

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet	19 January 2023

Draft 2023/24 Budget Update

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

1. The report sets out the draft budget position for the council for 2023/24 and the forecast for 2024/25, reflecting the information contained within the Provisional Local Government Financial Settlement announced on 19th December 2022.
2. The draft budget position is published for consultation every year by the council. The figures in the report are subject to receipt of the Final Local Government Financial Settlement announcement which is due from Government in late January/early February 2023.

Recommendations to Informal Cabinet

3. That Members agree the contents of this report in order to start the budget consultation process as follows;
 - A proposed 1.99% increase in council tax in 2023/24 with no proposed cuts to services;
 - A forecast balanced budget for 2023/24, based on a 1.99% increase in council tax as noted above;
 - A forecast budget shortfall for 2024/25 which will continue into 2025/26, to be addressed through the development and delivery of the council's Transformation Strategy and savings programme;
 - To note the proposals in the report for investment in the Labour Administration's priority areas.

Reasons for recommendations

4. The council wishes to set out its budget proposals and consult on them with residents.

Other options considered and rejected

5. None, this is the draft budget and alternative budgets may be considered as part of the final budget proposal.

Executive summary

6. The Provisional Local Government Financial Settlement for 2023/24 was announced on 19th December 2022, with information regarding specific elements of funding and grants issued in the week thereafter. The settlement contained information regarding funding levels and council tax increases for 2023/24 and, for a number of funding streams, information on their expected levels in 2024/25. Based on this information, the budget forecast for 2023/24 and 2024/25 have been updated as follows:
- The Medium Term Financial Strategy (MTFS) presented to Finance Council in February 2022 assumed an increase in council tax of 1.99% in 2023/24. However within the recent settlement announcement, Government confirmed a council tax increase limit for district councils in 2023/24 of 3%; this is an increase from the 2% limit set in previous years. 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% as previously proposed;
 - The MTFS in February 2022 also assumed an increase in council tax of 1.99% for 2024/25. In line with the Government's announcement in the Provisional Settlement that the 3% limit would also be extended to 2024/25, the MTFS has been revised to reflect this increase, although as required, this assumption will be revisited next year and will be subject to future decision dependent on the outcome of future Government funding announcements;
 - The figures reflect continued investment in ongoing revenue budgets to ensure the delivery of corporate strategy priorities;
 - A capital investment of over £23.5m is included in respect of corporate priority projects over the 3-year period;
 - The figures reflect the corporate strategies and decisions taken by the council to date to reduce the budget deficit over the medium term.
7. Consultation on the proposed budget for 2023/24 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. The feedback will be used to frame the allocation of resources and investments, and the results will be analysed and published in February for consideration as part of the council's final budget.

Corporate priorities

8. The report relates to the following corporate priorities:

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

Background to the report

9. A In presenting the draft budget position for 2023/24 it is important to review the context within which this has been developed, and how the budget and financial risk have been

managed to date to ensure that costs remain controlled and savings generated, whilst investment has been made in service delivery to the residents and businesses of the borough.

Local Government Funding Uncertainty

10. The council's funding levels have fallen from over £17m in 2016/17 to approximately £14m in 2023/24 despite increasing costs and demand pressures for services.
11. Uncertainty remains around the council's future funding streams, as the Government's recent announcement was for a one-year financial settlement for 2023/24 rather than the expected multi-year settlement stated earlier in the year.
12. The Provisional Local Government Settlement announced on 19th December 2022 therefore represents a 'holding position' for the next two years until the next Parliament and is aimed at providing stability in the short term for local government finances. By ruling out a business rates reset or a fair funding review over this period the funding distribution will remain fairly stable, however longer term the questions remain about the future funding system.

Economic Uncertainty

13. Against this backdrop of future funding uncertainty, and whilst emerging from the Covid-19 pandemic, the council, its residents and businesses are now facing significant economic challenges with escalating utility costs, soaring increases in inflation to levels not seen in over 40 years, and a cost of living crisis.

Budget Management and Investment

14. Although the council has continued to experience unfunded inflationary increases in staffing and non-staff costs, it has been ambitious in its approach to meeting the budget deficit over the years by realising efficiency savings and generating additional income.
15. Costs have successfully been controlled whilst the provision of high-quality services that are expected by residents and businesses have continued. The council achieves this by continually reviewing its budgets and contracts, by delivering efficiencies and by realising savings such as those achieved through the exploration of, and investment in alternative delivery models, including sharing services with South Ribble Borough Council.
16. 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.
17. Examples of the successes in this approach to date are;
 - The investment in the **Market Walk Shopping Centre** - the investment generates approximately £834k 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 £327k 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 £131k 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. To mitigate financial risk, the council set aside an initial £450k of net income in 2020/21 to create an income equalisation reserve that can be used if necessary, to manage any potential budget implications of the site becoming vacant.

18. Examples of new developments that continue to support this strategy are;

- **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 £310k 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 £74k per year for the council.

Council Tax Increases

19. 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 in **Table 1** below:

Table 1:

	Band D Equivalent 2022/23 £
Preston	333.63
Burnley	318.49
Rosendale	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
Chorley	199.66*
Ribble Valley	160.69

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

20. The council remains 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.

Investing in Corporate Priorities

21. 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.

Investment in 2022/23

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

- 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 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 employment.

Investment in Priorities 2023/24

23. The Council has invested in services and delivered positive outcomes for residents in a time of significant disruption, supporting a positive recovery from the pandemic and creating opportunities for residents. 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
- Health, safe and engaged communities

24. From across the capital programme, revenue budgets and specific ear-marked reserves, this budget will invest in activity that will continue to drive forward priorities and key projects to achieve the vision for Chorley to have strong communities, a resilient economy, excellent services and a greener future.

Housing where residents can live well

- £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

Health, 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 communities

2023/24 BUDGET DEVELOPMENT

25. The draft budget has been developed in line with the achievements, decisions and actions taken by the council to date as outlined above. 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.
26. The key components of the draft 2023/24 Budget and MTFS, and the assumptions and information on which they are based, are detailed below.
27. A key contributory factor in the development of the draft 2023/24 Budget and MTFS for the following 2 years is the Local Government Finance Settlement, through which Government sets out the funding it will make available to local authorities along with the parameters within which other sources of income, Council Tax and Business Rates, can be raised.
28. The fact that again we have only received a one year settlement has exacerbated the uncertainty and 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 but within this financial context we are developing the MTFS.

Provisional Local Government Finance Settlement

29. The Provisional Local Government Finance Settlement 2023/24 was published on 19 December 2022 and the implications of this are outlined below, along with details of the planning assumptions provided by Government for the 2024/25 local government financial settlement.

Business Rates

30. The Provisional Settlement confirmed that the Lancashire Business Rates Pool will be able to continue in 2023/24 and also into 2024/25. As a member, Chorley Council benefits from additional business rates income of approximately £0.86m per annum as a result of being in 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

31. Whilst it had been announced last year that funding from New Home Bonus (NHB) would discontinue in 2023/24, the provisional 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, nor do the 2023/24 allocation have any legacy payments in the future. Reflecting prior announcements of its withdrawal, no further NHB allocations have been assumed beyond 2023/24.

Council Tax

32. The Provisional 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.

33. 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

34. 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 31 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, although including increases in the council tax base from information provided to Government back in September 2022. In 2022/23 the council received £506k of funding from this grant.

Services Grant

35. The level of this grant has been reduced, in part due to the cancellation of the previously announced increase in National Insurance Contributions from 1st 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 £0.114m 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 cease beyond 2023/24.

Minimum Funding Guarantee

36. 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 £1.151m 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.

EXEPNDITURE

Pay Award

37. 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.

38. 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.
39. 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

40. 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 31st March 2022, however since 31st 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.
41. 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 Utilities Increases

42. 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. Following the announcement of the household energy price cap, CPI forecasts have been revised with full year estimates of 9.1% for 2022, 7.4% for 2023 and a reduction down to 0.6% in 2024.
43. 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

44. In the last Revenue Monitoring report presented to the Executive Cabinet in November 2022 for Quarter 2 - the 6 months to 30th September, a forecast overspend for the financial year of £0.287m was reported primarily 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. The position continues to be refined as we finalise the Quarter 3 Monitoring report. A review of earmarked reserves will also be undertaken to ensure reserves deliver investment in priority areas.

Balancing the Budget in 2023/24

45. **Table 2** below presents the movement in the forecast of the Budget Gap for 2023/24 and 2024/25 from the figures that were presented in the 2022/23 Budget and MTFS approved at Finance Council in February 2022. The figures reflect an updated position based on the information provided in the Provisional Local Government Settlement announced on 19 December 2022, the work undertaken in developing the draft budget to date, and the assumptions made within this, of which the key assumptions are noted in the report.

Table 2: movement in the forecast of the Budget Gap for 2023/24 and 2024/25

	<u>2023/ 2024</u>	<u>2024/ 2025</u>
Budget Deficit – as reported to Finance Council Report in February 2022	1,117	1,177
Cost pressures		
Increase in Utility costs	426	511
Provision for support in addressing the cost of living crisis (including potential support for leisure services)	418	418
Other cost pressures	79	68
Increase in External Audit Fees	100	100
Additional provision for inflation	201	206
Salary related cost pressures and adjustments		
Recurring cost of unfunded Pay award in 2022/23 and provision for Pay award in 2023/24 (5%) and 2024/25 (5%)	962	1,344
Impact of Pension Triennial Actuarial Valuation	(327)	(344)
Reversal of NIC increases following the Government's Mini Budget in September 2022	(73)	(73)
Savings and additional income streams		
UK Shared Prosperity Fund – match funding	(599)	(599)
Savings achieved and additional income (including the updated car parking strategy, increases in rental income and proposed increases in fees and charges)	(311)	(611)
Funding announced in the Provisional Local Govt Finance Settlement		
Services Grant	(114)	0
New Homes Bonus	(297)	0
Minimum Guarantee Grant	(1,151)	(1,151)
Treasury Management and Revenue Costs of Capital		
Minimum Revenue Provision adjustments – (reflecting additional external financing secured during the year, and slippage in the capital programme)	(359)	381
Proposed increase in Council Tax		

An increase of 1.99% in 2023/24 is already included in the MTFS that was presented to Finance Council in February 2022.		
The proposal for an increase of 2.99% in 2024/25 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	0	(70)
Utilisation of Reserves	(72)	0
Total Forecast (Surplus) / Deficit	0	1,357

46. *It should be noted that some of the assumptions are still subject to change, for example following the announcement of the Final Local Government Financial Settlement, which may impact positively or negatively on the budget.*

Medium Term Financial Planning and Recommendations to Close the Budget Gap

47. As detailed in **Table 2** above, although a balanced budget position can be achieved for 2023/24, subject to increasing council tax by 1.99%, despite the budget savings realised and additional income secured to date, a forecast budget deficit remains in 2024/25 of £1.357m which unless addressed, will be carried forward into 2025/26.
48. 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 assumptions (e.g. future pay awards) which may change over the period.

Future Savings

49. 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.
50. 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. 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.

Transformation Strategy

51. The Transformation Strategy will be refreshed and refined to enable the continual improvement of services and performance while 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 or workforce over the period.

Reserves

52. For several years now the council has made ambitious investments to help enable the delivery of a balanced budget. However, the council has also ensured 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 **Table 3** below.
53. These reserves are necessary to mitigate the financial impact of the uncertainty that the council faces, such as the reforms to future funding levels, the impact of unforeseen cost pressures during the period due to global financial instability, inflationary increases and the escalation of utility costs and the impact of the cost of living crisis on the residents and businesses of the borough.
54. Reserves provide the facility to manage budget shortfalls in the short term whilst planned savings are realised. The expected balance of these reserves at the beginning of 2023/24 is as follows;

Table 3: Forecast Reserve Balances

	2023/24
	£m
General Fund Reserve	3.853
<i>Reserves - Income</i>	
Market Walk Income Equalisation Reserve	0.502
Logistics House Income Equalisation Reserve	0.450
Business Rates Grants	-
Business Rates Retention Reserve	1.415
Total Reserves - Income	2.367
<i>Reserves - Other</i>	
Income Generation Reserve	0.261
Change Management Reserve	0.209
Market Walk Asset Maintenance	0.104
Support to Local Businesses	0.395
Capital Financing	0.270
Planning Reserve	0.203
Brexit	0.035
Elections	0.064
ICT	0.140
Green Agenda	0.204
Covid-19 Reserve	0.300
Other	0.689
Total Reserves – Other	2.874
TOTAL RESERVES	9.094

55. Details of the more significant reserve balances are as follows;

Income Reserves

- 56. The council has set aside over £500k to manage any one-off reductions in income from Market Walk;
- 57. The council has set aside £1.4m to manage any one-off reductions in business rates such as unbudgeted changes to valuations or the implementation of future expected Government reforms. This represents over 25% of the forecast business rates due to the council for 2023/24.

Other Reserves

- 58. 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 £209k reserves to manage any one-off costs of implementing changes to staffing structures.
- 59. 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 including the additional reserves that are set aside to fund unexpected maintenance on the Market Walk site of £104k.
- 60. The council continues to support its local businesses with £395k 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.
- 61. The council will continue to set aside funds to obtain greater influence around planning decisions. The council has set aside a reserve that stands at £203k to support the council to defend locally made planning decisions.
- 62. The council set aside £500k of reserves in 2022/23 to implement its Green Agenda with £296k already committed to date. Use of this reserve includes investment in planting trees as well offering free trees to residents. The council will utilise the reserve to continue its ambition to become carbon neutral by 2030. Reducing the carbon footprint is a national and global issue; the council will seek to attract support and funding from our partners, including the Government, to assist in achieving this priority objective.

General Reserves

- 63. The council is forecast to hold £3.853m in general funds, which represents approximately 25% 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.

Capital Programme

- 64. This report has addressed the draft revenue budget of the council. Implicit in this however, and the investment programme set out above, are financial implications for the capital programme. There is an ambitious capital programme with approximately £23.5m of investment over 2023/24 and the MTFS period.

Climate change and air quality

65. The budget set aside in this report, as outlined in point 62 above, will continue to support the council's future ambition to become carbon neutral by 2030.

Equality and diversity

63. Consultation will be undertaken regarding this budget with IIAs reported with the full budget report

Risk

64. There are no immediate risks associated with this report however if the final report is not approved in February 2023 risks the council unable to finance its future commitments towards its corporate priorities.

Comments of the Statutory Finance Officer

65. The financial implications of the above report are all contained within the text above but to clarify, all proposals are funded and can be accommodated within the 2023/24 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 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.

Comments of the Monitoring Officer

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

There are no background papers to this report

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