

FINANCE COUNCIL
3rd March 2014

PRESENT –*The Mayor Councillor S. Mulla (in the Chair), Councillors Akhtar, Bateson, Brookfield, Browne, Connor, Cottam, Daley, Davies, Desai, Entwistle, Evans, Foster D, Foster K, Gee, Groves, Hardman, Harling, Hollern, Hollings, Humphrys, Hussain F, Hussain I, Hussain S, Johnson, Kay, Khan M, Khonat H, Khonat S, Lee, Liddle, Mahmood, Maxfield McFall, Nuttall, O’Keeffe, Oldfield, Patel, Pearson D, Pearson J, Rehman, Rigby C, Riley, Shorrocks, Sidat, Slater Jacqueline, Smith D, Smith J, Solkar, Surve, Talbot, Tapp, Thayne, Walsh C, Whalley and Wright.*

RESOLUTIONS

64 Notice Convening Meeting

The Chief Executive read the notice convening the meeting.

At this point of the meeting, a Minutes Silence was observed in memory of Councillor Dorothy Walsh who had recently passed away.

65 Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Hirst, Jan-Virmani, Z Khan, J Rigby, Slater John, Slater Julie and Taylor.

66 Minutes of the Council Forum Meeting held on 30th January 2014

RESOLVED – That the Minutes of the Council Forum Meeting held on 30th January 2014 be approved as a correct record.

67 Declarations of Interest

No Declarations of Interest were declared at this point of the Meeting (see Minute No. 71).

68 Mayoral Communications

The Mayor updated Members on recent events and activities he had attended since the last meeting which included the Annual Memorial Service in Corporation Park. The Mayor had attended the funeral of Sir Tom Finney in Preston, followed the day after by the funeral of Councillor Dorothy Walsh.

The Mayor also reminded Council that a quiz would be held on 27th March for the Mayor’s Charity and that the Mayor’s Ball would be held on 11th April.

Best wishes were passed to Councillor Jim Hirst and to former Council Employee Diane Hill, both of whom were unwell.

69 Treasury Management Strategy, Prudential Indicators and Minimum Revenue Provision Policy 2014/15

Finance Council was asked to approve the Treasury Management Strategy, Prudential Indicators and Minimum Revenue Provision Policy 2014/15. It was explained that the Council was required to set Treasury and Prudential indicators and a policy for a “prudent” level of Minimum Revenue Provision for repayment of debt, consistent with the Council’s Medium Term Financial Strategy.

RESOLVED –

- (a) That the proposed Treasury Management Strategy for 2014/15, including Treasury Management Indicators, as outlined in Appendix 1 be approved;
- (b) That the proposed Prudential Indicators for 2014/15, as outlined in Appendix 2 be approved; and
- (c) That the policy proposals for determination of Minimum Revenue Provision for repayment of debt, as outlined in Appendix 3 be approved.

70 The Robustness of the 2014/15 budget and the Recommended Level of Reserves

A report was submitted which provided statutory advice to Members when setting the budget in accordance with the Local Government Act 2003 and which needed to be received by Members prior to the Council finalising the budget process and setting the Council Tax.

RESOLVED –

That the report of the Director of Finance be noted, which provides advice on:

- 1. The robustness of the Revenue Budget and Capital Programme for 2014/15 outlined in the report of the Executive Member, Resources; and;
- 2. The recommended level of proposed financial reserves.

71 Revenue Budget 2014/15, Medium Term Financial Strategy and Capital Programme 2014-17

The Executive Member for Resources, Councillor Andy Kay, on behalf of the Labour Group, presented proposals for the Budget Strategy and the proposals for the Revenue Budget 2014/15, the indicative overall revenue budget for 2015/16, Medium Term Financial Strategy (MTFS)

and Capital Programme for 2014-17 to underpin the priorities agreed at Policy Council on 5th December 2013. Finance Council was asked to note, that if the proposals for the Revenue Budget 2014/15 were approved, there would be no increase in the level of Council Tax set by this Council for the services it provided itself.

As reported previously, the Council had faced unprecedented severe reductions in funding following the Comprehensive Spending Review (CSR) 2010, and subsequent Local Government Finance Settlements.

Members were reminded that last year, the funding reductions and pressures the Council faced confirmed that budget reductions of up to £30M would be required by 2014/15. On 31st January 2013, Council once again considered and approved a number of early budget savings options, amounting to £13.1M in 2013/14 and £26.3M in 2014/15. Steps to implement these proposals commenced during February 2013. Finance Council approved additional reductions of £3M in March 2013 and set the two year budget strategy for 2013/14 and 2014/15.

During 2013 the Chancellor published a Comprehensive Spending Round for 2015/16, which outlined further spending reductions. The Department of Communities and Local Government (DCLG) subsequently published consultation papers which contained illustrative figures for 2014/15 and 2015/16. These consultation papers set out potential further reductions in government funding of local authorities. In the case of this Council, the Settlement Funding Assessment was projected to fall significantly in both 2014/15 and in 2015/16.

DCLG published the provisional Local Government Financial Settlement on 18th December 2013 and the final settlement on 5th February 2014. This showed a reduction in funding if the funding for Adult Social Care New Burdens and for the Better Care Fund in 2015/16 was excluded, the reduction in 2015/16 amounted to £13.4M. The Council's two year budget strategy already incorporated a substantial reduction in funding in 2014/15 and thus there were no significant changes to the 2014/15 budget. The Council would however be required to achieve further efficiencies, service reductions and increases in revenue in 2015/16. Once unavoidable pressures such as inflation and demographic changes were taken into account, it was estimated there would be a budget shortfall or gap of £19M if no action was taken.

The report set out the Labour Group's proposed Revenue Budget, Capital Programmes and associated Council Tax level for 2014/15 together with the MTFs 2014/17 and indicative overall revenue budget for 2015/16 updated to reflect the local government financial settlement, funding uncertainty and other key risks. These reflected the corporate plan priorities agreed at Policy Council in December 2013 and the wide-ranging consultation undertaken with a variety of stakeholders.

Through successive Autumn Statements and Spending Reviews the Chancellor had indicated that there would be spending cuts in public services until 2020 as he aimed to generate a budget surplus by that date.

The Council also continued to face the uncertain impact of the government reforms including the Local Government Resource Review, Welfare Reform, and changes to education and the NHS during those years.

As in previous years the Council had therefore prepared on the same basis as in the 2013-16 MTFS the following three scenarios:

- Best case assuming government funding was maintained at 2015/16 levels during 2016/17
- A likely case assuming government funding reduced by a further 11% during 2016/17
- A worst case scenario assuming government funding reduced by a further 15% during 2016/17.

It was anticipated that the Council would be required to find further additional savings of between £5.259M and £10.940M in 2016/17.

In terms of the Budget Strategy, savings previously agreed amounted to £13.1M in 2013/14 increasing to £29.3M in 2014/15. There had been good progress made in achieving this savings programme during 2013/14 and consequently the 2014/15 budget strategy was largely unchanged.

Given the scale of the savings required, it was unfortunate but inevitable that now there would continue to be further job losses, including compulsory redundancies in the coming months. Therefore some staff had already been, and some would need to be put formally at risk of redundancy whilst consultation was undertaken and options developed.

Clearly implementing budget reductions of this scale in addition to those already implemented in recent years presented a huge challenge. It would mean that the Council would continue to undertake radical reviews across all service areas to determine the extent to which, or whether, services continued to be provided by the Council.

The Capital Programme for 2014-17 was also recommended to Finance Council for approval. There was a substantial capital investment programme, which was important for the long term future of the Borough. However, the programme was reduced from previous years with minimal investment in areas of substantial need given the withdrawal of supported borrowing by the government and the ending of some grant funding programmes. The Council also continued to place an emphasis on regeneration and economic growth.

The report also outlined the Corporate and service pressures and budget reductions arising.

In the light of the indicative settlement for 2015/16, the financial constraints it would create and the requirement to reduce net expenditure by an estimated £19m, the Leader and the Executive Members were undertaking a comprehensive review of the allocation of resources. This included a detailed review of all expenditure and income budgets, contractual commitments, property holdings and staffing structures. This would be set in the context of the Council's statutory responsibilities and corporate priorities.

It was reported that the Director of Finance was recommending a minimum level of reserves of £5.9M to this Finance Council for 2014/15; and the assumptions made within these budget proposals for 2014/15 were that the Council will accept the further Council Tax Freeze Grant for 2015/16.

The MTFS 2014-17 had been refreshed and updated. It now incorporates the indicative Local Government Finance Settlement for 2015/16. However in the absence of the Comprehensive Spending Review any figures could only be indicative and considered a range of potential scenarios for government funding beyond 2015/16.

The proposed revenue budget strategy would continue to focus on delivering on the Council's priorities and would try to minimise the impact of spending cuts with the delivery of quality efficient and effective services to and for the citizens of this Borough, whilst ensuring the Council operated within the financial constraints imposed by central government.

Through the "Your Call" programme, the Council was working with Communities and helping people to help themselves. In doing so it was transforming the services it delivers and its relationship with its residents.

Ahead of the vote on this item, several Councillors declared a potential Declaration of Interest relating to their role as School Governors, however the Chief Executive clarified that whilst it was best practice to declare such an interest, it was not a prejudicial interest for this general budget item and all Councillors would be able to vote.

Members were reminded that in respect of Items 9 and 10 on the Agenda, under the Local Government (Standing Orders) (England) (Amendment) Regulations 2014, which came into force on 25th February 2014, the Council was required to record in the minutes of a budget decision meeting the names of persons who cast a vote for or against the decision or who abstained from voting.

There then followed a Recorded Vote, with Councillors Voting as follows:

For

Councillors Akhtar, Bateson, Brookfield, Browne, Connor, Davies, Desai, Entwistle, Evans, Foster D., Foster K., Groves, Harling, Hollern, Hollings, Humphrys, Hussain F., Hussain I., Hussain S., Johnson, Kay, Khan M., Khonat H., Khonat S., Liddle, Mahmood, Maxfield, McFall, Nuttall, O’Keeffe, Oldfield, Pearson J., Rehman, Riley, Shorrock, Sidat, Smith J., Smith D., Surve, Talbot, Thayne, Walsh, Whalley, Wright, The Mayor (Councillor Salim Mulla)

Against

Councillor Cottam

Abstention

Councillors Daley, Gee, Hardman, Lee, Pearson D., Rigby C., Slater Jacqueline, Tapp

(Councillors Abdul Patel and Shahabuddin Solkar were not present at the time of the vote).

RESOLVED –

- 2.1 That the proposals for the Revenue Budget for the financial year 2014/15 and the indicative overall budget 2015/16 position outlined in this report be approved;
- 2.2 That the proposals for the Capital Programme for the period 2014/15 to 2016/17 as outlined in this report be approved;
- 2.3 That the Council notes that the approved Capital Programme includes the Cathedral Quarter scheme and
 - i reverts to the Head Lease option if it is financially advantageous to do so and;
 - ii provides Forward Funding for the office block with a secured loan of up to £6.1M to the developer on a commercial basis for a period of no more than 12 months, should this be required;
 - iii subject to (ii) agree the Executive Board approve the Heads of Terms for any loan;
 - iv that the Council finances the Forward Development Funding from Borrowing if required;
 - v that if required the Executive Board receive a detailed financial appraisal at a future meeting;
- 2.4 That the Medium Term Financial Strategy 2014-17 be approved with the final version to be published incorporating the approved budget proposals;
- 2.5 That subject to recommendation 2.1 outlined above that the Council be requested to approve the consequent Council Tax levels detailed in the formal resolution of the Director of Finance’s report;

- 2.6 That the Council approves the Pay Policy Statement prepared in accordance with the requirements of Section 38 of the Localism Act 2011 to have effect for the year 2014/15 unless replaced or varied by the Council, as set out in Appendix G; and
- 2.7 Adopt the current list of performance measures and targets which supports performance management of the Council's Corporate Plan priorities and delegate final sign off of the Corporate Plan to the Leader of the Council and Chief Executive following the development of remaining performance measures and targets for portfolio priorities through consultation with Executive Members.

72 Council Tax for 2014/15

A report was submitted on the Council's requirement to set amounts of Council Tax before 11th March in the financial year preceding that for which it was set.

In setting its Council Tax requirement, the Council took into account any funding from reserves, income it expected to raise and general funding it would receive from Government as part of the Local Government Finance Settlement.

The Council was also required to set a basic amount of Council Tax for the financial year 2014/15. The Council Tax was set on the basis of:

- (a) The precept on the Collection Fund issued by the Police and Crime Commissioner for Lancashire.
- (b) The precept on the Collection Fund issued by the Lancashire Combined Fire Authority.
- (c) The Borough Council's precept on the Collection Fund, which was dependent on two factors:
 - (i) its council tax requirement, and
 - (iv) the precepts issued by the seven Parish / Town Councils.

The Council was recommended to approve the draft resolution setting the Council Tax for 2014/15 as set out in Appendix 1 of the report submitted.

Following discussions, Finance Council moved to a Recorded Vote, with Councillors voting as follows:

For

Councillors Akhtar, Bateson, Brookfield, Browne, Connor, Daley, Davies, Desai, Entwistle, Evans, Foster D., Foster K., Gee, Groves, Hardman, Harling, Hollern, Hollings, Humphrys, Hussain F., Hussain I., Hussain S., Johnson, Kay, Khan M., Khonat H., Khonat S., Lee, Liddle, Mahmood, Maxfield, McFall, Nuttall, O'Keeffe, Oldfield, Pearson D., Pearson J., Rehman, Rigby C., Riley, Shorrocks, Sidat, Slater Jacqueline, Smith J., Smith D., Surve, Talbot, Tapp, Thayne, Walsh, Whalley, Wright, The Mayor (Councillor Salim Mulla)

Against

Councillor Cottam

Abstention

None

(Councillors Abdul Patel and Shahabuddin Solkar were not present at the time of the vote).

RESOLVED -

1. That it be noted that on 31st January 2014, the Council calculated the Council Tax Base for the year 2014/15 in accordance with regulations made under Section 31B(3) of the Local Government Finance Act 1992, as amended (the Act):

- a) 31,396.23 being the Council Tax Base for the whole of the Council area (Item T in the formula in Section 31B of the Act); and
- b) for dwellings in those parts of its area to which a Parish precept relates, as detailed in Appendix 2.

2. That the following amounts be calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:

- a) £408,870,600 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act taking into account all precepts issued to it by Parish Councils.
- b) £368,943,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act.
- c) £39,927,600 being the amount by which the aggregate at 2 (a) above exceeds the aggregate at 2 (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) £1,271.73 being the amount at 2 (c) above (Item R) divided by the amount at 1(a) above (Item T), 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) £153,225.10 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (see

Appendix 2).

- f) £1,266.85 Being the amount at 2 (d) above less the result given by dividing the amount at 2 (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.

3. That it be noted that for the year 2014/15 the Police and Crime Commissioner for Lancashire and Lancashire Combined Fire Authority have issued precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, as indicated in the tables below.

4. 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 the year 2014/15 for each part of its area and for each of the categories of dwellings.

a) Blackburn with Darwen Borough Council

<u>Part of the Council's Area</u>	<u>Valuation Bands</u>							
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
Eccleshill Parish	£861.90	£1,005.55	£1,149.20	£1,292.85	£1,580.15	£1,867.45	£2,154.75	£2,585.70
Livesey Parish	£849.95	£991.61	£1,133.27	£1,274.93	£1,558.25	£1,841.57	£2,124.88	£2,549.86
North Turton Parish	£855.65	£998.26	£1,140.87	£1,283.48	£1,568.70	£1,853.92	£2,139.13	£2,566.96
Pleasington Parish	£848.36	£989.75	£1,131.15	£1,272.54	£1,555.33	£1,838.11	£2,120.90	£2,545.08
Tockholes Parish	£867.11	£1,011.63	£1,156.15	£1,300.67	£1,589.71	£1,878.75	£2,167.78	£2,601.34
Yate and Pickup Bank Parish	£859.29	£1,002.51	£1,145.72	£1,288.94	£1,575.37	£1,861.80	£2,148.23	£2,577.88
Darwen Town Council	£854.17	£996.53	£1,138.89	£1,281.25	£1,565.97	£1,850.69	£2,135.42	£2,562.50
All other parts of the Council's area	£844.57	£985.33	£1,126.09	£1,266.85	£1,548.37	£1,829.89	£2,111.42	£2,533.70

b) Major Precepting Authorities

<u>Precepting Authority</u>	<u>Valuation Bands</u>							
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
Lancashire Police Authority	£103.97	£121.30	£138.63	£155.96	£190.62	£225.28	£259.93	£311.92
Lancashire Combined Fire Authority	£42.43	£49.51	£56.58	£63.65	£77.79	£91.94	£106.08	£127.30

c) Aggregate Council Tax

<u>Part of the Council's Area</u>	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
Eccleshill Parish	£1,008.30	£1,176.36	£1,344.41	£1,512.46	£1,848.56	£2,184.67	£2,520.76	£3,024.92
Livesey Parish	£996.35	£1,162.42	£1,328.48	£1,494.54	£1,826.66	£2,158.79	£2,490.89	£2,989.08
North Turton Parish	£1,002.05	£1,169.07	£1,336.08	£1,503.09	£1,837.11	£2,171.14	£2,505.14	£3,006.18
Pleasington Parish	£994.76	£1,160.56	£1,326.36	£1,492.15	£1,823.74	£2,155.33	£2,486.91	£2,984.30
Tockholes Parish	£1,013.51	£1,182.44	£1,351.36	£1,520.28	£1,858.12	£2,195.97	£2,533.79	£3,040.56
Yate and Pickup Bank Parish	£1,005.69	£1,173.32	£1,340.93	£1,508.55	£1,843.78	£2,179.02	£2,514.24	£3,017.10
Darwen Town Council	£1,000.57	£1,167.34	£1,334.10	£1,500.86	£1,834.38	£2,167.91	£2,501.43	£3,001.72
All other parts of the Council's area	£990.97	£1,156.14	£1,321.30	£1,486.46	£1,816.78	£2,147.11	£2,477.43	£2,972.92

