



AGENDA ITEM:

**Special Executive Overview &
Scrutiny: 14 February 2023**

**Council:
22 February 2023**

Report of: Head of Finance, Procurement and Commercial Services

Relevant Portfolio Holder: Councillor Adam Yates

Contact: James Pierce
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SUBJECT: GRA Revenue and Capital Budget Report and MTFS Update 2023/24 to 2025/26

Wards affected: Borough Wide

1.0 PURPOSE OF THE REPORT

- 1.1 To enable the Council to set a balanced Revenue Budget for the forthcoming financial year 2023/24.
- 1.2 To present to members the updated Medium-Term Financial Forecast (MTFF) for the following financial years 2024/25 to 2025/26, noting the latest forecast budget gap of £2.708m, comprising:
 - £1.470m in 2024/25
 - £1.238m in 2025/26
- 1.3 To inform members of the reserves position as at 31 March 2022 and the forecast position to 2025/26.
- 1.4 To present to members the Capital Strategy 2023/24 to 2025/26.
- 1.5 To enable the Council set the Capital Programme for the three years 2023/24 to 2025/26.

2.0 RECOMMENDATIONS

Special Executive Overview & Scrutiny

Are asked to recommend the following items to Council for approval:

- 2.1 That the General Revenue Account (GRA) budget for 2023/24 be approved based on the proposals to be presented at the Council meeting.
- 2.2 That the latest GRA Medium-Term Financial Forecast (MTFF) budget gap for 2024/25 to 2025/26 be noted.
- 2.3 That the latest GRA reserves position as at 31 March 2022 and forecast to 2025/26 be noted and the GRA reserves policy be approved.
- 2.4 That the Capital Strategy along with the Capital Programme of £13.556m for the three years 2023/24 to 2025/26 be approved, that includes
 - New bids of £651k;
 - Additional approvals for UK Shared Prosperity Fund £1.726m.
- 2.5 Approve the Capital Strategy for 2023/24 to 2025/26, that includes the change of use of HRA right to buy capital receipts, to be used in delivering the capital business plan of the HRA from 2024/25.
- 2.6 That delegated authority be given to the Chief Operating Officer and the Corporate Director to take all necessary action to implement the changes resulting from the budget proposals.

Council

- 2.7 That the General Revenue Account (GRA) budget for 2023/24 be approved based on the proposals to be presented at the Council meeting.
 - 2.8 That the latest GRA Medium-Term Financial Forecast (MTFF) budget gap for 2024/25 to 2025/26 be noted.
 - 2.9 That the latest GRA reserves position as at 31 March 2022 and forecast to 2025/26 be noted and the GRA reserves policy be approved.
 - 2.10 That the Capital Strategy along with the Capital Programme of £13.556m for the three years 2023/24 to 2025/26 be approved, that includes
 - New bids of £651k;
 - Additional approvals for UK Shared Prosperity Fund £1.726m.
 - 2.11 Approve the Capital Strategy for 2023/24 to 2025/26, that includes the change of use of HRA right to buy capital receipts, to be used in delivering the capital business plan of the HRA from 2024/25.
 - 2.12 That delegated authority be given to the Chief Operating Officer and the Corporate Director to take all necessary action to implement the changes resulting from the budget proposals.
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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 Quarter 2 Forecast Outturn

- 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.
- 3.6 The table below reflects changes to the original budget approved by Council in February 2022. The changes reflect in-year budget and technical realignments to better reflect statutory reporting requirements, and changes in team structures. The approved net budget of £14.953m has not changed.
- 3.7 The table below provides quarter 2 forecast outturn estimates against the revised budget. The mid-year net forecast position is a shortfall of £500k, this compares with £240k forecast shortfall at quarter 1.

<u>2022/23</u>	Revised Budget £000s	Q1 Var. £000s	Q2 Var. £000s	Comments
Corporate and Customer Services	5,760	0	(200)	Vacancies
Legal and Democratic Services	1,123	0	0	
Environmental Services	6,556	0	200	Staffing
Finance, Procurement and Commercial Services	(755)	0	(70)	Various running cost budgets
Housing	839	0	0	Vacancies Energy costs
Planning and Regulatory	1,947	0	0	Vacancies Planning income down
Wellbeing and Place	1,232	0	0	Review of repairs pending
Central Service: Corporate Budgets	728	0	0	
Central Service: Corporate Staff Vacancy Factor	(1,014)	0	400	Pay award
NET SERVICE BUDGET	16,416	0	330	
Non Service: Treasury Management	(122)	240	170	Rising interest rates
Non Service: Reserves	(1,341)	0	0	
NET BUDGET	14,953	240	500	To be met from reserves
Council Tax	(8,227)	0	0	
Business Rates: Retained Income	(2,793)	0	0	
Business Rates: S31 Grants	(2,850)	0	0	
Government Grants	(1,083)	0	0	
FUNDING	(14,953)	0	0	

- 3.8 The overspend relates to:
- The effect of above budgeted pay offer of £518k, now makes the achievement of the corporate vacancy factor target unlikely and an under achievement of £400k is being reported at quarter 2
 - The under achievement of the SORP investment income target, (as discussed in 3.3 above). The forecasted shortfall in treasury management income, reported at quarter 1 of £240k, is expected to reduce by £70k to around £170k at quarter 2, due to rising interest rates.

- 3.9 Both the 2021/22 outturn position and 2022/23 mid-year forecast outturn position, assist forming the starting position for both the 2023/24 GRA revenue budget and the MTFF ending 2025/26. Though clearly the current mid-year 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 - Office for Budget Responsibility (OBR) November 2022:

Over the past six months, the global energy and food supply shocks emanating from Russia's invasion of Ukraine have intensified. The further curtailment of Russian imports saw European wholesale gas prices rise ten-fold from pre-pandemic levels, and markets now expect prices to remain four times higher in the medium-term. Rising energy, food, and other goods prices have pushed up the interest rates set by inflation-targeting central banks to levels not seen since the 2008 financial crisis. This has taken much of the wind out of the global economic recovery from the pandemic and ratcheted up the financial pressure on governments that emerged from it with higher debt and are again being called upon to help households and businesses through this latest crisis.

- CPI inflation is set to peak at a 40-year high of 11 per cent in the current quarter, and the peak would have been a further 2½ percentage points higher without the energy price guarantee (EPG) limiting a typical household's annualised energy bill to £2,500 this winter and £3,000 next winter. Rising prices erode real wages and reduce living standards by 7 per cent in total over the two financial years to 2023-24 (wiping out the previous eight years' growth), despite over £100 billion of additional government support.
- The squeeze on real incomes, rise in interest rates, and fall in house prices all weigh on consumption and investment, tipping the economy into a recession lasting just over a year from the third quarter of 2022, with a peak-to-trough fall in GDP of 2 per cent. Unemployment rises by 505,000 from 3.5 per cent to peak at 4.9 per cent in the third quarter of 2024.
- The Bank of England Monetary Policy Committee sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 2 November 2022, the MPC voted by a majority of 7-2 to increase Bank Rate by 0.75 percentage points, to 3%.

4.2 Economic outlook - Office for Budget Responsibility (OBR) November 2022:

Since the OBR March forecast, wholesale gas prices have reached new highs, interest rate expectations have surged, and the value of sterling has dropped. While UK-specific factors appear to have exacerbated some of these movements around the time of the 23 September Growth Plan, by early November differences in key market determinants largely reflected global developments since March: further curtailing of Russian gas exports to Europe, rising government bond yields internationally, and a strengthening US dollar.

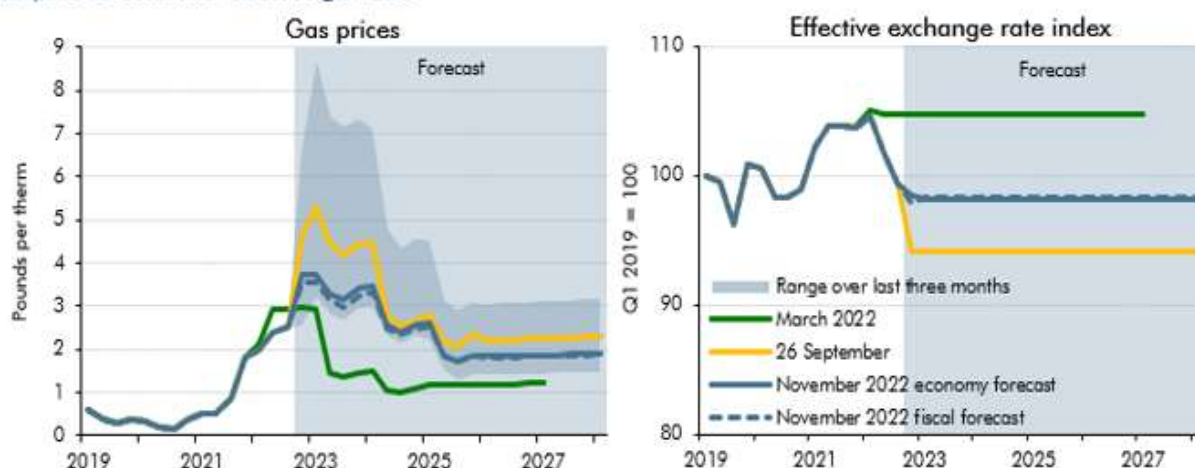
- Gas prices remain historically high and are expected to peak at £3.70 a therm in the first quarter of 2023, around 80p a therm higher than the peak in our March forecast. Prices then fall back sharply to settle at £1.90 a therm in the final quarter of 2025, after which we hold them constant in real terms – at around 70p a therm above our March forecast and around four times pre-pandemic norms.

Market expectations for gas prices have been volatile, with prices for the first quarter of 2023 having risen as high as £8.70 a therm and fallen as low as £3.20 since the start of August. The dollar cost of oil in 2023 is little changed since March at \$85 a barrel, but the weaker pound means the cost of oil is up by 19 per cent in sterling terms.

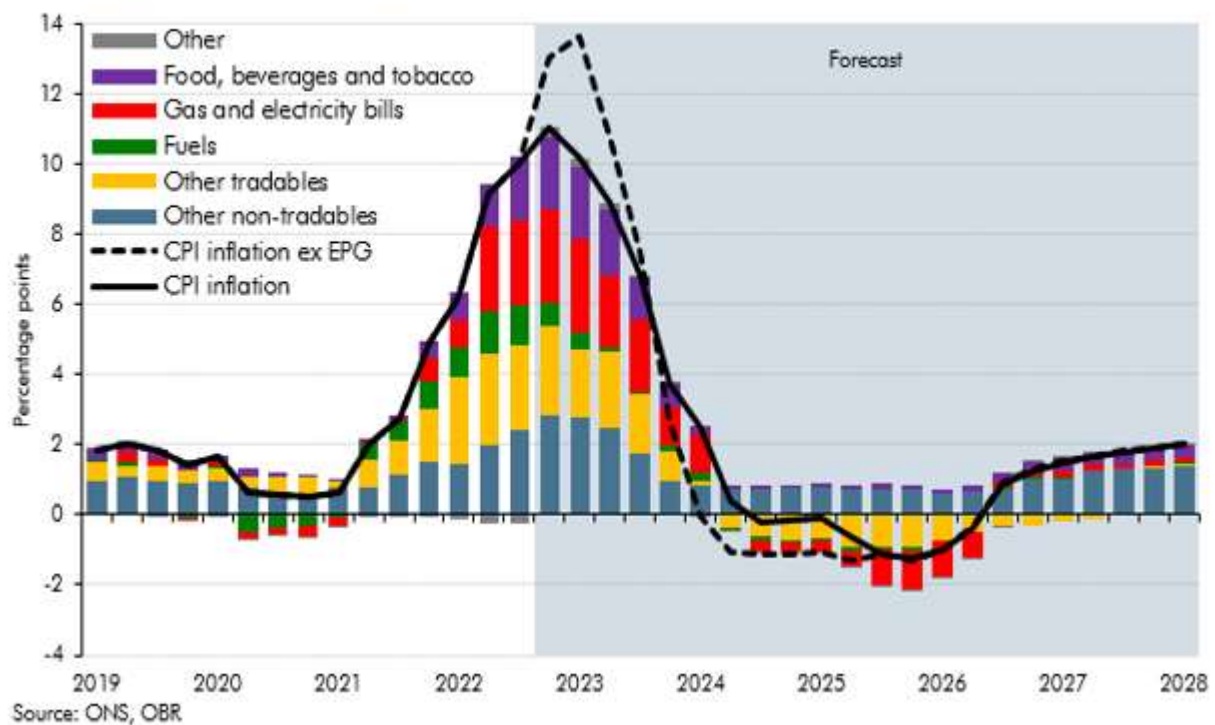
- Inflation is expected to peak at a 40-year high of 11.1 per cent in the fourth quarter of 2022, revised up from the peak of 8.7 per cent in our March forecast. The peak would have been even higher still at 13.6 per cent (and come one quarter later) without the reduction in utility prices that results from the EPG. The EPG continues to hold inflation down next year, though the increase from £2,500 to £3,000 in April 2023 adds 1 percentage point to quarterly CPI inflation in the second quarter of 2023. On a calendar-year basis, CPI inflation falls back from 9.1 per cent in 2022 to 7.4 per cent in 2023. Near-term fiscal support boosts demand (offsetting much of the reduction in demand that would otherwise have resulted from higher energy bills), with tighter monetary and fiscal policy then putting some downward pressure on domestic prices later in the forecast. Conditional on market expectations for Bank Rate and gas prices, inflation falls below zero for eight quarters from mid-2024 and by the end of our forecast, the price level is 0.8 per cent lower than our March forecast.

The charts below are taken from the *Office for Budget Responsibility: Economic and Fiscal Outlook*, published in November 2022.

Gas prices and the exchange rate



Contributions to CPI inflation



4.3 Autumn Statement November 2022

On 17 November 2022, the Chancellor delivered his Autumn Statement, this follows the previous Chancellor's Growth Plan announcements in late September 2022, the majority of which have since been rolled back – with the notable exception that the Health and Social Care Levy has been, and remains, cancelled.

The Chancellor has set two new fiscal policy rules which guide the Autumn Statement:

- Public sector net debt (excluding the Bank of England) needs to be falling as a percentage of GDP by the fifth year of the rolling forecast; and
- Public sector net borrowing (the deficit) needs to be below 3% of GDP by the fifth year of the rolling forecast.

The Autumn Statement confirms that departmental DEL budgets in 2023/24 and 2024/25 will be maintained at least in line with the budgets set at the Spending Review. After this Spending Review period, departmental resource spending will grow at 1% a year in real terms. Departmental capital spending will continue at the same level in cash terms.

To help identify further savings in departmental budgets, the government is launching an Efficiency and Savings Review. The Review will target increased efficiency, reprioritise spending away from lower-value programmes, and review the effectiveness of public bodies. Savings will be reinvested in public services, and the government will report on progress in the spring.

Announcements directly impacting Local Government:

Council Tax

- The government will provide local authorities in England with additional flexibility in setting council tax, by increasing the referendum limit for increases in council tax from 2% to 3% per year from April 2023.

- The government has not formally announced that the assumptions made on council tax increases will apply after 2023/24, although there are signs this has been priced in for at least 2024/25.

Business Rates

- From 1 April 2023, business rates bills in England will be updated to reflect changes in property values since the last revaluation in 2017. A package of targeted support worth £13.6 billion over the next five years is intended to support businesses as they transition to their new bills. It is stated that local authorities will be fully compensated for the loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs.
- The business rates multipliers will be frozen in 2023-24 at 49.9p and 51.2p, preventing them from increasing to 52.9p and 54.2p.
- Upwards Transitional Relief will cap bill increases caused by changes in rateable values at the 2023 revaluation. This £1.6 billion of support will be funded by the Exchequer, rather than by limiting bill decreases, as at previous revaluations. The 'upward caps' will be 5%, 15% and 30%, respectively, for small, medium, and large properties in 2023/24, and will be applied before any other reliefs or supplements. The caps will increase in later years of the scheme.
- Retail, Hospitality and Leisure Relief - support for eligible retail, hospitality, and leisure businesses is being extended and increased from 50% to 75% business rates relief up to £110,000 per business in 2023/24.
- Bill increases for the smallest businesses losing eligibility or seeing reductions in Small Business Rates Relief (SBRR) or Rural Rate Relief (RRR) will be capped at £600 per year from 1 April 2023. This is support worth over £500 million over the next 3 years and will protect over 80,000 small businesses who are losing some or all eligibility for relief. This means no small business losing eligibility for SBRR or RRR will see a bill increase of more than £50 per month in 2023-24.

Local Welfare

- £1 billion (including Barnett impact) will be provided to enable the extension of the Household Support Fund in England over 2023/24. The Fund is administered by local authorities who will deliver support to households to help with the cost of essentials.

- 4.4 Local Government Finance Policy Statement 2023/24 to 2024/25 December 2022
On 12 December 2022, the Secretary of State for Levelling Up, Communities and Local Government published a written ministerial statement which was accompanied by a policy statement on the 2023/24 Local Government Finance Settlement and assumptions about the 2024/25 Local Government Finance Settlement.

2023/24 Policy Statement:

The Government's policy statement sets out detailed assumptions, but local authority-level figures will be published as part of the provisional local government finance settlement.

Core Settlement

- Councils will be compensated for the business rates multiplier freeze up to the Consumer Price Index (CPI) inflation measure, rather than previously used – and – higher Retail Price Index (RPI). However, it is important to note that the "freeze in the multiplier" already includes an element of inflation (estimated at

- 3.9%) and therefore only the balance of the CPI owing (6.2%) is expected to be refunded through the multiplier compensation grant.
- Revenue support grant will increase in line with CPI and 'negative revenue support grant' will continue to be eliminated.
 - The Government will proceed to make the adjustments to tariffs and top-ups to reflect the 2023 business rates revaluation and transfers of certain hereditaments to the Central Rating List. The methodology and adjustments will be confirmed alongside the provisional 2023/24 settlement. Adjustments will subsequently be made to account for compiled rating list data for the 2023 list as at 1 April 2023 and for Outturn Business Rates data for 2022/23 at the 2024/25 local government finance settlement, with the final adjustment at the 2025/26 settlement.

Council Tax

- Shire district councils will have a referendum principle of 3% or £5, whichever is higher.

Government Grants

- The Services Grant will be reduced (estimated by £200m). The Government suggests this is to account for the cancellation of the increase in National Insurance Contributions and to route some funding to the Supporting Families programme. The distribution of the remaining grant will continue to follow the Settlement Funding Assessment as previously.
- The New Homes Bonus will continue in 2023/24 with a new round which will attract no legacy payments.
- The lower tier services grant (£111m) and a proportion of expired new homes bonus legacy payments (estimated at £276m) will be repurposed to guarantee that all authorities will see an increase in core spending power of at least 3%, before additional council tax income is factored in (please see paras 4.9 to 4.14).

2024/25 Policy Statement:

The Government has set out some planning assumptions for the 2024/25 local government finance settlement as follows:

- The Review of Relative Needs and Resources ('Fair Funding Review') and a reset of Business Rates growth will not be implemented in the next two years.
- The council tax referendum principles will continue the same as 2023/24.
- Revenue support grant will continue and be uplifted in line with baseline funding levels (assumed now to be now based on September 2023 CPI), while social care grants will increase as set out in the table above.
- Business rates pooling will continue.
- The Government will set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement.

4.5 Provisional Local Government Finance Settlement (LGFS) December 2022:

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 past three years of 2020/21, 2021/22 and 2022/23 the Government has limited this to one-year settlements.

On 19 December, the Government published for statutory consultation, the provisional LGFS for 2023/24. The provisional settlement is once again a holding position, this time based on proposed allocations for 2023/24 and a fairly full set of policy principles for 2024/25.

The broad approach is based on a uniform roll-over of the core elements of the settlement; additional resources for priority services; balancing service pressures with taxpayer concerns, through council tax referendum principles; and a fallback, by way of a minimum funding guarantee, for outlying councils.

Finance reform is deferred, once again, until at least 2025/26 and possibly later, as even this could be an ambitious timetable for designing and delivering reform. that makes it extremely difficult for councils to forecast with any certainty and plan medium-term.

Core Spending Power (CSP):

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 LGFS.

The table below sets out the figures for local authority CSP from 2015-16 through to 2023-24. Figures for 2015-16 have been adjusted to ensure a consistent measure of local authority income over time.

CORE SPENDING POWER									
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	2023-24
	£ millions	£ 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	£3.595
Compensation for under-indexing the business rates multiplier	£0.044	£0.044	£0.046	£0.073	£0.106	£0.133	£0.173	£0.339	£0.586
Council Tax Requirement excluding parish precepts	£6.165	£6.354	£6.595	£6.878	£7.171	£7.498	£7.847	£8.227	£8.641
New Homes Bonus	£1.369	£1.714	£1.723	£1.172	£0.967	£0.875	£0.802	£0.703	£0.768
New Homes Bonus returned funding	£0.010	£0.007	£0.007	£0.000	£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	£0.000
Lower Tier Services Grant	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.141	£0.152	£0.000
Services Grant	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.229	£0.134
Grants rolled in	£0.135	£0.152	£0.150	£0.145	£0.141	£0.142	£0.157	£0.156	£0.000
Funding Guarantee	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.036
Core Spending Power	£13.187	£12.887	£12.496	£11.890	£11.646	£11.962	£12.435	£13.120	£13.760
Change since 2015-16 (£ millions)									£0.573
Change since 2015-16 (% change)									4.34%

For 2023/24 the table shows that the Council CSP has increased by £640k, from £13.120m to £13.760m. However, the compensation grant and Council Tax figures are assumed figures totalling £9.227m, actual figures have been calculated that total £9.168m, a shortfall of £59k, that is largely due to actual tax base growth being 1.13% rather than an assumed 1.98%.

Settlement Funding Assessment (SFA):

The Settlement Funding Assessment amount consists of Revenue Support Grant (RSG) and Business Rates Retention.

Key Information for Local Authorities (£m)

West Lancashire

	2016-17	2017-18 ¹	2018-19 ¹	2019-20 ¹	2020-21 ¹	2021-22 ¹	2022-23 ¹	2023-24 ¹
Settlement Funding Assessment	£4.609	£3.966	£3.622	£3.262	£3.315	£3.315	£3.315	£3.595
of which:								
Revenue Support Grant	£1.576	£0.871	£0.433	£0.000	£0.000	£0.000	£0.001	£0.156
Baseline Funding Level	£3.034	£3.096	£3.189	£3.262	£3.315	£3.315	£3.315	£3.439
Tariff/Top-Up ²	(£9.633)	(£8.227)	(£8.367)	(£13.287)	(£8.698)	(£8.698)	(£8.698)	(£10.140)
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	£3.181
Individual Authority Business Rates Baseline	£12.667	£11.322	£11.556	£16.549	£12.013	£12.013	£12.013	£13.578

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.

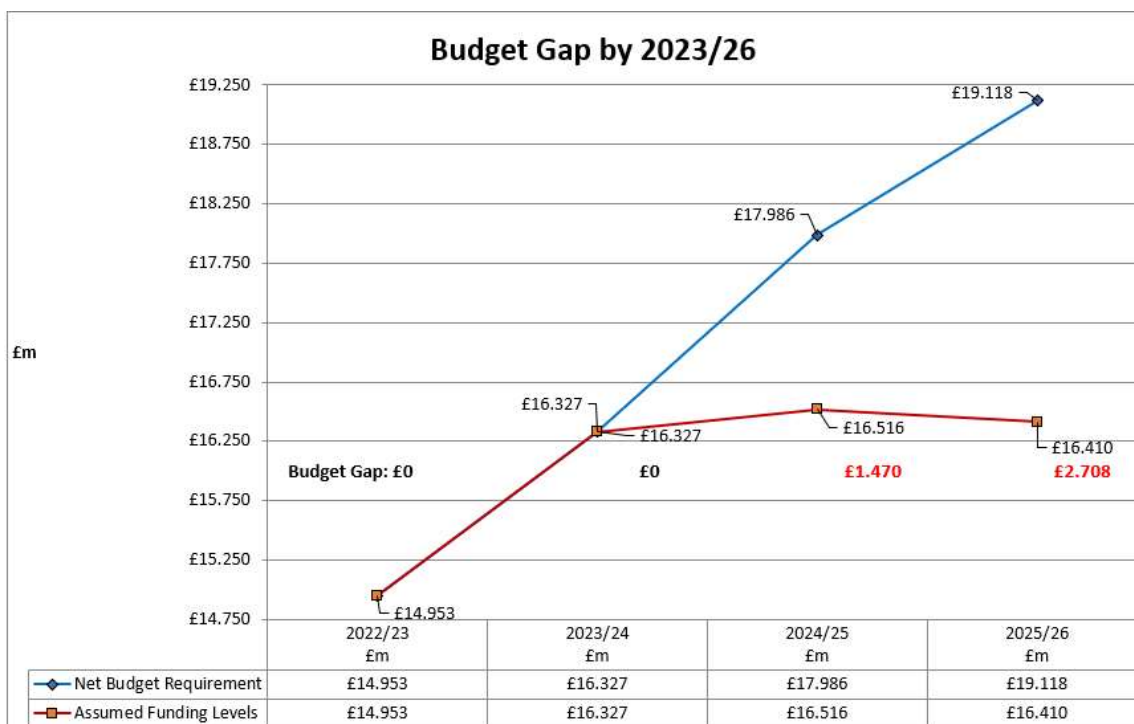
For 2023/24 the table shows that the Council SFA has Increased by £280k, from £3.315m to £3.595m, as a result of grants rolled into RSG and a 3.74% inflation increase to the Business Rates Baseline.

However, it can also be seen that both the Tariff and Individual Authority Business Rates Baseline figures significantly change in 2023/24. This is a result of the 2023 Business Rates Revaluation where the 2017 local Rateable Value list value of £81.166m, increases by £11.486m to £92.652m in 2023.

The intention is that these changes will offset the impact of Revaluation 2023 and therefore make it revenue neutral locally.

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 detail from Government on the Local Government Finance Settlements from 2024/25 onwards, along with deferral of the introduction of the long-awaited funding reforms to both the funding settlement formula and the business rates system. Makes the production of the medium-term plan with any certainty difficult and therefore some key assumptions have been made on producing the latest forecast position for 2024/25 and 2025/26.
- 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.
- 5.3 The graph below shows the 2023/24 net budget requirement and funding of £16.327m for approval, and the latest forecast net budget requirement and funding levels for 2024/25 to 2025/26, resulting in a budget gap of £2.708m.



- 5.4 In September the reported budget gap was £3.014m over the three-year period 2023/24 to 2025/26 (£0.539m 2023/24, £1.474m 2024/25 and £1.001m 2025/26), a summary of the movements since September are set out in the table below:

BUDGET MOVEMENTS	2023/24 £000s	2024/25 £000s	2025/26 £000s
ANNUAL BUDGET GAP SEPTEMBER 2022	539	1,474	1,001
Salary - Additional 3% 22/23 Pay Award, Budget at Top SCP, Vacancy/Scale Factor, FTCs Base Changes, 2023 Pension Triennial Valuation	438	(643)	8
Contract Inflation - Insurance, Energy, Fuel and Fleet	320	38	(3)
Solar PV System Tariff Income	(120)	0	0
Review of Unspent Budgets	(72)	0	0
Council Elections Delivery	5	101	2
PSAA Reset of External Audit Fees	85	0	0
Treasury Investment Income & Capital Financing	7	165	74
Complete Removal of Returns from TVD	50	0	0
Other Budget Movements	(1)	3	0
2023 Budget Proposals	354	89	(25)
Reserves - One-Off Use of Reserves to Balance the 2023/24 budget and the complete phasing out of the Use of Reserves by 2025/26	(466)	926	162
Net Budget Movements	600	679	218
Council Tax - 3% Council Tax Increase	(19)	(66)	(1)
Business Rates - further delay to the reset of Baselines	0	(826)	(427)
Use of Collection Fund Smoothing Reserve	(40)	40	0
23/24 LGFS - Business Rates Baseline & Tariff	16	(186)	0
23/24 NNDR1 Local Share & Section 31 Grants	(614)	0	0
23/24 LGFS Other Grants - NHB, Lower Tier and Services Grants	(482)	355	446
Funding Movements	(1,139)	(683)	18
TOTAL MOVEMENTS	(539)	(4)	236
ANNUAL BUDGET GAP FEBRUARY 2023	0	1,470	1,238

5.5 The key inflationary assumptions over the period 2023/24 to 2025/26 include:

Budget Assumptions	2023/24 £000s	2024/25 £000s	2025/26 £000s
Net Budget	1,305	714	564
Pay Award	3.00%	2.00%	2.00%
	590	401	407
2023 Pension Triennial Valuation - Future Service	1.40%	0%	0%
	207	4	4
Contractual Obligations: Inflation Energy	82.50%	40.00%	5.00%
	228	193	34
Contractual Obligations: Inflation Fuel	10.00%	5.00%	5.00%
	48	33	35
Contractual Obligations: Inflation Insurance	30.00%	5.00%	5.00%
	103	22	23
Contractual Obligations: Inflation Other	Variable	Variable	Variable
	48	10	10
Contractual Obligations: Inflation General	3.00%	2.00%	2.00%
	81	51	51
Net Central Service Budget	(446)	(19)	(20)
Contractual Obligations: External Audit Fees	150%	0%	0%
	85	0	0
2023 Pension Triennial Valuation - Past Service	(3.70%)	0%	0%
	(532)	(20)	(21)
Apprenticeship Levy: Pay Award	3.00%	2.00%	2.00%
	1	1	1
Funding	(342)	(397)	(341)
Council Tax Rate Increase (Relevant Basic Amount)	2.99%	2.99%	£5
	(250)	(261)	(199)
Council Tax Base Increase	1.13%	1.60%	1.60%
	(92)	(136)	(142)

5.6 The table below summarises the movements over the period 2023/24 to 2025/26:

Movements to the 2022/23 Base Budget	2023/24 £000s	2024/25 £000s	2025/26 £000s
Net Service Base Budget b/f	17,089	17,812	18,110
Permanent Virements	(112)	0	0
RODs	(40)	0	0
NET SERVICE BASE BUDGET	16,937	17,812	18,110
Pay, NI & Pensions - Inflation	797	405	412
Pay, NI & Pensions - Base Movements	(223)	(725)	0
Employee Vacancy/Scale Factor	(45)	33	(40)
Contractual Inflation	507	309	154
Volume/Activity Base Movements	176	80	0
Legislative/Regulatory	219	(143)	(43)
Grants & Contributions	(30)	0	0
Sales, Fees & Charges Levels	(231)	(98)	(17)
Recharges HRA & Capital	18	0	0
New / Cease / Transfer of Services	(22)	0	0
Service Reserve Movements	(152)	393	44
Other	35	0	0
Total Budget Assumptions	1,050	253	509
Growth Items	(438)	(44)	0
Policy Proposals	(91)	0	0
Total Approved Budget Proposals	(529)	(44)	0
Growth Items	502	38	(25)
Income Generation	0	0	0
Efficiency Proposals	0	102	0
Savings Proposals	(198)	0	0
Policy Proposals	51	(51)	0
Total New Budget Proposals	354	89	(25)
NET SERVICE BUDGET	17,812	18,110	18,594
Net Service Base Budget b/f	(700)	148	129
Permanent Virements	1,217	0	0
NET CENTRAL SERVICE BASE BUDGET	517	148	129
External Audit	85	0	0
Pensions	(533)	(20)	(21)
Apprenticeship Levy	1	1	1
Corporate Employee Vacancy/Scale Factor	19	0	0
Provision & Contingency	264	0	0
Covid-19	(191)	0	0
Other Corporate Items	(15)	0	0
Total Central Service Budget Assumptions	(369)	(19)	(20)
NET CENTRAL SERVICE BUDGET	148	129	109
Net Service Base Budget b/f	(1,436)	(1,633)	(254)
NET NON SERVICE BASE BUDGET	(1,436)	(1,633)	(254)
Treasury Management - Interest Received	161	0	0
Treasury Management - Interest Payments	0	53	19
Capital Charges - MRP	87	113	54
Dividends	50	0	0
Reserves	(494)	1,213	595
Total Non Service Budget Assumptions	(197)	1,379	668
NET NON SERVICE BUDGET	(1,633)	(254)	414
NET BUDGET	16,327	17,986	19,118

Movements to the 2022/23 Base Budget	2023/24 £000s	2024/25 £000s	2025/26 £000s
BASE FUNDING	(14,953)	(16,327)	(16,516)
Council Tax - Base Increase	(93)	(137)	(143)
Council Tax - % General Increase	(249)	(260)	(197)
Business Rates: Retained Income	(338)	(186)	0
Business Rates: S31 Grants	(643)	0	0
Prior Year Collection Fund (Surplus)/Deficit	(1,421)	(1,035)	0
Use of Collection Fund Smoothing Reserve	1,381	1,076	0
New Homes Bonus	(65)	768	0
Other Government Grants	54	(413)	446
Total Funding Assumptions	(1,374)	(188)	106
FUNDING	(16,327)	(16,516)	(16,410)
ANNUAL BUDGET (HEADROOM)/GAP	0	1,470	1,238
CUMULATIVE BUDGET (HEADROOM)/GAP	0	1,470	2,708

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

- An exercise has been performed to fully cost the establishment at top-of scale, including building into the base the additional 3% not budgeted for as part of the 2022/23 budget setting for the £1,925 pay settlement, the introduction of a vacancy/scale factor at 10%, along with removing budgets for fixed-term contracts end dates, these have now been built into the base budget.
- The discontinuation of temporary or one-year approved Record of Decisions Under Delegated Authority (RODs), growth items and policy proposals approved at February Council.
- Base budget adjustments relating to fuel and the fleet contract.
- Council elections delivery: creation of smoothing reserve and contribution of £100k.
- **Reinstatement of Solar PV System Tariff Income, £120k**
- Provisions and contingency: insertion of insurance fund provision top-up of £80k and replenish the contingency budget to £166k.
- Reduction of £161k to the interest received from treasury investments.
- Capital financing costs: insertion of **£325k** over the three-year period.
- Removal of all TVD Dividend returns.
- The one-off increase in the use of reserves in 2023/24 of £512k and the complete phasing out of the contribution from reserves by the end of the three-year MTFF period.

5.8 The 2023 budget proposals include the following items and a full detailed listing is provided in Appendix 2 of the report:

- Staffing: extension of existing posts and the creation of new posts to the establishment totalling £729k over the three-year period.
- Centralisation of budgets saving: computing savings of £100k and printing and stationery saving of £99k.
- Leisure review £153k, funded by a £102k one-off use of reserve and a £51k one-year base budget increase.

- 5.9 Other notable movements to the Funding include the following items and a full detailed listing is provided in Appendix 1 of the report:
- The assumption on the timing of the Business Rates Baseline reset and reform is now assumed to be implemented following the next general election, however there is some uncertainty whether this will be aligned to the Fairer Funding (Settlement Formula) review due in 2025/26 or 2026/27, at present this has been excluded from the three-year period.
 - An increase of £981k for retained Business Rates and Section 31 Compensation Grants.
 - An increase of £11k in Other Government Grants, that relates to New Homes Bonus, Lower Tier and Services Grants.

6.0 PROPOSED 2023/24 REVENUE BUDGET AND MEDIUM-TERM FINANCIAL FORECAST 2024/25 to 2025/26

- 6.1 The Council is required to set a balanced budget and determine its council tax level before the start of each financial year in accordance with statutory requirements and proper accounting practices.
- 6.2 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.
- 6.3 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.
- 6.4 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.

- 6.5 Based on the current set of key assumptions set out in section 5, the 2023/24 net budget requirement and funding of £16.327m for approval, and the latest forecast net budget requirement and funding levels for 2024/25 to 2025/26, resulting in a budget gap of £2.708m by service is shown below:

2023/24 Budget and 2024/25 to 2025/26 MTFF	2023/24 £000s	2024/25 £000s	2025/26 £000s
Corporate and Customer Services	5,860	5,898	6,006
Environmental Services	6,677	6,822	6,969
Finance Procurement and Commercial Services	(488)	(391)	(326)
Housing Services	941	1,035	1,046
Legal and Democratic Services	1,167	1,270	1,299
Planning and Regulatory Services	1,845	1,845	1,918
Wellbeing and Place Services	1,457	1,272	1,314
Chief Officers	353	361	368
NET SERVICE BUDGET	17,812	18,110	18,594
Treasury & Banking	41	41	41
External Audit	142	142	142
Pensions	(148)	(168)	(188)
Apprenticeship Levy	45	46	47
GRA Recharges	(187)	(187)	(187)
Provision & Contingency	166	166	166
Parish Council Grants	89	89	89
NET CENTRAL SERVICE BUDGET	148	129	109
Treasury Management - Interest Received	(319)	(319)	(319)
Treasury Management - Interest Payments	95	147	167
Capital Charges - MRP	400	513	567
Reserves	(1,808)	(595)	0
NET NON SERVICE BUDGET	(1,633)	(254)	414
NET BUDGET	16,327	17,986	19,118
Council Tax	(9,247)	(9,645)	(9,985)
Council Tax - Parish Precepts	679	679	679
Business Rates: Retained Income	(3,130)	(3,316)	(3,316)
Business Rates: S31 Grants	(3,493)	(3,493)	(3,493)
Prior Year Collection Fund (Surplus)/Deficit	1,035	0	0
Use of Collection Fund Smoothing Reserve	(1,076)	0	0
New Homes Bonus	(768)	0	0
Other Government Grants	(327)	(740)	(294)
FUNDING	(16,327)	(16,516)	(16,410)
ANNUAL BUDGET (HEADROOM)/GAP	0	1,470	1,238
CUMULATIVE BUDGET (HEADROOM)/GAP	0	1,470	2,708

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 in February 2022, was that £1.314m of reserves would be required in 2022/23 to enable the Council to achieve a balanced budget.
- 7.3 Whilst the reserves position as at 31 March 2022 in 7.7 shows a balance of £16.849m, the Collection Fund Stabilisation Reserve balance of £6.271m 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. Excluding this reserve, the position as at 31 March 2022 is £10.578m.
- 7.4 Utilising of reserves of £1.314m in 2022/23 and a proposed £1.808m in 2023/24, presents an un-sustainable position on the overall reserves position, therefore the complete phasing out of the contribution from reserves has now been assumed over the remaining two-years of the MTFF in 2024/25 and 2025/26.
- 7.5 To reduce the dependence on reserves it is recommended further savings, efficiencies or income generation are identified over the three-year period 2023/24 to 2025/26, to reduce the drawdown on reserves and stabilise the Council's finances over the medium-term.
- 7.6 Reserves Protocol
1. Details for each GRA reserve held by the Council are set out in 7.7 below.
 2. Each reserve is managed and controlled by the s151 Officer of the Council who will act as the responsible officer for the reserve.
 3. The responsible officer can authorise amounts, commensurate with the current limit for Record of Decision (RoD) actions, to be taken from a reserve provided that its use is in line with the stated purpose of the reserve.
 4. Reserves are reviewed and updated as part of the annual budget preparation and as part of the closure of accounts process to ensure that they continue to be required and are adequate in size.
 5. Earmarked reserves represent money that has been set aside for a clearly defined purpose, and which is available to meet future expenditure in that area.
 6. Balances represent unallocated funds which have not been earmarked and consequently are available to support any service area.

7.7 Reserves Balances and Forecast

Classification	Sub-Classification	2021/22 YE Balance £000s	2022/23 Forecast In-Year Movement £000s	2022/23 Forecast YE Balance £000s	2023/24 Forecast In-Year Movement £000s	2023/24 Forecast YE Balance £000s	2024/25 Forecast In-Year Movement £000s	2024/25 Forecast YE Balance £000s	2025/26 Forecast In-Year Movement £000s	2025/26 Forecast YE Balance £000s
General Fund Balance	Core Balances	(£690)	£0	(£690)	£0	(£690)	£0	(£690)	£0	(£690)
General Fund Balance	Contingency Balances	(£270)	£0	(£270)	£0	(£270)	£0	(£270)	£0	(£270)
CORE and CONTINGENCY BALANCES		(£960)	£0	(£960)	£0	(£960)	£0	(£960)	£0	(£960)
Corporate Reserves	SORP / Policy Options Reserve	(£172)	£0	(£172)	£0	(£172)	£0	(£172)	£0	(£172)
Corporate Reserves	Budget Smoothing Reserve	(£837)	(£1,798)	(£2,635)	£1,808	(£827)	£595	(£232)	£0	(£232)
Corporate Reserves	Benefits Equalisation Reserve	(£908)	£0	(£908)	£0	(£908)	£0	(£908)	£0	(£908)
Corporate Reserves	Planning Income Equalisation Reserve	(£125)	£0	(£125)	£0	(£125)	£0	(£125)	£0	(£125)
Corporate Reserves	Collection Fund Stabilisation Reserve	(£6,271)	£3,957	(£2,314)	£1,076	(£1,238)	£0	(£1,238)	£0	(£1,238)
Corporate Reserves	Major Projects Reserve	(£399)	£69	(£330)	£69	(£261)	£0	(£261)	£0	(£261)
Corporate Reserves	Strategic Investment Reserve	(£613)	£0	(£613)	£0	(£613)	£0	(£613)	£0	(£613)
Corporate Reserves	Service Reserves	(£2,662)	£737	(£1,925)	£476	(£1,449)	(£50)	(£1,499)	(£100)	(£1,599)
CORPORATE RESERVES		(£11,986)	£2,965	(£9,021)	£3,429	(£5,592)	£545	(£5,047)	(£100)	(£5,147)
Insurance Reserve	Insurance Reserve	(£2,006)	£1,000	(£1,006)	£0	(£1,006)	£0	(£1,006)	£0	(£1,006)
INSURANCE RESERVES		(£2,006)	£1,000	(£1,006)	£0	(£1,006)	£0	(£1,006)	£0	(£1,006)
Ring Fenced Reserves	P&D Machine Replacement Fund	(£29)	£0	(£29)	(£5)	(£34)	(£5)	(£39)	(£5)	(£44)
Ring Fenced Reserves	Solar Panel R&R Fund	(£261)	£0	(£261)	£0	(£261)	£0	(£261)	£0	(£261)
Ring Fenced Reserves	Community Related Assets - R&R Fund	(£222)	£0	(£222)	(£40)	(£262)	(£40)	(£302)	(£40)	(£342)
Ring Fenced Reserves	Industrial Portfolio Fund	(£996)	£0	(£996)	(£92)	(£1,088)	(£143)	(£1,231)	(£137)	(£1,368)
Ring Fenced Reserves	Investment Centre Reserve	(£389)	£0	(£389)	(£50)	(£439)	(£50)	(£489)	(£50)	(£539)
RING FENCED RESERVES		(£1,896)	£0	(£1,896)	(£187)	(£2,083)	(£238)	(£2,321)	(£232)	(£2,553)
TOTAL GRA RESERVES		(£16,849)	£3,965	(£12,884)	£3,242	(£9,642)	£307	(£9,335)	(£332)	(£9,667)

8.0 CAPITAL PROGRAMME

8.1 The Capital Strategy for 2023/24 – 2025/26 is presented in Appendix 3.

8.2 The proposed Capital Programme for the period 2023/24 to 2025/26 totals £9.158m.

General Fund (GRA) Service Area	2022/23 F/cast Expenditure £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s
Corporate and Customer Services	£1,560	£601	£250	£250
Environmental Services	£236	£297	£45	£0
Finance Procurement and Commercial Services	£235	£772	£60	£210
Housing Services	£1,722	£1,941	£1,608	£1,608
Planning and Regulatory Services	£254	£211	£0	£0
Wellbeing and Place Services	£8,910	£4,129	£1,568	£6
Total GRA Capital Programme Expenditure	£12,917	£7,951	£3,531	£2,074

8.3 The above table includes Capital Bids totalling £651k and new approval relating to the UK Shared Prosperity Fund award, detailed in the table below:

Service	Budget Issue Name	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s
Environmental	Littering T&F group equipment	£23	£0	£0
Environmental	Street recycling bins	£10	£0	£0
Finance	Fixed Asset Register	£30	£0	£0
Finance	Capital Works Required (Est)	£230	£10	£180
Wellbeing and Place	Chapel Gallery building repairs	£50	£33	£6
Regulatory Services	CCTV monitoring costs	£79	£0	£0
New Service Bids 2023/24		£422	£43	£186
Wellbeing and Place	UK Shared Prosperity	£191	£1,535	£0
New Approvals 2023/24		£191	£1,535	£0

8.4 The Capital Programme is to be funded by the following resources with any remaining balance funded with the use of prudential borrowing.

FUNDING	2022/23 F/cast Expenditure £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s
Capital Receipts	£3,306	£1,228	£0	£0
GRA Contributions	£0	£0	£0	£0
Prudential Borrowing	£5,284	£1,506	£552	£630
Community Infrastructure Levy (CIL)	£1,053	£3,191	£0	£0
Section 106	£698	£36	£0	£0
Other Grant Funding	£2,576	£1,991	£2,979	£1,444
Total GRA Capital Programme Funding	£12,917	£7,951	£3,531	£2,074

8.5 Further detail on the proposed Capital Programme and funding is provided in Appendix 4.

9.0 ROBUSTNESS of ESTIMATES and ADEQUACY of RESERVES

- 9.1 It is a requirement of the Local Government Act 2003 for the Council's Chief Finance Officer to give an opinion as to the robustness of the budget estimates and the adequacy of the financial reserves (s25) and the minimum level of reserves (s26). These opinions are provided to Members to assist in their determination as to whether the proposed budget is sufficient to meet the needs of the Council.
- 9.2 In determining the budget for the forthcoming year there have been important decisions about the continued use of reserves. The planned use of reserves totalling £3.242m in 2023/24 from 7.7 above, includes £1.808m of general reserves to support the budget that is a one-off source of funding. As the reliance on reserves is removed the budget gap over the period 2024/25 to 2025/26 increases by this amount.
- 9.3 All aspects of the budget have been reviewed to ensure that reasonableness (robustness) tests have been carried out, that detailed calculations are sound, and that the risks have been quantified and provided for as far as possible.
- 9.4 Statement by the Head of Finance, Procurement and Commercial Property in his capacity as the s151 Officer of the Council:

This statement is not a guarantee that expenditure will be contained within each budget line, as budget estimates are exactly that. Estimates of the financial environment, spending and income made at a point in time, which will change as circumstances change.

Therefore, it is an assessment of the overall budget package and whether there is a reasonable expectation that the budget overall will not be breached.

On the basis, good financial management, and the sound monitoring of budgets and performance which exists. I am satisfied that sufficient management processes are present within the Council to deliver this budget and to identify and deal with issues which may arise unexpectedly during the year.

As the Council s151 Officer I'm able to report (in accordance with Section 25 of the Local Government Act 2003) that the estimates made for the purposes of the calculation of the budget are robust and the level of reserves and balances are adequate and (in accordance with Section 26 of the Local Government Act 2003) the minimum level of general reserve be set at £960k.

10.0 MEDIUM-TERM OUTLOOK

- 10.1 The Government continued with a detailed one-year funding settlement for 2023/24 and set out through a LGFS Policy Statement issued on 12 December 2022, the planning assumptions rather than detailed allocations for 2024/25.
- 10.2 We also await confirmation of the details to the long-awaited Government reforms to the settlement formula (Fairer Funding), together with a new business rates retention system and baseline reset. In the December LGFS Policy Statement Government announced that this will not be implemented in the next two years.

- 10.3 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 mid-2024 and flatlining in 2025/26. 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.
- 10.4 Consequently, the MTFF will be continually refreshed once new information becomes available to establish the Council's financial position going forward.
- 10.5 The current MTFF position to 2025/26 shows a budget gap of £2.605m, the Council has undertaken some preliminary work to identify high level saving targets themes as shown in the table below:

HIGH LEVEL SAVING TARGET	2024/25 £'000s	2025/26 £000s
CUMULATIVE BUDGET GAP FEBRUARY 2023	1,495	2,605
All Service Efficiency Target of 3%	(930)	0
Review of Statutory and Non-Statutory Services	(125)	(125)
Accommodation Review	0	(250)
TOTAL HIGH LEVEL SAVING TARGETS	(1,055)	(375)
UPDATED CUMULATIVE BUDGET GAP	440	1,175

- 10.6 Indicative workplan:
- Undertake detailed service budget reviews
 - Undertake detailed budget analysis work to include statutory and non-statutory
 - Review sales, fees and charges register
 - Sensitivity and scenarios analysis modelling

11.0 SUSTAINABILITY IMPLICATIONS

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

12.0 RISK ASSESSMENT

- 12.1 The formal consideration and reporting of the budget estimates is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council. This process is resource intensive for both Members and Officers but ensures that a robust and achievable budget is set.
- 12.2 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.

13.0 HEALTH AND WELLBEING IMPLICATIONS

- 13.1 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.

Appendices

- Appendix 1 Budget Movements
- Appendix 2 2023 Budget Proposals
- Appendix 3 Capital Strategy 2023/24 to 2025/26
- Appendix 4 GRA Capital Programme 2023/24 to 2025/26

APPENDIX 1: BUDGET MOVEMENTS

Movement Heading	Description	2023/24 £000s	2024/25 £000s	2025/26 £000s
NET BUDGET		161	874	614
Net Service Budget		(936)	(505)	(55)
Permanent Virements	Budget Re-alignment of Contingency	(16)	0	0
Permanent Virements	Salary - Pay Award Catchup of the 22/23 £1,925 additional 3%	588	0	0
Permanent Virements	Salary - Budget at Top SCP & Introduction of Vacancy/Scale Factor @ 10%	(669)	0	0
Permanent Virements	Budget Re-alignment of Brokers Fee	(15)	0	0
Permanent Virements		(112)	0	0
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		(40)	0	0
Budget Assumptions	Salary - Base Movements FTCs	(223)	(725)	0
Budget Assumptions	Employee Vacancy/Scale Factor Increase for Pay Award	(45)	33	(40)
Budget Assumptions	Volume/Activity Base Movements - Fuel	134	0	0
Budget Assumptions	Volume/Activity Base Movements - Fleet Contract	114	0	0
Budget Assumptions	Review of Budget Underspend	(72)	0	0
Budget Assumptions	Insurance Fund Provision Top-Up	0	80	0
Budget Assumptions	National Fraud Initiative	0	3	0
Budget Assumptions	Insurance Fund Actuarial Review	6	0	0
Budget Assumptions	Commercial Property: Minimum Energy Efficiency Standards (MEES)	52	(51)	6
Budget Assumptions	Commercial Property: Use of Investment Property Portfolio Reserve to Fund MEES	(52)	51	(6)
Budget Assumptions	LG Futures: Collection Fund Suite Subscription	10	0	0
Budget Assumptions	Council Elections Delivery	151	(95)	(48)
Budget Assumptions	Council Elections Budget Stabilisation Reserve	(146)	196	50
Budget Assumptions	Fund new post from RSI & Homelessness grant	(30)	0	0
Budget Assumptions	Investment Properties - Service Charge (Energy)	(111)	(98)	(17)
Budget Assumptions	Solar PV System Tariff Income	(120)	0	0
Budget Assumptions	Recharges HRA - 23/24 Fleet SLA	18	0	0
Budget Assumptions	Transfer of Service - Home Link Care - Consultant Fees	(40)	0	0
Budget Assumptions	cc4131: 61 WESTGATE vacated	18	0	0
Budget Assumptions	Service Reserve Movements / Reversals	46	145	0

Movement Heading	Description	2023/24 £000s	2024/25 £000s	2025/26 £000s
Budget Assumptions	cc2021: HOUSING/HOMELESSNESS ADV - Error in previous years	4	0	0
Budget Assumptions	cc4148: STANLEY DEPOT - SFCs (cc1329 Transport)	31	0	0
Budget Assumptions		(255)	(461)	(55)
Approved - Growth Bids (FEB22)	Additional EHO post - Environmental Protection (22/23 funded from Covid)	44	0	0
Approved - Growth Bids (FEB22)	Additional post of Inward Investment Officer	(43)	0	0
Approved - Growth Bids (FEB22)	Additional income and/or efficiencies to be generated from the Finance FBP	(60)	(10)	0
Approved - Growth Bids (FEB22)	Supporting the business & Visitor economy & attracting inward investment	(3)	(42)	0
Approved - Growth Bids (FEB22)	Employment Debt recovery task force for 3 months	(20)	1	0
Approved - Growth Bids (FEB22)	Upgrade of IT equipment for Planning Services following Planning Service Review	(12)	0	0
Approved - Growth Bids (FEB22)	Regeneration Project Development Manager plus extension of existing post to Dec 2022	(60)	0	0
Approved - Growth Bids (FEB22)	Revenue consequences of Capital bid - C7 - Purchase Glutton Urban Vacuum Cleaner	2	0	0
Approved - Growth Bids (FEB22)	Revenue consequences of Capital bid - C8 - Beconsall Closed Church Yard	7	2	0
Approved - Growth Bids (FEB22)	Temporary post of Development Planning Surveyor for 12 months	(53)	0	0
Approved - Growth Bids (FEB22)	Continued Membership of Growth Lancashire (1 year)	(15)	0	0
Approved - Growth Bids (FEB22)	Replace WebaspX system	(80)	0	0
Approved - Growth Bids (FEB22)	Microsoft Site Licences	140	5	0
Approved - Growth Bids (FEB22)	Council Tax Discount/Relief Scheme (Cost of Living)	(260)	0	0
Approved - 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
Approved - Policy Proposals (FEB22)	Initial 1Yr Holiday re Reserves Contributions	239	0	0
Approved - Policy Proposals (FEB22)	Leisure Contract - 1 yr Contract Extension	(231)	0	0
Approved - 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
Net Central Service Budget		1,294	0	0
Permanent Virements	Introduction of Employee Costs Vacancy/Scale Factor @ 10%	995	0	0
Permanent Virements	Budget Re-alignment of the Provision & Contingency	16	0	0
Permanent Virements	Salary - Base Movements & Budget at Top SCP	191	0	0
Permanent Virements	Budget Re-alignment of Brokers Fee	15	0	0
Permanent Virements		1,217	0	0
Central Service: Corporate Budget	Employee Vacancy/Scale Factor Adj for Base Movements FTCs	19	0	0

Movement Heading	Description	2023/24 £000s	2024/25 £000s	2025/26 £000s
Central Service: Corporate Budget	Replenish the Provision & Contingency Budget	264	0	0
Central Service: Corporate Budget	Salary - Base Movements FTCs	(191)	0	0
Budget Assumptions		92	0	0
Approved - Growth Bids (FEB22)	County Deal	(15)	0	0
Approved Growth Items		(15)	0	0
Net Non Service Budget		(197)	1,379	669
Non Service: Treasury Management	Reduction of Interest Received from Investments	240	0	0
Non Service: Treasury Management	Additional Interest Received from Increased Interest Rates	(79)	0	0
Non Service: Treasury Management	Capital Programme 23/24 to 25/26: Interest on Borrowing	0	53	19
Non Service: Capital Charges MRP	MRP - Change of Policy	7	11	12
Non Service: Capital Charges MRP	Capital Programme 23/24 to 25/26: MRP	79	101	43
Non Service: Dividends	Returns from TVDC	(200)	0	0
Non Service: Dividends	Deletion of the Returns from TVDC	250	0	0
Non Service: Reserves	Phasing out of the contribution from Reserves	0	702	595
Non Service: Reserves	One-Off Use of Reserves in 23/24 to Balance the Budget Gap	(512)	512	0
Budget Assumptions		(215)	1,379	669
Approved - Policy Proposals (FEB22)	Reversal of the use of Reserves agreed at Council Feb 2022	18	0	0
Approved Policy Proposals		18	0	0
FUNDING		(1,032)	209	446
2023/24 LG Finance Settlement	Business Rates: Individual Authority Baseline	(1,566)	(735)	0
2023/24 LG Finance Settlement	Business Rates: Tariff	1,442	549	0
2023/24 NNDR1 Forecast	Business Rates: (Growth)/Decline	(214)	0	0
2023/24 NNDR1 Forecast	Business Rates: S31 Grants	(643)	0	0
Collection Fund Forecast	Estimated in-year Collection Fund Outturn position	(£1,422)	(£1,035)	0
Collection Fund Forecast	Movement on Collection Fund Stabilisation Reserve	£1,382	£1,075	0
2023/24 LG Finance Settlement	Government Funding: New Homes Bonus	(64)	767	0
2023/24 LG Finance Settlement	Government Funding: RSG, Lower Tier, Services & Funding Guarantee Grants	53	(412)	446

APPENDIX 2: 2023 BUDGET PROPOSALS

Service	Manager	Budget Issue Description	Budget Group	2023/24 £000s	2024/25 £000s	2025/26 £000s
NET BUDGET				£354	£89	(£25)
Net Service Budget				£354	£89	(£25)
Environmental Services	Kathryn Sephton	Depot Transport Services Manager	Staff	64	0	0
Environmental Services	Kathryn Sephton	Assistant Waste Services Manager	Staff	48	0	0
Environmental Services	Kathryn Sephton	Technical Support Officer Apprentice	Staff	22	0	(22)
Finance Procurement and Commercial Services	James Pierce	Senior Estates Surveyor	Staff	65	0	0
Finance Procurement and Commercial Services	James Pierce	Finance Manager	Staff	76	0	0
Housing Services	Alan Leicester	Staffing - Homelessness Triage	Staff	20	0	(20)
Legal and Democratic Services	Kay Lovelady	Planning Assistant Solicitor	Staff	54	0	0
Legal and Democratic Services	Kay Lovelady	Contracts & Procurement Lawyer	Staff	54	0	0
Planning and Regulatory Services	Paul Charlson	Strategic Planning Manager	Staff	0	53	17
Planning and Regulatory Services	Paul Charlson	CCTV Contract Monitoring Staff	Staff	15	(15)	0
Planning and Regulatory Services	Paul Charlson	CCTV Monitoring & Maintenance	Operational	45	0	0
Planning and Regulatory Services	Paul Charlson	Corporate Health & Safety Staff	Staff	39	0	0
Growth Items				£502	£38	(£25)
Corporate and Customer Services	Lisa Windle	Staffing - Extend Temporary Team staffing	Staff	0	102	0
Finance Procurement and Commercial Services	James Pierce	Procurement Staffing	Staff	157	0	0
		Procurement Contract Efficiency Savings	Operational	(157)	0	0
Efficiency Proposals				£0	£102	£0
Corporate and Customer Services	Lisa Windle	Centralisation of Budgets: Computing	Operational	(100)	0	0
		Centralisation of Budgets: Printing & Stationery	Operational	(99)	0	0
Saving Proposals				(£199)	£0	£0
Wellbeing and Place Services	Simon Kirby	Leisure Facilities Growth	Operational	153	(153)	0
		Leisure Facilities Budget Stabilisation Reserve	Reserves	(102)	102	0
Policy Proposals				£51	(£51)	£0

Staff	£614	£140	(£25)
Operational	(£158)	(£153)	£0
Reserves	(£102)	£102	£0
Proposals Total	£354	£89	(£25)