced income from general admissions (adults & juniors) due to the closure of the pool for refurbishment.	24,530
PLANNING AND DEVELOPMENT COMMITTEE	
BCAP: Building Control SAP fees Reduced income from SAP fees due to accredited surveyor spending less time carrying out inspections	3,360
BCFEE: Building Control Fee earning account Due to staff turnover, consultants are being employed to carry out building inspections	16,160
BCFEE: Building Control Fee earning account Increase in income mainly from review of outstanding completions	-37,020
PLANG: Planning Control & Enforcement Provision for the purchase of Equipment, funded from a Home & Community Agency Grant received in 2015/16	7,070
PLANG: Planning Control & Enforcement Increase in consultancy provision to cover appeal costs and other planning issues, expenditure above base budget met from earmarked reserve.	3,830
PLANG: Planning Control & Enforcement Increase in Income from planning fees offset by a reduction in income from pre application advice.	-8,570

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2016/17**

Description	Variances from OE 2016/17 to RE 2016/17 £
PLANP: Planning Policy Budget provision established to cover the approximate cost of a potential neighbourhood planning referendum for Bolton By Bowland & Gisburn Parish Council.	5,000
PLSUB: Grants & Subscriptions Lancashire County Council Archaeological and ecological Service ended in March 2016. Service taken on by Lancashire Archaeological Advisory Service at a reduced rate.	3,500
POLICY AND FINANCE COMMITTEE	
CEXEC : Chief Executives Department Employee costs have been reduced mainly due to a restructure of Building Control Section and staff turnover	-49,140
CLOFF: Council Offices Increase in repair and maintenance budget for replacement heating controls.	10,590
CLOFF: Council Offices Reduced provision for depreciation due to reclassifying reroofing scheme from equipment to land and building resulting in a longer life span	-18,780
CLOFF: Council Offices Additional income from Rent of council offices from the Department for Work and Pensions following the co-location of Clitheroe Job centre.	-10,590
CLTAX: Council Tax Provision made to upgrade ICON System (Income) Funded from an earmarked reserve established from Local Council Tax Support Grant	14,950
CLTAX: Council Tax Provision for repayment of unallocated Section 31 Flood Grant received in 2015/16 as a result of Storm Eva.	27,950
CLTAX: Council Tax Section 31 Grant received in 2015/16 brought forward into 2016/17 to be repaid after reconciliation of council tax discounts given as a result of storm Eva.	-27,950
COMPR: Computer Services Reduction in provisions for hardware and software maintenance, consumables based on latest estimated costs.	-21,600
ELECT: Register of Electors Additional grant received to continue to support the extra costs involved in introducing individual electoral registration	-12,980
ESTAT: Estates Increase in depreciation charge reflecting the change in classification of the Physio Centre	13,340

**SPECIAL POLICY & FINANCE COMMITTEE
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2016/17**

Description	Variances from OE 2016/17 to RE 2016/17 £
FGSUB: Grants & Subscriptions - Policy & Finance Reduction in the revised estimate based on latest spending profile	-10,110
FMISC: Finance Miscellaneous Reduction in external audit fees.	-15,970
FMISC: Finance Miscellaneous Reduction in income from VAT shelter money paid by symphony homes	22,000
FMISC: Finance Miscellaneous Additional grant income from DCLG for work on transparency, to be added to reserves to fund future expenditure	-8,100
FMISC: Finance Miscellaneous Additional income as a result of acting as lead authority for the Lancashire Business rate pool.	-20,000
FLDRB / FLDRH: Flood Grants - Businesses / Households Approved grants payable to businesses / Households in respect of flood damage	712,850
FLDRB / FLDRH: Flood Grants - Businesses / Households Reimbursements of expenditure from section 31 grant for Community Recovery Schemes paid via Lancashire County Council	-712,850
NNDRC: Non Domestic Rates Removal of provision for discretionary NNDR grants	-26,350
PERFM: Performance reward grants Reduction in expectation of grants to be paid in 2016/17	-39,060
SUPDF: Superannuation Deficiency Payments Reduction in payments due to reducing number of beneficiaries	-12,120
Support Services Costs Increase in support costs mainly due to reduced recharges to other services	74,050
Total of Major Variances for all Committees	-268,260

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

	Original Estimate 2016/17 £	Revised Estimate 2016/17 £
Building Control Fee Earning	-8,060	52,710
Core Strategy Reserve - Local Development Scheme	0	-20,530
Neighbourhood Planning Reserve	0	-5,000
Pendle Hill User Reserve	0	200
Planning Reserve - Planning Control	0	-3,830
Planning Reserve - Local Development Scheme	-36,000	-16,650
Community Safety Partnership (re CRIME)	-13,320	-4,540
Vehicle and Plant Repairs and Renewals Fund	0	46,000
New Homes Bonus (Car Parks Coin Sorter)	0	-6,000
Recreation and Culture Grants Reserve	0	13,490
Exercise Referral Reserve	0	-2,260
Equipment Reserve - CCTV for Refuse Vehicle	0	-4,000
Grant Funded Sports Development (Working With Families)	0	-910
Repairs and Maintenance Reserve - Castle Walkway	0	-7,450
Repairs and Maintenance Reserve - Vehicle Wash Repairs	0	-1,120
Equipment Reserve - Hot Powerwash	0	-8,000
Capital Reserve (Longridge CCTV)	0	-2,480
Capital Reserve from Community	0	5,490
DEFRA Clean Air	-480	0
Equipment Reserve - LCTS S31 Grant	0	-550
Equipment Reserve - Housing Benefit S31 Grant	0	3,280
Equipment Reserve - FERIS Grant	0	-780
Equipment Reserve - Fraud and Error Reduction Incentive Scheme	0	1,000
Government Housing Grants - Affordable Warmth	0	-12,230
Government Housing Grants - Right to Move Funding	0	-3,040
Government Housing Grants - Prevention of Rough Sleeping	0	-300
Government Housing Grants - Domestic Abuse Grant (LCC)	-14,190	-14,190
Equipment Reserve - Ashes Plot Foundation Beams	0	-1,000
Equipment Reserve - Dog Control Order Signs	0	-850

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

	Original Estimate 2016/17 £	Revised Estimate 2016/17 £
Elections	22,210	17,800
Performance Reward Grant	-59,780	-20,720
IER Reserve	-11,540	-16,600
Land Charges Reserve	0	-6,720
Transparency Grant	0	8,100
Business Rates Volatility Reserve	0	44,050
Equipment Reserve - ICON Upgrade	0	-14,950
IT Reserve	0	15,910
Add to VAT Shelter	180,000	158,000
Capital Reserve - Freehold Sales	0	2,060
Revaluation Reserve	2,030	2,030
Added to New Homes Bonus Reserve	579,923	579,923
Business Rates Volatility Reserve - Balance (Taken)/Added	-202,723	-229,715
Business Rates Volatility Reserve - Retained Levy added to reserve	347,972	341,753
Transition Grant	20,424	20,424
Post LSVT Reserve (Pensions	-36,512	-36,512
Net Movement	769,954	871,293

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

		Original 2016/17 £	Revised 2016/17 £
Expenditure			
	Deficit Brought Forward:		
	Council Tax	0	0
	Business Rates	1,051,731	919,800.53
	Council Tax Precepts:		
	Lancashire County Council	25,875,117	25,875,117.00
	Police & Crime Commissioner for Lancashire	3,572,733	3,572,733.00
	Lancashire Combined Fire Authority	1,442,572	1,442,572.00
	Ribble Valley incl Parishes	3,585,456	3,585,456.00
	Allocation of Council Tax Surplus for Year:		
	Ribble Valley	47,809	47,809.00
	Lancashire County Council	343,027	343,027.00
	Lancashire Combined Fire Authority	19,693	19,693.00
	Police & Crime Commissioner for Lancashire	48,294	48,294.00
	Cost of Collecting NNDR	89,974	89,974.00
	Distribution of Business Rates :		
	Central Government	7,425,157	7,425,157.00
	Ribble Valley	5,940,126	5,940,126.00
	Lancashire County Council	1,336,528	1,336,528.00
	Lancashire Fire Authority	148,503	148,503.00
	Enterprise Zone	16,747	16,747.00
	Renewable Energy Schemes	14,974	36,321.00
	Transitional Protection Payments	0	90,845.00
	Overpayments of council tax benefit	0	18,147.00
	NNDR - Bad Debts Provision	153,639	130,000.00
	NNDR - Appeals Provision	238,241	101,900.00
	Council Tax - Bad Debts Provision	258,569	120,000.00
	CT Benefit Subsidy paid to RVBC		
		51,608,890	51,308,749.53
Income			
	Surplus Brought Forward:		
	Council Tax	458,823	597,605.00
	Business Rates		
	Allocation of Business Rates Deficit:		
	Central Government	525,866	525,866.00
	Lancashire County Council	94,656	94,656.00
	Lancashire Combined Fire Authority	10,517	10,517.00
	Ribble Valley	420,692	420,692.00
	Council Tax Income	34,734,447	35,047,495.00

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

		Original 2016/17 £	Revised 2016/17 £
	Council Tax Benefits	0.00	421.00
	DCLG - Family Annexes Discount Grant		
	Transitional Protection Payments due to the authority		
	Business Rates	15,363,889	15,297,593.00
	Release of Deferrals (Business Rates)		
	Flood Relief		
		51,608,890	51,994,845.00
	CTAX - Surplus/Deficit) Carried Forward	0	572,673.00
	NNDR - Surplus/Deficit) Carried Forward	0	113,422.47
	Total Surplus/(Deficit)	0	686,095.47

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2016 £	To be added/taken in 2016/17 on Revenue	To be added/taken in 2016/17 on Capital	Balance at 31 March 2017 £	To be added/taken in 2017/18 on Revenue	To be added/taken in 2017/18 on Capital	Balance at 31 March 2018 £
<u>Local Recreation Grants Fund</u> <i>Used to fund recreation grants</i>	28,926	13,490		42,416			42,416
<u>Audit Reserve Fund</u> <i>Used for computer audit</i>	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>	836			836			836
<u>Refuse Collection</u> <i>To fund refuse collection costs of bin replacements and other cost pressures</i>	50,319			50,319			50,319
<u>Core Strategy Reserve</u> <i>To fund the production of the Core Strategy</i>	20,533	-20,530		3			3
<u>Clitheroe Food Festival</u> <i>Resources set aside to help support the costs associated with the Clitheroe Food Festival</i>	19,857			19,857			19,857
Sub total	132,806	-7,040	0	125,766	0	0	125,766
<u>Elections Fund</u> <i>Used to fund borough elections held once every four years</i>	19,076	17,800		36,876	22,540		59,416
<u>Revaluation of Assets Reserve</u> <i>To contribute towards the revaluation of the Council's assets every five years.</i>	3,200	2,030		5,230	2,060		7,290
Sub total	22,276	19,830	0	42,106	24,600	0	66,706

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2016 £	To be added/taken in 2016/17 on Revenue	To be added/taken in 2016/17 on Capital	Balance at 31 March 2017 £	To be added/taken in 2017/18 on Revenue	To be added/taken in 2017/18 on Capital	Balance at 31 March 2018 £
<u>Building Control Fund</u>							
<i>Available to equalise net expenditure over a three year period</i>	-105,007	52,710		-52,297	5,490		-46,807
Sub total	-105,007	52,710	0	-52,297	5,490	0	-46,807
<u>Capital</u>							
<i>Used to fund the capital programme</i>	764,822	5,070	-38,530	731,362		-241,300	490,062
<u>ICT Repairs and Renewals</u>							
<i>To fund future software and hardware upgrades</i>	162,289	15,910		178,199			178,199
<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>	346,000	46,000		392,000	46,000		438,000
Sub total	1,273,111	66,980	-38,530	1,301,561	46,000	-241,300	1,106,261
<u>Insurance</u>							
<i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	14,581			14,581			14,581
<u>Fleming VAT Claim</u>							
<i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	195,797		-127,425	68,372			68,372
<u>Repairs and Maintenance</u>							
<i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	37,869	-8,570		29,299			29,299

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2016 £	To be added/taken in 2016/17 on Revenue	To be added/taken in 2016/17 on Capital	Balance at 31 March 2017 £	To be added/taken in 2017/18 on Revenue	To be added/taken in 2017/18 on Capital	Balance at 31 March 2018 £
<u>Post LSVT</u> <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	292,100	-36,512		255,588	-36,512		219,076
<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>	1,376,280	158,000	-276,530	1,257,750	158,000	-234,000	1,181,750
<u>Equipment Reserve</u> <i>To fund essential and urgent equipment requirements</i>	122,750	-17,750		105,000	-118		104,882
<u>Invest to Save Fund</u> <i>To fund future invest to save projects</i>	250,000			250,000			250,000
<u>Planning Reserve</u> <i>To fund any future potential planning issues</i>	156,738	-20,480		136,258	-42,900		93,358
<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>New Homes Bonus Reserve</u> <i>To help finance future economic development capital schemes</i>	762,304	573,923	-62,000	1,274,227	783,885	-242,000	1,816,112
<u>Business Rates Volatility Reserve</u> <i>To provide some protection against business rates volatilities</i>	664,794	156,088		820,882	787,886		1,608,768

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2016 £	To be added/taken in 2016/17 on Revenue	To be added/taken in 2016/17 on Capital	Balance at 31 March 2017 £	To be added/taken in 2017/18 on Revenue	To be added/taken in 2017/18 on Capital	Balance at 31 March 2018 £
Sub total	4,200,754	804,699	-465,955	4,539,498	1,650,241	-476,000	5,713,739
<u>Performance Reward Grant</u>							
<i>Performance Reward Grant received and yet to be distributed to successful schemes</i>	75,117	-3,770		71,347	-15,880		55,467
<u>Land Charges Reserve</u>							
<i>To fund any potential restitution claims for personal search fees</i>	48,559	-6,720		41,839			41,839
<u>Pendle Hill User Reserve</u>							
<i>To fund improvement schemes on Pendle Hill</i>	32,519	200		32,719			32,719
<u>Crime Reduction Partnership Reserve</u>							
<i>To fund cost of crime reduction initiatives</i>	24,175	-4,540		19,635	-13,520		6,115
<u>Exercise Referral Reserve</u>							
<i>To fund potential residual staffing costs</i>	16,401	-2,260		14,141			14,141
<u>Housing Related Grants Reserve</u>							
<i>Residual grant received, to be committed to future grant schemes</i>	58,010	-29,760		28,250	-130		28,120
<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>							
<i>To finance future Sports Development grant funded expenditure</i>	5,510	-910		4,600			4,600
<u>Whalley Moor Reserve</u>	4,520			4,520			4,520

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

General Fund	Balance at 31 March 2016 £	To be added/taken in 2016/17 on Revenue	To be added/taken in 2016/17 on Capital	Balance at 31 March 2017 £	To be added/taken in 2017/18 on Revenue	To be added/taken in 2017/18 on Capital	Balance at 31 March 2018 £
<i>Grant received towards work at Whalley Moor Woodland</i>							
<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>	17,902	-16,600		1,302	-1,302		0
<u>Repossession Prevention Fund Reserve</u> <i>Ring-fenced DCLG funded reserve to help prevent repossessions and homelessness.</i>	28,491			28,491			28,491
<u>Neighbourhood Planning Reserve</u> <i>DCLG Neighbourhood Planning Grant received to fund future related expenditure</i>	15,000	-5,000		10,000			10,000
<u>Parish Grant Reserve</u> <i>PRG Resources set aside to fund the Parish Grant Scheme</i>	109,134	-16,950		92,184	-37,620		54,564
<u>Transition Grant</u> <i>To set aside the Transition Grant, paid by the government to ease the reductions in RSG</i>	0	20,424		20,424			20,424
Sub total	481,562	-65,886	0	415,676	-68,452	0	347,224
TOTAL	6,005,502	871,293	-504,485	6,372,310	1,657,879	-717,300	7,312,889

**SPECIAL POLICY AND FINANCE COMMITTEE
PARISH PRECPTS 2017/18**

Band D Equivalent Tax Base	Parish	Parish Precept 2017/18 £	Parish Precept 2016/17 £	Increase / (Decrease) £	Band D Equivalent Tax 2017/18 £	Band D Equivalent Tax 2016/17 £	Increase/ Decrease in Band D Tax £	Increase/ Decrease in Band D Tax %
438	Aighton, Bailey & Chaigley	5,000	4,950	50	11.42	11.17	0.25	2.2%
197	Balderstone	1,300	1,240	60	6.60	6.42	0.18	2.8%
402	Barrow	8,570	7,525	1,045	21.32	21.32	0.00	0.0%
202	Bashall Eaves, Great Mitton & Little Mitton	1,232	1,202	30	6.10	5.95	0.15	2.5%
2,072	Billington & Langho	20,202	16,326	3,876	9.75	8.03	1.72	21.4%
489	Bolton by Bowland, Gisburn Forest & Sawley	2,505	4,956	-2,451	5.12	10.39	-5.27	-50.7%
75	Bowland Forest (High)	2,167	2,156	11	28.89	29.53	-0.64	-2.2%
81	Bowland Forest (Low)	1,200	1,200	0	14.81	15.58	-0.77	-4.9%
84	Bowland with Leagram	200	200	0	2.38	2.41	-0.03	-1.2%
378	Chatburn	11,372	11,372	0	30.08	30.41	-0.33	-1.1%
488	Chipping	7,750	7,600	150	15.88	15.80	0.08	0.5%
509	Clayton le Dale	3,000	2,889	111	5.89	5.84	0.05	0.9%
5,097	Clitheroe	106,833	96,295	10,538	20.96	19.41	1.55	8.0%
44	Dinckley	0	0	0	0.00	0.00	0.00	-
49	Downham	0	0	0	0.00	0.00	0.00	-
107	Dutton	500	500	0	4.67	4.81	-0.14	-2.9%
197	Gisburn	4,000	3,942	58	20.30	20.01	0.29	1.4%

**SPECIAL POLICY AND FINANCE COMMITTEE
PARISH PRECPTS 2017/18**

Band D Equivalent Tax Base	Parish	Parish Precept 2017/18 £	Parish Precept 2016/17 £	Increase / (Decrease) £	Band D Equivalent Tax 2017/18 £	Band D Equivalent Tax 2016/17 £	Increase/ Decrease in Band D Tax £	Increase/ Decrease in Band D Tax %
353	Grindleton	7,500	7,500	0	21.25	21.74	-0.49	-2.3%
46	Horton	0	0	0	0.00	0.00	0.00	-
75	Hothersall	750	750	0	10.00	10.27	-0.27	-2.6%
2,719	Longridge	67,132	64,000	3,132	24.69	24.09	0.60	2.5%
8	Mearley	0	0	0	0.00	0.00	0.00	-
1,000	Mellor	22,076	14,300	7,776	22.08	14.43	7.65	53.0%
20	Newsholme	0	0	0	0.00	0.00	0.00	-
144	Newton	2,500	2,477	23	17.36	17.08	0.28	1.6%
110	Osbaldeston	700	700	0	6.36	6.36	0.00	0.0%
44	Paythorne	0	0	0	0.00	0.00	0.00	-
110	Pendleton	1,300	1,289	11	11.82	12.16	-0.34	-2.8%
281	Ramsgreave	2,000	1,651	349	7.12	5.88	1.24	21.1%
555	Read	9,237	8,056	1,181	16.64	14.59	2.05	14.1%
655	Ribchester	7,756	7,558	198	11.84	11.63	0.21	1.8%
236	Rimington & Middop	4,000	3,963	37	16.95	17.93	-0.98	-5.5%
520	Sabden	14,676	14,476	200	28.22	28.11	0.11	0.4%
193	Salesbury	4,800	4,800	0	24.87	25.81	-0.94	-3.6%
497	Simonstone	8,400	8,200	200	16.90	16.73	0.17	1.0%

**SPECIAL POLICY AND FINANCE COMMITTEE
PARISH PRECPTS 2017/18**

Band D Equivalent Tax Base	Parish	Parish Precept 2017/18 £	Parish Precept 2016/17 £	Increase / (Decrease) £	Band D Equivalent Tax 2017/18 £	Band D Equivalent Tax 2016/17 £	Increase/ Decrease in Band D Tax £	Increase/ Decrease in Band D Tax %
152	Slaidburn & Easington	2,050	1,750	300	13.49	11.36	2.13	18.8%
166	Thornley with Wheatley	1,500	1,528	-28	9.04	9.55	-0.51	-5.3%
37	Twiston	0	0	0	0.00	0.00	0.00	-
455	Waddington	13,500	13,500	0	29.67	29.67	0.00	0.0%
359	West Bradford	6,624	6,494	130	18.45	18.04	0.41	2.3%
1,543	Whalley	32,870	32,048	822	21.30	21.42	-0.12	-0.6%
1,072	Wilpshire	16,547	15,876	671	15.44	14.91	0.53	3.6%
177	Wiswell	3,529	3,510	19	19.94	19.94	0.00	0.0%
45	Worston	0	0	0	0.00	0.00	0.00	-
22,481		405,278	376,779	28,499				

**SPECIAL POLICY AND FINANCE COMMITTEE
MAIN BUDGET VARIANCES 2016/17 OE TO 2017/18 OE**

Description	Variances from OE 2016/17 to OEE 2017/18 £
HEALTH AND HOUSING COMMITTEE	
ALL cost centres - Support Services Net increase in Support Services recharges for the Health and Housing Committee	19,720
VARIOUS cost centres - Savings Savings have been identified on several cost centres.	-10,990
UCRED - Universal Credit DWP allocation for the Universal Credit service provided to Ribble Valley residents, on behalf of the DWP.	-11,380
COMMUNITY SERVICES COMMITTEE	
UPACT: Up and Active The provision of the Up and Active Contract has resulted in a reduction in expenditure on Exercise Referral (EXREF) as a recharge is made to the Up and Active budget for time spent on the Up and Active service by Exercise Referral staff. The charge for this time is then reimbursed by Pendle Leisure Trust.	-28,950
VARIOUS: Diesel A review of diesel costs and estimated mileage has resulted in lower estimated diesel expenditure across the Council's vehicles.	-16,540
TRREF: Trade Refuse Increase in the number of customers.	-17,740
VARIOUS: Superannuation An increase in the employers rate from 14% to 16.5%.	31,460
PLANNING AND DEVELOPMENT COMMITTEE	
PLANG: Planning Control and Enforcement Increase in depreciation due to the cost of Introducing a Planning Portal Link to the Planning Application System and Planning System Update	7,130
PLSUB: Grants & Subscriptions - Planning From April 2016 the archaeological advice has been provided by the Lancashire Archaeological Advisory Service under a service level agreement. This costs less than the previous service provided by LCC resulting in savings.	-6,570
COUNT: Countryside Management Reduction in provision for grants to other precepting bodies as the provision for supporting the Parish Lengthmans scheme has been transferred from this committee to Policy and Finance Committee to be included under the Concurrent Function grant scheme.	-11,060

**SPECIAL POLICY AND FINANCE COMMITTEE
MAIN BUDGET VARIANCES 2016/17 OE TO 2017/18 OE**

Description	Variances from OE 2016/17 to OEe 2017/18 £
LDEVE: Local Development Scheme Expenditure on the scheme, other than support service costs are met from earmarked reserves. The estimated balance remaining of the £82,000 brought forward at April 2017 has been used to increase the provision for consultants costs offset by a reduction in the provisions for postages and statutory notices.	6,900
Support Service Costs The total increase in support costs from other services due to changes in time allocations.	18,830
POLICY AND FINANCE COMMITTEE	
CEXEC : Chief Executives Department Employee costs have been reduced mainly due to a restructure of Building Control Section offset by an increase due to previous funded post into main stream funding	-17,430
CLOFF: Council Offices Reduced provision for depreciation due to reclassifying reroofing scheme from equipment to land and building resulting in a longer life span	-18,780
CLOFF: Council Offices Additional income from Rent of facilities by DWP for the Job Centre	-23,000
COMPR: Computer Services Reduction in provisions for hardware and software maintenance, consumables	-18,460
COMPR: Computer Services Increase in staffing costs due to extension of modern apprentice position	8,350
COMPR: Computer Services Increase in depreciation resulting from capital scheme improving ICT infrastructure	8,260
ELECT: Register of Electors increase in provision in postage costs reflecting previous spending profiles	10,110
ESTAT: Estates Increase in depreciation charge reflecting the change in classification of the Physio Centre	13,340
FGSUB: Grants & Subscriptions - Policy & Finance Provision for grants to voluntary organisations increase by transferring the provision for grant funding the parish lengthsman scheme from planning committee	11,060

**SPECIAL POLICY AND FINANCE COMMITTEE
MAIN BUDGET VARIANCES 2016/17 OE TO 2017/18 OE**

Description	Variances from OE 2016/17 to OEe 2017/18 £
FMISC: Finance Miscellaneous Reduction in income from VAT shelter money paid by symphony homes	22,000
FMISC: Finance Miscellaneous Additional income as a result of being the lead authority for the Lancashire Business rate pool.	-20,000
FSERV: Financial Services Savings in staffing costs by reducing procurement post to part time and also by employing a new full time apprentice post	-5,380
NNDRC: Non Domestic Rates Removal of provision for discretionary NNDR grants	-26,750
RURAD: Rural Areas Delivery Government Grant shown below the line and not in committee expenditure	-107,254
SUPDF: Superannuation Deficiency Payments Reduction in payments due to reducing number of beneficiaries	-11,930
Inflation Provision for inflationary increases	129,600
Support Services Costs Reduction in support costs	-14,540
Total of Major Variances for all Committees	-79,994