

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO COUNCIL

DECISION

Agenda Item No

meeting date: 8 MARCH 2011
title: ANNUAL BUDGET
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1. PURPOSE

- 1.1. To decide the budget for 2011/12 and to set the different amounts of council tax for different parts of the area where special items apply (parish precepts).

2. THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES

- 2.1. The Prudential Code for Capital Finance and the prudential indicators are set out in Annex 1 (YELLOW).
- 2.2. The Code and the indicators are intended to inform the Council, in setting the capital programme, that the programme is both affordable and sustainable. The indicators also include the maximum and operational borrowing levels for the Council

3. CAPITAL PROGRAMME

- 3.1. At their meeting on 8 February 2011, Policy and Finance Committee considered the five-year capital programme.
- 3.2. The Budget Working Group have also considered the five year capital programme. The predicted shortfall in capital reserves at the end of the five year period showed that the programme was unaffordable. They recommend that a Capital Working Group be set up to review and suggest a capital programme for the years 2012/13 to 2015/16 which is affordable and achievable.
- 3.3. The programme for 2011/12 was considered and some changes made. The resultant programme is set out at Annex 2 (BLUE) on page 26.
- 3.4. Comprehensive evaluation plans will be produced, giving a detailed description of each scheme and reported to service committees, for all new schemes before they commence.

4. MINIMUM REVENUE PROVISION

- 4.1. The Council is required each year to agree a Minimum Revenue Provision (MRP) Policy Statement setting out how the Council will make a charge to revenue in respect of previous capital expenditure. This Policy Statement is also set out in Annex 1, on page 16.

5. REVENUE BUDGET

2010/11 Revised

- 5.1. We originally budgeted to spend £7.317 million (before use of balances). The revised estimate is that net expenditure will be considerably lower at £7.074 million. Details are set out in Annex 2 (BLUE) with a summary at page 19. The revised budget for 2010/11 is:

	£000	£000
Net Committee Budget		8,395
Less - Net Adjustment for Capital Charges	-659	
- Area Based Grant	-35	
- External Interest Payable	26	
- Interest on Balances	-15	
- Net Transfers From and To Reserves	-638	-1,321
		7,074
Added to General Balances		202
Agreed Budget for year		7,276

5.2. We estimate this will leave general fund balances at 31 March 2011 of £1,424,000.

Final Grant Settlement

5.3. The Government debated the final settlement for local government in parliament on 9 February 2011. The provisional announcement of our settlement was made on 13 December 2010 for the two year period 2011/12 and 2012/13. The grant we could expect to receive was considerably worse than we anticipated, with a reduction in grant of 14.8% for next year and a further 10.2% the year after, after adjusting for concessionary travel for which responsibility has transferred to the upper tier authorities.

5.4. Since the provisional announcement there have been two changes to our grant allocations. The final figures are shown below.

	2010/11 Actual £	2011/12 Final £	2012/13 Provisional £
<i>Adjusted previous years Formula Grant</i>		3,772,774	3,215,291
Revenue Support Grant	525,133	764,324	}
Redistributed Business Rates	3,616,386	2,472,716	
Formula Grant	4,141,519	3,237,040	2,823,026

5.5. These figures have been incorporated into the following budget and council tax calculations.

Forecast Budget 2011/12

- 5.6. Special Policy and Finance Committee have recommended a net budget of £6,368,431. Details are shown in Annex 2 (BLUE) at page 17. This results in the following budget requirement:

	£
Borough Requirement	6,368,431
Parish Council Requirement	372,315
Total Borough and Parish Requirements	6,740,746

6. ROBUSTNESS OF THE ESTIMATES AND BALANCES AND RESERVES

Robustness of the Estimates

- 6.1. It is a specific requirement of section 25 of the Local Government Act 2003 for the chief financial officer to report on the robustness of the budget and the adequacy of the Council's balances and reserves.
- 6.2. I can confirm that throughout the budget process all practical steps have been taken to identify and make budgetary provision for all likely commitments facing the Council in 2011/12. The preparation of the base committee estimates remains a vital part of ensuring the robustness and financial integrity of the budget and ensures that all service committees are aware of the resource allocation and budgetary pressures facing their service areas. My report to Special Policy and Finance Committee set out the various processes followed to ensure the Council's estimates are robust.

Adequacy of Reserves

- 6.3. A reasonable level of balances is needed to provide funds to:
- ❖ Finance levels of inflation in excess of those provided in the budget
 - ❖ Provide for unforeseen expenditure
 - ❖ Finance expenditure in advance of income
 - ❖ Allow flexibility as the year progresses
- 6.4. The availability of balances has increased in importance since the Local Government Finance Act 1982 revoked local authorities' power to issue supplementary precepts.

General Fund Balances

- 6.5. At this stage general fund balances are estimated as follows:

	£000
Opening Balance 1 April 2010	1,222
Estimated Amount to be added to Balances in 2010/11	202
Estimated Balances in Hand 31 March 2011	1,424
Estimated Amount to be taken from Balances in 2011/12	-186
Estimated Balances in Hand 31 March 2012	1,238

- 6.6. The level of balances to retain is a matter of professional judgement but should be set in the context of the authority's medium term financial strategy and the risks facing the authority.
- 6.7. When the medium term financial strategy was recently reviewed the minimum level of balances to retain was confirmed to be £700,000 bearing in mind our record of strong budgetary control.
- 6.8. In 2011/12 we estimate that £186,000 will be taken from balances to support the budget.
- 6.9. Heads of Service have been tasked with carrying out a review of their service areas with a view to producing savings. Each Head of Service has initially presented a number of proposals. These represent an extensive range of suggestions in terms of potential savings, impact on service, sustainability, impact on staffing etc. It is important that the consideration of these proposals is carried out in a methodical and thorough manner as previously suggested by the Budget Working Group. It is intended that the review will be concluded by September 2011.
- 6.10. At this stage none of these potential savings have been incorporated into the budget. This would be particularly hasty and I would certainly not be able to state that the budget was robust enough for approval. Indeed further work is needed on all proposals with detailed saving implications and impact assessments being considered by CMT and ultimately members, before they are included in our base budget.
- 6.11. I am confident however, that because we have a number of vacant posts on our establishment which have not been brought into the budget savings at this stage, which will result in a reduction in our staffing bill, the actual amount we take from balances will ultimately be lower than £186,000. In addition members will be aware of our track record in not fully utilising the amount we intend to take from balances when we set the original budget each year.

Earmarked Reserves

- 6.12. The Council holds a number of reserves earmarked for specific purposes. The movements in these reserves, forecast for 2010/11 and for the 2011/12 financial years, were reported to Special Policy and Finance Committee.
- 6.13. The earmarked reserves are also judged to be adequate to meet the commitments and forecast expenditure facing the Council. However the Revenue Funds previously used to fund the Capital Programme have now been almost fully utilised. In addition the Building Control Reserve is predicted to be overdrawn over the two year period. However regulations state that the reserve needs to 'break even' over a 3 year period and therefore work needs to be carried out to ensure this is the case before the end of 2012/13.
- 6.14. The earmarked reserves are judged to be adequate to meet the commitments and forecast expenditure facing the Council.

7. COLLECTION FUND SURPLUS/DEFICIT

- 7.1. The position on the collection fund has been estimated and details are set out in Annex 2 (BLUE) page 20.
- 7.2. I forecast that there will be a **deficit** on the collection fund at 31 March 2011 of £140,641. This will be recovered from the precepting authorities in 2011/12.

8. RECOMMENDED THAT COUNCIL

8.1. Approve the following submitted by the Policy and Finance Committee:

- a) The revised revenue estimates for 2010/11 and the revenue estimates for 2011/12.
- b) The revised capital programme for 2010/11 and the capital programme for 2011/12.

8.2. Approve the prudential indicators, borrowing limits and MRP Policy Statement as set out in Annex 1.

8.3. Note that I have determined the following amounts for 2011/12, in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992:

- a) 22,364 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2003, as its council tax base for the year.
- b) Part of the Council's area:

Aighton, Bailey & Chaigley	434
Balderstone	202
Bashall Eaves, Great Mitton & Little Mitton	196
Billington & Langho	2154
Bolton by Bowland, Gisburn Forest & Sawley	480
Bowland Forest (High)	60
Bowland Forest (Low)	77
Bowland with Leagram	78
Chatburn	399
Chipping	482
Clayton le Dale	520
Clitheroe	5157
Dinckley	41
Downham	55
Dutton	107
Gisburn	209
Grindleton	363
Horton	44
Hothersall	74
Longridge	2731
Mearley	7
Mellor	1029
Newsholme	21
Newton	150
Osbaldeston	102
Paythorne	41

Pendleton	104
Ramsgreave	282
Read	563
Ribchester	658
Rimington & Middop	225
Sabden	509
Salesbury	174
Simonstone	501
Slaidburn & Easington	156
Thornley with Wheatley	162
Twiston	34
Waddington	456
West Bradford	364
Whalley	1469
Wilpshire	1004
Wiswell	452
Worston	38
	22,364

being the amounts calculated by the Council, in accordance with Regulation 6 of the regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

8.4. Calculate the following amounts for 2011/12, in accordance with Sections 32 to 36 of the Local Government and Finance Act 1992:

- a) £26,282,736 Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act;
- b) £19,541,990 Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act;
- c) £6,740,746 Being the amount by which the aggregate at 8.4(a) above exceeds the aggregate at 8.4(b) above, calculated by the Council in accordance with Section 32(4) of the Act as its budget requirement for the year;
- d) £3,222,040 Being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non domestic rates and revenue support grant and adjusted by the amount which the Council estimates will be transferred in the year to/from its collection fund from/to its general fund pursuant to the collection fund directions under Sections 97(3);

- e) £157.34 Being the amount at 8.4(c) above less the amount at 8.4(d) above all divided by the amount at 8.3(a) above, calculated by the Council in accordance with Section 33(1) of the Act as the basic amount of council tax for the year;
- f) £372,315 Being the aggregate amount of all special items referred to in Section 34(1) of the Act;
- g) £140.69 Being the amount at 8.4(e) above less the result given by dividing the amount at 8.4(f) above by the amount at 8.3(a) above, calculated by the Council in accordance with Section 34(2) of the Act as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates;

h) Parts of the Council's area:

	Band D £
Aighton, Bailey & Chaigley	151.63
Balderstone	147.13
Bashall Eaves, Great Mitton & Little Mitton	146.05
Billington & Langho	150.11
Bolton by Bowland, Gisburn Forest & Sawley	167.77
Bowland Forest Higher	169.56
Bowland Forest Lower	156.27
Bowland with Leagram	150.31
Chatburn	165.97
Chipping	155.21
Clayton le Dale	144.54
Clitheroe	159.76
Dutton	152.84
Gisburn	159.83
Grindleton	161.35
Hothersall	150.83
Longridge	162.79
Mellor	155.27
Newton	157.36
Osbaldeston	148.04
Pendleton	154.15
Ramsgreave	146.72
Read	154.01
Ribchester	152.46
Rimington & Middop	157.58
Sabden	169.37
Salesbury	154.48

Band D £	
Simonstone	155.46
Slaidburn & Easington	151.91
Thornley with Wheatley	149.95
Waddington	167.01
West Bradford	156.35
Whalley	162.26
Wilpshire	154.63
Wiswell	152.86
All other parts of the Council's area	140.69

being the amounts given by adding to the amount at 8.4(g) above the amounts of the special item relating to dwellings in those parts of the Council's area mentioned above, divided in each case by the amount in 8.3(b) above, calculated by the Council in accordance with Section 34(3) of the Act as the basic amount of its council tax for dwellings in those parts of its area to which the special item relates;

i) Parts of the Council's area:

VALUATION BANDS								
	A £	B £	C £	D £	E £	F £	G £	H £
Aighton, Bailey & Chaigley	101.08	117.94	134.78	151.63	185.32	219.02	252.71	303.26
Balderstone	98.08	114.44	130.78	147.13	179.82	212.52	245.21	294.26
Bashall Eaves, Great Mitton & Little Mitton	97.36	113.60	129.82	146.05	178.50	210.96	243.41	292.10
Billington & Langho	100.07	116.76	133.43	150.11	183.46	216.83	250.18	300.22
Bolton by Bowland, Gisburn Forest & Sawley	111.84	130.49	149.13	167.77	205.05	242.34	279.61	335.54
Bowland Forest Higher	113.04	131.88	150.72	169.56	207.24	244.92	282.60	339.12
Bowland Forest Lower	104.18	121.55	138.91	156.27	190.99	225.72	260.45	312.54
Bowland with Leagram	100.20	116.91	133.61	150.31	183.71	217.12	250.51	300.62
Chatburn	110.64	129.09	147.53	165.97	202.85	239.74	276.61	331.94
Chipping	103.47	120.72	137.97	155.21	189.70	224.19	258.68	310.42
Clayton le Dale	96.36	112.42	128.48	144.54	176.66	208.78	240.90	289.08
Clitheroe	106.50	124.26	142.01	159.76	195.26	230.77	266.26	319.52
Dutton	101.89	118.88	135.86	152.84	186.80	220.77	254.73	305.68
Gisburn	106.55	124.32	142.07	159.83	195.34	230.87	266.38	319.66
Grindleton	107.56	125.50	143.42	161.35	197.20	233.06	268.91	322.70
Hothersall	100.55	117.32	134.07	150.83	184.34	217.87	251.38	301.66
Longridge	108.52	126.62	144.70	162.79	198.96	235.14	271.31	325.58
Mellor	103.51	120.77	138.02	155.27	189.77	224.28	258.78	310.54
Newton	104.90	122.40	139.88	157.36	192.32	227.30	262.26	314.72

VALUATION BANDS								
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Osbaldeston	98.69	115.15	131.59	148.04	180.93	213.84	246.73	296.08
Pendleton	102.76	119.90	137.02	154.15	188.40	222.66	256.91	308.30
Ramsgreave	97.81	114.12	130.42	146.72	179.32	211.93	244.53	293.44
Read	102.67	119.79	136.90	154.01	188.23	222.46	256.68	308.02
Ribchester	101.64	118.58	135.52	152.46	186.34	220.22	254.10	304.92
Rimington & Middop	105.05	122.57	140.07	157.58	192.59	227.62	262.63	315.16
Sabden	112.91	131.74	150.55	169.37	207.00	244.65	282.28	338.74
Salesbury	102.98	120.16	137.32	154.48	188.80	223.14	257.46	308.96
Simonstone	103.64	120.92	138.19	155.46	190.00	224.55	259.10	310.92
Slaidburn & Easington	101.27	118.16	135.03	151.91	185.66	219.43	253.18	303.82
Thornley with Wheatley	99.96	116.63	133.29	149.95	183.27	216.60	249.91	299.90
Waddington	111.34	129.90	148.46	167.01	204.12	241.24	278.35	334.02
West Bradford	104.23	121.61	138.98	156.35	191.09	225.84	260.58	312.70
Whalley	108.17	126.21	144.23	162.26	198.31	234.38	270.43	324.52
Wilpshire	103.08	120.27	137.45	154.63	188.99	223.36	257.71	309.26
Wiswell	101.90	118.90	135.88	152.86	186.82	220.80	254.76	305.72
All other parts of the Council's area	93.79	109.43	125.06	140.69	171.95	203.22	234.48	281.38

being the amounts given by multiplying the amounts at 8.4(g) and 8.4(h) by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 8.5. Note, that for 2011/12 Lancashire County Council has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below.

Valuation Bands							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
738.87	862.01	985.16	1,108.30	1,354.59	1,600.88	1,847.17	2,216.60

- 8.6. Note, that for 2011/12 Lancashire Police Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below.

Valuation Bands							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
97.51	113.77	130.02	146.27	178.77	211.28	243.78	292.54

- 8.7. Note, that for 2011/12 Lancashire Combined Fire Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below.

Valuation Bands							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
42.43	49.51	56.58	63.65	77.79	91.94	106.08	127.30

- 8.8. Having calculated the aggregate in each case of the amounts at 8.4(i), 8.5, 8.6 and 8.7 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for 2011/12 for each of the categories of dwellings shown below:

VALUATION BANDS								
	A	B	C	D	E	F	G	H
	£							
Aighton, Bailey & Chaigley	979.89	1,143.23	1,306.54	1,469.85	1,796.47	2,123.12	2,449.74	2,939.70
Balderstone	976.89	1,139.73	1,302.54	1,465.35	1,790.97	2,116.62	2,442.24	2,930.70
Bashall Eaves, Great Mitton & Little Mitton	976.17	1,138.89	1,301.58	1,464.27	1,789.65	2,115.06	2,440.44	2,928.54
Billington & Langho	978.88	1,142.05	1,305.19	1,468.33	1,794.61	2,120.93	2,447.21	2,936.66
Bolton by Bowland, Gisburn Forest & Sawley	990.65	1,155.78	1,320.89	1,485.99	1,816.20	2,146.44	2,476.64	2,971.98
Bowland Forest (High)	991.85	1,157.17	1,322.48	1,487.78	1,818.39	2,149.02	2,479.63	2,975.56
Bowland Forest (Low)	982.99	1,146.84	1,310.67	1,474.49	1,802.14	2,129.82	2,457.48	2,948.98
Bowland with Leagram	979.01	1,142.20	1,305.37	1,468.53	1,794.86	2,121.22	2,447.54	2,937.06
Chatburn	989.45	1,154.38	1,319.29	1,484.19	1,814.00	2,143.84	2,473.64	2,968.38
Chipping	982.28	1,146.01	1,309.73	1,473.43	1,800.85	2,128.29	2,455.71	2,946.86
Clayton le Dale	975.17	1,137.71	1,300.24	1,462.76	1,787.81	2,112.88	2,437.93	2,925.52

VALUATION BANDS								
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Clitheroe	985.31	1,149.55	1,313.77	1,477.98	1,806.41	2,134.87	2,463.29	2,955.96
Dutton	980.70	1,144.17	1,307.62	1,471.06	1,797.95	2,124.87	2,451.76	2,942.12
Gisburn	985.36	1,149.61	1,313.83	1,478.05	1,806.49	2,134.97	2,463.41	2,956.10
Grindleton	986.37	1,150.79	1,315.18	1,479.57	1,808.35	2,137.16	2,465.94	2,959.14
Hothersall	979.36	1,142.61	1,305.83	1,469.05	1,795.49	2,121.97	2,448.41	2,938.10
Longridge	987.33	1,151.91	1,316.46	1,481.01	1,810.11	2,139.24	2,468.34	2,962.02
Mellor	982.32	1,146.06	1,309.78	1,473.49	1,800.92	2,128.38	2,455.81	2,946.98
Newton	983.71	1,147.69	1,311.64	1,475.58	1,803.47	2,131.40	2,459.29	2,951.16
Osbaldeston	977.50	1,140.44	1,303.35	1,466.26	1,792.08	2,117.94	2,443.76	2,932.52
Pendleton	981.57	1,145.19	1,308.78	1,472.37	1,799.55	2,126.76	2,453.94	2,944.74
Ramsgreave	976.62	1,139.41	1,302.18	1,464.94	1,790.47	2,116.03	2,441.56	2,929.88
Read	981.48	1,145.08	1,308.66	1,472.23	1,799.38	2,126.56	2,453.71	2,944.46
Ribchester	980.45	1,143.87	1,307.28	1,470.68	1,797.49	2,124.32	2,451.13	2,941.36
Rimington & Middop	983.86	1,147.86	1,311.83	1,475.80	1,803.74	2,131.72	2,459.66	2,951.60
Sabden	991.72	1,157.03	1,322.31	1,487.59	1,818.15	2,148.75	2,479.31	2,975.18
Salesbury	981.79	1,145.45	1,309.08	1,472.70	1,799.95	2,127.24	2,454.49	2,945.40
Simonstone	982.45	1,146.21	1,309.95	1,473.68	1,801.15	2,128.65	2,456.13	2,947.36
Slaidburn & Easington	980.08	1,143.45	1,306.79	1,470.13	1,796.81	2,123.53	2,450.21	2,940.26
Thornley with Wheatley	978.77	1,141.92	1,305.05	1,468.17	1,794.42	2,120.70	2,446.94	2,936.34
Waddington	990.15	1,155.19	1,320.22	1,485.23	1,815.27	2,145.34	2,475.38	2,970.46
West Bradford	983.04	1,146.90	1,310.74	1,474.57	1,802.24	2,129.94	2,457.61	2,949.14
Whalley	986.98	1,151.50	1,315.99	1,480.48	1,809.46	2,138.48	2,467.46	2,960.96
Wilpshire	981.89	1,145.56	1,309.21	1,472.85	1,800.14	2,127.46	2,454.74	2,945.70
Wiswell	980.71	1,144.19	1,307.64	1,471.08	1,797.97	2,124.90	2,451.79	2,942.16
All Other Parts of the Council's Area	972.60	1,134.72	1,296.82	1,458.91	1,783.10	2,107.32	2,431.51	2,917.82

DIRECTOR OF RESOURCES

C3-11/LO/AC
28 FEBRUARY 2011

COUNCIL

PRUDENTIAL CODE FOR CAPITAL FINANCE

1. The actual capital expenditure that was incurred in 2009/10 is shown alongside the estimates of capital expenditure for 2010/11 and 2011/12 which are recommended for approval:

Capital Expenditure			
	2009/10	2010/11	2011/12
	Actual	Revised	
	£000	Estimate	Estimate
		£000	£000
Community	843	1,246	270
Planning & Development	20	25	30
Policy & Finance	215	201	25
Health & Housing	425	679	280
Total	1,503	2,151	605

2. Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2009/10 are:

Ratio of Financing Costs to Revenue Stream				
2009/10	2010/11	2011/12	2012/13	2013/14
Actual	Estimate	Estimate	Estimate	Estimate
2.07%	2.19%	2.61%	2.66%	2.66%

The estimates of financing costs include current commitments and the proposals in the Council's recommended revenue and capital budgets.

3. Estimates of the end of year capital financial requirement for the authority for the current and future years, based on the approval of the revised capital programme for 2010/11 and the forward capital programme for 2011/12 only, and the actual capital financing requirement at 31 March 2010 are:

Capital Financing Requirement				
31/03/10	31/03/11	31/03/12	31/03/13	31/03/14
Actual	Revised	Estimate	Estimate	Estimate
£'000	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
3,701	4,144	4,104	3,967	3,833

4. The capital financing requirements measures the authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, the Council does not associate borrowing with particular items or types of expenditure.

The authority has an integrated 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 treasury management strategy and 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.

5. CIPFA's Prudential Code for Capital Finance in local Authorities includes the following as a key indicator of prudence:

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, 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."

I can report that the authority had no difficulty meeting this requirement in 2009/10, nor are any difficulties envisaged for the current or next year. This view takes into account current commitments, existing plans and the proposals in the Council's budget report.

6. In respect of our external debt, it is recommended that the Council approves the following authorised limits for our total external debt, gross of investments, for the next three financial years and agrees the continuation of the previously agreed limit for the current year since no change to this is necessary. These limits separately identify borrowing from other long-term liabilities such as finance leases. The Council is asked to approve these limits and to delegate authority to me, 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 authority. Any such changes made will be reported to the Council at its next meeting following the change.

	Authorised Limit for External Debt		
	2011/12 £'000	2012/13 £'000	2013/14 £'000
Borrowing	12,226	11,994	11,968
Other Long-Term Liabilities	0	0	0
Total	12,226	11,994	11,968

7. I can report that these authorised limits are consistent with the authority's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing, and with our approved treasury management policy statement and practices. I can also confirm that they are based on the estimate of most likely, prudent but not the worst-case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

8. The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed 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. The Council is also asked to delegate authority to me, 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			
	2011/12 £'000	2012/13 £'000	2013/14 £'000
Borrowing	7,601	7,562	7,425
Other Long Term Liabilities	0	0	0
Total	7,601	7,562	7,425

9. The Council's actual external debt at 31 March 2010 was £0.59 million, comprising £0.59 million borrowing and £0 million other long-term liabilities. It should be noted that actual external debt is not directly comparable to the authorised limit and operational boundary since the actual external debt reflects the position at one point in time.
10. In taking its decisions on this budget report the Council is asked to note that the authorised limit determined for 2011/12 (see paragraph 6 above) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

Consideration of Options for the Capital Programme

11. In considering its programme for capital investment the Council is required, within the Prudential Code, to have regard to:
- ❖ Affordability, eg implications for council tax
 - ❖ Prudence and sustainability, eg implications for external borrowing and whole life costing
 - ❖ Value for money, eg option appraisal
 - ❖ Stewardship of assets, eg asset management planning
 - ❖ Service objectives, eg strategic planning for the authority
 - ❖ Practicality, eg achievability of the forward plan.

12. The Prudential Code requires the estimated revenue impact of Capital investment decisions in Band D Council Tax. These are shown below:

	2011/12 £	2012/13 £	2013/14 £
For the Band D Council Tax	0.42	0.35	0.19

The above figures exclude the borrowing costs required to meet commitments from 2010/11 and earlier year's programmes.

The focus is therefore on the cost of the 2011/12 Capital Programme.

13. It is important to note that the figures above do not represent annual increases in Council Tax. Both the 2012/13 and 2013/14 figures will include the full year effects of decisions taken in 2010/11 and already included in the revenue budget.

Minimum Revenue Provision

14. 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).
15. The Department of Communities and Local Government (DCLG) issued regulations which require Full Council to approve a MRP Policy Statement in advance of each financial year. A variety of options are provided to councils to replace the existing regulations, so long as there is a prudent provision. The following MRP Policy Statement is recommended for 2011/12.

Minimum Revenue Provision Policy Statement

- a) For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP Policy will be to follow the existing practice outlined in former DCLG regulations.
- b) From 1 April 2008, for all Unsupported Borrowing the MRP Policy will be to follow the Asset Life Method (Equal Charge approach), ie the MRP will be based upon the estimated life of the assets financed from borrowing.

COUNCIL

REVENUE BUDGET SUMMARY

	Original Estimate 2010/11 £	Revised Estimate 2010/11 £	Original Estimate 2011/12 £
Community Services Committee	3,757,510	3,648,850	3,699,660
Policy and Finance Committee	3,023,740	3,248,160	2,401,310
Health and Housing Committee	771,090	800,540	751,320
Planning and Development Committee	526,550	697,170	719,210
Committee Net Requirements	8,078,890	8,394,720	7,571,500
Capital Charges Adjustment			
- <i>Remove Depreciation</i>	-777,150	-791,860	-799,490
- <i>Replace with Minimum Revenue Provision</i>	132,460	132,770	140,250
Total Expenditure	7,434,200	7,735,630	6,912,260
External Interest – Payable	26,250	26,250	26,250
Interest – Earned	-15,000	-15,000	-30,000
Business Rate Growth			
Area Based Grant – Climate Change	-28,820	-34,660	
New Homes Bonus Scheme			-60,000
Council Tax Freeze Grant			-78,660
Less Added to/(taken from) Earmarked Reserves			
Elections	4,290	4,290	19,870
Community Safety		9,040	-9,040
Building Control Fee Earning	-87,850	-90,490	-44,730
Single Status		-26,040	
Government Connect		-4,510	-4,520
Recreation and Culture Grants		-14,040	
Ribble Valley in Bloom/Christmas Lights	-1,710	-670	
Concurrent Functions	-14,140	-15,960	
Civic Regalia		-4,500	
Homelessness Unit Adaptations		-3,000	
Performance Reward Grant		-394,030	-52,690
Planning Delivery		-94,060	-109,770
Countryside Management		-4,560	
Longridge Schemes		-5,000	
IT Equipment		-1,340	
DEFRA Clean Air		4,500	-4,500
Revaluation Reserve		2,000	2,000
Local Development Framework			-11,580
General Balances	-41,373	201,997	-186,459
Net Expenditure	7,275,847	7,275,847	6,368,431
Parish Precepts	373,143	373,143	372,315
Budget Requirement	7,648,990	7,648,990	6,740,746

COUNCIL

REVENUE BUDGET SUMMARY

	Original Estimate 2010/11 £	Revised Estimate 2010/11 £	Original Estimate 2011/12 £
Less Formula Grant – Revenue Support Grant	-525,133	-525,133	-764,324
– NNDR Share	-3,616,386	-3,616,386	-2,472,716
Council Tax (Surplus)/Deficit	11,112	11,112	15,000
Precept	3,518,583	3,518,583	3,518,706
Taxbase	22,357	22,357	22,364
Council Tax	140.69	140.69	140.69
Council Tax (including Parishes)	157.38	157.38	157.34

Links to Council Ambitions and Priorities

Committee	Original Estimate 2010/11 £	Revised Estimate 2010/11 £	Original Estimate 2011/12 £
Community Services Committee	3,757,510	3,648,850	3,699,660
Policy and Finance Committee	3,023,740	3,248,160	2,401,310
Health and Housing Committee	771,090	800,540	751,320
Planning and Development Committee	526,550	697,170	719,210
Committee Net Requirements	8,078,890	8,394,720	7,571,500

Comparison of Requirements by Committee

	Original Estimate 2010/11	Revised Estimate 2010/11	Original Estimate 2011/12

Collection Fund

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

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

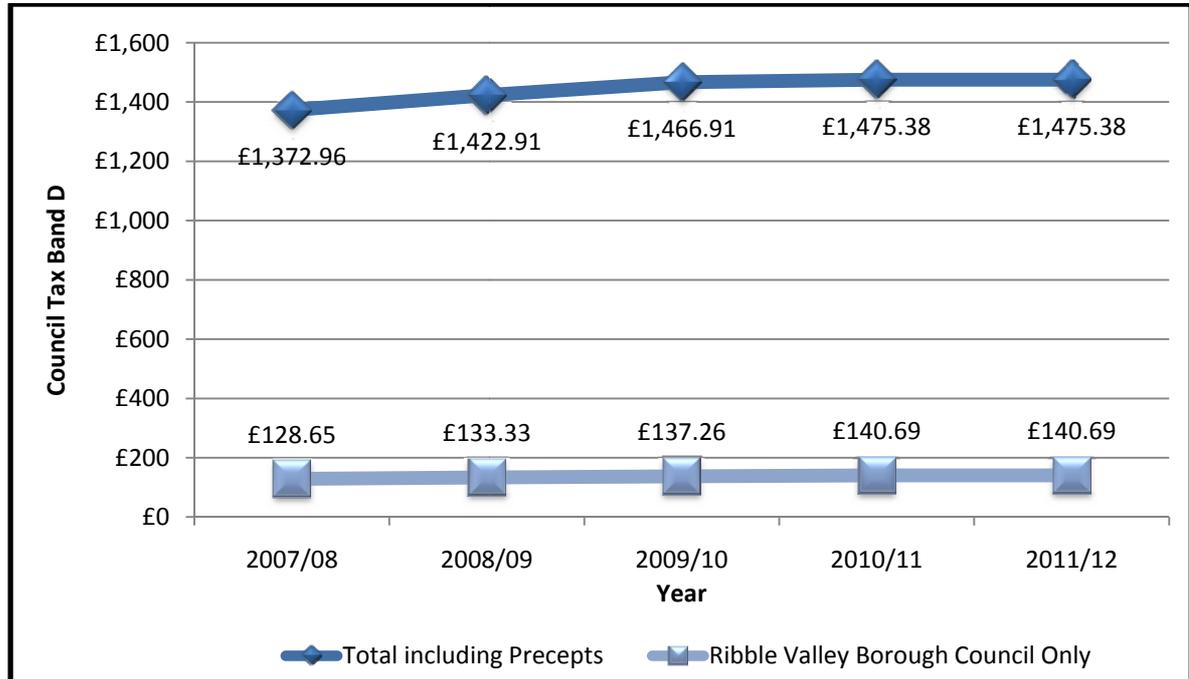
The Collection Fund shows the income received from Council Tax payers and Business Rate payers. It also shows how the income is distributed between Lancashire County Council, the Borough Council and its Parishes, Lancashire Police Authority and Lancashire Combined Fire Authority.

	Original 2010/11 £000	Revised 2010/11 £000	Original 2011/12 £000
Expenditure			
Deficit Brought Forward	106	246	141
Precepts:			
<i>Lancashire County Council</i>	24,778	24,778	24,786
<i>Lancashire Police Authority</i>	3,270	3,270	3,271
<i>Lancashire Combined Fire Authority</i>	1,423	1,423	1,423
<i>Ribble Valley including Parishes</i>	3,519	3,519	3,519
Cost of Collecting NNDR	84	84	85
Contribution to NNDR Pool	11,713	11,284	12,180
Bad Debts Provision	249	50	249
	45,142	44,654	45,654
Income			
Allocation of Deficit:			
<i>Lancashire County Council</i>	80	80	106
<i>Lancashire Police Authority</i>	10	10	14
<i>Lancashire Combined Fire Authority</i>	5	4	6
<i>Ribble Valley including Parishes</i>	11	11	15
Council Tax Income	31,022	30,771	30,979
Council Tax Benefits	2,217	2,269	2,269
Business Rates	11,797	11,368	12,265
	45,142	44,513	45,654
Deficit for Year	0	-141	0

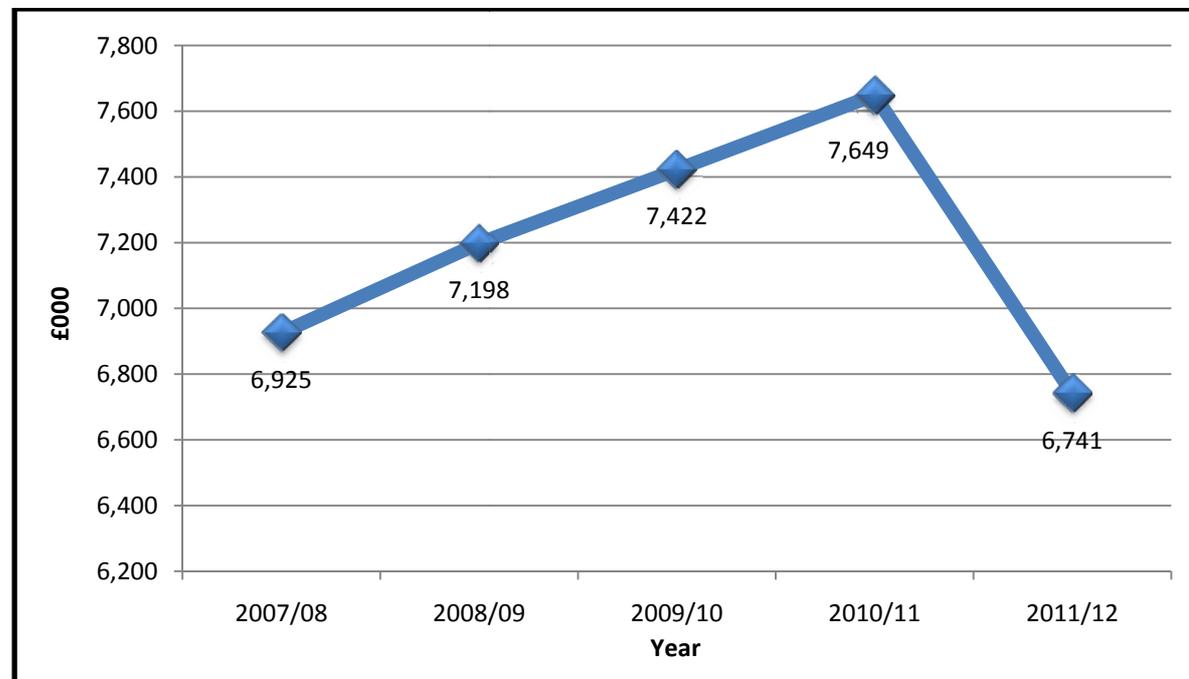
Key Statistics and Trends

The charts below show some of the main trends in the Council's finances over the past five years.

Movement in Band D Council Tax Over Last 5 Years

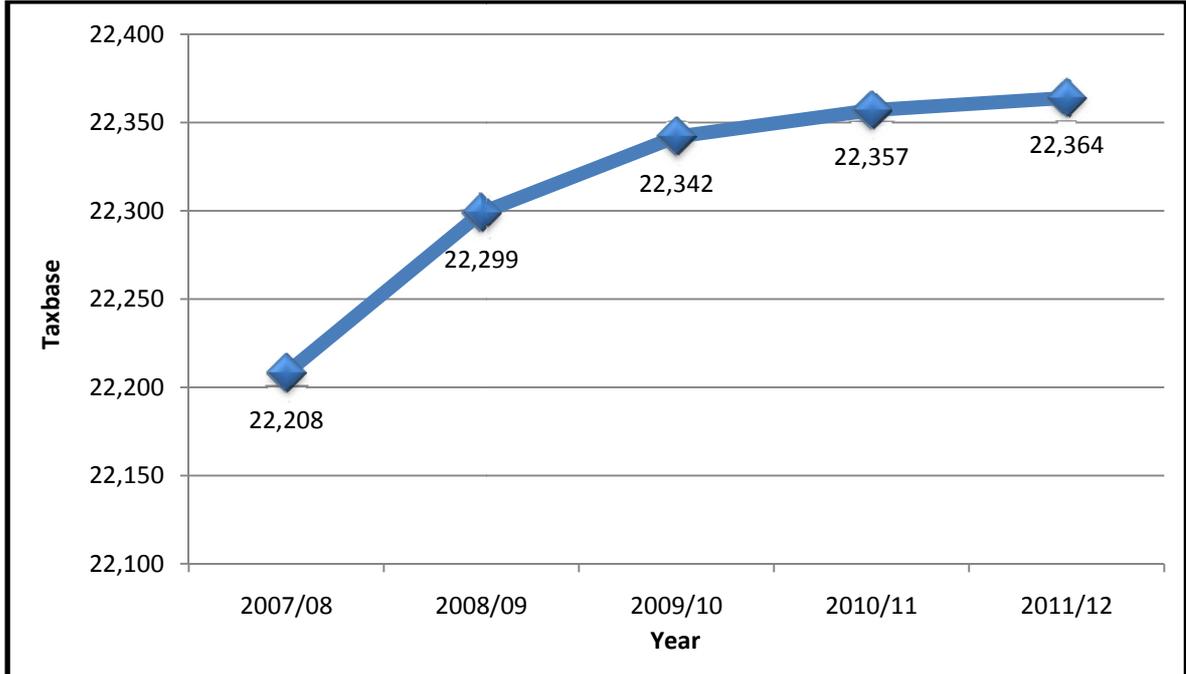


Movement in Net Budget Requirement Over Last 5 Years

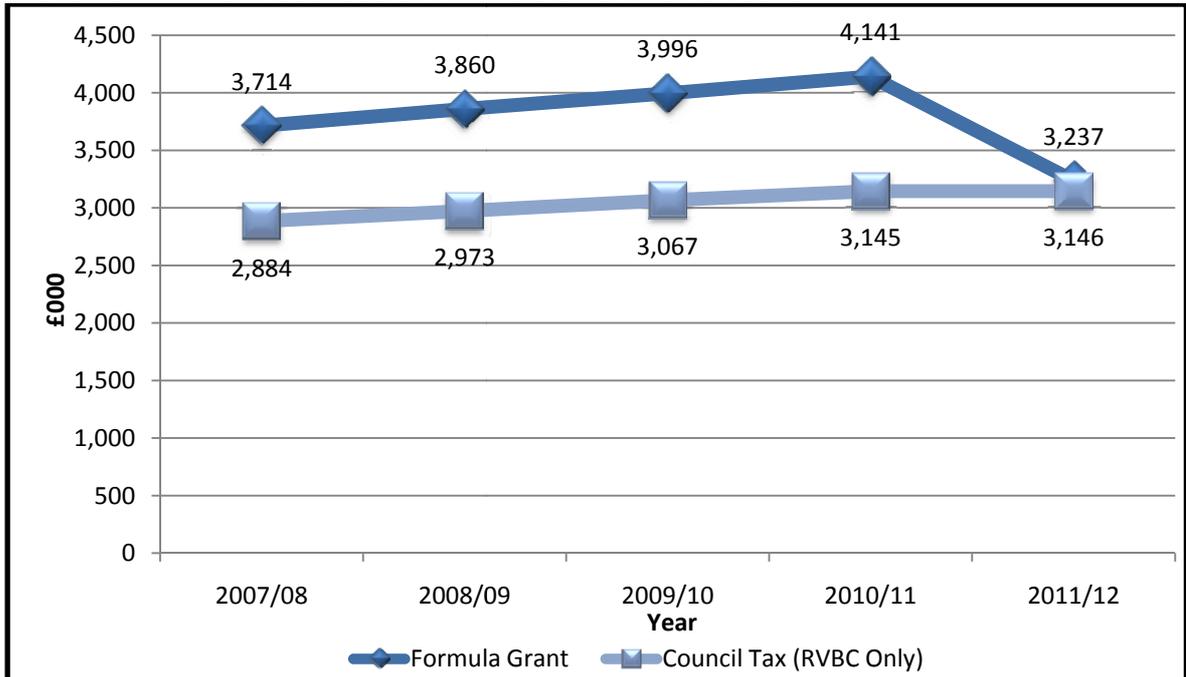


Key Statistics and Trends

Movement in Taxbase Over Last 5 Years

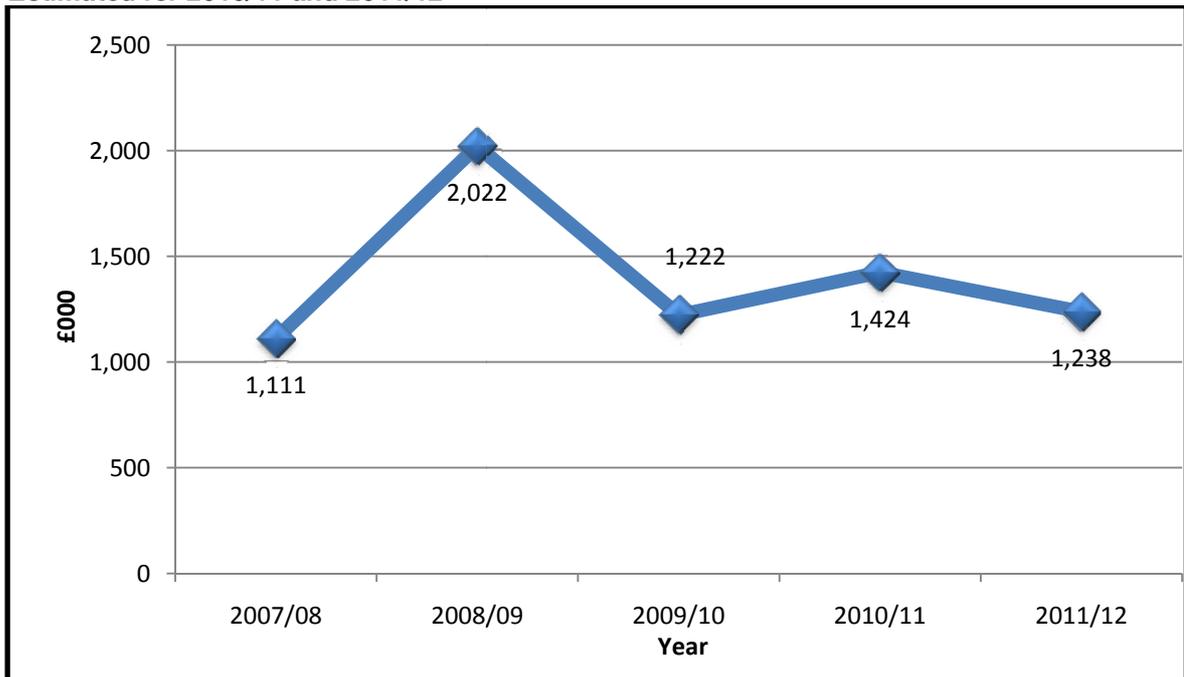


Movement in Main Sources of Finance Over Last 5 Years



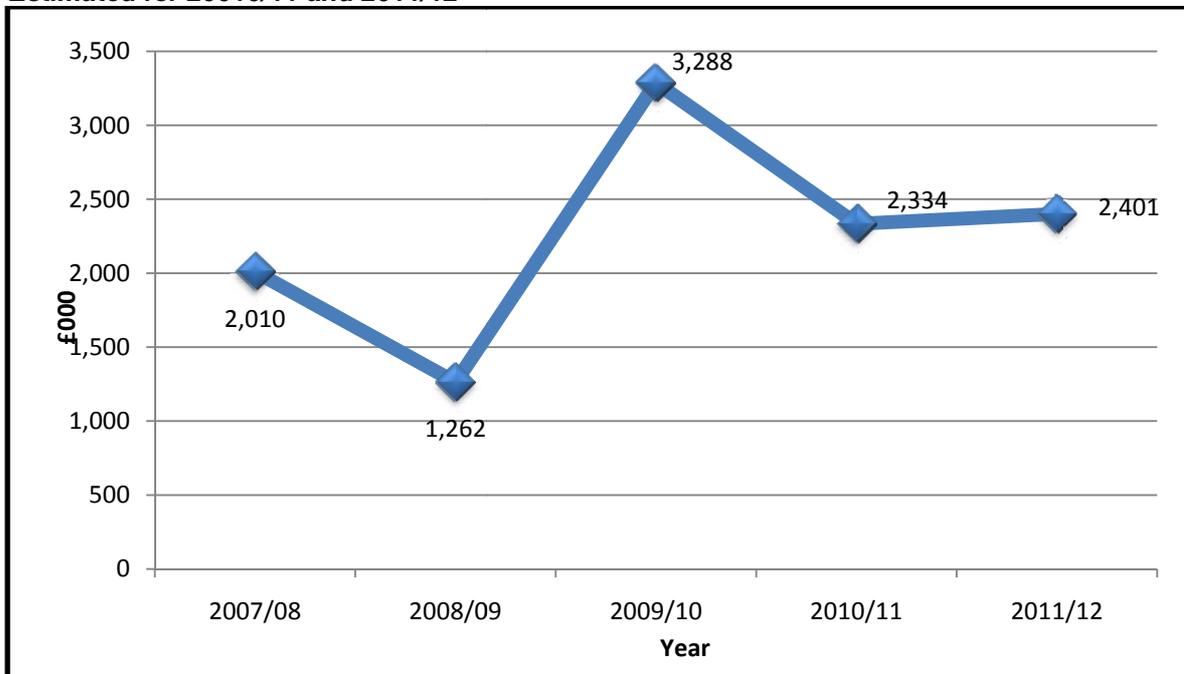
Key Statistics and Trends

Movement in General Fund Balances at 31 March over Last 5 Years Estimated for 2010/11 and 2011/12



Please Note: The council transferred its housing stock to a registered social landlord (Ribble Valley Homes) on 31 March 2008. The council received formal consent from the Secretary of State to close its Housing Revenue Account with effect from **31 March 2009**. As a consequence the council transferred Housing Revenue Account Balances to General Fund Balances, resulting in the increase shown in the table for 31 March 2009

Movement in Earmarked Reserves at 31 March over Last 5 Years Estimated for 2010/11 and 2011/12



Detailed Revised Capital Programme 2010/11

Cost Centre	Scheme Title	Original Estimate 2010/11 £	Revised Estimate 2010/11 £
<i>Community Services Committee</i>			
BADWC	Badger Well Water Culvert Collapse		8,580
CALOP	Calderstones Open Space		85,500
CPKMS	Replace Car Parking Machines and Software		60,350
CSLOT	Castle Lottery		42,090
EDFCR	Football Changing Rooms Refurbishment		271,500
FENCE	Replace Perimeter Fence at Salthill Depot	10,000	10,000
GRFLG	Castle Grounds Green Flag Award Scheme	30,000	35,080
GVDBV	Replacement for Ford Transit Drop Side Truck (V728 DBV)	25,000	25,310
LADVE	Longridge Adventure Play Facility		15,000
PBRNG	Repairs to Riverside Path Brungerly		46,540
PCWHA	Funding towards Whalley Toilets		1,420
PLAYK	Improvements to Children's Play Areas (09/10 Slippage)		10,940
PLAYL	Improvements to Children's Play Areas (10/11)	20,000	15,000
POENE	Pool - Replace boiler and energy efficiency measures		21,120
POOLF	Main Pool filter Replacement and Plant room Maintenance	20,000	16,000
REBIN	New and Replacement Wheeled Bins	20,000	19,720
RPAIM	Ribblesdale Pool Aiming High Grant work		10,000
RVFRJ	Replace Refuse Collection Vehicle (VO52 FRJ)	195,000	204,250
RVFRK	Replace Refuse Collection Vehicle (VO52 FRK)	195,000	203,540
SCMOW	Replace 2 Scag Mowers	14,000	9,910
SPARK	Salthill Play Area		38,500
UVLET	Installation of Ultra Violet Equipment to Main Pool	10,000	0
VLIFT	Vehicle Lifting Equipment	8,000	5,600
WVCOH	Replace Iveco Tipper (PO54 COH)	30,900	23,360
WVCOJ	Replace Iveco Tipper (PO54 COJ)	30,900	30,920
WVEVM	Replace JCB (V955 EVM)	25,700	21,240
WVYXF	Replace Ford Ranger Super Cab (PE54 YXF)	15,400	14,200
	Total Community Services Committee	649,900	1,245,670
<i>Planning and Development Committee</i>			
BWBRK	Barrow Brook Development Programme		25,000
	Total Planning & Development	0	25,000

Detailed Revised Capital Programme 2010/11

Cost Centre	Scheme Title	Original Estimate 2010/11 £	Revised Estimate 2010/11 £
<i>Policy and Finance Committee</i>			
BACSC	Replacement BACS and Cheque Printing Software/Hardware		10,670
ENEFF	Energy Efficiency NWIEP Scheme		23,280
LYTHC	External Repairs to Longridge Youth Club	22,750	18,500
OFCEI	Council Offices - Energy Efficiency		8,570
ROEGR	Grant to Roefield (Residual MTI Grant)		130,000
SERVB	Computer Servers and Bulk Printer Replacement	10,000	10,270
	Total Policy & Finance Committee	32,750	201,290
<i>Health and Housing Committee</i>			
CMEXT	Clitheroe Cemetery Extension	80,500	80,500
DISCP	Disabled Facilities Grants	180,000	265,360
EEGRT	Energy Efficiency Grant		6,210
EQUIT	Equity Release	30,000	40,820
FLDGR	Flood Protection Grant		119,700
LANGR	Landlord/Tenant Grants	100,000	131,240
REPPF	Repossession Prevention Fund		18,260
RESGT	Renewable Energy Source Grants	5,000	17,210
	Total Housing Committee	395,500	679,300
	GRAND TOTAL	1,078,150	2,151,260

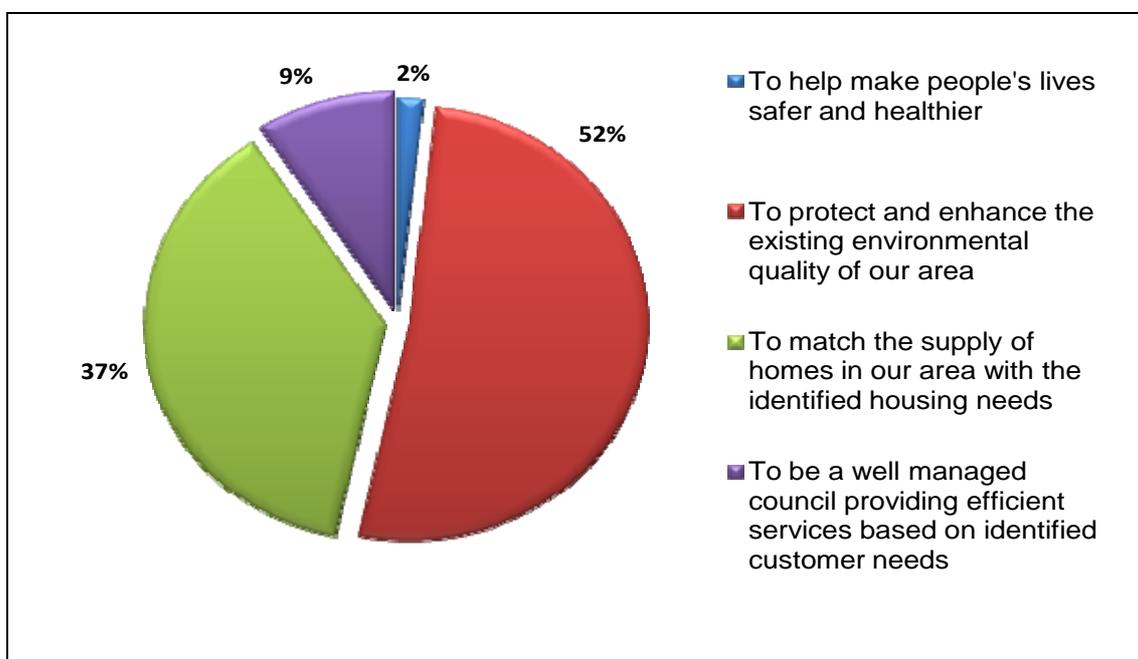
Capital Programme 2011/12

Capital Programme 2011/12		£
COMMUNITY SERVICES COMMITTEE		
PITCH	Football Pitch Drainage and Improvement Works	10,000
PLAYM	Improvements to Children's Play Areas	20,000
CARPK	Car Parks Rolling Programme	40,000
RVFXV	Replace Refuse Collection Vehicle VX04 FXV	200,000
Total Community Services Committee		270,000
PLANNING AND DEVELOPMENT COMMITTEE		
CMRED	Clitheroe Market Area Redevelopment	30,000
Total Planning and Development Committee		30,000
POLICY AND FINANCE COMMITTEE		
CCCRM	Contact Centre Customer Relationship Management (CRM) Replacement	25,000
Total Policy and Finance Committee		25,000
HEALTH AND HOUSING COMMITTEE		
LANGR	Landlord/Tenant Grants	100,000
DISCP	Disabled Facilities Grants (DFGs)	180,000
Total for Health and Housing Committee		280,000
TOTAL FOR ALL COMMITTEES		605,000

Capital Programme 2011/12

The charts below summarise the main areas of spend for the council's 2011/12 capital programme together with how the programme will be funded.

Where the money is spent



Estimated Available Resources for 2011/12

	£
Estimated Brought forward from 2010/11	69,952
Regional Housing Pot	0
Disabled Facilities Grants	108,000
VAT Shelter	172,000
Usable Capital Receipts (Sale of Land at Sabden)	145,000
Usable Capital Receipts (Other)	15,000
Vehicle Residual Values	16,750
Unsupported Borrowing	100,000
Contribution from Revenue (CRM Replacement)	20,000
Contribution from Lancashire County Developments Ltd	15,000
Estimated Total Available Resources	661,702
Less Total of Approved Capital Schemes for 2011/12	-605,000
Remaining resources available to carry forward to 2012/13	56,702
Use of VAT Shelter Receipts to increase balance of resources to carry forward for 2012/13 to minimum recommended level	243,298
Estimated total resources to carry forward to 2012/13	300,000