

RIBBLE VALLEY BOROUGH COUNCIL

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Dear Councillor

You are invited to attend a meeting of **SPECIAL POLICY AND FINANCE COMMITTEE** at **6.30pm on TUESDAY, 7 FEBRUARY 2012 in the TOWN HALL, CHURCH STREET, CLITHEROE.**

I do hope you can be there.

Yours sincerely

CHIEF EXECUTIVE

To: Committee members (copy for information to all other members of the Council)
Directors
Press

AGENDA

Part 1 – items of business to be discussed in public

1. Apologies for absence.
2. Minutes of last meeting.
3. Declarations of Interest (if any).
4. Public Participation (if any).

DECISION

- ✓ 5. Remodelling of Platform Gallery to accommodate Visitor Information Centre – report of Director of Community Services – copy enclosed.
- ✓ 6. Overall Revised Capital Programme 2011/12 – report of Director of Resources – copy enclosed.

- ✓ 7. Overall Capital Programme 2012/15 – report of Director of Resources – copy enclosed.
- ✓ 8. Overall Revenue Budget 2012/13 – report of Director of Resources – copy enclosed.
- ✓ 9. Medium Term Financial Strategy – report of Director of Resources – copy enclosed.

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

None.

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No.

meeting date: 7th FEBRUARY 2012
title: PLATFORM GALLERY - RECEPTION REMODELLING SCHEME
submitted by: JOHN C HEAP, DIRECTOR OF COMMUNITY SERVICES
principal author: CHRIS HUGHES, TIM LYNAS

1.0 PURPOSE

1.1 To provide a summary of the review that the Council have embarked upon, as part of the wider restructure and in particular to highlight the proposals for the incorporation of the Tourist Information Centre (TIC) into the Platform Gallery.

1.2 To seek approval for the release of the capital budget of £49,211.00 for the remodelling scheme.

1.3 Relevance to the Council's ambitions and priorities:

- Council Ambitions – To be a well-managed Council providing efficient services based on identified customer needs.

- Corporate Priorities:

With respect to PEOPLE:

- To encourage tourists and visitors to enjoy the area and to support the arts and local businesses.

With respect to PLACES:

- Improve the access to tourist information by having the TIC in a more prominent and visible location, particularly for those arriving by train.

With respect to PROSPERITY:

- Improve the access to and support from tourism services and the arts.
- Other Considerations – Financial – The capital investment in improved reception provision will lead to a more efficient arrangement, reducing the long term costs, and improving the sustainability of both services.

2.0 BACKGROUND

2.1 The relocation of the Tourist Information Centre to the Platform Galley is one of a range of measures to help achieve the Council's efficiency measures for 2012/13.

2.2 TIC is on B floor reception of the Council Offices after being re-located from the high street when Lancashire County Council withdrew from a joint information provision.

3.0 ISSUES

3.1 While the existing layout has been suitable for the gallery to date, the addition of the TIC will present some space planning challenges. In particular, the existing combined reception and office area is of an insufficient size and where it is positioned creates a 'bottleneck' for visitors between the shop and the gallery area. There will also be pressures on staff accommodation and storage.

- 3.2 It is therefore proposed to make a range of physical changes to the building in order to fulfil its new role as gallery and information centre. –
- The number of visitors to the gallery will double as a result of the move and so the building will have to be more flexible to deal with increased numbers and range of enquiries (from 30,000 to 60,000)
 - The current reception desk at the gallery can accommodate 1-2 people at the most. It is envisaged that the new facility will need a minimum of two people at any one time, increasing to 3 during busy periods. A new reception counter is therefore needed.
 - The number of staff in the building at any one time could double, depending on rotas. The only office space at the gallery is located within the current 'reception pod' which offers little privacy and, at best, can only accommodate one person. A separate back office is therefore required if the combined service is to operate efficiently.
 - Storage space at the gallery is an ongoing problem and will be exacerbated with the relocation of the TIC. Although it is intended to reduce stock levels and keep some storage space in the Council Offices there is still the need to have better storage facilities on-site. This will be achieved by re-configuring certain areas.
 - As the scheme is closely linked to proposals for level B reception it has been assumed that the counter, currently occupied by TIC, will remain as part of the new contact centre although we intend to re-cycle as much of the display/shop fittings from level B to the Gallery as possible.
 - Income generation is an important factor within the gallery's revenue budget and, although to a lesser extent, is a feature of the TIC budget. It is therefore important that the refurbishment of the gallery presents an opportunity to at least maintain combined income levels and possibly increase them.
- 3.3 In order to minimise disruption between exhibitions, it is proposed that during the works, the gallery building is closed in order to allow the contractor to complete the scheme in the shortest possible timescales.
- 3.4 It is also important to note that it would make sense to package this work with that to level B reception as this will give better value for money over the two projects. In terms of programming the gallery works will have to be done first in order for TIC to vacate level B. If this is to be achieved within agreed timescales then tenders for the overall scheme will need to go out towards the end of February with an expected start on the gallery in late March.
- 3.5 Members should also be aware that there may be the need for minor works to level C reception, once the final range of functions have been determined for level B. In order to take advantage of such alterations within the procurement process it is suggested that an allowance for such works be included in the overall capital scheme for level B and TIC.
- 3.6 The estimated cost of the scheme is £49,211.00. However it should be noted that the actual cost of the scheme will be dependent on the following factors:
- The extent of the works and the final specification.
 - The cost of any variations to the brief or design.
 - Any other unforeseen matters arising.

It should also be noted that some of the works included in the scheme would have become necessary in the near future, regardless of the move. This includes replacement of the laminate flooring and refurbishment of the wooden floor, which are both showing the effect of large numbers of visitors over a prolonged period.

4.0 RISK ASSESSMENT

- 4.1 The approval of this report will have the following implications:

- Resources –

A breakdown of the likely cost of the scheme is set out in Appendix 4. This total of £49,211 could be met from the £80,000 of PRG monies originally intended for the relocation of the TIC to Castle Gate, or from existing capital reserves.

It is proposed that this work be added to that previously agreed for level B with a small allocation for alterations to level C, making a total capital scheme of £100,000.

- Technical, Environmental and Legal –

It is proposed that the design, project management, and CDM (Construction Design and Management Regulations) will be undertaken / managed in house. However some minor external consultant advice may be sought, specifically from an asbestos consultant, a structural engineer and a quantity surveyor.

- Political – There are no specific political issues arising out of this report.
- Reputation – The platform gallery is a cornerstone on the creative community in the Ribble Valley area. The tourist information centre signposts visitors to local attractions and businesses.

5.0 **RECOMMENDED THAT COMMITTEE**

5.1

- a) Approve the proposed layout outlined in Appendix 2 to this report, and instruct the project team to develop and tender the scheme based on this layout.
- b) Approve the project programme as outlined in Appendix 3, and instruct the project team to manage the scheme based on this programme.
- c) Approve the estimated costs as outlined in Appendix 4, and instruct the project team to proceed with the scheme based on these costs, combined with those for levels B and C receptions.

DIRECTOR OF COMMUNITY SERVICES

For further information please contact Chris Hughes or Tim Lynas

Appendices:

Appendix 1 and 2

Existing Layout - PFG/RR/001

Proposed Layout - PFG/RR/002

Appendix 3

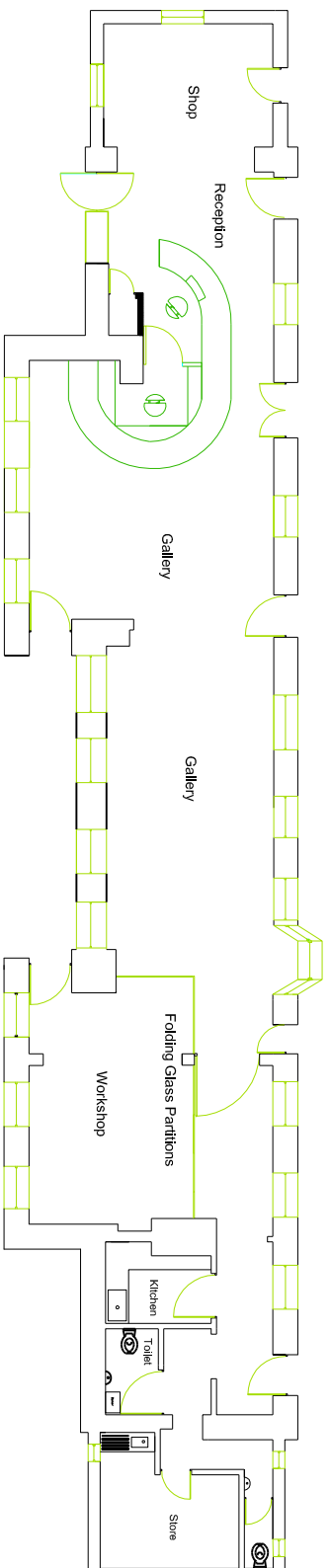
Project Programme

Appendix 4

Estimated Cost Summary

Appendix 1

Existing Layout - PFG/RR/001



Ground Floor

DRAWING

EXISTING PLAN

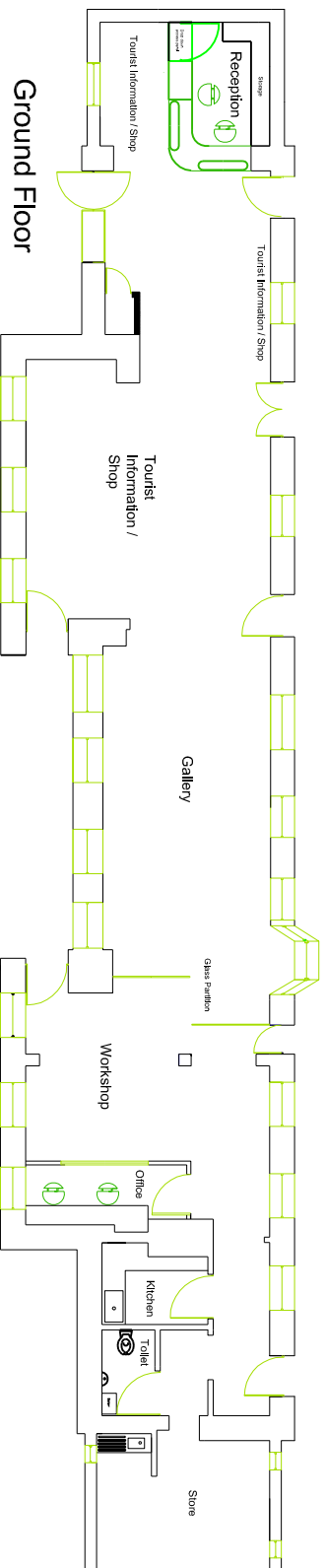
PROJECT
PLATFORM GALLERY
STATION ROAD
CLITHEROE
LANCASHIRE

SCALE	Dwg No.	REVISION
NTS	PFG/RR/001	
DATE	DRAWN BY	CHECKED BY
01/12	T.L.	



Appendix 2

Proposed Layout - PFG/RR/002



DRAWING

PROPOSED PLAN

PROJECT

PLATFORM GALLERY
STATION ROAD
CLITHEROE
LANCASHIRE

SCALE

NTS

Draw. No.
PFG/RR/003

REVISION

DATE

01/12

Drawn by
T.L.

CHECKED BY



		2012																											
Estimated Programme		February				March				April				May				June				July				August			
		6	13	20	27	5	12	19	26	2	9	16	23	7	14	21	28	4	11	18	25	2	9	16	23	6	13	20	27
Specification and Drawings		█																											
Tender						█																							
Contractor Mobilization										█																			
Site Set Up										○																			
Strip Out										█																			
Fit Out Works														█															
Practical Completion																		○											
NOTES:																													
Programme is estimated and may be subject to change.																													
The proposed opening date for the Platform Gallery exhibition is the 4th May																													
Contractors will be asked to confirm actual programme at tender stage.																													

PLATFORM GALLERY REMODELLING SCHEME - ESIMATED COSTS**STRIP-OUT/ALTERATIONS**

Strip out, remove and demolition	Total	6,542
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JOINERY

Joinery, walls, receptions.	Total	19,300
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FINISHINGS

Ceilings, Floors, Signage	Total	7,238
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DECORATIONS

Make Good Allowance only	1,500
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MECHANICAL & ELECTRICAL

CCTV, lighting, Power, Heating, Comms, Venitilation	Total	5,400
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PRELIMINARIES

4 Weeks	450	1,800	41,780
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CONTRACTORS OVERHEADS AND PROFIT

8%	3,342
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CONTINGENCIES

5.0%	2,089
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OFFICERS TIME / CONSULTANTS FEES

2,000

NOTES:

Costs exclude VAT

Costs assume closure of Gallery during works

TOTAL COST	£49,211
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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No

meeting date: 7 FEBRUARY 2012
 title: OVERALL REVISED CAPITAL PROGRAMME 2011/12
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

1 PURPOSE

1.1 To consider the overall revised capital programme.

2 LATEST POSITION BY COMMITTEE

2.1 Annex 1 (PINK) shows the position by scheme, as presented to committees in the current cycle. Summarised by committee the situation is as follows:

Committee	BUDGET ANALYSIS						EXPENDITURE
	Original Estimate 2011/12	Slippage	Additional Approvals	Total Approved Budget	Revised Estimate 2011/12	Budget Moved to 2012/13	Actual to Date
	£	£	£	£	£		£
Community Services	270,000	38,290	118,580	426,870	206,790	185,080	100,684
Planning and Development	0	0	0	0	0	0	0
Policy and Finance	55,000	0	126,650	181,650	154,810	0	42,255
Health and Housing	280,000	119,230	120,430	519,660	393,280	122,740	155,477
	605,000	157,520	365,660	1,128,180	754,880	307,820	298,416

2.2 As you can see we have spent only 40% of the revised estimate to date. This highlights that on some schemes there is still some progress to be made if the full programme is to be achieved, particularly on housing grant schemes.

2.3 However, just over £100,000 of the above underspend is in respect of the recently awarded flood grants, where the work will be completed by the end of March under the terms of the grant.

2.4 The council have also just been notified that it is to receive additional resources from the Government for Disabled Facilities Grants schemes. The additional grant income has been used to increase the grant budget by £19,180. However, it is anticipated that this will not be spent by the end of the financial year and so the increased budget has been moved in the table above to the 2012/13 financial year.

2.5 Furthermore, the above revised estimate has been prepared on the assumption that the earlier agenda item on the remodelling of the platform gallery is approved in addition to the remodelling scheme for level B reception approved at your last meeting. I have brought in a total budget for these schemes of £100,000 at this stage, but this may change. For the purposes of this report it has been assumed that these schemes will be funded from earmarked revenue reserves set aside at the end of the last financial year.

2.6 As can be seen in the table above and at Annex 1, it is proposed to move a large proportion of the capital budget to the 2012/13 financial year. The table below provides a summary of the schemes that are to be moved. By moving the budget now, this should resolve the level of slippage at the end of the financial year, which has been of concern in past years.

Cost Centre	Scheme Title	Total Approved Budget	Revised Estimate	Budget Moved to 2012/13	Reasons
RVFXV	Replace Refuse Collection Vehicle	200,000	165,000	165,000	Delivery not expected until after 31 March 2012
WMOOR	Whalley Moor - Woodland Paths and Nature Trails	40,080	20,000	20,080	Completion of the scheme will span the end of the financial year
DISCP	Disabled Facilities Grants	234,180	165,000	69,180	There has been a reduced number of referrals from occupational therapists and additional grant received
LANGR	Landlord Tenant Grants	156,080	111,080	45,000	Take up of the grants has been less than anticipated
REPPF	Repossession Prevention Fund	13,560	5,000	8,560	Take up in the year has been less than anticipated for this government funded initiative
		643,900	466,080	307,820	

3 RESOURCES

3.1 The amount of capital resources available for 2011/12 has also been revised and consists of:

- ❖ Spare resources carried forward from 2010/11
- ❖ Slippage, i.e. resources promised for the previous year but not yet received
- ❖ Government grants
- ❖ Grants and Contributions towards specific schemes
- ❖ Estimated usable capital receipts from sales of land, council houses etc
- ❖ Use of the VAT Shelter receipts

The revised estimate of the total resources for 2011/12 is set out in detail in Annex 2 (CREAM).

3.2 This now leaves estimated spare resources at 31 March 2012 of only £174,881:

	£'000
Total Resources	1,218
Less Revised Capital Spending Plans	755
Less Schemes moved to 2012/13	308
Spare Resources	155

4 COMMENTS ON OVERALL POSITION

- 4.1 At this time last year we forecast we would have spare resources of £56,702 by the end of March 2011. A comparison between the actual position and the expected position is as follows:

	Position Expected as at Jan 2011	Position Expected as at Jan 2012	Difference
	£'000	£'000	£'000
Resources B/Fwd From 2010/11	70	209	139
Resources Expected in 2011/12	592	1,009	417
	662	1,218	556
Expenditure on Schemes 2011/12	605	755	150
Expected Resources at 31/03/12	57	463	406
Schemes Moved to 2012/13	0	308	308
Expected Resources at 31/03/12 after allowing for schemes moved to 2012/13	57	155	98

- 4.2 As shown above, it is anticipated that only £155,700 in capital resources will be held at the end of the 2011/12 financial year, which is below the suggested minimum balance of £300,000. Discussions have taken place at the Budget Working Group with regard to this low level of capital resources and it was recommended that £267,000 of revenue resources in 2011/12 be added to the capital reserve in order to ensure that the level does not fall below £300,000 over the life of the suggested forward capital programme shown elsewhere on the agenda.

4.3 Variations in Resources

The variations in resources, which were not budgeted for when the revised estimates were prepared this time last year (i.e. at January 2011) are shown below. They are analysed between resources brought forward and those expected in the year.

	£'000	£'000
Changes in Resources B/Fwd From 2010/11		
Changes in Resources Received:		
Actual available in 2010/11	2,083	
Expected at Revised Estimate Time	2,221	-138
Lower Used in 2010/11 Due to Reduction in		277
		139
Changes in Resources Expected in 2011/12		
Increased Disabled Facilities Grants	24	
Increased Environment Agency - Flood Grant	101	
Increased Big Lottery (Longridge Adventure Play Area)	79	
Increased Big Lottery (Whalley Moor Woodland)	40	
Use of Land Charges Earmarked Reserve	9	
Use of Invest to Save Reserve	100	
Revenue Contribution from Legal Services	9	
Increased Usable Capital Receipts	95	
Reduced Residual Values from Vehicles	-17	
Reduced Contribution from Lancs County Developments Ltd	-15	
Reduction in borrowing plans	-8	417
Total		556

4.4 Variations in Expenditure

The variations on expenditure on Schemes between January 2011 and January 2012 are as follows:

	£'000
<i>Slippage From 2010/11</i>	158
<i>Schemes Added to or Deleted from 2011/12 Programme</i>	
Longridge Adventure Play Area	79
Whalley Moor Woodland Paths and Nature Trails	40
Land Charges System	27
Flood Grants	101
Clitheroe Market Redevelopment - scheme deleted	-30
Remodelling of Reception Areas and Gallery	100
<i>Schemes Increased at Revised Estimate Time:</i>	
Contact Centre CRM Replacement	3
Disabled Facilities Grants	19
<i>Schemes Reduced at Revised Estimate Time:</i>	
Purchase of Refuse Collection Vehicle - Reduced Scheme	-35
Clitheroe Cemetery Extension (CPO)	-4
<i>Schemes Moved to 2012/13 at Revised Estimate Time:</i>	
Purchase of Refuse Collection Vehicle	-165
Whalley Moor Woodland Paths and Nature Trails	-20
Disabled Facilities Grants	-69
Landlord Tenant Grants	-45
Repossession Prevention Fund	-9
Net Total Change on Scheme Expenditure	150

5 CONCLUSION

5.1 There have been a number of variations affecting both expenditure and resources. Overall, resources brought forward from 2010/11 have increased by £139,000. However, this is more than offset by the slippage carried forward into the current year.

5.2 Overall Expenditure is increased by £149,880. There have been some substantial increases to the capital budgets through the addition of schemes and slippage which has largely been offset by the transfer of a large portion of budget to the 2012/13 financial year. This is particularly due to:

- Whalley Moor Woodland Paths and Nature Trails – it is known that the scheme will not be completed by the 31 March 2012.
- Purchase of Refuse Collection Vehicle – delivery is not expected until after the 31 March 2012.
- Housing Grants – difficulties in committing the full budget by the 31 March 2012.

5.3 The movement in the capital programme is summarised in the table below.

	£'000
Slippage from 2010/11	158
Schemes added or deleted (Net)	317
Schemes increased at Revised Estimate for the current year	22
Schemes reduced at Revised Estimate for the current year	-39
Schemes Moved to 2012/13 at Revised Estimate Time	-308
	150

5.4 With only three months of the financial year remaining there is some progress to be made if we are to achieve the revised programme in full.

5.5 The level of capital resources continues to be a matter of concern, however it is recommended with the revised capital programme that £267,000 of revenue resources in 2011/12 be added to the capital reserve in order to ensure that the level does not fall below £300,000 over the life of the suggested forward capital programme shown elsewhere on the agenda.

6 RECOMMENDED THAT COMMITTEE

6.1 Approve the overall revised capital programme for 2011/12.

HEAD OF FINANCIAL SERVICES

PF11-12/LO/AC
30 January 2012

**SPECIAL POLICY AND FINANCE COMMITTEE
OVERALL REVISED CAPITAL PROGRAMME 2011/12**

Cost Centre	Schemes	BUDGET ANALYSIS					Budget Moved to 2012/13 £	EXPENDITURE ANALYSIS
		Original Estimates 2011/12 £	Slippage £	Additional Approvals £	Total Approved Budget £	Revised Estimate 2011/12 £		Total Expenditure to Date £
<u>Community Services Committee</u>								
BADWC	Badger Well Water Culvert Collapse		8,070		8,070	8,070		2,597
CALOP	Calderstones Open Space		4,520		4,520	4,520		3,279
CARPK	Car Parks Rolling Programme	40,000			40,000	40,000		1,039
CPKMS	Replace Car Parking Machines and Software		6,860		6,860	6,860		61
EDFCR	Football Changing Rooms Refurbishment		5,590		5,590	5,590		0
GRFLG	Castle Grounds Green Flag Award Scheme		6,330		6,330	6,330		1,844
LADVE	Longridge Adventure Play Facility			78,500	78,500	78,500		75,459
PBRNG	Repairs to Riverside Path Brungerly		5,490		5,490	5,490		5,441
PITCH	Football Pitch Drainage and Improvement Works	10,000			10,000	10,000		578
PLAYM	Improvements to Children's Play Areas	20,000			20,000	20,000		8,957
RVFXV	Replace Refuse Collection Vehicle VX53 TZJ	200,000			200,000		165,000	0
SPARK	Salthill Play Area		1,430		1,430	1,430		1,429
WMOOR	Whalley Moor - Woodland paths and nature trails			40,080	40,080	20,000	20,080	0
	Total Community Services Committee	270,000	38,290	118,580	426,870	206,790	185,080	100,684
<u>Policy and Finance Committee</u>								
CCCRM	Contact Centre CRM Replacement	25,000			25,000	28,160		28,259
CMRED	Clitheroe Market Redevelopment	30,000			30,000	0		0
CNTSR	Remodelling of Reception Areas and Gallery			100,000	100,000	100,000		895
LCSYS	Land Charges System			26,650	26,650	26,650		13,200
	Total Policy & Finance Committee	55,000	0	126,650	181,650	154,810	0	42,255

**SPECIAL POLICY AND FINANCE COMMITTEE
OVERALL REVISED CAPITAL PROGRAMME 2011/12**

Cost Centre	Schemes	BUDGET ANALYSIS					Budget Moved to 2012/13 £	EXPENDITURE ANALYSIS
		Original Estimates 2011/12 £	Slippage £	Additional Approvals £	Total Approved Budget £	Revised Estimate 2011/12 £		Total Expenditure to Date £
<i>Health and Housing Committee</i>								
CMEXT	Clitheroe Cemetery Extension		4,590		4,590	950		948
DISCP	Disabled Facilities Grants	180,000	35,000	19,180	234,180	165,000	69,180	96,304
EEGRT	Energy Efficiency Grant		2,000		2,000	2,000		300
FLDGR	Flood Grants			101,250	101,250	101,250		47
LANGR	Landlord/Tenant Grants	100,000	56,080		156,080	111,080	45,000	53,206
REPPF	Repossession Prevention Fund		13,560		13,560	5,000	8,560	1,672
RESGT	Renewable Energy Source Grants		8,000		8,000	8,000		3,000
	Total Housing Committee	280,000	119,230	120,430	519,660	393,280	122,740	155,477
	TOTALS	605,000	157,520	365,660	1,128,180	754,880	307,820	298,416

**SPECIAL POLICY AND FINANCE COMMITTEE
REVISED CAPITAL RESOURCES 2011/12**

Resources	Actual Brought Forward £	Original 2011/12 £	Adjustments £	Total Revised Capital Resources 2011/12 £
Disabled Facilities Grants		108,000	24,282	132,282
VAT Shelter		172,000		172,000
Usable Capital Receipts (Sale of Land at Sabden)		145,000		145,000
Usable Capital Receipts (Other)		15,000	95,000	110,000
Vehicle Residual Values		16,750	-16,750	0
Unsupported Borrowing		100,000	-8,070	91,930
Contribution from Revenue (CRM Replacement)		20,000		20,000
Contribution from Lancashire County Developments Ltd		15,000	-15,000	0
Housing Capital Grant	137,120			137,120
Repossession Prevention Fund	14,060			14,060
EGovernment	23,134			23,134
Capital Reserve Fund	34,665			34,665
Big Lottery - Longridge Adventure Play Area			78,500	78,500
Big Lottery - Friends of Whalley Moor Woodland			40,080	40,080
Flood Grants			101,250	101,250
Revenue Contribution from Land Charges Reserve			9,000	9,000
Revenue Contribution from Legal Services			9,380	9,380
Revenue Contribution from Invest to Save Reserve			100,000	100,000
TOTAL	208,979	591,750	417,672	1,218,401
Revised Estimate of Programme Expenditure				754,880
Schemes Moved to 2012/13				307,820
Spare Resources				155,701
Top Up of Capital Reserve from Revenue 2011/12				267,000
Spare Resources after Top Up				422,701

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 6

meeting date: 7 FEBRUARY 2012
title: OVERALL CAPITAL PROGRAMME 2012/15
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

1.1 To recommend a capital programme for 2012/15 to Full Council on 6 March 2012.

2 BACKGROUND

2.1 Before a capital programme can be approved, consideration needs to be given to whether it is:

- Affordable, both in capital and revenue terms
- Achievable in terms of staff resources and time scales
- In line with Council priorities

2.2 In August 2011 the Budget Working Group reviewed the Council's Capital Programme. They agreed the following:

- that the capital programme should cover the term of the current council. The current council covers the years 2011 to 2015 and therefore there are three years remaining.
- the forward programme should be analysed into the following themes:
 - **Housing Services**
 - **Service Support and Delivery**
 - **Economic Growth and Prosperity**

This was to compare proposed expenditure alongside the appropriate resources available e.g. economic growth and prosperity schemes – funded from New Homes Bonus

- Heads of Service be invited to submit scheme bids for the forward programme.
 - Schemes put forward should be the absolute basic requirements to keep the Council's services running over the coming three years.
- 2.3 Officers submitting schemes were asked to complete a capital 'bid form'. By providing full details of the proposed schemes members have been able to make a more informed decision on the inclusion of schemes in the capital programme. The 'bid forms' requested details on such items as:
- How the scheme links to the Council's ambitions
 - Revenue implications and full capital costs
 - Risk management issues and performance management information

- Consultation
- Impact if the proposed scheme was delayed or deleted
- Efficiency and Value for Money

- 2.4 Full details of all bids were presented to members during the recent committee cycle as part of the forward capital programme reports.
- 2.5 The Budget Working Group (BWG) and Corporate Management Team (CMT) have also met to consider the draft programme and made a number of proposals/amendments.

3 THE DRAFT CAPITAL PROGRAMME AS SUBMITTED TO SERVICE COMMITTEES

- 3.1 The table below summarises the capital schemes submitted to service committees in the current cycle. The full programme is shown in Annex 1 (BLUE), and the table below provides a summary.

Draft Capital Programme (All Schemes as reviewed by Service Committees)

	2012/13	2013/14	2014/15	Total
	£	£	£	£
Community Services	221,000	13,000	200,000	434,000
Planning and Development	0	0	0	0
Policy and Finance	282,000	10,000	0	292,000
Health and Housing	350,000	260,000	260,000	870,000
Total Proposed Schemes	853,000	283,000	460,000	1,596,000
Estimated Resources to Fund the Above	-864,435	-334,000	-334,000	-1,532,435
(Surplus Resources to Carry Forward)/Over Commitment	-11,435	-62,435	63,565	63,565

Resources

- 3.2 The resources shown for 2012/13 include **anticipated** spare resources carried forward from 2011/12 of £155,700.
- 3.3 The above table includes the total likely capital funding we could expect to receive over the five year period and a breakdown is provided at Annex 2 (YELLOW). Obviously at this early stage this is only a rough estimate and will particularly depend on future government allocations for Disabled Facilities Grants and the level of capital receipts that we may receive from the sale of any assets over the coming years.
- 3.4 Clearly the total programme as submitted to service committees is unaffordable. We recommend retaining £300,000 of capital reserves in hand and therefore the true shortfall at the end of the programme is therefore £363,565.

- 3.5 The submitted capital bids were reported to the Budget Working Group in September 2011, where the schemes were discussed in some detail. Due to issues around affordability of the programme, and the low level of capital resources available it was recommended that CMT review the programme and its financing, and report back to a future meeting of the Budget Working Group. Again Members were clear that any schemes should be the **absolute basic requirements** to keep the Council's services running over the coming three years.

4 CAPITAL BUDGETS MOVED FROM 2011/12 TO 2012/13

- 4.1 As shown in some detail on the Revised Capital Programme 2011/12 report elsewhere on the agenda, a substantial amount of capital budget is recommended for transfer to the 2012/13 financial year. The reasons for this and the amounts involved are shown in the table below.

Cost Centre	Scheme Title	Total Approved Budget 2011/12	Revised Estimate 2011/12	Budget Moved to 2012/13	Reasons
RVFXV	Replace Refuse Collection Vehicle	200,000	165,000	165,000	Delivery not expected until after 31 March 2012
WMOOR	Whalley Moor - Woodland Paths and Nature Trails	40,080	20,000	20,080	Completion of the scheme will span the end of the financial year
DISCP	Disabled Facilities Grants	234,180	165,000	69,180	There has been a reduced number of referrals from occupational therapists and additional grant
LANGR	Landlord Tenant Grants	156,080	111,080	45,000	Take up of the grants has been less than anticipated
REPPF	Repossession Prevention Fund	13,560	5,000	8,560	Take up in the year has been less than anticipated for this government funded initiative
		643,900	466,080	307,820	

- 4.2 All associated resources to finance this transfer of budget will also be moved to the 2012/13 financial year and therefore has no impact on the affordability of the 2012/15 Forward Capital Programme.

5 REVIEW OF THE CAPITAL PROGRAMME 2012/15

- 5.1 CMT reviewed the potential programme following submission of all bids in early January 2012, in line with the remit given by the Budget Working Group. In addition CMT considered the total capital resources available.
- 5.2 The Budget Working Group met on 16 January 2012 to consider the Capital Programme and their recommendations for each scheme can be seen in Annex 1 alongside the original bids.
- 5.3 CMT had recommended to the Budget Working Group that four of the schemes be removed from the proposed capital programme. These schemes are shown in the table below alongside the justification for doing so.

Recommended Schemes for Deletion

Scheme Title	2012/13 £	2013/14 £	2014/15 £	Comments
Non-Specific Measures to Reduce Energy Consumption in Council Buildings	147,000			It is recommended that the two schemes be further investigated and reported to CMT. These schemes may be considered for later
Introduction of Photo Voltaic Schemes - Main Offices, Pool, Depot	10,000	10,000		
Energy Efficiency Grant	2,000	2,000	2,000	The two schemes are below the de minimis for capitalisation
Renewable Energy Source Grants	8,000	8,000	8,000	
	167,000	20,000	10,000	

5.4 Two further schemes are recommended for reduction. It is suggested that the Disabled Facilities Grants bid is reduced from £150,000 per annum to £120,000 per annum, and that the Landlord Tenant Grants bid is reduced from £100,000 to £75,000 per annum. This decision reflects the level of spend that has been experienced over the past few years and the problems that have been reported to Health and Housing Committee with regard to referrals and take-up.

5.5 Whilst the recommendation is for a reduction in the level of these capital bids for 2012-15, there is a large amount of capital budget being moved from the current financial year 2011/12 to next year 2012/13 in respect of these two schemes. The revised capital programme for 2011/12 recommends that £69,180 is moved to 2012/13 in respect of Disabled Facilities Grants and £45,000 is moved to 2012/13 in respect of Landlord Tenant Grants. In addition we have recently been allocated an extra £23k in the current year for Disabled Facility Grants which has been incorporated into the programme,

Recommended Programme

5.6 Annex 3 (LILAC) shows the resultant recommended programme along with the scheme budgets already carried forward from the current year.

5.7 This reduced programme better reflects the earlier recommendations of the Budget Working Group and helps ensure an achievable capital programme with a likely reduction in future slippage on housing capital schemes, which has been a matter of concern in the past.

Resources to finance the Capital Programme

5.8 Annex 4 (CREAM) shows the potential capital resources we expect to receive (or already have in hand) over the life of the recommended programme.

Financing the Capital Programme

5.9 Resources to finance the proposed capital schemes have been applied in a manner to best match the nature of the asset and the anticipated asset life. Use of borrowing and the VAT Shelter reserve has been kept to an average of approximately £100,000 per annum for each method of finance, in line with previous Budget working Group recommendations. Annex 5 (PINK) shows the proposed method of financing for each category of capital spend.

The table below summarises the proposals and demonstrates their affordability:

	2012/13 £	2013/14 £	2014/15 £	Total £
Total of all Proposed Schemes	631,000	208,000	395,000	1,234,000
Total Resources Available	-931,635	-220,000	-383,000	-1,534,635
Balance Remaining	-300,635	-312,635	-300,635	-300,635

5.10 Members will see that the proposed scheme is now affordable and maintains a level of capital balances above the minimum level of £300,000.

6 CONCLUSION

6.1 The resulting programme including schemes moved from 2011/12 is affordable, with the overall level of capital reserves being maintained at a level above £300,000.

6.2 The proposed programme has been kept to the **absolute basic requirements** to keep the Council's services running over the coming three years.

7 RECOMMENDED THAT SPECIAL POLICY AND FINANCE COMMITTEE

7.1 Recommend to Council the Capital Programme for 2012/15 as set out in Annex 3.



DIRECTOR OF RESOURCES

PF10-12/JP/AC
26 JANUARY 2012

SPECIAL POLICY AND FINANCE COMMITTEE
ORIGINALLY PROPOSED SCHEMES TOGETHER WITH BUDGET WORKING GROUP RECOMMENDATIONS
FORWARD CAPITAL PROGRAMME 2012/2015

EXPENDITURE	Bids as Submitted			Budget Working Group Recs			Category
	2012/13 £	2013/14 £	2014/15 £	2012/13 £	2013/14 £	2014/15 £	
COMMUNITY SERVICES COMMITTEE							
CCTV							
CCTV System Data Transmission Pack	14,000			14,000			Service Support and Delivery
Grounds Maintenance							
Replacement vehicle PK06 VWY - Vauxhall Vivaro 2900 DTI LWB Panel Van		13,000			13,000		Service Support and Delivery
Gang Mower Replacement - Major TDR16000 Roller Mower	22,000			22,000			Service Support and Delivery
Refuse Collection							
Replacement of VX04 FXV - Dennis 23t RP HGV Refuse Collection Vehicle	170,000			170,000			Service Support and Delivery
Refurbishment of body on PN05 PWL - DAF 7t HGV Refuse Collection Vehicle	15,000			15,000			Service Support and Delivery
Replacement of VA57 BBF - Dennis (Geesink) 26t RP HGV Refuse Collection			200,000			200,000	Service Support and Delivery
TOTAL COMMUNITY SERVICES COMMITTEE	221,000	13,000	200,000	221,000	13,000	200,000	
POLICY AND FINANCE COMMITTEE							
Energy Efficiency Measures							
Non-Specific Measures to Reduce Energy Consumption in Council Buildings	10,000	10,000		0	0		Service Support and Delivery
Introduction of Photo Voltaic Schemes - Main Offices, Pool, Depot	147,000			0			Service Support and Delivery
IT Services							
Server and Network Infrastructure	25,000			25,000			Service Support and Delivery
Economic Development							Economic Growth and Prosperity
Economic Development Initiatives	100,000			100,000			
TOTAL POLICY AND FINANCE COMMITTEE	282,000	10,000	0	125,000	0	0	
HEALTH AND HOUSING COMMITTEE							
Clitheroe Cemetery							
Installation of Infrastructure	90,000			90,000			Service Support and Delivery
Housing							
Landlord/Tenant Grants	100,000	100,000	100,000	100,000	100,000	100,000	Housing Services
Disabled Facilities Grants	150,000	150,000	150,000	150,000	150,000	150,000	Housing Services
Energy Efficiency Grant	2,000	2,000	2,000	2,000	2,000	2,000	Housing Services
Renewable Energy Source Grants	8,000	8,000	8,000	8,000	8,000	8,000	Housing Services
TOTAL HEALTH AND HOUSING COMMITTEE	350,000	260,000	260,000	350,000	260,000	260,000	
TOTAL OF PROPOSED PROGRAMME	853,000	283,000	460,000	696,000	273,000	460,000	

**SPECIAL POLICY AND FINANCE COMMITTEE
RESOURCES FOR ORIGINALLY PROPOSED SCHEMES
FORWARD CAPITAL PROGRAMME 2012/2015**

RESOURCES	Bids as Submitted by Heads of Service		
	2012/13 £	2013/14 £	2014/15 £
Resources Brought Forward			
- Housing Capital Grant - GONW	-41,140		
- Usable Capital Receipts (Unapplied)	-72,690		
- Egovernment	-15,970		
- Capital Reserve Fund	-26,395		
- Proposed addition to Capital Reserve at the end 2011/12	-267,000		
Unsupported Borrowing	-100,000	-100,000	-100,000
Usable Capital Receipts	-25,000	-25,000	-25,000
Disabled Grants	-109,000	-109,000	-109,000
New Homes Bonus	-107,240		
VAT Shelter	-100,000	-100,000	-100,000
TOTAL RESOURCES IDENTIFIED	-864,435	-334,000	-334,000
TOTAL OF PROPOSED PROGRAMME	853,000	283,000	460,000
(SURPLUS RESOURCES TO CARRY FORWARD)/OVER COMMITMENT	-11,435	-62,435	63,565

NB Minimum level of capital balances in hand is recommended to be £300,000

SPECIAL POLICY AND FINANCE COMMITTEE
BUDGET WORKING GROUP RECOMMENDATIONS INCORPORATING BUDGETS MOVED FROM 2011/12
FORWARD CAPITAL PROGRAMME 2012/2015

EXPENDITURE	Budget Working Group Recommendations				
	2012/13			2013/14	2014/15
	Proposed Budget £	Budget Moved from 2011/12	Total Proposed Budget	Proposed Budget £	Proposed Budget £
COMMUNITY SERVICES COMMITTEE					
CCTV					
CCTV System Data Transmission Pack	14,000		14,000		
Grounds Maintenance					
Replacement vehicle PK06 VWY - Vauxhall Vivaro 2900 DTI LWB Panel Van				13,000	
Gang Mower Replacement - Major TDR16000 Roller Mower	22,000		22,000		
Whalley Moor - Woodland paths and nature trails		20,080	20,080		
Refuse Collection					
Replacement of VX53 TZJ - Dennis 23t RP HGV Refuse Collection Vehicle		165,000	165,000		
Replacement of VX04 FXV - Dennis 23t RP HGV Refuse Collection Vehicle	170,000		170,000		
Refurbishment of body on PN05 PWL - DAF 7t HGV Refuse Collection Vehicle	15,000		15,000		
Replacement of VA57 BBF - Geesink 26t RP HGV Refuse Collection Vehicle					200,000
TOTAL COMMUNITY SERVICES COMMITTEE	221,000	185,080	406,080	13,000	200,000
POLICY AND FINANCE COMMITTEE					
IT Services					
Server and Network Infrastructure	25,000		25,000		
Economic Development					
Economic Development Initiatives	100,000		100,000		
TOTAL POLICY AND FINANCE COMMITTEE	125,000	0	125,000	0	0
HEALTH AND HOUSING COMMITTEE					
Clitheroe Cemetery					
Installation of Infrastructure	90,000		90,000		
Housing					
Landlord/Tenant Grants	75,000	45,000	120,000	75,000	75,000
Disabled Facilities Grants	120,000	69,180	189,180	120,000	120,000
Repossession Prevention Fund		8,560	8,560		
TOTAL HEALTH AND HOUSING COMMITTEE	285,000	122,740	407,740	195,000	195,000
TOTAL OF PROPOSED PROGRAMME	631,000	307,820	938,820	208,000	395,000

**SPECIAL POLICY AND FINANCE COMMITTEE
PROPOSED RESOURCES FOR FORWARD CAPITAL PROGRAMME 2012/2015**

RESOURCES	Budget Working Group Recommendations				
	2012/13			2013/14	2014/15
	Proposed Budget £	Budget Moved from 2011/12 £	Total Proposed Budget £	Proposed Budget £	Proposed Budget £
Resources Brought Forward					
- Disabled Facilities Grants		-19,180	-19,180		
- Big Lottery (Friends of Whalley Moor Woodland)		-20,080	-20,080		
- Housing Capital Grant - GONW	-41,140	-95,000	-136,140		
- Usable Capital Receipts (Unapplied)	-72,690	-165,000	-237,690		
- E-government	-15,970		-15,970		
- Repossession Prevention Fund		-8,560	-8,560		
- Capital Reserve Fund	-26,395		-26,395		
- Proposed addition to Capital Reserve at the end 2011/12	-267,000		-267,000		
Unsupported Borrowing	-134,860		-134,860	-86,000	-86,000
Usable Capital Receipts	-25,000		-25,000	-25,000	-25,000
Disabled Grants	-109,000		-109,000	-109,000	-109,000
New Homes Bonus	-107,240		-107,240		
VAT Shelter	-132,340		-132,340		-163,000
TOTAL RESOURCES IDENTIFIED	-931,635	-307,820	-1,239,455	-220,000	-383,000
TOTAL OF PROPOSED PROGRAMME			938,820	208,000	395,000
(BALANCE OF RESOURCES TO CARRY FORWARD)/OVER COMMITMENT			-300,635	-312,635	-300,635

**SPECIAL POLICY AND FINANCE COMMITTEE
PROPOSED FINANCING OF FORWARD CAPITAL PROGRAMME 2012/2015
BY CATEGORY OF CAPITAL SPEND**

Financing Based on BWG Recommendations					
Category of Capital Spend	Method of Financing	2012/13 Proposals £	2013/14 Proposals £	2014/15 Proposals £	Total Proposals £
Housing Services	Estimated Housing Capital Pot b/f	-41,140			-41,140
	Borrowing	-44,860	-86,000	-86,000	-216,860
	Government DFG funding	-109,000	-109,000	-109,000	-327,000
Housing Services	Total Financing	-195,000	-195,000	-195,000	-585,000
Service Support and Delivery	Borrowing	-90,000			-90,000
	VAT Shelter	-132,340		-163,000	-295,340
	Capital Receipts	-25,000	-25,000	-25,000	-75,000
	Capital Receipts Unapplied	-72,690	12,000	-12,000	-72,690
	Egovernment reserve	-15,970			-15,970
Service Support and Delivery	Total Financing	-336,000	-13,000	-200,000	-549,000
Economic Growth and Prosperity	New Homes Bonus	-100,000			-100,000
Economic Growth and Prosperity	Total Financing	-100,000	0	0	-100,000
TOTAL		-631,000	-208,000	-395,000	-1,234,000

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 "Jae Pease".

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	

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No

meeting date: 7 FEBRUARY 2012
title: MEDIUM TERM FINANCIAL STRATEGY
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

1.1 To approve the Council's Medium Term Financial Strategy 2012/13 to 2014/15.

2 BACKGROUND

2.1 The Council has a Medium Term Financial Strategy (MTFS) that is updated annually.

2.2 The MTFS is the Council's key financial planning document. It aims to provide the Council with an assurance that the Council's spending plans are affordable over the Medium Term (3 years).

2.3 It includes a three year budget forecast and provides the financial foundation for the delivery of the Council's policy priorities.

3 MEDIUM TERM FINANCIAL STRATEGY

3.1 The attached MTFS includes sections covering:

- Policy and Service Context
- Demographic Context
- Financial Context
- National Context and Other External Factors
- Partnership Working and External Funding
- A Three Year projection of Revenue Expenditure
- Capital Programme
- Balances and Reserves
- Risk Assessment and Sensitivity
- Links to Ambitions and Priorities

3.2 The MTFS reflects the proposed Revenue Budget for 2012/13 and the suggested Forward Capital programme, which are covered in separate reports elsewhere on the agenda. It will be amended if either the Revenue Budget or Capital Programme are changed.

3.3 Finally and importantly the MTFS forms an integral part of the Council's financial planning process and should be read in conjunction with the two reports mentioned above.

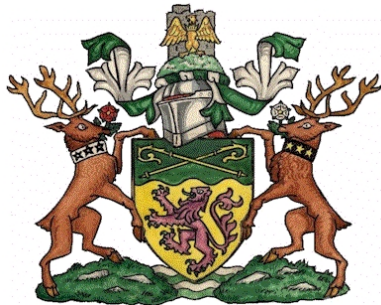
4 RECOMMENDED THAT COMMITTEE

4.1 Approve the Medium Term Financial Strategy for 2012/13 to 2014/15.

HEAD OF FINANCIAL SERVICES

PF13-12/LO/AC
30 January 2012

February 2012



Ribble Valley Borough Council

Medium term financial strategy

2012/13 to 2014/15

Key Officer Contacts for the Medium Term Financial Strategy

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1 Introduction

- 1.1 The medium term financial strategy (MTFS) is the Council's key financial planning document. It aims to provide the Council with an assurance that the Council's spending plans are affordable over the medium term (3 years).
- 1.2 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 Council Plan priorities.
 - to provide a single document to communicate the financial context, aims and objectives to staff and stakeholders and support working with partners.
- 1.3 The financial strategy includes a three-year budget forecast that is reviewed annually. The medium term financial forecast builds on previous medium term strategies to provide the financial foundation for delivery of the Council's policy priorities and to meet the identified performance and resource issues.
- 1.4 This strategy covers the period 2012/13 to 2014/15 and sets out the resource issues and principles that shape the council budget.

2 Policy and Service Context

- 2.1 The Council's Corporate Strategy provides the overall direction for the medium term financial strategy and the annual budget.
- 2.2 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.
- 2.3 The Council's Vision, which is shared with the Local Strategic Partnership, continues to be that we aim to ensure that Ribble Valley will be:

Our Vision

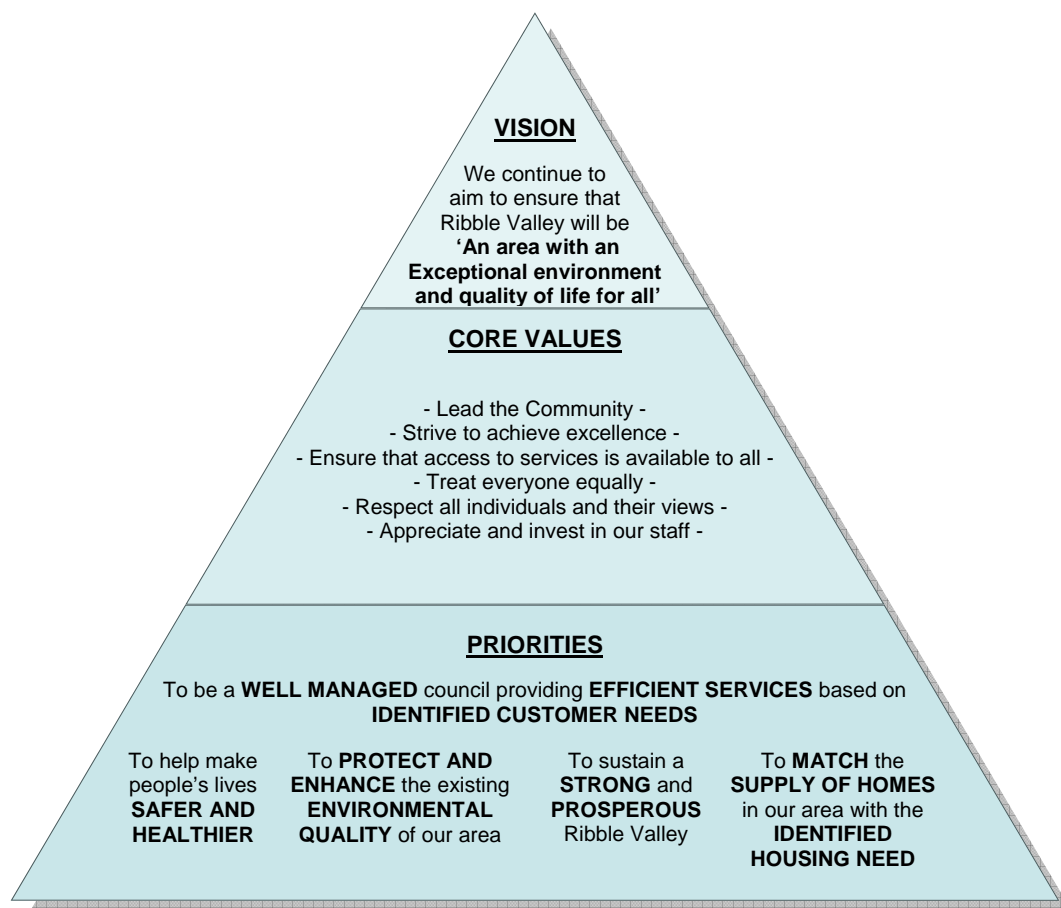
An area with an exceptional environment and quality of life for all; sustained by vital and vibrant market towns and villages acting as thriving service centres meeting the needs of residents, businesses and visitors.

- 2.4 We believe that this Vision reflects our shared aim for the Borough, which has the highest quality of environment for those who live in and visit the area. It recognises that people must have a high quality of life; that suitable homes are available to meet their diverse needs and that they should be safe and feel safe. People should also be able to access the best services without having to travel long distances to receive them.
- 2.5 Key to the Council's Corporate Strategy is the Mission Statement of the Council. The Council has adopted the following statement that sets out its role and responsibilities in relation to the communities it exists to serve:

Mission Statement

The Council will provide high quality, affordable and responsive public services that develop the social and economic well being of the Borough whilst safeguarding the rural nature of the area

- 2.6 The role of the Council's financial planning process is to support the achievement of the Council's strategic goals, Corporate Strategy and Community Strategy.
- 2.7 In order to deliver its Vision and provide a focus for how it delivers services, the Council has agreed a set of five corporate priorities. The Council's priorities are deliberately limited to focus attention over the life of the Corporate Strategy. Each priority has a number of objectives, underlying actions, and key measures of success, which should allow progress towards the achievement of the priority to be monitored. They are expanded upon in the supporting Corporate Action Plan.
- 2.8 Above all **'We aim to be a well-managed Council providing efficient services based on identified customer needs'** overarches all of our priorities, whilst recognising the importance of securing a diverse, sustainable economic base for the Borough. The priorities are driven by local needs with consideration to national priorities.



3 **Demographic Context**

Locality

- 3.1 Ribble Valley is in the County of Lancashire bordering neighbouring councils in Pennine Lancashire, Craven District Council in North Yorkshire, South Ribble, Preston, Wyre and Lancaster Borough Councils. The administrative centre for the district is the historic market town of Clitheroe. The industrial and commercial centre for the west of the borough is the town of Longridge.
- 3.2 The remaining area is mainly rural, ranging from large villages to small hamlets. Some settlements are accessible along the A59 corridor; others are more remote from services and public transport. Along with ancient woodland, biological heritage sites, conservation areas and sites of special scientific interest, two thirds of Ribble Valley is part of the Forest of Bowland Area of Outstanding Natural Beauty (AONB).

Local Economy

- 3.3 Unemployment is below the national and regional averages and the lowest in the North West (at 3.6% compared with the national average of 7.7%)¹. Earnings are above the national average.
- 3.4 Given the rural nature of the area, it is not surprising that agriculture and tourism are important employers. However, recent years have seen major restructuring, within the agricultural/land-based sector in particular. The tourism sector accounts for over 10% of employment, and it is estimated that the total spent by tourists in Ribble Valley each year is in excess of £19.5 million. Additionally there are estimated to be around 2,500 jobs in tourism-related businesses.
- 3.5 One of the largest employment sectors in Ribble Valley is manufacturing, which accounts for 23.4% of employment within the borough, and is represented by major national and multi-national companies such as Castle Cement, Johnson Matthey, and BAe Systems. The relatively small number of large employers is complemented by an above average presence of small companies employing 1-4 employees.
- 3.6 A survey undertaken in 2001 showed that Ribble Valley has the second most skilled population in the country after the City of London. However, the survey masks the fact that many of these well-qualified people in high-earning, senior positions commute daily out of the borough, and live in the area because of the high quality environment and the quality of life it offers. This has had the effect of forcing up the price of houses within the borough, putting them well out of the reach of young people and first time buyers. The mean house price sale in Ribble Valley as at July-September 2011 was £227,750, with an average terrace house price sale of £147,103.² The annual change in house price rose by 3.1%.

Resident Population and Projections

- 3.7 According to the latest ONS mid-year estimates (June 2011), the total resident population of the Borough reached 58,000³ during 2010. Life expectancy within the Ribble Valley is currently 79.2 for males and 82.8 for females⁴. According to ONS projections, the resident population of the Borough is predicted to increase by an additional 2,800 people over the next 10 years to reach a total of 61,600 Borough residents by 2022.⁵ Migration accounts for all of the population growth as projections show fewer births than deaths in the Borough.
- 3.8 In 4 wards there has been an increase in population of more than 15% since 2001 – Whalley (41.85%), Billington and Old Langho (31.62%), Aighton, Bailey and Chaigley (18.6%) and Gisburn and Rimington (15.26%). Two wards have seen a population decrease over the same period – Edisford and Low Moor (-1.21%) and Langho (-0.78%).⁶
- 3.9 Population density across the Borough as a whole averages 99 persons per square kilometre. This is far lower than the overall England average of 401 persons per square kilometre and the North West average of 492 persons per square kilometre.⁷

¹ ONS - Nomis Official Labour Market Statistics (June 2011)

² Land Registry Data

³ Office for National Statistics 2010 mid-year projection

⁴ Ribble Valley 2011 Health Profile produced by the English Public Health Observatories

⁵ Office for National Statistics 2008-based Subnational Population Projections

⁶ Comparison of 2001 Census and 2007 mid year projected population – ward quinary (experimental stats)

⁷ Office for National Statistics 2010 mid-year projection

- 3.10 From the 2001 Census 98.4% of the borough is recorded as White. The mid 2007 projected figure puts this at 95.37%. There has been a small population increase in all other ethnic groups since 2001.⁸ There are no geographical areas of the borough where there is a significant community of non-white ethnic groups.

Ethnic Group	Mid 2007 population projection	Mid 2007 percentage projection	Census 2001
All People	58,300	100%	100%
White	55,600	95.4%	98.4%
Mixed Race	400	0.7%	0.4%
Asian or Asian British	1,600	2.8%	0.8%
Black or Black British	200	0.4%	0.1%
Chinese or other ethnic group	400	0.7%	0.3%

- 3.11 Between 2002/03 to 2005/06 the highest numbers of people registering for National Insurance in Lancashire were from Poland (around 3,500), India (almost 2,000) and Pakistan (1,800).⁹

Age Structure (Older Persons)

- 3.12 Within Ribble Valley 23.6% of the population (13,700) has reached retirement age.¹⁰ The retired population has increased by 2,800 people since the Census in 2001.¹¹ There are now significantly more retired people living in the borough compared with the number of children (10,600 aged 0-15 years)¹². The 2010 mid year population estimate shows that there are 1,400 people aged over 85 living in the borough, which is a 40% increase since 2004.
- 3.13 The highest proportion of people at retirement age can be seen in Mellor (45.93%), with 4 other wards having over 40% of the population at retirement age – Clayton-le-Dale with Ramsgreave (45.82%), Waddington and West Bradford (45.48%), Littlemoor (44.17%), and Langho (41.56%).¹³

Age Structure (Young Persons)

- 3.14 There are 10,600 children (aged 0-15) living in the borough. This is 400 fewer than 6 years ago¹⁴. Within this age group the number of pre-school children (aged 0-4) fell by 3.57% between 2004 and 2009 and currently stands at 2,800. The number of primary school children (aged 5-9) fell by 2.9% over the same period and currently stands at 3,200 and the number of high school children (aged 10-15) also declined and now stands at 4,600.¹⁵
- 3.15 Within the borough several wards have seen large declines in the number of children (aged 0-15) – Dilworth (-18.82%), Gisburn and Rimington (-12.68%) and Salthill (-12.45%). However, some wards have seen substantial increases – Whalley (54.95%) and Billington and Old Langho (50.89%).¹⁶

⁸ Office for National Statistics 2007 mid-year projection – ethnicity (experimental stats)

⁹ Analysis of National Insurance Number Registrations by non-UK Nationals, by country of origin, in Lancashire County and the Districts: 2002/03 – 2005/06 – A report produced by LCC's Research and Intelligence Team

¹⁰ Office for National Statistics 2010 mid-year projection

¹¹ Compared to Office for National Statistics 2010 mid-year projection

¹² Office for National Statistics 2010 mid-year projection

¹³ Office for National Statistics 2007 mid-year projection - ward quinary (experimental stats)

¹⁴ Comparison of ONS mid 2004 and mid 2010 projected population

¹⁵ Comparison of ONS mid 2004 and mid 2009 projected population – selected ages

¹⁶ Comparison of ONS Census 2001 and mid 2007 projected population – ward quinary (experimental stats)

Age Structure (Working Age)

- 3.16 There are currently 32,900 people in the working age population (18-retirement age) of the Borough, which is 900 fewer than in 2004.
- 3.17 Whalley (45.83%) has seen the largest increase in the working age population (18-retirement age) in the borough between 2001 and 2007. Two other wards have also seen substantial increases – Billington and Old Langho (24.77%) and Aighton, Bailey and Chaigley (22.97%). Several wards have seen notable declines – Langho (-5.01%), St Mary's (-2.53%) and Read and Simonstone (-1.82%).

Housing and Households

- 3.18 In terms of housing tenure, 81.2% of dwellings are owner occupied, 11.2 % are privately rented and 7.6% are public sector rented. There are currently approximately 365 long-term vacant private dwellings, a figure that we are taking action to reduce.
- 3.19 According to household projections there were 24,887 households within the Borough at the end of 2011. The number of borough households is expected to grow to 29,000 by 2028 at an estimated increase of 250 households per annum.
- 3.20 The average size of Borough households was estimated to be 2.41 persons in 2008, compared to a projected figure of 2.18 persons per household by 2028. The declining household size is directly linked to the requirements for new dwellings.

Social Deprivation (Index of Multiple Deprivation)

- 3.21 The IMD 2010 provides measures of deprivation at local authority level, ranking the deprivation of 354 local authority districts in England, where 1 is the most deprived and 354 is the least deprived. The rankings for the Ribble Valley are summarised below:

Rank out of 354	
Average Score	290
Extent	294
Local Concentration	312
Income Scale	323
Employment Scale	305

Health

- 3.22 According to the Ribble Valley Health Profile 2011¹⁷, the health of people in Ribble Valley is generally better than the England average. Life expectancy for men and women is higher than the England average. Life expectancy is 4.7 years lower for women in the most deprived areas of Ribble Valley than in the least deprived areas (based on the Slope Index of Inequality published January 2011).
- 3.23 However, there are significant health problems. A lower percentage of pupils than average spend at least three hours each week on school sport. 20.1% of expectant mothers smoke during pregnancy. When looking at alcohol consumption in the borough 32.7% of people aged 16 or over are classified as having 'increasing and higher risk drinking' compared to the England average of 23.6%. The rate of road injuries and deaths of 80.2 per 100,000 population is significantly higher than the England average of 48.1 per 100,000 population.

¹⁷ Produced by the Association of Public Health Observatory on behalf of the Department of Health

4 Financial Context

- 4.1 More so now than ever, 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.
- 4.2 At the end of the 2010/11 financial year the Council further built its financial resilience by strengthening the level of earmarked reserves to meet the challenging period that it was entering.
- 4.3 The level of General Fund Balances and Earmarked Reserves at the 31 March 2011 totalled just over £4.9 million.
- General Fund Balances: £1.4m
 - Earmarked Reserves: £3.5m
- 4.4 The level of reserves and balances has been reviewed and found to be more than adequate to meet the Council's projected revenue expenditure. This review gave full consideration to the future service needs and pressures following the recently completed service reviews and expenditure that may be needed in order to achieve future savings or efficiencies. It is recommended that general fund balances are not allowed to fall below £700,000.
- 4.5 The level of the Council's net expenditure (expenditure net of fees and charges, interest and movements in balances) continues to fall as a result of the reducing level of support from the Government. With council tax levels frozen, alternative sources of financial support for council services is limited. As a result a fundamental review of all council services and the management structure was undertaken during the 2010 and 2011 calendar years in order to reduce the cost of council services. A net expenditure comparison is shown below:

	2010/11	2011/12	2012/13
	£	£	£
Net Expenditure	7,275,847	6,368,431	6,047,925
Percentage reduction from preceeding year		12.47%	5.03%

- 4.6 The level of net expenditure needed in future years will also be very sensitive to changing income levels from investment returns and fees and charges, both of which have been affected substantially by the current economic climate.
- 4.7 The recent service review that was completed in 2011 will achieve substantial savings of £635,160 in the 2012/13 budget. This was the second phase of the review of the Council structure, the first of which was completed in 2010 and was the review of senior management. The first phase of the structure review achieved savings averaging £108,000 per annum over five years.
- 4.8 The council will continue to use General Fund balances prudently to subsidise the revenue budget over the medium-term, however longer-term it is important that the council looks to set its revenue budget with minimum support from its general fund balances. Whilst the level of government support is known to continue to reduce in to 2012/13, the level of future Central Government support for 2013/14 onwards remains uncertain. This uncertainty strengthens the need for the council to maintain a healthy level of general fund balances over these uncertain times.
- 4.9 The level of overall capital reserves has been a matter of concern over recent years. These have been somewhat depleted, particularly following the completion of a number of high value capital schemes, such as the Clitheroe Castle Museum. The capital reserve is to be supplemented by a budgeted transfer of revenue resources of £267,000 at the end of the 2011/12 financial year. This will ensure that the total level of capital resources will not fall below the minimum recommended level of £300,000 over the life of the forward capital programme.

5 **National Context and Other External Factors**

- 5.1 The Comprehensive Spending Review 2010 was announced in October 2010 and set out real terms reduction of 28% in local authority budgets over the next four years. This compares with overall cuts of 8.3% across all government departmental budgets. Local authority core funding from DCLG is to fall from £28.5bn in 2010/11 to:
- £26.1bn in 2011/12
 - £24.4bn in 2012/13
 - £24.2bn in 2013/14
 - £22.9bn in 2014/15
- 5.2 In the Finance Settlement 2011/12, more weight was given in favour of those parts of the country with the highest levels of need, and also provided additional grants to help those Council's in the most deprived areas, including many of the Council's neighbours, via a new Transitional Grant. This Transitional Grant will continue to be provided in the 2012/13 financial year.
- 5.3 The current Spending Review period provided councils with a proposed Finance Settlement for 2012/13, which has since been confirmed by the Government. However, funding from the Government is uncertain for the period 2013/14 onwards at this moment in time.
- 5.4 The table below provides a comparison of the grant for 2011/12 and 2012/13, together with the grant for 2010/11 (which has been adjusted for the transfer of concessionary travel to upper tier authorities in 2011/12).

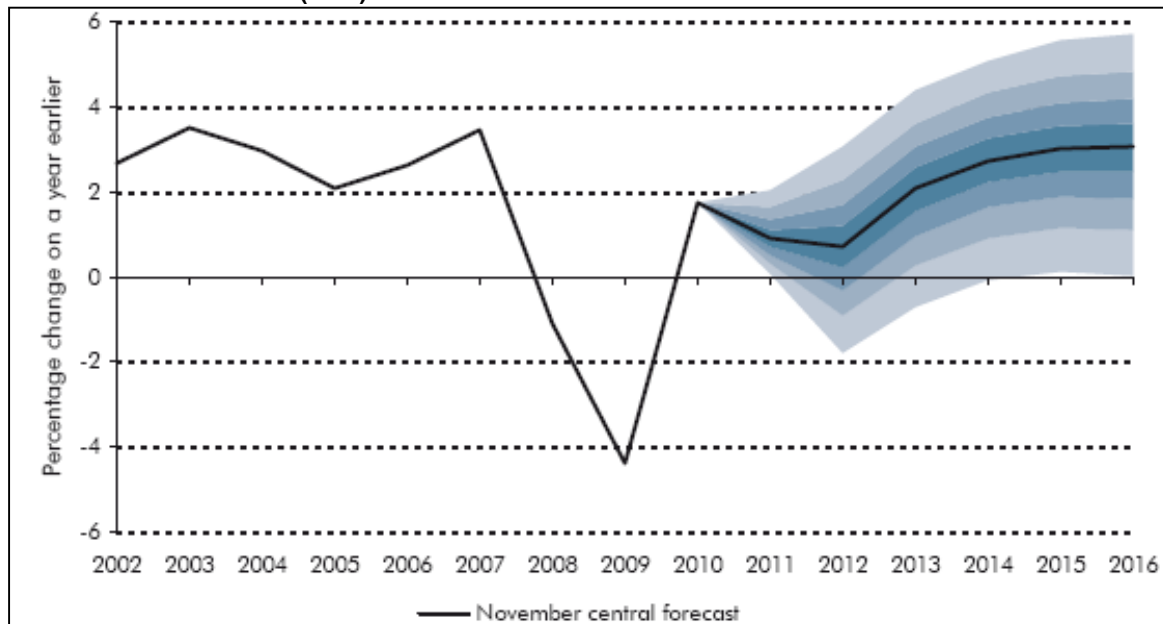
Local Government Finance Settlement – Formula Grant

Financial Year	£'000	Percentage Decrease from 2010/11 Adjusted
2010/11 – Adjusted	3,773	-
2011/12 – Actual	3,214	14.8% reduction
2012/13 – Confirmed	2,825	25.1% reduction

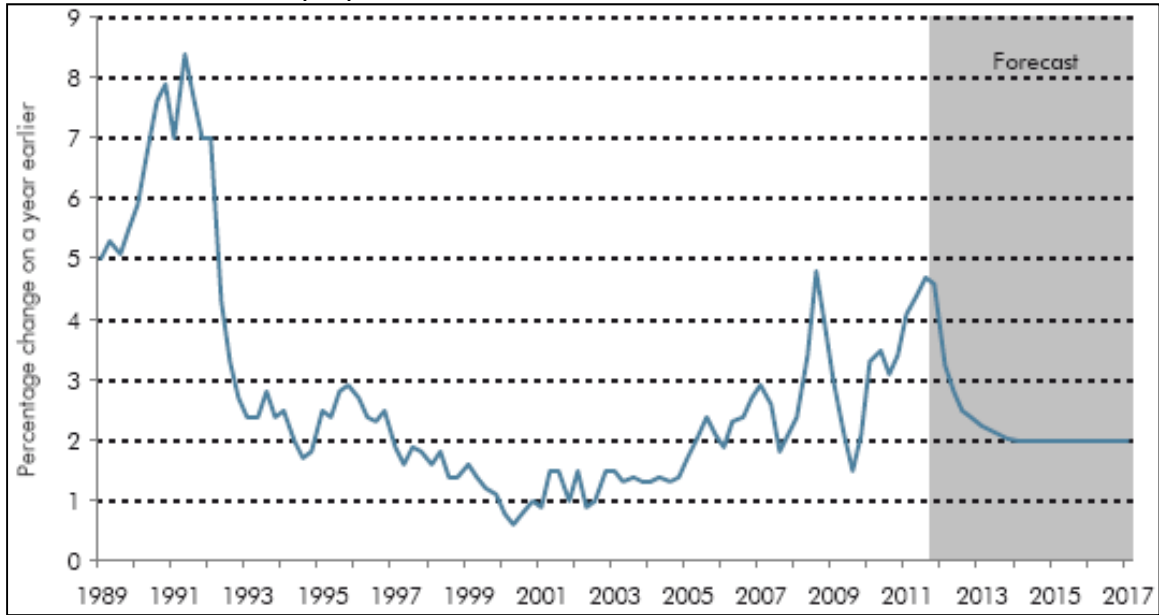
- 5.5 The current local government resource review looks to fundamentally change the manner in which council services are financially supported. Currently the council collects business rates, which are then pooled centrally by government and redistributed to local authorities through formula grant. Any proposed changes would be implemented from April 2013.
- 5.6 The government believe that local authorities should receive a financial benefit by being able to retain a proportion of business rates if they achieve local growth in business rates. It is seen that this would act as a financial incentive to local authorities to stimulate growth within their borough. The government also hope that this will enable an increased use of Tax Increment Financing (TIF). Proposals aim to give local authorities an incentive to promote growth through their influence over their local economies, investment in infrastructure and by building strong relationships with businesses.
- 5.7 The proposals have the potential for the council to see an increase in retained business rates, should there be a local growth in business rates in excess of national growth forecasts. Excluded from the measure of business rate growth are increases due to changes in the multiplier and revaluations, which will be kept by the government. No assumptions have been made in this strategy for any increase in financial support due to retained business rates.

- 5.8 As announced in the 2010 Spending Review, support for council tax will be localised from 2013/14 and funding from the Government to pay for council tax benefit will be reduced by 10%. Whilst the new scheme will be 'local', the Government have stated that protection must be given to vulnerable people including pensioners who may struggle to pay council tax. This means that to accommodate the 10% reduction in the overall cost of benefit payments, reductions in the payments to other client groups will be more than 10%.
- 5.9 The council pays out £2.3m each year in Council Tax benefit. Under current rules the council receive benefit subsidy to cover this expenditure in full from the Government. However, due to the proposals in future the council will receive a fixed grant and therefore we will be required to design a scheme that will reduce expenditure by £230,000 per annum, based on current levels.
- 5.10 The continuing uncertainty surrounding the current economic downturn has substantially impacted on the council's resources, not least in the form of sustained reductions in returns on short-term investments. Additionally the council has seen reduced income levels from the fees and charges that the council sets, with the downturn mostly affecting income streams such as building regulations, planning fees and land charges.
- 5.11 As the uncertainty of the economic climate continues it is likely that such reduced income streams will impact on the council in the coming years. The medium term financial strategy will therefore need to remain flexible to respond to any opportunities or threats that this external environment presents.
- 5.12 The Chancellor of the Exchequer made his Autumn Statement in November 2011 to coincide with the release of the latest economic and fiscal outlook published by the Office of Budget Responsibility (OBR). The economic recovery has been much slower than expected and the Gross Domestic Produce (GDP) continues to be below the 2008 level. Inflation and growth forecasts have been disappointing, along with high levels of unemployment, particularly amongst younger people. The OBR growth and inflation forecasts from November 2011 are shown below

Gross Domestic Produce (GDP) Fan Chart



Consumer Price Increase (CPI) Inflation Forecast



- 5.13 The above chart, published by the Office of Budget Responsibility (OBR) forecasts that the Consumer Price Index (CPI) will return to target by 2014. This assumes particularly that oil prices gradually fall back, along with food prices. It also anticipates that spare capacity in the economy will help bring down inflation. The risks to both forecast charts from events in the euro area are significant.
- 5.14 All known financial implications that are likely to arise from published strategies and plans across the council and other plans agreed with partners and other stakeholders have been considered in preparing this strategy.
- 5.15 This strategy contains the most up to date information at the time of drafting but the Council's financial position is dynamic. The Council faces a number of financial uncertainties that could affect the Council's financial position over the medium term, including:
- Central government policies;
 - Changes in interest rates;
 - Impact of market forces on costs;
 - Financial implications of technology;
 - Community expectations, potentially leading to demand for new or improved services.

6 Partnership Working and External Funding

- 6.1 The council is focused on working with partners in order to benefit the local communities and investigates opportunities for joint working with a wide range of partners.
- 6.2 The Council was a partner in the Lancashire Local Area Agreement (LAA), which was a process of agreeing community priorities for the county area based on district level community strategies and local priorities. Government reward funding was allocated to the LAA following achievement of the agreed performance targets. The community will benefit greatly from the Performance Reward Grant that has been received.
- 6.3 Specific partner funding or grant income is generally not assumed within the budget unless its allocation has been confirmed.

6.4 Key areas of partnership working within the borough at the time of producing this medium term financial strategy are noted below. However, the council remains keen to further the potential of working with other partners.

Partnership Working	Purpose
Ribble Valley Strategic Partnership	Established to provide a mechanism to bring together local business along with community, voluntary and public sectors to promote economic, social and well being
Community Safety Partnership	A partnership plan to address anti social behaviour, criminal activity, neighbourhood policing and alcohol harm awareness. Action days are organised by this group.
Lancashire Procurement Hub	The collaborative Procurement Hub ensures collaborative purchasing opportunities are undertaken and not missed, so that the sub region is able to enjoy real economies of scale. It co-ordinates and facilitates the sharing of expertise and skills across Lancashire to promote a professional procurement culture within our authorities and to our supplier base.
Lancashire Waste Partnership	To promote a culture whereby waste is recognised as a resource and there is acceptance of responsibility of minimising its production and maximising its recovery.
CRACS (Collaborative Research and Consultation Service)	A centralised research and consultation service to be utilised at partners convenience. Services include training to give colleagues skills and confidence to deliver research and consultation projects.
Ribble Valley Homes	The Council works with Ribble Valley Homes to provide housing services in the borough. Ribble Valley Homes is the largest registered social landlord operating in the borough and is the major provider of social housing.
Lancashire Enterprise Zone Partnership	A vehicle for supporting the delivery of the Lancashire Enterprise Zone. Comprising Ribble Valley, South Ribble and Fylde Borough Councils, Lancashire County Council and British Aerospace. The group meets fortnightly to coordinate putting in place statutory measures for delivering the project, maintaining close liaison between partners, co-ordinating links with the community and the Lancashire Economic Partnership.
Mid Lancashire Partnership	This group meets to co-ordinate activity in relation to Economic Development, Strategic Housing and Planning activities across the Mid Lancashire grouping of authorities, including South Ribble, Chorley, Preston, Lancaster, Ribble Valley and Lancashire County Council.
Children's Trust	Children's Trust has been established to take the strategic lead in the future development of services for children and young people. Within Lancashire, the structure includes a county-wide trust, cascading down to trust arrangements based on each district footprint.
Health and Wellbeing Boards	Health and Wellbeing Boards created within local government in an attempt to coordinate commissioning of NHS services, social care and health improvement.
Street Scene and Public Realm Agreement	The Engineering Services section works in partnership with Lancashire County Council to deliver locally a number of services under the Street Scene and Public Realm Agreement.

-
- 6.5 Aside from the financial support from the Government in the form of Formula Grant, the Council also receives grant funding for the provision of council tax and housing benefit payments to claimants within the borough. Payments are currently fully funded by grant from the government. The Council has budgeted to pay £2.3m in council tax benefit payments and £7m in housing benefit payments to claimants per annum. The council also receives an administration grant to help support service provision costs, of approximately £250,000.
 - 6.6 As previously mentioned the council tax benefit grant from central government is to be reduced by 10% from 2013/14 through the localisation of council tax benefit. The council will therefore be required to design a scheme that will reduce expenditure by £230,000 per annum, based on current levels, to accommodate this reduction in future government financial support.
 - 6.7 Further financial support is received from the Government towards the administration of business rates and in 2012/13 the council has budgeted to receive approximately £85,000.
 - 6.8 Substantial funding is received from the NHS East Lancashire towards the provision of healthy lifestyle services and the Exercise Referral Scheme service. In 2012/13 the council has budgeted to receive £91,170 towards the provision of this service. At the moment this funding is guaranteed until 31 March 2013, with uncertainty around future funding.
 - 6.9 External funding is received from the Ribble Valley Community Safety Partnership towards crime reduction schemes. Funding of approximately £22,210 per annum is received by this council from these partners. However, funding of £17,210 from Lancashire Combined Fire Authority and Lancashire Police Authority, which is channelled through the Ribble Valley Community Safety Partnership remains uncertain.
 - 6.10 Government support of the capital programme comes in the form of Disabled Facilities Grant. The grant is received with very specific conditions and is used to part fund the disabled facilities grants that the Council award as part of the capital programme.
 - 6.11 All other external capital finance support is scheme specific and dependant on schemes included within the capital programme. There are currently no such schemes included in the capital programme for the next three years, however additional approvals for such schemes may take place over the coming period.

7 Initial Three Year Projections of Revenue Expenditure

- 7.1 The key aim of the MTFS is to develop a series of financial projections to determine the achievability and sustainability of the Council's planned service delivery over the next 3 years.
- 7.2 The Council has made a forecast of a three-year revenue budget based upon known commitments, inflationary pressures and including any significant expenditure and income items that are likely to arise. This forecast also includes estimates of resources from government grants and shows an indicative level of council tax.
- 7.3 The minimum amount of general fund balances has in the past been agreed at £700,000. The forecast within this Medium Term Financial Strategy keeps balances above this minimum, with a closing balance at 31 March 2015 anticipated of £1.201m. Council tax increases have been forecast at 0% for 2012/13 and 2.5% per annum thereafter.
- 7.4 For the 2011/12 financial year the Government awarded a Council Tax Freeze Grant equivalent to a 2.5% increase in council tax to all councils who froze council tax levels. For this council the level of grant received was £78,660 in 2011/12 and will continue to be received until 2014/15, after which it will cease.

7.5 The Government has again encouraged council's to freeze the level of council tax for 2012/13 through the offer of a further Council Tax Freeze Grant. However, this would only be payable as a one off grant in 2012/13. In order to avoid any adverse impact of this grant being a one off payment, action has been taken to reduce the use of general fund balances in 2012/13 by an equivalent amount. A summary of the amounts receivable is shown below.

	2011/12	2012/13	2013/14	2014/15	Total
Council Tax Freeze Grant (Awarded 2011/12)	78,660	78,660	78,660	78,660	314,640
Council Tax Freeze Grant (Awarded 2012/13)	0	78,910	0	0	78,910
Total	78,660	157,570	78,660	78,660	393,550

7.6 The New Homes Bonus commenced in April 2011 and is paid to the council by the Government for new homes and empty properties brought back in to use. The amount receivable is equivalent to the national average council tax for each property and is receivable every year for the following six years. The amount is also supplemented with an additional amount for affordable homes. The table below provides a summary of estimated future amounts receivable based on the amount received in 2012/13.

Year of Award	Received 2011/12 £	Forecast 2012/13 £	Potential 2013/14 £	Potential 2014/15 £	Potential 2015/16 £	Potential 2016/17 £	Potential 2017/18 £
Granted 2011/12	62,050	62,050	62,050	62,050	62,050	62,050	
Granted 2012/13		105,190	105,190	105,190	105,190	105,190	105,190
Estimated 2013/14			105,190	105,190	105,190	105,190	105,190
Estimated 2014/15				105,190	105,190	105,190	105,190
Estimated 2015/16					105,190	105,190	105,190
Estimated 2016/17						105,190	105,190
Estimated 2017/18							105,190
Total	62,050	167,240	272,430	377,620	482,810	588,000	631,140

The above uses current average council tax levels and assumes the level of growth awarded for in 2012/13

7.7 It is planned to set aside the New Homes Bonus receivable in an earmarked reserve partly to be used to finance Economic Growth and Prosperity capital schemes. Aside from this, £60,000 will be used each year to support the revenue budget.

7.8 As can be seen below, the forecast allows for a freeze in the council tax for 2012/13, and a 2.5% increase in each of the following years. Even with this increase in council tax, there would still be a need for future reductions in expenditure to be found in order to bring the budget in line with the financial strategy for that budget year.

7.9 The substantial uncertainty that surrounds future Government financial support for local government must be kept to the fore when reviewing the three year forecast shown below. The forecast below has been prepared with the assumption of inflation between 2% and 2.5% and a Government Grant cash freeze. This is one of many projections that have been prepared and others are available for perusal at Annex 1 and cover the following scenarios:

- Assuming inflation between 2% and 2.5% with a Government Grant cash reduction of 2.5% per annum
- Assuming inflation between 2% and 2.5% with a Government Grant cash reduction of 5% per annum
- Assuming inflation between 2% and 2.5% with a Government Grant cash increase of 2.5% per annum

	2011/12 Latest Forecast £'000	2012/13 Forecast £'000	2013/14 Forecast £'000	2014/15 Forecast £'000	2015/16 Forecast £'000
Net Expenditure	6,564	6,274	6,461	6,653	6,850
Interest Receipts	-30	-30	-30	-50	-75
Post LSVT Pension Reserve	0	-36	-36	-36	-36
(Use of)/Contribution to Balances	-27	-21	-100	-100	-100
One Off Council Tax Freeze Concession	0	-79	0	0	0
Use of New Homes Bonus	-60	-60	-60	-60	-60
Savings Required	0	0	-84	-149	-290
Budget Requirement	6,447	6,048	6,151	6,258	6,289
Formula Grant	-3,237	-2,823	-2,823	-2,823	-2,823
2011/12 Council Tax Freeze Grant	-79	-79	-79	-79	0
Collection Fund Deficit	15	10	10	10	10
Precept	3,146	3,156	3,259	3,366	3,476
Taxbase	22,357	22,434	22,602	22,772	22,943
Band D Council Tax	£140.69	£140.69	£144.21	£147.81	£151.51
Projected Council Tax increase	0%	0%	2.50%	2.50%	2.50%

7.10 Whilst the Medium Term Financial Strategy is primarily a three year forecast, a further year has been included in the table above and in those shown at Annex 1. This is primarily to highlight the potential future savings required in the longer term. However, it must be noted that these are based on particular scenarios, much of which is uncertain for the period covered.

7.11 A number of assumptions have been made in the above forecast:

- A cash freeze on Government grant
- Inflation has been allowed for between 2% and 2.5%
- Use of balances will continue at approximately £100,000 p.a. from 2013/14 onwards
- Continued use of the Building Control Reserve.
- An increase in interest receipts to £50,000 in 2014/15 based on an assumption that interest rates will see a minimal increase.
- No new growth items that cannot be funded from efficiency savings.
- A council tax deficit has been allowed for, based on current experience.
- Increase in the council taxbase each of 0.75% based on current indications.

7.12 The main reasons for the increase in net expenditure between years are shown below:

	2012/13 to 2013/14 £'000	2013/14 to 2014/15 £'000	2014/15 to 2015/16 £'000
Movement in cost of services	187	192	197
Increased Interest Receipts	0	-20	-25
One Off Council Tax Freeze Grant	79	0	0
Use of Balances	-79	0	0
Increased Savings Required	-84	-65	-141
Total Change in Budget Requirement	103	107	31

8 General Fund Balance and Earmarked Reserves

8.1 The impact of the forecast on the council's general fund balances is summarised in the table below. It is important to note that due to the substantial uncertainty surrounding government support in future years, this forecast will be highly sensitive. It is not known what level of financial Government support the Council will receive for the 2013/14 financial year and onwards. The information provided below is based on an assumption of inflation between 2% to 2.5% and a cash freeze on Government financial support. The impact of other scenarios are provided at Annex 1.

8.2 The impact of the above on council general fund balances is shown below. The minimum recommended level of balances is £700,000.

	Current Year £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Brought Forward	1,448,760	1,421,961	1,401,231	1,301,231
(Use of)/Contribution to Balances	-26,799	-20,730	-100,000	-100,000
Carried Forward	1,421,961	1,401,231	1,301,231	1,201,231

8.3 As with any plan spanning a number of years it is only prudent to consider the associated risks. As previously stated, although the Government has provided details of what the council will receive in 2012/13 it is still unknown what the council will receive in 2013/14 and onward as the current local government resource review looks to fundamentally change the manner in which council services are financially supported.

8.4 There is also further uncertainty around the impact of the localisation of council tax benefit and the level of impact on the council of the move to the Universal Credit.

8.5 The Council have a number of earmarked reserves that have been set up voluntarily in order to provide for future spending plans. The table below shows the expected movement in these reserves over the life of this medium term financial strategy.

Reserve	Estimate 31 March 2012 £	Estimate 31 March 2013 £	Estimate 31 March 2014 £	Estimate 31 March 2015 £
<u>Elections Fund</u> <i>Used to fund borough elections held once every four years</i>	19,851	40,221	60,221	80,221
<u>Audit Reserve Fund</u> <i>Used for computer audit</i>	12,335	12,335	12,335	12,335
<u>Building Control Fund</u> <i>Available to equalise net expenditure over a three year period</i>	-81,634	-82,714	0	0
<u>Rural Development Reserve</u> <i>Used to fund consultation work on rural housing</i>	1,631	1,631	0	0
<u>Capital</u> <i>Used to fund the capital programme</i>	293,395	301,665	309,935	309,935
<u>Insurance</u> <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	20,000	20,000	20,000	20,000
<u>Community Enhancement</u> <i>Used to fund grants to local organisations</i>	2,881	2,881	0	0
<u>New Community Enhancement Schemes</u> <i>Additional reserve for funding grants to local organisations</i>	6,809	6,809	0	0
<u>Rent Deposit Reserve</u> <i>Set aside for homeless rent deposits</i>	7,837	7,837	0	0
<u>Revenue Contributions (RCCO) Unapplied</u> <i>Used to fund capital expenditure</i>	23,134	23,134	23,134	23,134
<u>Parish Schemes</u> <i>Used to fund Parish improvement schemes</i>	1,729	1,729	0	0
<u>Local Development Framework</u> <i>To finance Local Development Framework costs</i>	3,833	3,833	0	0
<u>LALPAC Licensing System</u> <i>To fund costs of LALPAC licensing system</i>	1,866	1,866	0	0
<u>IT Equipment</u> <i>To fund future IT requirements</i>	9,000	9,000	9,000	9,000

Reserve	Estimate 31 March 2012 £	Estimate 31 March 2013 £	Estimate 31 March 2014 £	Estimate 31 March 2015 £
Conservation Reserve <i>To fund conservation schemes completed after the financial year end</i>	6,210	6,210	0	0
Concessionary Travel <i>To fund the transfer of the administration of the scheme to upper tier local authorities</i>	40,026	40,026	40,026	40,026
Fleming VAT Claim <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	239,926	239,926	239,926	239,926
Repairs and Maintenance <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	33,299	33,299	33,299	33,299
Post LSVT <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	438,150	401,975	365,800	329,625
Market Town Enhancement <i>To fund grants under Market Towns Enhancement Scheme</i>	6,643	6,643	0	0
Performance Reward Grant <i>Performance Reward Grant received and yet to be distributed to successful schemes</i>	328,780	291,780	191,780	91,780
Refuse Collection <i>To fund the provision of replacement wheeled bins</i>	18,000	18,000	18,000	18,000
Restructuring Reserve <i>To fund costs resulting from the restructure review</i>	275,000	275,000	275,000	275,000
VAT Shelter Reserve <i>To contribute towards the future financing of the capital programme</i>	1,375,542	1,743,202	2,118,201	2,330,201
Revaluation of Assets Reserve <i>To contribute towards the revaluation of the Council's assets every five years.</i>	4,000	6,000	8,000	10,000
Equipment Reserve <i>To fund essential and urgent equipment requirements</i>	31,000	31,000	31,000	31,000
Invest to Save Fund <i>To fund future invest to save projects</i>	150,000	150,000	150,000	150,000
Land Charges Reserve <i>To fund any potential restitution claims for personal search fees</i>	34,356	34,356	34,356	34,356
Pendle Hill User Reserve <i>To fund improvement schemes on Pendle Hill</i>	25,580	25,580	25,580	25,580
Planning Reserve <i>To fund any future potential planning issues</i>	150,000	150,000	150,000	150,000

Reserve	Estimate 31 March 2012 £	Estimate 31 March 2013 £	Estimate 31 March 2014 £	Estimate 31 March 2015 £
Crime Reduction Partnership Reserve <i>To fund cost of crime reduction initiatives</i>	14,260	0	0	0
Housing Benefit Reserve <i>To help meet the challenges facing the service in the coming years</i>	60,000	60,000	0	0
Clitheroe Cemetery Extension <i>To meet any future costs from CPO</i>	3,640	3,640	3,640	3,640
Exercise Referral <i>To meet future costs of the service</i>	5,310	5,310	5,310	5,310
Wellbeing and Health Equality <i>To meet future costs of the service</i>	57,000	44,580	30,000	0
New Homes Bonus Reserve <i>For future capital use</i>	2,050	9,290	221,720	539,340
TOTALS	3,621,439	3,926,044	4,376,263	4,761,708

9 Capital Programme 2012/13 – 2014/15

- 9.1 The Capital Programme is an important element of the Medium Term Financial Strategy and as such the main elements are shown below.
- 9.2 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 capital reserves in a corporate approach, thus providing the maximum investment position.
- 9.3 A key issue for capital has been the removal of the need to seek Government approval to borrow and the introduction of a new control regime in the form of the Prudential Code for Capital Finance from 1 April 2004.
- 9.4 The Council has always sought to maximise funding for capital, including any from revenue sources, within a prudential framework. Therefore, the changes have not affected the Council's approach to prudence, affordability and sustainability.
- 9.5 The Council's proposed capital programme at the time of producing this medium term financial strategy is reproduced at Annex 2. The table below shows a summary of the proposed capital programme. The council's policy is to maintain a £300,000 balance of resources. The table shows that the balance of available capital resources will remain above this level for the life of the capital programme.

	2012/13 £	2013/14 £	2014/15 £	Total £
Total of all Proposed Schemes	631,000	208,000	395,000	1,234,000
Resources Available in the year	-508,440	-220,000	-383,000	-1,111,440
Balance of Resources Brought Forward	-423,195	-300,635	-312,635	-423,195
Balance Remaining	-300,635	-312,635	-300,635	-300,635

10 Risk Assessment and Sensitivity

- 10.1 There are a number of risks with the medium term financial strategy as fluctuations in some of the underlying assumptions can produce significant changes to the forecast.
- 10.2 The table below shows some of the areas of sensitivity and the potential impact on the strategy, based on the original estimate for 2012/13.

Area of Sensitivity	Percentage Fluctuation	Annual Impact on Budget
Pay Award	0.25%	£14,430
Energy Costs	5.00%	£6,760
Short Term Investment Interest Rates	0.25%	£6,550
Fees and Charges	1.00%	£19,370
Service Specific Government Grants	1.00%	£94,810
Other Grants and Contributions	1.00%	£6,450
Formula Grant	1.00%	£29,020

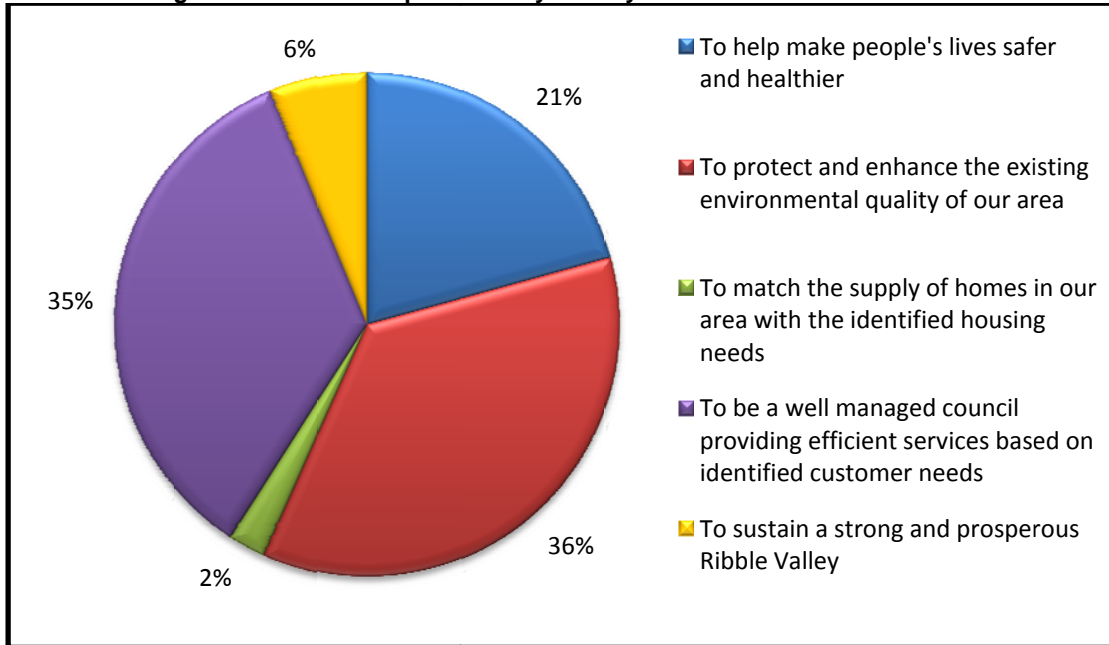
- 10.3 In terms of impact on the council tax, each budget adjustment of £100,000 has the effect of changing council tax at Band D equivalent by £4.46 or 3.2%.
- 10.4 On the other hand, for every 1% increase in the level of 2012/13 council tax charge, an additional £31,560 council tax revenue would be raised and therefore, for every 1% decrease in the level of council tax revenue £31,560 savings would need to be identified or alternative funding such as use of balances would need to be found.
- 10.5 In terms of Formula Grant that is received, for 2012/13 this will support approximately 48% of the Council's budget requirement and so any variation has a major impact. A variation of 1% in this funding would amount to £29,020.

Risk	Level	Mitigation
Savings that have been identified by Heads of Service are not achieved	Medium	Regular monitoring of budgets and meetings with Heads of Service where savings have been identified in order to enable early corrective action if required
Interest rates on investments fluctuate to a greater extent than anticipated	High	This risk is managed through the Treasury Management Strategy. The markets are regularly monitored and discussions held with the Director of Resources, Head of Financial Services and Senior Accountant daily.
A financial institution that has been invested in is unable to repay the principle sum to the Council	Medium	This risk is managed through the Treasury Management Strategy. The markets are regularly monitored and discussions held with the Director of Resources, Head of Financial Services and Senior Accountant daily.
Future formula grant settlement for 2013/14 and onwards sees a substantial reduction	High	Further service savings would need to be identified or there would need to be an increased use of balances. The MTFS highlights the significant uncertainty surrounding this area at the current time.
Expenditure is not contained within the approved budgets	Low	The council has a well developed budget monitoring process which enables early identification of variances and allows corrective action to be taken.

11 Links to Ambitions and Priorities

11.1 All budgets are linked to the Council's priorities and these links were identified throughout the budget setting process. The table below shows our planned revenue spend for 2012/13 broken down over the Council ambitions and priorities.

Revenue Budget 2012/13 – Net Expenditure by Priority

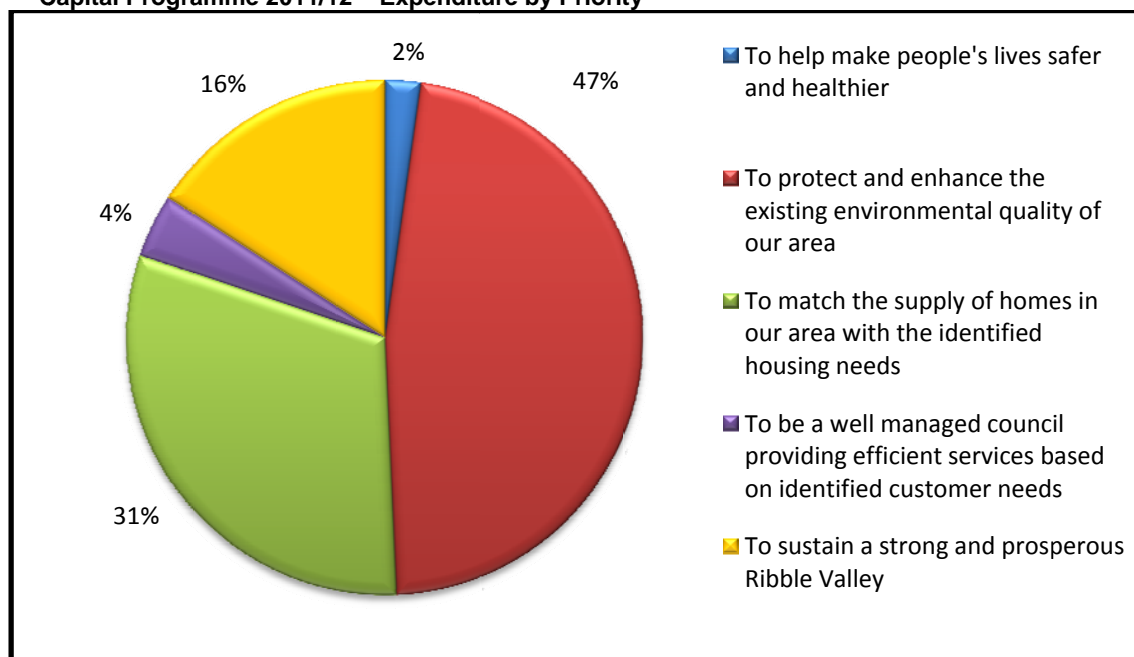


11.2 As with revenue budgets, all proposed capital schemes are linked to the Council's priorities. The evaluation process also required Heads of Service to submit detailed bid forms for new capital schemes. These included such information as:

- Link to priorities
- Statutory or legal obligations
- Performance management
- Efficiency and Value for Money
- Consultation
- Start Date and Milestones
- Useful Economic Life
- Environmental Impact
- Capital and Revenue Implications
- Whole Life Cost
- Risk Assessment
- Consequences of Delay or Deletion

11.3 The table below shows our planned capital programme for 2012/13 broken down over the Council priorities.

Capital Programme 2011/12 – Expenditure by Priority



Budget Forecasts Using Alternative Inflation and Government Grant Assumptions

Assuming inflation between 2% and 2.5% and a Reduction of 2.5% per annum in Government Financial Support

	2012/13 OE		2013/14		2014/15		2015/16		
	£		£		£		£		
Net Expenditure after use of reserves		6,273,740		6,461,700		6,653,000		6,850,000	
Interest Receipts		-30,000		-30,000		-50,000		-75,000	
Post LSVT Pension Reserve		-36,175		-36,175		-36,175		-36,175	
One Off Council Tax Freeze concession		-78,910							
Use of New Homes Bonus		-60,000		-60,000		-60,000		-60,000	
Use of Balances		-20,730		-100,000		-100,000		-100,000	
Reductions in Expenditure Required		0		-156,972		-292,459		-502,055	
Budget Requirement		6,047,925		6,078,553		6,114,366		6,076,770	
Government Financial Support		2,901,686		2,829,144		2,758,415		2,610,795	
Council Tax Freeze concession		0		0		0		0	
Collection Fund Deficit		-10,000		-10,000		-10,000		-10,000	
Precept		3,156,239		3,259,409		3,365,951		3,475,975	
Tax Base		22,434	act	22,602	0.75%	22,772	0.75%	22,943	0.75%
Band D Ctax	+2.5%	140.69	Freeze	144.21	2.5%	147.81	2.5%	151.51	2.5%

Effect of above on General Fund Balances

General Fund Balances	2012/13		2013/14		2014/15		2015/16	
	£		£		£		£	
Brought Forward		1,421,961		1,401,231		1,301,231		1,201,231
Used		-20,730		-100,000		-100,000		-100,000
Carried Forward		1,401,231		1,301,231		1,201,231		1,101,231

Assuming inflation between 2% and 2.5% and a Reduction of 5% per annum in Government Financial Support

	2012/13 OE		2013/14		2014/15		2015/16		
		£		£		£		£	
Net Expenditure after use of reserves		6,273,740		6,461,700		6,653,000		6,850,000	
Interest Receipts		-30,000		-30,000		-50,000		-75,000	
Post LSVT Pension Reserve		-36,175		-36,175		-36,175		-36,175	
One Off Council Tax Freeze concession		-78,910							
Use of New Homes Bonus		-60,000		-60,000		-60,000		-60,000	
Use of Balances		-20,730		-100,000		-100,000		-100,000	
Reductions in Expenditure Required		0		-229,514		-432,102		-703,676	
Budget Requirement		6,047,925		6,006,011		5,974,723		5,875,149	
Government Financial Support		2,901,686		2,756,602		2,618,772		2,409,173	
Council Tax Freeze concession		0		0		0		0	
Collection Fund Deficit		-10,000		-10,000		-10,000		-10,000	
Precept		3,156,239		3,259,409		3,365,951		3,475,975	
Tax Base		22,434	act	22,602	0.75%	22,772	0.75%	22,943	0.75%
Band D Ctax	+2.5%	140.69	Freeze	144.21	2.5%	147.81	2.5%	151.51	2.5%

Effect of above on General Fund Balances

General Fund Balances	2012/13		2013/14		2014/15		2015/16	
		£		£		£		£
Brought Forward		1,421,961		1,401,231		1,301,231		1,201,231
Used		-20,730		-100,000		-100,000		-100,000
Carried Forward		1,401,231		1,301,231		1,201,231		1,101,231

Assuming inflation between 2% and 2.5% and an Increase of 2.5% per annum in Government Financial Support

	2012/13 OE		2013/14		2014/15		2015/16		
		£		£		£		£	
Net Expenditure after use of reserves		6,273,740		6,461,700		6,653,000		6,850,000	
Interest Receipts		-30,000		-30,000		-50,000		-75,000	
Post LSVT Pension Reserve		-36,175		-36,175		-36,175		-36,175	
One Off Council Tax Freeze concession		-78,910							
Use of New Homes Bonus		-60,000		-60,000		-60,000		-60,000	
Use of Balances		-20,730		-100,000		-100,000		-100,000	
Reductions in Expenditure Required		0		-11,888		-2,290		-66,711	
Budget Requirement		6,047,925		6,223,637		6,404,535		6,512,114	
Government Financial Support		2,901,686		2,974,228		3,048,584		3,046,138	
Council Tax Freeze concession		0		0		0		0	
Collection Fund Deficit		-10,000		-10,000		-10,000		-10,000	
Precept		3,156,239		3,259,409		3,365,951		3,475,975	
Tax Base		22,434	act	22,602	0.75%	22,772	0.75%	22,943	0.75%
Band D Ctax	+2.5%	140.69	Freeze	144.21	2.5%	147.81	2.5%	151.51	2.5%

Effect of above on General Fund Balances

General Fund Balances		2012/13		2013/14		2014/15		2015/16	
		£		£		£		£	
Brought Forward		1,421,961		1,401,231		1,301,231		1,201,231	
Used		-20,730		-100,000		-100,000		-100,000	
Carried Forward		1,401,231		1,301,231		1,201,231		1,101,231	

Forward Capital Programme – 2012/13 to 2014/15

EXPENDITURE	Budget Working Group and CMT Recommendations				
	2012/13			2013/14	2014/15
	Proposed Budget £	Budget Moved from 2011/12 £	Total Proposed Budget £	Proposed Budget £	Proposed Budget £
COMMUNITY SERVICES COMMITTEE					
CCTV					
CCTV System Data Transmission Pack	14,000		14,000		
Grounds Maintenance					
Replacement vehicle PK06 WY - Vauxhall Vivaro 2900 DT I LWB Panel Van				13,000	
Gang Mower Replacement - Major TDR16000 Roller Mower	22,000		22,000		
Whalley Moor - Woodland paths and nature trails		20,080	20,080		
Refuse Collection					
Replacement of VX53 TZJ - Dennis 23t RP HGV Refuse Collection Vehicle		165,000	165,000		
Replacement of VX04 FXV - Dennis 23t RP HGV Refuse Collection Vehicle	170,000		170,000		
Refurbishment of body on PN05 PWL - DAF 7t HGV Refuse Collection Vehicle	15,000		15,000		
Replacement of VA57 BBF - Geesink 26t RP HGV Refuse Collection Vehicle					200,000
TOTAL COMMUNITY SERVICES COMMITTEE	221,000	185,080	406,080	13,000	200,000
POLICY AND FINANCE COMMITTEE					
IT Services					
Server and Network Infrastructure	25,000		25,000		
Economic Development					
Economic Development Initiatives	100,000		100,000		
TOTAL POLICY AND FINANCE COMMITTEE	125,000	0	125,000	0	0

EXPENDITURE	Budget Working Group and CMT Recommendations				
	2012/13			2013/14	2014/15
	Proposed Budget £	Budget Moved from 2011/12 £	Total Proposed Budget £	Proposed Budget £	Proposed Budget £
HEALTH AND HOUSING COMMITTEE					
<u>Clitheroe Cemetery</u>					
Installation of Infrastructure	90,000		90,000		
<u>Housing</u>					
Landlord/Tenant Grants	75,000	45,000	120,000	75,000	75,000
Disabled Facilities Grants	120,000	69,180	189,180	120,000	120,000
Repossession Prevention Fund		8,560	8,560		
TOTAL HEALTH AND HOUSING COMMITTEE	285,000	122,740	407,740	195,000	195,000
TOTAL OF PROPOSED PROGRAMME	631,000	307,820	938,820	208,000	395,000