RIBBLE VALLEY BOROUGH COUNCIL

please ask for: OLWEN HEAP
direct line: 01200 414408
e-mail: olwen.heap@ribblevalley.gov.uk
my ref: OH/CMS
your ref:
date: 12 March 2018

Council Offices
Church Walk
CLITHEROE
Lancashire BB7 2RA

Switchboard: 01200 425111
Fax: 01200 414488
www.ribblevalley.gov.uk

Dear Councillor

The next meeting of the **POLICY AND FINANCE COMMITTEE** is at **6.30pm on TUESDAY, 20 MARCH 2018** in 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

AGENDA

Part 1 – items of business to be discussed in public

1. Apologies for absence.

✓ 2 Minutes of the meeting held on 23 January 2018, Special Policy and Finance on 6 February 2018 and Policy and Finance Sub-Committee on 19 February 2018

3. Declarations of Pecuniary and Non-Pecuniary Interests (if any).

4. Public Participation (if any).

DECISION ITEMS

✓ 5. Treasury Management Strategy 2018/19 – report of Director of Resources – copy enclosed.

✓ 6. Treasury Management Policies and Practices 2018/19 – report of Director of Resources – copy enclosed.

✓ 7. Medium Term Financial Strategy 2018/19 to 2021/22 – report of Director of Resources – copy enclosed.

✓ 8. General Data Protection Regulation (GDPR) – report of Chief Executive – copy enclosed.

✓ 9. Local Taxation Write Offs – report of Director of Resources – copy enclosed.

✓ 10. Annual Review of Standing Orders – report of Chief Executive – copy enclosed.

✓ 11. Referral to this Committee of Notice of Motion from Full Council relating to Social Mobility – report of Chief Executive – copy enclosed.

✓ 12. Draft Cycle of Committee Meetings 2018/19 – report of the Chief Executive – copy enclosed.

✓ 13. Peer Challenge Action Plan – report of Director of Resources – copy enclosed.

✓ 14. Concurrent Functions Grant Applications 2017/18 – report of Director of Resources – copy enclosed.

✓ 15. Voluntary Organisation Grant Applications 2018/19 – report of Director of Resources – copy enclosed.

<u>INFORMATION ITEMS</u>

✓ 16. Capital Programme 2018/19 – report of Director of Resources – copy enclosed.

✓ 17. Revenue Monitoring 2017/18 – report of Director of Resources – copy enclosed.

✓ 18. Revenues and Benefits General Report – report of Director of Resources – copy enclosed.

✓ 19. Budget Working Group Minutes 30 November 2017, 18 January 2018, 24 January 2018 and 14 February 2018 – copy enclosed.

✓ 20. Prudential Code Changes – report of Director of Resources – copy enclosed.

✓ 21. References from Committees (if any).

22. Reports from Representatives on Outside Bodies (if any).

<u>Part II - items of business **not** to be discussed in public</u>

<u>DECISION</u>

✓ 23. References from Committee (if any).

✓ 24. Local Taxation Write Offs – report of Director of Resources – copy enclosed.

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 5

meeting date: 20 MARCH 2018
title: TREASURY MANAGEMENT STRATEGY
submitted by: DIRECTOR OF RESOURCES
principal author: TRUDY HOLDERNESS

1 PURPOSE

1.1 To seek member approval for the Council's Treasury Management Strategy for the 2018/19 financial year.

2 BACKGROUND

2.1 Local authorities are required by regulations to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (The Prudential Code), when carrying their duties in England and Wales under part 1 of the Local Government act 2003, in Scotland under part 7 of the Local Government in Scotland act 2003 and in Northern Ireland under Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

2.2 The Prudential Code for Capital Finance in Local Authorities was developed by CIPFA, the Chartered Institute of Public Finance and Accountancy, as a professional code of practice to support authorities in taking decisions.

2.3 In 2017 the Prudential Code was changed to reflect developments since it was last updated in 2011. It plays a key role in capital finance in local authorities that are central to the delivery of public services.

2.4 Its objectives are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and decisions are taken in accordance with good professional practice and in full understanding of the risks involves and how these risks will be managed to levels that are acceptable to the organisation.

2.5 This requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority.

2.6 To achieve a prudent approach to capital expenditure and debt it is essential that the authority uses effective financial planning, option appraisal, risk management and governance processes.

2.6 To demonstrate that the local authority have fulfilled the objectives the code sets out the indicators that must be used, and factors that must be taken into account. It does not however include suggested indicative limits or ratios. They are set by the authority themselves and are only subject to any controls under section 4 of the local Government Act 2003 (England & Wales), section 36 of the Scotland Act 2003 and section 14 of the Local Government Finance act (Northern Ireland) 2011.

2.5 The prudential indicators required by the prudential code are not designed to be comparative, they are designed to support and record local decision making in a manner that is publically accountable and should be considered in parallel with the treasury management indicators required by CIPFA Treasury Management in the public services: code of practice and cross-sectoral guidance notes and should together with the setting of a capital strategy be approved by the same body that sets the authority's budget, for this council this is Full Council.

2.6 There have been many changes in Local Government since the production of the initial Prudential Code, particularly around austerity and commercialism. The potential risks from both these areas have been recognised as particularly concerning by CIPFA.

2.7 These latest changes to the Prudential Code have other consequential impacts on the CIPFA Treasury Management Code. These have been reflected in this updated Treasury Management Strategy and also the Treasury Management Policies and Practices included elsewhere on the agenda for approval.

3 THE TREASURY MANAGEMENT STRATEGY

3.1 A key recommendation of the treasury management code of practice is to include reports to the Full Council or the delegated committee (Policy & Finance Committee) specific elements of their treasury management activities deemed necessary to ensure that those responsible for treasury management are kept fully informed.

Annual Reporting requirement before the start of the year

- review the organisations approved clauses, treasury management policy statement and practices
- strategy report on proposed treasury management activities for the year

Mid-year Review

- activities undertaken
- variations (if any) from agreed policies/practices
- interim performance report
- regular monitoring
- Monitoring of treasury management indicators for local authorities.

Annual reporting requirement after the year-end

- transactions executed and their revenue (current) effects
- report on risk implications of decisions taken and transactions executed
- compliance report on agreed polices/practices, and on statutory/regulatory requirements
- performance report
- report on compliance with CIPFA code recommendations
- monitoring of treasury management indicators for local authorities

3.2 The Prudential Code requires local authorities to set prudential indicators on the council debt

- Authorised limits for external debt
- Operational boundary for external debt
- Actual external debt

These indicators focus on the position of gross external debt. In the interest of transparency the following treasury management indicators are required:

- Upper limits on the proportion of net debt compared to gross debt
- Upper limits on fixed interest and variable interest exposures
- Upper and lower limits to the maturity structure of its borrowing

- Upper limits to the total of principal sums invested longer than 364 days

The 2010 DCLG investment guidance for England and Wales requires authorities to produce an annual investment strategy and policies for managing investments and for giving priority to the security and liquidity of those investments

The requirements of International Financial Reporting Standard's (IFRS's) require local authorities to follow proper accounting practices as specified in the code of practice on Local Authority Accounting and set out the objectives, policies and processes which are in place for managing and controlling risk specifically when entering into derivative contracts with a counterparty in the expectation that the transaction will eliminate or reduce exposure to a particular risk, such as movements in interest rates.

3.3 The Councils' Treasury Management Policies and Practices are included in a separate report elsewhere on the agenda.

3.4 The Councils' Treasury Management Strategy is attached at Annex 1, it covers:

- The current treasury and debt position
- A review of the prospects for interest rates
- The Council's borrowing and debt strategy
- The Council's investment strategy
- The Capital programme
- Limits on treasury management activities and prudential indicators
- Annual investment strategy
- Capital strategy
- Corporate Governance

3.5 The uncertainty around Brexit and global activity reinforces this Council's policy of first and foremost securing the safety of principal amounts invested, with rate of return a secondary consideration.

3.5 This is achieved by investing only with high rating institutions, including the Debt Management Office (DMO). Any investments with the DMO are guaranteed by HM Government. Although rates are a little lower than the prevailing market rates, these investments offer the least risk and as such the rate reflects the security of the investment.

4 RECOMMENDED THAT COMMITTEE

4.1 Recommend to Council the Treasury Management Strategy as set out in Annex 1.

SENIOR ACCOUNTANT DIRECTOR OF RESOURCES

PF21-18/TH/AC
8 March 2018

ANNEX 1

MARCH 2018

RIBBLE VALLEY

BOROUGH COUNCIL

TREASURY MANAGEMENT STRATEGY 2018/19

Key Officer Contacts for the Treasury Management Strategy

Name	Job Title	Email address
Jane Pearson	Director of Resources	jane.pearson@ribblevalley.gov.uk
Lawson Oddie	Head of Financial Services	lawson.oddie@ribblevalley.gov.uk
Trudy Holderness	Senior Accountant	trudy.holderness@ribblevalley.gov.uk

Contents

Introduction

The Council is required to adopt the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes 2017 edition and it is a requirement under that Code of Practice to produce an annual strategy report on proposed treasury management activities for the year.

The purpose of the Treasury Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

Key Principles
The key principles of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes are that:

- Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.
- They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

Setting the Treasury Management Strategy for 2018/19

In setting the Treasury Management Strategy, the Council must have regard for the following factors:

- The current treasury position and debt portfolio position
- The prospects for interest rates
- The approved Capital Programme
- Limits on treasury management activities and prudential indicators

The Current Treasury Position and Debt Portfolio Position

The Public Works Loans Board debt is the largest proportion of the Council's borrowing debt, and is gradually decreasing as payments of the principle are made year by year. It estimated that the outstanding principle on all PWLB loans at 31 March 2018 will be £147k. In addition to the PWLB debt there is a bond which will remain unchanged until it is repaid, this relates to the Sidney Whiteside Charity.

Investments at the end of the 2017/18 financial year are anticipated to be £8.7m based on current cash flow forecasts. These investments relate to monies placed with institutions on our counterparty list.

There was no short term borrowing required at the 31 March 2017, and none is forecast for the 31 March 2018. Only very occasionally has the Council utilised short term borrowing in order to temporarily aid cash flow.

A summary of the Council's treasury position at the end of the previous financial year 2016/17 and that anticipated at the end of 2017/18 is summarised below.

	31 March 2017 Actual £	Actual Average Rate %	31 March 2018 Estimate £	Estimated Average Rate %
Borrowing				
Fixed Rate Debt-PWLB	169,664	4.9	146,770	4.9
Other Debt – Bond	7,500	0.2	7,500	0.2
Total Debt	**177,164**		**154,270**	
Investments				
Short Term Investments	-8,370,000	0.2	-8,700,000	0.2
Total Investments	**-8,370,000**		**-8,700,000**	
Net External Debt	**-8,192,836**		**-8,545,730**	

The Council's current treasury position is not at risk from movements in interest rates as all current PWLB borrowing is on fixed rate. Should the council choose to take any future borrowing on variable rates this would expose the council to a greater risk from any adverse movement in interest rates.

The forecast balance of PWLB debt shown above for the 31 March 2018 will comprise the individual loans as shown in the table below:

Original loan Amount £	Term	Interest Rate	Estimated Principal Outstanding at 31 March 2018 £	Year of Final Repayment
250,000	15 years	4.75% Fixed	1,770	2022/23
250,000	25 years	4.88% Fixed	145,000	2032/33
		Total PWLB	**146,770**	

The total debt, comprising both PWLB and the bond, is summarised in the table below, showing the estimated debt maturity assuming no further borrowing is undertaken.

ESTIMATED DEBT MATURITY ANALYSIS AS AT 31 MARCH 2018		
Maturity	**£'000**	**%**
Under 12 Months	10	6.74
12 Months and Within 24 Months	10	6.74
24 Months and Within 5 Years	31	20.08
5 Years and Within 10 Years	50	32.41
10 Years and Above	53	34.03
Total PWLB and Bond	**154**	**100.00**

Prospects for Interest Rates

The Monetary Policy Committee (MPC) of the bank of England takes interest rate decisions. It is the banks' core purpose to maintain the integrity and value of the currency. It pursues this core purpose primarily through the conduct of monetary policy and by setting short term interest rates the bank aims to meet the Government inflation targets.

In order to maintain price stability the government has set the bank's MPC a target for annual inflation rate of the consumer price index (CPI) of 2%. Subject to that, the MPC is also required to support the Government's economic policy including its objectives for growth and employment.

Inflation was 3.1% in November 2017 this resulted in an exchange of letters between the Governor of the bank of England and the Chancellor. The cause of inflation being above the 2% target is almost entirely due to the effects of higher import prices following sterling's' depreciation. Higher import prices are likely to push up inflation in the near term but the effect of which will dissipate in the coming years.

UK GDP growth is projected to remain around its current pace, slightly stronger than in November, supported by strengthening global growth. The pace of UK growth is modest by historic standards but, is sufficient to use up spare capacity in the economy. However the anticipation of and uncertainty around Brexit appears to be influencing business investment in the economy and the fall in sterling's exchange rate is squeezing households' real incomes and dampening consumption growth.

The projection for CPI (shown in the table below) is based on the current bank base rate of 0.5%, slightly higher than three months ago following sterling's recent depreciation.

Projections for Inflation		
	Nov'17	Feb'18
	%	%
2017 Q4	2.98	
2018 Q1	2.63	2.93
2018 Q2	2.63	2.74
2018 Q3	2.56	2.63
2018 Q4	2.50	2.56
2019 Q1	2.44	2.46
2019 Q2	2.40	2.41
2019 Q3	2.38	2.43
2019 Q4	2.41	2.44
2020 Q1	2.42	2.45
2020 Q2	2.40	2.44
2020 Q3	2.38	2.43
2021 Q4	2.39	2.43
2022 Q1		2.44

In November the MPC raised Bank base rate to 0.5%. As the effects of higher import prices are likely to push up inflation further, bank base rates are likely to rise to just less than 1.2% at the start of 2021.

	Bank Rates %	
	November 2017	February 2018
2018 Q1	0.5	0.5
2018 Q2	0.6	0.5
2018 Q3	0.7	0.6
2018 Q4	0.7	0.7
2019 Q1	0.8	0.8
2019 Q2	0.8	0.9
2019 Q3	0.8	0.9
2019 Q4	0.9	1.0
2020 Q1	0.9	1.0
2021 Q2	0.9	4.1
2021 Q3	1.0	1.1
2021 Q4	1.0	1.1
2022 Q1		1.2

Historically, local authorities have satisfied the bulk of their borrowing needs from the Public Works Loan Board (PWLB). The October 2010 comprehensive spending review increased the PWLB rate to 100 basis points (1%) above the gilt yield. In the Chancellor's Budget in March 2012 councils that provide ' improved information and transparency' on 'borrowing and associated capital spending plans' would be eligible for a certainty rate discount of 20 basis points below the standard rate.

Ribble Valley Borough Council are currently listed as an eligible Council until 31 October 2018, by which time a further return will have to be made and a new eligibility list published for the following 12 months.

PWLB rates show a similar pattern in the near term to bank rates.

	Fixed Rate %	Certainty Rate %
1 –2 years	1.62	0.42
5 - 6 Years	1.89	1.69
20 – 25 Years	2.73	2.53

Projection is therefore that interest rates will rise to 1.2% by late 2022.

The Approved Capital Programme

The Council has approved a capital programme for the period 2018/19 to 2022/23. The first 5 Years of this programme is considered as part of this strategy, in line with prudential indicators.

The use of borrowing to support the capital programme has increased kept to an average of £281,000 in the financial years 2018/19 to 2022/23.

A summary of the approved capital programme and its financing are provided in the table below

	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
New Homes Earmarked Reserve	-209,000	-313,600	-272,000	-272,000	0
Business Rates Growth Earmarked Reserve	-54,656	0	0	0	-468,097
Other Earmarked Reserves	-754,964	-233,900	-132,120	-60,000	-229,703
External Funding	-297,000	-519,240	-297,000	-297,000	-297,000
Usable Capital Receipts	0	-89,080	-13,500	-13,500	-396,500
Borrowing	-175,000	-1,230,000	0	0	0
Total	**-1,490,620**	**-2,385,820**	**-714,620**	**-642,500**	**-1,391,300**
Approved Capital Programme	1,490,620	2,385,820	714,620	642,500	1,391,300

Limits on Treasury Management Activities and Prudential Indicators

The Local Government Act 2003 required the Council to have regard to the Prudential Code and to set Prudential Indicators for the next ~~three~~ four years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

A key indicator of prudence is to ensure that over the medium term net debt will only be for a capital purpose and that net debt does not, except in the short term, exceed the total capital financing requirement in the preceding year plus the estimates of any additional capital financing requirements for the current and the next ~~two~~ three financial years.

The council has agreed a capital programme for the period 2018/19 to 2022/23 financial years, which are considered here in line with prudential indicators. The prudential indicators are prepared based on the approved capital programme. The capital financing requirement for the authority for the current and future years is:

Capital Financing Requirement				
31/03/17 Actual £'000	**31/03/18 Revised Estimate £'000**	**31/03/19 Estimate £'000**	**31/03/20 Estimate £'000**	**31/03/21 Estimate £'000**
3,580	3,523	3,567	4,668	4,526

The authorised limit for our total external debt, gross of investments for the next three financial years is detailed in the table below.

Authorised Limit for External Debt			
	2018/19 £'000	**2019/20 £'000**	**2020/21 £'000**
Borrowing	30,439	31,370	30,777
Other Long-Term Liabilities	0	0	0
Total	**30,439**	**31,370**	**30,777**

These limits have been estimated taking into account the Council's current commitments, existing plans and proposals for capital expenditure and financing with sufficient headroom to allow for operational management, for example unusual cash movements. This limit factors in the ~~worst-case~~ most likely scenario implications around this council being the lead authority of the Lancashire business Rates Pool. It reflects the level of borrowing, which while not desired, could be afforded but may not be sustainable. Any breach must be reported to council, indicating the reasons for the breach and the corrective action undertaken or required to be taken.

In addition to the authorised limits for external debt an operational boundary for external debt was approved as part of the annual budget. The proposed operational boundary is based on the same estimates as the authorised limits but without the additional headroom. Unlike the Authorised Limit, the council's role as the lead authority of the Lancashire Business Rates Pool does not impact on the setting of the Operational Boundary. The operational boundary for our external debt for the next three years is shown in the table below.

Operational Boundary for External Debt			
	2018/19 £’000	**2019/20 £’000**	**2020/21 £’000**
Borrowing	7,506	8,080	6,684
Other Long Term Liabilities	0	0	0
Total	**7,506**	**8,080**	**6,684**

The aim of the prudential indicators is to contain the activity of the treasury function within certain limits thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions that could impact negatively on the Council’s overall financial position.

There are four further indicators that are considered here.

- Upper limits on variable rate exposure. This indicator identifies a maximum limit for variable interest rates based upon the debt provision net of investments.
- Upper limits on fixed rate exposure. Similar to the previous indicators, this covers a maximum limit on fixed interest rates
- Total principal funds invested (excluding shareholdings in the Local Government Bonds Agency) for a period longer than 364 days. These limits are set to reduce the need for early sale of an investment and are based on the availability of investments after each year-end.
- Maturity structure of borrowing. These gross limits are set to reduce the Council’s exposure to large fixed rate sums falling due for refinancing.

LIMITS ON INTEREST RATE EXPOSURE			
	2018/19 £’000	**2019/20 £’000**	**2020/21 £’000**
Maximum Principal Sums Borrowed >364 days	7,506	8,080	6,684
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	20%	20%	20%
Maximum Principal Sums Invested >364 days (excluding shareholdings in Local Government Bond Agency)	0	0	0

MATURITY STRUCTURE OF BORROWING		
	Upper Limit %	Lower Limit %
Under 12 Months	20	0
12 Months and Within 24 Months	20	0
24 Months and Within 5 Years	~~40~~ 30	0
5 Years and Within 10 Years	~~30~~ 40	0
10 Years and Above	90	0

Borrowing and Debt Strategy 2018/19 – 2020/21

The introduction of the Prudential Code and uncertainty over future interest rates increases the risks associated with the treasury strategy should the council need to increase its use of short term borrowing or make further longer term borrowing on a variable rate. As a result the Council needs to take a cautious approach to its treasury strategy.

Long term fixed interest rates and base rates are both expected to remain very volatile in the short term and difficult to predict. Taking into account the interest rates shown in the table included in the section "prospects for inflation", the most appropriate form of borrowing will be undertaken.

We intend to continue the current policy of meeting our long term borrowing requirements from the Public Works Loan Board.

In the Chancellor's Budget in March 2012 councils that provide ' improved information and transparency' on 'borrowing and associated capital spending plans' would be eligible for a certainty rate discount on PWLB loans of 20 basis points below the standard rate.

Ribble Valley Borough Council are currently listed as an eligible Council until 31 October 2018, by which time we intend to submit a further return to continue as an eligible body.

We will engage in short-term borrowing from the money market if necessary in order to finance temporary cash deficits, however by managing our cash flow effectively these will be kept to a minimum. Wherever possible, the loan will be taken out for periods of less than 7 days in order to minimise the interest payable.

Investment Strategy 2018/19 – 2020/21

Expectations on shorter-term interest rates, on which investment decisions are based, show likelihood that rates will remain at their current low levels, but again may change sharply as government act to deal with the economy changes. The most appropriate form of investments will be undertaken depending on the prevailing interest rates at the time, taking into account any associated rate risks.

All investments will be made in accordance with the Council's investment policies and prevailing legislation and regulations. The council's investment priorities are the security of capital and the liquidity of its investments

Annual Investment Strategy

Strategy Guidelines

The main principle governing the Council's investment criteria is the security and liquidity of its investments before yield, although the yield or return on the investment will be a consideration, subject to adequate security and liquidity. The Council must ensure:

- It has sufficient liquidity in its movements. For this purpose we will maximise the use of the council's online HSBC facility to place money either overnight or on a short-term basis.
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counter parties with adequate security, and monitoring of their security.

A counter party list is maintained in compliance with this criteria and it will be revised and submitted to Council for approval as necessary. In accordance with new legislation, the proposed criteria detailed above are shown in the following subsections.

Liquidity of Investments

The Council expects to maintain average investment balances of £8.1m. The Council will continue to invest these in accordance with the Council's investment polices' and prevailing legislations and regulations.

Specified Investments

These investments are sterling investments of not more than one-year maturity. These are low risk assets and the possibility of loss of principal or investment income is very low. The investments are defined as:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or gilts with less than one year to maturity).
- A local authority, parish council or community council.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). These bodies will have a minimum rating as set out in our counter party criteria and as listed in our Treasury Management Policy.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested with these bodies. This criterion is also specified within the approved counter party criteria.

Non-Specified Investments

Non-specified investments include any other type of investments, i.e. not defined as specified above. These are sterling investments with:

- Securities admitted to the Officials List of the Stock Exchange that is guaranteed by the UK Government (such as supranational bonds).
- Gilt edged securities with a maturity of greater than one year.
- Institutions not meeting the basic security requirements under the specified investments.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society) for deposits with a maturity of greater than one year.
- Shareholding in the Local Government Bonds Agency.

At the present time the Council has no immediate plans to invest in non-specific investments other than a maximum share in the Local Government Bonds Agency of £10k.

Policy on the Use of Financial Derivatives

Many local authorities have previously made use of financial derivatives embedded in loans and investments both to reduce interest rate risk (i.e. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk. However, previous legislation was understood to prevent the use of such tools where they were not embedded in other instruments.

The Localism Act 2011 includes a general power of competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives. The latest CIPFA Code requires local authorities to clearly detail their policy on the use of derivatives in their annual strategy.

The Council has not and does not plan to use derivatives.

The Monitoring of Investment Counter parties

The credit rating of counter parties is monitored monthly. Any counter party failing to meet the criteria will be removed from the list immediately and, if required, new counter parties, which meet the criteria, will be added to the list.

Fitch credit ratings are monitored and are used as an indication of the probability of organisations defaulting on our investments. Whilst they only show an indication of the current credit position, they are being monitored on a regular basis and any significant changes will be reported to Policy and Finance Committee.

The banks and building societies the Council use are reviewed annually as part of the Treasury Management policies and practices to take into account their Fitch IBCA long-term and short-term credit rating. The Council has a policy to only use institutions with a short term Fitch rating of F2 or above.

In addition to the building societies and banks we use for investments, also approved for use is the United Kingdom Debt Management Office, where the Government guarantees investments.

Use of External Fund Managers

It is the Council's policy not to use an external fund manager.

Capital Strategy 2018/19 – 2020/21

In considering its capital investment programme the council is required to have regard to:

- Service objectives included in the strategic planning for the authority
- Stewardship of assets included in asset management plan
- Ensure schemes are value for money by carrying out option appraisals
- Ensure schemes offer prudence and sustainability by checking the implications for external debt and whole life costing.
- Ensure schemes are affordable by checking the implications for the council tax
- Practicality achievability of the forward plan

Corporate Governance

This council is committed in embracing the principals of corporate governance in their treasury management activities: These include

- Adoption of the principals and policies promoted in the prudential code in order to promote openness and transparency in the councils treasury management function
- Publication of and free access to information about the council treasury management transactions
- Establishing clear treasury management policies, separation of roles and management of relationship within and outside the council, to establish integrity of the function.
- Well defined treasury management responsibilities and job specifications o enhance accountability
- Equality in treasury management dealings with an absence of business favouritism to promote fairness

The principals of corporate governance are successfully implemented. The council should ensure that treasury risk management is an integral part of its overall risk management process.

- The management and administration of treasury management be robust, rigorous and disciplined.
- The council should receive regular reports on its treasury management activities
- Performance data should be clear, concise and relevant to its treasury management activities.
- External parties should be monitored for adherence to the legal or regulatory regimes under which they operate.

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 6

meeting date:	20 MARCH 2018
title:	TREASURY MANAGEMENT POLICIES AND PRACTICES 2018/19
submitted by:	DIRECTOR OF RESOURCES
principal author:	TRUDY HOLDERNESS

1 PURPOSE

1.1 To review, approve and adopt the treasury management policy statement and practices for 2018/19.

2 BACKGROUND

2.1 The Treasury Management Policies and Practices document governs the way we manage our investments. It is reviewed on an annual basis to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code. The Code identifies twelve areas where statements of treasury management practices should be developed to implement the full requirements of the Code.

3 TREASURY MANAGEMENT POLICY STATEMENT AND TREASURY MANAGEMENT PRACTICIES

3.1 The revised Treasury Management Policy Statement and Treasury Management Practices are shown at Appendix 1 within the Treasury Management Policies and Practices document.

3.2 The Treasury Management Policy Statement follows the wording recommended by the latest edition of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes 2017 Edition.

3.3 The Council's Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities

3.4 The Treasury Management Practices are split as follows:

- **Key Principles:** *which follow the wording recommended by the revised CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes*
- **Schedules:** *which cover the detail of how the Council will apply the key Principles in carrying out its operational treasury activities*

3.5 Since the treasury management policy statement and treasury management practices were approved in March 2017, there has been a number of minor updates made to the Schedules within the Treasury Management Policies and Practices document and are highlighted accordingly.

4 RECOMMENDED THAT COMMITTEE

4.1 Review, approve and formally adopt the Treasury Management Policies and Practices document as attached at Appendix 1, incorporating the

- Treasury Management Key Principles
- Treasury Management Policy Statement
- Treasury Management Clauses
- Treasury Management Practices and Schedules

4.2 Recommend to Council the Treasury Management Policies and Practices 2018/19.

SENIOR ACCOUNTANT DIRECTOR OF RESOURCES

PF22-18/TH/AC
6 March 2018

BACKGROUND PAPERS:

CIPFA Treasury Management in the Public Services – Code of Practice and Cross – Sectoral Guidance Notes 2017 Edition

APPENDIX 1

Ribble Valley
Borough Council

www.ribblevalley.gov.uk

Treasury Management Policies and Practices: 2018/2019

Key Officer Contacts for the Treasury Management Practices

Name	Job Title	Email address
Jane Pearson	Director of Resources	jane.pearson@ribblevalley.gov.uk
Lawson Oddie	Head of Financial Services	lawson.oddie@ribblevalley.gov.uk
Trudy Holderness	Senior Accountant	trudy.holderness@ribblevalley.gov.uk

Contents

Introduction

Local authorities' treasury management activities are prescribed by statute. The sources of their powers, in England and Wales, are the Local Government Act 2003.

Essentially a local authority in England and Wales may borrow or invest for any purpose relevant to its functions, under any enactment, or '*for the purposes of the prudent management of its financial affairs'.*

Under the Act a local authority is required to determine and keep under review how much money it can afford to borrow and may only borrow only in sterling (except with the consent of HM Treasury)

Local authorities are not constrained by law in the types of investments they can make or the investment instruments they may use. However, they are in practice constrained by Communities and Local Government (DCLG) guidance (updated in 2010), which stress the prudent investment strategy of security, liquidity and yield. This means that first and foremost local authorities must ensure the security of their principal sum invested. i.e. ensure that they get back their full investment. Then they should ensure that they have the liquidity they need and so should consider the length of an investment. Only when these two are satisfied should the yield or return on the investment be considered.

Under the Local Government Act 2003 and also the Local Authorities (Capital Finance and Accounting) Regulations 2003, the Council is required to have regard to the CIPFA Treasury Management Code of Practice (2017) (The Code) and the associated guidance.

Under The Code the Council is required to formally adopt a number of Clauses and also to adopt a formal treasury management policy statement within this document, which defines the policies and objectives of its treasury management activities. Furthermore The Code recommends that the Council follows a set of Treasury Management Practices in carrying out its treasury management activities. All of these items are outlined over the following sections.

Key Principles

The CIPFA Treasury Management Code of Practice (2017) identifies three key principles. In framing these three principles, or recommendations, CIPFA acknowledges the difficulties of striving for effective risk management and control, whilst at the same time pursuing value for money.

It is Cipfa's view that throughout the public services the priority for treasury management is to protect capital rather than to maximize return. The avoidance of all risk is neither appropriate nor possible. However, a balance must be struck with a keen responsibility for public money.

KEY PRINCIPLE 1:

Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

KEY PRINCIPLE 2:

Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instrument for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.

KEY PRINCIPLE 3:

They should acknowledge that the pursuit of value for money in treasury management and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

Treasury Management Clauses

CIPFA recommends that all public service organisations adopt, as part of their treasury management policies the following four clauses:-.

1. Ribble Valley Borough Council will create and maintain, as the cornerstones for effective treasury management:

   - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities

   - suitable treasury management practices (TMPs), setting out the manner in which the council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities

   The context of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this council. Such amendment will not result in Ribble Valley Borough council materially deviating from the Code's key principles.

2. The Policy and Finance Committee of Ribble Valley Borough Council will receive reports on its treasury management policies, practices and activities, including, as a minimum,

an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs

3. Ribble Valley Borough Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Policy and Finance Committee and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the council's policy statement and TMPs and CIPFA's *Standard of Professional Practice on Treasury Management.*

4. Ribble Valley Borough Council nominates the Policy and Finance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Treasury Management Policy Statement

This Council defines its treasury management activities as:

The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risk associated with those activities; and the pursuit of optimum performance consistent with those risks.

This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important but are secondary considerations.

Treasury Management Practices

CIPFA's Code of Practice on Treasury Management recommends that suitable treasury management practices (TMPs) are maintained, setting out the manner in which the council will seek to achieve the policies, objectives and approach to risk management of its treasury management activities. The code identifies twelve areas where statements of treasury management practices should be developed.

TMP 1: Risk Management

General Statement
This authority regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment.

The responsible officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

i) Credit and counterparty risk management
This council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, method and techniques referred to in TMP 4 Approved instruments methods and techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

ii) Liquidity risk management
This council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

This council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

iii) Interest rate risk management
This council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP 6 Reporting requirement and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

iv) Exchange rate risk management

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

v) Refinancing risk management

This council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the council as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over- reliance on any one source of funding if this might jeopardise achievement of the above.

vi) Legal and regulatory risk management

This council will ensure that all its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP 1 (i) Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the council, particularly with regard to duty of care and fees charged.

This council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

vii) Fraud, error and corruption, and contingency management

This council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

viii) ~~Market~~ Price risk management

This council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect it from the effects of such fluctuations.

TMP 2: Performance measurement

This council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of on-going analysis of the value it adds in support of the council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

TMP 3: Decision-making and analysis

This council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at that time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

TMP 4: Approved Instruments, method and techniques

This council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 Risk management.

Where the council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The organisation will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

The council has reviewed its classification with financial institutions under MIFID II and has set out in the schedule to this document those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.

TMP 5: Organisation, clarity and segregation of responsibilities, and dealing arrangements

This council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principal on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when this council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP 6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the council's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

TMP 6: Reporting requirements and management information arrangements

This council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effect of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

The council will receive:

- An annual report on the strategy and plan to be pursued in the coming year.
- A mid-year review.
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the council's treasury management policy statement and TMPs.

The Policy and Finance Committee will receive regular monitoring reports on treasury management activities and risks.

The body responsible for scrutiny, such as audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

The Council will report the treasury management indicators as detailed in the sector specific guidance notes.

The present arrangements and the form of these reports are detailed in the schedule to this document.

TMP 7: Budgeting, accounting and audit arrangements

The responsible officer will prepare, and this council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk Management, TMP 2 Performance measurement, and TMP 4 Approved instruments, methods and techniques. The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP 6 Reporting requirements and management information arrangements.

This council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP 8: Cash and cash flow management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this council will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP 1 Liquidity risk management. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

TMP 9: Money laundering

This council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this is properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

TMP10: Training and qualifications

This council recognises that the importance of ensuring that all staff involved in the treasury management functions is fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer will ensure that Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.

TMP11: Use of external providers

This council recognises that responsibility for treasury management decisions remains with the council at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such services providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review. And it will ensure, where feasible and necessary, that a spread of service providers, is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rest with the responsible officer and details of the current arrangements are set out in the schedule to this document.

TMP12: Corporate governance

This council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

This council has adopted and has implemented the key principles of the Code. This together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Investments that are not part of treasury management activity

This council recognises that investments in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting services outcomes, investments in subsidiaries, and investment property portfolios.

This council will ensure that all the organisation's investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

The council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

We do not currently have any such investments that fall under this category

SCHEDULE A

TMP 1: Risk Management

CREDIT AND COUTERPARTY RISK

Credit and counter-party risk is the risk of failure by a third party to meet its contractual obligations to the council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (revenue) resources.

Criteria to be used for creating/managing approved counterparty lists/limits

As a holder of public funds, the Council recognises its prime responsibility is the security of the principal of the sums which it invests. Consequently, it will optimise returns commensurate with the management of the associated risk.

The Council will determine through its Annual Investment Strategy the credit criteria for various investment instruments.

The credit rating of counter parties is monitored regularly. Any counter party failing to meet the criteria will be removed from the list immediately and, if required, new counter parties, which meet the criteria, will be added to the list.

Principally, Fitch credit ratings are monitored and are used as an indication of the probability of organisations defaulting on our investments. In addition, the rating given by rating agents Standard and Poor, and Moody's are also considered prior to an investment. Whilst they only show an indication of the current credit position, they are being monitored on a regular basis and any significant changes will be reported to Policy and Finance Committee. It has previously been approved that investments with Building Societies be limited to the top 8 building societies based on their total assets.

The banks the Council use are reviewed annually as part of the Treasury Management policies and practices to take into account their Fitch IBCA long-term and short-term credit rating.

The Council has a policy to only use institutions with a short term Fitch rating of F2 or above

In addition to the Building societies and banks we use for investments, also approved for use is the United Kingdom Debt Management Office, where the Government guarantees investments.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested with these bodies. This criterion is also specified within the approved counter party criteria.

LIQUIDITY RISK

Liquidity risk is the risk that cash will not be available when it is required, that ineffective management of liquidity creates additional unbudgeted costs, and the Council's business/service objectives will be thereby compromised. This can jeopardise the ability of the Council to carry out its functions or disrupt those functions being carried out in the most cost effective manner. The Council will therefore have sufficient stand by facilities to ensure that there is always sufficient liquidity to deal with unexpected occurrences. It will also seek to ensure that its cash flow forecasting gives as accurate a picture as possible of the changes in income and expenditure and the resulting residual daily cash balances.

Amounts of approved minimum cash balances and short-term investments

It is the intention to minimise cash balances held overnight, and for short-term investments to be made in order to fulfil the projected net cash flow requirement.

- ***Standby Facilities:*** Any funds held on call notices should not exceed 25% of the total amount invested at any one time and a maximum of £500,000.
- ***Bank overdraft arrangements:*** The council does not have an agreed overdraft facility and instead relies on the stringent cash flow projections.
- ***Short-term ~~borrowing~~ investment facilities***: Surplus funds shall be temporarily invested via the money market at the best rate of interest available, in accordance with the minimisation of risk of the capital sum. In all investment matters the protection of the capital sum will be of paramount importance and will override the desire to obtain the highest interest rates.

INTEREST RATE RISK

Interest rate risk is the risk that unexpected changes in interest rates expose the Council to greater costs or a shortfall in income than have been budgeted for. The Council will seek to minimise this risk by reviewing forecasts of interest rates. It will also determine appropriate limits and trigger points as set out below. These limits and strategy are set out in the annual Treasury Management Strategy. This strategy will be periodically reviewed during the relevant year to see whether any modifications are required in the light of actual movements in interest rates.

LIMITS ON INTEREST RATE EXPOSURE			
	2018/19 £000	**2019/20 £000**	**2020/21 £000**
Maximum Principal Sums Borrowed >364 days	7,506	8,080	6,684
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	20%	20%	20%

EXCHANGE RATE RISK

Exchange rate risk is the risk that unexpected changes in exchange rates expose the Council to greater costs or a shortfall in income than have been budgeted for. The Council has a minimal exposure to exchange rate risk as it does not enter into loans or investments in foreign currency for treasury management purposes.

At this time the Council does not get involved in any other significant foreign currency transactions. These are limited to a very small number of invoice payments.

REFINANCING RISK

Refinancing risk is the risk that when maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and revenue, and/or that the terms are inconsistent with prevailing market conditions at the time.

Debt/other capital financing maturity profiling, policies and practices

The total debt, comprising both PWLB and a bond, is summarised in the table below, showing the estimated debt maturity assuming no further borrowing is undertaken. The council has no current plans to refinance its debt.

Original loan Amount £	Term	Interest Rate	Estimated Principal Outstanding at 31 March 2018 £	Year of Final Repayment
250,000	15 years	4.75% Fixed	1,770	2022/23
250,000	25 years	4.88% Fixed	145,000	2032/33
		Total PWLB	**146,770**	

Projected capital investment requirements

In accordance with the Prudential Code for Capital Finance in Local Authorities, the Director of Resources has prepared a ~~three~~ five year plan for capital expenditure for the Council (Previously a three year plan was prepared)..

The use of borrowing to support the capital programme has been increased from an average of £418,337 in the financial years 2017/18 to 2019/20 to an average of £281,000 in the financial years 2018/19 to 2022/23, in line with recommendations from the council's Budget Working Group and as approved by Policy and Finance Committee.

A summary of the approved capital programme and its financing are provided in the table below

	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
New Homes Bonus Earmarked Reserve	-209,000	-313,600	-272,000	-272,000	0
Business Rates Growth Earmarked Reserve	-54,656	0	0	0	-468,097
Other Earmarked Reserves	-754,964	-233,900	-132,120	-60,000	-229,703
External Funding	-297,000	-519,240	-297,000	-297,000	-297,000
Usable Capital Receipts	0	-89,080	-13,500	-13,500	-396,500
Borrowing	-175,000	-1,230,000	0	0	0
Estimated Total Available Resources	***-1,490,620***	***-2,385,820***	***-714,620***	***-642,500***	***-1,391,300***
Total of Approved Capital Programme	1,490,620	2,385,820	714,620	642,500	1,391,300

Policy concerning limits on affordability and revenue consequences of capital financing

The policy is considered on an annual basis. In considering the affordability of its capital plans, the Council will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the three ~~two~~ following years and the impact these will have on council tax. It will also take into account affordability in the longer term beyond this five ~~three~~ year period.

The Council will use the definitions provided in the Prudential Code for borrowing, capital expenditure, debt, financing costs, investments, net borrowing, net revenue stream and other long term liabilities.

LEGAL AND REGULATORY RISK

Legal and regulatory risk is the risk that either the Council, or a third party which it is dealing with in its treasury management activities, acts outside of its legal powers or regulatory requirements and as a result the Council incurs loss.

References to relevant statutes and regulations

The treasury management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council.

Procedures for evidencing the Council's powers and authorities to counterparties and the required information from Counterparties concerning their powers and authorities

The Council will provide written evidence of its powers and authorities to any counterparty that requests us to do so. Counterparties will also provide their details to the Authority as a matter of course.

The Council's powers to borrow and invest are contained in legislation.

- Investing: Local Government Act 2003, section 12
- Borrowing: Local Government Act 2003, section 1

Lending shall only be made to counterparties on the Approved Lending list.

Statement on the Council's political risks and management of same

The Council recognises that future political, legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the authority.

The monitoring officer is the Head of Legal Services; the duty of this officer is to ensure that the treasury management activities of the Council are lawful.

It is the duty of the Director of Resources is to ensure that the financial affairs of the Council are conducted in a prudent manner and to make a report to the Council if they have concerns as to the financial prudence of its actions or its expected financial position.

FRAUD, ERROR AND CORRUPTION, AND CONTINGENCY MANAGEMENT RISK

Fraud, error and corruption risk is the risk that the Council may fail to employ adequate systems, procedures and other arrangements which identify and prevent losses through such occurrences. The Council will therefore:-

- Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks.
- Fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are.
- Staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.
- Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

Details of systems and procedures to be followed, including internet services

Authority

- The Scheme of Delegation to Officers sets out the delegation of duties to officers.
- All loans and investments are approved by the Director of Resources or the Head of Financial Services, or in the absence of both, the Chief Executive.
- Procedures are defined in the Council's Financial Regulations.

Procedures

- Detailed procedure notes are maintained on all of the treasury management functions. The current treasury management and systems document is attached at Annex1.

Investment and borrowing transactions

- A detailed register of all loans and investments is maintained.
- Any transaction discrepancies are immediately reported to the broker or counterparty for resolution.
- All transactions placed through brokers are confirmed by a broker note showing details of the loan arranged. Written confirmation is received and checked against the dealer's records for the transaction. Any discrepancies are immediately reported to the broker or counterparty for resolution.

Regularity and security

- Lending is only made to institutions on the Approved List of Counterparties.
- The Cash flow sheets prompt the officer dealing with the daily cash flow that money borrowed or lent is due to be repaid.
- All loans raised and repayments made go directly to and from the bank account of approved counterparties.
- Counterparty limits are set for every institution that the Council invests with.
- There is a separation of duties in the section between dealers and the checking and authorisation of deals.
- The Council's bank holds a list of Council officials who are authorised signatories.
- There is adequate insurance cover for employees involved in treasury management and accounting.

Checks

- The bank reconciliation is carried out monthly from the bank statement to the financial ledger.
- A debt charge/investment income listing is monitored every month against the budget for interest earnings and debt costs.

Calculations

- The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy manually.

There are also annual Internal Audit reports on the Treasury Management function.

Emergency and contingency planning arrangements

The Council will ensure that written procedures are in place and kept up to date for such situations, for both the Emergency Plan and the Business Continuity Plan.

Insurance cover details

The Authority has a Fidelity Guarantee policy with Zurich Municipal Insurance. This provides cover to the value of £5,000,000. This covers the loss of cash by fraud, or the dishonesty of six designated officers dealing with the treasury management function. All other officers are covered to the value of £250,000.

There is also a Business Interruption policy with Zurich Municipal Insurance. This provides cover for the costs of re-establishing the Council’s operations in the event of the normal operational facilities being unavailable.

MARKET RISK

Market risk is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effect it has failed to protect itself adequately.

Details of approved procedures and limits for controlling the Council's exposure to investments / borrowing whose capital value may fluctuate (Gilts, CDs, and Lender’s Option Borrower’s Option (LOBO) etc.)

These are controlled through setting limits on investment and borrowing instruments where the principal value can fluctuate. The limits would be determined and set through the Annual Investment Strategy, which forms part of the council’s Treasury Management Strategy. However, the Council has no investments / loans of this nature at the current time, and has no plans to do so in the near future.

SCHEDULE B
TMP 2: Performance measurement

Evaluation and review of treasury management decisions

The Council has a number of approaches to evaluating treasury management decisions: -

- **Day to day reviews during the financial year:** *The Director of Resources or the Head of Financial Services review all treasury management activity and decisions on a daily basis. This includes ensuring that any activity operates within the boundaries set out within this document and the Treasury Management Strategy.*
- **Annual review after the end of the financial year:** *An annual treasury report is submitted to the Policy and Finance Committee each year after the close of the financial year which reviews the performance of the treasury management activity over the financial year. This report includes coverage on the areas of:*
    - Any borrowing requirements in the year
    - Investments made
    - Performance against the prudential indicators
- **Quarterly Review:** *The annual review is supplemented by quarterly submissions of monitoring reports to Policy and Finance Committee. These reports include coverage on the areas of:*
    - Any borrowing requirements in the year
    - Investments made to date
    - Performance to date against the prudential indicators
    - A review of the approved organisations
- **Comparative reviews:** *When data becomes available, comparative reviews are undertaken to see how the performance of the function compares to other authorities. This is generally a comparison to other Lancashire councils, and the CIPFA Treasury Management statistics published each year for the last complete financial year*

Policy concerning methods for testing value for money in treasury management

Banking services

Banking services will be retendered or renegotiated every 3 years to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends. The current agreement is for the period 2017/18

Money-broking services

The Council will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them.

Methods to be employed for measuring the performance of the Council's treasury management activities

This will include a comparison with other councils through the CIPFA Prudential Indicators return and also through comparison exercises periodically carried out between Lancashire councils. Additionally performance will be measured by comparing the interest earned on investments against budgeted income.

Benchmarks and calculation methodology with regard to risk and return

Debt management

The council currently have a comparatively low level of debt. This is particularly following the housing stock transfer a number of years ago.

Investment

The performance of investment earnings will be measured against budgeted investment income.

SCHEDULE C
TMP 3: Decision-making and analysis

All executive decisions on capital/project financing, borrowings and investments are delegated to the Director of Resources who will fulfil such responsibility in accordance with the CIPFA Code and Guide and the SORP on Treasury Management.

There shall be no restriction on the sources of borrowing with the exception of any statutory restriction.

The Council may use the following methods of raising capital finance:

- Public Works Loan Board
- Market borrowing
- Leasing
- Issue of local bonds

Records to be kept
The team keep records of all investment and loan transactions. The following records will be retained:

- Daily cash balance forecasts
- Dealing records for all money market transactions
- Brokers' confirmations for investment and temporary borrowing transactions
- Confirmations from borrowing /lending institutions where deals are done directly

Processes to be pursued

- Cash flow analysis.
- Debt and investment maturity analysis
- Ledger reconciliation
- Review of opportunities for debt restructuring
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer best value)
- Performance information (e.g. monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average rate, investment returns, etc.).

Issues to be addressed.

In respect of every decision made the Council will:

- Above all be clear about the nature and extent of the risks to which it may become exposed
- Be certain about the legality of the decision reached and the nature of the transaction, and that any authority to proceed has been obtained
- Be content that the documentation is adequate both to deliver the organisation's objectives and protect the its interests, and to deliver good housekeeping
- Ensure that counterparties are judged satisfactory in the context of the its creditworthiness policies, and that limits have not been exceeded
- Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

In respect of borrowing and other funding decisions, the Council will:

- Evaluate the economic and market factors that might influence the manner and timing of any funding decision.
- Consider the merits of alternative forms of funding, including options such as funding from revenue and leasing and private partnerships.
- Consider the alternative interest rate bases available, the most appropriate periods to borrow and repayment profiles to use.
- Consider the on-going revenue liabilities created, and the implications for the council's future plans and budgets.

In respect of investment decisions, the Council will:

- Consider the optimum period, in the light of cash flow availability and prevailing market conditions
- Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital.

In respect of decisions regarding derivatives, the Council will:

- Be able to demonstrate that the derivative transaction has reduced the Council's overall exposure to treasury risks. (The Council has no transactions of this nature at the current time, and has no plans to do so in the near future.

SCHEDULE D
TMP 4: Approved Instruments, method and techniques

Only the approved organisations for investment shown will be used. The organisations listed may be used for the investment of the Council's surplus funds, subject to the maximum sum being invested at any one time with any one organisation not being exceeded. The decision to vary these limits being delegated to the Director of Resources and, through them, to their staff in exceptional circumstances.

Specified investments

These investments are sterling investments of not more than one-year maturity. These are low risk assets and the possibility of loss of principal or investment income is very low. The investments are defined as:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or gilt with less than one year to maturity).
- A local authority, parish council or community council.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). These bodies will have a minimum rating as set out below.

The monitoring of investment counterparties

The credit rating of counter parties is monitored monthly. Any counterparty failing to meet the criteria will be removed from the list immediately and, if required, new counter parties, which meet the criteria, will be added to the list.

Principally Fitch credit ratings are monitored and are used as an indication of the probability of organisations defaulting on our investments. In addition, the rating given by rating agents Standard and Poor, and Moody's are also considered prior to an investment. Whilst they only show an indication of the current credit position, they are being monitored on a regular basis and any significant changes will be reported to Policy and Finance Committee. It has previously been approved that investments with Building Societies be limited to the top 8 building societies based on their total assets.(Provided they are included in Fitch ratings)

The banks the Council use are reviewed annually as part of the Treasury Management policies and practices to take into account their Fitch IBCA long-term and short-term credit rating.

The Council has a policy to only use institutions with a short term Fitch rating of F2 or above

In addition to the Building societies and banks we use for investments, also approved for use is the United Kingdom Debt Management Office, where the Government guarantees investments.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested with these bodies. This criterion is also specified within the approved counter party criteria.

The approved organisations for investment are:

Banks

- Santander UK plc. *
- Barclays Bank *
- Bank of Scotland plc. *
- Co-operative Bank *
- HSBC Bank plc. *
- Lloyds Bank plc. *
- The Royal Bank of Scotland *
- National Westminster Bank *

Building Societies

- Coventry Building Society *
- Leeds Building Society *
- Nationwide Building Society *
- Principality Building Society *
- Skipton Building Society *
- Yorkshire Building Society *

Other

- Debt Management Office **
- Other Local Authorities in the UK ***
- Police and Crime Commissioners, Fire and Rescue Services and Transport Authorities ***

Key

*	Maturity limit for each counter party	365days
*	Maximum limit per institution	£1.75m
**	Maximum limit per institution	£5.0m
***	Maturity limit for each counter party	3 Months
***	Maximum limit per institution	£2.5m

<u>Non-Specified Investments</u>

Non-specified investments include any other type of investments, i.e. not defined as specified above. These are sterling investments with:

- Securities admitted to the Officials List of the Stock Exchange that is guaranteed by the UK Government (such as supranational bonds).
- Gilt edged securities with a maturity of greater than one year.
- Institutions not meeting the basic security requirements under the specified investments.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society) for deposits with a maturity of greater than one year.
- Shareholding in the Local Government Bonds Agency.

At the present time the Council has no immediate plans to invest in non-specific investments other than a maximum share in the Local Government Bonds Agency of £10k.

Approved Investment Instruments

Only the approved instruments as follows will be used.

- European Atomic Energy Community (Euratom)*
- European Coal and Steel Community*
- European Union*
- European Investment Bank*
- International Finance Corporation
- International Bank for Reconstruction and Development
- International Monetary Fund
- African Development Bank
- Asian Development Bank
- Caribbean Development Bank
- Inter-American Development Bank
- Guaranteed Export Finance Corporation plc.

***To be kept under review as impact of Brexit unknown**

Policy on the Use of Financial Derivatives

Many local authorities have previously made use of financial derivatives embedded in loans and investments both to reduce interest rate risk (i.e. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk. However, previous legislation was understood to prevent the use of such tools where they were not embedded in other instruments.

The Localism Act 2011 includes a general power of competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives. The latest CIPFA Code requires local authorities to clearly detail their policy on the use of derivatives in their annual strategy.

The Council has not and does not plan to use derivatives.

Use of External Fund Managers

It is the Council's policy not to use an external fund manager.

SCHEDULE E
TMP 5: Organisation, clarity and segregation of responsibilities, and dealing arrangements

It is essential for the purposes of the effective control and monitoring of the Council's treasury management activities, and for the reduction of the risk of fraud or error, for there to be clarity of treasury management responsibilities.

The principles on which this will be based are a separation of duties between:

- Policy formulation, creation and review;
- Deal transaction and execution;
- Subsequent recording and administration; and
- Audit.

Delegated Powers

With the exception of the approval of the Council's borrowing limits under section 45 of the Local Government and Housing Act 1989, all matters relating to treasury management shall be determined by Policy and Finance Committee.

All executive decisions and actions on borrowing, investment or financing shall be delegated to the Director of Resources and, through them, to their staff. Such decisions and actions to at all times are in accordance with the treasury policy statement.

The delegation of decisions to staff will be regulated by a treasury management systems and procedure manual.

All money in the hands of the Council shall be aggregated for the purpose of treasury management and shall be under the control of the Director of Resources.

In respect of the signing of documents relating to borrowing/investments, this may only be carried out by authorised signatories of the Council.

Responsibilities

The Director of Resources will:

- Ensure compliance by treasury staff with the treasury management policy statement and that the policy statement complies with the law
- Be satisfied that any proposal to vary the treasury policy or practice complies with the law or any code of practice
- Undertake regular reviews of the treasury management function with the Head of Financial Services throughout the year
- Liaise with the Head of Financial Services and treasury management staff on treasury management decisions
- Ensure that there is an adequate internal audit function and liaise with external audit.
- Act as authorised signatory of the Council.

The Director of Resources will also ensure there is proper documentation for all deals and transactions and those procedures exist for the effective transmissions of funds.

The Head of Financial Services will:

- Ensure that the Council's treasury management strategy is reviewed annually.
- Liaise with the Director of Resources and treasury management staff on treasury management decisions
- Manage the overall treasury function
- Ensure that the treasury management systems document is reviewed at least annually
- Ensure that the organisation of the treasury management function is adequate to meet current requirements
- Ensure that staff involved in treasury management are adequately trained
- Ensure that all treasury staff are aware of the Bank of England's current version of the London Code
- Supervise the treasury management staff
- Ensure appropriate segregation of duties
- Ensure elected members receive appropriate reports
- Act as authorised signatory of the Council.

The Senior Accountant will:

- Ensure that day to day activities accord with the treasury management policy statement
- Implement the treasury management systems document
- Ensure compliance with policies, limitations and directions
- Supervise other treasury management staff
- Produce an annual report of the previous year's treasury management operations by 30 September of the following year
- Produce regular performance reports
- Maintain relationships with counterparties

The Accounting Technician will:

- Maintain cover in the absence of a senior accountant, under the supervision of the Head of Financial Services.

Internal Audit will:

- Review compliance with the approved policy and procedures
- Review division of duties and operational practice
- Assess value for money from treasury activities
- Undertake the probity audit of the treasury function.

Policy and Finance Committee will:

- Approve local borrowing limits
- Approve the adopted clauses, treasury management policy statement and treasury management practices and any amendments.
- Receive an annual report on the treasury management strategy before the start of the financial year
- Receive an annual report by 30 September of the following year on the treasury management activity for the preceding year
- Receive other periodic reports on the treasury management function and its performance

- Approve the division of responsibilities

Absence cover

In the instance of absence from any post holder from the above roles, responsibilities will move to the upwards in the organisation hierarchy, unless such responsibilities are seen as reasonable to be delegated downwards by the Director of Resources or Head of Financial Services.

Dealing limits

There are no set dealing limits at an individual post level, however all dealing decisions must be first approved with the Director of Resources or Head of Financial Services

Approved brokers

The Council is in contact with three money brokers who act on our behalf.

Tullet Prebon (uk) Ltd

Sterling International Brokers

Martin Brokers

olicy on taping of conversations

Where dealings are undertaken over the telephone, the conversation detailing the dates, amounts and rates of any deal should where possible be recorded in order to avoid a future dispute on the terms that have been agreed.

SCHEDULE F
TMP 6: Reporting requirements and management information arrangements

Annual review of the treasury management policies and practices

This document will be reviewed annually and reported Policy and Finance Committee

Annual treasury management strategy

The Treasury Management Strategy sets out the expected treasury activities for the forthcoming financial year. This Strategy will be submitted to the Policy and Finance Committee for approval before the commencement of each financial year.

Prudential indicators

As required by the Local Government Act 2003 the following indicators must be set:

- Authorised limit for external debt
- Operational boundary for external debt
- Actual external debt as at 31 March of previous year
- Upper limit on fixed interest rate exposures
- Upper limit on variable interest rate exposures
- Upper and lower limits for the maturity structure of borrowing
- Prudential limits for principal sums invested for longer than 364 days

Should it prove necessary to amend these limits, the Director of Resources will submit the changes for approval to Policy and Finance Committee, before submission to Full Council for approval.

Annual report on treasury management activity

An annual report will be presented to the Policy and Finance Committee at the earliest practicable meeting after the end of the financial year. This report will include the following:

- Any borrowing requirements in the year
- Investments made
- Performance against the Prudential Indicators

Quarterly review of treasury management activity

The annual review is supplemented by quarterly submissions of monitoring reports to Policy and Finance Committee. These reports include coverage on the areas of:

- Any borrowing requirements in the year
- Investments made to date
- Performance to date against the Prudential Indicators
- A review of the approved organisations

Management information reports

Investment income performance is reported to the Corporate Management Team as part of the budget monitoring process

SCHEDULE G
TMP 7: Budgeting, accounting and audit arrangements

Statutory/regulatory requirements
The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting, which is recognised by statute as representing proper accounting practices. The Council has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services – Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to this Council's treasury management activities.

Accounting practices and standards
Due regard is given to the Statements of Recommended Practice and Accounting Standards as they apply to Local Authorities.

List of information requirements of external auditors
Each year the External auditors provide the council with its closedown working paper requirements. These are summarised below.

Investments (short and long term)

- Working paper identifying the analysis of investments held throughout the period reconciled to the balance sheet. This should also show the interest received on each investment and should reconcile to the Comprehensive Income and Expenditure statement.
- Full schedule of short and long term investments including market value and book value. An audit trail to prime documentation should be available.
- Third party confirmation of the closing balance for investments.
- Copies of the Treasury Management and Investment Strategies. Minutes showing approval of movement of investments where applicable and linked to financial instrument disclosures in the financial statements.
- Copy of investment register to show all amounts invested and interest received.
- Copy of working papers showing details of any discounts or premiums arising from early redemption of loans and associated accounting entries. Evidence to support the appropriate discount basis has been used, any statutory overrides and any posting to the Financial Instruments Adjustment Account.

External borrowing and capital controls

- Analysis of loans payable, finance leases and PFI obligations at 31 March reconciled to the financial ledger and statement of accounts.
- Details of transactions >£350k in the year (repayments and new loans). Supporting evidence should be available on demand.
- Working papers showing calculation of Capital Financing Requirement and the link to the Minimum Revenue Provision.

Financial instruments

- Working paper cross referenced to supporting schedules for loans and receivables, available for sale financial assets, unquoted equity investments at cost, financial assets at fair value (which have gone through profit or loss), financial liabilities at amortised costs, financial liabilities at fair value (which have gone through profit or loss) and any impairment losses.

- Evidence of interest rates disclosed in the note, along with total interest income and total interest expense, including any interest accrued on impaired financial assets.
- Evidence of review of departments for Financial Instruments disclosures (Guarantees, embedded derivatives, long term Receivables).

Investments in Icelandic banks

- Disclosure of estimation uncertainty. Working papers to support the basis for management's estimation of recoverability, including legal advice where relevant.

SCHEDULE H
TMP 8: Cash and cash flow management

The cash flow forecast for the council is prepared on a daily basis, with a forward forecast included for anticipated major receipts and payments in order to assist in investment decisions.

Cash Flow Forecast Procedure

A daily record of all inflows/outflows of funds is kept on a cleared balance record sheet. These sheets indicate the expected daily cash flow within the Council's two main bank accounts which are currently held by the branch office of the HSBC Bank plc., 8 Castle Gate, Clitheroe, BB7 1BB. They are known as:

- General account – Council's income
- Disbursement account – Council's expenditure

Each morning the following information on each of the Council's bank accounts can be obtained using the internet from HSBCnet (a separate system guidance note is kept up to date):

- **Cleared balance (Dr/Cr)** *This represents the opening cleared balance on each of the two bank accounts.*
- **Auto Credit Clearing (+)** *This represents the direct credits received by the council*
- **Auto Debit Clearing (-)** *This represents the direct debits payable by the council*
- **Float Details (+)** *This represents the cheques received by the council which are to be cleared on that day and the next*
- **Projected Balance at Close (Dr/Cr)** *This represents the estimated cleared closing balance on each of the two bank accounts. A daily automated transfer is carried out by HSBC between the general and disbursement account to cover all transactions on the disbursement account.*

By combining the information on each of the bank accounts a projected closing balance can be obtained. However, this projected balance figure will exclude any cash payments that have been banked by the council on the previous day. Therefore, the previous day's cash banking can be added to give a more accurate estimate of the Council's bank position. This is obtained from the Council's bank paying-in book, which is kept in the collection office.

An indication of whether a temporary investment or loan needs to be arranged can therefore be obtained from this estimated current bank position if surplus funds or a deficit of funds is indicated.

In addition to the previous day's cash banking, the previous day's cheques banking and details of online and electronic payments can be obtained from the collection office. A record of these figures is kept to indicate the items expected to clear in the bank account for the following two days. It should be noted that it can take up to five working days for cheques to clear.

Direct Credit Receipts

An anticipated direct credit figure can often be identified before the actual receipt date. The reason being that the majority of the direct credits received are generated either by ourselves or by grant payments. They can therefore be entered onto the cleared balance sheets as anticipated income on the particular day they are expected as an anticipated cash inflow. These are also then checked against actual income on the day of receipt.

These figures are generally obtained either from a written confirmation from a government department in respect of grants receivable, such as revenue support grant, or in-house from the sections for whom the credits are being generated. Examples of in-house generated items are processed direct credit receipts for such items as NNDR, council tax and sundry debts:

Direct Debit Payments

In a similar fashion to the direct credit receipts, the majority of the direct debit payments can be anticipated prior to the date of payment. Again, these are either generated by ourselves or are collected by external bodies as per an agreement, such as the LCC precept or PWLB repayments. They can therefore be entered onto the cleared balance sheets as anticipated expenditure on the particular day they become due for payment and can then be checked against the actual payment made. Examples of in-house generated items are salaries and trade creditor payments.

Payment scheduling and agreed terms of trade creditors

The direct credits and debits generated by the council are scheduled to occur on set dates, which move only in respect of bank holidays and weekends.

Direct debit payments

- Salaries and Members allowances: *15th day of the month*
- Trade Creditors: *every Monday*
- Benefit payments: *every Monday*
- Council tax refunds: *every Wednesday*

Direct credit receipts

- Council tax payments: the *last day of the month*
- NNDR payments: *28th of the month*
- Sundry debtor payments: *30th of the month*

The terms of payment for the council's trade creditors are generally within 30 days of receipt of invoice, unless specific terms have otherwise been agreed.

Banking of funds

All payments to the council must be paid in to the central collection office as soon as possible after receipt. Income is banked by the collection office on a daily basis using a third party contractor.

SCHEDULE I
TMP 9: Money laundering

Procedures for establishing identity/authenticity of lenders

The council does not accept loans from individuals

Methodology for identifying sources of deposits

In the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that are on its approved lending list. These will be authorised deposit takers under the Financial Services and Markets Act 2000. The FSA register can be accessed through their website on www.fsa.org.uk.

All transactions will be carried out by CHAPS for making deposits or repaying loans.

Proceeds of Crime Act 2002 (POCA)

The Proceeds of Crime Act 2002 imposes an obligation on any person or other body that undertakes a regulated activity as defined by the act to submit a Suspicious Activity Report to the National Crime Agency (www.nationalcrimeagency.gov.uk) if it knows or suspects that a person is engaged in, or attempting, money laundering.

The Money Laundering Regulations 2007

The money laundering regulations require all firms undertaking certain financial activities (see Schedule 1 of regulation) to apply risk-based customer due diligence measures and other steps to prevent your services from being used for money laundering or terrorist financing.

The Principal Auditor has been nominated the council's money laundering reporting officer and in their absence, the Head of Financial Services. The council will also train the following staff in being diligent to be alert for suspicious transactions: -

- treasury management
- collection office
- other staff as seen appropriate

Suspicious transactions will be investigated as far as the Council is in a position to do so or it is appropriate for the Council to do so, and if doubts remain, these transactions will then be reported to the National Crime Agency.

SCHEDULE J
TMP10: Training and qualifications

The Council recognises the importance that all treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a Performance Appraisal system which aims to identify the training requirements of any individual members of staff engaged on treasury related activities.

Additionally, training may also be provided on the job and it will be the responsibility of the Director of Resources together with the Head of Financial Services, to ensure that all staff involved in the service receives the necessary training.

Details of approved training courses

Treasury Management courses run by such bodies as CIPFA, money brokers, or other recognised bodies.

Training and qualifications of treasury staff

- Chief Executive - CIPFA Qualified
- Director of Resources – CIPFA Qualified
- Head of Financial Services – CIPFA Qualified
- Senior Accountant – Part CIPFA Qualified
- Accounting Technician – AAT Qualified

Training of those charged with governance

Training will be provided for those elected members sitting on the Policy and Finance Committee. Detailed explanations of all reports are given, as they are scrutinised by committee, by the Director of Resources in order to ensure full understanding.

SCHEDULE K
TMP11: Use of external providers

Details of contracts with service providers, including bankers, brokers, consultants and advisers

Bankers
Name of supplier of service is HSBC Bank plc.

Money-broking services
The Council will use money brokers for temporary borrowing and investment and long term borrowing. It will seek to give an even spread of business amongst the approved brokers. The brokers used are listed at schedule E – *TMP 5: Organisation, clarity and segregation of responsibilities, and dealing arrangements.* None of these services are under formal contacts and are used only on an ad-hoc basis.

Consultants'/advisers' services
The Council do not have any contracted services, or use, external consultants or advisers

Procedures and frequency for tendering services

Banking services

Banking services will be retendered or renegotiated every 3 years to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends. The current agreement is for the period 2018/19

SCHEDULE L
TMP12: Corporate governance

List of documents to be made available for public inspection

The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions. It has adopted the CIPFA Code of Practice on Treasury management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

The following documents are available for public inspection via Council website or in person:

- Treasury Management Policy Statement
- Treasury Management Strategy
- Annual Treasury Report
- Quarterly Monitoring Report
- Annual Statement of Accounts
- Revenue and Capital Budget
- Agendas and minutes of all committee meetings.

ANNEX 1

Treasury Management and Systems Document

Introduction

Ribble Valley has adopted a treasury management policy that regulates the framework for the operation, review and performance assessment of the treasury management function. This is in accordance with the Code of Treasury Management for Local Authorities, produced by the Chartered Institute of Public Finance and Accountancy. In accordance with the Code of Practice, a treasury systems document has been prepared as follows.

Cash flow record

A daily record of all inflow/outflow of funds is kept on a cleared balance record sheet These sheets indicate the expected daily cash flow within the Council's two bank accounts which are currently held by the branch office of the HSBC Bank plc., 8 Castle Gate, Clitheroe BB7 1BB. They are known as:

- General account – Council's income
- Disbursement account – Council's expenditure

Each morning, , the following information on each of the Council's bank accounts can be obtained by telephone link via the HSBC.net system (separate system notes kept):

- ***Cleared balance (Dr/Cr)*** – This represents the opening cleared balance on each of the two bank accounts
- ***Auto Credit Clearing (+)*** – This represents the direct credits received by Ribble Valley
- ***Auto Debit Clearing (-)*** – This represents the direct debits payable by Ribble Valley
- ***Float Details (+)*** – This represents the cheques received by Ribble Valley which are to be cleared on that day and the next
- ***Projected Balance at Close (Dr/Cr)*** – this represents the estimated cleared closing balance on each of the two bank accounts.

By combining the information on each of the bank accounts a projected closing balance can be obtained. However, this projected balance figure will exclude any cash payments that Ribble Valley has banked on the previous day. Therefore, the previous day's cash banking needs to be added to give a more accurate estimate of the Council's current bank position. This can be obtained from the Council's bank paying-in book, which is kept in the collection office. It is usually available at approximately 9.30an.

An indication of whether a temporary investment or loan needs to be arranged can therefore be obtained from this estimated current bank position if surplus funds or a deficit of funds is indicated.

In addition to the day's cash banking, the previous day's cheques banking and details of online and electronic payments can be obtained from the collection office. A record of these figures is kept to indicate the expected float items figure for the following two days. This can therefore be checked against the actual float details. It should be noted that it takes three working days for cheques to clear.

Direct Credit Receipts

An anticipated direct credit figure can often be identified before the actual receipt date. The reason being that the majority of the direct credits received are generated either by ourselves or by grant payments. They can therefore be entered onto the cleared balance sheets as anticipated income on the particular day they are expected as an anticipated cash inflow. These are also then checked against actual income on the day of receipt.

These figures are generally obtained either from a written confirmation from a government department in respect of grants receivable, such as revenue support grant, or in-house from the sections for whom the credits are being generated. Examples of in-house generated items are processed direct credit receipts for such items as NNDR, council tax and sundry debts:

Direct Debit Payments

In a similar fashion to the direct credit receipts, the majority of the direct debit payments can be anticipated prior to the date of payment. Again, these are either generated by ourselves or are collected by external bodies as per an agreement, such as the LCC precept or PWLB repayments. They can therefore be entered onto the cleared balance sheets as anticipated expenditure on the particular day they become due for payment and can then be checked against the actual payment made. Examples of in-house generated items are salaries and trade creditor payments.

Investments

In accordance with the Council's treasury management policy, any surplus funds identified on the cleared balance sheets can be invested.

The Council is in contact with three money brokers who act on our behalf.

Tullet Prebon (uk) Ltd

Sterling International Brokers

Martin Brokers plc.

The telephone numbers for each, together with a contact name, is kept with the records of current investments in the cash flow file (held by senior accountant).

Method for making an investment

Once surplus funds have been identified contact is made with one of the above to arrange for these funds to be invested.

Monies can be invested at the current interest rates applicable at the time, for various periods which range from call, two day notice, and seven day notice or for a fixed term to an agreed future date. It is usual that any monies invested with the money market, i.e. via the brokers, is left for a minimum period of a week. In addition to this restriction, any monies placed on the money market can only be recalled as a whole, i.e. the amount invested.

The period of investment will depend on the anticipated cash flow therefore any anticipated income and expenditure should be taken into account before the investment is made. It should be noted that the following notice is required for any repayment of monies:

- **Call:** *same day*
- **Two days:** *two working days' notice*
- **Seven days:** *seven working days' notice*
- **Fixed:** *as agreed*

Investment with a broker

Once a broker has been contacted with the details of the amount and notice period we require for the investment it can be placed "under reference" with this broker as well as an alternative broker. The broker that is first to succeed in placing the monies in accordance with our treasury management policy receives our business.

Details of the counter parties to whom our monies are being lent to be given by the broker and recorded on a temporary investment sheet, they include:

- Name of borrower;
- Borrower's bank details, including sort code and account number;
- Amount to be invested;
- Term of investment, i.e. call, fixed etc.; and
- Rate of interest payable by the borrower.

It should be noted that the interest rate is changeable other than fixed term investments.

Once details have been received an electronic fund transfer (EFT) can be made via the HSBC.net system (separate system notes kept). This transfers funds from our disbursements bank account to the counter party's bank account.

It should be noted that the Head of Financial Services and the Director of Resources (or in their absence the Chief Executive), needs to sign the authorisation sheet obtained from the HSBC.net system.

A "direct banking transaction" creditor voucher should be prepared to charge the investment amount to the general ledger fund.

Details of the investment should also be recorded in the investment register.

Investment with the HSBC bank money market

Another alternative method of placing surplus funds is with the money market team of our bank.

The procedure is as before with the exception that no EFT is necessary to our branch. A transfer is made from our disbursements account by FX system direct on the HSBC.net system. It should be noted that the Head of Financial Services and the Director of Resources (or in their absence the Chief Executive), sign the transaction sheet obtained from the HSBC.net system on the day the transaction takes place.

Investment with other banking institutions

Funds can be invested direct with other banking institutions. Funds can only be placed on fixed terms with these institutions. The minimum investment depends on the institution. Once terms have been agreed the procedure for transferring funds is as before.

Repayment of investments

If the investment needs to be repaid the necessary notice needs to be given to the particular counter party, either direct in the case of investments held by the various banking institutions or via the relevant broker if the investment was made on the money market.

All repayments should be made automatically on the relevant day direct to our general bank account. Investments made with the HSBC Bank can only be returned to the same account from which they were originally debited, i.e. the disbursement account. Therefore, a transfer is required between the two accounts (separate system notes kept). The HSBC.net system will indicate receipts received during the day by EFT. Therefore this should be checked on a regular basis until all funds have been accounted for.

The repayment date is recorded on the temporary investment sheet and in the investment register. The amount of interest due should be calculated and also entered on these records. Once the monies are credited to our bank account the collection office will credit these amounts to the relevant general ledger account code from the bank statements (they require the split between the principal and interest paid).

The internal audit section requires these completed records on a monthly basis to carry out a relevant audit.

Temporary loans

If a deficit cash balance is estimated on the cleared balance sheet it may be necessary to arrange for a temporary loan. This will depend on the deficit and the charges made by HSBC on the deficit as the council no longer has an overdraft facility. An agreed maximum limit for short-term borrowing is set annually.

Arranging a temporary loan

A temporary loan can be made via our brokers in a similar fashion to making an investment. Details of the counter parties are received by telephone from our brokers who arrange for the monies to be credited direct to our bank account. The branch office will usually confirm when the monies are received, if so requested. The monies will appear on the Council's bank statements and the collection staff will credit the amount to the appropriate general ledger code.

A record of the loan is made on a temporary loan sheet and in the loans register. A confirmation letter is sent direct to the counter parties confirming the loan details.

Repaying a temporary loan

Once there are sufficient funds available to repay the loan the relevant broker should be contacted to inform the counter parties of the repayment, as per the original agreed terms of the loan.

Interest due on the loan should be calculated and entered on the temporary loan sheet and in the loans register. The loan, including interest, can then be repaid by electronic fund transfer using the HSBC.net system.

A confirmation letter should be sent direct to the counter parties indicating how interest due was calculated, and a "no cheque" voucher for principal and interest to ensure the amounts are charged to the relevant general ledger account.

Final estimated cash balance

If a temporary investment is placed or repaid, and similarly if a temporary loan is received or repaid, a record of the transaction is made on the cleared balance sheet and added or deducted, as relevant, to give an estimated final cleared balance at the end of the day which can be compared with the opening balance on the following day.

Long-Term borrowing

Each year the Council's borrowing requirements are analysed and an appropriate borrowing strategy produced. This has to be approved by Policy and Finance Committee at the start of the financial year.

Generally long-term borrowing, which is classified as borrowing for a period of between 1-60 years, is normally only used to finance capital expenditure or replace maturing debt.

The Council currently has a policy that limits the methods of raising finance and an annual maximum limit for long-term borrowing. It is usual that long-term borrowing needs are met from the Public Works Loan Board (PWLB). This has been because PWLB interest rates:

- Are below money market rates;
- Loans are generally available for longer periods; and
- PWLB commission rates are minimal.

PWLB borrowing

Application for Loans

Applications should be made by telephone on 020 7862 6610 by staff previously nominated by the Director of Resources. The Council must submit its lists of names on a single form, Local Authority Authorisation form, available from the Board's website. (~~pwlb~~ DMO.gov.uk). Where nominations are to be refreshed a new, complete list of names is required. The form may also be used to nominate signatories authorised to notify details of a receiving bank account. The Board will not accept telephone business before 9.30am. or after 4.15pm. Calls are recorded for training and monitoring purposes. The terms of the loan and the rate of interest on a fixed rate loan – or the formula for a variable rate loan – will be agreed at the time and the advance made within 48 hours (excluding weekends and bank holidays)

Advances are made in accordance with the following timetable:

Agreement of Terms	**Day of Advance of Loan** (where no bank holiday intervenes)
Monday	Wednesday
Tuesday	Thursday
Wednesday	Friday
Thursday	Monday
Friday	Tuesday

At the time a loan is requested the Council is required to supply the following information:

- The borrowers number (the boards five-figure reference number)
- Then answer to the following questions –

i. Is this application within the relevant legislation and your council's borrowing powers?

ii. By when does the Director of Resources expect the loan to be entirely applied to expenditure? (The answer should be expressed in terms of the number of months from the point of application The response to this question should be agreed in advance with the responsible finance officer)

iii. Does the loan qualify for a concessionary rate?

The authorised dealer will then be asked to give the following details of the required loan:

- Applicable concessionary rate (as appropriate)
- Type of loan i.e. whether fixed or variable
- Repayment or amortisation method
- Sum required
- Date of final payment, which will coincide with a repayment date

- Where not apparent from the date of final payment: repayment dates, in the case of a fixed rate loan, or interest payment frequency, in the case of a variable rate loan
- Sort code and number of the receiving bank

All the above information is usually supplied by the Head of Financial Services who generally would make any application.

Staff from the Board's offices will telephone the local authority as soon as practicable after a loan has been agreed, and in any event within 24 hours (excluding weekends and bank holidays), to verify the details. In addition, the Board will send the authority a letter confirming the terms of the agreement; this will not be received until after the loan has been advanced.

Type of loans by interest rate

Two types of loan according to interest rate are available from the board:

- Fixed rate loans, on which the rate of interest is fixed for the life of the loan and interest is payable at half-yearly intervals;
- Variable rate loans, on which the rate of interest is variable at one, three or six monthly intervals. The interval is at the choice of the borrower but once chosen remains the same for the life of the loan.

Type of loans by method of repayment or amortisation

Fixed rate loans are repayable by one of three methods:

- Annuity or Equal Repayments (ER): fixed half-yearly payment to include principal and interest; or
- Equal instalments of Principal (EIP): equal half-yearly instalments of principal together with interest on the balance outstanding at the time; or
- Maturity: half yearly payments of interest only with a single repayment of principal at the end of the term,

Repayments are at half-yearly intervals, with an initial broken period as necessary

Variable rate loans are repayable by one of two methods:

- EIP: equal monthly, quarterly or half-yearly instalments of principal together with interest on the balance outstanding at the time; or
- Maturity: monthly, quarterly or half-yearly payments of interest only with a single repayment of principal t the end of the term

Repayments are at one, three or six monthly intervals from the date of advance at the borrower's choice

Interest rates

Interest rates are determined by the UK debt Management office (DMO) in accordance with methodologies agreed with HM Treasury under section 5 of the National Loans Act 1968. The rate of interest charged on the advance of a fixed rate loan, the discount rate applied to the repayment of such a loan, and the formula for a variable rate loan, is that agreed at the time of application. Variable rates are published at 9.30 a.m. each day. HM Treasury reserves the right to make further, unscheduled intra-daily rate changes, or alter the formula methodology or formula for variable rates, as necessary. The interest rate notice in force and past rates are displayed on the Board's website.

Loan periods and repayment dates

An authority may choose the final repayment date for any loan within the following limits:

		Minimum period (years)	Maximum period (years)
Fixed rate loans	Maturity	1	50
	Annuity or EIP	2	50
Variable rate loans	Maturity	1	10
	EIP	2	10

Advance of loans

The amount of advance, after deduction of the Board's fee will be transmitted to the Council's designated bank account by automated credit transfer. A schedule of the loan agreement will also be supplied, the details of which should be checked against the application and then entered onto the spreadsheet of PWLB loans (separate system notes available).

Fees

The fees payable by the council in respect of advances from the board are:

- Fixed rate loans – 35p for every £1,000 or part of £1,000
- Variable rate loans – 45p for every £1,000 or part of £1,000
- Minimum fee - £25

Reconciliation

A monthly reconciliation is made between transactions in the general ledger and transactions recorded in the investment and loans register and PWLB spreadsheet.

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 7

meeting date:	20 MARCH 2018
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 (MTFS) for the period 2018/19 to 2021/22.

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 need. To meet the objective within this priority, of maintaining critical financial management controls, ensuring the authority provides council tax payers with value for money.
- Other Considerations – none identified.

2 BACKGROUND

2.1 The purpose of the MTFS is to pull together in one place all known factors affecting the financial position and financial sustainability of the council over the medium term. It balances the financial implications of our objectives and policies against the availability of our resources to support them.

2.2 The MTFS is the Council's key financial planning document and aims to provide an assurance that our spending plans are affordable over the Medium Term (2018/19 plus 3 years).

2.3 The MTFS allows the council to take budget and investment decisions in the shorter term, but with the availability of information on our future financial position. It is then possible to assess how these decisions may impact on our financial stability.

3 MEDIUM TERM FINANCIAL STRATEGY

3.1 The attached MTFS is split in to two sections. The first part provides details of the last forecast position that committee considered in September 2017 and also provides the current contextual background from both a local and national perspective. The first section also explains our key areas of income and expenditure and the position on the capital programme.

3.2 The second part of the MTFS covers the details that have previously been submitted to the government with regard to our Efficiency Plan and also looks at the latest forecast medium term revenue position. Furthermore the MTFS looks at the risks and sensitivity surrounding the forecast and explains the financial management arrangements that we have in place.

3.3 The MTFS forms an integral part of the council's financial planning process and whilst it is a document produced by the finance team, it is important that it is understood and recognised by all staff and members across the council. Financial forecasting and monitoring is integral to the provision of our services.

4 BUDGET WORKING GROUP

4.1 The attached MTFS has been reviewed and considered by the Budget Working Group at their meeting on the 14 February 2018.

4.2 There was discussion on the various sections of the MTFS and the Budget Working Group fully endorsed the MTFS document as attached at Annex1 and recommended it for approval by Policy and Finance Committee.

5 CONCLUSION

5.1 The MTFS has been produced and is attached at Annex 1. This includes the implications of the latest budgets for both revenue and capital.

5.2 The MTFS has been considered by the Budget Working Group and has been fully endorsed at their meeting on 14 February 2018.

6 RISK ASSESSMENT

6.1 The approval of this report may have the following implications

- Resources: This document does not commit any current or future budgets and is used as a forecasting tool
- Technical, Environmental and Legal: none identified
- Political: none identified
- Reputation: sound financial planning safeguards the reputation of the council
- Equality and Diversity: Equality and diversity issues are considered in the provision of all council services

7 RECOMMENDED THAT COMMITTEE

7.1 Approve the Medium Term Financial Strategy for 2018/19 to 2021/22.

HEAD OF FINANCIAL SERVICES DIRECTOR OF RESOURCES

PF24-18/LO/AC
5 March 2018

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No

meeting date: 20 MARCH 2018
title: MEDIUM TERM FINANCIAL STRATEGY
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

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7 RECOMMENDED THAT COMMITTEE

7.1 Approve the Medium Term Financial Strategy for 2018/19 to 2021/22.

HEAD OF FINANCIAL SERVICES DIRECTOR OF RESOURCES

PF24-18/LO/AC
5 March 2018

Medium Term Financial Strategy

2018/19 to 2021/22

Ribble Valley Borough Council

www.ribblevalley.gov.uk

Contents

PART 1

CONTEXT AND CURRENT POSITION

Introduction

The Strategy

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 (the next financial year plus 3 years).

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.

The financial strategy includes a three-year budget forecast (current/new financial year plus 3 years) that is reviewed biannually. 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.

This strategy covers the period 2018/19 to 2021/22 and sets out the resource issues and principles that shape the council's budget.

The capital programme is included to the year 2022/23 which is the final year of the current five-year capital programme.

Local Policy

The council's Corporate Strategy provides the overall direction for the medium term financial strategy and the annual budget.

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.

The council's Vision continues to be that we aim to ensure that the Ribble Valley is:

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.

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.

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 wellbeing of the Borough whilst safeguarding the rural nature of the area.

The role of the council's financial planning process is to support the achievement of the council's Corporate Strategy.

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.

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.

Priority 1	Priority 2	Priority 3	Priority 4	Priority 5
To ensure a well-managed council providing efficient services based on identified customer needs.	To sustain a strong and prosperous Ribble Valley.	To help make people's lives safer and healthier.	To protect and enhance the existing environmental quality of our area	To match the supply of homes in our area with the identified housing needs

Our Financial Position in September 2017

Financial resources across local government are decreasing and the council is seeing pressures from the perspective of both revenue and capital.

The council has already approved and submitted to the government how it is looking to fill the funding gap within the summary forecast position below. This was provided as part of the Efficiency Plan that was submitted in order to secure the four-year finance settlement and provides our plan to:

- Encourage growth in our taxbase
- Encourage business expansion and enterprise in our area
- Continue to deliver cost effective and efficient services
- Review the major sources of income available to the Council

Prior to the development of this strategy our Policy and Finance Committee have been informed of our forecast position over the coming years through a budget forecast covering the period 2018/19 to 2020/21.

This was based on a number of assumptions and highlighted a sizeable amount of savings to be found in order to reach an affordable and achievable budget.

Over the period, savings would be required of:

- £774,059 for 2018/19
- £956,274 for 2019/20
- £674,027 for 2020/21

These are expressed on an assumption that any savings in each year are one-off and non-recurring. Therefore, as an example, should recurring savings be found in 2018/19 of £500,000 then the required savings to be found in each subsequent year would be reduced initially by that same £500,000, being recurring in nature.

Our Financial Position in September 2017

Table 1 – Summary of Budget Forecast 2018/19 to 2020/21 (September 2017)

	2017/18 Forecast £	2018/19 Forecast £	2019/20 Forecast £	2020/21 Forecast £
Net Expenditure	**6,381,670**	**7,093,925**	**7,279,164**	**7,043,865**
Interest Receipts	-15,660	-20,000	-25,000	-70,000
Use of Superannuation Reserve	-36,512	-36,512	-36,512	-36,512
Rural Services Grant	-86,603	-66,618	-86,603	-86,603
Use of Business Rates Growth	-275,514	-275,514	-275,514	-275,514
Use of New Homes Bonus	-793,079	-793,079	-793,079	-793,079
(Use of)/Contribution to Balances	-250,000	-250,000	-250,000	-250,000
Savings Required	**0**	**-774,059**	**-956,274**	**-674,027**
Budget Requirement	**4,924,302**	**4,878,143**	**4,856,182**	**4,858,130**
Core Government Funding				
Revenue Support Grant	-304,319	-109,149	108,866	250,000
Transition Grant	-20,345	0	0	0
Business Rates Baseline	-1,264,824	-1,305,517	-1,351,954	-1,342,771
Collection Fund Deficit/(Surplus)	-59,557	-25,000	-25,000	-25,000
Precept	**3,275,257**	**3,438,477**	**3,588,094**	**3,740,359**
Based on Taxbase:	22,481	22,818	23,046	23,277
Band D Council Tax	**£145.69**	**£150.69**	**£155.69**	**£160.69**
Based on Projected Council Tax increase:	0%	£5 max	£5 max	£5 max

The above budget forecast was based on a number of assumptions as shown below:

- Annual Pay increases were assumed at 2% per annum
- General Inflation in line with Bank of England target of 2% over the forecast period
- Investment interest assumed a gradual increase from 0.25%
- Same level of usage of New Homes Bonus and Business Rates Growth as used in the current financial year.
- Council Tax increase of £5 – this would ultimately be a decision for members at the time of setting the budget
- Full loss of cost sharing income (£430K)
- Planning Fee income was increased by 20% in line with Government promises (£109K). A corresponding amount of expenditure was also brought in as required by the government.
- Expenditure in respect of a new Director of Economic Development and Planning was included (£110K)
- Assumption that any further growth would be met by corresponding savings, in line with past policy
- Use of General Fund Balances set at £250K
- A 1.5% increase to the taxbase for 2018/19, with 1% allowed thereafter
- Council Tax surplus assumed each year of £25K

The above forecast, which was reported to Policy and Finance Committee in September 2017, forms the base position in arriving at the proposals in this strategy and summarised in the section 'Forecast Revenue Position'.

National Pressures

UK Economy

The UK economy is currently benefiting from an increase in growth across the developed world. This is seen as the final recovery from the 2008 financial crisis. The UK recorded its fastest rate of growth in the last three months of 2017.

Consumer spending has fallen as a consequence of weak wage growth and the fall in the value of the pound in the aftermath of the EU referendum, which drove up the cost of imports. However, the National Institute of Economic and Social Research said the weaker exchange rate and buoyant global demand for goods and services was helping to rebalance the economy away from domestic growth and towards stronger export growth.

With inflation expected to fall in 2018 it is hoped that this may mean a growth in consumer spending. The National Institute of Economic and Social Research expect the Bank of England to raise interest rates by 25 basis points every six months from May up to 2%.

Recent announcements by the Bank of England also point towards a likely 0.25% increase in base rate in May, with another to follow in autumn.

Global growth has helped to keep the UK economy buoyant. Without global growth it is thought that UK economic growth would have been around 1.2% rather than the 1.8% that has been seen.

Brexit remains a key uncertainty to the UK economy, particularly if talks fail.

The key impacts on this council of the above items are in respect of any new future borrowing, but conversely we may benefit from increased investment income. Past weak wage growth, particularly in the public sector, is likely to impact on the council and this is materialising in the current negotiations on the 2018/19 and 2019/20 pay award.

Strength/Weakness of the Pound

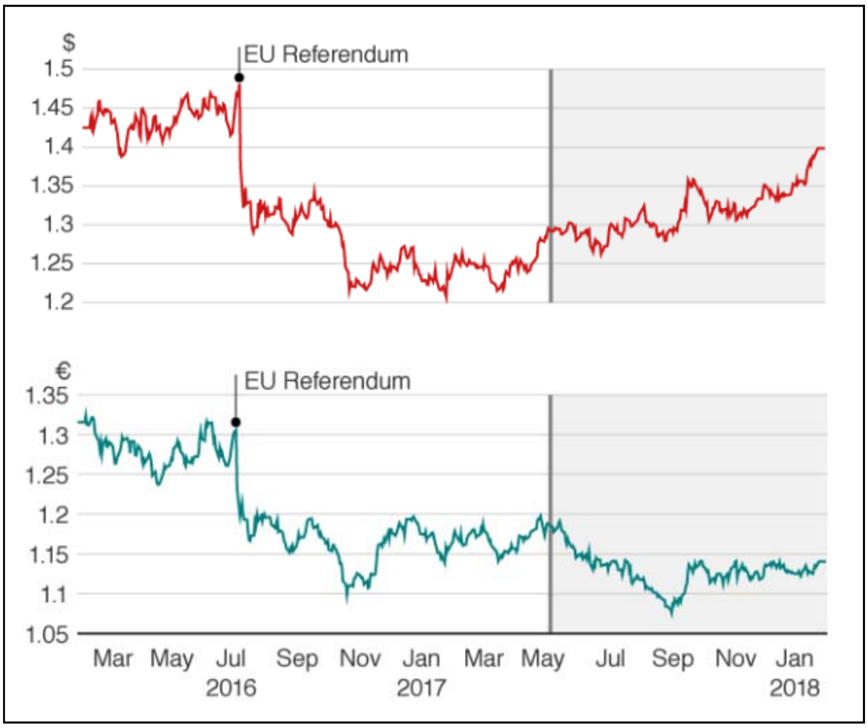
The vote to leave the European Union has resulted in a fall in the strength of the pound. This has led to an increase in inflation, impacting on incomes and consumer spending.

This reflects the market's expectations that a weaker pound will be necessary to offset the loss of competiveness resulting from a less open trading relationship between the UK and the EU.

In the Autumn Statement 2017 the value of the pound was still around the level seen at the Spring Budget 2017, but was around 10% below the level seen in the first half of 2016.

More recently the pound has risen quite strongly against the dollar, but remained largely flat when compared to the Euro. Analysts believe this largely to have been helped by falls in the dollar and also a rethink by some investors about the UK's economic prospects and optimism about the UK's chances of securing a deal under Brexit talks.

Table 2: The Pound Against the Dollar and Euro



The pound has seen a steady recovery in recent months, which benefits UK tourists visiting the US and could bring down the cost of imports.

The main impact on the council is through the purchase of ICT related products and licences. The previous trend of a strong dollar against the pound since the EU referendum had resulted in an increase in these costs due to the poor exchange rate. This trend now appears to be reversing; the fall in the value of the dollar against the pound should now reduce these costs to the council.

The price of a barrel of oil has also reduced following the fall in the value of the dollar, which may result in lower fuel prices. However, as there are many other external factors which directly and indirectly affect the price of oil, such as production levels and demand, there is no certainty that this fall in price will feed through to our fuel costs.

Brexit

When the UK leaves the EU, it is unclear as to how the UK's contribution to the EU will be affected – they may cease altogether or continue at a different amount. There are therefore many uncertainties around future substitute spending of these monies; however there are a number of promises that have been made.

Negotiations are now focusing upon a transition period which will continue to allow free trade between the UK and EU and also focus on future relations between the EU and UK. The UK is due to leave the EU at 11pm on 29 March 2019.

Following the decision to leave the EU net inward migration has fallen; this is in part as a result of the fall in the value of UK wages in prospective immigrants' home currencies following the fall in the value of the pound.

The fall in the pound prompted by the vote has led to an increase in inflation, with CPI inflation at 2.7% in December 2017.

Looking more widely, the potential impact which the vote for Britain to leave the European Union may have on councils (and indeed on the economy as a whole) is unclear. In the medium term there are likely to be both positive and negative impacts, but for the immediate future there is an increased level of uncertainty. Potential areas of impact include employment law and procurement regulations.

Interest Rates

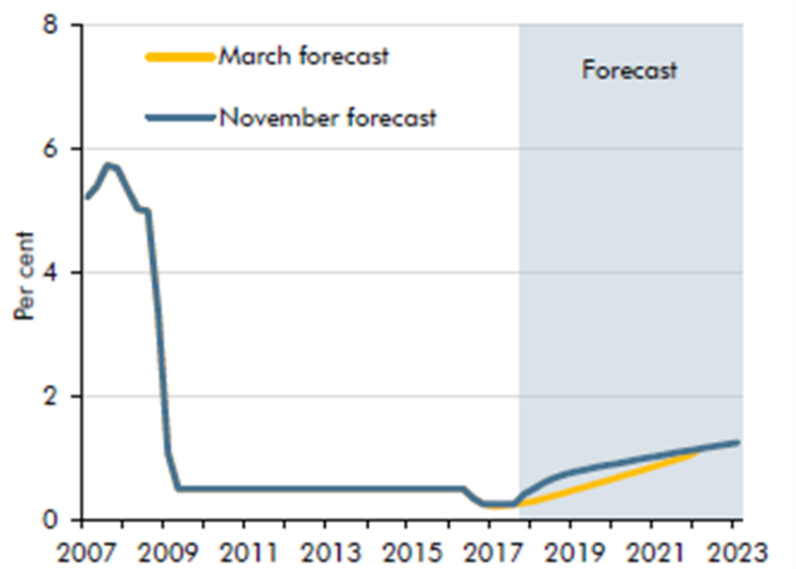
In November 2017 the Bank of England increased interest rates from 0.25% to 0.5%, the first increase since 2007. The previous change was a reduction to 0.25% from 0.5% in August 2016.

In its November 2017 Economic and Fiscal Outlook the Office of Budget Responsibility (OBR) expected interest rates to rise slowly, with markets expecting Bank Rate to reach 1.25% in five years' time, an increase of only three further quarter-point rises from the Bank Rate announced in November 2017 by the Monetary Policy Committee.

More recently, following announcements by the Bank of England, some financial analysts think a rise in the Bank's base rate from 0.5% to 0.75% in May is now much more likely, with another one expected to follow in the autumn.

As previously mentioned, the National Institute of Economic and Social Research expect the Bank of England to raise interest rates by 25 basis points every six months from May up to of 2%.

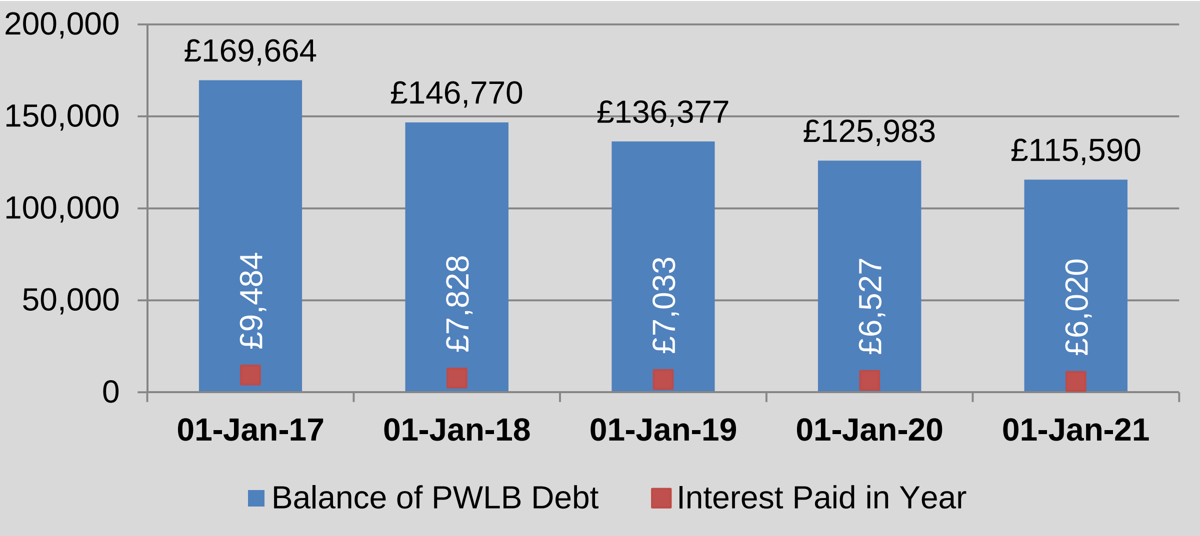
Table 3 – OBR Bank Rate Forecast Comparison



Source: Bank of England, Datastream, OBR

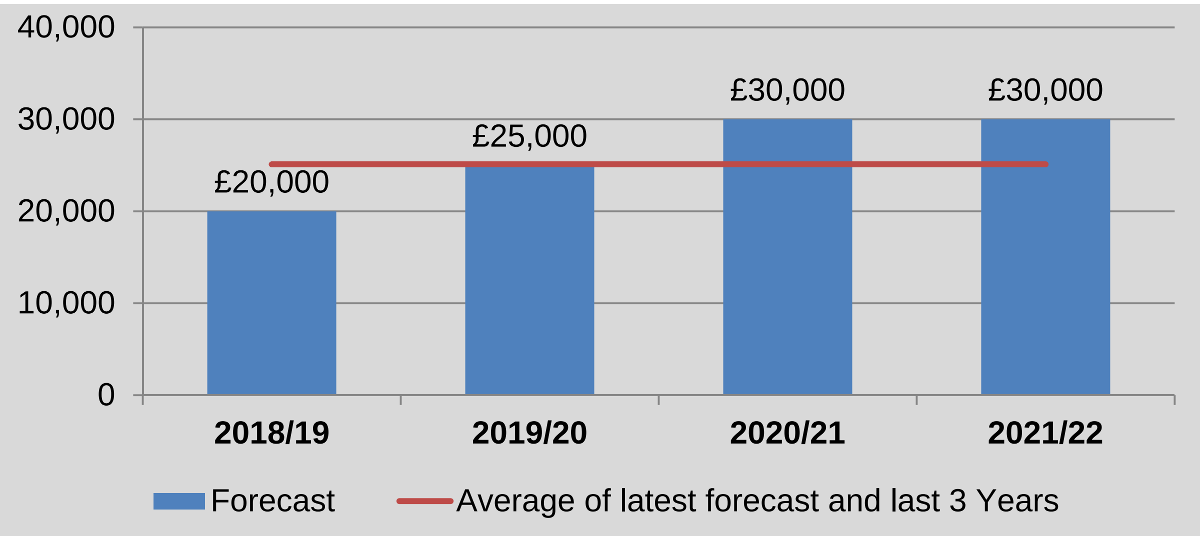
The increase in interest rate has no effect on the interest payable on the council's long term loan debt from Public Works Loan Board (PWLB), which is all at fixed interest rates. The table below shows the level of external interest payable on our debt over the life of this strategy together with details of the level of debt outstanding at each year end. This assumes no further borrowing over that time period and a continuation of our existing repayment plans.

Table 4 – Interest Payable and Year End Balances of PWLB Debt



However, any increase in the bank base rate will result in an increase in income from our temporary investments. Our forecast of interest receivable over the life of this forecast is shown in the table below. Also shown in the table is the average of the current year forecast and last three years receipts.

Table 5 – Forecast Interest Receivable 2018/19 to 2021/22



Local Pressures

Waste Management

One of the major funding issues for this council is the impact of the withdrawal of cost sharing funding by Lancashire County Council from 2018/19 onwards. This is a substantial amount of funding equating to £430,000 per annum. The ethos of this funding was that it was to support the provision of recycling activities as part of the refuse collection services, enabling the diversion of waste from landfill.

There has been substantial consideration of options available to the council and its residents as a result of the withdrawal of this funding. These have included:

- Charging for green waste collection;
- Options for dealing with mixed paper and cardboard;
- Changes to refuse and recycling collection frequency;
- Alternative arrangements for the recycling of our recyclable/compostable waste streams; and
- Mothballing of the waste transfer station.

Out of the above, charging for green waste has been an area of serious consideration. At this stage the council is minded not to bring in charges for green waste due to other budget funding options that may potentially be available for the medium term, however this position may be reviewed.

Planning

An influx of planning applications over past years has seen substantial amounts of income from planning application fees. The implementation of the Core Strategy and the continuing work on the local development plan has seen the level of budgeted planning fee income fall in 2017/18 and 2018/19.

This reduced level of planning fee income is anticipated to continue at current levels. However, conversely the impact of planning appeals and associated costs on our expenditure and reserves is now expected to dramatically fall, as has been seen in the 2017/18 financial year.

However, continuing work on the local development plan and the ongoing refreshing of the Core Strategy will have its own potential associated costs, which are not included within the base budget and will be subject to further consideration by management team and members.

Economic Development

The council now have a newly created Economic Development Committee which is principally tasked with matters concerning the promotion of economic development throughout the Borough.

Furthermore, we are in the process of reorganising the council's planning, housing and economic development departments into one directorate. Approval has also been given for the appointment of a Director of Economic Development and Planning charged with leading a team focused on growing the local economy and this is part of a number of initiatives towards economic growth.

The aim of these two areas of change is for the council to be the catalyst that drives the local economy, maximises local enterprise and creates jobs for new and existing residents of Ribble Valley.

With overall government funding falling and various consultations on business rates retention it is hoped that the changes to our committee and organisation structure can help build on our excellent economic development work of the past. Through increased economic development it is anticipated that we will be able to build on the business rates growth that has been experienced in recent years.

We are looking to create more industrial estates and increase the borough's retail, leisure and hospitality offering to match the continuing increase in our population. As part of this we will continue to work on the Clitheroe market area redevelopment and help to boost the tourism offer within the borough.

Rurality

The provision of services within such a rural borough comes with its own unique challenges and are exacerbated by the segmentation of the borough by rivers which each have limited crossing points.

Furthermore, we have a large number of rural communities with limited bus, rail and other transport links which lead to rural isolation and associated issues for both service provision and also for the well-being of our residents.

There has been some recognition by the government of the increased cost pressures for rural local authorities such as ourselves following much lobbying led largely by SPARSE-Rural/Rural Services Network.

In the local government finance settlement for 2018/19 the government has recognised that cost pressures associated with service delivery in rural sparse areas and have maintained the level of Rural Services Delivery Grant in 2018/19 at that received in 2017/18. This grant is one of those intended to be funded through proposed changes to retained business rates changes from 2020/21.

The funding baselines for local authorities, as determined by the local government finance settlement, are based on an assessment of local authorities' relative needs and resources. The methodology behind this assessment was introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013/14.

The government are now consulting on a review of relative needs and resources under the 'Fair funding review: a review of relative needs and resources - Technical consultation on relative need'. The Government is working towards an implementation date for the review of 2020/21.

Housing

Whilst we are included in the top quartile of local authorities on the basis of the super-sparsity indicator (which ranks authorities by the proportion of the population which is scattered widely), as previously mentioned there has been a large influx on planning applications in past years.

Some of these approved applications are now coming to fruition with some substantial developments having started in the last 12 months.

As these new developments start to be populated over the next few years there will be a gradual increased burden on our existing service level provision. Whilst an increase in housing will see additional council tax being collected, only 9% is currently retained by this council.

Local Pressures

The New Homes Bonus is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas.

It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.

Changes introduced in 2017/18 will mean further reductions to the level of New Homes Bonus receivable in 2018/19, at a time when the impact of large increases to housing from past successful planning applications is beginning to be felt.

Increased housing also has other impacts on local infrastructure, and we will continue to maximise on our ability to exercise Section 106 agreements to help fund infrastructure provision and also to help ensure affordable housing is provided. With 2018/19 being the start of the five-yearly review of the council's core strategy we will also consider the adoption of the community infrastructure levy on newly-built homes

Demographics

The largest demographic pressure comes from the age structure of the borough. We have a higher than national and regional average population over the age of 60 and also have the added pressure of our younger people leaving the borough in search of work and affordable housing.

Through the continuing work on economic development we hope to create more opportunities for our younger people and through the use of our Section 106 agreements ensure the provision of affordable housing to allow them to stay within the borough.

As previously highlighted, rural isolation exacerbates the issues faced by our ageing population and also adds to the problems faced by our younger population who may need to travel out of the borough for work, but due to transport infrastructure find it difficult or unaffordable to stay.

Through an ageing population we see a higher instance of residents that have a disability, who experience mobility issues, or who suffer from a mental health disorder such as dementia.

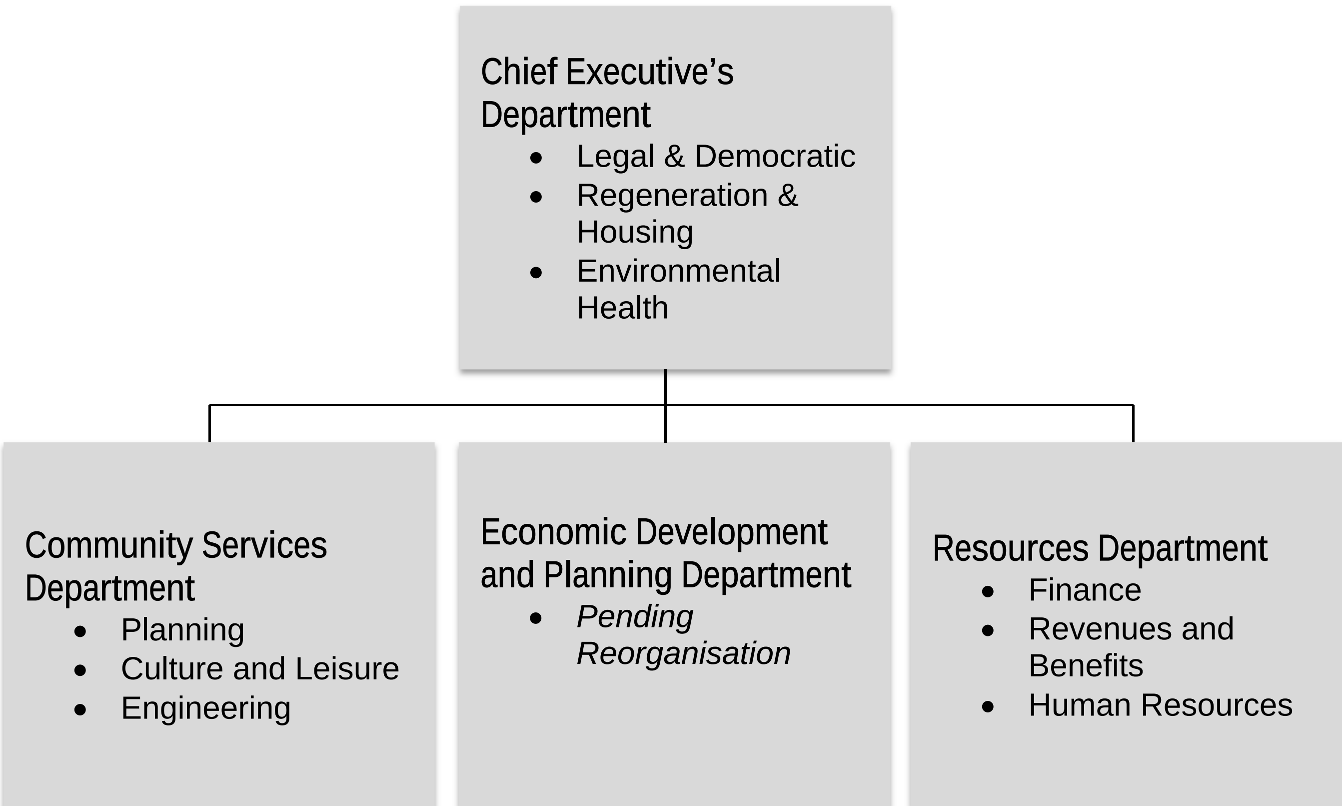
There is a difficult balance to be made in the provision of our services as we strive to ensure equal access for all. We must ensure that our services are provided in the best way to meet our resident's needs.

Workforce

Organisational Structure

The organisational structure of the council is headed by the Corporate Management Team which consist of the Chief Executive, Director of Community Services, Director of Resources and the yet to be appointed Director of Economic Development and Planning. Each member of the Corporate Management Team has responsibility for one of the council's 4 departments. However, pending restructuring for the new Economic Development and Planning Department, staff currently sit only within the three departments of Chief Executive's Department, Community Services Department and Resources Department.

Table 6 – Organisational Structure as at 1 January 2018

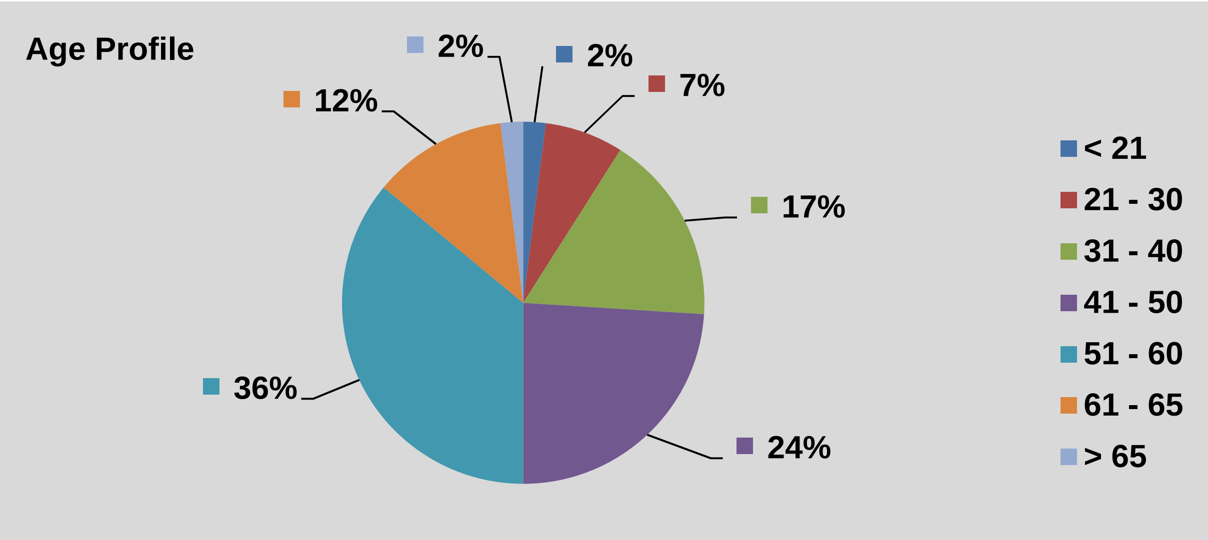


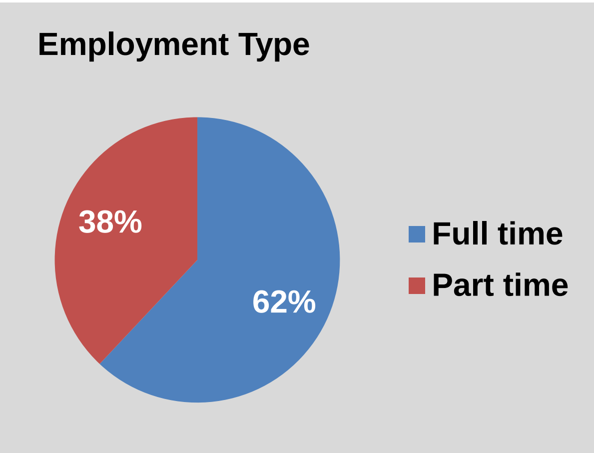
As at the 1 January 2018 the council employed 234 members of staff. The overall establishment consisted of 235 posts, of which 15 were vacant posts at 1 January.

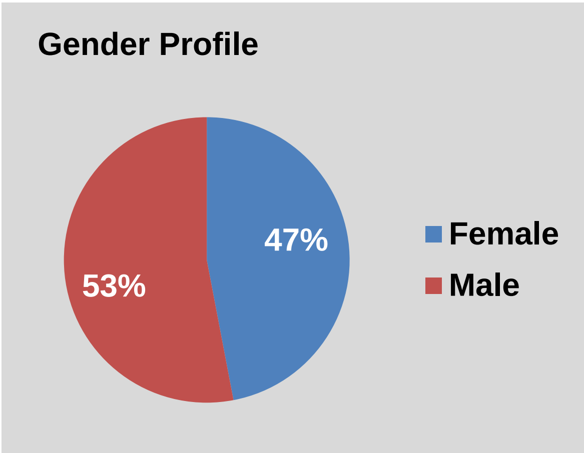
Workforce Demographics

The tables below provide some information on the profile of our employees as at 1 January 2018.

Table 7 – Workforce Demographic as at 1 January 2018







Comparing this to the national picture for local government, the council is similar in terms of the level of percentage male/female employees. Looking at all Shire Districts, the comparators for part time/full time employment are 36% and 64% respectively (38% and 62% for Ribble Valley BC).

Slightly less comparable is the gender profile, with the Female/Male percentages being 53% and 47% respectively for all Shire Districts (47% and 53% for Ribble Valley BC).

Employee Costs

As with most of local government, our highest element of cost is employee costs. This element falls between direct employee costs (pay) and indirect employee costs (such as training costs).

The table below shows a summary of the pay costs of the council and how these have been forecast.

Table 8 – Forecast Direct and In-Direct Employee Costs

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Direct Employee Costs				
Base	6,281	6,491	6,686	6,820
Savings	-83	0	0	0
Growth	91	0	0	0
Inflation rate	2.00%	3.00%	2.00%	2.00%
Inflation	127	195	134	136
Contingency	75	0	0	0
Forecast Direct Employee Costs	**6,491**	**6,686**	**6,820**	**6,956**
In-Direct Employee Costs				
Base	156	172	178	181
Savings	-2	0	0	0
Growth	15	0	0	0
Inflation rate	2.00%	3.00%	2.00%	2.00%
Inflation	3	5	4	4
Forecast In-Direct Employee Cost	**172**	**178**	**181**	**185**
Total Forecast Employee Costs	**6,664**	**6,864**	**7,001**	**7,141**

Within the forecast direct employee costs is an allowance for staff turnover within the year to allow for the potential reappointment on lower pay points and any gap before reappointment. Each vacancy that arises in year must also be fully considered by the corporate management team through a ‘request to reappoint’ made by the relevant head of service which includes any considered alternatives for the post.

Being the highest element of cost this is an area that has seen past restructuring in order to achieve savings on the corporate budget. A service review was completed in 2011 which achieved substantial savings of £635,160 in 2012/13 and onward. This was the second phase of the review of the Council structure, the first of which was completed in 2010 and was the review of senior management. The first phase of the structure review achieved savings averaging £108,000 per annum over five years.

The Savings that are shown are in respect of the payments of current service pension contributions by the council. After the 2017/18 budget had been set, the council negotiated a prepayment option for its contributions to the pension scheme, this achieved savings on the existing arrangements of just over £30K for a full year.

The next triennial pension fund actuarial revaluation will take place in 2019 and impact the 2020/21 financial year onwards. As the last actuarial revaluation in 2016 has only just impacted on the 2017/18 financial year there have been no implications forecast at this point in time for the 2019 actuarial revaluation as there is too much uncertainty at this stage to forecast anything meaningful.

The Growth shown in the table above reflects a more recent structure review with the creation of a new directorate of Economic Development and Planning. Whilst an increase in budget cost is shown here under workforce costs, this is a reflection of a policy change which is anticipated to deliver economic growth to the borough and with it potentially an increase in retained business rates income. At this stage the full restructuring has not taken place with staff remaining in their existing departments. However, once this full restructuring takes place the result will be cost neutral with no further staff to be recruited above the existing establishment list.

Staff and Member Training

Within indirect employee costs falls training costs. These budgets are a mix of decentralised service training budgets and also a centralised corporate training budget.

Decentralised service training budgets provide for professional training or role specific training, whilst the centralised corporate training budgets provide for themes of training need that are identified across the organisation as a whole. The centralised training budget also provides for member training.

The forecast for training budgets for 2018/19 is shown below and for future years are forecast to increase year on year by 2%:

- Decentralised: £45,850
- Centralised: £15,540

Inflation

Consumer Price Index

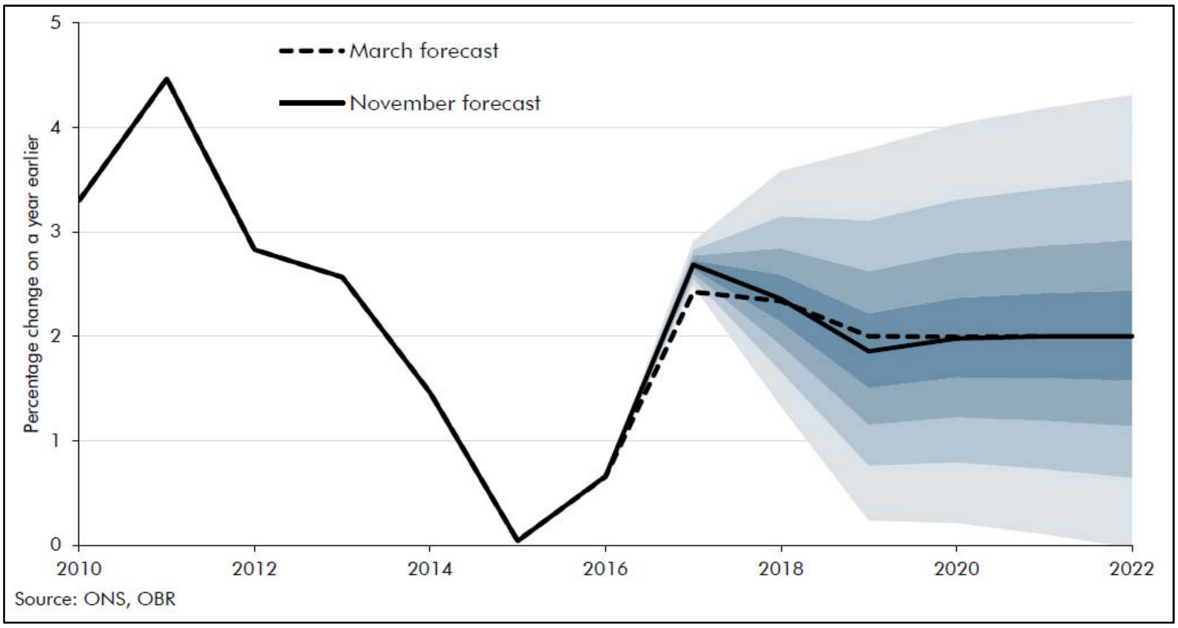
Annual CPI inflation for the third quarter of 2017 was 2.8%, 0.2 percentage points higher than the OBR's March 2017 forecast and expected to peak at 3.0 in the final quarter. The fall in the pound has resulted in higher import price inflation.

The Office of Budget Responsibility predicts CPI inflation to reach 2.4% in 2018, exceeding the Government's target of 2%. The rate is expected to drop slightly below the government target to 1.9% in 2019 and then remain at 2% in the years 2020 – 2022. The OBR forecast assumes that the Bank of England will bring CPI inflation back to the 2% target over the medium term, consistent with the Chancellor's remit to the Monetary Policy Committee (MPC).

The fan chart below illustrates the range of possible outcomes that may be expected if past official forecast errors were a reasonable guide to the future. It also shows that the revisions to the OBR inflation forecast since March are small in comparison to historical differences between forecasts and outturns.

The solid black line shows the OBR's median forecast, with successive pairs of lighter shaded areas around it representing 20% probability bands.

Table 9 – Consumer Price Index (CPI) Inflation Fan Chart



Source: ONS, OBR

CPI inflation is used by the Government to index many tax allowances and thresholds, and to uprate benefits and public sector pensions.

For this council one of the main impacts of CPI inflation is on business rates. From April 2018, business rates will rise in line with the lower Consumer Prices Index (CPI) measure of inflation and not the Retail Prices Index (RPI) as was previously the case. They would have been due to increase in April 2018 in line with September's RPI of 3.9%, while CPI was 3% that month.

This will result in lower business rates for many businesses and will inevitably be good for economic development in the area. As a government policy the council will not directly lose out under Business Rates Retention as we will be compensated for the move under Section 31 Grants.

Retail Price Index

RPI inflation is no longer a National Statistic, as it falls short of agreed international statistical standards. The Government does still use it to calculate interest payments on index-linked gilts, student loan payments and the review of excise duties.

RPI inflation averaged 3.8% in the third quarter of 2017, 0.1 percentage points below the OBR’s March forecast. The main components to this being:

- a lower house price inflation forecast, which feeds into the housing depreciation component of RPI inflation; and
- a lower path for growth in the mortgage interest payments component of RPI inflation, due to lower paths for mortgage rates and mortgage debt.

Table 10 – Retail Price Index (RPI) Inflation

Whilst RPI does not now particularly impact on the council, RPIX is used as an alternative around contract pricing. RPIX includes all the items included within RPI but excludes mortgage interest payments. The council uses the annual increase in RPIX to uprate the value of some of its contracted services, for example, CCTV monitoring and road sweeper hire.

Employee Costs

On the 5 December 2017 National Employers made a final pay offer covering the period 1 April 2018 to 31 March 2020. At the time of the development of this strategy the pay offer had been turned down by the Unions and no agreement reached.

As a consequence the budget for 2018/19 has been prepared on the basis of a 2% increase, but with a contingency of £75,000 based on the National Employers final pay offer referred to above, and detailed below

1 April 2018 ('Year One'):

- **Bottom-Loading on SCPs 6-19 incl**
  The Employers considered it was necessary for higher increases on the lower pay points in order to continue to close the significant gap with the National Living Wage (NLW). Therefore this part of the offer would result in a new bottom rate of £8.50 per hour on SCP6
- **Increase on SCPs 20 and above**
  A flat-rate increase of 2.0%

This first year of the pay offer would increase the national paybill by 2.707%

1 April 2019 ('Year Two'):

- The Employers agreed that the bottom rate of the new pay spine should not be pegged to the National Living Wage rate but should allow for some 'headroom'. Therefore the offer is for a bottom rate of £9.00 per hour
- In order to deal with the compacting of differentials at the lower end of the spine it is proposed that the existing bottom twelve pay points are 'paired off' into six new pay points.
- To further dilute the impact of compacting the lower pay points, the offer includes 'ironing out' the current random gaps between pay points and having even increments of 2.0%
- From new SCP23 onwards, a flat-rate increase of 2.0% and retention of the current random differentials

This second year of the pay offer would increase the national paybill by 2.802%

The total increase to the national paybill over the two-year period would be 5.584%

Energy Costs

The Council procures it gas and electricity supplies through a framework agreement using a purchase in advance option. This means that the estimated units of usage are purchased 12 months in advance of actual use. Therefore any current fluctuations in prices within the utilities market will not impact upon the council for another 12 months, when the units purchased now are consumed.

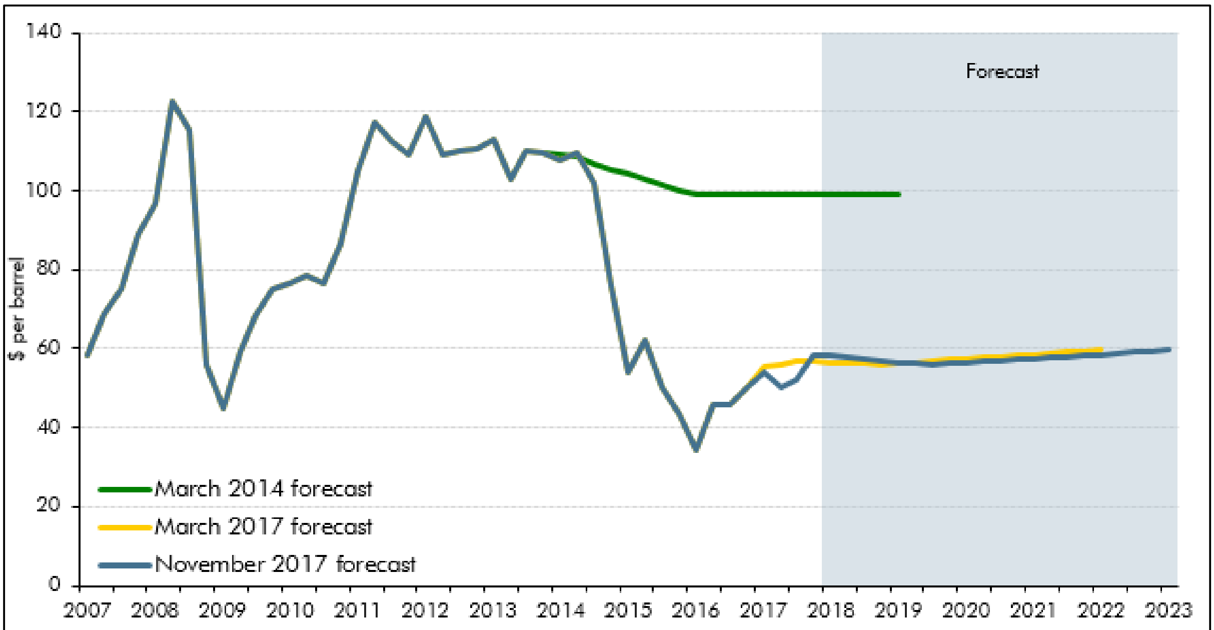
Vehicle Fuel

Many forecasts predict that fuel prices will increase slightly in the first half of 2018. The movement on prices is very much dependent on US shale oil producers, how OPEC will respond to them and what happens to the global economy.

It is possible that Brexit will play a part in the fluctuation in prices if Brexit negotiations don't go well. The value of Sterling will be impacted negatively against the dollar, so the price of fuel at UK pumps will rise as a result, but it could also go the opposite way if trade talks go well and there is more confidence about the economy, resulting in Sterling's value rising and fuel prices falling.

With the growth of electric and hybrid vehicles, alternative energy is making the markets question the value of oil for the longer term and this could have a knock-on effect with current fuel prices and petrol retailers own plans. Also the impact of pollution and the recent changes in policy around diesel may continue leading to increases in duty on fuel for the first time in 8 years at the next Budget.

Table 11 – Office for Budget Responsibility: Oil Price Assumptions



Source: Datastream, IMF, OBR

Key Sources of Income

Council Tax

The Government has for a number of years in the past encouraged councils to freeze the level of council tax through the offer of various Council Tax Freeze Grants. However, in the four-year settlement figures released by the government our 'Spending Power' is shown building through an increase of £5 to our council tax level at Band D.

Whilst the setting of council tax levels is a local decision, not a central government decision, the inclusion of this increase could be interpreted as a signal from central government.

As we have a council tax level in the bottom quartile the government have allowed us to increase our council tax by £5.

Business Rates

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 from 2018/19 to 2021/22 has been indicated by the government as part of the four-year finance settlement.

The actual income received in any given year from the many elements of business rates funding can be heavily influenced by external factors that are wholly out of our control, making business rates a potentially highly volatile income stream.

Each year we may be in a position to forecast growth above that baseline when we complete the business rates NNDR1 return. Any further growth (or the impact of any decline) that occurs within each 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.

The Lancashire Business Rates Pool has been designated by the Secretary of State for Communities and Local Government and the retained levy in Lancashire is 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.

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 £22,000 per annum is received (£20,000 prior to 2018/19) i.e. £2,000 payable per pool member including ourselves.

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. This is as a result of being part of the pool arrangements, as under such circumstances the Government do not provide any safety net position for pool members.

Revenue Support Grant

The 4 year settlement shows that our grant reductions will continue in future years. By 2019/20 not only will our Revenue Support Grant be eliminated but the Government proposes to introduce a further reduction of £109,000 which will increase our tariff payable under the Business Rates Retention Scheme. This negative Revenue Support Grant is an area that is currently being looked at by the government as they are mindful of the issue for a large number of councils. In 2018/19 we will receive £109K through Revenue Support Grant.

New Homes Bonus

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.

New Homes Bonus grant is 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 New Homes bonus can be spent on either revenue or capital, or placed in a local authority's reserves.

Our total allocation for 2018/19 will be £1,573,388 compared with £1,576,990 received in 2017/18. We currently commit £793k of new homes bonus each year to fund the revenue budget. We also use some of our allocation to support our capital programme.

There are now new added pressures on this resource following the significant changes that were announced in the tapering of the grant with effect from 2017/18 onwards. We have also seen the introduction of a new growth baseline, below which the New Homes Bonus is not paid.

The Government have also indicated that they are considering withholding New Homes Bonus from local authorities that are not planning effectively i.e. making positive decisions on planning applications and delivering housing growth. They will also consider withholding payments from homes built following an appeal.

As part of the local government grant settlement it has been confirmed that there will be no further changes to the New Home Bonus Scheme for 2018/19.

- the number of years for which legacy payments are made will be 4 years from 2018/19; and
- the baseline for housing growth set initially at 0.4% of the council tax base for 2017/18 will remain at this level

It was also announced that whilst the Government will not be withholding payments for homes that are built following an appeal, they will keep this under review.

Rural Services Delivery Grant

The Government previously announced a considerable increase in support for the most sparsely populated rural areas by way of a Rural Services Delivery Grant.

For Ribble Valley we received £86,603 in 2017/18 and were expecting this amount to reduce to £66,618 for 2018/19. For 2018/19 the Government announced that they would reinstate the level of the grant to the same as the current year. However, in the final settlement announcement for 2018/19 the grant was further increased for to

£107,254 – the same level as that received in 2016/17. Our past and anticipated allocations are shown below:

Table 12 – Past and Anticipated Allocations of Rural Services Delivery Grant

Financial Year	Past and Anticipated Grant £
2016/17	107,254
2017/18	86,603
2018/19	107,254
2019/20	86,603

From 2017/18 onwards it was agreed this funding will be used to support our net revenue expenditure.

Charges for Services

At the time of setting the 2018/19 budget, clear guidelines were given to service committees by the Budget Working Group on the review and setting of their service fees and charges.

- Any charges should look to meet the costs of providing the service being used.
- As an absolute minimum all fees and charges should be increased by 2%
- Where possible comparisons should be made to the charges being made by our neighbours in Lancashire – or wider if appropriate.
- We should thoroughly review our services for areas where we are not charging – but where a charge may be made/appropriate.
- As part of the review, we should be looking for innovative ways of charging.

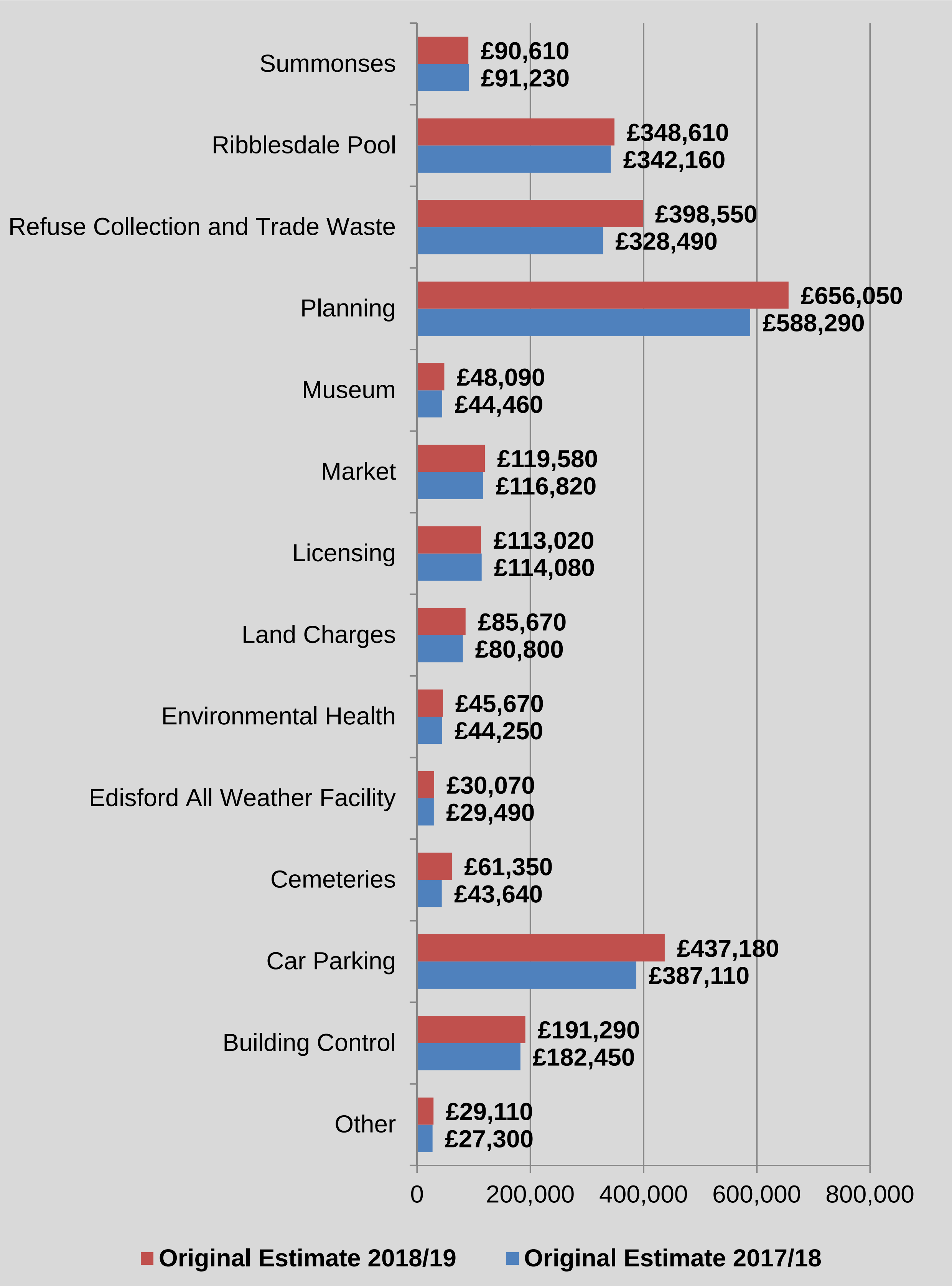
Our overall fees and charges budget across all committees for 2018/19 is £2,650,570, which is an increase of 9.7% on that originally budgeted for in 2017/18.

Within this were some sizeable increases, particularly in the areas of Car Parking (12.9%), Planning (11.5%), Cemeteries (40.6%) and Refuse Collection and Trade Waste (21.3%).

Planning application fees are set nationally by the Government. On 21 February 2017 the Government wrote to all planning authorities with an offer to increase planning fees by 20% with the proviso that the increased income raised should be invested in their planning departments. We accepted the Government's offer and the 20% increase in planning fee income is included in the budgets shown. However, the total budgeted planning fee income has been reduced below this 20% due to a down turn in the level of planning applications currently being experienced.

The table below provides a high level picture of our main income streams under fees and charges

Table 13 – Main Fees and Charges Income Streams



Service Specific Grants

Some of our services are in receipt of a number of service specific grants to help in their provision. These are received from external sources and are in some circumstances ring-fenced in the manner in which they can be used.

Those grants above £10,000 that are budgeted to be received in 2018/19 are summarised below:

Department for Work and Pensions

- **Housing Benefits Rent Allowances Subsidy Grant**
  Budgeted Income for 2018/19: £6,301,700
  This grant is received each year and covers the cost of rent **allowance** housing benefit payments made to eligible residents in the borough, on behalf of the DWP. There is certainty over the continued receipt of this service specific grant income in 2018/19 and it is anticipated that this grant income will continue over the term of this strategy.

- **Housing Benefits Rent Rebate Subsidy Grant**
  Budgeted Income for 2018/19: £21,110
  This grant is received each year and covers the cost of rent **rebate** housing benefit payments made to eligible residents in the borough, on behalf of the DWP. There is certainty over the continued receipt of this service specific grant income in 2018/19 and it is anticipated that this grant income will continue over the term of this strategy.

- **Housing Benefits Administration Grant**
  Budgeted Income for 2018/19: £86,781
  This grant is received each year and is a payment made to the Council for administering the payment of all housing benefits to eligible residents in the borough, on behalf of the DWP. There is certainty over the continued receipt of this service specific grant income in 2018/19 and it is anticipated that this grant income will continue over the term of this strategy. Recent years' trends suggest that the level of this funding will reduce by 10% each year.

- **Discretionary Housing Payments Funding**
  Budgeted Income for 2018/19: £47,570
  This grant is received each year and covers the cost of housing benefit related additional discretionary payments made to eligible residents in the borough, on behalf of the DWP. There is no certainty over the continued receipt of this service specific grant income, but it is anticipated that this grant income will continue over the term of this strategy.

- **Universal Credits Service Funding**
  Budgeted Income for 2018/19: £10,240
  This grant is received each year and is a payment made to the Council for the Universal Credit support service provided to Ribble Valley residents, on behalf of the DWP. There is no certainty over the continued receipt of this service specific grant income, but it is anticipated that this grant income will continue over the term of this strategy.

Ministry of Housing, Communities and Local Government

- **Local Council Tax Support Administration Grant**
  Budgeted Income for 2018/19: £32,499
  This grant is received each year and is a payment made to the Council for administering Local Council Tax Support to all eligible residents in the borough, on behalf of the MHCLG. There is certainty over the continued receipt of this service specific grant income in 2018/19 and it is anticipated that this grant income will continue over the term of this strategy. Recent years' trends suggest that the level of this funding will reduce by 10% each year.

- **Flexible Homelessness Support Grant**
  Budgeted Income for 2018/19: £40,000
  This grant can only be used to prevent or deal with homelessness. There is certainty over the receipt of this service specific grant income in 2018/19 only and there is no guarantee that this grant income will continue over the full term of this strategy.

- **Business Rates Cost of Collection Grant**
  Budgeted Income for 2018/19: £90,000
  This grant is received each year and is a payment made to the Council for administering the billing and collection of business rates in our area. There is certainty over the continued receipt of this service specific grant income in 2018/19 and it is anticipated that this grant income will continue over the term of this strategy.

Current Financial Position

Base Budget

The development of our budgets each year begins with the base budget. The base budget represents the continuation of the council's operations in the same way as in the previous financial year without any changes to the costs or manner in which those services are provided.

Each year, the following year's Original Estimate uses the base budget as the starting point and the budget is then layered and developed until arriving at the new Original Estimate.

This is then adjusted for such items as:

- Savings
- Inflation
- Unavoidable Changes to Service Costs
- Changes in Capital Charges and Support Service Costs

On setting the budget for a particular year this effectively creates the base budget for the following year. On this basis the base budget for our net committee expenditure in 2018/19 was £6,995,600. After making the adjustments detailed above, the net committee expenditure budget was set at £7,403,100.

This value of £7,403,100 will now form the base budget for net committee expenditure in the budget setting process for 2019/20.

This net committee expenditure position is impacted on by our use of or by our adding to reserves.

Reserves

There may be occasions where using reserves to soften or smooth the impact of cuts and unexpected expenditure is a valid short-term tactic provided there is a sound medium-term financial plan. CIPFA's advice (Balancing Local Authority Budgets) is that local authorities should avoid using one-off reserves to deal with gaps between recurring funding and ongoing spending. Such a tactic in itself cannot resolve such gaps and it is important that such reserves are replenished or there will be no funds to protect against the impact of future risks and unexpected expenditure.

CIPFA's research into local authority reserve levels shows that authorities have increased their reserves by around 30% over the last four years. For many authorities this increase is due to their ongoing uncertainty about future levels of government grant and the risk of a sudden and relatively immediate drop in their Revenue Support Grant.

General Fund Balances

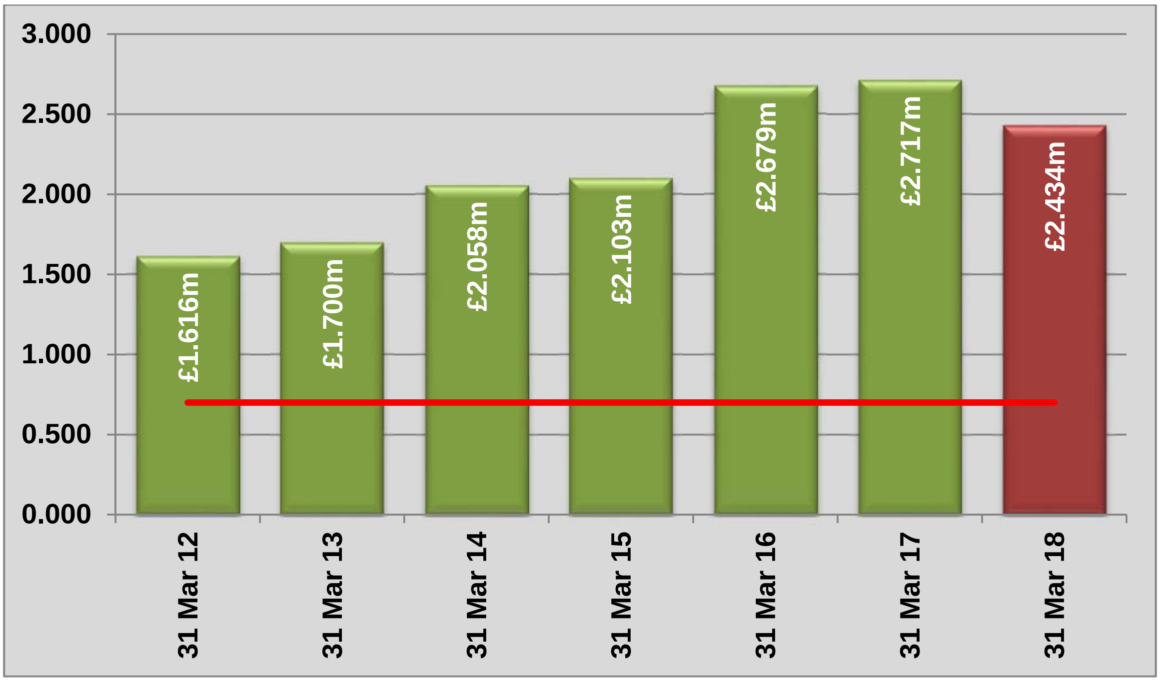
General fund balances are not set aside for any specific known or anticipated purpose.

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, particularly prior to the four-year settlement when there was very general knowledge of likely continuing falls in local government core funding, but little knowledge of who would be affected and by how much.

In our budget forecast shown elsewhere in this document, we look to use an element of our general fund balances to help support the revenue budget. It must be noted that it is recommended by the council's S151 Officer (the Director of Resources) that general fund balances 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.

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 the 31 March 2018.

Table 14 – Past and Forecast General Fund Balances



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

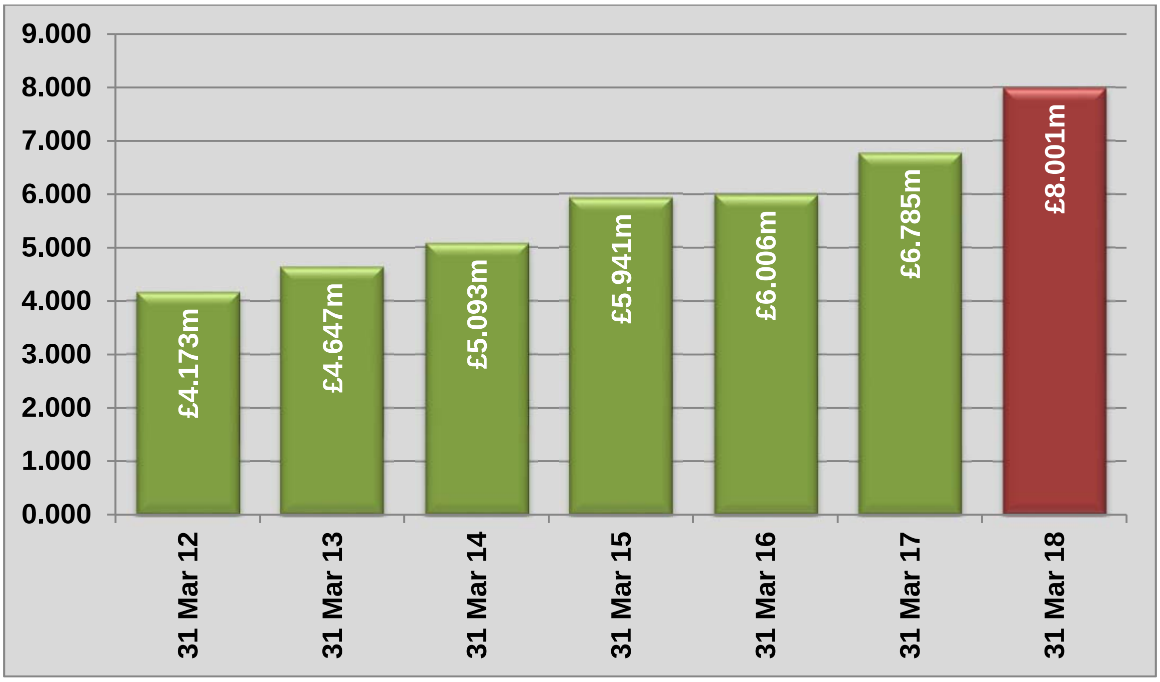
Whilst the council forecasts use of £250,000 per annum in the medium term to help support the revenue budget, this is seen as a short term measure and cannot be sustained in the longer term. It would be just less than 8 years before the council reached its recommended minimum level of general fund balances of £700,000 if we continued to use £250,000 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

We use our earmarked reserves to support both our revenue and capital budgets and over the next 5 years have a number of commitments already made. We also anticipate a number of additions to our earmarked reserves over the coming years, generally reflective of grants towards future expenditure.

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 the 31 March 2018.

Table 15 – Past and Forecast Earmarked Reserves



Columns in Green are Actuals and Columns in Red are Estimates

Past funding uncertainties have required a prudent approach to ensure financial stability and this has been reflected through the management of our general and earmarked reserves.

This approach was well founded in light of the four year settlement and the future reductions to be experienced in our core government funding.

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.

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.

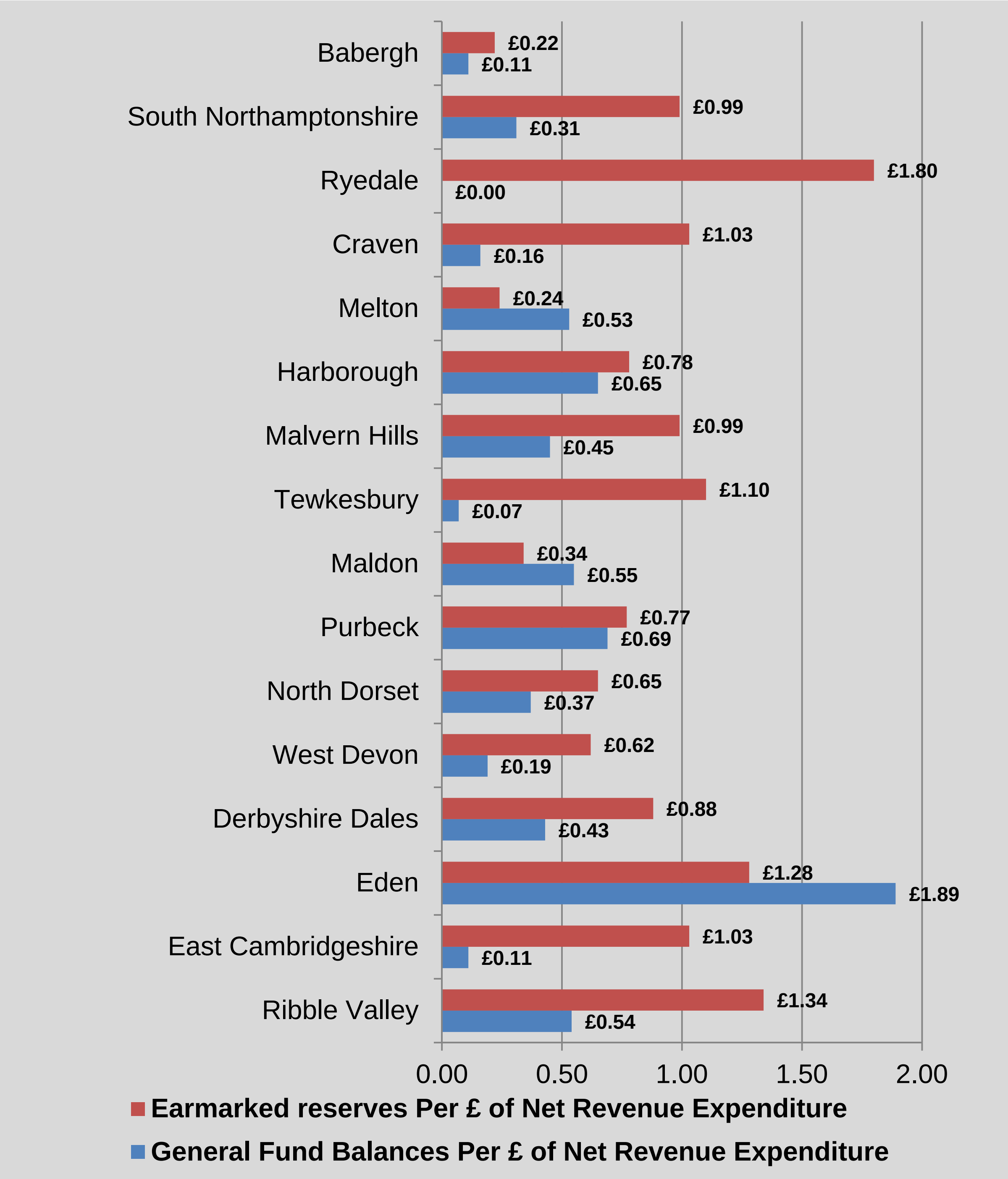
When comparing such balances across councils it must be borne in mind that there are differing circumstances and pressures from council to council.

This is particularly the case with regard to earmarked reserves as this is often where a local authority will build resources for a future project. This is much the case for this council, where a large proportion of our earmarked reserves are attributable to funding future capital schemes in our five year capital programme.

Balances and Earmarked Reserves Comparison

A comparison has been undertaken of our earmarked and general balances as at 31 March 2017 (latest available) with those of our CIPFA family group nearest neighbours. This is a group of authorities that best compare to our own borough in respect of a number of indices.

Table 16 – Usable Reserves per £ Net Revenue Expenditure 31 March 2017



Collection Fund

The Council is responsible for collecting the Council Tax to pay for services provided by Lancashire County Council, the Borough Council and its Parishes, Lancashire Police Authority and Lancashire Combined Fire Authority.

The Council is also responsible for collecting the Business Rates, which are the means by which businesses and others who occupy non-domestic property make a contribution towards the cost of local services.

The Collection Fund is ringfenced and shows the income received from Council Tax payers and Business Rate payers. It also shows how the income is distributed between Lancashire County Council, the Borough Council and its Parishes, Lancashire Police and Crime Commissioner and Lancashire Combined Fire Authority.

In the January of each year a forecast is made of the closing position for the collection fund and any surpluses or deficits are shared and are taken account of in setting the following year's budget.

The forecast position on the collection fund for 2017/18 is summarised below, together with the relevant shares of balances.

Table 17 – Forecast Collection Fund Surplus/(Deficit) 31 March 2018

	Council Tax	Business Rates	Total
Forecast Surplus/(Deficit) at 31 March 2018	**694,588**	**-62,912**	**631,676**
Shared amongst:			
Central Government	0	-31,456	**-31,456**
Lancashire County Council	524,995	-5,662	**519,333**
Police and Crime Commissioner for Lancashire	71,096	0	**71,096**
Lancashire Combined Fire Authority	28,146	-629	**27,517**
Ribble Valley Borough Council	70,351	-25,165	**45,186**

Capital Programme

Current Capital Programme

The council operate a five-year capital programme, with a review undertaken every year to examine whether the programme still marries with our current and future plans.

Additionally, each year there is a bidding process for the new final year of the five-year capital programme. Such bids are examined against the council's priorities and for affordability.

The Approved Five Year Capital Programme

As previously mentioned the overall capital programme is for a five year period, and whilst the coming financial year is fixed, the remaining four years of the capital programme remain in a relatively fluid state and are open to review on an annual basis.

The table below provides a summary by committee of the future five-year capital programme from 2018/19 to 2022/23.

Table 18 – Approved Capital Programme for 2018/19 to 2022/23

Committee	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
Community Services	712,200	1,979,320	354,120	282,000	685,800	**4,013,440**
Economic Development	100,000	0	0	0	0	**100,000**
Health and Housing	522,000	347,000	360,500	360,500	347,000	**1,937,000**
Planning and Development	0	14,500	0	0	0	**14,500**
Policy and Finance	156,420	45,000	0	0	358,500	**559,920**
TOTAL	**1,490,620**	**2,385,820**	**714,620**	**642,500**	**1,391,300**	**6,624,860**

Funding

The council has always sought to maximise funding for capital, including any from revenue sources.

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.

Provided below is a summary of the proposed funding of the five year capital programme.

Table 19 – Approved Financing of the Capital Programme for 2018/19 - 2022/23

Committee	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
New Homes Bonus Earmarked Reserve	-209,000	-313,600	-272,000	-272,000	0	**-1,066,600**
Business Rates Growth Earmarked Reserve	-54,656	0	0	0	-468,097	**-522,753**
Other Earmarked Reserves	-754,964	-233,900	-132,120	-60,000	-229,703	**-1,410,687**
External Funding	-297,000	-519,240	-297,000	-297,000	-297,000	**-1,707,240**
Usable Capital Receipts	0	-89,080	-13,500	-13,500	-396,500	**-512,580**
Borrowing	-175,000	-1,230,000	0	0	0	**-1,405,000**
TOTAL	**-1,490,620**	**-2,385,820**	**-714,620**	**-642,500**	**-1,391,300**	**-6,624,860**

There will be a scarcity of resources available to finance the capital programme in future years after the end of this five-year capital programme. Use of the VAT shelter has been tempered in the period up to 2022/23, as the balance on this reserve will largely be the main source of financing for capital in the future.

The proposals in this report will fully utilise the resources available in a number of earmarked reserves. Total earmarked reserves that will be used over the life of the proposed capital programme will be just less than £2.5million.

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.

Table 20 – Forecast Use of and Balances on the Capital Earmarked Reserve

	2018/19	2019/20	2020/21	2021/22	2022/23
Forecast Opening Balance	**-636,531**	**-536,531**	**-529,011**	**-529,011**	**-529,011**
Taken from the Reserve	100,000	7,520	0	0	0
Forecast Closing Balance	**-536,531**	**-529,011**	**-529,011**	**-529,011**	**-529,011**
Recommended Minimum Balance	**-350,000**	**-350,000**	**-350,000**	**-350,000**	**-350,000**
Usable Balance Remaining	**186,531**	**179,011**	**179,011**	**179,011**	**179,011**

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.

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.

Capital Programme and the Prudential Code

The Capital Programme is an important element of the Medium Term Financial Strategy and as such the main elements are shown below.

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.

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.

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.

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.

There are a number of changes planned around the Prudential Code, including the requirement to produce a Capital Strategy. This will become a requirement at the time of setting next year’s budget.

The new Code explains that in order to demonstrate that the council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, we should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

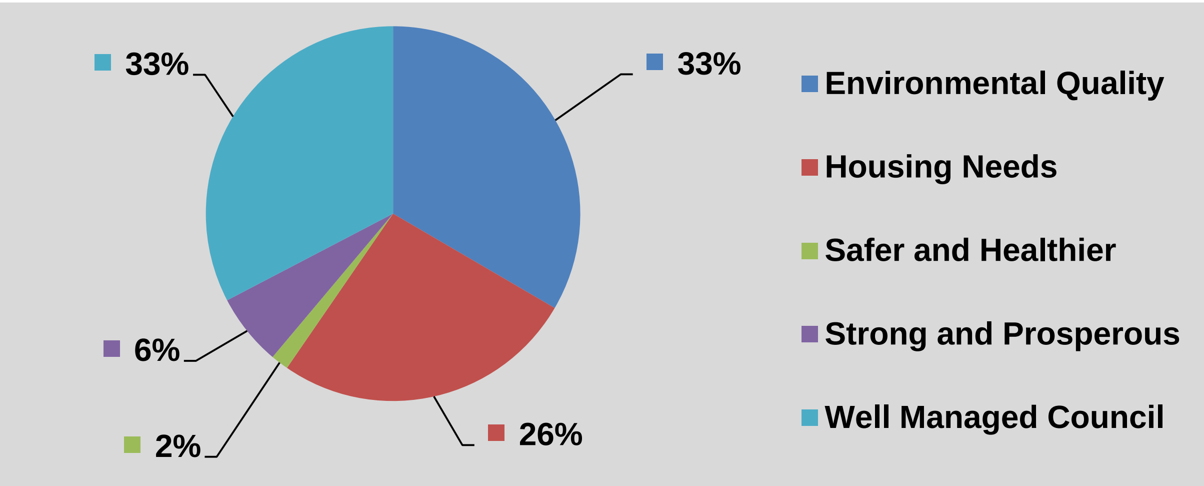
Our Priorities

As with our revenue spend, our capital spend can be matched against the council's priorities.

Priority 1	Priority 2	Priority 3	Priority 4	Priority 5
To ensure a well-managed council providing efficient services based on identified customer needs.	To sustain a strong and prosperous Ribble Valley.	To help make people's lives safer and healthier.	To protect and enhance the existing environmental quality of our area	To match the supply of homes in our area with the identified housing needs

The table below shows how the total capital programme for the period 2018/19 to 2022/23 links to the council's priorities.

Table 21 – Capital Programme 2018/19 to 2022/23 by Council Priority



PART 2

EFFICIENCY PLAN AND LATEST FORECAST

Four Year Finance Settlement: Efficiency Plan

The Four Year Settlement

The local government grant settlement announced in December 2015 gave councils indicative figures for a four year period up to 2019/20.

Whilst presenting us with a continued fall in our government funding, this four-year settlement was designed to give local authorities greater financial certainty.

The provisional four-year settlement information presented to us at that time is presented below.

Table 22 – Provisional Four-Year Settlement Information

	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Revenue Support Grant	623,087	304,319	109,149	0
Baseline Funding Level	1,239,518	1,264,824	1,302,823	1,331,719
Settlement Funding Assessment	**1,862,605**	**1,569,143**	**1,411,972**	**1,331,719**
Tariff/Top-Up	-4,361,493	-3,997,472	-4,177,800	-4,240,132
Tariff/Top-Up adjustment *(often referred to as 'negative RSG')*				-108,866
Safety Net Threshold	1,146,554	1,169,962	1,205,111	1,231,840
Levy Rate (p in £)	0.50	0.50	0.50	0.50

In order to secure the four year settlement as a guaranteed minimum level of funding, each council was required to submit an efficiency plan

As referred to in the first part of this strategy, the budget forecast as reported in September 2017 gave a position where we needed to find substantial savings over the coming years.

- £774,059 for 2018/19
- £956,274 for 2019/20
- £674,027 for 2020/21

In setting the budget for 2018/19 we have methodically examined the areas listed below in our Efficiency Plan

Efficiency Plan

In order to secure the 4 year settlement referred to above, the council were required to produce an Efficiency Plan, which was submitted to the government in October 2016.

The latest budget forecast at that time was supplied as part of the Efficiency Plan, and identified a potential budget gap for 2017/18, 2018/19 and 2019/20. It was highlighted that the Council's plan to meet this funding shortfall is:

- **Encouraging growth in our tax base:** The Council has an adopted local plan which assumes an additional 5,600 houses over the 20 year plan period 2008-2028. At the present time planning permission has been granted for over 4,000 properties and whilst construction has been somewhat slow to date we are starting to see more building work taking place. Our current forecast assumes a steady 1% in our council tax base. However we are confident this will be exceeded. The benefit of this growth should also be reflected in our future New Homes Bonus allocations.
- **Encouraging business expansion and enterprise in our area:** The Council has worked hard over the last few years to develop Ribble Valley as a tourism destination. This has paid dividends with steady business rate growth which we have been able to utilise to fund our base budget. The Council is also working with a number of developers to bring forward enterprising schemes, including the Lancashire Enterprise Zone, during our plan period. We anticipate that business rate growth will significantly be in excess of the amount relied upon currently to fund our base budget, subject to any major changes in the current Business Rate Retention scheme.

- **Continuing to deliver cost effective and efficient services:** The Council has a strong record of delivering cost effective and efficient services. We have a culture of low spending, prudent financial management and yet have a reputation for providing good services at the same time as having a very high council tax collection rate and low band d council tax. We have a history of making budget savings year on year and we anticipate this to continue.
- **Reviewing the major sources of income available to the Council:** The Council recognises that the Government intend that local authorities become more self-sufficient and less reliant on core Government funding. We welcome this and are confident that our approach to growing the tax base and local economy in the Ribble Valley will result in higher business rate growth and New Homes Bonus funding.

We were notified in November 2016 that we were formally on the multi-year settlement and could expect to receive the allocations published as part of the 2016/17 local government finance settlement in 2017/18, 2018/19 and 2019/20.

We will continue to follow these above four principles in addressing any budget gap and this is reflected in the focus of the work that has been undertaken by the budget working group.

Budget Working Group

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

Meetings have inevitably focussed on our business rate income, new homes bonus and council tax income as these are now our key income streams and will be in the future. In addition the Budget Working Group has considered the impact of the loss of our cost sharing income and how this might be met.

The Budget Working Group considered a number of key considerations as a recommended approach to addressing the budget shortfall.

Beyond 2019/20

As referred to in a number of the following sections there is a great deal of uncertainty around our funding beyond 2019/20 and much of this relies on the outcome of consultations.

The key areas of concern are in respect of:

- 75% Business Rates Retention
- Fair Funding Review
- Potential Future New Homes Bonus Changes

Our Efficiency Plan: Growth in our Taxbase

Calculation of the Taxbase

The council tax base is set each year between 1 December and 31 January and is an important calculation which sets out the number of dwellings to which council tax is chargeable in an area or part of an area.

To calculate the tax base for an area, the number of dwellings in each council tax band is adjusted to take account of any discounts, premiums or exemptions. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. These are then multiplied by the authority's estimated collection rate for the year.

The tax base is used for the purposes of calculating the band d council tax for the billing authority and also major precepting authorities and parish councils.

The Local Government Finance Act 2012 allowed changes to the discounts on council tax for second homes and empty properties. From 1 April 2013, second homes may be charged 100% of their normal rate of council tax, instead of the previous maximum of 90%.

"Unoccupied and substantially unfurnished" properties are subject to a discount of anything between 0% and 100% of their council tax, at the discretion of the billing authority. Properties undergoing "major repair work" or "structural alteration", which are vacant, can be subject to a discount of any amount between 0% and 100%, for a maximum of 12 months.

The full 50% discount must be retained on a second home where the liable person is required as part of his/her employment to live in job-related accommodation.

From 1 April 2013, local authorities can also set an 'empty homes premium' for long-term empty properties. Properties which have been unoccupied and substantially unfurnished for over two years may be charged up to 150% of the normal liability.

In 2013/14, i.e. the first year of the new changes, the Council agreed to leave the rates of our current discounts/exemptions unchanged.

From 2014/15 however the Council, after detailed consideration, implemented the following change:

- For long term empty properties (empty from 6 months up to 2 years) remove the current 50% discount i.e. owners are liable for the full 100% council tax due

There are no changes to our discounts for 2018/19.

Table 23 – Calculation of Taxbase for 2018/19

	Band @	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Total Dwellings on the Valuation List		3,700	5,098	5,078	4,614	3,590	2,231	1,907	215	26,433
Number of Dwellings Equivalents after Discounts and Exemptions	8.6	2,430.7	4,012.1	4,301.6	4,078.2	3,300.2	2,089.0	1,787.4	194.7	22,202.5
Ratio Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Total Number of Band D Equivalents	4.8	1,620.5	3,120.5	3,823.6	4,078.2	4,033.6	3,017.4	2,979.0	389.4	23,067.0
									Adjustment for Non-Collection	-165.0
									Council Taxbase 2018/19	22,902.0

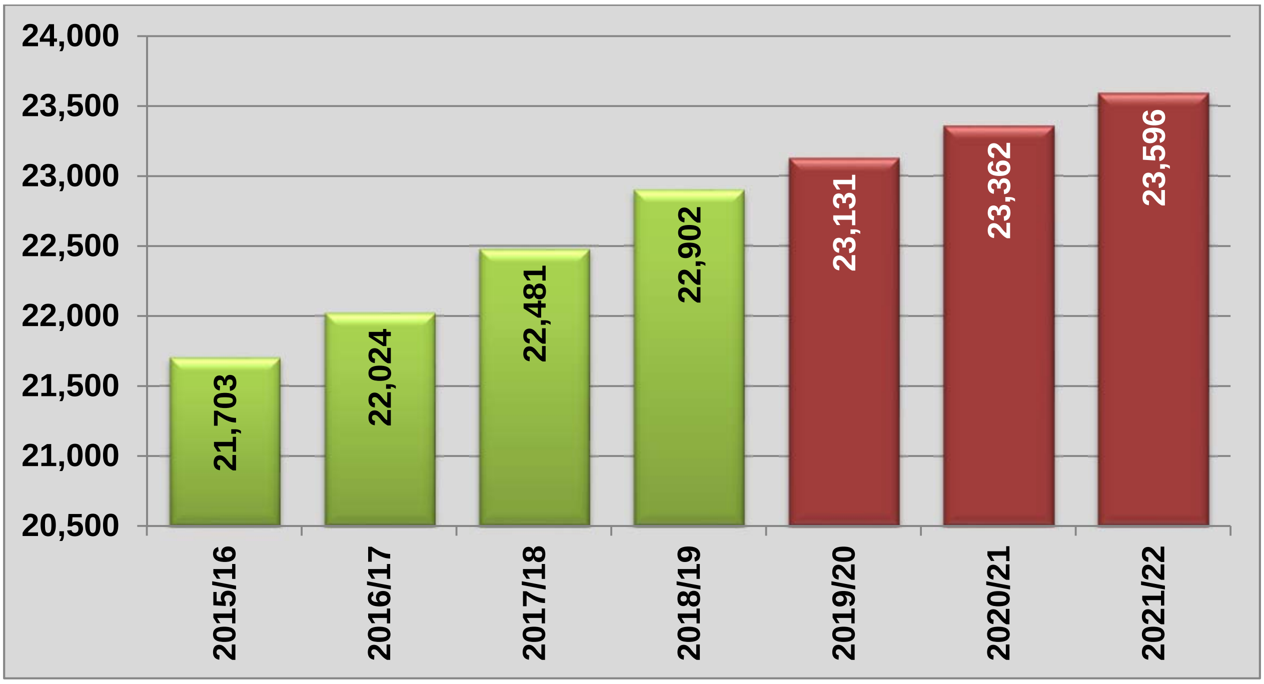
Movement to Date

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.

Four Year Finance Settlement: Growth in our Taxbase

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.

Table 24 – Movement in Council Taxbase



Columns in Green are Actuals and Columns in Red are Estimates

Influencing Factors

As can be seen in the earlier table, the award of discounts and premiums has a direct impact on the level of our taxbase. As a result it is important that we continue our regular reviews to ensure that such discounts and premiums are correctly applied and properly reflect the circumstances of the bill payer.

Past levels of planning applications have slowly started to see an impact on our taxbase, with a steady increase as houses are gradually occupied. Our taxbase for 2018/19 was ahead of our forecast of 1.5% growth and we continue to take a slightly cautious forecast in the level of future growth over the life of this strategy as we have no influence over when such developments are started, completed or occupied.

Looking at the 2018/19 taxbase in comparison to the 2017/18 taxbase, the largest increases to the count of Band D equivalents on the taxbase were seen in:

1. Clitheroe: Increased from 5,097 to 5,225 (128)
2. Whalley: Increased from 1,543 to 1,627 (84)
3. Longridge: Increased from 2,719 to 2,772 (53)
4. Billington and Langho: Increased from 2,072 to 2,124 (52)
5. Barrow: Increased from 402 to 449 (47)

It is likely to be these same top 5 areas that will see the largest level of Band D equivalent taxbase growth in 2018/19 based on past planning applications and current building activity.

In respect of the size of the percentage increases in the various parishes, the follow saw the largest percentage increases:

1. Barrow: Increased from 402 to 449 (11.69%)
2. Gisburn: Increased from 197 to 211 (7.11%)
3. Whalley: Increased from 1,543 to 1,627 (5.44%)
4. Wiswell: Increased from 177 to 183 (3.39%)
5. Clitheroe: Increased from 5,097 to 5,225 (2.51%)

Impact on Council Tax

The council taxbase has seen a healthy increase over recent years, and the budget forecast has been produced on the assumption of a 1% increase per annum.

The table below indicates the level of additional funding that may be realised should our taxbase be above the percentage increases used in the budget forecast.

Table 25 – Impact of Increased Taxbase on Forecast Precept

	2018/19 Forecast £	2019/20 Forecast £	2020/21 Forecast £	2021/22 Forecast £
Taxbase used in Forecast	22,902	23,131	23,362	23,596
Band D Council Tax in Forecast	£150.69	£155.69	£160.69	£165.69
Resulting Council Tax Precept in Forecast	**3,451,102**	**3,601,265**	**3,754,040**	**3,909,621**
Taxbase if additional 1% Growth to the Taxbase shown above		23,362	23,596	23,832
Additional Band D Equivalent Properties		231	234	236
Band D Council Tax in Forecast		£155.69	£160.69	£165.69
Resulting Additional Council Tax Precept Income		**£36,013**	**£37,540**	**£39,096**

Whilst we can see growth to our taxbase through the occupation of newly built houses, or empty properties being reoccupied, the award of discounts has a downward impact on our taxbase.

Our taxbase for 2018/19 was reduced by just over 3,700 Band D equivalent properties due to the award of various discounts and exemptions. This equates to an almost 14% reduction to the taxbase, the majority of which we have no influence over.

Therefore, the 1% impact shown in the above table for growth can conversely be used as an indicator of the negative impact on our taxbase of more discounts and exemptions being awarded.

Impact on New Homes Bonus

New Homes Bonus is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.

Therefore, each new property attracts the equivalent amount of the national average council tax as grant for the council. This is split 80% to ourselves and 20% to Lancashire County Council. From 2017/18 there is also an adjustment of 0.4% on the baseline.

Assuming that the baseline has already been exceeded, the table below shows the additional New Homes Bonus grant income that may be achieved from a 1% increase in the taxbase.

It must be highlighted that this if for indicative purposes and assumes 1% growth in Band D equivalents – not property count. The 2018/19 national average Band D council tax rate has been used in all years below, being the latest information available. In future years the national average will likely be higher than that shown.

Table 26 – Impact of Increased Taxbase on New Homes Bonus

	2018/19 Forecast £	2019/20 Forecast £	2020/21 Forecast £	2021/22 Forecast £
Additional Band D Equivalent Properties		231	234	236
National Average Band D Council Tax *2018/19 rate used for illustrative purposes*		£1,591	£1,591	£1,591
Resulting Additional Total New Homes Bonus Grant		**£368,014**	**£371,689**	**£375,412**
80% Share Ribble Valley Borough Council		£294,411	£297,351	£300,330
20% Share Lancashire County Council		£73,603	£74,338	£75,082

Any grant not used in year to support the revenue budget is set aside in an earmarked reserve and in the past has generally been used to support the capital programme.

The local government grant settlement confirmed that New Homes Bonus grant will continue to be shared 80:20 between district and county councils in two tier areas. Our total allocation for 2018/19 will be £1,573,388 compared with £1,576,990 for the 2017/18 financial year.

As a result we will be using an extra £311,921 to support the revenue budget taking our total annual New Homes Bonus use to fund the revenue budget to £1.105m. The table below shows our past use and future plans.

Table 27 – Past and Planned Use of New Homes Bonus

Received											
	2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Award Year											
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					
2013/14			188,053	188,053	188,053	188,053	188,053				
2014/15				227,108	227,108	227,108	227,108				
2015/16					373,810	373,810	373,810	373,810			
2016/17						398,268	398,268	398,268	398,268		
2017/18							389,751	389,751	389,751	389,751	
2018/19								411,559	411,559	411,559	411,559
2019/20									?	?	?
2020/21										?	?
2021/22											?
2022/23											
TOTAL	**62,046**	**179,645**	**367,698**	**594,806**	**968,616**	**1,366,884**	**1,576,990**	**1,573,388**	**1,199,578**	**801,310**	**411,559**
Allocated											
Revenue Base	60,000	60,000	60,000	333,780	676,065	786,961	793,079	1,105,000	1,105,000	1,105,000	1,105,000
Revenue Ad-hoc						6,000					
Capital	0	0	100,000	85,000	35,662	57,748	189,060	209,000	313,600	272,000	272,000
TOTAL	**60,000**	**60,000**	**160,000**	**418,780**	**711,727**	**850,709**	**982,139**	**1,314,000**	**1,418,600**	**1,377,000**	**1,377,000**
Adjustment			-10,029	10,029							
Unallocated	2,046	119,645	217,727	165,997	256,889	516,175	594,851	259,388	-219,022	-575,690	-965,441
Bal C/fwd	**2,046**	**121,691**	**339,418**	**505,415**	**762,304**	**1,278,479**	**1,873,330**	**2,132,718**	**1,913,696**	**1,338,006**	**372,565**

Our Efficiency Plan: Business Expansion and Enterprise

Calculation of Retained Business Rates

Following completion of the Governments NNDR1 return, it is anticipated that our share of business rates for 2018/19 will be as shown below.

Part of this calculation involves initially establishing what we will keep as part of the retained levy under pooling.

Table 28 – Retained Levy Calculation for 2018/19

	Calculation as at January 2018 as per NNDR1 Return £
Total Billing Authority NNDR Income	14,622,354
Our share of NNDR income (40%)	5,848,942
Our share of Small Business Rate Relief	600,547
Our share of discretionary reliefs	55,336
Pre levy income	**6,504,825**
Less Tariff	-4,147,262
Retained Rates Income	**2,357,563**
Less Our Baseline Funding Level	-1,302,823
Resulting Retained Rates Income above Baseline	**1,054,740**
Resulting Levy Payable to the Government at 50% ***(if not a business rate pool member)***	527,370
Therefore Our Retained Levy Under Pooling ***(90% of the above figure)***	**474,633**
Therefore Retained Levy Under Pooling Payable to LCC ***(10% of the above figure)***	**52,737**

Having established the retained levy for this council under the pooling arrangements we can then look at the overall calculation of the business rates that we keep.

Table 29 – Business Rates Retained Income Calculation for 2018/19

	Calculation as at January 2018 as per NNDR1 Return £
Total Billing Authority NNDR Income	14,622,354
Our share of NNDR income (40%)	5,848,942
Less Tariff	-4,147,262
	1,701,680
Less Our Baseline Funding Level	-1,302,823
Our Retained Rates Income before the Retained Levy	**398,857**
Less Our Share of Retained Levy	-474,633
Less LCC Share of Retained Levy	-52,737
Add the Section 31 Grants that we Receive	930,916
Add 100% Retained Rates from Renewable Energy	81,921
Resulting Retained Rates Income above Baseline	**884,324**
Our Share of the Deficit on the Collection Fund for Business Rates	-25,165
Total Business Rate Income to General Fund Excluding the Retained Levy	**859,159**
Add Back Our Share of the Retained Levy	**474,633**
Total Business Rate Income for 2018/19	**1,333,792**

We have obviously had to make assumptions about the potential of successful appeals, bad debts and also growth in our business rates base.

As a member of the Lancashire Business Rate Pool you can see from the table above we will benefit from retaining the levy of £474,633.

Past Use of Business Rates Growth

We estimate that the total income for next year from business rates will be £1,333,792 as shown in the previous table. The table below show details of our past growth and the use of that growth to date.

Table 30 – Summary of Business Rate Growth Received and Used Each Year

	2013/14 Actual £	2014/15 Actual £	2015/16 Actual £	2016/17 Actual £	2017/18 Revised Estimate £	Average £
Business Rate Growth	263,276	364,973	612,969	37,224	690,750	**393,838**
Retained Levy	0	0	0	338,517	488,767	**413,642**
Total Growth and Retained Levy	**263,276**	**364,973**	**612,969**	**375,741**	**1,179,517**	**807,480**
Amount Used to Support Revenue Budget	-47,165	-262,926	-262,926	-262,926	-275,514	
Transferred to General Fund Balances	-139,311	0	0	0	0	
Surplus/deficit for year	**76,800**	**102,047**	**350,043**	**112,815**	**904,003**	
Impact on Business Rate Volatility Earmarked Reserve						
Opening Balance b/fwd	**135,904**	**212,704**	**314,751**	**664,794**	**777,609**	
Surplus/deficit for year	76,800	102,047	350,043	112,815	904,003	
Closing Balance c/fwd	**212,704**	**314,751**	**664,794**	**777,609**	**1,681,612**	

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 should be treated with caution.

Increasing Our Reliance on Business Rates Growth

You will see from the above table that the predicted balance on the volatility reserve at the end of this financial year will be £1.682m. This has now reached a level that is more than sufficient to provide our own safety net protection which we have had to for-go as a pool member at 92.5% of our business rates baseline. Therefore we are now in a position to use our business rate income in year to contribute more to fund both the revenue budget and capital programme.

Based on our anticipation that total business rates income will be £1,316,585 in 2018/19 we can safely rely on using more than the amount currently used to support the revenue budget of £275,514.

The council's Budget Working Group has carefully considered the level of business rates growth that is used to support the revenue budget from 2018/19 onwards.

The forecast shows that we will now use an extra £400k per annum on average to support the revenue budget. This is profiled as £200k extra in 2018/19, £400k extra in 2019/20, £600k extra in 2020/21 and £400k extra in 2021/22. This is all in addition to the existing £275,514 that is currently used to support the revenue budget.

Influencing Factors

There are limitations on our ability to directly influence the level of retained business rates income and associated growth, as this is impacted on by many external factors beyond our control – not least by Government policy.

Additionally, whilst there may be growth in the number of businesses in the area, there may not be a direct correlation with growth in business rates income due to the potential award of various reliefs and discounts.

Further impacts to the level of growth that we currently enjoy will come through the resetting of the business rates baseline in 2020/21 as part of the introduction of 75% business rates retention.

Within the business rates retention scheme, the determination of the business rates baseline could be considered to be the most important element in determining a council's ability to meet or exceed the resources amount allocated to it within the Settlement Funding Assessment. The Settlement Funding Assessment is the level of resources allocated to the council that is funded through the retained element of business rates and Revenue Support Grant.

The current business rates baseline has been in place since 2013/14 and is due to be updated through a reset process. Given that the intention of business rates retention is to reward councils in promoting economic growth (through retaining growth in business rates income), it is hoped that any reset does not remove this incentive.

Furthermore, the Fair Funding Review adds a further element of uncertainty to our strategy as under the current consultation the government is looking to reassess the way government grant is allocated out to councils.

The fair funding review will set new baseline funding allocations for local authorities through an up-to-date assessment of their relative needs and resources, using available evidence.

The Government is considering a wide range of options for developing an updated funding formula by looking again at the factors that drive costs for councils.

The current consultation focuses specifically on potential approaches that have been identified to measure the relative needs of councils.

In an attempt to influence business growth in the borough the council is looking at a number of initiatives

Business Rates Pool

As previously referred to, we benefit greatly from being part of the Lancashire Business Rates Pool, which began on 1 April 2016.

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 in the case of the Lancashire Business Rates Pool, meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

In 2018/19 we forecast that we will benefit from £474,633 in retained business rates levy.

With the impending introduction of 75% Business Rates Retention it is unlikely that the Lancashire Business Rates Pool with its current format and governance arrangements would be viable after 2019/20. However, there is continued uncertainty in this area.

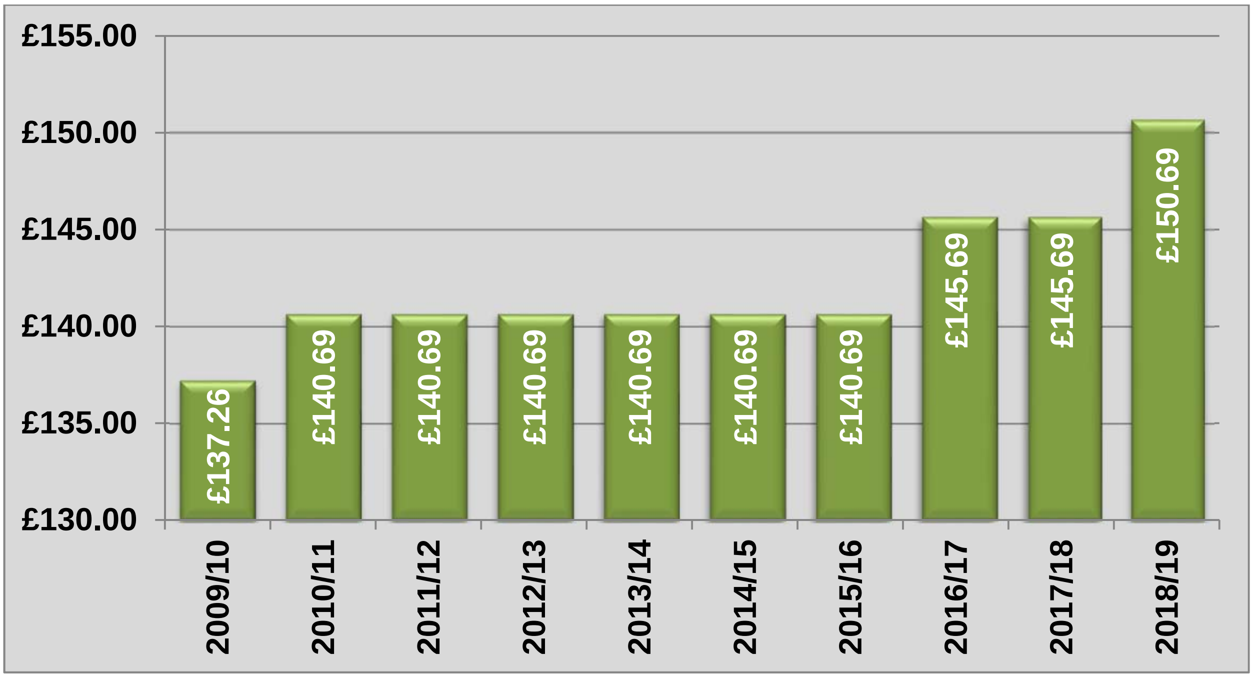
Our Efficiency Plan: Continue Delivering Cost Effective and Efficient Services

Council Tax Increases

In order to maximise its major sources of income the council has increased the council tax for the borough for 2018/19. Being in the bottom quartile for Band D council tax, members were able to increase the council tax up to a maximum of £5.

This is only the second time that our council tax has increased over the last nine that the borough has seen an increase in our share of the council tax.

Table 31 – Band D Council Tax from 2009/10 to 2018/19



The council's tax level remains by far the lowest in Lancashire and in the lowest quartile for all district councils nationally.

This increase has allowed us to absorb the balance of savings that have needed to be found as part of the budget setting process for 2018/19 and also is a further compounding factor on the level of savings needed in future years in the forecast.

The council has also been able to avoid any impact on the level of services provided and avoid additional new service specific charges, such as green waste charges that are seen at many other councils.

How we Compare

Using the latest available information available for a comparison exercise, the chart below provides a comparison using 2017/18 financial year data of a number of key items.

- Band D Council Tax for 2017/18
- Settlement Funding Assessment per head of population
- Council Tax requirement per head of population
- Net Revenue Expenditure per head of population
- This information for ourselves is compared below to the average of the Lancashire Districts and also the average of the CIPFA Family Group Nearest Neighbours

Table 32 – Band D Council Tax Comparison (2017/18)

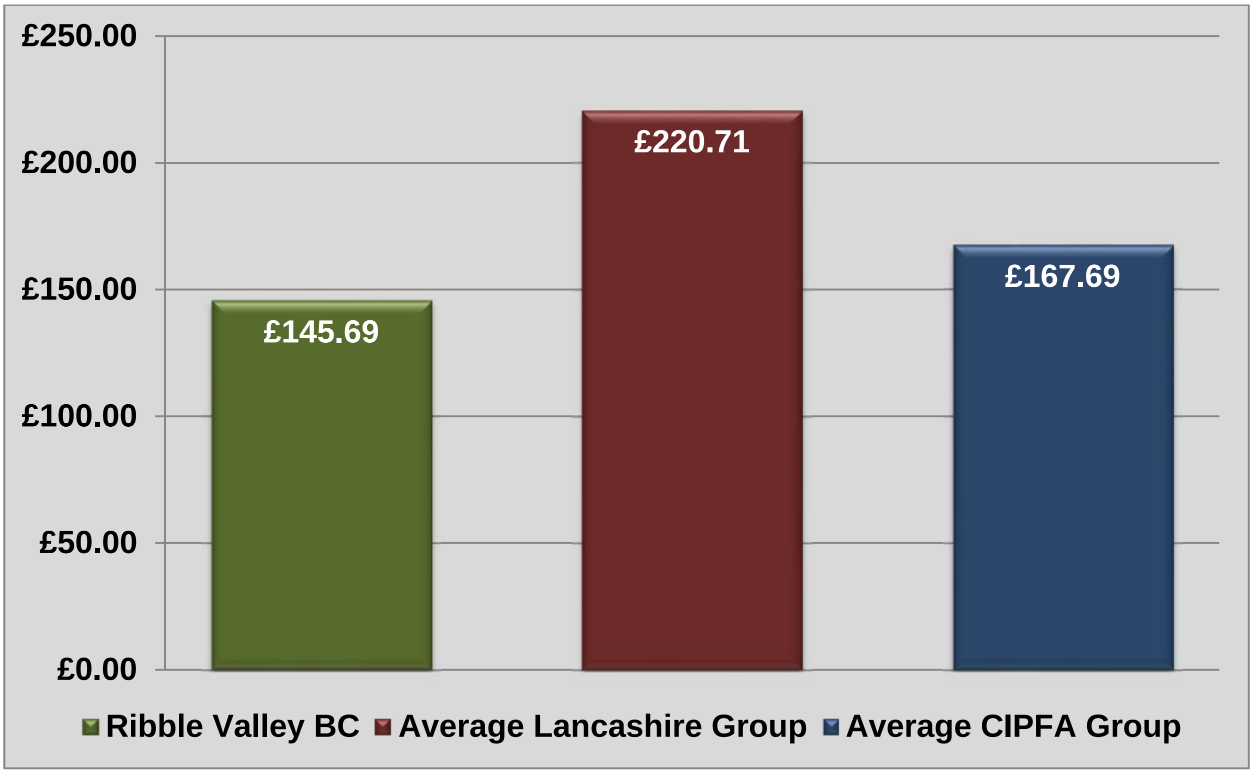


Table 33 – Settlement Funding Assessment per Head Comparison (2017/18)

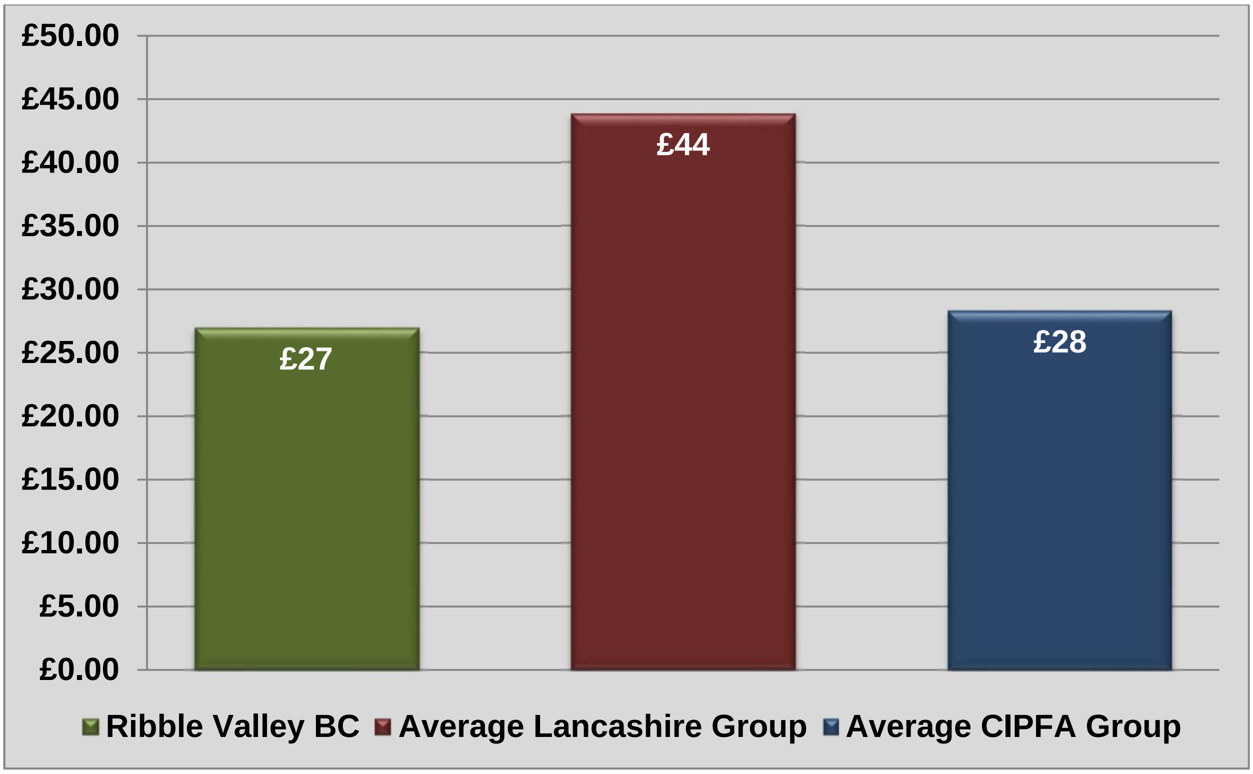


Table 34 – Council Tax Requirement per Head Comparison (2017/18)

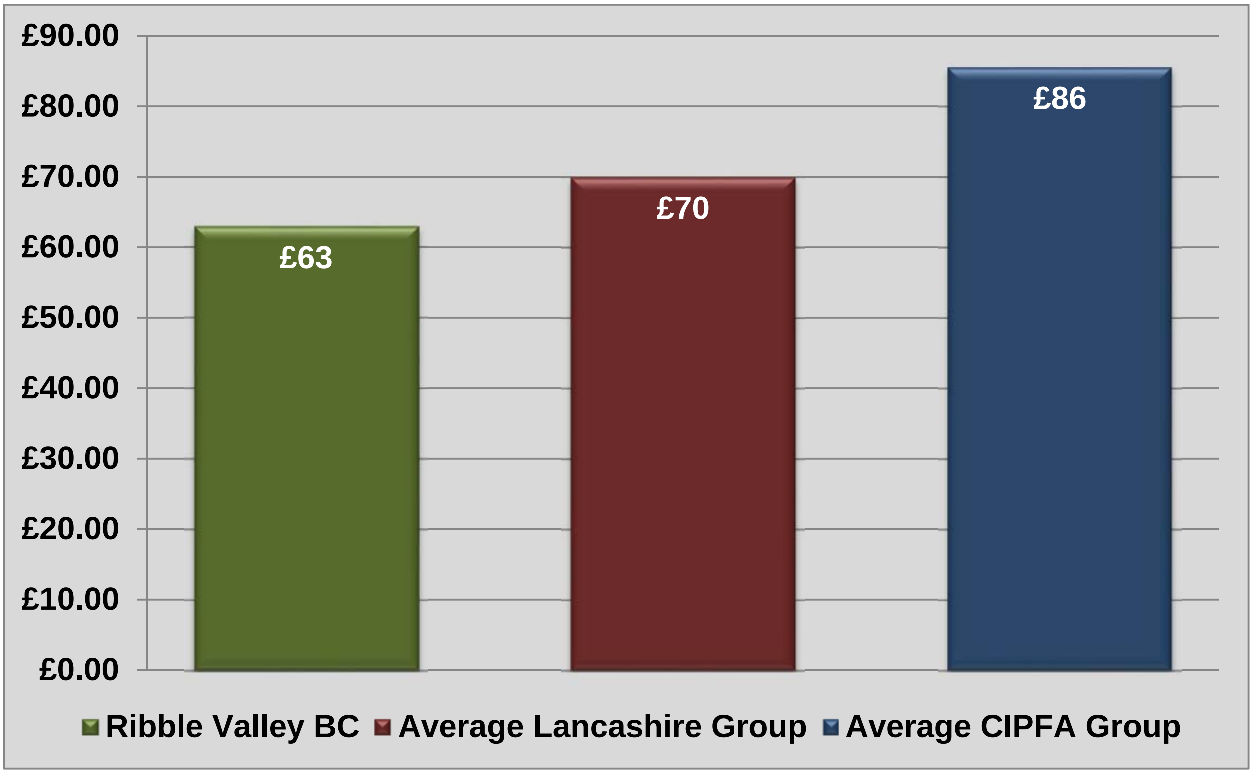
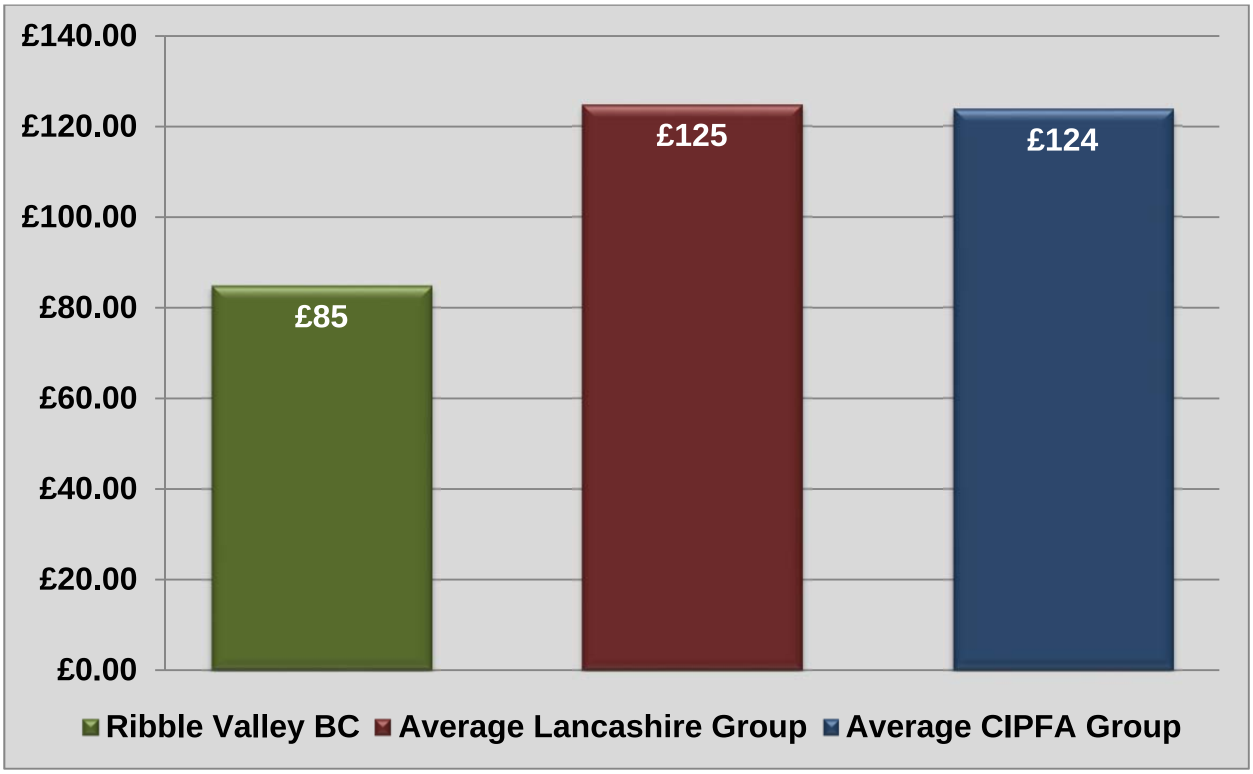


Table 35 – Net Revenue Expenditure per Head Comparison (2017/18)



Resident Satisfaction Surveys

THE SURVEY IS CURRENTLY LIVE AND IT IS HOPED THAT WE MAY BE ABLE TO INCLUDE DATA FROM THE SURVEY IN THIS SECTION OF THE MTFS FOR WHEN IT IS REPORTED TO POLICY AND FINANCE COMMITTEE FOR APPROVAL

Efficiency Plan: Review Major Sources of Income Available

Current Key Sources

As referenced in the sections Our Efficiency Plan: Growth in our Taxbase and Our Efficiency Plan: Business Expansion and Enterprise we are anticipating a substantial increase in:

- council tax
- new homes bonus
- business rates

In the earlier section of this strategy on Income, the main sources of other income through fees and charges lies in the areas of:

- Planning (Original Estimate 2018/19 £656k)
- Car Parking (Original Estimate 2018/19 £437k)
- Refuse Collection/Trade Waste (Original Estimate 2018/19 £398k)
- Ribblesdale Pool (Original Estimate 2018/19 £349k)
- Building Control (Original Estimate 2018/19 £191k)

Restrictions on Ability to Maximise

With regard to Council Tax the ability to maximise income is driven by the taxbase growth and the level of Band D council tax charge set – this being subject to government restrictions. Furthermore any local policies on discounts and premiums will also influence income levels through their impact on the taxbase.

New Homes is once more driven by the taxbase growth, but is also influenced by the government and any new restrictions around planning consent, changes to the base percentage or further tapering in the number of years payable.

Even in the area of business rates there is uncertainty around the impact of the resetting of the business rate baseline as a result of the introduction of 75% business rates retention on business rates growth beyond 2019/20 and any further redesign around the scheme. Much of this may depend on the outcome of the pilots currently in operation and consultations.

Looking to our other key income sources from fees and charges, there are restrictions on some increases to income. In a number of areas there is the inability to attract additional income as the government have indicated that they should be provided at cost only.

On 21 February 2017 the Government wrote to all planning authorities with an offer to increase planning fees by 20% with the proviso that the increased income raised should be invested in their planning departments. We accepted the Government's offer and have been charging the increased fee since 17 January 2018. This additional income has been used to finance the new Director of Economic Development and Planning post.

Certain other fees and charges can largely be increased without restriction, but may encounter issues around capacity if volume is increased (which may also attract extra costs) or there may be adverse impacts on usage should unit price of our fees and charges increase. Increasingly competition is also an issue in many areas more traditionally provided only by local authorities in the past.

Future Opportunities

It had been hoped that the refurbishment of the Ribblesdale Pool would help us to see an increase in usage and income levels. Whilst these haven't materialised to date it is hoped that through future promotion of the facility this may prompt an increase in usage.

In 2018/19 we are to see the loss of income due to cost sharing ceasing. This has resulted in a loss of income of £431,900 partially offset by the proceeds from the sale of paper estimated at £47,600 which we have assumed will be retained by the Council. The net loss of income therefore is £384,300.

There has been substantial consideration of options available to the council and its residents as a result of the withdrawal of this funding. These have included:

- Charging for green waste collection;
- Options for dealing with mixed paper and cardboard;
- Changes to refuse and recycling collection frequency;
- Alternative arrangements for the recycling of our recyclable/compostable waste streams; and
- Mothballing of the waste transfer station.

Out of the above, charging for green waste has been an area of serious consideration. At this stage the council is minded not to bring in charges for green waste due to other budget funding options that may potentially be available for the medium term, however this position may be reviewed. It is estimated that on a take up of 50% at £30 per bin (8,140 properties) it is possible that we may potentially be able to raise £244,200 per annum from green waste fees. This excludes any costs around gate fees; however, no councils are currently being charged gate fees for such waste.

Looking at Others

There are a variety of areas that other local authorities are looking at to maximise the level of income that they have to work with. It is important to note that not all opportunities are suitable to all local situations but are areas that may be worth further consideration over the coming years. Examples are:

- Increasing fees around car parking, leisure or waste
- Allowing and charging for advertising on council vehicles and premises
- Developing affordable homes
- Office sharing with other organisations (such as we have already done with the Job Centre).
- Charging for Green Waste (as previously referred to)
- Alternative vehicle fleet provision
- Energy generation (i.e. solar or wind)

Latest Forecast Revenue Position

A Balanced and Robust Budget

Local authorities are required by law to have a balanced budget. Whilst what is meant by ‘balanced’ is not defined in law Legislation provides a description to illustrate when a budget is considered not to balance, which is:

- where the increased uncertainty leads to budget overspends of a level which reduces reserves to unacceptably low levels, or
- where an authority demonstrates the characteristics of an insolvent organisation, such as an inability to pay creditors.

Any significant alteration in either expenditure or income may result in an unbalanced budget. Factors affecting a budget could include:

- sudden policy change
- demographic pressures
- unexpected funding pressures
- failure to realise planned savings
- natural disaster

A prudent definition of a sustainable balanced budget for local government would be a financial plan based on sound assumptions which shows how income will equal spend over the short and medium term. Plans would take into account deliverable cost savings, income growth and useable reserves.

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.

As part of giving this assurance the Director of Resources, as the council’s Section 151 Officer gives details of the processes that the council follows in order to ensure the Council sets a robust budget;

- 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 this Medium Term Financial Strategy which considers our budget pressures in the medium to longer term

Section 114 Report

Section 151 of the Local Government Act 1972 specifies that:

- Every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.
- That officer is commonly known as the chief financial officer (CFO) or section 151 officer – at this council this responsibility falls to the Director of Resources.

The section 114 powers of the chief finance officer (CFO) under the Local Government Finance Act 1988 require the CFO, in consultation with the council's monitoring officer, to report to all the authority's members if there is, or is likely to be, an unbalanced budget.

In practice, this is most likely to be required in a situation in which reserves have become depleted and it is forecast that the council will not have the resources to meet its expenditure in a particular financial year.

If a Section 114 report were to be issued then a full council meeting must then take place within 21 days to consider the notice. In the meantime, no new agreements involving spending can be entered into.

The external auditor also has a duty to “make a report in the public interest” if necessary (Schedule 7 of the Local Audit and Accountability Act 2014), and the report must be considered by Full Council.

Table 36 – The Latest Forecast (6 February 2018)

	2018/19 Forecast £	2019/20 Forecast £	2020/21 Forecast £	2021/22 Forecast £
Net Expenditure	**6,849,110**	**7,090,392**	**7,369,581**	**7,552,172**
Interest Receipts	-20,000	-25,000	-30,000	-30,000
Use of Superannuation Reserve	-36,512	-36,512	-36,512	-36,512
Rural Services Grant	-107,921	-86,603	-86,603	-86,603
Use of Business Rates Growth	-475,514	-675,514	-875,514	-675,514
Use of New Homes Bonus	-1,105,000	-1,105,000	-1,105,000	-1,105,000
(Use of)/Contribution to Balances	-170,737	-250,000	-250,000	-250,000
Savings Required	**0**	**-62,642**	**-98,506**	**-298,409**
Budget Requirement	**4,933,426**	**4,849,121**	**4,887,446**	**5,070,134**
Core Government Funding				
Revenue Support Grant	-109,149	108,866	250,000	250,000
Transition Grant	0	0	0	0
Business Rates Baseline	-1,302,823	-1,331,719	-1,358,353	-1,385,520
Collection Fund Deficit/(Surplus)	-70,351	-25,000	-25,000	-25,000
Precept	**3,451,103**	**3,601,268**	**3,754,093**	**3,909,614**
Based on Taxbase:	22,902	23,131	23,362	23,596
Band D Council Tax	**£150.69**	**£155.69**	**£160.69**	**£165.69**
Based on Projected Council Tax increase:	£5 max	£5 max	£5 max	£5 max

Key Assumptions

The above budget forecast was based on a number of assumptions as shown below:

- A key impact on our future budget will be the outcome of the Fair Funding Review and the changes arising from the move to the 75% Business Rate Retention system in 2020/21.
- With regards to New Homes Bonus, we plan to use an extra £312,000 for each of the three years 2018/19, 2019/20 and 2020/21. For the 2021/22 financial year the forecast it has been assumed that we will rely on the same level.
- With regards to Business Rates, the Budget Working Group recommended using an extra £400,000 for each of the three years 2018/19, 2019/20 and 2020/21. However it was recognised that this amount needed to be profiled over the period as follows; 18/19 an extra £200k, 19/20 an extra £400k and 20/21 an extra £600k, taking the average amount used to fund the revenue budget to £676k. For the 2021/22 financial year it has been forecast that we will rely on the average level of £676k.
- With regard to council tax levels the forecast has been prepared on the basis of including the maximum allowed increase each year. This would ultimately be a decision for members at the time of setting the budget each year. It is worth noting that the Government have indicated, in the council's Spending Power figures, that 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.
- The taxbase has been forecast to increase by 1% per annum.
- As previously referred to the pay award has yet to be finalised for 2018/19, and estimates are based on 2%, with a £75,000 contingency allowed. For 2019/20 the pay increase has been assumed at 3%, and for 2020/21 onwards at 2% per annum
- General Inflation has been allowed for in line with the Bank of England target of 2% over the forecast period.
- Investment interest assumes a gradual increase in rates from 0.25% up to 2020/21.

- Assumption that any further growth will be met by corresponding savings, in line with past policy
- Use of General Fund Balances set at £250K from 2019/20 onwards (£170k in 2018/19)
- Council Tax surplus assumed each year of £25K

Savings Required

As can be seen in the forecast above, there are further savings required in order to ensure that the budget is balance for the years 2019/20 to 2021/22.

It is planned that these future savings will be addressed as part of the work of the Budget Working Group and that we will look to the four themes of our Efficiency Plan to find these savings.

- Encouraging growth in our taxbase
- Encouraging business expansion and enterprise in our area
- Continuing to deliver cost effective and efficient services
- Reviewing the major sources of income available to the Council

Forecast Balances and Reserves

Looking at our Earmarked Reserves and our General balances, the table below shows a summary of how the above revenue budget, and the capital programme (shown in the next section) will impact on our general fund balances and earmarked reserves.

The greatest impact on our earmarked reserves now comes from the capital programme as our earmarked reserves are now the main source of resources.

Table 37 – Summary of Earmarked Reserves Balances

Purpose	Forecast Balance as at 31 March 2019 £	Forecast Balance as at 31 March 2020 £	Forecast Balance as at 31 March 2021 £	Forecast Balance as at 31 March 2022 £
Shorter Term Service Commitments	120,095	110,175	100,255	90,335
Reserves to smooth the revenue impact of longer term cyclical costs	128,029	90,345	75,896	137,895
Trading or business unit reserves	-17,302	-4,042	9,218	22,478
Sums set aside for major schemes such as capital projects	719,682	663,192	659,222	655,252
Longer term strategic or corporate reserves	6,909,751	6,980,713	6,954,035	7,056,011
External grant funding where expenditure has yet to be incurred	538,637	484,082	480,545	480,545
	8,398,892	**8,324,465**	**8,279,171**	**8,442,516**

Table 38 – General Fund Balances

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Forecast Balance Brought Forward 1 April	**-2,433,679**	**-2,262,941**	**-2,012,941**	**-1,762,941**
Forecast to be Used in Year	170,738	250,000	250,000	250,000
Forecast Closing Balance 31 March	**-2,262,941**	**-2,012,941**	**-1,762,941**	**-1,512,941**

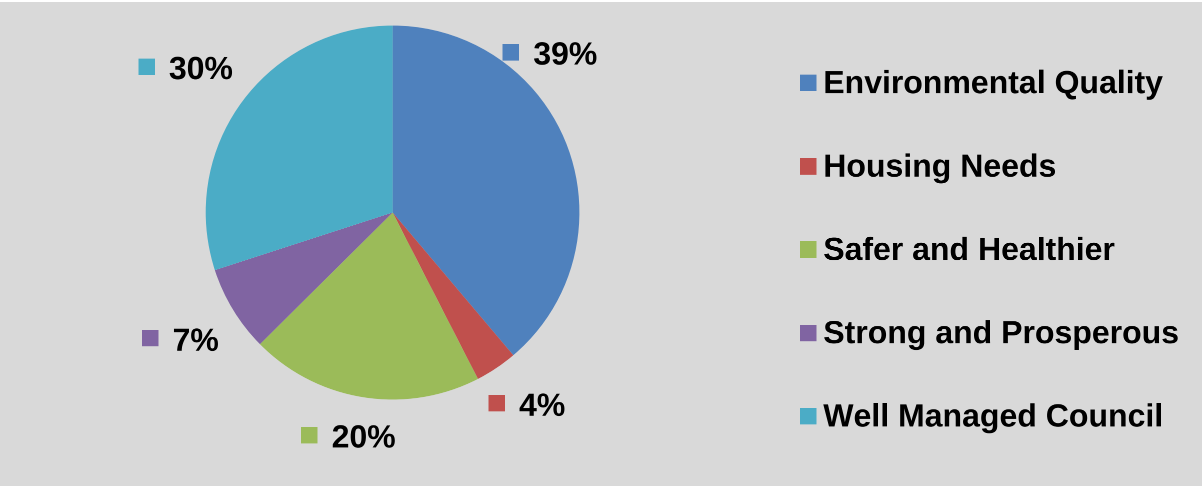
Our Priorities

Our revenue spend in the table above can be matched against the council's priorities.

Priority 1	Priority 2	Priority 3	Priority 4	Priority 5
To ensure a well-managed council providing efficient services based on identified customer needs.	To sustain a strong and prosperous Ribble Valley.	To help make people's lives safer and healthier.	To protect and enhance the existing environmental quality of our area	To match the supply of homes in our area with the identified housing needs

The Net Committee Expenditure for the 2018/19 revenue budget is shown in the table below.

Table 39 – Revenue Budget 2018/19 by Council Priority



Risk and Sensitivity

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.

The table below shows some of the areas of sensitivity and the potential impact on the strategy, based on the original estimate for 2018/19.

Table 40 – Sensitivity Analysis

Area of Sensitivity	Percentage Fluctuation	Annual Impact on Budget
Pay Award (Impact on Direct Employee Costs)	1.00%	£64,160
Energy Costs	5.00%	£7,770
Vehicle Fuel	5.00%	£11,820
Short Term Investment Interest Rates	0.25%	£26,500
Customer and Client Receipts	1.00%	£31,330
Service Specific Government Grants	1.00%	£66,360
Other Grants and Contributions	1.00%	£9,600
Settlement Funding Assessment	1.00%	£14,120
New Homes Bonus (Received in Year)	1.00%	£15,734
Retained Business Rates Income (incl. Retained Levy)	1.00%	£13,338

In terms of impact on the council tax, each budget adjustment of +/-£100,000 – if fully funded from Council Tax - would have the effect of changing council tax at Band D equivalent by +/-£4.37 or a further +/-2.9% (based on an assumed Band D council tax charge of £150.69 for 2018/19).

On the other hand, for every 1% increase in the level of 2018/19 council tax charge, an additional £34,510 council tax revenue would be raised and therefore, for every 1% decrease in the level of council tax revenue £32,750 savings would need to be identified or alternative funding such as use of balances would need to be found (based on an assumed Band D council tax charge of £150.69 for 2018/19).

In terms of the Settlement Funding Assessment that is to be received for 2017/18, this will support approximately 29% of the council's budget requirement and so any variation has a major impact. A variation of 1% in this funding would amount to £14,120.

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

Table 41 – Key Areas of Identified Risk

Risk	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.
Identified savings required are not achieved	Medium	Through stringent budget monitoring and 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 and will also be met in year.

Risk	Risk Level	Mitigation
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.
Business Rates Growth Retention	High	There is a high level of uncertainty around the future level of business rates growth, or downturn. With our membership of the Lancashire Business Rates Pool, we continue to maintain a Business Rate Volatility earmarked reserve in order to cushion future fluctuations.
Further Reductions to New Homes Bonus receipts in future years	High	A substantial reduction in our New Homes Bonus funding, further to that which has already been announced, 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.

Risk	Risk Level	Mitigation
The fair funding review will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence. There is a risk that this council may be adversely affected.	High	Ensure the council's input to the consultation document and support the Rural Services Network in their work.
Pay Awards, fee increases and price inflation higher than assumed	Medium	The impact of any such increases would likely be absorbed by the use of the Council's General Fund balances, or the identification of compensating savings.

Financial Management Arrangements

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and this is reviewed on an annual basis.

The Council has designated the Director of Resources as Chief Finance Officer under Section 151 of the Local Government Act 1972.

The management structure of the Council ensures that the Chief Financial Officer reports directly to the Chief Executive and is a member of the leadership team with direct responsibility for the Council's financial activities. The leadership team meets on a weekly basis to discuss matters of strategic and operational importance to the Council.

Some of the key elements of our financials management arrangements that we have in place are summarised below:

Financial Regulations

The establishment of Financial Regulations provides the financial controls and procedures necessary to address the demands on local government. They also provide clarity about the financial accountabilities of individuals - Members, the Chief Executive (the Head of Paid Service), the Monitoring Officer, the Director of Resources (Section 151 Officer) and other Directors, Heads of Service and staff generally. The Regulations are therefore formally endorsed by the Council as a key part of the Council's Constitution.

The Financial Regulations provide the overall key control framework to enable the council to exercise effective financial management and control of its resources and assets. Another key purpose of the Regulations is to support and protect Members and staff in the performance of their duties where financial issues are involved.

Contract Procedure Rules

The Contract Procedure Rules provide the framework for procuring our goods and services for the Council.

The Contract Procedure Rules ensure there are rules to govern how we procure goods and services to make the most effective and efficient use of resources to deliver best value for the Council and the local community.

The Rules identify what route to take when ordering goods and services for the Council and compliance with these rules is a requirement for all Council employees.

All contracts are awarded in accordance with these rules and the Financial Regulations

Budget Monitoring

Regular budget monitoring is undertaken on a monthly basis between the service accountants and the various budget holders.

The variations between budget and actuals are split into groups of red, amber and green variances. The red variances highlight specific areas of high concern, for which budget holders are required to have an action plan. Amber variances are potential areas of high concern and green variances are areas, which currently do not present any significant concern.

- Variance of more than £5,000 (Red)
- Variance between £2,000 and £4,999 (Amber)
- Variance less than £2,000 (Green)

Detailed reports on our budget monitoring are sent to our service committees on a regular basis, and further information is provided to our Corporate Management Team and Budget Working Group.

This budgetary control ensures that once Full Council has approved a revenue budget or a capital programme, the resources allocated are used for their intended purposes, i.e. the agreed priority areas, and are properly accounted for. It is a continuous process, enabling the council to review and adjust its budget targets during the financial year to make the most effective use of resources in delivering the Council's policies and objectives. The budgetary control framework in the Financial Regulations also sets out the accountabilities of managers for defined elements of the budget.

By continuously identifying and explaining variances against budgetary targets, we can identify changes in trends and resource requirements at the earliest opportunity.

To ensure that the council as a whole does not over or underspend, each service is required to manage its own expenditure within approved resources and to identify any surplus resources for diversion to other programme areas. A mechanism is provided for switching funds between budget heads, including contingencies and reserves, where required, in order to maintain service levels and achieve policy objectives.

Budget Working Group

The Budget Working Group is a working group of, and reporting to, our Policy and Finance Committee.

Primarily the working group is involved in the budget setting process and gives guidance to service committees on the review and development of their budgets as part of the budget setting process. They also make recommendations to our Policy and Finance in the setting of the budget.

The working group is also involved in other financial management and reporting areas, including considering responses to finance related consultations.

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 8

meeting date: 20 MARCH 2018
title: GENERAL DATA PROTECTION REGULATION (GDPR)
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

1.1 To provide members with details of the new requirements under GDPR and the implications for this council.

1.2 The report also looks at the requirements under the Data Protection Act 1998 and GDPR for members in their various roles as:

- A member of the council;
- Representative of residents of their ward;
- Representing a political party, i.e. at election time

1.3 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 need.
- Other Considerations – none identified.

2 BACKGROUND

2.1 Currently, all organisations in the UK that collect, process or store personal information must comply with the Data Protection Act 1998 (DPA), or face fines of up to £500,000 in the event of a data breach.

2.2 The DPA will soon be superseded by the EU General Data Protection Regulation (GDPR), which introduces tougher fines for non-compliance and breaches, and gives people more say over what companies can do with their data. It also makes data protection rules more or less identical throughout the EU.

2.3 The EU's General Data Protection Regulation (GDPR) is the result of four years of work by the EU to bring data protection legislation into line with new, previously unforeseen ways that data is now used.

2.4 The GDPR will apply in the UK from 25 May 2018. The government has confirmed that the UK's decision to leave the EU will not affect the commencement of the GDPR.

3 REQUIREMENTS AND RIGHTS UNDER GDPR

3.1 Like the Data Protection Act, GDPR applies to 'personal data'. However, the GDPR's definition is more detailed and expansive providing a wide range of personal identifiers that constitute personal data, reflecting the changes in technology and the way organisations collect information about people.

3.2 It can be assumed that any data held that falls within the scope of the Data Protection Act will also fall within the scope of GDPR. It not only applies to electronic personal data but to manual filing systems.

3.3 The data protection principles under GDPR set out the main responsibilities for organisations. The principles are similar to the current DPA principles (fair and lawful, purpose, adequacy, retention, right, security, international), with added detail at certain points and a new accountability requirement.

3.4 Article 5 of the GDPR requires that personal data shall be:

a. processed lawfully, fairly and in a transparent manner in relation to individuals;
b. collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes; further processing for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes shall not be considered to be incompatible with the initial purposes;
c. adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
d. accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay;
e. kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed; personal data may be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes subject to implementation of the appropriate technical and organisational measures required by the GDPR in order to safeguard the rights and freedoms of individuals; and
f. processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.

3.5 The accountability principle requires that the organisation put in place comprehensive but proportionate governance measures. The following procedures, policies and frameworks will become a requirement under GDPR and should minimise the risk of breaches and uphold the protection of personal data:

- Information Audit
- Establish an information asset register
- Privacy Impact Assessments
- Documented procedures for Subject Access Request
- Privacy by design

3.6 GDPR also creates some new rights for individuals and strengthens some that currently exist under the Data Protection Act.

- The right to be informed
- The right of access
- The right to rectification
- The right to erasure
- The right to restrict processing

- The right to data portability
- The right to object
- Rights in relation to automated decision making and profiling

3.7 A duty is placed on all organisations to report a data breach to the Information Commissioner's Officer (ICO) within 72 hours of the organisation becoming aware of it and to inform affected subjects as soon as possible.

3.8 The ICO will be supervisory authority for the UK. Under GDPR the ICO will have the power to spot audit organisations with little prior notice. If the ICO find that an organisation is not compliant to GDPR they have the power to fine and/or stop the organisation from processing personal data

3.9 Under the Data Protection Act the ICO could apply fines of up to £500,000. Under GDPR lesser incidents could expect fines of up to £7.9 million or 2 per cent of the organisations global turnover (whichever is greater). More serious violations could result in fines of up to £16 million or 4 per cent of turnover (whichever is greater).

4 ROLE OF THE DATA PROTECTION OFFICER UNDER GDPR

4.1 The General Data Protection Regulations state that a Data Protection Officer should be designated by local authorities to take responsibility for data protection compliance.

4.2 The role should be the first point of contact for all data protection matters and must report directly to the board (management team). There is also a requirement that they must have enough resource to perform the function to ensure the organisation is compliant with GDPR.

4.3 As part of their role, they must also provide compliance training and annual refresher training to all staff that come into contact with personal data and consistently monitor and benchmark the organisation's levels of compliance.

4.4 Highlighted under GDPR and by the ICO have been issues around potential conflicts of interest for those holding the role of Data Protection Officer. The role of Data Protection Officer at this council currently sits with the ICT Manager.

4.5 The legislation is not prescriptive on where the role should sit within the organisation. However, there is recognition that in some cases there may be conflicts of interest that make someone inappropriate for the role. It is recognised that the Data Protection Officer cannot hold a position within the organisation that leads him or her to determine the purposes and the means of the processing of personal data.

4.6 As a result a potential conflict of interests has been identified for our current Data Protection Officer role (ICT Manager) and work is ongoing to identify how this conflict of interests can best be addressed.

4.7 In the changeover to GDPR there is likely to be an extensive workload for the Data Protection Officer role in ensuring our compliance. However, in the medium to longer term it is possible that this workload **may** lessen as compliance becomes more embedded in our processes. There is a potential that additional staffing resources may be needed in order for us to meet our statutory requirements.

5 IMPLICATIONS FOR MEMBERS

5.1 Councillors are likely to have three different roles:

- As a member of the council, for example, as a member of a committee.

- A representative of residents of their ward, for example, in dealing with complaints.
- They may represent a political party, particularly at election time.

5.2 For work as a member of the council, in some circumstances members may require access to personal information. In this case it is the council rather than the councillor that determines what personal information is used for and how it is processed. For example, if a member of a committee has access to files to help them in considering a matter, the councillor is carrying out the local authority's functions and so does not need to register in their own right.

5.3 When councillors represent residents of their ward, they are likely to have to register in their own right. For example, if personal information is used to timetable surgery appointments or take forward complaints made by local residents.

5.4 When acting on behalf of a political party, for instance as an office holder, councillors are entitled to rely upon the registration made by the party. When individuals campaign on behalf of political parties to be the councillor for a particular ward, they can rely on the parties' registration if the party determines how and why the personal information is processed for the purpose of their individual campaigns. If a councillor is not part of any political party but campaigning to be an independent councillor for a particular ward, they need to have their own registration.

5.5 There is a clear distinction between when a councillor is a data controller in his/her own right in their advocacy work when dealing with constituency casework, as they decide how personal data is processed/handled, and when they are carrying out their duties as a representative of the council rather than as a representative of the constituent.

5.6 Based on the above summary, there is a highly likely requirement (depending on what processes each individual member may have in place) for members to register under Data Protection for their processes in relation to their constituency casework. Further guidance is given in the attached Annex 1 *(Advice for elected and prospective councillors).* The Head of Legal and Democratic Services has previously written to all members with regard to these requirements.

5.7 As a safeguard it would be suggested that each member be registered under Data Protection for their processes, and this could be undertaken centrally by the council for all members.

5.8 There is an associated cost to such registration, currently £40 per registration. This would equate to a total annual cost of £1,600. It is a consideration of this report and for members as to:

- Whether each member should register individually with the ICO;
- Whether the council should submit registrations for all members;
- Whether the annual cost of registration should be met by members or by the council.

6 CONCLUSION

6.1 The new GDPR requirements will apply in the UK from 25 May 2018.

6.2 There is a high level of workload in the short to medium term to ensure that we are compliant with the new requirements. It is possible that this workload **may** continue longer term under GDPR. Consideration needs to be given as to how the potential conflict of interests is best addressed. This is currently being looked at by management team.

6.3 It has been highlighted that the undertakings of members in respect of constituency casework and the processing of personal data means that depending on individual circumstances, members may need to register with the ICO. It is possible for this to be done centrally if desired, but there is a charge associated with registration. A decision is needed as to whether this charge is met by the council or by each individual member.

7 RISK ASSESSMENT

7.1 The approval of this report may have the following implications

- Resources: Should the council stand the cost of each member's registration with the ICO, this would represent an annual charge of £1,600. There is also the potential that additional staffing resources may be needed in order for us to meet our statutory requirements.
- Technical, Environmental and Legal: From 25 May 2018 it will be a legal requirement to meet the GDPR. It is currently a legal requirement to meet the Data Protection Act 1998
- Political: none
- Reputation: There would be an adverse reputation risk if found in breach of the requirements of the Data Protection Act 1998 or GDPR
- Equality and Diversity: Equality and diversity issues are considered in the provision of all council services

8 RECOMMENDED THAT COMMITTEE

8.1 Consider whether the council should pay for the registration fees for all members in respect of their constituency role

8.2 Note the potential that additional staffing resources may be needed in order for us to meet our statutory requirements.

HEAD OF FINANCIAL SERVICES DIRECTOR OF RESOURCES

PF25-18/LO/AC
6 March 2018

Information Commissioner's Office

Advice for elected and prospective councillors

Data Protection Act

Contents

Introduction

1. The Data Protection Act 1998 (DPA) is based around eight principles of good information handling. These give people specific rights in relation to their personal information and place certain obligations on those organisations that are responsible for processing it

2. An overview of the main provisions of the DPA can be found in The Guide to Data Protection.

3. This is part of a series of guidance, which goes into more detail than the Guide, to help data controllers to fully understand their obligations and promote good practice.

4. This guidance aims to provide elected and prospective councillors with advice on how the DPA applies to them.

The role of the councillor

5. Councillors are likely to have three different roles:

   - As a member of the council, for example, as a cabinet member or a member of a committee.

   - A representative of residents of their ward, for example, in dealing with complaints.

   - They may represent a political party, particularly at election time.

Use of personal information

6. When councillors consider using personal information, they should take into account the context in which that information was collected to decide whether their use of the information will be fair and lawful, as required by principle 1 of the DPA:

   - Where a councillor is representing an individual resident who has made a complaint, the councillor will usually have the implied consent of the resident to retain relevant personal data provided and to disclose it as appropriate. The resident will also expect that the organisations (including the local authority) who are the subject of the complaint will disclose personal data to the councillor. If there is any uncertainty regarding the resident's wishes, it would be appropriate to make direct contact with the resident to confirm the position.

- Sensitive personal information is treated differently; for example, where consent is being relied on this should be explicit in nature. However, in the context of a complaint, councillors – and organisations making disclosures to them - will usually be able to rely on the Data Protection (Processing of Sensitive Personal Data)(Elected Representatives) Order 2002 as a condition for processing.

- Personal information held by the local authority should not be used for political purposes unless both the local authority and the individuals concerned agree. It would not be possible to use a list of the users of a particular local authority service for electioneering purposes without their consent. An example would be using a local authority list of library users to canvass for re-election on the grounds that the councillor had previously opposed the closure of local libraries.

- When campaigning for election as the representative of a political party, candidates can use personal information, such as mailing lists, legitimately held by their parties. However, personal information they hold in their role as representative of local residents, such as complaints casework, should not be used without the consent of the individual.

- When campaigning for election to an office in a political party, councillors should only use personal information controlled by the party if its rules allow this. It would be wrong, for instance, to use personal information which the candidate might have in their capacity as the local membership secretary, unless the party itself had sanctioned this.

- Candidates for election should be aware that political campaigning falls within the definition of direct marketing. Consequently, they should have regard to the requirements of the DPA (in particular section 11) and the Privacy and Electronic Communication (EC Directive) Regulations 2003 which set out specific rules that must be complied with for each type of marketing communication. For further information on this, the Information

Commissioner has produced Guidance on Political Campaigning which is available on our website.

Multi-member wards

7. In some types of local authority, councillors are elected under a multi-member system where more than one councillor represents a particular ward.

8. As a result, there may be situations where a councillor who represents a resident may need to pass on that particular individual's personal information to another councillor in the same ward. The councillor will only be allowed to disclose to the other ward councillor the personal information that is necessary:

- to address the resident's concerns;
- where the particular issue raises a matter which concerns other elected members in the same ward; or
- where the resident has been made aware that this is going to take place and why it is necessary.

If a resident objects to a use or disclosure of their information, their objection should normally be honoured.

9. The councillor should not pass on personal information which is not connected to the resident's case.

Example

A resident asks one of the councillors in a multi-member ward for help about teenagers acting in an intimidating way in the area. The councillor wishes to share the resident's complaint with the other ward councillors because it is an issue of general concern.

The councillor lets the resident know that he wants to give the details of their complaint to the other ward councillors and why he wants to do that, rather than giving a general description of the complaint to other ward councillors.

If the resident objects, then his wishes are respected and only the general nature of the complaint is shared.

Notification

10. In considering whether they need to register their processing with the Commissioner, councillors must first decide in which role they are processing personal information:

- **As a member of the council**

Councillors may have access to, and process, personal information in the same way as employees. In this case it is the council rather than the councillor that determines what personal information is used for and how it is processed. For example, if a member of a housing committee has access to tenancy files to consider whether the local authority should proceed with an eviction, the councillor is carrying out the local authority's functions and so does not need to register in their own right.

- **As a representative of the residents of their ward**

When councillors represent residents of their ward, they are likely to have to register in their own right. For example, if they use personal information to timetable surgery appointments or take forward complaints made by local residents.

- **As a representative of a political party**

When acting on behalf of a political party, for instance as an office holder, councillors are entitled to rely upon the registration made by the party.

When individuals campaign on behalf of political parties to be the councillor for a particular ward, they can rely on the parties' registration if the party determines how and why the personal information is processed for the purpose of their individual campaigns.

If a prospective councillor is not part of any political party but campaigning to be an independent councillor for a particular ward, they need to have their own registration.

11. There is an exemption from registration where the only personal information which is processed takes the form of paper records.

12. A standard form for registration by councillors has been created to simplify the procedure.

Offences

13. The DPA contains a number of criminal offences, including:

    - Failure to register when required to do so. For example, a councillor who holds computerised records of residents' details for casework purposes would commit an offence if they had not registered this use of personal information.

    - Making unauthorised disclosures of personal information. For example, a councillor who discloses personal information held by the council to their party for electioneering purposes without the council's consent could commit an offence.

    - Procuring unauthorised disclosures of personal information. For example, a councillor who obtains a copy of personal information apparently for council purposes, but in reality for their own personal use (or the use of their party), is likely to have committed an offence.

Security

14. Councillors should be aware that they need to arrange for appropriate security to protect personal information. They must take into account the nature of the information and the harm that can result. They should consider what technical and organisational measures, such as use of passwords, computer access privileges, procedures and staff training, are appropriate to keep the information safe. Councils should also take appropriate measures in the same way.

More information

15. Additional guidance is available on our guidance pages if you need further information on other parts of the DPA.

16. If you need any more information about this or any other aspect of data protection, please contact us, or visit our website at www.ico.org.uk.

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 9

meeting date: 20 MARCH 2018
title: LOCAL TAXATION WRITE OFFS
submitted by: DIRECTOR OF RESOURCES
principal author: MARK EDMONDSON

1 PURPOSE

1.1 To obtain Committee's approval to write off certain Council Tax and Business Rate debts.

1.2 Relevance to the Council's ambitions and priorities:

- ***Council Ambitions/Community Objectives/Corporate Priorities***

  Without the revenue collected from business rates, council tax and sundry debtors we would be unable to meet the Council's ambitions, objectives and priorities.

2 BACKGROUND

2.1 No specific statute exists to give guidance on the circumstances under which debts, in general, can be written off other than the statute of limitations. We only write debts off where all avenues of debt recovery have been fully explored.

Business Rates

2.2 As a matter of law, we are under obligation to take reasonable steps to collect Business Rates debts.

2.3 We do this by various means, including summonses, enforcement agents, bankruptcy, winding up and committal warrants. However, there are some cases where debtors simply leave their property with arrears and where we have no forwarding address, or are declared bankrupt, insolvent or cease trading.

Council Tax

2.4 As a matter of law, we are under an obligation to take reasonable steps to collect council tax debts.

2.5 We do this by various means, including summonses, Attachment of Earnings, Attachment of Benefits, Attachment of Allowances, distraint of goods, bankruptcy, Charging orders and committal warrants. However, there are some cases where debtors simply leave their property with arrears and where we have no forwarding address, or are declared bankrupt or are deceased with insufficient funds in the estate.

3 CURRENT POSITION

3.1 There is now one case where a company has been dissolved and therefore we need to write off these debts. Annex 1 shows details of the debts we are seeking approval to write off against the collection fund – these total £331.60 Council Tax and £1,189.45 business rates.

4 FINANCIAL IMPLICATIONS

4.1 Where Council Tax debts are written off the costs are borne by the Council Tax collection fund and therefore fall on Council Tax payers.

4.2 The cost of business rate write offs are met in part by central government 50% and in part by local government, i.e. ourselves 40%, the county council 9% and the fire and rescue authority 1%.

4.3 The total bad debts provision for business rates stood at £330,000 at 1 April 2017.

Central Government	50%	165,000
Ribble Valley Borough Council	40%	132,000
Lancashire County Council	9%	29,700
Lancashire Fire & Rescue Authority	1%	3,300
		£330,000

5 RECOMMENDED THAT COMMITTEE

5.1 Approve writing off £331.60 Council Tax £1,189.45 Business Rates where it has not been possible to collect the amounts due.

HEAD OF REVENUES AND BENEFITS DIRECTOR OF RESOURCES

PF18-18/ME/AC
6 March 2018

ANNEX 1

Write offs – NNDR

Year	Name		Amount £
DISSOLVED Dissolution is the last stage of liquidation, the process by which a company (or part of a company) is brought to an end, and the assets and property of the company redistributed.			
2016/17	Super Brown Cow Chatburn Ltd	19 Bridge Road, Chatburn, Clitheroe	1,189.45
		Total	**1,189.45**

Write offs – Council Tax

Year	Name		Amount £
DISSOLVED Dissolution is the last stage of liquidation, the process by which a company (or part of a company) is brought to an end, and the assets and property of the company redistributed.			
2016/17	Super Brown Cow Chatburn Ltd	19 Bridge Road, Chatburn, Clitheroe	331.60
		Total	**331.60**

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No.

meeting date: TUESDAY, 20 MARCH 2018
title: REVIEW OF STANDING ORDERS
submitted by: CHIEF EXECUTIVE
principal author: SOLICITOR

1 PURPOSE

1.1 To review the Council's Standing Orders (Part 4 of the Council's Constitution) to ensure clarity.

1.2 Relevance to the Council's ambitions and priorities:

- Council's Ambitions – N/A

- Community Objectives - N/A

- Corporate Priorities – To be a well-managed Council. The Council's standing orders contain the necessary provisions to allow for matters to be discussed and voted upon in an orderly and proper manner

- Other considerations – It is important that our constitution is kept up-to-date, to ensure that all legislative requirements are reflected within them.

2 BACKGROUND

2.1 Section 37 of the Local Government Act 2000 provides that every Local Authority is required to prepare and keep up to date a constitution containing amongst other things a copy of its Standing Orders.

2.2 The Council's constitution is very much a living document. It has been divided into parts and these parts are available on the Council's website.

2.3 The Council's Head of Legal and Democratic Services, in her role as Monitoring Officer, requested that the Council's Solicitor carry out an annual review of the Council's Standing Orders which are contained in Part 4 of the Constitution.

3 ISSUES

3.1 The Council's Standing Orders are the rules, which govern the conduct and proceedings of the Council's meetings (including those of its committees and sub-committees). This Council approved the last changes to the Council's Standing Orders in July 2015.

3.2 Following a review, three areas have been identified as requiring changes to their drafting to ensure clarity of meaning and completeness. Those three areas are: Standing Order 3 - Continuance of Committees; Standing Order 21 – Sub-Committees/Working Groups and Standing Order 21 – Order of Business. The proposed amendments are shown as track changes in the copy of Standing Order enclosed at **Appendix 1**.

3.3 Continuance of Committees – As currently drafted Standing Order 3.3 provides that Committees are appointed by the Annual Meeting and remain in office until the next meeting unless sooner determined. There is no provision for a situation where new member must be appointed if membership of a committee has been sooner determined. It is proposed therefore that the Standing Order be changed to make clear that any appointment in between annual meetings would be by the Council.

3.4 Sub-committees/Working Groups – Standing Orders 21.2 to 21.4 currently do not provide for or reflect the reality that some working groups need to be set up during the course of the year to deal with ad hoc issues from the membership of that Committee. The proposed amendment provides for this.

3.5 Order of Business – Standing Order 21.8 currently does not reflect the fact that the order of business also applies to Sub-committees. The proposed changes make his clear.

4. LEGAL REQUIREMENTS

4.1 Article 11.3 of the Council's Constitution provides that the Council will only approve changes to the Constitution after consideration of the proposal by the Monitoring Officer.

4.2 The Council's Head of Legal and Democratic Services, in her role as Monitoring Officer, has considered the proposed changes set out in **Appendix 1** to this report, and supports them.

5. RISK ASSESSMENT

5.1 The approval of this report may have the following implications:

- Resources – The Council's Solicitor will make any necessary changes and put new documents onto the website. New paper booklets containing the Standing Orders will need to be produced for Members and Officers.

- Technical, Environment and Legal –

- Political – No implications identified.

- Reputation – No implications identified.

- Equality & Diversity – No implications identified.

6. **RECOMMENDED THAT COMMITTEE**

6.1 Approve the changes outlined in the report above and shown in **Appendix 1** to this report.

6.2 Refer the proposed changes to the Council with a recommendation for their approval.

MAIR HILL SOLICITOR	MARSHAL SCOTT CHIEF EXECUTIVE

BACKGROUND PAPERS

For further information please ask for Mair Hill on extension 3216.

REF: MJH/POLICYANDFINANCE/20 March 2018

Ribble Valley
Borough Council

www.ribblevalley.gov.uk

Ribble Valley Borough Council
General Standing Orders

May 2018~~7~~

CONTENTS

1. MEETINGS OF THE COUNCIL

Annual Meeting

1.1 The Council will hold its Annual Meeting at a place, time and date in May, which it will decide at or before its last meeting prior to the Annual Meeting. In the absence of a decision or statutory provision to the contrary, the date will be the second Tuesday in May, or, in an election year, the second Tuesday after the council elections.

Ordinary Meetings

1.2 Ordinary Meetings will be held at eight week intervals or such other intervals as the Council shall, at its Annual Meeting, determine and at such place and time as the Council may determine.

Extraordinary Meetings

1.3 The Mayor may call an Extraordinary Meeting of the Council at any time. If the Mayor refuses to call an Extraordinary Meeting of the Council after receiving a requisition for that purpose signed by five members of the Council, or if, without so refusing, the Mayor does not call an Extraordinary meeting within seven days after receiving the requisition, then any five members of the Council, on that refusal or on the expiration of those seven days, as the case may be, may forthwith call an Extraordinary Meeting of the Council.

(Local Government Act 1972 Schedule 12 para. 3)

Notice of Meetings

1.4 The Chief Executive shall at least **five clear days** before a meeting:

1.4.1 give public notice of the time and place of the meeting by posting it at the offices of the Council and placing it on the Council website or if the meeting is convened on shorter notice, then at the time it is convened;

1.4.2 send to or leave at the usual place of residence of every member of the Council or such other address as the member has requested, a signed summons to attend the meeting, specifying the business proposed to be transacted at the meeting.

N.B 'Clear Days' has been interpreted as five periods of 24 hours running from midnight to midnight and not including Saturday and Sunday unless the Council Offices are open for the inspection of agenda and reports on those days.

(Local Government Act 1972 Section 100A, 100B and Schedule 12 para. 4)

2. MAYOR AND DEPUTY MAYOR

2.1 The Election of the Mayor shall be the first item of business at the Annual Meeting, and shall be followed by the appointment of a Deputy Mayor. In the absence of both the Mayor and Deputy Mayor, those members present will choose one of their number to preside at the meeting, and that person shall have the powers of the Mayor in relation to the conduct of the meeting.

3. APPOINTMENT OF COMMITTEE AND CHAIRMAN

Appointment of Chairmen and Vice-Chairmen

3.1 The council at its Annual Meeting shall appoint the chairmen and vice-chairmen of all standing committees. If a casual vacancy arises in the office of chairman or vice-chairman of a committee, the council shall appoint a replacement at its next meeting.

3.2 In the absence of the chairman of a committee, the vice-chairman shall preside and in the absence of both, the committee from among its members shall appoint a chairman for that particular meeting.

Continuance of Committees

3.3 The composition and membership of ~~C~~committees shall be determined~~appointed~~ at the Annual Meeting of the council and remain in place~~office~~ until the next Annual Meeting. Any alteration to the composition of membership of a committee must be determined by the Council.~~ unless sooner determined~~.

4. QUORUM

4.1 The quorum at a meeting of the Council is twenty members. If the meeting lacks a quorum its business shall be adjourned to a fixed date and time, or to the next Ordinary Meeting.

5. ORDER OF BUSINESS

5.1 Subject to paragraph 5.2 of this Standing Order, the order of business at every meeting of the Council will be:

5.1.1 to choose a person to preside if the Mayor and Deputy Mayor are absent;
5.1.2 to deal with any item required by statute to be done before any other item;
5.1.3 to approve as a correct record and sign the minutes of the last meeting of the Council;
5.1.4 to receive public questions submitted in accordance with Standing Order 6;
5.1.5 Mayor's communications;
5.1.6 to dispose of business (if any) remaining from a previous meeting;
5.1.7 Leader's Report and Question Time;
5.1.8 to receive and consider all other reports, minutes and recommendations of committees in date order of meeting;
5.1.9 to answer questions asked under Standing Order 10;
5.1.10 to consider Motions under Standing Order 9 in the order received; and
5.1.11 other business, if any, specified in the summons.

5.2 With the exception of items 5.1.1, 5.1.2, 5.1.3 and 5.1.4, the Mayor may alter the order of business, or by a resolution following a Motion moved, seconded and put to the meeting without debate.

6. PUBLIC PARTICIPATION

6.1 Public participation in meetings of the Council will be allowed, in accordance with the Council's Protocol for Public Participation at Council and Committee meetings, subject to the following:

6.1.1 a question or comment may be refused if they relate to exempt or confidential information within the meaning of the Council's Rules or if in the opinion of the Council's Head of Legal and Democratic Services they contain defamatory material;

6.1.2 only residents of the Ribble Valley may ask questions or make comments.

6.1.3 no person shall speak for more than 3 minutes;

6.1.4 a maximum of 15 minutes shall be allocated to public participation. Question(s) and/or comment(s) will be dealt with in the order in which they are received. Any questions not dealt with at the meeting shall be given answers in writing. Answers will not be given to any comments made. The public participation session shall form part of the formal proceedings of Council and shall be recorded in the minutes.

6.1.5 Members of the public wishing to ask questions or make comments must give notice in writing to the Chief Executive by not later than noon on the Friday before the Council meeting. The notice must specify the question in sufficient detail to enable a reply to be prepared. The Leader or the Chairman of the appropriate committee will give answers and a copy of the answer in writing will be given to the questioner.

6.1.6 Questioners shall have the right to ask one supplementary question when they have received the chairman's reply.

6.1.7 A question or comment on the same topic shall not be made at two consecutive meetings of the Council.

6.1.8 If the Council elects to, a special annual public meeting shall be held to deal solely with matters raised by electors. The venue will be such place as the Council decides. The same rules as set out in paragraph 6.1.5 of this Standing Order will apply to the written submission of questions at any special annual public meeting.

6.1.9 appropriate publicity shall be given to the right of the public to participate in meetings of the Council.

7. PETITIONS

7.1 Petitions may be presented to the Council in accordance with the Council's Petition Scheme.

7.2 The Council's Petition Scheme will not apply to letters of representation in respect of any matter relating to:

7.2.1 a specific planning decision (including a development plan document or the community infrastructure levy),

7.2.2 an alcohol, gambling or sex establishment licensing decision;

7.2.3 an individual or entity, which has a right to a review or appeal, conferred by or under any enactment.

8. MOTIONS AND AMENDMENTS WITHOUT NOTICE

8.1 A member may move without notice any of the following Motions and amendments:

8.1.1 to appoint a chairman for that meeting or the remainder of the meeting;

8.1.2 motions relating to the accuracy of the minutes;

8.1.3 to vary the order of the agenda;

8.1.4 subject to paragraph 8.1.7 of this Standing Order, move a Motion arising out of consideration of an item on the agenda, provided it is relevant to that item and does not introduce any new subject matter, 8.1.5 refer a matter back to a committee; and/or

8.1.6 that a body be appointed, or a person appointed to a body;

8.1.7 to adopt reports and recommendations of committees and/or officers. A member cannot however move a Motion or amendment, which amends a decision made under powers delegated to a Committee and/or Officer by the Council.

8.1.8 to give leave to withdraw a Motion;

8.1.9 to extend the time limit for speeches;

8.1.10 to make an amendment to a Motion;

8.1.11 to move on to the next item on the agenda;

8.1.12 to put the question immediately to the vote;

8.1.13 to adjourn the debate;

8.1.14 to adjourn the meeting;

8.1.15 to suspend one or more Standing Orders;

8.1.16 to exclude the public from the meeting under Section 100A(4) of the Local Government Act 1972;

8.1.17 under Standing Order 13.30 not to hear a member further.

8.1.18 under Standing Order 13.31 by the chairman to require a member to leave the meeting; and/or

8.1.19 to give any consent required by these Standing Orders.

9. NOTICES OF MOTION

9.1 A Notice of Motion not listed in Standing Order 8 must be given in writing to the Chief Executive **AT LEAST 7 CLEAR DAYS** (as defined above) before the relevant meeting, and be signed by the member(s) giving the notice. An email to the Chief Executive will be accepted as giving notice.

9.2 The Chief Executive shall set out in the summons for the Council meeting all Motions which comply with the requirements of paragraph 9.1 of this Standing Order in the order they have been received, unless the member has either withdrawn it in writing or requested to move it at a later meeting.

9.3 Motions must relate to matters where the Council has powers or duties or which affect the borough.

9.4 The Council will treat as withdrawn any Motion not moved at the meeting at which it appears upon the summons, unless the Mayor agrees its postponement.

9.5 Any Motion which falls within the terms of reference of a committee(s) may:

9.5.1 be referred without discussion to such committee(s);

9.5.2 be referred without discussion to such other committee(s) as the Council may decide; or

9.5.3 be dealt with at the meeting at which it is moved if the Mayor considers it is appropriate and convenient to do so.

9.6 If a Motion is referred in accordance with Standing Order 9.5 the Chief Executive must notify the relevant member:

9.6.1 of the meeting(s) of the committee(s) to which it has been referred;

9.6.2 that they have the right to attend the meeting(s); and

9.6.3 that they may explain the Motion at any such meeting(s).

10. QUESTIONS AT COUNCIL MEETINGS

10.1 A member may ask the Mayor or the chairman of any committee any question on any matter which relates to a power or duty of the Council or which affects the borough.

10.2 A question must either:

10.2.1 be received by the Chief Executive by noon on the Friday before the meeting; or

10.2.2 relate to urgent business, have the agreement of the Mayor to the question being put and, where possible, a copy of the question will be given to the Chief Executive before 10.00am on the day of the meeting.

10.3 The question shall be put and answered without discussion, but the person to whom the question is addressed may decline to answer. Where the question has been submitted in writing in advance of the meeting, the questioner shall have the right to ask one supplementary question, or to make a relevant comment, when they have received the Chairman's reply.

10.4 The answer to a member's question may be given: orally and directly; by reference to published material of the Council provided it is readily available to members; or in writing circulated to all members.

10.5 There shall be no question on the same topic at two consecutive meetings of the Council.

11. LEADER'S REPORT AND QUESTION TIME

11.1 The Leader of the Council will present a report on the ongoing work of the Council and on any topical issues relating thereto. Notwithstanding the provisions of Standing Order 13.11, the Leader in presenting his report may speak for up to ten minutes.

11.2 At the conclusion of the Leader's report, the Leader of the Opposition or in his absence, the Deputy Leader of the Opposition may ask up to three questions of the Leader, provided that notice of these has been received in writing by the Chief Executive by not later than noon on the day before the Council meeting. The questions shall relate to the general work of the Council. There will be no requirement for any answers to be in writing and the leader of the opposition shall be entitled to ask one supplementary question or make one comment in relation to each answer given by the Leader.

11.3 When any questions from the Leader of the Opposition or in his absence, the Deputy Leader of the Opposition have been answered by the Leader, Councillors may ask a question of the Leader on matters relating to the general work of the Council, which do not fall within the remit of a committee.

11.4 Only residents of the Ribble Valley may ask questions of the Leader.

11.5 Subject to paragraph 11.2 of this Standing Order, Councillors wishing to ask questions must give notice in writing to the Chief Executive by not later than noon on the Friday before the council meeting. The notice must specify the nature of the question in sufficient detail to enable a reply to be prepared. A copy of the Leader's answer in writing will be given to the questioner.

11.6 Councillor's shall have the right to ask one supplementary question when they have received the Leader's reply.

11.7 There shall be no question on the same topic at two consecutive meetings of the Council.

12. MINUTES OF COUNCIL MEETINGS

12.1 The Mayor will move that the minutes be approved as a correct record.

12.2 Only the accuracy of the minutes may be discussed and then only by Motion. As soon as any Motion has been disposed of (or if no Motion is moved) the Mayor will sign the minutes subject to any amendment set out in any Motion approved by the Council.

12.3 Minutes shall be submitted to and signed at the next meeting of the Council unless that meeting is an Extraordinary Meeting.

13. RULES OF DEBATE FOR COUNCIL MEETINGS

Respect for Mayor

13.1 When the Mayor rises during a debate, any member standing must immediately stop speaking and sit down and the Council must be silent.

Standing when Speaking

13.2 A member, when speaking, must stand and address the Mayor.

Mayor to decide order of speaking

13.3 If two or more members rise or indicate their wish to speak, the Mayor will call on one to speak and the other (or others) must then sit.

Only one Member to Stand

13.4 While a member is speaking, all other members must remain seated and silent UNLESS rising to indicate that they wish to make a point of order or to provide personal explanation.

Motion for reception of Minutes – Procedure

13.5 A Motion for the reception of the minutes of a committee, sub-committee or joint Committee (save for any minute marked with ***):

13.5.1 must be proposed and seconded before it is discussed;

13.5.2 must not include any amendment of those minutes; but

13.5.3 may provide for a particular minute to be withdrawn for further consideration by the appropriate committee; and upon being seconded, that particular minute will be withdrawn subject to the agreement of the Council.

13.6 When a Motion to receive the minutes of a committee has been seconded, the Mayor will invite questions or comments upon such minutes. Any member may ask a question or make a comment on any minute before the Council, provided that he or she does not speak for more than five minutes in total on the minutes of a particular committee.

13.7 Any minute with *** must be considered by a separate motion following the procedure set out in paragraphs 13.5 and 13.6 above.

Questions/Comments on Minutes

13.8 The chairman of the committee or other member moving the reception of the committee minutes will respond to any questions/comments relating to those minutes. Questions on a particular minute will not be answered until they have all been asked. The chairman or other member moving the reception of the committee minutes may decline to respond unless written notice has been given to the Chief Executive by noon on the Friday before the meeting. Where a question has been submitted in writing in advance of the meeting the questioner shall have the right to ask one supplementary question when they have received the chairman's response.

Content of Amendment

13.9 An amendment must relate to the Motion and either:

13.9.1 refer a matter to a committee, or refer back to the appropriate committee a matter recommended to the Council;

13.9.2 leave out words;

13.9.3 add or insert words; or

13.9.4 leave out words and add or insert words.

Content of Speech

13.10 A member's speech must be directed solely to the matter under discussion.

Length of Speech

13.11 A member may not speak for more than five minutes, except by consent of the Council.

When a member may speak again on a Motion

13.12 A member who has spoken on any Motion (and for this purpose each separate minute of a particular committee, sub-committee or joint committee, or any group of minutes being taken together will be regarded as a separate Motion) must not speak again until the debate on the Motion has finished EXCEPT:

13.12.1 to speak once on an amendment moved by another member;

13.12.2 if the Motion has been amended since the member last spoke, to move a further amendment;

13.12.3 if the member's first speech was on an amendment moved by another member, to speak on the main issue, whether or not that amendment was carried;

13.12.4 in exercise of a right of reply given by paragraphs 13.26 or 13.27 of this Standing Order;

13.12.5 on a point of order or by way of personal explanation (in accordance with paragraph 13.28 and 13.29 of this Standing Order);

13.12.6 to move or speak on a procedural Motion set out in sub-paragraph 13.19.2, 13.19.7 or 13.19.8 of paragraph 13.19 of this Standing Order.

Debate on Amendment

13.13 Only one amendment may be moved and discussed at a time. No further amendment may be moved until the first amendment has been disposed of.

13.14 The Mayor may permit two or more amendments to be discussed together if this is likely to help the proper conduct of the Council's business BUT each amendment must be voted upon separately.

13.15 If an amendment is lost a further, different, amendment may be moved.

13.16 The Mayor should read the entire Motion as amended prior to a vote being taken.

13.17 If an amendment is carried, the Motion as amended takes the place of the original Motion and becomes the Motion upon which any further amendments may be moved.

Seconding of Motions and Amendments

13.18 Any member may second a motion or amendment and reserve his or her speech for a later period of the debate.

Motions which may be moved during debate

13.19 When a Motion is being debated, the only other Motions that may be moved (either singly or combined) are:

13.19.1 to amend the Motion;

13.19.2 to adjourn the meeting;

13.19.3 to adjourn the debate;

13.19.4 to move on to the next business;

13.19.5 to put the question immediately to the vote;

13.19.6 not to hear a member further;

13.19.7 by the Mayor to require a member to leave the meeting;

13.19.8 to exclude the public from the meeting under section 100A(4) of the Local Government Act 1972 ;

13.19.9 to suspend one or more Standing Orders;

13.19.10 to extend the time limit for speeches;

13.19.11 to give any consent required by these Standing Orders.

Closure Motions

13.20 At the conclusion of a speech of another member, a member may move without comment that:

13.20.1 the debate be adjourned;

13.20.2 the meeting be adjourned;

13.20.3 the Council proceed to the next business; or

13.20.4 the question be put.

13.21 If the Motion is seconded the Mayor shall proceed as follows, if in his opinion the question before the meeting has been sufficiently discussed:

13.21.1 in the case of a Motion under 13.20.1, 13.20.2 or 13.20.3, invite the mover of the original Motion to reply and then put the closure Motion to the vote; or

13.21.2 in the case of a Motion under 13.20.4, put the closure Motion to the vote.

13.22 If the Motion is carried, the question before the meeting shall (subject to the rights of speech or reply) be put to the vote or be deemed to be disposed of or the meeting or debate shall stand adjourned as the case may be.

Amendment of Motion by Proposer

13.23 The proposer of a Motion may with the consent of the Council:

13.23.1 alter a Motion of which the proposer has given notice; or

13.23.2 with the further consent of the seconder alter a Motion, which the proposer has moved if (in either case) the alteration is one, which could be made as an amendment to the Motion.

Withdrawal of Motion by Proposer

13.24 A Motion or amendment may be withdrawn by the proposer with the consent of the seconder and of the council.

13.25 No member may speak on a Motion or amendment after the proposer has asked to withdraw it **UNLESS** permission has been refused.

Right of Reply – Proposer of Motion Only

13.26 The proposer of a Motion has the right to reply at the close of the debate on the Motion immediately before it is put to the vote.

13.27 At the close of a debate on an amendment:

13.27.1 the proposer of the original Motion has the right to reply; and

13.27.2 the proposer of the amendment has the right to reply, such right to be exercised immediately before the proposer of the original motion replies.

Explanation and Points of Order

13.28 An explanation shall be confined to a material part of an earlier speech by the member during the meeting and on which a misunderstanding has occurred.

13.29 A point of order is a request by a member to the Mayor to rule on an alleged irregularity in the constitution of, or procedure in the meeting.

13.30 A member may rise on a personal explanation or a point of order at any time and is entitled immediately to address the Mayor on the matter; but:

13.30.1 the member who raises a point of order must specify immediately a Standing Order or statutory provision, and say how it has been broken or infringed;

13.30.2 in either case the member's speech must be confined to the personal explanation or point of order.

13.30.3 the ruling of the Mayor on an explanation or point of order is not open to discussion and is final.

Disorderly Conduct

13.31 If the Mayor considers a member's conduct disorderly and so states to the Council, then the Mayor or any other member may move "not to hear a particular member further" and if seconded, the Motion shall be put to the vote without discussion. Disregarding the ruling of the Mayor, wilfully obstructing proceedings, or behaving improperly, offensively or irregularly shall, for these purposes, be considered disorderly.

13.32 If the member's disorderly conduct continues after the Motion has been carried, the Mayor shall:

EITHER

13.32.1 move to require the member to leave the meeting in which case the Motion shall be put to the vote without seconding or discussion

OR

13.32.2 adjourn the meeting of the council to an appropriate time.

13.33 The Mayor may, in the event of general disturbance disruptive of the proceedings, adjourn the meeting for an appropriate length of time. Such action may be taken irrespective of other available powers and without putting the matter to the meeting.

Voting

13.34 Save for the requirements relating to Budget Decision Meetings, set out in paragraphs 13.38 – 13.39 of the Standing Order, Members shall vote by a show of hands unless before the Mayor begins to take the vote a member requests that a recorded vote is taken, and that request is supported by six other Members (who will show their support by raising their hands).

13.35 Where a recorded vote takes place pursuant to paragraph 13.34 of this Standing Order, the minutes must record each Members vote for, against or abstaining.

13.36 In the event that a recorded vote takes place,:

13.36.1 the Head of Legal and Democratic Services or Chief Executive will call the name of each member;

13.36.2 the member will respond, for or against the Motion or abstaining; and

13.36.3 the Head of Legal and Democratic Services, a Director or Head of Service will record each member's response in the minute.

13.37 In the case of an equality of votes the Mayor or the person presiding shall have a second or casting vote.

(Local Government Act 1972 Schedule 12 para.39.)

Voting in Budget Decision Meetings

13.38 Immediately after any vote is taken at a Budget Decision Meeting (as defined in the Local Authorities (Standing Orders) (England) Regulations 2001/3384 (as amended)), there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

13.39 The votes shall be recorded as set out in paragraph 13.36 of this Standing Order.

14. DISTURBANCE BY MEMBERS OF THE PUBLIC

14.1 If a member of the public interrupts the proceedings at any meeting the Mayor will issue a warning and if the interruption continues the Mayor shall order the removal of that person from the premises where the meeting is taking place. In case of general disturbance in any part of the premises open to the public, the Mayor shall order that part to be cleared.

15. TIME LIMIT ON MEETINGS

15.1 All meetings must end at or before 3 hours after the time at which the meeting commenced. The council or a committee will only suspend this Standing Order on rare occasions when circumstances justify doing so. The Motion to suspend this Standing Order must be seconded and then put to the vote without discussion.

16. MOTIONS AFFECTING EMPLOYEES

16.1 If any question arises on the appointment, promotion, dismissal, salary, superannuation, conditions of service or conduct of any council employee, the Council must not discuss it until it has considered whether to exclude the public under section 100A(4) of the Local Government Act 1972 as amended.

17. MOTIONS NOT TO BE REVIVED

17.1 No member may move a Motion or amendment, which would have the same effect as one, which has been rejected within the previous six months unless notice has been given as required by Standing Order 9 and such notice is signed by at least nine other members.

18. VOTING ON APPOINTMENTS

18.1 Where three or more persons are nominated for any position to be filled by the Council but there is no majority of the votes cast in favour of one candidate, then the candidate who received the least votes must be eliminated from the voting and a fresh vote taken and so on until a majority of votes is given in favour of one person. Voting under this Standing Order may be conducted by ballot paper.

19. RECORD OF ATTENDANCES

19.1 The names of the members present at a meeting of the council or any of its committees shall be recorded by the Chief Executive in an attendance book provided for that purpose.

20. FILMING OR RECORDING MEETINGS

20. The filming, photographing or audio recordings or use of social media at Council meetings is permitted subject to the provisions set out in the Council's Protocol for filming and recording meetings.

21. MEETINGS OF COMMITTEES

21.1 Meetings of Committees will be held at such intervals as the Council shall, at its Annual Meeting, determine and at such place and time as the Council shall determine.

Sub-Committees/Working Groups

21.2 At the first meeting of each Committee within each municipal year, or as required during the course of the year to give effect to Council business, each~~the~~ Committee~~s~~ shall establish such sub-committees and/or working groups as it deems necessary. The Committee shall~~and~~ determine the terms of reference of the sub-committee/working group and its membership from its own members.~~the Members who shall sit on them~~.

21.3 The membership of any Sub-Committee shall be subject to the principles of political balance, but this will not apply to working groups.

21.4 Sub-Committees shall have the power to make decisions, but working groups may only consider an issue and then refer the matter back to Committee for a decision to be made.

Notice of Committee Meetings

21.5 The Chief Executive shall at least **five clear days** before a meeting:

21.5.1 give the public notice of the time and place of the meeting by posting it at the offices of the council and placing it on the Council website or if the meeting is convened on shorter notice, then at the time it is convened;

21.5.2 send or leave at the usual place of residence of every member of the Council or such other address as the member has requested, a signed summons to attend the meeting, specifying the business proposed to be transacted at the meeting.

N.B Clear days shall have the meaning set out above.

Quorum

21.6 The quorum at meetings of committees shall be not less than half the members of the committee.

21.7 If a meeting lacks a quorum its business shall be adjourned to a fixed date and time or to the next meeting.

Order of Business

21.8 Subject to paragraph 21.6 of this Standing Order, the order of business at every Committee and Sub-Committee meeting will be:

21.8.1 to receive apologies for absence;

21.8.2 to approve as a correct record and sign the minutes of the last meeting of the Committee;

21.8.3 to receive any declarations of interest;

21.8.4 Public participation;

21.8.5 to receive and consider all reports submitted to the Committee in the order they appear on the agenda; and

21.8.6 other business if any specified on the agenda

21.9 With the exception of items 21.8.1 –21.8.3 and 21.8.5-21.8.6 the order of business may be altered by the chairman.

22 PUBLIC PARTICIPATION IN COMMITTEES

22.1 The provisions of this standing order relate to all committees save for Planning Committee.

22.2 Public participation in committee meetings will be allowed, in accordance with the Council's Protocol for Public Participation at Council and Committee Meetings, save that:

22.2.1 A question or comment may be refused if it relates to exempt or confidential information within the meaning of the Council's rules or if in the opinion of the Head of Legal and Democratic Services they contain defamatory material.

22.2.2 Any person wishing to speak must register with the Council by noon on the day of the meeting.

22.2.3 Contributions are limited to one per person and no person may speak for more than three minutes except in exceptional circumstances.

22.2.4 A maximum of 15 minutes will be allocated for public participation in each Committee.

22.2.5 Contributions will be limited to comments on decision items listed in Part I of the Agenda.

22.2.6 Comments and contributions will be taken in the order in which they are received. Speakers on different agenda items will be dealt with in Agenda item order.

22.2.7 No person may speak on the same topic at two consecutive meetings.

Public Participation in Planning Committee

22.3 Public participation in Planning Committee meetings will be allowed save that:

22.3.1 a question or comment may be refused if it relates to exempt of confidential information within the meaning of the Council's rules or if in the opinion of the Head of Legal and Democratic Services they contain defamatory material;

22.3.2 contributions will be limited to comments on decision items listed in Part I of the Agenda;

22.3.3 a maximum of two speakers will be allowed on each planning application. One will be the applicant or agent, the other an objector. If the parish council is the objector they will have first refusal of the right to speak;

22.3.4 if the parish council do not wish to speak, the Council will accept the first person to register his or her name as the objector;

22.3.5 each speaker may speak for a maximum of three minutes. The applicant/agent will speak first and the objector second;

22.3.6 Officers and members other than the Chairman cannot question the speaker. In exceptional circumstances the Chairman may ask an applicant and/or objector to clarify a matter of fact. If this happens, the applicant and/or objector must confine himself or herself to giving a direct answer to the question; and/or

22.3.7 Officers will not be required to answer questions raised, but will do so if a Member of Committee so requests.

23 PETITIONS

23.1 Petitions may be presented to a committee in accordance with the Council's Petition Scheme.

23.2 The Council's Petition Scheme will not apply to letters of representation in respect of any matter relating to:

23.2.1 a specific planning decision (including a development plan document or the community infrastructure levy);

23.2.2 an alcohol, gambling or sex establishment licensing decision;

23.2.3 an individual or entity which has a right to a review or appeal conferred by or under any enactment.

24 MOTIONS AND AMENDMENTS WITHOUT NOTICE AT COMMITTEE MEETINGS

24.1 A member may move without notice any of the following Motions and amendments:

24.1.1 to appoint a chairman for that meeting or the remainder of the meeting;

24.1.2 motions relating to the accuracy of the minutes;

24.1.3 to vary the order of the agenda;

24.1.4 subject to paragraph 24.1.7 of this Standing Order, move a Motion arising out of consideration of an item on the agenda, provided it is relevant to that item and does not introduce any new subject matter, and/or that a body be appointed, or a person appointed to a body;

24.1.5 to adopt reports and recommendations of officers. A member cannot however move a Motion or amendment, which amends a decision made under powers delegated to a Committee and/or Officer by the Council.

24.1.6 to give leave to withdraw a Motion;

24.1.7 to extend the time limit for speeches;

24.1.8 to make an amendment to a Motion;

24.1.9 to move on to the next item on the agenda;

24.1.10 to put the question immediately to the vote;

24.1.11 to adjourn the debate;

24.1.12 to adjourn the meeting;

24.1.13 to suspend one or more Standing Orders;

24.1.14 to exclude the public from the meeting under Section 100A(4) of the Local Government Act 1972;

24.1.15 under Standing Order 26.10 not to hear a member further.

24.1.16 under Standing Order 26.11 by the chairman to require a member to leave the meeting; and/or

24.1.17 to give any consent required by these Standing Orders.

25. NOTICES OF MOTION AT COMMITTEE

25.1 A Notice of Motion not listed in Standing Order 24 must be given in writing to the Chief Executive **AT LEAST 5 CLEAR DAYS** (before the relevant meeting, and be signed by the member(s) giving the notice. (see definition of clear days set out above). An email to the Chief Executive will be accepted as giving notice.

25.2 The Chief Executive shall set out in the agenda for the Committee meeting all Motions which comply with the requirements of paragraph 25.1 of this Standing Order in the order they have been received, unless the member has either withdrawn it in writing or requested to move it at a later meeting.

25.3 Motions must relate to matters where the Council has powers or duties or which affect the borough.

25.4 The Council will treat as withdrawn any Motion not moved at the meeting at which it appears upon the summons, unless Committee agrees its postponement.

26 RULES OF DEBATE AT COMMITTEE MEETINGS

Debate on Amendment

26.1. Only one amendment may be moved and discussed at a time. No further amendment may be moved until the first amendment has been disposed of.

26.2 The Chairman may permit two or more amendments to be discussed together if this is likely to help the proper conduct of the Committee's business BUT each amendment must be voted upon separately.

26.3 If an amendment is lost a further, different, amendment may be moved.

26.4 The Chairman must read the entire Motion as amended prior to a vote being taken.

26.5 If an amendment is carried, the Motion as amended takes the place of the original Motion and becomes the Motion upon which any further amendments may be moved.

Seconding Amendments

26.6 Any member may second a motion or amendment and reserve his or her speech for a later period of the debate.

Explanation of points of order

26.7 An explanation shall be confined to a material part of an earlier speech by the member during the meeting and on which a misunderstanding has occurred.

26.8 A point of order is a request by a member to the chairman to rule on an alleged irregularity in the constitution of or procedure in the meeting.

26.9 A member may rise on a personal explanation or a point of order at any time and is entitled immediately to address the chairman on the matter; but:

26.9.1 the member who raises a point of order must specify immediately a Standing Order or statutory provision, and say how it has been broken or infringed;

26.9.2 in either case the member's speech must be confined to the personal explanation or point of order.

26.9.3 the ruling of the Chairman on an explanation or point of order is not open to discussion and is final.

Disorderly conduct

26.10 If the Chairman considers a member's conduct disorderly and so states to the Committee, then the Chairman or any other member may move "not to hear a particular member further" and if seconded, the Motion shall be put to the vote without discussion. Disregarding the ruling of the Chairman, wilfully obstructing proceedings, or behaving improperly, offensively or irregularly shall, for these purposes, be considered disorderly.

26.11 If the member's disorderly conduct continues after the Motion has been carried, the Chairman shall

26.11.1 move to require the member to leave the meeting in which case the Motion shall be put to the vote without seconding or discussion; or

26.11.2 adjourn the meeting of the Committee to an appropriate time.

26.12 The Chairman may, in the event of general disturbance disruptive of the proceedings, adjourn the meeting for an appropriate length of time. Such action may be taken irrespective of other available powers and without putting the matter to Committee.

Disturbance by the public

26.13 If a member of the public interrupts the proceedings at any meeting the Chairman will issue a warning and if the interruption continues the Chairman shall order the removal of that person from the premises where the Committee meeting is taking place. In case of general disturbance in any part of the premises open to the public, the Chairman shall order that part to be cleared.

Time limits

26.14 All meetings must end at or before 3 hours after the time at which the meeting commenced. A committee will only suspend this Standing Order on rare occasions when circumstances justify doing so. The Motion to suspend this Standing Order must be seconded and then put to the vote without discussion.

Motions affecting employees

26.15 If any question arises on the appointment, promotion, dismissal, salary, superannuation, conditions of service or conduct of any council employee, a Committee must not discuss it until it has considered whether to exclude the public under section 100A(4) of the Local Government Act 1972 as amended.

Record of attendance

26.16 The names of the members present at a Committee meeting shall be recorded by the Chief Executive in an attendance book provided for that purpose.

Voting on appointments

26.17 Where three or more persons are nominated for any position to be filled by the Council but there is no majority of the votes cast in favour of one candidate, then the candidate who received the least votes must be eliminated from the voting and a fresh vote taken and so on until a majority of votes is given in favour of one person. Voting under this Standing Order may be conducted by ballot paper.

Voting

26.18 Save for the requirements relating to Budget Decision Meetings, set out in paragraphs 26.21 – 26.22 of this Standing Order, Members shall vote by a show of hands unless before the Chair begins to take the vote a member requests that a recorded vote is taken, and that request is supported by three other Members (who will show their support by raising their hands).

Where a recorded vote takes place pursuant to this Standing Order, the minutes must record each Members vote for, against or abstaining.

26.19 In the event that a recorded vote takes place,:

26.19.1 the Head of Legal and Democratic Services, a Director or Head of Service will call the name of each member;

25.19.2 the member will respond, for or against the Motion or abstaining; and

25.19.3 the Head of Legal and Democratic Services, a Director or Head of Service will record each member's response and these will be recorded in the minute.

26.20 in the case of an equality of votes the Chairman or the person presiding shall have a second or casting vote.

(Local Government Act 1972 Schedule 12 para.39.)

Voting in Budget Decision Meetings

26.21 Immediately after any vote is taken at a Budget Decision Meeting (as defined in the Local Authorities (Standing Orders) (England) Regulations 2001/3384 (as amended)), there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

26.22 The votes shall be recorded as set out in paragraph 26.18 of this Standing Order.

Minutes of Committee Meetings

26.23 The Chairman or Vice Chairman will move that the minutes be approved as a correct record.

26.24 Only the accuracy of the minutes may be discussed and then only by Motion. As soon as any Motion has been disposed of (or if no Motion is moved) the Chairman will sign the minutes subject to any amendment set out in any Motion approved by Committee.

26.25 Minutes shall be submitted to and signed at the next meeting of Committee.

Members entitled to attend all Committees and Sub-Committees

26.26 Members are entitled to attend meetings of committees or sub-committees of which they are not members and may speak with the permission of the committee or sub-committee.

27. FILMING AND RECORDING MEETINGS

27.1 The filming, photographing or audio recording or use of social media at Council meetings is permitted subject to the Council's protocol on filming or recordings meetings.

28. URGENT BUSINESS BETWEEN COMMITTEES (EMERGENCY COMMITTEE)

28.1 Where the terms of reference of the Emergency Committee apply and the matter is so urgent that the decision cannot wait for a scheduled meeting of the Council or one of its committees, the Chief Executive or a deputy appointed by him/her for these purposes will convene a meeting of the Emergency Committee for the purpose of reaching a decision on that matter. The Emergency Committee shall have power to exercise any of the functions of the Council for the purposes of deciding the matter referred to it.

28.2 Membership of the Emergency Committee will be determined each year at the Annual Meeting of the Council in accordance with the provisions relating to political balance and, except where other arrangements are approved by the Annual Meeting, the committee will comprise of the Leader, the Deputy Leader, the Shadow Leader or their authorised representatives and one other councillor.

28.3 Members of the Corporate Management Team and, wherever possible, other appropriate officers, should also attend meetings of the Emergency Committee.

28.4 The committee clerk will arrange the meeting and produce an agenda. This and any reports prepared for the meeting will be circulated to members of the Emergency Committee.

28.5 The agenda will be posted on the Council's website together with any Part I reports.

28.6 The decision made by the Emergency Committee will be reported to the next meeting of the most appropriate committee or to full Council, as applicable.

29. CALL-IN PROCEDURE FOR DECISIONS MADE BY POLICY COMMITTEES

29.1 All decisions made by committees should be sent to members within two working days of the committee having met.

29.2 A decision can be called-in within 5 working days of the decision being published.

29.3 If a decision is called-in, the implementation of that decision is suspended until the Council has met unless overridden by the Emergency committee.

29.4 Five members are needed to operate the call-in procedure.

29.5 The members operating the call-in procedure must give reasons in writing specifying why the decision has been called-in.

29.6 The call-in procedure does not apply to decisions on individual planning, licensing or grant applications, or to any matter arising out of the original decision on such an application including the conduct of any appeal. It should normally only apply to decisions, which are considered to be contrary to policy or not in accordance with the budget. The Emergency committee will have power to override the call-in procedure and to rule that the original decision be implemented. This power can only be exercised by a unanimous decision of the four where in their view; it is necessary to protect the interests of the Council that the original decision be implemented without delay. In order for them to decide whether or not to exercise this power, the Chief Executive shall notify them immediately of any decisions that have been called-in.

30. INTERESTS OF MEMBERS IN CONTRACTS AND OTHER MATTERS

30.1 Members of the Council are under a duty to base their decision making on a consideration of the public interest, avoid conflict between personal interest and the public interest and resolve any conflict between the two, at once, and in favour of the public.

30.2 A Member has a potential conflict of interest where any business of the meeting relates to or is likely to affect the subject matter of:

30.2.1 a disclosable pecuniary interest as described in the Members Code of Conduct and section 30(3) of the Localism Act 2011;

30.2.2 other pecuniary interest as described in the Members Code of Conduct; or

30.2.3 private interest as described in the Members Code of Conduct;

held by a member and, when prompted by the agenda item, at the commencement of that consideration or when the interest becomes apparent, the Member must disclose to the meeting the existence and nature of that interest.

30.3 Where an interest is disclosed arising from a disclosable pecuniary interest; or other interest where that interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgment of the public interest; the Member:

30.3.1 may not participate in any discussion of the matter at the meeting;

30.3.2 may not vote on the matter at the meeting; and

30.3.3 must retire to the public gallery or other area set aside from the meeting.

30.4 Where a Member holds a conflict of interest described at 30.2.2 and/or 30.2.3 above, before retiring he or she may address the meeting as a member of the public in accordance with the public participation rules.

30.5. Where a member is present at a meeting where that member is to be called upon to make a decision in the public interest, and that member considers they have fettered their discretion in some other way, that member may exercise any separate speaking rights as a ward member or member of the public but should not take part in the discussion or vote as a member of the meeting.

31. COMPLAINTS ABOUT CONDUCT OF MEMBERS

31.1 Where a member has a complaint that another member has breached the council's Code of Conduct, s/he shall submit the complaint to the Council's Monitoring Officer.

31.2 No member shall at a meeting of the Council or its committees make any allegation or assertion that the conduct of another member or members is in breach of the Council's Code of Conduct or any other adopted codes of probity and practice relating to the conduct of members and no discussion shall take place regarding such conduct except in the Accounts and Audit Committee on receipt of a report from the Council's Monitoring Officer or within a sub-Committee of the Accounts and Audit Committee when it conducts a local hearing.

32. INTEREST OF OFFICERS IN CONTRACTS

32.1 The Head of Legal and Democratic Services shall record particulars of any notice of pecuniary interest in a contract given by an officer and such record shall be open to inspection by members.

33. CHIEF OFFICERS – APPOINTMENTS

33.1 Where the Council proposes to appoint a chief officer and it is not proposed that the appointment be made exclusively from among their existing officers, they shall draw up a statement specifying the duties of the officer concerned and any qualifications or qualities to be sought in the person to be appointed. Such statement shall be copied to any person expressing interest.

33.2 The Council shall consider the response to advertising the chief officer post and interview either all qualified candidates or those on a shortlist the council shall select. If there is no qualified candidate the chief officer post shall be re-advertised.

33.3 Every appointment of a chief officer shall be made by the Council or by a committee or sub-committee of the council.

33.4 When a vacancy occurs in any existing office of chief officer or deputy chief officer the council shall obtain the views of any committee primarily concerned and decide, in the case of an office which the council are not required by statute to fill, whether the office is necessary; and in any case what shall be the terms and conditions of the office; and no steps shall be taken to fill the post until these decisions have been taken.

33.5 For the purposes of paragraph 33.4 above, it shall be deemed that a committee have been consulted if there has been consultation with the chairman, vice-chairman if any and one other member (or if there be no vice-chairman, two other members) designated by the chairman of the committee.

33.6 The powers of officers shall be those from time to time authorised by the council at the appropriate committee or sub-committee as the case may be.

33.7 The Council for the purpose of this Standing Order includes a committee, sub-committee or officer to whom appropriate powers have been delegated.

33.8 Canvassing of a member or members shall disqualify an applicant for an appointment with the council.

33.9 An applicant for any appointment with the Council aware of any relationship to any member or senior officer of the council shall, when making an application, disclose that relationship and failure to do so shall disqualify.

33.10 For the purpose of this Standing Order "senior officer" means any officer under the Council so designated by the Council and persons shall be deemed to be related if they are husband and wife or if either of them or the spouse of either of them is the son or daughter or grandson or granddaughter or brother or sister or nephew or niece of the other, or of the spouse of the other.

34. STAFF – APPOINTMENTS AND DISCIPLINARY ACTION

34.1 In this Part –

"the 1989 Act" means the Local Government and Housing Act 1989;

"disciplinary action" has the same meaning as in the Local Authorities (Standing Orders) (England) Regulations 2001; and

"member of staff" means a person appointed to or holding a paid office or employment under the Council.

34.2 Subject to paragraphs 34.3 and 34.5, the function of appointment and dismissal of, and taking disciplinary action against a member of staff of the authority must be discharged on behalf of the Council by the officer designated under section 4(1) of the 1989 Act (designation and reports of head of paid services) as the head of the authority's paid service or by an officer nominated by him.

34.3 Paragraph 34.2 of this Standing Order shall not apply to the appointment or dismissal of or disciplinary action against:

34.3.1 the officer designated as the head of the authority's paid service;

34.3.2 a statutory chief officer within the meaning of section 2(6) of the 1989 Act (politically restricted posts);

34.3.3 a non-statutory chief officer within the meaning of section 2(7) of the 1989 Act;

34.3.4 a deputy chief officer within the meaning of section 2(8) of the 1989 Act; or

34.3.5 a person appointed in pursuance of section 9 of the 1989 Act (assistants for political groups).

34.4 (1) Where a committee, sub-committee or officer is discharging on behalf of the Council the function of the appointment of an officer designated as the head of the Council's paid service, the Council must approve that appointment before an offer of appointment is made to that person.

(2) Where a Committee, sub-committee or officer is discharging, on behalf of the Council, the function of the dismissal of an officer designated as the head of the Council's paid serve, as the Council's chief finance officer, or as the Council's monitoring officer, the Council must approve that dismissal before notice is given to that person.

34.5 Nothing in paragraph 34.2 shall prevent a person from serving as a member of any committee or sub-committee established by the Council to consider an appeal by:

34.5.1 another person against any decision relating to the appointment of that other person as a member of staff of the Council; or

34.5.2 a member of staff of the Council against any decision relating to the dismissal of, or taking disciplinary action against that member of staff.

35. SENIOR OFFICERS - DISCIPLINARY ACTION

35.1 In the following paragraphs:

(a) "the 2011 Act" means the Localism Act 2011;

(b) "chief finance officer", "disciplinary action", "head of the authority's paid service" and "monitoring officer" have the same meaning as in regulation 2 of the Local Authorities (Standing Orders) (England) Regulations 2001;

(c)"independent person" means a person appointed under section 28(7) of the 2011 Act;

(d) "local government elector" means a person registered as a local government elector in the register of electors in the authority's area in accordance with the Representation of the People Acts;

(e) "the Panel" means a committee appointed by the authority under section 102(4) of the Local Government Act 1972 for the purposes of advising the authority on matters relating to the dismissal of relevant officers of the authority;

(f) "relevant meeting" means a meeting of the authority to consider whether or not to approve a proposal to dismiss a relevant officer; and

(g) "relevant officer" means the chief finance officer, head of the authority's paid service or monitoring officer, as the case may be.

35.2 A relevant officer may not be dismissed by the Council unless the procedure set out in the following paragraphs is complied with.

35.3 The Council must invite relevant independent persons to be considered for appointment to the Panel, with a view to appointing at least two such persons to the Panel.

35.4 In paragraph 35.3 of this standing order “relevant independent person” means any independent person who has been appointed by the Council or, where there are fewer than two such persons, such independent persons as have been appointed by another authority or authorities as the Council consider appropriate.

35.5 Subject to paragraph 35.6 of this standing order, the Council must appoint to the Panel such relevant independent persons who have accepted an invitation issued in accordance with paragraph 35.3 of this standing order in accordance with the following priority order:

(a) a relevant independent person who has been appointed by the Council and who is a local government elector;

(b) any other relevant independent person who has been appointed by the Council;

(c) a relevant independent person who has been appointed by another authority or authorities.

35.6 The Council is not required to appoint more than two independent persons in accordance with paragraph 35.5 of this standing order but may do so.

35.7 The Council must appoint any Panel at least 20 working days before the relevant meeting.

35.8 Before the taking of a vote at the relevant meeting on whether or not to approve such a dismissal, the Council must take into account, in particular:

(a) any advice, views or recommendations of the Panel;

(b) the conclusions of any investigation into the proposed dismissal; and

(c) any representations from the relevant officer.

35.9 Any remuneration, allowances or fees paid by the Council to an independent person appointed to the Panel must not exceed the level of remuneration, allowances or fees payable to that independent person in respect of that person’s role as independent person under the 2011 Act.

36. MEMBERS’ ACCESS TO DOCUMENTS AND PROPERTY

36.1 Members’ rights of access to documents in the possession or control of the Council which contain material relating to any business to be transacted at a meeting of the Council are set out in the Council’s Rules with regard to access to meetings and related documents of the Council, its committee and sub-committees.

36.2 Unless specifically authorised to do so by the Council or a committee, a member of the Council shall not issue any order respecting any works which are being carried out by or on behalf of the Council or claim by virtue of his membership of the Council any right to inspect or to enter upon any lands or premises which the Council has the power or duty to inspect or enter.

37. SEALING OF DOCUMENTS

37.1 All documents which require to be sealed with the Common Seal of the council shall be attested by the Mayor or Deputy Mayor and by the Chief Executive, the Director of Resources, or the Head of Legal and Democratic Services.

37.2 All documents to which the Common Seal is affixed shall be entered in a register to be kept by the Head of Legal and Democratic Services.

38. CONTRACTUAL STANDING ORDER

38.1 The letting of contracts shall be in accordance with the Council’s Contract Procedure Rules.

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No. 11

meeting date: 20 MARCH 2018
title: REFERRAL TO THIS COMMITTEE OF NOTICE OF MOTION FROM FULL COUNCIL RELATING TO SOCIAL MOBILITY
submitted by: CHIEF EXECUTIVE
principal author: DIANE RICE, HEAD OF LEGAL AND DEMOCRATIC SERVICES

1 PURPOSE

1.1 To inform Committee that a Notice of Motion in the name of Councillor Allan Knox was considered by Full Council on Tuesday, 6 March 2018, the Notice of Motion, with amendments accepted by the proposer was as follows:

"Council notes with concern that according to the latest Social Mobility Commission report published in November 2017, the Ribble Valley ranks 311 out of 324 for social mobility amongst young people.

Council also notes with concern that the reports states that the worst performing areas for social mobility are no longer in the city areas, but remote, rural and coastal areas.

Consequently, Council is asked to resolve to set up an all party working group to provide a report to Policy and Finance Committee no later than its September meeting.

The report should be based on evidence taken from a variety of sources including partners, as well as the Social Mobility Commission to find out the reasons for the lack of social mobility amongst local young people and also to provide recommendations for this Council and its partners as to how they should tackle the problem going forward".

1.2 Relevance to the Council's ambitions and priorities

- Community Objectives - }
- Corporate Priorities - }
- Other Considerations - }

The Notice of Motion reflects Members' concerns about the local area.

2 BACKGROUND

2.1 The Council's procedures do not require working groups to be politically balanced, however the Notice of Motion specifically referred to an all party working group.

2.2 The purpose of the referral to Policy and finance Committee is to request that Policy and Finance Committee determine the number of Members that the working group should comprise, nominate those Members, and set the terms of reference for the working group.

2.3 The date of the Council meetings in the next municipal year have not yet been set, however it is anticipated subject to confirmation by this Committee, that there will be a meeting of the Policy and Finance Committee on 25 September 2018.

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications

- Resources – The working group will be supported by officers utilising existing resources.

- Technical, Environmental and Legal - N/A

- Political - N/A

- Reputation – N/A

- Equality & Diversity – N/A

5 **RECOMMENDED THAT COMMITTEE**

5.1 Constitute a working group to comprise:

- one member from each of the Labour and Liberal Democrat groups
- determine the number of Members from the Conservative group
- confirm that the terms of reference of the working group are 'to determine the reasons for the apparent lack of social mobility amongst young people in the Ribble Valley and to provide recommendations for the Council and partners as to how they should tackle the problems going forward'.
- to finalise the report on or before 7 September 2018.

DIANE RICE	MARSHAL SCOTT
HEAD OF LEGAL AND DEMOCRATIC SERVICES	CHIEF EXECUTIVE

For further information please ask for Diane Rice, extension 4418.

REF: DER/EL/P&F/20/03/18

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No. 12

meeting date: 20 MARCH 2018
title: DRAFT CYCLE OF COMMITTEE MEETINGS 2018/19
submitted by: CHIEF EXECUTIVE
principal author: OLWEN HEAP

1 PURPOSE

1.1 To request Committee's consideration of the proposed meeting cycle for committees for the municipal year 2018/19.

1.2 Relevance to the Council's ambitions and priorities:

One of the Council's stated aims is to be a well run Council. Meetings of the Council and its committees are arranged to be as accessible as possible in order to enhance the transparency of the Council's work.

2 BACKGROUND

2.1 The meeting cycle is drawn up at this time of year for the forthcoming municipal year.

2.2 It is subject to final approval at the Annual meeting on 8 May 2018.

2.3 Some meeting dates have to fit into other timetables, eg approval of the Statement of Accounts, setting the Council Tax.

3 ISSUES

3.1 The draft meeting cycle at Appendix A is similar to the cycle for 2017/18.

3.2 Consideration has been given to various issues that have resulted in

- Meeting dates being arranged around the Easter holidays
- Meeting dates avoiding the LGA conference and half term holidays
- the 'summer' cycle being condensed as far as possible to avoid July/August;

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications:

- Resources – the estimated costs of administering the committee arrangements is included in the approved budget for 2018/19.
- Technical, Environmental and Legal – None arising as a direct result of this report.

- Political – None arising as a direct result of this report.
- Reputation – None arising as a direct result of this report.
- Equality & Diversity – None arising as a direct result of this report.

5 **RECOMMENDED THAT COMMITTEE**

5.1 Approve the draft meeting cycle at Appendix A for ratification at the Annual Meeting on 8 May 2018.

ADMINISTRATION OFFICER CHIEF EXECUTIVE

BACKGROUND PAPERS

Meeting Cycle 2016/17

For further information please ask for Olwen Heap, extension 4408

REF: OMH/P&F200318

Ribble Valley Borough Council
Meeting Cycle 2018/19
(8 May 2018 – 14 May 2019)

MEETINGS	Day	TIME	1ST CYCLE 2018	2ND CYCLE 2018	3RD CYCLE 2018	4TH CYCLE 2019	5TH CYCLE 2019
Community Services	Tues	6.30pm	22 May	4 Sept	30 Oct	8 Jan	12 March
Planning and Development	Thurs	6.30pm	24 May	6 Sept	1 Nov	10 Jan	14 March
Personnel	Wed	6.30pm	13 June	12 Sept	7 Nov	16 Jan	20 March
Health & Housing	Thurs	6.30pm	7 June	13 Sept	8 Nov	17 Jan	21 March
Licensing	Tues	6.30pm	12 June	18 Sept	13 Nov	29 Jan	26 March
Economic Development	Thurs	6.30pm	14 June	20 Sept	15 Nov	24 Jan	28 March
Policy & Finance	Tues	6.30pm	19 June	25 Sept	20 Nov	22 Jan + 5 Feb	2 April
Parish Liaison	Thurs	6.30pm	21 June	27 Sept	22 Nov	31 Jan	4 April
Planning & Development	Thurs	6.30pm	28 June + 2 August	4 Oct	29 Nov	7 Feb	11 April
Accounts & Audit	Wed	6.30pm	25 July		31 Oct	13 Feb	10 April
Full Council	Tues	6.30pm	10 July	16 Oct	11 Dec	5 March	30 April

2018
<u>Offices Closed</u>
Spring Bank : 28 May 2018
August Bank : 27 August 2018
Christmas 24 - 28 December 2018

Annual Council : 8 May 2018

2019
<u>Offices Closed</u>
New Year : 31 Dec - 1 January 2019
Good Friday : 19 April 2019
Easter Monday : 22 April 2019
May Day 6 May 2019

Borough & Parish Elections : 2 May 2019
Annual Council : 14 May 2019

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No. 13

meeting date:	20TH MARCH 2018
title:	CORPORATE PEER CHALLENGE – ACTION PLAN
submitted by:	DIRECTOR OF RESOURCES
principal author:	MICHELLE HAWORTH – PRINCIPAL POLICY AND PERFORMANCE OFFICER

1 PURPOSE

1.1 To present this committee with the draft Corporate Peer Challenge Action Plan, this was devised to deal with the issues raised by the Peer Team.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives –
- Corporate Priorities –
- Other Considerations -

The scope of the Peer Challenge covered: understanding of local place and priority setting, leadership, governance, financial planning, and capacity to deliver.

2 BACKGROUND

2.1 As part of their 'sector led improvement' support to local government, the Local Government Association (LGA) offered the delivery of a Corporate Peer Challenge. Peer Challenges are designed to help Councils improve their performance.

2.2 The Peer Challenge team were onsite 20th – 22nd November 2017.

2.3 The core components that the team looked at were the issues of leadership, governance, corporate capacity and financial resilience. In addition the agreed scope of the Peer Challenge included:

1. Promoting local growth – this will likely explore how the council might better promote Ribble Valley as a place for businesses to start up and grow. This recognises the local challenges in many people commuting out of borough to work and will seek to examine how the council might better develop the borough as a place to work, not just reside.
2. Balancing growth and housing – this will likely explore how the council can progress sustainable local development, including increasing the number of new homes (including affordable homes) being built in the context of the desire of many local people to limit the number of housing development in the borough.

2.4 A number of interviews and focus groups were organised at the request of the peer team. The peer team also reviewed a number of the Council's policies and strategies.

2.5 The full LGA Corporate Peer Challenge Feedback Report was reported to this committee in January. In summary the peer team felt that "Ribble Valley Borough Council has much to be proud about. The council delivers good core services through a committed workforce achieving high levels of customer satisfaction and value for money. The council has a history of prudent financial management and remains in a comfortable position relative to the rest of the sector".

2.6 However, there were a number of suggestions and observations made within the report that have led to some key recommendations for the Council.

2.7 It was agreed that the report would be considered and an action plan formulated.

2.8 The draft action plan is provided at Appendix A for Members consideration. The first column highlights the issue, as raised within the LGA report, with subsequent columns providing detailed actions, milestones, due dates and lead officers/members.

2.9 Subject to approval of the action plan, it is suggested that this committee should be presented with 6 monthly progress reports.

3 RISK ASSESSMENT

3.1 The approval of this report may have the following implications

- Resources - The Council is currently a subscriber to the LGA. The Corporate Peer Challenge was provided by the LGA at no charge. Officer time was required to help organise and support the Peer Challenge.
- Technical, Environmental and Legal – None identified.
- Political – None identified.
- Reputation – None identified.
- Equality & Diversity - None identified.

4 RECOMMENDED THAT COMMITTEE

4.1 Approve the Corporate Peer Challenge Action Plan provided at Appendix A.

Michelle Haworth
PRINCIPAL POLICY AND PERFORMANCE OFFICER

Jane Pearson
DIRECTOR OF RESOURCES

BACKGROUND PAPERS:

REF:

For further information please ask for Michelle Haworth, extension 4421

CORPORATE PEER CHALLENGE - DRAFT ACTION PLAN

Key Recommendations:

1. Strengthen engagement with staff and partners to ensure clarity of vision and desired outcomes in relation to the Corporate Strategy, priorities and initiatives.
2. Review the Performance Management Framework linked to the Corporate Strategy.
3. Review the resourcing of Corporate Strategy priorities.
4. Develop an Economic Development Strategy.
5. Explore opportunities to strengthen early engagement with developers in order to maximise community benefits, as well as opportunities to strengthen community engagement/communication in relation to development.
6. Strengthen engagement between the Leadership and Corporate Management Team – this includes the chairs of committees.

Issue (from the report)	Required Action	Milestones	Due Date	Lead
Strengthen engagement with staff and partners to ensure clarity of vision and desired outcomes in relation to the Corporate Strategy, priorities and initiatives				
More needs to be done to ensure clarity of vision and priorities. Key to this will be recognising and valuing the good work that the council has already undertaken which provide the building blocks for the future. A new Corporate Strategy will be developed next year. This provides an opportunity for the Leadership to develop a clear timetable of engagement with both staff and partners. This will help ensure wider ownership of the vision, ambitions and priorities. The council need to ensure continued, timely engagement of staff at all levels to ensure wider understanding and buy in. It is important that the council continues to engage staff at all levels of the organisation to	• Mini review of the existing Corporate Strategy	• Revised Corporate Strategy – CMT & Leader • Revised Corporate Strategy – Policy and Finance Committee	• July 2018	• CEO/ Principal Policy and Performance Officer
	• Inform staff, public and other key stakeholders of the revised Corporate Strategy and progress updates	• Circulation of revised Corporate Strategy to staff • Publish revised Corporate Strategy on the Council's website	• July 2018	• Principal Policy and Performance Officer
	• Review Internal Communications	• Review of Internal Communications – Personnel Committee	• September 2018	• Head of HR/ Principal Communications Officer

Issue (from the report)	Required Action	Milestones	Due Date	Lead
ensure ownership of future ambitions and priorities. Feeding back to staff following the staff survey is key. Regular Corporate Strategy progress updates to staff and celebration of successes will help to keep the whole organisation engaged around delivery of the plan.	• Develop a shared vision for the Borough	• Report to Policy and Finance setting out plans for developing new Corporate Strategy 2019-2023 • Develop new Corporate Strategy 2019-2023	• September 2018 • September 2019	• CEO/ Principal Policy and Performance Officer
Review the Performance Management Framework linked to the Corporate Strategy				
As part of the development of the new Corporate Strategy, the framework should be reviewed to ensure it is rooted in the priorities and ambitions of the council moving forward. There are opportunities to review the monitoring information shared with committees to maintain clear governance, ownership and constructive challenge.	• Review the performance Management Framework in light of revised Corporate Strategy • Review performance monitoring information provided to committees to enable progress with key priorities to be better monitored	• Revised Performance Management Framework and Indicators	• September 2018	• CMT, Heads of Service and Principal Policy and Performance Officer
Review the resourcing of Corporate Strategy priorities				
Ensuring capacity to deliver corporate priorities. The challenge now will be to ensure good 'succession planning' for the years to come.	• Consider resource implications of new Corporate Strategy and Council priorities	• Periodic review of priorities and resources • 2019/2020 Budget – review of priorities and resources	• 6 monthly • February 2019	• CMT

Issue (from the report)	Required Action	Milestones	Due Date	Lead
Anecdotal evidence suggesting delivery of appraisals and one to ones may be patchy in some areas. The council should consider reviewing its current approach to ensure consistency across all teams. There is also an opportunity to review the current appraisal system, including competency based approaches. This should be aligned to the development of a new Corporate Strategy next year so that the appraisal system is rooted firmly within the council's future priorities and ambitions and the type of council it wants to be.	• Review the Performance Appraisal system	• Revised Performance Appraisal System – Personnel Committee	• September 2018	• CMT/ Head of HR
The council may benefit from further work to review its use of ICT linked to its ambitions for the future. The peer team had a sense that some service areas may still rely quite heavily on paper copies of documents and files. If this is the case, could more be done to reduce the need for this which may have the potential to reduce the costs of printing as well as supporting the council's sustainability agenda?	• Produce a comprehensive IT Strategy	• Adoption of IT Strategy – Policy and Finance Committee	• July 2018	• Head of Financial Services

Issue (from the report)	Required Action	Milestones	Due Date	Lead
Develop an Economic Development Strategy				
Develop an Economic Strategy that better reflects the borough's standing as a key player in the region. Economic Development to play a key part in overseeing the Economic Development Strategy. An Economic Development Strategy developed with partners should help prioritise resources and future investment in the key areas that will make a difference. The new strategy might include how to attract new and diverse industries, inward investment, marketing of key employment sites, higher value jobs for local people (harnessing good local educational outcomes) and branding. The Economic Development Strategy should reflect the council's appetite for risk in terms of economic development investment going forward. The Economic Development Strategy could be used to help raise the economic profile of the borough both regionally and nationally.	• Develop a comprehensive Economic Development Strategy that is realistic and achievable and follows the Council's vision and priorities for the economic development of the Borough	• Production of Comprehensive Economic Development Strategy • Report to Economic Development Committee	• September 2018	• Director of Economic Development and Planning

Issue (from the report)	Required Action	Milestones	Due Date	Lead
Work with partners to better articulate growth ambitions. Become a stronger voice regionally and nationally, particularly through the Local Enterprise Partnership (LEP). The council have a real opportunity to raise their profile through the LEP; stepping up to the plate to harness their relatively strong economic position to better influence and shape future work. In particular, discussions relating to the Strategic Economic Plan and Growth Deal for Lancashire.	• Attempt to gain Council representation on the LEP	• Seat on the LEP Board	• December 2018	• Council Leader
The council should continue to work in partnership with the other councils in the region outside of any Combined Authority if it is to realise its ambitions for the borough, particularly the LEP.	• Political Leadership and Member involvement through Lancashire Leaders	• Agreed system of collaborative working	• December 2018	• Council Leader
Explore opportunities to strengthen early engagement with developers in order to maximise community benefits, as well as opportunities to strengthen community engagement/communication in relation to development				
Through infrastructure planning and costing, the council should maximise contributions to meet infrastructure needs arising from development. There may be opportunities to review the pre-application offer to developers, agents and architects to strengthen current approaches, including early engagement with councillors. Holding the line on viability, particularly in the face of demands around affordable housing, is key. Recognising there is often the opportunity to adjust the housing mix and/or tenure, which can deal with some of the gap on the viability	• Absorb changes to National Planning Policy Framework (NPPF)	• Outline Plan to Planning Committee	• April/ May 2018	• Head of Regeneration and Housing
	• Articulate the vision for the area in terms of house building and economic development	• Discussion and debate on the extent of new development	• September 2018	• Head of Regeneration and Housing
	• Review the Core Strategy • Determine infrastructure requirements • Consider adopting the Community Infrastructure Levy	• Interim reports to Planning Committee • Updated Core Strategy/Local Plan Review	• Throughout 2018 - 2020 • March 2020	• Head of Regeneration and Housing

Issue (from the report)	Required Action	Milestones	Due Date	Lead
to maintain affordable housing numbers, is also important. Explore opportunities to develop an 'implementation group' to take a programme based approach to oversee delivery of major sites with planning permission and associated infrastructure. The council should continue to share learning and offer support to parishes who wish to pursue neighbourhood plans.	• Support the development of neighbourhood plans	• Support to be offered as required	• Ongoing	• Head of Regeneration and Housing
Strengthen engagement between the Leadership and Corporate Management Team – this includes the chairs of committees				
Strengthen engagement between the Leadership and Corporate Management Team in order to take the council forward positively; the council should consider a 'top team development' session to begin to shape this work going forward. To ensure continued cohesive leadership of the council in meeting the challenges ahead, the development of a standard approach to senior member and Corporate Leadership Team engagement should be considered. Investing this time together will support collaborative working. This might involve	• Review the Council's Governance arrangements	• Conduct review of the Council's Governance arrangements • Report to Policy and Finance Committee	• September 218	• CEO/ Head of Legal Services
	• Organise training sessions for senior members and officers	• Identify training requirements • Develop training programme	• July 2018	• Head of Legal Services/ Head of HR
	• Revisit the Officer/ Member Protocol	• Report to Accounts and Audit Committee	• July 2018	• CEO/ Monitoring Officer

Issue (from the report)	Required Action	Milestones	Due Date	Lead
regular meetings e.g. quarterly, between the Leader, committee chairs and CLT. It could also involve a future programme of 'top team days' – particularly leading up to the development of the new Corporate Strategy next year. The relationships between members and officers, including communication and understanding of respective roles, will be key in helping the council move forward positively. To this end, the council may benefit from re-visiting its current Member Officer protocol to ensure continued understanding and buy in across the council.	• Create a forum for two-way communications between senior members and corporate management team	• Regular meetings with CMT/Committee Chairmen	• Commencing April 2018	• CEO

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 14

meeting date: 20 MARCH 2018
title: CONCURRENT FUNCTION GRANTS
submitted by: DIRECTOR OF RESOURCES
principal author: TRUDY HOLDERNESS

1 PURPOSE

1.1 To consider the additional allocation of concurrent function grants for 2017/18.

1.2 Relevance to the Council's ambitions and Priorities:

- In accordance with the corporate strategy objective "to protect and enhance the existing environmental quality of our area". This report will provide a means for providing a high quality environment, including safe, clean parks and open spaces.
- In accordance with the sustainable community strategy a key priority is "to maintain, protect and enhance all natural and built features that contribute to the quality of the environment", this report will provide the means for supporting Parish/Town Councils with maintaining and protecting the quality of the environment.

2 BACKGROUND

2.1 In January 2018, this committee approved Concurrent Function grant allocations for 2017/18 totalling £26,750.

2.2 However, subsequently it was brought to our notice that some Parishes had not included some eligible expenditure, which they have requested to be included.

2.3 Also after some correspondence with Newton Parish Council regarding the Parish Lengthsman scheme two further adjustments are required.

3 ISSUES

3.1 Both Newton and Bowland Forest Higher Parish Councils had split the Lengthsman expenditure and income between the two parish councils. In practice Newton has in the past paid all the parish Lengthsman expenditure for both parishes and received all the income.

3.2 It is proposed that the grant is paid to Newton for the 2017/18 concurrent function grant but going forward Newton and Bowland Forest Higher will incur their own parish lengthsman expenditure and submit separate claims.

3.3 This results in extra Concurrent Function grant being paid as follows:

PARISH / TOWN COUNCIL	REASON	GRANT AMOUNT £
Gisburn	Additional grass cutting	167
Billington & Langho	Additional grass cutting	346
West Bradford	Additional grass cutting	147
Clitheroe	Maintenance of Cenotaph area in Castle grounds and Tom Robinson play area	300
Newton	Expenditure for Bowland Higher not included on claim submitted (part of old lengthsman scheme, therefore payable at 100%)	598
Bowland Forest Higher	Adjustment re lengthsman expenditure	1
Total		**£1,559**

The financial implications of these changes is, that they result in an increase in grant funding to £28,309, an increase of £1,559, which is within the budget provision of £31,060.

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications

- Resources – a total budget of £31,060 is available to fund the grants requested and the proposed expenditure is within this balance.
- Technical, environmental and legal – no implications identified
- Political – no implications identified
- Reputation - the matter covered links to the Council's ambitions and priorities to protect and enhance the existing environmental quality of our area.
- Equality and Diversity – the scheme is open to all parish and town councils.

5 RECOMMENDATION

5.1 Approve the further allocation of 2017/18 concurrent function grants as proposed in paragraph 3.3.

SENIOR ACCOUNTANT DIRECTOR OF RESOURCES

PF20-18pf/TH/AC
12 MARCH 2018
Back ground papers: Concurrent function grant application papers 2017/18

For further information please ask for Trudy Holderness, extension 4436

CONCURRENT FUNCTION GRANT APPLICATIONS – 2017/18

Nos	Parish / Town Council	Eligible Net Expenditure @ 23 Jan 2018 £	Additional Eligible Expenditure £	Change in Parish Lengthsman Expenditure £	Other Funding £	Revised Eligible Expenditure @ 20 Jan 2018 £	Grant approved @ 23 January 2018		Revised Grant @ 20 March 2018	
							Lengthsman £	Concurrent Function £	Lengthsman £	Concurrent Function £
	Applications									
1	Aighton Bailey/Chaigley	1,258				1,258	0	315	0	315
2	Barrow	2,406				2,406	0	602	0	602
3	Billington & Langho	10,963	1,384			12,347	0	2,741	0	3,087
4	Bolton By Bowland	4,427				4,427	2,000	250	2,000	250
5	Bowland Forest(Higher)	1,817	2			1,819	0	454	0	455
6	Chatburn	2,621				2,621	0	655	0	655
7	Chipping	2,453				2,453	0	613	0	613
8	Clitheroe	6,000	1,200			7,200	0	1,500	0	1,800
9	Gisburn	1,995	668			2,663	1,000	78	1,000	245
10	Grindleton	1,056				1,056	0	264	0	264
11	Longridge	7,820				7,820	0	1,955	0	1,955
12	Mellor	5,720				5,720	0	1,430	0	1,430
13	Newton in Bowland	1,727		598		1,725	1,288	110	1,886	110
14	Pendleton	300				300	0	75	0	75
15	Read	2,998				2,998	0	750	0	750
16	Ribchester	2,568				2,568	0	642	0	642
17	Rimington & Middop	1,250				1,250	0	313	0	313
18	Sabden	6,145				6,145	2,000	395	2,000	395
19	Simonstone	1,141				1,141	0	285	0	285
20	Waddington	2,866				2,866	0	717	0	717
21	West Bradford	1,376	586			1,962	500	0	500	147
22	Whalley	10,686				10,686	2,000	1,934	2,000	1,934
23	Wilpshire	6,819				6,819	0	1,705	0	1,705
24	Wiswell	716				716	0	179	0	179
	Sub-Total	**87,128**	**3,840**	**598**	**0**	**91,566**	**8,788**	**17,962**	**9,386**	**18,923**

DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 15

meeting date: 20 MARCH 2018
title: VOLUNTARY ORGANISATION GRANT APPLICATIONS 2018/19
submitted by: DIRECTOR OF RESOURCES
principal author: SALLY MASON

1. PURPOSE

1.1 To approve the allocation of voluntary organisation grants for 2018/19.

2. BACKGROUND

2.1 The Council has a number of grant schemes in operation including recreation grants, culture grants and sports grants which are administered by Community Committee. The voluntary organisation grant scheme is administered by this Committee.

2.2 A member working group considers the applications received and makes recommendations to this Committee regarding the allocation of funds to voluntary organisations on an annual basis.

2.3 The working group traditionally consists of 3 conservative members and 1 liberal democrat member of this committee.

3. APPLICATION PROCESS

3.1 Applicants must clearly demonstrate that the purpose of the grant sought is to provide services or facilities that will meet the needs of communities in the Ribble Valley or directly benefit our residents.

3.2 The scheme will not normally fund the following:

- Capital projects on which work has already started or in aid of expenditure already committed or paid.
- Commercial organisations / businesses
- Any activity designed to promote political party politics or influence government policies
- Applications from the County Council or other government agencies
- Applications from religious organisations unless there is a clear broad community benefit.
- Schemes that can be funded by the Councils' other grant aid schemes.

3.3 Applicants can only be accepted from parish/town councils and properly constituted organisations operating on a non-profit making basis. A valid constitution or memorandum of articles or association, which clearly indicates the voluntary or charitable status of the organisation, should accompany all applications.

3.4 Applications for grants over £10,000 are required to supply a 3–year financial plan and all applicants must provide a copy of the organisation's latest audited accounts. Capital projects are limited to 50% of the approved costs to a maximum of £5,000.

4. 2018/19 GRANTS

4.1 21 applications requesting total support of £157,491 have been received. A summary of all applications is set out in Annex 1.

4.2 The voluntary organisation grant budget for 2018/19 is £109,130.

5. VOLUNTARY ORGANISATION GRANTS WORKING GROUP

5.1 The working group were unable to meet on 8 March due to adverse weather conditions. The meeting will be rearranged and the recommendations presented to your meeting.

RECOMMENDATION

5.2 Approve the allocation of grants as recommended by the working group and presented by the Director of Resources at your meeting.

ACCOUNTING TECHNICIAN DIRECTOR OF RESOURCES

BACKGROUND WORKING PAPERS
None

PF23-18/TH/AC
9 March 2018

Organisation Name	Brief description of Organisation	Grant Requested for 2018/19	Purpose of Grant request
Carers Link Lancashire	Provides help, support and training to those who care for people who are ill, disabled or elderly	£2,000	To assist the organisation in providing registered carers with support, but will also assist them to identify hidden carers and provide outreach and support services and awareness training for professionals across the Ribble Valley
Chipping Baby & Toddler Group	A small volunteer group of parents and villagers who provide a warm and welcoming environment for local families with children under school age	£500	To assist with the improvement of the facilities. Replacement of some broken table and the purchase of some sports equipment for the children
Chipping Parish Council	Chipping Area Internet is a group of volunteers acting on behalf of Chipping and its adjacent Parishes to bring fast fibre broadband to the area	£8,285	To assist with the cost of civil works to install the cables across two roads which will enable connectivity for two schools and potentially four hundred and fifty properties
Chipping Show	To promote agriculture, horticulture and tourism	£500	To assist with the cost of putting on the show and to help keep it going
Citizens Advice Bureau Ribble Valley	The service is independent and provides free, confidential and impartial advice to everybody	£76,517	To cover the core running costs of the organisation such as staff salaries, rent, insurance, information subscriptions and volunteer expenses
Clitheroe Community Bonfire and Firework Display	To safely plan and stage the Clitheroe Community Bonfire and Fireworks display each November and ensure all proceeds are donated to local charities	£1,000	To assist towards the cost of the firework display which is about £5,000
Friends of St Pauls, Low Moor	To provide a venue for local groups and encourage the goodwill and involvement of the local and wider community	£689	To assist with the purchase of some office equipment and secure storage equipment for the use of the friends and other groups using the facilities
Goosnargh & Longridge Agricultural Show	To bring together the people of the Ribble Valley and surrounding areas to provide a great family day out for all ages	£500	To support the show day activities for schools, young people, young farmers, young W.I, junior craft etc

Organisation Name	Brief description of Organisation	Grant Requested for 2018/19	Purpose of Grant request
Hodder Valley Agricultural & Horticultural Society	To improve the standard of animal husbandry and horticultural practices and to foster and encourage interest amongst young people in agriculture and the countryside	£750	To assist the financing of the show and sponsorship of agricultural and horticultural classes
Home Start Pendle and Ribble Valley	Charity which supports vulnerable families with at least one child under 13	£5,000	To support the infrastructure of the organisation and allow it to continue in the area. It will also enable recruitment, training and supervision of volunteers
Lancashire Best Kept Village Competition	Annual competition to encourage a high standard of care and maintenance in Lancashire villages and hamlets	£500	To assist in financing the competition. 2018 is its jubilee year and the organisers would like to publish a booklet promoting the competition and also replace some of the older trophies
Little Green Bus	The Charity's main activity is the provision of community transport services for mainly elderly and vulnerable people	£10,000	To support the community car scheme which provides door to door transport to and from vital medical appointments. This scheme costs almost £25,000 per year
Longridge Field Day Events	A longstanding voluntary committee that organises an annual spectacular event for the community of Longridge and surrounding villages	£500	To provide the required level of professional services to ensure the event is run safely. To renew the current signage and bunting damaged in the storms at last year's event
Reachout.work	A new organisation set up to help young people aged 11 – 16 who are experiencing mental health related difficulties and struggling in school	£5,000	To help pay for resources and social skills days out. It could help pay for special sessions to be held to support additional staff training. The project needs a continuation of funding to keep running and cover core costs
Ribble FM	A community radio station which aims to bring together the community of the Ribble Valley by sharing local news, views and stories	£10,000	To help sustain the radio station. The station has to obtain 50% of its income from grants and donations in order to fulfil the terms of its OFCOM licence
Ribble Valley Crossroads Care	Charity which provides Carer Support Workers to care for people in their own homes to give their carers a break	£15,000	To assist with the high travel costs the charity incurs as its staff have to travel around the Ribble Valley to reach clients

Organisation Name	Brief description of Organisation	Grant Requested for 2018/19	Purpose of Grant request
Ribble Valley Shop-mobility and Information Centre	To provide an equipment loan service to people with mobility problems to access shops, health and leisure in Ribble Valley.	£7,500	To assist with general running costs and the cost of widening doorways at their new premises
Ribble Valley Talking Newspaper	Since 1978 Ribble Valley talking newspaper has provided a recorded version of the Clitheroe Advertiser and Times for visually impaired residents	£500	To assist with the general running costs of the service
Royal Lancashire Agricultural Society	One of the country's oldest agricultural shows. After a chequered history over the past eight years the show has returned to its previous home at Salesbury Hall	£2,000	To assist in creating a "Children's Zone" at the show for free of charge activities whilst attending the show. This zone is next to the animal showing marquees/shows to further promote agriculture to the next generation
The Foundation for Ribble Valley Families	To improve the social and emotional wellbeing of vulnerable families in the Ribble Valley	£10,000	The grant will enable the organisation to extend their therapeutic service to even more families. Each package of support costs £500, this would enable support for a further twenty families through the Family Hub
Whalley Pickwick Night Committee	To facilitate, promote and hold a themed community event annually to celebrate the start of the Christmas period	£750	To enable infrastructure costs that allow a safe event to be planned, including road closures, safe power provision, staging for entertainment and promoting the event

	Total requested	**£157,491**	

INFORMATION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 16

meeting date: 20 MARCH 2018
title: CAPITAL PROGRAMME 2018/19
submitted by: DIRECTOR OF RESOURCES
principal author: ANDREW COOK

1 PURPOSE

1.1 To inform members of the schemes which have been approved for inclusion in this Committee's 2018/19 capital programme.

2 BACKGROUND

2.1 As members will be aware, this Committee proposed a five year capital programme for 2018/19 to 2022/23 at its meeting on 7 November 2017. As it stood at that time the draft capital programme across all the committees was unaffordable. The proposals have since been reviewed by Budget Working Group and Corporate Management Team in order to arrive at an affordable programme for 2018/19 to 2022/23.

2.2 Following recommendation by a special meeting of Policy and Finance Committee on 6 February 2018, Full Council have approved the five year capital programme for 2018/19 to 2022/23 on 6 March 2018.

2.3 The Council's overall capital programme for the five year period 2018/19 to 2022/23 totals £6,624,860 for all committees. The total for this Committee is £559,920 over the five year life of the programme. £156,420 of this relates to the 2018/19 financial year.

3 CAPITAL PROGRAMME 2018/19 – APPROVED SCHEMES

3.1 For this Committee there are three approved schemes in the 2018/19 capital programme, totalling £156,420. These are shown in the table below.

Scheme	Budget for 2018/19 £
Queensway Garages – Replace roof covering and repairs	**23,000**
Lift Replacement at the Council Offices	**87,000**
Financial System Upgrade	**46,420**
Total – Policy and Finance Committee	**156,420**

3.2 The Lift Replacement at the Council Offices scheme has been brought forward from the 2022/23 financial year to 2018/19, due to the difficulties being experienced with the current lift.

3.3 The Financial System Upgrade scheme was not included in the proposed five year capital programme for 2018/19 to 2022/23, which this Committee approved at its meeting on 7 November 2017. This is because the financial system IT supplier only notified the Council of the need for a major upgrade to the financial system in 2018/19 after your meeting date. Thus, Budget Working Group considered this additional scheme request alongside all other proposed schemes.

3.4 The detailed information for each scheme is shown in **Annex 1**.

3.5 During the closure of our capital accounts there may be some slippage on schemes in the current year, 2017/18. One of the tasks of the Budget Working Group will be to review any requests for slippage on capital schemes within the 2017/18 capital programme. A report will be brought to this Committee at a future meeting, giving details of any slippage.

3.6 Responsible officers will complete and update capital monitoring sheets for each scheme, which will be reported regularly to members to give an indication of progress.

4 CONCLUSION

4.1 This Committee has a capital programme for 2018/19 of three schemes, totalling £156,420.

4.2 Any slippage on schemes in the 2017/18 capital programme will be added onto the 2018/19 capital programme.

SENIOR ACCOUNTANT DIRECTOR OF RESOURCES

PF26-18/AC/AC
7 March 2018

For further background information please ask for Andrew Cook.

BACKGROUND PAPERS – None

Queensway Garages – Replace roof covering and repairs

Service Area: Estates

Submitted by: Adrian Harper

Brief Description of the Scheme:

The Garage site comprising 23 garages is now managed again by the Council.

The Garages are in a poor condition and are in need of repairs. The roof covering has reached the end of its economic life. An estimate for works including the removal and disposal of the existing asbestos cement roofs, replacing with steel roofing sheets and some maintenance work to the metal up and over doors would come to a cost of £23,000.

It should be noted that the Council previously generated an income of approximately £3,600 per year when Ribble Valley Homes managed the garage site. Now the Council have taken back management of the garage site, it is estimated further income of £3,600 per year will be accrued, resulting in estimated income of £7,200 per annum.

Revenue Implications:

-£3,600 Fees and charges income per annum – garage rents additional income now the Council manage the garages.

£500 Premises related costs per annum – yearly maintenance costs now the Council manage the garages.

Timescale for Completion:

Spring 2018: Specify and Tender.
Summer 2018: Commencement of works and completion.

Any Risks to Completion:

-

Capital Cost:

2018/19 £
23,000

Lift Replacement at the Council Offices

Service Area: Council Offices

Submitted by: Adrian Harper

Brief Description of the Scheme:

The council offices lift is the only accessible entrance to the council offices. The exact age of the lift itself is unidentified. The gear box that controls the lift is 38 years old so it can be assumed that the lift has been in situ since 1979. The lift is coming to the end of its economic life. In 2013 essential repair works to the lift were undertaken to keep the lift in operation; the total cost of this was £5,170. These works entailed replacement of the lift ropes and repairs to the drive sheave. It is generally thought that a reasonable operating life cycle for a lift would be 20-25 years although this expectation is dependent on usage and the environment in which the lift has been installed. The design life of a lift can and has been extended with routine servicing and by using replacement parts of the correct compatibility. The older a lift becomes sourcing original parts becomes increasingly difficult as they are no longer manufactured. As the legislation changes modifications are required to improve/meet compliance. The current standards in force for new lift installations are the BS EN81 series. To ensure the increased safety of existing lifts BS EN81-80 contains the rules for improvement of existing lift installations. Any existing lift installation should be assessed to this standard to ensure it meets the highest level of safety. The lift at the council offices does not comply with BS EN81-80. However, currently there is no legal obligation to comply.

The lift requires replacement because it is coming to the end of its economic life, does not comply with the latest BS standards and is currently unreliable.

Revenue Implications:

None.

Timescale for Completion:

Spring 2018: Out to tender. Summer 2018: Install new lift.

Any Risks to Completion:

-

Capital Cost:

2018/19 £
87,000

Financial System Upgrade

Service Area: Financial Services

Submitted by: Lawson Oddie

Brief Description of the Scheme:

We were made aware towards the end of 2017 by the software supplier of our financial systems that the rich client version that we currently use is to be withdrawn from mid-2018 and that we will be forced to move to the web-based version.

As a result, a financial system upgrade capital scheme is required for the 2018/19 financial year.

Revenue Implications:

There will be an increase to our annual maintenance and support charge of £2,800. The current annual charge is £18,679.

Timescale for Completion:

We have been told that the very latest date that could be permitted for a move to the web-version of the software in 'live' would be December 2018. We will look to undertake the implementation after the audit of the Statement of Accounts for 2017/18 - therefore between August and December 2018. Any interim work that could be undertaken without impacting on the closedown process and audit will be undertaken earlier where possible.

Any Risks to Completion:

The software company is eager for us to progress with the move so there should be no risks presented by them. Internally we will ensure that the implementation is undertaken at a time when resources permit, and within the overall timeframes stipulated by the software company.

Capital Cost:

2018/19 £
46,420

INFORMATION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 17

meeting date: 10 MARCH 2018
title: REVENUE MONITORING 2017/18
submitted by: DIRECTOR OF RESOURCES
principal author: TRUDY HOLDERNESS

1 PURPOSE

1.1 To let you know the position for the first ten months of this year's revenue budget as far as this committee is concerned. This comparison is made against the **revised** estimate.

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 need and meets the objective within this priority, of maintain critical financial management controls, ensuring the authority provides council tax payers with value for money.
- ❖ Other Considerations – none identified.

2 FINANCIAL INFORMATION

2.1 Shown below, by cost centre, is a comparison between actual expenditure and the **revised** estimate for the period. You will see an overall overspend of £54,551 on the net cost of services. After allowing for estimated transfers to and from balances and reserves this overspend is reduced to £44,467.

2.2 This overspend position includes a provision for a grant to cover the cost of council tax discounts given to households as a result of Storm Eva. With full recovery of this provision, the position would be an underspend of £15,715 before earmarked reserves.

Cost Centre	Cost Centre Name	Net Budget for the full year £	Net REVISED Budget to the end of the period £	Actual including Commitments to the end of the period £	Variance £	
COMPR	Computer Services	0	196,914	201,089	4,175	A
LICSE	Licensing	35,630	-81,799	-88,019	-6,220	R
LANDC	Land Charges	19,120	-48,500	-42,996	5,504	R
FGSUB	Grants & Subscriptions – P & F	164,840	125,155	131,074	5,919	R
PARGR	Parish Council Grants	16,500	16,500	21,633	5,133	R
CEXEC	Chief Executives Department	0	744,879	738,394	-6,485	R
CLTAX	Council Tax	350,280	58,386	128,687	70,301	R
NNDRC	National Non Domestic Rates	30,350	-21,308	-20,804	504	G
CORPM	Corporate Management	335,920	0	99	99	G
EMERG	Community Safety	64,230	7,694	5,456	-2,238	A
FLDRB	Flood Grants – Businesses	0	47,330	49,735	2,405	A
FLDRH	Flood Grants - Householders	0	177,424	185,041	7,617	R

Cost Centre	Cost Centre Name	Net Budget for the full year £	Net REVISED Budget to the end of the period £	Actual including Commitments to the end of the period £	Variance £	
BYELE	District – By - Elections	750	624	3,866	3,242	A
DISTC	District Elections	3,720	3,100	4,123	1,023	G
ELADM	Election Administration	68,970	0	0	0	G
ELECT	Register of Electors	79,040	41,350	40,310	-1,040	G
PARIS	Parish Elections	0	0	1,389	1,389	G
ESTAT	Estates	60,630	-29,526	-29,024	502	G
CIVCF	Civic Functions	53,390	35,294	32,346	-2,948	A
COSDM	Cost of Democracy	441,950	193,347	189,206	-4,141	A
FSERV	Financial Services	0	487,726	485,924	-1,802	G
LUNCH	Luncheon Clubs	14,020	12,910	3,220	-9,690	R
CIVST	Civic Suite	0	24,262	21,735	-2,527	A
CLOFF	Council Offices	0	158,730	148,540	-10,190	R
FMISC	Policy & Finance Miscellaneous	-126,800	32,887	32,159	-728	G
PERFM	Performance Reward Grants	0	0	0	0	G
SUPDF	Superannuation Deficiency Paym'ts	94,590	74,731	74,811	80	G
LSERV	Legal Services	0	267,530	264,595	-2,935	A
OMDEV	Organisation & Member Development	0	291,889	280,144	-11,745	R
CSERV	Corporate Services	165,720	23,069	19,569	-3,500	A
CONTC	Contact Centre	0	141,322	139,788	-1,534	G
REVUE	Revenues & Benefits	0	372,194	368,326	-3,868	A
MRDVA	Market Redevelopment Area	0	0	18,249	18,249	R
Total net cost of services		**1,872,850**	**3,354,114**	**3,408,665**	**54,551**	

Items added to / (taken from) balances and reserves					
FNBAL H230	Election Reserve Fund	18,070	-3,724	-9,378	-5,654
FNBAL H269	Asset Revaluation Reserve	2,060	0	0	0
FNBAL H326	Performance Reward Grant	-15,720	-16,500	-21,633	-5,133
FNBAL H337	Equipment Reserve	-12,600	0	0	0
FNBAL H262	Individual Electoral Registration Reserve	-8,200	-712	-9	703
NEW	Superannuation Adj REserve	7920	0	0	0
FNBAL H362	ITC Reserve	-6,520	0	0	0
FNBAL F719	Vat Shelter Reserve	205,650	0	0	0
Net Balances and reserves		**190,660**	**-20,936**	**-31,020**	**-10,084**

Net Expenditure	**2,063,510**	**3,333,178**	**3,377,645**	**44,467**

2.2 The variations between budget and actuals have been split into groups of red, amber and green variance. The red variances highlight specific areas of high concern, for which budget holders are required to have an action plan. Amber variances are potential areas of high concern and green variances are areas that currently do not present any significant concern.

Key to Variance shading	
Variance of more than £5,000 (Red)	R
Variance between £2,000 and £4,999 (Amber)	A
Variance less than £2,000 (Green)	G

2.3 We have then extracted the main variations for the items included in the red shaded cost centres and shown them with the budget holder's comments and agreed action plans, in Annex 1.

2.4 The main variations for items included in the amber shaded cost centres are shown with budget holders' comments at Annex 2.

2.5 In summary the main areas of variance, which are unlikely to rectify themselves by the end of the financial year are summarised below. Please note favourable variances are denoted by figures with a minus symbol.

Description	Variance to end of January 2017 £
LICSE – LICENSING – Premises Insurance Increase in number of licenses renewed in period	-5,018
MRDVA – Market Redevelopment area Professional fees incurred on redevelopment of market scheme, currently held in suspense account. Cost to be recovered by developer	18,249
CLTAX – Council Tax / Storm Eva section s31 Grant This relates to a provision in respect of a section 31 grant from MHCLG made in 2016/17 accounts brought forward to 2017/18. The purpose of the grant is to cover the cost of council tax discounts given to households as a result of Storm Eva. Once the adjustment for claims in this year has been made at year end, this variance should clear	70,269

3 CONCLUSION

3.1 The comparison between actual and budgeted expenditure shows an overspend of £44,467 on the first ten months of the financial year 2018/19 after transfers to / from earmarked reserves. However there are some large fluctuations that make up this net figure, some of which will be offset by future income / expenditure.

SENIOR ACCOUNTANT DIRECTOR OF RESOURCES

BACKGROUND WORKING PAPERS
None

PF27-18/TH/AC
9 March 2018

ANNEX 1

POLICY & FINANCE COMMITTEE

RED VARIANCES

Ledger Code	Ledger Code Name	Budget for the Full Year	Budget to the end of the period	Actual including Commitments to the end of the period	Variance		Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
LICSE/8437u	Licensing / Premises	-59,120	-53,173	-58,191	-5,018	R	Increase in licenses renewed in period	No action proposed.
FLDRH/4676	Flood Resilience Grants - Households / Grants to individuals	212,890	177,424	185,041	7,617	R	Grant funded remedial work still ongoing on properties affected by the 2015 floods.	Claim to be prepared for reimbursements of expenditure from section 31 grant for Community Recovery Schemes paid via Lancashire County Council
MRDVA/3085	Market Redevelopment Area / Consultants	0	0	18,249	18,249	R	Professional fees incurred on redevelopment of market scheme, currently being held in suspense account	Cost to be recovered from developer
PARGR/4672	Parish Council Grants	16,500	16,500	21,633	5,133	A	Timing of grant payments	No action proposed.
CLOFF/2402	Council Offices / Repair & Maintenance - Buildings	37,210	31,012	25,189	-5,823	R	At the end of January work had still to be carried out on the council offices staircases	No action proposed.

Ledger Code	Ledger Code Name	Budget for the Full Year	Budget to the end of the period	Actual including Commitments to the end of the period	Variance		Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
CLTAX/8649z	Council Tax / Storm Eva S31 Grant	0	0	70,269	70,269	R	This relates to a provision in respect of a section 31 grant from MHCLG made in 2016/17 accounts brought forward to 2017/18. The purpose of the grant is to cover the cost of council tax discounts given to households as a result of Storm Eva. Once the adjustment for claims in this year has been made at year end, this variance should clear	No action proposed.

ANNEX 2

POLICY & FINANCE COMMITTEE

AMBER VARIANCES

Ledger Code	Ledger Code Name	Budget for the Full Year	Budget to the end of the period	Actual including Commitments to the end of the period	Variance		Reason for Variance
CEXEC/0100	Chief Executives Department / Salaries	756,100	630,134	627,993	-2,141	A	Variance is due to staff vacancies within Housing and Regeneration sections and also pest control.
CEXEC/1013	Chief Executives Department / Tuition Fees	5,320	4,675	1,577	-3,098	A	Some professional training costs have been charged directly to the service
CEXEC/2643	Chief Executives / Mileage allowances	10,200	8,528	11,129	2,601	A	Delay in recharging the cost of building control mileage to the service
LSERV/2976	Legal Services / Reference Books	9,740	9,226	7,169	-2,057	A	No payment has been made to Lexis Nexis Ltd for online subscription and no miscellaneous reference books purchased.
CLOFF/2432	Council Offices / Electricity	33,430	27,862	24,573	-3,289	A	Delay in being invoiced by Npower, last invoice was for the period ending 31 December 2017
OMDEV/1023	Organisation & Member Development / Corporate Training	15,310	6,060	3,319	-2,741	A	Training courses for staff are being organised
FLDRB/4672	Flood Resilience Grants - Businesses / Grants	56,790	47,330	49,735	2,405	A	Grant funded remedial work still ongoing on properties affected by the 2015 floods.

Ledger Code	Ledger Code Name	Budget for the Full Year	Budget to the end of the period	Actual including Commitments to the end of the period	Variance		Reason for Variance
NNDRC/2809	National Non Domestic Rates / Non Recurring purchase of equipment	0	0	2,550	2,550	A	The variance is due to an order being placed for changes to software needed for changes to Business Rates bills. To be grant funded

INFORMATION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 18

meeting date: 20 MARCH 2018
title: REVENUES AND BENEFITS GENERAL REPORT
submitted by: DIRECTOR OF RESOURCES
principal author: MARK EDMONDSON

1 PURPOSE

1.1 To inform committee of debts outstanding for business rates, council tax and sundry debtors. Also to update committee on benefits performance, including benefits processing times and overpayment recovery.

1.2 Relevance to the Council's ambitions and priorities:

- Council Ambitions/Community Objectives/Corporate Priorities

  Without the revenue collected from rates, council tax and sundry debtors we would be unable to meet the Council's ambitions, objectives and priorities.

2 NATIONAL NON-DOMESTIC RATES (NNDR)

2.1 The following is a collection statement to 2 March 2018:

	£000	£000	2017/18 %	2016/17 %
Balance Outstanding 1 April 2017		486		
NNDR amounts due	19,052			
Plus costs	3			
Transitional surcharge	696			
Write ons	39			
	19,790			
Less				
- Transitional relief	-679			
- Exemptions	-296			
- Charity, Rural, Community Amateur Sports Clubs Relief	-1,124			
- Small Business Rate Relief	-2,922			
- Revaluation 2017, Pub, SSB and Other reliefs	-147			
- Interest Due	0			
- Write Offs	-84			
	-5,252	14,538		
Total amount to recover		**15,024**		
Less cash received to 2 March 2018		-14,277	95.0	95.9
Amount Outstanding		**747**	**5.0**	**4.1**

NB The figures included in the table include not only those charges for 2017/18 but also those relating to previous years, but we are required to report to the Department of Communities and Local Government (DCLG) our in year collection rate. This figure is published and is used to compare our performance with other local authorities. On this measure our current in year collection rate at 28 February 2018 is 97.21% compared with 96.91% at 28 February 2017.

3 COUNCIL TAX

3.1 The following is a collection statement for Council Tax to 3 March 2018:

	£000	£000	2017/18 %	2016/17 %
Balance Outstanding 1 April 2017		812		
Council Tax amounts due	43,322			
Plus costs	85			
Transitional relief	1			
Write ons	1			
	43,409			
Less - Exemptions	-547			
- Discounts	-3,819			
- Disabled banding reduction	-47			
- Council Tax Benefit	16			
- Local Council Tax Support	-1,774			
- Write offs	-16			
	-6,187	37,222		
Total amount to recover		**38,034**		
Less cash received to 3 March 2018		-36,929	97.1	97.2
Amount Outstanding		**1,105**	**2.9**	**2.8**

NB The figures included in the table include not only those charges for 2017/18 but also those relating to previous years, but we are required to report our in year collection rate to the DCLG. This figure is published by them and is used to compare our performance against other local authorities. On this measure our current in year collection rate at 28 February 2018 is 98.32% compared to 98.50% at 28 February 2017.

4 SUNDRY DEBTORS

4.1 A summary of the sundry debtors account at 6 March 2018 is:

	£000	£000
Amount Outstanding 1 April 2017		825
Invoices Raised	2,815	
Plus costs	2	
		2,817
Less write offs		4
Total amount to recover		**3,638**
Less cash received to 6 March 2018		2,848
Amount outstanding		**790**

Aged Debtors	000s	%
< 30 days	236	30
30 - 59 days	227	29
60 - 89 days	13	2
90 - 119 days	35	4
120 - 149 days	7	1
150+ days	272	34
	790	**100**

5 HOUSING BENEFIT AND COUNCIL TAX SUPPORT PERFORMANCE

5.1 The main indicator for Housing Benefit and Council Tax Support performance is known as Right Time. The benefit section also report on Local Performance Indicators that have been set within the department for benefit fraud and overpayments.

5.2 The Department for Work and Pensions does not require Local Authorities (LA's) to report on any other Performance Measures but encourages them to monitor their own performance locally.

5.3 We obviously consider it very important to monitor overpayment data.

Housing Benefit Right Time Indicator 2017/2018

The right time indicator measures the time taken to process HB/CTS new claims and change events; this includes changes in circumstances, interventions, fraud referrals and prints generated by the benefit department.

Target for year	Actual Performance 1 October 2017 – 31 December 2017	Average Performance
10 days	7.36 days	20 days per IRRV

New claims performance

Target for year	Actual Performance 1 October 2017 – 31 December 2017	Top grade 4 for all LA's 2007/08
23 days	19.12 days	Under 30 days

6 HOUSING BENEFIT OVERPAYMENTS

6.1 Overpayment means any amount paid as Housing Benefit when there was no entitlement under the regulations. Performance for the period 1 October 2017 - 31 December 2017:

Performance Measure	%
The amount of Housing Benefit (HB) overpayments recovered during the period being reported on as a percentage of HB overpayments deemed recoverable during that period.	87.50
The amount of Housing Benefit (HB) overpayments recovered during the period as a percentage of the total amount of HB overpayment debt outstanding at the start of the financial year plus amount of HB overpayments identified during the period.	18.65
The amount of Housing Benefit (HB) overpayments written off during the period as a percentage of the total amount of HB overpayment debt outstanding at the start of the financial year, plus amount of HB overpayments identified during the period.	1.39

7 CONCLUSION

7.1 Note the continuing progress that we make in collecting these debts, and the performance of our Housing Benefit Section remains satisfactory.

HEAD OF REVENUES AND BENEFITS DIRECTOR OF RESOURCES

PF7-18/ME/AC
5 March 2018

For further information please ask for Mark Edmondson.

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 14 FEBRUARY 2018

Present: Cllrs: K Hind (Chair), A Brown, T Hill, S Hirst, A Knox and J Rogerson, Chief Executive, Director of Community Services, Director of Resources, Head of Financial Services.

1 Apologies

Cllr: P Elms

2 Minutes of meeting held on 24 January 2018

2.1 Members approved the minutes of the last meeting of the Budget Working Group.

3 Medium Term Financial Strategy 2018/19 to 2021/22

3.1 The Head of Financial Services took members through the Medium Term Financial Strategy for the period 2018/19 to 2021/22.

3.2 The MTFS was split in to two sections. The first part provided details of the last forecast position that Policy and Finance Committee considered in September 2017 and also provided the current contextual background from both a local and national perspective. The first section also explained the council's key areas of income and expenditure and the position on the capital programme.

3.3 The second part of the MTFS covered the details that had previously been submitted to the government with regard to the council's Efficiency Plan and also looked at the latest forecast medium term revenue position. Furthermore the MTFS looked at the risks and sensitivity surrounding the forecast and explained the financial management arrangements that the council have in place.

3.4 There was discussion on the various sections of the MTFS and the Budget Working Group fully endorsed the MTFS for approval by Policy and Finance Committee.

4 Fair Funding Consultation

4.1 The Director of Resources circulated the technical consultation on relative need *'Fair Funding: a review of relative needs and resources'.*

4.2 Members were taken through some of the sections of the consultation document, including the section on how the allocation of local government resources had changed and evolved over past years.

4.3 The role played by the Rural Services Network and their financial lobbying in Government about the cost of delivering services in rural areas was also discussed.

4.4 It was agreed that a further meeting would be arranged to look at the council's response to the consultation. It was agreed to hold this meeting on 7 March 2018 at 3pm.

4.5 The council's response would aim to echo the sentiments made by the submissions of the DCN and Rural Services Network, where they supported this council's position.

5 Any Other Business

5.1 There were no other items of business.

5.2 The meeting was followed by the meeting with national non-domestic rate representatives about our 2018/19 budget proposals

6 Date and Time of Next Meeting

3pm Wednesday 7 March 2018 in Committee Room 1

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 24 JANUARY 2018

Present: Cllrs: K Hind (Chair), A Brown, Hill, Hirst, Rogerson, Chief Executive, Director of Resources, Director of Community Services and Head of Financial Services.

1 **Apologies**

Cllrs:A Knox, P Elms

2 **Minutes of meeting held on 18 January 2018**

2.1 Members approved the minutes of the last meeting of the Budget Working Group.

3 **Revenue Budget 2017/18 and 2018/19 – latest position**

3.1 An update on the revised budget for 2017/18 and the latest budget position for 2018/19 was provided to members by the Director of Resources..

3.2 Since the last meeting the estimates of how much business rates the council could expect to receive in the current year and in 2018/19 had been finalised. It was explained that the figures should be treated with caution due to some uncertainties regarding adjustments to our tariff as a result of the impact of the 2017 revaluation. The revised estimate of business rate growth for the current year was £1.2m which after allowing for how much was to be used to fund the revenue budget (£275k) meant that around £929k would be added to the volatility reserve at the end of the current financial year. In 2018/19 it was estimated we would receive around £1.3m of growth and therefore it was suggested we could rely on using more of this growth to fund the base revenue budget in the future.

3.3 Overall the Revenue Budget for 2018/19 predicted a budget gap of £818k

3.4 A discussion took place regarding the options considered at the last meeting in order to bridge this gap. Members were still minded not to introduce charges for green waste.

3.5 The Budget Working Group therefore confirmed their recommendations as follows in order to produce a balanced budget:

	£
Total of Committees	6,641,040
Add Contingency	75,000
Total Expenditure	**6,716,040**
Other Items	-2,736,361
Less Added to/(taken from) Earmarked Reserves	1,657,723
Further Use of New Homes Bonus	-311,921
Further use of Business Rate Growth	-200,000
Use of General Balances (balancing figure)	-192,056
Net Budget	**4,933,425**
Less: Business Rates Baseline	-1,302,823
Revenue Support Grant	-109,149
Council Tax Surplus	-70,351
Council Tax income	-3,336,592
Increase in Council Tax (22,902*£5)	-114,510
Financed by	**4,933,425**

3.6 The Director of Resources explained that the report to the special Policy and Finance Committee meeting would be based on these recommendations

3.7 She added that the Final Local Government Grant Settlement for 2018/19 was expected to be announced before the Parliamentary recess on 8 February 2018. As in previous years it was anticipated the use of our general fund balances would be adjusted to reflect any changes to our settlement.

4 Five Year Capital Programme 2018/19 – 2022/23

4.1 The Head of Financial Services updated members with progress since the last meeting in order to recommend a five year capital programme. He reminded the group that at their last meeting they had asked CMT to consider the draft programme and make recommendations to the next meeting of the BWG in order to agree an affordable capital programme.

4.2 He took the group through the suggestions of the CMT in some detail and highlighted that it was recommended that in the future business rate growth also be used to fund the capital programme.

4.3 Members agreed with the proposals which resulted in a five year capital programme totalling £6.620m.

4.4 After discussion the BWG agreed to recommend the capital programme to the special meeting of the Policy and Finance Committee.

5 Date and Time of Next Meeting

3pm Wednesday 14 February 2018 in Committee Room 1 meeting of the BWG followed by

4pm Wednesday 14 February 2018 statutory meeting with Representatives of Business Rate Payers

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 18 JANUARY 2018

Present: Cllrs: K Hind (Chair), A Brown, P Elms, T Hill, and Hirst, Chief Executive, Director of Resources, Head of Financial Services.

1 Apologies

Cllrs: Knox, Rogerson

2 Minutes of meeting held on 30 November 2017

2.1 Members approved the minutes of the last meeting of the Budget Working Group.

3 Revenue Budget 2017/18 and 2018/19 – latest position

3.1 An update on the revised budget for 2017/18 and the latest budget position for 2018/19 was provided to members by the Director of Resources. The main variances from original estimate to revised estimate 2017/18 were provided within the report. Overall, revised committee budgets were forecast to be £34,580 below the original estimate.

3.2 The use of general balances also showed a likely increase from taking £250,000 to taking £282,890. Earmarked reserves were forecast to increase from adding £1,657,879 to adding £1,759,465.

3.3 Looking forward to the 2018/19 original estimate, committee expenditure was set to increase by £407,500 compared to the original estimate for 2017/18. Again the main variances were provided within the report.

3.4 Looking at earmarked reserves, there was a forecast of £156 less being added, compared to the original estimate 2017/18.

3.5 The impact of the latest position on the council tax was discussed, and a number of scenarios were provided to members. Use of New Homes Bonus was also discussed with members, as was the position on Business Rates. It was explained that a clearer forecast for Business Rates should be available for the next meeting as the NNDR1 return was due for submission by the end of January.

3.6 It was explained to members that the growth in the council taxbase alone would mean that the council would see additional council tax income of £61,335 at current Band D charge levels.

3.7 Growth items and budget pressures were discussed. Committees had been informed of the guidance from the BWG that any growth items to the budget would need to be funded from identified savings.

3.8 Overall the Revenue Budget for 2018/19 predicted a budget gap of £818k

3.9 Members were asked for a number of decisions to be made in order to achieve a balanced budget: These were:

1. Use of Balances. *Do you confirm the use of balances of £250,000 to support the revenue budget? (general revenue balances at 1/4/17 = £2.717m)*
The BWG recommended taking £250,000 from General Fund Balances

2. **Council Tax** *Do you recommend a £5 increase in our band d council tax? This would take our band d charge to £150.69 and would equate to a 3.4% increase on the current year's charge.*

The BWG recommended a £5 increase in our Band D Council Tax

3. **New Homes Bonus**– *following detailed consideration of our new homes bonus funding at your meeting on 27 September 2017 and the confirmation as part of the grant settlement announcement of our unchanged allocation for next year, do you agree to increase the amount used to support the revenue budget by £311,895 taking the total amount to £793,079 + £311,895 = £1,104,974?. I would suggest rounding this to £1,105,000.*

The BWG recommended using £311,921 extra of our New Homes Bonus monies taking the total to £1,105,000.

4. **Business rates growth** – *following detailed consideration of business rate growth at your meeting on 18 October 2017 do you agree to increase the amount of business rate growth/retained levy under pooling used to support the revenue budget by upto £400,000per annum.*

However as highlighted during your last meeting when looking at our budget model it is recognised that this amount may need to be profiled over the next 3 years ie a lower amount may be needed next year and a higher amount in 2020/21. (Eg 2018/19 extra £200k, 2019/20 extra £400k, 2020/21 extra £600k). This would take our use of business rate growth (above our baseline funding level) to £275,514 + £200,000 = £475,514. Our NNDR1 return for 2017/18 is currently being prepared and upon its completion we will know how much growth we could expect to receive in 2018/19.

The BWG recommended using an extra £200k of our business rate growth taking the total to £475,514.

3.10 The Director of Resources agreed to factor these recommendations into the updated budget summary and report to the next meeting of the BWG.

4 Provisional Local Government Finance Settlement 2017/18

4.1 The Director of Resources took members through the Provisional Local Government Finance Settlement for 2018/19. Information had briefly been circulated to members in December 2016, and the report now provided further details.

5 Five Year Capital Programme 2018/19 – 2022/23

5.1 The Head of Financial Services took members through a report on the Draft Five Year Capital Programme 2018/19 – 2022/23. The report examined the existing two approved years 2018/19 and 2019/20 and how these years had been financed. Also included were the new bids that had been submitted for the final three years of the programme.

5.2 After some discussion the BWG asked CMT to consider the draft programme and make recommendations to the next meeting of the BWG in order to agree an affordable capital programme.

6 Date and Time of Next Meeting

4pm Wednesday 24 January 2017 in Committee Room 1

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 30 NOVEMBER 2017

Present: Cllrs: K Hind (Chair), A Brown, P Elms, A Knox, T Hill and J Rogerson, Chief Executive, Director of Resources, Director of Community Services, Head of Financial Services.

1 Apologies

Cllr: S Hirst

2 Minutes of meeting held on 18 October 2017

2.1 Members approved the minutes of the last meeting of the Budget Working Group.

2.2 Reference was made to minute 3.2 (Lancashire Business Rates Pool) and it was explained that DCLG had requested a copy of the agreement for the Lancashire Business Rates Pool for 2018/19 and the position was looking positive at the moment.

2.3 The final decision on the pool would ultimately be down to ministers and it was anticipated that there would be an announcement at the time of the finance settlement around mid-December.

3 Autumn Budget 2017 – announced Wednesday 22 November 2017

3.1 The Director of Resources circulated a copy of the Local Government Association (LGA) Autumn Budget 2017 - On the Day Briefing.

3.2 A number of elements of the budget were highlighted within the document, namely:

Business Rates Measures

- Bringing forward to 1 April 2018 the planned switch in indexation from RPI to the main measure of inflation (currently CPI).
- Legislating retrospectively to address the so-called ‘staircase tax’ (this refers to the Supreme Court judgement on the Mazars case which concerned valuation on non-contiguous areas within buildings.
- Continuing the £1,000 business rates discount for public houses with a rateable value of up to £100,000.
- Increasing the frequency with which the VOA revalues non-domestic properties by moving to valuations every three years following the next revaluation.
- Key to all of the above, local government would be fully compensated for the loss of income as a result of these measures.

Council Tax

- The Government is keen to encourage owners of empty homes to bring their properties back in to use. To help achieve this, local authorities will be able to increase the council tax premium from 50 per cent to 100 per cent.

Support for Electric Vehicles

- To support the transition to zero emission vehicles, the Government will regulate to support the wider roll-out of charging infrastructure

3.3 The Leader made reference to Community Infrastructure Levy (CIL) and Section 106 Agreements which were both referenced within the budget with regard to Developer Contributions. It was asked that a comparison be undertaken between what the council had received under Section 106 in the last year and what could potentially have been received under CIL.

3.4 It was acknowledged that it would be a difficult exercise based on the many variations of CIL in operation, and the reasons for those variations being in place.

3.5 Acknowledgment was also given of the substantial amount of Section 106 monies that are currently being received.

3.6 The Chief Executive also mentioned that an increase to in-year Disabled Facility Grant had been referred to in the budget. It was agreed that as soon as anything further was heard on this then a report would be presented to members.

4 Financial Modelling 2018/19 onwards

4.1 The Director of Resources presented the Budget Working Group with a financial modelling tool for use within the meeting. The starting point used in the modelling was the budget forecast that had been reported in September 2017 to Policy and Finance Committee.

4.2 It was hoped that the tool would provide a fuller picture to members of the overall position for the three years and the flexibilities that were available to achieving a balanced budget.

4.3 At previous meetings the Budget Working Group had focused on new homes bonus and business rates. These elements were now brought together within the modelling tool, based on the discussions at the previous meetings.

4.4 Other impacts were highlighted, as were some of the flexibilities available within the budget review process – notably these looked at:

- charges for green waste
- council tax levels
- pay levels
- increased planning fees and their use
- paper and card income
- the additional income likely to be achieved by committees above a 2% increase, based on the fees and charges now approved.

4.5 Having seen the elements of the modelling pulled together, the Budget Working Group were minded, at this stage, not to bring in charges for green waste.

5 Any Other Business

5.1 There were no additional items of business.

6 Date and Time of Next Meeting

6.1 The next meeting was agreed as Thursday 14 December 2017 at 4pm in the **Council Chamber** (subject to the announcement of the provisional local government finance settlement).

INFORMATION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 20

meeting date:	20 MARCH 2018
title:	PRUDENTIAL CODE CHANGES
submitted by:	DIRECTOR OF RESOURCES
principal author:	LAWSON ODDIE

1 PURPOSE

1.1 To provide members with information on the recent changes to the Prudential Code

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 need. To meet the objective within this priority, of maintaining critical financial management controls, ensuring the authority provides council tax payers with value for money.
- Other Considerations – none identified.

2 WHAT IS THE PRUDENTIAL CODE

2.1 Key to the current system of capital finance is CIPFA's Prudential Code. It is a professional code of practice to support the decisions councils have to make to plan for capital investment at a local level.

2.2 Councils are required by regulation to have regard to the Prudential Code when carrying out their duties under Part I of the Local Government Act 2003.

2.3 The code applies to all local authorities, including police, fire and other authorities defined in the enabling primary legislation.

2.4 The key objectives of the code are:

- to ensure within a clear framework that capital expenditure plans are affordable, prudent and sustainable
- that treasury management decisions are taken in accordance with good professional practice
- that local strategic planning, asset management planning and proper option appraisal are supported; and
- to provide a clear and transparent framework to ensure accountability.

2.5 In order to demonstrate that we have fulfilled the objectives of the Prudential Code, we are required to prepare, monitor and report on a number of indicators. These have to be set annually on a three year basis as a minimum and are designed to support and record local decision-making, rather than be a means of comparing authorities.

2.6 Prior to review of the Prudential Code, the indicators that have to be set and monitored relate to:

- External Debt (Authorised Limit, Operational Boundary and Actual External Debt)
- Financing Cost to Net Revenue Stream
- Capital Financing Requirement

- Capital Expenditure
- Impact of Capital Investment Decisions on Council Tax
- Gross Debt and Capital Financing Requirement
- Gross and Net Debt
- Interest Rate Exposures
- Maturity Structure of Borrowing
- Principal Sums Invested for Greater than 364 Days
- Formal Adoption of the CIPFA Treasury Management Code of Practice

3 WHY HAS THE PRUDENTIAL CODE CHANGED?

3.1 There have been many changes in Local Government since the production of the initial Prudential Code, particularly around austerity and commercialism. The potential risks from both these areas have been recognised as particularly concerning by CIPFA.

3.2 When CIPFA were reviewing the Prudential Code last year, they saw that it was important to ensure that the changes were there to strengthen and improve the existing framework and that any changes within public sector service delivery and processes continued to reflect transparency, accountability and good decision making.

3.3 The Prudential Code plays a pivotal role in providing assurance that the decisions made around capital finance have at their heart the principles of:

- Affordability
- Sustainability
- Prudence

3.4 The Code framework aims to be structured in a way that is flexible enough to support innovation, but to be durable enough to essentially provide assurance for those who operate within its principles and those who oversee that activity.

4 WHAT HAS CHANGED WITH THE REVIEW OF THE PRUDENTIAL CODE?

Capital Strategy

4.1 Key developments for the new version of the Code include the introduction of more contextual reporting through the requirement to produce a capital strategy along with streamlined indicators.

4.2 The introduction of a capital strategy allows individual local authorities to give greater weight to local circumstances and explain their approach to borrowing and investment. As with many authorities, being a new requirement, this is not a formal strategy that is currently produced.

4.3 However, many of the elements that would be included in such a strategy are already considered at many of the stages that we currently follow in setting our capital programme.

4.4 The capital strategy must form part of our integrated revenue, capital and balance sheet planning – so key to the production of our budgets. The strategy must also set out the long term context in which our capital expenditure and our investment decisions are made. As a result there will be links where appropriate from this strategy to our Treasury Management Strategy.

4.5 The strategy must also reflect on risk and reward and the impact on the achievement of our priorities. The Director of Resources must also report explicitly on deliverability, affordability and risk associated with the Capital Strategy.

4.6 Below is a summary of the main sections that would be anticipated in a Capital Strategy going forward

- **Capital Expenditure**
  - Governance
  - Long term plans
  - Asset management planning
  - Restrictions around funds
- **Investments and liabilities**
  - Approach, due diligence, risk appetite
  - Governance process for approval and monitoring
  - Summary of material investments, guarantees and liabilities
- **Treasury management**
  - Governance
  - Long term planning including MRP
  - Risk appetite, key risks and sensitivities
- **Skills and knowledge**

4.7 Our Capital Strategy will be developed over the coming months and brought back to committee for approval in order to play a role going forward.

Adoption of CIPFA's Treasury Management Code

4.8 The new Code has removed the requirement for us to state that we have adopted CIPFA's Treasury Management Code.

4.9 This is not a change to diminish the gravity of the Treasury Management Code, but more to reflect that in reality we have no option other than to adopt CIPFA's Treasury Management Code, and so does not need to be specifically stated in any policy.

Principles Apply to Mayors, Combined Authorities and Group Entities

4.10 The new Code has made specific reference and given clarification that the principles of the Prudential Code also apply to Mayors, Combined Authorities and Group Entities.

Requirement to Consider Explicitly Separate Ring-Fenced Funding streams

4.11 Where ringfenced resources or separate funds exist, affordability must be considered only against those resources available to fund borrowing.

4.12 Under combined authority arrangements affordability may need to be considered against combined authority resources and the impact on underlying authorities. Where debt or guarantees relating to local enterprise partnerships (LEPs), subsidiaries or other corporate and non-corporate bodies exist, the impact on the council should be considered.

__Deletion of Council Tax Indicator__

4.13 Previously the Code required that we forecast the potential impact of our capital programme decisions on the council tax level. This indicator gave a forecast financial value per Band D property.

4.14 It has been recognised that this does not necessarily link to the decision making processes taken in setting the council tax level and has therefore been removed from the Code.

__Other Matters__

4.15 Other changes had been proposed on drafts of the new Prudential Code, however, these have not been taken forward in to the final version.

4.16 It does not include an explicit ban on borrowing for profit-making investment, as had previously been proposed. However, it is understood that there are likely government moves to prevent councils using loans to fund out-of-area property investments. There has recently been growing concern in the Treasury about the scale of council borrowing to fund commercial investments.

4.17 The Code includes the statement that councils “must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed”.

4.18 The government’s Local Authority Investment Code stipulates that where a local authority chooses to disregard the Prudential Code and Guidance and borrows or has borrowed purely to profit from the investment of the extra sums borrowed, the Treasury Management Strategy should explain:

- Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and
- The local authority’s policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.

4.19 The government’s Local Authority Investment Code also states that where a local authority classifies an investment as contributing to regeneration or local economic benefit, it should be able to demonstrate that the investment forms part of a project in its Local Plan.

5 CONCLUSION

5.1 There have been a number of changes to the Prudential Code in this latest review by CIPFA in order to better reflect the current landscape that we operate in of austerity and commercialism.

5.2 Risk is a key factor under the Code and this is reflected in other moves to ensure considerations around return on rental yields and borrowing to support such ventures.

5.3 The changes to the Prudential Code have other consequential impacts on the CIPFA Treasury Management Code. These have been reflected in our updated Treasury Management Strategy and Treasury Management Policies and Practices included elsewhere on the agenda for approval.

HEAD OF FINANCIAL SERVICES DIRECTOR OF RESOURCES

PF29-18/LO/AC
7 March 2018