



## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
CHIEF FINANCIAL OFFICER	FINANCE AND DEMOCRACY COMMITTEE	30 JANUARY 2023	4
<b>FINANCIAL FORECAST UPDATE 2022/23 TO 2026/27</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 2022/23 to 2026/27. The main purpose of this iteration of the forecast is to reflect the impact of the provisional 2023/24 Local Government Finance Settlement, details of which were announced on 19<sup>th</sup> December 2022. The assumptions set out in this forecast are the latest best estimates and will be updated as and when further information is made available.

#### RECOMMENDATION

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 6<sup>th</sup> February 2023; and
2. To note that following the confirmation of the amount of New Homes Bonus grant to be received for 2023/24, allocations of a proportion of this grant to town and parish councils have been calculated in the total sum of £25,805 in accordance with the decision of the Finance and Democracy Committee on this matter at the meeting of 21<sup>st</sup> November 2022.

#### SUMMARY OF PREVIOUS DECISIONS

The Council set its budget for 2022/23 at the meeting of 3<sup>rd</sup> March 2022. 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 2022.

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 2022. Attached at Appendix A is the financial forecast position reported to Members at Budget Council in March 2022. 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 estimated impact of the 2023/24 Local Government Finance Settlement, announced on 19th December 2022.
- 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 2022;
  - 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 both the November and January 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 2023/24 which will be published in mid-February 2023.

### 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 2022 and Council in December 2022 remain.
- 3.2 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 2023/24 Local Government Finance Settlement**

On 19 December 2022, 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 2023-24. The papers can be viewed by [clicking here](#).

This followed a policy statement on the future of Local Government Finance published on 12 December, covering 2023/24 and 2024/25, which are the remaining years of the 2021 Spending Review period. The policy statement can be viewed here: <https://www.gov.uk/government/publications/local-government-finance-policy-statement-2023-24-to-2024-25>

This in turn was hard on the heels of the Autumn Statement on 17 November, which set the overall level of available resources across all government departments.

## **POLICY STATEMENT – SUMMARY**

The provisional settlement is once again a holding position, designed for short-term stability and certainty for planning purposes and to promote financial sustainability within available resources - this time based on proposed detailed allocations for 2023/24 and a fairly full set of policy principles for 2024/25. The broad approach is based on a uniform roll-over of the core elements of the settlement; additional resources for priority services (in particular social care); balancing service pressures with taxpayer concerns through council tax referendum principles; and a fallback, by way of a minimum funding guarantee, for outlying councils. Finance reform is deferred, once again, at least until 2025/26 and possibly even later.

## **OVERALL APPROACH**

As far as the overall policy approach is concerned ministers came down on the side of short-term stability and certainty, aiding councils in financial planning for the next two years. The policy statement gave councils a week's extra notice of the broad proposals for 2023/24. But it gives a good indication of Ministers' intentions in terms of the principles they will follow when they come to lay the annual settlement for 2024/25 before Parliament in Autumn 2023. Although there are no indicative allocations for councils for 2024/25, the outlining of principles is helpful, and represents more information than has been provided in recent years.

Detailed numbers are only available however for 2023/24 and there remain significant uncertainties for 2024/25, particularly for district councils. These include the future of the New Homes Bonus (NHB) scheme, which is now simply a one-year retrospective payment. To set the way forward, decisions need to be taken on the 2021 NHB consultation exercise, which was a very open exercise with limited indication of the favoured policy proposals and no strong view on the efficacy of the NHB incentive effect; decisions on all this are promised before next year's provisional settlement. There is also uncertainty around the future position of areas with 100% business rates retention; and on the approach to social care reform. All of these will inhibit detailed budget planning beyond the short-term.

## **FURTHER DELAYS TO FINANCE REFORM**

The policy statement confirmed that the planned Review of Relative Needs and Resources (the 'Fair Funding Review') and the planned reset to business rates growth will not be implemented in the next two years.

The recent history of proposed reform goes back some years. In 2012, before the introduction of business rates retention, the Government promised a reset of accumulated business rates growth in 2020. In 2016, they promised a review of the needs assessment formula which would be used in re-allocating the accumulated growth between councils. In 2018, they published major consultation documents on all this, for implementation in 2020/21. Since then, implementation has been successively delayed. At the earliest, implementation will not now be until 2025/26 or realistically, depending on the timing of the General Election and the appetite of the new government for reform, until perhaps 2026/27.

The key points arising from the **Provisional Finance Settlement** for Fylde Council in respect of **2023/24** are:

**a) Confirmation of acceptance of the bid by Lancashire authorities to continue to operate Business Rate Pooling arrangements for 2023/24**

The continuation of a Lancashire-wide Business Rates Pool was confirmed for 2023/24, 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 2023/24. The latest in-year monitoring and future modelling suggest that continued participation in a Lancashire Business Rate Pool for 2023/24 will be of financial benefit to Fylde Council, as it has been since participation in the pool commenced.

**b) Confirmation of a single year New Homes Bonus allocation in 2023/24 and an ongoing review of the scheme**

The provisional settlement confirms that the review of the New Homes Bonus scheme is ongoing and indicates that the outcome will be announced during 2023. The allocation for 2023/24 is for one year only in the sum of £516k rather than an annual allocation for a four year period as has been 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 2023/24 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 2024/25 onwards are in line with the allocation for 2023/24 and are subject to change depending on the outcome of the consultation exercise.

**c) Changes to Other Government Grants for 2023/24**

Other grant changes were also announced in respect of 2023/24 as part of the provisional settlement which for Fylde Council were as follows:

- Lower Tier Services Grant – this grant has been abolished;
- Services Grant - an allocation for Fylde of £75k in 2023/24 (reduced from £133k in 2022/23); and
- The introduction of a new “one-off” Funding Guarantee Grant for “2023/24 only” – with an allocation for Fylde of £871k in 2023/24. The Funding Guarantee grant aims to ensure all local authorities receive a minimum 3% “Core Spending Power” increase from 2022/23, excluding any funding from increases to 2022/23 council tax levels. Core Spending Power is a measure used by the government of the resources available to local authorities to fund service delivery. It sets out the money that has been made available through the Local Government Finance Settlement. The calculations made by the government to assess Core Spending Power assume that business rate income is receivable at the baseline level, whereas actual business rate income is subject to variation from the baseline level.

These updated grant allocations for 2023/24 have been reflected in the summary at Appendix E to this report.

#### **d) Confirmation of the 2023/24 General Council Tax Referendum Principles**

The council tax referendum limit for 2023/24 will be 2.99% for local authorities, with an additional 2% social care precept allowed for social care authorities (not Fylde). The 2.99% figure is an increase of 1% on that allowable for 2022/23 to allow councils additional flexibility to increase spending power in light of the continuing high levels of pay and price inflation currently being experienced. Appendix E of this report assumes an increase in council tax of 1.99% per annum which is consistent with increases applied in recent years.

### **3.3 Estimates of Government Funding Beyond 2023/24**

- 3.4 Estimating the level of funding for local authorities beyond 2023/24 is problematic in light of short-term settlements, national pressures on public finances as a whole and continuing delays to the reform of local government funding mechanisms. That said, the focus by DLUHC on Spending Power as a key measure for local authority funding and the introduction of the Funding Guarantee Grant, albeit as a "one-off", do give some comfort that government are mindful of providing some stability, at least in the short term.
- 3.5 Accordingly, the estimates of government funding contained in the financial forecast at Appendix E of this report have been calculated on a continuation basis and to assume an overall protection of the council's "Core Spending Power" for 2024/25 onwards. This is considered to be the best estimate available given the various uncertainties as outlined in the report.

### **4. Other Financial Forecast Changes and Risks**

- 4.1 The Financial Forecast has also been updated to reflect the following changes:

#### **a) Employee Costs**

**Pay award:** The employee pay award for the current year has recently been agreed at a £1,925 flat rate increase on each spinal column point on the pay scale, which equates to approximately 6.5% on the pay bill, including oncosts. This is significantly in excess of the budget provision for 2.75% for the current year. The forecast has been updated to reflect the agreed settlement. In light of the current year settlement and the continuing high level of inflation (10.5% as at December 2022, down slightly from 10.7% in November), the budget provision for pay award for 2023/24 has been updated to an estimated 4%, with 2.75% estimated pay award included each subsequent year throughout the life of the forecast.

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

The Finance and Democracy Committee meeting in November 2022 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 2023/24. Following the confirmation of the amount of New Homes Bonus grant as part of the 2023/24 financial settlement, allocations of

a proportion of this grant to town and parish councils have been calculated in the total sum of £25,805 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**.

#### **c) 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 2023/24 which was finalised in December 2022.

#### **4.2 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 2022 remain. These are:

- **Future Central Government Funding Reductions**
- **Announcement of a 'Fair Funding Review'**
- **Retained Business Rates**
- **Price Inflation**
- **Employee Costs – Pay Award**
- **Borrowing Costs Assumptions**
- **Reduction in Housing Benefit Administration Grant**
- **Universal Credit**
- **Grounds Maintenance (External Contracts)**
- **The Living Wage**

Full details of each of these can be found within the November 2022 Financial Forecast report via the following link: [November 2022 MTFS Update](#)

#### **5. CONCLUSIONS**

- 5.1 The provisional 2023/24 Local Government Financial Settlement has not fundamentally changed the general financial standing of Fylde Council. The additional grants detailed in paragraph 3.1 (c), in particular the “one-off” 2023/24 Funding Guarantee Grant, are to be welcomed as they improve the financial position of the Council in the short term. Based on the assumptions and estimates as detailed in the report there is a projected surplus of resources for 2022/23 and 2023/24 followed by a period of uncertainty as the base costs of the council increase and national framework for the financing of local government is subject to review.
- 5.2 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.
- 5.3 Estimations of central government funding beyond 2023/24 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.

- 5.4 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.
- 5.5 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.
- 5.6 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 Chief Financial Officer	01253 658566	January 2023

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 2021/22 – 2025/26	Budget Council meeting 3 <sup>rd</sup> March 2022	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
MTFS – Outturn Position For 2021/22 (Including General Fund, Capital Programme & Treasury Management)	Finance and Democracy Committee meeting 23 <sup>rd</sup> June 2022	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>

Revenue Budget Monitoring Report 2022/23 – to 30 <sup>th</sup> November 2022	Programme Committees – January 2023	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
Capital Programme Monitoring Report 2022/23 – to 30 <sup>th</sup> November 2022	Programme Committees – January 2023	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>

#### **Attached documents**

1. Appendix A - Forecast approved at Budget Council in March 2022
2. Appendix B - Schedule of general assumptions underpinning the financial forecast
3. Appendix C - Schedule of changes to the forecast
4. Appendix D - Explanation of changes to the forecast
5. Appendix E - Updated latest forecast position
6. Appendix F - New Homes Bonus Grant Allocations to Town & Parish Councils 2023/24



**General Fund Budget Forecast 2021/22 to 2025/26 - Approved at Budget Council March 2022**

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Adverse / Favourable
<b>Forecast approved at Council on 4th March 2021</b>	10,934	11,000	11,697	11,909	11,909	
Forecast Changes - per Appendix C of March 2022 MTFS report to Budget Council	219	308	172	218	525	<b>Adverse</b>
Revenue Budget Growth Items - Appendix F of March 2022 MTFS report		121	82	85	88	<b>Adverse</b>
<b>Forecast Budget Requirement</b>	<b>11,153</b>	<b>11,429</b>	<b>11,951</b>	<b>12,212</b>	<b>12,522</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 Rates (including pooling benefit & pilot impact 2019/20)	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	89				
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				
	1,482	1,396	1,136	1,136	1,136	
<b>Forecast Financing</b>	<b>12,639</b>	<b>11,857</b>	<b>11,032</b>	<b>11,253</b>	<b>11,480</b>	
<b>Forecast surplus(-)/deficit for year</b>	<b>- 1,486</b>	<b>- 428</b>	<b>919</b>	<b>959</b>	<b>1,042</b>	
<b>Reserves</b>						
<b>Forecast surplus/deficit (-) for year from above:</b>	1,486	428	- 919	- 959	- 1,042	
Less: Proposed Transfer to Capital Investment Reserve	- 1,486	- 428				
<b>Balance of surplus/deficit(-) remaining:</b>			- 919	- 959	- 1,042	
<b>Balance of General Fund Reserves b/f</b>	4,571	4,571	4,571	3,652	2,693	
Less transfer to/from(-) General Fund Reserves in year			- 919	- 959	- 1,042	
<b>Forecast Reserves at Year End</b>	<b>4,571</b>	<b>4,571</b>	<b>3,652</b>	<b>2,693</b>	<b>1,651</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>	

### **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 2021/22 agreed by the Finance and Democracy Committee in June 2022 have been slipped into 2022/23;
- Pay award – the impact of the agreed 2022/23 pay award of £1,925pa for each pay point has been reflected in the updated forecast, with future pay awards estimated to be 4% for 2023/24 and 2.75% per annum for each year thereafter;
- Employers Pension Contributions – the Council's contributions to the Lancashire pension fund scheme are set in accordance with the indicative outcome of the 2022 Triennial Pension Review which is currently being carried out by the scheme actuaries, Mercer. The draft figures provided by the pension fund indicate contributions at 19.2% per annum, reduced by scheme surplus payments of 4% per annum for the period from 2023/24 to 2025/26; with future years estimates provided on a continuation basis. The forecast has been updated accordingly;
- Employer's National Insurance contributions – the forecast reflects the statutory contribution rates currently in place, including a reduced contribution rate as a result of the Council being part of the pension scheme;
- Council tax increases – assumed at 1.99% increase per annum from 2023/24 onwards;
- Fees and Charges – The forecast takes account of the revised fee levels as approved by Budget Council in March 2022. 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 2023 following consideration by the appropriate programme committee;
- Vacancy Savings – the forecast assumes vacancy savings of £300k per annum from 2022/23 onwards;
- Localisation of Council Tax Benefit Scheme – the forecast assumes a fully funded scheme with no additional cost to the Council from 2022/23 onwards;
- New Homes Bonus Grant – the forecast for 2023/24 onwards is based on the confirmed allocation for 2023/24 as set out in the report; and
- Other Government Funding - the estimates of government funding contained in the financial forecast at Appendix E of this report have been calculated on a continuation basis and to assume an overall protection of the council's "Core Spending Power" for 2024/25 onwards. This is considered to be the best estimate available given the various funding uncertainties as outlined in the report.

## Appendix C

### General forecast changes since Council December 2022

	2022/23	2023/24	2024/25	2025/26	2026/27	
	£000	£000	£000	£000	£000	<u>ADVERSE /</u> <u>FAVOURABLE /</u> <u>NEUTRAL</u>
<b>1 CHANGES AS A RESULT OF MEMBER APPROVALS:</b>						
Homes for Ukraine Scheme - 3385 Income (F&D 28/10/22)	-155	0	0	0	0	FAVOURABLE
Homes for Ukraine Scheme - 3385 Expenditure (F&D 28/10/22)	155	0	0	0	0	ADVERSE
S106 Contribution - Education - 3607 Income (Council 12/10/22)	-303	0	0	0	0	FAVOURABLE
S106 Contribution - Education - 3607 Expenditure (Council 12/10/22)	303	0	0	0	0	ADVERSE
S106 Contribution - Transport Improvements - 4410 Income (Council 12/10/22)	-48	0	0	0	0	FAVOURABLE
S106 Contribution - Transport Improvements - 4410 Expenditure (Council 12/10/22)	48	0	0	0	0	ADVERSE
Homeless Prevention Grant - 5270 Income (Council 12/10/22)	-107	-107	-107	-107	-107	FAVOURABLE
Homeless Prevention Grant - 5270 Expenditure (Council 12/10/22)	107	107	107	107	107	ADVERSE
Affordable Warmth Grant - Housing - Income - (E,H&H 15/11/22)	-60	0	0	0	0	FAVOURABLE
Affordable Warmth Grant - Housing - Expenditure - (E,H&H 15/11/22)	60	0	0	0	0	ADVERSE
<b>2 BUDGET RIGHTSIZING EXERCISE:</b>						
Revenue impact of budget right-sizing across all budget areas of the Council	-17	-3	-3	-3	-3	FAVOURABLE
<b>3 STAFFING/SHARED SERVICE COSTS:</b>						
Updated estimate of pay award for 2023/24 only - from 2.75% to 4%	0	125	125	125	125	ADVERSE
2022/23 Pay Award Blackpool Revenues and Benefits - Shared Service Contract	43	43	43	43	43	ADVERSE
<b>4 UPDATED ESTIMATES OF INCOME BUDGETS:</b>						
Planning Applications - estimated reduction in fee income	150	100	100	100	100	ADVERSE
Homelessness - additional B&B accommodation costs	79	0	0	0	0	ADVERSE
Homelessness - additional housing benefit contribution towards B&B accommodation costs	-25	0	0	0	0	FAVOURABLE
Trade Waste - additional income from increased useage of the service	-32	0	0	0	0	FAVOURABLE
<b>5 OTHER FORECAST CHANGES</b>						
Re-phasing of St Annes Square Maintenance - (Charlie/Regen matched funding)	-25	25	0	0	0	NEUTRAL
Re-phasing of Fairhaven equipment acquisition - purchased in advance to avoid price increases	10	-10	0	0	0	NEUTRAL
IT - Development budget rephase	-15	15	0	0	0	NEUTRAL
<b>TOTAL</b>	<b>168</b>	<b>295</b>	<b>265</b>	<b>265</b>	<b>265</b>	<b>ADVERSE</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 2022 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/Shared Service Costs

The impact of the agreed 2022/23 pay award of £1,925pa for each pay point has been reflected in the updated forecast, with future pay awards estimated to be 4% for 2023/24 and 2.75% per annum for each year thereafter.

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

- Planning Application fee income
- Trade Waste income

(5) Other Forecast Changes:

A number of other changes have been made to the forecast as itemised in the appendix, including additional homelessness costs and the re-phasing of revenue expenditure between years.

**Latest General Fund Budget Forecast 2022/23 to 2026/27 - as at January 2023**

**Appendix E**

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Adverse / Favourable
<b>Forecast approved at Council on 3rd March 2022</b>	11,429	11,951	12,212	12,522	12,522	
Forecast Changes approved at Council December 2022	- 140	- 277	- 238	- 77	571	
Forecast Changes - Appendix C (this report)	168	295	265	265	265	
<b>Forecast Budget Requirement: TOTAL</b>	<b>11,457</b>	<b>11,969</b>	<b>12,239</b>	<b>12,710</b>	<b>13,358</b>	
<b>Financed by:</b>						
<b>Council Tax Funding:</b>						
Council Tax - Precept	6,881	7,151	7,385	7,625	7,872	
<b>Sub Total - Council Tax Income</b>	<b>6,881</b>	<b>7,151</b>	<b>7,385</b>	<b>7,625</b>	<b>7,872</b>	
<b>Business Rates Funding:</b>						
Retained Business Rates	3,580	3,580	3,401	3,231	3,069	
<b>Sub Total - Business Rates Income</b>	<b>3,580</b>	<b>3,580</b>	<b>3,401</b>	<b>3,231</b>	<b>3,069</b>	
<b>Other Funding:</b>						
Lower Tier Services Grant	89					
Services Grant	133	75	75	75	75	
New Homes Bonus (NHB)	1,236	516	516	516	516	
Less - NHB distribution to Town & Parish Councils	- 62	- 26	- 26	- 26	- 26	
Funding Guarantee Grant - one-off 2023/24 only		871				
Assumed "other" government funding to maintain "Core Spending Power"			816	746	661	
<b>Sub Total - Other Income</b>	<b>1,396</b>	<b>1,436</b>	<b>1,381</b>	<b>1,311</b>	<b>1,226</b>	
<b>Forecast Financing: TOTAL</b>	<b>11,857</b>	<b>12,167</b>	<b>12,167</b>	<b>12,167</b>	<b>12,167</b>	
<b>Forecast surplus (-) / deficit for year</b>	<b>- 400</b>	<b>- 198</b>	<b>72</b>	<b>543</b>	<b>1,191</b>	
<b>Reserves</b>						
Forecast surplus/deficit (-) for year from above:	400	198	- 72	- 543	- 1,191	
Less: Proposed Transfer to Capital Investment Reserve	- 400	- 198				
<b>Balance of surplus/deficit(-) remaining:</b>			- 72	- 543	- 1,191	
<b>Balance of General Fund Reserves b/f</b>	<b>5,056</b>	<b>4,571</b>	<b>4,571</b>	<b>4,499</b>	<b>3,956</b>	
Less in year transfer to fund slippage from 2021/22	- 485					
Less estimated transfer from (-) General Fund Reserves in year			- 72	- 543	- 1,191	
<b>Forecast Reserves at Year End</b>	<b>4,571</b>	<b>4,571</b>	<b>4,499</b>	<b>3,956</b>	<b>2,765</b>	
<b>Band D Council Tax (Excl Parish Precepts)</b>	<b>£219.19</b>	<b>£223.56</b>	<b>£228.01</b>	<b>£232.55</b>	<b>£237.18</b>	
<b>Indicative Band D Average Council Tax Increase</b>	<b>£4.28</b>	<b>£4.37</b>	<b>£4.45</b>	<b>£4.54</b>	<b>£4.63</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 & Parish Councils  
2023/24**

	<b>NHB Allocation 2023/24 - £</b>
Bryning-with-Warton	10,819
St.Annes	3,793
Westby-with-Plumpton	3,607
Newton-with-Clifton	3,482
Elswick	2,052
Ribby-with Wrea	1,741
Treales, Roseacre & Wharles	249
Weeton-with-Preese	62
<b>Total Allocation 2023.24</b>	<b>25,805</b>
Freckleton	Nil growth in excess of baseline
Greenhalgh-with-Thistleton	Nil growth in excess of baseline
Kirkham	Nil growth in excess of baseline
Little Eccleston-with-Larbreck	Nil growth in excess of baseline
Medlar-with-Wesham	Nil growth in excess of baseline
Singleton	Nil growth in excess of baseline
Staining	Nil growth in excess of baseline