Ribble Valley
Borough Council

www.ribblevalley.gov.uk

Medium Term Financial Strategy and Plan 2026/27 to 2029/30

Contents

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 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 look at the ambitions contained within the Corporate Strategy and also the impact of our many other polices 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 the next 4-years 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 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

Government Funding

Outcome of Local Government Funding Reforms

The Government have concluded their long-awaited reforms to Local Government Funding. The outcome of the Fair Funding Review 2.0 is now known.

In March last year when the budget forecast was updated it was known that going forward the business rate baselines were being reset, New Homes Bonus was very likely going to cease and also that the council's share of Government Funding would not be known until the outcome of the Fair Funding Review 2.0 was announced. Assumptions therefore had to be made regarding the council's future core funding.

During late summer the outcome of the Fair Funding Review 2.0 was published for consultation. The council was informed that its new allocation would be around 5-7% less than its funding for 2025/26. There was uncertainty around what protection arrangements could be announced.

When the Finance Policy Statement was announced in November 2025, MHCLG stated that protection would include pooling gains (which sit outside of Core Spending Power against which protection usually applies). This was a crucial announcement for Ribble Valley. A significant proportion of our funding for the last 10 years has come from business rates growth and pooling.

As expected the New Homes Bonus Scheme has ended and the settlement also announced that revenue funding for food waste collection had been 'rolled in'.

Resetting the Business Rates Retention System

The Government have gone ahead with a full baseline reset; the first time since the Business Rate Retention Scheme was introduced in 2013/14.

New Business Rate Baselines have been issued that will take account of the 2026 Revaluation and the baseline reset. There will be a retrospective adjustment to the 2026/27 Business Rate Baselines to reflect updated gross rates values.

For most shire district councils, the impact of the baseline reset has been more important than any other factor in the Funding Reforms. The council strongly argued that transitional arrangements should account for a Business Rates Reset and is pleased the Government have listened.

In the past the council has received very little core funding from the Government hence Business Rate Growth has been a very important funding stream. 19% of the 2025/26 revenue budget was financed from business rate growth. In addition, business rate growth was also used to fund the capital programme. Only approximately 25% of the council's 2025/26 budget was financed via core government funding.

The Government also announced a new levy system which will apply to any growth above business rates baselines. This will work in bands and apply similar to how income tax is charged. They have also stated there will be a safety net of 100% next year.

Given many uncertainties, including the impact of the new 2026 rating list, the new baselines (not announced until the provisional grant settlement), the new banded levy calculation and how this would work in a new pool it was felt the risks were too high to be a member of a business rates pool in 2026/27.

Overall Settlement Funding Assessment

On 9 February 2026 the Government announced the Final Local Government Grant Settlement following the consultation period which ended mid January. This was accompanied by a Written Ministerial Statement.

The final settlement reflects some differences relative to the Provisional Local Government Finance Settlement 2026-2027 to 2028-2029 published on 17 December 2025. Key changes include:

- Core Spending Power (CSP) will grow by 6.1 per cent in 2026/27 compared to 2025/26. This is an increase of 0.4 per cent between the provisional and final settlements. New funding announced in the final settlement includes:
    - Adjustment Support Grant. A one-off £116 million grant will be made available in 2026/27 to authorities that would lose grant income due to the new pooling gains baseline calculations (see below).
    - Recovery Grant Uplift: £115 million for 2026/27 as part of a total uplift of £440 million over the multi-year settlement allocated to upper tier authorities with an increase in CSP of less than 17 per cent over the three years. Some authorities' allocations are subject to caps.
    - Homelessness, Rough Sleeping and Domestic Abuse: £91 million increase for 2026/27 as part of a £272 million uplift over the multi-year settlement.
    - Mayoral Capacity Funding: £12 million for 2026/27 as part of £40 million uplift over the multi-year settlement.
    - Support for Fire and Rescue Authorities: £6 million for 2026/27 as part of £15 million standalone fire authorities over the three-year period.

Change to 2025/25 Business Rates Pooling Gains Calculation. Government has changed how business rates pooling rates gains are included in the baseline to calculate transitional arrangements. 50 per cent of levy savings will now be allocated between tariff authorities in each pool, and 50 per cent will be allocated between top up authorities in each pool. Government will provide a one-off Adjustment Support Grant in 2026/27 (£116 million) to authorities who would otherwise see their CSP reduce in 2026/27, compared to indicative allocations set out at the provisional settlement.

The Government announced bespoke council tax referendum principles, for the following authorities:

- 9 per cent for North Somerset Council, Shropshire Council, and Worcestershire County Council; 7.5 per cent Trafford Council, Warrington Borough Council, and the Royal Borough of Windsor and Maidenhead Council; and 6.75 per cent for Bournemouth, Christchurch and Poole Council.
- £18.50 for Police and Crime Commissioners for Bedfordshire, Cheshire, Durham, Gloucestershire, Humberside, and Northumbria.
- £10 for Northamptonshire Fire and Rescue Authority.

The settlement also announced the Government's plan to resolve DSG High Needs deficits:

- It intends to resolve 90 per cent of deficits accrued to the end of 2025/26, via a High Needs Stability Grant.
- This will be paid in Autumn 2026, subject to each local authority submitting and securing the Department for Education's approval of a local SEND reform plan. The statutory override will remain in place until the end of 2027/28.
- "Government recognises SEND reform will take time to fully embed and that local authorities will need further support. For deficits that arise in 2026/27 and 2027/28, local authorities can expect that Government will continue to take an appropriate and proportionate approach, though it will not be unlimited".

Impact on Ribble Valley Borough Council

There are 2 changes which have impacted on our funding.

Homelessness, Rough Sleeping and Domestic Abuse

We will benefit from the extra funding the Government have put into the Settlement for Homelessness, Rough Sleeping and Domestic Abuse. We will receive extra amounts as follows: £22k in 2026/27; £16k in 2027/28 and £13k in 2028/29. These will not impact on the budget deficit as they will be used to fund extra expenditure that meets the intention of this funding.

Pooling Gains reallocation

Within the Provisional Grant Settlement, the Government had included business rate pooling gains with the protection arrangement for tariff authorities (these largely being district councils). Put simply this means that the benefits we received from the Lancashire business rates pool were included within our provisional damping payment in full.

Following lobbying the Government have reconsidered the allocation of pooling gains at the Final Settlement and decided that they will be shared 50:50 between tariff and top up authorities. This does not reflect the reality of how the Lancashire Business Rate Pool operated whereby 10% of retained levies (the income saved by pooling) were paid to the top-up authority and 90% retained by the tariff authorities.

The impact of this is that Ribble Valley BC will be £466k each year worse off compared with the provisional settlement. This is reflected in our reduced Revenue Support Grant (was £3.525m now £3.191m) and also our reduced Damping Payment (was £195k now £62k).

As stated above MHCLG have announced that those authorities who would otherwise see their Core Spending power reduce next year due to the change in the method of allocation of pooling gains will be protected for one year via a new one-off Adjustment Support Grant. This means that Ribble Valley will receive £466k in 2026/27.

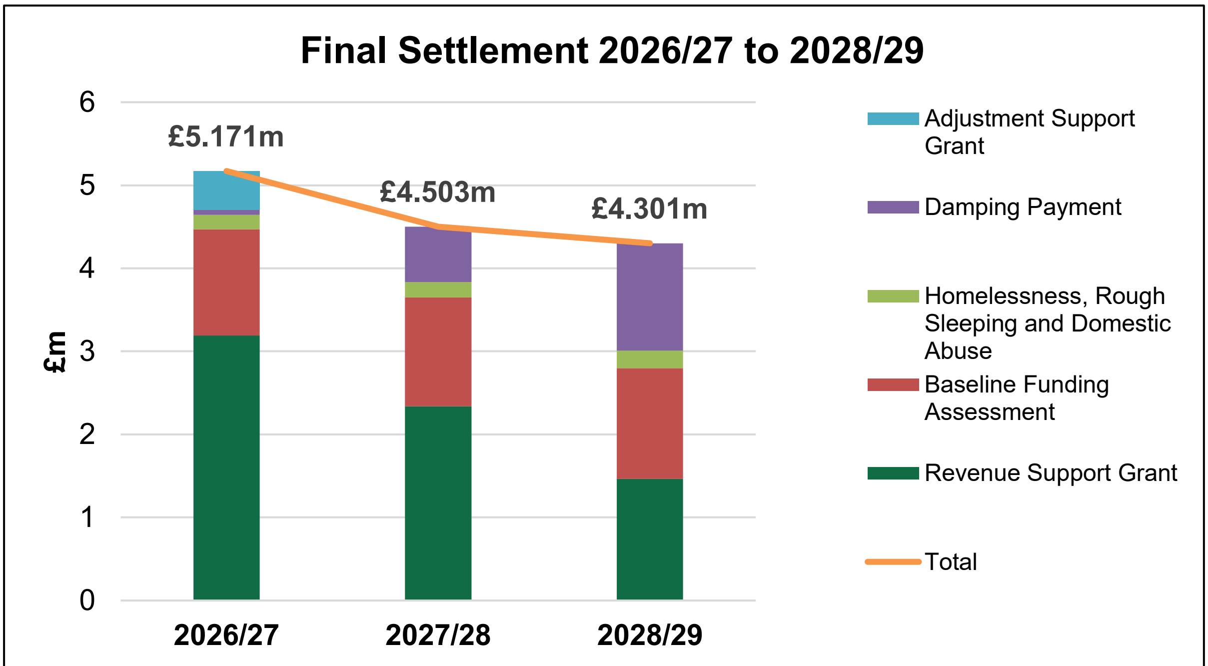
Our Provisional Grant Settlement set out the detailed figures we will receive over the new three year multi settlement period for 2026/27, 2027/28 and 2028/29 and a comparison to our final settlement is given below:

FINANCIAL CONTEXT: Government Funding

Provisional	2026/27 £m	2027/28 £m	2028/29 £m
Settlement Funding Assessment	4.804032	3.817927	2.799242
of which:			
Revenue Support Grant	3.524574	2.509120	1.464032
Baseline Funding Assessment	1.279458	1.308807	1.335210
Homelessness, Rough Sleeping and Domestic Abuse Grant	0.150695	0.169865	0.199075
Damping Payment	0.194748	0.964678	1.756941
Total Government Funding	**5.149475**	**4.952470**	**4.755258**

In comparison our Final Grant Settlement is as follows:

Final Settlement	2026/27 £m	2027/28 £m	2028/29 £m
Settlement Funding Assessment	4.470295	3.649274	2.799242
of which:			
Revenue Support Grant	3.190837	2.340467	1.464032
Baseline Funding Assessment	1.279458	1.308807	1.335210
Homelessness, Rough Sleeping and Domestic Abuse Grant	0.172438	0.186314	0.211650
Damping Payment	0.062147	0.666994	1.290603
Adjustment Support Grant	0.466338	0	0
Total Government Funding	**5.171218**	**4.502582**	**4.301495**
Difference from Provisional Settlement	**-0.021743**	**0.449888**	**0.453763**



Revenue Support Grant

The Revenue Support Grant is a central government grant used to fund day-to-day services (revenue expenditure). It is un-ringfenced, meaning the council can decide how to spend it.

Baseline Funding Assessment

This is un-ringfenced and forms an element of the Settlement Funding Assessment and represents the Government's assessment of the council's relative need to spend. The funding is derived from a range of indicators, and in the Fair Funding Review 2.0 it has been heavily influenced by deprivation factors.

Homelessness, Rough Sleeping and Domestic Abuse

The Homelessness, Rough Sleeping and Domestic Abuse Grant is a ringfenced grant provided by MHCLG to support local authorities in meeting their statutory duties and strategic priorities relating to homelessness prevention, rough sleeping and support for victims of domestic abuse.

Damping Payment

The Damping Payment is a non-ringfenced grant provided by MHCLG as part of the finance settlement. It is designed to limit year-on-year reductions in local authority core spending Power (CSP) by ensuring that no council experiences a decrease in funding beyond a specified threshold.

Adjustment Support Grant

The Adjustment Support Grant is a non-ringfenced grant provided by MHCLG as part of the finance settlement. It is a balancing item used by the government to smooth out perceived anomalies in the settlement, particularly linked to business rates and pooling arrangements, and late changes.

Approach Taken for 2029/30 in the Plan

For 2029/30, the year following the 3-year settlement, it has been assumed that the government's protections that were provided following Fair Funding Review 2.0 will be removed.

Other Key Government Grants

Extended Producer Responsibility Funding

The Extended Producer Responsibility (EPR) scheme aims to improve recycling outcomes. Under this scheme some organisations and businesses have to pay a fee for the packaging they supply to, or import into, the UK market. These fees are paid to Local Authorities.

We have been informed that our allocation for 2026/27 in respect of the EPR scheme will be £792k. The Government has previously committed that EPR allocations will be honoured, even if actual final income is lower.

MHCLG has reiterated that councils will be able to retain income from the Extended Producer Responsibility scheme. We therefore continue to assume that EPR income is not ringfenced and sits outside the core finance settlement.

The Plan assumes that the funding notified for 2026/27 will continue in future years at the same level.

Council Tax

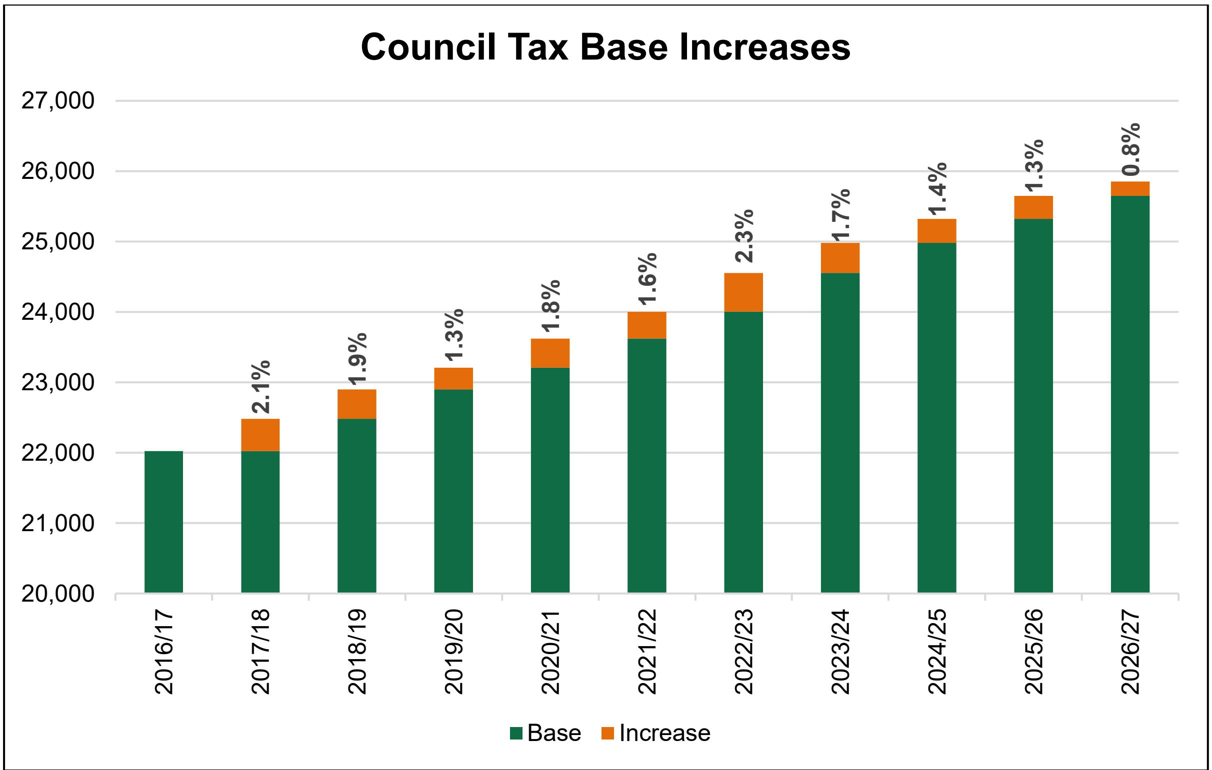
Calculation of the Council Tax Base

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.

The council's tax base averaged 1.5% annual increases for many years. However, the tax base for 2026/27 has only increased by 0.8%. Therefore future annual increases in the tax base have been reduced from 1.5% to 1%.

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.

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

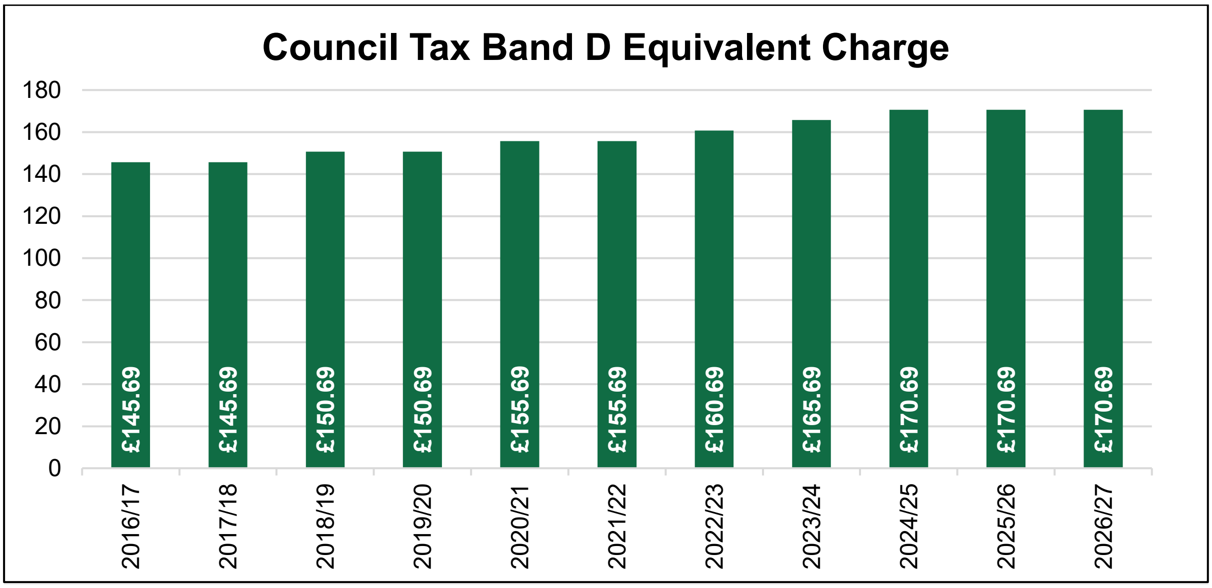
A referendum must be held where an authority's Council Tax increase is higher than the principles proposed annually by the Secretary of State and approved by the House of Commons.

For 2026/27 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 2026/27 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.

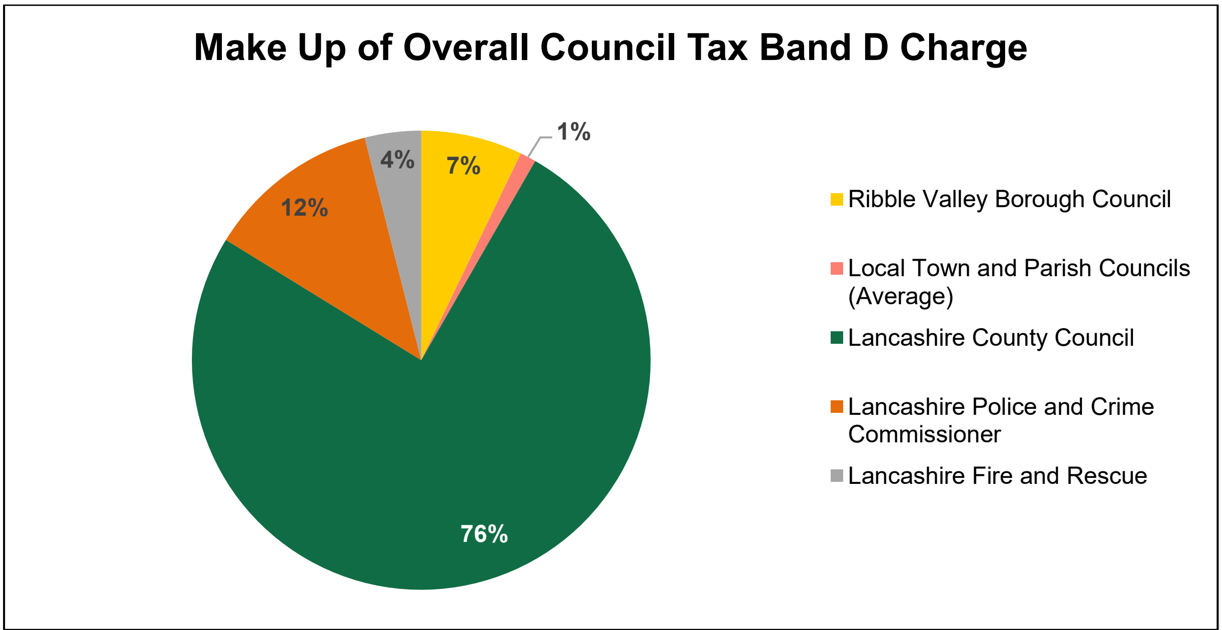
The table below shows the financial impact for 2026/27:

	Council Tax Income £
Band D Council Tax	170.69
Taxbase for 2026/27	25,853
= Council Tax Income 2026/27	4,412,849
Council Tax income 2025/26	4,378,028
Extra income from Council Tax	**34,821**
Of which due to increase in taxbase	34,821
Of which due to increase in council tax charge	0

Due to the approved freeze in the level of council tax for 2026/27, the only increase in our council tax income for 2026/27 will be due to the movement in the council tax base.

Council Tax Collection Fund

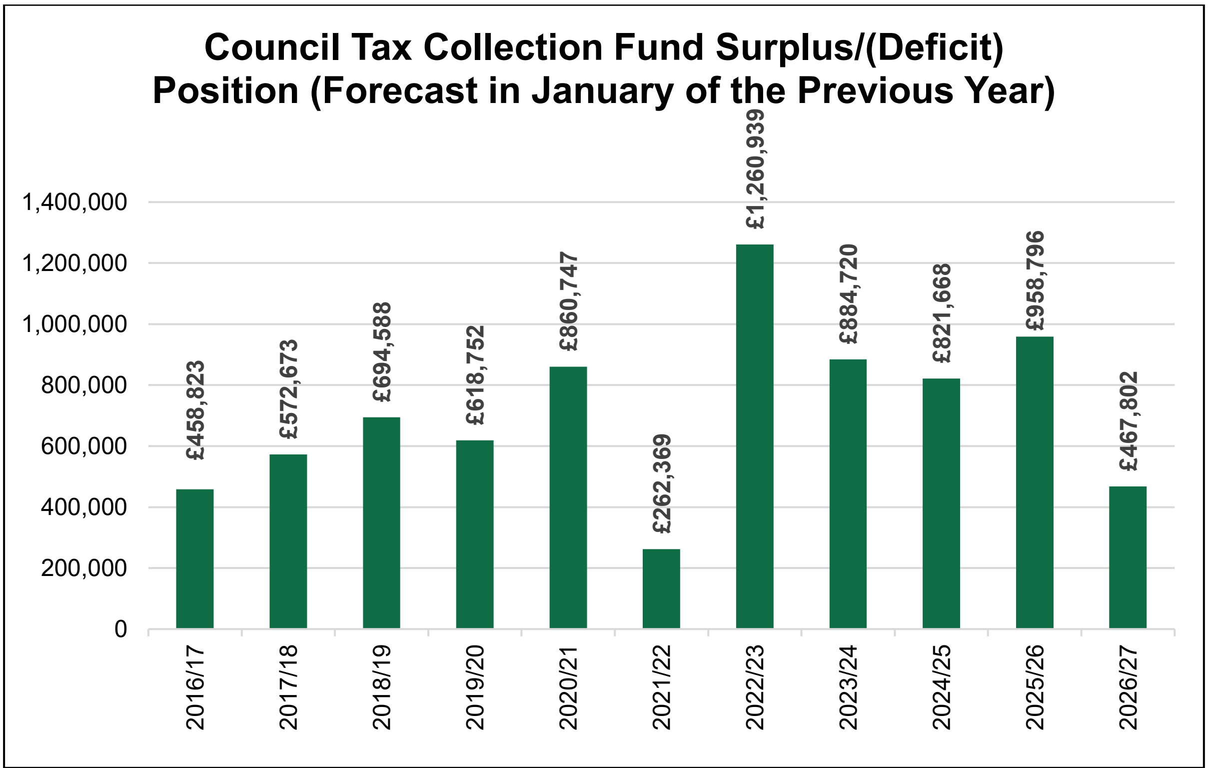
The Council is responsible for collecting the Council Tax to pay for services provided by Lancashire County Council, Ribble Valley Borough Council and its Parishes, Lancashire Police Authority and Lancashire Combined Fire Authority. The chart below shows how the annual council tax bill is divided across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



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:



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 the 2025/26 forecast surplus of £467,802, this is distributed on the following basis:

Major Preceptor	Based on 2025/26 Precept £	Share of Forecast Surplus on Collection Fund £
Lancashire County Council	44,521,278	353,110
Lancashire Police and Crime Commissioner	7,115,033	56,431
Ribble Valley Borough Council (incl Parishes)	5,044,193	40,007
Lancashire Combined Fire Authority	2,301,485	18,254
Total	**58,981,989**	**467,802**

Looking forward over the life of the plan it is assumed that this council might see a collection fund surplus of £40,007 in 2026/27 (as shown in the table above) and then £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 2024/25 the council collected 99.2 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
- Income from Renewable Energy Sites
- 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.

It is difficult to compare our business rate income for 2026/27 with the 2025/26 financial year for the following reasons:

- Business Rates Baselines have been reset.
- Section 31 grants will now be payable to the Collection Fund instead of the General Fund.
- The new Valuation List effective from 1 April 2026 and the impact of the new multipliers (now 5 in total). Also, the late change announced that eligible pubs and live music venues will benefit from a new 15% business rates relief in addition to the new lower multiplier.
- How we are compensated for certain reliefs and the impact of the new multipliers is changing.
- Pooling benefits no longer apply and therefore we are required to pay a levy to the Government.

Business Rates Growth

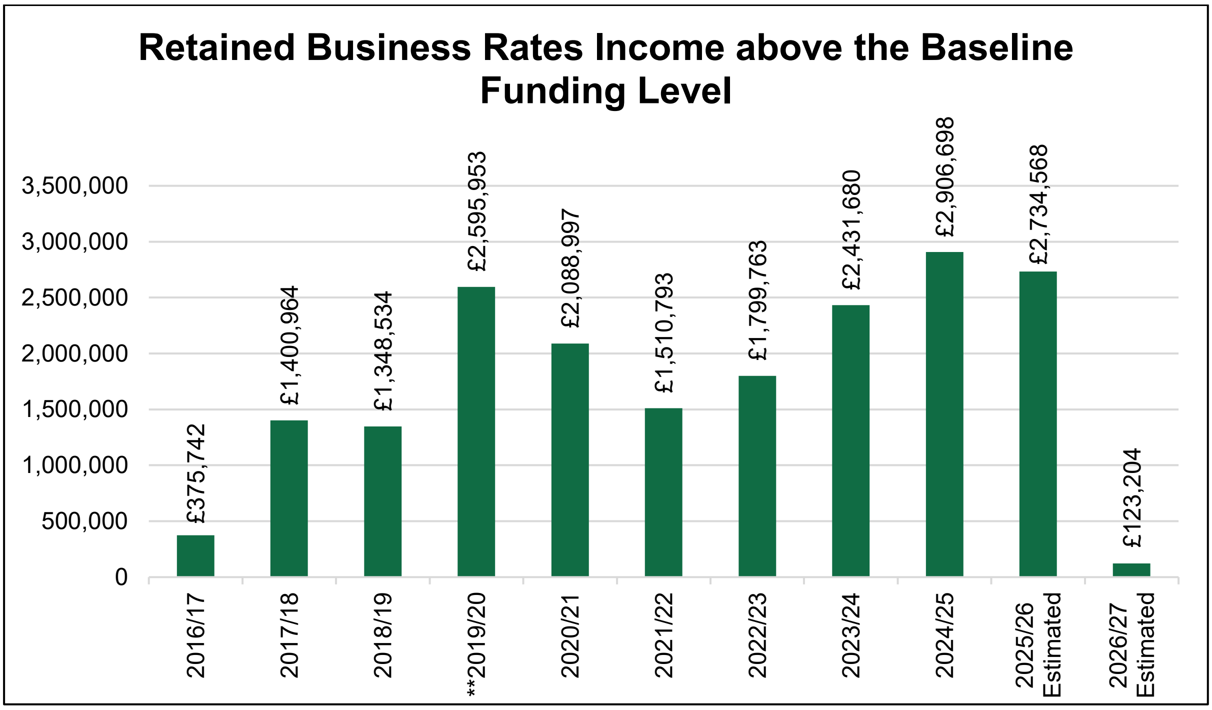
This council has benefited from healthy levels of business rates growth over the life of the business rates retention scheme and over time has relied heavily on this income to support the revenue budget, as well as helping fund the capital programme.

The council was vulnerable in respect of the reforms to the Business Rates Retention scheme and the reset within the business rates retention scheme, and the consequential impact on the Baseline Funding Level.

This has been seen in the fall in our Baseline Funding Level and also in the level of growth forecast for 2026/27.

In past years we have been in a position to forecast growth well 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, was not 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, and forecast, can be seen in the table below. It must be noted that the position for 2026/27 is impacted further due to S31 grant funding now falling directly in to the Collection Fund rather than the General Fund.



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

2026/27 falls substantially due to the Business Rates Reforms, including S31 Grants now falling to the Collection Fund

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%.

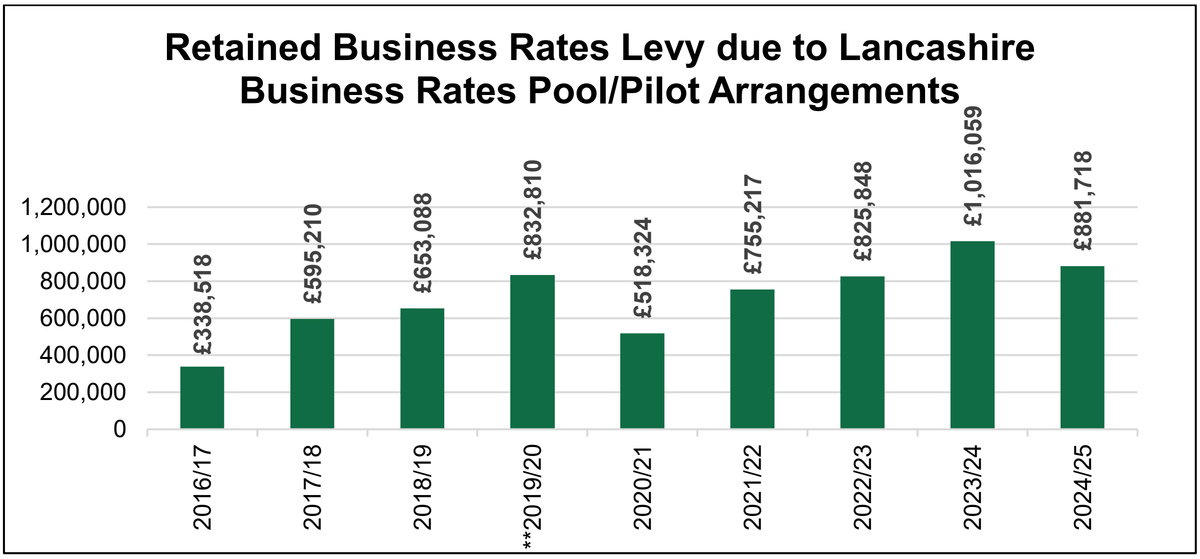
Business Rates Pooling

The council have benefited greatly in past years from being members of the Lancashire business Rates Pool.

Following the Fair Funding Review 2.0 and the resetting of baselines from 2026/27 there was no certainty around there being any benefit to the council being part of a business rates pool arrangement from 2026/27, and this was agreed across the Lancashire Business Rates Pool members.

As we will no longer be part of a business rates pool, we will now be required to pay a levy to the government on any growth achieved.

Retained levy, due to being part of the Lancashire Business Rates Pool, was substantial, and the amount retained can be seen in the table below:



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

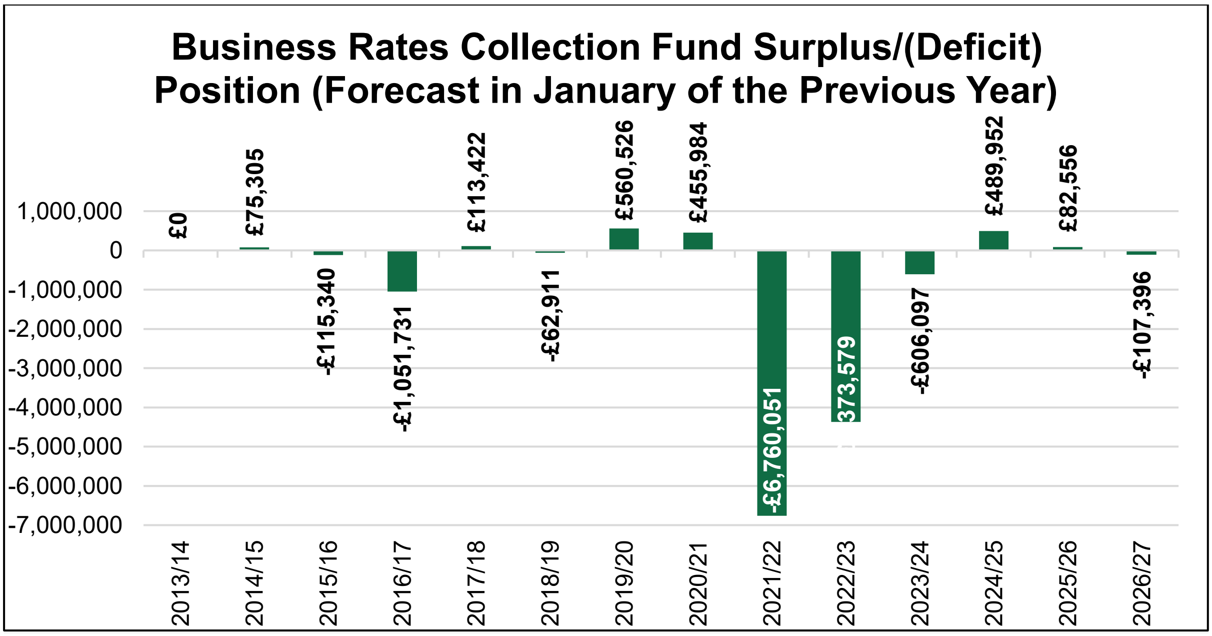
Business Rates Collection Fund

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, 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.
- 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.

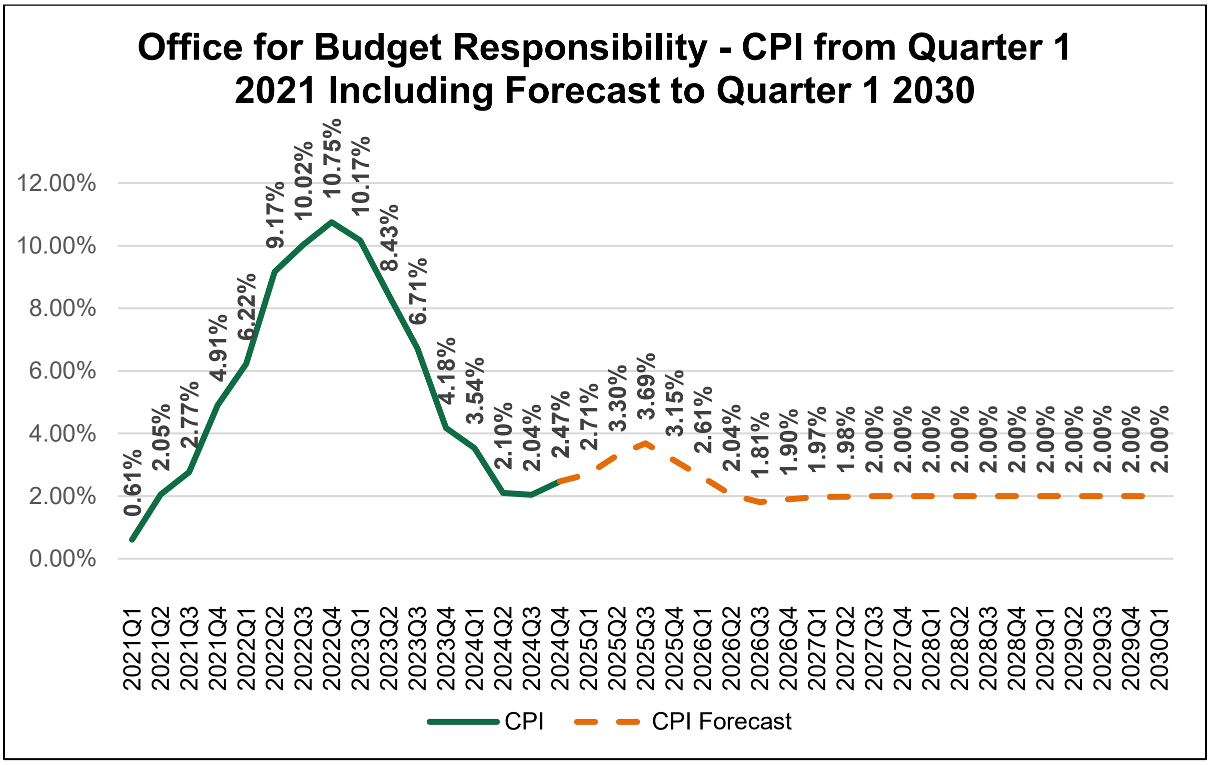
As such, for 2025/26 the forecast year end deficit is £107,396 and this deficit is distributed on the following basis:

Major Preceptor	2025/26 Distribution Percentages	Consequential Share of Forecast Deficit on Collection Fund Distributed During 2026/27 £
Central Government	50%	-53,698
Ribble Valley Borough Council	40%	-42,958
Lancashire County Council	9%	-9,666
Lancashire Combined Fire Authority	1%	-1,074
Total	**100%**	**-107,396**

Other Financial Assumptions

Consumer Price Index

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



The budget for 2026/27 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
2026/27	2.5%	+/- £87,740
2027/28	2.5%	+/- £89,930
2028/29	2.5%	+/- £92,180
2029/30	2.5%	+/- £94,480

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.

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 2026/27 has been prepared on the basis of pay inflation at 2.5%. Looking forward to the medium term, pay inflation has been allowed for at:

Financial Year	Inflation Allowed for on Pay	Impact of 1% Movement
2026/27	2.5%**	+/- £93,450
2027/28	2.5%	+/- £95,790
2028/29	2.5%	+/- £98,180
2029/30	2.5%	+/- £100,630

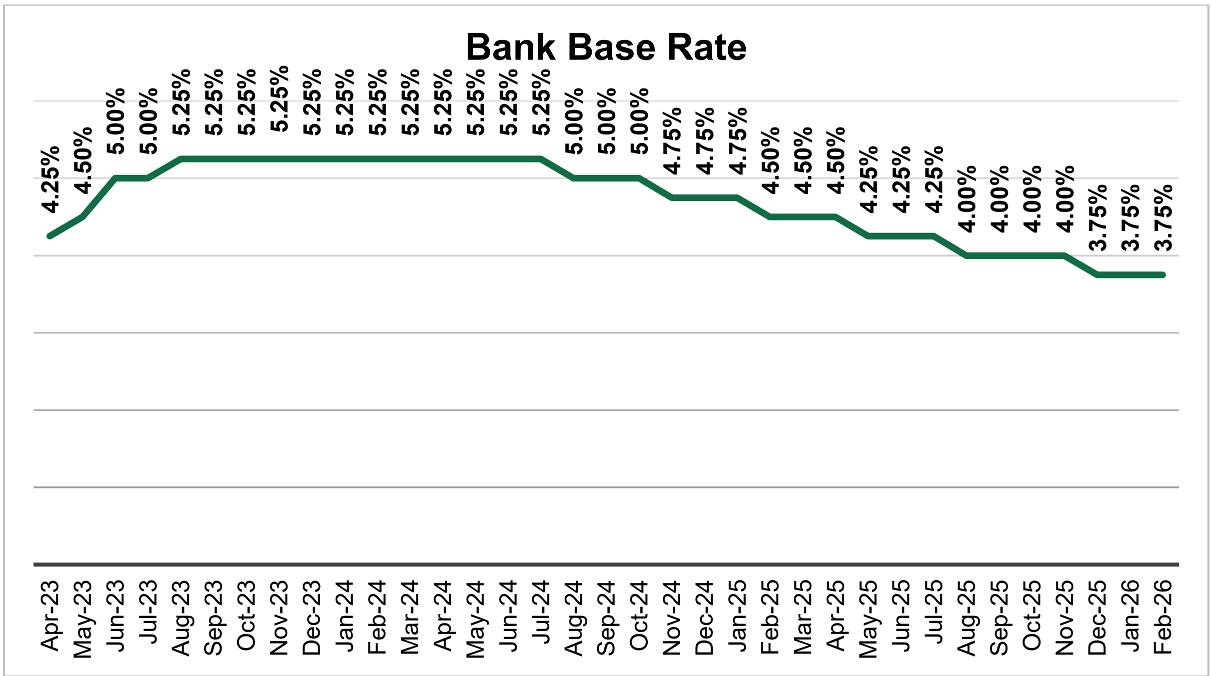
***A contingency of £200,000 has also been provided*

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.

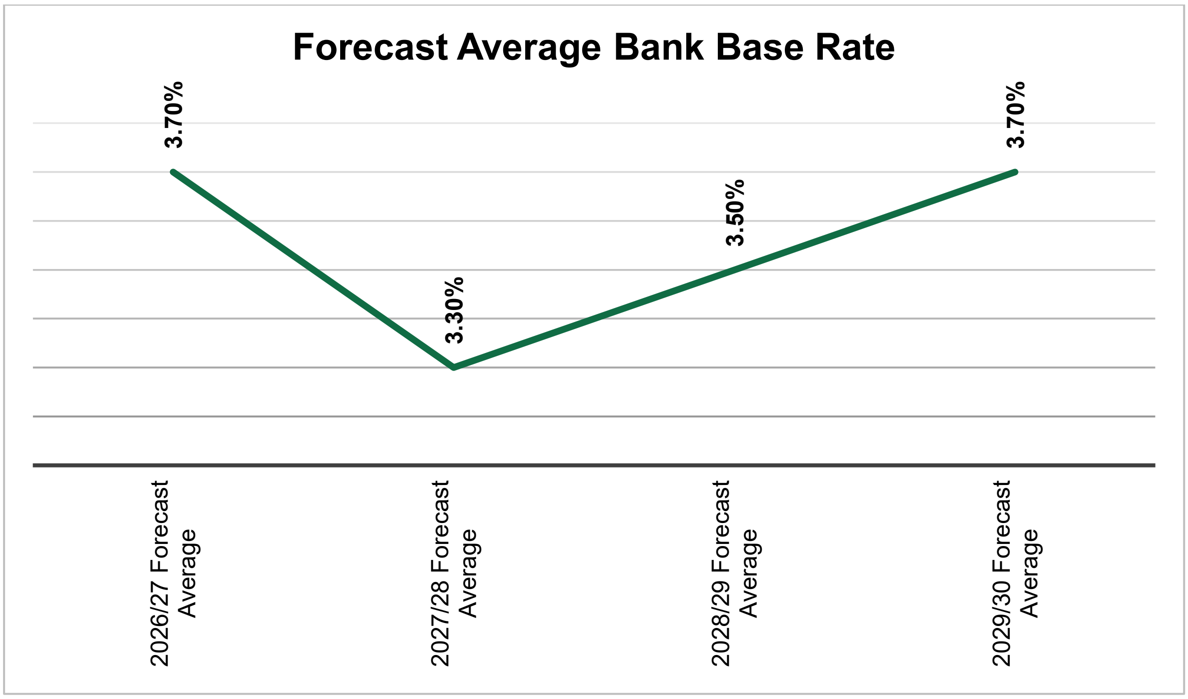
Interest Rates

The higher levels of interest rates seen over recent years has helped make the investment income from the councils balances into a substantial income stream. Investment income in the budget forecast for investment income in 2026/27 is £787,980.

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



The table below shows the Bank of England's Monetary Policy Committee (MPC) 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	£1,408,086
2025/26	£1,000,540	£1,078,000	
2026/27	£787,980		
2027/28	£400,000		
2028/29	£400,000		
2029/30	£400,000		

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 2026/27 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
2026/27	2.5%	+/- £37,860
2027/28	2.5%	+/- £38,810
2028/29	2.5%	+/- £39,780
2029/30	2.5%	+/- £40,770

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.

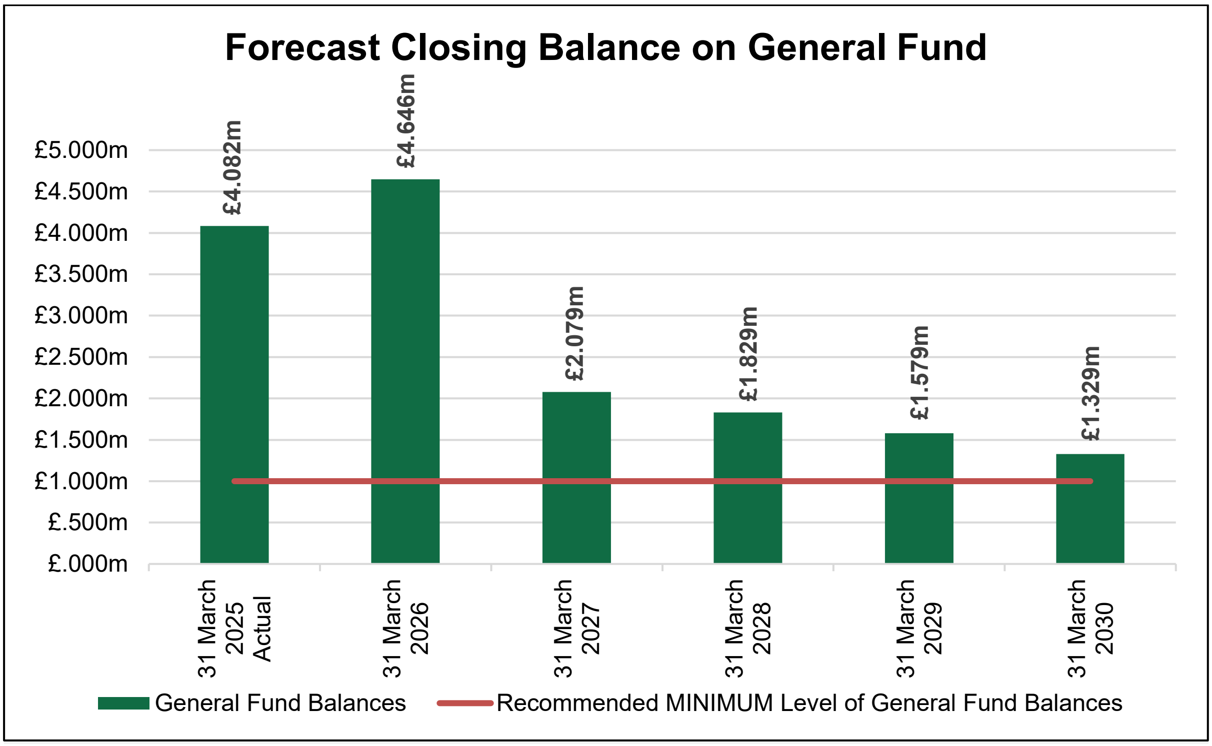
General Fund Balances

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.

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.

In respect of our general fund balances for 2026/27 it is forecast that we will use £277,672 to support revenue and transfer £2.290m to fund the capital programme. In each year after that to the end of the Medium Term Financial Plan in 2029/30 it is forecast that we will use £250,000 per annum of general fund balances to support revenue.

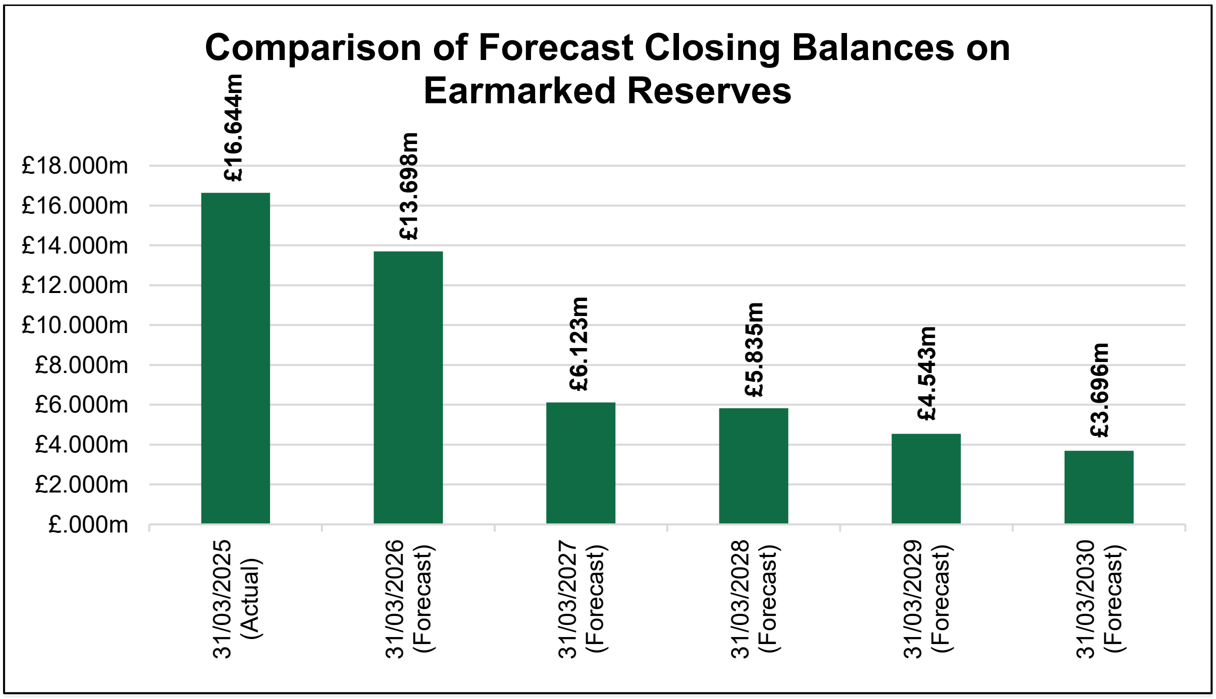


This assumes no other unforeseen cost pressures arise that may require us to use more of our general fund balances.

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 just over 55% (£9.378m) of the future 4-year capital programme being financed this way.

The table below shows the forecast Earmarked Reserves balances:



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.

The CIPFA Guidance highlights a range of factors in addition to cash flow requirements that councils should consider including:

- the treatment of inflation;
- the treatment of demand led pressures;
- efficiency savings;
- partnerships;
- the general financial climate, including the impact on investment income.

The guidance also refers to reserves being deployed to fund recurring expenditure and indicates that this is not a long-term or sustainable option.

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.

Capital Programme

Capital Programme and the Bidding Process

The council has in place a four-year capital programme. A review is undertaken every year to examine whether the programme still marries with our current and future plans.

In past years there has been a bidding process for the new final year of a five-year capital programme. However, due to the uncertainty regarding the outcome of the finance reforms and also local government reorganisation, Policy and Finance Committee gave guidance that no bids for 2030/31 of the capital programme should be invited and that the existing programme should be reviewed for any schemes that could be reprofiled to a later year. This has resulted in the four-year capital programme that was approved.

The Approved Four Year Capital Programme

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

The table below provides a summary by committee of the future four-year capital programme from 2026/27 to 2029/30.

Committee	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Community Services	10,107,460	715,000	1,210,300	519,730	**12,552,490**
Economic Development	0	0	0	0	**0**
Health and Housing	2,492,620	443,000	493,000	443,000	**3,871,620**
Planning and Development	0	0	0	0	**0**
Policy and Finance	260,370	0	0	277,200	**537,570**
Total for all Committees	**12,860,450**	**1,158,000**	**1,703,300**	**1,239,930**	**16,961,680**

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.

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

FINANCED FROM	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Grants and Contributions	-1,561,470	-393,000	-429,000	-393,000	**-2,776,470**
Earmarked Reserves	-7,013,202	-243,100	-1,274,300	-846,930	**-9,377,532**
Usable Capital Receipts	-673,280	-521,900	0	0	**-1,195,180**
Borrowing	-1,322,498	0	0	0	**-1,322,498**
General Fund Balances	-2,290,000	0	0	0	**-2,290,000**
Total Resources	**-12,860,450**	**-1,158,000**	**-1,703,300**	**-1,239,930**	**-16,961,680**

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 £9.378m.

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 and Deputy Chief Executive (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 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.

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.

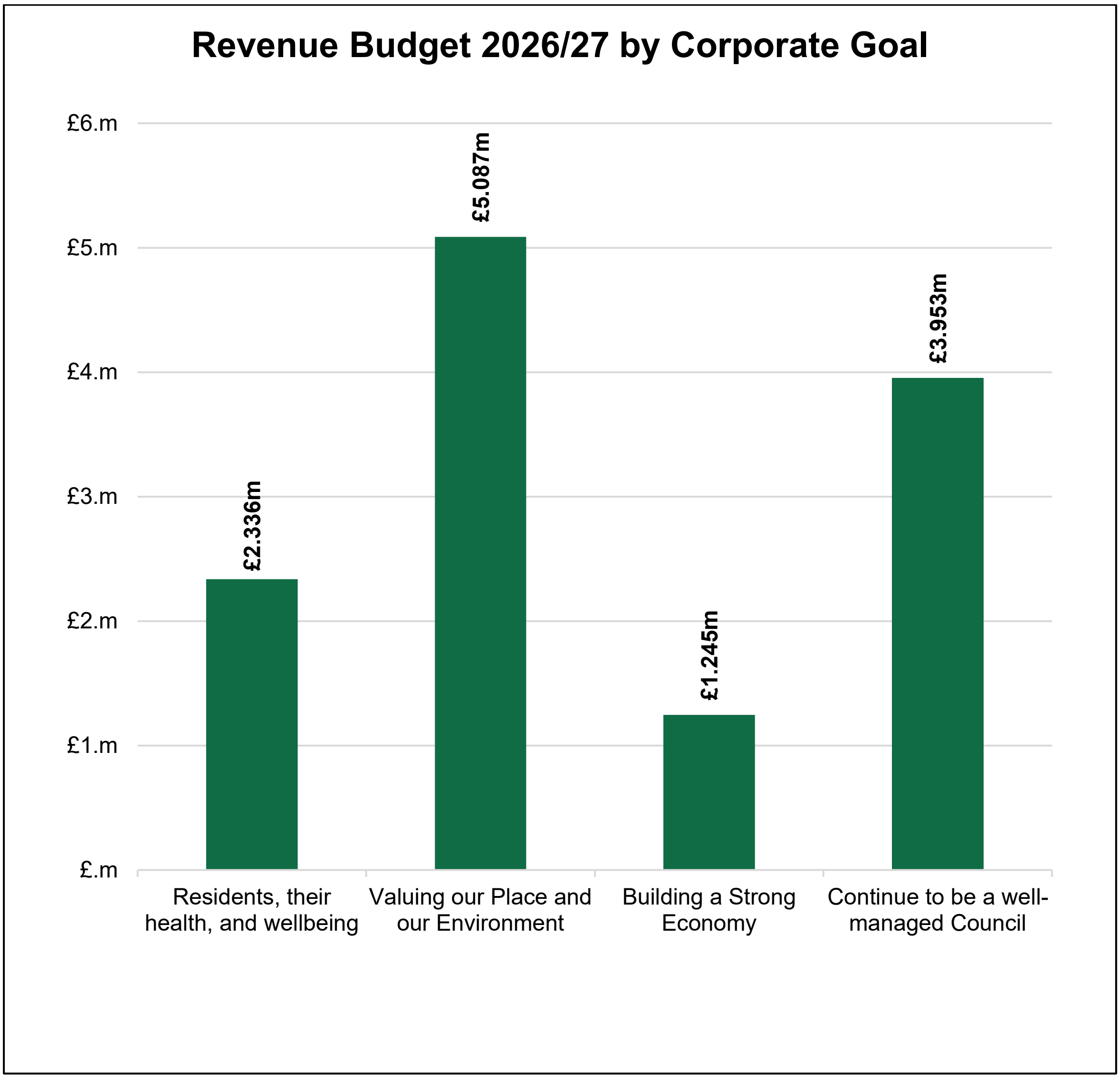
In order to deliver its Vision and provide a focus for how it delivers services, the council has agreed a set of four corporate goals. The Council's goals are deliberately limited to focus attention over the life of the Corporate Plan. Each goal has a number of aims, underlying actions, and key measures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

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

The tables below show how the council's revenue budget 2026/27 and the overall capital programme 2026/27 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 2026/27

The chart below summarises the committee level net spend (after income) across the corporate ambitions for the Revenue Budget 2026/27

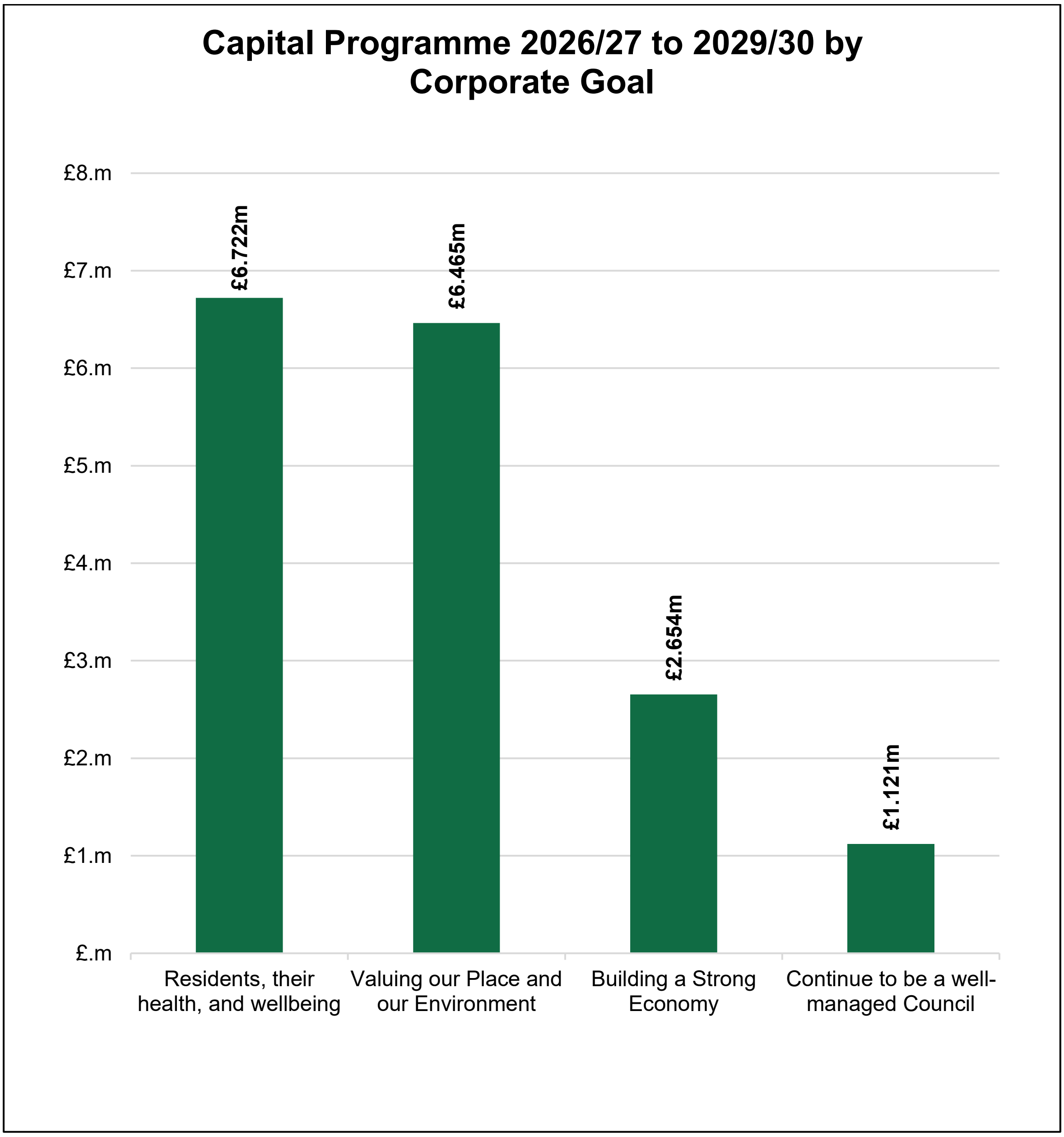


It is important to note the net position that is shown in these figures, as any service area that is heavily subsidised through grants, fees and changes or other income will show a relatively low net value.

Corporate Ambitions – Capital Programme 2026/27 to 2029/30

The chart below shows the total planned capital programme spend over the four-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.

- 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.
- Failure to secure optimal outcomes during the local government reorganisation process for the borough of Ribble Valley.

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

Weekly Collection of Food Waste

The financial plan assumes that the revenue costs of collecting food waste will be incurred from October 2026 and allows full year costs annually thereafter. Whilst the Government states that funding for these revenue costs have been rolled into core funding, this council is actually seeing an overall reduction in its funding, and so in essence is having to fund the service directly.

Extended Producer Responsibility (EPR)

As previously mentioned, the council is receiving new funding in respect of the Extended Producer Responsibility (EPR) scheme which aims to improve recycling outcomes. Under this scheme some organisations and businesses pay a fee for the packaging they supply to, or import into, the UK market. This money then goes to Local Authorities.

There is uncertainty around the longer term value of this funding to local government as these same organisations and businesses reduce the level of packaging they use, in line with the aims of the scheme.

Local Government Reorganisation (LGR)

At a meeting of Lancashire Chief Executives on 8th January 2026 the options for the creation of a Lancashire Local Government Reorganisation Transition Fund was discussed. The report agreed the following principles:

a) An initial agreed total sum of £30m
b) A split of 75% to Unitary Councils and 25% to District Councils:
    - £22.5m Unitary Contribution
    - £7.5m District Contribution

This council's contribution has been agreed and budgeted for at £487,571.

It is recognised that further costs over and above our share of transition costs may be necessary in respect of local government reorganisation, but as this is unquantified at this stage, none are currently budgeted for.

Medium Term Financial Plan

Revenue Budget Forecast 2026/27 to 2029/30

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 four years:

	2026/27 £	2027/28 £	2028/29 £	2029/30 £
Net Budgeted Expenditure	11,604,733	11,493,955	11,858,329	12,202,783
Less Interest earned on investments	-787,980	-400,000	-400,000	-400,000
Net Budget	**10,816,753**	**11,093,955**	**11,458,329**	**11,802,783**
Business Rates baseline	-1,279,458	-1,308,807	-1,335,210	-1,335,210
Revenue Support Grant	-3,190,837	-2,340,467	-1,464,032	-1,464,032
Use of Business Rate Growth/Reset Protection	-123,204	0	0	0
Damping Payment	-62,147	-666,994	-1,290,603	0
Homelessness, Rough Sleeping and Domestic Abuse Grant	-172,438	-186,314	-211,650	-211,650
Adjustment Support Grant	-466,338	0	0	0
Extended Producer Responsibility Funding	-791,804	-791,804	-791,804	-791,804
Added to/ (Use of) General Fund Balances	-277,671	-250,000	-250,000	-250,000
Collection Fund Surplus	-40,007	-50,000	-50,000	-50,000
Still to be funded	**4,412,849**	**5,499,569**	**6,065,030**	**7,700,087**
Assumed Band D *(frozen in 2026/27 and then increase of 2.99% pa in future years)*	170.69	175.79	181.05	186.46
Assumed Taxbase *(increasing by 1% pa beyond 2026/27)*	25,853	26,112	26,373	26,637
Precept (amount raised from council tax)	**4,412,849**	**4,590,228**	**4,774,832**	**4,966,735**
Budget Gap	**0**	**-909,341**	**-1,290,198**	**-2,733,352**

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 2026/27 to 2029/30

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
Local Government Reorganisation Whilst we have included a provision for transition costs of £487k within the 2026/27 estimates there is no further provision for LGR related costs. In November 2025 Lancashire authorities submitted a number of business case proposals to establish revised arrangements for Lancashire ranging from 2 to 5 unitary councils replacing the existing 15 authorities. The proposals will be considered by the minister with consultation on the options due to start in early 2026. The minister will decide which proposal for unitary councils will be implemented through parliamentary approval. This is currently scheduled to happen in Summer 2026.	High	High	Continue to engage and work with neighbouring authorities and our MHCLG LGR contact. Consider using funds for vacant establishment posts to assist with LGR pressures.

Risk	Likelihood	Impact	Mitigation
Changes are made to the Final Local Government Finance Settlement. The provisional Settlement was announced in December and included the outcome of the Fair Funding 2 review, resetting of business rates baselines and transitional protection arrangements. Following representations, the consultation closed on 14 January and there may be further changes announced as part of our Final Settlement.	Medium	Medium/Low	It is unlikely that there will be significant changes, however some changes may be expected given the scale and impact of the reforms. We will update members as soon as we are aware of our Final Settlement A significant change was announced at the Final Settlement regarding the method of allocation of pooling gains within protection arrangements. MHCLG have changed the method to be based on a 50:50split between tariff and top-up authorities – The impact on this Council is £466k in years 2027/28 and 2028/29.
Interest Rate Fluctuations. The Bank of England's base rate reduced gradually between April 2025 and December 2025 from 4.50% to 3.75%. Markets are currently predicting that the base rate will reduce down to 3.50% by the end of the financial year and that the next likely reduction to the base rate will be a cut of 0.25% in March 2026. Due to conflicting signals regarding the UK economy and uncertainty however it is expected there will remain a cautious approach to interest rate changes.	High	High	We will closely monitor available balances and interest rates throughout the year. Funds available to invest will depend on progress of implementation of the capital programme.
General Inflation increases. We have allowed 2.5% for general price inflation over the life of our budget forecast.	High	Medium	We will continue to monitor our budgets closely and report to service Committees and the BWG regarding inflation changs and impacts.

Revenue Budget Forecast 2026/27 to 2029/30

Risk	Likelihood	Impact	Mitigation
Business Rate Income is negatively affected as a result of the new 2026 Valuation List and changes to multipliers.	High	Medium	We will closely monitor our collection rate in 2026/27 and ensure our provision for bad debts and appeals is reviewed appropriately.
External Debt. The Council currently holds no external debt. The Council's Capital Financing Requirement (a measurement of the "underlying need to borrow" for capital purposes), is currently being financed by "internal borrowing", a common practice whereby a local authority utilises its internal resources which are not required in the short to medium-term (comprising working capital and reserves), rather than external borrowing, to finance expenditure.	Medium	Medium	Depending on decisions made on our capital programme we may need to evaluate the need for external borrowing and reflect external borrowing costs within our budget forecast.
Pool Refurbishment Capital scheme takes longer than the period agreed. We have currently built into our 2026/27 budget a loss of income to reflect the 6-month closure. Any period longer than this will impact on our budget.	Medium	Medium	We will closely monitor progress with the capital scheme.
Implementation of Collection of Food Waste creates significant financial pressures. Funding for this has been 'rolled-in' to our Grant Settlement.	Medium	Medium	We have incorporated a new budget for the Collection of Food Waste into our 2026/27 estimates and also our future forecast. We will closely monitor actual expenditure against this new budget.
Extended Producer Responsibility Funding does not continue	Medium	High	Continue to monitor Government plans and also engage with DEFRA.
Pay Increases are more than the 2.5% allowed for in 2026/27 or 2.5% in each year of the budget forecast. The National Joint Council Minimum Wage may be agreed at a higher rate to ensure there is enough headroom above the National Living Wage.	High	Medium	We have allowed a contingency for 2026/27 of £200k for increases above the 2% allowed for. We will continue to engage with and monitor information from the National Joint Council Pay Bargaining

Risk	Likelihood	Impact	Mitigation
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	We will closely monitor actual expenditure against spend on all utility budgets and update the BWG throughout the year.
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.
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.

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	Average cash balances invested						
	£12m	£15m	£18m	£20m	£23m	£26m	£28m
	Average investment income						
	'000s	'000s	'000s	'000s	'000s	'000s	'000s
1%	120	150	180	200	230	260	280
2%	240	300	360	400	460	520	560
3%	360	450	540	600	690	780	840
4%	480	600	720	800	920	1,040	1,120
5%	600	750	900	1,000	1,150	1,300	1,400
6%	720	900	1,080	1,200	1,380	1,560	1,680

- **Pay Inflation:** Each 1% over the amount allowed for costs would be approximately £93,450.

- **General Inflation:** Each additional 1% of general inflation costs would be approximately £87,740.
- **Fees and Charges:** The 2026/27 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 £37,860.
- **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 £595,718.

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 2024/25 outturn data from local authorities. Ribble Valley is at the lower end of the risk spectrum for indicators such as; level of reserves, reserves sustainability, change in reserves 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. As previously mentioned, business rates growth has now been reset from 2026/27.

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
2026/27	0
2027/28	909
2028/29	1,290
2029/30	2,733
Total	**4,932**

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.

It was 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, and without unduly affecting the services we currently provide could be:

- **Expenditure Related Savings that could be considered:**
    - 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.
    - Allowing for a greater increase in the taxbase in the forecast. Whilst the taxbase has seen a recent fall compared to past years, which has now been reflected in the forecast, this may transpire to be temporary.
    - Review the level of council tax surplus/deficit that is forecast in future years.
- **General Fund Balances and Earmarked Reserves**
    - Review the level of General Fund Balances used to support the budget in future years if more favourable outturn positions are seen in any of the future forecast financial years.
    - Consider how Earmarked Reserves could be used to fund specific items in the budget forecast.

Savings Plan and Productivity Plan 2026/27 to 2029/30

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.

Four Year Capital Programme 2026/27 to 2029/30

The capital programme that has been set for the 2026/27 to 2029/30 is detailed below. The capital programme will be reviewed annually and as such could change for the years 2027/28 onwards as part of these reviews.

The revenue implications of the 2026/27 financial year have been included in the Revenue Budget Forecast.

COMMUNITY SERVICES COMMITTEE	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Play Areas Refurbishment Programme	375,000				**375,000**
Car Parks Resurfacing Rolling Programme	185,830				**185,830**
Replacement of Refuse Collection Vehicle VN17 DKA	296,410				**296,410**
Replacement of Refuse Collection Vehicle VE18 JXP	303,970				**303,970**
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 and Bolton-By-Bowland	89,490				**89,490**
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**

Four Year Capital Programme 2026/27 to 2029/30

	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
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**
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**

Four Year Capital Programme 2026/27 to 2029/30

	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
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**
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	54,400				**54,400**
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	633,840				**633,840**
Longridge New 3G Pitch	1,446,180				**1,446,180**
Improvement Works to Castle Keep	399,140				**399,140**

Four Year Capital Programme 2026/27 to 2029/30

	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Improvement Works to Castle Grounds	1,588,950				**1,588,950**
Ribblesdale Pool Refurbishment	3,937,500				**3,937,500**
Ribblesdale Pool Solar Panels	100,000				**100,000**
Total Community Services Committee	**10,107,460**	**715,000**	**1,210,300**	**519,730**	**12,552,490**
ECONOMIC DEVELOPMENT COMMITTEE					
					0
Total Economic Development Committee	**0**	**0**	**0**	**0**	**0**
HEALTH AND HOUSING COMMITTEE					
Disabled Facilities Grants	657,630	393,000	393,000	393,000	**1,836,630**
Landlord/Tenant Grants	97,440	50,000	50,000	50,000	**247,440**
Further Clitheroe Market Improvements	497,430				**497,430**
Additional for Clitheroe Market Improvements Scheme	250,000				**250,000**
Clitheroe Cemetery Drainage Scheme	20,120				**20,120**
Clitheroe Cemetery Extension Scheme	450,000				**450,000**
Choice Based Lettings Scheme - IT System			50,000		**50,000**
Affordable Housing	270,000				**270,000**
Joiners Arms Renovation Scheme	250,000				**250,000**
Total Health and Housing Committee	**2,492,620**	**443,000**	**493,000**	**443,000**	**3,871,620**

Four Year Capital Programme 2026/27 to 2029/30

PLANNING AND DEVELOPMENT COMMITTEE	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
					0
Total Planning and Development Committee	**0**	**0**	**0**	**0**	**0**
POLICY AND FINANCE COMMITTEE					
Software Upgrade for Regulatory Services	94,450				**94,450**
Replacement ICT Equipment for Councillors	43,600				**43,600**
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**
Council Offices Mains and LED Lighting Upgrade	98,320				**98,320**
Revenues and Benefits Replacement Server	24,000				**24,000**
Total Policy and Finance Committee	**260,370**	**0**	**0**	**277,200**	**537,570**
Total for all Committees	**12,860,450**	**1,158,000**	**1,703,300**	**1,239,930**	**16,961,680**

FINANCING					
Grants and Contributions	-1,561,470	-393,000	-429,000	-393,000	**-2,776,470**
Earmarked Reserves	-7,013,202	-243,100	-1,274,300	-846,930	**-9,377,532**
Capital Receipts	-673,280	-521,900	0	0	**-1,195,180**
Borrowing	-1,322,498	0	0	0	**-1,322,498**

Four Year Capital Programme 2026/27 to 2029/30

	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
General Fund Balances	-2,290,000	0	0	0	**-2,290,000**
Total Approved Resources	**-12,860,450**	**-1,158,000**	**-1,703,300**	**-1,239,930**	**-16,961,680**