



REPORT OF:	EXECUTIVE MEMBER FOR RESOURCES
TO:	COUNCIL FORUM
ON:	21st July 2016

SUBJECT: 2016/17 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) UPDATE

1.0 PURPOSE OF THE REPORT

The purpose of the report is to provide an update to Council on the 2016/17 Budget and MTFS for 2016/20 and to present information for consideration and decision on proposals to achieve the remaining savings required for 2016/17.

2.0 RECOMMENDATIONS

Further to the information provided within this report, Council is asked to:

1. Note the financial assumptions on which the 2016/17 budget and MTFS is based
2. Note the reduced projected level of reserves at 31st March 2017 outlined in the report
3. Approve the introduction of charges for green waste as outlined in section 5.1 of the report
4. Approve the introduction of alternate weekly collections as outlined in section 5.2 of the report
5. Approve the revision to blue badge parking arrangements as outlined in section 5.3 of the report
6. Approve the introduction of car parking charges at Witton Country Park and the removal of free weekend car parking on council owned car parks as outlined in section 5.4 of the report
7. Note the actions taken to ensure delivery of the workforce related savings required for 2016/17 as outlined in section 5.5 of the report

3.0 INTRODUCTION

We are now into the seventh year of austerity across Local Government in England from the first in-year funding cuts in the summer of 2010. Based on the figures provided in the final Local Government Finance Settlement of 9th February 2016, this approach to managing public sector spending and reducing the national deficit is set to continue until at least 2019/20.

The outcome of the EU referendum has raised significant uncertainty regarding the impact on the economy; this, coupled with the changes in the current government leadership, has raised questions over the approach that a new government may take in

respect of local government funding and addressing the national deficit. However, in his speech to the Local Government Association Conference on 5th July, Greg Clark (Secretary of State for Communities and Local Government) reiterated the message that the current spending plans and funding reductions would remain through to 2019/20 and the planned changes to policy would continue, including 100% Business Rates Retention by 2020.

As such, we cannot afford to wait to see how the uncertainties play out in terms of any subsequent changes in financial approach or policy; the financial position of the council is such that we must progress our financial strategy based on the information that we have been given and the plans that we have put in train to balance the budget as approved at Finance Council on 29th February 2016.

4.0 BACKGROUND

The balanced budget for 2016/17, together with the MTFs for the subsequent years through to 2019/20, was approved by Finance Council on 29th February 2016. This was predicated on a series of challenging assumptions and significant saving plans which require further fundamental reviews of all services delivered across the council to see how costs can continue to be reduced and income streams increased, whilst trying to ensure support is provided to those residents in hardship and also encouraging the growth of jobs, businesses and new housing.

Pivotal to achieving a balanced budget for 2016/17 is the requirement for all portfolios, departments and teams to deliver their services within their individual cash-limit budgets; there is no room for overspend against these targets. In addition to this, to achieve a balanced budget, it is also imperative to deliver on the key assumptions detailed in the table as presented to, and agreed by, Finance Council in February;

	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
Total projected deficit following receipt of Local Government Finance Settlement (Feb 2016)	26,600	34,900	41,600	47,800
Approved MTFs Budget Surplus/(Deficit)	-	300	(900)	600
Assumptions on which delivery of the budget is based;				
Achievement of the balance of the September 2014 Savings Programme	(6,700)	(10,200)	(10,200)	(10,200)
Delivery of additional portfolio specific savings required for 2016/17	(3,600)	(3,600)	(3,600)	(3,600)

Delivery of the Commercial Strategy Savings (increase in income from increased fees & charges)	(500)	(1,000)	(1,500)	(2,000)
Delivery of Workforce Savings across the Council	(3,000)	(9,000)	(13,000)	(13,000)
Council Tax increase – agreed general increase of 1.99% for 16/17 but also assumed for 17/18, 18/19 & 19/20	(800)	(1,700)	(2,600)	(3,500)
Council Tax increase re Adult Social Care functions – agreed 2% increase for 16/17 but also assumed for 17/18, 18/19 & 19/20	(900)	(1,700)	(2,600)	(3,600)
Delivery against the revised assumptions included in the budget including those in respect of pay and price inflation, interest rates, council tax and business rates growth etc. and change in MRP (capital repayment) policy	(7,900)	(7,200)	(9,000)	(11,300)
Approved Use of Reserves – general and earmarked	(3,200)	(200)	-	-

As can be seen above, Finance Council approved the use of £3.2mill of reserves to balance the budget in 2016/17 as follows;

Unallocated Reserves	£0.571 mill
Earmarked Reserves	<u>£2.646 mill</u>
TOTAL	<u>£3.217 mill</u>

With regards to **Unallocated Reserves**, the utilisation of £0.571 mill was based on an estimate of reserves of £5.163 mill at the start of the 2016/17 financial year, reducing to £4.592 million by 31st March 2017. However, following finalisation of the 2015/16 accounts, the actual level of Unallocated Reserves has reduced by almost £100k from the budget estimate as some of the unallocated reserves were used to balance the 2015/16 accounts. Whilst the amount in itself may not seem that large, it is significant as the Minimum Level of Reserves that the Council needs to hold (as approved at Finance Council) is £4.0 mill and therefore there is minimal scope to cover any unexpected overspends or costs that arise in the year.

With regard to **Earmarked Reserves**, i.e. those held for a specific future use/purpose in the Council, following finalisation of the 2015/16 accounts the actual balance of these reserves at 1st April 2016 has reduced from the estimated level of £16.4mill (presented to Finance Council) to £13.8mill. Therefore, in accounting for usage of £2.646mill during 2016/17, this would result in a balance of £11.2mill by 31st March 2017, of which £6.1mill is held for redundancy costs and possible in-year slippage.

5.0 ACTIONS FOR 2016/17

As noted above, in order to deliver a balanced budget for 2016/17 it is imperative that;

- All portfolios manage within their cash limits AND
- All cash savings and increased income targets are delivered in the year

To this end Executive Members and officers have been working on delivering the savings programmes and initiatives for their areas agreed at Finance Council. Many of the savings required have already been delivered, or are in the process of implementation following either Executive Board/Executive Member decisions already taken or following internal reorganisation, as necessary. There are however several decisions to be taken that will impact on the residents of the Borough which are outlined below for consideration relating largely to the Environment portfolio.

An update is also provided below on the work undertaken to achieve the savings required as part of the workforce related savings for 2016/17 and beyond.

At Finance Council a saving of £521k was agreed in respect of a review of Environmental Services. The following 2 proposed changes will contribute to delivering this budget saving.

5.1 INTRODUCTION OF CHARGES FOR GREEN WASTE COLLECTIONS

Local Authorities can choose to levy a charge to residents for the collection of green waste as the collection of green waste is not a statutory service. A charge is already made by around a third of Local Authorities in the UK, including locally, Pendle, Wyre, Blackpool and Preston. We understand that a number of other Local Authorities in Lancashire are also considering introducing a charge.

Charges and participation rates across the country vary from authority to authority, with fees ranging from £20 to £80 per bin per year and participation from households varying, with some Councils seeing over 70% of properties paying an annual fee for a green waste collection service.

This is not currently a universal service across the borough. There are c.60,000 households within Blackburn and Darwen; of these c.27,000 households currently receive a green waste service. Of the remaining properties which do not receive a service, the majority are terraced properties that do not generate green waste. There are a number of properties however with gardens that could be added to the green waste collection service in future, but at present, due to the lack of available resources to provide the free service to more households, they are not included.

It is proposed that the Council introduces a £25 charge per bin per annum, for the collection of green waste. The green waste collection service would operate for 9 months of the year between March and November with each household on the scheme receiving an alternate weekly collection of green waste.

The introduction of a charge would allow those properties which are not currently provided with this service to join the scheme in the future if they wish to pay for the service.

A reduced take up of the service, upon the introduction of a charge, would inevitably reduce the Council's recycling rate. Green waste collections currently account for approximately a quarter of the Council's recycling rate. Residents would be advised of alternative options for managing their garden waste, e.g. they could take it to their local household waste recycling centre or consider home composting (which has the least environmental impact as it stops unnecessary transportation of materials).

The figures below denote the amount of green waste collected over the past five years:

Year	2015-16	2014-15	2013-14	2012-13	2011-12
Tonnage collected	4249	4670	4490	4384	4563

It is estimated that the introduction of a charging scheme for green waste collections across the borough would see a reduction in service costs and would generate c. £200,000 income. Overall, this would enable the Council to reduce the cost of collecting and disposing of green waste.

Based on feedback from other authorities, it is anticipated that approximately 8,000 properties in Blackburn and Darwen would pay green waste collection charges and join the scheme initially.

5.2 INTRODUCTION OF ALTERNATE WEEKLY COLLECTIONS

The Council has been set a target to recycle 50% of the borough's waste by 2020. This is a national target, set by Government for all councils.

With recycling performance currently at 36%, a change is required to enable the Council meet the 50% target. With residual disposal costs increasing annually, and with the requirement for the council to reduce overall operating costs against a backdrop of decreasing public funds, increased recycling and landfill diversion is an environmental and financial imperative. The cost of disposing of commingled recycling waste is £25 per tonne cheaper than disposing of residual waste.

Over 70% of Councils nationally now collect residual waste once a fortnight, with a number of other Councils having moved, or moving, to a collection every 3 weeks which helps increase recycling and reduces costs; every local authority in Lancashire except Ribble Valley Borough Council and Blackburn with Darwen Borough Council operate alternate weekly collections of household residual waste.

It is proposed that the Council introduces an alternate weekly collection for residual waste from October 2016. Provision will be considered for larger households with four or more occupants who may be able to change from a 140 litre burgundy bin, to a 240 litre burgundy bin if they request to do so and are recycling. Additionally, those properties serviced by a rural collection service will be required to position their waste and recycling, on collection day, at the junction of their property with the public highway.

The estimated saving from introducing alternate weekly collections is £200,000 pa, with an additional benefit of residents increasing their recycling which will provide a further saving to the Council.

Properties on the Council's assisted collection list will continue to receive that service, albeit on revised collection frequencies as specified above. The recycling service will also continue as it has done for a number of years, with an alternate weekly collection of the grey bin.

At the same time as the introduction of alternate weekly collection of residual waste, the Council is looking to introduce new materials to the recycling collection service, with textiles and WEEE (waste electrical and electronic equipment) being discussed with the Council's contractor, Biffa.

A robust communications plan will be developed for the change to service, as collection round changes will affect all properties within the borough.

5.3 REVISION TO BLUE BADGE PARKING ARRANGEMENTS

It is a statutory duty to ensure compliance with the Equalities Act 2010 and therefore a managed approach to Blue Badge parking is required, allowing availability for Blue Badge holders and visitors to the town centre.

The majority of Councils across the country restrict parking to 3 hours maximum for Blue Badge holders, to enable other Blue Badge holders the opportunity of using Blue Badge bays.

Under the current policy, the Council allows Blue Badge holders to park at both on and off street car parking sites, including all pay and display bays and Council owned car parks, free of charge and for an unrestricted length of time. There are 7,550 Blue Badge parking permits within Blackburn and Darwen and in Blackburn town centre alone, there are 45 designated off street Blue Badge holder parking bays and 40 on-street Blue Badge holder parking bays.

Recent surveys have identified a significant number of Blue Badge holders parking for long periods of time (over 5 hours) in Blue Badge holder parking bays and on-street parking bays. The same vehicles have parked there on a daily basis, thereby restricting the opportunities for other Blue Badge holders to use these spaces.

The majority of the Blue Badge usage is around King William Street, Richmond Terrace, Blakey Moor and Ainsworth Street. These bays are in a prime location for access to the shopping centre and other civic amenities, such as the Town Hall and Registry Office. The surveys highlighted that a number of on-street bays are continually occupied by Blue Badge holders throughout the day by the same vehicles, including dedicated badge holder only spaces, which can be found in key locations such as Tackett St, Church St and Darwen Street.

To tackle the issues identified above, Blue Badge holders will be restricted to a maximum stay of 3 hours for on-street bays, with no return within 2 hours. The rationale for this change is to ensure that parking provisions are being used fairly and

appropriately and to ensure turnover of spaces for other Blue Badge holders and for the benefit of local business.

The Blue Badge Handbook advises that the driver must always refer to signage on site and should never assume that parking is 'free' or 'unlimited'.

It should be noted that this change only applies to on-street parking and Blue Badge holder will still be able to park on Council owned car parks, in accordance with the restrictions of the respective car park. Officers will also work with employers to make provision for Blue Badge holders who work in the town centre and may have specific access requirements. Enforcement action will also be taken in respect of any mis-use of the Blue Badge scheme.

5.4 CAR PARKING

Witton Country Park

Witton Country Park attracts a significant number of customers who use Witton Park Arena and the AstroTurf pitches. The park also attracts significant numbers of visitors who use the play facilities within the park, walk their dog or attend the many special events held in the park throughout the year. Whilst this high level of usage is to be welcomed, it takes its toll on the infrastructure of the park.

It is proposed that car parking charges are introduced in the main car park off Preston Old Road and the large car park adjacent to the Astroturf pitches in early Autumn 2016. The income generated can be used to offset some of the costs associated with operating and maintaining the park and the facilities. Prior to the car parking charges being introduced, the Council will upgrade the lighting in both car parks as the quality of lighting is poor and we have received a number of comments during the darker evenings from customers and users feeling anxious walking to their car, especially if it was located some distance away from the main facilities.

Weekend parking

In September 2012, the Council implemented free all-day parking at weekends on all of the Council owned car parks.

Free parking was introduced to:-

- Give the town centre a distinctive and high profile competitive advantage against other town centres
- Increase the catchment area and encourage new shoppers and visitors
- Reduce the perceived advantages of out of town retail parks and internet shopping and encourage displaced shoppers back onto the High Street.
- Encourage footfall around the Town Centre

During the free all-day parking initiative The Mall has continued to charge for Saturday parking and have not experienced a downturn in the use of their car park on Saturdays. The Council owned car parks closest to the shopping centre have been 85% full before 8.00am, with most reaching 100% occupancy by 10.00am, which suggests that the majority of people taking advantage of the free all day parking on

Saturdays are the staff who work in the town centre on Saturdays.

It is estimated that the re-introduction of charges for car parking on Saturdays will generate additional income of c. £72,000 per year for the Environment portfolio.

5.5 WORKFORCE REVIEW

One of the key assumptions within the 2016/17 Budget and MTF5 2016/2020 is the delivery of Workforce related savings of £13.0mill across the Council.

These were programmed for delivery as follows;

£3.0 million to be delivered in 2016/17

A further £6.0 million to be delivered in 2017/18

A further £4.0million to be delivered in 2018/19

These savings are required across the whole Council but were not attributed to or shared out across each portfolio at budget setting time as the timing and allocation of savings was not known.

A Workforce Review programme was established to support this and several reviews are now in train to support both delivery of the savings required and the implementation of new ways of working and digital solutions for the future. To provide assurance that the £3.0mill savings will be delivered in year across the Council, all areas are closely managing their staffing budgets to make savings including deleting posts that have been held vacant and can now be removed from the staffing establishment.

The Workforce review programme will continue and will support new ways of working to try to mitigate some of the impact of cutting 20% from the workforce. All recurring savings identified this year will be attributed to the relevant portfolio to contribute to the overall £13M savings.

5.6 SUMMARY

As can be seen above the financial position is very tight, particularly in 2016/17 and efforts must be concentrated to ensure delivery of the savings agreed at Finance Council in February. Reserves are now diminishing and no longer provide the same cushion against overspends and slippage in savings as they have done in previous years; there is very little room for manoeuvre.

Strong budgetary monitoring and control together with swift implementation of the savings plans is essential to live within the funding envelope.

6.0 POLICY IMPLICATIONS

The budget process is the mechanism by which the Council allocates resources so that it can achieve its policy objectives agreed at Policy Council. The above proposals

contribute to the savings programme presented in the 2016/17 Budget and MTFS which was approved by Finance Council on 29th February 2016.

7.0 FINANCIAL IMPLICATIONS

The financial implications are outlined above.

8.0 LEGAL IMPLICATIONS

The Council is legally obliged to set a balanced budget in accordance with the Local Government Act 1992, and must have regard to the Council's fiduciary duty to its Council Tax payers and non-domestic rate payers. Under Section 151 Local Government Act 1972 the Council has a general duty to make arrangements for the proper administration of its financial affairs.

9.0 RESOURCE IMPLICATIONS

Decisions taken will affect the resources allocated to service areas.

10.0 EQUALITY IMPLICATIONS

All proposals will be subject to an Equality Impact Assessment where appropriate before implementation.

11.0 CONSULTATIONS

The Council is committed to consultation with residents, businesses and partners and stakeholders.

Chief Officer/Member

Contact Member: Councillor Andy Kay, Executive Member for Resources

Date: 21st July 2016

Background Papers: 2016/17 Budget and MTFS