

Report of	Meeting	Date
<b>Director of Finance</b> (Introduced by Cabinet Member (Finance, Property and Assets))	Cabinet	22 February 2023

## Draft 2023/24 Budget

Is this report confidential?	No
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Is this decision key?	No
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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### Purpose of the Report

1. The report sets out the draft budget position for the council for 2023/24 and the forecast for 2024/25, reflecting the information contained within the Local Government Financial Settlement announced on 7 February 2023.
2. The draft budget position is published for consultation every year by the council.

### Recommendations

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

### Reasons for recommendations

4. The council wishes to set out its budget proposals.

### Other options considered and rejected

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

## Executive summary

6. The Provisional Local Government Financial Settlement for 2023/24 was announced on 19<sup>th</sup> December 2022, with information regarding specific elements of funding and grants; the detail of this was confirmed in the Final Local Government Financial Settlement issued on 7 February 2023. The settlement contained information regarding funding levels and council tax increases for 2023/24 and, for a number of funding streams, information on their expected levels in 2024/25. Based on this information, the budget forecasts for 2023/24 and 2024/25 have been updated as follows:
- The Medium Term Financial Strategy (MTFS) presented to Finance Council in February 2022 assumed a freeze in council tax in 2023/24. However within the recent settlement announcement, Government confirmed a council tax increase limit for district councils in 2023/24 of 3%; this is an increase from the 2% limit set in previous years. Despite the continued pressures on council expenditure budgets, including the impact of rising inflation and increasing utility costs, combined with the real terms reduction in Government funding provided to the council since 2010, **it is recommended to retain the proposal to freeze the council's council tax charge to South Ribble residents, as previously proposed at the councils budget setting meeting in February 2022;**
  - The MTFS in February 2022 assumed an increase in council tax of 1.99% for 2024/25. In line with the Government's announcement in the Settlement that the 3% limit would also be extended to 2024/25, the MTFS has been revised to reflect this increase, although as required, this assumption will be revisited next year and will be subject to future decision dependent on the outcome of future Government funding announcements;
  - The figures reflect continued investment in ongoing revenue budgets to ensure the delivery of corporate strategy priorities;
  - A capital investment of over £67.0m is included in respect of corporate priority projects over the 3-year period 2023-2026;
  - The figures reflect the corporate strategies and decisions taken by the council to date to reduce the budget deficit over the medium term.
7. Consultation on the proposed budget for 2023/24 began on 13<sup>th</sup> February 2023. The consultation will invite responses from residents, partners, parish groups and other stakeholders through a variety of methods including a short survey. The feedback will be used to frame the allocation of resources and investments, and the results will be analysed and published in February for consideration as part of the council's final budget.

## Corporate priorities

8. The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

## **Background to the report**

9. In presenting the draft budget position for 2023/24 it is important to review the context within which this has been developed, and how the budget and financial risk have been managed to date to ensure that costs remain controlled and savings generated, whilst investment has been made in service delivery to the residents and businesses of the borough.

## **Local Government Funding Uncertainty**

10. Uncertainty remains around the council's future funding streams, as the Government's recent announcement was for a one-year financial settlement for 2023/24 rather than the expected multi-year settlement that they had stated earlier in the year.
11. The Local Government Settlement therefore represents a 'holding position' for the next two years until the next Parliament, and is aimed at providing stability in the short term for local government finances. By ruling out a business rates reset or a fair funding review over this period, the funding distribution will remain fairly stable, however longer term the questions remain about the future funding system.

## **Economic Uncertainty**

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

## **Budget Management and Investment**

13. Although the council has continued to experience unfunded inflationary increases in staffing and non-staff costs, it has met resulting budget deficits by realising efficiency savings and generating additional income.
14. Costs have been successfully controlled whilst the provision of high-quality services that are expected by residents and businesses have continued. The council achieves this by continually reviewing its budgets and contracts, by delivering efficiencies and by realising savings such as those achieved through the exploration of, and investment in alternative delivery models, including sharing services with Chorley Council.
15. The council has, and will continue, to invest in the borough, to improve housing and to provide employment opportunities, whilst seeking opportunities to generate income, thereby making the council less reliant on the increasingly uncertain funding from Government.
16. Examples of new developments that continue to support this strategy are;
  - Investment in our leisure centres;
  - Investment in our extra care scheme, Jubilee Gardens;
  - Investment in our parks, playgrounds and heritage asset at Worden Hall.

## Council Tax Increases

17. Through effective management of its budget and investment in income generating projects, South Ribble 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 2022/23 £</b>
Preston	333.63
Burnley	318.49
Rosendale	290.80
Pendle	281.50
Hyndburn	260.64
Lancaster	241.95
<b>South Ribble</b>	<b>223.24</b>
Fylde	219.19
West Lancs.	218.39
Wyre	214.74
Chorley	199.66
Ribble Valley	160.69

18. 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

19. 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 below.

### Investment in 2022/23

20. The council allocates significant revenue investment to deliver corporate strategy priorities through a programme of diverse activities. In 2022/23 these activities were designed to progress action to address the economic impact of the pandemic, including support for businesses and activity to increase jobs and skills, establishing key assets for the future and to respond to the needs of communities by enhancing essential services and facilities.

### An Exemplary Council

- **£200k** investment to establish and develop our approach to apprenticeships, graduate and training posts in areas of high market demand – building resilience and improving quality in our service provision and supporting.

## Thriving Communities

- **£250k** to create a community support fund, working alongside our existing Boost Fund and the community hubs, to improve the lives of our residents and provide support for individuals, groups and organisations. The Boost Fund Plus scheme provided funding to 15 groups across the borough's which included £15,000 to Finleys Families to provide young families with baby parenting support, £20,000 to Churches Together in Leyland to replace their existing furniture scheme van, £16,000 to Samlesbury Memorial Hall to improve disability access and over £8,000 to Longton Victory Memorial social club to support the development of facilities
- **£310k** invested in our sports clubs and community organisations. The Leisure Local fund invested into 25 projects across 21 groups, which included £20,000 to support a gym extension at Penwortham Boxing Club, £20,000 match funding to complete the car park at Hoole Village Memorial Hall, £19,999 to New Longton Sports and Social Club to promote female and disability friendly facilities and £15,000 to provide a new drainage system at Lostock Hall Juniors Football Clubs playing pitch.
- **£30k** to support communities and residents to organise events to celebrate the Queen's Jubilee.

## Fair Economy

- **£200k** to help the local economy recover following the pandemic, including the implementation of a business energy support scheme to encourage businesses to put in place energy efficiency measures and to reduce fuel bills
- **£200k** earmarked for environmental improvements across the borough to enable clean and safe local areas for residents.

## Good Homes, Green Spaces, well places

- **£2.5m** invested in Worden Hall, transforming the facility into an accessible flexible community and event space
- **£1.260m** to be spent in the year to improve parks, play areas and open spaces. Investment has so far been made into the following play areas, to improve local facilities and open spaces including; The Holme Playing Field, Bamber Bridge (£225,000), Moss Side, Leyland (£175,000) and Birch Avenue, Penwortham (£145,000).
- **£4.500m** to continue to support the development of affordable homes including 15 new affordable homes on the McKenzie Arms site in Bamber Bridge; this means residents from across the borough can have access to affordable, safe and environmentally friendly housing, and will meet the demand of stock which is vitally needed.
- **£2.000m** to be invested (on top of the £5.7 million from government) to decarbonise our assets so the Council can significantly reduce its use of fossil fuels to power our leisure centres.

## Investment in Priorities 2023/24

21. The council has invested in services and delivered positive outcomes for residents in a time of significant disruption, supporting a positive recovery from the pandemic and creating opportunities for residents.
22. From across the capital programme, revenue budgets and specific ear-marked reserves, this budget will invest in activity that will continue to drive forward priorities and key projects to achieve the vision for South Ribble to have thriving communities, good homes, green spaces, healthy places and a fair local economy. The Council refreshed its Corporate Strategy in November 2022, continuing to focus on the key priorities that aim to get South Ribble in the best position for the future, supported by investment including:

### An Exemplary Council

- **£20k** to work in partnership to join up local services so that they are responsive to local need.

### Thriving Communities

- **£240k** into establishing an enhanced social prescribing offer in South Ribble over the next two years, supporting families and individuals in need
- **£100k** grant fund to be delivered supporting community groups and organisations across South Ribble
- **£48k** to establish the South Ribble Family Wellbeing Centre in Bamber Bridge, providing space to support local community organisations and residents.

### Good Homes, Green Spaces and Healthy Places

- **£430k** to deliver improvements to local play areas and open spaces, including Longton, New Longton and Margaret Road and King George V Playing Field in Penwortham.
- **£17.870m** to continue to deliver the Jubilee Gardens Extra Care Scheme, which means residents from across the borough can have access to affordable, safe and environmentally friendly housing, which meets the needs of those requiring extra care.
- **£7.360m** in improvements to Leisure centres across the borough

### Fair Economy

- **£300k** to support businesses with grants and advice around energy, start-ups and improvements
- **£13.000m** additional funding into Town Deal, delivering over £38million of improvements to Leyland Town Centre as part of Town Deal.

## **2023/24 BUDGET DEVELOPMENT**

23. The draft budget has been developed in line with the achievements, decisions and actions taken by the council to date as outlined above. Despite the difficult financial position and cost pressures faced, reflecting soaring inflation, increased utility costs and rising interest rates along with the uncertainty around future Government funding, the council is committed to delivering on the agreed priorities and the budget reflects this.
24. The key components of the draft 2023/24 Budget and MTFS, and the assumptions and information on which they are based, are detailed below.
25. A key contributory factor in the development of the draft 2023/24 Budget and MTFS for the following 2 years is the Local Government Finance Settlement, through which Government sets out the funding it will make available to local authorities along with the parameters within which other sources of income, Council Tax and Business Rates, can be raised.
26. The fact that again we have only received a one year settlement has exacerbated the uncertainty and the risk in our financial planning; in the absence of any figures or framework from Government, it is almost impossible to prepare a credible financial strategy beyond 31 March 2024 with any degree of confidence in the underlying assumptions. Uncertainty prevails in respect of the development and implementation of a new Fair Funding Review and changes to the Business Rates Retention Scheme but within this financial context we are developing the MTFS.

### **Local Government Finance Settlement**

27. The Provisional Local Government Finance Settlement 2023/24 was published on 19 December 2022, the details of which were confirmed in the Final Local Government Settlement issued on 7 February 2023. The implications of this are outlined below, along with details of the planning assumptions provided by Government for the 2024/25 local government financial settlement.

### ***Business Rates***

28. The Settlement confirmed that the Lancashire Business Rates Pool will be able to continue in 2023/24 and also into 2024/25. As a member, South Ribble Council benefits from additional business rates income of approximately £1.4m per annum as a result of being in the pool. In the absence of any further information regarding Business Rates Retention reform, the pool is assumed to continue throughout the period of the MTFS.

### ***New Homes Bonus***

29. Whilst it had been announced last year that funding from New Home Bonus (NHB) would discontinue in 2023/24, the Settlement announced an allocation of £376k for 2023/24 (2022/23 - £802k). The reduction reflects the fact that the allocations no longer include any legacy payments for prior years, nor do the 2023/24 allocation have any legacy payments in the future. Reflecting prior announcements of its withdrawal, no further NHB allocations have been assumed beyond 2023/24.
30. It should be noted however that this funding in 2023/24 is assumed to be passed to the City Deal as per the original agreement.

## **Council Tax**

31. The Local Government Finance Settlement confirmed a council tax increase limit for district councils in 2023/24 of up to 3% or £5 (whichever is the greater) on a Band D equivalent in 2023/24. It also confirmed that the same limits will continue in 2024/25. The MTFs presented to Finance Council in February 2022 however, assumed a freeze in 2023/24 and an increase of 1.99% in 2024/25.
32. Despite the continued pressures on council expenditure budgets, including the impact of rising inflation and increasing utility costs, combined with the real terms reduction in Government funding provided to the council since 2010, it is recommended to freeze council tax for South Ribble residents in 2023/24 as previously proposed, whilst revising the position for 2024/25 to reflect the new limit. The 2024/25 position will be revisited next year as part of the budget setting process and will be subject to future decision dependent on the outcome of future Government funding announcements

## **Lower Tier Services Grant**

33. The Lower Tier Services Grant, first introduced in 2021/22 as a non-recurring, un-ringfenced grant has, together with a proportion of the expired New Homes Bonus legacy payments referred to in point 29 above, been re-purposed into a new grant called the Minimum Funding Guarantee, introduced in 2023/24 to ensure that all councils receive a minimum increase of 3% in their Core Spending Power (i.e. the level of resources that the Government assumes councils have available to them based on a combination of their assumed council tax income, business rates income and new homes bonus grant allocation). The minimum 3% increase is calculated before applying assumptions on council tax rate increases for 2023/24, although including increases in the council tax base from information provided to Government back in September 2022. In 2022/23 the council received £107k of funding from this grant.

## **Services Grant**

34. The level of this grant has been reduced, in part due to the cancellation of the previously announced increase in National Insurance Contributions from 1<sup>st</sup> April 2023, and also to move funding into the Supporting Families Programme. The methodology for the distribution of the grant remains unchanged, for which the council will receive £95k in 2023/24. Previously described as a 'one-off' grant in 2022/23 (£160k), although allocated again in 2023/24, it is unclear what will happen to the grant in 2024/25 but for budgeting purposes it has been assumed the funding will be re-purposed and will continue in some form in 2024/25 and 2025/26.

## **Minimum Funding Guarantee**

35. This new grant replaces the Lower Tier Services Grant and a proportion of the previous funding provided by New Homes Bonus legacy payments; it is intended to provide a funding floor for all local authorities so that no authority would see an increase in Core Spending Power of less than 3% (before any assumption on council tax rate increases, but after increases in the council tax base are applied). The council has been allocated £632k in the Settlement for this in 2023/24. Given that the grant is based on, and is subsumed within, the council's Core Spending Power and that this figure is reported for all authorities across the country each year within the Settlement as a measure of growth in the funding by Government, it is unlikely that this will reduce, and as such it has been assumed that this grant will continue into 2024/25.



## **EXEPNDITURE**

### ***Pay Award***

36. In the Spending Review of October 2021, the Chancellor said that pay awards for public sector workers in 2022/23 would be in line with CPI. At the time the 2022/23 Budget was approved the negotiations for 2021/22 had yet to conclude and no fixed point in time had been announced for the determination of CPI for the 2022/23 pay award. As such a provision of 2% was included in the pay budget for 2022/23, which equated to approximately £254k per year. A pay award was agreed in November 2022 of £1,925 per whole time equivalent, for which no additional funding was provided. The increase in costs over and above the budget provided equated to approximately £446k which presents a recurring cost pressure in 2023/24 and beyond.
37. Given the increases in inflation over the course of 2022 and the forecasts moving forward, the pay award assumption for 2023/24 has been reviewed and this has been increased from 2% for the year to 5% increasing costs by a further £600k. The assumption for 2024/25 and 2025/26 have also been adjusted and included in the MTFs at 5% and 2% respectively.
38. The National Living Wage will rise from £9.50 to £10.42 an hour for workers aged 23 and over from April 2023. This will not affect South Ribble Council's pay bands for 2023/24 as the council pays above this level already.

### ***Pension***

39. The results of the Lancashire County Pension Fund triennial actuarial valuation of 2022 have now been received. The fund has had a strong performance over the last 3 years through to 31<sup>st</sup> March 2022, however since 31<sup>st</sup> March, with the volatility in global financial markets, inflation and interest rates, the position has been more turbulent. Overall, the South Ribble Council section of the fund will now see a slight reduction in the financial contributions required, comprising;
- an increase in the level of Employer Pension Contribution rates from 17.1% to 18.7% for the next 3 years (i.e. a 1% increase results in approx. £91k of cost – increase of £146k in total) however;
  - the annual cost of the repayment of the fund deficit will reduce from £83k per annum to a surplus to be repaid to the council of £77k per annum – i.e. a saving of £160k per annum.
40. Overall, the actuarial valuation has reduced the council's pension costs by approximately £14k compared to the costs included in the MTFs approved by Council in February 2022, which assumed the existing employer pension contribution costs would remain at their 2022/23 levels.

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

41. CPI rose by 11.1% in the 12 months to October 2022, up from 6.2% in February when the 2022/23 Budget and MTFs was approved. Following the announcement of the household energy price cap, CPI forecasts have been revised with full year estimates of 9.1% for 2022, 7.4% for 2023 and a reduction down to 0.6% in 2024.
42. The council will continue to support its wholly owned leisure services company in response to the escalation in utility costs and the impact of the cost of living crisis on the level of income generated, on the basis that any intervention will be short term and that

the cost to the council will cease over the medium-term as the company develops its services to fully cover its own costs.

### **Forecast outturn 2022/23**

43. In the latest Revenue Monitoring report, due to be presented to the Executive Cabinet in February 2023 for Quarter 3 - the 9 months to 31<sup>st</sup> December 2022, there is a forecast overspend for the financial year of £0.098m, predominantly due to the unfunded, nationally negotiated pay award of £1,925 per whole time member of staff, which equates to an increase in the salary budget of approximately 6% - 7% across the council compared to the budgeted provision of 2%, together with pressures from the increases in inflation and the escalating costs of utilities; these cost pressures have been offset by underspends, savings, the use of reserves and additional grant funding secured to support operational service delivery, as detailed in the Revenue Monitoring report. The position continues to be refined as we progress through the final quarter of the year.

### **Balancing the Budget in 2023/24**

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

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

	<u>2023/ 2024</u>	<u>2024/ 2025</u>
<b>Budget Deficit – as reported to Finance Council Report in February 2022</b>	<b>619</b>	<b>732</b>
<b>Cost pressures</b>		
Increase in Utility costs	180	216
Provision for support in addressing the cost of living crisis (including potential support for leisure services)	849	1,018
Other cost pressures (including inflation)	183	138
Increase in External Audit Fees – increases negotiated nationally by PSAA on behalf of local authorities, police and fire authorities	100	100
<b>Salary related cost pressures and adjustments</b>		
Recurring cost of unfunded Pay award in 2022/23 and provision for Pay award in 2023/24 (5%) and 2024/25 (5%)	1,027	1,927
Reversal of NIC increases following the Government’s Mini Budget in September 2022	(62)	(62)
<b>Savings and additional income streams</b>		
UK Shared Prosperity Fund – match funding	(407)	(407)
Savings achieved and additional income (including savings made as part of the ICT Transformation Programme)	(261)	(261)
<b>Funding announced in the Local Govt Finance Settlement</b>		
Services Grant	(95)	(95)
New Homes Bonus - assumed paid over to City Deal	0	0
Minimum Guarantee Grant	(632)	(632)
<b>Treasury Management and Revenue Costs of Capital</b>		
Minimum Revenue Provision adjustments and capital financing adjustments – (reflecting additional external financing secured during the year, and slippage in the capital programme)	100	452
Increase in interest receivable given increases in investment rates	(622)	(339)
Reduction in forecast for interest payable to reflect refined cashflow projections	(341)	(345)
<b>Reserves</b>		

Reduction in level of transfers to reserves no longer required re: maintenance	(500)	(500)
<b>Proposed increase in Council Tax</b>		
A freeze in 2023/24 is already included in the MTFS that was presented to Finance Council in February 2022.		
The proposal for an increase of 2.99% in 2024/25 will be revisited next year as part of the budget setting process and will be subject to future decision dependent on the outcome of future Government funding announcements	0	(240)
<b>Utilisation of Reserves</b>	(138)	0
<b>Total Forecast (Surplus) / Deficit</b>	<b>0</b>	<b>1,702</b>

45. It should be noted that the assumptions and figures remain under review as the Final Local Government Financial Settlement was only published on 7 February 2023 and at the time of writing the report, we are still working through the detail of this.

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

46. As detailed in **Table 2** above, although a balanced budget position can be achieved for 2023/24 with a freeze in council tax, despite the budget savings realised and additional income secured to date, a forecast budget deficit remains in 2024/25 of £1.702m which unless addressed, will be carried forward into 2025/26.

47. The council's medium-term plan to reduce the budget deficit beyond 2023/24 will be refined and developed over the coming months, and will be subject to future government funding announcements, the wider economic environment and other assumptions (e.g. future pay awards) which may change over the period.

### **Future Savings**

48. The council has been successful in generating efficiency savings and additional income to bridge the budget gap whilst continuing to deliver outstanding services to its residents.

49. In order to reduce the impact on staffing and the level of service provided, the council will continue to invest in its services to recognise additional income and efficiencies. Future opportunities include:

- The council is ambitious in its delivery of services and will continue to pursue **alternative models of delivering its services**. The expansion of shared services with Chorley Council has continued with Phase 2 of the Shared Services model completed in 2022/23; the two councils have agreed that moving forward they will consider further opportunities alongside their wider priorities if improvements and efficiencies can be attained which would lead to further savings for the council.
- A review of the council's **portfolio of assets** to recognise potential opportunities for sale, redevelopment, or to maximise income, whilst improving services.

## **Transformation Strategy**

50. The Transformation Strategy will be refreshed and refined to enable the continual improvement of services and performance while ensuring a sustainable financial position. The Transformation Strategy will develop options to achieve savings and efficiencies as well as a programme of organisational change to support or workforce over the period.

## **Reserves**

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

52. These reserves are necessary to mitigate the financial impact of the uncertainty that the council faces, such as the reforms to future funding levels, the impact of unforeseen cost pressures during the period due to global financial instability, inflationary increases and the escalation of utility costs and the impact of the cost of living crisis on the residents and businesses of the borough.

53. Reserves provide the facility to manage budget shortfalls in the short term whilst planned savings are realised. The expected balance of these reserves at the beginning of 2023/24 is as follows;

**Table 3: Forecast Reserve Balances**

	<b>1 Apr 2023</b>
	<b>£m</b>
<b>General Fund Reserve</b>	<b>4.149</b>
Capital investment and funding	2.992
Business Rates equalisation reserve	2.164
Inflationary Risk Reserve	0.994
City Deal	0.750
Business Rates – temporary surplus to be repaid to central govt	2.125
Asset Management Reserve	1.000
Penwortham Mill Reservoir	0.500
Other reserves (individually less than £500k)	2.669
<b>Total Reserves – Other</b>	<b>13.194</b>
<b>TOTAL RESERVES</b>	<b>17.343</b>

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

### ***Capital investment and funding***

The reserve is to fund capital investment in line with the council's Corporate Plan priorities, as set out in the approved Capital Strategy and Medium-Term Financial Strategy

### ***Business Rates equalisation reserve***

The reserve is to mitigate the potential risk to the council's medium-term financial strategy by providing funds to smooth out the inherent fluctuations, year on year, that occur in the Business Rates Retention System.

### ***Inflationary Risk reserve***

The reserve is to manage the risks and unbudgeted cost pressures arising from the cost of living crisis and the impacts of inflation over an above the provisions already made within the budget.

### ***City Deal***

The reserve is ear-marked to be used to fund any additional costs in relation to the delivery of City Deal projects and outcomes.

### ***Business Rates – surplus***

The Government support measures in respect of the Covid-19 pandemic resulted in a surplus in grant income received for Business Rates Reliefs and a corresponding shortfall in Business Rates income. The original surplus was transferred to reserves and has been reduced each year to meet the related deficits arising.

### ***Asset Management Reserve***

The reserve is to fund potential future maintenance costs and part-fund future capital expenditure on short-life assets such as ICT and vehicles.

### ***Penwortham Mill Reservoir***

To cover future repairs and maintenance costs for Penwortham Mill Reservoir.

### ***General Reserves***

55. The council is forecast to hold £4.149m in general funds, which represents approximately 27% of the annual net expenditure budget of the council. This can be used to manage future uncertainty in expenditure and income over the medium-term. The council does not intend, nor has it budgeted, to utilise this reserve to manage budget deficits, however this will be reviewed as part of the council's budget management process.

### ***Capital Programme***

56. 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 £67m of investment over 2023/24 and the MTFS period.

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

57. 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**

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

### **Risk**

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

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

60. The financial implications of the above report are all contained within the text above but to clarify, all proposals are funded and can be accommodated within the 2023/24 budget. It should be noted that the report does contain several assumptions on some future budget elements and on the final out-turn position for 2022/23. Should any of the assumptions or figures change due to unforeseen circumstances arising before 31st March 2023, the financial position will be reviewed and reported.

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

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

### **There are no background papers to this report**

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