

Report of	Meeting	Date
Director of Finance and Section 151 Officer (Introduced by Cabinet Member (Finance, Assets and Public Protection))	Corporate, Performance and Budget Scrutiny Committee	20 February 2024

Draft 2024/25 Budget Update

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

- The report sets out the draft budget position for the council for 2024/25 and the forecast for 2025/26, reflecting the information contained within the Final Local Government Financial Settlement announced on 5th February 2024.
- The draft budget position is published for consultation every year by the council. The consultation was based on the information provided by government in the Provisional Local Government Settlement on 18th December 2023, and the details were considered by Cabinet at their meeting on 17th January 2024. The results of the recent consultation are currently being collated and will be presented to Finance Council on 28th February along with the 24/25 Budget and MTFS.

Recommendations

- Members of the Corporate, Performance and Budget Scrutiny Committee are asked to note the recommendations made to Cabinet on 17th January 2024, i.e;

That Members agree the contents of the report to start the budget consultation process as follows;

- A proposed 2.99% increase in council tax in 2024/25 with no proposed cuts to services;
- A forecast balanced budget for 2024/25, based on a 2.99% increase in council tax as noted above and the use of £0.500m of reserves (*although this reserve figure may be subject to change pending receipt of the Final Local Government Finance Settlement and the finalisation of Business Rates income*);
- A forecast budget shortfall for 2025/26 of £1.602m, to be addressed through the development and delivery of the council's savings programme;

- To note the proposals in the report for investment in the Labour Administration's priority areas.
4. Members of the Committee are asked to note the following changes in the Draft 2024/25 Budget position following receipt of the Final Local Government Settlement on 5th February 2024;
- The draft budget for 2024/25, based on a 2.99% increase in council tax as noted above, will now be balanced without the use of £500k of reserves;

The improved position is due to:

- a. confirmation from LCC that the allocation of £764k to South Ribble in respect of New Homes Bonus funding can be retained by the Council and is no longer payable into the City Deal;
 - b. an increase in the Minimum Funding Guarantee from 3% to 4% (referred to at points 37 to 39 below) providing an additional £123k of funding for the council;
 - c. a net increase of £267k in Business Rates and Council Tax following finalisation of the Business Rates budget and the incorporation of the forecast surplus/deficit positions for both Business Rates and Council Tax for 2023/24 to be recovered in 2024/25;
 - d. £150k reduction in the increase in fees and charges;
 - e. £492k loss of income from City Deal that will no longer be funded from reserves.
- The forecast budget shortfall for 2025/26 has reduced from £1.602m to £0.651m. The reason for this improved position is due to some of the points outlined above, i.e.
 - a. the retention of New Homes Bonus which is assumed to continue in 2025/26 at the same level as in 2024/25 (£764k);
 - b. a recurring increase in the level of funding from the Minimum Funding Guarantee that will be carried forward into 2025/26;
 - c. increases in the recurring level of business rates.

The budget shortfall in 2025/26 will be addressed through the development and delivery of the council's savings programme over the course of 2024/25.

Reasons for recommendations

5. For Members of the Committee to consider and scrutinise the key elements of the draft budget.

Other options considered and rejected

6. None – presentation of the report provides robust scrutiny to the budget setting and budget approval process.

Executive summary

7. Following the announcement of the Provisional Local Government Finance Settlement for 2024/25 on 18th December 2023, the Final Settlement was received on 5th February 2024. Both contained information regarding funding levels and council tax increases for 2024/25 and based on this information, the budget forecast for 2024/25 was updated as follows:

- The Medium Term Financial Strategy (MTFS) presented to Finance Council in March 2023 assumed an increase in council tax of 2.99% in 2024/25. This was in line with the 2023/24 settlement announcement, in which Government confirmed a council tax increase limit for district councils in 2023/24 and 2024/25 of the higher of 3% or £5; this was an increase from the 2% limit set in previous years. Despite the continued pressures on council expenditure budgets, including the impact of high inflation and increased utility costs, combined with the real terms reduction in government funding provided to the council since 2010, the council has frozen council tax for South Ribble residents for the last 3 years, but this is no longer possible. Therefore, in line with last year's MTFS assumptions, it is proposed to increase council tax by 2.99% in 2024/25, which equates to a 13p per week increase on a Band D property for the South Ribble Council element of the council tax charge.
 - The MTFS in March 2023 assumed an increase in council tax of 1.99% for 2025/26. The Local Government Settlement has made no reference to council tax limits to be applied in 2025/26 and as such the MTFS reflects a 1.99% increase, although 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 £53.5m is included in respect of corporate priority projects over the 3-year period, 2024-2027;
 - The figures reflect the corporate strategies and decisions taken by the council to date to reduce the budget deficit over the medium term.
8. Consultation on the proposed budget for 2024/25 commence following approval of the proposals by Cabinet on 17th January 2024. The consultation invited 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

9. The report relates to the following corporate priorities:

An exemplary council	Healthy and happy communities
Opportunities for everyone	Green and clean neighbourhoods

Background to the report

10. In presenting the draft budget position for 2024/25 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

11. Uncertainty remains around the council's future funding streams as the Government's recent announcement was for yet another one-year financial settlement for 2024/25. This was made despite repeated demands over the past few years from across the sector for clarity of funding over the longer term through a multi-year settlement.
12. One-year settlements are necessary when there is only a single year's funding remaining within the horizon of the most recent Spending Review, or if there is uncertainty over the policy framework for future years. Certainly for some time there has been disruption in central government which has inhibited the development of a longer term funding strategy, but the consequences of this for local government are significant in terms of short and medium term planning, especially in a time of diminishing resources and increased demand.
13. As such, the Local Government Settlement issued on 5th February 2024, again represents a 'holding position' until the next Parliament, to provide some stability in the short term for local government finances.

Economic Uncertainty

14. Against this backdrop of future funding uncertainty, the council, its residents and businesses are now facing significant economic challenges. Whilst inflation and utility costs are slowly reducing, they are still substantially higher than two years ago, and fuel the cost of living crisis.

Budget Management and Investment

15. Although the council has continued to experience unfunded inflationary increases in staffing and non-staff costs, it has been ambitious in its approach to meeting the budget deficit over the years by realising efficiency savings.
16. Whilst costs have successfully been controlled, the provision of high-quality services that are expected by residents and businesses remains. The council achieves this by continually reviewing its budgets and contracts, by delivering efficiencies and by realising savings such as those achieved through the exploration of, and investment in alternative delivery models, including sharing services with Chorley Borough Council.
17. The council has, and will continue to invest in the borough to improve housing, to provide employment opportunities and to maximise opportunities to generate income, thereby making the council less reliant on the increasingly uncertain funding from Government.
18. Examples of 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;
 - Investment through the Leyland Town Deal in affordable housing, public infrastructure and commercial space;
 - Investment in affordable housing at Tom Hanson House and McKenzie Arms

Council Tax Increases

19. Through effective management of its budget, 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:

	Band D Equivalent 2023/24 £	Band D Equivalent 2022/23 £
Preston	343.60	333.63
Burnley	328.01	318.49
Rosendale	299.49	290.80
Pendle	289.92	281.50
Hyndburn	260.64	260.64
Lancaster	249.18	241.95
West Lancs.	224.92	218.39
South Ribble	223.24	223.24
Wyre	219.74	214.74
Fylde	218.89	219.19
Chorley	203.63	199.66
Ribble Valley	165.69	160.69

20. The council remains committed to supporting those who may struggle to pay their council tax because of the challenging circumstances they find themselves in, and will make use of the monies it has available to support council taxpayers.

Investing in Corporate Priorities

21. The council continues to invest in delivering the ambitions set out in its Corporate Strategy and to ensure delivery of high quality services to its residents. The key areas of investment are set out on the following pages.

Investment in 2023/24

22. The council allocates significant revenue and capital investment to deliver corporate strategy priorities through a programme of diverse activities. In 2023/24 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

- To ensure high quality and responsive services, the council has invested **£993k** to progress the delivery of its ambitious transformation programme. Work has also been undertaken to implement new technology and review the council's website to ensure that services are more accessible for residents.
- **£110k** has been invested to support the sharing of intelligence to target areas of need within communities and design services to match. Having a single view of

our communities should help to coordinate activity and resources for the benefit of communities

Thriving Communities

- An **£84k investment** has been made in the social prescribing service, working with partners to enhance provision, address health inequalities and improve outcomes for residents. The social prescribing service takes referrals from key partner-based agencies in South Ribble including the Primary Care Networks (PCN) to refer people to a range of local, non-clinical services that can support sustainable wellbeing.
- **£300k** has been invested in the local community for the purchase and renovation of Green's Dance Centre to create South Ribble Family Wellbeing Centre in Lostock Hall. The Family Wellbeing Centre will be designed as a 'one stop shop' to support families and children in South Ribble. The support on offer will include preparation for expectant parents, post-natal support, and education sessions with specialist partners, social and play groups and general wrap-around family support.

Good Homes, Green Spaces and Healthy Places

- A **£3.1m** investment has been made to provide local people with a choice of decent and affordable homes. The affordable and energy efficient homes on the former McKenzie Arms site was completed in April 2023.
- As part of the council's continued investment into local green spaces and play areas, **£1.3m** was invested to deliver a number of improvement schemes to enhance the quality and accessibility of play areas in South Ribble. The council has completed improvements works to Ryden Avenue toddler and junior play area and the Hutton Play area. Over the year, there were improvements to King George V Playing Field Playground in Penwortham, New Longton and Longton play areas.
- **£211k** has been invested to protect the local environment and to help address the issues of the climate emergency.

A Fair Local Economy That Works For Everyone

- A **£2.2m** in year investment has been made in the Leyland Town Deal. The plans include refurbishment of Leyland Market, residential properties and a new business and skills hub (BASE 2). These plans will provide a boost to local business as well as opportunities to drive skills and create jobs for local people during the construction and through new commercial facilities.
- **£285k** has been invested to continue to support eligible local businesses through the Business Energy Efficiency (BEE) Scheme to reduce their energy usage, resulting in a reduction in their energy costs, supporting business viability and contributing to the longer-term carbon reduction targets of the council by reducing their carbon footprint.

Investment in Priorities 2024/25

23. The Council has invested in services and delivered positive outcomes for residents. 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 be a listening, engaging and responsive Council that makes the best use of its resources to enable every person and community to thrive in a vibrant, green and fair borough.
24. The Council re-set its Corporate Strategy in November 2023 to establish four new key priorities that aim to get South Ribble in the best position for the future:
 - An Exemplary Council
 - Healthy and Happy Communities
 - Green and Clean Neighbourhoods
 - Opportunities for Everyone

Investments identified to achieve these priorities include:

Happy and healthy communities

- **£57k investment** to implement a service that will help residents with their wellbeing, delivering support to people around healthy weights and nutrition, with a focus to support families cooking on a budget and making small changes that will provide long term health and wellbeing benefits for the family and household.
- **£300k investment** to deliver the first year of operations at the South Ribble Family Wellbeing centre.

Opportunities for everyone

- **Over £30m** to continue the investment in our town centres by delivering on the Town Deal for Leyland Town Centre and the surrounding area.
- **£170k investment** in the development and implementation of a People and Skills Programme to ensure there is a range of employment and skills provision available in the borough, to promote future career pathways and develop the future skills pipeline to meet the needs of local enterprise.

Green and clean neighbourhoods

- **£20.5m investment** as part of our commitment to provide more affordable housing, the council will deliver the Jubilee Gardens development.
- **£275k investment** to make improvements to Tardy Gate Play Area and Skate Park, enhancing the facilities to help reduce Anti-Social Behaviour (ASB) and to attract younger residents.

An exemplary council

- **£300k investment** to develop plans for the future use and maintenance of the Civic Centre to provide a modern and attractive working space.

2024/25 BUDGET DEVELOPMENT

25. The draft budget has been developed in line with the achievements, decisions and actions taken by the council to date as outlined above. Despite the difficult financial position and cost pressures faced, reflecting high levels of inflation, utility costs and interest rates, along with the uncertainty around future Government funding, the council is committed to delivering on the agreed priorities and the budget reflects this.
26. The key components of the draft 2024/25 Budget and MTFs, and the assumptions and information on which they are based, are detailed below.
27. A key contributory factor in the development of the draft 2024/25 Budget and MTFs for the following 2 years is the Local Government Finance Settlement, through which Government sets out the funding it will make available to local authorities along with the parameters within which other sources of income, Council Tax and Business Rates, can be raised.
28. The fact that yet again we have only received a one year settlement has exacerbated the uncertainty and the risk in our financial planning; in the absence of any figures or framework from Government, it is almost impossible to prepare a credible financial strategy beyond 31 March 2025 with any degree of confidence in the underlying assumptions. It is within this financial context that we have developed the MTFs.

Local Government Finance Settlement

29. The Provisional Local Government Finance Settlement 2024/25 was published on 18 December 2023, with the Final Settlement announced on 5 February 2024; the implications of these are outlined below. The key change between the two settlements is the announcement of an increase in the Minimum Funding Guarantee from 3% to 4%, detailed on point 37 below. Unfortunately however, unlike the in the Settlement provided for 2023/24, the Government has not provided any planning assumptions for the 2025/26 local government financial settlement in either announcement.

Business Rates

30. The Settlement confirmed that the Lancashire Business Rates Pool will continue in 2024/25; however there is no mention as to whether it will be able to continue into 2025/26. As a member of the Pool, South Ribble Council benefits from additional business rates income of approximately £1.8m per annum. In the absence of any further information regarding Business Rates Retention reform, the pool is assumed to continue throughout the period of the MTFs.

New Homes Bonus

31. Whilst it has been stated by the government for several years now that funding from New Home Bonus (NHB) would be discontinued, the settlement announced an allocation of £0.764m for 2024/25 (2023/24 - £376k). Reflecting prior announcements of its withdrawal, no further NHB allocations have been assumed beyond 2024/25.
32. In the Draft 24/25 Budget Update presented to Cabinet on 17th January 2024, it was assumed, as in previous years, that NHB funding in 2024/25 would pass to the City Deal as per the provisions in the original City Deal agreement. As part of the discussions with

LCC around the additional 5 year run-on period, it has been agreed that South Ribble can retain the NHB for 24/25 and going forward.

Council Tax

33. The Local Government Finance Settlement confirmed a council tax increase limit for district councils in 2024/25 of up to 3% or £5 (whichever is the greater) on a Band D equivalent in 2024/25. This is in line with the MTFs presented to Finance Council in March 2023. There was no further information provided in the Settlement for 2025/26 and therefore the MTFs has assumed an increase of 1.99%.
34. Despite the continued pressures on council expenditure budgets, including the impact of high inflation and increased utility costs, combined with the real terms reduction in Government funding provided to the council since 2010, the council has frozen council tax for South Ribble residents for the last 3 years, but this is no longer possible. Therefore, in line with last year's MTFs assumptions, it is proposed to increase council tax by 2.99% in 2024/25, which equates to a 13p per week increase on a Band D property for the South Ribble Council element of the council tax charge.
35. The 2025/26 position will be revisited next year as part of the budget setting process and will be subject to future decision dependent on the outcome of future Government funding announcements.

Services Grant

36. The grant was introduced in 2022/23 for which South Ribble received an allocation of £162k. Although described as a 'one-off' grant it was provided again in 2023/24 but at a reduced level of £95k. As it was unclear what would happen to the grant in 2024/25 for budgeting purposes it was assumed it would cease in 2024/25. The grant has remained however, but at a much reduced level of £15k. It is assumed that it will cease in 2025/26.

Minimum Funding Guarantee

37. This grant was introduced in 2023/24 and replaced the Lower Tier Services Grant and a proportion of the previous funding provided for New Homes Bonus legacy payments; the grant is intended to provide a funding floor for all local authorities so that no authority will see an increase in Core Spending Power of less than a fixed percentage (before any assumption on council tax rate increases is applied, although after increases in the council tax base are applied). The increase in 2023/24 and in the Provisional Settlement this was set at 3%, however in the Final Settlement, the government increased this to 4%, an increase of £123k.
38. The council has been allocated £0.550m in 2024/25 compared to £0.632m in 2023/24.
39. 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 has been assumed that this grant will continue into 2025/26.

EXPENDITURE

Pay Award

40. At the time the 2023/24 Budget was approved, the negotiations for the pay award had yet to begin. As such a provision of 5% was included in the pay budget for 2023/24, however when the pay award was agreed in November 2023 it was for £1,925 per whole time equivalent, for which no additional funding was provided. The increase in costs over and above the budget equates to approximately £0.100m which presents a recurring cost pressure in 2024/25 and beyond.
41. Given the levels of inflation over the course of 2023 and the forecast for this moving forward, the pay award assumption for 2024/25 has been reviewed and has been retained at 5%, which was the amount already included in the MTFs presented to the Council meeting in March 2023. The MTFs assumes a 2% pay award for both 2025/26 and 2026/27 reflecting inflation forecasts.
42. The National Living Wage will rise from £10.42 to £11.44 an hour from April 2024, and has also been adjusted to include workers aged 21 and over; in previous years the National Living Wage has only applied to workers aged 23 and over. This will not affect South Ribble Council's pay bands for 2024/25 as the council pays above this level already.

Pension

43. The triennial actuarial valuation of the Lancashire County Pension Fund was undertaken in 2022. The pension contributions for the three years 2023/24, 2024/25 and 2025/26 were based on these results which showed that the fund had had a strong performance over the 3 years through to 31st March 2022, albeit that since that date, with volatility in global financial markets, inflation and interest rates, the position has been more turbulent. Overall, the South Ribble Council section of the fund has had a small change in the financial contributions required, comprising of:
 - an increase in the level of Employer Pension Contribution rates from 17.1% to 18.7% in each of the 3 years (i.e. a 1% increase results in approx. £123k of cost) however;
 - the annual cost of the repayment of the fund deficit reduced 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.

Inflation and Utilities Increases

44. CPI rose by 6.7% in the 12 months to September 2023 (12 months to Sept 2022 – 10.1%). This is the rate that the government uses as the benchmark for uplifting many allowances and charges each year such as pensions and benefits.
45. Inflationary uplifts to budgets are only provided on contracts where such uplifts are specific and contractually agreed; for other non-pay budgets, budget holders are expected to manage and absorb any additional costs in this regard, For utilities, inflationary uplifts have been assumed in line with the forecasts provided by utility specialist advisors.
46. The council will continue to support its wholly owned leisure services company in response to the increases in utility costs over the past 2 years, and the impact of the cost of living crisis on the level of income generated, on the basis that any intervention will only 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 2023/24

47. In the latest Revenue Monitoring report to be presented to the Cabinet on 21 February 2023, for Quarter 3 – the 9 months to 31 December 2023, a forecast overspend for the financial year of £0.019m is reported. This relates to many different factors including the unfunded, nationally negotiated pay award of £1,925 per whole time member of staff, compared to the budgeted provision of 5%, together with pressures from homelessness, waste collection and utility costs, offset by significant returns on cash investments. The position will continue to be refined over the final quarter of the year. A review of earmarked reserves has also be undertaken to ensure reserves deliver investment in priority areas.

Balancing the Budget in 2024/25

48. **Table 2** below presents the movement in the forecast of the Budget Gap for 2024/25 and 2025/26 from the figures that were presented in the 2023/24 Budget and MTFS approved at Finance Council in March 2023. The figures reflect an updated position based on the information provided in the Final Local Government Settlement announced on 5 February 2024, the work undertaken in developing the draft budget to date, and the assumptions made within this, of which the key assumptions are noted in the report.

Table 2: movement in the forecast of the Budget Gap for 2024/25 and 2025/26

	2024/25	2025/26
Budget Gap Finance Council Report March 23	967	1,879
Cost Pressures		
Housing Benefit Admin Grant	9	9
Repairs and Maintenance	20	20
Techforge	27	27
Homelessness	350	350
Waste Collection	313	313
IT	50	50
Elections	38	38
Building Control Income	20	20
Parks Maintenance	20	20
Planning Income	100	100
Members Allowances	52	52
Insurance	77	77
Support to establish future income generation	25	100
Community Events	0	150
Loss of City Deal Income, no longer funded from reserves	492	0
Other Misc Pressures	108	108
Salary related cost pressures and budget adjustments		
Pay award above 5% in 23/24 and the impact of in-year restructures	186	183
Savings and additional income streams		
Directors Review	(100)	(100)
Asset Review	(75)	(150)
Increase in Fees and Charges	(78)	(150)
Town Deal Income	0	(76)
Reduction in financial support for South Ribble Leisure Ltd	(300)	(300)
Elections New Burdens Funding	(6)	0
Funding announced in the Provisional Local Govt Finance Settlement		
Minimum Funding guarantee	82	82
Services Grant	80	80
Revenue Support Grant	(109)	(109)

New Homes Bonus	(764)	(764)
Treasury Management and Revenue Costs of Capital		
MRP Slippage	(190)	(16)
Interest Receivable	(711)	(500)
Proposed increase in Council Tax		
An increase of 2.99% in 2024/25 and 1.99% in 25/26 is already included in the MTFS that was presented to Finance Council in March 2023	-	-
Other Funding		
Council Tax Growth	(216)	(316)
Business Rates Growth	(526)	(526)
Business Rates Deficit 2023/24	185	0
Council Tax Surplus 2023/24	(126)	0
Total Forecast (Surplus) / Deficit	-	651

Medium Term Financial Planning and Recommendations to Close the Budget Gap

49. As detailed in **Table 2** above, although a balanced budget position can be achieved for 2024/25, this is subject to increasing council tax by 2.99%.
50. Despite the budget savings realised and the additional income secured to date, a forecast budget deficit remains in 2025/26 of £0.651m which unless addressed, will be carried forward into 2026/27.
51. The council's medium-term plan to reduce the budget deficit beyond 2024/25 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

52. The council has always been successful in generating efficiency savings to bridge the budget gap whilst continuing to deliver outstanding services to its residents.
53. 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 during 2023/24 with the two councils agreeing that they will consider further opportunities alongside their wider priorities if improvements and efficiencies can be attained which would lead to further savings for them.
 - A review of the council's **portfolio of assets** to recognise potential opportunities for sale, redevelopment, or to maximise income, whilst improving services.

Savings Strategy

54. The Savings Strategy will be refreshed and refined to enable the continual improvement of services and performance while ensuring a sustainable financial position. Options will be developed to achieve savings and efficiencies as well as a programme of organisational change to support our workforce over the period.

Reserves

55. The council has ensured a prudent and affordable approach to delivering the medium-term financial strategies and has set aside reserves to support this as outlined in **Table 3** below.
56. 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, for example due to inflationary increases, utility costs and the impact of the cost of living crisis on the residents and businesses of the borough.
57. 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 2024/25, as based on the position in the Quarter 3 Corporate Revenue Monitoring Report is as follows:

Table 3: Forecast Reserve Balances at 1 April 2024

	1 April 2024 £m
General Fund Reserve	4.519
Capital investment and funding	3.439
Business Rates equalisation reserve	2.455
Budget Equalisation Reserve and Restructure Cost Reserve	2.942
Business Rates – temporary surplus to be repaid to central government	0.238
Asset Management Reserve	0.867
Penwortham Mill reservoir	0.497
Other reserves – less than £500k	2.072
Total Reserves – Other	12.510

TOTAL RESERVES	17.029
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General Reserves

58. The council is forecast to hold £4.519m in General Funds (based on the Quarter 3 Revenue Monitoring Report), 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.

Capital Programme

59. 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 £53.5m of investment over 2024/25 and the MTFS period.

Climate change and air quality

60. 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

61. Consultation will be undertaken regarding this budget with an Integrated Impact Assessment (IIA) reported with the full budget report.

Risk

62. There are no immediate risks associated with this report however if the final report is not approved in February 2024, this would risk the council being unable to finance its future commitments towards its corporate priorities.

Comments of the Statutory Finance Officer

63. The financial implications of the report are contained within the text above but to clarify, all proposals are funded and can be accommodated within the 2024/25 budget. It should be noted that the report does contain several assumptions on future budget elements and on the final out-turn position for 2023/24. Should any of the assumptions or figures change due to unforeseen circumstances arising before 31st March 2024, the financial position will be reviewed and reported.

Comments of the Monitoring Officer

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

Background documents

There are no background papers to this report.

Report Author:	Email:	Telephone:	Date:
Hemangini Chevli (Senior Management Accountant)	Hemangini.Chevli@southribble.gov.uk,	01257 515151	2 January 2024
Neil Halton, (Principal Management Accountant)	neil.halton@southribble.gov.uk,		
Louise Mattinson (Director of Finance and S151 Officer)	louise.mattinson@southribble.gov.uk		

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