

Report of	Meeting	Date
Director of Finance (Introduced by the Executive Member for Resources)	Full Council	22nd February 2022

REVENUE BUDGET 2022/23, MEDIUM TERM FINANCIAL STRATEGY AND CAPITAL PROGRAMME 2022-2025

PURPOSE OF REPORT

1. To seek approval of the Executive's Budget Strategy and proposals for the Revenue Budget 2022/23, together with the Medium Term Financial Strategy (MTFS) and Capital Programme for 2022-2025.

RECOMMENDATION(S)

2. The Executive recommends that Council:
 - a) 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 2022/23, at *Appendix A*;
 - b) 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*;
 - c) Approve the council's Medium-Term Financial Strategy (MTFS) at *Appendix C*;
 - d) Note the council's forecast Cumulative Budget Deficit and Budget Strategy 2021-22 to 2024-25 at *Appendix D* ;
 - e) Note the analysis of the movement in the 2022/23 Budget from the position approved by Council in February 2021 at *Appendix E*;
 - f) Approve the capital programme for 2021/22 to 2024/25 (*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 2022;

- j) Note the budget consultation 2022/23 Report at *Appendix J*;
- k) Note the Assessing the Impact of Budget Proposals 2022/23 Report at *Appendix K*.

EXECUTIVE SUMMARY OF REPORT

3. The 2022/23 budget and the MTFS for the next 3 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 2022/23;
 - The figures also include a proposed 1.99% increase in council tax in 2023/24 and in 2024/25; 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 as a consequence of the 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, and additional investment of almost £1.0m has been identified for 2022/23 to support this;
 - Capital investments of over £56.0m are included in respect of corporate priority projects over the period of the MTFS.
4. The funding that the council receives is forecast to fall from over £17.0m in 2016/17 to £13.5m by 2024/25. Despite this the council has been, and remains, ambitious in its approach to addressing the budget deficit by generating efficiency savings and additional income.
5. The budget is set to ensure the objectives of the council's Corporate Strategy priorities are met;
 - *Involving residents in improving their local area and equality of access for all* – we will continue to work with our residents to address climate change and achieve our commitment of being a carbon neutral council by 2030;
 - *A strong local economy* – providing support and grants for businesses and developing our approach to apprenticeships, graduate and training posts in areas of high market demand and supporting people into high quality employment;
 - *Clean, safe and healthy communities* – investing in local play and community facilities, supporting the delivery of affordable homes and improving our leisure centres;
 - *An ambitious council that does more to meet the needs of residents and the local area* - making improvements across the borough, supporting our young people, health and wellbeing and local areas.
6. The council continues to invest in the borough and this budget includes £56.0m of capital investment from 2022/23 to 2024/25. This includes investment in a new GP surgery in Whittle-le-Woods, another extra care facility, with a GP surgery at Tatton ensuring that public services continue to become more accessible, continuing to improve the town centre and markets offer as well as investing in play and open spaces and in improved affordable housing. The council will continue its success of investing in assets that benefit residents and businesses whilst also generating a net income to the council.

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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Reason Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

7. To ensure the council complies with the statutory requirement to set a balanced budget for 2022/23.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

8. None; setting the budget is a statutory requirement.

CORPORATE PRIORITIES

9. This report relates to the following Strategic Objectives:

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

BACKGROUND

10. The Executive agreed the '2022/23 Draft Budget and the Summary Budget Position over the Medium Term' report at their meeting on 20th January 2022; 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 2022/23 financial year.
11. These papers expand upon that report and set out in more detail for Council the Executive's budget proposals in 2022/23.

BUDGET CONSULTATION RESULTS

12. Consultation on the 2022/23 budget ran from the 24th January to 6th February 2022. The consultation was publicised through various council channels, including 9,628 emails

delivered to residents who are signed up to receive communications via the MyAccount feature on the council websites.

13. The formal consultation received 214 qualitative responses through a one open question format, via an online survey. As well as completing the online survey, respondents also shared their views and comments using social media. Analysis of Social Media responses have been grouped alongside the consultation responses. The feedback and summary analysis of both the online survey and social media responses is shown at **Appendix J**.
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 responses 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	50.9%
Negative view of the proposals	30.4%
Returned without comment*	18.7%

**responded but did not comment on the investment proposals*

16. The majority of the positive comments (77%) indicated general acceptance of the proposals, with some residents stating that they were 'logical' and 'sensible'. In addition to this, comments also referenced a positive view towards the Green Agenda (8%), Events & Tourism (11%). Other themes mentioned by positive comments include Council Tax (2%) and Leisure and Sport (2%).
17. The majority of the negative comments (30.8%) related to the cost of living, with respondents indicating this as their reason for disagreeing with the proposals. There were also negative comments around the proposed Council Tax increase (16.9%). In addition, there were negative comments (24.6%) in relation to the proposed increase in the garden waste service, with respondents querying why this is a separate charge, or noting that the service is not required during the winter months. Feedback also referenced the current economic context and post pandemic challenges.

2022/23 BUDGET – FUNDING SOURCES

Spending Review 2021 and Final Local Government Finance Settlement

18. Uncertainty continues regarding the council's future funding streams, with the government announcing a further one-year financial settlement for 2022/23 rather than the expected multi-year settlement. The figures included in the 2022/23 Budget are based on the Final Local Government Finance Settlement that was published on 7 February 2022.

Business Rates

19. The 2022/23 budget assumes that the Lancashire Business Rates Pool will continue and the council will remain a member; Chorley Council benefits from additional business rates income of approximately £0.849m as a result of being in the pool. In the absence of any further information regarding changes in the business rates system, the pool is assumed to continue throughout the period of the MTFS.
20. Forecasting the level of business rates income beyond 2022/23 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 four years. In March 2020, the government published the Terms of Reference for the Business Rates Review, setting out that the objectives of this were to reduce the overall burden on business, to improve the current business rates system and to consider more fundamental changes in the medium-to-long term. In March 2021, the government published their Interim Report of the review, with their final report issued in October 2021.
21. The government has concluded from their review;
 - that business rates are a vital component of the business tax mix;
 - that they wish to preserve the benefits of business rates but will make changes to make their operation fairer and more effective for businesses;
 - that they are not proposing changing the nature of the tax, or the basis of valuation;
 - moving forward, they have concluded that increasing the frequency of revaluations would represent a fundamental and meaningful improvement to the business rates system and would help to ensure greater distributional fairness; currently, revaluations are scheduled to take place every 5 years although in practice, and due in part to the pandemic, these have only taken place about every 6-7 years. As such government has announced a 3-yearly cycle for business rates revaluations, starting from the next revaluation in 2023.
22. In light of the above, the quantum of business rates that will remain available to the council after the reset is uncertain.
23. It is also likely however that the level of funding that councils retain from business rates will be reviewed across the country as part of the government's 'levelling up' agenda and will flow from the outcome of the Fair Funding Review, however no date has been set for these reforms. As such, 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 throughout the three year period of the MTFS.

Council Tax

24. The Local Government Finance Settlement confirmed a council tax increase limit for district councils of up to 2% or £5 (whichever is the greater) on a Band D equivalent in 2022/23. No announcement has been made regarding future years', however it is assumed that the same principles will continue throughout the future three-year budget period.
25. The Local Government Finance Settlement publishes the Core Spending Power available to local authorities. This is the level of resources that the government assumes councils will have available to them and is predicated on all councils across the country increasing council tax up to the referendum limit of 2% (or 5% for authorities with social care responsibilities) year-on-year. As such, if the council were to freeze council tax it would create a gap over the medium-term between the amount of funding that government assumes it has, and the amount that it would actually generate. This will be important when the government implements the changes following the Fair Funding Review; i.e. when

setting the level of business rates to be retained by the council, the government will assume that the council enjoys a higher level of council tax to compensate for any potential fall in business rates; this will be based on the assumption that it will have increased council tax up to the referendum limit each year.

New Homes Bonus

26. Funding from New Home Bonus (NHB) is assumed to discontinue in 2023/24. The provisional settlement announced an allocation of £886k for 2022/23. No further allocation is assumed after 2022/23. The government consulted on the future of NHB between February and April 2021 and is due to consult on proposed reforms shortly, with a view to implementing reform in 2023/24. It is expected that a replacement to this funding stream will be announced, however nothing further is known as to how the scheme will operate and what additional levels of funding, if any, will be made available to the council. Once more, this creates a significant degree of uncertainty for the council.

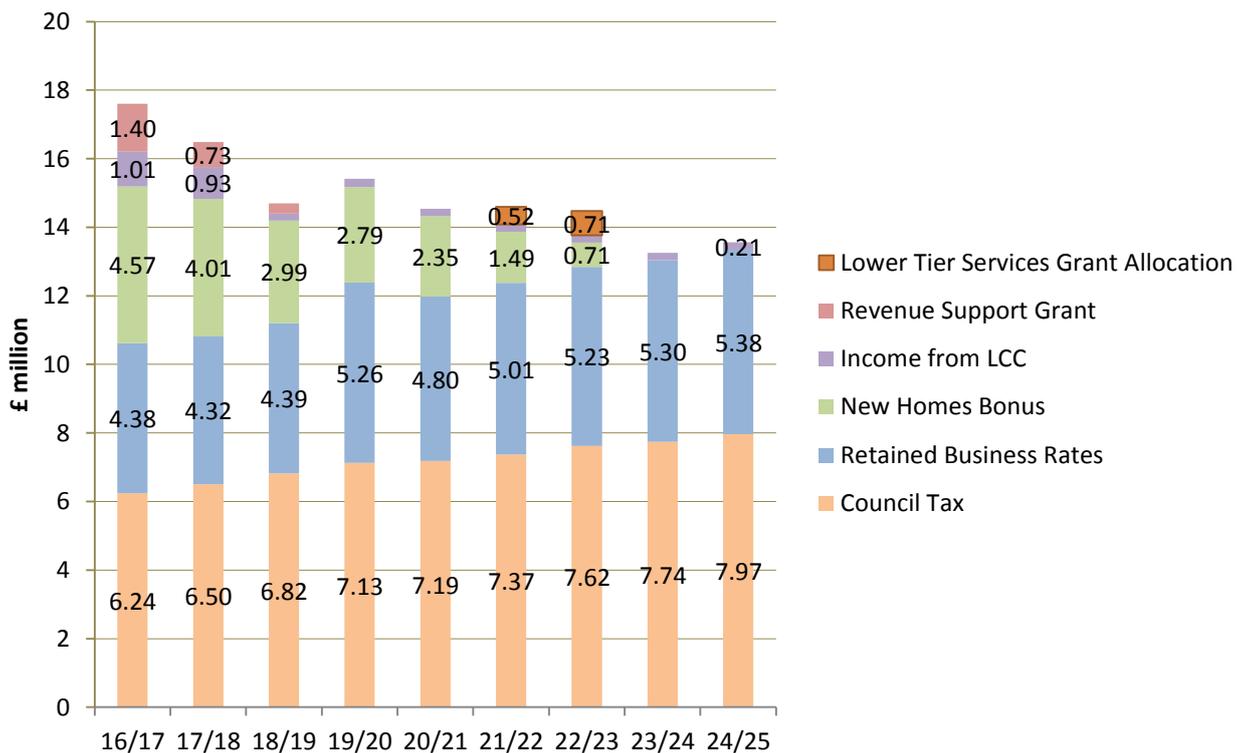
Lower Tier Services Grant and Services Grant

27. As referenced above, every year the government calculates the council's core spending power; this is a combination of the council's council tax income, business rates income and new homes bonus grant allocation. The government has retained the Lower Tier Services Grant to compensate the council in 2022/23 for the reduction in funding identified through the core spending power calculation; first introduced in 2021/22, this is a non-recurring, un-ringfenced grant of £506k.
28. In 2022/23 the government has also provided an additional grant, the Services Grant, again non-recurring and non-ringfenced, and distributed on the same basis as the Lower Tier Services Grant; the council's allocation of this is £203k.
29. Whilst a benefit to the 2022/23 budget, the one-off nature of these funding streams does mean that the council continues to face significant financial uncertainty over the medium term.

Summary of Major Sources of Council Funding

30. The chart below outlines the forecast level of funding for the council across the next three years in comparison to previous allocations. As the government has only published a one-year settlement, it is assumed that the Lower Tier Services Grant, the Services Grant and the New Homes Bonus will not continue in 2023/24 and beyond.
31. As the graph shows, funding to Chorley Council is forecast to fall from over £17.6m in 2016/17 to £13.5m by 2024/25

Major Sources of Council Funding



2022/23 BUDGET – EXPENDITURE

Pay Award

32. The 2020 Government spending review announced a pay freeze for 2021/22 for the majority of public sector staff, with a guaranteed a pay rise of at least £250 for all staff that earn less than £24,000 per year. At the time of writing this report, the pay negotiations are still ongoing for 2021/22, with the current offer of 1.75% made by the Employers having been rejected by the Trade Unions. The budget has however been adjusted to reflect an uplift of 1.75% in line with the current offer.
33. In the Spending Review in October 2021, the Chancellor said that pay awards for public sector workers in 2022/23 would be in line with CPI. With the negotiations for 2021/22 yet to conclude, and no fixed point in time announced for the determination of CPI, a provision of 2% has been made in the pay budget, which equates to approximately £200k per year for Chorley Council in 2022/23; the government's proposals are not yet agreed with public sector unions.
34. The spending review also announced that the National Living Wage will rise from £8.91 to £9.50 an hour and will be extended to workers aged 23 and over from April 2022. This will not affect Chorley Council's pay bands for 2022/23 as the council pays above this level already.

Pensions

35. As part of their triennial pension review in 2019, the Lancashire County Pension Fund announced an increase in employer pension contributions for the council from 14.4% to 16.4% for each of the three financial years 2020/21 to 2022/23, to meet the future costs of the scheme. The same contribution rate is assumed for 2023/24 and 2024/25, although this will be reviewed when the new three-year review is undertaken later this year.

Brexit and Covid 19

36. 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 the leave arrangements, with potential risks to the council including increases in inflation and a slowdown in the local economy, impacting upon rental and property values and on income collected from business rates and council tax. In 2021/22 we have seen costs rise, for example:
- those driven by a shortage of HGV drivers which may continue to impact on the waste contract;
 - increases in the costs of building materials sourced from the continent impacting on the cost of our capital programme and;
 - increases in the cost of food, both due to the cost of imports and due to the shortage of workers in the agricultural sector within our own economy as European workers have returned home; these cost increases have impacted upon the finances of our residents.
37. The financial impact of Covid-19 has been outlined in the quarterly budget monitoring reports approved by Executive Cabinet throughout 2021/22. This includes:
- forecast reductions in council tax and business rates collection rates;
 - government grant funding received to support various initiatives, including support to businesses, providing additional homelessness and food support to residents and support for the test and trace systems;
 - government support for the reduced level of income received from fees and charges for the first 3 months of 2021/22, including reduced levels of car parking and leisure services income;
 - reductions in rents at the council's retail and commercial sites
38. As part of the budget setting process for 2022/23, and the two years beyond, the following assumptions have been made regarding Covid-19 and the economy as a whole:

Income

- that a net surplus from Strawberry Fields will be realised from 2023/24 onwards;
- that income from the Market Walk development will be reduced for the foreseeable future, by at least £166k, as the retail industry adjusts to a post-Covid environment. It is assumed however that the extension to the Market Walk shopping centre will become fully occupied in the coming twelve months.
- that the impact of Covid-19 on the income from fees and charges will not be permanent and that levels will return to those pre-Covid, including the council's major sources of income such as planning fees and car parking;
- that Garden Waste charges will increase from £30 to £32.50 per annum, which represents an increase of 8.3% or additional income of £65k. This would be the first increase since charges were introduced back in 2017, representing an average annual increase of less than 1.4%. The increase in the subscription charge recognises the increased cost of delivering the service, which has come under pressure, not least over the last year due to factors such as a shortage of

HGV drivers. In comparison to the proposed increase in the subscription charge, inflation has increased by 15.4% over the same period. Chorley Council's charges will remain comparable to those of the other Lancashire Districts, many of which charge £35 or more per annum;

Expenditure

- that any expenditure relating to the council's compliance with current or future government Covid-19 requirements will be met through existing budgets or grants from the government. This may include future grants to businesses, support to the homelessness or support to residents such as additional council tax support;
- that the council will continue to support its wholly owned leisure services company, which was established on 1 August 2021 in response to the failure of the leisure operator market. While the leisure market remains extremely challenging, it is expected that this cost to the council will cease over the medium-term as the company develops its services to fully cover its own costs. Officers, as part of the company's board, will develop a business plan for the Executive Cabinet to approve on behalf of the council as the 100% shareholder of the company. This will set out the plan for the reduction in net costs to the council over the coming years.

Budget Deficit

39. The council's total budget deficit is summarised in Table 1 below and is based upon the reduction in funding described above and key budget assumptions. It should be noted that some of the assumptions are still subject to change, which may impact positively or negatively on the budget.

Table 1: Cumulative Gross Budget Deficit

	2022/23 £m	2023/24 £m	2024/25 £m
Council Tax (incl Collection Fund adjustments)	(7,472)	(7,441)	(7,514)
Retained Business Rates	(5,229)	(5,305)	(5,382)
Lower Tier Services Grant Allocation	(709)	0	0
New Homes Bonus	(886)	0	0
TOTAL FUNDING	(14,296)	(12,746)	(12,896)
TOTAL NET EXPENDITURE	16,032	16,105	16,463
BUDGET DEFICIT	1,736	3,359	3,567

40. All deficits and savings identified in Table 1, and in the remainder of this report, are cumulative. For example, the deficit of £3.359m in 2023/24 identified above is the result of a £1.736m deficit in 2022/23 and further budget pressures and reduced funding of £1.623m identified for 2023/24.

Table 2: Key Budget Assumptions

Key Assumptions	2022/23	2023/24	2024/25
Growth in the council's Council Tax base	1.0%	1.0%	1.0%
Council Tax increases	1.99%	1.99%	1.99%
Increase in Retained Business Rates through Growth	0%	0%	0%
Financial benefit of membership of the Lancashire Business Rate Pool	£0.849m	£0.881m	£0.915m
New Homes Bonus	£0.886m	£0	£0
Lower Tier and Services Grant Allocation	£0.709m	£0	£0
Income from LCC – £110k contribution to Minor Adaptations Works and £96k contribution towards support for waste collection	£0.210m	£0.210m	£0.210m
Increase in Garden Waste charges	£0.065m	£0.065m	£0.065m
Future Service Pension Rate	16.4%	16.4%	16.4%
Pension Fund Deficit Recovery	£0.450m	£0.467m	£0.467m
Pay Award (average)	2%	2%	2%

41. A detailed breakdown of the three-year budget including the gross budget deficit is provided in **Appendix D** of this agenda. Included in this appendix are the revenue budget implications regarding the council's capital projects.
42. As with other assumptions it should be noted that the profile of expenditure and income is potentially subject to change.
43. Risks surrounding these budget assumptions may be managed through the use of general reserves. A full description of risks are provided in **Appendix B1-B3**, in the Chief Finance Officer's report 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, on this agenda.

BRIDGING THE BUDGET GAP

44. Funding to Chorley Council has fallen from over £17.6m in 2016/17 to a forecast figure of £13.5m in 2024/25. During the period to date, the council has continued to experience inflationary increases in staffing and non-staff costs, however the council has been ambitious in its approach to meeting the budget deficit by realising efficiency savings and generating additional income.
45. The council has been successful in controlling its costs whilst continuing to provide the high-quality services that are expected by its residents. The council achieves this by continually reviewing its budgets and contracts as well as exploring and investing in

alternative delivery models, this has included sharing services with South Ribble Borough Council.

46. The council 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.

Table 3: Balancing the Budget

	2022/23 £m	2023/24 £m	2024/25 £m
TOTAL BUDGET DEFICIT	1,736	3,359	3,567
<i>Income Generation (net of borrowing and running costs)</i>			
Market Walk Site	(851)	(862)	(861)
Primrose Retirement	(129)	(125)	(123)
Strawberry Fields	23	(124)	(121)
Investment in Logistics House Site	(434)	(433)	(432)
Increase Garden Waste Subscription	(65)	(65)	(65)
Investment Sites	(133)	(335)	(335)
Council Tax Increase – 1.99% 21/22, 22/23 & 23/24	(146)	(298)	(453)
NET DEFICIT / (SURPLUS)	0	1,117	1,178

47. The Market Walk development has notably improved the town centre, providing new jobs and delivering on the council's ambition and vision to regenerate the town centre. The total net income (after borrowing) from the Market Walk site is estimated at £851k in 2022/23.
48. All 65 **Primrose Gardens** apartments are now occupied. In pursuing this Corporate Strategy project, the council has supported people to live independently whilst receiving the care and support needed to enjoy later life whilst generating a net income of approximately £129k for the council.
49. The £8.5m investment in **Strawberry Fields Digital Office Park** had reached 40% occupancy prior to the Covid-19 pandemic. Since then the council has managed the site as efficiently as possible including:
- renegotiating with the European Regional Development Fund (ERDF) additional flexibility as to the mix of tenants the council were eligible to attract to the site;
 - utilising the remaining capital budget to reconfigure the internal floor area to maximise interest from potential tenants

There remains significant interest in the site with 100% of office space now taken, and the budget forecasts a gradual increase in income, beginning with a break-even position in 2022/23 and then rising to a net income to the council of £124k for 2023/24 onwards.

50. On 23 July 2019 Full Council approved the £33m purchase of the **Logistics House** site in Buckshaw. The council leases the building back to the current tenant via a wholly owned company with an expected net income, after borrowing costs, of £434k. The council set aside the initial net income in 2020/21 to create an income equalisation reserve that will be used to manage any budget implications of the site becoming vacant; the income equalisation reserve is still available.

ADDITIONAL INVESTMENT IN CORPORATE PRIORITIES

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

Investing in corporate priorities 2021/22

The council allocates significant revenue investment to deliver corporate strategy priorities through a programme of diverse activities. 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.

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



£1.6m capital budget to continue the improvements to Astley Hall that offers a high quality, sustainable visitor attraction with the site already successfully hosting the Speaker's Conference during 2021.

£400k to fund our large commissions which have delivered crucial third sector support to residents against key priorities during the building back better Covid-19 recovery.

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



£85k to continue to sustain key bus routes in the borough to mitigate the impact of county wide cuts, ensuring that residents can access all areas of the borough.

£100k to support planning applications that has enabled the council to defend locally made decisions.

£60k to continue to support vulnerable individuals through funding for the social prescribing team with over £100k of match funding from the NHS.

Clean, safe and healthy homes and communities



£100k which has funded crucial works to the council's CCTV operations centre to ensure continued safe neighbourhoods and communities.

£120k to contribute to running of the Youth Zone including outreach work.

A strong local economy



£500k to remove the asbestos and demolition of the bingo hall to make way for public realm works in the town centre making the town centre an even better place to live and work.

Continued support to local businesses with over £200k set aside to deliver a refreshed package of support and grants that will be created to support local economic recovery

Investment Priorities 2022/23

In 2022/23 the Council will allocate a further £0.9m of revenue investment and will continue to deliver its £56m capital programme to drive forward ambitions for economic growth and ensure that Chorley is an even more attractive place to live, work and invest with high quality recreation grounds, health services and business development.

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

The council has invested heavily in recent years to upgrade and improve play areas and open spaces that it owns. Many play areas across the borough are owned by others but need improving. We will **create £200k of grant funding** to make improvements in other areas across the Borough, supporting our young people, health and wellbeing and local areas.

Check Out Chorley helps visitors discover and explore the many things to do in and around the borough, **we will create a £30k fund** to refresh Check Out Chorley to ensure visitors continue to see Chorley as a great visitor destination.

A strong local economy

The council has long-supported local businesses through support, advice and grants. As the economy recovers from the pandemic, **we will invest a further £200k** in a refreshed and refocussed package of support and grants for businesses.

As the economy and jobs market changes, there are areas across the council where recruitment is difficult. **We will invest £200k** to 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 employment.

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

The council has already undertaken significant work to address climate change and achieve our commitment of being a carbon neutral council by 2030. £500k was set aside last February and work undertaken to develop a climate change strategy, tree planting and awareness raising. To maintain this commitment and maintain the climate fund at £500k, **a further investment of £240k will be made.**

The council will support communities to celebrate the Queens Jubilee by **creating a £30k events fund**

Clean, safe and healthy homes and communities

The council will continue to improve local play and community facilities across the borough with an **investment of £2.7m and an additional £74k** to deliver improvements at Milestone Meadow.

Affordable housing remains a key priority for the council and in 22/23 there will be an **investment of £0.9m** to support the delivery of affordable housing.

The council has made significant improvements to our leisure centres over the last year, **in 22/23 we will invest £2m as a continued commitment** to improve our leisure centres.

Key capital investment for improved public services

Tatton Gardens Extra Care Scheme – £16m to deliver another extra care scheme for the borough, a new community centre and GP surgery for the area.

Strawberry Meadows – £11.4m to deliver light industrial units for business use to drive forward local economic growth.

Whittle Health Hub – £3.5m of investment to develop a new GP surgery which will be modern and high-quality health facility for Whittle-le-Woods.

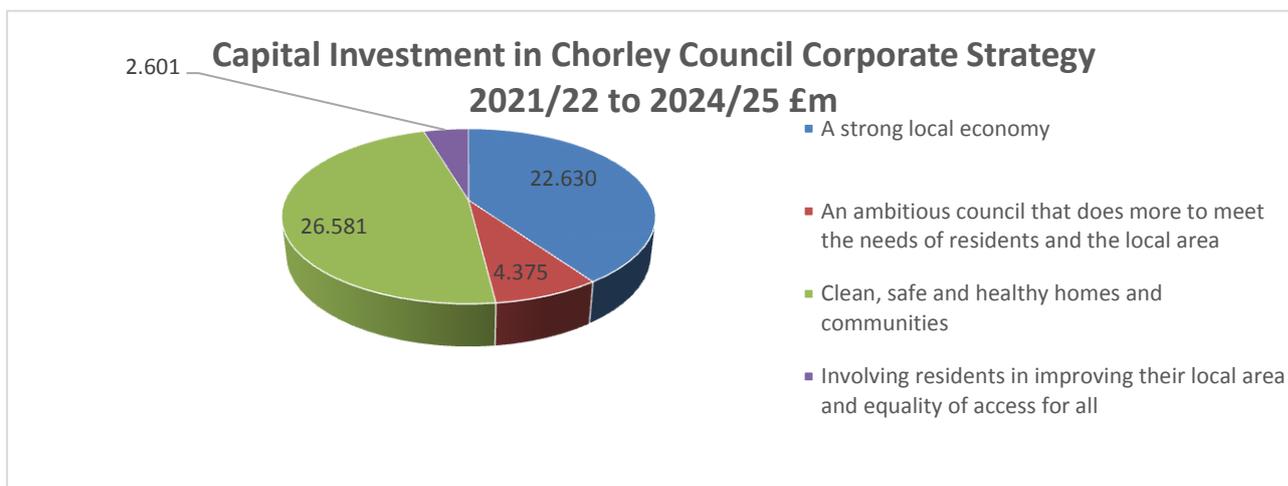
Council Accommodation improvements – £1.3m to deliver improvements in line with the principles of the workplace strategy and enabling a more modern organisation that can respond to customer expectations.

Medium Term Financial Planning and Transformation Strategy

52. Despite the budget savings identified in this report, as outlined above at point 46, there remain large forecast budget deficits of £1.117m in 2023/24 and £1.178m in 2024/25. The council's medium-term plans to reduce the budget deficits are outlined in the Medium Term Financial Strategy 2022/23 to 2024/25 at **Appendix C**.
53. 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 2021/22 to 2024/25

54. Details of the capital programme, including new capital investment, are outlined in **Appendix G1**. The capital programme for 2021/22 to 2024/25 totals **£56m** and is an indication of how ambitious the council is in delivering its Corporate Strategy and the priorities within it.
55. A breakdown of the capital programme is detailed below;

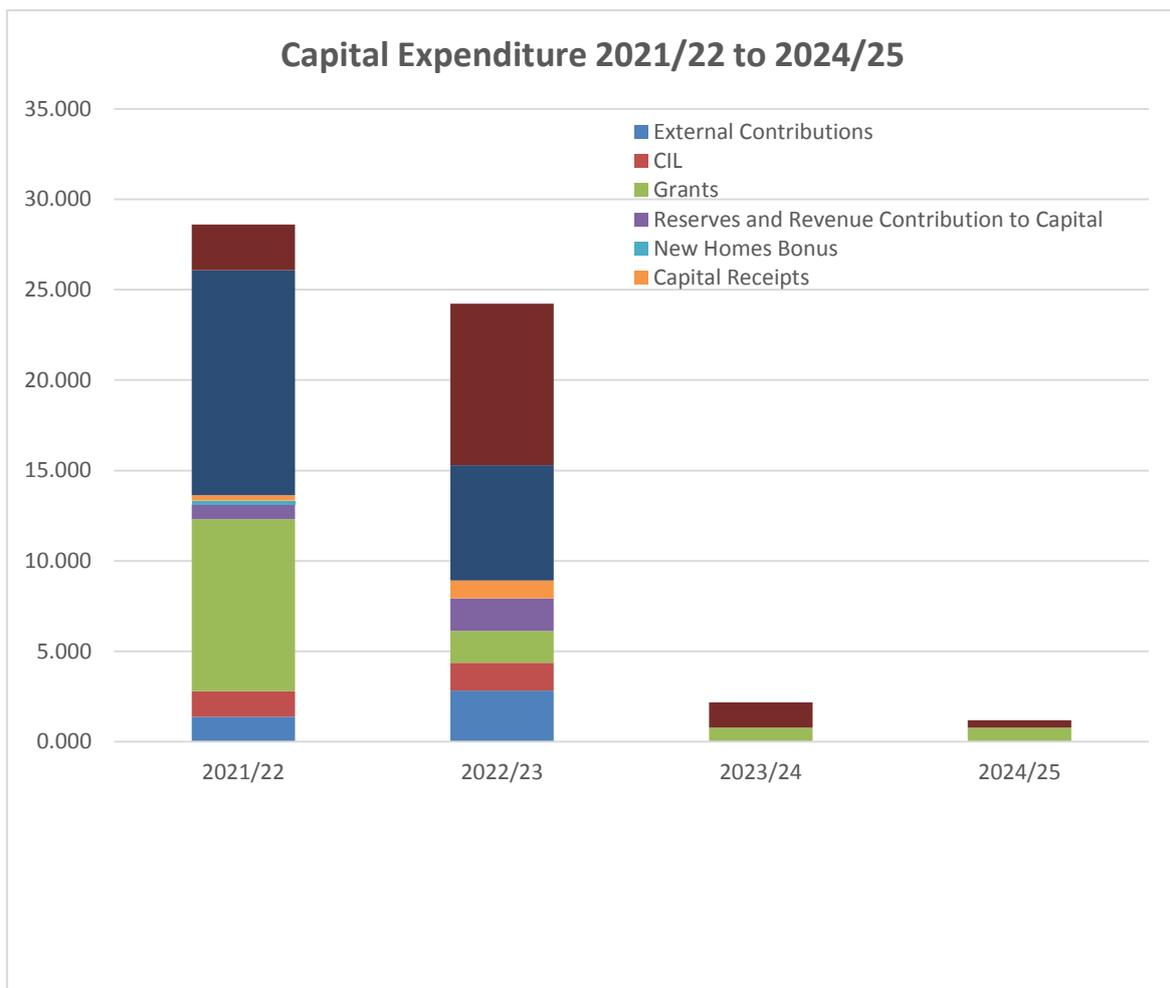


56. Chorley Council continues to invest through its capital programme to deliver on its ambitions. This will include:
- Improving local health services, including the **new Whittle GP surgery and Tatton Gardens**.
 - Improving and **transforming the leisure centres** to encourage our residents to be active and healthy.
 - Continuing to **support local service centres and local businesses**
 - Driving **economic development and delivering income generation** through the Strawberry Meadows development
 - Supporting our **town centre** through the town centre masterplan
57. 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

58. The financing of the capital programme for the period 2021/22 to 2024/25 is set out in **Appendix F2** to the budget report and summarised in the proceeding chart.



59. 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 upcoming £16.1m Tatton scheme, the £11.4m development at Strawberry Meadows, the £1.5m budget for purchasing affordable housing and the £3.5m development of the new GP surgery in Whittle-le-Woods.

60. The council will invest at least £4.2m 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**

61. **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

62. This paper outlines the Executive's budget proposals for 2022/23 which are:
- A balanced budget made possible by efficiency savings and increased income delivered over the course of 2021/22;
 - A balanced budget set against a backdrop of uncertainty surrounding government funding reforms for local government, expected to be implemented for 2023/24;
 - A balanced budget that through the successful delivery of successive financial strategies to date, has provided for approximately £0.9m of revenue investment packages in 2022/23 budget;
 - Investments are to be made in key areas to support the Corporate Strategy:
 1. Involve Residents in improving their local area and equality of access for all;
 2. Clean, safe and healthy communities;
 3. An ambitious council that does more to meet the needs of residents and the local area;
 4. A strong local economy.
 - 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**
63. The MTFS at **Appendix C** contains the updated budget forecasts to 2024/25 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 **£1.178m** and the MTFS sets out options that can be considered to bridge this gap and thereby strengthen the council's financial position over the longer term.
64. 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 the scheduled Fair Funding review, changes to the business rates system 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 generate further efficiencies as set out in the MTFS at **Appendix C** of this report.
65. The contents of this report are supplemented with additional reports, policies and statements to provide further details as referenced below:

Appendix A	Formal Council Tax Resolution 2022/23 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 2022/23 to 2024/25
Appendix D	Cumulative Budget Deficit & Budget Strategy 2021-22 to 2024-25
Appendix E	Analysis of movement in the 2022/23 Budget from the position approved by Council in February 2021
Appendix F1	Capital Programme 2021/22 to 2024/25
Appendix F2	Capital Programme Financing 2021/22 to 2024/25
Appendix F3	Developer's Contributions 2017/18 to 2024/25
Appendix G	Capital Strategy
Appendix H	Treasury Management Strategy 2022/23 to 2024/25
Appendix H1	Advice of Treasury Management Consultants
Appendix I	Pay Policy 2022/23
Appendix J	Budget Consultation 2022/23
Appendix K	Assessing the Impact of 2022/23 Budget Proposals

IMPLICATIONS OF REPORT

66. 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.
67. 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.
68. 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

69. 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

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

Risk

71. There are no immediate risks associated with this report however not approving the final budget report in February 2022 would risk the council being unable to finance its future commitments to its corporate priorities.

Comments of the Statutory Finance Officer

72. The financial implications are detailed within the text above but to clarify, all proposals are funded and can be accommodated within the 2022/23 budget. It should be noted that the report does contain several assumptions on some future budget elements and on the final out-turn position for 2021/22. Should any of the assumptions or figures change due to unforeseen circumstances arising before 31st March 2022, the financial position will be reviewed and reported.
73. The financial implications of the above report are detailed in the report and furthermore in the *Medium Term Financial Strategy 2022/23 to 2024/25* at **Appendix C** and the *Chief Finance Officer's Report* at **Appendix B1**.
74. Consideration is given in **Appendix G – Capital Strategy** to the risks and opportunities within the council's capital programme.

COMMENTS OF THE MONITORING OFFICER

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

COMMENTS OF HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

76. HR will support the implementation of the budget proposals in relation to any changes to staffing resources in line with corporate policy and legislation.

COMMENTS OF TRANSFORMATION AND PARTNERSHIPS

77. The potential equality implications of the proposal contained within this report are set out in **Appendix K** and should be considered as part of the decision-making process.

LOUISE MATTINSON
DIRECTOR OF FINANCE (s151 OFFICER)

Report Author	Ext	Date	Doc ID
Louise Mattinson		14 February 2022	