

FINANCE COUNCIL
Monday 27th February 2017

PRESENT – *The Deputy Mayor Councillor Rigby C., (in the Chair), Councillors: Ali, Bateson, Brookfield, Casey, Connor, Daley, Davies, Desai, Entwistle, Foster D, Foster K, Gee, Groves, Gunn, Hardman, Harling, Hollings, Hussain I, Hussain S, Jan-Virmani Y, Kay, Khan M, Khan Z, Khonat, Lee, Liddle, Mahmood A, Mahmood Q, Marrow, McFall, McGurk, Mulla, Murray, Nuttall, Oates, Patel, Pearson, Rigby J, Riley, Shorrocks, Sidat, Slater Ja, Slater Jo, Slater Ju, Slater N, Smith D, Smith J, Surve, Talbot, Tapp, Taylor, Vali, Whittle and Wright.*

RESOLUTIONS

63 Notice Convening Meeting

The Chief Executive read the notice convening the meeting.

At this point of the meeting a minute's silence was observed in memory of Councillor John Roberts.

64 Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Akhtar H, Akhtar P, Fazal, Hussain F, Humphrys, Johnson and Maxfield.

65 Minutes of the Council Forum Meeting held on 26th January 2017

RESOLVED – That the Minutes of the Council Forum meeting held on the 26th January 2017 be agreed as a correct record.

66 Declarations of Interest

Councillor Ron Whittle declared an interest in Agenda Item 8 – The Robustness of the 2017/18 budget and the Recommended Level of Reserves in respect of 6.4.1(Pensions – Council representatives on LCC Pensions Committee).

67 Mayoral Communications

The Deputy Mayor reminded Members that tickets for the Mayor's Ball were available from the Mayor's Office.

68 Treasury Management Strategy, Prudential Indicators, and Minimum Revenue Provision Policy 2017/18

Members were reminded that the Council was required to approve a Treasury Management Strategy before the start of each financial year. It also had to set Treasury and Prudential Indicators and a Policy for determining a “prudent” level of Minimum Revenue Provision for repayment of debt which was consistent with the Council’s Medium Term Financial Strategy (MTFS).

RESOLVED – That Finance Council:

- a) Approve the proposed Treasury Management Strategy for 2017/18, including Treasury Management Indicators, as outlined in Appendix 1;
- b) Approve the proposed Prudential Indicators for 2017/18, as outlined in Appendix 2; and
- c) Approve the proposed policy for determining the Minimum Revenue Provisions (MRP) for repayment of debt as outlined in Appendix 3.

69 The Robustness of the 2017/18 Budget and the Recommended Level of Reserves

Members received a report which advised that Section 25 of the Local Government Act 2003 placed a statutory requirement on the Council’s Chief Financial Officer to report on:

- a) The robustness of the estimates within the overall budget, and
- b) The adequacy of the proposed level of financial reserves

In setting the Budget for 2017/18, Council was required to have regard to this report when making its budget decisions.

The information provided was to assist Members in their review of the overall Revenue Budget and Capital Programme and to provide assurance to them that financial advice had been provided throughout the budget setting process.

RESOLVED – That Finance Council note that:

- a) An overall assessment of the current budget and the assumptions on which this was based, as well as future budget proposals, savings plans and activity forecasts, had identified that whilst there were risks, the overall budget provisions were considered sufficient to meet the Council’s legal responsibilities and obligations; and

- b) A review of risks, mitigations and contingencies had also been undertaken alongside the review of reserves and provisions.

Finance Council was recommended to consider the assessment by the Director of Finance and IT of;

- c) The robustness of the Revenue Budget and Capital Programme for 2017/18 (as outlined in the report of the Executive Member for Resources); and
- d) The adequacy and recommended level of proposed financial reserves be noted.

70 Revenue Budget 2017/18, Medium Term Financial Strategy and Capital Programme 2017-2020

The Executive Member for Resources, Councillor Andy Kay, on behalf of the Labour Group, presented proposals for the Budget Strategy, the proposals for the Revenue Budget 2017/18, and the Medium Term Financial Strategy (MTFS) and the Capital Programme for 2017-20.

The Council, like most local authorities across the country, was experiencing an ongoing period of unprecedented financial pressure and challenge as a result of the Government's extended programme of austerity, combined with significant increases in demand for public services.

The balanced budget for 2016/17 and MTFS approved at Finance Council on 29th February 2016 was predicated on some very challenging assumptions including;

- Delivery of the balance of the £26.0m savings programme agreed in September 2014 (£10.2m)
- Delivery of a further 'in-year' savings programme of £3.6m in order to balance the budget in 2016/17
- Development of a £15.0m savings programme during 2016/17 to be fully delivered by 1st April 2018, including workforce and commercial strategy reviews
- An increase in Council Tax for the first time in 5 years by 1.99%, with further assumed increases of 1.99% in each of the following years through to 2019/20
- Introduction of the Adult Social Care Precept of 2% in each of the years through to 2019/20

As 2016/17 has progressed, further pressures had emerged that were not built into the MTFS, including;

- rising demand in Adult Social Care and Children's services, with increases in both the volumes of people using these services and in the complexity of their needs
- the impact of the increase in the National Living Wage on social care providers which has ultimately increased the costs borne by the Council for which there has been no extra government funding.
- increases in pay and non-pay inflation and in the cost of employer pension contributions
- the impact of continuing Welfare, Education and NHS reforms

To address these pressures, both earmarked and unallocated reserves in 2016/17 had been used, but as some of these additional costs were of a recurring nature, they required further support in 2017/18 and beyond and as such would need to be met from further savings.

Much progress had been made since the last Finance Council to develop, agree and implement a savings programme to close the budget gap to which all teams, departments and portfolios had contributed. This culminated in the £15.0m efficiency programme presented to, and approved by Council Forum on 1st December 2016.

Given that the Government was currently developing mechanisms to significantly change the way Councils were funded from 2020 onwards, the MTFS presented would focus on the period to 2019/20 until more clarity was provided on this over the next 12 months.

The paper set out the Labour Group's proposed Revenue Budget, Capital Programme and associated Council Tax level for 2017/18 together with the MTFS for the period 2017-2020 based on a review of the existing assumptions and data to reflect the most current information available.

Barring exceptional circumstances, and subject to the normal statutory consultation process for the Local Government Finance Settlement, the Government expected the provisional figures to be the amounts presented to Parliament each year. As such the MTFS includes Government funding based on the Secretary of States' proposed allocations up to 2019/20.

The report also set out the other key issues for Resources in terms of the Local Government Finance Settlement, Core Spending Power, Settlement Funding Assessment, Revenue Support Grant, Local Share of Business Rates, Top Up, Council Tax, Local Council Tax Support, Housing Benefit Admin Grant, New Homes Bonus, Improved Better Care Fund and Adult Social Care Support Grant. Key issues also included the Dedicated Schools Grant and Education

Services Grant Funding, Public Health, Business Rates, Growth Agenda and Fees and Charges.

In terms of the key issues around expenditure, given the scale of the financial challenge throughout the course of 2016/17, Executive Members and Officers had continued to review all services and developed options to deliver budget reductions as part of the £15.0m savings programme.

The development of the approach, strategies and options to manage costs within the resources available was presented to Policy Council in December 2016 and key decisions were taken to alleviate and assist in closing the budget gap. Despite the efforts of Executive Members and Officers, the scale of the budget reductions required in 2017/18 and beyond, combined with those already implemented since 2010, would lead to more significant reductions in the services provided to residents of the Borough.

The breakdown of the £15m Savings Programme by portfolio and by savings type were summarised at Appendix C(ii).

As reported to Finance Council last year, given the scale of the funding reductions it was unfortunate but inevitable that there had been job losses, including compulsory redundancies, although through close working with staff and the Trades Unions these had been kept to a minimum. As the savings programme progressed, this would continue to be the case.

The Workforce Review Programme established in November 2015, had worked throughout 2016/17 to support the savings programme and would continue to do so until the summer of 2017. This had been a rolling programme extending to all portfolios, departments and teams and covering all roles and grades of staff, looking at 'job family' groupings and the impact on departments of the introduction and full utilisation of modern technology and new ways of working.

An overview of some of the most significant cost pressures was detailed in the report and covered:

- Apprentice Levy
- Portfolio Budget Pressures in particular in relation to Health and Adults Social Care, Children's Services and Environment
- Pensions
- National Living Wage

In light of the draft settlement for 2017/18, the financial constraints on the authority and the requirement to continue with further reductions in net expenditure each year, the Leader and the Executive Members would continuously review the allocation and use of resources. This would include

continued review of all expenditure and income budgets, of contractual commitments and property holdings and they would work with officers to implement the recommendations of the Workforce Review programme, set in the context of the Council's statutory responsibilities and corporate priorities.

A Capital Programme for 2017 to 2020 of £48.6m was also recommended to the Finance Council for approval as detailed at Appendix D. The programme recognised the importance of investment in the Borough and the impact that the schemes themselves would have on the regeneration and economic growth of the area in the future.

As noted in the report 'The Robustness of the 2017/18 Budget and the Recommended Level of Reserves', the Director of Finance and IT was recommending to Finance Council that the minimum level of Unallocated Reserves for 2017/18 was set at £4.0m.

For Council Tax the assumptions made within the budget proposals, in line with Government's assumptions for 2017/18, were that the Council would increase Council Tax in 2017/18 by 4.99% reflecting;

- 1.99% - general increase in Council Tax to cover increases in the cost of Council services
- 3.00% - to assist it in meeting expenditure on adult social care functions

The MTF5 2017 to 2020 has been reviewed and updated, incorporating the indicative funding allocations for 2018/19 and 2019/20 included in the Government's multi-year settlement "offer" which was accepted by the Council in October 2016 and including other projections, forecasts and assumptions as outlined in Appendix E.

The proposed revenue Budget Strategy would continue to focus on delivering the Council's priorities and will try to minimise the impact of spending cuts through 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.

Following debate there then followed a recorded vote, with Councillors voting as follows:

For

Councillors: Bateson, Brookfield, Casey, Davies, Desai, Entwistle, Groves, Gunn, Harling, Hollings, Hussain I, Hussain S, Jan-Virmani, Kay, Khan M, Khan Z, Khonat, Liddle, Mahmood A, Mahmood Q, McFall, McGurk, Mulla, Nuttall, Oates, Patel, Riley, Shorrock, Sidat, Smith D, Smith J, Surve, Talbot, Taylor, Vali, Whittle, Wright.

Against

Councillors: None

Abstention

Councillors: Ali, Connor, Daley, Davies, Foster D, Foster, F, Gee, Hardman, Lee, Marrow, Murray, Pearson, Rigby C, Rigby J, Slater Ja, Slater Jo, Slater Ju, Slater N, Tapp.

71 Council Tax for 2017/18

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

In setting its Council Tax requirement, the Council had to take 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.

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The Council was also required to set a basic amount of Council Tax for the financial year 2017/18. 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 is 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 2017/18, as set out in Appendix 1 of the report submitted.

Following discussion, Finance Council moved to a recorded vote, with

Councillors voting as follows:

For

Councillors: Bateson, Brookfield, Casey, Davies, Desai, Entwistle, Foster D, Foster K, Groves, Gunn, Harling, Hollings, Hussain I, Hussain S, Jan-Virmani, Kay, Khan M, Khan Z, Khonat, Liddle, Mahmood A, Mahmood Q, McFall, McGurk, Mulla, Nuttall, Oates, Patel, Riley, Shorrocks, Sidat, Smith D, Smith J, Surve, Talbot, Taylor, Vali, Whittle, Wright.

Against

Councillors: None

Abstention

Councillors: Ali, Connor, Daley, Gee, Hardman, Lee, Marrow, Murray, Pearson, Rigby C, Rigby J, Slater Ja, Slater Jo, Slater Ju, Slater N, and Tapp.

RESOLVED -

1. That it be noted that on 30th January 2017, the Council calculated the Council Tax Base for the year 2017/18 in accordance with regulations made under Section 31B(3) of the Local Government Finance Act 1992, as amended (the Act):
 - a) 33,911.43 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 2017/18 in accordance with Sections 31 to 36 of the Act:
 - a) £392,201,388 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) £345,142,900 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) £47,058,488 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) £1,387.69 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) £153,844.46 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (see Appendix 2).
- f) £1,383.15 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 2017/18 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 2017/18 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	£938.76	£1,095.22	£1,251.68	£1,408.14	£1,721.06	£2,033.98	£2,346.90	£2,816.28
Livesey Parish	£927.35	£1,081.90	£1,236.46	£1,391.02	£1,700.14	£2,009.25	£2,318.37	£2,782.04
North Turton Parish	£932.76	£1,088.22	£1,243.68	£1,399.14	£1,710.06	£2,020.98	£2,331.90	£2,798.28
Pleasington Parish	£925.97	£1,080.30	£1,234.63	£1,388.96	£1,697.62	£2,006.28	£2,314.93	£2,777.92
Tockholes Parish	£944.94	£1,102.43	£1,259.92	£1,417.41	£1,732.39	£2,047.37	£2,362.35	£2,834.82
Yate and Pickup Bank Parish	£936.85	£1,093.00	£1,249.14	£1,405.28	£1,717.56	£2,029.85	£2,342.13	£2,810.56
Darwen Town Council	£930.99	£1,086.16	£1,241.32	£1,396.49	£1,706.82	£2,017.15	£2,327.48	£2,792.98
All other parts of the Council's area	£922.10	£1,075.78	£1,229.47	£1,383.15	£1,690.52	£1,997.88	£2,305.25	£2,766.30

b) Major Precepting Authorities

Precepting Authority	Valuation Bands							
	A	B	C	D	E	F	G	H
Lancashire Police Authority	£110.30	£128.68	£147.07	£165.45	£202.22	£238.98	£275.75	£330.90
Lancashire Combined Fire Authority	£43.67	£50.94	£58.22	£65.50	£80.06	£94.61	£109.17	£131.00

c) Aggregate Council Tax

Part of the Council's Area	Valuation Bands							
	A	B	C	D	E	F	G	H
Eccleshill Parish	£1,092.73	£1,274.84	£1,456.97	£1,639.09	£2,003.34	£2,367.57	£2,731.82	£3,278.18
Livesey Parish	£1,081.32	£1,261.52	£1,441.75	£1,621.97	£1,982.42	£2,342.84	£2,703.29	£3,243.94
North Turton Parish	£1,086.73	£1,267.84	£1,448.97	£1,630.09	£1,992.34	£2,354.57	£2,716.82	£3,260.18
Pleasington Parish	£1,079.94	£1,259.92	£1,439.92	£1,619.91	£1,979.90	£2,339.87	£2,699.85	£3,239.82
Tockholes Parish	£1,098.91	£1,282.05	£1,465.21	£1,648.36	£2,014.67	£2,380.96	£2,747.27	£3,296.72
Yate and Pickup Bank Parish	£1,090.82	£1,272.62	£1,454.43	£1,636.23	£1,999.84	£2,363.44	£2,727.05	£3,272.46
Darwen Town Council	£1,084.96	£1,265.78	£1,446.61	£1,627.44	£1,989.10	£2,350.74	£2,712.40	£3,254.88
All other parts of the Council's area	£1,076.07	£1,255.40	£1,434.76	£1,614.10	£1,972.80	£2,331.47	£2,690.17	£3,228.20

Town and Parish Council Precepts

Parish / Town Council	2016/17			2017/18				Council Tax Increase / (Reduction) CT Band D 17/18 less 16/17 £
	Tax Base	Precepts	Council Tax	Tax Base	Precepts	Grant	Council Tax	
		£	Band D £		£	£	Band D £	
Eccleshill Parish	92.55	2,328.00	25.15	93.16	2,328.00	413.50	24.99	(0.16)
Livesey Parish	1,851.65	14,629.00	7.90	1,859.20	14,629.00	1,371.00	7.87	(0.03)
North Turton Parish	1,668.45	28,310.00	16.97	1,693.33	27,069.00	1,241.00	15.99	(0.98)
Pleasington Parish	256.00	1,450.00	5.66	249.72	1,450.00	0.00	5.81	0.15
Tockholes Parish	208.75	7,018.52	33.62	211.13	7,233.46	146.00	34.26	0.64
Yate and Pickup Bank Parish	133.23	3,040.00	22.82	137.35	3,040.00	260.00	22.13	(0.69)
Darwen Town Council	7,258.30	98,095.00	13.51	7,353.32	98,095.00	23,905.00	13.34	(0.17)
TOTAL / AVERAGE	11,468.93	154,870.52	4.64	11,597.21	153,844.46	27,336.50	4.54	(0.10)

Signed at a meeting of the Council
on the day of
(being the next ensuing meeting of the Council) by

MAYOR