

SPECIAL COUNCIL

**TUESDAY, 27TH FEBRUARY 2018, 6.30 PM
COUNCIL CHAMBER, TOWN HALL, CHORLEY**

I am now able to enclose, for consideration at the above meeting of the Council, the following reports that were unavailable when the agenda was published.

Agenda No	Item	
6	ALTERNATIVE BUDGET 2018/19	(Pages 293 - 302)
	To consider a report of the Conservative Group.	
A	APPENDIX A - ALTERNATIVE INVESTMENT PROPOSALS	(Pages 303 - 308)
B	APPENDIX B - CUMULATIVE BUDGET 2019/20 TO 2020/21	(Pages 309 - 310)
C	APPENDIX C - ALTERNATIVE BUDGET	(Pages 311 - 312)
D	APPENDIX D - CHIEF FINANCE OFFICER REPORT - ALTERNATIVE BUDGET	(Pages 313 - 320)

GARY HALL
CHIEF EXECUTIVE

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Report of	Meeting	Date
The Conservative Group	Council	27/02/18

ALTERNATIVE BUDGET 2018/19

PURPOSE OF REPORT

1. To propose an alternative budget for consideration by the Council, as proposed by the Conservative Group.

RECOMMENDATION(S)

2. That the Council adopt the alternative budget as set out in this report.

EXECUTIVE SUMMARY OF REPORT

3. This report sets out the Conservative Group's alternative budget. It follows on from the alternative corporate strategy which was presented to Policy Council on 21 November 2017 and sets out our plan to create a borough where people can start well, live well and age well.
4. Our budget goes some way to mitigate the reduction in central government funding by proposing to increase Council Tax by 2.99% in 2018/19 and forecast a 2.99% increase in 2019/20 and a 2% increase in 2020/12.
5. It delivers financial savings and increased income of £803,000 in 2018/19 and invests £1,030,000 in delivering our priorities in 2018/19.
6. A number of our proposals involve partnering with local providers and businesses to reduce our overheads and to benefit from their specialist knowledge and expertise.
7. Our proposals aim to invest in jobs, education, skills and training in our rural areas as well as in the town centre, making our council assets work harder for all in the borough and promote Chorley as a tourism and leisure 'go to' destination.
8. Our proposal includes a £300,000 borough wide partnership grants fund which will enable us to support the wider community organisations across the borough through a fair, annually reviewed grant scheme.
9. A further £100,000 budget is proposed to support rural connectivity throughout the borough.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

10. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	✓	A strong local economy	✓
Clean, safe and healthy homes and communities	✓	An ambitious council that does more to meet the needs of residents and the local area	✓

BACKGROUND

11. This paper puts forward an alternative budget, for consideration by Members of the Council, which continues to deliver high quality services to the very best of our ability and targeting investment in priority areas whilst generating significant savings and achieving a balanced budget.

ALTERNATIVE BUDGET PRIORITIES

12. Our vision for Chorley will deliver a borough that works for residents and their families. We believe that there is so much potential in the borough. Our budget proposals, like our proposals for an alternative strategy which were presented to policy council on 21 November 2017, are to make the borough:

- a. A place where people will 'start well, live well and age well';
- b. A better place to shop and do business;
- c. A better place for learning and earning;
- d. A better place to visit; and
- e. A better place to call home.

13. Our proposals include revenue investment totalling £1,030,000 in 2018/19, savings and additional income totalling £803,000 in 2018/19 as well as achieving a balanced budget.

Table 1: Balancing the budget in 2018/19

	18/19 £
Budget Deficit	870,000

Efficiency Savings.

Savings achieved for 2018/19	
- Business, Development & Growth restructure	(220,000)
- Review of overtime	
Additional staff savings to be achieved in 2018/19	(250,000)
Saving on all supplies and services	(75,000)
Total Efficiency Savings	(545,000)

Income Generation

3% increases year on year fees and charges	(60,000)
2.99% increase in Council Tax 18/19	(198,000)
Total Income Generation	(258,000)

One-off Transfer from Reserves	(552,900)
Review of Net Financing	(150,000)

Changes to Investment Items Currently in the Administration's Budget (see Table 2)	(394,100)
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Resources Available for Investment in 2018/19	(1,030,000)
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New Investment Items

Opposition Group Alternative Corporate Strategy	630,000
Rural Transport and Rural Development Fund	100,000
Borough Wide Partnership Fund Grants Scheme	300,000
Programme of Investment 2018/19	1,030,000

Budget Gap in 2018/19	0
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RECURRENT INVESTMENTS INCLUDED IN THE BASE BUDGET

14. We have reviewed the administrations recurrent "investment" items and propose to make some changes by reducing the budget provision for some areas of work, such as the delivery of events, and by removing other items such as the funding for PCSOs and the removal of the Neighbourhood Preferred Projects budget. This frees up £394,100 which we propose to invest in a different ways in order to support the delivery of our priority areas.
15. A summary of the recurrent investment areas which we would continue to fund are detailed in appendix A. Table 2 below summarises the changes compared with the administration's budget.

Table 2: Changes to the Current Investment Items Included in the Administration's Budget

Administration Budget £	Alternative Budget £	Saving
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Changes to Current Investment Items

Crime Reduction & Social Disorder Prevention	110,000	-	(110,000)
Chorley Council Events Programme	125,000	90,000	(35,000)
Neighbourhood Preferred Projects	50,000	-	(50,000)
Digital Inclusion Officer	20,000	20,000	0
Chorley Works	39,000	39,000	0
Employee Health Scheme	20,000	20,000	0
Changes to the Enforcement Team	44,500	44,500	0
Housing Team	50,000	50,000	0
Refresh of the Local Plan	100,000	100,000	0
LCC Transition Fund	115,000	-	(115,000)
Core Funding Grants	91,600	7,500	(84,100)
Total Investment in 2018/19	765,100	371,000	(394,100)

INVESTING IN OUR PRIORITY AREAS

16. In November 2017 we presented our alternative strategy which set out five key priorities for achieving our vision for Chorley. Under each priority were a number of actions and projects which formed our five year plan. Our investment proposals are now based on delivering those year 1 actions and are detailed in appendix A.
17. The section below provides a summary of our five priority areas and some of the projects which form part of our investment proposals.

A place where people 'start well, live well and age well'

18. We believe that there is nothing more important than the health and wellbeing of our residents, therefore a key priority for us is to work with our health partners to deliver care where and when it is needed.
19. Our investment items aim to tackle the problems faced by an aging population, including loneliness and isolation and gives mental health the focus it needs by offering support and services to a wider range of organisations and charities which deliver long term results.
20. Projects that we will invest in include delivering targeted wellbeing schemes such as community gardens and men in sheds which support the use of practical skills to increase social interaction, informal learning and environmental contribution and establishing a community connectivity and inclusion fund to deliver targeted work to address social isolation across the borough.

A better place to shop and do business

21. We are proud of Chorley's market town identity and our plans will support and champion independent businesses as well as attracting a wider range of new retailers.
22. We want people's experience of Chorley town centre to be enjoyable and stress free, with greater more convenient parking provision and well maintained and litter free streets.
23. We also want the town centre to be a destination for everyone, day and night which is why our plans focus on and invest in leisure, entertainment and culture. Importantly we also want to ensure we work closely with existing traders and businesses, to improve access to a wider audience.
24. Unlike the administration's proposals we believe our proposals will improve our town centre whilst reducing the risk, financial burden and the dependency on larger national retailers. We propose to halt the Market Walk extension project and reinstate the Flat Iron car park, protecting these valuable and desirable town centre parking spaces.
25. Our alternative is to develop a new leisure, entertainment and restaurant complex on the Oak House and Gala Bingo site. This smaller development than the current Market Walk Extension would bring a new food and leisure offer to the town centre which will support the local and evening economy. It will cost less to develop than the Market Walk extension, but still has the potential to bring in £150,000 profit per annum.

A better place for learning and earning

26. Our young people deserve the best possible start in life, that's why our plan has learning, skills and jobs at its heart.
27. While Chorley has good quality primary and secondary schools, our growing population means that too many pupils are struggling to get places at their local schools.
28. We also believe that to aid future economic growth Chorley should have its own sixth form college to give students the facilities they need to succeed right here in Chorley.
29. Our investment proposals include undertaking a full review of school, further education and skills training provision currently available in Chorley and to develop a plan which will act creatively on the results.

A better place to visit

30. Our area has many attractions and there is a huge potential to further develop our borough as a great place to visit. We want to further promote and increase the visitors to our markets and assets such as Astley Hall, while also working alongside other fantastic attractions in Rivington and Hoghton and making more out of our local heritage such as the story of Myles Standish to develop links with the USA, and our very own Chorley Pals.
31. In 2018/19 we propose to recruit a dedicated tourism officer to support and promote our tourist attractions as well as engage with young people across the borough to understand their leisure needs, which we would use to shape the design and delivery model for future services.
32. Longer term we have ambitions to create a borough wide destination sports village with football league standard facilities and while these plans extend beyond the timeframe of these budget proposals, we would start the early phases of planning this project in 2018/19 by utilising existing resources.

A better place to call home

- 33. While we acknowledge there is a need for more of the correct housing in our borough it should not come at the expense of our green spaces. Our housing plan aims to deliver the right housing with the right schools with infrastructure and transport links to ensure that new developments work for Chorley residents old and new.
- 34. In our alternative strategy and in our manifesto we set out a number of projects to progress this priority area which include:
 - a. Develop an action plan and programme of work to establish Lifetime Homes Standards in Chorley;
 - b. Establish a strategic housing delivery board with local stakeholders, housing providers and developers; and
 - c. Review options to accelerate housing delivery across the borough.
- 35. Our view is that these preparatory pieces of work can be achieved within existing resources, which includes the £700,000 income generation reserve and therefore no further budget allocation is proposed in 2018/19.

BOROUGH WIDE PARTNERSHIP GRANTS FUND

- 36. In addition to the investment items set out in appendix A we propose to establish a borough wide partnership grants fund, which will make available £300,000 per year to support a wide range of third sector projects across the borough. This funding pot will go some way to replace the one-off targeted investment funding proposed by the administration which total's £223,500, as outlined in Table 3.

Table 3: One-Off Investment Items Replaced by Borough Wide Partnership Fund Grant Scheme

	Administration Budget £
<u>Changes to One-Off Investment Items</u>	
Community development and volunteering (SPICE)	40,000
VCFS Network	15,000
Support to Food Provision Schemes	15,000
16/17 Young Person's Drop In Centre	15,000
In Bloom	20,000
Supporting Communities to Access Grant Funding	4,500
Disabled and Dementia Online Venue Access Guides	5,000
Accommodation Finding Service	30,000
Mediation Service for Anti-Social Behaviour	65,000
Total Investment in 2018/19	223,500

- 37. The £300k per year fund will also go some way to replace the council's core funding grants. These grants currently include funding to organisations that support families, vulnerable adults and older people. They also include support for arts partnership and homelessness services.

38. A funding process will be developed in order to efficiently administer the funding to monitor and measure the outcomes achieved against investment.
39. While it's likely that many of the schemes which the council has supported for a number of years through the annual one off investments will continue to receive some funding, it also opens out the opportunity to other deserving and in demand services which will support our plan to create a borough where people can start well, live well and age well.

RURAL INFRASTRUCTURE FUND

40. We also propose an additional £100,000 funding into a rural infrastructure fund. This fund will be available for projects which support the improvement or development of rural infrastructure and interconnectivity. This could include transport infrastructure, community based service delivery, leisure provision, business support or broadband connectivity.

SAVINGS AND INCOME GENERATION PROPOSALS

41. As shown, earlier in the report in Table 1 our proposals will achieve £545,000 efficiency savings and £258,000 additional income in 2018/19. Appendix B summaries the cumulative budget deficit, savings and investments for 2019/20 and 2020/21.
42. By 2020/21 we estimate we could achieve £2.423m efficiency savings and £1.148m in income generation. The section below provides details of how we propose to achieve these targets.

Council Tax

43. Our proposal, in line with the administration and many other councils, is to propose a 2.99% increase in Council Tax in 2018/19, a forecast 2.99% increase in 19/20 and a forecast 2% increase in 2020/21. This being in line with national trends and clear direction from central government to invest additional council tax income to delivering services to the best of our ability.

Staffing Efficiencies

44. We propose to save an additional £250,000 in staffing costs, in addition to the £200,000 already being saved through the Business Development and Growth restructure, in 2018/19. The savings will be achieved through a mix of sharing of some senior posts and the consequential changes to middle management that will occur as a knock on effect of this.
45. In addition, we believe that through a termination of the Market Walk extension project and progressing a more appealing and efficient leisure-based scheme there is scope to reduce permanent and temporary resourcing around major projects.

Supplies and Services

46. We believe that the council could make savings on its supplies and services. Each year the council spends approximately £2.2m on supplies and services and that a 3% saving target for 2018/19, and 5% savings targets for both 2019/20 and 2020/21 is both reasonable and achievable.
47. Achieving cumulative savings of £280k by 2020/21 will be assisted through an audit of the council's procurement processes and through a complete review of all contracts and existing

suppliers. It could also be achieved through changes in council policy, such as when scoring tenders placing higher weightings on price rather than quality.

Council Funded Community Centres

48. We believe that the cost of running council owned community centres is disproportionate to the benefit seen in the local area and that they are not being utilised as well as they could be. We want to undertake a review of all council funded community centres, working with, supporting, and engaging, thus empowering local communities to take more responsibility in the management and running of these centres for their local communities, user groups, organisation and residents. At this point we estimate savings of up to £100,000 could be achieved by 2020/21.

Fees and Charges

49. We are also proposing 3% year on year increases to the Council's fees and charges. Again, we feel that increases that are broadly in line with the rate of inflation are reasonable. Please note that this target only includes changes to fees and charges for services which are set locally and also do not exceed the cost of service delivery.

Inward investment, tourism and diversification of our markets

50. We believe that our proposals for the town centre and markets and also our investments in tourism will support us to bring in additional income from 2019/20. This will be through charging entry fees into Astley Hall and building more on its potential as a conference and celebration venue, as well as through improving and extending Chorley's markets with artisan and evening markets during the summer.

Car parking

51. Our proposal to stop the market walk extension and reinstate the Flat Iron car park, together with putting the car parking tariffs back to what they were before the development started in 2016/17 mean that we can achieve an additional £180,000 in 2019/20.

Leisure Development

52. Instead of developing on our town's most central and best used car park, we propose to develop a smaller, more efficient leisure and restaurant scheme on the Oak House and Gala Bingo site. Once developed and opened we expect that the scheme could deliver a net rental income, after borrowing costs, of approximately £150,000 per annum.

Delivering Council owned housing stock

53. We agree in principle and welcome the administration's approach to develop a housing company both to addressing housing needs in the borough and also as a way to generate a sustainable revenue income stream in the future. However over time we would look to explore the option of delivering our own housing stock such as developing modular affordable housing on council owned land, in partnership with successful local developers. Our view is that this would enable us to deliver a range of houses quickly and efficiently and by developing a range of modular built homes on council owned land, this approach is also likely to deliver a bigger return.

IMPLICATIONS OF REPORT

54. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

55. The administration's budget proposals have been developed based on same budget deficit context as the administration's budget. Details are set out in the report and in appendix B outlining how the budget deficit will be bridged in 2018/19 to 2020/21.
56. The chief finance officer report is provided in appendix D to this item.

COMMENTS OF THE MONITORING OFFICER

57. None.

COUNCILLOR ALAN CULLENS
LEADER OF THE CONSERVATIVES

COUNCILLOR MARTIN BOARDMAN
DEPUTY LEADER OF THE CONSERVATIVES

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ALTERNATIVE INVESTMENT PROPOSALS

APPENDIX A

RECURRENT ITEMS

Recurrent Items	Description	Proposed Budget
Chorley Council Events Programme	The council's programme of events continues to demonstrate significant benefits for the borough, attracting new visitors and raising the profile of Chorley. The alternative budget will reduce the events budget through focussing the programme on the events that are most sustainable and that attract greater commercial interest and income.	£90,000
Digital Inclusion Officer	This ongoing budget will ensure that all residents are able to access high quality public services and take an active part in their community. This budget will support and enable the delivery of the Council's digital strategy including digital inclusion activity, for example IT training sessions delivered in the IT suites of the council's community centres. The alternative budget will increase this provision as per the proposals outlined in the following table.	£20,000
Chorley Works	Access to high quality employment and education opportunities is a priority. Chorley Works has been successful in delivering a number of employment-related interventions for local residents.	£39,000
Employee Health Scheme	Maintaining positive levels of staff wellbeing is important to ensuring a productive and efficient workforce, therefore this budget will continue the current healthcare cash plan scheme or a further year.	£20,000
Enhanced Enforcement Team	The new team will strengthen and improve the council's enforcement services, refocus the work of the neighbourhood officers and demonstrate the councils commitment to taking a more proactive approach to enforcement.	£44,500
Enhanced Homelessness Service	This budget will support the council's response to the requirements of the new Homelessness Reduction Act by putting in place the necessary resources to fulfil new obligations for homelessness prevention.	£50,000
Refresh of the local plan	The council will be refreshing the local plan over the coming 3 years. This provision is put in place to support the refresh process with the majority of the costs, including staffing, assumed to be shared with South Ribble Borough and Preston City Councils. £100k represents Chorley Council's share of the annual ongoing costs.	£100,000
TOTAL RECURRENT INVESTMENT		£363,500

PROPOSALS FOR NEW INVESTMENT – 2018/19

Project	Description	18/19 revenue budget	Capital budget
A place where people start well, live well and age well			
Create an additional Community Support Digital Inclusion Officer Post	An additional Community Support Digital Inclusion officer post will be appointed to widen the scope of the Councils digital inclusion agenda to include convenience and lifestyle technology such as contactless payment and smart media. The post will also support community organisations and parish councils who are willing to embrace digital working and collaboration with the Council. Focus will be given to work with Parish Council's to deliver in rural areas.	£40,000	
Establish a community connectivity and inclusion fund	Establish a social inclusion grant fund to be administered by the Health and Wellbeing team in response to applications from organisations or local groups delivering targeted work to address social isolation across the borough.	£20,000	
Develop targeted wellbeing schemes	<p>Develop schemes to improve the health and wellbeing of key target groups using existing community and council assets to build skills and strengthen personal resilience.</p> <p>Following an options appraisal to establish available assets, land and funding, the project will look to develop an initiative that builds on the concept of community gardens and 'Men in Sheds' by using practical skills to increase social interaction, informal learning and environmental contribution.</p>	£20,000	
A better place to shop and do business			
Development of a leisure/restaurant complex	The project will deliver a new leisure and restaurant complex on the former Royal Oak and Gala Bingo site to support the local town centre and evening economy and also generating a sustainable revenue income stream for the council.		£8,750,000
Reinvigorate Chorley's retail offer	<p>This project will reinvigorate Chorley's retail offer with a more unique and diverse range of independent shops to provide an appealing alternative to the recognised high street chains available in the wider geographical area.</p> <p>Targeted business development and promotion activity will work towards attracting a wider variety of traders and independent retailers to the borough, increasing the quality</p>	£110,000	

	<p>of the current retail environment with more lifestyle outlets and specialist shops.</p> <p>This improved retail offer will see Chorley targeting a higher value market segment of residents who may otherwise travel out of the borough and new visitors looking for a different type of retail experience.</p>		
Establish and deliver independent retail grants	<p>Establish and promote the Chorley 'Independent Retail Fund' to support activity to attract a wider range of unique shops into Chorley Town Centre as part of a more diverse and vibrant offer.</p> <p>This investment will provide a targeted grant scheme to incentivise new independent businesses to set up in Chorley or to grow existing independent businesses, and also encourage the creation of local independent/artisan trader networks.</p>	£125,000	
Developing economic growth in the borough	<p>A revenue budget of £100k will be set aside to match the cost of borrowing approximately £2m. This £2m will be used to match fund collaborative investment projects with partners such as developers and local business to invest in economic regeneration within the borough.</p>	£100,000	
Deliver a programme of improvements to the Chorley Markets	<p>Deliver improvements to the existing Chorley Markets to make the most of Chorley's strong market tradition and heritage as part of developing a more unique and vibrant retail and leisure experience.</p> <p>A programme of improvements will trial the introduction of new and alternative market features and formats including increasing the number of outdoor market days, summer evening markets, artisan markets and food court style layout. Further improvements would consider physical enhancements to the market setting including a semi-permanent purpose built outdoor space.</p> <p>Improvements will maximise the market contribution to both the daytime and evening economy, encouraging people to stay longer and spend more in Chorley town centre. It will also increase the income from the markets.</p>		£100,000
Improve the look and feel of the town centre streetscene	<p>This project will undertake an extensive redevelopment of the town centre streetscene to establish Chorley as a unique retail destination. The development will build on the town's heritage to re-profile the retail and leisure offer including significant physical changes to key shopping streets.</p>		£1,000,000

	A full masterplan will be developed and implemented including a programme of consultation with key forums and traders.		
A better place for learning and earning			
Undertake a needs analysis of educational requirements in Chorley	This project would be to commission a piece of work to understand education need and projected demand (school places, sixth form provision and skills provision) within Chorley. This work would then be used as an evidence base to be presented back to Lancashire County Council to be used in their consideration and planning of school places across the borough. Taking into account the special needs of our villages and rural areas.	£25,000	
Develop and deliver a Chorley apprenticeship scheme	<p>This initiative would challenge local businesses to pledge a target number of new apprenticeship places over the next two years.</p> <p>This project will establish a scheme to work alongside the Apprenticeship Levy Fund for SME's and provide grants to supplement employers' allowance of £15,000 per apprentice to encourage local take up of the scheme.</p> <p>The grants will incentivise local organisations with 'top up' funding to support apprenticeships within their business and ensure that any barriers to take up for organisations are removed.</p> <p>Increased take up of apprenticeships will support better opportunities for young people, a broader range of options on leaving school or college and help companies thrive in Chorley.</p>	£100,000	
A better place to visit			
Establish a Tourism Manager post	A specific tourism development post will be established to review the current approach to marketing and tourism to identify how we can better promote Chorley to new visitors. Activity will focus on highlighting Chorley's existing assets and cultural heritage to develop a bespoke and distinct tourist offer. This could include a heritage trail, local history exhibition and improved connectivity between local points of interest, for example, the town centre and Astley Hall.	£50,000	
Improve the borough wide leisure offer for young people	Undertake in-depth consultation and engagement with young people from across the borough to understand their leisure needs, priorities, preferences and accessibility, in light of reducing county wide provision. This intelligence would shape the design and delivery model for future services.	£40,000	

TOTAL	£630,000	£9,850,000
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CUMULATIVE BUDGET DEFICIT, SAVINGS, INCOME AND INVESTMENTS 2019/20 TO 2020/21

	19/20 £	20/21 £
Cumulative Budget Deficit	2,501,000	3,277,000

Efficiency Savings

Savings achieved for 2018/19		
- Business, Development & Growth restructure	(220,000)	(220,000)
- Review of Overtime		
Additional Cumulative Staffing Efficiencies	(800,000)	(1,000,000)
5% Year on Year Saving on all Supplies & Services	(181,000)	(279,000)
Savings on Major Contracts	(604,000)	(824,000)
Review Delivery of Community Centre Services	(50,000)	(100,000)
Total Efficiency Savings	(1,855,000)	(2,423,000)

Income Generation

3% increases year on year fees and charges	(123,000)	(189,000)
2.99% increase in Council Tax 19/20, 2% increase in 20/21.	(408,000)	(559,000)
Inward Investment, Tourism & Diversify Market Offer	(100,000)	(150,000)
Restore Car Parking to 2016/17 provision	(180,000)	-
Delivering Council Owned Housing Stock	(100,000)	(100,000)
Leisure Offer at Chorley Town Centre	-	(150,000)
Total Income Generation	(911,000)	(1,148,000)

One-off Transfer from Reserves	(45,900)	(17,000)
Review of Net Financing	(100,000)	(100,000)

Changes to Investment Items Currently in the Administration's Budget (see Table 2)	(394,100)	(394,100)
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Resources Available for Investment	(805,000)	(805,000)
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New Investment Items

Opposition Group Alternative Corporate Strategy	405,000	405,000
Rural Transport and Rural Development Fund	100,000	100,000
Borough Wide Partnership Fund Grants Scheme	300,000	300,000
Programme of Investment	805,000	805,000

Budget Gap	0	0
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Alternative Budget - Cumulative Budget Deficit & Budget Strategy 2018/19 to 2020/21

	2018/19 ESTIMATE £'000	2019/20 ESTIMATE £'000	2020/21 ESTIMATE £
CASH BASE BUDGET REQUIREMENT	13,423	14,372	14,996
Cash Movements:			
Inflation			
Pay	232	258	209
Pensions	15	14	13
Pensions Rate Adj.	50	126	50
Non-Pay	(68)	21	11
Contractual	234	76	79
Income	(24)	13	(181)
Increments	42	25	13
Volume Expenditure	192	(118)	(12)
Volume Income	(75)	102	1
Loss of Income - LCC waste/recycling agreement	933	0	0
Retirement Village	63	114	(151)
Digital Office Park	3	(7)	(196)
Parking Strategy	(20)	0	0
New Homes Bonus set aside to fund European Employment Project	(295)	0	0
Chorley Youth Zone - Additional Contribution	50	0	0
Savings from Senior Management Structure Review	(52)	0	0
Waste Collection Service including Garden Waste Subscription	(415)	0	0
Recurrent Revenue Investment - Increased to £558k	70	0	0
LCC Transition Fund - Increased from £100k to £115k	15	0	0
DIRECTORATE CASH BUDGETS	14,372	14,996	14,833
Contingency:			
- Management of the Establishment	(200)	(150)	(150)
Directorate & Corporate Budgets	14,172	14,846	14,683
Net Financing	1,386	1,386	1,386
TOTAL EXPENDITURE	15,557	16,231	16,069
Financed By:			
Council Tax - Borough	(6,626)	(6,725)	(6,826)
Parish Precepts	671	671	671
Council Tax Parishes	(671)	(671)	(671)
Revenue Support Grant	(299)	0	0
Retained Business Rates	(2,819)	(2,663)	(2,263)
Business Rates Pooling	(676)	(676)	(676)
Government Section 31 Grants	(1,090)	(1,090)	(1,090)
Business Rates Retention Reserve	(371)	237	261
Collection Fund (Surplus)/Deficit - Business Rates	566	0	0
Use of NHB for Capital Investment (Future Years)	(400)	(400)	(400)
Use of uncommitted NHB	(2,589)	(2,353)	(1,757)
New Burdens Grants	(40)	(40)	(20)
Collection Fund (Surplus)/Deficit - Council Tax	(58)	0	0
Transfers to/(from) Earmarked Reserves	(285)	(20)	(21)
TOTAL FINANCING	(14,688)	(13,730)	(12,792)
CUMULATIVE GROSS BUDGET DEFICIT POSITION	870	2,502	3,277
Efficiency Savings			
Productivity Savings to be Achieved for 2018/19	(220)	(220)	(220)
Additional Productivity Savings to be Achieved	(250)	(800)	(1,000)
Saving on all supplies and services	(75)	(181)	(279)
Savings on Major Contracts	0	(604)	(824)
Review Delivery of Community Centre Services	0	(50)	(100)
Total Efficiency Savings	(545)	(1,855)	(2,423)
Income Generation			
3% increases on Fees and Charges	(60)	(123)	(189)
2.99% Increase Council Tax 2018/19 & 2019/20 & 2% in 2020/21	(198)	(408)	(559)
Inward Investment, Tourism & Diversify Market Offer	0	(100)	(150)
Restore Car Parking to 2016/17 provision	0	(180)	0
Delivering Council Owned Housing Stock	0	(100)	(100)
Leisure Offer at Chorley Town Centre	0	0	(150)
Total Income Generation	(258)	(911)	(1,148)
Other Budget Items			
Review and Use of Unutilised Reserves	(553)	(45)	(17)
Review of Net Financing	(150)	(100)	(100)
Changes to Investment Items in Administration Budget	(394)	(394)	(394)
Total Other Budget Items	(1,097)	(540)	(511)
Resources Available for Investment	(1,030)	(805)	(805)
Programme of Investment			
Opposition Group Alternative Corporate Strategy	630	405	405
Rural Transport and Rural Development Fund	100	100	100
Borough Wide Partnership Fund Grants Scheme	300	300	300
Programme of Investment	1,030	805	805
Forecast Adjusted Medium Term Budget Gap	0	0	0

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**APPENDIX D**

Report of	Meeting	Date
Chief Finance Officer	Special Council	27 February 2018

REPORT OF THE CHIEF FINANCE OFFICER – ALTERNATIVE BUDGET

PURPOSE OF REPORT

1. To provide advice to the Council of the robustness of the alternative budget including how the budget has been constructed and the assumptions that underpin it

RECOMMENDATION(S)

2. The Council are recommended to note the Chief Finance Officer's comments

EXECUTIVE SUMMARY OF REPORT

3. This report provides advice to the Council of the robustness of the alternative budget including how the budget has been constructed and the assumptions that underpin it. In addition the Chief Finance Officer has reported to members the adequacy of the proposed financial reserves.
4. The key assumptions relating to expected level of government funding the council will receive from 2018/19 to 2020/21 are the same as the assumptions outlined in the administration's budget and are therefore robust. The alternative budget proposes a 2.99% increase in council tax in 2018/19, a forecast increase of 2.99% in 2019/20 and a forecast increase of 2% in 2020/21. These are the maximum levels the council can set without triggering the need for a local referendum and are identical to the administration's proposals.
5. The majority of expenditure savings included in the 2018/19 budget have been achieved with the exception of £250k additional staffing savings profiled in 2018/19. These savings are challenging but are reasonable as outlined further in this report.
6. There continues to be income targets contained within the budget; these are based upon contractual agreements or have been realigned to reflect the latest performance information. A fees and charges report was approved by Executive Cabinet on 18 January 2018 that included increases in some of the

charges the council makes for its services. A prudent estimate of the increased likely income has been brought into the alternative budget for 2018/19.

7. The forecast is that the alternative budget will be balanced in 2018/19 and that the Council’s general fund balances will be £4m. In addition, funds have been set aside as earmarked reserves in 2018/19 that would help enable the savings and investments outlined in the alternative budget report to be delivered.
8. Having reviewed the underlying assumptions and commented on the position in relation to key risks and working balances I am satisfied that the budget assumptions are reasonable, the key financial risks have been considered and the alternative budget is deliverable.
9. Further analysis of the risks to revenue and capital budgets are analysed at the end of appendix J to the main budget report. These risks apply equally to the alternative budget.

<p>Confidential report Please bold as appropriate</p>	<p>Yes</p>	<p>No</p>
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BACKGROUND

10. The Chief Finance Officer will advise members when setting the alternative budget as to the robustness of the estimates and the adequacy of working balances.

KEY ASSUMPTIONS

11. The table below shows the key assumptions made in forecasting forward the alternative budget; these are identical to the assumptions made in administration's budget. The comments to the validity of these assumptions are made paragraphs 16 to 27 in appendix J to the administration's budget report and therefore are not required to be repeated again in this report.

Key Assumptions	2018/19	2019/20	2020/21
Increase in Council Tax	2.99%	2.99%	2.99%
Growth in Council Tax Base	1.89%	1.5%	1.5%
Growth in Retained Business Rates	0%	0%	0%
Reduction in Revenue Support Grant or equivalent increase in business rates tariff	£0.435m	£0.299m	-
Total Forecast New Homes Bonus	£2.989m	£2.753m	£2.156m
Use of New Homes bonus to Fund the Capital Programme	(£0.400m)	(£0.400m)	(£0.400m)
Total Forecast New Homes Bonus Built Into the Base Budget	(£2.589m)	(£2.353m)	(£1.756m)
Future Service Pension Rate	14.4%	14.4%	14.4%
Additional Business Rates - Lancashire Pooling Arrangement or equivalent business rates retention regime	(£0.716m)	(£0.560m)	(£0.316m)
Income from LCC	(£0.096m)	(£0.096m)	(£0.096m)
Pension Fund Deficit Recovery	£0.841m	£0.966m	£1.016m
Pay Award	2%	2%	2%

LEVELS OF WORKING BALANCES

12. The alternative budget assumes working balances will be maintained at £4.0m in 2018/19. This level was based upon risk contained in the budget particularly around:
- the volatility in the funding system in relation to business rate retention
 - possible re-profiling of savings and income generation proposals into future years
 - risk of loss of deposits should a future banking crisis occur
13. In relation to the Treasury Strategy, individual deposit levels were increased to £3m to enable better rates to be accessed, but investments of up to £4m can be placed with part-nationalised UK financial institutions. One of the lessons for Councils who were affected by the Icelandic banking crisis was that they should

at least have the minimum level of working balances to cover any potential loss of deposits should a banking crisis occur. For this reason I think it appropriate to keep working balances of £4m.

BRIDGING THE BUDGET GAP

Savings

14. The savings proposed in the alternative budget and in appendix B to the report can be summarised as follows:

	18/19 £	19/20 £	20/21 £
<u>Efficiency Savings</u>			
Savings achieved for 2018/19			
- Business, Development & Growth restructure	(220,000)	(220,000)	(220,000)
- Review of Overtime			
Additional Cumulative Staffing Efficiencies	(250,000)	(800,000)	(1,000,000)
5% Year on Year Saving on all Supplies & Services	(75,000)	(181,000)	(279,000)
Savings on Major Contracts		(604,000)	(824,000)
Review Delivery of Community Centre Services		(50,000)	(100,000)
Total Efficiency Savings	(545,000)	(1,855,000)	(2,423,000)

Staffing Savings

15. The level of proposed savings from staff budgets is broadly in line with administration's budget totalling approximately £1.2m by 2020/21. This represents a saving of approximately 10% and is therefore deemed reasonable.
16. The alternative budget includes a £250k staffing saving in 2018/19; this brings forward staffing savings meaning new structures would be in place part way through 2018/19. It is proposed this is made through savings from senior positions and through the reduction in staffing requirements as a result of the proposed reductions in planned works to the town centre. It is feasible that some of the proposed £800k of savings outlined in 2019/20 could be brought forward to deliver some savings in 2018/19; this includes some of the current vacant positions in the senior management structure.

Supplies and Services

17. The council's total supplies and services budget that could be changed to deliver savings is approximately £2.2m. The alternative budget proposes 5% savings year on year in 2019/20 and 2020/21. These targets are significantly higher than those included in the administration's budget. Year on year the

council has achieved approximately £100k of savings through the review of its underutilised budgets (base budget review). However as these budgets have removed it has become more difficult to achieve these savings.

18. Achieving cumulative savings of £280k in 2020/21 could be assisted through an audit of the council's procurement processes and through a total review of all contracts and existing suppliers. It could also be brought about through changes in council policy, such as when scoring tenders placing higher weightings on price rather than quality.

Major Contracts

19. The savings are in line with those proposed in the administration's budget, these savings were based on external advice and current trends in the procurement of similar contracts in other boroughs.

Review of Community Centre Services

20. The net cost to the council of running its community centres is over £200k and therefore the savings represents a 50% reduction in this budget. This is reasonable providing the council is able, as proposed in the alternative budget, to transfer the management to local communities with little or no subsidy.

Additional income

21. The additional income proposed in the alternative budget and in appendix B to the report can be summarised as follows:

	18/19 £	19/20 £	20/21 £
<u>Income Generation</u>			
3% increases year on year fees and charges	(60,000)	(123,000)	(189,000)
2.99% increase in Council Tax 18/19	(198,000)	(408,000)	(559,000)
Inward Investment, Tourism & Diversify Market Offer		(100,000)	(150,000)
Restore Car Parking to 2016/17 provision		(180,000)	-
Delivering Council Owned Housing Stock		(100,000)	(100,000)
Leisure Offer at Chorley Town Centre		-	(150,000)
Total Efficiency Savings	(258,000)	(911,000)	(1,148,000)

Fees and Charges

22. The increased income through inflating charges by 3% includes only those charges the council has control over e.g. this does not include income budgets such as planning fees. The additional income identified is therefore reasonable.

Inward Investment, Tourism & Diversify Market Offer

23. The alternative budget proposes investment of £100k in the development of Chorley markets and £1m investment in the town centre's streetscene. Current income from markets is approximately £400k and therefore the income targets represent a 25% increase in market income. The income target also include improving the offer from Astley Hall including charging for entry fees and creating a more commercial venue. Taken together it is possible, although challenging nonetheless, for these changes to generate an additional £150k income by 2020/21.
24. The alternative budget proposes a new leisure offer in the town centre. The assumed net income of £150k in 2020/21 has been estimated using similar build costs, rental income and borrowing costs as those used for the current Market Walk extension proposal, albeit on a smaller scale. As such I believe this income target to be realistic.

Use of Reserves

25. The alternative budget includes the use of approximately £600k of unutilised reserves. This includes the £400k reserves utilised in the administration's budget but also includes approximately £200k of reserves currently identified for business and retail grants. The alternative budget proposes to utilise some of these reserves to fund its own business development and retail grant programme.

CONCLUSION

26. The cumulative targets for staffing efficiency savings are similar for both the administration and the alternative budget, approximately £.21m by 2020/21. The alternative budget includes higher savings for non-staffing budgets, £379k in 2020/21 compared to the administration's target of £125k. This adds some additional risk in the alternative proposals to balance the budget.
27. Excluding council tax, income generation in both proposed budgets is similar, £589k in the alternative budget and £560k in the administration's budget by 2020/21. Both the proposals include commercial developments that represent a risk over the medium term including the risk that commercial negotiations do not deliver the level of forecast net income and the risk that developments are delayed and net income is not realised when forecast. The latter risk is

mitigated by the council through holding sufficiently large general fund balances.

- 28. Having reviewed the underlying assumptions and commented on the position in relation to key risks and working balances I am satisfied that the budget assumptions are reasonable, the key financial risks have been considered and the alternative budget is deliverable.

IMPLICATIONS OF REPORT

- 29. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

- 30. These are contained within the report.

COMMENTS OF THE MONITORING OFFICER

- 31. The report is designed to ensure that, if the alternative budget is approved, the relevant legislation is complied with in terms of Statutory Officer advice.

GARY HALL
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Gary Hall	5151	23/02/18	

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