

## DECISION ITEM

| REPORT OF   | MEETING                         | DATE            | ITEM NO |
|---|---------------------------------|-----------------|---------|
| CHIEF FINANCIAL OFFICER                             | FINANCE AND DEMOCRACY COMMITTEE | 24 JANUARY 2022 | 5       |
| <b>FINANCIAL FORECAST UPDATE 2021/22 TO 2025/26</b> |                                 |                 |         |

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

This report provides Members with an update of the financial forecast for the council for the five years 2021/22 to 2025/26. The main purpose of this iteration of the forecast is to reflect the impact of the provisional 2022/23 Local Government Finance Settlement, details of which were announced on 16<sup>th</sup> December 2021. The assumptions set out in this forecast are the latest best estimates and will be updated as and when further information is made available.

### RECOMMENDATIONS

The Committee is recommended:

1. To note the implications of this updated financial forecast, and to also note that this update report will be presented to the Council meeting on 7<sup>th</sup> February 2022; and
2. To note that following the confirmation of the amount of New Homes Bonus grant to be received for 2022/23, allocations of a proportion of this grant to town and parish councils have been calculated in the total sum of £61,807 in accordance with the decision of the Finance and Democracy Committee on this matter at the meeting of 22<sup>nd</sup> November 2021.

### SUMMARY OF PREVIOUS DECISIONS

The Council set its budget for 2021/22 at the meeting of 4<sup>th</sup> March 2021. This report provides Members with a further update to the Council's financial forecast following the position that was considered by this Committee in November 2021.

| CORPORATE PRIORITIES                                     |   |
|--|---|
| Economy – To create a vibrant and healthy economy        | ✓ |
| Environment – To deliver services customers expect       | ✓ |
| Efficiency – By spending money in the most efficient way | ✓ |
| Tourism – To create a great place to live and visit      | ✓ |

## REPORT

### 1. PURPOSE OF THE FINANCIAL FORECAST UPDATE

- 1.1 This report updates the financial forecast which was considered by this Committee in November 2021. Attached at Appendix A is the financial forecast position reported to Members at that time. Appendix B shows the general assumptions underpinning the base forecast, whilst Appendix C sets out the latest changes and Appendix D sets out the supporting narrative to the latest changes. **Appendix E details the latest updated forecast position.**
- 1.2 The forecast has been updated to reflect the impact of the 2022/23 Local Government Finance Settlement, announced on 16<sup>th</sup> December 2021.
- 1.3 This latest financial forecast update is designed to:
- Present an updated five-year financial forecast for revenue and capital spending following the announcement of the Local Government Finance Settlement in December 2021;
  - Review and update the currently identified risks and opportunities;
  - Alert Members to any new specific risks and opportunities;
  - Inform Members of any changes required to budgets due to external factors outside the Council's control; and,
  - Provide a basis on which Members can begin to make future spending decisions.

### 2. THE CAPITAL PROGRAMME

- 2.1 The in-year position on the Capital Programme, along with the associated financial risks, was reported at the November cycle of programme committee meetings.
- 2.2 Any future capital financing issues facing the Council will be addressed as part of the Council's budget proposals for 2022/23 which will be published in mid-February 2022.

### 3. KEY CHANGES TO THE GENERAL FUND REVENUE BUDGET FORECAST

- 3.1 All of the financial risks as set out in the Financial Forecast update considered by this Committee in November 2021 and Council in December 2021 remain. The changes to the General Fund Revenue Forecast are those arising from the Local Government Finance Settlement, together with some further in-year revenue budget changes. These are detailed below:

#### **The 2022/23 Local Government Finance Settlement**

On 16 December 2021, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC), Rt. Hon. Michael Gove MP, released a written statement to Parliament on the provisional local government finance settlement 2022/23. The papers can be viewed by [clicking here](#).

The 2022/23 local government finance settlement is again for a single year only and is based on the Spending Review 2021 funding levels.

The key points arising from the Finance Settlement for Fylde Council are:

#### **a) Delays to the Fair Funding Review and the Reform of the Business Rates System**

No papers were published relating to the Fair Funding Review or the Business Rates Reset. It would appear the government intend to make further announcements in 2022, before then consulting on any potential changes.

Consequently, the finance settlement for 2022/23 is a single-year only settlement.

**b) Confirmation of acceptance of the bid by Lancashire authorities to continue to operate a Business Rate Pooling arrangement for 2022/23**

The continuation of a Lancashire-wide Business Rates Pool was confirmed for 2022/23, subject to no single member of the pool exercising their right to withdraw from the pool within 28 days of the Finance Settlement announcement (as per the terms of the pooling arrangement) which would cause the pool to end. It is not expected that any member of the Lancashire Business Rates pool will exercise this option for 2022/23. The latest in-year monitoring and future modelling suggest that continued participation in a Lancashire Business Rate Pool for 2022/23 will be of financial benefit to Fylde Council, as it has been since participation in the pool commenced.

**c) Confirmation of a single year New Homes Bonus allocation in 2022/23 and an ongoing review of the scheme**

The provisional settlement confirms that a review of the New Homes Bonus scheme is ongoing and that the 2022/23 grant allocation is for one year only (as it was for 2020/21 and 2021/22) and not an annual allocation for a four year period as was the case for earlier years.

Given that New homes Bonus is a major source of funding for the Council this represents a significant risk to the overall level of future central government funding.

The forecast of New Homes Bonus income for 2022/23 has been updated in line with the provisional allocation announced in the settlement. In respect of all other years, due to the uncertainty surrounding future funding levels the estimated amounts for 2023/24 onwards are in line with the forecast as approved by Council in March 2021.

**d) Confirmation of further Government Grants for 2022/23**

Additional grants were also announced in respect of 2022/23 as part of the provisional settlement which for Fylde Council were as follows:

- Lower Tier Services Grant – an allocation of un-ringfenced grant of £88,813; and
- 2022/23 Services Grant - an allocation of a new “one-off” un-ringfenced grant of £133,416

Both of these additional grant allocations have been reflected in the summary at Appendix E to this report.

It is understood that these grants are allocated in order to ensure there is no reduction in an authority’s ‘Core Spending Power’ which is the measure used by the government of the total financial resources available to local authorities to fund service delivery. The purpose of these grant allocations is to ensure that a local authority does not suffer a reduction in resources for 2022/23, as compared to 2021/22, on the assumption that Council Tax is increased to the maximum level for 2022/23 without the requirement for a local referendum, details of which are set out in the following paragraph.

**e) Confirmation of the 2022/23 General Council Tax Referendum Principles**

As part of the 2022/23 provisional settlement the government announced the general council tax referendum principles (the upper limit on the year-on-year increase that can be applied without the requirement for prior approval through a local referendum) as the higher of a 1.99% increase or an increase of £5.00 (as was the case for 2021/22).

(An increase of £5.00 for a Band D property in Fylde for 2022/23 would equate to a percentage increase of around 2.3%).

Referendum principles will not be extended to town and parish councils for 2022/23 but could be applied to these councils in future years.

#### **f) Employee Costs**

**Pay award:** The employee pay award for the current year is yet to be agreed, with recent negotiations leading to both sides reaffirming their respective positions: the employer's offer is full and final; the unions will be conducting ballots for strike action. Budget provision for 2.75% pay award is included each year throughout the forecast based upon last year's agreed pay award.

**Health and Social Care NI contribution:** Following the government's announcement in September 2021 regarding an additional health and social care NI contributions of 1.25% from April 2022, the estimated cost of this increase has now been built into this forecast update.

#### **Other Revenue Budget Adjustments**

#### **g) New Homes Bonus Distribution to Town and Parish Councils**

The Finance and Democracy Committee meeting of 22<sup>nd</sup> November 2021 approved the provisional continuation of the scheme for the distribution of a portion of the New Homes Bonus Grant income to town and parish Councils, dependent upon confirmation of the level of New Homes Bonus grant to be received by Fylde Council for 2022/23. Following the confirmation of the amount of New Homes Bonus grant as part of the 2022/23 financial Settlement, allocations of a proportion of this grant to town and parish councils have been calculated in the total sum of £61,807 in line with the recommendation from the committee. The financial consequence of this decision is contained within the summary Financial Forecast at **Appendix E** to this report and individual allocations to Town and Parish Councils are shown at **Appendix F**.

#### **h) Other budget adjustments**

A number of further budget adjustments have been made to this updated financial forecast in light of the most recent budget monitoring reported to programme committees and a further budget-rightsizing review undertaken since the forecast was last updated. These are included within the variance analysis at **Appendix C** to this report and an explanation of each is provided at Appendix D. Council Tax income projections have also been updated from the November financial forecast to reflect the actual Council Tax base information for 2022/23 which was finalised in December 2021.

### **3.2 Other Continuing Financial Risks**

All of the financial risks that were detailed within the previous Financial Forecast Update that was presented to the last Finance and Democracy Committee meeting in November and Council in December 2021 remain. These are:

- **Future Central Government Funding Reductions**
- **Announcement of a 'Fair Funding Review'**
- **Retained Business Rates**
- **Borrowing Costs Assumptions**
- **Reduction in Housing Benefit Administration Grant**
- **Universal Credit**
- **Grounds Maintenance (External Contracts)**
- **The Living Wage**
- **Community Infrastructure Levy (CIL)**

Full details of each of these can be found within the November 2021 Financial Forecast report via the following link: [www.fylde.gov.uk/](http://www.fylde.gov.uk/)

## **4. CONCLUSIONS**

- 4.1 The 2022/23 Local Government Financial Settlement has not fundamentally changed the general financial standing of Fylde Council. The additional grants detailed in paragraph 3.1 (d) are to be welcomed as they improve the financial position of the Council in the short term. There remains (as reported in the November 2021 Financial Forecast update to this committee) a projected surplus for 2021/22 and 2022/23 followed by a period of uncertainty as the national framework for the financing of local government will be subject to review.
- 4.2 The confirmation of the continuation of a Business Rates Pool amongst Lancashire authorities is welcomed. Developments with regard to future proposals (the implementation of a 'Fair Funding Review' encompassing a possible re-assessment of relative need within local government generally) will be followed closely and any implications reported within future Financial Forecast updates when known.
- 4.3 Estimations of central government funding beyond 2022/23 are extremely difficult to make until the outcome of the funding reviews are known. The Financial Forecast will be updated for 2023/24 onwards as and when there is greater clarity regarding the central government funding regime.
- 4.4 In order to maintain the current financial position and be able to deliver the Corporate Plan priorities the Council needs to continue with the approach to delivering savings and efficiencies and maximising income which have helped deliver balanced budgets over recent years. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain frontline services to customers. This work has yielded ongoing savings to help improve the Council's overall financial position over that period.
- 4.5 Although it is clear that further uncertainty lies ahead, **the finances of the Council remain robust, and the reserves and balances are at healthy levels as compared to earlier periods.** Furthermore, the Council has a past record of taking actions in order to meet and overcome financial challenges as they arise. The Council will continue to seek opportunities to maintain a robust financial position in the face of a changing financial environment. This approach will ensure that the Council continues to achieve and sustain a balanced budget position on an ongoing basis and is able to deliver the priorities set out in the Corporate Plan.
- 4.6 The assumptions set out in this forecast are the latest best estimates and will be updated as and when further information becomes available.

| IMPLICATIONS                            |   |
|---|---|
| Finance                                 | The financial implications are contained within the body of the report. |
| Legal                                   | None arising from this report.  |
| Community Safety                        | None arising from this report.  |
| Human Rights and Equalities             | None arising from this report.  |
| Sustainability and Environmental Impact | None arising from this report.  |
| Health & Safety and Risk Management     | None arising from this report.  |

| LEAD AUTHOR                                | CONTACT DETAILS | DATE         |
|--|-----------------|--------------|
| Paul O'Donoghue<br>Chief Financial Officer | 01253 658566    | January 2022 |

| BACKGROUND PAPERS |      |                                |
|-------------------|------|--------------------------------|
| Name of document  | Date | Where available for inspection |

|   |   |  |
|---|---|--|
| Medium Term Financial Strategy (MTFS) Update, Including General Fund, Capital Programme and Treasury Management for 2020/21 – 2024/25 | Budget Council meeting<br>4 <sup>th</sup> March 2021                      | <a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a> |
| MTFS – Outturn Position For 2020/21 (Including General Fund, Capital Programme & Treasury Management)                                 | Finance and Democracy Committee meeting<br>29 <sup>th</sup> July 2021     | <a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a> |
| Revenue Budget Monitoring Report 2021/22 – to 30 <sup>th</sup> September 2021   | Finance and Democracy Committee meeting<br>22 <sup>nd</sup> November 2021 | <a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a> |
| Capital Programme Monitoring Report 2021/22 – to 30 <sup>th</sup> September 2021  | Finance and Democracy Committee meeting<br>22 <sup>nd</sup> November 2021 | <a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a> |
| Medium Term Financial Strategy (MTFS) Update, Including General Fund, Capital Programme and Treasury Management for 2021/22 – 2025/26 | Finance and Democracy Committee meeting<br>22 <sup>nd</sup> November 2021 | <a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a> |

#### **Attached documents**

Appendix A - Forecast approved at Council on 4<sup>th</sup> March 2021

Appendix B - Schedule of general assumptions underpinning the financial forecast

Appendix C - Schedule of changes to the forecast

Appendix D - Explanation of changes to the forecast

Appendix E - Updated latest forecast position

Appendix F - New Homes Bonus Grant Allocations to Town & Parish Councils 2022/2

**General Fund Budget Forecast 2020/21 to 2024/25 - Approved at Budget Council March 2021**

|  | 2020/21<br>£000 | 2021/22<br>£000 | 2022/23<br>£000 | 2023/24<br>£000 | 2024/25<br>£000 | Adverse /<br>Favourable |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------------|
| <b>Forecast approved at Council on 4th March 2020</b>                              | 10,450          | 10,652          | 10,869          | 11,394          | 11,394          |                         |
| Forecast Changes - as itemised in March 21 MTFS report - General                   | 186             | 554             | 226             | 374             | 513             | Adverse                 |
| Forecast Changes - as itemised in March 21 MTFS report - Covid Related             | 63              | - 31            | 2               | 2               | 2               | Adverse                 |
| Revenue Budget Growth Items - as itemised in March 21 MTFS report                  |                 | 42              |                 |                 |                 | Adverse                 |
| Use of Reserves - Funding Volatility Reserve - as itemised in March 21 MTFS report | - 250           | - 283           | - 97            | - 73            |                 | Favourable              |
| <b>Forecast Budget Requirement</b>   | <b>10,449</b>   | <b>10,934</b>   | <b>11,000</b>   | <b>11,697</b>   | <b>11,909</b>   |                         |
| <b>Financed by:</b>  |                 |                 |                 |                 |                 |                         |
| <b>Council Tax Funding:</b>  |                 |                 |                 |                 |                 |                         |
| Council Tax - Precept  | 6,456           | 6,657           | 6,866           | 7,081           | 7,302           |                         |
| Council Tax - Share of Previous Years Surplus/(Deficit)                            | 109             |                 |                 |                 |                 |                         |
| <b>Sub Total - Council Tax Income</b>  | <b>6,565</b>    | <b>6,657</b>    | <b>6,866</b>    | <b>7,081</b>    | <b>7,302</b>    |                         |
| <b>Business Rates Funding:</b>   |                 |                 |                 |                 |                 |                         |
| Retained Rates (including pooling benefit & pilot impact 2019/20)                  | 3,951           | 4,501           | 2,600           | 2,600           | 2,600           |                         |
| <b>Sub Total - Business Rates Income</b>   | <b>3,951</b>    | <b>4,501</b>    | <b>2,600</b>    | <b>2,600</b>    | <b>2,600</b>    |                         |
| <b>Other Funding:</b>  |                 |                 |                 |                 |                 |                         |
| Lower Tier Services Grant  |                 | 379             |                 |                 |                 |                         |
| New Homes Bonus (NHB)  | 1,822           | 1,161           | 1,136           | 1,136           | 1,136           |                         |
| Less - NHB distribution to Town & Parish Councils                                  | - 76            | - 58            |                 |                 |                 |                         |
|  | 1,746           | 1,482           | 1,136           | 1,136           | 1,136           |                         |
| <b>Forecast Financing</b>  | <b>12,262</b>   | <b>12,640</b>   | <b>10,602</b>   | <b>10,817</b>   | <b>11,038</b>   |                         |
| <b>Forecast surplus(-)/deficit for year</b>  | <b>- 1,813</b>  | <b>- 1,706</b>  | <b>398</b>      | <b>880</b>      | <b>871</b>      |                         |
| <b>Reserves</b>  |                 |                 |                 |                 |                 |                         |
| <b>Forecast surplus/deficit (-) for year from above:</b>                           | 1,813           | 1,706           | - 398           | - 880           | - 871           |                         |
| Less: Proposed Transfer to Capital Investment Reserve                              | - 1,813         | - 1,706         |                 |                 |                 |                         |
| <b>Balance of surplus/deficit(-) remaining:</b>                                    |                 |                 | - 398           | - 880           | - 871           |                         |
| <b>Balance of General Fund Reserves b/f</b>  | 4,272           | 4,272           | 4,272           | 3,874           | 2,994           |                         |
| Less transfer to/from(-) General Fund Reserves in year                             |                 |                 | - 398           | - 880           | - 871           |                         |
| <b>Forecast Reserves at Year End</b>   | <b>4,272</b>    | <b>4,272</b>    | <b>3,874</b>    | <b>2,994</b>    | <b>2,123</b>    |                         |
| <b>Band D Council Tax (Excl Parish Precepts)</b>                                   | <b>£210.71</b>  | <b>£214.91</b>  | <b>£219.19</b>  | <b>£223.56</b>  | <b>£228.01</b>  |                         |
| <b>Band D Average Council Tax Increase</b>   | <b>£4.11</b>    | <b>£4.20</b>    | <b>£4.28</b>    | <b>£4.37</b>    | <b>£4.45</b>    |                         |
| <b>Band D Average Council Tax Increase</b>   | <b>1.99%</b>    | <b>1.99%</b>    | <b>1.99%</b>    | <b>1.99%</b>    | <b>1.99%</b>    |                         |

### General Base Budget Assumptions

The forecast has been prepared on the basis of the following assumptions:

- General Prices Inflation – a freeze or cash-limiting of all general revenue expenditure budgets with the exception of payroll budgets and where contractual commitments require increases;
- Slippage – approved underspend items from 2020/21 agreed by the Finance and Democracy Committee in July 2021 have been slipped into 2021/22;
- Pay award - assumed to be 2.75% per annum for 2021/22 and each year thereafter;
- Employers Pension Contributions – the Council's contribution to the Lancashire pension fund scheme is set in accordance with the outcome of the 2019 Triennial Pension Review at 17.9% plus deficit recovery lump sum payment for the period to 2022/23; with future years estimates provided on a continuation basis;
- Employer's National Insurance contributions – the forecast reflects the statutory contribution rates currently in place;
- Council tax increases – assumed at 1.99% increase per annum from 2022/23 onwards;
- New Homes Bonus Grant – the forecast for 2023/24 onwards assumes a reduced level of New Homes Bonus based broadly upon the current year's allocation. No allocation of New Homes Bonus grant to town and parish councils has been assumed beyond next year at this point pending the outcome of the recent consultation exercise;
- Fees and Charges – The forecast takes account of the revised fee levels as approved by Budget Council in March 2021. For future years budget-holders have reviewed fee levels as appropriate and any proposed changes to fees & charges will be considered at the Budget Council in March 2022 following consideration by the appropriate programme committee;
- Vacancy Savings – the forecast assumes vacancy savings of £300k per annum from 2021/22 onwards; and
- Localisation of Council Tax Benefit Scheme – the forecast assumes a fully funded scheme with no additional cost to the Council from 2021/22 onwards.



## Appendix C

### General forecast changes since Council December 2021

|  | 2021/22     | 2022/23    | 2023/24   | 2024/25   | 2025/26   |   |
|--|-------------|------------|-----------|-----------|-----------|---|
|  | £000        | £000       | £000      | £000      | £000      | <u>ADVERSE /</u><br><u>FAVOURABLE /</u><br><u>NEUTRAL</u> |
| <b>1 CHANGES AS A RESULT OF MEMBER APPROVALS:</b>  |             |            |           |           |           |   |
| F&D Committee - 22/11/21 - FBI - Accommodation Project for Ex-Offenders and Rough Sleepers - Expenditure           | 34          | 0          | 0         | 0         | 0         | ADVERSE   |
| F&D Committee - 22/11/21 - FBI - Accommodation Project for Ex-Offenders and Rough Sleepers - Grant                 | -34         | 0          | 0         | 0         | 0         | FAVOURABLE  |
| F&D Committee - 22/11/21 - FBI - Business Health Matters - Expenditure   | 27          | 27         | 27        | 0         | 0         | ADVERSE   |
| F&D Committee - 22/11/21 - FBI - Business Health Matters - Grant   | -27         | -27        | -27       | 0         | 0         | FAVOURABLE  |
| Council - 06/12/21 - Unfunded Revenue Budget Increase - Bulky Waste Collection Service                             | 0           | 27         | 27        | 27        | 27        | ADVERSE   |
| <b>2 BUDGET RIGHTSIZING EXERCISE:</b>  |             |            |           |           |           |   |
| Revenue impact of budget right-sizing across all budget areas of the Council                                       | -53         | 0          | 0         | 0         | 0         | FAVOURABLE  |
| <b>3 STAFFING COSTS:</b>   |             |            |           |           |           |   |
| Estimated additional N.I costs - 1.25% Increase 2022/23 onwards  | 0           | 64         | 66        | 68        | 71        | ADVERSE   |
| <b>4 UPDATED ESTIMATES OF INCOME BUDGETS:</b>  |             |            |           |           |           |   |
| Land Charges - additional fee income   | -10         | 0          | 0         | 0         | 0         | FAVOURABLE  |
| Building Control - additional fee income   | -19         | 0          | 0         | 0         | 0         | FAVOURABLE  |
| Planning Applications - additional fee income  | -25         | 0          | 0         | 0         | 0         | FAVOURABLE  |
| Cemetery & Crematorium - reduction in fee income (interment & cremations)  | 100         | 0          | 0         | 0         | 0         | ADVERSE   |
| Car Parking - additional fee income  | -79         | 0          | 0         | 0         | 0         | FAVOURABLE  |
| Public Conveniences - additional fee income  | -20         | 0          | 0         | 0         | 0         | FAVOURABLE  |
| Property Management - ad hoc fees generated through management of asset portfolio                                  | -9          | 0          | 0         | 0         | 0         | FAVOURABLE  |
| <b>5 OTHER FORECAST CHANGES</b>  |             |            |           |           |           |   |
| Mayoralty - reduced expenditure due to cancellation of events  | -7          | 0          | 0         | 0         | 0         | FAVOURABLE  |
| Elections - Neighbourhood Plan Referenda   | -26         | 0          | 0         | 0         | 0         | FAVOURABLE  |
| Members Training Expenses - Seminars   | -4          | 0          | 0         | 0         | 0         | FAVOURABLE  |
| Fleet Savings - Materials - £30k / Fuel - £70k   | -100        | 0          | 0         | 0         | 0         | FAVOURABLE  |
| Festival Support/Club Days - Reduced expenditure due to cancellation of events re-phased to help support Jubilee C | -6          | 6          | 0         | 0         | 0         | NEUTRAL   |
| Re-phasing of St Annes Square Maintenance - 2021/22 expenditure funded from Welcome Back Fund                      | -25         | 25         | 0         | 0         | 0         | NEUTRAL   |
| Re-phasing of I.T. expenditure budgets from 2021/22 into 2022/23   | -100        | 100        | 0         | 0         | 0         | NEUTRAL   |
| <b>TOTAL</b>   | <b>-383</b> | <b>222</b> | <b>93</b> | <b>95</b> | <b>98</b> |   |

## **Explanations of Forecast Changes set out in Appendix C**

## **Appendix D**

The following notes relate to specific adjustments made to the Forecast set out in Appendix C

(1) Changes as a Result of Member Approvals

The forecast that was approved at the Council meeting in March 2021 has been updated to reflect the financial impact of Member decisions made since then. The significant decisions in terms of their financial effect are detailed within the body of the report.

(2) Impact of budget-right-sizing exercise across all budget areas of the Council

Each year officers carry-out a budget right-sizing exercise focussing on a review of underspends across all budget areas and these have been updated and reflected through the forecast.

(3) Staffing Costs

The agreed 2.75% per annum pay award for 2021/22 has been assumed in each future year of the forecast and the additional 1.25% for National Insurance from 2022/23 onwards.

(4) Updated Estimates of Income Budgets have been reflected in the forecast, including:

- Land Charges fee income;
- Building Control fee income;
- Planning Application fee income;
- Cemetery & Crematorium fee income;
- Car Parking fee income;
- Public Conveniences fee income.

(5) Other Forecast Changes:

A number of other changes have been made to the forecast as itemised in the appendix, including the re-phasing of revenue expenditure and in year savings from fleet.

**Latest General Fund Budget Forecast 2021/22 to 2025/26 - as at January 2022**

|  | 2021/22<br>£000 | 2022/23<br>£000 | 2023/24<br>£000 | 2024/25<br>£000 | 2025/26<br>£000 | Adverse /<br>Favourable |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------------|
| <b>Forecast approved at Council on 4th March 2021</b>            | 10,934          | 11,000          | 11,697          | 11,909          | 11,909          |                         |
| Forecast Changes approved at Council December 2021               | 615             | 132             | 125             | 158             | 450             | <b>Adverse</b>          |
| Forecast Changes - January 2022 - Appendix C                     | - 383           | 222             | 93              | 95              | 98              | <b>Adverse</b>          |
| <b>Forecast Budget Requirement: TOTAL</b>                        | <b>11,166</b>   | <b>11,354</b>   | <b>11,915</b>   | <b>12,162</b>   | <b>12,457</b>   |                         |
| <b>Financed by:</b>  |                 |                 |                 |                 |                 |                         |
| <b>Council Tax Funding:</b>                                      |                 |                 |                 |                 |                 |                         |
| Council Tax - Precept  | 6,656           | 6,881           | 7,096           | 7,317           | 7,544           |                         |
| <b>Sub Total - Council Tax Income</b>                            | <b>6,656</b>    | <b>6,881</b>    | <b>7,096</b>    | <b>7,317</b>    | <b>7,544</b>    |                         |
| <b>Business Rates Funding:</b>                                   |                 |                 |                 |                 |                 |                         |
| Retained Business Rates  | 4,501           | 3,580           | 2,800           | 2,800           | 2,800           |                         |
| <b>Sub Total - Business Rates Income</b>                         | <b>4,501</b>    | <b>3,580</b>    | <b>2,800</b>    | <b>2,800</b>    | <b>2,800</b>    |                         |
| <b>Other Funding:</b>  |                 |                 |                 |                 |                 |                         |
| Lower Tier Services Grant  | 379             | 87              |                 |                 |                 |                         |
| 2022/23 Services Grant   |                 | 133             |                 |                 |                 |                         |
| New Homes Bonus (NHB)  | 1,161           | 1,236           | 1,136           | 1,136           | 1,136           |                         |
| Less - NHB distribution to Town & Parish Councils                | - 58            | - 62            |                 |                 |                 |                         |
| <b>Sub Total - Other Income</b>                                  | <b>1,482</b>    | <b>1,394</b>    | <b>1,136</b>    | <b>1,136</b>    | <b>1,136</b>    |                         |
| <b>Forecast Financing: TOTAL</b>                                 | <b>12,639</b>   | <b>11,855</b>   | <b>11,032</b>   | <b>11,253</b>   | <b>11,480</b>   |                         |
| <b>Forecast surplus (-) / deficit for year</b>                   | <b>- 1,473</b>  | <b>- 501</b>    | <b>883</b>      | <b>909</b>      | <b>977</b>      |                         |
| <b>Reserves</b>  |                 |                 |                 |                 |                 |                         |
| Forecast surplus/deficit (-) for year from above:                | 1,473           | 501             | - 883           | - 909           | - 977           |                         |
| Less: Proposed Transfer to Capital Investment Reserve            | - 1,473         | - 501           |                 |                 |                 |                         |
| <b>Balance of surplus/deficit(-) remaining:</b>                  |                 |                 | - 883           | - 909           | - 977           |                         |
| <b>Balance of General Fund Reserves b/f</b>                      | <b>4,571</b>    | <b>4,571</b>    | <b>4,571</b>    | <b>3,688</b>    | <b>2,779</b>    |                         |
| Less estimated transfer to/from(-) General Fund Reserves in year |                 |                 | - 883           | - 909           | - 977           |                         |
| <b>Forecast Reserves at Year End</b>                             | <b>4,571</b>    | <b>4,571</b>    | <b>3,688</b>    | <b>2,779</b>    | <b>1,802</b>    |                         |
| <b>Band D Council Tax (Excl Parish Precepts)</b>                 | <b>£214.91</b>  | <b>£219.19</b>  | <b>£223.56</b>  | <b>£228.01</b>  | <b>£232.55</b>  |                         |
| <b>Band D Average Council Tax Increase</b>                       | <b>£4.20</b>    | <b>£4.28</b>    | <b>£4.37</b>    | <b>£4.45</b>    | <b>£4.54</b>    |                         |
| <b>Band D Average Council Tax Increase</b>                       | <b>1.99%</b>    | <b>1.99%</b>    | <b>1.99%</b>    | <b>1.99%</b>    | <b>1.99%</b>    |                         |

## New Homes Bonus - allocations to Town &amp; Parish Councils 2022.23

|                                 | NHB Allocation 2022.23 - £       |
|---------------------------------|----------------------------------|
| Bryning-with-Warton             | 19,655                           |
| Newton-with-Clifton             | 13,025                           |
| St.Annes                        | 11,130                           |
| Westby-with-Plumpton            | 7,578                            |
| Kirkham                         | 4,736                            |
| Little Eccleston-with-Larbreck  | 2,605                            |
| Medlar-with-Wesham              | 2,368                            |
| Treales, Roseacre & Wharles     | 710                              |
|                                 |                                  |
| <b>Total Allocation 2022.23</b> | <b>61,807</b>                    |
|                                 |                                  |
| Elswick                         | Nil growth in excess of baseline |
| Ribby-with Wrea                 | Nil growth in excess of baseline |
| Freckleton                      | Nil growth in excess of baseline |
| Weeton-with-Preese              | Nil growth in excess of baseline |
| Singleton                       | Nil growth in excess of baseline |
| Greenhalgh-with-Thistleton      | Nil growth in excess of baseline |
| Staining                        | Nil growth in excess of baseline |