

RIBBLE VALLEY BOROUGH COUNCIL

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Dear Councillor

The next meeting of the **POLICY AND FINANCE COMMITTEE** is at **6.30PM on TUESDAY, 17 NOVEMBER 2020 by Zoom.**

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 21 January 2020 and Special Policy and Finance held on 4 February 2020 – copy enclosed.
- ✓ 3. Minutes of Emergency Committees held on 20 August 2019, 23 October 2019, 9 March 2020, 7 May 2020, 5 June 2020 and 10 August 2020 – copies enclosed.
4. Declarations of Pecuniary and Non-Pecuniary Interests (if any).
5. Public Participation (if any).

DECISION ITEMS

- ✓ 7. Covid-19: Financial Update – report of Director of Resources – copy enclosed.
- ✓ 8. Covid-19: Grants Update – report of Director of Resources – copy enclosed.
- ✓ 9. Treasury Management Policies and Practices 2020/21 – report of Director of Resources – copy enclosed.

- ✓ 10. Capital and Treasury Management Strategy – report of Director of Resources – copy enclosed.
- ✓ 11. Local Council Tax Support Scheme 2021/22 – report of Director of Resources – copy enclosed.
- ✓ 12. Committee Meetings Cycle from January to May 2021 – report of Chief Executive – copy enclosed.
- ✓ 13. Adoption of Working Definition of Antisemitism – report of Chief Executive – copy enclosed.
- ✓ 14. References from Committee:
 - a) Reference from Health and Housing Committee:
 - i) Purchase of an Affordable property in Clitheroe – report of Director of Resources – copy enclosed;
 - ii) Proposed Amendment to Disabled Facilities Grants Discretionary Grant Policy – report of Director of Resources – copy enclosed.

INFORMATION ITEMS

- ✓ 15. Covid-19 Delegated Decisions – report of Chief Executive – copy enclosed.
- ✓ 16. Revenue and Capital Outturn 2019/20 and Monitoring 2020/21 – report of Director of Resources – copy enclosed:
 - Revenue Outturn 2019/20
 - Capital Outturn 2019/20
 - Overall Revenue Outturn 2019/20
 - Overall Capital Outturn 2019/20
 - Revenue Monitoring 2020/21
 - Capital Monitoring 2020/21
 - Overall Revenue Monitoring 2020/21
 - Overall Capital monitoring 2020/21
- ✓ 17. Council Tax Base 2021/22 – report of Director of Resources – copy enclosed.
- ✓ 18. Revenues and Benefits General Report – report of Director of Resources – copy enclosed.
- ✓ 19. Treasury Management Activities and Prudential Indicators 2019/20 – report of Director of Resources – copy enclosed.
- ✓ 20. Treasury Management Monitoring 2020/21 – report of Director of Resources – copy enclosed.
- ✓ 21. Budget Working Group Minutes – 16 January 2020 and 23 January 2020 – copy enclosed.
- 22. Reports on Representatives on Outside Bodies:
 - i) Report of Armed Forces Champion – Councillor Richard Sherras.

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

DECISION

- ✓ 23. Local Taxation Write-Offs – report of Director of Resources – copy enclosed.
- ✓ 24. Microsoft 365 Implementation – report of Director of Resources – copy enclosed.
- ✓ 25. References from Committee:
 - a) Reference from Economic Development Committee:
 - i) Clitheroe to Hellifield Rail Project – report of Director of Resources – copy enclosed.

INFORMATION

None.

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 7

meeting date: 17 NOVEMBER 2020
 title: COVID-19: FINANCIAL UPDATE
 submitted by: DIRECTOR OF RESOURCES
 principal author: JANE PEARSON

1 PURPOSE

- 1.1 To provide an update regarding the latest financial information concerning Covid-19 and agree next steps with regard to budget preparation for 2020/21.

2 EMERGENCY FUNDING

- 2.1 The Secretary of State for MHCLG, Robert Jenrick has announced various tranches of un-ringfenced emergency funding for local authorities for Covid related spending pressures.

- 2.2 I have set out below the allocations for ourselves and the rest of Lancashire.

Local Authority	First Tranche of Covid-19 Funding	Second Tranche of Covid-19 Funding	Third Tranche of Covid-19 Funding	Fourth Tranche of Covid-19 Funding	Total Covid-19 Additional Funding
Blackburn with Darwen	5,212,134	4,085,159	1,633,377	4,102,748	15,033,418
Blackpool	6,084,606	3,810,835	1,767,168	4,601,334	16,263,943
Burnley	75,105	882,080	229,091	920,404	2,106,680
Chorley	51,797	1,180,904	177,413	223,960	1,634,074
Fylde	34,085	803,687	124,957	188,032	1,150,761
Hyndburn	63,415	802,773	188,857	682,058	1,737,103
Lancashire	35,296,352	21,404,634	8,284,533	11,315,235	76,300,754
Lancaster	101,034	1,443,734	271,680	684,057	2,500,505
Pendle	71,704	909,385	201,832	673,825	1,856,746
Preston	97,914	1,409,104	316,188	1,085,396	2,908,602
Ribble Valley	23,853	602,234	77,185	100,000	803,272
Rossendale	38,386	710,257	132,457	337,995	1,219,095
South Ribble	41,325	1,097,210	160,799	181,833	1,481,167
West Lancashire	58,378	1,131,077	190,792	376,334	1,756,581
Wyre	60,043	1,110,815	190,281	390,656	1,751,795
Total Lancs	£47,310,131	£41,383,888	£13,946,610	£25,863,867	£128,504,496

- 2.3 Each month we are required to complete a detailed Government survey namely COVID-19 local authority financial management information. This is a collection of estimated spend, income and cash pressures attributable to COVID-19, as well as expenditure of emergency COVID-19 funding.

- 2.4 We have recorded our Covid-19 related expenditure anticipated for the full year and this covers the following expenditure heads.

Service area	Full Financial Year 2020-21 £
Public Health - Testing, contact tracing and outbreak planning	25,000
Public Health - Other	
Public Health sub total	25,000
Housing - homelessness services	50,000
Housing - rough sleeping	
Housing - other excluding HRA	188,000
Housing sub total excluding HRA	238,000
Cultural & related - Sports, leisure and community facilities	20,000
Cultural & related - other	
Cultural & related sub total	20,000
Environment & regulatory - cremation, cemetery and mortuary services/Excess deaths	3,000
Environment & regulatory - waste management	30,000
Environment & regulatory - other	
Environment & regulatory - sub total	33,000
Finance & corporate - ICT & remote working	75,000
Finance & corporate - Revenue & benefits expansion	20,000
Finance & corporate - other	120,000
Finance & corporate - sub total	215,000
Other - Shielding	50,000
Other - PPE (non-Adult Social Care and HRA)	40,000
Other – lockdown compliance and reopening costs (incl. enforcement)	25,000
Other sub total (includes Shielding)	115,000
TOTAL SPENDING PRESSURE (General fund)	671,000

- 2.5 As above we have been allocated funding of £803k which leaves £132k unallocated at this stage.
- 2.6 To date there have been seven data collection rounds. It is expected that the November and December collections will be merged together in early December. Following that, it is expected the returns will continue on a monthly basis from the second-half of January.

3 SALES, FEES AND CHARGES INCOME LOSSES

- 3.1 On the 2 July 2020 the SoS also announced a new scheme to reimburse councils for lost income from sales, fees and charges due to Covid-19.
- 3.2 Recognising the impact the pandemic has had on income from sales, fees and charges, they have introduced a co-payment scheme to compensate councils for relevant unforeseen losses that are irrecoverable. Councils will absorb the first 5% of all relevant irrecoverable losses compared to their original budget, with the Government compensating councils for 75 pence in every pound of loss thereafter. By introducing a 5% deductible, the Government is accounting for an acceptable level of volatility, whilst shielding councils from significant losses.
- 3.3 The first payment round was launched with a closing date of 30 September 2020 which concerned eligible losses from April to July. Detailed guidance has also been issued which sets out the various principles which define relevant losses:

Principle one:

- The income is transactional income from customer and client receipts (excluding commercial and residential rents and investment income), which is generated from the delivery of goods and services and which was budgeted for in 2020/21.
- Revenues that are collected in exchange for a good or service where demand has been reduced because of COVID-19, including budgeted management fee income.
- Income collection must be directly linked to the delivery of goods and/ or local services
- Income from traded services which generate the same types of income could be eligible where the losses meet the principles. However, commercial investment revenues and rental income are not eligible losses and will not be compensated for under this scheme.

Principle two:

- As a result of COVID-19, and consequent reductions in economic activity, this income has been unavoidably lost and will not be recovered in this financial year.
- This principle is intended to apply where reductions in economic activity because of lockdown and social distancing restrictions directly lead to lost revenues.
- “Unavoidably lost” means that factors outside of the authority’s control caused the loss to be incurred. Voluntary decisions, which were made locally, and which were not aligned to relevant government guidance at the time, are not covered by this (e.g. closure of services by choice rather than because of government guidance)

Principle three:

- Compensation will be based on net losses. Where a local authority has been able to reduce expenditure, or has received other compensation, compensation will only be provided for the residual loss.

- Compensation will be provided to mitigate the net budget gap which irrecoverable service income losses have created in the local authority's balanced budget set before the start of the year. Where possible, authorities should have taken action to mitigate the impact of losses, e.g. by reducing expenditure such as stock purchases or running costs.
- If other funding has been provided in relation to specific (e.g. other emergency government grant, or furloughing staff) it should also be netted off as this would have contributed to closing the net budget gap in the relevant service area.
- Where possible, the temporary reallocation of employees to deliver other services which have been supported by emergency grant funding should be appropriately accounted for as a net saving in the service that the unfunded income loss relates to. This is in order to identify and compensate for the net pressure the loss of income has had on the authority's budget.

3.4 Our first return for the period April – July has resulted in a claim of £193k in respect of our losses.

4 OTHER SPECIFIC COVID FUNDING

Small Business Grants, Retail, Hospitality and Leisure Grants and Discretionary Business Grants

4.1 We received £18.926m to support eligible businesses under the above grant schemes. See separate report on the agenda.

Surge Enforcement Funding

4.2 On 8 October the Government announced £60m additional funding for Police and Local Authorities for four months to support a range of additional compliance and enforcement activity. Both the Police and LA's received £30m overall. The allocation for Ribble Valley was £21,956.

Test and Trace Support Payment Scheme

4.3 The Test and Trace support scheme provides a £500 compensation payment for eligible residents who have been told to self-isolate, because they have tested positive for coronavirus, or have been in close contact with someone who has tested positive.

4.4 The payment is available to people who are employed or self-employed, cannot work from home and in receipt of at least one of the following benefits: universal credit, working tax credit, income-related employment and support allowance, jobseeker's allowance, income support, pension credit or housing benefit.

4.5 In total, the Government have provided £50m for the Test and Trace Support Payment and corresponding discretionary payments. This will cover the full four months of the scheme until 31 January 2021 and for Ribble Valley includes:

- £21,500 for programme costs (costs of payments to applicants), excluding discretionary payments.
- £23,199 for administration costs.
- £10,985 for discretionary payments.

4.6 Whilst the allocation for admin costs and discretionary payments are fixed sums the Government will meet the actual cost of payments to applicants if this is higher than our allocation.

5 TIER 3 FUNDING

5.1 On 17 October 2020 Lancashire entered the Tier 3 Very High alert level.

Contain Outbreak Management Fund:

5.2 The Department of Health and Social Care has announced funding to support proactive containment and intervention measures. The funding is equivalent to

Covid Alert Level	Amount per head of population £
Medium	£1
High	£3
Very High	£8

5.3 Funding at the Covid Alert level Very High has a broad scope and is intended to support activities including assisting with the continued functioning of commercial areas and their compliance with public health guidance, targeted support for school/university outbreaks and support for vulnerable people classed as Clinically Extremely Vulnerable who are following tier 3 guidance

5.4 We understand this funding will be paid to the upper tier authorities for onward disbursement. For the Ribble Valley area we expect to receive around £480k but a discussion will need to take place on how this funding will be shared between LCC and ourselves.

Additional Restrictions Grant to Support Businesses

5.5 In addition to support for closed businesses and backdated cash grants for businesses in high and very high alert levels, the Government will provide funding equivalent to £20 per head to enable councils to support businesses over the coming months more broadly, who are a key part of the local economy. In Lancashire this payment equates to the £30m negotiated with the Government when we moved to the very high alert level.

Funding to support Clinically Extremely Vulnerable (CEV) individuals

5.6 Following the announcement by the Prime Minister of the second national lockdown commencing on 5 November the Department for Health and Social Care will be issuing guidance to CEV individuals on how they can protect themselves during the 4-week lockdown period.

5.7 MHCLG will provide £678k to Lancashire County Council based on the number of CEV individuals in Lancashire. This funding is to be passed on to lower tier authorities. Based on our numbers we expect to receive approximately £28k.

6 COUNCIL TAX AND BUSINESS RATES

- 6.1 The monthly returns also expect us to estimate the losses on business rates and council tax over the following categories. It is important to note that as a billing authority we have to estimate these amounts for the whole of the collection fund.

Income source	Full financial year 2020-21 £
Business rates losses- COVID-19 Reliefs	7,226,300
Business rates losses - Deferrals	0
Business rates losses- Other	680,000
<i>Business Rates losses subtotal (cash receipts)</i>	<i>7,906,300</i>
<i>Business rates losses subtotals (after reliefs)</i>	<i>680,000</i>
Council Tax receipt losses - working age LCTS	300,000
Council Tax receipt losses - payment failure	1,000,000
Council Tax receipt losses - other	
<i>Council Tax receipt losses sub total</i>	<i>1,300,000</i>
Collection fund losses sub total (after Business Rates reliefs)	1,980,000

- 6.2 In August we wrote to all council taxpayers who were in arrears asking them to contact us to discuss payment arrangements and any support that we could provide. Approximately 200 households have contacted us to make alternative payment arrangements. Initially deferrals were agreed for a 3-month period with the expectation that payment would be made in full by the end of the financial year.
- 6.3 The Government announced a Council Tax Hardship Fund whereby any residents who are of working age, and who have had their bill reduced by an award of Council Tax Reduction, will be eligible for relief of at least £150 from the fund. We received £222k for our Hardship Fund and anticipate that our total payments will exceed this and be in the region of £250k by the end of the financial year.
- 6.4 We are also contacting business ratepayers who are in arrears to discuss payment arrangements.

Business Rates 2021/22

- 6.5 The Government has announced that the Fair Funding review and the implementation of 75% Business Rate Retention will no longer be implemented in 2021/22.
- 6.6 The Government also emailed all local authorities asking for their pooling preferences for next year. Authorities had until 23rd October 2020 to confirm continuation of their existing pooling arrangements in 2021/22 or, if not, to submit alternative arrangements.
- 6.7 This is an extremely difficult question to answer. Whilst we know the Fair Funding Review and the move to 75% BRR have both officially been deferred to a later year, the issue of whether there will new baselines and a reset of the system is not clear.

- 6.8 There is no doubt based upon our current record of growth in Business Rates we are all doing really well under the current (and previous) Lancashire Pooling arrangements. This suggests it would be worth continuing as a member of the current pool. However there are 3 potential downsides.
- 1) The Government reset business rate baselines and we lose all or part of our accumulated growth and therefore there may be no advantage to being in a pool. In fact it may be that we would be in a negative growth position without the benefit of our individual safety net.
 - 2) The Government do not extend Retail, Hospitality and Leisure Discount into next year which could mean businesses who have had their rates paid for by the Government either defaulting/going bust/struggling to pay
 - 3) In addition to 2) we may see lots of other businesses struggling to pay/cease trading.
- 6.9 After careful consideration we have informed the Government that we wish to continue as a member of the Lancashire pool next year. All other current members of the Lancashire pool have also stated they wish to remain in the pool. However we all fully appreciate/respect the right of any member to pull out when provisional local government finance settlement is announced (which would mean the whole pool would fall).

7 BUDGET PREPARATION 2021/22

- 7.1 The Government have reduced the planned spending review to a one-year spending review for 2021/22. This will be announced on 25 November 2020.
- 7.2 The immense economic uncertainty associated with the COVID-19 pandemic makes this an extraordinarily difficult time for all councils in formulating their budget (both revenue and capital) plans. A budget working group meeting was held on 28 September which amongst other things considered the setting of next year's budget.
- 7.3 I have set out below a brief summary of our latest budget planning assumptions for preparing next year's budget.

Revenue Budget

Expenditure (non Covid related)	Inflationary increase to base budget
Covid 19 Expenditure	Unknown but budget on basis costs will be reimbursed by the Government
Income (non Covid related)	Inflationary increase to base budget
Income – Impact of Covid	Budget on basis any losses will be reimbursed by the Government. However could be substantial even if pandemic ends and may not be reimbursed. Some income could be substantially impacted.

Council Tax/Business Rates	<p>Difficult to assess the impact of pandemic particularly on businesses in the next financial year.</p> <p>Collection fund deficits can be spread over 3 years.</p>
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- 7.4 The Budget Working Group concluded that we should prepare our budget on the base budget plus inflation and any variance due to Covid we expect to be made good by the Government.

Capital Programme

- 7.5 Due to the uncertainty surrounding the Covid pandemic and potential local government reorganisation, it is proposed we do not consider adding a new fifth year to our five-year capital programme at this stage. We already have a capital programme for the years 2021/22 to 2024/25.

DIRECTOR OF RESOURCES

PF35-20/JP/AC
4 NOVEMBER 2020

**RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE**

DECISION

Agenda Item No 8

meeting date: 17 NOVEMBER 2020
title: COVID 19: BUSINESS GRANTS UPDATE
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

- 1.1 To provide an update regarding the various Business Support Grants awarded during the Covid pandemic and also inform members of the latest grant schemes announced due to further local and national restrictions
- 1.2 For members to agree with the actions taken in providing grant support to Ribble Valley businesses.

2 BACKGROUND

- 2.1 Back in March, in response to Covid-19, the Government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors.
- 2.2 This support will take the form of two grant funding schemes, the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLGF).
- 2.3 On 24 March the Secretary of State for Business, Energy and Industrial Strategy, Alok Sharma Grant announced the funding for both schemes. Ribble Valley Borough Council was awarded £18.926m

Small Business Grant Fund

- 2.4 Under the Small Business Grant Fund all businesses in England in receipt of Small Business Rates Relief (SBRR) and Rural Rates Relief (RRR) in the business rates system is eligible for a payment of £10,000

Retail, Hospitality and Leisure Grant

- 2.5 Under the Retail, Hospitality and Leisure Grant businesses in England in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) with a rateable value of less than £51,000 will be eligible for the following cash grants per property.
 - a property that has a rateable value of up to £15,000 will receive a grant of £10,000
 - a property that has a rateable value of over £15,000 and less than £51,000 will receive a grant of £25,000
- 2.6 A business must have been trading on 11 March to be eligible. Also certain exclusions apply to both schemes eg Hereditaments occupied for personal uses. eg private stables and loose boxes, beach huts and moorings. Also Car parks and parking spaces.
- 2.7 Businesses which as of the 11 March were in liquidation or were dissolved are not eligible.

Discretionary Business Grant Scheme

- 2.8 On 1 May 2020 the Government announced that it was providing local authorities with additional funding **to target small businesses with high fixed property-related costs** but that were not eligible for the Small Business Grant (SBG) or Retail, Hospitality and Leisure (RHL) Grant schemes. An additional 5% of the SBG & RHL grant scheme funding was awarded for each local authority.
- 2.9 Whilst the Government stated that they wanted local authorities to exercise their local knowledge and discretion they asked that the following types of businesses be prioritised from this funding pot:
- Small businesses in shared offices or other flexible work spaces eb industrial parks, science parks, incubators etc, which do not have their own business rates assessment
 - Regular marked traders who do not have their own business rates assessment
 - B&B's which pay council Tax instead of business rates; and
 - Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief
- 2.10 They stated that grants should be capped at £25,000 with the next tier of grants at £10,000 with local authorities to decide on levels of payments below £10,000. Businesses who have received an SBG or RHL grant were excluded from the scheme as were self employed who were eligible for the Self Employment Income Support Scheme (SEISS)
- 2.11 Detailed guidance was eventually issued on 13 May 2020 by the Department for Business, Energy and Industrial Strategy (BEIS) with a briefing for local authorities held on 15 May 2020 led by Jenny Dibden from BEIS. It was open to local authorities to design their own scheme and whether to provide funding in rounds as opposed to a first come first served basis.
- 3 RIBBLE VALLEY – SBG & RHLG Schemes
- 3.1 As you are aware the Government urged local authorities to pay these grants as soon as possible and initially said all payments should be made by the end of April.
- 3.2 As soon as these schemes were announced we created an 'information gathering form' which included a necessary state aid declaration and sent these out to all business who we identified **may** be eligible.
- 3.3 Necessary checks were completed on returned forms and payments began in earnest from 1 April 2020. This was a huge workload and involved a cross section of staff from within the revenues and benefits section and also the financial services section. Many of the grant payments involved some very challenging cases.
- 3.4 The schemes closed on 28 August 2020. We paid out grants totalling £17,260,000 to 1,544 businesses.
- 4 RIBBLE VALLEY - DISCRETIONARY GRANT SCHEME

- 4.1 It was clear that we needed to design an online application process for this scheme in order to collect the necessary information.
- 4.2 On Friday 22 May 2020 BEIS issued version 2 of the Discretionary Grant Fund guidance. The main and important change in the second version was that businesses eligible for a grant from the SEISS would now be eligible for a Discretionary Grant.
- 4.3 A conference call was held on 27 May 2020 with the Leader and Shadow Leader to discuss our proposed scheme and using delegation powers to the Chief Executive in consultation with them the following was agreed:
- Rather than approve a definitive scheme at that stage we decided to publish the Government's criteria and guidance and open an application window to invite applications before deciding on grant levels etc to ensure we were within the funding pot available of £867,750.
 - The window for Round 1 opened on 29 May 2020 and closed on 15 June 2020.
 - To make clear in our scheme that any canvassing of officers or members would result in an application being refused.
- 4.4 A press release and also publicity re the scheme on social media was published with frequent reminders regarding the closing date for applications.

5 APPLICATION ROUNDS

- 5.1 In Round 1 183 applications were received. On considering the applications it quickly became apparent that a significant number were from businesses based from a home address with no significant on-going fixed property related costs other than their mortgage.
- 5.2 We then finalised our scheme using the Government's criteria along with our local priorities and made clear that businesses with no significant ongoing fixed property related costs would not be eligible under this scheme eg mobile businesses and businesses based from a home address with the exception of B&B's:

Small Businesses in Shared Offices or Other Flexible Workspaces

Basis of grant awarded	Level of Grant
Level of Grant awarded will initially be based upon level of fixed property related costs but other factors such as number of employees and impact of COVID-19 on income levels will be taken into account	£1,500
	£5,000
	£10,000
	£25,000

Regular Market Traders

(Must be trading as at least once per week within Ribble Valley Borough)

Basis of grant awarded	Level of Grant
Market traders trading at least once per week who meet the criteria	£1,500

Bed and Breakfast which Pays Council Tax

Basis of grant awarded	Level of Grant
Bed and Breakfast businesses who meet the criteria	£10,000

Charity Properties in Receipt of Charitable Relief

Basis of grant awarded	Level of Grant
Charities who meet the criteria with a rateable value below £15,000	£10,000

Local priorities

Businesses within the hospitality and leisure sector or who predominately supply to this sector, the tourism sector or support the tourism section and children's nurseries in receipt of nursery discount. There will be two levels of grant payments of £5,000 and £10,000 as follows:

Grant Payment	Rateable Value
£5,000	Upto £15,000
£10,000	Between £15,001 and £51,000

5.3 In total three application rounds were held and grants were awarded as follows.

Summary of Applications Received		
Category	No	Grant Awarded £
Local Charities that specifically support residents of Ribble Valley	4	£25,000
Regular market traders who do not have their own business rate assessment	3	£4,500
Bed and Breakfast accommodation identified as paying council tax not business rates	6	£60,000
Shared workspaces	65	£197,500
Local Priority	17	£90,000
Nurseries	6	£60,000
No significant on-going fixed property costs	75	£0
Not eligible	65	£0
RV>51k	34	£345,000
Total	275	£867,000

5.4 As with the SBG and RHLG schemes the Discretionary Grant scheme closed on 28 August 2020.

6 TIER 3 LOCAL RESTRICTION GRANTS AND NATIONAL RESTRICTION GRANTS

6.1 On 17 October 2020 Ribble Valley (along with the rest of Lancashire) entered into Local Covid Alert Level 'Very High' restrictions. In addition to the extra support for businesses negotiated with the Government of £30m for Lancashire, it was announced there would be grants for businesses which were required to close as a result of the new restrictions and this grant would be for each 2 week qualifying period the business was closed. Such businesses are:

- pubs and bars (unless they serve substantial meals)
- soft play areas
- adult gaming centres
- betting shops
- bingo halls
- car boot sales

6.2 Grants would be payable based on rateable values:

- If the rateable value is £15,000 or lower the business will receive £667 per two-week qualifying restriction period;
- If the rateable value is over £15,000 and less than £51,000 the business will receive £1,000 per two-week qualifying restriction period;
- If the rateable value is £51,000 or above the business will receive £1,500 per two-week qualifying restriction period.

6.3 We were awaiting detailed guidance of how the scheme would work and also in discussions within Lancashire as to how the extra £30m would be shared out and used, In the meantime, the Chancellor of the Exchequer announced on 22 October 2020 a grant scheme for businesses impacted by Tier 2 restrictions, even if they aren't legally closed. He stated this would benefit businesses in the hospitality, leisure and accommodation sectors with a direct grant worth up to £2,100 for every month Tier 2 restrictions apply. This is equivalent to 70% of the value of the grants available for closed businesses in Tier 3.

6.4 Despite receiving no final detailed guidance or funding we decided to go live on Monday 2 November 2020 with an online application process for businesses required to close as a result of entering Tier 3 restrictions. We have and continue to receive a large number of requests from businesses regarding the business grants available to them.

6.5 On 31 October the Prime Minister announced there would be National Restrictions from 5 November 2020 until 2 December 2020.

6.6 Only on 4 November 2020 (the date of writing this report) we received guidance regarding the further new grant support schemes for businesses.

- Local Restrictions Support Grant (Open)
- Local Restrictions Support Grants (Closed)

- Local Restrictions Support Grant (Sector)
- Additional Restrictions Grant

6.7 These will be extremely complex to administer. We are urgently seeking guidance as to how these schemes link together/overlap. Grant allocations have not yet been issued but we understand we will receive notification in the next few days.

7 RECOMMENDED THAT

7.1 Members agree with the actions taken to award grants to Ribble Valley businesses.

DIRECTOR OF RESOURCES

PF34-20/JP/AC
4 NOVEMBER 2020

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 9

meeting date: 17 NOVEMBER 2020
title: TREASURY MANAGEMENT POLICIES AND PRACTICES 2020/21
submitted by: DIRECTOR OF RESOURCES
principal author: VALERIE TAYLOR

1 PURPOSE

- 1.1 To review, approve and adopt the treasury management policy statement and practices for 2020/21.

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 PRACTICES

- 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 April 2019, 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. TEMPORARY ARRANGEMENTS UNDER COVID-19

- 4.1 Under normal circumstances Policy and Finance Committee would review the council's Treasury Management Policies and Procedures in advance of the following financial year.
- 4.2 Following suspension of the normal committee cycle this year in order to comply with social distancing regulations throughout the coronavirus pandemic, it has not been possible to request that policies and practices for 2020/21 are reviewed until today's meeting.
- 4.3 Treasury operations have therefore continued under the 2019/20 policies and practices which were approved by this Committee on 2nd April 2019 and which are not materially different from those at Appendix 1.

5 RECOMMENDED THAT COMMITTEE

- 5.1 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
- 5.2 Recommend to Council the Treasury Management Policies and Practices 2020/21.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF18-20/VT/AC
21 March 2019

BACKGROUND PAPERS:

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

Treasury Management Policies and Practices

2020/21



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

Key Officer Contacts for the Treasury Management Practices

Name	Job Title
Jane Pearson	Director of Resources
Lawson Oddie	Head of Financial Services
Valerie Taylor	Senior Accountant

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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 the MHCLG guidance 'Statutory Guidance on Local Government Investments' (MHCLG 2018), 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, i.e. that they have funds available when needed, 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) Inflation risk management

The council will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

vi) 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.

vii) 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.

viii) 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.

ix) 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~~ are 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 COUNTERPARTY 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 S&P Global Ratings (~~Previously 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.

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 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 fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the council's finances, against which the council has failed to protect itself adequately. 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.

EXCHANGE RATE RISK

Exchange rate risk is the risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the council's [finances, against which the Council has failed to protect itself adequately](#). 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.

INFLATION RISK

[Inflation risk, also called purchasing power risk, is the chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation. The Council mitigates against this risk as much as possible by monitoring the Bank of England's Monetary Policy Committee inflation reports and by limiting investments with counterparties to fixed interest rate agreements at terms below 365 days.](#)

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 refinancings, both capital and [current \(revenue\)](#), 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 2020 19 £	Year of Final Repayment
250,000	15 years	4.75% Fixed	1,377,980	2022/23
250,000	25 years	4.88% Fixed	135,000 125,000	2032/33
		Total PWLB	136,377125,980	

Projected capital investment requirements

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

The use of borrowing to support the capital programme results in an average of ~~£281,000~~ ~~£257,400~~ per year for the period ~~2019/20 to 2023/24~~ ~~2020/21 to 2024/25~~. The nature of the assets where borrowing has been used is in line with recommendations from the council's Budget Working Group and as approved by Policy and Finance Committee i.e. in respect of land and buildings.

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

	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Disabled Facility Grants	-347,000	-347,000	-347,000	-347,000	-347,000
VAT Shelter Earmarked Reserve	-162,960	-50,000	-50,000	-50,000	0
Capital Earmarked Reserve	-114,210	0	0	-401,982	0
New Homes bonus Earmarked Reserve	-272,000	-272,000	0	-306,637	0
ICT Renewals Earmarked Reserve	-30,000	0	-24,241	0	-63,400
Vehicle and Plant Renewal Earmarked Reserve	0	0	-37,500	-13,530	0
Fleming VAT Earmarked Reserve	-15,100	0	-38,272	-5,451	0
Refuse (Wheeled Bins) Earmarked Reserve	-13,000	-13,000	-13,000	-14,000	-15,000
Business Rates Growth Earmarked Reserve	-60,880	0	-474,387	0	-480,680
Planning Earmarked Reserve	-14,500	0	0	0	0
Rural Services Delivery Grant Earmarked Reserve	-72,690	0	0	0	0
Usable Capital Receipts	-65,800	-98,260	-266,100	0	0
Borrowing	-1,287,000	0	0	0	0

	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
External Funding towards Castle Keep Repointing	0	-222,240	0	0	0
External Funding towards Mardale Changing Rooms	0	0	0	0	-30,000
Total Resources	-2,455,140	-1,002,500	-1,250,500	-1,138,600	-936,080
Total of Approved Capital Programme	2,455,140	1,002,500	1,250,500	1,138,600	936,080

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 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 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 fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk. 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~~ working papers 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~~ quarterly 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. Officer compliance with the Treasury Management Policies and Practices is independently checked periodically by the Internal Audit 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~~ five 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.

PRICE 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 are reviewed on a regular basis to ensure that the council is receiving value for money.

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 Expenditure and Treasury Management Statistics](#) 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 has 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.

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 relevant due diligence has taken place
- Ensure that ~~the~~ counterparties are judged satisfactory in the context of the ~~its~~ Council's 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 and demerits 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 risks to capital and returns and the implications for the council's future plans and budgets
- 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, methods 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 S & P Global Ratings, 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
- *** Maximum limit per institution £2.5m

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.

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 are ~~to~~ at all times are to be 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 UK Money Markets 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

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 to Policy and Finance Committee.

Annual Capital and Treasury Management Strategy

The Capital and Treasury Management Strategy sets out the expected capital and 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 Local Authorities in England and Wales are required by the Local Government Act 2003 to have regard to CIPFA's Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities. Accordingly, the following treasury management prudential indicators must be set in advance of the financial year:

- 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.

Investment income, other gains and losses and financial costs

- Schedule of calculations to support each element of investment/ interest revenue
- An analysis of interest paid and received, identifying bank, lease and other, with explanations for movements compared to prior year and budget
- Schedule and calculations to support each element of finance costs

Investments

- Details of investments held including nature and terms of investment
- Consideration of any impairment of the investments held

Long-term borrowing and other liabilities

- Details of any liabilities payable between 1 and 2 years, 2 to 5 years and greater than 5 years

Financial instruments

- Reconciliation of financial instruments to relevant balance sheet entries
- Evidence of review of closing balance sheet to identify any financial instruments as defined by CIPFA/ LASSAC's Code of Accounting Practice
- Evidence to support any fair value calculations that have been incorporated into the accounts

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.~~

A cash flow working spreadsheet is prepared in advance of the financial year ahead. This spreadsheet details estimated cash inflows and outflows that we expect to occur throughout the year on a daily basis. Cash flow projections from direct credit and direct debit payments can be reliably estimated in advance and entered to the spreadsheet:

Direct credit payments

These figures are generally obtained either from a written confirmation from a government department in respect of grants receivable, 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 working spreadsheet 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.

The Council has 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 the:

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

These accounts are accessed online each morning in order to:

- ensure that anticipated cash flows have taken place as expected;
- calculate a daily balance at bank so that any surplus cash balances can be invested in accordance with the treasury management approved policies and practices; and to
- monitor the liquidity of the council on an ongoing basis, ensuring that cash is available when required to meet our commitments

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

Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering. In summary, these are:

- concealing, disguising, converting, transferring or removing criminal property
- being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property
- acquiring, using or possessing criminal property

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 unless specifically exempt from authorisation. The FSA register can be accessed through their website on www.fsa.org.uk. The financial services register of the Financial Conduct Authority can be accessed through their website on www.fca.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 –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 are reviewed on a regular basis to ensure that the council is receiving value for money.

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
- [Capital and](#) 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 Borough Council 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. A cash flow working spreadsheet is prepared in advance of the financial year ahead. This spreadsheet details the main estimated cash inflows and outflows that we expect to occur throughout the year on a daily basis. These sheets indicate the expected daily cash flow within~~

~~†~~The Council ~~'s~~ has 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 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. 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.~~

~~These accounts are accessed online each morning in order to:~~

- ~~• ensure that anticipated cash flows have taken place as expected;~~
- ~~• calculate a daily balance at bank so that any surplus cash balances can be invested in accordance with the treasury management approved policies and practices; and to~~
- ~~• monitor the liquidity of the council on an ongoing basis, ensuring that cash is available when required to meet our commitments~~

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.

Investment decisions are to be made with regard to the security of the principal sums being invested and to the liquidity of the council before considering the yield.

Funds will therefore only be placed with authorised counterparties and with care being taken not to exceed the authorised limits per institution for the total sums invested.

The term of the investment is not to exceed 365 days and will be decided upon after considering future cash flows to ensure that funds are available to meet the council's short-term commitments.

Once the above appraisals have been completed contact can then be made with available counterparties either directly or through use of one of the council's authorised brokers to secure the most favourable interest rates available for the investment amount and term.

Contact details for treasury departments and approved brokers are available in the cash flow file.

Investments are not to be finalised without prior approval from the Head of Financial Services or the Director of Resources.

All supporting documentation is attached to a temporary investment sheet where details of the counter parties to whom our monies are being lent -are recorded

- 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.

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. 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.

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

All repayments should be made automatically on the relevant day direct to our general bank account. 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.

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 only 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. (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. Borrowers should consult the FAQ document in the first instance which is available on the DMO website. Additionally, enquiries may be made by email to pwlb@dmo.gov.uk.

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:

<u>Agreement of Terms</u>	<u>Day of Advance of Loan</u> (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)

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
- Bank name, Sort code and account 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 email the authority a letter confirming the terms of the agreement on the advance date; **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 at 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. Those for the advance and repayment of fixed rate loans are determined by reference to gilt yields, those for variable rate loans by reference to a formula set by HM Treasury and published by the DMO.

There are two intra-daily re-determinations of fixed rates, published at 9.30 a.m. for start of business, and 12.30p.m. 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 historic rates are displayed on the DMO 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.

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 10

meeting date: 17 NOVEMBER 2020
title: CAPITAL AND TREASURY MANAGEMENT STRATEGY
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To seek member approval for the Council's Capital and Treasury Management Strategy for the 2020/21 financial year.

2 BACKGROUND

- 2.1 Local authorities in England and Wales are required by the Local Government Act 2003 to have regard to both CIPFA's Code of Practice on Treasury Management in the public services and to CIPFA's Prudential Code for Capital Finance in Local Authorities.
- 2.2 It is a key principle of the Code of Practice on Treasury Management that public service organisations should put in place comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- 2.3 The Prudential Code imposes on local authorities clear governance procedures for the setting and revising of a range of prudential indicators that are designed to deliver accountability in taking capital financing, borrowing and treasury management decisions.
- 2.4 There is a requirement for the council to have in place an approved Capital Strategy, which due to the very close links to Treasury Management we hold as the Capital and Treasury Management Strategy.

3 STRATEGY REVIEW

- 3.1 A full review of the strategy has been undertaken and is presented at Annex 1 with tracked changes.
- 3.2 The Strategy reflects the linkage between asset management, the capital programme and our treasury management activities and is intended to set the framework for all aspects of the Council's capital expenditure including planning, management, prioritisation, funding, monitoring and outcomes.
- 3.4 It also provides the policy framework for the engagement of the council with financial markets in order to fund its capital programme, maintain the security of its cash balances and protect them from credit, liquidity and interest rate risk.

4 CONCLUSION

- 4.1 The Capital and Treasury Management Strategy has been reviewed and updated and is attached for approval.
- 4.2 Elements of the document have previously been approved as part of the budget setting process, but here they are brought together under a single strategy.

4.2 The document was produced in the context of the point in time when the budget was set, and was prepared for your planned meeting of 31 March, which was cancelled due to Covid-19 restrictions.

4.3 The strategy requires approval of Full Council.

5 RISK ASSESSMENT

5.1 The approval of this report may have the following implications:

- Resources – the strategies aim to safeguard the interests of the council and aim to help demonstrate how the council will operate in dealing with capital and treasury management activities.
- Technical, Environmental and Legal – it is a requirement for the council to follow the stipulations of the CIPFA Prudential and Treasury Management Codes.
- Political - none
- Reputation – the production of this strategy provides transparency to the council's decision making process and management of the activities involved in capital and treasury management.
- Equality and Diversity - none

6 RECOMMENDED THAT COMMITTEE

6.1 Recommend to Council the Capital and Treasury Management Strategy as set out in Annex 1.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF27-20/LO/AC
30 October 2020

Capital and Treasury Management Strategy

2020/21



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

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Introduction and Background

The Prudential Code requires authorities to self-regulate the affordability, prudence and sustainability of their capital expenditure and borrowing plans, by setting estimates and limits, and by publishing actuals, for a range of prudential indicators.

The Prudential Code has been developed alongside the Treasury Management Code and there is a great deal of interaction between the two codes. Compliance with both codes is a statutory requirement for local authorities in the UK.

The Prudential Code imposes on local authorities clear governance procedures for setting and revising of prudential indicators, and describes the matters to which an authority will have regard when doing so. This is designed to deliver accountability in taking capital financing, borrowing and treasury management decisions.

In December 2017 CIPFA issued an update to the Prudential Code requiring that authorities should have a Capital Strategy either as a standalone document or integrated within existing strategy documents, with the purpose of establishing a long-term direction for the management and use of capital resources.

In order to allow us to produce a meaningful capital programme that meets the priorities identified in our Corporate Strategy, we must ensure that we have robust processes in place for potential projects to be proposed, evaluated and prioritised, and for approving the programme and the resources to fund it.

A clear process has been produced to demonstrate the information required from Heads of Service when proposing projects and how such proposals are then taken forward and prioritised against each other, and against the resources available to the council to take such projects forward.

As well as considering the projects that the council wish to see taken forward, the manner in which these projects are financed must also be carefully considered, particularly the long-term implications around borrowing, internally or externally, on the revenue budget. ~~There are very strong links and crossovers with the requirement for a Capital Strategy and the council's Treasury Management Strategy.~~

~~As such, both documents have been integrated to provide a single overview and policy in this new Capital and Treasury Management Strategy.~~

Introduction

This Strategy is intended to set the framework for all aspects of the Council's capital expenditure including planning, management, prioritisation, funding, monitoring and outcomes.

It also provides the policy framework for the engagement of the council with financial markets in order to fund its capital programme, maintain the security of its cash balances and protect them from credit, liquidity and interest rate risk.

Under the Prudential Code and Treasury Management Code, the council is required to produce a strategy on proposed treasury management activities. This requirement forms part of this strategy document.

The overall strategy maintains a strong and current link to the Council's priorities and to its key strategy documents notably the Corporate Strategy and Medium Term Financial Strategy.

Objectives and Strategic Approach

The council's Corporate Strategy provides the overall direction for the Strategy.

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, including this Capital and Treasury Management Strategy, is to support the achievement of the council's Corporate Strategy.

Objectives and Strategic Approach

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~~ambitions. The council's ~~priorities~~ambitions are deliberately limited to focus attention over the life of the Corporate Strategy. Each ~~priority~~ambition has a number of objectives, underlying actions, and key measures of success, which should allow progress towards the achievement of the ~~priority~~ambition to be monitored. ~~They are expanded upon in the supporting Corporate Action Plan.~~

Above all, the ~~priority~~ambition **'We aim to be a well-managed council providing efficient services based on identified customer needs'** overarches all of our ~~priorities~~ambitions, whilst recognising the importance of securing a diverse, sustainable economic base for the Borough. The 5 ~~priorities~~ambitions are driven by local needs with consideration to national priorities, and are listed below.

- 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.

As part of the capital scheme bidding process Heads of Service are required to demonstrate which overriding ~~priority~~ambition their scheme will help achieve.

Our work under Treasury Management, whilst touching on the achievement of all ~~priorities~~ambitions, is best demonstrated as helping us to meet the ~~priority~~ambition of ensuring that we are a well-managed council providing efficient services based on identified customer needs.

Asset Management Planning

Planning Process

This council own a number of properties, with ownership arrangements varying from being an owner occupier to acting as landlord with a licensed occupier. As a result, asset management obligations for each facility vary widely.

Properties are regularly checked and inspected, helping to ensure adequate maintenance, but also helping to extend the asset lives.

While the survey phase is an objective assessment of the conditions of the assets, the prioritisation, planning and allocation of items will vary according to a range of factors.

By undertaking repairs before components go wrong, planned preventative maintenance can have a positive impact on business continuity by reducing down time and keeping facilities operational.

Major items of work that fall within the capital expenditure classification are planned in advance and resources bid for as part of the capital programme scheme bidding process referred to in the next section of this strategy document.

The council utilise the Technology Forge system for recording asset management planning activity.

Vehicles and Plant

In a similar manner to the planning process covered for the council's property portfolio, a long term plan is developed and reviewed annually of the condition and planned replacement years for the council's vehicle fleet and other items of plant.

Vehicle and plant replacement is planned so that asset are replaced on a rolling basis to help ensure no 'peak years' arise which could put undue pressure on the financing of the capital programme. This is especially pertinent in the review of the replacement programme for the council's refuse collection vehicle fleet, with current plans showing the replacement of one vehicle per annum.

The review of these assets is driven by the relevant Heads of Service together with staff responsible for fleet maintenance.

Capital Expenditure

Definition

Expenditure is only capitalised where it is on an asset that will provide the council with control of the resulting economic benefit or service potential and has a measurable cost, or where it is revenue expenditure allowed to be funded by capital under statute (REFCUS) or under a capitalisation direction in accordance with the Local Government Act 2003. Expenditure under the latter categories would not normally result in recognition on the council's balance sheet or asset register.

For this council, the main example of revenue expenditure allowed to be funded by capital under statute (REFCUS) would be Disabled Facility Grants.

In order to count as capital expenditure, new assets or additions to assets must have a life of more than one year.

The council has a policy of not treating anything with an initial value below £10,000 as capital expenditure.

The 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.

As part of this bidding process, occasionally some schemes may be seen as a priority and are brought forward to an earlier financial year.

Should a capital scheme opportunity be identified outside this normal bidding process, such a scheme would first be considered by the Corporate Management Team, then the relevant service committee and finally the Policy and Finance Committee.

The Capital Scheme Bidding Process

Each year around August, all Heads of Service are asked to consider their service area and identify any potential capital schemes. This is principally with a view to it being included in the fifth year of the future capital programme, but occasionally scheme bids are highlighted as a more pressing need, with a request that earlier programming be considered.

The proposals that are put forward by Heads of Service in their bids are based on a variety of sources such as:

- Past discussions that have taken place at service committees
- Known current service pressures
- Anticipated future service pressures
- Central Government expectation
- Specific funding received from Central Government
- Legislative requirements

As part of the bidding process, a standard pro-forma is completed which allows for the provision of information in a standard format and ensures that all relevant information can be considered and compared. The details requested cover:

- Scheme Name
- Head of Service
- Service Area
- Brief Description of the Scheme
- Environmental Considerations
- Revenue Implications
- Alternatives that have been Considered
- Timescales for Completion
- Any Risks to Completion
- Capital Costs

Capital Expenditure

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 2019/2020/21 to 2023/24/2024/25.

Approved Capital Programme for 2019/2020/21 to 2023/24/2024/25

Committee	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
Community Services	1,614,000	578,200	626,900	510,800	451,000	3,780,900
Economic Development	81,750	0	0	0	0	81,750
Health and Housing	513,940	424,300	397,000	509,600	397,000	2,241,840
Planning and Development	40,920	0	0	0	0	40,920
Policy and Finance	204,530	0	226,600	118,200	88,080	637,410
TOTAL	2,455,140	1,002,500	1,250,500	1,138,600	936,080	6,782,820

Current and Longer-Term Priority Areas

Whilst not currently within the approved five-year capital programme, there are a number of priority areas where there is potential that the council may incur future capital expenditure.

The council is looking at the promotion of industrial estates, particularly on the A59 corridor and the railway ribbon, to supplement those already being developed in Longridge, Barrow and on the former Time Computers site in Simonstone.

The council continues to look for opportunities for increasing car parking within the borough and the identification of any further potential sites for development would result in a sizeable capital scheme above that already allowed for in the budget.

For ongoing commitments, the capital programme currently largely consists of replacement vehicles and plant and it is anticipated that this is likely to continue in the longer term.

The council will continue to review service provision and the adequacy of its assets in meeting the service demands of the borough's residents. In the long term any forecast changes to the level of, or manner in which services are provided will be considered proactively by service committees, together with any potential consequential capital investment that may be needed.

Affordability, including from the perspective of revenue impacts, plays a key part in the development of the capital programme and would continue to be a paramount consideration.

In this context, in setting the latest capital programme the decision on a number of proposed schemes has been deferred until the next annual review due to the high level of uncertainty around future local government funding at this time, notably New Homes Bonus and Business Rates. It is hoped that further details will be known then, allowing more informed decision making.

Capital Financing

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 short-term and medium-term priorities actions and to fund these by utilising prudential borrowing, capital receipts (both in hand and anticipated in year) and earmarked reserves such as the Business Rates Growth Reserve, VAT Shelter Reserve and New Homes Bonus Reserve, in a corporate approach, thus providing the maximum investment position.

There is a high level of uncertainty around future local government funding at this time, notably New Homes Bonus and Business Rates and as a result the availability and reliability of funding has driven the latest review of schemes for inclusion in the capital programme and the deferral of some scheme decisions until after the government's Fair Funding Review and Business Rates Retention Reforms.

~~There will be a scarcity of resources available to finance the capital programme in future years after the end of the latest five-year capital programme. Use of the VAT Shelter Reserve has been kept to a minimum in the period up to 2023/24, as future receipts come to an end as the VAT Shelter arrangements come to a close.~~

Earmarked reserves are primarily the main source of financing the capital programme. A variety of earmarked reserves are used, but in the main the current five-year capital programme relies on New Homes Bonus Earmarked Reserve and Business Rates Growth Earmarked Reserve.

With the continued uncertainty around local government funding it is difficult to forecast which specific resources will be used to finance capital in the longer-term, other than for there to be an even greater reliance on our earmarked reserves, ~~but if the current landscape were to remain unchanged then the council would continue to use these key sources of funding.~~

External Grant Funding

The use of external grant to fund schemes has become increasingly scarce over recent years. The only currently secured source of external funding is in relation to the council's statutory obligations under Disabled Facility Grants and the funding received via Lancashire County Council from the Better Care Fund.

Other external funding has been sought more recently for the Clitheroe Castle Keep for repointing works that are needed, but to date no external grant funding has been identified. There is also a further capital scheme for the Refurbishment of Mardale Playing Field Changing Rooms which will rely on the ability to source external funding. Whilst this scheme is not planned to take place until 2024/25, the availability of external funding seen to date is a cause for concern.

No change in the availability of external grant funding towards capital schemes is identified at this time, which in turn places added pressure on the council's earmarked reserves, which increasingly offer the only viable means of funding the capital programme – in the medium term and longer term.

However, wherever possible the council will always strive to identify external funding as the first option of funding schemes within the capital programme.

Capital Receipts

With a low base of assets and no longer-term surplus assets identified, the scope for income from capital receipts is minimal. This is reflected in the relatively low level of capital receipts currently being accumulated, with the majority of receipts relating to the sale of larger vehicles such as refuse collection vehicles.

The council operate a policy of only treating asset sales with a value of £10,000 or greater as capital receipts. Any sales achieving a sale value of lower than this would be credited to the service and then transferred to the Capital Earmarked Reserve to help fund future capital expenditure.

The council always looks to maximise the income it receives from the sale of surplus assets and in the case of usable capital receipts, this must be further invested in future capital schemes.

Capital Financing

Earmarked Reserves

There are a wide range of earmarked reserves operated by the council, and depending on the capital scheme needing to be funded, most have the potential to be used in some way to help finance the capital programme.

The council is conscious of the fine balance between the role of earmarked reserves in supporting both revenue and capital. With alternative sources of financing the capital programme reducing (notably external grants), our earmarked reserves generally offer the most viable method of financing.

The current five-year capital programme utilises the following earmarked reserves, a number of which will be fully depleted by the end of the plan:

- VAT Shelter Earmarked Reserve
- Capital Earmarked Reserve
- New Homes Bonus Earmarked Reserve
- Planning Earmarked Reserve
- Rural Services Delivery Grant Earmarked Reserve
- ICT Renewals Earmarked Reserve
- Vehicle and Plant Renewal Earmarked Reserve
- Fleming VAT Earmarked Reserve
- Wheeled Bins Earmarked Reserve
- Business Rates Growth Earmarked Reserve

• ~~Housing Grants Reserve~~

New Homes Bonus Earmarked Reserve and Business Rates Growth Earmarked Reserve are currently the most relied on earmarked reserves, but with continued uncertainty around the future of local government finance, at this time we are unable to place any reliance on these funding streams for financing the capital programme in the longer term.

Internal Borrowing

The use of internal borrowing to support the capital programme is currently kept to those schemes in respect of land and property. This is due to the long asset lives and therefore the year-to-year impact on revenue. This is as a direct consequence of accounting for the Minimum Revenue Provision (MRP) in line with the council's policy.

There is currently no anticipated change in the longer-term to the council's viewpoint on borrowing only for land and property assets.

Approved Financing of the Capital Programme for 2019/2018/19 - 2024/2522/23

The availability of resources to fund the capital programme has been a key concern, particularly with the heavy reliance that is placed on the use of earmarked reserves to fund the capital programme.

There are continued high levels of uncertainty around funding streams such as New Homes Bonus and Business Rates Growth that are set aside funds in these earmarked reserves, and also opposing pressure on these resources for supporting the revenue budget.

The VAT Shelter arrangement will also end in 2022/23, and already we are seeing a substantial fall in resources, with only £26,06039,710 anticipated to be received in 2019/2018/19 and nil in 2020/2119/20 based on discussions with Onward Homes.

A number of the Earmarked Reserves that we have previously used are now coming to the point of being exhausted based on future commitments for the existing capital programme. As a result, the residual values of these Earmarked Reserves form part of the financing.

External funding is extensively in respect of Disabled Facility Grants with an element of external funding in 2020/21 and also in 2024/25 as referred to above19.

Over the life of the current five-year capital programme there is borrowing in respect of two schemes, being residual works on Clitheroe Market Improvements (£17557,000) and Installation of a Second Parking Deck at Chester Avenue Car Park (£1,230,000).

Capital Financing

Approved Financing of the Capital Programme for 20~~20/21~~^{19/20} - 20~~24/25~~^{23/24}

Method of Financing	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
Earmarked Reserves	-755,340	-335,000	-637,400	-791,600	-559,080	-3,078,420
External Funding	-347,000	-569,240	-347,000	-347,000	-377,000	-1,987,240
Usable Capital Receipts	-65,800	-98,260	-266,100	0	0	-430,160
Borrowing	-1,287,000	0	0	0	0	-1,287,000
TOTAL	-2,455,140	-1,002,500	-1,250,500	-1,138,600	-936,080	-6,782,820

Current Treasury Management Position

The Borrowing through the Public Works Loans Board represents the total debt ~~is the largest proportion of for~~ the Council's ~~borrowing debt~~, and is gradually decreasing as payments of the principle are made year by year. It is estimated that the outstanding principle on all PWLB loans at 31 March 202019 will be £126k136k. ~~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 2019/2018/19 financial year are anticipated to be £12m based on current cash flow forecasts. These investments relate to monies placed with institutions on our approved counterparty list.

There was no short-term borrowing on the 31 March 2019, and none is forecast for the 31 March 202019. 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 2018/1917/18 financial year and that anticipated at the end of the 2019/2018/19 financial year is summarised below.

	31 March 2019 Actual £	Actual Average Rate %	31 March 2020 Estimate £	Estimated Average Rate %
Borrowing				
Fixed Rate Debt - PWLB	136,377	4.97	125,983	4.97
Total Debt	136,377		125,983	
Investments				
Short Term Investments	-12,175,000	0.52	-11,090,000	0.61
Total Investments	-12,175,000		-11,090,000	
Net External Debt/(Credit)	-12,038,623		-10,964,017	

Current Treasury Management Position

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

The forecasted balance of PWLB debt at 31 March 202019 comprises of the following individual loans:

Original loan Amount £	Term	Interest Rate	Estimated Principal Outstanding at 31 March 2020 £	Year of Final Repayment
250,000	15 years	4.75% Fixed	983	2022/23
250,000	25 years	4.88% Fixed	125,000	2032/33
		Total PWLB	125,983	

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.

The maturity date is the date on which the principal amount of a note, draft, acceptance bond or another debt instrument becomes due and is repaid to the investor and interest payments stop. It is also the termination or due date on which an instalment loan must be paid in full.

Estimated Debt Maturity Analysis as at 31 March 2020		
Maturity	£	%
Under 12 Months	0	0
12 Months and within 24 Months	0	0
24 Months and within 5 Years	983	0.8
5 Years and within 10 Years	0	0
10 Years and within 20 Years	125,000	99.2
20 Years and above	0	0
Total PWLB and Bond	125,983	100.00

Interest Rates

Prospects for Interest Rates

The Monetary Policy Committee (MPC) of the bank of England decides monetary policy decisions that influence how much money is in the economy and how much it costs to borrow, including decisions over the bank of England interest rate.

Through these decisions the MPC aims to maintain price stability within the UK and to support the economic policy of the Government, including its objectives for growth and employment.

In order to maintain price stability the government has set the bank's MPC a target for an annual inflation rate of the consumer price index (CPI) of 2%.

Over the last few years the MPC has kept interest rates low as the economy recovered from the global financial crisis. As the economy grew more quickly the rate of inflation increased above the 2% target. In response to this the MPC increased interest rates from 0.25% to 0.5% in November 2017 and then to 0.75% in August 2018.

More recently, particularly in response to Coronavirus, the MOC took a decision to reduce bank base rate by 0.5% taking it to 0.25% on 13 March 2020 and then further reduced rates by 0.15% on 19 March 2020 taking bank base rate to 0.1%.

The MPC has said that the recent decisions to reduce bank base rate have been taken to help households and businesses get through the economic slowdown caused by Coronavirus.

These are worryingly rapid changes to interest rates, which inevitably impact on the council's budgeted investment income in the short-term, but which will have no immediate impact on the council's borrowing costs as this is all at fixed rates.

The council's longer-term budget forecasts of interest rates have anticipated that interest rates, and therefore interest receipts, will remain static at the 0.75% previously seen at the time of setting the budget. However, this recent volatility presents much uncertainty around future interest rates.

Interest Rates

Now that Coronavirus is beginning to affect the global economy, the future of interest rates during the Brexit transition period and beyond is increasingly complex and uncertain.

~~Since then, uncertainties over Brexit have grown and the CPI has fallen back close to the 2% target.~~

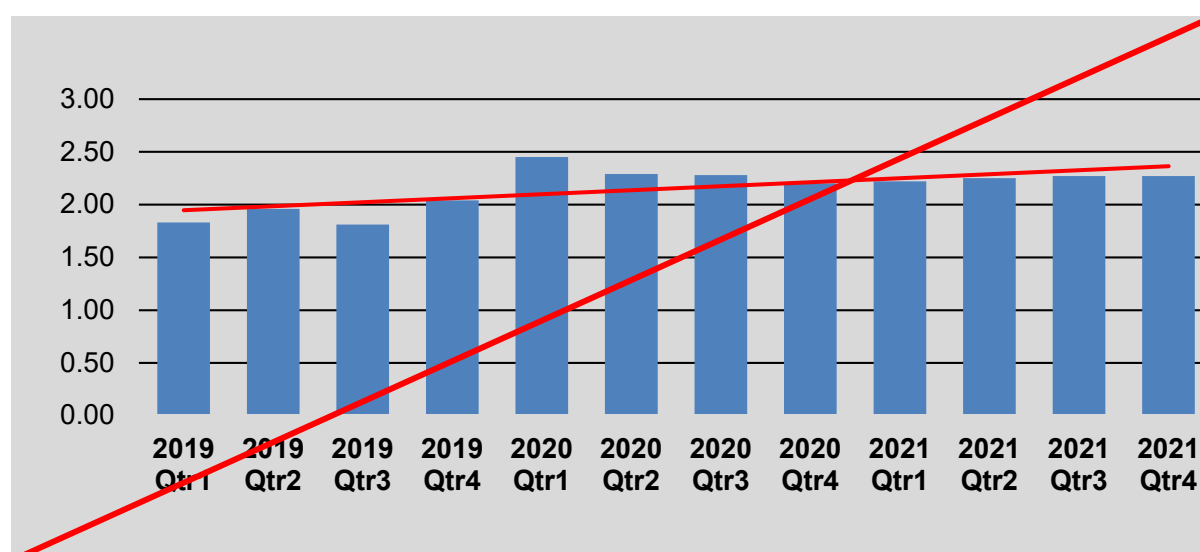
~~The Office for National Statistics (ONS) has reported that pay increased by 3.3% in the three months to November 2018 compared to the previous year which will place upwards pressure on companies' costs and the prices that they charge.~~

~~If the economy performs as the MPC expects in its February 2019 inflation report then upward pressure on prices will build over the next few years and interest rates will rise a bit more to keep inflation low. Interest rates are likely to remain substantially lower than before the financial crisis.~~

~~The MPC's view is based on the assumption that there will be a smooth Brexit where households and businesses have time to adjust to the new relationship between the UK and the EU. The setting of interest rates in response to Brexit will however depend on the balance of its effects on demand, supply and the value of the pound.~~

~~The MPC forecasts for CPI (shown below) are based on the February 2019 bank base rate of 0.75%.~~

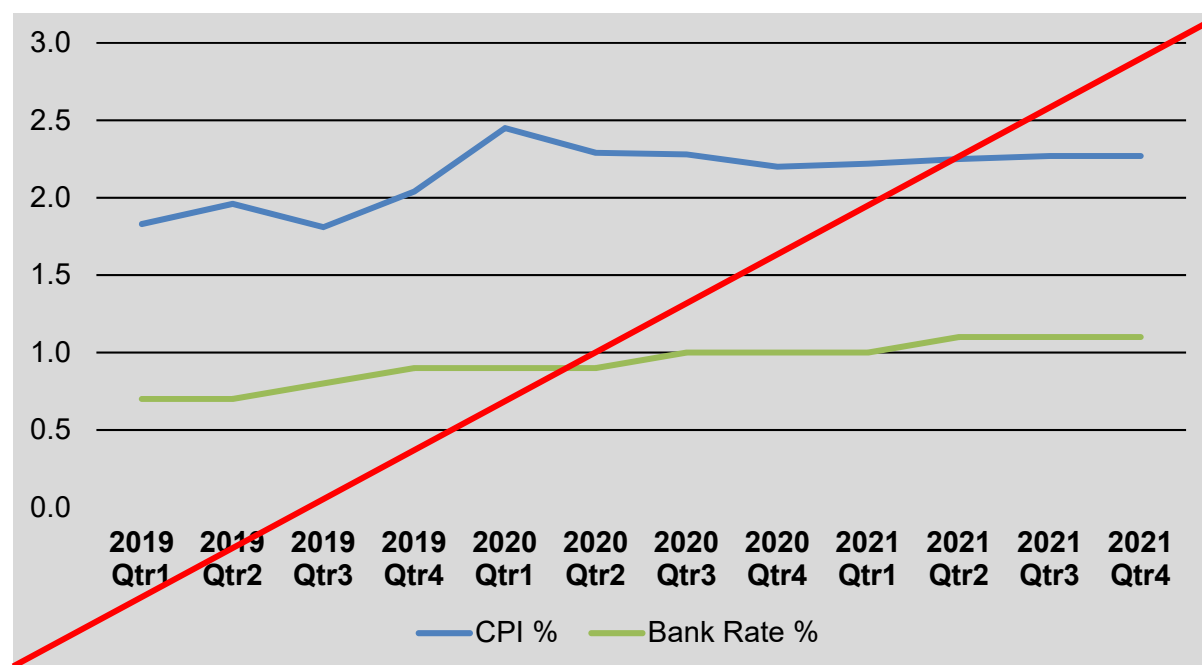
~~Forecast CPI Percentage with Linear Trend Line~~



~~Source: Monetary Policy Committee (MPC)~~

Any corresponding rises in interest rates will likely happen at a gradual pace and with an expectation that the bank rate will increase to around 1% by 2020.

Forecast CPI Percentage against Bank Rate Percentage



Source: Monetary Policy Committee (MPC)

Historically, local authorities have satisfied the bulk of their borrowing needs from the Public Works Loan Board (PWLB).

The rate of interest payable is determined by the Debt Management Office and at the date of last review (April 2018) remains at 100 basis points (1%) above the gilt yield for standard rate loans. The methodology is designed to ensure that the government does not on-lend at rates lower than those at which it could notionally borrow.

From 1 November 2012, the Government reduced by 20 basis points (0.20%) the interest rates on loans from the PWLB to principal local authorities who provide information as required on their plans for long-term borrowing and associated capital spending (known as the Certainty Rate).

Ribble Valley Borough Council are listed as an eligible Council until 31 October 2019, by which time a further return will have to be made and a new eligibility list published for the following 12 months.

Borrowing and Debt Strategy

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.

Councils that provide ‘information and transparency’ on ‘borrowing and associated capital spending plans’ are eligible for a certainty rate discount on PWLB loans of 20 basis points below the standard rate.

This data is gathered through government returns. Ribble Valley Borough Council are currently listed as an eligible Council until 31 October 20~~20~~19, by which time we intend to submit a further return to continue as an eligible body.

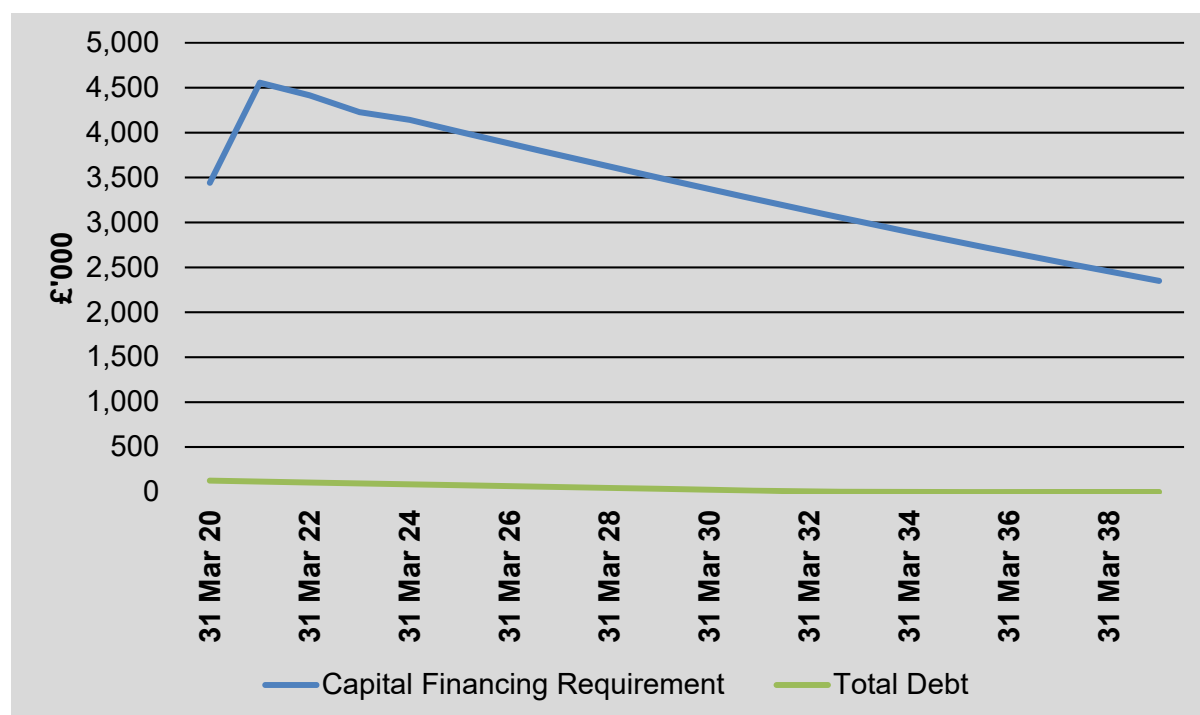
We will engage in short-term borrowing from the money market if necessary, in order to finance temporary cash deficits, however by managing our cash flow effectively these will be kept to a minimum. Wherever possible, ~~the~~ any loan will be taken out for periods of less than 7 days in order to minimise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

CIPFA’s Prudential Code for Capital Finance in Local Authorities recommends that the council's total debt should be lower than its highest forecast capital financing requirement over the next three years.

Based on the current medium-term capital financing plans in the approved capital programme, and the existing levels of borrowing, the council's borrowing is comfortably below the capital financing requirement when forecast for the next 20 years.

It must be noted that this is a snap shot in time based on current plans and current policies around such items as Minimum Revenue Provision (MRP).

Forecast Capital Financing Requirement and Total Debt (Current Position)



Minimum Revenue Provision (MRP) Policy Statement 20~~20/21~~19/20

The Council is required each year to pay off an element of its accumulated General Fund capital expenditure through a revenue charge, the Minimum Revenue Provision (MRP).

The Ministry of Housing, Communities and Local Government (MHCLG) issued regulations which require Full Council to approve an MRP Policy Statement in advance of each financial year. The council's MRP Policy Statement for 20~~20/21~~19/20 is detailed below.

Borrowing and Debt Strategy

- For capital expenditure incurred **before** 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP Policy will be to allow MRP equal to 4% of the capital financing requirement (the element of which relates to capital expenditure incurred before 1 April 2008) at the end of the previous financial year.
- For capital expenditure incurred **after** 1 April 2008, for all Unsupported Borrowing the MRP Policy will be to follow the Asset Life Method (Equal Instalment method), i.e. the MRP will be based upon the estimated life of the assets financed from borrowing.

Investment Strategy

Background

The council holds reserves and other cash items on its balance sheet which are invested. In investing these cash balances the council follows guidance issued by CIPFA and MHCLG.

The MHCLG guidance requires treasury management investments to prioritise security, liquidity and yield in that order of importance. The council will not make any investments with low credit quality bodies, nor any that are defined as capital expenditure by legislation, such as company shares.

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 that:

- 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~~We continually monitor our cash flow position maintaining a balance between short term lending and availability of resources in our main HSBC account – taking advantage of the interest rates that are now available on this HSBC account at 0.1% below base rate;
- 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 these 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.

Investment Strategy

Liquidity of Investments

The Council expects to maintain average investment balances of £11m, subject to other service commitments meaning a fall in available cash to invest. The Council will continue to invest these balances in accordance with the Council's investment policies and prevailing legislation 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.

In accordance with the Treasury Management Code, the Council has set additional criteria to set a limit on the time and amount of monies which will be invested with these bodies.

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 [that it already holds](#) 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 [approved counterparties](#) 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.

Investment Strategy

Business Model for Holding Investments

Under ~~the new IFRS 9~~ (International Financial Reporting Standard 9), the accounting for certain investments depends on the council's "business model" for managing them.

The council holds investments to collect contractual cash-flows and as such these investments would not result in changes in market value having to be a charge against the Council Tax at year end.

Long-Term Investments

The Treasury Management code requires that where an authority invests, or plans to invest, for periods longer than one year, then an upper limit for investments maturing in excess of one year is set. This council has a policy of not investing for periods of longer than 1 year.

Use of External Fund Managers

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

Prudential Code

The Prudential Code

In line with the relevant legislation the council has adopted the Prudential Code for Capital Finance in Local Authorities and the CIPFA Treasury Management in the Public Services Code of Practice (2017) as setting the framework of principles for its treasury management activities. In accordance with the requirements of these codes the council produces each year prudential indicators which provide a framework for the prudent management of its treasury management including limits with regard to certain types of activity such as borrowing. The indicators below are a consequence of the activities set out within this strategy.

Capital Expenditure

The Capital Expenditure indicator is the platform from which most prudential indicators of the council are formed.

Capital expenditure is a significant source of risk and uncertainty since cost variations, slippage, acceleration of major projects or changing specifications are often a feature of large or complex capital programmes. Capital investment also carries risk in relation to the availability of capital finance from capital receipts, grants and external contributions.

As part of this indicator, we will undertake regular monitoring of the capital programme throughout the financial year and report progress and any variations to the relevant service committees and Policy and Finance Committee.

The actual capital expenditure that was incurred in 20~~18/19~~17/18 is shown alongside the current and future years that are recommended for approval:

Prudential Code

Capital Expenditure					
Committee	Actual Capital Expenditure for 2018/19 £	Forecast Capital Expenditure for 2019/20 £	Forecast Capital Expenditure for 2020/21 £	Forecast Capital Expenditure for 2021/22 £	Forecast Capital Expenditure for 2022/23 £
Community Services Committee	723,041	1,800,520	1,614,000	578,200	626,900
Economic Development Committee	0	20,000	81,750	0	0
Health and Housing Committee	448,630	1,254,710	513,940	424,300	397,000
Planning and Development Committee	3,775	324,920	40,920	0	0
Policy and Finance Committee	100,797	162,720	204,530	0	226,600
Total	1,276,243	3,562,870	2,455,140	1,002,500	1,250,500

Financing Costs

The calculation of Financing Costs for the purposes of the Prudential Code includes those items included under the Financing and Investment Income and Expenditure section of the council's Comprehensive Income and Expenditure Statement in the Statement of Accounts – but excluding pension interest costs and any gain or loss on trading accounts.

For this council, this includes the interest we pay on our borrowing, interest we receive on our investments and also the Minimum Revenue Provision (MRP), being the means by which capital expenditure financed by borrowing or credit arrangements is paid for by council tax payers.

The table below summarises our net financing costs that were shown in the statement of accounts for the 20~~18/19~~^{17/18} financial year, and those forecast for the current and future years.

Financing Costs				
2018/19 Actual £	Forecast for 2019/20 £	Forecast for 2020/21 £	Forecast for 2021/22 £	Forecast for 2022/23 £
44,547	32,601	48,687	70,468	67,613

Net Revenue Stream

The calculation of the Net Revenue Stream for the purposes of the Prudential Code includes those items included under the Taxation and non-Specific Grant Income section of the council's Comprehensive Income and Expenditure Statement in the Annual Statement of Accounts, but excludes capital receipts and capital grants.

Net Revenue Stream				
2018/19 Actual £	Forecast for 2019/20 £	Forecast for 2020/21 £	Forecast for 2021/22 £	Forecast for 2022/23 £
8,471,213	9,476,295	9,360,005	8,742,784	8,536,589

Financing Costs to Net Revenue Stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for ~~2018/19~~^{2017/18} are shown in the table below. This indicator uses the Financing Costs calculated above as a percentage of Net Revenue Streams, also calculated above.

It should be noted that the calculation of these indicators relies heavily on the forecast of future financial support from the government. As members will be aware there is a substantial amount of uncertainty ~~in this respect past the 2019/20 financial year, and~~ with regard to most elements of local government finance.

Financing Costs to Net Revenue Stream				
2018/19 Actual	Forecast for 2019/20	Forecast for 2020/21	Forecast for 2021/22	Forecast for 2022/23
0.5%	0.3%	0.5%	0.8%	0.8%

As would be expected due to our low level of external borrowing, the percentage of financing costs to net revenue stream is relatively low.

~~The lower percentages from 2017/18 onwards reflects the increases being seen in the level of interest received on investments, and the forecast increases in interest rates, which have been allowed for here on a prudent basis.~~

Capital Financing Requirement

The capital financing requirement measures the council's underlying need to borrow for a capital purpose, although this borrowing may not necessarily take place externally.

In accordance with best professional practice, the Council does not associate borrowing with particular items or types of expenditure. The council has an integrated capital and treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

We have, at any point in time, a number of cash flows, both positive and negative, and manage our treasury position in terms of our borrowings and investments in accordance with our approved practices.

In day-to-day cash management we make no distinction between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirements reflects the authority's underlying need to borrow for a capital purpose.

Capital Financing Requirement				
2018/19 Actual £'000	Forecast for 2019/20 £'000	Forecast for 2020/21 £'000	Forecast for 2021/22 £'000	Forecast for 2022/23 £'000
3,394	3,442	4,555	4,415	4,277

External Debt

In respect of the Capital Financing Requirement, the level of external debt is a consequence of a treasury management decision about the level of external borrowing.

The inclusion of total external debt in the Prudential Code means that it covers all borrowing whether this is for capital or revenue. This is mainly due to the fact that our daily treasury management activities make no distinction between revenue and capital cash. External borrowing occurs as a result of all of a council's transactions, not just those arising from the capital programme.

External Debt					
	2018/19 Actual £	Forecast for 2019/20 £	Forecast for 2020/21 £	Forecast for 2021/22 £	Forecast for 2022/23 £
PWLB Borrowing	136,377	125,983	115,590	105,197	95,000

Gross Debt and Capital Financing Requirement

The Prudential Code states that in order to ensure that over the medium term, debt will only be for a capital purpose, the council should ensure that debt doesn't, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

Prudential Code

It is not envisaged that the council will have any difficulty meeting this requirement going forward. This view takes into account current commitments, existing plans and the proposals in the Council's budget report.

The Authorised Limit

The authorised limit, like all the other prudential indicators, has to be approved and revised by full council. It should not be set so high that it would never in any possible circumstances be breached. It should reflect a level of borrowing which, while not desired, could be afforded but may not be sustainable.

Any unanticipated revision to the council's authorised limit would be a most exceptional event that would trigger a review of all the prudential indicators. The authorised limit is set to establish the outer boundary of the council's borrowing based on a realistic assessment of the risks. The authorised limit is certainly not a limit up to which the council expects to borrow on a regular basis.

The authorised limit for external debt is the upper limit on the level of gross external indebtedness, which must not be breached without council approval. It is the **worst-case scenario**.

Factored in to the setting of the authorised limit is the council's role as the lead authority of the Lancashire Business Rates Pool.

The limit separately identifies borrowing from other long-term liabilities such as finance leases. Authority is delegated to the Director of Resources, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities, in accordance with option appraisal and best value for money for the council. Any such changes made will be reported to the Council at its next meeting following the change.

Authorised Limit for External Debt			
	2020/21 £'000	2021/22 £'000	2022/23 £'000
Borrowing	15,913	15,703	15,495
Other Long-Term Liabilities	0	0	0
Total	15,913	15,703	15,495

The Operational Boundary

This indicator focuses on the day-to-day treasury management activity within the council. It is a way in which the council manages its external debt to ensure that it remains within the self-imposed Authorised Limit.

The Operational boundary is based on expectations of the maximum external debt of the council according to probable events.

The operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly my estimate of the most likely prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate.

The operational boundary represents a key management tool for in year monitoring by my staff and me. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. Authority is delegated to the Director of Resources, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at its next meeting following the change.

Operational Boundary for External Debt			
	2019/20 £'000	2020/21 £'000	2021/22 £'000
Borrowing	2,738	2,528	2,320
Other Long Term Liabilities	0	0	0
Total	2,738	2,528	2,320

Maturity Structure of Borrowing

The council is required to set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowing. These prudential indicators are referred to as the upper and lower limits respectively for the maturity structure of borrowing and are calculated using the amount of projected borrowing that is maturing in each period, expressed as a percentage of total projected borrowing.

The maturity date is the date on which the principal amount of a note, draft, acceptance bond or another debt instrument becomes due and is repaid to the investor and interest payments stop. It is also the termination or due date on which an instalment loan must be paid in full.

The Upper limit profile is based on the potential borrowing identified under the Operational Boundary indicator.

MATURITY STRUCTURE OF BORROWING			
	Current Borrowing Profile %	Lower Limit %	Upper Limit %
Under 12 Months			
12 Months and within 24 Months			
24 Months and within 5 Years	0.78	0.78	0.06
5 Years and within 10 Years			
10 Years and within 20 Years	99.22	99.22	7.69
20 Years and above			92.25

Principal Sums Invested for Periods Longer than a Year

The Treasury Management code requires that where an authority invests, or plans to invest, for periods longer than one year, then an upper limit for investments maturing in excess of one year is set. This council has a policy of not investing for periods of longer than 1 year.

Interest Rate Exposures

In order to control interest rate risk, the council measures its exposure to interest rate movements. These indicators place limits on the overall amount of risk the council is exposed to. The one-year impact indicator calculates the theoretical impact on the revenue account of an immediate 1% rise in all interest rates over the course of one financial year. As the council's debt is on a fixed rate, this will not be impacted, so the only exposure would be on our investment income. Due to the low level of debt that the council currently has, and the high level of investments, As a result, this figure shows as a negative value.

Interest Rate Exposures	Upper Limit £'000
Upper limit on one-year revenue impact of a 1% rise in interest rates	-123

Credit Risk

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

Credit Risk	Lower Limit for Credit Rating
Short Term Fitch Rating of Counterparties Used	F2

Risk Management

Capital Programme and Risk Management

As part of the capital scheme bidding process officers are asked to detail any risks that may be present to the completion of the scheme within budget and on time. These are reported and considered by members as part of the process of producing an overall achievable and affordable capital programme.

Where relevant, larger projects will be recorded separately on the council's corporate risk management system and the risk monitored on a regular basis, being reported to the corporate management team and the Accounts and Audit Committee, should any risk be deemed to be scored a 'Red' risk.

Treasury Management and Risk Management

The Council's activities expose it to a variety of financial risks:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out within the Council's Financial Services team, under policies approved by the Council in the annual treasury management strategy.

The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Overall Procedures for Managing Treasury Management Risk

Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving a Treasury Management Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

The Prudential Indicators are required to be reported and approved at or before the Council's annual Council Tax setting meeting in early March. These items are also reported within this Strategy. Actual performance is also reported quarterly to Members.

Treasury Management activity is monitored by the Financial Services team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Risk and Commercial Activity

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or capital appreciation or both.

This council does not hold any investment properties; neither does the council borrow money with a view to investing purely for commercial gain.

Governance Framework

Initial Capital Scheme Bidding Process

The development of the scheme bids was detailed in the earlier section on Capital Expenditure. The reporting of the same and the decision-making process is summarised in the table below, following a standard process for the annual review of the capital programme:

<p>August: Heads of Service are asked to consider their service area and identify any potential capital schemes.</p>
<p>October/November: All submitted bids are <u>reviewed by Corporate Management Team and Budget Working Group and</u> reported to the relevant Service Committee and approval sought. Members are also asked to put forward any capital bid suggestions and amendments that they may wish to make at this stage.</p>
<p>January: The Budget Working Group and Corporate Management Team consider which scheme bids should be included in the capital programme and the level of resources to be used to fund the capital programme, <u>having consideration to any comments or approval made by Service Committees</u>. A recommendation is prepared for Special Policy and Finance Committee.</p>
<p>February: Special Policy and Finance Committee meet to consider the recommendations of the Budget Working Group and Corporate Management Team. The final approved capital programme is then recommended to Full Council.</p>
<p>March: Full Council approve the final five-year capital programme.</p>

As part of this process there will inevitably be scheme bids that are not able to be taken forward, be that through lack of resources or competing priorities.

Capital Budget Monitoring

The council has a structured process of budget monitoring, with regular meetings with budget holders to ensure schemes are on track and within budget. Reports are taken to all service committees quarterly (including revised estimate report) and also the overall position is reported to Policy and Finance Committee on a quarterly basis.

Further reports are also taken to the council's Budget Working Group during the year.

The outturn position is also reported to all committees in line with the budget monitoring reporting.

Treasury Management Activities

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 council's 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 to 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.

Governance Framework

- 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.

Reports are taken quarterly to the Policy and Finance committee on all treasury management activities. Outturn position reports are also reported to the same. All policies and practices are also reported to and agreed by Policy and Finance Committee and Council.

Knowledge and Skills

Staff involved in Capital Projects

The Council utilises the knowledge and skills of its internal officers when considering capital investment decisions and where necessary it may also rely on the expert knowledge of specialist external advisors.

The Council employs professionally qualified finance, legal and property officers who are able to offer advice and guidance when considering any capital investment decisions.

Finance and legal staff are professionally qualified and have the necessary experience of how the Council works.

All professionally qualified staff undertake Continuing Professional Development and maintain knowledge and skills through regular technical updates from appropriate bodies and are regulated by their respective professional bodies. Their rules of conduct require that they have an appropriate level of skill and expertise to deal with the particular matter with which they are dealing.

The Council occasionally uses external advisors where necessary in order to complement the knowledge its own officers hold. If required these would be engaged on an ad-hoc basis and be project based.

Staff involved in Treasury Management Activities

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 receive the necessary training.

Knowledge and Skills

Treasury Management courses run by such bodies as CIPFA, money brokers, or other recognised bodies are those normally sourced and attended.

The qualifications of those staff that are authorised to be involved in treasury management activities are detailed below

- Chief Executive - CIPFA Qualified
- Director of Resources – CIPFA Qualified
- Head of Financial Services – CIPFA Qualified
- Senior Accountant – CIPFA Qualified
- Accounting Technician – AAT Qualified ([studying for the CIPFA Qualification](#))

With regard to members, detailed explanations of all reports are given, as they are scrutinised by committee, by the Director of Resources in order to ensure full understanding.

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

DECISION

Agenda Item No 11

meeting date: 17 NOVEMBER 2020
title: LOCAL COUNCIL TAX SUPPORT SCHEME 2021/22
submitted by: DIRECTOR OF RESOURCES
principal author: MARK EDMONDSON

1 PURPOSE

- 1.1 To recommend our Local Council Tax Support (LCTS) scheme for 2021/22 to Full Council.
- 1.2 To consider whether to continue to award further £150 Council Tax hardship payments after our allocation has been fully spent.

2 BACKGROUND AND INFORMATION

- 2.1 You will recall that, as part of the package of welfare reform measures, the Government decided to abolish Council Tax Benefit from 1 April 2013 and replace it with locally determined schemes of council tax support. In doing so the Government reduced the funding available, to local councils to pay for this support, from 100% subsidy to a grant of only 90%. This grant was rolled into mainstream local authority funding which has since been reduced significantly
- 2.2 The Council agreed a Local Council Tax Support Scheme which came into effect on 1 April 2013. Our scheme matched the previous Council Tax Benefit scheme but was set to cap the maximum reduction in support for working age claimants to 12% each year. Late in the day the Government announced a one off transition grant for those authorities who agreed to set the maximum reduction at 8.5%. This Council agreed to accept the grant and hence limit the reduction to 8.5% for 2013/14. As the transition grant was for one year only however our reduction in support to working age claimants reverted back to the agreed percentage set of 12%. We consulted extensively on this scheme and it was broadly supported.
- 2.3 Our scheme is 147 pages long and can be found at the following link www.ribblevalley.gov.uk/counciltaxsupport. Each billing authority is required to consider the scheme that it has in place each year and the position across Lancashire is as follows:

	LCTS Reduction 2020-21
Blackburn	20%
Blackpool	27.11% but protected groups 13.56%
Burnley	16%
Chorley	0%
Fylde	22.70%
Hyndburn	30%
Lancaster	0%
Pendle	30%
Preston	20%
Ribble Valley	12%
Rossendale	20%
South Ribble	£3.50 per week (equivalent to approximately 20%) in work and 0% non-working
West Lancs	22%
Wyre	8.50%

2.4 The Local Government Finance Bill imposes a duty on billing authorities to consider whether to revise or replace its scheme by **11 March (changed from 31 January in 2018) each year** and to consult with major precepting authorities i.e. LCC/Fire and Police authorities and other persons likely to have an interest in the scheme if any significant changes are proposed.

3 OUR SCHEME

3.1 The first bills containing Local Council Tax Support were issued in March 2013.

3.2 Our scheme has been updated by minor amendments each year to maintain the link with Housing Benefit and the previous Council Tax Benefit scheme.

3.3 We currently grant approximately £1.06 million in LCTS to 1,012 pensioners and £1,113 million to 1,286 working age claimants.

4 REVISING OUR SCHEME FOR 2021/22

4.1 Members need to make a final decision on our scheme for 2021/22 in order to make a recommendation to Full Council.

4.2 We are not proposing any significant changes other than Maintaining and Uprating Income disregards, non-dependent deductions, applicable amounts and premiums in line with Housing Benefit as we do each year.

5 COUNCIL TAX COVID 19 HARDSHIP FUND 2020-21

5.1 The Government announced a £500 million hardship fund at the Budget in March to deliver relief to Council Tax payers.

5.2 Ribble Valley Borough Council was allocated £222,053 based on our share of the national caseload for working age Local Council Tax Support (LCTS) recipients at 31 December 2019.

5.3 The Government indicated that it had a strong expectation that Local Authorities would provide all recipients of working age LCTS in 2020-21 with a further £150.00 reduction in their annual bill. Additional relief could then be determined locally if local authorities expected the funds provided would more than match the minimum reduction.

5.4 We identified immediately that it was likely that our allocation would only just cover the usual caseload that we experience in any given year; as caseload figures on any given day do not provide the full picture of the number of recipients over a full year.

5.5 Our working age caseload has subsequently increased as a result of the Covid19 pandemic from 1,028 on 31 December 2019 to 1,286 currently i.e. an increase of 258 or 25.1%. We also anticipate that this is likely to continue to rise over the coming months.

5.6 The table below shows that we have currently awarded £209,149.29 to working age LCTS recipients leaving a balance of £12,903.71 remaining.

LCTS Hardship	Awarded	Increase	Balance
			£222,053.00
01/05/2020	£148,814.57		£73,238.43
01/06/2020	£178,886.36	£30,071.79	£43,166.64
01/07/2020	£190,898.38	£12,012.02	£31,154.62
01/08/2020	£195,892.95	£4,994.57	£26,160.05
01/09/2020	£199,557.26	£3,664.31	£22,495.74
01/10/2020	£204,125.73	£4,568.47	£17,927.27
01/11/2020	£209,149.29	£5,023.56	£12,903.71

- 5.7 The Government indicated that this funding was limited as it expected that local authorities would have more than enough funding to cover the minimum award. We along with other local authorities have made representation to the Government requesting additional funding and we understand that this is something currently under consideration.
- 5.8 Based on the current demand for awards is it likely that our allocation will be spent in full by 31 December 2020, and possibly sooner if there is a further increase in the number of new claims as a result of the national lockdown.
- 5.9 A decision is required as to whether we should continue to make these awards once our allocation is spent or cease them at that time. Whilst the Council has received unringfenced emergency funding for Covid-19 pressures it was anticipated that the Government funding provided would more than cover the cost of the minimum award.
- 6 RECOMMEND THAT COMMITTEE
- 6.1 Recommend to Full Council the approval of our local council tax support scheme for 2021/22 as set out in the report.
- 6.2 Agree to continue to award the minimum £150 hardship payments to eligible Council Tax payers and lobby the Government to reimburse us accordingly.

HEAD OF REVENUES AND BENEFITS

DIRECTOR OF RESOURCES

PF33-20/ME/AC
4 November 2020

For further background information please ask for Mark Edmondson

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No. 12

meeting date: 17 NOVEMBER 2020
title: COMMITTEE MEETINGS CYCLE FROM JANUARY – MAY 2021
submitted by: CHIEF EXECUTIVE
principal author: OLWEN HEAP

1 PURPOSE

1.1 To consider of the proposed meeting cycle for committees for the period January 2021 to May 2021.

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 draft meeting cycle is usually drawn up in March for the forthcoming municipal year ie 2020/21

2.2 It would normally be subject to final approval at the Annual meeting in May.

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 Following the onset of Covid-19 and the subsequent enforced lockdown all committee meetings were cancelled from 16 March 2020 for the foreseeable future.

3.2 A subsequent meeting cycle for the period from July to December 2020 was agreed on 10 July 2020 by the Chief Executive in consultation with the Leader of the Council and Leader of the Opposition and to date all these meetings have taken place by Zoom as committees could not meet in the Council Chamber.

3.3 A draft timetable has now been drawn up for the remaining period of the municipal year, namely January to May 2021, concluding with the Annual meeting on 11 May 2021 as shown in Appendix 1 to this report.

3.4 It is not yet known whether these meetings will take place in the Council Chamber or by Zoom. Members will be kept updated as Government guidance is received.

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 2020/21.
- 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

- 5.1 Committee approve the draft cycle of meetings for the period January to May 2021 as outlined in Appendix 1.

OLWEN HEAP
ADMINISTRATION OFFICER

MARSHAL SCOTT
CHIEF EXECUTIVE

BACKGROUND PAPERS

Meeting Cycle 2019/20

For further information please ask for Olwen Heap, extension 4408

REF: OMH/P&F/17/11/20

Ribble Valley Borough Council Meeting Cycle January 2021 – May 2021				
MEETINGS	Day	TIME	4TH CYCLE 2021	5TH CYCLE 2021
Community Services	Tues	6.30pm	5 Jan	9 March
Planning and Development	Thurs	6.30pm	7 Jan	11 March
Personnel	Wed	6.30pm	13 Jan	17 March
Health & Housing	Thurs	6.30pm	14 Jan	18 March
Licensing	Tues	6.30pm	26 Jan	23 March
Economic Development	Thurs	6.30pm	21 Jan	25 March
Policy & Finance	Tues	6.30pm	19 Jan + 2 Feb	30 March
Parish Liaison	Thurs	6.30pm	28 Jan	1 April
Planning & Development	Thurs	6.30pm	4 Feb	15 April
Accounts & Audit	Wed	6.30pm	10 Feb	14 April
Full Council	Tues	6.30pm	2 March	27 April

2021 <u>Offices Closed</u>	
New Year	: 1 January 2021
Good Friday	: 2 April 2021
Easter Monday	: 5 April 2021
May Day	: 3 May 2021
Annual Council	: 11 May 2021

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No. 13

meeting date: 17 NOVEMBER 2020
title: ADOPTION OF WORKING DEFINITION OF ANTISEMITISM
submitted by: MARSHAL SCOTT
principal author: OLWEN HEAP

1 PURPOSE

- 1.1 To consider whether the Council should adopt the non-legally binding working definition of antisemitism.
- 1.2 Relevance to the Council's ambitions and priorities:
 - Community Objectives – none arising from this report.
 - Corporate Priorities – to be a well-managed Council.
 - Other Considerations – to comply with duties under the Equalities Act 2010.

2 BACKGROUND

- 2.1 Earlier in the year the Leader received a letter from the Secretary of State for Housing, Communities and Local Government, Rt Hon Robert Jenrick MP encouraging the council to formally adopt the International Holocaust Remembrance Alliance's working definition of antisemitism.
- 2.2 All councils have been requested to do this as a clear message that antisemitic behaviour will not be tolerated. The definition is to be used on all appropriate occasions.

3 ISSUES

- 3.1 The working definition reads as follows:-

“Antisemitism is a certain perception of Jews, which may be expressed as hatred towards Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities”.
- 3.2 The definition is not designed to be legally binding, but as an invaluable tool for public bodies to understand how antisemitism manifests itself in the 21st Century. It demonstrates a commitment to engaging with the experiences of Jewish communities and supporting them against contemporary challenges they face.
- 3.3 The IHRA definition is already used in guidance for the Police and Crown Prosecution Service, providing examples of the kinds of behaviours which, depending on the circumstances, could constitute antisemitism.

3.4 The Government cannot eradicate antisemitism on their own and as such are seeking the help of local authorities to show leadership with this task, alongside partners in civic society and community activists. It is recognised that local authorities play a valuable role in tackling all forms of hate crime through work to build resilience and integration.

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications:

- Resources – None arising from this report.
- Technical, Environmental and Legal – the definition is not designed to be legally binding.
- Political – None arising from this report.
- Reputation – Adoption will enhance the Council's reputation.
- Equality & Diversity – Using the definition will send a clear message that antisemitic behaviour will not be tolerated.

5 **RECOMMENDED THAT**

5.1 Committee decide whether the Council should adopt the non-legally binding working definition of antisemitism as outlined in 3.1

OLWEN HEAP
ADMINISTRATION OFFICER

MARSHAL SCOTT
CHIEF EXECUTIVE

BACKGROUND PAPERS
Letter from MHCLG

For further information please ask for Marshal Scott, extension 4400

REF: OMH/P & F/171120

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 14a (i)

meeting date: 17 NOVEMBER 2020
 title: REFERENCE FROM HEALTH AND HOUSING COMMITTEE – PURCHASE OF AFFORDABLE PROPERTY IN CLITHEROE
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To consider a request from Health and Housing Committee to agree to the approval of additional capital budget of £125,000 in 2020/21 for the purchase of an affordable property in Clitheroe.

2 BACKGROUND

- 2.1 Service committees manage their services within the budgets agreed at the beginning of the financial year. The budget was approved by Special Policy and Finance Committee on 4 February 2020 and by Full Council on 3 March 2020.
- 2.2 Any revenue or capital expenditure over and above what has already been approved must be agreed by Policy and Finance Committee.

3 HEALTH AND HOUSING COMMITTEE 1 OCTOBER 2020

- 3.1 Health and Housing Committee considered a report submitted by the Director of Economic Development and Planning (attached at Annex 1) which gave details of a request for additional capital budget of £125,000 for 2020/21. This was in respect of the purchase of an affordable property in Clitheroe and any necessary works.
- 3.2 At its meeting, Health and Housing Committee considered the request and resolved that:

‘RESOLVED: That Committee

1. agree to the purchase of an affordable property within Clitheroe using the commuted sum monies, and authorise the Chief Executive to undertake negotiations and approve the purchase of a suitable property;
2. agree to follow the established management model with Moss Care St Vincent’s and that the setting of the yearly lease income be delegated to the Chief Executive; and
3. that a long-term strategy for the purchase of affordable housing properties be drawn up and presented to committee in due course.

4. RECOMMENDED THAT COMMITTEE

- 4.1 Approve the request for the additional capital budget of £125,000.
- 4.2 Approve the use of the Commuted Sums to fund the additional revenue budget approval.

HEAD OF FINANCIAL SERVICES
 PF30-20/LO/AC
 2 November 2020

DIRECTOR OF RESOURCES

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH & HOUSING COMMITTEE

Agenda Item No. 6

meeting date: 1 OCTOBER 2020
title: PROPOSED PURCHASE OF A PROPERTY IN CLITHEROE USING COMMUTED SUM MONIES
submitted by: NICOLA HOPKINS – DIRECTOR OF ECONOMIC DEVELOPMENT & PLANNING
principal author: RACHAEL STOTT – HOUSING STRATEGY OFFICER

1 PURPOSE

- 1.1 To propose the purchase of property in Clitheroe using commuted sum monies.
- 1.2 To propose that the property purchased in Clitheroe is rented out as an affordable property using the same model as the two properties the Council recently purchased in Longridge.
- 1.3 Relevance to the Council's ambitions and priorities:
 - Community Objectives – To address the housing needs of all households in the borough.
 - Corporate Priorities – To meet the Council's statutory duties to deliver safe house provision within the borough.
 - Other Considerations – None.

2 BACKGROUND

- 2.1 The Council received off site commuted sum monies from two development sites in Clitheroe and Barrow which is required to be spent on delivering affordable housing in the locality.
- 2.2 The proposal is to replicate the same model as was used last year to support the purchase of the two properties in Longridge and provide an affordable rented house in Clitheroe. The legal agreements associated with the developments within Barrow and Clitheroe require the contributions to be spent within the locality and towards the provision of affordable housing. A property in Clitheroe is proposed to be purchased in accordance with the requirements of the planning obligations and registered in the Council's ownership. Once the property is purchased, the nomination of the tenant will come from the Council's affordable housing waiting list.
- 2.3 It is anticipated the property will be a terraced 2-bed property within the town centre or walking distance of the town centre. We may consider purchasing an empty property if renovation costs permit. Clitheroe is the preferred location due to access to services, affordability and the requirements of the legal agreements.
- 2.4 Commuted Sums—£123,840 was secured from a development site in Barrow to facilitate the provision of affordable housing for the purpose of addressing housing needs in Barrow or elsewhere within the Council's area of the borough. In addition, £17,000 was secured from the Peel Park Avenue development, Clitheroe for affordable housing for related purposes in the district. Providing the total available commuted sum contribution of £140,840. Therefore, if approved a house would be acquired for approximately £125,000 to ensure the property can be purchased, any repair works completed and handed over within the project budget.

- 2.5 Management of the property – In line with our current model, a 5 year management agreement will be drawn up between MSV (Moss Care St Vincent’s – as previously reported it needs to be leased to a Registered Provider to protect the property from right to buy and therefore ensure we can continue to offer an affordable rent property) and RVBC. MSV will manage all day to day services in terms of management, maintenance and repairs. A standard agreement has been drawn up for the two properties in Longridge this will be replicated for the additional property in Clitheroe.
- 2.6 Update on Longridge: Following Members’ approval to purchase two affordable dwellings in Longridge two dwellings have been purchased with one occupied and being managed by MSV and the second is due to be occupied at the beginning of October.

3 RISK ASSESSMENT

3.1 The approval of this report may have the following implications:

- Resources – The property will be funded through commuted sum monies. This money has been provided in lieu of on-site provision of affordable housing. Once purchased the unit will be rented out at LHA rate to ensure it remains affordable.
- Technical, Environmental and Legal – The management agreement will set out all the legal responsibilities of both parties and for 5 years the properties will be managed by MSV. At the end of the 5-year period we will review the situation. The tenancy agreement will be between MSV and the tenant. This also protects against right to buy and losing the property as an affordable rent.
- Political – Delivering additional affordable properties in Clitheroe is a positive and proactive step in addressing housing needs in the borough.
- Reputation –The Council buying property to provide affordable accommodation demonstrates the commitment to address housing needs.
- Equality & Diversity –The housing market in Ribble Valley is a majority of home ownership providing additional rented units assist in balancing the market.

4 RECOMMENDED THAT COMMITTEE

- 4.1 Agree to the purchase of an affordable property within Clitheroe using commuted sum monies, and authorise the Chief Executive to undertake negotiations and approve the purchase of a suitable property.
- 4.2 Agree to follow the established management model with Moss Care St Vincent’s and that the setting of rent level and service charges are delegated to the Chief Executive.

RACHAEL STOTT
HOUSING STRATEGY OFFICER

NICOLA HOPKINS
DIRECTOR OF ECONOMIC DEVELOPMENT
& PLANNING

For further information please ask for Rachael Stott, extension 3235.

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 14a(ii)

meeting date: 17 NOVEMBER 2020
 title: REFERENCE FROM HEALTH AND HOUSING COMMITTEE – PROPOSED AMENDMENT TO DISABLED FACILITIES GRANTS DISCRETIONARY GRANT POLICY
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To consider a request from Health and Housing Committee for Policy and Finance Committee to consider and approve the financial implications of the proposed changes to the Disabled Facilities Grants Discretionary Grant Policy.

2 BACKGROUND

- 2.1 Service committees manage their services within the budgets agreed at the beginning of the financial year. The budget was approved by Special Policy and Finance Committee on 4 February 2020 and by Full Council on 3 March 2020.
- 2.2 Any revenue or capital expenditure over and above what has already been approved must be agreed by Policy and Finance Committee.

3 HEALTH AND HOUSING COMMITTEE 1 OCTOBER 2020

- 3.1 Health and Housing Committee considered a report submitted by the Director of Economic Development and Planning (attached at Annex 1) which gave details of proposed changes to the Disabled Facilities Grants Discretionary Grant Policy.
- 3.2 Financial implications of the proposed changes to the policy were not provided to the Health and Housing meeting held on 1 October, and so the changes were approved subject to Policy and Finance Committee receiving details of the financial implications.
- 3.3 A summary of the forecast financial impact is provided below.

Year	DFGs Budget £	DFGs Expenditure and Commitments £	Estimated additional cost from increased discretionary grant levels (ANNEX 2) £	DFGs Expenditure and Commitments plus additional cost from increased discretionary grant levels £	Is the proposed change affordable?
2019/20 Actual	706,490	489,822	28,600	518,422	YES
2020/21 Estimate	766,980	158,804**	108,900	267,704	YES

** 2020/21 DFGs Expenditure and Commitments is the position as at the end of October 2020 rather than the full year position.

- 3.4 As can be seen there is likely to be net nil financial impact from the proposals in the current financial year 2020/21, because the estimated increased costs in discretionary grants approved are likely to be contained within the 2020/21 Disabled Facilities Grants budget available. Also, as a guide, it is estimated that the change would have been affordable if it had been brought in for 2019/20, which is the last full financial year not affected by Covid-19 restrictions (Covid-19 has significantly reduced the numbers of Disabled Facilities Grants assessed, approved and completed so far in 2020/21).

- 3.5 It should be noted that the above assessment is based on the previous and current levels of discretionary grant support available to Disabled Facilities Grants applicants and there may be an increase in discretionary grant applications following the introduction of higher maximum discretionary grant levels.
- 3.6 In addition, the budgets available for Disabled Facilities Grants can fluctuate yearly, because they are solely dependent on external funding allocations from MHCLG and Onward Homes, and the numbers and values of mandatory and discretionary Disabled Facilities Grants applications received can also fluctuate each year.
- 3.7 In this context, the numbers and values of discretionary Disabled Facilities Grants approved in future must continue to be closely monitored so that:
- the values approved in-year do not prevent or delay any Mandatory Disabled Facilities Grants applications being approved in-year; and
 - all grant approval commitments in-year are confined to the yearly Disabled Facilities Grants budget available.
- 3.8 To achieve this:
- the Disabled Facilities Grants discretionary grant policy is clear that at any point the offer of discretionary grants can cease should the budget not support continuation; and
 - Housing continue to monitor the mandatory and discretionary Disabled Facilities Grants approvals and budgets in line with the processes set down in Annex 3.
- 3.9 The resolution for this item at Health and Housing Committee was:

'RESOLVED: That Committee

1. agree to the proposed changes to the DFG policy as outlined in the report, and that they be subject to a 6-week period of consultation, following which, subject to there being no issues of significance raised, delegated to the Director of Economic Development and Planning in consultation with the Chair of Health and Housing committee the policy be adopted and operational as soon as practicable thereafter; and
2. ask the Policy and Finance committee to consider and approve the financial implications of these proposed changes to the DFG policy.

4. RECOMMENDED THAT COMMITTEE

- 4.1 Approve the proposed changes to the DFG policy from a financial perspective on the grounds that:
- the estimated additional costs in 2020/21 are likely to be contained within the 2020/21 Disabled Facilities Grants budget available; and
 - the Disabled Facilities Grants budget will continue to be monitored so that all grant approval commitments in-year are confined to the yearly Disabled Facilities Grants budget available.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF36-20/LO/AC
4 November 2020

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH & HOUSING COMMITTEE

Agenda Item No. 7

meeting date: THURSDAY, 1 OCTOBER 2020
 title: PROPOSED AMENDMENT TO DISCRETIONARY GRANT POLICY
 submitted by: DIRECTOR OF ECONOMIC DEVELOPMENT AND PLANNING
 principal author: RACHAEL STOTT – HOUSING STRATEGY OFFICER

1 PURPOSE

1.1 To revise the private sector housing policy and the disabled facilities grant offer to households.

1.2 Relevance to the Council's ambitions and priorities

- Community Objectives }
- Corporate Priorities } To address the housing needs of older and disabled occupants across the borough.
- Other Considerations }

2 BACKGROUND

2.1 The current discretionary disabled facilities grant policy was adopted in January 2018. A copy can be viewed using the following link.

https://www.ribblevalley.gov.uk/downloads/file/11417/discretionary_disabled_facilities_grant_policy

This introduced 3 key policy changes as to how disabled facilities grants (DFG) were being delivered, namely:

- To optimise the use of the Council's DFG allocation and introduce a non-means tested grant- Ribble Valley Adaptation Grant (RVA). Each year a significant number of cases fail the means test and the individuals in need of adaptations were not organising the necessary adaptations. Therefore, the new policy introduced the provision of a non-means tested discretionary grant. A £5,000 maximum grant for one item as prioritised by the Occupational Therapist (OT).
- Introduction of top up grants above the mandatory grant maximum of £30,000. Until January 2018 the maximum grant was £30,000. The new grant policy allowed a £10,000 top up grant. In the past two years the use of top up grant has been approved in 3 cases.
- Introduced a 10% admin fee for all DFG's and RVA's.

2.2 This grant policy has operated for two years. Members approval is sought to introduce changes to the Policy which will be subject to a six week consultation period. The changes to the existing Policy proposed are as follows:

- To increase the Ribble Valley Adaptation Grant to a maximum of £7,000 per application and to amend the policy to one item and associated works as recommended by the OT. This is on the basis that the average cost of individual items have increased and quite regularly the current level of RVA is not meeting

the full cost of the 1 item. This has led to households not going ahead with adaptations and has resulted in delays.

- To increase the top up grant to from £10,000 to a maximum £25,000. This will only relate to adaptations where the value of the total cost of the works is over the mandatory grant. Of the 3 top up grants approved last year, all of them went above the grant maximum and the cost of works exceeded the discretionary top up. This is due to the costs of works required to make ground floor bedroom and bathroom facilities and the specialist equipment required. This resulted in the individual applicants seeking funding from other sources. In all of these cases the total value of the works was between £50,000 and £60,000. The applicants were assisted in making an application for hardship funds from LCC and/or charitable funding. This can cause significant delay in the works starting and can result in works having to stop part way through construction which can have an impact incurring further costs. If additional funds are not identified the project may be closed. Ultimately, the responsibility for ensuring appropriate housing is available would then fall on the Council as local housing authority.
- That a 10% admin fee continues to be charged where technical support is used. 5% admin fee for equipment only and no admin charge when there is no technical input.

2.3 The attached grant policy at appendix 1 sets out the proposed policy which will be consulted on with all relevant partners. Any feedback will be reported to Chair of Health and Housing and the Director of Economic Development and Planning for consideration.

3 ISSUES

3.1 There are currently 4 grants in progress that have works that will exceed the grant maximum. This can be identified within the grant report in Part 2. Three out of four of these grants are paediatric recommendations and in all cases the grant is for creating ground floor bedroom and bathroom facilities for the disabled child/occupant.

3.2 The costs of creating a ground floor extension large enough to provide turning space for wheelchairs in both bedroom and bathroom and all equipment with specialist equipment means the value of the contract work is often exceeding £40,000.

3.3 Therefore, it is recommended that the top up is increased to a £25,000 discretionary top up to enable these types of scheme to be delivered. This means the maximum grant that can be awarded will be £55,000 which is considered sufficient to address the shortfalls being experienced in a small number of the more complex projects.

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications

- Resources – The DFG budget has been significantly increased and continues to be underspent annually. Commitment is reliant on OT recommendations being received and the works that are recommended. Delivery can also be delayed where time and resource is expended to resolve funding issues. The DFG budget is monitored on a monthly basis and at any point the offer of discretionary grants can cease should the budget not support continuation.
- Technical, Environmental and Legal – The Regulatory Reform Order allows LA's to develop their own private sector grant policy and decide on a DFG grant award

that best suits the needs of the borough. The proposed revision is based upon the experience the council has had since the introduction of the policy.

- Political – Important we make best use of the Better Care Fund and deliver the best service to vulnerable and elderly households in the borough.
- Reputation – Important the Council makes best use of the funding available and the opportunity to enable households to remain independent and at home.
- Equality & Diversity – Important the housing needs of all residents in the borough are addressed.

5 RECOMMENDED THAT COMMITTEE

- 5.1 Agree the proposed changes to the DFG policy and that they be subject to a period of consultation, following which subject to there being no issues of significance raised, and in consultation with the Chair of Health and Housing Committee the policy be adopted and operational from 1 December or as soon as practicable thereafter.

RACHAEL STOTT
HOUSING STRATEGY OFFICER

NICOLA HOPKINS
DIRECTOR OF ECONOMIC DEVELOPMENT
AND PLANNING

For further information please ask for Rachael Stott, extension 3235.



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Proposed amended Discretionary Disabled Facilities Grant Policy

Housing Grants, Construction and Regeneration Act 1996

The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002

Reviewed September 2020

1.Introduction

Housing is a key determinant of health and poor housing is directly linked to poor health. This disabled facilities grant policy details the financial assistance that the Council aims to provide to support improvements to enable disabled occupants to remain in their own home through the use of the Better Care Fund allocation.

The Council is required to adopt a Discretionary Disabled Facilities Grant Policy which sets out how it intends to use its discretion to develop schemes having regard to the needs of the Borough, the availability of funding, and the Council's priorities.

This Discretionary Disabled Facilities Grant Policy forms part of the Council's over-arching Housing Strategy. This policy was first adopted January 2018 and has proved to be successful in supporting the householder to maintain independent living.

2.Aims and priorities

Improving the housing conditions across the Borough will support improvements in health and well-being as well as having a positive impact on the quality of local neighbourhoods, particularly for those residents who are vulnerable and cannot access their homes and gardens due to their disability.

This policy sets out in greater detail our offer to disabled occupants and their families. It also details to local Councillors, local residents and our stakeholders how we will work to maintain and improve the provision of adapted property across the borough.

Appendix 1 details the assistance schemes that the Council intends to offer during the life of this policy and sets out specific eligibility criteria relating to each scheme.

The health and well-being of disabled and vulnerable residents is often compromised due to their homes not meeting their specific needs, and this can impact on their ability to live with dignity within their homes.

3.Disabled Facilities Grants

The Council has a statutory obligation to administer mandatory Disabled Facilities Grants (DFGs) to provide aids and adaptations to enable disabled residents to live independently within their own homes.

The eligibility requirements, scope of works, and the general requirements governing mandatory DFGs are prescribed and the Council is unable to deviate from these requirements.

The Council is required to administer Disabled Facilities Grants to all eligible applicants irrespective of their tenure, and the Council aims to work collaboratively with housing associations to fund aids and adaptations within social housing wherever possible to ensure everyone has the same opportunity to have their home adapted.

In some cases the use of Disabled Facilities Grants is able to assist with reducing the length of stay in hospital and facilitating a quick return to home. This also reduces the demand for residential care placements.

4.Discretionary Top-up Grant

The Council have agreed to use discretionary powers to provide in eligible cases a top-up award in addition to the £30,000 mandatory grant. In more complex cases the work required often goes over the mandatory grant award maximum. This top-up of a maximum of £25,000 will assist to provide all the required work identified by the Occupational Therapist. In addition

to this, the 10% administration fee will also be eligible for the discretionary grant. The additional £25,000 can only be accessed where the full £30,000 of mandatory grant has been utilised. The discretionary element will be registered as a land charge if the works include alterations to the property on owner occupied properties and, in the event the property is sold within a 10 year period, the Council require repayment. * Please see exception policy. In exceptional circumstances where more than one DFG is approved, more than £25,000 may be registered.

The availability of the top-up grant is at the discretion of the Council and subject to availability of funding.

5. Ribble Valley Adaptation Grant

For some households the means testing requirement makes them not eligible for assistance. This often means the works are not carried out or don't fully meet the person needs. The Ribble Valley adaptation allows a grant to provide 1 item and the associated works to address the needs of the applicant as recommended by the Occupational Therapist up to a maximum of £7,000. This will fund the cost of the 1 item prioritised by the Occupational Therapist. Where the RVA is providing the calculated contribution the applicant will still be eligible for further items to be provided as a DFG. The applicant can then choose as to whether they fund the remaining works themselves. The full grant will be registered as a land charge if the works include alterations to the property on owner occupied properties and, in the event the property is sold within a 10 year period, the Council require repayment. * Please see exception policy.

The availability of the Ribble Valley Adaptation Grant is at the discretion of the Council and is subject to the availability of funding.

6. Review of the policy

The ability to provide Discretionary Top up and Ribble Valley Adaptation grants will be reviewed quarterly with regard to financial capacity to award the discretionary element. Mandatory grants will take priority.

The provision of Discretionary Top up and Ribble Valley Adaptation DFGs will be reported to each Health and Housing Committee.

The policy will be reviewed annually by the Health and Housing Committee.

Priority 1 – Assist disabled and vulnerable residents to remain in their homes through the provision of aids and adaptations

Scheme	Assistance Available	Purpose	Scope of Assistance	Eligibility	Scheme Conditions
<p>Mandatory Disabled Facilities Grant</p>	<p><u>Maximum assistance per application:</u></p> <p>Statutory maximum: £30,000 from Better Care Fund allocation</p>	<p><u>Assistance to:</u></p> <p>Meet the Council's statutory obligation to assist disabled residents to live independently in their homes</p>	<p><u>Aids and adaptations to:</u></p> <p>a) be recommended by an Occupational Therapist;</p> <p>b) meet the regulations governing eligibility for works, including:</p> <ul style="list-style-type: none"> ▪ adaptations to aid access into and around the property; ▪ works to ensure the safety of the applicant; ▪ provision of suitable bathroom or sleeping facilities, heating, and access to lighting and power; ▪ provision of suitable kitchen facilities or adaptation of existing kitchen, and; ▪ works to enable a disabled resident to care for dependent residents. 	<p><u>Applications considered from:</u></p> <p>a) disabled home owners;</p> <p>b) disabled tenants (both in the private and social housing sectors);</p> <p>c) disabled persons living at home with their family, and;</p> <p>d) parents or guardians of a disabled child;</p>	<p><u>Applications to include:</u></p> <p>a) completed application form, and;</p> <p>b) two estimates for the works in the required format</p> <p><u>Applications subject to:</u></p> <p>a) means test through standard test of resources, except where;</p> <p>b) the grant is approved in respect of a disabled child under the age of 19</p> <p><u>Works to be:</u></p> <p>a) completed within 12 months of grant approval;</p> <p>b) completed to the satisfaction of the Council</p>

Scheme	Assistance Available	Purpose	Scope of Assistance	Eligibility	Scheme Conditions
					<u>Grants in excess of £5,000 to be:</u> a) registered as a local land charge against the property if the works include alterations to the property on owner occupied properties (ie, not equipment) b) 10% admin fee is charged where technical support is used. 5% admin fee for equipment only and no admin charge when there is no technical input c) a maximum of £10,000 be repaid if the property is sold, transferred, or assigned within 10 years.
Ribble Valley Adaptation Grant	Maximum individual grant £7,000 + admin fee	As per Mandatory DFG towards the one item	Ribble Valley adaptation DFG only applicable for 1 item and associated works to address the needs of the applicant; <ul style="list-style-type: none"> • provision of stair lift • conversion bathroom to 	As per mandatory DFG Only 1 Ribble Valley adaptation grant within a 5 year period	All scheme conditions are the same as Mandatory DFG above except: <ul style="list-style-type: none"> • no means test

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	To be funded from Better Care Fund		wet room <ul style="list-style-type: none"> ceiling track hoist wash only bidet provision of ramps, half steps and galvanised rails access inside or outside the property Any other adaptation as recommended by the OT 		<ul style="list-style-type: none"> the full grant will be registered as a charge against the property for 10 years, if the works include alterations to the property owner occupied (ie, not equipment).
Disabled Facilities Discretionary Top up Grant	<u>Maximum assistance per application:</u> £25,000 from Better Care Fund allocation + admin fee	<u>Assistance to:</u> a) provide top-up funding to meet the reasonable cost of aids and adaptations to assist the applicant to live independently in their home, where a Disabled Facilities Grant is approved at the statutory maximum and the eligible expense less contribution also exceeds the	<u>Aids and adaptations to be:</u> (As set out above for Mandatory Disabled Facilities Grants)	<u>Applications considered from:</u> a) applicants for a Mandatory Disabled Facilities Grant, where the eligible costs of the work exceed the mandatory grant	<u>Applications to include:</u> a) No separate application - assistance linked to Mandatory DFG application <u>Applications subject to:</u> a) means test through standard test of resources, except where b) the grant is approved in respect of a disabled child under the age of 19 <u>Works to be:</u>

Scheme	Assistance Available	Purpose	Scope of Assistance	Eligibility	Scheme Conditions
		statutory maximum (currently £30,000).			<p>a) completed within 12 months of application approval</p> <p>b) completed to the satisfaction of the Council</p> <p><u>All the discretionary top up grant amount to be:</u></p> <p>a) registered as a local land charge against the property if the works include alterations to the property on owner occupied properties (ie, not equipment)</p> <p>b) 10% admin fee is charged where technical support is used. 5% admin fee where there is no technical input</p> <p>c) the full grant to be repaid if the property is sold, transferred, or assigned within 10 years.</p>



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Proposed amended Discretionary Disabled Facilities Grant Policy

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Reviewed September 2020

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The Council is required to adopt a Discretionary Disabled Facilities Grant Policy which sets out how it intends to use its discretion to develop schemes having regard to the needs of the Borough, the availability of funding, and the Council's priorities.

This Discretionary Disabled Facilities Grant Policy forms part of the Council's over-arching Housing Strategy. This policy was first adopted January 2018 and has proved to be successful in supporting the householder to maintain independent living.

2. Aims and priorities

Improving the housing conditions across the Borough will support improvements in health and well-being as well as having a positive impact on the quality of local neighbourhoods, particularly for those residents who are vulnerable and cannot access their homes and gardens due to their disability.

This policy sets out in greater detail our offer to disabled occupants and their families. It also details to local Councillors, local residents and our stakeholders how we will work to maintain and improve the provision of adapted property across the borough.

Appendix 1 details the assistance schemes that the Council intends to offer during the life of this policy and sets out specific eligibility criteria relating to each scheme.

The health and well-being of disabled and vulnerable residents is often compromised due to their homes not meeting their specific needs, and this can impact on their ability to live with dignity within their homes.

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stay in hospital and facilitating a quick return to home. This also reduces the demand for residential care placements.

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The availability of the top-up grant is at the discretion of the Council and subject to availability of funding.

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6. Review of the policy

The ability to provide Discretionary Top up and Ribble Valley Adaptation grants will be reviewed quarterly with regard to financial capacity to award the discretionary element. Mandatory grants will take priority.

The provision of Discretionary Top up and Ribble Valley Adaptation DFGs will be reported to each Health and Housing Committee.

The policy will be reviewed annually by the Health and Housing Committee.

Priority 1 – Assist disabled and vulnerable residents to remain in their homes through the provision of aids and adaptations

Scheme	Assistance Available	Purpose	Scope of Assistance	Eligibility	Scheme Conditions
<p>Mandatory Disabled Facilities Grant</p>	<p><u>Maximum assistance per application:</u></p> <p>Statutory maximum: £30,000 from Better Care Fund allocation</p>	<p><u>Assistance to:</u></p> <p>Meet the Council's statutory obligation to assist disabled residents to live independently in their homes</p>	<p><u>Aids and adaptations to:</u></p> <p>a) be recommended by an Occupational Therapist;</p> <p>b) meet the regulations governing eligibility for works, including:</p> <ul style="list-style-type: none"> ▪ adaptations to aid access into and around the property; ▪ works to ensure the safety of the applicant; ▪ provision of suitable bathroom or sleeping facilities, heating, and access to lighting and power; ▪ provision of suitable kitchen facilities or adaptation of existing kitchen, and; ▪ works to enable a disabled resident to care for dependent residents. 	<p><u>Applications considered from:</u></p> <p>a) disabled home owners;</p> <p>b) disabled tenants (both in the private and social housing sectors);</p> <p>c) disabled persons living at home with their family, and;</p> <p>d) parents or guardians of a disabled child;</p>	<p><u>Applications to include:</u></p> <p>a) completed application form, and;</p> <p>b) two estimates for the works in the required format</p> <p><u>Applications subject to:</u></p> <p>a) means test through standard test of resources, except where;</p> <p>b) the grant is approved in respect of a disabled child under the age of 19</p> <p><u>Works to be:</u></p> <p>a) completed within 12 months of grant approval;</p> <p>b) completed to the satisfaction of the Council</p>

Scheme	Assistance Available	Purpose	Scope of Assistance	Eligibility	Scheme Conditions
					<p><u>Grants in excess of £5,000 to be:</u></p> <p>a) registered as a local land charge against the property if the works include alterations to the property on owner occupied properties (ie, not equipment)</p> <p>b) 10% admin fee is charged where technical support is used. 5% admin fee for equipment only and no admin charge when there is no technical input</p> <p>c) a maximum of £10,000 be repaid if the property is sold, transferred, or assigned within 10 years.</p>
<p>Ribble Valley Adaptation Grant</p>	<p>Maximum individual grant £7,000 + admin fee</p> <p>To be funded from Better Care</p>	<p>As per Mandatory DFG towards the one item</p>	<p>Ribble Valley adaptation DFG only applicable for 1 item and associated works to address the needs of the applicant;</p> <ul style="list-style-type: none"> • provision of stair lift • conversion bathroom to wet room • ceiling track hoist 	<p>As per mandatory DFG</p> <p>Only 1 Ribble Valley adaptation grant within a 5 year period</p>	<p>All scheme conditions are the same as Mandatory DFG above except:</p> <ul style="list-style-type: none"> • no means test • the full grant will be registered as a charge against the property for

Scheme	Assistance Available	Purpose	Scope of Assistance	Eligibility	Scheme Conditions
	Fund		<ul style="list-style-type: none"> • wash only bidet • provision of ramps, half steps and galvanised rails • access inside or outside the property • Any other adaptation as recommended by the OT 		10 years, if the works include alterations to the property owner occupied (ie, not equipment).
Disabled Facilities Discretionary Top up Grant	<u>Maximum assistance per application:</u> £25,000 from Better Care Fund allocation + admin fee	<u>Assistance to:</u> a) provide top-up funding to meet the reasonable cost of aids and adaptations to assist the applicant to live independently in their home, where a Disabled Facilities Grant is approved at the statutory maximum and the eligible expense less contribution also exceeds the statutory maximum (currently £30,000).	<u>Aids and adaptations to be:</u> (As set out above for Mandatory Disabled Facilities Grants)	<u>Applications considered from:</u> a) applicants for a Mandatory Disabled Facilities Grant, where the eligible costs of the work exceed the mandatory grant	<u>Applications to include:</u> a) No separate application - assistance linked to Mandatory DFG application <u>Applications subject to:</u> a) means test through standard test of resources, except where b) the grant is approved in respect of a disabled child under the age of 19 <u>Works to be:</u> a) completed within 12 months of application approval b) completed to the

Scheme	Assistance Available	Purpose	Scope of Assistance	Eligibility	Scheme Conditions
					<p>satisfaction of the Council</p> <p><u>All the discretionary top up grant amount to be:</u></p> <ul style="list-style-type: none"> a) registered as a local land charge against the property if the works include alterations to the property on owner occupied properties (ie, not equipment) b) 10% admin fee is charged where technical support is used. 5% admin fee where there is no technical input c) the full grant to be repaid if the property is sold, transferred, or assigned within 10 years.

Financial impact of increased DFGs discretionary maximum grant levels

2019/20 – What would have been the likely impact on discretionary grants approved in-year if the proposed additional maximum grant levels were in place in 2019/20

Year	Impact £	Impact on discretionary grants (including 10% admin fee)
2019/20 actual	28,600	<p>Discretionary Top Up grants - One grant would have been approved at £60,500 rather than £44,000 = £16,500</p> <p>Ribble Valley Adaptations grants - Two grants would have been approved at £7,700 rather than £5,500 and one grant that did not go ahead would have been approved at £7,700 = £12,100</p>

2020/21 – Broad estimate of the impact on discretionary grants approved in 2020/21 if the proposed additional maximum grant levels are approved.

Year	Impact £	Impact on discretionary grants (including 10% admin fee)
2020/21 broad estimate	Up to 108,900	<p>Discretionary Top Up grants awaiting approval – Four grants are awaiting approval that are likely to be above the current £44,000 maximum limit. One is confirmed to cost £60,500 and the other three may be somewhere between £44,000 and £60,500 = up to £66,000</p> <p>Ribble Valley Adaptations grants awaiting approval – Three grants are awaiting approval that are likely to be above the current £5,500 maximum and these are likely to cost £7,700 each = up to £6,600</p> <p>Total of the above is up to £72,600, as at the end of October 2020</p> <p>Broad estimate for the rest of 2020/21 – Based on simple extrapolation from the end of October 2020 (eight months) to the full year = $(72,600 / 8 \text{ months}) \times 12 \text{ months}$ = up to £108,900</p>

Disabled Facilities Grants – Approval and monitoring processes

Confirmed November 2018 grant approval process:

- Ensure all grant approval commitments in-year are confined to the yearly Disabled Facilities Grants budget available.
- Monthly monitoring of the DFGs budget position supports this and confirms budget cover is available to support DFGs approvals granted.

Within the DFGs overall budget, separate budgets will be agreed for Mandatory DFGs, Discretionary Top-Up DFGs and Ribble Valley Adaptations Discretionary DFGs. This can be amended in-year by Committee. It is amended to ensure that Mandatory DFGs are not put in a waiting list position due to the level of discretionary DFGs approved.

Approvals for discretionary grants will be granted based on budget being available for discretionary grants (Discretionary Top-Up DFGs and Ribble Valley Adaptations Discretionary DFGs) and at any point the offer of discretionary grants can cease should the budget not support continuation.

A waiting list system would be employed when the yearly budget available for each type of DFG is fully committed, based on the value of grant approval commitments.

The priority order for DFGs is:

1. Mandatory DFGs (Urgent)
2. Mandatory DFGs (Non-urgent)
3. Discretionary Top Up Grants
4. Ribble Valley Adaptations Discretionary Grants.

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No. 15

meeting date: TUESDAY 17 NOVEMBER 2020
title: COVID-19 DELEGATED DECISIONS
submitted by: CHIEF EXECUTIVE
principal author: OLWEN HEAP

1 PURPOSE

- 1.1 To inform members of the decisions taken by the Chief Executive in consultation with the Leader, Deputy Leader and Leader of the Opposition under delegated powers given by the Emergency committee on 7 May 2020 with regard to the Local Government Act 1972, the Coronavirus Act 2020 and other legislation governing local authority decision making.
- 1.2 Relevance to the Council's ambitions and priorities:
 - Community Objectives –
 - Corporate Priorities – To be a well-managed Council
 - Other Considerations – To safeguard the health and welfare of Members and officers of the Council.

2 BACKGROUND

- 2.1 The Committee system operated at Ribble Valley is predicated on Members physically coming together to make decisions in a public forum. The Council Leader and Leader of the Opposition, in consultation with the Chief Executive, agreed that the present Covid-19 pandemic, together with requirements under the Coronavirus Act 2020 and regulations made thereunder, mean that it was not advisable, reasonable or safe for the Council to continue to meet as normal. That being the case, it was necessary to put in place alternative decision-making processes for the Council which had to be within the context of the Local Government Act 1972, the Coronavirus Act 2020 and other legislation governing local authority decision making.
- 2.2 On 4 April 2020, the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 ('the regulations') came into force, and will remain in effect until 7 May 2021.

3 ISSUES

- 3.1 The Council is required to have arrangements in place to continue to make necessary decisions. The most appropriate mechanism, based on the requirement to avoid social contact and public gatherings, and ADSO guidance for Councils that operate a Committee system of governance, was the delegation of decisions to officers.

3.2 It was agreed at the Emergency committee on 7 May 2020 that the Council delegate the following decision-making powers to the Chief Executive, or in his absence his nominated deputies in consultation where appropriate with the Leader and the Leader of the Opposition.

- Power to take any decision on behalf of the Council which can lawfully be delegated to officers, subject where appropriate to the decision maker, before taking the decision, having taken appropriate steps to consult the Leader and Leader of the Opposition and if necessary the Chairman of the relevant Committee which would, save for the delegated power, have taken the decision
- Power to cancel Council, Committee or Sub-Committee meetings

3.3 Since that meeting the following decisions have been taken under those powers

DATE	COMMITTEE UNDER WHICH THE DECISION WOULD NORMALLY BE TAKEN	DECISION
8 June 2020	Policy & Finance	Approval of allocation of grants to voluntary organisations for the 2020/21 financial year
24 June 2020	Licensing	Approval of the procedure for the Conduct of remote hearings under the Licensing Act 2003
30 June 2020	Policy & Finance	Approval of Discretionary Business Grant Allocation Policy and Round 2 scheme
10 July 2020	Policy & Finance	Approval of virtual committee meeting cycle from July to December 2020
24 July 2020	Licensing	Approval of the new temporary pavement licence scheme under the Planning and Business Act 2020
4 August 2020	Policy & Finance	Approval of Discretionary Business Grant Scheme Round 3
8 September 2020	Policy & Finance	Approval of Voluntary Organisation Grant to Citizens Advice Bureau on receipt of performance monitoring information

15 September 2020	Policy & Finance	Approval of allocation of residual funding under the Discretionary Business Grant Scheme
14 October 2020	Policy & Finance	Approval of Concurrent Function grants for 2020/21 and late application for Ramsgreave Parish Council for 2019/20

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications:

- Resources – Budgets either already approved or made available from Central Government.
- Technical, Environmental and Legal – None arising from this report
- Political – None arising from this report
- Reputation – None arising from this report
- Equality & Diversity – None arising from this report

5 CONCLUSION

5.1 Committee note the decisions made under delegated powers as outlined in paragraph 3.3 above.

OLWEN HEAP
ADMINISTRATION OFFICER

MARSHAL SCOTT
CHIEF EXECUTIVE

BACKGROUND PAPERS

Report to CE– Voluntary Organisation Grant Applications 2020/21
 Report to CE – Procedure for the Conduct of remote hearings under the Licensing Act 2003
 Report to CE – Committee Meetings Cycle up to December 2020
 Report to CE – Temporary Pavement Licences
 Report to CE – Voluntary Organisation Grants – Citizens Advice Bureau Performance Monitoring Information

For further information please ask for Marshal Scott, extension 4400

REF: OMH/P&F/171120

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 16

meeting date: 17 NOVEMBER 2020
title: REVENUE OUTTURN 2019/20
submitted by: DIRECTOR OF RESOURCES
principal author: VALERIE TAYLOR

1 PURPOSE

1.1 To report on the outturn for the financial year 2019/20 in respect of the Revenue Budget for this Committee.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – None identified
- Corporate Priorities – to continue to be 'a well-managed Council providing efficient services based on identified customer needs' and within this priority meets the objective 'to maintain critical financial management controls, ensuring the authority provides council tax payers with value for money'.
- Other Considerations – none identified.

2 BACKGROUND

2.1 The national deadlines for local authorities to produce their Statement of Accounts and have them audited have been extended for the 2019/20 financial year, due to other pressures and priority work that finance departments have had to deal with as a result of Covid-19. Local authorities have to approve their Statement of Accounts for audit by 31 August 2020 and the audited Statement of Accounts must be approved by 30 November 2020.

2.2 Our full Statement of Accounts was approved for audit by the Director of Resources on 28 August 2020. The Statement of Accounts audit commenced in September 2020 and it is expected that the audited Statement of Accounts will be approved by the Accounts and Audit Committee at their meeting on 25 November 2020.

3 FINANCIAL INFORMATION

3.1 Shown below, by cost centre, is a comparison with the revised estimate. You will see an overall underspend of £133,556 on the net costs of services. After transfers to and from earmarked reserves, there is an underspend of £36,670. This has been added to General Fund Balances.

3.2 In the table below are a number of services with a net cost of 'nil', marked **. This is where services are fully recharged out to other service areas.

Cost Centre	Cost Centre Name	Revised Estimate 2019/20	Actual 2019/20	Variance 2019/20	Associated earmarked reserve Variance	Net Variance 2019/20
CDHOU	Covid 19 Response - Housing and Homelessness	0	400	400	0	400
CDHUB	Covid 19 Response - Hub	0	705	705	0	705
CDICT	Covid 19 Response - ICT	0	18,499	18,499	0	18,499
CDPPE	Covid 19 Response - PPE	0	415	415	0	415
CEXEC	Chief Executives Department**	0	0	0	0	0
CIARA	Storm Ciara Response	0	-18,408	-18,408	18,408	0
CIVCF	Civic Functions	57,380	39,662	-17,718	14,060	-3,658
CIVST	Civic Suite**	0	0	0	0	0
CLOFF	Council Offices**	0	0	0	28,809	28,809
CLTAX	Council Tax	360,640	351,084	-9,556	630	-8,926
COMPR	Computer Services**	0	0	0	10,600	10,600
CORPM	Corporate Management	353,610	346,502	-7,108	0	-7,108
COSDM	Cost of Democracy	490,560	475,130	-15,430	0	-15,430
COVID	Coronavirus Response	0	-23,853	-23,853	3,835	-20,018
CSERV	Corporate services	170,620	154,166	-16,454	-5,000	-21,454
DISTC	District Elections	101,120	95,268	-5,852	-4,880	-10,732
ELADM	Election Administration	51,260	61,824	10,564	0	10,564
ELECT	Register of Electors	79,180	71,617	-7,564	0	-7,564
EMERG	Community Safety	64,230	62,487	-1,743	0	-1,743
ERNET	Emergency Radio Network	70	-648	-718	718	0
ESTAT	Estates	53,970	55,721	1,751	8,159	9,910
FGSUB	Grants & Subscriptions - Policy and Fin	172,090	163,964	-8,126	0	-8,126
FMISC	Policy & Finance Miscellaneous	-490	-4,589	-4,099	17,228	13,129
LANDC	Land Charges	12,300	9,219	-3,081	0	-3,081
LICSE	Licensing	33,320	27,040	-6,280	0	-6,280
LUNCH	Luncheon Clubs	15,740	8,935	-6,805	0	-6,805
NNDRC	National Non-Domestic Rates	36,300	23,415	-12,885	0	-12,885
PARGR	Parish Council Grants	1,050	1,050	0	0	0
RESOR	Resources Department**	0	0	0	4,320	4,320
SUPDF	Superannuation Deficiency Payments	96,850	96,640	-210	0	-210
	Total before transfers to/ from earmarked reserves	2,149,800	2,016,244	-133,556	96,886	-36,670

4 EARMARKED RESERVES

4.1 Reserves are important to local authorities as, unlike central government, we cannot borrow money over the medium term, other than for investment in assets, and we are required to balance our budgets on an annual basis.

4.2 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;
- A contingency to cushion the impact of unexpected events or emergencies. This also forms part of general reserves;
- A means of building up funds or accounting for funds we are committed to spend (re grants) received, 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.

4.3 The table below provides details of the revised estimate, our actual outturn and the impact in both cases of the movement in earmarked reserves. Full details are provided of the earmarked reserves that have been impacted and the reason for the movement.

	Revised Estimate 2019/20 £	Outturn 2019/20 £	Variance £	Reason for movement on Earmarked Reserve
Committee Net Cost of Services	2,149,800	2,016,244	-133,556	
FNBAL/H230 - Election Reserve The reserve was established from monies set aside on an annual basis to smooth out the cost of local elections held once every four years.	-71,770	-76,650	-4,880	Release from reserve to fund the cost of polling equipment purchases and the 2019 District Election, offset by a contribution of £30k that has been added to the reserve to smooth out the cost of future elections.
FNBAL/H262 - ICT Renewals Reserve The reserve was established to fund the purchase of computer equipment, both capital and revenue.	-3,130	-3,130	0	Release of funds set aside in this reserve for expenditure on corporate training laptops that has taken place in 2019/20.
FNBAL/H269 - Revaluation of Assets Reserve Reserve established from monies set aside on an annual basis to smooth out the costs of the full revaluation of council assets which must be carried out every five years.	-7,250	-6,980	270	Prior year funds set aside have now been released from the reserve following the five-yearly revaluation of assets during 2019/20. This has been offset by a contribution towards the cost of the next full valuation which will be taking place at the end of the 2024/2025 financial year.
FNBAL/H276 - Promotions Activities Reserve To fund planned publicity and promotional activities.	0	-5,000	-5,000	Due to publication restrictions in the run up to the local election there was a delay in the publication of the Spring Ribble Valley News, generating an underspend in the 2018/19 financial year. Funds which were set aside to meet expenditure falling into 2019/20 have now been released.

	Revised Estimate 2019/20 £	Outturn 2019/20 £	Variance £	Reason for movement on Earmarked Reserve
FNBAL/H289 - EU Exit Reserve Grant funding relating to impacts in respect of the EU Exit are moved to this reserve.	34,970	34,968	-2	District councils received a grant from MHCLG in 2019/20 to offset costs incurred when preparing for the exit from the EU. The grant income has been set aside to fund future associated expenditures.
FNBAL/H294 - Cyber Resilience Grant Reserve Grant funding in respect of Cyber Resilience work.	-10,600	0	10,600	Due to service pressures grant funding set aside to meet the cost of consultancy and training in respect of cyber resilience and recovery initiatives have yet to be expended.
FNBAL/H302 - LCTS New Burdens Grant Reserve Grant income to support new burdens in respect of Localised Council Tax Support.	-1,600	0	1,600	In September 2019 Committee approved the release of £1,600 from this reserve to fund the year one revenue costs of an upgrade to the council's payment system (Civica Pay 3D Secure). As the upgrade, which forms part of the Replacement PC's capital scheme, was not completed during 2019/20 the revenue expenditure (and the associated release from reserve) are now likely to take place in 2020/21.
FNBAL/H325 - VAT Shelter Reserve As part of the housing stock transfer to a social housing landlord a VAT shelter agreement was established. The council receives an annual payment from the landlord which is set aside in an earmarked reserve, largely to fund future capital expenditure.	26,060	32,963	6,903	Higher VAT shelter income was received from Ribble Valley Homes than anticipated at the time of setting the revised estimate.
FNBAL/H328 - Repairs & Maintenance Reserve Reserve established to fund emergency repairs and maintenance items, including legionella and asbestos abatement	-27,950	0	27,950	Funds which were set aside in this reserve at the end of the 2018/19 financial year for the cost of painting the Council Offices will be released in the year that the expenditure occurs. This spend has been delayed until 2020/21.
FNBAL/H330 - Capital Reserve Used to fund the capital programme.	13,390	15,990	2,600	Sale of land and equipment moved to the capital reserve to contribute towards the capital programme (£14,470) plus a movement of £1,520 as a contribution from revenue towards the cost of the computer upgrade capital scheme.

	Revised Estimate 2019/20 £	Outturn 2019/20 £	Variance £	Reason for movement on Earmarked Reserve
FNBAL/H337 - Equipment Reserve This reserve was established by setting aside unspent budget provisions and miscellaneous grants received to fund equipment and new burdens imposed on the council.	-12,000	-11,141	859	Release of funds held in the equipment reserve to meet 2019/20 expenditure on the refurbishment of the canteen.
	-4,900	-4,900	0	Transfer out of the reserve to fund the cost of an upgrade to the financial system that enables the processing of digital VAT returns which were mandatory from October 2019.
	0	8,103	8,103	A transparency code new burdens grant has been received from MHCLG and set aside in this reserve to fund associated future expenditures.
	0	2,880	2,880	Addition to the reserve to fund the purchases of equipment and materials that were ordered, but not received by the end of the 2019/20 financial year (CIPFA audit control matrices £2,250 and office furniture £630)
	0	14,060	14,060	Re-imbursement from the council's insurers for a claim in respect of the council's assets. As funds had not been expended by the end of the year they have been set aside in this reserve to be released at a future date.
FNBAL/H369 - Pension Triennial Revaluation Reserve Savings on contribution rates, set aside with a view to offsetting any future pensions fund deficits	24,410	26,364	1,954	Savings on contribution rates during 2019/20 were higher than estimated.
FNBAL/H372 - Parish Grants Reserve This reserve holds resources set aside to fund the Parish Grant Scheme.	-1,050	-1,050	0	Release of funds to match allocated parish grants paid during 2019/20.
FNBAL/H375 - Flood Resilience, Response & Recovery Grant Reserve Grant funding relating to residual Flood Resilience Grants and also in respect of flood response and recovery.	0	18,408	18,408	The balance of a central government flood recovery grant of £65.5k which was unspent at the end of the financial year has been set aside in this reserve to meet residual costs.
FNBAL/H334 - Restructuring Reserve To fund costs resulting from restructuring reviews	-9,600	-9,130	470	Release from reserve to fund additional 2019/20 salary costs resulting from a restructure of the HR section (P&F Committee April 2019).

	Revised Estimate 2019/20 £	Outturn 2019/20 £	Variance £	Reason for movement on Earmarked Reserve
FNBAL/H335 - Invest to Save Fund Reserve established to fund capital schemes that will generate recurring future savings as a result of the expenditure incurred. Additional income/ savings generated are repaid back to the fund from completed capital projects up to the value of the original capital expenditure.	0	5,559	5,559	A repayment to the invest to save fund of additional rental income generated from the Queensway Garages capital scheme which was originally funded from this reserve.
FNBAL/H377 - Two-way radio Reserve established to set aside funds for the upkeep of the Lancashire Emergency Radio Network.	0	718	718	The unspent balance of contributions received from various Lancashire Councils towards the upkeep of the Lancashire Emergency Radio Network have been set aside in this reserve to meet future associated expenditures.
FNBAL/H379 - Covid-19 Response Grant Reserve Balance of grant income received prior to the end of the 2019/20 financial year in respect of the response to the Covid-19 pandemic.	0	3,835	3,835	A grant of £24k was received from central government towards the end of March 2020 to support the council with the initial cost of the COVID-19 response. The balance of the funding which wasn't committed in the 2019/20 financial year has been set aside to meet some of the 2020/21 expenditure.
	2,098,780	2,062,110	-36,670	

5 KEY MOVEMENTS FROM REVISED ESTIMATE TO OUTTURN

5.1 The main variations have been extracted, and are shown at Annex 1. However, a summary of the major variations is set out in the table below:

Service Area	Description of Variance	Amount £
CDICT Covid-19 Response (ICT)	This is initial expenditure on computer equipment to ensure business continuity throughout the COVID-19 pandemic and response. The expenditure has been funded by tranche one of central government funding which was received in March 2020 (below).	18,499
COVID Coronavirus Response	First tranche of funding received from Central Government for the initial coronavirus response. Grant that wasn't spent by the end of the year (£4k) has been set aside in an earmarked reserve to contribute to expenditure falling in 2020/2021.	-23,853

Service Area	Description of Variance	Amount £
CIARA Storm Ciara Response	This is the balance remaining at the end of the financial year of a grant for £65.5k which was received from central government for the response to the February 2020 floods. The underspend has been moved to the flood resilience, response & recovery reserve for future residual costs.	-18,408
CIVCF Civic Functions	Payment from our insurers for the settlement of a claim following the theft of some of the council's assets from the Civic Suite. Funds have been set aside in the equipment earmarked reserve to meet any future related expenditure.	-14,060
NNDR3 National Non- Domestic Rates	Accounting adjustment in respect of Small Business Rates Relief following corrections made to the NNDR3 return for 2018/19 – impacting on the 2019/20 financial year.	-12,769
CLOFF Council Offices/ Painting & Redecoration	Redecoration of the council offices was not undertaken during 2019/20 due to the lift being out of service. Funds are held in an earmarked reserve for this expenditure and will be released during 2020/21 when the works are now expected to take place.	-27,950
COMPR Computer Services/ Consultants	The council successfully bid for cyber resilience funding from the Local Government Association during the 2018/19 financial year. This budget was established to expend the funds on the engagement of external consultancy support to undertake a review of the council's resilience and recovery arrangements. Due to work pressures within the ICT team the cyber resilience review did not take place during the 2019/20 financial year.	-10,000

6 CONCLUSION

- 6.1 There have been a number of variations in both income and expenditure during the year, and this has given rise to an overall underspend of £133,556 on the net cost of services. After transfers to and from earmarked reserves the overall underspend is £36,670.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF17-20/VT/AC
20 October 2020

For further information please ask for Val Taylor.

POLICY & FINANCE COMMITTEE – VARIANCES 2019/20

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
CDICT: Covid-19 Response ICT							
Expenditure on ICT equipment, licences and subscriptions to enable homeworking during the coronavirus response and lockdown.	18,499						
Total Covid-19 Response ICT	18,499	0	0	0	18,499	0	18,499
CEXEC: Chief Executive's Department							
Council staffing budgets at revised estimate assume an average vacancy saving of 2% across the authority on estimated costs. Turnover during 2019/20 within the Chief Executives Department was lower than that built into the budget which has resulted in the variance shown.	3,398						
Low turnover within the Chief Executive Department reduced training requirements during 2019/20.	-4,435						
A budget was established for the cost of engaging an external pest control service during 2019/20. Requirements to utilise the external service during the year were lower than estimated.	-2,190						

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
The annual net cost of running the Council Offices building was lower than estimated. This is mainly because planned works to redecorate the Offices did not take place during the year (-£28k). This in turn lowered the charge to the Chief Executive Department.			-9,050				
The annual net cost of the ICT services section for 2019/20 was lower than estimated and this has reduced the charges to other areas. This is mainly because the ICT estimate allowed for the cost of engaging a security consultant and for the implementation of subsequent recommendations arising from the consultation, however due to service pressures the consultant was not engaged during the year.			-5,001				
This is income that has been received for the recharge of officer time spent arranging funerals under the Public Health Act. Invoices are raised to the deceased persons estate following arrangement of the funeral.		-6,107					
Due mainly to the variances detailed above the net cost of running the Department was lower than the revised estimate for 2019/2020. This has in turn reduced the charge out to other service areas.			31,308				
Total Chief Executive's Department	-3,227	-6,107	17,257	0	7,923	0	7,923
CIARA: Storm CIARA Response							

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
Cost of hiring skips and plant following on from the Storm Ciara floods. The council received a grant from Central Government to cover the cost of the emergency response.	4,592						
The total of community recovery grants paid to individuals in 2019/20 following the Storm Ciara flood. The council received funding from Central Government to cover the cost of these grants and other expenditures incurred during the response.	42,500						
Grant from central government paid to the council to fund the response to the Storm Ciara flood. The balance of the grant that wasn't committed during 2019/20 has been set aside in the flood resilience reserve to meet residual costs.		-65,500				18,408	
Total Storm CIARA Response	47,092	-65,500	0	0	-18,408	18,408	0
CIVCF: Civic Functions							
Payment from our insurers for settlement of a claim following the theft of some of the council's assets from the Civic Suite. Funds have been set aside in the equipment earmarked reserve to meet any future related expenditure.		-14,060				14,060	
Total Civic Functions	0	-14,060	0	0	-14,060	14,060	0

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
CLOFF: Council Offices							
Redecoration of the council offices was not undertaken during 2019/20 due to the lift being out of service. Funds are held in an earmarked reserve for this expenditure and will be released during 2020/21 when the works are now expected to take place.	-27,950					27,950	
A payment was received for the annual telephone mast licence following a delay to the decommissioning of the equipment upon termination of the lease contract.		-6,894					
Repairs and maintenance budgets are managed at a corporate level, with resources allocated on a priority basis and responsive repairs being managed within overall budget constraints. Requirements for repairs and maintenance of the council offices were lower than allowed for within the estimate during 2019/20, allowing for spend to be diverted to other areas (see ESTAT).	-3,197						
Due mainly to the variances detailed above the net cost of running the council offices was lower than the revised estimate for 2019/2020. This has in turn reduced the charge out to other service areas.			40,706				
Total Council Offices	-31,147	-6,894	40,706	0	2,665	27,950	30,615

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
CLTAX: Council Tax							
The cost of council tax flood discounts awarded to residents in the 2019/20 financial year, to be reimbursed by central government.	18,365	-18,365					
Cost of the family member annex council tax discount, offset by upfront grant received from central government. The balance of the expenditure falls on general fund balances.	8,101	-7,895					
The annual net cost of the Resources Department for 2019/20 was lower than estimated. This is mainly due to reduced ICT and Council Offices charges to the department and an underspend on tuition fees. This has in turn reduced the costs charged to other services.			-5,950				
A reduction to the number of summonses issued has reduced the amount recovered for costs.		2,230					
The number of postages from the council tax section reduced during 2019/20 when compared to the previous year.	-2,080						
Total Council Tax	24,385	-24,030	-5,950	0	-5,595	0	-5,595

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
COMPR: Computer Services							
Expenditure payable for access to the Public Services Network (that enables secure data sharing between public sector bodies) reduced for the 2019/20 financial year following renewal of the contract. The budget also allows for Health Check testing which was delayed.	-9,624						
Requirements for printer cartridges have reduced, likely as a result of the council moving to the leasing of shared office printers. The budget will be reviewed in 2020/21.	-2,371						
The council successfully bid for cyber resilience funding from the Local Government Association during the 2018/19 financial year. This budget was established to expend the funds on the engagement of external consultancy support to undertake a review of the council's resilience and recovery arrangements. Due to work pressures within the ICT team the cyber resilience review did not take place during the 2019/20 financial year. This work is funded from funds previously set aside in earmarked reserves and will be released when it is possible for this work to be completed.	-10,000					10,000	

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
Budgets were also allocated across computer services software, hardware and communication budgets for the potential cost of implementing recommendations arising from the resilience & recovery review.	-7,530						
Due mainly to the variances detailed above the net cost of running the section was lower than the revised estimate for 2019/2020. This has in turn reduced the charge out to other service areas.			31,570				
Total Computer Services	-29,525	0	31,570	0	2,045	10,000	12,045
CORPM: Corporate Management							
The annual net cost of the Chief Executive Department for 2019/20 was lower than estimated and this has in turn reduced the costs charged to other service areas.			-2,986				
The annual net cost of the Resources Department for 2019/20 was lower than estimated. This is mainly due to reduced ICT and Council Offices charges to the department and an underspend on tuition fees. This has in turn reduced the costs charged to other services.			-3,025				
Total Corporate Management	0	0	-6,011	0	-6,011	0	-6,011

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
COSDM: Cost of Democracy							
Delayed implementation of the modgov system has brought about an underspend in the software maintenance costs budget. The system is now expected to be live in 2020/2021.	-3,000						
The annual net cost of the ICT services section for 2019/20 was lower than estimated and this has reduced the charges to other areas. This is mainly because the ICT estimate allowed for the cost of engaging a security consultant and for the implementation of subsequent recommendations arising from the consultation, however due to service pressures the consultant was not engaged during the year.			-2,836				
Total Cost of Democracy	-3,000	0	-2,836	0	-5,836	0	-5,836
COVID: Coronavirus Response							
First tranche of funding received from Central Government for the coronavirus response. Grant that wasn't spent by the end of the year has been set aside in an earmarked reserve to meet expenditure falling in 2020/2021.		-23,853				3,835	
Total Coronavirus response	0	-23,853	0	0	-23,853	3,835	-20,018

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
CSERV: Corporate Services							
This underspent budget was to be used for the 2019/20 biennial Perception Survey which was due to be commenced in March. Unfortunately, due to the situation with Covid 19 this has not been carried out. It was felt that due to lockdown and the nature of the questions that it wasn't the right time to field a survey. The survey has been postponed until later in the 2020/21 financial year and will be carried out if/once the current situation improves.	-4,318						
Ribble Valley News was written and designed and ready to go to print, then lockdown occurred on March 23, meaning it couldn't be printed or delivered, due to the furloughing of external print and distribution staff.	-4,657						
Due to publication restrictions in the run up to the local election there was a delay in the publication of the Spring Ribble Valley News, generating an underspend in the 2018/19 financial year. Funds which were set aside to meet expenditure falling into 2019/20 have now been released.						-5,000	

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
There was an underspend on the promotional activities budget towards the end of the financial year following the cancellation or postponement of media training and several events/ promotional activities due to take place in 2020, including The Freedom of the Borough March, the Quaker Trail and Clitheroe Food Festival.	-4,454						
The annual net cost of the Resources Department for 2019/20 was lower than estimated. This is mainly due to reduced ICT and Council Offices charges to the department and an underspend on tuition fees. This has in turn reduced the costs charged to other services.			-2,287				
Total Corporate Services	-13,429	0	-2,287	0	-15,716	-5,000	-20,716
DISTC: District Elections							
Final net movement on the elections reserve for the 2019/20 was less than estimated.						-4,880	
Total District Elections	0	0	0	0	0	-4,880	-4,880

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
ELADM: Election Administration							
This expenditure is for the cost of equipment purchased in year to be used for future elections.	7,365						
Recharge to parliamentary and district election codes for the usage of the council's election equipment during the elections carried out in 2019/20	-2,481						
Total Election Administration	4,884	0	0	0	4,884	0	4,884
ELECT: Register of Electors							
Purchase of a scanner for register of electors duties. Costs above base within the register of electors cost centre are met from the Individual Electoral Registration grant/ reserve.	4,130						
Following a successful bid, the council received an additional £8k of funding above that initially allocated from central government for the cost of implementing Individual Electoral Registration (IER).		-8,146					
Total Register of Electors	4,130	-8,146	0	0	-4,016	0	-4,016

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
ESTAT: Estates							
Overspend on estates following responsive repairs in respect of road damage at Dewhurst Road (unadopted road) and Longridge library carpark. Repairs and maintenance budgets are managed at a corporate level with this overspend being offset by an underspend within the Council Offices repairs and maintenance budget (CLOFF).	3,750						
A repayment to the invest to save earmarked reserve fund of additional rental income generated following completion of the Queensway Garages capital scheme (originally funded from this reserve).						5,559	
Sale of land above that estimated has increased the contribution to the capital reserve to fund future capital schemes.						2,500	
Total Estates	3,750	0	0	0	3,750	8,059	11,809
FGSUB: Grants and Subscriptions							
Reimbursement to Parish Council's for expenditure under the concurrent function grants scheme was lower than allowed for in the 2019/20 budget.	-7,987						
Total Grants and Subscriptions	-7,987	0	0	0	-7,987	0	-7,987

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
FMISC: Policy & Finance Misc.							
The cost of the full 5-yearly revaluation of the council's assets which has been undertaken this financial year was higher than estimated. Funds are set aside in an earmarked reserve to smooth out the cost of the full valuation and £9k was released in the 2019/20 financial year to part-fund the cost.	3,052					270	
VAT shelter income received from Ribble Valley Homes was higher than that estimated part way through the financial year. The income variance is offset by an associated movement to the VAT shelter reserve.		-6,903				6,903	
Savings on employer pension contribution rates which are set aside in an earmarked reserve were higher than estimated.		-1,954				1,954	
A transparency code new burdens grant received during the year from MHCLG has been set aside in the equipment reserve to fund associated future expenditures.						8,103	
Total Policy & Finance Misc.	3,052	-8,857	0	0	-5,805	17,230	11,425

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
LICSE: Licensing							
The annual net cost of the Chief Executive Department for 2019/20 was lower than estimated and this has in turn reduced the costs charged out to other service areas.			-2,901				
Above average premises license income was received for the final quarter of the financial year. The outturn will be used to inform future estimates.		-2,712					
Total Licensing	0	-2,712	-2,901	0	-5,613	0	-5,613
LUNCH: Luncheon Clubs							
Applications for financial support from luncheon clubs during the 2019/20 financial year was lower than allowed for in the budget.	-6,725						
Total Luncheon Clubs	-6,725	0	0	0	-6,725	0	-6,725
NNDRC: National Non-Domestic Rates							
The annual net cost of the Resources Department for 2019/20 was lower than estimated. This is mainly due to reduced ICT and Council Offices charges to the department and an underspend on tuition fees. This has in turn reduced the costs charged to other services.			-2,032				
Accounting adjustment in respect of Small Business Rates Relief following corrections made to the NNDR3 return for 2018/19 – impacting on the 2019/20 financial year.		-12,769					
Total National Non-Domestic Rates	0	-12,769	-2,032	0	-14,801	0	-14,801

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
RESOR: Resources Department							
Council staffing budgets at revised estimate assume an average vacancy saving of 2% across the authority on estimated costs. Turnover during 2019/20 within the Resources Department was lower than that built into the budget which has resulted in the salary variance shown.	4,565						
A training budget is available to meet the cost of tuition fees within the Resources department. The council also contributes monthly to the Apprenticeship Levy and funds are currently being utilised for officers within this department to undertake qualification training courses. This has created an underspend within this cost centre.	-3,493						
Requirements for employee training at a corporate level were lower than allowed for within the training budget. Part of this underspend has been set aside in the equipment reserve to fund the cost of CIPFA audit control matrices, which were ordered but not received by the end of the financial year.	-7,857					2,250	

	Variance in Expenditure	Variance in Income	Variance in Support Services	Variance in Capital Charges	Total Variance	Associated Earmarked Reserve Variance	Net Variance
	£	£	£	£	£	£	£
The annual net cost of running the Council Offices building was lower than estimated. This is mainly because planned works to redecorate the Offices did not take place during the year (-£28k). This in turn lowered the charge to the Resources Department.			-15,202				
The annual net cost of the ICT services section for 2019/20 was lower than estimated and this has reduced the charges to other areas. This is mainly because the ICT estimate allowed for the cost of engaging a security consultant and for the implementation of subsequent recommendations arising from the consultation, however due to service pressures the consultant was not engaged during the year.			-8,200				
Due mainly to the variances detailed above the net cost of the Resources Department was lower than the revised estimate for 2019/2020. This has in turn reduced the charge out to other service areas.			33,707				
Total Resources Department	-6,785	0	10,305	0	3,520	2,250	5,770
Other Variances	-30,482	5,110	-17,052	8	-43,580	4,974	
Total Variances for Policy and Finance Committee	-26,516	-167,818	60,769	8	-133,556	96,886	-36,670

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 16

meeting date: 17 NOVEMBER 2020
title: CAPITAL OUTTURN 2019/20
submitted by: DIRECTOR OF RESOURCES
principal author: ANDREW COOK

1 PURPOSE

1.1 To report the 2019/20 capital programme outturn for this Committee and to set out the slippage on some capital scheme budgets that has been moved from 2019/20 to 2020/21.

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.
- Other Considerations – none identified.

2 2019/20 CAPITAL PROGRAMME BACKGROUND

2.1 Four schemes, totalling £112,200, were approved as this Committee's original estimate capital programme by the Special Policy and Finance Committee and Full Council at their respective meetings in February 2019 and March 2019.

2.2 When the revised estimate budget for the 2018/19 capital programme was approved by this Committee in January 2019, £84,050 of budget on one scheme was moved from the 2018/19 capital programme to the 2019/20 capital programme.

2.3 Three 2018/19 capital schemes were not completed by 31 March 2019 and had unspent budget available at that date. The total unspent budget of £60,950 on those schemes, known as slippage, was moved into the 2019/20 capital programme budget, after approval by this Committee in June 2019.

2.4 In September 2019, this Committee approved additional budget on two schemes in the 2019/20 capital programme. These amounts, totalling £23,340, are known as additional approvals.

2.5 As a result of the above, the total approved budget for this Committee's capital programme of eight schemes was £280,540.

2.6 The revised capital programme budget of £162,720 for seven schemes was then approved by this Committee in January 2020, following a review of progress on each capital scheme. This included moving £108,730 of budget on two schemes into the 2020/21 financial year.

2.7 During the financial year this Committee has received reports monitoring the progress of schemes within the programme.

3 CAPITAL OUTTURN 2019/20 AND SLIPPAGE

3.1 Annex 1 shows this Committee's capital programme outturn position by scheme, including budget approvals, actual expenditure in-year and slippage into 2020/21. The table below summarises the final outturn position.

Original Estimate 2019/20 £	Budget Moved from 2018/19 £	Slippage from 2018/19 £	Additional Approvals 2019/20 £	Total Approved Budget 2019/20 £	Revised Estimate 2019/20 £	Budget Moved to 2020/21 £	Actual Expenditure 2019/20 £	Slippage into 2020/21 £
112,200	84,050	60,950	23,340	280,540	162,720	108,730	122,542	33,480

3.2 Actual expenditure on this Committee's capital programme was £122,542, which is 75.3% of the revised estimate budget.

3.3 Three of the seven capital programme schemes were completed in-year.

3.4 Four schemes were not completed in 2019/20 and some unspent budgets on those schemes have been moved into the 2020/21 financial year to fund scheme completion. This is known as slippage. The details for each scheme are as follows:

- **Committee Administration IT system (-£12,350):** The main software for the system had been purchased and initial training and implementation had begun in-year. By year-end, full system implementation and training was still to be completed before the final system acceptance payment could be made and relevant IT hardware purchases were still to be made. Slippage of £12,350 will fund the final acceptance payment and hardware purchases.
- **Replacement PCs (-£10,953):** All the PCs were replaced in-year and the planned system upgrades were all completed, except for the final element of the CivicaPay system upgrade, which had a budgeted cost of £10,000. Slippage of £10,000 will fund the final element of the CivicaPay system upgrade to ensure Windows 10 compatibility.
- **Lift replacement at Council Offices (-£2,702):** The lift contract work was underway and the first stage payment was made in-year as planned. However, there was an underspend in 2019/20 because no building regulations fees or surveyors time charges costs were incurred in-year. Slippage of £2,700 will help to fund the main contract and other associated works costs on the lift scheme in 2020/21.
- **Financial system upgrade (-£8,428):** The scheme is substantially complete at year-end, as the system has been upgraded to the web-based version in 2019/20. However, at year-end some supplier IT consultant input was still required to complete full scheme implementation. Slippage of £8,430 will fund the supplier IT consultant input in 2020/21.

3.5 Attached at Annex 2 are the individual "Request for slippage" forms, which have been completed by budget holders and agreed with the Director of Resources.

4 CONCLUSION

- 4.1 Actual expenditure on this Committee's capital programme was £122,542, which is 75.3% of the revised estimate budget.
- 4.2 Three of the seven capital programme schemes were completed in-year.
- 4.3 Four schemes were not completed in 2019/20 and budget slippage of £33,480 has been moved into the 2020/21 financial year to help fund the completion of those schemes.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF29-20/AC/AC
30 October 2020

For further information please ask for Andrew Cook.

BACKGROUND PAPERS – None

POLICY AND FINANCE COMMITTEE – CAPITAL PROGRAMME OUTTURN 2019/20

Annex 1

Cost Centre	Scheme	Original Estimate 2019/20 £	Budget Moved from 2018/19 £	Slippage from 2018/19 £	Additional Approvals 2019/20 £	Total Approved Budget 2019/20 £	Revised Estimate 2019/20 £	Budget Moved to 2020/21 £	Actual Expenditure 2019/20 £	Slippage into 2020/21 £
COWEB	Re-design of Corporate Website	30,000				30,000	0	30,000	0	
COFIR	Corporate Firewall	15,000				15,000	10,860		10,855	
COADM	Committee Administration IT System	20,100				20,100	20,100		7,750	12,350
REPPC	Replacement PCs	47,100			18,000	65,100	75,550		64,597	10,000
COLFT	Lift replacement at Council Offices		84,050		5,340	89,390	11,360	78,730	8,658	2,700
QGARR	Queensway garages - replace roof covering and repairs			1,830		1,830	230		228	
CFUPG	Financial system upgrade			14,120		14,120	14,120		5,692	8,430
PHONE	New council telephone system			45,000		45,000	30,500		24,762	
Total Policy and Finance Committee		112,200	84,050	60,950	23,340	280,540	162,720	108,730	122,542	33,480

**POLICY AND FINANCE COMMITTEE – CAPITAL PROGRAMME
OUTTURN 2019/20**

Annex 2

Request for slippage into 2020/21

Cost Centre and Scheme Title	COADM: Committee Administration IT system
Scheme Description	This system will provide web-based access, storage and management of Council documents for members and officers. A small number of additional iPads will support committee administration in the Civic Suite.
Head of Service	Mair Hill
Year Originally Approved	2019/20
Revised Estimate 2019/20 for the Scheme	£20,100
Actual Expenditure in the Year 2019/20	£7,750
Variance - (Underspend) or Overspend	(£12,350)
Please provide full reasons for the (under) or over spend variance shown above?	The main software for the system had been purchased and initial training and implementation had begun in-year. By year-end, full system implementation and training was still to be completed before the final system acceptance payment could be made and relevant IT hardware purchases were still to be made.

Please grant the amount of Budget Slippage from 2019/20 to 2020/21 requested.	£12,350
Please give detailed information on the reasons for any request for slippage. Please provide as much information as possible in order to allow the request to be fully considered.	To fund the: <ul style="list-style-type: none"> • system acceptance payment, after the system has been implemented and training completed; and • purchase of relevant IT hardware to support use of the system (possibly some laptops).
By what date would the work or services related to any requested slippage be completed, if it were to be approved.	January 2021.

**POLICY AND FINANCE COMMITTEE – CAPITAL PROGRAMME
OUTTURN 2019/20**

Request for slippage into 2020/21

Cost Centre and Scheme Title	REPPC: Replacement PCs
Scheme Description	The replacement of 115 PCs with those of a specification that should help ensure Windows 10 compatibility and an anticipated usable life of around 5 years. Also, additional scheme approvals in 2019/20 extended the scheme to include the upgrade of some key Council systems to ensure Windows 10 compatibility.
Head of Service	Lawson Oddie
Year Originally Approved	2019/20
Revised Estimate 2019/20 for the Scheme	£75,550
Actual Expenditure in the Year 2019/20	£64,597
Variance - (Underspend) or Overspend	(£10,953)
Please provide full reasons for the (under) or over spend variance shown above?	All the PCs were replaced in-year and the planned system upgrades were all completed, except for the final element of the CivicaPay system upgrade, which had a budgeted cost of £10,000.

Please grant the amount of Budget Slippage from 2019/20 to 2020/21 requested.	£10,000
Please give detailed information on the reasons for any request for slippage. Please provide as much information as possible in order to allow the request to be fully considered.	To fund the final element of the CivicaPay system upgrade to ensure Windows 10 compatibility.
By what date would the work or services related to any requested slippage be completed, if it were to be approved.	March 2021, subject to supplier availability to complete the upgrade.

**POLICY AND FINANCE COMMITTEE – CAPITAL PROGRAMME
OUTTURN 2019/20**

Request for slippage into 2020/21

Cost Centre and Scheme Title	COLFT: Lift replacement at Council Offices
Scheme Description	Replacement of the Council Offices lift because the current lift is coming to the end of its useful life, it does not comply with the latest BS standards and is currently unreliable.
Head of Service	Adrian Harper
Year Originally Approved	2018/19
Revised Estimate 2019/20 for the Scheme	£11,360
Actual Expenditure in the Year 2019/20	£8,658
Variance - (Underspend) or Overspend	(£2,702)
Please provide full reasons for the (under) or over spend variance shown above?	The lift contract work was underway and the first stage payment was made in-year as planned. However, there was an underspend in 2019/20 because no building regulations fees or surveyors time charges costs were incurred in-year.

Please grant the amount of Budget Slippage from 2019/20 to 2020/21 requested.	£2,700
Please give detailed information on the reasons for any request for slippage. Please provide as much information as possible in order to allow the request to be fully considered.	To fund main contract and other associated works costs on the lift scheme in 2020/21.
By what date would the work or services related to any requested slippage be completed, if it were to be approved.	Summer 2020.

**POLICY AND FINANCE COMMITTEE – CAPITAL PROGRAMME
OUTTURN 2019/20**

Request for slippage into 2020/21

Cost Centre and Scheme Title	CFUPG: Financial system upgrade
Scheme Description	This financial system upgrade scheme will move our financial systems onto the web-based version, to ensure the system has full software supplier support going forwards.
Head of Service	Lawson Oddie
Year Originally Approved	2018/19
Revised Estimate 2019/20 for the Scheme	£14,120
Actual Expenditure in the Year 2019/20	£5,692
Variance - (Underspend) or Overspend	(£8,428)
Please provide full reasons for the (under) or over spend variance shown above?	The scheme is substantially complete at year-end, as the system has been upgraded to the web-based version in 2019/20. However, at year-end some supplier IT consultant input was still required to complete full scheme implementation.

Please grant the amount of Budget Slippage from 2019/20 to 2020/21 requested.	£8,430
Please give detailed information on the reasons for any request for slippage. Please provide as much information as possible in order to allow the request to be fully considered.	To fund supplier IT consultant input to complete full scheme implementation.
By what date would the work or services related to any requested slippage be completed, if it were to be approved.	2020/21 financial year.

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 16

meeting date: 17 NOVEMBER 2020
 title: OVERALL REVENUE OUTTURN 2019/20
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

1 PURPOSE

1.1 To report the overall revenue outturn for the year ending 31 March 2020.

2 BACKGROUND

2.1 As a result of the pandemic, the timeline for the closure of the accounts for 2019/20 was changed by the Government. The Accounts and Audit Regulations 2015 would ordinarily require that the Council release for audit and publish its draft Statement of Accounts by 31 May and then to have the audited Statement of Accounts approved and published by 31 July.

2.2 These deadlines were extended to 31 August for the publishing of the draft accounts and 30 November to publish the audited accounts.

2.3 Our full Statement of Accounts were signed off for audit by the Director of Resources on 28 August 2020 and are currently subject to audit. Once the audit is completed, the Statement of Accounts will be submitted for approval to Accounts and Audit Committee at their meeting on 25 November 2020. The Statement of Accounts have been published on our website (www.ribblevalley.gov.uk/soa).

2.4 The outturn position for each of our committees is currently being reported in this cycle of meetings and will include details of the variances against the budget estimate. This will help in the budget setting process for the 2021/22 financial year, and also in revising the estimate for the current financial year.

3 GENERAL FUND OUTTURN POSITION 2019/20

3.1 Shown below is the final position for the 2019/20 financial year.

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Community Services	4,024	4,062	4,146	122	84
Economic Development	289	298	269	-20	-29
Health & Housing	1,003	982	795	-208	-187
Planning & Development	392	569	241	-151	-328
Policy & Finance	2,243	2,150	2,016	-227	-134
Committee Expenditure	7,951	8,061	7,467	-484	-594
Interest Payable	7	7	7	0	0
Parish Precepts	451	451	451	0	0
Interest Received	-100	-100	-114	-14	-14

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Net Operating Expenditure	8,309	8,419	7,811	-498	-608
Impairment Losses/(Gains) on Outstanding Debts	0	0	6	6	6
Precept from Collection Fund (including parish precepts)	-3,948	-3,948	-3,948	0	0
Collection Fund Surplus - Council Tax	-62	-62	-62	0	0
Levy Account Surplus	-21	0	-5	16	-5
New Homes Bonus	-1,666	-1,666	-1,666	0	0
Business Rates Baseline Funding	-1,441	-1,441	-1,441	0	0
Retained Rates Income	-582	-582	-582	0	0
S31 Grant	-1,636	-1,659	-1,709	-73	-50
Retained Rates - Renewable Energy	-94	-94	-83	11	11
Contribution to Pilot Pool Risk Reserve	30	33	0	-30	-33
Contribution to Pilot Pool Strategic Growth Fund	148	166	2	-146	-164
Collection Fund Surplus - Business Rates	-224	-224	-224	0	0
Deficit/(Surplus) for year before Capital Adjustments and Transfers to/(from) Earmarked Reserves	-1,187	-1,058	-1,901	-714	-843
Depreciation	-1,005	-933	-933	72	0
Minimum Revenue Provision	126	126	126	0	0
Net Transfer to/(from) earmarked reserves	2,160	2,021	2,804	644	783
Deficit/(Surplus) for Year	94	156	96	2	-60

3.2 You will see we have made a deficit of £96,000 during the year, compared with the Revised Estimate which showed a deficit of £156,000, and the Original Estimate which showed a deficit of £94,000. When the Revised Estimates were considered in January we explained the main differences between the Original and Revised Estimates.

Final Position Compared to the Revised Estimate

3.3 During the 2019/20 financial year there were many variances that occurred which were highlighted in our budget monitoring reports to committee. The main variations affecting our final position compared with the **revised estimate** are summarised below. Favourable variances are denoted by values with a minus sign.

Variation	£'000	Impact on Earmarked Reserves £'000	Net Variance £'000
<u>Expenditure Variations</u>			
Agency Staff	27	0	27
Salaries	-16	1	-15
Tuition Fees and Training Expenses	-26	2	-24
Energy Costs	23	0	23
General Repairs and Maintenance	-28	29	1
Vehicle Repairs and Maintenance	158	0	158
Vehicle Running Costs	-18	0	-18
Communications and Computing	-35	12	-23
Equipment, Furniture and Materials	25	5	30
Promotional Activities and Publicity	-27	-2	-29
Printing and Stationery	-18	6	-12
Rent Allowance Payments	-10	0	-10
Total Expenditure Variances	55	53	108
<u>Income Variations</u>			
Rent Allowances Grant	11	0	11
Covid-19 Support Grant Tranche 1	-24	4	-20
Storm Ciara S31 grant in respect of Council Tax Relief	-19	0	-19
Use of Commuted Sums	-388	388	0
Recycling District Grant Fund	-16	14	-2
Government Flood Community Recovery Grant	-66	18	-48
Other Grants, Reimbursements and Contributions	-53	34	-19
Sale of Equipment and Materials	-32	32	0
Fees and Charges	-47	8	-39
Total Income Variances	-634	498	-136
Other Variations	-15	-4	-19
Net Variation on Committee Expenditure	-594	547	-47
Impact of Corporate Variances on Earmarked Reserves		236	236
Net Variation after Corporate Movements on Earmarked Reserves	-594	783	189
Impairment Losses/(Gains) on Outstanding Debts			6
Levy Account Surplus			-5
Increased S31 Grants			-50
Retained Rates - Renewable Energy			11
Contribution to Pilot Pool Risk Resilience Reserve			-33
Contribution to Pilot Pool Strategic Economic Growth and Financial Sustainability Fund			-164
Increased Interest Received			-14
Decrease in amount to take from balances compared to Revised Estimate			-60

3.4 The reasons for the large variations listed above are given at Annex 1. As can be seen, a substantial proportion of these variations result in more transfers to our earmarked reserves. This is largely due to a high number of variances relating to grant income that has yet to be expended, and the required accounting treatment of the same through set aside in earmarked reserves for future use.

3.5 By far the most the most significant variance is the overspend seen on refuse collection vehicle repairs and maintenance. The overall outturn position shows an overspend in this area of over £170,000 (across all vehicles in all service areas the variance is net £158k). This is a very concerning recurring variance which has once again been flagged in the council's Annual Governance Statement due to its significance, as an area that needs to be addressed with some urgency.

Committee Variances after Earmarked Reserves

3.6 The table below summarises the net position by committee and shows the overall variance on committees is -0.6% when compared to the revised estimate after taking in to consideration the associated movements to earmarked reserves:

Committee	Revised Estimate			Actual Outturn			Variance	
	Budget before Earmarked Reserves	Transfers to from Earmarked Reserves	Net Budget	Actual before Earmarked Reserves	Transfers to from Earmarked Reserves	Net Outturn	Net Variance	% Variance to Revised Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Community Services	4,062	-10	4,052	4,146	27	4,173	121	3.0%
Economic Development	299	0	299	269	0	269	-30	-10.0%
Health & Housing	981	46	1,027	795	169	964	-63	-6.1%
Planning & Development	569	-173	396	241	116	357	-39	-9.8%
Policy & Finance	2,150	-51	2,099	2,016	46	2,062	-37	-1.8%
Net Committee Level Expenditure	8,061	-188	7,873	7,467	358	7,825	-48	-0.6%
Other Corporate Items	-4,927	2,209	-2,718	-5,175	2,445	-2,730	-12	0.4%
General Fund Balances			-156			-96	60	-38.5%
Overall Net Expenditure			4,999			4,999		

General Fund Balances

3.7 As mentioned earlier in the report, we had originally planned to take £93,896 from general fund balances to help finance the 2019/20 spending plans. However, this was revised later in the year to taking £155,965 from general fund balances. The final position shows that the council has taken £94,465 from general fund balances.

General Fund Balance	£'000
General Fund Balances: Brought forward at 1 April 2019	2,472,111
Deficit in 2019/20 taken from General Fund Balances	-96,465
General Fund Balances: Carried forward at 31 March 2020	2,375,646

Earmarked Reserves

- 3.8 With regard to earmarked reserves, in support of the revenue account and excluding capital transactions, we had originally planned to add £2,160,402. However, this was revised later in the year to adding £2,020,951 to earmarked reserves. The final position shows that the council has added £2,803,867 to earmarked reserves for revenue purposes.
- 3.9 For capital purposes we used £2,310,163 from earmarked reserves to fund the capital programme.
- 3.10 The overall net movement was £493,704 added to earmarked reserves. Full details of the movement on our earmarked reserves is shown at Annex 2

Earmarked Reserves		£
Earmarked Reserves: Brought forward at 1 April 2019		9,272,064
Net added to Earmarked Reserves for revenue purposes		2,803,867
Net taken from Earmarked Reserves for capital purposes		-2,310,163
Earmarked Reserves: Carried forward at 31 March 2020		9,765,768

- 3.11 Some of the larger in-year additions to earmarked reserves have been from unused in year receipt of New Homes Bonus (£561,486) and Business Rates Growth (£1,920,439). **It must be remembered that much of this is already earmarked for use in funding the capital programme over the coming years.**

Business Rates in 2019/20

- 3.12 To support our budget we use the business rates that we collect from within the borough. This consists of many elements and also the amount we received from one year to the next can be heavily influenced by external factors that are wholly out of our control. As a consequence of these uncertainties we also hold a Business Rates Volatility Earmarked Reserve to cushion any potential impacts (£1.682m), should this be needed.
- 3.13 We use retained business rates at a baseline level set by the government, plus growth on business rates that has been realised. The council also receives a number of grants, known as Section 31 Grants, to compensate the council for business rates income lost as a result of measures introduced by the Government.

Business Rates Element	£'000
Total Business Rates Income Forecast for 2019/20	-14,976
Less Payable to Central Government	3,744
Less Payable to Lancashire County Council	2,621
Less Payable to Lancashire Combined Fire Authority	225
Balance Retained by Ribble Valley Borough Council	-8,386
Less Tariff Payable to Central Government	6,364
Baseline Business Rates Income of £1,440,000 plus Growth of £582,000	-2,022
Business Rates retained on Renewable Energy Schemes	-83
Section 31 Grants	-1,709
Less Contribution to the Strategic Growth Fund	2

Business Rates Element	£'000
Less Business Rates Collection Fund Surplus	-224
Overall Net Retained Business Rates Related Income	-4,036
Business Rates Income Used In-Year	
Baseline Business Rates Income	1,440
Use of other Business Rates Related Income, Including Growth	676
Total Business Rates Income Used In-Year	2,116
Balance set aside in the Business Rates Growth Earmarked Reserve	1,920

Collection Fund

- 3.14 As billing authority, the council maintains a separate Collection Fund for the collection of and distribution of council tax and business rates.
- 3.15 With regard to council tax, each precepting body declares the precept that they require from the Collection Fund to support their services in February each year. This forms the basis for what we, as billing authority, then charge residents as council tax.
- 3.16 Due to the change of circumstances for residents and changes to occupied property numbers, the actual amount of council tax collected from residents can be higher or lower than the total amount required to be paid to precepting bodies. This results in either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from precepting bodies in the following financial year.
- 3.17 For business rates, similar principles apply. Total forecast collectable rates are paid from the Collection Fund at fixed shares to Central Government, Ribble Valley Borough Council, Lancashire County Council and Lancashire Fire and Rescue Authority.
- 3.18 Due to the change of circumstances for businesses, the actual amount of business rates collected can be higher or lower than the total amount required to be paid out in fixed shares. This results in either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from Central Government, Ribble Valley Borough Council, Lancashire County Council and Lancashire Fire and Rescue in the following financial year.
- 3.19 Full details of the Collection Fund position can be seen at Annex 3, but in summary the overall opening balance on the collection fund at 1 April 2019 was a surplus of £1.282m and the closing balance was a surplus of £1.103m.

	Council Tax £'000	Business Rates £'000	Total Collection Fund £'000
Opening Balance - Surplus	706	576	1,282
Income	42,383	15,829	58,212
Expenditure	42,306	16,085	58,391
Closing Balance - Surplus	783	320	1,103

4 CONCLUSION

- 4.1 The final outturn of a **deficit of £96,000** means that we have taken £60,000 **less** from general fund balances than was estimated when we prepared the Revised Estimates.
- 4.2 There has also been £783,000 more (revenue only) added to earmarked reserves than forecast at revised estimate, which was largely due to the accounting treatment required for grants received but yet to be spent, but also results from the increase in S31 grants around business rates and the set aside in the new Business Rates Growth Reserve.
- 4.3 General preliminary discussion and guidance is sought for the budget setting process for the revised revenue budgets for 2020/21 and original revenue budgets for 2021/22.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PFFX-20/LO/AC
30 October 2020

KEY VARIANCES

Variation	Committee Level Variance £'000	Impact on Earmarked Reserves £'000	Net Variance £'000	Variance Description
<u>Expenditure Variations</u>				
Agency Staff	27	0	27	It was necessary to utilise increased agency staff for Refuse Collection to cover staff shortages, in order to ensure continuity of service for this essential public function.
Salaries	-16	1	-15	Vacancy savings in the posts of Assistant Planning Officer, Pre-Planning Advice Officer, Planning Administration Assistant and Regeneration Policy Officer exceeded that built in to the budget at revised estimate.
Tuition Fees and Training Expenses	-26	2	-24	A large part of this variance relates to the corporate training budget, a proportion of which has been set aside in earmarked reserves to be spent in 2020/21. There is also a low level of spend within departmental budgets in year, resulting in the overall variance shown.
Energy Costs	23	0	23	The majority of this relates to Ribblesdale Pool where a new energy meter has been installed which has registered readings of an increase in gas usage. The energy provider has stated these readings are correct and the readings from the old meter understated usage.
General Repairs and Maintenance	-28	29	1	Painting of the council offices had been programmed to be completed in 2019/20, but was postponed until the 2020/21 financial year. This work was to be fully funded from earmarked reserves, hence the compensating impact on earmarked reserves shown.
Vehicle Repairs and Maintenance	158	0	158	This is the net variance across all council vehicles. The most significant overspend is on refuse collection vehicles. The overall outturn position shows an overspend on refuse collection vehicle repairs and replacement vehicle hire of over £170,000. This is a concerning recurring variance which has again been flagged in the council's Annual Governance Statement due to its significance, as an area that needs to be addressed with some urgency.
Vehicle Running Costs	-18	0	-18	There have been some net underspends across all council vehicles of £18K, notably around fuel and tyres

KEY VARIANCES

Variation	Committee Level Variance £'000	Impact on Earmarked Reserves £'000	Net Variance £'000	Variance Description
Communications and Computing	-35	12	-23	This category covers IT, postage and telephony. The key underspend has been around software maintenance costs, and postages.
Equipment, Furniture and Materials	25	5	30	Main variances here have been around ICT purchases, as a result of purchasing ICT Equipment at the start of the Covid-19 outbreak. This has been funded from the Covid-19 Support Grant Tranche 1 government funding (see income variance below)
Promotional Activities and Publicity	-27	-2	-29	The largest proportion of the variance here relates to general promotional activities around arts and sports development, largely due to difficulties with keeping delivery of activities within the planned timeframe. Some of this work would have been funded from earmarked reserves and will instead be delivered where possible (now subject to Covid-19 restrictions) in the following year. Other variances have been around the number of publications of Ribble Valley News, resulting in some savings.
Printing and Stationery	-18	6	-12	There has been a general underspend on printing and stationery items within the year, and also an accounting adjustment around the treatment of some election items, which impacts on the earmarked reserves.
Rent Allowance Payments	-10	0	-10	Rent Allowance payments were lower than budgeted for, after adjusting for recovery of housing benefits overpayments and non-cash transactions in-year. Actual expenditure was 0.2% less than the £5.67m budgeted for.
Total Expenditure Variances	55	53	108	
<u>Income Variations</u>				
Rent Allowances Grant	11	0	11	Less Housing Benefits subsidy grant received than budgeted for, which broadly reflects less Rent Allowances paid out in-year – actual income was 0.2% less than the £5.70m budgeted for.

KEY VARIANCES

Variation	Committee Level Variance £'000	Impact on Earmarked Reserves £'000	Net Variance £'000	Variance Description
Covid-19 Support Grant Tranche 1	-24	4	-20	The council received an initial payment of funding in respect of covid-19 at the end of March 2020. The majority of this was used towards the purchase of ICT equipment and the balance was set aside in earmarked reserves for use in the 2020/21 financial year
Storm Ciara S31 grant in respect of Council Tax Relief	-19	0	-19	S31 funding towards council tax relief awarded following Storm Ciara
Use of Commuted Sums	-388	388	0	Committed sums have been released for use to the revenue account to allow the resources to fund the capital programme - hence the transfer to the capital earmarked reserve shown. The schemes were Longridge Affordable Housing Scheme and Primrose lodge Blue and Greenway Project
Recycling District Grant Fund	-16	14	-2	A District Funding Grant received from LCC for the purpose of increasing recycling in the borough by the replacement of the collection of recycling using bins instead of lilac sacks. As not all the funding was expended during the year the remaining balance has been transferred to an earmarked reserve to be used in 2020/21.
Government Flood Community Recovery Grant	-66	18	-48	This represents funding from the government to support the flood recovery work following Storm Ciara. An element that was unspent in year was set aside in earmarked reserves to meet residual costs.
Other Grants, Reimbursements and Contributions	-53	34	-19	<p>£14k was received from the council's insurers for reimbursement following the theft of some of the council's assets from the Civic Suite. The remaining variance is mainly due to VAT shelter income and grants received to support the council with the costs of Individual Electoral Registration.</p> <p>There was also unbudgeted additional funding received near year-end, the main ones being LA Data Sharing IT funding received from the DWP to fund revenue system update costs and MHCLG Letting Agents Transparency Redress Scheme new burdens funding.</p>

KEY VARIANCES

Variation	Committee Level Variance £'000	Impact on Earmarked Reserves £'000	Net Variance £'000	Variance Description
Sale of Equipment and Materials	-32	32	0	This variance mainly relates to the additional proceeds from the sale of vehicles which have arisen after the setting of the revised estimate, and also from the sale of household bins due to the increase in the number of new developments completed. Income from both of these variances have been set aside in earmarked reserves to fund future expenditure
Fees and Charges	-47	8	-39	<p>On Health and Housing Committee there has been increased income in-year with the main increases being from Environmental Health licences and permits, cemetery fees, disabled facilities grants administration charges and homelessness unit rents, all being areas of fluctuating service demand.</p> <p>Under Policy and Finance Committee there was also an accounting adjustment around the Small Business Rates Relief funding from central government in respect of 2018/19.</p> <p>Under Community Services Committee there has been increased income notably from street naming due to an increase in the number of new developments</p>
Total Income Variances	-634	498	-136	
Other Variations	-15	-4	-19	
Net Variation on Committee Expenditure	-594	547	-47	

EARMARKED RESERVES

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
Reserves for Shorter Term Service Commitments							
Community Services Committee Grants Fund <i>Used to fund various Community Services Committee grants</i>	17,975	16,980		34,955		-17,042	17,913
Audit Reserve Fund <i>Used for computer audit</i>	12,335			12,335			12,335
Refuse Collection <i>To fund refuse collection costs of bin replacements.</i>	68,497	6,542	-27,724	47,315	22,295	-10,000	59,610
Amenity Cleansing Reserve <i>Used to fund known future amenity cleansing works</i>	5,750	24,160		29,910		-18,080	11,830
Clitheroe Food Festival <i>Resources set aside or used to help support the costs associated with the Clitheroe Food Festival</i>	17,736		-3,910	13,826		-6,921	6,905
Two-Way Radio Reserve <i>Contributions from the Lancashire Resilience Forum towards the running of the two-way radio system and future enhancements</i>	0			0	718		718
Promotional Activities Reserve <i>To fund planned publicity and promotional activities</i>	0	5,000		5,000		-5,000	0
Total Reserves for Shorter Term Service Commitments	122,293	52,682	-31,634	143,341	23,013	-57,043	109,311
Reserves to Smooth the Revenue Impact of Longer-Term Cyclical Costs							
Elections Fund <i>Used to fund local elections held once every four years</i>	87,000	33,000	-18,232	101,768	36,852	-113,502	25,118
Revaluation of Assets Reserve <i>To contribute towards the revaluation of the Council's assets every five years.</i>	7,290	2,110		9,400	2,420	-9,400	2,420
Pensions Triennial Revaluation Reserve <i>Savings on contribution rates, set aside with a view to offsetting any future pensions fund deficits</i>	12,778	29,450		42,228	26,364		68,592
Total Reserves to Smooth the Revenue Impact of Longer Term Cyclical Costs	107,068	64,560	-18,232	153,396	65,636	-122,902	96,130

EARMARKED RESERVES

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
Reserves for Trading or Business Units							
Building Control Fund <i>Available to equalise net expenditure over a three-year period</i>	-41,160		-7,993	-49,153		-29,602	-78,755
Total Reserves for Trading or Business Units	-41,160		-7,993	-49,153	0	-29,602	-78,755
Reserves for Sums Set Aside for Major Schemes such as Capital Projects							
Capital <i>Used to fund the capital programme</i>	860,472	835,243	-802,772	892,943	2,348,987	-2,310,163	931,767
ICT Renewals <i>To fund future software and hardware pressures</i>	167,789	3,130	-26,048	144,871		-22,131	122,740
Vehicle & Plant Renewals Reserve <i>Resources set aside to fund future replacement of Vehicles and Plant through the capital programme</i>	438,000		-386,965	51,035			51,035
Total Reserves for Sums Set Aside for Major Schemes such as Capital Projects	1,466,261	838,373	-1,215,785	1,088,849	2,348,987	-2,332,294	1,105,542
Reserves for Longer Term Strategic or Corporate Items							
VAT Shelter Reserve <i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,223,054	37,779	-52,964	1,207,869	32,963	-136,379	1,104,453
Fleming VAT Claim <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	67,271		-6,452	60,819		-2,000	58,819
Insurance <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	14,581			14,581			14,581
Repairs and Maintenance <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	29,299	31,100	-15,320	45,079			45,079

EARMARKED RESERVES

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
Post LSVT <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	219,075		-36,512	182,563		-36,513	146,050
Restructuring Reserve <i>To fund costs resulting from restructuring reviews</i>	207,317		-10,284	197,033		-9,130	187,903
Equipment Reserve <i>To fund essential and urgent equipment requirements</i>	123,517	14,866	-56,775	81,608	30,413	-28,366	83,655
Invest to Save Fund <i>To fund future invest to save projects</i>	250,000		-18,169	231,831	5,559	-228	237,162
Planning Reserve <i>To fund any future potential planning issues such as Local Development Plan expenditure and Planning Appeals</i>	124,980	113,278	-105,707	132,551	1,676	-92,584	41,643
Housing Benefit Reserve <i>To help meet the challenges facing the service in the coming years</i>	100,000			100,000			100,000
Business Rates Volatility Reserve <i>To provide some protection against business rates volatilities</i>	1,682,000			1,682,000			1,682,000
Business Rates Growth Reserve <i>Business rates growth used to support revenue expenditure or the capital programme.</i>	221,060	873,020	-94,508	999,572	1,920,439	-1,345,397	1,574,614
New Homes Bonus Reserve <i>To help support revenue and capital expenditure</i>	1,886,771	470,908	-139,469	2,218,210	561,486	-361,547	2,418,149
Total Reserves for Longer Term Strategic or Corporate Items	6,148,925	1,540,951	-536,160	7,153,716	2,552,536	-2,012,144	7,694,108
Reserves for External Funding where Expenditure has yet to be Incurred							
Performance Reward Grant <i>Performance Reward Grant received and used to fund associated projects</i>	67,577			67,577			67,577

EARMARKED RESERVES

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
<u>Land Charges Reserve</u> <i>To fund any potential restitution claims for personal search fees</i>	46,794	4,323		51,117			51,117
<u>Pendle Hill User Reserve</u> <i>To fund improvement schemes on Pendle Hill</i>	44,510	191	-20,280	24,421		-22,240	2,181
<u>Crime Reduction Partnership Reserve</u> <i>To fund cost of crime reduction initiatives</i>	34,608	4,494		39,102	4,550	-5,593	38,059
<u>Exercise Referral and Up and Active Reserve</u> <i>To fund potential residual staffing costs and to hold other service grants</i>	13,771		-1,183	12,588		-7,556	5,032
<u>Housing Related Grants Reserve</u> <i>Residual grant received, to be committed to future grant funded schemes</i>	198,705		-36,165	162,540	45,368	-1,456	206,452
<u>Planning Policy Related Grants Reserve</u> <i>To provide short term capacity support when dealing with housing planning applications</i>	5,850			5,850			5,850
<u>Community Right to Bid/Challenge</u> <i>To fund any future costs under the Community Right to Bid and Community Right to Challenge Regulations</i>	45,124			45,124			45,124
<u>Grant Funded Sports Development</u> <i>To finance future Sports Development grant funded expenditure</i>	3,640		-650	2,990	7,737	-40	10,687
<u>Whalley Moor Reserve</u> <i>Grant received towards work at Whalley Moor Woodland</i>	4,520			4,520			4,520

EARMARKED RESERVES

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
<u>Individual Electoral Registration Reserve</u> <i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	16,590			16,590			16,590
<u>Rural Services Reserve</u> <i>Grant received with the purpose of supporting rural services</i>	105,544		-21,494	84,050		-8,658	75,392
<u>Neighbourhood Planning Reserve</u> <i>MHCLG Neighbourhood Planning Grant received to fund future related expenditure</i>	10,069	6,064		16,133			16,133
<u>Repossession Prevention Fund Reserve</u> <i>Ring-fenced MHCLG funded reserve to help prevent repossessions and homelessness.</i>	28,491			28,491			28,491
<u>Parish Grant Reserve</u> <i>PRG resources set aside to fund the Parish Grant Scheme</i>	36,819			36,819		-1,050	35,769
<u>Custom and Self Build Register Grant Reserve</u> <i>Grant funding towards maintenance of a register of individuals, and associations of individuals, seeking to acquire serviced plots of land in the area</i>	45,000	28,750		73,750	15,000		88,750
<u>Brownfield Register Grant Reserve</u> <i>Grant funding towards preparation and maintenance of a register of brownfield sites suitable for residential development.</i>	16,420	7,397		23,817	2,446		26,263
<u>Flood Resilience, Response and Recovery Grant Reserve</u> <i>Grant funding relating to residual Flood Resilience Grants and also in respect of flood response and recovery</i>	20,000		-20,000	0	18,408		18,408
<u>EU Exit Funding Reserve</u> <i>Grant funding relating to impacts in respect of the EU Exit</i>	0	17,484		17,484	34,968		52,452

EARMARKED RESERVES

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
Cyber Resilience Grant Reserve <i>Grant funding in respect of Cyber Resilience work</i>	0	10,600		10,600			10,600
Pendle Hill Landscape Partnership Reserve <i>To fund schemes in respect of the Pendle Hill Landscape Partnership</i>	0	20,000		20,000		-20,000	0
Housing Benefits New Burden Grants Reserve <i>Grant income to support new burdens in respect of Housing Benefits</i>	0	11,983		11,983		-7,314	4,669
LCTS New Burdens Grant Reserve <i>Grant income to support new burdens in respect of Localised Council Tax Support</i>	0	26,370		26,370		-8,000	18,370
Parks Improvement Funding Reserve <i>Grant funding to support improvements to parks</i>	0			0	10,000	-2,889	7,111
Covid-19 Response <i>Balance of grant income received prior to the end of the 2019/20 financial year in respect of the response to the Covid-19 pandemic.</i>	0			0	3,835		3,835
Total Reserves for External Funding where Expenditure has yet to be Incurred	744,032	137,656	-99,772	781,916	142,312	-84,796	839,432
Total of all Earmarked Reserves	8,547,420	2,634,222	-1,909,576	9,272,065	5,132,484	-4,638,781	9,765,768

COLLECTION FUND

Collection Fund Position in Respect of Council Tax

2018/19 £'000	Collection Fund - Council Tax	2019/20 £'000
	<i>Income</i>	
39,743	Income from Council Tax Payers	42,355
	Transfers from General Fund - Council Tax Benefits	2
	Transfers from General Fund - Flood Relief	18
6	Family Annexes Discount Grant (MHCLG)	8
39,749	Total Income	42,383
	<i>Expenditure</i>	
	Precepts and Demands:	
29,656	- Lancashire County Council	31,253
3,886	- Ribble Valley Borough Council (including parishes)	3,948
4,064	- Police and Crime Commissioner (PCC) for Lancashire	4,675
1,545	- Lancashire Combined Fire Authority	1,613
	Share of Estimated Surplus:	
525	- Lancashire County Council	469
70	- Ribble Valley Borough Council	61
28	- Lancashire Combined Fire Authority	24
71	- Police and Crime Commissioner (PCC) for Lancashire	64
7	Transfers to General Fund - Council Tax Benefits	12
12	Provision for Bad/Doubtful Debts	187
39,864	Total Expenditure	42,306
-115	(Deficit)/Surplus for the Year	77
821	(Deficit)/Surplus Brought Forward	706
706	(Deficit)/Surplus Carried Forward	783
	<i>Allocated to</i>	
534	- Lancashire County Council	590
70	- Ribble Valley Borough Council	74
74	- Police and Crime Commissioner (PCC) for Lancashire	88
28	- Lancashire Combined Fire Authority	31
706	(Deficit)/Surplus Carried Forward	783

COLLECTION FUND

Collection Fund Position in Respect of Business Rates

2018/19 £'000	Collection Fund - Business Rates	2019/20 £'000
	Income	
15,375	Income from Business Ratepayers	15,632
187	Transitional Protection Payments	197
	Share of Estimated Deficit:	
31	- Central Government	
6	- Lancashire County Council	
25	- Ribble Valley Borough Council	
1	- Lancashire Combined Fire Authority	
15,625	Total Income	15,829
	Expenditure	
	Business Rates	
7,311	- Central Government	3,744
1,316	- Lancashire County Council	2,621
5,849	- Ribble Valley Borough Council	8,387
146	- Lancashire Combined Fire Authority	225
	Share of Estimated Surplus:	
	- Central Government	280
	- Lancashire County Council	50
	- Ribble Valley Borough Council	224
	- Lancashire Combined Fire Authority	6
88	Costs of Collection	91
92	Renewable Energy Schemes	83
92	Provision for Bad/Doubtful Debts	126
195	Enterprise Zone	210
54	Provision for Appeals	38
15,143	Total Expenditure	16,085
482	(Deficit)/Surplus for the Year	-256
94	(Deficit)/Surplus Brought Forward	576
576	(Deficit)/Surplus Carried Forward	320
	Allocated to	
288	- Central Government	84
52	- Lancashire County Council	54
230	- Ribble Valley Borough Council	177
6	- Lancashire Combined Fire Authority	5
576	(Deficit)/Surplus Carried Forward	320

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

INFORMATION

Agenda Item No 16

meeting date: 17 NOVEMBER 2020
 title: OVERALL CAPITAL OUTTURN 2019/20
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

1 PURPOSE

1.1 To provide members with details of the capital programme outturn for all committees for the 2019/20 financial year.

2 BACKGROUND

2.1 The 2019/20 original capital programme for the Council consisted of twenty schemes, including two schemes where budget had been moved from the 2018/19 capital programme. Nine further schemes were added to the capital programme following the approval of budget slippage (*unspent capital budget that has been approved by committee to be moved into the next year's capital programme*) from the 2018/19 financial year and 4 new schemes were approved in-year. This resulted in a capital programme of 33 schemes with a total approved budget of £4,099,300.

2.2 At revised estimate stage, 4 schemes were moved to the 2020/21 financial year. This meant that the 2019/20 revised estimate capital programme consisted of 29 schemes with a budget of £3,562,870.

2.3 During the 2019/20 financial year all committees received reports monitoring the progress of schemes within the programme.

2.4 All scheme expenditure has now been capitalised and added to our balance sheet or charged to revenue where appropriate.

3 CAPITAL PROGRAMME 2019/20 OUTTURN

3.1 The table below summarises the 2019/20 capital programme outturn for all committees. It shows the budget and expenditure for the year and highlights the slippage into 2020/21 that has been approved.

Committee	Original Estimate 2019/20	Budget Moved from 2018/19	Slippage from 2018/19	Additional Approvals 2019/20	Total Approved Budget 2019/20	Revised Estimate 2019/20	Budget Moved to 2020/21	Actual Expenditure 2019/20	Slippage approved into 2020/21
Community Services	1,912,440	0	55,580	11,500	1,979,520	1,800,520	58,880	1,787,147	13,360
Planning and Development	14,500	0	26,420	324,920	365,840	324,920	40,920	276,242	48,680
Policy and Finance	112,200	84,050	60,950	23,340	280,540	162,720	108,730	122,542	33,480
Health and Housing	370,000	175,000	451,280	375,370	1,371,650	1,254,710	116,940	595,815	658,890
Economic Development	20,000	0	81,750	0	101,750	20,000	81,750	0	20,000
OVERALL TOTAL	2,429,140	259,050	675,980	735,130	4,099,300	3,562,870	407,220	2,781,747	774,410

3.2 Based on the Outturn position there was an underspend variance of £781,123 against the Revised Estimate, the majority of which related to slippage on 16 schemes in to the 2020/21 capital programme. Actual expenditure on the Council's capital programme in 2019/20 was £2,781,747, which is 76% of the revised estimate budget.

	£
Revised Estimate 2019/20	3,562,870
Actual Expenditure 2019/20	2,781,747
Underspend at 31 March 2020	781,123
Of which:	
Savings on the capital programme	6,713
Slippage approved into 2020/21	774,410
Underspend at 31 March 2020	781,123

3.3 The reasons for the slippage variance on each scheme are:

- **PLAYT: Play Area Improvements 2019/20 (£2,830):** Fewer improvement works were completed in-year based on the level of work identified in condition surveys of play areas.
- **RCCTV: Replacement of CCTV System (£4,840):** Contract works agreed within the budget included the planned replacements, plus a new camera on Whalley Road and an alternative method of relaying images from cameras in Whalley. The majority of the work was completed in-year by the contractor. The only outstanding item was installation of the new camera on Whalley Road, which we require permission for from Lancashire County Council before it can be installed.
- **AABED: Automatic Access Barrier – Edisford River Bank (£1,740):** The main barrier works were completed in-year, but permanent signs had not been installed by year-end.
- **ESCPX: Edisford Sports Complex (£2,450):** The vast majority of the main contract works and other associated expenditure have been completed in-year and the new pitches and buildings are operational. The minor underspend relates to some final works by the main contractor, plus some WIFI and communications installation and final surveyors time charges that still need to be completed in 2020/21.
- **CPPAY: Off Street Car Parks – Update of Payment Systems (£1,500):** The final element of work on this scheme, lock changes to the vault area of the machines, was not completed by the contractor in year. Follow up with the contractor at year-end was delayed by Covid-19.
- **PRMLG: Primrose Lodge Blue and Greenway Project (£48,680):** The Council releases funding to Ribble Rivers Trust only after claims and evidence are received that certain levels of expenditure have been undertaken on the three main elements of the project. By the end of 2019/20, the claim that would trigger the final contribution by the Council was still to be made by Ribble Rivers Trust, resulting in an underspend against budget in-year.
- **COADM: Committee Administration IT system (£12,350):** The main software for the system had been purchased and initial training and implementation had begun in-year. By year-end, full system implementation and training was still to be completed before the final system acceptance payment could be made and relevant IT hardware purchases were still to be made.

- **REPPC: Replacement PCs (£10,000):** All the PCs were replaced in-year and the planned system upgrades were all completed, except for the final element of the CivicaPay system upgrade, which had a budgeted cost of £10,000.
- **COLFT: Lift replacement at Council Offices (£2,700):** The lift contract work was underway and the first stage payment was made in-year as planned. However, there was an underspend in 2019/20 because no building regulations fees or surveyors time charges costs were incurred in-year.
- **CFUPG: Financial system upgrade (£8,430):** The scheme is substantially complete at year-end, as the system has been upgraded to the web-based version in 2019/20. However, at year-end some supplier IT consultant input was still required to complete full scheme implementation.
- **DISCP: Disabled Facilities Grants (£329,960):** The Council has underspent against the DFGs budget in terms of the value of payments made when DFGs are fully completed.
- **LANGR: Landlord/Tenant Grants (£58,300):** There has been less take up of grants in-year than hoped for. At year-end, two grant applications had been approved, but there was no spend on them in 2019/20.
- **CMIMP: Clitheroe Market Improvements (£29,860):** The market toilets refurbishment work was completed in-year, the majority of the canopies had been fitted and the fascia signs painting was in progress. The plans to remove all market stalls were on-hold, pending consideration of whether a small number should be refurbished. The underspend was due to the canopy quotes being lower than the budget set aside, three canopy installations still to be confirmed as installed correctly, no payments being made in-year for the sign-writing and no expenditure in-year on the removal of the current stalls and purchase of pop-up stalls.
- **LONAH: Longridge Affordable Housing Scheme (£125,770):** Of the two properties, one has been purchased, refurbished and leased to the registered provider. At year-end, the second property was awaiting completion of purchase.
- **CHCHG: Chipping Community Housing Grant (£115,000):** Completion of the purchase of the three properties by Chipping Community Land Trust was not complete at year-end. This was due to delays in the developer completing the building works.
- **GWSGN: Gateway Signs for Whalley, Longridge and Clitheroe (£20,000):** An update report to Economic Development and Planning Committee in January 2020 confirmed the proposed scheme format to be the installation of two new welcome signs and replacement of a damaged sign at Simonstone. At year-end, the signs installation work was still to be completed.

3.4 Annex 1 shows the full capital programme by scheme, including the budget and expenditure for the year.

4 CONCLUSION

4.1 Actual expenditure on the Council's capital programme in 2019/20 was £2,781,747, which is 76% of the revised estimate budget.

4.2 Based on the Outturn position there was an underspend variance against the revised estimate of £781,123, the majority of which related to slippage on 16 schemes in to the 2020/21 capital programme.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF24-20/LO/AC
30 October 2020

Overall Capital Programme Outturn 2019/20

Cost Centre	Scheme	Original Estimate 2019/20	Budget Moved from 2018/19	Slippage from 2018/19	Additional Approvals 2019/20	Total Approved Budget 2019/20	Revised Estimate 2019/20	Budget Moved to 2020/21	Actual Expenditure 2019/20	Slippage approved into 2020/21
	Community Services Committee									
PLAYT	Play Area Improvements 2019/20 Scheme	40,000				40,000	12,000	28,000	9,168.91	2,830.00
REPWB	Replacement of Refuse Wheelie Bins	10,000				10,000	10,000		10,000.00	
RCCTV	Replacement of CCTV System	60,000				60,000	60,000		55,162.00	4,840.00
RVHNX	Replacement of Refuse Collection Vehicle VU60 HNX	227,000				227,000	224,600		224,602.00	
RVTKN	Replacement of Paper Collection Vehicle VU06 TKN	50,000				50,000	51,320		51,321.52	
GVGMW	Replacement Gang Mower (rvbc009)	30,000				30,000	24,400		24,400.00	
GVBYS	Replacement Mini Tractor with Bucket PN05 BYS	22,000				22,000	18,580		18,575.00	
GVJCB	Replacement of JCB Gravemaster Digger (rvbc005)	29,000				29,000	29,400		29,400.00	
AABED	Automatic Access Barrier - Edisford River Bank	14,000				14,000	14,000		12,258.19	1,740.00
ESCPX	Edisford Sports Complex	1,430,440		-2,290		1,428,150	1,289,840	30,880	1,268,628.41	2,450.00
PLAYS	Play Area Improvements 2018/19 Scheme			18,870		18,870	18,320		18,315.00	
GVKJJ	Replacement Truck (Ford) c/w tail lift PE60 KJJ			37,500		37,500	35,740		35,740.00	
CPPAY	Off-street car parks - Update of payment systems			1,500		1,500	1,500		0.00	1,500.00
CPHFT	Replacement of Leased Car Parking Van KR16 HFT				11,500	11,500	10,820		10,816.10	
	Total Community Services Committee	1,912,440	0	55,580	11,500	1,979,520	1,800,520	58,880	1,787,147	13,360

Overall Capital Programme Outturn 2018/19

Cost Centre	Scheme	Original Estimate 2019/20	Budget Moved from 2018/19	Slippage from 2018/19	Additional Approvals 2019/20	Total Approved Budget 2019/20	Revised Estimate 2019/20	Budget Moved to 2020/21	Actual Expenditure 2019/20	Slippage approved into 2020/21
	Planning & Development Committee									
PLOTT	Replacement of Plotter/Copier in the Planning Section	14,500				14,500	0	14,500	0.00	
PLANN	Introduction of planning portal link to the planning application system and planning system update			26,420		26,420	0	26,420	0.00	
PRMLG	Primrose Lodge Blue and Greenway Project				324,920	324,920	324,920		276,242.29	48,680.00
	Total Planning & Development	14,500	0	26,420	324,920	365,840	324,920	40,920	276,242	48,680
	Policy & Finance Committee									
COWEB	Re-design of Corporate Website	30,000				30,000	0	30,000	0.00	
COFIR	Corporate Firewall	15,000				15,000	10,860		10,854.60	
COADM	Committee Administration IT System	20,100				20,100	20,100		7,750.00	12,350.00
REPPC	Replacement PCs - TANGIBLE	47,100			18,000	65,100	75,550		64,596.67	10,000.00
COLFT	Lift replacement at Council Offices		84,050		5,340	89,390	11,360	78,730	8,658.49	2,700.00
QGARR	Queensway garages - replace roof covering and repairs			1,830		1,830	230		228.14	
CFUPG	Financial system upgrade - INTANGIBLE			14,120		14,120	14,120		5,692.20	8,430.00
PHONE	New council telephone system			45,000		45,000	30,500		24,762.18	
	Total Policy & Finance Committee	112,200	84,050	60,950	23,340	280,540	162,720	108,730	122,542	33,480
	Health & Housing Committee									

Overall Capital Programme Outturn 2018/19

Cost Centre	Scheme	Original Estimate 2019/20	Budget Moved from 2018/19	Slippage from 2018/19	Additional Approvals 2019/20	Total Approved Budget 2019/20	Revised Estimate 2019/20	Budget Moved to 2020/21	Actual Expenditure 2019/20	Slippage approved into 2020/21
DISCP	Disabled Facilities Grants	320,000		360,120	26,370	706,490	706,490		376,528.49	329,960.00
LANGR	Landlord/Tenant Grants	50,000		84,240		134,240	58,300	59,940	0.00	58,300.00
CMIMP	Clitheroe Market Improvements		175,000			175,000	118,000	57,000	88,139.19	29,860.00
CWARM	Affordable Warmth - Capital Grants			6,920		6,920	6,920		6,916.46	
LONAH	Longridge Affordable Housing Scheme				234,000	234,000	250,000		124,231.08	125,770.00
CHCHG	Chipping Community Housing Grant				115,000	115,000	115,000		0.00	115,000.00
	Total Housing Committee	370,000	175,000	451,280	375,370	1,371,650	1,254,710	116,940	595,815	658,890
	Economic Development Committee									
GWSGN	Gateway Signs for Whalley, Longridge and Clitheroe	20,000				20,000	20,000		0.00	20,000.00
ECDVI	Economic Development Initiatives			81,750		81,750	0	81,750	0.00	
	Total Economic Development Committee	20,000	0	81,750	0	101,750	20,000	81,750	0	20,000
TOTALS		2,429,140	259,050	675,980	735,130	4,099,300	3,562,870	407,220	2,781,747	774,410

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 16

meeting date: 17 NOVEMBER 2020
 title: REVENUE MONITORING 2020/21
 submitted by: DIRECTOR OF RESOURCES
 principal author: VALERIE TAYLOR

1 PURPOSE

1.1 To let you know the position for the period April to September 2020 of this year's revenue budget as far as this committee is concerned.

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 FINANCIAL INFORMATION

2.1 Whilst the Covid-19 response falls under this Committee these transactions are not reported here, but information is given in a separate report elsewhere on the agenda.

Shown below, by cost centre, is a comparison between actual expenditure and the original estimate for the period to the end of September. You will see an overall underspend of £133,645 on the net cost of services. Please note that underspends are denoted by figures with a minus symbol. After allowing for transfers to/from earmarked reserves there is an underspend of £164,305.

Cost Centre	Cost Centre Name	Net Budget for the Full Year	Net Budget to the end of period	Actual including Commitments to the end of the period	Variance	
CEXEC	Chief Executives Department	18,910	575,142	510,031	-65,111	R
CIARA	Storm Ciara Response	0	0	2,130	2,130	A
CIVCF	Civic Functions	60,520	32,198	8,624	-23,574	R
CIVST	Civic Suite	0	19,953	19,311	-642	G
CLOFF	Council Offices	0	116,596	139,201	22,605	R
CLTAX	Council Tax	369,370	53,911	48,726	-5,185	R
COMPR	Computer Services	8,400	61,276	53,486	-7,790	A
CORPM	Corporate Management	344,540	0	0	0	G
COSDM	Cost of Democracy	505,020	160,070	143,714	-16,356	R

Cost Centre	Cost Centre Name	Net Budget for the Full Year	Net Budget to the end of period	Actual including Commitments to the end of the period	Variance	
CSERV	Corporate services	167,810	13,887	8,406	-5,481	R
DISTC	District Elections	0	0	0	0	G
ELADM	Election Administration	31,200	0	0	0	G
ELECT	Register of Electors	107,110	44,043	24,621	-19,422	R
EMERG	Community Safety	63,710	1,405	1,991	586	G
ERNET	Emergency Radio Network	0	-998	-400	598	G
ESTAT	Estates	66,570	-17,958	-13,928	4,030	A
FGSUB	Grants & Subscriptions - Policy and Fin	168,030	95,220	93,532	-1,688	G
FMISC	Policy & Finance Miscellaneous	78,340	18,043	20,383	2,340	R
FREED	Freedom of the Borough	7,500	7,500	0	-7,500	R
LANDC	Land Charges	11,830	-28,622	-23,511	5,111	R
LICSE	Licensing	33,210	-44,570	-39,307	5,263	R
LUNCH	Luncheon Clubs	15,930	0	0	0	G
NNDRC	National Non Domestic Rates	48,840	-233,166	-234,885	-1,719	G
RESOR	Resources Department	3,490	1,048,511	1,028,621	-19,890	R
SUPDF	Superannuation Deficiency Payments	101,000	30,069	28,119	-1,950	G

	Sum:	2,211,330	1,952,510	1,818,865	-133,645	
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Transfers to/from Earmarked Reserves

Elections Earmarked Reserve	30,000	0	0	0
Revaluation Reserve	2,190	0	0	0
Pensions Triennial Revaluation Reserve	38,700	0	0	0
Flood Resilience, Response & Recovery	0	0	-2,130	-2,130
Repairs and Maintenance Reserve	0	0	-27,950	-27,950

Transfers to/from Earmarked Reserves				
Business Rates Growth Reserve	-16,120	-16,120	-16,120	0
Cyber Resilience Grant Reserve	0	0	3,000	3,000
Equipment Reserve	0	0	-3,580	-3,580
Total after Transfers to/from Earmarked Reserves	2,266,100	1,936,390	1,772,085	-164,305

- 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, which 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 The **main** areas of variances that are **unlikely** to rectify themselves by the end of the financial year are shown below:

Description	Variance to end September 2020 £
Chief Executive Department (CEXEC) Council staffing budgets assume an average vacancy saving of 4% across the authority on estimated costs. A number of posts were vacant within the Chief Executive Department between April and September which have generated salary, mileage, superannuation and national insurance savings above that estimated.	-51,147
Resources Department (RESOR) There have also been a number of vacant posts within the Resources Department during the April to September period which has resulted in salary, mileage, superannuation and national insurance vacancy savings above that built into the original estimate. All salary costs will be reviewed and updated at revised estimate.	-10,105

<p>Cost of Democracy (COSDM) The delayed implementation of the modgov system capital scheme has brought about revenue budget software maintenance savings in the current financial year. The system is now estimated to go live in January 2021, although this is subject to ongoing service pressures resulting from the impact of COVID-19.</p>	-£7,250
<p>Freedom of the Borough (FREED) The Freedom of the Borough march which was due to take place in April was cancelled to abide by social distancing rules during the coronavirus pandemic. The march will be re-arranged, but this is unlikely to be in the current financial year.</p>	-£7,500

3 CONCLUSION

3.1 The comparison between actual and budgeted expenditure shows an underspend of £133,645 for the first six months of the financial year 2020/21. After allowing for transfers to/from earmarked reserves there is an underspend of £164,305.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF22-20/LO/AC
29 October 2020

Policy and Finance Committee Budget Monitoring – 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
CEXEC/0100	Chief Executives Department/ Salaries	832,210	416,272	376,756	-39,516	Council staffing budgets at original estimate assume an average vacancy saving of 4% across the authority on estimated costs. A number of posts were vacant through the period to September, generating savings of £39k above that estimated.	Recruitment is now progressing on a number of vacant posts. The budget will be updated at revised estimate.
CEXEC/0109	Chief Executives Department/ Superannuation Salaries	143,050	71,554	64,563	-6,991	Vacancy savings within the department for the period to September have reduced the council's superannuation liability (please see CEXEC/0100).	The budget will be updated at revised estimate.
CIVCF/3051	Civic Functions/ Mayoral Allowance	9,010	9,010	0	-9,010	The Mayor for the municipal year is ordinarily elected at Annual Council in May of each year. Due to the disapplication of the requirement to hold an annual meeting, the council confirmed the continuation of all appointments until the next annual meeting or further decision (Emergency Committee May 2020).	The budget will be reviewed at revised estimate.

Policy and Finance Committee Budget Monitoring – 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
CLOFF/2427	Council Offices/ Painting and Redecoration	0	0	27,950	27,950	Funds were set aside in an earmarked reserve at the end of the 2018/19 financial year to fund the cost of redecorating the council offices during 2019/20. Due to delays, the work was not started until the current year and an external company has now been engaged.	The project is being completed in stages in order to ensure continuing compliance with workplace social distancing arrangements. The cost of work that has completed within the current year will be met from the funds previously set aside in the earmarked reserve.
COSDM/2998	Cost of Democracy /Software Maintenance	10,250	30,750	23,500	-7,250	Software maintenance costs of the modgov system at years 1, 2 and 3 are currently committed on the financial system. Year one revenue costs, which were originally estimated to fall in the 2019/20 financial year, and which are lower than costs at years 2 and 3, will now be expended in 2020/21. Commitments for years 2 and 3 will be rolled forward into 2021/22 as part of the year-end closedown process.	The budget will be amended at revised estimate to reflect the likely outturn for 2020/2021

Policy and Finance Committee Budget Monitoring – 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
ELECT/2971	Register of Electors/ Printing & Stationery	9,060	6,025	149	-5,876	Following the changes introduced this year to the annual canvass there was a delay in sending out household enquiry forms, which has resulted in the variance shown for associated printing and stationery costs for the period to September (see ELECT/2981).	As the council is currently part way through the annual canvass, printing and stationery costs will be incurred in due course.
ELECT/2981	Register of Electors/ Postages	29,000	19,685	10,057	-9,628	The Cabinet Office have introduced changes to the annual canvass process from this financial year. Household property data is now securely matched with central government information prior to the posting of Household Enquiry Forms. Where data agrees it is not necessary to post reminders. The data matching exercise has delayed the initial posting out of the forms (and subsequent costs of royal mail response services) creating the underspend shown for the period to September.	As the canvass reform will lead to a reduction in the number of reminders being posted out from this year it is likely that costs within this area will be less than the original estimate. The budget will be updated at revised estimate to predict the likely outturn. The council is now part way through the annual canvass and full postage costs are expected to have been incurred by December.

Policy and Finance Committee Budget Monitoring – 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
FREED/Various	Freedom of the Borough/ Various	7,500	7,500	0	-7,500	The Freedom of the Borough March which was due to take place in April was cancelled to abide by social distancing rules during the Coronavirus pandemic.	The march will be re-arranged, but this is unlikely to be in the current financial year. The budget will be updated at revised estimate.
LANDC/8408n	Land Charges/ Search Fee (Vatable)	-61,210	-28,825	-23,757	5,068	Income generated from searches of the land charges register is lower than the original estimate. Demand for the service has reduced due to the coronavirus pandemic and the resulting slowdown of the housing market.	Income levels will continue to be monitored closely on a monthly basis and the forecast for 2020/21 outturn will be updated at revised estimate. In September, Central Government launched the Local Government income compensation scheme for lost income from sales, fees and charges as a result of COVID-19. The grant will be payable at 75% of lost income (net of the first 5% of the budget and any associated expenditure savings). The first claim for lost land charges income for the April - July period which was submitted at the end of September will partly offset this variance when the grant payment is received.

Policy and Finance Committee Budget Monitoring – 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
RESOR/0100	Resources Department/ Salaries	1,458,930	729,756	723,127	-6,629	Council staffing budgets at original estimate assume an average vacancy saving of 4% across the authority on estimated costs. A number of posts were vacant through the period to September, generating savings of £7k above that estimated.	Recruitment is now progressing on a number of vacant posts. The budget will be updated at revised estimate.

Policy and Finance Committee Budget Monitoring – 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/2643	Chief Executives Department/ Mileage Allowances	9,550	4,788	2,021	-2,767	Expenditure reimbursing employee mileage expenses is lower than the budget for the period to September. This is due to vacancies within the department and a reduction to mileage incurred as a result of social distancing health and safety rules.
CEXEC/8703z	Chief Executives Department/ Admin Charge non-vatable	-290	0	-4,746	-4,746	Court costs and interest received in respect of an aged sundry debt following sale of a property upon which the council had placed a charge.
CIARA/4676	Storm Ciara Response/ Grants to Individuals	0	0	2,000	2,000	Payments of Storm Ciara community recovery grants falling in 2020/21. This will be funded from grant already set aside for this purpose in earmarked reserves at the end of the 2019/20 financial year
CIVCF/3036	Civic Functions/ Annual Council	3,560	3,560	109	-3,451	This budget is for expenses relating to the annual council meeting which ordinarily takes place in May. The meeting for 2020 was cancelled in order to comply with social distancing measures during the coronavirus pandemic which has resulted in the underspend shown.
CLOFF/2402	Council Offices/ Repair & Maintenance - Buildings	30,290	18,692	21,601	2,909	Responsive repairs and maintenance requirements for the council offices building is higher than the budget estimate for the period. Expenditure fluctuates month to month depending on requirements. The repairs and maintenance budget is managed corporately and funds will be diverted from other areas later on in the financial year if necessary.

Policy and Finance Committee Budget Monitoring – 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
CLOFF/2432	Council Offices/ Electricity	37,280	15,546	11,979	-3,567	Reduced electricity usage for the period to September. This is likely because the lift hasn't been used as much this year as a result of the council offices not being open to the general public earlier in the financial year, and also because of the substantial lift replacement capital scheme works which were undertaken towards the beginning of the financial year, putting the lift out of use. The budget will be reviewed and updated at revised estimate.
COMPR/8898z	Computer Services/ LGA - Cyber Security Grant	0	0	-3,000	-3,000	The council has successfully bid for central government cyber resilience funding. The budget will be updated at revised estimate.
COSDM/3022	Cost of Democracy/ Conference Expenses	3,090	2,743	125	-2,618	This budget is for member conference expenses. It will underspend at original estimate in this financial year due to the cancellation of the 2020 Local Government Association conference.
CSERV/3264	Corporate services/ Ribble Valley News	10,200	5,100	1,497	-3,603	This budget is available for the printing and distribution costs of producing two annual editions of the Ribble Valley News publication. As a result of the coronavirus lockdown and social distancing rules the first edition of the 2020/21 financial year has been delayed. It is now likely that one edition will be finalised this year and there will be an underspend within this budget code that will be accounted for at revised estimate.

Policy and Finance Committee Budget Monitoring – 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
ESTAT/2402	Estates/ Repair & Maintenance - Buildings	5,900	5,400	9,121	3,721	A survey costing £4k has been undertaken on a masonry arch tunnel on council owned land. The survey report has identified that repairs will need to be carried out that will cost in the region of £27.5K. The legality of the organisation (s) responsible for the works is currently being determined between RVBC, the Department of Transport and Historical Railway Estate. Should the council be liable for some of the repairs then it is possible that the cost of the project would result in a capital scheme to which this expenditure would likely be allocated. Otherwise the revenue impact will need to be accounted for within the repairs and maintenance budget which is managed and reviewed at a corporate level.
FMISC/5029	Policy & Finance Miscellaneous/ Credit/Debit Card Fees	22,370	9,323	13,559	4,236	The council has been overcharged for card payment processing services this year following an error by the council's provider. A refund is currently being processed and the budget will continue to be monitored.
LICSE/8438u	Licensing/ Taxi Licences	-44,420	-19,297	-14,563	4,734	The council has received less income from taxi licences this year as a result of the coronavirus pandemic. A claim for lost income for the April-July period has been submitted to central government under the income compensation scheme (please see red variance LANDC/8408n for further details of the scheme).

Policy and Finance Committee Budget Monitoring – 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
LICSE/8440u	Licensing/ Event Licences	-5,240	-3,153	-567	2,586	Social distancing rules implemented by the government to protect public health during the coronavirus pandemic have reduced demand for event licences for the period to September. A claim for lost income for the April-July period has been submitted to central government under the income compensation scheme (please see red variance LANDC/8408n for further details of the scheme).
RESOR/0109	Resources Department/ Superannuation Salaries	246,600	123,348	121,101	-2,247	Vacancy savings within the department for the period to September have reduced the council's superannuation liability (please see RESOR/0100).
RESOR/2809	Resources Department/ Non-Recurring Purchases of Equipment etc	0	0	2,254	2,254	This expenditure is for the purchase of CIPFA control matrices that serve as a framework for internal audit work on the testing of the council's systems. Funds that were set aside in an earmarked reserve in 2019/20 to meet this expenditure will be accounted for at revised estimate.
RESOR/2998	Resources Department/ Software Maintenance	87,640	65,410	63,376	-2,034	The annual software support and maintenance costs of the contact centre system have reduced following an upgrade to the council's central telephone system that was completed in 2019/2020.

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

INFORMATION

Agenda Item No 16

meeting date: 17 NOVEMBER 2020
title: CAPITAL MONITORING 2020/21
submitted by: DIRECTOR OF RESOURCES
principal author: ANDREW COOK

1 PURPOSE

1.1 To report the progress on this Committee's 2020/21 capital programme for the period to the end of September 2020.

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.
- Other considerations – none identified.

2 2020/21 CAPITAL PROGRAMME BACKGROUND

2.1 Four capital schemes for this Committee's original estimate budget, totalling £204,530, were approved by the Special Policy and Finance Committee and Full Council at their meetings in February 2020 and March 2020 respectively. This included two new schemes for 2020/21 and budget for two 2019/20 schemes that had been moved from the 2019/20 capital programme to the 2020/21 capital programme.

2.2 In addition to the original estimate budget above, the following budget changes have been made so far in 2020/21:

- Four capital schemes were not completed by 31 March 2020 and had unspent budget available at that date. Unspent budget of £33,480 on those schemes, known as slippage, has been moved into the 2020/21 capital programme budget, after slippage requests from the budget holders were agreed by the Director of Resources.
- In August 2020, the Emergency Committee approved a new scheme budget of £25,000 for the Purchase of land behind Old Row, Barrow, which has been added to this Committee's capital programme.

2.3 As a result of the above, the total approved budget for this Committee's capital programme of eight schemes is £263,010. This is shown at Annex 1.

3 CAPITAL MONITORING 2020/21

3.1 The table below summarises this Committee’s capital programme budget, expenditure to date and remaining budget, as at the end of September 2020. Annex 1 shows the full capital programme by scheme. Annex 2 shows scheme details, financial information and budget holder comments to date for each scheme.

Original Estimate 2020/21 £	Budget Moved from 2019/20 £	Slippage from 2019/20 £	Additional Approvals 2020/21 £	Total Approved Budget 2020/21 £	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
95,800	108,730	33,480	25,000	263,010	116,708	146,302

3.2 At the end of September 2020 £116,708 had been spent or committed. This is 44.4% of the annual capital programme budget for this Committee.

3.3 Progress on the eight schemes at the end of September 2020, is as follows:

- Four schemes are currently on-track to be completed in-year.
- Three schemes are likely to be in-progress but not completed at year-end and the remaining budgets will be moved to 2021/22.
- One scheme is unlikely to be started in-year and the budget will be moved to 2021/22.

3.4 Progress on the schemes with the largest remaining budgets is as follows:

- **Dewhurst Road, Langho - Resurfacing Works (£65,800):** The tender specification will be drawn up after additional pre-tender works are completed on the site to enable the site to be clear from flooding for the main resurfacing works to take place. The additional pre-tender works of £6,000, which will be undertaken in-year, were not included in the original capital scheme specification, so Policy and Finance Committee will be asked to approve the additional budget when the revised estimate capital programme is presented for approval in January 2021.

The main resurfacing works will not now take place in 2020/21, due to waiting on the pre-tender works and the timescales involved in the specification and tender process, so the original scheme budget of £65,800 will be moved to 2021/22 when the revised estimate capital programme is presented for approval in January 2021.

- **Network Infrastructure (£30,000):** There has been no progress to date on this scheme because ICT staff resources have been focussed on supporting the Council’s Covid-19 response and new ways of working since the end of March 2020. At this stage, it is expected that the scheme will not be completed in 2020/21 and will be moved to 2021/22. Approval will be sought from members to move the scheme budget into 2021/22 when the revised estimate capital programme is presented for approval in January 2021.
- **Re-design of Corporate Website (£12,000):** The website refresh work is in progress and officers are working with the current website provider on evaluating website designs and layouts and undertaking accessibility legislation compliance work. At this stage, it is expected that the refresh will be completed before financial year-end and within the budget set.

- **Lift Replacement at Council Offices (£5,959):** The main contract works are complete and all amounts due to date have been paid. The final retention payment of £2,103 on the main contract is not due until twelve months after practical completion, which will be summer 2021. At this stage, the only other work expected on the scheme is for the fitting of a hand rail in Autumn 2020.

Financial completion of the scheme will take place in summer 2021 when the final retention payment will be made. Therefore, £2,110 of budget to fund this payment will be moved into 2021/22 when the revised estimate capital programme is approved in January 2021.

- **Committee Administration IT System (£7,600):** The implementation of the ModGov system is expected to be complete by January 2021 and that will trigger the final payment for the system software. The outstanding budget of £7,600 relates to IT hardware purchases and the requirements needed to support the use of the system (possibly some laptops) will be considered once the system software is up and running in 2021. Given this, the IT hardware purchases will not be undertaken in 2020/21 and approval will be sought from members to move the remaining scheme budget into 2021/22 when the revised estimate capital programme is presented for approval in January 2021.
- **Purchase of land behind Old Row, Barrow (£25,000):** The purchase of the land was completed in October 2020, at a cost of £20,000. Following on from this, the timing of the demolition and removal of garages work to complete the scheme is still to be confirmed, because it is subject to the licence being negotiated with Barrow Parish Council, who will use the site going forwards. At this stage, it is hoped that the work will be completed in-year, but this will be re-considered when the revised estimate capital programme is presented to members for approval in January 2021.

4 CONCLUSION

- 4.1 At the end of September 2020 £116,708 had been spent or committed. This is 44.4% of the annual capital programme budget for this Committee.
- 4.2 Of the eight schemes in the capital programme at the end of September 2020, four schemes are currently on-track to be completed in-year, three schemes are likely to be in-progress but not completed at year-end and one scheme is unlikely to be started in-year.
- 4.3 A £6,000 budget increase on the Dewhurst Road, Langho – Resurfacing Works capital scheme has been provisionally agreed at senior officer level given the need to progress pre-tender works. Formal approval for this budget change will be sought from members when the revised estimate capital programme is presented for approval in January 2021.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF28-20/AC/AC
2 November 2020

For further background information please ask for Andrew Cook.

BACKGROUND PAPERS – None

Policy and Finance Committee - Capital Programme 2020/21

Cost Centre	Scheme	Original Estimate 2020/21 £	Budget Moved from 2019/20 £	Slippage from 2019/20 £	Additional Approvals 2020/21 £	Total Approved Budget 2020/21 £	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
DHRST	Dewhurst Road, Langho - Resurfacing Works	65,800				65,800	0	65,800
NTWRK	Network Infrastructure	30,000				30,000	0	30,000
COWEB	Re-design of Corporate Website		30,000			30,000	18,000	12,000
COLFT	Lift replacement at Council Offices		78,730	2,700		81,430	75,471	5,959
COADM	Committee Administration IT System			12,350		12,350	4,750	7,600
REPPC	Replacement PCs			10,000		10,000	10,000	0
CFUPG	Financial system upgrade			8,430		8,430	8,487	-57
LANDB	Purchase of land behind Old Row, Barrow				25,000	25,000	0	25,000
Total Policy and Finance Committee		95,800	108,730	33,480	25,000	263,010	116,708	146,302

Policy and Finance Committee – Capital Programme 2020/21

Dewhurst Road, Langho – Resurfacing Works

Service Area: Estates

Submitted by: Adrian Harper

Brief Description of the Scheme:

The Council are responsible for the maintenance of the majority of Dewhurst Road, Langho. This resurfacing scheme was included in the capital programme because the road was subject to regular costly repairs. These repairs provided a low cost, temporary solution but it is envisaged that the condition of the road will continue to deteriorate, affecting its usability and potentially resulting in claims for damage incurred.

Revenue Implications:

Reduced repairs to surface defects (at least once every 2 years), -£500.

Timescale for Completion:

4 weeks.

Capital Cost:

	£	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
Total Approved Budget 2020/21	65,800	0	65,800
ANTICIPATED TOTAL SCHEME COST	71,800		

Progress – Budget Holder Comments:

September 2020: The tender specification will be drawn up after additional pre-tender works are completed on the site to enable the site to be clear from flooding for the main resurfacing works to take place. The additional pre-tender works of £6,000, which will be undertaken in-year, were not included in the original capital scheme specification, so Policy and Finance Committee will be asked to approve the additional budget when the revised estimate capital programme is presented for approval in January 2021.

The main resurfacing works will not now take place in 2020/21, due to waiting on the pre-tender works and the timescales involved in the specification and tender process, so the original scheme budget of £65,800 will be moved to 2021/22 when the revised estimate capital programme is presented for approval in January 2021.

Policy and Finance Committee – Capital Programme 2020/21

Network Infrastructure

Service Area: IT Services

Submitted by: Lawson Oddie

Brief Description of the Scheme:

The current hardware that supports the Council's network infrastructure is ageing and needs replacing. Many of these pieces of equipment are over 10 years old and sourcing replacement parts is becoming difficult.

The introduction of more up to date networking technology would allow the Council's network to be operated in a more secure, reliable and efficient manner.

Revenue Implications:

None.

Timescale for Completion:

This bid needs to be actioned as soon as possible as the current hardware is getting very old and it is proving difficult to source replacement parts.

Capital Cost:

	£	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
Total Approved Budget 2020/21	30,000	0	30,000
ANTICIPATED TOTAL SCHEME COST	30,000		

Progress – Budget Holder Comments:

September 2020: There has been no progress to date on this scheme because ICT staff resources have been focussed on supporting the Council's Covid-19 response and new ways of working since the end of March 2020. At this stage, it is expected that the scheme will not be completed in 2020/21 and will be moved to 2021/22. Approval will be sought from members to move the scheme budget into 2021/22 when the revised estimate capital programme is presented for approval in January 2021.

Policy and Finance Committee – Capital Programme 2020/21

Re-design of Corporate Website (Budget Moved from 2019/20)

Service Area: IT Services

Submitted by: Lawson Oddie

Brief Description of the Scheme:

The last major re-design of the corporate website took place in 2014, by 2019/20 the current site will be 5 years old and website styling, best practice and functionality will have moved on greatly since 2014.

The current site will be showing its age, and be less engaging to members of the public.

Revenue Implications:

None above the existing budgeted revenue charges.

Timescale for Completion:

5 months based on the previous re-design.

Capital Cost:

	£	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
Original Estimate 2020/21	0		
Budget Moved from 2019/20	30,000		
Total Approved Budget 2020/21	30,000	18,000	12,000
ANTICIPATED TOTAL SCHEME COST	30,000		

Progress – Budget Holder Comments:

September 2020: The website refresh work is in progress and officers are currently working with the current website provider on evaluating website designs and layouts and undertaking accessibility legislation compliance work. At this stage, it is expected that the refresh will be completed before financial year-end and within the budget set.

December 2019: The scheme has been delayed due to the wider implications of recent accessibility regulations which will affect the redesign of the main corporate website, and also have potential implications for other satellite Council websites. The full impact of the requirements under these regulations will be subject to discussions with CMT over the coming weeks. Therefore, it will not be possible to complete this work within the current financial year.

It is recommended that the 2019/20 revised estimate for the scheme is set at nil and that this scheme and its budget of £30,000 is moved to the 2020/21 financial year.

Policy and Finance Committee – Capital Programme 2020/21

September 2019: An update report to CMT on proposals has been delayed as the implications of accessibility legislation and options are first evaluated. A report will be presented to CMT in the coming weeks. It is likely that this scheme will need to be moved to the 2020/21 financial year at the time of revising the capital programme, albeit that other work in-house without external costs will need to be undertaken over the coming months in this financial year.

July 2019: Officers are currently in discussions with suppliers and quotes have been received, including an option to move to an alternative supplier. A suggested way forward will be reported to CMT by October 2019. The planned completion date for the scheme will be known once the preferred solution has been agreed with CMT and the timescale then agreed with the chosen supplier. Therefore, there is a possibility that the scheme may not be fully completed by year-end.

Policy and Finance Committee – Capital Programme 2020/21

Lift Replacement at Council Offices (Budget Moved from 2019/20 and Slippage)

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.

Capital Cost:

	£	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
Original Estimate 2020/21	0		
Budget Moved from 2019/20	78,730		
Slippage from 2019/20	2,700		
Total Approved Budget 2020/21	81,430	75,471	5,959
Actual Expenditure 2019/20	8,658		
Actual Expenditure 2018/19	2,950		
ANTICIPATED TOTAL SCHEME COST	93,038		

Policy and Finance Committee – Capital Programme 2020/21

Progress – Budget Holder Comments:

September 2020: The main contract works are complete and all amounts due to date have been paid. The final retention payment of £2,103 on the main contract is not due until twelve months after practical completion, which will be summer 2021. At this stage, the only other work expected on the scheme is for the fitting of a hand rail in Autumn 2020.

Financial completion of the scheme will take place in summer 2021 when the final retention payment will be made. Therefore, £2,110 of budget to fund this payment will be moved into 2021/22 when the revised estimate capital programme is approved in January 2021.

March 2020: The lift contract work was underway and the first stage payment was made in-year as planned. However, there was an underspend in 2019/20 because no building regulations fees or surveyors time charges costs were incurred in-year. Slippage of £2,700 will help to fund the main contract and other associated works costs on the lift scheme in 2020/21.

December 2019: The latest estimate for the full scheme costs is £93,040, with £90,090 of this being the budget required for 2019/20, 2020/21 and 2021/22. This is an estimated increase of £700 from the updated budget approved by this Committee in September 2019, due to higher estimated building regulations and expert consultant costs. This Committee is requested to approve the additional budget of £700 on this scheme. If approved, the additional budget can be funded from the Capital earmarked reserve.

Secondly, as reported to this Committee in November 2019, the main works on this scheme will now start in March 2020, with completion planned in June 2020. At this stage, it is estimated that £11,360 will be spent on the scheme before the end of this financial year. The remainder of the budget will be spent in 2020/21, save for the main contract retention payment, based on 2.5% of the final contract costs, which cannot be paid until twelve months after the completion of the main work on the contract.

If the £700 additional budget is approved, it is recommended that the 2019/20 revised estimate for the scheme is set at £11,360 and that £78,730 budget is moved to the 2020/21 and 2021/22 financial years.

September 2019: The contract works start date is later than previously estimated, due to a technical assessment undertaken on the lift installation plans and lead time required by the contractor. The main works will now start in March 2020, with completion planned in June 2020. A significant element of the scheme budget will be moved to the 2020/21 financial year at the time of revising the 2019/20 capital programme, to reflect the amounts estimated to be paid in 2020/21.

July 2019: The main contract work was out to tender at the end of July 2019. The contract has now been let with a start date expected for early 2020. Given the nine-week estimate for completion of works, it is hoped that the main contract work will be completed by March 2020, but this is dependent on the actual start date agreed and delivery of works without delay.

Whatever happens with the timing of the works, the scheme will not be financially complete at the end of 2019/20, as the main contract retention payment, based on 5% of the final contract costs, cannot be paid until twelve months after the completion of the main work on the contract. The latest estimate of this retention amount is £4,280.

The scheme budget has been re-assessed, now that the main contract has been let. The latest estimate for the full scheme costs is £92,340, with £89,390 of this being the budget required for 2019/20 and 2020/21. The increase of £5,340 from the original budget is due to higher main contract works costs than planned (new regulations require a top drive lift, which has increased beam and loft costs) and expert consultant costs not included in the original budget. This latest estimate does not include any increase for further unforeseen costs.

This Committee is requested to approve the additional budget of £5,340 on this scheme, which can be funded from the Capital earmarked reserve.

Policy and Finance Committee – Capital Programme 2020/21

December 2018: The work specification needs to be completed before the scheme is put out to tender. The work specification is expected to be completed in 2018/19 at an estimated cost of £2,950. However, the time then required for the tendering and contractor selection means that no spend will take place on the main contract work before the end of 2018/19. Thus, it is recommended that the revised estimate budget is reduced to £2,950 and the remaining budget of £84,050 is moved to the 2019/20 financial year.

September/October 2018: No change to August 2018 comments.

August 2018: The design and build specification needs to be finalised before the scheme is put out to tender. The time required for the tender, design and build stages means that the scheme will not be completed within the 2018/19 financial year. Slippage into 2019/20 will be requested for any unspent budget at year-end.

Policy and Finance Committee – Capital Programme 2020/21

Committee Administration IT System (Slippage)

Service Area: Legal and Democratic Services

Submitted by: Mair Hill

Brief Description of the Scheme:

This system will provide web-based access, storage and management of Council documents for members and officers.

Members will be able to:

- set up bespoke access to the committee papers and other documents that suits their individual needs
- add in personal notes on documents
- store all this information on their iPads; and
- link in with social media communication channels.

A small number of additional iPads will support committee administration in the Civic Suite.

The scheme will also potentially streamline committee admin, reducing costs for printing and delivery, moving away from paper-based committee documents.

Revenue Implications:

Year 1: Restricted App annual costs, £3,100.

Year 2 onwards: Annual support and maintenance and Restricted App annual costs, £10,300.

Possible future printing and delivery reduced costs but no accurate estimate available.

Timescale for Completion:

2019/20.

Capital Cost:

	£	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
Original Estimate 2020/21	0		
Slippage from 2019/20	12,350		
Total Approved Budget 2020/21	12,350	4,750	7,600
Actual Expenditure 2019/20	7,750		
ANTICIPATED TOTAL SCHEME COST	20,100		

Policy and Finance Committee – Capital Programme 2020/21**Progress – Budget Holder Comments:**

September 2020: The implementation of the ModGov system is expected to be complete by January 2021 and that will trigger the final payment for the system software. The outstanding budget of £7,600 relates to IT hardware purchases and the requirements needed to support the use of the system (possibly some laptops) will be considered once the system software is up and running in 2021. Given this, the IT hardware purchases will not be undertaken in 2020/21 and approval will be sought from members to move the remaining scheme budget into 2021/22 when the revised estimate capital programme is presented for approval in January 2021.

March 2020: The main software for the system had been purchased and initial training and implementation had begun in-year. By year-end, full system implementation and training was still to be completed before the final system acceptance payment could be made and relevant IT hardware purchases were still to be made. Slippage of £12,350 will fund the final acceptance payment and hardware purchases.

December 2019: Mod Gov system installation and training has been ordered. The system is to be installed in January 2020. Full implementation of the system, including training, and purchase of associated hardware is planned to be completed by March 2020.

September 2019: The preferred supplier was approved by this Committee in September 2019 and a three year agreement has been signed with the preferred supplier. Installation and implementation dates will be confirmed shortly. Thus, installation and implementation of the system and associated hardware purchases are on-track for completion by March 2020.

July 2019: An initial meeting has been held with the proposed supplier and a formal quote received. A report on the suggested solution and proposed supplier is included elsewhere on this meeting's agenda. If that suggested solution is approved by this Committee, then officers aim to complete the system and hardware implementation by March 2020, to allow use of the new Committee Administration system from the beginning of the new municipal year in May 2020.

Policy and Finance Committee – Capital Programme 2020/21

Replacement PCs (Slippage)

Service Area: IT Services

Submitted by: Lawson Oddie

Brief Description of the Scheme:

We have just recently had notification that extended support for Windows 7 will cease on 14 January 2020. Without such support we are unable to operate such PCs on the council network. Based on our current desktops this move to Windows 10 will affect 169 PCs and the majority (115) will either not support Windows 10 or the performance would be very poor.

Whilst some PC replacements can be accommodated in the lead up to January 2020, some other PCs will be approaching end of life.

This bid proposes the replacement of 115 PCs with those of a specification that should help assure an anticipated usable life of around 5 years.

Further considerations and planning may require a change in the phasing of these replacements and PC specifications.

Revenue Implications:

None identified.

Timescale for Completion:

Required to be in place by January 2020.

Capital Cost:

	£	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
Original Estimate 2020/21	0		
Slippage from 2019/20	10,000		
Total Approved Budget 2020/21	10,000	10,000	0
Actual Expenditure 2019/20	64,597		
ANTICIPATED TOTAL SCHEME COST	74,597		

Progress – Budget Holder Comments:

September 2020: The final work on this scheme is the CivicaPay system upgrade to ensure Windows 10 compatibility. The work is ordered but the supplier is still to schedule in a date to complete the upgrade work. At this stage, it is hoped that the work will be completed within this financial year, but this is dependent on supplier availability and any Covid-19 impact issues.

March 2020: All the PCs were replaced in-year and the planned system upgrades were all completed, except for the final element of the CivicaPay system upgrade, which had a budgeted cost of £10,000. Slippage of £10,000 will fund the final element of the CivicaPay system upgrade to ensure Windows 10 compatibility.

Policy and Finance Committee – Capital Programme 2020/21

December 2019: The replacement PCs work is already substantially complete and will be fully complete in-year. With regard to the IT systems updates to ensure Windows compatibility, the Civica APP and Addtime upgrades are complete, the CivicaPay upgrade is partially complete and the Northgate Planning system upgrade has not yet started. At this stage, it is planned for the CivicaPay and Northgate Planning upgrades to be completed by March 2020, but this is dependent on the availability of IT supplier consultant input before the end of March 2020.

September 2019: The scheme budget was increased to £65,100 after £18,000 additional budget was approved by this Committee in September 2019 in respect of upgrading the CivicaPay system to be compatible with Windows 10. Following this, the order was placed for the CivicaPay system upgrade in September 2019.

Since the end of September, the training for staff has been completed and the majority of the replacement PCs have been purchased. Some further PCs will be purchased in the near future, installation of the PCs is underway across all service areas and the scheme is on-track for completion by January 2020.

July 2019: Officers are currently looking to progress the purchase of replacement PCs and organise short training sessions on Windows 10 and Office 2019 prior to roll out. Aiming for PCs to be purchased and operational by the end of January 2020.

Policy and Finance Committee – Capital Programme 2020/21

Financial system upgrade (Slippage)

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.

Capital Cost:

	£	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
Original Estimate 2020/21	0		
Slippage from 2019/20	8,430		
Total Approved Budget 2020/21	8,430	8,487	-57
Actual Expenditure 2019/20	5,692		
Actual Expenditure 2018/19	32,330		
ANTICIPATED TOTAL SCHEME COST	46,452		

Progress - Budget Holder Comments

September 2020: The main upgrade is substantially complete because the system was upgraded to the web-based version in 2019/20. However, some supplier IT consultant input is still required to complete full scheme implementation. At this stage, it is expected that the further consultant input will be completed before financial year-end.

March 2020: The scheme is substantially complete at year-end, as the system has been upgraded to the web-based version in 2019/20. However, at year-end some supplier IT consultant input was still required to complete full scheme implementation. Slippage of £8,430 will fund the supplier IT consultant input in 2020/21.

Policy and Finance Committee – Capital Programme 2020/21

September 2019: Both versions of the software have been fully upgraded and training completed for finance staff. Other staff will now gradually be moved over to using the Web version of the software.

July 2019: The software upgrade has been completed. Training is to be undertaken at the end of September 2019, with Go Live completion planned for October 2019.

March 2019: A significant amount of work has been completed on the scheme, namely purchase of the software required and initial upgrade and migration work in the test environment. There have been some delays which mean that final testing and the final live upgrade to the web-based version will now be completed in 2019/20. Slippage of £14,120 into the 2019/20 financial year is needed to cover the costs of final testing and the final upgrade to the web-based version of our financial systems.

September/October 2018: The initial upgrade and migration work has been completed in the test environment. Testing is almost complete on the Rich Client version. Once this has been tested and rolled out to users, work will be finalised on moving over to the latest web version of the system, with further consultancy from the software company and testing before go-live. There have been some delays on testing which is likely to push completion to January/February 2019.

August 2018: The upgrade software has been paid for. The IT consultancy input for the web upgrade and conversion part of the scheme, which is required to complete the scheme, will be scheduled in within this financial year.

Policy and Finance Committee – Capital Programme 2020/21

Purchase of land behind Old Row, Barrow (Additional Approval 2020/21)

Service Area: Estates

Submitted by: John Heap

Brief Description of the Scheme:

This scheme is for the purchase of land behind Old Row, Barrow and the possible demolition and removal of garages on the site. The purchase is being made to ensure that the site is secured for future community use, in particular as informal car parking for residents and for parents dropping off and picking up children from Barrow Primary School and as an environmental buffer between existing properties in Barrow and new housing development land. Going forwards the site will be managed by Barrow Parish Council under a licence agreement with the Council.

The scheme was approved by the Emergency Committee on 10 August 2020.

Revenue Implications:

Income – Only minimal licence income from Barrow Parish Council.

Expenditure – None expected.

Timescale for Completion:

2020/21 financial year.

Capital Cost:

	£	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
Original Estimate 2020/21	0		
Additional Approval 2020/21	25,000		
Total Approved Budget 2020/21	25,000	0	25,000
ANTICIPATED TOTAL SCHEME COST	25,000		

Progress – Budget Holder Comments:

September 2020: The purchase of the land was completed in October 2020, at a cost of £20,000. Following on from this, the timing of the demolition and removal of garages work to complete the scheme is still to be confirmed, because it is subject to the licence being negotiated with Barrow Parish Council, who will use the site going forwards. At this stage, it is hoped that the work will be completed in-year, but this will be re-considered when the revised estimate capital programme is presented to members for approval in January 2021.

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 16

meeting date: 17 NOVEMBER 2020
 title: OVERALL REVENUE MONITORING 2020/21
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

4 PURPOSE

4.1 To report the overall revenue position for the current financial year for the half year position up to the end of September 2020.

2 ORIGINAL BUDGET 2020/21

2.1 The original budget agreed for the current year is set out below.

	Original Estimate 2020/21 £
Committee Net Requirements	8,392,090
Capital Charges Adjustment	-985,973
Committee Expenditure After Adjustments	7,406,117
Other Items - Interest Payable	6,020
- Interest on balances	-75,000
- New Homes Bonus	-1,758,302
- Rural Services Delivery Grant	-107,921
- Retained Business Rates Income	-447,301
- Renewable Energy Business Rates	-96,180
- Section 31 Grant for Business Rates	-1,252,043
- 10% of Retained Levy – Payable to LCC under Pooling Arrangements	67,385
- Share of Business Rates Surplus on Collection Fund	-252,894
- Contingency for Refuse Vehicle Repairs and Maintenance	50,000
- Contingency for Edisford Car Park Extension Feasibility Study	10,000
Expenditure After Other Items	3,549,881
Less Added to/(taken from) Earmarked Reserves	
Elections	30,000
Building Control Fee Earning	-16,150
Food Festival Reserve	-5,460
Amenity Cleansing Reserve	-4,920
Community Safety	-14,340

	Original Estimate 2020/21 £
Refuse Collection Reserve	-8,910
Revaluation Reserve	2,190
Government Housing Grants Reserve	-36,320
Post LSVT Pensions Reserve	-36,512
New Homes Bonus Reserve	653,302
Pensions Triennial Revaluation Reserve	38,700
Business Rates Growth Reserve	1,105,519
Taken from Revenue Balances	-142,812
Net Expenditure	5,114,168

3 ADDITIONAL REVENUE ITEMS

Licensing Arrangements for Microsoft Products

- 3.1 An additional item was approved in to the council's budget in respect of the council's Microsoft licencing arrangements, which also included a move to Microsoft 365 – this was to be funded from Business Rates Growth Earmarked Reserve. A budget of £21,390 was added for the year

	Original Estimate 2020/21 £	Additional Revenue Item £	Restated Original Estimate 2020/21 £
Committee Net Requirements	8,392,090	21,390	8,413,480
Capital Charges Adjustment	-985,973		-985,973
Committee Expenditure After Adjustments	7,406,117	21,390	7,427,507
Other Items	-3,856,236		-3,856,236
Expenditure After Other Items	3,549,881	21,390	3,571,271
Less Added to/(taken from) Earmarked Reserves	1,707,099	-21,390	1,685,709
To be Taken from Balances	-142,812		-142,812
Net Expenditure	5,114,168	0	5,114,168

4 BUDGET VARIANCES

- 4.1 Our budget monitoring to service committees focuses on the value shown above against Committee Net Requirements of £8,413,480.
- 4.2 Within this report, this amount is broken down subjectively and monitored against the profiled budget up to the end of September 2020. As at this date, there shows an overspend/under recovery of income of £396,060.
- 4.3 It is important to note that the various grants that have been received from the government, the various grant support payments that the council have paid out, and the other directly associated Covid-19 expenditure is excluded from this monitoring statement. This report provides details of the financial position for our normal activities. However, as you will see there are repercussions from the Covid-19 pandemic across our services.
- 4.4 The full position is shown at Annex 1. For any variances above £10,000 at the high level shown at Annex 1 (items highlighted in yellow) the details with reasons are given over the following pages. Favourable variances are shown as negative values.

Description	Amount £	Variance Reasons
Employee Related Expenditure - Direct Employee Expenses	-165,952	<p>There have been sizeable underspends on direct employee costs on Community Services Committee (-£68,234), Planning and Development Committee (-£38,661) and Policy and Finance Committee (-£27,975).</p> <p>When budgets are set, an allowance of 4% of full establishment costs is made within the budget for temporary vacancies caused by staff turnover, however the variance shown is above this.</p> <p>Variances have largely fallen in the following areas: Ribblesdale Pool, Ground Maintenance, Community Services Department, Chief Executives Department, Resources Department, Economic Development and Planning Department.</p> <p>Some vacancies reflect general difficulties in recruiting, whilst others are also attributable to the pandemic and consequential difficulties in recruiting, or the purposeful holding of posts as vacant as facilities have been closed to the public.</p> <p>On the refuse collection service there have been increased costs due to the hiring of additional staff to cover for staff absence as a result of the pandemic, allowing the vital service to continue to be provided.</p>
Employee Related Expenditure – Indirect Employee Expenses	-17,788	<p>The variance is largely due to reduced spending on corporate training, as a direct consequence of the pandemic. Other professional qualification training has continued to be provided remotely by providers and more recently at the premises of providers, and so has been unaffected.</p>
Premises Related Expenditure – Energy Costs	-17,814	<p>This underspend is largely due to the temporary closure of various facilities because of Covid-19 restrictions.</p>

Description	Amount £	Variance Reasons
Premises Related Expenditure – Grounds Maintenance Costs	-35,007	Sitting under Community Services Committee, this variance is due to a reduction in time spent working on Ribble Valley Parks (£32k) by the Grounds Maintenance Team due to fewer hours worked because of self-isolation and a vacant post.
Premises Related Expenditure - Repairs and Maintenance	55,075	<p>Under Policy and Finance Committee, funds were set aside in an earmarked reserve at the end of the 2018/19 financial year to fund the cost of redecorating the council offices during 2019/20. Due to delays, the work was not started until the current year, an external company has now been engaged which has caused a variance of £28k in the current financial year. Funds set aside will be brought into the budget at revised estimate. The remaining variance under this committee is mainly due to repairs and maintenance overspends within the council offices (£3k) and estates (£4k) budgets. Repairs and maintenance budgets are managed and reviewed at a corporate level and funds will be diverted from other areas if necessary as the year progresses.</p> <p>For Health and Housing Committee, this is mainly due to higher repairs spend at three sites - Joiners Arms (£7k) (re-decoration), Clitheroe Market (£4k) (five yearly electrical testing all done this year and other repairs), Clitheroe Cemetery (£3k) (new roller shutter door installation and other repairs). Less repairs work is likely to be undertaken on these sites later in the year (urgent repairs permitting) as part of managing the Council's overall repairs budgets across all Council sites.</p>
Premises Related Expenditure – Water Services	-13,837	This variance largely falls under Community Services Committee and comprises small amounts across numerous cost centres as invoices from WaterPlus have not been received since 12 July. The variance should hopefully reduce once the invoicing by the supplier is brought up to date.
Transport Related Expenditure – Car Allowances and Travel Expenses	-11,428	There has been a general decrease in mileage and other travel costs across all service areas due to the Covid-19 restrictions, resulting in the underspend seen here.

Description	Amount £	Variance Reasons
Transport Related Expenditure – Contract Hire and Leases	-11,820	The underspend seen here is mainly under Community Services committee and in respect of savings on hire of plant at Clitheroe Food Festival not being required due to the cancellation caused by Covid-19 restrictions on gatherings.
Transport Related Expenditure - Direct Transport Costs	73,790	This variance is under Community Services Committee and mainly relates to repairs to date being higher than estimated for refuse collection vehicles (£114k) partly due to staffing problems experienced at the vehicle workshop where it has been necessary to use external companies to carry out repairs and also the requirement for vehicle hire whilst the vehicles are off road being repaired. Partly offsetting this are underspends on diesel for refuse collection vehicles (-£16k), repairs and maintenance by outside firms for grounds maintenance vehicle (-£10k) and repairs and maintenance for works admin vehicles (-6k)
Transport Related Expenditure – Transport Insurances	-23,484	There has been a delay in the invoicing for Vehicle Insurance by the company that provides the council’s insurance cover. This is expected to be rectified in the coming months
Supplies and Services – Communications and Computing	-34,251	<p>This variance largely falls under Policy and Finance Committee. The Cabinet Office have introduced changes to the annual canvass process from this financial year. Household property data is now securely matched with central government information prior to the posting of Household Enquiry Forms. Where data agrees it is not necessary to post reminders. The data matching exercise has delayed the initial posting out of the forms (and subsequent costs of royal mail response services) creating an underspend of £10k on postage costs to the end of September within the Register of Electors cost centre.</p> <p>A further underspend has been caused by a delay to implementing the modgov committee software system which has resulted in a variance to software maintenance costs of £8k. The remaining variance is made up of smaller underspends mainly within the Resources department and computer services section. Budgets will be reviewed at revised estimate.</p>

Description	Amount £	Variance Reasons
Supplies and Services – Equipment, Furniture and Materials	20,125	This variance is in respect of Economic Development Committee is in respect of the implementation of temporary traffic diversion measures in Clitheroe and Longridge town centres in respect of Covid19 £19,748. It is hoped that this will be funded from the Reopening of High Streets Safely Fund.
Supplies and Services – Expenses	-29,588	There has been an underspend on conference expenses of £4k within the committee as conferences were cancelled due to Covid-19. There has also been an underspend of £19k within the Civic Functions cost centre for expenses, mainly following cancellation of annual council (£3k), reduction in expenses relating to functions (food, drink and general expenditures £3k) and the mayoral and deputy mayoral allowances (£10k). The Cost of Democracy cost centre has lower expenditure than estimated in respect of basic and special responsibilities (£1.5k), there has been a reduction to the value of expenses claims for travel and subsistence (£2k) and reduced expenditure on council meeting expenses (£1k).
Supplies and Services – Miscellaneous Expenses	-26,298	The major part of this variance, under Community Services Committee, comprises -£17,745 in respect of Clitheroe Food Festival which was cancelled due to Covid-19 restrictions and -£7,942 in respect of crime reduction related promotional activities where fewer projects are being carried out.
Supplies and Services – Printing and Stationery Expenses	-20,719	The majority of this variance is due to lower direct expenditure on printing and stationery than allowed for within the budget for this committee. Of this, £6k falls within the electoral registration cost centre following delays to the annual canvass as a result of changes introduced from the Cabinet Office which meant that household enquiry forms were printed later than usual.

Description	Amount £	Variance Reasons
Supplies and Services – Services	-143,926	<p>The vast majority of this (-£95k) is due to an underspend on the Local Plan (LPLAN).</p> <p>Work on the local plan has been delayed as a result of the diversion of staff resources to the Covid-19 response. The Pandemic has also introduced delays in working with suppliers to progress commissioning. A key piece of work for this year is the commissioning of the Sustainability Consultancy which was due to be commissioned at the end of August. This commission has been held due to the government publishing its proposals to reform the planning system the implications of which need to be considered in terms of overall time-frames and avoiding the risk of undertaking abortive work for the local plan.</p> <p>A report was submitted to Special Planning and Development Committee in September 2020 outlining a proposed response to the consultation on the Planning White Paper ' Planning for the Future ' and summarising the impact that the government proposals will have on the local plan. The issue is to be discussed by the Local Plan Working Group prior to a further report being considered by Planning and Development Committee on the Local Plan Programme.</p> <p>Further variances here are seen under Health and Housing Committee and relate to Homelessness Temporary Accommodation (-£5k) as most of the homelessness costs have been Covid-19 related and have therefore been charged to the Covid-19 response cost centres rather than to the committee, resulting in underspends here. Additionally, there have been underspends in respect of water sampling (£8k) as no private water supply sample work has been undertaken for the year to date and so no lab test costs have been incurred to date, due to Drinking Water Inspectorate current guidance on work under Covid-19.</p> <p>Under Community Services Committee there have also been underspends here in respect of trade refuse tipping charges (£21k) as there has been a decrease in the waste tonnage collected due to a reduction in the demand for the trade refuse collection service caused by Covid-19.</p>

Description	Amount £	Variance Reasons
Transfer Payments - Benefit Payments	227,747	<p>Rent Allowance payments are 8.4% higher than budgeted for, after adjusting for recovery of benefits overpayments and non-cash transactions. The main reasons for this are:</p> <ul style="list-style-type: none"> - Increased payments to eligible claimants in-year as a result of Covid-19, in areas such as increased benefit rates for additional earnings disregard and Local Housing Allowance. - We budgeted for Rent Allowance caseload to reduce and associated payments to reduce by 10% in 2020/21, mainly due to the on-going caseload migration from Housing Benefits to Universal Credit in Ribble Valley. The caseload reduction impact on actual payments to date in 2020/21 is less than budgeted for. <p>Any higher Rent Allowance payments for the year as a whole will be reflected in more Rent Allowance subsidy grant income received at year-end from the DWP, as payments for the full year are broadly funded by subsidy grant received at year-end. As a result, there is unlikely to be a significant net overspend at year-end.</p>
Government Grants	-89,231	<p>The majority of this variance falls under Health and Housing Committee. The main reasons are increased income from the following grants and funding allocations to date:</p> <ul style="list-style-type: none"> • £40,000, Flexible Homelessness Support Grant income from MHCLG. Not budgeted for because the Council was not notified of the grant allocation until after the original estimate budget was set. • £23,448, Actual Rent Allowance subsidy grant income is higher than budgeted for the year to date. This is because the DWP have started to pay increased monthly grant payments to cover some of the additional costs that Council's will incur from increased Local Housing Allowance benefit rates in 2020/21. Rent Allowance subsidy grant received at year-end will be updated to broadly reflect the actual Rent Allowance payments for the year as a whole. As a result, there is unlikely to be a significant over-recovery of income at year-end. • £13,393, Homelessness Reduction Act funding from MHCLG. Not budgeted for because the Council was not notified of the funding allocated until after the original estimate budget was set. • £8,538, The actual and budget figures to date reflect 1/3rd of the full year Discretionary Housing Payments grant income to be received. The full-year allocation from DWP is £63,325, which is £25,615 higher than the amount budgeted for. This is because the full-year allocation was notified to the Council after the original estimate budget was set. This grant funds additional discretionary housing benefits spend in-year by the Council. Thus, there will be no significant over-recovery of income at year-end.

Description	Amount £	Variance Reasons
Other Grants, Reimbursements and Contributions	-31,929	<p>The majority of this variance (-£49k) is in respect of Planning and Development Committee and is the result of a release of section 106 monies to be used for the primrose lodge capital scheme. An associated movement in reserve will transfer these funds to the capital reserve to finance final capital expenditure on the scheme that has occurred during the 2020/21 financial year.</p> <p>Partly offsetting the above variance is £11k of additional income under Health and Housing committee which relates to the recovery of benefit overpayments in year under Health and Housing Committee.</p>
Customer and Client Receipts	704,092	<p>Planning income has been impacted by the coronavirus pandemic and subsequent slowdown in the economy which has resulted in a significant variance to the amount of income received for the April to September period. Income from planning fees is lower than the estimate by £135k and pre-application advice income is lower by £8k. In September, Central Government launched the Local Government income compensation scheme for lost income from sales, fees and charges as a result of COVID-19. The grant is payable at 75% of lost income (net of the first 5% of the budget and any associated expenditure underspends). The first claim for lost planning income for the April - July period which was submitted at the end of September will partly offset this variance when the grant payment is received.</p> <p>Under Policy and Finance Committee, income has been impacted by the coronavirus, particularly in respect of the land charges (£5k), taxi licenses (£5k) and event licenses (£3k) income streams. In September, Central Government launched the Local Government income compensation scheme for lost income from sales, fees and charges as a result of Covid-19. The grant will be payable at 75% of lost income (net of the first 5% of the budget and any associated expenditure underspends). The first claim for lost income for the April - July period which was submitted at the end of September will partly offset this variance when the grant payment is received.</p> <p>For Community Services Committee, the variance is again mainly due to the consequences of Covid-19. The main areas to have been impacted are lost income at the pool due to its temporary closure and reduced demand on reopening of £230,088, suspension of charging at pay and display car parks and reduced demand £153,625 and trade refuse collection £82,294 where there have been many suspensions of the service due to the compulsory closure of non-essential businesses during the lockdown. Also included in the variance is £26,331 relating to the Castle museum and its temporary closure along with reduced visitor numbers on reopening, £20,200 lost income due to the cancellation of Clitheroe food festival and £13,510 lost income at Edisford 3G facility during the temporary closure.</p>

5 CONCLUSION

- 5.1 There is an overall overspend variance to the end of September 2020 of £396,060.
- 5.2 The various grants that have received from the government, the various grant support payments that the council have paid out, and the other directly associated Covid-19 expenditure is excluded from this monitoring statement. This report provides details of the financial position for our normal activities.
- 5.3 Income generating services have been particularly hit, and there is funding expected from the government to help support our financial position in some of these service areas.
- 5.4 The report provides a half year position for the council, however there is great uncertainty regarding the rest of the financial year and the impact of the Covid-19 pandemic.
- 5.5 The overspend on refuse collection vehicle repairs and maintenance continues to be an area of concern in addition to the pressures from Covid-19

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF38-20/LO/AC
9 November 2020

ANNEX 1

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Original 2019/20	Original Estimate to Period End	Actual and Commitments to Period End	Variance at Period End*	Percentage Variance for the Period
Variances of more than £10,000 have been highlighted and examined in the body of the report						
EXPENDITURE						
Employee Related Expenditure	Direct Employee Expenses	6,690,250	3,383,541	3,217,589	-165,952	-4.90%
	Indirect Employee Expenses	187,020	49,346	31,558	-17,788	-36.05%
Employee Related Expenditure	Subtotal	6,877,270	3,432,887	3,249,147	-183,740	-5.35%
Premises Related Expenditure	Apportionment of Operational Building Expenses	172,060	-94	760	854	-908.51%
	Business Rates	285,940	232,101	231,289	-812	-0.35%
	Cleaning & Domestic Supplies	215,370	43,483	50,002	6,519	14.99%
	Energy Costs	174,280	70,868	53,054	-17,814	-25.14%
	Fixtures & Fittings	410	222	230	8	3.78%
	Grounds Maintenance Costs	534,000	267,882	232,875	-35,007	-13.07%
	Premises Insurance	34,750	4,462	0	-4,462	-100.00%
	Rates	2,670	1,927	1,472	-455	-23.62%
	Rents	52,310	37,809	32,489	-5,320	-14.07%
	Repairs & Maintenance	261,870	148,818	203,893	55,075	37.01%
	Water Services	102,030	63,005	49,168	-13,837	-21.96%
	Premises Related Expenditure	Subtotal	1,835,690	870,483	855,233	-15,250
Transport Related Expenditure	Car Allowances & Travel Expenses	43,760	22,454	11,026	-11,428	-50.89%
	Contract Hire and Leases	215,220	92,819	80,999	-11,820	-12.73%
	Direct Transport Costs	577,340	290,850	364,640	73,790	25.37%
	Public Transport	3,130	1,440	0	-1,440	-100.00%
	Transport Insurances	42,660	23,484	0	-23,484	-100.00%
	Transport Recharges	919,270	942	0	-942	-100.00%
Transport Related Expenditure	Subtotal	1,801,380	431,989	456,665	24,676	5.71%
Supplies and Services	Clothes, Uniform & Laundry	24,240	11,750	8,069	-3,681	-31.33%
	Communications & Computing	493,700	369,328	335,077	-34,251	-9.27%
	Equipment, Furniture & Materials	293,000	158,132	178,257	20,125	12.73%

ANNEX 1

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Original 2019/20	Original Estimate to Period End	Actual and Commitments to Period End	Variance at Period End*	Percentage Variance for the Period
	Expenses	274,100	145,788	116,200	-29,588	-20.30%
	Grants & Subscriptions	67,190	38,296	34,455	-3,841	-10.03%
	Miscellaneous Expenses	168,770	79,022	52,724	-26,298	-33.28%
	Printing, Stationery, Expenses	90,000	47,197	26,478	-20,719	-43.90%
	Services	547,700	203,433	59,507	-143,926	-70.75%
Supplies and Services	Subtotal	1,958,700	1,052,946	810,766	-242,180	-23.00%
Third Party Payments	Government Departments	5,340	2,674	0	-2,674	-100.00%
	Other Local Authorities	247,470	26,607	24,700	-1,907	-7.17%
	Private Contractors	137,990	61,978	62,061	83	0.13%
Third Party Payments	Subtotal	390,800	91,259	86,761	-4,498	-4.93%
Transfer Payments	Benefit Payments	5,228,320	2,828,744	3,056,491	227,747	8.05%
	Grant Payments	265,190	127,593	125,939	-1,654	-1.30%
Transfer Payments	Subtotal	5,493,510	2,956,337	3,182,430	226,093	7.65%
Support Services	Central Departmental Support	4,322,450	334	0	-334	-100.00%
	Departmental Support	2,222,430	732	0	-732	-100.00%
	Other Recharges	327,150	0	0	0	-
Support Services	Subtotal	6,872,030	1,066	0	-1,066	-100.00%
Depreciation and Impairment	Depreciation	1,099,620	0	0	0	-
Depreciation and Impairment	Subtotal	1,099,620	0	0	0	-
TOTAL Expenditure		26,329,000	8,836,967	8,641,002	-195,965	-2.22%

		Original 2019/20	Original Estimate to Period End	Actual and Commitments to Period End	Variance at Period End*	Percentage Variance for the Period
Government Grants	Government Grants	-5,406,660	-2,690,013	-2,779,244	-89,231	3.32%
Government Grants	Subtotal	-5,406,660	-2,690,013	-2,779,244	-89,231	3.32%
Other Grants, Reimbursements, Contributions	Other Grants, Reimbursements, Contributions	-144,370	-208,969	-240,898	-31,929	15.28%
Other Grants, Reimbursements, Contributions	Subtotal	-144,370	-208,969	-240,898	-31,929	15.28%

ANNEX 1

SUBJECTIVE ANALYSIS OF ALL COMMITTEE BUDGETS AND ACTUALS

		Original 2019/20	Original Estimate to Period End	Actual and Commitments to Period End	Variance at Period End*	Percentage Variance for the Period
Customer & Client Receipts	Customer & Client Receipts	-3,293,030	-1,962,819	-1,258,727	704,092	-35.87%
Customer & Client Receipts	Subtotal	-3,293,030	-1,962,819	-1,258,727	704,092	-35.87%
Oncosts and Recharges	Oncosts and Recharges	-9,071,180	-486,752	-477,662	9,090	-1.87%
Oncosts and Recharges	Subtotal	-9,071,180	-486,752	-477,662	9,090	-1.87%
Interest	Interest	-280	0	0	0	-
Interest	Subtotal	-280	0	0	0	-
TOTAL Income		-17,915,520	-5,348,553	-4,756,532	592,021	-11.07%

	NET EXPENDITURE	8,413,480	3,488,414	3,884,470	396,056	11.35%
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* Variances of more than £10,000 are highlighted in yellow above and are reported in more detail in the body of the report.

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

INFORMATION

Agenda Item No 16

meeting date: 17 NOVEMBER 2020
title: OVERALL CAPITAL MONITORING 2020/21
submitted by: DIRECTOR OF RESOURCES
principal author: ANDREW COOK

1 PURPOSE

1.1 To provide Committee with information relating to the progress of the Council's approved capital programme for the period to the end of September 2020.

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.
- Other considerations - none identified.

2 2020/21 CAPITAL PROGRAMME BACKGROUND

2.1 Eighteen capital schemes for this Committee's original estimate budget, totalling £2,455,140, were approved by the Special Policy and Finance Committee and Full Council at their meetings in February 2020 and March 2020 respectively. This included nine 2019/20 schemes where budget had been moved from the 2019/20 capital programme to the 2020/21 capital programme.

2.2 In addition, the following amendments have been made to the capital programme in-year so far:

- There were sixteen 2019/20 capital schemes that were not completed by 31 March 2020 and had unspent budget available at that date. The total unspent budget on these schemes was £774,410 and this is known as slippage. This slippage has been transferred into the 2020/21 capital programme budget, after slippage requests from the budget holders were agreed by the Director of Resources.
- Additional budget approvals, totalling £157,550, have been approved on three capital schemes so far in 2020/21.

2.3 As a result of the above, the total approved budget for the 2020/21 overall capital programme of twenty-nine schemes is £3,387,100.

2.4 In addition to the approved schemes, one scheme has been added to the 2020/21 capital programme at short notice in order to purchase a replacement for a toilet van that was written off in a crash. No formal budget has been set for the scheme at this stage, but retrospective approval will be sought from members when the revised estimate capital programme is presented for approval in January 2021.

3 CAPITAL MONITORING 2020/21

3.1 The table overleaf summarises the overall capital programme by committee, showing the total approved budget, actual expenditure and remaining budget as at the end of September 2020. Annex 1 shows the overall capital programme by scheme, including budget, actual expenditure and remaining budget as at the end of September 2020.

Committee	Original Estimate 2020/21 £	Budget Moved from 2019/20 £	Slippage from 2019/20 £	Additional Approvals 2020/21 £	Total Approved Budget 2020/21 £	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
Community Services	1,555,120	58,880	13,360	0	1,627,360	265,292	-1,362,068
Planning and Development	0	40,920	48,680	0	89,600	61,862	-27,738
Policy and Finance	95,800	108,730	33,480	25,000	263,010	116,708	-146,302
Health and Housing	397,000	116,940	658,890	132,550	1,305,380	315,471	-989,909
Economic Development	0	81,750	20,000	0	101,750	0	-101,750
OVERALL TOTAL	2,047,920	407,220	774,410	157,550	3,387,100	759,333	-2,627,767

3.2 At the end of September 2020 £759,333 had been spent or committed. This is 22.4% of the overall capital programme budget for 2020/21.

3.3 Two schemes have been completed already. Based on the review of progress on each of the remaining twenty-eight schemes, at this stage:

- eighteen schemes are currently on-track to be completed in-year
- four schemes will not be started in-year and the budgets will be moved to 2021/22
- four schemes are likely to be in progress but not completed at year-end and the remaining budgets will be moved to 2021/22; and
- two schemes are on-going Housing grants schemes.

3.4 Progress on the schemes with the largest remaining budgets is as follows:

- **Play Area Improvements 2020/21 (-£40,000) and Play Area Improvements 2019/20 (-£29,094):** It was estimated that £12,000 of the 2020/21 play areas budget plus the £28,000 play areas budget moved from 2019/20 in January 2020 was to be spent on a large refurbishment scheme at Kestor Lane play area in Longridge in 2020/21. However, at this stage it is expected the work will need to be moved to 2021/22, because the companies we would seek quotes from are still not operating at full capacity due to Covid-19 and staff furlough. This means getting meaningful quotes from them and then arranging work before the winter period cannot be guaranteed and carrying out groundworks over the winter period is not satisfactory for large play installations.

Given the above, approval will be sought from members to move the full Play Area Improvements 2020/21 budget of £40,000 into 2021/22 to fund the Kestor Lane scheme when the revised estimate capital programme is presented for approval in January 2021.

After taking out the £40,000 budget set aside for Kestor Lane, there was still £30,830 available from the Play Area Improvements 2019/20 budget for other improvement works in 2020/21. At the end of September 2020 £1,736 has been spent so far in 2020/21 on routine improvement works at play areas plus time input from the Amenity Cleansing Manager. Further work in-year will be focussed on routine improvement works, based on officer and/or insurance condition surveys, and some enhanced improvement works. These are being planned currently.

- **Replacement of Refuse Wheelie Bins (-£13,000):** Replacement bins have been purchased throughout the financial year. The spend covered by the capital budget will be completed before the financial year-end.
- **Installation of a Second Parking Deck on Chester Avenue Car Park (-£1,230,000):** At this stage, officers are considering two options for additional parking, those being Chester Avenue car park and another site in Clitheroe that officers are negotiating with the site owners. Negotiations on the second site were stalled by Covid-19 and officers are currently attempting to re-start these. Once some form of agreement is reached on the second site a feasibility study will be carried out on both sites and submitted to Policy and Finance Committee for consideration before any capital works are planned.

Given the above, this scheme is not likely to take place in 2020/21 so the scheme budget will be moved to 2021/22 when the revised estimate capital programme is presented for approval in January 2021.

NOTE - This scheme was included in the capital programme on the basis that a feasibility study is undertaken and reported to Policy and Finance Committee for further consideration before the capital scheme can go ahead.

- **Replacement of Pickup Ford Ranger PK60 HKN (-£20,120):** Quotes are currently being obtained for the replacement vehicle and the additional fittings required. It is likely that the vehicle will be ordered by November 2020. Completion within the financial year will then be dependent on supplier delivery timescales.
- **Edisford Sports Complex (-£32,860):** Payments so far in 2020/21 have been for WIFI and communications installation for the new building, which is now complete. The final payments to be made on the scheme relate to some final work and the final retention payment on the main contract, which is twelve months after substantial completion, plus some surveyors time charges. It is expected that these final payments will be made in October 2020 now that the final works have been completed by the contractor.

NOTE - The latest estimate for 2020/21 costs is £39,293, which will mean there is an estimated overspend of £5,963 on the overall scheme budget. This overspend is due to additional spend in 2019/20 for water connection works and additional WIFI/IT and equipment for the new building. This overspend is only 0.4% of the overall scheme budget. This additional expenditure is required to complete the scheme and formal budget approval will be sought from members when the revised estimate capital programme is presented for approval in January 2021.

- **Introduction of Planning Portal Link to the Planning Application System and Planning System Update (-£26,420):** The planning portal link has been installed and configured previously. The planning system update element of the scheme was previously put on-hold awaiting the outcome of the planned wider process review in the Planning section. That planned wider process review has not taken place yet because of Covid-19 issues since Spring 2020.

It is hoped that the wider process review can commence in early 2021, Covid-19 permitting. Given this, the planning system update element of this scheme will not be undertaken in 2020/21 and approval will be sought from members to move the remaining scheme budget into 2021/22 when the revised estimate capital programme is presented for approval in January 2021.

- **Dewhurst Road, Langho – Resurfacing Works (-£65,800):** The tender specification will be drawn up after additional pre-tender works are completed on the site to enable the site to be clear from flooding for the main resurfacing works to take place. The additional pre-tender works of £6,000, which will be undertaken in year, were not included in the original capital scheme specification. These additional costs will be picked up as part of the process of setting the revised capital programme.

The main resurfacing works will not now take place in 2020/21, due to waiting on the pre-tender works and the timescales involved in the specification and tender process, so the original scheme budget of £65,800 will be moved to 2021/22 when the revised estimate capital programme is presented for approval in January 2021.

- **Network Infrastructure (-£30,000):** There has been no progress to date on this scheme because ICT staff resources have been focussed on supporting the Council's Covid-19 response and new ways of working since the end of March 2020. At this stage, it is expected that the scheme will not be completed in 2020/21 and will likely be moved to 2021/22 when the revised estimate capital programme is presented for approval in January 2021.
- **Re-Design of Corporate Website (-£12,000):** The website refresh work is in progress and officers are currently working with the current website provider on evaluating website designs and layouts and undertaking accessibility legislation compliance work. At this stage, it is expected that the refresh will be completed before financial year-end and within the budget set.
- **Purchase of Land Behind Old Row, Barrow (-£25,000):** The purchase of the land was completed in October 2020, at a cost of £20,000. Following on from this, the timing of the demolition and removal of garages work to complete the scheme is still to be confirmed, because it is subject to the licence being negotiated with Barrow Parish Council, who will use the site going forwards. At this stage, it is hoped that the work will be completed in-year, but this will be re-considered when the revised estimate capital programme is presented to members for approval in January 2021.
- **Disabled Facilities Grants (-£609,177):** Committed expenditure at the end of September 2020 was based on twenty-three schemes approved in previous years and sixteen schemes approved so far in 2020/21. In addition to this, there were a further twenty-one applications working towards approval, ten currently approved schemes where additional approval may be required to fund further work now identified and there are seventeen referrals from Occupational Therapists that may become formal applications in the near future. Further referrals and applications are expected in-year.

The number of schemes approved and completed so far in 2020/21 has been significantly reduced because non-urgent DFGs related works, occupational therapy assessments and technical assessments were put on-hold due to Covid-19 from late March 2020 onwards (the grant recipients are in the most vulnerable categories of people).

From June 2020, there has been some increase in DFGs work, mainly on minor adaptations and urgent high priority cases where possible, as lockdown restrictions are gradually eased. However, the rate of increase in DFGs work and grant payments made is only expected to be gradual for the foreseeable future, because many vulnerable clients may still be shielding, social distancing rules may not allow contractors to work in houses still occupied and there may be contractor and technical officer capacity issues.

At this stage, there is no certainty that the scheme budget will be fully committed by year-end. Any unspent budget at year-end will be rolled forward as slippage into 2021/22 because this scheme is financed by ring-fenced DFGs grant income from MHCLG and Onward Homes.

- **Landlord/Tenant Grants (-£142,976):** Committed expenditure at the end of September 2020 was based on two schemes approved in 2019/20. Of the two schemes approved, one has been completed and paid in 2020/21 and works are in progress on the other. No additional schemes have been approved so far in 2020/21, mainly as a result of Covid-19, meaning many landlords not bidding for renovations funding. Housing officers will continue to promote the scheme where possible for the rest of 2020/21.
- **Clitheroe Market Improvements (-£78,607):** The work on the initial phase of market improvements is now complete, save for the removal of stalls in the bull-ring and purchase of pop-up stalls element of work being put on-hold. This is because the removal of stalls in the bull-ring is being reconsidered following a recent increase in trader demand for stalls.

The unspent budget from this initial phase of works, £21,607, is to be added to the budget of £57,000 already set aside for a further phase of market improvements. The plans for this further phase, including the way forward for the bull-ring stalls, will be worked up by officers in early 2021. This will allow for consultation with the market traders following the busy Christmas period and the plans will be reported to a future meeting of the Health and Housing Committee for approval before work commences. Given this, the further phase of works will not be undertaken in 2020/21 and approval will be sought from members to move the remaining scheme budget into 2021/22 when the revised estimate capital programme is presented for approval in January 2021.

- **Chipping Community Housing Grant (-£157,530):** Completion of the purchase of the affordable rent properties by Chipping Community Land Trust was delayed due to delays in the developer completing the building works. However, building works are now complete, so the purchase of all four properties by the Land Trust and payment of the grant by the Council took place towards the end of October 2020.
- **Economic Development Initiatives (-£81,750):** There are no current schemes in progress which are likely to be funded from this economic development capital pot. Therefore, at this stage there is the possibility that not all of the budget will be committed by year-end. Officers will consider whether any of the scheme budget will be moved to 2021/22 when the revised estimate capital programme is presented for approval in January 2021.
- **Gateway Signs for Whalley, Longridge and Clitheroe (-£20,000):** No spend to date on this scheme. As reported to members in January 2020, the budget will be used to fund the installation of two new welcome signs and replacement of a damaged sign at Simonstone. At this stage, it is expected that installation will be completed within this financial year, but this is subject to gaining the required permissions from Lancashire County Council and supplier delivery timescales.

3.5 In addition to the above, the following issues should also be noted:

- **Replacement of Works Vehicle (Toilet Van) YP66 PZF (+£12,711):** The scheme is currently showing an overspend of £12,711 because the scheme was added to the 2020/21 capital programme at short notice in order to purchase a replacement for a toilet van that was written off in a crash. Formal budget approval will be sought from members when the revised estimate capital programme is presented for approval in January 2021. At this stage, the estimated final cost is likely to be in the region of £14,600.
- **Longridge Affordable Housing Scheme (-£1,619):** Some final refurbishment items on the second property have now been identified in conjunction with the registered provider's surveyors. These items need to be costed up and it is possible that the final refurbishment costs will be higher than the remaining budget. If so, these will be agreed with senior officers. Housing officers suggest that any additional budget is funded by transfer of budget from the Landlord/Tenant Grants scheme to the Longridge Affordable Housing Scheme in-year and formal budget approval will be sought from members when the revised estimate capital programme is presented for approval in January 2021.
- **Clitheroe Affordable Housing Scheme (-£0):** This is a new scheme which will be added to the 2020/21 capital programme if it is approved by Policy and Finance Committee (*see reference to committee elsewhere on the agenda*). The scheme was approved for referral to Policy and Finance Committee by Health and Housing Committee on 1 October 2020. The scheme budget of £140,840 is for the purchase and refurbishment of one property in Clitheroe, utilising commuted sum monies, to be rented out as an affordable rental unit.

4 CONCLUSION

4.1 At the end of September 2020 £759,333 had been spent or committed. This is 22.4% of the overall capital programme budget for 2020/21.

4.2 Two schemes have been completed already. Based on the review of progress on each of the remaining twenty-eight schemes, at this stage:

- eighteen schemes are currently on-track to be completed in-year
- four schemes will not be started in-year and the budgets will be moved to 2021/22
- four schemes are likely to be in progress but not completed at year-end and the remaining budgets will be moved to 2021/22; and
- two schemes are on-going Housing grants schemes.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF25-20/AC/AC
30 October 2020

For further background information please ask for Andrew Cook.
BACKGROUND PAPERS – None

Overall Capital Programme 2020/21

Cost Centre	Scheme	Original Estimate 2020/21 £	Budget Moved from 2019/20 £	Slippage from 2019/20 £	Additional Approvals 2020/21 £	Total Approved Budget 2020/21 £	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
	Community Services Committee							
PLAYU	Play Area Improvements 20/21	40,000				40,000	0	-40,000
PLAYT	Play Area Improvements 19/20		28,000	2,830		30,830	1,736	-29,094
REPWB	Replacement of Refuse Wheelie Bins	13,000				13,000	0	-13,000
PDECK	Installation of a Second Parking Deck on Chester Avenue Car Park	1,230,000				1,230,000	0	-1,230,000
RVKYK	Replacement of Refuse Collection Vehicle VN12 KYK	232,000				232,000	229,820	-2,180
WVHKN	Replacement of Pickup Ford Ranger PK60 HKN	20,120				20,120	0	-20,120
GVWUC	Replacement of High Top Transit Van PJ63 WUC	20,000				20,000	19,661	-339
ESCPX	Edisford Sports Complex		30,880	2,450		33,330	470	-32,860
RCCTV	Replacement of CCTV System			4,840		4,840	0	-4,840
AABED	Automatic Access Barrier - Edisford River Bank			1,740		1,740	894	-846
CPPAY	Off-street car parks - Update of payment systems			1,500		1,500	0	-1,500
WPZFV	Replacement of Works Vehicle (Toilet Van) YP66 PZF					0	12,711	12,711
	Total Community Services Committee	1,555,120	58,880	13,360	0	1,627,360	265,292	-1,362,068
	Planning & Development Committee							
PLOTT	Replacement of Plotter/Copier in the Planning Section		14,500			14,500	13,190	-1,310
PLANN	Introduction of planning portal link to the planning application system and planning system update		26,420			26,420	0	-26,420
PRMLG	Primrose Lodge Blue and Greenway Project			48,680		48,680	48,672	-8
	Total Planning & Development Committee	0	40,920	48,680	0	89,600	61,862	-27,738

Overall Capital Programme 2020/21

Cost Centre	Scheme	Original Estimate 2020/21 £	Budget Moved from 2019/20 £	Slippage from 2019/20 £	Additional Approvals 2020/21 £	Total Approved Budget 2020/21 £	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
	Policy & Finance Committee							
DHRST	Dewhurst Road, Langho - Resurfacing Works	65,800				65,800	0	-65,800
NTWRK	Network Infrastructure	30,000				30,000	0	-30,000
COWEB	Re-design of Corporate Website		30,000			30,000	18,000	-12,000
COLFT	Lift replacement at Council Offices		78,730	2,700		81,430	75,471	-5,959
COADM	Committee Administration IT System			12,350		12,350	4,750	-7,600
REPPC	Replacement PCs			10,000		10,000	10,000	0
CFUPG	Financial system upgrade			8,430		8,430	8,487	57
	Purchase of land behind Old Row, Barrow				25,000	25,000	0	-25,000
	Total Policy & Finance Committee	95,800	108,730	33,480	25,000	263,010	116,708	-146,302
	Health & Housing Committee							
DISCP	Disabled Facilities Grants	347,000		329,960	90,020	766,980	157,803	-609,177
LANGR	Landlord/Tenant Grants	50,000	59,940	58,300		168,240	25,264	-142,976
CMIMP	Clitheroe Market Improvements		57,000	29,860		86,860	8,253	-78,607
LONAH	Longridge Affordable Housing Scheme			125,770		125,770	124,151	-1,619
CHCHG	Chipping Community Housing Grant			115,000	42,530	157,530	0	-157,530
	Clitheroe Affordable Housing Scheme					0	0	0
	Total Health & Housing Committee	397,000	116,940	658,890	132,550	1,305,380	315,471	-989,909

Overall Capital Programme 2020/21

Cost Centre	Scheme	Original Estimate 2020/21 £	Budget Moved from 2019/20 £	Slippage from 2019/20 £	Additional Approvals 2020/21 £	Total Approved Budget 2020/21 £	Actual Expenditure including commitments as at end of September 2020 £	Remaining Budget as at end of September 2020 £
	Economic Development Committee							
ECDVI	Economic Development Initiatives		81,750			81,750	0	-81,750
GWSGN	Gateway Signs for Whalley, Longridge and Clitheroe			20,000		20,000	0	-20,000
	Total Economic Development Committee	0	81,750	20,000	0	101,750	0	-101,750
	OVERALL CAPITAL PROGRAMME 2020/21 TOTAL	2,047,920	407,220	774,410	157,550	3,387,100	759,333	-2,627,767

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 17

meeting date: 17 NOVEMBER 2020
title: COUNCIL TAX BASE 2021/22
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

- 1.1 To inform members of the council tax base for 2021/22.

2 BACKGROUND

- 2.1 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.
- 2.2 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.
- 2.3 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.

3 LOCAL GOVERNMENT FINANCE ACT 2012

- 3.1 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.
- 3.2 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.
- 3.3 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.
- 3.4 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.
- 3.5 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.

4 THE RATING (PROPERTY IN COMMON OCCUPATION) AND COUNCIL TAX (EMPTY DWELLINGS) ACT 2018

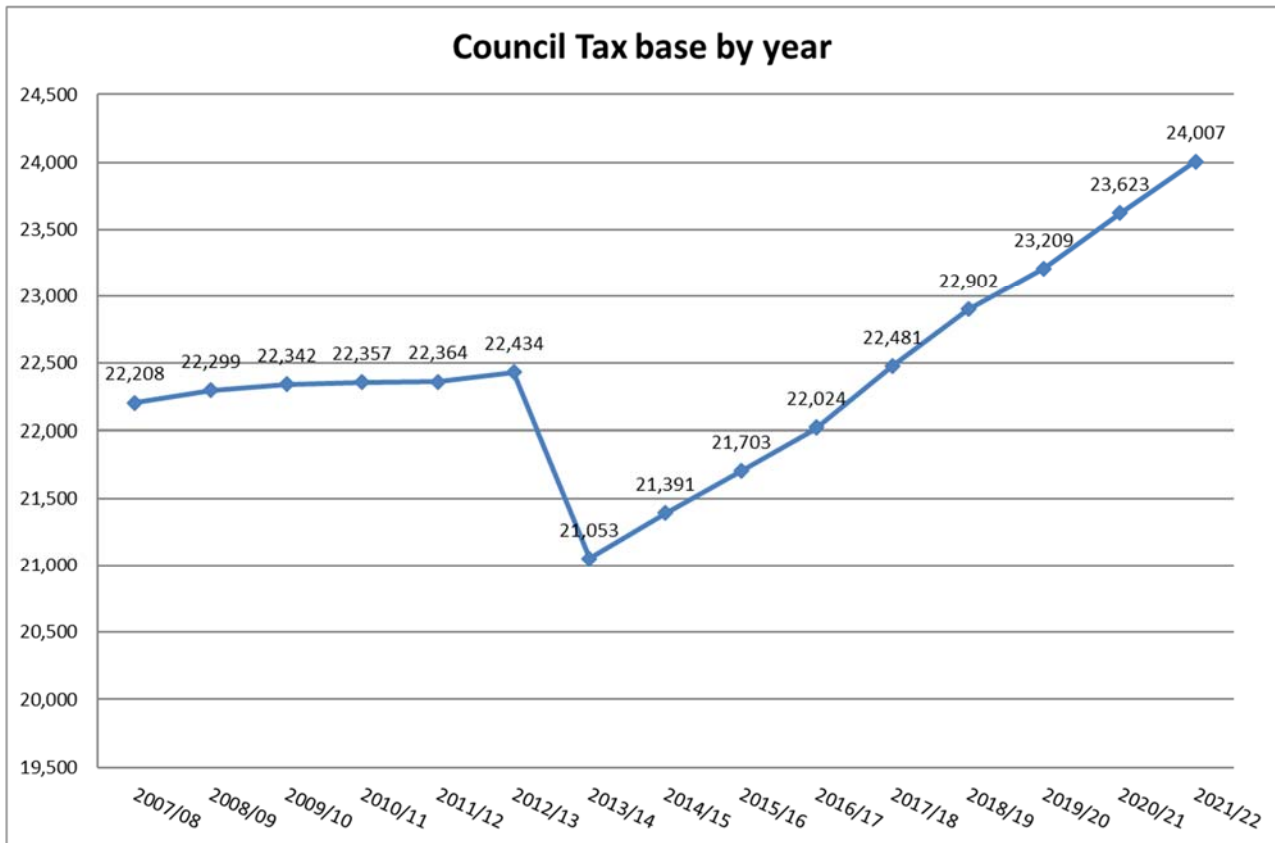
- 4.1 Legislation was passed on 1st November 2018 that gave Billing Authorities greater freedoms in the charges that are levied on long term empty homes. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 increased the premium that Billing Authorities can impose on properties that have been vacant i.e. unoccupied and unfurnished for more than two years from 50% to 100%.
- 4.2 Furthermore from 1st April 2020 for properties that have been vacant for more than 5 years the premium can be increased to 200% and from 1 April 2021 the premium can be increased to 300% for properties that have been unoccupied for more than 10 years.
- 4.3 It is important to note that this legislation does not apply to second homes or properties that are exempt from Council Tax e.g. where a property may be unoccupied because the owner has passed away or gone into a nursing home etc.
- 4.4 In the Ribble Valley there are currently 191 properties that are classed as being vacant for more than 6 months, that are not second homes or exempt from Council Tax. For these properties a full Council Tax charge is levied but we do not currently also charge a premium. However it should be noted that only 89 (31 of which are on the Calderstones hospital site) of these have been unoccupied for more than 2 years. Furthermore if we were to take advantage of this new flexibility this Council would only retain 9% of any extra council tax revenues raised.
- 4.5 As last year it is not proposed that we introduce any changes for the forthcoming year but perhaps reconsider in the future depending on the experience of other local authorities introducing the new premiums.

5 COUNCIL TAX BASE 2021/22

- 5.1 Our calculation has now been carried out across all of our parishes and has resulted in an overall tax base of 24,007 for 2021/22 of which is an increase of 1.6% on the tax base for 2020/21 of 23,623.
- 5.2 Our overall tax base is shown by parish in Annex 1.

6 MOVEMENT IN OUR TAX BASE

- 6.1 The following graph shows the movement in our overall tax base by year since 2007/08.



6.2 Our tax base rose steadily for the period 2007/08 to 2012/13. In 2013/14 local council tax support schemes (LCTS) were determined which replaced the national council tax benefit scheme. The impact of new local council tax support is that the amount awarded now appears as a discount against the claimant's council tax bill. As discounts impact on the council's tax base this meant overall our tax base fell significantly in 2013/14 as a direct result of the implementation of our scheme. Overall our tax base fell by 1,486.

6.3 From 2013/14 you can see our tax base has increased significantly by around 1.5%– 2% each year.

7 CONCLUSION

7.1 Our council tax base increased steadily over the period 2007/18 to 2013/14 however since then we have averaged increases of 1.5% to 2% each year.

7.2 The Council Tax Base for 2021/22 is 24,007.

DIRECTOR OF RESOURCES

PF15-20/JP/AC
13 October 2020

COUNCIL TAX BASE BY PARISH

ANNEX 1

	2021/22 taxbase	2020/21 taxbase	difference	% change
Aighton, Bailey & Chaigley	470	452	18	4.0%
Balderstone	199	198	1	0.5%
Barrow	618	554	64	11.6%
Bashall Eaves, Great Mitton & Little Mitton	210	205	5	2.4%
Billington & Langho	2,149	2,149	0	0.0%
Bolton by Bowland, Gisburn Forest & Sawley	487	487	0	0.0%
Bowland Forest (High)	72	75	-3	-4.0%
Bowland Forest (Low)	80	80	0	0.0%
Bowland with Leagram	84	83	1	1.2%
Chatburn	391	393	-2	-0.5%
Chipping	519	500	19	3.8%
Clayton le Dale	515	520	-5	-1.0%
Clitheroe	5,705	5,549	156	2.8%
Dinckley	47	47	0	0.0%
Downham	50	51	-1	-2.0%
Dutton	105	103	2	1.9%
Gisburn	227	226	1	0.4%
Grindleton	359	363	-4	-1.1%
Horton	50	48	2	4.2%
Hothersall	76	75	1	1.3%
Longridge	2,944	2,867	77	2.7%
Mearley	8	9	-1	-11.1%
Mellor	985	981	4	0.4%
Newsholme	20	20	0	0.0%
Newton	144	143	1	0.7%
Osbaldeston	105	105	0	0.0%
Paythorne	44	46	-2	-4.3%
Pendleton	112	107	5	4.7%
Ramsgreave	283	284	-1	-0.4%
Read	581	571	10	1.8%
Ribchester	662	658	4	0.6%
Rimington & Middop	233	235	-2	-0.9%
Sabden	543	523	20	3.8%
Salesbury	191	190	1	0.5%
Simonstone	502	497	5	1.0%
Slaidburn & Easington	152	153	-1	-0.7%
Thornley with Wheatley	169	170	-1	-0.6%
Twiston	35	37	-2	-5.4%
Waddington	451	454	-3	-0.7%
West Bradford	367	364	3	0.8%
Whalley	1,758	1,745	13	0.7%
Wilpshire	1,079	1,081	-2	-0.2%
Wiswell	181	181	0	0.0%
Worston	45	44	1	2.3%
	24,007	23,623	384	1.6%

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

INFORMATION

Agenda Item No 18

meeting date: 17 NOVEMBER 2020
 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 November 2020:

	£000	£000	2020/21 %	2019/20 %
Balance Outstanding 1 April 2020		741		
NNDR amounts due	21,230			
Plus costs	0			
Transitional surcharge	6			
Write ons	7			
	21,243			
Less				
- Transitional relief	-30			
- Exemptions	-337			
- Charity, Rural, Community Amateur Sports Clubs Relief	-1,287			
- Small Business Rate Relief	-3,681			
- Nursery Discount, Retail Discount, SSB, Flood Relief, Revaluation 2017, Pub, SSB and Other reliefs	-6,969			
- Interest Due	0			
- Write Offs	-6			
	-12,310	8,933		
Total amount to recover		9,674		
Less cash received to 2 November 2020		-5,703	59.0	65.0
Amount Outstanding		3,971	41.0	35.0

NB The figures included in the table include not only those charges for 2020/21 but also those relating to previous years, but we are required to report to the Ministry of Housing, Communities & Local Government (MHCLG) 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 31 October 2020 is 65.67% compared with 66.82% at 31 October 2019. Both the collection rate for 2020/21 and the overall amount outstanding have been severely impacted by COVID19.

3 COUNCIL TAX

3.1 The following is a collection statement for Council Tax to 2 November 2020:

	£000	£000	2020/21 %	2019/20 %
Balance Outstanding 1 April 2020		1,062		
Council Tax amounts due	52,237			
Plus costs	-1			
Transitional relief	1			
Write ons	0			
	52,237			
Less - Exemptions	-770			
- Discounts	-4,549			
- Disabled banding reduction	-56			
- Council Tax Benefit	1			
- Local Council Tax Support plus Hardship	-2,383			
- Write offs	-2			
	-7,759	44,478		
Total amount to recover		45,540		
Less cash received to 2 November 2020		-30,129	66.2	67.4
Amount Outstanding		15,411	33.8	32.6

NB The figures included in the table include not only those charges for 2020/21 but also those relating to previous years, but we are required to report our in year collection rate to the MHCLG. 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 31 October 2020 is 67.05% compared to 68.44% at 31 October 2019. Both the collection rate for 2020/21 and the overall amount outstanding have been severely impacted by COVID19.

4 SUNDRY DEBTORS

4.1 A summary of the sundry debtors account at 6 November 2020 is:

	£000	£000
Amount Outstanding 1 April 2020		696
Invoices Raised	2,902	
Plus costs	5	
		2,907
Less credit notes		-637
Total amount to recover		2,966
Less cash received to 6 November 2020		-1,389
Amount outstanding		1,577

Aged Debtors	000s	%
< 30 days	51	3.23
30 - 59 days	669	42.42
60 - 89 days	63	3.99
90 - 119 days	30	1.90
120 - 149 days	19	1.20
150+ days	745	47.24
	1,577	100

4.2 The balance of debt outstanding for '150+ days' includes debts raised on an annual basis at the start of the financial year, which are being paid by direct debit on a monthly basis throughout the year. Another substantial element within this balance is debt relating to overpaid housing benefit due to reasons including fraud. Recovery action continues on such housing benefit debt, with some being paid by instalments.

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 2020/2021

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 July 2020– 30 September 2020	Average Performance
5 days	2.55 days	20 days per IRRV

New claims performance

Target for year	Actual Performance 1 July 2020 – 30 September 2020	Top grade 4 for all LA's 2007/08
15 days	6.18 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.

6.2 The figures overleaf are from the previous quarter as the latest figures were not available at the time of writing the report.

Performance for the period 1 July 2020 - 30 September 2020:

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.	100.92
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.	11.74
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.	0.48

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

PF31-20/ME/AC
3 November 2020

For further information please ask for Mark Edmondson.

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY & FINANCE COMMITTEE

INFORMATION

Agenda Item No 19

meeting date: 17 NOVEMBER 2020
title: TREASURY MANAGEMENT ACTIVITIES AND PRUDENTIAL
INDICATORS 2019/20
submitted by: DIRECTOR OF RESOURCES
principal author: VALERIE TAYLOR

1 PURPOSE

1.1 To inform you of our 2019/20 treasury management operations and the outturn calculations of the council's capital and treasury management prudential indicators.

1.2 Relevance to the Council's ambitions and priorities:

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.

1.3 You have previously approved a treasury management policy in accordance with CIPFA's code of practice on treasury management for Local Authorities.

1.4 It is a requirement of this policy that committee receives an annual report on the council's treasury management activities that took place during the preceding financial year.

2 TREASURY MANAGEMENT ACTIVITIES

2.1 On a daily basis we assess our net cash flow position by deducting our estimated cash outflows from our estimated cash inflows.

2.2 On most days this results in a surplus cash position and funds are invested in accordance with the Council's Treasury Management Policies and Practices, which are approved by this committee on an annual basis.

2.3 These procedures mitigate investment risk as much as possible by ensuring approved controls are in place throughout the investment process. In summary:

- i. First and foremost regard is given to the security of the principal sum invested before considering liquidity and return;
- ii. Surplus funds may only be invested with counterparties approved as part of the council's annual treasury management policies and practices review;
- iii. The credit standing of organisation's on the list is monitored regularly and any significant changes will be reported to this Committee; and
- iv. Limits are in place that set out maximum investment amounts and terms per institution.

Our policy has been to only lend to major British Banks and Building Societies, relying on the assumption that the Government would be unlikely to allow a major bank/building society to fail.

- 2.4 If the Council needs to fund its capital spending plans by borrowing, it usually borrows from the Public Works Loan Board. They make funds available for long loan periods at interest rates just below market rates and lend to Government and Public bodies. The Council rarely borrows to fund its revenue activities and is much more likely at any point in time to have surplus funds to invest.

3 INTEREST RATES 2019/ 2020

- 3.1 The Bank of England base rate was 0.75% for the majority of the 2019/20 financial year. In March 2020 the rate was reduced twice as part of a range of measures which were implemented by the Monetary Policy Committee in response to the economic shock resulting from Covid-19:

2019/20 Base Rate	Date of change	Rate
01/04/2019 - 10/03/2020	02/08/2018	0.75%
11/03/2020 - 18/03/2020	11/03/2020	0.25%
19/03/2020 - 31/03/2020	19/03/2020	0.10%

4 BORROWING REQUIREMENTS AND INTEREST PAID

- 4.1 Changes to interest rates throughout the year have not impacted on the interest payable on the Council's long-term loan debt. All long-term debt is held with the Public Works Loan Board (PWLB) at fixed interest rates and no additional loans were required during the 2019/ 2020 financial year.
- 4.2 From 1 November 2012, the Government reduced by 20 basis points (0.20%) the interest rates on loans from the PWLB. The reduction was to be applicable for those councils that provide 'improved information and transparency' on 'borrowing and associated capital spending plans'.
- 4.3 The discount is being provided largely in return for the government's request for local authorities to voluntarily provide information on their three-year plans for borrowing, capital spend, debt financing and also a commentary on the main capital priorities to be financed over the period. By receiving this information the government will be better able to build more robust forecasts of public expenditure.
- 4.4 The returns are requested on an annual basis and must be completed in order to qualify for the certainty discount rate. A return has been submitted for Ribble Valley Borough Council and we continue to be listed as an eligible council on the PWLB website.
- 4.5 The Council's external debt has reduced during the 2019/20 financial year as follows:

	PWLB £000
External Debt at 1 April 2019	136.4
Transactions: New Loans	0
Repayments	-10.4
External debt at 31 March 2020	126

- 4.6 No temporary loans were taken out during 2019/20, as was the case in 2018/19.

- 4.7 The total interest paid on the Council's external debt during 2019/20 reduced by £506 when compared to 2018/19:

	Interest Paid	
	2018/19 £	2019/20 £
Public Works Loan Board	7,033.41	6,526.73
Temporary Loan	0.00	0.00
Total Interest Paid	7,033.41	6,526.73

5 INVESTMENTS AND INTEREST RECEIVED

- 5.1 In accordance with the treasury management policy, surplus funds are temporarily invested via the money market at the best rate of interest available with the minimisation of risk to the principle sum.
- 5.2 The average interest rate achieved per investment placed was 0.61% during the 2019/20 financial year compared to 0.52% during 2018/19.
- 5.3 The movement in the Council's external investments are shown in annex 2 and are summarised below:

	Banks/ Building Societies £000	DMO £000	Other Local Authorities £000	Total £000
Investments at 1 April 2019	4,175	0	8,000	12,175
Transactions – Investments	67,185	41,590	31,400	140,175
Repayments	-71,360	-41,590	-27,500	-140,450
Investments at 31 March 2020	0	0	11,900	11,900

- 5.4 The following investments were held at the 31st March 2020:

Date Invested	Ref	Borrower	Maturity Date	Rate %	000 £
14-Jun-19	48	Lancashire County Council	12-Jun-20	0.95%	2,500
05-Feb-20	105/2	Cheltenham Council	17-Apr-20	0.72%	2,000
05-Feb-20	124	Mid-Suffolk Council	17-Apr-20	0.68%	1,400
02-Mar-20	101/2	Blackpool Council	24-Apr-20	0.78%	2,500
02-Mar-20	125	Kirklees Council	17-Apr-20	0.80%	1,500
02-Mar-20	127	Central Bedfordshire Council	09-Apr-20	0.85%	1,000
20-Mar-20	130	Maidstone Borough Council	06-Apr-20	1.50%	1,000
Total investments at 31st March 2020					11,900

- 5.5 The total interest received from investments and cash held at bank was £102,640 in 2019/20 compared to £92,326 in the previous year.

6 CAPITAL AND TREASURY MANAGEMENT PRUDENTIAL INDICATORS

- 6.1 Local authorities in England and Wales are required by the Local Government Act 2003 to have regard to both CIPFA's Code of Practice on Treasury Management in the public services and to CIPFA's Prudential Code for Capital Finance in Local Authorities.
- 6.2 The Prudential Code imposes on local authorities clear governance procedures for the setting and revising of a range of prudential indicators that are designed to deliver accountability in taking capital financing, borrowing and treasury management decisions.
- 6.3 In December 2017 CIPFA issued an update to the Prudential Code requiring that authorities should have a Capital Strategy, with the purpose of establishing a long-term direction for the management and use of capital resources. This could be produced either as a standalone document or be integrated within existing strategy documents.
- 6.4 Many of the elements to be included in the capital strategy were already considered at stages followed in the setting of the council's capital programme, and were already reported in the annual Treasury Management Strategy.
- 6.5 The formalised capital strategy was therefore combined with the council's annual treasury management strategy, and in April 2019 this Committee and later Full Council, approved the new Capital and Treasury Management Strategy for the financial year 2019/20.
- 6.6 Within this strategy were a range of prudential indicators concerning capital expenditure, affordability, external debt and treasury management.
- 6.7 The actual position against the range of prudential indicators included within the strategy is shown at Annex 1. Treasury management transactions were within authorised prudential limits and a detailed narrative has been provided to explain variances from 2019/20 prudential estimates where applicable.

7 LOCAL GOVERNMENT BONDS AGENCY

- 7.1 The Local Government Bonds Agency is a freestanding independent body owned by the local government sector that will raise money efficiently on the capital markets at regular intervals to on-lend to participating local authorities.
- 7.2 Participating authorities are those local authorities that have invested in the setting up of the Agency or have invested risk capital to capitalise the Agency and fund it through its early years of operations. The agency has been incorporated with the name Local Capital Finance Ltd.
- 7.3 Ribble Valley Borough Council has invested in the agency, initially giving an intention to give support of £10,000, which was paid to the Agency in 2014/15.
- 7.4 The Agency will offer a viable alternative source of capital funding to councils, other than the Public Works Loans Board (PWLB). Historically we have used the PWLB for our long term borrowing, but rates for new borrowing have started to increase over recent years. The Local Government Bonds Agency will be able to offer loans at better

or at least equivalent rates to the PWLB and tailor packages to meet the particular needs of participating authorities.

- 7.5 Through their investment, such as our own commitment of £10,000, the Agency will be owned by those local authorities that invest in its establishment and those that invest in its capitalisation during its first ten years of operations. Such authorities will become shareholders in the Agency and therefore we, as other authorities, will have our say in the way it is run.
- 7.6 The contribution that we have invested will be returned to us after 10 years of successful operations of the agency, together with interest which will be earned at commercial rates.
- 8 CONCLUSION
- 8.1 Through the careful investment of sums in line with the council's treasury management strategy the level of risk in our investments has been kept to a minimum.
- 8.2 The base rate remained at 0.75% throughout the majority of the financial year, resulting in an increase to the amount of income received from investments when compared to the 2018/19 financial year.
- 8.3 Debt and investment transactions undertaken during the 2019/20 financial year were within authorised prudential limits.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF20-20/TH/AC
26 October 2020

For further information please ask for Valerie Taylor, extension 4436

POLICY AND FINANCE COMMITTEE

Prudential Indicators of Affordability**CAPITAL EXPENDITURE**

The capital Expenditure indicator is the platform from which most prudential indicators of the council are formed. Capital expenditure is a significant source of risk and uncertainty since cost variations, slippage, acceleration of major projects or changing specifications are often a feature of large or complex capital programmes. As part of this indicator, regular monitoring of the capital programme takes place throughout the financial year. Progress and variations are reported to relevant service committees and Policy and Finance Committee.

Committee	Forecast Capital Expenditure for 2019/20 £	Actual Capital Expenditure for 2019/20 £
Community Services Committee	1,912,440	1,787,147
Economic Development Committee	20,000	0
Health and Housing Committee	545,000	595,815
Planning and Development Committee	14,500	276,243
Policy and Finance Committee	196,250	122,542
Total	2,688,190	2,781,747

During the year the capital programme increased from £2,688,190 to £3,562,870 following a number of additional approvals in to the capital programme throughout the year and following the revision of the capital programme. However, based on the outturn position there was an underspend variance against the revised estimate of £781,123, the majority of which related to slippage on 16 schemes in to the 2020/21 capital programme.

FINANCING COSTS

The calculation of Financing Costs for the purposes of the Prudential Code includes those items included under the Financing and Investment Income and Expenditure section of the council's Comprehensive Income and Expenditure Statement in the Statement of Accounts. For this council, this includes the interest we pay on our borrowing, interest received on investments and also the Minimum Revenue Provision (MRP), being the means by which capital expenditure financed by borrowing or credit arrangements is paid for by council tax payers.

	2019/20 Estimate £	2019/20 Actual £
Net Financing Costs	32,589	19,179

The main reason for the lower level of financing costs is the higher level of investment income received in year compared to the original estimate, being £13,422 higher than originally budgeted for.

NET REVENUE STREAMS

The calculation of the Net Revenue Stream for the purposes of the Prudential Code includes those items included under the Taxation and non-Specific Grant Income section of the council's Comprehensive Income and Expenditure Statement in the Annual Statement of Accounts, but excludes capital receipts and capital grants.

	2019/20 Estimate £	2019/20 Actual £
Net Revenue Streams	-9,452,639	-9,668,269

Our Net Revenue Streams are showing as marginally higher than the indicator, principally due to the outturn position on the business rates pool and the impact of Covid-19, meaning that the Risk Resilience Reserve contribution was not required and also the Strategic Economic Growth and Financial Sustainability Fund contribution was capped at £50K spread across all pool members. Additionally, there were increased levels of S31 business rates grants received.

FINANCING COSTS TO NET REVENUE STREAMS

This indicator uses the Financing costs calculated above as a percentage of Net Revenue Streams, also calculated above. The forecast relies heavily on the forecast of future financial support from the government.

	2019/20 Estimate £	2019/20 Actual £
Financing Costs	32,589	19,179
Net Revenue Streams	9,452,639	9,668,269
Financing Costs to Net Revenue Streams	0.3%	0.2%

This is an indicator calculated from the previous two Prudential Indicators and is driven by the reasons described there.

CAPITAL FINANCING REQUIREMENT

This is a measure of the council's underlying need to borrow for capital purposes, although this borrowing may not necessarily take place externally.

	2019/20 Estimate £000	2019/20 Actual £000
Capital Financing Requirement	3,442	3,356

The reduction in the Capital financing requirement has largely been driven by lower level of borrowing needed for the Clitheroe Market capital scheme, due to some of this budget being moved to the 2020/21 financial year at the revised estimate, and also some slippage at the end of the financial year on the remainder of the scheme.

EXTERNAL DEBT

In respect of the Capital Financing Requirement, the level of external debt is a consequence of a treasury management decision about the level of external borrowing. The inclusion of total external debt in the Prudential Code means that it covers all borrowing whether this is for capital or revenue.

	2019/20 Estimate £	2019/20 Actual £
PWLB Borrowing	125,983	125,983

There was no additional external borrowing in year and repayments were in line with the budget.

OPERATIONAL BOUNDARY & AUTHORISED LIMIT

The Authorised limit sets a limit on the amount of external borrowing that reflects a level of borrowing, which while not desired, could be affordable but may not be sustainable. It is the upper limit on the level of gross external indebtedness, which must not be breached without council approval. It is the **worse-case scenario**.

The operational boundary focuses on the day-to day treasury management activity within the Council and reflects the most likely prudent, but not worse-case scenario. Any sustained breaches to this boundary would give an indication that the Council may be in danger of stepping beyond the prudential boundaries it has set itself.

	2019/20 Limit £	2019/20 Highest Level of Borrowing in year £
Operational Boundary	1,685,315	136,377
Authorised limit	19,934,595	

There was no additional borrowing in year – neither long term or short term and the council was well within both indicators.

Treasury Management Indicators of Prudence

MATURITY STRUCTURE OF BORROWING

The council is required to set both upper and lower limits for the financial year with respect to the maturity structure of its borrowing. The prudential indicators are calculated using the amount of projected borrowing that is maturing in each period, expressed as a percentage of total projected borrowing. The upper limit demonstrates the maturity structure of debt should the council borrow funds up to the operational boundary limit which is approved by full council in advance of the financial year. The lower limit indicator is the estimated maturity structure of PWLB borrowing.

Estimate for 2019/20	Upper Limit	Lower Limit	Actual As at 31/03/2020
Under 12 months	0%	0%	0%
12 months and within 24 months	0%	0%	0%
24 months and within five years	0%	1%	1%
Five years and within ten years	0%	0%	0%
Ten years and within fifteen years	8%	99%	99%
Fifteen years and above	92%	0%	0%

The council has two outstanding loans with the Public Works Loans Board, neither of which matured during the 2019/20 financial year. The maturity structure of debt in place throughout the year matches that of the lower limit, with no additional debt over and above that outstanding with the PWLB incurred during the year.

PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN A YEAR

The Treasury Management code requires that where an authority invests, or plans to invest, for periods longer than one year, then an upper limit for investments maturing in excess of one year is set. This council has a policy of not investing for periods longer than one year.

	Number Authorised	Number Placed
Investments for longer than one year	0	0

All of the investments placed during 2019/20 were for terms of less than one year, in accordance with the limit set within the council's authorised Treasury Management Policies and Practices.

CREDIT RISK

The Council has a policy to only use institutions with a short-term Fitch rating of F2 or above. Such Fitch ratings for an organisation indicate a good intrinsic capacity for timely payment of financial commitments.

	Minimum Authorised	Minimum Used
Short Term Fitch Rating of Counterparties used	F2	F1

The council placed 145 deposits during the 2019/20 financial year (including funds rolled over). As can be seen from the summary below, all deposits with banks and building societies were placed with financial institutions with a short-term rating of either F1 or F1+. Fitch ratings of F1 are of the highest short-term credit quality, indicating the strongest intrinsic capacity for an organisation for timely payment of financial commitments; they may have an added "+" which denotes any exceptionally strong credit feature.

Organisation Category	2019/20 Investments by short-term Fitch Rating			
	F1	F1+	Rating Not Applicable	Total No.
Bank	22	68	0	90
Building Society	17	0	0	17
DMO*	0	0	22	22
Local Authority*	0	0	16	16
COUNT	39	68	38	145

*The Debt Management Office (DMO) and Local Authorities, being central and local government organisations, are not included within the Fitch Ratings.

POLICY AND FINANCE COMMITTEE
TEMPORARY INVESTMENT ACTIVITY – 2019/ 2020

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest rate %	Date Repaid	Principal Repaid £	Interest Received or Due	Fitch Long Term Rating	Fitch Short Term Rating
Investments Brought Forward at 1 April 2019									
18-Feb-19	152/2	Barclays Bank	760,000	0.66%	30-Apr-19	-760,000	-975.72	A+	F1
		Debtor					577.18		
18-Feb-19	156/2	Dumfries Council	2,500,000	0.81%	23-Apr-19	-2,500,000	-3,550.68	-	-
		Debtor					2,330.14		
15-Mar-19	164/3	Lloyds Bank plc	330,000	0.61%	15-Apr-19	Rolled Over to 164/4	-170.97	A+	F1
		Debtor					93.76		
02-Jan-19	181	Nationwide BS	1,540,000	0.72%	02-Apr-19	Rolled Over to 181/2	-2,734.03	A+	F1
		Debtor					2,703.65		
18-Jan-19	195	Leeds City Council	1,500,000	0.70%	18-Apr-19	-1,500,000	-2,589.04	-	-
		Debtor					2,100.00		
01-Feb-19	208	Redcar & Cleveland Council	2,500,000	0.82%	23-Apr-19	-2,500,000	-4,549.32	-	-
		Debtor					3,313.70		
19-Feb-19	218	London Borough of Sutton	1,500,000	0.77%	30-Apr-19	-1,500,000	-2,215.07	-	-
		Debtor					1,297.40		
01-Mar-19	228	Bank of Scotland plc	525,000	0.65%	08-Apr-19	-525,000	-355.27	A+	F1
		Debtor					289.83		
29-Mar-19	246	HSBC Bank plc	1,020,000	0.60%	02-Apr-19	-1,020,000	-67.07	AA-	F1+

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest rate %	Date Repaid	Principal Repaid £	Interest Received or Due	Fitch Long Term Rating	Fitch Short Term Rating
		Debtor					50.30		
Monies Invested at 1 April 2019			12,175,000			-10,305,000	-4,451.21		
Investments April to March 2020									
01-Apr-19	1	HSBC Bank plc	170,000	0.60%	02-Apr-19	-170,000	-2.79	AA-	F1+
02-Apr-19	2	HSBC Bank plc	280,000	0.60%	08-Apr-19	-280,000	-27.62	AA-	F1+
02-Apr-19	3	HSBC Bank plc	220,000	0.60%	15-Apr-19	-220,000	-47.01	AA-	F1+
02-Apr-19	4	HSBC Bank plc	820,000	0.60%	18-Apr-19	-820,000	-215.67	AA-	F1+
02-Apr-19	181/2	Nationwide BS	Rolled over from 181	0.75%	04-Jul-19	-1,540,000	-2,942.88	A	F1
03-Apr-19	5	HSBC Bank plc	80,000	0.60%	18-Apr-19	-80,000	-19.73	AA-	F1+
05-Apr-19	6	HSBC Bank plc	85,000	0.60%	15-Apr-19	-85,000	-13.97	AA-	F1+
08-Apr-19	7	HSBC Bank plc	240,000	0.60%	09-Apr-19	-240,000	-3.95	AA-	F1+
09-Apr-19	8	HSBC Bank plc	300,000	0.60%	10-Apr-19	-300,000	-4.93	AA-	F1+
10-Apr-19	9	HSBC Bank plc	370,000	0.60%	11-Apr-19	-370,000	-6.08	AA-	F1+
11-Apr-19	10	HSBC Bank plc	420,000	0.60%	12-Apr-19	-420,000	-6.90	AA-	F1+
12-Apr-19	11	HSBC Bank plc	470,000	0.60%	15-Apr-19	-470,000	-23.18	AA-	F1+
15-Apr-19	12	HSBC Bank plc	450,000	0.60%	16-Apr-19	-450,000	-7.40	AA-	F1+
15-Apr-19	164/4	Lloyds Bank plc	Rolled over from 164/3	0.61%	13-May-19	Rolled Over to 164/5	-154.42	A+	F1
16-Apr-19	13	HSBC Bank plc	500,000	0.60%	17-Apr-19	-500,000	-8.22	AA-	F1+
17-Apr-19	14	HSBC Bank plc	580,000	0.60%	18-Apr-19	-580,000	-9.53	AA-	F1+
18-Apr-19	16	HSBC Bank plc	1,000,000	0.60%	24-Apr-19	-1,000,000	-98.63	AA-	F1+
18-Apr-19	15	Wirral MBC	2,000,000	0.70%	20-May-19	Rolled Over to 15/2	-1,227.40	-	-
23-Apr-19	19	HSBC Bank plc	80,000	0.60%	24-Apr-19	-80,000	-1.32	AA-	F1+
23-Apr-19	18	HSBC Bank plc	150,000	0.60%	07-May-19	-150,000	-34.52	AA-	F1+
23-Apr-19	17	Coventry	650,000	0.60%	10-Jun-19	-650,000	-512.88	A-	F1
24-Apr-19	20	HSBC Bank plc	600,000	0.60%	25-Apr-19	-600,000	-9.86	AA-	F1+
25-Apr-19	21	HSBC Bank plc	670,000	0.60%	26-Apr-19	-670,000	-11.01	AA-	F1+
26-Apr-19	22	HSBC Bank plc	1,070,000	0.60%	29-Apr-19	-1,070,000	-52.77	AA-	F1+

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest rate %	Date Repaid	Principal Repaid £	Interest Received or Due	Fitch Long Term Rating	Fitch Short Term Rating
29-Apr-19	24	HSBC Bank plc	90,000	0.60%	30-Apr-19	-90,000	-1.48	AA-	F1+
29-Apr-19	23	Bank of Scotland plc	1,750,000	0.61%	30-May-19	-1,750,000	-906.64	A+	F1
30-Apr-19	26	HSBC Bank plc	320,000	0.60%	13-May-19	-320,000	-68.38	AA-	F1+
30-Apr-19	28	HSBC Bank plc	270,000	0.60%	20-May-19	-270,000	-88.77	AA-	F1+
30-Apr-19	25	London Borough of Sutton	2,500,000	0.70%	30-May-19	-2,500,000	-1,438.36	-	-
30-Apr-19	27	Leeds	1,750,000	0.72%	08-Aug-19	Rolled Over to 27/2	-3,452.05	A-	F1
01-May-19	29	HSBC Bank plc	200,000	0.60%	20-May-19	-200,000	-62.47	AA-	F1+
03-May-19	30	HSBC Bank plc	150,000	0.60%	07-May-19	-150,000	-9.86	AA-	F1+
07-May-19	31	HSBC Bank plc	320,000	0.60%	13-May-19	-320,000	-31.56	AA-	F1+
08-May-19	32	HSBC Bank plc	90,000	0.60%	13-May-19	-90,000	-7.40	AA-	F1+
10-May-19	33	HSBC Bank plc	130,000	0.60%	22-May-19	-130,000	-25.64	AA-	F1+
13-May-19	34	HSBC Bank plc	300,000	0.60%	20-May-19	-300,000	-34.52	AA-	F1+
13-May-19	164/5	Lloyds Bank plc	Rolled over from 164/4	0.61%	14-Jun-19	-330,000	-176.48	A+	F1
15-May-19	35	HSBC Bank plc	215,000	0.60%	16-May-19	-215,000	-3.53	AA-	F1+
16-May-19	36	HSBC Bank plc	270,000	0.60%	17-May-19	-270,000	-4.44	AA-	F1+
17-May-19	37	HSBC Bank plc	500,000	0.60%	20-May-19	-500,000	-24.66	AA-	F1+
20-May-19	38	HSBC Bank plc	375,000	0.60%	21-May-19	-375,000	-6.16	AA-	F1+
20-May-19	15/2	Wirral MBC	Rolled over from 15	0.75%	04-Jul-19	Rolled over to 64	-1,849.32	-	-
21-May-19	39	HSBC Bank plc	440,000	0.60%	28-May-19	-440,000	-50.63	AA-	F1+
22-May-19	40	HSBC Bank plc	140,000	0.60%	28-May-19	-140,000	-13.81	AA-	F1+
28-May-19	41	HSBC Bank plc	660,000	0.60%	29-May-19	-660,000	-10.85	AA-	F1+
29-May-19	42	Yorkshire	1,550,000	0.66%	19-Jun-19	-1,550,000	-588.58	A-	F1
30-May-19	43	HSBC Bank plc	300,000	0.60%	31-May-19	-300,000	-4.93	AA-	F1+
31-May-19	44	HSBC Bank plc	70,000	0.60%	03-Jun-19	-70,000	-3.45	AA-	F1+
31-May-19	45	HSBC Bank plc	50,000	0.60%	14-Jun-19	-50,000	-11.51	AA-	F1+

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest rate %	Date Repaid	Principal Repaid £	Interest Received or Due	Fitch Long Term Rating	Fitch Short Term Rating
31-May-19	47	DMO	2,500,000	0.50%	14-Jun-19	-2,500,000	-479.45	-	-
31-May-19	46	Bank of Scotland plc	1,480,000	0.70%	22-Jul-19	Rolled Over to 46/2	-1,475.95	A+	F1
03-Jun-19	49	HSBC Bank plc	95,000	0.60%	04-Jun-19	-95,000	-1.56	AA-	F1+
04-Jun-19	50	HSBC Bank plc	120,000	0.60%	21-Jun-19	-120,000	-33.53	AA-	F1+
05-Jun-19	51	HSBC Bank plc	75,000	0.60%	06-Jun-19	-75,000	-1.23	AA-	F1+
06-Jun-19	52	HSBC Bank plc	115,000	0.60%	07-Jun-19	-115,000	-1.89	AA-	F1+
07-Jun-19	53	HSBC Bank plc	200,000	0.60%	10-Jun-19	-200,000	-9.86	AA-	F1+
10-Jun-19	54	HSBC Bank plc	340,000	0.60%	14-Jun-19	-340,000	-22.36	AA-	F1+
12-Jun-19	55	HSBC Bank plc	80,000	0.60%	14-Jun-19	-80,000	-2.63	AA-	F1+
14-Jun-19	56	HSBC Bank plc	740,000	0.60%	17-Jun-19	-740,000	-36.49	AA-	F1+
14-Jun-19	48	Lancashire County Council	2,500,000	0.95%	Still Invested	Still Invested	-19,000.00	-	-
17-Jun-19	58	HSBC Bank plc	365,000	0.60%	24-Jun-19	-365,000	-42.00	AA-	F1+
17-Jun-19	57	Lloyds Bank plc	850,000	0.90%	19-Sep-19	-850,000	-1,970.14	A+	F1
19-Jun-19	59	HSBC Bank plc	710,000	0.60%	04-Jul-19	-710,000	-175.07	AA-	F1+
21-Jun-19	60	HSBC Bank plc	165,000	0.60%	24-Jun-19	-165,000	-8.14	AA-	F1+
24-Jun-19	61	HSBC Bank plc	250,000	0.60%	28-Jun-19	-250,000	-16.44	AA-	F1+
26-Jun-19	62	HSBC Bank plc	95,000	0.60%	15-Jul-19	-95,000	-29.67	AA-	F1+
28-Jun-19	63	Yorkshire	1,160,000	0.70%	19-Aug-19	Rolled Over to 63/2	-1,156.82	A-	F1
01-Jul-19	66	DMO	3,380,000	0.50%	04-Jul-19	-3,380,000	-138.90	-	-
01-Jul-19	65	HSBC Bank plc	30,000	0.60%	19-Jul-19	-30,000	-8.88	AA-	F1+
04-Jul-19	67	HSBC Bank plc	740,000	0.60%	08-Jul-19	-740,000	-48.66	AA-	F1+
04-Jul-19	68	Lloyds Bank plc	760,000	0.61%	05-Aug-19	-760,000	-406.44	A+	F1
04-Jul-19	64	Wirral MBC (inc to 15/2)	500,000	0.70%	08-Aug-19	-2,500,000	-1,678.08	-	-
09-Jul-19	69	HSBC Bank plc	300,000	0.60%	15-Jul-19	-300,000	-29.59	AA-	F1+
12-Jul-19	70	HSBC Bank plc	300,000	0.60%	15-Jul-19	-300,000	-14.79	AA-	F1+
15-Jul-19	71	HSBC Bank plc	900,000	0.60%	22-Jul-19	-900,000	-103.56	AA-	F1+

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest rate %	Date Repaid	Principal Repaid £	Interest Received or Due	Fitch Long Term Rating	Fitch Short Term Rating
16-Jul-19	72	HSBC Bank plc	110,000	0.60%	22-Jul-19	-110,000	-10.85	AA-	F1+
18-Jul-19	73	HSBC Bank plc	295,000	0.60%	22-Jul-19	-295,000	-19.40	AA-	F1+
22-Jul-19	74	HSBC Bank plc	270,000	0.60%	31-Jul-19	-270,000	-39.95	AA-	F1+
22-Jul-19	46/2	Bank of Scotland plc	Rolled over from 46	0.68%	13-Sep-19	-1,480,000	-1,461.35	A+	F1
24-Jul-19	75	HSBC Bank plc	520,000	0.60%	31-Jul-19	-520,000	-59.84	AA-	F1+
26-Jul-19	76	HSBC Bank plc	195,000	0.60%	31-Jul-19	-195,000	-16.03	AA-	F1+
29-Jul-19	77	Coventry	795,000	0.58%	13-Sep-19	-795,000	-581.11	A-	F1
31-Jul-19	79	HSBC Bank plc	160,000	0.60%	05-Aug-19	-160,000	-13.15	AA-	F1+
31-Jul-19	78	DMO	3,910,000	0.50%	08-Aug-19	-3,910,000	-428.49	-	-
31-Jul-19	80	HSBC Bank plc	550,000	0.60%	12-Aug-19	-550,000	-108.49	AA-	F1+
01-Aug-19	81	HSBC Bank plc	200,000	0.60%	08-Aug-19	-200,000	-23.01	AA-	F1+
05-Aug-19	83	HSBC Bank plc	270,000	0.60%	08-Aug-19	-270,000	-13.32	AA-	F1+
05-Aug-19	82	HSBC Bank plc	270,000	0.60%	12-Aug-19	-270,000	-31.07	AA-	F1+
07-Aug-19	84	HSBC Bank plc	100,000	0.60%	08-Aug-19	-100,000	-1.64	AA-	F1+
08-Aug-19	27/2	Leeds	Rolled over from 27	0.69%	22-Nov-19	-1,750,000	-3,506.71	A-	F1
08-Aug-19	85	Nationwide	1,750,000	0.70%	22-Nov-19	-1,750,000	-3,557.53	A	F1
16-Aug-19	86	Yorkshire	590,000	0.67%	13-Sep-19	-590,000	-303.24	A-	F1
19-Aug-19	63/2	Yorkshire	Rolled over from 63	0.67%	13-Sep-19	-1,160,000	-532.33	A-	F1
28-Aug-19	87	Lloyds Bank plc	440,000	0.60%	13-Sep-19	-440,000	-115.73	A+	F1
29-Aug-19	88	Coventry	955,000	0.50%	16-Sep-19	-955,000	-235.48	A+	F1
02-Sep-19	90	DMO	1,000,000	0.50%	16-Sep-19	-1,000,000	-191.78		
02-Sep-19	89	Barclays Bank	1,750,000	0.52%	18-Oct-19	-1,750,000	-1,146.85	A	F1
06-Sep-19	91	Lloyds Bank plc	460,000	0.60%	19-Sep-19	-460,000	-98.30	A+	F1
16-Sep-19	92	Bank of Scotland plc	1,750,000	0.61%	18-Oct-19	-1,750,000	-935.89	A+	F1
19-Sep-19	93	DMO	2,500,000	0.50%	20-Sep-19	-2,500,000	-34.25	-	-
20-Sep-19	94	Yorkshire	1,600,000	0.80%	13-Mar-20	-1,600,000	-6,136.99	A-	F1

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest rate %	Date Repaid	Principal Repaid £	Interest Received or Due	Fitch Long Term Rating	Fitch Short Term Rating
30-Sep-19	95	Lloyds Bank plc	650,000	0.60%	18-Oct-19	-650,000	-192.33	A+	F1
30-Sep-19	96	Lloyds Bank plc	1,100,000	0.60%	21-Oct-19	Rolled Over to 96/2	Repaid at 96/2	A+	F1
30-Sep-19	97	Coventry	1,550,000	0.53%	31-Oct-19	Rolled over to 102	-697.71	A-	F1
15-Oct-19	98	DMO	1,000,000	0.50%	21-Oct-19	-1,000,000	-82.19	-	-
21-Oct-19	99	DMO	2,100,000	0.50%	22-Oct-19	-2,100,000	-28.77	-	-
21-Oct-19	96/2	Lloyds Bank plc	Rolled over from 96	0.60%	28-Oct-19	Rolled Over to 96/3	-506.35	A+	F1
24-Oct-19	100	Lloyds Bank plc	650,000	0.60%	28-Oct-19	Rolled Over to 100/2	-42.74	A+	F1
28-Oct-19	101	DMO	1,000,000	0.50%	31-Oct-19	-1,000,000	-41.10	-	-
28-Oct-19	96/3	Lloyds Bank plc	Rolled over from 96/2	0.60%	19-Nov-19	Rolled Over to 96/4	-397.81	A+	F1
28-Oct-19	100/2	Lloyds Bank plc	Rolled over from 100	0.61%	25-Nov-19	Rolled Over to 100/3	-304.16	A+	F1
31-Oct-19	104	DMO	2,500,000	0.51%	19-Nov-19	-2,500,000	-657.19	-	-
31-Oct-19	102	Coventry	200,000	0.51%	22-Nov-19	-1,750,000	-537.95	A-	F1
31-Oct-19	103	Bank of Scotland plc	1,750,000	0.72%	20-Jan-20	-1,750,000	-2796.16	A-	F1
07-Nov-19	106	DMO	1,000,000	0.50%	19-Nov-19	-1,000,000	-164.38	-	-
19-Nov-19	107	DMO	1,550,000	0.50%	22-Nov-19	-1,550,000	-63.70	-	-
19-Nov-19	105	Cheltenham Council	2,000,000	0.72%	05-Feb-20	Rolled over to 105/2	-3077.26	-	-
19-Nov-19	96/4	Lloyds Bank plc	Rolled over from 96/3	0.61%	19-Dec-19	-1,100,000	-551.51	A+	F1
22-Nov-19	108	Merthyr Tydfil Council	2,000,000	0.70%	02-Dec-19	-2,000,000	-383.56	-	-

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest rate %	Date Repaid	Principal Repaid £	Interest Received or Due	Fitch Long Term Rating	Fitch Short Term Rating
25-Nov-19	100/3	Lloyds Bank plc	Rolled over from 100/2	0.61%	23-Dec-19	-650,000	-304.16	A+	F1
28-Nov-19	109	DMO	500,000	0.50%	13-Dec-19	-500,000	-102.74	-	-
02-Dec-19	110	DMO	2,600,000	0.50%	06-Dec-19	-2,600,000	-142.47	-	-
02-Dec-19	111	Coventry	1,750,000	0.61%	05-Feb-20	-1,750,000	-1901.03	A-	F1
02-Dec-19	112	Nationwide	1,750,000	0.72%	13-Mar-20	-1,750,000	-3521.10	A-	F1
06-Dec-19	101	Blackpool Council	2,500,000	0.74%	02-Mar-20	Rolled over to 101/2	-4,409.59	-	-
16-Dec-19	113	Cornwall Council	1,500,000	0.59%	06-Jan-20	-1,500,000	-509.18	-	-
24-Dec-19	114	DMO	500,000	0.50%	06-Jan-20	-500,000	-89.04	-	-
06-Jan-20	115	DMO	2,000,000	0.50%	07-Jan-20	-2,000,000	-27.40	-	-
07-Jan-20	116	DMO	2,100,000	0.50%	08-Jan-20	-2,100,000	-28.77	-	-
08-Jan-20	117	DMO	2,100,000	0.50%	09-Jan-20	-2,100,000	-28.77	-	-
09-Jan-20	118	Central Bedfordshire	2,500,000	0.65%	02-Mar-20	-2,500,000	-2359.59	-	-
13-Jan-20	119	DMO	500,000	0.50%	21-Jan-20	-500,000	-54.79	-	-
21-Jan-20	120	Barclays Bank	1,500,000	0.52%	13-Mar-20	-1,500,000	-1127.67	A+	F1
27-Jan-20	121	DMO	850,000	0.39%	19-Feb-20	-850,000	-208.89	-	-
31-Jan-20	122	DMO	3,500,000	0.50%	03-Feb-20	-3,500,000	-143.84	-	-
03-Feb-20	123	DMO	3,500,000	0.50%	05-Feb-20	-3,500,000	-95.89	-	-
05-Feb-20	105/2	Cheltenham Council	Rolled over from 105	0.72%	Still Invested	Still Invested	-2209.32	-	-
05-Feb-20	124	Mid Suffolk Council	1,400,000	0.68%	Still Invested	Still Invested	-1460.60	-	-
28-Feb-20	126	DMO	1,000,000	0.50%	02-Mar-20	-1,000,000	-41.10	-	--
-	101/2	Blackpool Council	Rolled over from 101	0.78%	Still Invested	Still Invested	-1602.74	-	-
02-Mar-20	125	Kirklees Council	1,500,000	0.80%	Still Invested	Still Invested	-986.30	-	-
02-Mar-20	127	Central Bedfordshire	1,000,000	0.85%	Still Invested	Still Invested	-698.63	-	-
02-Mar-20	128	Coventry	500,000	0.50%	23-Mar-20	-500,000	-143.84	A-	F1

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest rate %	Date Repaid	Principal Repaid £	Interest Received or Due	Fitch Long Term Rating	Fitch Short Term Rating
11-Mar-20	129	Bank of Scotland plc	1,000,000	0.10%	19-Mar-20	-1,000,000	-21.92	A-	F1
20-Mar-20	130	Maidstone Borough Council	1,000,000	1.50%	Still Invested	Still Invested	-493.15	-	-
Investments April - March 2020			118,935,000			-108,905,000	-94,050.45		
Total Investments 2019/20 (including B/F from 2018/19)			131,110,000			-119,210,000	-98,501.66		
Interest received on balances held at bank							-4,138.89		
Grand Total			131,110,000			-119,210,000	-102,640.55		

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

INFORMATION

Agenda Item No 20

Meeting date: 17 NOVEMBER 2020
title: TREASURY MANAGEMENT MONITORING 2020/21
submitted by: DIRECTOR OF RESOURCES
principal author: VALERIE TAYLOR

1 PURPOSE

1.1 To provide you with a monitoring report on our treasury management activities for the half-year period 1 April 2020 to 30 September 2020.

1.2 Relevance to the Council's ambitions and priorities:

- In accordance with the corporate strategy priority -“to ensure a well-managed Council, by maintaining critical financial management and controls.” This report provides members with information regarding the treasury management activities for the period.

1.3 In accordance with our treasury management policy committee receive a quarterly monitoring report on the Council's treasury management operations.

2 BACKGROUND

2.1 Treasury management within an organisation is the '*management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks*'

2.2 The council's approach to treasury management is set out in its 'Treasury Management Policies and Practices' document which governs the way that investments and cashflows are managed. It is reviewed annually to ensure continued compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and is ordinarily approved by this committee in advance of the financial year.

2.3 Practices were reviewed in advance of the 2020/21 financial year, and whilst there have been no significant changes to the document, formal approval at committee level has been delayed as a result of the suspension of the committee cycle due to COVID-19. A separate report requesting approval has been submitted to this meeting.

3 COVID-19 IMPACT ON OPERATIONS

3.1 As part of a number of measures implemented by Central Government in response to the economic shock experienced from COVID-19:

- the Monetary Policy Committee of the Bank of England reduced the base rate down from 0.75% to 0.25% on 11th March, before reducing it again on the 19th March to 0.10% where it remained in place throughout quarters one and two of 2020/2021; and
- in March 2020 the Government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors. The council received £18.926m on 1st April 2020 for payment out to local businesses.

3.2 Treasury management risks are assessed by officers on an ongoing basis and immediately in response to any actual or anticipated economic changes. A detailed assessment was undertaken in March to identify risks to future cashflows, treasury operations or investments in light of the heightened economic uncertainty resulting from COVID-19. Following meetings between the Senior Accountant, Head of Financial Services and Director of Resources towards the beginning of the pandemic, the following measures were implemented:

Risk	Mitigating Actions
<p style="text-align: center;"><u>Liquidity</u></p> <p>Risk that estimated future cashflows are impacted by the economic downturn.</p>	<p>Estimated cashflows were reviewed and amended to a more prudent outlook to ensure continued liquidity in a worst-case scenario.</p> <p>Short-term investments were prioritised over longer-term to maintain liquidity in a more uncertain environment and to ensure the swift payment of grants to local businesses.</p> <p>Daily discussions continue to take place to identify any emerging risks</p>
<p style="text-align: center;"><u>Operational</u></p> <p>Risk that operational staff will be unable to work in the office either due to illness or the requirement to self-isolate at home.</p>	<p>Secure home working was implemented for key operational staff.</p> <p>Operational manuals were reviewed and updated where necessary.</p>
<p style="text-align: center;"><u>Counterparty Default</u></p> <p>Whilst the council only invests with UK banks/ building societies where the risk of default is very low, there is an increased risk that credit ratings would reduce below Fitch F2 at short notice.</p>	<p>Throughout QTR1 and QTR2, investments have only been placed with the Central Government Debt Management Office (DMO) and with other Local Authorities, other than retaining funds at our own banking provider, HSBC.</p>
<p style="text-align: center;"><u>Counterparty Limit</u></p> <p>Counterparty limits will be breached when the council receives the business grant allocation from central government for distribution to local businesses.</p> <p>Any reductions to Fitch ratings will reduce our ability to spread out funds across different organisations.</p>	<p>The Director of Resources exercised powers in accordance with Schedule D of the Council's approved Treasury Management Policies and Practices document to increase the limit of total funds allowed to be held with the DMO from £5m to £25m and with HSBC (the council's banking provider) from £1.75m to £5m.</p>

3.3 Treasury management counterparty limits before and after review by the Director of Resources under powers delegated within the council's approved Treasury Management Policies and Practices:

Organisation	Limit at 01/04/2019	Limit following review by Director of Resources	Date of change
Debt Management Office	£5m	£25m	27 th March 2020
HSBC	£1.75m	£5m	27 th March 2020
Other banks and building societies	£1.75m	£1.75m	No change
Local Authorities	£2.5m	£2.5m	No change

- 3.4 Throughout the reporting period the council has received significantly less income from fees and charges than budgeted for and cashflows assume lower council tax and business rates receipts for the financial year than originally estimated. The economic impact of the pandemic on the council's cash inflows along with the additional expenditure which has been incurred throughout the coronavirus response has increased the risk to the council's liquidity over the short-term.
- 3.5 During the current financial year £809k has been received in government grant funding to support the council with the coronavirus response and a further tranche of funding has recently been announced which amounts to an additional £100k for this council.
- 3.6 In August the government introduced the income compensation scheme to partially compensate local authorities for lost sales, fees and charges income as a result of COVID-19 and the council submitted the first of three claims for lost income of £190k during the April-July period.

4 TEMPORARY INVESTMENTS

- 4.1 In accordance with the approved treasury management policies and practices, surplus funds are temporarily invested via the money market at the best rate of interest available with the minimisation of risk to the capital sum. Investment decisions continue to be primarily concerned with the security of the funds invested and ongoing liquidity to meet financial commitments.
- 4.2 The movement in the Council's external investments during the reporting period are summarised below:

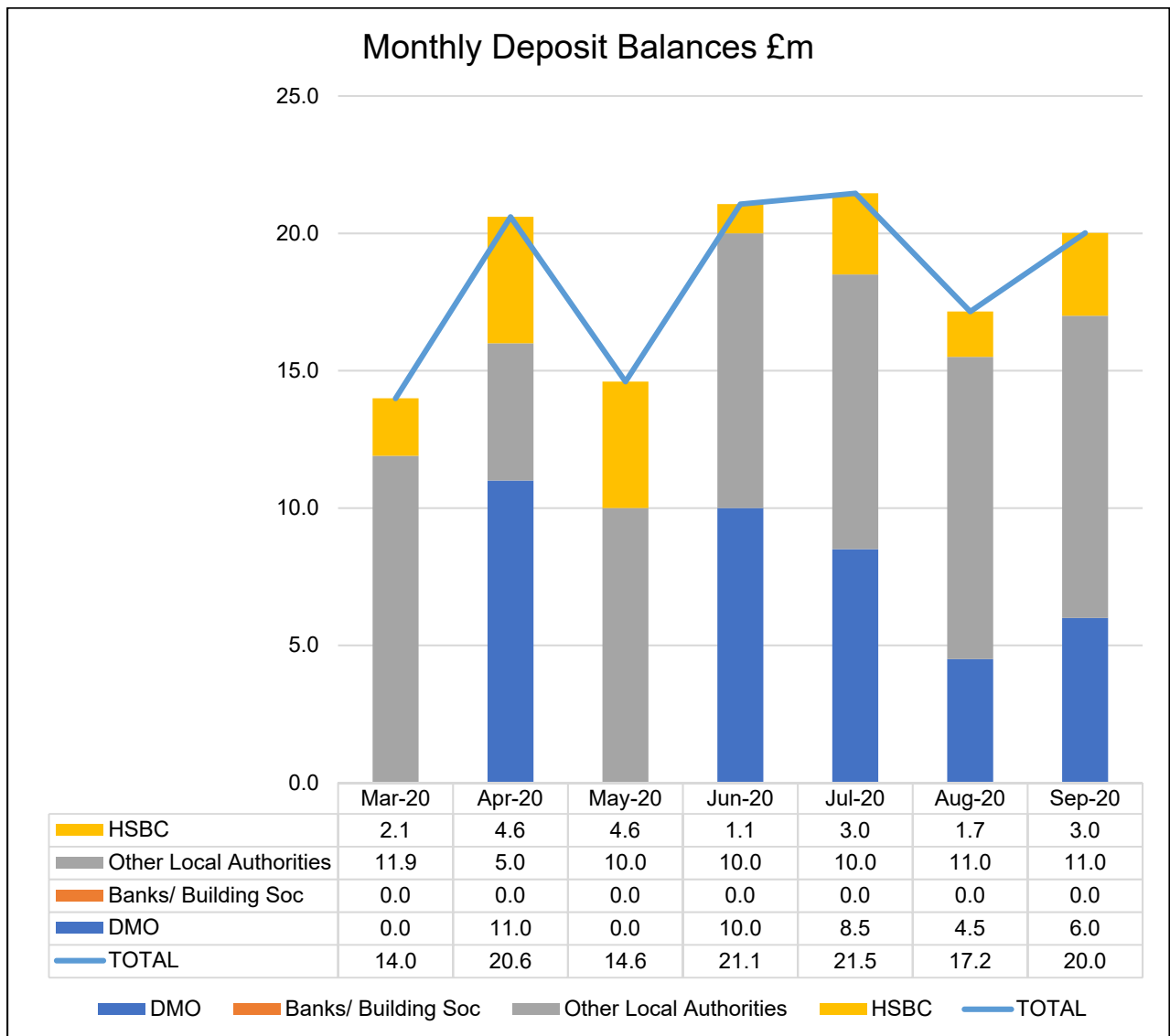
	Banks/ Building Societies £000	DMO £000	Other Local Authorities £000	Total £000
Monies Invested at 1 April 2020	0	0	11,900	11,900
Net Movement	0	6,000	-900	5,100
Fixed term deposits at 30 September 2020	0	6,000	11,000	17,000
Add funds held with HSBC	3,017	0	0	3,017
Sum of all funds invested				20,017
Interest earned April – September 2020				27

- 4.3 Funds invested at 30 September were held with the following organisations:

Borrower	Date Invested	Date of Repayment	Rate %	£'000
Derbyshire County Council	24-Apr-20	26-Oct-20	0.65%	2,500
Ashford Borough Council	07-Aug-20	19-Jan-21	0.38%	2,500
Aberdeen Council	26-May-20	20-Oct-20	0.45%	2,500
Lincolnshire County Council	01-Sep-20	01-Mar-20	0.10%	2,500
Merthyr Tydfil Council	28-Aug-20	28-Oct-20	0.03%	1,000
Total funds invested with Other Local Authorities				11,000
Debt Management Office (DMO)	21-Sep-20	20-Oct-20	0.01%	2,500

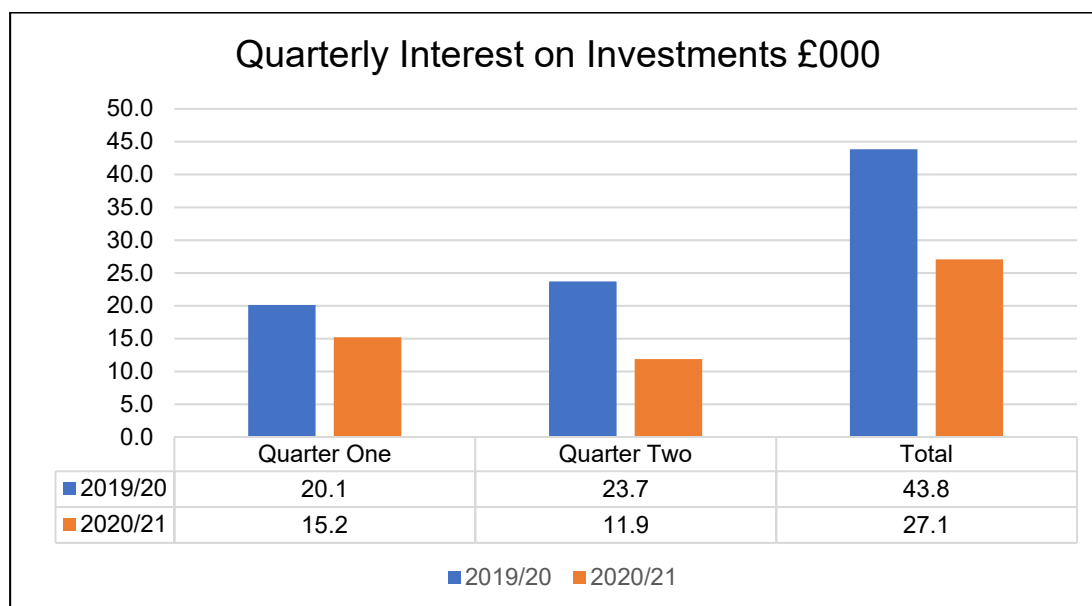
Borrower	Date Invested	Date of Repayment	Rate %	£'000
	30-Sep-20	19-Oct-20	-0.005%	1,500
	30-Sep-20	21-Oct-20	0.00%	2,000
Total funds invested with the Debt Management Office				6,000
SUM of fixed term deposits				17,000
Add funds held with HSBC				3,017
SUM of all investments at 30th September 2020				20,017

4.4 A detailed listing of investments placed and repaid during the reporting period is available in Annex 1. A summary of end of month balances is shown below:



5 INTEREST ON INVESTMENTS

- 5.1 The total interest earned on external investments between April and September 2020 was £27,079 compared to £43,834 for the same period in 2019:



- 5.2 A reduction in interest on investments this year is to be expected given the changes to the Bank of England base rate:

Official Bank Rate	
Date of change	%
02 August 2018	0.75
11 March 2020	0.25
19 March 2020	0.10

- 5.3 The council is not currently earning any interest on balances held at bank as the rate tracks at 0.10% below the base rate.
- 5.4 The council regularly places short term funds with the Debt Management Office (DMO). The DMO is an Executive Agency of Her Majesty's Treasury, responsible for debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds.
- 5.5 Towards the end of September 2020 the DMO announced a move to negative interest rates for investment terms of up to three weeks.
- 5.6 As an Executive Agency the DMO is a highly secure counterparty for investment transactions and as such continues to be the preferred organisation for the depositing of short-term funds. The council has a counterparty limit of £25m with the DMO compared to £1.75m with other banks and building societies. This allows the council to place single investments with the DMO that would need to be placed with several other institutions if the decision was made to place funds elsewhere. The higher chaps fees incurred would largely offset any additional interest earned.

6 LOCAL GOVERNMENT BONDS AGENCY

- 6.1 The Council has one longer-term investment of £10,000 which was placed with the Local Government Bonds Agency in 2014. The agency is a freestanding independent body that is owned by the local government sector with the purpose of raising money efficiently on the capital markets at regular intervals to on-lend to participating bodies.
- 6.2 The contribution that we have invested will be returned to us after 10 years of successful operations of the agency, together with interest which will be earned at commercial rates.

7 BORROWING

- 7.1 The reduction in the Bank of England base rate only impacts on the amount of interest received on our temporary investments as all interest payable on the Council's long-term loan debt from the Public Works Loan Board (PWLB) is at fixed interest rates.
- 7.2 From 1 November 2012, the Government reduced by 20 basis points (0.20%) the interest rates on loans from the PWLB. The reduction was to be applicable for those councils that provide an annual return providing 'improved information and transparency' on 'borrowing and associated capital spending plans'. This will enable the government to build a more robust forecast of public expenditure.
- 7.3 A return has been submitted for Ribble Valley Borough Council and we continue to be listed as an eligible council for this certainty discount rate on the PWLB website.

8 BORROWING REQUIREMENTS

- 8.1 There has been a reduction in the Council's level of external borrowing during the period following payment of the half yearly instalment to the PWLB in September:

	Total £000
External Debt at 1 April 2020	126
Transactions - New Loans	0
- Repayments	-5
External debt at 30 September 2020	121

- 8.2 No temporary loans were taken out in the current financial period up to 30 September 2020, or in the same period in 2019.
- 8.3 The half yearly instalment of interest due on the council's external debt was £3,073 and this was paid at the end of September 2020.

9 PRUDENTIAL INDICATORS

- 9.1 Local authorities in England and Wales are required by the Local Government Act 2003 to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities.
- 9.2 In April 2019 this Committee approved a combined Capital and Treasury Management Strategy for 2019/ 2020 which met a new requirement of the Prudential Code to produce a capital strategy along with a range of streamlined prudential indicators.
- 9.3 These prudential indicators are designed to deliver accountability in taking capital financing, borrowing and treasury management decisions.

9.4 Due to the suspension of the committee cycle a formalised Capital and Treasury Management Strategy for 2020/21 has yet to be approved. However, prudential indicators were set as part of the budget setting process and were reported to full council on 3rd March 2020.

9.5 The treasury management indicators which still form part of the prudential code are the following:

- **Authorised limit for external debt**

This sets a limit on the amount of external borrowing that reflects a level of borrowing, which while not desired, could be afforded but may not be sustainable. It is the upper limit on the level of gross external indebtedness, which must not be breached without council approval. It is the **worse-case scenario**.

- **Operational boundary for external debt**

This indicator focuses on the day-to-day treasury management activity within the Council and reflects the most likely prudent but not worse-case scenario. Any sustained breaches to this boundary would give an indication that the Council may be in danger of stepping beyond the prudential boundaries it has set itself.

9.6 The Council’s actual long-term debt at 30th September 2020 compared to the approved authorised limit and operational boundary indicators is as follows:

Prudential Indicator	Authorised Limit £000’s	Operational Boundary £000’s	30 th Sep 2020 £000’s
Borrowing	15,913	2,738	121
Other Long-Term liabilities	0	0	0

9.7 The Treasury Management code requires that where an authority invests, or plans to invest, for periods of longer than one year that an upper limit for investments maturing in excess of this timeframe is set. This council currently has a policy of not investing for periods of longer than one year and so no upper limits have been set and no investments have been made in the reporting period for longer than 364 days.

10 APPROVED ORGANISATIONS

10.1 Principally, Fitch credit ratings are used as an indication of the probability of organisations defaulting on our investments. Definitions for the ratings are provided at Annex 2.

10.2 The ratings show an indication of the current credit position and are monitored on a regular basis with any significant changes to be reported to this committee. Prior to investing any monies on a day to day basis the ratings given by rating agents S&P Global Ratings and Moody’s are also monitored and considered alongside the Fitch ratings. The full list of ratings for our approved institutions at 30th September 2020 is shown at Annex 3.

10.3 Investments with Building Societies are limited to the top eight building societies based on their total assets (provided they are included in Fitch ratings). Two of the top building societies do not currently have a Fitch rating, leaving the top six building societies based on their total assets:

Name	Fitch Rating		
	Full Transaction Review Date	Long Term	Short Term
Nationwide	14/09/2020	A	F1
Coventry	01/04/2020	A-	F1
Yorkshire	01/04/2020	A-	F1
Skipton	01/04/2020	A-	F1
Leeds	01/04/2020	A-	F1
Principality	01/04/2020	BBB+	F2

- 10.4 The banks we use are reviewed annually as part of the Treasury Management 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. The banks on the Council's approved list meeting this requirement at 30th September 2020 are as follows:

Name	Fitch's Full Transaction Review Date	Long Term	Short Term
Santander UK Plc	14/09/2020	A+	F1
Barclays Bank Plc*	29/05/2020	A	F1
Bank of Scotland Plc	14/09/2020	A+	F1
HSBC Bank Plc*	29/05/2020	AA-	F1+
Lloyds Bank Plc	14/09/2020	A+	F1
National Westminster Bank Plc	14/09/2020	A+	F1
Royal Bank of Scotland Plc (The)	14/09/2020	A	F1

*Barclays and HSBC Long-Term ratings reduced down from A+

- 10.5 In addition to the building societies and banks we use for investments, also approved for use are other Local Authorities and the United Kingdom Debt Management Office, where the Government guarantees investments.

11 RECENT EVENTS

- 11.1 At its meeting in June the Bank of England's Monetary Policy Committee (MPC) reported that 'its challenge at present is to respond to the severe economic and financial disruption caused by the spread of Covid-19' and voted unanimously to maintain the Bank Rate at 0.10%. The rate was maintained by unanimous vote at subsequent meetings in both August and September. The bank of England has not ruled out a move to negative interest rates in the future.
- 11.2 The MPC reports that the path of growth and inflation will depend on the evolution of the pandemic and measures taken to protect public health, as well as the nature of, and transition to, the new trading arrangements between the European Union and the United Kingdom.

11.3 Government policy continues to evolve in response to the coronavirus pandemic as does the level of grant support that is available to the council, local businesses and residents of the Borough to offset some of the financial implications of the measures introduced. As reported at paragraph 3.5, the government has recently announced a further tranche of funding to support local authorities with the cost of the coronavirus response, which amounts to an additional £100k for this council.

11.4 The Lancashire area has recently moved into tier 3 local lockdown restrictions and the council will continue to play a key role supporting local businesses and residents through the timely distribution of central government grants.

12 EXPOSURE TO RISK

12.1 With the risks surrounding the impact of COVID-19 on the economy and the council's cashflows, it is imperative that we continue to protect the Council's principal sums invested and closely monitor liquidity in order to minimise exposure to risks in an uncertain environment.

12.2 To ensure our exposure is limited as far as possible, we continue with the following measures:

- Daily early morning discussions concerning the latest position:
- Lending arrangements
- A review of the Markets
- A review of our current investments and whether we consider they are still safe
- Institution Ratings
 - Close monitoring of our cash flow position and estimates
- Authorisation prior to investments with either the Director of Resources or the Head of Financial Services
- Keep Leader/Chief Executive informed of any developments
- Look to arrange new secure options for investments as necessary.

13 CONCLUSION

13.1 Through the careful investment of sums in line with the Council's strategy the level of risk to our investments has been kept to a minimum.

13.2 Due to the continued uncertainty in the global economy, a prudent approach continues to be followed in the investment of any surplus cash balances on a day to day basis, ensuring continue liquidity and security of the council's investments.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF23-20/VT/AC
30 October 2020

For further information please ask for Val Taylor

**POLICY AND FINANCE COMMITTEE
TEMPORARY INVESTMENT ACTIVITY – 2020/21**

ANNEX 1

No.	Category	Organisation	Invested £	Date invested	Interest rate	Date of maturity	Interest £	Principal Repaid £	Long Term Rating	Short Term Rating
Investments brought forward into 2020/21										
48	Other	Lancashire County Council	2,500,000	14/06/2019	0.95%	12/06/2020	-23,684.93	-2,500,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							19,000.00			
105/2	Other	Cheltenham Council	2,000,000	05/02/2020	0.72%	17/04/2020	-2,840.55	-2,000,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							2,209.32			
124	Other	Mid Suffolk Council	1,400,000	05/02/2020	0.68%	17/04/2020	-1,877.92	-1,400,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							1,460.60			
127	Other	Central Bedfordshire	1,000,000	02/03/2020	0.85%	09/04/2020	-884.93	-1,000,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							698.63			
125	Other	Kirklees Council	1,500,000	02/03/2020	0.80%	17/04/2020	-1,512.33	-1,500,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							986.30			
101/2	Other	Blackpool Council	2,500,000	02/03/2020	0.78%	24/04/2020	-2,831.51	-2,500,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							1,602.74			
130	Other	Maidstone Borough Council	1,000,000	20/03/2020	1.50%	06/04/2020	-698.63	-1,000,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							493.15			
Investments placed April - September 2020										
1	Bank	DMO	19,000,000	01/04/2020	0.08%	08/04/2020	-291.51	-19,000,000	n/a	n/a
2	Bank	DMO	16,000,000	08/04/2020	0.04%	09/04/2020	-17.53	-16,000,000	n/a	n/a
3	Bank	DMO	14,000,000	09/04/2020	0.04%	14/04/2020	-76.71	-14,000,000	n/a	n/a
4	Bank	DMO	15,000,000	14/04/2020	0.04%	15/04/2020	-16.44	-15,000,000	n/a	n/a

**POLICY AND FINANCE COMMITTEE
TEMPORARY INVESTMENT ACTIVITY – 2020/21**

No.	Category	Organisation	Invested £	Date invested	Interest rate	Date of maturity	Interest £	Principal Repaid £	Long Term Rating	Short Term Rating
5	Bank	DMO	13,000,000	15/04/2020	0.04%	16/04/2020	-14.25	-13,000,000	n/a	n/a
6	Bank	DMO	9,000,000	16/04/2020	0.05%	20/04/2020	-44.38	-9,000,000	n/a	n/a
7	Bank	DMO	7,000,000	20/04/2020	0.04%	21/04/2020	-7.67	-7,000,000	n/a	n/a
8	Bank	DMO	6,500,000	21/04/2020	0.08%	30/04/2020	-128.22	-6,500,000	n/a	n/a
9	Other	Derbyshire County Council	2,500,000	24/04/2020	0.65%	26/10/2020	-7,078.77	still invested	n/a	n/a
10	Bank	DMO	11,000,000	30/04/2020	0.04%	01/05/2020	-12.05	-11,000,000	n/a	n/a
11	Other	Ashford Borough Council	2,500,000	11/05/2020	0.50%	07/08/2020	-3,013.70	Rolled over to 11/2	n/a	n/a
11/2	Other	Ashford Borough Council	Rolled over from 11	07/08/2020	0.38%	19/01/2021	-1,405.48	still invested	n/a	n/a
12	Bank	DMO	9,000,000	01/05/2020	0.04%	11/05/2020	-98.63	-9,000,000	n/a	n/a
13	Bank	DMO	6,500,000	11/05/2020	0.04%	18/05/2020	-49.86	-6,500,000	n/a	n/a
15	Bank	DMO	3,500,000	14/05/2020	0.04%	18/05/2020	-15.34	-3,500,000	n/a	n/a
16	Bank	DMO	10,000,000	18/05/2020	0.04%	19/05/2020	-10.96	-10,000,000	n/a	n/a
17	Bank	DMO	7,500,000	19/05/2020	0.04%	27/05/2020	-65.75	-7,500,000	n/a	n/a
18	Other	Aberdeen Council	2,500,000	26/05/2020	0.45%	20/10/2020	-3,914.38	still invested	n/a	n/a
19	Bank	DMO	6,000,000	01/06/2020	0.02%	08/06/2020	-23.01	-6,000,000	n/a	n/a
14	Other	Blackpool Council	2,500,000	08/06/2020	0.40%	08/09/2020	-2,520.55	-2,500,000	n/a	n/a
20	Bank	DMO	3,000,000	08/06/2020	0.02%	12/06/2020	-6.58	-3,000,000	n/a	n/a
21	Bank	DMO	5,000,000	12/06/2020	0.02%	15/06/2020	-8.22	-5,000,000	n/a	n/a
22	Bank	DMO	5,000,000	15/06/2020	0.02%	30/06/2020	-41.10	-5,000,000	n/a	n/a
23	Bank	DMO	10,000,000	30/06/2020	0.01%	01/07/2020	-2.74	-10,000,000	n/a	n/a
24	Bank	DMO	4,500,000	01/07/2020	0.01%	02/07/2020	-1.23	-4,500,000	n/a	n/a

**POLICY AND FINANCE COMMITTEE
TEMPORARY INVESTMENT ACTIVITY – 2020/21**

No.	Category	Organisation	Invested £	Date invested	Interest rate	Date of maturity	Interest £	Principal Repaid £	Long Term Rating	Short Term Rating
25	Bank	DMO	3,500,000	01/07/2020	0.01%	07/08/2020	-35.48	-3,500,000	n/a	n/a
26	Bank	DMO	5,000,000	31/07/2020	0.01%	03/08/2020	-4.11	-5,000,000	n/a	n/a
27	Bank	DMO	5,000,000	03/08/2020	0.01%	07/08/2020	-5.48	-5,000,000	n/a	n/a
28	Bank	DMO	4,500,000	07/08/2020	0.01%	15/09/2020	-48.08	-4,500,000	n/a	n/a
29	Other	Lincolnshire County Council	2,500,000	01/09/2020	0.10%	01/03/2021	-198.63	still invested	n/a	n/a
31	Other	Merthyr Tydfil Council	1,000,000	28/08/2020	0.03%	28/10/2020	-27.12	still invested	n/a	n/a
32	Bank	DMO	2,500,000	08/09/2020	0.01%	21/09/2020	-8.90	-2,500,000	n/a	n/a
33	Bank	DMO	2,500,000	21/09/2020	0.01%	20/10/2020	-6.16	still invested	n/a	n/a
34	Bank	DMO	1,500,000	30/09/2020	** -0.005%	19/10/2020	**0.21	still invested	n/a	n/a
35	Bank	DMO	2,000,000	30/09/2020	0	21/10/2020	0.00	still invested	n/a	n/a
Investments to September 2020			220,500,000			SUM	-19,198.81	-203,500,000		
Total Investments 2020/21 (including b/f from 19/20)			232,400,000			SUM incl b/f	-27,078.87	-215,400,000		
Interest received on balances held at bank							0			
Grand Total			232,400,000				-27,078.87	-215,400,000		

** Negative Interest Rate

Fitch Rating Definitions

Fitch Rating Definitions	
International Long-Term Credit Ratings	
Long-term credit rating can be used as a benchmark measure of probability of default.	
AAA	Highest credit quality. 'AAA' denotes the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectation of low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than in the case for higher ratings.
BBB	Moderate default risk. 'BBB' National Ratings denote a moderate default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions are more likely to affect the capacity for timely repayment than is the case for financial commitments denoted by a higher rated category
International Short-Term Credit ratings	
Short-term rating has a time horizon of less than 13 months for most obligations and thus places greater emphasis on the liquidity necessary to meet financial commitments	
F1	Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non-investment grade.
B	Indicates an uncertain capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Such capacity is highly susceptible to near-term adverse changes in financial and economic conditions.

Full Rating List of Approved Institutions at 30th September 2020

Organisation	S&P Global Ratings			Moody's			Fitch				
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook	Full Review Date	Long Term	Short Term	Outlook	
Building Societies											
Nationwide	A	A-1	Stable	A1	P-1	Stable	14/09/2020	A	F1	Negative	£1m min
Yorkshire	-	-	-	A3	P-2	Negative	01/04/2020	A-	F1	Negative	
Coventry	-	-	-	A2	P-1	Negative	01/04/2020	A-	F1	Negative	Sterling Brokers
Skipton	-	-	-	Baa1	P-2	Stable	01/04/2020	A-	F1	Negative	
Leeds	-	-	-	A3	P-2	Negative	01/04/2020	A-	F1	Negative	3 Mnth
Principality	-	-	-	Baa2	P-2	Negative	01/04/2020	BBB+	F2	Negative	No Contact
Banks											
Santander UK Plc.	A	A-1	Negative	Aa3	P-1	Negative	14/09/2020	A+	F1	Negative	
Barclays Bank Plc.	A	A-1	Negative	A1	P-1	Stable	29/05/2020	A	F1	Negative	
Bank of Scotland Plc.	A+	A-1	Negative	Aa3	P-1	Negative	14/09/2020	A+	F1	Negative	
HSBC Bank Plc.	A+	A-1	Stable	Aa3	P-1	Negative	29/05/2020	AA-	F1+	Negative	
Lloyds Bank Plc.	A+	A-1	Negative	Aa3	P-1	Negative	14/09/2020	A+	F1	Negative	£250k min
National Westminster Bank Plc.	A	A-1	Negative	A1	P-1	Positive	14/09/2020	A+	F1	Negative	Current a/c required
Royal Bank of Scotland Plc.	A	A-1	Negative	A1	P-1	Positive	14/09/2020	A	F1	Negative	Current a/c required
Banks not currently meeting minimum Fitch Short Term requirement of F2 (and not currently approved for investments)											
Co-operative Bank (The)				B3	NP	Positive	22/07/2020	B-	B	Negative	£1m min

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 16 JANUARY 2020

Present: S Atkinson (Chair), A Brown, S Hirst, S Hore, A Knox, D Peat, Chief Executive, Director of Resources, Director of Community Services, Head of Financial Services.

1 Apologies

Cllr S Fletcher, Cllr J Rogerson and Director of Economic Development and Planning.

2 Minutes of meeting held on 16 October 2019

2.1 Members approved the minutes of the last meeting of the Budget Working Group.

3 Provisional Local Government Finance Settlement

3.1 A report was presented by the Director of Resources on the Provisional Local Government Finance Settlement 2020/21. It was explained that the information presented was in respect of the provisional settlement, with the final settlement expected to be laid before the House of Commons in February. The settlement was for one year only following the putting back of the Fair Funding Review and the Business Rate Retention Review by the Government.

3.2 The report gave key information around:

- Provisional Settlement Funding Assessment - £1,354,393 for 2020/21.
- Rural Services Delivery Grant – we will now receive this grant separately (£107,921) after it had previously been rolled in to the main funding in 2019/20 under the Pilot Pool arrangements.
- Negative Revenue Support Grant – the Government proposes to eliminate negative RSG following the recent technical consultation.
- New Homes Bonus - no change to the baseline at 4% for 2020/21, allocations for 2020/21 will be allocated in line with previous years. There will be no legacy payments on these new allocations but the Government are making legacy payments on allocations from previous years. Provisional allocation for 2020/21 is £1.758m (£1.666m 2019/20).
- Business Rates - confirmation that the new Lancashire Pilot pool had officially been designated by MHCLG, subject to any parties withdrawing within the 28 days after the Provisional Local Government Finance Settlement date of 20 December 2019. This would be on a 50% basis as all 75% Business Rate Pilots will cease at the end of March 2020.
- Council Tax Referendum Principles – for this council the applicable council tax referendum principle was 2% or £5 whichever is the higher.

3.3 There was a discussion around the current Business Rates Pilot Pool arrangements and the 25% strategic growth fund.

3.4 The consultation document '*Provisional local government finance settlement 2020 to 2021: Consultation*' was also discussed by members. The Director of resources shared details of responses that had been made by the Rural Services Network and the Society of District Council Treasurers. Members agreed that the council should submit a response to the consultation, echoing the sentiments of the Rural Services Network and the Society of District Council Treasurers.

4 Revenue Budget 19/20 and 2020/21 latest position

- 4.1 An update on the revised budget for 2019/20 and the budget position for 2020/21 was provided to members by the Director of Resources. The main variances from original estimate to revised estimate 2019/20 were provided within the report. Overall, revised committee budgets were forecast to be £110,580 above the original estimate.
- 4.2 The use of general balances also showed a likely increase from taking £93,896 to taking £155,965. Net resources being added to Earmarked reserves were forecast to decrease from adding £2,160,402 to adding £2,039,672.
- 4.3 Looking forward to the 2020/21 original estimate, committee expenditure was set to increase by £125,875 compared to the original estimate for 2019/20. Again, the main variances were provided within the report.
- 4.4 Looking at earmarked reserves, there was a forecast of £75,604 less being added, compared to the original estimate 2019/20.
- 4.5 The impact of the latest position on the council tax was discussed. 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 would be available over the following week, once the NNDR1 return had been finalised.
- 4.6 Members were asked for a number of decisions to be made in order to further progress the budget for 2020/21:
- **Review of Local Plan Costs.** Members agreed that £190k should be added to our revenue budget in 2020/21 and that the impact of this should fall on general fund balances.
 - **New Homes Bonus.** Members agreed to leave the amount used to fund the revenue budget at the current level of £1,105,000.
 - **Business Rates Growth.** Members agreed with the previously planned increase in use of business rate growth/retained levy under pooling up to £875,514 for 2020/21.
 - **Use of balances.** Members confirmed the use of balances of £114,583 to support the revenue budget.
 - **Council Tax.** Members agreed to progress on the basis of a £5 increase in the council's Band D council tax (i.e. increase to £155.69).
- 4.7 Members agreed that the Revenue Budget report to Special Policy and Finance Committee was to be prepared on the basis of the responses to the above questions. It was explained that a further report would be brought back to the budget working group in the following week to confirm the final position once the NNDR1 return had been completed.

5 Five Year Capital Programme to Date

- 5.1 The Head of Financial Services updated members on the latest position with regard to the five-year capital programme. CMT had reviewed the bids and made proposals on which schemes to now take forward and add to the five-year capital programme 2020/21-2024/25.
- 5.2 Members were briefly taken through the latest position and the comments made by CMT in arriving at the proposed capital programme.
- 5.3 It was explained that with significant finance reforms expected by April 2021 it was seen as prudent to set a capital programme that could be afforded with limited use of resources – largely through the use of Business Rates Growth limited to approximately £500,000.

- 5.4 It was highlighted that those schemes that had not been proposed for inclusion in the capital programme had not been excluded on a permanent basis, but that it was being suggested that any decision on those schemes should be deferred until the following year when further details around local government funding should be known, allowing more informed decision making.
- 5.5 A summary of the suggested overall funding for the resulting proposed five-year capital programme was provided.
- 5.6 It was agreed that the proposed capital programme would be further considered at the next meeting of budget working group on 23 January 2020.

6 Any Other Business

- 6.1 There were no other items of business

7 Date and Time of Next Meeting

4.30pm Thursday 23 January 2020.

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 23 JANUARY 2020

Present: S Atkinson (Chair), A Brown, S Hirst, S Hore, A Knox, D Peat, Chief Executive, Director of Resources, Director of Community Services, Head of Financial Services.

8 Apologies

9 Cllr S Fletcher, Cllr J Rogerson.

10 Minutes of meeting held on 16 January 2020

10.1 Members approved the minutes of the last meeting of the Budget Working Group.

11 Revenue Budget 2019/20 and 2020/21 Latest Position

11.1 An update on the revised budget for 2019/20 and the budget position for 2020/21 was provided to members by the Director of Resources. This was an update on the report provided to the previous meeting and focused on the impacts of the recently completed business rates NNDR1 return.

11.2 There were no changes to the revised budget 2019/20 figures as previously reported at the last meeting. Overall, revised committee budgets were forecast to be £110,580 above the original estimate and the use of general balances showed a likely increase from taking £93,896 to taking £155,965.

11.3 Whilst the report provided a further update on business rates for both the 2019/20 and 2020/21 financial years, the focus was on the impact on 2020/21.

11.4 For 2020/21 the council would be reverting to the 50% Pooling Arrangements and a comparison was provided to the 2019/20 75% pilot position – although it was explained that it was hard to compare as the two were considerably different.

11.5 It was explained that if the council were not members of a pool we would have to pay over to the Government a levy of £673,847. Under pooling arrangements, we will instead pay 10% of the levy over to LCC, giving a retained levy of £606,463.

11.6 Whilst the announcement of the Final Local Government Settlement was awaited it was estimated that the total business rate growth income for 2020/21 would be £1,981,033. Members agreed that £875,514 could safely be relied on to support the revenue budget, as previously suggested.

11.7 The difficulties experienced in retaining and recruiting to posts particularly those requiring professionally qualified staff were discussed. It was acknowledged that the remuneration packages offered may need to be revisited as it was not anticipated that the current recruitment problems would ease in the near future.

11.8 The overall budget position was reported to members and members agreed with the final budget setting options, which would see £142,812 used from general fund balances, and recommended this to Special Policy and Finance Committee.

12 Five Year Capital Programme to Date

12.1 The Head of Financial Services provided a further update to members on the latest position with regard to the five-year capital programme. CMT had reviewed the bids and made proposals on which schemes to now take forward and add to the five-year capital programme 2020/21-2024/25.

12.2 It was explained that with significant finance reforms expected by April 2021 it was seen as prudent to set a capital programme that could be afforded with limited use of resources – largely through the use of Business Rates Growth limited to approximately £500,000.

- 12.3 It was highlighted that those schemes that had not been proposed for inclusion in the capital programme had not been excluded on a permanent basis, but that it was being suggested that any decision on those schemes should be deferred until the following year when further details around local government funding should be known, allowing more informed decision making.
- 12.4 There was a discussion around the car park capital schemes, options, alternatives and the meeting of the car park working group.
- 12.5 It was agreed that the proposed capital programme be recommended to Special Policy and Finance Committee.

13 Any Other Business

- 13.1 The requirement for the statutory meeting with Representatives of Business Rate Payers was discussed.

14 Date and Time of Next Meeting

Meeting with Representatives of Business Rate Payers – 12 February 2020 at 2pm in Committee Room 1