



Special Council

Agenda and Reports

For consideration on

Tuesday, 1st March 2011

In the Council Chamber, Town Hall, Chorley

At 6.30 pm



www.chorley.gov.uk

PROCEDURE FOR PUBLIC QUESTIONS/SPEAKING AT COUNCIL MEETINGS

- Questions should be submitted to the Democratic Services Section by midday, two working days prior to each Council meeting to allow time to prepare appropriate responses and investigate the issue if necessary (12 Noon on the Friday prior to the meeting).
- A maximum period of 3 minutes will be allowed for a question from a member of the public on an item on the agenda. A maximum period of 30 minutes to be allocated for public questions if necessary at each ordinary Council meeting, excluding the Annual Meeting.
- The question to be answered by the Executive Member with responsibility for the service area or whoever is most appropriate.
- On receiving a reply the member of the public will be allowed to ask one supplementary question.
- Members of the public will be able to stay for the rest of the meeting should they so wish but will not be able to speak on any other agenda item upon using their allocated 3 minutes.

21 February 2011

Dear Councillor

SPECIAL COUNCIL - TUESDAY, 1ST MARCH 2011

You are invited to attend a special meeting of the Chorley Borough Council to be held in the Council Chamber, Town Hall, Chorley on Tuesday, 1st March 2011 commencing at 6.30 pm for the following purposes.

AGENDA

1. **Apologies for absence**

2. **Minutes of previous meetings**

- a) Minutes of the meeting of Tuesday, 7th December 2010. (Pages 1 - 4)

To approve the minutes of the meeting held on 7 December 2010.

- b) Minutes of the meeting of Tuesday, 22nd February 2011.

To approve the minutes of the extraordinary meeting held on 22 February 2011 (to follow).

3. **Declarations of Any Interests**

Members are reminded of their responsibility to declare any personal interest in respect of matters contained in this agenda. If the interest arises **only** as result of your membership of another public body or one to which you have been appointed by the Council then you only need to declare it if you intend to speak.

If the personal interest is a prejudicial 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.

4. **Mayoral Announcements**

5. **Public Questions**

Members of the public who have requested the opportunity to ask question(s) on any item(s) on the agenda will be asked to put their question(s) to the Council. Members of the public will be allowed to ask one supplementary question within their allocated 3 minutes.

6. **General Fund Revenue and Capital Budget and Council Tax 2011/2012 (Pages 5 - 16)**

Report of the Executive enclosed, including the following appendices:

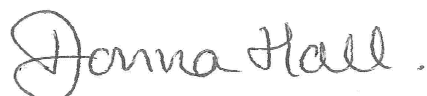
- a) Appendix A (Pages 17 - 18)
Appendix A1 Proposed Fees and Charges 2011/2012
Appendix A2 Formal Council Tax Resolution (to follow)
- b) Appendix B - Capital Programme Monitoring 2010/2011 and Programme 2011/2012 - 2013/2014 (Pages 19 - 38)
Appendix B1 Capital Programme Monitoring 2010/11
Appendix B2 Capital Programme 2011/2012 to 2013/2014
Appendix B3 Capital Programme 2011/2012 to 2013/2014 – Proposed Changes
Appendix B4 Developers Contributions
- c) Appendix C - Treasury Strategies and Prudential Indicators 2011/2012 to 2013/2014 (Pages 39 - 52)
- d) Appendix D - Statutory Finance Officer Report (Pages 53 - 58)
- e) Appendix E - Medium Term Financial Strategy (Pages 59 - 72)
- f) Appendix F - Significant Budget Movements (Pages 73 - 74)
- g) Appendix G - Special Expenses and Parish Precepts (Pages 75 - 76)
- h) Appendix H - Budget Consultation 2011 (Pages 77 - 82)
- i) Appendix I - Equality Impact Assessment 2011/2012 Budget Proposals (Pages 83 - 92)

7. **Alternative Budget Proposals**

Report of the Labour Group (to follow).

8. **Any other item(s) the Mayor decides is/are urgent**

Yours sincerely



Donna Hall CBE
Chief Executive

Carol Russell
Democratic Services Manager
E-mail: carol.russell@chorley.gov.uk
Tel: (01257) 515196
Fax: (01257) 515150

Distribution

To all Members of the Council and Directors.

This information can be made available to you in larger print or on audio tape, or translated into your own language. Please telephone 01257 515118 to access this service.

આ માહિતીનો અનુવાદ આપની પોતાની ભાષામાં કરી શકાય છે. આ સેવા સરળતાથી મેળવવા માટે કૃપા કરી, આ નંબર પર ફોન કરો: 01257 515822

ان معلومات کا ترجمہ آپکی اپنی زبان میں بھی کیا جاسکتا ہے۔ یہ خدمت استعمال کرنے کیلئے براہ مہربانی اس نمبر پر ٹیلیفون

01257 515823

کیجئے:

This page is intentionally left blank

COUNCIL**Tuesday, 7 December 2010**

Present: Councillor Ken Ball (Mayor), Councillor Pat Case (Deputy Mayor), Councillors Nora Ball, Eric Bell, Julia Berry, Alistair Bradley, Terry Brown, Henry Counce, Alan Cullens, Mike Devaney, David Dickinson, Doreen Dickinson, Christopher France, Anthony Gee, Peter Goldsworthy, Marie Gray, Alison Hansford, Pat Haughton, Harold Heaton, Catherine Hoyle, Keith Iddon, Kevin Joyce, Hasina Khan, Roy Lees, Laura Lennox, Adrian Lowe, Marion Lowe, Peter Malpas, June Molyneaux, Greg Morgan, Simon Moulton, Mick Muncaster, Beverley Murray, Mark Perks, Alan Platt, Debra Platt, Geoffrey Russell, Rosie Russell, Edward Smith, Joyce Snape, Ralph Snape, John Walker, Stella Walsh and Peter Wilson

11.C.150 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Judith Boothman, Magda Cullens and Dennis Edgerley.

11.C.151 DECLARATIONS OF ANY INTERESTS

There were no declarations of interest by any Members in relation to matters under consideration at the meeting.

11.C.152 MINUTES OF LAST COUNCIL MEETING

RESOLVED – That the minutes of the last meeting of the Council held on 2 November 2010 be confirmed as a correct record for signature by the Mayor.

11.C.153 MAYORAL ANNOUNCEMENTS

The Mayor asked Members to join him in supporting his Charity Christmas raffle and Christmas card donation appeal. He also referred to his Charity Ball which would take place on Friday, 4 February 2011 in the Lancastrian Suite.

The Mayor and Mayoress wished all those present a happy Christmas and healthy new year.

11.C.154 PUBLIC QUESTIONS

There had been no requests from any member of the public to speak at the meeting on any of the agenda items.

11.C.155 REFRESH OF THE CORPORATE STRATEGY 2010/11 TO 2013/14

The Executive Member for Policy and Performance, Councillor Greg Morgan, presented a report proposing a revised Corporate Strategy for 2010/11 to 2013/14. The Corporate Strategy is the key document in the Council's Corporate business planning process and helps deliver the Council's vision, priorities, strategic outcomes and targets.

The revised Corporate Strategy had been refreshed in the light of recent changes made to the Sustainable Community Strategy which had been subject to extensive consultation with residents, Members and partners.

The report summarised the changes proposed including:

- a change to the Council's vision statement;
- changes in the Council's priorities to match those in the Sustainable Community Strategy;
- changes to the strategic objectives and long term outcomes with nine strategic objectives setting out how the Council will reach its priorities and vision;
- a reduced number of measures but with a greater focus on the long term with targets based on the latest performance to ensure the Council remains top performing.

Members debated the provisions within the Corporate Strategy with comments raised about town centre floorspace; healthy lifestyle; the new NHS Commissioning Board; targets for volunteering; older people and physical activity; winter maintenance in the Town Centre; and PCSO provision. Members were advised that the Council was awaiting details of the financial settlement for 2011/12 and therefore delivery of the Strategy would be dependent on the funding made available by central government.

The following amendment was proposed by Councillor Peter Wilson and seconded by Councillor Alistair Bradley:

“that two new measures be included under You and Your Family

- a target of 22.6% by 2012 for older people volunteering; and
- to seek year on year increases in the rate of physical activity in older people.”

A recorded vote was requested and taken:

For: N Ball, J Berry, A Bradley, T Brown, C France, A Gee, C Hoyle, H Khan, R Lees, L Lennox, A Lowe, M Lowe, J Molyneaux, B Murray, J Snape, R Snape, P Wilson and K Ball.

Against: E Bell, P Case, H Counce, A Cullens, M Devaney, David Dickinson, Doreen Dickinson, P Goldsworthy, M Gray, A Hansford, P Haughton, H Heaton, K Iddon, K Joyce, P Malpas, G Morgan, S Moulton, M Muncaster, M Perks, A Platt, D Platt, G Russell, R Russell, E Smith, J Walker and S Walsh.

The amendment was LOST.

A further four amendments, proposed by Councillor Alistair Bradley and seconded by Councillor Peter Wilson were put forward for improving Chorley:

- “1. In order to deliver a Safer Cleaner Chorley, the Council will guarantee funding of PCSOs to at least the current level plus annual inflation cost, the restitution of the Alley Gate Scheme, increased street cleaning and the additional gritting of Town and Village Centres. (4, 5, 6)
2. In order to encourage strong family and respectful communities, the Council will re-instate the key project to promote and support an action plan to increase volunteering. (1, 5)
3. To increase Health and Family Support the Council will re-instate the targets relating to Young and Older Person engagement in physical activity, as a minimum line with previous targets. (1, 3, 4)
4. To help secure a Vibrant Local Economy, a key project be undertaken to secure more inward investment in particular for start-up businesses. (7)”

The four amendments were put to the vote en bloc and LOST.

A further amendment, proposed by Councillor Alistair Bradley and seconded by Councillor Peter Wilson was put forward for improving the Council:

“In order to be seen as an excellent community leader – broadcast Council meetings via the internet, thereby making the decision making process available to all and increasing community engagement.”

The amendment was put to the vote and LOST.

The Executive Leader, Councillor Peter Goldsworthy proposed, the Executive Member for Policy and Performance, Councillor Greg Morgan seconded, and it was **RESOLVED – That the Corporate Strategy for 2010/11 to 2013/14 be approved as circulated with the agenda.**

Mayor

This page is intentionally left blank

Report of	Meeting	Date
The Executive (Introduced by the Executive Member for Resources)	Special Council	1 March 2011

GENERAL FUND REVENUE AND CAPITAL BUDGET AND COUNCIL TAX 2011/12

PURPOSE OF REPORT

1. To seek approval of the Executive Cabinet's budget proposal including the Council Tax yield to be raised in 2011/12.

RECOMMENDATION(S)

2.
 - a) Approve the budget and proposals set out in this report including the inflationary increase in fees and charges (at Appendix A1) and Council Tax set out in the resolutions (at Appendix A2) allowing for the freezing of Council Tax at the levels set in 2010/11 – Please note that Appendix A2 will follow due to outstanding information from Lancashire County Council.
 - b) Approve the Councils Capital Programme as set out in Appendix B.
 - c) Approve the Treasury Management Strategy and its core principles set out in Appendix C.
 - d) Note the advice of the Statutory Finance Officer in relation to the robustness of the budget and the risks contained in the budget set out in the Statutory Report at Appendix D.
 - e) Approve the Council's Medium Term Financial Strategy at Appendix E.
 - f) Note significant budget movements from the 2010/11 budget at Appendix F.
 - g) Note Special Expenses and Parish Precepts at Appendix G.
 - h) Note the Budget Consultation Response at Appendix H.
 - i) Note the Equality Impact Assessment at Appendix I.

EXECUTIVE SUMMARY OF REPORT

3. The Executive believes that the 2011/12 budget needs to achieve one overriding objective, and that is to protect front line services. General performance at the Council continues to be consistently very high evidenced in a number of areas:
 - Satisfaction levels with the Council's services continue in the main to be good.
 - Good progress is being made towards the achievement of the outcomes, targets and measure contained in the Corporate Strategy.
 - Audit Commission's satisfaction within the Annual Audit and Inspection Letter that the Council has continued to perform highly.

4. Therefore the budget strategy is built around the following key principles, which were outlined by the Executive previously and which are:
 - To continue to be a high performing Council
 - To contain Council Tax increases
 - To protect the Chorley community from the impact of the current economic situation
 - Continuing to provide value for money
 - Safeguarding front line services and focusing on the removal of bureaucracy and managerial posts
 - Looking for opportunities to share services and generate additional revenue
 - Preparing for the future and the uncertainty over public finances
 - To look to reduce debt and the consequent financing charges

5. The Executive believe that the core principles outlined above have been achieved during the budget process and set out in the rest of the paper is a further explanation of the Executive proposals.

6. The Council has already successfully achieved budgetary savings totalling £0.903m from restructures that have already been approved. This report contains further savings of £0.294m for approval resulting in total savings for 2011/12 of £1.197m.

The key proposals are:

To achieve further savings in the 2011/12 budget amounting to £0.294m to enable additional investment in the Town Centre.

This will be achieved by the following:-

- **Uplift fees and charges as per Appendix A1 (excluding Car Parking Fees and Building Control) by an inflationary rate**
- **Increase income from Planning Fees**
- **Realise cost savings by undertaking more work in house in Policy and Communications**
- **Reduce the scope of Mayoralty**
- **Reduce the cost of providing Shared Assurance Services**
- **Continue to reduce borrowing and subsequent impact on the budget**
- **Introduce new car parking machines to maximise income received within the current price structure**

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

7. To ensure that the Council complies with the requirement to set the budget for 2011/12.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

8. None.

CORPORATE PRIORITIES

9. This report relates to the following Strategic Objectives:

Strong Family Support	Y	Education and Jobs	Y
Being Healthy	Y	Pride in Quality Homes and Clean Neighbourhoods	Y
Safe Respectful Communities	Y	Quality Community Services and Spaces	Y
Vibrant Local Economy	Y	Thriving Town Centre, Local Attractions and Villages	Y
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			Y

BACKGROUND

10. The Executive published the budget principles for consultation during December 2010 setting out its broad intention for spending and investment in the borough for the forthcoming financial year 2011/12. These papers build upon those principles and set out for Council the budget proposals for 2011/12 onwards.

BUDGET CONSULTATION

11. The budget principles were agreed by members in the report to the Executive Cabinet on 9 December 2010. These principles have been considered by:

- a) The Overview and Scrutiny Committee
- b) Members of the Citizens Panel
- c) The Parish Councils
- d) Residents taking part in the public survey

The feedback from the consultation is shown at Appendix H, and is supportive of the core principles adopted by the Executive.

BUDGET PROPOSALS

- 12. The starting point for any budget is a roll forward from one year to the next of the Councils continuation budget which is the cost of the current levels of existing services, updated to reflect inflation, change in volumetrics and any policy changes made by the Council in the current year.
- 13. Set out in the Councils Medium Term Financial Strategy is an analysis of the changes year on year over the next financial planning period 2011/12 to 2013/14 in Appendix E1.
- 14. Members will be aware that the outlook for the public finances is uncertain given the relatively short term settlement in the Comprehensive Spending Review and the forthcoming Local Government Funding Review, the outcome of which is unknown but will influence funding in 2013/14. The forecast, however, for the three years beginning 2011/12 and ending in 2013/14 is contained in the Medium Term Financial Strategy and is based on the following key assumptions:

Table 1 Key Budget Assumptions

Assumption	2011/12	2012/13	2013/14
Council Tax increases	0	0	0
Council Tax Freezing Grant	£0.159m	£0.159m	£0.159m
Reduction in grant settlement	£1.154m	£0.911m	£0.513m
Pay inflation	0	0	2.0%
Employees pension contribution	0.5%	0.5%	0.5%
New Homes Bonus	£0.250m	£0.250m	£0.250m
Performance reward grant	£0.080m	0	0
LAGBI grant	£0.075m	0	0
Area Based Grant received via LCC for community safety	£0.058m	£0.058m	£0.058m
Supporting People Income	£0.189m	£0.154m	£0.144m

15. The table shows the key assumptions made in forecasting forward the Council's financial position. Please note these do not represent what might actually happen, particularly with regard to Council Tax levels as these are determined annually based upon the latest up to date information. Some key messages are:

- No assumption has been made regarding either:
 - future potential increase in Council Tax
 - expected levels of Government grant post 2012/13
- The pay bill has been forecast to increase by 0.5% annually in 2011/12 and 2012/13 being the contribution to pensions only. However this has been uplifted by 2% in 2013/14 to also include provision for a possible pay award. The pay award provision equating to approximately £140k.
- New Homes Bonus – The aim of the scheme is to provide an incentive to local authorities to increase the number of properties with a further reward for increases in affordable homes. The payment will be based on the council tax amount received per property and on the increase in properties between 2009 and 2010. The detailed allocation has recently been announced but has yet to be checked and finalised. It is currently expected to be in the region of £250k per annum. This grant is also planned to be a temporary grant allocation but will continue for the remainder of the financial planning period.
- Council Tax Freezing grant is for a limited period and will cease in due course but is due to be received for the full period of this strategy.

16. In terms of the budget principles adopted to construct the budget and building on the approved savings made to date, the following is proposed as part of the 2011/12 budget.

NEW GROWTH	£m	£m
Town Centre Investment	0.266	0.266

BUDGET SAVINGS	£m	£m
Savings already approved	0.903	
Sub Total – Savings approved		0.903
Increase fees and charges	0.030	
Planning Fees Income	0.040	
Policy & Communications cost reduction	0.040	
Reduce scope of Mayoralty	0.020	
Shared Assurance Services cost reduction	0.045	
New Car Parking machines	0.019	
Debt Restructuring	0.100	
Sub Total – Further Savings Proposals		0.294
TOTAL BUDGETARY SAVINGS 2011/12		1.197

- **Town Centre Investment**

New money will be made available to spend within the town centre to improve the visual appearance of the shop fronts, for example, new windows, exterior treatment, lettering, fascias, signage and lighting. This also includes business support advice to promote the sustainability of the business.

In addition, refurbishment grants and business rate subsidies will also be available to promote and support high quality independents to take up vacant shop premises within the town centre boundary.

The night time economy will also be developed by focusing on the third Thursday night of each month to boost night time activity in the town centre covering late night shopping, promotions at pubs and restaurants, entertainment, free parking after 4pm, activities for youngsters and a town centre evening economy guide.

- **Review of Planning Fees and other Fees and Charges (excluding Car Parking Fees and Building Control)**

The Secretary of State has launched a consultation paper on proposed changes to the planning application fees regime which would decentralise responsibility for setting fees to local planning authorities. The paper also proposes to allow authorities to charge for some of those applications which are currently free. As the Government is only due to produce regulations and detailed guidance by October 2011 the savings is currently a target. It is

proposed, however, that additional income can be generated from charging for enforcement and also introducing charges in respect of processing certificates to verify that planning conditions have been discharged by applicants.

It is also proposed that all fees and charges, excluding Car Parks and Building Control fees, are uplifted by an inflationary increase as per Appendix A1 attached.

- **Policy and Communications cost reduction**

Budgets for consultations and publicity costs have been able to be reduced within the Policy and Communications Teams respectively by changes in work demand as a result of the reduced inspection regime and also work being carried out in house.

- **Reduced scope of Mayoralty**

A review of costs demonstrated that the total cost of Mayoralty came to £100,000. It is proposed that by reducing the scope of mayoralty a reduction in one post can be achieved. This is brought about by a subsequent reduction in the amount of support required by the role of Mayor. The Mayor in 2011 will donate the six free uses of the Lancastrian Suite (provided to all Mayors) to local charities so that they may hold their own fundraising events. Mayoral visits will focus on borough-based engagements. The saving is the net amount saved offset by introducing a budget of £5,000 to enable donations to be made to the Mayor's nominated charities.

- **Shared Assurance Services**

The budget savings in Shared Assurance Services are due to (a) a reduced Internal Audit need following the abolition of CAA and Use of Resources and (b) several process efficiencies in Internal Audit & Risk Management which have become possible following the merger of hitherto separate services for Chorley and South Ribble Councils.

The savings will largely be achieved by not filling vacancies which have existed since the formation of the Shared Services Partnership. In 2009/10 and 2010/11 the savings arising from those vacancies were used to buy in additional resources from an external provider. This facility will largely be removed in 2011/12. The report has been to Audit Committee and will be presented to Executive Cabinet on 31st March 2011.

- **Debt Restructuring**

Incurring borrowing within the Capital Programme results in an annual charge against the Council's budget, (MRP). A combination of cost, asset life and originating year determines the impact financed items have on the revenue account and the budget. During the 2011/12 budget process the cost of servicing debt for all relevant items was reviewed and ranked for optimum cost reduction. By actively identifying opportunities to repay debt, and targeting the items with the greatest annual cost, budget savings have been identified. Current forecasts demonstrate that repayment of debt in the region of £0.800m will reduce the impact on the budget by £0.100m. Please note that the proposed Capital Programme does not include funding derived from Capital Receipts and therefore any receipts received may be available for debt restructure purposes. It is the intension that when appropriate opportunities arise during 2011/12, funds will be set aside to reduce debt, for example, uncommitted VAT receipts and Capital Receipts.

CONTAINING COUNCIL TAX INCREASES

17. For 2011/12 the Executive propose that Council Tax is frozen at the levels set in 2010/11. Consequently the Council Tax increase for the period 2007/8 – 2011/12 will have been as follows:

Table 2: Annual Council Tax Increase 2007/08 to 2011/12

Year	Annual Increase %
2007/08	0.00
2008/09	2.50
2009/10	2.90
2010/11	0.00
2011/12	0.00
Average	1.08

PROTECTING THE CHORLEY COMMUNITY FROM THE IMPACT OF THE CURRENT ECONOMIC SITUATION

18. In addition to freezing Council Tax for 2011/12 the Executive propose other budgetary options that will protect the Chorley community from the impact of the current economic situation, namely:
- Continue the funding of voluntary organisations.
 - Car Park Pay and Display fees and charges in addition to absorbing the latest VAT increase.

CONTINUE TO PROVIDE VALUE FOR MONEY

19. Over the financial years 2007/08 to 2011/12 the following savings/efficiencies have been achieved:

Table 3: Annual Budget Savings 2007/08 to 2011/12

Year	Annual saving £m
2007/08	1.795
2008/09	0.551
2009/10	0.848
2010/11	0.747
2011/12	1.197
Total	5.138
Average	1.028

20. In addition to achieving a significant level of efficiencies within the budget, the council has maintained value for money by delivering a consistently high level of performance and ensured that with regard to front line services business is as usual.

CONTINUE TO BE A HIGH PERFORMING COUNCIL

21. During this period the performance of the Council has remained excellent, as evidenced by the following:
- Performance in the delivery of the Corporate Strategy has remained strong over the last period. At its refresh in December 2010, 93% of key measures were performing on target and 91% of key projects were either on track or completed.
 - Customer satisfaction levels continue to be high and have improved in the most recent survey. Overall satisfaction with the Council is 63%, and 54.5% of residents believe the Council provides value for money. These scores place the Council in the top 25% of Councils nationally.
 - In the most recent Audit and Inspection Letter, the Council's external auditors were satisfied that the Council has continued to perform highly.
22. For this reason the Executive are convinced that maintaining current performance whilst continuing to reduce the cost of local service delivery to the Tax Payer is the right approach.

SAFEGUARDING FRONT LINE SERVICES AND FOCUSING ON REMOVING BUREAUCRACY AND MANAGERIAL POSTS

23. Despite the current pressures placed on the budget through reduced funding, the Administration has still been able to allocate additional resources effectively to react to public opinion which is also contained within the budget consultation process with new investment in the Town Centre amounting to £0.266m. This will be spent on the following:-
- Improving the visual appearance of shop fronts via grants
 - Supporting high quality independents into vacant shop premises
 - Developing the night time economy
24. During the period 2007/08 to 2010/11 significant reductions in costs has been achieved whilst also maintaining and improving front line services. The Administration's strategy of reducing management and administration costs has meant that it has been possible to protect and in some cases redirect resources to front line services during that time.
25. As a result of this approach, the Council will also be able to continue to spend on key services, some examples of which are:
- Improving the Town Centre with regard to new investment.
 - Maintaining last years additional Town Centre cleansing services.
 - Helping to continue to fund the provision of PCSO's in the Borough.
 - Continued to fund the voluntary sector.
 - Continuing to provide the Get Up and Go programme.
 - Continuing to help reduce unemployment in the area.

PREPARE FOR THE FUTURE AND THE UNCERTAINTY OVER PUBLIC FINANCES AND LOOK TO REDUCE DEBT AND THE CONSEQUENT FINANCING CHARGES

26. The administration has consistently followed a prudent approach to the budget by:

- Not setting unachievable targets in the budget.
- Balancing the budget over the medium term.
- Containing working balances at a level sufficient to meet risk.

27. In term of 2011/12 the Executive proposals will mean:

- The budget is in surplus as we move into what is likely to be a difficult period financially.
- The Councils working balances will be maintained to guard against the financial risks that the Council may face in the future.
- Capital spending will be contained and further borrowing reductions will be sought in order to minimise the impact on the revenue account.

LOOKING FOR OPPORTUNITIES TO SHARE SERVICES AND GENERATE ADDITIONAL REVENUE

28. The sharing of services continues to reduce costs and generate additional income, adding to significant contributions to savings that have already been realised in previous years. In 2011/12 a further £0.246m has already been achieved in:

- Sharing a Chief Executive
- Embarking on a Shared Revenues and Benefits regime
- Shared Financial Services restructure

with an additional £0.045m proposed savings to be made within Shared Assurance Services.

CAPITAL PROGRAMME

29. The forecast three year capital programme for the period 2011/12 to 2013/14 is contained at Appendix B. Monitoring of the Capital Programme for 2010/11 is also included in order to indicate the re-phasing of expenditure to 2011/12.

30. The programme is based upon the three year programme reported to the last Executive on the 17 January 2011.

31. As the approach is to ensure that Capital spending plans **are** affordable, and given the pressure there is likely to be on public finances in the future, no new schemes will be added to the programme in 2011/12 other than that which is contractual or that can be financed from external resources.

Consequently the proposed spending for the period is as follows:

2011/12	2012/13	2013/14
£5,900,700	£1,115,410	£780,000

32. The pressure on capital resources will continue to be an issue for the Council over the medium term. The depressed state of the market means asset sales have been postponed whilst the market improves. A thorough review of the Council's asset holding is required as part of the site allocation process to be completed during 2011 to ensure that the updated Asset Management Plan to be completed during 2011/12 has a strategic dimension to it.

33. As a consequence the anticipated borrowing for the period 2011/12 to 2013/14 is as follows:

2011/12	2012/13	2013/14
£526,560	£644,800	£530,000

34. No assumptions have been made at this stage in terms of anticipated capital receipts from asset sales, grants and contribution and the VAT shelter will have to be achieved as indicated in the programme. Should additional contributions be recovered from either windfalls or developer contributions, new schemes could be added to the programme. Should receipts from asset sales or the VAT shelter exceed the totals required, it would be possible to reduce the borrowing requirement or reduce the Council's debt, in order to make revenue budget savings in subsequent years.

35. Appendix B4 analyses the use of developers contributions to finance the capital programme.

THE COLLECTION FUND

36. The collection fund or account used for the collection of Council Tax is forecast to move from a deficit in 2009/10 to a surplus in 2010/11. This is accounted for in the following year and therefore the budget has moved by (£46k) from a deficit of £20k to a surplus of (£26k). This movement has been brought about as a provision was made for an anticipated negative affect of the economic downturn on collection rates. Fortunately the actual affect was less than anticipated and therefore the fund is now in surplus. Due to the current annual movement future the budget forecast includes a breakeven position on the fund.

37. The Council Tax Base, i.e. equivalent number of Band D properties, has also been uplifted by 1.0% to reflect the additional number of properties that will be paying Council tax in future years.

Appendix A1	Fees and Charges 2011/12
Appendix A2	Formal Council Tax Resolution
Appendix B	Capital Programme 2011/12 -2013/14
B1	Capital Programme Monitoring 2010/11
B2	Three Year Capital Programme
B3	Explanation of 2011/12 Proposed Changes
B4	Use of Developers Contributions
Appendix C	Treasury Management Strategy
Appendix D	Statutory Report
Appendix E	Medium Term Financial Strategy
Appendix F	Significant Budget Movements Year on Year
Appendix G	Special Expenses /Parish Precepts
Appendix H	Budget Consultation Response

FUTURE YEARS PROPOSALS

38. Contained in the Financial Strategy at Appendix E is a summary of the forecast position for the Council budget up until 2013/14. The forecast is based on the following key assumptions:
- A continuation of current service provision to the same level and in the same way over that period
 - Increase in costs for the Council's pension bill have been included at the rate of 0.5% for the three year together with an estimates 2% pay award in 2013/14.
 - No allowance at this stage has been made for either an increase in Council Tax.
 - No allowance has been made for potential decreases in external financial support from the Government in 2013/14 apart from the loss of the floor damping adjustment to the settlement in years 2011/12 and 2012/13.
 - New Homes Bonus detailed allocations, although a possible significant source of income, have yet to be confirmed and therefore estimates only have been included.
39. The key message is that in this period of continued uncertainty due to the two year settlement and the forthcoming Local Government Funding Review.
40. That said, the Council must plan on some basis and the figures show that further significant savings will be needed over the medium term to balance the budget based upon the assumptions already made. The financial strategy sets out the areas where the Council may want to concentrate its efforts in terms of achieving the savings required.

CONCLUSION

41. This paper outlines for the Council the Executives proposals in terms of budget for 2011/12. The budget principles adopted by the Executive means that its objective of protecting front line services provision whilst containing tax increases has been achieved, consequently:
- Significant progress has been made towards addressing the budget deficit resulting from the 2010 Comprehensive Spending Review and the budget gap for 2011/12 has already been bridged.
 - Council Tax for 2011/12 will be frozen at the 2010/11 levels.
 - Investment in the Town Centre with regard to cleansing has been maintained together with a further investment of £0.266m in 2011/12. This will bring total investment over £0.300m in the last two years and result in an improved visual appearance and improved economy.
 - Car Parking charges will be frozen and the effect of the VAT increase will be absorbed.
 - Front line service provision will be maintained and it is business as usual.
 - The level of working balances are to be maintained.
 - Significant savings in management and back office costs have been achieved.
42. Future saving will be required and an efficiency programme is proposed and contained in the Medium Term Financial Strategy at Appendix E.
43. The Council will continue to have to work extremely hard, be innovative and creative to continue to make efficiencies and at the same minimise the impact on services. There are still factors that may affect the current forecast financial position, namely the forthcoming Local Government Funding Review which will determine the levels of funding with effect from 2013/14 within the planning period. In addition, the Council's income streams will remain under pressure. The overall approach to be adopted in terms of further efficiencies is set out in the Medium Term Financial Strategy which is appended to this report.

IMPLICATIONS OF REPORT

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

Finance	y	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

GARY HALL
SATUTORY FINANCE OFFICER

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Susan Guinness	5101	14/02/11	Rev & Capital Budget Report

PROPOSED FEES & CHARGES REVIEW - INFLATIONARY INCREASE

DESCRIPTION	2009/10 ACTUAL £	2010/11 FORECAST £	2011/12 BUDGET £	IMPACT OF INCREASE IN FEES & CHARGES																	
				1% £	2% £	3% £	4% £	5% £	6% £	7% £	8% £	9% £	10% £								
PARTNERSHIPS, PLANNING & POLICY																					
Local Land Charges	(114,056)	(111,430)	(99,530)	(995)	(1,991)	(2,986)	(3,981)	(4,977)	(5,972)	(6,967)	(7,962)	(8,958)	(9,953)								
Tolls-General Markets	(245,616)	(234,340)	(245,350)	(2,454)	(4,907)	(7,361)	(9,814)	(12,268)	(14,721)	(17,175)	(19,628)	(22,082)	(24,535)								
Tolls-Flat Iron Markets	(66,164)	(53,140)	(65,000)	(650)	(1,300)	(1,950)	(2,600)	(3,250)	(3,900)	(4,550)	(5,200)	(5,850)	(6,500)								
PEOPLE & PLACES																					
Hackney/Pvt Carriage Licences	(79,193)	(75,570)	(75,570)	(756)	(1,511)	(2,267)	(3,023)	(3,779)	(4,534)	(5,290)	(6,046)	(6,801)	(7,557)								
Taxi Testing & Vehicle Safety Report	(3,562)	(25,840)	(25,840)	(258)	(517)	(775)	(1,034)	(1,292)	(1,550)	(1,809)	(2,067)	(2,326)	(2,584)								
Public Protection - Licence Fees	(14,928)	(15,000)	(12,540)	(125)	(251)	(376)	(502)	(627)	(752)	(878)	(1,003)	(1,129)	(1,254)								
Refuse Collection/Civic Amenity Collection	(25,192)	(27,000)	(29,420)	(294)	(588)	(883)	(1,177)	(1,471)	(1,765)	(2,059)	(2,354)	(2,648)	(2,942)								
Wheeled Bins	(12,952)	(13,260)	(13,260)	(133)	(265)	(398)	(530)	(663)	(796)	(928)	(1,061)	(1,193)	(1,326)								
Neighbourhood Quality Te/Pest Control Contra	(10,511)	(16,140)	(10,000)	(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	(1,000)								
Neighbourhood Quality Team/Rechargeable V	(12,337)	(12,980)	(8,510)	(85)	(170)	(255)	(340)	(426)	(511)	(596)	(681)	(766)	(851)								
Streetscene Delivery Team/Rechargeable Wo	(21,863)	(21,010)	(21,010)	(210)	(420)	(630)	(840)	(1,051)	(1,261)	(1,471)	(1,681)	(1,891)	(2,101)								
Adlington Cem-Grant Right of Burial	(1,648)	(3,240)	(1,640)	(16)	(33)	(49)	(66)	(82)	(98)	(115)	(131)	(148)	(164)								
Adlington Cem-Interment Fees	(3,232)	(5,560)	(5,000)	(50)	(100)	(150)	(200)	(250)	(300)	(350)	(400)	(450)	(500)								
Chorley Cem-Grant Right of Burial	(24,795)	(30,240)	(23,000)	(230)	(460)	(690)	(920)	(1,150)	(1,380)	(1,610)	(1,840)	(2,070)	(2,300)								
Chorley Cem-Interment Fees	(41,735)	(31,970)	(40,000)	(400)	(800)	(1,200)	(1,600)	(2,000)	(2,400)	(2,800)	(3,200)	(3,600)	(4,000)								
Community Centres-Hire of Offices	(7,447)	(11,140)	(7,190)	(72)	(144)	(216)	(288)	(360)	(431)	(503)	(575)	(647)	(719)								
Community Centres-Hire of Offices	(2,923)	(5,500)	(5,500)	(55)	(110)	(165)	(220)	(275)	(330)	(385)	(440)	(495)	(550)								
Community Centres-Hire of Offices	(10,265)	(11,170)	(8,740)	(87)	(175)	(262)	(350)	(437)	(524)	(612)	(699)	(787)	(874)								
TRANSFORMATION																					
Rent Garages	(41,608)	(37,500)	(39,000)	(390)	(780)	(1,170)	(1,560)	(1,950)	(2,340)	(2,730)	(3,120)	(3,510)	(3,900)								
	(740,027)	(742,030)	(736,100)	(7,361)	(14,722)	(22,083)	(29,444)	(36,805)	(44,166)	(51,527)	(58,888)	(66,249)	(73,610)								

This page is intentionally left blank

Report of	Meeting	Date
Director of Transformation (Introduced by the Executive Member for Transformation)	Council	1 st March 2011

CAPITAL PROGRAMME MONITORING 2010/11 AND PROGRAMME 2011/12 – 2013/14

PURPOSE OF REPORT

1. To update the Capital Programme for 2010/11 to take account of expenditure rephased to later financial years, virements between projects, and other budget changes.
2. To update the Capital Programmes for 2011/12 and 2012/13 to take account of rephasing of expenditure and other budget changes.
3. To add provisional Capital Programme figures for 2013/14.

RECOMMENDATION(S)

4. That the Council be recommended to approve the revised Capital Programme for 2010/11 as presented in Appendix 1.
5. That the Council be recommended to approve the Capital Programme for 2011/12; and to note the amendments to the provisional Capital Programme for 2012/13, as presented in Appendix 2.
6. That the Council be recommended to note the provisional Capital Programme figures for 2013/14 as presented in Appendix 2.

EXECUTIVE SUMMARY OF REPORT

7. Executive Cabinet of 17th February 2011 recommended that Council approved the revised Capital Programme for 2010/11 and the amendments to the provisional figures for 2011/12 to 2012/13. This report updates the figures already approved by Executive Cabinet and adds provisional budgets for 2013/14 to the programme.
8. The Capital Programme for 2010/11 should be reduced from £10,367,350 to £4,457,240 as a result of the changes totalling £5,780,110 identified in Appendix 1 (total of columns (2) to (4)). Of this total, expenditure of £4,747,790 should be rephased to later financial years (details in column (3)) and budgets should be reduced by a net total of £1,032,320 (as indicated in column (4)).
9. The Capital Programme for 2011/12 should be increased by £4,308,040, of which £4,707,790 is in respect of rephasing of expenditure (as indicated in column (2) of Appendix

3) and there is a net reduction in other budgets of £399,750 (column (3) of Appendix 3). When the 2011/12 figures were reported to Executive Cabinet of 17th February 2011, provision was included for purchase of Food Waste Recycling Receptacles. This budget should be rephased to 2011/12 for the reasons presented in the separate report presented to the same meeting. One new budget should be included in the 2011/12 programme, being £20,250 for the purchase of new Pay and Display Car Park Ticket Machines.

- 10. The Capital Programme for 2012/13 should be reduced by £685,000. Expenditure rephased from 2010/11 and 2011/12 is £40,000 (column (5) of Appendix 3), and budget reductions total £725,000 (column (6) of Appendix 3).
- 11. Provisional Capital Programme budgets for 2013/14 should be added. These are the contractual commitments in respect of asset improvements; additional waste and recycling containers; and Disabled Facilities Grants. The proposed budgets total £780,000 and are presented in Appendix 3 (column (9)).

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

- 12. It is necessary to update the 2010/11 capital programme to take account of the rephasing of expenditure between financial years, as requested by budget holders; and to add and vire budgets to take account of the estimated availability of capital resources.
- 13. It is also necessary to update the provisional capital programme figures for 2011/12 and 2012/13 to take account of the rephasing of expenditure and changes to the resources estimated to be available to finance the programme.
- 14. Provisional budgets for 2013/14 should be added to the programme to contribute to medium-term resource planning.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 15. None.

CORPORATE PRIORITIES

- 16. This report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	✓
Safe Respectful Communities		Quality Community Services and Spaces	✓
Vibrant Local Economy	✓	Thriving Town Centre, Local Attractions and Villages	✓
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			✓

BACKGROUND

- 17. The revised capital programme for 2010/11 to 2012/13 was approved by Council of 2nd November 2010, as follows:

	£
2010/11	10,367,350
2011/12	1,592,660
2012/13	1,800,410
Total 2010/11 – 2012/13	<u>13,760,420</u>

18. It is proposed to reduce the three-year programme 2010/11 to 2012/13 by a net total of £2,157,070, made up as follows:

	£
Estimated reduction in resources available for housing capital investment 2011/12 – 2012/13	(900,000)
Deletion of Market Street Improvements – to be implemented by ASDA	(1,025,000)
Deletion of element of Buckshaw Railway Station budget due to be financed by LCC – Network Rail to charge LCC directly	(225,000)
Addition of Food Waste Recycling Receptacles	30,000
Deletion of Improvements to Sports Pitches 2012/13 – would have been match funding if external grant funding had been available	(275,000)
Addition of Yarrow Valley Country Park Natural Play Zone – grant funded element	57,000
Transfer of various costs to revenue budget	(10,320)
Addition of Capitalised Pension Fund Costs relating to early retirements	171,000
Addition of Pay and Display Ticket machines for Car Parks	20,250
Total	<u>(2,157,070)</u>

Further explanation is given below and the analysis of the proposals between virements, rephasing and other changes is presented in Appendix 1 in respect of 2010/11 and Appendix 3 in respect of 2011/12 and 2012/13.

CAPITAL PROGRAMME 2010/11

19. The revised programme for 2010/11 is presented in Appendix 1, which gives the split of the changes between virements, rephasing and other changes.
20. The Project Design Fees budget for £41,440 from 2010/11 onwards should be transferred from the Head of Economic Development to the Head of Housing to reflect the transfer of the recharge income made in the revenue budget.
21. A budget for a Newbuild Specialist Adapted property should be added to the programme, to be financed from the affordable housing budget at a cost of £67,500. The uncommitted affordable housing budget should be rephased to 2011/12 together with other uncommitted housing budgets, making a total of £1,023,800. (See Head of Housing’s budgets in Appendix 3, columns (2) and (5).) Most of this total would be financed with housing capital grant. It is proposed the rephasing of these budgets should be used to mitigate the effect of reduced capital resources for housing investment in 2011/12.
22. The budget for Town Centre Investment should be reduced by £1,025,000 because the Market Street improvements would be implemented by ASDA. This has no effect on net resources, because the S106 contribution that would have financed the expenditure should also be deleted.
23. A contractual arrangement between Lancashire County Council and Network Rail has been established in respect of Buckshaw Village Railway Station, so there is no need for this

Council to act as an intermediary as envisaged in October. As a consequence, the budget should be reduced by £225,000, but resources should be reduced by the same amount so that there is no net effect. Of the remaining budget, it is estimated that £3,476,690 should be rephased to 2011/12. LCC would finance expenditure incurred during 2010/11 with 'CIF2' grant, so that this use of the S106 contribution held by this Council would be required in 2011/12 when the project is completed.

24. As approved by Executive Cabinet on 9th December 2010, a grant of £50,000 to deal with all dilapidation issues relating to Coppull Leisure Centre should be added to the programme. This should be vired from the budget for planned improvements to assets.
25. Grant funding of £57,000 has been secured to finance a Natural Play Zone in the Yarrow Valley Country Park. Match funding of £23,000 is required and this should be vired from the Eaves Green Play Development budget. The remaining £189,480 balance of that budget should be rephased to 2011/12. This has no impact on the budget required for the main play area due to be provided at Eaves Green, and better value for money is achieved by using part of the budget to secure external funding to provide a new facility in the country park.
26. The £11,320 for improvements to the Big Wood Reservoir area should be rephased to 2011/12. Additional S106 funding may be available in that year, with which to increase the scope of the improvements.
27. The final phase of the Replacement Benefits System will be implemented during 2011/12, so the £46,500 balance of the budget should be transferred to that year.
28. Various costs should be transferred to the revenue budget together with the resource to finance them. These include Cemetery Development (£6,450), CRM Implementation training (£2,270), and Legal Case Management System training (£1,600).

CAPITALISATION OF REVENUE EXPENDITURE

29. The Council has been allocated a direction to enable capitalisation of pension fund payments incurred during 2010/11. The maximum that could be capitalised is £171,000 and the expenditure must be financed with capital receipts. The application for the capitalisation direction was submitted before the conclusion of restructuring proposals. It is by no means certain that pension strain arising from early retirements in 2010/11 would be as much as £171,000. At present there are no uncommitted capital receipts in hand with which to finance the expenditure if capitalised. If a potential disposal is not completed by 31st March 2011, the expenditure would have to be charged to the revenue budget, though payment could be phased. Should the asset disposal be achieved by 31st March, any of the capital receipt not required to finance capitalised pension fund costs could be used to reduce the revenue cost of capital investment. Any uncommitted capital receipt balance could be used either to replace the use of borrowing to finance the current capital programme; or to reduce debt previously incurred, as represented by the Capital Financing Requirement.

CAPITAL PROGRAMME 2011/12 and 2012/13

30. The updated figures for the 2011/12 and 2012/13 programmes are presented in Appendix 2 and details of the changes are given in Appendix 3.
31. Resources for housing capital investment in 2011/12 and 2012/13 are expected to be around £900,000 less than previously estimated. This is a combination of a reduction in grant funding for housing investment and non-acceptance of the Council's bid for additional resources.

32. In respect of funding for Disabled Facilities Grants (DFGs), the Government has indicated that councils should receive no less than the allocation for 2010/11 (£235,000) and that additional resources would be allocated according to need. It is suggested that the budget should be £250,000 per year but that the budget should be revised once the actual allocation has been confirmed. Details of the allocation for 2011/12 were not available at the time of preparing this report.
33. Of the housing capital grant transferred from 2010/11, it is proposed that £803,520 remain unallocated pending further deliberation. This is shown as 'Housing Renewal' in Appendix 2 and the budget could be used to finance affordable housing or purchase and repair schemes, or other housing capital investment.
34. The new Food Waste Recycling scheme was reported to Executive Cabinet on 11th November 2010. As indicated, £30,000 would be required to purchase receptacles. An update report was presented to Executive Cabinet of 17th February 2011, in which it was reported that the additional expenditure need not be incurred until 2012/13 so the budget has been rephased. If financed by borrowing, this would result in a £3,000 per year charge to the revenue budget over 10 years, from 2013/14 onwards.
35. One addition to the 2011/12 programme is in respect of new Pay and Display Ticket Machines for car parks, at a cost of £20,250. This is for revenue protection purposes and the expenditure is included on the basis that it would be financed by borrowing, at a revenue budget cost of £2,025 per year from 2012/13 onwards.
36. A draft budget of £275,000 for Improvements to Sports Pitches had been included in the programme for 2012/13 on the basis that it would be spent only if considerable external funding could be secured. Such grant funding is no longer available so the resources earmarked for this purpose could be reallocated to other purposes, in particular debt reduction.

CAPITAL PROGRAMME 2013/14

37. As part of the budget approval process it is usual to add a further year to the capital programme. It is proposed that only regular commitments should be added at this stage, at a total cost of £780,000. Of this total, £530,000 would be financed by borrowing, though this figure could be reduced if further capital receipts from asset disposals could be achieved.
38. Other schemes may be added to the 2013/14 programme at a later date, in particular those funded by external grants of developer contributions.

CAPITAL RECEIPTS AND DEVELOPERS' CONTRIBUTIONS

39. A summary of capital receipts expected from the disposal of surplus assets was presented to Council on 2nd March 2010. Disposals in 2010/11 and 2011/12 were estimated to be £1,328,000, of which £800,830 was in excess of the budgeted use of capital receipts to finance new capital expenditure. In addition, sales of garages and garage sites for the development of affordable housing were estimated to total £910,350. If all sales were achieved, capital receipts of £1,711,180 would have been available to reduce debt, either by replacing new Prudential Borrowing or repaying debt previously incurred.
40. Due to low demand for land, including from housing associations, the asset disposal programme was rephased during 2010/11 and asset holdings will be reviewed again during

2011/12, when valuations could be reconsidered to reflect current demand. No new capital receipts have been assumed in the financing of the proposed 2011/12 to 2013/14 capital programme. However, disposals will be proposed during the next three years and the use of the capital receipts will be recommended in the regular capital programme monitoring reports.

41. Appendix 4 shows the estimated receipt and use of developers' contributions, most of which are S106 contributions. The top table presents a summary of the total estimated to be received and used between 2010/11 and 2013/14. This summary excludes contributions to be used to finance revenue expenditure, such as Play and Recreation Fund grants to other bodies such as parish councils. Use of the Pilling Lane contribution is not included at this stage. The bottom table indicates the specific schemes that will be financed with developers' contributions.
42. Apart from £90,000 in respect of affordable housing, no new contributions are shown as being expected between 2011/12 and 2013/14. However, contributions will continue to be received and the proposed use will be recommended in future capital programme monitoring reports. S106 contributions are expected from the Buckshaw Group 1 and Group 4 North developments over the next few years. A total of £6,115,000 plus index linking is due in instalments as the sites are developed, to provide affordable housing, community facilities, playing fields and public open space, public infrastructure, and public transport improvements. In addition, affordable housing and other facilities would be provided on site by the developers.

DEBT REDUCTION STRATEGY

43. The budget principles for 2011/12 approved by Executive Cabinet of 9th December 2010 included the reduction of debt incurred to finance capital investment and therefore the capital financing charges paid for from the revenue budget. The proposed revenue budget for 2011/12 has been prepared on the basis that uncommitted resources, in particular VAT Shelter Income, would be set aside voluntarily in 2010/11 to reduce debt, represented by the Capital Financing Requirement. The objective is to reduce the Minimum Revenue Provision charged to the revenue budget by £100,000 from 2011/12 onwards. This reduction in MRP can be achieved provided the current tranche of VAT Shelter Income is received from Chorley Community Housing during 2010/11 and 2011/12. It is unlikely that all of the uncommitted VAT Shelter Income would be received by 31st March 2011: the remainder would probably be received during 2011/12. To achieve the maximum reduction of MRP in 2011/12 may require the temporary use of some earmarked revenue reserves to repay debt in 2010/11. Should this prove to be necessary, the earmarked reserves would then be reinstated when the balance of the VAT Shelter Income is received.
44. To continue to reduce debt and the related charges to revenue would require additional resources to be set aside from 2011/12 onwards. Such resources would include capital receipts from the disposal of surplus assets; revenue budget savings; and VAT Shelter Income, if additional sums become due.

IMPLICATIONS OF REPORT

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

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

Financial implications are set out in the body of the report.

GARY HALL
DIRECTOR OF TRANSFORMATION

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Michael L. Jackson	5490	14 th February 2011	Capital Monitoring 2010-11 and Programme 2011-12-2013-14 Mar 2011.doc

This page is intentionally left blank

Capital Programme Monitoring 2010/11

Scheme	2010/11 Current Estimate (1) £	Virement (2) £	Rephasing (3) £	Other Changes (4) £	2010/11 Revised Estimate (5) £
<u>Director of Partnerships, Planning & Policy</u>					
<u>Head of Economic Development</u>					
Chorley Market Improvements	22,290				22,290
Climate Change Pot	89,300				89,300
Project Design Fees	41,440	(41,440)			0
<u>Head of Economic Development Total</u>	153,030	(41,440)	0	0	111,590
<u>Head of Housing</u>					
Choice Based Lettings	20,000		(20,000)		0
Affordable Housing New Development Projects	976,300	(67,500)	(908,800)		0
- Crosse Hall Lane	80,000				80,000
- Devonport Way	78,000				78,000
- Newbuild Specialist Adapted property	0	67,500			67,500
Purchase and Repair	485,230				485,230
Disabled Facilities Grants	508,020				508,020
Housing Renewal					
- Home Repair Grants/Decent Homes Assistance	91,790		(50,000)		41,790
- Energy Efficiency Grants	50,000		(40,000)		10,000
- Handyerson Scheme	22,000				22,000
- Landlord Accreditation	5,000		(5,000)		0
Project Design Fees	0	41,440			41,440
<u>Head of Housing Total</u>	2,316,340	41,440	(1,023,800)	0	1,333,980
<u>Head of Planning</u>					
Town Centre Investment	1,060,550			(1,025,000)	35,550
Eaves Green Link Road - contribution to LCC scheme	80,000				80,000
Buckshaw Village Railway Station (S106/LCC financed)	3,731,690		(3,476,690)	(225,000)	30,000
Buckshaw Village Cycle Network	77,360				77,360
Chorley Strategic Regional Site	391,200				391,200
<u>Head of Planning Total</u>	5,340,800	0	(3,476,690)	(1,250,000)	614,110
<u>Head of Policy</u>					
Performance Management	10,000				10,000
Performance Reward Grant (PRG) funded schemes	75,500				75,500
<u>Head of Policy Total</u>	85,500	0	0	0	85,500
<u>Director of Partnerships, Planning & Policy Total</u>	7,895,670	0	(4,500,490)	(1,250,000)	2,145,180

Capital Programme Monitoring 2010/11

Scheme	2010/11 Current Estimate (1) £	Virement (2) £	Rephasing (3) £	Other Changes (4) £	2010/11 Revised Estimate (5) £
<u>Director of People and Places</u>					
<u>Head of Streetscene & Leisure Contracts</u>					
Leisure Centres/Swimming Pool Refurbishment	302,980				302,980
Coppull Leisure Centre Grant	0	50,000			50,000
Duxbury Park Golf Course capital investment	86,560				86,560
Village Hall & Community Centres Projects	13,060				13,060
Replacement of recycling/litter bins & containers	101,680				101,680
Highway improvements - Gillibrand estate/Southlands	44,000				44,000
Astley Park Improvements	27,210				27,210
Eaves Green Play Development (S106 funded)	212,480	(23,000)	(189,480)		0
Fairview Farm Play Facilities (S106 funded)	100,000				100,000
Coppull Leisure Park (S106 funded)	25,000				25,000
Play and Recreation Fund projects	113,000				113,000
YVCP Natural Play Zone (S106/Grant funded)	0	23,000		57,000	80,000
Cemetery Development	6,450			(6,450)	0
Common Bank - Big Wood Reservoir	11,320		(11,320)		0
Project Design Fees	29,870				29,870
	1,073,610	50,000	(200,800)	50,550	973,360
<u>Director of People and Places Total</u>	1,073,610	50,000	(200,800)	50,550	973,360
<u>Director of Transformation</u>					
<u>Head of Customer, ICT & Transactional Services</u>					
Website Development (incl. ICT salary capitalisation)	20,000				20,000
Thin Client/Citrix (started 2007/08)	46,490				46,490
Server Virtualisation / Data Storage Solution	190,750				190,750
Web Accessibility	10,080				10,080
Astley Hall network link	8,000				8,000
CRM Implementation	91,420			(2,270)	89,150
Unified Intelligent Desktop	290,130				290,130
Replacement Benefits System	186,000		(46,500)		139,500
	842,870	0	(46,500)	(2,270)	794,100
<u>Head of Customer, ICT & Transactional Services Total</u>	842,870	0	(46,500)	(2,270)	794,100
<u>Head of Governance</u>					
Legal Case Management System	6,090			(1,600)	4,490
	6,090	0	0	(1,600)	4,490
<u>Head of Governance Total</u>	6,090	0	0	(1,600)	4,490
<u>Head of Human Resources & Organisational Development</u>					
Integrated HR, Payroll and Training System	30,000				30,000
	30,000	0	0	0	30,000
<u>Head of HR & Organisational Development Total</u>	30,000	0	0	0	30,000
<u>Director</u>					
Planned Improvements to Fixed Assets	519,110	(50,000)			469,110
Capitalisation of Restructuring Costs	0			171,000	171,000
	519,110	(50,000)	0	171,000	640,110
<u>Director Total</u>	519,110	(50,000)	0	171,000	640,110
<u>Director of Transformation Total</u>	1,398,070	(50,000)	(46,500)	167,130	1,468,700
<u>Capital Programme Total</u>	10,367,350	0	(4,747,790)	(1,032,320)	4,587,240
<u>Financing the Capital Programme</u>					

Capital Programme Monitoring 2010/11

Scheme	2010/11 Current Estimate (1) £	Virement (2) £	Rephasing (3) £	Other Changes (4) £	2010/11 Revised Estimate (5) £
Prudential Borrowing	744,560				744,560
Unrestricted Capital Receipts	77,000		(29,800)	171,000	218,200
Revenue Budget - VAT Shelter income	1,515,400		(58,500)	(10,320)	1,446,580
Chorley Council Resources	2,336,960	0	(88,300)	160,680	2,409,340
Ext. Contributions - Developers	5,989,560		(3,785,970)	(1,025,000)	1,178,590
Ext. Contributions - Other	585,500			(168,000)	417,500
Government Grants - Disabled Facilities Grants	235,000				235,000
Government Grants - Housing Capital Grant	1,220,330		(873,520)		346,810
External Funding	8,030,390	0	(4,659,490)	(1,193,000)	2,177,900
Capital Financing Total	10,367,350	0	(4,747,790)	(1,032,320)	4,587,240

This page is intentionally left blank

Capital Programme - 2011/12 to 2013/14

Scheme

Director of Partnerships, Planning & Policy

Head of Economic Development

Chorley Market Improvements
Project Design Fees

Head of Economic Development Total

Head of Housing

Affordable Housing New Development Projects
Disabled Facilities Grants
Housing Renewal
- Home Repair Grants/Decent Homes Assistance
- Energy Efficiency Grants
Project Design Fees

Head of Housing Total

Head of Planning

Buckshaw Village Railway Station (S106/LCC financed)

Head of Planning Total

Director of Partnerships, Planning & Policy Total

Director of People and Places

Head of Streetscene & Leisure Contracts

Leisure Centres/Swimming Pool Refurbishment
Replacement of recycling/litter bins & containers
Food Waste Recycling Receptacles
Improvements to Sports Pitches
Eaves Green Play Development (S106 funded)
Common Bank - Big Wood Reservoir
Car Park Pay and Display Ticket Machines
Project Design Fees

Head of Streetscene & Leisure Contracts Total

Director of People and Places Total

2011/12 Current Estimate (1) £	Proposed Changes (2) £	2011/12 Revised Estimate (3) £	2012/13 Current Estimate (4) £	Proposed Changes (5) £	2012/13 Revised Estimate (6) £	2013/14 Current Estimate (7) £	Proposed Changes (8) £	2013/14 Revised Estimate (9) £	Total 2011/12 to 2013/14 (10) £
46,500	(41,440)	46,500	59,300	(41,440)	59,300	0	0	0	105,800
41,440		0	41,440		0	0		0	0
87,940	(41,440)	46,500	100,740	(41,440)	59,300	0	0	0	105,800
239,850	150,280	390,130	90,000		90,000	0		0	480,130
400,000	(150,000)	250,000	400,000	(150,000)	250,000	0	250,000	250,000	750,000
300,000	503,520	803,520	300,000	(300,000)	0	0	0	0	803,520
0	50,000	50,000	0	0	0	0	0	0	50,000
0	10,000	10,000	0	10,000	10,000	0	0	0	20,000
0	41,440	41,440	0	41,440	41,440	0	0	0	82,880
939,850	605,240	1,545,090	790,000	(398,560)	391,440	0	250,000	250,000	2,186,530
0	3,476,690	3,476,690	0	0	0	0	0	0	3,476,690
0	3,476,690	3,476,690	0	0	0	0	0	0	3,476,690
1,027,790	4,040,490	5,068,280	890,740	(440,000)	450,740	0	250,000	250,000	5,769,020
230,000		230,000	235,000		235,000	0	245,000	245,000	710,000
85,000		85,000	85,000		85,000	0	85,000	85,000	255,000
0		0	0	30,000	30,000	0	0	0	30,000
0		0	275,000	(275,000)	0	0	0	0	0
0	189,480	189,480	0	0	0	0	0	0	189,480
0	11,320	11,320	0	0	0	0	0	0	11,320
0	20,250	20,250	0	0	0	0	0	0	20,250
29,870		29,870	29,870		29,870	0	0	0	59,740
344,870	221,050	565,920	624,870	(245,000)	379,870	0	330,000	330,000	1,275,790
344,870	221,050	565,920	624,870	(245,000)	379,870	0	330,000	330,000	1,275,790

Capital Programme - 2011/12 to 2013/14

Scheme

Director of Transformation

Head of Customer, ICT & Transactional Services

Website Development (incl. ICT salary capitalisation)
Thin Client/Citrix (started 2007/08)
Replacement Benefits System

Head of Customer, ICT & Transactional Services Total

Director

Planned Improvements to Fixed Assets

Director Total

Director of Transformation Total

Capital Programme Total

Financing the Capital Programme

Prudential Borrowing

Unrestricted Capital Receipts

Revenue Budget - VAT Shelter income

Chorley Council Resources

Ext. Contributions - Developers

Government Grants - Disabled Facilities Grants
Government Grants - Housing Capital Grant

External Funding

Capital Financing Total

	2011/12 Current Estimate (1) £	Proposed Changes (2) £	2011/12 Revised Estimate (3) £	2012/13 Current Estimate (4) £	Proposed Changes (5) £	2012/13 Revised Estimate (6) £	2013/14 Current Estimate (7) £	Proposed Changes (8) £	2013/14 Revised Estimate (9) £	Total 2011/12 to 2013/14 (10) £
	20,000	0	20,000	20,000	0	20,000	0	0	0	40,000
	0	46,500	46,500	64,800	0	64,800	0	0	0	64,800
	0	0	0	0	0	0	0	0	0	46,500
	20,000	46,500	66,500	84,800	0	84,800	0	0	0	151,300
	200,000	0	200,000	200,000	0	200,000	0	200,000	200,000	600,000
	200,000	0	200,000	200,000	0	200,000	0	200,000	200,000	600,000
	220,000	46,500	266,500	284,800	0	284,800	0	200,000	200,000	751,300
	1,592,660	4,308,040	5,900,700	1,800,410	(685,000)	1,115,410	0	780,000	780,000	7,796,110
	506,310	20,250	526,560	614,800	30,000	644,800	0	530,000	530,000	1,701,360
	0	29,800	29,800	100,000	(100,000)	0	0	0	0	29,800
	146,500	58,500	205,000	295,610	(175,000)	120,610	0	0	0	325,610
	652,810	108,550	761,360	1,010,410	(245,000)	765,410	0	530,000	530,000	2,056,770
	239,850	3,785,970	4,025,820	90,000	90,000	90,000	0	0	0	4,115,820
	400,000	(150,000)	250,000	400,000	(150,000)	250,000	0	250,000	250,000	750,000
	300,000	563,520	863,520	300,000	(290,000)	10,000	0	0	0	873,520
	939,850	4,199,490	5,139,340	790,000	(440,000)	350,000	0	250,000	250,000	5,739,340
	1,592,660	4,308,040	5,900,700	1,800,410	(685,000)	1,115,410	0	780,000	780,000	7,796,110

Capital Programme - 2011/12 to 2013/14 - Proposed Changes

Scheme

Director of Partnerships, Planning & Policy

Head of Economic Development

Project Design Fees

Head of Economic Development Total

Head of Housing

- Choice Based Lettings
- Affordable Housing New Development Projects
- Disabled Facilities Grants
- Housing Renewal
- Home Repair Grants/Decent Homes Assistance
- Energy Efficiency Grants
- Landlord Accreditation
- Project Design Fees

Head of Housing Total

Head of Planning

Buckshaw Village Railway Station (S106/LCC financed)

Head of Planning Total

Director of Partnerships, Planning & Policy Total

	2011/12			2012/13			2013/14			Total (10) £
	Virement (1) £	Rephasing (2) £	Other Changes (3) £	Virement (4) £	Rephasing (5) £	Other Changes (6) £	Virement (7) £	Rephasing (8) £	Other Changes (9) £	
(41,440)				(41,440)						(82,880)
(41,440)	0	0	0	(41,440)	0	0	0	0	0	(82,880)
(20,000)	20,000									0
(758,520)	908,800	(150,000)				(150,000)			250,000	150,280
0		(300,000)				(300,000)				(50,000)
803,520	50,000									203,520
(20,000)	30,000				10,000					50,000
(5,000)	5,000									20,000
41,440				41,440						0
41,440	1,013,800	(450,000)		41,440	10,000	(450,000)	0	0	250,000	456,680
	3,476,690									3,476,690
0	3,476,690	0		0	0	0	0	0	0	3,476,690
0	4,490,490	(450,000)		0	10,000	(450,000)	0	0	250,000	3,850,490

	2011/12			2012/13			2013/14			Total (10) £
	Virement (1) £	Rephasing (2) £	Other Changes (3) £	Virement (4) £	Rephasing (5) £	Other Changes (6) £	Virement (7) £	Rephasing (8) £	Other Changes (9) £	
	0	170,800	50,250	0	30,000	(275,000)	0	0	330,000	306,050
	0	170,800	50,250	0	30,000	(275,000)	0	0	330,000	306,050
	0	46,500	0	0	0	0	0	0	0	46,500
	0	46,500	0	0	0	0	0	0	0	46,500
	0	0	0	0	0	0	0	0	200,000	200,000
	0	46,500	0	0	0	0	0	0	200,000	246,500
	0	4,707,790	(399,750)	0	40,000	(725,000)	0	0	780,000	4,403,040

Capital Programme - 2011/12 to 2013/14 - Proposed Changes

Scheme

Director of People and Places

Head of Streetscene & Leisure Contracts

- Leisure Centres/Swimming Pool Refurbishment
- Replacement of recycling/litter bins & containers
- Food Waste Recycling Receptacles
- Improvements to Sports Pitches
- Eaves Green Play Development (S106 funded)
- Common Bank - Big Wood Reservoir
- Car Park Play and Display Ticket Machines

Head of Streetscene & Leisure Contracts Total

Director of People and Places Total

Director of Transformation

Head of Customer, ICT & Transactional Services

Replacement Benefits System

Head of Customer, ICT & Transactional Services Total

Director

Planned Improvements to Fixed Assets

Director Total

Director of Transformation Total

Capital Programme Total

Capital Programme - 2011/12 to 2013/14 - Proposed Changes

Scheme

Financing the Capital Programme

- Prudential Borrowing
- Unrestricted Capital Receipts
- Revenue Budget - VAT Shelter income
- Chorley Council Resources**
- Ext. Contributions - Developers
- Government Grants - Disabled Facilities Grants
- Government Grants - Housing Capital Grant

External Funding

Capital Financing Total

	2011/12			2012/13			2013/14			Total (10) £
	Virement (1) £	Rephasing (2) £	Other Changes (3) £	Virement (4) £	Rephasing (5) £	Other Changes (6) £	Virement (7) £	Rephasing (8) £	Other Changes (9) £	
	0	(30,000)	50,250		30,000				530,000	580,250
		29,800				(100,000)				(70,200)
		58,500				(175,000)				(116,500)
	0	58,300	50,250	0	30,000	(275,000)	0	0	530,000	393,550
		3,785,970								3,785,970
			(150,000)			(150,000)			250,000	(50,000)
		863,520	(300,000)		10,000	(300,000)				273,520
	0	4,649,490	(450,000)	0	10,000	(450,000)	0	0	250,000	4,009,490
	0	4,707,790	(399,750)	0	40,000	(725,000)	0	0	780,000	4,403,040

This page is intentionally left blank

S106 and Similar Developers' Contributions

	Balance 1/4/10 £'000	2010/11 Receipts £'000	2010/11 Use £'000	Balance 1/4/11 £'000	2011/12 Receipts £'000	2011/12 Use £'000	Balance 1/4/12 £'000	2012/13 Receipts £'000	2012/13 Use £'000	Balance 1/4/13 £'000	2013/14 Receipts £'000	2013/14 Use £'000	Balance 1/4/14 £'000	Notes
Budgeted use of developers' contributions														
Affordable Housing	499	560	(711)	348		(348)	0	90	(90)	0	0	0	0	(1)
Environmental Projects	11			11		(11)	0	0		0	0	0	0	(1)
Transport	3,520	188	(231)	3,477		(3,477)	0	0		0	0	0	0	
Play/Recreation Facilities	362	138	(237)	263		(190)	73	73		73	73	73	73	(1) (2)
Uncommitted	0	744		744			744	744		744	744	744	744	(3)
Total	4,392	1,630	(1,179)	4,843	0	(4,026)	817	90	(90)	817	0	0	817	

(1) Further contributions may be receivable between 2011/12 and 2013/14

(2) In addition to Chorley Council schemes included in the capital programme, Play and Recreation Fund grants to support other schemes are included in the revenue budget.

(3) This contribution can be used for purposes including highway improvements, community safety and recreation facilities. Use of the contribution will be proposed in future reports.

S106 contributions are expected from the Buckshaw Group 1 and Group 4 North developments over the next few years. A total of £6,115,000 plus index linking is due in instalments as the sites are developed, to provide affordable housing, community facilities, playing fields and public open space, public infrastructure, and public transport improvements. In addition, affordable housing and other facilities would be provided on site by the developers.

Use of Contributions Receivable from Developers 2010/11 to 2013/14

Affordable Housing New Development Projects	226	90
Purchase and Repair (affordable housing)	485	
Eaves Green Link Road - contribution to LCC scheme	80	
Buckshaw Village Railway Station (S106 financed)	30	
Buckshaw Village Cycle Network	77	
Highway improvements - Gillibrand estate/Southlands	44	
Eaves Green Play Development (S106 funded)	100	
Fairview Farm Play Facilities (S106 funded)	11	
Common Bank - Big Wood Reservoir	25	
Coppull Leisure Park	89	
Play and Recreation Fund projects	23	
YVCP Natural Play Zone		
	1,179	90

This page is intentionally left blank

Report of	Meeting	Date
Statutory Finance Officer	Special Council	1 March 2011

Treasury Strategies and Prudential Indicators 2011/12 to 2013/14

PURPOSE OF REPORT

- To set prudential indicators for the years to 2013/14, and to recommend criteria to be followed in treasury operations in 2011/12.

RECOMMENDATION(S)

- That Council approves the following:
 - The Prudential Indicators for 2011/12 to 2013/14
 - The Treasury Management Strategy for 2011/12, incorporating the Treasury Prudential Indicators
 - The Annual Investment Strategy 2011/12
 - The Annual MRP Policy Statement 2011/12

EXECUTIVE SUMMARY OF REPORT

- This report outlines the Council's prudential Indicators for 2011/12 to 2013/14, and sets out the expected treasury operations for this period. It also states the policy for making the minimum provision for repayment of debt. It should be considered together with the Council's financial strategy, budget and council tax proposals for 2011/12
The strategies incorporate the changes in investment limits approved by Executive Cabinet on November 11th. No other strategic changes are proposed.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

- It is a statutory requirement that Councils approve the policies, indicators and statements addressed in this report prior to the commencement of each financial year.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- None

CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	
Safe Respectful Communities		Quality Community Services and Spaces	
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			X

BACKGROUND

7. The Local Government Act 2003, has given authorities greater discretion over capital expenditure through prudential borrowing, and made compliance with CIPFA's Prudential Code and CIPFA's Treasury Management Guidance, statutory requirements. The former requires the production of Indicators showing that expenditure is affordable, the latter requires the approval of an annual Treasury Management Strategy incorporating Treasury Indicators and limits.
8. Consequential to the Prudential Borrowing powers is a requirement that authorities should make prudential provision for the repayment of borrowing (MRP). This is to be the subject of an annual policy statement to be made to the full Council prior to the start of each year.
9. Finally Authorities have, through the Local Government Act 2003, also been given greater discretion in investing surplus cash. They are required however, by guidance issued by the CLG, to prepare an annual Investment Strategy to identify how that discretion should be applied.
10. This report therefore brings together these related requirements by submitting, for the approval of Council, the four statements.

DETAIL

11. The detailed statements and strategies etc are attached

IMPLICATIONS OF REPORT

12. This report affects the following areas. The relevant Directors' comments are attached:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal	✓	No significant implications in this area	

COMMENTS OF THE STATUTORY FINANCE OFFICER

13. This report meets statutory requirements. Its statistical content is consistent with the assumptions made in the revenue and capital budgets. The criteria it recommends will direct the Council's treasury operations in 2011/12.

GARY HALL
 STATUTORY FINANCE OFFICER

Document	Inspection
Financial Strategy/Budget and Council Tax 2011/12 Treasury Management in the Public Services: Code of Practice CIPFA Prudential Code for Capital Finance in Local Authorities	Town Hall

Report Author	Ext	Date	Doc ID
G Whitehead	5485	2/02/2011	Treasury Strategy

PRUDENTIAL INDICATORS 2011/12 to 2013/14

Local Authorities have discretion to incur capital expenditure in excess of the capital resources provided by government, or those resources resulting from the sale of assets or the receipt of contributions from other parties.

To manage that process the Council must consider the following Indicators. These are designed to indicate that the expenditure is prudent and affordable.

Prudential Indicator 1 - Capital Expenditure

The following statement summarises the Capital Programme. It shows the use of prudential borrowing is intended. Provision for the revenue costs (interest effects and debt repayment) has been built into the revenue budget.

Table 1 – Capital Expenditure	2010/11 Revised £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
The Council's capital expenditure.	4,587	5,900	1,114	780
Less Capital resources				
capital receipts	(218)	(30)	0	
contributions	(1,596)	(4,026)	(90)	
Grants	(582)	(1,113)	(260)	0
Revenue and reserves	(1,447)	(205)	(120)	(250)
Balance – met from prudential borrowing	744	526	644	530

Prudential Indicator 2 – Capital Financing Requirement (CFR)

The CFR is a measure of the Council's indebtedness resulting from its capital programme. Such expenditure is funded from leasing, borrowing or, temporarily, by the use of the Council's internal cash balances. Ultimately it will be discharged by charges to the revenue account or by the use of available capital resources (such as grants, contributions or capital receipts). The following table shows the CFR as at the end of each financial year and the reasons why it has changed in that year:

Table 2 - CFR	2010/11 Revised £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
Estimated CFR at period end	9,995	9,414	9,714	9,878
Less planned voluntary set aside in 2010/11	(771)			
	9,224			
Reasons for the annual change in the CFR				
prudential borrowing in year		526	644	530
estimated MRP (net of £100k reduction resulting from voluntary set aside)		(336)	(344)	(366)

This does not reflect the intention, referred to in the Medium Term Financial Strategy, to further restructure debt repayment from 2011/12 onwards.

Prudential Indicator 3 – Ratio of financing costs to the net revenue stream

This indicator shows the proportion of the Council's budget (i.e. the costs it has to meet from government grants and local taxpayers), that is required to meet the costs associated with borrowing (interest and principal, net of interest received).

Table 3 – Ratio of financing costs	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
Ratio	5.72	5.86	6.71	7.12

Prudential Indicator 4 – Incremental impact of capital investment decisions on the band D Council Tax

Table 4 – Impact of capital investment decisions	2010/11 Estimate £	2011/12 Estimate £	2012/13 Estimate £	2013/14 Estimate £
Increase in Band D charge	0.01	0.21	(0.21)	1.34

This table shows the cumulative effect on council tax levels of the changes between the capital programme reported in this strategy and that submitted a year ago.

Last years strategy started at 2009/10 and this years runs through to 2013/14, a period of 5 years. In that time there have been changes not only in cost but also in the phasing and methods of financing the programme. Overall the only significant change is caused by the addition of a 2013/14 programme reliant on revenue funding and prudential borrowing. There is also an increased cost in 2011/12, the result of greater use of revenue funding in that year, but this is offset by an equivalent reduction in revenue funding in the following year.

TREASURY MANAGEMENT STRATEGY 2011/12

1. Background

The treasury management service fulfils an important role in the overall financial management of the Council's affairs. Whilst the prudential indicators shed light on the affordability and consequence of capital expenditure plans, the treasury service deals with any consequential borrowings, and the management of cash balances.

Prudential Indicators 5 and 6

The Council has a statutory obligation to have regard to the CIPFA Code of Practice (revised in 2009), and is required to adopt both the Code and the Treasury Management Policy Statement therein. Both of these were adopted by Council on 2 March 2010 (Financial Procedure Rule 4 refers)

2. Reporting

This strategy statement has been prepared in accordance with the revised Code. As a minimum, a mid year monitoring report and a final report on actual activity after the year end, will be submitted to the Council. It is intended to additionally report to the Audit Committee during the year.

3. Borrowing and Investment Projections

The Council's borrowings and investment are inter-related. The following table details the expected changes in borrowings, consistent with the capital and revenue budgets, and the balances available for investment at each year end.

Table 5 – Borrowing and Investments	2010/11 Revised £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
Borrowing at period start	2,267	8,872	7,822	7,305
Borrowing repaid in year	(1,541)	(1,050)	(550)	(350)
Borrowing in year	8,146	0	33	530
Est. borrowing at period end	8,872	7,822	7,305	7,485
Est. surplus cash available for investment	(6,193)	(400)	0	0
Net borrowing	2,679	7,422	7,305	7,485

It will be noted that net borrowing increases throughout the period. The major factor causing this is the capital programme totalling nearly £8m over the period 2011/12 to 2013/14. This uses up resources already held by the Council (e.g. capital contributions held to fund works), and it also relies on prudential borrowing totalling £1.7m over the years 2011/12 to 2013/14.

Additional borrowing may be necessary in 2012/13. This is commented on in paragraph 5 below.

Prudential Indicator 7

The Prudential Code requires authorities to make comparison between net borrowing and the CFR. At its greatest net borrowing should not exceed the current years CFR plus the estimated increases in CFR for the following two years. The figures reported above meet this requirement.

Prudential Indicator 8 The Operational Boundary for External Debt

The Council is required to set two limits on its borrowings. The first is the Operational Boundary. This should reflect the most likely, but not worst case scenario consistent with the Council's budget proposals.

The basic cash position is shown in table 5 above i.e. that the surplus cash available for investment is expected to be exhausted by 2012/13, and that small borrowings are likely to be necessary thereafter. The Operational Boundary needs to reflect this, and also the possibility that larger borrowings will be taken to pre-empt rises in interest rates. The following Operational Boundary is therefore proposed:

Table 6 – Operational Boundary	31/3/11 Estimate £'000	31/3/12 Estimate £'000	31/3/13 Estimate £'000	31/3/14 Estimate £'000
Borrowings	8,872	10,000	10,000	10,000
Other long term liabilities	13	13	13	13
Operational boundary	8,885	10,013	10,013	10,013

Prudential Indicator 9 The Authorised Limit

This is the second limit. It should allow headroom above the Operational Boundary to accommodate the fluctuations that can occur in cash flows. The following is proposed:

Table 7 Authorised Limit	31/3/11 Estimate £'000	31/3/12 Estimate £'000	31/3/13 Estimate £'000	31/3/14 Estimate £'000
Borrowings	9,000	12,000	12,000	12,000
Other long term liabilities	13	13	13	13
Authorised limit	9,013	12,013	12,013	12,013

4. Economic outlook and expected movement in interest rates

The advice of the Council's consultants is attached at Appendix A.

Not surprisingly they stress the huge economic uncertainties, and conclude that the overall balance of risk is still to the downside. They expect base rate to remain at 0.5% until the autumn of 2011, and warn of rising PWLB rates in reaction to the high volumes of government debt.

5. Borrowing strategy

The Council's cash resources are expected to be virtually eliminated by 31 March 2012 and thereafter there will increasingly be times when it may need to borrow. There are two borrowing strategies:

- The modest borrowings shown in Table 5 could probably be avoided for most of the year by taking advantage of seasonal revenue cash flows (i.e. the Council usually receives its income in the first ten months thus creating a cash surplus which unwinds in the last two months of the year). Temporary borrowing would be taken if and when there was a shortfall. This may offer the cheapest short term solution.
- Alternatively longer term, more strategic borrowings will be considered in light of anticipated movements in interest rates

Treasury Management Limits on Activity

The Authority is required to set the following Treasury Indicators. The purpose of these is to minimise the risk resulting from movements in interest rates.

Treasury Indicator 1 – Upper limit on Variable rate exposure

The Council is exposed to interest rate movements on its invested cash. This varies significantly over the course of the year, and during each month. During the current year balances peaked at just below £20m for short periods. This amount will therefore form the limit

	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Upper limit on variable rate exposure -	£20m	£20m	£20m	£20m

Treasury Indicator 2 – Upper limit on fixed rate exposure

The Council is exposed to fixed rate interest on any long term liabilities and PWLB borrowings. The maximum estimated exposure is based on the Operational Boundary (PI 9 above).

	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Upper limit on fixed rate exposure	£10.0m	£10.0m	£10.0m	£10.0m

Treasury Indicator 3 - Maturity structure of borrowing

The Council is required to determine upper and lower limits for the maturity structure of its debt. The following limits reflect the structure of existing borrowing and will accommodate possible borrowings in 2011/12.

	As at 31/3/2012	
	Lower Limit	Upper Limit
Under 12 months	0%	50%
12 months to 2 years	0%	50%
2 to 5 years	50%	100%
5 to 10 years	0%	50%
10 years and above	0%	0%

Treasury Indicator 4 – Total principal sums invested for greater than 364 days

It is not planned to make any investments for periods over 364 days.

7. Use of Treasury Advisors

The Council has contracted with Sector treasury Services as its treasury advisor for the period to 31 March 2013.

8. Performance Indicators

Investments – the generally accepted indicator is 7-day LIBID (The London Interbank Bid rate). This is the rate that could be obtained by the “passive” deposit of money onto the money market. Active investment, in normal times, should outperform this. It is recommended that this be set as an indicator.

INVESTMENT STRATEGY 2011/12

1. Introduction

1.1 Under the Power in Section (15) (1) of the Local Government Act 2003 the CLG has issued Guidance on Local Government Investments. This was updated with effect from 1 April 2010. Each Authority is recommended to produce an annual strategy that sets out its policies to manage investments, giving priority to security and liquidity. This strategy follows the updated guidance.

1.2 The major element in the guidance is that authorities should distinguish between lower risk (specified investments), and other investments (non-specified). These terms are explained in more detail below.

1.3 The specific issues to be addressed in the Investment Strategy are as follows:

- How “high” credit quality is to be determined
- How credit ratings are to be monitored
- To what extent risk assessment is based upon credit ratings and what other sources of information on credit risk are used
- The procedures for determining which non specified investments might prudently be used
- Which categories of non-specified investments the Council may use
- The upper limits for the amounts which may be held in each category of non- specified investment and the overall total.
- The procedures to determine the maximum periods for which funds may be committed.
- What process is adopted for reviewing and addressing the needs of members and treasury management staff for training in investment management.
- The Authority’s policies on investing money borrowed in advance of spending needs. The statement should identify measures to minimise such investments including limits on (a) amounts borrowed and (b) periods between borrowing and expenditure

2. Chorley Strategy 2011/12

Objectives

2.1 The Council’s investment priorities are:

- The security of capital and
- The liquidity of its investments.

2.2 The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2.3 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity. The Council will restrict borrowing to a maximum of that envisaged to be required in the following eighteen months.

Use of Specified and Non-Specified Investments

2.4 Specified investments are those made:

- with high “quality” institutions, the UK Government or a local authority,
- for periods of less than one year and
- denominated in sterling.

Other investments are “non-specified”. These could include investments in gilts, bond issues by other sovereign bodies and those issued by multilateral development banks, commercial paper, and any deposits for a period exceeding one year.

In 2011 the Council will continue to restrict its investments to those which are specified.

Counterparty Selection Criteria

2.5 In determining which institutions are “High Quality” the Council uses the creditworthiness service provided by Sector. This combines the credit ratings from all three rating agencies (Fitch, Moody, Standard and Poor) in a sophisticated modelling process. It does not however rely solely on these ratings, but also uses

- Credit watches and credit outlooks from the agencies
- Credit Default Spreads (CDS) to give early warning of likely changes in ratings
- Sovereign ratings to select counterparties from only the most credit worthy countries

These factors are combined in a scoring system, and results in counterparties being colour coded:

- Purple – recommended maximum duration 2 years
- Blue (used for nationalised and semi nationalised UK Banks)– 1 year
- Orange – 1 year
- Red – 6 months
- Green – 3 months
- No colour – not to be used

2.6 The Council has also chosen to restrict lending to UK financial institutions. Currently no such institutions attract a purple colour code.

2.7 The Council may use AAA rated Money Market Funds.

2.8 The Council may lend to the UK Government (which includes the Debt Management Office)

2.9 The Council may lend to other Local Authorities

Monitoring of Credit ratings

2.10 Sector supply rating warnings and changes immediately following their issuance by the rating agencies. The colour coded counterparty lists are reissued weekly, updated by such changes.

Time and money Limits

2.11 The time and money limits were changed by Executive Cabinet on November 11 2010. No further changes are proposed. The limits applying to each category of institution are specified in the attachment to this report

Member Training

2.12 Member training was provided in 2010. Further training will be provided when required.

**Current list of Financial Institutions and Investment Criteria
(Executive Cabinet 11/11/2010)**

Category	Institutions	Sector colour code	Sovereign rating	Max period	Limit per Institution
Sovereign or Sovereign "type"	DMADF			6 months	No limit
	Local Authority			1 year	£3m
	UK Govt backed Money market funds			n/a instant access	£3m
UK Nationalised Institutions	None (N Rock deposits no longer guaranteed)				
Institutions guaranteed by other governments	None (Irish Banks are guaranteed but have been removed from the list)				
UK Partly nationalised institutions; with access to the Credit Guarantee Scheme	RBS group (inc Nat West)	Blue	AAA stable from all 3 agencies	1 year	£3m per group
	Lloyds Group (inc HBoS & Lloyds)	Blue		1 year	£3m per group
Independent UK Institutions with access to the Credit Guarantee Scheme	HSBC	Orange	AAA stable from all 3 agencies	1 year	£2m
	Santander UK Barclays, Nationwide	Moves between red and green		6-3 months	£2m
Money Market Funds	Standard Life Global liquidity MM Fund	Aaa/MR1+		instant access	£3m
Deposit/Call Accounts	Santander, Bank of Scotland, Nat West Lancs CC			Call accounts with instant access	£3m less value of term deposits

Note - Under the Credit Guarantee Scheme certain "eligible institutions" have access to liquidity from HM Treasury if required.

Note – Deposits with any one institution shall not exceed £3m

ANNUAL STATEMENT OF MRP POLICY 2011/12

Regulations specify that the minimum provision that a Council must make for the repayment of its debt. This is referred to as the MRP.

The Council will assess their MRP for 2011/12 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

The major proportion of the MRP for 2011/12 relates to debt incurred prior to 2008/9. MRP will continue to be charged on this at the rate of 4%, in accordance with option 1 of the guidance. There are some capital schemes since then which generate a further MRP liability (i.e. capital expenditure which is not financed by any grant or contribution e.g. vehicles). The MRP liability on this will be based on the estimated useful life of the asset, using the equal annual instalment method of calculation (option 3 of the guidance).

Estimated life periods will be determined under delegated powers with reference to the guidance. As some types of capital expenditure are not capable of being related to an individual asset, the MRP will be assessed on a basis which most reasonably reflects the anticipated period of benefit arising from the expenditure.

▪
APPENDIX A

The following is the advice of the Council's consultants – Sector (February 2011)

“Economic outlook and expected movement in interest rates

The interest rate forecast is as follows:

	Mar-11	June-11	Sep-11	Dec-11	Mar-12	Sep-12	Mar-13	Sep-13	Mar-14
Bank rate	0.50%	0.50%	0.50%	0.75%	1.00%	1.50%	2.25%	3.00%	3.25%
5yr PWLB	3.30%	3.30%	3.40%	3.50%	3.60%	3.90%	4.30%	4.80%	5.00%
10yr PWLB	4.40%	4.40%	4.40%	4.50%	4.70%	4.90%	5.10%	5.30%	5.40%
25yr PWLB	5.20%	5.20%	5.20%	5.30%	5.30%	5.40%	5.50%	5.60%	5.70%
50yr PWLB	5.20%	5.20%	5.20%	5.30%	5.30%	5.40%	5.50%	5.60%	5.70%

Global economy

The sovereign debt crisis peaked in May 2010 prompted, in the first place, by major concerns over the size of the Greek government's total debt and annual deficit. However, any default or write down of Greek debt would have substantial impact on other countries, in particular, Portugal, Spain and Ireland. This crisis culminated in the EU and IMF putting together a €750bn support package in mid May. A second crisis, this time over Ireland, is currently in progress as at November 2011.

The unexpectedly high rate of growth in quarters 2 and 3 of 2010 in the UK and the Euro zone in Q2 were driven by strong growth in the construction sector catching up from inclement weather earlier in the year and by other short term factors not expected to be enduring; general expectations are for anaemic (but not negative) growth in 2011 in the western world.

Economic Growth – GDP growth is likely to have peaked in the current period of recovery at 1.2% in quarter 2 of 2010. The first estimate of +0.8% for quarter 3 was also unexpectedly high. However, the outlook is for anaemic growth in 2011/12 although the Bank of England and the Office for Budget Responsibility are forecasting near trend growth (2.5%) i.e. above what most forecasters are currently expecting.

Unemployment – the trend of falling unemployment (on the benefit claimant count) has now been replaced since July 2010 with small increases which are likely to be the start of a new trend for some years ahead of rising unemployment.

Inflation and Bank Rate – CPI has remained high during 2010. It peaked at 3.7% in April and has gradually declined to 3.1% in September (RPI 4.6%). Although inflation has remained stubbornly above the MPC's 2% target, the MPC is confident that inflation will fall back under the target over the next two years after another rise back up to about 3.5% by the end of 2010.

The Bank of England finished its programme of quantitative easing (QE) with a total of £200bn in November 2009. However, major expectation that there could be a second round of quantitative easing in late 2010 or early 2011, to help support economic growth, have evaporated after the surprises of the Q3 GDP figure of +0.8% and the November Inflation Report revising the forecast for short term inflation sharply upwards.

Sector's view is that there is unlikely to be any increase in Bank Rate until the end of 2011.

AAA rating – prior to the general election, credit rating agencies had been issuing repeated warnings that unless there was a major fiscal contraction, then the AAA sovereign rating was at significant risk of being downgraded. Sterling was also under major pressure during the first half of the year. However, after the Chancellor's budget on 22 June, Sterling strengthened against the

US dollar and confidence has returned that the UK will retain its AAA rating. In addition, international investors now view UK government gilts as being a safe haven from EU government debt. The consequent increase in demand for gilts helped to add downward pressure on gilt yields and PWLB rates.

Sector's forward view

It is currently difficult to have confidence as to exactly how strong the UK economic recovery is likely to be, and there are a range of views in the market. Sector has adopted a moderate view. There are huge uncertainties in all forecasts due to the major difficulties of forecasting the following areas:

- the speed of economic recovery in our major trading partners - the US and EU
- the danger of currency war and resort to protectionism and tariff barriers if China does not address the issue of its huge trade surplus due to its undervalued currency
- the degree to which government austerity programmes will dampen economic growth and undermine consumer confidence
- changes in the consumer savings ratio
- the speed of rebalancing of the UK economy towards exporting and substituting imports
- the potential for more quantitative easing, and the timing of this in both the UK and US, and its subsequent reversal
- the speed of recovery of banks' profitability and balance sheet imbalances and the consequent implications for the availability of credit to borrowers
- the potential for a major EU sovereign debt crisis which could have a significant impact on financial markets and the global and UK economy

The overall balance of risks is weighted to the downside and there is some risk of a double dip recession and deleveraging, creating a downward spiral of falling demand, falling jobs and falling prices, although this is currently viewed as being a small risk.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.

This page is intentionally left blank

Report of	Meeting	Date
Statutory Finance Officer	Council	1 March 2011

STATUTORY FINANCE OFFICER REPORT ON THE BUDGET

PURPOSE OF REPORT

1. To provide advice to the Council as required under S25 of Local Government Act 2003.

RECOMMENDATION(S)

2. The Council are recommended to:

Note the Statutory Finance Officers comments and advice Under S25 of the Local Government Act 2003, as set out in this report and have regard to it when considering the budget proposals for 2011/12.

EXECUTIVE SUMMARY OF REPORT

3. This report is required by statute and the Statutory Finance Officer should set out for members how the budget has been constructed and the assumptions that underpin that budget. The Statutory Finance Officer is required to comment on the proposals so the Council can be reassured that the risks contained in the budget are manageable and do not compromise the delivery of the budget.
4. This paper outlines the key assumptions and risks and identifies that working balances should be maintained to mitigate some of that risk moving forward. In terms of the 2011/12 budget all the key budgets have been reworked to align with expected outturn for 2010/11. The budget now contains few targets and is based upon known facts rather than what could be delivered in terms of savings and efficiencies, in other words the budget is forecast to balance.
5. Having reviewed the underlying assumptions and commented on the position in relation to 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.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

6. To comply with the statutory requirement to produce a report for Members of the Council on the risks contained in the budget and the level of working balances required to support that budget.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

7. None.



CORPORATE PRIORITIES

8. This report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	
Safe Respectful Communities		Quality Community Services and Spaces	
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			X

BACKGROUND

9. Under the requirement of S25 of the Local Government Act 2003 the Statutory Finance Officer is required to advise members when setting the budget as to the robustness of the estimates and the adequacy of working balances.

10. The Robustness of the Estimates and Risk Issues

In terms of the budget proposals, once again for 2011/12, a thorough reassessment of the budget has been undertaken by Directors and their accountants based upon the latest available information. In terms of key assumptions contained particularly in the 2011/12 budget, these are contained in the Medium Term Financial Strategy but summarised for convenience below.

Table1: Key Assumptions

Key Assumptions	2011/12 %/£'000	2012/13 %/£'000	2013/14 %/£'000
Pay Award	0*	0	2
Increase Pension Contribution	½	½	½
Decrease in Grant Settlements	(1,814)	(911)	(513)
Increase in Council Tax	0	0	0
Area Based Grant received via LCC for community safety	£0.058m	£0.058m	£0.058m
Supporting People Income	£0.189m	£0.154m	£0.144m
New Homes Bonus	250	250	250

*Allowance made for those earning 21,000 or less

In terms of the key assumptions I would make the following comments:

11. Pay Award

The assumptions are based on the fact that inflation is set to increase over the financial planning period. That said the Local Government employer organisations have recently informed the unions that it will not accept requests for any increase in Local Government

pay for 2011/12. Thereafter the policy on pay is unclear but the possibility of a pay freeze over the period is real. For that reason I believe the risk to the forecast is on the downside with actual awards likely to be less than the forecast. I have made a small allowance for pay awards for staff earning 21,000 or less which is on the basis of discussion ongoing within the civil service.

12. Pension Contribution

The Local Government Pension Scheme for Lancashire has been valued as at March 2010 with a new employer contribution rate taking effect from April 2011. The revaluation indicates that the Council's target contribution rate would be 20.8% resulting in a stepped increase of ½% per annum until 2014/15.

13. The value of the pension fund has been adversely affected by depressed financial markets and in particular the fall in the value of equity prices. The performance of the fund and the assumptions made in terms of liabilities will have a major bearing on the future employer rate. The Hutton review on public sector pensions will take place within the next 12-18 months with the intention of reducing the burden on employers.

14. In the longer term major structural change is needed to the terms offered by the fund if the current deficit is to be reduced and/or eliminated and this I something the Hutton review is likely to address. Broadly speaking a 1% calculation in employee contributions will reduce the employer contribution by the same amount.

15. Revenue Support Grant 2010/11

The most recent CSR provided Local Authority funding details for two years (2011/12–2012/13) albeit 2012/13 is indicative.

16. As a reminder, the table below summaries the year on year decrease in formula grant awarded to Chorley Council.

Table2: Decrease in Formula Grant

Decrease in Formula Grant – Year on Year			
	2011/12 %	2012/13 %	2013/14 %
% reduction	-13.6	-12.8	-7.9
£ reduction	-1.814	-911	-513
Dampening in effect	660	522	0

17. Revenue Support Grant Settlement 2011/12 and Future Years

As expected there was significant cuts to government grant and the next two-three financial years, with significant front loading. To alleviate this a dampening mechanism has been put in place for 2011/12 and 2012/13 that means the full impact is not felt until 2013/14. The Government has announced a funding review for Local Government to take effect from 2013/14, but there is some certainty for the next two financial years.

18. The Revenue Budget Forecast contained in the Medium Term Financial Strategy assumes grant funding based upon what is currently shown.

19. Council Tax and Performance Grants

The administrations aim in the financial strategy remains to contain future increase below inflation. However, without knowing or understanding the capping criteria to be used in the next CSR period or the affect of the economic downturn or inflation it is not possible to predict accurately. Accordingly no account of any potential Council Tax increase.

- 20 The same scenario also applies to a number of grants. I reported last year that I expect some of these to be replaced with others as successive Governments have used this approach to deliver on policy objectives. In that respect that recent consultation on both the new homes bonus and planning fees are important. However to date details have not been firmed up and accordingly contained in the forecast are £250k for new homes bonus and a target of £40k for charging for enforcement. Based upon the consultation the new homes bonus could amount to £1.2m by 2013/14, but only year one is included in this forecast. The sum included also allows for an element of redistribution of the grant to upper tier authorities.

Other significant issues

21. Icelandic Bank

Monitoring reports detailing the most up to date position as regards the Councils deposits frozen in Landisbanki have been presented to members previously. The officers of the Council continue to work proactively with the Local Government Association to recover the frozen funds. In respect of Landisbanki, the following is the current position:

- The priority status of Local Authority deposits has been challenged by other creditors and a test case involving 5 authorities has been heard in the Icelandic courts in the last few days. The court's judgement is expected within a month. If the priority status is upheld it is hoped that the court will declare the test judgement to be binding in all authority deposits. Ant decision could be challenged in the Icelandic Supreme Court; such an appeal would be heard in the summer. There would also remain the possibility of further appeal to the European court.
- Estimates of the recoverable amount are anticipated to be between 85% and 90%.

22. Concessionary Bus Travel

The Local Government Finance Settlement confirmed that with effect from 1 April 2011, the responsibility for operating the concessionary bus travel in two-tier local authority areas will be transferred from District to County Councils. This has resulted in the basis for District Council grant formula being adjusted by an amount equivalent to the cost incurred in operating concessionary travel in 2009/10 (including non statutory services) uplifted for inflation less the specific concessionary travel grant previously received, which is also withdrawn. The consequence of this transfer is that we no longer have the funding for either the statutory or discretionary aspects of the concessionary travel scheme which will be determined and funded by Lancashire County Council.

23. Community Safety Funding

The abolition of area based grant means that the future arrangements for the Community Safety Partnership are still to be confirmed by the Government/County Council. The Police authority has now confirmed the Government has announced its intention to ring fence the Neighbourhood Policing Fund, which help support Police Community support Officers, for a further two years. At present we received a sum of £58k from area based grants with an equivalent sum expended on community safety activity. Officer time is mainstreamed into the Council budget so historically £58k has been used to help fund partnership initiatives. Once more details emerge I will report on the impact.

24. Other Risks

The length and depth of the recession is likely to continue to have an impact on the Councils budget both on revenue in terms of income generation and on capital in terms of the Councils ability to release capital receipts from both preserved right to buy sales and on the sale of its own assets. We have not anticipated significant levels of receipts into the budget, so the risk of non delivery is low.

25. In terms of the policy options not yet achieved, the budget contains the following items, excluding the new homes bonus.

	£'000
New charges for planning fees - target	40
Inflationary increase – fees and charges (excl. planning; car parking and Building Control)	30
Additional income from new car parking machines	19
Total	89

26. Whilst there will be various levels of activity the parking income target represents a figure of 1 in 30 tickets being misused, which is a relatively low target.
27. The inflationary increase required to achieve additional income in the region of £30,000 is 4%.
28. The new regime for locally determined planning fees proposed by Government is still in the consultation stage and therefore final guidance is not available at present. At this stage it is intended that the above target will be met from a review of both enforcement and Discharge of Conditions certification charges.

29. Level of Reserves

The budget for 2011/12 has been established based upon not using working balances to fund recurrent expenditure. Part of the budget strategy for 2011/12 was to return to the balanced position and the budget proposals achieve this key aim, with a surplus actually being generated.

30. The risks outlined in my statutory report on the budget indicate that the public finances and funding of Local Government has diminished either in cash or real terms. That MTFs indicates that significant savings will need to be achieved over the next 2-3 financial years and as such as a minimum working balances should be maintained at the target level of £2m.
31. The level of balances is a matter of judgement but given the uncertainty moving forward I propose that the level of working balances is maintained to a target of £2m by the end of March 2013/14. The current forecast position as at the end of this financial year 2010/11 is shown in the table below.

Table 4: Forecast Balances as at 31 March 2011

	£'000
General fund working balance forecast Feb monitoring	1,667
Contribution to general balance	219
2010/11 Budget Management	100
Marginal off street parking increase from LCC	158
Forecast balances 31/03/2010	2,144

IMPLICATIONS OF REPORT

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

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

Financial implications are indicated in the body of the report.

GARY HALL
DIRECTOR OF TRANSFORMATION

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Gary Hall	5480	3 February 2010	Appendix D

Medium Term Financial Strategy 2011/12 – 2013/14



CONTENT

1	Foreword and Introduction
2	Policy Context
3	Financial Context
4	Revenue Budget Forecast
5	Treasury Management
6	Capital Programme Forecast
7	Working Balances

FOREWORD AND INTRODUCTION

This Medium Term Financial Strategy (MTFS) builds on the previous strategy presented to the Council in February 2010. For a number of successive years local authorities have faced notable change and now face a period of significant budget reductions and challenges as part of the recently finalised 2010 Comprehensive Spending Review (CSR).

This document sets out the Council's financial strategy for the next three year period from 2011/12 to 2013/14. The previous MTFS recognised the potential serious risk that the 2010 Comprehensive Spending Review posed in respect of the contraction of resources and government grant and set the Council on the path to achieve preparatory sustainable efficiency savings.

The aim of this strategy is to set out in financial terms the impact of the Council's existing policy commitments and the likely resources available to meet them. The strategy covers the general fund or taxpayers account and the capital investment programme.

The administration continued financial aims during the period are:

- To continue to restrain the levels of Council Tax increases
- To continue to provide value for money for the Council Tax payers of Chorley
- To protect the Chorley community from the impact of the current economic situation
- To continue to spend and allocate resources to the services that matter to the tax payer in Chorley
- To look to reduce debt and the consequent financing charges so the impact on the tax payer is minimised
- To look for opportunities to share services and generate additional revenue

In a tighter fiscal regime, where the level of government support is diminishing, the overriding aims will be difficult to achieve. Nevertheless this strategy sets out ways in which it is envisaged this can be achieved.

WHAT HAS BEEN ACHIEVED

As in previous years the MTFS contains the Council's proposed efficiency programme for consideration. During the period significant progress has been made against the strategy and the table below sets out a summary of the savings achieved and proposed to date.

Saving	£m
Achieving Value for Money/Structure Reviews	0.500
Sharing Resources and Services	0.291
Annual Review of Budget Heads	0.229
Review of Income and Cost Recovery	0.089
Renegotiation of Contracts	0.166
Total	1.295

POLICY CONTEXT

This section of the strategy set out broadly the Council’s policy direction. This is important for the Financial Strategy to facilitate the achievement of the Council policy objectives.

The Council has recently updated its Corporate Strategy, aligning it with the refreshed Sustainable Community Strategy. The key priorities and objectives contained in that strategy are set out below:

Theme	You and Your Family			You and Your Community			You and Chorley		
Strategic Objective	Strong Family Support	Education and Jobs	Being Healthy	Pride in Quality Homes and Clean Neighbourhoods	Safe Respectful Communities	Quality Community Services and Spaces	Vibrant Local Economy	Thriving Town Centre, Local Attractions and Villages	A Council that is a Consistently Top Performing Organisation and Delivers Excellent Value for Money
Long Term Outcome	<p>1.1 Ensure early intervention and prevention of health and wellbeing problems</p> <p>1.2 Use a whole family approach to address problems and provide support</p> <p>1.3 Support the ageing population to be healthy and independent</p>	<p>2.1 Improve skills across the family</p> <p>2.2 Improve links from good quality education to employment</p> <p>2.3 Promotion and uptake of local job prospects</p>	<p>3.1 Reduced health inequalities</p> <p>3.2 Families enabled to make healthy lifestyle choices</p>	<p>4.1 Provision of quality affordable housing</p> <p>4.2 Clean streets</p> <p>4.3 Communities that residents actively take care of and improve</p>	<p>5.1 Safe communities</p> <p>5.2 Cohesive communities where people get on well together</p>	<p>6.1 Clean, safe and well used open spaces</p> <p>6.2 Empowered local people managing community assets</p>	<p>7.1 Promote knowledge based inward investment</p> <p>7.2 Support a strong, indigenous business base</p> <p>7.3 Ensure families and communities reach their full economic potential</p>	<p>8.1 A contemporary market town with good quality shops</p> <p>8.2 Places to visit, play, enjoy as a tourist destination</p> <p>8.3 Thriving local villages</p>	<p>9.1 Community aspirations are delivered through the efficient use of resources and effective performance management.</p> <p>9.2 An excellent community leader</p> <p>9.3 A provider and procurer of high quality, co-ordinated, public services</p> <p>9.4 An excellent Council that is continually striving to improve</p> <p>9.5 Reduce the Council's energy consumption</p>

The overall aim of the financial strategy is to identify resources to meet the objectives, targets and measures contained in the Corporate Strategy and this is important in terms of the financial strategy.

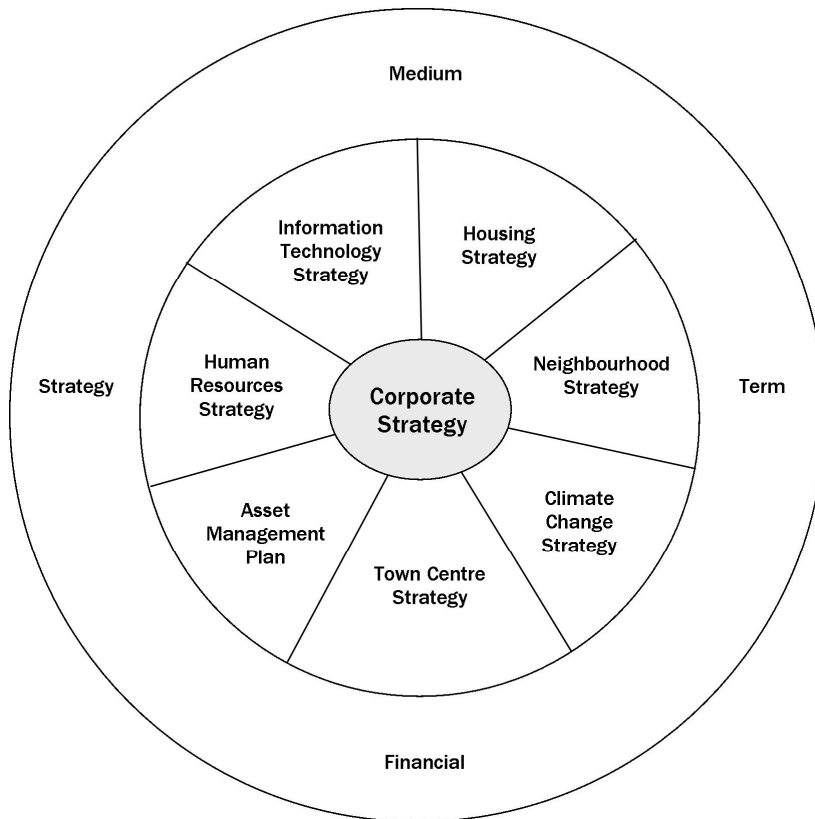
Over the last financial planning period, the Council has been successful in delivering on the Corporate Strategy and managing its resources. This has been recognised by the Audit Commission in the most recent Annual Audit and Inspection Letter.

In this respect the key strategy over the next financial planning period will be:

To continue to maximise the use of its resources, continuing to deliver its current policy objectives and only realigning resources where it is necessary to ensure achievement of the objectives, outcomes and targets in the Corporate Strategy

Underpinning the Corporate Strategy are a series of other Council plans designed to facilitate the delivery of the Corporate Strategy. These are summarised pictorially below:

Diagram 1: Strategic Links



The Individual Strategies supporting the Corporate Strategy set out how the Council will achieve its objectives.

In each case the resources required are broadly developed through the Council's business planning process and resources identified during the budget round. The general principal is that resources are put into the delivery of the corporate strategies. This is achievable as the current resources allocation should be sufficient for the Council to achieve its corporate plans which ultimately support the delivery of the Corporate Strategy's vision, objectives, targets and projects.

At present the Council is on target to deliver on most of the targets in the Corporate Strategy and as such there are no current plans to realign the resource base and the resources being used to deliver each of the Councils key strategic objectives.

FINANCIAL CONTEXT

This section sets out the Financial Planning Assumption that has been made in constructing the year on year forecasts and outlines the key strategies for delivering a balanced and affordable budget.

All forecasts are built upon a number of assumptions, which are based upon best information available at the time. In terms of constructing those estimates there is some important national context to be considered, namely:

- 2010 Comprehensive Spending Review provided detailed information for the next two years, i.e. 2011/12 and 2012/13 with a review of Local Government funding to be undertaken thereafter.
- The final allocation of the New Homes Bonus is yet to be published.
- The process by which Local Planning Authorities are able to set their own fees and charges to recover costs is still in its consultation stage.
- Lord Hutton's review into Public Sector pensions whereby some of the cost of servicing the pensions fund may be transferred from the employer to the employee.
- Consultation on the proposal to apply maximum limits to fair rents determined for secure tenancies of Registered Social Landlords.
- The revision of the Housing Benefits system and the introduction of Universal Credits.
- The restriction of Capital Directions
- The Localism Bill together with the proposal that Business Rates can be retained locally.

On the basis of information to hand I have made the following key assumptions in relation to the Capital and Revenue budgets for the next 3 financial year:

Table 1: Assumption contained in 3 year forecasts

Assumption	2011/12	2012/13	2013/14
Pay Award	0	0	2.0%
Council Tax Increases	0	0	0
Grant for Freezing Council Tax	£0.159m	£0.159m	£0.159m
Pension Contribution	0.5%	0.5%	0.5%
Reduction in Grant Settlement (AEF)	£1.154m	£0.911m	£0.513m
Performance Reward Grant **	£0.080m	0	0
LAGBI Grant	£0.075m	0	0
New Homes Bonus (assuming 250 properties per year)	£0.250m	£0.250m	£0.250m
Area Based Grant received via LCC for community safety	£0.058m	£0.058m	£0.058m
Supporting People Income	£0.189m	£0.154m	£0.144m

** Whilst there is no final confirmation there is an indication that £170k may be received from LCC.

Table 2: Capital Programme (Appendix B2)

Capital	2011/12 £m	2012/13 £m	2013/14 £m	Total £m	Note
Prudential Borrowing	0.527	0.644	0.530	1.701	(a)
Receipts from asset sales	0.030	0.000	0.000	0.030	(b)
VAT Shelter Receipts	0.205	0.121	0.000	0.325	
Developers & Other Contributions	4.026	0.090	0.000	4.116	(c)
Government Grants	1.113	0.260	0.250	1.623	(d)
Total	5.901	1.115	0.780	7.796	

- (a) Prudential Borrowing could be reduced by increasing sales of assets
- (b) No new asset sales assumed. Receipts from asset sales could be used to reduce new Prudential Borrowing or to reduce debt. The value of surplus assets reported to Council on 2nd March 2010 was £1,328,000 for the three years 2010/11 to 2012/13. In addition, garages and garage sites earmarked for development of affordable housing were valued at £910,350. Sales of these assets have not been proceeded due to low demand, but other disposals have been identified, in particular, land in the vicinity of Pall Mall.
- (c) Additional projects to be funded with developer contributions will be added to the programme when the contributions are received.
- (d) Actual Grant allocations could vary from these estimates.

The Capital Programme also contains a debt reduction strategy for 2011/12. The objective being to reduce Minimum Revenue Provision requiring additional resources to be set aside when available to reduce debt.

REVENUE FORECAST

On the basis of the assumptions outlined above and the revenue budget predicted upon current levels of service, the forecast indicates that the following budget gap will exist over the three year period. A detailed analysis is shown at Appendix E1.

Table 3: Budget Gap 2011/11 – 2013/14

Year	Budget Gap £000	Cumulative £000
2011/12	0	0
2012/13	1,406	1,406
2013/14	1,014	2,420
2014/15	523	2,943

The table shows that over the financial planning period post 2011/12 a further £2.420m will need to be found. In addition, we also know that the damping floor contribution in 2012/13 will cease at the end of 2013/14 bringing the total budget shortfall to £2.943m. Further budgetary savings will need to be found from the following sources:

- Further reductions in expenditure
- Additional income generation
- Increases in Council Tax

In this respect the Council's Strategy will be:

- To continue to restrain Council Tax increases.
- Deliver a balanced budget over the Financial Planning Period 2011/12 – 2013/14.
- Identify the savings required to balance the budget seeking to minimise the impact on front line service users.

In this respect it will look to:

- Continue with a programme of Value For Money review on all Council activities as prioritised within the council wide activity based costing exercise in order to identify productivity gains.
- Review Pensions Arrangements in the light of Lord Hutton's review
- Undertake review of expenditure on major contracts with a view to renegotiate on more favourable terms
- Review all aspects of income to ensure that costs are being recovered appropriately
- Make better use of its asset base and further rationalise the number of administrative buildings it uses
- Contain borrowing and minimise the impact of the budget by proactively seeking to re-structure the debt profile.

In this respect the following information is relevant:

Productivity Gains - £1.180m

The final year of the Value for Money review programme was completed during 2010/2011 through a rough cut activity based costing exercise which was undertaken across the whole Council. The three year programme of reviews has delivered over £1 million in savings. The results of the most recent rough cut costing exercise, alongside performance information, will inform the development of a Transformation Programme following the principles of maintaining performance with particular regard to front line services.

The main focus of the Transformation Programme over the next three years will be looking to increase productivity by look at:

- Increasing the sharing of resources;
- Reducing bureaucracy in our processes wherever possible;
- Possible revision of Terms and Conditions.

The review will not necessarily be focussed on current service structures, it will look at processes and service delivery as staff costs are incurred. For example, this may include looking at customer enquiries from the beginning of the process in the front office to the completion at the end.

Whilst the Transformation Programme will focus on the areas identified above as priorities, this will be supplemented and supported by actions undertaken in Business Improvement Plans. These will help services achieve the efficiency savings targets that will be also included in the plans.

Review of Pension Arrangements - £0.200m

In October 2010 Lord Hutton delivered his interim report into the future of public sector pensions. The key messages set out were the need for reform, highlighting increasing life expectancy and the distribution of costs between the employee, employer and taxpayers. He also said that if the Government wishes to make savings, it should raise contribution rates from public sector workers. In respect of Chorley, passing over 3% of pension contribution to employees would result in a saving of £200k per annum.

Council Tax Yield - £0.600m

The % increases applied to Council Tax charges since 2007/08 is as follows:

Year	Council Tax Increase
2007/08	0.0%
2008/09	2.5%
2009/10	2.9%
2010/11	0.0%
2011/12	0.0%

It is recommended that the Council considers applying an inflationary increase to Council Tax for the next three years. It has been very difficult to accurately forecast inflation over the period of the strategy, however, assuming that 3% inflation is applied this will increase income yielded by £600k over the next three years from 2012/13.

Cost of Contracts - £0.470m

The council is budgeted to spend £4.670m in 2011/12 on major contracts. We aim to work with our partners to look for opportunities to delivering contracts in a different way. It is considered that by reviewing all terms and conditions an overall saving in the region of 10% is feasible, this would generate budget savings of £470k.

Review of Income – Cost Recovery - £0.200m

With effect from 2011/12 it has been announced that local authorities may set their own planning fees. The Government is currently undergoing consultation but it is envisaged that by October 2011 guidance will be published that means that Local Planning Authorities should recover the full cost of dealing with planning applications.

In addition, to ensure full cost recovery is being achieved across the board and all income opportunities are being realised, a comprehensive roots and branch review of all income streams will be undertaken.

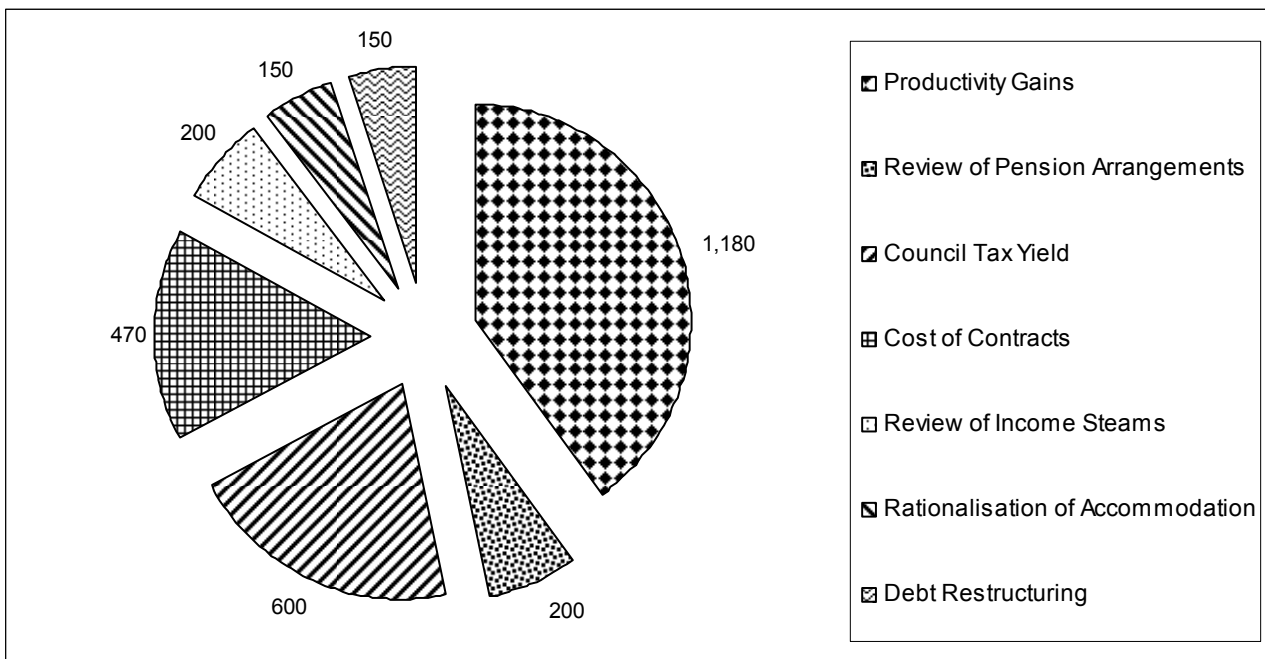
Rationalisation of Accommodation - £0.150m

In accordance with the Overview and Scrutiny review it is proposed that the Council rationalises its three town centre buildings, which are situated within close proximity to each other, into two sites. It is estimated that if Bengal Street is vacated and rented out it will realise an annual budget saving and income generation scheme totalling approximately £150k.

Debt Restructuring £0.150m

In summary, a combination of cost, asset life and originating year determines the impact financed items have on the revenue account and the budget. During the 2011/12 budget process the cost of servicing debt for all relevant items was reviewed and ranked for optimum cost reduction. By actively identifying opportunities to repay debt, and targeting the items with the greatest annual cost, budget savings have been identified. It is proposed that this process is continued by pro-actively identifying appropriate funds to be used for repaying debt within our budget management regime. Please note that the proposed Capital Programme does not include funding derived from Capital Receipts and therefore any receipts received may be available for debt restructure purposes.

Diagram 2: Potential areas for future savings – Total £2.950m



Total potential efficiencies and savings total £2.950m. The 2010 Comprehensive Spending Review, however, only published detailed settlements for two years. Therefore once the future funding arrangements for 2013/14 are known the current strategy will need to be revisited.

Capital Programme Forecasts

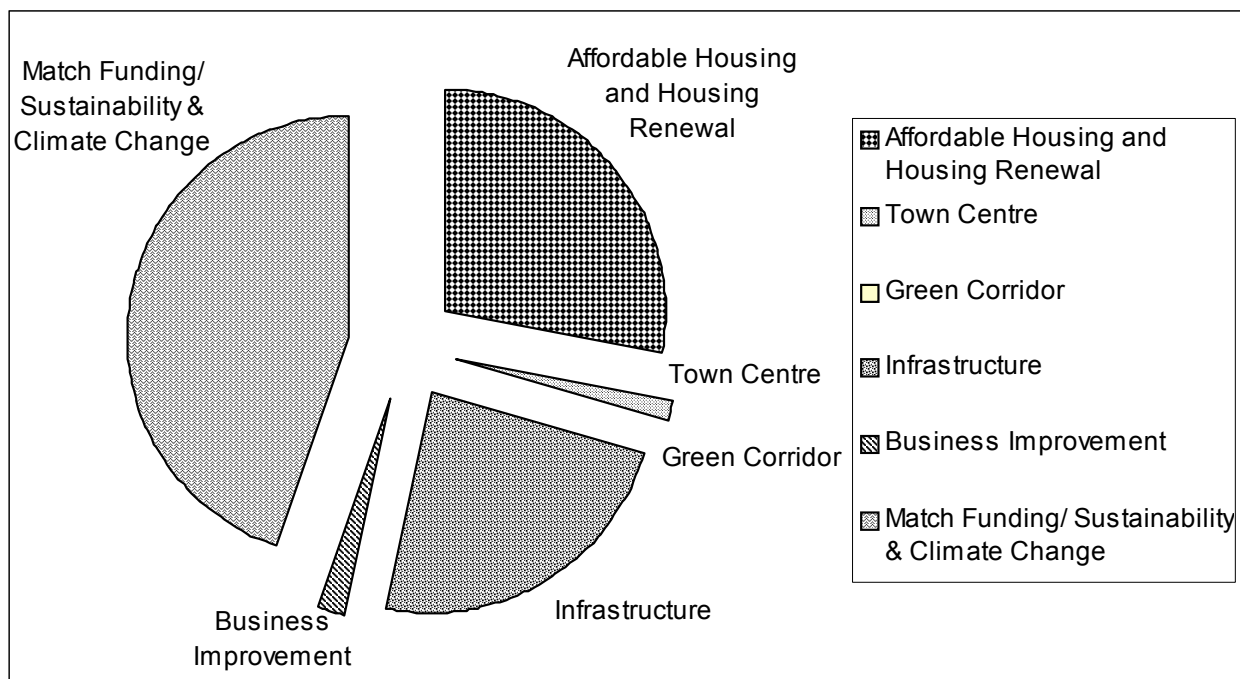
The Council's Capital Programme is part of the armoury to deliver some of its key objectives contained in the Corporate Strategy. However any programme has to be affordable and based upon prudence. In this respect the Capital Programme has been constructed based upon the following strategic objectives.

The current local government financial position and the need to make revenue savings impacts significantly on the Councils ability to finance capital spending. Accordingly the context for agreeing the capital programme for 200/12 and subsequent budgets is significantly different from other years.

- The resources available will be targeted at areas that deliver corporate objectives.
- Borrowing will be contained where possible to ensure the impact on revenue is minimised.
- The Council will continue to identify land to assist in delivering its affordable housing targets.
- The Council’s assets not producing the required rate of return on investment will be disposed of as part of a strategic review of the Council’s asset base.
- The Council will continue to invest in its own infrastructure reviewing the Asset Management Plan in 2011/12 to link into the LDF process to ensure levels of investment are appropriate and that Asset transfer options are maximised.
- The Council will look to maximise opportunities to attract external finance to sustain its Programme of Work although this is likely to be limited in the next financial planning period.

As a consequence of adopting the strategy outlined, the Council proposes to invest £7.796m as follows over the 3 year period. Funding the programme will require prudential borrowing borrow of just £1.701m and does not take require any capital receipts.

Diagram 3: Priority Areas for Investment



The programme will be funded from a variety of sources, which is predicated on the strategic objectives outlined.

WORKING BALANCES

The previous financial strategy identified a number changing external factors likely to have an negative shift on the risk profile impacting on the Council’s ability to either attract funding or to influence expenditure has changed. As a result it was proposed that working balances were to be kept at a higher level in recognition of the risks with working balances to be no lower than £2m over the financial planning period 2009/10-2011/12.

The greatest impact highlighted with regard to the reduction of funding in the 2010 Comprehensive Spending Review has come to fruition. In addition, there is also remains some uncertainty with particular regard to areas of significant funding, that is, limiting the settlement to a two year period and also the New Home Bonus grant is still to be finalised. In addition there is also some uncertainty with regard to the outcome of:-

- The forthcoming review of Local Authority funding, and
- the court case in the Icelandic courts challenging our creditor status in respect of Landsbanki investments.

As members will be aware, working balances are there to protect the Council's against the 'peaks and troughs' in expenditure and allows them to be able to manage any changes to the base level of expenditure, that is required to bring the budget back into balance. Sometimes this can take time. Maintaining working balances means the Council does not have to make reactive changes that can significantly impact on service performance. The Council continues to manage its budget effectively with no significant overspends on recurrent budgets in the last few years.

In terms of resource availability, members will be aware and as reported in monitoring working balances are estimated to total £2.140m at the end of March 2011. The working balances position is made up of estimated balances in hand and forecast forward as shown below.

Table 4: Forecast Working Balances

	£m
General fund working balance forecast Dec monitoring	1.663
Contribution to General Balances	0.219
2010/11 Budget Management	0.100
Marginal off-street parking income from LCC	0.158
Forecast balances 31/03/2011	2.140

In previous years the Council has been faced with the prospects of making savings and 2011/12 - 2013/14 budget pressures will be even greater. The savings are necessary firstly to contain Council Tax and secondly, to redirect resources into corporate priorities if necessary.

Some inherent risks remain in the budget and the underlying assumptions made have been outlined for members. I have outlined my views and advice in relation to the level and adequacy of working balances and summarise the key risks and mitigation through the actions outlined in this Medium Term Financial Strategy in terms of the next phase of efficiency savings that are and should be put in place. In addition, I have outlined that the use of working balances is legitimate but should only be a short term strategy particularly in the light of the short term nature of the recent settlement during a period of expected Government reductions in local authority funding over a longer medium term.

On the basis the Council's strategic objectives in relation to working balances will be:

- To establish working balances no lower than £2m over the financial planning period 2011/12 – 2013/14.
- To review the financial risks facing the Council during 2011/12 taking into account the latest information available.

TREASURY MANAGEMENT

The Chartered Institute of Public Finance and Accounting have published a new Code of Practice for Treasury Management, the Local Government Act 2003 also requires Council's to have regard to the prudential code. The primary requirements are to:

- Create and maintain a treasury management policy statement which sets out the policies and objectives to the Council's treasury management achievements.
- Create and maintain treasury management practices which set out the manner in which the Council will seek to achieve its policies and objectives.
- Provide the Executive with an annual strategy report.
- Delegation by the Council of responsibility for implementing and monitoring treasury management activities.

In all respects the Council complies with these requirements but as a measure of good practice should re-adopt principles to ensure that Members are kept up to date with the latest arrangements. For example, it should be noted that longer term investments up to 365 days, as accommodated in the strategy, are now being made to make best use of interest rates available .

In respect of Council Strategy for Treasury Management the principle will be as follows:-

The Council will:

- Have regard to the prudential code and set prudential indicators to ensure the Council's capital investment plans are affordable, prudent and sustainable.
- Make decisions regarding borrowing and investment based upon the latest information and look to optimise returns on investment and will minimise borrowing costs.
- Ensure the costs of borrowing are reflected in revenue forecasts.
- Comply with guidance relating to investments ensuring that:
 - capital is kept secure
 - liquidity is maintained at an appropriate level
- Not engage purely in borrowing to invest or lend on and make a return as this is unlawful.
- Agree a set of investment instruments which the Council can use based upon monitoring risk

The prudential indicators, targets and measures will be agreed as part of the budget setting process in March 2011, via the production of annual Treasury Management Strategy.

Original Estimates Draft 4 - Analysis of Budget Variations 2010/11 - 2014/15

		2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Cash Base Budget Requirement	Line Ref.	15,016	14,251	13,310	13,698	14,110
Budget Movements:						
Inflation	Pay	41	(21)	52	195	192
	Pensions	68	65	86	113	115
Reduce Pensions increase by 0.5%			(36)	(36)	(36)	(36)
	Non-Pay	127	99	77	78	80
	Contractual	25	262	404	140	150
	Income	(43)	64	21	7	5
Increments		90	77	35	21	15
Revenue Effects of the Capital Programme						
Volume - Expenditure		(56)	40	(171)	(98)	129
Volume - Income		(174)	329	211	10	10
Transfer of Concessionary Travel (statutory)			(606)			
Transfer of Concessionary Travel (other)			(123)			
Transfers below the line		14				
Impact of Budget Decisions made for 2010/11		(220)	(50)			
Base Budget Savings Achieved		(747)	(1,084)	(52)	(7)	(5)
Savings Proposals		-	(211)	57	-	-
Growth (non-recurrent)			266	(266)	-	-
Contingency:						
- Management of the Establishment		110	-	-	-	-
- Review of Car Leasing scheme		-	(12)	(28)	(10)	(10)
Directorate & Corporate Cash Budgets	21	14,251	13,310	13,698	14,110	14,756
Budgets:						
Net Financing Transactions:						
- Net Interest/Premiums/Discounts	22	71	102	105	95	95
- MRP less Commutation Adjustment	23	464	336	344	366	388
Total Expenditure	23	14,787	13,748	14,148	14,571	15,239
Financed by:						
Council Tax - Borough	24	(6,322)	(6,387)	(6,419)	(6,451)	(6,483)
Grant for freezing Council Tax	25	-	(159)	(159)	(159)	(159)
Parish Precepts	26	595	589	589	589	589
Council Tax Parishes	27	(595)	(589)	(589)	(589)	(589)
Formula Grant	28	(8,487)	(8,487)	(8,487)	(8,487)	(8,487)
Reduction in Formula Grant	29		1,814	2,534	2,534	2,534
Floor Damping	30		(660)	(522)	(10)	(10)
Adj. to Grant for Concessionary Travel	31		592	592	592	592
New Homes Bonus	32		(250)	(250)	(250)	(250)
LAA Reward Grant	33	(150)	(80)	-	-	-
Area Based Grant	34	(29)	-	-	-	-
LABGI Grant	35	(75)	(75)	-	-	-
Collection Fund (Surplus)/Deficit	36	20	(26)	-	-	-
Transfers to/(from) Earmarked Reserves	37	36	(30)	(31)	79	(33)
Transfer to/(from) General Balances	38	220				
Total Financing	26	(14,787)	(13,748)	(12,742)	(12,152)	(12,296)
Net Expenditure	27	(0)	(0)	1,405	2,419	2,943
Analysis of Net Expenditure in Year (Budget Gap)	28	(0)	-	1,406	1,014	523

BUDGET UPDATE**Significant Movements from 2010/11 Budget****External Factors**

Reduction in Formula Grant	30 & 31	1,154					
Transfer of Concessionary Travel to LCC (statutory)	10	(606)					Represents a 13.6% reduction in settlement from 2010/11.
Transfer of Concessionary Travel to LCC (other)	11	(123)					Impact of transfer of statutory Concessionary Travel costs to upper tier authority.
Adjustment to Formula Grant for Concessionary Travel	32	592					Impact of transfer of other Concessionary Travel costs to upper tier authority.
						1,017	Reduction in formula grant resulting from transfer to upper tier authority.

Town Centre Improvements

	17	266	266				New Growth item funding by budget surplus identified (expenditure for 2011/12 only)
--	----	-----	-----	--	--	--	---

SAVINGS**Approved**

Restructures		(660)					Admin & Transactional Services, Policy & Communications, Housing.
Shared Chief Executive		(86)					Shared agreement with Wyre Borough Council.
Green Waste Processing/Recyclate income		(57)					Full roll out of food waste collections deferred for 12 months to 2012/13.
Saving on Capita Contract		(66)					Renegotiated contract with Capita for Revenues & Benefits software.
Delete Management Fee for Coppull Leisure Centre		(34)					Leisure Centre no longer managed by Council
	14					(903)	

Savings Proposals

Review of Shared Assurance Services		(45)					Proposal to reduce the cost of providing Assurance Services
Increase in Planning Fees		(40)					Enforcement costs recharged to third parties
Reduction in scope of Mayoralty		(20)					Reduced support for mayoral functions
Car Parking Fees		(19)					Additional income expected from introduction of new pay & display machines.
Fees & Charges review		(30)					Inflationary increase on Council's main fees & charges for 2011/12.
Reduction in Policy consultation budget		(25)					Increase in services provided in-house resulting in reducing external consultation costs
Reduction in Communications expenditure		(15)					Increase in services provided in-house resulting in reducing costs for publicity cost.
Debt Restructure (MRP)		(100)					Utilisation of resources available to reduce outstanding debt.
	15					(294)	

Volumetric Changes

Planning Staffing savings (reduced hours)		(32)					Planning Officers - voluntary reduced hours
Reduction in Audit Fees		(32)					Reduced scale of fees and charges for 2011/12.
Bank Charges re-negotiated		(9)					Re-negotiated contract for 2011/12.
Re-basing of Pensions Account		(11)					Budget reduction in line with revised forecasts for 2010/11.
Other savings from re-basing of budgets		(114)					Budgets brought into line with forecasts for 2010/11.
	16					(198)	

BUDGET UPDATE**Significant Movements from 2010/11 Budget****Comments**

	App E1	£'000	£'000	
	Line Ref.			
Employees				
Pay	1	(21)		Reduced pay award in 2010/11. No pay award assumed for 2011/12
Pensions	2	29		Increase in pension rate by 0.5% for 2011/12
Increments	6	77		Incremental pay increases anticipated for 2011/12.
			85	
Expenditure				
Waste Contract	4	205		Increase in base contract price plus inflation.
Liberata Contract	4	27		Inflationary increase in line with contract.
Other minor contracts	4	30		Inflationary increases in line with contracts.
Housing & Council Tax Benefits	3	85		Impact of increase in demand for Benefits.
Non Domestic Rates	3	23		Increase in rates for Civic Buildings.
Review of Admin & Transactional Services not yet actioned	13	50		Full saving not achieved in 2010/11 so budgets brought back into base
One-off budget for 2010/11 for street cleaning	13	(60)		Non-recurrent budgets for 2010/11 only, therefore budget removed for 2011/12
One-off budget for 2010/11 for allotments	13	(40)		Non-recurrent budgets for 2010/11 only, therefore budget removed for 2011/12
			320	
Income				
Housing & Planning Delivery Grant	9	127		Housing & Planning Delivery Grant replaced by New Homes Bonus
Personal Search Fees	9	30		Fees for this service reduced to nil by legislation
Increase in volume of Planning Application Fees	9	(30)		Re-basing of budget in line with 2010/11 forecasts
Reduction in volume of Cemetery Fee income	9	25		Re-basing of budget due to reduced demand
Green Waste Processing/Recyclate income	9	57		Loss of income from property based payment mechanism for 2011/12.
Car Parking Charges (VAT change)	9	23		Reduced income from change in VAT rate as parking fees not increased.
Public Realm Direction confirmed by LCC	9	22		Increase in income not achieved in 2010/11 from revised Public Realm Agreement
Reduction in Benefits Admin Grant	5	74		Reduction in grant from DWP
Reduction in recharges to housing capital schemes	9	36		A reduction in eligible time recharged from revenue to capital schemes
			364	
Other Changes				
New Homes Bonus	22	(250)		New grant introduced for 2011/12.
Increase in Council Tax Base	25	(65)		Represents 1% increase in Council Tax Base for 2011/12.
Estimated grant for freezing Council Tax	26	(159)		New grant available to offset loss of additional revenue for 2011/12.
No further LAA Reward Grant (PRG)	34	70		Reduction in grant remaining for use in 2011/12.
No further Area Based Grant	35	29		No grant awarded for 2011/12.
Contribution to General Balances for 2010/11 only	39	(220)		No contribution to General Balances in 2011/12.
No further contributions to LDF Reserve	38	(50)		Reduction in LDF contributions as process due to end in 2011/12
Change to Collection Fund Surplus/Deficit	37	(46)		Surplus of £26k forecast for 2011/12.
Other minor variances		34		
			(657)	
Budget Gap 2011/12		0	0	

Special Expenses 2011-12

Parish	Taxbase No.	Grounds Maintenance Costs £	Borough Special Expenses at Band D £	Borough General Expenses £	Borough Services Council Tax £	Parish Precept £	2011/12 Band D Parish Precept £	2011/12 Combined Borough and Parish £	2010/11 Band D Parish Precept £	Percentage Increase %	2010/11 Combined Borough and Parish £	Percentage Increase %
Adlington	1,941.40	9,384	4.83	159.99	164.82	17,500	9.01	173.83	8.97	0.4%	173.72	0.1%
Anderton	494.50	1,014	2.05	159.99	162.04	4,600	9.30	171.34	9.02	3.1%	171.02	0.2%
Anglezarke	17.30	-	-	159.99	159.99	-	-	159.99	-	0.0%	159.99	0.0%
Astley Village	1,094.00	29,309	26.79	159.99	186.78	20,700	18.92	205.70	20.00	-5.4%	206.56	-0.4%
Bretherton	290.60	-	-	159.99	159.99	9,124	31.40	191.39	31.31	0.3%	191.30	0.0%
Brindle	459.70	2,159	4.70	159.99	164.69	6,800	14.79	179.48	14.47	2.2%	179.15	0.2%
Charnock Richard	672.40	2,650	3.94	159.99	163.93	25,000	37.18	201.11	36.92	0.7%	200.78	0.2%
Clayton le Woods	4,735.80	178,722	37.74	159.99	197.73	118,395	25.00	222.73	25.00	0.0%	222.69	0.0%
Coppull	2,345.80	18,593	7.93	159.99	167.92	80,900	34.49	202.41	34.12	1.1%	201.96	0.2%
Croston	1,027.80	9,561	9.30	159.99	169.29	20,840	20.28	189.57	21.17	-4.2%	190.38	-0.4%
Cuerden	39.00	454	11.64	159.99	171.63	1,025	26.28	197.91	26.08	0.8%	197.45	0.2%
Eccleston	1,566.60	7,550	4.82	159.99	164.81	41,260	26.34	191.15	27.76	-5.1%	192.55	-0.7%
Euxton	3,527.20	61,912	17.55	159.99	177.54	107,990	30.62	208.16	33.20	-7.8%	211.16	-1.4%
Heapey	378.50	6,549	17.30	159.99	177.29	8,990	23.75	201.04	24.64	-3.6%	201.70	-0.3%
Heath Charnock	799.70	16,657	20.83	159.99	180.82	5,750	7.19	188.01	7.24	-0.7%	187.99	0.0%
Heskin	344.50	1,439	4.18	159.99	164.17	10,723	31.13	195.30	31.00	0.4%	195.11	0.1%
Hoghton	363.80	2,437	6.70	159.99	166.69	4,400	12.09	178.78	12.28	-1.5%	179.00	-0.1%
Mawdesley	750.60	1,010	1.35	159.99	161.34	25,000	33.31	194.65	32.03	4.0%	193.35	0.7%
Rivington	50.20	-	-	159.99	159.99	2,000	39.84	199.83	31.50	26.5%	191.49	4.4%
Ulnes Walton	255.50	-	-	159.99	159.99	5,363	20.99	180.98	20.83	0.8%	180.82	0.1%
Wheilton	396.10	-	-	159.99	159.99	11,130	28.10	188.09	28.91	-2.8%	188.90	-0.4%
Whittle Woods	2,005.00	44,477	22.18	159.99	182.17	32,500	16.21	198.38	16.22	-0.1%	198.41	0.0%
Withnell	1,247.60	10,612	8.51	159.99	168.50	29,270	23.46	191.96	23.63	-0.7%	192.10	-0.1%
All other parts of the Council's area	10,762.20	292,263	27.16	159.99	187.15	-	-	187.15	-	0.0%	187.28	-0.1%
Total	35,565.80	696,755	19.59	159.99	179.58	589,260	16.57	196.15	16.90	-2.0%	196.48	-0.2%

This page is intentionally left blank

Report of	Meeting	Date
Gary Hall Statutory Finance Officer	Council	1 March 2011

BUDGET CONSULTATION 2011

PURPOSE OF REPORT

- To provide Members with the results of the public consultation carried out on the Executive's draft budget principles for 2011/12.

RECOMMENDATION(S)

- That Members reflect on the results which highlight the views of residents in making decisions on setting the Council's Budget for 2011/12.

EXECUTIVE SUMMARY OF REPORT

- The consultation on the Council's draft budget principles for 2011/12 was carried out through a variety of means, including: online survey, website, twitter, Facebook and an open invitation in the press to write in to the Council and express views. The Corporate Director (Transformation) also attended the Parish Council Liaison Committee to provide information about the proposals and invite representatives to complete the online survey.
- The results of the consultation show that respondents are broadly in agreement with the budget principles made by the Executive, particularly in view of Council Tax setting but also in priorities for investment and the Council's proposed budget principles (all of which scored an average importance score of 3.5 or more out of 5).

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

- N/A

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- None

CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Strong Family Support	✓	Education and Jobs	✓
Being Healthy	✓	Pride in Quality Homes and Clean Neighbourhoods	✓
Safe Respectful Communities	✓	Quality Community Services and Spaces	✓
Vibrant Local Economy	✓	Thriving Town Centre, Local Attractions and Villages	✓
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			✓

BACKGROUND

8. The consultation carried out as part of the 2011 budget cycle included; an open invitation in the local press for residents to contact the Council, meetings with Parish Councils, an online survey on the Council’s website, and an email survey sent out to over 500 residents, posting of the survey onto Facebook and twitter to specifically target younger residents.
9. The public consultation was based on the proposals set out in the Council’s Budget Principles which were approved by Executive Cabinet on 9 December 2010. Residents were asked to provide their opinions on the following:
 - The level Council tax should be set at for 2011/12
 - Chorley’s key budget principles for 2011/12
 - Proposed key areas of investment
 - Support for proposals on longer-term financial planning

RESULTS OF CONSULTATION

10. The quantitative results presented below come from the public survey which ran from January 17 to 16 Feb 2011. 260 residents responded to the consultation. (NB not all answers will sum to 260 as some residents chose to skip questions).

COUNCIL TAX

11. Just under two thirds of residents supported the proposal to freeze Council Tax. There was also more support for an increase than for a cut.

WHAT LEVEL DO YOU THINK COUNCIL TAX TO BE SET AT FOR 2011/12?	
I'd be prepared to see an increase in Council Tax	20.8% (50)
Freeze Council Tax at 2010/11 levels - a 0% increase	65% (156)
Cut Council Tax - this will require the Council to make additional cuts in services	8.8% (21)
No preference	2.5% (6)
Don't know	2.9% (7)

12. Of those who were prepared to see and an increase around half felt this should be less than 2%, around 12% were prepared to see an increase of 4-5% or more, around or above the current level of inflation (CPI 4.0%, RPI 5.1%).

% increase	%
less than 1%	10.2% (5)
1 - 2%	40.8% (20)
2 - 3%	20.4% (10)
3 - 4%	14.3% (7)
4 - 5%	6.1% (3)
5 -10%	6.1% (3)
Other please specify	2.0% (1)

BUDGET PRINCIPLES

13. Respondents were asked to score all principles and areas on a scale of 1-5 where 5 is very important and 1 not important. The general budget principles were broadly supported by residents and are here ranked in ascending order of average score in the following tables, which also shows the proportion of residents scoring each as being 5/5 (very high importance).

BUDGET PRINCIPLE	Average score (1-5)	% scoring 5/5
Safeguarding Frontline Services - that savings and efficiencies should wherever possible come from managerial and administrative costs, better procurement and non priority areas rather than services the taxpayer values.	4.38	63.1%
Providing Better Value Services - provide value for money to the tax payer of Chorley by seeking efficiencies and savings.	4.28	54.4%
Protect business in Chorley - wherever possible restrict increases in car parking charges and market rents.	3.96	42.6%
Protecting Chorley's Community from the impact of the recession	3.88	41.6%
Freeze Council Tax	3.77	47.3%
Continuing to be a high performing Council - ensure the Council's performance is among the best Local Authorities nationally on all measures.	3.52	28.5%

CORPORATE STRATEGY OBJECTIVES

14. The most popular areas for investment of the Council's Strategic Objectives by some way was 'Safe Respectful Communities' 4.37, 56.6% ranking 5/5, followed by Vibrant Local Economy 4.13 (43.3%) with others receiving lower but broadly similar levels of support (between 3.7-3.9).

CORPORATE STRATEGY OBJECTIVES	Average score (1-5)	% scoring 5/5
Safe Respectful Communities (Tackling crime, anti-social behaviour and promoting respect)	4.37	56.60%
Vibrant Local Economy (Attracting new business, supporting existing businesses)	4.13	43.30%
Pride in Quality Homes and Clean Neighbourhoods (Quality affordable housing, clean streets, residents that take care of their communities)	3.92	31.10%
Education and Jobs (Improving education, skills and job prospects across the family)	3.9	33.60%
Quality Community Services and Spaces (Clean, safe and well used open spaces, engaging with local people)	3.89	32.20%
Thriving Town Centre, Local Attractions and Villages	3.86	34.30%
Strong Family Support (early intervention, prevention of health problems and supporting older residents to be healthy and independent)	3.79	33.00%
Ensure Chorley Council is a Consistently Top Performing Organisation and Delivers Excellent Value for Money	3.72	36.90%

AREAS FOR INVESTMENT

15. Of the more specific organisational the areas for investment identified by the Executive all achieved at least an overall score of importance of 3.8, the most important being seen as ensuring the workforce are productive (4.44) and driving out costs and inefficiencies (4.43).

AREA FOR INVESTMENT	(1-5)	5/5
Ensuring our workforce are productive	4.44	61.4%
Driving out inefficiency and costs for activities that do not have a direct benefit to residents	4.43	65.2%
Focusing on the Council's Corporate Strategy objectives	4.09	42.7%
Looking for opportunities to share services with other Councils and organisations	4.07	47.2%
Look for opportunities to generate additional revenue by selling the services and products we have to others when that opportunity arises	3.87	38.7%
Reducing debt and financing charges - the Council sets aside significant sums from its revenue budget to repay debt - focus on reducing this debt.	3.87	37.0%

LONG TERM PRINCIPLE

16. Support for the longer term principles identified by the Executive up to 2014 in order respond to cuts in formula grant was also fairly high, with balancing the budget and delivering the Sustainable Community Strategy / externally facing Corporate Strategy Objectives achieving the highest levels of support.

LONG TERM PRINCIPLE	Average score (1-5)	% scoring 5/5
Balance the budget over the financial planning period 2011/12-2013/14	4.07	47.78%
Focus on the priorities of the citizens and business community of Chorley (Chorley Council's externally facing Corporate Strategy objectives)	4.07	41.09%
Continue to change the shape and scale of the organisation to deliver efficiencies agenda by adopting different delivery models such as sharing services.	4.00	41.67%
Look to consolidate the Council's debt position and reduce it wherever possible	3.88	36.10%
Continue to invest in new technology and schemes that generate savings (such as providing more services online)	3.72	30.39%

IMPLICATIONS OF REPORT

(PLEASE NOTE THAT IF YOU TICK ANY OF THE BOXES BELOW YOU NEED TO ENSURE THE RELEVANT DIRECTOR / HEAD OF SERVICE COMMENTS ARE BELOW.)

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

Finance	√	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

GARY HALL
DIRECTOR OF TRANSFORMATION

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
David Wilkinson: Performance Officer	5248	17 th February 2011	Budget Consultation Report 2011

This page is intentionally left blank

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Policy and Performance)	Council	1 March 2011

ASSESSING THE IMPACT OF 2011/2012 BUDGET PROPOSALS

PURPOSE OF REPORT

1. To provide Members with an assessment of the impact of the budget proposals on equality, health and sustainability

RECOMMENDATION(S)

2. It is recommended that Members use the information provided in this report and the appendices to inform the budget process to ensure that fair financial decisions are made.

EXECUTIVE SUMMARY OF REPORT

3. Under equality legislation in the Equality Act 2010, public authorities have legal duties to pay 'due regard' to the need to eliminate discrimination and promote equality with regard to race, disability and gender, including gender reassignment, as well as to promote good race relations. The law requires that this duty to pay 'due regard' be demonstrated in the decision making process, including financial decisions
4. To meet this requirement in relation to the budget proposals 2011/2012, work has been undertaken to assess the impact of the proposals made for the 2011/2012 budget. This report presents the findings and recommendations based on this work.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

5. To ensure that we are fulfilling the duties required by law in relation to the Equality Act, and that decisions are made on an equitable basis.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6. To not undertake the impact assessment process of the budget, this was rejected on the basis that it is the most suitable way to meet statutory requirements and ensure the needs of customers are met.

CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	
Safe Respectful Communities		Quality Community Services and Spaces	
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			✓

BACKGROUND

- 8. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show ‘due regard’ in terms of the Equality Act. This includes financial decisions, as set out in the recent guidance *Using the Equalities Duties to make fair financial decisions*, as published by the Equality and Human Rights Commission, September 2010
- 9. These assessments must be carried out at a formative stage in the development of a policy, procedure or practice, and can take any form appropriate as long as the legal duties are met. The framework that has been used in this process is to undertake integrated impact assessments - this includes an assessment of equality, sustainability, health, and reputation.
- 10. To support the decision making process around the development of the budget, a series of impact assessments have been undertaken on proposals that could have an impact on customers or staff. These assessments are available as background papers to this report. An overall impact assessment has been developed on the proposed budget. This includes a consideration of the potential impact of the whole budget, as well as including the findings of the more detailed assessments. The overall assessment is attached at Appendix A.

RESULTS OF THE IMPACT ASSESSMENTS

- 11. Following both the individual and overall assessments, a number of recommendations have been made to ensure that the impact of any changes proposed do not have a negative impact if they are approved. Those recommendations are set out the bullet points below:
 - Introduce different parking meters – ensure there is consideration of the potential additional needs of disabled people when procuring new parking meters.
 - Inflationary rise in fees and charges – monitor the take up of services, particularly market stalls to ensure that any adverse affects are mitigated and managed promptly.
- 12. In addition to the assessment undertaken on the proposals contained within the budget, an impact assessment has been undertaken on the Council’s restructures policy. This is available as a background paper to this report. It recommends that monitoring is undertaken during each restructure to ensure that no one equality target group is adversely affected by changes. This monitoring has been undertaken on restructures completed during 2010/2011, and the affects of restructures have not adversely affected any equality target group.

13. In line with the Council's Equality Scheme, any further changes made to service delivery as part of the budget process will be assessed to ensure that any potentially negative impacts are mitigated or avoided.

IMPLICATIONS OF REPORT

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

Finance		Customer Services	
Human Resources		Equality and Diversity	✓
Legal		No significant implications in this area	

COMMENTS OF THE HEAD OF POLICY AND COMMUNICATIONS

15. This report support the Council in fulfilling its duty to have due regard to eliminate discrimination and promote equality, as required by the Equality Act. Members should consider the implications and recommended actions during their decision making.

DONNA HALL
CHIEF EXECUTIVE

Report Author	Ext	Date	Doc ID
Chris Sinnott	5337	16 February 2011	Budget Impact Report

Background Papers			
Document	Date	File	Place of Inspection
Integrated Impact Assessments for budget proposals.	16 February 2011	Policy Team shared drive	Union Street Offices
Equality Impact Assessment on Restructure Policy			

Integrated Impact Assessment

Name of the service, policy, strategy or project being assessed	Overall budget proposals
What does the service, policy, strategy or project do?	Makes proposals for the budget setting process for 2011/2012. NB: Individual impact assessments have been undertaken on proposals that could potentially lead to a reduction in investment in service or potentially change the way in which customers access services. This assessment correlates the results of those separate assessments.
Who is it intended to benefit and how?	Chorley residents – by considering these policy options the Council will be better placed to protect priorities and frontline services.
Officer responsible for completing the assessment	Sarah James and Chris Sinnott
Date of Assessment	25/01/2011

Equality Impact Assessment	Yes	No	Evidence		
1. Have consultations with relevant groups, organisations or individuals indicated that this particular activity will create problems which are specific to them?		✓	It is not appropriate to undertake consultation at this stage in the consideration proposals, although some specific areas may need further consultation if agreed.		
What potential impact does this activity make to:					
	P	N	U	NI	Evidence
2. Equality of opportunity amongst customer groups of different racial backgrounds (Race)				✓	No proposals should have a differential affect on any customers because of these characteristics.
3. Equality of opportunity amongst male and female customers (Sex)				✓	No proposals should have a differential affect on any customers because of these characteristics.
4. Equality of opportunity amongst able bodied customers and customers with a disability (Disability)			✓		Discussion on this is included in the assessment of parking fees proposals. <i>The proposed new ticket machines should not impact differently upon those with a disability. Many will be blue badge holders and so will not need to use the machines. Consideration, however, should be given to the possible needs of disabled people who do not qualify for a blue badge when procuring new machines.</i>
5. Equality of opportunity amongst customers of different ages (Age)				✓	No proposals should have a differential affect on any customers because of these characteristics.
6. Equality of opportunity amongst customers of different sexual orientations (Sexual Orientation)				✓	No proposals should have a differential affect on any customers because of these characteristics.
7. Equality of opportunity amongst customers of different religions (Religion or Belief)				✓	No proposals should have a differential affect on any customers because of these characteristics.
8. Equality of opportunity amongst customers that live in different parts of Chorley (Rurality)				✓	No proposals should have a differential affect on any customers because of these characteristics.

Agenda Page 87

Agenda Item 6i

Sustainability Impact Assessment	P	N	U	NI	Evidence
What potential impact does this activity make upon:					
1. The effective protection of Chorley's environment. Possible issues to consider are; <ul style="list-style-type: none"> • Limiting waste generation & encouraging recycling • Limiting factors that contribute to climate change • Protection of and improving access to the natural environment 				✓	No proposals should have a detrimental effect on effective protection of the environment.
2. Prudent usage of natural resources. Possible issues to consider are; <ul style="list-style-type: none"> • Limiting use of non sustainable energy, water, minerals and materials • Reducing the need to travel and encouraging walking, cycling and low carbon modes of travel 				✓	No proposals should have a detrimental effect on prudent use of natural resources.
3. Social progress amongst all of Chorley's communities. Possible issues to consider are; <ul style="list-style-type: none"> • Opportunities for education and information • Provision of appropriate and sustainable housing • Reduced fear of crime and community safety • Access to cultural and leisure facilities • Encouraging engagement and supporting volunteering 			✓		There is an unclear potential effect if the proposals around increasing fees and charges are agreed. There is a potential that customers from lower incomes could be more affected by any increase, although this would be mitigated by limiting the increase to an inflationary rise.
4. A vibrant local economy in Chorley. Possible issues to consider are; <ul style="list-style-type: none"> • Supporting better quality jobs and developing the skills of local residents • Supporting local business by procuring goods and 			✓		There is a potentially positive impact if the proposals around investment in the town centre are agreed. There is a potentially negative impact if the proposals around increasing fees and charges are agreed: <i>There is a potential that increase in fees on the markets could discourage some stall holders, although this should be mitigated by</i>

Sustainability Impact Assessment	P	N	U	NI	Evidence
services locally <ul style="list-style-type: none"> Strengthening links with public, private and third sector partners 					<i>limiting the increase to an inflationary rise, and by the proposal to invest in the town centre.</i>

Health Impact Assessment	P	N	U	NI	Evidence
What potential impact does this activity make upon:					
1. Encouraging healthy lifestyles across Chorley's population. Possible issues to consider are; <ul style="list-style-type: none"> Diet and nutrition Exercise and physical activity Substance use: tobacco, alcohol and drugs Risk taking behaviour Education and learning, or skills 				✓	No proposals should have a detrimental effect on encouraging healthy lifestyles.
2. Promoting a positive social environment for all of Chorley's residents. Possible issues to consider are; <ul style="list-style-type: none"> Social status Employment (paid or unpaid) Social/family support Stress/Mental Health Income 	✓				The proposed investment in the town centre would have a potentially positive impact in encouraging a thriving town centre and therefore a positive social environment for residents to enjoy.

Health Impact Assessment	P	N	U	NI	Evidence
<p>3. Promoting a positive physical environment across Chorley. Possible issues to consider are;</p> <ul style="list-style-type: none"> • Living conditions • Working conditions • Accidental injuries or public safety • Transmission of infectious disease 				✓	No proposals should have a detrimental effect on the physical environment.

Reputational Impact Assessment	P	N	U	NI	Evidence
What potential impact does this activity make upon:					
<p>1. Chorley Council's reputation. Possible issues to consider are;</p> <ul style="list-style-type: none"> • Proving to residents that we provide value for money • Informing and engaging with local residents • Building trust and confidence in Chorley Council • Improving customer satisfaction with council services • Chorley Council's role as a community leader 				✓	<p>The proposed investment in the town centre would have a potentially positive impact on Chorley Council's reputation.</p> <p>The proposals regarding an inflationary rise of fees and charges, introduction of different parking meters, and consultation may have a detrimental impact on the Council's reputation. Discussion about these is included in the relevant assessments.</p>
<p>2. Our ability to deliver the Corporate Strategy. Issues to consider are;</p> <ul style="list-style-type: none"> ▪ Community aspirations are delivered through the efficient use of resources and performance management ▪ An excellent community leader ▪ A provider and procurer of high quality, coordinated 				✓	Overall, the Corporate Strategy will continue to be delivered through key projects and business improvement planning.

Reputational Impact Assessment	P	N	U	NI	Evidence
public services <ul style="list-style-type: none"> ▪ Excellent council that is continually striving to improve ▪ Reducing the council's energy consumption 					
3. Our ability to deliver the Sustainable Community Strategy. Issues to consider are; <ul style="list-style-type: none"> • Strong Family Support • Education and Jobs • Being Healthy • Pride in Quality Homes and Clean Communities • Safe Respectful Communities • Quality Community Services and Spaces • Vibrant Local Economy • Thriving Town Centre, Local Attractions and Villages • Sustainable Places and Transport 				✓	Overall, the Community Strategy will continue to be delivered through the SCS Delivery Plans.

This page is intentionally left blank