

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet  Overview and Scrutiny Committee	23 January 2025  30 January 2025

## Draft 25/26 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 2025/26 and the forecast for 2026/27, reflecting the information contained within the Provisional Local Government Financial Settlement announced on 18 December 2024.
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 early February 2025.

### Recommendations to Executive Cabinet

3. That Members agree the contents of this report in order to start the budget consultation process as follows:
  - A proposed 2.99% increase in council tax in 2025/26;
  - A forecast balanced budget for 2025/26 (based on a 2.99% increase in council tax, as noted above);
  - A forecast budget shortfall for 2026/27 of £1.932mill, to be addressed through the development and delivery of the council's Fit for the Future transformation programme, although it is acknowledged that a significant level of uncertainty prevails around this figure following publication of the 'Local Authority Funding Reform: Objectives and Principles' consultation paper, which outlines the government's intent to redistribute funding through a fair funding review and business rates reset;
  - To note the proposals in the report for investment in the Administration's priority areas.

## **Recommendations to Overview and Scrutiny Committee**

4. The Committee is asked to comment and feedback on the draft budget position for the council 2025/26.

## **Reasons for recommendations**

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

## **Other options considered and rejected**

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

## **Executive summary**

7. The Provisional Local Government Financial Settlement for 2025/26 was announced on 18 December 2024 containing information regarding funding levels and council tax increases for 2025/26. Based on this information, the budget forecast for 2025/26 has been updated as follows:
  - The Medium Term Financial Strategy (MTFS) presented to Finance Council in February 2024 assumed an increase in council tax of 1.99% in 2025/26, however the Provisional Settlement confirmed a maximum council tax increase limit for district councils of the higher of 3% or £5, which government have assumed will be applied when they have calculated the Funding Guarantee/Floor Grant due to the council in 2025/26 (i.e. the grant provided to councils to ensure that they receive a minimum 0% increase in their Core Spending Power in 2025/26). Therefore, in line with government assumptions, it is proposed to increase council tax by 2.99% in 2025/26, which equates to a 12p per week increase on a Band D property for the Chorley Council element of the council tax charge.
  - The Provisional Settlement has made no reference to the council tax limits to be applied in 2026/27 however, based on the above, the MTFS reflects a 2.99% increase in line with the level of increases in 2024/25 and 2025/26; 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 £59.6m is included in respect of corporate priority projects over the 3-year period, 2025-2028;
  - The figures reflect the corporate strategies and decisions taken by the council to date to reduce the budget deficit over the medium term.
8. Consultation on the proposed budget for 2025/26 will commence following approval of the proposals by Executive Cabinet. The consultation will invite responses from residents, partners, parish groups, businesses 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

9. The report relates to the following corporate priorities:

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

## Background to the report

10. In presenting the draft budget position for 2025/26 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 have been generated, whilst investment has been made in service delivery to the residents and businesses of the borough

## Local Government Funding Uncertainty

11. The 2025/26 Local Government Finance Settlement is for one year only and is based on the 2024 Autumn Budget & Spending Review and the 28 November Policy Statement.

12. This is the seventh consecutive one-year local government finance settlement. The government has stated their intention to deliver a multi-year settlement for 2026/27, aligned to the timescale of the planned Spending Review (presumably two or three years), and embodying a broad reform of the system for allocating resources.; as such the settlement for 2025/26 is seen as another 'stop-gap settlement'.

13. The Provisional Settlement for 2025/26 contains significant elements of continuity;

- Council tax referendum principles continue much as before;
- New Homes Bonus continues in its present form, for one more year only;
- Other major elements are updated, as usual, by inflation measures;
- Once again, there is a funding guarantee (now called Funding Guarantee/Floor), but this year operating only at flat cash basis for Core Spending Power.

14. The proposals for 2025/26 show the intent towards some of the new government's priorities for the local government finance system: adult and children's social care funding, constrained council tax increases, grant consolidation into the main settlement and an increased emphasis on deprivation which will be addressed in the consultation paper on future finance reform, which has been published in parallel with the Provisional Settlement.

15. As such, uncertainty remains around the council's future funding streams beyond 2025/26, inhibiting the development of a longer term financial strategy. The projections for, and assumptions underpinning, the MTFS for 2026/27 and beyond must therefore be kept under regular review.

## Budget Management and Investment

16. Although the council has continued to experience unfunded demand and inflationary pressures in staffing and non-staffing costs, it has been ambitious in its approach to meeting the budget deficit over the years by realising efficiency savings.

17. Whilst costs have successfully been controlled, the provision of high-quality services that are expected by residents and businesses remains. 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.
18. 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.
19. Examples of new developments that continue to support this strategy are:
  - Investment through the Levelling Up scheme in affordable housing, public infrastructure and community space
  - Investment in our leisure centres;
  - Investment in Astley Hall
  - Investment in our parks and playgrounds;

### Council Tax Increases

20. Through effective management of its budget, Council Council has been able to maintain a comparatively low level of council tax in Lancashire as demonstrated in **Table 1** below:

**Table 1:**

	<b>Band D Equivalent (excl Parish Precepts) 2024/25 £</b>
Preston	353.87
Burnley	337.82
Rosendale	308.44
Pendle	298.59
Hyndburn	268.43
Lancaster	256.63
West Lancs.	231.65
South Ribble	229.91
Wyre	226.31
Fylde	225.43
<b>Chorley</b>	<b>209.72</b>
Ribble Valley	170.69

21. 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

22. 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 2024/25**

23. The council allocates significant revenue and capital investment to deliver corporate strategy priorities through a programme of diverse activities. In 2024/25 these activities were designed to support businesses and progress activity to increase jobs and skills, to establish key assets for the future and to respond to the needs of communities by enhancing essential services and facilities.
24. During the last twelve months, the council has invested in a range of activity to support our residents, businesses, and communities. Some examples of this include:
- **Supporting housing where residents can live well** by refreshing our Housing Strategy and Homelessness Strategy, working to improve housing standards across the borough, and delivering the home energy support scheme to offer energy saving measures to residents struggling with energy costs.
  - **Supporting our local economy** by delivering a jobs and skills programme and developing a plan to encourage visitors to the borough.
  - **Creating a green and sustainable borough** by installing new bus shelters, including those with 'living roofs' to encourage biodiversity, delivering a programme of improvements to the bus station, achieving eight Green Flag Awards for our parks and open spaces, and planting 151,780 trees.
  - **Supporting healthy and safe communities** through our social prescribing service, expanding this to family and early years to provide supported access to housing, finance and wellbeing support, alongside delivering a Health and Wellbeing Programme including a healthy weight programme. We have also looked to tackle anti-social behaviour through an action plan including working with our partners, and a programme of activities for young people in the school holidays.

### **Investment in Priorities 2025/26**

25. The Council will continue to invest in services and to deliver positive outcomes for residents. From across the capital programme, revenue budgets and specific earmarked reserves, this budget will invest in activity that will continue to drive forward priorities and key projects to achieve the vision for Chorley Council to be a listening, engaging and responsive Council that makes the best use of its resources to enable every person and community to thrive and live well in a green, sustainable and healthy environment.
26. The Council refreshed its Corporate Strategy in November 2024 to set out its key priorities for the borough. Some of the areas of investment are set out below, to be funded from a mixture of external funding, revenue and capital budgets:

#### **Housing where residents can live well**

- £837,700 to create temporary accommodation to help larger families who are experiencing homelessness, alongside reviewing supported housing and rough sleeper provision.
- £32,400 to improve access to social housing by working with the Select Move partnership to support people trying to access social rented homes.

### A green and sustainable borough

- £308,000 to carry out renovations to the West Wing of Astley Hall and support the ongoing preservation of our heritage assets
- £1.56 million to create the infrastructure for weekly food waste collections, which will be required by the reforms being introduced by central government to reduce the impact of food waste on climate change.

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

- £331,000 to implement a targeted business grants programme to encourage growth and expansion of new and different types of business in the borough.
- £215,700 to progress the delivery of the Central Lancashire Local Plan to ensure sustainable development and investment opportunities that meet local needs.
- £14,200 to implement the recommendations from the destination management plan to promote Chorley as a great place to visit and encourage visitors to the borough.
- £44.48 million to deliver town centre transformation to regenerate Chorley town centre and create community and multiuse spaces for leisure, business, accommodation and employment.

### Healthy, safe and engaged communities

- £47,000 to support Chorley's voluntary and community sector organisations to extend support in our communities.
- £3.65 million to deliver the refurbishment of All Seasons Leisure Centre to enhance local facilities for residents.
- £74,700 to continue to deliver the cost-of-living action plan to provide a range of ongoing interventions around food, fuel poverty, debt and housing.

## 2025/26 Budget Development

27. 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 high levels of inflation, utility costs and 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.
28. The key components of the draft 2025/26 Budget and MTFs, and the assumptions and information on which they are based, are detailed below.
29. A key contributory factor in the development of the draft 2025/26 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.

30. The fact that yet 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 2026 with any degree of confidence in the underlying assumptions. It is within this financial context that we have developed the MTFS.

### **Provisional Local Government Finance Settlement**

31. The Provisional Local Government Finance Settlement 2025/26 was published on 18 December 2024 and the implications of this are outlined below.
32. Alongside this, the government published their 'Local Authority Funding Reform: Objectives and Principles' consultation, seeking views on the approach to determining new funding allocations for local authorities for 2026/27 and beyond. This covers:
- guiding objectives and principles;
  - measuring differences in demand for services and the cost of delivering them;
  - measuring differences in locally available resources;
  - New Homes Bonus;
  - implementing changes and keeping allocations up-to-date;
  - ways government can reduce demands on local government to empower delivery for communities, and;
  - sales, fees and charges reform
33. As such, it has been difficult to produce planning assumptions for the MTFS for 2026/27 and beyond as so much is expected to change over the course of the coming 12 months.

### **Business Rates**

34. The Provisional Settlement confirmed that the Lancashire Business Rates Pool will be able to continue in 2025/26; there is no mention as to whether this will continue into 2026/27. As a member of the pool, Chorley Council is estimated to benefit by approximately £1.215m from additional retained business rates income in 2025/26.
35. As part to the governments planned funding reforms to be undertaken over the course of 2025/26 for implementation in 2026/27, they have set out their intention to deliver a 'Reset' of the Business Rates Retention System as was originally intended when the previous government established the system. The Reset will move business rates income retained by local authorities to those places who are determined as most in need. Whilst business rates income will be allocated based on an updated 'needs' assessment, the intention is that the Business Rates Retention System will continue to reward local authorities for local business rates growth.
36. In light of the above, in the absence of any further information regarding Business Rates Retention reform, it is assumed that the Business Rates Pool will cease in 2026/27.

### **New Homes Bonus**

37. The Provisional Settlement confirmed that the New Homes Bonus (NHB) will continue for a further year as a one-year award using the standard methodology used in previous years; £0.052k for 2025/26 (2024/25 - £141k).

38. MHCLG intends that 2025/26 will be the final year of the NHB in its current format. The Government is consulting on the NHB beyond 2025/26 as part of the 'Local Authority Funding Reform: Objectives and Principles' consultation paper issued alongside the Provisional Settlement on 18 November 2024.
39. In light of the above, and reflecting prior announcements of its withdrawal, no further NHB allocations have been assumed beyond 2025/26.

### **Council Tax**

40. The Provisional Local Government Finance Settlement confirmed a council tax increase limit for district councils in 2025/26 of up to 3% or £5 (whichever is the greater) on a Band D equivalent, which government have assumed will be applied when they have calculated the amount of Funding Guarantee/Floor Grant due to the council in 2025/26 (i.e. the grant provided to councils to ensure that they receive a minimum 0% increase in their Core Spending Power in 2025/26).
41. In line with government assumptions, it is proposed to increase council tax by 2.99% in 2025/26.
42. Within the MTFs, it is assumed that the increase in 2026/27 will again be 2.99% however the 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.

### **Services Grant**

43. The grant was introduced in 2022/23 and from which Chorley received an allocation of £203k. Although described as a 'one-off' grant it was provided again in 2023/24 at a reduced level of £119k, and again in 2024/25 at £21k.
44. The Provisional Settlement confirmed that this grant has been discontinued in 2025/26.

### **Funding Guarantee/Floor Grant (formerly - Minimum Funding Guarantee)**

45. The grant was introduced in 2023/24 and replaced the Lower Tier Services Grant and a proportion of the previous funding provided for New Homes Bonus legacy payments; the grant was 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 was applied, although stated after increases in the council tax base were applied). In 2024/25 this floor was increased to 4%.
46. For 2025/26 the Provisional Settlement has confirmed that the funding floor has been reduced to 0%, i.e. local authorities are guaranteed no reduction to their core spending power in 2025/26 in cash terms. This is far less generous than 2024/25, where not only was a 4% floor in place, but this excluded any assumed council tax rate increase; the calculation now assumes council tax will be increased by the maximum amount permissible (for a shire district council this is up to 3% or £5 (whichever is the greater) on a Band D equivalent).



47. The council has been allocated £1.170m in the Provisional Settlement for this in 2025/26 compared to £1.623m in 2024/25 and £1.147m in 2023/24.
48. Given that the grant is based on, and is subsumed within, the council's Core Spending Power, it has been assumed that this grant will continue into 2026/27.

### ***Recovery Grant***

49. This is a new, one-off grant worth £600 million and has been targeted at areas with greater need and demand for services, where MHCLG have used deprivation as a proxy for this, and less ability to raise income locally.
50. The Government has set out the methodology for the calculation of this which compares the relative size of a local authority's average Index of Multiple Deprivation (IMD) 2019 score and the relative size of a local authority's council taxbase. Only those where the former is larger than the latter are eligible for the grant.
51. For 2025/26, the council has received £187k.

### ***National Insurance***

52. In her Autumn Budget of 30 October, the Chancellor announced changes to the rate of Employers National Insurance; the threshold above which NIC will be paid wef 1 April 2025 will reduce from £9,100 to £5,000, and the actual rate to be levied will increase from 13.8% to 15%. The impact of these changes result in additional costs above those previously included in the MTFs for Employers NIC of £330k for 2025/26.
53. The Provisional Settlement outlined that £515m will be made available for support towards the increase in costs for local government. It noted that this will be based on the net current expenditure figures from the second release of Revenue Outturn (RO) data, published on 12 December 2024. The figures will be confirmed in the Final Settlement due in February 2025 however preliminary estimates calculate that the amount due to Chorley will be approximately £129k.

### ***Expenditure***

#### ***Pay Award***

54. At the time the 2024/25 Budget was approved, the negotiations for the pay award had not been agreed. As such a provision of 5% was included in the pay budget for 2024/25, however when the pay award was agreed in July 2024 it was for £1,290 per full time equivalent, for which no additional funding was provided. This equated to approximately 4% and thereby realised a saving against budget, on a recurring basis for 2024/25 and beyond, of approximately £0.178m.

55. Given the levels of inflation over the course of 2024, and the forecast for this moving forward, the pay award assumption for 2025/26 has been reviewed and has been revised to 3%; this compares to the amount of 2% included in the MTFs presented to the Council meeting in February 2024. The impact of this increase therefore broadly offsets the savings realised in the point above.
56. The MTFs assumes a 2% pay award for both 2026/27 and 2027/28 reflecting inflation forecasts.

## **Pension**

57. The triennial actuarial valuation of the Lancashire County Pension Fund was undertaken in 2022. The pension contributions for the three years 2023/24, 2024/25 and 2025/26 were based on these results which showed that the fund had had a strong performance over the 3 years through to 31<sup>st</sup> March 2022, albeit that since that date, with volatility in global financial markets, inflation and interest rates, the position has been more turbulent. Overall, the Chorley Council section of the fund has had a reduction in the financial contributions required, comprising:
  - an increase in the level of Employer Pension Contribution rates from 16.4% to 18.3% in each of the 3 years (i.e. a 1% increase results in approx. £115k of cost therefore can overall increase of £218k) however;
  - the annual cost of the repayment of the fund deficit reduced from £467k per annum to £0 in each of the three years.
58. The next triennial valuation will begin in 2025 with new rates to be applied for 2026/27, 2027/28 and 2028/29. The MTFs assumes that rates will remain at their current level of 18.3%.

## ***Inflation and Utilities Increases***

59. CPI rose by 1.7% in the 12 months to September 2024 (12 months to Sept 2023 – 6.7% and 12 months to Sept 2022 - 10.1%). This is the rate that the government uses as the benchmark for uplifting many allowances and charges each year such as pensions and benefits.
60. Inflationary uplifts to budgets are only provided on contracts where such uplifts are specific and contractually agreed; for other non-pay budgets, budget holders are expected to manage and absorb any additional costs in this regard. For utilities, inflationary uplifts have been assumed in line with the forecasts provided by utility specialist advisors.
61. The council will continue to support its wholly owned leisure services company in response to the increases in cost pressures such as staffing and utility costs over the past 3 years, and the impact of the economic situation on the level of income generated. This is on the basis that any intervention will be short term and that the cost to the council will reduce over the medium-term as the company develops its services to cover the majority of its own costs. In the 2024/25 budget the cost of support was £768k however this is expected to reduce by £199k in 2025/26.

## **Forecast outturn 2024/25**

62. In the last Revenue Monitoring report presented to the Executive Cabinet in November 2024 for Quarter 2 - the 6 months to 30<sup>th</sup> September, a forecast overspend for the

financial year of £0.209m was reported. This relates to many different factors with the largest single item being income reductions at Market Walk offset by savings on the nationally negotiated pay award of £1,290 per whole time member of staff (approx. 4% increase), compared to the budgeted provision of 5%. 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 2025/26

63. **Table 2** below presents the movement in the forecast of the Budget Gap for 2025/26 and 2026/27 from the figures that were presented in the 2024/25 Budget and MTFs approved at Finance Council in February 2024. The figures reflect an updated position based on the information provided in the Provisional Local Government Settlement announced on 18 December 2024, 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 2025/26 and 2026/27**

	2025/26	2026/27
<b>Budget Gap Finance Council Report February 2024</b>	<b>747</b>	<b>1,331</b>
<b>Cost Pressures</b>		
Repairs and Maintenance - Primrose	50	50
Markets Rates	27	27
Spatial Planning Team Review	27	27
Offset Spatial Planning with Capitalisation	(27)	(27)
Members Allowances	32	40
Pension Increase Act Payment	32	32
Market Walk Service Charge	50	50
Surface Water Charges	50	50
Union Street Rental Income	50	50
Planning Income Potential Reduction	100	100
IT	150	160
Waste Costs query	150	150
Waste Contract above inflation	250	250
Bus Station	-	150
Other Misc Pressures	205	225
<b>Salary Related Cost Pressures and Budget Adjustments</b>		
Pay award above 2% in 25/26	170	204
Pay award reduction in 24/25	(178)	(178)
NI Increase at 15% / £5k	330	336
<b>Savings and Additional Income Streams</b>		
TVS Increase above initial estimate	(32)	(32)

Fees and Charges - Lower Inflation	20	-
Garden Waste	(63)	(63)
Leisure	(199)	(199)
Leisure Contingency - temp closures/other pressures	150	-
Car Parking Changes	(250)	(250)
Market Traders Charges	(40)	(40)
Waste Extended Producer Responsibility	(1,122)	(1,122)
Contingency Removal	(204)	(204)
People, Policy and Partnerships Review	(98)	(98)
Meals on Wheels	(40)	(40)
Merchant Services	(30)	(30)
Operational Assets Review	(30)	(30)
Bus Services	-	(85)
Other Misc Savings	(153)	(133)
<b>Funding announced in the Provisional Local Govt Finance Settlement</b>		
New Homes Bonus	89	141
Recovery Grant	(187)	-
Sevices Grant	19	19
Revenue Support Grant	(2)	(2)
Minimum Funding guarantee	480	293
NI Funding Estimate	(129)	(129)
Homelessness Prevention Increase	(288)	-
Homelessness Prevention Costs	100	-
<b>Treasury Management and Revenue Costs of Capital</b>		
Minimum Revenue Provision adjustments – (reflecting additional external financing secured during the year, and slippage in the capital programme)	10	268
Interest Receivable	(180)	(80)
Interest Payable	(200)	(300)
Impact of Sale of Shady Lane	(250)	(250)
<b>Proposed increase in Council Tax</b>		
An increase of 1.99% in 2025/26 is already included in the MTFS that was presented to Finance Council in February 2024.	-	-
Increase of 1%	(81)	(162)
<b>Other Options/Funding/Savings to be firmed</b>		
CT Growth	(33)	-
CT Deficit	24	-

BR Deficit	282	-
BR Growth	218	218
Levy Account Surplus	(25)	-
Impact of the potential withdrawal of Business Rates Pool	-	1,215
<b>Total Forecast (Surplus) / Deficit</b>	<b>(29)</b>	<b>1,932</b>

***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 in February and the finalisation of the Business Rates budget following production and submission of the NNDR1 forms at the end of January, both of which may impact positively or negatively on the budget.***

### **Medium Term Financial Planning and Recommendations to Close the Budget Gap**

64. As detailed in **Table 2** above, although a balanced budget position can be achieved for 2025/26, this is subject to increasing council tax by 2.99%.
65. Despite the budget savings realised and the additional income secured to date, a forecast budget deficit remains in 2026/27 of £1.932m which unless addressed, will be carried forward into 2027/28, although these figures are heavily caveated due to the local authority funding reform planned over the course of 2025/26 for implementation in 2026/27.
66. The council's medium-term plan to reduce the budget deficit beyond 2025/26 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 and Savings Strategy**

67. 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.
68. Over the course of 2024/25 the council has been working to develop its Fit for the Future transformation programme. The programme sets out the key projects that will be delivered to achieve the overall vision and savings. This includes both Chorley specific projects, and joint projects across both Chorley and South Ribble Councils.
69. Alongside this, further actions to support and enable transformation and improvement include:
  - Effective and consistent project management through the refreshed Project Management toolkit and supported by the Change and Delivery Board;
  - Delivering the People Strategy to ensure we have the right leadership, skills and culture to drive forward transformation;
  - A programme of regular service reviews to ensure that we have fit for purpose staffing structures and service models;
  - Reviewing vacancies and effective vacancy management;
  - Reviewing contracts and procurement to ensure that they represent best value for money;

- Effective debt management through our Debt Management Policy;
- Reviews of Directorate level savings and fees and charges;
- Horizon scanning to continue to identify risks and opportunities in our external operating environment;
- Developing our approach to partnership working, including through the Chorley and South Ribble Partnership.

70. The programme will be refreshed and refined to enable the continual improvement of services and performance while ensuring a sustainable financial position.

## Reserves

71. The council has ensured a prudent and affordable approach to delivering the medium-term financial strategies and has set aside reserves to support this as outlined in **Table 3** below.

72. 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 and also, for example, the impact of increases in inflation and utility costs.

73. 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 2025/26, as based on the position in the Quarter 2 Corporate Revenue Monitoring Report is as follows:

**Table 3: Forecast Reserve Balances at 1 April 2025**

Reserves	1 April 2025 £000s	Future Years Commitment £000s	Balance £000s
<b>General Fund Balance</b>	<b>(3,883)</b>	<b>-</b>	<b>(3,883)</b>
<b>Corporate Reserves</b>			
Budget Equalisation Reserve	(943)		(943)
Refugees/Asylum Seekers Funding	(616)	616	-
Collection Fund Surplus/Deficit Adjustment Reserve	(500)		(500)
Logistics House Income Equalisation Reserve	(450)		(450)
Delivery of the Transformation and Savings Programme Reserve	(417)	-	(417)
Bus Station - Transition of service	(346)	346	-
Capital and Repairs and Maintenance Reserves	(346)	346	-
Customer & Digital	(246)		(246)
Other Reserves - Less than £200k	(1,159)	574	(584)

<b>Total Earmarked Reserves</b>	<b>(5,023)</b>	<b>1,883</b>	<b>(3,140)</b>
<b>Total Reserves - General and Earmarked</b>	<b>(8,906)</b>	<b>1,883</b>	<b>(7,023)</b>

### **General Reserves**

74. The council is forecast to hold £3.883m in general funds (based on the Quarter 2 Revenue Monitoring Report), which represents approximately a quarter 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.

### **Capital Programme**

75. 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 £59.6m of investment over 2025/26 and the MTFS period.

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

76. 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**

77. Consultation will be undertaken regarding this budget with an Impact Assessment (IA) reported with the full budget report.

### **Risk**

78. There are no immediate risks associated with this report however if the final report is not approved in March 2025, this would risk the council being unable to finance its future commitments towards its corporate priorities.

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

79. The financial implications of the report are contained within the text above but to clarify, all proposals are funded and can be accommodated within the 2025/26 budget. It should be noted that the report does contain several assumptions on future budget elements and on the final out-turn position for 2024/25. Should any of the assumptions or figures change due to unforeseen circumstances arising before 31 March 2025, the financial position will be reviewed and reported.

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

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

### **Background documents**

There are no background papers to this report

Report Author:	Email:	Telephone:	Date:
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This decision will come into force and may be implemented five working days after its publication date, subject to being called in in accordance with the Council's Constitution.