

## Council

Tuesday, 28th February 2023, 6.30 pm  
Council Chamber, Town Hall, Chorley and YouTube

### Agenda

#### Apologies

#### 1 **Declarations of Any Interests**

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

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

#### 2 **Minutes of meeting Tuesday, 24 January 2023 of Council**

(Pages 3 - 8)

#### 3 **Mayoral Announcements**

#### 4 **Public Questions**

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

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

#### 5 **Revenue Budget 2023/24, Medium Term Financial Strategy and Capital Programme 2023-2026**

(Pages 9 - 24)

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

**Appendix A: Formal Council Tax Resolution including Special Expenses & Parish Precepts 2023/24**

(To Follow)

<b>Appendix B1: Report of the Chief Finance Officer – robustness of the 2023/24 budget and the adequacy of financial reserves</b>	(Pages 25 - 42)
<b>Appendix B2: Risks to the Medium Term Financial Strategy</b>	
<b>Appendix B3: Financial Reserves</b>	
<b>Appendix C: Delivering our priorities – Medium Term Financial Strategy 2023/24 to 2025/26</b>	(Pages 43 - 56)
<b>Appendix D: Cumulative Budget Deficit &amp; Budget Strategy 2023/24 to 2025/26</b>	(To Follow)
<b>Appendix E: Analysis of movement in the 2023/24 Budget from the position approved by Council in February 2022</b>	(Pages 57 - 58)
<b>Appendix F1 to F3: Capital Programme 2022/23 to 2025/26, Capital Financing, Developer Contributions</b>	(Pages 59 - 66)
<b>Appendix G: Capital Strategy</b>	(Pages 67 - 80)
<b>Appendix H: Treasury Strategy 2023/24 To 2025/26</b>	(Pages 81 - 102)
<b>Appendix I: Pay Policy 2023/24</b>	(Pages 103 - 118)
<b>Appendix J: Budget Consultation 2022/23</b>	(Pages 119 - 126)
<b>Appendix K: Assessing the Impact of 2023/24 Budget Proposals</b>	(Pages 127 - 138)

**6 Any urgent business previously agreed with the Mayor**

Chris Sinnott  
Chief Executive

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<b>Minutes of</b>	<b>Council</b>
<b>Meeting date</b>	<b>Tuesday 24 January 2023</b>
<b>Committee Members present:</b>	Councillor Julia Berry (Mayor), Councillor Tommy Gray (Deputy Mayor) and Councillors Sarah Ainsworth, Aaron Beaver, Alistair Bradley, Sam Chapman, Mark Clifford, Alan Cullens, Magda Cullens, Gordon France, Margaret France, Danny Gee, Harold Heaton, Alex Hilton, Terry Howarth, Keith Iddon, Hasina Khan, Samir Khan, Zara Khan, Roy Lees, Adrian Lowe, Matthew Lynch, Michelle Le Marinel, Alistair Morwood, Dedrah Moss, Beverley Murray, James Nevett, Alan Platt, Debra Platt, Aidy Riggott, Arjun Singh, Kim Snape, Ryan Towers, John Walker, Neville Whitham, Alan Whittaker and Peter Wilson
<b>Committee Members present virtually (non-voting):</b>	Councillor Jean Sherwood
<b>Officers:</b>	Chris Sinnott (Chief Executive), Asim Khan (Director of Customer and Digital), Louise Mattinson (Director of Finance/Section 151 Officer), Chris Moister (Director of Governance/Monitoring Officer) and Coral Astbury (Democratic and Member Services Officer)
<b>Apologies:</b>	Councillor Martin Boardman, Karen Derbyshire, June Molyneaux and Jenny Whiffen

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

## 66 Minute's Silence

The Mayor invited Members to observe a minute's silence in memory of former Councillor Mick Muncaster.

Councillors Alistair Bradley and Alan Cullens paid tribute and sent their condolences to the family.

## 67 Minutes of meeting Tuesday, 13 December 2022 of Council

**Resolved: (Unanimously)**

That the minutes of the meeting held Tuesday, 13 December 2022 be approved as correct record for signing by the Mayor.

**68 Declarations of Any Interests**

No declarations of interests were declared.

**69 Mayoral Announcements**

The Mayor updated members on her fundraising activities and charity events, advising that she would be holding a Charity Ball on Friday 10 March in the Lancastrian and theme would be Alice in Wonderland.

The Mayor also took the opportunity to congratulate Chris Sinnott on his first Full Council meeting as Chief Executive.

**70 Public Questions**

There were no public questions for consideration.

**71 Executive Cabinet**

Members considered a general report of the meetings of Executive Cabinet held on 20 October, 10 November, 8 December and 19 January.

The Leader of the Council and Executive Member for Economic Development and Public Service Reform, Councillor Alistair Bradley proposed the report and The Executive Member for Resources, Councillor Peter Wilson seconded, and it was;

**Resolved (Unanimously) that the report be noted.**

**72 Overview and Scrutiny Committee and Task and Finish Groups**

Members considered a general report of the meetings of Overview and Scrutiny Committee held on 6 October, the Overview and Scrutiny Performance Panel held on 15 December, 12 January, and Task Group update.

The Chair of the Overview and Scrutiny Committee, Councillor John Walker proposed the report and the Vice Chair, Councillor Roy Lees seconded, and it was;

**Resolved (Unanimously) that the report be noted.**

**73 Governance Committee**

Members considered a general report of the Governance Committee meetings held on 23 November and 18 January.

The Chair of Governance Committee, Councillor Debra Platt introduced the report and referred to the meeting held on 18 January and the Internal Audit reviews due to be considered by members during the meeting.

Councillor Platt thanked the Leader for allowing the Internal Audit Reviews to be considered by full Council and expressed disappointment that the original proposal to bring forth the reports to Council was lost at the meeting of Governance Committee.

The Chair of the Governance Committee, Councillor Debra Platt proposed the report and the Vice Chair of Governance Committee, Councillor Mark Clifford seconded, and it was;

**Resolved (Unanimously) that the report be noted.**

#### **74 Lancashire 2050 Framework**

The Executive Leader, Councillor Alistair Bradley presented the report of the Chief Executive that sought to present the work undertaken towards the development of strengthened joint working across Lancashire, a strategic framework and seek agreement on the adoption of collective priority areas.

Councillor Bradley explained that the framework was the result of collaboration of all Local Authorities within Lancashire and it outlined the aspirations and ambitions held for Lancashire.

The framework was received positively by members who supported the document and principles contained within it, it was acknowledged that collaborative working within Lancashire would bring more prospects and better outcomes for residents.

The Executive Leader, Councillor Alistair Bradley proposed and the Executive Member for Resources, Councillor Peter Wilson seconded, and it was **Resolved (Unanimously)**

- 1. Council endorse the outline Lancashire 2050 strategic framework as the strategic framework that will guide further development of shared detailed priorities and actions.**
- 2. Agreed that the Leader of the Council continues to work with Lancashire Leaders in line with the principles already agreed by the Council in January 2022 including that the Leader will make representations to that forum any matters arising from Full Council's consideration of the report.**
- 3. Any additional proposals will require further approval by Full Council at the appropriate time.**

#### **75 Mawdesley Neighbourhood Plan Area Designation**

The Executive Member for Planning and Development, Councillor Alistair Morwood presented the report of the Chief Executive that sought to inform Members of an application from Mawdesley Parish Council for the designation of the whole of the parish of Mawdesley as a Neighbourhood Plan area and request its designation as a Neighbourhood Plan area.

Councillor Morwood explained he was pleased the plan had come forward and was hopeful for more. The process would take up to two years and is the beginning of what would be a good neighbourhood plan. The next step would be to make residents and employees in Mawdesley aware of the designation.

The Executive Member for Planning and Development, Councillor Morwood proposed and the Executive Leader, Councillor Alistair Bradley seconded, and it was **Resolved (Unanimously)**

1. Council approves the designation of the Neighbourhood Plan area for Mawdesley as shown at Appendix 1.

#### **76 Policy Review: Discretionary Housing Payment Policy**

The Executive Member for Resources, Councillor Peter Wilson presented the report of the Director of Customer and Digital that sought to present the proposed revised and updated Discretionary Housing Payments (DHP) Policy, and to highlight the reduction in central government funding and the potential for overspend as a result.

Councillor Wilson explained the payments would be administered to the most vulnerable residents and were important as they targeted help to those most in need.

The Executive Member for Resources, Councillor Wilson proposed and the Executive Leader, Councillor Alistair Bradley seconded, and it was **Resolved (Unanimously)**

1. Council approves the revised Discretionary Housing Payment Policy.
2. Council notes the reduction in government funding.

#### **77 Questions Asked under Council Procedure Rule 8 (if any)**

A number of questions were received from Councillor Alan Cullens, but he agreed they could be considered under the urgent item and are included within that report.

#### **78 To consider the Notices of Motion (if any) given in accordance with Council Procedure Rule 10**

No motions of notice were received.

#### **79 Any urgent business previously agreed with the Mayor**

The Mayor advised she had accepted an urgent item relating to an Internal Audit report that was considered by Governance Committee on 18 January.

The report was presented to Full Council to allow members the opportunity to consider its contents and debate the implications.

#### **80 Internal Audit reviews**

The Executive Leader, Councillor Alistair Bradley presented a report of the Chief Executive that presented the Audit and Risk Interim Report that was considered by the Governance Committee on 18 January to highlight the findings of two internal audit reports that received limited assurance ratings.

Councillor Bradley explained that he had been made aware of issues within the directorate in 2022 by the former Chief Executive who indicated he wanted to investigate further. The Executive Leader did not request further information as it was

a Chief Executive function. Proposed management actions were now in place and action had already been taken to rectify issues.

The Executive Leader explained that he was happy to answer Councillor Alan Cullens questions fully but had not provided a response before the meeting as he wanted to circulate the response to all members and potentially the public. A written response would be provided outside of the meeting, taking into consideration the confidential nature of the appendices.

The Leader of the Opposition, Councillor Alan Cullens explained he first became aware of the report when it was presented to Governance Committee at South Ribble and asked if the report could be made open if confidential information was redacted.

The Executive Leader explained he had seen the report week commencing 13 January and it had been shared with the Labour Group on 16 January, the opposition group should have been provided with the report at the same time as the Executive Leader. With reference to the Governance Committee at South Ribble it was explained that their meeting was held before the one at Chorley.

In response to the query on making the report open, the Monitoring Officer explained that it would be difficult to redact information from the report as issues were intrinsically linked.

Members debated the reports, including Councillors Sam Chapman, James Nevett, Debra Platt and Aidy Riggott. With members commenting on the further considerations within the report such as reporting the data breaches to the Information Commissioners Office and a report of potential fraud being logged with the Police.

Councillor Bradley proposed and the Deputy Leader, Councillor Peter Wilson seconded, and it was **Resolved (Unanimously)**

1. Council notes the Audit and Risk Interim Report set out at Appendix A and note the proposed response set out in this report.

Mayor

Date

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Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Council	Tuesday, 28 February 2023

## Revenue Budget 2023/24, Medium Term Financial Strategy and Capital Programme 2023-2026

Is this report confidential?	No
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Is this decision key?	n/a
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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### Purpose of the Report

- To seek approval of the Executive’s Budget Strategy and proposals for the Revenue Budget 2023/24, together with the Medium Term Financial Strategy (MTFS) and Capital Programme for 2023-2026.

### Recommendations

- The Executive recommends that Council:
  - Approve the budget and proposals set out in this report, including the level of Council Tax as set out in the Formal Council Tax Resolution, including Special Expenses & Parish Precepts 2023/24, at **Appendix A**;
  - Note the advice of the Chief Finance Officer in relation to the robustness of the estimates within the overall budget, including the risks contained within it and the adequacy of the proposed level of financial reserves, as set out in the Statutory Report at **Appendices B1 – B3**;
  - Approve the council’s Medium-Term Financial Strategy (MTFS) at **Appendix C**;
  - Note the council’s forecast Cumulative Budget Deficit and Budget Strategy 2023-24 to 2025-26 at **Appendix D**;
  - Note the analysis of the movement in the 2023/24 Budget from the position approved by Council in February 2022 at **Appendix E**;

- f) Approve the capital programme for 2023/24 to 2025/26 (**Appendices F1, F2 & F3**);
- g) Approve the Capital Strategy at **Appendix G**;
- h) Approve the Treasury Management Strategy at **Appendix H** and note the advice of the treasury management consultants at **Appendix H1**;
- i) Approve the council's Pay Policy at **Appendix I** for publication on the council's website from April 2023 (including Appendix I (i) – the payscales for Chorley Council and Appendix I (ii) – the payscales for Shared Services) ;
- j) Note the budget consultation 2023/24 Report at **Appendix J**;
- k) Note the Assessing the Impact of Budget Proposals 2023/24 Report at **Appendix K**.

### Reasons for recommendations

- 3. To ensure that the council complies with the statutory requirement to set a balanced budget for 2023/24.

### Other options considered and rejected

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

### Executive summary

- 5. The 2023/24 budget and the MTF5 for the next 2 years have been updated to take account of the following:
  - Due to the continued pressures on council budgets, alongside reduced levels of funding from government to meet these increasing costs, the figures include a proposed 1.99% increase in council tax in 2023/24;
  - The figures also include a proposed 2.99% increase in council tax in 2024/25 and of 1.99% in 2025/26; these proposals will be revisited each year as part of the budget setting process and will be dependent upon the outcome of the government's reviews of both the future funding framework and the future distribution of funding between councils (i.e. the long awaited Fair Funding Review), the review of the business rates system and the development of the 'Levelling-Up' agenda;
  - Continued investment is reflected in ongoing revenue budgets to ensure delivery of corporate strategy priorities.
- 6. Although the level of funding in cash terms has increased by £1.9m from £13.6m in 2016/17 to £15.5m in 2023/24 (13.9%), the real terms reduction over this period, as measured by CPI, is 26.9%. Despite this, the council has been, and remains, ambitious in its approach to addressing the budget deficit by generating efficiency savings and additional income.
- 7. The budget is set to ensure that the objectives of the council's Corporate Strategy

priorities are met.

8. The council continues to invest in the borough and this budget includes £23.053m of capital investment from 2023/24 to 2025/26. This includes investment in;
  - Provision of affordable housing, support for refugees and adaptations to assist residents in their homes;
  - Improving and transforming the leisure centres to encourage our residents to be active and healthy, along with investment in play, recreation and open spaces;
  - Driving economic development and delivering income generation through the completion of the Strawberry Meadows development;
  - Supporting our town centre through the town centre masterplan;
  - Delivering the green agenda, including decarbonisation of council properties;
  - Rationalisation of council accommodation

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

**Corporate priorities**

9. The report relates to the following corporate priorities:

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

**Background to the report**

10. The Executive agreed the ‘2023/24 Draft Budget’ report at their meeting on 19 January 2023; a budget consultation then followed. The report set out the Executive’s intention for spending and investment in the borough over the course of the 2023/24 financial year.

**BUDGET CONSULTATION RESULTS**

11. Consultation on the 2023/24 budget ran from the 24<sup>th</sup> January to 6<sup>th</sup> February 2023. The consultation was publicised through Council channels, including the council website, social media pages and local parish councils; details of the consultation are set out on **Appendix J**.
12. The formal consultation received 73 qualitative responses through an open question format, via an online survey, and 60 responses through social media.
13. As well as completing the online survey, respondents also shared their views and comments using social media. From across all the posts during the budget consultation period on Facebook, the posts were viewed 37,118 times with 2,589 engagements (likes comments and shares) reaching a wide proportion of the population. Analysis of social

media responses (which totalled 60) have been grouped alongside the consultation responses.

- 14. The responses have been collated and analysed to identify the main themes and then grouped together based on whether they indicated a positive or negative response to the proposals. It should be noted that responses often included more than one comment or suggestion, covering more than one area. Where this occurred, the main area of comment was selected.
- 15. The following table outlines the distribution of positive, neutral, and negative from respondents to the open question which asked for comments on the overall proposals. These also include responses returned without relevant comment, where feedback was submitted that was not relevant to the budget consultation proposals;

Status	%
Positive or neutral view of the proposals	57.7%
Negative view of the proposals	35.9%
Returned without Comment*	6.4%

\*responded but did not comment on the investment proposals

- 16. The majority of positive comments (80%) indicated general acceptance of the proposals, with some residents stating that they were ‘overall very positive’ and ‘sensible’. In addition to this, comments also referenced a positive view towards Council Tax changes (12%), the Green Agenda (4%), Community projects (4%).
- 17. The majority of negative comments (18.9%) relate to housing, with respondents indicating this as their reason for disagreeing with the proposals. The vast majority of reasons given suggested dissatisfaction with the number of new houses being built and concerns about over-development and there not being a need for affordable housing within Chorley. There were also negative comments around the proposed ideas for climate change (17%) with some respondents disagreeing with the proposed levels of investment and considering it to be too high compared to other priorities. Health and wellbeing (17%) was also a key theme, with respondents identifying a need for greater investment in this area. Other comments were around the rise in council tax (9.4%) and prioritisation of investments including Astley Hall (7.6%).

**2023/24 BUDGET DEVELOPMENT**

- 18. The budget has been developed in line with the achievements, decisions and actions taken by the council to date. Despite the difficult financial position and cost pressures faced, reflecting soaring inflation, increased utility costs and rising interest rates along with the uncertainty around future Government funding, the council is committed to delivering on the agreed priorities and the budget reflects this commitment.
- 19. The key components of the 2023/24 Budget and MTFs, and the assumptions and information on which this is based, are detailed in this report and the supporting appendices.
- 20. The key factor in the development of the 2023/24 Budget, and in the MTFs for the following 2 years, is the Local Government Finance Settlement; through this, Government sets out the funding it will make available to local authorities, along with the parameters

within which other sources of income, i.e. Council Tax and Business Rates, can be raised.

21. The fact that yet again we have only received a one year settlement has exacerbated the risk in our financial planning; in the absence of any figures or framework from Government, it is almost impossible to prepare a credible financial strategy beyond 31 March 2024 with any degree of confidence in the underlying assumptions. Uncertainty prevails in respect of the development and implementation of a new Fair Funding Review and changes to the Business Rates Retention Scheme; it is within this financial context that we have developed the MTFS.

**2023/24 BUDGET SUMMARY**

22. The 2023/24 Budget and MTFS covering the period 2024/25 and 2025/26 is set out in **Appendix D**. A summary of the financial position is as follows:

	2023/24 £m	2024/25 £m	2025/26 £m
Council Tax (incl Collection Fund adjustments)	(7.710)	(8.038)	(8.158)
Retained Business Rates (incl Pool)	(6.216)	(6.556)	(6.556)
Services Grant	(0.119)	(0.416)	(0.416)
Minimum Funding Guarantee	(1.146)	(1.146)	(1.146)
New Home Bonus	(0.297)	(0.000)	(0.000)
<b>TOTAL FUNDING</b>	<b>(15.488)</b>	<b>(16.156)</b>	<b>(16.276)</b>

<b>TOTAL EXPENDITURE</b>	<b>15.488</b>	<b>16.693</b>	<b>17.760</b>
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<b>BUDGET (SURPLUS)/DEFICIT</b>	<b>-</b>	<b>0.537</b>	<b>1.484</b>
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23. The key elements of the figures are outlined in more detail below.

**2023/24 BUDGET – FUNDING SOURCES**

**Local Government Finance Settlement**

24. This lack of clarity around the council’s future funding streams, and a further one-year financial settlement for 2023/24 rather than the expected multi-year settlement, frustrates financial planning beyond one year, however for the 2023/24 Budget the figures are

based on the Final Local Government Finance Settlement that was published on 7 February 2023.

### **Business Rates**

25. The Settlement confirmed that the Lancashire Business Rates Pool will be able to continue in 2023/24 and also into 2024/25. Chorley Council benefits from additional business rates income of approximately £1.0660m per annum as a result of being a member of the pool. In the absence of any further information regarding Business Rates Retention reform, the pool is assumed to continue throughout the period of the MTFS.

### **New Homes Bonus**

26. New Homes Bonus was introduced in 2011 as a stimulus for the provision of new homes and is a non-ringfenced grant, distributed between local authorities based upon new growth in housing provision in their area. The length of time that the bonus is paid for, for each new home built, has reduced from 6 years when it was first introduced, down to 5 years with effect from 2017/18, and down to 4 years from 2018/19. It has been limited to a one-off annual payment for new homes built since 2020/21. Whilst it had been announced last year that funding from New Home Bonus (NHB) would discontinue in 2023/24, the Settlement announced an allocation of £0.297m for 2023/24 (2022/23 - £886k). The reduction reflects the fact that the allocations no longer include any legacy payments for prior years. Reflecting prior announcements of its withdrawal, no further NHB allocations have been assumed beyond 2023/24 however, it is assumed within the MTFS that the funding will be re-purposed as a grant, or subsumed within another grant; we have assumed that for 24/25 and 25/26 the same level of NHB as received in 23/24, is amalgamed into the Services Grant referred to below.

### **Council Tax**

27. The Local Government Finance Settlement confirmed a council tax increase limit for district councils in 2023/24 of up to 3% or £5 (whichever is the greater) on a Band D equivalent in 2023/24. It also confirmed that the same limits will continue in 2024/25. The MTFS presented to Finance Council in February 2022 however, assumed an increase of 1.99% in each of these years.
28. Despite the continued pressures on council expenditure budgets, including the impact of rising inflation and increasing utility costs, combined with the real terms reduction in Government funding provided to the council since 2010, it is recommended to limit the increase to Chorley residents to 1.99% in 2023/24 as previously proposed, whilst revising the position for 2024/25 to reflect the new limit. The 2024/25 position will be revisited next year as part of the budget setting process and will be subject to future decision dependent on the outcome of future Government funding announcements.

### **Lower Tier Services Grant**

29. The Lower Tier Services Grant, first introduced in 2021/22 as a non-recurring, un-ringfenced grant has, together with a proportion of the expired New Homes Bonus legacy payments referred to in point 26 above, been re-purposed into a new grant called the Minimum Funding Guarantee, introduced in 2023/24 to ensure that all councils receive a minimum increase of 3% in their Core Spending Power (i.e. the level of resources that the

Government assumes councils have available to them based on a combination of their assumed council tax income, business rates income and new homes bonus grant allocation). The minimum 3% increase is calculated before applying assumptions on council tax rate increases for 2023/24. In 2022/23 the council received £506k of funding from this grant.

### **Services Grant**

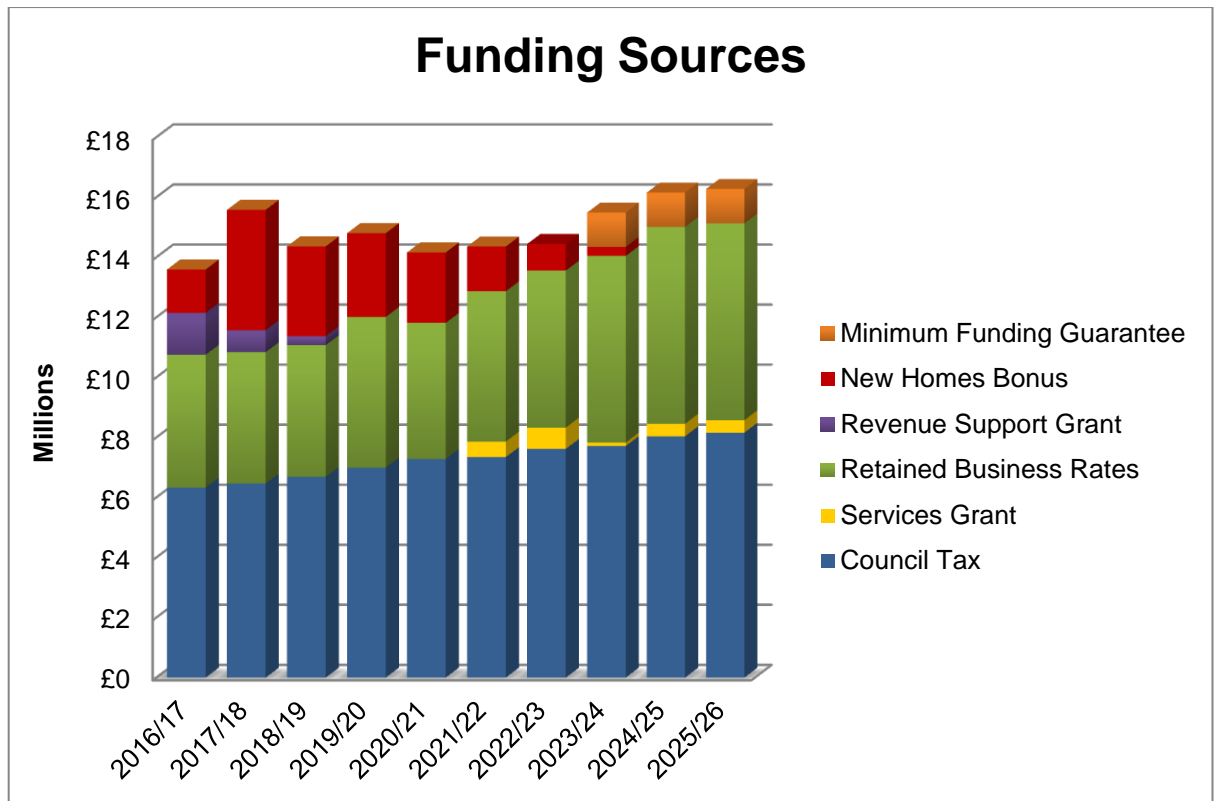
30. The level of this grant has been reduced, in part due to the cancellation of the previously announced increase in National Insurance Contributions from 1<sup>st</sup> April 2023, and also to move funding into the Supporting Families Programme. The methodology for the distribution of the grant remains unchanged, for which the council will receive £0.119m in 2023/24. Previously described as a 'one-off' grant in 2022/23 (£0.203m), although allocated again in 2023/24, it is unclear what will happen to the grant in 2024/25 but for budgeting purposes it has been assumed it will continue in some form, along with the remaining balance of New Homes Bonus referred to above. As such, income of £0.416m is assumed in 2024/25 and 2025/26 as a proxy for this (£0.119m Services Grant plus £0.297m NHB).

### **Minimum Funding Guarantee**

31. This new grant replaces the Lower Tier Services Grant and a proportion of the previous funding provided by New Homes Bonus legacy payments; it is intended to provide a funding floor for all local authorities so that no authority would see an increase in Core Spending Power of less than 3% (before any assumption on council tax rate increases, but after increases in the council tax base are applied). The council has been allocated £1.146m in the Provisional Settlement for this in 2023/24. Given that the grant is based on, and is subsumed within, the council's Core Spending Power and that this figure is reported for all authorities across the country each year within the Settlement as a measure of growth in the funding by Government, it is unlikely that this will reduce, and as such it has been assumed that this grant will continue into 2024/25.

### **Summary of Major Sources of Council Funding**

32. The chart below outlines the forecast level of funding for the council across the next three years in comparison to previous allocations.
33. As the government has only published a one-year settlement, assumptions have been made, as noted above, in that the 2023/24 level of NHB together with the 2023/24 level of Services Grant will be re-purposed into a new Services Grant and that the Minimum Funding Grant will also continue at its 2023/24 level.
34. As the graph shows, funding to Chorley Council is forecast to increase from £13.6m in 2016/17 to almost £16.3m by 2025/26.



**2023/24 BUDGET - EXPENDITURE**

**Pay Award**

- 35. In the Spending Review of October 2021, the Chancellor said that pay awards for public sector workers in 2022/23 would be in line with CPI. At the time the 2022/23 Budget was approved the negotiations for 2021/22 had yet to conclude and no fixed point in time had been announced for the determination of CPI for the 2022/23 pay award. As such, a provision of 2% was included in the pay budget for 2022/23, which equated to approximately £200k per year. A pay award was agreed in November 2022 of £1,925 per whole time equivalent, for which no additional funding was provided. The increase in costs over and above the budget provided, equated to approximately £0.597m which presents a recurring cost pressure in 2023/24 and beyond.
- 36. Given the increases in inflation over the course of 2022 and the forecasts moving forward, the pay award assumption for 2023/24 has been reviewed and this has been increased from 2% for the year to 5% increasing costs by a further £465k. The assumption for 2024/25 and 2025/26 have also been adjusted and included in the MTFS at 5% and 2% respectively.
- 37. The National Living Wage will rise from £9.50 to £10.42 an hour for workers aged 23 and over from April 2023. This will not affect Chorley Council's pay bands for 2023/24 as the council pays above this level already.

**Pension**



38. The results of the Lancashire County Pension Fund triennial actuarial valuation of 2022 have now been received. The fund has had a strong performance over the last 3 years through to 31<sup>st</sup> March 2022, however since 31<sup>st</sup> March, with the volatility in global financial markets, inflation and interest rates, the position has been more turbulent. Overall, the Chorley Council section of the fund will now see a reduction in the financial contributions required, comprising;
- an increase in the level of Employer Pension Contribution rates from 16.4% to 18.3% for the next 3 years (i.e. a 1% increase results in approx. £74k of cost – increase of £140k in total) however;
  - the annual cost of the repayment of the fund deficit will reduce from £467k per annum to £0.
39. Overall, the actuarial valuation has reduced the council's pension costs by approximately £327k compared to the costs included in the MTFs approved by Council in February 2022, which assumed the existing employer pension contribution costs would remain at their 2022/23 levels.

#### **Inflation and Increases in Cost of Utilities**

40. CPI rose by 11.1% in the 12 months to October 2022, up from 6.2% in February when the 2022/23 Budget and MTFs was approved. The Bank of England has revised their CPI forecasts to 3.0% for the 12 months through to the beginning of 2024 and 1.0% for the same point in 2025 (*BoE - Monetary Policy Report in 2 February 2023*).
41. The council will continue to support its wholly owned leisure services company in response to the escalation in utility costs and the impact of the cost of living crisis on the level of income generated, on the basis that any intervention will be short term and that the cost to the council will cease over the medium-term as the company develops its services to fully cover its own costs.

#### **Forecast outturn 2022/23**

42. The latest Revenue Monitoring report for Quarter 3 - the 9 months to 31<sup>st</sup> December 2022, is forecasting an overspend for the 2022/23 financial year of £0.324m. This is predominantly due to the unfunded, nationally negotiated pay award of £1,925 per whole time member of staff, which equates to an increase in the salary budget of approximately 6% - 7% across the council compared to the budgeted provision of 2%, together with pressures from the increases in inflation and the escalating costs of utilities; these cost pressures have been offset by underspends, savings, the use of reserves and additional grant funding secured to support operational service delivery, as detailed in the Revenue Monitoring report. The position continues to be refined as we progress through the final quarter of the year.

#### **ADDITIONAL INVESTMENT IN CORPORATE PRIORITIES**

43. The council has continued to invest in delivering the ambitions set out in its Corporate Strategy and in delivering high quality services to its residents.

## Investment in 2022/23

44. The council allocates significant revenue investment to deliver corporate strategy priorities through a programme of diverse activities. During 2022/23, these activities were designed to progress action to address the economic impact of the pandemic including support for businesses and activity to increase jobs and skills, establishing key assets for the future and to respond to the needs of communities by enhancing essential services and facilities. The key areas of investment undertaken in 2022/23 against the key corporate priorities are set out below;

### Involving residents in improving their local area and equality of access for all

- Additional **£240k** to top-up the climate change fund to deliver the climate change strategy and commitment to being carbon neutral by 2030;
- **£30k** to support communities and local groups to come together and support the Queens Jubilee through neighbourhood events and street parties.

### Clean, safe and healthy homes and communities

- **£2.7m** budget set aside to improve local play and community facilities across the borough, including Milestone Meadow in Euxton, Foxcote in Astley Village, Station Road in Croston and in Whittle-le-Woods;
- Housing has remained a key priority for the council with investment approved of over **£3.0m** to support the delivery of affordable housing, to provide properties for refugees, as well as providing adaptation grants to assist residents during the year; this is in addition to the Tatton Gardens extra care scheme.

### An ambitious council that does more to meet the needs of residents and the local area

- **£200k** funding allocated to make improvements to non-council playgrounds and spaces across the borough and bring them up to the same standard as council owned spaces, supporting young people and promoting health and wellbeing.
- **£30k** investment in Check Out Chorley to carry out additional promotional activity, refresh [checkoutchorley.com](http://checkoutchorley.com) to be launched in the Spring and development work with tourism aligned to a refresh of the markets and Astley Hall, supporting a strong economic recovery

### A strong local economy

- **£200k** to support local businesses to recover from the pandemic with additional support, advice and grants alongside a refreshed Economic Strategy and action plan.
- **£200k** investment to establish and develop our approach to apprenticeships, graduate and training posts in areas of high market demand – building resilience and improving quality in our service provision and supporting people into high quality

## Investment in Priorities 2023/24

45. The Council has invested in services and delivered positive outcomes for residents and businesses in a time of significant challenge and disruption, supporting a positive recovery from the pandemic and creating opportunities. The Council re-set its Corporate Strategy in November 2022 to establish four new key priorities that aim to get Chorley in the best position for the future:
- Housing where residents can live well
  - A green and sustainable borough
  - An enterprising economy with vibrant local centres in urban and rural areas
  - Healthy, safe and engaged communities
46. Moving forward, from across the capital programme, revenue budgets and specific ear-marked reserves, this council will continue to invest in activity that will drive forward priorities and key projects to achieve the vision for Chorley to have strong communities, a resilient economy, excellent services and a greener future.

### Housing where residents can live well

- £2.8m of further investment in affordable homes and adaptation grants
- £100k investment in measures to improve home energy efficiency
- £50k to investigate flexible housing solutions to meet the needs of all communities

### A green and sustainable borough

- £35k to plant more trees as part of establishing green corridors
- £200k environmental improvements and proactive activity to clean up neighbourhoods
- £80k to deliver energy improvement measures for businesses
- £50k to deliver additional Electric Vehicle charging points

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

- £150k to continue improving Astley Hall
- £400k to improve rural business connectivity
- £240k to provide additional support for businesses
- £10k to launch a skills and jobs programme for local residents
- £441k over the MTFS for investment within bus shelters

### Healthy, safe and engaged communities

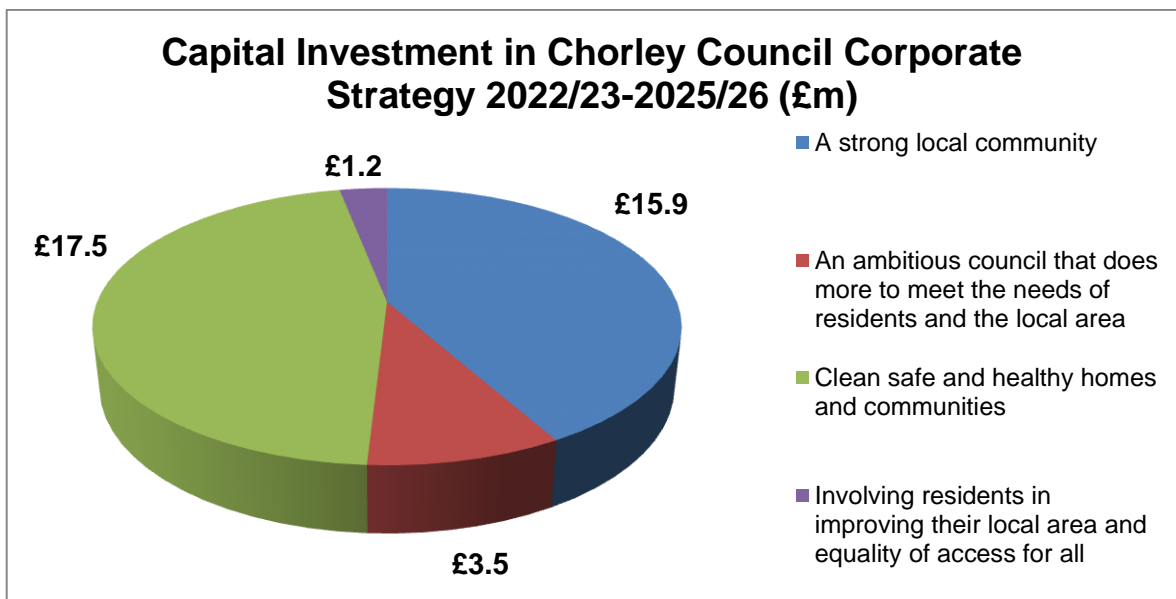
- £120k to provide more support for families and young people to access services that can give them the best start in life
- £15k for health and wellbeing activities that can be access by residents within their local

## Medium Term Financial Planning and Transformation Strategy

- 47. Despite the increases in funding and budget savings identified in this report, there remain large forecast budget deficits of £0.537m in 2024/25 and £1.484m in 2025/26. The council's medium-term plans to reduce the budget deficits are outlined in the Medium Term Financial Strategy 2023/24 to 2025/26 at **Appendix C**.
- 48. The transformation strategy covers many aspects of change both within the council and in partnership with other organisations. The main strands of the strategy that could generate savings and income are also outlined within **Appendix C**.

**CAPITAL PROGRAMME 2023/24 to 2025/26**

- 49. Details of the capital programme, including new capital investment, are outlined in **Appendix G1**. The capital programme for 2023/24 to 2025/26 totals **£23.053m** and is an indication of how ambitious the council is in delivering its Corporate Strategy and the priorities within it.
- 50. A breakdown of the capital programme is detailed below;



- 51. The Council continues to invest through its capital programme to deliver on its ambitions.

This will include:

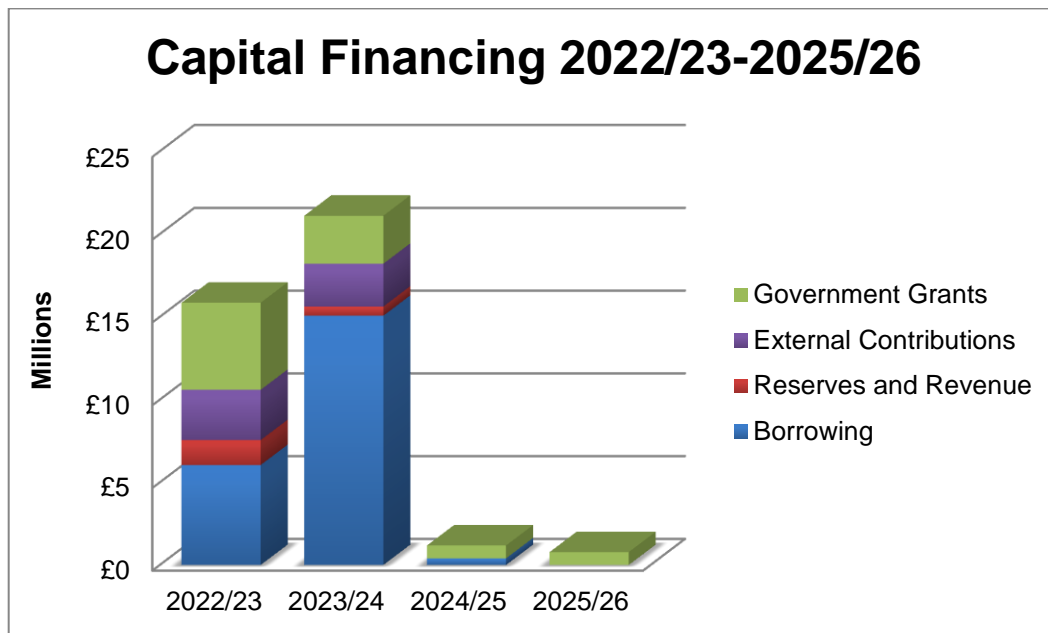
- Provision of affordable housing, support for refugees and adaptations to assist residents in their homes;
- Improving and transforming the leisure centres to encourage our residents to be active and healthy, along with investment in play, recreation and open spaces;
- Driving economic development and delivering income generation through the completion of the Strawberry Meadows development;
- Supporting our town centre through the town centre masterplan;
- Delivering the green agenda, including decarbonisation of council properties;

- Rationalisation of council accommodation
- Investment in a programme of refurbishment and replacement of bus shelters across the borough through the Asset Improvements programme. A further update on this will be brought to Executive Cabinet in the coming months.

52. The council's capital programme is constructed based upon several objectives including the requirement to be affordable and prudent. To do this the council will ensure that whenever possible, the impact of additional investment on revenue budgets will be minimised. The council has a number of sources of funding it can use to invest in the borough including, Community Infrastructure Levy (CIL), section 106 funding, grant funding and capital receipts. Where appropriate the council will also generate future revenue income streams through capital investment to exceed the repayment of borrowing.

**CAPITAL FINANCING**

53. The financing of the capital programme for the period 2023/24 to 2025/26 is set out in **Appendix F2** to the budget report and summarised in the proceeding chart;



54. The capital programme includes a number of schemes that are forecast to generate revenue that will meet the annual cost of borrowing required to complete the project. These include the completion of the £16m Tatton Gardens scheme, the completion of the £11.4m development at Strawberry Meadows and the £3.5m budget for purchasing affordable housing.

55. The council will invest at least £5.6m over the coming three years of contributions from developers as outlined in **Appendix F2**. A summary of section 106 funding received and allocated is attached in **Appendix F3**.

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

## CONCLUSION

57. This paper outlines the Executive's budget proposals for 2023/24 which are:
- A balanced budget made possible by efficiency savings and increased income delivered over the course of 2022/23;
  - A balanced budget set against a backdrop of uncertainty surrounding government funding reforms for local government, which are unlikely to be developed and implemented until at least after the next general election expected in late 2024;
  - A balanced budget that through the successful delivery of successive financial strategies to date, has provided for continued revenue investment in the 2023/24 budget;
  - Investments are to be made in key areas to support the Corporate Strategy:
    1. Housing where residents can live well;
    2. An enterprising economy with vibrant local centres in urban and rural areas;
    3. A green and sustainable borough;
    4. Healthy, safe and engaged communities.
  - An MTFS that reflects assumptions made, and assessed, in the light of the latest information available at this time, and which is also compatible with:
    - the proposed Capital Strategy as set out in **Appendix G**
    - the proposed Treasury Management Strategy as set out in **Appendix H**
    - the proposed Pay Policy as set out in **Appendix I**
58. The MTFS at **Appendix C** contains the updated budget forecasts through to 2025/26 and identifies that further budget savings will be required to bridge the funding gap over the three year period. The forecasted budget deficit in 2024/25 is estimated to be £0.537m and the MTFS sets out options that can be considered to bridge this gap and thereby strengthen the council's financial position over into 2025/26 and the longer term.
59. The council will need to continue working hard and be innovative and creative in order to continue to make efficiencies, whilst at the same time minimising the impact on services. There are still factors that may affect the current forecast financial position, namely changes in the local government funding system, i.e. the Fair Funding review, changes to the business rates system, the impact of the 'levelling-up' agenda, the cost of living crisis, rising inflation and interest rates, and the impact of the recovery from

Covid-19. The focus of the council's approach will be to identify and deliver income generating projects as well as generating further efficiencies as set out in the MTFS at **Appendix C** of this report.

60. The contents of this report are supplemented with additional appendices to provide further details as referenced below.

#### **Climate change and air quality**

61. The budget set aside in this report will continue to support the council's future ambition to become carbon neutral by 2030.

#### **Equality and diversity**

62. Consultation has been undertaken regarding this budget with the Integrated Impact Assessment reported at **Appendix J** to this report.

#### **Risk**

63. There are no immediate risks associated with this report, however if it is not possible to approve the final budget report in February 2023, then the council will not achieve its statutory obligation to produce a balanced budget and it would be unable to finance its commitments to its corporate priorities.

#### **Comments of the Statutory Finance Officer**

64. All proposals within the report are funded and can be accommodated within the 2023/24 budget.
65. It should be noted that the report does contain several assumptions which are outlined in the body of the report, and also includes figures based on the forecast final out-turn position for 2022/23. Should any of the assumptions or figures change due to unforeseen circumstances arising before 31st March 2023, the financial position will be reviewed and reported.
66. The financial implications are detailed within the body of the report, and furthermore in the *Medium Term Financial Strategy 2023/24 to 2025/26* at **Appendix C** and the *Chief Finance Officer's Report* at **Appendix B1**.
67. Consideration is given in **Appendix G – Capital Strategy** to the risks and opportunities contained within the council's capital programme.

#### **Comments of the Monitoring Officer**

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

#### **Background documents**

69. Executive Cabinet Report -19 January 2023 – Draft 2023/24 Budget

**Appendices**

Appendix A	Formal Council Tax Resolution 2023/24 including Special Expenses and Parish Precepts
Appendices B1 - B3	Report of the Chief Finance Officer on the robustness of the estimates within the overall budget, including the risks contained within it and the adequacy of the proposed level of financial reserves
Appendix C	Delivering Our Priorities - Chorley Council Medium Term Financial Strategy 2023/24 to 2025/26
Appendix D	Cumulative Budget Deficit & Budget Strategy 2023-24 to 2025-26
Appendix E	Analysis of movement in the 2023/24 Budget from the position approved by Council in February 2022
Appendix F1	Capital Programme 2022/23 to 2025/26
Appendix F2	Capital Programme Financing 2022/23 to 2025/26
Appendix F3	Developer's Contributions 2019/20 to 2023/24
Appendix G	Capital Strategy
Appendix H	Treasury Management Strategy 2023/24 to 2025/26
Appendix H1	Advice of Treasury Management Consultants
Appendix I	Pay Policy 2023/24
Appendix I (i)	Payscales Chorley Council
Appendix I (ii)	Payscales Shared Services
Appendix J	Budget Consultation 2023/24
Appendix K	Assessing the Impact of 2023/24 Budget Proposals

Report Author:	Email:	Telephone:	Date:
Louise Mattinson (Director of Finance/ Section 151 Officer)	louise.mattinson@chorley.gov.uk,	01257 515151	20 Feb 2023





## APPENDIX B1

Report of	Meeting	Date
Chief Finance Officer	Full Council	28 February 2023

## Report of the Chief Finance Officer

### Purpose of Report

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

In setting the Budget for 2023/24 Council is required to have regard to this report when making its budget decisions.

### Recommendations

2. An overall assessment of the proposed 2023/24 budget and the assumptions on which this is based, including assumptions regarding cost pressures, income streams, service delivery, rising inflation and utility costs, the cost of living crisis and the ongoing recovery from the Covid-19 pandemic, has identified that whilst there are risks, the overall budget provisions for the year are considered sufficient to meet the council's legal responsibilities and obligations.
3. A review of risks, mitigations and contingencies has been undertaken alongside the review of reserves and provisions.
4. The Council is recommended to consider the assessment by the Director of Finance (as Chief Finance Officer) of;
  - the robustness of the Revenue Budget and Capital Programme for 2023/24 (as detailed in **Appendices D and F1**) and
  - the adequacy and recommended level of proposed financial reserves (detailed at **Appendix B3**).

### Executive Summary of Report

5. The information provided below is to assist Members in their review of the overall Revenue Budget and Capital Programme, and to provide assurance to them that financial advice has been provided throughout the budget setting process
6. The budget is based on the Final Local Government Finance Settlement that was published on 7 February 2023 and also incorporates various financial and economic assumptions that are detailed in the report. The council is operating in a period of change and as such these assumptions may also change over time, such as those pertaining to;
  - the Fair Funding Review;
  - the Business Rates system;
  - the development of the government's Levelling-Up agenda.
7. Members will be kept informed of any developments that impact on the 2023/24 budget and the Medium Term Financial Strategy (MTFS) as the year progresses.
8. In terms of the 2023/24 budget, all key budgets have been reviewed and amended to reflect the ongoing cost of delivering current levels of service. To prepare for the potential impact of any required changes to the assumptions made, the council will retain sufficient levels of reserves to provide flexibility and to cushion the impact of any adverse financial implications arising in the short term.
9. The forecast is for a balanced budget in 2023/24 and that the council's **general fund balances** will be retained at over £4.0m.
10. The general fund balance is required to manage short-term one-off risks to the revenue budget.
11. In addition, funds are also set aside as **earmarked reserves** that will support the delivery of the council's corporate strategic priorities of;
  - Housing where residents can live well;
  - An enterprising economy with vibrant local centres in urban and rural areas;
  - A green and sustainable borough;
  - Healthy, safe and engaged communities.
12. The council continues to develop its **Capital Strategy**; this demonstrates that the council's capital expenditure and investment decisions are taken in line with corporate objectives and take account of stewardship, value for money, prudence, sustainability and affordability. I am satisfied that the Capital Strategy report at **Appendix G**, provides this assurance to Members and outlines the strategic intent for the council over the medium to long-term.
13. Having reviewed the robustness of the estimates and the underlying assumptions included in the 2023/24 budget, and commented on the position in relation to key risks and working balances, I am satisfied that the budget assumptions are reasonable, the key financial risks have been considered and the budget is deliverable.
14. Further analysis of the risks to revenue and capital budgets are analysed at the end of this report.

<b>Confidential report</b> Please bold as appropriate	Yes	<b>No</b>
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**Corporate Priorities**

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

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

**Background**

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

**Budget Strategy**

17. The council’s overall framework for its medium term budget is contained within the MTFS.

18. Development of the medium term strategy has been frustrated as, initially due to the pressures of the pandemic and Brexit, and then more latterly with the political and economic turmoil over the past year; three Prime Ministers, the impact of the war in Ukraine, a deepening in the cost of living crisis, soaring energy prices and escalating rates of inflation and increases in interest rates, little movement has been made by the government in progressing their intention to significantly change the way in which councils are funded. Once again, local government has only been provided with a one-year settlement for 2023/24, with significant uncertainty regarding the income streams in future years.

19. Although the government announced back in 2017/18 that consultations would be undertaken to progress local government funding reform, these have been slow to advance. The areas they have specifically stated will be subject to consultation and review include;

- a Fair Funding Review – resulting in the redistribution of funding across local government;
- a review of the Business Rates Retention scheme;
- the future of the New Homes Bonus.

Another year has passed and still their work has yet to conclude on this; as such, we have had to prepare the 23/24 Budget and MTFS over the three year period to 2025/26 with a lack of clarity over future funding and funding mechanisms; we must now wait until more information is provided on future changes to the funding

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

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

### **Budget and Tax Setting Process**

21. The annual budget preparation and tax setting process involves the development of robust medium term revenue forecasts and capital plans. In any financial year, the level of government funding, additional cost pressures (including inflation, service specific pressures and areas of investment and growth), together with demand for services, necessitates a re-appraisal of service delivery and identification of efficiency savings to address any funding shortfall in order to deliver a balanced budget. The Budget Strategy and proposals submitted have been formulated to reflect these issues. We have also had to consider the ongoing response to the economic issues referred to in point 18 above, e.g. the cost of living crisis, rising inflation and utility costs, increasing interest rates and the recovery from the Covid-19 pandemic.
22. Throughout the formulation of the Budget Strategy, Executive Members have been advised by the Chief Executive and Directors in relation to the operational requirements around policy and legislative initiatives. Likewise, the Director of Finance and senior finance representatives have advised on financial implications and provided comprehensive input to demonstrate financial viability throughout the process. In doing so, and to ensure the robustness of the budget and the budget setting process, we have been mindful of;
  - *Availability of reliable information;*
    - we have sought to ensure that the budget is based on the most up-to-date and realistic assumptions (for example, using both government and Bank of England forecasts for pay and price increases and for interest rate movements);
    - we have incorporated information provided by government on funding, as detailed within the one-year, 2023/24 Final Local Government Finance Settlement, published on 7 February 2023;
    - we have reviewed and realigned departmental budgets at a transactional level within overall department cash limits, to reflect changes over time to ensure budgets are broadly in line with current levels of income and expenditure;
    - we have considered the financial consequences of the ongoing Covid-19 pandemic and the funding made available by government.
  - *Council's guidance and strategy;*
    - the council's Constitution which contains a clear Budget and Policy framework;
    - the council's Budget Strategy and approach to budget setting;
    - consultation with residents, partners and businesses within the borough and targeted engagement with service users. Over the year this has included consultation on the budget proposals asking residents to provide feedback on the overall proposals with an open ended question. The

consultation ran from the 20 January to the 6 February 2023 and was publicised through various Council channels. We received 73 responses through an online survey, and 60 responses through social media.

- *Corporate approach and integration;*
  - service departments have identified budget pressures and risks throughout the course of the year, not only in relation to their response to the cost of living crisis, increasing inflation and utility costs and the recovery from Covid-19, but also in respect of delivering their 'business as usual' service plans. These have been developed throughout the course of 2022/23 in readiness for 2023/24, with regular monitoring and progress reporting by Officers at Senior Management Team (SMT) meetings, and in briefings and meetings with Executive Members collectively and individually;
  - the system of controllable budgets for each Department provides a transparent and accountable arrangement to budget setting; consideration is given to both service specific and corporate cost pressures when determining the allocated cash limit and each Department is required to formulate a strategy to ensure a balanced budget and to deliver savings as necessary;
  - the council continues to closely monitor and instigate early action to meet both its immediate and medium term financial challenges. This method has been effective in providing a level of resilience to address the government's funding reductions over the period to date. Through a combination of increases in income and cost reductions that are contained within the proposals presented to Council, the forecast budget gap for 2023/24 presented to the Council back in February 2022 has now been closed.
  
- *Flexibility;*
  - mechanisms to review options for service delivery are linked into the budget process
  - flexibility to free up resources to deliver service improvement and to deliver the council's priorities
  - flexibility in budget management as included within the council's Constitution

### Capital Programme

23. Affordability of capital expenditure plans is important in determining the overall robustness of the budget and adequacy of reserves to deal with potential variations.
  
24. The proposed Capital Programme for 2023 to 2026 of £22.277 million is included at **Appendix F1** of the budget reports. This predominantly comprises of existing commitments including investment in;
  - Provision of affordable housing, support for refugees and adaptations to assist residents in their homes;
  - Improving and transforming the leisure centres to encourage our residents to be active and healthy, along with investment in play, recreation and open spaces;
  - Driving economic development and delivering income generation through the completion of the Strawberry Meadows development;
  - Supporting our town centre through the town centre masterplan;
  - Delivering the green agenda, including decarbonisation of council properties;

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

### **In Year Financial Monitoring Process**

26. The council continuously seeks to strengthen its financial processes and controls. This approach, combined with existing effective arrangements, will provide a strong foundation enabling Members and Officers to continue to deliver the demanding targets and plans set within the Budget Strategy and the challenges identified for future years. In any budget however there are likely to be risks. In year financial monitoring processes are in place to mitigate these;
- overall budget monitoring takes place throughout the year at both Department and Executive Cabinet level to identify potential areas of pressure and to develop and implement corrective action. This in itself provides a strong control environment and is commensurate with sound corporate governance;
  - at the Senior Management Team meetings, the Chief Executive and Directors review the council's overall financial position alongside progress made in the identification of new and emerging financial pressures and in delivering savings, as well as considering the impact of changes in the local government financial landscape;
  - other specific Boards and Groups such as the Governance Committee, the Shared Services Joint Committee (in conjunction with South Ribble Borough Council), the Transformation Focus Group and the Wholly Owned Company and Projects Working Group, meet regularly to oversee the activities within their specific remit;
  - the financial model that underpins the MTFS is subject to review throughout the year to enhance forward planning, policy prioritisation, resource allocation and assess opportunities to invest in achieving future efficiency savings. The assumptions, variables and information within the model are updated to ascertain the impact of known changes (e.g. legislative changes such as National Insurance Contributions and National Living Wage), potential changes (such as adjustments to government funding and precept levels), and also for the refinement of variables (such as inflation, interest rates and employers pension rates) in light of emerging information;
  - the council adopts a risk based approach to financial management which provides added value to the governance process and identifies risks associated with both the revenue and capital programme. The provision of sufficient levels of General or Unallocated Reserves, mitigates against the financial risks from unforeseen financial issues so that these can be addressed in a responsive and controlled manner. As part of its approach to risk management the council also makes provision for Earmarked Reserves, i.e. funding reserved to address specific future needs.

### **Risk**

27. Ultimately the robustness of the budget is dependent on the strength of the arrangements in place to deliver the component parts, and to manage the associated risks of these.
28. It must be recognised that given the reduction in resources over the past decade of austerity, together with the social, economic, public health and financial impacts of the global pandemic, and the current economic crisis, the council faces significant risks which impact upon the financial estimates included in this budget.
29. These risks include:
  - the ability to raise and collect revenue from taxes (both Business Rates and Council Tax), and from sales, fees and charges;
  - increases in the number of residents claiming Council Tax Support;
  - potential increase in demand for services from residents, which may be exacerbated by reductions in public sector expenditure in other areas such as the NHS and as a result of the cost of living crisis;
  - under-achievement against income targets given the exposure to external factors, principally stemming from the cost of living crisis, increases in inflation, interest rates and utility costs, and the recovery from the pandemic, and any resulting economic downturn and changes in consumer demand;
  - changes in statutory and legislative requirements, including employment law;
  - changes by government in funding;
  - contractual obligations;
  - potential loss of skilled and experienced staff.
30. Whilst the 4 year settlement, which covered the period 2016/17 to 2019/20, provided some stability to assist in financial planning, uncertainty has prevailed since 2020/21 with regards to the government's plans for, and impact of;
  - the development and implementation of a revised Business Rates Retention Scheme,
  - the development and implementation of a new Fair Funding formula,
  - the potential change to funding streams linked to the government's 'Levelling-Up' agenda and shared prosperity funds
  - devolution and potential local government reorganisation
31. The fact that again we have only received a one year settlement has exacerbated the uncertainty and the risk in our financial planning beyond 2023/24, and indeed in the absence of any figures, assumptions or framework, it has been almost impossible to prepare a credible financial strategy for the medium term with any degree of confidence in the underlying assumptions.
32. However, the approaches outlined in this paper in relation to risk management, scrutiny, continuous monitoring of both the current and forecast financial position, as well as regular modelling through the MTFs of the financial impact of changes in the external environment, should mitigate these risks; by identifying the risks and providing an assessment of exposure, magnitude and potential financial impact, plans can be developed and implemented to address them. Therefore, this Budget Strategy is achievable with strong project and risk management and with effective financial control.

### **Adequacy of Proposed Financial Reserves**

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

### **Unallocated Reserve**

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

And, in light of;

- The effectiveness of the Council's Internal Control framework
- The risk based provision made in the level of General Fund balances
- The Council's overall reserves position

**Then as the section 151 Officer I can state that I believe the budget for 2023/24 and level of reserves to be robust.**

### **Earmarked Reserves and Provisions**



- 42. Earmarked Reserves are established to meet known or expected future liabilities where it is difficult to be specific about the exact financial amount of liability.
- 43. There are several categories of Earmarked reserves that the council holds;
  - reserves to fund future asset maintenance;
  - reserves set aside to manage the impact of any adverse impact arising from government changes to the Business Rates funding mechanisms and one-off reductions in income;
  - reserves specifically set aside to support the council in its ambition to become carbon neutral by 2030;
  - reserves created to support the recovery from the Covid-19 pandemic and to assist in addressing the cost of living crisis and the impact this has on communities and businesses;
  - sums set aside for the specific investment priorities of the Administration for 2023/24.
- 44. The current forecast for Earmarked reserves at 1<sup>st</sup> April 2023 is £6.772m; a full breakdown of the Earmarked Reserves is attached at **Appendix B3**.

**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	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

**Climate change and air quality**

- 46. The budget set aside will continue to support the council’s future ambition to become carbon neutral by 2030.

**Equality and diversity**

- 47. Consultation has been undertaken regarding the budget with the Integrated Impact Assessment reported at **Appendix J** to this report.

**Risk**

- 48. There are no immediate risks associated with this report, however if it is not possible to approve the final budget report in February 2023, then the council will not achieve its statutory obligation to produce a balanced budget and it would be unable to finance its commitments to its corporate priorities.

**Comments of the Statutory Finance Officer**

- 49. These are contained within the report.

**Comments of the Monitoring Officer**

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

Louise Mattinson  
Director of Finance (S151 Officer)

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Louise Mattinson	5151	20 February 2023	

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

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

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

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

The government has stated that it will not change the funding system within the next 2 years, which has provided some stability for 2023/24 and 2024/25, but beyond this, future funding levels are uncertain. As Business Rates account for approximately 40% of the council's income, this is a significant risk;

- Whilst the government has announced that Business Rate Pools, including the Lancashire Business Rates Pool, will continue into 2024/25, beyond that the future financial benefit of this is uncertain. At present, under the Lancashire Pool arrangements, we retain a levy (£1.066m expected in 2023/24) which we would otherwise pay over to government on any growth above our baseline of 'need'; should the baseline change, or indeed the pools be dissolved, then the council is exposed to a high level of financial risk.
- Each year we have to make assumptions on the level of write-offs (bad debts), appeals, growth, Business Rates reliefs awarded etc; this continues to be difficult and is made more complex due to the 2023 Revaluation of all properties (hereditaments) subject to Business Rates.

**Fair Funding Review**

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

**New Homes Bonus**

This is almost certainly the final year of the NHB scheme. In 2023/24 we will receive a significant reduction in our allocation which is now £0.297m compared to £0.886m in the previous year, and down from a high of £4.007m in 2017/18.

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

## MEDIUM RISKS

### **Pay Inflation**

Given the increases in inflation over the course of 2022 and the forecasts moving forward, the pay award assumption for 2023/24 has been reviewed and this has been increased from 2% for the year to 5%, increasing costs by a further £465k. The assumptions for 2024/25 and 2025/26 have also been adjusted and included in the MTFS at 5% and 2% respectively.

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

### **Delivery of Budgeted Savings and Additional Income**

The MTFS includes forecast cumulative gross budget deficits of £0.537m and £1.484m in 2024/25 and 2025/26 respectively. To balance the budget over the course of the MTFS we will need to continue to develop the Transformation Programme and savings programme, including opportunities for income generation. The monitoring and robust challenge of all proposals is overseen by the council's Shared Services Management Team and Shared Senior Leadership Team. Risks are reported to the Shared Services Management Team as well as Members, and actions are taken when required. Given the council's likely increased dependency on generating income there will always be some risks that sit outside of the council's control and are therefore more difficult to manage.

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

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

### **Existing Income**

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

### **Inflation**

CPI rose by 11.1% in the 12 months to October 2022, up from 6.2% in February 2022 when the 2022/23 Budget and MTFS were approved. Following the announcement of the household energy price cap, CPI forecasts have been revised with full year estimates of 7.4% for 2023 and a reduction down to 0.6% in 2024.

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

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

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

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

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

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

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

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## APPENDIX B3

**RESERVES**

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

2. The expected balance of these reserves at the beginning of 2023/24 is;

<b>Reserves</b>	<b>1st April 2023 £000s</b>
<b>General Fund Balance</b>	<b>(4,000)</b>
Change Management Reserve	(250)
Capital Expenditure Reserve	(626)
Climate Change Reserve	(615)
Support for Apprentices, Graduates and Training Posts	(200)
Investment in Play and Open Space Across the Borough	(200)
Market Walk – Asset Management	(154)
Income Generation Reserve	(261)
Market Walk – Income Equalisation Reserve	(452)
Logistics House - Income Equalisation Reserve	(450)
Business Rates Exceptional Payments Reserve	(1,141)
Support for the recovery from the pandemic and the cost of living crisis – communities and businesses	(924)
Business Investment for Growth (BIG) Grants	(276)
Choose Chorley Grants	(65)
Other Investment Projects	(42)
Retail Grants Programme	(98)
IDOX Migration	(78)
NHS CCG Covid Support Project	(100)
Communities - Neighbourhoods	(175)
ICT/Streetscene Modernisation Reserve	(62)
Government and other grant funding	(30)
Waste Mobilisation	(96)
Maintenance of Grounds	(44)
Planning Appeal Costs	(216)
Mayoral Charities	(6)
Policy and Governance General	(124)
Elections	(57)
Check Out Chorley	(30)
<b>Earmarked Reserves</b>	<b>(6,772)</b>

<b>Total Reserves - General and Earmarked</b>	<b>(10,772)</b>
<b>Provisions</b>	
Insurance Provision - Potential MMI clawback	(14)
<b>Total Provisions</b>	<b>(14)</b>

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

#### ***Income Reserves***

- The council has set aside over £900k to manage any one-off reductions in income (£450k from Logistics House and £452k from Market Walk).

#### ***Asset Maintenance Reserves***

- Whilst continuing to deliver a large and ambitious capital programme, which will evolve over the course of the MTFs period as new schemes are presented for consideration, the council sets aside sufficient budget to manage the maintenance of its existing assets; for example additional reserves are set aside to fund unexpected maintenance including a £154k reserve for the Market Walk site.

#### ***Other Reserves***

- To implement the transformation of services and generate additional income, the council has set aside £261k of revenue reserves to explore income generating projects as well as £250k reserves to manage any one-off costs of implementing changes to staffing structures.
- The council continues to support its local businesses with £439k in reserves to attract businesses to the borough, as well as supporting existing businesses in the town centre and other areas of the borough. These grants enable the council to match fund local business investment to expand local businesses and job opportunities.
- The council will continue to set aside funds to support planning decisions. The council invests £100k per year to the review the local plan, with reserves set aside of £216k to further support the council to defend locally made planning decisions.
- The council has set aside £615k of reserves to implement its Green Agenda and to continue its ambition to become carbon neutral by 2030. Reducing the carbon footprint is a national and global issue; we will seek to attract support and funding from our partners, including the government, to assist us in achieving this priority objective.



10. There are £924k of reserves set aside to support residents, communities, businesses and the council during the cost of living crisis and through the recovery from the pandemic.
11. There are reserves of £200k to support investment in play and open spaces across the borough, and £200k to support apprenticeships, graduate positions and other additional training opportunities at the council.

***General Reserves***

12. The council has set aside £4.000m in general funds, which represents approximately 26% of the annual net expenditure budget of the council. This can be used to manage future uncertainty in expenditure and income over the medium-term. The council does not intend, nor has it budgeted, to utilise this reserve to manage budget deficits, however this will be reviewed as part of the council's budget management process.

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**APPENDIX C****CHORLEY COUNCIL MEDIUM TERM FINANCIAL STRATEGY 2023/24 to 2025/26****INTRODUCTION**

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

**FINANCE AND CORPORATE PLANNING**

2. Within the framework of legislation and Government controls, local authorities retain responsibility for determining the level of their budgets and how those budgets will be spent, subject to legislation and grant conditions.
3. The purpose of the council's budget is;
  - To enable the council to fulfil its statutory duty to set a Council Tax each financial year
  - To ensure that use of the council's financial resources is planned and that a balanced budget is set in 2023/24.
  - To set financial targets for service managers against which their use of financial resources can be measured and controlled.
  - To facilitate the delivery of the council's corporate strategy and subsequent priorities by allocating resources between services according to agreed strategies and plans.
4. The first is a statutory requirement and the council, if it does nothing else, must fulfil this obligation. All these points are important, especially the last regarding the delivery of the council's Corporate Strategy. It means that finance always needs to be seen in the context of other council plans, whether at service level or, ultimately, at corporate level. Chorley Council will ensure that its financial resources, subject to all other constraints, are allocated in accordance with council priorities.
5. In practice there are a number of constraints that might prevent the council from spending purely in accordance with its current priorities, for example: -
  - Government constraints over use of resources
  - Legal requirements to provide certain services
  - Financial and legal commitments, and other agreements, e.g. staff contracts
  - Costs incurred in implementing change

- Limited availability of resources
  - Time needed to plan for change
  - Pressure to maintain and improve services
6. It is important for the council to recognise these constraints and to plan the use of resources over the short and medium term.

## **THE FINANCIAL CONTEXT**

7. The purpose of the Medium Term Financial Strategy (MTFS) is to set the financial framework for the Council for the medium term to ensure delivery of strategic objectives and major projects. This requires a review and assessment of revenue budgets, the capital programme, levels of reserves and potential future Council Tax levels, based on funding projections and other financial and economic assumptions.
8. The fact that yet again, we have only received a one year settlement has exacerbated the uncertainty and the risk in our medium term financial planning; in the absence of any figures or framework from Government, it has been almost impossible to prepare a credible financial strategy beyond 31 March 2024 with any degree of confidence in the underlying assumptions. Uncertainty prevails in respect of:
- the development and implementation of a new Fair Funding Review;
  - changes to the Business Rates Retention Scheme;
  - the funding changes linked to the government's 'levelling up' agenda and shared prosperity funds;
  - devolution and potential local government reorganisation;
  - the impact of the cost of living crisis driven by rising inflation and interest rates and increases in the cost of utilities driven by the war in Ukraine and;
  - the social, economic and financial impacts as we recover from the Covid-19 pandemic.
9. The Settlement represents a holding position' until the next Parliament, aiming for stability in local government finances over the next two years. The ruling out of a business rates reset or a fair funding review in this period means that the funding distribution will stay fairly stable, however the questions about the future of the funding system remain unaddressed.
10. It is within this financial context that we have developed the MTFS.

## **ASSUMPTIONS MADE WITHIN THE MTFS**

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

## GENERAL FUND FORECAST ASSUMPTIONS

The following assumptions have been made as part of reporting a balanced budget in 2023/24, a deficit of £0.537m in 2024/25 and reporting a deficit of £1.484m in 2025/26.

Key Assumption	23/24	24/25	25/26	Comment
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### INCOME/FUNDING

Increase in Council Tax	1.99%	2.99%	1.99%	The Local Government Finance Settlement confirmed a council tax increase limit for district councils in 2023/24 of up to 3% or £5 (whichever is the greater) on a Band D equivalent in 2023/24. It also confirmed that the same limits will continue in 2024/25. The MTFS presented to Finance Council in February 2022 assumed an increase of 1.99% in each of these years. It is recommended to limit the increase to Chorley residents to 1.99% in 2023/24 as previously proposed, with an increase of 2.99% in 2024/25 to reflect the new limit. The position will be revisited next year as part of the budget setting process. It is assumed the increase will revert to a limit of 2% in 25/26.
Council Tax Base Increases	0.62%	0.00%	0.00%	The MTFS assumes a level of growth in the council tax base which is a prudent estimate based on housebuilding projections.
Increase in Retained Business Rates through Growth	0%	0%	0%	Given revaluations, appeals and possible changes to the baseline in the future, the Council has assumed no increase in the business rates base through growth. For the reasons highlighted, the council will monitor gross levels of business rates, and collection rates, as well as continuing to focus resources on attracting new and expanding local businesses.
Additional Business Rates - Lancashire Pooling Arrangements	£1.066m	£1.124m	£0.000m	Chorley Council has benefited for several years from membership of the Lancashire Business Rates Pool. The Local Govt Settlement confirmed the pools would continue in 23/24 and into 24/25. In the absence of any further information, the budget assumes the council will retain the current level of business rates enjoyed as part of the Lancashire Pool for 2023/24 and 2024/25 in line with the

Key Assumption	23/24	24/25	25/26	Comment
				<p>government's announcement, but that the Pool will cease in 2025/26.</p> <p>This loss of income beyond 2024/25 presents a significant financial risk to the council over the medium term.</p>
Total Forecast New Homes Bonus	£0.297m	£0.000m	£0.000m	<p>New Homes Bonus was introduced in 2011 as a stimulus for the provision of new homes and is a non-ringfenced grant, distributed between local authorities based upon new growth in housing provision in their area. The length of time that the bonus is paid for, for each new home built, has reduced from 6 years when it was first introduced, down to 5 years with effect from 2017/18, and down to 4 years from 2018/19. It has been limited to a one-off annual payment for new homes built since 2020/21.</p> <p>Whilst it had been announced last year that funding from New Home Bonus (NHB) would discontinue in 2023/24, the settlement announced an allocation of £0.297m for 2023/24 (2022/23 - £886k). The reduction reflects the fact that the allocations no longer include any legacy payments for prior years. Reflecting prior announcements of its withdrawal, no further NHB allocations have been assumed beyond 2023/24 however, it is assumed that the funding will be re-purposed as a grant, or subsumed within another grant; for the purposes of the MTFS we have assumed that for 24/25 and 25/26 the same level of NHB as received in 23/24, is amalgamated into the Services Grant below.</p>
Lower Tier Services Grant	£0.000m	£0.000m	£0.000m	<p>First introduced in 2021/22 as a non-recurring, un-ringfenced grant, it has, together with a proportion of the expired New Homes Bonus legacy payments referred to above, been re-purposed into a new grant called the Minimum Funding Guarantee (see below); in 2022/23 the council received £506k of funding from this grant</p>
Services Grant	£0.114m	£0.416m*	£0.416m*	<p>The level of this grant has been reduced from £0.203m in 22/23 to £0.114m in 23/24, in part due to the cancellation of the previously announced increase in National Insurance Contributions from 1<sup>st</sup> April 2023, and also to move funding into the Supporting Families Programme. Previously described as a 'one-off' grant in 2022/23 it has been allocated again in 2023/24, although it is unclear what will</p>

Key Assumption	23/24	24/25	25/26	Comment
				<p>happen to the grant in 2024/25, for budgeting purposes it has been assumed it will continue in some form for 24/25, along with the remaining balance of New Homes Bonus referred to above.</p> <p>*As such income of £0.416m is assumed in 24/25 and 25/26 as a proxy for this (£0.119m Services Grant plus £0.297m NHB)</p>
Minimum Funding Guarantee	£1.146m	£1.146m	£1.146m	<p>This new grant replaces the Lower Tier Services Grant and a proportion of the previous funding provided by New Homes Bonus legacy payments; it is intended to provide a funding floor for all local authorities so that no authority will see an increase in Core Spending Power of less than 3% (before any assumption on council tax rate increases, but after increases in the council tax base are applied).</p> <p>The council has been allocated £1.146m in the 23/24 Settlement. Given that the grant is based on, and is subsumed within the council's Core Spending Power, and that this figure is reported for all authorities across the country each year, by Government, as a measure of the growth in funding levels, it is unlikely that this will reduce; as such it has been assumed that this grant will continue into 2024/25 and 25/26.</p>
Net Income Market Walk	£0.847m	£0.836m	£0.832m	<p>The net income levels, after accounting for the costs of borrowing/financing these schemes, are in line with the council's investment strategy, and reflect provisions for voids and rent levels on retail property in the prevailing economic environment.</p>
Net Income Strawberry Fields	£0.166m	£0.159m	£0.155m	
Net Income Primrose Gardens	£0.368m	£0.361m	£0.358m	
Net Income Logistics House	£0.455m	£0.455m	£0.455m	
Net Income Strawberry Meadows	£0.327m	£0.327m	£0.327m	
Net Income Whittle Health Hub	£0.034m	£0.034m	£0.034m	

Key Assumption	23/24	24/25	25/26	Comment
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## **EXPENDITURE**

Key Assumption	23/24	24/25	25/26	Comment
Pay Award 22/23	£0.597m cost pressure	£0.597m cost pressure	£0.597m cost pressure	In the Spending Review of October 2021, the Chancellor said that pay awards for public sector workers in 2022/23 would be in line with CPI. At the time the 2022/23 Budget was approved the negotiations for 2021/22 had yet to conclude and no fixed point in time had been announced for the determination of CPI for the 2022/23 pay award. As such a provision of 2% was included in the pay budget for 2022/23, which equated to approximately £200k per year. A pay award was agreed in November 2022 of £1,925 per whole time equivalent, for which no additional funding was provided. The increase in costs over and above the budget provided equated to approximately £0.597m which presents a recurring cost pressure in 2023/24 and beyond.
Pay Award 23/24	5.0%	5.0%	2.0%	Given the increases in inflation over the course of 2022 and the forecasts moving forward, the pay award assumption for 2023/24 has been reviewed and this has been increased from 2% for the year to 5%, increasing costs by a further £465k. The assumption for 2024/25 and 2025/26 have also been adjusted and included in the MTFS at 5% and 2% respectively. The Chancellor announced in his Autumn Statement that the national living wage will rise from £9.50 to £10.42 an hour for workers aged 23 and over from April 2023. This will not affect Chorley Council's pay bands for 2023/24 as the council pays above this level already. No adjustments have been made for any further living wage increases as it is assumed that the council's pay bands will continue to exceed this over the course of the MTFS.
Vacancy Saving	2.5%	2.5%	2.5%	Given the inevitable turnover in staffing, there is more often than not a period of time between an employee leaving and their replacement commencing in post. An assumption has been made that underspends of 2.5% will be generated as a



Key Assumption	23/24	24/25	25/26	Comment
				consequence of the timing of recruitment.
<p>Future Service Pension Rate</p> <p>Pension Fund Deficit Recovery</p>	<p>18.3%</p> <p>£0.000m</p>	<p>18.3%</p> <p>£0.000m</p>	<p>18.3%</p> <p>£0.000m</p>	<p>The results of the Lancashire County Pension Fund triennial actuarial valuation of 2022 have now been received. The fund has had a strong performance over the last 3 years through to 31<sup>st</sup> March 2022, however since 31<sup>st</sup> March, with the volatility in global financial markets, inflation and interest rates, the position has been more turbulent. Overall, the Chorley Council section of the fund will now see a reduction in the financial contributions required, comprising;</p> <ul style="list-style-type: none"> <li>• an increase in the level of Employer Pension Contribution rates from 16.4% to 18.3% for the next 3 years (i.e. a 1% increase results in approx. £74k of cost – increase of £140k in total)</li> <li>• the annual cost of the repayment of the fund deficit will reduce from £467k per annum to £0.</li> </ul> <p>Overall the actuarial valuation has reduced the council's pension costs by approximately £327k.</p>
Inflation and Utilities increases	<p>Inflationary increases have been provided for in accordance with the stipulations of specific contracts e.g. IT, waste.</p> <p>A 100% increase has been assumed in the cost of utilities with an additional 20% applied in 24/25 and a further 20% in 25/26.</p>			<p>CPI rose by 11.1% in the 12 months to October 2022, up from 6.2% in February 2022 when the 2022/23 Budget and MTFs were approved. Following the announcement of the household energy price cap, CPI forecasts have been revised with full year estimates of 7.4% for 2023 and a reduction down to 0.6% in 2024.</p>
Leisure Services – additional expenditure over budget	£0.262m	£0.262m	£0.262m	<p>The council will continue to support its wholly owned leisure services company in response to the escalation in utility costs and the impact of the cost of living crisis on the level of income generated, on the basis that any intervention will be short term and that the cost to the council will cease over the medium-term as the company develops its services to fully cover its own costs</p>

## **MEETING THE FINANCIAL CHALLENGE – THE TRANSFORMATION STRATEGY**

29. The last medium-term financial strategy reported to Full Council in February 2022 set out the council's approach in meeting the financial challenges over the period 2022/23 to 2024/25. The council's Transformation Strategy was put in place to focus on bridging the gap and delivering a balanced budget through:

- Productivity savings including modernisation of services, delivery of the Digital Strategy and continually reviewing its staffing structures to ensure they are efficient and fit-for purpose.
- To deliver change effectively across the organisation, including our assets, our service delivery models, technology and culture to respond to the opportunities and budgetary challenges of the future.
- Where possible, the renegotiation of contracts and investment in income generating schemes.

30. Since February 2022 the council has continued working towards delivering the Transformation Strategy. The strategy seeks to address sustainability, financial uncertainty, public service integration and the provision of efficient services for our residents, whilst delivering cashable savings and supporting the Medium-Term Financial Strategy; this has been a key driver for transformation at Chorley in delivering organisational change.

## **SENIOR LEADERSHIP TEAM**

31. In terms of transformation, the purpose of the Senior Leadership Team is to:

- Monitor project progress and issues
- Ensure proposals meet with the overall objectives of the Transformation Strategy and anticipated savings
- Consider dependencies between projects to make sure that activity is coordinated (particularly with regard to consultation/service reviews) and monitor overall demands on capacity
- Review and scrutinise corporate performance

## **WHAT IS THE BUDGET GAP?**

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

	2023/24 £m	2024/25 £m	2025/26 £m
Council Tax (incl Collection Fund adjustments)	(7.710)	(8.038)	(8.158)
Retained Business Rates (incl Pool)	(6.216)	(6.556)	(6.556)
Services Grant	(0.119)	(0.416)	(0.416)
Minimum Funding Guarantee	(1.146)	(1.146)	(1.146)
New Home Bonus	(0.297)	(0.000)	(0.000)
<b>TOTAL FUNDING</b>	<b>(15.488)</b>	<b>(16.156)</b>	<b>(16.276)</b>
<b>TOTAL EXPENDITURE</b>	<b>15.488</b>	<b>16.693</b>	<b>17.760</b>
<b>BUDGET (SURPLUS)/DEFICIT</b>	<b>-</b>	<b>0.537</b>	<b>1.484</b>

### CLOSING THE BUDGET GAP

33. The council's medium term plan to reduce the budget deficit beyond 2023/24 will be refined and developed over the coming months, and will be subject to future government funding announcements, the wider economic environment and other funding assumptions (e.g. future pay wards), which may change over the period.
34. The key challenge to the council is to find and deliver efficiency savings of £0.537m for 2024/25.

To achieve this the council's strategy will be:

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

### Transformation Strategy

35. The Transformation Strategy covers many aspects of change both within the council and in partnership with other organisations. The strategy will be refreshed in 2023/24, and refined to enable the continual improvement of services and performance whilst ensuring a sustainable financial position. The Transformation Strategy will develop options to achieve savings and efficiencies as well as a programme of organisational change to support our workforce over the period. At this stage, the main strands of the strategy that could generate savings and income are outlined further below.

## Income Generation

### Council Tax

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

	<b>Band D Equivalent 2022/23 £</b>
Preston	333.63
Burnley	318.49
Rossendale	290.80
Pendle	281.50
Hyndburn	260.64
Lancaster	241.95
South Ribble	223.24
Fylde	219.19
West Lancs.	218.39
Wyre	214.74
<b>Chorley</b>	<b>199.66*</b>
Ribble Valley	160.69

(\* - includes Band D equivalent Special Expenses of £21.40)

37. Whilst the Local Government Finance Settlement confirmed a council tax increase limit for district councils in 2023/24 of up to 3% or £5 (whichever is the greater) on a Band D equivalent property, the council is mindful of the impact of cost increases on its residents during this cost of living crisis; as such it has to manage this, alongside the continued uncertainty regarding future funding, the continued pressures on council expenditure budgets, including the impact of rising inflation and increasing utility costs, combined with the real terms reduction in Government funding provided to the council since 2010.
38. Whilst the budget for 2023/24 proposes an increase in Chorley Council's share of council tax of 1.99%, increases have been built into the MTFS for 2024/25 in line with the government's announcement that the 3% limit will also remain in place for that year; i.e. an increase has been assumed in 2024/25 of 2.99%. The assumption is that the limit will then reduce back to 2% for 2025/26 and beyond. This will be reviewed annually and will be subject to the outcome of the next finance settlement.
39. The council will remain committed to supporting those who may struggle to pay their council tax because of the challenging circumstances they find themselves in, and will make use of the monies it has available to support council taxpayers.

### ***Investment Sites***

40. The council owns several sites that have been developed to bring forward the expansion of employment, housing and health services within the borough. These include:

- The investment in the **Market Walk Shopping Centre** - the investment generates approximately £847k of net income (after borrowing) each year, as well as notably improving the town centre, providing jobs and delivering on the council's ambition and vision to regenerate the town centre;
- All the 65 apartments at **Primrose Gardens** are occupied, supporting people to live independently whilst receiving the care and support needed to enjoy later life whilst generating a net income of approximately £368k per annum for the council;
- To maximise the £8.5m investment in the **Strawberry Fields Digital Office Park**, the remaining capital budget has been utilised to reconfigure the internal floor area to capitalise on interest from potential tenants and to manage the site as efficiently as possible. The budget reflects a net income to the council (after borrowing) of £166k for 2023/24 onwards;
- The £33m investment in the **Logistics House** site in 2019 currently generates a net income, after borrowing costs, of £455k which is expected to rise to over £1.0m per annum towards the end of the lease term.
- **Strawberry Meadows** – opened in October 2022, providing light industrial units for business use to drive forward local economic growth and generating a net income of £327k per year;
- **Whittle Health Hub** – a new GP surgery which opened in March 2022, providing a new, modern and high-quality health facility for Whittle-le-Woods, and generating £34k per year for the council.

41. With the redevelopment of the site surrounding Tatton Gardens, including an extra care scheme due to generate a return on investment from April 2023 of £47k per year, the council will seek further investments that whilst delivering on the corporate priorities, can assist in closing the budget gap. The council has, and will continue, to invest in the borough to improve housing, to provide employment opportunities, and to maximise opportunities to generate income, thereby making the council less reliant on the increasingly uncertain funding from Government.

### ***Future Savings***

42. The council has always been successful in generating efficiency savings and additional income to bridge the budget gap whilst continuing to deliver outstanding services to its residents. Required savings of approximately £1.484m, subject to future Government announcements, are forecast over the period of the MTF5 to manage increases in costs as well as potential reductions in future Government funding.

43. Whilst there is continued uncertainty about the potential level of savings required over the medium term, it is prudent to put in place plans to identify and secure the savings that may be required. In order to reduce the impact on staffing and the level of service

provided, the council will continue to invest in its services to recognise additional income and efficiencies. This will be managed and monitored through the Transformation Strategy and Medium Term Financial Strategy. Future opportunities include:

- A review of the council's **portfolio of assets** to recognise potential opportunities for sale or redevelopment, whilst improving services. This council will continue to enable residents and businesses to access council services digitally whilst maintaining the necessary face-to-face support. Through the digital investment already made, improvements in council services and expected efficiencies will be realised over the medium-term. A review of the total amount of office space required has been undertaken in the new post-Covid environment; a consolidation of office space would deliver savings and additional income to the council without compromising on the quality of service to residents;
- The council has been successful in **investing within the borough** to generate jobs, improve health services as well as improving the retail and night-time economy. Whilst delivering this, the council has also generated additional net income that supports other council services. The council will continue this approach, and in the continued redevelopment of the town centre. Work progresses to identify further opportunities to provide additional net income. The council has successfully brought in additional external funding from various sources to support investment in the borough including Homes England, Lancashire Enterprise Partnership (LEP), Community Infrastructure Levy (CIL) and S106 funding from developers in the borough. The council will build on this success to deliver future investments.
- The council is ambitious in its delivery of services and will continue to pursue **alternative models of delivering its services**. The expansion of shared services with South Ribble Council has continued with Phase 2 of the Shared Services model completed in 2022/23; the two councils have agreed that moving forward they will consider further opportunities alongside their wider priorities if improvements and efficiencies can be attained which would lead to further savings for the council.

## CONCLUSION

44. The review of the MTFS has again been undertaken against a background of significant reduction in funding and increasing costs. These factors present a risk to the council's sustainable financial position unless budget savings continue to be delivered and additional income opportunities are provided alongside the delivery of the council's Corporate Strategy priorities.
45. The MTFS covers three years between 2023/24 and 2025/26 and whilst the budget has been balanced for 2023/24 through a combination of efficiency savings and income generation, budget gaps remain for 2024/25 and 2025/26.
46. The council has a successful record of balancing the budget and has delivered budget efficiency savings alongside additional income for many years now. This has been achieved whilst delivering a large number of Corporate Strategy priorities and an ambitious capital programme.

47. The financial context continues to be increasingly challenging and uncertain. Work will continue over the coming months to develop the strategies outlined in the MTFS as to how the budget gap of £0.537m (2024/25) and £1.484m (2025/26) can be addressed. The strategies build on the council's record of innovative approaches to service delivery as well as its record of investing in income generating assets.
48. The council will continue to keep the MTFS under review and refine the assumptions as further information becomes available.

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**Movements from 2023/24 Original Estimates**

Details	2023/24 Budget Changes £
<b>DIRECTORATE BUDGETS</b>	<b>11,003,927</b>
<b>Expenditure Related</b>	
Pay Award including additional for 22/23	1,612,000
National Insurance Changes	(73,000)
Impact of Pension Triennial Actuarial Valuation	(327,000)
Utility Costs - CBC	164,000
Utility Costs - Chorley Leisure	262,000
Provision for Cost of Living Crisis and related cost pressures	418,000
Increase in External Audit Fees	100,000
FCC Contract Inflation	150,600
ICT	150,000
Meals on Wheels	10,000
Homelessness	70,000
Planning Appeals & Local Plan	100,000
Capital Expenditure (Short Life Assets)	115,300
<b>Income Related</b>	
Savings Achieved and Additional Income	(181,100)
Astley Hall Fees and Charges	(37,500)
Primrose MRP	(66,000)
Car Parking	(75,000)
Primrose Café	(12,000)
Primrose & Cotswold rent increases as approved in Fees and Charges	(40,000)
Tatton Gardens implementation of income budget	(298,000)
General Income Increased including Shared Service Recharges	(101,057)
Market Walk Recovery of Income Post Covid	(419,100)
Strawberry Fields - Digital Office Park Income increase	(146,170)
UK Shared Prosperity Fund	(599,000)
<b>DIRECTORATE BUDGETS</b>	<b>11,780,900</b>

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**Capital Programme 2022/23 to 2025/2026**

Scheme Name	Spend in Prior Years £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total Budget
<b>A strong local economy</b>						
Strawberry Meadows Development	6.835	3.000	1.608	-	-	11.443
Asset Improvements	0.272	0.122	0.643	0.300	-	1.337
Buckshaw Village Rail Station	-	-	0.695	-	-	0.695
Chapel St and Surrounding Public Realm	0.003	0.050	2.747	-	-	2.800
Chorley Borough Service Centres	-	-	0.500	-	-	0.500
Strawberry Fields Digital Office Park	-	0.255	-	-	-	0.255
Market Walk Extension	0.123	0.129	-	-	-	0.252
Markets - Works to Existing Markets	0.627	0.123	-	-	-	0.750
Public Realm Town Centre	0.776	0.300	2.984	-	-	4.060
Town Hall and White Hart Works	0.015	0.232	1.053	-	-	1.300
Bengal Street	-	-	1.100	-	-	1.100
Unit Above Iceland	-	0.015	0.085	-	-	0.100
	<b>8.652</b>	<b>4.225</b>	<b>11.415</b>	<b>0.300</b>	<b>-</b>	<b>24.592</b>

**An ambitious council that does more to meet the needs of residents and the local area**

Chorley Health Centre	-	-	0.250	-	-	0.250
Delivering Green Agenda	0.066	0.023	0.411	-	-	0.500
Town Hall Decarbonisation	-	0.062	1.528	-	-	1.590
Health Hub - Whittle Surgery	3.540	-	-	-	-	3.540
ICT Hardware	0.127	-	-	-	-	0.127
ICT Networks	-	0.073	-	-	-	0.073
ICT Mobile Devices, Citrix, CCTV, Software and Cloud-based upgrades	-	1.120	-	-	-	1.120
<b>Total - An ambitious council that does more to meet the needs of residents and the local area</b>	<b>3.734</b>	<b>1.278</b>	<b>2.189</b>	<b>-</b>	<b>-</b>	<b>7.201</b>

**Clean, safe and healthy homes and communities**

Chorley Adaptation Grant (Formerly DFG)	0.780	0.560	1.109	0.775	0.775	3.998
Duxbury Park Site	0.442	0.008	-	-	-	0.450
Land for Tree Planting (Burgh)	-	0.250	-	-	-	0.250
Leisure Centre Transfer	-	0.244	-	-	-	0.244
Leisure Centres Improvements	0.054	0.146	0.100	0.100	-	0.400
Leisure Centres Improvements - New Contract	-	0.300	1.700	-	-	2.000
Play, Recreation and Open Space Projects	0.404	1.757	1.000	-	-	3.161
Properties for Refugees	0.000	1.000	1.200	-	-	2.200
Purchase of Affordable Housing	1.495	0.005	2.000	-	-	3.500
Chorley Lodge	-	-	0.390	-	-	0.390

Tatton	11.252	4.898	-	-	-	16.150
<b>Total - Clean, safe and healthy homes and communities</b>	<b>14.427</b>	<b>9.169</b>	<b>7.499</b>	<b>0.875</b>	<b>0.775</b>	<b>32.743</b>

**Involving residents in improving their local area and equality of access for all**

Astley	1.363	0.482	-	-	-	1.845
Astley Cottage	-	0.448	-	-	-	0.448
Bank Hall Restoration	-	0.112	-	-	-	0.112
Westway Playing Fields Sports Campus	2.723	0.135	-	-	-	2.858
<b>Total - Involving residents in improving their local area and equality of access for all</b>	<b>4.086</b>	<b>1.176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.262</b>

<b>Grand Total</b>	<b>30.898</b>	<b>15.848</b>	<b>21.103</b>	<b>1.175</b>	<b>0.775</b>	<b>69.799</b>
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The amounts identified for 2022/23 are the current forecast expenditure for the year. Some project expenditure will be reprofiled into 2023/24 as part of the preparations for year end.

**CAPITAL FINANCING 2022/23 TO 2025/26**

**APPENDIX F2**

The amounts identified for 2022/23 are the current forecast financing for the year. Some project financing will be re-profiled into 2023/24 as part of the preparations for year end.

<b>FINANCING</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total 2022/23 to 2025/26</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<u>External Funding</u>					
External Contributions	2.450	1.517	0.000	0.000	<b>3.967</b>
CIL	0.584	1.070	0.000	0.000	<b>1.654</b>
Grants	5.257	2.894	0.775	0.775	<b>9.700</b>
<b>Total External Funding</b>	<b>8.290</b>	<b>5.481</b>	<b>0.775</b>	<b>0.775</b>	<b>15.321</b>
<u>Chorley Council Resources</u>					
Reserves and Revenue Contribution to Capital	1.511	0.554	0.000	0.000	<b>2.065</b>
Capital Receipts	0.000	0.000	0.000	0.000	<b>0.000</b>
<b>Self- Financing Prudential Borrowing</b>					
Strawberry Meadows Development	1.143	1.608	0.000	0.000	<b>2.751</b>
Market Walk Extension	0.102	0.000	0.000	0.000	<b>0.102</b>
Strawberry Fields Digital Office Park	0.119	0.000	0.000	0.000	<b>0.119</b>
Affordable Housing	0.005	2.000	0.000	0.000	<b>2.005</b>
Refugee Properties	1.000	1.200	0.000	0.000	<b>2.200</b>
Investment in Duxbury Site	0.008	0.000	0.000	0.000	<b>0.008</b>
Tatton Site	1.212	0.000	0.000	0.000	<b>1.212</b>
<b>Planned Prudential Borrowing</b>					
Asset Improvements	0.122	0.643	0.300	0.000	<b>1.065</b>
Astley Hall and Park	0.929	0.000	0.000	0.000	<b>0.929</b>
Public Realm Town Centre	0.300	2.984	0.000	0.000	<b>3.284</b>
Works to Existing Markets	0.123	0.000	0.000	0.000	<b>0.123</b>
Chapel St Public Realm	0.050	2.747	0.000	0.000	<b>2.797</b>
Land Purchase for Tree Planting	0.250	0.000	0.000	0.000	<b>0.250</b>
Leisure Centres	0.390	1.100	0.100	0.000	<b>1.590</b>
Town Hall and White Hart	0.232	1.053	0.000	0.000	<b>1.285</b>
Town Hall Decarbonisation	0.062	1.242	0.000	0.000	<b>1.305</b>
Chorley Lodge	0.000	0.390	0.000	0.000	<b>0.390</b>
Chorley Borough Service Centres	0.000	0.100	0.000	0.000	<b>0.100</b>
<b>Total Chorley Council Resources</b>	<b>7.558</b>	<b>15.622</b>	<b>0.400</b>	<b>0.000</b>	<b>23.580</b>
<b>Capital Financing Total</b>	<b>15.848</b>	<b>21.103</b>	<b>1.175</b>	<b>0.775</b>	<b>38.900</b>

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**Developers' Contributions 2019/20 to 2025/26**

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

- Various Purposes
- Affordable Housing
- Transport
- Environmental Improvements
- Play & Open Space

The table below outlines;-

- what s106 and overage contributions the council has utilised in 2019/20, 2020/21 and 2021/22
- what s106 and overage contributions the council forecasts to utilise in 2022/23
- what s106 and overage contributions the council budgets to utilise in 2023/24, 2024/25 and 2025/26

	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Buckshaw Village Railway Station	0	0	0	0	696
Yarrow Meadows	12	0	0	0	0
The Willows	46	5	0	0	0
Play, Recreation and Public Open Space	105	120	208	1,222	822
Westway Playing Fields Sports Campus	2	732	578	105	0
Strawberry Fields Digital Office Park	0	0	0	0	0
Strawberry Meadows Development	0	0	0	614	0
Affordable Housing	0	0	90	0	0
Astley Hall	0	15	0	0	0
Buckshaw Bus Stops	40	0	0	0	0
Primrose Gardens	1,357	418	4188	0	0
Tatton	0	0	0	429	0
<b>Total</b>	<b>1,562</b>	<b>1,290</b>	<b>5,064</b>	<b>2,370</b>	<b>1,518</b>

It should be noted that the forecast for 2022/23 and the budget for 2023/24, 2024/25 and 2025/26 will vary over time as the project expenditure is re-profiled into following years.

**Buckshaw Village Railway**

The figure of £695k represents what is remaining of the developer's contribution towards the Buckshaw Parkway railway station. A feasibility study completed by Northern Rail showing likely costs are to be significant and other funding options are to be explored to progress and finalise design.

**Play and Open Space**

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

There is £650k of S106 and approximately £283k of CIL is allocated to improvements at King George V recreation ground in 2022/23. In addition there is over £412k S.106 for Wigan Lane and an additional £467k for Jubilee Rec to be spent in future years.

#### Affordable Housing

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

#### *Community Infrastructure Levy (CIL)*

The council holds CIL funding to be spent against projects identified in the infrastructure funding statement.

Currently included in the capital programme to be funded by CIL is; £1m towards Leisure Centre Improvements, £284k towards the King George V recreation ground redevelopment, £120k towards the Wigan Lane Playing Fields redevelopment, £250k towards Chorley Health Centre.



Developer Contributions 2019/20 to 2023/24

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

	Bal C/F	2019/2020		Bal C/F	2020/2021		Bal C/F	2021/2022		Bal C/F	2022/2023		Bal C/F	2023/2024		Bal C/F
	31/03/2019 £000s	Received £000s	Utilised £000s	31/03/2020 £000s	Received £000s	Utilised £000s	31/03/2021 £000s	Received £000s	Utilised £000s	31/03/2022 £000s	Forecast Received £000s	Forecast Utilised £000s	31/03/2023 £000s	Forecast Received £000s	Forecast Utilised £000s	31/03/2024 £000s
Various Purposes	(2,842)	0	-	(2,842)	0	26	(2,815)	0	555	(2,260)	0	1100	(1,160)	0	0	(1,160)
Affordable Housing	(1,279)	(971)	1,357	(893)	(2,443)	418	(2,918)	(1,463)	4,279	(102)		102	0	0	0	0
Transport	(1,043)	0	40	(1,003)	0	-	(1,003)	0	0	(1,003)	0	58	(945)	0	696	(249)
Environmental Improvements	(19)	0	12	(7)	0	5	(2)	0	0	(2)	0	0	(2)	0	0	(2)
Play and Open Space	(2,451)	(455)	152	(2,755)	(347)	840	(2,261)	(93)	230	(2,124)	(184)	1,237	(1,071)	0	822	(249)
	<b>(7,633)</b>	<b>(1,426)</b>	<b>1,561</b>	<b>(7,499)</b>	<b>(2,789)</b>	<b>1,290</b>	<b>(8,999)</b>	<b>(1,556)</b>	<b>5,064</b>	<b>(5,491)</b>	<b>(184)</b>	<b>2,497</b>	<b>(3,178)</b>	<b>0</b>	<b>1,518</b>	<b>(1,660)</b>

*Various Purposes*

The balance of £1.16m at the end of 2023/24 represents the remaining uncommitted overage.

*Affordable Housing*

From the balance of affordable housing contributions in 2022/23, £0.1m will be allocated to Affordable Housing when purchased.

*Play and Open Space*

Allocations to the play and open space projects are continually being developed. Large schemes to be funded in 2022/23 and 2023/24 include the King George V recreation ground, Jubilee Recreation ground and play area and Wigan Lane playing pitch.

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**APPENDIX G****CHORLEY BOROUGH COUNCIL CAPITAL STRATEGY****Introduction**

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

**Purpose**

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

**Changes to the Strategy**

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

**Capital Expenditure**

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

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

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

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

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

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

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

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

## Governance

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

## Capital Proposals

10. A new proposed scheme must be assigned a project manager. Standardised project initiation documentation is used based upon Prince 2 project management methodologies. As a result, new projects focus on the benefits it can deliver through the measurable project outcomes, not just time and cost.
11. Business cases are created and scrutinised by the finance team to ensure all financing, capital and revenue expenditure and income implications have been considered across the lifecycle of the investment with appropriate levels of sensitivity analysis surrounding key assumptions. If required, external expertise will be sought to provide specialist support such as VAT and governance advice. Outline risk registers are included and scrutinised by internal audit, finance and the service managers.
12. New proposals along with the business cases are reported to Senior Management Team (SMT) to ensure schemes are compliant with the council's overall strategic objectives. The role of SMT is to ensure that new proposals are not considered in isolation but rather considered alongside existing schemes and other new proposals. In

doing this SMT ensures the council's corporate priorities are driving future capital investment. For example, the council's Medium-term Financial Strategy includes the ambition to create future efficiency savings, contract savings and income generation, as well as benefit residents and local communities. Projects that are brought forward to SMT must meet one or more of these objectives.

### Affordability, Prudence and Sustainability

13. The Prudential Code requires that the Authority shall ensure that all capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact on the Council's overall fiscal sustainability.
14. The Authority is required to make reasonable estimates of the total capital expenditure that it plans to incur in the forthcoming financial year and at least the following two financial years.
15. The capital programme has been reprofiled at Quarter 3 in 2022/23 and the current position is outlined in Table 1; subject to approval at Executive Cabinet on 23 February 2023:

Table 1: Capital Programme 2022/23 to 2025/26

Directorate	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
A strong local economy	4.225	11.415	0.300	0.000	15.941
meet the needs of residents and the local area	1.278	2.189	0.000	0.000	3.467
Clean, safe and healthy homes and communities	9.169	7.499	0.875	0.775	18.317
Involving residents in improving their local area and equality of access for all	1.176	0.000	0.000	0.000	1.176
<b>Total Capital Expenditure</b>	<b>15.848</b>	<b>21.103</b>	<b>1.175</b>	<b>0.775</b>	<b>38.900</b>
Developer Contributions (s106 & CIL)	3.033	2.587	0.000	0.000	5.620
Grants	5.257	2.894	0.775	0.775	9.700
Reserves & Revenue Contribution	1.511	0.554	0.000	0.000	2.065
Capital Receipts	0.000	0.000	0.000	0.000	0.000
Prudential Borrowing	6.047	15.067	0.400	0.000	21.515
<b>Total Financing</b>	<b>15.848</b>	<b>21.103</b>	<b>1.175</b>	<b>0.775</b>	<b>38.900</b>

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

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

Table 2: Capital Financing/Net Revenue Stream

	2023/24 £m	2024/25 £m	2025/26 £m
<b>MRP and Interest</b>	<b>3.707</b>	<b>4.603</b>	<b>4.645</b>
Council Tax	(7.710)	(8.038)	(8.158)
Business Rates including grants for reliefs	(6.216)	(6.556)	(6.556)
Services Grant	(0.119)	(0.416)	(0.416)
Minimum Funding Guarantee	(1.146)	(1.146)	(1.146)
New Homes Bonus	(0.297)	-	-
<b>Funding</b>	<b>-15.488</b>	<b>-16.156</b>	<b>-16.276</b>
Net Income* - Market Walk	(1.762)	(1.751)	(1.747)
Other Property including land and garages	(0.544)	(0.544)	(0.544)
Net Income* - Primrose Retirement	(0.368)	(0.361)	(0.358)
Net Income * - Strawberry Fields Digital Office	(0.334)	(0.327)	(0.323)
Net Income * Logistics House	(1.661)	(1.661)	(1.661)
Net Income * Strawberry Meadows	(0.700)	(0.700)	(0.700)
Net Income * - Tatton	(0.245)	(0.236)	(0.233)
Net Income * - Whittle Surgery	(0.173)	(0.173)	(0.173)
<b>Net Income from Asset Investments</b>	<b>-5.787</b>	<b>-5.753</b>	<b>-5.739</b>
<b>Adjusted Net Revenue Stream</b>	<b>-21.275</b>	<b>-21.909</b>	<b>-22.015</b>
<b>Capital Financing Net Revenue Stream</b>	<b>17.43%</b>	<b>21.01%</b>	<b>21.10%</b>

20. Table 2 gives a proposed performance indicator regarding the affordability of the council's capital strategy. It should be noted however that this indicator will increase

due to reductions in Government funding such as the elimination of New Homes Bonus and Services Grant allocation in 2024/25.

21. Table 2 highlights that the annual cost of borrowing is due to be **£4.645m by 2025/26**. It also outlines the additional income (net of running costs) that most of this borrowing will generate, income is expected to decrease from **£5.787m in 2023/24 to £5.739m in 2024/25**. This is largely due to increasing expenditure reducing the overall net income the Council receives. All forecast income is set at a prudent level. The opportunities and risks regarding the council's investment in income generating assets is analysed further in the 'Income Generating Activity' section of this report.

**Prudence**

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

Table 3: Capital Financing Requirement 2023/24 to 2025/26

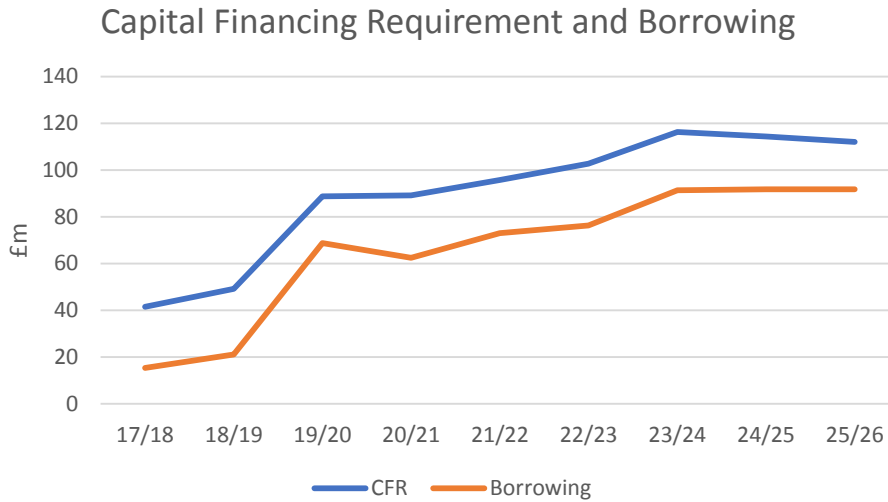
	2023/24 £m	2024/25 £m	2025/26 £m
<b>Opening Capital Financing Requirement</b>	<b>102.755</b>	<b>116.292</b>	<b>114.395</b>
Increase in capital financing requirement	15.067	0.400	0.000
Provision made for debt repayments	(1.530)	(2.297)	(2.381)
<b>Closing Capital Financing Requirement</b>	<b>116.292</b>	<b>114.395</b>	<b>112.015</b>

23. As such there is a requirement to ensure that net debt (the sum of borrowing and other long-term liabilities, net of investments) in 2023/24 does not, except in the short term, exceed £116.292.

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

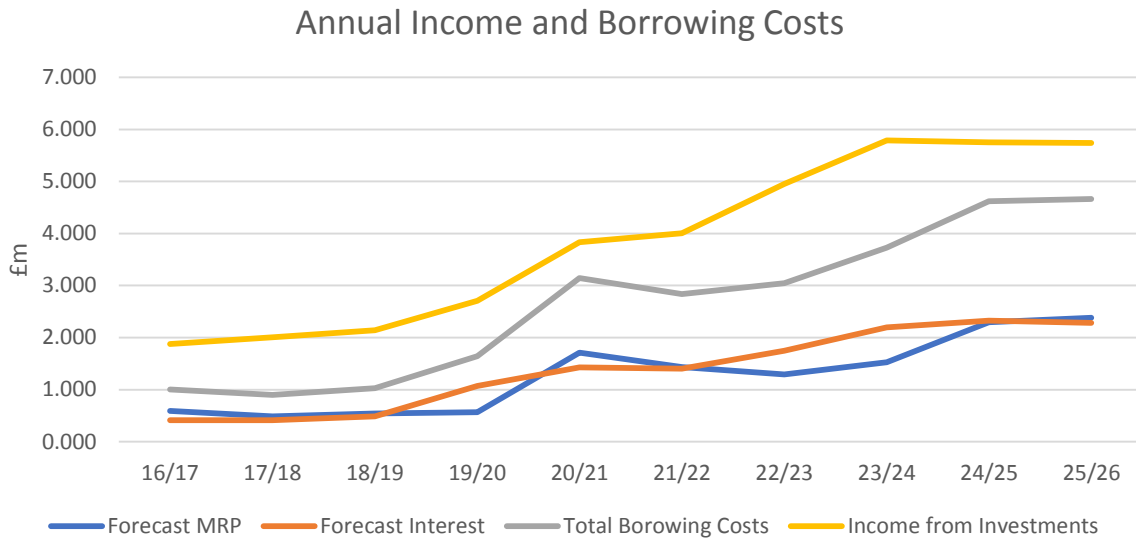


Chart 1: Council Debt – Capital Financing Requirement



25. The council’s capital financing requirement in 2017/18 was approximately £41m. The requirement then gradually rises as there has been significant developments undertaken within the borough such as Market Walk Extension, Primrose Gardens and Strawberry Fields, Tatton Gardens, Strawberry Meadows. Finally, the CFR rises to over £112m, mainly due to the £33m purchase of the Logistics House site as well as borrowing to fund other large capital projects that will generate income for the council. The CFR at this point is levelling out due to the major schemes all coming to an end.
  
26. As demonstrated by Chart 1 the council has been significantly under-borrowed in recent years and is forecast to continue this over the medium term. Future borrowing is expected to take place in the coming year that will reduce the gap between the CFR and actual borrowing.

Chart 2: Annual Income and Annual Borrowing Costs



27. The increase in debt is mirrored by an increase in borrowing however Chart 2 also emphasises how income from investments grows as well. The income from investments is net of running costs and so the gap between the total borrowing and income can be viewed as the council’s annual return from borrowing. The gap between these lines is £1m demonstrating that the borrowing was solid investment.

28. It is proposed that the gap between total borrowing and income is included as a performance indicator in the capital strategy. As other councils do not publish this data it will not be possible to benchmark this performance indicator however the council can monitor this over time to provide assurance regarding the overall affordability of its investments. Table 4 highlights income from investments will continue to exceed borrowing costs.

Table 4: Borrowing in Excess of Investment Income

	2023/24	2024/25	2025/26
	£m	£m	£m
<b>MRP and Interest</b>	<b>3.707</b>	<b>4.603</b>	<b>4.645</b>
<b>Net Income from Asset Investments</b>	<b>(5.787)</b>	<b>(5.753)</b>	<b>(5.739)</b>
<b>Net Income in excess of Borrowing Costs</b>	<b>(2.080)</b>	<b>(1.150)</b>	<b>(1.094)</b>

**Income Generating Activity**

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

30. The council has many assets that generate net income, these are summarised below.

Table 5: Summary of Net Income from Existing Assets

<b>Directorate</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Market Walk Shopping Centre	(0.847)	(0.836)	(0.832)
Other Property including land and garages	(0.533)	(0.533)	(0.533)
Primrose Gardens	(0.368)	(0.361)	(0.358)
Strawberry Fields	(0.166)	(0.159)	(0.155)
Logistics House	(0.455)	(0.455)	(0.455)
Strawberry Meadows	(0.327)	(0.327)	(0.327)
Tatton	(0.047)	(0.038)	(0.035)
Whittle Surgery	(0.034)	(0.034)	(0.034)
<b>Total Net Income</b>	<b>(2.777)</b>	<b>(2.743)</b>	<b>(2.729)</b>
<b>Gross Directorate Budgets Chorley Council</b>	<b>15.488</b>	<b>16.693</b>	<b>17.760</b>
<b>% Net Income to Gross Directorate Budgets</b>	<b>-17.93%</b>	<b>-16.43%</b>	<b>-15.37%</b>

31. The council’s gross directorate budgets are funded by up to 18% through the income generated by these assets. The reduction in net income is largely due to associated cost increases in the services rather than income reductions.

32. It is important therefore to analyse the risk associated with the income assumed in the budget.

33. The interest rates assumed in the models are based on current PWLB rates accessible to the council. As the majority of the schemes are now operational, an increase in interest rates will not affect the returns on these investments. Increases in interest rates will however change the forecast borrowing in future years. The borrowing forecast assumes an additional £16m of borrowing over the coming four years. A 1% increase in the PWLB rate would increase borrowing costs by £160k per annum.

34. When completed all assets are brought into the council’s year-end valuation cycle. All assets are valued at least every 5 years however assets will be valued if there is reason

to believe its value may have changed by a material amount. The following assets are valued every year:

- Market Walk Shopping Centre and Extension
- Primrose Gardens Retirement Village
- Strawberry Fields Digital Office Park
- Logistics House site

35. These assets will be valued to allow the council to compare the values of each asset to the level of outstanding debt per asset. Officers take advice from qualified RICS surveyors regarding all valuations.

### **Risk Appetite**

36. A key element of the Capital Strategy is to define what Chorley Council's risk appetite. Chorley Borough Council is exposed to a number of investment and commercial risks:

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

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

- **Financial** – subject to full due diligence and appropriate external advice the council will have a moderate risk appetite for investment / expenditure on a range of asset classes, property and longer-term investments. Security and liquidity will be appropriate for the type of investment made. Income generation will prevail over capital appreciation. The Council will have no appetite for volatile or emerging market sector investments.
- **Economic** – The council will have a high-risk appetite for appropriate investments / expenditure in the Borough, it has no risk appetite for investments outside the Borough. The council will have a low appetite for interest rate risk exposure.

- **Counterparty** – the council will have a high appetite for highly rated counterparties and financial institutions and a low appetite for unsecured non-investment debt. All investments will be subject to careful due diligence and an assessment of the Council's corporate priorities and liquidity profile.
- **Operational** – the council will have a low risk appetite for all operational risk arising from factors such as: price errors, administrative errors, IT security, etc. Specific business risks are identified at business unit level and business continuity plans identify and mitigate as appropriate. There is no appetite for fraud, regulatory breaches and exceeding approved limits.
- **Strategic** – The council will have a high appetite for investments which further its corporate priorities, increase revenue streams and / or facilitate the efficient and effective delivery of core service objectives,
- **Environmental and social** – the council will have no appetite for environmental and social risk.

### Knowledge and Skills

38. The council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills. The council establishes project teams from all the professional disciplines from across the council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.
39. Internal and external training is offered to members to ensure they have up to date knowledge and expertise to understand and challenge capital and treasury decisions taken by the Director of Finance.

### Significant Schemes Currently Being Delivered

40. **Play and Open Spaces** – There is £2.7m budget committed for the improvement of Play and Open spaces within the borough for the period 2022/23 to 2023/24. There are a number of larger schemes within this budget £931k for King George V Playing Fields, £798k for Wigan Lane Playing Fields and £749k for Jubilee Recreation Ground. The remaining budget will be used to further improve sites such as new play equipment, surfacing and wildflower planting at different sites throughout the borough.
41. **Tatton Development** – A final Building Control certificate was issued on 23<sup>rd</sup> December and staff are now on site training for when the extra care facility will become operational in Spring 2023. The budget for this scheme was £16.150m and has

delivered affordable housing units, a community centre, hairdressers and GP/Pharmacy.

42. **Strawberry Meadows** – This £11m project completed in 2022/23. This development will create employment opportunities and boost the local economy, whilst generating a surplus to the council from its investment.
43. **Public Realm / Town Centre** - As outlined in the budget, Chorley Council will continue its commitment to deliver the town centre masterplan with £4m set aside in the budget to achieve this. The vacant bingo hall and adjacent offices were demolished during 2021/22 to provide additional car parking and future public space.

### **Chorley Council's Future Capital Investment Ambition**

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

### **Investment Sites**

45. The Council regularly reviews sites to bring forward for employment. Once the scheme at Strawberry Meadows is completed there are no schemes currently approved in the capital programme. When these are brought forward appropriate budgets will be agreed.

### **Investing to Generate Efficiency Savings**

46. The council's Medium-Term Financial Strategy identifies a further £0.537m revenue budget efficiency savings to be realised by 2024/25. These savings will come through reduced revenue budgets and additional income generation. The council's Corporate Strategy recognises the need to invest in services to deliver these savings. These investments will include the following:
  47. The council has approved a capital budget of £1.1m for investment in its **ICT infrastructure**. Capital investment is necessary to keep pace with the changing demands in technology and enable delivery of the councils Shared Digital Strategy and Workplace Strategy. The investment will replace outdated CCTV infrastructure and expand internet connectivity to improve the security of the council's new commercial buildings.
  48. The council's ambition is to consolidate its portfolio of offices to reduce costs and improve efficiency across its services. There is budget of £1.3m in the capital programme to modernise its operational properties and a further £1.6m for the decarbonisation of the Town Hall.

49. The council's Housing Strategy outlined the council's commitment to improve the quality of housing, to meet the changing needs of our residents and to rebalance the housing market. The council manages a wide portfolio of housing including sheltered accommodation, affordable housing and extra care. To build on this success the council has invested a further £2m for the acquisition of affordable residential properties.
50. **Leisure Centres** – the council now manages its leisure centres and is investing in renovating sites to improve the customer experience as well as maximising the commercial income to the council. The £600k restoration works at Brinscall Baths are due to commence and further Leisure Centre improvements that are yet to be confirmed have been reprofiled to 2023/24.
51. The investment outlined above emphasises the council's ambition to utilise capital expenditure to drive forward efficiencies as well as commercial opportunities for the benefit of its residents and council tax payers. Further opportunities are and will be considered with funding identified to continue this ambition.

## Recommendations

52. It is recommended that the prudential indicators outlined in Table 7 are approved as part of the 2023/24 budget.
53. It should be noted that these performance indicators are specific to Chorley Council due both to its composition of funding and its unique level of commercial activity. As such these cannot be benchmarked effectively against other council's indicators. The indicators can however be monitored over time. As such it is proposed that these performance indicators will be monitored, reported and, where necessary adjusted, every six months. They will be reported to Governance Committee and Full Council.

Table 6 – Prudential Indicators 2023/24 to 2025/26

<b>Indicator</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Estimated Capital Expenditure (Table 1) £m	21.103	1.175	0.775
Capital Financing/Net Revenue Stream (Table 2) £m	17.43%	21.01%	21.10%
Forecast Capital Financing Requirement (Table 3) £m	116.292	114.395	112.015
Investment Income in Excess of Borrowing (Table 4) £m	(2.080)	(1.150)	(1.094)
% Net Income to Gross Directorate Budgets (Table 5)	17.93%	16.43%	15.37%



## APPENDIX H1

## Chorley Borough Council Treasury Management Strategy Statement 2023/24 to 2025/26

### 1. PURPOSE OF THE REPORT

- 1.1 To present for approval the Prudential and Treasury Indicators and Treasury Management and Investment Strategies for 2023/24 to 2025/26, and the Minimum Revenue Provision Policy Statement for 2023/24.

### 2. RECOMMENDATION(S)

- 2.1 That Council approve:

- The capital expenditure Prudential Indicators for 2023/24 to 2025/26 in Tables 1 to 3.
- The revised annual Minimum Revenue Provision (MRP) Policy statement at paragraph 6.3.
- The Treasury Management Strategy and treasury management Prudential Indicators for 2022/23 to 2025/26, in Tables 4 to 8.
- The Annual Investment Strategy 2023/24 including Investment Counterparties starting at paragraph 8.2, including the investment benchmark as set out in paragraph 8.5.

### 3. BACKGROUND TO THE REPORT

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

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

- 3.4 As treasury management decisions involve borrowing and investing substantial sums of money, the Council is exposed to potentially large financial risks, including the loss of invested funds and the revenue effect of changing interest rates. The identification, control and monitoring of risk are therefore integral elements of treasury management activity.
- 3.5 The Treasury Management Policy Statement for 2023/24 is based upon the Director of Finance and Treasury Officers' views on interest rates supplemented by leading market forecasts. The policy statement covers:
- a) The policy for managing capital borrowing and debt management
  - b) The annual investment strategy for treasury management investments
  - c) Reporting arrangements
  - d) Training arrangements
  - e) Performance indicators
  - f) Minimum Revenue Provision (MRP) Policy
  - g) Use of treasury management advisors
- 3.6 Council of 22 February 2022 approved the Treasury Management Strategy for 2022/23, including Prudential and Treasury Indicators, the Treasury Management and Investment Strategies, and the annual Minimum Revenue Provision (MRP) Policy Statement for 2022/23 and proposed changes to be applied from 2022/23. Treasury Management activities during the year have been overseen by the Governance Committee.
- 3.7 This report updates Prudential and Treasury Indicators for financial years 2023/24 to 2025/26. It presents updated Treasury Management and Investment Strategies and proposes the Minimum Revenue Provision Policy Statement for 2023/24.

#### **4. TREASURY MANAGEMENT STRATEGY 2023/24**

- 4.1 The strategy for 2023/24 covers two main areas:

##### **Capital issues**

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

##### **Treasury management issues**

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

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

**5. TREASURY MANAGEMENT CONSULTANTS**

5.1 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors. The advisors provide access to specialist skills and resources including

- Technical support on treasury matters and capital finance issues.
- Economic and interest rate analysis.
- Debt services, which includes advice on the timing of borrowing.
- Debt rescheduling advice surrounding the existing portfolio.
- Generic investment advice on interest rates, timing and investment instruments.
- Credit ratings/market information service comprising the three main credit rating agencies.

5.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

5.3 The Council will ensure that the terms of their appointment and the methods by which their value will be assessed and subjected to regular review.

**6. CAPITAL PRUDENTIAL INDICATORS 2022/23 – 2025/26 AND MRP POLICY STATEMENT**

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

**6.2 Capital expenditure**

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

<b>Table 1 - Capital Expenditure</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>Revised</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
A strong local economy	4,225	11,415	300	0
An ambitious council that does more to meet the needs of residents and the local area	1,278	2,189	0	0
Clean, safe and healthy homes and communities	9,169	7,499	875	775
Involving residents in improving their local area and equality of access for all	1,176	0	0	0
<b>Total</b>	<b>15,848</b>	<b>21,103</b>	<b>1,175</b>	<b>775</b>

*Note – the Corporate Priorities listed above were revised in November 2022 as follows;*

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

*Monitoring reports for 2023/24 will present figures against these new priorities.*

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

<b>Table 2 - Capital Financing</b>	<b>2022/23 Revised £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>	<b>2025/26 Estimate £'000</b>
Capital Expenditure from Table 1	15,848	21,103	1,175	775
Grants & Contributions	-8,290	-5,481	-775	-775
Capital Receipts	0	0	0	0
Revenue & Reserves	-1,511	-554	0	0
<b>Net Financing Needed for Year</b>	<b>6,047</b>	<b>15,067</b>	<b>400</b>	<b>0</b>

**The Council’s borrowing need (the Capital Financing Requirement)**

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

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

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

Table 3 - Capital Financing Requirement	2022/23 Revised £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Opening CFR	98,349	102,755	116,292	114,395
Net Financing Need for Year (Table 2)	6,047	15,067	400	0
Less MRP / VRP	-1,641	-1,530	-2,297	-2,381
<b>Closing CFR</b>	<b>102,755</b>	<b>116,292</b>	<b>114,395</b>	<b>112,015</b>

### 6.3 Minimum Revenue Provision (MRP)

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

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

In setting the 2022/23 Budget, the Council reviewed its approach to MRP, and approved the following approach to be applied from 2022/23 onwards;

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

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

***Annual Statement of MRP Policy 2023/24***

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

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

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

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

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

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

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

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

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

**6.4 Affordability prudential indicators**

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

**Ratio of financing costs to net revenue stream**

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

<b>Table 4 - Ratio of Borrowing Costs : Net Revenue Stream</b>	<b>2022/23 Revised £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>	<b>2025/26 Estimate £'000</b>
Ratio	<b>18.45%</b>	<b>17.43%</b>	<b>21.01%</b>	<b>21.10%</b>

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

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

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

<b>Table 4a - Investment Income in Excess of Borrowing</b>	<b>2022/23 Revised £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>	<b>2025/26 Estimate £'000</b>
Total Borrowing Costs	3,586	3,727	4,623	4,665
Net Income from Non-Financial Investments	-4,950	-5,787	-5,753	-5,739
Investment Income in Excess of Borrowing Costs	-1,364	-2,060	-1,130	-1,074

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

**6.5 Core funds and expected investment balances**

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing

impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

Table 5 - Year End Resources	2022/23	2023/24	2024/25	2025/26
	Revised	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
Core Funds / Working Balances	-30,917	-27,817	-24,505	-22,110
Under / (over) borrowing (table 6)	26,428	24,882	22,570	20,175
<b>Expected Investments</b>	<b>-4,489</b>	<b>-2,935</b>	<b>-1,935</b>	<b>-1,935</b>

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

## 7. BORROWING

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

### 7.2 Current portfolio position

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

Table 6 - Portfolio Position	2022/23	2023/24	2024/25	2025/26
	Revised	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
Debt at 1st April	70,265	76,327	91,410	91,825
Other Long Term Liabilities (OLTL)	15	15	15	15
Total Gross Debt 1st April	70,280	76,342	91,425	91,840
Expected Change in Debt	6,047	15,067	400	0
Expected Change in OLTL	0	0	0	0
Expected Change in Gross Debt	6,047	15,067	400	0
Gross Debt 31st March	76,327	91,410	91,825	91,840
Capital Financing Requirement (Table 3)	102,755	116,292	114,395	112,015
<b>Under / (over) Borrowing</b>	<b>26,428</b>	<b>24,882</b>	<b>22,570</b>	<b>20,175</b>



The figures for long-term liabilities in the above table relate to leases which the Council has entered into, based on current accounting requirements. Currently, a new accounting standard for leasing, IFRS 16, is due to be introduced for application in the Council's 2023/24 financial statements. The impact of this on those statements will be fully assessed during the year and implemented accordingly.

### Treasury Indicators: limits to borrowing activity

- 7.3 Within the prudential indicators there are two key indicators to ensure that the Council operates its activities within well-defined limits. These are the Operational Boundary and the Authorised Limit. The principal aim is to ensure that borrowing is only undertaken in respect of previous and approved future capital spending and not for revenue or speculative purposes. This is achieved by setting limits which restrict the amount of borrowing which can be undertaken to that required to finance the current underlying borrowing requirement (ie the CFR), plus the impacts of approved capital schemes for each of the coming three financial years. This is the Operational Boundary. To allow for some operational flexibility in the timing of borrowing, scope is provided for some headroom above this, but this is only to be used on a short-term basis and is subject to a maximum limit which may not be exceeded. This is the Authorised Limit. Further detail of both indicators is set out below.
- 7.4 The S151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.
- 7.5 **Treasury Indicators: limits to borrowing activity**

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

<b>Table 7 - Operational Boundary</b>	<b>2022/23 Revised £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>	<b>2025/26 Estimate £'000</b>
Debt	79,230	94,235	94,704	94,774
Other Long Term Liabilities	15	15	15	15
<b>Operational Boundary</b>	<b>79,245</b>	<b>94,250</b>	<b>94,719</b>	<b>94,789</b>

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

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

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

<b>Table 8 - Authorised Limit</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>Revised</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Debt	87,153	103,658	104,175	104,251
Other Long Term Liabilities	15	15	15	15
<b>Authorised Limit</b>	<b>87,168</b>	<b>103,673</b>	<b>104,190</b>	<b>104,266</b>

**7.6 Maturity structure of borrowing**

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

<b>Table 9 - Maturity Structure of Borrowing</b>		
<b>Maturity structure of fixed interest rate borrowing 2022/23</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	30%
5 years to 10 years	0%	50%
Over 10 years	0%	100%

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

**7.7 Prospects for borrowing interest rates**

After a long period of historically low and static interest rates, The Bank of England's Monetary Policy Committee (MPC) has recently instigated a number of interest rate rises; this trend is expected to continue to December 2023 before rates begin to fall again.

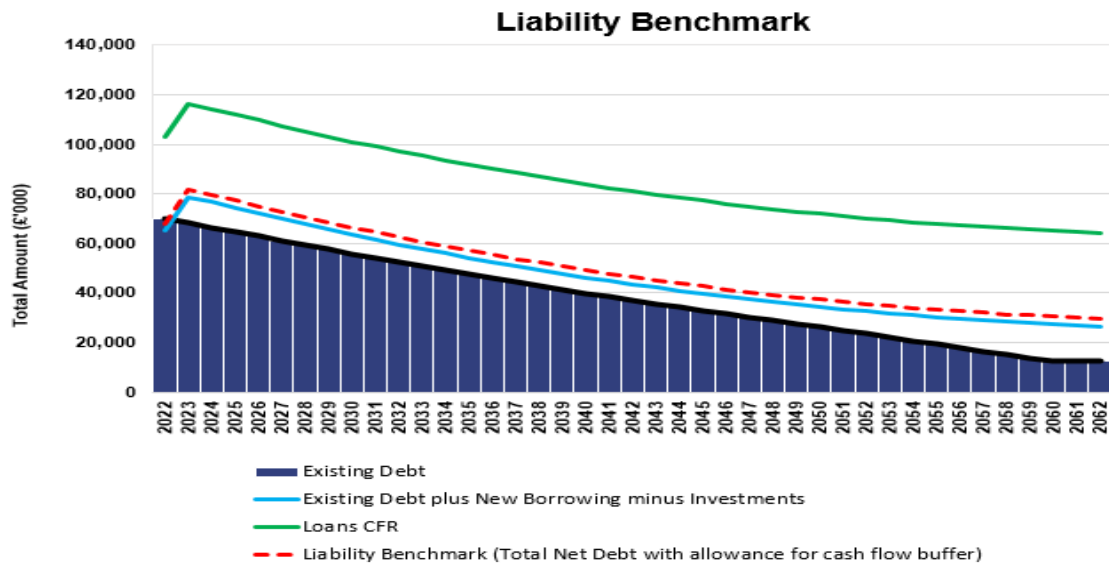
A full commentary is provided at Appendix H2

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

**7.8 Liability Benchmark**

Under the Prudential Code there is a new requirement (wef 2023/24) for Authorities to show a long-term projection of external debt and the capital financing requirement (CFR). This projection should enable review of how the level of underlying borrowing for capital purposes

(the CFR) is offset by other cash flows and balances. This indicator is known as the “Liability Benchmark”.



**7.9 Borrowing strategy**

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

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

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

Any decisions will be reported at the next available opportunity.

**7.10 Policy on borrowing in advance of need**

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

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

**8. ANNUAL INVESTMENT STRATEGY**

**8.1 Investment Policy**

The Council’s investment policy has regard to the DLUHC’s Guidance on Local Government Investments (“the Guidance”) and the CIPFA Treasury Management in the Public Services: Guidance Notes for Local Authorities incl Police and Fire Authorities (2021) (“the CIPFA TM

Code”). The Council’s investment priorities will be **Security** first, portfolio **Liquidity** second, and only then return (**Yield**).

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

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

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

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

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

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

## 8.2 **Creditworthiness policy**

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

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

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

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

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

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

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

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

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

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

**Investment Counterparties 2023/24**

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

This list is unchanged from that for 2022/23.

**8.3 Country limits**

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

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

**AAA**

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

**AA+**

- Canada
- Finland
- U.S.A.

**AA**

- Abu Dhabi (UAE)
- France

**AA-**

- Belgium
- Qatar

**8.4 Investment strategy**

**In-house funds**

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

**Investment returns expectations**

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

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

Table 10 - Maximum Principal Sums Invested > 365 Days	2022/23	2023/24	2024/25	2025/26
	Revised	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
UK Government	0	0	0	0
UK Local Authorities **	4,000	4,000	4,000	4,000
UK Banks & Building Societies	0	0	0	0
Non-UK Banks	0	0	0	0
<b>Total</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>

\*\* Maximum of £2m per Local Authority

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

**8.5 Investment Risk Benchmarking**

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

**8.6 Accounting treatment of investments**

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

**8.7 Reporting Arrangements**

As a minimum the following reports will be prepared;

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

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

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

**8.8 Training / Staff Skills & Competencies**

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

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

Officer	Initials	Qualification	Experience (yrs)
<b><u>Overall Treasury Strategy</u></b>			
Director of Finance	LM	Institute of Chartered Accountants England & Wales (ICAEW)	35
Interim Deputy Director of Finance	SK	Chartered Institute of Public Finance & Accountancy (CIPFA)	35
Principal Financial Accountant	JW	Association of Chartered Certified Accountants (ACCA) Chartered Institute of Public Finance & Accountancy (CIPFA)	21



<b><u>Day to Day Cash Flow Management</u></b>			
Exchequer Support Officer	SN	Association of Accounting Technicians (AAT)	2
Financial Accountant	HK	Association of Accounting Technicians (AAT)	4
Financial Accountant	CM	Association of Accounting Technicians (AAT)	4
<b><u>Long Term Debt / Investment Decisions</u></b>			
Director of Finance	LM	Institute of Chartered Accountants England & Wales (ICAEW)	35
Interim Deputy Director of Finance	SK	Chartered Institute of Public Finance & Accountancy (CIPFA)	35
Principal Financial Accountant	JW	Association of Chartered Certified Accountants (ACCA) Chartered Institute of Public Finance & Accountancy (CIPFA)	21
<b><u>Independent (External) Treasury Advice</u></b>			
Link Treasury Advisory Service	Overall strategy advice Review of debt / investment portfolio Daily Bulletins / Economic Updates Provision of Training		
Tradition (UK) Ltd	Investment Broker		
Chartered Institute of Public Finance & Accountancy (CIPFA)	Provision of Training Technical updates		

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

Similarly training will be arranged for elected Members as required.

**9. BACKGROUND DOCUMENTS**

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

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

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

CIPFA Standards of Professional Practice: Treasury Management

DLUHC Guidance on Local Government Investments

DLUHC Guidance on Minimum Revenue Provision

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

## APPENDIX H2

**SUMMARISED COMMENTARY FROM TREASURY ADVISORS (LINK)****Economics update**

- The third quarter of 2022/23 saw:
  - A 0.5% rise in GDP in October; however signs of economic activity losing momentum as households faced cost of living increases;
  - CPI inflation fall to 10.5% in December after peaking at 11.1% in October;
  - A small loosening in the labour market which pushed the unemployment rate up to 3.7% in November;
  - Interest rates rising to 3.50% in December;
  - Reduced volatility in UK financial markets.
- Crucially, wage growth remained resilient but is likely to slow gradually in the coming months as the labour market loosens further but if extensive strike action is successful in achieving large pay increases, then wage growth could be a bit stronger for longer.
- The Chancellor's Autumn Statement on 17<sup>th</sup> November stabilised financial markets. The largest fiscal support was the extension of the Energy Price Guarantee for another 12 months, until April 2024, although at a higher price cap of £3,000 from April 2023 rather than £2,500.
- Nevertheless, there is a great deal of uncertainty as to which direction markets will move in 2023 and at what pace. Continued volatility is anticipated.
- A multitude of strikes across several public services and the continued cost-of-living squeeze is going to make for a difficult backdrop to maintain fiscal rectitude without pushing the economy into anything worse than a mild recession.
- What happens in Ukraine will also impact the global economy, but particularly in Europe. The search for alternative providers of energy, other than Russia, will take both time and effort. The weather will also play a large part in how high energy prices stay and for how long.

**MPC meeting 1<sup>st</sup> February 2023**

- On 1<sup>st</sup> February, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 50 basis points to 4.00%. This followed a 0.50% increase in December 2022.

**Interest rate forecasts**

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

The latest forecast, made on 6<sup>th</sup> February, sets out a view that both short and long-dated interest rates will be elevated for some time, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is also providing a limited package of

fiscal loosening to try and protect households and businesses from wholesale gas and electricity prices.

Interest Rate Forecasts								
Bank Rate	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Link	4.25%	4.50%	4.50%	4.50%	4.00%	3.75%	3.50%	3.25%
Cap Econ	4.25%	4.50%	4.50%	4.50%	4.25%	4.00%	3.50%	3.00%
<b>5Y PWLB RATE</b>								
Link	4.20%	4.20%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%
Cap Econ	3.75%	3.65%	3.60%	3.50%	3.45%	3.35%	3.30%	3.25%
<b>10Y PWLB RATE</b>								
Link	4.40%	4.40%	4.30%	4.10%	4.00%	3.90%	3.80%	3.60%
Cap Econ	3.80%	3.70%	3.65%	3.55%	3.50%	3.40%	3.35%	3.30%
<b>25Y PWLB RATE</b>								
Link	4.60%	4.60%	4.50%	4.40%	4.20%	4.10%	4.00%	3.90%
Cap Econ	4.13%	4.00%	3.93%	3.80%	3.75%	3.65%	3.60%	3.55%
<b>50Y PWLB RATE</b>								
Link	4.30%	4.30%	4.20%	4.10%	3.90%	3.80%	3.70%	3.60%
Cap Econ	3.80%	3.80%	3.80%	3.80%	3.75%	3.65%	3.60%	3.55%

**Summary overview of the future path of bank rate**

- Our central forecast for interest rates was most recently updated on 6<sup>th</sup> February and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the Government’s policy of emphasising fiscal rectitude will probably mean Bank Rate will not need to increase to further than 4.5%.
- Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.5%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China / US also have the potential to have a wider and negative economic impact.)
- On the positive side, consumers are still estimated to be holding over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, many families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

**The balance of risks to the UK economy: -**

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

**Risks include: -**

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.
- **The Bank of England acts too quickly**, or too far, over the next year to raise Bank Rate and causes UK economic growth to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/US, and Middle Eastern countries.
- **The pound weakens** because of a lack of confidence in the UK fiscal policies

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## **PAY POLICY 2023/24**

Under Chapter 8 of the Localism Act 2011 Local Authorities in England and Wales were required to produce a pay policy statement for 2012/13 and for each financial year thereafter, and must do so with regard to any guidance from the Secretary of State for Communities and Local Government.

Additional information is also reported in compliance with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (Policy Procedure paragraph 6).

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

### **Objective**

The purpose of the Pay Policy is to provide transparency of the Council's approach to the setting of pay for all its employees and identifies:

- The methods by which salaries of all employees are determined
- The details and levels of remuneration and any other benefits of the Council's most senior staff.
- The relationship between the remuneration of its most senior staff and other staff within the Council.
- Details relating to the Council's lowest paid staff.
- The person responsible for ensuring that the Pay Policy is consistently complied with throughout the Council.

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

### **Chorley Council's responsibility**

It is the Council's responsibility to ensure that:

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

### **Compliance**

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

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

## POLICY PROCEDURE

### **Scope**

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

### **Pay Structure**

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

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

The pay spines for 2022/23 are attached. These pay spines will remain unchanged until the 2023/24 pay award is agreed.

The pay spines are used to determine the salaries of all Council employees apart from the Chief Executive, Directors and Heads of Service. All posts, apart from the Chief Executive, Directors and Heads of Service, have been evaluated using the nationally agreed Job Evaluation Scheme, from which the current grading structure was established.

The Council may apply a supplement to the agreed job evaluated grade where there is a demonstrable differential between the market rate for a post and the Council salary, to enable the Council to recruit and retain talent. Market supplements must be agreed by the Chief Executive (Head of Paid Services) and are reviewed annually.

### **Shared Services**

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

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

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

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



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

- Public Protection
- Operational Assets

### **Senior Management Remuneration**

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

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

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

### **Senior Management pay increases**

Senior Manager salaries are increased in line with agreed NJC pay awards. The Chief Executive salary is increased in line with the JNC for Chief Executives. The most recent pay award was applicable from 1 April 2022.

### **Appointments**

All appointment to Senior Management positions at Chorley Council are undertaken by the Appointments Panel, consisting of six members and agreed annually at Full Council.

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

Full Council must agree the appointments of the Chief Executive.

### **Elections**

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

Should the Deputy Chief Executive or the other Directors participate in any of the electoral processes, then a relevant payment would be made, from monies received for carrying out elections, depending upon the role which they undertook.

### **Chief Executive**

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

Prior to the appointment of a Chief Executive, Full Council will determine the salary of the post to be advertised. The level of salary for the Chief Executive, who is the Head of Paid Services, is a spot salary of £149,100.

**Deputy Chief Executive**

Appointment to the position of Deputy Chief Executive is undertaken by the Shared Service Appointment Panel, with the final appointment agreed by Full Council. This post is currently vacant.

The level of salary for the Deputy Chief Executive is a single spot salary of £104,675.

**Directors**

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

Director of Finance – Section 151 Officer	£78,050 plus a market supplement of £7,500
Director of Customer and Digital – SIRO	£83,275 plus a supplement of £10,000 for undertaking the responsibility of the Senior Information Risk Officer (SIRO) for both Chorley and South Ribble Borough Councils
Director of Commercial Services	£80,000 This post is current vacant, with short term interim arrangements in place.
Director of Change and Delivery	£77,504

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

- Director of Governance – Monitoring Officer
- Director of Planning and Development
- Director of Communities

The level of pay for the Directors was set with regard to:

- The wide range of functions which the Directors are responsible for.
- Market analysis of similar posts within other local authorities.
- Further details regarding the rationale for the specific Director posts is at the end of this policy.

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

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

The median salary of Chorley Council is SCP 17 which is £26,845.

Role	Ratio
Chief Executive	1:5.5
Deputy Chief Executive	1:3.9
Director of Customer & Digital	1:3.5
Director of Finance	1:3.2
Director of Commercial Services*	1:2.9
Director of Change and Delivery	1:2.8

\*Indicates a post is vacant

**Heads of Service**

Heads of Service were established by Full Council in August 2022 on the following salary points, which were increased by £1,925 to reflect the 2022/23 pay award:

Grade	Post	Salary
HoS1	Head of Service post that is not shared	£60,000
HoS2	Shared Head of Service post	£64,000

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

Head of Service	Shared services with South Ribble Borough Council	Salary	Ratio
Head of ICT	Yes	£65,925	1:2.4
Head of Transformation & Partnerships*	Yes	£65,925	1:2.4
Head of Customer Services	Yes	£61,925	1:2.3
Head of Planning and Enforcement	No	£61,925 plus a market supplement of £10,000	1:2.6
Head of Communities and Housing	No	£61,925	1:2.3
Head of Operational Assets	Yes	£65,925	1:2.4

Head of Streetscene and Waste	No	£61,925	1:2.3
Head of Public Protection	Yes	£65,925	1:2.4

\*Indicates a post is vacant

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

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

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

- The wide range of functions which the Directors are responsible for.
- Market analysis of similar posts within other local authorities and public sector organisations.
- Those posts which work across Chorley Council and South Ribble Borough Council.
- Market shortages of specific skills and, where appropriate, private sector salaries of roles requiring those skills.

**Project Director – Local Plan**

This is a temporary position in place of the established Head of Spatial Planning, with an uplift to £70,000 to reflect additional responsibility for the Local Plan. This is a jointly funded role between Chorley Council, South Ribble Borough Council, and Preston Council but sits outside of Shared Services.

Role	Ratio
Project Director – Local Plan	1:2.6

**Other Pay Related Conditions**

**Pension Arrangements**

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

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

**Professional fees**

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

**Performance Related Pay**

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

**Bonuses**

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

**Payments on the termination of employment**

An employee being made redundant would receive a payment in accordance with the Council's Change Policy which is applicable to all permanent and temporary employees. Payments are based upon the statutory redundancy ready reckoner and the employee's actual weekly wage.

Employees subject to the new Terms and Conditions of employment are also eligible for a further multiplier of 2.2.

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

**Senior Managers returning to Chorley Council**

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

**Health care**

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

**Car lease scheme**

Employees on all Chorley Council Principal Officer (PO) grades can access the car lease scheme which provides a 7.5% of salary contribution to a vehicle. This scheme cannot be accessed by employees subject to the new terms and conditions of Chorley Council and South Ribble Borough Council and is not available to the Chief Executive, Directors, or Heads of Service.

**Car Allowance**

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

**Reservists Leave**

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

**Ex Gratia Payments**

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

**Overtime**

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

**Lowest Paid Employees**

At a meeting of the Council on the 8<sup>th</sup> January 2013, Chorley Council adopted the “Living Wage Foundation” rates for all its employees, excluding apprentices in their first year of employment (see below), to address the issue of low pay. The hourly rate is set by the Centre for Research in Social Policy and is based upon what it considers to be the basic cost of living to provide a minimum income standard. This differs from the National Living Wage (formerly known as Minimum Wage). Both rates are shown below.

	<b>2022-23</b>	<b>2023-24</b>
Foundation Living Wage	£9.90	£10.90
National Living Wage (23 and over)	£9.50	£10.42

The 2022 pay award made the bottom scale points of the national pay spine inactive, therefore all employees would commence on a minimum of Scale 1, Spinal Column Point (SCP) 3-4. This is above the Foundation Living Wage rate.

<b>SCP</b>	<b>Annual salary</b>	<b>Hourly rate</b>
3	£20,812	£11.01
4	£21,189	£11.21

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

<b>SCP</b>	<b>Annual salary</b>	<b>Hourly rate</b>
4	£21,189	£11.21
5	£21,575	£11.41

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

**Apprenticeships**

Chorley Council employees an apprentice workforce with apprentices currently in post in Finance, ICT, Customer Services, and Housing. In shared services, apprentice posts are shared with South Ribble Borough Council. With effect from 1<sup>st</sup> April 2022 Chorley Council agreed that all apprentices would be paid the top rate of minimum wage for year 1, and foundation living wage rate for year 2.

Year 1	£10.90
Year 2	£10.42

**Gender Pay Information**

This information is published in compliance with the The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and relates to the salary levels of employees at the 31 March 2023.

*To be completed at 31.03.2023*

**Appendices**

- Appendix A – Chorley Council Pay Spine
- Appendix B – New Shared Pay Spine

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# Pay Spines

## Chorley Council

The table within this document outlines the salaries for Chorley Council employees for 2022/2023, which have been updated to reflect the recent Pay Award.

### Salaries 2022/23

Level					£ Per annum 2022/23	£ Per hour 2022/23
SCP	Scale					
1					Inactive	Inactive
2					Inactive	Inactive
3	1				£20,812	£11.01
4		2			£21,189	£11.21
5					£21,575	£11.41
6	3				£21,968	£11.62
7					£22,369	£11.83
8	4				£22,777	£12.05
9					£23,194	£12.27
10					£23,620	£12.50
11					£24,054	£12.73
12	5				£24,496	£12.96
13					£24,948	£13.20
14					£25,409	£13.44
15					£25,878	£13.69
16					Inactive	Inactive
17					£26,845	£14.20
18	6				£27,344	£14.47
19					£27,852	£14.74
20					£28,371	£15.01
21					Inactive	Inactive
22					£29,439	£15.57
23	SO1				£30,151	£15.95
24					£31,099	£16.45
25					£32,020	£16.94
26	SO2				£32,909	£17.41
27		PO-A			£33,820	£17.89
28			PO-B		£34,723	£18.37
29	PO-C				£35,411	£18.73
30				PO-D	£36,298	£19.20
31					£37,261	£19.71
32		PO-E			£38,296	£20.26

33		PO-E		PO-D	£39,493	£20.89
34			PO-F		£40,478	£21.41
35					£41,496	£21.95
36					£42,503	£22.49
37	PO-G				£43,516	£23.02
38					£44,539	£23.56
39					£45,495	£24.07
40		PO-H			£46,549	£24.63
41					£47,573	£25.17
42					£48,587	£25.70
43					£49,590	£26.24

Based on a 36.25 hour working week

# Pay Spines

## Shared Services

The first table in this document outlines salaries from 2021/2022. The second table sets out the salaries for 2022/2023 which have been updated to reflect the recent Pay Award.

### Salaries 2021/22

Level		£ Per Annum 2021/22	£ Per Hour 2021/22
SCP	Level		
1	1	£18,154	£9.6042
2		£18,517	£9.7962
3		£18,887	£9.9920
4	2	£19,264	£10.1916
5		£19,650	£10.3957
6	3	£20,043	£10.6037
7		£20,443	£10.8156
8	4	£20,852	£11.0318
9		£21,269	£11.2525
10	5	£21,695	£11.4776
11		£22,129	£11.7072
12		£22,571	£11.9411
13		£23,023	£12.1801
14	6	£23,484	£12.4240
15		£23,953	£12.6724
16		Inactive	Inactive
17	7	£24,920	£13.1840
18		£25,419	£13.4478
19		£25,927	£13.7166
20		£26,445	£13.9910
21	8	Inactive	Inactive
22		£27,514	£14.5563
23		£28,227	£14.9335
24	9	£29,147	£15.4346
25		£30,094	£15.9213
26		£30,984	£16.3920
27		£31,895	£16.8738
28	10	£32,798	£17.3517
29		£33,486	£17.7156
30		£34,373	£18.1852
31	11	£35,336	£18.6946
32		£36,370	£19.2417
33		£37,568	£19.8755

34	12	£38,553	£20.3966
35		£39,570	£20.9348
36	13	£40,578	£21.4680
37		£41,591	£22.0039
38	14	£42,614	£22.5449
39		£43,570	£23.0510
40	15	£44,624	£23.6085
41		£45,648	£24.1500
42	16	£46,662	£24.6865
43		£47,665	£25.2169

Based on a 36.25 hour working week

Salaries 2022/23

Level		£ Per Annum 2022/23	£ Per Hour 2022/23
SCP	Level		
1	1	£20,079	£10.62
2		£20,442	£10.81
3		£20,812	£11.01
4	2	£21,189	£11.21
5		£21,575	£11.41
6	3	£21,968	£11.62
7		£22,368	£11.83
8	4	£22,777	£12.05
9		£23,194	£12.27
10	5	£23,620	£12.50
11		£24,054	£12.73
12		£24,496	£12.96
13		£24,948	£13.20
14	6	£25,409	£13.44
15		£25,878	£13.69
16		Inactive	Inactive
17	7	£26,845	£14.20
18		£27,344	£14.47
19		£27,852	£14.74
20		£28,370	£15.01
21		Inactive	Inactive
22	8	£29,439	£15.57
23		£30,152	£15.95
24		£31,072	£16.44
25		£32,019	£16.94
26		£32,909	£17.41
27	9	£33,820	£17.89
28		£34,723	£18.37
29	10	£35,411	£18.73
30		£36,298	£19.20
31	11	£37,261	£19.71
32		£38,295	£20.26
33		£39,493	£20.89
34	12	£40,478	£21.41
35		£41,495	£21.95
36	13	£42,503	£22.49
37		£43,516	£23.02

38	14	£44,539	£23.56
39		£45,495	£24.07
40	15	£46,549	£24.63
41		£47,573	£25.17
42	16	£48,587	£25.70
43		£49,590	£26.24

Based on a 36.25 hour working week

**APPENDIX J****Budget consultation 2023/24****Purpose of Report**

1. This report provides the Council with the results of the public consultation carried out on the Executive's draft budget investment proposals for 2023/24.

**Recommendation(s)**

2. That Members use the results which represent the views of residents, to inform their decisions when setting the budget for 2023/24.

**Executive Summary of Report**

3. Consultation on proposed budget principles for 2023/24 received 73 responses through an online survey, and 60 responses through social media.
4. The budget consultation this year included one open question format to enable individuals to give detailed feedback on the proposals overall.
5. Content analysis of the comments showed an overall positive or neutral view of the proposals. Positive comments indicated broad agreement with the proposed areas of investment while negative themes mainly related to the current economic context.

**Background**

6. The 2023/24 budget consultation process started following approval of the budget position paper by Executive Cabinet on the 19 January 2023, which set out the budget forecast and guiding principles for application of the budget over the next financial period.
7. The consultation question format set out the key principles of the budget proposals along with a summary of the current context and challenges facing the council in future years. Proposals included:
  - Investments in what residents tell us is important to them, and have refreshed our corporate strategy this year to put a greater focus on what we can do locally to meet people's top priorities. The strategy tackles some of the big issues that have a major impact on wellbeing and the quality of lives for our communities including housing, community facilities, access to good jobs, and a thriving town centre and local businesses.
  - Future Investments that support the priorities for the borough to deliver housing where residents can live as well as a green sustainable borough, healthy, safe and engaged communities and a strong economy.

8. Respondents were asked to review the proposals and provide their comments in response to the budget, with the intention of gaining more qualitative feedback to gain a deeper insight into views and opinions.

### **Budget Consultation Results**

9. Consultation on the 2023/24 budget ran from the 24 January to the 6 February 2023. The consultation was publicised through various Council channels, including the council website, social media pages and local parish councils.
10. The formal consultation received 73 qualitative responses through an open question format, via an online survey.
11. As well as completing the online survey, respondents also shared their views and comments using social media. From across all the posts during the budget consultation period on Facebook, the posts were viewed 37,118 times with 2,589 engagements (likes comments and shares) reaching a wide proportion of the population. Analysis of social media responses (which totalled 60) have been grouped alongside the consultation responses.
12. The responses have been collated and analysed to identify the main themes and then grouped together based on whether they indicated a positive or negative response to the proposals. It should be noted that responses often included more than one comment or suggestion, covering more than one area. Where this occurred, the main area of comment was selected.

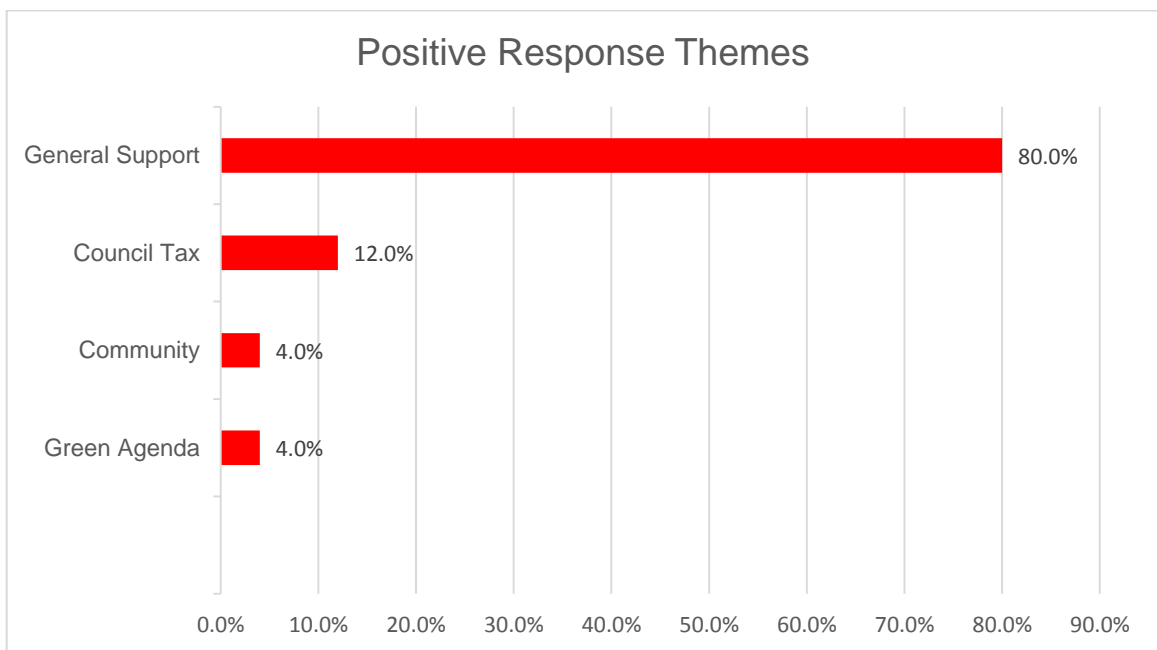


**Consultation Findings**

13. The following table outlines the distribution of positive, neutral, and negative from respondents to the open question which asked for comments on the overall proposals. These also include responses returned without relevant comment, where feedback was submitted that was not relevant to the budget consultation proposals.

Status	%
Positive or neutral view of the proposals	57.7%
Negative view of the proposals	35.9%
Returned without Comment* <i>responded but did not comment on the investment proposals</i>	6.4%

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



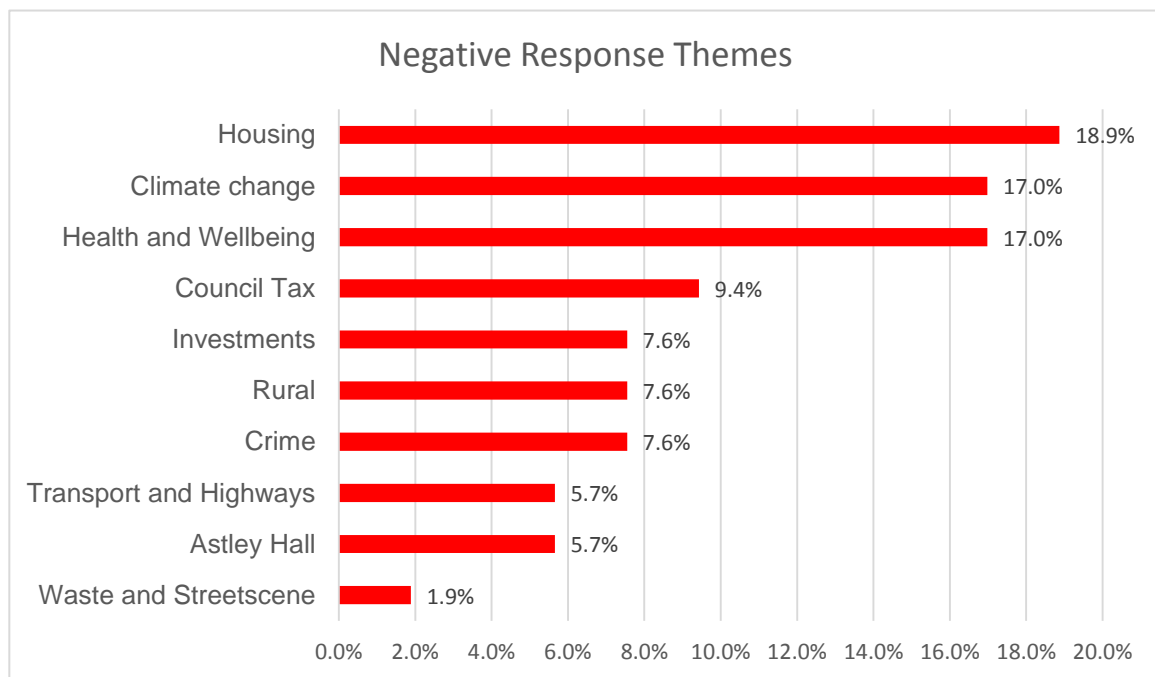
15. The majority of positive comments (80%) indicated general acceptance of the proposals, with some residents stating that they were 'overall very positive' and 'sensible'. In addition to this, comments also referenced a positive view towards Council Tax changes (12%), the Green Agenda (4%), Community projects (4%).

16. Of those comments expressing a neutral viewpoint and providing comments or feedback, the following themes can be identified:

<b>Additional Areas for Investment</b>	Consideration to increase funding for particular service areas, e.g. health & social care, employability/skills, local amenities, additional transport facilities, mental health support, homelessness prevention and antisocial behaviour prevention.
--	--

<p><b>Investment Levels</b></p>	<p>Suggestions included that the proposed investment levels contained in the budget should be adjusted. Examples include decreasing allocation to the Green Agenda and reducing investments for larger projects like Astley Hall and new affordable housing. Some responses want future investment to be spread more around the borough and less focused on the town centre.</p>
<p><b>Council Tax</b></p>	<p>Respondents showed mixed responses to the proposed changes in Council Tax including reasons for the increase and reasons against the proposed level. Some residents were accepting of the need for a slight increase whereas others were less receptive and think it will not be easy for some people to afford.</p>

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



18. The majority of negative comments (18.9%) relate to housing, with respondents indicating this as their reason for disagreeing with the proposals. The vast majority of reasons given suggested dissatisfaction with the number of new houses being built and concerns about over-development and there not being a need for affordable housing within Chorley. There were also negative comments around the proposed ideas for climate change (17%) with some respondents disagreeing with the proposed levels of investment and considering it to be too high compared to other priorities. Health and wellbeing (17%) was also a key theme, with respondents identifying a need for greater investment in this area. Other comments were around the rise in council tax (9.4%) and prioritisation of investments including Astley Hall. (7.6%)

**Social Media**

19. Residents were also invited to share their views and comments using social media. We received a total of 60 responses from social media, compared to 20 last year. The responses received reflected the key themes within the consultation responses.

**Appendix A: Summary of Comments – Question 1 (Budget Specific)**

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

<b>POSITIVE</b>
Overall very positive in the time of great uncertainty
Given the constraints imposed by the central government, the Chorley budget proposals are sensible. I congratulate the Council on the initiatives that have taken to raise additional income.
I think the proposals are a sensible way forward at this present time.

<b>NEGATIVE</b>
I don't see why money needs to go to Astley Hall or to affordable housing yet again. What about helping us with houses but can't afford to heat them, can't afford to get enough food for the week yet work full time.
We should not be wasting £50000 on vehicle charge points or £2.8 million on affordable housing
Some poor choices. £50,000 to increase electric charging when the demand for ev is on the wane with hydrogen catching up is a waste of the peoples (not yours) money !! Why can some people with ev be allowed to charge their vehicles for free in the car park whilst residents are cutting down on their heating as they can't afford to pay for the electric coming into their homes. ? Please get a grip on these scroungers !!!

<b>NEUTRAL (No definable positive or negative viewpoint, or mixed)</b>
Health and well-being activities are great but please keep in mind those that are working but would still like to attend. We don't all have loads of extra cash to pay for various activities: some of us are just surviving.
Overall, the budget proposals seem ok. £15k for health and well-being actions is low though. It is important to invest in things like making sure Brinscall, Clayton Green and All season's leisure centres remain open and deliver on promises to invest in them. Also important is looking after libraries and promoting these hubs for what they offer residents. Protection of trees is really important to make the town centre and other urban spaces attractive but also good for mental well-being and climate. Making sure you retain a good workforce is also important to ensure that due process and scrutiny can be made of the massive amount of building that is going on, to invest in infrastructure and to keep Chorley alive and well rather than giving itself up to become a sprawling mass whereupon it loses it's identity.
For me investment in Inspire Youth Zone is a must. We need to educate our young people to become decent citizens and we also need to give them low cost or free entertainment to keep them off the streets. Investing in Astley Hall will hopefully bring more people into the town but it needs to be published more. I'm not sure about the housing, yes more affordable housing us needed but it needs to be both for sale and to rent and also there needs to be the infrastructure to go with it. Schools, Doctors and shops as well.

An example response we received from a local Parish Council is below:

#### **A Local Parish Council**

The Parish Council discussed the Chorley Council Budget proposals at their Meeting last night and confirmed that overall they are very good, with some good initiatives going forward.

One point which was raised was that these initiatives are not always communicated down to Parish level so that they can support them, get the information out there, or make local residents aware of them. In addition to this, a question was raised as to whether it is possible to re-purpose funding if it is determined that the money is not being used as per the budget. Could this money not then be moved to where it is needed after finding out what residents do want? The Parish Council also feel that a large proportion of the Chorley Council budget and resources is being used in the Town Centre, whilst the rural areas and villages get very little. eg: There are some great facilities and amenities in the Town Centre such as the Library, the Youth Zone and all the shops, but these are of little use to residents living in outlying villages if there is no decent bus service to get them into the Town Centre. The Parish Council realise that this is not just an issue in Charnock Richard, but that other rural villages, who have few facilities or amenities in the village, also have poor public transport links to allow them to access the growing amenity which can be found in the Town Centre.

However, having commented as above, the Parish Council feel that the revenue ideas and investments outlined in the consultation are good as are the initiatives proposed.

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## Appendix A – Impact Assessment (IA)

Name of the project, policy, service, or strategy:	Draft 2023/24 Budget		
Responsible officer:	Robert Langford		
Director:	Louise Mattinson		
Date of assessment:	12/01/23	Date of review:	12/01/2024



WORKING TOGETHER

# Introduction

## Overview

### What is an Impact Assessment?

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

### Who is the Impact Assessment for?

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

### Why do we need to do Impact Assessments?

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

## Instructions

### Quick steps for completion

Follow the quick steps below when completing the Impact Assessment:

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

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



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

Code	Description
P	Positive impact
N	Negative impact
NI	Neutral impact

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

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

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

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

## Information and Support

### Contact details

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

## Equality Impact

Area for consideration	P	N	NI	Evidence	Further action required
<b>What potential impact does this activity have upon:</b>					
Those of different ages?	x			<p>A number of the investment proposals will have a positive impact on different age groups. These include:</p> <ul style="list-style-type: none"> <li>£120k to provide more support for families and young people to access services that can give them the best start in life</li> <li>£15k for health and wellbeing activities that can be access by residents within their local communities</li> </ul>	
Those with physical or mental disability?			x	No proposals should have a differential effect on any residents because of these characteristics.	
Those who have undergone or are undergoing gender reassignment?			x	No proposals should have a differential effect on any residents because of these characteristics.	
Those who are pregnant or are parents?			x	No proposals should have a differential effect on any residents because of these characteristics.	
Those of different races?			x	No proposals should have a differential effect on any residents	

				because of these characteristics.	
Those of different religions or beliefs?			x	No proposals should have a differential effect on any residents because of these characteristics.	
Those of different sexes?			x	No proposals should have a differential effect on any residents because of these characteristics.	
Those of different sexual orientations?			x	No proposals should have a differential effect on any residents because of these characteristics.	
Those who are married or in a civil partnership?			x	No proposals should have a differential effect on any residents because of these characteristics.	
Socio-economic equality or social cohesion?		x		<p>A number of investments that will benefit the socio-economic equality and social cohesion of the brough are:</p> <ul style="list-style-type: none"> <li>• £10k to launch a skills and job programme for residents</li> <li>• £120k for health and wellbeing activities that can be accessed by residents in their communities</li> </ul>	

# Health, Social and Environmental Impact

Area for consideration	P	N	NI	Evidence	Further action required
<b>What potential impact does this activity have upon:</b>					
Enabling residents to start well (pre-birth to 19)? <i>(Please consider childhood obesity, vulnerable families, and pregnancy care)</i>	x			The proposed investment in the following schemes all support residents to ‘start well’: <ul style="list-style-type: none"> <li>• £120k to provide more support for families and young people to access services that can give them the best start in life.</li> </ul>	
Enabling residents to live well (16 to 75 years)? <i>(Please consider mental and physical wellbeing, living environment, healthy lifestyles, and improving outcomes)</i>	x			The proposed investment in the following schemes all support residents to ‘live well’: <ul style="list-style-type: none"> <li>• £</li> <li>• £240k to provide additional support for businesses</li> <li>• £10k to launch a skills and jobs programme for local residents</li> <li>• £120k to provide more support for families and young people to access services that can give them the best start in life</li> <li>• £15k for health and wellbeing activities that can be access by residents within their local communities</li> <li>• £100k investment in measures to improve home energy efficiency</li> <li>• £50k to investigate flexible</li> </ul>	

				housing solutions to meet the needs of all communities	
Enabling residents to age well (over 65 years)? <i>(Please consider social isolation, living independently, dementia, and supporting carers and families)</i>	x			The proposed investment will support residents to 'Age Well': <ul style="list-style-type: none"> <li>• £100k investment in measures to improve home energy efficiency.</li> <li>• £15k for health and wellbeing activities that can be access by residents within their local communities.</li> </ul>	
Natural environment? <i>(Please consider impact on habitation, ecosystems, and biodiversity)</i>	x			<ul style="list-style-type: none"> <li>• £35k to plant more trees as part of establishing green corridors</li> <li>• £200k environmental improvements and proactive activity to clean up neighbourhoods</li> </ul>	
Air quality and pollution? <i>(Please consider impact on climate change, waste generation, and health)</i>	x			<ul style="list-style-type: none"> <li>• £35k to plant more trees as part of establishing green corridors</li> <li>• £200k environmental improvements and proactive activity to clean up neighbourhoods</li> <li>• £50k to deliver additional Electric Vehicle charging points</li> </ul>	

<p>Natural resources? <i>(Please consider the use of materials and as well as transport methods and their sustainability)</i></p>	<p>x</p>			<ul style="list-style-type: none"> <li>• £50k to deliver additional Electric Vehicle Charging Points</li> <li>• £80k to deliver energy improvement measures for businesses</li> <li>• £100k investment in measures to improve home energy efficiency</li> </ul>	
<p>Rurality? <i>(Please consider the impact of those who live in rural communities, their access to services/activities)</i></p>	<p>x</p>			<ul style="list-style-type: none"> <li>• £400k to improve rural broadband for enterprises</li> <li>• £15k for health and wellbeing activities that can be accessed by residents within their local communities</li> </ul>	

# Strategic Impact

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





## Impact Assessment Action Plan

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

Action	Start Date	End Date	Lead Officer

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