



AGENDA ITEM:

**Executive Overview & Scrutiny
Committee: 6 September 2022**

CABINET: 13 September 2022

Report of: Head of Finance, Procurement and Commercial Services

Relevant Portfolio Holder: Councillor Adam Yates

Contact: Simon Peet
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SUBJECT: Medium Term Financial Forecast (MTFF) 2023/24 to 2025/26

Wards affected: Borough Wide

1.0 PURPOSE OF THE REPORT

- 1.1 To present to members the updated Medium-Term Financial Forecast (MTFF) for 2023/24 to 2025/26.
- 1.2 To present to members the latest forecast budget gap for the three years of £3.014m, comprising:
- £0.539m in 2023/24
 - £1.474m in 2024/25
 - £1.001m in 2025/26
- 1.3 To inform members of the reserves position as at 31 March 2022.
- 1.4 To set out the annual budget setting process for 2023/24.

2.0 RECOMMENDATIONS

TO EXECUTIVE OVERVIEW & SCRUTINY:

- 2.1 That the report, setting out the latest Medium-Term Financial Forecast (MTFF) for 2023/24 to 2025/26 and the latest reserves position as at 31 March 2022, be considered and agreed comments be forwarded to Cabinet for consideration.

- 2.2 That the annual budget setting process for 2023/24, detailed in paragraph 9 of the report, be endorsed.

TO CABINET

- 2.3 That subject to the consideration of the minute of the Executive Overview & Scrutiny Committee, the latest Medium-Term Financial Forecast (MTFF) for 2023/24 to 2025/26 and the latest reserves position as at 31 March 2022, be noted.
- 2.4 That the annual budget setting process for 2023/24, detailed in paragraph 9 of the report, be endorsed.

3.0 BACKGROUND

2021/22 Outturn

- 3.1 The 2021/22 GRA Mid-Year report to Council in January 2022 projected a £427k underspend outturn position, whilst the 2021/22 GRA Outturn Report to Council in July 2022 reported a balanced revenue outturn position.
- 3.2 Although there is an adverse variance of £427k between the mid-year and outturn position, this is a strong outcome for the Council, due to only £49k of a budgeted £1.239m contribution from reserves being required, as detailed below:

<u>2021/22</u>	Revised Budget £000s	Mid-Year Variance £000s	Outturn Variance £000s
Corporate and Customer Services	3,167	0	(427)
Environmental Services	7,279	(50)	(46)
Finance, Procurement and Commercial Services	59	0	(619)
Housing and Regulatory	1,864	(100)	(140)
Growth and Development	1,264	0	(39)
Wellbeing and Leisure	3,092	(385)	(481)
Central Service: Corporate Budgets	432	0	(127)
Central Service: Corporate Staff Vacancy Factor	(445)	0	445
NET SERVICE BUDGET	16,712	(535)	(1,434)
Non Service: Treasury Management	(163)	108	250
Non Service: Capital Charges	(1,413)	0	-5
Non Service: Reserves	(1,239)	0	1,189
NET BUDGET	13,897	(427)	0
Council Tax	(7,886)	0	0
Business Rates: Retained Income	(3,559)	0	0
Business Rates: S31 Grants	(3,568)	0	0
Prior Year Collection Fund (Surplus)/Deficit	2,658	0	0
New Homes Bonus	(802)	0	0
Other Government Grants	(740)	0	0
FUNDING	(13,897)	0	0

- 3.3 Details of the key variances include:

- Savings on the leisure contract, achieved by the close management of the contract which involved the release of surplus monies set aside for repairs in addition to savings flowing from management of the contract activity on a routine and regular basis;
- Agency management fee income in regard to work of Disabled Facilities grants being better than budget;
- Staff vacancies within Corporate and Customer Services and Housing and Regulatory Services;
- Accounting for pension fund contributions having a favourable effect on outturn;
- Treasury investment returns, due to delays implementing the SORP recommendation of investing in short and long-term investments, available cash balances and low interest rates continue to have a detrimental effect on investment income receivable.

2022/23 Budget

3.4 The budget report presented to Council on 23 February 2022 set out the Council's budget requirement for the 2022/23 financial year and provided details on the Council's reserves position. This process is in accordance with statutory requirements and proper accounting practices.

3.5 Council agreed a Net Budget of £14.953m for 2022/23 as follows:

<u>2022/23</u>	Budget £000s
Corporate and Customer Services	7,380
Environmental Services	6,168
Finance, Procurement and Commercial Services	(1,042)
Housing and Regulatory	1,878
Growth and Development	874
Wellbeing and Leisure	1,894
Central Service: Corporate Budgets	220
Central Service: Corporate Staff Vacancy Factor	(1,014)
NET SERVICE BUDGET	16,358
Non Service: Treasury Management	(122)
Non Service: Reserves	(1,283)
NET BUDGET	14,953
Council Tax	(8,227)
Business Rates: Retained Income	(2,793)
Business Rates: S31 Grants	(2,850)
Prior Year Collection Fund (Surplus)/Deficit	2,456
Use of Collection Fund Smoothing Reserve	(2,456)
New Homes Bonus	(703)
Other Government Grants	(380)
FUNDING	(14,953)

2022/23 Quarter 1 Forecast Outturn

- 3.6 A prudent approach has been taken for quarter 1 forecasts given the early stage in the year, the GRA forecast outturn position at quarter 1 shows a £240k overspend. The overspend relates to the under achievement of the SORP investment income target, as discussed in 3.3 above.

<u>2022/23</u>	Budget £000s	Q1 Variance £000s
Environmental Services	6,168	0
Housing and Regulatory	1,878	0
Growth and Development	874	0
Wellbeing and Leisure	1,894	0
Corporate and Customer Services	6,269	0
Legal and Democratic Services	1,111	0
Finance, Procurement and Commercial Services	(1,042)	0
Central Service: Corporate Budgets	220	0
Central Service: Corporate Staff Vacancy Factor	(1,014)	0
NET SERVICE BUDGET	16,358	0
Non Service: Treasury Management	(122)	240
Non Service: Reserves	(1,283)	0
NET BUDGET	14,953	240
Council Tax	(8,227)	0
Business Rates: Retained Income	(2,793)	0
Business Rates: S31 Grants	(2,850)	0
Prior Year Collection Fund (Surplus)/Deficit	2,456	0
Use of Collection Fund Smoothing Reserve	(2,456)	0
New Homes Bonus	(703)	0
Other Government Grants	(380)	0
FUNDING	(14,953)	0

- 3.7 Both the 2021/22 outturn position and 2022/23 quarter 1 forecast outturn position, assist forming the starting position for both the 2023/24 GRA revenue budget and the MTFE ending 2025/26. Though clearly the current quarter 1 forecast position can change throughout the year for emerging and recurring cost pressures and any in-year opportunities and savings that are identified.

4.0 FINANCIAL OVERVIEW

4.1 Economic update:

- GDP fell by 0.1% in the three months to June 2022 driven largely by a 0.4% fall in services, monthly GDP grew 1.9% in the 12 months to June 2022, down from 3.3% in the year to May 2022;
- A further rise in Consumer Price Index (CPI) inflation to a new 40-year high of 10.1% in the 12 months to July 2022, up from 9.4% in June, on a monthly basis CPI also rose by 0.6% in July 2022, compared with no change in July 2021, rising food prices made the largest upward contribution

- The Bank of England Monetary Policy Committee voted on 4 August 2022 to increase the Bank of England base rate to 1.75% from 1.25%, taking it to its highest level since the Global Financial Crisis.

4.2 Economic outlook:

Charts 1.1 and 1.2 are taken from the *Office for Budget Responsibility: Economic and Fiscal Outlook*, published in March 2022 and chart 1.3 is from the more recent *Office for Budget Responsibility: Fiscal risks and sustainability*, published in July 2022.

Chart 1.1: CPI inflation

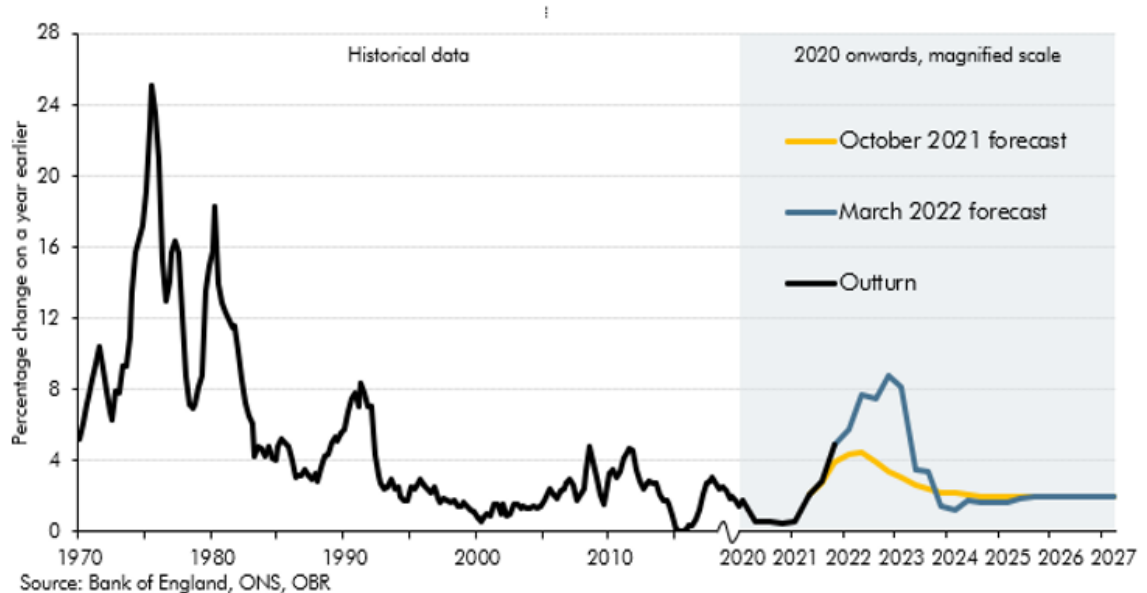
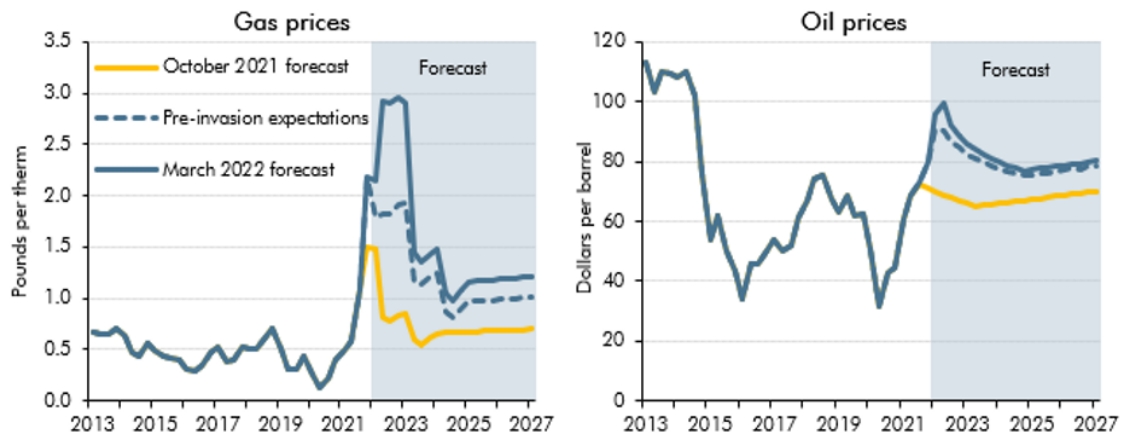
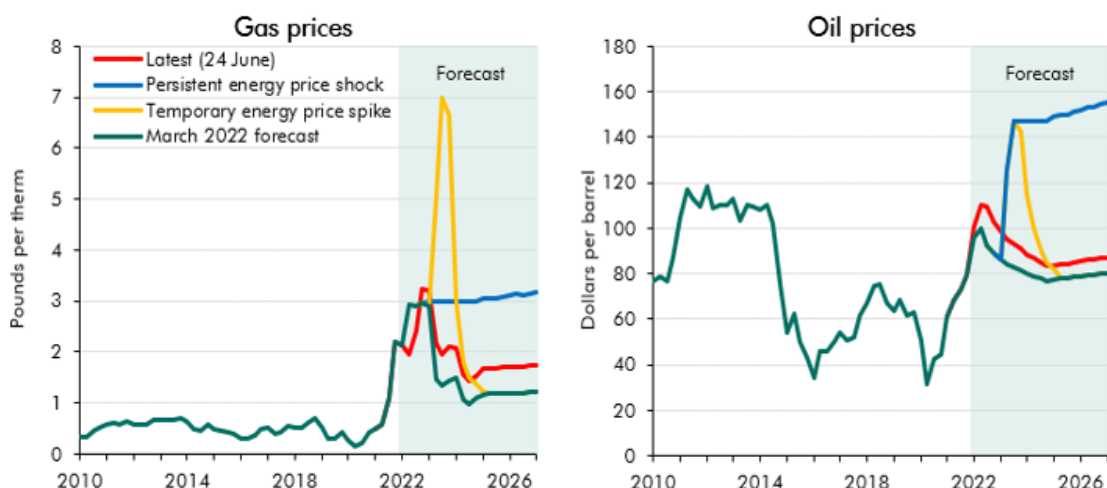


Chart 1.2: Gas and oil prices



Note: We have based our March 2022 forecast on three years (rather than our usual two years) of the futures curve. We then hold gas and oil prices flat in real terms for the remainder of the forecast.
Source: Datastream, OBR

Chart 1.3: Energy price scenarios



4.3 Local Government Finance Settlement:

To provide funding certainty and allow councils to plan ahead, in December 2015 the Government offered councils a four-year funding settlement for the period 2016/17 to 2019/20. Over the three years since of 2020/21, 2021/22 and 2022/23 the Government has limited this to one-year settlements, that makes it extremely difficult for councils to forecast with any certainty and plan ahead. Details of previous settlements are shown in the table below.

In June 2022 Government announced the intention to offer councils a two-year financial settlement for 2023/24 and 2024/25, however given the recent changes in Government and the on-going leadership contest, we await confirmation.

Key Information for Local Authorities (£m)

Select local authority by clicking on the box below and using the drop-down button

West Lancashire

	2016-17	2017-18 ¹	2018-19 ¹	2019-20 ¹	2020-21 ¹	2021-22 ¹	2022-23 ¹
Settlement Funding Assessment	£4.609	£3.966	£3.622	£3.262	£3.315	£3.315	£3.315
of which:							
Revenue Support Grant	£1.576	£0.871	£0.433	£0.000	£0.000	£0.000	£0.001
Baseline Funding Level	£3.034	£3.096	£3.189	£3.262	£3.315	£3.315	£3.315
Tariff/Top-Up ²	(£9.633)	(£8.227)	(£8.367)	(£13.287)	(£8.698)	(£8.698)	(£8.698)
2017-18 Tariff and Top-up reconciliation			£0.104				
Safety Net Threshold	£2.806	£2.863	£2.949	£3.099	£3.066	£3.066	£3.066
Levy Rate	0.50	0.50	0.50	0.00	0.50	0.50	0.50

Notes:

¹ From 2017-18 onwards, figures have been adjusted to reflect authorities with increased Business Rates Retention arrangements. Please refer to the Settlement Funding Assessment Model and the explanatory note on authorities with increased Business Rates Retention arrangements.

² Tariffs and top-ups have been recalculated in 2017-18 and 2018-19 to reflect the adjustment for the 2017-18 business rates revaluation.

³ For 2022-23, the Revenue Support Grant is the sum of the uprated Revenue Support Grant for the authority, and the new elements of Revenue Support Grant in accordance with the Local Government Finance Report (England) 2022/2023.

4.4 Core Spending Power:

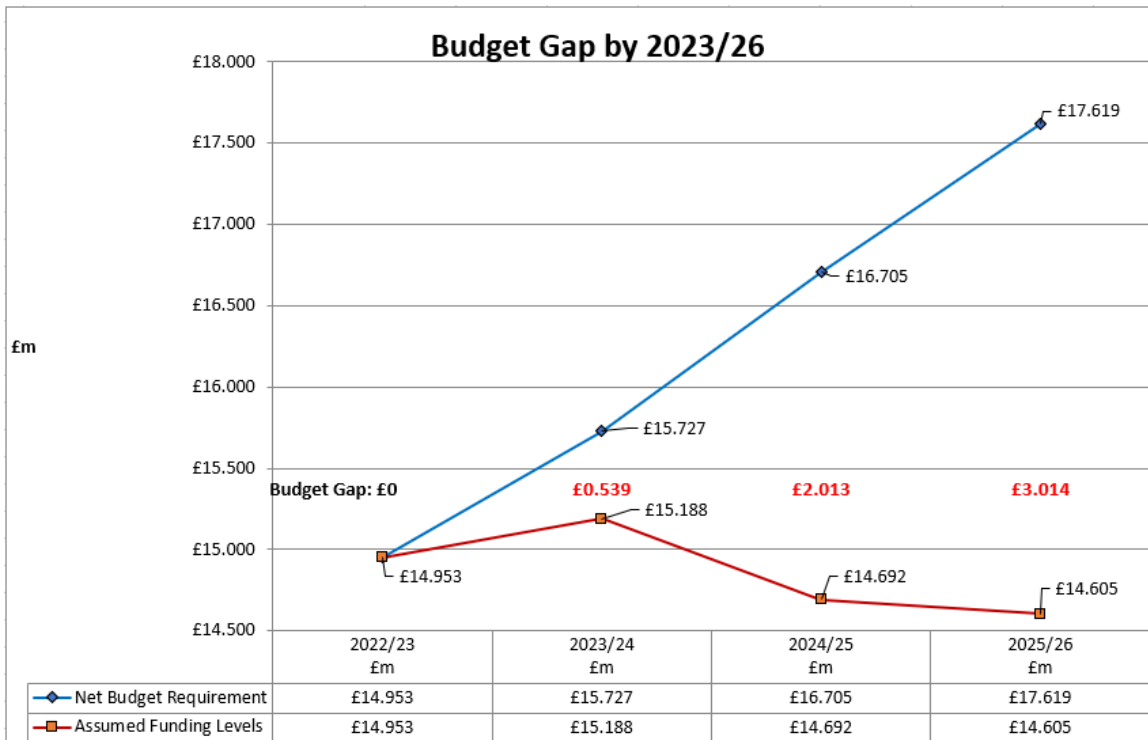
Core Spending Power is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the Local Government Finance Settlement (LGFS).

The table below sets out the figures for local authority Core Spending Power from 2015-16 through to 2022-23. Figures for 2015-16 have been adjusted to ensure a consistent measure of local authority income over time.

CORE SPENDING POWER								
<i>Please select authority</i>								
West Lancashire								
Illustrative Core Spending Power of Local Government:								
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions
Settlement Funding Assessment	5.465	4.609	3.966	3.622	3.262	3.315	3.315	3.315
Compensation for under-indexing the business rates multiplier	0.044	0.044	0.046	0.073	0.106	0.133	0.173	0.339
Council Tax Requirement excluding parish precepts ¹	6.165	6.354	6.595	6.878	7.171	7.498	7.847	8.167
New Homes Bonus	1.369	1.714	1.723	1.172	0.967	0.875	0.802	0.703
New Homes Bonus returned funding	0.010	0.007	0.007	0.000	0.000	0.000	0.000	0.000
Transition Grant	0.000	0.007	0.007	0.000	0.000	0.000	0.000	0.000
Lower Tier Services Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.141	0.152
2022/23 Services Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.229
Core Spending Power	13.052	12.735	12.345	11.745	11.505	11.821	12.278	12.904
Change since 2015-16 (£ millions)								-0.1
Change since 2015-16 (% change)								-1.1%
¹ These calculations do not include the £20 cash precept for the Greater London Authority.								

5.0 BASE BUDGET MOVEMENT: BUDGET ASSUMPTIONS and UPDATES

- 5.1 As the cost-of-living crisis deepens with rising inflation and energy costs forecast to continue into 2023 as shown in both 4.1 and 4.2 and the lack of clarity from Government on the length of future Local Government Finance Settlements along with the introduction of the long-awaited funding reforms to both the funding settlement formula and the business rates system. Makes the production of the MTFF difficult to forecast with any certainty and therefore some key assumptions have been made on producing the latest three-year position.
- 5.2 The key assumptions can be split between net budget requirement and funding and are then applied the starting base position being the 2022/23 base budget of £14.953m. The graph below shows the latest forecast net budget requirement and funding levels, resulting in a budget gap of £3.014m over the three-year period 2023/24 to 2025/26.



5.3 The key assumptions included within the MTFF forecast include:

Budget Assumptions	2023/24 £000s	2024/25 £000s	2025/26 £000s
Net Budget			
Pay Award	3.00%	2.00%	2.00%
	523	357	363
Contractual Obligations: Inflation Energy	100.00%	50.00%	5.00%
	124	126	8
Contractual Obligations: Inflation Fuel	10.00%	5.00%	5.00%
	47	26	27
Contractual Obligations: Inflation Insurance	15.00%	5.00%	5.00%
	51	20	21
Contractual Obligations: Inflation General	3.00%	2.00%	2.00%
	122	81	83
General Inflation: Prices	3.00%	2.00%	2.00%
	0	0	0
Central Service: Vacancy Factor - Pay Award	3.00%	2.00%	2.00%
	(30)	(21)	(21)
Funding			
Council Tax Rate Increase (Relevant Basic Amount)	£5	£5	£5
	(191)	(194)	(198)
Council Tax Base Increase	1.60%	1.60%	1.60%
	(132)	(137)	(142)

5.4 Other notable movements to the Net Base Budget include the following item and a full detailed listing is provided in Appendix 1 of the report:

- The discontinuation of temporary or one-year approved Record of Decisions Under Delegated Authority (RODs), growth items and policy proposals approved at February Council.
- Replenish the contingency budget to £150k contained within the Central Service: Corporate Budgets line.
- Deletion of the permanent £200k increase to the TVD Dividend returns from 2023/24 onwards approved at Council in February 2022.
- Reduction of £240k to the interest received from treasury investments.
- The phasing out of the £1.3m contribution from reserves over a three-year period starting from 2024/25 at £433k per year.

5.5 Notable movements to the Funding include assumptions on the Business Rates Baseline reset and reform, that is assumed to be implemented for 2024/25.

The current modelling received suggests a reduction to the retained business rates of c.£2m due to the removal of section 31 business rates compensation grant that is being rolled into the baseline reset.

To mitigate the full impact of a £2m reduction in funding in 2024/25, it has been assumed that the council will receive government transitional relief and also the utilisation of the Business Rates Equalisation Reserve to smooth the impact.

Further analysis work and research is required to fully understand the impact of the baseline reset and this will be reported back in future MTFE updates.

5.6 The table below summarises the movements over the MTFE period:

Movements to the 2022/23 Base Budget	2023/24 £000s	2024/25 £000s	2025/26 £000s
NET BASE BUDGET	14,953	15,727	16,705
Pay & Pensions	523	357	364
Contractual Inflation	345	253	138
General Inflation	0	0	0
Recharges HRA & Capital	(1)	(1)	(1)
Total Budget Assumptions	867	610	502
RODs (Record of Decisions Under Delegated Authority)	(40)	0	0
Growth Items	(438)	(44)	0
Savings Proposals	0	0	0
Policy Proposals	(91)	0	0
Total Approved Budget Proposals	(569)	(44)	0
Central Service: Corporate Budgets	249	0	0
Central Service: Corporate Staff Vacancy Factor	(30)	(21)	(21)
Total Central Service Assumptions	218	(21)	(21)
Non Service: Treasury Management	240	0	0
Non Service: Reserves	18	433	433
Total Non Service Assumptions	258	433	433
NET BUDGET	15,727	16,705	17,619
BASE FUNDING	(14,953)	(15,188)	(14,692)
Council Tax - Base Increase	(132)	(137)	(142)
Council Tax - % General Increase	(191)	(194)	(198)
Business Rates: Retained Income	(140)	(1,100)	(73)

Business Rates: S31 Grants	(243)	3,093	0
Prior Year Collection Fund (Surplus)/Deficit	(2,249)	(207)	0
Use of the Business Rates Equalisation Reserve	2,249	(293)	500
New Homes Bonus	555	0	0
Other Government Grants	(83)	(666)	0
Total Funding Assumptions	(235)	496	87
FUNDING	(15,188)	(14,692)	(14,605)
ANNUAL BUDGET (HEADROOM)/GAP	539	1,474	1,001
CUMULATIVE BUDGET (HEADROOM)/GAP	539	2,013	3,014

6.0 MEDIUM TERM FINANCIAL FORECAST 2023/24 to 2025/26

- 6.1 The purpose of the Medium-Term Financial Forecast is to provide the strategic framework and a forward-looking approach to achieving long-term financial sustainability. It is central to the delivery of priority outcomes in the Council's strategy and plans in an affordable way over the next three years to 2025/26. It aids robust and methodical planning as it forecasts the Council's financial position, considering known pressures, major issues affecting the Council's finances, including national and regional influences as well as local priorities and factors.
- 6.2 Planning over the medium term helps the Council to respond in a considered manner, to pressures and changes because of many internal and external influences. This is particularly important during a period where the Council is facing unprecedented changes and challenges. The recovery from the pandemic, the cost-of-living crisis, inflationary pressures and the changes in National funding are examples of this. The MTFF recognises the key role that financial resources play in the future delivery of outcomes and in enabling the effective planning, management and delivery of services that contribute towards the delivery of the Council's Strategic Plan.
- 6.3 The MTFF model provides the framework within which decisions relating to future service provision can be made. The detailed budget, taking account of constantly changing circumstances is regularly reviewed and the Council will be provided with updated budget monitoring reports as things progress.
- 6.4 Based on the current set of key assumptions set out in section 5, the MTFF position by service is shown below:

MTFF 2023/24 to 2025/26	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
Corporate & Customer Services	7,388	7,328	7,424	7,560
Environmental Services	6,297	6,638	6,826	7,020
Finance, Procurement & Commercial Property	(1,025)	(783)	(752)	(713)
Housing and Regulatory	1,973	2,117	2,281	2,329
Growth and Development	898	741	790	837
Wellbeing and Leisure	1,894	1,683	1,720	1,758
Central Service: Corporate Budgets	(22)	227	227	227
Central Service: Corporate Staff Vacancy Factor	(1,014)	(1,044)	(1,065)	(1,087)

NET SERVICE BUDGET	16,389	16,906	17,451	17,932
Non Service: Treasury Management	(122)	118	118	118
Non Service: Reserves	(1,314)	(1,296)	(863)	(430)
NET BUDGET	14,953	15,727	16,705	17,619
Council Tax	(8,905)	(9,228)	(9,560)	(9,899)
Council Tax - Parish Precepts	679	679	679	679
Business Rates: Retained Income	(2,793)	(2,933)	(4,033)	(4,106)
Business Rates: S31 Grants	(2,850)	(3,093)	(666)	(666)
Prior Year Collection Fund (Surplus)/Deficit	2,456	207	0	0
Use of Collection Fund Smoothing Reserve	(2,456)	(207)	(500)	0
New Homes Bonus	(703)	(148)	(148)	(148)
Other Government Grants	(381)	(464)	(464)	(464)
FUNDING	(14,953)	(15,188)	(14,692)	(14,605)
ANNUAL BUDGET (HEADROOM)/GAP	0	539	1,474	1,001
CUMULATIVE BUDGET (HEADROOM)/GAP	0	539	2,013	3,014

7.0 RESERVES AND BALANCES

- 7.1 In accordance with statutory regulations and CIPFA guidance, the levels of balances and reserves are reviewed during the budget process to ensure that they are currently sufficient, and that they will remain adequate over the medium term.
- 7.2 The Council's medium term financial approach involves using reserves to support the budget position while savings are being realised. The assumption made at budget setting was that £1.3m of reserves would be required in 2022/23 to enable the Council to achieve a balanced budget.
- 7.3 Whilst the table below shows that Corporate Reserve balances at 31 March 2022 were £11.986m, this includes the Business Rates Equalisation Reserve balance of £6.271m, that is earmarked to fund future years losses on the Collection Fund and smooth the impact of reforms to the Business Rates System and Baseline Reset.

Classification	Sub-Classification	2020/21 Closing Balance £000s	2021/22 In-Year Movement £000s	2021/22 Closing Balance £000s
General Fund Balance	Core Balances	(£690)	£0	(£690)
General Fund Balance	Contingency Balances	(£270)	£0	(£270)
CORE and CONTINGENCY BALANCES		(£960)	£0	(£960)
Corporate Reserves	SORP / Policy Options Reserve	(£172)	£0	(£172)
Corporate Reserves	Major Projects Reserve	(£406)	£7	(£399)
Corporate Reserves	Budget And Efficiency Savings Reserve	(£837)	£0	(£837)
Corporate Reserves	Benefits Equalisation Reserve	(£847)	(£61)	(£908)

Corporate Reserves	Planning Income Equalisation Reserve	(£314)	£189	(£125)
Corporate Reserves	Business Rates Equalisation Reserve	(£6,358)	£87	(£6,271)
Corporate Reserves	Service Reserves	(£4,216)	£941	(£3,275)
CORPORATE RESERVES		(£13,150)	£1,164	(£11,986)
Insurance Reserve	Insurance Reserve	(£2,055)	£49	(£2,006)
INSURANCE RESERVES		(£2,055)	£49	(£2,006)
Repairs And Renewals	P&D Machine Replacement Fund	(£24)	(£5)	(£29)
Repairs And Renewals	Solar PV R&R Fund	(£221)	(£40)	(£261)
Repairs And Renewals	Community Related Assets - R&R Fund	(£222)	£0	(£222)
REPAIRS and RENEWALS		(£467)	(£45)	(£512)
Ring Fenced Reserves	Industrial Portfolio Fund	(£792)	(£203)	(£996)
Ring Fenced Reserves	Investment Centre Reserve	(£328)	(£61)	(£389)
RING FENCED RESERVES		(£1,120)	(£264)	(£1,384)
TOTAL GRA RESERVES		(£17,752)	£904	(£16,849)

7.4 Utilising £1.3m of reserves in both 2022/23 and 2023/24, presents an unsustainable position on the overall reserves position, therefore the phasing out of the £1.3m contribution from reserves is required over the MTFF 2023/24 to 2025/26, as detailed in 5.4 the phasing starts in 2024/25 over a 3-year period.

7.5 It is clear, that further savings, efficiencies or income generation will therefore be required over the MTFF 2023/24 to 2025/26 to reduce the drawdown on reserves and stabilise the Council's finances over the medium term.

8.0 MEDIUM TERM BUDGET PROSPECTS and RISKS

8.1 The Government continued with a one-year funding settlement for 2022/23, although the Government has indicated its intention to announce a two-year settlement for 2023/24 and 2024/25 in December 2022, there is now some uncertainty due to recent Government changes. We also await confirmation of the details to the long-awaited Government reforms to the funding formula together with a new business rates retention system and baseline reset.

8.2 Economic outlook, early forecasts had shown inflation, prices and interest rates once peaking, falling mid to late 2023 but more recent forecasts now show falling in early to mid-2024. Forecasting the impact of the current economic climate with any certainty on the MTFF, is therefore extremely difficult especially with growing uncertainty over the coming months ahead as the cost-of-living crisis deepens.

8.3 Consequently, the MTFF will be continually refreshed once new information becomes available to establish the Council's financial position going forward.

9.0 2023/24 BUDGET PROCESS and WORKPLAN

9.1 For the 2023/24 budget setting process, the Council has setup a Budget / Council Plan Committee, with the objective to consider all budget setting options, agree proposals, recommendations and reports, prior to submission / approval by Cabinet and Council in February, the first meeting of the Committee is be held on 28 September 2022.

9.2 The current timeline for the 2023/24 budget setting is shown in the table below:

Report	Meeting	Dates
MTFF Update at Q1	Executive Overview & Scrutiny Committee	6 Sept 2022
	Cabinet	13 Sept 2022
	Budget / Council Plan Committee	28 Sept 2022
MTFF Update at Q2	Budget / Council Plan Committee	18 Oct 2022
	Executive Overview & Scrutiny Committee	20 Oct 2022
	Cabinet	1 Nov 2022
	Council	14 Dec 2022
Draft GRA Budget Report & MTFF	Budget / Council Plan Committee	10 Jan 2023
	Executive Overview & Scrutiny Committee	12 Jan 2023
	Cabinet	24 Jan 2023
	Group Proposals Deadline	TBC
Final GRA Budget Report & MTFF	Council	22 Feb 2023

9.3 Workplan for the next MTFF update report:

- Review of budgets, realignments, virements, identification of recurring under/overspends, pressures/savings of budget heads
- Establishment costing and pay awards
- Review contracts and Annual Price Increases (APIs) uplifts
- Refresh of the sales, fees and charges register
- Updating of funding model and Local Government Finance Settlement
- Refresh of the reserves tracker
- Sensitivity and scenarios analysis modelling

10.0 SUSTAINABILITY IMPLICATIONS

10.1 There are no significant sustainability impacts associated with this report and no significant impact on crime and disorder.

11.0 RISK ASSESSMENT

11.1 The update of the Medium-Term Financial Forecast forms an important part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council.

11.2 The challenging financial position facing local authorities has been evaluated and assessed as being a key risk, and consequently is included on the Council's key risk register. Robust plans and targets are in place to address the budget issue and to manage performance and efficiency.

12.0 HEALTH AND WELLBEING IMPLICATIONS

12.1 The health and wellbeing implications arising from this report will be dependent on the budget proposals put forward at the Council meeting. Details of any significant implications will be provided at the Council meeting if required.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this report.

Equality Impact Assessment

The direct impact on members of the public, employees, elected members and / or stakeholders is dependent on the proposals to be put forward at the Council meeting. Therefore no Equality Impact Assessment has been produced at this time.

APPENDIX 1: BUDGET MOVEMENTS

Movement Heading	Description	2023/24 £000s	2024/25 £000s	2025/26 £000s
NET BUDGET				
RODs (2021/22)	Costs re transmission of CCTV images & for the new Skelmersdale TC cameras	(10)	0	0
RODs (2021/22)	Private Sector House Condition Review - Statutory Duty	(30)	0	0
RODs (Record of Decisions Under Delegated Authority)		(40)	0	0
Proposed - Growth Bids (FEB22)	Additional EHO post - Environmental Protection (22/23 funded from Covid)	44	0	0
Proposed - Growth Bids (FEB22)	Additional post of Inward Investment Officer	(43)	0	0
Proposed - Growth Bids (FEB22)	Additional income and/or efficiencies to be generated from the Finance FBP	(60)	(10)	0
Proposed - Growth Bids (FEB22)	Supporting the business & Visitor economy & attracting inward investment	(3)	(42)	0
Proposed - Growth Bids (FEB22)	Employment Debt recovery task force for 3 months	(20)	1	0
Proposed - Growth Bids (FEB22)	Upgrade of IT equipment for Planning Services following Planning Service Review	(12)	0	0
Proposed - Growth Bids (FEB22)	Regeneration Project Development Manager plus extension of existing post to Dec 2022	(60)	0	0
Proposed - Growth Bids (FEB22)	Revenue consequences of Capital bid - C7 - Purchase Glutton Urban Vacuum Cleaner	2	0	0
Proposed - Growth Bids (FEB22)	Revenue consequences of Capital bid - C8 - Becconsall Closed Church Yard	7	2	0
Proposed - Growth Bids (FEB22)	Temporary post of Development Planning Surveyor for 12 months	(53)	0	0
Proposed - Growth Bids (FEB22)	Continued Membership of Growth Lancashire (1 year)	(15)	0	0
Proposed - Growth Bids (FEB22)	Replace WebaspX system	(80)	0	0
Proposed - Growth Bids (FEB22)	Microsoft Site Licences	140	5	0
Proposed - Growth Bids (FEB22)	Council Tax Discount/Relief Scheme (Cost of Living)	(260)	0	0
Proposed - Growth Bids (FEB22)	Dial-a-Ride Contribution	(25)	0	0
Approved Growth Items		(438)	(44)	0
Approved - Policy Proposals (FEB21)	Customer Services staff resources	(9)	0	0
Approved - Policy Proposals (FEB21)	North Meols	(40)	0	0
Proposed - Policy Proposals (FEB22)	Initial 1Yr Holiday re Reserves Contributions	239	0	0
Proposed - Policy Proposals (FEB22)	Leisure Contract - 1 year Contract Extension	(231)	0	0
Proposed - Policy Proposals (FEB22)	Free car parking promotion Ormskirk Mons and Tues from 1pm - 1 year trial	(50)	0	0
Approved Policy Proposals		(91)	0	0
Central Service: Corporate Budget	County Deal	(15)	0	0
Central Service: Corporate Budget	Replenish the Contingency Budget	264	0	0
Central Service: Corporate Budgets		249	0	0

Movement Heading	Description	2023/24 £000s	2024/25 £000s	2025/26 £000s
Non Service: Treasury Management				
Non Service: Treasury Management	Returns from TVDC	(200)	0	0
Non Service: Treasury Management	Deletion of the Growth in Returns from TVDC	200	0	0
Non Service: Treasury Management	Reduction of Interest Received from Investments	240	0	0
Non Service: Treasury Management		240	0	0
Non Service: Reserves				
Non Service: Reserves	Reversal of the use of Reserves agreed at Council Feb 2022	18	0	0
Non Service: Reserves	Phasing out of the contribution from Reserves	0	433	433
Non Service: Reserves		18	433	433
FUNDING				
2023/24 NNDR1 Forecast	Business Rates: Retained Income	(140)	0	0
2023/24 NNDR1 Forecast	Business Rates: S31 Grants	(243)	0	0
LG Business Rates Retention Reform	Funding Reform: Reset of Business Rates System	0	1,993	(73)
LG Business Rates Retention Reform	Funding Reform: Use of the Business Rates Equalisation Reserve	0	(500)	500
LG Business Rates Retention Reform	Funding Reform: Transitional Relief	0	(666)	0
2023/24 LG Finance Settlement	Government Funding: New Homes Bonus	555	0	0
2023/24 LG Finance Settlement	Government Funding: Lower Tier Grants	(83)	0	0
Funding Assumptions		89	827	427