

DELIVERING OUR PRIORITIES

Chorley Council
Medium Term Financial Strategy
2022/23 to 2024/25



It's been another difficult year for everyone so it's vital that we continue to invest to grow the local economy to put Chorley in the best financial position for the future.



Chorley Council funding has reduced from over £17m in 2016/17 to a forecast figure of £13.5m by 2024/25, however we have continued to maintain our vital services such as grass cutting, emptying bins and keeping the borough clean.

In reducing funding, the Government's expectation is that we mitigate some of this lost income by increasing council tax charges. We resisted doing so for several years as we have invested in a wide range of developments that not only provide new services to residents and businesses, but they also generate income. Although we have continued to drive efficiencies and improvements in our services, and we will continue to do so, the pressures are such that we will need to increase council tax in 2022/23.

Despite these continued pressures, we continue to invest in priorities that are important to the borough and its residents. These investments include two new GP surgeries – supporting the NHS to provide high quality services for our residents; an extra care facility to support people to live independently for longer; tackling climate change; improving play areas and supporting our local economy to recover.

Taking action now, and also looking forward to the future, we have plans to meet the financial challenges we face. We have always been innovative when delivering our services and that is why we will continue to transform services to deliver efficiencies as well as investing in income generating projects.

Although uncertainty surrounding the budget and future funding levels remain, we will continue to deliver our priorities as set out in this Medium Term Financial Strategy, to make Chorley a better place for everyone.

FOREWORD

Wilson

Deputy Leader of
Chorley Council

CHORLEY COUNCIL MEDIUM TERM FINANCIAL STRATEGY 2022/23 to 2024/25

INTRODUCTION

1. The approval of the Annual Budget is an important stage in the council's annual planning and budgetary process, as the revenue estimates form the basis for setting the Council Tax for the following year. This section aims to put finance into its corporate context. Not all matters can be covered in detail, but it is intended to give a flavour of how finance influences the way that Chorley Council operates and is governed.

FINANCE AND CORPORATE PLANNING

2. Within the framework of legislation and Government controls, local authorities retain responsibility for determining the level of their budgets and how those budgets will be spent, subject to legislation and grant conditions.
3. The purpose of the council's budget is;
 - To enable the council to fulfil its statutory duty to set a Council Tax each financial year
 - To ensure that use of the council's financial resources is planned and that a balanced budget is set in 2022/23.
 - To set financial targets for service managers against which their use of financial resources can be measured and controlled.
 - To facilitate the delivery of the council's corporate strategy and subsequent priorities by allocating resources between services according to agreed strategies and plans.
4. The first is a statutory requirement and the council, if it does nothing else, must fulfil this obligation. All these points are important, especially the last regarding the delivery of the council's Corporate Strategy. It means that finance always needs to be seen in the context of other council plans, whether at service level or, ultimately, at corporate level. Chorley Council will ensure that its financial resources, subject to all other constraints, are allocated in accordance with council priorities.
5. In practice there are a number of constraints that might prevent the council from spending purely in accordance with its current priorities, for example: -
 - Government constraints over use of resources
 - Legal requirements to provide certain services
 - Financial and legal commitments, and other agreements, e.g. staff contracts
 - Costs incurred in implementing change
 - Limited availability of resources
 - Time needed to plan for change
 - Pressure to maintain and improve services
6. It is important for the council to recognise these constraints and to plan the use of resources over the short and medium term.

THE FINANCIAL CONTEXT

7. The purpose of the Medium Term Financial Strategy (MTFS) is to set the financial framework for the Council for the medium term to ensure delivery of strategic objectives and major projects. This requires a review and assessment of revenue budgets, the capital programme, levels of reserves and potential future Council Tax levels, based on funding projections and other financial and economic assumptions.

8. The fact we have only received a one year settlement has exacerbated the uncertainty and the risk in our medium term financial planning; in the absence of any figures or framework from Government, it has been almost impossible to prepare a credible financial strategy beyond 31 March 2023 with any degree of confidence in the underlying assumptions. Uncertainty prevails in respect of:
 - the development and implementation of a new Fair Funding Review;
 - changes to the Business Rates Retention Scheme;
 - the funding changes linked to the government's 'levelling up' agenda and future shared prosperity funds;
 - devolution and potential local government reorganisation and;
 - in the public health, social, economic and financial impact of the global Covid-19 pandemic in both the short and medium term.

It is within this financial context that we have developed the MTFS.

9. Setting the council's annual revenue budget has been a challenging process for a number of years. The reduction in Government support contained within consecutive Spending Reviews since 2010, has resulted in an unprecedented level of savings required which have been realised through a combination of reductions in cost and increases in income. This, coupled with budget pressures, has meant that savings and additional income of over £4.5 million have been delivered since 2014/15.
10. Chorley Council continues to experience a reduction in Government funding. The council has benefited for a number of years through New Homes Bonus allocations, from a level of £4.57m in 16/17 to £0.886m in 22/23; it is expected that this funding will cease by 2023/24.

Fair Funding Review

11. The current funding baselines for local authorities in England, as determined by the annual local government finance settlement, are based on an assessment of each authority's relative needs and resources. The methodology behind this assessment was first introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013-14.
12. Whilst this approach has ensured that those councils who have grown their business rates since this time have benefited from the additional income generated, it also means that the changes in the underlying level of 'need' within individual councils, has not been updated since the 2013-14 settlement. In addition, a desire to fully capture every aspect of a local authority's needs has led to increasingly large numbers of variables being included in the formulas, many of which have had a relatively minimal impact on the overall distribution of funding.
13. A consultation was issued at the end of 2018, which closed on 21 February 2019, on proposals for a new and simplified needs assessment formula, based on a smaller number of indicators; three years later, we are still awaiting the response.

Business Rates Retention

14. Forecasting the level of business rates income beyond 2022/23 remains complicated due to the level of uncertainty in this area.
15. As for the Fair Funding Review, although a consultation outlining suggestions and inviting comments for a future approach to Business Rates was undertaken in late 2018, closing in February 2019, given the political turmoil of 2019 and Brexit, followed by global crisis due to Covid-19, there has been little progress in the development of a new scheme.

16. In March 2020, the government published the Terms of Reference for the Business Rates Review, setting out that the objectives of this were to reduce the overall burden on business, to improve the current business rates system and to consider more fundamental changes in the medium-to-long term. In March 2021, the government published the Interim Report of the review, with the final report issued in October 2021.
17. The government has concluded from their review;
 - that business rates are a vital component of the business tax mix;
 - that they wish to preserve the benefits of business rates but will make changes to make their operation fairer and more effective for businesses;
 - that they are not proposing changing the nature of the tax, or the basis of valuation;
 - moving forward, they have concluded that increasing the frequency of revaluations would represent a fundamental and meaningful improvement to the business rates system and would help to ensure greater distributional fairness; currently, revaluations are scheduled to take place every 5 years although in practice, and due in part to the pandemic, these have only taken place about every 6-7 years. As such government has announced a 3-yearly cycle for business rates revaluations, starting from the next revaluation in 2023.
18. In light of the above, the quantum of business rates that will remain available to the council after the reset is uncertain. Likewise, the level of funding that councils will retain from business rates will be reviewed across the country and is expected to flow from the outcome of the Fair Funding Review, however no date has been set for these reforms.

Levelling-Up Agenda

19. The 'Levelling up the United Kingdom' White Paper was issued by the Government on 2 February 2022. The paper states that this agenda is a long-term endeavour requiring a programme of change that will facilitate a shift in how central and local government, the private sector and civil society operate.
20. A consultation will follow and further details will be provided in due course on several of the policy commitments referred to within the paper. In addition, legislation will be required before Parliament to underpin in statute the changes that will be fundamental to levelling up, alongside wider planning measures.
21. As such, it is not anticipated that this agenda will have imminent impact on the finances of the council at this stage.

ASSUMPTIONS MADE WITHIN THE MTFS

22. Chorley Council has experienced large reductions in its major funding sources. Funding to Chorley Council is forecast to fall from over £17m in 2016/17 to £13.5m by 2024/25 and uncertainly prevails in future levels as outlined above.
23. In preparing the MTFS, careful consideration has been given to the assumptions on which both income and expenditure budgets have been based, taking a prudent but realistic view and considering these at a detailed level utilising the best information available both internally and externally, and consulting with advisors and leading experts across the areas covered.
24. The key assumptions that underpin the most significant income and expenditure budgets that have been incorporated into the MTFS are detailed below;

GENERAL FUND FORECAST ASSUMPTIONS

The following assumptions have been made as part of reporting a balanced budget in 2022/23 gross deficit of £1.117m in 2023/24 and reporting a gross deficit of £1.178m in 2024/25.

Key Assumption	22/23	23/24	24/25	Comment
<u>INCOME/FUNDING</u>				
Increase in Council Tax	1.99%	1.99%	1.99%	The MTFs assumes that Council Tax will increase by 1.99% over the next three years, however these proposals will be revisited each year as part of the budget setting process and will be dependent upon the outcome of the Government's reviews of both the future funding framework and the future distribution of funding between councils as referred to above.
Council Tax Base Increases	1.00%	1.00%	1.00%	The MTFs assumes a level of growth in the council tax base which is a prudent estimate based on housebuilding projections both past and present.
Increase in Retained Business Rates through Growth	0%	0%	0%	Revaluations, appeals and possible changes to the baseline mean that the Council assumed no increase in the business rates base through growth. For the reasons highlighted, the council will monitor gross levels of business rate and collection rates as well as continuing to focus resources on attracting new and expanding local businesses.
Additional Business Rates - Lancashire Pooling Arrangements	£0.849	£0.881m	£0.915m	Chorley Council has benefited for several years from membership of the Lancashire Business Rates Pool. In the absence of any further information, the budget assumes the council will retain the current level of business rates enjoyed as part of the Lancashire Pool throughout the three year period of the MTFs, and the current mechanisms of Business Rate Retention will remain. The 2022/23 figure is the additional business rates retained by Chorley Council as part of its membership to the Lancashire business rates pool.

Key Assumption	22/23	23/24	24/25	Comment
				It is assumed the pool does continue during the next three-year period. It is possible the implementation of the fair funding review eliminates these gains. No timetable has been set regarding the review however retaining this income does still present a risk to the council over the medium term.
Business Rates Equalisation Reserve	£1.415m	£1.415m	£1.415m	<p>A consideration within the MTFS is the impact that a national economic slow-down could have on the level of business rates income. This could result in an increase in the number of appeals against rateable values, as well as reducing local economic activity and therefore reducing retained business rates. The council's share of the provision for appeals currently stands at approximately £1.968m in 2022/23 which is comparable to the national average.</p> <p>In addition, the council's business rates income equalisation reserve has approximately £1.4m set aside over the medium-term to manage the risk of temporary reductions in retained business rates; this equates approximately to a 27% reduction in 2022/23 levels of retained business rates income. It is assumed that this level of reserve will be maintained across the period of the MTFS.</p>
Total Forecast New Homes Bonus	£0.885m	£0.000m	£0.000m	<p>New Homes Bonus was introduced in 2011 as a stimulus for the provision of new homes and is a non-ringfenced grant, distributed between local authorities based upon new growth in housing provision in their area. The length of time that the bonus is paid for, for each new home built, has reduced from 6 years when it was first introduced, down to 5 years with effect from 2017/18, and down to 4 years from 2018/19.</p> <p>For the past 2 years a one-year, non-recurring allocation has been provided but it is expected that this will be the final year of funding, and therefore the MTFS assumes no further income beyond 22/23.</p>
Lower Tier Services Grant and Services Grant	£0.709m	£0.000m	£0.000m	Every year the Government calculates the council's core spending power which is a combination of the council's council tax income, business rates income and new homes bonus grant allocation. The Lower Tier Services Grant, first introduced in 2021/22, has been allocated again in 2022/23 to compensate the council for the reduction in funding identified through the core spending power calculation.

Key Assumption	22/23	23/24	24/25	Comment
				The Government has also provided additional funding for 2022/23 in the form of the Services Grant. Again this is non-recurring and non-ringfenced grant, that is distributed on the same basis as the Lower Tier Services Grant. Both grants are non-recurring and as such they have not been included in the MTFS for 2023/24 or 2024/25; the one-off nature of this funding stream does mean that the council continues to face significant financial uncertainty over the medium term.
Net Income Market Walk	£0.851m	£0.862m	£0.861m	Occupancy levels assumed at 90% (22/23), 95% (23/24) & 95% (24/25)
Net Income Strawberry Fields	£0.023m cost	£0.124m	£0.121m	Occupancy levels assumed at 90% (22/23), 95% (23/24) & 95% (24/25). It is assumed there will be some reconfiguration of the internal space to enable the site to generate net income to the council.
Net Income Primrose Gardens	£0.129m	£0.125m	£0.123m	100% occupancy assumed throughout MTFS period

EXPENDITURE

Key Assumption	22/23	23/24	24/25	Comment
Pay Award 21/22	1.75%	1.75%	1.75%	The Government spending review announced a pay freeze in 2021/22 for the majority of public sector staff with a guaranteed a pay rise of at least £250 for all staff that earn less than £24,000 per year. Following NJCC negotiations, a final offer of 1.75% has been made by the Employers. Although rejected by the public sector unions, in the absence of further information, this level of award has been assumed in the pay budget for Chorley Council in 2022/23.
Pay Award 22/23	2.0%	2.0%	2.0%	The MTFS assumes a 2% pay increase for all staff in each of the three years covered. This assumption adds approximately £200k to the pay budget each financial year. The spending review also announced that national living wage will rise from £8.91 to £9.50 an hour and will be extended to workers aged 23 and over from April 2022 This will not affect Chorley Council's pay bands for 2022/23 as the council pays

Key Assumption	22/23	23/24	24/25	Comment
				above this level already. No adjustments have been made for any further living wage increases as it is assumed that the council's pay bands will continue to exceed this over the course of the MTFS.
Vacancy Saving	2.5%	2.5%	2.5%	Given the inevitable turnover in staffing, there is more often than not a period of time between an employee leaving and their replacement commencing in post. With turnover levels of approximately 7% in 21/22 (due to the vacancies held during staffing reviews across several teams moving into Shared Services), an assumption has been made that underspends of 2.5% will be generated as a consequence of the timing of recruitment.
Future Service Pension Rate	16.4%	16.4%	16.4%	As part of their triennial pension review in 2019, the Lancashire County Pension Fund announced an increase in employer pension contributions for the council from 14.4% to 16.4% for each of the three financial years 2020/21 to 2022/23, to meet the future costs of the scheme. Within the MTFS, the same contribution rate is assumed for 2023/24 and 2024/25, although this will be reviewed when the new three-year review is undertaken later this year.
Pension Fund Deficit Recovery	£0.450m	£0.467m	£0.483m	Chorley Council's share of the Lancashire Pension Fund remains in deficit, however annual contributions have reduced dramatically as the pension performance has been strong. The figures for 2022/23 are the confirmed contributions that are the result of the triennial pension review undertaken in 2019. The figures for 2023/24 and 2024/25 have been uplifted as an estimate of the possible outcome of the review.
Budgeted Price Inflation – Waste Contract	5.00%	4.00%	4.00%	CPI inflation is expected to rise to over 7% in the coming months. The largest impact this could have for the council, excluding staffing, is the inflationary increase in the cost of the waste contract. The council does hold reserves that could be used to smooth out the effects of inflation on its budgets.
Leisure Services – additional expenditure over budget	£0.331m	£0.000m	£0.000m	The council brought its leisure services contract in-house during 2020/21. The transitional recovery from Covid-19 has meant that income levels have been lower than in previous years. The net cost of running the services is included in the gross budget deficit. As the wholly-owned company manages the recovery of the centres from Covid-19 to break-even by

Key Assumption	22/23	23/24	24/25	Comment
				2023/24.
Covid-19	-	-	-	The pandemic has impacted on the council finances as well as the wider economic environment. The Government has provided funding to mitigate this risk which the council has utilised in part, but given that costs are expected to continue as we enter the stages of recovery, some of these funds have been placed into reserves to cushion the impact of this over the period of the MTFS. As such no additional costs have been built into the base budget over the course of the MTFS.

PLANNING AND DELIVERY OF THE COUNCIL'S CORPORATE STRATEGY

29. Despite these financial challenges, Chorley Council continues to deliver projects that meet the priorities of its residents. These projects are outlined as part of the council's Corporate Strategy. The Corporate Strategy provides a clear statement of what the council aims to achieve over the next three years. The strategy sets out not only the council's vision, priorities, and long-term outcomes for the period 2021/22 – 2023/24 but also priority activities to be delivered through the corporate projects and how we intend to measure success over the year ahead. The Corporate Strategy identifies our key priorities as a council which are: -
- a. Involving residents in improving their local area and equality of access for all;
 - b. Clean, safe and healthy communities;
 - c. A strong local economy; and
 - d. An ambitious council that does more to meet the needs of residents and the local area.

Corporate Strategy 2021/22 to 2023/24

30. Chorley Council's corporate strategy 2021/22 – 2023/24 was approved by Full Council on 16 November 2021. The focus of the Corporate Strategy to date has been on delivering schemes and initiatives that achieve visible and tangible outcomes against corporate priorities.
31. The Corporate Strategy for 2021/22 has progressed well over the past 12 months, key achievements include restoration of the borough's landmark asset Astley Hall, improvement works to the Market and progress with key sites at Alker Lane and Tatton. Improvements to community facilities have been delivered with the completion of the West Way Sports Hub and a number of play areas across the borough including Jubilee Way. Against the backdrop of continued challenges arising from the pandemic, the services provided to residents have been responsive to their needs. For those at risk of homelessness and housing support, a new approach was established that improves the pathways for those with mental health and substance misuse needs to access the support they need. Holiday hunger and physical activity sessions to support children and families through the holiday period have been delivered as well as support to wider communities on better health through dedicated schemes.
32. The strategy has successfully ensured Chorley is an even more attractive place to live, work and invest with improvements to parks and open spaces such as new sports pavilion and artificial grass pitches at the newly developed Westway Sports Campus, improvements to several play areas and the successful delivery of renovations to Astley Hall which will safeguard the Hall and its long-term future as a major asset ensuring Chorley continues to be a great visitor destination. A strong local economy has continued to be a top priority within the current financial context with good progress at Alker Lane to deliver high quality business units, improvement works to the town centre to encourage visitors and recognise the vital role the town centre plays and driving forward the transformation of the Bengal Street site to develop residential, community, and light industrial facilities. The council has continued to be ambitious with the expansion of shared services including the completion of Phase One and progress against Phase Two which further enables services to have greater resilience, key changes to Streetscene's technology have been implemented, supporting an efficient service that can deliver environmental improvements across the borough and the council's commitment to the green agenda continues with dedicated resource leading a climate change working group.
33. For 20201/22 – 2023/24, the Corporate Strategy vision, priorities, and long-term outcomes remain the same to maintain the long-term impact of strategic activity and investment. This strategy progresses action to address the economic impact of the pandemic including support for businesses and activity to increase jobs and skills. It also moves forward major developments and initiatives into their next phase of build or launch, establishing key assets for the future. Importantly, the strategy responds to the needs of communities, doing more for

neighbourhoods right across the borough by enhancing essential services and facilities. Addressing climate change remains a key theme throughout the strategy with specific council actions to encourage wider engagement and participation.

34. The Medium-Term Financial Strategy delivers a budget that is robust and sustainable and that also delivers both the capital and revenue commitments required to deliver the corporate strategy priorities. A few of the key projects that have been delivered and will be delivered over the next 3 years are as follows:

Involving residents in improving their local area and equality of access for all

Delivered;

- £1.8m capital budget to continue the improvements to Astley Hall that offers a high quality, sustainable visitor attraction with the site already successfully hosting the Speaker's Conference during 2021.
- £400k to fund our large commissions which have delivered crucial third sector support to residents against key priorities during the building back better Covid-19 recovery.

To be delivered;

- further work to develop our climate change strategy, tree planting and awareness raising, maintaining this commitment and maintaining the climate fund at £500k, a further investment of £240k
- support for communities to celebrate the Queens Jubilee by creating a £30k events fund

Clean, safe and healthy homes and communities

Delivered;

- £100k which has funded crucial works to the council's CCTV operations centre to ensure continued safe neighbourhoods and communities.
- £120k to contribute to running of the Youth Zone including outreach work.

To be delivered

- Improvements in local play and community facilities across the borough with an investment of almost £2.8m
- Investment of £2m as a continued commitment to improve our leisure centres.

An ambitious council that does more to meet the needs of residents and the local area

Delivered;

- £85k to continue to sustain key bus routes in the borough to mitigate the impact of county wide cuts, ensuring that residents can access all areas of the borough.
- £100k to support planning applications that has enabled the council to defend locally made decisions.
- £60k to continue to support vulnerable individuals through funding for the social prescribing team with over £100k of match funding from the NHS.

To be delivered;

- £200k of grant funding to make improvements in play areas and open spaces across the Borough, supporting our young people, health and wellbeing and local areas.
- £30k fund to refresh Check Out Chorley to ensure visitors continue to see Chorley as a great visitor destination.

A strong local economy

Delivered;

- £500k to remove the asbestos and demolition of bingo hall to make way for public realm works in the town centre making the town centre an even better place to live and work.
- Continued support to local businesses with over £200k set aside to deliver a refreshed package of support and grants that will be created to support local economic recovery

To be delivered

- will invest a further £200k in a refreshed and refocussed package of support and grants for businesses.
- invest £200k to 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 people into high quality employment.

MEETING THE FINANCIAL CHALLENGE – THE TRANSFORMATION STRATEGY

35. The last medium-term financial strategy reported to Full Council in February 2021 set out the council's approach in meeting the financial challenges over the period 2021/22 to 2023/24. The council's Transformation Strategy was put in place to focus on bridging the gap and delivering a balanced budget through:

- Productivity savings including modernisation of services, delivery of the Digital Strategy and continually reviewing its staffing structures to ensure they are efficient and fit-for purpose.
- To deliver change effectively across the organisation, including our assets, our service delivery models, technology and culture to respond to the opportunities and budgetary challenges of the future.
- Where possible, the renegotiation of contracts and investment in income generating schemes.

36. Since February 2021 the council has continued working towards delivering the Transformation Strategy. A refresh of the strategy has taken place, while many of the themes of the strategy remain, such as sustainability, financial uncertainty, public service integration and providing efficient services for our residents. However, the context has changed, and this refresh of the strategy aims to realign the priorities and programme of work taking into account the impact of the pandemic, peer review and wider lessons learned. While delivering cashable savings and supporting the Medium-Term Financial Strategy has been a key driver for transformation at Chorley, delivering organisational change and behaviour change is becoming a greater focus.

SENIOR LEADERSHIP TEAM

37. In terms of transformation, the purpose of the Senior Leadership Team is to:

- Monitor project progress and issues
- Ensure proposals meet with the overall objectives of the Transformation Strategy and anticipated savings
- Consider dependencies between projects to make sure that activity is coordinated (particularly with regard to consultation/service reviews) and monitor overall demands on capacity
- Review and scrutinise corporate performance

38. There are currently over 10 separate projects that the Senior Leadership Team supports in order to deliver the transformation strategy.

WHAT IS THE BUDGET GAP?

39. The estimated budget gap based prior to the actions been taken to balance the budget is:

Chorley Borough Council Transformation Programme

	2022/23	2023/24	2024/25
	£m	£m	£m
NET DEFICIT / (SURPLUS)	1.736	3.359	3.567

Council Tax Increase – 1.99% 21/22, 22/23 & 23/24	(0.146)	(0.298)	(0.453)
Increase in Green Waste charges	(0.065)	(0.065)	(0.065)
Investment Sites – Market Walk, Primrose Retirement, Strawberry Fields and Investment in Logistics House	(1.392)	(1.544)	(1.536)
Investment Sites	(0.133)	(0.335)	(0.335)
REVISED DEFICIT / (SURPLUS)	0.000	1.117	1.178

40. The key challenge to the council is find forecast efficiency savings of £1.178m by 2024/25.

To achieve this the council's strategy will be:

- To make the council more financially self-sufficient with specific emphasis on creating investment that provides benefits to residents and businesses whilst also generating income.
- To realise savings through the procurement of its contracts including joint contractual arrangements with South Ribble Council.
- To identify efficiencies through investment in infrastructure, ICT and through exploring alternative delivery models that will enable the Council to balance the budget whilst seeking to minimise the impact on front line service users

Transformation Strategy

41. The transformation strategy covers many aspects of change both within the council and in partnership with other organisations. At this stage, the main strands of the strategy that could generate savings and income are outlined further below.

Income Generation

Council Tax

42. The Provisional Local Government Finance Settlement outlines the Core Spending Power available to local authorities. This is the level of resources the Government assumes councils will have available and is predicated on all councils across the country increasing council tax up to the referendum limit of 2% (5% for authorities with social care responsibilities) year-on-year. As such, if the council were to freeze council tax it is likely it will need to then bridge a larger gap between the funding allocated to it, via business rates retention and the fair funding review, and the funding required to deliver services in 2022/23 onwards.

43. Through effective management of its budget and investment in income generating projects, Chorley Council has been able to maintain one of the lowest levels of council tax in Lancashire as demonstrated below:

	Band D Equivalent 2021/22 £
Preston	327.13
Burnley	312.28
Rosendale	285.13
Pendle	276.01
Hyndburn	255.53
Lancaster	236.95
South Ribble	223.24
Fylde	214.91
West Lancs.	213.39
Wyre	209.74
Chorley	195.76*
Ribble Valley	155.69

(* - includes Band D equivalent Special Expenses of £20.98)

44. However, continued uncertainty regarding future funding and the need for the council to manage staffing and non-staffing inflationary budget increases, means that this budget proposes to increase Chorley Council's share of council tax by 1.99% in 2022/23. Similar increases have been forecast for 2023/24 and 2024/25, however these will be reviewed annually and will be subject to the outcome of the next finance settlement.
45. The council will remain committed to supporting those who may struggle to pay their council tax because of the challenging circumstances they find themselves in. On that basis, the council will make use of the monies it has available to support council taxpayers.
46. The MTFS assumes an increase in the council tax base and business rates because of the continued growth in the borough over the medium term. This is estimated at £100k over the period.

Investment Sites

47. The council owns several sites that are being developed to bring forward the expansion of employment, housing and health services within the borough. These include:
- The Strawberry Meadows industrial site at Alker Lane which is due to open in May 2022
 - The new Whittle GP Surgery which is due to open in February 2022
 - The redevelopment of the site surrounding Tatton Gardens, including an extra care scheme, which is scheduled to open in September 2022.
48. These sites are at different stages of advancement but are forecast to generate additional net income for the council of £133k in 2022/23 and £335k in 2023/24, whilst delivering improvements in local infrastructure for residents and businesses.

Future Savings

49. The council has always been successful in generating efficiency savings and additional income to bridge the budget gap whilst continuing to deliver outstanding services to its residents. Required savings of approximately £1.178m, subject to future Government announcements, are forecast over the period of the MTFS to manage increases in costs as well as potential reductions in future Government funding.
50. Whilst there is continued uncertainty about the potential level of savings required over the medium term, it is prudent to put in place plans to identify and secure the savings that may be required over the medium term. Through the Transformation Strategy and Medium Term Financial Strategy, the following are the key areas of savings that will be targeted for future savings:
- **Service savings.** An exercise has been undertaken that has identified a potential of £1.0m of savings over the next 3 years. An exercise has been undertaken to prioritise the options with an aim of minimising any adverse impact on service delivery. While all of the options could potentially be pursued, it is proposed to target **£600k to be delivered over the MTFS period;**
 - A review of the council's **portfolio of assets** to recognise potential opportunities for sale, redevelopment or rental, whilst improving public

services. By consolidating the council's asset base, the council will be able to reduce its operating costs, as well as opportunities for income generation. This is **anticipated to generate £350k over the medium**;

- The council has been successful in **investing within the borough** to generate jobs, improve health services as well as improving the retail and night-time economy. Whilst delivering this, the council has also generated additional net income that supports other council services. The council will continue this approach, and in the continued redevelopment of the town centre. The MTFS includes a forecast target of £335k net income by 2024/25 from investments made to date, however work progresses to identify further opportunities that are hoped will provide net income over and above this target. The council has successfully brought in additional external funding from various sources to support investment in the borough including Homes England, Lancashire Enterprise Partnership (LEP), Community Infrastructure Levy (CIL) and S106 funding from developers in the borough. The council will build on this success to deliver future investments, this will include future potential investment in sites at Bengal Street and Shady Lane.
- The council is ambitious in its delivery of services and will continue to pursue **alternative models of delivering its services**. The MTFS includes efficiency savings that have already been secured through the expansion of shared services with South Ribble Council. As Phase 2 of the Shared Services model reaches the final stages of implementation, no additional savings have been identified, however the council will consider further opportunities alongside its wider priorities if improvements and efficiencies can be attained. The council will also seek to reduce the costs of leisure services, now delivered by the council's wholly owned company, Chorley Leisure Ltd, established in August 2021. Over the course of the MTFS we will work with the new company to reduce its net operating costs to move to generating a net benefit to the council. These **alternate models of delivery are anticipated to generate an additional £350k** over the MTFS period

CONCLUSION

51. The review of the MTFS has again been undertaken against a background of significant reductions in funding and increasing costs. These factors present a risk to the council's sustainable financial position unless budget savings continue to be delivered and additional income opportunities are provided alongside the delivery of the council's Corporate Strategy priorities.
52. The MTFS covers three years between 2022/23 and 2024/25 and whilst the budget has been balanced for 2022/23 through a combination of efficiency savings and income generation, budget gaps remain for 2023/24 and 2024/25.
53. The council has a successful record of balancing the budget and has delivered budget efficiency savings alongside additional income of over £4.5m since 2014/15. This has been achieved whilst delivering a large number of Corporate Strategy priorities and an ambitious capital programme.

54. The financial context continues to be increasingly challenging and uncertain. Strategies are outlined in the MTFS as to how the budget gap of £1.117m (2023/24) and £1.178m (2024/25) can be addressed. The strategies build on the council's record of innovative approaches to service delivery as well as its record of investing in income generating assets.

55. The Council will continue to keep the MTFS under review given:

- a. the level of efficiency savings and income generation required to balance the budget over the medium term. The timing of the delivery of these targets will need to be closely managed and where necessary reserves utilised to meet temporary delays in transformation strategy net budget reductions.
- b. the high degree of uncertainty surrounding the changes to Government policy such as business rates retention and the fair funding review as well as the uncertainty regarding the ongoing implications of Covid-19.