

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No

meeting date: 7 FEBRUARY 2012
 title: OVERALL REVENUE BUDGET 2012/13
 submitted by: DIRECTOR OF RESOURCES
 principal author: JANE PEARSON

1 PURPOSE

- 1.1 To approve the revised revenue budget for 2011/12.
- 1.2 To consider and recommend a revenue budget, budget requirement and precept for 2012/13 to Full Council on 6 March 2012.

2 CURRENT YEAR'S REVISED BUDGET 2011/12.

Background

- 2.1 The revised budget for 2011/12 has now been prepared. Committees, during this cycle, have reviewed their estimates and the reasons for any significant changes.
- 2.2 When the estimates were prepared 12 months ago provision was made for price increases of 3.0% and a small allowance was included for a potential pay award for those earning less than £21,000. However no pay increase was awarded to local government workers again this year.
- 2.3 The revised budget is now looking as if there will be a reduction of £160k in net expenditure. This is shown in the summary below.

	Original Estimate 2011/12 £	Revised Estimate 2011/12 £
Committee Expenditure		
Planning & Development	612,660	719,860
Community	3,699,660	3,429,360
Health and Housing	751,320	624,210
Policy & Finance	2,507,860	2,459,270
Total of Committees	7,571,500	7,232,700
Capital Adjustments		
Less Depreciation (included in above)	-799,490	-767,810
Add Minimum Revenue Provision (MRP)	140,250	143,760
Total Expenditure	6,912,260	6,608,650
Other Items		
External Interest Payable	26,250	22,990
Interest Earned	-30,000	-30,000
Council Tax Freeze Grant	-78,660	-78,660

	Original Estimate 2011/12 £	Revised Estimate 2011/12 £
New Homes Bonus	-60,000	-62,050
Transfer From/To Various Funds (See Annex 1)	-214,960	-424,650
Net Expenditure	6,554,890	6,036,280
Adjustment to Balances to Get to Agreed Budget	-186,459	332,151
Agreed budget for year	6,368,431	6,368,431

Change in Committee Expenditure

2.4 In summary, committee expenditure has fallen by £339k. Obviously, in a total budget of over £7m there are many variations during the course of a year. Each committee, in considering its revised budget, has been given details for any differences.

2.5 The main ones are as follows:

	£000
Increased Income	
Admin grant from 2 nd tranche Performance Reward Grants	-13
Rent from Longridge Youth Club	-9
Licensing	-5
Benefit subsidy	-42
Benefit net Admin grant	-9
Supporting People	-8
Additional Recycling Credits	-40
Trade Refuse	-5
Community Safety Partnership net additional income	-7
Balance of grant income from ELPCT	-63
	-201
Decreased Income	
Longridge Gym - Grant ceased re Children's Centre	12
Exercise referral lower grant funding (met from reserve)	7
Planning Fee refunds	6
Building Regulation Fees	42
	67
Reduced Expenditure	
Staffing costs – largely as a result of decision to freeze vacancies	-300
Freeze in non essential expenditure across the council	-66
Reduction in external audit fees & bank charges	-15
Concessionary Travel	-47
Members allowance increase deferred until April 2012	-6
Economic Development subscriptions	-10
Reduction cost of Meals on Wheels costs	-7
Postages/bank charges due to Payment of Benefits by BACS	-4
Castle Museum	-8
Utility charges at pool partly following successful appeal	-14
GIS costs	-8

	£000
Subscriptions	-10
	-495
Increased Expenditure	
Contact Centre new software costs	14
Transport Costs mainly Derv	12
Core strategy costs	15
	41
Reduced Depreciation Costs	-32
Net Other Movements	-19
Change in Committees before bringing in items funded from reserves	-639
Budgets brought in but funded from earmarked reserves	
Local elections	59
Emergency tree works	10
Increased Recreation Grants	17
Planning consultants fees	42
Project work on Whitendale bridleway and Hodder paths	27
PRG schemes	145
	300
Net Change in Committee Expenditure 2011/12 OE to RE	-339

Movement in Other items

2.6 Other Items show a predicted reduction of £30k as follows:

Other Items	Original Estimate 2011/12 £000	Revised Estimate 2011/12 £000	Difference £000
Interest Payable	26	23	-3
Minimum Revenue Provision	140	144	4
Depreciation	-799	-768	31
Interest Earned on Investments	-30	-30	0
Council Tax Freeze Grant	-79	-79	-0
New Homes Bonus Grant	-60	-62	-2
Net change	-802	-772	30

2.7 The main change relates to depreciation. There has been a reduction of £31k in the total amount of depreciation which we take out of our committee expenditure.

Movement in Earmarked Reserves

2.8 Annex 1 shows the forecasted transfers to and from earmarked reserves compared with the original estimate. In summary we anticipate taking £210k more from earmarked reserves.

Overall Changes

2.9 A summary of the changes between the original and revised estimate is shown below

	Difference £000
Committees	-339
Other Items	30
Use of Earmarked Reserves	-210
Net change	-519

2.10 This shows that the Council has in effect 'saved' £519k compared with the original estimate. Therefore **instead of taking** £186k from general fund balances at the end of the year, based on these revised estimates we **would be adding** £332k to balances.

2.11 The Budget Working Group considered the revised position and recommends that:

- ❖ Transfer to the Capital Reserve Fund sufficient funds to £267k
reinstate our capital balances to the minimum level of £300k
- ❖ As a result of the uncertainties surrounding Planning Appeals, £92k
Core Strategy Costs and other Planning issues top up the
Planning Reserve Fund to £150k

Impact on Balances

2.12 Overall the above proposals if accepted would result in the need to take from balances £27k at the end of the year if these estimates are correct. This is an improvement of £160k on the amount we were originally proposing to take from balances at the beginning of the year. This would leave the following position:

	£000
General Fund Balances B/Fwd at 1 April 2011	1,449
To Take from Balances as per Revised Estimate	-27
Therefore Estimated Balances at 31 March 2012	1,422

2.13 This is safely above the amount of £700,000 we've previously agreed as the minimum level.

3 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2012/13

Provisional Grant Settlement

- 3.1 The provisional grant settlement for next year was published on Thursday 8 December 2011. The final grant settlement is still awaited.
- 3.2 We expect to receive notification of the final settlement figures in early February, however allocations are expected to remain unchanged. We will report our final figure to you at your meeting if possible.
- 3.3 In **summary** the data for Ribble Valley is as follows.

	2010/11 Actual £	2011/12 Actual £	2012/13 Provisional £
Formula Grant	4,141,519	3,237,040	2,823,026
Council Tax Freeze Grant – for those authorities who freeze in 11/12 (grant for 4 years)			78,660
Formula Grant	4,141,519	3,237,040	2,901,686
Council Tax Freeze Grant		78,660	See above

- 3.4 The Settlement is as announced last year. However the government have added the council tax freeze grant second year payment to our formula grant which makes our total grant for next year £2,901,686.

Future Years Government Funding

- 3.5 We have been given no indication beyond next year of the likely level of Government Funding we can expect to receive. This will hopefully become clearer over the next few months as the Local Government Finance Bill passes through Parliament and the details of the Local Government Resource Review are published.
- 3.6 We will be pressing via the Local Government Association and the District Council Network for the Government to model what these changes will mean for individual local authorities. This makes forecasting of the Council's finances beyond 2012/13 extremely difficult. This is covered later in this report.

4 COLLECTION FUND

4.1 The council tax is a combination of various factors, namely:

- ❖ The spending requirements of -
 - ❖ Lancashire County Council
 - ❖ Lancashire Police Authority
 - ❖ Lancashire Combined Fire Authority
 - ❖ Ribble Valley Borough Council
 - ❖ The Parish Councils in our area
- ❖ Less government grants
- ❖ Less our share of national non domestic rates
- ❖ Surplus/deficit on the collection fund
- ❖ Council tax base at band D equivalent

4.2 I have already assessed the potential surplus/deficit on the collection fund relating to council tax. I estimate the Collection Fund will produce a deficit of £90,434 this year. The main reason for this is the deficit brought forward from 2010/11 was higher than anticipated.

4.3 The deficit will be shared amongst all the current major precepting authorities. Our share of the £90,434 deficit is £9,643.

4.4 A statement showing the Collection Fund is attached at Annex 2.

5 REVENUE BUDGET 2012/13

Background

- 5.1 When the coalition Government came into power they announced an immediate review of public sector expenditure to eliminate the UK's huge borrowing deficit. They produced a comprehensive spending review which included significant reductions in local government funding. As previously reported local government expenditure reductions were significantly higher than those proposed for other parts of the public sector. District Councils fared worse than other parts of the local government family.
- 5.2 The past twelve months have again proved to be dynamic in terms of proposed changes affecting local government finances. A number of consultation papers have been issued including:
- ❖ Local Government Resource Review
 - ❖ Localising Support for Council Tax
 - ❖ Council Tax Reforms
 - ❖ Referenda for excessive Council Tax increases
 - ❖ Public Sector Pensions

Savings Review

- 5.3 A review of the Council's services was carried out during the summer by Heads of Service and CMT.
- 5.4 This was needed to:
- ❖ Ensure we made the savings necessary to produce a balanced budget for 2012/13 onwards
 - ❖ Ensure the Council's services were provided in an efficient and cost effective manner
 - ❖ Ensure that any areas where services were facing increasing pressures or experiencing less demand were dealt with as part of the review
- 5.5 The review resulted in a package of measures which were agreed by Policy and Finance and also Personnel Committee in November 2011. These are shown in summary below.

Service Area	Annual Savings £	Non Recurring £
Revenues and Benefits including contact centre	100,000	
Legal and Democratic Services	38,000	
Regeneration and Housing	10,000	-26,500
Human Resources	35,500	
Environmental Health	62,000	
Financial Services	37,000	
Cultural and Leisure Services	120,000	
Engineering Services	135,000	
Planning	5,000	

Service Area	Annual Savings £	Non Recurring £
Other Vacancies	15,000	
Additional Savings	88,000	
	645,500	-26,500

Council Tax Freeze Grant/Capping

- 5.6 The Government have announced that they will once again offer funding to council's who freeze their council tax in 2012/13. As in 2011/12 the funding offered equates to a 2.5% increase in council tax foregone. The difference this time however is that the grant will only be offered for one year unlike in 2011/12 when it was announced the grant would be paid for the term of the spending review period. ie 4 years.
- 5.7 For district councils who do not take advantage of the freeze grant and decide instead to increase their council tax by greater than 3.5% the Government have issued new regulations which would result in the need to call a council tax referendum in such cases.
- 5.8 The Budget Working Group considered the Government's offer and recommended that we prepare our budget based on a council tax freeze, which means we will receive the grant of £78,910.

New Homes Bonus Scheme

- 5.9 The New Homes Bonus scheme commenced in April 2011, and will match fund the additional council tax raised for new homes and empty properties brought back into use, with an additional amount for affordable homes, for the following six years. The grant is calculated based on the movement of dwellings in council tax base retrospectively October to October.
- 5.10 The New Homes Bonus grant is shared 80:20 between district and county councils in two tier areas and is un-ringfenced. The Government state that New Homes Bonus is a powerful, simple and transparent incentive for housing growth.
- 5.11 Our grant is shown in the table below:

Tax base	Net change	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
October 2010 to 2011	56	62,046	62,046	62,046	62,046	62,046	62,046	-
October 2011 to 2012	100	-	105,188	105,188	105,188	105,188	105,188	105,188
October 2012 to 2013	?	?	?	?	?	?	?	?
Total NHB Grant		62,046	167,234	167,234	167,234	167,234	167,234	105,188

Budget Requirement Calculation

- 5.12 As last year, we are therefore already in a position where we know our 2012/13 council tax and therefore what our budget requirement needs to be, assuming you accept the Budget Working Group's recommendation to freeze our council tax. Our Budget Requirement is therefore calculated as follows:

	£	£
Taxbase	22,434	
Band D	140.69	
Precept (ie amount raised from council tax)		3,156,239
Formula Grant		2,901,686
Council Tax Deficit		-9,643
Our Total Budget Requirement		6,048,282

Base Budget Position

Introduction

- 5.13 Each committee has been asked to prepare their budget on the basis of no increase in the level of spending in real terms. The budgets do include provision for price increases of 2.5%, however there is no allowance for any potential pay award. Fees and charges have also been reviewed by committees and have been increased by at least the rate of inflation where feasible. These increases are also included in the budgets. At the time of your meeting all committees will have considered their draft budgets for next year.

Provisional Base Position

- 5.14 The provisional base position for next year as submitted to service committees is shown below, compared with the original budget for 2011/12.

	Original Estimate 2011/12 £	Original Estimate 2012/13 £
Committee Expenditure		
Planning & Development	612,660	514,810
Community	3,699,660	3,307,590
Health and Housing	751,320	671,070
Policy & Finance	2,507,860	2,245,380
Total of Committees	7,571,500	6,738,850
Capital Adjustments		
Less Depreciation (included in above)	-799,490	-687,900
Add Minimum Revenue Provision (MRP)	140,250	148,030
Total Expenditure	6,912,260	6,198,980

	Original Estimate 2011/12 £	Original Estimate 2012/13 £
Other Items		
External Interest Payable	26,250	19,730
Interest Earned	-30,000	-30,000
Council Tax Freeze Grant	-78,660	-78,910
New Homes Bonus Grant	-60,000	-167,240
Transfer From/To Various Funds (See Annex 3)	-214,960	73,120
Net Expenditure	6,769,850	6,015,680
Adjustment to Balances to Get to Agreed Budget	-186,459	32,602
Agreed budget for year	6,368,431	6,048,282

Comments on Next Year's Base Revenue Budget

Committee Expenditure

5.15 The net effect, as shown in the above summary, is that committee expenditure (after allowing for transfers to and from earmarked reserves) has fallen by £833k. The reasons for this, again, are varied and have been reported to service committees in the budget reports. However the main reasons are:

2011/12 OE to 2012/13 OE differences	£000
Service Review savings for 2012/13 (see above)	-619
Reduction in Depreciation	-112
Additional benefit subsidy	-35
Planning Delivery grant budget ending	-143
Net Inflation	76
Net movement in Committee Expenditure	- 833

5.16 Movement of Other items

	£000
Reduction in Depreciation (which we remove from our committee estimates)	112
Reduction in interest payable	-7
Increase in MRP	8
Increase in New Homes Bonus Grant	-107
	6

Amendments to the base budget

5.17 All Committees agreed their budgets as presented to them with the exception of:

- ❖ Health and Housing Committee when approving their budgets at the meeting on 19 January 2012 considered the changes surrounding business rates at Clitheroe Market. They decided to reverse the decision they had taken in November to increase cabin rents for 2012/13 and freeze them for a further year in 2013/14. The reduction in income would be met from the reduction in expenditure for business rates for the Market ie this would not affect the overall committee budget total.

6 REVENUE BUDGET 2012/13 AND BEYOND

- 6.1 In addition to considering our budget for 2012/13 we need to be conscious of the challenges also facing us the year after.
- 6.2 As stated earlier, 2012/13 is the last year of a two year grant settlement. Beyond this we really do not know what Government support we will receive. Until we know the impact on our finances of the outcome of the Local Government Resource review it is very difficult to prepare future budget forecasts.

7 BUDGET WORKING GROUP

Background

- 7.1 The Budget Working Group have met frequently throughout the year to consider the Council's financial position.
- 7.2 The focus of meetings during Autumn was to consider the package of service review savings in order to assist the Council in achieving a sustainable budget for 2012/13 and beyond. They recommended approval of the full set of measures to this Committee in November.
- 7.3 Recent meetings have concentrated on reviewing the overall budget following preparation of the Committee estimates. The Budget Working Group have made a number of recommendations in order to achieve an affordable budget.

Budget Recommendations

- 7.4 The Committee estimates as prepared do not include an allowance for a potential national pay award. Although the Chancellor announced a small increase in pay for next year for public sector workers, our pay is set by the Local Government Employers Organisation and as such there is uncertainty whether a pay award will be agreed for next year. Given it is unclear the Budget Working Group recommend adding a contingency item for pay awards of £75,000 for next year.
- 7.5 Given the Council Tax Freeze Grant for 2012/13 is for one year only the Budget Working Group recommend that we reduce the amount we would potentially take from balances, (£100,000 as per our Medium Term Financial Forecast) by this amount in order that the grant does not affect our base budget going forward.
- 7.6 The Budget Working Group also recommend that the town centre car parking charges for Clitheroe and Longridge for the lower two bands ie upto 1 hour and upto 2 hours are frozen. Income is included in committee estimates shown above for increases for both of these two bands following approval of Community Committees fees and charges at its meeting in November. This equates to a reduction in income of £14,510.
- 7.7 They also recommend releasing to the revenue budget the pension reserve fund which was created at the time of the transfer of our staff to Ribble Valley Homes as part of the LSVT. The reason for this recommendation is that the Council's pension costs now include the impact of the transfer following the actuarial revaluation of our pension fund in 2010. The total amount of the reserve is £438,150 and the Budget Working Group recommend amortising this amount over a 12 year period commencing in 2012/13.
- 7.8 This means that the 'bottom line' will be as follows:

	£
<i>Added to balances (as per committee estimates)</i>	32,602
<i>Less provision for pay award (contingency)</i>	-75,000
<i>Less changes to car parking charges</i>	-14,510
<i>Add use of pensions reserve</i>	36,175
<i>Revised amount to take from balances</i>	-20,733

8 ROBUSTNESS OF THE ESTIMATES AND BALANCES AND RESERVES

Introduction

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

Robustness of the Budget

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

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

Budget Area	Measures Taken
Future pressures	<p>The Budget Working Group have been meeting monthly to assess pressures facing the Council. These have included;</p> <ul style="list-style-type: none"> ❖ Outcome of the CSR ❖ Council Restructuring ❖ Various Consultation Papers and future legislative changes ❖ Local Government Resource Review ❖ 4 year capital programme ❖ Income streams eg vat shelter
Consideration of Inflation and Interest Rates	<p>Prudently a small amount has been included in respect of a pay award based on the Government's statement on public sector pay. This may or may not be agreed for 2012/13.</p> <p>Further to the outcome of the three year valuation of the pension fund we have met with the actuary and factored into our budgets an increase of 0.5% each year for 3 years to reach the rate of 17.1% by April 2013</p> <p>The prospects for interest rates are regularly reviewed. Currently they are forecasted at</p>

	0.5% and we anticipate rates will not increase significantly until at least 2014/15.
Savings Considerations	All saving proposals are examined to ensure they are realistic and sustainable before they are accepted. Furthermore they are monitored closely throughout the year once the budget has been set to ensure they are achieved.
Use of reserves and balances	Careful consideration is given to the use of reserves and balances when setting the budget to ensure that future budgets are sustainable.

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

Adequacy of Reserves

8.4 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

8.5 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

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

	£000
Opening Balance 1 April 2011	1,449
Estimated Amount to be taken from Balances in 2011/12	-27
Estimated Balances in Hand 31 March 2012	1,422

8.7 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.

8.8 My view, especially bearing in mind our record of strong budgetary control, is that the minimum level of balances we should hold is £700,000. This more importantly is the figure that you have previously agreed in the Medium Term Financial Strategy and is recommended in the latest version elsewhere on the agenda.

8.9 Bearing this in mind and our previous good record in achieving savings in the revenue budget as the year progresses my judgement is that in 2012/13 the maximum amount to be used to fund recurring expenditure should be no more than £100,000. This is based upon our forward forecast of expenditure and income, and the uncertainty regarding grant settlements beyond 2012/13. However as I recommended to the Budget Working Group, given that the council tax freeze grant for 2012/13 is for one year only that the maximum

amount taken from general fund balances for next year should be reduced by the amount of the freeze grant (£79k).

- 8.10 The Committee estimates now reflect the total package of measures agreed as part of the service review. These total £645,000 and whilst a large number of proposals have already been realised there are still some which will need to be carefully monitored over the coming 12 months to ensure they materialise at the level agreed.

Earmarked Reserves

- 8.11 Annex 3 shows the Council's earmarked reserves together with any movements forecast for 2011/12 and the 2012/13 financial year.
- 8.12 The earmarked reserves are also judged to be adequate to meet the commitments and forecast expenditure facing the Council.
- 8.13 If you agree to the Budget Working Group's recommendations, the resultant budget for 2012/13 is set out below. This would still leave £1.4m in general fund balances at the end of March 2013.

9 BUDGET WORKING GROUP RECOMMENDED REVENUE BUDGET 2012/13

9.1 If you agree to the proposals outlined above the resultant budget would be as follows:

	Original Estimate 2011/12 £	Original Estimate 2012/13 £
Committee Expenditure		
Planning & Development	612,660	514,810
Community	3,699,660	3,322,100
Health and Housing	751,320	671,070
Policy & Finance	2,507,860	2,245,380
Total of Committees	7,571,500	6,753,360
Capital Adjustments		
Less Depreciation (included in above)	-799,490	-687,900
Add Minimum Revenue Provision (MRP)	140,250	148,030
Total Expenditure	6,912,260	6,213,490
Other Items		
External Interest Payable	26,250	19,730
Interest Earned	-30,000	-30,000
Council Tax Freeze Grant	-78,660	-78,910
New Homes Bonus Grant	-60,000	-167,240
Contingency for pay award		75,000
Transfer From/To Various Funds (See Annex 3)	-214,960	73,120
Transfer From Pension Reserve		-36,175
Net Expenditure	6,554,890	6,069,015
Adjustment to Balances to Get to Agreed Budget	-186,459	-20,733
Agreed budget for year	6,368,431	6,048,282

9.2 The Budget Working Group believe this is a sensible and achievable budget for 2012/13 which sets the right balance between enabling the Council to carry out its services and maintaining a level of reserves and balances to face uncertain times ahead.

10 BUDGET REQUIREMENT AND PRECEPT

- 10.1 The Local Government Finance Act 1992 requires the Council, as billing authority, to make certain calculations regarding the budget requirement. Obviously at this stage the calculation is based upon the information set out in Section 9 above.

BUDGET REQUIREMENT AND PRECEPT	
	£
RVBC Net Budget	6,048,282
Plus Parish Precepts (See Annex 4)	371,815
	6,420,097
Less - RSG	-55,179
- NNDR	-2,846,507
Net Requirement Before Adjustments	3,518,411
Council Tax Deficit	9,643
Precept (Including Parishes)	3,528,054

Updated Three Year Forecast

- 10.2 I have updated the three year forecast assuming the above budget for 2012/13 is agreed. The Medium Term Financial Strategy (MTFS) is reported elsewhere on the agenda and shows our position in more detail. Members need to be aware, as mentioned earlier, that forecasting our future government support is extremely difficult. Because of this we have modelled a number of different scenarios ranging from a 5% reduction to a 2.5% increase in grant. These are set out within the MTFS.
- 10.3 Due to the uncertainty we have assumed a cash freeze in our government grant as a basis for calculating our three year forecast. This may well prove to be inaccurate and therefore needs to be kept under review.
- 10.4 In summary I have set out below the updated the three-year budget forecast based upon a 2.5 percent increase in council tax for 2013/14 and 2014/15. This results in a forecast for the next three years of:

	2012/13 OE £	2013/14 £	2014/15 £
Net Expenditure	6,274,100	6,461,700	6,653,000
Interest Receipts	-30,000	-30,000	-50,000
Use of Pension Reserve	-36,175	-36,175	-36,175
Council Tax Freeze Grant	-78,910		
Use of New Homes Bonus	-60,000	-60,000	-60,000
Use of Balances	-20,733	-100,000	-100,000
Reductions in Expenditure Required	0	-84,430	-149,188
Budget Requirement	6,048,282	6,151,095	6,257,637
Government Funding	2,901,686	2,901,686	2,901,686
Collection Fund Deficit	-9,643	-10,000	-10,000
Precept	3,156,239	3,259,409	3,365,951
Tax Base	22,434	22,602	22,772
Band D Council Tax	140.69	144.21	147.81

- 10.5 The above forecast shows that if our grant is frozen for the next three years the amount that would be required to balance our budget is manageable. For 2013/14 this would be £84k and 2014/15 £149k. The Budget Working Group will continue to review the Budget Forecast as we enter the next financial year.

11 ILLUSTRATIVE COUNCIL TAX AT BAND D

- 11.1 Finally I have shown below our total Band D council tax assuming a zero percentage increase for not only ourselves but also for the other precepting authorities, excluding parishes.

	Actual Band D Council Tax 2011/12 £	Estimated Band D Council Tax 2012/13 £	%
Ribble Valley	140.69	140.69	0.0
Parishes (average)	16.65	16.57	-0.5
Lancashire County Council	1,108.30	1,108.30	0.0
Police Authority	146.27	146.27	0.0
Combined Fire Authority	63.65	63.65	0.0
	1,475.56	1,475.48	0.0

12 RECOMMENDED THAT COMMITTEE

- 12.1 Approve the revised budget for 2011/12.
- 12.2 Approve the Budget Working Group's recommendations as shown in Section 7 which result in a budget requirement and precept for 2012/13 as set out in Section 10.1.
- 12.3 Recommend the budget and precept to the Full Council meeting on 6 March 2012.

A handwritten signature in black ink, appearing to read "The Mayor".

DIRECTOR OF RESOURCES
PF10-11/JP/AC
30 JANUARY 2012

SPECIAL POLICY & FINANCE COMMITTEE

ANALYSIS OF TRANSFERS TO AND FROM EARMARKED RESERVES

	Original Estimate 2011/12 £	Revised Estimate 2011/12 £
Taken From Reserves		
Elections	0	-43,700
Government Connect	-4,520	-5,240
Building Control Fee Earning	-44,730	-28,360
Local Development Framework	-11,580	-7,750
Performance Reward Grant	-52,690	-197,930
Planning Delivery	-109,770	-132,850
Community Safety Partnership (re CRIME)	-9,040	-1,800
DEFRA Clean Air	-4,500	-4,500
Tourism Promotions	0	-6,810
Recreation Grants	0	-16,830
Christmas Lights and RV in Bloom	0	-3,420
Estates Maintenance Reserve	0	-2,500
Forest of Bowland	0	-27,140
Planning Reserve Fund	0	-41,950
Added to Reserves	0	0
Elections	19,870	0
Revaluation Reserve	2,000	2,000
IT Equipment	0	9,000
Pendle Hill Users	0	7,750
Wellbeing and Health Equality	0	57,000
Exercise Referral Reserve	0	5,310
Clitheroe Cemetery Extension	0	3,640
Capital Reserve - From LSERV	0	5,930
Capital Reserve - From LANDC	0	3,450
New Homes Bonus - Capital Reserve	0	2,050
Total Net Transfers from Reserves	-214,960	-424,650

SPECIAL POLICY & FINANCE COMMITTEE

COLLECTION FUND

	Actual 2010/11 £000	Original 2011/12 £000	Revised 2011/12 £000
<i>Expenditure</i>			
Deficit brought forward	246	141	281
Precepts - Lancashire County Council	24,778	24,786	24,786
- Lancashire Policy Authority	3,270	3,271	3,271
- Lancashire Combined Fire Authority	1,423	1,423	1,423
- Ribble Valley Including Parishes	3,519	3,519	3,519
Allocation of Surplus for Year:			
Ribble Valley	0	0	0
Lancashire County Council	0	0	0
Lancashire Combined Fire Authority	0	0	0
Lancashire Police Authority	0	0	0
Cost of Collecting NNDR	84	85	85
Contribution to Pool	11,136	12,180	12,180
Bad Debts Provision	35	249	100
	44,491	45,654	45,645
<i>Income</i>			
Surplus Brought Forward	0	0	0
Share of Deficit:			
- Lancashire County Council	80	106	106
- Lancashire Policy Authority	10	14	14
- Lancashire Combined Fire Authority	5	6	6
- Ribble Valley	11	15	15
Council Tax Income	30,632	30,979	30,845
Council Tax Benefits	2,252	2,269	2,304
Business Rates	11,220	12,265	12,265
	44,210	45,654	45,555
Deficit for Year	-281	0	-90

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

	Balance at 31 March 2011 £	Transfers In 2011/12 £	Transfers Out 2011/12 £	Balance at 31 March 2012 £	Transfers In 2012/13 £	Transfers Out 2012/13 £	Balance at 31 March 2013 £
Local Recreation Grants Fund	16,831		-16,831	0			0
Elections Fund	63,551	19,870	-63,570	19,851	20,370		40,221
Audit Reserve Fund	12,335			12,335			12,335
Building Control Fund	-53,274		-28,360	-81,634		-1,080	-82,714
Rural Development Reserve	1,631			1,631			1,631
Capital	54,665	285,380	-46,650	293,395	8,270		301,665
Insurance	20,000			20,000			20,000
Christmas Lights/RV in Bloom	3,416		-3,416	0			0
Community Enhancement	2,881			2,881			2,881
New Community Enhancement Schemes	6,809			6,809			6,809
Rent Deposit Reserve	7,837			7,837			7,837
Revenue Contributions (RCCO) Unapplied	23,134			23,134			23,134
Parish Schemes	1,729			1,729			1,729
Local Development Framework	11,583		-7,750	3,833			3,833
LALPAC Licensing System	1,866			1,866			1,866
IT Equipment	0	9,000		9,000			9,000
Conservation Reserve	6,210			6,210			6,210
Concessionary Travel	40,026			40,026			40,026
Fleming VAT Claim	239,926			239,926			239,926

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

	Balance at 31 March 2011 £	Transfers In 2011/12 £	Transfers Out 2011/12 £	Balance at 31 March 2012 £	Transfers In 2012/13 £	Transfers Out 2012/13 £	Balance at 31 March 2013 £
Government Connect	5,239		-5,239	0			0
Repairs and Maintenance	33,299			33,299			33,299
Post LSVT Pension Reserve	438,150			438,150		-36,175	401,975
Market Town Enhancement	6,643			6,643			6,643
Planning Delivery	132,846		-132,846	0			0
Performance Reward Grant	526,710		-197,930	328,780		-37,000	291,780
Refuse Collection	18,000			18,000			18,000
Restructuring Reserve	275,000			275,000			275,000
VAT Shelter Reserve	1,047,542	500,000	-172,000	1,375,542	500,000	-132,340	1,743,202
Revaluation of Assets Reserve	2,000	2,000		4,000	2,000		6,000
Clean Air Reserve	4,500		-4,500	0			0
Estates Maintenance Reserve	2,500		-2,500	0			0
Equipment Reserve	31,000			31,000			31,000
Forest of Bowland Reserve	27,146		-27,146	0			0
Invest to Save Fund	250,000		-100,000	150,000			150,000
Land Charges Reserve	34,356			34,356			34,356
Land Charges System Reserve	9,000		-9,000	0			0
Pendle Hill User Reserve	17,830	7,750		25,580			25,580
Planning Reserve	100,000	91,950	-41,950	150,000			150,000
Tourism Promotions Reserve	6,812		-6,812	0			0

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

	Balance at 31 March 2011 £	Transfers In 2011/12 £	Transfers Out 2011/12 £	Balance at 31 March 2012 £	Transfers In 2012/13 £	Transfers Out 2012/13 £	Balance at 31 March 2013 £
Crime Reduction Partnership Reserve	16,060		-1,800	14,260		-14,260	0
Housing Benefit Reserve	60,000			60,000			60,000
Clitheroe Cemetery Extension	0	3,640		3,640			3,640
Exercise Referral	0	5,310		5,310			5,310
Wellbeing and Health Equality	0	57,000		57,000		-12,420	44,580
New Homes Bonus Reserve	0	2,050		2,050	107,240	-100,000	9,290
<i>Total</i>	<i>3,505,789</i>	<i>983,950</i>	<i>-868,300</i>	<i>3,621,439</i>	<i>637,880</i>	<i>-333,275</i>	<i>3,926,044</i>

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

Name of Reserve	Purpose
Local Recreation Grants Fund	Used to fund recreation grants
Elections Fund	Used to fund borough elections held once every four years
Audit Reserve Fund	Used for computer audit
Building Control Fund	Available to equalise net expenditure over a three year period
Rural Development Reserve	Used to fund consultation work on rural housing
Capital	Used to fund the capital programme
Insurance	Available to meet any costs following demise of Municipal Mutual Insurance Company
Christmas Lights/RV in Bloom	Available to fund contributions towards Christmas Lights and Ribble Valley in Bloom
Community Enhancement	Used to fund grants to local organisations
New Community Enhancement Schemes	Additional reserve for funding grants to local organisations
Rent Deposit Reserve	Set aside for homeless rent deposits
Revenue Contributions (RCCO) Unapplied	Used to fund capital expenditure
Parish Schemes	Used to fund Parish improvement schemes
Local Development Framework	To finance Local Development Framework costs
LALPAC Licensing System	To fund costs of LALPAC licensing system
IT Equipment	To fund time recording system
Conservation Reserve	To fund conservation schemes completed after the financial year end
Concessionary Travel	To fund the transfer of the administration of the scheme to upper tier local authorities
Fleming VAT Claim	VAT recovered from 'Fleming' claim challenge to HMRC
Government Connect	To fund revenue costs of Government Connect Service
Repairs and Maintenance	To fund emergency repairs and maintenance items, including legionella and asbestos abatement
Post LSVT	To fund any costs post LSVT which may arise, such as pension fund liabilities

**SPECIAL POLICY & FINANCE COMMITTEE
EARMARKED RESERVES**

Name of Reserve	Purpose
Market Town Enhancement	To fund grants under Market Towns Enhancement Scheme
Planning Delivery	To fund improved delivery of housing and other planning outcomes
Performance Reward Grant	Performance Reward Grant received and yet to be distributed to successful schemes
Refuse Collection	To fund agency staff employed in the distribution of collection date calendars
Restructuring Reserve	To fund costs resulting from the restructure review
VAT Shelter Reserve	To contribute towards the future financing of the capital programme
Revaluation of Assets Reserve	To contribute towards the revaluation of the Council's assets every five years.
Clean Air Reserve	To fund clean air survey work
Estates Maintenance Reserve	To fund approved one-off boundary maintenance work to Estates asset
Equipment Reserve	To fund essential and urgent equipment requirements
Forest of Bowland Reserve	to fund access improvement schemes within the Ribble Valley section of the Forest of Bowland
Invest to Save Fund	To fund future invest to save projects
Land Charges Reserve	To fund any potential restitution claims for personal search fees
Land Charges System Reserve	To fund planned land charges system purchase
Pendle Hill User Reserve	To fund improvement schemes on Pendle Hill
Planning Reserve	To fund any future potential planning issues
Tourism Promotions Reserve	To fund planned tourism publicity and promotions
Crime Reduction Partnership Reserve	To fund cost of crime reduction initiatives
Housing Benefit Reserve	To help meet the challenges facing the service in the coming years
Clitheroe Cemetery Extension	To meet any future costs from CPO
Exercise Referral	To meet future costs of the service
Wellbeing and Health Equality	To meet future costs of the service
New Homes Bonus Reserve	To contribute towards capital schemes to generate future economic growth

SPECIAL POLICY AND FINANCE COMMITTEE

PARISH COUNCIL PRECEPTS

Band D Equiv Tax Base	Parish	Parish Precept 2012/13 £	Parish Precept 2011/12 £	Increase/ Decrease £	Band D Equivalent Tax £
432	Aighton, Bailey & Chaigley	4,750	4,750	0	11.00
205	Balderstone	1,300	1,300	0	6.34
197	Bashall Eaves, Great Mitton & Little Mitton	1,100	1,050	50	5.58
2,167	Billington & Langho	16,438	20,282	-3,844	7.59
484	Bolton by Bowland, Gisburn Forest & Sawley	13,000	13,000	0	26.86
61	Bowland Forest (High)	2,176	1,732	444	35.67
77	Bowland Forest (Low)	1,200	1,200	0	15.58
82	Bowland with Leagram	600	750	-150	7.32
398	Chatburn	10,086	10,086	0	25.34
491	Chipping	7,500	7,000	500	15.27
523	Clayton le Dale	2,000	2,000	0	3.82
5,158	Clitheroe	98,347	98,347	0	19.07
41	Dinckley	0	0	0	0.00
55	Downham	0	0	0	0.00
104	Dutton	500	1,300	-800	4.81
207	Gisburn	4,000	4,000	0	19.32
364	Grindleton	7,500	7,500	0	20.60
43	Horton	0	0	0	0.00
71	Hothersall	750	750	0	10.56
2,756	Longridge	60,343	60,343	0	21.90
7	Mearley	0	0	0	0.00
1,030	Mellor	15,000	15,000	0	14.56
20	Newsholme	0	0	0	0.00
144	Newton	2,500	2,500	0	17.36
105	Osbaldeston	750	750	0	7.14
43	Paythorne	0	0	0	0.00
107	Pendleton	1,500	1,400	100	14.02
280	Ramsgreave	1,700	1,700	0	6.07
565	Read	8,000	7,500	500	14.16
668	Ribchester	7,745	7,745	0	11.59
223	Rimington & Middop	4,000	3,800	200	17.94
514	Sabden	14,600	14,600	0	28.40
176	Salesbury	4,800	2,400	2,400	27.27
499	Simonstone	7,400	7,400	0	14.83
152	Slaidburn & Easington	1,750	1,750	0	11.51
160	Thornley with Wheatley	1,500	1,500	0	9.38
36	Twiston	0	0	0	0.00
453	Waddington	12,000	12,000	0	26.49
361	West Bradford	5,900	5,700	200	16.34

SPECIAL POLICY AND FINANCE COMMITTEE

PARISH COUNCIL PRECEPTS

Band D Equiv Tax Base	Parish	Parish Precept 2012/13 £	Parish Precept 2011/12 £	Increase/ Decrease £	Band D Equivalent Tax £
1,471	Whalley	31,580	31,680	-100	21.47
997	Wilpshire	14,000	14,000	0	14.04
464	Wiswell	5,500	5,500	0	11.85
43	Worston	0	0	0	0.00
22,434		371,815	372,315	-500	