BLACKBURN with DARWEN BOROUGH COUNCIL

REPORT OF:	**EXECUTIVE MEMBER RESOURCES, ON BEHALF OF THE LABOUR GROUP**
TO:	**COUNCIL**
DATE:	**2 March 2015**

PORTFOLIOS AFFECTED: ALL

WARDS AFFECTED: ALL

SUBJECT: Revenue Budget 2015/16, Medium Term Financial Strategy and Capital Programme 2015-18

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1. PURPOSE

1.1 To recommend to Finance Council the Budget Strategy and the proposals for the Revenue Budget 2015/16 and the Medium Term Financial Strategy (MTFS) and Capital Programme for 2015-18 to underpin the priorities agreed at Policy Council on 4th December 2014. Finance Council is asked to note, that if the proposals for the Revenue Budget 2015/16 are approved, there will be no increase in the level of Council Tax set by this Council for the services it provides itself.

2. RECOMMENDATIONS

2.1 That the proposals for the Revenue Budget for the financial year 2015/16 outlined in this report be approved.

2.2 That the council accepts the council tax freeze grant for 2015/16 in lieu of an increase in Council Tax rates.

2.3 That amendments to the Council Tax empty properties discount be approved as outlined in the report

2.4 That the council agrees the amended Council Tax collection, recovery and enforcement policy.

2.5 That the proposals for the Capital Programme for the period 2015/16 to 2017/18 as outlined in this report be approved.

2.6 That the Medium Term Financial Strategy 2015-18 be approved with the final version to be published incorporating the approved budget proposals.

2.7 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 & IT’s report.

2.8 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 2015/16 unless replaced or varied by the Council, as set out in Appendix G.

3. BACKGROUND

3.1 As has been well documented and reported previously, this Council has had continuing severe reductions in funding each year since 2010. In developing its budget strategies to respond to and manage the reductions in funding for the years 2011-13 and 2013-15, the Council has taken early decisions each time, in January 2011 and again in January 2013. Thus, to start to address the next challenges, at Council Forum on 25th September 2014, c.£16m of advance savings proposals in 2015/16 rising to £26m by 2017/18 were approved towards the forecast 2015-18 budget gap.

3.2 Again, since 2010/11, the Council has had to respond to fundamental changes to the financial framework governing Local Authorities which the current government has introduced, including:

- Local Council Tax Support Schemes replacing the National Council Tax Benefit Scheme (with overall funding reduced by 10%).
- Business Rates Retention Scheme allowing local authorities to benefit from increases locally in Business Rates income but sharing the risk of any reductions.
- Changes to the structure and funding of schools and education services.
- The transfer of responsibility for the majority of Public Heath functions (and the associated funding) from the NHS.
- The transfer of responsibility for the Crisis Loans and Community Care Grant elements of the Social Fund from the Department of Work and Pensions (DWP) with additional specific funding for the first 2 years only.
- The phased introduction of Universal Credit by the DWP which will eventually replace Housing Benefit.

3.3 During 2013 the Chancellor published a Comprehensive Spending Review 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 for 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.

3.4 DCLG published the provisional Local Government Financial Settlement for 2015/16 on 18th December 2014 and the final settlement on 3rd February 2015. Only the year 2015/16 is covered in this settlement, with no indication of how individual local authorities will be affected in 2016/17 and beyond. This settlement largely confirms last year's provisional allocations for 2015/16, and shows a reduction in Spending Power calculated by the government of £6.9M or 4.5% in 2015/16.

3.5 This paper therefore sets out the Labour Group's proposed Revenue Budget, Capital Programme and associated Council Tax level for 2015/16 together with the MTFS 2015-18 updated to reflect the local government finance settlement, funding uncertainty and other key risks. This reflects the corporate plan priorities agreed at Policy Council in December 2014 and consultation undertaken with stakeholders.

4. RATIONALE

4.1 The council is required to set a balanced Revenue Budget for the financial year 2015/6.

5. KEY ISSUES

5.1 **Local Government Finance Settlement**.

The provisional Local Government Finance Settlement was published on 18th December 2014 and this unfortunately was in line with the estimates provided by DCLG in February 2014. The final Local Government Finance Settlement for 2015/16 was published on 3rd February 2015 with very little change from the provisional figures. No updated estimates for government funding for 2016/17 and beyond have been provided at this stage. The MTFS is therefore based on the limited information previously provided by DCLG.

Spending Power

Using their adjusted baseline for 2014/15 the government has identified that BwD would face a reduction in its "Spending Power" of 4.5% in 2015/6.

The government based this calculation on the following information:

	2014/5 Adjusted Baseline £M	2015/16 Spending Power £M	Change in Spending Power £M
Council Tax	39.8	39.8	0
Settlement Funding Assessment (Revenue Support Grant and Business Rates)	89.3	76.0	-13.3
Council Tax Freeze Grant 2015/16	0.0	0.5	+0.5
New Homes Bonus	1.0	1.5	+0.5
Benefit Admin Grant	1.1	1.0	-0.1
Public Health Grant (ringfenced)	13.1	13.1	0.0
Better Care Fund (NHS)	5.3	10.8	+5.5
Other minor grants	0.6	0.6	0.0
Department of Health revenue grant	0.1	0.1	0.0
Adult Social Care New Burdens	0.7	0.7	0.0
Spending Power	**151.0**	**144.1**	**-6.9** **-4.5%**
Excluding BCF	145.7	133.3	-12.4 -8.5%

The government's calculation of spending power includes increased funding of £5.5M for the Better Care Fund (BCF). The majority of this funding is already committed and is not additional. If the BCF is excluded from the calculations there is a reduction of £12.4M or 8.5%.

The actual reduction in core government funding in 2015/16, i.e. the

Settlement Funding Assessment which largely comprises revenue support grant and business rates, is a reduction of £13.3M or 14.9%.

The table above shows the government's calculations for the local share of business rates, council tax and New Homes Bonus. The Council's budget and MTFS include forecasts we have prepared based on current more up to date information.

Council Tax

Should Finance Council agree to no increase in Council Tax in 2015/16, then the authority will receive Council Tax Freeze Grant of £0.5M assumed in the table above (broadly equivalent to a 1% increase in unadjusted Council Tax) in 2015/6.

Council Tax discounts for empty properties

The Government has provided discretion for Councils in respect of the amount of Council Tax that is charged to empty properties. Limiting the discounts in Council Tax for empty properties supports the Council's overall aim of encouraging owners to bring them back into use, and reduce the number of long term empty properties throughout the Borough.

In addition to the revenues raised from the removal of discounts from empty properties, any property that is subsequently occupied will allow the Council to maximise additional income from the Government through the New Homes Bonus initiative.

Reducing the current 100% discount for unfurnished and unoccupied properties from 6 months to 3 months would generate additional council tax income of around £650k per annum after collection costs which would contribute towards balancing the budget rather than making further cuts to services or increasing the level of council tax.

At its February meeting, the Executive Board also considered this proposal and recommended that Finance Council amends the discounts as outlined above.

Council Tax collection, recovery and enforcement policy

Minor amendments to the financial hardship and vulnerability section are proposed to the existing council tax collection, recovery and enforcement policy to reflect the proposed changes to empty property discounts outlined above. The amended policy, as Appendix F to this report will be available to Members in their group rooms and will be available online.

Education funding

The council receives a non-ringfenced grant from the Department of Education called the Education Services Grant (ESG) to deliver a range of education related services required of Local Authorities. ESG is paid to local authorities on a per pupil basis to support its maintained schools and some additional funding for the obligations that that they are required to fulfil to both academies and maintained schools (known as “retained duties”).

In December central government indicated that BwD would receive £2.182m through ESG. However the Council is currently forecasting that it will receive £2.072m (a reduction of £0.698m) based on assumptions around the number of schools that will convert to Academy status since the funding announcement. The council received £2.77m through the ESG in 2014/15 although this amount is revised on a quarterly basis to reflect any change of school to academy status in year. The reduction in ESG reflects central government’s decision to reduce the grant by 20% nationally and the conversion of 7 schools to academy during 2014/15.

Dedicated Schools Grant

Local Authorities (LAs) will continue to be allocated funding through the Dedicated Schools Grant (DSG) in three notional blocks:

- *Schools Block*
- *High Needs Block*
- *Early Years Block*

The notional blocks will not be individually ring-fenced but will be ring-fenced in total. Current estimates indicate that DSG for 2015/16 will be £104.22m (final 2014/15 allocation was £115.40m). The changes in funding primarily relate to:-

- Reduction in funding allocated to LA due to an increase in the number of Academies within the borough *(3 at 1st April 2014, expected to be 14 at 1st April 2015).*
- Changes in funding for 2 year olds to a participation basis which is not included within current estimates.

Pupil Premium

Funding for the Pupil Premium is allocated to LAs to passport directly onto maintained schools to support the education of the most deprived and vulnerable learners. It is estimated that the Pupil Premium that BwD will receive in 2015/16 will be £7.51m (2014/15 allocation was £8.48m).

This reduction in funding also reflects the increase in number of schools converting to academy status over the last 12 months.

Social Fund

The government provided a new grant of £781K in 2013/14 towards the programme and administrative costs of the Social Fund (formerly the responsibility of the DWP). This reduced to £770K in 2014/15. In 2015/16, rather than a separate specific grant, this funding has been identified within the reduced SFA figure, but is itself identified at the reduced amount of £580K.

Universal Credit

Universal Credit commenced for some new claimants in Blackburn with Darwen on Monday 24th November 2014. Whilst there are only relatively few new claimants initially, the longer term impact of this is still to be assessed.

Public Health

This council received £13.1M public health grant in 2014/15 for delivery of public health services aimed at improving health outcomes for all ages and removing health inequalities across the borough population. The allocation for 2015/16 remains static at £13.1m with a small amount of Health Incentive Premium being made available as a share of a total fund, to be distributed if all local authorities reach their target improvements in 2014/15. Based on current formulas, BwD's share could be as low as £23,500 which is much less than would have been received if an inflationary allowance had been added to the 2014/15 grant. This therefore represents a real terms reduction in funding for public health following the transfer into Local Government.

The transfer of the commissioning of 0-5 children's public health services from NHS England to Local Authorities is due to take place on 1 October 2015. This is the final part of the transfer of public health responsibilities to Local Government. BwD will receive £1.88M for the part year 2015/16, which includes an amount to cover 6 months of the contract already in place with NHS England and a small amount for re-commissioning of services from 2016/17. The full year effect of the transfer from 2016/17 is therefore likely to be £3.76M but the department is expected to give certain assurances of stability to 0-5 public health providers for at least 18 months before any significant changes to service delivery can be considered.

Funding for Integrated Health and Social Care

The government continues with its proposals for greater integration between health and social care in 2015 in order to find ways to tackle unsustainable increases in the demand for health and social care services in future years. BwD BC and Clinical Commissioning Group (CCG) received £637,000 in 2014/15 towards implementation costs to set-up partnership arrangements and pooled budgets known as the Better Care Fund (BCF) from April 2015/16 and develop a more joined up approach to planning and commissioning out-of-hospital care and deliver more integrated, person-centred care.

The BCF brings together existing revenue and capital funding from local authorities, and (largely) the NHS, and equates to £12.04M for BwD (£10.8M is revenue funding). The authority has worked closely with health partners in the CCG since 2013 to develop a 5-year Strategic Implementation Plan that sets out the best use of this funding within social care and the outcomes that are to be agreed from the investment in the first 2 years. The Health and Wellbeing Board approved the final BCF plan in April 2014 and this was ratified by NHS England in October. The challenges for the BCF are enormous, and late changes made to the policies and guidance during June to September 2014 mean that success will now be measured on a reduction of 3.5% in the number of all age emergency admissions to hospital.

The amendments made in the summer of 2014 confirmed the six national conditions of funding to be met by the local BCF plans, and clarified the terms of the Performance Element of the fund which includes a minimum amount that must be ringfenced for commissions from the CCG of £2.488M, and an amount of £634,700 linked to achievement of the target reduction in hospital admissions as above. This funding will be released to the pooled budget in proportion to the level of reduced admissions achieved. For BwD, this means that Health Care commissions are equally as protected as social care services against major upheaval in the first 12 months that could otherwise prove disruptive and de-stabilising. The performance element of the BCF means that up to 6% of the revenue funding could be at risk if joint plans cannot deliver the agreed measures during 2015/16. In future years, it is expected that the targets for emergency admissions will get more difficult to achieve and the potential funding at risk will increase.

Implications of the Care Bill

Following the Dilnot report, the government is introducing plans to change the arrangements for funding the cost of social care, including the way contributions made by individuals towards the cost of their care are calculated, and increasing the choice people have on when they meet their liabilities, such as Deferred Payments chargeable after their death. These changes and their implications have been the subject of a separate report to Executive Board and remain uncertain.

The costs for BwD are currently estimated at £1.5M for 2015/16, including increased costs of assessments and support for carers, and some funding for Deferred Payments, but this could be underestimated as the requirements for early assessments for Carers and Self-funders is unknown. The Council has been allocated Care Act grants of £666,400 in 2015/16 in recognition of new burdens associated with the planning and implementation of the changes across the Council. This is much less than the indicative allocation of £908k announced in December 2013 and has arisen due to new distribution formula introduced for parts of the settlement.

The shortfall of funding for the Care Act is expected to be made up from pooled budgets in the BCF, which adds to the pressures on that programme and reduces the capacity for meeting all planned schemes in the first year. In addition, the capital cost of preparing IT systems in 2015/16 to meet the requirements of the Care Act is to be met from existing allocations of Personal Social Services Capital Grant, now part of the BCF pooled budgets.

No updated government estimates for the costs of the Care Act from 2016/17 have been received, when the full year effect of changes, the extension to financial thresholds and implementation of the care costs ‘funding cap’ will start. There is a risk that additional funding provided may not be sufficient to meet all costs across the country and this will bring further pressures and expectations of savings.

Business rates

Although rateable values and the rate in the pound (multiplier) are determined by the valuation office and central government, and business rates income is still held within the formula grant system, business rates growth is shared, with 49% of growth being retained by this council and 1% by the Fire Authority up to a limit beyond which a levy would be payable to central government. Reductions in business rate income are also shared, subject to a safety net, which is funded nationally from levies raised.

The detailed workings of the Business Rates Retention system are complex and forecasting is impacted by a large number of rating appeals outstanding both locally and nationally. Any reductions in rates as a result of a successful appeal within the boundaries of this authority falls on the Collection Fund with 49% of this “cost” being borne by the council. However, the system provides an opportunity for the Council to generate additional income and jobs in the Borough and growth in this area is a key priority for the Council.

The Autumn Statement included a package of business rates measures:

- Doubling the Small Business Rate Relief for a further year (2015/16)
- A 2 % cap on the inflation increase of the rating multiplier for 2015/16
- Increasing the temporary £1,000 discount (Retail Relief) for shops, pubs and restaurants with a rateable value below £50,000 to £1,500 for 2015/16
- A change to the rules in respect of business rates appeals so that alterations to rateable values can only be backdated for specified periods for ratepayers’ appeals and Valuation Officer Agency alterations.

Local authorities will continue to receive S31 grant to compensate for the loss of revenue resulting from these initiatives.

Financial risks

As a result of these changes to the financial frameworks governing local authorities, this Council now faces increased financial risks, both if the number of people claiming discounts in respect of Local Council Tax Support alters, and also should the receipts collected in respect of business rates change. The Director of Finance takes risks into account when assessing and recommending the minimum level of reserves each year; this was undertaken by the Executive Director, Resources & Transformation this year as the acting chief financial officer during the budget preparation period.

5.2 2016/17 and future years

Through successive Autumn Statements and Spending Reviews the Chancellor has indicated that there will be spending cuts in public services until 2020 as the government aims to generate a budget surplus by that date.

There will also be a new national government from May 2015 and it is likely that any new government will undertake a spending review, the outcome of which may not be known until the autumn.

As in previous years the Council has therefore prepared on the same basis as in the 2014-17 MTFS the following three scenarios:

- Best case assuming government funding is maintained at 2015/16 levels during 2016/17 and 2017/18
- A likely case assuming government funding reduces by a further 11% during 2016/17 and 2017/18
- A worst case scenario assuming revenue support grant is phased out by 2019/20

It is anticipated that the Council will be required to find further additional savings of between £6.940M (best) and £17.876M (worst case) in 2016/17 and a further £5,214M (best) and £23.495M (worst case) in 2017/18 as outlined in the MTFS at Appendix E.

5.3 Budget Strategy

The Budget Strategy reflects

- The Local Government Finance Settlement
- Continuing Welfare, Education and NHS reforms
- The potential impact of health and social care integration through the BCF
- Pay and price inflation
- Changes in specific grant funding
- Financial impact of legislative changes including the Care Act 2014
- Revenue consequences of capital investment
- Known corporate and portfolio budget pressures

At Finance Council in March 2014, the MTFS indicated a range of future scenarios that included a middle case scenario of further savings required of £19m in 2015-16 rising to £31m by 2017/18.

Council Forum on 25th September 2014 approved proposals for advance budget savings for early implementation for the Revenue Budget 2015/16 and the two years beyond 2016/17 and 2017/18.

The advance savings proposals for 2015-16 of c.£16m left a shortfall of £3m that has been addressed by the proposals included in this paper and as outlined at Appendix B.

This budget strategy is based on the following principles:

- To reflect the priorities of the Council and ensure we meet the requirements of the residents of the Borough as far as possible when faced with substantial budget reductions.
- To invest effectively where possible to deliver our priorities as agreed by Policy Council
- To protect where possible front line services to members of the public with

further savings in managerial, administrative and support service functions.
- To address key financial pressures arising from demographic and demand changes
- To continue to invest in key capital schemes to support good asset management and regeneration of the borough.
- To improve value for money through efficiencies and invest to save options.
- To maximise partnership working where this can realise service benefits and cashable efficiencies
- To develop digital services for our communities and thus improve accessibility and availability.
- To ensure commercial and income generating services at least cover their costs with minimal if any subsidy in the long term.
- To maintain the minimum level of balances as recommended by the Executive Director, Resources & Transformation.
- To ensure that the Council has a sustainable and robust financial position in future years.

The Council must set a balanced budget for 2015/16 and consequent level of Council Tax.

5.4Budget and Service Reductions

Given the further financial challenges ahead, Executive Members and Officers have again reviewed all services and prepared options to deliver budget reductions over a three year period. Wherever possible Executive Members and Officers strive to mitigate the impact on the residents of this borough.

Invest to Save initiatives which also mitigate future cost increases and financial risks are also considered. All Invest to Save initiatives are subject to options appraisals and business cases.

The scale of these further budget reductions in 2015/16 and beyond combined with those already implemented since 2010, will inevitably lead to more significant reductions in the services provided to the residents of this borough.

Council Forum in September 2014 approved a substantial programme of budget reductions

These included the following efficiencies:

- Improved procurement and contract management
- Review of existing contracts
- Reduced management in all services
- Reductions in business support services

- A more commercial approach to income generation

- Investment in modern IT systems to deliver savings

Invest to Save initiatives which also mitigate future cost increases and financial risks have been approved. The most significant related to Street Lighting and Highways Network Recovery. All Invest to Save initiatives are subject to a detailed options appraisal and business case.

5.5 Impact on Staff

It is unfortunate but inevitable that now there will continue to be further job losses, including compulsory redundancies in the coming months. Therefore some staff have already been, and some will need to be put formally at risk of redundancy whilst consultation is undertaken and options developed. Where staff are at risk of redundancy, it can take several months to generate savings. Open applications for ER/VR (early retirement and voluntary redundancy) will continue to be accepted and agreed where there is a financial saving to be made and all vacant posts will be reviewed with a view to deleting wherever possible.

For the last 4 years, from 2011/12 to 2014/15, staff have contributed to the savings requirement with each member of staff taking 4 days unpaid leave each year. Management have been discussing the potential to extend this arrangement for the next 3 years and we are awaiting updates from the joint trades unions on proposals to ballot their members. This would likely contribute savings of around £750k per annum. Should this not be agreed, then alternative savings, potentially related to workforce and productivity will have to be considered and assessed for implementation during 2015/16 as an overall workforce related saving of £850k has been assumed in the budget proposals

5.6 Capital Programme 2015-18

The Capital Programme for 2015-18 is also recommended to this Finance Council for approval. Despite the financial position, there is still a significant capital investment programme, which is important for the long term future of the borough. However, the programme is 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 continues to place an emphasis on regeneration and economic growth.

The Capital Programme includes the following major infrastructure schemes:

- Pennine Reach
- Invest to Save Initiatives in Street Lighting and Highways (subject to an options appraisal and business case)
- Cathedral Quarter

These major infrastructure schemes will contribute towards the achievement of the Council’s key priority of creating more jobs and business growth, during their construction, by improving transport networks, and by enhancing the town centre.

Unfortunately some other schemes, including alleygating, will not be able to be continued.

5.7 Budget pressures

Every year we must assess and address funding pressures on the budget at corporate level. Clearly the most significant pressure in 2015/16 is the continuing reduction in government funding outlined above. However the Council faces other significant pressures, as follows:

Treasury Management, Financing Costs and Investment Income

In the past the Council has benefitted from significant amounts of income on its investments. Nationally interest rates fell dramatically in 2009 and have remained at historically low levels, dramatically reducing the return on investments. Also, in recent years, the Council has made significant savings through deferring borrowing and using its internal cash balances. There remains uncertainty about the timing of any anticipated future increase in interest rates. Future changes in interest rates will affect both the financing costs of any new loans as well as the interest received on any investments the Council makes.

Waste Services

The Council is funding increased costs due to the need to comply with European Union Legislation to reduce the level of waste sent to landfill. As a result, the cost of landfill, whether gate costs or landfill tax, is increasing, action is being taken to minimise the cost increases with new waste disposal arrangements with Greater Manchester reported through Executive Board earlier this year.

Health and Adult Social Care

In 2014/15 Adults Social Care has faced another very challenging year and has been unable to manage the financial pressures within budget due to continuing trends in demand and increasing complexity of service user needs which have not been abating. The overspend in 2014/15, given the nature of the service, will have a full year effect into 2015/16 which in itself is likely to see additional demand-led cost pressures. Pressures on the national health service, including the local hospital, have been making national headlines and show little sign of easing, with increased referrals from hospital into social care services. This is not just a local issue, it is a national pressure which is being raised as perhaps the most significant issue for local government by the LGA and continues to be widely reported in the local government press.

As in previous years, an element of increasing service demand costs have been built into the budget projections but not of the order now likely to be required. It is expected the position may be manageable with mitigating strategies in 2015/16, however, it is unlikely to be the case in the longer term. In respect of the budget for adult social care services, together with our continuing partnership working with health including BCF, review work is underway with our efficiency partner with options to be reported in the summer, along with further detailed work and savings options for 2016/17 which are likely to be reported in the autumn and any policy or budget announcements from a new national government.

Additional funding to address increased demand and service user need has been included for 2015/16 on both a recurring and non-recurring basis to address the current pressures pending further review.

Children's Services

In the last year there have been financial pressures within Children's Services which the portfolio has tried to contain, whilst ensuring that the most vulnerable of our children are protected. Whilst the overall open cases and numbers of looked after children have been reducing and the number may now have stabilised, the requirements of these children are substantial and many of the commissioned placements are very expensive. These are the most vulnerable young people in our borough that we have a duty to and are committed to protecting and looking after to ensure the best possible outcomes and as such significant reductions in this portfolio's budget are more difficult to achieve.

Service pressures previously identified corporately in the MTFS have now been allocated to the portfolio to address the demand and service risk.

Environment

This portfolio is required to deliver services which are of importance to citizens with particular pressure arising in waste management. In addition the portfolio is the lead in ensuring that the Invest to Save Initiatives in Street Lighting and Highways are achieved.

Neighbourhoods, Housing and Customer Services

Some savings will not now take place until later in 2015/16 and 2016/17 due to delays in the DWP's programme for the implementation of Universal Credit.

Leisure, Culture and Young People

The portfolio continues to deliver on health and wellbeing through the continued investment in the Refresh programme. The portfolio has adopted a more commercial approach and generated additional income in the Leisure Centres and King George's Hall. Opening hours of facilities in Blackburn Town Centre have been extended as part of the Town Centre Strategy which aims to create a vibrant, dynamic and welcoming environment.

Regeneration

The portfolio is also leading on key initiatives which aim to attract more visitors to Blackburn Town Centre. These include reductions in charges for car parking in the late afternoon/evening and on weekends.

In addition the portfolio is the lead on key council initiatives to promote growth and increase income from business rates, council tax and new homes bonus.

Resources

The portfolio cost pressures for 2015/16 have mainly arisen from the Council's continuing investment in corporate IT systems to support efficiencies and encourage a digital first approach to improved access to services for citizens and the loss of revenue income from the Exchange building as part of the town centre development strategy.

Some 2014/15 savings in respect of welfare reform and services currently outsourced to Capita have been deferred until 2016/17.

Schools and Education

This portfolio is faced with the challenge of evaluating and implementing the government's proposals to reform education and schools, including the establishment of academies and free schools.

Summary

The Council faced and continues to face substantial reductions in government funding as well as other corporate and service pressures. The Council therefore continues to face a considerable financial challenge if it is to set a balanced budget as required by statute. The Council has for many years had robust corporate governance and management arrangements which have led to good financial management, the delivery of efficiencies and planned investment in priorities. The Council is already implementing improvements to these business systems and processes. This provided a strong foundation enabling it to successfully meet the difficult challenges it will face in the coming months and years.

5.8 Fees and Charges

Executive Members in conjunction with Chief Officers regularly review all fees and charges. Council has delegated authority to Chief Officers in consultation with the relevant Executive Members and Director of Finance to agree changes where required.

5.9 Investment in Delivering our Priorities

Policy Council in December 2014 confirmed the following strategic objectives and corporate priorities:

- Creating more jobs and supporting business growth
- Improving housing quality and building more houses
- Improving health and wellbeing
- Improving outcomes for our young people
- Safeguarding the most vulnerable people

- Making your money go further

The Council will achieve these objectives by:

- Managing the impact of national reforms on residents and the Council
- “Working with you”
- Delivering high quality services

These priorities clearly reflect the challenges the Council must meet in transforming and downsizing its services in the light of the reductions in government funding, and the risk the Council faces in so doing. However the Council remains committed to meeting the needs and aspirations of its citizens.

5.10 Meeting the financial challenge in 2016/17 and beyond.

In the light of the settlement for 2015/16, the absence of future settlement information, the financial constraints on the authority and the requirement to reduce net expenditure further each year, the Leader and the Executive Members will again be undertaking a comprehensive review of the allocation of resources. This includes a further detailed review of all expenditure and income budgets, contractual commitments, property holdings and staffing structures. This will be set in the context of the Council’s statutory responsibilities and corporate priorities.

This will include:

- A bottom up approach to reviewing budgets for both statutory services and those which are the Council’s priorities.
- A comprehensive review of the Adult Social Care budget, BCF, the impact of closer integration with the health sector and the ongoing work of the department in association with of the Councils’ appointed efficiency partner
- A focus on those large services where there are savings and opportunities for changes
- Working towards a net nil/cost neutral position for commercial services
- The implementation of channel shift and digital automation encouraging people to self-serve on-line whilst providing support for those who cannot access the internet
- A review of the Council’s long term loans portfolio and an assessment of the requirement for investment in the infrastructure of the borough over the long term.

The Leader and Executive Members will consult with elected members, stakeholders and residents and will report to Council in due course.

5.11 Level of Reserves

The Executive Director, Resources & Transformation is recommending to this Finance Council that the minimum level of reserves of £5.9M is maintained for 2015/16.

5.12 Council Tax

The assumptions made within these budget proposals for 2015/16 are that the Council will accept the further Council Tax Freeze Grant for 2015/16.

5.13 MTFS

The MTFS 2015-18 has been refreshed and updated. However in the absence of the Comprehensive Spending Review and detailed settlements for 2016/17 or 2017/18, any figures can only be indicative and consider a range of potential scenarios for government funding beyond 2015/16.

5.14 Conclusion

The proposed revenue budget strategy will continue to focus on delivering on the Council's priorities and will 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 operates within the financial constraints imposed by central government.

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

Appendices

Appendix A - Budget Summary 2015/16
Appendix B - Balancing 2015/16 Budget
Appendix C - 2015/16 Budget Proposals and Portfolio Cash Limits
Appendix D - Capital Programme 2015-18
Appendix E - Medium Term Financial Strategy 2015-18
Appendix F - Council tax collection, recovery and enforcement policy
Appendix G - Pay Policy Statement 2015/16
Appendix H - Equality Impact Assessment – Council Tax Discounts

6. POLICY IMPLICATIONS

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

6.2 If the proposed change to empty property discount is implemented the working procedures of the Council Tax teams would require immediate review and amendment. It is envisaged that in order to assist the recovery of these debts, the use of Charging Orders would also be increased.

7. FINANCIAL IMPLICATIONS

7.1 The budget process will determine the level of net revenue expenditure for the Council in 2015/16, the capital programme and the level of council tax, together with indicative figures for the following two years.

8. LEGAL IMPLICATIONS

8.1 The Council is legally obliged to set a balanced budget. The Local Government (Standing Orders) (England) (Amendment) Regulations 2014, which came into force on 25 February 2014 require local authorities 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.

8.2 The Local Government Finance Act 2012, and Statutory Instruments 2012 No 2965 allow Local Authorities the power to reduce or remove council tax discounts where a property is unoccupied.

9. RESOURCES IMPLICATIONS

9.1 Decisions taken during the budget process will affect the resources allocated to all service areas.

10. EQUALITY IMPLICATIONS

10.1 All proposals where appropriate are subject to an Equality Impact Assessment before implementation.

10.2 A full and comprehensive Equalities Impact Assessment for the changes to empty properties has been undertaken as part of the decision making process and is detailed at Appendix H

11. CONSULTATIONS

11.1 The Council's priorities are set out in its Corporate Plan. The Council consulted extensively when developing its Local Council Tax Support Scheme which was approved on 31st January 2013 and reaffirmed in January 2014 and 2015. This consultation also covered increased charges for second homes and empty properties and asked respondents to identify areas for investment and disinvestment.

With regard to the further proposed amendments to empty property discounts and on-line survey was undertaken in January 2015. A copy of the survey is available with the summarised results included in the Equality Impact Assessment at Appendix H.

During 2013/14, the Council consulted extensively with businesses and residents to develop a Town Centre Strategy for Blackburn. We have worked with businesses to create a Business Improvement District in the Town Centre. Consultation also took place with businesses on proposals for local discretionary business rate relief to encourage business growth in Blackburn Town Centre. There has also been widespread consultation with local residents, businesses and stakeholders when developing the Local Plan. The Leader is also continuing to work with residents through the Your Call and other initiatives.

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DATE: 18th February 2015