Report of:	Meeting	Date
Councillor Lesley McKay, Resources Portfolio Holder and Clare James, Corporate Director Resources (S.151 Officer)	Cabinet	14 February 2024

Revenue Budget, Council Tax and Capital Programme

Key decision: Yes

1. Purpose of report

1.1 Confirmation of the Revenue Budget, Council Tax, Revised Capital Budget 2023/24 and Capital Programme 2024/25 onwards.

2. Council priorities

2.1 A well run, forward-thinking council that puts customers first.

3. Recommendations

3.1 That the following be approved and recommended to Council for their approval:-

a. For the purpose of proposing an indicative Council Tax for 2025/26, 2026/27, 2027/28 and 2028/29 taking into account the Medium Term Financial Plan at Appendix 2 which reflects an increase of 2.99% in 2024/25 and ongoing.

b. The Revised Revenue Budget for the year 2023/24 resulting in a draw down from General Balances totalling £5,950 and the Revenue Budget for 2024/25 resulting in a draw down from General Balances totalling £695,000.

c. Members’ continuing commitment to the approach being taken regarding the efficiency savings, detailed within the council’s ‘Annual Efficiency Statement’ at Appendix 1.

d. The use of all other Reserves and Balances as indicated in Appendices 4 and 5.

e. In accordance with the requirements of the Prudential Code for Capital Finance, those indicators included at Appendix 7.

f. The Revised Capital Budget for 2023/24 and the Capital Programme for 2024/25 onwards in Appendix 8.

3.2 That it be noted that, in accordance with the Council's Scheme of Delegation, as agreed by Council at their meeting on 24 February 2005:

a. The amount of 39,138.48 has been calculated as the 2024/25 Council Tax Base for the whole area [(Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and

b. A Council Tax Base, for dwellings in those parts of its area to which a Parish precept relates, has been calculated as indicated in Appendix 6.

3.3 That the following be approved and recommended to Council for their approval:-

The Council Tax requirement for the council's own purposes for 2024/25 (excluding Parish precepts) is £8,857,429.

3.4 That the following be approved and recommended to Council for their approval:-

That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Act:-

a.	**£88,351,610**	Being the aggregate of the amounts which the council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
b.	**£78,490,780**	Being the aggregate of the amounts which the council estimates for the items set out in Section 31A(3) of the Act.
c.	**£9,863,830**	Being the amount by which the aggregate at 3.4(a) above exceeds the aggregate at 3.4(b) above, calculated by the council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
d.	**£252.02**	Being the amount at 3.4(c) above (Item R) all divided by Item T (3.2(a) above), calculated by the council, in accordance with Section 31B of the

		Act, as the basic amount of its Council Tax for the year (including Parish precepts).
e.	**£1,003,401**	Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act and as detailed in Appendix 6.
f.	**£226.31**	Being the amount at 3.4(d) above less the result given by dividing the amount at 3.4(e) above by Item T (3.2(a) above), calculated by the council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

3.5 That it be noted that the Council's basic amount of Council Tax for 2024/25 is not considered excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.

4. Background

4.1 The Council Tax for Wyre Borough Council for 2024/25 is proposed from the summary below:-

	£m
Net Expenditure (Before Other Government Grants)	18.092
Less Baseline Funding	(3.666)
Less New Homes Bonus	(0.657)
Less Revenue Support Grant	(0.001)
Less Additional Funding Guarantee Grant	(0.957)
Less Services Grant	(0.022)
Less NDR Grant (net of adjustments)	(2.083)
Less NDR – Retained Levy (Lancashire Pool)	(0.843)
Less Enterprise Zone growth (to Ring-fenced Reserve)	(0.373)
	9.490
Less Collection Fund – Council Tax and NDR	(0.633)
Amount Required from Council Tax	8.857
Divided by Council Tax Base at band D equivalent	39,138
Council Tax for 2024/25	**£226.31**
Council Tax for 2023/24	£219.74
Increase from 2023/24	**£6.57**

4.2 In the past, businesses paid their rates, which the local authority collected and passed over to the Treasury who then redistributed a share to local authorities via an extremely complex formula referred to as the 'Formula Grant Distribution System'. A new system of 50% Business Rates Retention, introduced from April 2013, allowed the council to keep a proportion of the money it collects in business rates. This meant that some authorities would earn more in business rates than they used to receive from the previous formula grant with others earning much less.

4.3 To address this, the Government calculates a baseline funding level for each local authority and where they receive more in business rates the Government will pocket the difference (the 'tariff') and where local authorities receive less than their funding level this will be paid as a 'top-up'. The tariffs and top-ups were calculated in 2013/14 and were uprated most recently on 1 April 2023 following the national revaluation exercise and subsequently will be uprated each year by the change in the small business rates multiplier. Owing to the impact of the COVID-19 pandemic and the cost of living pressures, the tariff up to 2023/24 remained frozen at the 2020/21 level which was 49.9p. However, the 2024/25 tariff has been uprated to 54.6p (standard business rates multiplier) meaning that our overall tariff has increased from £8,048,002 to £8,334,219. The small business rates multiplier remains frozen at 49.9p.

4.4 Councils are allowed to keep 40% of any additional business rates generated (with 50% being paid to the Government, 9% to Lancashire County Council and 1% to the Fire Authority) but this is regulated by the imposition of a levy which is set at 50p in the pound. In essence, this means that the council is only able to keep 20% of any additional non-domestic rate income in the year. However, with effect from 1 April 2016, the Council was designated as belonging to the Business Rates Pool of Lancashire. This has resulted in the County Council being paid 10% of the retained levy (prior to the cost of administering the pool) with Wyre retaining 90% of the levy previously payable.

4.5 Following a successful bid encompassing all of the Lancashire councils (except Lancaster City Council) and the Fire Authority, to become a 75% Lancashire Business Rates Retention Pool Pilot in 2019/20, Wyre's tier share increased from 40% to 56%. However from 2020/21 we reverted back to the former 50% pooling arrangements when the pilot ceased. Beyond 2021/22 it was expected that some form of 75% Business Rates Retention (BRR) would be applied nationally but following the pandemic and now the cost of living pressures, this is less certain and we await further details.

4.6 The table below shows how much grant the authority will receive for the 2024/25 financial year and the estimated allocation for 2025/26 based on an assumed 3% inflationary increase on the Baseline and core RSG funding only (and thereafter 2%). This means that in cash terms our forecast core funding increases each year. The Funding Guarantee and Services Grants are assumed to be for one year only in 2024/25.

However, taking into account the extended period of transitional funding in recent years, if we assume that a sum is received based on an average of the last three years (Lower Tier Services Grant/Services Grant/Funding Guarantee Grant) plus 3% inflation, we could also expect to receive in the region of £621,000 in 2025/26. This scenario is included here to demonstrate the potential for mitigation in the budget gap if this funding is ongoing at a comparable level. The Review of needs and resources (previously referred to as the Fair Funding Review) and the delayed review of Business Rates Retention will not happen before 2025/26. All funding figures beyond 2024/25 should be treated with added caution, particularly owing to the imminent General Election. Between 2010/11 and 2024/25 the council has lost £6.742m in core external support equating to a reduction of 75.5% when compared to the level of grant support received in 2010/11 of £8.936m.

	2023/24 £m	2024/25 £m	2024/25 Increase/ Reduction (-)		Estimated 2025/26 £m	2025/26 Increase/ Reduction (-)	
			£m	%		£m	%
NNDR Baseline Settlement Funding	3.537	3.666	0.129	3.6	3.776	0.110	3
Core RSG	0.001	0.001	0.000	0	0.001	0.000	3
Funding Guarantee Grant	0.457	0.957	0.500	109.4	0.000	-0.957	-100
Services Grant	0.138	0.022	-0.116	-84.1	0.000	-0.022	-100
TOTAL	**4.133**	**4.646**	**0.513**	**12.4**	**3.777**	**-0.869**	**-18.7**
Estimated Transitional funding (3yr average)					0.621	0.621	100
TOTAL	**4.133**	**4.646**	**0.513**	**12.4**	**4.398**	**-0.248**	**-5.3%**

4.7 As part of the determination and scrutiny of the decision-making process, the Overview and Scrutiny Committee has considered the initial recommendations of the Portfolio Holders in relation to the proposed fees and charges. There were no new business cases with capital expenditure implications to reflect in the Capital Programme at Appendix 8. However some revenue growth items were submitted and approved as part of the budget setting process and a list is included at Appendix 9.

5. Key issues and proposals

Council Tax (including Localisation of Support for Council Tax)

5.1 In line with Central Government's steer, an increase in Council Tax of 2.99% in 2024/25 is proposed to be recommended to Council and this level is reflected in the MTFP for that year and ongoing. It represents an increase of £6.57 on a Band D property in 2024/25. The trigger for local referenda on council tax increases in 2024/25 is still set at 3% or £5 for shire district authorities, allowing councils to increase their core council tax requirement within these limits without triggering a referendum.

5.2 A Budget Consultation was open to the public online, with paper copies available at the Civic Centre, from mid-October to the end of December 2023. It was promoted on our website and via social media channels. We received 67 responses (31 complete and 36 partial) which is unfortunately not statistically significant. A small majority (17 Yes, 15 No) were in favour of the 2.99% increase in council tax being proposed. The details from the full exercise can be seen at Appendix 10.

5.3 The Government has not provided any support to freeze council tax since 2015/16 but indicated then that the freeze grants for 2011/12, 2013/14, 2014/15 and 2015/16 had been built into the spending review baseline. At Wyre, the annual shortfall in income of £568,749 resulting from the historic period of council tax freeze, has been financed using the new homes bonus received in respect of the 2011/12, 2012/13 and 2013/14 financial years. In recent years, the Council Tax Equalisation Reserve (formerly the New Homes Bonus Reserve) has been topped up using underspends at outturn. This reserve will fund the shortfall up until the end of the 2026/27 financial year when the reserve will be exhausted. Ultimately, the total shortfall met by the reserve over twelve years will be approximately £6.8m.

5.4 Members will be aware that with effect from 2013/14 the national Council Tax Benefit scheme was abolished, and individual local authorities were required to introduce a Localised Council Tax Support (LCTS) scheme.

5.5 Support for Council Tax is now offered as a reduction within the Council Tax system and regulations set the roles, allowances and awards for claimants of state pension credit age so that they do not experience a reduction in support as a direct result of the reform. The replacement scheme also aimed to support the public spending deficit reduction by reducing the amount available to local authorities to spend by 10%.

5.6 Although there is no separately identifiable amount for localised council tax support at local authority level since it was subsumed within the Revenue Support Grant and Baseline Funding, applying the indicative start-up funding allocation of £8,077,777 awarded in 2013/14, and estimating the value of localised council tax support awarded in 2024/25 to be £10,577,044, there will be an unfunded gap of approximately £2,499,267 to be met by each of the precepting authorities. It is also worth remembering that the council suffered a reduction in grant funding of £1.022m or 13.6% in 2014/15.

5.7 The Council agreed at its meeting 26 January 2023 to reduce the additional maximum percentage contribution from working age claimants from 8.5% to 0% and this remains the position. Wyre's share of the estimated cost of LCTS in 2024/25 after the 0% contribution, is £254,925.

5.8 Whereas in the past, prior to the introduction of austerity measures, central government funding (Formula Grant) made up the majority of the council's income (over 60%), this is no longer the case. Council Tax is now the largest source of revenue funding and is critical to setting a balanced budget and meeting daily spending needs. Other sources of funding from Central Government are still received and the core funding elements are referred to above at 4.6. Excluded from the core spending power elements is New Homes Bonus and this is considered in more detail below.

<u>New Homes Bonus</u>

5.9 The New Homes Bonus was introduced to provide a clear incentive to local authorities to encourage housing growth. Currently, this equates to the national average Band D council tax of £2,065 for every new home above the (from 2017/18) 0.4% growth baseline. When the scheme was first introduced the legacy payments were for 6 years. However, changes in 2017/18 mean that this reduced to 5 years in 2017/18 and 4 years ongoing up to the 2019/20 award.

5.10 The scheme has resulted in additional income for Wyre of:

- £271,597 in 2011/12,
- £418,966 in 2012/13,
- £785,403 in 2013/14,
- £1,203,464 in 2014/15,
- £1,823,719 in 2015/16,
- £2,303,128 in 2016/17,
- £2,110,709 in 2017/18,
- £1,672,728 in 2018/19,
- £1,406,242 in 2019/20,
- £1,279,647 in 2020/21,
- £1,072,947 in 2021/22,
- £1,256,528 in 2022/23,
- £981,858 in 2023/24, and
- There has been an allocation in respect of the 2024/25 financial year of £657,091.

5.11 The awards for 2020/21 to 2024/25 are for one year only though, with no legacy payments owing to the anticipated changes to local government funding through the Review of Needs and Resources. This means that there is no continuing improvement for a further three years in the ongoing forecast as a result of these more recent awards.

5.12 It is worth stating that whilst the Government set aside monies to fund the New Homes Bonus in year one (2011/12), in subsequent years the majority of the funding has been met from a reduction in Formula Grant. In 2024/25 £291m from Revenue Support Grant (RSG) is expected to be required to meet the annual cost. As the New Homes Bonus is effectively being financed by reductions in Formula Grant, the New Homes Bonus from the 2014/15 financial year has been used to compensate for this loss of funding. The Government was silent on the future position of New Homes Bonus ahead of the election. As a result of the uncertainty and looming General Election no further New Homes Bonus receipts, in the form of new awards rather than legacy payments, have been anticipated for 2025/26 onwards and nothing has been included in the transitional grant assumption line at 4.6.

Efficiencies

5.13 Funding from Council Tax and Central Government are insufficient to bridge the budget gap. As part of the annual budget cycle, and in determining the Medium Term Financial Plan (MTFP), the council also continues to identify actions that will improve efficiency and create ongoing cashable savings. This assists the council in effectively prioritising its finite resources and replaces the traditional 'salami slicing' exercise whereby essential budgets are routinely reduced in an attempt to address the problem.

5.14 The actual efficiency achievements for the ten years ending 31 March 2023 are £3.2m, an average of £316,000 each year. Appendix 1 also shows the anticipated savings for 2023/24 and 2024/25 but owing to the one-year settlement no other future years have been included until the position stabilises and a return to multi-year local government finance settlements is achieved. Efficiency savings assist the delivery of the Council's corporate priorities supporting the continued improvement of services for our residents but these are not always readily achievable when dealing with increased demand caused by the legacy of the pandemic and now the cost of living pressures. However, the new Council Plan, approved 30 November 2023 by full Council, includes a new strand of 'Customer Focused and Innovative' work that aims to provide cashable efficiencies to support bridging the budget gap.

Reserves and Balances

5.15 Another mechanism for bridging the budget gap remains Earmarked Reserves and General Balances. The requirement for financial reserves is acknowledged in statute. Typically, any increases in the base level of expenditure and further additional expenditure arising during 2024/25 should be financed from existing budgets or specified compensatory savings, in accordance with the Financial Regulations and Financial Procedure Rules. Where this is not possible, reserves and balances can be utilised, within approval parameters, to meet the shortfall.

5.16 The Local Government Finance Act 1992 requires billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the council tax requirement. These existing safeguards are further reinforced through the External Auditor's statutory responsibility to issue a commentary on whether an audited body has proper arrangements for securing value for money with one of the two criteria being, "Securing financial resilience – looking at the Authority's financial governance, financial planning and financial control processes". One aspect of this is the Council's policy on the level and nature of reserves and balances.

5.17 Earmarked reserves are created to meet 'known or predicted requirements'. Provisions are required where an event has taken place that gives the Authority an obligation requiring settlement but where the timing of the transfer is uncertain. Unallocated or general reserves/balances are available to support budget assumptions.

5.18 Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option but where general reserves are deployed to finance recurrent expenditure this should be made explicit by the Section 151 officer. Members must note that the continued use of balances is not sustainable. Local government is currently experiencing unprecedented operational and financial pressures as a legacy of the pandemic and now the rising cost of living. Efforts have been made to incorporate the implications of this in the MTFP but as inflation continues to remain higher than the Bank of England's target of 2%, it is not yet possible to determine the full implications, as the duration and severity is still uncertain.

5.19 We are also still awaiting the once again delayed outcome of the Review of Needs and Resources, which is unlikely to come forward before the next General Election. The outcome of these changes and the progress made on generating efficiencies through the Transformation and Change strand of work will determine our next steps. A significant re-prioritisation exercise, whereby all services are subject to a critical evaluation, will be undertaken to alleviate serious financial problems in future years if required. The financial projections, included at Appendix 2, currently indicate that further annual savings will be necessary in future years. However, there is a high level of uncertainty in the forecast owing to the absence of a multi-year settlement and the ongoing impact of the cost of living crisis and long awaited funding reforms. As such, it is important that the Council considers its future budgets and continues to closely monitor the MTFP.

5.20 The council's minimum prudent level of balances, calculating the requirement at approximately 5% of net expenditure before other government grants (£820,880) together with the element of the reduction in business rates that Wyre must meet before receiving any safety net payment (£274,900 in 2024/25), is now £1,095,780. The level of general balances is estimated to be just under £13.9m at the end of 2024/25, reducing to just over £1.2m by 31 March 2029 (just above the current minimum level). General balances are currently supporting contingency planning and selected Earmarked Reserves but are primarily being shown to bridge anticipated future financial pressures on revenue resources.

5.21 As referred to above, in anticipation of future 'known or predicted requirements', and in accordance with the Council's Policy on the Level of Reserves and Balances, contributions to Earmarked Reserves continue. Future ad hoc contributions at outturn will be made as revenue underspends are delivered and these may be supplemented by in-year top-ups as efficiencies are identified going forward.

5.22 The only three earmarked reserves with programmed annual top-ups from General Balances are the Elections Reserve (created to fund the four-yearly cycle of Borough elections), the Insurance Reserve (generally used to fund claims below the £10,000 excess) and the Vehicle Replacement/Street Cleansing Maintenance Reserve (increased each year primarily to fund the rolling replacement of our fleet).

5.23 It is also worth noting that the Non-Domestic Rates Equalisation Reserve was created in 2013/14 with further top-ups being made in subsequent years funded by Section 31 Grant for discretionary reliefs, net of the levy. The 2023/24 s.31 contribution will continue to be added to the reserve. The MTFP update to Cabinet on 18 October, agreed to show an annual minimum draw-down of £1m from this reserve to help bridge the ongoing funding gap. In 2024/25, the reserve will be topped up by £4,426,020, with a release of £2,055,950, resulting in a net movement of £2,370,070. No in-year top-ups to this reserve have been assumed from 2025/26 onwards, however, there remains a release of £1,000,000 in each year of the MTFP; even with this worst-case approach, there remains £5.9m in this reserve at the end of the MTFP period (2028/29).

5.24 The remaining earmarked reserves, which can be seen at Appendix 4, are considered to be adequate and of an appropriate value in aggregate, both in respect of the forthcoming financial year and for the period of the MTFP. However, a further review of the fleet replacement schedule will be undertaken in 2024/25, to rebase costs where necessary, given recent inflation and demand pressures which are likely to have increased costs.

Robustness of the Budget

5.25 The Local Government Act 2003 includes a requirement for the S.151 Officer to report upon the robustness of the estimates and adequacy of reserves when the authority is considering its council tax requirement. It is recognised that the financial resilience of all local authorities is under strain and the Office for Budget Responsibility recently stated: "Since 2010-11, local authority spending has fallen from 7.4 to 5.0 per cent of GDP, and it falls further in our forecast to 4.6 per cent of GDP in 2028/29.

Given local authorities' statutory duty to provide a range of services where demand is likely to continue to grow, for example adult and child social care, pressure on local authority finances and services will continue." Spending plans ultimately impact on the level of council tax levied although the extent of any increase is externally influenced by Government policy through, for example, initiatives such as the introduction of local referenda to veto excessive council tax increases. The MTFP assesses the affordability of revenue and capital plans and the adequacy of reserves and is reported bi-annually to Cabinet.

5.26 As with all plans the risks increase with time and the financial position in future years is not as certain as it is in 2024/25. Having assessed the significance and likelihood of risks associated with the budget assumptions (see Appendix 5 to the MTFP agreed by Cabinet 18 October 2023), the reserves and balances detailed in the appendices are considered broadly adequate to support the delivery of the Council Plan over the current MTFP period. Current inflation levels are assumed to settle down in the later years of the MTFP and if this doesn't happen, there will be added pressure on the forecast. Even with the expectation that the economy will start to recover within the MTFP period, the forecasts show an increasing reliance on general balances and the NDR Equalisation Reserve in particular to bridge the forecast budget gap in later years. It is recommended that the MTFP continue to be monitored closely in light of the outcome of a forthcoming central government review of needs and resources, not now expected before the next parliamentary election, with a further update scheduled at the October 2024 Cabinet meeting.

5.27 Despite a degree of caution, the Council manages its budget well and spending officers have been invited to submit growth bids for consideration by the S.151 Officer and their Deputy, prior to review by Corporate Management Team and Cabinet. A list is included at Appendix 9 and it includes a range of items which will help to support service areas where costs and/or demand have increased, as well as strengthen resources around emerging Council priorities.

5.28 In December 2019, the Chartered Institute of Public Finance and Accountancy (CIPFA) first published the local authority financial resilience index. It is CIPFA's ambition to make it a requirement to refer to these indicators as part of the Section 25 Robustness of the Budget statement. The 2022/23 update has been released to S.151 Officers. All of Wyre's initial 2022/23 results for our family group are in the mid to low risk range with the Council Tax Requirement/Net Revenue Expenditure indicator again being the highest of the mid-range results as it was in 2021/22. This indicator looks at the proportion of council tax raised to net revenue expenditure and shows that our council tax income needs to fund approximately 57% of our net expenditure. This is similar to Fylde (59%), the only other Lancashire authority in our Family Group. It can indicate that we have a significant gap between income raised through council tax and what we need to spend to keep services running. Other sources of funding help to bridge the gap such as our Core grant and income from fees and charges. The position will need to be monitored going forward, particularly in light of current inflation and the potential changes to local government funding, not expected to take effect before 2026/27.

Inflation Pressures

5.29 As we moved into 2023/24, we experienced the deepening cost of living crisis which has only recently begun to abate, exacerbated by worsening global conflicts in Ukraine and the Middle East. At the time of writing this report, inflation is believed to have peaked so although baseline costs are unlikely to return to pre-2022 levels, at least the impact of annual indexing should start to reduce. Delays to the sign-off of the 2020/21 and 2021/22 accounts meant that the mid-year MTFP update was again based on draft accounts and only the 2020/21 accounts are expected to have been signed off by the date of this Cabinet meeting, therefore the same will apply to the brought forward position in these forecasts. However, the impact is expected to be nil or minimal with the latest position factored into this current update.

5.30 The forecast takes into account the predicted outturn position for 2023/24 and the ongoing impact that the cost of living crisis will have in 2024/25 and beyond as higher prices and increased demand on services establish themselves as the new normal. Pay award assumptions are shown at Appendix 2 and a general turnover assumption is included of 3% of the annual payroll cost each year, based on recent outturn forecasts. In 2023/24 the budget included 328.78 full-time equivalent staff and in 2024/25 it has made provision for 340.79. Overall, if any underspends occur then they will be reflected at outturn in either a top-up to General Balances or at that point a decision will be made with regard to any specific increases in earmarked reserves.

Precepts

5.31 The parish precepts determined at parish meetings are shown at Appendix 6. These amounts will be shown separately on each Parish Council Tax Payer’s bill. Appendix 6 also reflects the Parish and Unparished Area Taxbase approved in accordance with the Scheme of Delegation to Officers.

Summary

5.32 The last Plan was presented to Cabinet on 18 October 2023 and covered the period ending 31 March 2028. This update extends the plan to include the forecast position in 2028/29.

5.33 Based on the detailed appendices to this report (which are themselves based on the provisional Local Government Finance Settlement 2024/25), over the forthcoming MTFP period, savings would be required of (figures in brackets represent the previous MTFP forecast position in October 2023):

- £5,950 (was £356,000) for 2023/24
- £695,000 (was £2,278,000) for 2024/25
- £2,252,000 (was £2,744,000) for 2025/26
- £2,726,000 (was £3,026,000) for 2026/27
- £3,632,000 (was £3,986,000) for 2027/28
- £3,968,000 for 2028/29

5.34 These are expressed on an assumption that any savings in each year are one-off and non-recurring. Therefore, as an example, should recurring savings be found in 2025/26 of £500,000 then the required savings to be found in each subsequent year would be reduced initially by that same £500,000 (being recurring in nature).

5.35 Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.

5.36 The equality duty has been considered as part of the budget growth procedure to ensure the decision-making process is fair and transparent.

6. Borrowing Limits

6.1 The Prudential Code for Capital Finance aims to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. The Code sets out indicators that must be used and requires local authorities to set relevant limits and ratios, which are included at Appendix 7. These are not designed to be comparative performance indicators, however, and the use of them in this way would be likely to be misleading and counter-productive.

6.2 The arrangements for calculating Minimum Revenue Provision (MRP), which were introduced during 2007/08, require the period over which MRP is charged to be aligned with the estimated life of the asset. This could result in an increased MRP charge if expenditure, such as that on playground equipment, is spread over say 15 years and the council can choose to arrange its MRP policy as to ensure that assets or other expenditure having the shortest “charge” life are determined as being financed from capital receipts or other available resources.

6.3 Central government support for borrowing through Revenue Support Grant was replaced back in 2006/07 by capital grant. The council received an allocation of £2,079,964 for Disabled Facilities Grants (DFGs) in 2023/24 from the Better Care Fund provided by the Department of Health via Lancashire County Council who act as the accountable body. This was increased in September 2023 by £181,497. The aim of the Better Care Fund is to bring about integration of health and social care and plans for use of the pooled monies must be signed off by the Health and Wellbeing Board. The council has not yet been notified of the 2024/25 allocation but £2,079,964 has been assumed at this stage.

7. Capital Programme – 2023/24 and beyond

7.1 The latest details of the Capital Programme for 2023/24 and beyond as reported to Cabinet 10 January 2024 (including the method of funding for each scheme) are attached at Appendix 8 and an extract is summarised below.

Portfolio:	Revised Estimate 2023/24 £	Original Estimate 2024/25 £
N'bourh'd Servs and Community Safety	14,880,096	18,875,305
Planning Policy & Economic Developm't	646,544	774,222
Resources	2,384,054	302,500
Street Scene, Parks and Open Spaces	116,696	0
TOTAL FINANCING REQUIREMENT	**18,027,390**	**19,952,027**
Funded by:		
Grants and Contributions	(15,623,584)	(19,649,527)
Revenue	(568,947)	(302,500)
Capital Receipts	(1,834,859)	(0)
Borrowing	(0)	(0)
TOTAL FINANCING	**(18,027,390)**	**(19,952,027)**

7.2 Up to date building condition surveys on our key assets are due for completion by the end of January and so whilst the current estimate indicates a total requirement over the next five years of an estimated £4.8m, this is likely to change and will be updated in due course. This figure excludes a number of investment schemes and projects where further work is required before a recommendation can be made to proceed. An updated list of the 2024/25 priorities will be taken to Overview and Scrutiny in early 2024 for consideration, once the latest building surveys have been completed. The total estimated requirement of £4.8m is also subject to capital receipts or other sources of funding being sufficient to cover the cost.

7.3 A key requirement of the MTFP is the long-term planning of capital resources and the Capital Programme. The Prudential Code requires chief finance officers to have full regard to affordability when making recommendations about the local authority's future capital programme. Such consideration includes the level of long-term revenue commitments. In considering the affordability of its capital plans, the authority is required to consider all of the resources available to it, including those estimated for the future together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years.

7.4 With effect from the 2007/08 financial year, the council became reliant on borrowing to support capital expenditure. Long-term borrowing totalling £3,552,000 had been drawn down and this value is used to calculate the Minimum Revenue Provision (MRP), which must be reflected in the revenue estimates. However, early repayment of the two remaining loans in October, totalling £1,552,000, means that the council no longer has any interest payments to make and is now debt free.

7.5 The council has arranged its MRP policy as to ensure that assets or other expenditure having the shortest "charge" life are determined as being financed from capital receipts or other available resources. The extent of the council's borrowing obviously has an impact on the revenue account in the form of debt charges. An estimate of the debt charges and associated interest payments is reflected in the table below for the 2023/24 financial year with MRP costs falling in 2024/25 and 2025/26 when the assets with shorter (e.g. 15 years) useful lives drop out of the MRP calculation:

Year	MRP per annum £	Interest cost per annum £	Total per annum £
2023/24	95,559	0	95,559
2024/25	89,994	0	89,994
2025/26 to 2033/34	79,703	0	79,703

7.6 The Capital Investment Reserve was created to reduce the council's reliance on borrowing. This reserve will be used to meet known commitments, including the enhancement of council assets and provide resources for future capital investment. The Capital Investment Reserve is reviewed as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process, with a view to minimising ongoing revenue costs. After funding existing commitments and with no new business cases with capital expenditure implications for 2024/25 onwards, the projected balance on the Capital Investment Reserve at 31 March 2024 is expected to be £1,920,094, as per Audit Committee 26 September 2023.

7.7 The council is currently holding further monies which do not form part of the proposed Capital Programme, however, they may be included if and when a scheme is developed and approved. These monies relate to Section 106 agreements.

Description	Amount
General (includes public open space, flood remediation schemes etc.)	£538,312
Affordable Housing	£1,285,441
Other Entities (held temporarily on behalf of a third party)	£157,151
Total on account	**£1,974,904**
Allocated to Capital Programme 2023/24	£27,827
Balance	**£1,947,077**

7.8 An assessment of the risks associated with the MTFP is carried out annually and includes the likelihood, severity and level of risk together with the risk management procedures in place to control and monitor them. Appendix 5 of the MTFP report which was considered by Cabinet on 18 October 2023 lists the major risks associated with financial planning and the controls in place to alleviate the risks.

7.9 The council's financial plans support the delivery of strategic plans for assets either through investment, disposals, rationalisation or more efficient asset use. Financial plans show how the financial gap between the need to invest in assets and the budget available will be filled over the long term (for example through prudential borrowing, rationalisation of assets, capital receipts, etc.). To avoid significant additional financial pressures, further capital disposals will be required to generate capital receipts to meet capital commitments. After funding existing commitments and with no new business cases with capital expenditure implications for 2024/25 onwards, the projected balance of Capital Receipts at 31 March 2024 is expected to be £3,787,361.

8. Alternative options considered and rejected

8.1 A council tax rise of lower than the current maximum, or a freeze, has been considered. However, owing to the budget pressures being experienced and central government's assumption in their core spending power calculation that we will raise council tax by the maximum amount, we have followed their steer in the forecast.

8.2 Previous iterations of this report have ignored the potential for any ongoing transitional funding as this is not normally announced until the provisional settlement is published each December. It is also normal for central government to indicate that the funding is one-off, hence the reluctance to rely on this continuing in the MTFP. However, some combination of Lower Tier, Services and Funding Guarantee Grants has been provided for the last three years so on that basis the table at 4.6 shows an average level of funding being assumed in the forecast. If this were excluded, the gap in the MTFP will grow by this amount, plus any inflation assumption.

Financial, Legal and Climate Change implications

Finance	Considered in detail in the report above.
Legal	None arising directly from the report.
Climate Change	None arising directly from the report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	**✓ / x**
community safety	x
equality and diversity	✓
health and safety	x

risks/implications	**✓ / x**
asset management	✓
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Clare James	01253 887308	clare.james@wyre.gov.uk	06.02.2024

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 - Annual Efficiency Statement

2 - Medium Term Financial Plan - Summary Financial Forecast

3 - Summary Revenue Estimates by Portfolio
– Leisure, Health and Community Engagement
– Neighbourhood Services and Community Safety
– Planning Policy and Economic Development
– Resources
– Street Scene, Parks and Open Spaces

4 - Reserves and Balances Statement

5 - Transfers to and from Reserves

6 - Parish Precepts

7 - Prudential and Treasury Management Indicators

8 - The Capital Budget 2023/24 Onwards

9 - Revenue Growth Bids 2024/25

10 - Budget Consultation results

Appendix 1

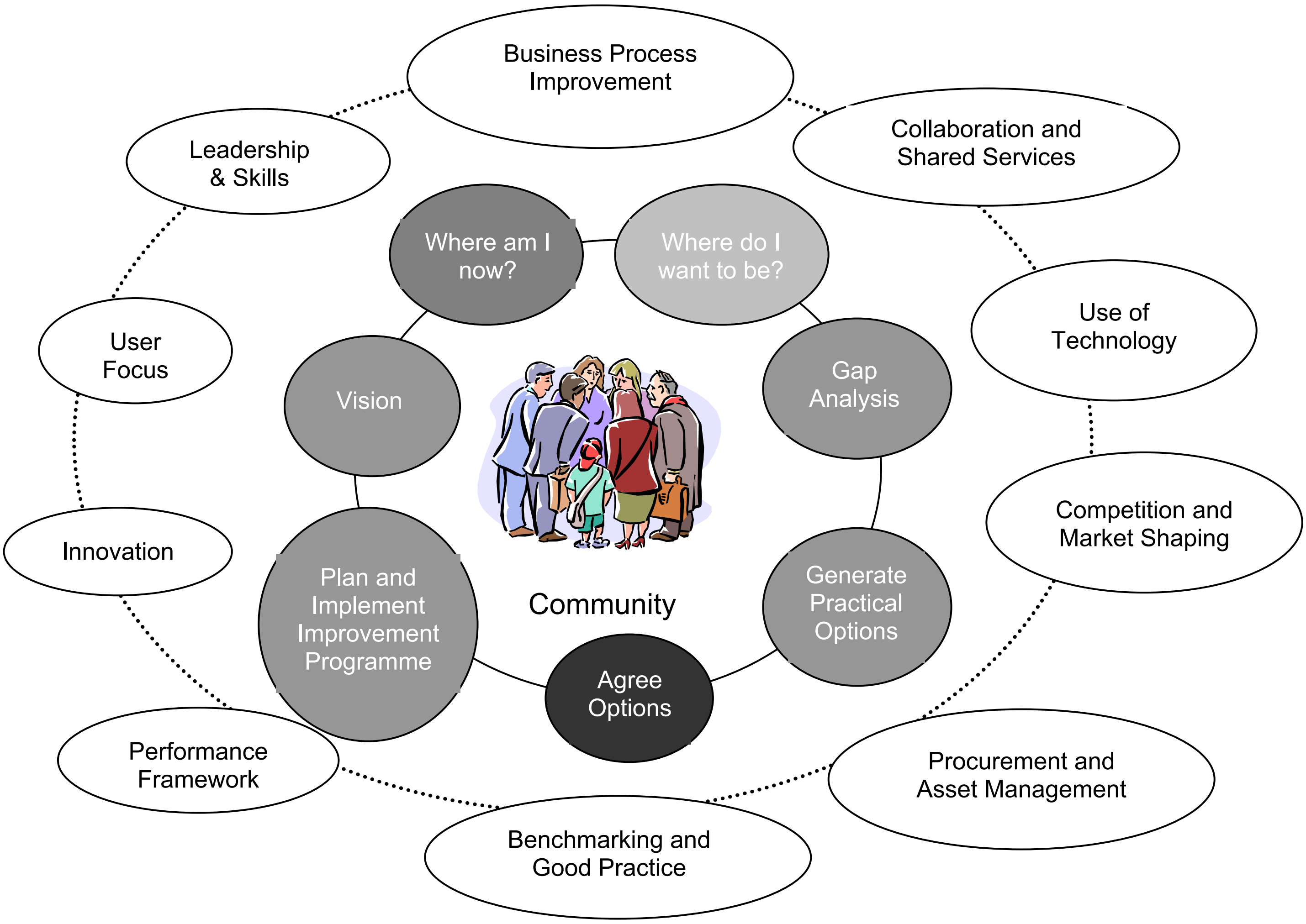
Annual Efficiency Statement

As part of the annual budget cycle, and in determining the Medium Term Financial Plan, the council has for a number of years identified actions that will improve efficiency, quantifying the estimated expected gains.

Efficiency gains are achieved in the following ways:

- Reduced inputs (money, people, assets, etc.) for the same outputs
- Reduced prices (procurement, labour costs, etc.) for the same outputs
- Additional outputs or improved quality (extra service, productivity, etc.) for the same inputs; and
- Improved ratios of cost/output (unit costs, etc.)

The diagram below sets out a schematic overview of key efficiency tools/facilitators of efficiency that can be used to achieve greater efficiency.



Whilst there is no longer a statutory requirement to produce an Annual Efficiency Statement, the council is committed to delivering savings year on year to ensure the continued delivery of key services and the achievement of its priorities as reflected within the Council Plan. The table overleaf indicates the efficiency savings achieved to date and those planned for 2023/24 and 2024/25.