

Special Council

Tuesday, 27th February 2024, 6.30 pm
Council Chamber, Town Hall, Chorley and YouTube

Agenda

Apologies

1 Declarations of Any Interests

Members are reminded of their responsibility to declare any pecuniary interest in respect of matters contained in this agenda.

If you have a pecuniary interest you must withdraw from the meeting. Normally you should leave the room before the business starts to be discussed. You do, however, have the same right to speak as a member of the public and may remain in the room to enable you to exercise that right and then leave immediately. In either case you must not seek to improperly influence a decision on the matter.

2 Minutes

(Pages 3 - 6)

3 Mayoral Announcements

4 Public Questions

Members of the public who have requested the opportunity to ask question(s) on any item(s) on the agenda will have three minutes to put their question(s) to the relevant Councillor. Members of the public will be allowed to ask one short supplementary question.

[To view the procedure for public questions/ speaking click here and scroll to page 119](#)

5 Council Tax Local Discounts & Premiums Policy

(Pages 7 - 36)

To receive and consider the report of the Director of Customer and Digital.

6 Revenue Budget 2024/25, Medium Term Financial Strategy and Capital Programme 2024-2027

(Pages 37 - 52)

To seek approval to recommendations from the Executive contained in the attached report of the Chief Finance Officer (Introduced by the Executive Member for Resources) and within the appendices listed below.

a. Appendix A: Formal Council Tax Resolution including Special Expenses & Parish Precepts 2024/25

(Pages 53 - 60)

b. Appendix B1: Report of the Chief Finance Officer – robustness of the 2024/25 budget and the adequacy of financial reserves	(Pages 61 - 70)
c. Appendix B2 Risks to the Medium Term Financial Strategy 2024/2027	(Pages 71 - 74)
d. Appendix B3 Financial Reserves	(Pages 75 - 78)
e. Appendix C: Delivering our priorities – Medium Term Financial Strategy 2024/25 to 2026/27	(Pages 79 - 90)
f. Appendix D: Cumulative Budget Deficit & Budget Strategy 2024/25 to 2026/27	(Pages 91 - 92)
g. Appendix E: Breakdown of Council Expenditure 2024/25	(Pages 93 - 94)
h. Appendix F1 Capital Programme 2023/24 to 2026/27	(Pages 95 - 96)
i. Appendix F2 Capital Financing 2023/24 to 2026/27	(Pages 97 - 98)
j. Appendix F3 Developer Contributions 2020/21 to 2024/25	(Pages 99 - 102)
k. Appendix G: Capital Strategy	(Pages 103 - 116)
l. Appendix H1 Treasury Strategy 2024/25 to 2026/27	(Pages 117 - 134)
m. Appendix H2 Commentary from Treasury Management Advisors	(Pages 135 - 140)
n. Appendix I Pay Policy 2024/25	(Pages 141 - 156)
o. Appendix I (i) Pay Spines Chorley Council	(Pages 157 - 158)
p. Appendix I (ii) Pay Spines Shared Services	(Pages 159 - 160)
q. Appendix J: Budget Consultation 2024/25	(Pages 161 - 168)
r. Appendix K: Assessing the Impact of 2024/25 Budget Proposals	(Pages 169 - 178)
7 Any urgent business previously agreed with the Mayor	

Chris Sinnott
Chief Executive

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Minutes of	Council
Meeting date	Tuesday, 30 January 2024
Committee Members present:	Councillor Tommy Gray (Mayor), Councillor Gordon France (Deputy Mayor) and Councillors Tommy Gray, Gordon France, Sarah Ainsworth, Aaron Beaver, Julia Berry, Alistair Bradley, Michelle Brown, Mark Clifford, Alan Cullens, Margaret France, Danny Gee, Christine Heydon, Alex Hilton, Terry Howarth, Michelle Beach, Roy Lees, Adrian Lowe, Matthew Lynch, Pauline McGovern, June Molyneaux, Alistair Morwood, Dedrah Moss, Beverley Murray, Alan Platt, Debra Platt, Aidy Riggott, Jean Sherwood, Chris Snow, Arjun Singh, Kim Snape, Ryan Towers, Jenny Whiffen, Neville Whitham, Alan Whittaker, Joan Williamson and Peter Wilson
Committee Members present virtually (non-voting):	Councillor Samantha Martin
Officers:	Chris Sinnott (Chief Executive), Chris Moister (Director of Governance/Monitoring Officer), Louise Mattinson (Director of Finance/Section 151 Officer), Asim Khan (Director of Customer and Digital), Caroline Wolfenden (Director of Change and Delivery) and Gayle Wootton (Director of Planning and Property)
Apologies:	Councillor Karen Derbyshire, Hasina Khan, Samir Khan, Zara Khan and Craige Southern

20 members of the public

A video recording of the public session of this meeting is available to view on [YouTube here](#)

68 Declarations of Any Interests

No declarations of interests were made.

69 Minutes

Resolved (unanimously) that the minutes of the Special Council meeting held on 21 November 2023 and the minutes of the Extraordinary Council meeting held on 17 January 2024 be approved as a correct record for signature by the Mayor.

70 Mayoral Announcements

The Mayor offered his congratulations to the Chorley Lions Running Club who had been awarded the King's Award for Voluntary Service.

He also reminded members about his Roaring 20s Charity Ball on 1 March.

71 Public Questions

There were no public questions for consideration.

72 Executive Cabinet

Members considered a general report of the meeting of the Executive Cabinet meetings held on 12 October, 9 November, 7 December and 18 January 2024.

The Executive Leader, Councillor Alistair Bradley proposed and the Deputy Leader, Councillor Peter Wilson seconded, and it was **Resolved (unanimously) that the report be noted.**

73 Overview and Scrutiny Committee and Task and Finish Groups

Members considered a general report of the Overview and Scrutiny Committee held on 5 October and 25 January 2024, the Overview and Scrutiny Performance Panel held on 23 November and 11 January 2024 and Task Group update.

Councillor Riggott noted the forthcoming Scrutiny Task Group on suicide and suicide prevention would be starting soon and requested members contact Democratic Services if they wished to join.

The Chair of the Overview and Scrutiny Committee, Councillor Aidy Riggott proposed the report and the Vice Chair, Councillor Roy Lees seconded, and it was **Resolved (Unanimously) that the report be noted.**

74 Governance Committee

Members considered a general report of the Governance Committee meeting held on 27 September, 29 November and 17 January 2024.

The Chair of the Governance Committee, Councillor Alan Platt proposed the report and the Vice Chair of Governance Committee, Councillor Mark Clifford seconded, and it was **Resolved (unanimously) that the report be noted.**

75 Fees and Charges

The Deputy Leader, Councillor Peter Wilson, presented the report of the Director of Finance which recommended an uplift in garden waste collection charges.

At the Executive Cabinet meeting in January members approved changes to the council's fees and charges as part of the annual review and budget setting process. As the recommendation would result in a change to the budget in excess of £100k, full Council approval was required.

The recommended increase of £5 to £37.50 per subscription would generate an additional £125,000 of revenue for the Council. This equated to an increase of just less than 10p per week per subscription.

The Deputy Leader, Councillor Peter Wilson proposed and the Executive Member (Customer, Streetscene and Environment), Councillor Adrian Lowe seconded, and it was **Resolved (unanimously) To approve an increase of £5 per annum on the current annual garden waste charge.**

76 **Recycling and Waste Strategy**

The Executive Member (Customer, Streetscene and Environment), Councillor Adrian Lowe, presented the report of the Director of Customer and Digital which presented a new Recycling and Waste Strategy for approval.

The strategy was designed to drive Chorley towards meeting waste reduction and recycling targets as required in the Environment Act 2021 and the Resources and Waste Strategy for England.

The strategy supported the ambition set in Chorley's Climate Change Strategy to achieve net-zero carbon status by 2030.

There were some new statutory waste collection obligations that would require significant changes in the coming years.

The Executive Member (Customer, Streetscene and Environment), Councillor Adrian Lowe proposed and the Deputy Portfolio Holder (Customer, Streetscene and Environment), Councillor Jean Sherwood seconded, and it was **Resolved (unanimously)**

- 1. To approve the strategy and action plan**
- 2. To approve the budget requirement for local priority actions.**

77 **Questions Asked under Council Procedure Rule 8**

No questions were asked.

78 **To consider the Notices of Motion given in accordance with Council procedure Rule 10**

No Notices of Motion were received.

Mayor

Date

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Report of	Meeting	Date
Director (Customer and Digital) Introduced by (Executive Member (Resources))	Council	Tuesday, 27 February 2024

Council Tax Local Discounts & Premiums Policy

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

- To set out options for changes to amounts of local discounts and premiums in a revised Council Tax Local Discounts and Premiums Policy.

Recommendations

- The following amounts of council tax discount on empty and substantially unfurnished properties are approved from 1 April 2024:
 - 100% discount for up to 3 months
 - 50% discount for 3-6 months
 - 0% discount for 6-24 months
- A 100% council tax discount for up to 12 months for uninhabitable properties is approved from 1 April 2024.
- The period after which a long-term empty council tax premium applies is amended from 2 years to 1 year from 1 April 2025.
- A council tax premium of 100% on second homes is approved from 1 April 2025.
- The Government's proposed exceptions when empty homes and second homes council tax premiums should not be applied are mirrored in the revised Local Discounts and Premiums Policy.

Reasons for recommendations

- These proposed changes to the Council Tax Local Discounts and Premiums Policy will incentivise owners of long-term empty homes to bring their properties back into use. This will reduce the number of long-term empty properties and make better use of the existing housing in the borough.

Other options considered and rejected

- 8. To make no changes to the Council Tax Local Discounts and Premiums Policy. This option has been rejected because the Council would not be using all available measures to incentivise owners of long-term empty properties and second homes to bring their properties back into use.

Corporate priorities

- 9. The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to report

- 10. The Local Government Finance Act 2012 made provision for local authorities to have greater discretion over the level of council tax discounts for empty properties and second homes and the duration for which they may be awarded.
- 11. Alongside local discounts and premiums statutory exemptions are also awarded in certain circumstances when a property is empty. These include if an owner or occupier of a property has passed away or the property was the sole or main residence of a person who has moved to a care home, hostel, or hospital.
- 12. From April 2019, the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 has allowed local authorities to charge higher council tax premiums on homes that have been empty and unfurnished for more than 2 years.
- 13. Councils may also award an exception to a long-term empty premium in certain circumstances.
- 14. A policy review is underway for the Shared Services Customer Services and Revenues and Benefits services. This is an opportunity to review the Council Tax Local Discounts and Premiums Policy.
- 15. Chorley’s policy was last reviewed in April 2015. This policy is available here: <https://democracy.chorley.gov.uk/documents/s97438/Appendix%201.pdf>
- 16. The Levelling Up and Regeneration Bill 2023 introduced new local discretionary powers to allow council tax premiums to be charged on second homes and the amendment of the definition of long-term empty homes which influences when a premium may be applied.
- 17. An objective of the Council Tax Local Discounts and Premiums Policy is to maximise the incentive for owners of long-term empty homes to bring their properties back into use. It supports work being undertaken by the council to reduce the number of long-term empty properties and make better use of the existing housing in the borough.

Current position

18. The position under the current local policy is summarised in the table below. These discounts are a reduction on a 100% council tax charge and the premiums are an additional charge on top of the 100% council tax charge:

	Category of empty property	Amount of discount or premium
a.	Empty and substantially unfurnished properties	50% discount (0-6 months) then 25% discount (6-24 months)
b.	Uninhabitable properties	50% discount (up to 12 months)
c.	Empty and substantially unfurnished properties	100% premium (2-5 years) 200% premium (5-10 years) 300% premium (10 years+)
d.	Second homes	0% discount

19. Historically, complaints have been received from property owners affected by the 50% discount for substantially unfurnished properties. This discount results in a 50% charge for relatively short periods of time, for example when there is a change in tenant in an unfurnished rental property. This also requires resources to chase small and often difficult-to-collect balances.

Discretionary legislation changes

20. The Levelling Up and Regeneration Bill received Royal Assent on 26 October 2023. This Bill includes discretionary powers to allow a new discretionary council tax premium on second homes of up to 100%. Second homes in Chorley currently attract a 100% charge.
21. For the council to be able to utilise the new powers on second homes from the financial year commencing 1 April 2025 a Full Council decision must be approved before 1 April 2024.
22. The Bill also includes discretionary powers to amend the definition of long-term empty homes to dwellings unoccupied and substantially unfurnished for a continuous period of at least one year. Currently a council tax premium may only be charged after 2 years.
23. Consultation with local authorities has been undertaken by the Government on proposed circumstances when empty homes and second homes premiums should not be applied. These include:
- empty homes undergoing probate (time limited to up to 12 months)
 - empty homes being actively marketed for sale or let (time limited up to 6 months)
 - empty homes undergoing major repairs (time limited up to 6 months)
 - second homes such as boat moorings and job-related homes
 - annexes which are second homes and form part of, or being treated as part of, the main dwelling
 - properties subject to legal, technical, or complex planning issues
 - seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence

- 24. Although this consultation closed on 31 August 2023 the outcome has not been published and regulations have not yet been prescribed to include any statutory exceptions.
- 25. It is recommended that the Government’s proposed exceptions when empty homes and second homes premiums should not be applied are mirrored in the revised Local Discounts and Premiums Policy.

Second homes

- 26. The Levelling Up and Regeneration Bill provides power to billing authorities to charge a discretionary council tax premium of up to 100% for a dwelling that is substantially furnished and has no resident.
- 27. Billing authorities will determine whether a property is a second home rather than a sole or main residence.
- 28. It will also be for local authorities to reflect on the circumstances of their area in deciding whether to apply either premium or, if so, what level of premium that they consider to be appropriate.
- 29. Currently Chorley charges 100% council tax (no discount or premium) for properties which are second homes.
- 30. The table below shows the number of second homes by band on 1 October 2023 and the possible revenue generated from a 100% premium:

Band	Number of properties	Total revenue from 100% second home premium *
A	34	£48,071
B	26	£42,886
C	22	£41,473
D	28	£59,381
E	14	£36,289
F	10	£30,633
G	2	£7,049
H	1	£4,242
Total	137	£270,024

*Based on non-parish council tax charges

- 31. If a 100% premium on second homes was approved, after distribution to the Precepting Authorities, the potential revenue for Chorley is forecasted to be £27,002.

Long term empty properties:

- 32. The Levelling Up and Regeneration Bill also allows councils to charge a council tax premium where properties have been empty and unfurnished for more than a year (currently two years).
- 33. No changes are proposed to the percentage of long-term empty premiums which are charged after 24 months. These are already the maximum which can be charged under the legislation and are consistent with 9 other Lancashire authorities.

34. Following the introduction in April 2013 of council tax premiums for long term empty properties the number of long-term empty homes has reduced by more than 50%:

April 2013	October 2023
232	112

35. The current policy incentivises bringing long-term empty properties back into use.
36. On 1 October 2023, around 250 properties, mainly in council tax bands A to D, may be affected by the option to charge a premium after 12 months.
37. Due to the nature of the housing market, there is always some movement in the number of empty homes. Although, this gives an indication of the number of additional properties which would be impacted by this change because of the uncertainty they are not included in the financial modelling.
38. The proposed changes to charge a premium after one year may provide further incentive supporting the high demand for housing in the borough. However, due to other proposed changes to the level of discount for empty and substantially unfurnished awarded properties (3-24 months) it is recommended charging a premium after 12 months is suspended until 1 April 2025.
39. This will allow time for the changes to discounts for empty properties to embed and the impact to be monitored before any further changes are implemented.

Consultation

40. There is no statutory requirement to consult on these proposed policy changes. However, public consultation was undertaken on the council’s websites for a period of 4 weeks during November and December 2023:
41. The following groups were also invited directly to take part in the consultation:
- a. Council tax payers affected by the proposed changes
 - b. A sample of other Council tax payers
 - c. Lancashire County Council
 - d. Lancashire Constabulary
 - e. Lancashire Fire and Rescue Service
 - f. Citizens Advice Bureau
 - g. Council Members
 - h. Parish councils
 - i. Money Advice Trust
42. Responses to consultation survey questions were submitted by:

Consultee	Number of responses
Property owners affected by these proposals	40
Residents	30
Councillors	1
Parish councillors	1
Precepting authorities	2
Advice or support agencies	0
Council employees	0
Other	0
Total	74

- 43. General comments about the proposed changes were also received on behalf of 1 resident, 1 precepting authority and 3 parish councils.
- 44. It should be noted that the number of consultation responses submitted is disproportionate to the number of residents liable to pay council tax. With around 52,000 households liable to pay council tax the views of less than 1% of council tax payers are represented.
- 45. A full extract of the consultation responses is shown at Appendix 1:

Options

- 46. The table below outlines the amounts of local discount and premiums in the current policy, options for policy changes that were consulted upon, and the recommended proposed policy changes:

	Current Policy	Consultation Options	Proposed Policy
e.	Empty and substantially unfurnished properties 50% discount 0-6 months	Empty and substantially unfurnished properties 100% discount 0-3 months	Empty and substantially unfurnished properties 100% discount 0-3 months
f.	Empty and substantially unfurnished properties 25% discount 6-24 months	Empty and substantially unfurnished properties 50% discount 3-6 months then 0% discount 6-24 months	Empty and substantially unfurnished properties 50% discount 3-6 months then 0% discount 6-24 months
g.	Uninhabitable properties 50% discount Up to 12 months	Uninhabitable properties 100% discount Up to 12 months	Uninhabitable properties 100% discount Up to 12 months
h.	N/A New legislation	100% premium on second homes from 1 April 2025	100% premium on second homes from 1 April 2025
i.	N/A New legislation	Amend the period after which a long-term empty period applies, and a premium is charged, from 2 years to 1 year from 1 April 2024	Amend the period after which a long-term empty period applies, and a premium is charged, from 2 years to 1 year from 1 April 2025

Financial implications

- 47. Council tax revenue is distributed to the Precepting Authorities as shown below:

Lancashire County Council	Police and Crime Commissioner for Lancashire	Chorley Council	Lancashire Fire and Rescue Service
74%	12%	10%	4%

- 48. Financial modelling shows there is a revenue shortfall from the current scheme and that proposed changes lead to a net revenue surplus across precepting authorities as follows:

Current scheme (all preceptors)	£20,020
10% local authority	£2,002
Proposed scheme (all preceptors)	£489,736
10% local authority	£48,974

Benefits

- 49. The proposed options for changes to amounts of local discount and premiums will:
 - a. Further incentivise the bringing back into use of long-term empty properties to reduce the number of long-term empty properties and make better use of the existing housing in the borough

Climate change and air quality

- 50. The work noted in this report does not impact on the Councils Carbon emissions and the wider Climate Emergency and sustainability targets of the Council.

Equality and diversity

- 51. An Impact Assessment has been completed and is included at Appendix 2.

Risk

- 52. A reduction in the amount of discount awarded or an increase in the amount of council tax payable due to a premium is likely to be unpopular with affected council taxpayers.

Comments of the Statutory Finance Officer

- 53. The implications of these changes are upon the overall Council Tax Collection Fund figures. As a result, there is no immediate change to the Councils budgets, but they will be reflected in the Council Tax budgets in future years.

Comments of the Monitoring Officer

- 54. The legislative basis for the application of premiums is referred to in the body of the report.

Background documents

[Levelling-up and Regeneration Act 2023](#)

Appendices

Appendix 1 - Consultation responses

Appendix 2 - Impact Assessment

Report Author:	Email:	Telephone:	Date:
Alison Wilding (Head of Customer Services)	alison.wilding@chorley.gov.uk	01257 515151	15/02/2024

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Council Tax Local Discounts & Premiums

Appendix Consultation Responses

Category	Response	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Not Answered
	Question						
A	How strongly do you agree or disagree that unoccupied and substantially unfurnished properties should be awarded a 100% discount for up to 3 months?	23 31.08%	29 39.19%	6 8.11%	7 9.46%	9 12.16%	0 0.00%
A	How strongly do you agree or disagree that unoccupied and substantially unfurnished properties should be awarded a 50% discount	18 24.32%	31 41.89%	6 8.11%	12 16.22%	8 10.81%	0 0.00%

	from 3-6 months?						
B	How strongly do you agree or disagree that unoccupied and substantially unfurnished properties should be awarded a 0% discount from 6-24 months?	13 17.57%	15 20.27%	11 14.86%	18 24.32%	17 22.97%	0 0.00%
C	How strongly do you agree or disagree that unoccupied and substantially unfurnished properties which require or are undergoing major repair works or structural alterations to make them habitable should be awarded a	28 37.84%	31 41.89%	3 4.05%	9 12.16%	3 4.05%	0 0.00%

	100% discount for up to 12 months?						
D	How strongly do you agree or disagree that the period of any exception from a charged premium due to exceptional circumstances should be increased from 6 months to 12 months then reviewed annually?	17 22.97%	28 37.84%	18 24.32%	9 12.16%	2 2.70%	0 0.00%
E	How strongly do you agree or disagree with charging a council tax premium on second homes?	11 14.86%	19 25.68%	7 9.46%	11 14.86%	26 35.14%	0 0.00%
F	How strongly do you agree or disagree with charging a council tax premium on	14 18.92%	23 31.08%	4 5.41%	11 14.86%	22 29.73%	0 0.00%

homes that have been empty for one year or more?						
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Additional Consultee Comments:

I would like to see some real statistics which show the impact unoccupied properties and second homes is having on the local economy before introducing any changes.

A discount to allow renovation work would encourage more homes to be made available in the future for new residents, which is a good thing and improve the environment at the same time. So would charging owners of empty properties a premium to encourage them to sell the properties if they're not occupied.

What criteria would be used to establish what is and what isn't a second home?

I think there is a potential amongst some to assume that those who rent all make a profit all of the time. I like many landlords I took a haircut during the pandemic as my tenant had difficulty paying.

There are losses in renting and they can be considerable a more nuanced approach that works with private landlords to assist and encourage property back onto either the rental market or into the purchase pool would be a better approach, rather than a money seeking extractive policy. Delays in re rental can be due to tenant damage. so a degree of understanding could be afforded.

Having been in the invidious position of having to work 7 days a week to pay the mortgage whilst having my council tax raised on the property every time I paid off more of my mortgage, so as to give me the room to renovate and invest in the property delaying its completion. In my case I was given the choice of losing massively by being forced to sell the property unfinished or put up with the punitive tax.

I am a landlord. Mortgage rates, changes to tax law, it's becoming increasingly harder to break even, let alone make a profit. I've always accepted benefit claimants but believe if the council wish to continue good relations with landlords & keep homelessness to a minimum they need to make council tax more favourable. A property becomes empty, I'm instantly liable for council tax. Landlords should be given a min period of 6 mth if to re-let for repair works, advertising and tenant finding. If I put a property up for sale I am instantly liable. Finding a buyer, the legal process of selling a house can take between 6-12 mth. If landlords can prove a property is going on the market they should be given at least 12 mth free period. Sometimes if a property isn't generating much interest or low offers I have decided to re-let. The landlord should not have to repay any council tax free period. Second homes should not be charged if there are exceptional circumstances as outlined above.

Unoccupied properties should not be given any discount. If it is uninhabitable and then maybe upto a 50% discount for a specified time providing it is made habitable within that time frame.

While we dislike empty, disused, and potentially derelict properties we should consider people who wish to improve their property. I have been in the situation where a full refurb took two years during which time the property was uninhabitable.

There are cases where one tenant and next is more than 3 months, normally to improve the property including energy saving measures, so to make the changes proposed would have negative effects on energy conservation and climate change.

If the proposed change to rental properties to achieve an EPC rating of B or better was applied, many older properties would need major modification to achieve this level. If as well as the cost of the modifications, the council tax discount is also lost, owners may decide to sell the properties rather than face these high costs. If more property is required for those with lower income, and that property to be better prepared and in particular better insulated then the proposed changes should be reconsidered.

I pay full council tax on my property which is a second home. I maintain it to a high standard together with the garages which are in use for my cars.

I strongly believe that people who maintain their second home to a high standard should get a substantial reduction in council tax. Those people that do not maintain their properties in any way, shape or form, from a set date, should pay the full amount of council tax from the offset and not get any subsidies.

I do not have an email address, I have used my partner's.

The cost of materials, labour has shot up. This has impacted the delivery of refurbished homes.

Harsh

As a local developer, I advocate for eliminating council tax discounts. Planning and budgeting for the correct rate upfront can prevent the need for premium charges to offset revenue losses from discounts. In conclusion, I would advocate scrapping both the premium charge and discounts, opting for a standardised cost. For example 2-bedroom terraced home is now costing me more than my own 4-bedroom detached in Heapey, even after spending £30k in refurbishment costs, which feels wrong.

I own rental properties in the Chorley area and as a landlord the struggle to continue has increased year on year due to changing legislation!

The media is awash with stories regarding the very limited availability of rental properties and the onward escalating cost of rent this applies to prospective tenants.

Rather than continuing to squeeze cash from landlords attempting to run a barely profitable business why not help the situation and possibly alleviate the current woeful shortage of rental premises

this will in turn increase the availability of rental properties and reverse the exponential increase in rental costs.

Council Tax (CT) is to raise revenue towards services provided to a property and local infrastructure. Years ago, second homes attracted a discount for CT, as the owners were already paying their due elsewhere. I am happy to pay full CT, but do not see a case for this to be extended.

A case for this surcharge is to encourage housing supply. Yet in Whittle, where I retain my late parents' home in which I grew up, there has been an explosion of development in the last 30 years. Add to that Buckshaw close by, and it is clear there should be no supply issue in Chorley.

In some tourist hotspots, such as Cornwall and The Lakes, excess second home ownership can inflate prices and crowd out local people. This does not apply in Chorley which, fond as I am of my hometown, is hardly a holiday resort.

In short, I feel that for the Borough to implement the surcharge would be both unjustified by circumstance, and represent an unfair and somewhat punitive extra charge

These proposals would affect me, because I recently moved house, but had to complete on the new house before I could sell my previous home. My previous home is now empty and for sale, and I am doing my absolute best to get it sold, using excellent estate agents in the area.

However, the rise in interest rates has caused a slow down in the housing market, so chains are taking longer to form and completions have slowed down.

It is possible that my previous house may only sell in the summer of 2024, and I would have to pay full council tax under these proposals. There should be an exemption for second homes which are empty and for sale, provided that can be proved, and the home owner is actively marketing the property.

The majority of landlords want to provide quality housing at affordable rents. They are providing a service that is much needed in current times as minimal affordable housing is being built, stock of social housing is depleted to an all time low and mortgage rates are becoming unaffordable for many. They don't need more reasons to sell up and get out of the market (EPC to band C, capital gains tax, being forced to allow pets and alterations to houses, mortgage increases etc.) or there will be no landlords and no quality housing left for people to live in. The proposed changes are encouraging to landlords who want to rent out their property as quickly as possible, unless

the previous tenants have rendered it uninhabitable (sadly this is too often the case- why don't we have the Scandinavian system of taking costs for repairs from tenant' salaries?) I would like a stated definition on what the council classes as a second home however in case this has changed.

Am more worried that the impact of charging less council tax for these properties will cause everybody else to pay more as the price is already ridiculous.

Consult with the homeowner in order to understand their circumstances as there could be financial problems, physical health problems, mental health problems or other issues that the council need to understand.

I believe that each case should be considered on its own merits. For example, if a landlord is trying to re-let or sell a property the 100% discount should last until the property is re-let or sold. And if an owner is unable to occupy a property due to building or renovation work, again, the 100% discount should be applied until the work is complete.

I have lived next door to an unoccupied and now uninhabitable property for the last 16years and am worried about how it affects the property value of my house. Earlier this year the owner made an effort to tidy the outside and talked about putting it up for sale at the end of May 2023. Nothing has changed and the house has been left again for months with no attempt as the owner wants more for the house than it is currently worth due to its state of disrepair.

I don't think he should have council tax relief for all these years on a property that has been left to rot and is an eyesore in the neighborhood.

I am also concerned about the use of the house going forward, if the council are involved would it be then used for social housing which may result in small children living there in a quiet neighbourhood of older pension age people.

Changes should not be retrospective. Owners already have finance and works scheduled under the policy as is. Changes to the policy to properties already in the system is grossly unfair .

Consideration could be made for residents of Chorley in the application of council tax premiums and or discount. I am a Chorley resident, both properties are in Chorley i already pay 2 council taxes to Chorley Council, full council tax for the house I reside in and 75% Council tax on the property under renovation.

The change from 2 years to 1 year before premiums are applied as a long term unoccupied property I must strongly disagree. Not all these properties are owned by developers using contractors. To renovate a property in spare time and weekends in what would be 12 months before premiums are applied is a big ask.

I believe that 2 years as per the policy now strikes the right balance for property owners to complete works and then sell on or rent out before premiums are applied.

Currently I have a small house in the Chorley area that is classed as second home. It is not a “holiday home” and I do not make money from it, in fact I spend a lot locally. I live about 40% of my time at the property and I intend to sell my main property and move to Chorley in another two years when my Children will also move from my main home and my personal circumstances will change. I realise that I am extremely fortunate to be able to live like this at the moment but I am not rich and can only just about manage the full council tax on the property at the moment. To charge an additional 100% premium would be very difficult. I would like the consultation to understand that there are many reasons for a second home, including difficult personal circumstances and work and we are not all buying second homes for Airbnb or to holiday a few weeks of the year in Chorley (but it is lovely which is why I am slowly moving there permanently).

Our view is the house should not be subject to a Council Tax premium because it is in daily use by us and the extended family. The property and garden is contiguous with next door. There is no detriment to the community.

I have recently been made homeless and cannot find a property in the area I now live in and which I am settled. I am having to move completely out of the immediate area and this is distressing me. With so many empty properties people in my position would find it much easier to find accommodation in their immediate area.

There needs to be discretion on the premiums charged above the standard rate so as not to have the opposite effect it's intended to have and deter owners from keeping/obtaining properties that can be sold or added to the private rented sector.

The issue of managing to upgrade a property to be fit for sale or fit for renting can be difficult if, for instance, someone inherits a house on the death of a family member but doesn't have the capital to refurbish it in one go or there are other circumstances that mean a dwelling can't be made habitable / available in the short term. We all know legal matters, as an example, can drag on for years sometimes so penalising someone for that situation would be unfair. Other issues could be down to protected wildlife being in residence and similar.

In my case, as a landlord who decided to sell my 'second property' - a sale price was agreed but 4 months after that sale price was agreed, my buyer pulled out of the sale meaning that not only have I incurred solicitors fees, I have to (and still am having to) pay council tax on an empty property through no fault of my own. What I am saying is that properties can be empty for numerous reasons but the council policy does not always reflect those reasons.

Councils do not take into account the personal situations of the home owner. New laws came in for landlords. For me it was not worth the risk or the expense, as I spent a great deal of money.

Something which is ignored, that is of the difference between a professional landlord who owns multiple properties, and that of an Expat for example, who has just a single property and are keeping that for when they return. I am on a 12 month revolving contract, you never know when that will end.

We have had to vacate our property because of fire damage. We were initially informed we would be out for 6 months, it's been 18 months now and looking like being a further 6 months. It seems very unfair that we should pay Council Tax on our empty house when we are trying so hard to get back in as soon as possible.

The question missing is whether properties being rented out as air b&b should be charged a premium. Second properties are likely being used for work when a member of the family works away from home. The difference is air b&b use not second homes that are not being rented out.

Form also does not work properly - council also need to test things! Unable to add phone number as value needs to be 0-9 :-)

Need to consider whether empty properties up for sale in determining whether a 0% Council Tax rebate is appropriate. Ours has been for sale >12 ms. Increase in interest rates has led to sale falling through twice. It's unfair to levy a premium/remove the discount because the property is unoccupied

I support a premium for properties which are vacant and the owner is doing nothing to get the property occupied/sold as this does not support the reduction in the chronic housing shortage.

Leaving my fully furnished home unoccupied already means that I don't qualify for the single persons discount as I am a pensioner resident in France. I am not using ANY Chorley council services when my home is unoccupied. It seems unjust to charge this. I can't sell my house as I will be returning to live in it in 2026. As a homeowner I should have the option to freely decide what to do with my property. At present I could not afford double Council Tax.

Im a landlord, we only have property empty if we are doing a re-furb to bring an old property up to date and make it rentable or because a tenant has trashed an already good property. We work as quickly as poss to get the property turned around and ready for rent/sale again. Regards second homes/air bnb property, I don't think these should be eligible for Council tax as they are small businesses and bring people to the area who spend money Chorley

The question responses seem strange. Strongly agree and agree are in different positions. Is that deliberate?

We have a broken country. Whilst our young people cannot afford decent housing then every effort should be made to remove people's property when as owners they dont live in the uk and no-one should be allowed more than 1 property.

Earning profit is fine but not at the expense of our current population.

Proposals would lead to less investment in county. It's much administration, pople will let for a short period and restart empty period etc.

I think there should be 100% discount for 6 months, or 12 months for major refurbishment.
After 6 months then full charges should apply.

As a property landlord i am currently struggling financially with all the current legislation and costs associated, and although i keep my rents well below the local average anymore financial penalties will either drive me out or i will have to raise my rents inline with local rates, so whilst i agree with some of your proposals i cant agree with any that affect me negatively.

I feel the proposals are good but n need discounts for longer for renovations and unoccupied properties

I feel there should be exemptions for property company's that are trying to get houses refurbished . They should not be penalised for this. They need encouragement not discouragement to grow the propertys to better living conditions.

I don't think anyone leaves a home empty for no reason.
Charging more tax on a second home is not going to encourage anyone.

I do think that increasing discounts on empty properties for a long period is good because people are doing work on their properties which can take longer than initially thought.

Landlords and owners selling their property have very little control on exactly when a tenant takes up occupancy or when a sale falls through and both these situations can lead to a property being vacant for extended periods. It is dependent on economic and market forces.

I suggest that where a residential property is 'between tenants' (but is being advertised), or a residential property is in the process of being sold, it would be simpler and easier to understand if you gave 100% exemption for the period and significantly reduce the administrative workload.

However I agree that where an empty and unfurnished property is not advertised as for let or for sale, ie it is simply vacant/abandoned then a levy would encourage the owner(s) to sell and achieve your objective.

The discounts should be minimal and for very short periods.

Council tax should be maximised.

These owners or developers continue to demand local services so they must pay.

Anyone land or house banking should pay a premium.

Bring house stock into use speedily.

As a landlord, empty exemptions assist us in being able to complete works on a property and return it to occupation in between tenancies. We feel some of the proposed changes will be very beneficial to allow us to do turnovers swiftly, and purchase empty properties that are in need of repair with intent to return them to a rentable standard.

The reason that I am writing to you is to entreat the council to consider a special case for second homes that form part of a close care community. Perhaps the best way to illustrate my point is to outline my father's situation. He lives near London independently, with the help of a full time daily visiting carer. He has a second home at The Court in Buckshaw Village, a care community which offers as much

or as little assistance/catering as the residents require, which he uses in order to be able to live independently when he makes extended visits to see me, and which was also purchased with a view to his moving there permanently when his current arrangements become inadequate as he becomes more frail and visually challenged. Elderly people are frequently encouraged to make provision for the time when they cease to be able to live independently, and the purchase of a suitable property in a community like The Court when it becomes available, is an attractive proposition for the avoidance of having to settle for something less desirable under a crisis situation when independent living suddenly becomes non-viable, frequently following an accident or other medical problem. People who plan this in advance by purchasing a suitable second property affording appropriate care and assistance, should not be penalised by excessive Council Tax charges, and should perhaps be considered as a special case for discount, particularly as this pre-planning will often avoid putting a burden on over-stretched local Council and private residential care facilities.

Charnock Richard Parish Council are happy to leave the decision on these matters to the professional officers at Chorley Council.

Please see comments from Whittle-le-Woods Parish Council below:

It was agreed that there should be no penalties for those properties subject to probate.

The Parish Council are concerned that when a home owner dies probate can take some time, and therefore the penalties of paying Council Tax should consider this.

Wheulton Parish Council make no objection to the proposed changes to the Council Tax Local Discounts and Premiums Policy.

Response from Bretherton Parish Council

Q4 Agree

Q5 Agree

Q6 Agree

Q7 Agree

Q8 Agree

Q9 Strongly Agree

Q10 Agree

Q11

More background information on the current situation and some facts and figures would have been helpful.

I would like to confirm the support of the Police and Crime Commissioner for the proposed changes to policy

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Impact Assessment (IA)

Name of the project, policy, service, or strategy:	Council Tax Local Discounts & Premium Policy		
Responsible officer:	Alison Wilding		
Service Lead:	Alison Wilding		
Date of assessment:	15/12/2023	Date of review:	15/12/2024

Introduction

Overview

What is an Impact Assessment?

The Impact Assessment is a tool to ensure that any policy, project, strategy, or service is assessed to consider any positive or negative impacts for all our residents with regards to equalities, health and sustainability. It is important that this is done in a timely manner and ideally it should precede the start of the project, policy or strategy concerned at Chorley Council or South Ribble Borough Council.

Who is the Impact Assessment for?

The responsibility of conducting the Impact Assessment is with the leading officer of the policy that is being assessed, with service leads responsible for the final sign off of the assessment. Once complete and signed off, the Impact Assessments are submitted to Performance and Partnerships, who are responsible for storing, monitoring, and ensuring the quality of the assessments. The assessment tool covers both Chorley and South Ribble Borough Council.

Why do we need to do Impact Assessments?

As Councils, we are committed as community leaders, service providers, and employers. Therefore, we will work to ensure that everybody is afforded equality of opportunity and good life chances. The Impact Assessment is a tool we use to ensure that we fulfil these commitments and thus meet our legal duties.

Instructions

Quick steps for completion

Follow the quick steps below when completing the Impact Assessment:

1. Sections: There are three sections to the Impact Assessment. These include:

- Equality impact: the impact on the nine equality strands, which include age, disability, sex, gender reassignment, race, religion, sexual orientation, pregnancy and maternity, and marriage and civil partnership. See the **Equality Framework**.
- Health and environmental impact: the impact on health and wellbeing as well as the environment.

- **Reputational impact:** the impact on the Councils' reputation and our ability to deliver our key priorities. Reference should be made to the Corporate Strategies.

2. Rating and evidence: Each section has a number of questions that should be given a rating and evidence given for why the rating has been selected. This allows us to quantify the impact. The rating key is outlined below:

Code	Description
P	Positive impact
N	Negative impact
NI	Neutral impact

3. Actions: Once a rating is given, actions should be identified to mitigate any negative impacts or maximise any positive impacts of the policy, project, or strategy that is being assessed.

4. Sign off: Once the assessment is completed, sign off is required by a Service Lead.

5. Submit: Once signed off, the Impact Assessment should be sent to the Performance and Partnerships Team, who will store the assessment securely and check for quality.

6. Follow up: Actions should be implemented and changes should be made to the policy, project, or strategy that has been assessed, with follow ups conducted annually to monitor progress.

Information and Support

Contact details

To submit your completed Impact Assessment or for guidance and support, please contact Performance and Partnerships at performance@chorley.gov.uk or performance@southribble.gov.uk

Equality Impact

Area for consideration	P	N	NI	Evidence	Further action required
What potential impact does this activity have upon:					
Those of different ages?			NI	The Council Tax Local Discounts and Premiums policy will apply to any owner of an empty property or second home and has no direct impact on those of different ages.	
Those with physical or mental disability?			NI	The Council Tax Local Discounts and Premiums policy will apply to any owner of an empty property or second home and has no direct impact on those with physical or mental disability.	
Those who have undergone or are undergoing gender reassignment?			NI	The Council Tax Local Discounts and Premiums policy will apply to any owner of an empty property or second home and has no direct impact on those who have undergone or are undergoing gender reassignment.	
Those who are pregnant or are parents?			NI	The Council Tax Local Discounts and Premiums policy will apply to any owner of an empty property or second home and has no direct	

				impact on those who are pregnant or are parents	
Those of different races?			NI	The Council Tax Local Discounts and Premiums policy will apply to any owner of an empty property or second home and has no direct impact on those of different races.	
Those of different religions or beliefs?			NI	The Council Tax Local Discounts and Premiums policy will apply to any owner of an empty property or second home and has no direct impact on those of different religions or beliefs.	
Those of different sexes?			NI	The Council Tax Local Discounts and Premiums policy will apply to any owner of an empty property or second home and has no direct impact on those of different sexes.	
Those of different sexual orientations?			NI	The Council Tax Local Discounts and Premiums policy will apply to any owner of an empty property or second home and has no direct impact on those of different sexual orientations.	
Those who are married or in a civil partnership?			NI	The Council Tax Local Discounts and Premiums policy will apply to any owner of an empty property or second home and has no direct	

				impact on those who are married or in a civil partnership.	
Socio-economic equality or social cohesion?		N		Reducing the amount of discount or charging a premium may mean that some property owners find themselves in financial hardship.	<p>Training on the Fair Collection Charter is mandatory for all officers with responsibility to collect money due to the Council.</p> <p>If a council tax payer is in financial hardship help and support available in the Charter will be offered.</p>

Health, Social and Environmental Impact

Area for consideration	P	N	NI	Evidence	Further action required
What potential impact does this activity have upon:					
Enabling residents to start well (pre-birth to 19)? <i>(Please consider childhood obesity, vulnerable families, and pregnancy care)</i>	P			The Council Tax Local Discounts & Premiums policy incentivises owners of long-term properties and second homes to bring them back into use. This will reduce the number of long-term empty properties and make better use of the existing housing in the borough.	
Enabling residents to live well (16 to 75 years)? <i>(Please consider mental and physical wellbeing, living environment, healthy lifestyles, and improving outcomes)</i>	P			As above.	
Enabling residents to age well (over 65 years)? <i>(Please consider social isolation, living independently, dementia, and supporting carers and families)</i>	P			As above.	
Natural environment? <i>(Please consider impact on habitation, ecosystems, and biodiversity)</i>			NI	No impact identified.	
Air quality and pollution? <i>(Please consider impact on climate change, waste generation, and health)</i>			NI	No impact identified.	

Natural resources? <i>(Please consider the use of materials and as well as transport methods and their sustainability)</i>			NI	No impact identified.	

Strategic Impact

Area for consideration	P	N	NI	Evidence	Further action required
What potential impact does this activity make upon:					
<p>The Councils' reputation? <i>(Please consider impact on trust, confidence, our role as community leaders, and providing value for money)</i></p>			NI	<p>The revised policy will have a positive impact on the Council's reputation because the number of long-term empty properties will be reduced and make better use of the existing housing in the borough.</p> <p>However, the proposed changes are likely to be unpopular with council tax payers directly affected by an increase in the amount of council tax payable.</p>	
<p>Our ability to deliver the Corporate Strategy? <i>(Please refer to the Strategic Objectives)</i></p>	P			<p>These policy changes will reduce the number of long-term empty properties and make better use of the existing housing in the borough.</p> <p>This supports the Council's vision to strive for good quality housing for all.</p>	

Impact Assessment Action Plan

If any further actions were identified through the Impact Assessment, then they should be listed in the table below:

Action	Start Date	End Date	Lead Officer
Consult with property owners who may be affected by the options to make proposed changes to the Council Tax Local Discounts & Premiums Policy. Invite Citizens Advice and Money Advice Trust to complete the consultation survey.	20 November 2023	22 December 2023	Alison Wilding
Consider consultation comments when drafting the Full Council report seeking approval for proposed changes to the Council Tax Local Discounts & Premiums Policy.	22 December 2023	31 January 2024	Alison Wilding
Ensure Mandatory Training on the Customer Access Charter is completed by all officers with responsibility to collect money due to the Council.	Ongoing		Alison Wilding



Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Council	Tuesday, 27 February 2024

Revenue Budget 2024/25, Medium Term Financial Strategy and Capital Programme 2024-2027

Is this report confidential?	No
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Purpose of the Report

- To seek approval of the Executive's Budget Strategy and proposals for the Revenue Budget 2024/25, together with the Medium Term Financial Strategy (MTFS) and Capital Programme for 2024-2027.

Recommendations

- The Executive recommends that Council:
 - Approve the budget and proposals set out in this report, including the level of Council Tax as set out in the Formal Council Tax Resolution for 2024/25, including Special Expenses & Parish Precepts, at **Appendix A**;
 - Note the advice of the Chief Finance Officer in relation to the robustness of the estimates within the overall budget, including the risks contained within it and the adequacy of the proposed level of financial reserves, as set out in the Statutory Report at **Appendices B1 – B3**;
 - Approve the council's Medium-Term Financial Strategy (MTFS) at **Appendix C**;
 - Note the council's forecast Cumulative Budget Deficit and Budget Strategy 2024/25 to 2026/27 at **Appendix D**, including the analysis of the movement in the 2024/25 Budget from the position approved by Council in February 2023;
 - Note the analysis of the Directorate Budgets for 2024/25, by expense type, at **Appendix E**;
 - Approve the capital programme for 2024/25 to 2026/27 (**Appendices F1, F2 & F3**);
 - Approve the Capital Strategy at **Appendix G**;

- h) Approve the Treasury Management Strategy at **Appendix H1** and note the advice of the treasury management consultants at **Appendix H2**;
- i) Approve the council's Pay Policy at **Appendix I** for publication on the council's website from April 2024 (including Appendix I (i) – the paycales for Chorley Council and Appendix I (ii) – the paycales for Shared Services);
- j) Note the Budget Consultation 2024/25 Report at **Appendix J**;
- k) Note the Impact Assessment of the Budget Proposals for 2024/25 at **Appendix K**.

Reasons for recommendations

- 3. To ensure that the council complies with the statutory requirement to set a balanced budget for 2024/25.

Other options considered and rejected

- 4. None considered; setting the budget is a statutory requirement.

Executive summary

- 5. This 2024/25 budget and the MTFs for the next 2 years have been updated to take account of the Local Government Finance Settlement announced on 5 February 2024 and the latest financial information, forecasts and economic outlook, and are reflective of the following:
 - due to the continued pressures on council budgets, alongside reduced levels of funding from government to meet these increasing costs, the figures include a proposed 2.99% increase in council tax in 2024/25;
 - the figures include a proposed 1.99% increase in council tax in 2025/26 and of 1.99% in 2026/27; these proposals will be revisited each year as part of the budget setting process and will be dependent upon the outcome of the government's reviews of both the future funding framework and the future distribution of funding between councils (i.e. the long awaited Fair Funding Review), the review of the business rates system and the development of the 'Levelling-Up' agenda;
 - continued investment is reflected in ongoing revenue budgets to ensure delivery of corporate strategy priorities.
- 6. Although the level of funding in cash terms has decreased by £0.8m (4.5%) from £17.6m in 2016/17 to £16.8m in 2024/25, there has been a further real terms reduction as the rate of inflation (as measured by CPI) has increased by 31.9% over this period. Despite this, the council has been, and remains, ambitious in its approach to addressing the budget deficit by generating efficiency savings and additional income.
- 7. The budget is set to ensure that the objectives of the council's Corporate Strategy priorities are met.
- 8. The council continues to invest in the borough and this budget includes £22.450m of capital investment from 2024/25 to 2026/27. This includes investment in:

- the provision of affordable housing, support for refugees and adaptations to assist residents in their homes;
- improving and transforming the leisure centres to encourage our residents to be active and healthy, along with investment in play, recreation and open spaces;
- driving economic development through the delivery of the Woodlands development site;
- supporting our town centre through the town centre masterplan and the recently awarded Levelling-Up Fund, for which plans are currently being developed;
- delivering the green agenda, including decarbonisation of council properties;
- rationalisation of council accommodation, including relocation of the Bengal St depot and works to the Town Hall and the former White Hart public house;
- investment in a programme of refurbishment and replacement of bus shelters across the borough through the Asset Improvement programme.

The council will continue its success of investing in assets that benefit residents and businesses whilst also generating a net income to the council.

Corporate priorities

9. The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

10. The Executive Cabinet agreed the ‘2024/25 Draft Budget’ report at their meeting on 18 January 2024; a budget consultation then followed. The report set out the Executive’s intention for spending and investment in the borough over the course of the 2024/25 financial year.

Budget Consultation Results

11. Consultation on the 2024/25 budget ran from the 19 January to 1 February 2024. The consultation was publicised through Council channels, including the council website and social media pages; details of the consultation are set out at **Appendix J**.
12. The formal consultation received 148 responses through an open question format, via an online survey.
13. As well as completing the online survey, respondents also shared their views and comments using social media. From across all the posts during the budget consultation period on Facebook, the posts were viewed 28,300 times, and on X, the posts reached 18,777. Analysis of social media responses have been grouped alongside the consultation responses.

- 14. The responses have been collated and analysed to identify the main themes and then grouped together based on whether they indicated a positive or negative response to the proposals.
- 15. The following table outlines the distribution of positive, neutral, and negative responses to the open question which asked for comments on the overall proposals. The majority of responses were either positive (expressing agreement with the budget proposals) or neutral (neither agreeing or disagreeing with the budget proposals, for example suggesting additional priorities/areas of investment).

Status	%
Positive or neutral view of the proposals	84.75%
Negative view of the proposals	15.25%

- 16. The majority of positive comments (27%) showed either general support for the proposals or particular support for proposals to improve parks and green spaces in the borough (27%). There was also support for the other areas of investment including the general investments proposed by the council (18%), plans to improve the visitor offer and tourism (18%), and housing and homelessness (9%).
- 17. The majority of negative comments (47%) relate to feedback suggesting that there should not be an increase in council tax, with 14% of negative comments relating to Waste and Streetscene and the proposal to increase the cost for the optional garden waste collection service, and 32% of these comments relating to general investment, particularly investment in bus shelters, high cost projects and general spending.

2024/25 Budget Development

- 18. The budget has been developed in line with the achievements, decisions and actions taken by the council to date. Despite the difficult financial position and cost pressures faced, reflecting high inflation, increased utility costs and interest rates, along with the uncertainty around future Government funding, the council is committed to delivering on the agreed priorities and the budget reflects this commitment.
- 19. The key components of the 2024/25 Budget and MTFs, and the assumptions and information on which this is based, are detailed in this report and the supporting appendices.
- 20. The key factor in the development of the 2024/25 Budget, and in the MTFs for the following 2 years, is the Local Government Finance Settlement; through this, Government sets out the funding it will make available to local authorities, along with the parameters within which other sources of income, i.e. Council Tax and Business Rates, can be raised.
- 21. The fact that yet again we have only received a one year settlement has exacerbated the risk in our financial planning; in the absence of any figures or framework from Government, it is almost impossible to prepare a credible financial strategy beyond 31 March 2025 with any degree of confidence in the underlying assumptions. Uncertainty prevails in respect of the development and implementation of a new Fair Funding

Review and changes to the Business Rates Retention Scheme; it is within this financial context that we have developed the MTFS.

2024/25 Budget Summary

22. The 2024/25 Budget and MTFS covering the period 2025/26 and 2026/27 is set out in **Appendix D**. A summary of the financial position is as follows:

	2024/25 £m	2025/26 £m	2025/26 £m
Council Tax (including Collection Fund adjustments)	(8.058)	(8.298)	(8.508)
Retained Business Rates (including the Business Rates Pool)	(6.870)	(7.152)	(7.152)
Services Grant	(0.019)	(0.019)	(0.019)
Revenue Support Grant	(0.127)	(0.127)	(0.127)
Minimum Funding Guarantee	(1.624)	(1.650)	(1.650)
New Home Bonus	(0.141)	(0.141)	(0.141)
Total Funding	(16.839)	(17.387)	(17.597)

Total Expenditure	16.839	18.134	18.928
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Budget (Surplus) / Deficit	-	0.747	1.331
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23. The key elements of the figures are outlined in more detail below.

2024/25 Budget – Funding Sources

Local Government Finance Settlement

24. The lack of clarity around the council’s future funding streams, and a further one-year financial settlement for 2024/25 rather than the expected multi-year settlement, frustrates financial planning beyond one year, however for the 2024/25 Budget, the figures are based on the Final Local Government Finance Settlement that was published on 5 February 2024.

Business Rates

25. The Settlement confirmed that the Lancashire Business Rates Pool will continue in 2024/25 but no mention was made as to the future of this in 2025/26. Chorley Council benefits from additional business rates income of approximately £1.2m per annum as a result of being a member of the pool. In the absence of any further information regarding Business Rates Retention reform, the pool is assumed to continue throughout the period of the MTFs.

New Homes Bonus

26. New Homes Bonus was introduced in 2011 as a stimulus for the provision of new homes and is a non-ringfenced grant, distributed between local authorities based upon new growth in housing provision in their area. The length of time that the bonus is paid for each new home built has reduced from 6 years when it was first introduced, down to 5 years with effect from 2017/18, then 4 years from 2018/19 and then since 2020/21 it has been limited to a one-off annual payment. Whilst it had been announced that funding from New Home Bonus (NHB) would be discontinued, the Settlement announced an allocation of £0.141m for 2024/25 (2023/24 - £0.297m). For the purposes of the MTFs, it is assumed that NHB will continue at its 2024/25 level, or will be re-purposed as a grant, or subsumed within another grant at the same value.

Council Tax

27. The Local Government Finance Settlement confirmed a council tax increase limit for district councils in 2024/25 of up to 3% or £5 (whichever is the greater) on a Band D equivalent in 2024/25. This had already been confirmed in the Settlement for 2023/24 and an increase of 2.99% had already been incorporated into the MTFs for the year. The Government assumes the maximum level of Council Tax rise when calculating their assumptions on the Council's Core Spending Power which informs how much the Council receives in government grants.
28. Despite the continued pressures on council expenditure budgets, including the impact of high inflation and increased utility costs, combined with the real terms reduction in Government funding provided to the council since 2010, it is recommended to limit the increase to Chorley residents to 2.99% in 2024/25 as previously proposed.
29. The Settlement for 2024/25 has however remained silent on the limits for council tax increases for 2025/26. The MTFs now presented to Finance Council, assumes an increase of 1.99% in both 2025/26 and 2026/27. The 2025/26 position will be revisited next year as part of the budget setting process and will be subject to future decision dependent on the outcome of future Government funding announcements.

Minimum Funding Guarantee

30. The grant, introduced in 2023/24, replaced the Lower Tier Services Grant and a proportion of the previous funding provided by New Homes Bonus legacy payments; it is intended to provide a funding floor for all local authorities so that no authority will see an increase in Core Spending Power of less than 4% (before any assumption on council tax rate increases, but after increases in the council tax base are applied). In 2023/24 this figure was 3%. The council has been allocated £1.624m (23/24 -

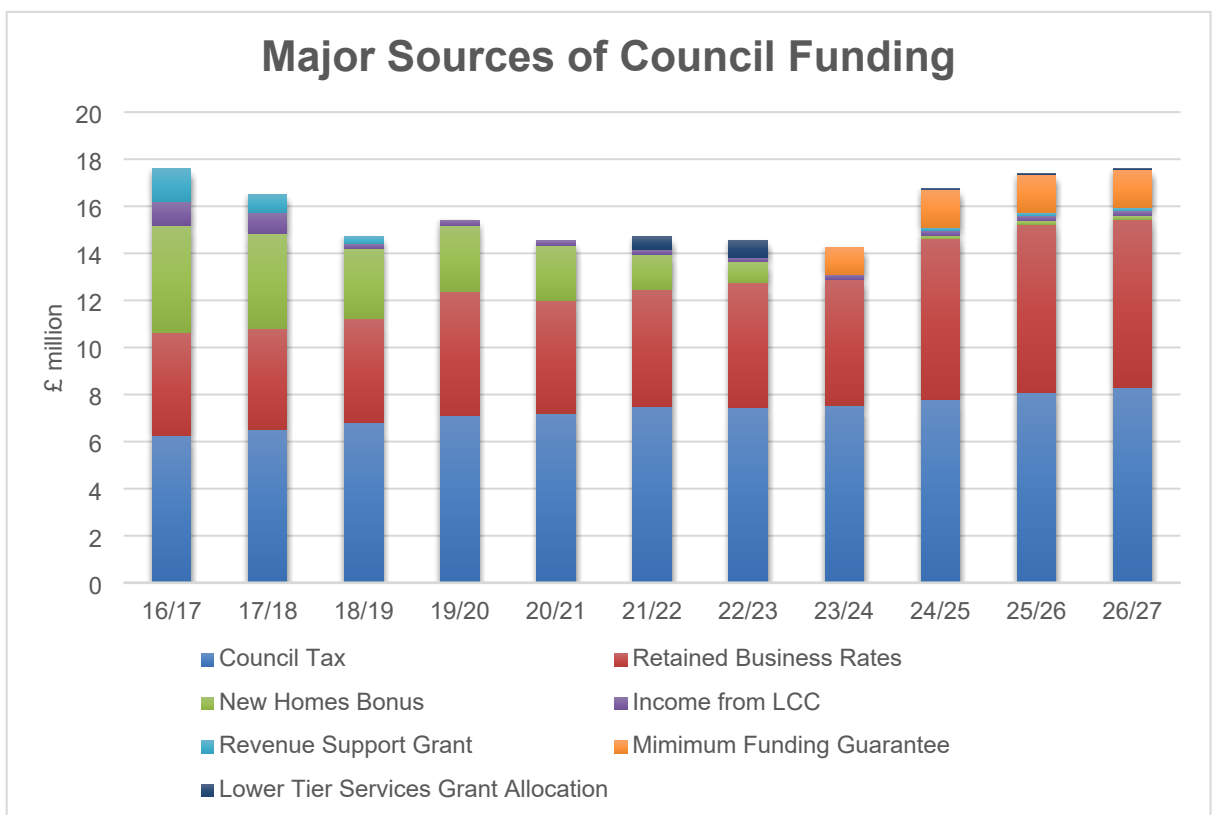
£1.146m) in the Settlement for this in 2024/25. Given that the grant is based on, and is subsumed within the council’s Core Spending Power, and that this figure is reported for all authorities across the country each year within the Settlement as a measure of growth in the funding by Government, it is unlikely that this will reduce; as such it has been assumed that this grant will continue into 2025/26 and 2026/27.

Services Grant

31. The council will receive £0.019m in 2024/25 (23/24 - £0.119m). Previously described as a ‘one-off’ grant in 2022/23 (£0.203m), although allocated again in 2023/24 and 2024/25, it is unclear what will happen to the grant in 2025/26. For budgeting purposes it has been assumed it will continue in some form, and as such, income of £0.019m is assumed in 2025/26 and 2026/27.

Summary of Major Sources of Council Funding

- 32. The chart below outlines the forecast level of funding for the council across the next three years in comparison to previous allocations.
- 33. As the government has only published a one-year settlement, assumptions have been made, as noted above, that the NHB together with the Services Grant and the Minimum Funding Grant will also continue at their 2024/25 level.
- 34. As the graph shows, funding to Chorley Council has remained static from £17.6m in 2016/17 to a forecast of £17.6m by 2026/27.



2024/25 Budget - Expenditure**Pay Award**

35. At the time the 2023/24 Budget was approved, the negotiations for 2022/23 had yet to conclude and no fixed point in time had been announced for the determination of the 2023/24 pay award. As such, a provision of 5% was included in the pay budget for 2023/24, which equated to approximately £652k per year. A pay award was agreed in November 2023 of £1,925 per whole time equivalent, for which no additional funding was provided. The increase in costs over and above the budget provided, equated to approximately £146k which presents a recurring cost pressure in 2024/25 and beyond.
36. Given the increases in inflation over the course of 2022 and 2023, and the forecasts moving forward, the pay award assumption for 2024/25 has been reviewed and this has been retained at 5% in line with the MTFS approved by Council in February 2023. The assumptions for 2025/26 and 2026/27 have been included in the MTFS at 2% for each year reflecting the forecast reduction in inflation.
37. The National Living Wage will rise from £10.42 for workers aged 23 and over, to £11.44 for workers aged 21 and over from April 2024. This will not affect Chorley Council's pay bands for 2024/25 as the council pays above this level already.

Pension

38. The results of the Lancashire County Pension Fund triennial actuarial valuation of 2022 identified that the fund had had a strong performance over the 3 years through to 31st March 2022, however since then, with the volatility in global financial markets, inflation and interest rates, the position has been more turbulent. Overall, the Chorley Council section of the fund saw a reduction in the financial contributions required over the period 2023/24, 2024/25 and 2025/26, comprising;
 - an increase in the level of Employer Pension Contribution rates from 16.4% to 18.3% for the 3 years covered (a 1% increase results in approx. £115k of cost, i.e. an annual increase therefore of approximately £218k) offset by;
 - a reduction in the annual cost of the fund deficit repayment from £467k per annum to £0 in each of the 3 years.
39. Overall, the actuarial valuation has reduced the council's pension costs by approximately £249k compared to the rates paid in 2022/23.

Inflation and Increases in Cost of Utilities

40. CPI rose by 6.7% in the 12 months to September 2023, down from 10.4% in February 2023 when the 2023/24 Budget and MTFS were approved. Headline inflation is now 4% compared with its 2022 peak of more than 11%. The Bank of England forecast is that CPI will fall temporarily to around 2% in mid-2024, before increasing slightly up to 3% over the remainder of the year.

41. Inflationary uplifts to budgets are only provided on contracts where such uplifts are specific and contractually agreed; for other non-pay budgets, budget holders are expected to manage and absorb any additional costs in this regard, For utilities, provision has been made in the budgets in line with the forecasts provided by utility specialist advisors.
42. The council will continue to support its wholly owned leisure services company in response to the high cost of utilities and the impact of the cost of living crisis on the level of income generated, on the basis that any intervention will reduce over time as the company develops its services to fully cover its own costs.

Forecast outturn 2023/24

43. The latest Revenue Monitoring report for Quarter 3 - the 9 months to 31st December 2023, is forecasting an overspend for the 2023/24 financial year of £0.780m. This relates to many different factors including the unfunded, nationally negotiated pay award of £1,925 per whole time member of staff, compared to the budgeted provision of 5%, together with slippage and one-off pressures on some of the council's major projects/investments, additional costs within the Property Team and the Events Team, offset by higher than expected returns on cash investments, underspends, the use of reserves and additional grant funding secured to support operational service delivery. The position continues to be refined as we progress through the final quarter of the year.

Additional Investment in Corporate Priorities

44. The council continues to invest in delivering the ambitions set out in its Corporate Strategy and to ensure that it delivers high quality services to its residents. The key areas of investment are set out on the following pages.

Investment in 2023/24

45. The council allocates significant revenue and capital investment to deliver corporate strategy priorities through a programme of diverse activities. In 2023/24 these activities were designed to progress action to address the economic impact of the pandemic including support for businesses and activity to increase jobs and skills, establishing key assets for the future and to respond to the needs of communities by enhancing essential services and facilities;

Housing where residents can live well

- Completion of the **£17.1m** investment in Tatton Gardens, providing vital amenities for local residents, including improved health care provision delivered through an onsite GP surgery and pharmacy, assisted living accommodation units and recreation ground improvements, supporting wellbeing outcomes and wider benefits such as community cohesion and reduced anti-social behaviour.

- **£110k** investment in a two-year home energy programme that has been developed to provide energy advice and practical support to install energy saving measures and to support residents with the increasing cost of energy. In collaboration with partners, the scheme offers visits to households who are vulnerable, or in fuel poverty, to undertake a home energy audit and provides advice on energy efficiency measures; this is linked to the existing council-based services.

A green and sustainable borough

- Investment of **£105k** was identified in 2023/24 to implement the first stage of the bus shelter improvement plan developed during the year, as part of the council's commitment to improving public transport networks. The five-year programme covers replacement of 83 bus shelters. The replacement of the shelters will seek to encourage the use of public transport by transforming bus stops into modern, safe, and inviting spaces that all residents throughout the borough can utilise.
- To address the challenge of rising energy costs for businesses, and to contribute to the council's carbon neutral ambitions, a **£130k** package of support was launched offering grants that can support energy efficiency measures and adaptations. The scheme provides a grant of up to £2,000 towards the costs of purchasing energy reduction equipment identified by free certified energy audits.

An enterprising economy with vibrant local centres in urban and rural areas

- Completion of the **£11.4m** investment in the Strawberry Meadows Business Park. This state-of-the-art facility, will enable the council to continue attracting people to do business in Chorley.
- **£100k** investment to promote future career pathways and to provide a local skills pipeline. The comprehensive Skills and Jobs Programme for Chorley will allow aspiring local businesses to stay and grow in the borough.

Healthy, safe and engaged communities

- The **£715k** investment in the Cost of Living Action Plan continues to deliver a range of activities that support residents with pressures in the cost of food and energy. The Warm Spaces Programme was expanded to cover the summer months and the Welcome Spaces Programme, supporting residents to access cost of living support alongside social inclusion activity. The Household Support Fund Phase 3 was completed in the year, with 6,744 households being supported financially to a total value of £426k.
- **£400k** investment to help support specific challenges in rural areas by offering a rural grants scheme to enable eligible businesses to make capital improvements to their business. The scheme was launched in September 2023 for rural businesses across the borough to apply for grant funding.

Investment in Priorities 2024/25

46. The council has invested in services and delivered positive outcomes for residents.

47. In continuing to do so, and following the refresh of the Corporate Strategy in November 2023, from across the capital programme, revenue budgets and specific ear-marked reserves, this budget will invest in activity that will continue to drive forward priorities and key projects to achieve the vision for Chorley to have strong communities, a resilient economy, excellent services and a greener future.

Housing where residents can live well

- **£56k** investment to improve housing standards across the borough and prevent homelessness.
- **£132k** investment to deliver the Local Plan

A green and sustainable borough

- **£353k** investment to continue delivering improvements to Chorley's Bus Shelter Network.
- **£2.0m** investment in parks and open spaces, which will assist in increasing the number of parks with a Green Flag Status.

An enterprising economy with vibrant local centres in urban and rural areas

- **£45k** investment to encourage more visitors to the borough, and to improve the visitor offer and the economy.
- **£25k** investment to focus on the future growth of Chorley's economy.

Healthy, safe and engaged communities

- **£315k** investment to launch an enhanced social prescribing service focussed on supporting family and early years.
- **£117k** investment to deliver a Health and Wellbeing Programme to support the needs of residents across the borough.

Medium Term Financial Planning

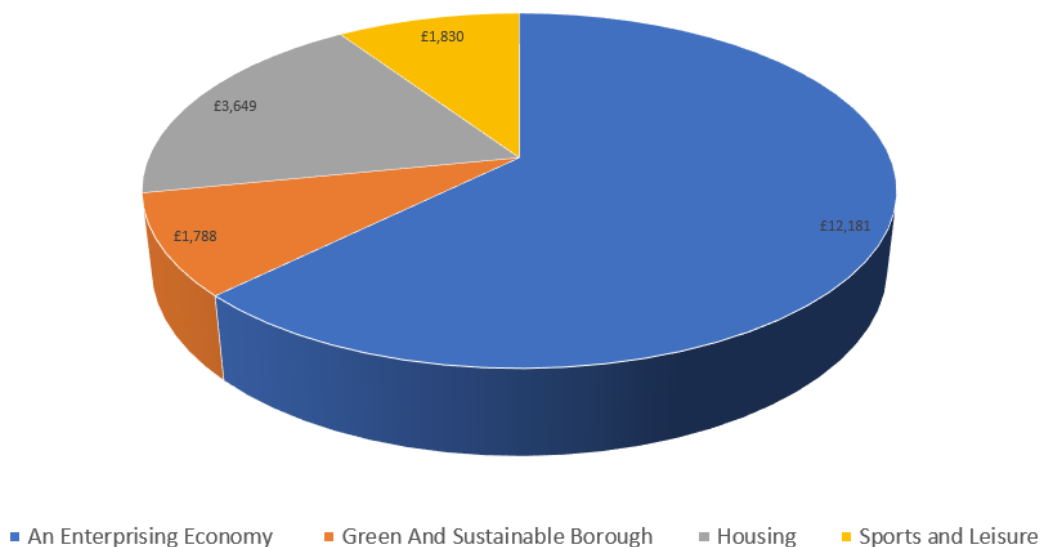
48. Despite the increases in funding and budget savings identified in this report, there remain large forecast budget deficits of £0.747m in 2025/26 and £1.331m in 2026/27. The council's medium-term plans to reduce the budget deficits are outlined in the Medium Term Financial Strategy 2024/25 to 2026/27 at **Appendix C**.
49. The council's medium-term plan to reduce the budget deficit beyond 2024/25 will be refined and developed over the coming months, and will be subject to future funding announcements, the wider economic environment and other assumptions (e.g. future pay awards), which may change over the period. The main strands of the strategy that could generate savings and income are also outlined within **Appendix C**.

Capital Programme 2024/25 to 2026/27

50. Details of the capital programme, including new capital investment, are outlined in **Appendix G1**. The capital programme for 2024/25 to 2026/27 totals **£22.450m** and is an indication of how ambitious the council is in delivering its Corporate Strategy and the priorities within it.

51. A breakdown of the capital programme in 2024/25 is detailed below:

2024/25 Budgeted Capital Spend £'000



52. The Council continues to invest through its capital programme to deliver on its ambitions. This will include:

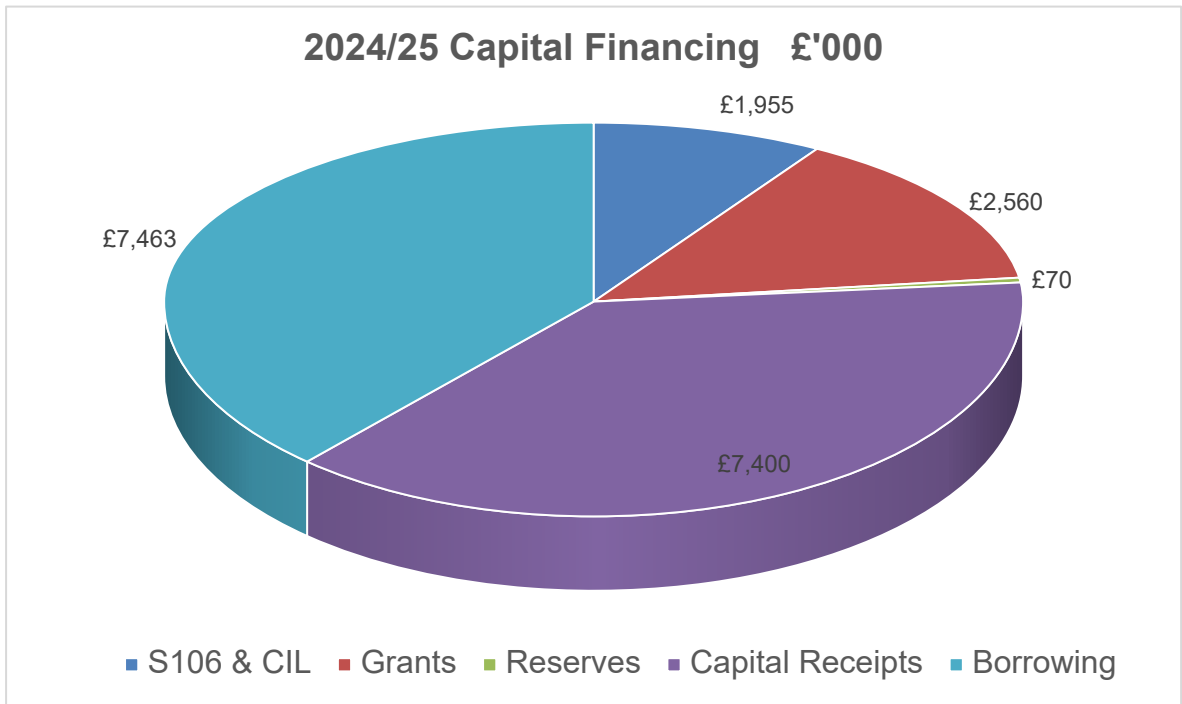
- provision of affordable housing, support for refugees and adaptations to assist residents in their homes;
- improving and transforming the leisure centres to encourage our residents to be active and healthy, along with investment in play, recreation and open spaces;
- driving economic development through the delivery of the Woodlands development site;
- supporting our town centre through the town centre masterplan and the recently awarded Levelling-Up fund, for which plans are currently being developed;
- delivering the green agenda, including decarbonisation of council properties;
- rationalisation of council accommodation, including relocation of the Bengal St depot and woks to the Town Hall and the former White Hart public house;
- investment in a programme of refurbishment and replacement of bus shelters across the borough through the Asset Improvements programme.

53. The council’s capital programme is constructed upon several objectives including the requirement to be affordable and prudent. To do this the council will ensure that whenever possible, the impact of additional investment on revenue budgets will be minimised. The council has a number of sources of funding it can use to invest in the

borough including, Community Infrastructure Levy (CIL), section 106 funding, grant funding and capital receipts. Where appropriate the council will also generate future revenue income streams through capital investment to exceed the repayment of borrowing.

Capital Financing

54. The financing of the capital programme for the period 2024/25 to 2026/27 is set out in **Appendix F2** to the budget report and the financing of the programme in 24/25 is summarised in the proceeding chart;



55. The capital programme includes a number of schemes that are forecast to generate revenue and/or capital receipts, that will meet the annual cost of borrowing required to complete the project. These include the completion of the £11.4m development at Strawberry Meadows, the £2.375m budget for purchasing affordable housing and the £6.5m investment in the development of the Woodlands site.

56. The council will invest at least £1.953m over the coming three years of contributions from developers as outlined in **Appendix F2**. A summary of section 106 funding received and allocated is attached in **Appendix F3**.

57. **Appendix G** to the budget report outlines the council’s capital strategy including specific risks within the capital programme, performance indicators and the council’s capital ambition beyond the three-year budget cycle.

Conclusion

58. This paper outlines the Executive's budget proposals for 2024/25 which are:
- a balanced budget made possible by efficiency savings and increased income delivered over the course of 2023/24 and prior years;
 - a balanced budget set against a backdrop of uncertainty surrounding local government funding reforms, which are unlikely to be developed and implemented until after the next general election expected later in 2024;
 - a balanced budget through the successful delivery of successive financial strategies to date, which have provided for continued revenue investment in the 2024/25 budget;
 - investments to be made in key areas to support the Corporate Strategy:
 1. Housing where residents can live well;
 2. An enterprising economy with vibrant local centres in urban and rural areas;
 3. A green and sustainable borough;
 4. Healthy, safe and engaged communities.
 - an MTFS that reflects assumptions made, and assessed, in the light of the latest information available at this time, and which is also compatible with:
 1. the proposed Capital Strategy as set out in **Appendix G**
 2. the proposed Treasury Management Strategy as set out in **Appendix H1**
 3. the proposed Pay Policy as set out in **Appendix I**
59. The MTFS at **Appendix C** contains the updated budget forecasts through to 2026/27 and identifies that further budget savings will be required to bridge the funding gap over the three year period. The forecasted budget deficit in 2025/26 is estimated to be £0.747m and the MTFS sets out options that can be considered to bridge this gap and thereby strengthen the council's financial position over into 2026/27 and the longer term; the savings plan to address this will be developed over the coming months.
60. The council will need to continue working hard and be innovative and creative in order to continue to make efficiencies, whilst at the same time minimising the impact on services. There are still factors that may affect the current forecast financial position, namely changes in the local government funding system, i.e. the Fair Funding review, changes to the business rates system, the impact of the 'levelling-up' agenda, the cost of living crisis and high inflation and interest rates. The focus of the council's approach will be to identify and deliver income generating projects as well as generating further efficiencies as set out in the MTFS at **Appendix C** of this report.
61. The contents of this report are supplemented with additional appendices to provide further details as referenced below.

Climate change and air quality

62. Reducing the carbon footprint is a national and global issue; the council is committed to realising its ambition to become carbon neutral by 2030 and will seek to attract support and funding from our partners, including the Government, to assist in achieving this priority objective.

Equality and diversity

63. Consultation has been undertaken regarding this budget and the Integrated Impact Assessment is attached at **Appendix J** to this report.

Risk

64. There are no immediate risks associated with this report, however if it is not possible to approve the final budget report in February 2024, then the council will not achieve its statutory obligation to produce a balanced budget and it would be unable to finance its commitments to its corporate priorities.

Comments of the Statutory Finance Officer

65. All proposals within the report are funded and can be accommodated within the 2024/25 budget.
66. It should be noted that the Budget and MTFs do contain several assumptions and these are detailed in the body of the report; the Budget also includes figures based on the forecast final out-turn position for 2023/24. Should any of the assumptions or figures change due to unforeseen circumstances arising before 31st March 2024, the financial position will be reviewed and reported.
67. The financial implications are detailed within the body of the report, and furthermore in the *Medium Term Financial Strategy 2024/25 to 2026/27* at **Appendix C** and the *Chief Finance Officer's Report* at **Appendix B1**.
68. Consideration is given in **Appendix G – Capital Strategy** to the risks and opportunities contained within the council's capital programme.

Comments of the Monitoring Officer

69. The budget proposals are in accordance with the requirements of legislation.

Background documents

70. Executive Cabinet Report -18 January 2024 – Draft 2024/25 Budget

Appendices

Appendix A	Formal Council Tax Resolution 2024/25 including Special Expenses and Parish Precepts
Appendices B1 - B3	Report of the Chief Finance Officer on the robustness of the estimates within the overall budget, including the risks contained within it and the adequacy of the proposed level of financial reserves
Appendix C	Delivering Our Priorities - Chorley Council Medium Term Financial Strategy 2024/25 to 2026/26
Appendix D	Cumulative Budget Deficit & Budget Strategy 2024-25 to 2026-27, including the analysis of the movement in the 2024/25 Budget from the position approved by Council in February 2023
Appendix E	Analysis of the Directorate Budgets for 2024/25 by expense type
Appendix F1	Capital Programme 2023/24 to 2026/27
Appendix F2	Capital Programme Financing 2023/24 to 2026/27
Appendix F3	Developer's Contributions 2020/21 to 2024/25
Appendix G	Capital Strategy
Appendix H1	Treasury Management Strategy 2024/25 to 2026/27
Appendix H2	Advice of Treasury Management Consultants
Appendix I	Pay Policy 2024/25
Appendix I (i)	Payscales Chorley Council
Appendix I (ii)	Payscales Shared Services
Appendix J	Budget Consultation 2024/25
Appendix K	Assessing the Impact of the 2024/25 Budget Proposals

Report Author:	Email:	Telephone:	Date:
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FORMAL COUNCIL TAX RESOLUTION***Draft resolution on setting of the 2024/25 Council Tax for the Borough to be passed in approving the Executive Cabinet's recommendations for the Council's Budget.***

1. It be noted that on 31st January 2024 the Director of Finance as Statutory Finance Officer calculated the Council Tax Base 2024/25

(a) for the whole Council area as 38,640.81 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and

(b) for dwellings in those parts of its area to which a Parish precept relates (as in the attached Table 2).

2. Calculate that the Council Tax requirement for the Council's own purposes for 2024/25 (excluding Parish precepts) is £8,103,751

3. That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Act:

(a) £62,923,600 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.

(b) £53,943,862 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £8,979,738 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).

(d) £232.39 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(e) £1,744,246 being the aggregate amount of all special items (Special Expenses and Parish precepts) referred to in Section 34(1) of the Act (as in the attached Table 1).

(f) £187.25 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

4. To note that the County Council, the Police Authority and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the

amounts of Council Tax for 2024/25 for each part of its area and for each of the categories of dwellings.

VALUATION BANDS

CHORLEY BOROUGH COUNCIL

A	B	C	D	E	F	G	H
124.83	145.64	166.44	187.25	228.86	270.47	312.08	374.50

LANCASHIRE COUNTY COUNCIL - At time of writing this report figure are as proposed and will be confirmed at authorities meeting on 23/2/24

A	B	C	D	E	F	G	H
1,102.19	1,285.89	1,469.59	1,653.29	2,020.69	2,388.08	2,755.48	3,306.58

POLICE & CRIME COMMISSIONER FOR LANCASHIRE

A	B	C	D	E	F	G	H
175.60	204.87	234.13	263.40	321.93	380.47	439.00	526.80

LANCASHIRE COMBINED FIRE AUTHORITY - At time of writing this report figure are as proposed and will be confirmed at authorities meeting on 19/2/24

A	B	C	D	E	F	G	H
56.49	65.90	75.32	84.73	103.56	122.39	141.22	169.46

AGGREGATE OF COUNCIL TAX REQUIREMENTS

A	B	C	D	E	F	G	H
1,459.11	1,702.30	1,945.48	2,188.67	2,675.04	3,161.41	3,647.78	4,377.34

6. That the Statutory Finance Officer and their officers be authorised to take any action necessary to ensure collection and recovery of the Council Tax and Non-Domestic Rates.

7. As the Council’s basic amount of Council Tax has increased by 2.99% for 2024/25, it is considered not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

EXPLANATION OF COUNCIL TAX SETTING RESOLUTION
RESOLUTION 1
(a) Before we can calculate the Council Tax to be charged, we first have to calculate the Council Tax base. The Council Tax base is the amount which a Band D Council Tax of £1.00 would raise. For 2024/25 we estimate that a £1.00 Council Tax at Band D would raise £38,640.81 in the Chorley area.
(b) This shows the “base” figure for each Parish in the area. For example, a £1.00 Band D Council Tax in Adlington would raise £2,042.64
RESOLUTION 2
This shows the Council’s net spending for 2024/25 excluding the cost of Parish precepts.
RESOLUTION 3
(a) This is the grand total of money which the Council estimates it will spend on all services in 2024/25. It also includes £875,942 which Parish Councils need to run their services.
(b) This is the grand total of money which the Council estimates it will receive from various sources in the year. This includes Central Government and business rates, car park charges, investment income, government grants in respect of benefits, etc.
(c) This is the difference between 2(a) and 2(b) and is in effect the Council’s and Parishes net spending on services.
(d) The difference between 2(a) and 2(b) is £8,979,738 and this is the amount we need to charge Council Taxpayers. This is divided by the base (see 1(a) above) and the resulting figure of £232.39 is the average Band D Council Tax for all Borough and Parish services.
(e) The total of all the amounts needed from Council Taxpayers by the Parish Councils in the area and for Chorley Borough Special Expenses.
(f) This is the Band D Council Tax for Chorley Borough Council’s own services, ie. excluding Parish Council spending and Special Expenses
RESOLUTION 4
Lancashire County Council, Lancashire Fire Authority and the Police & Crime Commissioner for Lancashire are separate bodies who have worked out their own estimates of spending and income for 2024/25 and have set taxes in a similar way to Chorley Borough Council. This resolution notes their final decision.

RESOLUTION 5

This pulls together the Council Taxes for Chorley Borough Council, Lancashire County Council, the Police & Crime Commissioner for Lancashire and Lancashire Fire Authority. For example, the aggregate amount for Band D is £2,188.66 made up as follows:

	£
Chorley Borough Council	187.25
Lancashire County Council	1,653.29
Lancashire Police Authority	263.40
Lancashire Fire Authority	84.73

The rate for each property Band is calculated by reference to the Band D charge. The following ratios apply:

Band A	$\frac{6}{9}$ ths of Band D
Band B	$\frac{7}{9}$ ths of Band D
Band C	$\frac{8}{9}$ ths of Band D
Band D	$\frac{9}{9}$ ths of Band D
Band E	$\frac{11}{9}$ ths of Band D
Band F	$\frac{13}{9}$ ths of Band D
Band G	$\frac{15}{9}$ ths of Band D
Band H	$\frac{18}{9}$ ths of Band D

The aggregate charge for Band A, for example, the charge is $£2,188.67 \times \frac{6}{9} = £1,459.11$; for Band B it is $£2,188.66 \times \frac{7}{9} = £1,702.30$.

RESOLUTION 6

Formally authorise the necessary staff to take legal action to collect arrears as and when this is necessary. ***For the vast majority of taxpayers, this is not needed***

		Band A		Band B		Band C		Band D		Band E		Band F		Band G		Band H	
Lancashire County Council			941.17		1,098.03		1,254.89		1,411.75		1,725.47		2,039.19		2,352.92		2,823.50
Lancashire County Council Adult Social Care			161.03		187.86		214.70		241.54		295.22		348.89		402.57		483.08
Chorley Borough Council (Excluding Special Expenses)			124.83		145.64		166.44		187.25		228.86		270.47		312.08		374.50
Police & Crime Commissioner for Lancashire			175.60		204.87		234.13		263.40		321.93		380.47		439.00		526.80
Lancashire Fire Authority			56.49		65.90		75.32		84.73		103.56		122.39		141.22		169.46
Sub Total			1,459.12		1,702.30		1,945.48		2,188.67		2,675.04		3,161.41		3,647.79		4,377.34
Parish and town councils	Total Parish precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept
Adlington	£21,945.00	3.80	6.54	4.43	7.63	5.07	8.72	5.70	9.81	6.97	11.99	8.23	14.17	9.50	16.35	11.40	19.62
Anderton	£5,820.00	1.61	7.40	1.88	8.63	2.15	9.87	2.42	11.10	2.96	13.57	3.50	16.03	4.03	18.50	4.84	22.20
Anglezarke	£0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Astley Village	£24,266.00	21.33	14.67	24.88	17.11	28.44	19.56	31.99	22.00	39.10	26.89	46.21	31.78	53.32	36.67	63.98	44.00
Bretherton	£18,102.00	-	34.83	-	40.63	-	46.44	-	52.24	-	63.85	-	75.46	-	87.07	-	104.48
Brindle	£15,000.00	-	20.90	-	24.38	-	27.87	-	31.35	-	38.32	-	45.28	-	52.25	-	62.70
Chamock Richard	£36,000.00	3.03	34.87	3.54	40.68	4.04	46.49	4.55	52.30	5.56	63.92	6.57	75.54	7.58	87.17	9.10	104.60
Clayton le Woods	£167,240.00	29.65	20.00	34.60	23.33	39.54	26.67	44.48	30.00	54.36	36.67	64.25	43.33	74.13	50.00	88.96	60.00
Coppull	£135,700.00	6.23	35.41	7.27	41.31	8.31	47.21	9.35	53.11	11.43	64.91	13.51	76.71	15.58	88.52	18.70	106.22
Croston	£36,170.00	7.29	21.55	8.51	25.14	9.72	28.73	10.94	32.32	13.37	39.50	15.80	46.68	18.23	53.87	21.88	64.64
Cuerden	£1,290.00	-	20.95	-	24.45	-	27.94	-	31.43	-	38.41	-	45.40	-	52.38	-	62.86
Eccleston	£51,940.00	3.81	20.13	4.45	23.48	5.08	26.84	5.72	30.19	6.99	36.90	8.26	43.61	9.53	50.32	11.44	60.38
Euxton	£187,288.00	13.37	24.65	15.60	28.75	17.83	32.86	20.06	36.97	24.52	45.19	28.98	53.40	33.43	61.62	40.12	73.94
Heapey	£9,070.00	-	15.82	-	18.46	-	21.09	-	23.73	-	29.00	-	34.28	-	39.55	-	47.46
Heath Chamock	£8,925.00	16.61	7.09	19.37	8.27	22.14	9.45	24.91	10.63	30.45	12.99	35.98	15.35	41.52	17.72	49.82	21.26
Heskin	£15,306.00	1.71	26.63	1.99	31.06	2.28	35.50	2.56	39.94	3.13	48.82	3.70	57.69	4.27	66.57	5.12	79.88
Hoghton	£12,000.00	5.37	21.49	6.27	25.07	7.16	28.65	8.06	32.23	9.85	39.39	11.64	46.55	13.43	53.72	16.12	64.46
Mawdesley	£40,134.00	1.06	30.00	1.24	35.00	1.41	40.00	1.59	45.00	1.94	55.00	2.30	65.00	2.65	75.00	3.18	90.00
Rivington	£10,680.00	-	119.17	-	139.04	-	158.90	-	178.76	-	218.48	-	258.21	-	297.93	-	357.52
Ulmes Walton	£6,345.00	-	15.57	-	18.16	-	20.76	-	23.35	-	28.54	-	33.73	-	38.92	-	46.70
Wheelton	£16,197.00	-	24.67	-	28.79	-	32.90	-	37.01	-	45.23	-	53.46	-	61.68	-	74.02
Whittle le Woods	£61,860.00	16.55	15.72	19.30	18.34	22.06	20.96	24.82	23.58	30.34	28.82	35.85	34.06	41.37	39.30	49.64	47.16
Withnell	£32,960.00	6.79	16.67	7.92	19.44	9.05	22.22	10.18	25.00	12.44	30.56	14.70	36.11	16.97	41.67	20.36	50.00
All other parts of the Council's area		20.95	-	24.45	-	27.94	-	31.43	-	38.41	-	45.40	-	52.38	-	62.86	-

PARISH COUNCIL PRECEPTS							
	2023/24			2024/25			
Parish Council	Tax Base	Precepts £	Council Tax Band D (£)	Tax Base	Precepts £	Council Tax Band D (£)	C Tax Increase
Adlington	2,042.62	20,900	9.34	2,052.64	21,945	9.81	0.47
Anderton	502.45	5,500	10.36	497.81	5,820	11.10	0.74
Anglezarke	19.80	-	0.00	19.40	-	0.00	0.00
Astley Village	933.68	24,420	22.00	926.59	24,266	22.00	0.00
Bretherton	311.54	16,950	53.08	338.59	18,102	52.24	-0.84
Brindle	464.26	7,500	15.57	469.71	15,000	31.35	15.78
Charnock Richard	682.25	34,055	49.41	681.72	36,000	52.30	2.89
Clayton le Woods	5,158.41	166,210	30.00	5,192.87	167,240	30.00	0.00
Coppull	2,353.31	121,900	47.31	2,356.14	135,700	53.11	5.80
Croston	1,084.09	27,250	23.81	1,074.52	36,170	32.32	8.51
Cuerden	42.15	1,290	30.55	40.98	1,290	31.43	0.88
Eccleston	1,667.86	49,626	28.77	1,666.25	51,940	30.19	1.42
Euxton	4,927.56	179,909	36.16	5,019.72	187,288	36.97	0.81
Heapey	372.23	9,160	23.73	368.51	9,070	23.73	0.00
Heath Charnock	804.74	8,500	10.15	808.47	8,925	10.63	0.48
Heskin	365.86	14,196	37.31	369.61	15,306	39.94	2.63
Hoghton	367.11	6,000	15.89	367.15	12,000	32.23	16.34
Mawdesley	856.79	36,486	41.66	874.14	40,134	45.00	3.34
Rivington	56.34	2,500	41.37	58.80	10,680	178.76	137.39
Ulnes Walton	262.73	6,340	23.35	262.90	6,345	23.35	0.00
Wheelton	426.41	15,425	35.16	425.91	16,197	37.01	1.85
Whittle Woods	2,593.57	59,660	23.00	2,623.00	61,860	23.58	0.58
Withnell	1,266.73	32,000	24.09	1,258.83	32,960	25.00	0.91
All other parts of the Council's area	10,780.03	-	-	10,886.55	-	-	
TOTAL / AVERAGE	38,342.53	845,777	21.06	38,640.81	914,238	22.67	1.61

Parish	Tax Base	Borough General Expenses	Borough Special Expenses	Borough Services Council Tax	Parish Precept	Parish Top-up	Parish Yield	Band D Parish Charge	Band D Parish Charge	Change in Parish Charge	Total Charge	Total Charge
	2024/25	2024/25	2024/25	2024/25	2024/25	2024/25	2024/25	2024/25	2023/24	2024/25	2023/24	2024/25
	No	£	£	£	£	£	£	£	£	%	£	£
Adlington	2,052.64	187.25	5.70	192.95	21,945	1,816	20,129	9.81	9.34	5.03%	196.68	202.76
Anderton	497.81	187.25	2.42	189.67	5,820	294	5,526	11.10	10.36	7.14%	194.52	200.77
Anglezarke	19.40	187.25	-	187.25	-	-	-	-	-	0.00%	181.81	187.25
Astley Village	926.59	187.25	31.99	219.24	24,266	3,877	20,389	22.00	22.00	0.00%	234.87	241.24
Bretherton	338.59	187.25	-	187.25	18,102	414	17,688	52.24	53.08	-1.58%	234.89	239.49
Brindle	469.71	187.25	-	187.25	15,000	273	14,727	31.35	15.57	101.35%	202.74	218.60
Charnock Richard	681.72	187.25	4.55	191.80	36,000	345	35,655	52.30	49.41	5.85%	235.64	244.10
Clayton Le Woods	5,192.87	187.25	44.48	231.73	167,240	11,458	155,782	30.00	30.00	0.00%	255.00	261.73
Coppull	2,356.14	187.25	9.35	196.60	135,700	10,576	125,124	53.11	47.31	12.26%	238.20	249.71
Croston	1,074.52	187.25	10.94	198.19	36,170	1,440	34,730	32.32	23.81	35.74%	216.24	230.51
Cuerden	40.98	187.25	-	187.25	1,290	2	1,288	31.43	30.55	2.88%	225.39	218.68
Eccleston	1,666.25	187.25	5.72	192.97	51,940	1,636	50,304	30.19	28.77	4.94%	216.13	223.16
Euxton	5,019.72	187.25	20.06	207.31	187,288	1,709	185,579	36.97	36.16	2.24%	237.45	244.28
Heapey	368.51	187.25	-	187.25	9,070	327	8,743	23.73	23.73	0.00%	225.44	210.98
Heath Charnock	808.47	187.25	24.91	212.16	8,925	335	8,590	10.63	10.15	4.73%	216.15	222.79
Heskin	369.61	187.25	2.56	189.81	15,306	544	14,762	39.94	37.31	7.05%	221.61	229.75
Hoghton	367.15	187.25	8.06	195.31	12,000	167	11,833	32.23	15.89	102.83%	205.53	227.54
Mawdesley	874.14	187.25	1.59	188.84	40,134	794	39,340	45.00	41.66	8.02%	225.01	233.84
Rivington	58.80	187.25	-	187.25	10,680	169	10,511	178.76	41.37	332.10%	223.18	366.01
Ulnes Walton	262.90	187.25	-	187.25	6,345	205	6,140	23.35	23.35	0.00%	205.16	210.60
Wheeldon	425.91	187.25	-	187.25	16,197	432	15,765	37.01	35.16	5.26%	216.97	224.26
Whittle Le Woods	2,623.00	187.25	24.82	212.07	61,860	-	61,860	23.58	23.00	2.52%	228.91	235.65
Withnell	1,258.83	187.25	10.18	197.43	32,960	1,483	31,477	25.00	24.09	3.78%	215.78	222.43
Other parts of the Borough	10,886.55	187.25	31.43	218.68	-	-	-	-	-	-	212.33	218.68
	38,640.81	187.25	22.47	209.72	914,238	38,296	875,942	22.67	19.68	15.19%	203.63	232.39

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Report of	Meeting	Date
Director of Finance (Section 151 Officer) Introduced by Executive Member (Resources)	Council	Tuesday, 27 February 2024

Appendix B1: Report of the Chief Finance Officer – robustness of the 2024/25 budget and the adequacy of financial reserves

Is this report confidential?	No
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Purpose of the Report

1. Section 25 of the Local Government Act 2003 places a statutory requirement on the council's Chief Financial Officer to report on:
 - a) the robustness of the estimates within the overall budget, and;
 - b) the adequacy of the proposed level of financial reserves.

In setting the Budget for 2024/25 Council is required to have regard to this report when making its budget decisions.

Recommendations

2. An overall assessment of the proposed 2024/25 budget and the assumptions on which this is based, including assumptions regarding cost pressures, income streams, service delivery, inflation and utility costs and the cost of living crisis, has identified that whilst there are risks, the overall budget provisions for the year are considered sufficient to meet the council's legal responsibilities and obligations.
3. A review of risks, mitigations and contingencies has been undertaken alongside the review of reserves and provisions.
4. The Council is recommended to consider the assessment by the Director of Finance (as Chief Finance Officer) of:
 - the robustness of the Revenue Budget and Capital Programme for 2024/25 (as detailed in **Appendices D and F1**), and;
 - the adequacy and recommended level of proposed financial reserves (detailed at **Appendix B3**)

Reasons for recommendations

5. The comments of the Chief Finance Officer are required by statute as the Chief Finance Officer should report to Members on the robustness of the estimates within the overall budget, including how they have been constructed and the assumptions that underpin them. In addition, the Chief Finance Officer must report to Members on the adequacy of the proposed financial reserves.

Other options considered and rejected

6. The comments within this report are a statutory requirement and as such no other options are covered.

Executive summary

7. The information provided below is to assist Members in their review of the overall Revenue Budget and Capital Programme, and to provide assurance to them that financial advice has been provided throughout the budget setting process.
8. The budget is based on the Final Local Government Finance Settlement that was published on 5 February 2024 and also incorporates various financial and economic assumptions that are detailed in the report. The council is operating in a period of change and as such these assumptions may also change over time, such as those pertaining to;
 - the Fair Funding Review;
 - the Business Rates system;
 - the development of the government's Levelling-Up agenda
9. Members will be kept informed of any developments that impact on the 2024/25 budget and the Medium Term Financial Strategy (MTFS) as the year progresses.
10. In terms of the 2024/25 budget, all key budgets have been reviewed and amended to reflect the ongoing cost of delivering current levels of service. To prepare for the potential impact of any required changes to the assumptions made, the council will retain sufficient levels of reserves to provide flexibility and to cushion the impact of any adverse financial implications arising in the short term.
11. The forecast is for a balanced budget in 2024/25 and that the council's **general fund balances** will be retained at over £4.0m.
12. The general fund balance is required to manage short-term one-off risks to the revenue budget.
13. In addition, funds are also set aside as **earmarked reserves** that will support the delivery of the council's corporate strategic priorities of;
 - Housing where residents can live well;
 - An enterprising economy with vibrant local centres in urban and rural areas;
 - A green and sustainable borough;
 - Healthy, safe and engaged communities.
14. The council continues to develop its **Capital Strategy**; this demonstrates that the council's capital expenditure and investment decisions are taken in line with corporate objectives and take account of stewardship, value for money, prudence, sustainability and affordability. I am satisfied that the Capital Strategy report at **Appendix G**, provides this assurance to Members and outlines the strategic intent for the council over the medium to long-term.

15. Having reviewed the robustness of the estimates and the underlying assumptions included in the 2024/25 budget, 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 budget is deliverable.
16. Further analysis of the risks to revenue and capital budgets are analysed at the end of this report.

Corporate priorities

17. The report relates to the following Strategic Objectives and to the council’s ability to deliver its corporate plan whilst ensuring a balanced budget is achieved. The MTFS sets out how council resources will be used to deliver those priorities.

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

18. Under the requirements of Section 25 of the Local Government Act 2003 the Chief Finance Officer is required to advise members when setting the budget as to the robustness of the estimates and the adequacy of working balances.

Budget Strategy

19. The council’s overall framework for its medium term budget is contained within the body of the MTFS report.
20. Development of the medium term strategy has been frustrated as despite the challenges of high inflation, interest rates and utility costs, combined with the pressures of the cost of living crisis, little movement has been made by the government in progressing their intention to significantly change the way in which councils are funded. Once again, local government has only been provided with a one-year settlement for 2024/25, with significant uncertainty regarding the income streams in future years.
21. Although the government announced back in 2017/18 that consultations would be undertaken to progress local government funding reform, these have been slow to advance. The areas they have specifically stated will be subject to consultation and review include;
 - a Fair Funding Review – resulting in the redistribution of funding across local government;
 - a review of the Business Rates Retention scheme;
 - the future of the New Homes Bonus

Another year has passed and still their work has yet to conclude on this; as such, we have had to prepare the 2024/25 Budget and MTFS over the three year period to 2026/27 with a lack of clarity over future funding and funding mechanisms; we must now wait until more information is provided on future changes to the funding

framework before we can model the financial impact on the council and provide more meaningful forecasts.

22. The budget strategy that is presented reflects council-wide involvement across departments, from both Members and Officers, as it is based on an integrated approach to the preparation of capital and revenue plans and the associated strategies of managing risk and maintaining effective internal control; this approach ensures strong financial management and governance.

Budget and Tax Setting Proposals

23. The annual budget preparation and tax setting process involves the development of robust medium term revenue forecasts and capital plans. In any financial year, the level of government funding, additional cost pressures (including inflation, service specific pressures and areas of investment and growth), together with demand for services, necessitates a re-appraisal of service delivery and identification of efficiency savings to address any funding shortfall in order to deliver a balanced budget. The Budget Strategy and proposals submitted have been formulated to reflect these issues. We have also had to consider the ongoing response to the economic issues referred to in point 20 above, e.g. the cost of living crisis, increased levels of inflation, utility costs and interest rates.
24. Throughout the formulation of the Budget Strategy, Executive Members have been advised by the Chief Executive and Directors in relation to the operational requirements around policy and legislative initiatives. Likewise, the Director of Finance and senior finance representatives have advised on financial implications and provided comprehensive input to demonstrate financial viability throughout the process. In doing so, and to ensure the robustness of the budget and the budget setting process, we have been mindful of;
 - *Availability of reliable information;*
 - we have sought to ensure that the budget is based on the most up-to-date and realistic assumptions (for example, using both government and Bank of England forecasts for pay and price increases and for interest rate movements);
 - we have incorporated information provided by government on funding, as detailed within the one-year, 2024/25 Final Local Government Finance Settlement, published on 5 February 2024;
 - we have reviewed and realigned departmental budgets at a transactional level within overall department cash limits, to reflect changes over time to ensure budgets are broadly in line with current levels of income and expenditure;
 - *Council's guidance and strategy;*
 - the council's Constitution which contains a clear Budget and Policy framework;
 - the council's Budget Strategy and approach to budget setting;
 - consultation with residents, partners and businesses within the borough and targeted engagement with service users. Over the year this has included consultation on the budget proposals asking residents to provide feedback on the overall proposals with an open ended question. The

consultation ran from the 19 January to the 1 February 2024 and was publicised through various Council channels. We received 148 responses through an online survey, and from across all of the posts during the budget consultation period, on Facebook the posts were viewed 28,300 times and on X, the posts reached 18,777.

- *Corporate approach and integration;*
 - service departments have identified budget pressures and risks throughout the course of the year, not only in relation to their response to the cost of living crisis, inflation and utility costs, but also in respect of delivering their 'business as usual' service plans. These have been developed throughout the course of 2023/24 in readiness for 2024/25, with regular monitoring and progress reporting by Officers at Senior Management Team (SMT) meetings, and in briefings and meetings with Executive Members collectively and individually;
 - the system of controllable budgets for each Department provides a transparent and accountable arrangement to budget setting; consideration is given to both service specific and corporate cost pressures when determining the allocated cash limit and each Department is required to formulate a strategy to ensure a balanced budget and to deliver savings as necessary;
 - the council continues to closely monitor and instigate early action to meet both its immediate and medium term financial challenges. This method has been effective in providing a level of resilience to address the government's funding reductions over the period to date. Through a combination of increases in income and cost reductions that are contained within the proposals presented to Council, the forecast budget gap for 2024/25 presented to the Council back in February 2023 has now been closed.

- *Flexibility;*
 - mechanisms to review options for service delivery are linked into the budget process
 - flexibility to free up resources to deliver service improvement and to deliver the council's priorities
 - flexibility in budget management as included within the council's Constitution.

Capital Programme

25. Affordability of capital expenditure plans is important in determining the overall robustness of the budget and adequacy of reserves to deal with potential variations.

26. The proposed Capital Programme for 2024 to 2027 of **£22.450 million** is included at **Appendix F1** of the budget reports. This predominantly comprises of existing commitments including investment in;
 - the provision of affordable housing, support for refugees and adaptations to assist residents in their homes;
 - improving and transforming the leisure centres to encourage our residents to be active and healthy, along with investment in play, recreation and open spaces;

- driving economic development through the delivery of the Woodlands development site;
- supporting our town centre through the town centre masterplan and the recently awarded Levelling-Up Fund, for which plans are currently being developed;
- delivering the green agenda, including decarbonisation of council properties;
- rationalisation of council accommodation, including relocation of the Bengal St depot and works to the Town Hall and the former White Hart public house;
- investment in a programme of refurbishment and replacement of bus shelters across the borough through the Asset Improvement programme.

27. Before projects are allocated funding, they are subject to a business case approval process and detailed Member reports are produced in line with the council's financial procedures.

In Year Financial Monitoring Progress

28. The council continuously seeks to strengthen its financial processes and controls. This approach, combined with existing effective arrangements, will provide a strong foundation enabling Members and Officers to continue to deliver the demanding targets and plans set within the Budget Strategy and the challenges identified for future years. In any budget however there are likely to be risks. In-year financial monitoring processes are in place to mitigate these;

- overall budget monitoring takes place throughout the year at both Department and Executive Cabinet level to identify potential areas of pressure and to develop and implement corrective action. This in itself provides a strong control environment and is commensurate with sound corporate governance;
- at the Senior Management Team meetings, the Chief Executive and Directors review the council's overall financial position alongside progress made in the identification of new and emerging financial pressures and in delivering savings, as well as considering the impact of changes in the local government financial landscape;
- other specific Boards and Groups such as the Governance Committee, the Shared Services Joint Committee (in conjunction with South Ribble Borough Council), the Transformation Focus Group and the Development and Assets Working Group, meet regularly to oversee the activities within their specific remit;
- the financial model that underpins the MTFs is subject to review throughout the year to enhance forward planning, policy prioritisation, resource allocation and assess opportunities to invest in achieving future efficiency savings. The assumptions, variables and information within the model are updated to ascertain the impact of known changes (e.g. legislative changes such as National Insurance Contributions), potential changes (such as adjustments to government funding and precept levels), and also for the refinement of variables (such as inflation, interest rates and employers pension rates) in light of emerging information;
- the council adopts a risk based approach to financial management which provides added value to the governance process and identifies risks associated with both the revenue and capital programme. The provision of sufficient levels of General or Unallocated Reserves, mitigates against the financial risks from unforeseen financial issues so that these can be addressed in a responsive and controlled

manner. As part of its approach to risk management the council also makes provision for Earmarked Reserves, i.e. funding reserved to address specific future needs.

29. Ultimately the robustness of the budget is dependent on the strength of the arrangements in place to deliver the component parts, and to manage the associated risks of these.
30. It must be recognised that given the reduction in resources for over a decade of austerity, together with the social, economic and financial impacts from the aftermath of the global pandemic, global unrest, and the current cost of living crisis, the council faces significant risks which impact upon the financial estimates included in this budget.
31. These risks include;
 - the ability to raise and collect revenue from taxes (both Business Rates and Council Tax), and from sales, fees and charges;
 - increases in the number of residents claiming Council Tax Support;
 - potential increase in demand for services from residents, which may be exacerbated by reductions in public sector expenditure in other areas such as the NHS and as a result of the cost of living crisis;
 - under-achievement against income targets given the exposure to external factors, principally stemming from the cost of living crisis, high inflation, interest rates and utility costs, and any resulting economic downturn and changes in consumer demand;
 - changes in statutory and legislative requirements, including employment law;
 - changes by government in funding;
 - contractual obligations;
 - potential loss of skilled and experienced staff.
32. Whilst the 4 year settlement, which covered the period 2016/17 to 2019/20, provided some stability to assist in financial planning, uncertainty has prevailed since 2020/21 with regards to the government's plans for, and impact of;
 - development and implementation of a revised Business Rates Retention Scheme;
 - the development and implementation of a new Fair Funding formula;
 - the potential change to funding streams linked to the government's 'Levelling-Up' agenda and shared prosperity funds;
 - devolution and potential local government reorganisation.
33. The fact that again we have only received a one year settlement has exacerbated the uncertainty and the risk in our financial planning beyond 2024/25, and indeed in the absence of any figures, assumptions or framework, it has been almost impossible to prepare a credible financial strategy for the medium term with any degree of confidence in the underlying assumptions.
34. However, the approaches outlined in this paper in relation to risk management, scrutiny, continuous monitoring of both the current and forecast financial position, as well as regular modelling through the MTFs of the financial impact of changes in the external environment, should mitigate these risks; by identifying the risks and providing an assessment of exposure, magnitude and potential financial impact, plans can be

developed and implemented to address them. Therefore, this Budget Strategy is achievable with strong project and risk management and with effective financial control.

Adequacy of Proposed Financial Reserves

35. Reserves are an essential part of good financial management; they help the council to cope with unpredictable financial pressures and help to smooth the impact of known spending requirements over time.
36. There is no set formula for deciding an appropriate, or required, level of reserves and every council is free to determine the level they hold; holding a low level of reserves offers little resilience to financial shocks and sustained financial challenges, however if reserves are too high, there may be opportunity costs of holding these, resulting in a lack of investment in services that could provide better outcomes for residents, and/or increased savings, and/or revenue generation.

Unallocated Reserve

37. A General or Unallocated Reserve has been established within the budget to provide a contingency to cushion the impact of unexpected events or emergencies, and to meet potential, future liabilities.
38. The target level of general fund reserves is £4m over the medium term and importantly, the MTFS does not rely on utilising general fund balances to meet any deficits over the three-year period. General fund balances are there to manage potential risks contained in the budget.
39. There can be no guarantee that expenditure will be contained within each and every budget. The nature of the Council's business means that varying demands will be faced during the year and under and over achievement will occur.
40. However, the aim should be that the budget in total is sustainable taking into account resources available, assumptions made, delivery of savings and the availability of reserves to mitigate "in year" pressures.
41. Estimates have been based on the best and latest information available and provision has been made within the minimum balances to meet unforeseen eventualities.
42. Close monitoring of the budget, together with responsive management action, will continue to ensure that income and expenditure remain within budget.
43. Subject to;
 - the volatility in the funding system in relation to business rate retention
 - possible re-profiling of savings and income generation proposals into future years
 - unexpected costs or income losses

And, in light of;

- the effectiveness of the Council's Internal Control framework

- the risk based provision made in the level of General Fund balances
- the Council's overall reserves position

Then as the section 151 Officer I can state that I believe the budget for 2024/25 and level of reserves to be robust.

Earmarked Reserves and Provisions

44. Earmarked Reserves are established to meet known or expected future liabilities where it is difficult to be specific about the exact financial amount of liability.
45. There are several categories of Earmarked reserves that the council holds, including;
 - reserves to fund future asset management and maintenance;
 - reserves set aside to manage the impact of any adverse impact arising from government changes to the Business Rates funding mechanisms and one-off reductions in income;
 - reserves set aside to manage the potential volatility in income from investments;
 - reserves to mitigate the risk of inflationary, cost and demand pressures faced by the council over and above the levels of expenditure already budgeted;
 - reserves specifically set aside to support the council in its ambition to become carbon neutral by 2030;
 - sums set aside for the specific investment priorities of the Administration for 2024/25.
46. The current forecast for Earmarked reserves at 1st April 2024 is £5.392m; a full breakdown of the Earmarked Reserves is attached at **Appendix B3**.

Climate change and air quality

47. Reducing the carbon footprint is a national and global issue; the council is committed to realising its ambition to become carbon neutral by 2030 and will seek to attract support and funding from our partners, including the Government, to assist in achieving this priority objective.

Equality and diversity

48. Consultation has been undertaken regarding this budget and the Integrated Impact Assessment is attached at **Appendix J** to this report.

Risk

49. The risks associated with the 2024/25 Budget and MTFs are noted throughout the report and specifically at **Appendix B2** on the agenda.

Comments of the Statutory Finance Officer

50. These are contained within the report.

Comments of the Monitoring Officer

51. The report is designed to ensure that the relevant legislation is complied with in terms of the Statutory Officer's advice.

Background documents

There are no background papers to this report

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APPENDIX B2**RISKS TO MEDIUM TERM FINANCIAL STRATEGY**

The Medium-Term Financial Strategy outlines how the council will achieve its corporate strategic priorities whilst recognising the budgetary pressures of that are expected over the coming 3 years. Within the strategy are a number of risks that are outlined below;

RISKS TO REVENUE BUDGET**HIGH RISK****Business Rates and the Business Rates Retention Scheme**

Forecasting the level of business rates income beyond 2024/25 remains complicated due to the level of uncertainty in this area. Following various government announcements, councils have been expecting reforms to the business rates system for several years now.

The government has stated that it will not change the funding system within the next financial year, which has provided some stability for 2024/25, but beyond this future funding levels are uncertain. As Business Rates account for approximately 41% of the council's income, this is a significant risk;

- Whilst the government has announced that Business Rate Pools, including the Lancashire Business Rates Pool, will continue in 2024/25, beyond that the future financial benefit of this is uncertain. At present, under the Lancashire Pool arrangements we retain a levy (£1.2m expected in 2024/25) which we would otherwise pay over to government on any growth above our baseline of 'need'; should the baseline change, or indeed the pool be dissolved, then the council is exposed to a high level of financial risk.
- Each year we have to make assumptions on the level of write-offs (bad debts), appeals, growth, Business Rates reliefs awarded etc; this continues to be difficult and is made more complex due to the 2023 Revaluation of all properties (hereditaments) subject to Business Rates.

Fair Funding Review

The government has clarified that the Review of Relative Needs and Resources and a reset of accumulated business growth (baselines) will not be implemented in the current Parliament; this is known as the Fair Funding Review. The impact of the review, following the evaluation and comparison of a myriad of socio-economic indicators for the borough against other areas in the country, together with the resulting assessment of financial need, is expected to be significant. In the absence of any information on how this will be calculated, the council is faced with a significant financial risk.

New Homes Bonus

The Government has stated for some time that NHB will be removed, however yet again in 2024/25 allocations have been issued. However this year we will receive a significant reduction in our allocation which is now £0.141m compared to £0.297m in the previous year, and down from a high of £4.007m in 2017/18.

It's removal, if not replaced by another form of income or grant funding as we have assumed, will have a significant impact on the Council's budget in future years.

MEDIUM RISKS

Pay Inflation

Given the increases in inflation over the course of 2022 and 2023, and the forecasts moving forward, the pay award assumption for 2024/25 has been reviewed and this has been set at 5% for the year. The assumptions for 2025/26 and 2026/27 have also been adjusted and included in the MTFS at 2% each year based on the latest inflation forecasts.

Given the economic uncertainty, high inflation and interest rates and the cost of living crisis, pay inflation presents a significant financial risk to the council.

Delivery of Budgeted Savings and Additional Income

The MTFS includes forecast cumulative gross budget deficits of £0.747m and £1.331m in 2025/26 and 2026/27 respectively. To balance the budget over the course of the MTFS we will need to develop the savings programme, including opportunities for income generation. The monitoring and robust challenge of all proposals is overseen by the council's Shared Services Management Team and Shared Senior Leadership Team. Risks are reported to the Shared Services Management Team as well as Members, and actions are taken when required. Given the council has some dependency on commercial income there will always be some risks that sit outside of the council's control and are therefore more difficult to manage.

The council's minimum general fund balance of £4m has been set such that potential delays in bringing forward income or generating savings can be temporarily managed within council resources.

As noted in the report, the council is still able to borrow from PWLB at low rates to fund its capital programme. However, government reforms have meant that in order to utilise these funds the council is prohibited from investing in schemes that are 'primarily for yield'. This will not however prevent investment in schemes that support the economic, regeneration and/or the housing needs of the borough, and which may generate an income as a consequence or as a by-product of the investment. Although this will not affect the council's current capital programme, this will need to be carefully considered when making future investment decisions.

Existing Income

The major income streams that the council benefits from include planning, garden waste subscriptions and car parking, as well as commercial income from assets the council owns. Reductions in income outside the control of the council could leave services under-funded. Therefore the council has been prudent when budgeting for income and has set aside an income equalisation reserve for Market Walk and Logistics House.

Inflation

CPI rose by 6.7% in the 12 months to September 2023, down from 10.4% in February 2023 when the 2023/24 Budget and MTFS were approved. Headline inflation is now 4% compared with its 2022 peak of more than 11%. The Bank of England forecast is that CPI will fall temporarily to around 2% in mid-2024, before increasing slightly up to 3% over the remainder of the year.

The impact upon the Council will be mitigated where possible through cost control and effective contract management.

The impact of inflation will be assessed continually through the budget monitoring process, and budgets will be reviewed annually when updating the MTFS.

RISKS TO CAPITAL BUDGET**MEDIUM RISKS****Overspends on Capital Projects**

All capital projects are monitored on a quarterly basis, with the major capital projects monitored on an ongoing basis by council officers and commissioned external project managers. Any potential overspends are highlighted by the relevant project group or officer and reported to the Director of Finance.

Actions plans are agreed to manage potential overspends and managed by the project officer. If necessary, financing is identified within the capital programme to meet any additional required resources. Changes to the capital programme are reported quarterly to Executive Cabinet. Changes to a capital project between these periods are taken on a separate report to Executive Cabinet or Full Council, in line with the council's financial regulations.

LOW RISK**Insufficient Financing to Delivery Capital Programme**

The council is under-borrowed, i.e. it continues to have a significant gap between its capital funding requirement and the amount it has actually borrowed. As such, provision is available for the council to borrow whilst remaining within the Prudential Indicator framework, should funding sources previously allocated to projects no longer be available.

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APPENDIX B3**RESERVES**

1. The council has made ambitious investments to help enable the delivery of a balanced budget whilst ensuring a prudent and affordable approach to delivering the medium-term financial strategies. The council has set aside and increased the balance of reserves as outlined in the table below.

2. The expected balance of these reserves at the beginning of 2024/25 is;

Reserves	Forecast at 1 April 2024 £000s
General Fund Balance	(4,000)
Delivery of the Transformation and Savings Programme Reserve	(426)
Capital and Repairs and Maintenance Expenditure Reserve	(431)
Bus Station – transition of service	(457)
Climate Change Reserve	(209)
Support for Apprentices, Graduates and Training Posts	(138)
Investment in Play and Open Space Across the Borough	(77)
Budget Equalisation Reserve	(955)
Income Generation Reserve	(171)
Market Walk – Income Equalisation Reserve	(250)
Logistics House - Income Equalisation Reserve	(450)
Business Rates Exceptional Payments Reserve	(210)
Business Investment for Growth (BIG) Grants	(242)
Choose Chorley Grants	(133)
Retail Grants Programme	(171)
Civica Property Management	(64)
Social Prescribing	(67)
Refugees/Asylum Seekers Funding	(549)
Customer and Digital	(172)
Planning Appeal Costs	(129)
Local Plan	(26)
Elections	(65)
Earmarked Reserves	(5,392)
Total Reserves - General and Earmarked	(9,392)

3. These reserves are available to assist in mitigating any financial impact from the uncertainty that the council faces, such as the reforms to future funding levels, the impact of the cost of living crisis on residents and businesses and potential risks in future income streams.

General Reserves

4. The council is forecast to hold £4.000m in general funds (based on the Quarter 3 Revenue Monitoring Report), which represents approximately 24% of the annual net expenditure budget. This can be used to manage future uncertainty in income and expenditure over the medium-term. The council does not intend, nor has it budgeted, to utilise this reserve to manage budget deficits, however this will be kept under review as part of the council's budget management process.

Income Reserves

5. The council has set aside £250k to manage any one-off reductions in income from Market Walk and £450k to cushion the impact of any future income pressures at Logistics House.
6. The council has set aside £210k to manage any one-off reductions in business rates such as unbudgeted changes to valuations or the implementation of government reforms.

Other Reserves

7. There are £955k of reserves set aside in a Budget Equalisation Reserve to mitigate the risk of inflationary, cost and demand pressures faced by the council over and above the levels of expenditure already budgeted. Given a budget deficit has been identified for 2025/26 and 2026/27, plans will be developed over the next few months to close this; to assist in the delivery of these plans, a reserve of £426k has been ear-marked to support the savings programme.
8. To implement the transformation of services and generate additional income, the council has set aside £171k of revenue reserves to explore income generating projects.
9. Whilst continuing to deliver a large and ambitious capital programme, which will evolve over the course of the MTFS period as new schemes are presented for consideration, the council has set aside reserves (£431k) to manage the maintenance of its existing assets including Market Walk and Digital Office Park for example.
10. The council is committed to supporting its local workforce and local businesses and has set aside reserves for the following:
 - £138k of support for the council's apprenticeship, graduate and training posts, to offer placements for individuals to gain experience in the workplace whilst studying towards a qualification;
 - £546k to attract businesses to the borough, as well as supporting existing businesses in the town centre and other areas of the borough. These grants enable the council to match fund local business investment to expand local businesses and job opportunities.
11. The council continues to invest in its communities and reserves have been set aside to support social prescribing services for our residents, and funding received for refugee and asylum seekers has been earmarked for future use.

12. The council will continue to set aside funds to obtain greater influence around planning decisions. The council has set aside a reserve that stands at £129k to support the council to defend locally made planning decisions.
13. The Council will utilise the Climate Change Reserve, which currently stands at £209k, to continue its ambition to become carbon neutral by 2030. Reducing the carbon footprint is a national and global issue; we will seek to attract support and funding from our partners, including the government, to assist us in achieving this priority objective.
14. Following the successful transfer of Chorley Bus Station to the council from Lancashire County Council, a reserve has been set aside (£457k), to support the transition of the service going forward.

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APPENDIX C

Chorley Council Medium Term Financial Strategy 2024/25 to 2026/27

Introduction

1. The approval of the Annual Budget is an important stage in the council's annual planning and budgetary process, as the revenue estimates form the basis for setting the Council Tax for the following year. This section aims to put finance into its corporate context. Not all matters can be covered in detail, but it is intended to give a flavour of how finance influences the way that Chorley Council operates and is governed.

Finance and Corporate Planning

2. Within the framework of legislation and Government controls, local authorities retain responsibility for determining the level of their budgets and how those budgets will be spent, subject to legislation and grant conditions.
3. The purpose of the council's budget is;
 - to enable the council to fulfil its statutory duty to set a Council Tax each financial year;
 - to ensure that use of the council's financial resources is planned and that a balanced budget is set in 2024/25;
 - to set financial targets for service managers against which their use of financial resources can be measured and controlled;
 - to facilitate the delivery of the council's Corporate Strategy and subsequent priorities by allocating resources between services according to agreed strategies and plans.
4. The first is a statutory requirement and the council, if it does nothing else, must fulfil this obligation. All these points are important, especially regarding the delivery of the council's Corporate Strategy. It means that finances always need to be seen in the context of other council plans, whether at service level or ultimately at corporate level. Chorley Council will ensure that its financial resources, subject to all other constraints, are allocated in accordance with council priorities.
5. In practice there are a number of constraints that might prevent the council from spending purely in accordance with its current priorities, for example: -
 - government constraints over use of resources;
 - legal requirements to provide certain services;
 - financial and legal commitments, and other agreements, e.g. staff contracts;
 - costs incurred in implementing change;
 - limited availability of resources;
 - time needed to plan for change;

- pressure to maintain and improve services.
6. It is important for the council to recognise these constraints and to plan the use of resources over the short and medium term.

The Financial Context

7. The purpose of the Medium Term Financial Strategy (MTFS) is to set the financial framework for the Council for the medium term to ensure delivery of strategic objectives and major projects. This requires a review and assessment of revenue budgets, the capital programme, levels of reserves and potential future Council Tax levels, based on funding projections and other financial and economic assumptions.
8. The fact that yet again we have only received a one year settlement has exacerbated the uncertainty and the risk in our medium term financial planning; in the absence of any figures or framework from Government, it has been almost impossible to prepare a credible financial strategy beyond 31 March 2025 with any degree of confidence in the underlying assumptions. Uncertainty prevails in respect of the development and implementation of a new Fair Funding Review and changes to the Business Rates Retention Scheme.
9. The Settlement represents a 'holding position' until the next Parliament, aiming for stability in local government finances over the next financial year. The ruling out of a business rates reset or a fair funding review in this period means that the funding distribution will stay fairly stable, however questions about the future of the funding system remain unaddressed.
10. It is within this financial context that we have developed the MTFS.

Assumptions Made within the MTFS

11. In preparing the MTFS, careful consideration has been given to the assumptions on which both income and expenditure budgets have been based, taking a prudent but realistic view and considering these at a detailed level utilising the best information available both internally and externally, and consulting with advisors and leading experts across the areas covered.
12. The key assumptions that underpin the most significant income and expenditure budgets that have been incorporated into the MTFS are detailed below;

General Fund Forecast Assumptions

The following assumptions have been made as part of reporting a balanced budget in 2024/25, a deficit of £0.747m in 2025/26 and reporting a deficit of £1.331m in 2026/27.

Key Assumption	24/25	25/26	26/27	Comment
<u>Income/Funding</u>				
Increase in Council Tax	2.99%	1.99%	1.99%	The Local Government Finance Settlement confirmed a council tax increase limit for district councils in 2024/25 of up to 3% or £5 (whichever is the greater) on a Band D equivalent. This is in line with the assumption made in the MTFS presented to Finance Council in February 2023. Without any further information regarding increases in 2025/26 and beyond, it is assumed that these will reduce to 1.99%, being the limit in place up to and including 2022/23. The position will be revisited next year as part of the budget setting process.
Council Tax Base Increases	0.90%	0.86%	0.84%	The MTFS assumes a level of growth in the council tax base which is a prudent estimate based on housebuilding projections.
Increase in Retained Business Rates from increases in growth, the Business Rates Multiplier (determined by government), and related S31 Grants	£1.430m	£0.340	£0.00m	2024/25 has seen significant changes in Business Rates following the 2023 Revaluation and the splitting of the Business Rates Multiplier across 'small' and other businesses. Growth has been included within the budget and the council will monitor gross levels of business rates, and collection rates, as well as continuing to focus resources on attracting new and expanding local businesses.
Additional Business Rates - Lancashire Pooling Arrangements	£1.200m	£1.200m	£1.200m	Chorley Council has benefited for several years from membership of the Lancashire Business Rates Pool. The Local Govt Settlement confirmed the pools would continue 2024/25. In the absence of any further information, the budget assumes the council will retain funding equivalent to the current level of business rates enjoyed as part of the Lancashire Pool, be that through the continuation of the Pool beyond 2024/25 or through the repurposing of this funding in some other grant income stream. Given the value of this, it presents a significant financial

Key Assumption	24/25	25/26	26/27	Comment
				risk to the council over the medium term as highlighted in the report.
Total Forecast New Homes Bonus	£0.141m	£0.141m	£0.141m	<p>New Homes Bonus was introduced in 2011 as a stimulus for the provision of new homes and is a non-ringfenced grant, distributed between local authorities based upon new growth in housing provision in their area. The length of time that the bonus is paid for, for each new home built, has reduced from 6 years when it was first introduced, down to 5 years with effect from 2017/18, down to 4 years from 2018/19 and then it has been limited to a one-off annual payment for new homes built since 2020/21.</p> <p>Whilst it has been announced for several years that funding from NHB will cease, in the 2024/25 Settlement the council received an allocation of £0.141m for 2024/25 (2023/24 - £297k). Although announcements have been made in the past of its withdrawal, it has been assumed within the MTFS that the funding will continue at its current level of will be re-purposed as a grant, or subsumed within another grant.</p>
Services Grant	£0.019m	£0.019m	£0.019m	<p>The level of this grant has been reduced from £0.203m in 22/23 to £0.019m in 24/25. Previously described as a 'one-off' grant in 2022/23 it has been allocated again in 2024/25, although it is unclear what will happen to the grant in 2025/26. For budgeting purposes it has been assumed it will continue in some form over the remainder of the MTFS.</p>
Minimum Funding Guarantee	£1.624m	£1.650m	£1.650m	<p>This grant is intended to provide a funding floor for all local authorities so that no authority will see an increase in Core Spending Power of less than 4% (before any assumption on council tax rate increases, but after increases in the council tax base are applied). The de minimus limit was 3% in 2023/24.</p> <p>The council has been allocated £1.624m in the 24/25 Settlement. Given that the grant is based on, and is subsumed within the council's Core Spending Power, and that this figure is reported for all authorities across the country each year, by Government, as a measure of the growth in funding levels, it is unlikely that this will reduce; as such it has been assumed that this grant will continue into 2025/26 and 26/27.</p>

Key Assumption	24/25	25/26	26/27	Comment
Net Income Market Walk	£0.938m	£0.893m	£0.889m	The net income levels, after accounting for the costs of borrowing/financing for these schemes, are in line with the council's investment strategy, and reflect provisions for voids and rent levels on retail property in the prevailing economic environment.
Net Income Strawberry Fields	£0.179m	£0.203m	£0.200m	
Net Income Primrose Gardens	£0.360m	£0.396m	£0.393m	
Net Income Logistics House	£0.583m	£0.715m	£0.715m	
Net Income Strawberry Meadows	£0.310m	£0.310m	£0.310m	
Net Income Tatton Gardens	£0.055m	£0.087m	£0.084m	

Expenditure

Key Assumption	24/25	25/26	26/27	Comment
Pay Award 24/25	5.0%	2.0%	2.0%	Given the increases in inflation over the course of 2022 and 2023, and the forecasts moving forward, the pay award assumption for 2024/25 has been reviewed and this has been retained at 5% in line with the MTFS approved by Council in February 2023. The assumptions for 2025/26 and 2026/27 have been included in the MTFS at 2% for each year reflecting the forecast reduction in inflation. The National Living Wage will rise from £10.42 for workers aged 23 and over, to £11.44 for workers aged 21 and over from April 2024. This will not affect Chorley Council's pay bands for 2024/25 as the council pays above this level. No adjustments have been made for any further living wage increases as it is assumed that the council's pay bands will continue to exceed this over the course of the MTFS.
Vacancy Saving	2.5%	2.5%	2.5%	Given the inevitable turnover in staffing, there is more often than not a period of time between an employee leaving and their replacement commencing in post. An assumption has been made that underspends of 2.5% will be generated as a consequence of the timing of recruitment.

Key Assumption	24/25	25/26	26/27	Comment
<p>Future Service Pension Rate</p> <p>Pension Fund Deficit Recovery</p>	<p>18.3%</p> <p>£0.000m</p>	<p>18.3%</p> <p>£0.000m</p>	<p>18.3%</p> <p>£0.000m</p>	<p>The last triennial valuation of the Lancashire County Pension Fund was undertaken in 2022 setting the contributions for the 3 years from 2023/24 to 2025/26. The fund had a strong performance over the 3 years through to 31st March 2022, although since then, with the volatility in global financial markets, inflation and interest rates, the position has been more turbulent. Overall, the Chorley Council section of the fund has seen a reduction in the financial contributions required, comprising;</p> <ul style="list-style-type: none"> • an increase in the level of Employer Pension Contribution rates from 16.4% to 18.3% for the 3 years covered (a 1% increase results in approx. £115k of cost therefore this results in an increase of £218k in total) offset by; • A reduction in the annual cost of the repayment of the fund deficit from £467k per annum to £0 in each of the 3 years. <p>Overall the actuarial valuation has reduced the council's pension costs by approximately £249k compared to the rates paid in 2022/23.</p> <p>The next triennial valuation is due in 2025, which will set the rates for the 3 years from 2026/27. For the purposes of this MTFS, it is assumed that in 2026/27 the rates will remain the same as in 2025/26.</p>
Inflation and Utilities increases	<p>Inflationary increases have been provided for in accordance with the stipulations of specific contracts e.g. IT, waste.</p>			<p>CPI rose by 6.7% in the 12 months to September 2023, down from 10.4% in February 2023 when the 2023/24 Budget and MTFS were approved. Headline inflation is now 4% compared with its 2022 peak of more than 11%. The Bank of England forecast is that CPI will fall temporarily to around 2% in mid-2024, before increasing slightly up to 3% over the remainder of the year.</p>
Leisure Services – additional expenditure over budget	£0.768m	£0.768m	£0.768m	<p>The council will continue to support its wholly owned leisure company in response to increases in utility costs and the impact of the cost of living crisis on the level of income generated; this is on the basis that any intervention will reduce over time as the company develops its services to fully cover its own costs</p>

Meeting the Financial Challenge – The Transformation Strategy

13. The last medium-term financial strategy reported to Full Council in February 2023 set out the council's approach in meeting the financial challenges over the period 2023/24 to 2025/26. The council's Transformation Strategy was put in place to focus on bridging the gap and delivering a balanced budget through:
- productivity savings including modernisation of services, delivery of the Digital Strategy and continually reviewing its staffing structures to ensure they are efficient and fit-for purpose.
 - delivery of change effectively across the organisation, including our assets, our service delivery models, technology and culture to respond to the opportunities and budgetary challenges of the future.
 - where possible, the renegotiation of contracts and investment in income generating schemes.
14. Since February 2023 the council has continued working towards delivering the Transformation Strategy. The strategy seeks to address sustainability, financial uncertainty, public service integration and the provision of efficient services for our residents, whilst delivering cashable savings and supporting the Medium-Term Financial Strategy; this has been a key driver for transformation at Chorley in delivering organisational change.

Senior Leadership Team

15. In terms of transformation, the purpose of the Senior Leadership Team is to:
- monitor project progress and issues;
 - ensure proposals meet with the overall objectives of the Transformation Strategy and anticipated savings;
 - consider dependencies between projects to make sure that activity is coordinated (particularly with regard to consultation/service reviews) and monitor overall demands on capacity;
 - review and scrutinise corporate performance.

What is the budget gap?

16. The estimated budget gap faced by the council based on the position prior to actions being taken to address this is as follows:

	2024/25 £m	2025/26 £m	2026/27 £m
Council Tax (including Collection Fund adjustments)	(8.058)	(8.298)	(8.508)
Retained Business Rates (including the Business Rates Pool)	(6.870)	(7.152)	(7.152)
Services Grant	(0.019)	(0.019)	(0.019)
Revenue Support Grant	(0.127)	(0.127)	(0.127)
Minimum Funding Guarantee	(1.624)	(1.650)	(1.650)
New Home Bonus	(0.141)	(0.141)	(0.141)
Total Funding	(16.839)	(17.387)	(17.597)
Total Expenditure	16.839	18.134	18.928
Budget (Surplus)/Deficit	-	0.747	1.331

Closing the Budget Gap

17. The council's medium term plan to reduce the budget deficit beyond 2024/25 will be refined and developed over the coming months, and will be subject to future government funding announcements, the wider economic environment and other funding assumptions (e.g. future pay awards), which may change over the period.
18. The key challenge to the council is to find and deliver efficiency savings of £0.747m for 2025/26.

To achieve this the council's strategy will be:

- to identify efficiencies through investment in infrastructure, ICT and through exploring alternative delivery models that will enable the Council to balance the budget whilst seeking to minimise the impact on front line service users;
- to realise savings through the procurement of its contracts including joint contractual arrangements with South Ribble Council;
- to make the council more financially self-sufficient with specific emphasis on creating investment that provides benefits to residents and businesses whilst also generating income.

Transformation Strategy

19. The Transformation Strategy covers many aspects of change both within the council and in partnership with other organisations. The strategy will be refreshed in 2024/25 and refined to enable the continual improvement of services and performance whilst ensuring a sustainable financial position. Options to deliver savings and efficiencies to close the budget gap will be further developed and implemented, as well as a programme of organisational change to support our workforce over the period. The main strands of

the strategy that have been identified to generate savings and income are outlined further below.

Income Generation

Council Tax

20. Through effective management of its budget and investment in income generating projects, Chorley Council has been able to maintain one of the lowest levels of council tax in Lancashire as demonstrated below:

	Band D Equivalent 2023/24 £
Preston	343.60
Burnley	328.01
Rosendale	299.49
Pendle	289.92
Hyndburn	260.64
Lancaster	249.18
West Lancs.	224.92
South Ribble	223.24
Wyre	219.74
Fylde	218.89
Chorley	203.63*
Ribble Valley	165.69

(* - includes Band D equivalent Special Expenses of £21.82)

21. Whilst the Local Government Finance Settlement confirmed a council tax increase limit for district councils in 2024/25 of up to 3% or £5 (whichever is the greater) on a Band D equivalent property, the council is mindful of the impact of cost increases on its residents during this cost of living crisis; as such it has to manage this, alongside the continued uncertainty regarding future funding, the continued pressures on council expenditure budgets, including the impact of increases in inflation and utility costs, combined with the real terms reduction in Government funding provided to the council since 2010.
22. The budget for 2024/25 proposes an increase in Chorley Council's share of council tax of 2.99%. The Settlement for 2024/25 is silent however on the council tax increase limits for 2025/26, therefore the increase for both 2025/26 and 2026/27 is that it will revert back to it's 2021/22 level of 1.99%. This will be reviewed annually and will be subject to the outcome of the next finance settlement.
23. The council will remain committed to supporting those who may struggle to pay their council tax because of the challenging circumstances they find themselves in, and will make use of the monies it has available to support council taxpayers.

Investment Sites

24. The council owns several sites that have been developed to bring forward the expansion of employment, housing and health services within the borough. These include:
- The investment in the **Market Walk Shopping Centre** – the investment generates approximately £938k of net income (after borrowing) each year, as well as notably improving the town centre, providing jobs and delivering on the council's ambition and vision to regenerate the town centre;
 - **The 65 apartments at Primrose Gardens** support people to live independently whilst receiving the care and support needed to enjoy later life, and whilst generating a net income for the council of approximately £360k per annum;
 - Following reconfiguration of the internal floor areas given the level of interest from prospective tenants, and to manage the site as efficiently as possible, the **Strawberry Fields Digital Office Park** has increased its income levels; as such, the budget now reflects a net income to the council (after borrowing) of £179k for 2024/25 onwards;
 - The £33m investment in the **Logistics House** site on Buckshaw currently generates a net income, after borrowing costs, of £583k per annum which is expected to rise to over £1.0m per annum towards the end of the lease term;
 - **Strawberry Meadows** provides light industrial units and assists in driving forward local economic growth, whilst also generating a net income of £310k per year for the council;
 - The extra care facility at **Tatton Gardens** opened in February 2023 and as well as addressing the need for this type of accommodation in the borough, it is expected to generate a net income for the council of £55k in 2024/25, after borrowing
25. The council will seek to invest to deliver on the corporate priorities, whilst working to close the budget gap. The council has, and will continue, to invest in the borough to improve housing, to provide employment opportunities, and to maximise opportunities to deliver savings and increase income, thereby making the council less reliant on the increasingly uncertain funding from Government.

Future Savings

26. The council has always been successful in generating efficiency savings and additional income to bridge the budget gap whilst continuing to deliver outstanding services to its residents. Required savings of approximately £1.331m, subject to future Government announcements, are forecast over the period of the MTFS to manage increases in costs as well as potential reductions in future Government funding.
27. Whilst there is continued uncertainty about the potential level of savings required over the medium term, it is prudent to put in place plans to identify and secure the savings that may be required. In order to reduce the impact on staffing and the level of service provided, the council will continue to invest in its services to recognise additional income and efficiencies This will be managed and monitored through the Medium Term Financial Strategy. Future opportunities include:

- A review of the council's **portfolio of assets** to recognise potential opportunities for sale or redevelopment, whilst improving services. A review of the total amount of office space required has been undertaken as a consolidation of office space would deliver savings and additional income to the council without compromising on the quality of service to residents;
- The council has been successful in **investing within the borough** to generate jobs, improve health services as well as improving the retail and night-time economy. Whilst delivering this, the council has also generated additional net income that supports other council services. The council will continue this approach, and in the continued redevelopment of the town centre. Work progresses to identify further opportunities to provide additional net income. The council has successfully brought in additional external funding from various sources to support investment in the borough including Homes England, UK Shared Prosperity Fund (UKSPF), Community Infrastructure Levy (CIL) and S106 funding from developers in the borough. The council will build on this success to deliver future investments.
- The council is ambitious in its delivery of services and will continue to pursue **alternative models of delivering its services**. The expansion of shared services with South Ribble Council has continued during 2023/24 with arrangements now in place for shared Building Control and for shared management arrangements for Waste and Streetscene services, along with the completion of several joint procurement exercises; the two councils have agreed that moving forward they will consider further opportunities alongside their wider priorities if improvements and efficiencies can be attained which would lead to further savings for the council.

Conclusion

28. The review of the MTFs has again been undertaken against a background of a real terms reduction in funding and increasing costs. These factors present a risk to the council's sustainable financial position unless budget savings continue to be delivered and additional income opportunities are provided alongside the delivery of the council's Corporate Strategy priorities.
29. The MTFs covers three years between 2024/25 and 2026/27 and whilst the budget has been balanced for 2024/25 through a combination of efficiency savings and income generation, budget gaps remain for 2025/26 and 2026/27.
30. The council has a successful record of balancing the budget and has delivered budget efficiency savings alongside additional income for many years now. This has been achieved whilst delivering a large number of Corporate Strategy priorities and an ambitious capital programme.
31. The financial context continues to be increasingly challenging and uncertain. Work will continue over the coming months to develop the strategies outlined in the MTFs as to how the budget gap of £0.747m (2025/26) and £1.331m (2026/27) can be addressed. The strategies build on the council's record of innovative approaches to service delivery as well as its record of investing in income generating assets.

32. The council will continue to keep the MTFS under review and refine the assumptions as further information becomes available.

Appendix D

Analysis of Budget Variations 2024/25 - 2026/27

	2024/25 ESTIMATE £	2025/26 ESTIMATE £	2026/27 ESTIMATE £
BASE BUDGET REQUIREMENT	12,065,500	12,888,600	13,716,600
Pay (Inc NI and Pay award)	494,400	330,800	296,700
Events and Astley Hall	94,000	0	0
Union Street Income	300,000	0	0
Repairs and Maintenance	100,000	0	0
Members Allowances	45,000	0	0
IT & Waste Strategy	90,000	180,600	180,600
Markets/Market Walk	96,000	40,000	0
Mechanical Sweepers	48,000	0	0
Non-Recurring Cost Contingency	120,600	(120,600)	0
Insurance	24,000	0	0
Building Control Income	50,000	0	0
Land Charges income loss	20,000	0	0
Other Misc	93,100	8,900	0
Savings Achieved	(100,000)	599,300	0
Fees and Charges	(126,000)	(126,000)	0
TVS Increase	(132,500)	(132,500)	0
Market Walk	(140,000)	0	0
TVS Union Street	(50,000)	0	0
Barclays Union Street	(21,000)	0	0
EV Charge points - Market Walk	(10,000)	0	0
Garden Waste	(125,000)	0	0
Housing Benefits New Burdens	(47,500)	47,500	0
TOTAL SERVICE EXPENDITURE	12,888,600	13,716,600	14,193,900
<u>Net Financing Transactions:</u>			
Minimum Revenue Payments	1,643,900	1,851,800	1,919,000
Interest Payable	2,476,100	2,684,700	2,934,700
Interest Receivable	(170,000)	(120,000)	(120,000)
sub total	3,950,000	4,416,500	4,733,700
TOTAL EXPENDITURE	16,838,600	18,133,100	18,927,600
Financed By:			
Council Tax - Borough	(7,807,800)	(8,087,800)	(8,297,800)
Council Tax Growth	(70,000)	(70,000)	(70,000)
Council Tax - 2.99% 24/25 & 1.99% 25/26	(210,000)	(140,000)	(140,000)
Parish Precepts	914,200	914,200	914,200
Council Tax Parishes	(914,200)	(914,200)	(914,200)
Revenue Support Grant	(127,000)	(127,000)	(127,000)
Services Grant	(19,000)	(19,000)	(19,000)
Minimum Guarantee Grant	(1,624,000)	(1,650,000)	(1,650,000)
Retained Business Rates	(3,227,800)	(3,567,800)	(3,567,800)
Government Section 31 Grants	(3,584,000)	(3,584,000)	(3,584,000)
Business Rates Exceptional Payments Reserve	0	0	0
Collection Fund (Surplus)/Deficit - Business Rates	(57,800)	0	0
Collection Fund (Surplus)/Deficit - Council Tax	29,800	0	0
New Homes Bonus	(141,000)	(141,000)	(141,000)
Transfers to/(from) Earmarked Reserves	0	0	0
TOTAL FINANCING	(16,838,600)	(17,386,600)	(17,596,600)
Net Expenditure / Budget Gap	0	746,500	1,331,000

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Subjective Analysis 2024/25

Details	2024/25 Budget £
Employees (including Shared Services)	15,877,800
Premises	2,498,900
Transport	513,000
Supplies & Services	7,199,000
Third Party	3,727,900
Income	(16,928,000)
Minimum Revenue Payments	1,643,900
Interest Payable	2,476,100
Interest Receivables	(170,000)
TOTAL EXPENDITURE	16,838,600

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Capital Programme 2023/24 to 2026/2027

Scheme Name	Spend in Prior Years £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total Budget
An Enterprising Economy With Vibrant Local Centres in Urban and Local Areas						
Strawberry Meadows Development	10.291	0.400	0.100	0.652	-	11.443
Asset Improvements	0.414	0.538	0.300	0.300	0.300	1.852
Buckshaw Village Rail Station	-	-	0.696	-	-	0.696
Chapel St and Surrounding Public Realm	0.003	0.100	2.697	-	-	2.800
Chorley Borough Service Centres	-	-	0.500	-	-	0.500
Digital Office Park	0.144	0.196	-	-	-	0.340
Market Walk Extension	0.144	-	0.070	-	-	0.214
Markets - Works to Existing Markets	0.784	0.005	-	-	-	0.789
Public Realm Town Centre	0.870	-	2.869	-	-	3.739
Town Hall and White Hart Works	0.058	0.132	1.110	-	-	1.300
Bengal Street	-	0.200	0.900	-	-	1.100
Relocation of Bengal Street	-	2.000	1.750	-	-	3.750
Queens Road Car Park	-	0.321	-	-	-	0.321
Woodlands Development Site	-	5.449	1.118	-	-	6.567
Unit Above Iceland	-	0.030	0.070	-	-	0.100
Total - An Enterprising Economy with Vibrant Local Centres in Urban and Local Areas	12.707	9.370	12.181	0.952	0.300	35.510

Green And Sustainable Borough

Chorley Health Centre	-	-	0.250	-	-	0.250
Delivering Green Agenda	0.104	0.396	-	-	-	0.500
Town Hall Decarbonisation	0.052	-	1.538	-	-	1.590
ICT	0.932	0.388	-	-	-	1.320
Total - Green And Sustainable Borough	1.088	0.784	1.788	-	-	3.660

Housing Where Residents Live Well

Chorley Adaptation Grant (Formerly DFG)	1.492	1.007	0.975	0.775	0.775	5.024
Land for Tree Planting	-	0.252	-	-	-	0.252
Leisure Centres Improvements Ongoing	0.101	0.119	0.180	0.100	0.100	0.600
Leisure Centres Improvements	0.004	0.590	1.650	-	-	2.244
Play, Recreation and Open Space	1.398	2.181	-	-	-	3.580
Properties for Refugees	0.823	1.000	0.375	-	-	2.198
Purchase of Affordable Housing	1.502	-	2.000	-	-	3.502
Chorley Lodge	0.040	0.050	0.300	-	-	0.390
Tatton	17.034	0.099	-	-	-	17.133
Total - Housing Where Residents Live Well	22.395	5.299	5.479	0.875	0.875	34.923

Healthy, Safe and Engaged Communities

Astley	2.044	-	-	-	-	2.044
Astley Cottage	-	0.249	-	-	-	0.249
Westway Playing Fields Sports Campus	2.738	0.120	-	-	-	2.858
Total - Healthy, Safe and Engaged Communities	4.782	0.369	-	-	-	5.151
Grand Total	40.972	15.822	19.448	1.827	1.175	79.243

The amounts identified for 2023/24 are the current forecast expenditure for the year. Some project expenditure will be reprofiled into 2024/25 as part of the preparations for year end.

CAPITAL FINANCING 2023/24 TO 2026/27

APPENDIX F2

The amounts identified for 2023/24 are the current forecast financing for the year. Some project financing will be re-profiled into 2024/25 as part of the preparations for year end.

FINANCING	2023/24	2024/25	2025/26	2026/27	Total 2023/24 to 2026/27
	£m	£m	£m	£m	£m
<u>External Funding</u>					
External Contributions	1.637	0.829	0.000	0.000	2.466
CIL	0.491	1.127	0.000	0.000	1.617
Grants	1.291	2.560	0.775	0.775	5.401
Total External Funding	3.419	4.515	0.775	0.775	9.484
<u>Chorley Council Resources</u>					
Reserves and Revenue Contribution to Capital	0.821	0.070	0.000	0.000	0.891
Capital Receipts	0.125	7.400	0.000	0.000	7.525
Self- Financing Prudential Borrowing					
Strawberry Meadows Development	0.400	0.100	0.652	0.000	1.152
Market Walk Extension	0.000	0.070	0.000	0.000	0.070
Strawberry Fields Digital Office Park	0.196	0.000	0.000	0.000	0.196
Affordable Housing	0.000	2.000	0.000	0.000	2.000
Refugee Properties	1.000	0.375	0.000	0.000	1.375
Tatton Site	0.098	0.000	0.000	0.000	0.098
Woodlands Development Site	5.449	1.118	0.000	0.000	6.567
Planned Prudential Borrowing					
Asset Improvements	0.434	0.167	0.300	0.300	1.201
Astley Hall and Park	0.249	0.000	0.000	0.000	0.249
Public Realm Town Centre	0.000	0.000	0.000	0.000	0.000
Works to Existing Markets	0.005	0.000	0.000	0.000	0.005
Chapel St Public Realm	0.100	0.000	0.000	0.000	0.100
Land Purchase for Tree Planting	0.252	0.000	0.000	0.000	0.252
Leisure Centre Improvements	0.000	0.180	0.100	0.100	0.380
Leisure Centre Improvements - New Contract	0.590	0.773	0.000	0.000	1.363
Play Recreation and Open Space	0.183	0.000	0.000	0.000	0.183
Town Hall and White Hart	0.132	1.110	0.000	0.000	1.242
Town Hall Decarbonisation	0.000	1.169	0.000	0.000	1.169
Chorley Lodge	0.050	0.300	0.000	0.000	0.350
Chorley Borough Service Centres	0.000	0.100	0.000	0.000	0.100
Relocation of Bengal Street	2.000	0.000	0.000	0.000	2.000
Queens Road Car Park	0.321	0.000	0.000	0.000	0.321
Total Chorley Council Resources	12.403	14.932	1.052	0.400	28.788
Capital Financing Total	15.822	19.448	1.827	1.175	38.271

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Developers' Contributions 2020/21 to 2026/27

The council receives section 106 contributions from developers of housing sites throughout the borough. Most of these contributions come with restrictions as to what they can be spent on, the five main headings been:

- various purposes
- affordable housing
- transport
- environmental improvements
- play & open spaces

The table below outlines;-

- s106 and overage contributions utilised by the council in 2020/21, 2021/22 and 2022/23
- s106 and overage contributions that the council is forecasting to utilise in 2023/24
- s106 and overage contributions that the council is budgeting to utilise in 2024/25, 2025/26 and 2026/27

	20/21	21/22	22/23	23/24	24/25	25/26	26/27
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Buckshaw Village Railway Station	0	0	0	0	696	0	0
Asset Improvements	0	0	0	105	133	0	0
Yarrow Meadows	0	0	0	0	0	0	0
The Willows	5	0	0	0	0	0	0
Play, Recreation and Public Open Space	120	208	819	1420	0	0	0
Westway Playing Fields Sports Campus	732	578	15	90	0	0	0
Strawberry Fields Digital Office Park	0	0	0	0	0	0	0
Strawberry Meadows Development	0	0	614	0	0	0	0
Affordable Housing	0	90	0	0	0	0	0
Astley Hall	15	0	0	0	0	0	0
Buckshaw Bus Stops	0	0	0	0	0	0	0
Primrose Gardens	418	4188	0	0	0	0	0
Tatton	0	0	440	3	0	0	0
Total	1290	5064	1888	1618	829	0	0

It should be noted that the forecast for 2023/24 and the budget for 2024/25, 2025/26 and 2026/27 will vary over time as the project expenditure is re-profiled across the years as required.

Buckshaw Village Railway

The figure of £695k represents the remaining developer contribution towards the Buckshaw Parkway railway station. A feasibility study completed by Northern Rail has shown that the likely costs will be significant and other funding options will need to be explored to progress and finalise design.

Play and Open Space

The majority of the section 106 contributions that the council receives require the allocation to be spent on the provision of play and open space.

There are £443k of section 106 sums and approximately £282k of CIL allocated to improvements at King George V Recreation Ground in 2023/24. In addition, there is a further £450k for Jubilee Recreation Ground to be spent in the current and future years.

Affordable Housing

The council receives affordable housing contributions which have largely been used in recent years to fund the Primrose Gardens development. This scheme is now complete and subsequent affordable housing receipts have generally been used on new individual affordable housing purchases.

Community Infrastructure Levy (CIL)

The council holds CIL funding to be spent against projects identified in the Infrastructure Funding Statement.

Current capital expenditure included in the programme to be funded by CIL is; £1m towards Leisure Centre Improvements, £282k towards the King George V Recreation Ground redevelopment, £90k towards the Wigan Lane Playing Fields redevelopment and £250k towards Chorley Health Centre.

Developer Contributions 2020/21 to 2024/25

The forecast receipts and use of s106 and overage contributions are outlined below –

	2020/2021		2021/2022		2022/2023		2023/2024		2024/2025							
	Bal C/F	Received	Utilised	Bal C/F	Received	Utilised	Bal C/F	Received	Utilised	Bal C/F						
	31/03/2020	£000s	£000s	31/03/2021	£000s	£000s	31/03/2022	£000s	£000s	31/03/2023	Forecast	Forecast	31/03/2024	Forecast	Forecast	31/03/2025
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Various Purposes	(2,842)	0	26	(2,815)	0	555	(2,260)	0	1010	(1,250)	0	190	(1,060)	0	0	(1,060)
Affordable Housing	(893)	(2,443)	418	(2,918)	(1,463)	4,279	(102)	0	0	(102)	(208)	102	(208)	0	0	(208)
Transport	(1,003)	0	-	(1,003)	0	-	(1,003)	0	59	(944)	0	115	(829)	0	829	0
Environmental Improvements	(7)	0	5	(2)	0	-	(2)	0	0	(2)	0	2	0	0	0	0
Play and Open Space	(2,755)	(347)	840	(2,261)	(93)	230	(2,124)	(3)	819	(1,308)	(1,135)	1,331	(1,112)	(183)	183	(1,112)
	(7,499)	(2,789)	1,290	(8,999)	(1,556)	5,064	(5,491)	(3)	1,888	(3,606)	(1,343)	1,740	(3,209)	(183)	1,012	(2,380)

Various Purposes

The balance of £1.06m at the end of 2024/25 represents the remaining uncommitted overage.

Affordable Housing

From the balance of affordable housing contributions in 2024/25, £0.2m will be allocated to Affordable Housing when purchased.

Play and Open Space

Allocations to the play and open space projects are continually being developed. Large schemes to be funded in 2023/24 and 2024/25 include the King George V Recreation Ground, Jubilee Recreation Ground and Play Area and the Wigan Lane playing pitch.

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APPENDIX G**Chorley Borough Council Capital Strategy****Introduction**

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to provide a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with corporate objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

Purpose

2. The capital strategy sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of corporate strategy priorities.
3. The capital strategy sets out a framework for the self-management of capital finance and examines the following areas:
 - Capital expenditure
 - Treasury Management
 - Income Generating Activity
 - The future ambition of the council's capital programme
4. The capital strategy is to be approved annually by Full Council alongside the budget setting papers.

Changes to the Strategy

5. The performance indicators included in the strategy are updated and included below with commentary.
6. There are no other proposed changes to the strategy.

Capital Expenditure

7. The Council's Capital Programme forms part of the Council's overall financial strategy to deliver some of its key objectives contained in the Corporate Priorities. The Capital Programme must be affordable and based upon prudence. The current local government financial position and the potential need to make revenue savings will impact on the Council's ability to finance further capital spending unless additional funding is secured from external sources. The Capital Programme is constructed based upon the following objectives.

The resources available will be targeted at areas that deliver corporate priorities as described in the annual Corporate Strategy

Borrowing will be managed to ensure the future impact on revenue is minimised

The council will consider the purchase and/or development of assets to generate a sustainable revenue stream to counteract against the risk of future reductions in grant funding and year to year fluctuations in locally sourced funding; however only where this investment supports the regeneration of the Borough.

Borrowing solely for the purpose of generating yield is no longer permissible.

The council will consider working with partners to assist them to meet both their objectives and the council's objectives; this must have no impact on revenue budgets. This support may include granting loans to organisations at a rate that generates a greater return to the council.

The council will continue to identify land to assist in delivering its affordable housing targets.

The council will look to maximise opportunities to attract external finance to sustain its programme of work.

Governance

8. Democratic decision-making and scrutiny provide overall political direction and ensure accountability for investment in the capital programme. These processes include:
 - Full Council approves the Council's Corporate Strategy that is refreshed every year, this strategy features numerous capital projects that are then built into the council's budget setting process.
 - the Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the executive before submission to the Full Council.
 - Full Council approves the capital programme as well as the Treasury Management and Investment Strategy. The revenue implications of these strategies are included in the annual budget and Medium-Term Financial Strategy, all of which is approved by Full Council.
 - Executive Cabinet receives quarterly revenue and capital monitoring reports, approves variations (or recommends approvals to Full Council) and considers new bids for inclusion in the capital programme.
 - Portfolio holders are assigned projects in line with their responsibilities
 - the Overview and Scrutiny Committee can call in Cabinet reports, receive and scrutinise reports
 - all projects progressing to the capital programme follow the processes set out in the Constitution and Financial Regulations; this includes adjustments to the projects as they progress
 - the capital programme is subject to internal and external audit.
9. The definition of 'capital' will be determined by the Chief Finance Officer, having regard to government regulations and accounting requirements. Further information regarding the governance of the capital programme is given in Appendix 4 of the Constitution titled Financial Regulations & Financial Procedure Rules as approved by Full Council.

Capital Proposals

10. A new proposed scheme must be assigned a Project Manager. Standardised project initiation documentation is used based upon project management methodologies. As a result, new projects focus on the benefits they can deliver through the measurable project outcomes, not just time and cost.
11. Business cases are created and scrutinised by the Finance Team to ensure all financing, capital and revenue expenditure and income implications have been considered across the lifecycle of the investment, with appropriate levels of sensitivity analysis surrounding key assumptions. If required, external expertise will be sought to provide specialist support such as VAT and governance advice. Outline risk registers are included and scrutinised by Internal Audit, Finance and Service Managers.
12. New proposals along with the business cases are reported to Senior Management Team (SMT) to ensure schemes are compliant with the council's overall strategic objectives.

The role of SMT is to ensure that new proposals are not considered in isolation but rather considered alongside existing schemes and other new proposals. In doing this SMT ensures the council’s corporate priorities are driving future capital investment. For example, the council’s Medium-Term Financial Strategy includes the ambition to create future efficiency savings, contract savings and income generation, as well as benefitting residents and local communities. Projects that are brought forward to SMT must meet one or more of these objectives.

Affordability, Prudence and Sustainability

- 13. The Prudential Code requires that the Authority shall ensure that all capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact on the Council’s overall fiscal sustainability.
- 14. The Authority is required to make reasonable estimates of the total capital expenditure that it plans to incur in the forthcoming financial year and at least the following two financial years.
- 15. The capital programme has been reprofiled at Quarter 3 in 2023/24 and the current position is outlined in Table 1;

Table 1: Capital Programme 2023/24 to 2026/27

Directorate	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
An Enterprising Economy With Vibrant Local Centres In Urban and Local Areas	9.370	12.181	0.952	0.300	22.803
Green And Sustainable Borough	0.784	1.788	0.000	0.000	2.572
Housing Where Residents Live Well	5.299	5.479	0.875	0.875	12.528
Healthy, Safe and Engaged Communités	0.369	0.000	0.000	0.000	0.369
Total Capital Expenditure	15.822	19.448	1.827	1.175	38.272
Developer Contributions (s106 & CIL)	2.128	1.955	0.000	0.000	4.083
Grants	1.291	2.560	0.775	0.775	5.401
Reserves & Revenue Contribution	0.821	0.070	0.000	0.000	0.891
Capital Receipts	0.125	7.400	0.000	0.000	7.525
Prudential Borrowing	11.458	7.463	1.052	0.400	20.373
Total Financing	15.822	19.448	1.827	1.175	38.272

- 16. The Capital Expenditure Prudential Indicator (Table 1) is the platform from which most Prudential Indicators of the Council are formed; this Prudential Indicator (PI) is grounded in the Council’s capital programme and is a stated affordability indicator within the Prudential Code.

17. The predominantly high value projects within any capital programme means capital expenditure is a significant source of risk for any Council; the nature of these projects means they are often subject to cost variations, slippage or changes in specification.
18. Having established through the governance process that the capital programme is affordable, the monitoring of 'approved' against 'actual' is a key element of risk management which this PI is designed to assist with; quarterly monitoring, using this PI as it's cornerstone, will help sign-post where schemes are straying from expectation either in regard to cost or timeframe
19. A typical measure of affordability is to compare the council's capital financing costs (interest and MRP) to the net revenue stream (council tax, business rates, grants and new homes bonus income). An increasing percentage would mean a greater proportion of the council's funding being used to meet its debt. Table 2 provides a modified version of this ratio that also includes the net income generated through investing in income generating assets. It is correct to include this income in the net income stream as borrowing has been used to part-fund these investments. An analysis of this ratio is given below:

Table 2: Capital Financing/Net Revenue Stream

	2024/25 £m	2025/26 £m	2026/27 £m
MRP and Interest	3.950	4.416	4.734
Council Tax	(8.058)	(8.298)	(8.508)
Business Rates including grants for reliefs	(6.870)	(7.152)	(7.152)
Services Grant	(0.019)	(0.019)	(0.019)
Minimum Funding Guarantee	(1.624)	(1.650)	(1.650)
Revenue Support Grant	(0.127)	(0.127)	(0.127)
New Homes Bonus	(0.141)	(0.141)	(0.141)
Funding	(16.839)	(17.387)	(17.597)
	£m	£m	£m
Net Income* - Market Walk	(1.853)	(1.808)	(1.804)
Other Property including land and garages	(0.564)	(0.564)	(0.564)
Net Income* - Primrose Retirement	(0.360)	(0.396)	(0.393)
Net Income * - Strawberry Fields Digital Office	(0.347)	(0.371)	(0.368)
Net Income * Logistics House	(1.794)	(1.926)	(1.926)
Net Income * Strawberry Meadows	(0.700)	(0.700)	(0.700)
Net Income * - Tatton	(0.302)	(0.334)	(0.331)
Net Income * - Whittle Surgery	(0.173)	(0.173)	(0.173)
Net Income from Asset Investments	(6.093)	(6.272)	(6.259)
Adjusted Net Revenue Stream	(22.932)	(23.659)	(23.856)
Capital Financing Net Revenue Stream	17.22%	18.67%	19.84%

*Excludes borrowing costs that are included in the first line of the table

20. Table 2 highlights that the annual cost of borrowing is due to be **£4.734m by 2026/27**. It also outlines the additional income (net of running costs) that most of this borrowing will generate, income is expected to increase from **£6.093m in 2024/25 to £6.259m in 2026/27**. This is largely due to the increase built into the Logistics House lease. All forecast income is set at a prudent level. The opportunities and risks regarding the council's investment in income generating assets is analysed further in the 'Income Generating Activity' section of this report.

Prudence

21. The Code also states that "In order to ensure that over the medium term net debt will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years." This is a key indicator of prudence.

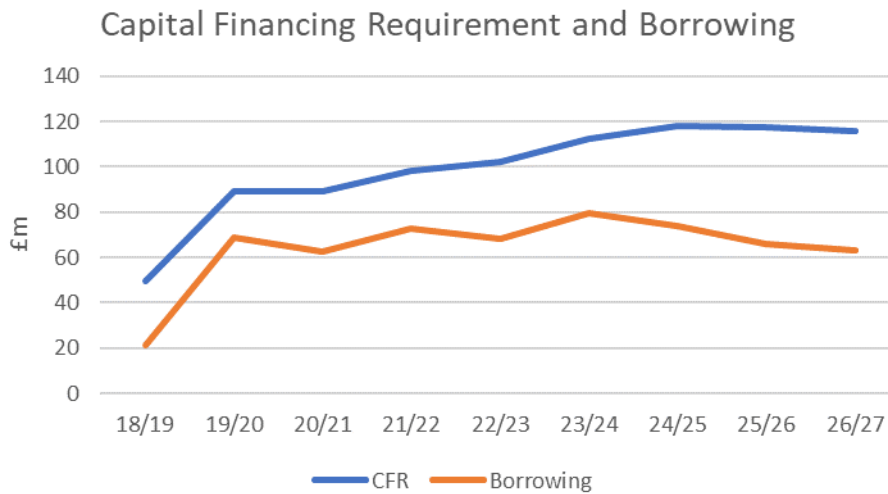
Table 3: Capital Financing Requirement 2024/25 to 2026/27

	2024/25 £m	2025/26 £m	2026/27 £m
Opening Capital Financing Requirement	112.388	118.207	117.407
Increase in capital financing requirement	7.463	1.052	0.400
Provision made for debt repayments	(1.644)	(1.852)	(1.919)
Closing Capital Financing Requirement	118.207	117.407	115.888

22. As such there is a requirement to ensure that net debt (the sum of borrowing and other long-term liabilities, net of investments) in 2024/25 does not, except in the short term, exceed £118.207m.

23. The debt outlined in Table 3 must be considered alongside the borrowing costs and income generated. Below are two charts that analyse this further.

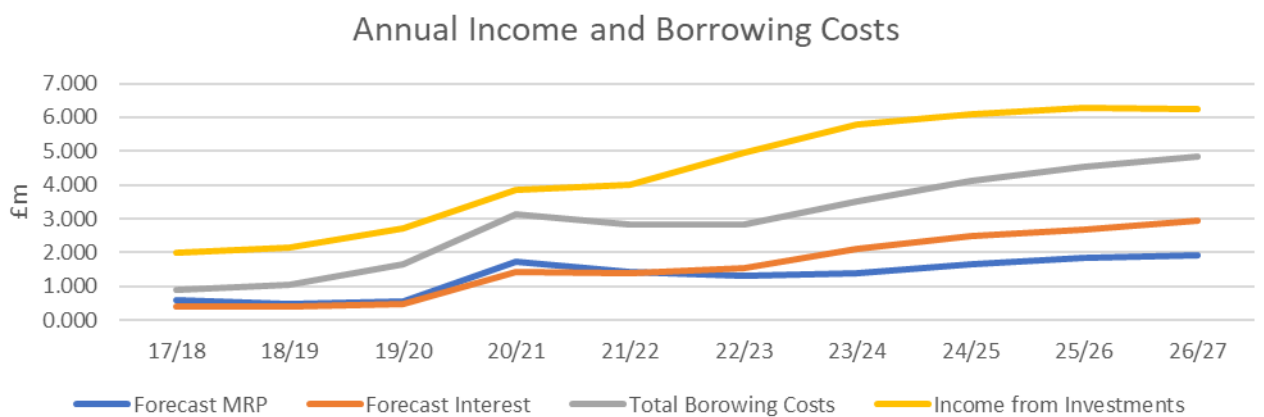
Chart 1: Council Debt – Capital Financing Requirement



24. The council’s capital financing requirement in 2017/18 was approximately £49m. The requirement then gradually rises as there has been significant developments undertaken within the borough such as Market Walk Extension, Primrose Gardens and Strawberry Fields, Tatton Gardens, Strawberry Meadows. Finally, the CFR rises to over £118m, mainly due to the £33m purchase of the Logistics House site as well as borrowing to fund other large capital projects that will generate income for the council. The CFR at this point is levelling out due to major schemes all coming to an end.

25. As demonstrated by Chart 1 the council has been significantly under-borrowed in recent years and is forecast to continue this over the medium term. Future borrowing is expected to take place in the coming year that will reduce the gap between the CFR and actual borrowing.

Chart 2: Annual Income and Annual Borrowing Costs



26. The increase in debt is mirrored by an increase in borrowing however Chart 2 also emphasises how income from investments grows as well. The income from investments is net of running costs and so the gap between the total borrowing and income can be viewed as the council's annual return from borrowing. The gap between these lines is £1.4m demonstrating that the borrowing was solid investment.
27. It is proposed that the gap between total borrowing and income is included as a performance indicator in the capital strategy. As other councils do not publish this data it will not be possible to benchmark this performance indicator however the council can monitor this over time to provide assurance regarding the overall affordability of its investments. Table 4 highlights income from investments will continue to exceed borrowing costs.

Table 4: Borrowing in Excess of Investment Income

	2024/24 £m	2025/26 £m	2026/27 £m
MRP and Interest	3.950	4.416	4.734
Net Income from Asset Investments	(6.093)	(6.272)	(6.259)
Net Income in excess of Borrowing Costs	(2.143)	(1.856)	(1.525)

Income Generating Activity

28. This section outlines the investment in assets that has been made or will be made in the coming years that are forecast to generate net revenue to the council in the medium to long term. These investments however are made for purposes other than purely generating a yield including economic regeneration, job creation, improvements to housing standards and improving residents' enjoyment of the town centre.
29. The council has many assets that generate net income, these are summarised below.

Table 5: Summary of Net Income from Existing Assets

Directorate	2024/25 £m	2025/26 £m	2026/27 £m
Market Walk Shopping Centre	(0.938)	(0.893)	(0.889)
Other Property including land and garages	(0.553)	(0.553)	(0.553)
Primrose Gardens	(0.360)	(0.396)	(0.393)
Strawberry Fields	(0.179)	(0.203)	(0.200)
Logistics House	(0.583)	(0.715)	(0.715)
Strawberry Meadows	(0.310)	(0.310)	(0.310)
Tatton	(0.055)	(0.087)	(0.084)
Whittle Surgery	(0.034)	(0.034)	(0.034)
Total Net Income	(3.012)	(3.191)	(3.178)
Gross Directorate Budgets Chorley Council	16.839	18.133	18.928
% Net Income to Gross Directorate Budgets	-17.89%	-17.60%	-16.79%

30. The council's gross directorate budgets are funded by up to 18% through the income generated by these assets. The increase in net income is largely due to the increase built into the Logistics House lease.
31. It is important therefore to analyse the risk associated with the income assumed in the budget.
32. The interest rates assumed in the models are based on current PWLB rates accessible to the council. As the majority of the schemes are now operational, an increase in interest rates will not affect the returns on these investments. Increases in interest rates will however change the forecast borrowing in future years. The borrowing forecast assumes an additional £16m of borrowing over the coming four years. A 1% increase in the PWLB rate would increase borrowing costs by £160k per annum.
33. When completed all assets are brought into the council's year-end valuation cycle. All assets are valued at least every 5 years however assets will be valued if there is reason to believe its value may have changed by a material amount. The following assets are valued every year:
- Market Walk Shopping Centre and Extension
 - Primrose Gardens Retirement Village
 - Strawberry Fields Digital Office Park
 - Logistics House site
 - Tatton Gardens
34. These assets will be valued to allow the council to compare the values of each asset to the level of outstanding debt per asset. Officers take advice from qualified RICS surveyors regarding all valuations.

Risk Appetite

35. A key element of the Capital Strategy is to define what Chorley Council's risk appetite. Chorley Borough Council is exposed to a number of investment and commercial risks:
- **Financial risk** relating to the investment of cash, market volatility, currency markets, etc
 - **Economic risk** relating to whether the local / national economy is growing or contracting
 - **Counterparty risk** relating to investments, loans to third parties and business transactions
 - **Operational risk** arising from transactions
 - **Strategic risk** relating to the decisions taken by the council in pursuit of its corporate objectives, i.e. the purchase of major new assets.
 - **Reputational risk** relating to the adverse impact of the council's dealings
 - **Environmental and social risks** arising from the adverse impact of investments
 - **Governance risk** relating to the transparency and accountability of decisions and decision-makers.

36. The Council has no appetite for **reputational, governance and foreign currency risk**. Its approach to other risks is as follows:

- **Financial** – subject to full due diligence and appropriate external advice the council will have a moderate risk appetite for investment / expenditure on a range of asset classes, property and longer-term investments. Security and liquidity will be appropriate for the type of investment made. Income generation will prevail over capital appreciation. The Council will have no appetite for volatile or emerging market sector investments.
- **Economic** – The council will have a high-risk appetite for appropriate investments / expenditure in the Borough, it has no risk appetite for investments outside the Borough. The council will have a low appetite for interest rate risk exposure.
- **Counterparty** – the council will have a high appetite for highly rated counterparties and financial institutions and a low appetite for unsecured non-investment debt. All investments will be subject to careful due diligence and an assessment of the Council's corporate priorities and liquidity profile.
- **Operational** – the council will have a low risk appetite for all operational risk arising from factors such as: price errors, administrative errors, IT security, etc. Specific business risks are identified at business unit level and business continuity plans identify and mitigate as appropriate. There is no appetite for fraud, regulatory breaches and exceeding approved limits.
- **Strategic** – The council will have a high appetite for investments which further its corporate priorities, increase revenue streams and / or facilitate the efficient and effective delivery of core service objectives,
- **Environmental and social** – the council will have no appetite for environmental and social risk.

Knowledge and Skills

37. The council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills. The council establishes project teams from all the professional disciplines from across the council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.

38. Internal and external training is offered to members to ensure they have up to date knowledge and expertise to understand and challenge capital and treasury decisions taken by the Director of Finance.

Significant Schemes Currently Being Delivered

39. **Bengal Street** – The Bengal Street council depot site is a prime development opportunity, also providing a ‘gateway’ site into the town centre from the A6. The Council has secured £1.1m of grant funding through BLRF, which supports the development of brownfield development sites and will be expended on the Bengal Street site demolition, asbestos removal and site remediation in line with the grant funding agreement.
40. **Re-location of the Bengal Street Depot** – There is an approved budget of £3.75m to relocate the Bengal Street depot to the Common Bank Industrial Estate site. The purchase of the Common Bank Industrial Estate site was finalised in 2023/24, with Phase 1 of the remediation and redesign works expected to commence in February/March 2024.
41. **Woodlands Development Site** – There is £6.567m budget committed for the Woodlands Development Site for the period 2023/24 to 2025/26. The Council will clear the derelict site and release the land for development enabling significant regeneration for Chorley.
42. **Play and Open Spaces** – There is £2.181m budget committed for the improvement of Play and Open spaces within the borough for the period 2023/24. There are a number of larger schemes within this budget £900k for King George V Playing Fields, £279k for Wigan Lane Playing Fields and £743k for Jubilee Recreation Ground. The remaining budget will be used to further improve sites such as new play equipment, surfacing and wildflower planting at different sites throughout the borough.

Chorley Council’s Future Capital Investment Ambition

43. The council’s ambition to invest within the borough stretches beyond the time scales of its approved capital programme. The council will invest to deliver efficiency saving, generate additional income to be reinvested in services and invest to support local residents and communities. Future ambitions of the council’s capital programme are outlined further below.

Investment Sites

44. The Council regularly reviews sites to bring forward for employment. The Strawberry Meadows site is now operational and there are no new investment schemes currently approved in the capital programme. When these are brought forward appropriate budgets will be agreed.
45. The Council has successfully secured £20m from the Government’s Levelling Up Fund for the regeneration of Chorley Town Centre. The schedule of works are the scheme are yet to be finalised and added to the capital programme. It is intended that this scheme will reshape and refresh the town centre as well as providing long term benefits such as

regeneration of these areas, creation of community and multiuse spaces for residents to enjoy, accommodation, business and employment opportunities.

Investing to Generate Efficiency Savings

46. The council's Medium-Term Financial Strategy identifies a further £0.747m revenue budget efficiency savings to be realised by 2025/26. These savings will come through reduced revenue budgets and additional income generation. The council's Corporate Strategy recognises the need to invest in services to deliver these savings. These investments will include the following:
47. The council's ambition is to consolidate its portfolio of offices to reduce costs and improve efficiency across its services. There is budget of £1.3m in the capital programme to modernise its operational properties and a further £1.6m for the decarbonisation of the Town Hall.
48. The council's Housing Strategy outlined the council's commitment to improve the quality of housing, to meet the changing needs of our residents and to rebalance the housing market. The council manages a wide portfolio of housing including sheltered accommodation, affordable housing and extra care. To build on this success the council has invested a further £2m for the acquisition of affordable residential properties.
49. Leisure Centres – the council now manages its leisure centres and is investing in renovating sites to improve the customer experience as well as maximising the commercial income to the council. The £695k restoration works at Brinscall Baths have now commenced and further Leisure Centre improvements that are yet to be confirmed have been reprofiled to 2024/25.
50. The investment outlined above emphasises the council's ambition to utilise capital expenditure to drive forward efficiencies as well as commercial opportunities for the benefit of its residents and council tax payers. Further opportunities are and will be considered with funding identified to continue this ambition.

Recommendations

51. It is recommended that the prudential indicators outlined in Table 7 are approved as part of the 2024/25 budget.
52. It should be noted that these performance indicators are specific to Chorley Council due both to its composition of funding and its unique level of commercial activity. As such these cannot be benchmarked effectively against other council's indicators. The indicators can however be monitored over time. As such it is proposed that these performance indicators will be monitored, reported and, where necessary adjusted, every six months. They will be reported to Governance Committee and Full Council.

Table 6 – Prudential Indicators 2024/25 to 2026/27

Indicator	2024/25	2025/26	2026/27
Estimated Capital Expenditure (Table 1) £m	19.448	1.827	1.175
Capital Financing/Net Revenue Stream (Table 2) £m	17.22%	18.67%	19.84%
Forecast Capital Financing Requirement (Table 3) £m	118.207	117.407	115.888
Investment Income in Excess of Borrowing (Table 4) £m	(2.143)	(1.856)	(1.525)
% Net Income to Gross Directorate Budgets (Table 5)	17.89%	17.60%	16.79%

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APPENDIX H1

Chorley Borough Council Treasury Management Strategy Statement 2024/25 to 2026/27

1. Purpose of the Report

- 1.1 To present for approval the Prudential and Treasury Indicators and Treasury Management and Investment Strategies for 2024/25 to 2026/27, and the Minimum Revenue Provision Policy Statement for 2024/25.

2. Recommendations

- 2.1 That Council approve:

- the Capital Expenditure Prudential Indicators for 2024/25 to 2026/27 in Tables 1 to 3.
- the revised annual Minimum Revenue Provision (MRP) Policy statement at paragraph 6.3.
- the Treasury Management Strategy and Treasury Management Prudential Indicators for 2024/25 to 2026/27, in Tables 4 to 8.
- the Annual Investment Strategy 2024/25 including Investment Counterparties starting at paragraph 8.2, including the investment benchmark as set out in paragraph 8.5.

3. Background to the Report

- 3.1 For each financial year the Council sets a balanced budget so that cash income raised during the year is sufficient to meet all of its cash expenditure commitments. One of the key functions of the Council's treasury management activity is to ensure that these cash flows are effectively managed, so that cash is available when it is needed. Surplus cash is invested having regard to **risk, liquidity and yield**.
- 3.2 A further key function of the treasury management activity is to ensure that the Council has sufficient funds to pay for its capital and other investment plans. These capital plans, which are set out in the Capital Programme, identify the borrowing needs of the Council over a longer time horizon than the current year. In managing its longer-term cash flow requirements for capital expenditure, the Council will take out loans or alternatively use its cash flow surpluses in lieu of external borrowing. This latter practice is referred to as "internal borrowing". In managing its loans, it may at times be advantageous for the Council to repay or restructure its borrowings to optimise interest payments or achieve a balanced debt portfolio.
- 3.3 Having regard to these activities, the Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

"The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

- 3.4 As treasury management decisions involve borrowing and investing substantial sums of money, the Council is exposed to potentially large financial risks, including the loss of invested funds and the revenue effect of changing interest rates. The identification, control and monitoring of risk are therefore integral elements of treasury management activity.
- 3.5 The Treasury Management Policy Statement for 2024/25 is based upon the Director of Finance and Treasury Officers' views on interest rates supplemented by leading market forecasts. The policy statement covers:
- a) the policy for managing capital borrowing and debt management
 - b) the annual investment strategy for treasury management investments
 - c) reporting arrangements
 - d) training arrangements
 - e) performance indicators
 - f) Minimum Revenue Provision (MRP) Policy
 - g) use of treasury management advisors
- 3.6 Council of 28 February 2023 approved the Treasury Management Strategy for 2023/24, including Prudential and Treasury Indicators, the Treasury Management and Investment Strategies, and the annual Minimum Revenue Provision (MRP) Policy Statement for 2023/24 and proposed changes to be applied from 2023/24. Treasury Management activities during the year have been overseen by the Governance Committee.
- 3.7 This report updates Prudential and Treasury Indicators for financial years 2024/25 to 2026/27. It presents updated Treasury Management and Investment Strategies and proposes the Minimum Revenue Provision Policy Statement for 2024/25.

4. Treasury Management Strategy 2024/25

- 4.1 The strategy for 2024/25 covers two main areas:

Capital issues

- the capital plans and the Prudential Indicators;
- the Minimum Revenue Provision (MRP) policy.

Treasury management issues

- the current treasury position;
- Treasury Indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

- 4.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Management Code, and DLUHC Investment Guidance.
- 4.3 The Statutory Guidance on Minimum Revenue Provision remains that issued by the Ministry of Housing, Communities & Local Government on 2 February 2019 and effective from 1 April 2019.

5. Treasury Management Consultants

- 5.1 The Council uses Link Asset Services Treasury Solutions, as its external treasury management advisors. The advisors provide access to specialist skills and resources including
- technical support on treasury matters and capital finance issues.
 - economic and interest rate analysis.
 - debt services, which includes advice on the timing of borrowing.
 - debt rescheduling advice surrounding the existing portfolio.
 - generic investment advice on interest rates, timing and investment instruments.
 - credit ratings/market information service comprising the three main credit rating agencies.
- 5.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 5.3 The Council will ensure that the terms of their appointment and the methods by which their value will be assessed and subjected to regular review.

6. Capital Prudential Indicators 2024/25 – 2026/27 and MRP Policy Statement

6.1 The Council’s capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the Prudential Indicators, which are designed to assist members’ overview and confirm capital expenditure plans.

6.2 Capital Expenditure

This Prudential Indicator is a summary of the Council’s capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Table 1 - Capital Expenditure	2023/24 Revised £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
An Enterprising Economy With Vibrant Local Centres In Urban and Local Areas	9,370	12,181	952	300
Green And Sustainable Borough	784	1,788	0	0
Housing Where Residents Live Well	5,299	5,479	875	875
Healthy, Safe and Engaged Communities	369	0	0	0
Total	15,822	19,448	1,827	1,175

The table below summarises the above capital expenditure plans identified in the Capital & Investment Strategy and the Capital Programme and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a borrowing requirement.

Table 2 - Capital Financing	2023/24 Revised £'000	2024/25 Revised £'000	2025/26 Revised £'000	2026/27 Revised £'000
Capital Expenditure from Table 1	15,822	19,448	1,827	1,175
Grants & Contributions - external funding	-3,418	-4,515	-775	-775
Capital Receipts	-125	-7,400	0	0
Revenue & Reserves	-821	-70	0	0
Net Financing Needed for Year	11,458	7,463	1,052	400

The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes:

Table 3 - Capital Financing Requirement	2023/24 Revised £'000	2024/25 Revised £'000	2025/26 Revised £'000	2026/27 Revised £'000
Opening CFR	102,335	112,388	118,207	117,407
Net Financing Need for Year (Table 2)	11,458	7,463	1,052	400
Less MRP	- 1,405	- 1,644	- 1,852	- 1,919
Closing CFR	112,388	118,207	117,407	115,888

6.3 **Minimum Revenue Provision (MRP)**

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments (voluntary revenue provision - VRP).

DLUHCM regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

The Council reviewed its approach to MRP in 2022/23, and approved the following approach which has been applied from 2023/24 onwards;

	Previous Approach	Revised Approach
Pre 2008 Debt	<p>The Council has charged the MRP on pre-2008 debt on a “reducing balance” basis at a rate of 4% of the balance at the end of the preceding financial year.</p> <p>This method is no longer considered prudent as the total value of debt is never actually written off – a residual balance always remains using the reducing balance method.</p>	<p>MRP will be charged in “equal annual instalments” over asset lives; this is a prudent approach as it ensures debt is fully cleared.</p>
Post 2008 Debt	<p>The Council has previously charged MRP in equal instalments over the life of an asset.</p>	<p>MRP will be calculated using an “annuity basis” over the life of the asset for <u>all</u> post 2008 debt.</p> <p>Using an annuity basis recognises the “real terms” value of money over time (£1 now being worth less in future years); this is considered more equitable</p>

The Council is recommended to approve the following MRP Policy Statement:

Annual Statement of MRP Policy 2024/25

The aim of the policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure which gave rise to the debt provides benefits.

MRP shall commence in the financial year following that in which the capital expenditure is incurred, or in the year following that in which the relevant asset becomes operational.

In respect of the proportion of the Capital Financing Requirement which relates to debt incurred prior to 2008/09, MRP shall be charged in equal annual instalments over the life of assets (Equal instalment method). This generates a series of equal annual amounts over the life of each asset that is financed by borrowing, with the life determined upon acquisition. This means that the charge to revenue closely matches the period of economic benefit of the

asset. This method is considered prudent as it ensures the debt is cleared in full over the life of the asset.

The MRP liability on debt incurred from 2008/09 onwards shall be based on the estimated useful life of the asset. The MRP shall be calculated using the annuity basis where the principal repayments increase over the life of the asset to reflect the “real terms” value of money over time.

Estimated life periods shall be determined under delegated powers, with reference to the guidance and advice of appropriate professional advisers, in the year that MRP commences. As some types of capital expenditure are not capable of being related to an individual asset, the MRP shall be assessed on a basis which most reasonably reflects the anticipated period of benefit arising from the expenditure.

The MRP policy will be kept under continual review to ensure the Council maintains a prudent approach.

The Government (DLUHC) has introduced additional MRP regulations as follows;

- Capital receipts may not be used in place of the revenue charge. The intent is to prevent authorities avoiding, in whole or part, a prudent charge to revenue. It is not the intention to prevent authorities using capital receipts to reduce their overall debt position, which may have the effect of reducing the MRP made with respect to the remaining debt balance.
- Prudent MRP must be determined with respect to the authority’s total capital financing requirement. The intent is to stop the intentional exclusion of debt from the MRP determination because it relates to an investment asset or capital loan.

The Council’s MRP Policy is compliant with these changes.

6.4 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council’s overall finances. The Council is asked to approve the following indicator:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Table 4 - Ratio of Borrowing Costs : Net Revenue Stream	2023/24	2024/25	2025/26	2026/27
	Revised £'000	Estimate £'000	Estimate £'000	Estimate £'000
Ratio	17.43%	17.22%	18.67%	19.84%

This ratio is based upon Borrowing Costs as a proportion of income from;

- Local Taxation (Council Tax and Business Rates)
- Government grants
- Income generating assets.

Table 4A below compares the income derived from these assets against the total financing cost incurred by the Council. It is emphasised that the comparison is against the total financing cost and not only that which relates to the assets themselves. Further detail is contained in the Capital Strategy.

Table 4a - Investment Income in Excess of Borrowing	2023/24	2024/25	2025/26	2026/27
	Revised	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
Total Borrowing Costs	3,707	3,950	4,416	4,734
Net Income from Non-Financial Investments	-5,787	-6,093	-6,272	-6,259
Investment Income in Excess of Borrowing Costs	-2,080	-2,143	-1,856	-1,525

The estimates of financing costs include current capital commitments and the proposals in the Budget and Capital and Capital Strategy reports. The increasing ratio for the remainder of the budget period reflects the level of borrowing potentially required to finance the Council’s planned Capital Programme. However, the Council will seek to utilise its own resources and “borrow internally” wherever possible without recourse to external debt. The intention for schemes funded through borrowing is that they will, where possible, deliver a financial return and therefore contribute to the sustainability of debt financing costs.

6.5 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

Table 5 - Year End Resources	2023/24 Revised £'000	2024/25 Revised £'000	2025/26 Revised £'000	2026/27 Revised £'000
Core Funds / Working Balances	-30,964	-42,074	-49,905	-50,814
Under / (over) borrowing (Table 6)	32,589	43,769	51,600	52,509
Expected Investments/Borrowing	1,625	1,695	1,695	1,695

The projected reduction in investments is driven by the use of reserves / internal borrowing in financing the capital programme (see Table 2).

7. Borrowing

7.1 The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant Treasury / Prudential Indicators, the current and projected debt positions and the annual Investment Strategy.

7.2 Current portfolio position

The Council's treasury portfolio position at 31 March 2023, with forward projections, is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting the Council's "under borrowed" position.

Table 6 - Portfolio Position	2023/24 Revised £'000	2024/25 Revised £'000	2025/26 Revised £'000	2026/27 Revised £'000
Debt at 1st April	68,341	79,799	87,262	88,314
Other Long Term Liabilities (OLTL)	0	0	0	0
Total Gross Debt 1st April	68,341	79,799	87,262	88,314
Expected Change in Debt	11,458	7,463	1,052	400
Expected Change in OLTL	0	0	0	0
Expected Change in Gross Debt	11,458	7,463	1,052	400
Gross Debt 31st March	79,799	87,262	88,314	88,714
Capital Financing Requirement (Table 3)	112,388	118,207	117,407	115,888
Under / (over) Borrowing	32,589	30,945	29,093	27,174

The figures for long-term liabilities in the above table relate to leases which the Council has entered into, based on current accounting requirements. Currently, a new accounting

standard for leasing, IFRS 16, is due to be introduced for application in the Council's 2024/25 financial statements. The impact of this on those statements will be fully assessed during the year and implemented accordingly.

Treasury Indicators: limits to borrowing activity

7.3 Within the prudential indicators there are two key indicators to ensure that the Council operates its activities within well-defined limits. These are the Operational Boundary and the Authorised Limit. The principal aim is to ensure that borrowing is only undertaken in respect of previous and approved future capital spending and not for revenue or speculative purposes. This is achieved by setting limits which restrict the amount of borrowing which can be undertaken to that required to finance the current underlying borrowing requirement (ie the CFR), plus the impacts of approved capital schemes for each of the coming three financial years. This is the Operational Boundary. To allow for some operational flexibility in the timing of borrowing, scope is provided for some headroom above this, but this is only to be used on a short-term basis and is subject to a maximum limit which may not be exceeded. This is the Authorised Limit. Further detail of both indicators is set out below.

7.4 The S151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

7.5 Treasury Indicators: limits to borrowing activity

The Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

New regulations on accounting for leases introduced by IFRS16 may increase the CFR and hence there may be a need to raise the Operational Boundary. A dedicated report will be brought to Council if this is the case.

Table 7 - Operational Boundary	2023/24 Revised £'000	2024/25 Revised £'000	2025/26 Revised £'000	2026/27 Revised £'000
Debt	82,897	90,630	91,941	92,499
Other Long Term Liabilities	0	0	0	0
Operational Boundary	82,897	90,630	91,941	92,499

To allow for operational flexibility, this table allows for a margin for potential day to day cash flow requirements; equivalent to 20% of the Net Cost of Services – over and above anticipated long term debt.

The Authorised Limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This indicator is based upon the Operational Boundary, with a margin of 10%.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

Table 8 - Authorised Limit	2023/24	2024/25	2025/26	2026/27
	Revised	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
Debt	91,186	99,693	101,135	101,749
Other Long Term Liabilities	0	0	0	0
Authorised Limit	91,186	99,693	101,135	101,749

7.6 Maturity structure of borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Table 9 - Maturity Structure of Borrowing		
Maturity Structure of Fixed Interest Rate Borrowing 2023/24		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	30%
5 years to 10 years	0%	50%
Over 10 years	0%	100%

It is not anticipated that any borrowing will be taken at variable interest rates.

7.7 Prospects for borrowing interest rates

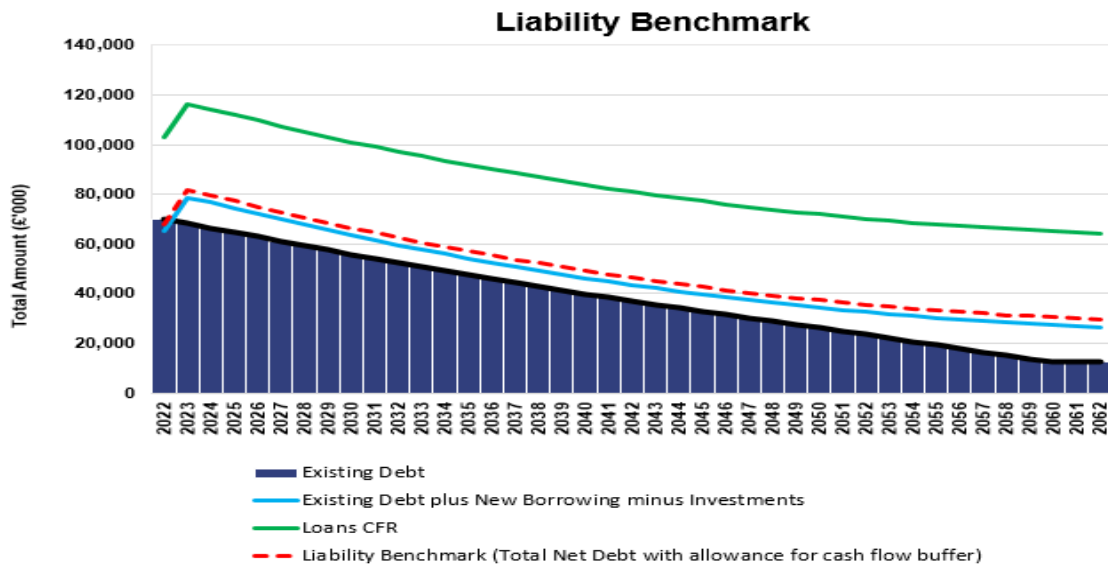
After period of interest rates of plus 5% the trend is set to continue in the short term, with forecasts estimating that rates will not begin to fall until the summer of 2024. Even then the decrease in rates will be gradual and they will not return to the very low position of pre 2022.

A full commentary is provided at Appendix H2

Appendix H2 outlines the latest market estimates, however the volatility of financial markets and influence of external factors must be stressed and the position will be continually monitored.

7.8 Liability Benchmark

Under the Prudential Code there is a requirement for Authorities to show a long-term projection of external debt and the capital financing requirement (CFR). This projection should enable review of how the level of underlying borrowing for capital purposes (the CFR) is offset by other cash flows and balances. This indicator is known as the "Liability Benchmark".



7.9 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (ie the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Council’s reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and will be continued where possible.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported at the next available opportunity.

7.10 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed.

Similarly, borrowing purely for the purpose of generating yield is no longer permissible.

8. Annual Investment Strategy

8.1 Investment Policy

The Council’s investment policy has regard to the DLUHC’s Guidance on Local Government Investments (“the Guidance”) and the CIPFA Treasury Management in the Public Services: Guidance Notes for Local Authorities incl Police and Fire Authorities (2021) (“the CIPFA TM Code”). The Council’s investment priorities will be **Security** first, portfolio **Liquidity** second, and only then return (**Yield**).

In accordance with the above guidance from the DLUHC and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Treasury Management Practice 1 (TMP1) deals with credit and counterparty risk management. In applying this practice, the following limits are relevant:

Specified Investments: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

Non-specified Investments: These are any investments which do not meet the specified investment criteria. A maximum of £6m will be held in aggregate in non-specified investments, specifically term deposits with UK local authorities.

8.2 Creditworthiness policy

The Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard & Poor’s. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

Yellow	5 years
Purple	2 years
Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	Not to be used

The yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council use will be a Short-Term rating (Fitch or equivalents) of F1 and a LongTerm rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly and will be checked at the time of placing investments. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service, and has access to the websites of Fitch, Moody's and Standard & Poor's.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, information on any external support for banks to help support its decision-making process.

Investment Counterparties 2024/25

Category	Institutions	LAS Colour Code	Maximum Period	Limit per Institution
Banks & Building Societies: Call Accounts /Term Deposits / Certificates of Deposit (CDs)				
Government related/guaranteed entities	DMADF (DMO)	Yellow	6 months	Unlimited
	UK Local Authority	Yellow	1 year 2 years	£3m per LA £2m per LA; £4m in total
UK part-nationalised institutions	Royal Bank of Scotland group	Blue	1 year	£4m per group
UK-incorporated Institutions	UK banks and building societies of high credit quality	Orange	1 year	£5m per group (or institution if independent)
		Red	6 months	
		Green	3 months	
Money Market Funds				
Money Market Funds	MMFs of high credit quality - AAA rated		Instant access	£5m per fund

This list is unchanged from that for 2023/24.

8.3 Country limits

In addition to the detailed UK counterparties, the above list includes non-UK banks from countries which have a minimum sovereign credit rating of AA- from Fitch. To this are added the requirement for the individual institution to itself have a high credit rating and a limit of £4m per institution/group and £8m in total in this category of investment.

The list of eligible countries (as at 31st December 2022) would then be as shown below. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland

- U.S.A.

AA

- Abu Dhabi (UAE)

AA-

- Belgium
- Qatar
- France
- UK

8.4 Investment strategy

In-house funds

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations

Appendix H2 sets out forecasts for bank interest rates; these are reviewed and updated on a regular basis.

Investment Treasury Indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council’s liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

Table 10 - Maximum Principal Sums Invested > 365 Days (Per single institution)	2023/24	2024/25	2025/26	2026/27
	Revised £'000	Revised £'000	Revised £'000	Revised £'000
UK Government	0	0	0	0
UK Local Authorities	6,000	6,000	6,000	6,000
UK Banks & Building Societies	0	0	0	0
Non-UK Banks	0	0	0	0
Total	6,000	6,000	6,000	6,000

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

8.5 Investment Risk Benchmarking

The Council will benchmark its investment performance against target rates provided by our Treasury advisors (LINK) – these are based upon the SONIA (Sterling Overnight Index Average), which is the risk-free rate for sterling markets administered by the Bank of England. SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

8.6 Accounting treatment of investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, officers will review the accounting implications of new transactions before they are undertaken.

8.7 Reporting Arrangements

As a minimum the following reports will be prepared;

- Annual Treasury Management Strategy (Full Council – Feb / Mar)
- Mid Year Treasury Management Review (Governance Committee – Nov)
- Treasury Management Outturn Report (Governance Committee – July)

These are the minimum reporting requirements; updates on debt interest / investment income will also be included in quarterly budget monitoring reports.

Further reports will also be presented to Members in the event of any significant Economic / Fiscal events that impact upon the Council.

8.8 Training / Staff Skills & Competencies

It is essential that staff involved in Treasury Management are suitably qualified and experienced.

The table below lists the staff and their qualifications / experience; and sources of external advice / training.

Officer	Initials	Qualification	Experience (yrs)
<u>Overall Treasury Strategy</u>			
Director of Finance	LM	Institute of Chartered Accountants England & Wales (ICAEW)	36
Head of Finance	NH	Chartered Institute of Public Finance & Accountancy (CIPFA)	22
Principal Financial Accountant	JW	Association of Chartered Certified Accountants (FCCA)	23

		Chartered Institute of Public Finance & Accountancy (CIPFA)	
<u>Day to Day Cash Flow Management</u>			
Senior Financial Accountant	HB	CIPFA PQ Exam Qualified Graduate	23
Financial Accountant	SN	Association of Accounting Technicians (AAT)	3
Financial Accountant	HK	Association of Accounting Technicians (AAT)	5
Financial Accountant	CM	Association of Accounting Technicians (AAT)	5
<u>Long Term Debt / Investment Decisions</u>			
Director of Finance	LM	Institute of Chartered Accountants England & Wales (ICAEW)	36
Head of Finance	NH	Chartered Institute of Public Finance & Accountancy (CIPFA)	22
Principal Financial Accountant	JW	Association of Chartered Certified Accountants (FCCA) Chartered Institute of Public Finance & Accountancy (CIPFA)	23
<u>Independent (External) Treasury Advice</u>			
Link Treasury Advisory Service	Overall strategy advice Review of debt / investment portfolio Daily Bulletins / Economic Updates Provision of Training		
Tradition (UK) Ltd	Investment Broker		

Imperial Treasury	Investment Broker
Chartered Institute of Public Finance & Accountancy (CIPFA)	Provision of Training Technical updates

All staff receive regular bulletins and updates throughout the year, and formal training is available where required.

Similarly training will be arranged for elected Members as required.

9. Background Documents

CIPFA Treasury Management in the Public Services: Code of Practice & Cross-Sectoral Guidance Notes (2021 edition)

CIPFA Treasury Management in the Public Services: Guidance Notes for Local Authorities (2021 edition)

CIPFA Prudential Code for Capital Finance in Local Authorities (2021 edition)

CIPFA Standards of Professional Practice: Treasury Management

DLUHC Guidance on Local Government Investments

DLUHC Guidance on Minimum Revenue Provision

Appendix H2 – Link Advisory Service – Commentary on Economic Background / Interest Rate Forecasts

APPENDIX H2

TREASURY MANAGEMENT UPDATE FROM LINK (at 31 December 2023)

Economics update

- The third quarter of 2023/24 saw:
 - A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
 - A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS “experimental” rate of unemployment has remained low at 4.2%;
 - CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
 - Core CPI inflation decreasing from April and May’s 31 years’ high of 7.1% to 5.1% in November, the lowest rate since January 2022;
 - The Bank of England holding rates at 5.25% in November and December;
 - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.
- The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
- However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.
- The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.
- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with only marginal falls showing year on year on the Halifax (-1%) and Nationwide (-1.8%) indices. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.
- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.
- The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate

of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3my to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.

- The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.
- CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.
- The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time". In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.
- Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before starting to decline more decisively again in February. That explains why we think the Bank of England won't feel comfortable cutting interest rates until H2 2024.
- The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% at the time of writing, with further declines likely if the falling inflation story is maintained.
- Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from \$1.21 in November to \$1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.
- The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

MPC meetings 2nd November and 14th December 2023

- On 2nd November, the Bank of England’s Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14th December reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about “sticky” inflation remained in place.
- Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.
- In addition, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has kept short-term rates in the range of 5.25%-5.50%, whilst the ECB has moved its Deposit rate to a probable peak of 4%. Markets currently expect both central banks to start cutting rates in 2024.

Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast, made on 8th January, sets out a view that both short and long-dated interest rates will be elevated for some time, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is also providing a limited package of fiscal loosening to try and protect households and businesses from wholesale gas and electricity prices.

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was previously updated on 7 November and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and when there is a likelihood of the overall economy enduring at least a slowdown or mild recession over the coming months (although most recent GDP releases have surprised with their on-going robustness).
- Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
 - In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

PWLB RATES

- The short and medium part of the gilt curve has rallied since the start of November as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone. At the time of writing there is c70 basis points difference between the 5 and 50 year parts of the curve.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is even.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).
- The Bank of England has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- Geopolitical risks, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- Despite the tightening in Bank Rate to 5.25%, the Bank of England allows inflationary pressures to remain elevated for a long period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- The pound weakens because of a lack of confidence in the UK Government's pre-election fiscal policies, which may prove inflationary, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Projected gilt issuance, inclusive of natural maturities and QT, could be too much for the markets to comfortably digest without higher yields compensating.

LINK GROUP FORECASTS

We expect the MPC will keep Bank Rate at 5.25% until the second half of 2024, to combat on-going inflationary and wage pressures, even if they have dampened somewhat of late. We do not think that the MPC will increase Bank Rate above 5.25%.

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, as inflation continues to fall through 2024.

Our target borrowing rates are set two years forward (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 08.01.24 p.m.	Target borrowing rate now (end of Q4 2025)	Target borrowing rate previous (end of Q3 2025)
5 years	4.53%	3.70%	3.80%
10 years	4.67%	3.90%	3.80%
25 years	5.19%	4.20%	4.20%
50 years	4.97%	4.00%	4.00%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate remains at 3% and reflects Capital Economics’ research that suggests AI and general improvements in productivity will be supportive of a higher neutral interest rate. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to factor in Bank Rate reductions for 2024 and later.

Our suggested budgeted earnings rates for investments up to about three months’ duration in each financial year are set out below.

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.55%	4.70%
2025/26	3.10%	3.20%
2026/27	3.00%	3.00%
2027/28	3.25%	3.25%
2028/29	3.25%	3.25%
Years 6 to 10	3.25%	3.25%
Years 10+	3.25%	3.25%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts. Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

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APPENDIX I**Pay Policy 2024/25**

Under Chapter 8 of the Localism Act 2011 Local Authorities in England and Wales were required to produce a pay policy statement for 2012/13 and for each financial year and must also follow any additional guidance from the Secretary of State for Communities and Local Government. Information is also reported in compliance with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (Policy Procedure paragraph 6).

This Policy must be agreed and signed off by the Full Council and be publicly available.

Objective

The purpose of the Pay Policy is to provide transparency of the Council's approach to pay for all its employees. It provides information on:

- The methods used to determine the salaries of all employees.
- The details, levels of remuneration, and any other benefits of the Council's most senior staff.
- The relationship between the remuneration of its most senior staff and other staff within the Council.
- Details relating to the Council's lowest paid staff.
- Information on the Council's Gender Pay Gap.
- The person responsible for ensuring that the Pay Policy is consistently complied with throughout the Council.

The aim of the policy is to ensure that the Council's approach to determining pay for its employees is fair and transparent.

Chorley Borough Council's responsibility

It is the Council's responsibility to ensure that:

- A policy is produced for each financial year.
- The policy complies with all relevant legislation.
- The policy is publicly available through its website.
- The policy is applied fairly and consistently.

Compliance

It is the responsibility of the Council's Head of Human Resources to ensure that the Pay Policy is adhered to and is required to report any deviation from the Policy to the Leader of the Council.

This policy will be published on the Chorley Council website as soon as possible after it has been approved by Full Council.

Policy Procedure

Scope

The pay policy covers the remuneration of all employees of the Council including temporary employees. Individuals engaged through employment agency arrangements would also be covered by the policy in compliance with the Agency Workers Regulations 2010.

Pay Structure

The Council uses the nationally negotiated pay spine. The Council also adheres to the national pay bargaining arrangements in respect of increases to the national pay spine.

The Council has two active pay spines, the Chorley Council Pay Spine at Appendix I(i) applies to all employees on historic Chorley Council contracts. The New Shared Pay Spine at Appendix I(ii) applies to employees at Chorley Council and South Ribble Borough Council who have accepted the councils' new shared terms and conditions through a process of consultation and agreement.

The pay spines for 2023/24 are attached. These pay spines will remain unchanged until the 2024/25 pay award is agreed.

The pay spines are used to determine the salaries of all Council employees apart from the Chief Executive, Directors, and Heads of Service.

All Council posts, apart from the Chief Executive, Directors, and Heads of Service, are job evaluated using an established job evaluation scheme. All roles on both pay spines have been evaluated using the National Joint Council (NJC) Job Evaluation Scheme, in agreement with UNISON.

Shared Services

Several services are shared by Chorley Council and South Ribble Borough Council. The following are employed by one council or the other, but provide services to both:

Service	Employer
Communications and Visitor Economy	South Ribble Borough Council
Transformation & Partnerships	Chorley Council
HR	Chorley Council
Audit and Risk	South Ribble Borough Council
Democratic Services	South Ribble Borough Council
Financial services	Chorley Council
Legal	South Ribble Borough Council

The following have employees of both Councils working together to deliver services across the organisations:

- ICT Services
- Customer Services
- Property and Development
- Pest Control
- Building Control

Additionally, the following services, whilst not shared themselves, have shared management:

- Public Protection
- Operational Assets
- Economic Growth

Senior Management Remuneration

The Localism Act requires that Councils report on the remuneration of Chief Officers and Deputies, however this definition is very broad and so to ensure compliance, all senior management pay information has been included. Senior Management is defined as:

- Chief Executive
- Deputy Chief Executive
- Director (Customer & Digital)
- Director (Change and Delivery)
- Director (Property and Planning)
- Director of Finance - S151 Officer
- Director (Governance) – Monitoring Officer
- Director (Communities)

All Senior Management posts are shared with South Ribble Borough Council and salaries are agreed by Full Council.

Senior Management pay increases.

Senior Manager salaries are increased in line with agreed national pay awards. The most recent pay award was applicable from 1 April 2023.

Appointments

All appointments to Senior Management positions are undertaken by the Shared Services Joint Committee Appointments Panel, the membership of which is agreed annually by the Full Councils of Chorley Council and South Ribble Borough Council.

Full Council must agree the appointment of the Chief Executive.

Elections

The Chief Executive will also take on the role of Returning Officer for any Local and National elections, payment for which will be in accordance with the statutory calculation.

Should the Deputy Chief Executive or the other Directors participate in any of the electoral processes, they would also receive an additional payment. depending upon the role they undertake.

Chief Executive

The Chief Executive has responsibility for both Chorley Council and South Ribble Borough Council, and the salary reflects those responsibilities. The post is currently employed by Chorley Council.

Prior to the appointment of a Chief Executive, Full Council will determine the salary of the post to be advertised.

The level of salary for the Chief Executive, who is the Head of Paid Services for both Chorley Council and South Ribble Borough Council, is a spot salary of £154,318.

Deputy Chief Executive

Appointment to the position of Deputy Chief Executive is undertaken by the Shared Service Appointment Panel. The Deputy Chief Executive is a shared role, employed by South Ribble Borough Council.

The level of salary for the Deputy Chief Executive is a single spot salary of £109,934.

Directors

All Directors are shared with South Ribble Borough Council. The following Directors are employed by Chorley Council:

Director of Finance – Section 151 Officer	£86,034 plus a supplement of £7,500 for undertaking the responsibility of Section 151 Officer.
Director of Customer and Digital – SIRO	£86,539 plus a supplement of £10,000 for undertaking the responsibility of the Senior Information Risk Officer (SIRO) for both Chorley and South Ribble Borough Councils
Director of Change and Delivery	£86,034

The remaining Directors are employed by South Ribble Borough Council and the detail of their remuneration is contained within the South Ribble Borough Council pay policy:

- Director of Governance
- Director of Property and Planning
- Director of Communities

The level of pay for the Directors is set, with regards to:

- The wide range of functions which the Directors are responsible for.
- Market analysis of similar posts within other local authorities.
- All Directors work for both Chorley Council and South Ribble Borough Council.

Relationship between the remuneration of the most senior staff and other staff within the Council

The comparison of senior management salary level to the median salary level within Chorley Council (required under the Localism Act 2011) is detailed below. The median figure excludes casual employees who are only employed on an ad hoc or occasional basis.

The median salary of Chorley Council is SCP 19 which is £29,777.

Role	Ratio
Chief Executive	1:5.18
Deputy Chief Executive	1:3.69
Director of Finance – Section 151 Officer	1:3.14
Director of Customer and Digital – SIRO	1:3.24
Director of Change and Delivery	1:2.90

Heads of Service

Heads of Service were established by Full Council in August 2022 and salaries have increased annually in line with the nationally agreed pay award.

Grade	Post	Salary
HoS1	Head of Service post that is not shared	£64,328
HoS2	Shared Head of Service post	£68,438

The following Head of Service and Project Director posts report into a Senior Manager. All Senior Managers are shared however only the Head of Service posts indicated are shared with Chorley Council.

Head of Service	Shared services with South Ribble Borough Council	Salary	Ratio
Head of ICT*	Yes	£68,438	1:2.30
Head of HR	Yes	£68,438	1:2.30
Head of Transformation & Partnerships*	Yes	£68,438	1:2.30
Head of Customer Services	Yes	£68,438	1:2.30
Head of Planning and Enforcement	No	£64,328 plus a retention payment of £10,000	1:2.16

Head of Communities and Housing	No	£64,328	1:2.16
Head of Operational Assets	Yes	£68,438	1:2.30
Head of Streetscene and Waste	Yes (temporary for initial 12 months)	£68,438	1:2.30
Head of Public Protection*	Yes	£68,438	1:2.30
Head of Economic Growth	Yes	£68,438	1:2.30
Head of Financial Services	Yes	£68,438	1:2.30

*Indicates a post is vacant

The following Head of Service posts are employed by and shared with South Ribble Borough Council and are detailed in the South Ribble Borough Council pay policy:

- Head of Governance
- Head of Audit and Risk
- Head of Communications and Visitor Economy
- Head of Property and Development
- Head of Legal

The level of pay for the Heads of Service was agreed based on:

- The wide range of functions which the Directors are responsible for, thus requiring Heads of Service to operate independently at a senior strategic level.
- Market analysis of similar posts within other local authorities and public sector organisations.
- Those posts which work across Chorley Council and South Ribble Borough Council.

Other Pay Related Conditions

Pension Arrangements

All permanent and temporary employees, including senior management, are entitled to join the Local Government Pension Scheme if they so wish. No alternative options are available should employees not wish to join the scheme.

Enhancements to employee's pension entitlements will not normally be provided for any Council employee unless there are exceptional circumstances.

Employees have the option to pay shared Additional Voluntary Contributions (AVC's) to increase their pension on retirement, however, due to savings generated there is no cost to the Council for this.

Professional fees

Where membership of a particular professional organisation is required by the postholder to undertake their duties these membership costs will be reimbursed by the Council.

Performance Related Pay

Chorley Council does not have any scheme relating to performance related pay for any employees including Senior Management.

Market Supplements

The Council may apply a supplement to the agreed job evaluated grade to enable the Council to recruit and retain talent where:

- There is a demonstrable differential between the market rate for a post and the Council salary.
- There is a market shortage of the skills necessary to the post.
- There is a business reason to apply a market supplement.

Market supplements must be agreed by the Chief Executive (Head of Paid Services) and are reviewed annually.

Bonuses

Chorley Council does not have any schemes relating to the payment of bonuses for any employees including Senior Management, and therefore none are received.

Payments on the termination of employment

An employee being made redundant would receive a payment in accordance with the Council's Change Policy which is applicable to all permanent and temporary employees. Payments are based upon the statutory redundancy ready reckoner and the employee's actual weekly wage. For employees on the councils' new terms and conditions, this is then subject to a further multiplier of 2.2.

Adherence will be made to any restriction on public sector exit payments that may be implemented during the period of this Pay Policy Statement.

Senior Managers returning to Chorley Council

The relevant appointment panel would consider applications from former Senior Managers of either Chorley Council or another local authority who received either a redundancy payment or who were in receipt of a Local Government Pension, to determine whether it would be appropriate to appoint them to a Senior Management post within Chorley Council.

Health care

Chorley Council pays for all employees, including senior managers to have level 1 access to a Health Care Plan. For all those employees participating in the scheme the value of the benefit is £66 per employee per annum. Anyone wanting to increase the level of cover or include partners or spouses on the Health Care Plan must pay any additional premium themselves, through their salary.

Car Allowance

Employees subject to the Shared Pay Spine at Level 10 and above receive a 6% car allowance, excluding the Chief Executive, Directors, and Heads of Service.

Employees, for whom it is essential to drive their own vehicle in pursuance of their duties, are entitled to receive an essential user car allowance in accordance with National Conditions of Service. Employees for whom it is desirable to use their own vehicle in pursuance of their

duties are entitled to claim mileage payments in accordance with the casual mileage rates also within the National Conditions of service.

Reservists Leave

The Council will grant up to an additional 10 days (pro-rata for part-time employees) of paid leave per annum to employees who are Reservists under ‘Special Leave for Public Duties’ to attend military training and annual camp.

Ex Gratia Payments

Where an employee goes well beyond the expected responsibility of their role, this directly benefits the organisation and our community, and job evaluation is not appropriate, an ex gratia payment may be made to them. The business case for all payments must be agreed by the Head of Paid Services. Ex gratia payments must not undermine the effectiveness of the job evaluation scheme.

Overtime

Employees are entitled to receive the same pay whilst on the four weeks of statutory amount of annual leave as they are whilst at work. To take into account overtime worked, an additional 7.69% is added to overtime payments to reflect overtime in holiday pay calculations for the 4 weeks of annual leave required.

Lowest Paid Employees

Chorley Council has adopted the “Living Wage Foundation” rates for all its employees, excluding apprentices in their first year of employment (see below), to address the issue of low pay. The hourly rate is set by the Centre for Research in Social Policy and is based upon what it considers to be the basic cost of living to provide a minimum income standard. This differs from the National Living Wage (formerly known as Minimum Wage). Both rates are shown below.

	2023-2024	2024-2025
Foundation Living Wage	£10.90	£12.00
National Living Wage (23 and over)	£10.42	£11.44

All employees on the Chorley Pay Spine commence on a minimum of Grade 2 Spinal Column Point (SCP) 3-6. From the 1st April all employees will be appointed at a minimum of SCP 5.

SCP	Annual salary	Hourly rate
5	£23,500	£12.43
6	£23,893	£12.64

All employees on the New Shared Pay Spine commence on a minimum of Level 2, Spinal Column Points (SCP) 4-5.

SCP	Annual salary	Hourly rate
4	£23,114	£12.29
5	£23,500	£12.43

Progression through the grade is by annual increments until the maximum of the scale is reached.

Apprenticeships

Chorley Council employs an apprentice workforce with apprentices currently in post in Finance, ICT, Customer Services, and Streetscene. In shared services, apprentice posts are shared with South Ribble Borough Council. Chorley Council has agreed that all apprentices would be paid the top rate of minimum wage for year 1, and Foundation Living Wage rate for year 2.

Year 1	£11.44
Year 2	£12.00

Gender Pay Information

This information is published in compliance with the The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and relates to the salary levels of employees at the 5th April 2023.

Average hourly rates of pay for male and female employees (Regulations 8 and 9):

	Male	Female	Difference
Mean hourly rate	£17.43	£18.12	3.8%
Median hourly rate	£15.22	£16.49	7.7%

Bonus payments made to male and female employees (Regulations 10, 11 and 12):

This information is not reported, as bonuses are not paid to any employee of Chorley Council.

The proportions of male and female employees in the lower, lower middle, upper middle and upper quartile pay bands (Regulation 13).

	Male	Female
Lower quartile	64.6%	35.4%
Lower mid quartile	42.3%	57.7%
Upper mid quartile	48.7%	51.3%
Upper quartile	43.6%	56.4%

Appendices

Appendix I(i) – Chorley Council Pay Spine

Appendix I(ii) – New Shared Pay Spine

Chorley Council Senior Structure

Employer	Shared with South Ribble Borough Council	Reporting Unit	Position Name	Surname	Forename	Pro-Rated Actual Scalepoint Value	Basis	Type
Chorley Council	Yes	Chorley and South Ribble Councils	Chief Executive	SINNOTT	CHRISTOPHER	£154,318.00	Full Time	Permanent
South Ribble Borough Council	Yes	Deputy Chief Executive	Deputy Chief Executive			£109,933.56	Full Time	Permanent
Chorley Council	Yes	Customer and Digital	Director Customer + Digital			£96,539.63	Full Time	Permanent
Chorley Council	Yes	Finance	Director of Finance			£93,534.00	Full Time	Permanent
South Ribble Borough Council	Yes	Communities & Leisure	Director of Communities & Leisure			£86,034.38	Full Time	Permanent
Chorley Council	Yes	Change and Delivery	Director of Change & Delivery			£86,034.38	Full Time	Permanent
South Ribble Borough Council	Yes	Corporate Governance	Director of Corporate Governance			£86,034.00	Full Time	Permanent
Vacant	Yes	Change and Delivery	Head of Transformation and Partnerships			£68,483.00	Full Time	Permanent
Chorley Council	Yes	Change and Delivery	Head of Human Resources			£68,483.00	Full Time	Permanent
Chorley Council	Yes	Finance	Head of Financial Services			£68,483.00	Full Time	Permanent
South Ribble Borough Council	Yes	Change and Delivery	Head of Communications and Visitor Economy			£68,483.00	Full Time	Permanent
Chorley Council	Yes	Change and Delivery	Head of Economic Growth			£68,483.00	Full Time	Permanent
South Ribble Borough Council	Yes	Corporate Governance	Head of Audit and Risk			£68,483.00	Full Time	Permanent
South Ribble Borough Council	Yes	Corporate Governance	Head of Legal and Procurement			£68,483.00	Full Time	Permanent
Chorley Council	Yes	Customer and Digital	Head of Customer Services			£68,483.00	Full Time	Permanent
Vacant	Yes	Customer and Digital	Head of ICT			£68,483.00	Full Time	Permanent
Chorley Council	Yes (interim for 12 months)	Customer and Digital	Head of Streetscene and Waste			£64,328.00	Full Time	Permanent
Chorley Council	No	Property and Planning	Head of Spatial Planning			£64,328.00	Full Time	Permanent
Vacant	Yes	Communities and Leisure	Head of Public Protection			£64,328.00	Full Time	Permanent
South Ribble Borough Council	Yes	Corporate Governance	Head of Democratic Services			£68,483.00	Full Time	Permanent
South Ribble Borough Council	Yes	Property and Planning	Head of Property & Development Projects			£73,483.00	Full Time	Permanent
Chorley Council	No	Property and Planning	Head of Planning & Enforcement			£74,328.00	Full Time	Permanent
Chorley Council	No	Communities and Leisure	Head of Communities & Housing			£64,328.00	Full Time	Permanent
Chorley Council	Yes	Property and Planning	Head of Operational Assets			£68,483.00	Full Time	Permanent

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Structure Level 2	Structure Level 3	Structure Level 4	Reporting Unit	Position Name	Annual Salary	Contractual Hours	Basis	Type	Responsibilities	Budget	Areas of Responsibility
			Chorley and South Ribble Councils	Chief Executive	£154,318.00	36.25	Full Time	Permanent	To deliver the councils' corporate and partnership priorities in line with the councils' Corporate Strategies. As the Head of Paid Service to ensure the effective strategic leadership of the council's Senior Management Team and be the Council's principal policy adviser in order to support the delivery of excellent services in accordance with Council policy, budgetary and statutory requirements.	£14,815,600	All employees of Chorley Council
Deputy Chief Executive			Deputy Chief Executive	Deputy Chief Executive	£109,933.56	36.25	Full Time	Permanent	To support the Chief Executive as the Councils' Deputy Chief Executive. To lead effective decision making and transformation across the councils, including the development and implementation of future shared service phases, as well as supporting the efficient delivery of services. To work with the Councils' Members, Chief Executive and leadership team to develop the culture and achieve the aims and desired outcomes of each Council. To support the Chief Executive in setting the overall strategic direction of the organisations.	£449,400	Change & Delivery; Finance; Governance
Customer and Digital			Customer and Digital	Director Customer + Digital	£96,539.63	36.25	Full Time	Permanent	This role will be responsible for delivering key customer facing services and continually improving the user experience through applying technology and digital solutions to drive innovation and achieve strategic priorities. You will lead the joint digital strategy and use of customer intelligence to shape and design key services, encouraging behaviour change and increasing customer satisfaction.	£4,672,600	Customer & Digital Directorate - Customer Services; ICT; Neighbourhoods & Waste; Streetscene
Deputy Chief Executive	Finance		Finance	Director of Finance	£93,534.00	36.25	Full Time	Permanent	To be the Councils' s151 officer, with statutory responsibilities under the Local Government Act 1972 and s114 of the Local Government Finance Act 1988 to maintain the financial administration of the Councils, balancing local service needs with corporate interests while also ensuring compliance with all financial, statutory and constitutional requirements. To contribute to the strategic leadership of the Councils and to ensure effective and efficient financial management of the organisation to meet Councils objectives.	£1,224,200	Shared Financial Services
Communities & Leisure			Communities & Leisure	Director of Communities & Leisure	£86,034.38	36.25	Full Time	Permanent	You will manage the Communities Directorate, driving a focus on prevention and early intervention across the councils with wider public service colleagues. You will lead the delivery and better integration of services focussed on the wider determinants of health and sustainable communities including environmental health, public protection, strategic housing, community wellbeing and leisure management. You will also be the lead director for safeguarding and public health. You will be the Managing Director of Chorley Leisure Ltd, and South Ribble Leisure Ltd.	£1,906,900	Communities & Housing; Public Protection;
Deputy Chief Executive	Change and Delivery		Change and Delivery	Director of Change & Delivery	£86,034.38	36.25	Full Time	Permanent	You will provide senior leadership and oversight for the councils, ensuring that change and transformation is well managed. As well as managing key corporate services, you will provide senior capacity to lead key programmes of change and transformation, cutting across the organisations and wider public services.	£1,767,500	Transformation & Partnerships; Economic Growth; Communications & Visitor Economy; HR
Deputy Chief Executive	Corporate Governance		Corporate Governance	Director of Corporate Governance	£86,034.00	36.25	Full Time	Permanent	To be the Monitoring Officer under the provisions of Section 5 of the Local Government and Housing Act 1989 for both Councils and to be the Councils' Data Protection Officer (DPO). To ensure that, in the delivery of its services, the Councils are compliant with relevant law, frameworks, guidance, policies and procedures – identifying issues of non-compliance and, where this is the case, ensuring that the appropriate remediation is undertaken. To be responsible for the overall direction, organisation, management and performance of Legal, Elections, Democratic, Corporates Support, Mayoralty, Procurement, and Internal Audit and Risk services.	£34,000	Governance; Legal Services; Audit & Risk
Property & Planning	CH Planning & Enforcement		CH Planning & Enforcement	Head of Planning & Enforcement	£74,716.00	36.25	Full Time	Permanent	As the Council's Head of Planning and Enforcement, you will lead and manage the council's planning, licensing, building control and compliance functions. You will work to ensure that the council meets statutory requirements in relation to development management and licensing. The effective planning service you will oversee will ensure that development meets the future needs of the borough, while the licensing and building control functions will keep the borough and residents safe.	£1,276,100	Chorley Council's Planning & Enforcement Service (including Shared Building Control Service)

Communities & Leisure	Public Protection		Public Protection	Head of Public Protection	£68,483.00	36.25	Full Time	Permanent	As the Head of Public Protection, you will provide leadership to the teams that provide environmental health, community safety and public protection to the councils. You will ensure that the councils' meet their statutory obligations in relation to environmental health and crime and disorder. In addition, you will manage the shared pest control function. You will make close links with other services to promote prevention and early intervention in the services the teams provide, promoting public health across the boroughs. For Chorley, you will also manage the animal welfare service.	£1,140,400	Public Protection (Chorley)
Customer and Digital	Shared Customer Services		Shared Customer Services	Head of Customer Services	£68,483.00	36.25	Full Time	Permanent	As the Shared Service Lead for Customer Services, you will lead and manage the Councils' customer service functions, ensuring the effective and holistic delivery of frontline services. You will maximise the use of technology to enable and facilitate access to services and support the delivery of streamlined and efficient customer journeys. You will be responsible for delivering continuous improvements to frontline service delivery in customer services and revenue and benefits to achieve high performance and operational productivity, and will work closely with other front-facing services across the organisations to ensure a consistent and inclusive customer experience.	£1,724,900	Customer Services
Deputy Chief Executive	Change and Delivery	Communications & Visitor Economy	Communications & Visitor Economy	Head of Communications and Visitor Economy	£68,483.00	36.25	Full Time	Permanent	As the Head of communications and events you will be responsible for the councils' internal and external communications. You will also take a lead on developing Chorley visitor economy offers, which includes the management of the boroughs' museums and cultural venues, including Astley Hall, you will oversee the events team in delivering high-quality events programmes.	£64,700	Communications & Visitor Economy
Deputy Chief Executive	Change and Delivery	Economic Growth	Economic Growth	Head of Economic Growth	£68,483.00	36.25	Full Time	Permanent	As the councils' Head of Economic Growth, you will our work to support business growth and economic development across the boroughs. You will work with partners to support the councils in achieving their priorities and objectives in relation to economic growth	£258,400	Business Advice Service (Chorley); Investment & Skills (South Ribble)
Deputy Chief Executive	Change and Delivery	Human Resources	Human Resources	Head of Human Resources	£68,483.00	36.25	Full Time	Permanent	The Head of HR will ensure that we have an efficient and effective workforce to deliver excellent council services both now and in the future. The role will manage HR resource and capacity to drive a strategic, intelligence-led approach to workforce management.	£582,700	HR Service
Deputy Chief Executive	Corporate Governance	Shared Assurance	Shared Assurance	Head of Audit + Risk	£68,483.00	36.25	Full Time	Permanent	As the councils' designated Head of Internal Audit, you will lead the audit and risk service. You will ensure that the councils achieve their objectives by evaluating the effectiveness of governance, risk management and internal control arrangements. You will work to promote good governance and risk management across the councils. In addition, you will ensure that the councils have in place appropriate arrangements for insurance, emergency planning and business continuity. Leading the councils' health and safety function, you will ensure that the councils have in place effective policies, procedures and frameworks.	£584,200	Audit & Risk Service
Deputy Chief Executive	Corporate Governance	Shared Democratic and Governance	Shared Democratic and Governance	Head of Democratic Services	£68,483.00	36.25	Full Time	Permanent	You will lead and manage the councils' democratic, civic and electoral services. You will ensure the services provide high standards of advice, guidance and support to Members and officers. Your service will ensure that the councils comply with statutory requirements while promoting good governance, accountability and transparency. You will ensure that the councils provide effective support their mayoralities, as well as an effective corporate support function.	£34,000	Democratic Services
Deputy Chief Executive	Corporate Governance	Shared Legal Services	Shared Legal Services	Head of Legal	£68,483.00	36.25	Full Time	Permanent	You will manage the legal and procurement team and ensure that in the delivery of their services, the Councils are compliant with relevant law, frameworks, guidance, policies and procedures - identifying issues of non-compliance and, where this is the case, ensuring that the appropriate remediation is undertaken. You will also be the Deputy Monitoring Officer for both Councils	£0	Legal; Procurement

Property & Planning	Operational Assets		Operational Assets	Head of Operational Assets	£68,483.00	36.25	Full Time	Permanent	You will lead and manage the councils' property operation and residential assets portfolio ensuring that they support the councils in achieving their priorities. You will ensure the councils' property portfolio is maximising the revenue for stakeholders. You will ensure that the council are providing a progressive housing portfolio which are statutory compliant and commercially sound. You will ensure that the councils' markets are thriving and well run, supporting the development of thriving town centres.	£1,952,200	Operational Assets
Property & Planning	Property & Development Projects		Property & Development Projects	Head of Property & Development Projects	£68,483.00	36.25	Full Time	Permanent	You will lead the councils' property and development function, ensuring that the councils' investment land and property assets are effectively managed, providing a professional corporate landlord and estates service. You will also lead our major development projects, from the development of initial proposals through to successful delivery.	£124,500	Property & Development Projects
Customer and Digital	CH Streetscene & Waste		CH Streetscene & Waste	Head of Neighbourhoods & Waste	£68,434.00	36.25	Full Time	Secondment	You will lead the councils' sovereign neighbourhood services, ensuring the maintenance and management of the boroughs' green spaces, parks, public assets, environmental enforcement and arboriculture services. You will lead the councils' waste services, ensuring the provision of a high-quality waste collection service to both domestic and business customers.	£2,174,700	Neighbourhoods & Waste (South Ribble); Streetscene (Chorley)
Communities & Leisure	CH Communities & Housing		CH Communities & Housing	Head of Communities & Housing	£64,328.00	36.25	Full Time	Permanent	As the Head of Communities and Housing, you will be responsible for leading the Council's work in building community resilience alongside its statutory housing functions of homelessness and adaptations. You will lead work on community hubs, community development and emerging work on social prescribing, developing the Council's asset-based approach to supporting our residents. As part of the council's approach to improving health and well-being, you will also lead the council's Active Health team.	£766,500	Communities & Housing (Chorley)
Property & Planning	CH Spatial Planning		CH Spatial Planning	Head of Spatial Planning	£64,328.00	36.25	Full Time	Permanent	As the Head of Spatial Planning, you will lead the Council's work around spatial planning, including the development of the Local Plan. You will also be responsible for managing the planning policy function, ensuring that appropriate support and advice is available to support effective decision making. You will work to develop spatial strategies for the organisation, including the housing strategy. Through the work of your team, you will support the promotion of prevention and early intervention and creation of sustainable communities. You will also lead the council's response to the climate emergency.	£404,400	Spatial Planning Team
Deputy Chief Executive	Finance	Finance	Finance	Head of Finance	£54,720.00	36.25	Full Time	Permanent	To provide high quality management accountancy services to South Ribble and Chorley Councils and to meet the responsibilities to the Shared Services Joint Committee (SSJC).	£0	Management Accountancy Team
Deputy Chief Executive	Finance		Finance	Principal Financial Accountant	£53,656.00	36.25	Full Time	Permanent	To provide high quality treasury management, financial and corporate accounting services to South Ribble Council, Chorley Council and their subsidiary companies, ensuring efficient and effective financial management, to meet the objectives of both councils and the responsibilities to the Shared Services Joint Committee (SSJC). In conjunction with the Principal Management Accountant, to act as the Councils' Deputy s151 Officer, with statutory responsibilities under the Local Government Act 1972 and s114 of the Local Government Finance Act 1988 to maintain the financial administration of the Councils, balancing local service needs with corporate interests whilst also ensuring compliance with all financial, statutory and constitutional requirements.	£0	Financial Accountancy Team
Property & Planning	CH Planning & Enforcement		CH Planning & Enforcement	Customer Services Manager (Enforcement)	£53,656.00	36.25	Full Time	Permanent	To lead the Council's Enforcement team in providing the full range of building control, licensing, planning enforcement and crime and grime enforcement services. To further develop and strengthen the council's approach to enforcement and ensure delivery of a high quality, professional, customer focused, flexible and proactive service.	0	Licensing & Planning Enforcement (Chorley)
Deputy Chief Executive	Change and Delivery	Economic Growth	SR Investment and Skills	Investment and Skills Manager	£51,515.00	36.25	Full Time	Permanent	As the Investment and Skills Manager, you will lead and manage the delivery of the Economic Strategy for South Ribble. You will develop and maintain key relationships and partnerships to inform the development and implementation of key strategic projects and initiatives to achieve economic priorities for South Ribble. You will be the key point of contact for economic intelligence for South Ribble providing advice and guidance to key stakeholders including senior management and council members.	0	Business Skills Lead; Investment & Skills Officers

Property & Planning	Property & Development Projects	Estates & Assets	Estates & Assets	Estates & Assets Manager	£51,515.00	36.25	Full Time	Permanent	In this role you will lead the management and delivery of the Councils' Estates service, providing a comprehensive estate management service across Chorley and South Ribble Councils.	0	Estates & Assets Team
Property & Planning	Property & Development Projects	Property Services	Property Services	Property Manager	£51,515.00	36.25	Full Time	Permanent	In this role you will lead the management and delivery of the Councils' Property service, providing a comprehensive building surveying service across Chorley and South Ribble Councils.	0	Property Services Team
Property & Planning	Shared Building Control		Shared Building Control	Building Control Manager	£51,515.00	36.25	Full Time	Permanent	You will lead a successful building control service across the boroughs of Chorley and South Ribble, ensuring that the councils are enforcing the Building Regulations and enabling safe and sustainable communities.	0	Building Control Service
Customer and Digital	Shared ICT	ICT	Shared ICT	Head of ICT	£68,482	36.25	Full Time	Permanent	As the Head of ICT, you will inspire others with a compelling vision for the shared future use of technology and digital systems across both Councils. You will ensure innovative and best use of technology, data and information to support the delivery of excellent and efficient services within programme. You will lead the development and delivery of the ICT strategy and programmes enabling the delivery of the wider Joint Digital Strategy. You will be responsible for all associated infrastructure, security of the network and systems as well as all line of business applications, ensuring that they are fit for purpose, forward thinking and where appropriate achieve cloud first solutions.	£773,000	ICT
Property & Planning	Property & Planning			Director of Property & Planning	£86,034	36.25	Full Time	Permanent	You will lead the councils' property and development function, ensuring that the councils' investment land and property assets are effectively managed, providing a professional corporate landlord and estates service. You will also lead our major development projects, from the development of initial proposals through to successful delivery.	£4,347,500	Property & Planning

Pay Spines

Chorley Council

The table within this document outlines the salaries for Chorley Council employees for 2023/2024, which have been updated to reflect the recent Pay Award.

Salaries 2023/24

Level					£ Per annum 2023/24	£ Per hour 2023/24	
SCP	Scale						
4	2				£23,114	£12.2285	
5					£23,500	£12.4327	
6	3				£23,893	£12.6406	
7					£24,294	£12.8528	
8	4				£24,702	£13.0686	
9					£25,119	£13.2892	
10					£25,545	£13.5146	
11					£25,979	£13.7442	
12	5				£26,421	£13.9780	
13					£26,873	£14.2172	
14					£27,334	£14.4611	
15					£27,803	£14.7092	
16					Inactive	Inactive	
17					£28,770	£15.2208	
18	6				£29,269	£15.4848	
19					£29,777	£15.7535	
20					£30,296	£16.0281	
21					Inactive	Inactive	
22					£31,364	£16.5931	
23	SO1				£32,076	£16.9698	
24					£33,024	£17.4714	
25					£33,945	£17.9586	
26	SO2				£34,834	£18.4289	
27		PO-A				£35,745	£18.9109
28			PO-B			£36,648	£19.3886
29	PO-C					£37,336	£19.7526
30				PO-D		£38,223	£20.2219
31						£39,186	£20.7314
32		PO-E				£40,221	£21.2789
33						£41,418	£21.9122
34			PO-F			£42,403	£22.4333
35						£43,421	£22.9719

36			PO-F		£44,428	£23.5047
37	PO-G				£45,441	£24.0406
38					£46,464	£24.5818
39					£47,420	£25.0876
40		PO-H			£48,474	£25.6452
41					£49,498	£26.1869
42					£50,512	£26.7234
43					£51,515	£27.2540

Based on a 36.25 hour working week

Pay Spines

Shared Services

The table within this document outlines the salaries for Shared Service employees for 2023/2024, which have been updated to reflect the recent Pay Award.

Salaries 2023/24

Level		£ Per Annum 2023/24	£ Per Hour 2023/24
SCP	Level		
1	1	Inactive	Inactive
2		£22,366	£11.8327
3		£22,737	£12.0290
4	2	£23,114	£12.2285
5		£23,500	£12.4327
6	3	£23,893	£12.6406
7		£24,294	£12.8528
8	4	£24,702	£13.0686
9		£25,119	£13.2892
10	5	£25,545	£13.5146
11		£25,979	£13.7442
12		£26,421	£13.9780
13		£26,873	£14.2172
14	6	£27,334	£14.4611
15		£27,803	£14.7092
16		£28,282	£14.9626
17		£28,770	£15.2208
18	7	£29,269	£15.4848
19		£29,777	£15.7535
20		£30,296	£16.0281
21		£30,825	£16.3080
22	8	£31,364	£16.5931
23		£32,076	£16.9698
24		£33,024	£17.4714
25		£33,945	£17.9586
26	9	£34,834	£18.4289
27		£35,745	£18.9109
28	10	£36,648	£19.3886
29		£37,336	£19.7526
30		£38,223	£20.2219
31	11	£39,186	£20.7314
32		£40,221	£21.2789
33		£41,418	£21.9122

34	12	£42,403	£22.4333
35		£43,421	£22.9719
36	13	£44,428	£23.5047
37		£45,441	£24.0406
38	14	£46,464	£24.5818
39		£47,420	£25.0876
40	15	£48,474	£25.6452
41		£49,498	£26.1869
42	16	£50,512	£26.7234
43		£51,515	£27.2540

Based on a 36.25 hour working week

APPENDIX J**Budget consultation 2024/25****Purpose of the Report**

1. This report provides the Council with the results of the public consultation carried out on the Executive's draft budget investment proposals for 2024/25.

Recommendations

2. That Members use the results to inform their decisions when setting the budget for 2024/25.

Executive Summary of the Report

3. Consultation on the proposed budget for 2024/25 received 148 responses.
4. Content analysis of the comments showed an overall positive or neutral view of the proposals. Positive comments indicated broad agreement with the proposed areas of investment while negative themes mainly related to the current economic context and increases in council tax.

Background

5. The 2024/25 budget consultation process started following approval of the draft budget position paper by Executive Cabinet in January, which set out the budget forecast and guiding principles for application of the budget over the next financial period.
6. The consultation question format set out the key principles of the budget proposals along with a summary of the current context and challenges facing the council in future years.
7. Respondents were asked to number each of the Council's Corporate Strategy priorities and areas of investment from 1 (low priority) to 5 (high priority) and also to review the proposals and provide any other open feedback or comments in response to the budget.

Budget Consultation Results

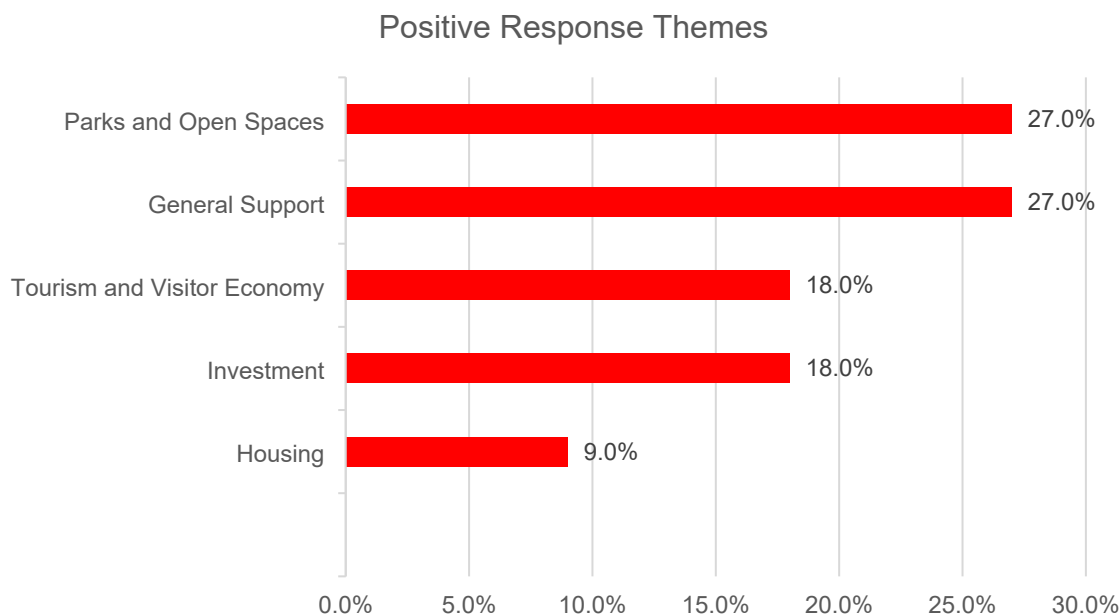
8. Consultation on the 2024/25 budget ran from the 19 January to 1 February 2024.
9. As well as completing the online survey, respondents also shared their views and comments using social media. From across all the posts during the budget consultation period, on Facebook the posts were viewed 28,300 times, and on X the posts reached 18,777. Analysis of social media responses have been grouped alongside the consultation responses.
10. The responses have been collated and analysed to identify the main themes and then grouped together based on whether they indicated a positive or negative response to the proposals.

Consultation Findings

11. The following table outlines the distribution of positive, neutral, and negative from respondents to the open question which asked for comments on the overall proposals. The majority of responses were either positive (expressing agreement with the budget proposals) or neutral (neither agreeing nor disagreeing with the budget proposals, for example suggesting additional priorities/ areas of investment.)

Status	%
Positive view of proposals	9.32
Neutral view of proposals	75.42
Negative view of proposals	15.25

12. Of those comments indicating a positive viewpoint, the following themes can be identified:



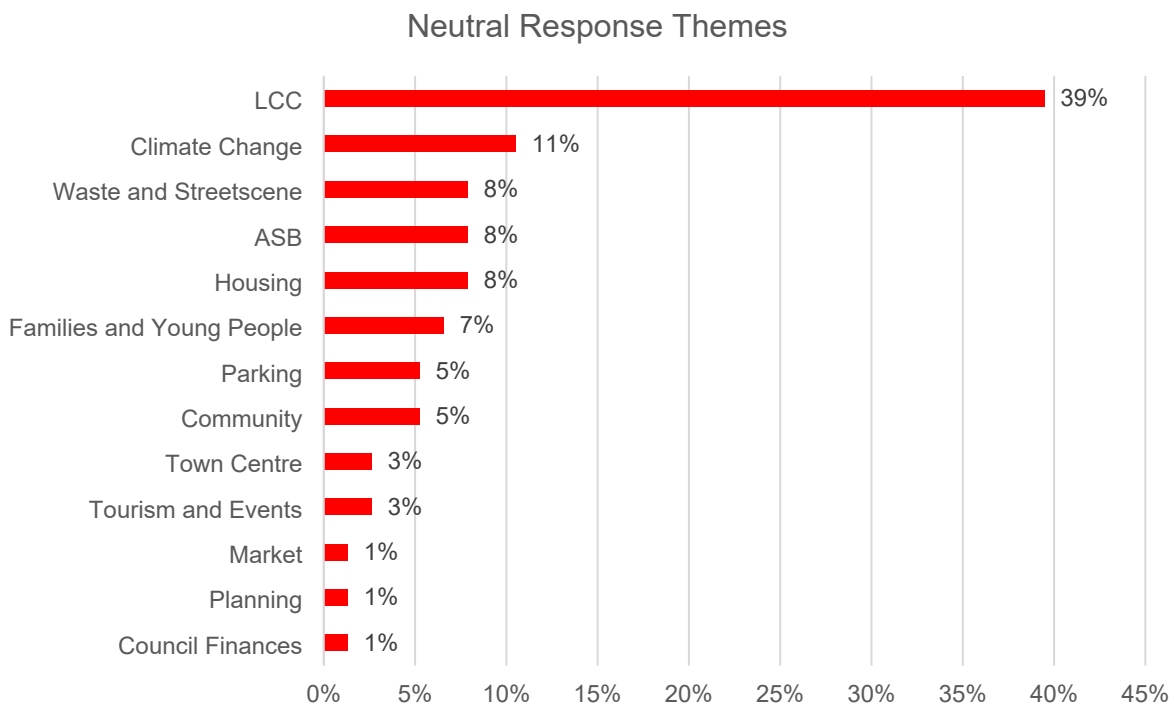
13. The majority of positive comments showed either general support for the proposals (27%) or particular support for proposals to improve parks and green spaces in the borough (27%.) There was also support for the other areas of investment including the general investment proposed by the council (18%,) plans to improve the visitor offer and tourism (18%) and housing and homelessness (9%.)

14. Respondents were also asked to respond to a prioritisation exercise, ranking the investment priorities from 1 (low priority) to 5 (high priority.)

15. The results show that respondents agree that all of the investment areas are of a medium-high priority, with all having an average ranking of 3.8 or 3.9 out of 5:

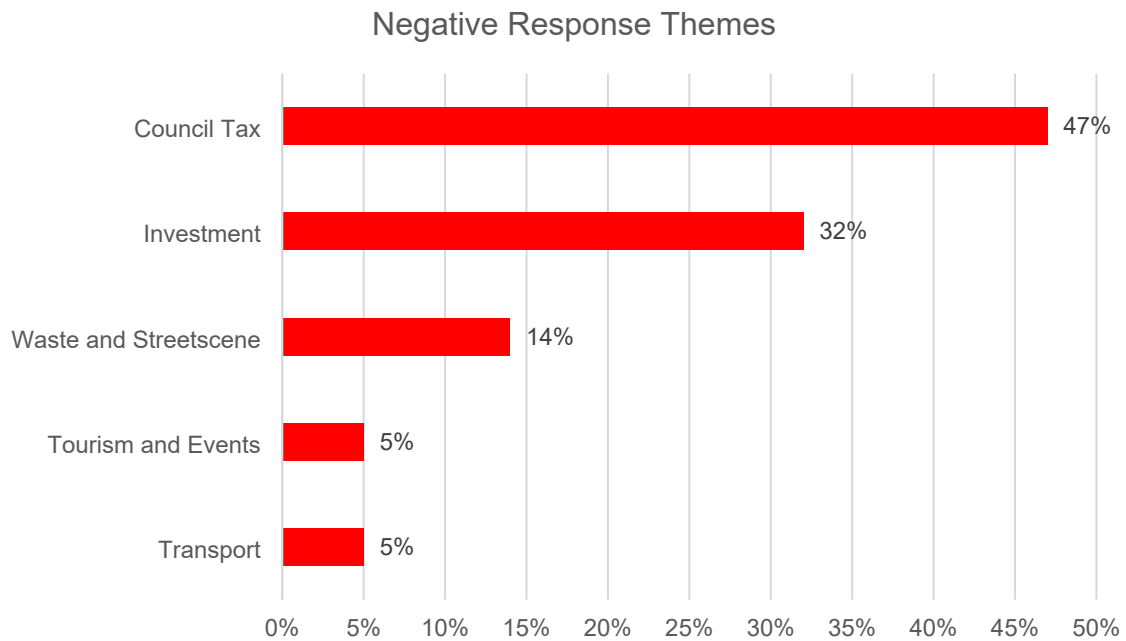
Priority Theme	Average out of 5
Housing where residents can live well, including improving housing standards and preventing homelessness across the borough	3.8
Delivering a green and sustainable borough, improving our parks and open spaces and delivering improvements to Chorley's Bus Shelter Network	3.9
An enterprising economy in both urban and rural areas, encouraging more visitors to the borough and focusing on the growth of Chorley's economy	3.8
Healthy, safe and engaged communities, supporting the health and wellbeing of residents and launching an enhanced social prescribing service for younger years	3.8

16. Neutral feedback was also received through the open text box question. This feedback neither demonstrated a positive or negative view of the budget proposals, but did suggest other areas of investment or priorities for the council:



Theme	%	Feedback
LCC Responsibilities	39	The majority of neutral comments expressed dissatisfaction with the condition of roads (including potholes), street lighting, or bus routes which fall under the responsibilities of Lancashire County Council
Climate Change	11	There was a mixed response relating to Climate Change with some respondents suggesting new ideas and areas of investment to help tackle climate change, and other suggesting that this should be avoided as a priority.
Anti-Social Behaviour	8	Investing in CCTV and activities for youth to help in tackling anti-social behaviour.
Waste and Streetscene	8	Increased litter picking and waste collection
Housing	8	More social, council owned and affordable housing. Too much house building on green spaces/ without supporting infrastructure.
Families and Young People	7	More groups for families and young children, more facilities for older children and youth clubs, free holiday club
Parking	5	Free parking in the town centre, under cover areas for disabled parking, more parking in the town centre
Community	5	Investing in community groups and clubs to help deliver the council's priorities, joining up with groups already delivering services.
Town Centre	3	More shops/ variety in the town centre
Tourism and Events	3	Reducing unnecessary events
Market	1	Doors for the indoor market to reduce the impact of cold weather.
Planning	1	Rejecting more proposals for development
Council Finances	1	Ensure strong council finances and avoid bankruptcy.

17. Of those comments expressing a negative viewpoint, the following themes can be identified:



- 18. The majority of negative comments (47%) relate to feedback suggesting that there should not be an increase in council tax. 32% of negative responses also related to general investment, particularly disagreeing with spending on bus shelters, high cost projects and general council spending.
- 19. 14% of negative comments relate to Waste and Streetscene, and the proposal to increase the cost for the optional garden waste collection service.
- 20. 5% of comments disagreed specifically with proposals for the visitor offer and work on bus shelters, which they felt were less of a priority when compared to other areas for the council.

Report Author	Date
Caroline Winstanley	05.02.2024

Summary of Comments

An example of the types of comments received through the consultation is outlined below:

POSITIVE
<ul style="list-style-type: none"> • Keep up the good work
<ul style="list-style-type: none"> • I am a pensioner but would be happy to pay double the proposed rates rise to help people to live in warm, safe homes.
<ul style="list-style-type: none"> • Good caring council
<ul style="list-style-type: none"> • Just try to keep doing the things you are and that you know benefit everyone wherever possible
<ul style="list-style-type: none"> • I am in favour of parks and open spaces
<ul style="list-style-type: none"> • The bus stops in Chorley need a lot of work and modernisation a lot of them are just poles with a sign there needs to be more proper shelters in Chorley that offer shelter from the elements and even potential bee bus stops to help insects thrive in the area

NEGATIVE
<ul style="list-style-type: none"> • I understand inflation but I don't agree about putting the price of garden waste collection up against the backdrop of its only collected 11 months a year and is regularly missed.
<ul style="list-style-type: none"> • Cut out unnecessary spending and lower the Council Tax.
<ul style="list-style-type: none"> • Not really in favour of further work on the bus shelters, but we have no bus service, so this doesn't directly affect me
<ul style="list-style-type: none"> • I'm not sure visitors are that important versus the other priorities
<ul style="list-style-type: none"> • Don't raise council tax! People's wages don't increase in line with all these extra costs. Stop all unnecessary events to keep costs to an absolute minimum!

NEUTRAL (Comments not directly related to budget proposals, suggestions for further investment)
<ul style="list-style-type: none"> • More investment in activities for the young.
<ul style="list-style-type: none"> • We have loved the investment in the libraries as we use them weekly and we recycle as much as we can. Any green initiatives would be welcome especially if they involved local schools.
<ul style="list-style-type: none"> • More food banks for those in need.
<ul style="list-style-type: none"> • There is still too much building of housing without the infra structure of schools etc. Also, the green belt needs protection by using brown sites first.
<ul style="list-style-type: none"> • Fix the roads
<ul style="list-style-type: none"> • Repairing the EV chargers please
<ul style="list-style-type: none"> • Cleaning the streets
<ul style="list-style-type: none"> • More affordable council housing, more affordable rent prices. Basically, aimed at helping those in need rather than sky high private rented being there only option
<ul style="list-style-type: none"> • A focus on providing outlets for teens to socialise and to spend their free time should be considered. This will help reduce potential for antisocial behaviour due to boredom. Could spare ground be used to build basketball courts, table tennis tables, tennis courts, 5 aside football pitches?
<ul style="list-style-type: none"> • Ensure all new buildings (whether commercial or domestic) have solar panels fitted to the roof space. Also ensure the road network is fit for purpose around new building projects (Botany Bay area!!

- Invest in CCTV of good quality for all car parks, shopping areas, known hot spots of ASB i.e. parks and town centre. Obviously, this CCTV needs to be working 24/7 and ideally monitored.
- more EV chargers on council owned properties, car parks & streets - low cost to attract people into the area to spend money in shops.
- solar & battery storage on council owned buildings - free sun energy and batteries charged on cheap night rates for day use, also provides power cut protection.
- council buildings change over to heat pumps from gas boilers, increase insulation and convert to all LED lighting.
- more parking near Buckshaw train station, vacant land could be used!
- more parking in Chorley centre, often full.
- offer incentives for bus companies to change to electric / hybrid busses, provide chargers at bus station.
- create an EV taxi rank to promote uptake of electric taxis, toilet, brew and seating facilities. Solar on roof. Provide rapid chargers at low cost compared to public charge network. (Some companies are doing this already, would provide income for council and could be done on land already owned.)

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Impact Assessment (IA)

Name of the project, policy, service, or strategy:	Draft 2024/25 Budget		
Responsible officer:	Robert Langford		
Service Lead:	Louise Mattinson		
Date of assessment:	09/02/2024	Date of review:	09/02/2025



WORKING TOGETHER

Introduction

Overview

What is an Impact Assessment?

The Impact Assessment is a tool to ensure that any policy, project, strategy, or service is assessed to consider any positive or negative impacts for all our residents with regards to equalities, health and sustainability. It is important that this is done in a timely manner and ideally it should precede the start of the project, policy or strategy concerned at Chorley Council or South Ribble Borough Council.

Who is the Impact Assessment for?

The responsibility of conducting the Impact Assessment is with the leading officer of the policy that is being assessed, with service leads responsible for the final sign off of the assessment. Once complete and signed off, the Impact Assessments are submitted to Performance and Partnerships, who are responsible for storing, monitoring, and ensuring the quality of the assessments. The assessment tool covers both Chorley and South Ribble Borough Council.

Why do we need to do Impact Assessments?

As Councils, we are committed as community leaders, service providers, and employers. Therefore, we will work to ensure that everybody is afforded equality of opportunity and good life chances. The Impact Assessment is a tool we use to ensure that we fulfil these commitments and thus meet our legal duties.

Instructions

Quick steps for completion

Follow the quick steps below when completing the Impact Assessment:

1. Sections: There are three sections to the Impact Assessment. These include:

- Equality impact: the impact on the nine equality strands, which include age, disability, sex, gender reassignment, race, religion, sexual orientation, pregnancy and maternity, and marriage and civil partnership. See the **Equality Framework**.
- Health and environmental impact: the impact on health and wellbeing as well as the environment.
- Reputational impact: the impact on the Councils' reputation and our ability to deliver our key priorities. Reference should be made to the Corporate Strategies.

2. Rating and evidence: Each section has a number of questions that should be given a rating and evidence given for why the rating has been selected. This allows us to quantify the impact. The rating key is outlined below:

Code	Description
P	Positive impact
N	Negative impact
NI	Neutral impact

3. Actions: Once a rating is given, actions should be identified to mitigate any negative impacts or maximise any positive impacts of the policy, project, or strategy that is being assessed.

4. Sign off: Once the assessment is completed, sign off is required by a Service Lead.

5. Submit: Once signed off, the Impact Assessment should be sent to the Performance and Partnerships Team, who will store the assessment securely and check for quality.

6. Follow up: Actions should be implemented and changes should be made to the policy, project, or strategy that has been assessed, with follow ups conducted annually to monitor progress.

Information and Support

Contact details

To submit your completed Impact Assessment or for guidance and support, please contact Performance and Partnerships at performance@chorley.gov.uk or performance@southribble.gov.uk

Equality Impact

Area for consideration	P	N	NI	Evidence/Statement	Further action required
What potential impact does this activity have upon:					
Those of different ages?	x			<ul style="list-style-type: none"> £315,000 to launch an enhanced social prescribing service focussed on supporting family and early years. £117,000 to deliver a Health and Wellbeing Programme to support the needs of residents across the borough. 	
Those with physical or mental disability?	x			<ul style="list-style-type: none"> £315,000 to launch an enhanced social prescribing service focussed on supporting family and early years. 	
Those who have undergone or are undergoing gender reassignment?			x		
Those who are pregnant or are parents?	x			<ul style="list-style-type: none"> £315,000 to launch an enhanced social prescribing service focussed on supporting family and early years. 	
Those of different races?			X		
Those of different religions or beliefs?			X		
Those of different sexes?			X		

Those of different sexual orientations?			X		
Those who are married or in a civil partnership?			X		
Socio-economic equality or social cohesion?	x			<ul style="list-style-type: none"> • £56,000 to improve housing standards across the borough and prevent homelessness • £315,000 to launch an enhanced social prescribing service focussed on supporting family and early years. • £117,000 to deliver a Health and Wellbeing Programme to support the needs of residents across the borough. 	

Health, Social and Environmental Impact

Area for consideration	P	N	NI	Evidence	Further action required
What potential impact does this activity have upon:					
Enabling residents to start well (pre-birth to 19)? <i>(Please consider childhood obesity, vulnerable families, and pregnancy care)</i>	X			<ul style="list-style-type: none"> £315,000 to launch an enhanced social prescribing service focussed on supporting family and early years. £117,000 to deliver a Health and Wellbeing Programme to support the needs of residents across the borough. 	
Enabling residents to live well (16 to 75 years)? <i>(Please consider mental and physical wellbeing, living environment, healthy lifestyles, and improving outcomes)</i>	X			<ul style="list-style-type: none"> £56,000 to improve housing standards across the borough and prevent homelessness. £45,000 to encourage more visitors to the borough, improve the visitor offer and economy. £25,000 to focus on the future growth of Chorley's economy. £353,000 to continue delivering improvements to Chorley's Bus Shelter Network. 	
Enabling residents to age well (over 65 years)? <i>(Please consider social isolation, living independently, dementia, and supporting carers and families)</i>	X			<ul style="list-style-type: none"> £353,000 to continue delivering improvements to Chorley's Bus Shelter Network. £117,000 to deliver a Health and Wellbeing Programme to support the needs of residents across the borough. 	
Rurality? <i>(Please consider the impact of those who live in rural communities, their access to services/activities)</i>	X			<ul style="list-style-type: none"> £2 million across 2023/24 and 2024/25 to improve parks and green spaces within the borough, including to increase the number of parks with a Green Flag Status. 	

Natural environment? <i>(Please consider impact on habitation, ecosystems, and biodiversity)</i>	X			<ul style="list-style-type: none"> £2 million across 2023/24 and 2024/25 to improve parks and green spaces within the borough, including to increase the number of parks with a Green Flag Status. 	
Air quality and pollution? <i>(Please consider impact on climate change, waste generation, and health)</i>	X			<ul style="list-style-type: none"> £2 million across 2023/24 and 2024/25 to improve parks and green spaces within the borough, including to increase the number of parks with a Green Flag Status. 	
Natural resources? <i>(Please consider the use of materials and as well as transport methods and their sustainability)</i>	X			<ul style="list-style-type: none"> £2 million across 2023/24 and 2024/25 to improve parks and green spaces within the borough, including to increase the number of parks with a Green Flag Status. 	

Strategic Impact

Area for consideration	P	N	NI	Evidence	Further action required
What potential impact does this activity make upon:					
The Councils' reputation? <i>(Please consider impact on trust, confidence, our role as community leaders, and providing value for money)</i>	x			Funding multiple projects for the good of the community whilst delivering in all four corporate strategy areas will increase the Council's reputation. Setting out spending intentions for the next 2 years also gives transparency to the public on what the Council's plans are.	
Our ability to deliver the Corporate Strategy? <i>(Please refer to the Strategic Objectives)</i>	x			The budget has allocated funds that will help deliver key projects under each corporate priority. This effectively delivers the corporate strategy.	
Support for the Social Justice / Value objectives of the Council <i>(please refer to the social value policy and relevant programmes of work)</i>			x		

Impact Assessment Action Plan

If any further actions were identified through the Impact Assessment, then they should be listed in the table below:

Action	Start Date	End Date	Lead Officer

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