

Report of	Meeting	Date
Chief Finance Officer (Introduced by the Executive Member for Resources)	Executive Cabinet	16 January 2020

2020/21 DRAFT BUDGET AND SUMMARY BUDGET POSITION OVER THE MEDIUM TERM

PURPOSE OF THE REPORT

- To set out the budget position for 2020/21 including the forecast for the following 2 years to 2022/23 and also present the relevant proposals in respect of:
 - The use of forecast resources identified in 2020/21
 - Budget consultation

RECOMMENDATION(S)

- That Members agree the contents of this report in order to start the budget consultation process and note the following proposed budget items, in particular:
 - No proposed increase in council tax for 2020/21 and no proposed cuts to services
 - The forecast balanced budget for 2020/21 and the forecast budget position in 2021/22 and 2022/23
 - The changes to the capital programme 2020/21 to 2022/23

EXECUTIVE SUMMARY OF REPORT

- The budget forecasts over the next 3 years have been updated to take account of the following:
 - Due to the investments made by the Council and the efficiencies achieved, there is no proposed increase in council tax in 2020/21
 - There is no proposed increase in council tax in 2021/22 or 2022/23, this will be revisited every year and will be dependent upon the outcome of the Government announcements regarding the Fair Funding Review and Business Rates Retention.
 - Continued investment of approximately £1m that will deliver corporate strategy priorities
 - Strategies to reduce the budget deficit in the medium term
- Consultation on the proposed budget for 2020/21 will commence following approval of the proposals by Executive Cabinet. The consultation will invite responses from residents, partners, parish groups and other stakeholders through a variety of methods including a short survey (available both in hard copy and online). Results will be analysed and published in February for consideration as part of budget finalisation

FUNDING

Spending Round 2019 and Provisional Local Government Finance Settlement

5. 2019-20 was due to be the final year of the Government's four-year Settlement, however following the Spending Round 2019, councils will receive a further one-year Settlement as the planned changes from the Fair Funding Review and 75% Business Rates retention have been delayed by at least one year until April 2021 at the earliest. Budget assumptions have been made based on the Provisional Local Government Finance Settlement that was announced on 24 December 2019.

Business Rates

6. Chorley Council benefited in 2019/20 from being a member of the Lancashire 75% business rates pilot. The spending round 2019 announced that all 75% pilots will be disbanded. The budget assumes that in 2020/21 the council will revert to membership of the Lancashire business rates pool as per the guidance from Government.
7. Forecasting levels of business rates beyond 2020/21 remains complicated due to uncertainty regarding the quantum of business rates that will remain when the system is reset. The date of this reset is still uncertain, this budget assumes it will take place on April 2021. The level of business rates retained by Chorley Council under the new system will also depend on the outcome of the fair funding review. This review will set new baseline funding allocations for all Local Authorities and aims to simplify the existing system and provide an up to date assessment of Authorities relative needs and resources. Early consultations have taken place by MHCLG, but there is insufficient information to make informed estimates to date.

New Homes Bonus

8. The spending review announced a gradual reduction and ultimate removal of New Homes Bonus. Government proposals are for allocations to reduce as follows:
 - 2020/21 – 4 year allocation - for Chorley Council approximately £2.3m
 - 2021/22 – 2 year allocation - for Chorley Council approximately £1.1m
 - 2022/23 – 1 year allocation - for Chorley Council approximately £550k

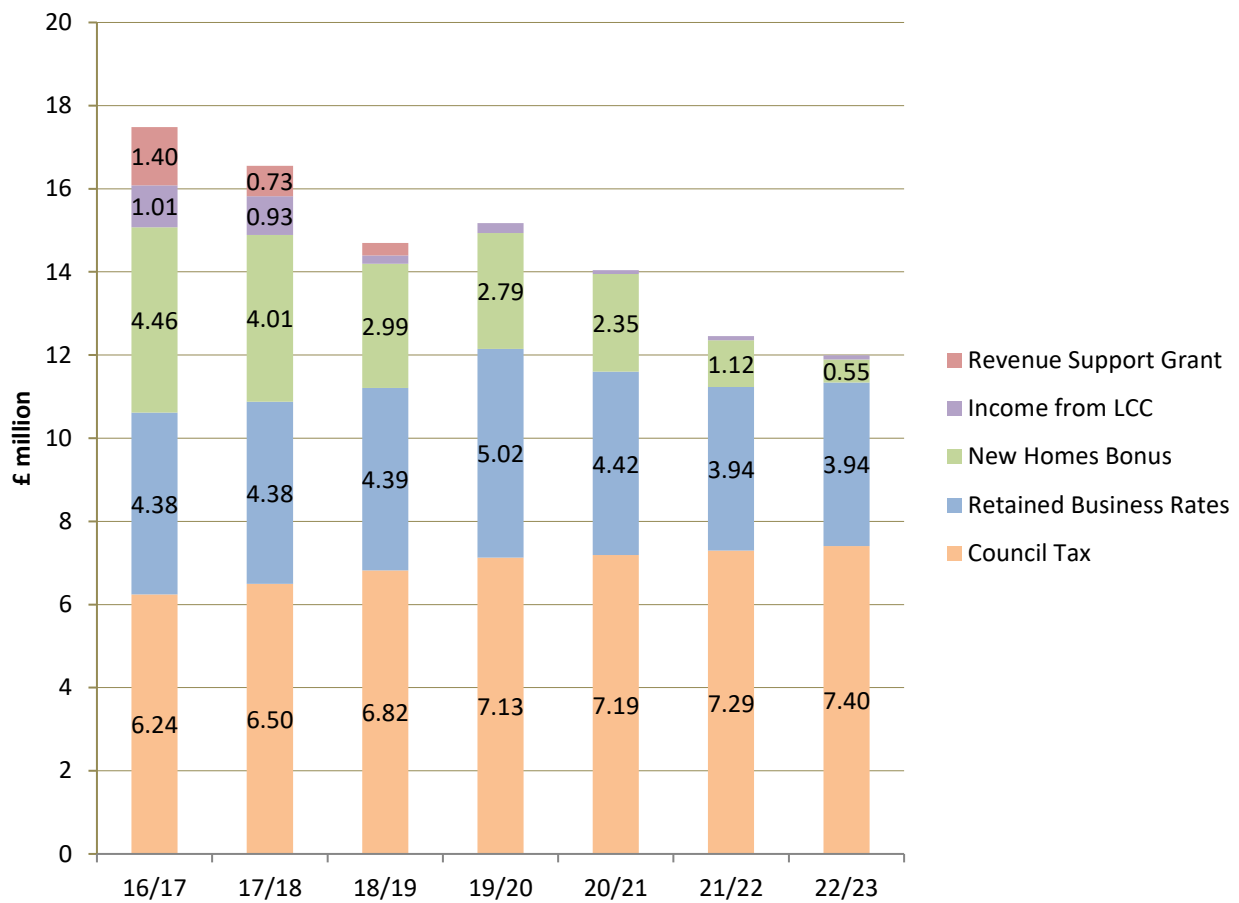
Council Tax

9. The Provisional Local Government Finance Settlement announced a council tax referendum principle of up to 3% in 2019/20. No announcement has been made regarding future years.
10. Chorley borough has experienced expansion of housing over the past few years.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 Estimate
New Band D equivalent dwellings brought in base	1,259	677	751	680	520	434
Growth (year-on-year)	3.8%	2.0%	2.1%	1.89%	1.42%	1.20%
Additional council tax income to CBC each year	£223k	£120k	£133k	£123k	£97k	£83k

11. The council expects a gradual slowdown in house building over the coming three years however there are still sites coming forward. An average 1.5% expansion of the base is forecast in 2021/22 onwards.

Major Sources of Council Funding



12. The chart above outlines the forecast level of funding across the next three years in comparison to previous allocations. Retained business rates are forecast to reduce in 21/22 when the Fair Funding Review and reset are forecast to be implemented. This is a cautious but necessary assumption given the uncertainty surrounding the new system.

EXPENDITURE

Pay Award

13. An average 2% pay increase per year has been assumed for 2020/21 to 2022/23. However, Unions are strongly supporting a 10 per cent pay increase and a £10 minimum hourly rate claim for local government workers in England, Wales and Northern Ireland for the year starting April 2020. Every 1% increase in pay results in over £100k of additional expenditure to Chorley Council.
14. There has been a recent announcement from Government that the national living wage will increase by 6.2% in 2020/21. This will not affect Chorley Council's pay bands for 2020/21 as the council pays above this level already.

Pensions

15. As part of a **triennial pension review** the Lancashire County Pension Fund announced an increase in employer pension contributions for 2020/21 to 2022/23 to meet the future costs of the scheme. The contributions have increased from 14.4% to 16.4% resulting in an increase in the council's contribution. This is lower than the 17.1% assumed in the previous year's budget.
16. The Lancashire County Pension Fund has outperformed most local authority pension funds over the past 3 years. Looking forward the pension fund has provided figures that forecast Chorley Council's contribution to the prior year deficit will reduce by approximately £500k, reducing the council's budgeted contributions by over £1.5m over the next three years.

Brexit

17. Concerns remain about the impact of the United Kingdom's withdrawal from the European Union (BREXIT). Much speculation continues around the likely financial effects of this but it is clear that continued uncertainty has presented significant issues across the economy and the stock market. The potential risks to the Council include changes to interest rates and inflation, a slowdown in the local economy affecting rental and property values and income from retained business rates. The council set aside a reserve of £300k to mitigate the impact that the UK leaving the EU could have on local businesses and Corporate Priorities. These risks will be closely monitored and reported throughout the period of the MTFS.

BUDGET DEFICIT

18. The council's gross budget deficit is summarised in table 1 and is based upon the reductions in funding described above and the following key budget assumptions. It should be noted that some of the assumptions are still potentially subject to change that may impact positively or negatively on the budget.

Table 1: Cumulative Gross Budget Deficit as at January 2020

	2020/21 £m	2021/22 £m	2022/23 £m
Gross Budget Deficit	0.349	2.392	3.285

19. All deficits and savings identified in the table 1 and in the remainder of this report are cumulative. For example the deficit of £3.285m in 2022/23 identified above is the result of a £2.392m deficit in 2021/22 and further budget pressures of £0.893m identified for 2022/23.

Key Assumptions	2020/21	2021/22	2022/23
Growth in Council Tax Base	1.20%	1.50%	1.50%
Growth in Retained Business Rates	0.00%	0.00%	0.00%
New Homes Bonus Baseline Adjustment	0.40%	0.40%	0.40%
Total Forecast New Homes Bonus	£2.346m	£1.125m	£0.550m
Future Service Pension Rate	16.40%	16.40%	16.40%
Income from LCC	£0.096m	£0.096m	£0.096m
Pension Fund Deficit Recovery	£0.441m	£0.458m	£0.476m
Pay Award	2.00%	2.00%	2.00%

20. A detailed breakdown of the 3 year budget including the gross budget deficit is provided in **Appendix 1**. Included in this appendix are the revenue budget implications regarding the Council's large capital projects, as with other assumptions it should be noted that the profile of expenditure and income is potentially subject to change. Risks surrounding these budget assumptions will be managed using general and earmarked reserves as outlined at the end of this report.

BALANCING THE BUDGET IN 2020/21

21. Funding to Chorley Council has fallen from over £17m in 2016/17 to a forecast figure of under £12m by 2022/23. During this period the council continued to experience inflationary increases in staff and non-staff budgets. However, the council has been ambitious in its approach to meeting the budget deficit through generating efficiency savings and additional income.
22. The council has been successful in keeping its costs down whilst continuing to provide the high quality services expected from its residents. The council achieves this by continually reviewing its budgets and contracts. Over £1m saving was achieved through the tender of the waste contract in 2019/20 and further savings are forecast for the tender of its leisure centre management contract. Staff structures are reviewed to ensure the council remains efficient in the delivery of the corporate priorities throughout the borough. Staffing efficiencies of over £1m have been achieved since 2014/15 with further savings expected through the council's commitment to explore and invest in alternative delivery models, including sharing more services with South Ribble Borough Council.
23. The council will continue to invest within Chorley borough to generate income and therefore make the council less reliant on the increasingly uncertain funding from Government. It is an exciting time for the council and its residents as several key investment projects are complete and are now open. These investments not only provide income to the council but also provide key services to residents and promote local jobs and businesses.

Table 2: Balancing the Budget in 2020/21

	2020/21 £m	2021/22 £m	2022/23 £m
Gross Budget Deficit	0.349	2.392	3.285

Efficiency Savings

Shared Services	(0.115)	(0.201)	(0.201)
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Income Generation

Market Walk Extension Net Income	(0.250)	(0.280)	(0.280)
Primrose Retirement Net Income	(0.084)	(0.104)	(0.111)
Strawberry Fields Net Income	0.000	(0.150)	(0.150)
Logistics House Net Income	(0.450)	(0.450)	(0.450)
Create TVS Income Reserve	0.450	0.000	0.000

Net Deficit/(Available Resources)	(0.100)	1.206	2.093
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24. On 17 September 2019 Full Council approved the first phase of proposals to extend **shared services** with South Ribble Borough Council. This established seven shared senior posts with six of these posts now recruited to. In April 2020 phase one will be developed further with more efficiencies expected, the expected savings to Chorley Council from phase one are included in table 2. Both councils will begin developing further joint strategies through a shared board and develop a business case for the second phase of shared services.
25. The £15m extension to **Market Walk Shopping Centre** opened its doors in November when M&S Foods began trading in the town centre. The new Reel cinema opened in December as well as the Escape adventure golf and tenpin bowling and a Loungers restaurant will open in January. These agreed tenancies represent 75% of total floor space and approximately £200k of net income to the council. The council is negotiating with other potential tenants with the expectation that further units become occupied after the new year. A prudent estimate of the net income to the council from a fully occupied site is £280k per annum.
26. The **Primrose Retirement Village** opened its doors to residents in October 2019 and is already approaching full occupancy. This Corporate Strategy project will allow people to live independently whilst receiving the care and support needed to enjoy later life. A prudent estimate of the net income receivable by the council has been included in the budget. These estimates will be revisited as occupancy levels and running costs are better understood.
27. Chorley Council's £8.4m advanced **Digital Office Park** offers 54,000 sq ft of state-of-the-art office space providing hundreds of high value jobs. There has been a lot of interest in the building with offices and hot desks now being snapped up by small and medium sized enterprises. Due to delays in the construction of a link road on an adjacent site, the occupancy levels are not yet as high as originally budgeted. As such a prudent break-even position is assumed in 2020/21 with £150k net income to the council in 2021/22 onwards.
28. On 23 July 2019 Full Council approved the £33m purchase of the **Logisitcs House site** in Buckshaw. The council will lease the building back to the current tenant with an expected net income, after borrowing costs, of £450k rising to £900k towards the end of the lease term. The council will set aside the initial £450k in 2020/21 to create an income equalisation reserve that will be used to manage any budget implications of the site becoming vacant. However, the current tenant and its parent company have very strong financial standing and this risk of default is therefore deemed to be very low.

Investing in Corporate Priorities

In 2019/20 the council allocated over £1m of revenue investment to deliver corporate strategy priorities through a programme of activities designed to meet the fundamental needs of local residents, like health, housing and jobs, while continuing to get Chorley in the best social and economic position of the future.



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

£50,000 ongoing investment in neighbourhood projects identified as priorities by local residents.

£60,000 to fund resource for digital inclusion to ensure that residents from across the borough are enabled to access services online



Clean, safe and healthy homes and communities

£100,000 to support the ongoing work of the Youth Zone to continue to deliver high quality diversionary and wellbeing activities for young people in Chorley

£50,000 to improve street cleaning and litter collections. Resident dissatisfaction was 12.79% for September 2019 compared to a target of 20%.



A strong local economy

£125,000 to deliver an ambitious events programme including the Flower Show, Chorley Live and Christmas attractions attracting more than 69,000 people



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

£60,000 to support over 230 vulnerable individuals, achieving better wellbeing outcomes

£70,000 to run and improve key bus routes in the borough to mitigate the impact of county wide cuts, ensuring that residents can access all areas of the borough

Capital Investment

The council's investments reinforced the council's direction of travel with an emphasis on housing, delivering better services for residents across the borough and a more commercial approach to support the longer-term sustainability of council services. The strategy successfully progressed large high-profile projects through to the final stages of delivery or completion, shaping the future of Chorley to meet the needs of residents of all ages both now and in future.



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

£850k investment in modernising ICT infrastructure including improving to web-based services for Chorley residents

£500k investment in Astley Hall and the surrounding park, as well as the improvements to Hallgate car park. The Astley 2020 project will renovate Astley Hall, as well as the parks events infrastructure and footpath lighting.



A strong local economy

The completion of the Market Walk extension project - **£15.3m**

Enhanced car parking in the town centre - **£2m**

The completion of the Digital Office Park, a new prestigious development that will provide 5,000 m² of Council owned bespoke digital office and start up - **£8.1m**



Clean safe and healthy communities

The completion of Primrose Gardens retirement living, the council's **£10m** extra care facility

Continued delivery of c. **£800k** per year of home adaptations to enable Chorley residents to continue independent living

£1m investment in the council's play and open spaces

£4m for the Chorley Youth Zone offering a purpose-built facility for the borough's young people aged 8 to 19, and up to 25 for those with disabilities.



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

Chorley Council is facilitating the **£2.2m** Heritage Lottery Fund (HLF) investment in the redevelopment of Bank Hall, Bretherton. The proposals will completely restore the building's external appearance for Chorley residents to enjoy.

The council continues to deliver bus services previously provided by LCC. It is the council's ambition to invest over **£100k** per annum to operate and improve services from the Chorley Bus Interchange.



The council has successfully delivered major large developments that will radically shape the future for Chorley. Future investment will build on this work to drive forward ambitions for economic growth and ensure that Chorley is an even more attractive place to live, work and invest. The council will also continue to work hard to deliver sustainable public services through transforming the organisation, taking a more commercial approach and working closely with partners to integrate services.

Future capital investment:

Westway Playing Fields – £2.7m to bring forward a top of the range sports complex

Improvements to Union Street Offices – £1m to deliver a better experience to residents that supports the Digital Strategy

Improvements to Astley Hall and Park – £1.6m to ensure a safe and secure local asset that offers a high quality, sustainable visitor attraction for future years

Whittle Health Hub – ensuring access to high quality health facilities for residents from across the borough

Bringing forward large sites for development – housing and industrial units at Shady and Alker Lane

Delivering a new masterplan for **Tatton Recreation Ground** and the surrounding area

Large scale improvements to local **leisure facilities** as part of the renewal of the leisure management contract

MEDIUM TERM FINANCIAL PLANNING

Despite the budget savings identified in this report, as outlined above there remain large forecast budget deficits of £1.206m in 2021/22 and £2.093m in 2022/23. To achieve a sufficient reduction in net expenditure the Council's strategy will be:

1. To realise savings through the procurement of its contracts
2. To identify the efficiencies through investment in infrastructure 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
3. To make the Council more financially self-sufficient with specific emphasis on creating investment that generates income.

Table 3 – Chorley Borough Council Transformation Programme

	2020/21 £m	2021/22 £m	2022/23 £m
Adjusted Budget Deficit/(Available Resources)	(0.100)	1.206	2.093
<i>Contract Savings</i>			
Leisure Centre Management (expires October 2020)	-	(0.446)	(0.446)
<i>Income Generation</i>			
Investment Sites	-	(0.200)	(0.200)
Parking Income	-	-	(0.200)
Total Income Generation	(0.100)	(0.200)	(0.400)
<i>Efficiency Savings</i>			
Efficiency Savings	-	(0.660)	(1.347)
<i>Additional Investment</i>			
Operate Chorley Bus Station	0.100	0.100	0.100
Final Budget Deficit/(Available Resources)	0.000	0.000	0.000

TRANSFORMATION STRATEGY

Realising Savings through the Procurement of Contracts

29. During the MTFS period the council will undertake procurement exercises on its contracts that are coming to the end of the contract agreement periods. The ambition for the council is that through these procurement exercises it will transform its delivery of key services whilst generating cost savings and continuing to provide excellent service delivery. The council's current leisure management contract will expire in October 2020. The council encourages an innovative approach to service delivery and it is the council's ambition, through investment in its leisure centres, that it will achieve a revenue neutral leisure management contract with enhanced services to Chorley residents.

Income Generation

Investment Sites

30. The council owns several sites that are being developed to bring forward the expansion of employment, housing and health services within the borough. These include:
- Land at Alker Lane
 - Land at Shady Lane
 - Land at Cowling Farm
 - The site for a new Health Hub on Preston Road
 - The redevelopment of Tatton Recreation Ground including the disused bus depot
31. These sites are at different stages of advancement but are forecast to generate additional net income for the council of £200k by 2021/22.

Council Tax and Parking Charges

32. The council's ambition to borrow and invest in income generating assets has resulted in there being no requirement to burden council taxpayers with additional council tax increase from Chorley Council in 2020/21. The council will continue to make itself more financially self-sustainable and therefore it proposes there will be no further council tax increases in 2021/22 and 2022/23. However, the uncertainty in Government policy relating to how much Chorley Council will retain in locally generated business rates, means that future increases in council tax must be considered every year as part of the broader strategy in dealing with the budget deficit.
33. The council's **parking charges** were reduced in 2016/17 as part of the updated parking strategy. Future increases in parking charges will be considered by the council if they are deemed necessary to meet the budget deficit. However, new charges would only be introduced as part of a renewed parking strategy and only if changes to parking tariffs would not be detrimental to the already successful improvements to the town centre shopping and night-time economy.

Efficiency Savings

34. The transformation strategy covers many aspects of change both within the council and in partnership with other organisations. At this stage the main strands of the strategy that could generate savings are outlined further below.

35. The **Digital Strategy** was approved by Executive Cabinet in June 2017. The strategy incorporates 32 separate projects that seek to increase digital take up and inclusion, promote smarter working and develop positive work cultures.
- The Digital Strategy will develop and implement the '**WorkSmart**' programme. This will facilitate a shared culture of smarter working, maximising the use of technology and digital information. Cost savings are expected through process/productivity improvements and consolidation of office space.
 - Efficiencies are also expected through the further increase in digital take up of council services, enabling customers to access council services online when and wherever they like, while also reducing the demand on more expensive channels such as face to face and over the phone
36. The **Streetscene Modernisation Strategy** was approved by Executive Cabinet in January 2017. The Streetscene service aims to introduce several change themes designed to challenge current working practices and modernise and introduce improvements to deliver high quality services in a co-ordinated way.
37. Developing these strategies requires investment by the council in its infrastructure. Through the WorkSmart programme the council's ambition is to consolidate its portfolio of offices to reduce costs and improve efficiency across its services. To do this, the council has set aside £1.3m in the capital programme to modernise its offices.
38. There are a range of benefits that will be achieved from this work including improving the customer facing areas to improve residents' customer experience when visiting the **Union Street** offices. This will include and encourage the use of self-service terminals and link to one of the digital strategy projects to refresh the council's website, however it will also continue to include a one stop shop for customers who still want to speak to someone face to face. The changes will lead to a better use of space and therefore create additional capacity in the civic offices to enable all office based staff at Bengal Street to move to the Union St building, which will lead to operational savings from rationalising office based staff from across three to two buildings. Improvements in the facilities in the town hall will enhance the commercial offer of the Lancastrian as well as providing additional facilities such as meeting rooms and break out areas.
39. As outlined in this report the council has expanded its **shared services** with South Ribble Borough Council. The expected efficiency savings through the first phase of shared services is included in the draft budget. From here both councils will develop further shared strategies that will deliver improved services for both councils whilst also delivering efficiency savings.

Additional Revenue Investment

40. Through the effective management of the budget Chorley Council is able to invest in additional projects that deliver its Corporate Priorities. The opportunity has arisen to takeover the management of the **Chorley Bus Station** from LCC. Chorley Council has a strong track record of delivering bus services more efficiently and effectively than were previously managed by LCC. Chorley Council therefore welcomes the opportunity to operate the bus station and improve the services for residents. It is forecast to cost £100k per annum with the expectation that costs will be better managed by Chorley Council as the station is incorporated into the council's master plan for the town centre as a whole.
41. Chorley Council declared a **Climate Emergency** at Full Council on 19 November 2019. The 2020/21 budget includes resources to fund a climate change officer and £50k of revenue reserves to help develop local climate change initiatives. This will only be the council's starting point; the Overview and Scrutiny Task Group will review and recommend further corporate approaches to Full Council.

RESERVES

42. Over the past six years the council has made ambitious investments to help enable the delivery of a balanced budget. However, the council has also been ensured a prudent and affordable approach to delivering the medium-term financial strategies. The council has set aside and increased the balances to several reserves that can be utilised if unforeseen events have a negative impact on council's finances. The expected balances of these reserved is given in table 4 below.

Table 4: Forecast Balances - assuming the balances are not utilised over 3 years

	2020/21 £m	2021/22 £m	2022/23 £m
General Fund Reserve	4.000	4.000	4.000

Reserves - Income

Market Walk Income Equalisation Reserve	0.500	0.550	0.600
Logistics House Income Equalisation Reserve	0.450	0.450	0.450
Business Rates Retention Reserve	0.960	0.960	0.960
Total Reserves - Income	1.910	1.960	2.010

Reserves – Asset Maintenance

Market Walk Asset Maintenance	0.150	0.200	0.250
Primrose Gardens Asset Maintenance	0.030	0.060	0.090
General Asset Maintenance	0.150	0.150	0.150
Total Reserves – Asset Maintenance	0.330	0.410	0.490

Reserves - Other

Support for Local Businesses & Corporate Priorities	0.300	0.300	0.300
Change Management Reserve	0.300	0.300	0.300
Total Reserves – Other	0.600	0.600	0.600

43. The total forecast level of reserves is expected to be £7.6m in 2020/21 with £6.8m of these reserves identified in table 4. These reserves are necessary to mitigate the financial impact of the uncertainty the council faces such as uncertainty regarding the national and local economy and uncertain future funding levels.
44. A large risk associated with business rates income relates to two applications for mandatory charitable relief received from Lancashire Teaching Hospitals NHS Foundation Trust. If successful, the application would have been backdated to 2010 and therefore have a significant impact on the Council's revenue budget. A headline figure was a potential £2m impact on the Council's general fund and a further c£200k reduction in ongoing retained business rates. However, the High Court has rejected the case brought by NHS hospital trusts deeming them not established for charitable purposes.

CAPITAL PROGRAMME

45. This report has dealt with the Council's revenue budget. Implicit in the investment programme set out above, however, are financial implications for the capital programme. The latest three year Capital Programme can be found in the Revenue and Capital Budget Monitoring Report 2019/20 Report 2 approved at November Executive Cabinet 2019. Table 5 below outlines the proposed changes to the capital programme.

Table 5: Changes to Capital Programme

Project	2020/21 £m	2021/22 £m	2022/23 £m
Works to Existing Markets	0.400		
Chapel St and Surrounding Public Realm	2.500		
Purchase of Affordable Housing	1.500		
Chorley Borough Service Centres	0.500		
Town Centre Public Realm		2.000	2.000
TOTAL	4.900	2.000	2.000

46. Chorley Council is incredibly proud of its **Famous Markets** that date back to 1498. The council will continue to support its traditional indoor and outdoor markets and will therefore invest £400k in 2020/21 in new market canopies and a refurbishment of the covered market.
47. There council will provide targeted investment of up to £2.5m to improve the environmental quality, built environment and tenant mix within **Chapel Street** and the immediate area. This could result in the council purchasing and re-letting units.
48. The council's Housing Strategy outlined the council's commitment to improve the quality of housing, to meet the changing needs of our residents and to rebalance the housing market. The council manages a wide portfolio of housing including sheltered accommodation, affordable housing and extra care. To build on this success the council will invest further in affordable housing setting aside £1.5m for the purchase, refurbishment and rental of **affordable housing** in the borough.
49. The council has supported all of its **Local Service Centres** in recent years through grant schemes to local businesses. The council will continue borough-wide investment through targeted capital projects in local service centres and will set aside £500k to plan, prioritise and deliver these projects.
50. Chorley Council has successfully delivered over £15m in delivering the initial stages of its **Town Centre Masterplan** including works Fazakerly, Market St South and Market Walk. The council will continue its commitment to deliver the masterplan and will set aside £4m in the coming three-year period to deliver improvements for its residents.
51. 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, CIL, s106, 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.

IMPLICATIONS OF REPORT

Risk

52. Some of figures outlined in the report are estimates and based on assumptions that are likely to change. These include external risks such as changes to Government funding arrangements, changes to interest rates and national and local economic changes. In addition, the council faces internal risks such as void rates in its income generating assets and the risks of delivering transformational change such as the expansion of shared services.
53. The risks are dealt with through managing prudent levels of reserves, continually monitoring government announcements, monitoring current and future economic projections and by making prudent budget assumptions.
54. This report has implications in the following areas and the relevant Directors' comments are included:

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

COMMENTS OF THE STATUTORY FINANCE OFFICER

55. The financial implications of the above report are all contained in the text above but to clarify all proposals are funded and can be accommodated within the 2020/21 budget. It should be noted that the report does contain a number of assumptions on some future budget elements and also what the final out-turn position will be for 2019/20. Should any of these change due to unforeseen circumstances arising before 31st March 2020, this will be reviewed and reported

COMMENTS OF THE MONITORING OFFICER

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

GARY HALL
CHIEF EXECUTIVE AND FINANCE OFFICER

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
James Thomson	5025	01/01/20	