



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

Medium Term Financial Strategy and Plan 2025/26 to 2028/29

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Introduction

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

The main objectives of the medium term financial strategy are:

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

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

The Strategy

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

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

The Plan

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

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

Corporate Plan

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

Medium Term Financial Strategy

FINANCIAL CONTEXT: Settlement Funding Assessment

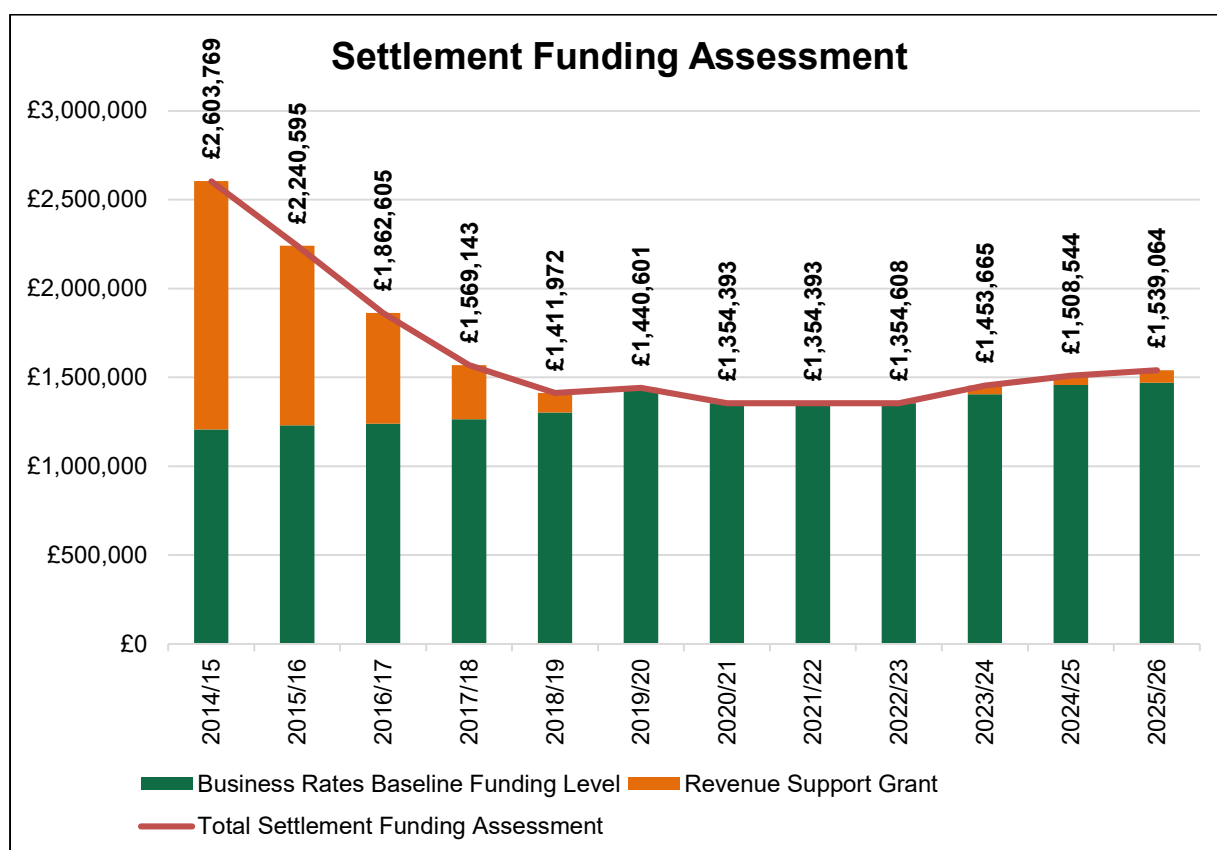
Settlement Funding Assessment

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

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

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

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



The Settlement Funding Assessment for 2025/26 is effectively a one-year settlement and as such it is difficult to assess the level of funding over the life of the plan. Looking forward, in the absence of any other information around the future of local government funding, it has been assumed in the Medium Term Financial Plan section of this document that the Settlement funding Assessment level will increase by 2.5% per annum until the end of the plan life in 2028/29.

FINANCIAL CONTEXT: Settlement Funding Assessment

Other assumptions have been made in respect of protections going forward and this is referenced in the next section under 'Funding Guarantee'. This has been allowed for on the assumption that overall, Government funding will remain the same in 2026/27 but then increase annually by 2.5%, even after allowing for certain funding streams being removed in future years, such as New Homes Bonus.

The Government has made clear its ambition to update the Local Government funding system on the basis of an up-to-date assessment of need and local resources. They have stated there will be a much stronger link to level of deprivation.

This will be part of a fundamental review of council funding and an ambition to simplify funding streams in the settlement. It will build on the Fair Funding Review conducted by the previous Government.

The government has issued a consultation on the objectives and principles of their proposed approach to funding reform. This was launched on 18 December alongside the provisional Local Government Finance Settlement 2025/26 and ended on 12 February 2025.

This consultation sought views on the approach to local authority funding reform through the local government finance settlement from 2026/27.

FINANCIAL CONTEXT: Other Key Government Grants

Other Key Government Grants

New Homes Bonus

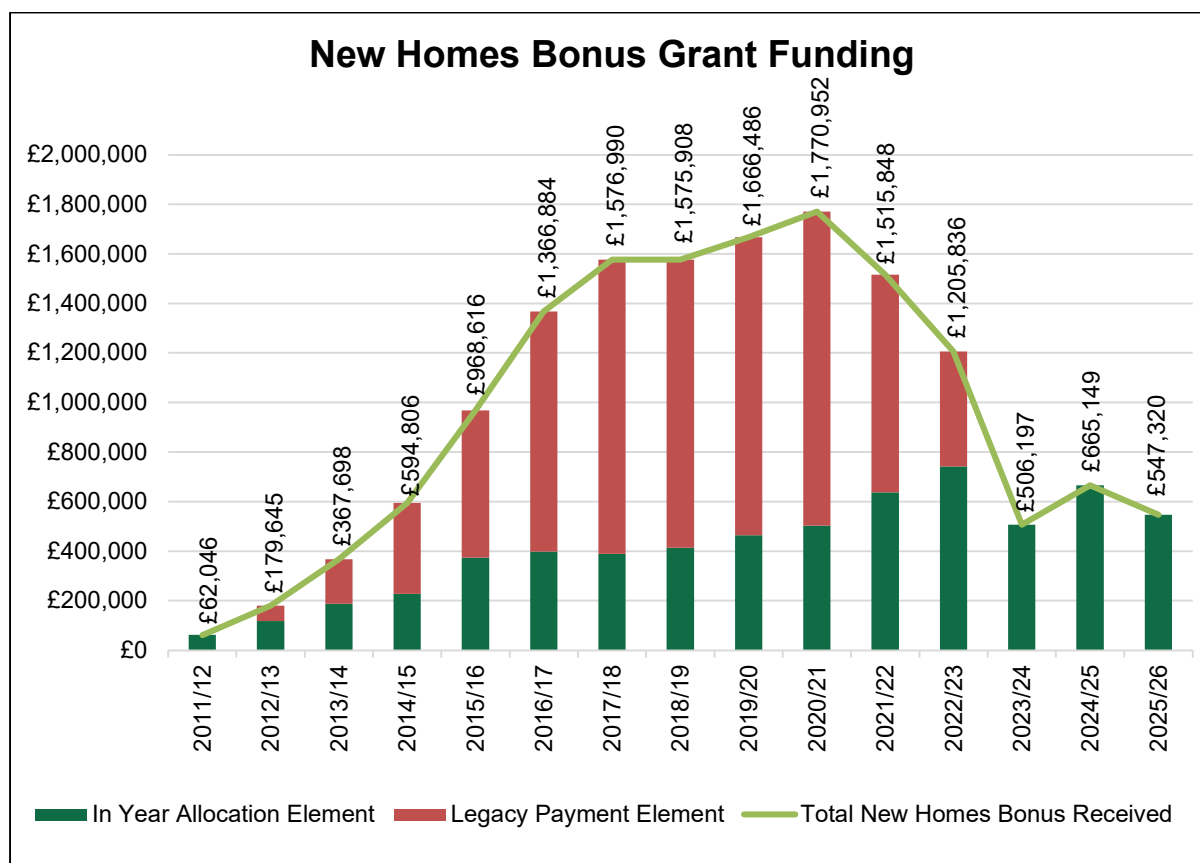
The New Homes Bonus commenced in April 2011 and is paid to the council by the Government for new homes and empty properties brought back in to use. The amount receivable is equivalent to the national average council tax for each property.

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

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

The first year where a full six years-worth of payments were received was 2016/17. Significant changes were announced in the tapering of the grant with effect from 2017/18 onwards, through to the 2023/24 financial year where a single year's grant payment was made, when New Homes Bonus was expected to come to an end. The grant settlement for 2024/25 had an unexpected inclusion of New Homes Bonus for a further year, as has the grant settlement for 2025/26.

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



FINANCIAL CONTEXT: Other Government Grants within Grant Settlement

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

The government have said they intend to consider a range of options for how to balance the principles of robustness and sustainability through the Settlement with wider housing objectives. This includes exploring allocating all Settlement funding according to their updated distribution methodology, and subject to wider spending review decisions, providing a housebuilding incentive outside of the Settlement.

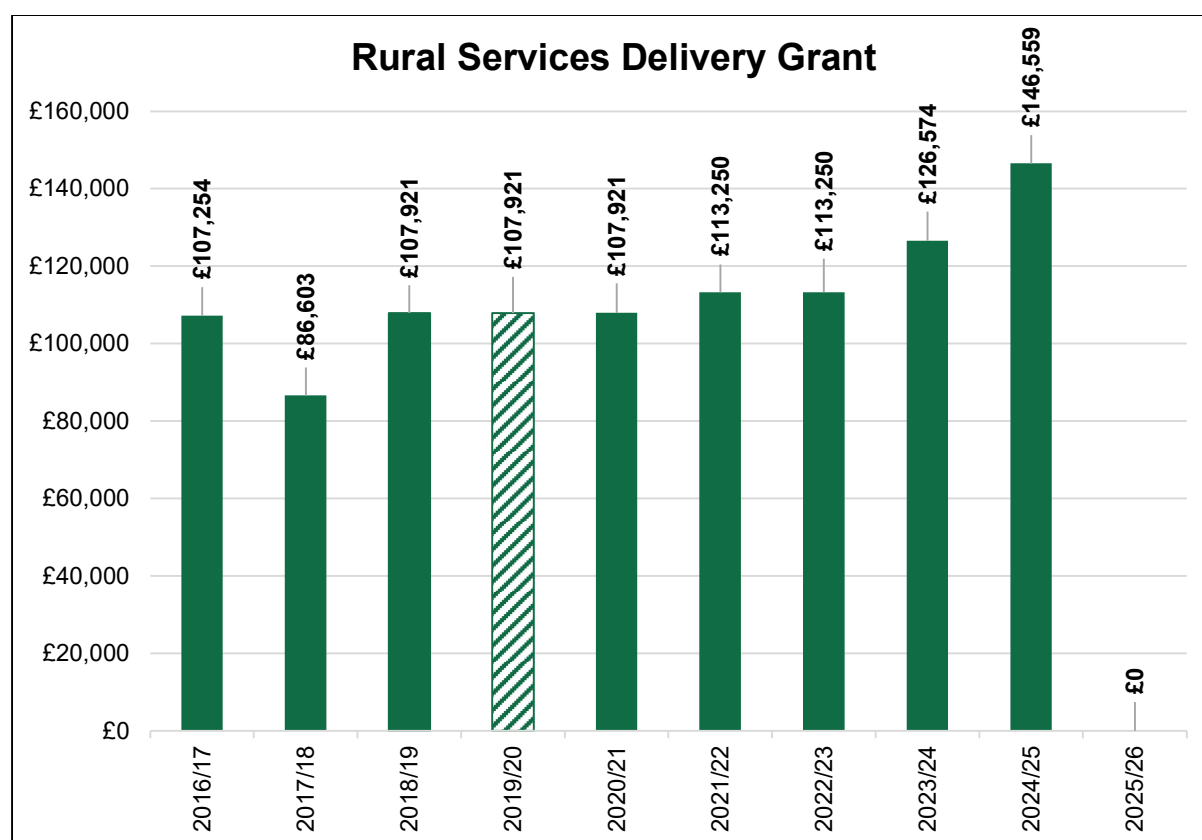
Despite similar proposals in previous Grant Settlements, the government proposes that 2025/26 will be the final year the New Homes Bonus is paid in its current format. The government will consult on detailed proposals for arrangements beyond 2025/26 in the first half of 2025.

Rural Services Delivery Grant

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

The government have repurposed this grant funding from 2025/26, with the funding being directed instead towards areas with 'high service demand that need it most'.

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



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

FINANCIAL CONTEXT: Other Key Government Grants

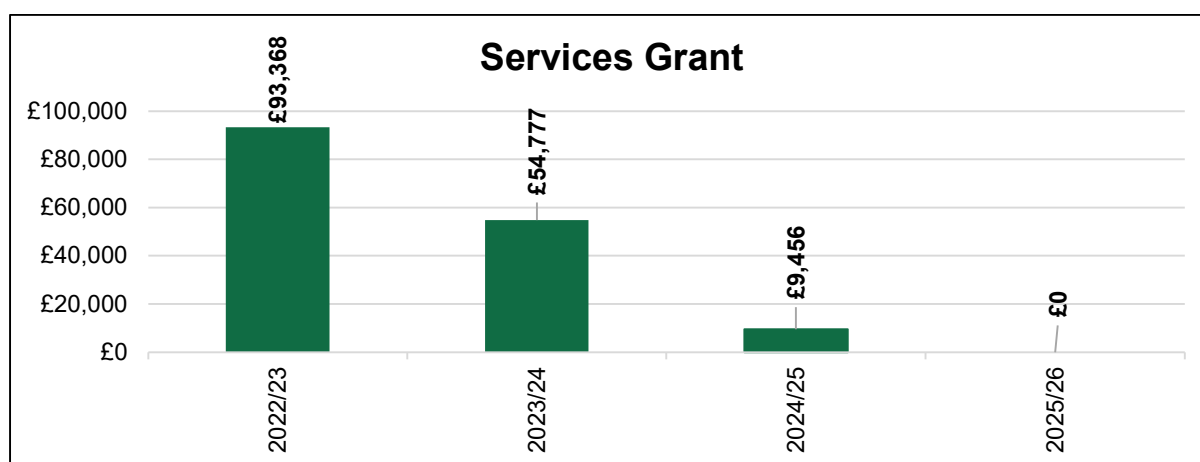
Looking forward over the life of the plan, as the funding was stopped from 2025/26 it has been assumed that the payment of Rural Services Delivery Grant will remain as nil.

Services Grant

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

As with the Rural Services Delivery Grant, this grant has also been repurposed in 2025/26

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



Looking forward over the life of the plan, as the funding was stopped from 2025/26 it has been assumed that the payment of Services Grant will remain as nil.

Funding Guarantee and Funding Floor Grant (Transitional Protection Funding)

In 2023/24 and 2024/25 the council received a grant which was to ensure all councils received at least a 4% increase in their core spending power before local decisions were made on the level of council tax. Ribble Valley received £788,878 in 2023/24 and £745,029 in 2024/25.

For 2025/26, the government announced what is known as the Funding Floor Grant. This is to ensure that all councils receive at least the same level of Core Spending Power (CSP) as last year.

However, unlike the Funding Guarantee, this is **after** assuming councils increase their council tax by the maximum amount. For 2025/26 this Council will receive £781,159.

Of all district councils, 134 out of 164 have received a flat cash increase in Core Spending Power, assuming they use full council tax flexibility. Essentially therefore this is a reduction in funding from the Government.

Due to uncertainty regarding the impact of forthcoming funding reforms we have assumed we will receive some type of transition protection funding to maintain our core spending power at the same level in 2026/27 followed by a 2.5% increase for each of the following two years. The estimated cost of these changes is £210K.

Domestic Abuse Safe Accommodation Grant

This is a grant that has previously been received by the government, but for 2025/26 has been consolidated into the core spending power calculation by the government

FINANCIAL CONTEXT: Other Government Grants within Grant Settlement

for the first time. We will receive £36,339 in 2025/26 and the budget forecast assumes that this will continue to be received each year but inflated by 2.5% each year. This is significantly below the cost of these changes.

Compensation for Employers National Insurance Increase

At the autumn budget the Chancellor announced an increase in Employers National Insurance Contributions from 13.8% to 15% on a worker's earnings above £175 from April 2025. She also announced the NI threshold is dropping from £9,100 to £5,000.

This council will be partially compensated for this increase through grant funding from the government of £69,495 in 2025/26 and the budget forecast assumes that this will continue to be received each year but inflated by 2.5% each year.

Extended Producer Responsibility Funding

Local Authorities will receive new funding in 2025/26 in respect of the Extended Producer Responsibility (EPR) scheme which aims to improve recycling outcomes. Under this scheme some organisations and businesses will have to pay a fee for the packaging they supply to, or import into, the UK market. This money will go to Local Authorities.

We are told that EPR income will not be ringfenced and also that EPR income sits outside the core finance settlement. Further information is included under the 'National Policy and Pressures' section.

Our provisional indicative EPR allocation of £561k was announced at the end of November. We understand we will receive notification of our actual allocation in April 2025. The budget forecast assumes that we will continue to receive £561K annually.

FINANCIAL CONTEXT: Council Tax

Council Tax

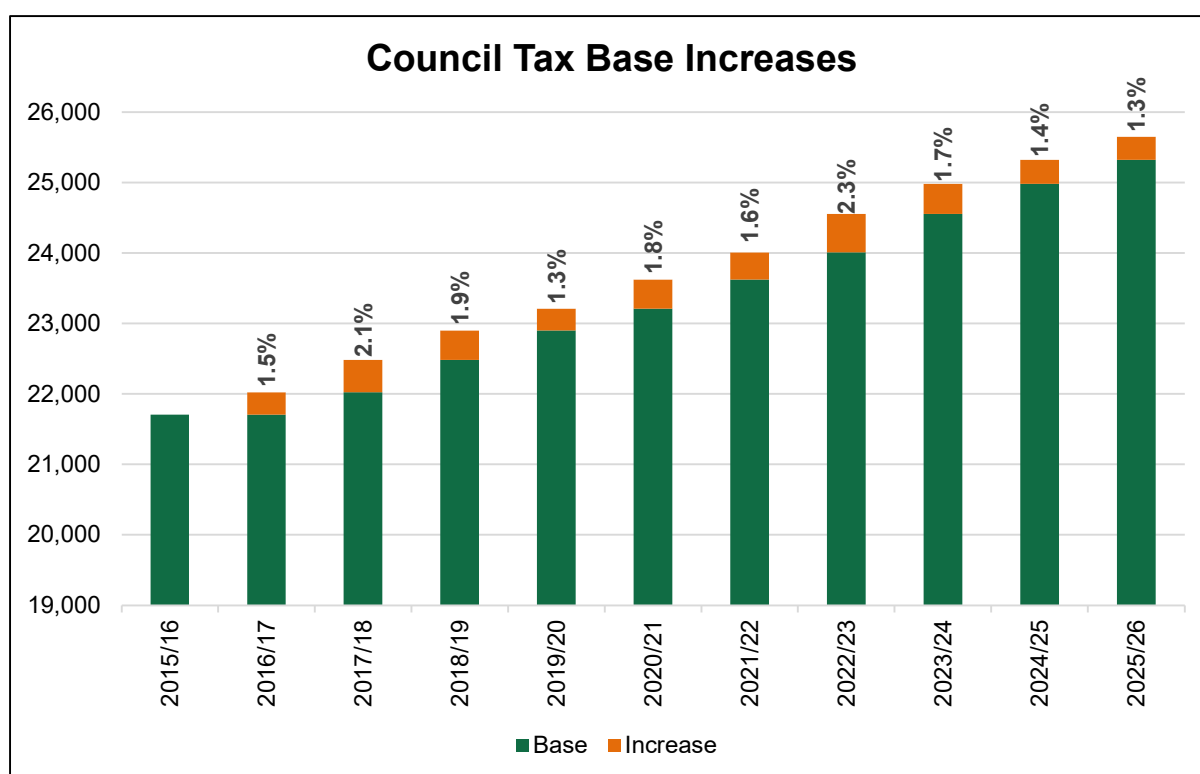
Calculation of the Council Tax Base

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

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

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

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



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

Looking forward over the life of the plan it is assumed that the council tax base will grow by 1.5% per annum.

Tax Base and the Impact of Local Council Tax Support

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

FINANCIAL CONTEXT: Council Tax

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

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

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

Council Tax Level Changes

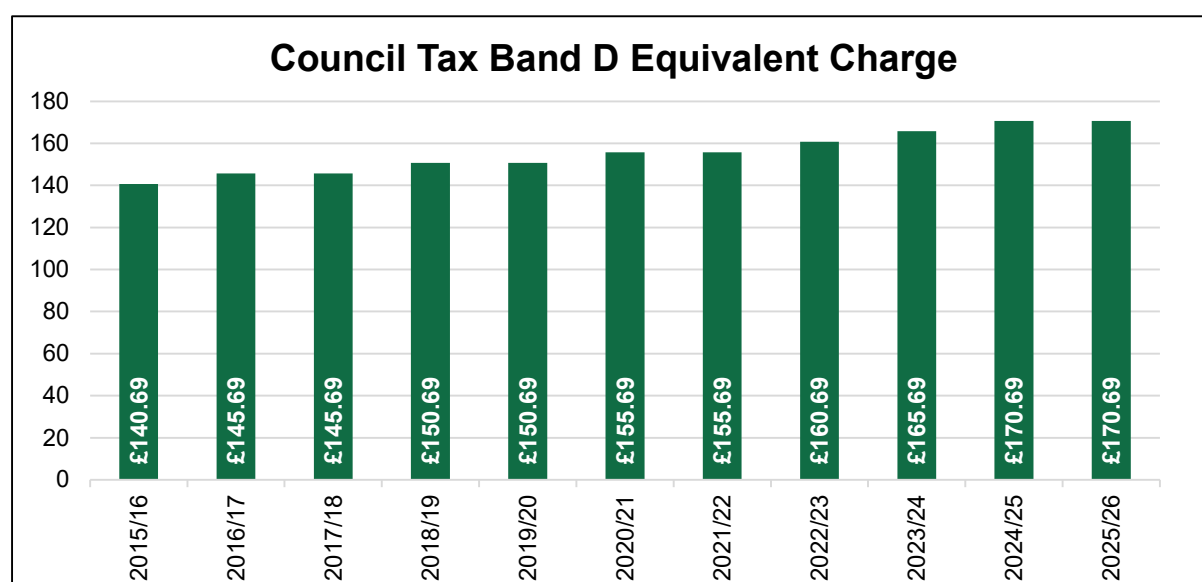
A referendum must be held where an authority's Council Tax increase is higher than the principles proposed annually by the Secretary of State and approved by the House of Commons.

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

For the 2025/26 financial year elected members agreed to freeze the level of the council tax at £170.69 based on a Band D property.

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

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



FINANCIAL CONTEXT: Council Tax

The level of the Band D council tax in any given year is a decision for elected members in each of the relevant years. However, for the purposes of the plan, over its lifetime it has been assumed that the council tax would be increased by the maximum permissible (2.99%), which is in line with the Government's current core referendum principles.

Council Tax Income for this Council

The impact on the level of council tax raised is twofold. It is impacted by changes in the taxbase and also impacted by any monetary increase to the Band D equivalent charge.

The table below shows the financial impact for 2025/26:

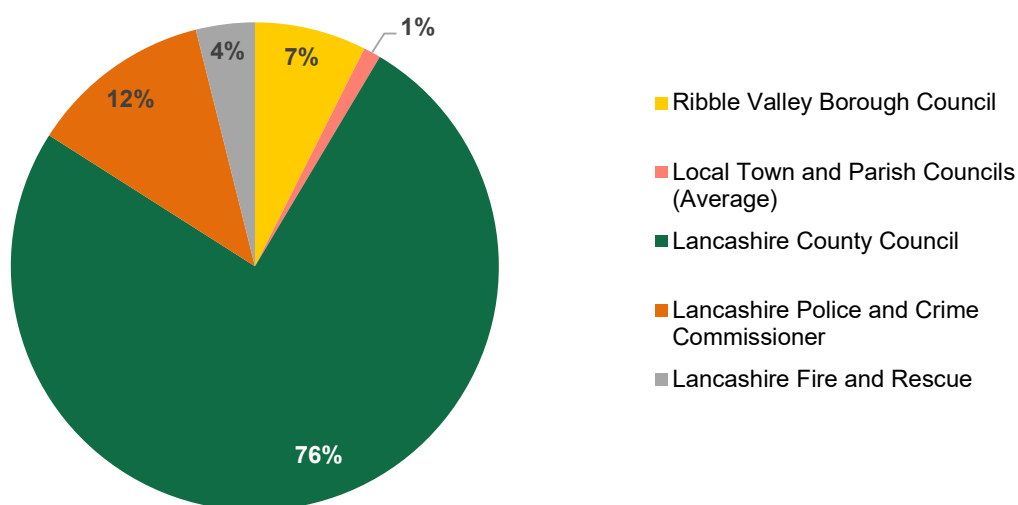
	Council Tax Income £
Band D Council Tax	170.69
Taxbase for 2025/26	25,649
= Council Tax Income 2025/26	4,378,028
Council Tax income 2024/25	4,322,041
Extra income from Council Tax	55,987
Of which due to increase in taxbase	55,987
Of which due to increase in council tax charge	0

Due to the approved freeze in the level of council tax for 2025/26, the only increase in our council tax income for 2025/26 will be due to the movement in the council tax base.

Council Tax Collection Fund

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

Make Up of Overall Council Tax Band D Charge

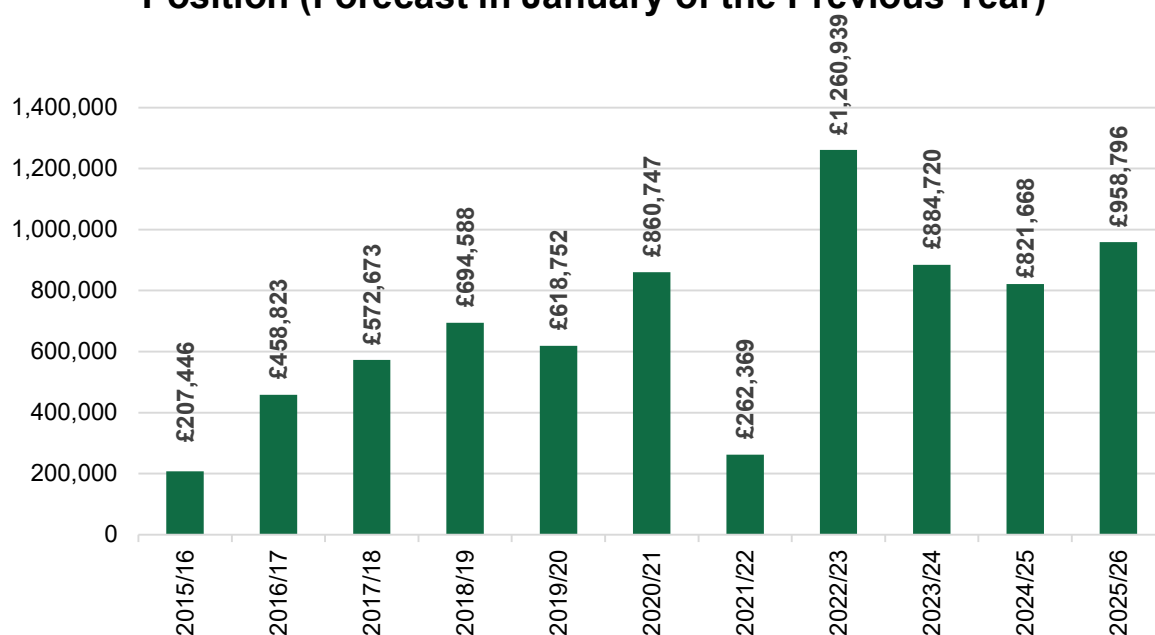


The Collection Fund is ringfenced and shows the income received from Council Tax payers. It also shows how the income is distributed between Lancashire County Council, the Borough Council and its Parishes, Lancashire Police and Crime Commissioner and Lancashire Combined Fire Authority.

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

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

Council Tax Collection Fund Surplus/(Deficit) Position (Forecast in January of the Previous Year)



FINANCIAL CONTEXT: Council Tax

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

As such, for 2025/26 the forecast surplus is £958,796 and this surplus is distributed on the following basis:

Major Preceptor	Based on 2024/25 Precept £	Share of Forecast Surplus on Collection Fund £
Lancashire County Council	41,862,956	721,548
Lancashire Police and Crime Commissioner	6,669,551	114,956
Ribble Valley Borough Council (incl Parishes)	4,949,667	85,313
Lancashire Combined Fire Authority	2,145,449	36,979
Total	55,627,623	958,796

Looking forward over the life of the plan it is assumed that this council might see a collection fund surplus of £75,000 in 2026/27 and the £50,000 per annum thereafter.

Council Tax Collection Rates

Council tax collection rates in Ribble Valley are the highest in the North West and fourth in England. In 2023/24 the council collected 99.1 per cent of council tax, which is thanks both to prompt payment by residents and also the diligence of the council's collection team.

Business Rates and Pooling

Business Rates

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

These other elements are in respect of:

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

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

Business Rates Growth

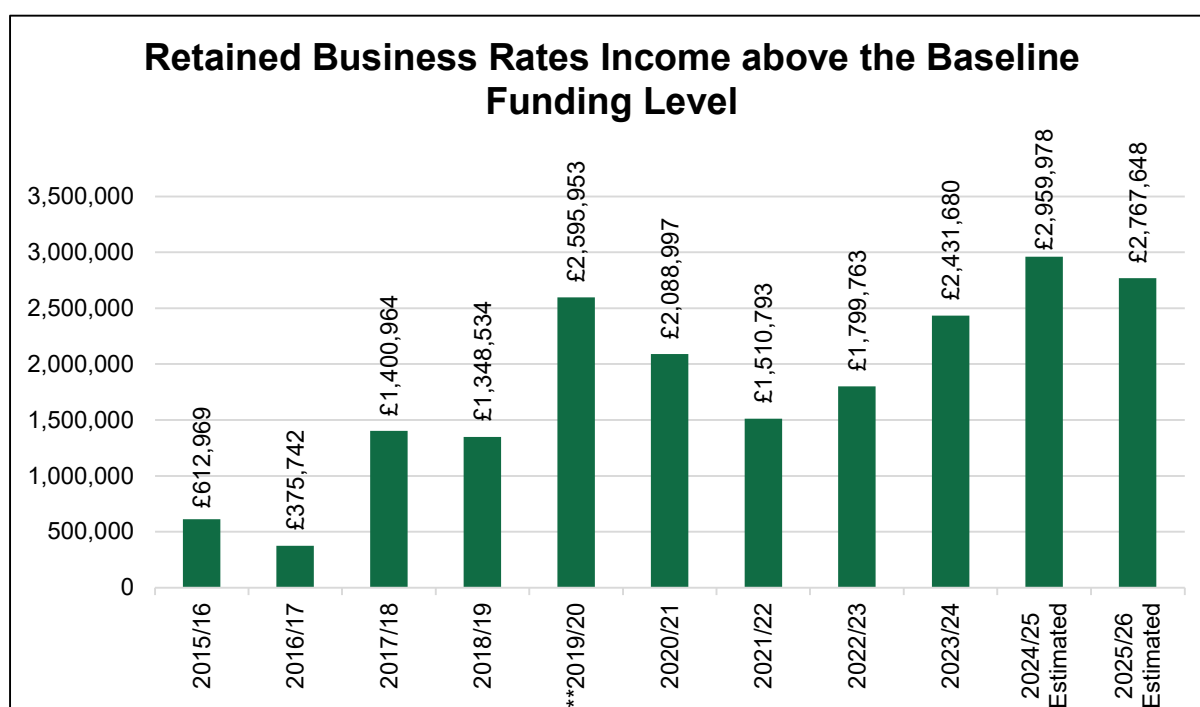
This council has benefited from healthy levels of business rates growth over the life of the business rates retention scheme and over time has relied heavily on this income to support the revenue budget, as well as helping fund the capital programme.

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

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

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

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

FINANCIAL CONTEXT: Business Rates and Pooling

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

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

Business Rates Pooling

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

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

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

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

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

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

FINANCIAL CONTEXT: Business Rates and Pooling

Council. As part of this arrangement a fee of £20,000 is payable, charged equally to all members of the pool by Ribble Valley Borough Council in their role as lead.

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

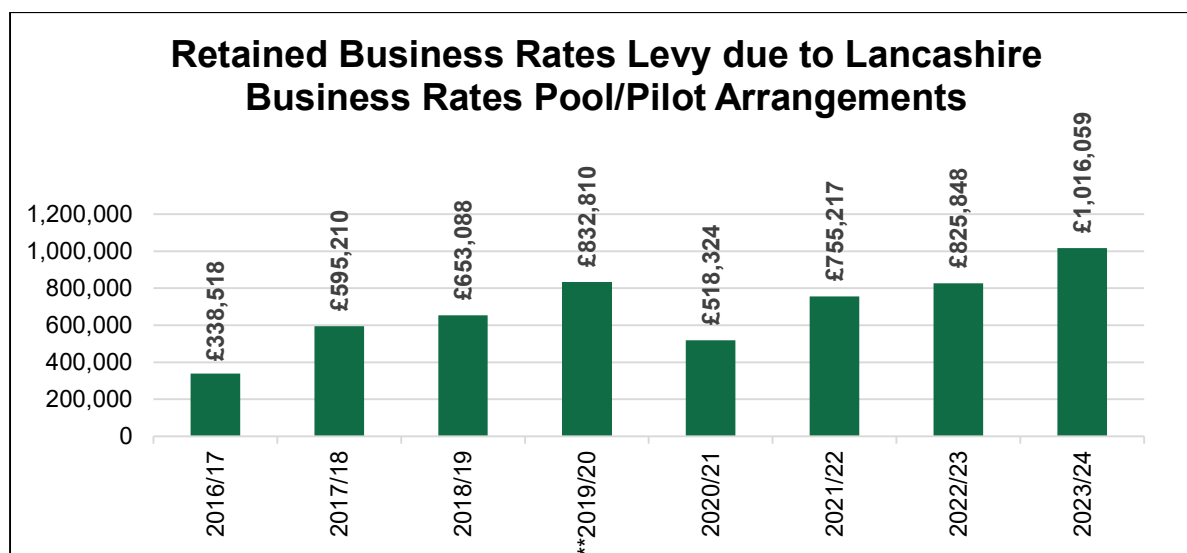
- Lancashire County Council is paid 10% of the overall retained levy;
- Each district within the pool retains 90% of their retained levy.

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

The Council obviously has to make assumptions about the potential for successful appeals, bad debts and also growth in its business rates base.

The council has set up a Business Rates Volatility Reserve which offers some protections in lieu of those lost in respect of the Government Safety Net by forming a Business Rates Pool, but also in the event of any substantial reforms.

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



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

Business Rates Collection Fund

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

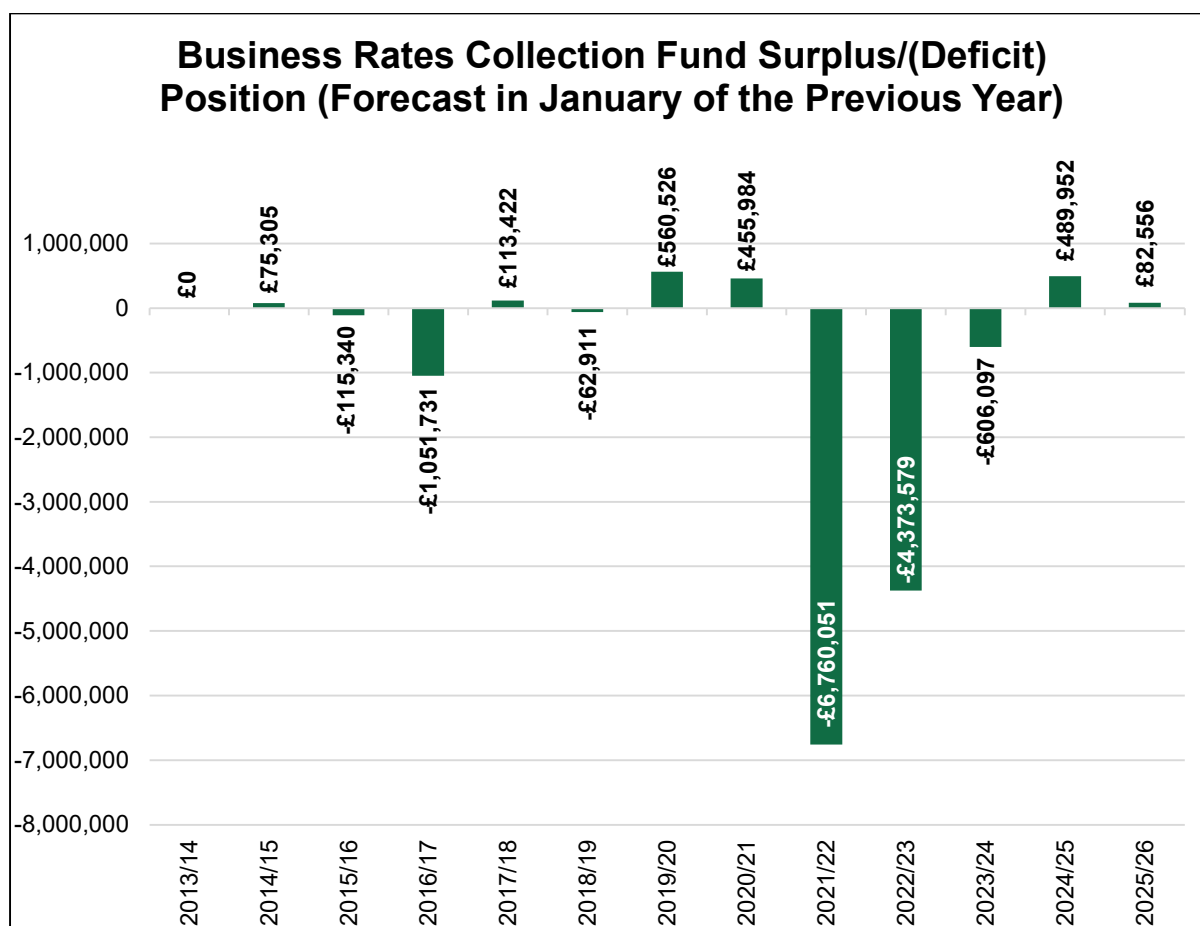
The Collection Fund is ringfenced and shows the income received from Business Rate payers. It also shows how the income is distributed between Central Government,

FINANCIAL CONTEXT: Business Rates and Pooling

Lancashire County Council, Ribble Valley Borough Council and Lancashire Combined Fire Authority.

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

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



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

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

- 2016/17 – this position arose from a review of the position on appeals prior to the council forming the Lancashire Business Rates Pool together with the majority of other district councils in Lancashire and Lancashire County Council. This review was undertaken due to the transfer of risk in joining the Lancashire Business Rates Pool arrangements and losing the protections of the Government scheme.

FINANCIAL CONTEXT: Business Rates and Pooling

- 2021/22 and 2022/23 – this position reflects the impact of Covid-19 on the Business Rates landscape. Due to measures taken by the Government in providing a wide range of reliefs to businesses, the level of business rates income that the Collection Fund received was dramatically reduced. Whilst this income was reduced in 2020/21 and 2021/22, the impact due to the nature of the Collection Fund Surplus and Deficit accounting was not felt in the general fund until the 2021/22 and 2022/23 financial years respectively through the distribution of the Business Rates Collection Fund Deficit. However, the Government did compensate councils for this loss of income, but through Section 31 grants which are payable to the General Fund, not the Collection Fund.

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

As such, for 2024/25 the forecast year end surplus is £82,556 and this surplus is distributed on the following basis:

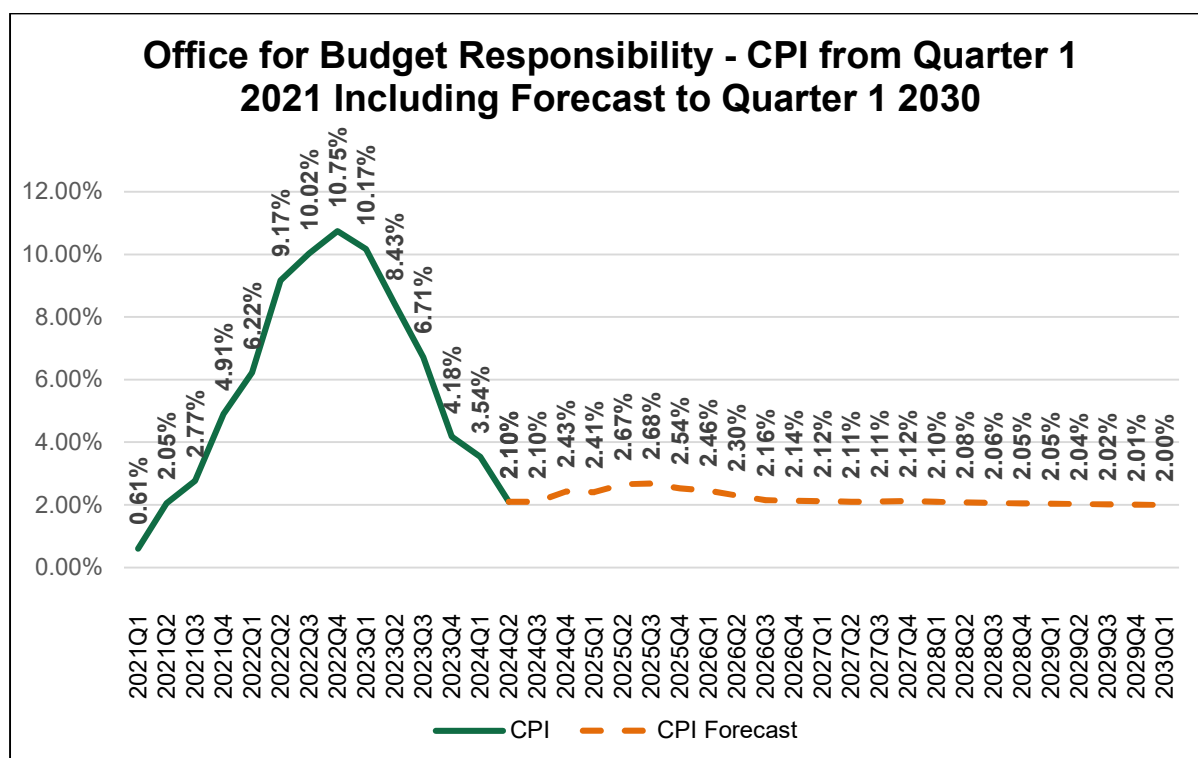
Major Preceptor	2024/25 Distribution Percentages	Consequential Share of Forecast Surplus on Collection Fund Distributed During 2025/26 £
Central Government	50%	41,278
Ribble Valley Borough Council	40%	33,022
Lancashire County Council	9%	7,430
Lancashire Combined Fire Authority	1%	826
Total	100%	82,556

FINANCIAL CONTEXT: Other Financial Assumptions

Other Financial Assumptions

Consumer Price Index

Over recent years there have been significant movements on the level of inflation seen.



The budget for 2025/26 has been prepared on the basis of inflation of 2.5% for Prices and Income. However, where costs are known to be above or below this rate, then further adjustments have been made in setting such budgets.

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

Financial Year	Inflation Allowed for on General Prices	Impact of 1% Movement
2025/26	2.5%*	+/- £80,000
2026/27	2.5%	+/- £82,000
2027/28	2.5%	+/- £84,050
2028/29	2.5%	+/- £86,150

* a decision has been made to also include a £200K contingency for any fuel and energy cost inflation above 2.5% in the 2025/26 financial year.

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

FINANCIAL CONTEXT: Other Financial Assumptions**Pay Inflation**

Assumptions have been made in the forecast about the likely level of pay inflation that will apply from April 2025. As a large proportion of the Council's expenditure is pay related this can have a significant impact if actual rates are much higher than predicted.

The budget for 2025/26 has been prepared on the basis of pay inflation at 4%. Looking forward to the medium term, pay inflation has been allowed for at:

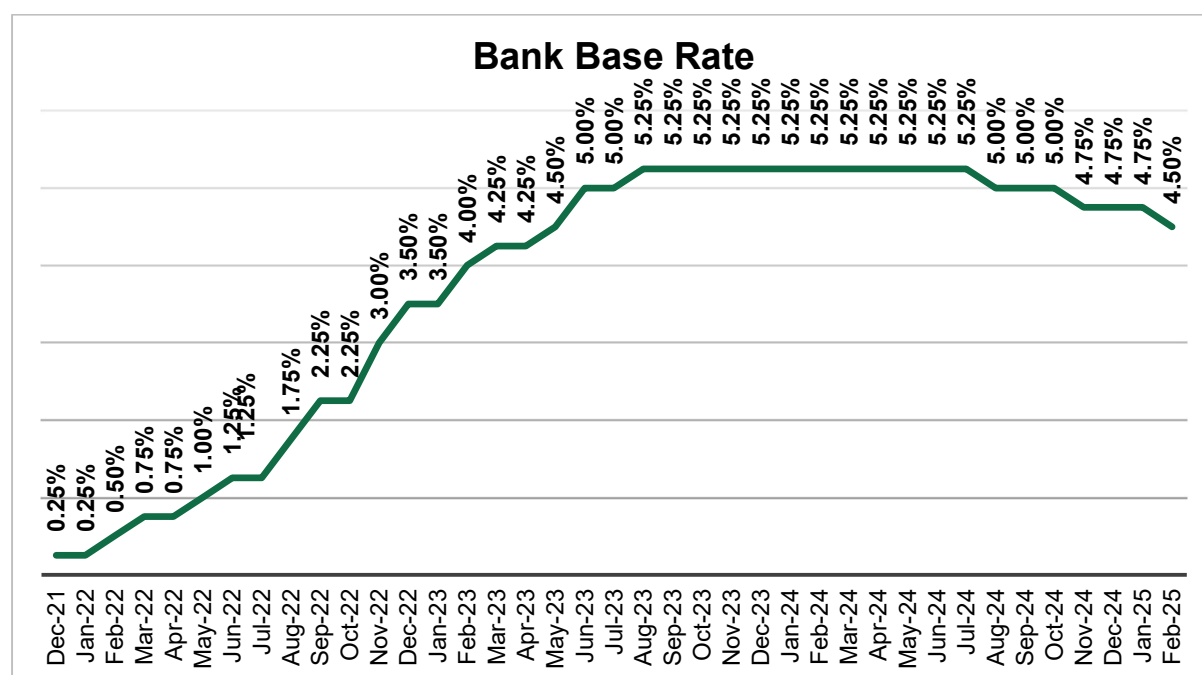
Financial Year	Inflation Allowed for on Pay	Impact of 1% Movement
2025/26	4.0%	+/- £97,000
2026/27	2.5%	+/- £99,430
2027/28	2.5%	+/- £101,910
2028/29	2.5%	+/- £104,460

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

Interest Rates

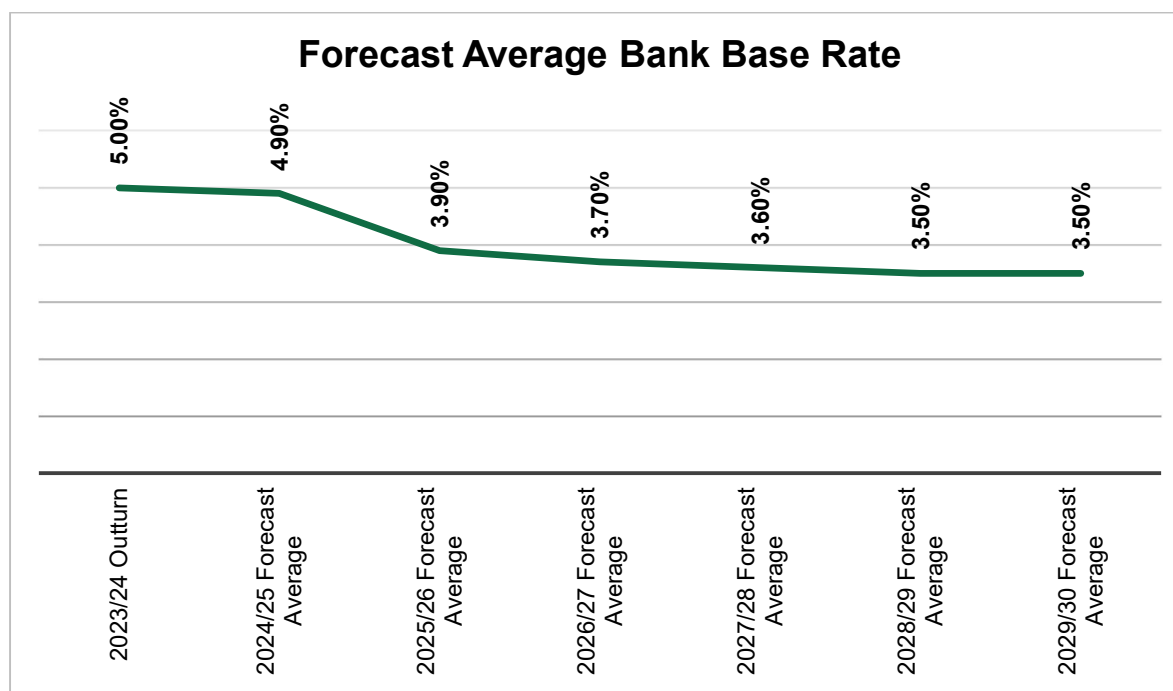
Having remained relatively static for a number of years, the bank base rate has seen a number of successive changes over recent years. This has helped make the investment income from our balances into a substantial income stream since more recently. Investment income the budget forecast for investment income in 2025/26 is £1,000,540.

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



FINANCIAL CONTEXT: Other Financial Assumptions

The OBR Economic and Fiscal Outlook in October shows their forecast of **average** Bank Base Rate in the coming years:



Looking over the medium term a prudent approach has been taken in respect of our investment returns in light of the forecast in interest rates but this is also in line with potentially reducing levels of balances.

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

Financial Year	Original Forecast Interest Earned on Investments	Revised Forecast Interest Earned on Investments	Actual Interest Earned on Investments
2020/21	£75,000	£48,000	£44,254
2021/22	£50,000	£2,000	£14,726
2022/23	£50,000	£570,000	£596,498
2023/24	£450,000	1,346,110	£1,382,223
2024/25	£1,058,270	1,376,700	
2025/26	£1,000,540		
2026/27	£750,000		
2027/28	£600,000		
2028/29	£500,000		

FINANCIAL CONTEXT: Other Financial Assumptions

Looking at interest on borrowing, the council is currently in a position where it has no external borrowing.

Service Income

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

For 2025/26 fees and charges have generally been increased by 2.5% and future estimated increases are as shown below:

Financial Year	Increase Allowed for on Fees and Charges	Impact of 1% Movement
2025/26	2.5%	+/- £39,000
2026/27	2.5%	+/- £39,980
2027/28	2.5%	+/- £40,970
2027/28	2.5%	+/- £42,000

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

Budget Growth Items

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

Balances and Earmarked Reserves

Reserves

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

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

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

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

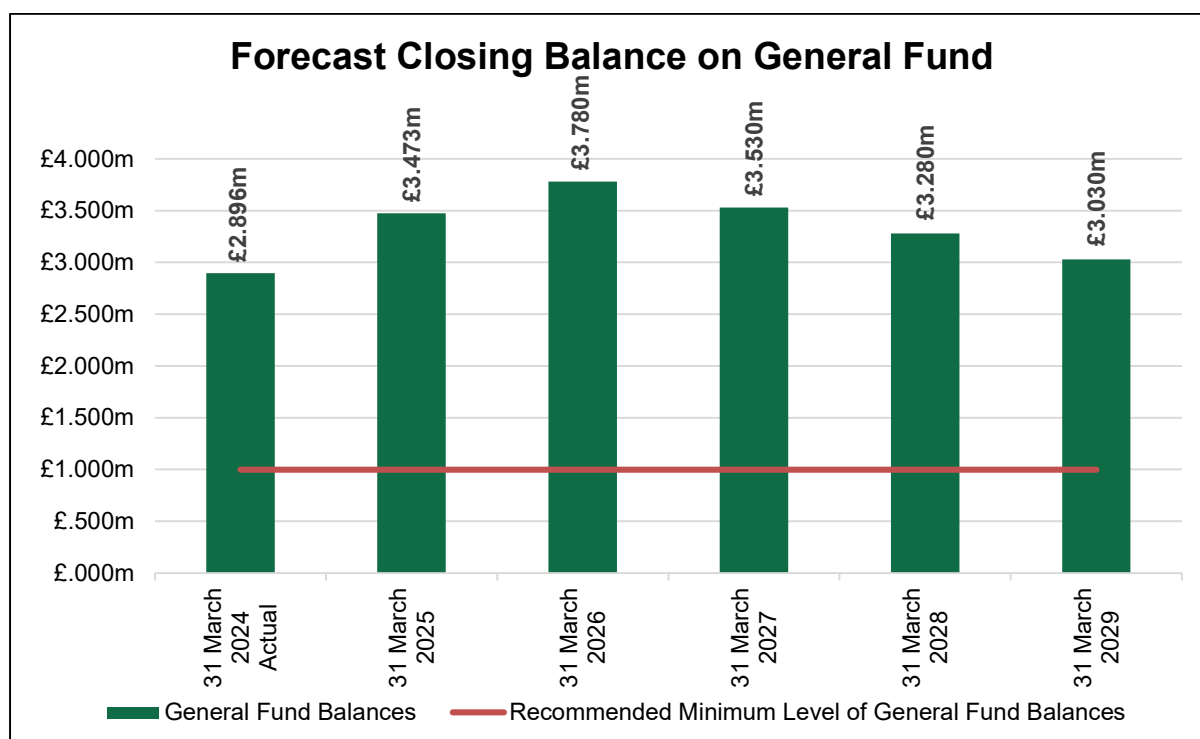
General Fund Balances

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

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

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

In respect of our general fund balances for 2025/26 is forecast that we will add £307,146. In each year after that to the end of the Medium Term Financial Plan in 2028/29 it is forecast that we will use £250,000 per annum of general fund balances.

FINANCIAL CONTEXT: Balances and Earmarked Reserves

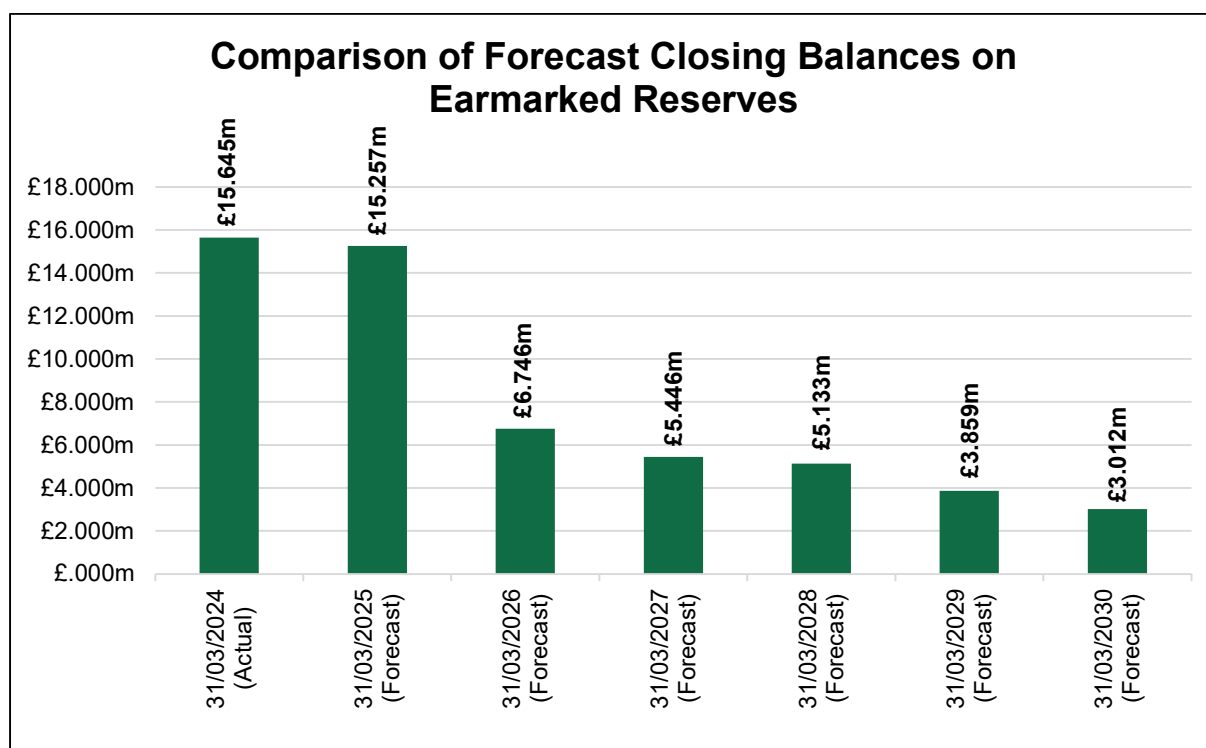
Whilst the council forecasts use of balances of £250,000 per annum in the medium term (adding £576,576 in 2024/25 and adding £307,146 in 2025/26) to help support the revenue budget, this cannot be sustained in the longer term. However, by the end of the Medium Term Financial Plan the council would be comfortably above the recommended minimum level of general fund balances of £1 million. This also assumes no other unforeseen cost pressures arise in the meantime that may require us to use more of our general fund balances.

Historically our outturn position has been more favourable than that budgeted, largely helped by staff vacancies.

Earmarked Reserves

We use our earmarked reserves to support both our revenue and capital budgets and over the next 5 years have a number of commitments already made. Our Earmarked Reserves play a major role in financing the capital programme, with 63% (£12.77m) of the capital programme being financed this way. We also anticipate a number of additions to our earmarked reserves over the coming years, generally reflective of grants towards future expenditure.

The table below shows the forecast Earmarked Reserves balances:

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

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

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

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

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

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

FINANCIAL CONTEXT: Balances and Earmarked Reserves

In the light of the risk assessment and the details of the budget and the strength of the Council's Internal Control Systems, it is the opinion of the Section 151 Officer that the budget estimates for 2025/26 are robust, and the level of reserves adequate

However, the Council may face significant budget gaps beyond 2026/27. Whilst the level of General fund Balances and Earmarked Reserve is relatively high, the use of reserves to fund our budget gaps is not sustainable.

The Budget Working Group needs to consider a savings and transformation plan in order to address how a balanced budget could be set beyond 2025/26 if necessary when the outcome of the Funding Reforms/Fair Funding Review becomes clearer.

FINANCIAL CONTEXT: Capital Programme

Capital Programme

Capital Programme and the Bidding Process

The council operate a five-year capital programme, with a review undertaken every year to examine whether the programme still marries with our current and future plans.

Additionally, each year there is a bidding process for the new final year of the five-year capital programme. Such bids are examined against the council's priorities, affordability and against a number of evaluation factors.

The Approved Five Year Capital Programme

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

In the latest review of the capital programme, a large number of existing schemes have been brought forward to the 2025/26 and 2026/27 financial years, and also a number of new and substantial schemes have been added within this same timeframe.

The table below provides a summary by committee of the future five-year capital programme from 2025/26 to 2029/30.

Committee	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Community Services	8,666,880	1,592,150	715,000	1,210,300	519,730	12,704,060
Economic Development	0	0	0	0	0	0
Health and Housing	3,160,390	443,000	443,000	493,000	443,000	4,982,390
Planning and Development	0	0	0	0	0	0
Policy and Finance	2,108,540	43,600	69,760	0	277,200	2,499,100
Total for all Committees	13,935,810	2,078,750	1,227,760	1,703,300	1,239,930	20,185,550

Capital Financing

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

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

FINANCIAL CONTEXT: Capital Programme

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

FINANCED FROM	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Grants and Contributions	-2,767,510	-393,000	-393,000	-429,000	-393,000	-4,375,510
Earmarked Reserves	-9,035,292	-1,300,470	-312,860	-1,274,300	-846,930	-12,769,852
Usable Capital Receipts	-307,940	-385,280	-521,900	0	0	-1,215,120
Borrowing	-1,825,068	0	0	0	0	-1,825,068
Total Resources	-13,935,810	-2,078,750	-1,227,760	-1,703,300	-1,239,930	-20,185,550

Substantial resources have been used from the council's earmarked reserves to fund the capital programme. Total earmarked reserves that will be used over the life of the proposed capital programme will £12.770 million.

The use of capital receipts relies on some planned asset sales being achieved over the life of the programme.

Capital Programme and the Prudential Code

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

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

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

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

Financial Management Arrangements

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

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

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

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

Financial Regulations

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

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

Contract Procedure Rules

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

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

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

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

Budget Monitoring

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

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

FINANCIAL CONTEXT: Financial Management Arrangements

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

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

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

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

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

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

Budget Working Group

The Budget Working Group is a working group of Policy and Finance Committee.

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

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

The Budget Working Group will be monitoring and reviewing the many volatile and uncertain elements of the medium term financial strategy and plan and will play a key role in assessing the impact of the planned reforms to Local Government Finance.

STRATEGIC CONTEXT: Corporate Strategy

Corporate Plan

Current Corporate Plan

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

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

The 2023-2027 Corporate Plan has a four-year scope but is also reviewed to ensure that it continues to reflect any changes that may occur to the council's goals that occur over time.

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

The Corporate Goals

The role of the Council's financial planning process is to support the achievement of the Council's Corporate Plan.

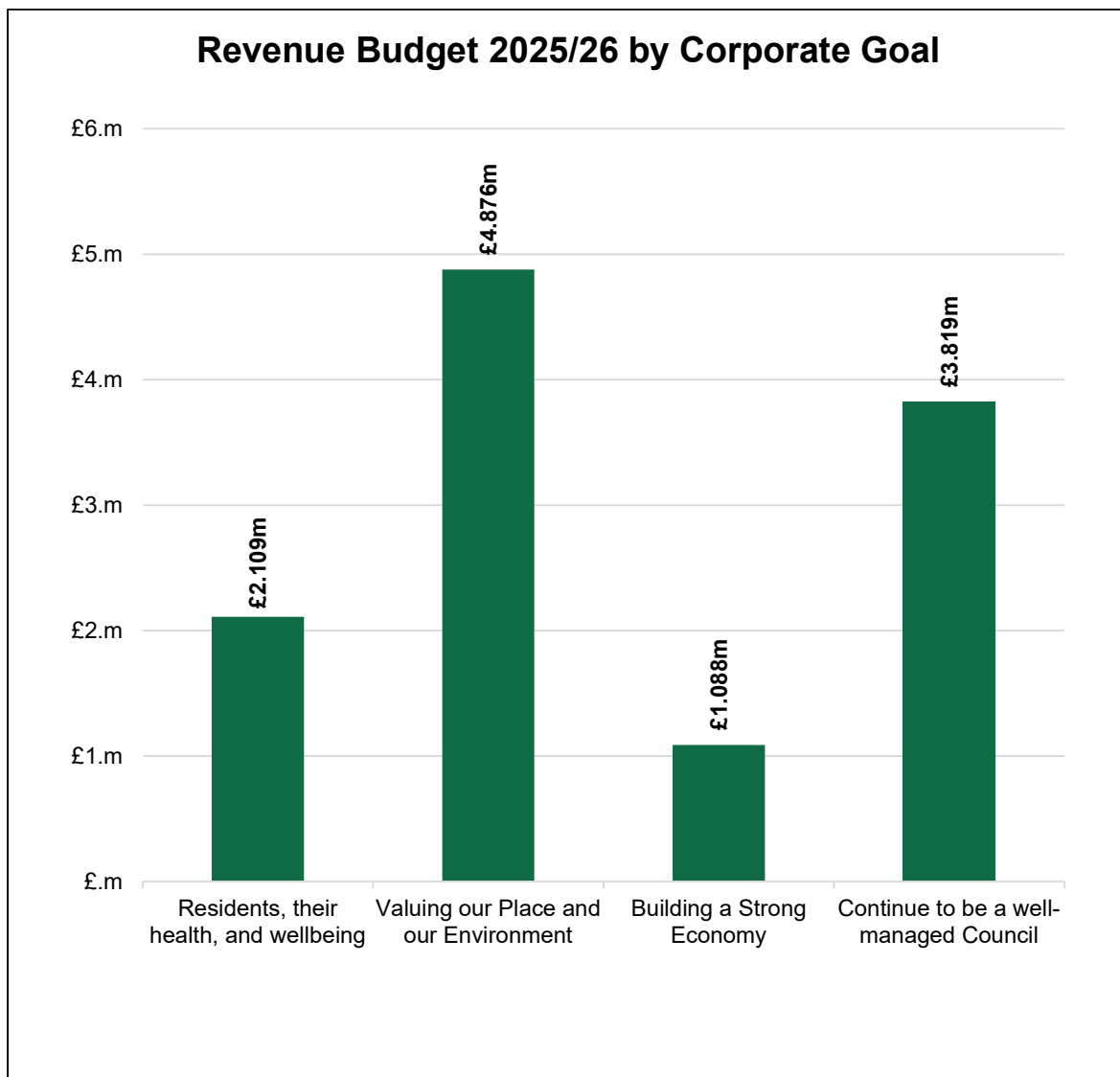
In order to deliver its Vision and provide a focus for how it delivers services, the council has agreed a set of four corporate goals. The Council's goals are deliberately limited to focus attention over the life of the Corporate Plan. Each goal has a number of aims, underlying actions, and key measures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

Our Goals			
Residents, their health, and wellbeing <i>Creating flourishing, healthy, and happy communities</i>	Valuing our Place and our Environment <i>Making the Ribble Valley a place we want to be by creating a safer, stronger, greener, and cleaner Borough</i>	Building a Strong Economy <i>Sustaining a strong and prosperous Ribble Valley</i>	Continue to be a well-managed Council <i>Providing efficient services based on identified customer needs</i>

The tables below show how the council's revenue budget 2025/26 and the overall capital programme 2025/26 to 2029/30, as set out in the Medium Term Financial Plan at the end of this document, link to the Council's ambitions.

Corporate Ambitions – Revenue Budget 2025/26

The chart below summarises the committee level net spend (after income) across the corporate ambitions for the Revenue Budget 2025/26

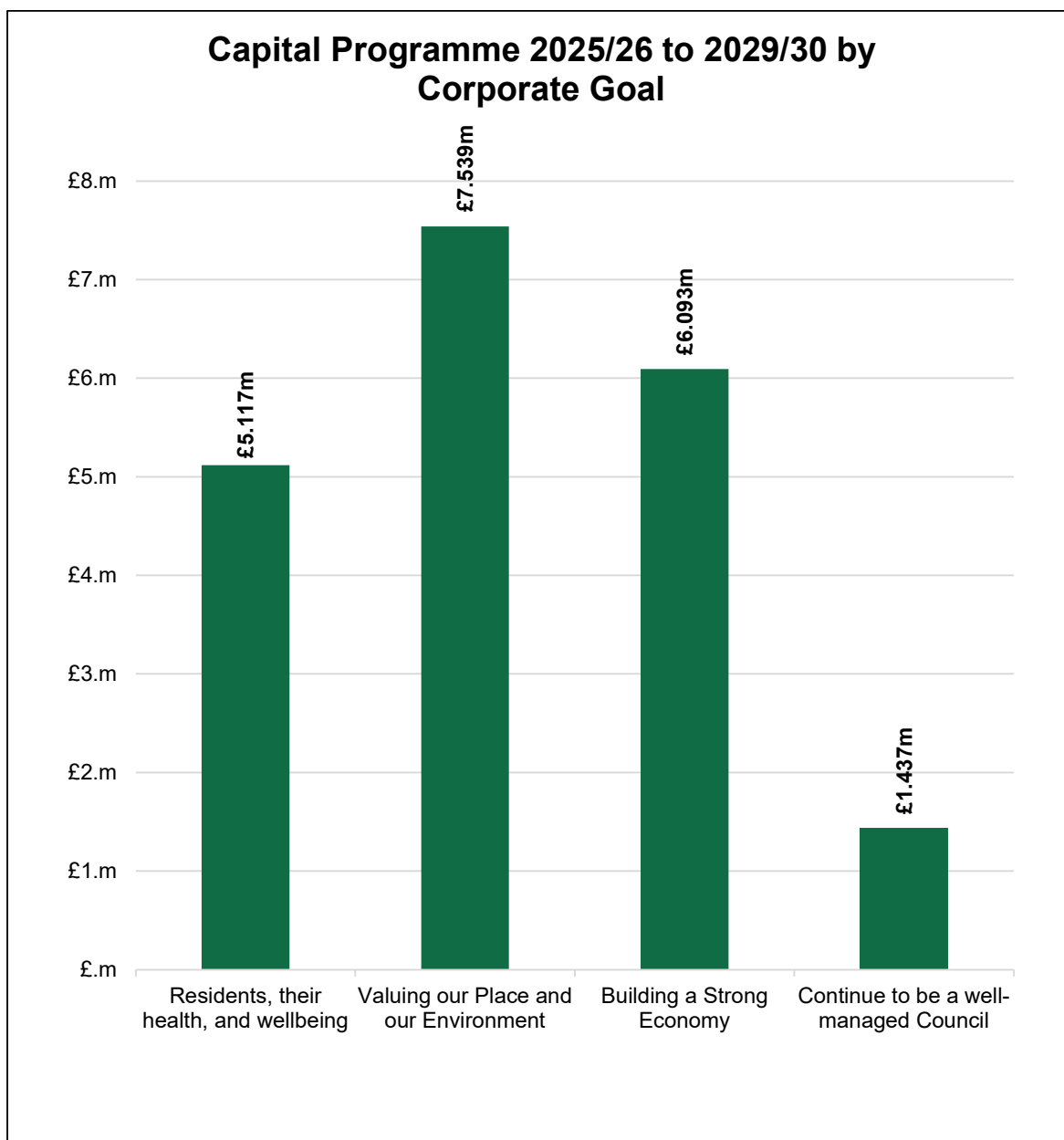
STRATEGIC CONTEXT: Corporate Strategy

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

Corporate Ambitions – Capital Programme 2025/26 to 2029/30

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

STRATEGIC CONTEXT: Corporate Strategy



Corporate Risk Management

Risk Management Process

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

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

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

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

Current Key Strategic Risks

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

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

- Data loss, disruption and/or damage to reputation due to a cyber attack
- Inability to set an affordable and sustainable budget over the short to medium-term resulting in the issuing of a Section 114 notice
- Heightened levels of fraud, including cyber fraud, due to pressures in the current economic climate
- Failure of the council to embed appropriate safeguarding arrangements.
- Reduced funding resulting in the inability to deliver discretionary services.
- The council is unable to ensure the resilience of key operations and business activities due to lack of robust business continuity plans
- Death or life changing injury due to a lack of robust health and safety processes.
- Failure to deliver services due to workforce capacity issues.
- Failure to meet requirements equalities legislation.
- Failure to identify and embed legislative requirements due to lack of or outdated policies and procedures.
- Partnership working opportunities are not taken advantage of to improve the borough infrastructure.

STRATEGIC CONTEXT: Corporate Risk Management

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

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

Risk Management and the Medium Term Financial Strategy and Plan

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

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

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

National Policy and Pressures

Significant Changes to Local Government Funding – Reforms 2026/27 Onwards

The Government has made clear its ambition to update the Local Government funding system on the basis of an up-to-date assessment of need and local resources. They have stated there will be a much stronger link to level of deprivation.

This will be part of a fundamental review of council funding and an ambition to simplify funding streams in the settlement. It will build on the Fair Funding Review conducted by the previous Government.

The government has issued a consultation on the objectives and principles of their proposed approach to funding reform. This was launched on 18 December alongside the provisional Local Government Finance Settlement 2025/26 and ended on 12 February 2025.

This consultation sought views on the approach to local authority funding reform through the local government finance settlement from 2026/27.

Resetting the Business Rates Retention System

Further detail around the delivery of a Business Rates Reset and the methodology of updating Business Rates Baselines will be included in a forthcoming technical consultation to be published in early 2025. This will also consider how business rates tax policy changes announced at Autumn Budget 2024, and the planned 2026 business rates revaluation, can be accommodated within the delivery of a Reset.

The Government have said that the Resetting of Business Rates Baselines in 2026/27 is *“crucial to their aims to ensure funding is targeted where it is needed most and restoring the balance between aligning funding with need and rewarding business rates growth”*. The Business Rates Retention System was designed to be periodically Reset but this has not happened.

Beyond 2026/27, the government have said they intend to deliver periodic *“Resets to ensure funding allocations are kept up-to-date while providing future funding certainty to local authorities. To meet these objectives, the government is keen to explore how best to give authorities advanced notice to plan for future decisions beyond the upcoming Reset and multi-year settlement. The government will work with the sector to determine Reset periods – the time elapsed between Resets – to balance the objectives of rewarding business rates growth and providing a responsive funding stream for local government while providing future funding certainty.”*

For most shire district councils the impact of the baseline reset will be more important than any other factor in the Funding Reforms. In our case our total Core Spending Power including Council Tax is £7.5m whilst our Business Rate Growth is circa £3m. We will strongly argue that transitional arrangements should account for a Business Rates Reset as part of any consultation.

We receive very little funding from the Government. Business Rate Growth is a very significant funding stream to us. 19% of our revenue budget is financed from business rate growth. In addition, business rate growth is also used to fund the capital

STRATEGIC CONTEXT: National Policy and Pressures

programme. In fact, only approx. 25% of our budget is financed via main government funding.

New Homes Bonus

A portion of Settlement grant (top sliced from Revenue Support Grant) is currently allocated through the New Homes Bonus, which is paid to authorities in recognition of net additions to effective housing stock in their area.

The government have said they intend to consider a range of options for how to balance the principles of robustness and sustainability through the Settlement with wider housing objectives. This includes exploring allocating all Settlement funding according to their updated distribution methodology, and subject to wider spending review decisions, providing a housebuilding incentive outside of the Settlement.

The government proposes that 2025/26 will be the final year the New Homes Bonus is paid in its current format. The government will consult on detailed proposals for arrangements beyond 2025/26 in the first half of 2025.

Transitional Arrangements

Calculating new allocations for local authorities is likely to result in changes to the level of funding individual local authorities receive. Previously, when reforms to local authority funding have been introduced, transitional arrangements are used to avoid cliff edges and phase in new funding allocations over a longer period.

The Government have said that, in line with their stability and sustainability principles, they intend to apply some form of Transitional Arrangements to smooth changes in allocations from 2026/27. They state they will investigate a wide range of options regarding the design and scope of Transitional Arrangements. The government will need to be considerate of the broader fiscal and economic climate in the design of any Transitional Arrangements, as well as the trade-off between Transitional Arrangements and the pace at which authorities that are receiving less funding than they need can move to their new allocations.

The government have said they are minded to implement updated allocations over several years, in line with their stability principle. They recognise that whilst they could move all local authorities to their newly assessed level of funding from 2026/27, this would likely result in significant short term movements in funding levels for those facing the greatest change. Therefore, they propose moving authorities to their updated allocations over several years, to avoid sudden changes in funding allocations and allow time to plan.

They state they could move authorities to their new allocations over several years by gradually 'blending in' their new allocations to overall Settlement allocations.

The scale of transition will depend on the baseline it is measured from, and there are choices for how this is constructed. One option would be to measure Core Spending Power available to each local authority before they begin to implement these changes (i.e. in 2025/26). However, this position may require some form of adjustment in order to reflect wider considerations. For example, in addition to Core Spending Power, they state they could include business rates growth in the 2025/26 baseline to help smooth losses, given the proposal for a Business Rates Reset in 2026/27.

STRATEGIC CONTEXT: National Policy and Pressures

Although we have heard for many years that reforms to local government finance are imminent these have not materialised. It does appear, however, that these will finally take place from 2026/27. It is impossible at this stage to budget our future key funding streams with any certainty.

It has been assumed that the Government do use Core Spending Power for 2025/26 as a basis for determining Transitional Arrangements from 2026/27. It has also been assumed that there would be some sort of phasing in of the impact of resetting business rates. It has been assumed that we would retain circa £1.5m business rate growth in 2026/27, £1.25m 2027/28 and £1m 2028/29.

If Business Rate Growth is included within Core Spending Power when calculating any Transition Grant, it would potentially increase these amounts, but at the moment this is not known.

If the outcome of the government's reforms or our transitional arrangements are more generous than has been estimated, members could review our future capital and revenue spending plans. It is vital therefore we keep the budget forecast up to date as information becomes clearer on these crucial reforms and lobby the Government to ensure Business Rate Growth is included in any transitional arrangements.

Weekly Collection of Food Waste from April 2026

The financial plan assumes that the revenue costs of collecting food waste will be fully met from Government funding. We have been waiting for some time for information from the Government regarding revenue funding for this new initiative. We understand this will now be included in the next Spending Review.

Extended Producer Responsibility (EPR)

Local Authorities will receive new funding next year in respect of the Extended Producer Responsibility (EPR) scheme which aims to improve recycling outcomes. Under this scheme some organisations and businesses will have to pay a fee for the packaging they supply to, or import into, the UK market. This money will go to Local Authorities.

The Government has previously committed that EPR allocations will be honoured for 2025/26, even if actual final income is lower. We are told that EPR income will not be ringfenced and also that EPR income sits outside the core finance settlement.

Our provisional indicative EPR allocation of £561k was announced at the end of November. We understand we will receive notification of our actual allocation in April 2025.

The District Council Network view is that;

basing local authority funding on EPR - which is a volatile funding stream - beyond 2025/26 is worrying. We also think this will be received poorly by packaging producers who see EPR as additional funding for councils to improve local recycling services. This also conflicts with the intent of the policy to drive down packaging - and local authority costs in treating this waste. Using EPR to plug the wider gaps in local government funding is wrong, particularly with higher costs to be felt by districts in implementing new collections by April 2026.

STRATEGIC CONTEXT: National Policy and Pressures

We have many concerns regarding this funding and its certainty in future years. We have brought our provisional allocation of £561k into our budget but have not allowed for any additional recycling costs as the Council already collects paper and card separately.

Medium Term Financial Plan

Revenue Budget Forecast 2024/25 to 2028/29

Revenue Budget Forecast 2024/25 to 2028/29

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

	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Net Budgeted Expenditure	10,691,111	10,935,462	11,288,074	11,649,901
Less Interest earned on investments	-1,000,540	-750,000	-600,000	-500,000
Net Budget	9,690,571	10,185,462	10,688,074	11,149,901
Business Rates baseline	-1,470,412	-1,507,172	-1,544,852	-1,583,473
Revenue Support Grant	-68,652	-70,368	-72,128	-73,931
Use of New Homes Bonus	-547,320	0	0	0
Use of Business Rate Growth/Reset Protection	-2,000,000	-1,500,000	-1,250,000	-1,000,000
Funding Floor	-781,159	0	0	0
Potential Transitional Protection	0	-1,074,202	-1,004,707	-929,105
Compensation for Employers National Insurance Increase	-69,495	-71,232	-73,013	-74,839
Extended Producer Responsibility Funding	-561,000	-561,000	-561,000	-561,000
Domestic Abuse Safe Accommodation Grant	-36,339	-37,247	-38,179	-39,133
Added to/ (Use of) General Fund Balances	307,146	-250,000	-250,000	-250,000
Collection Fund Surplus	-85,312	-75,000	-50,000	-50,000
Still to be funded	4,378,028	5,039,241	5,844,195	6,588,420
Assumed Band D <i>(frozen in 2025/26 and then increase of 2.99% pa in future years)</i>	170.69	175.79	181.05	186.46
Assumed Taxbase <i>(increasing by 1.5% pa beyond 2025/26)</i>	25,649	26,034	26,424	26,821
Precept (amount raised from council tax)	4,378,028	4,576,567	4,784,104	5,001,056
Budget Gap	0	462,674	1,060,091	1,587,364

Robustness of the Budget

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

Revenue Budget Forecast 2024/25 to 2028/29

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

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

Budget Risks and Scenarios

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

Risk	Likelihood	Impact	Mitigation
Significant reforms are made to local government finance.	High	Medium/High	Continue to feed into consultations and monitor Government indications and Transitional Arrangements.
Lack of clarity for future Government funding.	High	Medium	Reserves are in place to provide protection in the short/medium term.
Business Rate Baselines are Reset	High	High	Crucial to respond to upcoming consultations and monitor Government indications
Business Rate Retention Pooling Ceases.	High	High	Crucial to respond to upcoming consultations and monitor Government indications.

Revenue Budget Forecast 2024/25 to 2028/29

Risk	Likelihood	Impact	Mitigation
Council exposed to economic downturn & reduced business rates income having forgone safety net protection under pooling arrangements.	Medium	Low	We have created and recently increased our Business Rate Volatility Reserve which currently stands at £2m to protect the Council against loss of BR income
Implementation of Collection of Food Waste creates significant financial pressures (if not fully funded).	Medium	Medium	Initial announcements made include capital funding. Further new burdens to meet revenue funding is promised.
Extended Producer Responsibility Funding does not continue	Medium	Medium	Continue to monitor Government plans and also engage with DEFRA
Pay Increases are more than the 4% allowed for in 2025/26 or 2.5% in each year of the budget forecast. The National Joint Council Minimum Wage may be agreed at a higher rate than 4% purely to ensure there is enough headroom above the National Living Wage	Medium	Low	We will continue to engage with and monitor information from the National Joint Council Pay Bargaining
Impact of Global events on utility costs. We have allowed 2.5% for general inflation next year and 2.5% in each year of the forecast thereafter.	Medium	Low	Utility and Fuel contingency of £200k set aside in next year's budget.
Significant reduction in council tax income due to impact of cost of living.	Low	Low	We will continue to monitor our collection rates and follow the Council's recovery processes.
Planning Fee Income fluctuations beyond the estimated base budget. Whilst fees have been increased nationally by 25% we are anticipating a reduction in our income due to lower numbers of major planning applications.	Medium	Low	We will continue to monitor application numbers.
Local Government Reorganisation take place and two tier authorities are abolished	High	High	Continue to monitor Government announcements

Revenue Budget Forecast 2024/25 to 2028/29

Sensitivity Analysis

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

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

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

- **Pay Inflation:** Each 1% over the amount allowed for costs would be approximately £97,000.
- **General Inflation:** Each additional 1% of general inflation costs would be approximately £80,000.
- **Fees and Charges:** The 2025/26 budget includes 2.5% for increases in fees and charges and 2.5% in future years. Each 1% movement in fees and charges would change income by £39,000.
- **Council Tax Collection:** The Collection Fund assumes a collection rate of 99.25%. For the current year each 1% reduction in our collection rate would result in a loss of collection fund income of £556,000.

Financial Resilience Index

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

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

The index was updated to reflect the 2022/23 outturn data from local authorities. Whilst the index is not publicly available yet, the figures for Ribble Valley are shown below as an indication.. You will see Ribble Valley is at the lower end of the risk spectrum for indicators such as; level of reserves, reserves sustainability, change in reserves

Revenue Budget Forecast 2024/25 to 2028/29

and interest payable as a proportion of net revenue expenditure. We are however at the higher risk level for business rate growth and council tax income compared with net revenue expenditure.

Savings Plan and Productivity Plan

Budget Gap

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

Financial Year	Budget Gap £'000
2025/26	0
2026/27	463
2027/28	1,060
2028/29	1,587
Total	3,110

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

The forecast for future years is extremely difficult to predict with any certainty because of the many different factors involved. The most crucial of these will be the Government's approach to funding reform, business rates reset, new homes bonus and transitional arrangements. Once the position becomes clearer the Budget Working Group will need to consider a revised budget forecast and the implications on the Council's finances going forwards.

Given the significant uncertainties with local government finance and the Government's intention to unitarise Councils it would be premature to produce a comprehensive savings plan at this stage. However, it is recommended that the Budget Working Group meet regularly throughout the year to keep the Council's latest financial position under review.

Some **potential** options that may be considered if needed to meet any budget gaps, once we have more certainty on funding, and without unduly affecting the services we currently provide could be:

- **Expenditure Related Savings that could be considered:**
 - Removal of one-off items from the base budget, such as the Local Plan and the current one-off additional funding for the operation of the Castle Museum.
 - Efficiency and transformation savings such as efficiency reductions within service committees, cash limiting non-salary budgets and increasing the staff turnover level allowed for in the budget (currently 4%).
- **Income Related Savings that could be considered:**
 - Increase fees and charges to allow for a greater increase than the 2.5% allowed for in the future years of the budget forecast.
 - Review of income streams.

Savings Plan and Productivity Plan 2025/26 to 2028/29

- Allowing for a greater increase in the taxbase in the forecast. We are currently seeing higher levels of increase to the taxbase than the forecast.
- Review the level of council tax surplus/deficit that is forecast in future years.
- **General Fund Balances and Earmarked Reserves**
 - Increase the level of General Fund Balances used to support the budget in future years.
 - Consider how Earmarked Reserves could be used to fund specific items in the budget forecast.

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

Five Year Capital Programme 2025/26 to 2029/30

The capital programme that has been set for the 2025/26 to 2029/30 is detailed below. The capital programme will be reviewed annually and as such could change for the years 2026/27 onwards as part of these reviews.

The revenue implications of the 2025/26 financial year have been included in the Revenue Budget Forecast.

	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
COMMUNITY SERVICES COMMITTEE						
Play Areas Refurbishment Programme	375,000	375,000				750,000
Play Area Refurbishment Programme – balance moved from 2024/25	28,000					28,000
Car Parks Resurfacing Rolling Programme	132,500	135,830				268,330
Replacement of Refuse Collection Vehicle VN17 DKA	288,000					288,000
Replacement of Refuse Collection Vehicle VE18 JXP		295,000				295,000
Replacement of Refuse Collection Vehicle VF19 CUV			302,000			302,000
Replacement of Refuse Collection Vehicle VX70 ZGE				328,300		328,300
Replacement of Refuse Vehicle VO21 PTZ					336,510	336,510
Public Conveniences Refurbishment - Edisford, Bolton-By-Bowland and Chatburn		100,490				100,490
Replacement of Paper Collection Vehicle SY11 CRK	63,000					63,000

Five Year Capital Programme 2025/26 to 2029/30

	2025/26	2026/27	2027/28	2028/29	2029/30	TOTAL
	£	£	£	£	£	£
Replacement of Paper Collection Vehicle VO13 UVV	63,000					63,000
Replacement of Fork Lift Truck	20,000					20,000
Replacement of Parking Van CX68 FCG		21,000				21,000
Replacement of 2 x Ford Ranger Pick Ups (YR18 TVA & YR18 DXD)		67,000				67,000
Replacement of Ro-Ro 7.5 Tonne Truck PL66 HHZ		76,000				76,000
Replacement of 110hp Gang Mower Tractor PO16 MZL		108,000				108,000
Replacement of Toro Flail Mower AF68 MSX		64,000				64,000
Replacement of Kubota Ride On Mower PO68 BBK		32,000				32,000
Replacement of Multi-Use Refuse Collection Vehicle PF18 JUC			181,000			181,000
Replacement of Petrol Powered Hand Tools and Blowers with Battery Powered Units			56,000			56,000
Replacement of Kubota Mini Digger, Breaker and Trailer			48,000			48,000
Replacement of Iveco Daily Tail Lift Tipper PL68 HRO			75,000			75,000
Replacement of High Top Long Wheel Based Van CX17 GZE			53,000			53,000
Replacement of Charterhouse Verti Drain Machine				40,400		40,400
Replacement of Iveco truck with Hook Lift 5.5 tonne PE19 AUK				58,400		58,400

Five Year Capital Programme 2025/26 to 2029/30

	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Fence and gates around Edisford playing pitches	53,770					53,770
Replacement of High Top Transit Van ML70FNS				57,200		57,200
Immants Shock Wave Machine				24,100		24,100
Replacement of John Deere Front Loader Tractor PN69 UEP				35,600		35,600
Replacement of specific Ribble Valley owned litter bins		42,830				42,830
Replacement of Mini Tractor with Electric Utility Vehicle				32,600		32,600
Replacement of Pegasus Gang Mower				38,800		38,800
Replacement of Artificial Surface on RV3G				541,300		541,300
Replacement of 2 Trimstar Pedestrian Mowers				17,500		17,500
Replacement of Car Park Vehicle MM19 WEK				36,100		36,100
Play Area Improvements Kestor Lane (funded from S106 monies)	21,320					21,320
Play Area Improvements Hawthorne Place (funded from S106 monies)	32,690					32,690
Replacement of Iveco Truck PE19 AVN					55,520	55,520
Edisford 3G Pitch Maintenance Equipment					40,200	40,200
Drainage of Council Owned Football Pitches	42,850	42,850				85,700

Five Year Capital Programme 2025/26 to 2029/30

	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Replacement of 2 Kubota Mowers PJ22 OTL and PJ22 OTM					74,000	74,000
Replacement of Grounds Maintenance Trailers					13,500	13,500
Garage Workshop Refurbishment, Salthill Depot		232,150				232,150
Food Waste Collections - Purchase of caddies and vehicles	715,550					715,550
Longridge New 3G Pitch	1,450,000					1,450,000
Improvement Works to Castle Keep	588,820					588,820
Improvement Works to Castle Grounds	1,792,380					1,792,380
Ribblesdale Pool Refurbishment	3,000,000					3,000,000
Total Community Services Committee	8,666,880	1,592,150	715,000	1,210,300	519,730	12,704,060
<u>ECONOMIC DEVELOPMENT COMMITTEE</u>						
						0
Total Economic Development Committee	0	0	0	0	0	0
<u>HEALTH AND HOUSING COMMITTEE</u>						
Disabled Facilities Grants (funded from Better Care Fund Government Grant)	393,000	393,000	393,000	393,000	393,000	1,965,000
Disabled Facilities Grants - balance moved from 2024/25	604,950					604,950
Landlord/Tenant Grants	50,000	50,000	50,000	50,000	50,000	250,000

Five Year Capital Programme 2025/26 to 2029/30

	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Landlord & Tenant Grants – balance moved from 2024/25	112,440					112,440
Choice Based Lettings Scheme - IT System				50,000		50,000
Affordable Housing - Longridge	1,000,000					1,000,000
Clitheroe Market	500,000					500,000
Further Purchase of Affordable Housing	500,000					500,000
Total Health and Housing Committee	3,160,390	443,000	443,000	493,000	443,000	4,982,390
<u>PLANNING AND DEVELOPMENT COMMITTEE</u>						
						0
Total Planning and Development Committee	0	0	0	0	0	0
<u>POLICY AND FINANCE COMMITTEE</u>						
Software Upgrade for Regulatory Services	188,900					188,900
Replacement ICT Equipment for Councillors		43,600				43,600
Council Offices Fire Alarm Upgrade			69,760			69,760
Civic Suite Upgrade of AV Equipment					126,960	126,960
Civic Suite Replacement Boilers					37,550	37,550
Council Offices Replacement Boilers					112,690	112,690
Replacement Air Conditioning Units in Server Room	10,700					10,700
Council Offices Mains and LED Lighting Upgrade	98,490					98,490

Five Year Capital Programme 2025/26 to 2029/30

	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Replacement PCs	70,600					70,600
Revenues and Benefits Replacement Server	24,000					24,000
Council Office Solar Panels	105,850					105,850
RVBC 'Shared Prosperity Fund' Equivalent Scheme	1,610,000					1,610,000
Total Policy and Finance Committee	2,108,540	43,600	69,760	0	277,200	2,499,100
Total for all Committees	13,935,810	2,078,750	1,227,760	1,703,300	1,239,930	20,185,550

FINANCED FROM:	£	£	£	£	£	£
Grants and Contributions						
Disabled Facility Grant Funding	-393,000	-393,000	-393,000	-393,000	-393,000	-1,965,000
Disabled Facility Grant Funding – balance moved from 2024/25	-604,950					-604,950
Choice-based lettings scheme IT system provider contributions				-36,000		-36,000
Section 106 Monies	-1,054,010					-1,054,010
DEFRA Funding for Food Waste New Burdens	-715,550					-715,550
Total Grants and Contributions	-2,767,510	-393,000	-393,000	-429,000	-393,000	-4,375,510
Earmarked Reserves						
Business Rates Growth Earmarked Reserve	-2,976,819	-745,190	-212,860	-58,640		-3,993,509
VAT Shelter Earmarked Reserve	-410,698	-100,000	-100,000	-100,000		-710,698

Five Year Capital Programme 2025/26 to 2029/30

	2025/26	2026/27	2027/28	2028/29	2029/30	TOTAL
	£	£	£	£	£	£
New Homes Bonus Earmarked Reserve	-1,688,205			-1,005,600		-2,693,805
Capital Earmarked Reserve	-1,651,475			-34,999		-1,686,474
ICT Renewals Earmarked Reserve	-87,969					-87,969
Invest to Save Earmarked Reserve	-249,410					-249,410
Custom and Self Build Register Grant Reserve				-575		-575
Neighbourhood Planning Reserve				-16,133		-16,133
Brownfield Register Grant Reserve				-26,263		-26,263
Performance Reward Grant				-12,577		-12,577
Parish Grant Reserve				-5,830		-5,830
Pensions Triennial Revaluation Reserve				-8,279		-8,279
Jubilee Earmarked Reserve	-1,000,000					-1,000,000
Fleming VAT Earmarked Reserve	-148,530			-5,404		-153,934
Covid-19 Response Earmarked Reserve	-822,181	-455,280			-399,184	-1,676,645
Use of Housing Benefit Reserve					-100,000	-100,000
Use of Housing Related Grants Reserve					-233,850	-233,850
Council Tax Energy Rebates Reserve					-87,966	-87,966
EBSS & AFP Alternative Funding New Burdens Reserve					-25,930	-25,930
Vehicle & Plant Renewals Reserve	-5					-5

Five Year Capital Programme 2025/26 to 2029/30

	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Total Earmarked Reserves	-9,035,292	-1,300,470	-312,860	-1,274,300	-846,930	-12,769,852
Usable Capital Receipts						
Usable Capital Receipts	-307,940	-385,280	-521,900			-1,215,120
Total Usable Capital Receipts	-307,940	-385,280	-521,900	0	0	-1,215,120
Borrowing						
Borrowing	-1,825,068					-1,825,068
Total Borrowing	-1,825,068	0	0	0	0	-1,825,068
Total Resources	-13,935,810	-2,078,750	-1,227,760	-1,703,300	-1,239,930	-20,185,550