

## SPECIAL COUNCIL

TUESDAY, 27TH FEBRUARY 2018, 6.30 PM  
COUNCIL CHAMBER, TOWN HALL, CHORLEY

I am now able to enclose, for consideration at the above meeting of the Council, the following reports that were unavailable when the agenda was published.

<b>Agenda No</b>	<b>Item</b>	
1	<b>MINUTES OF MEETING TUESDAY, 23 JANUARY 2018 OF COUNCIL</b>	(Pages 3 - 10)
5	<b>GENERAL FUND REVENUE AND CAPITAL BUDGET AND COUNCIL TAX 2018/19</b>	(Pages 11 - 36)
	To seek approval to recommendations from the Executive contained in the attached report of the Chief Finance Officer (Introduced by the Executive Member for Resources) and within the appendices listed below.	
<b>A</b>	<b>APPENDIX A: FORMAL COUNCIL TAX RESOLUTION 2018/19</b>	(Pages 37 - 42)
<b>B</b>	<b>APPENDIX B: SPECIAL EXPENSES &amp; PARISH PRECEPTS 2018/19</b>	(Pages 43 - 44)
<b>C</b>	<b>APPENDIX C: DELIVERING OUR PRIORITIES - CHORLEY COUNCIL MEDIUM TERM FINANCIAL STRATEGY 2018/19 TO 2020/21</b>	(Pages 45 - 80)
<b>D</b>	<b>APPENDIX D: CUMULATIVE BUDGET DEFICIT &amp; BUDGET STRATEGY 2018-19 TO 2020-21</b>	(Pages 81 - 82)
<b>E</b>	<b>APPENDIX E: VARIANCE ANALYSIS - MOVEMENTS FROM 2017-18 ORIGINAL ESTIMATES</b>	(Pages 83 - 84)
<b>F</b>	<b>APPENDIX F: GENERAL FUND FORECAST ASSUMPTIONS</b>	(Pages 85 - 88)
<b>G</b>	<b>APPENDIX G1 TO G3: CAPITAL PROGRAMME 2017/18 TO 2020/21, CAPITAL FINANCING, DEVELOPER CONTRIBUTIONS</b>	(Pages 89 - 96)
<b>H</b>	<b>APPENDIX H: TREASURY STRATEGY 2018/19 TO 2020/21</b>	(Pages 97 - 122)
	Appendix H1: Advice of Treasury Management Consultants.	
<b>I</b>	<b>APPENDIX I: PAY POLICY 2018-19</b>	(Pages 123 - 134)
<b>J</b>	<b>APPENDIX J: REPORT OF THE CHIEF FINANCE OFFICER</b>	(Pages 135 - 148)

	<b>K</b>	<b>APPENDIX K: BUDGET CONSULTATION 2018/19</b>	(Pages 149 - 156)
	<b>L</b>	<b>APPENDIX L: ASSESSING THE IMPACT OF 2018/19 BUDGET PROPOSALS</b>	(Pages 157 - 176)
<b>7</b>		<b>FEES AND CHARGES POLICY AND A REVIEW OF FEES AND CHARGES</b>	(Pages 177 - 184)
		Report of the Director (Policy and Governance)	
	<b>A</b>	<b>APPENDIX 1 FEES AND CHARGES POLICY</b>	(Pages 185 - 192)
	<b>B</b>	<b>APPENDIX 2 ANALYSIS OF CURRENT FEES AND CHARGES</b>	(Pages 193 - 198)
	<b>C</b>	<b>APPENDIX 3 FOR FEES AND CHARGES POLICY AND A REVIEW OF FEES AND CHARGES</b>	(Pages 199 - 240)
	<b>D</b>	<b>INTEGRATED IMPACT ASSESSMENTS</b>	(Pages 241 - 282)
<b>8</b>		<b>ELECTORAL REVIEW COMMITTEE</b>	(Pages 283 - 290)
		To consider a report of the Director (Policy and Governance).	

GARY HALL  
CHIEF EXECUTIVE

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**MINUTES OF COUNCIL**

**MEETING DATE** Tuesday, 23 January 2018

**MEMBERS PRESENT:** Councillor Mark Perks (Mayor), Councillor Margaret Lees (Deputy Mayor) and Councillors Aaron Beaver, Eric Bell, Martin Boardman, Alistair Bradley, Charlie Bromilow, Terry Brown, Paul Clark, Jean Cronshaw, Alan Cullens, John Dalton, Doreen Dickinson, Graham Dunn, Christopher France, Gordon France, Margaret France, Jane Fitzsimons, Anthony Gee, Danny Gee, Tom Gray, Keith Iddon, Mark Jarnell, Hasina Khan, Zara Khan, Paul Leadbetter, Roy Lees, Sheila Long, Adrian Lowe, Marion Lowe, Matthew Lynch, June Molyneaux, Greg Morgan, Alistair Morwood, Mick Muncaster, Steve Murfitt, Beverley Murray, Debra Platt, Kim Snape, Richard Toon, John Walker, Paul Walmsley, Alan Whittaker and Peter Wilson

**OFFICERS:** Gary Hall (Chief Executive), Chris Sinnott (Director (Early Intervention and Support)), Asim Khan (Director (Customer and Digital)), Mark Lester (Director (Business, Development and Growth)), Chris Moister (Head of Legal, Democratic & HR Services), Andrew Daniels (Communications and Events Manager) and Dianne Scambler (Democratic and Member Services Officer)

**APOLOGIES:** Councillors Henry Counce, Joyce Snape and Ralph Snape

**17.C.474 Minutes of meeting Tuesday, 21 November 2017 of Council**

**Decision: That the minutes of the last Council meeting held on 21 November 2017 be approved as a correct record for signature by the Mayor.**

**17.C.475 Declarations of Any Interests**

Councillors Graham Dunn and Roy Lees both declared a personal interest in Item 15: Chorley Community Housing (CCH) update, as they both represent the Council as members of the Adactus Board.

**17.C.476 Exclusion of the Public and Press**

Councillor Alistair Bradley, Executive Leader proposed, Councillor Peter Wilson, Deputy Leader seconded the **DECISION that the press and public be excluded for the following items of business due to the disclosure of exempt information under Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act.**

**17.C.477 Market Walk Update**

Councillor Alistair Bradley, Executive Leader, presented the confidential report of the Director (Business, Development and Growth). A redacted version of the report is presented at item 11 for members of the public to view and to enable the decision to be taken in public.

Members noted that Appendices A and D are confidential and the nature of the information which cannot be discussed in public session. Members raised no issues on the confidential information.

Councillor Alistair Bradley, Executive Leader proposed, Councillor Peter Wilson, Executive Member for Resources, seconded the **DECISION: To take the decision at item 11 Market Walk update in public session.**

**17.C.478 Chorley Community Housing (CCH) update)**

Councillor Bradley, Executive Leader, presented the confidential report of the Chief Executive which updated members on a proposed merger.

Members expressed their concerns and considered options that can be taken.

Councillor Alistair Bradley, Executive Leader proposed, Councillor Peter Wilson, Deputy Leader seconded the **DECISION that a proposal be brought to a future meeting.**

**17.C.479 Exclusion of the Public and Press**

Councillor Alistair Bradley, Executive Leader proposed, Councillor Peter Wilson, Deputy Leader seconded the **DECISION that the press and public be readmitted to the meeting.**

**17.C.480 Market Walk Update**

Councillor Alistair Bradley, Executive Leader, presented the report of the Director (Business, Development and Growth). The report updates members on the current status of the project, together with an overview of the main options available to the Council going forward. It also outlines associated parking, public realm and enablement projects which are linked to the delivery of the options.

In proposing the report Councillor Bradley explained that the concerns of businesses have been taken into account and action has been taken relating to the provision of car parking spaces. There has been a great deal of feedback on the proposals, both positive and negative, which has informed the proposals.

Three options are set out within the report;

Option 1 Continue with extension at earliest opportunity in its existing design,  
Option 2 Commission a partial redesign of the layout, based on the building footprint from the original design to increase flexibility in lettings and then continue to build at the earliest opportunity,  
Option 3 Stop and reinstate the Flat Iron Car Park to a high quality permanent finish.

Discussions are ongoing with the cinema and the architects who are already signed up, and Marks and Spencer food have reopened discussions for a unit within the development, although on a slightly smaller footprint. At this point it is not possible to guarantee their occupancy or a date by which they will sign.

It is important for the Town Centre that the development takes place, and delivers what residents want, including the cinema, leisure and retail units. This is supported by the Town Centre master plan.

Currently, there is enough interest to generate a profit of £70k per annum, however, if the units are all full £350k will be generated for the council. The current design is flexible enough to deliver what is needed and if the council wait for guarantees the project may well not go ahead.

Councillor Peter Wilson, Executive Member (Resources), noted that the council has to stop, or move forward. The council have liaised with town centre traders and are committed to ensuring that the markets remain vibrant.

Councillor Alan Cullen's expressed concerns at the proposals, the high risk nature of the project, the impact of the internet on shopping habits and that further consideration is needed to retain the unique qualities of the town.

Councillor Bradley noted that Chorley Council, and not a private developer, will gain the benefit of the profit from the extension, as had been planned in previous years. The council has three future income streams; council tax, business rates and rents.

Members considered the need to invest in the core of the town centre, the need to provide adequate car parking as the extension will be built on the Flat Iron car park, and the risks associated with the extension.

Councillor Chris France noted that the financial projections are based on assumptions, although these assumptions are based on evidence. The need to provide a town centre that young people wish to visit and spend their money is important moving forwards.

Councillor Alistair Bradley, Executive Leader proposed, Councillor Peter Wilson, Executive Member for Resources, seconded the **DECISION: To take progress option 2: to commission a partial redesign of the layout, based on the building footprint from the original design to increase flexibility in lettings and then continue to build at the earliest opportunity.**

### 17.C.481 Mayoral Announcements

All Councillors expressed their condolences to the Rt Hon Sir Lindsay Hoyle MP and Miriam Lewis on the sad loss of their daughter, Natalie Lewis-Hoyle.

**17.C.482 Public Questions**

There were no public questions for consideration.

**17.C.483 Executive Cabinet**

Councillor Alistair Bradley, Executive Leader presented a general report of the Executive Cabinet meetings held on 5 October, 16 November and 14 December.

Councillor Alistair Bradley, Executive Leader proposed, Councillor Peter Wilson, Executive Member for Resources, seconded the **DECISION – that the report be noted.**

**17.C.484 Revenue and Capital Budget Monitoring Report 2017/18 Report 2 (end of September 2017)**

Councillor Peter Wilson, Executive Member (Resources) presented the report of the Chief Finance Officer which set out the provisional revenue and capital outturn figures for the Council as compared against the budgets and efficiency savings targets set for the financial year 2017/18.

Councillor Alan Cullens requested the figures for the park and ride service by journey and Councillor Wilson undertook to provide this following the meeting.

Councillor Peter Wilson, Executive Member for Resources proposed, Councillor Alistair Bradley, Executive Leader seconded the **DECISION – to**

- 1. Note the full year forecast position for the 2017/18 revenue budget and capital investment programme.**
- 2. Note the forecast position on the Council's reserves.**
- 3. Grant approval for the use of £25,000 from in-year revenue underspends to enable the Council to meet the requirements of the General Data Protection Regulation.**
- 4. Grant approval for the use of £50,000 from in-year revenue underspends to enable the Council to fund the Local Government Boundary Commission for England's electoral review of Chorley Council**
- 5. Grant approval for the use of £50,000 from in-year revenue underspends to fund the revenue implications of the Council's Worksmart project.**
- 6. Grant approval for the use of £120,000 from in-year revenue underspends to allow the Council the flexibility to continue funding local bus services in 2017/18.**
- 7. Grant approval for the use of £30,000 from in-year revenue underspends to fund the revenue implications of recent planning appeals.**
- 8. Grant approval for the use of £60,000 from in-year revenue underspends to create a project director post with sole responsibility to deliver the Market Walk extension, Primrose Gardens and the Digital Health Park.**
- 9. Note the capital programme to be delivered in 2017/18 to 2019/20.**

**17.C.485 Overview and Scrutiny Committee and Task and Finish Groups**

Councillor John Walker, Chair of the Overview and Scrutiny Committee presented a general report of the of the Overview and Scrutiny Committee held on 12 October, the Special Overview and Scrutiny Committee considering the Council's Waste Contract

on 24 October and 30 November, the Overview and Scrutiny Performance Panel held on 21 September and 30 November and task group update.

Councillor John Walker, Chair of the Overview and Scrutiny Committee proposed, Councillor Roy Lees, Vice Chair, seconded the **DECISION – that the report be noted.**

#### **17.C.486 Governance Committee**

Councillor Paul Leadbetter, Chair of the Governance Committee presented a general report on the work of the Committee meeting on 20 September 2017.

Councillor Paul Leadbetter, Chair of the Governance Committee proposed, Councillor Anthony Gee, Vice Chair, seconded the **DECISION – that the report be noted.**

#### **17.C.487 Council Appointments**

Agreement was sought to a number of changes in committee and outside body appointments.

Councillor Alistair Bradley, Executive Leader proposed, Councillor Peter Wilson, Deputy Leader, seconded the **DECISION - that the following appointment be approved:**

- **Councillor Alistair Morwood and Councillor Debra Platt as substitutes for the Appointments Panel.**

#### **17.C.488 Electoral Review Update**

Councillor Peter Wilson, Executive Member (Resources) presented the report of the Director (Policy and Governance) which provided an update on the electoral review of Chorley Council and the formulation of an Electoral Review of Chorley Council Committee to oversee the review process and implementation of the recommendations.

Councillor Peter Wilson, Executive Member for Resources proposed, Councillor Alistair Bradley, Executive Leader seconded the **DECISION – to**

- 1. Note the arrangements and timetable for the Electoral Review.**
- 2. Appoint to the Electoral Review of Chorley Council Committee Councillors Alistair Bradley, Peter Wilson, Jane Fitzsimons and Danny Gee, John Walker, Paul Leadbetter, Debra Platt and Mark Jarnell. Substitutes: Paul Walmsley, Adrian Lowe, Martin Boardman and John Dalton.**
- 3. Approve the attached draft terms of reference.**

#### **17.C.489 Questions Asked under Council Procedure Rule 8**

There were no questions for consideration under Procedure Rule 8.

#### **17.C.490 To consider the Notices of Motion given in accordance with Council procedure Rule 10**

There were no motions for consideration under Procedure Rule 10.

**17.C.491 Any urgent business previously agreed with the Mayor**

Councillor Alan Cullens queried what action Chorley Council are taking to protect the public health of residents and the workers as a result of gas emissions from Clayton Hall landfill site.

Councillor Adrian Lowe, Executive Member (Customer, Advice and Streetscene Services), advised that Chorley Council are doing everything possible to protect residents. The smell has been affecting the Whittle-le-Woods, Clayton-le-Woods and Buckshaw Village areas.

The site has an environmental permit issued by the Environment Agency and it is for them to enforce the conditions of the permit they have issued. The Environment Agency is inspecting the site on a regular basis and independent air quality monitoring is underway. Lancashire County Council are the enforcement authority with regards to planning enforcement.

The council have had a meeting with public health colleagues and Lancashire County Council and the council have been proactive in communicating with residents, although the council are excluded from taking enforcement action.

A meeting will be held shortly, with interested parties, to provide a further update.

**17.C.492 Exclusion of the Public and Press**

Councillor Alistair Bradley, Executive Leader proposed, Councillor Peter Wilson, Deputy Leader seconded the **DECISION that the press and public be excluded for the remaining items of business due to the disclosure of exempt information under Paragraph 1 of Part 1 of Schedule 12A to the Local Government Act.**

Officers other than the Chief Executive and Democratic and Member Services Team Leader left the meeting.

**17.C.493 Shared Services Update**

Councillor Alistair Bradley, Executive Leader, presented the confidential report of the Chief Executive. The report set out proposals for changes to the Councils management structure as a result of further work done with South Ribble Council to develop the operational models, as required by the Council and reported back to Council the recommendations from the Shared Services Joint Committee.

Members discussed the proposals and noted that the decision at South Ribble Borough Council had been deferred. All parties supported the proposals.

Councillor Alistair Bradley, Executive Leader proposed, Councillor Peter Wilson, Executive Member for Resources, seconded the **DECISION:**

- 1. To note the operating model outlined in the report.**
- 2. Approval granted for the respective sovereign Councils to implement the alternative shared senior management restructure as detailed within the report and shared at Appendix A.**
- 3. Approval to the convening of an urgent meeting of the new Shared Services Appointments Panel to agree the process and timescales for the two Statutory Officer and respective deputy posts.**



4. **Approval of two reserve Members for each sovereign Council to be appointed to the new Shared Appointments Panel.**
5. **That subject to the appointment process, approval that detailed business plans for each of the services identified in section 5 be developed and brought forward to the Shared Services Joint Committee by early summer 2018.**
6. **Approval to expand the scope of shared services as detailed in Appendix A of the report.**
7. **Approval that both Councils develop a joint programme of sharing opportunities to discuss at a future meeting of the Shared Services Joint Committee in line with the previous aim for the two Councils to agree a joint aim to develop the full shared service agenda.**

Mayor

Date

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Report of	Meeting	Date
Chief Finance Officer (Introduced by the Executive Member for Resources)	Special Council	27 February 2018

## **GENERAL FUND REVENUE AND CAPITAL BUDGET AND COUNCIL TAX 2018/19**

### **PURPOSE OF REPORT**

1. To seek approval of the Executive's budget proposal

### **RECOMMENDATION(S)**

2. The Executive recommends that Council:
  - a) Approve the budget and proposals set out in this report including:
    - Council Tax set out in the resolutions (at Appendix A)
  - b) Note Special Expenses and Parish Precepts (at Appendix B)
  - c) Approve the Council's Medium Term Financial Strategy (MTFS) (Appendix C)
  - d) Note the Council's cumulative budget deficit & budget strategy 2018-19 to 2020-21 (Appendix D)
  - e) Note significant budget movements from the 2017/18 budget (at Appendix E)
  - f) Note the general fund forecast assumptions (at Appendix F)
  - g) Approve the capital programme for 2018/19 and note the indicative programme to 2020/21 (Appendices G1, G2 & G3)
  - h) Approve the Treasury Management Strategy (Appendix H) and note the advice of the treasury management consultants (Appendix H1)
  - i) Approve the Council's Pay Policy (at Appendix I) and publication on the Council's website from April 2018

- j) Note the advice of the Statutory Finance Officer in relation to the robustness of the budget and the risks contained within it as set out in the Statutory Report (Appendix J).
- k) Note the Budget Consultation 2018/19 Report (at Appendix K)
- l) Note the Assessing the Impact of Budget Proposals 2018/19 Report (at Appendix L)

## **EXECUTIVE SUMMARY OF REPORT**

3. The Council continues to experience significant reductions in funding and budget cost pressures. The Final Local Government Finance Settlement 2018 published on 6 February 2018 announced no changes to the government's policy of reducing funding to local authorities as a means to help reduce government debt. The Government did announce that district councils can now increase council tax by up to 3% without triggering the need for a referendum. This increase has been granted due to high rates of inflation and the subsequent cost pressures this places on council expenditure budgets. Chorley Council will look to increase Council Tax by 2.99% in 2018/19 to offset this ongoing reduction in Central Government support and high rates of inflation.
4. Despite this unprecedented decline in funding the Council has maintained effective budgetary planning and has delivered efficiency savings of £0.345m for 2018/19. In the medium term the council's future funding levels remain uncertain, this is especially the case in 2020/21 when a new business rates regime is expected to be implemented. As a result, the council will continue to deliver savings and income generation through a combination of measures including; productivity savings, shared services, procurement, and income generation
5. The budget is set to ensure the objectives of the Council's Corporate Strategy priorities are met. The strategy is focussed on the delivery of large scale capital projects as well as alternative models of service delivery. By making policy decisions early on the Council is resourced to deliver the Corporate Strategy priorities and commit to recurrent investments such as investing in neighbourhood projects, preventing the cancellation of bus routes in the borough and continuing to provide crime reduction and anti-social behaviour services.

6. The Executive presents a budget that:-

- **Mitigates the reduction in Central Government funding by increasing Council Tax by 2.99% in 2018/19 and including a forecast 2.99% increase in Council Tax in 2019/20 and a forecast 2% increase in 2020/21 as part of the medium term budget strategy.**
- **Delivers budget efficiency savings and increased income of £0.345m in 2018/19 onwards**
- **Continues to deliver investment in strategic priorities including £0.897m in 2018/19 and £0.673m in 2019/20 onwards**
- **Seeks to bridge the forecasted budget gap, in particular through the procurement of its contracts, through sharing services with other councils and investing in projects that generate net income streams for the council.**
- **Is consistent with the Medium Term Financial Strategy.**
- **Minimises the revenue impact of the Council’s borrowing commitment to fund the capital programme.**
- **Safeguards the financial resilience of the Council’s budget by maintaining the level of working balances at £4.0m.**

<b>Confidential report</b> Please bold as appropriate		<b>No</b>
<b>Key Decision?</b> Please bold as appropriate	<b>Yes</b>	
<b>Reason</b> Please bold as appropriate	(1) <b>A change in service provision that impacts upon the service revenue budget by £100,000 or more.</b>	(2) A contract worth £100,000 or more.
	(3) A new or un-programmed capital scheme of £100,000 or more.	(4) Significant impact in environmental, social or physical terms in two or more wards.

**REASONS FOR RECOMMENDATION(S)**  
**(If the recommendations are accepted)**

7. To ensure the Council complies with the requirement to set a balanced budget for 2018/19

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

8. None

**CORPORATE PRIORITIES**

9. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	✓	A strong local economy	✓
Clean, safe and healthy communities	✓	An ambitious council that does more to meet the needs of residents and the local area	✓

**BACKGROUND**

10. The Executive published the 2018/19 Draft Budget and Summary Budget Position over the Medium Term at Executive Cabinet on 18 January 2018. The report set out the Executive’s intention for spending and investment in the borough for the forthcoming financial year 2018/19. These papers expand upon that report and set out in more detail for Council the Executive’s budget proposals in 2018/19.

**BUDGET CONSULTATION RESULTS**

11. Consultation on the 2018/19 budget ran from the 19th January to the 9th February 2018. The consultation was publicised through a structured digital campaign including 31,084 emails delivered to residents signing up to receive communications via the MyChorley account feature on the council website, as well as social media, traditional media and awareness raising through local networks including In The Boro, the VCFS Network and equality forum.
12. The formal consultation received 780 qualitative responses through an open ended question format via an online survey which enabled individuals to give their views and opinions on the proposals, as part of more meaningful engagement. This is a significant increase in the level of feedback compared to last year’s survey where 540 respondents responded to the online survey. Posts to Facebook received a total 22,400 views and 292 comments reaching a wide representation of the population. The feedback and summary analysis of the consultation is shown at Appendix K.

- 13. The responses have been collated and analysed to identify the main key words or phrases and then grouped together based on whether they indicated a positive or negative response to the proposals. A proportion of the comments offered suggestions for improvement or highlighted concerns, rather than a definable positive or negative view point and these have been grouped together as 'neutral'. It should be noted that responses often included more than one comment or suggestion, covering more than one area. Where this occurred, the main area of comment was selected.
- 14. The following table shows the distribution of positive, negative and neutral viewpoints. It should be noted that 6% of responses could not be categorised.

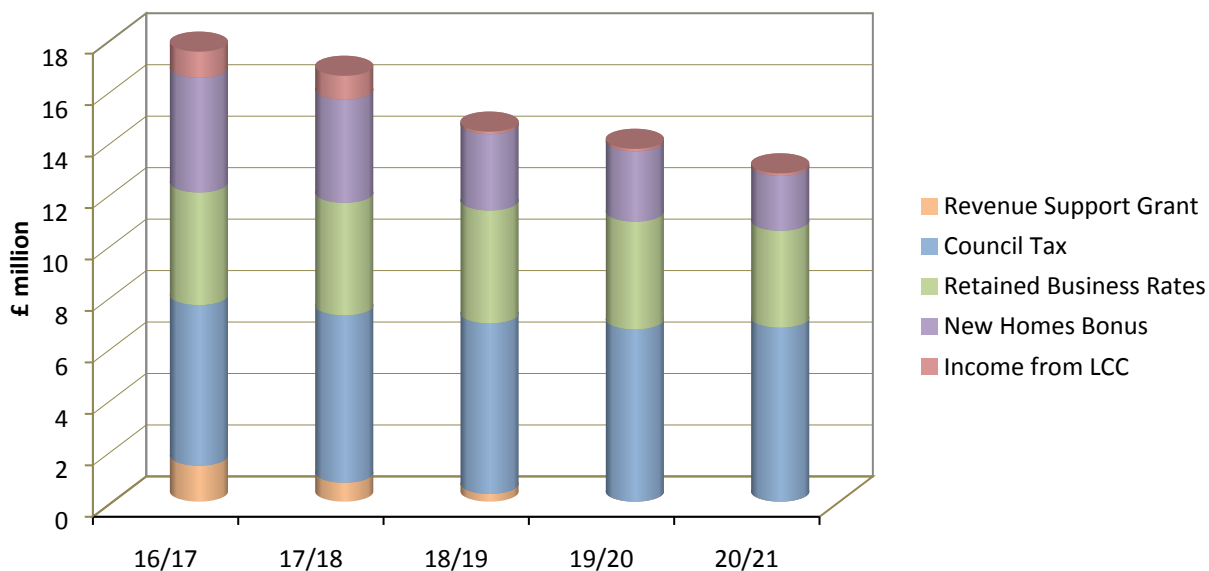
Positive view of the proposals	<b>44%</b>
Negative view of the proposals	<b>36%</b>
Neutral view point	<b>14%</b>

- 15. The majority of positive comments (47.06%) indicated general acceptance of the proposals, with many stating that they were 'reasonable' and 'fair'. Some positive comments also referenced a positive view of new and current developments. Around (21.80%) welcomed the rise in council tax, and others also accept it if it meant the proposals are met and services are maintained.
- 16. The majority of negative comments (29.03%) relate to the increase in council tax. Furthermore (14.52%) of respondents have concerns regarding the future of the Market Walk development. There are also a number of respondents who have concerns regarding partner delivered services such as highways (10.89%) and health services, with respondents urging the council to lobby partner services more effectively.
- 17. The consultation report at Appendix K sets out the planned council activity in response to feedback; this includes the increase to council tax, concerns around future developments, investment in the wider borough and concerns around partner delivered services.

**THE BUDGET – REDUCTIONS IN FUNDING SOURCES**

- 18. On 6 February 2018 the Government published the Final Local Government Finance Settlement of 2018/19. The Government will continue with the removal of the Revenue Support Grant (RSG) and include an additional tariff on business rates (negative RSG) in 2019/20. Allocations of New Homes Bonus will be reduced to 4 years in 2018/19 onwards with no allocation received for the first c. 150 homes that are built. The greatest uncertainty comes from the expected changes to business rates retention in 2020/21 and review of the fair funding formula.
- 19. Chorley Council has experienced, and will continue to experience in the coming 3 years, large reductions in its major funding sources. The reductions in the largest funding sources are outlined in the chart below.

**Major Sources of Council Funding**



Revenue Support Grant

- 20. On 16 November 2016 the Council received confirmation from DCLG regarding its four year RSG settlement. 2018/19 will be the final year that the council receives a RSG allocation of £299k after which the council will receive a further reduction of £455k in 2019/20 through a £299k reduction in RSG and an assumed £156k increase in the business rates tariff.



New Homes Bonus

21. The 2016 consultation regarding New Homes Bonus resulted in allocations falling from six years to four years as well as allocations not been received for the first c150 homes built (the deadweight adjustment). The reductions in new homes bonus will continue due to:
  - a. higher than average annual allocations dropping out of the four year funding cycle, such as the £1m 2016/17 allocation dropping out in 2020/21.
  - b. an assumed slowing down of housing expansion in the borough in the coming years.
  
22. The final finance settlement announced on 6 February 2018 confirmed that there would be no further changes to the methodology through which new homes bonus is allocated in 2018/19. This provides the council with certainty regarding the 2018/19 allocation however the Ministry of Homes, Communities and Local Government (MHCLG) retains the flexibility to adjust the allocation methodology from 2019/20 onwards.

Lancashire County Council

23. Income from Lancashire County Council will drop significantly in 2018/19 as the £930k income through the Lancashire Waste Partnerships cost share arrangement comes to an end. The introduction of the subscription based garden waste collection scheme in 2017/18 was put in place to mitigate this reduction in income. The remaining funding from LCC in 2018/19 to 2020/21 will be £96k per annum towards the maintenance of highway green space that is managed within current council resources.

Council Tax

24. Chorley Borough has experienced a huge expansion in housing over the past few years. The growth in has resulted in an expansion of the council tax base. Growth in the base, excluding increases in the rate of council tax, are summarised below:

	2015/16	2016/17	2017/18	2018/19	2019/20 Forecast
New Band D equivalent dwellings brought in base	1,259	677	751	680	c.560
Growth (year-on-year)	3.8%	2.0%	2.1%	1.89%	1.50%
Additional council tax income to CBC each year	£223k	£120k	£133k	£123k	£99k

25. Chorley Borough has experienced fast expansion of housing over the past few years, over twice as much as Lancashire on average. Although the expansion results in additional income for the council it is clear from the table above that

the additional income is insufficient to meet the inflationary pressures placed on the Councils budget. In addition the expansion of the council tax base has resulted in a faster reduction in the council's grant funding resulting in 2018/19 being the final year it will receive a RSG allocation.

26. The council expects a slowdown in house building over the coming three years as larger housing development sites are already nearing completion and new sites in which to develop housing become increasingly scarce. However it should be noted that between April 2017 and March 2022 there were 2,700 dwellings that have not yet been built (including those under construction) which have planning permission. A prudent 1.5% expansion of the base is forecast in 2019/20 and 2020/21.

### Business Rates

27. The level of business rates income retained by the council remains the largest uncertainty in terms of funding levels over the medium term period. Chorley Council is a tariff authority meaning it pays over an amount to central government rather than receiving a top-up payment. Of the £24.8m Non-Domestic Rating income collected in 2017/18, Chorley Council's local share is 40% (£9.9m). However, this is reduced by payment of the £6.2m tariff to central government leaving £3.6m for Chorley Council. Within this income figure is an element of growth of rates income above the **baseline funding level**. For non-pool authorities, a 50% levy of the growth is payable to central government. In 2017/18 the full levy would have reduced this council's retained rates income to £2.9m, being about 11.8% of total NDR Income. Through membership of the Lancashire Business Rates Pool, 90% of the levy is retained by the council, and 10% paid to the pool rather than central government. This increases retained rates income to £3.6m, which is about 14.7% of total NDR Income in 2017/18.
28. In 2013, Government announced its intention towards 100% localisation of business rates by 2020. In the December 2017 provisional settlement, Government has indicated that business rates might be shared 75:25 starting in 2020/21. It also announced that the increase in local share will be fiscally neutral and will be matched by transfers of Revenue Support Grant, public health grant and other grants. Business Rates localisation does not mean that this Council will get to keep 75% of the £24m that it currently collects from business rates. The council interprets the 75% or 100% localisation to refer to the local authorities' share of the level of growth (or fall) from the baseline that is likely to be reset in 2020/21.
29. No announcement has been made about the tier split that will accompany the increase in local share to 75%. We currently share the 50% in a district council 80:20 County Council split. That the transferred grants will largely be County Council grants possibly indicates that the increase in local share will go to the County in two-tier areas.

30. Unfortunately there is no further clarity on how the reforms to the business rates regime will affect Chorley Council in 18/19 to 20/21. Announcements that have been made regarding business rates are as follows:
- a. From April 2018, CPI will be used to uprate the multiplier for business rates, rather than RPI, bringing forward the change already announced from April 2020;
  - b. The business rates revaluation cycle will switch from five years to three years following the next revaluation. This should mean that, following the planned 2022 revaluation, the next revaluation will be in 2025. Although more regular revaluations should provide a more accurate business rates base, it may also result in increased appeals and an erosion of any growth in the base achieved between revaluations.
31. A large risk associated with business rates income relates to two applications for mandatory charitable relief received from Lancashire Teaching Hospitals NHS Foundation Trust. If successful the application would be back dated to 2010 and therefore have a significant impact on the Council's revenue budget. A headline figure is a potential £1.5m impact on the Council's general fund and a further c£200k reduction in ongoing retained business rates. The LGA is representing affected councils nationwide and retain the view that NHS trusts and foundation trusts are not charities and therefore not eligible for mandatory non domestic rate reliefs.
32. For the reasons highlighted above the Council will assume no increase in its retained business rates budget. Although the Council will continue to focus resources on expanding local businesses, there are still large uncertainties that may erode progress on retained business rates income. Until further information becomes available, the council will continue to assume it is part of the Lancashire Business Rates Pool in 2019/20 and that it will continue to benefit, albeit by a lesser amount, in 2020/21 from business rates retention.

#### Pay Award

33. The estimates for 2018/19 are based upon the most recent announcement of actual pay award, future years are based upon the fact that pay increases are on average estimated to be 2% in 2018/19, 2019/20 and 2020/21. Two of the three local government trade unions will reject the 2% pay offer from employers as it is less than the rate of inflation. A final settlement is not likely to be reached until 2018/19 and so any potential shortfall in the budget will be dealt with through the 2018/19 budget monitoring process.

Pension

34. As part of a **triennial pension review** the Lancashire County Pension Fund (LCPF) announced an increase in employer pension contributions for 2017/18 to 2019/20 to meet the future costs of the scheme. The contributions have increased from 11.1% to 14.4% resulting in an increase in the council's contribution of approximately £250k per annum. It is assumed that contributions remain at 14.4% in 2020/21.
35. The pension deficit recovery period is assumed to be made over 19 years however Chief Finance Officer's in Lancashire have raised queries to the LCPF as to whether this should be extended over a longer period as has been experienced in other funds throughout the country. If this is agreed there is the potential for contributions to the pension fund to be lower than currently budgeted in 2020/21.
36. The Council's gross budget deficit in 2018/19 is £0.870m and is summarised in table 1

**Table 1: Chorley Council Cumulative Budget Deficit 2017/18 to 2020/21**

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
<b>Net Expenditure</b>	<b>15.621</b>	<b>15.174</b>	<b>16.172</b>	<b>16.028</b>
<u>Funding</u>				
Council Tax	(6.502)	(6.626)	(6.725)	(6.826)
Business Rates	(4.378)	(4.390)	(4.192)	(3.768)
RSG	(0.734)	(0.299)	-	-
New Homes Bonus	(4.007)	(2.989)	(2.753)	(2.157)
<b>TOTAL FUNDING</b>	<b>(15.621)</b>	<b>(14.304)</b>	<b>(13.670)</b>	<b>(12.751)</b>
<b>Net (Surplus)/Deficit</b>	<b>0</b>	<b>0.870</b>	<b>2.502</b>	<b>3.277</b>

37. All deficits and savings identified in the table 1 and in the remainder of this report are cumulative. For example the deficit of £2.502m in 2019/20 identified above is the result of a £0.870m deficit in 2018/19 and further budget pressures of £1.632m identified for 2019/20.
38. The cumulative budget deficits are based upon the reductions in funding described previously in the report and the key budget assumptions outlined in table 2. It should be noted that some of the assumptions are still potentially subject to change that may impact positively or negatively on the budget.

**Table 2: Key Budget Assumptions**

Key Assumptions	2018/19	2019/20	2020/21
Increase in Council Tax	0%	0%	0%
Growth in Council Tax Base	1.89%	1.5%	1.5%
Growth in Retained Business Rates	0%	0%	0%
Reduction in Revenue Support Grant or equivalent increase in business rates tariff	£0.435m	£0.299m	-
Total Forecast New Homes Bonus	£2.989m	£2.753m	£2.156m
Use of New Homes bonus to Fund the Capital Programme	(£0.400m)	(£0.400m)	(£0.400m)
Total Forecast New Homes Bonus Built Into the Base Budget	(£2.589m)	(£2.353m)	(£1.756m)
Future Service Pension Rate	14.4%	14.4%	14.4%
Additional Business Rates - Lancashire Pooling Arrangement or equivalent business rates retention regime	(£0.716m)	(£0.560m)	(£0.316m)
Income from LCC	(£0.096m)	(£0.096m)	(£0.096m)
Pension Fund Deficit Recovery	£0.841m	£0.966m	£1.016m
Pay Award	2%	2%	2%

39. A detailed breakdown of the 3 year budget including the gross budget deficit is provided in **Appendix D** of this agenda. Included in this appendix are the revenue budget implications regarding the Council's capital projects, as with other assumptions it should be noted that the profile of expenditure and income is potentially subject to change. Risks surrounding these budget assumptions will be managed through the use of general reserves as outlined at the end of this report. A full description of budget assumptions and risks are provided in **Appendix F** and in **Appendix J** of this agenda.

## BRIDGING THE BUDGET GAP

40. A key influencing factor on the 2018/19 budget is the effective management of the budget in the preceding 2017/18 financial year. The Council recognised that reductions in funding and ongoing expenditure budget pressures have resulted in a budget gap of £0.870m in 2018/19. To bridge this immediate budget gap the Executive Cabinet has achieved and identified proposals for immediate budget savings of £0.345m in preparation for 2018/19. This is in addition to a total of £3.229m savings already achieved in prior years, summarised below in table 3.

**Table 3: Efficiency Savings and Income 2014/15 to 2018/19**

Saving/Increased Income	Achieved 2014/15 £m	Achieved 2015/16 £m	Achieved 2016/17 £m	Achieved 2017/18 £m	2018/19 £m	Total
Productivity Savings	0.367	0.017	0.314	0.207	0.220	<b>1.125</b>
Review of Contracts	0.035	0.200		0.059		<b>0.294</b>
Review of Base Budget	0.094	0.045	0.128	0.100	0.075	<b>0.442</b>
Review of Income Streams	0.442	0.446		0.050	0.050	<b>0.988</b>
Lancashire Business Rates Retention Pooling			0.725			<b>0.725</b>
<b>Saving/Increased Income</b>	<b>0.938</b>	<b>0.708</b>	<b>1.167</b>	<b>0.416</b>	<b>0.345</b>	<b>3.574</b>

### Savings Achieved and Savings to be Achieved for 2018/19

41. Budget efficiency savings and increased income totalling £0.345m have been identified to help reduce the budget deficit in 2018/19. This is in addition to a review of reserves and financing that has identified one-off reductions in the budget deficit for 2018/19 of £400k and £150k respectively.
- Base Budget Review (£75k) – The management accounts team in conjunction with service managers have identified £75k of budgets that are underutilised or no longer required moving forward. The larger savings come from underutilised IT equipment and software budgets as well additional external funding for the maintenance of play areas.
  - Review of Fees and Charges (£50k) – a report will be submitted with this Executive Cabinet agenda that recommends increasing some of the Council's fees and charges to bring them in line with the cost of providing the services. This is forecast to generate an additional £50k income in 2018/19 and therefore reduce the subsidy the council tax payer is making towards these services and instead fund other key services.

- Productivity gains (£220k) – a report to Executive Cabinet in December 2017 outlined the proposed changes to be made to the Business, Development and Growth directorate. The changes will allow the directorate to be resourced to deliver its corporate strategy priorities including the delivery of income generation projects, the success of these projects being essential in balancing the budget in the latter stages of the MTFs. In addition, the new structure will deliver £200k efficiency savings and successfully meet the target set as part of the transformation strategy. Over and above this £200k saving, a review of overtime payments across the council will result in a reduction in overtime budgets of £20k.

#### 42. Review of Reserves and Other One Off Savings

- Review and use of unutilised reserves (£400k) – a review of all reserves was undertaken in 2017/18 in order to free up resources to meet the budget deficit in 2018/19. The review has successfully identified £400k of unutilised reserves. This includes £300k of new homes bonus that was set aside to match fund a European funded employment support project. Unfortunately the European funding was not approved and as a result an alternative employment support service will now be delivered using existing council resources.
- Review of net financing (£150k) – a review of the Council's capital programme has resulted in identifying a reduced need for borrowing in 2018/19. This is the result of the council's continued access to low interest rate borrowing and a more detailed understanding of the profiling of capital expenditure in the coming 18 months. It is expected this will save £150k in 2018/19 with further potential one-off savings of £100k in 19/20 and 20/21 however this will be reviewed each year.

### **INCREASE IN COUNCIL TAX**

43. The Council is proposing a 2.99% increase in council tax in 2018/19, a forecast increase in 2019/20 of 2.99% and a forecast 2% increase in 2020/21. An increase, together with further savings options, would not only help to address the budget deficit but also be used to invest in projects that support delivery of the Council's corporate priorities.
44. Importantly, the reductions in Central Government funding announced in the provisional local government finance settlement 2016 were made with the assumption that not only would Councils expand the council tax base by building more homes but in addition, Councils would reduce the impact of grant reductions by increasing council tax by at least 2%. The funding mechanisms from central government will effectively penalise councils for freezing council tax, through a reverse tariff payment in 2019/20.

45. The final local government finance settlement 2018 recognised the increasing inflationary budget pressures councils are experiencing and as a result announced an uplift in the cap on council tax increases. This now means district councils can increase council tax by up to 3% in 2018/19 and 2019/20 without triggering a referendum. As outlined in this report, whilst the council continues to deliver efficiency savings, it also continues to experience reductions in funding and inflationary budget pressures. To continue to fund investments that deliver corporate strategy priorities the council is proposing to increase council tax by 2.99% in 2018/19 and to model increases of 2.99% in 2019/20 and 2% in 2020/21.
46. In addition, through freezing or reducing council tax in previous years, Chorley Council has one of the lowest precepts (excluding Parish precepts) in Lancashire as per the table below.

<b>District Council</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>Increase 2017/18</b>
Chorley	177.41	180.96	2.00%

Burnley	277.76	283.04	1.90%
Fylde	190.77	195.76	2.62%
Pendle	245.16	250.16	2.04%
Preston	290.73	296.51	1.99%
Ribble Valley	145.69	145.69	0.00%
South Ribble	208.38	208.38	0.00%
West Lancashire	186.76	191.76	2.68%
Wyre	183.31	188.31	2.73%

47. Increases in council tax do have a significant, cumulative and permanent effect on the budget deficit even over a short term period. Cumulative additional income the Council could generate from increases in council tax is shown in Table 4.



*Summary of Proposals*

48. Table 4 illustrates that through savings achieved to date, additional income identified, a review of net financing, the use of unutilised reserves and increases in council tax the Council is able to set a balanced budget in 2018/19 with some resources available to invest.

**Table 4: Cumulative Budget Deficit**

	2018/19 £m	2019/20 £m	2020/21 £m
<b>Gross Budget Deficit</b>	<b>0.870</b>	<b>2.502</b>	<b>3.277</b>
Review of Fees and Charges	(0.050)	(0.060)	(0.060)
Base Budget Review	(0.075)	(0.100)	(0.125)
Review and Use of Unutilised Resources	(0.400)	0	0
Review of Net Financing	(0.150)	(0.100)	(0.100)
Productivity Savings Achieved for 2018/19	(0.220)	(0.220)	(0.220)
2.99% Increase Council Tax 2018/19, 2.99% in 2019/20 & 2% in 2020/21	(0.198)	(0.408)	(0.559)
<b>Adjusted Budget Deficit/(Available Resources)</b>	<b>(0.224)</b>	<b>1.614</b>	<b>2.213</b>

49. The next section of the report outlines what the council's investment in corporate strategy priorities will be in 2018/19 onwards, including the use of the £224k available resources in 2018/19.

**PLANNING AND DELIVERY OF THE COUNCILS CORPORATE STRATEGY**

## CORPORATE STRATEGY 2017/18 TO 2018/19

50. Chorley Council corporate strategy 2017/18 to 2018/19 was approved by Full Council on 21 November 2017. The focus of the Corporate Strategy to date has been on delivering schemes and initiatives that achieve visible and tangible outcomes against corporate priorities. All long term outcomes will be retained for 2017/18 to reflect a continued commitment to the priorities under which the administration were elected, ensuring the long term impact of strategic activity and investment. Resident feedback continues to positively reinforce activity towards meeting the priorities which remain critical given the current climate of budget reductions.
51. Table 5 details the year-on-year revenue investments that the Council continues to deliver despite the financial challenges it faces. These deliver services that matter most to our residents including;
- Crime reduction and social disorder prevention
  - The Chorley Council events programme
  - Funding of neighbourhood preferred projects selected by residents
  - Encouraging digital inclusion
  - Improving enforcement services
  - Delivering more support to the homeless and those at risk of becoming homeless
  - Protecting services put at risk by cuts to funding and budget pressures at Lancashire County Council
52. Further details of the council's investment its Corporate Strategy over the medium term are outlined in appendix C to this report agenda.

**Table 5: Recurrent Investments Included in the Base Budget from 2018/19 Onwards**

RECURRENT ITEMS	COMMENT	Budget
Crime Reduction and Social Disorder Prevention Fund	The council will commit £110k per annum towards community safety measures to ensure that we continue to deliver against our corporate priority of clean, safe and healthy communities, in light of reduced government funding for the Police and reported increases in crime.	£110,000
Chorley Council Events Programme	The council's programme of award winning events continues to demonstrate significant benefits for the borough, attracting new visitors and raising the profile of Chorley. The budget will enable the continuation of the programme with a focus on those events that deliver the greatest economic impact.	£125,000
Neighbourhood Preferred Projects	Neighbourhood working reflects the councils' commitment to improving local places and spaces, enabling local people to agree the priorities for their area and deliver projects to make improvements. This budget will continue the delivery of neighbourhood working across the eight neighbourhood areas.	£50,000
Digital Inclusion Officer	This ongoing budget will ensure that all residents are able to access high quality public services and take an active part in their community. This budget will support and enable the delivery of the Council's digital strategy including digital inclusion activity.	£20,000
Chorley Works	Access to high quality employment and education opportunities is a priority for the Council. Chorley Works has been successful in delivering a number of employment-related interventions for local residents and going forward will form part of a wider wellbeing support offer for residents, providing help with skills for work and employment opportunities.	£39,000
Employee Health Scheme	Maintaining positive levels of staff wellbeing is important to ensuring a productive and efficient workforce, therefore this budget will continue the current healthcare cash plan scheme or a further year.	£20,000
Enhanced Enforcement Team	The new enforcement team brings together a range of functions including building control, licensing, empty properties, planning enforcement, four neighbourhood officers and 2.4 FTE customer service advisors. The new team will strengthen and improve the council's enforcement services, refocus the work of four neighbourhood officers and demonstrate the council's commitment to taking a more proactive approach to enforcement.	£44,500
Enhanced Homelessness Service	This budget will support the council's response to the requirements of the new Homelessness Reduction Bill by putting in place the necessary resources to fulfil new obligations for homelessness prevention.	£50,000
Refresh of the Local Plan	The council will be refreshing the local plan over the coming 3 years. This provision is put in place to support the refresh process with the majority of the costs, including staffing, assumed to be shared with South Ribble Borough and Preston City Councils. £100k represents Chorley Council's share of the annual ongoing costs.	£100,000
Ongoing fund to maintain services previously delivered by LCC	Chorley Council will continue its commitment to subsidise the running of key bus routes in the borough to mitigate the impact of county wide cuts and ensure that residents can access to the town centre and rural areas.	£115,000
<b>TOTAL RECURRENT INVESTMENTS</b>		<b>£673,500</b>

53. As well as the £673k of investment funding built into the base budget, the Council has identified one-off provisions to fund projects that will further deliver the Council’s corporate strategy priorities in the next financial year. A £224k investment project fund will be created for 2018/19 to meet the funding requirements of projects outlined in table 6.

**Table 6: Additional One -Off Investments from Available Resources in 2018/19**

ONE-OFF INVESTMENTS	COMMENT	18/19 ONLY
Community development and volunteering (SPICE)	This budget will provide a contribution to SPICE for time credits infrastructure which includes access to the national earn and spend programme as well as an IT platform, expertise and evaluation.	£40,000
Support for the third sector	The funding will support the development of the third sector in Chorley to include facilitating communication with the wider network and representing the sector on key groups and bodies.	£15,000
Support to Food Provision Schemes	This budget will provide a contribution to the food bank in Chorley to provide food parcels, nutritious meals and other related assistance to those in most need as part of early intervention.	£15,000
16/17 Young Person’s Drop In Centre	The budget will extend the current drop in service for young people at risk of homelessness, providing mediation and support with the aim of keeping young people at home as part of early intervention and prevention.	£15,000
In Bloom	A contribution to the In Bloom initiative to provide enhanced Streetscene provision across Chorley, supporting the work of the Chorley In Bloom group and increasing the attractiveness of the wider borough so that people take pride in their area.	£20,000
Supporting Communities to Access Grant Funding	The budget will pay for access to online grant funding search facilities, Grant Finder and Chorley4Community, to enable local third sector groups and organisations to secure funding as part supporting of a sustainable sector.	£4,500
Disabled and Dementia Online Venue Access Guides	This funding is for online venue access guides currently provided by Disabled Go, supporting and promoting the councils commitment to ensuring accessibility for all residents.	£5,000
Accommodation Finding Service	The accommodation finding service provides additional support for the housing options team in meeting our statutory duties. This budget will extend the current provision for a further year.	£30,000
Mediation Service for Anti-Social Behaviour	The budget will maintain access to third part mediation support for neighbourhood level concerns as part of early intervention and prevention for a further year.	£14,000
Employability Support Programme	Funding for a project to support individuals with multiple barriers to work over and above the current Chorley Works provision, to be delivered through the Early Intervention and Support directorate.	£65,000
<b>TOTAL ONE-OFF EXPENDITURE IN 18/19</b>		<b>£223,500</b>

## MEETING THE MEDIUM TERM FINANCIAL CHALLENGE

54. Despite the budget savings identified in this report, as outlined below in Table 7 there remains forecast budget deficits of £1.614m in 2019/20 and £2.213m in 2020/21.

**Table 7: Revised Medium Term Deficit**

	2018/19 £m	2019/20 £m	2020/21 £m
<b>Adjusted Budget Deficit/(Available Resources)</b>	<b>(0.224)</b>	<b>1.614</b>	<b>2.213</b>
One-off 2018/19 Investment	0.224	0.000	0.000
<b>Adjusted Budget Deficit/(Available Resources)</b>	<b>(0.000)</b>	<b>1.614</b>	<b>2.213</b>

55. To achieve a sufficient reduction in net expenditure the Council's strategy, to be overseen by the council's Transformation Board, will be:

- 1. To realise savings through the procurement of its contracts**
- 2. To identify the efficiencies through shared services and alternative delivery models that will enable the Council to balance the budget whilst seeking to minimise the impact on front line service users**
- 3. To make the Council more financially self-sufficient with specific emphasis on creating investment that generates income. This includes the extension to Market Walk and developing council owned affordable housing available to rent.**

56. Further details of these strategies are given in the MTFS which can be found at Appendix C to the agenda of this report. The summary of the savings is given below in Table 8.

**Table 8: Estimated Medium Term Financial Strategy Cumulative Budget Deficit and Cumulative Savings**

	2019/20 £m	2020/21 £m
<b>Forecast Budget Deficit</b>	<b>1.614</b>	<b>2.213</b>
Renegotiate Contracts	(0.574)	(0.673)
Transformation – Productivity Gains including shared services	(0.790)	(1.040)
Income Generation – Delivering Market Walk Extension	(0.150)	(0.300)
Income Generation – Delivering Council Owned Housing Stock	(0.100)	(0.100)
Income Generation – Developing Council Owned Employment Land	-	(0.100)
<b>Forecast Adjusted Medium Term Budget Deficit</b>	<b>(0.000)</b>	<b>(0.000)</b>

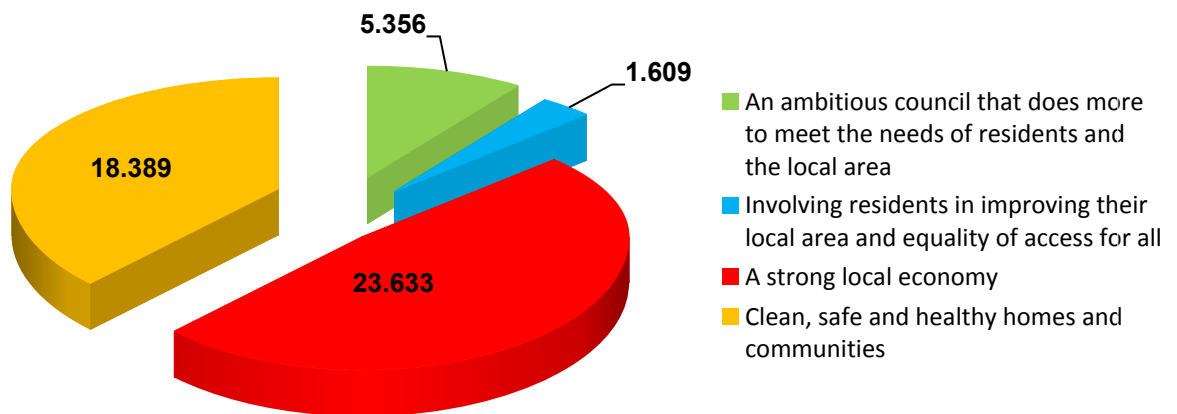
#### GENERAL FUND BALANCES

57. Through setting this budget and utilising underspends in 2017/18 the council has achieved, a year earlier than budgeted, its MTFS target of having **£4m set aside in general balances**. The forecast general fund balance at 31<sup>st</sup> March 2018 was reported to Executive Cabinet on 15 February 2018 and is forecast to be £4.008m
58. The council recognises that use of the general reserve may be required during the MTFS period. If, as expected, the new business rate retention scheme is introduced nationally in 2020/21, managing the risks inherent in this volatile funding stream will require a careful stewardship of reserves as a buffer. In addition, the profiling of income generating projects may result in net income not being realised until later in the MTFS period. The budget strategy ensures that the council maintains robust reserves to cater for these uncertainties.
59. As outlined in this report there is a £1.5m risk to general balances associated with two applications for mandatory charitable relief received from Lancashire Teaching Hospitals NHS Foundation Trust.

**CAPITAL PROGRAMME 2017/18 to 2020/21**

60. Details of the capital programme including new capital investment are outlined in the Appendix G1. The capital programme for 2017/18 to 2020/21 totals £49m and is an indication of how ambitious the Council is in delivering its Corporate Strategy and the priorities within it. A breakdown of the capital programme is detailed below.

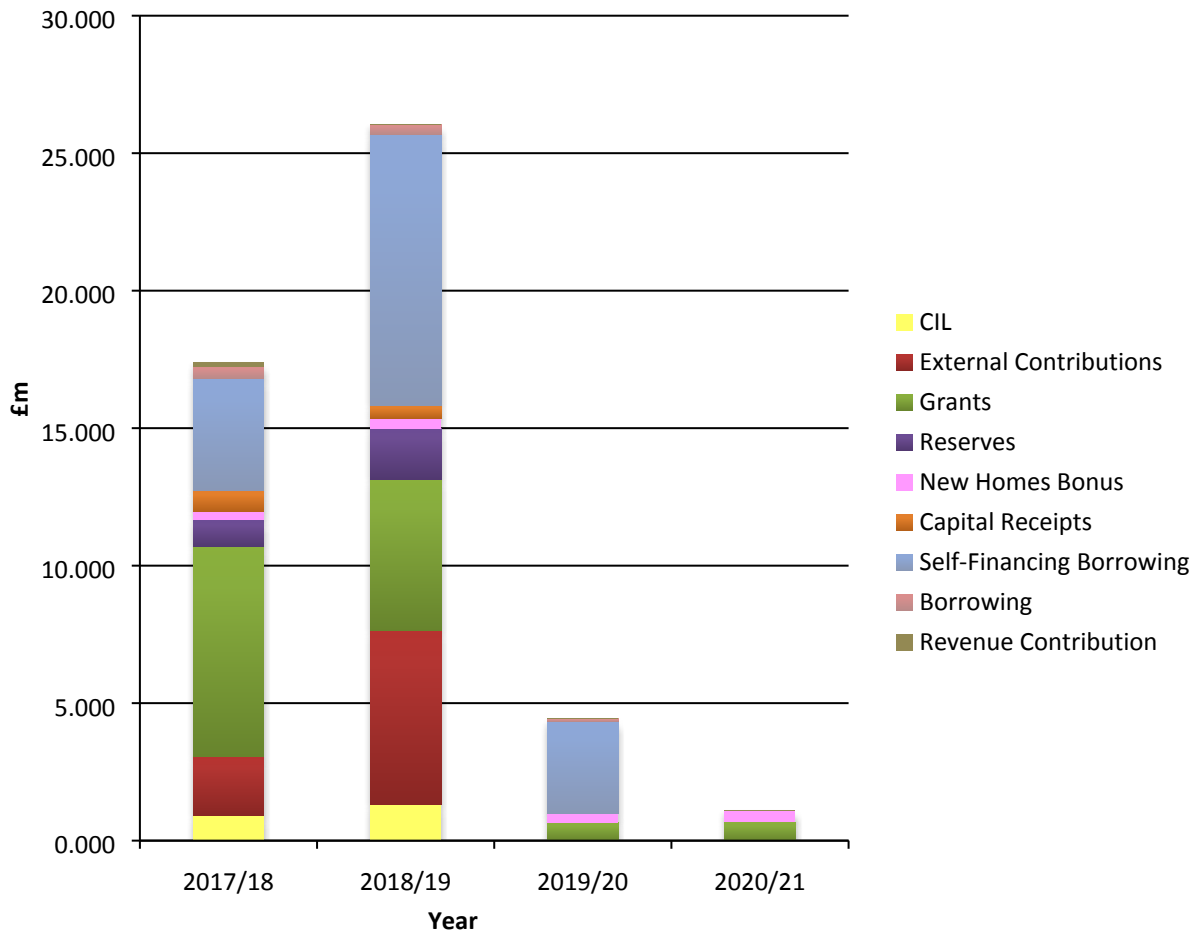
**Capital Investment in Chorley Council's Corporate Strategy 2017/18 to 2020/21**



**CAPITAL FINANCING**

61. The financing of the capital programme for the period 2017/18 to 2020/21 is set out in Appendix G2 and summarised in the proceeding chart.

**Capital Expenditure & Financing 2017/18 to 2020/21**



- 62. The capital programme includes a number of schemes that will generate revenue that will meet the annual cost of borrowing required to complete the project. These include the three major capital schemes; Market Walk Extension, Digital Office Park and Primrose Retirement Village.
- 63. The financing chart above demonstrates how successful the council has been in attracting external grant funding to deliver its capital programme. The grants include;
  - c. £3.2m and £0.658m from Homes England towards Primrose Gardens and Cotswold House respectively,
  - d. £2.2m from Heritage Lottery Fund towards the restoration of Bank Hall,
  - e. £4.1m of European funding to deliver the Digital Office Park
- 64. The council will invest over £8m of contributions from developers to regenerate the town centre as well as the borough's play, open space and recreation grounds. A summary of s106 funding received and allocated is attached in appendix G3



## CONCLUSIONS

65. This paper outlines for the Council the Executive's budget proposals for 2018/19 which are:

- **A budget that mitigates against the reduction in Central Government grant and inflationary pressures, by increasing Council Tax by 2.99% in 2018/19 and including a forecast increase of 2.99% in 2019/20 and a forecast increase of 2% in 2020/21 as part of the medium term budget strategy.**
- **A budget that delivers budget efficiency savings and increased income of £0.345m in 2018/19 onwards**
- **The successful implementation of the MTFS has allowed the Council to include in the budget £0.897m of revenue investment packages in 2018/19 and £0.673m in 2019/20 onwards**
- **The successful implementation of the MTFS has allowed the Council to create resources to create reserves to enhance the financial resilience of the Council and better enable the implementation of the Transformation Strategy**
- **Investments will be made in key areas to support the new Corporate Strategy:**
  - 1. INVOLVE RESIDENTS IN IMPROVING THEIR LOCAL AREA AND EQUALITY OF ACCESS FOR ALL.**
  - 2. CLEAN, SAFE AND HEALTHY COMMUNITIES.**
  - 3. AN AMBITIOUS COUNCIL THAT DOES MORE TO MEET THE NEEDS OF RESIDENTS AND THE LOCAL AREA.**
  - 4. A STRONG LOCAL ECONOMY.**
- **The assumptions included in the budget have been assessed in the light of the latest information available at this time. They are also compatible with:**
  - 1. the proposed Pay Policy as set out in Appendix I.**
  - 2. the proposed Treasury Management Strategy as set out in Appendix H**

66. The MTFS contains the updated budget forecasts to 2020/21 which identifies that further budget savings will be required to bridge the funding gap in future years. The forecasted budget deficit in 2020/21 is estimated to be £2.213m and the MTFS sets out options that can be considered to bridge this gap. Therefore

the MTF5 provides a plan to deliver a balanced budget over the longer term in Appendix C.

67. The Council will need to continue working extremely hard, be innovative and creative to continue to make efficiencies and at the same time minimise the impact on services. There are still factors that may affect the current forecast financial position namely the scheduled reform in business rates retention. The overall approach to be adopted in terms of further efficiencies is set out in the Medium Term Financial Strategy which is appended to this report.
68. The contents of this report are supplemented with additional reports, policies and statements to provide further details as referenced below:

Appendix A	Formal Council Tax Resolution 2018/19
Appendix B	Special Expenses & Parish Precepts 2018/19
Appendix C	Delivering Our Priorities - Chorley Council Medium Term Financial Strategy 2018/19 to 2020/21
Appendix D	Cumulative Budget Deficit & Budget Strategy 2018-19 to 2020-21
Appendix E	Variance Analysis – Movements from 2017/18 Original Estimates
Appendix F	Appendix F - General Fund Forecast Assumptions
Appendix G1	Capital Programme 2017/18 to 2020/21
Appendix G2	Capital Programme Financing 2017/18 to 2020/21
Appendix G3	Appendix G3 - Developer's Contributions 2015/16 to 2018/19
Appendix H	Treasury Management Strategy 2018/19 to 2020/21
Appendix H1	Advice of Treasury Management Consultants
Appendix I	Pay Policy 2018/19
Appendix J	Appendix J - Report of the Chief Finance Officer
Appendix K	Budget Consultation 2018/19
Appendix L	Assessing the Impact of 2018/19 Budget Proposals

## IMPLICATIONS OF REPORT

69. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	✓
Human Resources	✓	Equality and Diversity	✓
Legal	✓	Integrated Impact Assessment required?	✓
No significant implications in this area		Policy and Communications	✓

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

70. The financial implications of the above report are detailed in the report and furthermore in the MTFS 2018/19 to 2020/21 (Appendix C) and the Chief Finance Officer’s Report (Appendix J).

**COMMENTS OF THE MONITORING OFFICER**

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

**COMMENTS OF THE HEAD OF HR AND OD**

72. HR will support the implementation of the budget proposals in relation to any changes to staffing resources in line with corporate policy and legislation.

**COMMENTS OF DIRECTOR OF POLICY & GOVERNANCE**

73. The potential equality implications of the proposal contained within this report are set out in Appendix L, and should be considered as part of the decision making process.

**GARY HALL  
CHIEF FINANCE OFFICER**

Report Author	Ext	Date	Doc ID
James Thomson	5025	19/02/18	GENERAL FUND REVENUE AND CAPITAL BUDGET AND COUNCIL TAX 2018/19

Background Papers:

Background Papers			
Document	Date	File	Place of Inspection
2018/19 Draft Budget and Summary Budget Position Over the Medium Term	18/01/18		<a href="https://democracy.chorley.gov.uk/documents/s82206/201819%20Draft%20budget%20and%20summary%20budget%20position%20over%20the%20medium%20term.pdf">https://democracy.chorley.gov.uk/documents/s82206/201819%20Draft%20budget%20and%20summary%20budget%20position%20over%20the%20medium%20term.pdf</a>

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**APPENDIX A****FORMAL COUNCIL TAX RESOLUTION*****Draft resolution on setting of the 2018/19 Council Tax for the Borough to be passed in approving the Executive Cabinet's recommendations for the Council's Budget.***

1. It be noted that on 8 December 2017 the Chief Executive as Statutory Finance Officer calculated the Council Tax Base 2018/19
  - (a) for the whole Council area as 36,614.18 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
  - (b) for dwellings in those parts of its area to which a Parish precept relates (as in the attached Table 2).
2. Calculate that the Council Tax requirement for the Council's own purposes for 2018/19 (excluding Parish precepts) is £6,823,780
3. That the following amounts be calculated for the year 2018/19 in accordance with Sections 31 to 36 of the Act:
  - (a) £55,965,660 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) £48,470,420 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
  - (c) £7,495,240 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(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) £204.71 being the amount at 3(c) above (Item R), all divided by Item T (1(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) £1,403,011 being the aggregate amount of all special items (Special Expenses and Parish precepts) referred to in Section 34(1) of the Act (as in the attached Table 1).
  - (f) £166.39 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(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.
4. To note that the County Council, the Police Authority and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.
5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the

amounts of Council Tax for 2018/19 for each part of its area and for each of the categories of dwellings.

<b>VALUATION BANDS</b>
------------------------

**CHORLEY BOROUGH COUNCIL**

A	B	C	D	E	F	G	H
110.93	129.41	147.90	<b>166.39</b>	203.37	240.34	277.32	332.78

**LANCASHIRE COUNTY COUNCIL**

A	B	C	D	E	F	G	H
863.28	1,007.16	1,151.04	<b>1,294.92</b>	1,582.68	1,870.44	2,158.20	2,589.84

**POLICE & CRIME COMMISSIONER FOR LANCASHIRE**

A	B	C	D	E	F	G	H
118.30	138.02	157.73	<b>177.45</b>	216.88	256.32	295.75	354.90

**LANCASHIRE COMBINED FIRE AUTHORITY**

A	B	C	D	E	F	G	H
44.97	52.47	59.96	<b>67.46</b>	82.45	97.44	112.43	134.92

**AGGREGATE OF COUNCIL TAX REQUIREMENTS**

A	B	C	D	E	F	G	H
1,137.48	1,327.06	1,516.63	<b>1,706.22</b>	2,085.38	2,464.54	2,843.70	3,412.44

6. That the Statutory Finance Officer and his officers be authorised to take any action necessary to ensure collection and recovery of the Council Tax and Non-Domestic Rates.

7. As the Council’s basic amount of Council Tax for 2018/19 has increased by 2.99% and is in line with the permitted increase for 2018/19, it is considered not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

## EXPLANATION OF COUNCIL TAX SETTING RESOLUTION

### RESOLUTION 1

(a) Before we can calculate the Council Tax to be charged, we first have to calculate the Council Tax base. The Council Tax base is the amount which a Band D Council Tax of £1.00 would raise. For 2018/19 we estimate that a £1.00 Council Tax at Band D would raise £36,614.18 in the Chorley area.

(b) This shows the “base” figure for each Parish in the area. For example, a £1.00 Band D Council Tax in Adlington would raise £2,016.68.

### RESOLUTION 2

This shows the Council’s net spending for 2018/19 excluding the cost of Parish precepts.

### RESOLUTION 3

(a) This is the grand total of money which the Council estimates it will spend on all services in 2018/19. It also includes £709,757 which Parish Councils need to run their services.

(b) This is the grand total of money which the Council estimates it will receive from various sources in the year. This includes Central Government and business rates, car park charges, investment income, government grants in respect of benefits, etc.

(c) This is the difference between 2(a) and 2(b) and is in effect the Council’s and Parishes net spending on services.

(d) The difference between 2(a) and 2(b) is £7,495,240 and this is the amount we need to charge Council Taxpayers. This is divided by the base (see 1(a) above) and the resulting figure of £204.71 is the average Band D Council Tax for all Borough and Parish services.

(e) The total of all the amounts needed from Council Taxpayers by the Parish Councils in the area and for Chorley Borough Special Expenses.

(f) This is the Band D Council Tax for Chorley Borough Council’s own services, ie. excluding Parish Council spending and Special Expenses

### RESOLUTION 4

Lancashire County Council, Lancashire Fire Authority and the Police & Crime Commissioner for Lancashire are separate bodies who have worked out their own estimates of spending and income for 2018/19 and have set taxes in a similar way to Chorley Borough Council. This resolution notes their final decision.

**RESOLUTION 5**

This pulls together the Council Taxes for Chorley Borough Council, Lancashire County Council, the Police & Crime Commissioner for Lancashire and Lancashire Fire Authority. For example, the aggregate amount for Band D is £1,706.22 made up as follows:

	£
Chorley Borough Council	166.39
Lancashire County Council	1,294.92
Lancashire Police Authority	177.45
Lancashire Fire Authority	67.46

The rate for each property Band is calculated by reference to the Band D charge. The following ratios apply:

Band A	$\frac{6}{9}$ ths of Band D
Band B	$\frac{7}{9}$ ths of Band D
Band C	$\frac{8}{9}$ ths of Band D
Band D	$\frac{9}{9}$ ths of Band D
Band E	$\frac{11}{9}$ ths of Band D
Band F	$\frac{13}{9}$ ths of Band D
Band G	$\frac{15}{9}$ ths of Band D
Band H	$\frac{18}{9}$ ths of Band D

The aggregate charge for Band A, for example, the charge is  $£1,706.22 \times \frac{6}{9} = £1,137.48$ ; for Band B it is  $£1,706.22 \times \frac{7}{9} = £1,327.06$ .

**RESOLUTION 6**

Formally authorise the necessary staff to take legal action to collect arrears as and when this is necessary. **For the vast majority of taxpayers, this is not needed**



## Chorley Borough Council - Council Tax 2018/19

		Band A		Band B		Band C		Band D		Band E		Band F		Band G		Band H	
Lancashire County Council		863.28		1,007.16		1,151.04		1,294.92		1,582.68		1,870.44		2,158.20		2,589.84	
Chorley Borough Council (Excluding Special Expenses)		110.93		129.41		147.90		166.39		203.37		240.34		277.32		332.78	
Police & Crime Commissioner for Lancashire		118.30		138.02		157.73		177.45		216.88		256.32		295.75		354.90	
Lancashire Fire Authority		44.97		52.47		59.96		67.46		82.45		97.44		112.43		134.92	
<b>Sub Total</b>		<b>1,137.48</b>		<b>1,327.06</b>		<b>1,516.63</b>		<b>1,706.22</b>		<b>2,085.38</b>		<b>2,464.54</b>		<b>2,843.70</b>		<b>3,412.44</b>	
Parish and town councils	Total Parish precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept	Special Expenses	Parish Precept
Adlington	£18,500.00	3.37	5.51	3.94	6.43	4.50	7.35	5.06	8.27	6.18	10.11	7.31	11.95	8.43	13.78	10.12	16.54
Anderton	£5,000.00	1.44	6.36	1.68	7.42	1.92	8.48	2.16	9.54	2.64	11.66	3.12	13.78	3.60	15.90	4.32	19.08
Anglezarke	£0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Astley Village	£24,397.00	18.95	14.67	22.11	17.11	25.27	19.56	28.43	22.00	34.75	26.89	41.07	31.78	47.38	36.67	56.86	44.00
Bretherton	£13,010.00	-	28.57	-	33.34	-	38.10	-	42.86	-	52.38	-	61.91	-	71.43	-	85.72
Brindle	£6,800.00	3.27	9.51	3.82	11.09	4.36	12.68	4.91	14.26	6.00	17.43	7.09	20.60	8.18	23.77	9.82	28.52
Charnock Richard	£28,000.00	2.70	27.45	3.15	32.03	3.60	36.60	4.05	41.18	4.95	50.33	5.85	59.48	6.75	68.63	8.10	82.36
Clayton le Woods	£117,763.00	26.35	14.67	30.75	17.11	35.14	19.56	39.53	22.00	48.31	26.89	57.10	31.78	65.88	36.67	79.06	44.00
Coppull	£96,140.00	5.54	25.28	6.46	29.49	7.39	33.71	8.31	37.92	10.16	46.35	12.00	54.77	13.85	63.20	16.62	75.84
Croston	£24,040.00	6.48	14.14	7.56	16.50	8.64	18.85	9.72	21.21	11.88	25.92	14.04	30.64	16.20	35.35	19.44	42.42
Cuerden	£1,100.00	7.95	17.41	9.28	20.31	10.60	23.21	11.93	26.11	14.58	31.91	17.23	37.71	19.88	43.52	23.86	52.22
Eccleston	£46,960.00	3.39	18.27	3.95	21.31	4.52	24.36	5.08	27.40	6.21	33.49	7.34	39.58	8.47	45.67	10.16	54.80
Euxton	£160,709.00	11.89	23.89	13.87	27.87	15.85	31.85	17.83	35.83	21.79	43.79	25.75	51.75	29.72	59.72	35.66	71.66
Heapey	£9,220.00	12.15	15.83	14.17	18.46	16.20	21.10	18.22	23.74	22.27	29.02	26.32	34.29	30.37	39.57	36.44	47.48
Heath Charnock	£7,750.00	14.77	6.23	17.23	7.26	19.69	8.30	22.15	9.34	27.07	11.42	31.99	13.49	36.92	15.57	44.30	18.68
Heskin	£12,330.00	1.51	22.00	1.77	25.67	2.02	29.33	2.27	33.00	2.77	40.33	3.28	47.67	3.78	55.00	4.54	66.00
Hoghton	£6,000.00	4.78	11.06	5.58	12.90	6.37	14.75	7.17	16.59	8.76	20.28	10.36	23.96	11.95	27.65	14.34	33.18
Mawdesley	£29,613.00	0.94	25.40	1.10	29.63	1.25	33.87	1.41	38.10	1.72	46.57	2.04	55.03	2.35	63.50	2.82	76.20
Rivington	£2,500.00	-	28.77	-	33.56	-	38.36	-	43.15	-	52.74	-	62.33	-	71.92	-	86.30
Ulnes Walton	£6,125.00	-	15.58	-	18.18	-	20.77	-	23.37	-	28.56	-	33.76	-	38.95	-	46.74
Wheilton	£12,400.00	-	19.21	-	22.41	-	25.61	-	28.81	-	35.21	-	41.61	-	48.02	-	57.62
Whittle le Woods	£52,130.00	14.71	13.80	17.16	16.10	19.61	18.40	22.06	20.70	26.96	25.30	31.86	29.90	36.77	34.50	44.12	41.40
Withnell	£29,270.00	6.03	15.40	7.03	17.97	8.04	20.53	9.04	23.10	11.05	28.23	13.06	33.37	15.07	38.50	18.08	46.20
All other parts of the Council's area		18.62	-	21.72	-	24.83	-	27.93	-	34.14	-	40.34	-	46.55	-	55.86	-

PARISH COUNCIL PRECEPTS							
Parish Council	2017/18			2018/19			C Tax Increase
	Tax Base	Precepts £	Council Tax Band D (£)	Tax Base	Precepts £	Council Tax Band D (£)	
Adlington	1,984.42	18,500	8.41	2,016.68	18,500	8.27	-0.14
Anderton	484.82	4,900	9.50	493.09	5,000	9.54	0.04
Anglezarke	18.91	-	0.00	18.91	-	0.00	0.00
Astley Village	930.92	24,357	22.00	932.70	24,397	22.00	0.00
Bretherton	288.58	16,900	57.13	293.92	13,010	42.86	-14.27
Brindle	450.08	6,800	14.50	457.73	6,800	14.26	-0.24
Charnock Richard	670.65	28,000	41.24	671.55	28,000	41.18	-0.06
Clayton le Woods	4,708.06	115,035	22.00	4,832.09	117,763	22.00	0.00
Coppull	2,243.01	92,625	36.58	2,256.66	96,140	37.92	1.34
Croston	1,044.20	23,150	20.79	1,065.49	24,040	21.21	0.42
Cuerden	40.78	1,150	28.15	42.06	1,100	26.11	-2.04
Eccleston	1,640.80	45,726	26.87	1,653.93	46,960	27.40	0.53
Euxton	4,295.49	152,653	35.14	4,437.48	160,709	35.83	0.69
Heapey	371.25	9,140	23.74	374.60	9,220	23.74	0.00
Heath Charnock	798.65	7,750	9.28	793.62	7,750	9.34	0.06
Heskin	352.27	12,169	33.00	357.14	12,330	33.00	0.00
Hoghton	339.14	6,000	17.20	351.55	6,000	16.59	-0.61
Mawdesley	752.94	28,750	37.13	756.38	29,613	38.10	0.97
Rivington	52.60	2,500	44.32	54.02	2,500	43.15	-1.17
Ulnes Walton	247.92	5,999	23.37	253.27	6,125	23.37	0.00
Wheelton	404.94	12,262	29.21	415.44	12,400	28.81	-0.40
Whittle Woods	2,421.20	37,647	15.55	2,518.74	52,130	20.70	5.15
Withnell	1,196.59	29,270	23.22	1,203.08	29,270	23.10	-0.12
All other parts of the Council's area	10,195.42	-	-	10,364.05	-	-	
<b>TOTAL / AVERAGE</b>	<b>35,933.64</b>	<b>681,283</b>	<b>17.89</b>	<b>36,614.18</b>	<b>709,757</b>	<b>18.34</b>	<b>0.45</b>

**Special Expenses 2018-19**

Parish	Tax Base 2018/19 No	Borough General Expenses 2018/19 £	Borough Special Expenses 2018/19 £	Borough Services Council Tax 2018/19 £	Parish Precept 2018/19 £	Parish Top-up 2018/19 £	Parish Yield 2018/19 £	Band D Parish Charge 2018/19 £	Band D Parish Charge 2017/18 £	Change in Parish Charge 2018/19 %	Total Charge 2017/18 £	Total Charge 2018/19 £
Adlington	2,016.68	166.39	5.06	171.45	18,500	1,816	16,684	8.27	8.41	-1.66%	174.88	179.72
Anderton	493.09	166.39	2.16	168.55	5,000	294	4,706	9.54	9.50	0.42%	173.16	178.09
Anglezarke	18.91	166.39	-	166.39	-	-	-	-	-	0.00%	161.56	166.39
Astley Village	932.70	166.39	28.43	194.82	24,397	3,877	20,520	22.00	22.00	0.00%	211.16	216.82
Bretherton	293.92	166.39	-	166.39	13,010	414	12,596	42.86	57.13	-24.98%	218.69	209.25
Brindle	457.73	166.39	4.91	171.30	6,800	273	6,527	14.26	14.50	-1.66%	180.83	185.56
Charnock Richard	671.55	166.39	4.05	170.44	28,000	345	27,655	41.18	41.24	-0.15%	206.73	211.62
Clayton Le Woods	4,832.09	166.39	39.53	205.92	117,763	11,458	106,305	22.00	22.00	0.00%	221.94	227.92
Coppull	2,256.66	166.39	8.31	174.70	96,140	10,576	85,564	37.92	36.58	3.66%	206.21	212.62
Croston	1,065.49	166.39	9.72	176.11	24,040	1,440	22,600	21.21	20.79	2.02%	191.79	197.32
Cuerden	42.06	166.39	11.93	178.32	1,100	2	1,098	26.11	28.15	-7.25%	201.29	204.43
Eccleston	1,653.93	166.39	5.08	171.47	46,960	1,636	45,324	27.40	26.87	1.97%	193.36	198.87
Euxton	4,437.48	166.39	17.83	184.22	160,709	1,709	159,000	35.83	35.14	1.96%	214.01	220.05
Heapey	374.60	166.39	18.22	184.61	9,220	327	8,893	23.74	23.74	0.00%	202.99	208.35
Heath Charnock	793.62	166.39	22.15	188.54	7,750	335	7,415	9.34	9.28	0.65%	192.35	197.88
Heskin	357.14	166.39	2.27	168.66	12,330	544	11,786	33.00	33.00	0.00%	196.76	201.66
Hoghton	351.55	166.39	7.17	173.56	6,000	167	5,833	16.59	17.20	-3.55%	185.72	190.15
Mawdesley	756.38	166.39	1.41	167.80	29,613	794	28,819	38.10	37.13	2.61%	200.06	205.90
Rivington	54.02	166.39	-	166.39	2,500	169	2,331	43.15	44.32	-2.64%	205.88	209.54
Ulnes Walton	253.27	166.39	-	166.39	6,125	205	5,920	23.37	23.37	0.00%	184.93	189.76
Wheelton	415.44	166.39	-	166.39	12,400	432	11,968	28.81	29.21	-1.37%	190.77	195.20
Whittle Le Woods	2,518.74	166.39	22.06	188.45	52,130	-	52,130	20.70	15.55	33.12%	198.53	209.15
Withnell	1,203.08	166.39	9.04	175.43	29,270	1,483	27,787	23.10	23.22	-0.52%	193.56	198.53
Other parts of the Borough	10,364.05	166.39	27.93	194.32	-	-	-	-	-		188.68	194.32
	<b>36,614.18</b>	<b>166.39</b>	<b>19.98</b>	<b>186.37</b>	<b>709,757</b>	<b>38,296</b>	<b>671,461</b>	<b>18.34</b>	<b>17.89</b>	<b>2.52%</b>	<b>198.85</b>	<b>204.71</b>

**Note:**

£38,296 represents the top-up to Parish Precept income in respect of the Council Tax Support Scheme.

There is no change in the value of the Top-up payment from 2017/18

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# DELIVERING OUR PRIORITIES

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Chorley Council  
Medium Term Financial Strategy  
2018/19 to 2020/21

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## FOREWORD



**Councillor Peter Wilson**  
Deputy Leader of  
Chorley Council

We are committed to providing the best possible services for residents however we have to get the balance correct between delivering the very best for the borough and meeting the financial challenges we face.

Through fundamental reviews of services, reducing the costs of contracts and by generating additional income the council has managed to bridge the budget gap year-on-year.

Unfortunately the squeeze on the council's funding will continue and over the coming three years we expect funding to fall by over £3m. By next year our Government grant will completely disappear and after that the Government will be making the council pay them money. As a result of Government policy changes, the grant funding we receive from building new homes will fall by £800k next year, making the total reduction £1.5m in the last two years alone.

In light of this and to continue to deliver our services we are asking for an average band D household to pay an extra ten pence per week in council tax. It is only the second time in nine years that the council has increased council tax and Chorley's rates remain one of the lowest in Lancashire.

Looking further forward, the council has plans in place to meet the financial challenges it faces. The council has always been innovative when delivering its services and that is why we will continue to transform services to deliver efficiencies as well as investing in income generating projects such as the extension to Market Walk or the delivery of rented affordable housing.

The uncertainty surrounding the budget increases over time but the council will continue to deliver its priorities as set out in this Medium Term Financial Strategy to make Chorley a better place for everyone.

## **CHORLEY COUNCIL MEDIUM TERM FINANCIAL STRATEGY 2018/19 to 2020/21**

### **INTRODUCTION**

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

### **FINANCE AND CORPORATE PLANNING**

2. Within the framework of legislation and Government controls, local authorities retain responsibility for determining the level of their budgets and how those budgets will be spent, subject to legislation and grant conditions.
3. The purpose of the Council's budget is;
  - To enable the Council to fulfil its statutory duty to set a Council Tax each financial year
  - To ensure that use of the Council's financial resources is planned and that a balanced budget is set in 2018/19.
  - To set financial targets for service managers against which their use of financial resources can be measured and controlled.
  - To facilitate the delivery of the council's corporate strategy and subsequent priorities by allocating resources between services according to agreed strategies and plans.
4. The first is a statutory requirement and the Council's, if it does nothing else, must fulfil this obligation. All these points are important especially the last regarding the delivery of the council's corporate strategy. It means that Finance always needs to be seen in the context of other Council plans, whether at service level or, ultimately, at corporate level. Chorley Borough Council will wish to ensure that its financial resources, subject to all other constraints, are allocated in accordance with Council priorities.
5. In practice there are a number of constraints that might prevent the council from spending purely in accordance with its current priorities, for example:-
  - Government constraints over use of resources
  - Legal requirements to provide certain services
  - Financial and legal commitments, and other agreements, e.g. staff contracts
  - Costs incurred in implementing change



- Limited availability of resources
- Time needed to plan for change
- Pressure to maintain and improve services and not to cut back

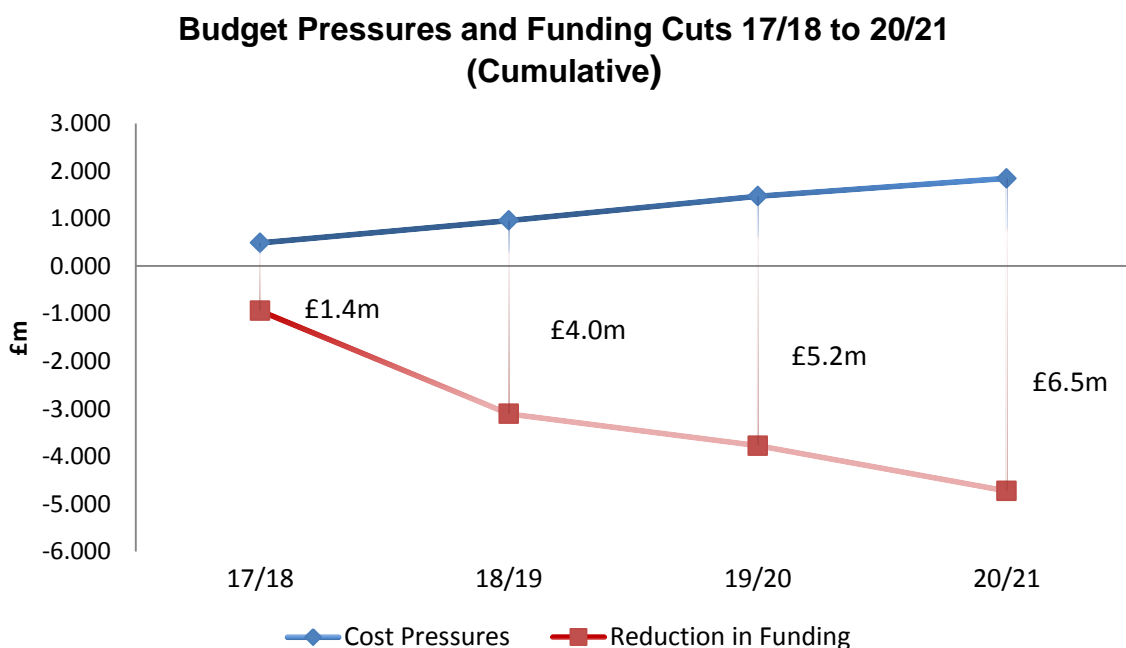
6. It is important for the council to recognise these constraints and to plan the use of resources over the short and medium term.

**THE FINANCIAL CONTEXT**

7. Setting the Council’s annual revenue budget has been a challenging process for a number of years. The reductions in Government support as contained in both the 2010 and 2015 Spending Reviews have resulted in an unprecedented level of savings and additional income being required. This, coupled with budget pressures, has meant that savings and additional income of £3.5 million have been delivered since 2014/15.

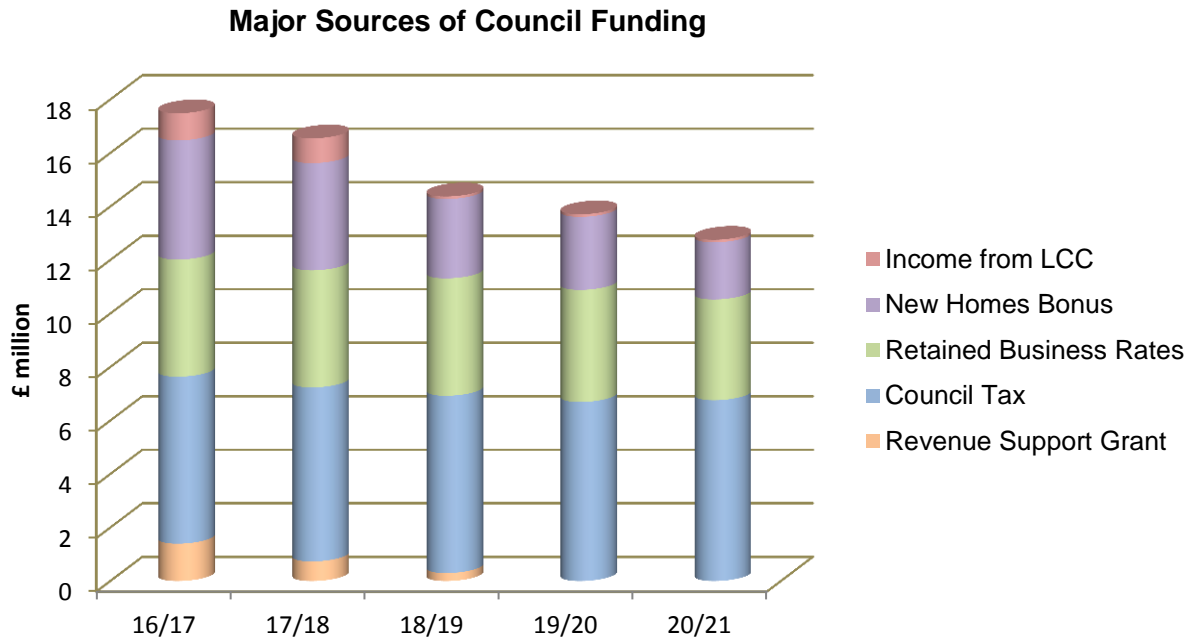
8. The challenge to balance the budget continues over the short term and becomes increasingly difficult in the medium term. On 6 February 2018 the Government published the Final Local Government Finance Settlement of 2018/19. The Government will continue with the removal of the Revenue Support Grant (RSG) and include an additional tariff on business rates (negative RSG) in 2019/20. Allocations of New Homes Bonus will be reduced to 4 years in 2018/19 onwards with a further reduction through the ‘deadweight adjustment’. The greatest uncertainty comes from the expected change to business rates retention in 2020/21 and review of the fair funding formula.

9. The chart below emphasises the scale of the challenge the Council faces in bridging the budget gap over the next 3 years. If the Council took no actions it would face a £6.5m budget deficit in 2020/21.



**Changes in the Level of Funding**

10. Chorley Council has experienced, and will continue to experience in the coming 3 years, large reductions in its major funding sources. The reductions in the largest funding sources are outlined in the chart below.



Revenue Support Grant

11. On 16 November 2016 the Council received confirmation from the Ministry for Housing Communities and Local Government (MHCLG) regarding its four year RSG settlement. 2018/19 will be the final year that the council receives an RSG allocation of £299k after which the council will receive a further reduction of £455k in 2019/20 through a £299k reduction in RSG and an assumed £156k increase in the business rates tariff.

New Homes Bonus

12. The 2016 consultation regarding New Homes Bonus resulted in allocations falling from six years to four years as well as allocations not been received for the first c150 homes built (the deadweight adjustment). The reductions in new homes bonus will continue due to:
- higher than average annual allocations dropping out of the four year funding cycle, such as the £1m 2016/17 allocation dropping out in 2020/21;
  - an assumed slowing down of housing expansion in the borough in the coming years.

13. The provisional finance settlement announced on 19 December 2017 confirmed that there would be no further changes to the methodology through which new homes bonus is allocated in 2018/19. This provides the council with certainty regarding the 2018/19 allocation however MHCLG retains the flexibility to adjust the allocation methodology from 2019/20 onwards including the possibility for allocations to be reduced for every home built after a planning decision is overturned on appeal.

Lancashire County Council

14. Income from Lancashire County Council will drop significantly in 2018/19 as the £930k income through the Lancashire Waste Partnerships cost share arrangement comes to an end. The introduction of the subscription based garden waste collection scheme in 2017/18 was put in place to mitigate this reduction in income. The remaining funding from LCC in 2018/19 to 2020/21 will be £96k per annum towards the maintenance of highway green space that is managed within current council resources.

Council Tax

15. Chorley Borough has experienced a huge expansion in housing over the past few years. The growth in has resulted in an expansion of the council tax base. Growth in the base, excluding increases in the rate of council tax, are summarised below:

	2015/16	2016/17	2017/18	2018/19	2019/20 Forecast
New Band D equivalent dwellings brought in base	1,259	677	751	680	c.560
Growth (year-on-year)	3.8%	2.0%	2.1%	1.89%	1.50%
Additional council tax income to CBC each year	£223k	£120k	£133k	£123k	£99k

16. Chorley Borough has experienced fast expansion of housing over the past few years, over twice as much as Lancashire on average. Although the expansion results in additional income for the council it is clear from the table above that the additional income is insufficient to meet the inflationary pressures and funding reductions experienced by the Council.
17. The Council expects a slowdown in house building over the coming three years as larger housing development sites are already nearing completion and new sites in which to develop housing become increasingly scarce. However it should be noted that between April 2017 and March 2022 there were 2,700 dwellings that have not yet been built (including those under construction) which have planning permission. A prudent 1.5% expansion of the base is forecast in 2019/20 and 2020/21.

18. Government policy has changed in the past couple of years from encouraging councils to freeze council tax to encouraging councils and other preceptors to increase council tax to offset the reductions in funding. As a result of this policy whereby funding is linked to the additional income that can be generated through council tax, the expansion of Chorley Borough Council's council tax base has resulted in a faster reduction in the council's grant funding resulting in 2018/19 being the final year it will receive an RSG allocation.
19. As part of the Provisional Local Government Finance Settlement for 2018/19 the Government announced changes to the Council Tax referendum principles. District councils are now permitted to increase Council Tax by up to 2.99% without triggering the need for a referendum. The Government has deferred the decision to extend the Council Tax referendum principles to Parish Councils for three years.

### Business Rates

20. The level of business rates income retained by the council remains the largest uncertainty in terms of funding levels over the medium term period. Chorley Council is a tariff authority meaning it pays over an amount to central government rather than receiving a top-up payment. Of the £24.8m Non-Domestic Rating income collected in 2017/18, Chorley Council's local share is 40% (£9.9m). However, this is reduced by payment of the £6.2m tariff to central government leaving £3.6m for Chorley Council. Within this income figure is an element of growth of rates income above the **baseline funding level**. For non-pool authorities, a 50% levy of the growth is payable to central government. In 2017/18 the full levy would have reduced this council's retained rates income to £2.9m, being about 11.8% of total NDR Income. Through membership of the Lancashire Business Rates Pool, 90% of the levy is retained by the council, and 10% paid to the pool rather than central government. This increases retained rates income to £3.6m, which is about 14.7% of total NDR Income in 2017/18.
21. In February 2017 the government issued its response to the 100% business rates retention consultation. It was still the intention of government to implement the scheme in 2019/20; however the Local Government Finance Bill has been dropped from the legislative programme, leaving plans for business rates retention in limbo. It is not clear that moving to 100% business rates retention would necessarily benefit a tariff authority in a business rates pool. Though this council retains only £3.6m out of £24.8m under current arrangements, 100% retention would not mean that our retained rates income would increase to £24.8m because a redistribution mechanism to replace the tariff would be required to fund upper tier services. The 100% scheme may result in wider pooling arrangements across a larger geographical area bringing with it more risk to the level of business rates retained by the pool. In addition it could result in a less favourable split between lower and upper tiers meaning more retained business rates income is paid to LCC.

22. Unfortunately there is no further clarity on how the reforms to the business rates regime will affect Chorley Council in 18/19 to 20/21. Announcements that have been made regarding business rates are as follows:
- From April 2018, CPI will be used to uprate the multiplier for business rates, rather than RPI, bringing forward the change already announced from April 2020;
  - The business rates revaluation cycle will switch from five years to three years. This should mean that, following the planned 2022 revaluation, the next revaluation will be in 2025. Although more regular revaluations will provide a more accurate business rates base it could also erode any growth in retained business rates making investing in business rates expansion less appealing;
  - The Secretary of State stated that local business rates retention would move from 50% to 75% in 2020/21. This is understood to mean all authorities would be at 75%, rather than the 75% being an average. However, during this time there will also be a fair funding review that will inform how funds will be redistributed (as they currently are using top-up and tariffs). As such it is not possible at this time to model how the 75% retention will affect Chorley Council.
23. As CPI is lower than RPI the expansion of the business rates base will slow, the government has made a commitment to compensate councils fully for this change in 2018/19 and 2019/20 by paying S31 Grant to replace the income foregone. It is not clear whether this will extend to 2020/21 and therefore whether the level of retained business rates will reduce in 2020/21 onwards.
24. A large risk associated with business rates income relates to two applications for mandatory charitable relief received from Lancashire Teaching Hospitals NHS Foundation Trust. If successful the application would be back dated to 2010 and therefore have a significant impact on the Council's revenue budget. A headline figure is a potential £1.5m impact on the Council's general fund and a further c£200k reduction in ongoing retained business rates. The LGA is representing affected councils nationwide and retain the view that NHS trusts and foundation trusts are not charities and therefore not eligible for mandatory non domestic rate reliefs.
25. For the reasons highlighted above the council will assume no increase in its retained business rates budget. Although the council will continue to focus resources on expanding local businesses, there are still large uncertainties that may erode progress on retained business rates income. Until further information becomes available, the council will continue to assume it is part of

the Lancashire Business Rates Pool in 2019/20 and that it will continue to benefit, albeit by a lesser amount, in 2020/21 from business rates retention.

### **Inflation and Other Cost Pressures**

26. The Council, like its residents, will continue to experience cost pressures in 2018/19 to 2020/21. The estimates for 2018/19 are based upon the most recent announcement of actual pay award, future years are based upon the fact that pay increases are on average estimated to be 2% in 2018/19, 2019/20 and 2020/21. Two of the three local government trade unions will reject the 2% pay offer from employers as it is less than the rate of inflation. A final settlement is not likely to be reached until 2018/19 and so any potential shortfall in the budget will be dealt with through the 2018/19 budget monitoring process.
27. The council is experiencing large inflationary increases in the cost of its major contracts. These contracts, including waste & recycling and leisure management, are increased in line with RPIX that currently stands at approximately 4%.
28. As part of a triennial pension review conducted last year, in order to meet the future costs of the scheme, employer pension contributions increased from 11.1% to 14.4% in 2017/18 and will remain at this level in 2018/19. The council's contribution to the deficit is assumed to be made over 19 years however Chief Finance Officers in Lancashire have written to the Lancashire Pension Fund to consider whether contributions could be made over a longer period as has been experienced in other funds throughout the country. If this is agreed there is the potential for contributions to the pension fund to be lower than currently budgeted in 2020/21.

### **PLANNING AND DELIVERY OF THE COUNCILS CORPORATE STRATEGY**

29. Despite these financial challenges Chorley Council continues to deliver projects that meet the priorities of its residents. These projects are outlined as part of the Council's Corporate Strategy. The Corporate Strategy provides a clear statement of what the Council aims to achieve over the next three years. The strategy sets out not only the Council's vision, priorities, and long term outcomes for the period 2017/18 to 2019/20 but also priority activities to be delivered through the corporate projects and how we intend to measure success over the year ahead. The Corporate Strategy identifies our key priorities as a Council which are: -
  - a. Involving residents in improving their local area and equality of access for all;
  - b. Clean, safe and healthy communities;
  - c. A strong local economy; and

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

#### CORPORATE STRATEGY 2017/18 TO 2018/19

30. Chorley Council corporate strategy 2017/18 to 2018/19 was approved by Full Council on 21 November 2017. The focus of the Corporate Strategy to date has been on delivering schemes and initiatives that achieve visible and tangible outcomes against corporate priorities. All long term outcomes will be retained for 2017/18 to reflect a continued commitment to the priorities under which the administration were elected, ensuring the long term impact of strategic activity and investment. Resident feedback continues to positively reinforce activity towards meeting the priorities which remain critical given the current climate of budget reductions.
31. Outlined below is the Council's Corporate Strategy as well as just a few of the key projects that will be delivered over the next 3 years. The Medium Term Financial Strategy delivers a budget that is robust and sustainable and that also delivers both the capital and revenue commitments required to deliver the corporate strategy priorities.
32. Table 1 at the end of this section details the year-on-year revenue investments that the Council continues to deliver despite the financial challenges it faces. These deliver services that matter most to our residents including;
  - Crime reduction and social disorder prevention
  - The Chorley Council events programme
  - Funding of neighbourhood preferred projects selected by residents
  - Encouraging digital inclusion
  - Improving enforcement services
  - Delivering more support to the homeless and those at risk of becoming homeless
  - Protecting services put at risk by cuts to funding and budget pressures at Lancashire County Council

# Corporate Strategy 2017

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

### We will:

- Transform the way the council delivers services
- Deliver a borough wide programme of improvements to street services
- Integrate public services through the Chorley Public Service Reform Partnership



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

### We will:

- Improve the look and feel of local neighbourhoods across the borough
- Develop Astley Hall and park as a visitor destination
- Support people from across the borough to be digitally included

## A strong local economy

### We will:

- Bring forward key sites for development
- Deliver the Market Walk Extension
- Deliver a borough wide programme to help people overcome barriers to employment

## Clean, safe and healthy homes and communities

### We will:

- Deliver the Primrose Gardens retirement village
- Deliver the Youth Zone
- Develop a strategy for housing in Chorley and implement a programme of work

## Our vision:

A proactive community leader, supporting the borough and all its residents to reach their full potential through working in partnership to deliver services that achieve the best outcomes and protect vulnerable people.



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

## Our achievements:

We continue to lead the way in developing effective and sustainable public services that will meet the needs of our residents in years to come. Through the Chorley Public Service Reform Partnership we have invested £100k to develop new, innovative ways of working including establishing an Integrated Community Wellbeing Service in partnership with Lancashire Care Foundation Trust to support residents to stay well and tackle issues the earliest possible stage. We've also undertaken pioneering projects to bring partners together around shared priorities including a multi-agency service hub based at the fire station, supporting over 100 vulnerable individuals and achieving savings to public services of £700,000 over a 6 month period.

Chorley Public Service Reform Programme



## Looking ahead:

We will work even more closely with our partners to make new ways of working part of how we do things every day. As an organisation, we will change the way that we operate to become even more efficient and achieve further savings of £3m in addition to £3m savings since 2016 through a range of measures including modernising our streetscene services and reviewing our major contracts.

We will also continue to commit £115,000 of our base budget to protecting vital services at risk as a result of county wide cuts, including local and rural bus routes. At the same time we will maintain high levels of resident satisfaction with over 84% of residents satisfied with their local area as a place to live.

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

## Our achievements:

In 2017/18 we've invested £40,000 in digital inclusion, supporting residents from across the borough to access services online by delivering digital training sessions at venues across the borough including new hubs located in our community centres. We will continue this investment in 2018/19.

We have delivered a programme of events that has made residents feel proud of the borough and brought hundreds of thousands of pounds into the local economy. We have encouraged more people to get involved in volunteering, which has supported projects such as the Chorley in Bloom group and helped us win national awards for the appearance of our borough.



## Looking ahead:



### Develop Astley Hall and Park as a visitor destination

The Council's ambitious capital programme includes significant investment to deliver an 'Astley 2020' vision, commitments include:

- £40k renovation of Astley Park tennis courts
- £80k investment in expanding and improving the Hallgate car park
- £200k match funding as part of a £1.8m of Heritage Lottery Fund additional services such as
- £140k investment in footpath lighting
- £100k investment in making Astley Park a high quality setting in which to host events

### Improve the look and feel of local neighbourhoods across the borough

The Council invests £50k a year towards delivering neighbourhood priority projects, identified by the community, to improve their local neighbourhood. A programme of 24 projects, have included delivering sessions with Homestart to support residents in Chorley Town West and working with partners to create new footpaths in Western parishes.

## Our achievements:

In 2017/18 we have invested over £1 million in community projects right across the borough from Clayton to Coppull and Croston to Charnock Richard. This includes the improvements we have made to our parks and open spaces with new play equipment, better access and facilities including over £200,000 to improve car parking at Yarrow Valley. We have also delivered a programme of events that has made residents feel proud of the borough and put hundreds of thousands of pounds into the local economy.

The Council continues to invest in supporting residents that require help with their housing including an £850k refurbishment & extension to the sheltered accommodation at Cotswold House completed in 2017/18. The Council will continue to deliver supported services from Cotswold House despite the loss of funding from LCC

## Looking ahead:

Chorley Council is delivering the £10m Primrose Gardens retirement village development in Chorley town centre. This will be a flagship, high quality purpose-built accommodation scheme, with community facilities that will meet the needs of older 55+ Chorley residents seeking independent living. The village will house 65 high quality self-contained rooms as well as a dance studio and café, expected to open in March 2019.

In addition, the council will continue to manage the delivery of over £600,000 of adaptations to the homes of residents with disabilities and has committed an additional £50,000 per year to help residents that are at risk of becoming homeless.



### The Chorley Youth Zone,

The centre, named by young people as 'Inspire', will be a purpose-built facility for the borough's young people aged 8 to 19, and up to 25 for those with disabilities.

Chorley Council has invested £1m to this facility in partnership with On Side and LCC. The construction of the Youth Zone is almost complete and is due to open in May 2018. The Council will continue to support the Youth Zone by contributing £100k per annum to meet its running costs.

## Our achievements:

Chorley Council is committed to delivering a strong local economy for the borough and better economic prospects for our residents. This year we have supported hundreds of businesses with advice and grants meaning we have been able to keep people in jobs and create new ones. We have also worked intensively with residents to support them back into work with 30 individuals securing paid employment as a result.

## Looking ahead

We have progressed plans to develop employment sites throughout the borough including the acquisition of approximately 30 acres of employment land with £700,000 set aside to develop the masterplans and works to bring these sites into use, unlocking their potential with scope to deliver over 1,000 local jobs and over £1m of business rates to support future income and revenue streams for the council. The Council has also been instrumental in bringing forward the Botany Bay masterplan & subsequent outline planning application that gained approval in July 2017. The plan will develop a mixed site for retail and housing.



The Council’s capital programme includes an ambitious £16m scheme to deliver the extension to Market Walk Shopping Centre and enhance the town centre parking provision. This project builds on the already successful £23m acquisition of the town centre shopping parade that generates approximately £900k net income to the Council.

Once built and fully occupied the extension is estimated to generate an additional £300k net income to the Council. We will continue to work closely with residents and traders to ensure that the development works for everyone.

**Table 1: Recurrent Investments Included in the Base Budget from 2018/19 Onwards**

RECURRENT ITEMS	COMMENT	18/19 Ongoing Budget
Crime Reduction and Social Disorder Prevention Fund	The council will commit £110k per annum towards community safety measures to ensure that we continue to deliver against our corporate priority of clean, safe and healthy communities, in light of reduced government funding for the Police and reported increases in crime.	£110,000
Chorley Council Events Programme	The council's programme of award winning events continues to demonstrate significant benefits for the borough, attracting new visitors and raising the profile of Chorley. The budget will enable the continuation of the programme with a focus on those events that deliver the greatest economic impact.	£125,000
Neighbourhood Preferred Projects	Neighbourhood working reflects the councils' commitment to improving local places and spaces, enabling local people to agree the priorities for their area and deliver projects to make improvements. This budget will continue the delivery of neighbourhood working across the eight neighbourhood areas.	£50,000
Digital Inclusion Officer	This ongoing budget will ensure that all residents are able to access high quality public services and take an active part in their community. This budget will support and enable the delivery of the Council's digital strategy including digital inclusion activity.	£20,000
Chorley Works	Access to high quality employment and education opportunities is a priority for the Council. Chorley Works has been successful in delivering a number of employment-related interventions for local residents and going forward will form part of a wider wellbeing support offer for residents, providing help with skills for work and employment opportunities.	£39,000
Employee Health Scheme	Maintaining positive levels of staff wellbeing is important to ensuring a productive and efficient workforce, therefore this budget will continue the current healthcare cash plan scheme or a further year.	£20,000
Enhanced Enforcement Team	The new enforcement team brings together a range of functions including building control, licensing, empty properties, planning enforcement, four neighbourhood officers and 2.4 FTE customer service advisors. The new team will strengthen and improve the council's enforcement services, refocus the work of four neighbourhood officers and demonstrate the council's commitment to taking a more proactive approach to enforcement.	£44,500
Enhanced Homelessness Service	This budget will support the council's response to the requirements of the new Homelessness Reduction Bill by putting in place the necessary resources to fulfil new obligations for homelessness prevention.	£50,000
Refresh of the Local Plan	The council will be refreshing the local plan over the coming 3 years. This provision is put in place to support the refresh process with the majority of the costs, including staffing, assumed to be shared with South Ribble Borough and Preston City Councils. £100k represents Chorley Council's share of the annual ongoing costs.	£100,000
Ongoing fund to maintain services previously delivered by LCC	Chorley Council will continue its commitment to subsidise the running of key bus routes in the borough to mitigate the impact of county wide cuts and ensure that residents can access to the town centre and rural areas.	£115,000
<b>TOTAL RECURRENT INVESTMENTS</b>		<b>£673,500</b>

**MEETING THE FINANCIAL CHALLENGE – THE TRANSFORMATION STRATEGY**

33. The last medium term financial strategy reported to Full Council on 28 February 2017 set out the Council’s approach in meeting the financial challenges over the period 2017/18 to 2019/20. The Council’s Transformation Strategy was put in place to focus on bridging the gap and delivering a balanced budget through:
- Renegotiation of Contracts
  - Productivity Savings
  - Income Generation
34. Since February 2017 the Council has continued working towards delivering the transformation strategy. A Transformation Board has been set up to oversee this delivery.

**THE TRANSFORMATION BOARD**

35. The purpose of the Transformation Board is to:
- Monitor project progress and issues
  - Ensure proposals meet with the overall objectives of the Transformation Strategy and anticipated savings
  - Consider dependencies between projects to make sure that activity is coordinated (particularly with regard to consultation/service reviews) and monitor overall demands on capacity
36. There are currently over 16 separate projects that the transformation board monitors and supports in order to deliver the transformation strategy.

**WHAT IS THE BUDGET GAP?**

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

**Table 2: Gross Cumulative Budget Deficit**

	2018/19 £m	2019/20 £m	2020/21 £m
<b>Gross Cumulative Budget Deficit</b>	<b>0.870</b>	<b>2.502</b>	<b>3.277</b>

37. All deficits and savings identified in Table 2 and in the remainder of this report are cumulative. For example the deficit of £2.502m in 2019/20 identified above is the result of a £0.870m deficit in 2018/19 and further budget pressures of £1.632m identified for 2019/20.

### **WHAT HAS BEEN ACHIEVED?**

38. The short term focus for the Council is to bridge the budget gap in 2018/19. To eliminate this immediate budget gap the Executive Cabinet has achieved and identified proposals for £0.345m of immediate budget savings in preparation for 2018/19. This is in addition to a total of £3.229m savings already achieved in prior years, summarised below in Table 3.

**Table 3: Savings and Additional Income 2014/15 to 2018/19**

<b>Saving/Increased Income</b>	<b>Achieved 2014/15 £m</b>	<b>Achieved 2015/16 £m</b>	<b>Achieved 2016/17 £m</b>	<b>Achieved 2017/18 £m</b>	<b>2018/19 £m</b>	<b>Total £m</b>
Productivity Savings	0.367	0.017	0.314	0.207	0.220	<b>1.125</b>
Review of Contracts	0.035	0.200		0.059		<b>0.294</b>
Review of Base Budget	0.094	0.045	0.128	0.100	0.075	<b>0.442</b>
Review of Income Streams	0.442	0.446		0.050	0.050	<b>0.998</b>
Lancashire Business Rates Retention Pooling			0.725			<b>0.725</b>
<b>Saving/Increased Income</b>	<b>0.938</b>	<b>0.708</b>	<b>1.167</b>	<b>0.416</b>	<b>0.345</b>	<b>3.574</b>

### **Savings Achieved for 2018/19**

39. Budget efficiency savings and increased income totalling £345k have been identified to help reduce the budget deficit in 2018/19. This is in addition to a review of reserves and financing that has identified one-off reductions in the budget deficit for 2018/19 of £400k and £150k respectively.

- Base Budget Review (£75k) – The management accounts team in conjunction with service managers have identified £75k of budgets that are underutilised or no longer required moving forward. The larger savings come from underutilised IT equipment and software budgets as well additional external funding for the maintenance of play areas.
- Review of Fees and Charges (£50k) – a fees and charges report was approved by Executive Cabinet on 18 January 2018 that recommended increasing some of the Council's fees and charges to bring them in line with the cost of providing the services. This is forecast to generate an additional £50k income in 2018/19 and therefore reduce the subsidy the council tax payer is making towards these services and instead fund other key services.

- Productivity gains (£220k) – a report to Executive Cabinet on 14 December 2017 outlined the proposed changes to be made to the Business, Development and Growth directorate. The changes will allow the directorate to be resourced to deliver its corporate strategy priorities including the delivery of income generation projects, the success of these projects being essential in balancing the budget in the latter stages of the MTFs. In addition, the new structure will deliver £200k efficiency savings and successfully meet the target set as part of the transformation strategy. Over and above this £200k saving, a review of overtime payments across the council will result in a reduction in overtime budgets of £20k.

#### *Review of Reserves and Other One-Off Savings*

- Review and use of unutilised reserves (£400k) – a review of all reserves was undertaken in 2017/18 in order to free up resources to meet the budget deficit in 2018/19. The review has successfully identified £400k of unutilised reserves. This includes £300k of new homes bonus that was set aside to match fund a European funded employment support project. Unfortunately the European funding was not approved and as a result an alternative employment support service will now be delivered using existing council resources.
- Review of net financing (£150k) – a review of the Council's capital programme has resulted in identifying a reduced need for borrowing in 2018/19. This is the result of the council's continued access to low interest rate borrowing and a more detailed understanding of the profiling of capital expenditure in the coming 18 months. It is expected this will save £150k in 2018/19 with further potential one-off savings of £100k in 19/20 and 20/21 however this will be reviewed each year.

#### *Council Tax*

40. The Council is proposing a 2.99% increase in council tax in 2018/19 and 2019/20, and a 2% increase in 2020/21. An increase, together with further savings options, would not only help to address the budget deficit but also be used to invest in projects that support delivery of the Council's corporate priorities.
41. Government policy has changed in the past couple of years from encouraging councils to freeze council tax to encouraging councils and other preceptors to increase council tax to offset the reductions in funding. As a result of this policy, whereby Government funding is linked to the additional income that can be generated through council tax, the expansion of Chorley Borough Council's council tax base has resulted in a faster reduction in the council's grant funding resulting in 2018/19 being the final year it will receive a Revenue Support Grant allocation.



42. The provisional finance settlement 2017 recognised the increasing inflationary budget pressures councils are experiencing and as a result announced an uplift in the cap on council tax increases. This now means district councils can increase council tax by up to 3% in 2018/19 and 2019/20 without triggering a referendum. As outlined in this report, whilst the council continues to deliver efficiency savings, it also continues to experience reductions in funding and inflationary budget pressures. To continue to fund investments that deliver corporate strategy priorities the council is proposing to increase council tax by 2.99% in 2018/19 and to model increases of 2.99% in 2019/20 and 2% in 2020/21.
43. It is important to note that through freezing or reducing council tax in previous years, Chorley Council has one of the lowest precepts (excluding Parish precepts) in Lancashire as per the table below.

<b>District Council</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>Increase 2017/18</b>
Chorley	177.41	180.96	2.00%

Burnley	277.76	283.04	1.90%
Fylde	190.77	195.76	2.62%
Pendle	245.16	250.16	2.04%
Preston	290.73	296.51	1.99%
Ribble Valley	145.69	145.69	0.00%
South Ribble	208.38	208.38	0.00%
West Lancashire	186.76	191.76	2.68%
Wyre	183.31	188.31	2.73%

44. Increases in council tax do have a significant, cumulative and permanent effect on the budget deficit even over a short term period. Cumulative additional income the Council could generate from increases in council tax is shown in Table 4.

**SUMMARY OF PROPOSALS**

45. Table 4 illustrates that through savings achieved to date, additional income identified, a review of net financing, the use of unutilised reserves and increases in council tax the Council is able to set a balanced budget in 2018/19 with some resources available to invest. The next section of this report describes what additional investments are made possible in 2018/19 as a result of the available resources in 2018/19.

**Table 4: Cumulative Budget Deficit**

	2018/19 £m	2019/20 £m	2020/21 £m
<b>Gross Budget Deficit</b>	<b>0.870</b>	<b>2.502</b>	<b>3.277</b>
Review of Fees and Charges	(0.050)	(0.060)	(0.060)
Base Budget Review	(0.075)	(0.100)	(0.125)
Review and Use of Unutilised Resources	(0.400)	0	0
Review of Net Financing	(0.150)	(0.100)	(0.100)
Productivity Savings Achieved for 2018/19	(0.220)	(0.220)	(0.220)
2.99% Increase Council Tax 2018/19, 2.99% in 2019/20 & 2% in 2020/21	(0.198)	(0.408)	(0.559)
<b>Adjusted Budget Deficit/(Available Resources)</b>	<b>(0.224)</b>	<b>1.614</b>	<b>2.213</b>

**UTILISING RESOURCES AVAILABLE IN 2018/19**

46. As well as the £673k of investment funding built into the base budget, the Council has identified one-off provisions to fund projects that will further deliver the Council's corporate strategy priorities in the next financial year. A £224k investment project fund will be created for 2018/19 to meet the funding requirements of projects outlined in table 5.

**Table 5: Additional One -Off Investments from Available Resources in 2018/19**

<b>ONE-OFF INVESTMENTS</b>	<b>COMMENT</b>	<b>18/19 ONLY</b>
Community development and volunteering (SPICE)	This budget will provide a contribution to SPICE for time credits infrastructure which includes access to the national earn and spend programme as well as an IT platform, expertise and evaluation.	£40,000
Support for the third sector	The funding will support the development of the third sector in Chorley to include facilitating communication with the wider network and representing the sector on key groups and bodies.	£15,000
Support to Food Provision Schemes	This budget will provide a contribution to the food bank in Chorley to provide food parcels, nutritious meals and other related assistance to those in most need as part of early intervention.	£15,000
16/17 Young Person's Drop In Centre	The budget will extend the current drop in service for young people at risk of homelessness, providing mediation and support with the aim of keeping young people at home as part of early intervention and prevention.	£15,000
In Bloom	A contribution to the In Bloom initiative to provide enhanced Streetscene provision across Chorley, supporting the work of the Chorley In Bloom group and increasing the attractiveness of the wider borough so that people take pride in their area.	£20,000
Supporting Communities to Access Grant Funding	The budget will pay for access to online grant funding search facilities, Grant Finder and Chorley4Community, to enable local third sector groups and organisations to secure funding as part supporting of a sustainable sector.	£4,500
Disabled and Dementia Online Venue Access Guides	This funding is for online venue access guides currently provided by Disabled Go, supporting and promoting the councils commitment to ensuring accessibility for all residents.	£5,000
Accommodation Finding Service	The accommodation finding service provides additional support for the housing options team in meeting our statutory duties. This budget will extend the current provision for a further year.	£30,000
Mediation Service for Anti-Social Behaviour	The budget will maintain access to third part mediation support for neighbourhood level concerns as part of early intervention and prevention for a further year.	£14,000
Employability Support Programme	Funding for a project to support individuals with multiple barriers to work over and above the current Chorley Works provision, to be delivered through the Early Intervention and Support directorate.	£65,000
<b>TOTAL ONE-OFF EXPENDITURE IN 18/19</b>		<b>£223,500</b>

**MEETING THE MEDIUM TERM FINANCIAL CHALLENGE****Table 6: Revised Medium Term Deficit**

	2018/19 £m	2019/20 £m	2020/21 £m
<b>Adjusted Budget Deficit/(Available Resources)</b>	<b>(0.224)</b>	<b>1.614</b>	<b>2.213</b>
One-off 2018/19 Investment	0.224	0.000	0.000
<b>Adjusted Budget Deficit/(Available Resources)</b>	<b>(0.000)</b>	<b>1.614</b>	<b>2.213</b>

47. Despite the budget savings identified in this report, as outlined above in Table 6 there remains forecast budget deficits of £1.614m in 2019/20 and £2.213m in 2020/21. To achieve a sufficient reduction in net expenditure the Council's strategy, to be overseen by the Transformation Board, will be:

- 1. To realise savings through the procurement of its contracts**
- 2. To identify the efficiencies through shared services and alternative delivery models that will enable the Council to balance the budget whilst seeking to minimise the impact on front line service users**
- 3. To make the Council more financially self-sufficient with specific emphasis on creating investment that generates income. This includes the extension to Market Walk and developing council owned affordable housing available to rent.**

**TRANSFORMATION STRATEGY****Realising Savings through the Procurement of Contracts**

48. During the MTFs period the Council will undertake large procurement exercises on its contracts that are coming to the end of the contract agreement periods. The ambition for the Council is that through these procurement exercises it will transform its delivery of key services whilst generating cost savings and continuing to provide excellent service delivery. The Council encourages an innovative approach to service delivery and therefore various options will be considered including the utilisation of existing Council premises and vehicles, expanded shared procurement with other Councils and the consideration of bringing some services in-house. Some initial modelling has already been commissioned and the projected savings from this work is included in Table 7.

### Productivity Savings

49. The transformation strategy covers many aspects of change both within the Council and in partnership with other organisations. At this stage the main strands of the strategy that could generate savings are outlined further below.
50. The Transformation Strategy will facilitate a greater integration of public services. In partnership with Lancashire Care NHS Foundation Trust (LCFT) the Council is implementing an Integrated Community Wellbeing Service. The innovative service aims to integrate functions that promote the wider determinants of health and community resilience. By so doing, it is anticipated it will generate opportunities for savings over the long term. The service launched in April 2017, with over 150 staff based at the Council offices on Union Street. Work will be undertaken in the coming year to further develop the integration, and to realise further productivity savings from within the service.
51. The Digital Strategy was approved by Executive Cabinet in June 2017. The strategy incorporates 32 separate projects that seek to increase digital take up and inclusion, promote smarter working and develop positive work cultures.
  - The Digital Strategy will develop and implement the 'WorkSmart' programme. This will facilitate a shared culture of smarter working, maximising the use of technology and digital information. Cost savings are expected through process/productivity improvements and consolidation of office space.
  - Efficiencies are also expected through the further increase in digital take up of council services, enabling customers to access council services online when and wherever they like, while also reducing the demand on more expensive channels such as face to face and over the phone
52. The Streetscene Modernisation Strategy was approved by Executive Cabinet in January 2017. The Streetscene service aims to introduce a number of change themes designed to challenge current working practices and modernise and introduce improvements to deliver high quality services in a co-ordinated way. A more detailed outline of the major improvements the strategy can deliver will be presented in spring 2018. It is expected this will require investment in new assets that facilitate the delivery of more efficient services.

### *Shared Services*

53. In November 2017 Chorley and South Ribble Councils agreed a joint ambition to develop a close working relationship, with an ultimate aim to develop full shared services serving two independent and sovereign councils. Initial proposals were developed to create the capacity for change with the creation of a series of shared posts in policy, governance and transformations services. Initial proposals are currently being developed further with the ambition that

new structures will be in place by 2019/20. Work will also be undertaken to explore the other service areas that can be delivered efficiently through a shared arrangement with the ambition to reducing the net cost of these services for both councils.

### Income Generation

54. The Council has already been successful in income generation through the purchase of Market Walk shopping centre as well as the expected net income stream from the development of the Digital Office Park. The Council realises that further work must be undertaken to recognise fully the potential revenue streams the Council is able to create.

#### *Market Walk Extension*

55. The income generation targets outlined in table 7 include £150k net income in 19/20 and £300k in 2020/21 for the extension of Market Walk shopping centre. The council has a fully serviced site that, as per the approval of Full Council in January 2018, will be developed into new retail and leisure units. The figures in table 7 assume the site will be developed and the units filled before the opening of the site midway through 2019/20.

#### *Delivering Council Owned Housing*

56. Like many council's throughout the country, Chorley Council is exploring the strategy of delivering and managing its own housing stock with the view to increasing and improving the quality of housing within Chorley Borough whilst generating a sustainable net income stream for the council. Outline proposals have been developed with the three main options being:
- Purchase new build units directly from developers
  - Purchase existing housing stock in the open market
  - Develop houses on our employment sites as an enabler to bringing those sites forward
57. The options are based on the council purchasing or building two bedroom terrace houses as there is strong demand for these houses in the Chorley Borough area. The options the Council can pursue are flexible. Rent levels are modelled as a mix of lower affordable rates, intermediate and higher full market rates. The Council has also modelled the possibility of delivering these homes through a housing company rather than through the council's general fund.
58. Once the business case has been approved, the proposals would require the council to borrow between £7m and £10m to fund the purchase or development of the units or to loan these borrowed funds to a wholly owned housing company. The revenue cost of borrowing these amounts would be wholly repaid through the rental income generated. Furthermore the options appraisal

identifies a potential net income stream to the council of approximately £100k per annum based on the purchase of up to 100 units.

59. These proposals are being developed further with help from external consultants to ensure that the governance, legal and financial implications are fully demonstrated. However the initial options appraisal has identified that there are up to 200 affordable units due to be delivered in many of the borough's planned developments offering the council an opportunity to purchase the units at 40% of the market value. Therefore, there is the potential for the council to quickly acquire 100 units on developed sites ready for the rental market. Given this opportunity it assumed that £100k net income can be achieved by 2019/20 and 2020/21.

#### *Developing Council Owned Employment Land*

60. The agreed acquisition of HCA employment land as part of a £2.9m land swap resulted in Chorley Council acquiring 33.7 acres of land, the majority identified as development for employment purposes. As part of the restructure of the Business, Development and Employment directorate the Council will accelerate the use of this employment land to generate growth in local business as well as a net income to Chorley Council. It assumed that £100k net income can be achieved by 2020/21.

#### *Other Income Generation*

61. The council encourages an innovative approach to service delivery and so it will also explore other methods of generating income. The council is modelling a potential approach to entering the energy industry through setting up an energy supply company and supplying energy to citizens across Lancashire. The proposal requires huge investments with subsequent large rewards and potential large risks. To deliver the energy supply company the council will require a collaborative approach with investments from other councils. Further modelling is being undertaken as to how this collaborative approach would work and what the returns to Chorley Council could potentially be.

**Table 7: Estimated Medium Term Financial Strategy Cumulative Budget Deficit and Cumulative Savings**

	2019/20 £m	2020/21 £m
<b>Forecast Budget Deficit</b>	<b>1.614</b>	<b>2.213</b>
Renegotiate Contracts	(0.574)	(0.673)
Transformation – Productivity Gains including shared services	(0.790)	(1.040)
Income Generation – Delivering Market Walk Extension	(0.150)	(0.300)
Income Generation – Delivering Council Owned Housing Stock	(0.100)	(0.100)
Income Generation – Developing Council Owned Employment Land	-	(0.100)
<b>Forecast Adjusted Medium Term Budget Deficit</b>	<b>(0.000)</b>	<b>(0.000)</b>

**GENERAL BALANCES & EARMARKED RESERVES**General Fund Balances

62. Through setting this budget and utilising underspends in 2017/18 the Council has achieved, a year earlier than budgeted, its MTFS target of having **£4m set aside in general balances**. The forecast general fund balance at 31<sup>st</sup> March 2018 was reported to Executive Cabinet on 15 February 2018 as follows:

**Table 8: Forecast General Fund Balance 2017/18**

<b>General Balances</b>	<b>£m</b>
Opening Balance 2017/18	3.188
Budgeted contribution to General Balances	0.500
Additional in-year contribution to General Balances	0.259
Forecast revenue budget underspend	0.431
<b>Initial General Fund Closing Balance 2017/18</b>	<b>4.378</b>
<b>Use of in-year underspends:</b>	
Buildings Maintenance Fund	(0.060)
Change Management Reserve	(0.100)
Planning Appeals	(0.040)
Income Generation – Alternative Delivery Models	(0.040)
Delivery of Streetscene Modernisation and ICT Strategy	(0.130)
<b>Forecast General Fund Closing Balance 2017/18</b>	<b>4.008</b>



63. The Council recognises that use of the general reserve may be required during the MTFS period. If, as expected, the new Business Rate Retention scheme is introduced nationally in 2020/21, managing the risks inherent in this volatile funding stream will require a careful stewardship of reserves as a buffer. In addition, the profiling of income generating projects may result in net income not being realised until later in the MTFS period. A part of our budget strategy is to ensure that the council maintains robust reserves to cater for these uncertainties.
64. As outlined in this report there is a £1.5m risk to general balances associated with two applications for mandatory charitable relief received from Lancashire Teaching Hospitals NHS Foundation Trust.

### Earmarked Reserves

65. Other monies are set aside to fund future events or liabilities, these earmarked reserves totalled £7.280m at the start of 2017/18. The amount of earmarked reserves the council holds at the end of one year is difficult to forecast as it is dependent upon the profile of the expenditure it is set aside to fund as well as movements into the reserves throughout the year. With this in mind Table 9 provides the current forecast level of earmarked reserves in 2017/18 and 2018/19.

**Table 9: Forecast Earmarked Reserves Balance 2017/18 to 2018/19**

Type of Earmarked Reserve	Balance	Balance			Balance		Balance
	1 <sup>st</sup> Apr 2017 £'000	Out £'000	(In) £'000	31-Mar 2018 £'000	Out £'000	(In) £'000	
Rephasing of planned expenditure	-1,342	1,229	-525	-638	354	0	-285
Rephasing Investment Projects	-1,464	970	-400	-894	518	0	-376
Grants reserved for specific expenditure	-144	65	0	-79	25	0	-54
Financing of capital expenditure	-2,725	852	-39	-1,912	1,668	-39	-282
Planning purposes including appeals	-104	130	-70	-44	0	0	-44
Restructuring of services	-53	200	-300	-153	153	0	0
Retail Investment	-112	111	0	-1	0	0	-1
Apprenticeships for young people	-64	12	0	-52	26	0	-26
Resource equalisation	-877	0	-79	-956	371	-50	-635
Maintenance of Council buildings	-209	296	-260	-173	60	-50	-163
Maintenance of Grounds	-29	36	-10	-3	0	-10	-13
Elections	0	0	-90	-90	29	0	-61
Other	-157	46	-111	-222	177	0	-45
<b>Total</b>	<b>-7,280</b>	<b>3,948</b>	<b>-1,884</b>	<b>-5,216</b>	<b>3,381</b>	<b>-149</b>	<b>-1,984</b>

66. Many of these reserves are set aside to ensure the council remains fit for purpose in delivering its Corporate Strategy and day-to-day activities. These include the maintenance and elections reserves as well the reserve to fund the costs of restructuring the council's services.
67. Some of the council's reserves are set aside to ensure that any sudden reductions in resources available to the council can be temporarily met through the use of reserves. These reserves include:
- Market Walk Income Equalisation Reserve – this reserve manages any reductions in income that could be experienced through units becoming void. A contribution of £50k per annum is budgeted each year to this reserve. The ongoing high level of occupancy of the Market Walk Shopping Centre has resulted in increased income to the council, to date it has not been required to utilise this reserve and it is estimated to be £300k by the end of 2017/18.
  - Business Rates Retention – this reserve manages any unbudgeted surpluses or deficits from the council's collection and retention of business rates. The balance of this reserve is forecast to be £656k at the end of 2017/18.
68. Some of the reserves are set aside to fund specific investment projects that benefit the council's residents, these include:
- Rephasing Investment Projects – as the delivery on these schemes will be made over more than one year, these reserves enable unspent balances to be carried forward to future years. They include projects to deliver digital inclusion, public realm works, community action plans, bringing forward employment sites and grants to help local businesses.
  - Financing of capital expenditure – these reserves represent financing of the capital programme from revenue resources. £1.5m relates to reserves set aside to fund the extension of the Market Walk Shopping centre. In addition £160k is carried forward to fund the continued improvements to Astley Hall and the surrounding park and car park. £400k is set aside to fund the modernisation of the council's IT infrastructure.

**CAPITAL PROGRAMME**

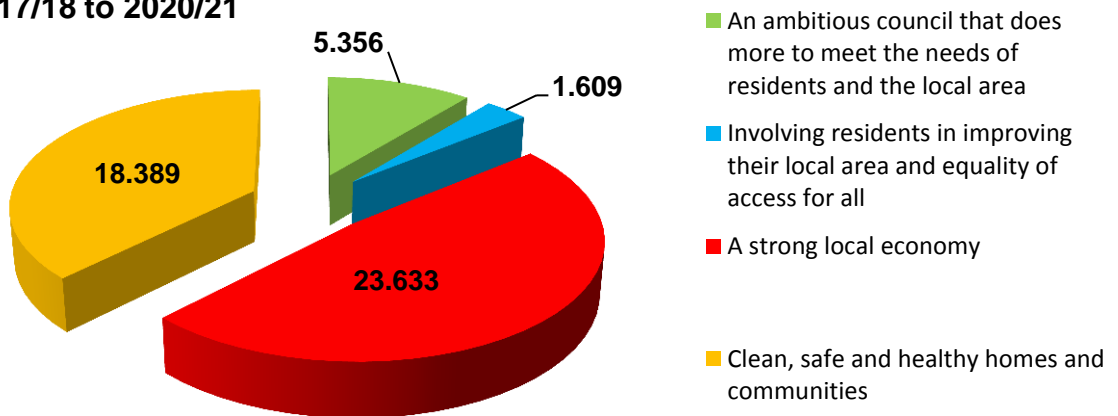
69. The Council’s Capital Programme forms part of the Council’s overall financial strategy to deliver some of its key objectives contained in the Corporate Strategy. In accordance with CIPFA’s Prudential Code the Council’s Chief Finance Officer is required to have full regard for affordability, sustainability and prudence when making recommendations about the Council’s future capital programme. The capital programme is constructed on the following strategic objectives:

- The resources available will be targeted at areas that deliver corporate priorities.
- Borrowing will be managed to ensure the future impact on revenue is minimised.
- The Council will consider the purchase and/or development of assets to generate a sustainable revenue stream to counteract against the risk of future reductions in grant funding and year to year fluctuations in locally sourced funding and to invest in regeneration of the Borough.
- The Council will consider working with partners to assist them to meet their objectives where there is no impact on Council Tax.
- The Council will continue to identify land to assist in delivering its affordable housing targets.
- The Council will look to maximise opportunities to attract external finance to sustain its programme of work

70. The capital programme is updated continually for agreed changes and reported to Executive Cabinet during the financial year on a quarterly basis. A prudent approach is taken when preparing the programme to ensure that financing resources are only estimated for when there is relative certainty that they will be received.

71. Details of the capital programme including new capital investment are outlined in the Appendix G1. The capital programme for 2017/18 to 2020/21 totals £49m and is an indication of how ambitious the Council is in delivering its Corporate Strategy and the priorities within it. A breakdown of the capital programme is detailed below.

**Capital Investment in Chorley Council's Corporate Strategy  
2017/18 to 2020/21**



## A strong local economy

- The completion of the Market Walk extension project that includes an enhanced town centre parking offer - **£15.3m**
- The completion of the Digital Office Park, a new prestigious development that will provide 5,000 m<sup>2</sup> of Council owned bespoke digital office and start up accommodation - **£8.1m**

## Clean, safe and healthy home and communities

- The completion of Primrose Gardens retirement living, the council's **£10m** extra care facility
- Continued delivery of c. **£600k** per year of home adaptations to enable Chorley residents to continue independent living
- **£2.5m** of investment in the council's play and open spaces including £1m investment in a fully redeveloped Westway Playing Fields scheme.
- The completion of the Chorley Youth Zone offering a purpose-built facility for the borough's young people aged 8 to 19, and up to 25 for those with disabilities.

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

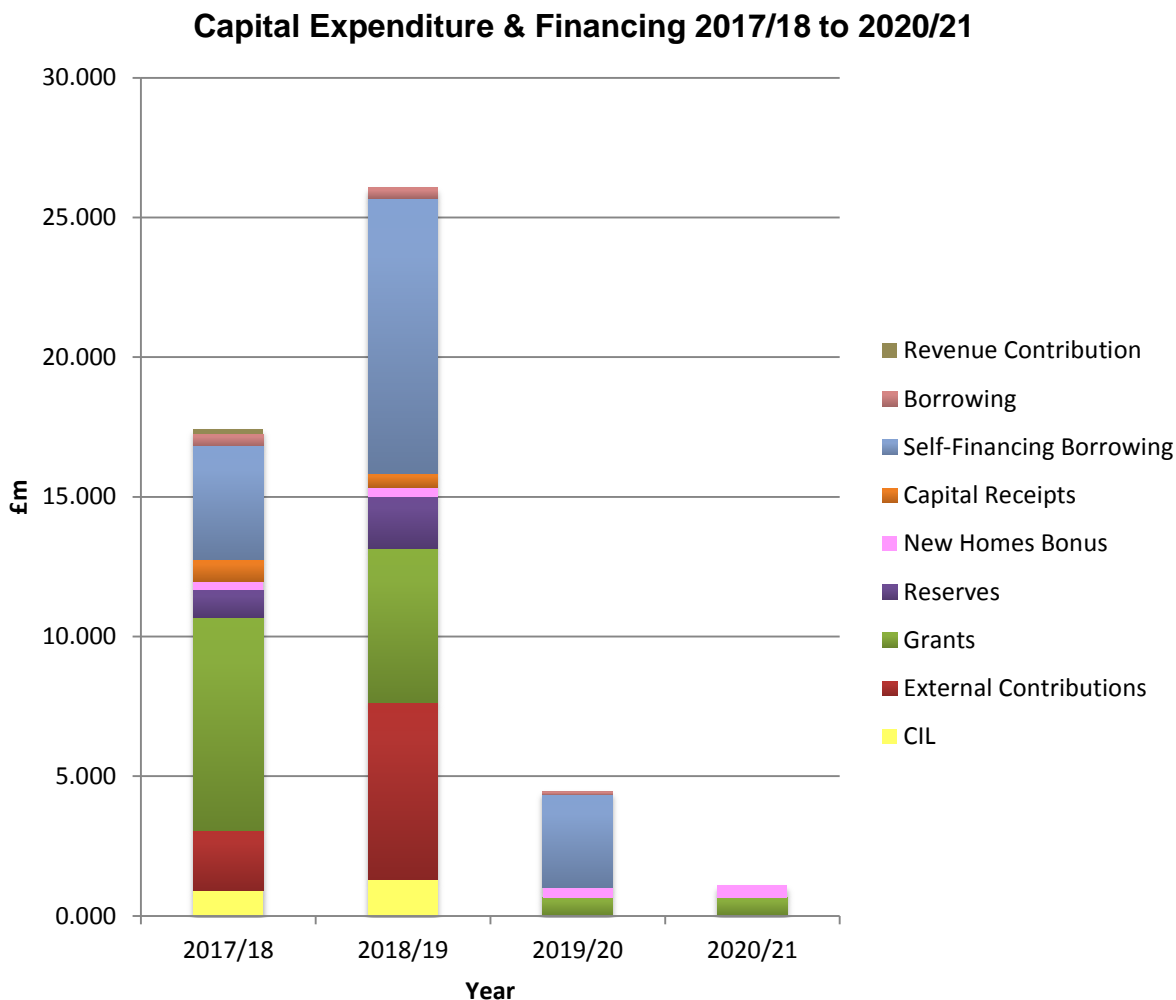
- Chorley Council will invest **£250k** in the continued development of pedestrianised areas in the town centre including the bus and train station subways and Steeley Lane routes
- Chorley Council is facilitating the **£2.2m** Heritage Lottery Fund (HLF) investment in the redevelopment of Bank Hall, Bretherton. The proposals will completely restore the building's external envelope for Chorley residents to enjoy.

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

- Chorley Council will invest over **£750k** in modernising its ICT infrastructure including improving its web based services for Chorley residents
- The Council will invest **£500k** in Astley Hall and the surrounding park including improvements to Hallgate car park as well as the parks events infrastructure and footpath lighting. The Astley 2020 project will also bid again for £1.8m of HLF funding to completely renovate Astley Hall and the develop the Astley site into a leading tourist attraction.

**CAPITAL FINANCING**

72. The financing of the capital programme for the period 2017/18 to 2020/21 is set out in appendix G2 and summarised in the proceeding chart.



73. The capital programme includes a number of schemes that will generate revenue that will meet the annual cost of borrowing required to complete the project. These include the three major capital schemes; Market Walk Extension, Digital Office Park and Primrose Retirement Village.

74. The financing chart above demonstrates how successful the council has been in attracting external grant funding to deliver it capital programme. The grants include;

- £3.2m and £0.658m from Homes England towards Primrose Gardens and Cotswold House respectively,
- £2.2m from Heritage Lottery Fund towards the restoration of Bank Hall,
- £4.1m of European funding to deliver the Digital Office Park

75. The council will invest over £6m of contributions from developers to regenerate the town centre as well as the borough's play, open space and recreation grounds. The use of developer contributions are outlined further in appendix G3 to this report agenda.

**TREASURY MANAGEMENT STRATEGY**

76. The Chartered Institute of Public Finance and Accounting published Code of Practice for Treasury Management (Local Government Act 2003) requires Councils to have regard to the prudential code. The primary requirements are to:
- Create and maintain a treasury management policy statement which sets out the policies and objectives to the Council's treasury management achievements.
  - Create and maintain treasury management practices which set out the manner in which the Council will seek to achieve its policies and objectives.
  - Provide the Executive with an annual strategy report.
  - Specify to whom the responsibility for implementing and monitoring treasury management activities is delegated.
77. In all respects the Council complies with the above and reviews these requirements in the annual Treasury Strategy and also in the Treasury Mid-Year Review reports. In respect of Council Strategy for Treasury Management the principles will be as follows:-

**The Council will:**

- Have regard to the prudential code, and set prudential indicators to ensure the Council's capital investment plans are affordable, prudent, and sustainable.
- Make decisions regarding borrowing and investment based upon the latest information, look to optimise returns on investment, and to minimise borrowing costs.
- Ensure the costs of borrowing are reflected in revenue forecasts.
- Comply with guidance relating to investments, ensuring that capital is kept secure, and liquidity is maintained at an appropriate level.
- Not engage purely in borrowing to invest or lend on to make a return, as this is unlawful.
- Agree a set of investment instruments which the Council can use based upon monitoring risk.

The prudential indicators, targets and measures will be agreed as part of the budget setting process in February 2018, via the production of the annual Treasury Management Strategy

## CONCLUSION

78. The review of the MTFS has again been undertaken against a background of significant reductions funding and increasing costs. These factors present a risk to the Council's sustainable financial position unless budget savings continue to be delivered and additional income opportunities are provided alongside the delivery of the council's Corporate Strategy priorities.
79. The MTFS covers three years between 2018/19 and 2020/21 and the report outlines how the budget has been balanced for 2018/19 through a combination of efficiency savings and review of uncommitted reserves.
80. The Council has a successful record of balancing the budget and has delivered budget efficiency savings alongside additional income of over £3m since 2014/15. This has been achieved whilst delivering a large number of Corporate Strategy priorities and an ambitious capital programme.
81. The financial context continues to be increasingly challenging and uncertain. Strategies are outlined in the MTFS as to how the budget gap of £1.6m (2019/20) and £2.2m (2020/21) can be addressed. The strategies build on the council's record of innovative approaches to service delivery as well as its record of investing in income generating assets.
82. The Council will continue to keep the MTFS under review given:
  - the level of efficiency savings and income generation required to balance the budget over the medium term. The timing of the delivery of these targets will need to be closely managed and where necessary reserves utilised to meet temporary delays in transformation strategy net budget reductions.
  - the high degree of uncertainty surrounding the changes to Government policy such as business rates retention and the fair funding review.



**Cumulative Budget Deficit & Budget Strategy 2018/19 to 2020/21**

	2018/19 ESTIMATE £'000	2019/20 ESTIMATE £'000	2020/21 ESTIMATE £'000
<b>CASH BASE BUDGET REQUIREMENT</b>	<b>13,423</b>	<b>14,372</b>	<b>14,996</b>
<b>Cash Movements:</b>			
Inflation			
Pay	232	258	209
Pensions	15	14	13
Pensions Rate Adj.	50	126	50
Non-Pay	(68)	21	11
Contractual	234	76	79
Income	(24)	13	(181)
Increments	42	25	13
Volume Expenditure	192	(118)	(12)
Volume Income	(75)	102	1
Loss of Income - LCC waste/recycling agreement	933	0	0
Retirement Village	63	114	(151)
Digital Office Park	3	(7)	(196)
Parking Strategy	(20)	0	0
New Homes Bonus set aside to fund European Employment Project	(295)	0	0
Chorley Youth Zone - Additional Contribution	50	0	0
Savings from Senior Management Structure Review	(52)	0	0
Waste Collection Service including Garden Waste Subscription	(415)	0	0
Recurrent Revenue Investment - Increased to £558k	70	0	0
LCC Transition Fund - Increased from £100k to £115k	15	0	0
<b>DIRECTORATE CASH BUDGETS</b>	<b>14,372</b>	<b>14,996</b>	<b>14,833</b>
Contingency:			
- Management of the Establishment	(200)	(150)	(150)
<b>Directorate &amp; Corporate Budgets</b>	<b>14,172</b>	<b>14,846</b>	<b>14,683</b>
<b>Net Financing</b>	<b>1,386</b>	<b>1,386</b>	<b>1,386</b>
<b>TOTAL EXPENDITURE</b>	<b>15,557</b>	<b>16,231</b>	<b>16,069</b>
<b>Financed By:</b>			
Council Tax - Borough	(6,626)	(6,725)	(6,826)
Parish Precepts	671	671	671
Council Tax Parishes	(671)	(671)	(671)
Revenue Support Grant	(299)	0	0
Retained Business Rates	(2,819)	(2,663)	(2,263)
Business Rates Pooling	(676)	(676)	(676)
Government Section 31 Grants	(1,090)	(1,090)	(1,090)
Business Rates Retention Reserve	(371)	237	261
Collection Fund (Surplus)/Deficit - Business Rates	566	0	0
Use of NHB for Capital Investment (Future Years)	(400)	(400)	(400)
Use of uncommitted NHB	(2,589)	(2,353)	(1,757)
New Burdens Grants	(40)	(40)	(20)
Collection Fund (Surplus)/Deficit - Council Tax	(58)	0	0
Transfers to/(from) Earmarked Reserves	(285)	(20)	(21)
<b>TOTAL FINANCING</b>	<b>(14,688)</b>	<b>(13,730)</b>	<b>(12,792)</b>
<b>CUMULATIVE GROSS BUDGET DEFICIT POSITION</b>	<b>870</b>	<b>2,502</b>	<b>3,277</b>
Review of Fees and Charges	(50)	(60)	(60)
Base Budget Review	(75)	(100)	(125)
Review and Use of Unutilised Reserves	(400)	0	0
Review of Net Financing	(150)	(100)	(100)
Productivity Savings to be Achieved for 2018/19	(220)	(220)	(220)
2.99% Increase Council Tax 2018/19 & 2019/20 & 2% in 2020/21	(198)	(408)	(559)
<b>Adjusted Forecast Cumulative Budget Deficit Position</b>	<b>(224)</b>	<b>1,614</b>	<b>2,213</b>
<b>Utilising Resources Available in 2018/19</b>			
Creation of an Investment Project Fund for 2018/19	224	0	0
<b>Adjusted Cumulative Budget Deficit Position 2018/19</b>	<b>0</b>	<b>1,614</b>	<b>2,213</b>
<b>Future Savings</b>			
Renegotiate Contracts	0	(574)	(673)
Transformation – Productivity Gains	0	(790)	(1,040)
Transformation - Income Generation	0	(250)	(500)
<b>Forecast Adjusted Medium Term Budget Gap</b>	<b>0</b>	<b>0</b>	<b>0</b>

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Variance Analysis - Movements from 2017/18 Original Estimates

Description	Details	2018/19 Budget Changes £	2018/19 Budget Changes £
	<b>DIRECTORATE CASH BUDGETS</b>		<b>13,422,700</b>
<b>STAFFING</b>	Increase in staffing costs of 2% pay award, increments, and impact on N.I. & Pension.		
	- Employees - Pay Awards	231,970	
	- Employees - Pay Increments	42,290	
	- Impact of pay award on cost of pensions	14,600	
	- Change in Pension deficit charges for 2018/19	50,000	
			<b>338,860</b>
<b>CONTRACTS</b>			
Waste contract	Inflationary adjustments to original contract price plus property growth and vehicle replacement cost.	143,130	
Liberata	Provision for continuation of annual Empty Homes Review to identify properties eligible for New Homes Bonus	25,000	
Insurance Services	Inflationary increase on Council's original insurance premiums plus increase in Insurance Premium Tax (IPT).	15,400	
Active Nation leisure contract	Annual inflationary increase in costs for the Council's leisure centres contract.	23,830	
ICT Contracts	Annual inflationary increases in contract costs for various computer equipment/software contracts.	11,270	
Other Contracts	Inflationary increases on all other contracts.	15,670	
			<b>234,300</b>
<b>OTHER NON-PAY</b>			
Housing Benefits	Estimated reduction in housing benefit costs based on forecasts for 2017/18.	(84,440)	
Elections	No local elections in 2017/18. Reinstated budgets for 2018/19. Offset by reduction in transfer to reserve for future years.	120,000	
Misc	Various minor changes	(2,860)	
			<b>32,700</b>
<b>INCOME GENERATION</b>			
Gillibrand Street Annexe	Rental income from new lease of Gillibrand Street Annexe	(14,500)	
Misc	Various minor changes	(6,220)	
			<b>(20,720)</b>
<b>INCOME (GOVERNMENT GRANTS)</b>			
Housing Benefit Administration	Reduction in Housing Benefit Admin Subsidy Grant receivable in 2018/19	22,620	
Housing Options	Flexible Homelessness Support Grant for 2018/19	(57,580)	
Housing Benefit Administration	Increase in Universal Credit & New Burdens funding for 2018/19	(26,710)	
Housing Options	Homelessness Reduction Act New Burdens for 2018/19	(13,680)	
			<b>(75,350)</b>
<b>INCOME (OTHER GRANTS &amp; CONTRIBUTIONS)</b>			
LCC Waste & Recycling	Contract for waste/recycling Cost Share agreement with LCC to end 31 March 2018	933,020	
Housing Services	Assumed reduction in LCC Supporting People funding for 2018/19.	69,260	
LCC Public Realm Income	Additional funding allocation agreed for 2018/19 to 2020/21 for grass cutting, verge maintenance and weed control.	(34,270)	
Union Street Offices	Income from Lancashire Care Foundation Trust for use of Union Street Offices	(65,000)	
Home Improvement Grants	Disabled Facilities Grant (DFG) 10% Administration Fee to offset cost of delivering the service	(50,000)	
Home Improvement Grants	Integrated Home Improvement Service (IHIS) - agreement with Lancashire County Council to continue for 2017/18 only	20,000	
			<b>873,010</b>
<b>ADJUSTMENT FOR GROWTH ITEMS</b>			
Performance & Partnerships	Performance & Projects Officer fixed term posts - budget provision for 2018/19 only	65,160	
Legal Services	Temporary Solicitor post in 2018/19 funded by slippage from 2016/17 held in reserves.	26,320	
ICT Services	EPIM's Data Entry Assistant (Fixed Term) for 2018/19 only.	25,930	
Employees	Apprenticeship Levy for 2018/19 transferred from reserve.	28,000	
Eaves Lane Depot	Business and Water Rates for Eaves Lane Depot, less rental income.	15,140	
Financial Systems	Annual revenue cost of PCI-DSS Compliance & Civica ICON Solution. Financed by slippage held in reserves.	16,000	
Investment Portfolio	Reduction in NNDR liability less reduction in rental income following demolition of Oak House site.	(28,000)	
			<b>148,550</b>
<b>TRANSFORMATION STRATEGY</b>			
Chorley Employment Inclusion Programme	Different employment programme to be delivered in 2018/19	(295,390)	
Retirement Village	Net cost of retirement village including temporary manager	62,650	
Chorley Youth Zone	Chorley Youth Zone - Additional Contribution to CYZ from £50k to £100k per annum	50,000	
Parking Strategy	Implementation costs for 2017/18 only	(20,000)	
Digital Park	Business Support Package Costs	2,700	
			<b>(200,040)</b>
<b>BUDGET SAVINGS</b>			
Waste Collection Service	Garden Waste subscription/Charge for Replacement Bins/Contract Hire of Vehicles/4 weekly comingled collection	(415,000)	
Productivity Savings (Staffing changes)	Savings from Business, Growth and Investment review 2018/19	(200,000)	
Base Budget Review savings agreed for 2018/19	Base Budget Review Savings	(75,000)	
Senior Management Structure Review	Savings target from review of Senior Management Structure for 2016/17 to 2018/19	(51,800)	
Review of Fees & Charges	Estimated additional income generated following review of fees and charges	(50,200)	
Review of Overtime	Estimated reduction in staffing costs following review of overtime	(20,000)	
			<b>(812,000)</b>
<b>NEW REVENUE INVESTMENT</b>			
Recurrent Revenue Investment	Increase in Recurrent Revenue Investment items introduced in 2017/18	69,500	
One-off Revenue Investment	Revenue Investment items for 2018/19 only	223,500	
LCC Transition Fund 2018/19	Current budget is £100k, this will increase it to £115k towards subsidising bus routes	15,000	
			<b>308,000</b>
	<b>DIRECTORATE CASH BUDGETS</b>		<b>14,250,010</b>

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## GENERAL FUND FORECAST ASSUMPTIONS

## APPENDIX F

The following assumptions have been made as part of delivering a balanced budget in 2018/19 as well as reducing the deficit to £1.65m and £2.27m in 2019/20 and 20/21 respectively.

Key Assumption	18/19	19/20	20/21	Comment
<u>INCOME/FUNDING</u>				
Increase in Council Tax	2.99%	2.99%	2.00%	These increases are in line with the referendum limits outlined in December's provisional finance settlement
Growth in Council Tax Base	1.89%	1.5%	1.5%	A prudent estimate based on housebuilding in prior years
Growth in Retained Business Rates	0%	0%	0%	Revaluations, appeals and possible changes to the baseline mean that the Council assumed no growth in the business rates base
Additional Business Rates - Lancashire Pooling arrangement or equivalent business rates retention regime	(£0.716m)	(£0.560m)	(£0.316m)	The pool is likely to continue until 2019/20 however what replaces it in 2020/21 is uncertain. An assumed £156k and £400k increase in the tariff is assumed in 19/20 & 20/21 respectively.
Reduction in revenue support grant or equivalent increase in business rates tariff	£0.435m	£0.299m	-	The revenue support grant is removed in 19/20 and replaced with an assumed £156k increase in business rates tariff
Total Forecast New Homes Bonus	£2.989m	£2.753m	£2.156m	The reduction in New Homes Bonus is primarily due to the assumption that the number of large developable sites in the borough will become increasingly scarce

Key Assumption	18/19	19/20	20/21	Comment
Increase in Planning Fee Income	£10k	£10k	£10k	A 20% increase in fees has been permitted by the Government. However the budget only assumes a 1.5% increase (£10k) as it is assumed the number of applications being requested will fall over the coming years due an increased scarcity of sites.
Increase Parking Income	£0	£0	£180k	Parking charges were reduced in 2017/18 as the town centre is significantly redeveloped. The charges are assumed to increase back to previous levels in 2020/21
Income from Lancashire County Council (LCC)	£96k	£96k	£96k	All grant funding from LCC has been cut with the exception of an allocation towards the maintenance of highways

**EXPENDTIURE**

<b>Key Assumption</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>Comment</b>
Pay Award	2%	2%	2%	Based on current information, a 2% pay increase has been assumed for 2018/19 to 20/21. The increase is much higher for staff on lower grades and this is accounted for in the budget.
Vacancy Saving	£200k	£150k	£150k	The council has achieved larger savings in vacancies in prior years,
Future Service Pension Rate	14.4%	14.4%	14.4%	The triennial pension review of 2017 announced an increase in employer pension contributions for 2017/18 to 2019/20. It is assumed this rate will continue in 2020/21.
Pension Fund Deficit Recovery	£0.841m	£0.966m	£1.016m	The deficit recovery period is assumed to be made over 19 years however CFOs in Lancashire have raised queries to the LC PF as to whether this should be extended over a longer period.
General Price Inflation	Approx. 4%	Approx. 3%	Approx. 3%	Inflation forecasts from the Office of National Statistics (ONS) have been used to inform the budget over the coming 3 years. This will be reviewed annually to ensure budgets are sufficient to meet inflationary pressures.

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## CAPITAL PROGRAMME 2017/18 TO 2020/21

## APPENDIX G1

<u>Customer &amp; Digital</u>	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total 2017/18 to 2020/21 £m
Recycling receptacles	0.055	0.045	0.030	0.030	0.160
Recycling receptacles - Garden Waste	0.245	0.000	0.000		0.245
Puffin Crossing Collingwood Rd	0.048	0.000	0.000		0.048
People & Places Vehicles & Plant	0.045				0.045
ICT Modernisation	0.750	0.000	0.000		0.750
Bank Hall Restoration	2.200	0.000	0.000		2.200
Path Works to Cemeteries	0.141	0.077	0.000		0.218
	<b>3.483</b>	<b>0.122</b>	<b>0.030</b>	<b>0.030</b>	<b>3.665</b>

Policy & Governance

Chorley Youth Zone	1.445	0.000	0.000		1.445
Astley 2020	0.156	0.441	0.000		0.597
	<b>1.601</b>	<b>0.441</b>	<b>0.000</b>	<b>0.000</b>	<b>2.042</b>

Early Intervention

Chorley Adaptation Grant	0.824	0.666	0.666	0.666	2.822
Cotswold House Improvements	0.142	0.000	0.000		0.142
Leisure Centres Improvements	0.090	0.030	0.100	0.100	0.320
Delivery of CCTV 15/16 - 17/18	0.027	0.000	0.000		0.027
	<b>1.083</b>	<b>0.696</b>	<b>0.766</b>	<b>0.766</b>	<b>3.311</b>

Regeneration & Inward Investment

Asset Improvements	0.383	0.400	0.300	0.300	1.383
Market Walk Extension & Public Realm*	3.163	8.831	3.345		15.339
Steeley Lane Gateway	0.119	0.160	0.000		0.279
Car Parks Pay & Display Ticket Machines	0.043	0.000	0.000		0.043
Yarrow Meadows	0.059	0.112	0.000		0.171
Buckshaw Village Rail Station	0.000	0.696	0.000		0.696
Eaves Green Play Development	0.053	0.000	0.000		0.053
Play, Recreation and Open Space Projects	0.976	1.358	0.000		2.335
Rangleys Recreation Ground	0.098	0.000	0.000		0.098
Yarrow Valley Car Park	0.213	0.000	0.000		0.213
Recreation Strategy	0.000	0.105	0.000		0.105
Primrose Retirement Village**	3.426	6.544	0.000		9.970
Westway Playing Fields Sports Campus	0.055	0.896	0.000		0.951
Digital Office Park***	1.704	5.690	0.000		7.394
Digital Office Park – Enabling Works	0.900	0.000	0.000		0.900
Buckshaw Bus Stops	0.040	0.000	0.000		0.040
	<b>11.233</b>	<b>24.792</b>	<b>3.645</b>	<b>0.300</b>	<b>39.970</b>

<b>17.400</b>	<b>26.051</b>	<b>4.441</b>	<b>1.096</b>	<b>48.988</b>
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\* Total Market Walk Extension budget is £16.3m including £1.025m expenditure incurred in 15/16 to 16/17

\*\* Total Primrose Retirement budget is £10.591m including £621k expenditure incurred in 2016/17

\*\*\* Total Digital Office Park budget is £8.100m including £706k expenditure incurred in 2016/17

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## CAPITAL FINANCING 2017/18 TO 2020/21

## APPENDIX G2

<b>FINANCING</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total 2017/18 to 2020/21</b>
	£m	£m	£m	£m	£m
<u>External Funding</u>					
External Contributions	2.153	6.341			<b>8.493</b>
CIL	0.909	1.300			<b>2.209</b>
Grants	7.631	5.507	0.666	0.666	<b>14.470</b>
<b>Total External Funding</b>	<b>10.692</b>	<b>13.148</b>	<b>0.666</b>	<b>0.666</b>	<b>25.172</b>
<u>Chorley Council Resources</u>					
Reserves and Revenue Contribution to Capital	1.121	1.845			<b>2.965</b>
New Homes Bonus	0.306	0.352	0.330	0.430	<b>1.418</b>
Capital Receipts	0.775	0.491			<b>1.266</b>
<b>Self- Financing Prudential Borrowing</b>					
Market Walk Extension	1.960	2.277	3.445		<b>7.682</b>
Digital Office Park	0.852	2.835			<b>3.687</b>
Recycling receptacles - Garden Waste	0.245				<b>0.245</b>
<b>Prudential Borrowing to be Replaced with S106</b>					
Primrose Retirement Village	1.022	4.743			<b>5.765</b>
<b>Planned Prudential Borrowing</b>					
Other Prudential Borrowing	0.082	0.360			<b>0.442</b>
Chorley Youth Zone	0.345				<b>0.345</b>
<b>Total Chorley Council Resources</b>	<b>6.708</b>	<b>12.903</b>	<b>3.775</b>	<b>0.430</b>	<b>23.815</b>
<b>Capital Financing Total</b>	<b>17.400</b>	<b>26.051</b>	<b>4.441</b>	<b>1.096</b>	<b>48.988</b>

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**Developers' Contributions 2015/16 to 2018/19**

The council receives section 106 contributions from developers of housing sites throughout the borough. Most of these contributions come with restrictions as to what they can be spent on, the five main headings been:

- Various Purposes
- Affordable Housing
- Transport
- Environmental Improvements
- Play & Open Space

The table below outlines;-

- what contributions the Council has utilised in 2015/16 and 2016/17
- what the council forecasts to utilise in 2017/18
- what the council budgets to utilise in 2018/19

	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Market Walk Extension			1,203	3,595
Puffin Crossing Collingwood Rd			48	
Buckshaw Community Centre	150	475		
Buckshaw Village Railway Station				696
Yarrow Meadows			59	27
Rangletts Recreation Ground	383	5	77	
Eaves Green Play Development	49	3	46	
Play, Recreation and Public Open Space	42	84	300	828
Tatton Recreation Ground			8	113
Coronation Recreation Ground			273	
King George V laying Pitches		11	18	362
Harpers Lane Recreation Ground			25	
Carr Brook Trim Trail	72	11		
Westway Playing Fields Sports Campus		9	55	721
Buckshaw Bus Stops			40	
<b>TOTAL</b>	<b>695</b>	<b>597</b>	<b>2,152</b>	<b>6,341</b>

It should be noted that the forecast for 2017/18 and the budget for 2018/19 will vary over time as the project expenditure is re-profiled into following years.

**Market Walk Extension**

The Council has budgeted to utilise at least £4.849m of contributions from developers relating to the Buckshaw Village development. The total amount the council is expected to receive is not yet finalised, the figure of £4.849m represents the minimum the council expects to receive by the end of 2018/19.

### Buckshaw Village Railway

The figure of £696k represents what is remaining of the developer's contribution towards the Buckshaw Parkway railway station. The council has previously tried to progress further works to the station in partnership with Network Rail however it was not possible to secure any additional funding. The council has now approached the developer to request that the remaining funds be spent on other transport infrastructure in the borough.

### Play and Open Space

The majority of the number of section 106 contributions the council receives requires the allocation to be spent on the provision of play and open space. The council's Play, Open Space and Playing Pitch Strategy, approved at Executive Cabinet on 18 December 2018, outlines which sites require funding and a programme of projects. The contributions the council receives are 'pooled' together and allocated to these specific projects.

Of the £828k allocated to these projects in 2018/19, £171k is yet to be received or pooled. Projects are broken down into phases and no phase will begin until all the funding has been allocated and received.

### Recreation Grounds

A report was approved by Executive Cabinet on 18 November 2017 to invest £207k and £449k in Harpers Lane and Coronation Recreation Grounds respectively. Approximately £300k of developer's contributions will be allocated to these projects to deliver improved tennis courts, multi-use games areas, CCTV and improved pathways.

The same report reallocated £113k developer contributions from Tatton Recreation Ground to Coronation Recreation Ground. The recreation ground at Tatton will now be developed as part of a wider ambition of the council to enhance a larger area of around the site. The £113k budgeted contributions included in the table above for Tatton represent the ambition the council has to fund these improvements. These funds are expected to come from further contributions or a reanalysis of the pooling of developer contributions across the borough.

There remains in the budget over £400k for the redevelopment of King George V Play & Pitches in 2018/19. £360k of funding will come from developer contributions, with over £260k already collected.

Westway Playing Fields Sports Campus

Chorley Council will utilise approximately £750k of developer contributions to construct a first class, multi-use, sports facility for local people. To date £600k of these contributions have been received with a further £185k expected to be received in 2018/19. The project budget will be further supplemented by a £175k contribution from council receipts and a £500k bid to Sports England. It is also possible that further section 106 contributions that have not yet been identified are allocated to this project.

**Affordable Housing**

The council is forecast to receive contributions towards affordable housing named 'Commuted sums'. These are contributions paid by a developer to the council where the size or scale of a development triggers a requirement for affordable housing, but it is not possible to achieve appropriate affordable housing on site. The council has a number of sites where commuted sums are likely to be paid. The council approved the use of approximately £6.4m of these sums, at a General Purposes Committee meeting in June 2017, to fund the cost of the Primrose Gardens Retirement Village. The 65 room project will initially be funded through borrowing however this will be offset by the commuted sums as and when they are received. The current profile of expected commuted sums is as follows:

<b>Agreement</b>	<b>18/19 £</b>	<b>19/20 £</b>	<b>20/21 £</b>	<b>21/22 £</b>	<b>22/23 £</b>	<b>23/24 £</b>
Land surrounding 89 Euston Lane		250,000			250,000	
Land North of Lancaster Rd				990,000	990,000	990,000
Bolton Road	391,000					
Mill Hotel				200,000		
Digital Health Site						1,300,000
Parcel N and WF Buckshaw Village	228,000					
<b>TOTAL</b>	<b>619,000</b>	<b>250,000</b>	<b>0</b>	<b>1,119,000</b>	<b>1,240,000</b>	<b>2,290,000</b>

It should be noted that some of these commuted sums are estimates and that the timing of the payments to the council is dependent upon the speed at which developments are started and completed. It should also be noted that the list is not exhaustive and that additional commuted sums may become available over the coming years.

Developer Contributions 2015/16 to 2018/19

The forecast receipts and use of developer's contributions are outlined below

	BAL B/F	2015/16		BAL C/F	2016/17		BAL C/F	2017/18		BAL C/F	2018/19		BAL C/F
	31/03/15 £000	RECEIVABLE £000	USE £000	31/03/16 £000	RECEIVABLE £000	USE £000	31/03/17 £000	FORECAST RECEIVABLE £000	BUDGETED USE £000	31/03/18 £000	FORECAST RECEIVABLE £000	BUDGETED USE £000	31/03/19 £000
Various Purposes	(2,335)	(2,387)	533	(4,189)		475	(3,714)	(1,135)	1,255	(3,595)	0	3,595	0
Affordable Housing	(176)	(90)	0	(266)	(293)		(559)	(5)	0	(564)	(620)	0	(1,184)
Transport	(777)	(161)	0	(938)			(938)	(175)	88	(1,025)	0	696	(329)
Environmental Improvements	(86)		0	(86)			(86)	0	59	(27)	0	27	0
Play & Open Space	(1,970)	110	163	(1,697)	(664)	122	(2,239)	(356)	750	(1,845)	(457)	2,023	(279)
	<b>(5,345)</b>	<b>(2,527)</b>	<b>695</b>	<b>(7,177)</b>	<b>(957)</b>	<b>597</b>	<b>(7,536)</b>	<b>(1,671)</b>	<b>2,152</b>	<b>(7,056)</b>	<b>(1,077)</b>	<b>6,341</b>	<b>(1,520)</b>



<b>Report of</b>	<b>Meeting</b>	<b>Date</b>
Chief Finance Officer	Special Council	27 February 2018

## **TREASURY STRATEGY 2018/19 TO 2020/21**

### **PURPOSE OF REPORT**

1. To present the Prudential and Treasury Indicators and Treasury Management and Investment Strategies for 2018/19 to 2020/21, and the Minimum Revenue Provision (MRP) Policy Statement for 2018/19.

### **RECOMMENDATION(S)**

2. That Council approve
  - The Prudential Indicators for 2018/19 to 2020/21 in Tables 1 to 5.
  - The annual Minimum Revenue Provision (MRP) Policy statement in paragraph 30
  - The Treasury Management Strategy, and Treasury Indicators for 2018/19 to 2020/21 in Tables 7 to 10.
  - The Annual Investment Strategy 2018/19 including Investment Counterparties in paragraphs 42 to 48.

### **EXECUTIVE SUMMARY OF REPORT**

3. In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. The new Capital Strategy report required as a consequence will be introduced from 2019/20. The revised Codes and MHCLG guidance introduce additional disclosure requirements which cannot be implemented at this stage because additional guidance as to interpretation is required.
4. The report presents the Prudential Indicators relating to capital expenditure and financing, and the forecast levels of external borrowing.
5. The proposed MRP Policy for 2018/19 is essentially the same as that for 2017/18. It permits an "MRP Holiday" in respect of new capital assets which take more than one financial year to become operational.
6. Only one change to the list of investment counterparties is proposed: the deletion of the Enhanced Money Market Funds category, which has not been used to date.

<b>Confidential report</b> Please bold as appropriate	Yes	No
--	-----	----

<b>Key Decision?</b> Please bold as appropriate	Yes	No
--	-----	----

<b>Reason</b> Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards

**REASONS FOR RECOMMENDATION(S)**

**(If the recommendations are accepted)**

- 7. Approval of the Prudential Indicators, Treasury Management Strategy, Treasury Indicators, Annual Investment Strategy, and Annual MRP Policy Statement is necessary to comply with statutory requirements.
- 8. No sums have been invested in Enhanced Money Market Funds and it is not envisaged that such funds would be used in the foreseeable future. Deletion of such Enhanced MMFs from the list of investment counterparties is proposed to reflect operational practice.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 9. None.

**CORPORATE PRIORITIES**

- 10. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	✓

**BACKGROUND**

- 11. Council of 28 February 2017 approved the Treasury Management Strategy for 2017/18, including Prudential and Treasury Indicators, the Treasury Management and Investment Strategies, and the annual Minimum Revenue Provision (MRP) Policy Statement for 2017/18. Treasury Management activities during the year have been overseen by the Governance Committee.
- 12. This report updates Prudential and Treasury Indicators for financial years 2017/18 to 2019/20, and introduces provisional indicators for the financial year 2020/21. It presents updated Treasury Management and Investment Strategies, including a revised list of Investment Counterparties, and proposes the Minimum Revenue Provision (MRP) Policy Statement for 2018/19.

13. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
14. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses.
15. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as *"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

## **CAPITAL STRATEGY**

16. In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities will be required to prepare an additional report, a Capital Strategy report, which is intended to provide the following:
  - a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
  - an overview of how the associated risk is managed
  - the implications for future financial sustainability

The aim of this report is to ensure that all elected members on the Full Council fully understand the overall strategy, governance procedures and risk appetite entailed by this strategy.

17. The Capital Strategy from 2019/20 will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.
18. The Capital Programme for 2018/19 onwards is presented in the General Fund revenue and capital budget report, which is not intended to meet this requirement of the CIPFA Codes. That report does not cover treasury management. All treasury management issues for 2018/19 and subsequent years are covered in this report.

## **TREASURY MANAGEMENT STRATEGY 2018/19**

19. The strategy for 2018/19 covers two main areas:

### **Capital issues**

- the capital plans and the Prudential Indicators;
- the Minimum Revenue Provision (MRP) policy.

### **Treasury management issues**

- the current treasury position;
- Treasury Indicators which limit the treasury risk and activities of the Council;

- prospects for interest rates;
  - the borrowing strategy;
  - policy on borrowing in advance of need;
  - debt rescheduling;
  - the investment strategy;
  - creditworthiness policy; and
  - the policy on use of external service providers.
20. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code, and MHCLG Investment Guidance.
21. On 2 February 2018 The Ministry of Housing, Communities & Local Government issued its Statutory Guidance on Local Government Investments (3rd edition) and Statutory Guidance on Minimum Revenue Provision. With the exception of some paragraphs, the adoption of the new MRP Guidance is from financial year 2019/20, but earlier adoption is encouraged. Strategies relating to 2018/19 and future financial years need not include all of the additional disclosures required by the investment guidance if not practical to do so. Any relevant new disclosures should be presented to Council in full in the first Strategy reported after 1 April 2018.

#### **TRAINING**

22. The CIPFA Code requires the Responsible Officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training will be provided on the implications of the revised CIPFA Prudential and Treasury Management Codes, and the revised MHCLG Investment Guidance and MRP Guidance.
23. The training needs of treasury management officers are reviewed periodically. Both CIPFA and Link Asset Services provide workshops and seminars.

#### **TREASURY MANAGEMENT CONSULTANTS**

24. The Council uses Link Asset Services, Treasury solutions (formerly Capita Asset Services) as its external treasury management advisors.
25. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
26. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

#### **CAPITAL PRUDENTIAL INDICATORS 2018/19 – 2020/21 AND MRP STATEMENT**

27. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.
28. **Capital expenditure**

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

<b>Table 1 - Capital Expenditure</b>	<b>2017/18 Revised £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
Corporate	3,483	122	30	30
Policy & Governance	1,601	441	0	0
Early Intervention	1,083	696	766	766
Regeneration & Inward Investment	11,233	24,792	3,645	300
<b>Capital Expenditure Total</b>	<b>17,400</b>	<b>26,051</b>	<b>4,441</b>	<b>1,096</b>

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

<b>Table 2 - Capital Financing</b>	<b>2017/18 Revised £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
Capital Receipts	775	491	0	0
Grants & Contributions	10,692	13,148	666	666
Revenue and Reserves	1,427	2,197	330	430
<b>Net financing needed for year</b>	<b>4,506</b>	<b>10,215</b>	<b>3,445</b>	<b>0</b>

## 29. The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The Council is asked to approve the CFR projections below:

Table 3 - Capital Financing Requirement	2017/18	2018/19	2019/20	2020/21
	Revised £000	Estimate £000	Estimate £000	Estimate £000
Opening CFR	39,287	43,231	52,852	55,573
Net financing need for the year (Table 2)	4,506	10,215	3,445	0
Less MRP/VRP	(562)	(594)	(724)	(906)
<b>Closing CFR</b>	<b>43,231</b>	<b>52,852</b>	<b>55,573</b>	<b>54,667</b>

### 30. Minimum Revenue Provision (MRP) Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

The Council is recommended to approve the following MRP Policy Statement:

#### Annual Statement of MRP Policy 2018/19

The aim of the policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure which gave rise to the debt provides benefits.

MRP shall commence in the financial year following that in which the capital expenditure is incurred, or in the year following that in which the relevant asset becomes operational.

In respect of the proportion of the Capital Financing Requirement which relates to debt incurred prior to 2008/9, MRP shall be charged on this at the rate of 4% in accordance with option 1 of the guidance, otherwise known as the Regulatory Method.

The MRP liability on debt incurred from 2008/09 onwards shall be based on the estimated useful life of the asset. The MRP shall be calculated using the following methods, as appropriate for specific capital expenditure:

- Equal instalments: where the principal repayments made are the same in each year
- Annuity: where the principal repayments increase over the life of the asset

Estimated life periods shall be determined under delegated powers, with reference to the guidance and advice of appropriate professional advisers, in the year that MRP commences. As some types of capital expenditure are not capable of being related to an individual asset, the MRP shall be assessed on a basis which most reasonably reflects the anticipated period of benefit arising from the expenditure.

### 31. Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the

capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicator:

#### Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

<b>Table 4 - Ratio of Financing Costs to Net Revenue Stream</b>	<b>2017/18 Estimate %</b>	<b>2018/19 Estimate %</b>	<b>2019/20 Estimate %</b>	<b>2020/21 Estimate %</b>
Ratio	8.11	8.86	9.97	12.56

The estimates of financing costs include current commitments and the proposals in the revenue and capital budget report.

#### 32. Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

<b>Table 5 - Year-End Resources</b>	<b>2017/18 Revised £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
Core Funds/Working Balances	(23,963)	(22,631)	(16,787)	(14,603)
Under/(over) borrowing (Table 6)	22,963	21,631	15,787	13,603
<b>Expected investments</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(1,000)</b>

### BORROWING

33. The capital expenditure plans set out in paragraph 28 above provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant Treasury / Prudential Indicators, the current and projected debt positions and the annual Investment Strategy.

#### 34. Current portfolio position

The Council's projected treasury portfolio position is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

<b>Table 6 - Portfolio Position</b>	<b>2017/18 Revised £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
Debt at 1 April	18,537	20,252	31,205	39,770
Other long-term liabilities (OLTL)	16	16	16	16
<b>Total gross debt 1 April</b>	<b>18,553</b>	<b>20,268</b>	<b>31,221</b>	<b>39,786</b>
Expected change in Debt	1,715	10,953	8,565	1,278
Expected change in OLTL	0	0	0	0
<b>Expected change in gross debt</b>	<b>1,715</b>	<b>10,953</b>	<b>8,565</b>	<b>1,278</b>
<b>Gross debt 31 March</b>	<b>20,268</b>	<b>31,221</b>	<b>39,786</b>	<b>41,064</b>
Capital Financing Requirement (Table 3)	43,231	52,852	55,573	54,667
<b>Under / (over) borrowing</b>	<b>22,963</b>	<b>21,631</b>	<b>15,787</b>	<b>13,603</b>

35. Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.
36. The S151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.
37. **Treasury Indicators: limits to borrowing activity**

**The Operational Boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

<b>Table 7 - Operational Boundary</b>	<b>2017/18 Revised £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
Debt	20,252	31,205	39,770	41,048
Other long-term liabilities	16	16	16	16
<b>Operational Boundary</b>	<b>20,268</b>	<b>31,221</b>	<b>39,786</b>	<b>41,064</b>

**The Authorised Limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the



level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- The Council is asked to approve the following authorised limit:

<b>Table 8 - Authorised Limit</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>Revised £000</b>	<b>Estimate £000</b>	<b>Estimate £000</b>	<b>Estimate £000</b>
Debt	23,252	34,205	42,770	44,048
Other long-term liabilities	16	16	16	16
<b>Authorised Limit</b>	<b>23,268</b>	<b>34,221</b>	<b>42,786</b>	<b>44,064</b>

**38. Maturity structure of borrowing**

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

<b>Table 9 - Maturity Structure of Borrowing</b>			
<b>Maturity structure of fixed interest rate borrowing 2018/19</b>			
	<b>31/3/18</b>	<b>Lower</b>	<b>Upper</b>
Under 12 months	31%	0%	30%
12 months to 2 years	4%	0%	30%
2 years to 5 years	11%	0%	40%
5 years to 10 years	15%	0%	50%
Over 10 years	39%	0%	75%

The column headed 31/3/18 is the forecast split of borrowing as at the end of 2017/18 and includes estimated temporary borrowing. The column for the Upper limit is in respect of borrowing in 2018/19. It indicates that borrowing is likely to be for a range of maturities.

It is not anticipated that any borrowing will be taken at variable interest rates.

**39. Control of interest rate exposure**

Please see paragraphs 40 and 44 and the advice of Link Assets Services on prospects for interest rates in Appendix H1.

The table in Appendix H1 compares the forecast of a year ago with that prepared for the mid-year review, and the current forecast.

**40. Borrowing strategy**

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan

debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 treasury operations. The S151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported at the next available opportunity.

#### 41. **Policy on borrowing in advance of need**

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **ANNUAL INVESTMENT STRATEGY**

#### 42. **Investment Policy**

The Council's investment policy has regard to the MHCLG's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be **S**ecurity first, portfolio **L**iquidity second, and only then return (**Y**ield).

In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

**Treasury Management Practice 1 (TMP1)** deals with credit and counterparty risk management. In applying this practice, the following limits are relevant:

**SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the specified investment criteria. A maximum of £4m will be held in aggregate in non-specified investments, specifically term deposits with UK local authorities (maximum of £2m per local authority).

#### 43. **Creditworthiness policy**

The Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

<b>Yellow</b>	5 years
<b>Purple</b>	2 years
<b>Blue</b>	1 year (only applies to nationalised or semi nationalised UK Banks)
<b>Orange</b>	1 year
<b>Red</b>	6 months
<b>Green</b>	100 days
<b>No colour</b>	Not to be used

The yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly, and will be checked at the time of placing investments. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service, and has access to the websites of Fitch, Moody's and Standard & Poor's.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

The proposed counterparties and investment limits for 2018/19 are shown in the following table. Compared to the 2017/18 counterparties list, the only changed proposed is the deletion of the Enhanced Money Market Funds category. Enhanced MMFs have not been used to date, and deletion of the category will not contribute to operational difficulties.

**Investment Counterparties 2018/19**

Category	Institutions	LAS Colour Code	Maximum Period	Limit per Institution
<b>Banks &amp; Building Societies: Call Accounts / Term Deposits / Certificates of Deposit (CDs)</b>				
Government related/guaranteed entities	DMADF (DMO)	Yellow	6 months	Unlimited
	UK Local Authority	Yellow	1 year 2 years	£3m per LA £2m per LA; £4m in total
UK part-nationalised institutions	Royal Bank of Scotland group	Blue	1 year	£4m per group
UK-incorporated Institutions	UK banks and building societies of high credit quality	Orange Red Green	1 year 6 months 3 months	£3m per group (or institution if independent)
<b>Money Market Funds</b>				
Money Market Funds (CNAV) **	MMFs of high credit quality - AAA rated		Instant access	£3m per fund
Enhanced Money Market Funds (VNAV)	EMMFs of high credit quality - AAA rated		T+2 or T+3	<b>DELETE this category</b>

Changes from the Investment Counterparties 2017/18 are in **bold**.

\*\* MMFs used by the council in 2017/18 were BlackRock, Federated, and Standard Life.

44. **Investment strategy**

**In-house funds**

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

**Investment returns expectations**

Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not to rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:

- 2017/18 0.50%
- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.25%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

	<b>Now</b>	<b>2017/18 report</b>
2017/18	0.40%	0.25%
2018/19	0.60%	0.25%
2019/20	0.90%	0.50%
2020/21	1.25%	0.75%
2021/22	1.50%	1.00%
2022/23	1.75%	1.50%
2023/24	2.00%	1.75%
Later years	2.75%	2.75%

The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

**Investment Treasury Indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council’s liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit:

Table 10 - Maximum Principal Sums Invested > 365 Days	2017/18	2018/19	2019/20	2020/21
	Revised £000	Estimate £000	Estimate £000	Estimate £000
UK Government	0	0	0	0
UK Local Authorities **	4,000	4,000	4,000	4,000
UK Banks & Building Societies	0	0	0	0
Non-UK Banks	0	0	0	0
<b>Total</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>

\*\* Maximum of £2 million per local authority

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

**45. Investment Risk Benchmarking**

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day LIBID plus 15%.

**46. End of Year Investment Report**

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

**47. Accounting treatment of investments**

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, officers will review the accounting implications of new transactions before they are undertaken.

**48. Impact of MIFID II reforms from 3 January 2018**

Under MIFID II, all local authorities are now classified by default as retail counterparties and have to consider whether to opt up to professional status and for which types of investments. Where required by counterparties, this Council has opted up to professional status and to date has not lost the ability to invest with existing counterparties.

**IMPLICATIONS OF REPORT**

49. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

50. These are contained in the report.

**COMMENTS OF THE MONITORING OFFICER**

51. The recommendations are appropriate as explained in the body of the report.

GARY HALL  
CHIEF FINANCE OFFICER

<b>Background Papers</b>			
<b>Document</b>	<b>Date</b>	<b>File</b>	<b>Place of Inspection</b>
CIPFA Treasury Management in the Public Services: Code of Practice & Guidance Notes			Town Hall
CIPFA Prudential Code for Capital Finance in Local Authorities			Town Hall
CIPFA Treasury Risk Management Toolkit for Local Authorities			Town Hall
CIPFA Standards of Professional Practice: Treasury Management			Town Hall
MHCLG/DCLG Guidance on Local Government Investments			Town Hall
MHCLG/DCLG Guidance on Minimum Revenue Provision			Town Hall

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Michael L Jackson	5490	19 February 2018	Treasury Strategy 2018-19 – 2020-21.docx



**APPENDIX H1****Advice of the Council's treasury management consultants Link Asset Services****ECONOMIC BACKGROUND**

**GLOBAL OUTLOOK.** World growth looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October, the IMF upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018.

In addition, **inflation prospects are generally muted** and it is particularly notable that **wage inflation** has been subdued despite unemployment falling to historically very low levels in the UK and US. This has led to many comments by economists that there appears to have been a fundamental shift downwards in the Phillips curve (this plots the correlation between levels of unemployment and inflation e.g. if the former is low the latter tends to be high). In turn, this raises the question of what has caused this? The likely answers probably lay in a combination of a shift towards flexible working, self-employment, falling union membership and a consequent reduction in union power and influence in the economy, and increasing globalisation and specialisation of individual countries, which has meant that labour in one country is in competition with labour in other countries which may be offering lower wage rates, increased productivity or a combination of the two. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation, robots and artificial intelligence, leading to many repetitive tasks being taken over by machines or computers. Indeed, this is now being labelled as being the start of the **fourth industrial revolution**.

**KEY RISKS - central bank monetary policy measures**

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as Quantitative Easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation is coming towards its close and a new period has already started in the US, and more recently in the UK, on reversing those measures i.e. by raising central rates and (for the US) reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of an on-going reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get

their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this then also encouraged investors into a search for yield and into investing in riskier assets such as equities. This resulted in bond markets and equity market prices both rising to historically high valuation levels simultaneously. This, therefore, makes both asset categories vulnerable to a sharp correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery by taking too rapid and too strong action, or, alternatively, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.**

There is also a potential key question over whether economic growth has become too dependent on strong central bank stimulus and whether it will maintain its momentum against a backdrop of rising interest rates and the reversal of QE. In the UK, a key vulnerability is the **low level of productivity growth**, which may be the main driver for increases in wages; and **decreasing consumer disposable income**, which is important in the context of consumer expenditure primarily underpinning UK GDP growth.

A further question that has come to the fore is whether **an inflation target for central banks of 2%**, is now realistic given the shift down in inflation pressures from internally generated inflation, (i.e. wage inflation feeding through into the national economy), given the above mentioned shift down in the Phillips curve.

- Some economists favour a shift to a **lower inflation target of 1%** to emphasise the need to keep the lid on inflation. Alternatively, it is possible that a central bank could simply 'look through' tepid wage inflation, (i.e. ignore the overall 2% inflation target), in order to take action in raising rates sooner than might otherwise be expected.
- However, other economists would argue for a **shift UP in the inflation target to 3%** in order to ensure that central banks place the emphasis on maintaining economic growth through adopting a slower pace of withdrawal of stimulus.
- In addition, there is a strong argument that central banks should **target financial market stability**. As mentioned previously, bond markets and equity markets could be vulnerable to a sharp correction. There has been much commentary, that since 2008, QE has caused massive distortions, imbalances and bubbles in asset prices, both financial and non-financial. Consequently, there are widespread concerns at the potential for such bubbles to be burst by exuberant central bank action. On the other hand, too slow or weak action would allow these imbalances and distortions to continue or to even inflate them further.
- Consumer debt levels are also at historically high levels due to the prolonged period of low cost of borrowing since the financial crash. In turn, this cheap borrowing has meant that **other non-financial asset prices**, particularly house prices, have been driven up to very high levels, especially compared to income levels. Any sharp downturn in the availability of credit, or increase in the cost of credit, could potentially

destabilise the housing market and generate a sharp downturn in house prices. This could then have a destabilising effect on consumer confidence, consumer expenditure and GDP growth. However, no central bank would accept that it ought to have responsibility for specifically targeting house prices.

**UK.** After the UK surprised on the upside with strong economic growth in 2016, **growth in 2017 has confounded pessimistic forecasts of weak growth by coming in at 1.8%, only marginally down on the 1.9% rate for 2016.** In 2017, quarter 1 came in at only +0.3% (+1.8% y/y), quarter 2 +0.3% (+1.5% y/y), quarter 3 +0.4% (+1.5% y/y) and Q4 was +0.5% (+1.5% y/y). The outstanding performance came from the manufacturing sector which showed a 1.3% increase in Q4 and +3.1% y/y helped by an increase in exports due to the lower value of sterling over the last year and robust economic growth in our main trade partners, the EU and US. It is also notable that there has been a progressive acceleration in total GDP growth during the year which gives ground for optimism looking forward into 2018.

While the Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the **Monetary Policy Committee, (MPC), meeting of 14 September 2017** managed to shock financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting. (Inflation actually came in at 3.1% in November so that may prove now to be the peak. Inflation fell to 3.0% in December.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that **the amount of spare capacity in the economy was significantly diminishing** towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a *decrease* in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.

At its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

It is also worth noting the **contradiction within the Bank of England** between action in 2016 and in 2017 **by two of its committees**. After the shock result of the EU referendum, the **Monetary Policy Committee (MPC)** voted in August 2016 for emergency action to cut Bank Rate from 0.50% to 0.25%, restarting £70bn of QE purchases, and also providing UK banks with £100bn of cheap financing. The aim of this was to lower borrowing costs, stimulate demand for borrowing and thereby increase expenditure and demand in the economy. The MPC felt this was necessary in order to ward off their expectation that there would be a sharp slowdown in economic growth. Instead, the economy grew robustly, although the Governor of the Bank of England strongly maintained that this was *because* the MPC took that action. However, other commentators regard this emergency action by the MPC as being proven by events to be a mistake. Then in 2017, we had the **Financial Policy Committee (FPC)** of the Bank of England taking action in June and September over its concerns that cheap borrowing rates, and easy availability of consumer credit, had resulted in too rapid a rate of growth in consumer borrowing and in the size of total borrowing, especially of unsecured borrowing. It, therefore, took punitive action to clamp down on the ability of the main banks to extend such credit! Indeed, a PWC report in October 2017 warned that credit card, car and personal loans and student debt will hit the equivalent of an average of £12,500 per household by 2020. However, averages belie wide variations in levels of debt with much higher exposure being biased towards younger people, especially the 25 -34 year old band, reflecting their lower levels of real income and asset ownership.

One key area of risk is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that **some consumers may have over extended their borrowing** and have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right - without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two to three years will actually pan out.

**EZ.** Economic growth in the Eurozone (EZ), (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.6% in quarter 1 (2.1% y/y), 0.7% in quarter 2 (2.4% y/y) and +0.6% in quarter 3 (2.6% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in December inflation was 1.4%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.

**USA.** Growth in the American economy was notably erratic and volatile in 2015 and 2016. 2017 started erratically with quarter 1 coming in at an annualised rate of only 1.2%, quarter 2 at 3.1%, quarter 3 3.2% and Q4 2.6%. This gave an overall figure for annual growth in 2017 of 2.6%, an acceleration from 1.5% in 2016. Unemployment in the US has also fallen to the lowest level for seventeen years, reaching 4.1%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with five increases in all and four increases since December 2016; the latest rise was in December 2017 and lifted the central rate to 1.25 – 1.50%. There could then be another four increases in 2018. At its September meeting, the Fed said it would start in October to gradually unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

**JAPAN.** GDP growth has been gradually improving during 2017 to reach an annual figure of 2.1% in quarter 3. However, it is still struggling to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

### **Brexit timetable and process**

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: initial two-year negotiation period on the terms of exit. In her Florence speech in September 2017, the Prime Minister proposed a two year transitional period after March 2019.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy will leave the single market and tariff free trade at different times during the two year transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.

## PROSPECTS FOR INTEREST RATES

The Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. At its February 2018 meeting, there was no change in Bank Rate but the forward guidance changed significantly to warn of “earlier, and greater than anticipated” rate of increases in Bank compared to their previous forward guidance. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in May and November 2018, November 2019 and August 2020.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long-term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial Quantitative Easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. There was a sharp rise in bond yields after the US Presidential election in November 2016 and yields have risen further more recently as a result of an agreement to a big increase in the government deficit aimed at stimulating economic growth and the Fed. taking the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature. We have also seen a sharp selloff in equities and bonds in February 2018 that has given further impetus to a rise in bond yields.

Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. The Fed. has started raising interest rates and this trend is expected to continue during 2018 and 2019. These increases will make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- The Bank of England takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
- Weak capitalisation of some European banks.
- Germany is still without a fully agreed and stable coalition government after the inconclusive result of the general election in October. In addition, Italy is to hold a general election on 4 March and the anti EU populist Five Star party is currently in the lead in the polls, although it is unlikely to get a working majority on its own. Both situations could pose major challenges to the overall leadership and direction of the EU as a whole and of the individual respective countries. Hungary will hold a general election in April 2018.
- The result of the October 2017 Austrian general election has now resulted in a strongly anti-immigrant coalition government. In addition, the Czech ANO party became the largest party in the October 2017 general election on a platform of being strongly against EU migrant quotas and refugee policies. Both developments could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
- Rising protectionism under President Trump
- A sharp Chinese downturn and its impact on emerging market countries

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

**Investment and borrowing rates**

- Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2017-18 and increased sharply after the result of the general election in June 2017, after the September MPC meeting, (when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases), and again in January and February 2018. Increases have been sharper in periods up to 10 years than in longer maturities... The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

The following table compares the interest rates forecasts provided by the former Capita Asset Services when the Treasury Strategy for 2017/18 to 2019/20 was prepared a year ago with those reported in the mid-year review and the rates now provided by Link Asset Services.



**Comparison of Interest rate Forecasts – Treasury Strategy 2017/18 – 2019/20 (Feb 2017), Treasury Management Activity Mid-Year Review 2017/18 (rates Aug 2017), and Treasury Strategy 2018/19 – 2020/21 (Feb 2018)**

	Bank Rate %			PWLB Borrowing Rates % (including 0.20% certainty rate adjustment)											
				5 year			10 year			25 year			50 year		
	Feb 18	Aug 17	Feb 17	Feb 18	Aug 17	Feb 17	Feb 18	Aug 17	Feb 17	Feb 18	Aug 17	Feb 17	Feb 18	Aug 17	Feb 17
Mar-18	0.50	0.25	0.25	1.90	1.60	1.70	2.50	2.30	2.30	2.80	2.90	3.00	2.60	2.70	2.80
Jun-18	0.75	0.25	0.25	2.00	1.70	1.70	2.50	2.30	2.40	2.90	3.00	3.00	2.70	2.80	2.80
Sep-18	0.75	0.25	0.25	2.10	1.70	1.70	2.60	2.40	2.40	3.00	3.00	3.10	2.80	2.90	2.90
Dec-18	1.00	0.25	0.25	2.10	1.80	1.80	2.70	2.40	2.40	3.10	3.10	3.10	2.90	2.90	2.90
Mar-19	1.00	0.25	0.25	2.20	1.80	1.80	2.70	2.50	2.50	3.20	3.10	3.20	3.00	2.90	3.00
Jun-19	1.00	0.50	0.50	2.30	1.90	1.90	2.80	2.50	2.50	3.20	3.20	3.20	3.00	3.00	3.00
Sep-19	1.00	0.50	0.50	2.30	1.90	1.90	2.80	2.60	2.60	3.30	3.30	3.30	3.10	3.00	3.10
Dec-19	1.25	0.75	0.75	2.40	2.00	2.00	2.90	2.60	2.60	3.30	3.30	3.30	3.10	3.10	3.10
Mar-20	1.25	0.75	0.75	2.40	2.00	2.00	3.00	2.70	2.70	3.40	3.30	3.40	3.20	3.10	3.20
Jun-20	1.25			2.50			3.00			3.50			3.30		
Sep-20	1.50			2.50			3.10			3.50			3.30		
Dec-20	1.50			2.60			3.10			3.60			3.40		
Mar-21	1.50			2.60			3.20			3.60			3.40		

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## **PAY POLICY 2018/19 POLICY STATEMENT**

### **1. INTRODUCTION**

Under Chapter 8 of the Localism Act 2011 Local Authorities in England and Wales were required to produce a pay policy statement for 2012/13 and for each financial year thereafter, and must do so with regard to any guidance from the Secretary of State for Communities and Local Government.

Additional information is also reported in compliance with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (Policy Procedure paragraph 6).

In addition this Policy must be agreed and signed off by the full Council and be publically available.

### **2. POLICY OBJECTIVE**

The purpose of the Pay Policy is to provide transparency with regard to the Council's approach to the setting of pay for all its employees and therefore identifies:

- The methods by which salaries of all employees are determined
- The details and levels of remuneration and any other benefits of the Council's most senior staff.
- The relationship between the remuneration of its most senior staff and other staff within the Council.
- Details relating to the Council's lowest paid staff.
- Who is responsible for ensuring that the Pay Policy is consistently complied with throughout the Council.

### **3. CHORLEY BOROUGH COUNCIL'S RESPONSIBILITY**

It is the Council's responsibility to ensure that:

- A policy is produced for each financial year.
- The policy is publically available through its website.
- The policy is applied fairly and consistently and complies with all relevant legislation.

### **4. OUTCOMES**

The aim of the policy is to ensure that the Council's approach to determining the remuneration of all its employees is fair and transparent.

## POLICY PROCEDURE

### 1. SCOPE

The pay policy covers the remuneration of all employees of the Council including temporary employees. Individuals engaged through employment agency arrangements would also be covered by the policy in compliance with the Agency Workers Regulations 2010.

### 2. PAY STRUCTURE

The Council uses the nationally negotiated pay spine (i.e. a defined list of salary points) as the basis for its local pay structure, and has incorporated at the top of the spine a further 17 salary points for senior posts within the Council, though not all these points are currently being used. The Council also adheres to the national pay bargaining arrangements in respect of increases to the national pay spine.

A copy of the nationally negotiated pay spine and the grades to which it relates at Chorley Council are included below incorporating a pay award of between £175 to £300 on the bottom 7 spinal column points and a 1% increase to the remaining pay points effective from the 1<sup>st</sup> April 2017 which was agreed as part of the 2016/18 national pay negotiations. The Employers side of the NJC for Local Government Services have made a 2 year offer of 2 % for all salaries of £19,430 and above with bottom loaded increases of between 5.458% and 3.734% for salaries below £19,430 for year one. This would be implemented from 1 April 2018. The year 2 pay offer which would be implemented from 1 April 2019 follows a similar format of a 2% increase with some bottom loading together with a remodelling of the pay structure to even out the gaps between increments. The pay offer overall has been designed to address issues of low pay and to accommodate the National Living Wage, of between £8.56 and £9.00 by 2020.

At the time of writing the Pay Policy Statement, the trade union side of the NJC for Local Government Services have not accepted the offer.

This pay spine is used to determine the salaries of all Council employees apart from the Chief Executive and Directors which are addressed separately within this policy. All posts, apart from the Chief Executive and Directors, have been evaluated using the nationally agreed Job Evaluation Scheme, from which the current pay structure was established. The scheme takes into account the need to ensure value for money balanced with the requirement to recruit and retain employees who are able to meet the needs of the service. No specific pay offer has been made by the employers side of the relevant pay negotiating bodies for Chief Officers and Chief Executives for 2018, again at the time of writing this Pay Policy Statement.

The grading of the majority of the posts within Chorley Council was established following the culmination of the Single Status Job Evaluation process in October 2007. New posts and posts which changed significantly are evaluated in accordance with the same Single Status Job Evaluation Scheme.

The Council also has a process by which it could consider paying market supplements where there have been difficulties in recruiting to the post and there is a general industry



shortage which has led to comparable posts within other Councils being considerably higher. All market supplements would have to be agreed with the Human Resources Services Manager and the relevant Director and are reviewed regularly.

There are currently no market supplement payments made to any employee of Chorley Council.

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.

### 3. SENIOR MANAGEMENT REMUNERATION

The Localism Act refers to Chief Officers and Deputies, though it should be noted that the definition is very broad and relates to Metropolitan and County Council's as well as much smaller District Council's with far fewer management levels, such as Chorley Council.

Therefore, for the purpose of this policy, senior management is determined by those officers who are paid in accordance with the Chief Officer and Chief Executive National Conditions of Service, i.e.:

- The Chief Executive
- Deputy Chief Executive/Director (Early Intervention & Support)
- Director (Customer & Digital)
- Director (Policy & Governance)
- Director (Business Development & Growth)

In addition, The Head of Legal, Democratic & HR Services post is also included within Senior Management as it is a statutory chief officer, in its role of Monitoring Officer.

#### **Chief Executive**

Prior to the appointment of a Chief Executive full council will determine the salary of the post to be advertised. Appointment to the post is undertaken by the Chief Executive Appointment Panel, the membership of which is agreed annually by full council, and the panel would make a recommendation to appoint which must be then approved by full council.

The level of salary for the Chief Executive, who is the Head of Paid Services, is £108,131 which is inclusive of the 7.5% Director's Car Lease Scheme contribution if this benefit is taken.

This figure is a single spot point and therefore there is no incremental progression. The salary increased with effect from 1 April 2017 by 1% in respect of a national pay awards under the Chief Executive Conditions of Service.

The current Chief Executive also undertakes the role of Statutory Finance Officer which was taken into account together with the range of other responsibilities and market rates, when determining the salary.



In addition the current Chief Executive is responsible for the following services:

- Assurance

The Chief Executive will also take on the role of Returning Officer for any Local, National and European elections, payment for which will be in accordance with the statutory calculation.

Any fees earned through the role of Chief Executive or in respect of intellectual property gained through the role of Chief Executive would be payable to the Council. Furthermore the Chief Executive would not normally be entitled to undertake any other gainful employment.

Professional fees where membership of a particular professional organisation is required by the Chief Executive to carry out the full role of the post will be reimbursed. The current Chief Executive is reimbursed for membership of the Chartered Institute of Public Finance which is required for the role of Statutory Finance Officer.

Comparison of the Chief Executive salary level to the median salary level within Chorley Council (required under the Localism Act 2011). The median figure excludes casual employees who are only employed on an ad hoc or occasional basis.

Chief Executive Salary (including lease car contribution)	Median salary (SCP 25)	Ratio
£108,131	£22,658	1:4.8

**Deputy Chief Executive/Director (Early Intervention and Support)**

Prior to the appointment of any Director full council will determine the salary of the post to be advertised. Appointment to the post is undertaken by the Chief Officer Appointment Panel, the membership of which is agreed annually by full council, and the panel would make a recommendation to appoint which must then be approved by full council.

The level of salary for the Deputy Chief Executive/Director (Early Intervention and Support) is a single spot salary of £84,280, which is inclusive of the 7.5% Director’s Car Lease Scheme contribution if this benefit is taken <sup>(1)</sup>.

This amount reviewed in accordance with any pay award settlement for Chief Officers, though not necessarily increased in line with any award. As this figure is a single spot point there is no incremental progression. However, the rate of pay would be reviewed in light of any national agreements relating to pay awards under the Chief Officers Conditions of Service.

The level of pay for the Deputy Chief Executive/Director (Early Intervention and Support) was set with regard to:

- The wide range of functions which the Deputy Chief Executive/Director (Early Intervention and Support) is responsible for.
- Market analysis of similar posts within other local authorities.
- Deputising function for the Chief Executive.

Should the Deputy Chief Executive/Director (Early Intervention and Support) or the other Directors detailed below participate in any of the electoral processes, then a relevant



payment would be made, from monies received for carrying out elections, depending upon the role which they undertook.

Any fees earned through the role of Deputy Chief Executive/Director (Early Intervention and Support) or the other Directors detailed below or in respect of intellectual property gained through their role of Director would be payable to the Council. Furthermore the Deputy Chief Executive/Director (Early Intervention and Support) or the other Directors detailed below would not normally be entitled to undertake any other gainful employment.

Professional fees where membership of a particular professional organisation is required by the Director to carry out the full role of the post will be reimbursed. Currently the Deputy Chief Executive/Director (Early Intervention and Support) or the other Directors detailed below are not reimbursed for any professional fees.

Comparison of the Deputy Chief Executive/Director (Early Intervention and Support) salary level to the median salary level within Chorley Council (required under the Localism Act 2011). The median figure excludes casual employees who are only employed on an ad hoc or occasional basis.

Deputy Chief Executive/Director (Early Intervention and Support) Salary (including lease car contribution)	Median salary (SCP 25)	Ratio
£84,280	£22,658	1:3.7

**Director (Policy and Governance)**  
**Director (Customer and Digital)**  
**Director (Business, Development and Growth)**

Prior to the appointment of any Director full council will determine the salary of the post to be advertised. Appointment to the post is undertaken by the Chief Officer Appointment Panel, the membership of which is agreed annually by full council, and the panel would make a recommendation to appoint which must then be approved by full council.

The level of salary for all the Directors is a single spot salary of £70,700 which is inclusive of the 7.5% Director’s Car Lease Scheme contribution if this benefit is taken.

This amount reviewed in accordance with any pay award settlement for Chief Officers, though not necessarily increased in line with any award. As this figure is a single spot point there is no incremental progression. However, the rate of pay would be reviewed in light of any national agreements relating to pay awards under the Chief Officers Conditions of Service.

The level of pay for the Directors was set with regard to:

- The wide range of functions which the Directors are responsible for.
- Market analysis of similar posts within other local authorities.

Comparison of the Directors salary levels to the median salary level within Chorley Council (required under the Localism Act 2011). The median figure excludes casual employees who are only employed on an ad hoc or occasional basis.



Director Salary (including lease car contribution)	Median salary (SCP 25)	Ratio
£70,700	£22,658	1:3.1

**Head of Legal, Democratic & HR Services (Monitoring Officer)**

The level of salary for The Head of Governance is paid in accordance with the National Pay Spine as detailed within paragraph 2 of the Procedure, and was evaluated using the Single Status Job Evaluation Scheme, at PO Scale K (£50,390 to £52,173). Appointment would normally be at the bottom of the grade with incremental progression based upon annual increases until the maximum of the grade is reached.

In addition The Head of Governance is entitled to participate in the Council Car Lease Scheme which provides for a maximum of 7.5% of salary (£3,912) towards the cost of a lease car.

Should the Head of Legal, Democratic & HR Services participate in any of the electoral processes, then a relevant payment would be made, from monies received for carrying out elections, depending upon the role which was undertaken.

Any fees earned through their role of Head of Legal, Democratic & HR Services or in respect of intellectual property gained through the role of Head of Governance would be payable to the Council. Furthermore the Head of Legal, Democratic & HR Services would not normally be entitled to undertake any other gainful employment.

Professional fees where membership of a particular professional organisation is required by the Head of Legal, Democratic & HR Services to carry out the full role of the post will be reimbursed. The current Head of Legal, Democratic & HR Services is reimbursed for, his Practising Certificate to enable him to act as a solicitor, and membership of the Association of Council Secretaries and Solicitors, to enable the effective discharge of monitoring officer duties.

Comparison of the Head of Legal, Democratic & HR Services salary level to the median salary level within Chorley Council (required under the Localism Act 2011). The median figure excludes casual employees who are only employed on an ad hoc or occasional basis.

Head of Legal, Democratic & HR Services (including lease car contribution)	Median salary (SCP 25)	Ratio
£52,173	£22,658	1:2.3

**4. OTHER CONDITIONS RELATING TO SENIOR MANAGEMENT AND OTHER EMPLOYEES**

**Pension Arrangements**

All permanent and temporary employees, including senior management, are entitled to join the Local Government Pension Scheme if they so wish. No alternative options are available should employees not wish to join the scheme.





Enhancements to employee's pension entitlements will not normally be provided for any Council employee, unless there are exceptional circumstances.

Officers on Chief Officer terms and conditions have the option to opt out of the pension scheme and take the employers contributions as additional salary.

### **Performance Related Pay**

Chorley Council does not have any scheme relating to performance related pay for any employees including Senior Management.

### **Bonuses**

Chorley Council does not have any schemes relating to the payment of bonuses for any employees including Senior Management, and therefore none are received.

### **Payments on the termination of employment**

An employee being made redundant would receive a payment in accordance with the Council's Redundancy Policy which is applicable to all permanent and temporary employees. Payments are based upon the statutory redundancy ready reckoner and the employee's actual weekly wage with no automatic further enhancements to redundancy payments. Additional payments may be considered in exceptional circumstances.

### **Senior Managers returning to Chorley Council**

The Relevant Appointment Panel would consider applications from former Senior Managers of either Chorley Council or another local authority who received either a redundancy payment or who was in receipt of a Local Government Pension, to determine whether it would be appropriate to appoint them to a Senior Management post within Chorley Council.

### **Professional Subscriptions**

A number of employees are members of professional organisations in connection with their employment at the Council though membership is not essential to enable them to undertake their duties on behalf of the Council. Therefore, it is the policy of the Council to only pay for an employee's subscription to a professional organisation where they have a statutory responsibility.

### **Other Benefits**

Chorley Council pays for all employees including the senior managers detailed within this policy, to have level 1 access to a Health Care Plan, if they so wish. For all those employees participating in the scheme the value of the benefit is £52 per employee per annum. Anyone wanting to increase the level of cover, or include partners or spouses on the Health Care Plan must pay any additional premium themselves, through their salary.

## 5. LOWEST PAID EMPLOYEES

### Lowest Paid Employees

At a meeting of the Council on the 8<sup>th</sup> January 2013, Chorley Council adopted the “Living Wage Foundation” rates for all its employees, excluding apprentices (see below), to address the issue of low pay. The Living Wage Foundation, which is a national body, established and annually updates what it considered to be a “living wage” which is an hourly rate and is currently £8.75 for outside London. The rate is set by the Centre for Research in Social Policy and is based upon what it considers to be the basic cost of living to provide a minimum income standard. This compares with the National Minimum Wage which is currently £7.50 per hour for employees aged 25 and over.

Both hourly rates appertaining to Scale 1 (£8.20 and £8.37 are below the National Living Wage, which now falls within the scale 2 of the national pay structure (see table below). Work was undertaken by the Council in light of its commitment to the Living Wage Foundation rates, to redesign existing scale 1 posts to give them greater responsibilities which subsequently meant that they were re-evaluated under the national scheme detailed previously, to scale 2. Therefore all posts within Chorley Council, excluding apprentices, are paid at scale 2 as a minimum.

Salary range for Scale 2

Point	Annual salary	Hourly rate
13	£16,491	£8.72
14	£16,781	£8.87

Progression through the grade is by annual increments until the maximum of the scale is reached.

Whilst the bottom of scale 2 is now below the Living Wage Foundation rate of £8.75 employers have 12 months to implement the rate from November 2017 when the rate was established. Any pay award of more than 0.5% would bring the minimum grade above the Living Wage Foundation rate.

### Apprenticeships

There are a number of apprentices currently employed by Chorley Council, within Streetscene, Leisure and Customer, Services. With effect from 1<sup>st</sup> April 2014 the Council agreed that apprentices should receive the current National Minimum Wage relating to their age. With effect from 1<sup>st</sup> April 2018 the new minimum wage rates are detailed below:-

Under 18	£4.20 per hour
18 - 20	£5.90 per hour
21 - 24	£7.38 per hour
25 and over	£7.83 per hour

Apprenticeships are usually employed for a fixed period of 2 years. It is difficult to ascertain the exact cost of the minimum wage for all apprentices as it depends upon the age profile



and date of birth of the apprentices at any given time, as the rate can vary by up to £3.63 per hour.

**6. GENDER PAY INFORMATION**

This information is published in compliance with the The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and relates to the 31 January 2018.

Average hourly rates of pay for male and female employees (Regulations 8 and 9):

	Male	Female	Difference
Mean hourly rate	£13.90	£13.88	0.1%
Median hourly rate	£11.99	£11.99	0%

Bonus payments made to male and female employees (Regulations 10, 11 and 12):

This information is not reported as bonuses are not paid to any employee of Chorley Council.

The proportions of male and female employees in the lower, lower middle, upper middle and upper quartile pay bands:

	Male	Female
Lower quartile	58.2%	41.8%
Lower middle quartile	39.2%	60.8%
Upper middle quartile	51.9%	48.1%
Upper quartile	47.4%	52.6%

**7. OVERTIME PAYMENT ARRANGEMENTS**

A number of recent Tribunal decisions have established the principle that employees should not be deterred from taking annual leave by being worse off for being on leave than if they had been in work. This primarily relates to overtime payments not being taken into account when calculating holiday pay, and employees just receiving their basic pay regardless of the level or regularity of overtime undertaken.

Advice from ACAS is that “Workers should usually receive the same pay while they are on annual leave as they normally receive while they are at work” and go on to say that “All types of overtime, including voluntary, must be included when calculating a worker's statutory holiday pay entitlement, apart from overtime that is only worked on a genuinely occasional and infrequent basis.”

<http://www.acas.org.uk/index.aspx?articleid=4109>



The requirement to recognise overtime when calculating holiday pay, however, only applies to the 4 weeks of annual leave required by the EU Working Time Directive. It would be impractical to determine what overtime is regular and therefore should be reflected in holiday pay, in light of the resources required to monitor this, the lack of any legal definition as to what constitutes regular overtime and that this approach may encourage employees to undertake unnecessary overtime to establish a level of regularity.

Therefore an additional 7.69% is added to overtime payments to accommodate the requirement to reflect overtime in holiday pay calculations for the 4 weeks of annual leave required by the EU Working Time Directive.

It is anticipated that this proactive approach avoids claims for back pay and should be taken in the context of a continuing review of the levels of overtime to look at ways where overtime costs may be reduced.

It is not proposed that standby payments are similarly enhanced, as arrangements to undertake standby are rostered around annual leave. Therefore employees do not suffer any detriment as a result of taking annual leave.

Should there be subsequent case law which impacts upon this issue then we would reviewed the measures and potentially implement alternative arrangements.

Subject to agreement it is intended to implement the new arrangements for all overtime worked from the 1<sup>st</sup> April 2018. Unison have already been informed of the basis of the proposals (subject to agreement) and all staff would be written to informing them of the changes prior to implementation

## 8. COMPLIANCE

It is the responsibility of the Council's Human Resources Services Manager to ensure that the Pay Policy is adhered to and is required to report any deviation from the Policy to the Leader of the Council.

## 9. PUBLICATION

This policy will be published on the Chorley Council website as soon as possible after it has been approved by full council.

## 10. GLOSSARY OF TERMS

**Chief Officer Appointment Panel** - Member Panel appointed annually at full Council

**Head of Paid Service** – Statutory Officer appointed in accordance with section 4 of the Local Government and Housing Act 1989. The Chief Executive and Senior Officer at the



Council with responsibility for co-ordinating and organising council business and ensuring proper management of staff.

**Monitoring Officer** – Statutory Officer appointed in accordance with section 5 of the Local Government and Housing Act 1989. The officer with responsibility for ensuring the legality of the Council's actions.

**Returning Officer** – Statutory Officer appointed in accordance with section 35 of the Representation of the People Act 1983. The RO has responsibility for the conduct of Council elections. The role is an independent statutory function which is appointed to by, but sits separate to the Council. The Constitution appoints the Chief Executive as RO.

**Statutory Finance Officer** - Statutory Officer appointed in accordance with section 151 of the Local Government Act 1972. The officer with responsibility for the proper administration of the Council's financial affairs.



**NJC FOR LOCAL GOVERNMENT SERVICES  
PAY SCALES 01/04/2017 TO 31/03/2018**

<b>SCALE 1</b>			<b>SCALE 2</b>		
SCP	Annual Salary	Hourly Rate	SCP	Annual Salary	Hourly Rate
<b>11</b>	15,507	8.2040	<b>13</b>	16,191	8.5659
<b>12</b>	15,823	8.3712	<b>14</b>	16,481	8.7193

<b>SCALE 3</b>			<b>SCALE 4</b>		
SCP	Annual Salary	Hourly Rate	SCP	Annual Salary	Hourly Rate
<b>15</b>	16,772	8.8732	<b>19</b>	18,560	9.8192
<b>16</b>	17,169	9.0833	<b>20</b>	19,238	10.1779
<b>17</b>	17,547	9.2832	<b>21</b>	19,939	10.5487
<b>18</b>	17,891	9.4652			

<b>SCALE 5</b>			<b>SCALE 6</b>		
SCP	Annual Salary	Hourly Rate	SCP	Annual Salary	Hourly Rate
<b>22</b>	20,456	10.8223	<b>26</b>	23,166	12.2560
<b>23</b>	21,057	11.1402	<b>27</b>	23,935	12.6628
<b>24</b>	21,745	11.5042	<b>28</b>	24,717	13.0765
<b>25</b>	22,434	11.8687			

<b>SO1</b>			<b>SO2</b>		
SCP	Annual Salary	Hourly Rate	SCP	Annual Salary	Hourly Rate
<b>29</b>	25,694	13.5934	<b>32</b>	28,203	14.9208
<b>30</b>	26,556	14.0495	<b>33</b>	29,033	15.3599
<b>31</b>	27,394	14.4928	<b>34</b>	29,854	15.7943

<b>PRINCIPAL OFFICER</b>					
SCP	Annual Salary	Hourly Rate	SCP	Annual Salary	Hourly Rate
<b>33</b>	29,033	15.3599	<b>51</b>	45,265	23.9476
<b>34</b>	29,854	15.7943	<b>52</b>	46,196	24.4402
<b>35</b>	30,480	16.1255	<b>53</b>	47,146	24.9425
<b>36</b>	31,288	16.5529	<b>54</b>	48,068	25.4304
<b>37</b>	32,164	17.0164	<b>55</b>	49,007	25.9273
<b>38</b>	33,106	17.5147	<b>56</b>	49,891	26.3948
<b>39</b>	34,196	18.0914	<b>57</b>	50,774	26.8619
<b>40</b>	35,093	18.5660	<b>58</b>	51,656	27.3289
<b>41</b>	36,019	19.0559	<b>59</b>	52,540	27.7964
<b>42</b>	36,937	19.5415	<b>60</b>	53,423	28.2634
<b>43</b>	37,858	20.0288	<b>61</b>	54,306	28.7304
<b>44</b>	38,789	20.5213	<b>62</b>	55,188	29.1975
<b>45</b>	39,660	20.9821	<b>63</b>	56,072	29.6650
<b>46</b>	40,619	21.4895	<b>64</b>	56,955	30.1320
<b>47</b>	41,551	21.9826	<b>65</b>	57,839	30.5996
<b>48</b>	42,474	22.4709	<b>66</b>	58,720	31.0661
<b>49</b>	43,387	22.9539	<b>67</b>	59,604	31.5336
<b>50</b>	44321	23.4480			

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**APPENDIX J**

Report of	Meeting	Date
Chief Finance Officer	Special Council	27 February 2018

**REPORT OF THE CHIEF FINANCE OFFICER****PURPOSE OF REPORT**

1. To provide advice to the Council as required under s25 of the Local Government Act 2003.

**RECOMMENDATION(S)**

2. The Council are recommended to note the Chief Finance Officer's comments and advice under Section 25 of the Local Government Act 2003 as set out in this report and have regard to it when considering the budget proposals for 2018/19.

**EXECUTIVE SUMMARY OF REPORT**

3. This report is required by statute and the chief finance officer should report to members the robustness of the budget estimated including how they have been constructed and the assumptions that underpin them. In addition the Chief Finance Officer must report to members the adequacy of the proposed financial reserves.
4. This report outlines the key assumptions and risks contained in the budget and identifies that over time working balances will be increased to mitigate some of those risks.
5. The Council will continue to experience significant reductions in funding. The Final Local Government Finance Settlement 2018/19 to 2020/21 was published on 6 February 2018. This settlement continued with the Government's policy of reductions in funding being administered with the expectation that any budget shortfall is mitigated through increases in council tax.
6. In terms of the 2018/19 budget once again all key budgets have been reworked to align with expected outturn for 2017/18 and therefore reflect the ongoing cost of delivering the current levels of service. The budget contains expenditure

savings targets and increased budgeted income. All expenditure savings included in the 2018/19 budget have been achieved.

7. There continues to be income targets contained within the budget; these are based upon contractual agreements or have been realigned to reflect the latest performance information. A fees and charges report was approved by Executive Cabinet on 18 January 2018 that included increases in some of the charges the council makes for its services. A prudent estimate of the increased likely income has been brought into the budget for 2018/19 onwards. Market Walk will continue to be the Council's biggest income generator in terms of fees and charges and to mitigate some of the risks to income money is being set aside into an equalisation account to be used should rental targets not be achieved. The balance in the income equalisation reserve will be £300k in 2018/19.
8. The forecast is that the budget will be balanced in 2018/19 and that the Council's general fund balances will be £4m. The target balance of £4m has been achieved a year earlier than budgeted and is set at this level to manage the risks to council's funding over the medium term as well as managing any potential re-profiling of savings the council is required to make. In addition, funds continue to be set aside as earmarked reserves in 2018/19 that will help enable the Council to implement the Transformation Strategy and resultantly the budget strategy included in the MTFS.
9. Key risks remain, in particular the forecasting of business rate receipts in 2020/21 onwards. As part of the final Local Government Finance Settlement 2018 the Government announced a new 75% business rates scheme and a new funding formula that makes longer term financial planning very challenging. As such only growth that is achieved will be built into the base budget and there is zero percent growth assumed in the short to medium term period. The Council does however continue to benefit from being a member of the Lancashire Business Rate Retention Pool in 2018/19.
10. Having reviewed the underlying assumptions and commented on the position in relation to key risks and working balances I am satisfied that the budget assumptions are reasonable, the key financial risks have been considered and the budget is deliverable.
11. Further analysis of the risks to revenue and capital budgets are analysed at the end of this report.

<p><b>Confidential report</b> Please bold as appropriate</p>	<p>Yes</p>	<p>No</p>
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## CORPORATE PRIORITIES

12. This report relates to the following Strategic Objectives and to the Council's ability to deliver its corporate plan whilst ensuring a balanced budget is achieved. The MTFS sets out how Council resources will be used to deliver those priorities.

Involving residents in improving their local area and equality of access for all	✓	A strong local economy	✓
Clean, safe and healthy communities	✓	An ambitious council that does more to meet the needs of residents and the local area	✓

## BACKGROUND

13. Under the requirements of Section 25 of the Local Government Act 2003 the Chief Finance Officer is required to advise members when setting the budget as to the robustness of the estimates and the adequacy of working balances.

## THE ROBUSTNESS OF ESTIMATES

14. In terms of the budget proposals, once again in 2018/19 a thorough reassessment of the budgets has been undertaken by budget holders, service managers and directors and their accountants based upon the latest information available. In terms of the key assumptions contained particularly in the 2018/19 budget these are shown in the main budget report and the medium term financial strategy (appendix C on this report agenda) but are summarised for convenience below

**KEY ASSUMPTIONS**

15. The table below shows the key assumptions made in forecasting forward the Council's financial position.

<b>Key Assumptions</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Increase in Council Tax	2.99%	2.99%	2.99%
Growth in Council Tax Base	1.89%	1.5%	1.5%
Growth in Retained Business Rates	0%	0%	0%
Reduction in Revenue Support Grant or equivalent increase in business rates tariff	£0.435m	£0.299m	-
Total Forecast New Homes Bonus	£2.989m	£2.753m	£2.156m
Use of New Homes bonus to Fund the Capital Programme	(£0.400m)	(£0.400m)	(£0.400m)
Total Forecast New Homes Bonus Built Into the Base Budget	(£2.589m)	(£2.353m)	(£1.756m)
Future Service Pension Rate	14.4%	14.4%	14.4%
Additional Business Rates - Lancashire Pooling Arrangement or equivalent business rates retention regime	(£0.716m)	(£0.560m)	(£0.316m)
Income from LCC	(£0.096m)	(£0.096m)	(£0.096m)
Pension Fund Deficit Recovery	£0.841m	£0.966m	£1.016m
Pay Award	2%	2%	2%

In terms of the key assumptions I would make the following comments to confirm their validity:-

**COUNCIL TAX INCREASES**

16. Taking into consideration the large reductions in funding the council will experience in 2018/19 to 2020/21 the administration is proposing to increase council tax by 2.99% in 2018/19. As well as this the MTFs models the forecast impact of a 2.99% council tax increase in 2019/20 and 2% in 2020/21. As the council tax charge is decided annually it will be for the council to determine if any actual increases are implemented. A prudent 1.5% expansion of the council tax base, excluding council tax increases, is being assumed. This growth is lower than has been experienced in previous years and although it is expected that housing expansion will slow, it is still expected that council tax yield will be greater than budgeted.

## **REDUCTION IN GRANT SETTLEMENT**

17. The Local Government Finance Settlement 2016/17 offered all Councils a four year Revenue Support Grant (RSG) settlement from 2016/17 to 2019/20. In accordance with Government requirements an Efficiency Plan was agreed at Full Council in September 2016. This document was published on the Council's website and on 16 November 2016 the Council received confirmation from MHCLG on its four year RSG settlement, including an additional business rates tariff in 2019/20. The risk to the Council now is that we have the certainty of the Revenue Support Grant reductions but the uncertainty of the new business rate system. To mitigate this risk the forward forecasts of business rate income are prudent and I have set out a target for general fund balances of £4m to manage some of this risk. This target balance has been achieved in 2017/18, a year earlier than budgeted.

## **NEW HOMES BONUS**

18. The allocation of NHB has been reduced from 6 to 4 years, in addition the allocation has been reduced using a 'deadweight adjustment'. This assumes that the Council should at least expand the housing base by 0.4% per annum; any growth below this level would not receive funding. For Chorley this is approximately 150 band D equivalents per year. The deadweight adjustment has not been adjusted in 2018/19 but it could be adjusted further in 2019/20 onwards. In order to be prudent I have modelled a tapered reduction in NHB based upon a lower growth in housing stock. It is clear that the NHB system will be part of the local government resource base and in this respect it allows the funding to be used as funding in the base budget as per last year's budget strategy. It therefore allows for the use of the resource to fund core services to a greater extent than previously if this is required.

## **NET FINANCE OF MARKET WALK**

19. In December 2017 £5m of PWLB borrowing was taken to ensure the council managed its cash balances whilst mitigating against potential increases in future interest rates. The assumption built into the 2018/19 forecast is that the internal cash position will therefore remain positive for at least the first half of the financial year and that if required we will be able to temporarily continue to internally finance some of the debt required rather than borrow. The rationale for this approach is that the interest earned on deposits is significantly less than borrowing costs and in treasury management terms is financially advantageous to the council. However I need to be able to respond to what happens in the financial markets and as borrowing rates fluctuate be able to react. If rates are forecast to change it will be appropriate to take on some additional borrowing. For this reason, although I have built in some savings, I have also left some headroom for in year borrowing.

**BUSINESS RATE RETENTION (BRR)**

20. The budget report explains the volatile nature of this particular core income stream and why accurate forecasting of future receipts is problematic. The income levels contained within the retained business rates budget are based upon a set of assumptions that may impact on the total amount collected in future years, in particular the outcomes within the appeals process.
21. The forecast of loss of income due to successful appeals is made more complicated in 2017/18 onwards by the 2017 national revaluation and the new 'check, challenge and appeal' process. There is limited information to date on the level of appeals against the 2017 list and therefore it is not straightforward to calculate a sufficient appeals provision. On average businesses in Chorley experienced a reduction in business rate liabilities and therefore the council should expect a lower rate of appeals than in the past. The appeals provision will stand at £2.150m in 2018/19. I am confident this is sufficient to cover the potential cost of appeals in 2018/19.
22. At present any growth in business rates is being offset by losses on appeals and for this reason I am building no estimated growth into any future years forecast which I believe is a prudent approach. With regard to the additional income resulting from being a member of the Lancashire BRR Pooling Agreement, budgeted income from 2018/19 is estimated based on the current level of receipts. Until further information becomes available, I will continue to assume the council is part of the Lancashire Business Rates Pool in 2019/20 and that it will continue to benefit, albeit by a lesser amount, in 2020/21 from business rates retention.
23. A large risk associated with business rates income relates to two applications for mandatory charitable relief received from Lancashire Teaching Hospitals NHS Foundation Trust. If successful the application would be backdated to 2010 and therefore have a significant negative impact on the Council's revenue budget. A headline figure is a potential £1.5m impact on the Council's general fund and an approximate £200k further reduction in ongoing retained business rates. At present, as per advice from Local Government Association legal advisors, I have assumed this request for relief will not be granted. However I am confident the Council has sufficient working balances to deal with the risk posed from these applications.

**PENSION FUND CONTRIBUTIONS**

24. As part of a triennial pension review the Lancashire County Pension Fund (LCPF) announced an increase in employer pension contributions for 2017/18 to 2019/20 to meet the future costs of the scheme. The contributions have increased from 11.1% to 14.4% resulting in an increase in the council's contribution of approximately £250k per annum. It is assumed that contributions remain at 14.4% in 2020/21.

25. The pension deficit recovery period is assumed to be made over 19 years however Chief Finance Officer's in Lancashire have raised queries to the LCPF as to whether this should be extended over a longer period as has been experienced in other funds throughout the country. If this is agreed there is the potential for contributions to the pension fund to be lower than currently budgeted in 2020/21.

### PAY AWARD

26. The estimates for 2018/19 are based upon the most recent announcement of actual pay award, so in that respect are robust. Future years are based upon the fact that pay increases are on average likely to be 2% in 2018/19, 2019/20 and 2020/21. The increases are budgeted to be higher for those on lower scale points. Chorley Council pays the Living Wage Foundation hourly rates to its employees meaning it will pay more than the National Minimum wage. The council reviewed its staff on lower pay scales in 2016/17 and ensured that any potential increases in the Living Wage Foundation rates could be managed within its current pay structure.
27. Two of the three local government trade unions will reject the 2% pay offer from employers. Their argument is that the headline figure in each year is less than inflation and therefore represents a "pay cut". Chorley Council has modelled for a 2% pay increase year on year over the MTFS period. Every 1% increase in pay increases council expenditure by £120k. A final settlement is not likely to be reached until 2018/19 and so any potential shortfall in the budget will be dealt with through the 2018/19 budget monitoring process.

### MEDIUM TERM FINANCIAL STRATEGY

28. The MTFS sets out the Council's plans to bridge the funding gap as summarised below:

#### Total Summary Budget Resource Options to 2020/21

	2019/20 £m	2020/21 £m
<b>Forecast Budget Deficit</b>	<b>1.614</b>	<b>2.213</b>
Renegotiate Contracts	(0.574)	(0.673)
Transformation – Productivity Gains including shared services	(0.790)	(1.040)
Income Generation – Delivering Market Walk Extension	(0.150)	(0.300)
Income Generation – Delivering Council Owned Housing Stock	(0.100)	(0.100)
Income Generation – Developing Council Owned Employment Land	-	(0.100)
<b>Forecast Adjusted Medium Term Budget Deficit</b>	<b>(0.000)</b>	<b>(0.000)</b>

29. The strategy shows that broadly speaking the administration will attempt to bridge the gap by generating efficiency savings and additional income of £2.213m. Based upon the analysis of risk I have undertaken this is not unrealistic but it will require the Council to focus in particular upon ensuring a wide range of services are included in the scope of the shared services transformation strategy.
30. Investing in income generating schemes is forecast to generate the Council £500k of additional income. It is recognised that this will require significant early expenditure and this is why the Council has set aside £700k in an earmarked reserve specifically for investment in income generating projects. In addition, the approved changes to the Business, Development and Regeneration Directorate will result in a new structure that will drive forward the expansion of income generation including the development of council owned employment sites that were acquired in 2016/17.

#### **LEVELS OF WORKING BALANCES**

31. The previous MTFs indicated that working balances should be no less than £4.0m by 2018/19. This level was based upon risk contained in the budget particularly around:
  - the volatility in the funding system in relation to business rate retention
  - possible re-profiling of savings and income generation proposals into future years
  - risk of loss of deposits should a future banking crisis occur
32. The £4m general fund balance has been achieved a year early in 2017/18, the sufficiency of this reserve will be reviewed annually, as a minimum.
33. In relation to the Treasury Strategy, individual deposit levels were increased to £3m to enable better rates to be accessed, but investments of up to £4m can be placed with part-nationalised UK financial institutions. One of the lessons for Councils who were affected by the Icelandic banking crisis was that they should at least have the minimum level of working balances to cover any potential loss of deposits should a banking crisis occur. For this reason I think it appropriate to keep working balances of £4m.

**IMPLICATIONS OF REPORT**

34. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

35. These are contained within the report.

**COMMENTS OF THE MONITORING OFFICER**

36. The report is designed to ensure that the relevant legislation is complied with in terms of Statutory Officer advice.

GARY HALL  
CHIEF EXECUTIVE

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Gary Hall	5151	19/02/18	

## RISKS TO MEDIUM TERM FINANCIAL STRATEGY

The Medium Term Financial Strategy outlines how the Council will achieve its corporate strategy priorities whilst recognising the budgetary pressures it will experience over the coming 3 years. Within the strategy are a number of risks that are outlined below.

### RISKS TO REVENUE BUDGET

#### HIGH RISK

##### **Business Rates Retention – Future Schemes**

The provisional finance settlement announced in December 2017 stated the Government's commitment to reforming the business rates retention scheme. From 2020/21 the aim is for Council's to retain 75% of their business rates income. This is understood to mean all authorities would be at 75%, rather than the 75% being an average. However, during this time there will also be a fair funding review that will inform how funds will be redistributed (as they currently are using top-up and tariffs). As such it is not possible at this time to model how the 75% retention will affect Chorley Council. The 2020/21 business rates retention is therefore uncertain, the current MTFs assumes a £400k reduction in funding, through an increased tariff, in keeping with previous years reductions in Revenue Support Grant. It is not clear whether the fair funding review will result in increased or decreased allocations to Chorley Council however the split between district and county areas is also being considered and therefore this could result in redistribution from district to county councils.

##### **Business Rates Pool**

Chorley Council currently benefits £715k from being a member of the Lancashire Business Rates Pool. The pool has been confirmed for 2018/19 however the pool is required to request approval for continuation every year. If the request for the continuation of the pool was denied by the Secretary of State the Council the Council would face a £715k budget deficit to manage from further savings and/or the use of general fund resources.

It is assumed the benefit of the pool will remain in 2018/19 and 2019/20. It is assumed that there will be a £156k and £400k increase in the business rates tariff in 19/20 and 202/21. The budget therefore accounts for some erosion of the expected benefit of being in the current pool and any retention scheme that is proposed in 2020/21.

##### **NHS Request for Mandatory Relief**

A large risk associated with business rates income relates to two applications for mandatory charitable relief received from Lancashire Teaching Hospitals NHS Foundation Trust. If successful the application would be back dated to 2010 and therefore have a significant impact on the Council's revenue budget. A headline figure is a potential £1.5m impact on the Council's general fund and a further c£200k reduction in ongoing retained business rates. The LGA is representing affected councils nationwide and retain the view that NHS trusts and foundation trusts are not charities and therefore not eligible for mandatory non domestic rate reliefs.



## **MEDIUM RISKS**

### **New Homes Bonus**

The Government has consulted twice on the allocation of New Homes Bonus in the past 2 years. The allocation in 2018/19 will finalise the reduction from 6 to 4 years representing a £1.6m reduction in funding to the Council. The latest government consultation proposed reducing the allocation further by reducing the grant for those homes built following planning appeals. Following consultation the allocation has not been adjusted for 2018/19 however future allocations may still occur.

Chorley Council has been successful in promoting the expansion of housing in the borough. The resultant allocations of New Homes Bonus have allowed the Council to invest in its residents' priorities. The council expects a slowdown in house building over the coming three years as larger housing development sites are already nearing completion and new sites in which to develop housing become increasingly scarce. As a result, the MTFs has built into its forecast a steady reduction in New Homes Bonus allocations. However a greater reduction in housing development would increase the rate at which the grant is reduced.

### **Business Rates Appeals and Other Business Rates Adjustments**

The Council's provision for business rates appeals stood at £1.65m at the beginning of 2017/18. During the year there has been £738k of successful backdated appeals charged to the provision many of which related to health centres in the borough reducing rateable values on appeal.

In April 2017 a new business rates appeal process has been introduced called 'Check, Challenge and Appeal'. The benefit of the multi-stage process is that it requires businesses to complete its own 'Check' and therefore should discourage speculative appeals.

The budget for 2018/19 includes an provision of £2.150m. This is deemed sufficient to meet the potential successful appeals that may transpire from the outstanding list.

### **Pay Inflation**

The MTFs includes an estimated 2% pay increase from 2018/19 onwards with significantly higher pay increases for staff on lower spinal points. In addition there is to be a national review of the National Joint Committee (NJC) pay spine, the results of which will come into force from 2019/20. Chorley Borough Council is a member of the Living Wage Foundation and therefore pays a higher rate than the required national minimum wage. However the proposed changes to the national spinal points at higher grades could still represent an inflationary risk to the Council's budget from 19/20 onwards.

Two of the three local government trade unions will reject the 2% pay offer from employers. Their argument is that the headline figure in each year is less than inflation and therefore represents a "pay cut". Chorley Council has modelled for a 2% pay increase year on year over the MTFs period. Every 1% increase in pay increases council expenditure by £120k. A settlement is not likely to be reached until 2018/19 and so any potential shortfall in the budget will be dealt with through the 2018/19 budget monitoring process.

**MEDIUM RISKS****Universal Credit**

The Government is consolidating a number of welfare benefits into a revised Universal Credit Scheme. One of these is housing benefits which is currently administered by the Council. Universal credit will be managed by the Department of Work and Pensions. The full scheme will be rolled out in Chorley in July 2018 and the potential risk to bad debts increasing is when people move to UC and then it becomes more difficult to recover overpayments as there is no ongoing Housing Benefit and the debt might not have the same priority of other debts such as fuel or rent arrears. Currently there has been very little sign up to universal credit however as take-up increases there is a possibility that the Council's bad debt provision will need to be increased with a subsequent charge to the general fund.

**Delivery of Budgeted Savings and Additional Income**

The MTFs includes a number of challenging saving proposals and innovative plans for income generation. Achieving these goals will require a change in organisational culture, enhanced sharing of services across organisations and commercial negotiations. The monitoring and robust challenge of all proposals is overseen by the Council's Transformation Board. Risks are reported to senior management team as well as members and actions taken when required. Given the Council's increased dependency on sharing services and generating income there will always be risks that sit outside of the Council and are therefore more difficult to manage.

The Council's general fund balance of £4m has been set such that potential delays in bringing forward income or generating savings can be temporarily managed within council resources.

**LOW RISK****Inflation**

The Council's expenditure is subject to annual inflation based on indexation that is determined by external stakeholders. Sharp increases in inflation would result in higher day to day expenditure and possible budget overspends. Inflation forecasts from the Office of National Statistics (ONS) have been used to inform the budget over the coming 3 years. This will be reviewed annually to ensure budgets are sufficient to meet inflationary pressures.

**Income**

The major income streams the Council benefits from include car parking, planning as well as commercial income from units the Council owns including Market Walk Shopping Centre. Uncontrollable reductions in income could leave services under-funded. The Council has been prudent when budgeting for income and there is relative certainty from the income gained through lease of commercial units.

**Interest Rates**

As a result of the capital investment in the borough the Council does not hold large cash reserves and therefore changes in the rates on deposits do not represent a large risk to the Council. Potential increases in the rate of PWLB borrowing may result in the Council taking long-term borrowing earlier to ensure it finances its capital programme at the most economical rate. The Financial Accounts team monitor changes in PWLB rates closely and regularly advise the Chief Finance Officer.

## RISKS TO CAPITAL BUDGET

### MEDIUM RISKS

#### **Overspends on Capital Projects**

All capital projects are monitored on at least a quarterly basis, with the major capital projects monitored on an ongoing basis by council officers and commissioned external project managers. Any potential overspends are highlighted by the relevant project group or officer and reported to the Chief Finance Officer.

Actions plans are agreed to manage potential overspends and managed by the project officer. If necessary, financing is identified within the capital programme to meet any additional required resources. Changes to the capital programme are reported quarterly to Executive Cabinet. Changes to a capital project between these periods are taken on a separate report to Executive Cabinet or Full Council.

### LOW RISK

#### **Insufficient Financing to Delivery Capital Programme**

The council continues to have a significant gap between its capital funding requirement and current borrowing levels. As such borrowing is available to the council if funding sources previously allocated to projects no longer become available.

In addition, the council allocated approximately £400k of new homes bonus to fund capital projects every year. This allows the council the flexibility to fund capital expenditure from revenue resources and reduce the requirement to utilise prudential borrowing.

Report of	Meeting	Date
Director (Policy and Governance)	Special Council	27 February 2018

**BUDGET CONSULTATION 2018/19**

**PURPOSE OF REPORT**

1. This report provides the Council with the results of the public consultation carried out on the Executive’s draft budget investment proposals for 2018/19.

**RECOMMENDATION(S)**

2. That Members use the results which highlight the views of residents to inform their decisions on setting the budget for 2018/19.

**EXECUTIVE SUMMARY OF REPORT**

3. Consultation on proposed budget principles for 2018/19 received a total of 780 responses to the online survey and also significant interaction online through social media. The open question format enabled individuals to give detailed feedback on the proposals and their views as to how the council might improve, supporting more meaningful engagement.
4. Content analysis of the comments showed a relatively even distribution of positive, negative and neutral feedback with more positive view points overall. Of the positive comments received to the online survey, the majority support the budget proposals wholeheartedly. Second to overall support for the budget proposals, was positive support for the council tax increase. However, it is worth noting that the council tax increase also featured as the primary negative theme. There is some planned activity in response to the negative themes in appendix 2.

<b>Confidential report</b> Please bold as appropriate	Yes	<b>No</b>
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**CORPORATE PRIORITIES**

5. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	✓	A strong local economy	✓
Clean, safe and healthy communities	✓	An ambitious council that does more to meet the needs of residents and the local area	✓

**BACKGROUND**

6. The 2018/19 budget consultation process started following approval of the budget position paper by Executive Cabinet on the 18 January 2018, which set out the budget forecast and guiding principles for application of the budget over the next 3 year financial period.

7. The consultation question format set out the key principles of the budget proposals along with a summary of the current context and challenges facing the council in future years. Proposals included:
  - £897,000 being invested in strategic priorities in 2018/19 and a further £673,000 in 2019/20 onwards, which include proposals to reduce crime and improve feeling of safety across the borough, support people to use and benefit from being online and improve local neighborhoods.
  - Delivery of budget efficiency savings and increased income of £0.345m in 2018/19 onwards, through restructuring our services to make sure they meet the needs of residents as well as generating savings and through exploring different options for generating income.
  - Continued investment and improvement in the council services, for example enhancing our enforcement team and homelessness service.
  - Continued delivery of major projects to make the borough a better place to live, work and invest will continue including the Youth Zone and Primrose Gardens Retirement Village.
  - Mitigating the reduction in Central Government funding by increasing Council Tax by 2.99% in 2018/19 and including a 2.99% increase in Council Tax in 2019/20 and 2% increase in 2020/21 as part of the medium term budget strategy.
8. Respondents were asked to review the proposals and provide their comments in response to an open question, with the intention of gaining more qualitative feedback to gain a deeper insight into views and opinions.

#### **BUDGET CONSULTATION RESULTS**

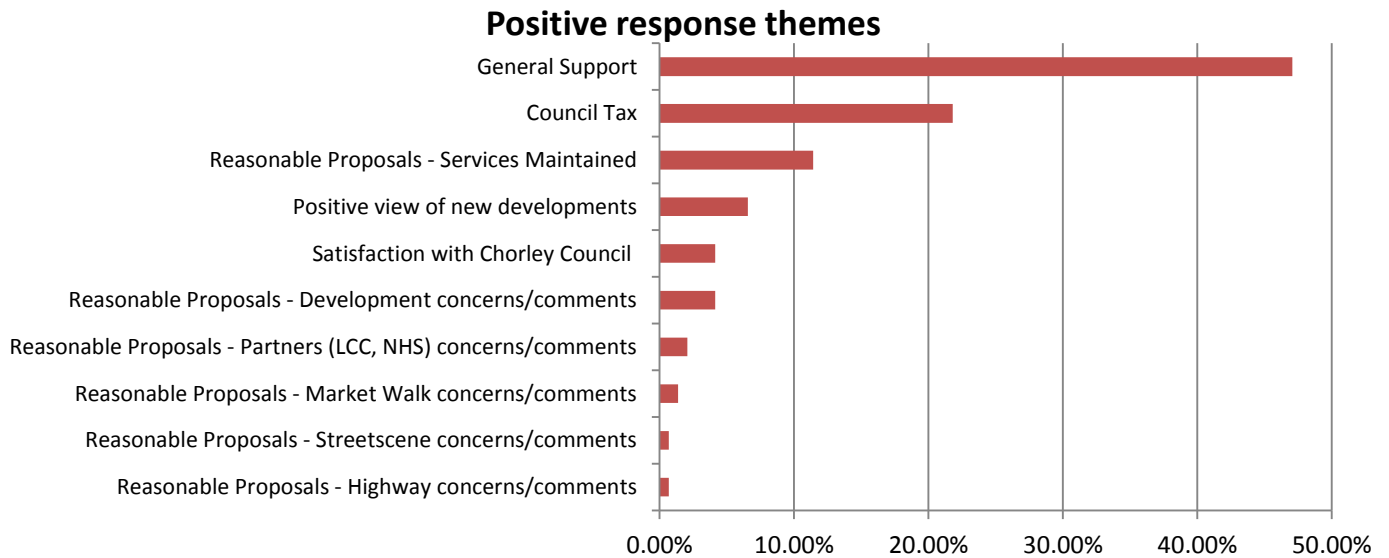
9. Consultation on the 2018/19 budget response ran from the 19th January to the 9th of February 2018. The consultation was publicised through a structured digital campaign including 31,084 emails delivered to residents signing up to receive communications via the My Account feature on the council website, as well as traditional media and awareness raising through local networks including In The Boro, and the VCFS Network.
10. The formal consultation received 780 qualitative responses through an open ended question format via an online survey which provided detailed feedback. This is a significant increase in the level of feedback compared to last year's survey where 540 individuals responded to the online survey.
11. As well as completing the online survey, residents were also invited to share their views and comments using social media. Posts to Facebook received a total 22,400 views and 292 comments reaching a wide representation of the population. Analysis of Social Media responses is included in this report from paragraph 20.
12. The responses have been collated and analysed to identify the main key words or phrases and then grouped together based on whether they indicated a positive or negative response to the proposals. A proportion of the comments offered suggestions for improvement or highlighted concerns, rather than a definable positive or negative view point and these have been grouped together as 'neutral' with further analysis by theme. It should be noted that responses often included more than one comment or suggestion, covering more than one area. Where this occurred, the main area of comment was selected.

13. **Formal Consultation Results** - The following table outlines the distribution of positive, negative and neutral viewpoints from respondents to the online survey.

Positive view of the proposals	<b>44%</b>
Negative view of the proposals	<b>36%</b>
Neutral view point	<b>14%</b>
Non applicable comments	<b>6%</b>

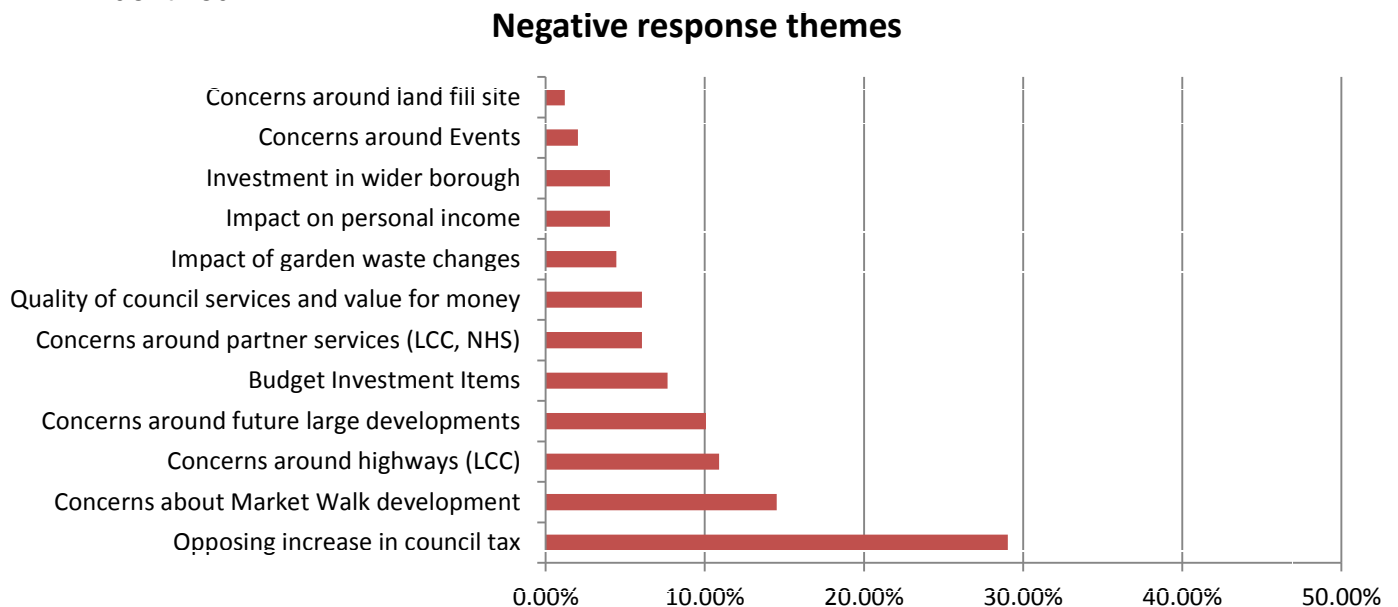
Selections of comments are available at appendix 1.

14. Of those comments indicating a positive view point, the following themes can be identified:



15. The majority of positive comments (47.06%) indicated general acceptance of the proposals, with many stating that they were 'reasonable' and 'fair'. Some positive comments also referenced a positive view of new and current developments. Around (21.80%) welcomed the rise in council tax, and others also accept it if it meant the proposals are met and services are maintained.

16. Of those comments expressing a negative view point, the following themes can be identified:



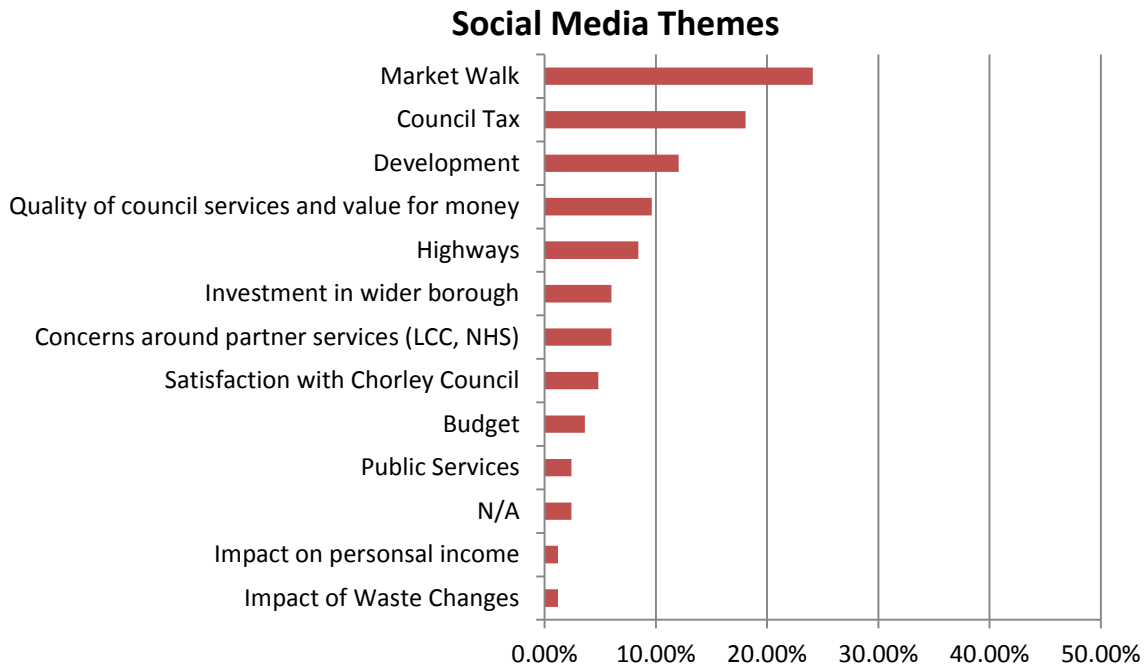
17. The majority of negative comments (29.03%) relate to the increase in council tax. Furthermore (14.52%) of respondents have concerns regarding the future of the Market Walk development. There are also a number of respondents who have concerns regarding partner delivered services such as highways (10.89%) and health services, with respondents urging the council to lobby partner services more effectively. More detail is included in the table at appendix 2 which provides a brief note of action being taken or planned by the council for each negative theme.
18. Of those comments expressing a neutral view point and providing comments or feedback, key themes include:

<b>Alternative budget strategies</b>	Suggestions to reduce funding in other areas e.g. arts, business grants
	Consideration to increase funding for particular service areas e.g. buses, other public services including health services, wellbeing facilities and children’s centres
	Options to identify further efficiencies through reduced council costs such as the mayor and senior officer pay
<b>Comments on specific aspects of future developments</b>	Design of the Youth Zone, development of Market Walk, clarification of plans for Primrose Gardens Retirement Living, and affordable homes strategy.
<b>Comments on specific aspects of partner services</b>	Concerns regarding partner delivered services, such as highway related issues. There was also confusion present in terms of what services are provided by partners and Chorley Council, in particular Highways

19. Social media feedback also provides an indication of views; comments generally showed a mix of people who did not want to see any increase to council tax, despite this some respondents accepted the increase, so as long as the council ensured the provision of services. The majority of users mentioned the Market Walk development, and have expressed a positive view towards the progress and development. Despite this, some users have also expressed concern towards the Market Walk development.



20. **Social Media Responses** - Of those comments expressed on social media, the following themes can be identified:



21. The majority of social media comments (24.10%) relate to the future of the Market Walk development, with users expressing their concerns/comments regarding the progress of the development. (18.07%) of respondents have concerns regarding the increase in council tax, and express the impact it would have on their personal income. There are also a number of respondents who have concerns regarding partner delivered services such as highways (8.43%), with respondents urging the council to lobby partner services more effectively.

**IMPLICATIONS OF REPORT**

22. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

23. The financial implications of this report are contained in the main budget setting report in the pack. In particular the changes to council tax in response to this consultation are outlined in the main budget report.

**COMMENTS OF THE MONITORING OFFICER**

24. There are no comments.

GARY HALL  
CHIEF EXECUTIVE

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Kieron Power	5035	15/02/2018	Budget Consultation Council Report 2018

**APPENDIX 1: SUMMARY OF COMMENTS**

<b>POSITIVE</b>
Happy to pay a bit more council tax to keep Chorley out of debt. The 10p figures of course don't stack up for everyone as I will be paying approximately £50 more per year.
The Council has shown itself to have resident's interests at heart and has been striving to improve amenities and the environment.
Investing in young people and children and families is absolutely essential to create stronger families and communities so the youth zone is exceptionally welcome.
Pleased that the youth zone and social disorder are in the budget proposals.
I totally agree with the budget proposals. Chorley council do an excellent job in looking after the interests of the community and its people
Right priorities and outcomes for Chorley to continue providing services and having creative aspirations
Agree with all of them - Chorley Council is doing a great job for the town.

<b>NEGATIVE</b>
Residents have seen money being wasted on project like the Market development which has stalled & seems a white elephant. That money would be better spent on the essential services you are responsible for. Now you want to increase council tax again. Not good.
10p a week is still a big increase for those struggling to make ends meet as it is. Wages aren't going up but yet you keep increasing council tax
As someone who has no children but yet working full time, paying my own rent and bills I find that once again this budget will not benefit or positively impact me at all apart from once again I will be paying more.
I believe that charging for removal of garden waste will encourage an enormous amount of fly tipping. It will also discourage people to sweep up leaves etc. outside their homes. The extra amount placed into the general collection will be significant.
Don't think the siting of the retirement village is ideal it's not exactly idyllic.
Stop charging for garden waste collection and this would help with the amount of fly tipping which the council has to collect costing more than they get from garden waste collection.

<b>NEUTRAL (No definable positive or negative view point, or mixed. Includes no comment)</b>
The Council need to be careful to ensure the annual Council Tax is affordable. In addition, more focus should be on core Council services and greater incentives should be provided to encourage more people to get back into work. This will in turn ease the pressure of other services.
Seems fine. Would like to see investment in some more allotments. Doesn't seem to be much environmental themes running through aside from aesthetics which is unfortunate.
Although visible investment is being seen with regards to a youth centre, antisocial behaviour is still a major issue.
Living in Whittle-le-Woods we need urgent pothole repairs on most roads especially Chorley Old Road and Cloverfield. Apart from that all looks fair.
It is important that Libraries are kept open so all age groups can meet, communicate and research subjects appropriate to their needs.

Appendix 2 - Current and planned activity in response to negative themes

Category	Details	Notes
Opposing increase in council tax	Comments stated a preference for no increase in council tax	The proposed increase in council tax is needed to help address the budget deficit, avoid cuts to frontline services and enable investment in priorities. It is also in line with central government assumptions to reduce the impact of grant reductions. Chorley continues to have one of the lowest precepts in Lancashire.
Concerns around future developments	Comments referred to the potential risks of large investments including Market Walk, the Youth Zone and Primrose Gardens.	New developments will provide vital services and future income schemes for the council to help ensure that it can balance the budget when central government grant ends in 2019/20. We will continue to engage with residents on future developments to ensure that proposals are well communicated with opportunities to provide feedback.
Investment in the wider borough	Comments highlighted concerns around funding for services in rural areas including community facilities and bus routes	The council continues to invest in initiatives that will benefit the whole of the borough and has also recently made funding support available to protect a number of community facilities and bus routes serving rural areas.
Quality of council services and value for money	Comments highlighted particular council services that should be improved including street sweeping for estates and tree cutting.	The council monitors performance across all services to ensure continued value for money. The Streetscene Strategy sets out a clear plan for improving the effectiveness and efficiency of street and neighbourhood services over the next 4 years.
Impact on personal income	Comments indicated concerns around impact on personal income and ability to meet the increase as well as other living costs when wages may not have increased.	A key corporate priority for the Council is to ensure access to high quality employment and education opportunities. A number of support schemes are available to provide assistance to those who may not be able to meet the cost of living.
Concerns around partner services (LCC, NHS)	Comments noted concerns linked to funding for the hospital and also Lancashire County Council services such as street lights and pot holes.	The Council will incorporate this feedback in its response to Lancashire County Council budget proposal and continue to work with our partners including the NHS to protect and improve services.



**APPENDIX L**

Report of	Meeting	Date
Director Policy and Governance	Council	27 <sup>th</sup> February 2018

**ASSESSING THE IMPACT OF 2018/19 BUDGET PROPOSALS**

**PURPOSE OF REPORT**

1. To provide Members with an assessment of the impact of the budget proposals on equality, health and sustainability through the completion of an Equality Impact Assessment.

**RECOMMENDATION(S)**

2. It is recommended that Members use the information provided in this report and the completed Integrated Impact assessment attached to inform the budget process to ensure that fair financial decisions are made.

**EXECUTIVE SUMMARY OF REPORT**

3. Under equality legislation in the Equality Act 2010, public authorities have legal duties to pay ‘due regard’ to the need to eliminate unlawful discrimination and promote equality of opportunity between people who share a protected characteristic and those who do not, as well as to promote good race relations. The law requires that this duty to pay ‘due regard’ be demonstrated in the decision making process, including when making financial decisions.
4. To meet this requirement in relation to the budget growth proposals 2018/19, work has been undertaken to assess the impact of the proposals. This report presents the findings and recommendations based on this work.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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**CORPORATE PRIORITIES**

5. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	✓	A strong local economy	✓
Clean, safe and healthy communities	✓	An ambitious council that does more to meet the needs of residents and the local area	✓

**BACKGROUND**

- 6. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show ‘due regard’ in terms of the Equality Act. This includes financial decisions, as set out in the guidance *Using the Equalities Duties to make fair financial decisions*, as published by the Equality and Human Rights Commission, September 2010.
- 7. These assessments must be carried out at a formative stage in the development of a policy, procedure or practice and can take any form appropriate as long as the legal duties are met. The framework that has been used in this process is to undertake integrated impact assessments - this includes an assessment of equality, sustainability, health and reputation.
- 8. An overall integrated impact assessment has been developed on the proposed budget. This includes consideration of the proposals related to an increase council tax, recurrent investment items, additional one off investment items and the capital programme (specifically 2018/19).

**RESULTS OF THE IMPACT ASSESSMENTS**

- 9. Actions include monitoring the take up of council tax financial assistance schemes and promoting access to sources of financial support as needed.
- 10. In line with the Council’s Equality Scheme all projects should complete an Integrated Impact Assessment to ensure that any potentially negative impacts are mitigated or avoided. This assessment should be reviewed regularly to ensure any identified actions are being completed.

**IMPLICATIONS OF REPORT**

- 11. This report has implications in the following areas and the relevant Directors’ comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	✓
Legal		Integrated Impact Assessment required?	✓
No significant implications in this area		Policy and Governance	✓

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

- 12. The financial implications of this report are contained in the main budget setting report within this document pack.

**COMMENTS OF THE MONITORING OFFICER**

- 13. There are no comments.

**COMMENTS OF DIRECTOR POLICY AND GOVERNANCE**

14. This report supports the Council in fulfilling its duty to have due regard to eliminate discrimination and promote equality, as required by the Equality Act and the council's Equality Scheme. Members should consider the implications during their decision making.

REBECCA HUDDLESTON  
DIRECTOR POLICY AND GOVERNANCE

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Kate Howcroft	5061	15/02/18	Budget Equality Impact Assessment 2018

## Integrated Impact Assessment

<b>Name of the service, policy, strategy or project being assessed</b>	Chorley Council budget proposals 2018/19		
<b>What does the service, policy, strategy or project do?</b>	Makes proposals for the Council's budget 2018/19		
<b>Who is it intended to benefit and how?</b>	Chorley residents – by considering the impact of the budget proposals		
<b>Officer responsible for completing the assessment</b>	Kate Howcroft		
<b>Date of Assessment</b>	12/02/18	<b>Date of Review</b>	12/02/19



Equality Impact Assessment	Yes	No	Evidence	Further action required
<p>1. Have consultations with relevant groups, organisations or individuals indicated that this particular activity will create problems which are specific to them?</p>	x		<p>Consultation on the 2018/19 budget ran from the 19th January to the 9<sup>th</sup> February 2018 using a combination of online survey promoted via the council website; email survey via intheboro; provision of paper based surveys available via the customer contact centre, promotion in newspaper articles and on social media.</p> <p>780 residents responded to the online consultation and posts to Facebook received a total of 22,400 views and 292 comments. The following distribution of viewpoints has been found from the online survey:</p> <ul style="list-style-type: none"> <li>• Positive view of the proposals – 44%</li> <li>• Negative view of the proposals – 36%</li> <li>• Neutral view point – 14%</li> </ul> <p>(N/A- 6%)</p> <p>The majority of negative comments received during the consultation related to the proposed council tax increase (29.03%). Of the positive comments received, 47.06% demonstrated general support for the budget proposals.</p>	

**What potential impact does this activity make to:**

	P	N	U	NI	Evidence	Further action required
1. Equality of opportunity amongst customers of different ages (Age)			x		<p>A number of the investment proposals will have a positive impact on age groups that may otherwise be disadvantaged. This includes proposals that are targeted at young people such the 16/17 young person's drop in centre which will extend the current drop in service for young people at risk of homelessness, providing mediation and support with the aim of keeping young people at home as part of early intervention and prevention.</p> <p>Continued investment in the Primrose Gardens Retirement Village will enhance residential care facilities for older people within the borough.</p> <p>The proposal to increase council tax by 2.99% may have an impact on low income younger families and older people. However, these groups will able to access local provisions to assist anyone in need of support with paying their council tax. This may be through the local Council Tax</p>	<p>Monitor take up of financial assistance schemes and promote access to sources of financial support as needed.</p>

				Support Scheme for those of working age or similar arrangements with some additional protections for those of pension age. The Discretionary Hardship Policy also offers additional short term assistance in specific circumstances.	
2. Equality of opportunity amongst with or without a physical or mental disability (Disability)			x	<p>No investment proposals should have a differential effect on any customers because of these characteristics.</p> <p>Investment is proposed into Disabled online venue access guides which are run by Disabled Go. The guides provide information on the accessibility of places across the borough.</p> <p>Those with a disability can apply for certain council tax exemptions and reliefs from the council, dependent on their individual circumstances.</p>	Monitor take up of financial assistance schemes and promote access to financial support as needed.
3. Equality of opportunity amongst customers of different gender backgrounds (Gender Reassignment)			x	No proposals should have a differential effect on any customers because of these characteristics.	
4. Equality of opportunity amongst customers who are pregnant or parents (Pregnancy and Maternity)			x	No proposals should have a differential effect on any customers because of these characteristics.	

5. Equality of opportunity amongst customer groups of different racial backgrounds (Race)				x	No proposals should have a differential effect on any customers because of these characteristics.	
6. Equality of opportunity amongst customers of different religions (Religion or Belief)				x	No proposals should have a differential effect on any customers because of these characteristics.	
7. Equality of opportunity amongst customers that live in different parts of Chorley (Rurality)	x				<p>There are a number of investment proposals which include elements which will positively support residents who live in rural areas of the borough including:</p> <ul style="list-style-type: none"> <li>• Ongoing funding to maintain services previously delivered by LCC (bus services) including a service which serves rural areas</li> <li>• Neighbourhood preferred projects will deliver community projects across the whole borough including rural areas</li> <li>• Digital inclusion Officer who will deliver sessions to enhance access to public services and ensure all residents can</li> </ul>	

					take an active part in their community	
8. Equality of opportunity amongst male and female customers (Sex)				x	No proposals should have a differential effect on any customers because of these characteristics.	
9. Equality of opportunity amongst customers of different sexual orientations (Sexual Orientation)				x	No proposals should have a differential effect on any customers because of these characteristics.	
10. Equality of opportunity amongst customers who are married or in a civil partnership (Marriage and civil partnerships)				x	No proposals should have a differential effect on any customers because of these characteristics.	

Health Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
1. Promoting healthy lifestyles for Chorley residents. For the latest Health Observatory information please see the data on this link <a href="http://www.apho.org.uk/resource/item.aspx?RID=126958">http://www.apho.org.uk/resource/item.aspx?RID=126958</a>	x				<p>The proposed investment in the following schemes will help to promote healthier lifestyles for Chorley residents:</p> <ul style="list-style-type: none"> <li>• Westway integrated sport facility</li> <li>• Play, recreation and open space projects and Astley 2020</li> <li>• Support to food provision schemes – which will provide</li> </ul>	

Health Impact Assessment	P	N	U	NI	Evidence	Further action required
					<p>a contribution to the food bank in Chorley to provide food parcels, nutritious meals and other related assistance to those most in need.</p>	
<p>2. Enabling residents to Start Well (pre-birth – 19)</p> <p>Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>• Promoting healthy pregnancy</li> <li>• Reducing infant mortality</li> <li>• Reducing childhood obesity</li> <li>• Supporting children with long term conditions</li> <li>• Supporting vulnerable families and children</li> </ul>			x		<p>The proposed investment in the following schemes all support residents to 'start well':</p> <ul style="list-style-type: none"> <li>• 16/17 young person's drop in centre which will see the current drop in service for young people at risk of homelessness extended</li> <li>• Employability support programme which will provide funding to support individuals with multiple barriers to access employment.</li> <li>• Play, recreation and open space projects, delivering improvements to play areas and open spaces in the borough</li> <li>• Support to food provision schemes – which will provide a contribution to the food bank in Chorley to provide food parcels, nutritious meals and other related assistance</li> </ul>	<p>Monitor take up of financial assistance schemes and promote access to sources of financial support as needed.</p>

Health Impact Assessment	P	N	U	NI	Evidence	Further action required
					<p>to those most in need.</p> <p>However, lower income households and families may be more likely to be affected by a rise in council tax as they have less disposable income to reduce the impact; assistance is available including through the local Council Tax Support Scheme and Discretionary Hardship Policy in particular circumstances.</p>	
<p>3. Enabling residents to Live well (16 -75 years) Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>• Promoting healthy settings, healthy workforce and economic development</li> <li>• Promoting mental wellbeing and healthy lifestyles</li> <li>• Reducing avoidable deaths</li> <li>• Improving outcomes for people with learning disabilities</li> </ul>	x				<p>The proposed investment in the following schemes all support residents to ‘live well’:</p> <ul style="list-style-type: none"> <li>• Chorley works, which will deliver employment related interventions for local residents and form part of a wider wellbeing support offer</li> <li>• Crime reduction and social disorder prevention fund – The council is proposing to commit £110k per annum towards community safety measures to ensure that we continue to deliver against our priority of clean, safe and healthy communities in light of reduced government</li> </ul>	

Health Impact Assessment	P	N	U	NI	Evidence	Further action required
					<p>funding for the Police and reported increases in crime</p> <ul style="list-style-type: none"> <li>• Chorley Council events programme, although seeing a proposed reduced budget for 2018/19, will still see the delivery of numerous events in the borough for the benefit of local residents, supporting the local economy by raising the profile of Chorley</li> <li>• Support for the third sector- the funding will support the development of the third sector in Chorley</li> <li>• Investing in the Market Walk Development and Digital Office Park, enhancing local provision and supporting the local economy</li> <li>• Digital inclusion officer , ensuring that residents can access high quality services and take an active part in their community</li> <li>• Ongoing fund to maintain services previously delivered</li> </ul>	



Health Impact Assessment	P	N	U	NI	Evidence	Further action required
					<p>by LCC- this includes the provision of key bus routes in the borough</p> <ul style="list-style-type: none"> <li>Enhanced homelessness service, supporting homelessness prevention in Chorley</li> <li>Supporting Community development and volunteering (SPICE) through Time Credits</li> <li>Continued delivery of home adaptations to enable Chorley residents to continue independent living</li> </ul>	
<p>4. Enabling residents to Age Well (over 65 years). Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>Promoting independence</li> <li>Reducing social isolation</li> <li>Managing long term conditions and dementia</li> <li>Reducing emergency admissions and direct admissions to residential care settings</li> <li>Supporting carers and families</li> </ul>			x		<p>The proposed investment will support residents to 'Age Well':</p> <ul style="list-style-type: none"> <li>Continued investment in the Primrose Gardens Retirement Village</li> <li>Digital inclusion officer – insuring residents are digitally included and can play an active part in their community</li> <li>Supporting Community</li> </ul>	<p>Monitor take up of financial assistance schemes and promote access to sources of financial support as needed.</p>

Health Impact Assessment	P	N	U	NI	Evidence	Further action required
					<p>development and volunteering (SPICE) through Time Credits</p> <p>Lower income households may be less able to mitigate the impact of an increase in council tax; however assistance is available through council tax support with additional provisions to protect those of pension age.</p>	

Reputational Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
<p>1. Chorley Council's reputation. Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>• Proving to local residents that we provide value for money</li> <li>• Informing and engaging with local residents</li> <li>• Building trust and confidence in Chorley Council</li> <li>• Improving customer satisfaction with council services</li> <li>• Chorley Council's role as a community leader</li> </ul>				x	<p>Balanced feedback was received through the 2018/19 consultation with 44% having a positive view of the proposals, 36% having a negative view and 14% a neutral point of view (6% n/a).</p> <p>The proposed increase in council tax is needed to help address the budget deficit. An increase, together with further savings options, will not only help towards the budget deficit but can also be used to invest in projects that support the delivery of the Council's corporate priorities.</p>	

Reputational Impact Assessment	P	N	U	NI	Evidence	Further action required
					<p>The proposed increase is also in line with central government assumptions to reduce the impact of grant reductions. It is important to note that through freezing or reducing council tax in previous years, Chorley Council has one of the lowest precepts (excluding Parish precepts) in Lancashire.</p> <p>Comprehensive and transparent communications will be provided to residents following approval of the 2018/19 budget to ensure all residents remain informed.</p>	
<p>2. Our ability to deliver the Corporate Strategy. Issues to consider are;</p> <ul style="list-style-type: none"> <li>▪ A council that consults and engages with residents</li> <li>▪ An ambitious council that continually strives to improve</li> </ul>	X				<p>Each of the proposed projects has a link to one or more of the corporate priorities as set out in the Corporate Strategy and will therefore support its delivery.</p>	

Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
<p>1. The effective protection of Chorley’s environment. Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>• Limiting waste generation &amp; encouraging recycling</li> <li>• Limiting factors that contribute to climate change</li> <li>• Protection of and improving access to the natural environment</li> </ul>	X				<p>A number of proposed schemes will have a positive impact on Chorley’s environment. These include:</p> <ul style="list-style-type: none"> <li>• In Bloom, which will provide enhanced Streetscene provision across Chorley and support the work of the Chorley in Bloom group</li> <li>• Delivery of neighbourhood preferred projects, which will see the continuation of neighbourhood working principles across the eight neighbourhood areas in Chorley.</li> </ul>	
<p>2. Prudent usage of natural resources. Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>• Limiting use of non-sustainable energy, water, minerals and materials</li> <li>• Reducing the need to travel and encouraging walking, cycling and low carbon modes of travel</li> </ul>	X				<p>No proposals should have a differential effect on the prudent usage of natural resources.</p> <p>Large developments will be built to specific sustainability standards where appropriate. For example, the Market Walk development (shell only) will</p>	

Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
					be built to BREEAM standards, the scheme includes cycle racks to encourage cycling into the town centre.	
<p>3. Social progress amongst all of Chorley's communities. Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>• Opportunities for education and information</li> <li>• Provision of appropriate and sustainable housing</li> <li>• Reduced fear of crime and community safety</li> <li>• Access to cultural and leisure facilities</li> <li>• Encouraging engagement and supporting volunteering</li> </ul>	X				<p>A number of proposed schemes will have a positive impact on social progress amongst all of Chorley's communities. These include:</p> <ul style="list-style-type: none"> <li>• Community development and volunteering (SPICE)</li> <li>• Employability support programme</li> <li>• Chorley Works</li> <li>• Enhanced homelessness service</li> <li>• Crime reduction and</li> </ul>	

Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
					social disorder prevention fund and mediation services for anti-social behaviour	
<p>4. A vibrant local economy in Chorley. Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>Supporting better quality jobs and developing the skills of local residents</li> <li>Supporting local business by procuring goods and services locally</li> <li>Strengthening links with public, private and third sector partners</li> </ul>	X				<p>A number of proposed schemes will have a positive impact on a vibrant local economy. These include:</p> <ul style="list-style-type: none"> <li>Chorley Council events programme – supporting the local economy by encouraging people to visit and spend in Chorley</li> <li>Employability support programme – to support people with multiple barriers into work</li> <li>Support for the third sector- the funding will support the development of the third sector in Chorley</li> </ul> <p>Delivery of large scale development projects will also have a positive effect on the local economy:</p> <ul style="list-style-type: none"> <li>Market Walk</li> </ul>	

Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
					extension and public realm works <ul style="list-style-type: none"> <li>Digital Office Park</li> </ul>	

\*this equality strand is covered by the Public Sector Equality Duty in respect of which the s.149 requires only that due regard be paid to the need to eliminate discrimination, harassment or victimisation or other conduct which is prohibited by the Act.

### Integrated Impact Assessment Action Plan

If any further actions were identified through the Integrated Impact Assessment then these should be listed in the table below. These should be added to the relevant business/service plan to ensure that any actions are carried out.

Actions needed following Integrated Impact Assessment	Start Date	End Date	Lead Officer
Monitor take up of financial assistance schemes and promote access to sources of financial support as needed.	April 2018	April 2019	Asim Khan/Helen Sutton
All projects must complete individual Impact Assessments which should be reviewed as necessary to ensure any actions are being monitored and completed.	April 2018	April 2019	Senior Management Team

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Report of	Meeting	Date
Director of Policy & Governance	Council	27 February 2018

## **FEES & CHARGES POLICY AND A REVIEW OF FEES & CHARGES FOR 2018/19**

### **PURPOSE OF REPORT**

1. To create a fees and charges policy (attached as appendix 1) for Chorley Council that creates a framework for revising current fees and charges as well as guide to introducing new charges.
2. To amend some of the discretionary fees and charges the council currently makes to bring the income in line with the cost of delivering these services. In doing so to revise the income budgets for 2018/19 onwards.

### **RECOMMENDATION(S)**

3. This report asks Council to approve:
  - A fees and charges policy (attached as appendix 1) for the Council's discretionary fees and charges
  - Amendments to the Council's current fees and charges to be implemented as at 1st April 2018
  - Increases in the Council's 2018/19 income budgets
4. This report asks Council to note the full list of fees and charges given in Appendix 3 of this report. This will be adjusted with any approved changes to the schedule of fees agreed in this report.

### **EXECUTIVE SUMMARY OF REPORT**

5. The council does not have a fees and charges policy and therefore does not have a framework for reviewing the services it charges for including the possible introduction of new fees and charges.
6. A new fees and charges policy has been created to ensure fees are reviewed frequently and consistently. Finance will lead on the review every year alongside service managers and directors. A review of fees and charges will be submitted annually to January Executive Cabinet. The fees and charges policy can be found in appendix one of this report.
7. The 2018/19 review of fees and charges has identified four potential areas to increase fees and charges. These are summarised in table one with further detailed analysis given in appendix two of this report. It is forecast that increasing charges as proposed could generate an additional £50k per annum and bring the cost of providing the services and income generated closer together. This has the effect of reducing or eliminating the council tax payer's subsidy to these services so instead council tax can fund other priority service areas.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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<b>Key Decision?</b> Please bold as appropriate	Yes	No
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**REASONS FOR RECOMMENDATION(S)**  
**(If the recommendations are accepted)**

- 8. The council requires a framework for reviewing and amending fees and charges so that reviews are conducted frequently and consistently. A new framework will also assist the council when considering the introduction of new charges.
- 9. The council should endeavour, when it is legal and feasible to do so, to charge users to meet the full cost of providing services.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 10. To continue without a fees and charges policy could result in fees and charges not being regularly reviewed such that services are over or under charged for.
- 11. Without a regular review of fees and charges, new opportunities to introduce new services and charges may be missed.

**CORPORATE PRIORITIES**

- 12. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	✓

**BACKGROUND**

- 13. The Council’s constitution outlines that it is the responsibility of each chief officer to agree its departmental charging policy in conjunction with the chief finance officer. It also stipulates that fees and charges should be reviewed annually.
- 14. A corporate led review of fees and charges has never been undertaken at Chorley Council. The current approach to amending fees and charges is usually conducted independently by each service as and when it is required. Many charges have not been reviewed for years despite inflationary increases in the cost of delivering services.
- 15. The Council continues to experience large reductions in funding; the 2017/18 Medium Term Financial Strategy (MTFS) identifies a £3m budget gap by 2019/20. The MTFS identifies Chorley Council’s commitment to generating income streams to help meet this funding challenge.
- 16. Unlike other councils across the country, Chorley Council does not have a definitive list of all the fees and charges it makes to its residents and service users. Fees and Charges that are publicised can be hard to access, are in different formats and can be out of date.

17. It is important that decisions are made consistently and adhere to the principles which are laid out in the fees and charges policy, attached in appendix one.

#### **FEES AND CHARGES POLICY**

18. The new fees and charges policy is attached in appendix one. The aims of the policy are to provide a consistent framework for the review of the council's current fees and charges as well as guidance to introducing new charges.
19. The policy introduces some key principles of which two principles are not always achievable simultaneously:
  - Fees and charges should be set to assist the Council in achieving its **strategic priorities**. Services must raise income wherever there is a duty to do so, and should raise income wherever there is a power to do so, unless the introduction of a charge would prohibit the achievement of specific corporate and service objectives.
  - In line with **legislation**, fees and charges should be set to **recover full costs including overheads**. Where the service user is subsidised by tax payer this should be transparent and the reasons for this subsidy is made explicit.
20. All charges within the Council's control should be reviewed on an annual basis where it permissible and efficient to do so. The Council's finance team will lead on the review in consultation with service managers and directors.
21. The review must be approved by Executive Cabinet prior to the Council's budget being approved at Special Council. It is proposed that a review of fees and charges will be taken annually to Executive Cabinet in January alongside the draft budget report. This will be after the approval of the Council's Corporate Strategy therefore ensuring that fees and charges are consistent with the strategy.
22. If the review includes the introduction of new charges the report must be approved by Full Council.

**REVIEW OF FEES AND CHARGES 2018/19**

23. As outlined in the Council's Fees and Charges Policy, fees and charges should be reviewed annually to ensure the charges are aligned with corporate priorities as well as meeting the cost of providing the service.
24. The review of charges for 2018/19 will seek to examine as many fees as possible however not all charges the Council makes will be reviewed this year. The table below gives a summary of the fees outside the scope of this year's review, the reasons why and when they will be reviewed.

Fee	Reason for Exclusion	Expected Review
Car Parking	The amended car park strategy approved in Nov 2016 set car park tariffs for 17/18 and 18/19.	19/20
PCN	Penalty Charge Notices are set nationally	N/A
Licensing & Enforcement	The restructure of the enforcement service will present an opportunity to review the point at which licensing and enforcement services are delivered.	18/19
Planning	Planning fees set nationally	N/A
Building Control	Fees, in agreement with South Ribble Borough and Preston City Councils, have been set in August 17 with an average increase of 6%	19/20
Garden Waste Subscription	Charges were set in 17/18 and are not proposed to be changed in 18/19 as the process of subscribing to the scheme continues to be refined in its second year.	18/19
Health & Wellbeing Activities	Will be considered as part of a separate review of the service	18/19
Astley Hall	This is being reviewed as part of a separate piece of work relating to the Astley 2020 project	18/19
Use of Council Buildings	The use of the council's buildings is being reviewed as part of the Worksmart programme	19/20
Land Charges	The Infrastructure Act 2015 provides for the transfer of responsibility for Local Land Charges from local authorities to Land Registry. This is a phased approach that may begin in 18/19.	18/19

25. The fees and charges that have been reviewed are outlined below in table 1. If the proposals to increase fees are approved it is estimated to increase income to the Council of £50k whilst bridging some of the gaps between income and the cost of service provision.

**Table 1: Summary of the Proposed Changes to Current Fees and Charges for 2018/19**

Service	Last Review	2018/19				Proposal
		Income Budget	Proposed Budget Increase	Revised Budget	Cost of Service	
Bereavement Services	2014/15	£90,000	£15,400	£105,400	£136,000	Increase some charges to match the average charge across Lancashire and bring income closer to the cost of delivery.
Geographical Information Services*	2014/15	£14,000	£9,000	£23,000	£23,000	Increase charges to bring income in line with the cost of delivery.
Civic Amenity Collection	2014/15	£30,000	£13,300	£43,300	Built into Waste Contract	Increase bulky waste collection for 1 item to £20 and up to 5 items to £40, this now includes electrical equipment.
Community Centres	2011/12	£48,000	£12,500	£60,500	£235,000	Community centre charges to be inflated by 3.9% and income budgets aligned with 2017/18 forecasts
<b>TOTAL</b>		<b>£572,000</b>	<b>£50,200</b>	<b>£637,200</b>		

- Charges include street & house name and numbering

### Bereavement Services

26. It is proposed to increase the charges for the bereavement service to assist in bringing income in line with the cost of providing the service. The changes will mean charges are aligned more closely with the charges across Lancashire district councils. See appendix two of this report for more details.
27. The Council will implement a phased approach to increasing charges with further increases in 2019/20 to bridge the gap between cost of provision and income received. It should be noted that charges have not been reviewed or changed since 2014/15.
28. Changes to bereavement service fees also include the proposed waiver of any interment charges for those 16 and under, this would include the £28 for the interment of a stillborn or aged one month or under.

### Geographical Information Services

29. The service charges for the naming, renaming and numbering of streets, roads and houses. These fees are in most cases incurred by the developers of housing sites. These charges have not been reviewed since 2014/15 and are below charges made by some of the neighbouring councils.
30. It is proposed to increase charges so that the cost of delivering this service is fully met and therefore no subsidy is provided by the council tax payer. See appendix two of this report for more details.

### Civic Amenity Collection

31. The council currently charges £17.50 for the collection of one bulky item and £31.50 for up to five items. In addition, waste electrical and electronic equipment is currently collected free of charge.
32. It is proposed to increase the charges for one item to £20 and up to five items to £40. In addition waste and electrical equipment will no longer be collected free of charge and instead be treated as bulky waste collection. This is expected to generate an additional £8k income. Charging in this manner would mean Chorley Council's charges are aligned with the some of the highest charges in other Lancashire districts. Appendix two of this report provides further details.
33. The income budgets for civic amenity collection have been reviewed and compared to current forecast outturn. It has been concluded that additional income of £5k can now be brought into the budget relating to continued services provided by the Council to United Utilities and LCC. These include the use of waste vehicles to assist with smart meter readings and waste services.

### Community Centres

34. The cost of providing services from community centres is £235k compared to income collected for their use of £48k. It is recognised that the centres provide many key services that meet the council's corporate priorities including:
  - Enabling residents to play an active role in their community through providing a meeting point for local groups and third sector organisations.
  - Improving access to services as an outreach point for health and wellbeing sessions, family support and young people's services.

- Improving digital inclusion through the provision of IT sessions in the community centre's IT Hubs.

35. As such, to increase the charges at the centres to meet costs would result in it being prohibitively expensive to run these key services. However a review of the charges in the centres has given rise to a number of issues and actions.

Issue	Action	Timescale
Fees have not been changed since 2011/12	Increase fees for 2018/19 in line with inflation at 3.9%	Implement April 2018
Income budgets do not match forecast outturn in each of the centres	Revise income budgets for 2018/19	Implement April 2018
Some additional services are not covering the cost of delivery including children's parties and charges to nurseries.	These services will be reviewed to decide whether fees should increase and whether services can be delivered at lower cost.	Review during 18/19
Different levels of discounts are given to different groups using the centre. These have not been reviewed for years	Review the level of discounts each group receives and model the likely impact of simplifying the discounts to make them more transparent and easier to administer.	Review during 18/19

36. A review of the income budgets has resulted in these budgets being more closely aligned with forecast income, generating £10,000 additional income. This £10k adjustment does not affect the level of charges or services provided from the centres.

37. It is proposed to increase all fees and charges at the community centres in line with the increases in RPIX. This will increase all charges by 3.9% as at 1 April 2018. This is budgeted to increase income by £2,500 and go some way to bridging the gap between service costs and income.

38. A review of community centres will be undertaken by the Health and Wellbeing service, with support from finance, in 2018/19 to better understand the usage of the centres and the level of subsidy that is provided to each type of group that uses them. It is expected that through this review the Council can implement better targeted bookings, increase the usage of the centres and increase income levels.

**Fees that have been reviewed are not proposed to be changed**

Council Tax/NNDR Summons and Liability Orders

39. A review of the charges for Council Tax and NNDR Summons and Liability Orders found that charges are in line with the cost of delivery and should therefore not be increased,

Allotments, Playing Pitches and Bowling Greens

40. An analysis of these services indicates that increasing or introducing charges would be either generate negligible additional income or be prohibitively expensive to enforce.

**NEXT STEPS**

41. Any approved proposed changes to fees and charges will be actioned as at 1<sup>st</sup> April 2018. The council's fees and charges are predominately advertised on the Council's website. As such these will be amended for April 2018. Services will be notified well in advance to ensure all new invoices in 2018/19 are brought in line with the new charges.
42. The exhaustive list of fees and charges given in appendix three will be updated and uploaded to the Council's website.
43. Separate integrated impact assessments have already been undertaken for each of the changes proposed in this report and attached to this report.

**IMPLICATIONS OF REPORT**

44. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	✓
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

45. Any approved changes to fees and charges will require the council's income budgets to be updated. This will be completed as part of the budget setting process for 2018/19 ready for the final approval of the budget at Special Council on 27 February 2018.

**COMMENTS OF THE MONITORING OFFICER**

46. The production of a single fees and charges policy will promote transparency in relation to both the level of charges and approaches to reviewing them and should therefore be encouraged. Any review procedures must recognise the statutory nature of some of these charges and the limitations that may follow as a result.

REBECCA HUDDLESTON  
DIRECTOR OF POLICY & GOVERNANCE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
James Thomson	5025	03/01/18	





# Fees and Charges Policy



## **Background**

The Council's constitution outlines that it is the responsibility of each chief officer to agree its departmental charging policy in conjunction with the chief finance officer. It also stipulates that fees and charges should be reviewed annually.

A corporate led review of fees and charges has never been undertaken at Chorley Council. The current approach to amending fees and charges is usually conducted independently by each service as and when it is required. Many charges have not been reviewed for years despite inflationary increases in the cost of delivering services.

The Council continues to experience large reductions in funding; the 2017/18 Medium Term Financial Strategy (MTFS) identifies a £3m budget gap by 2019/20. The MTFS identifies Chorley Council's commitment to generating income streams to help meet this funding challenge.

Unlike other councils across the country, Chorley Council does not have a definitive list of all the fees and charges it makes to its residents and service users. Fees and Charges that are publicised can be hard to access, are in different formats and can be out of date.

It is important that decisions are made consistently and adhere to the principles which are laid out within this document.

## **Fees and Charges Policy**

Chorley Council's fees and charges policy has been developed to ensure the charges for services across the Council are constructed in a consistent manner and that they meet the needs of the Council's strategic priorities. In addition, the policy sets out the review process for fees and charges to ensure fees remain up-to-date and that they continue to meet legislative requirements.

### Aims of the policy

- to create a co-ordinated approach to charging for discretionary services, that is applied across all services
- to outline the key principles for charging by Chorley Council
- to distinguish between statutory and discretionary fees and charges
- to set out an annual review process for all discretionary charges
- to outline the key requirements when introducing new charges

### Key Principles

1. Fees and charges are set to assist the Council in achieving its **strategic priorities**. Services must raise income wherever there is a duty to do so, and should raise income wherever there is a power to do so, unless the introduction of a charge would prohibit the achievement of specific corporate and service objectives.
2. In line with **legislation**, fees and charges are set to **recover full costs including overheads**. Where the service user is subsidised by tax payer this should be transparent and the reasons for this subsidy is made explicit.
3. The council should aim to maximise the potential to generate income, for example, through **differential charging**.
4. Any **concessionary charges** for services should follow only be made available in the following circumstances:
  - To support a particular group(s) that enables the Council to achieve its strategic priorities
  - To support low income users
  - To encourage take-up and therefore increase income overall

The level of subsidy should be reviewed annually

5. **New charges** should be considered a change in policy and therefore require equality impact assessments and approval by Full Council.
6. Charges should be collected in a **simple** and **cost efficient** manner encouraging the use of direct debits and receiving payment at or prior to the point of service delivery
7. Charges should be **reviewed**, where it is permissible and efficient to do so, on an **annual basis**, using clear and transparent evidence to set the level of charges. Where charges are not made for a service, or at a level below full cost recovery, the reasons for this should be reconsidered as part of the review.

## Legislation

Local Government Act 2003 provides clarity over charging powers and is clear that a local authority can charge for discretionary services on the basis of recovering the full costs of providing the service but that , taking one year with another, the charges do no exceed the full costs of provision.

Other legal statutes the charging policy must adhere to are

- Section 17 of the Crime and Disorder Act which requires councils to consider the crime and disorder implications of all decisions, and
- Equalities Act 2010 to both promote equality and avoid discrimination.

## Type of Fees and Charges

### *Statutory Fees*

Where fees and charges apply to statutory services these are often set nationally, for example some planning fees and some licensing fees. The majority of statutory services, Building Control being a notable exception, are not funded directly from fees and charges but instead from the Council's other main sources of revenue, i.e. government grants and local taxation. In many cases there is scope to provide discretionary services over and above the statutory service with the introduction of a supplementary charge, for example pre-application planning advice.

### *Reasonable Charges*

Services that the council has a duty to provide and can make a 'reasonable' charge (for example commercial waste collection and disposal)

### *Discretionary Fees*

Local Government Act 2003 provides clarity over charging powers and is clear that a local authority can charge for discretionary services on the basis of recovering the full costs of providing the service but that , taking one year with another, the charges do no exceed the full costs of provision.

**The fees and charges policy will apply to any service that the council has a power and discretion to provide to the community, or has a statutory duty to provide, and has discretion to set a charge**

Examples of Fees and Charges*Statutory Fees*

Development Control
Licensing (with some exclusions)
Environmental Health

*Reasonable Charges & Discretionary Fees*

Council Tax & NNDR Summons
Waste and Recycling
Land Charges
Building Control
Cemeteries
Events
Credit Card Charges
Housing Standards
CCTV
Pest Control
Dog Wardens
Community Centres & Council Buildings
Car Parking
Public Conveniences
Open Spaces
Street Trading
Taxi Licenses

### Review Process

All charges within the Council's control should be reviewed on an annual basis where it is permissible and efficient to do so. The Council's **finance team will lead on the review in consultation with service managers and directors.**

The review must be approved by Executive Cabinet prior to the Council's budget being approved at Special Council. It is proposed that a **review of fees and charges will be taken annually to Executive Cabinet in January** alongside the draft budget report. This will be after the approval of the Council's Corporate Strategy therefore ensuring that fees and charges are consistent with the strategy.

If the review includes the introduction of **new charges** the report must be **approved by Full Council.**

The annual review of charges should not just include an inflationary uplift; the full cost of providing the discretionary service, current market and other Council's charges and cohesion with corporate strategy priorities should also be considered.

Where discretionary charges are not made for a service, or at a level below full cost recovery, the reasons for this should be reconsidered as part of the review.

Introducing New Charges

Charging can be an instrument to help the council achieve its strategic objectives for example by targeting service users, influencing behaviour and meeting financial targets. In addition, the introduction of charges may allow a discretionary service to enhance its provision, thereby improving the offer to the service user.

The introduction of a new charge should be made in line with the key principles of the Council’s Charging Policy. If it represents a change in policy then it must gain approval by Full Council and include an equality impact assessment.

The process of introducing of a new charge must be done in collaboration with the management accounts, policy and performance and communications teams.

There is not prescriptive process in calculating and introducing a new charge however listed below are things to consider.

Question	Considerations
What corporate strategy priorities will the charge meet?	Generate economic growth Encourage access to services Discourage behaviours Fund new services or provide enhanced services
Who is using the service?	Socio-economic, age, gender, race Locations the service used The time the service is used
What impact will the charge have on service use and service users?	Encourage access to services Discourage behaviours Create new behaviours that increase costs to the Council e.g. fly tipping
What is the charging policy?	Break-even Subsidised – if so what are the reasons?
What is the impact on income?	Benchmarking How will a change in charge affect a change in demand?
What is the impact on expenditure?	Are there future cost pressures that need to be factored in? Are all costs including recharges included in the model? Consider the split of capital and revenue expenditure
What is the impact on the wider public?	Reputational risks to the Council

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## **Appendix 2: Analysis of the Proposed Changes to Fees and Charges**

The following appendix gives further details of the proposed changes to fees and charges including some benchmarking information as to how the charges compare to other neighbouring local authorities.

## Details of Charges for Bereavement Services

	Frequency 2016/17	Income 2016/17
Certificate of burial/certificate of transfer/copy certificate	81	2,187
Exclusive right of burial	30	27,000
Family ashes plot	13	7,364
Garden of remembrance – plaque	3	300
Grave marker	35	945
Interment of a stillborn or aged under one month	5	140
Interment Child under 16	0	0
Interment of an adult	82	36,900
Interment of cremated remains	38	3,610
Memorial – additional inscriptions and refix	59	2,212
Memorial – headstone (inclusive of first inscription)	48	5,040
Memorial – tablet or vase	3	162
Search Fees	1	21
<b>TOTAL</b>	<b>398</b>	<b>85,882</b>

Current Charge	Avg. Fee	Highest Fee	New Proposed Charge 18/19	Change	% Change
27.00	27.00	30.00	27.00	0.00	0%
900.00	785.00	1,115.00	900.00	0.00	0%
566.50	500.00	566.50	566.50	0.00	0%
100.00	123.00	220.83	100.00	0.00	0%
27.00	25.00	30.00	27.00	0.00	0%
28.00	50.00	161.00	0.00	-28.00	-100%
56.00			0.00	-56.00	-100%
450.00	571.00	840.00	600.00	150.00	33%
95.00	157.00	443.00	120.00	25.00	26%
37.50	32.00	46.00	37.50	0.00	0%
105.00	150.00	200.00	150.00	45.00	43%
54.00	54.00	100.00	54.00	0.00	0%
21.50	23.00	32.10	21.50	0.00	0%

Adjusted Income 18/19	Additional Income 18/19
2,187	0
27,000	0
7,364	0
300	0
945	0
0.00	(140)
0.00	0
49,200	12,300
4,560	950
2,212	0
7,200	2,160
162	0
21	0
<b>101,152</b>	<b>15,270</b>

The new fees proposed in this report are expected to generate an additional £15,300 income based on bereavement services in 2016/17.

## Benchmarking of Bereavement Charges

	Chorley £	Chorley New Proposed Charge £	Blackbur n with Darwen £	Ribble Valley £	Fylde £	Hyndbrn £	Lancaster £	Pendle £	Prestn £	Rossendle £	Wigan £
Interment of an adult	450	600	455	340	544	725	674	768	496	490	840
Interment of cremated remains	95	120	-	98	138	135	161	258	93	85	172
Memorial – additional inscriptions and refix	105	150	200	125	141	180	116	198	150	177	128

## Proposals

The largest changes in charges are the interment on an adult that is increased from £450 to £600 (33%) compared to an average charge across Lancashire of approximately £580. This would result in Chorley being the 5<sup>th</sup> highest charge when compared to the councils above.

Chorley Council currently has one of the lowest charges for interment of cremated remains. It is proposed to increase this from £95 to £120. This would result in Chorley being the 6<sup>th</sup> highest charge when compared to the councils above.

Chorley Council currently has one of the lowest charges for memorial headstones. It is proposed to increase this from £105 to £150. This would result in Chorley being the 5<sup>th</sup> highest charge when compared to the councils above.

It is proposed to waive any interment charges for those 16 and under, this would include the £28 for the interment of a stillborn or aged one month or under.

## Details of Charges for Geographical Information Services

	Frequency data 12 months to date	Current Charge	Highest Fee	New Charge 18/19	Change	% Change	Income - Current Fee £	Adjusted Income 18/19 £	Additional Income 18/19 £
<b>Naming/Renaming of Streets/Roads</b>									
Naming of new street	7	£100	£200	£200	£100	100%	700	1,400	700
Renaming of street at residents request		£100 + £25 per household	£300 + £50 per household	£100 + £25 per household	0	0%	0	0	0
<b>House Naming and Numbering</b>									
House name added/renamed		£25	£100	£50	£25	100%	0	0	0
Developments of 1 - 5 plots	70	£25 per plot	£50 per plot	£40 per plot	£15 per plot	75%	1,750	2,800	1,050
Developments of 6 - 10 plots	35	£20 per plot	£50 per plot	£35 per plot	£15 per plot	75%	700	1,225	525
Developments of 11 - 50 plots	202	£15 per plot	£30 per plot	£30 per plot	£15 per plot	100%	3,030	6,060	3,030
Developments of 50+ plots	127	£10 per plot	£25 per plot	£20 per plot	£10 per plot	100%	1,270	2,540	1,270
<b>Other Categories</b>									
Changes to development after initial notification	188	£25 per plot	£50 per change	£40 per plot	£15 per plot	60%	4,700	7,520	2,425
							<b>12,150</b>	<b>21,545</b>	<b>9,000</b>

Additional Income **9,000**

It is proposed that all the current fees are increased so that the service recovers the full cost of delivery

## Details of Charges for Civic Amenity Collection (Bulky Waste Collection)

	Current Charge £	2015/16 requests	2016/17 requests	New Charge	Change	% Change	2018/19 Requests	Additional Income
Up to 1 Item	17.5	437	543	20.00	2.50	14%	450.00	1,125
Up to 5 items	31.5	767	836	40.00	8.50	27%	800.00	6,800
								<b>7,925</b>

## Benchmarking of Civic Amenity Collection (Bulky Waste Collection)

Council	Details
South Ribble	£16 for up to 4 non- electrical £4 for each additional £12 per electrical item
Preston	£19.50 for up to 3 items £7 for each additional up to 6 maximum
Ribble Valley	£13.50 for up to 4 items £3.40 for each additional
Blackburn with Darwen	£10 for 1 to 5 items
Fylde	£19.65 for up to 3 items £39.30 4 to 10 items
Rosendale	£26.30 per item £52.50 for up to 6 items

## Proposals

Increasing bulky waste charges from £17.50 for one item to £20

Increasing bulky waste charges from £31.50 for up to five items to £40

No longer offer the collection of electrical equipment for free, these collections to be charged at new bulky waste charge rates

This would make the charges by Chorley Council some of the highest in Lancashire



# Fees and Charges

2017-18



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# Planning and Building Control

## Planning – Statutory Fees

Type of Fee	Unit of Charge	Charge per Unit	Additional Notes	VAT
Outline application - sites up to and including 2.5 hectares	per 0.1 Ha	£385.00		No
Outline application - sites over 2.5 hectares PLUS	per 0.1 Ha in excess of 2.5 Ha	£9,527 £115.00	Maximum fee of £125,000	No
Householder application - alterations/extensions to a single dwelling, inc. works within boundary	per dwelling	£172.00		No
Full application - alterations/extensions to two or more dwellings, inc. works within boundary	two or more dwelling	£339.00		No
Full application - new dwellings up to and including 50	per dwelling	£385.00		No
Full application - new dwellings (more than 50) PLUS	per dwelling in excess of 50 dwellings	£19,049 £115.00	Maximum Fee of £250,000	No
Full application - erection of buildings (not dwelling, agricultural, glasshouses, plant or machinery) - gross floor space to be created by the development 0-40 sq.		£195.00		No

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Type of Fee	Unit of Charge	Charge per Unit	Additional Notes	VAT
m				
Full application - erection of buildings (not dwelling, agricultural, glasshouses, plant or machinery) - gross floor space to be created by the development 41-75 sq. m		£385.00		No
Full application - erection of buildings (not dwelling, agricultural, glasshouses, plant or machinery) - gross floor space to be created by the development 75-3,750 sq. m	Per 75 sq. m or part thereof	£385.00		No
Full application - erection of buildings (not dwelling, agricultural, glasshouses, plant or machinery) - gross floor space to be created by the development > 3,750 sq. m  PLUS		£19,049	Maximum Fee of £250,000	No
	per 75 sq. m in excess of 3,750 sq. m	£115.00		
Full application - erection of buildings (on land used for agriculture for agricultural purposes) - gross floor space to be created by the development 0-465 sq. m		£80.00		No
Full application - erection of buildings (on land used for agriculture for agricultural purposes) - gross floor space to be created by the development 466-540 sq. m		£385.00		No
Full application - erection of buildings (on land used for agriculture for agricultural purposes) - gross floor space to be created by the development 541-4,215 sq. m  PLUS		£385.00		No

Type of Fee	Unit of Charge	Charge per Unit	Additional Notes	VAT
	Per 75 sq. m or part thereof in excess of 540 sq. m	£385.00		
Full application - erection of buildings (on land used for agriculture for agricultural purposes) - gross floor space to be created by the development > 4,215 sq. m  PLUS		£19,049	Maximum Fee of £250,000	No
	Per 75 sq. m or part thereof in excess of 4,215 sq. m	£115.00		
Full application - erection of glasshouses (on land used for agricultural purposes) - gross floor space to be created by the development 0-465 sq. m		£80.00		No
Full application - erection of glasshouses (on land used for agricultural purposes) - gross floor space to be created by the development > 465 sq. m		£2,150		No
Full application - erection/alterations/replacement of plant & machinery - site area not more than 5 Ha	Per 0.1 Ha or part thereof	£385.00		No
Full application - erection/alterations/replacement of plant & machinery - site area more than 5 Ha  PLUS		£19,049	Maximum Fee of £250,000	No

Type of Fee	Unit of Charge	Charge per Unit	Additional Notes	VAT
	Per 0.1 Ha or part thereof in excess of 5 Ha	£115.00		
Applications other than building works - car parks, service roads or other accesses - for existing uses		£195.00		No
Applications other than building works - waste (use of land for disposal or refuse or waste materials or deposit of material remaining after extraction or storage of minerals - 0 - 15 Ha	Per 0.1 Ha or part thereof	£195.00		No
Applications other than building works - waste (use of land for disposal or refuse or waste materials or deposit of material remaining after extraction or storage of minerals - > 15 Ha  PLUS	Per 0.1 Ha or part thereof in excess of 15 Ha	£29,112  £115.00	Maximum Fee of £65,000	No
Applications other than building works - operations connected with exploratory drilling for oil or natural gas - site area 0 - 7.5 Ha	Per 0.1 Ha or part thereof	£423.00		No
Applications other than building works - operations connected with exploratory drilling for oil or natural gas - site area > 7.5 Ha  PLUS	Per 0.1 Ha or part	£31,725	Maximum Fee of £65,000	No

Type of Fee	Unit of Charge	Charge per Unit	Additional Notes	VAT
	thereof in excess of 7.5 Ha	£126.00		
Applications other than building works - operations other than exploratory drilling for the winning and working of oil or natural gas - site area 0 - 15 Ha		£214.00		No
Applications other than building works - operations other than exploratory drilling for the winning and working of oil or natural gas - site area > 15 Ha  PLUS	Per 0.1 Ha or part thereof in excess of 15 Ha	£32,100  £115.00	Maximum Fee of £65,000	No
Applications other than building works - Other operations winning and working of minerals - site area 0 - 15 Ha	Per 0.1 Ha or part thereof	£195.00		No
Applications other than building works - Other operations winning and working of minerals - site area > 15 Ha  PLUS	Per 0.1 Ha or part thereof in excess of 15 Ha	£29,112  £115.00	Maximum Fee of £65,000	No
Applications other than building works - not coming within any of the above categories - any site area	Per 0.1 Ha or part thereof	£195.00	Maximum fee of £1,690	No

Type of Fee	Unit of Charge	Charge per Unit	Additional Notes	VAT
Lawful Development Certificate - existing use - in breach of a planning condition		Same as full		No
Lawful Development Certificate - existing use LDC - lawful not to comply with a particular condition		£195.00		No
Lawful Development Certificate - proposed use		½ normal fee		No
Prior Approval - agricultural and forestry buildings & operations or demolition of buildings		£80.00		No
Prior Approval - telecommunications code systems operators		£385.00		No
Prior Approval - proposed change of use to state funded school or registered nursery		£80.00		No
Prior Approval - proposed change of use of agricultural building to a State Funded School or Registered Nursery		£80.00		No
Prior Approval - proposed change of use of agricultural building to a flexible use within shops, financial & professional services, restaurants & cafes, business, storage or distribution, hotels, or assembly or leisure		£80.00		No
Prior Approval - proposed change of use of a building from office (use class B1) use to a use falling within use Class C3 (Dwellinghouse)		£80.00		No
Prior Approval - proposed change of use of agricultural building to a dwellinghouse (Class C3), where there are no associated building operations		£80.00		No
Prior Approval - proposed change of use of agricultural building to a dwellinghouse (Class C3), and associated building operations		£172.00		No
Prior Approval - proposed change of use of a building from a Retail (use Class A1 or A2) use or a mixed retail and residential use to a use falling within use class		£80.00		No

Type of Fee	Unit of Charge	Charge per Unit	Additional Notes	VAT
C3 (dwellinghouse) where there are no associated building costs				
Prior Approval - proposed change of use of a building from a Retail (use Class A1 or A2) use or a mixed retail and residential use to a use falling within use class C3 (dwellinghouse) and associated building costs		£172.00		No
Reserved matters - application for approval of reserved matters following outline approval		Full fee or if already paid then £385.00		No
Approval/Variation/Discharge of condition - application for removal or variation of a condition following grant of planning permission		£195.00		No
Approval/Variation/Discharge of condition - request for confirmation that one or more planning conditions have been complied with	Per request householder / per request other	£28.00 / £97.00		No
Change of use - of a building to use as one or more separate dwellinghouses, or other cases < 50 dwellings	Each	£385.00		No
Change of use - of a building to use as one or more separate dwellinghouses, or other cases > 50 dwellings  PLUS	Each in excess of 50 dwellings	£19,049  £115.00	Maximum Fee of £250,000	No
Other changes of use - of a building or land		£385.00		No
Advertising - relating to the business on the premises		£110.00		No



Type of Fee	Unit of Charge	Charge per Unit	Additional Notes	VAT
Advertising - advance signs which are not situated on or visible from the site, directing the public to a business		£110.00		No
Advertising - other advertisements		£385.00		No
Application for a new planning permission to replace an extant planning permission - applications in respect of major developments		£575.00		No
Application for a new planning permission to replace an extant planning permission - applications in respect of householder developments		£57.00		No
Application for a new planning permission to replace an extant planning permission - applications in respect of other developments		£195.00		No
Application for a non-material amendment following a grant of planning permission - applications in respect of householder developments		£28.00		No
Application for a non-material amendment following a grant of planning permission - applications in respect of other developments		£195.00		No

**Planning – Non Statutory Fees**

<b>Type of Fee</b>	<b>Unit of Charge</b>	<b>Charge per Unit</b>	<b>VAT</b>
Pre-application charging - small	Each	£144.00	Inc.
Pre-application charging - medium	Each	£518.40	Inc.
Pre-application charging - major initial meeting	Each	£518.40	Inc.
Pre-application charging - major follow up meeting	Each	£259.20	Inc.
Pre-application charging - large major initial meeting	Each	£864.00	Inc.
Pre-application charging - large major follow up meeting	Each	£432.00	Inc.

**Community Infrastructure Levy (CIL)**

<b>Type of Fee</b>	<b>Unit of Charge</b>	<b>Charge per Unit</b>	<b>VAT</b>
Dwelling houses (excluding apartments)	per sq. m	£65.00	No
Apartments	per sq. m	No charge	No
Convenience retail (excluding neighbourhood convenience stores)	per sq. m	£160.00	No
Retail warehouse, retail parks, and neighbourhood convenience stores	per sq. m	£40.00	No
Community uses	per sq. m	No charge	No
All other uses	per sq. m	No charge	No

## Building Control

TABLE A - New Housing - up to 300m <sup>2</sup> floor area	Plan Deposit Charge		Inspection Charge		Total Charge	
	Basic Charge	Inc. VAT	Basic Charge	Inc. VAT	Basic Charge	Inc. VAT
Number of dwellings						
1	£165.37	£198.44	£436.42	£523.70	£601.79	£722.15
2	£226.02	£271.22	£604.29	£725.15	£830.31	£996.37
3	£297.67	£357.20	£767.51	£921.01	£1,065.18	£1,278.22
4	£369.34	£443.21	£886.74	£1,064.09	£1,256.08	£1,507.30
5	£446.51	£535.81	£981.67	£1,178.00	£1,428.18	£1,713.82
6	£523.69	£628.43	£1,103.21	£1,323.85	£1,626.90	£1,952.28
7	£545.74	£654.89	£1,178.47	£1,414.16	£1,724.21	£2,069.05
8	£567.80	£681.36	£1,374.09	£1,648.91	£1,941.89	£2,330.27
9	£589.84	£707.81	£1,569.74	£1,883.69	£2,159.58	£2,591.50
10	£595.36	£714.43	£1,783.90	£2,140.68	£2,379.26	£2,855.11
TABLE A - New Housing - between 301m <sup>2</sup> & 700m <sup>2</sup> floor area						
Single dwelling - floor area to 500m <sup>2</sup>	£200.00	£240.00	£600.00	£720.00	£800.00	£960.00
Single dwelling - floor area between 501m <sup>2</sup> & 700m <sup>2</sup>	£200.00	£240.00	£800.00	£960.00	£1,000.00	£1,200.00

	Plan Deposit Charge		Inspection Charge		Total Charge	
	Basic Charge	Inc. VAT	Basic Charge	Inc. VAT	Basic Charge	Inc. VAT
<b>TABLE B - Extensions to dwellings</b>						
Extension(s): Internal floor area not exceeding 5m <sup>2</sup>	£285.11	£342.13	Inc.	Inc.	£285.11	£342.13
Extension(s): Internal floor area over 5m <sup>2</sup> but not exceeding 40m <sup>2</sup>	£127.66	£153.19	£246.81	£296.17	£374.47	£449.36
Extension(s): Internal floor area over 40m <sup>2</sup> but not exceeding 60m <sup>2</sup>	£127.66	£153.19	£361.70	£434.04	£489.37	£587.24
Extension(s): Internal floor area over 60m <sup>2</sup> but not exceeding 80m <sup>2</sup>	£127.66	£153.19	£510.64	£612.77	£638.80	£765.96
<b>TABLE B - Garages and Carports: Erection of detached or attached building or an extension to a dwelling</b>						
Garage/Carport, or both, floor area not exceeding 40m <sup>2</sup> in total and is intended to be used in common with an existing building & the conversion of an attached garage into a habitable room.	£200.00	£240.00	Inc.	Inc.	£200.00	£240.00
Where the garage extension exceeds a floor area of 40m <sup>2</sup> but does not exceed 60m <sup>2</sup>	£285.11	£342.13	Inc.	Inc.	£285.11	£342.13
<b>TABLE B - Loft Conversion: Formation of a room in roof space, including means of access thereto. Fees for lofts greater than 40m<sup>2</sup> are to be based on the cost of work</b>						
Erection of room in roof space with a floor area not exceeding 40m <sup>2</sup>	£127.66	£153.19	£246.81	£296.17	£374.47	£449.36

<b>TABLE C - Alterations to dwellings</b>	Plan Deposit Charge		Inspection Charge		Total Charge	
	Basic Charge	Inc. VAT	Basic Charge	Inc. VAT	Basic Charge	Inc. VAT
Installation of replacement windows and doors in a dwelling where the number of windows/doors does not exceed 20	£85.11	£102.13	Inc.	Inc.	£85.11	£102.13
Underpinning with a cost not exceeding £30,000	£212.77	£255.32	Inc.	Inc.	£212.77	£255.32
Controlled electrical work to a single dwelling (not carried out in conjunction with work being undertaken that falls within table B)	£212.77	£255.32	Inc.	Inc.	£212.77	£255.32
Renovation of a thermal element i.e. work involving recovering of a roof, replacement of a floor or renovation of an external wall to which L1b applies	£85.11	£102.13	Inc.	Inc.	£85.11	£102.13
Formation of a single en-suite bathroom/shower room or cloakroom within an existing dwelling (excluding electrical work)	£170.21	£204.25	Inc.	Inc.	£170.21	£204.25

<b>TABLE D - Extensions and new build - other than to dwellings</b>	Plan Deposit Charge		Inspection Charge		Total Charge	
	Basic Charge	Inc. VAT	Basic Charge	Inc. VAT	Basic Charge	Inc. VAT
Internal floor area not exceeding 10m <sup>2</sup>	£285.11	£342.13	Inc.	Inc.	£285.11	£342.13
Internal floor area over 10m <sup>2</sup> but not exceeding 40m <sup>2</sup>	£127.66	£153.19	£246.81	£296.17	£374.47	£449.36
Internal floor area over 40m <sup>2</sup> but not exceeding 80m <sup>2</sup>	£127.66	£153.19	£404.26	£485.11	£531.92	£638.30
Shop fit out not exceeding a value of £50,000	£212.77	£255.32	Inc.	Inc.	£212.77	£255.32
Replacement windows or doors	Based on estimated cost of work					

<b>TABLE E - Standard charges for all other work not in tables A, B, C &amp; D</b>	Plan Deposit Charge		Inspection Charge		Total Charge	
	Basic Charge	Inc. VAT	Basic Charge	Inc. VAT	Basic Charge	Inc. VAT
From £0 - £1,000	£93.62	£112.34	Inc.	Inc.	£93.62	£112.34
From £1,001 - £5,000	£204.26	£245.11	Inc.	Inc.	£204.26	£245.11
From £5,001 - £7,000	£212.77	£255.32	Inc.	Inc.	£212.77	£255.32
From £7,001 - £10,000	£225.00	£270.00	Inc.	Inc.	£225.00	£270.00
From £10,001 - £20,000	£72.50	£87.00	£225.00	£270.00	£297.50	£357.00
From £20,001 - £30,000	£85.00	£102.00	£300.00	£360.00	£385.00	£462.00

	Plan Deposit Charge		Inspection Charge		Total Charge	
From £30,001 - £40,000	£107.50	£129.00	£350.00	£420.00	£457.50	£549.00
From £40,001 - £50,000	£135.00	£162.00	£405.00	£486.00	£540.00	£648.00
From £50,001 - £75,000	£166.00	£199.20	£499.00	£598.80	£665.00	£798.00
From £75,001 - £100,000	£212.50	£255.00	£637.50	£765.00	£850.00	£1,020.00
Greater than £100,000	Charge individually assessed					

# Licensing

## Club Gaming/Club Machine Permits

Type of Fee	Unit of Charge	Charge per Unit	VAT
Club Gaming Permits: New Operator	Each	£200.00	No
Club Gaming Permits: Existing Operator	Each	£100.00	No
Club Gaming Permits: If have club certificate under LA03	Each	£100.00	No
Club Machine Permit: New operator	Each	£200.00	No
Club Machine Permit: Existing operator	Each	£100.00	No
Club Machine Permits: If have club certificate under LA03	Each	£100.00	No
Club Machine Permits: Annual fee for Club Machine/Club Gaming Permit	Each	£50.00	No
Club Machine Permits: Copying permit	Each	£15.00	No
Club Machine Permits: Varying permit	Each	£100.00	No
Gaming Machine Permits: Annual Fee	Each	£50.00	No
Gaming Machine Permits: Change of name	Each	£25.00	No
Gaming Machine Permits: Copying permit	Each	£15.00	No
Gaming Machine Permits: New operator	Each	£150.00	No
Gaming Machine Permits: Existing operator	Each	£100.00	No
Gaming Machine Permits: Notification of intent to use 2 Gaming Machines	Each	£50.00	No
Gaming Machine Permits: Transfer licensed premises Gaming Machine Permit	Each	£25.00	No
Gaming Machine Permits: Varying Permit	Each	£100.00	No



**Gambling Act**

<b>Type of Fee</b>	<b>Unit of Charge</b>	<b>Charge per Unit</b>	<b>VAT</b>
Gambling Act Licence: Application - Regional Casino	Each	£15,000	No
Gambling Act Licence: Annual Fee - Regional Casino	Each	£15,000	No
Gambling Act Licence: Vary a Licence - Regional Casino	Each	£7,500	No
Gambling Act Licence: Transfer a Licence - Regional Casino	Each	£6,500	No
Gambling Act Licence: Reinstate a Licence - Regional Casino	Each	£6,500	No
Gambling Act Licence: Provisional Statement - Regional Casino	Each	£15,000	No
Gambling Act Licence: Application - Large Casino	Each	£10,000	No
Gambling Act Licence: Annual Fee - Large Casino	Each	£10,000	No
Gambling Act Licence: Vary a Licence - Large Casino	Each	£5,000	No
Gambling Act Licence: Transfer a Licence - Large Casino	Each	£2,150	No
Gambling Act Licence: Reinstate a Licence - Large Casino	Each	£2,150	No
Gambling Act Licence: Provisional Statement - Large Casino	Each	£10,000	No
Gambling Act Licence: Application - Small Casino	Each	£8,000	No
Gambling Act Licence: Annual Fee - Small Casino	Each	£5,000	No
Gambling Act Licence: Vary a Licence - Small Casino	Each	£4,000	No
Gambling Act Licence: Transfer a Licence - Small Casino	Each	£1,800	No
Gambling Act Licence: Reinstate a Licence - Small Casino	Each	£1,800	No
Gambling Act Licence: Provisional Statement - Small Casino	Each	£8,000	No
Gambling Act Licence: Converted Casino Premises - Annual Fee	Each	£3,000	No
Gambling Act Licence: Converted Casino Premises - Vary a Licence	Each	£2,000	No
Gambling Act Licence: Converted Casino Premises - Transfer a Licence	Each	£1,350	No
Gambling Act Licence: Converted Casino Premises - Reinstate a Licence	Each	£1,350	No
Gambling Act Licence: Application - Bingo Premises	Each	£3,500	No
Gambling Act Licence: Annual Fee - Bingo Premises	Each	£1,000	No
Gambling Act Licence: Vary a Licence - Bingo Premises	Each	£1,750	No
Gambling Act Licence: Transfer a Licence - Bingo Premises	Each	£1,200	No

Type of Fee	Unit of Charge	Charge per Unit	VAT
Gambling Act Licence: Reinstate a Licence - Bingo Premises	Each	£1,200	No
Gambling Act Licence: Provisional Statement - Bingo Premises	Each	£3,500	No
Gambling Act Licence: Annual Fee - Adult Gaming Centre	Each	£1,000	No
Gambling Act Licence: Vary a Licence - Adult Gaming Centre	Each	£1,000	No
Gambling Act Licence: Transfer a Licence - Adult Gaming Centre	Each	£1,200	No
Gambling Act Licence: Reinstate a Licence - Adult Gaming Centre	Each	£1,200	No
Gambling Act Licence: Provisional Statement - Adult Gaming Centre	Each	£2,000	No
Gambling Act Licence: Application - Betting Premises (Track)	Each	£2,500	No
Gambling Act Licence: Annual Fee - Betting Premises (Track)	Each	£1,000	No
Gambling Act Licence: Vary a Licence - Betting Premises (Track)	Each	£1,250	No
Gambling Act Licence: Transfer a Licence - Betting Premises (Track)	Each	£950	No
Gambling Act Licence: Reinstate a Licence - Betting Premises (Track)	Each	£950	No
Gambling Act Licence: Provisional Statement - Betting Premises (Track)	Each	£2,500	No
Gambling Act Licence: Application - Betting Premises (Other)	Each	£3,000	No
Gambling Act Licence: Annual Fee - Betting Premises (Other)	Each	£600	No
Gambling Act Licence: Vary a Licence - Betting Premises (Other)	Each	£1,500	No
Gambling Act Licence: Transfer a Licence - Betting Premises (Other)	Each	£1,200	No
Gambling Act Licence: Reinstate a Licence - Betting Premises (Other)	Each	£1,200	No
Gambling Act Licence: Provisional Statement - Betting Premises (Other)	Each	£3,000	No
Gambling Act Licence: Application - Family Entertainment	Each	£2,000	No
Gambling Act Licence: Annual Fee - Family Entertainment	Each	£750	No
Gambling Act Licence: Vary a Licence - Family Entertainment	Each	£1,000	No
Gambling Act Licence: Transfer a Licence - Family Entertainment	Each	£950	No
Gambling Act Licence: Reinstate a Licence - Family Entertainment	Each	£950	No
Gambling Act Licence: Provisional Statement - Family Entertainment	Each	£2,000	No

Type of Fee	Unit of Charge	Charge per Unit	VAT
Gambling Act Licence: Application - Lottery Registration	Each	£40.00	No
Gambling Act Licence: Annual Fee - Lottery Registration	Each	£20.00	No

**Premises Licenses**

<b>Type of Fee</b>	<b>Unit of Charge</b>	<b>Charge per Unit</b>	<b>VAT</b>
Premises Licenses Application - Rateable Value £1 - 4,300	Each	£100.00	No
Premises Licenses Application - Rateable Value £4,301 - 33,000	Each	£190.00	No
Premises Licenses Application - Rateable Value £33,001 - 87,000	Each	£315.00	No
Premises Licenses Application - Rateable Value £87,001 - 125,000	Each	£450.00	No
Premises Licenses Application - Rateable Value £125,001+	Each	£635.00	No
Premises Licenses Annual Fee - Rateable Value £1 - 4,300	Each	£70.00	No
Premises Licenses Annual Fee - Rateable Value £4,301 - 33,000	Each	£180.00	No
Premises Licenses Annual Fee - Rateable Value £33,001 - 87,000	Each	£295.00	No
Premises Licenses Annual Fee - Rateable Value £87,001 - 125,000	Each	£320.00	No
Premises Licenses Annual Fee - Rateable Value £125,001+	Each	£350.00	No

**Licensing Act 2003**

<b>Type of Fee</b>	<b>Unit of Charge</b>	<b>Charge per Unit</b>	<b>VAT</b>
Lic Act 2003: Application for the grant or renewal of a personal licence	Each	£37.00	No
Lic Act 2003: Temporary event notice	Each	£21.00	No
Lic Act 2003: Theft, loss, etc. of premises licence or summary	Each	£10.50	No
Lic Act 2003: Application for a provisional statement where premises being built etc.	Each	£315.00	No
Lic Act 2003: Mandate for the release of information under the DPA	Each	£7.50	No
Lic Act 2003: Notification of change of name or address	Each	£10.50	No
Lic Act 2003: Application to vary licence to specify individual as premises supervisor	Each	£23.00	No
Lic Act 2003: Application for transfer of premises licence	Each	£23.00	No
Lic Act 2003: Interim authority notice following death etc. of licence holder	Each	£23.00	No
Lic Act 2003: Theft, loss etc. of certificate or summary	Each	£10.50	No
Lic Act 2003: Notification of change of name or alteration of rules of club	Each	£10.50	No
Lic Act 2003: Change of relevant registered address of club	Each	£10.50	No
Lic Act 2003: Theft, loss etc. of temporary event notice	Each	£10.50	No
Lic Act 2003: Theft, loss etc. of personal licence	Each	£10.50	No
Lic Act 2003: Duty to notify change of name or address	Each	£10.50	No

**Taxi Licensing**

<b>Type of Fee</b>	<b>Unit of Charge</b>	<b>Charge per Unit</b>	<b>VAT</b>
Taxi Licensing: Hackney Carriage Vehicles License - 6 months (new)	Each	£109.13	No
Taxi Licensing: Hackney Carriage Vehicles License - 6 months (renewal)	Each	£95.86	No
Taxi Licensing: Hackney Carriage Vehicles License - additional charge for unmet demand survey	Each	£220.55	No
Taxi Licensing: Private Hire Vehicles License - 6 months (new)	Each	£105.18	No
Taxi Licensing: Private Hire Vehicles License - 6 months (renewal)	Each	£91.97	No
Taxi Licensing: Private Operators License - Grant & Renewal	Each	£128.81	No
Taxi Licensing: Private Hire Driver's License - Grant (includes knowledge test)	Each	£222.74	No
Taxi Licensing: Private Hire Driver's License - Renewal	Each	£191.08	No
Taxi Licensing: Hackney Carriage Driver's License - Grant (includes knowledge test)	Each	£214.21	No
Taxi Licensing: Hackney Carriage Driver's License - Renewal	Each	£182.06	No
Taxi Licensing: Driver's License - Grant (both badges and knowledge test)	Each	£246.33	No
Taxi Licensing: Driver's License - Renewal (both badges)	Each	£214.18	No
Taxi Licensing: Private Hire Vehicle Licence - Transfer	Each	£21.62	No
Taxi Licensing: Hackney Carriage Vehicle Licence - Transfer	Each	£21.62	No
Taxi Licensing: MOT Test	Each	£54.85	No
Taxi Licensing: Taxi Testing (not covered by normal MOT Test)	Each	£10.25	Inc.
Taxi Licensing: Subsequent Knowledge Tests	Each	£28.50	Inc.
Taxi Licensing: Full set of livery	Each	£39.56	No
Taxi Licensing: Rear plate- Flexi plate and buttons on renewal	Each	£6.08	No
Taxi Licensing: Replacement Rear plate incl. backing plate	Each	£10.46	No
Taxi Licensing: Replacement Documents	Each	£13.29	No
Taxi Licensing: Variation/Admin Charge	Each	£22.80	No

**Other Licensing Fees**

Type of Fee	Unit of Charge	Charge per Unit	VAT
Data Access Release	Each	£8.50	No
Motor Salvage Operators	Each	£112.00	No
Second Hand Goods Dealers - Shop Premises	Each	£112.00	No
Second Hand Goods Dealers - Stalls	Each	£41.50	No
Scrap Metal Dealer - Collectors licence	Each	£130.00	No
Scrap Metal Dealer - Site licence	Each	£280.00	No
Sex Entertainment Venue	Each	£8,569.50	No
Sex Shop Licence	Each	£2,166.00	No
Small Society Lottery Licence - Grant	Each	£40.00	No
Small Society Lottery Licence - Renewal	Each	£20.00	No
Acupuncture, Tattooing, Ear piercing, Electrolysis (plus additional operators)	Each	£98.50 + £31.00	No
Animal Boarding Establishment	Each	£78.00	No
Breeding of Dogs	Each	£78.00	No
Dangerous Wild Animals	Each	£208.00	No
Pet Shop Licence	Each	£80.50	No
Riding Establishments: up to 15 horses	Each	£99.00	No
Riding Establishments: 16 to 25 horses	Each	£99.00	No
Riding Establishments: over 25 horses	Each	£99.00	No
Zoos - Category 1	Each	£247.50	No
Zoos - Category 2	Each	£612.50	No
Zoos - Category 3		£612.50	No
Street Trading Consent: Borough Resident	Each	£440.50	No
Street Trading Consent: Non-Resident	Each	£562.00	No
Street Trading: Early surrender of Consent fee	Each	£62.00	No

# Housing

Type of Fee	Unit of Charge	Charge per Unit	VAT
Housing Act 2004 Enforcement Charges	Each	£355.50	No
Housing Act 2004 Houses of Multiple Occupation (HMO) licence (5 year)	Each	£452.00	No
Housing Immigration Inspections	Each	£65.00	No



# Pest Control and Animal Welfare

## Pest Control

Type of Fee	Unit of Charge	Charge per Unit	VAT
Non Residential: First visit		£56.50	Inc.
Non Residential: Re-visits (each visit)		£31.50	Inc.
Residential: Insect pests		£41.00	Inc.
Residential: Insect pests - wasps		£41.00	Inc.
Residential: Insect pests - ants, fleas, other		£41.00	Inc.
Residential: Insect pests - bedbugs		£41.00	Inc.
Residential: Insect pests - cockroaches		£41.00	Inc.
Insect Identification		Free of Charge	
Concession - Income Support		£31.50	Inc.
Rats and mice - initial visit		Free of Charge	
Rats and mice - up to two further visits		Free of Charge	
Camera survey of drainage system		£58.50	Inc.

## Animal Welfare

Type of Fee	Unit of Charge	Charge per Unit	VAT
Identichipping service for small animals (Preston dogs)		£10.50	Inc.
Dog Reclamation Fee		£80.00+ kennel fees	No

# Community Centres

Type of Fee	Unit of Charge	Large Room or Café	Small Room(s)	IT Suite (Tatton, Clayton Brook & Lancaster Way)	VAT
GROUP 1 = COMMUNITY GROUPS Meeting regularly with free and open access to all for a variety of activities including fundraising. C.B.C community development budgets and charity.	Per hour	£4.25	£3.30	£10.00	Inc.
GROUP 2 = CHILDCARE PROVISION - BOTH ROOMS e.g. playgroups, pre and after school groups, play schemes which provide a service meeting the needs of local families.	Per hour	£5.03		N/A	Inc.
GROUP 3 = ACTIVITIES AND MEMBERSHIP GROUPS e.g. bingo, uniformed and religious groups.	Per hour	£5.66	£3.92	£12.00	Inc.
GROUP 4 = SMALL SCALE BUSINESSES e.g. karate, dance classes.	Per hour	£9.82	£6.18	£15.00	Inc.
GROUP 5 = CHILDREN'S PARTIES - BOTH ROOMS Children 16 years of age and under	Per hour	£14.22 (a £100 refundable bond is also required in advance)		N/A	Inc.
GROUP 6 = SOCIALS, PARTIES & CELEBRATIONS Socials, celebrations & party hire. Party hire where individual is 17+ years of age	Per hour	£34.21 (licenced) £23.02 (unlicensed) (a £100 refundable bond is also required in advance)		N/A	Inc.
GROUP 7 = EXTERNALLY FUNDED AGENCIES Providing a service which benefits the local community e.g. clinics, education, meetings. C.B.C.	Per hour	£13.70	£6.97	£18.00	Inc.
GROUP 8 = BUSINESS RATE	Per hour	£23.11	£11.80	£30.00	Inc.

# Bereavement Services

## Cemeteries

Type of Fee	Unit of Charge	Charge per Unit	VAT
Exclusive Right of Burial	Each	£900.00	No
Interment Adult (standard coffin for Preston)	Each	£450.00	No
Interment Child under 16	Each	£56.00	No
Interment Stillborn or age under one month at death inc. right to erect a tablet and/or vase	Each	£28.00	No
Interment removal of kerbs for interment (kerbs will not be replaced)	Each	No Charge	No
Exclusive Right of Burial - family ashes plot	Each	£567.00	No
Garden of Remembrance: cremated remains	Each	£95.00	No
Garden of Remembrance: stillborn	Each	£28.00	No
Garden of Remembrance: Columbaria tablet, for a dedication period of 10 years	Each	£100.00	Inc.
Memorial: Headstones inclusive of first inscription	Each	£105.00	No
Memorial: additional inscriptions and refix	Each	£38.00	No
Memorial: tablet or vase, including inscription (Only permitted if no headstone to be erected.)	Each	£54.00	No
Other Cemetery Charges: Grave Marker	Each	£27.00	No
Other Cemetery Charges: Certificate of Burial	Each	£27.00	No
Other Cemetery Charges: Certificate of Transfer	Each	£27.00	No
Other Cemetery Charges: Copy Certificate	Each	£27.00	No
Other Cemetery Charges: Burial of Non-resident	Each	+ 100%	No
Other Cemetery Charges: Saturday Funeral	Each	+ 50%	No
Other Cemetery Charges: Sunday Funeral	Each	+ 100%	No
Other Cemetery Charges: Out of hours funeral (after 4.00pm+ to be completed by dusk)	Each	+ 50%	No
Other Cemetery Charges: Search fee	Each	£22.00	No
Other Cemetery Charges: Memorial Bench (inclusive of plaque)	Each	£600.00	Inc.

# Land Charges

Type of Fee	Unit of Charge	Charge per Unit	VAT
Standard search - basic LLC1 and CON29R	Each	£152.16	
LLC1 only	Each	£23.48	No
CON29 only	Each	£128.68	Inc.
Each additional parcel - LLC1 and CON29R (each)	Each	£14.91	Inc.
CON29 optional enquiry - CON290 no's 5-21 (each)	Each	£12.85	Inc.
CON29 optional enquiry - CON290 no 22		£33.37	Inc.
Additional written enquiries (each)	Each	£25.70	No
Each additional parcel of land on LLC1 only	Each	£2.06	No
Personal search - online	Each	£5.00	No
Personal search - Appointment only	Each	Free Of Charge	

# Astley Hall and Coach House

## Astley Hall - Tours

Type of Fee	Unit of Charge	Charge per Unit	VAT
Guided Tours (minimum 20 people or £80)	per head	£4.00	Inc.
Self-Guided Tours (minimum 25 people or £50)	per head	£2.00	Inc.
School Tours	per head	£3.50	No

## Astley Hall - Educational Sessions

Type of Fee	Unit of Charge	Charge per Unit	VAT
Educational Sessions - Tudor Life (min £75)	per pupil	£3.50	No
Educational Sessions - The Great Plague! Health and Hygiene in the 17th Century (min £60)	per pupil	£3.50	No
Educational Sessions - Serving Stories (min £75)	per pupil	£3.50	No
Educational Sessions - A very Victorian Christmas	per pupil	£4.00	No
Educational Sessions - Homes a long time ago	per pupil	£3.00	No
Educational Sessions - Textiles: Weaving and Dyeing	per pupil	£3.00	No
Educational Sessions - SEN sessions (min £60)	per head	£3.00	No

## Astley Hall – Hire

Type of Fee	Unit of Charge	Charge per Unit	VAT
Astley Hall Hire - Non-Profit	per hire	£360.00	Inc.
Astley Hall Hire - Commercial	per hire	£480.00	Inc.
Astley Hall Hire - Large/late event surcharge after 10pm	per hour	£110.00	Inc.

**Astley Hall – Wedding Ceremonies**

Type of Fee	Unit of Charge	Charge per Unit	VAT
Wedding Ceremonies - Dining Room - Mon-Fri (all year round)	per ceremony	£690.00	Inc.
Wedding Ceremonies - Great Hall - Mon-Fri (all year round)	per ceremony	£875.00	Inc.
Wedding Ceremonies - Conference Room - Mon-Fri (all year round)	per ceremony	£590.00	Inc.
Wedding Ceremonies - Dining Room - Weekend (low season)	per ceremony	£715.00	Inc.
Wedding Ceremonies - Great Hall - Weekend (low season)	per ceremony	£895.00	Inc.
Wedding Ceremonies - Conference Room -Weekend (low season)	per ceremony	£615.00	Inc.
Wedding Ceremonies - Dining Room - Weekend (high season)	per ceremony	£955.00	Inc.
Wedding Ceremonies - Great Hall - Weekend (high season)	per ceremony	£1,050.00	Inc.
Wedding Ceremonies - Conference Room -Weekend (high season)	per ceremony	£855.00	Inc.
Baby Naming Ceremony	per ceremony	£185.00	Inc.

**Coach House – Activity Space Room**

Type of Fee	Unit of Charge	Charge per Unit	VAT
Activity Space Room Hire - Commercial/Individuals - half day (Mon - Fri)		£80.00	Inc.
Activity Space Room Hire - Commercial/Individuals - half day (weekend)		£100.00	Inc.
Activity Space Room Hire - Commercial/Individuals - full day (Mon - Fri)		£120.00	Inc.
Activity Space Room Hire - Commercial/Individuals - full day (weekend)		£150.00	Inc.
Activity Space Room Hire - Commercial/Individuals - evening (Mon - Fri)		£100.00	Inc.
Activity Space Room Hire - Commercial/Individuals - evening (weekend)		£125.00	Inc.
Activity Space Room Hire - Non-Profit - half day (Mon - Fri)		£40.00	Inc.
Activity Space Room Hire - Non-Profit - half day (weekend)		£50.00	Inc.
Activity Space Room Hire - Non-Profit - full day (Mon - Fri)		£60.00	Inc.
Activity Space Room Hire - Non-Profit - full day (weekend)		£75.00	Inc.
Activity Space Room Hire - Non-Profit - evening (Mon - Fri)		£100.00	Inc.
Activity Space Room Hire - Non-Profit - evening (weekend)		£125.00	Inc.

**Coach House – Conference Room Hire**

<b>Type of Fee</b>	<b>Unit of Charge</b>	<b>Charge per Unit</b>	<b>VAT</b>
Conference Room Hire - Commercial/Individuals - half day (Mon - Fri)		£120.00	Inc.
Conference Room Hire - Commercial/Individuals - half day (weekend)		£120.00	Inc.
Conference Room Hire - Commercial/Individuals - full day (Mon - Fri)		£180.00	Inc.
Conference Room Hire - Commercial/Individuals - full day (weekend)		£180.00	Inc.
Conference Room Hire - Commercial/Individuals - evening (Mon - Fri)		£100.00	Inc.
Conference Room Hire - Commercial/Individuals - evening (weekend)		£125.00	Inc.
Conference Room Hire - Non-Profit - half day (Mon - Fri)		£60.00	Inc.
Conference Room Hire - Non-Profit - half day (weekend)		£60.00	Inc.
Conference Room Hire - Non-Profit - full day (Mon - Fri)		£120.00	Inc.
Conference Room Hire - Non-Profit - full day (weekend)		£120.00	Inc.
Conference Room Hire - Non-Profit - evening (Mon - Fri)		£100.00	Inc.
Conference Room Hire - Non-Profit - evening (weekend)		£125.00	Inc.

# Lancastrian Suite

Lancastrian Suite	Monday - Friday	Weekend	Vatable
Daytime (max 4 hours)	£150.00	£200.00	Inc.
Evening to 1am (max 7 hours)	£250.00	£325.00	Inc.
Full Day (max 8 hours)	£250.00	£350.00	Inc.
Additional Hour - Daytime (8.30am to 5pm)	£37.50	£50.00	Inc.
Additional Hour - Evening	£36.00	£48.00	Inc.
Additional Lancastrian Attendants (2 included) - up to 8pm	£8.00	N/A	Inc.
Additional Lancastrian Attendants (2 included) - 8pm to midnight	£11.00	N/A	Inc.
Additional Lancastrian Attendants (2 included) - Saturday	N/A	£12.00	Inc.
Additional Lancastrian Attendants (2 included) - Sunday	N/A	£16.00	Inc.
Door Person (per hour)	£13.50	£13.50	Inc.
Bar	£65.00	£65.00	Inc.
Set-up Charges	£30.00	£30.00	Inc.
Tea/coffee/cordial (per cup)	£0.50	£0.50	Inc.
Biscuits (per box)	£7.00	£7.00	Inc.
Fresh Orange Juice (per jug)	£2.50	£2.50	Inc.
Water cooler water (per container)	£13.00	£13.00	Inc.



# Markets

## Flat Iron Market

Type of Fee	Unit of Charge	Charge per Unit	VAT
6 x 3 Double Gazebo	Per Day	£30.00	Inc.
3 x 3 Double Gazebo	Per Day	£25.00	Inc.
3 x 3 Half Gazebo	Per Day	£20.00	Inc.
5 x 5 Vehicle Pitch	Per Day	£35.00	Inc.

## Food & Craft Street Market

Type of Fee	Unit of Charge	Charge per Unit	VAT
3 x 3 Half Gazebo	Per Day	£20.00	Inc.

## Covered Market

Type of Fee	Unit of Charge	Charge per Unit	VAT
Peak Day (Tuesday & Saturday)	Per Day	£25.00	Inc.
Off Peak (Thursday & Friday)	Per Day	£22.50	Inc.
6 x 3 Double Gazebo	Per Day	£30.00	Inc.
3 x 3 Double Gazebo	Per Day	£20.00	Inc.

## Flea Market

Type of Fee	Unit of Charge	Charge per Unit	VAT
Monday (single table)	Per Day	£9.20	Inc.
Monday (additional tables)	Per Day	£6.80	Inc.

## Advertising

Type of Fee	Unit of Charge	Charge per Unit	VAT
A4 Snapshut (individual)	Per Month	£3.00	Inc.
A4 Snapshut (4 frames)	Per Month	£10.00	Inc.
Slatwall Panel	Per Week	£5.40	Inc.

## Other Charges

Type of Fee	Unit of Charge	Charge per Unit	VAT
New Registration Fee	Each	£5.00	Inc.
Licence Amendment Fee	Each	£5.00	Inc.
Build out Charge	Per m2 per day	£1.15	Inc.
Transfer of licence fee	Each	£260.00	Inc.
Administration Fee (per letter)	Per Letter	£15.50	Inc.

# Parking

## Off- Street Parking Fees

	One Hour	Two Hours	Three Hours	Four Hours	All Day	VAT
Flat Iron	£0.50	£1.00	2 hours max	2 hours max	2 hours max	Inc.
Short Stay	Free	£1.00	£1.00	3 hours max	3 hours max	Inc.
Long Stay	Free	Free	Free	£1.00	£3.50	Inc.

## Free Parking

	Monday to Friday	Saturday	Sunday & Bank Holiday
Flat Iron	After 5pm	After 1pm - 2 hour max	All day but 2 hour max from 8am - 5pm
Short Stay	After 5pm	After 1pm	All Day
Long Stay	After 5pm	After 1pm	All Day

## Off –Street Parking Permits

Type of Fee	Unit of Charge	Charge per Unit	VAT
Long-Stay Parking Permit	6 months	£160.00	Inc.
Long-Stay Parking Permit	12 months	£300.00	Inc.

# Waste and Recycling

Type of Fee	Unit of Charge	Charge per Unit	VAT
Civic Amenity Collection (Bulky Waste) - up to 5 items	up to 5 items	£31.50	No
Civic Amenity Collection (Bulky Waste) - 1 bulky item	1 item	£17.50	No
Waste Electrical and Electronic Equipment		Free of Charge	
Green Wheeled Bin for New Property and New Occupiers (residual waste)	Per bin	£44.50	No
Additional bin following waste audit (including delivery)	Per bin	£71.50	No
Garden Waste Collection	Per bin per year	£30.00	No
Replacement/additional Bins and Containers	Per bin	£30.00	No

# Other Fees and Charges

## Environmental Health

Type of Fee	Unit of Charge	Charge per Unit	VAT
Copy of EPA Public Register (Commercial)	Each	£71.50	Inc.
(a)Private Water Supply Analysis: Basic Parameters	Each	£135.50	No
(b)Private Water Supply Analysis: Coliform Parameters Only	Each	£80.50	No
Provision of Environmental Information (Commercial) / Contaminated Land Enquiries	Each	£72.00	No

## RADAR Key

Type of Fee	Unit of Charge	Charge per Unit	VAT
RADAR scheme key	Each	£3.00	Inc.

## Allotments

Type of Fee	Unit of Charge	Charge per Unit	VAT
Allotment Rental	Per year	£45.75	No
Allotment Rental (half price concession OAP/Unemployed)	Per year	£22.87	No

## Council Tax and Business Rates

Type of Fee	Unit of Charge	Charge per Unit	VAT
Council Tax Administration - recovery admin costs for summons	Each	£53.50	No
Council Tax Administration - recovery admin costs for liability orders	Each	£39.00	No
Business Rates Administration - recovery admin costs for summons	Each	£53.50	No
Business Rates Administration - recovery admin costs for liability orders	Each	£39.00	No

**Pavement Café**

Type of Fee	Unit of Charge	Charge per Unit	VAT
Pavement Cafe Licence (Highway Amenity Licence)	Each	£306.50	No
Pavement Cafe Licence renewal/transfer	Each	£251.50	No

**Geographical Information System (street naming)**

Type of Fee	Unit of Charge	Charge per Unit	VAT
Naming a new street	Per street	£100.00	No
Renaming of street at residents request	Per street	£100 + £25 per household	No
House naming and numbering - house name added/renamed	Per house	£25.00	No
House naming and numbering - development of 1-5 plots	Per plot	£25.00	No
House naming and numbering - development of 6-10 plots	Per plot	£20.00	No
House naming and numbering - development of 10-49 plots	Per plot	£15.00	No
House naming and numbering - development of 50+ plots	Per plot	£10.00	No
Changes to development after initial notification	Per plot	£25.00	No

**Football Pitches**

Type of Fee	Unit of Charge	Charge per Unit	VAT
Junior Pitch (under 18's)	Per season	£200.00	Inc.
Adult Pitch at Astley Park with changing facilities & showers	Per season	£330.00	Inc.
Adult Pitch at King George's, Jubilee or Westway without changing	Per season	£210.00	Inc.
Junior Pitch (under 18's)	Per half season	£90.00	Inc.
Adult Pitch at Astley Park with changing facilities & showers	Per half season	£165.00	Inc.
Adult Pitch at King George's, Jubilee or Westway without changing	Per half season	£100.00	Inc.

# Legal Services

## Conveyancing – Freehold Property

Type of Fee	Unit of Charge	Charge per Unit	VAT
Sale of Land at Buyers Request	£100 for first £1,000 of consideration plus 3% of consideration thereafter subject to minimum of £300	£300	Nil
Deed of Covenant at third party request	5% of consideration subject to minimum of £300	£300	Nil
Deed of Release at third party request	5% of consideration subject to minimum of £300	£300	Nil
Deed of Grant at third party request	5% of consideration subject to minimum of £300	£300	Nil

## Mortgage Administration and Production Fee

Type of Fee	Unit of Charge	Charge per Unit	VAT
Redemption on early repayment (more than 12 months unexpired)	Each	£300	Nil
Redemption on expiry of term	Each	£100	Nil

## Landlord and Tenant (Commercial)

Type of Fee	Unit of Charge	Charge per Unit	VAT
New Lease – Council as Landlord	10% of annual rental subject to minimum of £500	£500	Nil
Lease Renewal	Each	£250	Nil
Rent Review	Each	£100	Nil
Licence to Assign, Sub-Let, Carry Out Alterations, Other Consents	Each	£300	Nil
Notices - General	Each	£100	Nil
Registration of New Lessees	Each	£100	Nil
Agreement to / Deed of Surrender at Tenant's request	Each	£300	Nil
Deed of Variation	Each	£300	Nil

**Other Legal Agreements**

Type of Fee	Unit of Charge	Charge per Unit	VAT
Section 106 Agreement – Public Open Space	Each	£500	Nil
Section 106 Agreement – Affordable Housing	Each	£750	Nil
Section 106 Agreement – Public Open Space and Affordable Housing	Each	£1,000	Nil
Non-Standard Section 106 Agreement	Chargeable at Hourly Rate of £100	£100	Nil
Unilateral Undertakings	Each	£500	Nil

**Statutory Orders**

Type of Fee	Unit of Charge	Charge per Unit	VAT
Footpath Diversion Orders – no public inquiry	Advertising plus £1,500		Nil
Footpath Diversion Orders which entail an inquiry	To be assessed in each case		Nil

**Miscellaneous Legal Charges**

Type of Fee	Unit of Charge	Charge per Unit	VAT
Photocopying of Deeds	Access Fee	£25	Nil
Other Copying	Per Page	£0.20	Nil
Sealing Fee	Each	£50	Nil

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# Integrated Impact Assessment

<b>Name of the service, policy, strategy or project being assessed</b>	Review of Fees and Charges – Bereavement Services		
<b>What does the service, policy, strategy or project do?</b>	Bereavement Services		
<b>Who is it intended to benefit and how?</b>	Residents and non-residents requiring bereavement services		
<b>Officer responsible for completing the assessment</b>	Jo Oliver/James Thomson		
<b>Date of Assessment</b>	03/01/2018	<b>Date of Review</b>	03/01/2019

## Introduction

### What is an Integrated Impact Assessment?

The integrated impact assessment is a tool to ensure that any policy, project or service is assessed to consider any positive or negative impacts for Chorley residents with regards to equalities, health or sustainability. It is important that this is done in a timely manner and ideally it should precede the start of the project, policy or strategy concerned.

### Why do we need to do Impact Assessments?

Chorley Council is committed as a community leader, service provider and employer that we will work to ensure that everybody is afforded equality of opportunity and good life chances. The Impact Assessment is a tool we use to ensure that we fulfil these commitments, and thus meet our legal duties.

### Quick Steps for Completion

1. There are four sections;
    - Equality – This section considers the impact on our 10 equality strands, which are; age, disability, gender re-assignment, pregnancy and maternity, race, religion and belief, rurality, marriage and civil partnerships, sex and sexual orientation.. When completing this section, reference should be made to the Council's [Equality Scheme](#)
    - Health – the impact on potential health impacts. There is a link in the section to the current public health observatory information
    - Reputation – the impact on the Council's reputation and our ability to deliver our key priorities. Reference should be made to the Council's [Corporate Strategy](#)
  - Sustainability – the impact on environmental and sustainability issues. Reference should be to the climate change strategy
- Each section has a number of questions which should be given a rating, and evidence given for why the rating has been selected.

Code	Description
P	Positive beneficial impact
N	Negative undesirable impact
U	Uncertainty over impact
NI	No specific impact/neutral impact

2. Actions – Once a rating is given, actions should be identified to mitigate any negative impacts or maximise any positive impacts of the policy/project/strategy that is being assessed.
3. Once the toolkit has been completed, changes should be made to the policy/project/service to respond to any actions identified.

## Storage and review

Once completed and signed off, all Integrated Impact Assessments should be sent to the Performance and Partnerships Team.

Existing assessments should be reviewed every two years.

If you require further information, please contact Kate Cronin – [kate.cronin@chorley.gov.uk](mailto:kate.cronin@chorley.gov.uk), 5348

Equality Impact Assessment	Yes	No	Evidence	Further action required
1. Have consultations with relevant groups, organisations or individuals indicated that this particular activity will create problems which are specific to them?		✓	The increase in charges will affect all adult residents in the same manner The new charges will be comparable with the average charge in Lancashire	

**What potential impact does this activity make to:**

	P	N	U	NI	Evidence	Further action required
1. Equality of opportunity amongst customers of different ages (Age)				✓	Burial fees will now be waived for those 16 and under. However it is not clear what age group meets the costs of the service	
2. Equality of opportunity amongst with or without a physical or mental disability (Disability)				✓	Increase in fees are not specific to disabilities	
3. Equality of opportunity amongst customers of different gender backgrounds (Gender Reassignment)				✓	Increase in fees are not specific to gender	
4. Equality of opportunity amongst customers who are pregnant or parents (Pregnancy and Maternity)				✓	Increase in fees are not specific to pregnancy	
5. Equality of opportunity amongst customer groups of different racial backgrounds (Race)				✓	Increase in fees are not specific to race	
6. Equality of opportunity amongst customers of different religions (Religion or Belief)				✓	Increase in fees are not specific to religion	
7. Equality of opportunity amongst customers that live in different parts of Chorley (Rurality)				✓	Increase in fees are not specific to location	

8. Equality of opportunity amongst male and female customers (Sex)				✓	Increase in fees are not specific to sex	
9. Equality of opportunity amongst customers of different sexual orientations (Sexual Orientation)				✓	Increase in fees are not specific to sexual orientation	
10. Equality of opportunity amongst customers who are married or in a civil partnership (Marriage and Civil partnerships)*				✓	Increase in fees are not specific to marital status	
<b>Health Impact Assessment</b>	<b>P</b>	<b>N</b>	<b>U</b>	<b>NI</b>	<b>Evidence</b>	<b>Further action required</b>
<b>What potential impact does this activity make upon:</b>						
1. Promoting healthy lifestyles for Chorley residents. For the latest Health Observatory information please see the data on this link <a href="http://www.apho.org.uk/resource/item.aspx?RID=126958">http://www.apho.org.uk/resource/item.aspx?RID=126958</a>				✓	N/A	
2. Enabling residents to Start Well (pre-birth – 19) Possible issues to consider are; <ul style="list-style-type: none"> <li>• Promoting healthy pregnancy</li> <li>• Reducing infant mortality</li> <li>• Reducing childhood obesity</li> <li>• Supporting children with long term conditions</li> <li>• Supporting vulnerable families and children</li> </ul>				✓	N/A	
3. Enabling residents to Live well (16 -75 years) Possible issues to consider are; <ul style="list-style-type: none"> <li>• Promoting healthy settings, healthy workforce and economic development</li> <li>• Promoting mental wellbeing and healthy lifestyles</li> <li>• Reducing avoidable deaths</li> <li>• Improving outcomes for people with learning disabilities</li> </ul>				✓	N/A	
4. Enabling residents to Age Well (over 65 years). Possible issues to consider are; <ul style="list-style-type: none"> <li>• Promoting independence</li> </ul>				✓	N/A	

<ul style="list-style-type: none"> <li>Reducing social isolation</li> <li>Managing long term conditions and dementia</li> <li>Reducing emergency admissions and direct admissions to residential care settings</li> <li>Supporting carers and families</li> </ul>						
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Reputational Impact Assessment	P	N	U	NI	Evidence	Further action required
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What potential impact does this activity make upon:						
<p>1. Chorley Council's reputation. Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>Proving to local residents that we provide value for money</li> <li>Informing and engaging with local residents</li> <li>Building trust and confidence in Chorley Council</li> <li>Improving customer satisfaction with council services</li> <li>Chorley Council's role as a community leader</li> </ul>			✓		<p>Increasing burial fees may not be received favourably by residents however fees have not increased for over 5 years.</p> <p>However increasing burial fees will go some way to enable the Council to recover the cost of delivering the service.</p> <p>The waiver of burial fees for 16 and under should be received favourably</p>	
<p>2. Our ability to deliver the Corporate Strategy. Issues to consider are;</p> <ul style="list-style-type: none"> <li>A council that consults and engages with residents</li> <li>An ambitious council that continually strives to improve</li> </ul>			✓		<p>Reviewing fees and charges allows the Council to meet the cost of delivering bereavement services</p>	

Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
1. The effective protection of Chorley's environment. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Limiting waste generation &amp; encouraging recycling</li> <li>• Limiting factors that contribute to climate change</li> <li>• Protection of and improving access to the natural environment</li> </ul>				✓		
2. Prudent usage of natural resources. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Limiting use of non-sustainable energy, water, minerals and materials</li> <li>• Reducing the need to travel and encouraging walking, cycling and low carbon modes of travel</li> </ul>				✓		
3. Social progress amongst all of Chorley's communities. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Opportunities for education and information</li> <li>• Provision of appropriate and sustainable housing</li> <li>• Reduced fear of crime and community safety</li> <li>• Access to cultural and leisure facilities</li> <li>• Encouraging engagement and supporting volunteering</li> </ul>				✓		

Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
4. A vibrant local economy in Chorley. Possible issues to consider are; <ul style="list-style-type: none"> <li>Supporting better quality jobs and developing the skills of local residents</li> <li>Supporting local business by procuring goods and services locally</li> <li>Strengthening links with public, private and third sector partners</li> </ul>				✓		

\* this equality strand is covered by the Public Sector Equality Duty in respect of which the s.149 requires only that due regard be paid to the need to eliminate discrimination, harassment or victimisation or other conduct which is prohibited by the Act.

### Integrated Impact Assessment Action Plan

If any further actions were identified through the Integrated Impact Assessment then these should be listed in the table below. These should be added to the relevant business/service plan to ensure that any actions are carried out.

Actions needed following Integrated Impact Assessment	Start Date	End Date	Lead Officer
Compare the number of burials at Council cemeteries to previous years to see if the numbers remains similar	April 18	April 19	Alison Wilding



Actions needed following Integrated Impact Assessment	Start Date	End Date	Lead Officer

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# Integrated Impact Assessment

<b>Name of the service, policy, strategy or project being assessed</b>	Review of Fees and Charges – Bulky Waste Collection		
<b>What does the service, policy, strategy or project do?</b>	Collects Bulky Waste		
<b>Who is it intended to benefit and how?</b>	Residents - the service generates income that is used to subsidise the cost of the service through the waste collection contract.		
<b>Officer responsible for completing the assessment</b>	Jo Oliver/James Thomson		
<b>Date of Assessment</b>	03/01/2018	<b>Date of Review</b>	03/01/2019

## Introduction

### What is an Integrated Impact Assessment?

The integrated impact assessment is a tool to ensure that any policy, project or service is assessed to consider any positive or negative impacts for Chorley residents with regards to equalities, health or sustainability. It is important that this is done in a timely manner and ideally it should precede the start of the project, policy or strategy concerned.

### Why do we need to do Impact Assessments?

Chorley Council is committed as a community leader, service provider and employer that we will work to ensure that everybody is afforded equality of opportunity and good life chances. The Impact Assessment is a tool we use to ensure that we fulfil these commitments, and thus meet our legal duties.

### Quick Steps for Completion

1. There are four sections;
    - Equality – This section considers the impact on our 10 equality strands, which are; age, disability, gender re-assignment, pregnancy and maternity, race, religion and belief, rurality, marriage and civil partnerships, sex and sexual orientation.. When completing this section, reference should be made to the Council's [Equality Scheme](#)
    - Health – the impact on potential health impacts. There is a link in the section to the current public health observatory information
    - Reputation – the impact on the Council's reputation and our ability to deliver our key priorities. Reference should be made to the Council's [Corporate Strategy](#)
  - Sustainability – the impact on environmental and sustainability issues. Reference should be to the climate change strategy
- Each section has a number of questions which should be given a rating, and evidence given for why the rating has been selected.

#### Code Description

P	Positive beneficial impact
N	Negative undesirable impact
U	Uncertainty over impact
NI	No specific impact/neutral impact

2. Actions – Once a rating is given, actions should be identified to mitigate any negative impacts or maximise any positive impacts of the policy/project/strategy that is being assessed.
3. Once the toolkit has been completed, changes should be made to the policy/project/service to respond to any actions identified.

## Storage and review

Once completed and signed off, all Integrated Impact Assessments should be sent to the Performance and Partnerships Team.

Existing assessments should be reviewed every two years.

If you require further information, please contact Kate Cronin – [kate.cronin@chorley.gov.uk](mailto:kate.cronin@chorley.gov.uk), 5348

Equality Impact Assessment	Yes	No	Evidence	Further action required		
1. Have consultations with relevant groups, organisations or individuals indicated that this particular activity will create problems which are specific to them?	✓		<p>Consultation is being undertaken with residents on options for the new waste collection contract including the charging for WEEE items (waste electrical goods). These are currently collected free of charge but this is not sustainable for the new contract.</p> <p>The bulky waste collection service is a discretionary service and one for which it can charge for.</p>			
<b>What potential impact does this activity make to:</b>						
	P	N	U	NI	Evidence	Further action required
1. Equality of opportunity amongst customers of different ages (Age)				✓	These charges are made to residents requesting a discretionary service - pricing does not differentiate based age. The contractor will provide, if requested a service where they will collect from inside a property, ground floor only.	
2. Equality of opportunity amongst with or without a physical or mental disability (Disability)		✓			These charges may disadvantage those that cannot easily access a HWRC.	The contractor will provide, if requested a service where they will collect from inside a property, ground floor only.
3. Equality of opportunity amongst customers of different gender backgrounds (Gender Reassignment)				✓	These charges are made to residents requesting a discretionary service - pricing does not differentiate based gender reassignment	

4. Equality of opportunity amongst customers who are pregnant or parents (Pregnancy and Maternity)				✓	These charges are made to residents requesting a discretionary service - pricing does not differentiate based on customers who are pregnant or parents.	
5. Equality of opportunity amongst customer groups of different racial backgrounds (Race)				✓	These charges are made to residents requesting a discretionary service - pricing does not differentiate based on race.	
6. Equality of opportunity amongst customers of different religions (Religion or Belief)				✓	These charges are made to residents requesting a discretionary service - pricing does not differentiate based religious belief.	
7. Equality of opportunity amongst customers that live in different parts of Chorley (Rurality)		✓			These charges may disadvantage those that cannot afford the charge and that live far from a HWRC site.	No further action can be taken however it is assumed the numbers affected will be low
8. Equality of opportunity amongst male and female customers (Sex)				✓	These charges are made to residents requesting a discretionary service - pricing does not differentiate based gender.	
9. Equality of opportunity amongst customers of different sexual orientations (Sexual Orientation)				✓	These charges are made to residents requesting a discretionary service - pricing does not differentiate based sexual orientation.	
10. Equality of opportunity amongst customers who are married or in a civil partnership (Marriage and Civil partnerships)				✓	These charges are made to residents requesting a discretionary service - pricing does not differentiate based on customers who are married or in a civil partnership.	

Health Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
1. Promoting healthy lifestyles for Chorley residents. For the latest Health Observatory information please see the data on this link <a href="http://www.apho.org.uk/resource/item.aspx?RID=126958">http://www.apho.org.uk/resource/item.aspx?RID=126958</a>				✓	N/A	
2. Enabling residents to Start Well (pre-birth – 19) Possible issues to consider are; <ul style="list-style-type: none"> <li>• Promoting healthy pregnancy</li> <li>• Reducing infant mortality</li> <li>• Reducing childhood obesity</li> <li>• Supporting children with long term conditions</li> <li>• Supporting vulnerable families and children</li> </ul>				✓	N/A	
3. Enabling residents to Live well (16 -75 years) Possible issues to consider are; <ul style="list-style-type: none"> <li>• Promoting healthy settings, healthy workforce and economic development</li> <li>• Promoting mental wellbeing and healthy lifestyles</li> <li>• Reducing avoidable deaths</li> <li>• Improving outcomes for people with learning disabilities</li> </ul>				✓	N/A	
4. Enabling residents to Age Well (over 65 years). Possible issues to consider are; <ul style="list-style-type: none"> <li>• Promoting independence</li> <li>• Reducing social isolation</li> <li>• Managing long term conditions and dementia</li> <li>• Reducing emergency admissions and direct admissions to residential care settings</li> <li>• Supporting carers and families</li> </ul>				✓	N/A	



Reputational Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
<p>1. Chorley Council's reputation. Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>• Proving to local residents that we provide value for money</li> <li>• Informing and engaging with local residents</li> <li>• Building trust and confidence in Chorley Council</li> <li>• Improving customer satisfaction with council services</li> <li>• Chorley Council's role as a community leader</li> </ul>			✓		<p>Introducing a charge for what was free service could be deemed unfavourable by Chorley residents. The charges are comparable to some Councils in Lancashire.</p> <p>Introducing a fee for WEEE collections will enable the Council to recover the cost of delivering the service.</p>	
<p>2. Our ability to deliver the Corporate Strategy. Issues to consider are;</p> <ul style="list-style-type: none"> <li>▪ A council that consults and engages with residents</li> <li>▪ An ambitious council that continually strives to improve</li> </ul>			✓		<p>The current free collection service for WEEE items is not sustainable and a new waste contractor will charge accordingly to provide this service.</p> <p>Charging will allow the Council to continue to provide the service and use the income received to subsidise the contract costs.</p>	

Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
1. The effective protection of Chorley’s environment. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Limiting waste generation &amp; encouraging recycling</li> <li>• Limiting factors that contribute to climate change</li> <li>• Protection of and improving access to the natural environment</li> </ul>		✓			Charging for electrical equipment and increasing charges for bulky waste collection may result in an increase in fly tipping	Enforcement officers to monitor and investigate reported fly tipping incidents.  Bulky items cans still be taken by householders to the HWRC for disposal for free.
2. Prudent usage of natural resources. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Limiting use of non-sustainable energy, water, minerals and materials</li> <li>• Reducing the need to travel and encouraging walking, cycling and low carbon modes of travel</li> </ul>				✓		
3. Social progress amongst all of Chorley’s communities. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Opportunities for education and information</li> <li>• Provision of appropriate and sustainable housing</li> <li>• Reduced fear of crime and community safety</li> <li>• Access to cultural and leisure facilities</li> <li>• Encouraging engagement and supporting volunteering</li> </ul>				✓		

Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
4. A vibrant local economy in Chorley. Possible issues to consider are; <ul style="list-style-type: none"> <li>Supporting better quality jobs and developing the skills of local residents</li> <li>Supporting local business by procuring goods and services locally</li> <li>Strengthening links with public, private and third sector partners</li> </ul>				✓		

\* this equality strand is covered by the Public Sector Equality Duty in respect of which the s.149 requires only that due regard be paid to the need to eliminate discrimination, harassment or victimisation or other conduct which is prohibited by the Act.

### Integrated Impact Assessment Action Plan

If any further actions were identified through the Integrated Impact Assessment then these should be listed in the table below. These should be added to the relevant business/service plan to ensure that any actions are carried out.

Actions needed following Integrated Impact Assessment	Start Date	End Date	Lead Officer
Continue to record and monitor the number of fly tips reported. The type of waste fly tipped is also recorded and will be monitored. An assessment of a possible increase in fly tipping following the introduction of charges for electrical equipment.	01/04/18	01/09/18	Doug Cridland

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# Integrated Impact Assessment

<b>Name of the service, policy, strategy or project being assessed</b>	Review of Fees and Charges – Community Centres		
<b>What does the service, policy, strategy or project do?</b>	Delivers Community Services from the Community Centres		
<b>Who is it intended to benefit and how?</b>	Residents and non-residents requiring community centre services		
<b>Officer responsible for completing the assessment</b>	Angela Barrago/James Thomson		
<b>Date of Assessment</b>	09/01/18	<b>Date of Review</b>	09/01/19

## Introduction

### What is an Integrated Impact Assessment?

The integrated impact assessment is a tool to ensure that any policy, project or service is assessed to consider any positive or negative impacts for Chorley residents with regards to equalities, health or sustainability. It is important that this is done in a timely manner and ideally it should precede the start of the project, policy or strategy concerned.

### Why do we need to do Impact Assessments?

Chorley Council is committed as a community leader, service provider and employer that we will work to ensure that everybody is afforded equality of opportunity and good life chances. The Impact Assessment is a tool we use to ensure that we fulfil these commitments, and thus meet our legal duties.

### Quick Steps for Completion

1. There are four sections;
    - Equality – This section considers the impact on our 10 equality strands, which are; age, disability, gender re-assignment, pregnancy and maternity, race, religion and belief, rurality, marriage and civil partnerships, sex and sexual orientation.. When completing this section, reference should be made to the Council's [Equality Scheme](#)
    - Health – the impact on potential health impacts. There is a link in the section to the current public health observatory information
    - Reputation – the impact on the Council's reputation and our ability to deliver our key priorities. Reference should be made to the Council's [Corporate Strategy](#)
  - Sustainability – the impact on environmental and sustainability issues. Reference should be to the climate change strategy
- Each section has a number of questions which should be given a rating, and evidence given for why the rating has been selected.

Code	Description
P	Positive beneficial impact
N	Negative undesirable impact
U	Uncertainty over impact
NI	No specific impact/neutral impact

2. Actions – Once a rating is given, actions should be identified to mitigate any negative impacts or maximise any positive impacts of the policy/project/strategy that is being assessed.
3. Once the toolkit has been completed, changes should be made to the policy/project/service to respond to any actions identified.

## Storage and review

Once completed and signed off, all Integrated Impact Assessments should be sent to the Performance and Partnerships Team.

Existing assessments should be reviewed every two years.

If you require further information, please contact Kate Cronin – [kate.cronin@chorley.gov.uk](mailto:kate.cronin@chorley.gov.uk), 5348

Equality Impact Assessment	Yes	No	Evidence				Further action required	
1. Have consultations with relevant groups, organisations or individuals indicated that this particular activity will create problems which are specific to them?		✓	<p>The same percentage increase in charges will be made to all users of the community centres</p> <p>Charges have not been increased for over 6 years and therefore need to be increased to help meet the cost of service provision.</p> <p>Users are those groups/organisations who hire the community centres to deliver a range of activities There is already in place a discount scheme for the different hirers of the centres. The inflationary increase in charges will not affect this discount scheme.</p>					
<b>What potential impact does this activity make to:</b>								
		P	N	U	NI	Evidence		Further action required
1. Equality of opportunity amongst customers of different ages (Age)				✓		<p>The increase in fees is not specific to age. These increased charges will be applied to all those wishing to hire the community centre to deliver activities or sessions</p> <p>The increase in charges will apply to all groups wishing to use the community centres although the discount schemes currently in place will still apply.</p> <p>Usage data suggests that activities targeted at a range of different age groups are delivered from the centres.</p>		



					<p>A high percentage of activities delivered are aimed at children and families and therefore an increase in charges may have more of an impact on organisations delivering these services and in turn, those using the services.</p> <p>However, there will continue to be discounts available for organisations or groups wishing to hire the space to deliver this type of activity from the centres</p>	
2. Equality of opportunity amongst with or without a physical or mental disability (Disability)			✓		<p>There are a number of groups who support people with a physical or mental disability who already use the facilities and access the discounted rates. The increase in fees is not specific to people with a disability or specific sessions.</p>	
3. Equality of opportunity amongst customers of different gender backgrounds (Gender Reassignment)			✓		<p>Increase in fees are not specific to gender</p>	
4. Equality of opportunity amongst customers who are pregnant or parents (Pregnancy and Maternity)			✓		<p>The increase in fees is not specific to parents. These increased charges will be applied to all those wishing to hire the community centre to deliver activities or sessions</p> <p>The increase in charges will apply to all groups wishing to use the community centres although the discount schemes currently in place will still apply.</p>	

					<p>Usage data suggests that activities targeted at a range of different age groups are delivered from the centres.</p> <p>A high percentage of activities delivered are aimed at children and families and therefore an increase in charges may have more of an impact on organisations delivering these services and in turn, those using the services.</p> <p>However, there will continue to be discounts available for organisations or groups wishing to hire the space to deliver this type of activity from the centres</p>	
5. Equality of opportunity amongst customer groups of different racial backgrounds (Race)				✓	Increase in fees are not specific to race	
6. Equality of opportunity amongst customers of different religions (Religion or Belief)			✓		There is a very small uptake of religious groups using the sites but the increase in fees are not specific to religion	
7. Equality of opportunity amongst customers that live in different parts of Chorley (Rurality)				✓	Increase in fees are not specific to location	
8. Equality of opportunity amongst male and female customers (Sex)			✓		There is a very small uptake of groups that are gender specific but the increase in fees are not specific to gender	
9. Equality of opportunity amongst customers of different sexual orientations (Sexual Orientation)				✓	Increase in fees are not specific to sexual orientation	
10. Equality of opportunity amongst customers who are married or in a civil partnership (Marriage and Civil partnerships)*				✓	Increase in fees are not specific to marital status	

Health Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
<p>1. Promoting healthy lifestyles for Chorley residents. For the latest Health Observatory information please see the data on this link  <a href="http://www.apho.org.uk/resource/item.aspx?RID=126958">http://www.apho.org.uk/resource/item.aspx?RID=126958</a></p>				✓	The increase in fees will have a minimal financial impact and groups who are using the sites to create activities improve health can access the most discounted rates.	
<p>2. Enabling residents to Start Well (pre-birth – 19) Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>• Promoting healthy pregnancy</li> <li>• Reducing infant mortality</li> <li>• Reducing childhood obesity</li> <li>• Supporting children with long term conditions</li> <li>• Supporting vulnerable families and children</li> </ul>				✓	The increase in fees will have a minimal financial impact and groups who are using the sites to create activities improve these specific health areas can access the most discounted rates.	
<p>3. Enabling residents to Live well (16 -75 years) Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>• Promoting healthy settings, healthy workforce and economic development</li> <li>• Promoting mental wellbeing and healthy lifestyles</li> <li>• Reducing avoidable deaths</li> <li>• Improving outcomes for people with learning disabilities</li> </ul>			✓		The increase in fees will have a minimal financial impact and groups who are using the sites to create activities improve these specific health areas can access the most discounted rates.	

Health Impact Assessment	P	N	U	NI	Evidence	Further action required
<p>4. Enabling residents to Age Well (over 65 years). Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>• Promoting independence</li> <li>• Reducing social isolation</li> <li>• Managing long term conditions and dementia</li> <li>• Reducing emergency admissions and direct admissions to residential care settings</li> <li>• Supporting carers and families</li> </ul>			✓		<p>The increase in fees will have a minimal financial impact and groups who are using the sites to create activities improve these specific health areas can access the most discounted rates.</p>	

Reputational Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
<p>1. Chorley Council's reputation. Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>• Proving to local residents that we provide value for money</li> <li>• Informing and engaging with local residents</li> <li>• Building trust and confidence in Chorley Council</li> <li>• Improving customer satisfaction with council services</li> <li>• Chorley Council's role as a community leader</li> </ul>			✓		<p>Increasing community centre fees may not be received favourably by residents however fees have not increased for over 6 years, the increase is minimal and they are still the most accessible rates available for a comparable site / facilities.</p> <p>However increasing fees will go some way to enable the Council to recover the cost of delivering the service.</p> <p>The current discount scheme is maintained, this provides significant discounts to community groups, childcare provision and support for SMEs.</p>	
<p>2. Our ability to deliver the Corporate Strategy. Issues to consider are;</p> <ul style="list-style-type: none"> <li>▪ A council that consults and engages with residents</li> <li>▪ An ambitious council that continually strives to improve</li> </ul>			✓		<p>Reviewing fees and charges allows the Council to better meet the cost of delivering community centre services.</p> <p>Reviewing the charges supports efforts to keep the facilities available for the community and provides space to engage and actively involve local residents.</p>	

Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
1. The effective protection of Chorley’s environment. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Limiting waste generation &amp; encouraging recycling</li> <li>• Limiting factors that contribute to climate change</li> <li>• Protection of and improving access to the natural environment</li> </ul>				✓	No impact	
2. Prudent usage of natural resources. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Limiting use of non-sustainable energy, water, minerals and materials</li> <li>• Reducing the need to travel and encouraging walking, cycling and low carbon modes of travel</li> </ul>				✓	Maintaining the sustainability of these sites for community use and accessing services decreases the need for travel and encourages walking.	
3. Social progress amongst all of Chorley’s communities. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Opportunities for education and information</li> <li>• Provision of appropriate and sustainable housing</li> <li>• Reduced fear of crime and community safety</li> <li>• Access to cultural and leisure facilities</li> <li>• Encouraging engagement and supporting volunteering</li> </ul>			✓		Maintaining the sustainability of sites increases opportunities for local accessible training and education.	

Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
4. A vibrant local economy in Chorley. Possible issues to consider are; <ul style="list-style-type: none"> <li>Supporting better quality jobs and developing the skills of local residents</li> <li>Supporting local business by procuring goods and services locally</li> <li>Strengthening links with public, private and third sector partners</li> </ul>			✓		Maintaining the sustainability of sites increases opportunities for local training such as employment support and digital training which supports a vibrant local economy.	

\* this equality strand is covered by the Public Sector Equality Duty in respect of which the s.149 requires only that due regard be paid to the need to eliminate discrimination, harassment or victimisation or other conduct which is prohibited by the Act.

### Integrated Impact Assessment Action Plan

If any further actions were identified through the Integrated Impact Assessment then these should be listed in the table below. These should be added to the relevant business/service plan to ensure that any actions are carried out.

Actions needed following Integrated Impact Assessment	Start Date	End Date	Lead Officer

Actions needed following Integrated Impact Assessment	Start Date	End Date	Lead Officer

**4** Integrated Impact Assessment Toolkit



# Integrated Impact Assessment

<b>Name of the service, policy, strategy or project being assessed</b>	Review of Fees and Charges – Geographical Information Services		
<b>What does the service, policy, strategy or project do?</b>	Street and House naming		
<b>Who is it intended to benefit and how?</b>	Residents and non-residents requiring Geographical Information Services		
<b>Officer responsible for completing the assessment</b>	Emma Marshall/James Thomson		
<b>Date of Assessment</b>	03/01/2018	<b>Date of Review</b>	03/01/2019

## Introduction

### What is an Integrated Impact Assessment?

The integrated impact assessment is a tool to ensure that any policy, project or service is assessed to consider any positive or negative impacts for Chorley residents with regards to equalities, health or sustainability. It is important that this is done in a timely manner and ideally it should precede the start of the project, policy or strategy concerned.

### Why do we need to do Impact Assessments?

Chorley Council is committed as a community leader, service provider and employer that we will work to ensure that everybody is afforded equality of opportunity and good life chances. The Impact Assessment is a tool we use to ensure that we fulfil these commitments, and thus meet our legal duties.

### Quick Steps for Completion

1. There are four sections;
    - Equality – This section considers the impact on our 10 equality strands, which are; age, disability, gender re-assignment, pregnancy and maternity, race, religion and belief, rurality, marriage and civil partnerships, sex and sexual orientation.. When completing this section, reference should be made to the Council's [Equality Scheme](#)
    - Health – the impact on potential health impacts. There is a link in the section to the current public health observatory information
    - Reputation – the impact on the Council's reputation and our ability to deliver our key priorities. Reference should be made to the Council's [Corporate Strategy](#)
  - Sustainability – the impact on environmental and sustainability issues. Reference should be to the climate change strategy
- Each section has a number of questions which should be given a rating, and evidence given for why the rating has been selected.

#### Code Description

P	Positive beneficial impact
N	Negative undesirable impact
U	Uncertainty over impact
NI	No specific impact/neutral impact

2. Actions – Once a rating is given, actions should be identified to mitigate any negative impacts or maximise any positive impacts of the policy/project/strategy that is being assessed.
3. Once the toolkit has been completed, changes should be made to the policy/project/service to respond to any actions identified.

## Storage and review

Once completed and signed off, all Integrated Impact Assessments should be sent to the Performance and Partnerships Team.

Existing assessments should be reviewed every two years.

If you require further information, please contact Kate Cronin – [kate.cronin@chorley.gov.uk](mailto:kate.cronin@chorley.gov.uk), 5348

Equality Impact Assessment	Yes	No	Evidence				Further action required
1. Have consultations with relevant groups, organisations or individuals indicated that this particular activity will create problems which are specific to them?		✓	Consultation has not been undertaken however these charges are predominantly made to housing developers and are not as high as some charges made from other Lancashire Councils.				
<b>What potential impact does this activity make to:</b>							
	P	N	U	NI	Evidence		Further action required
1. Equality of opportunity amongst customers of different ages (Age)				✓	These charges are predominantly made to housing developers and pricing cannot differentiate based on age		
2. Equality of opportunity amongst with or without a physical or mental disability (Disability)				✓	These charges are predominantly made to housing developers and pricing cannot differentiate based on disability		
3. Equality of opportunity amongst customers of different gender backgrounds (Gender Reassignment)				✓	These charges are predominantly made to housing developers and pricing cannot differentiate based on gender		
4. Equality of opportunity amongst customers who are pregnant or parents (Pregnancy and Maternity)				✓	These charges are predominantly made to housing developers and pricing cannot differentiate based on pregnancy or maternity/paternity		
5. Equality of opportunity amongst customer groups of different racial backgrounds (Race)				✓	These charges are predominantly made to housing developers and pricing cannot differentiate based on race		

6. Equality of opportunity amongst customers of different religions (Religion or Belief)				✓	These charges are predominantly made to housing developers and pricing cannot differentiate based on religion	
7. Equality of opportunity amongst customers that live in different parts of Chorley (Rurality)				✓	These charges are predominantly made to housing developers and pricing cannot differentiate based on location	
8. Equality of opportunity amongst male and female customers (Sex)				✓	These charges are predominantly made to housing developers and pricing cannot differentiate based on gender	
9. Equality of opportunity amongst customers of different sexual orientations (Sexual Orientation)				✓	These charges are predominantly made to housing developers and pricing cannot differentiate based on sexual orientation	
10. Equality of opportunity amongst customers who are married or in a civil partnership (Marriage and Civil partnerships)*				✓	These charges are predominantly made to housing developers and pricing cannot differentiate based on marital status	
<b>Health Impact Assessment</b>	<b>P</b>	<b>N</b>	<b>U</b>	<b>NI</b>	<b>Evidence</b>	<b>Further action required</b>
<b>What potential impact does this activity make upon:</b>						
1. Promoting healthy lifestyles for Chorley residents. For the latest Health Observatory information please see the data on this link <a href="http://www.apho.org.uk/resource/item.aspx?RID=126958">http://www.apho.org.uk/resource/item.aspx?RID=126958</a>				✓	Charges are mainly made to developers and therefore this has no impact	
2. Enabling residents to Start Well (pre-birth – 19) Possible issues to consider are; <ul style="list-style-type: none"> <li>• Promoting healthy pregnancy</li> <li>• Reducing infant mortality</li> <li>• Reducing childhood obesity</li> <li>• Supporting children with long term conditions</li> </ul>				✓	Charges are mainly made to developers and therefore this has no impact	

<ul style="list-style-type: none"> <li>Supporting vulnerable families and children</li> </ul>						
<p>3. Enabling residents to Live well (16 -75 years) Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>Promoting healthy settings, healthy workforce and economic development</li> <li>Promoting mental wellbeing and healthy lifestyles</li> <li>Reducing avoidable deaths</li> <li>Improving outcomes for people with learning disabilities</li> </ul>				✓	Charges are mainly made to developers and therefore this has no impact	
<p>4. Enabling residents to Age Well (over 65 years). Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>Promoting independence</li> <li>Reducing social isolation</li> <li>Managing long term conditions and dementia</li> <li>Reducing emergency admissions and direct admissions to residential care settings</li> <li>Supporting carers and families</li> </ul>				✓	Charges are mainly made to developers and therefore this has no impact	

Reputational Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
<p>1. Chorley Council's reputation. Possible issues to consider are;</p> <ul style="list-style-type: none"> <li>Proving to local residents that we provide value for money</li> <li>Informing and engaging with local residents</li> <li>Building trust and confidence in Chorley Council</li> <li>Improving customer satisfaction with council services</li> <li>Chorley Council's role as a community leader</li> </ul>			✓		<p>Increasing geographical information fees is not envisaged to be deemed unfavourable by Chorley residents</p> <p>Increasing fees will enable the Council to recover the cost of delivering the service. This will therefore reduce the cost to the Council tax payer.</p>	

Reputational Impact Assessment	P	N	U	NI	Evidence	Further action required
2. Our ability to deliver the Corporate Strategy. Issues to consider are; <ul style="list-style-type: none"> <li>▪ A council that consults and engages with residents</li> <li>▪ An ambitious council that continually strives to improve</li> </ul>			✓		Reviewing fees and charges allows the Council to meet the cost of delivering geographical information services	

Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
<b>What potential impact does this activity make upon:</b>						
1. The effective protection of Chorley’s environment. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Limiting waste generation &amp; encouraging recycling</li> <li>• Limiting factors that contribute to climate change</li> <li>• Protection of and improving access to the natural environment</li> </ul>				✓	N/A	
2. Prudent usage of natural resources. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Limiting use of non-sustainable energy, water, minerals and materials</li> <li>• Reducing the need to travel and encouraging walking, cycling and low carbon modes of travel</li> </ul>				✓	N/A	
3. Social progress amongst all of Chorley’s communities. Possible issues to consider are; <ul style="list-style-type: none"> <li>• Opportunities for education and information</li> <li>• Provision of appropriate and sustainable housing</li> <li>• Reduced fear of crime and community safety</li> <li>• Access to cultural and leisure facilities</li> <li>• Encouraging engagement and supporting volunteering</li> </ul>				✓	N/A	



Sustainability Impact Assessment	P	N	U	NI	Evidence	Further action required
4. A vibrant local economy in Chorley. Possible issues to consider are; <ul style="list-style-type: none"> <li>Supporting better quality jobs and developing the skills of local residents</li> <li>Supporting local business by procuring goods and services locally</li> <li>Strengthening links with public, private and third sector partners</li> </ul>				✓	N/A	

\* this equality strand is covered by the Public Sector Equality Duty in respect of which the s.149 requires only that due regard be paid to the need to eliminate discrimination, harassment or victimisation or other conduct which is prohibited by the Act.

### Integrated Impact Assessment Action Plan

If any further actions were identified through the Integrated Impact Assessment then these should be listed in the table below. These should be added to the relevant business/service plan to ensure that any actions are carried out.

Actions needed following Integrated Impact Assessment	Start Date	End Date	Lead Officer

Actions needed following Integrated Impact Assessment	Start Date	End Date	Lead Officer





Report of	Meeting	Date
Director of Policy and Governance	Special Council	27 February 2018

## THE ELECTORAL REVIEW OF CHORLEY COUNCIL COMMITTEE

### PURPOSE OF REPORT

1. To correct the political proportionality to the Electoral Review of Chorley Council Committee, and to consider a formal request to the Secretary of State for Housing, Communities and Local Government to defer the 2019 local borough elections.

### RECOMMENDATION(S)

2. To approve the amendments to the membership of the Electoral Review of Chorley Council Committee, with the political proportionality of 5 Labour (and 2 substitutes), 3 Conservative (and 2 substitutes) and 1 seat to be allocated to the smaller groups within the council.
3. To approve a formal request being made to the Secretary of State for Housing, Communities and Local Government to defer the 2019 local borough elections due to the whole of council election in 2020. This would result in a cost saving to the council of approximately £120,000.

Confidential report Please bold as appropriate	Yes	No

### CORPORATE PRIORITIES

4. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	X

### BACKGROUND

5. At the council meeting on 23 January 2018, a report was presented which sought approval to the formation of a new committee (and its membership), to oversee the electoral review process for Chorley Council being conducted by the Local Government Boundary Commission for England. The role of this Committee is to receive information and to make recommendations to Council. In turn Chorley Council can consider any recommendations received from the Committee and make recommendations to the LGBC.

6. This report also sought a recommendation as to whether a formal request be made to the Secretary of State for Housing, Communities and Local Government for a deferment of the 2019 local borough election by Order under section 87 of the Local Government Act 2000.

**COMMITTEE MEMBERSHIP**

7. In the report to council on 23 January, it was reported that membership of the committee should consist of 4 Labour, 3 Conservative and 1 National Health Action Party, with the following appointments being made on that basis:
  - Labour - Alistair Bradley, Jane Fitzsimons, Danny Gee and Peter Wilson (substitutes Adrian Lowe and Paul Walmsley)
  - Conservative – Paul Leadbetter, Debra Platt and John Walker (substitutes Martin Boardman and John Dalton)
  - National Health Action – Mark Jarnell
8. Since the meeting a lack of political proportionality has been identified and reviewed. The outcome of the review provides –
  - an additional seat to Labour; bringing the total membership for Labour to 5
  - one seat be offered to the minor groups (Independent Group and the National Health Action Party).
9. Through discussion with members of the small groups, it has been agreed that the seat be taken by the representative of the National Health Action Party, Mark Jarnell.
10. Prior to the first meeting of the new committee on 7 March 2018, all members will be asked to complete a survey relating to the demands that their council duties place on their time.

**LOCAL BOROUGH ELECTIONS 2019 - DEFERMENT**

11. Since being informed of the review, there have been a number of enquires by members as to the possibility of postponing the 2019 local elections. As a result, advice was sought from the Department for Community and Local Government (DCLG). In response (appendix A), the DCLG advised that for the council to defer its 2019 local government elections, a formal request would need to be made to the Secretary of State setting out its reasons for requiring the change. If approved the Secretary of State would then formulate the necessary Order.
12. The cost to the council for holding a borough election in 2019 was approximately £120,000. However, those members elected would serve a one year term only, it is therefore considered reasonable to seek permission for a deferment of these elections on these grounds. A copy of the formal request is appended to this report (Appendix B).
13. Parish council elections for 2019 would take place as scheduled.

**IMPLICATIONS OF REPORT**

14. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	X	Customer Services	
Human Resources		Equality and Diversity	
Legal	X	Integrated Impact Assessment required?	
No significant implications in this		Policy and Communications	

area			
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**COMMENTS OF THE STATUTORY FINANCE OFFICER**

15. The consequence of making the request to defer the 2019 Local Election is detailed within the report. Approval of the request would lead to the Council making a saving of approximately £120k in that year which is the estimated cost of a local election.

**COMMENTS OF THE MONITORING OFFICER**

16. No Comment.

Rebecca Huddleston  
Director of Policy and Governance

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Cathryn Filbin	5123	12 February 2018	***

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Department for  
Communities and  
Local Government

**Department for Communities and Local  
Government**

2nd Floor NE Quarter Fry Building  
2 Marsham St  
London  
SW1P 4DF

Cathryn Filbin  
email

Fax: 020 7035 0018  
Email: [sophie.bixby@communities.gsi.gov.uk](mailto:sophie.bixby@communities.gsi.gov.uk)

[www.gov.uk/dclg](http://www.gov.uk/dclg)

Our Ref:3595731  
Your Ref:

Date:**23 January 2018**

Dear Ms Filbin,

Thank you for your email of 14 December regarding local elections in Chorley.

If Chorley council were to pursue the option of deferring the 2019 elections by Order under section 87 of the Local Government Act 2000, a case would need to be submitted directly to the Secretary of State as soon as possible to allow sufficient time to make the necessary Order. However, due to current pressures on Parliamentary time, we are unable to offer any guarantee that there will now be sufficient time to make the Order; or if it will be possible for the Secretary of State to defer the 2019 elections in Chorley.

Unfortunately there are no set criteria for deferring local elections, as each case is considered individually on its merits. A formal request would need to be made to the Secretary of State setting out the council's request and its reasons for requiring the change. The Secretary of State would then decide whether to proceed and if he chose to do so would begin the formulation of the necessary Order.

I hope this information is helpful.

Yours Sincerely

Sophie Bixby

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Our Ref: CAF/GH  
Your Ref:  
Date: 6 February 2018

The Rt Hon Sajid Javid MP  
Secretary of State for Housing,  
Communities and Local Government  
2 Marsham Street  
**LONDON**  
SW1P 4DF

Town Hall  
Market Street  
Chorley  
PR7 1DP

Dear Minister

### **DEFERMENT REQUEST OF CHORLEY COUNCIL'S 2019 LOCAL ELECTIONS**

I have been directed to write to you on behalf of Chorley Council, to formally request a deferment of the authority's 2019 local election by Order under section 87 of the Local Government Act 2000, for the reasons stated below.

In June 2017, the Local Government Boundary Commission for England notified the authority of its intention to conduct an electoral review of Chorley council as part of its 2018/19 work programme.

Chorley council currently holds elections by thirds. However, as a result of the electoral review, a whole of council election will take place in 2020 on new warding arrangements (after which the council would revert to elections by thirds). Therefore, those members elected at the 2019 local elections would serve a term of one year only.

The cost of the 2019 election to the authority would be in the order of £120,000. Due to the political make-up of the council, and the number of seats involved, the overall outcome of an election held in 2019 is not likely to result in a change in the administration.

It is considered that for these reasons a deferment of the authority's 2019 elections would not be unreasonable and hope that you look favourably on this request.

Yours sincerely

**GARY HALL**  
**CHIEF EXECUTIVE**

Cathryn Filbin  
Democratic and Member Services Officer  
Email: [cathryn.filbin@chorley.gov.uk](mailto:cathryn.filbin@chorley.gov.uk)  
Tel: 01257 515123

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