



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

Medium Term Financial Strategy and Plan 2024/25 to 2028/29

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Introduction

The medium term financial strategy (MTFS) provides a strategic financial framework and forward looking approach to achieve long term financial sustainability.

The main objectives of the medium term financial strategy are:

- to look to the longer term to help plan sustainable services and budgets and help ensure that the council's financial resources are sufficient to support delivery of Corporate Strategy ambitions.
- to provide a single document to communicate the financial context, aims and objectives to staff and stakeholders and support working with partners.

The strategy provides a framework against which the medium-term financial plan (MTFP) is developed, and provides the backdrop against which the MTFP has been developed.

The Strategy

The Medium Term Financial Strategy examines both the Financial Context and also the Strategic Context:

- **Financial Context** – where we examine our sources of funding, assumptions around such items as pay and price inflation, our available balances, the development of the capital programme, key risks and out monitoring and forecasting arrangements taking into consideration the CIPFA Financial Management Code.
- **Strategic Context** – where we look at the look at the ambitions contained within the Corporate Strategy and also the impact of our many other policies and plans and how these impact on the direction of the council and on its operation from day to day. Also included here is wider national policy and how certain areas of national policy do, or may, impact on the operation of the council.

The Plan

The Medium Term Financial Plan is where the council reviews its budgetary position and seeks to forecast its financial position over a rolling 5-year plan, based on the content of the Medium Term Financial Strategy.

The Plan considers the financial climate at both the local and national level together with available resources and budgetary pressures. Included here is the medium term forecast around our day-to-day revenue spend and also of our investment through capital spend.

Corporate Plan

Good strategic planning also means aligning financial and service planning. The priorities identified in the Corporate Plan set the context for the allocation of resources within the council's budget and medium-term financial strategy and plan.

Medium Term Financial Strategy

FINANCIAL CONTEXT: Settlement Funding Assessment

Settlement Funding Assessment

The Settlement Funding Assessment consists of the Business Rates Baseline Funding Level and the Revenue Support Grant and is the Government’s assessment of the level of funding that council’s require to meet their net expenditure after allowing for income received through the Council Tax.

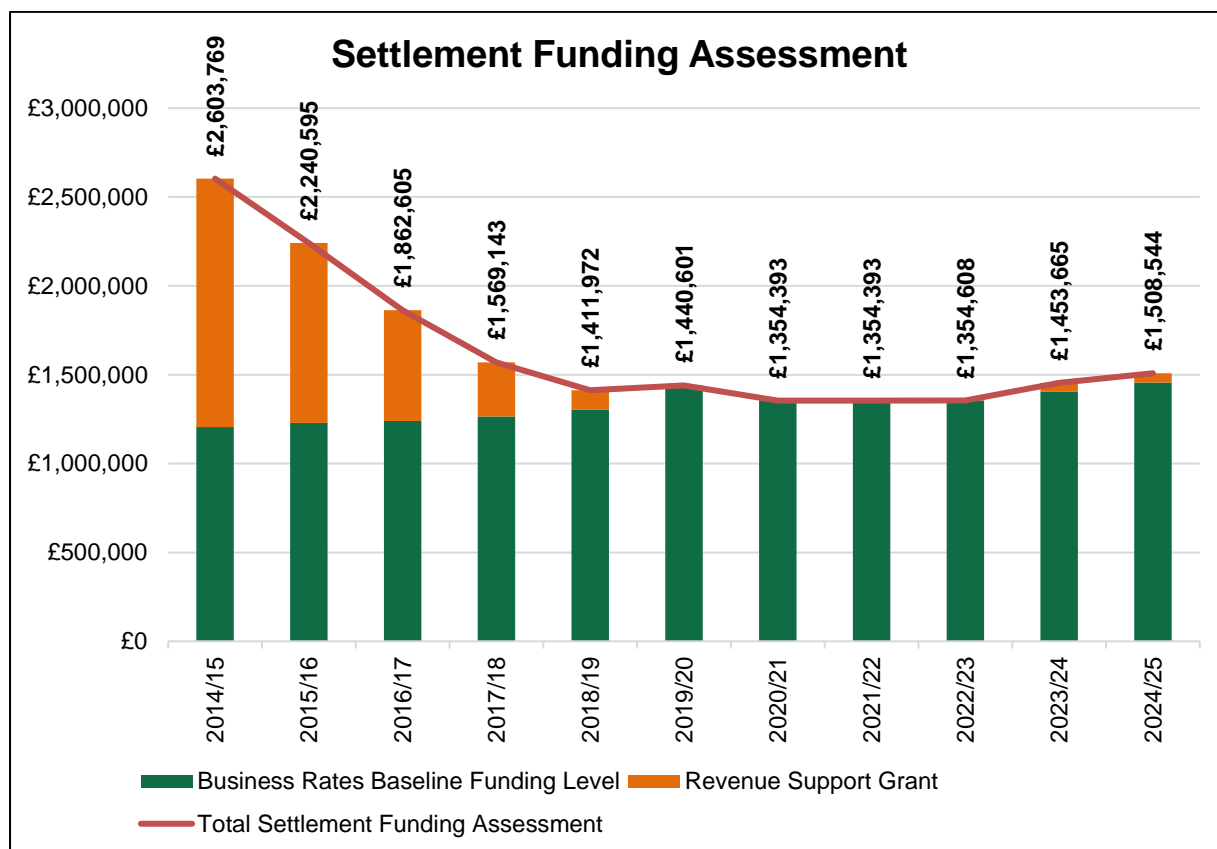
In line with Government plans in the previous decade to reduce public sector spending, the settlement funding assessment was reduced over a number of years to 2019/20. This reduction came through the reduced levels of Revenue Support Grant received as part of the Settlement Funding Assessment.

Of late, there has been some additional funding made through specific grants, rather than through changes to the Settlement Funding Assessment.

The Government have further delayed key reforms to local government funding, notably in this area of funding in respect of:

- Review of local authorities’ relative needs and resources (Fair Funding Review)
- Business Rates Retention Reform

The chart below shows the settlement funding assessment for this council since 2014/15 when the current local government finance system was introduced.



FINANCIAL CONTEXT: Settlement Funding Assessment

The Settlement Funding Assessment for 2024/25 is effectively a one-year settlement and as such it is difficult to assess the level of funding over the life of the plan. Looking forward, in the absence of any other information around the future of local government funding and the delays to the key reforms, it has been assumed in the Medium Term Financial Plan section of this document that the Settlement funding Assessment level will increase by 2.5% per annum until the end of the plan life in 2028/29.

Other assumptions have been made in respect of protections going forward and this is referenced in the next section under 'Funding Guarantee'. This has been allowed for on the assumption that overall, funding will increase annually by 2.5%, even after allowing for certain funding streams being removed in future years, such as New Homes Bonus.

Other Government Grants within Grant Settlement

New Homes Bonus

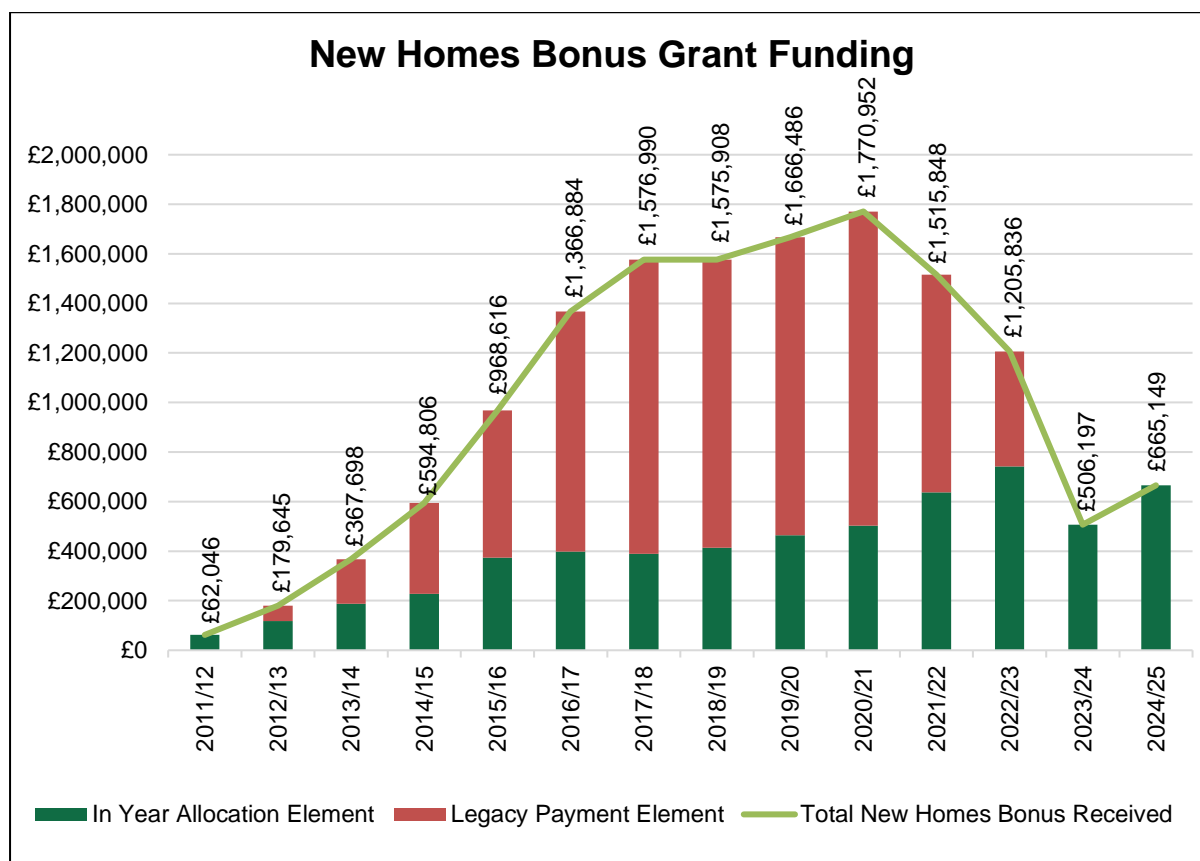
The New Homes Bonus commenced in April 2011 and is paid to the council by the Government for new homes and empty properties brought back in to use. The amount receivable is equivalent to the national average council tax for each property.

The original scheme saw the grant payable in a year being receivable every year for the following six years. The amount is also supplemented with an additional amount for affordable homes.

New Homes Bonus grant is shared 80:20 between district and county councils in two tier areas. It is paid as an unringfenced grant, which means local authorities are free to decide how to spend it. The New Homes bonus can be spent on either revenue or capital, or placed in a local authority’s reserves.

The first year where a full six years-worth of payments were received was 2016/17. Significant changes were announced in the tapering of the grant with effect from 2017/18 onwards, through to the 2023/24 financial year where a single year’s grant payment was made, when New Homes Bonus was expected to come to an end. The grant settlement for 2024/25 had an unexpected inclusion of New Homes Bonus for a further year.

Below is a summary of the income received under this grant scheme since it started in 2011/12:



FINANCIAL CONTEXT: Other Government Grants within Grant Settlement

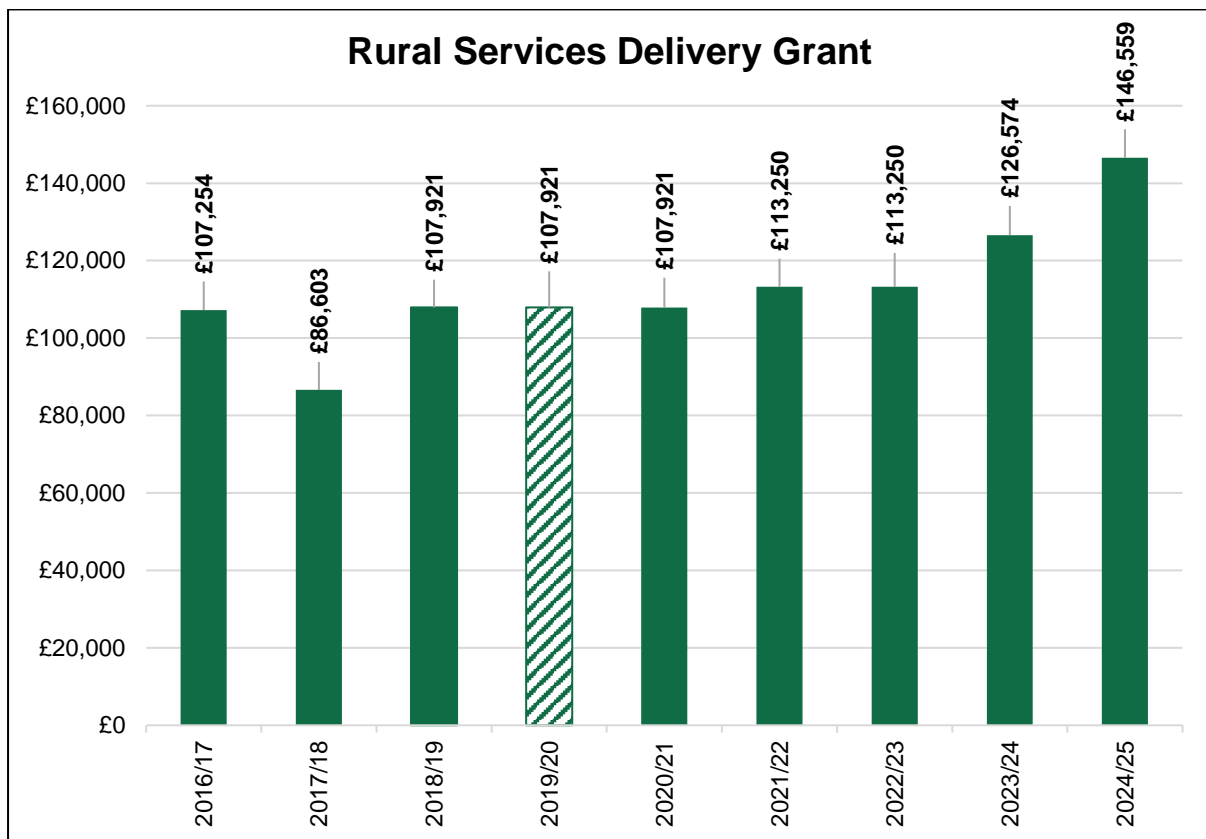
Looking forward over the life of the plan, it has been assumed that the payment of New Homes Bonus grant will cease after 2025/26.

As with the delays seen on the Fair Funding Review and the Business Rates Retention Reform, the reforms around New Homes Bonus have also been repeatedly delayed despite several consultations.

Rural Services Delivery Grant

The Rural Services Delivery Grant is funding provided in recognition of the possible additional costs of service delivery in sparsely populated areas. This funding is distributed to the top-quartile of authorities ranked by super-sparsity, of which this council is one.

Below is a summary of the income received under this grant scheme:



In 2019/20 we were designated a Business Rate Pilot and our Rural Services Delivery Grant of £107,921 was rolled in to our Baseline Funding Level rather than being paid as a separate grant.

Looking forward over the life of the plan, it has been assumed that the payment of Rural Services Delivery Grant will remain at the 2024/25 level for the life of the plan.

Services Grant

In 2022/23 the government introduced a “one-off services grant” for all councils to supplement other grants, now known as the Services Grant.

The council have received the following amounts in recent years:

FINANCIAL CONTEXT: Other Government Grants within Grant Settlement

Financial Year	Amount Received £
2022/23	93,368
2023/24	54,777
2024/25	9,456

It is assumed in the Medium Term Financial Plan that this funding will cease after the 2024/25 financial year.

Funding Guarantee

The Government have announced the 'one-off' funding guarantee for 2023/24 will continue in 2024/25. This is to ensure all councils receive at least a 4% increase in their core spending power before local decisions are made on the level of council tax. Ribble Valley will receive £745,029 in 2024/25.

There is no detail of what further protections may be provided by the government after 2024/25. For the purposes of the Medium Term Financial Plan, this has been allowed for on the assumption that overall, our funding will increase annually by 2.5% in total, even after allowing for certain funding streams being removed in future years, such as New Homes Bonus.

Council Tax

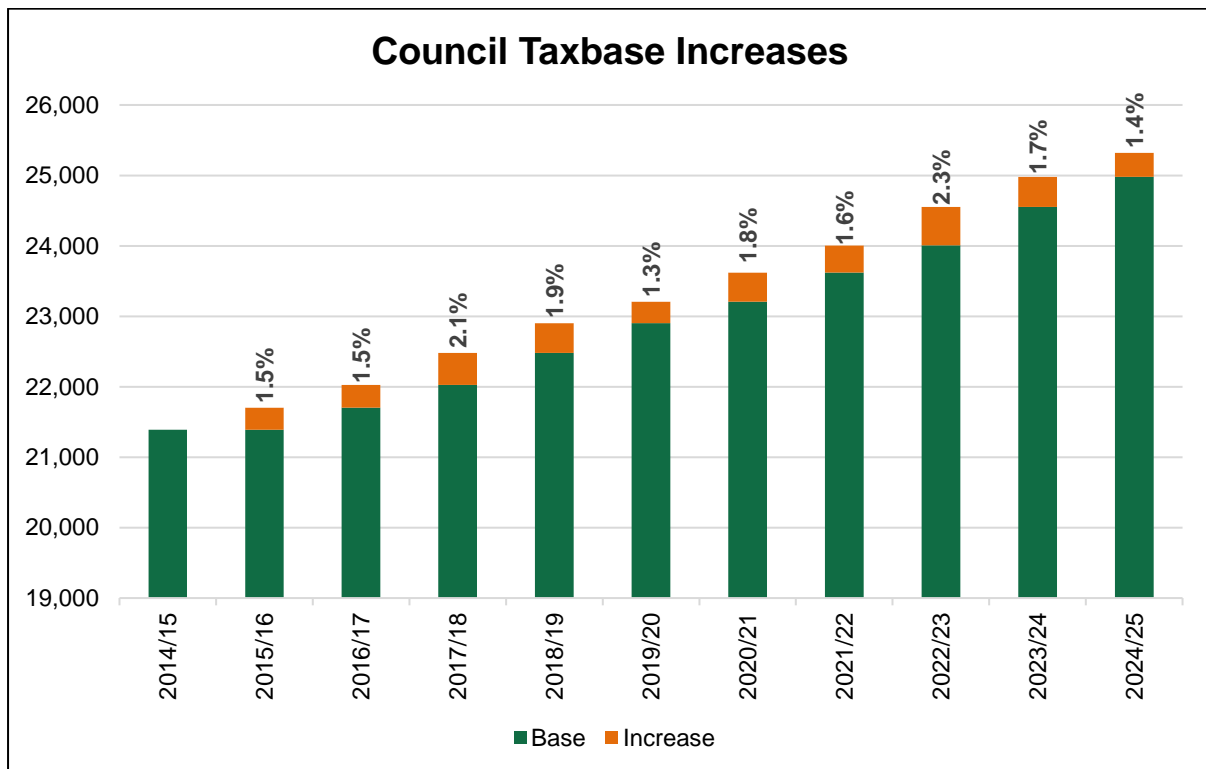
Calculation of the Taxbase

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

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

The level of the council taxbase impacts on the level of resources that the council can raise from council tax. For budget purposes the council taxbase is calculated at a snapshot point in October (subject to review) and all precepting bodies are informed of the taxbase in order to assist them in setting their precepts.

The table below shows the movement in our taxbase over recent years:



The council has benefited from consistent increases in its taxbase due to past levels of planning applications and subsequent levels of housebuilding. We continue to make a prudent forecast in the level of future growth over the life of the plan as we have no influence over when such developments are started, completed or occupied.

Looking forward over the life of the plan it is assumed that the council taxbase will grow by 1% per annum. This is a slightly lower percentage than has been experienced in the past, however we are now starting to see reductions in the large scale planning applications.

FINANCIAL CONTEXT: Council Tax

Taxbase and the Impact of Local Council Tax Support

Local Council Tax Support (LCTS) replaced Council Tax Benefit in 2013/14. Council Tax Benefit was fully funded by the Government – the Council received 100% subsidy to compensate it for paying out Council Tax Benefit.

LCTS however is not paid as a benefit but instead is a discount on an individual’s council tax bill. The Government replaced the subsidy with a grant payable to councils for the cost of LCTS. Crucially they reduced the amount from 100% to 90% and Councils were faced with either absorbing this reduction in funding on their general fund or meeting this from either reductions in council tax support or elsewhere within the council tax system. To bridge the gap in funding, together with other changes, there was a 12% reduction in support for working age claimants.

With effect from 2022/23 this reduction in support was removed and now all claimants receive the same level of discount.

This discount impacts on the level of the council tax base, as does any other discount. When the scheme was first introduced in 2013/14 there was a sizeable drop in the level of the council tax base.

Council Tax Level Changes

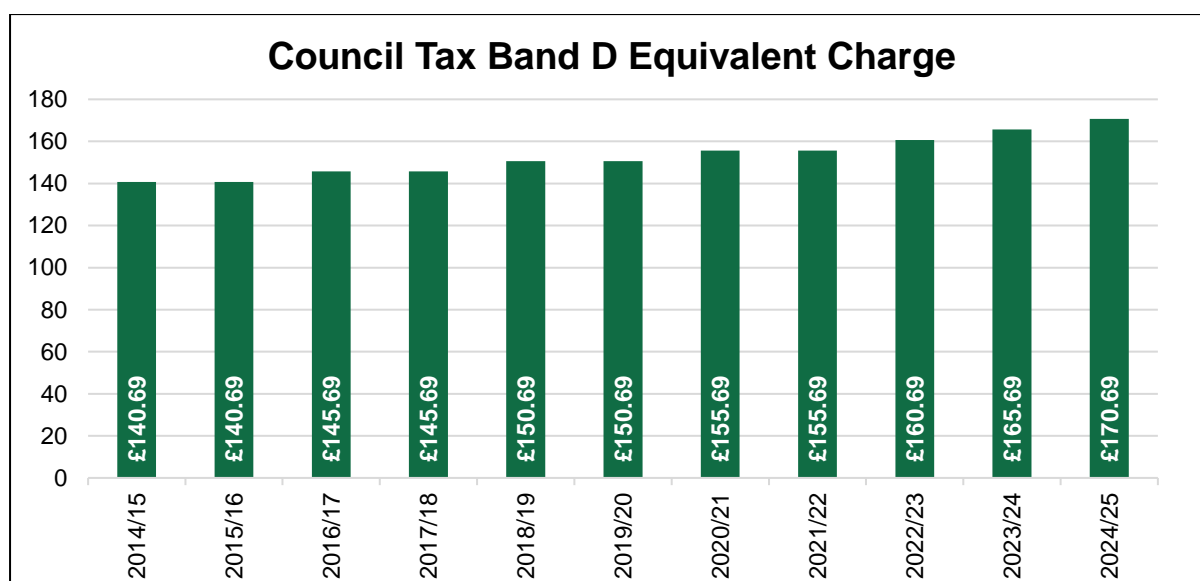
A referendum must be held where an authority’s Council Tax increase is higher than the principles proposed annually by the Secretary of State and approved by the House of Commons.

For 2024/25 the Government announced a number of referendum thresholds. For this council the key principle was that Shire districts will have a referendum principle of up to 3 per cent or £5, whichever is higher.

For the 2024/25 financial year elected members agreed to increase the level of the council tax by the maximum permitted without a referendum of £5.00 at Band D.

As well as being in the bottom quartile of districts for the lowest Band D council tax, this council has historically held the lowest Band D council tax across all Lancashire district councils.

The table below shows the Band D council tax for this council over past years.



FINANCIAL CONTEXT: Council Tax

The level of the Band D council tax in any given year is a decision for elected members in each of the relevant years. However, for the purposes of the plan, over its lifetime it has been assumed that the council tax would be increased by the maximum permissible, which is in line with the Government's core referendum principles.

Council Tax Income for this Council

The impact on the level of council tax raised is twofold. It is impacted by changes in the taxbase and also impacted by the monetary increase to the Band D equivalent charge (the £5 increase in our case).

The table below shows the financial impact of both of these elements:

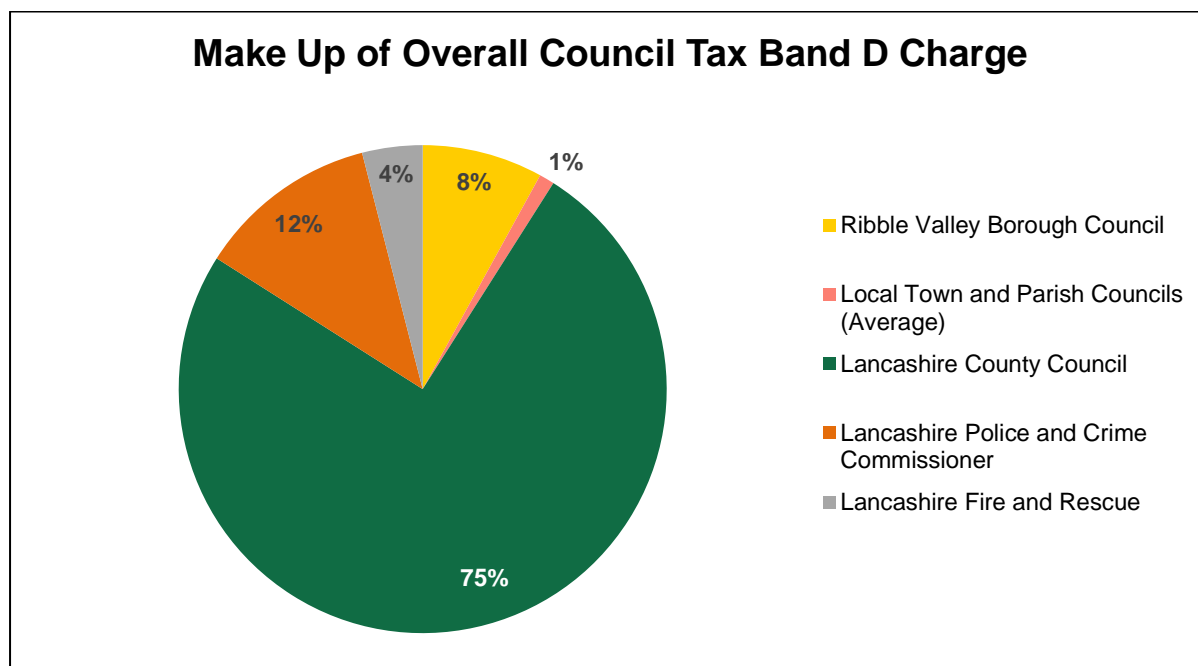
	Council Tax increased by £5.00 £
Band D Council Tax	170.69
Taxbase for 2024/25	25,321
= Council Tax Income 2024/25	4,322,041
Council Tax income 2023/24	4,138,938
Extra income from Council Tax	183,103
Of which due to increase in taxbase	56,500
Of which due to increase in council tax charge	126,603

The £5 increase in our share of the Council Tax resulted in a Band D tax amount of £170.69 for 2024/25 (an increase of 3.02%). This generates £126,603 each year in extra revenue. In addition, the increase in our taxbase generates a further £56,500.

Council Tax Collection Fund

The Council is responsible for collecting the Council Tax to pay for services provided by Lancashire County Council, Ribble Valley Borough Council and its Parishes, Lancashire Police Authority and Lancashire Combined Fire Authority. The chart below shows how the annual council tax bill is divided across different local organisations.

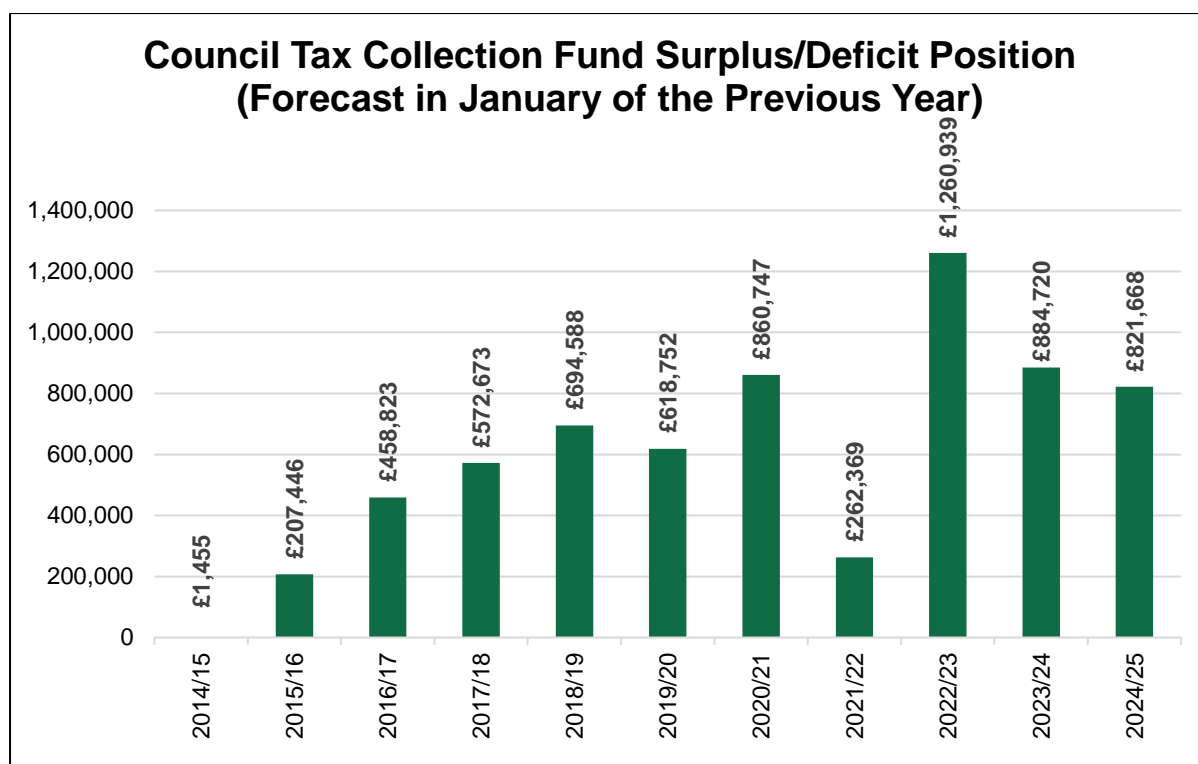
FINANCIAL CONTEXT: Council Tax



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

In the January of each year a forecast is made of the closing position for the council tax collection fund and any surpluses or deficits are shared and are taken account of in setting the following year’s revenue budget by all major precepting bodies.

The overall forecast (as at January prior to the start of the financial year) council tax collection fund position over past years can be seen in the table below:



FINANCIAL CONTEXT: Council Tax

The relevant deficits or surpluses are shared out amongst major precepting bodies pro rata to the level of council tax precepts in the year that the forecast is done.

As such, for 2024/25 the forecast surplus is £821,668 and this surplus is distributed on the following basis:

Major Preceptor	Based on 2023/24 Precept £	Share of Forecast Surplus on Collection Fund £
Lancashire County Council	39,336,256	616,954
Lancashire Police and Crime Commissioner	6,281,221	98,515
Ribble Valley Borough Council (incl Parishes)	4,715,984	73,966
Lancashire Combined Fire Authority	2,055,105	32,233
Total	52,388,566	821,668

Looking forward over the life of the plan it is assumed that this council might see a collection fund surplus of £75,000 in 2025/26 and the £50,000 per annum thereafter.

Council Tax Collection Rates

Council tax collection rates in Ribble Valley are the highest in the North West and fourth in England. In 2022/23 the council collected 99.14 per cent of council tax, which is thanks both to prompt payment by residents and also the diligence of the council's collection team.

Business Rates and Pooling

Business Rates

The Business Rates Baseline Funding Level forms an important element of the council's Settlement Funding Assessment. In addition to this there are a number of other elements of business rates income that form our total level of business rates income and which go towards our total Business Rates income.

These other elements are in respect of:

- Retained Rates Income above or below the Baseline Funding Level
- Section 31 Grant from the Government to recompense the Council for the cost of various business rate reliefs awarded
- Income from Renewable Energy Sites
- Less 10% share of retained Levy payable to Lancashire County Council under Business Rates Pooling Arrangements
- Surplus or Deficit on the Business Rates Collection Fund

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

Business Rates Growth

This council has benefited from healthy levels of business rates growth over the life of the business rates retention scheme and over time has relied heavily on this income to support the revenue budget, as well as helping fund the capital programme.

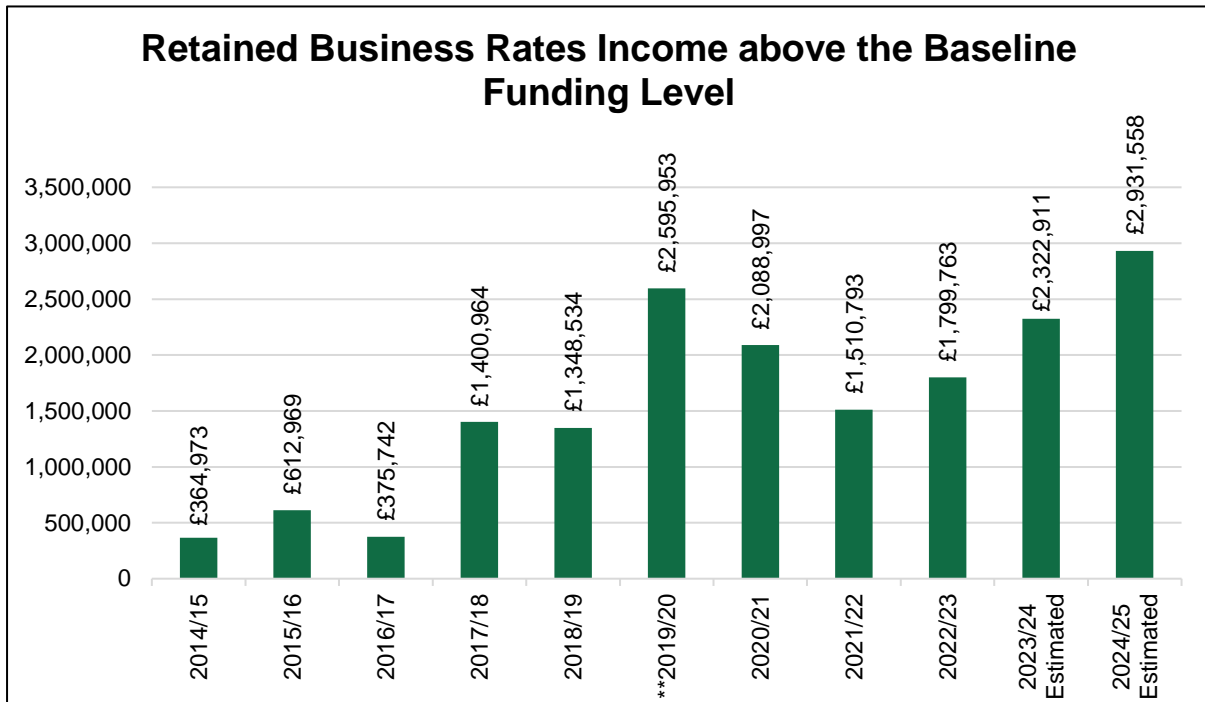
This leaves the council vulnerable to any reforms to the Business Rates Retention scheme and any resets within the business rates retention scheme, such as the Baseline Funding Level.

As such the review of local authorities' relative needs and resources (Fair Funding Review) and the Business Rates Retention Reforms that keep being delayed add to the uncertainty around our financial position over the longer term.

Each year we have been in a position to forecast growth above that baseline when we complete the business rates NNDR1 return. Any further growth (or the impact of any decline) that occurs within each financial year over and above that forecast in the government return NNDR1, will not be benefitted from/or felt until future years through the distribution of any surplus or deficit on the collection fund relating to business rates. This outturn position is declared to the government and the major precepting bodies through the completion of government NNDR3 return at the end of the financial year.

The level of Business Rates income above the Baseline Funding Level over past years can be seen in the table below:

FINANCIAL CONTEXT: Business Rates and Pooling



*** 2019/20 was the year the Council were part of the 75% Lancashire Business Rates Pilot Pool*

Within the above figures are the benefits of the retained levy through being part of the Lancashire Business Rates Pool. In particular 2019/20 benefited greatly from the retained levy as for one year the council was part of the 75% Lancashire Business Rates Pilot Pool meaning that 75% of collected rates were retained in Lancashire rather than 50%.

Business Rates Pooling

In 2016/17, 2017/18 and 2018/19 this Council was a member of the Lancashire Business Rates Pool. In a Business Rate Pool, tariffs, top-ups, levies and safety nets are combined. This can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

The Lancashire Business Rates Pool, which includes most but not all of the local authorities in Lancashire, was designated by the Secretary of State for Housing, Communities and Local Government and originally operated with allocations on the basis of the 50% business rates retention scheme.

In 2019/20 we successfully submitted a bid along with 15 other authorities in Lancashire to become a 75% Business Rates Pilot Pool. This meant that 75% of collected rates were retained in Lancashire rather than 50%.

In respect of 2020/21, the Government confirmed that 75% Business Rate Pilots would cease at the end of March 2020. Since then applications have continued to be made annually for a 50% Lancashire Pool, with the latest approval being for 2023/24.

The pool has operated on the same basis as in 2016/17, 2017/18 and 2018/19 since 2020/21.

FINANCIAL CONTEXT: Business Rates and Pooling

As part of the pool arrangements, one authority must be designated as lead authority, which in the case of the Lancashire Business Rates Pool is Ribble Valley Borough Council. As part of this arrangement a fee of £20,000 is payable, charged equally to all members of the pool by Ribble Valley Borough Council in their role as lead.

The retained levy in the Lancashire Business Rates Pool has been distributed as follows:

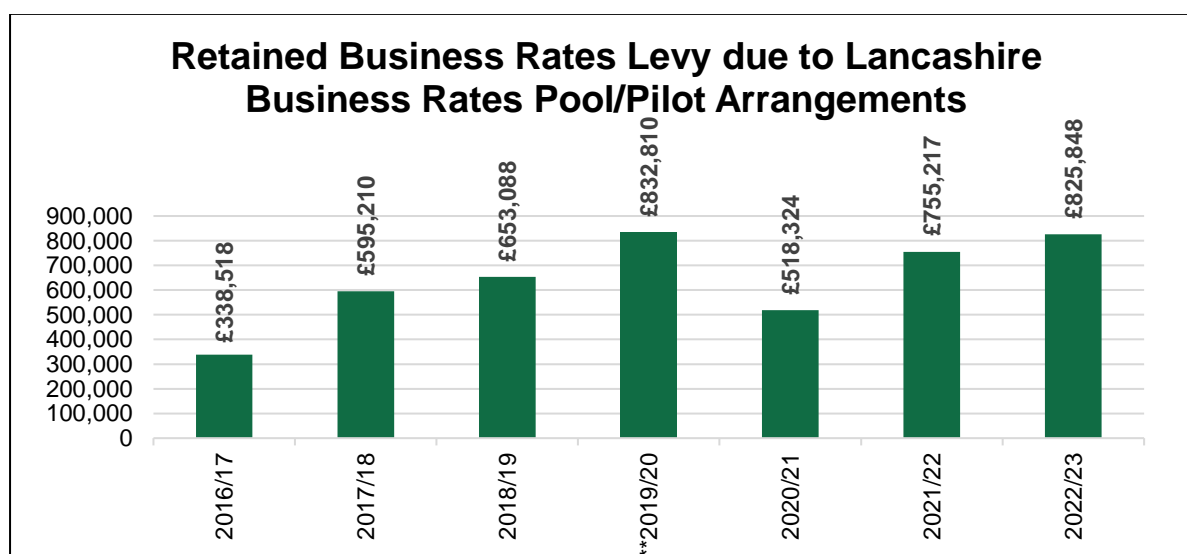
- Lancashire County Council is paid 10% of the overall retained levy;
- Each district within the pool retains 90% of their retained levy.

As mentioned in previous sections, the uncertainty around the review of local authorities' relative needs and resources (Fair Funding Review) and the Business Rates Retention Reforms that keep being delayed add to the uncertainty around our financial position over the longer term and also to the benefit of any pooling arrangement under any reforms.

The Council obviously has to make assumptions about the potential for successful appeals, bad debts and also growth in its business rates base. In any year this is a difficult task however this continues to be made even more so due to the 2023 Revaluation.

The council does have some short-term protections through the setting up of the Business Rates Volatility Reserve which offers some protections in lieu of those lost through the Government by forming a Business Rates Pool, but also in the event of any substantial reforms.

Over the years that the council has been part of the Lancashire Business Rates Pool we have benefited from the following levels of net retained levy under those arrangements. The figures shown below are the net benefit of being in the pooling arrangement and are reflected within the values shown in the table under business rates growth.



** 2019/20 was the year the Council were part of the 75% Lancashire Business Rates Pilot Pool

FINANCIAL CONTEXT: Business Rates and Pooling

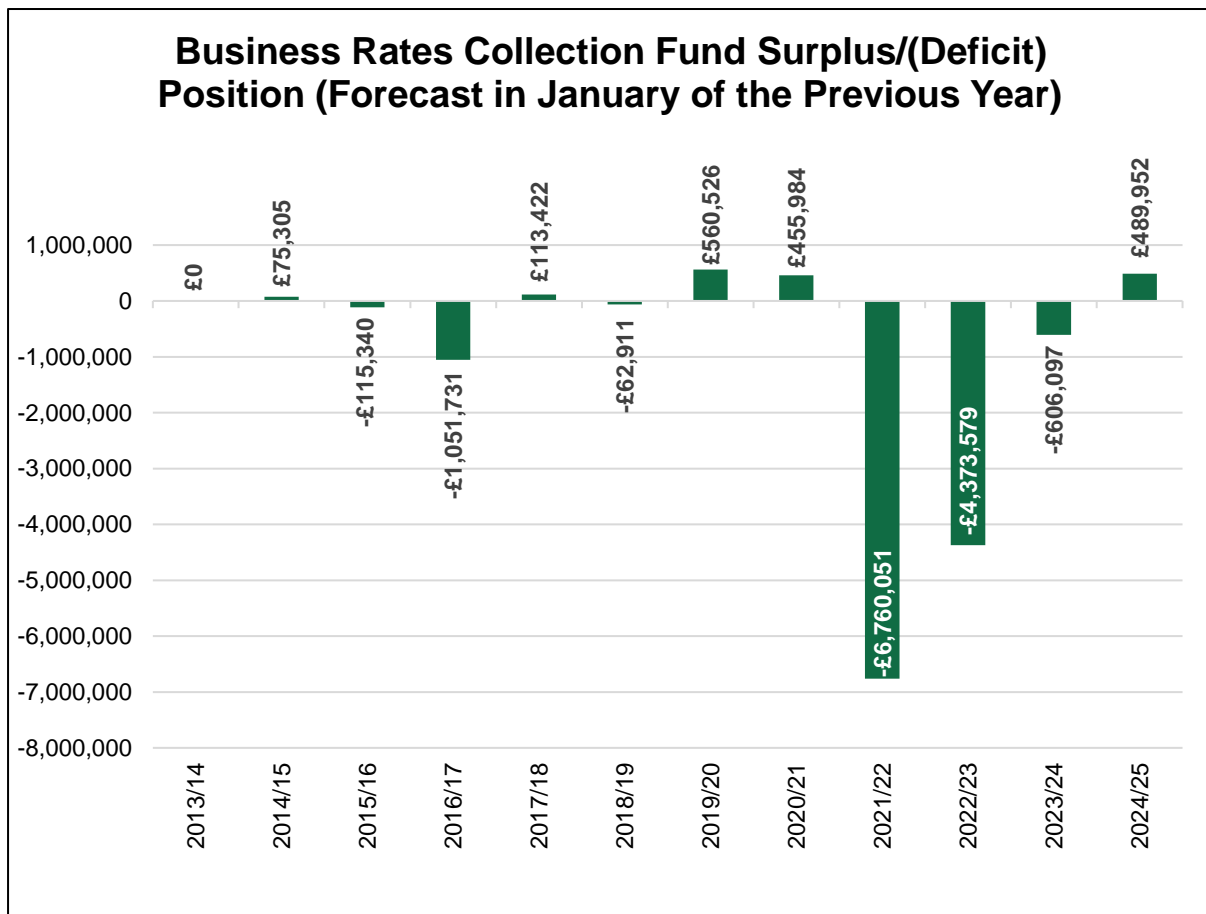
Business Rates Collection Fund

The Council is responsible for collecting Business Rates to pay for services provided by Central Government, Lancashire County Council, Ribble Valley Borough Council and Lancashire Combined Fire Authority.

The Collection Fund is ringfenced and shows the income received from Business Rate payers. It also shows how the income is distributed between Central Government, Lancashire County Council, Ribble Valley Borough Council and Lancashire Combined Fire Authority.

In the January of each year a forecast is made of the closing position for the business rates collection fund and any surpluses or deficits are shared and are taken account of in setting the following year’s revenue budget by all major precepting bodies. This position is declared through the Government’s NNDR1 return.

The overall forecast (as at January prior to the start of the financial year) business rates collection fund position over past years can be seen in the table below:



The table above shows some quite erratic movements in the Business Rates Collection Fund Surplus/Deficit position since the start of the Business Rates Retention Scheme in 2013/14. Having started in 2013/14 there consequently a nil surplus/deficit position shown in 2013/14.

The larger swings in the forecast Surplus/Deficit position are in 2016/17, 2021/22 and 2022/23.

FINANCIAL CONTEXT: Business Rates and Pooling

- 2016/17 – this position arose from a review of the position on appeals prior to the council forming the Lancashire Business Rates Pool together with the majority of other district councils in Lancashire and Lancashire County Council. This review was undertaken due to the transfer of risk in joining the Lancashire Business Rates Pool arrangements and losing the protections of the Government scheme.
- 2021/22 and 2022/23 – this position reflects the impact of Covid-19 on the Business Rates landscape. Due to measures taken by the Government in providing a wide range of reliefs to businesses, the level of business rates income that the Collection Fund received was dramatically reduced. Whilst this income was reduced in 2020/21 and 2021/22, the impact due to the nature of the Collection Fund Surplus and Deficit accounting was not felt in the general fund until the 2021/22 and 2022/23 financial years respectively through the distribution of the Business Rates Collection Fund Deficit. However, the Government did compensate councils for this loss of income, but through Section 31 grants which are payable to the General Fund, not the Collection Fund.

The relevant deficits or surpluses are shared out amongst major precepting bodies in line with the business rates income distribution percentages in the year that the forecast is done.

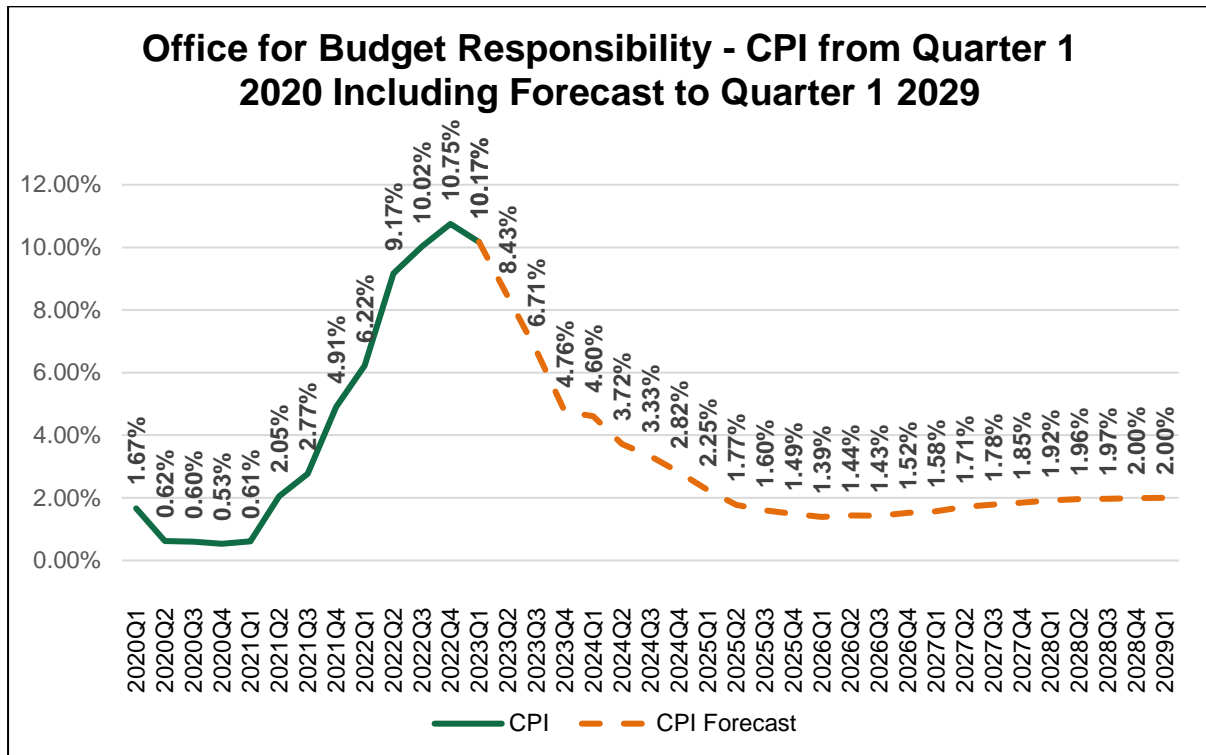
As such, for 2023/24 the forecast year end surplus is £489,952 and this surplus is distributed on the following basis:

Major Preceptor	2023/24 Distribution Percentages	Consequential Share of Forecast Surplus on Collection Fund Distributed During 2024/25 £
Central Government	50%	244,976
Ribble Valley Borough Council	40%	195,981
Lancashire County Council	9%	44,096
Lancashire Combined Fire Authority	1%	4,899
Total	100%	489,952

Other Financial Assumptions

Consumer Price Index

Over the last year or so there have been significant movements on the level of inflation seen.



The budget for 2024/25 has been prepared on the basis of overall inflation at 4% on general prices. However, where costs are known to be above this rate, then an increased allowance has been made in setting such budgets.

Looking forward to the medium term, inflation on general prices has been allowed for at:

Financial Year	Inflation Allowed for on General Prices	Impact of 1% Movement
2024/25	4.0%*	+/- £78,980
2025/26	2.5%	+/- £81,260
2026/27	2.5%	+/- £83,290
2027/28	2.5%	+/- £85,370
2028/29	2.5%	+/- £87,510

* a decision has been made to also include a £200K contingency for any price inflation above 4% in the 2024/25 financial year, particularly due to volatilities around energy costs.

FINANCIAL CONTEXT: Other Financial Assumptions

There is a risk that should inflation increase at a higher rate than anticipated our costs would rise. Conversely, should inflation movements be more favourable, then savings may be seen on our budgets and forecasts. The table above includes an indication of the potential impact of every 1% movement in assumed inflation.

Pay Inflation

Assumptions have been made in the forecast about the likely level of pay inflation that will apply from April 2024. As a large proportion of the Council's expenditure is pay related this can have a significant impact if actual rates are much higher than predicted.

The budget for 2024/25 has been prepared on the basis of pay inflation at 4%. Looking forward to the medium term, pay inflation has been allowed for at:

Financial Year	Inflation Allowed for on Pay	Impact of 1% Movement
2024/25	4.0%*	+/- £88,190
2025/26	2.5%	+/- £91,710
2026/27	2.5%	+/- £94,010
2027/28	2.5%	+/- £96,360
2028/29	2.5%	+/- £98,770

* a decision has been made to also include a £200K contingency for any pay inflation above 4% in the 2024/25 financial year due to uncertainties around the likely pay settlement.

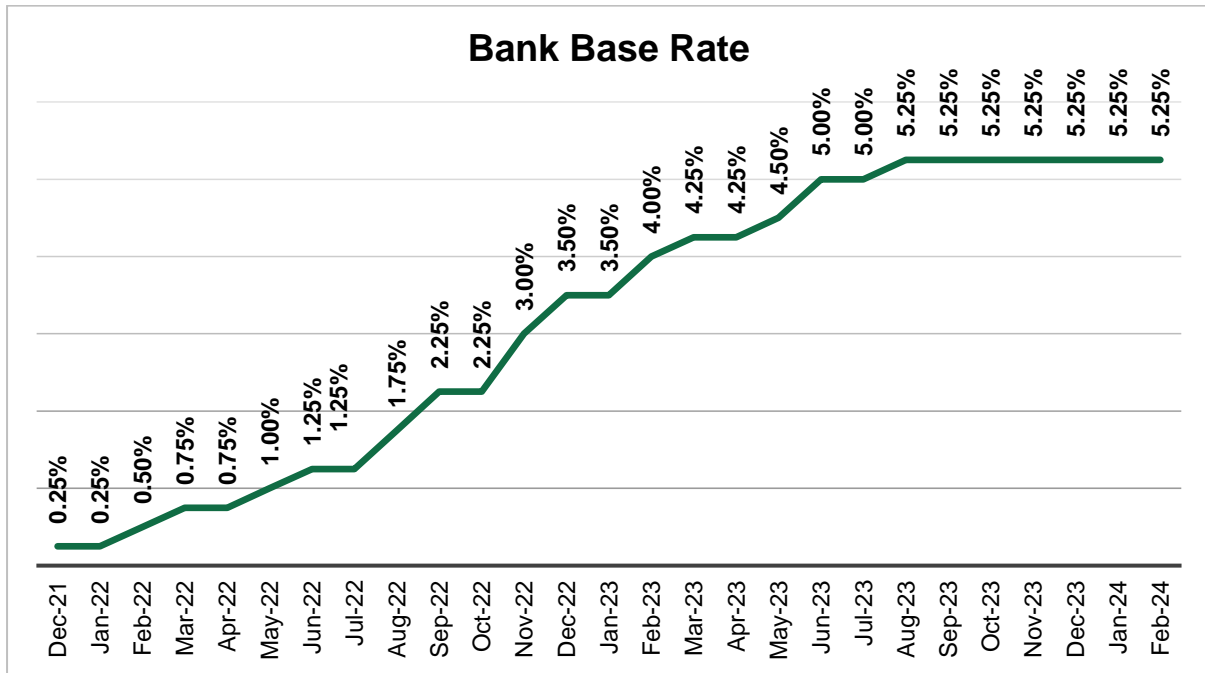
To reflect potential staff turnover through the year the Original Estimate is set at 96% of total establishment costs. In recent years turnover has exceeded this and additional underspends have been seen, but it is anticipated in the Plan that this will return to normal levels within the 96% budget allowed for.

Interest Rates

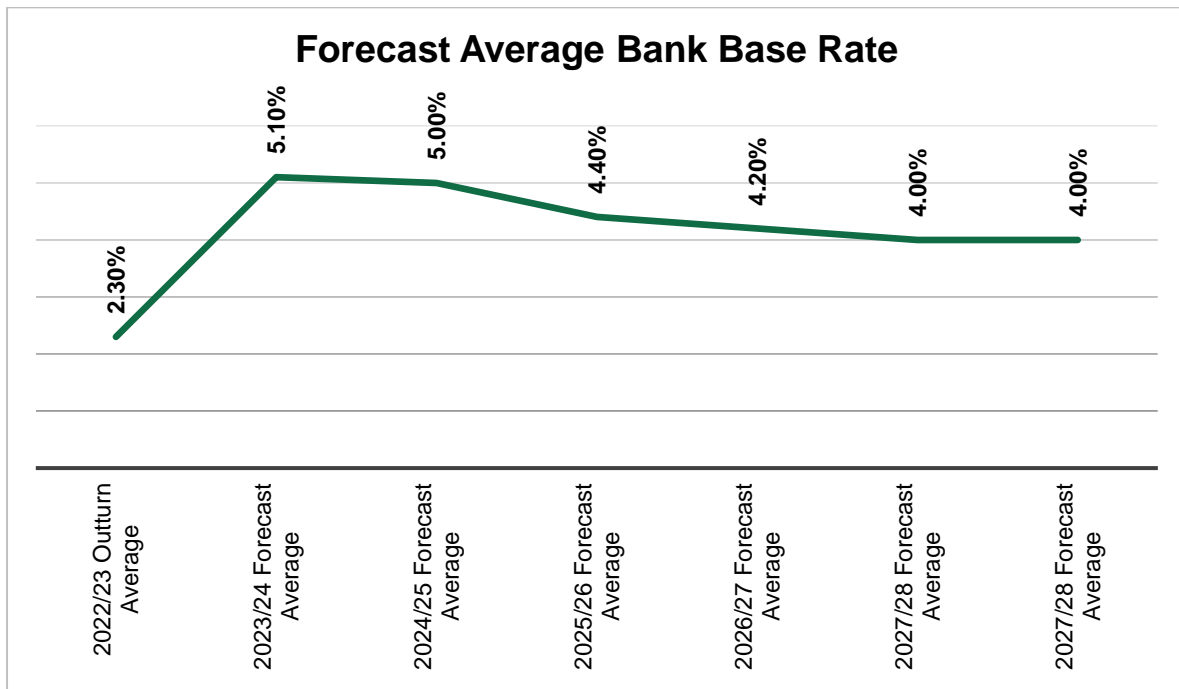
Having remained relatively static for a number of years, the bank base rate has seen a number of successive changes over recent years but remaining at 5.25% since August 2023. This has helped make the investment income from our balances into a substantial income stream for 2023/24. Indeed, investment income for 2022/23 is now forecast at £1,346,110 rather than the original estimate of £450,000. The budget forecast for 2024/25 is £1,058,270.

The table below shows the movements that have been seen on the bank base rate:

FINANCIAL CONTEXT: Other Financial Assumptions



Reviewing the February meeting of the Bank of England's Monetary Policy Committee, the below table shows their forecast of **average** Bank Base Rate in the coming years:



Looking over the medium term a prudent approach has been taken in respect of our investment returns, this is due to a prudent approach in light of the volatility around interest rates but this is also in line with potentially reducing levels of balances in light of the many uncertainties around the future of local government funding.

The level of investment income is forecast as shown below, together with details of the revised estimates and actuals going back to the 2020/21 financial year:

FINANCIAL CONTEXT: Other Financial Assumptions

Financial Year	Original Forecast Interest Earned on Investments	Revised Forecast Interest Earned on Investments	Actual Interest Earned on Investments
2020/21	£75,000	£48,000	£44,254
2021/22	£50,000	£2,000	£14,726
2022/23	£50,000	£570,000	£596,498
2023/24	£450,000	1,346,110	
2024/25	£1,058,270		
2025/26	£700,000		
2026/27	£500,000		
2027/28	£400,000		
2028/29	£200,000		

Looking at interest on borrowing, the council is now in a position where it has no external borrowing. During 2022/23 there was the early repayment of our outstanding balance of external debt. The budget forecast is prepared on the assumption that this position will remain and that there will be no new external borrowing over the life of the plan.

Service Income

Service income from Fees and Charges has been budgeted to increase each year over the life of the plan. Increasing the service charges allows the costs of services to be partly met by those using specific chargeable services rather than the full burden falling on the general council tax payer.

For 2024/25 fees and charges have generally been increased by 4% and future increases are as shown below:

Financial Year	Increase Allowed for on Fees and Charges	Impact of 1% Movement
2024/25	4.0%	+/- £35,500
2025/26	2.5%	+/- £36,920
2026/27	2.5%	+/- £37,840
2027/28	2.0%	+/- £38,790
2027/28	2.0%	+/- £39,760

The budget forecast is prepared on the assumption that any increases to fees and charges will not impact service take up.

FINANCIAL CONTEXT: Other Financial Assumptions

Budget Growth Items

The budget forecast assumes that the Council will continue with the policy that has been in place over previous years in that any growth items are to be met from corresponding savings.

Balances and Earmarked Reserves

Reserves

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

The importance of reserves was seen in over the Covid-19 pandemic, although additional funding was provided to council's to meet their added responsibilities.

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

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

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

General Fund Balances

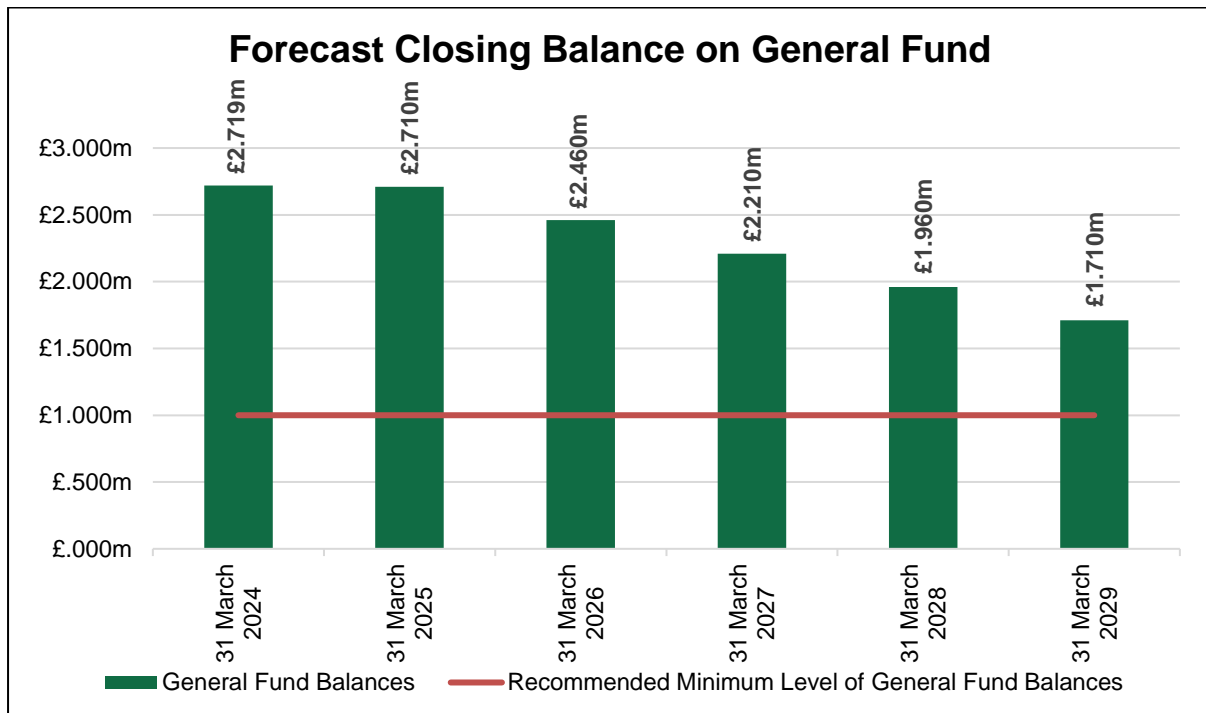
General fund balances are not set aside for any specific known or anticipated purpose.

It is very important for the council to maintain a healthy level of balances to cover for unforeseen events and also provide a stable level of resources for future planning. This is particularly important now, as there is so much uncertainty around the future of Local Government Funding.

In our Medium Term Financial Plan, we look to use an element of our general fund balances to help support the revenue budget. It must be noted that it is recommended by the council's S151 Officer (the Director of Resources) that general fund balances should not be allowed to fall below £1 million. The setting of this threshold requires a considerable degree of professional judgement and is tailored to local circumstances and has been increased recently due to the increasing levels of inflation.

The level of use of our general fund balances for 2024/25 is forecast at £8,925 and for each year after that to the end of the Medium Term Financial Plan in 2028/29 it is forecast to be £250,000 per annum.

FINANCIAL CONTEXT: Balances and Earmarked Reserves



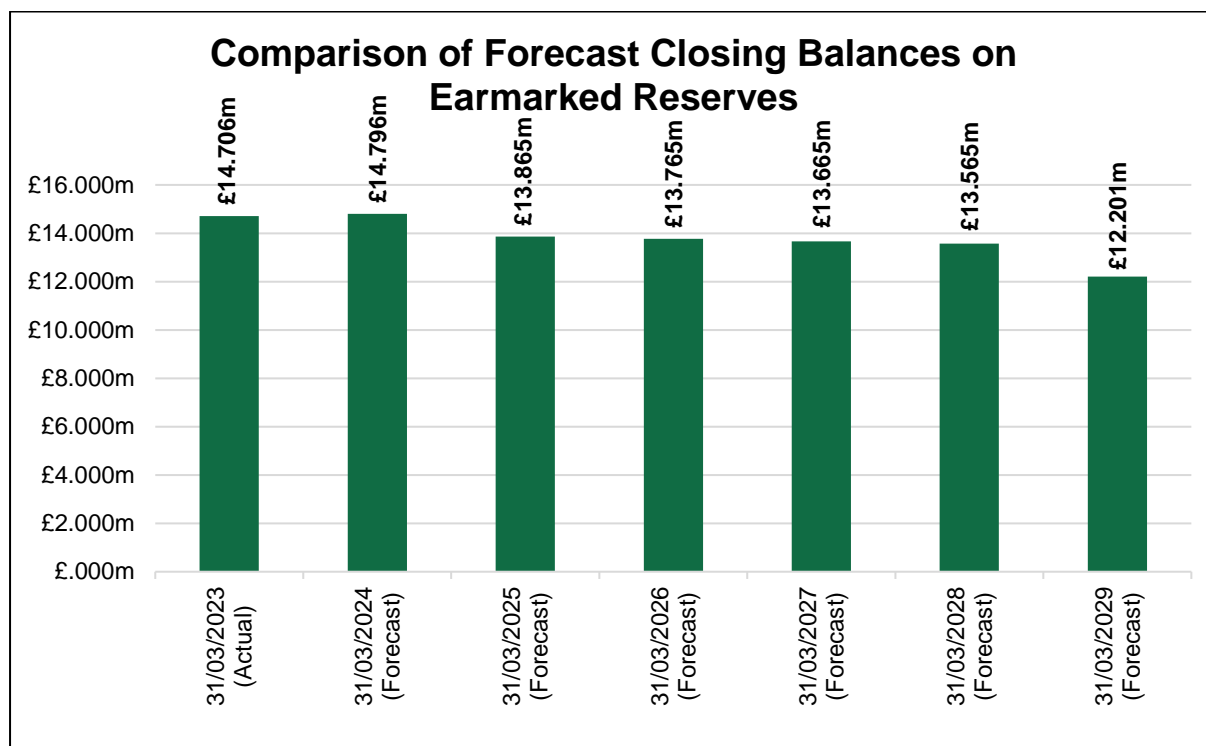
Whilst the council forecasts use of £250,000 per annum in the medium term (£8,925 in 2024/25) to help support the revenue budget, this cannot be sustained in the longer term. By the end of the Medium Term Financial Plan the council would have almost reached its recommended minimum level of general fund balances of £1 million. This also assumes no other unforeseen cost pressures arise in the meantime that may require us to use more of our general fund balances.

Whilst historically our outturn position has been more favourable, largely helped by staff vacancies, the increasing pressures through rising inflation mean that this may not be seen going forward.

Earmarked Reserves

We use our earmarked reserves to support both our revenue and capital budgets and over the next 5 years have a number of commitments already made. Our Earmarked Reserves play a major role in financing the capital programme, with 45% (£5.872m) of the capital programme being financed this way. We also anticipate a number of additions to our earmarked reserves over the coming years, generally reflective of grants towards future expenditure.

The table below shows the forecast Earmarked Reserves balances:

FINANCIAL CONTEXT: Balances and Earmarked Reserves**Adequacy of Reserves**

The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

The Chartered Institute of Public Finance and Accountancy (CIPFA) issued Local Authority Accounting Panel (LAAP) bulletin 99 in July 2014 regarding Local Authority Reserves and Balances. This replaced bulletin 77 and gives important guidance to local authorities.

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

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

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

FINANCIAL CONTEXT: Balances and Earmarked Reserves

In the light of the risk assessments and the details of the budget and the strength of the Council's Internal Control Systems, it is the opinion of the Section 151 Officer that the budget estimates for 2024/25 are robust, and the level of reserves adequate

The Council faces significant budget gaps beyond 2025/26. Whilst the level of reserves is relatively high, the use of reserves to fund our budget gaps is not sustainable.

The Budget Working Group will consider a savings and transformation plan in order to address how a balanced budget could be set beyond 2025/26.

FINANCIAL CONTEXT: Capital Programme

Capital Programme

Capital Programme and the Bidding Process

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, affordability and against a number of evaluation factors.

The Approved Five Year Capital Programme

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

The table below provides a summary by committee of the future five-year capital programme from 2024/25 to 2028/29.

Committee	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	TOTAL £
Community Services	2,084,410	793,340	891,680	1,023,140	1,800,060	6,592,630
Economic Development	0	0	0	0	0	0
Health and Housing	3,166,080	443,000	443,000	443,000	493,000	4,988,080
Planning and Development	0	0	0	0	0	0
Policy and Finance	1,101,510	188,900	43,600	69,760	0	1,403,770
Total for all Committees	6,352,000	1,425,240	1,378,280	1,535,900	2,293,060	12,984,480

Capital Financing

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

The council's funding policy has been to set programmes which address its key priorities and to fund these by utilising prudential borrowing, capital receipts (both in hand and anticipated in year) and earmarked reserves such as Business Rates Growth Reserve, Capital Reserve, VAT shelter Reserve, New Homes Bonus Reserve, in a corporate approach.

Provided below is a summary of the financing of the five-year capital programme.

FINANCIAL CONTEXT: Capital Programme

FINANCED FROM	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£	£	£	£	£	£
Grants and Contributions	-4,039,460	-393,000	-393,000	-393,000	-429,000	-5,647,460
Earmarked Reserves	-2,208,252	-600,000	-600,000	-600,000	-1,864,060	-5,872,312
Usable Capital Receipts	-31,688	-432,240	-385,280	-542,900	0	-1,392,108
Borrowing	-72,600	0	0	0	0	-72,600
Total Resources	-6,352,000	-1,425,240	-1,378,280	-1,535,900	-2,293,060	-12,984,480

Substantial resources have been used from the council's earmarked reserves to fund the capital programme. Total earmarked reserves that will be used over the life of the proposed capital programme will be just over £5.872 million.

The use of capital receipts relies on some planned asset sales being achieved over the life of the programme. As there is a degree of uncertainty around these being achieved at this stage, the balance on the Capital Reserve gives some flexibility to meet any potential shortfall.

Capital Programme and the Prudential Code

The Prudential Code requires the council to make a reasonable estimate of the total capital expenditure that it intends to incur during the forthcoming financial year and at least the following two financial years.

The Prudential Code plays a key role in capital finance in local authorities. Councils determine their own programmes for capital investment in fixed assets that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA, the Chartered Institute of Public Finance and Accountancy, as a professional code of practice to support councils in making their decisions. Local authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.

A sound capital programme must be driven by the desire to provide high quality, value for money public services. The Prudential Code recognises that in making its capital investment decisions the council must have explicit regard to option appraisal, asset management planning, strategic planning for the council and achievability of the capital programme.

The Prudential Code does not specify how the council should have regard to these factors. Instead, it concentrates on the means by which the council will demonstrate that its proposals are affordable, prudent and sustainable, by way of the prudential indicators.

Financial Management Arrangements

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and this is reviewed on an annual basis.

The Council has designated the Director of Resources as Chief Finance Officer under Section 151 of the Local Government Act 1972.

The management structure of the Council ensures that the Chief Financial Officer reports directly to the Chief Executive and is a member of the leadership team with direct responsibility for the Council's financial activities. The leadership team meets on a weekly basis to discuss matters of strategic and operational importance to the Council.

Some of the key elements of our financials management arrangements that we have in place are summarised below:

Financial Regulations

The establishment of Financial Regulations provides the financial controls and procedures necessary to address the demands on local government. They also provide clarity about the financial accountabilities of individuals - Members, the Chief Executive (the Head of Paid Service), the Monitoring Officer, the Director of Resources (Section 151 Officer) and other Directors, Heads of Service and staff generally. The Regulations are therefore formally endorsed by the Council as a key part of the Council's Constitution.

The Financial Regulations provide the overall key control framework to enable the council to exercise effective financial management and control of its resources and assets. Another key purpose of the Regulations is to support and protect Members and staff in the performance of their duties where financial issues are involved.

Contract Procedure Rules

The Contract Procedure Rules provide the framework for procuring our goods and services for the Council.

The Contract Procedure Rules ensure there are rules to govern how we procure goods and services to make the most effective and efficient use of resources to deliver best value for the Council and the local community.

The Rules identify what route to take when ordering goods and services for the Council and compliance with these rules is a requirement for all Council employees.

All contracts are awarded in accordance with these rules and the Financial Regulations

Budget Monitoring

Regular budget monitoring is undertaken between the service accountants and the various budget holders.

The variations between budget and actuals are split into groups of red, amber and green variances. The red variances highlight specific areas of high concern, for which budget holders are required to have an action plan. Amber variances are

FINANCIAL CONTEXT: Financial Management Arrangements

potential areas of high concern and green variances are areas, which currently do not present any significant concern.

- Variance of more than £5,000 (Red)
- Variance between £2,000 and £4,999 (Amber)
- Variance less than £2,000 (Green)

Detailed reports on our budget monitoring are sent to our service committees on a regular basis, and further information is provided to our Corporate Management Team and Budget Working Group.

This budgetary control ensures that once Full Council has approved a revenue budget or a capital programme, the resources allocated are used for their intended purposes, i.e. the agreed priority areas, and are properly accounted for. It is a continuous process, enabling the council to review and adjust its budget targets during the financial year to make the most effective use of resources in delivering the Council's policies and objectives. The budgetary control framework in the Financial Regulations also sets out the accountabilities of managers for defined elements of the budget.

By continuously identifying and explaining variances against budgetary targets, we can identify changes in trends and resource requirements at the earliest opportunity.

To ensure that the council as a whole does not over or underspend, each service is required to manage its own expenditure within approved resources and to identify any surplus resources for diversion to other areas. A mechanism is provided for switching funds between budget heads, including contingencies and reserves, where required, in order to maintain service levels and achieve policy objectives.

Budget Working Group

The Budget Working Group is a working group of, and reporting to, our Policy and Finance Committee.

Primarily the working group is involved in the budget setting process and gives guidance to service committees on the review and development of their budgets as part of the budget setting process. They also make recommendations to our Policy and Finance in the setting of the budget.

The working group is also involved in other financial management and reporting areas, including considering responses to finance related consultations.

The Budget Working Group will be monitoring and reviewing the many volatile and uncertain elements of the medium term financial strategy and plan.

STRATEGIC CONTEXT: Corporate Strategy

Corporate Strategy

Current Corporate Strategy

The Council’s Corporate Strategy sets out the strategic direction of the Council for any given period, providing a focus to ensure that the services we deliver meet the needs of our communities.

As such, the Council’s Corporate Strategy provides the overall direction for the medium term financial strategy and plan, and the annual budget.

The 2019-2023 Strategy has a four-year scope but is reviewed annually to ensure that it continues to reflect the changes to the council’s priorities that occur over time.

Following the local elections taking place in May 2023 the council have been in the process of developing a new Strategy. As no further Corporate Strategy has yet been approved at the point of producing this document, the basis of the 2019-2023 Strategy has been used in the various elements of analysis against corporate ambitions. The 2019-2023 Strategy is that which was in place at the time of producing the budget.

The Corporate Strategy sets out the strategic direction of the Council, providing a focus to ensure that the services the Council delivers meet the needs of its communities. It is one of the Council’s most important documents setting out those areas identified for focused improvement over future years.

The Corporate Ambitions

The role of the Council’s financial planning process is to support the achievement of the Council’s Corporate Strategy.

In order to deliver its Vision and provide a focus for how it delivers services, the council has agreed a set of five corporate ambitions. The Council’s ambitions are deliberately limited to focus attention over the life of the Corporate Strategy. Each ambition has a number of objectives, underlying actions, and key measures of success, which should allow progress towards the achievement of the ambition to be monitored.

Above all ‘We aim to be a well-managed council providing efficient services based on identified customer needs’ overarches all of our ambitions, whilst recognising the importance of securing a diverse, sustainable economic base for the Borough. The ambitions are driven by local needs with consideration to national ambitions.

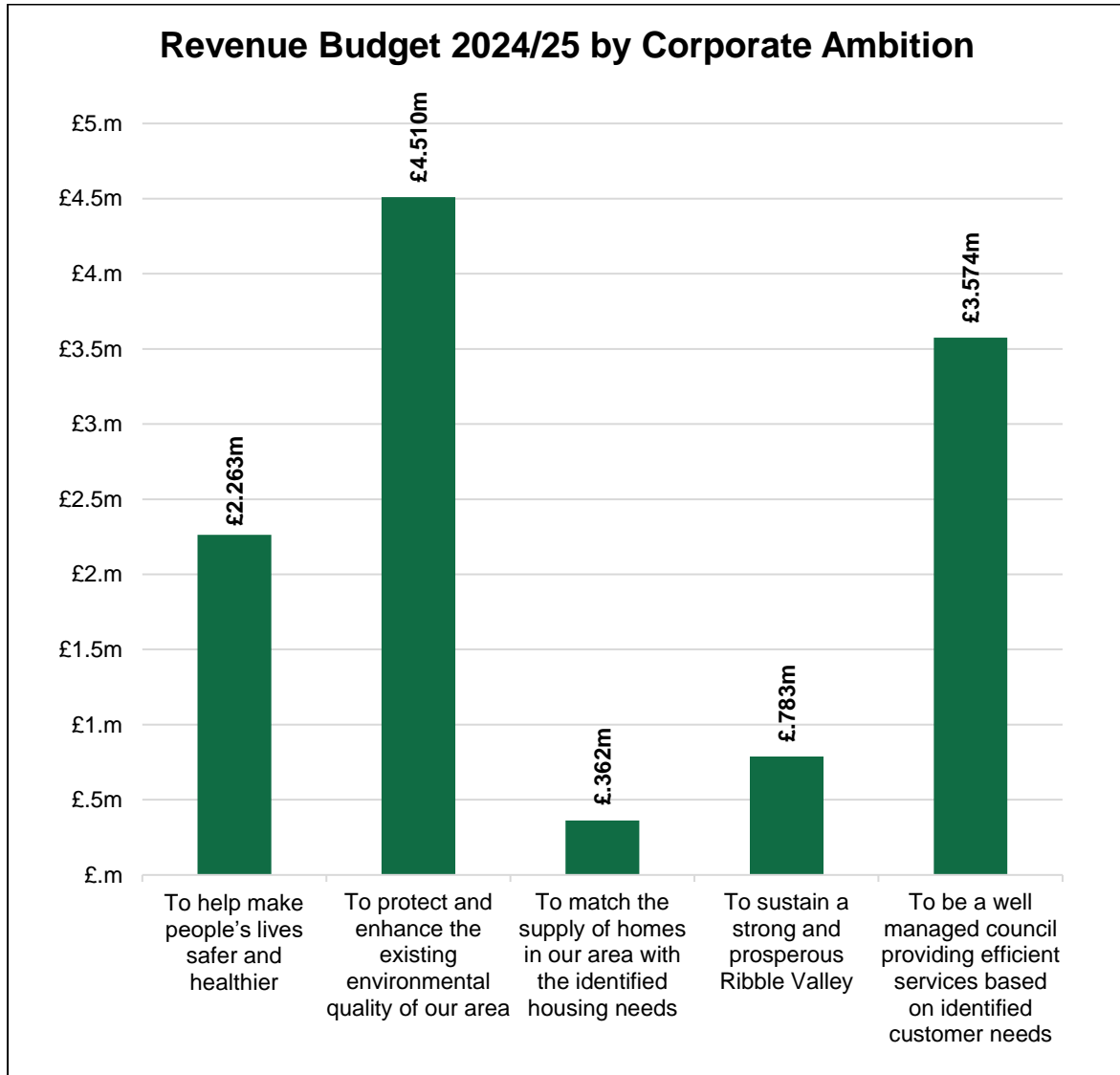
Ambition 1	Ambition 2	Ambition 3	Ambition 4	Ambition 5
To ensure a well-managed council providing efficient services based on identified customer needs.	To sustain a strong and prosperous Ribble Valley.	To help make people’s lives safer and healthier.	To protect and enhance the existing environmental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

STRATEGIC CONTEXT: Corporate Strategy

The tables below show how the council’s revenue budget 2024/25 and the overall capital programme 2024/25 to 2028/29, as set out in the Medium Term Financial Plan at the end of this document, link to the Council’s ambitions.

Corporate Ambitions – Revenue Budget 2024/25

The chart below summarises the committee level net spend (after income) across the corporate ambitions for the Revenue Budget 2024/25

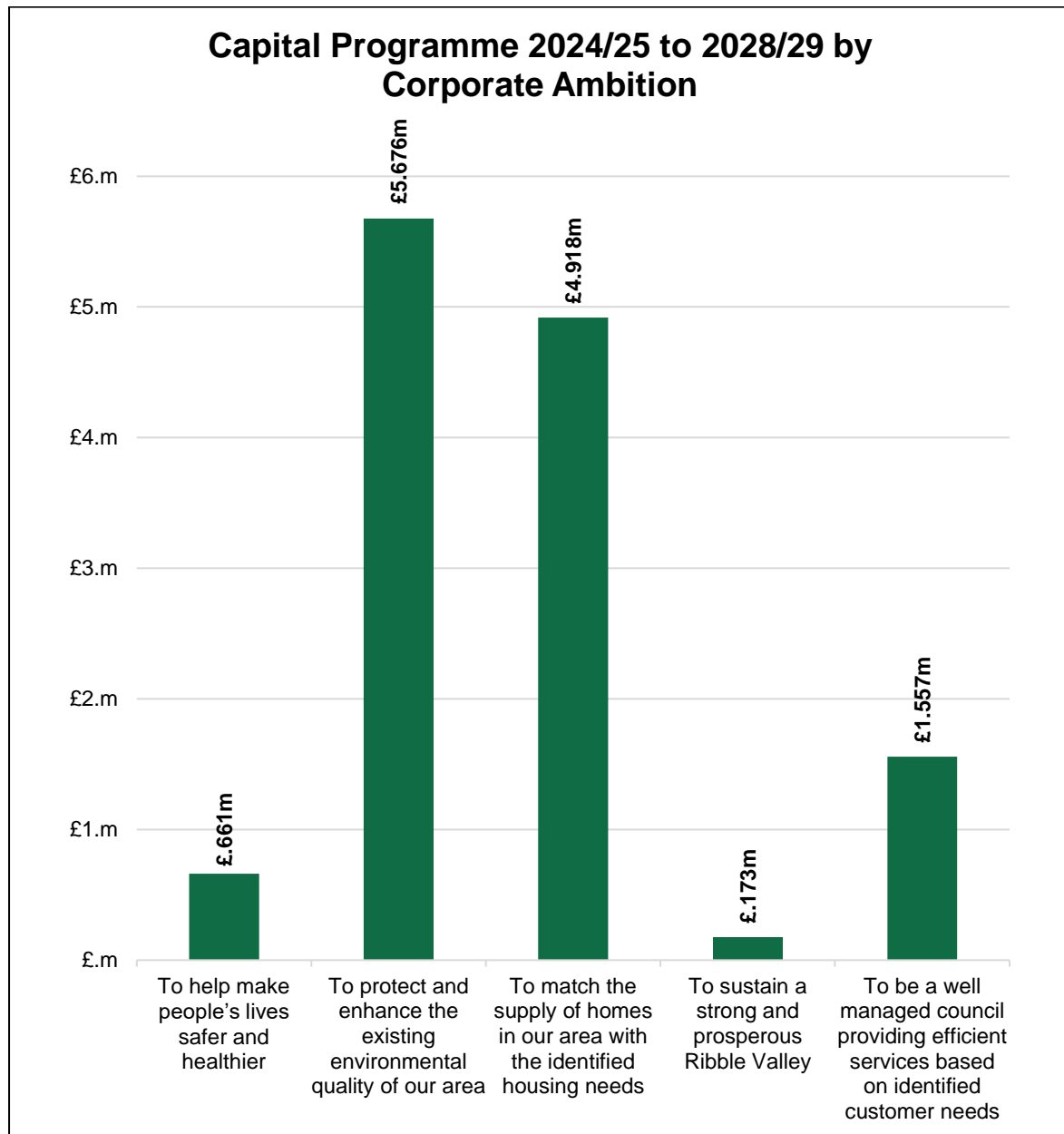


It is important to note the net position that is shown in these figures, as any service area that is heavily subsidised through grants, fees and charges or other income will show a relatively low net value.

Corporate Ambitions – Capital Programme 2024/25 to 2028/29

The chart below shows the total planned capital programme spend over the five-year life of the capital programme. Unlike the net revenue position there is no offsetting of financing of the capital programme.

STRATEGIC CONTEXT: Corporate Strategy



Corporate Risk Management

Risk Management Process

The Council's risk management approach is designed to form an integral part of the performance management approach of the Council.

Risks are scored based on their gross and net likelihood and impact levels, gross being the likelihood and impact level if no controls were in place and net being the risk level once controls have been considered.

Risks are then allocated an overall risk score based on these levels, translating to green risks, amber risks and red risks. All red risks are closely monitored and reported in detail to Corporate Management Team and Accounts and Audit Committee.

Risk owners are required to enter perceived and real risks onto the Risk Management System. This process ensures the Council maintains Service and Corporate Risk Registers, underpinning the organisation's overarching Strategic Risk Register. The compilation and maintenance of an up to date and comprehensive Corporate and Strategic Risk Register is one of the key elements of the Council's Risk Management Policy.

Current Key Strategic Risks

These risks are monitored and maintained on a regular basis and action taken where necessary.

Shown below is the list of Strategic Risks, giving the inherent risk description to the authority if no controls were in place:

- Data loss, disruption and/or damage to reputation due to a cyber attack
- Inability to set an affordable and sustainable budget over the short to medium-term resulting in the issuing of a Section 114 notice
- Heightened levels of fraud, including cyber fraud, due to pressures in the current economic climate
- Failure of the council to embed appropriate safeguarding arrangements.
- Reduced funding resulting in the inability to deliver discretionary services.
- The council is unable to ensure the resilience of key operations and business activities due to lack of robust business continuity plans
- Death or life changing injury due to a lack of robust health and safety processes.
- Failure to deliver services due to workforce capacity issues.
- Failure to meet requirements equalities legislation.
- Failure to identify and embed legislative requirements due to lack of or outdated policies and procedures.

STRATEGIC CONTEXT: Corporate Risk Management

- Partnership working opportunities are not taken advantage of to improve the borough infrastructure.
- Failure to deliver the Local Plan leading to harm to the borough's environment, heritage assets and communities and missed opportunities for economic and housing growth.
- Failure to deliver new Local Plan
- Service and local economy provision does not match community requirements or expectations.
- Failure to plan and/or respond to emergency events when they occur.
- Failure to deliver the Council's Climate Change Strategy to reduce carbon emissions, adversely affecting the natural environment.

Whilst the above is a list of the current strategic risks there are of course a number of mitigating actions and controls that reduced the residual level of risk experienced by the council in this respect.

Risk Management and the Medium Term Financial Strategy and Plan

As part of the budget setting process actions and controls needed to mitigate the above strategic risks and operational risks are, where relevant, included within budgets. Where this has not been the case or where an unexpected risk outcome is realised, then the council relies on the availability of its general fund balance to help in addressing such risks.

Other costs that arise through the transfer of risk, such as insurance cover are also included with the budget plan.

Risk is also further considered in the Plan section of this document.

National Policy and Pressures

Reforms to Business Rates Retention

The council will remain a member of the Lancashire Business Rate Pool next year and will retain a levy which would otherwise be payable on any growth we receive above our baseline. Estimated Business Rate income for the council will be £2.931m.

Each year assumptions are made on the level of write-off's, appeals, growth, reliefs etc. This continues to be difficult and made more complex due to the 2023 Revaluation.

It is assumed that the pooling arrangements will continue in 2025/26. Beyond 2025/26 we await the outcome of the delayed reforms to Business Rate Retention which could have a significant impact on how much income the council could expect to retain in future to support its budget.

New Homes Bonus Review

The council is forecasting that 2025/26 financial year will be the final year of the New Homes Bonus scheme. Currently the budget allows for the full in year allocation of New Homes Bonus monies to be used to fund in year revenue expenditure. Historic residual receipts that have been set aside in earmarked reserves have been used to fund the capital programme. Its removal will have a significant impact on the Council's budget in future years, although this is budgeted to be offset through the Funding Guarantee

Fair Funding Review

The Government has clarified that the Review of Relative Needs and Resources (also known as the Fair Funding Review) and a reset of accumulated business growth will not be implemented in the current Parliament. The impact of the review will no doubt be significant. The council's Budget Working Group will be kept up to date with regard to any developments.

Waste Collection Changes – Food Waste Collection

Initial announcements have been made of new burdens funding to help support costs of the weekly collection of food waste. The full costs of this and final allocations of funding have yet to be confirmed.

Medium Term Financial Plan

Revenue Budget Forecast 2024/25 to 2028/29

Revenue Budget Forecast 2024/25 to 2028/29

Taking into consideration all of the various elements reviewed in the Medium Term Financial Strategy section of this document, the table below presents the forecast Medium Term Financial Plan covering the next five years:

	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Net Budgeted Expenditure	10,537,939	10,789,134	11,237,638	11,594,354	11,884,212
Less Interest earned on investments	-1,058,270	-700,000	-500,000	-400,000	-200,000
Net Budget	9,479,669	10,089,134	10,737,638	11,194,354	11,684,212
Business Rates baseline	-1,456,737	-1,493,155	-1,530,484	-1,568,746	-1,607,965
Revenue Support Grant	-51,807	-53,102	-54,430	-55,790	-57,185
Rural Services Delivery Grant	-146,559	-146,559	-146,559	-146,559	-146,559
Services Grant	-9,456	0	0	0	0
Use of New Homes Bonus	-665,149	-650,000	0	0	0
Use of Business Rate Growth	-2,000,000	-2,000,000	-1,000,000	-1,000,000	-1,000,000
Funding Guarantee	-745,029	-771,442	-1,399,203	-1,373,636	-1,344,544
Use of General Fund Balances	-8,925	-250,000	-250,000	-250,000	-250,000
Collection Fund Surplus	-73,966	-75,000	-50,000	-50,000	-50,000
Still to be funded	4,322,041	4,649,876	6,306,962	6,749,623	7,227,959
Assumed Band D <i>(increasing by £5 in 2024/25 then 3% pa in future years)</i>	170.69	175.81	181.09	186.52	192.11
Assumed Taxbase <i>(increasing by 1% pa beyond 2024/25)</i>	25,321	25,574	25,830	26,088	26,349
Precept (amount raised from council tax)	4,322,041	4,496,220	4,677,417	4,865,917	5,062,014
Budget Gap	0	153,656	1,629,545	1,883,706	2,165,945

Robustness of the Budget

The Council must set a budget which is a realistic statement of its estimated income and expenditure for the coming year, based upon information currently available, The Council has a duty to take into account the demand for its services and the impact on council tax-payers of meeting those demands.

Revenue Budget Forecast 2024/25 to 2028/29

Given the following good management practices and our sound financial control the Council has the platform and expertise to set a balanced budget. In order to ensure the Council sets a robust budget we follow the processes below;

- Accountancy staff carry out monthly budget monitoring in conjunction with budget holders and regularly report the outcomes to Corporate Management Team
- Service Committees also receive regular budget monitoring reports.
- Heads of Service are given responsibility for managing their budgets.
- We prepare our financial plans using a base budget concept whereby any increases/reductions in the level of services are considered over and above the base budget and approval must be sought/virements requested.
- The Budget Working Group consists of members and the Council's Corporate Management Team meets on a regular basis to make recommendations to officers and service committees in order to maintain a high level of control over our financial position and ensure we manage our finances strategically and effectively.
- We prepare a minimum three year budget forecast and also a Medium Term Financial Strategy which considers our budget pressures in the medium to longer term

Budget Risks and Scenarios

The table below sets out the key budget risks and scenarios we have considered and also how we intend to mitigate these risks.

Risk	Likelihood	Impact	Mitigation
Significant reforms are made to local government finance.	Medium	Medium/High	Continue to feed into consultations and monitor Government indications.
Lack of clarity for future Government funding.	Medium	Medium	Reserves are in place to provide protection in the short/medium term.
Business Rate Retention Pooling Ceases.	Medium	High	Continue to feed into consultations and monitor Government indications.
Council exposed to economic downturn & reduced business rates income having forgone safety net protection under pooling arrangements.	Medium	Low	We have created and recently increased our Business Rate Volatility Reserve which currently stands at £2m to protect the Council against loss of BR income

Revenue Budget Forecast 2024/25 to 2028/29

Risk	Likelihood	Impact	Mitigation
Changes to Waste Services creates significant financial pressures (if not fully funded).	Medium	Medium	Initial announcements made include capital funding. Further new burdens funding will be expected.
Pay Increases are more than the 4% allowed for in 2024/25 or 2.5% in each year of the budget forecast. The National Joint Council Minimum Wage may be agreed at a higher rate than 4% purely to ensure there is enough headroom above the National Living Wage.	High	Low	Pay contingency of £200k set aside in next year's budget.
Impact of Global events on utility costs. We have allowed 4% for general inflation next year and 2.5% in each year of the forecast thereafter.	Medium	Low	Utility and Fuel contingency of £200k set aside in next year's budget.
Significant reduction in council tax income due to impact of cost of living.	Low	Low	We will continue to monitor our collection rates and follow the Council's recovery processes.
Planning Fee Income fluctuations beyond the estimated base budget. Whilst fees have been increased nationally by 25% we are anticipating a reduction in our income due to lower numbers of major planning applications.	Medium	Low	We will continue to monitor application numbers.

Sensitivity Analysis

We have calculated the sensitivity analysis of our key variables in order to quantify the potential financial impact on our budget:

- Return on Cash Investments:** Interest Rates are outside of the Council's control. Investment income will be closely monitored and the safety of the return on our investments is paramount. We will operate within our agreed Treasury Management Policies and Practices.

Revenue Budget Forecast 2024/25 to 2028/29

Average Rate of Return	Average cash balances invested				
	£20m	£23m	£26m	£28m	£30m
Average investment income					
	'000s	'000s	'000s	'000s	'000s
2%	400	460	520	560	600
3%	600	690	780	840	900
4%	800	920	1,040	1,120	1,200
5%	1,000	1,150	1,300	1,400	1,500
6%	1,200	1,380	1,560	1,680	1,800

- **Pay Inflation:** Each 1% over the amount allowed for costs would be approximately £92,000.
- **General Inflation:** Each additional 1% of general inflation costs would be approximately £81,000.
- **Fees and Charges:** The 2024/25 budget includes 4% for increases in fees and charges and 2.5% in future years. Each 1% movement in fees and charges would change income by £37,000.
- **Council Tax Collection:** The Collection Fund assumes a collection rate of 99.25%. For the current year each 1% reduction in our collection rate would result in a loss of collection fund income of £528,000.

Financial Resilience Index

The Chartered Institute of Public Finance and Accountancy (CIPFA) have produced a tool for considering financial resilience.

This Index is a comparative analytical tool to support good financial management and generate a common understanding of the financial position of Councils.. It is designed to support and improve discussions surrounding local authority financial resilience and shows a council's performance against a range of measures associated with financial risk.

The index has recently been updated to reflect the 2022/23 outturn data from local authorities. Whilst the index is not publicly available yet, Ribble Valley is at the lower end of the risk spectrum for indicators such as the level of reserves, reserves sustainability, change in reserves and interest payable as a proportion of net revenue expenditure. We are however at the higher risk level for business rate growth and council tax income compared with net revenue expenditure.

Savings Plan and Productivity Plan

Budget Gap

Our updated budget forecast (following the final grant settlement) currently anticipates the following budget gaps.

Financial Year	Budget Gap £'000
2024/25	0
2025/26	154
2026/27	1,630
2027/28	1,884
2028/29	2,166
Total	5,833

Our budget forecast is based on many assumptions and uncertainties not least the timing and impact of key financial reforms on our core government funding, including:

- New Homes Bonus
- Core Spending Power
- Business Rates Growth

A general election is due to be held in 2024, and we won't know until the new Government is formed of their intentions with regard to local government finance.

Development of a Savings Plan

When finalised we need to consider the new corporate plan to understand budget priorities in the medium term. Some **potential** options to meet the budget gaps without unduly affecting the services we currently provide have been summarised below.

The Budget Working Group will need to meet to develop these areas into a plan for onward recommendation to Policy and Finance Committee in order to help meet any **potential** budget gaps as forecast at this point in time, albeit that the medium term forecast is necessarily based on many uncertainties and assumptions.

- **Expenditure Related Savings that could be considered:**
 - Removal of one-off items from the base budget, such as the Local Plan and the current one-off additional funding for the operation of the Castle Museum.
 - Efficiency and transformation savings such as efficiency reductions within service committees, cash limiting non-salary budgets and increasing the staff turnover level allowed for in the budget (currently 4%).

Savings Plan and Productivity Plan 2024/25 to 2028/29

- **Income Related Savings that could be considered:**
 - Increase fees and charges to allow for a greater increase than the 2.5% allowed for in the future years of the budget forecast.
 - Review of income streams.
 - Allowing for a greater increase in the taxbase in the forecast. We are currently seeing higher levels of increase to the taxbase than the forecast.
 - Review the level of council tax surplus/deficit that is forecast in future years.
- **General Fund Balances and Earmarked Reserves**
 - Increase the level of General Fund Balances used to support the budget in future years.
 - Consider how Earmarked Reserves could be used to fund specific items in the budget forecast.

The list of potential considerations is not intended to be restrictive and there may be other options that members may have an appetite to consider.

Productivity Plan

The criteria to be addressed under the government mandated productivity plans were announced at the time of the final local government finance settlement for 2024/25.

All councils must set out how they will “improve service performance and reduce wasteful expenditure” in productivity plans, to be submitted before the summer recess.

The areas that councils need to provide information on as part of the plans are:

- Transformation of services to make better use of resources.
- Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design.
- Ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff equality, diversity, and inclusion programmes.
- Barriers preventing activity that government can help to reduce or remove.

It is likely that the items considered under the council’s need for a Savings Plan will be able to help form the foundations for the Productivity Plans to be submitted to the Government before their summer recess in 2024.

Five Year Capital Programme 2024/25 to 2028/29

Five Year Capital Programme 2024/25 to 2028/29

The capital programme that has been set for the 2024/25 to 2028/29 is detailed below. The capital programme will be reviewed annually and as such could change for the years 2025/26 onwards as part of these reviews.

The revenue implications of the 2024/25 financial year have been included in the Revenue Budget Forecast.

Capital Schemes	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£	£	£	£	£	£
COMMUNITY SERVICES COMMITTEE						
Play Areas Refurbishment Programme	111,320	114,100	116,950	119,880		462,250
Replacement of Refuse Wheelie Bins	14,500	15,000	15,500	15,500		60,500
Replacement of Refuse Collection Vehicle VN65 WHR	281,000					281,000
Replacement of Refuse Collection Vehicle VN17 DKA		288,000				288,000
Replacement of Refuse Collection Vehicle VE18 JXP			295,000			295,000
Replacement of Refuse Collection Vehicle VF19 CUV				302,000		302,000
Replacement of Paper Collection Vehicle SY11 CRK		63,000				63,000
Replacement of Paper Collection Vehicle VO13 UVV		63,000				63,000
Replacement of 2 Scag Mowers (rvbc014 + rvbc015) and 1 Scag 4x4 Mower (rvbc016)	26,000					26,000
Replacement of Kubota Mower PO67 BNV	33,320					33,320
Replacement of JCB Loadall		135,000				135,000

Five Year Capital Programme 2024/25 to 2028/29

Capital Schemes	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£	£	£	£	£	£
Replacement of Fork Lift Truck		20,000				20,000
Replacement of Parking Van CX68 FCG			21,000			21,000
Replacement of 2 x Ford Ranger Pick Ups (YR18 TVA & YR18 DXD)			67,000			67,000
Replacement of Ro-Ro 7.5 Tonne Truck PL66 HHZ			76,000			76,000
Replacement of 110hp Gang Mower Tractor PO16 MZL			108,000			108,000
Replacement of Toro Flail Mower AF68 MSX			64,000			64,000
Replacement of Kubota Ride On Mower PO68 BBK			32,000			32,000
Replacement of Car Parking Van MM19 WEK				21,000		21,000
Replacement of Multi-Use Refuse Collection Vehicle PF18 JUC				181,000		181,000
Replacement of Petrol Powered Hand Tools and Blowers with Battery Powered Units				56,000		56,000
Replacement of Kubota Mini Digger, Breaker and Trailer				48,000		48,000
Replacement of Iveco Daily Tail Lift Tipper PL68 HRO				75,000		75,000
Replacement of High Top Long Wheel Based Van CX17 GZE				53,000		53,000

Five Year Capital Programme 2024/25 to 2028/29

Capital Schemes	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	TOTAL £
Dunsop Bridge Public Conveniences Refurbishment	12,850					12,850
Edisford Public Conveniences Refurbishment		42,240				42,240
Bolton-By-Bowland Public Conveniences Refurbishment			41,900			41,900
Chatburn Public Conveniences Refurbishment				15,680		15,680
Car Parks Resurfacing Rolling Programme	51,710	53,000	54,330	55,690		214,730
Ribblesdale Pool Fire Alarm Upgrade				20,490		20,490
Re-laying of Roadway to the Castle Keep				44,500		44,500
Ribblesdale Pool Barrier and Safety Fencing				15,400		15,400
Castle Keep Lime Repointing Works and Repairs MOVED FROM 2023/24	301,770					301,770
Edisford Playing Pitches Drainage Works MOVED FROM 2023/24	10,900					10,900
Longridge Depot 'Ambulance Shed' Refurbishment MOVED FROM 2023/24	47,000					47,000
Replacement of Refuse Iveco Tipper (PO60 AYK) MOVED FROM 2023/24	46,000					46,000

Five Year Capital Programme 2024/25 to 2028/29

Capital Schemes	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£	£	£	£	£	£
Replacement of high Top Transit Van PJ63 WUC MOVED FROM 2023/24	34,500					34,500
Ribblesdale Pool Main Pool Covers NEW SCHEME FOLLOWING RECEIPT OF FUNDING	25,000					25,000
Food Waste Collections NEW SCHEME FOLLOWING RECEIPT OF FUNDING	588,540					588,540
Brungerley Park Fences and Paths					99,900	99,900
Clitheroe Castle Paths and Steps					43,100	43,100
Replacement of Charterhouse Verti Drain Machine					40,400	40,400
Replacement of Iveco truck with Hook Lift 5.5 tonne PE19 AUK					58,400	58,400
Fence and gates around Edisford playing pitches					57,900	57,900
Replacement of High Top Transit Van ML70FNS					57,200	57,200
Immants Shock Wave Machine					24,100	24,100
Replacement of John Deere Front Loader Tractor PN69 UEP					35,600	35,600
Replacement litter bins					45,000	45,000
Replacement of Mini Tractor with Electric Utility Vehicle					32,600	32,600

Five Year Capital Programme 2024/25 to 2028/29

Capital Schemes	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£	£	£	£	£	£
Replacement of Pegasus Gang Mower					38,800	38,800
Replacement of artificial surface on RV3G					541,300	541,300
Replacement of 2 Trimstar Pedestrian Mowers					17,500	17,500
Replacement of Car Park Vehicle MM19 WEK					36,100	36,100
Replacement of Garwood Refuse Collection Vehicle PF18 JUC					148,400	148,400
Replacement of Vehicle VX70 ZGE					328,300	328,300
Car Parks Resurfacing Rolling Programme					57,080	57,080
Replacement of Refuse Wheelie Bins					15,500	15,500
Play Areas Refurbishment Programme					122,880	122,880
Improvement Works in Castle Grounds	500,000					500,000
Total Community Services Committee	2,084,410	793,340	891,680	1,023,140	1,800,060	6,592,630
<u>ECONOMIC DEVELOPMENT COMMITTEE</u>						
						0
Total Economic Development Committee	0	0	0	0	0	0
<u>HEALTH AND HOUSING COMMITTEE</u>						
Disabled Facilities Grants	393,000	393,000	393,000	393,000	393,000	1,965,000
Disabled Facilities Grants MOVED FROM 2023/24	517,430					517,430

Five Year Capital Programme 2024/25 to 2028/29

Capital Schemes	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£	£	£	£	£	£
Landlord/Tenant Grants	50,000	50,000	50,000	50,000	50,000	250,000
Landlord/Tenant Grants MOVED FROM 2023/24	112,490					112,490
Drainage to New Section of Clitheroe Cemetery	70,500					70,500
Affordable Housing - Longridge	1,625,950					1,625,950
Assisted Purchase Scheme	297,130					297,130
Temporary Housing Scheme	99,580					99,580
Choice Based Lettings Scheme - IT System					50,000	50,000
Total Health and Housing Committee	3,166,080	443,000	443,000	443,000	493,000	4,988,080
<u>PLANNING AND DEVELOPMENT COMMITTEE</u>						
						0
Total Planning and Development Committee	0	0	0	0	0	0
<u>POLICY AND FINANCE COMMITTEE</u>						
Replacement PCs	70,600					70,600
Firewall Refresh	23,700					23,700
Council Offices Fire Alarm Upgrade				69,760		69,760
Software Upgrade for Regulatory Services		188,900				188,900
Replacement ICT Equipment for Councillors			43,600			43,600
Replacement Air Conditioning Units in Server Room MOVED FROM 2023/24	10,700					10,700

Five Year Capital Programme 2024/25 to 2028/29

Capital Schemes	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£	£	£	£	£	£
Brookfoot Footbridge, Ribchester - Replacement Bridge MOVED FROM 2023/24	106,000					106,000
Council Offices Mains and LED Lighting Upgrade MOVED FROM 2023/24	90,000					90,000
Revenues and Benefits Replacement Server MOVED FROM 2023/24	24,000					24,000
Technology Forge Upgrade MOVED FROM 2023/24	27,400					27,400
Council Office Solar Panels NEW SCHEME PREVIOUSLY APPROVED IN PRINCIPLE	95,000					95,000
Total Policy and Finance Committee	447,400	188,900	43,600	69,760	0	749,660
<u>UK SHARED PROSPERITY FUND</u>						
Clitheroe Market Improvements MOVED FROM 2023/24	172,600					172,600
Towneley Garden Event Space MOVED FROM 2023/24	98,680					98,680
Pump track, Longridge MOVED FROM 2023/24	58,680					58,680
Barrow Community Space	199,150					199,150
Barrow Community Space Car Park	25,000					25,000

Five Year Capital Programme 2024/25 to 2028/29

Capital Schemes	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£	£	£	£	£	£
Whalley Education Foundation	100,000					100,000
Total UK Shared Prosperity Fund	654,110	0	0	0	0	654,110
Total for all Committees	6,352,000	1,425,240	1,378,280	1,535,900	2,293,060	12,984,480

The capital programme is to be financed in the following manner:

FINANCED FROM	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£	£	£	£	£	£
Grants and Contributions						
Disabled Facility Grant Funding	-910,430	-393,000	-393,000	-393,000	-393,000	-2,482,430
Choice-based lettings scheme IT system provider contributions	0	0	0	0	-36,000	-36,000
Section 106 Monies	-1,933,980	0	0	0	0	-1,933,980
Sport England Funding for Pool Covers	-25,000	0	0	0	0	-25,000
DEFRA Funding for Food Waste New Burdens	-588,540	0	0	0	0	-588,540
UK Shared Prosperity Funding	-581,510	0	0	0	0	-581,510
Total Grants and Contributions	-4,039,460	-393,000	-393,000	-393,000	-429,000	-5,647,460
Earmarked Reserves						
Business Rates Growth Earmarked Reserve	-1,062,552	-500,000	-500,000	-500,000	-500,000	-3,062,552
VAT Shelter Earmarked Reserve	-231,388	-100,000	-100,000	-100,000	-100,000	-631,388
New Homes Bonus Earmarked Reserve	-76,610	0	0	0	-1,154,000	-1,230,610
Capital Earmarked Reserve	-641,802	0	0	0	0	-641,802
ICT Renewals Earmarked Reserve	-63,400	0	0	0	0	-63,400
Vehicle Renewals Earmarked Reserve	-37,500	0	0	0	0	-37,500
Invest to Save Earmarked Reserve	-95,000	0	0	0	0	-95,000
Custom and Self Build Register Grant Reserve	0	0	0	0	-575	-575

MEDIUM TERM FINANCIAL STRATEGY AND PLAN 2024/25 TO 2028/29

Five Year Capital Programme 2024/25 to 2028/29

FINANCED FROM	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£	£	£	£	£	£
Neighbourhood Planning Reserve	0	0	0	0	-16,133	-16,133
Brownfield Register Grant Reserve	0	0	0	0	-26,263	-26,263
Performance Reward Grant	0	0	0	0	-47,576	-47,576
Parish Grant Reserve	0	0	0	0	-5,830	-5,830
Pensions Triennial Revaluation Reserve	0	0	0	0	-8,279	-8,279
Fleming VAT Earmarked Reserve	0	0	0	0	-5,404	-5,404
Total Earmarked Reserves	-2,208,252	-600,000	-600,000	-600,000	-1,864,060	-5,872,312
Usable Capital Receipts						
Usable Capital Receipts	-31,688	-432,240	-385,280	-542,900	0	-1,392,108
Total Usable Capital Receipts	-31,688	-432,240	-385,280	-542,900	0	-1,392,108
Borrowing						
Borrowing	-72,600	0	0	0	0	-72,600
Total Borrowing	-72,600	0	0	0	0	-72,600
Total Resources	-6,352,000	-1,425,240	-1,378,280	-1,535,900	-2,293,060	-12,984,480