

# RIBBLE VALLEY BOROUGH COUNCIL

---

please ask for: OLWEN HEAP  
direct line: 01200 414408  
e-mail: olwen.heap@ribblevalley.gov.uk  
my ref: OH/CMS  
your ref:  
date: 30 January 2017

Council Offices  
Church Walk  
CLITHEROE  
Lancashire BB7 2RA

Switchboard: 01200 425111  
Fax: 01200 414488

[www.ribblevalley.gov.uk](http://www.ribblevalley.gov.uk)

Dear Councillor

The next meeting of the **SPECIAL POLICY AND FINANCE COMMITTEE** is at **6.30pm** on **TUESDAY, 7 FEBRUARY 2017** at 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 I – items of business to be discussed in public

1. Apologies for absence.
2. Declarations of Pecuniary and Non-Pecuniary Interest (if any).
3. Public Participation (if any).

### INFORMATION ITEMS

- ✓ 4. Provisional Local Government Finance Settlement 2017/18 – report of Director of Resources – copy enclosed.

### DECISION ITEMS

- ✓ 5. Overall Revised Capital Programme 2016/17 – report of Director of Resources – copy enclosed.

- ✓ 6. Five Year Capital Programme 2017/18 to 2021/22 – report of Director of Resources – copy enclosed.
- ✓ 7. Overall Revenue Budget 2017/18 – report of Director of Resources – copy enclosed.
- ✓ 8. Medium Term Financial Strategy 2017/18 to 2019/20 – 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 SPECIAL POLICY & FINANCE COMMITTEE

Agenda Item No 4

meeting date: 7 FEBRUARY 2017  
title: PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2017/18  
submitted by: DIRECTOR OF RESOURCES  
principal author: JANE PEARSON

### 1. PURPOSE

1.1 To report the details of the provisional finance settlement for 2017/18.

### 2. BACKGROUND

2.1 The local government finance settlement is the annual determination of funding to local government and is approved by the House of Commons. The grant settlement for next year was issued on Thursday 15 December 2016.

2.2 The Minister for Local Government, Sajid Javid, issued a written ministerial statement to the House of Commons which set out the Local Government Finance Settlement for 2017/18.

2.3 The consultation period ends on 13 January 2017. It is expected the final settlement will be laid before the House of Commons in mid-February.

### 3. MULTI YEAR SETTLEMENT

3.1 The 2016/17 grant settlement announced last December gave councils indicative figures for a four year period up to 2019/20 ie a 4 year funding deal; subject to councils publishing an efficiency plan.

3.2 Our Efficiency Plan was submitted to the Government on 13 October 2016. We received confirmation on 16 November 2016 that we have now been placed on the multi year settlement. This means that we can expect to receive the funding allocations already announced for each of the 4 years.

3.3 97 per cent of councils accepted the multi-year settlement offer. Barring exceptional circumstances, and subject to the normal statutory consultation process for the local government finance settlement, the Government expects to present the four year figures as already published to Parliament each year.

3.4 For those local authorities who have not accepted the multi-year offer and published an efficiency plan, the Government is only confirming funding allocations for 2017/18. The funding allocations for these authorities in 2018/19 and 2019/20 will be revisited in due course as part of the annual settlement process covering these years.

### 4. KEY INFORMATION FOR RIBBLE VALLEY

4.1 Our key settlement information is as follows:

	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Settlement Funding Assessment	1.862606	1.569143	1.414666	1.243089
of which:				
Revenue Support Grant	0.623087	0.304319	0.109149	
Baseline Funding Level	1.239518	1.264824	1.305517	1.351954
Tariff/Top-Up	-4.361493	-3.997472	-4.126081	-4.272846
Tariff/Top-Up adjustment				-0.108866
Safety Net Threshold	1.146554	1.169962	1.207603	1.250558
Levy Rate (p in £) if not in pool	0.50	0.50	0.50	0.50

4.2 For Ribble Valley, having signed up to the multi year settlement, the announcement confirms the second year of the offer. ie 2017/18. The only change from our provisional figures announced last year is an adjustment to our tariff which is required in order to cancel out the impact of the 2017 Business Rate Revaluation. Our tariff has reduced next year from £4.447m to £3.997m ie a reduction of £450k This is to ensure the impact of the Revaluation is revenue neutral.

#### 5. NEW HOMES BONUS

5.1 The local government grant settlement included the Government's decisions regarding the New Home Bonus Scheme following the Consultation exercise carried out early in 2016. The key changes are:

5.2 Having considered the views of those who responded to this consultation the Government has decided to:

- reduce the number of years for which legacy payments are made from 6 years to 5 years in 2017/18 and then to 4 years from 2018/19; and
- introduce a baseline for housing growth set initially at 0.4% of the council tax base for 2017/18. Housing growth below this level in each authority will not receive Bonus allocations. The Government will retain the option of making adjustments to the baseline in future years in the event of a significant increase in housing growth.

5.3 From 2018/19 they will consider withholding new Homes Bonus payments from local authorities who in their view are not planning effectively, by making positive decisions on planning applications and delivering housing growth. They will also consider withholding payments for homes that are built following an appeal.

5.4 As the Government is implementing wider planning reforms, including measures announced at Autumn Statement and through the Neighbourhood Planning Bill and forthcoming Housing White Paper, they have decided not to introduce the proposals to withhold payments for areas without a local plan in 2017/18.

5.5 Savings of £241 million from the reform of the New Homes Bonus have been allocated to social care authorities through a new Adult Social Care Support Grant

#### ***Impact on Ribble Valley***

5.6 Our in year allocation for 2017/18 will reduce from £510k to £384k a reduction of £126k, as a result of the new 0.4% growth baseline. In effect our taxbase had to increase by 102 new properties before we could receive any NHB for 17/18.

5.7

Our total allocation for next year will now be £1.570k instead of £1.815k a reduction of £244k. We will face further reductions in 2018/19 when the number of years further reduces from 5 to 4.

<b>NHB Prior to changes</b>					
		<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Relates to:	2011/12	62,046			
	2012/13	117,599	117,599		
	2013/14	188,053	188,053	188,053	
	2014/15	227,109	227,109	227,109	227,109
	2015/16	373,809	373,809	373,809	373,809
	2016/17	398,267	398,267	398,267	398,267
	2017/18	<b>6 yrs</b>	509,835	509,835	509,835
	2018/19		<b>6 yrs</b>	?	?
	2019/20			<b>6 yrs</b>	?
	2020/21				<b>6 yrs</b>
<b>Total Allocation</b>		<b>1,366,883</b>	<b>1,814,672</b>	<b>1,697,073</b>	<b>1,509,020</b>
Allocated to date:					
Revenue	base	786,961	786,961	786,961	786,961
Capital		62,000	200,000	216,770	??
		848,961	986,961	1,003,731	786,961
unallocated		517,922	827,711	693,342	722,059

**Post Provisional Local Government Finance Settlement  
Changes to NHB Dec 2016**

		<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Relates to:	2011/12	62,046			
	2012/13	117,599			
	2013/14	188,053	188,053		
	2014/15	227,109	227,109		
	2015/16	373,809	373,809	373,809	
	2016/17	398,267	398,267	398,267	398,267
	2017/18	<b>6 yrs</b>	383,608	383,608	383,608
	2018/19		<b>5 yrs</b>	?	?
	2019/20			<b>4 yrs</b>	?
	2020/21				<b>4 yrs</b>
<b>Total Allocation</b>		<b>1,366,883</b>	<b>1,570,846</b>	<b>1,155,684</b>	<b>781,875</b>
prior to changes			<b>1,814,672</b>	<b>1,697,073</b>	<b>1,509,020</b>
difference			<b>-243,826</b>	<b>-541,389</b>	<b>-727,145</b>
Allocated to date:					
Revenue	base	786,961	786,961	786,961	786,961
Capital		62,000	200,000	216,770	??
		848,961	986,961	1,003,731	786,961
unallocated		517,922	583,885	151,953	-5,086

## 6. BUSINESS RATES

6.1 Following the decision of Burnley BC to withdraw from the Lancashire Business Rate Pool in August 2016, discussions took place both with local authorities and DCLG to try and reach agreement on membership of a reconfigured Lancashire Pool. A new application was made to DCLG at the end of October 2016 to form a new Lancashire Pool comprising of

- Lancashire County Council
- Chorley Borough Council
- Fylde Borough Council
- Hyndburn Borough Council
- Pendle Borough Council
- Ribble Valley Borough Council
- Rossendale Borough Council
- South Ribble Borough Council
- West Lancashire Borough Council
- Wyre Borough Council

6.2 We received an official designation letter from DCLG on 13 December 2016 confirming the new Lancashire Business Rate Pool. The designation has effect from 1 April 2017 and for each subsequent year unless revoked.

6.3 Local authorities in the pool have 28 days from the date of the announcement of the Local Government Finance Settlement (15/12/16) to consider if they wish to continue to be designated as a pool. Provided no authority withdraws the new pool will exist from 1 April 2017. No member has withdrawn therefore the pool stands.

6.4 Five local authority areas are piloting further business rates retention. In addition the Greater London Authority will receive Transport for London capital funding through business rates rather than grant. This will have no financial effect on other authorities. Full details are expected to be included in the final Local Government Finance Settlement.

6.5 Top-ups and tariffs for all councils have changed due to the business rates revaluation which comes into force in April 2017. This is to ensure that as far as possible the impact of the revaluation is revenue neutral.

## 7. SOCIAL CARE

7.1 The Government has created more flexibility by allowing the social care precept to rise by an additional 1 per cent in 2017/18 and 2018/19 (from 2 per cent to 3 per cent), on condition that the total increase to 2019/20 does not exceed 6 per cent.

## 8. COUNCIL TAX

8.1 The basic referendum principle for 2017/18 is proposed to be 2 per cent, with the exception of the lowest 10 Police and Crime Commissioners and all shire district authorities, for which a higher limit of either 2 per cent or £5 (on a Band D bill) applies.

8.2 Additionally, social care authorities will be able to increase their council tax by up to 3 per cent (over the existing basic referendum threshold of 2 per cent referred to

above) in both 2017/18 and 2018/19 as long as increases do not exceed 6 per cent over the 3 year period. For example, councils could levy 3 per cent in 2017/18 and 2018/19 and 0 per cent in 2019/20, or 2 per cent in each year at their discretion. As with 2016/17 this adult social care precept will have to be separately itemised on council tax bills.

8.3 The Government states “councils will be required to publish a description of their plans, including changing levels of spend on adult social care and other services. This must be signed off by the Chief Finance Officer. Councils wishing to use the extra freedom to raise the precept by 3 per cent instead of 2 per cent in 2017/18 must also show how they plan to use this extra money to improve social care. The Government will write to adult social care authorities with further details on the conditions of the scheme in the near future.”

8.4 The Government has announced that they will not be introducing referendum principles for parish and town councils, a proposal that they consulted on as part of the summer technical consultation on the 2017/18 settlement. They will keep the level of precepts set by town and parish councils under review and may introduce referendum principles in the future.

## 9. RURAL SERVICES FUNDING

9.1 As announced in February 2016, the Rural Services Delivery Grant will be £65 million in 2017/18. This will be paid as an un-ringfenced section 31 grant and is in line with the arrangements announced in last year’s settlement.

9.2 For Ribble Valley our allocations are as follows:

	2016/17	2017/18	2018/19	2019/20
Rural Services Delivery Grant	£107,254	£86,603	£66,618	£86,603

## 10. SPENDING POWER

### 10.1 Core Spending Power

- Core Spending Power consists of:
- Revenue Support Grant;
- Retained business rates;
- Income from the New Homes Bonus;
- Income from the Improved Better Care Fund;
- Income from the Rural Services Delivery Grant;
- Income from the Transition Grant;
- Income from the 2017/18 Adult Social Care Support Grant;

10.2 Income from council tax assuming that the tax base grows, councils increase council tax by the 2 per cent basic referendum limit, a 2 per cent social care precept in each year and additional flexibility for shire districts and police and crime commissioners.

10.3 The Government figures indicate that Core Spending Power in accordance with this definition will fall by an average 1.1 per cent in 2017/18 assuming the council tax flexibilities as set out above. The change over the whole Spending Review period is 0.4 per cent.

## Ribble Valley's Core Spending Power

	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Settlement Funding Assessment*	2.253017	1.862606	1.569143	1.414666	1.243089
Council Tax of which;	3.053395	3.208677	3.369054	3.533554	3.702263
Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)	3.053395	3.160528	3.272557	3.388557	3.508668
additional revenue from referendum principle for social care	0	0	0	0	0
Potential additional Council Tax from £5 referendum principle for all Districts	0	0.048149	0.096498	0.144997	0.193595
Improved Better Care Fund	0	0	0	0	0
New Homes Bonus	0.966526	1.369746	1.573939	1.200931	1.152279
Rural Services Delivery Grant	0.020651	0.107254	0.086603	0.066618	0.086603
Transition Grant	0	0.020424	0.020345	0	0
The 2017-18 Adult Social Care Support Grant	0	0	0	0	0
Core Spending Power	6.29359	6.568706	6.619084	6.215768	6.184234
Change over the Spending Review period (£ millions)	-0.109356				
Change over the Spending Review period (% change)	-0.017376				
Please see the Core Spending Power Explanatory note for details of the assumptions underpinning the elements of Core Funding					
*2019-20 Settlement Funding Assessment has been modified to include a provisional tariff or top-up adjustment					

### 11. CONCLUSION

- 11.1 The Grant Settlement is virtually the same as was indicated in the Multi Year offer announced last year which we have now signed up to.
- 11.2 Of significant concern however, are the changes to the New Homes Bonus Scheme. We now know that we can expect to receive substantially less under the scheme in the future due to the introduction of the growth baseline and the reduction of the number of years payments are received from 6 to 4. We will need to decide how much of this funding we can rely on to support the revenue budget.

DIRECTOR OF RESOURCES

PF16-17/JP/AC  
30 January 2017



# RIBBLE VALLEY BOROUGH COUNCIL

## REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 5

meeting date: 7 FEBRUARY 2017  
title: OVERALL REVISED CAPITAL PROGRAMME 2016/17  
submitted by: DIRECTOR OF RESOURCES  
principal author: ANDREW COOK

### 1 PURPOSE

1.1 To consider the Council's overall revised capital programme for 2016/17.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – none identified.
- Corporate Priorities – to continue to be a well-managed council, providing efficient services based on identified customer needs.
- Other Considerations – none identified.

### 2 BACKGROUND

2.1 The original capital programme for 2016/17 was approved by Full Council in March 2016.

2.2 Regular reports have been presented to all Committees on progress with the capital programme.

### 3 ORIGINAL CAPITAL PROGRAMME 2016/17

3.1 All committees considered proposals for the 2016/17 capital programme at their meetings in January 2016. The programme was set against a background of limited capital resources and reducing revenue budgets. In total, eleven new schemes, totalling £1,027,920, were approved for the 2016/17 financial year.

3.2 In addition, not all planned expenditure for 2015/16 was spent. The unspent balance on six schemes in 2015/16, totalling £194,920, was transferred into 2016/17. This is known as slippage.

3.3 An additional approval of £68,425 was gained from the Emergency Committee in November 2016 to finance additional costs on the Ribblesdale Pool Improvement Work scheme in 2016/17. The additional approval was funded from the Fleming VAT Reclaim Reserve.

3.4 The total of all these elements created a 2016/17 overall capital programme with fifteen schemes and a total approved budget of £1,291,265. This is shown at Annex 1.

### 4 REVISING THE 2016/17 CAPITAL PROGRAMME

4.1 To revise the 2016/17 capital programme we have:

- discussed each of the fifteen schemes in the approved capital programme with budget holders to reflect scheme progress and estimated full year expenditure; and
- added in one new scheme.

4.2 Following this review, the revised estimate for 2016/17 is £961,705, which is a reduction of £329,560 from the previously approved capital budget. The main reasons for this are:

- **Clitheroe Market Improvements (-£175,000):** This scheme is on hold, awaiting the final plans for the Clitheroe Market Development scheme. As a result, there is expected to be no expenditure on the scheme in 2016/17. The revised estimate has been reduced to nil and the £175,000 budget has been moved to 2017/18.
- **Economic Development Initiatives (-£100,000):** There are no appropriate economic development opportunities in progress currently which are likely to be funded from this economic development capital budget before the year-end. The revised estimate has been reduced to nil and the £100,000 budget has been moved to 2017/18.
- **Clitheroe Townscape Scheme (-£55,000):** The scheme is in abeyance awaiting further consideration in relation to the wider Clitheroe Market Development scheme. As a result, there is no further progress on plans to spend the budget at this stage and there is expected to be no expenditure on the scheme in 2016/17. The revised estimate has been reduced to nil and the £55,000 budget has been moved to 2017/18.
- **Council Offices Re-roofing (-£11,590) and Council Offices Replacement Windows and Rooflights (-£1,380):** Work has been completed within budget on the combined Council Offices Re-roofing and Council Offices Windows and Rooflights schemes. Only the 5% contract retention payments remain outstanding. These payments, totalling £12,450, are due in May 2017, twelve months after the main contract work was completed. Thus, financial completion of the schemes can only take place in 2017/18, meaning £12,450 of the combined schemes budget has been moved to 2017/18.
- **Affordable Warmth - Capital (+£15,380):** The Council has now received confirmation from Lancashire County Council (LCC) that it has been granted up to £25,629 of capital funding in 2016/17 for the Affordable Warmth - Capital grants scheme. The October capital monitoring report stated that this scheme would be added to the capital programme at Revised Estimate stage. The scheme has been included in the Revised Estimate at a value of £15,380, which matches the actual funding received to date. Unfortunately there have been no applications received for this grant scheme to date, despite the scheme having been advertised.

4.3 Annex 1 shows the full capital programme, with the budget and actual expenditure (including commitments) at the end of December 2016 for each scheme. The summary position is shown below.

Committee	Budget Analysis						Expenditure Analysis
	Original Estimate 2016/17 £	Slippage from 2015/16 £	Additional Approvals 2016/17 £	Total Approved Budget 2016/17 £	Revised Estimate 2016/17 £	Budget moved to 2017/18 £	Actual Expenditure including commitments as at end of December 2016 £
Community Services	374,500	0	68,425	442,925	440,955	0	398,901
Planning and Development	30,200	0	0	30,200	30,200	0	0
Policy and Finance	100,000	172,500	0	272,500	104,530	167,450	99,040
Health and Housing	523,220	22,420	0	545,640	386,020	175,000	192,428
<b>TOTAL</b>	<b>1,027,920</b>	<b>194,920</b>	<b>68,425</b>	<b>1,291,265</b>	<b>961,705</b>	<b>342,450</b>	<b>690,369</b>

4.4 Actual expenditure (including commitments) on all schemes at the end of December 2016 is £690,369. This is 71.8% of the revised estimate. The main reasons for the £271,336 underspend to date against the full year revised estimate are as follows:

- **Disabled Facilities Grants, Landlord/Tenant Grants and Affordable Warmth – Capital, (-£193,592):** Lower levels of grant applications have been received for the year to date when compared to the levels of funding the Council has in place for these housing capital grant schemes. All these grant schemes are advertised directly by the Council and through other partner organisations.
- **Introduction of Planning Portal Link to the Planning Application System and Planning System Update (-£30,200):** At this stage, the aim is to complete the scheme by year-end. However, this is now dependent on the availability of software supplier consultant input and the outcome of a re-assessment of the inputs required to deliver this scheme, given the additional server capacity and other functionality that the wider ICT Infrastructure Refresh capital scheme will provide.
- **Ribblesdale Pool Improvement Work (-£23,568):** The works are in progress and should be completed by the end of February 2017.
- **Play Area Improvements 2016/17 scheme, (-£17,230):** Further planned improvement works are to be completed by year-end, which will use the currently unspent budget.

4.5 Updated capital evaluation forms completed by the responsible officers for these schemes have been reported to all committees in previous committee cycles.

5 FINANCING OF THE 2016/17 CAPITAL PROGRAMME

5.1 The capital resources to finance the capital programme for 2016/17 have also been revised, as shown in the table below.

	<b>Current Financing 2016/17 £</b>	<b>Revised Financing 2016/17 £</b>
<b>Total Approved Budget</b>	<b>1,291,265</b>	<b>961,705</b>
<b><u>Resources</u></b>		
<b><i>Grants and Contributions</i></b>		
DCLG - Disabled Facilities Grants	-273,220	-273,220
Sport England – Ribblesdale Pool Improvement Work	-150,000	-150,000
Lancashire County Council – Affordable Warmth - Capital	0	-15,380
<b><i>Borrowing</i></b>		
Unsupported Borrowing	-192,500	-4,530
<b><i>Earmarked Reserves</i></b>		
Capital Grants Unapplied	-14,090	-14,090
VAT Shelter	-278,500	-276,530
New Homes Bonus	-110,000	-62,000
Capital Reserve Fund	-145,530	-38,530
Fleming VAT Reclaim	-127,425	-127,425
<b>Total of Resources Used</b>	<b>-1,291,265</b>	<b>-961,705</b>

5.2 Shown below is a summary of the movements on available capital resources from 1 April 2016 to the anticipated closing balance at 31 March 2017.

<b>Resource</b>	<b>Opening Balance 1 April 2016 £</b>	<b>Added in Year £</b>	<b>Used in Year £</b>	<b>Closing Balance 31 March 2017 £</b>
Capital Grants Unapplied b/f	-27,110	0	14,090	<b>-13,020</b>
New Grants and Contributions in Year	0	-438,600	438,600	<b>0</b>
Capital Reserve Fund**	-764,822	-5,070	38,530	<b>-731,362</b>
Use of VAT Shelter	0	-276,530	276,530	<b>0</b>
Use of New Homes Bonus	0	-62,000	62,000	<b>0</b>
Capital Receipts	-745,046	-59,233	0	<b>-804,279</b>
Fleming VAT Reclaim Reserve	0	-127,425	127,425	<b>0</b>

<b>Resource</b>	<b>Opening Balance 1 April 2016 £</b>	<b>Added in Year £</b>	<b>Used in Year £</b>	<b>Closing Balance 31 March 2017 £</b>
Unsupported Borrowing	0	-4,530	4,530	0
Other Earmarked Reserves	0	0	0	0
<b>Total</b>	<b>-1,536,978</b>	<b>-973,388</b>	<b>961,705</b>	<b>-1,548,661</b>

*\*\* The recommended minimum level of the Capital Reserve Fund is £350,000*

## 6 COMMENTS ON OVERALL POSITION

- 6.1 The revised 2016/17 capital programme is £961,705. This is a reduction of £66,215 from the originally approved capital programme at this time last year of £1,027,920. The changes are summarised in the table below.

	<b>£</b>	<b>£</b>
<b>Original Capital Programme 2016/17</b>		<b>1,027,920</b>
Slippage from 2015/16	194,920	
Schemes added for the current year – additional approval	68,425	
<b>Net changes to the Total Approved Budget</b>		<b>263,345</b>
Schemes reduced at Revised Estimate for the current year	-2,490	
Scheme budgets moved to 2017/18	-342,450	
New scheme introduced at Revised Estimate	15,380	
<b>Net Changes at Revised Estimate</b>		<b>-329,560</b>
<b>Proposed Revised Capital Programme 2016/17</b>		<b>961,705</b>

- 6.2 As shown earlier, the revised capital programme is fully financed. There is a net decrease of £329,560 in the level of financing resources needed to fund the revised capital programme, when compared to the resources needed to fund the current total approved capital programme. This reduction is mainly due to £342,450 of financing resources being moved to 2017/18 to finance the schemes that have been moved.

## 7 RISK ASSESSMENT

- 7.1 The approval of this report may have the following implications:

- Resources – Approval of the revised capital programme will see a decrease of £329,560 in the level of financing resources needed in 2016/17 and £342,450 of capital financing resources will be moved into 2017/18.
- Technical, Environmental and Legal – None.
- Political – None.
- Reputation – Sound financial planning for known capital commitments safeguards the reputation of the Council.
- Equality and Diversity – Equality and diversity issues are examined as part of the capital bid appraisal process.

## 8 CONCLUSION

- 8.1 The overall revised capital programme for 2016/17 is £961,705 for thirteen schemes. This is a £66,215 reduction from the original capital programme approved at this time last year. The decrease is due to £194,920 slippage from the 2015/16 capital programme budget and an additional approval of £68,425, set against a £329,560 reduction in the overall cost of capital programme schemes when reviewed at revised estimate stage.
- 8.2 The reduced capital programme for 2016/17 is fully financed.
- 8.3 Actual expenditure (including commitments) on all schemes at the end of December 2016 is £690,369. This is 71.8% of the revised estimate.
- 8.4 The level of capital resources continues to be a matter of concern. However, the level of the capital reserve will not fall below the suggested minimum of £350,000.

## 9 RECOMMENDED THAT COMMITTEE

- 9.1 Approve the overall revised capital programme for 2016/17.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF13-17/AC/AC  
26 January 2017

For further background information please ask for Andrew Cook.

BACKGROUND PAPERS - None

**SPECIAL POLICY AND FINANCE COMMITTEE  
OVERALL REVISED CAPITAL PROGRAMME 2016-17**

Cost Centre	Schemes	Original Estimate 2016/17 £	Slippage from 2015/16 £	Additional Approvals 2016/17 £	Total Approved Budget 2016/17 £	Revised Estimate 2016/17 £	Budget moved to 2017/18 £	Actual Expenditure including commitments as at end of December 2016 £
<b>Community Committee</b>								
WVDHX	Replacement of Works Section Small Van – Ford Transit Toilet Van (PF09 DHX)	12,000	0	0	12,000	12,000	0	10,802
PLAYQ	Play Area Improvements 2016/17	40,000	0	0	40,000	40,000	0	22,770
FORKL	Replacement of Salthill Depot Multi Use Fork Lift Truck	16,000	0	0	16,000	15,980	0	15,975
GVUKE	Replacement of John Deere Gang Mower Tractor (PN05 UKE)	46,000	0	0	46,000	44,050	0	44,051
GVFRV	Replacement of MAN 7.7 RO-RO Truck (PN06 FRV) with equivalent spec	51,500	0	0	51,500	51,500	0	51,446
RPIMP	Ribblesdale Pool Improvement Work	209,000	0	68,425	277,425	277,425	0	253,857
	<b>Total Community Committee</b>	<b>374,500</b>	<b>0</b>	<b>68,425</b>	<b>442,925</b>	<b>440,955</b>	<b>0</b>	<b>398,901</b>
<b>Planning and Development Committee</b>								
PLANN	Introduction of Planning Portal Link to the Planning Application System and Planning System Update	30,200	0	0	30,200	30,200	0	0
	<b>Total Planning and Development Committee</b>	<b>30,200</b>	<b>0</b>	<b>0</b>	<b>30,200</b>	<b>30,200</b>	<b>0</b>	<b>0</b>

**SPECIAL POLICY AND FINANCE COMMITTEE  
OVERALL REVISED CAPITAL PROGRAMME 2016-17**

Cost Centre	Schemes	Original Estimate 2016/17 £	Slippage from 2015/16 £	Additional Approvals 2016/17 £	Total Approved Budget 2016/17 £	Revised Estimate 2016/17 £	Budget moved to 2017/18 £	Actual Expenditure including commitments as at end of December 2016 £
<b><i>Policy and Finance Committee</i></b>								
ITSAN	ICT Infrastructure Refresh (Storage Area Network (SAN) and Network and Server Replacement)	100,000	0	0	100,000	100,000	0	94,514
OROOF	Council Offices – Re-roofing	0	14,760	0	14,760	3,170	7,910	3,169
WINDW	Council Offices - Replacement Windows and Rooflights	0	2,740	0	2,740	1,360	4,540	1,357
TNSCP	Clitheroe Townscape Scheme	0	55,000	0	55,000	0	55,000	0
ECDVI	Economic Development Initiatives	0	100,000	0	100,000	0	100,000	0
	<b>Total Policy and Finance Committee</b>	<b>100,000</b>	<b>172,500</b>	<b>0</b>	<b>272,500</b>	<b>104,530</b>	<b>167,450</b>	<b>99,040</b>
<b><i>Health and Housing Committee</i></b>								
DISCP	Disabled Facilities Grants	273,220	14,090	0	287,310	287,310	0	134,623
LANGR	Landlord/Tenant Grants	75,000	8,330	0	83,330	83,330	0	57,805
CMIMP	Clitheroe Market Improvements	175,000	0	0	175,000	0	175,000	0
CWARM	Affordable Warmth – Capital	0	0	0	0	15,380	0	0
	<b>Total Health and Housing Committee</b>	<b>523,220</b>	<b>22,420</b>	<b>0</b>	<b>545,640</b>	<b>386,020</b>	<b>175,000</b>	<b>192,428</b>
<b>OVERALL TOTAL</b>		<b>1,027,920</b>	<b>194,920</b>	<b>68,425</b>	<b>1,291,265</b>	<b>961,705</b>	<b>342,450</b>	<b>690,369</b>



# RIBBLE VALLEY BOROUGH COUNCIL

## REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 6

meeting date: 7 FEBRUARY 2017  
title: FIVE YEAR CAPITAL PROGRAMME 2017/18 – 2021/22  
submitted by: DIRECTOR OF RESOURCES  
principal author: LAWSON ODDIE

### 1 PURPOSE

1.1 To recommend a capital programme for 2017/18 - 2021/22 to Full Council on 28 February 2017.

### 2 DEVELOPING THE FIVE YEAR CAPITAL PROGRAMME 2017-22

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 the same manner as the previous financial year, all Heads of Service were asked to submit capital bids, bearing in mind the limited financial resources that are available to finance the capital programme.

2.3 A bid form was completed for each scheme, asking for such details as how the scheme linked to the Council's ambitions, the revenue implications, full capital costs, risk management and performance management.

2.4 Schemes were previously requested at this time last year for the 2017/18 and 2018/19 financial years. However, no bids had previously been requested for the financial years 2019/20, 2020/21 or 2021/22.

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

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

2.6 These initial scheme bids were reported to service committees in the January cycle of meetings, when the specific views of members on the proposals were sought. At this stage service committee approval was sought for the bids, with any proposed amendments, deletions or additions.

2.7 There were no additional schemes requested by any of the service committees and the only suggested amendment was made by Policy and Finance Committee relating to the bringing forward of the two schemes for the Civic Suite totalling £56,250 from the financial year 2018/19 to 2017/18.

2.8 It was also highlighted to each service committee that the other service committees would also be receiving similar reports for the new scheme bids. It was explained that all bids from all committees would finally be considered alongside each other by the Budget Working Group and Policy and Finance Committee against the limited financial resources that are available to finance the capital programme.

2.9 These bids are now at the stage of having been considered by the Budget Working Group (BWG) together with Corporate Management Team (CMT) against the available financing and a number of proposals and amendments have been made, which are now recommended for approval by this Special meeting of Policy and Finance Committee, and for onward approval by Full Council on 28 February 2017.

### 3 INITIAL POSITION

3.1 The new bids that had been submitted by Heads of Service were presented to the Budget Working Group on 11 January 2017.

3.2 The capital programme for the 2017/18 and 2018/19 financial years had already been approved in February 2016 at the Special meeting of Policy and Finance Committee. No bids had previously been considered for the 2019/20, 2020/21 and 2021/22 financial years.

3.3 At that meeting, it was acknowledged that the bids for the three new years of the capital programme far outweighed the available resources to finance them, as can be seen below. It was suggested at that meeting that the only internal resources that could necessarily be relied upon due to other pressures was the VAT shelter at a level of £100,000 per annum.

<b>Original Position</b>	<b>£</b>
New Bids	3,918,710
Available Resources - £100,000 pa VAT Shelter	-300,000
Available Resources – Disabled Facility Grants	-483,000
<b>Shortfall in Resources/Excess Schemes</b>	<b>3,135,710</b>

### 4 REVIEW OF THE PREVIOUSLY APPROVED 2017/18 AND 2018/19 SCHEMES

4.1 A further review was undertaken of the capital schemes that have previously been approved for the 2017/18 and 2018/19 financial years.

4.2 During the current financial year members have been informed that a scheme approved in the 2017/18 financial year for Ribble Valley off-street car parks, which would upgrade the payment systems for all car park payment machines to be able to accept the new £1 coin and to accept chip and pin payments was to be amended.

4.3 The introduction of the new £1 coin had been brought forward by the Royal Mint to March 2017. Likewise, that element of the capital scheme was brought forward in to the 2016/17 financial year. As the value of that part of the scheme was estimated to be only £6,000 and therefore below the £10,000 de minimis for capital, this work was then treated as revenue expenditure funded from earmarked reserves.

- 4.4 The residual chip and pin payments part of the scheme was then to be deferred for twelve months (from August 2016) to assess whether the then recently introduced pay by phone system negated the need for this residual scheme.
- 4.5 Additionally, a scheme for the replacement of the council telephone system is currently in the capital programme for the 2018/19 financial year. Due to issues that have currently been experienced with the telephone system it is proposed that this scheme is moved forward to the 2017/18 financial year.
- 4.6 Furthermore, a proposal was made by Policy and Finance Committee at its meeting on 24 January 2017 to bring forward the two schemes for the Civic Suite totalling £56,250 from the financial year 2018/19 to 2017/18.
- 4.7 In arriving at a suggested Revised Capital Programme for the current financial year 2016/17 (which is included elsewhere on the agenda), there have been 5 schemes that have been proposed to be moved to the 2017/18 financial year as they would not be completed by 31 March 2017 for various reasons. These schemes would be moved together with their associated financing.

<b>Schemes to be moved from 2016/17 to 2017/18</b>	<b>£</b>
Clitheroe Market Improvements	175,000
Council Offices Reroofing (Retention)	7,910
Council Offices Replacement Windows and Rooflights (Retention)	4,540
Clitheroe Townscape Scheme	55,000
Economic Development Initiatives	100,000
<b>Total Value of Schemes</b>	<b>342,450</b>

- 4.8 During the review by CMT it was also proposed that the Rapid Charge Electric Vehicle Charging Point scheme be deleted, together with the indicative external funding, due to concerns around affordability and uncertainty around securing any external funding.
- 4.9 As a result the 2017/18 to 2018/19 approved capital programme has been amended to reflect these changes and the table below provides a summary.

<b>Schemes</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>TOTAL £</b>
Previously Approved	690,610	1,038,350	<b>1,728,960</b>
Adjustment for Car Parks Scheme	-6,000		<b>-6,000</b>
Move Telephone System Scheme to 2017/18	45,000	-45,000	<b>0</b>
Civic Suite Schemes moved to 2017/18	56,250	-56,250	<b>0</b>
Schemes moved from 2016/17	342,450		<b>342,450</b>
Proposed deletion of Rapid Charge Electric Vehicle Charging Point scheme		-31,100	<b>-31,100</b>
<b>Adjusted Approved Schemes</b>	<b>1,128,310</b>	<b>906,000</b>	<b>2,034,310</b>

<b>Associated Financing</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>TOTAL £</b>
Previously Approved	-690,610	-1,038,350	<b>-1,728,960</b>
Remove New Homes Bonus Funding for Car Parks Scheme Adjustment	6,000		<b>6,000</b>
Move VAT Shelter Funding for Telephone System Scheme to 2017/18	-45,000	45,000	<b>0</b>
Move Capital Reserve Funding for Civic Suite Schemes	-11,250	11,250	<b>0</b>
Move VAT Shelter Funding for Civic Suite Schemes	-45,000	45,000	<b>0</b>
Funding moved from 2016/17 for associated schemes	-342,450		<b>-342,450</b>
Delete External Funding for Rapid Charge Electric Vehicle Charging Point scheme		23,330	<b>23,330</b>
Delete New Homes Bonus Funding for Rapid Charge Electric Vehicle Charging Point scheme		7,770	<b>7,770</b>
<b>Adjusted Approved Schemes</b>	<b>-1,128,310</b>	<b>-906,000</b>	<b>-2,034,310</b>

4.10 In addition to the reprogramming of a number of schemes, the review also resulted in New Homes Bonus funding of £7,770 no longer being needed, in respect of the Rapid Charge Electric Vehicle Charging Point scheme following its proposed deletion.

## 5 REVIEW OF NEW CAPITAL BIDS AND RESOURCES

5.1 The review of the new capital reduced the level of the Shortfall in Resources/Excess Schemes through a mix of additional resources and deleted schemes through an examination of

- Whether the bids merited inclusion
- How the bids could be financed

5.2 The table below summarises the results of the review, with the details shown at Annex 1.

<b>BWG AND CMT RECOMMENDATIONS</b>	<b>£</b>
New Bids	3,918,710
Available Resources – VAT Shelter at £100,000 pa	-300,000
Available Resources – Disabled Facility Grants at £161,000 pa	-483,000
<b>Shortfall in Resources /Excess Schemes</b>	<b>3,135,710</b>
<b>Bids recommended to be DELETED</b>	
Salthill Depot Refurbishment <i>Potentially finance some elements from revenue</i>	-171,000
Roefield Synthetic Pitch Rejuvenation and Ball Stop Fencing <i>Elements of the work are of a revenue nature</i>	-19,970

<b>BWG AND CMT RECOMMENDATIONS</b>		<b>£</b>
New Drainage and Goals to Football Pitches <i>Specific work is revenue in nature. To seek external funding for revenue.</i>	-41,800	
Replacement Hook Lift (for PN07 VWG) <i>Deleted previous year – to review alternative working practices</i>	-39,000	
Resurfacing of Dewhurst Road, Langho <i>Ad-hoc patching to continue due to affordability and as LCC will not adopt</i>	-60,000	
<b>Bids recommended to be REPROGRAMMED TO FUTURE YEARS</b>		
Replacement Refuse Vehicle (for PK63 JZO) <i>Replacement reprogrammed to one refuse vehicle per year</i>	-237,000	
<b>Bids recommended to be REDUCED</b>		
Play Area Improvements – reduce from £45,000 pa to £40,000 pa <i>Affordability</i>	-15,000	
Landlord Tenant Grants – reduce from £60,000 pa to £50,000pa <i>Affordability</i>	-30,000	
<b>Total Reductions in Schemes</b>	<b>-613,770</b>	
<b>Recommended ADDITIONAL FUNDING</b>		
Use of Borrowing for potential second deck at Chester Avenue car park	-1,230,000	
Use of New Homes Bonus	-857,600	
<u>Potential</u> external funding for Castle Keep Repointing	-222,240	
Usable Capital Receipts	-116,080	
Other Earmarked Reserves	-96,020	
<b>Total Increase in Funding</b>	<b>-2,521,940</b>	
<b>Resulting Net Shortfall in Resources/Excess Schemes</b>	<b>0</b>	

- 5.3 As can be seen from the table above, the financing of the capital programme would rely heavily on the use of New Homes Bonus. This is largely used to support the replacement of our refuse collection vehicle fleet, in addition to the CCTV scheme and play area improvements. The programme has also been amended to align the future replacement of our eight refuse collection vehicles to one vehicle per annum.
- 5.4 The largest additional funding element is the use of borrowing for the potential second deck at Chester Avenue Car Park. **Due to the substantial level of this funding it would be suggested that external consultants are engaged to undertake a piece of work on car parking in Clitheroe to ensure the underlying need to invest in this infrastructure.**
- 5.5 A further element of funding has been included of external funding for the scheme to repoint and repair the Castle Keep. At this stage the scheme is included on the condition that the external funding is secured.
- 5.6 In addition to the New Homes Bonus and VAT Shelter earmarked reserves, a number of other earmarked reserves have also been used to help support the overall capital programme. A total of £1,253,620 will be used from our earmarked reserves to fund the capital programme for the 2019/20 to 2021/22 period.

## 6 FINAL RECOMMENDED FIVE YEAR CAPITAL PROGRAMME

6.1 The final proposed five year capital programme is shown at Annex 2, together with the associated financing. The table below provides a summary by committee with financing.

<b>Committee</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>TOTAL</b>
Community Services	447,610	648,500	1,969,320	344,120	272,000	3,681,550
Health and Housing	386,000	211,000	211,000	224,500	224,500	1,257,000
Planning and Development			14,500			14,500
Policy and Finance	294,700	46,500	45,000			386,200
<b>TOTAL SCHEMES</b>	<b>1,128,310</b>	<b>906,000</b>	<b>2,239,820</b>	<b>568,620</b>	<b>496,500</b>	<b>5,339,250</b>

<b>Financing</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>TOTAL</b>
Disabled Facility Grants	-161,000	-161,000	-161,000	-161,000	-161,000	<b>-805,000</b>
Potential External Funding for Castle Keep Repointing			-222,240			<b>-222,240</b>
New Homes Bonus Earmarked Reserve	-242,000	-209,000	-313,600	-272,000	-272,000	<b>-1,308,600</b>
VAT Shelter Earmarked Reserve	-234,000	-69,500	-127,880	-122,120	-50,000	<b>-603,500</b>
Other Earmarked Reserves	-241,300	-466,500	-96,020			<b>-803,820</b>
Usable Capital Receipts			-89,080	-13,500	-13,500	<b>-116,080</b>
Borrowing	-250,010		-1,230,000			<b>-1,480,010</b>
<b>TOTAL FINANCING</b>	<b>-1,128,310</b>	<b>-906,000</b>	<b>-2,239,820</b>	<b>-568,620</b>	<b>-496,500</b>	<b>-5,339,250</b>

6.2 The council's policy is to maintain the capital reserve at a level above the minimum recommended balance of £350,000. The table shows that the balance of the capital reserve will remain above this level for the life of the recommended capital programme.

<b>Capital Reserve</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Forecast Opening Balance</b>	<b>-731,362</b>	<b>-490,062</b>	<b>-490,062</b>	<b>-482,542</b>	<b>-482,542</b>
Taken from Reserve	241,300	0	7,520	0	0
<b>Forecast Closing Balance</b>	<b>-490,062</b>	<b>-490,062</b>	<b>-482,542</b>	<b>-482,542</b>	<b>-482,542</b>
<b>Recommended Minimum Balance</b>	<b>-350,000</b>	<b>-350,000</b>	<b>-350,000</b>	<b>-350,000</b>	<b>-350,000</b>

7 CONCLUSION

- 7.1 Committees have considered the bids that have been put forward for their services in the January committee cycle.
- 7.2 It is clearly unaffordable for us to agree for all new scheme bids to be included in our approved capital programme.
- 7.3 There will be a scarcity of resources available to finance the capital programme in future years after the end of this five-year capital programme. Use of the VAT shelter has been tempered in the period up to 2021/22, as the balance on this reserve will largely be the main source of financing for capital in the future.
- 7.4 CMT and the Budget Working Group have met on several occasions and have made recommendations in order to provide a capital programme for 2017/18 to 2021/22 that is both affordable and achievable.

8 RECOMMENDED THAT SPECIAL POLICY AND FINANCE COMMITTEE

- 8.1 Recommend to Council the Capital Programme for 2017/18 to 2021/22 as set out in Annex 2.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF14-17/LO/AC  
30 January 2017

## BWG AND CMT REVIEW OF CAPITAL PROGRAMME BIDS – 2019/20 TO 2021/22

SCHEMES	2019/20 £	2020/21 £	2021/22 £	TOTAL £	BWG/CMT Comments
<b>COMMUNITY SERVICES COMMITTEE</b>					
BID C1: Castle Keep Lime Repointing Works and Repairs (Subject to External Funding)	311,320			<b>311,320</b>	Recommend for approval subject to financing being secured
BID C2: Salthill Depot Garage Refurbishment	0			<b>0</b>	Recommend Delete (£171,000 in 2019/20) due to affordability - (since increased to £213,500)
BID C3: Replacement of Clitheroe CCTV System	60,000			<b>60,000</b>	Recommend approval of the scheme
BID C4: Replacement of Refuse Collection Vehicle VN12 KYK		232,000		<b>232,000</b>	Recommend approval of the scheme
BID C5: Replacement of Refuse Collection Vehicle VU62 HXK		0	232,000	<b>232,000</b>	Recommend scheme is moved to 2021/22 Financial Year from 2020/21
BID C6: Replacement of Refuse Collection Vehicle PK63 JZO			0	<b>0</b>	Recommend scheme (£237,000) is moved to 2022/23 Financial Year from 2021/22
BID C7: Replacement of Refuse Collection Vehicle PO60 YEK	227,000			<b>227,000</b>	Recommend approval of the scheme
BID C8: Replacement of Paper Collection Vehicle VU06 TKN	50,000			<b>50,000</b>	Recommend approval of the scheme
BID C9: Replacement of JCB Gravemaster Digger		32,000		<b>32,000</b>	Recommend approval of the scheme



## BWG AND CMT REVIEW OF CAPITAL PROGRAMME BIDS – 2019/20 TO 2021/22

SCHEMES	2019/20 £	2020/21 £	2021/22 £	TOTAL £	BWG/CMT Comments
BID C10: Replacement of Pickup Ford Ranger PK60 HKN		20,120		<b>20,120</b>	Recommend approval of the scheme
BID C11: Installation of a Second Parking Deck on Chester Avenue Car Park	1,230,000			<b>1,230,000</b>	Recommend approval of the scheme but suggest should be subject to outcome of external research on car parking.
BID C12: Synthetic Pitch Rejuvenation and Installation of Ball-Stop Fencing at Roefield	0			<b>0</b>	Recommend Delete (£19,970 in 2019/20) such works to be funded from revenue budgets.
BID C13: New Drainage and Goals to Football Pitches	0	0	0	<b>0</b>	Remove scheme - this is revenue in nature (2019/20 £13,700, 2020/21 £13,900, 2021/22 £14,200)
BID C14: Replacement Gang Mower (rvbc 009)	29,000			<b>29,000</b>	Recommend approval of the scheme
BID C15: Replacement Hook Lift for PN07 VWG	0			<b>0</b>	Recommend Delete (£39,000 in 2019/20) as scheme was replaced by RO-RO in 2016/17
BID C16: Replacement Mini Tractor with Bucket for PN05 BYS	22,000			<b>22,000</b>	Recommend approval of the scheme
BID C17: Replacement High Top Transit Van for PJ63 WUC		20,000	0	<b>20,000</b>	Recommend approval of the scheme
BIDC 18: Play Area Improvements	40,000	40,000	40,000	<b>120,000</b>	Recommend approval of the scheme, but at a value reduced from £45,000 pa to £40,000 pa
<b>Total of Proposal for Community Services Committee</b>	<b>1,969,320</b>	<b>344,120</b>	<b>272,000</b>	<b>2,585,440</b>	

## BWG AND CMT REVIEW OF CAPITAL PROGRAMME BIDS – 2019/20 TO 2021/22

SCHEMES	2019/20 £	2020/21 £	2021/22 £	TOTAL £	BWG/CMT Comments
<b>HEALTH AND HOUSING COMMITTEE</b>					
BID H1: Replacement of Pest Control Van (PK13 FJP)		13,500		<b>13,500</b>	Recommend approval of the scheme
BID H2: Replacement of Dog Warden Van (PE64 EYC)			13,500	<b>13,500</b>	Recommend approval of the scheme
BID H3: Disabled Facility Grants	161,000	161,000	161,000	<b>483,000</b>	Recommend approval of the scheme
BID H4: Landlord/Tenant Grants	50,000	50,000	50,000	<b>150,000</b>	Recommend approval of the scheme, but at a value reduced from £60,000 pa to £50,000 pa (current budget)
<b>Total of Proposal for Health and Housing Committee</b>	<b>211,000</b>	<b>224,500</b>	<b>224,500</b>	<b>660,000</b>	
<b>PLANNING AND DEVELOPMENT COMMITTEE</b>					
BID P1: Replacement of Plotter/Copier in the Planning Section	14,500			<b>14,500</b>	Recommend approval of the scheme
<b>Total of Proposal for Planning and Development Committee</b>	<b>14,500</b>	<b>0</b>	<b>0</b>	<b>14,500</b>	
<b>POLICY AND FINANCE COMMITTEE</b>					
BID F1: Resurfacing of Dewhurst Road, Langho	0			<b>0</b>	Recommend scheme (£60,000 in 2019/20) is deleted and patching continues

## BWG AND CMT REVIEW OF CAPITAL PROGRAMME BIDS – 2019/20 TO 2021/22

SCHEMES	2019/20 £	2020/21 £	2021/22 £	TOTAL £	BWG/CMT Comments
BID F2: Redesign of the Corporate Website	30,000			<b>30,000</b>	Recommend approval of the scheme
BID F3: Corporate Firewall	15,000			<b>15,000</b>	Recommend approval of the scheme
<b>Total of Proposal for Policy and Finance Committee</b>	<b>45,000</b>	<b>0</b>	<b>0</b>	<b>45,000</b>	

<b>Total of Proposal for All Committees</b>	<b>2,239,820</b>	<b>568,620</b>	<b>496,500</b>	<b>3,304,940</b>	
---	------------------	----------------	----------------	------------------	--

FINANCING	2019/20 £	2020/21 £	2021/22 £	TOTAL £	BWG/CMT Comments
Disabled Facility Grants	-161,000	-161,000	-161,000	<b>-483,000</b>	
External Funding for Castle Scheme	-222,240			<b>-222,240</b>	Add external funding on the proviso that the scheme proceeds if secured
Use of VAT Shelter Earmarked Reserve	-127,880	-122,120	-50,000	<b>-300,000</b>	
Use of New Homes Bonus Earmarked Reserve	-313,600	-272,000	-272,000	<b>-857,600</b>	
Other Earmarked Reserves	-96,020			<b>-96,020</b>	
Usable Capital Receipts	-89,080	-13,500	-13,500	<b>-116,080</b>	
Borrowing	-1,230,000			<b>-1,230,000</b>	Subject to the outcome of work by external consultants on car parking
<b>Total of Proposal Financing</b>	<b>-2,239,820</b>	<b>-568,620</b>	<b>-496,500</b>	<b>-3,304,940</b>	

## PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
<b>COMMUNITY SERVICES COMMITTEE</b>						
Play Area Improvements	40,000	40,000	40,000	40,000	40,000	200,000
Ribble Valley off-street car parks – upgrade of payment systems	14,550					14,550
Castle Museum - Refurbishment of Windows	62,560					62,560
Renewal of sections of floor to residual waste transfer station	19,500	23,500				43,000
Replacement of Twin-bodied refuse collection vehicle (VU59 JJK)	218,000					218,000
Replacement of Works Iveco Tipper with Iveco Daily Long Wheelbase high top van	23,500					23,500
Replacement mower (Kubota) PN09 SWO	15,500					15,500
Replacement mower (Scag 4x4) rvbc 016 - plus Replacement of Scag Mower (rvbc014) with equivalent spec vehicle	13,000					13,000
Replacement pick up vehicles (Ford Ranger S/C 4WD x 2) – PK07 LSY and PK07 TZG	41,000					41,000
Replacement of Paper Collection Vehicle VX55 KXD		49,000				49,000
Replacement of Refuse Collection Vehicle VU60 HNX		222,500				222,500
Replacement of Works Iveco Tipper (PO60 AYK)		37,500				37,500

## PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
Replacement of Car Parking Van - Fiat Doblo PN09 MHY with an equivalent spec		13,000				13,000
Replacement of Garwood (12 Tonne GVW) single bodied RCV & Cage Truck with single multi-use vehicle - PN05 PWL		120,000				120,000
Replacement mower (Haytor) PN07 MVG		36,500				36,500
Replacement mower (Kubota) PN09 SWO		16,000				16,000
Replacement Mini Tractor and Trailer (John Deere) - PN06 TSZ		12,000				12,000
Replacement Truck (Ford) c/w Tail Lift		37,500				37,500
Tour of Britain Legacy		10,000				10,000
All Weather Pitch Lighting		31,000				31,000
Castle Keep Lime Repointing Works and Repairs (Subject to External Funding)			311,320			311,320
Replacement of Clitheroe CCTV System			60,000			60,000
Replacement of Refuse Collection Vehicle VN12 KYK				232,000		232,000
Replacement of Refuse Collection Vehicle VU62 HXK					232,000	232,000
Replacement of Refuse Collection Vehicle PO60 YEK			227,000			227,000

## PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
Replacement of Paper Collection Vehicle VU06 TKN			50,000			50,000
Replacement of JCB Gravemaster Digger				32,000		32,000
Replacement of Pickup Ford Ranger PK60 HKN				20,120		20,120
Installation of a Second Parking Deck on Chester Avenue Car Park			1,230,000			1,230,000
Replacement Gang Mower (rvbc 009)			29,000			29,000
Replacement Mini Tractor with Bucket for PN05 BYS			22,000			22,000
Replacement High Top Transit Van for PJ63 WUC				20,000		20,000
<b>Total Community Services Committee</b>	<b>447,610</b>	<b>648,500</b>	<b>1,969,320</b>	<b>344,120</b>	<b>272,000</b>	<b>3,681,550</b>

**HEALTH AND HOUSING COMMITTEE**

Clitheroe Market Improvements (moved from 2016/17)	175,000					175,000
Disabled Facilities Grants	161,000	161,000	161,000	161,000	161,000	805,000
Landlord/Tenant Grants	50,000	50,000	50,000	50,000	50,000	250,000

## PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
Replacement of Pest Control Van (PK13 FJP)				13,500		13,500
Replacement of Dog Warden Van (PE64 EYC)					13,500	13,500
<b>Total Health and Housing Committee</b>	<b>386,000</b>	<b>211,000</b>	<b>211,000</b>	<b>224,500</b>	<b>224,500</b>	<b>1,257,000</b>

## PLANNING AND DEVELOPMENT COMMITTEE

Replacement of Plotter/Copier in the Planning Section			14,500			14,500
<b>Total Planning and Development Committee</b>	<b>0</b>	<b>0</b>	<b>14,500</b>	<b>0</b>	<b>0</b>	<b>14,500</b>

## POLICY AND FINANCE COMMITTEE

Council Offices Reroofing Retention (moved from 2016/17)	7,910					7,910
Council Offices Replacement Windows and Rooflights Retention (moved from 2016/17)	4,540					4,540
Clitheroe Townscape Scheme (moved from 2016/17)	55,000					55,000
Economic Development Initiatives (moved from 2016/17)	100,000					100,000
Replacement server for Revenues & Benefits	13,500					13,500

## PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
Printing section equipment upgrade	12,500					12,500
Council chamber – Seating renewal scheme	11,250					11,250
Windows Server Upgrade		23,500				23,500
New council telephone system	45,000					45,000
Civic Suite Upgrade	45,000					45,000
Queensway Garages - Replace roof covering and repairs		23,000				23,000
Redesign of the Corporate Website			30,000			30,000
Corporate Firewall			15,000			15,000
<b>Total Policy and Finance Committee</b>	<b>294,700</b>	<b>46,500</b>	<b>45,000</b>	<b>0</b>	<b>0</b>	<b>386,200</b>
<b>TOTAL PROPOSED CAPITAL PROGRAMME 2017/18 TO 2021/22</b>	<b>1,128,310</b>	<b>906,000</b>	<b>2,239,820</b>	<b>568,620</b>	<b>496,500</b>	<b>5,339,250</b>



## PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

<b>FINANCING</b>	<b>2017/18</b> £	<b>2018/19</b> £	<b>2019/20</b> £	<b>2020/21</b> £	<b>2021/22</b> £	<b>TOTAL</b> £
Disabled Facility Grants	-161,000	-161,000	-161,000	-161,000	-161,000	<b>-805,000</b>
Potential External Funding for Castle Keep Repointing			-222,240			<b>-222,240</b>
New Homes Bonus Earmarked Reserve	-242,000	-209,000	-313,600	-272,000	-272,000	<b>-1,308,600</b>
VAT Shelter Earmarked Reserve	-234,000	-69,500	-127,880	-122,120	-50,000	<b>-603,500</b>
Other Earmarked Reserves	-241,300	-466,500	-96,020			<b>-803,820</b>
Usable Capital Receipts			-89,080	-13,500	-13,500	<b>-116,080</b>
Borrowing	-250,010		-1,230,000			<b>-1,480,010</b>
<b>TOTAL PROPOSED FINANCING 2017/18 TO 2021/22</b>	<b>-1,128,310</b>	<b>-906,000</b>	<b>-2,239,820</b>	<b>-568,620</b>	<b>-496,500</b>	<b>-5,339,250</b>

# RIBBLE VALLEY BOROUGH COUNCIL

## REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 7

meeting date: 7 FEBRUARY 2017  
 title: OVERALL REVENUE BUDGET 2017/18  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: JANE PEARSON

### 1 PURPOSE

- 1.1 To approve the revised revenue budget for 2016/17.
- 1.2 To consider and recommend a revenue budget and council tax requirement for 2017/18 to Full Council on 28 February 2017.

### 2 CURRENT YEAR'S REVISED BUDGET 2016/17

#### Background

- 2.1 The revised budget for 2016/17 has now been prepared. Committees, during this cycle, have reviewed their estimates and the reasons for any significant changes.
- 2.2 The Original Estimate included provision for pay and price increases of 1.5%. Overall general inflation has been slightly less than this and the overall pay award was settled at 1% although some lower pay scales were increased by a higher amount as a result of the national pay settlement.
- 2.3 The revised budget is now looking as if there will be a reduction of £192k in net expenditure. This is shown in the summary below.

Committee	Original Estimate 2016/17 £	Revised Estimate 2016/17 £	Difference £
Planning & Development	552,270	492,570	-59,700
Community**	3,523,580	3,413,510	-110,070
Health & Housing	935,100	859,490	-75,610
Policy & Finance	2,157,204	2,087,104	-70,100
<b>Total of Committees</b>	<b>7,168,154</b>	<b>6,852,674</b>	<b>-315,480</b>
<b>Capital Adjustments:</b>			
Depreciation	-837,740	-856,050	-18,310
Minimum Revenue Provision	134,960	134,610	-350
<b>Total Expenditure</b>	<b>6,465,374</b>	<b>6,131,234</b>	<b>-334,140</b>
<b>Other</b>			
External Interest – Payable	9,480	9,480	0
Interest – Earned	-28,730	-21,070	7,660
Rural Areas Delivery Grant	-107,254	-107,254	0

<b>Committee</b>	<b>Original Estimate 2016/17 £</b>	<b>Revised Estimate 2016/17 £</b>	<b>Difference £</b>
Localisation of Council Tax Support - Payment to Parishes	5,750	5,750	0
<b>New Homes Bonus Scheme</b>			
New Homes Bonus	-1,366,884	-1,366,884	0
Less New Homes Bonus Transferred to Earmarked Reserve	579,923	579,923	0
Transition Grant	-20,424	-20,424	0
<b>Business Rates</b>			
Retained Rates Income	-339,115	-339,115	0
Renewable Energy	0	-36,321	-36,321
Section 31 Grant for Business Rates	-528,416	-458,193	70,223
10% Levy payable to LCC	38,664	37,973	-691
Share of Business Rates Deficit on Collection Fund from 15/16	420,692	420,692	0
<b>Total retained income</b>	<b>-408,175</b>	<b>-374,964</b>	<b>33,211</b>
Less Business Rate income taken from Volatility Reserve	-202,723	-229,715	-26,992
<b>Add Retained Levy under pooling</b>	<b>347,972</b>	<b>341,753</b>	<b>-6,219</b>
<b>Less Added to/(taken from) Other Earmarked Reserves</b>	<b>44,782</b>	<b>179,332</b>	<b>134,550</b>
Adjustment to Balances to Get to Agreed Budget	-200,000	-8,070	191,930
<b>Agreed Budget for year</b>	<b>5,119,091</b>	<b>5,119,091</b>	<b>0</b>

**\*\*Community Committee Revised Estimate expenditure increased by £10,920 for urgent repairs to Platform Gallery following agreement at Committee meeting on 10/1/17**

### **Changes in Expenditure**

- 2.4 Committee expenditure has fallen by £334k. However this is before appropriations to and from earmarked reserves of which there are many.
- 2.5 Service Committees have considered their detailed reports which give more information on the forecast variations between the original estimate and the revised estimate, however the **main reasons** are shown in Annex 1.

### **Movement in Business Rate Income**

- 2.6 Our latest estimate of Ribble Valley's General Fund share of Business Rate income for the current year predicts our levy will be as follows;

	2016/17 as per NNDR1	2016/17 revised
<b>Levy calculation</b>		
Billing Authority NNDR Income	14,850,314	14,831,806
LA share of NNDR income	5,940,126	5,932,722
LA share of SBRR	409,778	412,644
LA share of discretionary reliefs	24,378	15,097
Pre levy income	6,374,282	6,360,463
Less Tariff	4,361,493	4,361,493
Retained Rates Income	2,012,789	1,998,970
Baseline Funding Level	1,239,518	1,239,518
Retained Rates Income above Baseline	773,271	759,452
<b>Levy at 50%</b>	<b>386,636</b>	<b>379,726</b>
<b>Retained levy therefore</b>	<b>347,972</b>	<b>341,753</b>

2.7 When we feed this into our calculation of expected retained income this results as follows:

	2016/17 per NNDR1	2016/17 revised
<b>Calculation of Business Rate Retained Income</b>		
Billing Authority NNDR Income	14,850,314	14,850,314
LA share of NNDR income	5,940,126	5,940,126
Less Tariff	4,361,493	4,361,493
	1,578,633	1,578,633
Baseline Funding Level	1,239,518	1,239,518
<b>Retained Rates Income before levy</b>	<b>339,115</b>	<b>339,115</b>
Less Retained Levy	-347,972	-341,753
Less Levy (10% now paid to LCC)	-38,664	-37,973
<b>Section 31 Grant:</b>		
SBRR	417,959	418,662
Multiplier Cap	85,725	24,214
"New Empty" Property	1,990	0
"Long Term Empty" Property	11,207	7,726
Retail Relief	0	-474
Flooding Relief	0	3,234
In lieu of Transitional Relief	11,535	4,831
Total Section 31 Grant	528,416	458,193
Renewable Energy	0	36,321
Deficit carried forward from 2015/16 payable in 2016/17	-420,692	-420,692
<b>Total Business Rate Income to General Fund</b>	<b>60,203</b>	<b>33,211</b>
Used to fund revenue budget	-262,926	-262,926
<b>Remaining to take from earmarked reserve</b>	<b>-202,723</b>	<b>-229,715</b>
<b>Retained Levy added to earmarked reserve</b>	<b>347,972</b>	<b>341,753</b>
<b>Net amount added to volatility earmarked reserve</b>	<b>145,249</b>	<b>112,038</b>

- 2.8 When setting the original budget we agreed to use £262,926 of our business rate income to fund the revenue budget. Based on the current position we expect to receive £375k (including retained levy), therefore the difference of £112k will be added to the volatility reserve.
- 2.9 This is after allowing for the deficit carried forward from 2015/16 of £420,692 which resulted from significantly increasing the amount set aside to fund appeals in 2015/16. Please note some elements of the rate retention scheme are calculated on an accruals basis ie the levy and section 31 grant where as others (such as income) are 'fixed' at the start of the year upon submission of our NNDR1 return.
- 2.10 As a member of the Lancashire Business Rate Pool we benefit from retaining a levy which would otherwise be payable to the Government. In 16/17 we estimate this will be £341,753.

### Movement in Earmarked Reserves

- 2.11 Annex 2 shows the forecasted transfers to and from earmarked reserves compared with the restated original estimate. In summary the net position is that we anticipate adding £101k more to earmarked reserves in the current year than originally forecasted.

### Overall Changes

- 2.12 A summary of the changes between the original and revised estimate is shown below:

	<b>Difference £000</b>
Committees	-316
Depreciation	-18
Other Items	41
Use of Earmarked Reserves	101
<b>Net change</b>	<b>-192</b>

- 2.13 This shows that the Council will in effect 'save' or benefit from **£192k** compared with the original estimate. Therefore instead of taking **£200k** from general fund balances at the end of the year, based on these revised estimates we would be taking only **£8k** from balances.

## 3 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2017/18

### Provisional Grant Settlement

- 3.1 The details of our grant settlement are set out in the separate report elsewhere on your agenda. The table below summarises our provisional position.

2017/18 £m	
Settlement Funding Assessment	1.569143
of which:	
Revenue Support Grant	0.304319
Baseline Funding Level	1.264824

3.2 We expect to receive notification of the final settlement figures in early February. We will report our final figures to you at your meeting if possible.

### Future Years Government Funding

3.3 The announcement is the second year of a four-year settlement. As mentioned in the previous report we have signed up to the Government's multi year settlement offer and they have accepted our efficiency plan.

3.4 Our provisional four year figures are shown below and we do not expect these to change. You will see not only does our Revenue Support Grant become zero by 2019/20 but we will also be charged a tariff adjustment of £109k effectively making our grant negative.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Settlement Funding Assessment	1.862606	1.569143	1.414666	1.243089
of which:				
Revenue Support Grant	0.623087	0.304319	0.109149	
Baseline Funding Level	1.239518	1.264824	1.305517	1.351954
Tariff/Top-Up	-4.361493	-3.997472	-4.126081	-4.272846
Tariff/Top-Up adjustment				-0.108866
Safety Net Threshold	1.146554	1.169962	1.207603	1.250558
Levy Rate (p in £) if not in pool	0.50	0.50	0.50	0.50

## 4 COLLECTION FUND

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

- ❖ The net spending requirements of -
  - ❖ Lancashire County Council
  - ❖ Lancashire Police and Crime Commissioner
  - ❖ Lancashire Combined Fire Authority
  - ❖ Ribble Valley Borough Council
  - ❖ The Parish Councils in our area
- ❖ Surplus/deficit on the council tax share of the collection fund
- ❖ Council tax base at band D equivalent

4.2 The Business Rates Retention Scheme is also operated via our Collection Fund and therefore we also now have a surplus or deficit in respect of Business Rates at the end of each financial year.

- 4.3 I have already assessed the potential surplus/deficit on the collection fund. I estimate the Collection Fund will produce an overall surplus of £686,095 this year. This consists of a surplus for council tax of £572,673 and a surplus in respect of Business Rates of £113,422.
- 4.4 The Council Tax surplus will be shared amongst all the major precepting authorities. Our share of the surplus is £59,557.
- 4.5 The Business Rates surplus will be paid out to the Government, Lancashire County Council, Lancashire Combined Fire Authority and ourselves in 2017/18. Our share of the surplus will be £45,368.
- 4.6 A statement showing the Collection Fund is attached at Annex 3.

### **Council Tax Base**

- 4.7 I have calculated the council taxbase in accordance with proper practices. Our council taxbase for 2017/18 is 22,481. This compares with the current taxbase of 22,024 in 2016/17.
- 4.8 A breakdown of the calculation showing the taxbase by parish is included in Annex 5.

## **5 REVENUE BUDGET 2017/18**

### **Background**

- 5.1 The confirmation of the multi year settlement provides us with some certainty regarding our core government funding however the Government are clear in the future local government spending will be funded by local resources not central grant. Our settlement funding assessment next year will fall by £293k.

### **Council Tax Referendum Criteria**

- 5.2 A referendum must be held where an authority's council tax increase is higher than the principles proposed annually by the Secretary of State and approved by the House of Commons.
- 5.3 For 2017/18 the Government have set the core referendum threshold for all district councils at 2% or £5 whichever is higher.
- 5.4 The Government have agreed that authorities with social care responsibilities can levy an additional precept to be levied of 3% in each of the next 2 years. They have also announced further support of £240m to such authorities from savings from the changes to the New Homes Bonus scheme.
- 5.5 Our current Band D tax is **£145.69** and was increased last year by £5 for the first time since 2010/11. We are in the bottom quartile of all councils and 42nd out of 201 district councils. Across Lancashire the position in 2016/17 is as follows.

	Average council tax for 2016/17 Band D £	% change from 2015/16
<b>LANCASHIRE</b>		
Ribble Valley	145.69	3.55
Chorley	177.41	0.00
Wyre	183.31	1.75
West Lancashire	186.76	1.75
Fylde	190.77	2.68
South Ribble	208.38	0.00
Lancaster	208.97	2.45
Hyndburn	230.52	0.00
Pendle	245.16	1.99
Rosendale	253.40	0.00
Burnley	277.76	1.90
Preston	290.73	1.99

- 5.6 It is important when deciding on our council tax level for next year to consider the amount of income any change will generate. For indicative purposes the table below shows the increased income available to the Council for next year for a number of options. A £5 increase in our share of the Council Tax would result in a Band D amount of £150.69 ie an increase of 3.4%. This would generate £112,405 each year in extra revenue.

	Current Council Tax £	Current Council Tax increased by 1.99% £	Council Tax increased by £5.00 £
Band D Council Tax	145.69	148.59	150.69
Taxbase for 2017/18	22,481	22,481	22,481
= Council Tax Income 2017/18	3,275,257	3,340,452	3,387,662
Council Tax income 2016/17	3,208,677	3,208,677	3,208,677
Extra income from Council Tax	66,580	131,775	178,985
Of which due to increase in tax base	66,580	66,580	66,580
Of which due to increase in ctax charge	0	65,195	112,405

## 6 Rural Services Delivery Grant

- 6.1 The Government announced last year a considerable increase in support for the most sparsely populated rural areas by way of a Rural Services Delivery Grant.
- 6.2 For Ribble Valley we received £107,254 in 2016/17. To date this has not been allocated and I would suggest this could be used to support the capital programme, this will be reviewed when the accounts are closed down.



6.3 Our expected allocations for the next 3 years are

Rural Services Delivery Grant £	
2017/18	86,603
2018/19	66,618
2019/20	86,603

6.4 For 2017/18 onwards we have assumed this funding will be used to support our net revenue expenditure.

**New Homes Bonus Scheme (NHB)**

6.5 The local government grant settlement included the long awaited Government’s decisions regarding the New Home Bonus Scheme following the Consultation exercise carried out early in 2016. The key changes are to:

- reduce the number of years for which legacy payments are made from 6 years to 5 years in 2017/18 and **then to 4 years from 2018/19**; and
- introduce a baseline for housing growth set initially at 0.4% of the council tax base for 2017/18. Housing growth below this level in each authority will not receive Bonus allocations. The Government will retain the option of **making adjustments to the baseline** in future years in the event of a significant increase in housing growth.

6.6 From 2018/19 they will consider withholding new Homes Bonus payments from local authorities who in their view are not planning effectively, by making positive decisions on planning applications and delivering housing growth. They will also consider withholding payments for homes that are built following an appeal.

6.7 As the Government is implementing wider planning reforms, including measures announced at Autumn Statement and through the Neighbourhood Planning Bill and forthcoming Housing White Paper, they have decided not to introduce the proposals to withhold payments for areas without a local plan in 2017/18.

6.8 The savings generated of £241 million from the reform of the New Homes Bonus have been allocated to social care authorities through the new Adult Social Care Support Grant

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

**Impact on Ribble Valley**

6.10 Our in year allocation for 2017/18 will reduce from £510k to £384k a reduction of £126k, as a result of the new 0.4% growth baseline. In effect our taxbase had to increase by 102 new properties before we could receive any NHB for 17/18.

6.11 Our total allocation for next year (before any appeal for downbandings) will now be £1.570k instead of £1.815k a reduction of £244k. This however compares with £1.367m

in the current year (2016/17). We will face further reductions in 2018/19 when the number of years further reduces from 5 to 4.

- 6.12 Interestingly the Government show our New Homes Bonus allocation reducing over the four year illustrative grant settlement period as follows;

NHB £	
2017/18	1,573,939
2018/19	1,200,931
2019/20	1,152,279

- 6.13 We currently commit £787k of new homes bonus each year to fund the revenue budget. As you are aware we also use some of our allocation to support our capital programme. The capital programme report also on this agenda sets out how much we intend to use over the next 5 years,

### Council Tax Requirement

- 6.14 As a result of the Government's capping announcement, we are already in a position where we can calculate our maximum possible Net Revenue Budget for 2017/18. For illustration this is set out below.

	Based on £5 increase		Based on 0% increase	
Taxbase	22,481		22,481	
Band D (Assuming a £5.00 increase)	150.69		145.69	
Precept (ie amount raised from council tax)	3,387,662	3,387,662	3,275,257	3,275,257
Council Tax Surplus		59,557		59,557
Settlement Funding Assessment		1,569,143		1,569,143
<b>Our Maximum Net Expenditure 2017/18</b>		<b>5,016,362</b>		<b>4,903,957</b>

### Base Budget Position

#### Introduction

- 6.15 Each committee has been asked to prepare their budget on the basis of no increase in the level of spending in real terms, however including any unavoidable changes to service costs. The budgets do include provision for pay and price increases of 1.5%. Savings have been identified across all committee budgets and presented within the budget reports. These total £138k. Fees and charges have also been reviewed by committees and have been increased by at least the rate of inflation where feasible. All committees have now considered their draft budgets for next year.

#### Provisional Base Position

- 6.16 The provisional base position for next year as submitted to service committees is shown below, compared with the original budget for 2016/17.

	Original Estimate 2016/17 £	Original Estimate 2017/18 £
<b>Committee Expenditure</b>		
Planning & Development	552,270	566,660
Community	3,523,580	3,443,070
Health & Housing	935,100	926,320
Policy & Finance	2,157,204	2,061,330
<b>Total of Committees</b>	<b>7,168,154</b>	<b>6,997,380</b>
<b>Capital Adjustments</b>		
Less Depreciation (included in above)	-837,740	-876,200
Add Minimum Revenue Provision (MRP)	134,960	131,820
<b>Total Expenditure</b>	<b>6,465,374</b>	<b>6,253,000</b>
<b>Other Items</b>		
External Interest - Payable	9,480	7,830
Interest - Earned	-28,730	-15,660
Transition Grant	-20,424	-20,345
Localisation of Council Tax Support - Payment to Parishes	5,750	0
New Homes Bonus	-1,366,884	-1,570,846
Rural Services Delivery Grant	-107,254	-86,603
<b>Business Rates (incl retained levy)</b>		
Retained Rates Income	-339,115	-447,824
Renewable Energy	0	-29,091
Section 31 Grant for Business Rates	-528,416	-591,197
Levy payable to LCC	38,664	50,080
Share of Business Rates Deficit/(Surplus)	420,692	-45,368
Transfer From/To Various Earmarked Reserves (Annex 4)	769,954	1,714,917
<b>Net Expenditure</b>	<b>5,319,091</b>	<b>5,218,893</b>
Adjustment to Balances to Get to Agreed Budget	-200,000	-314,936
<b>Agreed budget for 2016/17</b>	<b>5,119,091</b>	
<b>Maximum Budget 2017/18 for a 0% ctax increase</b>		<b>4,903,957</b>

6.17 The budget shortfall at this stage, based on the draft committee budgets, and before using general fund balances is **£314,936**.

### Committee Expenditure

6.18 The net effect, as shown in the above summary, is that net expenditure has reduced by £172k. The reasons for this, again, are varied and have been reported to service committees in the budget reports. In summary the main reasons for this are shown in Annex 6.

## Changes since budgets presented to Committees

6.19 There have been changes totalling £46,230 to Committee Budgets as follows:

- Policy and Finance Committee – removal of Discretionary Rate Relief from Volatility reserve £24,450
- Removal of Lead Authority Administration Fees from Volatility reserve £20,000
- Health and Housing – DCLG updated LCTS Admin Grant £1,780

6.20 We have submitted our appeal to the Government regarding the impact downbandings has had on our NHB allocation for next year. We calculate this to be £6,118. We have been successful in the past and therefore recommend bringing this in to fund the budget.

6.21 **These adjustments reduce the budget shortfall to £262,588**, before the use of balances.

## 7 BUSINESS RATES

7.1 We have now completed our NNDR1 return which we will submit to the Government by 31 January 2017. We anticipate our share of business rates for next year will be as follows:

	<b>2017/18 31 January 2017 as per NNDR1</b>
<b>Levy calculation</b>	
Billing Authority NNDR Income	14,275,299
LA share of NNDR income	5,710,120
LA share of SBRR	542,417
LA share of discretionary reliefs	11,368
Pre levy income	6,263,905
Less Tariff	3,997,472
Retained Rates Income	2,266,433
Baseline Funding Level	1,264,824
Retained Rates Income above Baseline	1,001,609
<b>Levy at 50%</b>	<b>500,805</b>
<b>Retained levy therefore</b>	<b>450,724</b>
<b>Calculation of Business Rate Retained Income</b>	
Billing Authority NNDR Income	14,275,299
LA share of NNDR income	5,710,120
Less Tariff	3,997,472
	1,712,648
Baseline Funding Level	1,264,824
<b>Retained Rates Income before levy</b>	<b>447,824</b>
Less Retained Levy	-450,724
Less Levy (10% paid to LCC)	-50,080

	<b>2017/18 31 January 2017 as per NNDR1</b>
Section 31 Grant:	
SBRR	549,639
SBRR where 2nd prop occupied	1,851
Multiplier Cap	28,168
Rural Rate Relief	11,539
Total Section 31 Grant	591,197
Renewable Energy	29,091
<b>Total Business Rate Income to General Fund excluding retained levy</b>	<b>567,308</b>
Surplus/(Deficit) brought forward	45,368
<b>Total Business Rate Income to General Fund excluding retained levy</b>	<b>612,676</b>
Used to fund revenue budget	-262,926
<b>Remaining to add/take to volatility earmarked reserve</b>	<b>349,750</b>
<b>Retained Levy</b>	<b>450,724</b>
	800,474

7.2 This shows that **based on our NNDR1 return** we expect to retain business rates income of £612,676 of which £262,926 is currently relied on each year to fund the base revenue budget. In addition, as a member of the Lancashire Business Rate Pool, we anticipate we will benefit from retaining the levy of a further £450,724.

### **Volatility and Uncertainty**

7.3 Due to the volatility and also the complexity of how the Business Rates Retention scheme works and further uncertainties surrounding issues such as appeals and growth estimates the figures shown above based on our NNDR1 return should be treated with caution.

7.4 How much we should rely on to support our base revenue budget is a matter for professional judgement and has been considered by the BWG who have previously recommended that we use £262,926 of our Business Rate Income to support the revenue budget.

7.5 I would recommend we add the balance of any unused business rates to the volatility earmarked reserve.

## **8 BUDGET WORKING GROUP**

### **Background**

8.1 The Budget Working Group has again met frequently throughout the year to consider the Council's financial position.

8.2 Recent meetings have concentrated on reviewing the overall budget for 2017/18. After considering the latest budget position the Budget Working Group suggested a number of

key considerations as a recommended approach to addressing the budget shortfall of £262,588.

## Budget Recommendations

1. How much of general fund balances should be used to finance the revenue budget shortfall?

The BWG considered this and recommend that a maximum of £250k should be budgeted to be used, recognising that we have an excellent record of achieving budgetary savings throughout the year.

This will reduce the budget shortfall to £12,588.

2. Examination of how much business rates growth we can realistically expect to rely on

As set out above, we have now completed our draft NNDR1 return for 2017/18 and expect to receive around £1.063m next year. **The BWG recommend using £275k of this to support the revenue budget, ie the same amount as this year £262,926 plus the amount of the remaining budget shortfall £12,588. This leaves £788k which will be transferred to the volatility reserve.**

3. How much New Homes Bonus we can use to support the revenue budget – our allocation for next year is expected to be £1.571m but we have submitted our downbandings claim for a further £6,118. This would make our total allocation £1.577m. We have already assumed above this extra amount will be used to fund the based budget making the total amount £793k used to support revenue.

**The BWG recommend using a significant amount of the balance of our NHB to support the capital programme.**

4. Whether our council tax should be increased for 2017/18. .

**The above changes result in a balanced budget. The BWG recommended therefore we freeze our Band D council tax for 2017/18 at £145.69.**

## 9 ROBUSTNESS OF THE ESTIMATES AND BALANCES AND RESERVES

### Introduction

- 9.1 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

9.2 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 regularly report the outcomes to Corporate Management Team
- ❖ Service Committees also receive regular budget monitoring reports
- ❖ Heads of Service are given responsibility for managing their budgets
- ❖ We prepare our financial plans using a base budget concept whereby any increases/reductions in the level of services are considered over and above the base budget and approval must be sought/virements requested
- ❖ 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/Current pressures	<p><b>Ongoing cost of Planning Appeals:</b></p> <ul style="list-style-type: none"> <li>• This includes the cost of defending appeals by our own staff and also the engagement of consultants and barristers to act on our behalf There are a number of appeals which are current.</li> <li>• This also includes costs awarded against the Council by the Planning Inspector at appeal stage, both settled and outstanding. There are a number of cost award claims which are still outstanding and indeed there may be future cost decisions against the Council.</li> </ul> <p><b>Refuse Collection/Recycling</b>            Recycling credit payments from LCC ceased on 31 March 2015. The Council agreed to join a Cost Sharing Agreement from 1 April 2015. The County Council have however already given notice that Cost Sharing will cease in March 2018. Under this agreement we receive £430k which from 2018/19 will be lost.</p> <p><b>Business Rates</b>            Due to the volatility and also the complexity of how the Business Rates Retention scheme works and further uncertainties surrounding issues such as appeals, growth estimates and the 2017 Rating Revaluation I recommend not relying on the full amount of anticipated income for next year. I would recommend we add the balance of the total estimated income to the business rates volatility earmarked reserve but keep this under review.</p>

	<p><b>New Homes Bonus</b> Our allocation for next year will be £1.577m. As set out earlier in the report we have committed using £793k each year to support revenue. In addition the 5 year capital programme, if approved, relies on using significant NHB. Considerable changes have been announced to the scheme and further changes may be made in future years. The NHB will also need to be kept under review as it forms a major element of our funding for both our revenue and capital budgets.</p> <p><b>Income Streams</b> The income share from the VAT shelter continues to decline. This funding has been used to date to support the capital programme and not been relied upon to fund the revenue budget.</p>
Consideration of Inflation and Interest Rates	<p>Inflation has been added to appropriate budgets at 1.5% for price increases and pay increases have been calculated at 1.1%. The pay award for 2017/18 has already been agreed as the second year of a two year deal.</p> <p>The prospects for interest rates are regularly reviewed. Currently base rates are forecasted to remain at 0.25% for 2017/18.</p> <p>Obviously the prospects for inflation and interest rates will need to be closely monitored as national and international events unfold.</p>
Savings Considerations	<p>The budget reports presented to each service committee included identified savings for 2017/18. These will be monitored closely throughout the year to ensure they are achieved.</p>
Use of reserves and balances	<p>Careful consideration is given to the use of reserves and balances when setting the budget to ensure that future budgets are sustainable.</p>

- 9.3 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**

- 9.4 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 9.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued Local Authority Accounting Panel (LAAP) bulletin 99 in July 2014 regarding Local Authority Reserves and Balances. This replaced bulletin 77 and gives important guidance to local authorities.



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

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

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

**General Fund Balances**

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

	<b>£000</b>
Opening Balance 1 April 2016	2,679
Estimated Amount to be taken from Balances in 2016/17	-8
<b>Estimated Balances in Hand 31 March 2017</b>	<b>2,671</b>

9.9 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.

9.10 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.

9.11 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 2017/18 the maximum amount to be used to fund recurring expenditure should be no more than £250,000. This is based upon our sound system of financial control and our recent track record of underspendings during the year.

**Earmarked Reserves**

9.12 Annex 4 shows the Council’s earmarked reserves together with any movements forecast for 2016/17 and the 2017/18 financial year.

9.13 The earmarked reserves are used for mainly supporting the revenue budget but are also used to fund the capital programme. They are judged to be more than adequate to meet the commitments and forecast expenditure facing the Council.

## 10 BUDGET WORKING GROUP RECOMMENDED REVENUE BUDGET 2017/18

- 10.1 If you agree to the Budget Working Group's recommendations, the resultant budget for 2017/18 is set out below. This would still leave £2.421m in general fund balances at the end of March 2018.

	Original Estimate 2016/17 £	Original Estimate 2017/18 £
<b>Committee Expenditure</b>		
Planning & Development	552,270	566,660
Community	3,523,580	3,443,070
Health & Housing	935,100	924,540
Policy & Finance	2,157,204	2,061,330
<b>Total of Committees</b>	<b>7,168,154</b>	<b>6,995,600</b>
<b>Capital Adjustments</b>		
Less Depreciation (included in above)	-837,740	-876,200
Add Minimum Revenue Provision (MRP)	134,960	131,820
<b>Total Expenditure</b>	<b>6,465,374</b>	<b>6,251,220</b>
<b>Other Items</b>		
External Interest - Payable	9,480	7,830
Interest - Earned	-28,730	-15,660
Transition Grant	-20,424	-20,345
Localisation of Council Tax Support - Payment to Parishes	5,750	0
New Homes Bonus	-1,366,884	-1,576,964
Rural Services Delivery Grant	-107,254	-86,603
<b>Business Rates (incl retained levy)</b>		
Retained Rates Income	-339,115	-447,824
Renewable Energy	0	-29,091
Section 31 Grant for Business Rates	-528,416	-591,197
Levy payable to LCC	38,664	50,080
Share of Business Rates Deficit/(Surplus)	420,692	-45,368
Transfer From/To Various Earmarked Reserves (Annex 4)	769,954	1,657,879
<b>Net Expenditure</b>	<b>5,319,091</b>	<b>5,153,957</b>
Adjustment to Balances to Get to Agreed Budget	-200,000	-250,000
<b>Agreed budget for 2016/17</b>	<b>5,119,091</b>	
<b>Recommended budget for 2017/18</b>		<b>4,903,957</b>

## 11 BUDGET AND COUNCIL TAX REQUIREMENT

- 11.1 We are required as a billing authority, to make certain calculations regarding the budget and council tax requirement. Obviously the calculation is based upon the information set out above.

<b>BUDGET AND COUNCIL TAX REQUIREMENT</b>	
	<b>£</b>
RVBC Net Budget	4,903,957
Plus Parish Precepts	405,278
	<b>5,309,235</b>
Less - Settlement Funding Assessment	-1,569,143
<b>Net Requirement Before Adjustments</b>	<b>3,740,092</b>
Council Tax Surplus	-59,557
<b>Council Tax Requirement (Including Parishes)</b>	<b>3,680,535</b>

## 12 UPDATED THREE YEAR BUDGET FORECAST

- 12.1 I have updated the three year forecast assuming the above budget for 2017/18 is agreed. The Medium Term Financial Strategy (MTFS) is reported elsewhere on the agenda and shows our position in more detail.
- 12.2 Our MTFS is the Council's key financial planning document. It aims to provide the council with an assurance that our spending plans are affordable over the Medium Term (3 year period)
- 12.3 The forward projections included within our MTFS are based upon our core base budget and capital programme. As you will appreciate these will change as we progress through 2017/18 to reflect the very latest income and expenditure projections. As already stated we will lose income of £430k when cost sharing ends on 31 March 2018. We have factored in to the forecast half of loss of income on the assumption that funding the remaining sum would need to further considered.
- 12.4 It is important to note that I have assumed we will rely on the same level of income from business rates and the New Homes Bonus throughout the forecast as in 2017/18 ie £275k and £793k.
- 12.5 In terms of council tax levels I have included for illustration purposes the maximum allowed increase each year. Clearly the decision on our council tax level for will be taken as part of each year's budget setting round. It is worth noting that the Government have indicated, in our Spending Power figures, we will be able to increase our council tax by £5 each year (if we remain in the bottom quartile) for the next four years.
- 12.6 I have assumed the council taxbase will increase by 1.5% in 2018/19 then 1% thereafter. This results in a forecast for the next three years of:

### Three Year Budget Forecast

	2018/19		2019/20		2020/21	
	£		£		£	
Net Expenditure	6,743,911		6,892,367		7,043,865	
Interest Receipts	-30,000		-50,000		-70,000	
Use of Superannuation reserve	-36,512		-36,512		-36,512	
Rural Services Grant	-66,618		-86,603		-86,603	
Use of Business Rate Growth	-275,514		-275,514		-275,514	
Use of New Homes Bonus	-793,079		-793,079		-793,079	
Use of Balances	-250,000		-250,000		-250,000	
<b>Reductions in Expenditure Required</b>	<b>-414,046</b>		<b>-544,478</b>		<b>-674,027</b>	
<b>Budget Requirement</b>	<b>4,878,143</b>		<b>4,856,182</b>		<b>4,858,130</b>	
Core Government Funding						
Revenue Support Grant	109,149		-108,866		-250,000	
Transition Grant	0		0		0	
Business Rates Baseline	1,305,517		1,351,954		1,342,771	
Coll Fund Surplus/(Deficit)	25,000		25,000		25,000	
<b>Precept</b>	<b>3,438,477</b>		<b>3,588,094</b>		<b>3,740,359</b>	
Tax Base	22,818	1.5%	23,046	1%	23,277	1%
Band D Council Tax	150.69	£5 max	155.69	£5 max	160.69	£5 max

General Fund Balances	2018/19		2019/20		2020/21	
	£		£		£	
Brought Forward	2,420,762		2,170,762		1,920,762	
Used	-250,000		-250,000		-250,000	
Carried Forward	2,170,762		1,920,762		1,670,762	

12.7 The above forecast shows that if our estimates are correct the budget gap would be £414k in 2018/19, £544k in 2019/20 and £674k in 2020/21. **It is important to note however that this forecast assumes only using £276k of our business rate income each year and £793k of our new homes bonus.**

12.8 The Budget Working Group will continue to review the Budget Forecast as we enter the next financial year.

### 13 ILLUSTRATIVE TOTAL COUNCIL TAX AT BAND D

- 13.1 Finally I have shown below our anticipated total Band D council tax based on the latest information. I must stress these are indicative figures at this stage.

	Meeting Date to agree council tax	Actual Band D Council Tax 2016/17 £	Estimated Band D Council Tax 2017/18 £	% change
Ribble Valley		145.69	145.69	0.00
Parishes (average)		17.11	18.03	5.38
Lancashire County Council	9 Feb 17	1,174.86	1,221.74	3.99*
Police and Crime Commissioner for Lancashire	Feb 17	162.22	165.45	1.99
Lancashire Combined Fire Authority	Feb 17	65.50	66.80	1.99
		<b>1,565.38</b>	<b>1,617.71</b>	<b>3.34</b>

\*Includes 2% social care precept

### 14 RECOMMENDED THAT COMMITTEE

- 14.1 Approve the revised budget for 2016/17.
- 14.2 Approve the Budget Working Group's recommendations and set a budget and council tax requirement for 2017/18 as set out in Section 11.1.
- 14.3 Recommend the budget and council tax requirement to the Full Council meeting on 28 February 2017.

DIRECTOR OF RESOURCES

PF15-17/JP/AC  
30 January 2017

**SPECIAL POLICY & FINANCE COMMITTEE  
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2016/17**

Description	Variances from OE 2016/17 to RE 2016/17 £
<b>HEALTH AND HOUSING COMMITTEE</b>	
<b>CLCEM - Clitheroe Cemetery</b> Income for the year from interments, exclusive burial rights and woodland exclusive burial rights is now estimated to be £17,740 higher than originally budgeted based on income to date	-17,740
<b>HGBEN - Housing Benefits Administration</b> Additional unbudgeted income received in-year from the DWP.	-15,890
<b>CTBEN - Localised Council Tax Support Administration</b> Net repayments relating to the previous Council Tax Benefit scheme.	-15,710
<b>ALL cost centres - Support Services</b> Net decrease in Support Services recharges for the Health and Housing Committee overall, following a re-assessment of costs to date and time allocations in all support services areas.	-13,480
<b>UCRED - Universal Credit</b> Services to Universal Credit claimants in the borough on behalf of the DWP - no funding for this service had been confirmed at original estimate stage.	-11,890
<b>CTBEN - Localised Council Tax Support Administration and HGBEN - Housing Benefit Administration</b> Local Council Tax Support Administration grant received from the DCLG had not been notified by the time the original estimate was set. The actual income is £9,180 higher than estimated.	-9,180
<b>AWARM - Affordable Warmth</b> Estimated expenditure on affordable warmth schemes in-year of £12,230, funded from the earmarked reserve set aside for this purpose last year	12,230
<b>COMMUNITY SERVICES COMMITTEE</b>	
<b>PCADM: Public Conveniences</b> Reduced oncosted recharges for cleaning of the toilets based upon the contracted hours to be worked.	-13,200
<b>RCOLL: Drivers and Loaders Wages</b> There have been a number of staff movements between loader and driver roles and also between the main refuse collection service and the paper collection service. The net impact of these movements on this service for the revised estimate is the loader budgets increasing by £8,890 and the driver budget on this service reducing by £33,550	-24,660
<b>RCOLL: Refuse Collection</b> Increased recharge to the trade waste collections cost centre, due to the increased tonnage levels being collected, as the number of contracts increase.	-16,100

**SPECIAL POLICY & FINANCE COMMITTEE  
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2016/17**

Description	Variances from OE 2016/17 to RE 2016/17 £
<b>TRREF: Trade Refuse</b> Increased estimated tipping charges based upon the increased tonnages collected from trade waste customers.	34,870
<b>TRREF: Trade Refuse</b> Additional income generated from trade customers	-54,920
<b>VARIOUS: Diesel</b> Reduced expenditure on diesel based upon current market prices and estimated mileage.	-27,470
<b>VARIOUS: Car Parks</b> Increased income due to an increase in usage.	-10,250
<b>RPOOL: Ribblesdale Pool</b> Reduced employees costs for Pool Attendants due to vacancies in the position of Pool Attendant and Modern Apprentice.	-25,090
<b>RPOOL: Ribblesdale Pool</b> Reduced income from swimming lessons and contract swims due to the closure of the pool for refurbishment.	32,230
<b>RPOOL: Ribblesdale Pool</b> Reduced income from general admissions (adults & juniors) due to the closure of the pool for refurbishment.	24,530
<b>PLANNING AND DEVELOPMENT COMMITTEE</b>	
<b>BCAP: Building Control SAP fees</b> Reduced income from SAP fees due to accredited surveyor spending less time carrying out inspections	3,360
<b>BCFEE: Building Control Fee earning account</b> Due to staff turnover, consultants are being employed to carry out building inspections	16,160
<b>BCFEE: Building Control Fee earning account</b> Increase in income mainly from review of outstanding completions	-37,020
<b>PLANG: Planning Control &amp; Enforcement</b> Provision for the purchase of Equipment, funded from a Home & Community Agency Grant received in 2015/16	7,070
<b>PLANG: Planning Control &amp; Enforcement</b> Increase in consultancy provision to cover appeal costs and other planning issues, expenditure above base budget met from earmarked reserve.	3,830
<b>PLANG: Planning Control &amp; Enforcement</b> Increase in Income from planning fees offset by a reduction in income from pre application advice.	-8,570

**SPECIAL POLICY & FINANCE COMMITTEE  
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2016/17**

Description	Variances from OE 2016/17 to RE 2016/17 £
<b>PLANP: Planning Policy</b> Budget provision established to cover the approximate cost of a potential neighbourhood planning referendum for Bolton By Bowland & Gisburn Parish Council.	5,000
<b>PLSUB: Grants &amp; Subscriptions</b> Lancashire County Council Archaeological and ecological Service ended in March 2016. Service taken on by Lancashire Archaeological Advisory Service at a reduced rate.	3,500
<b>POLICY AND FINANCE COMMITTEE</b>	
<b>CEXEC : Chief Executives Department</b> Employee costs have been reduced mainly due to a restructure of Building Control Section and staff turnover	-49,140
<b>CLOFF: Council Offices</b> Increase in repair and maintenance budget for replacement heating controls.	10,590
<b>CLOFF: Council Offices</b> Reduced provision for depreciation due to reclassifying reroofing scheme from equipment to land and building resulting in a longer life span	-18,780
<b>CLOFF: Council Offices</b> Additional income from Rent of council offices from the Department for Work and Pensions following the co-location of Clitheroe Job centre.	-10,590
<b>CLTAX: Council Tax</b> Provision made to upgrade ICON System (Income) Funded from an earmarked reserve established from Local Council Tax Support Grant	14,950
<b>CLTAX: Council Tax</b> Provision for repayment of unallocated Section 31 Flood Grant received in 2015/16 as a result of Storm Eva.	27,950
<b>CLTAX: Council Tax</b> Section 31 Grant received in 2015/16 brought forward into 2016/17 to be repaid after reconciliation of council tax discounts given as a result of storm Eva.	-27,950
<b>COMPR: Computer Services</b> Reduction in provisions for hardware and software maintenance, consumables based on latest estimated costs.	-21,600
<b>ELECT: Register of Electors</b> Additional grant received to continue to support the extra costs involved in introducing individual electoral registration	-12,980
<b>ESTAT: Estates</b> Increase in depreciation charge reflecting the change in classification of the Physio Centre	13,340



**SPECIAL POLICY & FINANCE COMMITTEE  
VARIATIONS BETWEEN ORIGINAL AND REVISED ESTIMATE 2016/17**

<b>Description</b>	<b>Variances from OE 2016/17 to RE 2016/17 £</b>
<b>FGSUB: Grants &amp; Subscriptions - Policy &amp; Finance</b> Reduction in the revised estimate based on latest spending profile	-10,110
<b>FMISC: Finance Miscellaneous</b> Reduction in external audit fees.	-15,970
<b>FMISC: Finance Miscellaneous</b> Reduction in income from VAT shelter money paid by symphony homes	22,000
<b>FMISC: Finance Miscellaneous</b> Additional grant income from DCLG for work on transparency, to be added to reserves to fund future expenditure	-8,100
<b>FMISC: Finance Miscellaneous</b> Additional income as a result of acting as lead authority for the Lancashire Business rate pool.	-20,000
<b>FLDRB / FLDRH: Flood Grants - Businesses / Households</b> Approved grants payable to businesses / Households in respect of flood damage	712,850
<b>FLDRB / FLDRH: Flood Grants - Businesses / Households</b> Reimbursements of expenditure from section 31 grant for Community Recovery Schemes paid via Lancashire County Council	-712,850
<b>NNDRC: Non Domestic Rates</b> Removal of provision for discretionary NNDR grants	-26,350
<b>PERFM: Performance reward grants</b> Reduction in expectation of grants to be paid in 2016/17	-39,060
<b>SUPDF: Superannuation Deficiency Payments</b> Reduction in payments due to reducing number of beneficiaries	-12,120
<b>Support Services Costs</b> Increase in support costs mainly due to reduced recharges to other services	74,050
<b>Total of Major Variances for all Committees</b>	<b>-268,260</b>

**SPECIAL POLICY & FINANCE COMMITTEE  
ANALYSIS OF TRANSFERS TO AND FROM EARMARKED RESERVES**

	<b>Original Estimate 2016/17 £</b>	<b>Revised Estimate 2016/17 £</b>
Building Control Fee Earning	-8,060	52,710
Core Strategy Reserve - Local Development Scheme	0	-20,530
Neighbourhood Planning Reserve	0	-5,000
Pendle Hill User Reserve	0	200
Planning Reserve - Planning Control	0	-3,830
Planning Reserve - Local Development Scheme	-36,000	-16,650
Community Safety Partnership (re CRIME)	-13,320	-4,540
Vehicle and Plant Repairs and Renewals Fund	0	46,000
New Homes Bonus (Car Parks Coin Sorter)	0	-6,000
Recreation and Culture Grants Reserve	0	13,490
Exercise Referral Reserve	0	-2,260
Equipment Reserve - CCTV for Refuse Vehicle	0	-4,000
Grant Funded Sports Development (Working With Families)	0	-910
Repairs and Maintenance Reserve - Castle Walkway	0	-7,450
Repairs and Maintenance Reserve - Vehicle Wash Repairs	0	-1,120
Equipment Reserve - Hot Powerwash	0	-8,000
Capital Reserve (Longridge CCTV)	0	-2,480
Capital Reserve from Community	0	5,490
DEFRA Clean Air	-480	0
Equipment Reserve - LCTS S31 Grant	0	-550
Equipment Reserve - Housing Benefit S31 Grant	0	3,280
Equipment Reserve - FERIS Grant	0	-780
Equipment Reserve - Fraud and Error Reduction Incentive Scheme	0	1,000
Government Housing Grants - Affordable Warmth	0	-12,230
Government Housing Grants - Right to Move Funding	0	-3,040
Government Housing Grants - Prevention of Rough Sleeping	0	-300
Government Housing Grants - Domestic Abuse Grant (LCC)	-14,190	-14,190
Equipment Reserve - Ashes Plot Foundation Beams	0	-1,000
Equipment Reserve - Dog Control Order Signs	0	-850

**SPECIAL POLICY & FINANCE COMMITTEE  
ANALYSIS OF TRANSFERS TO AND FROM EARMARKED RESERVES**

	<b>Original Estimate 2016/17 £</b>	<b>Revised Estimate 2016/17 £</b>
Elections	22,210	17,800
Performance Reward Grant	-59,780	-20,720
IER Reserve	-11,540	-16,600
Land Charges Reserve	0	-6,720
Transparency Grant	0	8,100
Business Rates Volatility Reserve	0	44,050
Equipment Reserve - ICON Upgrade	0	-14,950
IT Reserve	0	15,910
Add to VAT Shelter	180,000	158,000
Capital Reserve - Freehold Sales	0	2,060
Revaluation Reserve	2,030	2,030
Added to New Homes Bonus Reserve	579,923	579,923
Business Rates Volatility Reserve - Balance (Taken)/Added	-202,723	-229,715
Business Rates Volatility Reserve - Retained Levy added to reserve	347,972	341,753
Transition Grant	20,424	20,424
Post LSVT Reserve (Pensions	-36,512	-36,512
<b>Net Movement</b>	<b>769,954</b>	<b>871,293</b>

**SPECIAL POLICY & FINANCE COMMITTEE  
COLLECTION FUND STATEMENT**

		Original 2016/17 £	Revised 2016/17 £
<b>Expenditure</b>			
	Deficit Brought Forward:		
	Council Tax	0	0
	Business Rates	1,051,731	919,800.53
	<b>Council Tax Precepts:</b>		
	Lancashire County Council	25,875,117	25,875,117.00
	Police & Crime Commissioner for Lancashire	3,572,733	3,572,733.00
	Lancashire Combined Fire Authority	1,442,572	1,442,572.00
	Ribble Valley incl Parishes	3,585,456	3,585,456.00
	Allocation of <b>Council Tax Surplus</b> for Year:		
	Ribble Valley	47,809	47,809.00
	Lancashire County Council	343,027	343,027.00
	Lancashire Combined Fire Authority	19,693	19,693.00
	Police & Crime Commissioner for Lancashire	48,294	48,294.00
	Cost of Collecting NNDR	89,974	89,974.00
	Distribution of <b>Business Rates</b> :		
	Central Government	7,425,157	7,425,157.00
	Ribble Valley	5,940,126	5,940,126.00
	Lancashire County Council	1,336,528	1,336,528.00
	Lancashire Fire Authority	148,503	148,503.00
	Enterprise Zone	16,747	16,747.00
	Renewable Energy Schemes	14,974	36,321.00
	Transitional Protection Payments	0	90,845.00
	Overpayments of council tax benefit	0	18,147.00
	NNDR - Bad Debts Provision	153,639	130,000.00
	NNDR - Appeals Provision	238,241	101,900.00
	Council Tax - Bad Debts Provision	258,569	120,000.00
	CT Benefit Subsidy paid to RVBC		
		<b>51,608,890</b>	<b>51,308,749.53</b>
<b>Income</b>			
	Surplus Brought Forward:		
	Council Tax	458,823	597,605.00
	Business Rates		
	<b>Allocation of Business Rates Deficit:</b>		
	Central Government	525,866	525,866.00
	Lancashire County Council	94,656	94,656.00
	Lancashire Combined Fire Authority	10,517	10,517.00
	Ribble Valley	420,692	420,692.00
	Council Tax Income	34,734,447	35,047,495.00

**SPECIAL POLICY & FINANCE COMMITTEE  
COLLECTION FUND STATEMENT**

		<b>Original 2016/17 £</b>	<b>Revised 2016/17 £</b>
	Council Tax Benefits	0.00	421.00
	DCLG - Family Annexes Discount Grant		
	Transitional Protection Payments due to the authority		
	Business Rates	15,363,889	15,297,593.00
	Release of Deferrals (Business Rates)		
	Flood Relief		
		<b>51,608,890</b>	<b>51,994,845.00</b>
	<b>CTAX - Surplus/Deficit) Carried Forward</b>	<b>0</b>	<b>572,673.00</b>
	<b>NNDR - Surplus/Deficit) Carried Forward</b>	<b>0</b>	<b>113,422.47</b>
	<b>Total Surplus/(Deficit)</b>	<b>0</b>	<b>686,095.47</b>

**SPECIAL POLICY & FINANCE COMMITTEE  
EARMARKED RESERVES**

General Fund	Balance at 31 March 2016 £	To be added/taken in 2016/17 on Revenue	To be added/taken in 2016/17 on Capital	Balance at 31 March 2017 £	To be added/taken in 2017/18 on Revenue	To be added/taken in 2017/18 on Capital	Balance at 31 March 2018 £
<b><u>Local Recreation Grants Fund</u></b> <i>Used to fund recreation grants</i>	28,926	13,490		42,416			42,416
<b><u>Audit Reserve Fund</u></b> <i>Used for computer audit</i>	12,335			12,335			12,335
<b><u>Christmas Lights/RV in Bloom</u></b> <i>Available to fund contributions towards Christmas Lights and Ribble Valley in Bloom</i>	836			836			836
<b><u>Refuse Collection</u></b> <i>To fund refuse collection costs of bin replacements and other cost pressures</i>	50,319			50,319			50,319
<b><u>Core Strategy Reserve</u></b> <i>To fund the production of the Core Strategy</i>	20,533	-20,530		3			3
<b><u>Clitheroe Food Festival</u></b> <i>Resources set aside to help support the costs associated with the Clitheroe Food Festival</i>	19,857			19,857			19,857
<b>Sub total</b>	<b>132,806</b>	<b>-7,040</b>	<b>0</b>	<b>125,766</b>	<b>0</b>	<b>0</b>	<b>125,766</b>
<b><u>Elections Fund</u></b> <i>Used to fund borough elections held once every four years</i>	19,076	17,800		36,876	22,540		59,416
<b><u>Revaluation of Assets Reserve</u></b> <i>To contribute towards the revaluation of the Council's assets every five years.</i>	3,200	2,030		5,230	2,060		7,290
<b>Sub total</b>	<b>22,276</b>	<b>19,830</b>	<b>0</b>	<b>42,106</b>	<b>24,600</b>	<b>0</b>	<b>66,706</b>

**SPECIAL POLICY & FINANCE COMMITTEE  
EARMARKED RESERVES**

General Fund	Balance at 31 March 2016 £	To be added/taken in 2016/17 on Revenue	To be added/taken in 2016/17 on Capital	Balance at 31 March 2017 £	To be added/taken in 2017/18 on Revenue	To be added/taken in 2017/18 on Capital	Balance at 31 March 2018 £
<b><u>Building Control Fund</u></b>							
<i>Available to equalise net expenditure over a three year period</i>	-105,007	52,710		-52,297	5,490		-46,807
<b>Sub total</b>	-105,007	52,710	0	-52,297	5,490	0	-46,807
<b><u>Capital</u></b>							
<i>Used to fund the capital programme</i>	764,822	5,070	-38,530	731,362		-241,300	490,062
<b><u>ICT Repairs and Renewals</u></b>							
<i>To fund future software and hardware upgrades</i>	162,289	15,910		178,199			178,199
<b><u>Vehicle &amp; Plant Repairs and Renewals Reserve</u></b>							
<i>Resources set aside to fund a repairs and renewals fund for the replacement of Vehicles and Plant</i>	346,000	46,000		392,000	46,000		438,000
<b>Sub total</b>	1,273,111	66,980	-38,530	1,301,561	46,000	-241,300	1,106,261
<b><u>Insurance</u></b>							
<i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	14,581			14,581			14,581
<b><u>Fleming VAT Claim</u></b>							
<i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	195,797		-127,425	68,372			68,372
<b><u>Repairs and Maintenance</u></b>							
<i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	37,869	-8,570		29,299			29,299

**SPECIAL POLICY & FINANCE COMMITTEE  
EARMARKED RESERVES**

General Fund	Balance at 31 March 2016 £	To be added/taken in 2016/17 on Revenue	To be added/taken in 2016/17 on Capital	Balance at 31 March 2017 £	To be added/taken in 2017/18 on Revenue	To be added/taken in 2017/18 on Capital	Balance at 31 March 2018 £
<b><u>Post LSVT</u></b> <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	292,100	-36,512		255,588	-36,512		219,076
<b><u>Restructuring Reserve</u></b> <i>To fund costs resulting from restructuring reviews</i>	227,541			227,541			227,541
<b><u>VAT Shelter Reserve</u></b> <i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,376,280	158,000	-276,530	1,257,750	158,000	-234,000	1,181,750
<b><u>Equipment Reserve</u></b> <i>To fund essential and urgent equipment requirements</i>	122,750	-17,750		105,000	-118		104,882
<b><u>Invest to Save Fund</u></b> <i>To fund future invest to save projects</i>	250,000			250,000			250,000
<b><u>Planning Reserve</u></b> <i>To fund any future potential planning issues</i>	156,738	-20,480		136,258	-42,900		93,358
<b><u>Housing Benefit Reserve</u></b> <i>To help meet the challenges facing the service in the coming years</i>	100,000			100,000			100,000
<b><u>New Homes Bonus Reserve</u></b> <i>To help finance future economic development capital schemes</i>	762,304	573,923	-62,000	1,274,227	783,885	-242,000	1,816,112
<b><u>Business Rates Volatility Reserve</u></b> <i>To provide some protection against business rates volatilities</i>	664,794	156,088		820,882	787,886		1,608,768



**SPECIAL POLICY & FINANCE COMMITTEE  
EARMARKED RESERVES**

General Fund	Balance at 31 March 2016 £	To be added/taken in 2016/17 on Revenue	To be added/taken in 2016/17 on Capital	Balance at 31 March 2017 £	To be added/taken in 2017/18 on Revenue	To be added/taken in 2017/18 on Capital	Balance at 31 March 2018 £
<b>Sub total</b>	4,200,754	804,699	-465,955	4,539,498	1,650,241	-476,000	5,713,739
<b><u>Performance Reward Grant</u></b>							
<i>Performance Reward Grant received and yet to be distributed to successful schemes</i>	75,117	-3,770		71,347	-15,880		55,467
<b><u>Land Charges Reserve</u></b>							
<i>To fund any potential restitution claims for personal search fees</i>	48,559	-6,720		41,839			41,839
<b><u>Pendle Hill User Reserve</u></b>							
<i>To fund improvement schemes on Pendle Hill</i>	32,519	200		32,719			32,719
<b><u>Crime Reduction Partnership Reserve</u></b>							
<i>To fund cost of crime reduction initiatives</i>	24,175	-4,540		19,635	-13,520		6,115
<b><u>Exercise Referral Reserve</u></b>							
<i>To fund potential residual staffing costs</i>	16,401	-2,260		14,141			14,141
<b><u>Housing Related Grants Reserve</u></b>							
<i>Residual grant received, to be committed to future grant schemes</i>	58,010	-29,760		28,250	-130		28,120
<b><u>Community Right to Bid/Challenge</u></b>							
<i>To fund any future costs under the Community Right to Bid and Community Right to Challenge Regulations</i>	46,224			46,224			46,224
<b><u>Grant Funded Sports Development</u></b>							
<i>To finance future Sports Development grant funded expenditure</i>	5,510	-910		4,600			4,600
<b><u>Whalley Moor Reserve</u></b>	4,520			4,520			4,520

**SPECIAL POLICY & FINANCE COMMITTEE  
EARMARKED RESERVES**

General Fund	Balance at 31 March 2016 £	To be added/taken in 2016/17 on Revenue	To be added/taken in 2016/17 on Capital	Balance at 31 March 2017 £	To be added/taken in 2017/18 on Revenue	To be added/taken in 2017/18 on Capital	Balance at 31 March 2018 £
<i>Grant received towards work at Whalley Moor Woodland</i>							
<b><u>Individual Electoral Registration Reserve</u></b> <i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	17,902	-16,600		1,302	-1,302		0
<b><u>Repossession Prevention Fund Reserve</u></b> <i>Ring-fenced DCLG funded reserve to help prevent repossessions and homelessness.</i>	28,491			28,491			28,491
<b><u>Neighbourhood Planning Reserve</u></b> <i>DCLG Neighbourhood Planning Grant received to fund future related expenditure</i>	15,000	-5,000		10,000			10,000
<b><u>Parish Grant Reserve</u></b> <i>PRG Resources set aside to fund the Parish Grant Scheme</i>	109,134	-16,950		92,184	-37,620		54,564
<b><u>Transition Grant</u></b> <i>To set aside the Transition Grant, paid by the government to ease the reductions in RSG</i>	0	20,424		20,424			20,424
<b>Sub total</b>	481,562	-65,886	0	415,676	-68,452	0	347,224
<b>TOTAL</b>	6,005,502	871,293	-504,485	6,372,310	1,657,879	-717,300	7,312,889

**SPECIAL POLICY AND FINANCE COMMITTEE  
PARISH PRECPTS 2017/18**

Band D Equivalent Tax Base	Parish	Parish Precept 2017/18 £	Parish Precept 2016/17 £	Increase / (Decrease) £	Band D Equivalent Tax 2017/18 £	Band D Equivalent Tax 2016/17 £	Increase/ Decrease in Band D Tax £	Increase/ Decrease in Band D Tax %
438	Aighton, Bailey & Chaigley	5,000	4,950	50	11.42	11.17	0.25	2.2%
197	Balderstone	1,300	1,240	60	6.60	6.42	0.18	2.8%
402	Barrow	8,570	7,525	1,045	21.32	21.32	0.00	0.0%
202	Bashall Eaves, Great Mitton & Little Mitton	1,232	1,202	30	6.10	5.95	0.15	2.5%
2,072	Billington & Langho	20,202	16,326	3,876	9.75	8.03	1.72	21.4%
489	Bolton by Bowland, Gisburn Forest & Sawley	2,505	4,956	-2,451	5.12	10.39	-5.27	-50.7%
75	Bowland Forest (High)	2,167	2,156	11	28.89	29.53	-0.64	-2.2%
81	Bowland Forest (Low)	1,200	1,200	0	14.81	15.58	-0.77	-4.9%
84	Bowland with Leagram	200	200	0	2.38	2.41	-0.03	-1.2%
378	Chatburn	11,372	11,372	0	30.08	30.41	-0.33	-1.1%
488	Chipping	7,750	7,600	150	15.88	15.80	0.08	0.5%
509	Clayton le Dale	3,000	2,889	111	5.89	5.84	0.05	0.9%
5,097	Clitheroe	106,833	96,295	10,538	20.96	19.41	1.55	8.0%
44	Dinckley	0	0	0	0.00	0.00	0.00	-
49	Downham	0	0	0	0.00	0.00	0.00	-
107	Dutton	500	500	0	4.67	4.81	-0.14	-2.9%
197	Gisburn	4,000	3,942	58	20.30	20.01	0.29	1.4%

**SPECIAL POLICY AND FINANCE COMMITTEE  
PARISH PRECPTS 2017/18**

Band D Equivalent Tax Base	Parish	Parish Precept 2017/18 £	Parish Precept 2016/17 £	Increase / (Decrease) £	Band D Equivalent Tax 2017/18 £	Band D Equivalent Tax 2016/17 £	Increase/ Decrease in Band D Tax £	Increase/ Decrease in Band D Tax %
353	Grindleton	7,500	7,500	0	21.25	21.74	-0.49	-2.3%
46	Horton	0	0	0	0.00	0.00	0.00	-
75	Hothersall	750	750	0	10.00	10.27	-0.27	-2.6%
2,719	Longridge	67,132	64,000	3,132	24.69	24.09	0.60	2.5%
8	Mearley	0	0	0	0.00	0.00	0.00	-
1,000	Mellor	22,076	14,300	7,776	22.08	14.43	7.65	53.0%
20	Newsholme	0	0	0	0.00	0.00	0.00	-
144	Newton	2,500	2,477	23	17.36	17.08	0.28	1.6%
110	Osbaldeston	700	700	0	6.36	6.36	0.00	0.0%
44	Paythorne	0	0	0	0.00	0.00	0.00	-
110	Pendleton	1,300	1,289	11	11.82	12.16	-0.34	-2.8%
281	Ramsgreave	2,000	1,651	349	7.12	5.88	1.24	21.1%
555	Read	9,237	8,056	1,181	16.64	14.59	2.05	14.1%
655	Ribchester	7,756	7,558	198	11.84	11.63	0.21	1.8%
236	Rimington & Middop	4,000	3,963	37	16.95	17.93	-0.98	-5.5%
520	Sabden	14,676	14,476	200	28.22	28.11	0.11	0.4%
193	Salesbury	4,800	4,800	0	24.87	25.81	-0.94	-3.6%
497	Simonstone	8,400	8,200	200	16.90	16.73	0.17	1.0%

**SPECIAL POLICY AND FINANCE COMMITTEE  
PARISH PRECPTS 2017/18**

<b>Band D Equivalent Tax Base</b>	<b>Parish</b>	<b>Parish Precept 2017/18 £</b>	<b>Parish Precept 2016/17 £</b>	<b>Increase / (Decrease) £</b>	<b>Band D Equivalent Tax 2017/18 £</b>	<b>Band D Equivalent Tax 2016/17 £</b>	<b>Increase/ Decrease in Band D Tax £</b>	<b>Increase/ Decrease in Band D Tax %</b>
152	Slaidburn & Easington	2,050	1,750	300	13.49	11.36	2.13	18.8%
166	Thornley with Wheatley	1,500	1,528	-28	9.04	9.55	-0.51	-5.3%
37	Twiston	0	0	0	0.00	0.00	0.00	-
455	Waddington	13,500	13,500	0	29.67	29.67	0.00	0.0%
359	West Bradford	6,624	6,494	130	18.45	18.04	0.41	2.3%
1,543	Whalley	32,870	32,048	822	21.30	21.42	-0.12	-0.6%
1,072	Wilpshire	16,547	15,876	671	15.44	14.91	0.53	3.6%
177	Wiswell	3,529	3,510	19	19.94	19.94	0.00	0.0%
45	Worston	0	0	0	0.00	0.00	0.00	-
<b>22,481</b>		<b>405,278</b>	<b>376,779</b>	<b>28,499</b>				

**SPECIAL POLICY AND FINANCE COMMITTEE  
MAIN BUDGET VARIANCES 2016/17 OE TO 2017/18 OE**

Description	Variances from OE 2016/17 to OEE 2017/18 £
<b>HEALTH AND HOUSING COMMITTEE</b>	
<b>ALL cost centres - Support Services</b> Net increase in Support Services recharges for the Health and Housing Committee	19,720
<b>VARIOUS cost centres - Savings</b> Savings have been identified on several cost centres.	-10,990
<b>UCRED - Universal Credit</b> DWP allocation for the Universal Credit service provided to Ribble Valley residents, on behalf of the DWP.	-11,380
<b>COMMUNITY SERVICES COMMITTEE</b>	
<b>UPACT: Up and Active</b> The provision of the Up and Active Contract has resulted in a reduction in expenditure on Exercise Referral (EXREF) as a recharge is made to the Up and Active budget for time spent on the Up and Active service by Exercise Referral staff. The charge for this time is then reimbursed by Pendle Leisure Trust.	-28,950
<b>VARIOUS: Diesel</b> A review of diesel costs and estimated mileage has resulted in lower estimated diesel expenditure across the Council's vehicles.	-16,540
<b>TRREF: Trade Refuse</b> Increase in the number of customers.	-17,740
<b>VARIOUS: Superannuation</b> An increase in the employers rate from 14% to 16.5%.	31,460
<b>PLANNING AND DEVELOPMENT COMMITTEE</b>	
<b>PLANG: Planning Control and Enforcement</b> Increase in depreciation due to the cost of Introducing a Planning Portal Link to the Planning Application System and Planning System Update	7,130
<b>PLSUB: Grants &amp; Subscriptions - Planning</b> From April 2016 the archaeological advice has been provided by the Lancashire Archaeological Advisory Service under a service level agreement. This costs less than the previous service provided by LCC resulting in savings.	-6,570
<b>COUNT: Countryside Management</b> Reduction in provision for grants to other precepting bodies as the provision for supporting the Parish Lengthmans scheme has been transferred from this committee to Policy and Finance Committee to be included under the Concurrent Function grant scheme.	-11,060

**SPECIAL POLICY AND FINANCE COMMITTEE  
MAIN BUDGET VARIANCES 2016/17 OE TO 2017/18 OE**

Description	Variances from OE 2016/17 to OEe 2017/18 £
<p><b>LDEVE: Local Development Scheme</b> Expenditure on the scheme, other than support service costs are met from earmarked reserves. The estimated balance remaining of the £82,000 brought forward at April 2017 has been used to increase the provision for consultants costs offset by a reduction in the provisions for postages and statutory notices.</p>	6,900
<p><b>Support Service Costs</b> The total increase in support costs from other services due to changes in time allocations.</p>	18,830
<b>POLICY AND FINANCE COMMITTEE</b>	
<p><b>CEXEC : Chief Executives Department</b> Employee costs have been reduced mainly due to a restructure of Building Control Section offset by an increase due to previous funded post into main stream funding</p>	-17,430
<p><b>CLOFF: Council Offices</b> Reduced provision for depreciation due to reclassifying reroofing scheme from equipment to land and building resulting in a longer life span</p>	-18,780
<p><b>CLOFF: Council Offices</b> Additional income from Rent of facilities by DWP for the Job Centre</p>	-23,000
<p><b>COMPR: Computer Services</b> Reduction in provisions for hardware and software maintenance, consumables</p>	-18,460
<p><b>COMPR: Computer Services</b> Increase in staffing costs due to extension of modern apprentice position</p>	8,350
<p><b>COMPR: Computer Services</b> Increase in depreciation resulting from capital scheme improving ICT infrastructure</p>	8,260
<p><b>ELECT: Register of Electors</b> increase in provision in postage costs reflecting previous spending profiles</p>	10,110
<p><b>ESTAT: Estates</b> Increase in depreciation charge reflecting the change in classification of the Physio Centre</p>	13,340
<p><b>FGSUB: Grants &amp; Subscriptions - Policy &amp; Finance</b> Provision for grants to voluntary organisations increase by transferring the provision for grant funding the parish lengthsman scheme from planning committee</p>	11,060

**SPECIAL POLICY AND FINANCE COMMITTEE  
MAIN BUDGET VARIANCES 2016/17 OE TO 2017/18 OE**

Description	Variances from OE 2016/17 to OEe 2017/18 £
<b>FMISC: Finance Miscellaneous</b> Reduction in income from VAT shelter money paid by symphony homes	22,000
<b>FMISC: Finance Miscellaneous</b> Additional income as a result of being the lead authority for the Lancashire Business rate pool.	-20,000
<b>FSERV: Financial Services</b> Savings in staffing costs by reducing procurement post to part time and also by employing a new full time apprentice post	-5,380
<b>NNDRC: Non Domestic Rates</b> Removal of provision for discretionary NNDR grants	-26,750
<b>RURAD: Rural Areas Delivery</b> Government Grant shown below the line and not in committee expenditure	-107,254
<b>SUPDF: Superannuation Deficiency Payments</b> Reduction in payments due to reducing number of beneficiaries	-11,930
<b>Inflation</b> Provision for inflationary increases	129,600
<b>Support Services Costs</b> Reduction in support costs	-14,540
<b>Total of Major Variances for all Committees</b>	<b>-79,994</b>



# RIBBLE VALLEY BOROUGH COUNCIL

## REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 8

meeting date: 7 FEBRUARY 2017  
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 2017/18 to 2020/21.

### 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 (2017/18 plus 3 years).

2.3 It includes a budget forecast up to 2020/21 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 (including Balances and Reserves)
- National Context and Other External Factors
- Partnership Working and External Funding
- Initial Three Year Projections of Revenue Expenditure
- Capital Programme
- Risk Assessment and Sensitivity
- Links to Ambitions and Priorities

3.2 The MTFS reflects the proposed Revenue Budget for 2017/18 and the proposed 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 2017/18 to 2020/21.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF17-17/LO/AC  
30 January 2017

---

# Medium Term Financial Strategy

---

2017/18 to 2020/21  
*February 2017*

---



Ribble Valley  
Borough Council

---

[www.ribblevalley.gov.uk](http://www.ribblevalley.gov.uk)



---

# Table of contents

<b>Section</b>	<b>Page</b>
Introduction	5
Policy and Service Context	5
Demographic Context	6
Financial Context (including Balances and Reserves)	10
National Context and Other External Factors	20
Partnership Working and External Funding	24
Projections of Revenue Expenditure – 2017/18 to 2020/21	26
Capital Programme 2017/18 to 2021/22	28
Risk Assessment and Sensitivity	30
Links to Ambitions and Priorities	32
ANNEX 1: New Homes Bonus	34
ANNEX 2: Earmarked Reserves 2015/16 to 2020/21	35
ANNEX 3: Forward Capital Programme 2017/18 – 2021/22	41



---

## **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 (next financial year plus 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 Corporate Strategy 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 2017/18 to 2020/21 and sets out the resource issues and principles that shape the council's budget. The information on the capital programme also covers the period up to 2021/22, being based on a five-year programme.

## **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 continues to be that we aim to ensure that Ribble Valley will be:

### **Our Vision**

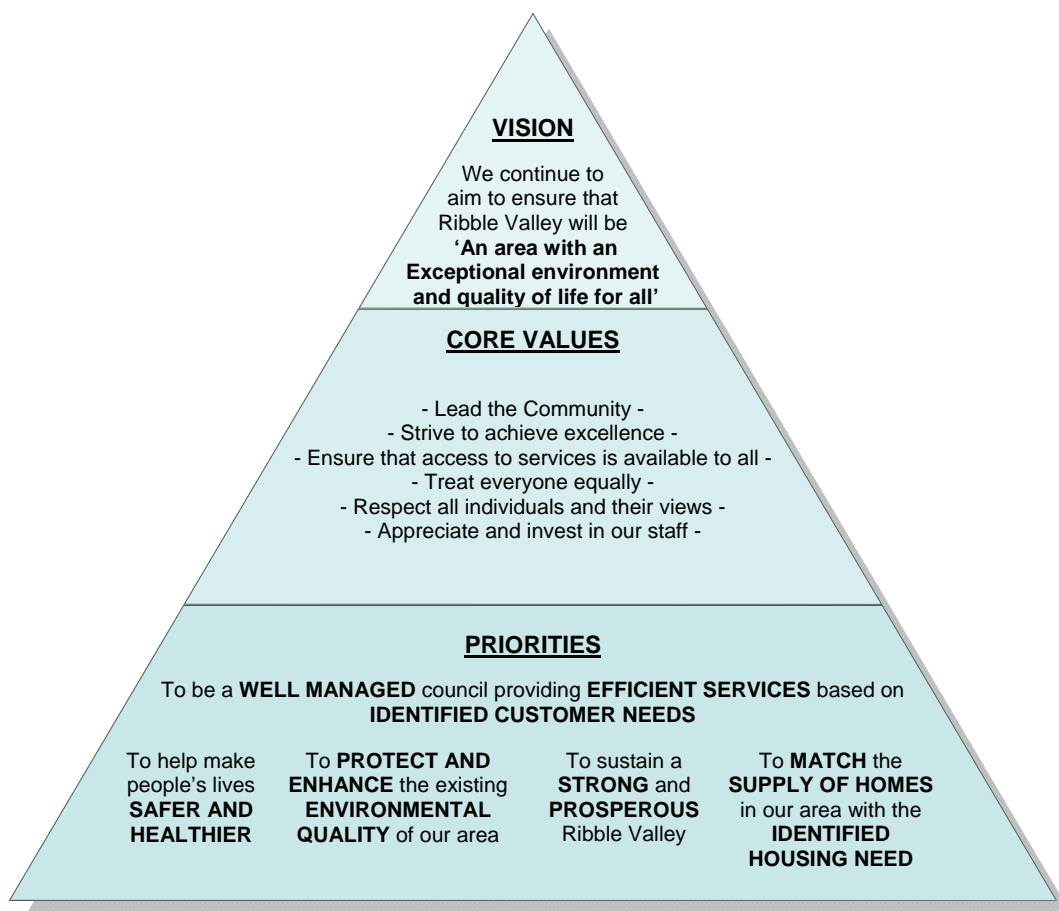
***An area with an exceptional environment and quality of life for all; sustained by vital and vibrant market towns and villages acting as thriving service centres meeting the needs of residents, businesses and visitors.***

- 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 Corporate 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 third lowest in the North West (at 2.5% compared with the national average of 4.9%)<sup>1</sup>. 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 approximately 14% of employment, and it is estimated that day visits generated £113.2 million for the local economy of Ribble Valley in 2014. There are estimated to be around 3,700 jobs in tourism-related businesses.
- 3.5 One of the largest employment sectors in Ribble Valley is manufacturing, which accounts for 27.5%<sup>2</sup> of employment within the borough, and is represented by major national and multi-national companies such as Hanson Cement, Johnson Matthey, and BAe Systems. The relatively small number of large employers is complemented by an above average presence of micro enterprises employing 0-9 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 ratio of lower quartile house price to lower quartile earnings is 7.45, which is the highest in Lancashire and one of the highest in the North. The mean house price sale in Ribble Valley as at July 2016 was £209,163<sup>3</sup>. In Lancashire the mean house price sale was £136,399 over the same period.

## **Resident Population and Projections**

- 3.7 According to the ONS Census figures, the total resident population of the Borough reached 58,000<sup>4</sup> during 2014. Life expectancy within the Ribble Valley is currently 81.2 for males and 83.2 for females<sup>5</sup>. According to ONS projections, the resident population of the Borough is predicted to increase by an additional 1,900 people over the next few years to reach a total of 60,000 Borough residents by 2027.<sup>6</sup> Migration accounts for all of the population growth as projections show fewer births than deaths in the Borough.
- 3.8 In 2 wards there has been an increase in population of more than 15% since 2002 – Whalley (24.9%) and Billington and Old Langho (30.22%). Six wards have seen a population decrease over the same period – Chatburn (-1.64%), Chipping (-1.16%), Derby and Thornley (-0.85%), Edisford and Low Moor (-2.76%), Langho (-1.35%) and Littlemoor (-0.44%).<sup>7</sup>
- 3.9 Population density across the Borough as a whole averages 1 person per hectare. This is far lower than the overall England average of 4.1 persons per hectare and the North West average of 5 persons per hectare.<sup>8</sup>
- 3.10 From the 2011 Census 97.8% of the borough is recorded as White. There has been a small population increase in ethnic groups since 2001.<sup>9</sup> There are no geographical areas of the borough where there is a significant community of non-white ethnic groups.

---

<sup>1</sup> ONS – NOMIS Labour Market Statistics January 2017 (Oct 2015 to Sept 2016)

<sup>2</sup> NOMIS - Business register and Employment Survey (BRES) 2014

<sup>3</sup> GOV.UK - Land Registry Data January 2016 – January 2017

<sup>4</sup> Office for National Statistics 2014 Population Estimate

<sup>5</sup> Ribble Valley 2016 Health Profile produced by the English Public Health Observatories

<sup>6</sup> Office for National Statistics interim 2012-based Subnational Population Projections (May 2014)

<sup>7</sup> Comparison of 2001 Census and 2007 mid year projected population – ward quinary (experimental stats)

<sup>8</sup> Office for National Statistics Census 2011 – Population density

<sup>9</sup> Office for National Statistics Census 2011 – Ethnicity



Ribble Valley	White		Mixed		Asian		Black		Other	
	2011	2001	2011	2001	2011	2001	2011	2001	2011	2001
	97.8	98.4	0.7	0.4	1.4	1.0	0.1	0.1	0.1	0.1

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).<sup>10</sup> The 2011 Census confirms that the highest percentage of people with a country of birth not being the United Kingdom, were from Poland.<sup>11</sup>

### **Age Structure (Older Persons)**

3.12 Within Ribble Valley 20.2%<sup>12</sup> of the population (11,531) has reached retirement age and 18% have retired (compared to 16.5% in 2001).<sup>13</sup> The retired population has increased since the Census in 2001. There are now significantly more retired people living in the borough compared with the number of children (10,580 aged 0-15 years)<sup>14</sup>. The 2011 Census shows that there are 1,479 people aged over 85 living in the borough, which is an increase of 21% since 2001 (1,168).

3.13 The highest proportion of people at retirement age (65+) can be seen in Clayton-le-Dale (26.71%), with 1 other ward having over 25% of the population at retirement age, being Waddington and West Bradford (26.07%).<sup>15</sup>

### **Age Structure (Young Persons)**

3.14 There are 9,733 children (aged 0-14) living in the borough. This is 299 fewer than 11 years ago (10,032),<sup>16</sup> Within this age group the number of pre-school children (aged 0-4) fell by 1.5% between 2002 and 2013 and currently stands at 2,830. The number of primary school children (aged 5-9) fell by 6.5% over the same period and currently stands at 3,106 and the number of high school children (aged 10-15) also declined and now stands at 3,797.<sup>17</sup>

3.15 Within the borough several wards have seen large declines in the number of children (aged 0-15) – Chatburn (-18.3%), Chipping (-16.06%) and Derby and Thornley (-23.04%). However, some wards have seen substantial increases – Whalley (20.73%), Primrose (20.31%) and Billington and Old Langho (40.04%).<sup>18</sup>

### **Age Structure (Working Age)**

3.16 There are currently 41,285 people in the working age population (age 16 to retirement age) of the Borough.<sup>19</sup>

3.17 Billington and Langho (20.72%) has seen the largest increase in the working age population (age 20 to retirement age) in the borough between 2002 and 2011. Two other wards have also seen substantial increases – Whalley (20.12%) and Gisburn (10.37%). Several wards have seen notable declines – Langho (-9.47%), Edisford and Low Moor (-6.2%) and Wiswell and Pendleton (-8.5%).

<sup>10</sup> 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

<sup>11</sup> Office for National Statistics Census 2011 – Country of birth detailed

<sup>12</sup> Office for National Statistics Census 2011 – Age Structure

<sup>13</sup> Office for National Statistics Census 2011 – Economic activity

<sup>14</sup> Office for National Statistics Census 2011 – Age structure

<sup>15</sup> Office for National Statistics 2011 mid-year projection - ward quinary

<sup>16</sup> Comparison of ONS mid 2002 and mid 2011 projected population – quinary age groups

<sup>17</sup> Comparison of ONS mid 2002 and mid 2011 projected population

<sup>18</sup> Comparison of ONS Census 2001 and mid 2007 projected population – ward quinary (experimental stats)

<sup>19</sup> ONS Census 2011 – Economic Activity

---

## **Housing and Households**

- 3.18 In terms of housing tenure, 76.6% of dwellings are owner occupied, 13.7 % are privately rented and 7.6% are social rented. There are currently approximately 365 long-term vacant private dwellings, a figure that we are taking action to reduce.<sup>20</sup>
- 3.19 According to household projections there were 25,762<sup>21</sup> households within the Borough at the end of 2015. The number of borough households is expected to grow to 29,000 by 2028 at an estimated increase of 250<sup>22</sup> households per annum.
- 3.20 The average size of Borough households was 2.3 persons in 2011, 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 2015 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 Rank	290
Average Score	292
Extent	302
Local Concentration	309
Income Scale (average rank)	325
Employment Scale (average rank)	300

## **Health**

- 3.22 According to the Ribble Valley Health Profile 2015<sup>23</sup>, 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. Over the last 10 years, all-cause mortality rates have fallen. The early death rate from heart disease and stroke has fallen and is better than the England average.
- 3.23 However, there are some significant health problems. Deprivation is lower than average, however about 600 children live in poverty. About 15.2% of Year 6 children are classified as obese, this is lower than the average for England. Levels of breast feeding initiation and smoking in pregnancy are worse than the England average with 17.8% of expectant mothers smoking during pregnancy.
- 3.24 The rate of road injuries and deaths of 66.0 per 100,000 population is significantly higher than the England average of 39.7 per 100,000 population.

---

<sup>20</sup> 2011 Census

<sup>21</sup> Valuation Office – Council Tax

<sup>22</sup> Core Strategy 2008-2028 – Submission Version

<sup>23</sup> Produced by the Association of Public Health Observatory on behalf of the Department of Health

---

## **4 Financial Context**

### **Council Tax**

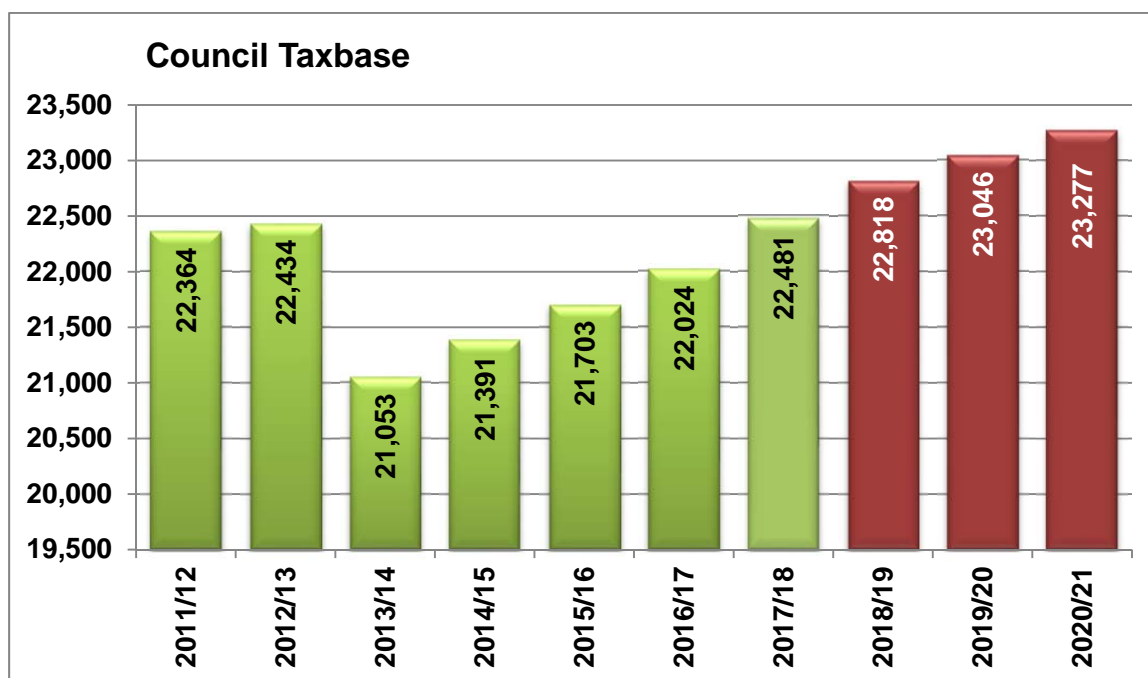
- 4.1 The Government has for a number of years encouraged council's to freeze the level of council tax through the offer of various Council Tax Freeze Grants. However, in the four-year settlement figures released by the government our 'Spending Power' is shown building in an increase of £5 to our council tax level at Band D.
- 4.2 Whilst the setting of council tax levels is a local decision, not a central government decision, the inclusion of this increase and the lack of the offer of council tax freeze grant could be interpreted as a signal from central government.
- 4.3 As we have a council tax level in the bottom quartile the government have allowed us to increase our council tax by £5 (3.6%) – equating to more than the limit for other authorities, being up to 2%.
- 4.4 The budget forecast allows for no council tax increase in 2017/18 financial year, followed by a 2% increase in each year thereafter.

### **Localisation of Council Tax Support**

- 4.5 Whilst the council has put in place a scheme for the Localisation of Council Tax Support, the longer term impact on the council's budget is unknown, largely due to unknown future case load. We have more recently seen a decrease in the level of localised council tax support awarded due to the slight upturn in the economic climate and rise in employment.
- 4.6 The scheme adopted by this council matches the previous Council Tax Benefit scheme but with a 12% reduction in entitlement for those of working age. The scheme costs continue to be closely monitored.
- 4.7 As the number of Council Tax Support cases have been falling, this means the cost of this which impacts on the council's taxbase has also been falling.
- 4.8 In more recent developments, the council undertook a consultation on its scheme for the Localisation of Council Tax Support. The now approved proposal is for alignment of the scheme with the Government's housing benefit changes. This will facilitate an efficient, streamlined scheme and mean the council will not have to find savings from other services to fund additional administration costs.

### **Council Taxbase**

- 4.9 The level of the council taxbase impacts on the level of resources that the council can raise from council tax. Equated from the number of Band D equivalent properties there are in the borough, there is the added impact of property banding appeals and also the various discounts that are awarded, on its calculation.
- 4.10 For budget purposes the council taxbase is calculated at a snapshot point in October (subject to review) and all precepting bodies are informed of the taxbase in order to assist them in setting their precepts.
- 4.11 The council taxbase has seen a healthy increase over recent years, and the budget forecast has been produced on the assumption of a 1.5% increase in 2018/19 and a 1% increase per annum thereafter.



*Columns in Green are Actuals and Columns in Red are Estimates*

- 4.12 The decrease in the taxbase seen in 2013/14 is due to the introduction of the localisation of council tax support, and is a clear reflection of the impact of discounts on the taxbase calculation.

### **Business Rates Retention**

- 4.13 Business Rates Retention forms an important element of the council's Settlement Funding Assessment. The level of baseline funding to be received through Business Rates in 2017/18 has been confirmed by the government as part of the multi-year finance settlement. The council also knows the corresponding level of business rates growth, above the baseline, that it is likely to receive in 2017/18, based on the completion of government return NNDR1.
- 4.14 Any further growth (or the impact of any decline) that occurs in the 2017/18 financial year, over and above that forecast in the government return NNDR1, will not be benefitted from/or felt until future years, through the distribution of any surplus or deficit on the collection fund relating to business rates. This is declared to the government and the major precepting bodies through the completion of government return NNDR3 at the end of the financial year.
- 4.15 As a result of the volatility around business rates, the council has an earmarked reserve in order to cushion the impact of future fluctuations in funding that we are to receive.
- 4.16 The council estimates that it will see business rates retention income of £1.063m in the 2017/18 financial year. Of this £275,514 is allowed for to support the revenue budget. The balance of £788k will be set aside in the business rates volatility earmarked reserve.

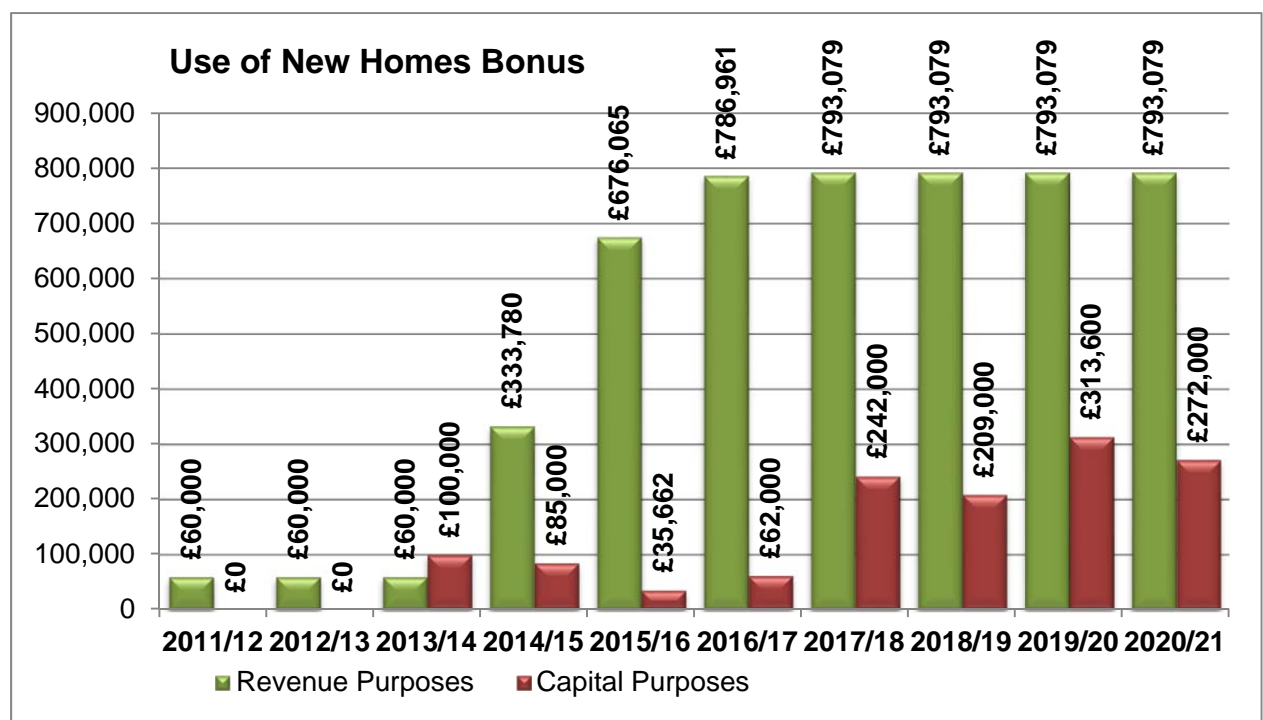
### **Lancashire Business Rates Pool**

- 4.17 In a Business Rate Pool, tariffs, top-ups, levies and safety nets can be combined. This can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

- 4.18 The Lancashire Business Rates Pool has been designated by the Secretary of State for Communities and Local Government and the retained levy in Lancashire will be distributed each year as follows:
- The County Council is paid 10% of the overall retained levy;
  - Each district within the pool retains 90% of their levy.
- 4.19 As part of the pool arrangements, one authority must be designated as lead authority, which in the case of the Lancashire Business Rates Pool is Ribble Valley Borough Council. For this, a fee of £20,000 per annum is received i.e. £2,000 payable per pool member including ourselves.
- 4.20 With regard to this council, based on our NNDR 1 return for 2017/18 we estimate the retained levy would be £500,804, hence under pooling we would benefit by extra income of £450,724. The County Council will receive the remaining 10% of retained levies for all pool district members.
- 4.21 Whilst there have been changes to the membership of the Lancashire Business Rates Pool, the overall number of members has remained unchanged. This council will continue to be the lead authority for the pool in 2017/18.

### **New Homes Bonus**

- 4.22 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.
- 4.23 Our allocation for 2016/17 was £1,366,883 and for 2017/18 will be £1,576,964 (subject to approval regarding the impact of downbandings appeals). Annex 1 shows the level of New Homes Bonus that has been received in past years and forecast to be received in the coming years.
- 4.24 The table below shows the amount of New Homes Bonus that has been used to support the revenue budget and the capital programme, since the inception of New Homes Bonus in 2011/12. Any New Homes Bonus not used in a particular year is set aside in an earmarked reserve.

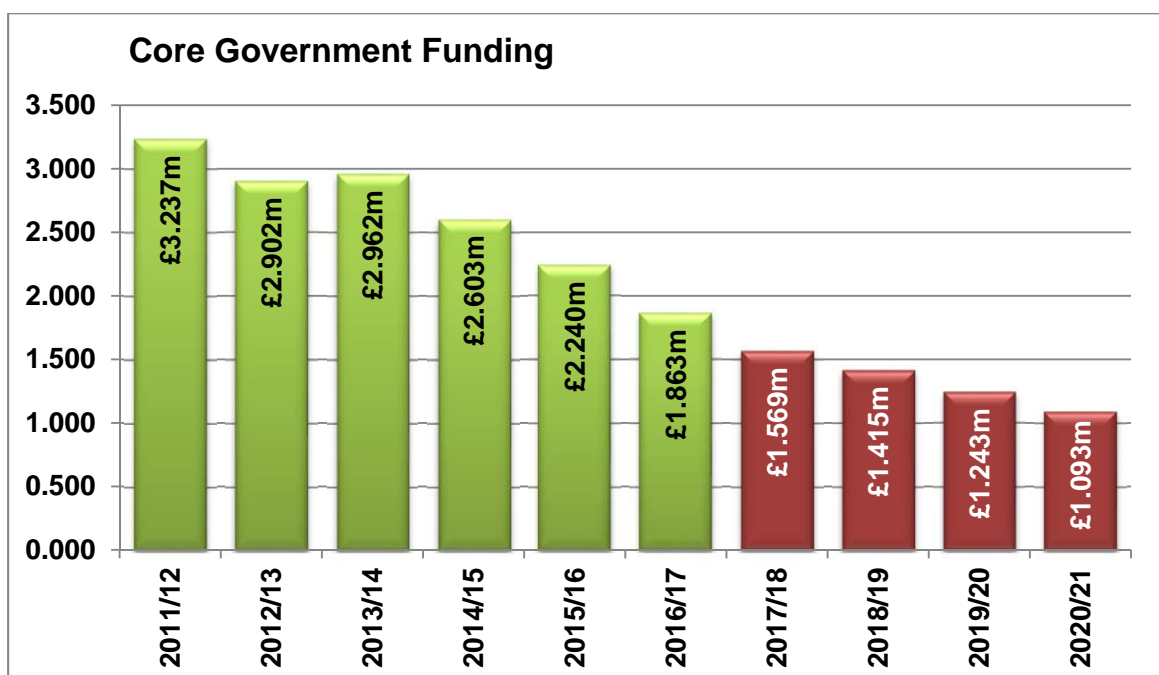


2011/12 to 2016/17 are Actuals whilst 2017/18 to 2020/21 are Estimates

- 4.25 There are now new added pressures on this resource following the significant changes that have been announced in the tapering of the grant over the coming years.
- In 2017/18 allocations paid will reduce from 6 years to 5.
  - In 2018/19 allocations paid will reduce from 5 years to 4.
  - A new growth baseline of 0.4% has been set for 2017/18 below which the bonus will not be paid. The Government will announce each year what the growth baseline will be.
  - From 2018/19 the Government will consider withholding New Homes Bonus from local authorities that are not planning effectively ie making positive decisions on planning applications and delivering housing growth. They will also consider withholding payments from homes built following an appeal.

### **Core Government Funding**

- 4.26 Over recent years the council has seen a substantial reduction to its core funding from the government. Since the decreases in our core funding were first seen in 2011/12, there has been a 62% decrease from £4.141m in 2010/11 to the £1.569m to be received in 2017/18.
- 4.27 In October 2016 this Council submitted an Efficiency Plan to the Government in order to secure a multi-year finance settlement. We were notified in November 2016 that we were formally on the multi-year settlement and could expect to receive the allocations published as part of the 2016/17 local government finance settlement in 2017/18, 2018/19 and 2019/20. The budget forecast has been prepared using these figures.
- 4.28 This 4 year settlement shows that our grant reductions will continue in future years. By 2019/20 not only will our Revenue Support Grant be eliminated but the Government propose to introduce a further reduction of £109,000 which will increase our tariff payable under the Business Rates Retention Scheme. We have forecast that this reduction will continue in to 2020/21, past the end of the multi-year settlement, at an estimated level of £250,000.
- 4.29 The table below shows the level of the reductions to our core funding experienced to date and the future levels indicated by the government in the latest Local Government Grant Settlement (up to 2019/20) and our estimate for 2020/21.

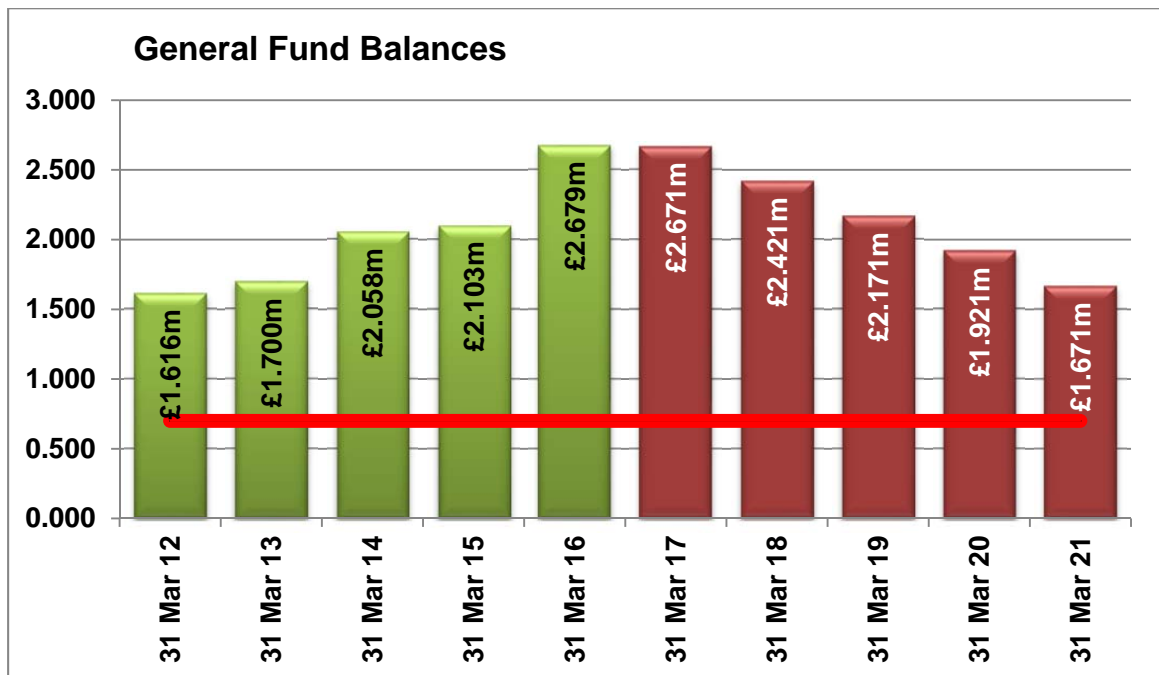


Columns in Green are Actuals and Columns in Red are Estimates

- 
- 4.30 In order to secure the 4 year settlement referred to above, the council were required to produce an Efficiency Plan, which was submitted to the government in October 2016. The latest budget forecast at that time was supplied as part of the Efficiency Plan, which identified a potential budget gap for 2017/18, 2018/19 and 2019/20. It was highlighted that the Council's plan to meet this funding shortfall is:
- Encouraging growth in our taxbase
  - Encouraging business expansion and enterprise in our area
  - Continuing to deliver cost effective and efficient services
  - Reviewing the major sources of income available to the Council
- 4.31 Past funding uncertainties have required a prudent approach to ensure financial stability going forward and this has been reflected through the management of our general and earmarked reserves.
- 4.32 This approach was well founded in light of the recent Local Government Grant Settlement and the future reductions to be experienced in our core government funding as shown above.
- 4.33 Reserves are important to local authorities as, unlike central government, we cannot borrow money over the medium-term, other than for investment in assets, and we are required to balance our budgets on an annual basis.
- 4.34 Reserves can be held for three main purposes:
- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
  - a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
  - a means of building up funds, this is done through our earmarked reserves to meet known or predicted requirements; our earmarked reserves are accounted for separately but remain legally part of the General Fund.

### **General Fund Balances**

- 4.35 It is very important for the council to maintain a healthy level of balances to cover for unforeseen events and also provide a stable level of resources for future planning. This has been particularly important in more recent years with very general knowledge of likely continuing falls in local government core funding, but little knowledge of who will be affected and by how much.
- 4.36 Whilst we continue to make good use of earmarked reserves, which are set aside to meet known or predicted cost pressures in future years, general fund balances are not set aside for any specific known or anticipated purpose.
- 4.37 In our budget forecast shown in a later section of this document, we look to use an element of our general fund balances to help support the revenue budget. As we continue to use our general fund balances to finance the revenue budget it must be noted that it is recommended by the council's S151 Officer (the Director of Resources) that they should not be allowed to fall below £700,000. The setting of this threshold requires a considerable degree of professional judgement, and is tailored to local circumstances.
- 4.38 The table below shows the level of our general fund balances over the past few years at each financial year end, and the level of general fund balances anticipated at each year end over the next few years based on our budget forecast and the anticipated use of £250,000 of general fund balances each year from 2017/18.



Red line shows recommended minimum level of General Fund Balances at £700,000  
Columns in Green are Actuals and Columns in Red are Estimates

- 4.39 Whilst the council forecasts use of £250,000 per annum in the medium term to help support the revenue budget, this is seen as a short term measure and cannot be sustained in the longer term. It would be just less than 8 years before the council reached its recommended minimum level of general fund balances of £700,000 if we continued to use £250,000 per annum to support the revenue budget. This also assumes no other unforeseen cost pressures arising in the meantime that may require us to use our general fund balances.

### Earmarked Reserves

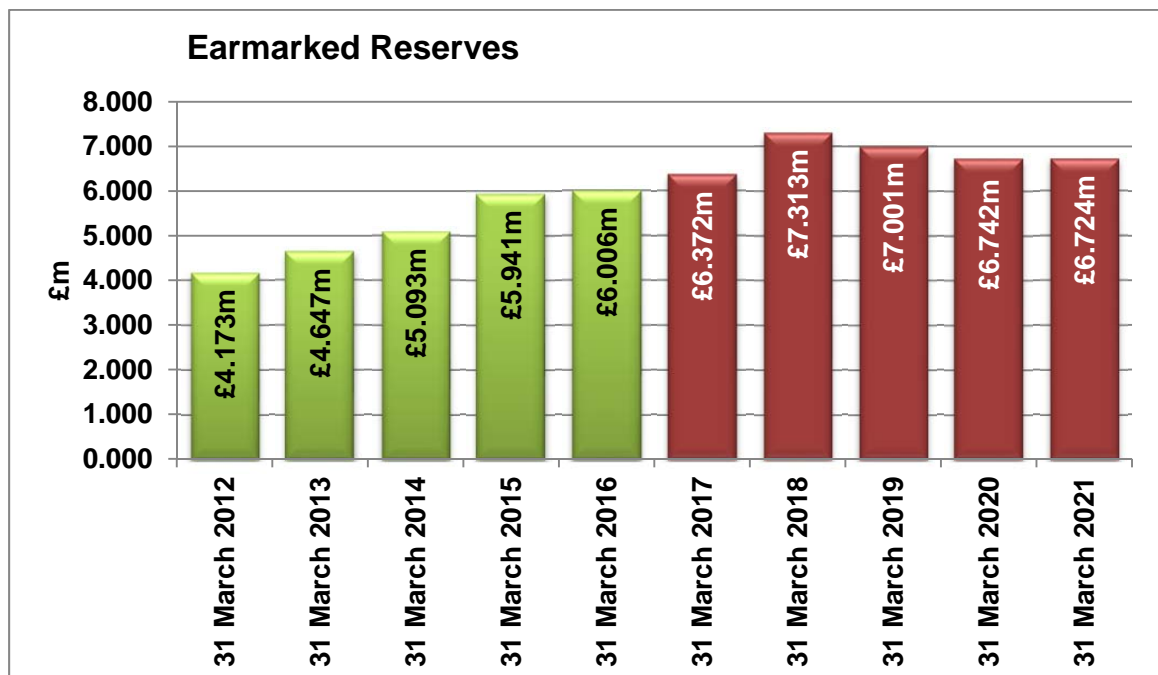
- 4.40 The council's earmarked reserves can be categorised in to a number of specific purposes, and the balance of £6,005,502 of earmarked reserves held at the 31 March 2016 by the council is broken down in the table below, together with the forecast balances up to 31 March 2021.

Purpose	Balance held as at 31 March 2016 £	Forecast Balance as at 31 March 2017 £	Forecast Balance as at 31 March 2018 £	Forecast Balance as at 31 March 2019 £	Forecast Balance as at 31 March 2020 £	Forecast Balance as at 31 March 2021 £
<b>Shorter Term Service Commitments</b>	132,806	125,766	125,766	125,763	125,763	125,763
<b>Reserves to smooth the revenue impact of longer term cyclical costs</b>	22,276	42,106	66,706	91,675	25,344	51,067
<b>Trading or business unit reserves</b>	-105,007	-52,297	-46,807	-46,807	-46,807	-46,807
<b>Sums set aside for major schemes such as capital projects</b>	1,273,111	1,301,561	1,106,261	662,761	610,241	610,241



Purpose	Balance held as at 31 March 2016 £	Forecast Balance as at 31 March 2017 £	Forecast Balance as at 31 March 2018 £	Forecast Balance as at 31 March 2019 £	Forecast Balance as at 31 March 2020 £	Forecast Balance as at 31 March 2021 £
Longer term strategic or corporate reserves	4,200,754	4,539,498	5,713,739	5,820,669	5,680,647	5,636,555
External grant funding where expenditure has yet to be incurred	481,562	415,676	347,224	347,224	347,224	347,224
	<b>6,005,502</b>	<b>6,372,310</b>	<b>7,312,889</b>	<b>7,001,285</b>	<b>6,742,412</b>	<b>6,724,043</b>

- 4.41 As can be seen, there are wide ranging reasons for the holding of our earmarked reserves and increasingly risk and uncertainty have been key factors in the setting aside of resources in order to ensure that we can meet future pressures, safeguard against volatility and to equalise the pattern of some spend.
- 4.42 Earmarked reserves also allow us to build resources for future projects such as capital expenditure, which by its nature can peak in certain years. Earmarked reserves also allow us to set aside resources in any given year in order to resource a project in the future. This reduces the impact on the revenue budget and this method of financing removes the impact on the revenue budget that external (and internal) borrowing would have.
- 4.43 In general terms, the creation of earmarked reserves enables flexibility in approach to financial and service pressures, allowing the council to respond in a timely manner.
- 4.44 The table below shows the level of our earmarked reserves over the past few years at each financial year end, and the anticipated level of earmarked reserves anticipated at each year end over the next few years based on our budget forecast.



*Columns in Green are Actuals and Columns in Red are Estimates*

- 
- 4.45 As can be seen, there has been an increase in the level of our earmarked reserves over the past few years. This is largely accounted for by:
- the earmarking of resources to help fund the **capital programme**, particularly in the creation of reserves such as the vehicle renewals reserve and the ICT renewals reserve
  - the adding of **VAT shelter** monies since the transfer of the council's housing stock to Ribble Valley Homes. This resource is again largely linked to the capital programme as it is one of our limited resources. Whilst we do use some of this resource, it is in a measured manner as we are now on a 75% reimbursement rate, dropping to 40% in 2018/19 for the final 5 years of its life.
  - The use and replenishing of the **planning** earmarked reserve, the level of which evolves on an annual basis.
  - The balance of set aside **New Homes Bonus**. This has been a resource increasingly used to support the revenue budget, but has been a valuable funding stream for the capital programme, which is largely what the balance in earmarked reserves has been used for.
  - the setting aside of resources to protect the council against the potential volatilities of the Business Rates Retention Scheme. We currently benefit from business rates growth and part of this is set aside in the **Business Rates Volatility Reserve** to help provide a buffer should this growth ever cease. This is particularly important with our membership of the Lancashire Business Rates Pool, and the risk presented by the loss of the protection of the authority level safety net, but which conversely offers the rewards of the retained levy.
- 4.46 Forecast use of our earmarked reserves, which is reflected in the chart above, is largely around the financing of the council's capital programme.
- 4.47 A full list of our earmarked reserves and their current and forecast balances can be seen at Annex 2.

### **100% Business Rates Retention**

- 4.48 Following the consultation document 'Self-Sufficient Local Government: 100% Business Rates Retention' the move to 100% retention of business rates was made clear as being part of a wider reform package, being fiscally neutral with the main local government grants to be phased out and additional responsibilities to be devolved to match additional funding.
- 4.49 The consultation closed on 26 September 2016 and it is hoped that the proposals and their impact will soon become clearer. The 100% Business Rate Retention Consultation considered the following themes:
- The devolution of responsibilities
  - The operation of the system, including how growth is rewarded and risk is shared
  - Local tax flexibilities
  - Assessment of councils' needs and distribution of resources
  - Accountability and accounting in a reformed system
- 4.50 Furthermore the Fair Funding Review will establish the funding baselines for the introduction of 100% business rates retention. The Fair Funding Review will consider the distribution of funding for new responsibilities on a case by case basis once these responsibilities are confirmed. The Fair Funding Review will address:

- What is meant by relative 'need' and how it should be measured?
- What are the key factors that drive relative need?
- What should the approach be for doing needs assessments for different services?
- At what geographical level should the Government do a needs assessment?
- How should 'resets' of the needs assessment be done?
- How and what local government behaviours should be incentivised through the assessment of councils' relative needs?

4.51 It is currently anticipated that a more technical consultation on the specific workings of the reformed system will take place in early 2017, together with legislation being introduced to provide the framework for the reforms.

4.52 In April 2017 a number of business rates retention pilots will begin, with the new system due to be implemented by the end of the Parliament.

### **Combined Authority**

4.53 For the past two years all the councils in Lancashire have been discussing the concept of a Lancashire Combined Authority and how it could work for the county.

4.54 In November 2015 all councils agreed to take a report to their full council meetings in the run up to Christmas updating progress so far and asking to go out to consultation in January 2016. All councils, except Wyre Council, agreed.

4.55 The majority of councils in Lancashire are in the final stages of agreeing with the Government the establishment of a Combined Authority for Lancashire.

4.56 If formed, the new Combined Authority will allow a formal, legal step to allow councils to work more closely together in a more structured way and will be a move to improve economic development, skills and transport to benefit the whole county.

4.57 The financial impacts are yet to be fully established for Ribble Valley, and as we are currently still at consultation stage, nothing has been reflected within the budget forecast.

### **Other Cost Pressures and Uncertainties**

4.58 Whilst the council has seen increased levels of income from planning fees in the past, there continues to remain a risk of appeals/award of costs. However, our earmarked reserves allow us some flexibility within this budget area.

4.59 In 2015/16 Lancashire County Council withdrew the payment of recycling credits to the council. At that stage we moved to receiving a fixed payment of around £430,000 per annum under the cost sharing agreement. From 2018 Lancashire County Council have informed us that cost sharing will cease. This will result in lost income of around £430,000 per annum, part of which has been allowed for in the budget forecast with the remainder anticipated to be identified as part of the ongoing service review.

4.60 The level of net expenditure needed in future years will also be very sensitive to changing income levels from fees and charges. Certainly a number of discretionary service areas are sensitive to the levels of disposable income that residents and visitors may have to hand, most notably recreation and leisure services. It is hoped that recent investment in assets such as the Edisford synthetic pitch and also Ribblesdale Pool will help ensure a high level of usage.

4.61 Additionally, there is the inability to attract income from a number of services to support the provision of council services overall, as the government have indicated that they should be provided at cost only.

- 
- 4.62 Future pressure on services is anticipated due to the expected increase in housing in the borough. This could impact on an array of services, however the actual level of housing growth can't be anticipated year by year, nor the timing of any major impact on the ability to continue providing services at the level of current resources.
- 4.63 The medium term financial strategy will need to remain flexible to respond to any opportunities or threats that are presented to the council.
- 4.64 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.
- 4.65 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;
  - Impact of market forces on costs;
  - Financial implications of technology;
  - Community expectations, potentially leading to demand for new or improved services.

---

## 5 ***National Context and Other External Factors***

### **UK Economy**

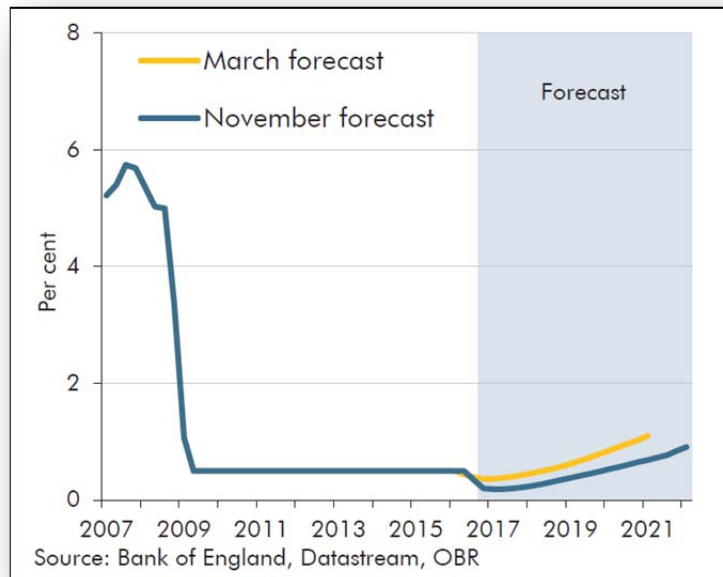
- 5.1 Based on projections by the Office for Budget Responsibility (OBR) the economy will grow more slowly than expected back in March 2016, with GDP growth in 2017 revised down from 2.2 to 1.4 per cent and cumulative growth over the whole forecast revised down by 1.4 percentage points. A weaker outlook for investment and therefore productivity growth is the main cause. Inflation is forecast to peak at 2.6 per cent and unemployment to rise modestly to 5.5 per cent during 2018. Subdued earnings growth and higher inflation mean that real income growth stalls in 2017
- 5.2 The budget deficit has been revised up by £12.7 billion this year, primarily due to weakness in income tax receipts that largely pre-date the referendum. The weaker growth outlook means that their 'pre-policy-measures' forecast revision rises to £18.1 billion by 2020-21. Again, weaker income tax receipts are the biggest factor, reflecting the downward revision they have made to productivity and earnings growth.
- 5.3 Autumn Statement policy decisions add to the deficit in every year of the forecast to 2021/22. Capital spending has been increased by rising amounts across the Spending Review years to 2020-21 and into 2021-22. The Government has also announced a small net tax increase. Tax rises include another increase in the insurance premium tax and more anti-avoidance measures. These outweigh the tax cuts, notably freezing fuel duty next year for the sixth year in a row.
- 5.4 Welfare spending is higher after the disability benefit cuts announced in the March Budget were abandoned and because of a decision to taper away universal credit awards less aggressively. Departmental resource spending plans have been increased in 2019-20 and 2020-21, but held flat in real terms in 2021-22. So in that year they fall in real per capita terms and as a share of GDP. Taking forecast changes, classification changes and policy measures into account, the OBR now forecast a deficit of £20.7 billion (0.9 per cent of GDP) in 2020-21, compared to an £11.0 billion surplus forecast in March 2016.

### **Interest Rates**

- 5.5 In August 2016 the Bank of England cut interest rates from 0.5% to 0.25% - a record low and the first cut since 2009.
- 5.6 Market expectations of interest rates dropped sharply after the referendum. The assumptions underpinning the OBR forecast in November include Bank Rate averaging 0.6 per cent in 2020-21, down 0.2 percentage points from expectations ahead of the referendum.
- 5.7 Markets expect Bank Rate to remain very low over the next five years, reaching just 0.9 per cent by the end of 2021/22. The governor of the Bank of England has also ruled out any immediate rise in interest rates.
- 5.8 The current low interest rate has no effect on the interest payable on the council's long-term loan debt from Public Works Loan Board (PWLB), which is all at fixed interest rates. However, it has resulted in a continued low level of income from our temporary investments.
- 5.9 The table below shows the comparison of market expectations of Bank Rate in March 2016, to the expectations in November 2016.

---

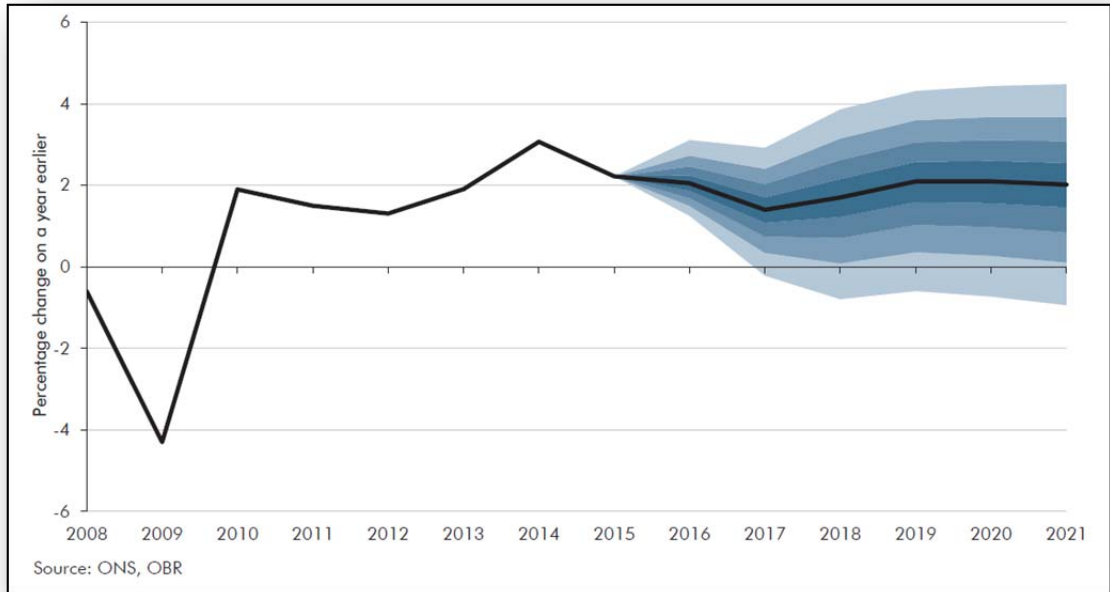
## OBR Bank Rate Forecast Comparison



### **Autumn Statement and Office of Budget Responsibility – Economic and Fiscal Outlook**

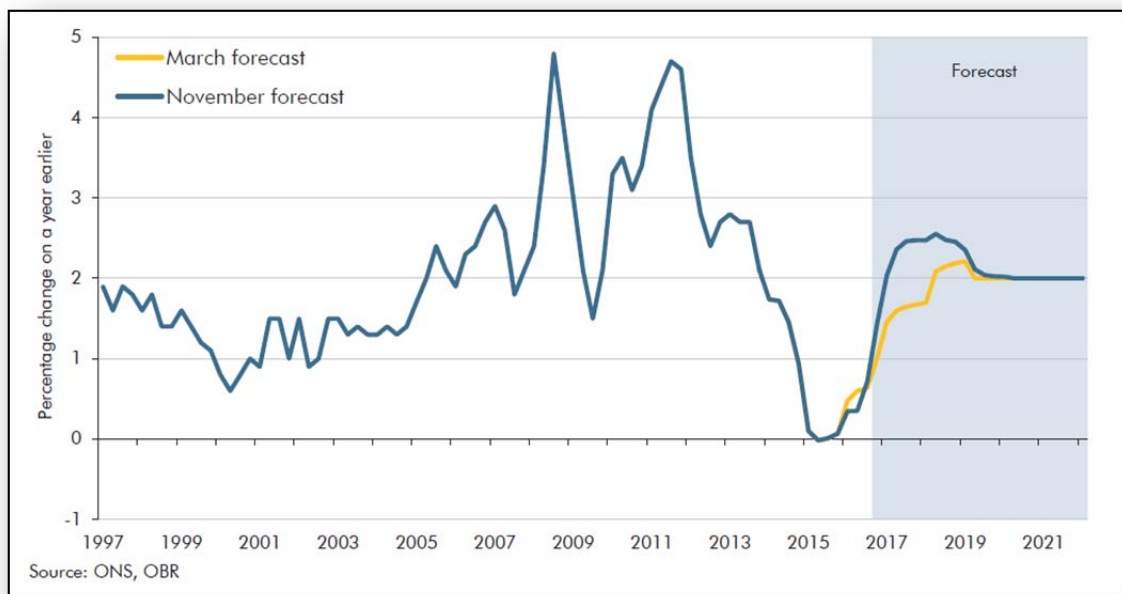
- 5.10 The Chancellor of the Exchequer gave his Autumn Statement to Parliament on 23 November 2016. Alongside this, the Office of Budget Responsibility (OBR) released its latest Economic and Fiscal Outlook, containing the latest update on the economy and public finances.
- 5.11 In the near term, as the negotiations get under way around Brexit, the OBR have assumed that GDP growth will continue to slow in 2017 as uncertainty leads firms to delay investment and as consumers are squeezed by higher import prices, thanks to the fall in the pound. The OBR have not assumed that firms shed jobs more aggressively or that consumers increase precautionary saving, both of which are downside risks if the path to Brexit is bumpy.
- 5.12 The OBR forecasts are currently somewhat less pessimistic than those in the Bank of England's November *Inflation Report* and the Treasury's published pre-referendum analysis, but in current circumstances the uncertainty around them is even greater than it would be in normal times.
- 5.13 In their forecast to 2021/22, the OBR show GDP growth in 2017 revised down from 2.2 to 1.4 per cent and cumulative growth over the whole forecast revised down by 1.4 percentage points.
- 5.14 The chart below presents the government's central growth forecast with a fan showing the range of possible different outcomes based purely on past official forecasting errors. The solid black line shows their median forecast, with successive pairs of lighter shaded areas around it representing 20 per cent probability bands.

**Gross Domestic Product (GDP) Fan Chart**



- 5.15 CPI inflation is expected to move above the Bank of England's 2 per cent target early 2017 and to peak at 2.6 per cent in the second quarter of 2018. The OBR forecast that CPI inflation will remain above target until the third quarter of 2019. It is assumed to remain at target thereafter.
- 5.16 After having stripped out the effect of higher dollar oil prices, the OBR assume that most of the remaining upward revision to inflation in their forecast is predominantly referendum-related via the weaker pound.
- 5.17 CPI inflation was 0.9 per cent in October, slightly down from September. It has been below the Bank of England's 2 per cent target for almost three years, but the OBR and most other forecasters now expect it to move above target during 2017 as the effects of the weaker pound feed through to import prices and on to consumer prices.

**Consumer Price Increase (CPI) Inflation Forecast**



---

### **Strength/weakness of the pound**

- 5.18 Since the referendum, the value of the pound has fallen significantly. While it has recovered to some extent from the multi-year lows seen in October 2016, the assumption that underpins the OBR forecast is around 13 per cent weaker than that used in their March 2016 forecast.
- 5.19 This fall is expected to boost net trade over the next two years, with UK exports more competitive in overseas markets and imports to the UK less attractive relative to domestically produced goods and services. That will provide a temporary boost to GDP growth. Net trade will also be boosted as weaker domestic demand reduces imports growth.
- 5.20 The more recent fall in the pound following the UK Supreme Court ruling that the Government must hold a parliamentary vote to trigger the start of official negotiations to exit the European Union was one of numerous fluctuations experienced since the referendum, and which will most certainly continue in the short to medium term.



## 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 Specific partner funding or grant income is generally not assumed within the budget unless its allocation has been confirmed.
- 6.3 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
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 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.
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.
Health and Wellbeing Partnerships	Health and Wellbeing Partnerships created within local government in an attempt to coordinate commissioning of NHS services, social care and health improvement.

- 6.4 Aside from the financial support from the Government in the form of Settlement Funding Assessment, the council also receives grant funding for the provision of housing benefit payments to claimants within the borough. Payments are funded by grant from the government. The council has budgeted to pay approximately £6.7m in housing benefit payments to claimants in 2017/18.
- 6.5 The council also receives an administration grant to help support the provision of housing benefit and local council tax support service costs, which in 2017/18 will be approximately £133,000. This is a reduction of approximately £10,000 from that received in 2016/17.
- 6.6 Further financial support is received from the Government towards the administration of business rates and in 2017/18 the council has budgeted to receive approximately £91,850.
- 6.7 The Council undertook a tendering exercise along with 4 leisure trusts within East Lancashire (Hyndburn, Pendle, Burnley & Rossendale) for the Up and Active Contract. The contract was awarded by LCC with Pendle Leisure Trust acting as the lead body. The contract commenced 01 April 2016 and runs for a period of 3 years. RVBC delivers the Up and Active service within the Ribble Valley on behalf of Pendle Leisure Trust. In 2016/17 the Council budgeted to receive £93,420 for provision of this service.
- 6.8 Following extensive lobbying from SPARSE and RSN prior to the 2016/17 financial year, the Government announced a small amount of grant funding for some authorities in rural areas. This was later increased at the time of announcing the final settlement. A Rural Areas Delivery Grant of £86,603 will be received in 2017/18 (£107,254 in 2016/17).

- 
- 6.9 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 fully fund the Disabled Facilities Grants that the council award as part of the capital programme. The funding is provided by the Government and is paid to the council via the Lancashire Better Care Fund. Our funding for Disabled Facility Grants has been included in the capital budget at £161,000 per annum, and is subject to confirmation in each financial year.
- 6.10 All other external capital finance support is scheme specific and dependant on schemes included within the capital programme. There is currently one scheme in the 2017/18 to 2021/22 capital programme where we look to receive third party funding.

---

## 7 **Projections of Revenue Expenditure – 2017/18 to 2020/21**

- 7.1 The key aim of the MTFS is to develop a financial projection to determine the achievability and sustainability of the council's planned service delivery over the next year plus the following 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 2021 anticipated of £1.671m. Council tax increases have been forecast at nil for 2017/18 and 2% for 2018/19 to 2020/21.
- 7.4 In October 2016 this Council submitted an Efficiency Plan to the Government in order to secure a multi-year finance settlement. We were notified in November 2016 that we were formally on the multi-year settlement and could expect to receive the allocations published as part of the 2016/17 local government finance settlement in 2017/18, 2018/19 and 2019/20. The budget forecast has been prepared using these figures.
- 7.5 A summary of the assumptions made in the forecast is shown below:
- By 2019/20 our Revenue Support Grant be eliminated and the Government propose to introduce a further reduction of £109,000 which will increase our tariff payable under the Business Rates Retention Scheme. This trend is anticipated to continue with a reduction of £250,000 assumed in 2020/21.
  - Inflation has been allowed for at 1.5% on employee costs and 2% on all other items for the years 2018/19 to 2020/21.
  - Use of balances will be at £250,000 per annum.
  - An increase in interest receipts to £30,000 in 2018/19, £50,000 in 2019/20 and £70,000 in 2020/21 based on an assumption that interest rates will see a minimal increase.
  - No new growth items that cannot be funded from efficiency savings or existing earmarked reserves.
  - A small council tax surplus has been allowed for in 2018/19 to 2020/21 in light of the surpluses that have been experienced in more recent years
  - Increase in the council taxbase in 2018/19 of 1.5% and 1% per annum thereafter.
  - Council tax increase of nil in 2017/18 and an **illustrative** likely maximum allowable increase (subject to government guidance in each year) of £5 per annum thereafter.

	2016/17 Forecast £	2017/18 Forecast £	2018/19 Forecast £	2019/20 Forecast £	2020/21 Forecast £
Net Expenditure	6,362,308	6,381,670	6,743,911	6,892,367	7,043,865
Interest Receipts	-21,070	-15,660	-30,000	-50,000	-70,000
Use of Superannuation Reserve	-36,512	-36,512	-36,512	-36,512	-36,512
Rural Services Grant	-107,254	-86,603	-66,618	-86,603	-86,603
Use of Business Rates Growth	-262,926	-275,514	-275,514	-275,514	-275,514
Use of New Homes Bonus	-786,961	-793,079	-793,079	-793,079	-793,079
(Use of)/Contribution to Balances	-8,070	-250,000	-250,000	-250,000	-250,000
<b>Savings Required</b>	<b>0</b>	<b>0</b>	<b>-414,046</b>	<b>-544,478</b>	<b>-674,027</b>
<b>Budget Requirement</b>	<b>5,139,515</b>	<b>4,924,302</b>	<b>4,878,142</b>	<b>4,856,181</b>	<b>4,858,130</b>
Government Funding	-1,883,029	-1,589,488	-1,414,666	-1,243,088	-1,092,771
Collection Fund Deficit/(Surplus)	-47,809	-59,557	-25,000	-25,000	-25,000
<b>Precept</b>	<b>3,208,677</b>	<b>3,275,257</b>	<b>3,438,476</b>	<b>3,588,093</b>	<b>3,740,359</b>
Taxbase	22,024	22,481	22,818	23,046	23,277
<b>Band D Council Tax</b>	<b>£145.69</b>	<b>£145.69</b>	<b>£150.69</b>	<b>£155.69</b>	<b>£160.69</b>
Projected Council Tax increase	£5 (3.6%)	0%	£5 max	£5 max	£5 max

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

	2016/17 to 2017/18 £	2017/18 to 2018/19 £	2018/19 to 2019/20 £	2019/20 to 2020/21 £
Movement in cost of services	19,362	362,241	148,456	151,498
Movement in Interest Receipts	5,410	-14,340	-20,000	-20,000
Rural Services Grant	20,651	19,985	-19,985	0
Increased Use of Business Rates Growth	-12,588	0	0	0
Increased Use of New Homes Bonus	-6,118	0	0	0
Increased Use of Balances	-241,930	0	0	0
Increased Savings Required	0	-414,046	-130,432	-129,549
<b>Total Change in Budget Requirement</b>	<b>-215,213</b>	<b>-46,160</b>	<b>-21,961</b>	<b>1,949</b>

7.7 The level of savings needed over the life of the budget forecast will be addressed through service committees and particularly through the work of the Budget Working Group.

## 8 Capital Programme 2017/18 – 2021/22

- 8.1 The Capital Programme is an important element of the Medium Term Financial Strategy and as such the main elements are shown below.
- 8.2 The Prudential Code requires the council to make a reasonable estimate of the total capital expenditure that it intends to incur during the forthcoming financial year and at least the following two financial years.
- 8.3 The Prudential Code plays a key role in capital finance in local authorities. Councils determine their own programmes for capital investment in fixed assets that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA, the Chartered Institute of Public Finance and Accountancy, as a professional code of practice to support councils in making their decisions. Local authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.
- 8.4 A sound capital programme must be driven by the desire to provide high quality, value for money public services. The Prudential Code recognises that in making its capital investment decisions the council must have explicit regard to option appraisal, asset management planning, strategic planning for the council and achievability of the capital programme.
- 8.5 The Prudential Code does not specify how the council should have regard to these factors. Instead it concentrates on the means by which the council will demonstrate that its proposals are affordable, prudent and sustainable.
- 8.6 The council has always sought to maximise funding for capital, including any from revenue sources, within a prudential framework.
- 8.7 The council's funding policy has been to set programmes which address its key priorities and to fund these by utilising prudential borrowing, capital receipts (both in hand and anticipated in year) and earmarked reserves such as the capital reserve, VAT shelter and New Homes Bonus, in a corporate approach, thus providing the maximum investment position.
- 8.8 The council's proposed capital programme at the time of producing this medium term financial strategy is reproduced at Annex 3. The table below shows a summary of the proposed capital programme and details of how it will be financed.

Committee	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
Community Services	447,610	648,500	1,969,320	344,120	272,000	3,681,550
Health and Housing	386,000	211,000	211,000	224,500	224,500	1,257,000
Planning and Development			14,500			14,500
Policy and Finance	294,700	46,500	45,000			386,200
<b>TOTAL SCHEMES</b>	<b>1,128,310</b>	<b>906,000</b>	<b>2,239,820</b>	<b>568,620</b>	<b>496,500</b>	<b>5,339,250</b>

Financing	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
Disabled Facility Grants	-161,000	-161,000	-161,000	-161,000	-161,000	<b>-805,000</b>
Potential External Funding for Castle Keep Repointing			-222,240			<b>-222,240</b>
New Homes Bonus Earmarked Reserve	-242,000	-209,000	-313,600	-272,000	-272,000	<b>-1,308,600</b>
VAT Shelter Earmarked Reserve	-234,000	-69,500	-127,880	-122,120	-50,000	<b>-603,500</b>

<b>Financing</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>TOTAL</b>
Other Earmarked Reserves	-241,300	-466,500	-96,020			<b>-803,820</b>
Usable Capital Receipts			-89,080	-13,500	-13,500	<b>-116,080</b>
Borrowing	-250,010		-1,230,000			<b>-1,480,010</b>
<b>TOTAL FINANCING</b>	<b>-1,128,310</b>	<b>-906,000</b>	<b>-2,239,820</b>	<b>-568,620</b>	<b>-496,500</b>	<b>-5,339,250</b>

8.9 The council's policy is to maintain the capital reserve at a level above the minimum recommended balance of £350,000. The table shows that the balance of the capital reserve will remain above this level for the life of the capital programme.

<b>Capital Reserve</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Forecast Opening Balance</b>	<b>-731,362</b>	<b>-490,062</b>	<b>-490,062</b>	<b>-482,542</b>	<b>-482,542</b>
Taken from Reserve	241,300	0	7,520	0	0
<b>Forecast Closing Balance</b>	<b>-490,062</b>	<b>-490,062</b>	<b>-482,542</b>	<b>-482,542</b>	<b>-482,542</b>
<b>Recommended Minimum Balance</b>	<b>-350,000</b>	<b>-350,000</b>	<b>-350,000</b>	<b>-350,000</b>	<b>-350,000</b>

8.10 Whilst a balance above the minimum of £350,000 remains on the Capital Reserve over the programme's life, this allows some contingency for any urgent schemes which may need approval outside the normal bidding rounds, particularly where alternative or external resources may not be available.

8.11 Furthermore, there are a number of funding streams for the capital programme that rely on savings or asset sales being achieved over the life of the programme. As there is a degree of uncertainty around these being achieved at this stage, the balance on the Capital Reserve gives some flexibility to meet any potential shortfall.

## 9 Risk Assessment and Sensitivity

9.1 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.

9.2 The table below shows some of the areas of sensitivity and the potential impact on the strategy, based on the original estimate for 2017/18.

Area of Sensitivity	Percentage Fluctuation	Annual Impact on Budget
Pay Award (Impact on Direct Employee Costs)	1.00%	£62,810
Energy Costs	5.00%	£7,160
Vehicle Fuel	5.00%	£11,740
Short Term Investment Interest Rates	0.25%	£24,450
Customer and Client Receipts	1.00%	£29,430
Service Specific Government Grants	1.00%	£69,640
Other Grants and Contributions	1.00%	£6,720
Settlement Funding Assessment	1.00%	£15,690
New Homes Bonus (Received in Year)	1.00%	£15,770
Retained Business Rates Levy	5.00%	£22,540

9.3 In terms of impact on the council tax, each budget adjustment of £100,000 – if fully funded from Council Tax - would have the effect of changing council tax at Band D equivalent by £4.45 or 3.05% (based on an assumed Band D council tax charge of £145.69 for 2017/18).

9.4 On the other hand, for every 1% increase in the level of 2016/17 council tax charge, an additional £32,750 council tax revenue would be raised and therefore, for every 1% decrease in the level of council tax revenue £32,750 savings would need to be identified or alternative funding such as use of balances would need to be found (based on an assumed Band D council tax charge of £145.69 for 2017/18).

9.5 In terms of the Settlement Funding Assessment that is to be received for 2017/18, this will support approximately 32% of the council's budget requirement and so any variation has a major impact. A variation of 1% in this funding (before anticipated growth) would amount to £15,690.

9.6 The table below provides a summary of the main financial risks facing the council, and their potential impact and our mitigating actions.

Risk	Level	Mitigation
Past savings that have been identified by Heads of Service do not continue to be 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.
A financial institution that has been invested in is unable to repay the principal 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.

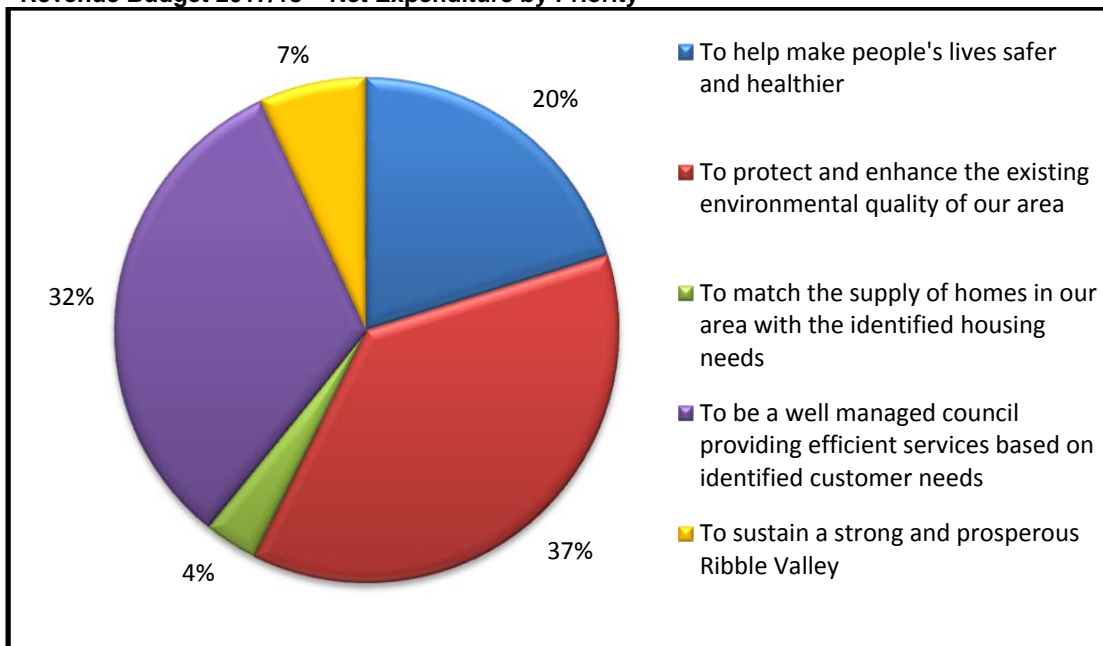
Risk	Level	Mitigation
Identified savings required are not achieved	Medium	Through stringent budget monitoring and sound working practices in the review of savings needed and through the work of the Budget Working Group the required savings/funding will be found and will also be met in year.
Business Rates Growth Retention	High	There is a high level of uncertainty around the future level of business rates growth, or downturn. With our membership of the Lancashire Business Rates Pool, we continue to maintain a Business Rate Volatility earmarked reserve in order to cushion future fluctuations.
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.
Further Reductions to New Homes Bonus receipts in future years	High	A substantial reduction in our New Homes Bonus funding, further to that which has already been announced, would have a major impact on the council, particularly due to its reliance on this valuable funding stream, which was previously 'top sliced' from core government funding.



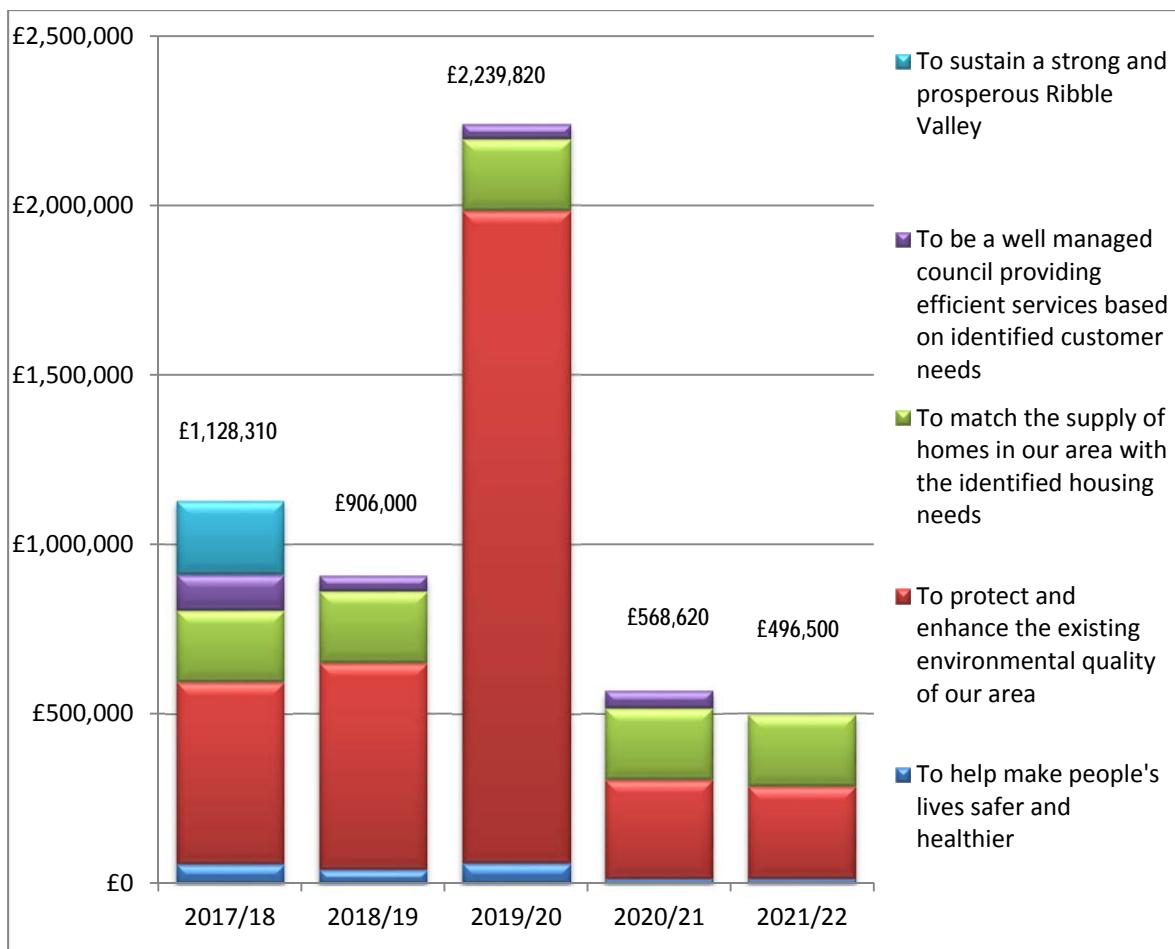
## 10 Links to Ambitions and Priorities

10.1 The table below shows our 2017/18 revenue budget broken down over the council's priorities. The approval of the council's reviewed Corporate Strategy 2015-2019 in January 2017 reaffirmed the council's priorities, as set out in the tables below.

**Revenue Budget 2017/18 – Net Expenditure by Priority**

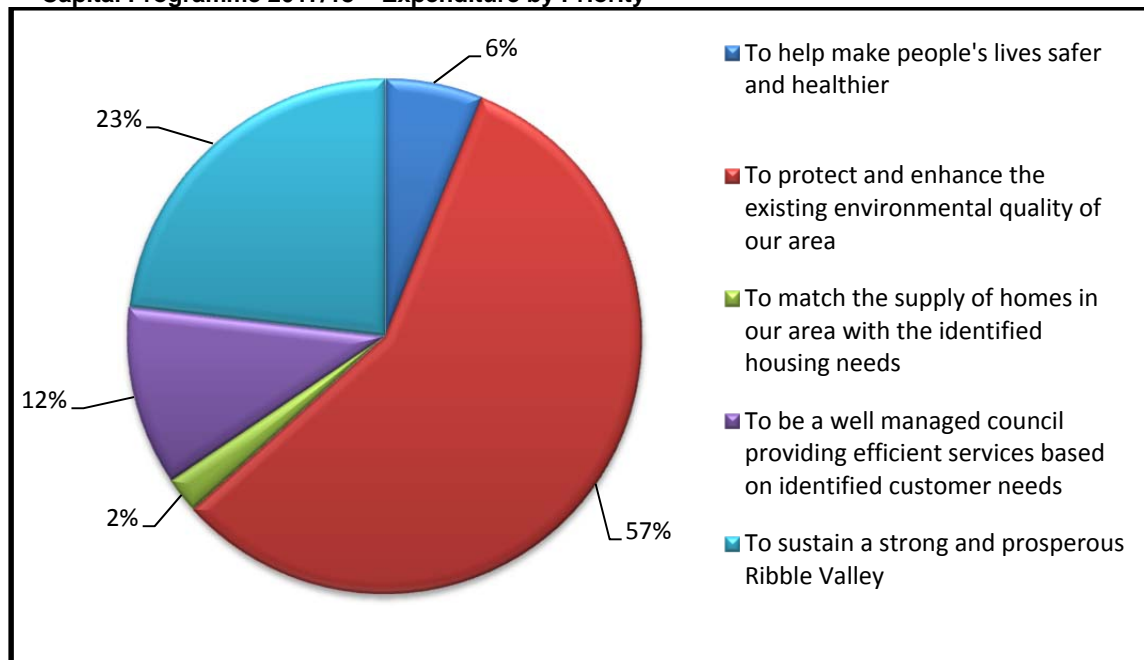


10.2 As with revenue budgets, all proposed capital schemes are linked to the council's priorities. The table below shows the breakdown of the five-year capital programme over the council's priorities.



10.3 The table below shows our planned capital programme for 2017/18 broken down over the council priorities.

**Capital Programme 2017/18 – Expenditure by Priority**



## New Homes Bonus

Year of Award	Received 2011/12 £	Received 2012/13 £	Received 2013/14 £	Received 2014/15 £	Received 2015/16 £	Received 2016/17 £	Estimated 2017/18 £	Estimated 2018/19 £	Estimated 2019/20 £	Estimated 2020/21 £
Granted 2011/12	62,046	62,046	62,046	62,046	62,046	62,046				
Granted 2012/13		117,599	117,599	117,599	117,599	117,599				
Granted 2013/14			188,053	188,053	188,053	188,053	188,053			
Granted 2014/15				227,108	227,108	227,108	227,108			
Granted 2015/16					373,810	373,810	373,810	373,810		
Granted 2016/17						398,268	398,268	398,268	398,268	
Provisional 2017/18							389,725	389,725	389,725	389,725
Estimated 2018/19								?	?	?
<b>Total</b>	<b>62,046</b>	<b>179,645</b>	<b>367,698</b>	<b>594,806</b>	<b>968,616</b>	<b>1,366,884</b>	<b>1,576,964</b>	<b>1,161,803</b>	<b>787,993</b>	<b>389,725</b>
<b>New Homes Bonus Commitments<sup>1</sup></b>	<b>2011/12 £</b>	<b>2012/13 £</b>	<b>2013/14 £</b>	<b>2014/15 £</b>	<b>2015/16 £</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>
Revenue Base	-60,000	-60,000	-60,000	-333,780	-676,065	-786,961	-793,079	-793,079	-793,079	-793,079
Revenue In-Year Use						-6,000				
Capital	0	0	-100,000	-85,000	-35,662	-62,000	-242,000	-209,000	-313,600	-272,000
<b>Total</b>	<b>-60,000</b>	<b>-60,000</b>	<b>-160,000</b>	<b>-418,780</b>	<b>-711,727</b>	<b>-854,961</b>	<b>-1,035,079</b>	<b>-1,002,079</b>	<b>-1,106,679</b>	<b>-1,065,079</b>
<b>Unallocated in Year</b>	<b>2,046</b>	<b>119,645</b>	<b>207,698</b>	<b>176,026</b>	<b>256,889</b>	<b>511,923</b>	<b>541,885</b>	<b>159,724</b>	<b>-318,686</b>	<b>-675,354</b>
<b>Unallocated Cumulative</b>	<b>2,046</b>	<b>121,691</b>	<b>329,389</b>	<b>505,415</b>	<b>762,304</b>	<b>1,274,227</b>	<b>1,816,112</b>	<b>1,975,836</b>	<b>1,657,150</b>	<b>981,796</b>

**ANNEX 2**

**Actual and Forecast Earmarked Reserves 2015/16 to 2020/21**

<b>General Fund</b>	<b>Balance at 31 March 2016</b>	<b>Balance at 31 March 2017</b>	<b>Balance at 31 March 2018</b>	<b>Balance at 31 March 2019</b>	<b>Balance at 31 March 2020</b>	<b>Balance at 31 March 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Shorter term service commitments</b>						
<b><u>Local Recreation Grants Fund</u></b> <i>Used to fund recreation grants</i>	28,926	42,416	42,416	42,416	42,416	42,416
<b><u>Audit Reserve Fund</u></b> <i>Used for computer audit</i>	12,335	12,335	12,335	12,335	12,335	12,335
<b><u>Christmas Lights/RV in Bloom</u></b> <i>Available to fund contributions towards Christmas Lights and Ribble Valley in Bloom</i>	836	836	836	836	836	836
<b><u>Refuse Collection</u></b> <i>To fund refuse collection costs of bin replacements and other cost pressures</i>	50,319	50,319	50,319	50,319	50,319	50,319
<b><u>Core Strategy Reserve</u></b> <i>To fund the production of the Core Strategy</i>	20,533	3	3	0	0	0
<b><u>Clitheroe Food Festival</u></b> <i>Resources set aside to help support the costs associated with the Clitheroe Food Festival</i>	19,857	19,857	19,857	19,857	19,857	19,857
<b>Sub total</b>	<b>132,806</b>	<b>125,766</b>	<b>125,766</b>	<b>125,763</b>	<b>125,763</b>	<b>125,763</b>
<b>Reserves to smooth the revenue impact of longer term cyclical costs</b>						
<b><u>Elections Fund</u></b> <i>Used to fund borough elections held once every four years</i>	19,076	36,876	59,416	82,294	23,221	46,790

**ANNEX 2**

**Actual and Forecast Earmarked Reserves 2015/16 to 2020/21**

<b>General Fund</b>	<b>Balance at 31 March 2016</b>	<b>Balance at 31 March 2017</b>	<b>Balance at 31 March 2018</b>	<b>Balance at 31 March 2019</b>	<b>Balance at 31 March 2020</b>	<b>Balance at 31 March 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>Revaluation of Assets Reserve</u></b> <i>To contribute towards the revaluation of the Council's assets every five years.</i>	3,200	5,230	7,290	9,381	2,122	4,276
<b>Sub total</b>	<b>22,276</b>	<b>42,106</b>	<b>66,706</b>	<b>91,675</b>	<b>25,344</b>	<b>51,067</b>
<b>Trading or business unit reserves</b>						
<b><u>Building Control Fund</u></b> <i>Available to equalise net expenditure over a three year period</i>	-105,007	-52,297	-46,807	-46,807	-46,807	-46,807
<b>Sub total</b>	<b>-105,007</b>	<b>-52,297</b>	<b>-46,807</b>	<b>-46,807</b>	<b>-46,807</b>	<b>-46,807</b>
<b>Sums set aside for major schemes such as capital projects</b>						
<b><u>Capital</u></b> <i>Used to fund the capital programme</i>	764,822	731,362	490,062	490,062	482,542	482,542
<b><u>ICT Repairs and Renewals</u></b> <i>To fund future software and hardware upgrades</i>	162,289	178,199	178,199	154,699	109,699	109,699
<b><u>Vehicle &amp; Plant Repairs and Renewals Reserve</u></b> <i>Resources set aside to fund a repairs and renewals fund for the replacement of Vehicles and Plant</i>	346,000	392,000	438,000	18,000	18,000	18,000
<b>Sub total</b>	<b>1,273,111</b>	<b>1,301,561</b>	<b>1,106,261</b>	<b>662,761</b>	<b>610,241</b>	<b>610,241</b>

## ANNEX 2

## Actual and Forecast Earmarked Reserves 2015/16 to 2020/21

General Fund	Balance at 31 March 2016	Balance at 31 March 2017	Balance at 31 March 2018	Balance at 31 March 2019	Balance at 31 March 2020	Balance at 31 March 2021
	£	£	£	£	£	£
<b>Longer term strategic or corporate reserves</b>						
<b><u>Insurance</u></b> <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	14,581	14,581	14,581	14,581	14,581	14,581
<b><u>Fleming VAT Claim</u></b> <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	195,797	68,372	68,372	68,372	39,372	39,372
<b><u>Repairs and Maintenance</u></b> <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	37,869	29,299	29,299	29,299	29,299	29,299
<b><u>Post LSVT</u></b> <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	292,100	255,588	219,076	182,564	146,052	109,540
<b><u>Restructuring Reserve</u></b> <i>To fund costs resulting from restructuring reviews</i>	227,541	227,541	227,541	227,541	227,541	227,541
<b><u>VAT Shelter Reserve</u></b> <i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,376,280	1,257,750	1,181,750	1,149,340	1,051,130	952,750
<b><u>Equipment Reserve</u></b> <i>To fund essential and urgent equipment requirements</i>	122,750	105,000	104,882	104,882	93,882	93,882

**ANNEX 2**

**Actual and Forecast Earmarked Reserves 2015/16 to 2020/21**

<b>General Fund</b>	<b>Balance at 31 March 2016</b>	<b>Balance at 31 March 2017</b>	<b>Balance at 31 March 2018</b>	<b>Balance at 31 March 2019</b>	<b>Balance at 31 March 2020</b>	<b>Balance at 31 March 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>Invest to Save Fund</u></b> <i>To fund future invest to save projects</i>	250,000	250,000	250,000	227,000	230,600	234,200
<b><u>Planning Reserve</u></b> <i>To fund any future potential planning issues</i>	156,738	136,258	93,358	93,358	78,858	78,858
<b><u>Housing Benefit Reserve</u></b> <i>To help meet the challenges facing the service in the coming years</i>	100,000	100,000	100,000	100,000	100,000	100,000
<b><u>New Homes Bonus Reserve</u></b> <i>To help finance future economic development capital schemes</i>	762,304	1,274,227	1,816,112	2,014,964	2,060,564	2,147,764
<b><u>Business Rates Volatility Reserve</u></b> <i>To provide some protection against business rates volatilities</i>	664,794	820,882	1,608,768	1,608,768	1,608,768	1,608,768
<b>Sub total</b>	<b>4,200,754</b>	<b>4,539,498</b>	<b>5,713,739</b>	<b>5,820,669</b>	<b>5,680,647</b>	<b>5,636,555</b>
<b>External grant funding where expenditure has yet to be incurred</b>						
<b><u>Performance Reward Grant</u></b> <i>Performance Reward Grant received and yet to be distributed to successful schemes</i>	75,117	71,347	55,467	55,467	55,467	55,467
<b><u>Land Charges Reserve</u></b> <i>To fund any potential restitution claims for personal search fees</i>	48,559	41,839	41,839	41,839	41,839	41,839
<b><u>Pendle Hill User Reserve</u></b> <i>To fund improvement schemes on Pendle Hill</i>	32,519	32,719	32,719	32,719	32,719	32,719

**ANNEX 2**

**Actual and Forecast Earmarked Reserves 2015/16 to 2020/21**

<b>General Fund</b>	<b>Balance at 31 March 2016</b>	<b>Balance at 31 March 2017</b>	<b>Balance at 31 March 2018</b>	<b>Balance at 31 March 2019</b>	<b>Balance at 31 March 2020</b>	<b>Balance at 31 March 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>Crime Reduction Partnership Reserve</u></b> <i>To fund cost of crime reduction initiatives</i>	24,175	19,635	6,115	6,115	6,115	6,115
<b><u>Exercise Referral Reserve</u></b> <i>To fund potential residual staffing costs</i>	16,401	14,141	14,141	14,141	14,141	14,141
<b><u>Housing Related Grants Reserve</u></b> <i>Residual grant received, to be committed to future grant schemes</i>	58,010	28,250	28,120	28,120	28,120	28,120
<b><u>Community Right to Bid/Challenge</u></b> <i>To fund any future costs under the Community Right to Bid and Community Right to Challenge Regulations</i>	46,224	46,224	46,224	46,224	46,224	46,224
<b><u>Grant Funded Sports Development</u></b> <i>To finance future Sports Development grant funded expenditure</i>	5,510	4,600	4,600	4,600	4,600	4,600
<b><u>Whalley Moor Reserve</u></b> <i>Grant received towards work at Whalley Moor Woodland</i>	4,520	4,520	4,520	4,520	4,520	4,520
<b><u>Individual Electoral Registration Reserve</u></b> <i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	17,902	1,302	0	0	0	0
<b><u>Repossession Prevention Fund Reserve</u></b> <i>Ring-fenced DCLG funded reserve to help prevent repossessions and homelessness.</i>	28,491	28,491	28,491	28,491	28,491	28,491



## ANNEX 2

## Actual and Forecast Earmarked Reserves 2015/16 to 2020/21

General Fund	Balance at 31 March 2016	Balance at 31 March 2017	Balance at 31 March 2018	Balance at 31 March 2019	Balance at 31 March 2020	Balance at 31 March 2021
	£	£	£	£	£	£
<b>Neighbourhood Planning Reserve</b> <i>DCLG Neighbourhood Planning Grant received to fund future related expenditure</i>	15,000	10,000	10,000	10,000	10,000	10,000
<b>Parish Grant Reserve</b> <i>PRG Resources set aside to fund the Parish Grant Scheme</i>	109,134	92,184	54,564	54,564	54,564	54,564
<b>Transition Grant</b> <i>To set aside the Transition Grant, paid by the government to ease the reductions in RSG</i>	0	20,424	20,424	20,424	20,424	20,424
<b>Sub total</b>	<b>481,562</b>	<b>415,676</b>	<b>347,224</b>	<b>347,224</b>	<b>347,224</b>	<b>347,224</b>
<b>TOTAL</b>	<b>6,005,502</b>	<b>6,372,310</b>	<b>7,312,889</b>	<b>7,001,285</b>	<b>6,742,412</b>	<b>6,724,043</b>

## ANNEX 3

## Forward Capital Programme – 2017/18 to 2021/22

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
<b>COMMUNTY SERVICES COMMITTEE</b>						
Play Area Improvements	40,000	40,000	40,000	40,000	40,000	200,000
Ribble Valley off-street car parks – upgrade of payment systems	14,550					14,550
Castle Museum - Refurbishment of Windows	62,560					62,560
Renewal of sections of floor to residual waste transfer station	19,500	23,500				43,000
Replacement of Twin-bodied refuse collection vehicle (VU59 JJK)	218,000					218,000
Replacement of Works Iveco Tipper with Iveco Daily Long Wheelbase high top van	23,500					23,500
Replacement mower (Kubota) PN09 SWO	15,500					15,500
Replacement mower (Scag 4x4) rvbc 016 - plus Replacement of Scag Mower (rvbc014) with equivalent spec vehicle	13,000					13,000
Replacement pick up vehicles (Ford Ranger S/C 4WD x 2) – PK07 LSY and PK07 TZG	41,000					41,000
Replacement of Paper Collection Vehicle VX55 KXD		49,000				49,000
Replacement of Refuse Collection Vehicle VU60 HNX		222,500				222,500

## ANNEX 3

### Forward Capital Programme – 2017/18 to 2021/22

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
Replacement of Works Iveco Tipper (PO60 AYK)		37,500				37,500
Replacement of Car Parking Van - Fiat Doblo PN09 MHY with an equivalent spec		13,000				13,000
Replacement of Garwood (12 Tonne GVW) single bodied RCV & Cage Truck with single multi-use vehicle - PN05 PWL		120,000				120,000
Replacement mower (Haytor) PN07 MVG		36,500				36,500
Replacement mower (Kubota) PN09 SWO		16,000				16,000
Replacement Mini Tractor and Trailer (John Deere) - PN06 TSZ		12,000				12,000
Replacement Truck (Ford) c/w Tail Lift		37,500				37,500
Tour of Britain Legacy		10,000				10,000
All Weather Pitch Lighting		31,000				31,000
Castle Keep Lime Repointing Works and Repairs (Subject to External Funding)			311,320			311,320
Replacement of Clitheroe CCTV System			60,000			60,000
Replacement of Refuse Collection Vehicle VN12 KYK				232,000		232,000

## ANNEX 3

## Forward Capital Programme – 2017/18 to 2021/22

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
Replacement of Refuse Collection Vehicle VU62 HXK					232,000	232,000
Replacement of Refuse Collection Vehicle PO60 YEK			227,000			227,000
Replacement of Paper Collection Vehicle VU06 TKN			50,000			50,000
Replacement of JCB Gravemaster Digger				32,000		32,000
Replacement of Pickup Ford Ranger PK60 HKN				20,120		20,120
Installation of a Second Parking Deck on Chester Avenue Car Park			1,230,000			1,230,000
Replacement Gang Mower (rvbc 009)			29,000			29,000
Replacement Mini Tractor with Bucket for PN05 BYS			22,000			22,000
Replacement High Top Transit Van for PJ63 WUC				20,000		20,000
<b>Total Community Services Committee</b>	<b>447,610</b>	<b>648,500</b>	<b>1,969,320</b>	<b>344,120</b>	<b>272,000</b>	<b>3,681,550</b>
<b>HEALTH AND HOUSING COMMITTEE</b>						
Clitheroe Market Improvements (moved from 2016/17)	175,000					175,000

## ANNEX 3

### Forward Capital Programme – 2017/18 to 2021/22

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
Disabled Facilities Grants	161,000	161,000	161,000	161,000	161,000	805,000
Landlord/Tenant Grants	50,000	50,000	50,000	50,000	50,000	250,000
Replacement of Pest Control Van (PK13 FJP)				13,500		13,500
Replacement of Dog Warden Van (PE64 EYC)					13,500	13,500
<b>Total Health and Housing Committee</b>	<b>386,000</b>	<b>211,000</b>	<b>211,000</b>	<b>224,500</b>	<b>224,500</b>	<b>1,257,000</b>

#### PLANNING AND DEVELOPMENT COMMITTEE

Replacement of Plotter/Copier in the Planning Section			14,500			14,500
<b>Total Planning and Development Committee</b>	<b>0</b>	<b>0</b>	<b>14,500</b>	<b>0</b>	<b>0</b>	<b>14,500</b>

#### POLICY AND FINANCE COMMITTEE

Council Offices Reroofing Retention (moved from 2016/17)	7,910					7,910
Council Offices Replacement Windows and Rooflights Retention (moved from 2016/17)	4,540					4,540

## ANNEX 3

### Forward Capital Programme – 2017/18 to 2021/22

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
Clitheroe Townscape Scheme (moved from 2016/17)	55,000					55,000
Economic Development Initiatives (moved from 2016/17)	100,000					100,000
Replacement server for Revenues & Benefits	13,500					13,500
Printing section equipment upgrade	12,500					12,500
Council chamber – Seating renewal scheme	11,250					11,250
Windows Server Upgrade		23,500				23,500
New council telephone system	45,000					45,000
Civic Suite Upgrade	45,000					45,000
Queensway Garages - Replace roof covering and repairs		23,000				23,000
Redesign of the Corporate Website			30,000			30,000
Corporate Firewall			15,000			15,000
<b>Total Policy and Finance Committee</b>	<b>294,700</b>	<b>46,500</b>	<b>45,000</b>	<b>0</b>	<b>0</b>	<b>386,200</b>
<b>TOTAL CAPITAL PROGRAMME 2017/18 TO 2021/22</b>	<b>1,128,310</b>	<b>906,000</b>	<b>2,239,820</b>	<b>568,620</b>	<b>496,500</b>	<b>5,339,250</b>

## ANNEX 3

## Forward Capital Programme – 2017/18 to 2021/22

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
<b>FINANCING</b>						
Disabled Facility Grants	-161,000	-161,000	-161,000	-161,000	-161,000	<b>-805,000</b>
Potential External Funding for Castle Keep Repointing			-222,240			<b>-222,240</b>
New Homes Bonus Earmarked Reserve	-242,000	-209,000	-313,600	-272,000	-272,000	<b>-1,308,600</b>
VAT Shelter Earmarked Reserve	-234,000	-69,500	-127,880	-122,120	-50,000	<b>-603,500</b>
Other Earmarked Reserves	-241,300	-466,500	-96,020			<b>-803,820</b>
Usable Capital Receipts			-89,080	-13,500	-13,500	<b>-116,080</b>
Borrowing	-250,010		-1,230,000			<b>-1,480,010</b>
<b>TOTAL FINANCING 2017/18 TO 2021/22</b>	<b>-1,128,310</b>	<b>-906,000</b>	<b>-2,239,820</b>	<b>-568,620</b>	<b>-496,500</b>	<b>-5,339,250</b>