

BASE BUDGET CHANGES

Pay Award 2025/26 +£0.188M

As part of the 2025/26 budget setting process, an inflationary uplift of 2.5% was included to salaries across all services of the Council. The National Employers offer of an increase of 3.2% on all NJC pay points was agreed in July 2025. Inevitably this places further strain on future year budgets and forecasts have been updated to reflect this altered base position.

Pensions - Employer Contribution Reduction (-£1.756M)

The current rate for employers is 16.3%. Following discussions with the Lancashire County Pension Fund, the fund is performing well and the advice is to reduce future contributions to 8.1%. This is consistent with other districts across Lancashire.

Increase Staff Turnover (-£0.352M)

Staff turnover in recent years has previously been in excess of the provision made. Typically it has been in excess of £1M so the provision has been increased to that level in order to help contribute to a balanced budget.

Interest Payable (-£0.128M)

As capital schemes expenditure slips into future years, the short-term need for the Council to borrow reduces and therefore interest payable on projected borrowing is reduced.

Interest Receivable +£0.018M

Linked with interest payable. Having higher cash balances allows for increased levels investable amounts subsequently resulting in more interest receivable.

Minimum Revenue Provision (MRP) (-£0.190M)

Following the Mid-Year Review of the Capital Programme approved by Council 24 September 2025, the amount of MRP required has been adjusted to match the programme at that time.

Review of Reserves

Renewals (-£0.293M)

The level of the renewals reserve is c.£2M and annual contributions were reviewed and deemed over-sufficient resulting in a reduction in contribution going forwards.

Business Rates Retention Reserve¹ (-£0.693M)

With regard to Business Rates, work has taken place to determine the forecast surplus or deficit for prior years and the latest projection is a £0.693M deficit relating to prior years. The Business Rates Retention Reserve (BRRR) is used to manage the impact of surpluses and deficits and also to manage fluctuations in income levels in order to provide budgetary stability and smooth out year on year peaks and troughs.

Business Rates Retention Reserve² +£0.600M

The reserves schedule approved February 2025 included a £0.600M contribution from the BRRR into general fund balances in relation to be a contingency amount in respect of Heysham Power Station. As the closure of Heysham 1 has now been deferred then the contingency is not currently required at this time.

Review of Inflation Factors +£0.037M

As part of every budget process, updated inflation factors are used to calculate future years budgets and included within the draft revenue budget. The key factors used are highlighted within section 3.6 of this report.

APPENDIX B

Review of Corporate Property Programme +£0.061M

In 2025/26 the Council embarked on a multi-year programme of works to repair, maintain, replace and enhance its corporate assets to ensure that they are safe places. During the first year a full review of the programme took place to provide a more realistic delivery model and subsequently individual projects have been slipped or reclassified as revenue expenditure when previously considered capital (and vice-versa).

Review of Asset & Compliance Programme (-£0.339M)

To address changes in government legislation surrounding the safe operation of buildings, the Council have previously included amounts in order to comply with the legislation. Some examples include risk assessments, asbestos surveys, gas and electrical testing. A full review of the budgets provided for took place in the current financial year leading to the savings identified.

Commercial Property Rental Income +£0.382M

The Council owns numerous commercial properties within the District and is currently experiencing a few vacancies which ultimately affects rental income levels and associated costs which need to be considered e.g. R&M and NNDR. The main buildings affecting this are the vacant Moor Lane Mills and 17-21 Penny Street properties.

Bed & Breakfast Expenditure (-£0.541M)

Due to void properties on Mainway currently being available, these are being used to house homelessness people/families where appropriate. This has resulted in the reduced use of high-costing temporary accommodation and provided less financial strain on the homelessness budget

Burrowbeck/Gateway Solar +£0.200M

With regard to both sites, the income projections have been lowered due to reduced export pricing and a provision for R&M has now been included.

Waste Collection pEPR Payment (-£0.367M)

The government have issued a revised grant allocation for 2026/27 and this has now been built into the base budget.

Food Waste (removal of savings target) +£0.350M

As part of establishing food waste budgets, a savings target was included to reduce the net cost of the scheme. Upon review, it is too early to include any savings and subsequently the target has been reviewed. This area will be monitored closely over the next 12 months and should any savings arise they will be highlighted within the quarterly monitoring process and considered for inclusion in future iterations of the revenue budget.

Garden Waste Charging Freeze +£0.042M

As part of the fees and charges review for 2026/27, Cabinet at it's meeting of 13 January 2025 proposed the freezing of garden waste charges for a period of one year. The financial impact is the loss of assumed inflation included within the draft budget.

Williamson Park Net Income +£0.143M

Following the closure and now demolition of the café, temporary arrangements are now in place within the park to provide food and beverages to the public. However, income levels have naturally been affected and draft budgets have been updated to reflect this.

APPENDIX B

Car Parking Pay & Display Income +£0.250M

For 2025/26 Council approved the freezing of car parking charges for a period of one-year. Latest monitoring information suggests usage figures are down in financial terms and this has been factored into base budgets going forward alongside the loss of car parks at Castle (temporary) and Nelson Street (permanent).

Revenues Shared Service +£0.060M

The Council shares its Revenues Services with Preston City Council who are the managing partner for the two Councils. Increases over established budgets (e.g. Salaries, system costs) has resulted in an increase to the management fee.

ICT Cyber Security +£0.114M

This operational increase is required to strengthen the response capability to a cyber incident through 24/7 protective monitoring and cyber insurance. 24/7 protective monitoring involves not just monitoring our network against threats but also having the ability to act against threats and take immediate action.

Reversal of Items Now Included in Local Government Finance Settlement +£0.848M

Removal of items previously budgeted for in the general fund that are now replaced with new elements which are to be held within the financing section of the account.

Minor Variances +£0.039M

Minor operational changes have been identified and these changes have been built into the latest projections.

Contribution to Unallocated Reserve (LGR) +£0.460M

Due to the removal of a previous entry in the financing section of the account a surplus has been created which is to be transferred to the unallocated reserve, held specifically to contribute towards Local Government Reorganisation costs when required.

ADDITIONAL BUDGET PROPOSALS

Growth/(Savings) Proposals +£0.403M

Service summary information given at *Appendix C* and more detailed proposals in exempt *Appendices C1 & C2*.

Revenue Impact of Current Capital Programme Review (MRP & Interest) (-£0.615M)

A review of the current capital programme has taken place which includes underspends generated where appropriate and an up-to-date profile of when expenditure is likely to occur. This has led to MRP and Interest savings which are included within the revenue account.

Revenue Impact of Capital Programme Growth (MRP & Interest) +£0.163M

New projects have now been included within the draft capital programme which are not cost neutral to the Council. The associate revenue budgets for MRP and Interest have now been included within the revenue account. Further details can be found within the 'General Fund Capital Programme & Capital Strategy' report, considered elsewhere on this agenda.