

Public Document Pack

Finance Council

**Monday, 27th February, 2023
Council Chamber,
Blackburn Town Hall
6.00 pm**

[Link to Webcast](#)

AGENDA

1. **Prayers by the Mayor's Chaplain, followed by Welcome and Apologies**
 2. **Minutes of the Council Forum Meeting held on 26th January 2023**
Council Forum January 2023 4 - 9
 3. **Declarations of Interest**
DECLARATIONS OF INTEREST FORM 10
 4. **Mayoral Communications**
 5. **Pay Policy Statement 2023/24**
Standard Committee Report - Pay Policy 2023-2024 a 11 - 21
Pay Policy Statement 2023-2024
 6. **Local Council Tax Support Scheme 2023/24**
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App A - Council Tax Support Scheme 2023-24
Council Tax Support Consultation Questionnaire paper
Council Tax Support Consultation results November 2022
- In respect of Item 7, technical questions on the contents of the report should have been raised directly with Dean Langton, Strategic Director, Finance and Resources, by 12 noon on Friday 24th February 2023.
7. **The Robustness of Estimates 2023/24 and Adequacy of Reserves**
Statement on the Robustness of Estimates for 2023-24 79 - 101
App A - Statement on the Robustness of Estimates

App B - General Working Balance

In respect of Items 8, 9 and 10 below, under the Local Government (Standing Orders) (England) (Amendment) Regulations 2014, which came into force on 25th February 2014, the Council is 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.

Also in respect of Items 8, 9 and 10, Council are reminded that under Section 25 of the Local Government Act 2003, Members have a duty to have regard to the Robustness report of the Strategic Director, Finance and Resources, the Council's Section 151 Officer. As such, the Mayor will only accept amendments that have a robustness report from the Strategic Director, Finance and Resources, attached. Members are requested to discuss any such amendments with the Strategic Director, Finance and Resources, in advance of the meeting to allow adequate time to determine the robustness of any such proposals. The Mayor will then ask if it is the intention of any Member to put forward an amendment during the debate on the Budget.

Finally, Items 8 and 9 will be taken together as one item in terms of discussion and a recorded vote.

8.	General Revenue Budget 2023/24 (including an update on the Financial Strategy 2022/25)	
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Denise Park, Chief Executive

COUNCIL FORUM **Thursday 26th January 2023**

PRESENT – *The Mayor, Councillor Suleman Khonat, Councillors Akhtar P, Ali, Baldwin, Browne, Casey, Connor, Desai M, Fielding, Floyd, Gee, Gunn, Harling, Hardman, Hussain I, Hussain M, Irfan, Imtiaz, Jackson, Khan S, Khan Z, Mahmood, Liddle, Marrow, McCaughran, McGurk, Patel Ab, Patel Alt, Raja, Rawat, Rigby, Riley, Russell, Salton, Shorrocks, Slater Jacq, Slater Jo, Slater Ju, Slater N, Smith D, Smith J, Talbot, Taylor, and Whittingham.*

RESOLUTIONS

48 Welcome and Apologies

The Chief Executive read out the notice convening the meeting.

There then followed Prayers by the Mayor's Chaplain.

A minute's silence was then held in memory of Council officer Paul Stewart who had tragically recently passed away.

Apologies were received from Councillors Akhtar H, Brookfield, Desai S, Fazal, Humphrys, Hussain S, and Sidat.

Councillor Phil Riley requested the Council grant a dispensation for Councillor Samim Desai, who was recovering from ill health and would not be able to attend meetings for the foreseeable future. This dispensation was unanimously agreed by the Council Forum.

49 Minutes Of The Previous Meeting

RESOLVED – That the Minutes of the Policy Council Meeting held on 1st December 2022 were agreed as a correct record.

50 Declarations of Interest

No Declarations of Interest were received.

51 Mayoral Communications

The Mayor reported on events he had attended since the last meeting, including a large number of Christmas events and activities, in particular the Songs of Praise broadcast on Christmas Day at Blackburn Cathedral.

The Mayor also referred to the work of the Climate Change People's Jury, which was an agenda item later in the meeting, as well as the Holocaust

Exhibition at Blackburn Cathedral, and Holocaust Memorial Day, the usual event for which would be held the next day in the Council Chamber.

Finally, the Mayor reminded Members and Officers to buy tickets for the Mayor's Ball on Friday 24th February at Stanley House.

52 Council Forum

The Chief Executive reported that no questions had been received under Procedure Rule 12.

53 Motions

The Chief Executive announced that no Notices of Motion had been submitted under Procedure Rule 10.

55 Blackburn with Darwen People's Jury on the Climate Change Crisis

Members received a report and watched a video, which outlined the outcome of the Blackburn with Darwen People's Jury on the Climate Change Crisis.

The Jury's recommendations were launched at an event on 23rd January 2023 at King George's Hall, and would inform future iterations of the Climate Emergency Action Plan for the Borough.

Members of the Oversight Panel would continue to meet twice-yearly to review progress, in liaison with members of the Jury, many of whom were keen to work with the Council and others on the climate emergency.

Each stakeholder organisation on the Oversight Panel had also agreed to take the recommendations to a governance and/or decision making body and to take action to help deliver on the recommendations.

RESOLVED –

Council Forum:

- Notes the report on the People's Jury on the Climate Change Crisis (**Appendix 1**);
- Notes that a progress report and updated Climate Emergency Action Plan, taking account of the Jury's recommendations, will be submitted to the March meeting of the Executive Board.

55 Members Allowances Scheme 2022/23

The Council Forum was informed of the recommendations of the Independent Remuneration Panel (IRP), who had met recently to discuss the Members Allowances Scheme for 2022/23 following the recent staff pay award.

Whilst in most years the NJC pay award had been determined as a percentage increase on each pay point, the pay agreement for 2022-23 reached in November 2022 was that all local government staff receive a pay award of £1925 (pro-rata for part-time employees). This equated to a 10.5% rise for the lowest paid staff and 2.72% for the highest paid on the Council's staff grading structure (for the majority of staff on 'Green Book' NJC terms and conditions).

As the main increase had been agreed as a flat rate, it became necessary to convene a meeting of the Independent Remuneration Panel to consider the Members Allowances Scheme 2022-23 for Blackburn with Darwen Borough Council.

Following discussion the Panel felt that the best solution would be to recommend that in years where a flat rate was paid to staff, that a lowest percentage increase on the Council's staff grading structure (which for 2022/23 is 2.72%) should be applied to Members Allowances. In years where a single percentage increase only was awarded to staff, the same rate of increase should also apply to Members Allowances. Mileage and subsistence rates were recommended to remain in line with those paid to staff.

Although it was not on the original agenda for the IRP Meeting, discussion led under 'Any Other Business' onto appropriate remuneration for Independent Members of the Standards Committee which had not been reviewed since 2012. It was considered appropriate for the equivalent of 50% of the Vice Chair SRA payment (around £400 p.a) to be paid to the Independent Members, and that this be considered by Full Council for approval.

Members then debated the report and proposals before moving to the vote.

RESOLVED –

That Council Forum:

1.1 Note the report of the Independent Remuneration Panel (**Appendix 1**);

2.1 Approve the recommendations of the Independent Remuneration Panel set out in section 5 of the report as follows:

- The Panel recommend to Full Council that paragraph 5.2 of the Members' Allowances Scheme (May 2022) be amended so that in years where a flat rate is paid to staff, that a lowest percentage increase on the Council's grading structure should be applied to Members Allowances. In years where a single percentage increase only is awarded to staff, the same rate of increase should also apply to Members Allowances. Mileage and subsistence rates are recommended to remain in line with those paid to staff.
- Accordingly for 2022/23, Member Allowances be increased at the rate of 2.72%.

Also:

- In terms of payments to Independent Members of the Standards Committee which had not been reviewed since 2012, the equivalent of 50% of the Vice Chair SRA payment (around £400 p.a) to be paid to the Independent Members,

56 Updates from Other Committees

Council Forum received an update from the Chairs of the Standards Committee and the Chairs of the Overview and Scrutiny Committees on the progress of their work.

The Chair of the Standards Committee, Councillor Parwaiz Akhtar advised that the Committee received a presentation on the new digital process for updating the Register of Members Interests, and the legal framework for submission of interests, and also considered the new TRACK Council values and behaviours at its December meeting, and felt that these should be incorporated into the Member/Officer Protocol.

RESOLVED – That Council Forum;

1. Notes the requirement to register interests and approves the digital process for submitting and updating the Register of Members Interests;
2. Approves the review of the Protocol on Member/Officer Relations and the incorporation of the Council's organisational values: Trust, Respect, Ambition, Collaboration, Kindness (TRACK) and notes that the revised draft Protocol on Member/Officer relations will be reported to Council for consideration and adoption; and
3. That the updates from the Overview and Scrutiny Committees be noted.

57 Reports of the Executive Members with portfolios

The Leader and Executive Members presented their reports, providing updates as appropriate.

RESOLVED - That the reports of the Leader and Executive Members be noted.

58 Questions from Members

One question from Members had been received under Procedure Rule 11 as follows:

From Councillor Altaf Patel to Councillor Jim Smith, Executive Member for Environment and Operations:

Twice a year 1100 taxi and Hackney cab drivers are forced to use the councils own vehicle servicing station for the taxis MOT as the council has created a monopoly for its self for this service, whilst also charging some of the highest MOT fees of any borough in the North west. Sadly I have had complaints from my taxi colleagues about the poor standard of the waiting area at the motor vehicle testing centre.

As customers are expected to sit in a cold hall way where people passing through are constantly opening the outside door and there is a lack adequate heating, which is unacceptable especially in cold weather, as a dedicated waiting room would be provided if this was in the private sector.

Also as drivers are taking their break there, tea making facilities or a coffee/tea vending machine should be provided as part of the service, after all the customers are paying the council a premium for the service with no facilities.

Will you Cllr Smith look into improving the facilities at the councils motor vehicle service centre for the customers and members of the public who are forced to use the councils MOT testing station?

Councillor Jim Smith responded to the question, advising that the Motor Vehicle Service Station (MVSS) reception had adequate seating for 5 people, and gave details of the heating arrangements, and also advised that the DVSA did not require MOT testing stations to provide a television, or tea or coffee facilities so as a result many MOT testing stations did not provide these facilities. A free water dispenser in the MVSS reception was available for customers to use. The taxi drivers waiting for their taxi to be tested could access TV and news via personal mobile phones.

Councillor Smith also pointed out that in light of the Council's ongoing financial challenges, his priority was to ensure provision of as much funding as possible to protect front line Council services for residents, rather than funding a TV and tea/coffee facilities in the reception of the MVSS.

59 Year Planner 2023/24

The Council were asked to approve the Final Year Planner for 2023/24, a draft of which had been submitted to the Policy Council meeting in December.

RESOLVED – That the Year Planner 2023/24 be approved.

Signed at a meeting of the Finance Council

On 27th February 2023

(being the ensuing meeting of the Council) by

MAYOR

DECLARATIONS OF INTEREST IN ITEMS ON THIS AGENDA

Members attending a Council, Committee, Board or other meeting with a personal interest in a matter on the Agenda must disclose the existence and nature of the interest and, if it is a Disclosable Pecuniary Interest or an Other Interest under paragraph 16.1 of the Code of Conduct, should leave the meeting during discussion and voting on the item.

Members declaring an interest(s) should complete this form and hand it to the Democratic Services Officer at the commencement of the meeting and declare such an interest at the appropriate point on the agenda.

MEETING: **FINANCE COUNCIL**

DATE: **27th FEBRUARY 2023**

AGENDA ITEM NO.:

DESCRIPTION (BRIEF):


NATURE OF INTEREST:

DISCLOSABLE PECUNIARY/OTHER (delete as appropriate)

SIGNED :

PRINT NAME:

(Paragraphs 8 to 17 of the Code of Conduct for Members of the Council refer)

 <p>BLACKBURN with DARWEN BOROUGH COUNCIL</p>	<p>REPORT OF: Assistant Director, Chief Executives</p> <p>TO: Finance Council</p> <p>ON: 27 February 2023</p>
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SUBJECT – Pay Policy Statement 2023-2024

1. Purpose of the Report

The purpose of this report is to update the Finance Committee and share information relating to salary payments made to employees in Blackburn with Darwen Borough Council's employment during 2022-2023.

The report also includes details of the Chief Executive and Chief Officers pay scales and the range of salaries across the whole organisation during this period of time. The data was extracted and collated on 31 December 2022.

2. Recommendations

There is a legal requirement for Blackburn with Darwen Borough Council to annually report on information relating to our employees and the recommendation is that Finance Council note this report.

3. Background

The pay terms and conditions referenced within this report include: Green Book, Chief Officers and Chief Executives. The Council is committed to annually reporting on pay ranges for all staff as well as including clear information relating to Chief Officer pay details. By adhering to the aforementioned terms and conditions, the Council demonstrates its commitment to ensuring employees are paid equitably in line with their roles and responsibilities.

5. RATIONALE

All job roles have been subject to a thorough job evaluation process through either Gauge or Hay, likewise any newly created roles undergo evaluation before being assigned against a pay grade. By following this process, there can be assurance that roles are fairly and equitably paid. Failure to follow this process could result in equal pay and or discrimination claims against the Council.

6. POLICY IMPLICATIONS

The policy implications from this report are contained within The Equality Watch Report which was published on 31 January 2023.

7. FINANCIAL IMPLICATIONS

There are two financial implications worth noting in relation to Strategic Directors which are outside of the regular structure and these are as follows:

7.1 The Council currently has an Interim Director of Children's Services who is acting up from their substantive role of Deputy Director. This is a temporary arrangement until the recruitment process has concluded and a permanent person is appointed. The recruitment is well underway and interviews are scheduled to take place during February 2023 for a replacement at Strategic Director Level 1. Once concluded this report will be updated accordingly. This information is correct as at 1 February 2023.

7.2 One of the roles included at Strategic Director Level 2 accounts for the role held by the Strategic Director of Resources whose employment ended with Blackburn with Darwen Borough Council on 31st December 2022. There is no intention to replace this role in a like for like capacity. This information is also correct as at 1 February 2023.

Both arrangements have been reviewed and agreed by members of the Chief Officers Employment Pay Committee in advance of any agreement taking effect.

8. LEGAL IMPLICATIONS

In determining the pay and remuneration of all our employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, General Data Protection Regulation 2018 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations. We will also ensure there is no pay discrimination within our pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms, National Joint Council (NJC) and Hay Group, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

9. RESOURCE IMPLICATIONS

None as a direct consequence of this report.

10. EQUALITY IMPLICATIONS

As part of the Equality Watch Report 2023, the Council published its workforce profile and its gender pay gap.

We are aspiring to our workforce representing our local demographics and the communities that we serve.

11. CONSULTATIONS

None required as a direct consequence of this report.

Chief Officer Corinne McMillan, Assistant Director, Chief Executives – Ext 5460
Contact Officer: Jill Readfern, HR Operations Manager – Ext 5035
Date: 15 February 2023
Background Papers: Pay Policy Statement 2023/24

Blackburn with Darwen Borough Council Pay Policy Statement for the Year 2023/24

1. Introduction and Purpose

1.1 Under section 112 of the Local Government Act 1972, we (the Council) have the power to appoint officers on such reasonable terms and conditions as the authority “thinks fit”. This Pay Policy Statement details our approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.

1.2 The purpose of this policy statement is to provide transparency regarding our approach to setting the pay of employees (excluding teachers working in local authority schools) by identifying:

- the methods by which salaries of all our employees are determined;
- the detail and level of remuneration of our most senior employees i.e. ‘Chief Officers’, as defined by relevant legislation;
- the Committee responsible for ensuring the provisions set out in this statement are applied consistently and in recommending any amendments to the full Council.

1.3 It applies for the year 2023 /2024 unless replaced or varied by the full Council.

1.4 Once approved by the full Council, this policy statement will come into immediate effect and will be subject to review on at least an annual basis, the policy for the next financial year being approved by 31st March each year.

This Pay Policy Statement makes reference to a number of related documents and information which can be accessed via links to the Council website. These links will be inserted when the document is approved by Full Council and published in accordance with paragraph 14.1 below.

2. Other Legislation Relevant to Pay and Remuneration

2.1 In determining the pay and remuneration of all our employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, General Data Protection Regulation 2018 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations. We will also ensure there is no pay discrimination within our pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms, National Joint Council (NJC) and Hay Group, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

3. Pay Structure

3.1 The Council uses the nationally negotiated pay spine(s) (i.e. a defined list of salary points) as the basis for our local pay structure, which determines the salaries of the large majority of our (non-teaching) workforce together with locally determined rates where these do not apply.

3.2 We adopt national pay bargaining arrangements for the establishment and revision of the national pay spine(s), for example through any agreed annual pay increases negotiated nationally with joint trade unions.

3.3 All other pay related allowances for Senior Managers are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery as for all employees.

3.4 In determining our grading structure and setting remuneration levels for posts, the Council takes account of the need to ensure value for money in the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet our requirements in providing high quality services to the community, delivered effectively and efficiently and at times at which the services are required.

3.5 New appointments will normally be made at the minimum of the relevant pay scale for the grade, although this can be varied where necessary to secure the best candidate. Where the appointment salary is above the minimum point of the pay scale and is not affected by other Council policies or processes, for example alternative employment or flexible retirement, this is approved in accordance with the Recruitment and Selection Policy.

3.6 From time to time it may be necessary for us to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, we will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources that are appropriate and available from within the local government sector and outside.

3.7 Any temporary supplement to the salary scale for the grade is approved in accordance with the agreed policy.

4. Senior Management Remuneration

4.1 For the purposes of this statement, Senior Management means 'Chief Officers' as defined within the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2022.

4.2 Where we are unable to recruit Chief Officers, or there is a need for interim support to provide cover for a substantive Chief Officer post, the Council will, where necessary, consider engaging individuals under a 'contract for service'. These will be sourced through a relevant procurement process ensuring we are able to demonstrate the maximum value for money benefits from competition in securing the relevant service. In assessing such it should be noted that in respect of such engagements we are not required to make either pension or national insurance contributions for such individuals.

5. Chief Executive and Chief Officer Pay Scales 2023/2024

(Last national pay award increase applied from 01/04/2022).

Designation	Grade / Salary	Number of Posts
Chief Executive Officer	£153,267 – £167,302	1
Strategic Director 1	£114,590 – £124,334	2
Strategic Director 2	£104,440 – £113,778	3
Director 1	£95,057 – £104,014	1
Director 2	£83,024 – £91,192	6

5.1 Notes

Information is based on the Chief Officer structure as agreed by the Chief Officer Employment

Committee.

i) The Chief Officer Structure Chart is set out at the end of this document.

6. Recruitment of Chief Officers

6.1 The Council's policy and procedures with regard to recruitment of Chief Officers is set out within the [Council Constitution](#).

6.2 When recruiting to all posts we will take full and proper account of all relevant employment law and Equal Opportunities, Recruitment and Alternative Employment Procedures as approved by the Council.

6.3 The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.

7. Policy on the Remuneration of Chief Officers

7.1 The salaries detailed above are determined by the respective Chief Executive & Chief Officer Employment Committee and are based on the Hay Group methodology for job evaluation and also having due regard to the Council's duty to ensure best value and after taking professional advice on pay levels, market conditions and other relevant factors.

7.2 With the exception of progression through the incremental scale of the relevant grade being subject to satisfactory performance, which is assessed on an annual basis, the level of remuneration is not variable dependent upon the achievement of defined targets.

7.3 The Government determines and funds the fees for Returning Officers and for related electoral duties for National and Police and Crime Commissioner Elections and these are subject to full re-imburement and paid to officers as appropriate. The fees for Local Elections are based on a County wide formula.

7.4 To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. Our arrangements for authorising any additional remuneration [e.g. honoraria, ex gratia, 'acting up'] relating to temporary additional duties for Chief Officers are set out in the [Council Constitution](#).

7.5 The level of remuneration is determined as set out above. Other than allowable expenses we make no payments in addition to the basic salary to Senior Managers for undertaking their core role. Overtime is not payable to Senior Managers.

8. Annual Leave Entitlement for Chief Executive and Chief Officers

As part of the 2022/2023 Green Book Pay Award employees were awarded an additional day's annual leave, regardless of their length of service with effect from 1 April 2023. This was not mirrored in other Pay Awards. However, on 10 February 2023 a report was submitted to the Chief Executive/Chief Officer Employment Committee to also request one additional day's leave for the Chief Executive and Chief Officers to ensure all employees are aligned. The request has been approved and will take effect from 1 April 2023.

In the event a future pay award increases annual leave entitlement for Chief Executives and Chief Officers by one day and this is not reflected in updated Green Book terms and conditions then the Council will not adopt the recommendation.

9. Payments to Senior Managers on their ceasing to hold office under or to be

employed by the authority.

9.1 Our approach to payment of Senior Managers is the same as those which apply to all our employees including those related to [long service awards](#).

9.2 Currently, we operate early retirement scheme(s) where employees may apply for voluntary severance. Payments under the scheme are in accordance with the respective Pension Scheme Regulations.

9.3 Any applications within these schemes for Senior Managers, however, are subject to approval by the Chief Executive/Chief Officer Employment Committee (as appropriate).

9.4 In circumstances where employees find they are 'at risk of redundancy' they may apply for voluntary redundancy and the number of weeks redundancy pay is in accordance with national legislation or contractual national terms of employment. For Senior Managers as for most other employees the Council pay is for the actual weeks' pay due. Again for those Officers in pension schemes payments are made in accordance with the Pension Scheme Regulations. Voluntary redundancy application is open equally to Senior Managers as it is for all appropriate employees.

9.5 In all instances, including Senior Managers, our approach is to avoid employee redundancies wherever possible and try and identify suitable alternative job options as opposed to compulsory or voluntary redundancy. As such, in circumstances where an Officer's role is redundant an alternative may be found and if suitable the employee could be redeployed into that role with temporary salary protection (if appropriate) in line with the Council's alternative employment process. For Senior Managers such considerations are for the Chief Executive/Chief Officer Employment Committee.

9.6 Employees who have applied for early retirement or voluntary redundancy will not be eligible to be employed by the Council for a period of 6 months from the date that they leave our employment, this includes employment by external agencies (including via the Council's preferred supplier [subject to tender]), or by any other means.

9.7 Compensation payments for loss of office are considered in situations where the employment relationship is no longer tenable. The Council's approach is to treat each case on its individual merits, taking professional advice on appropriateness, and ensuring that all payments represent value for money to the taxpayer. For Senior Managers such considerations are for the Chief Executive/Chief Officer Employment Committee.

9.8 In accordance with wider practice any severance package would not normally exceed an 18 month payback period. I.e. severance pay would not be greater than one and a half year salary.

10. Lowest Paid Employees

10.1 The lowest paid employees on a contract of employment with the Council are employed on full time [37 hours] equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure which is based on the National Joint [Council pay scales](#).

10.2 As at 31st December 2022, this was £20,258 per annum. We employ Apprentices who are not considered within the definition of 'lowest paid employees' as they are employed under defined training contract terms.

10.3 The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the processes used for determining pay and grading structures as set out earlier

in this policy statement.

10.4 As part of our overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

11. Apprentices

11.1 Our rates for Apprentices are above the Apprenticeship National Minimum Wage guidelines for apprentices. The rates are reviewed every April. The rates below are as at 1st April 2021.

Year 1 - £6.56 per hour

Year 2 - £6.83 per hour or age related National Minimum Wage if 21 or older.

Apprentice Information

Reporting Period – 1st April 2021 to 31st March 2022 – data to be updated after 31/3/22

Figure		
A	The number of employees whose employment in England by the body began during the reporting period	52
B	The number of apprentices who began to work for the body in the reporting period and whose apprenticeship agreements also began in that period (This includes employees who were already working for the body before beginning their apprenticeship, as well as new apprentice hires)	22
C	The number of employees employed in England that the body has at the end of the reporting period (31 March)	2262
D	The number of apprentices who work for the body at the end of the reporting period (31 March)	45
E	Figure B expressed as a percentage of figure A	42.31%
F	Figure D expressed as a percentage of figure C	1.99%
G	The number of apprentices who worked for the body immediately before the reporting period started (1 April)	52
H	Headcount on the day before the first day of each reporting period in the target period	2207
I	Figure B expressed as a percentage of figure H	1.00%

12. Gender Pay Gap

12.1 The Equality Act 2010 (Gender Pay Gap Information) Regulations came into effect in March 2017. They require that organisations with 250 employees or more publish a series of statistics covering a number of different measures of the gap between the total pay of male and female employees. These measures must be published, no later than 30 March each year for Public Authorities.

12.2 We were very pro-active in ensuring that a review of pay and reward was undertaken at a very early stage over ten years ago and we have continued to monitor the impact of this on

our workforce. Men and women in the same role, performing equal work are paid equally, 'same job – same pay'. We actively support the progression of both men and women within the organisation and all employees progress proportionately.

12.3 Our Gender Pay information is outlined in our published [Equality Watch Report 2022-2023](#).

13. Relationship Between: Remuneration of Senior Managers, and Remuneration of non-Senior Managers

13.1 The Council has no formal policy on the relationship between the remuneration of Senior Managers and other employee groups.

13.2 Will Hutton's report entitled Fair Pay in the Public Sector contained a recommendation that the Chief Executive's salary should not exceed 20 times that of the lowest pay in the organisation.

13.3 At Blackburn with Darwen, the pay multiple between the Chief Executive's pay and the lowest paid employee in the organisation (see above) is 8.1:1, and is therefore well within this recommended range.

13.4 The summary workforce data is shown below.

Highest Pay Grade	£153,276 - £167,302
Highest Pay	£163,795
Lowest pay	£20,258
Average Pay (per annum) – mean	£31,454
Average Pay (per annum) – median	£29,439
Pay Difference (between average & highest pay) – mean	£132,341
Pay Difference (between average & highest pay) – median	£134,356
Pay Multiple (ratio between average & highest pay) - mean	5.2:1
Pay Multiple (ratio between average & highest pay) – median	5.6:1
Pay Multiple (ratio between the lowest and the highest pay)	8.1:1
Data based on pay as at	31 December 2022

Notes

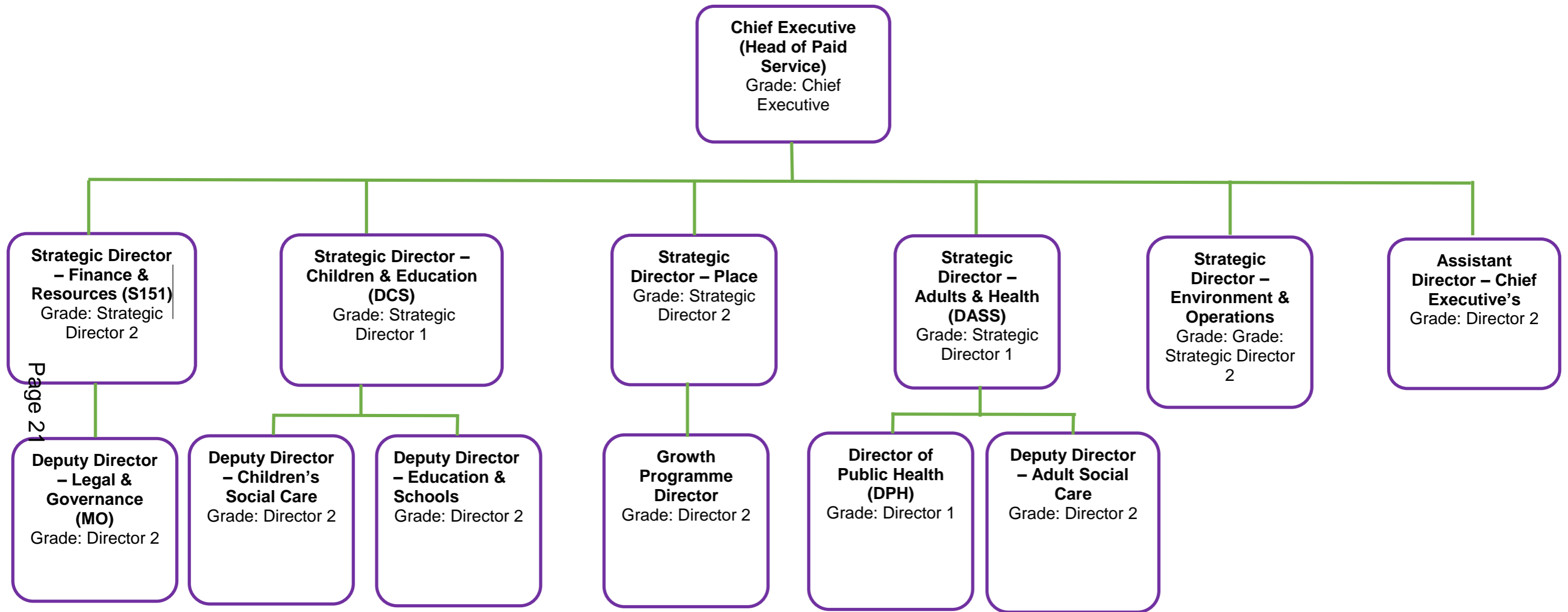
- The data is based on pay as at 31st December 2022.

14. Trade Union Facility Time

This will be completed at the end of the 2022/2023 financial year and published accordingly in July 2023.

15. Publication

15.1 Upon approval by the full Council, this statement will be published on the [Councils Website](#). The Policy will be updated and re-published at least annually.



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REPORT OF:	Executive Member for Finance and Governance
TO:	Finance Council
ON:	27th February 2023

SUBJECT Council Tax Support Scheme 2023/24

1. PURPOSE OF THE REPORT

To outline changes to the Council Tax Support scheme and seek approval for its adoption for 2023/24.

2. OPTIONS

None to consider.

3. RECOMMENDATIONS

That Finance Council:

- i. Notes the contents of the report, and;
- ii. Approves the Council Tax Support Scheme for the financial year 2023/24

4. BACKGROUND

The Welfare Reform Act contained provisions which abolished the national Council Tax Benefit scheme and recommended localised schemes to be administered by Local Authorities throughout England. This report incorporates amendments to the scheme that are as a consequence of the budget savings programme and a number of welfare benefits changes.

In accordance with the legislation, the Council is obliged to formally adopt a new scheme and make any adjustments prior to the 31st March 2023. This report seeks to fulfil the necessary legal requirements and to confirm Blackburn with Darwen's Council Tax Support scheme for 2023/24.

The full Council Tax Support scheme is detailed in Appendix A.

5. RATIONALE

The council's savings programme has required all service areas to assess potential changes that could be implemented to meet the financial challenges facing the council. To contribute to these challenges, the overall cost of the Council Tax Support Scheme has been reviewed to identify changes that could be implemented that would have the least impact on low income households. Following consideration of the options, it has been agreed that non-dependent deductions made to working age claims would be increased.

The administration of the Council Tax Support Scheme is closely linked to other welfare benefit assessments. In order to ensure that the calculations remains valid, the Applicable amounts, Premiums, and Disregards used in the assessment of scheme have been uprated in line with Department of Work and Pensions circulars.

6. POLICY IMPLICATIONS

Incorporated into the new scheme is the increase in non-dependent deductions for working age claims from £5 per week to £7 per week from April 2023, and the uprating of Applicable amounts, Premiums, and Disregards in line with Department of Work and Pensions A1/2023 circular.

A further two new payments are also to be disregarded when assessing a person's income or capital, these include "Homes for Ukraine" sponsor payments of £350 and Adult Disability Payments introduced by the Scottish Government.

The full Council Tax Support Scheme for 2023/24 is detailed in Appendix A.

7. FINANCIAL IMPLICATIONS

Whilst the Council Tax Support caseload and financial cost to the council can vary over the financial year, it is anticipated that the increase in non-dependent deductions will decrease the overall expenditure of Council Tax Support by £250,400.

8. LEGAL IMPLICATIONS

To adhere to the legislative requirement, the Council is obliged to agree a Council Tax Support Scheme before the 31st of March each year. This report and the attached policy fulfils the Council's obligation and ensures that a scheme is in operation for 2023/24.

9. RESOURCE IMPLICATIONS

There are no other resource implications associated with this report.

10.EQUALITY IMPLICATIONS

In preparing for the transfer of Council Tax Benefit to local authorities, the DCLG completed an initial Equality Impact Assessment in January 2012, with a further updated Impact Assessment in June 2012. In addition, Blackburn with Darwen Borough Council completed a major Equality Impact Assessment prior to the introduction of its own scheme. All amendments to the scheme for 2023/24 have also been evaluated via the EIA checklist.

11. CONSULTATIONS

The Council, as a billing authority, is required to consult with the public and major precepting authorities on any proposed changes to the existing Council Tax Support Scheme. A full consultation exercise was undertaken from 10th of October 2022 to 18th November 2022. The questionnaire and a summary report of the findings are attached as background papers.

Chief Officer

Contact Officer:	Dean Langton, Director of Finance
Date:	January 2023
Background Papers:	Appendix A – Council Tax Support Scheme 2023/24 Council Tax Support Consultation Questionnaire Council Tax Support Questionnaire results November 2022



COUNCIL TAX REDUCTION SCHEME

2023-24

**S13A and Schedule 1a of the
Local Government Finance Act 1992**

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Introduction

1. Since April 2013, all council tax billing authorities in England are required to set up a scheme to help people in financial need pay their council tax. This document describes the scheme in Blackburn with Darwen, for the period 1st April 2023 until 31st March 2024.
2. The scheme is called a Council Tax Reduction Scheme because any support usually takes the form of a reduction in council tax liability, and therefore a reduction in the applicant's council tax bill. But it is also known as council tax support and that is the term generally used in this document.
3. Although this document provides a comprehensive account of the scheme in Blackburn with Darwen, further information on those aspects which have to be included in all schemes can be found in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (and subsequent amendments).

Overview of the scheme

4. There are different arrangements for pension-age and working-age applicants.

Pension-age applicants

5. The Government has decided that pensioners should have broadly the same level of support that they had in the old Council Tax Benefit scheme. This means that the Council has to follow the rules decided by central Government, and has no discretion to alter them.¹
6. Subject to some overall conditions, there are three groups of pensioners in financial need who the scheme is designed to help:
 - those whose income is no greater than the set amount allowed for living expenses; these pensioners qualify for 100% reduction on their council tax bill;
 - those whose income is greater to a certain extent than the set amount allowed for living expenses; these pensioners will have 20% of the difference between their income and the amount for living expenses deducted from the maximum amount of council tax support that would otherwise be payable;
 - those where there is a second adult sharing the household who would normally be expected to contribute towards the council tax bill, but who cannot afford to do so; these pensioners will see a reduction in the council tax bill of either 7.5%, 15%, 25% or 100%, depending on the circumstances of the second adult living in the household. (See Appendix 2.)

¹ Set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (as amended from 2013 to 2021).

7. Where a pensioner is receiving the guarantee part of State Pension Credit his income and capital are ignored for the purposes of council tax support, so the pensioner receives 100% reduction on their council tax bill (minus any non-dependant deductions if applicable). Where a pensioner is receiving only the savings credit part of State Pension Credit, the amount of income and capital used in the Department for Work and Pensions assessment is used for the calculation of council tax support.

Working-age applicants

8. The Council has devised its own scheme for working-age applicants.
9. Subject to some overall conditions, there are two groups of working-age applicants in financial need who the scheme is designed to help:
 - those whose income is no greater than the set amount allowed for living expenses; these working-age applicants qualify for a 80% reduction on their council tax bill but, if they live in a property in band C or above, they qualify for a 80% reduction of the council tax bill set by the Council for a band B property;
 - those whose income is greater to a certain extent than the set amount allowed for living expenses; these working-age applicants will have 20% of the difference between their income and the amount for living expenses deducted from the maximum amount of council tax support that would otherwise be payable.
10. The overall conditions for an applicant to receive financial assistance from the scheme are that he:
 - lives in the property as his main home; and
 - is liable to pay council tax; and
 - meets the residence rules; and
 - has capital not exceeding £16,000; and
 - has income at or below a certain amount; and
 - has made an application for assistance from the scheme.

Living Allowances

11. In the calculation of council tax support, the amount allowed for living expenses is made up of the following components:
 - an amount for the applicant or, if he is a member of a couple, an amount for both of them;
 - if appropriate, an amount for children or young persons who are members of his family, together with an additional amount (family premium)²;
 - if appropriate, additional amounts, or premiums, as set out in Appendix 1, for example to cover expenses associated with disability.

² The family premium was withdrawn from 1st May 2016 in the Prescribed Requirements regulations, but the Council have nevertheless decided to include it both for pensioner and working age applicants.

12. There are special arrangements for polygamous marriages – see Annex 2.

Treatment of income

13. The income of an applicant's partner is treated as belonging to the applicant.

14. Income is calculated on a weekly basis. In order to arrive at the weekly amount of earnings and other income to be taken into account, a monthly payment is multiplied by 12 and divided by 52: in other cases the amount is converted to a daily amount and multiplied by 7. Where applicable, an assumed income from capital is added (see paragraph 35) and, where relevant and subject to certain conditions, childcare charges are deducted. The weekly maximum amounts to be deducted are £175 for one child and £300 for two or more children. (For applicants receiving Universal Credit, the maximum amounts to be deducted are 85% of these figures.)

15. Where incurred, childcare charges can be deducted from income where the applicant is:

- A lone parent who is working at least 16 hours a week;
- A member of a couple both of whom are working at least 16 hours a week;
- A member of a couple one of whom is working and the other is incapacitated, in hospital or in prison.

16. Annex 3 explains these childcare provisions in more detail and also contains a definition of the childcare charges which can be deducted.

Earnings from employment

17. Where an applicant has earnings from employment, the weekly amount of earnings is averaged over 5 weeks prior to the first week in which support is payable if the applicant is paid weekly, and 2 months if the applicant is paid monthly. However, where an applicant's earnings fluctuate, earnings can be averaged over any reasonable period. If an applicant has been working for less than 5 weeks or 2 months, the average weekly earnings are estimated on the basis of either any earnings received, if representative of future earnings, or an estimate provided by his employer. If earnings change during the period of an applicant receiving council tax support, average earnings are estimated over any reasonable period but not more than 52 weeks.

18. Earnings are taken into account from the date of application even if they were not received during the week of application. Where an applicant begins remunerative work after an application for council tax support has been made, earnings are taken into account from the first support week after he began work, even if they were not actually received in that week. Similar arrangements are made when earnings change.

19. See Annex 4 for the definition of earnings as an employed earner.

Self-employment

20. An applicant for council tax support is treated as self-employed if:

- self-employment is his main job; and
- he gets regular work from self-employment; and
- his work is organised, for example there are invoices and receipts, or accounts; and
- he expects to make a profit.

21. Where an applicant is self-employed, weekly earnings are estimated over a reasonable period but no more than over 52 weeks. See Annex 5 for a description of how self-employed earnings are calculated.

22. Working-age self-employed applicants are assumed to have a certain level of income (the Minimum Income Floor) after 2 years of self-employment. The level of income is calculated using the National Minimum Wage for the applicant's age group, multiplied by the number of hours he is expected to look for and be available for work. For most people that is 35 hours a week, but is 24 hours a week if the applicant meets certain requirements (for example is a carer receiving Carer's Allowance, a lone foster parent with a foster child in placement under the age of 5, a lone parent with a child under the age of 5, or a lone parent who has caring responsibilities for a child who has a physical or mental impairment of any age for whom they receive Child Benefit). From the resulting figure, a notional deduction for tax and National Insurance is deducted.

23. If the applicant ceases self-employment during the 2 year period but becomes self-employed again within 6 months, the periods of self-employment are treated as continuous for the purpose of calculating the 2 year period. Where this occurs the Council will review the application to ensure that this change in employment status has not been made to take advantage of the council tax support scheme.

Other income

24. Income other than earnings is fully taken into account unless specified in Appendix 4 which lists income that is ignored. Weekly income other than earnings is also estimated over a reasonable period but no more than over 52 weeks. See Annex 6 for a description of how income other than earnings is calculated.

25. Benefit income is taken into account over the period in which it is paid. The period over which a tax credit payment is taken into account varies depending on whether the payment is a daily, weekly, two-weekly or four-weekly instalment.

26. In most cases, income that the applicant has not obtained (for example, a deferred pension) but is available on application is treated as possessed by him, but only from the date it could be obtained.³
27. If it appears to the Council that an applicant has come to an arrangement with a non-dependant member of the household specifically to take advantage of the council tax support scheme, where the income and capital of the non-dependant exceeds that of the applicant, the income and capital of the non-dependant is treated as if it were the applicant's, and the applicant's income is ignored. This rule does not apply in the case of an applicant in receipt of Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance.

Treatment of capital

28. If an applicant has more than £16,000 no support is payable under this scheme.
29. All capital is taken into account, including income treated as capital, unless it is listed in Annex 7 in which case it is ignored. The capital of a child or young person who is a member of the applicant's family is also ignored. The capital of an applicant's partner is treated as if it belonged to the applicant.
30. Certain types of income are treated as capital. See Annex 7 for a full list.

Notional capital

31. If an applicant deliberately disposes of capital in order to obtain council tax support, it is assumed that the applicant still possesses that capital and it is therefore taken into account. This notional capital is reduced over time by the amount that the applicant would have received in council tax support if he had not been treated as having that capital. With certain exceptions, where an applicant fails to realise capital which he owns, that capital is also taken into account. Most payments of capital made to a third party on behalf of the applicant are taken into account.

Calculation of capital

32. Capital which an applicant possesses in the United Kingdom is calculated at its current market or surrender value less:
- 10% if there are expenses attributable to its sale, and
 - the amount of any monetary claim secured against it.
33. Capital which an applicant possesses outside the United Kingdom is treated in the same way except that it is calculated:

³ See paragraph 22 of Schedule 1 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012.

- at its current market or surrender value in that country if it can be transferred to the United Kingdom; or
 - if it cannot be transferred to the United Kingdom, at a price which it would realise if it were sold in the United Kingdom to a willing buyer.
34. Where an applicant owns capital jointly with one or more persons, each share is treated as equal unless there is evidence to the contrary.
35. Where an applicant has capital exceeding £6,000 (£10,000 for pensioners), income of £1 is assumed for every complete £250 (£500 for pensioners) up to a maximum of £16,000. In making this calculation, if the final part of the excess is not a complete £250 (£500 for pensioners), an income of £1 is nevertheless taken into account.

Calculation of council tax support

Maximum council tax support

36. Council tax is calculated on a daily basis. For any day for which an applicant is liable to pay council tax, the maximum amount of council tax support for pensioners is 100% of the amount of council tax set by the council for the applicant's dwelling, less any appropriate discount, divided by the number of days in that financial year. For working-age applicants, the maximum amount of council tax support is 80% of the amount of council tax set by the council for the applicant's dwelling, but if they live in a property in band C or above the maximum is 80% of the amount of council tax set by the Council for a band B property.

Where income is more than the amount for living expenses

37. Where an applicant's income is greater than the amount allowed for living expenses in his case, council tax support is withdrawn gradually (sometimes known as the taper) as income increases until entitlement is extinguished altogether. This avoids a cliff-edge effect of suddenly ending all support as soon as income becomes greater than the amount for living expenses.
38. For example, if an applicant's weekly maximum council tax support is £15, and the amount for living expenses in his case is £100 a week, he is entitled to maximum support of £15 as long as his income is not greater than £100. If his income increases to £120, a sum equal to 20% of the difference between his income (£120) and the amount for living expenses (£100) is deducted (20% of £20 = £4) from his maximum council tax support, so he receives £15 less £4 = £11 a week. If his income increases further to £180, the amount deducted from his maximum council tax support is £16 (20% of £80 is £16) and there is therefore no entitlement to council tax support because £16 is greater than the maximum of £15.

Other aspects of the calculation

39. In calculating the amount of council tax support, fractions of less than half a penny are rounded down and fractions of half a penny or more are rounded up.
40. Where an applicant is jointly liable for council tax with other residents at the same dwelling, the council tax set by the authority (less any discount) is divided by the number of people jointly liable and the applicant's council tax support is based on his share. This does not apply in the case of a student who is excluded from entitlement to council tax support, or a partner of the applicant.

Non-dependant deductions

41. A non-dependant is a person living as a member of the applicant's household who is not his partner or a child/young person for whom he is responsible. There are certain exceptions such as joint-occupiers, boarders and paid carers. Non-dependants aged 18 or over are usually expected to contribute to household expenses such as council tax.

(Pension Age scheme - points 42-47)

42. For pensioners, the weekly deduction for a non-dependant aged 18 or over in work is normally £14.15 and for a non-dependant aged 18 or over not in work, £4.60. However, where the applicant can demonstrate that a non-dependant in work has relatively low gross weekly earnings, the deduction is as follows:
- less than £236.00, the deduction is £4.60;
 - not less than £236.00, but less than £410.00, the deduction is £9.40;
 - not less than £410.00, but less than £511.00, the deduction is £11.80.
 - £511.00 or above, the deduction is £14.15
43. In the case of non-dependant couples only one deduction is made, but all their gross income is taken into account.
44. Where there is joint liability for council tax in a household, any non-dependant deduction is divided equally between the liable persons.
45. No non-dependant deductions are applied if the applicant or his partner:
- is blind;
 - is receiving Attendance Allowance, the care component of Disability Living Allowance, the daily living component of Personal Independence Payment, any historical child abuse payment, any Windrush payment or an Armed Forces Independence Payment, including where these benefits and payments are temporarily suspended, for example through hospitalisation.
46. No non-dependant deductions are applied where the non-dependant:

- normally lives elsewhere;
- is receiving a training allowance paid as part of a youth training scheme;
- is a full-time student;
- has been a hospital in-patient for more than 52 weeks;
- is not living with the applicant because he is a member of the armed forces away on operations;
- is receiving a payment for a disability caused by the Thalidomide drug;
- is receiving Income Support, State Pension Credit, income-based Jobseeker's Allowance or income-related Employment and Support Allowance;
- is entitled to an award of Universal Credit where the award is calculated on the basis that the non-dependant does not have any earned income;
- is a person disregarded for the purposes of council tax discount.

47. In calculating a non-dependant's income the following are ignored:

- Attendance Allowance, Disability Living Allowance, Personal Independence Payment or Armed Forces Independence Payment;
- payments made under certain specified trust funds including analogous payments.

(Working Age Scheme – points 48-49)

48. For working-age applicants, there is one deduction for all non-dependants of £7 a week. The exemptions listed in paragraphs 45 and 46 above do not apply.

49. In the case of non-dependant couples only one deduction is made, but all their gross income is taken into account.

Temporary Absences

50. An applicant can be regarded as living in his home and therefore eligible for council tax support even if he is temporarily absent for certain periods. Council tax support is payable during periods of temporary absence if the applicant:

- is liable for council tax and the address he is temporarily absent from is his sole or main residence;
- intends to return to live in his home;
- is not letting or sub-letting that part of the home that he normally occupies;
- is unlikely to be away for more than the time allowed (see below).

51. In calculating the period of absence, the first day of absence is included and the day of return is excluded.

52. For absences in Great Britain, a period of absence from home must not be (or must not be expected to be) more than 13 weeks. However, this is extended to 52 weeks where the applicant is:

- a remand prisoner awaiting trial or sentence;

- living in a bail or probation hostel, or bailed to live away from home;
- a hospital patient or living in accommodation other than residential accommodation for the purpose of receiving medically approved treatment or care;
- providing medically approved care to someone else, or caring for a child under 16 whose parent or guardian is away from home because he is receiving medically approved care;
- absent because of fear of violence in the home or domestic abuse;
- on an approved training course;
- a student who is eligible for council tax support (for example, if they have to study abroad as part of their course);
- in a residential care home, other than on a trial basis.

53. For absences outside Great Britain, a period of absence from home must not be (or must not be expected to be) more than 4 weeks. However, if the applicant is absent from Great Britain because of the death of a close relative and it unreasonable for him to return within the first 4 weeks, the Council may decide that council tax support can be paid for up to 8 weeks.

54. And the 4 week period can be extended to 26 weeks where the applicant is:

- a member of the armed forces on operations overseas;
- receiving medical treatment in hospital;
- absent because of fear of violence in the home or domestic abuse;
- undergoing (or his partner or dependent child is undergoing) medical treatment or medically approved convalescent care in accommodation other than residential accommodation;
- a mariner or continental-shelf worker.

Extended support - the run-on

55. Extended council tax support (sometimes known as the run-on) can be awarded to people who have been (or their partners have been) receiving Income Support, income-based Jobseeker's Allowance or income-related Employment Support Allowance for at least 26 weeks, and who come off that benefit because they or their partners start employment as an employed or self-employed earner, or increase hours or earnings where that employment is expected to last 5 weeks or more. This also applies to those who were receiving certain contributory benefits which end for the same reason. The qualifying contributory benefits are Incapacity Benefit, contributory Employment and Support Allowance, and Severe Disability Allowance. The qualifying rules are broadly the same as for those coming off income-related benefits.

56. Extended support can be made for up to 4 weeks starting from the beginning of the week after entitlement to a qualifying benefit ends. Support lasts for 4 weeks unless the applicant's liability for council tax ends first.
57. The amount of the extended payment is usually the amount that the applicant was entitled to during the last week he was receiving a qualifying benefit. However, if for any reason entitlement to council tax support after the change of circumstances is higher, the higher amount is paid.
58. Where an applicant who is entitled to extended support moves from one local authority to another, extended support may take the form of a payment from one local authority to the other, or directly to the applicant. The amount of extended payment remains the same, that is, the amount payable in respect of the last week before entitlement to a qualifying benefit ceased. Where an applicant continues to be liable for council tax, the second authority must reduce the new amount of council tax support by the amount of the extended support already awarded.
59. Entitlement to council tax support does not end until the end of the extended support period, even if entitlement would otherwise have ended based on the applicant's new circumstances. The general rules for calculating changes of circumstances do not apply.

Universal Credit

60. The calculation of council tax support for those households receiving Universal Credit is slightly different.⁴ Income is compared to an amount for living expenses in broadly the same way as for other applicants but the definitions are different.
61. For the amount for living expenses, the scheme uses the Universal Credit maximum award, including all elements such as housing. This ensures consistency of treatment between Universal Credit and the council tax reduction scheme in deciding what a person needs to live on.
62. For income, the scheme uses the assessment of income in Universal Credit which is provided by the Department for Work and Pensions, to which is added the actual award of Universal Credit. The way that Universal Credit works means that housing and childcare costs are taken into account under both 'income' and 'living expenses', in effect cancelling each other out. The figure for capital used in the assessment of Universal Credit is used for the calculation of council tax support.

⁴ Schedule to the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012, paragraphs 28 and 37

63. And it is also possible to treat the income as belonging to a non-dependant (and the non-dependant's income as the applicant's) if the Council decides that an arrangement has been made to take advantage of the scheme.
64. Monthly figures are converted to weekly figures by multiplying by 12 and dividing by 52.

People treated as not in Great Britain

65. Council tax support is payable only to those applicants who live in in Great Britain and in some circumstances people are treated as if they are not in Great Britain and are therefore excluded from the scheme. This applies where they do not satisfy the habitual residence test and where they are subject to immigration control.
66. The habitual residence test is in two parts: first, an applicant must show that he is habitually resident (intends to settle and make his home in the UK, Channel Islands, Isle of Man, or the Republic of Ireland). Secondly, EEA nationals (people from EU countries together with Norway, Iceland, Switzerland and Liechtenstein) must have a legal right to live in the UK and claim benefits, i.e. a 'right to reside' in the UK. For example, workers, students, people who are self-sufficient or have lived in the UK for at least 5 years normally have the right to reside. From 1 April 2014, an EEA national who is a jobseeker, is not treated as having the right to reside for the purposes of applying for council tax support simply by being a jobseeker (although he may have a right to reside on some other basis, for example, as a family member of a worker).
67. An applicant will normally pass the habitual residence test if he is receiving Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance. But from 1 April 2015 this does not apply if a new applicant is receiving income-based Jobseeker's Allowance and his right to reside was decided only on the basis that he was a jobseeker or the family member of a jobseeker.
68. British citizens returning to the UK after a period of living or working abroad have an automatic right to reside in the UK but they do need to show that they are habitually resident in the UK.
69. Non-EEA and non-UK nationals may be subject to immigration control and an applicant who is subject to immigration control is excluded from applying for council tax support. For example, this applies where an applicant:
- needs permission to enter or remain in the UK but does not yet have it;
 - has permission to enter or remain in the UK, but only if he does not claim benefits or use other public services;
 - has been given permission to enter or remain in the UK because someone formally agreed to support him.

Citizens resident within England who have arrived as part of the Afghan Citizens Resettlement Scheme (ACRS) will be eligible to claim Council Tax Support where Indefinite leave to remain has been granted.

Citizens arriving from the Ukraine in connection with the Russian invasion will not be required to demonstrate habitual residence and therefore can access support from the council tax support scheme.

Individuals granted leave to enter or remain in the UK outside the Immigration Rules and with recourse to public funds will not be required to demonstrate 'habitual residence' and will therefore be eligible for support from the Local Council Tax Support scheme.

Citizens arriving from the EU by the 31st December 2020 will need to show evidence that they have, or applied for pre settled or settled status in order to make a claim for Council Tax Support.

Citizens arriving in the UK from 01st January 2021 will have their benefit entitlement(s) standardised with non-EEA migrants. This mean they will have no entitlement to State Pension Credit, Housing benefit and Local Council Tax Support schemes.

Students

70. A property that is wholly occupied by full-time students, for example a hall of residence, is exempt from council tax. Most students are not eligible for council tax support but some students who are liable for council tax can get support in specified circumstances. See Annex 8 for a full account, including treatment of student income.

Effective dates

Date entitlement begins

71. An applicant's entitlement to council tax support begins from the start of the support week (Monday to Sunday) which follows the date of application. However, if an applicant becomes liable for the first time for council tax in Blackburn with Darwen and he is entitled to council tax support, his entitlement begins from the support week in which he applies. Entitlement to council tax support for persons in receipt of universal credit will start on the universal credit effective date where an award notice from the Department for Work and Pensions is received.

Date from which changes in circumstances take effect

72. Changes in circumstances also take effect from the Monday following the date of change, apart from these exceptions:

- changes in applicant's income arising from legislative changes affecting rates of income tax, personal tax reliefs, National Insurance contributions, and tax credit rates are ignored for a period of up to 30 weeks (pensioners only);
- a change in the amount of council tax payable takes effect from the date of change;
- a change in the amount a person is liable to pay by way of council tax (for example changes to a discount) also takes effect from the date of change;
- if the change applies to an applicant who now has a partner, or a partner has died, or they have separated, it takes effect from the date of the change;
- backdated payments of income are generally taken into account over an appropriate period as if they had been paid on time.

73. For working-age applicants, a change of circumstance which results in a change in entitlement to council tax support of £2 a week or less is not implemented in the way set out above. Instead, the change is recorded and is implemented only when:
- a subsequent change (or changes) during the current financial year bring the total effect of all the changes to more than £2; or
 - the end of the financial year is reached, in which case the change is implemented in calculating the amount of council tax support for the new financial year.
74. The purpose of this modification is to ensure that the Council does not repeatedly send out amended council tax bills to applicants when the effect of the changes is relatively minor.

Application procedure /online applications

75. Only one partner in a couple (or a polygamous marriage) can apply for council tax support in respect of the same dwelling. If the partners cannot agree who should apply, the Council will decide for them.
76. Where a person who is liable to pay council tax is unable to act for himself and someone has been appointed to act on their behalf (for example an attorney) the person appointed can make an application on behalf of that person. Where there is no-one to act on the person's behalf, the Council may appoint someone to act. An appointee must be aged over 18 and must apply for the appointment in writing. The Council may accept as an appointee someone who has already been appointed by the Department for Work and Pensions to act in respect of a social security benefit. The Council has the power to revoke the appointment at any time and the appointee may resign on giving 4 weeks' notice. If, subsequently, another person is authorised to act on the applicant's behalf (for example, an attorney) the former appointeeship ceases. The appointee must take full responsibility for all aspects of the application and is made fully aware by the Council of the duties involved, including the consequences of failing to comply with those duties.

77. An application may be made:
- in writing; or
 - online; or
 - by telephone in exceptional circumstances.
78. Universal Credit award notices received from the Department for Work and Pensions are treated as an application for council tax support.
79. Assisted digital support is available at Blackburn and Darwen Town Halls.
80. An application made in writing has to be made to the Council office on a form provided by the Council free of charge. Where an application is made on the correct form but is not properly completed, the Council may ask the applicant to complete the form correctly. Where an application is made in writing but not on the correct form, the Council may either supply the applicant with the correct form or ask for further information and evidence.
81. If an application is made online or by telephone and the Council considers that all the required information has not been provided, the Council will give the applicant the opportunity to provide the required information.

Date on which an application is made

82. The date to be taken as the date on which the application is made is normally the date the application is received by the Council, or the date the applicant first notified the Council of his intention to apply, if this is followed up within one month by a properly completed application. There are some exceptions to this general rule:
- if an applicant has been awarded State Pension Credit which includes a guarantee credit, Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, or Universal Credit and the Council tax support application is received within one month of the claim for any of the above listed benefits, the date of application for council tax support is the first day of entitlement to one of those benefits;
 - if an applicant or his partner is in receipt of one of the above listed benefits when he becomes liable for council tax for the first time, and the council tax support claim is received within one month of becoming liable, the date of application for council tax support is the date he became liable;
 - where a couple's relationship comes to an end either due to the separation or death of one of them and the former partner was entitled to council tax support and the application is made within one month of the death or separation, the date of application for council tax support is the date of death or separation;
 - where an application is not properly completed and is corrected within one month (or longer if the Council considers reasonable) the date of application is

the date on which the first contact is made. If the incomplete application is not corrected within one month or other reasonable period, the date of application for council tax support is the date when sufficient information becomes available to decide the application.

Advance applications

83. An applicant may submit an application up to 8 weeks in advance if he anticipates that he will become liable for council tax during that period. The application is treated as made on the day on which liability for council tax begins.
84. Other than where an applicant is a person treated as not being in Great Britain, the Council may treat an advance application as made in the support week before the first week of entitlement to council tax support. This applies where an applicant is not entitled to council tax support in the week after the actual date of application, but the Council considers that he will become entitled within the next 13 weeks (17 weeks for a pensioner) unless there is a change in circumstances.

Date applications are treated as made and backdating

85. Where a pensioner applies and qualifies for council tax support, his application is treated as made 3 months before it was actually made (effectively all applications from pensioners are automatically backdated for a period of 3 months). Where an applicant applies for council tax support within one month of being awarded State Pension Credit including the guarantee credit, the three month period cannot go back any earlier than the date of his State Pension Credit claim.
86. Where an applicant requests his application to be backdated to an earlier date and shows a good reason for not making the application earlier, the application can be backdated to the latest of:
- the first day from which continuous good cause is shown;
 - 6 months before the application was made (or the request for backdating was made);
 - the start of the financial year (if over 6 months) if the Council considers exceptional circumstances are shown.

Evidence and information

87. Where appropriate, the Council can accept evidence submitted online or by telephone to support an application.
88. An applicant to council tax support must provide a National Insurance number for himself and if appropriate, others for whom he is applying, or evidence that he has applied for a National Insurance number. This requirement does not apply to a:
- child or young person;
 - person from abroad;

- person subject to immigration control.
89. An applicant to council tax support must provide such evidence in support of his application as the Council considers reasonable, within one month of being notified of his duty to do so. This does not apply to an applicant who is a pensioner in respect of specified income which is ignored in the calculation of council tax support or whose income has been verified by The Pensions Service, where the Council has been notified of that income. The Council informs the applicant of his duty to notify any change of circumstances, and if asked by the applicant, which change of circumstances must be notified.
90. The Council can require an applicant to whom council tax support has been awarded (or any partner) who is at least the qualifying age for Pension Credit, to supply information about pension fund holders and suppliers of pension fund schemes.
91. Before a decision has been made on an application, an applicant may amend or withdraw the application by notifying the Council either in writing, by electronic communication or by telephone.

Duty to notify changes in circumstances

92. An applicant, or a person acting on behalf of the applicant, has a duty to report changes in circumstances either before an application has been decided by the Council or after council tax support has been awarded. The changes to be reported are those which the applicant might reasonably be expected to know would affect entitlement, and the changes must be notified in writing, by telephone or online within a period of 21 calendar days from the day when the change occurs, or as soon as reasonably practicable afterwards. Some types of change of circumstance do not need to be reported:
- changes in the amount of council tax payable to the council;
 - changes in the ages of the applicant and his family or any non-dependants except where someone ceases to be a child or young person;
 - changes which affect the amount of Income Support, income- based Jobseeker's Allowance, income-related Employment Support Allowance or Universal Credit but not the amount of council tax support, except where the benefit ceases.
93. An applicant who receives State Pension Credit and who has been awarded council tax support does not need to report changes in circumstances except:
- any changes relating to a non-dependant's income or residency;
 - any absence from the home exceeding or likely to exceed 13 weeks.
94. And where State Pension Credit comprises only of Savings Credit, the applicant does not need to report changes in circumstances except:

- changes affecting a child living with him other than age;
- a change in an applicant's capital which takes, or may take, the total to more than £16,000;
- certain changes in the income or capital of a non-dependant or partner⁵

95. All changes in circumstances must be reported in a timely manner. If the applicant is late in notifying the Local Authority of a relevant change of circumstances, the Council Tax Support award will be adjusted accordingly from the date of change and the claimant will be responsible for paying the new liability as billed.

96. If an adjustment is made to the claim which results in a reduction of Council Tax Support and is deemed to be as a result of a Local Authority error (and the applicant could not reasonably have known their award was incorrect) the Local Authority will make the adjustment unrecoverable so as not to disadvantage the applicant.

Decisions and awards

97. Once the Council is satisfied that an application for council tax support has been completed in the proper manner together with all the required evidence and information, it will make the decision within 14 days or as soon as practicable thereafter.

98. Having made the decision on an application, the Council will notify the applicant, or a person appointed to act on behalf of the applicant, immediately, and within 14 days in the case of any other decision. The notification of a decision on an application is normally in the form of a revised council tax bill which includes:

- a reminder about the duty to report changes in circumstances and an explanation of the consequences of failing to do so;
- examples of changes that might affect entitlement to council tax support or its amount;
- information about the effect of the decision on the applicant's council tax liability;
- information about appeal procedures.

99. The revised council tax bill issued by the Council advises the applicant that he can request a written breakdown of the calculation showing how the decision was reached. The Council will respond to such a request within 14 days or as soon as practicable afterwards.

⁵ See paragraph 9 (8) (c) of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

100. Where the Council makes an award of council tax support the applicant's council tax account is credited, and any refunds that may be due are paid by bank transfer.
101. Where the Council revises a decision and the amount of council tax support increases, the Council will credit the applicant's council tax account, and if as a result the account is in credit a refund will be made as soon as reasonably practicable. For working-age applicants, revised decisions amounting to £2 or less are not processed immediately but rolled forward until either the total including subsequent changes reaches more than £2 or the end of the financial year.
100. Where an award of council tax support is due but the applicant has died, the Council will credit any outstanding entitlement to council tax support to the applicant's council tax account, and any credit refund will be made to the executor or administrator as soon as practicable.
101. Where an award of council tax support is revised and the new entitlement is greater than the original entitlement, the amount already awarded for the same period is offset against the new entitlement.

Use of information

102. Where it is lawful to do so, the Council uses information provided by the Department for Work and Pensions and Her Majesty's Revenues and Customs in order to calculate entitlement to council tax support. Similarly, the Council shares information with those departments when it is required to do so.
103. The Council may receive, obtain, verify, record and store information relating to applications for council tax support, from:
- the applicant;
 - other persons in connection with applications;
 - other local authorities;
 - central government departments.
104. The Council may forward information to anyone in the Council or others authorised to act on behalf of the Council, in processing applications for council tax support. This is in accordance with the Council's privacy notice and the General Data Protection Regulation (GDPR).

Revisions and written statements

105. The Council may revise or further revise a decision at any time. On request, the applicant or the person appointed to act on his behalf, may request a written or online explanation of the revision, as long as the request is received within one month of the date of the revised decision.

106. The Council may terminate an award of council tax support, in whole or in part, if the Council considers that:

- the conditions of entitlement have not been met;
- an award should be revised or superseded;
- the applicant has failed to provide information requested;
- the application is fraudulent and/or there is deliberate misrepresentation of the facts in order to take advantage of the scheme.

Appeals

107. If an applicant is dissatisfied with the Council's decision on entitlement to Council Tax Support or the amount awarded, he may write to the Council setting out why he is dissatisfied within one calendar month of the date of the notification/bill. The Council will then consider the matter and notify the applicant in writing, either that he does not have a case stating the reasons why, or that action has been taken to address his concerns. If the applicant is still dissatisfied, or if the Council does not address his concerns within 2 months, he may appeal to the Valuation Tribunal www.valuationtribunal.gov.uk

An individual cannot appeal against the authority's scheme, and accordingly, it is not a decision against which there is a right of appeal to the authority or to the Valuation Tribunal Service.

An applicant can only appeal against the amount of reduction awarded for the reasons below –

- The applicant considers that, under the rules of the local Council Tax Support scheme, the council should have given a reduction on the council tax they have to pay.
- The applicant considers that the amount of reduction the council have given under the local Council Tax Support scheme is not correct.

Discretionary awards

108. If the Council considers it appropriate, it may award council tax support or additional council tax support on a discretionary basis. Applications may be made in writing or online and should be accompanied by supporting evidence. Awards will be made where a customer demonstrates financial hardship. (Also known as an exceptional hardship payment).

109. If the Council decides that a particular group of people should receive support from the discretionary scheme, it may treat an application to the main scheme as an application to the discretionary scheme as well. Any awards are credited to the applicant's council tax account. No cash awards are made.

110. Further information about the Council's discretionary scheme can be found at www.blackburn.gov.uk/benefits

Electronic communication

111. The Council may use electronic communication (for example via computer networks or mobile phones) in administering council tax support and may receive electronic communications including applications online, subject to the following conditions:

- there is an explicit authorisation given by the Council's chief executive;
- there is an approved method of authentication;
- approved forms are used;
- records are maintained in a way specified by the chief executive.

112. Any applications which are not submitted in the approved manner are treated as invalid. The Council may authorise another person or persons to act as intermediaries in connection with the delivery of information electronically and its authentication.

113. Any information delivered electronically is treated as if it were delivered in any other way required by the Council's scheme, as long as the above conditions are met. Information is treated as not delivered until it is accepted by the Council's official computer system. If, for legal reasons, it becomes necessary to prove the identity of the sender or recipient of information sent or received electronically, it is presumed to be the person named on the official computer system. Similarly, if it is necessary to prove that information sent electronically has actually been delivered to the Council, it is treated as received if it is recorded on the official computer system. By the same token, if it is not recorded as received on the official computer system it is treated as not received. And the time, date and content of any electronic communication is presumed to be that recorded on the computer system.

Fraud and compliance

114. The Council is determined to combat fraud in order to protect both its finances and the wider interests of all taxpayers. The Council makes every effort to prevent and detect fraud by using due diligence, and will take appropriate action where an application is found to be fraudulent or misrepresented to take advantage of the scheme.

115. In order to minimise the opportunity for fraud, the Council will:

- verify applications for council tax support rigorously;
- employ sufficient staff to meet its commitment to combat fraud;
- actively tackle fraud where it occurs;
- co-operate with the Department for Work and Pensions and Her Majesty's Revenue and Customs in joint-working, including prosecutions;
- in all cases seek to recover all outstanding council tax.

116. In order to ensure that the above actions are carried out successfully, the Council will put in place all the required administrative policies, procedures and processes.

Annex 1 – Glossary of terms

Alternative maximum council tax support	A way of calculating council tax support for pensioners where there is a second adult sharing the household who would normally be expected to contribute towards the council tax bill, but who cannot afford to do so.
Amount for living expenses	An amount of money assumed to be sufficient to cover day-to-day living expenses.
Applicant	A person who has made an application to the Council for council tax support.
Application	An application for council tax support.
Armed Forces Independence Payment	A payment made in accordance with an armed and reserve forces compensation scheme.
Attendance Allowance	A benefit for people aged 65 and over that helps with the extra costs of long-term illness or disability, which can be either physical and/or mental. It is paid regardless of income and savings, and is tax-free.
Carer's Allowance	A benefit for someone caring for another person for at least 35 hours a week. It is paid regardless of income and savings but can be taxable.
Child	A person under the age of 16.
Child Benefit	A non means-tested benefit (below income of £60k) to help with the cost of children. It is usually paid monthly to a person who is responsible for a child either aged under 16 or aged 16 to 20 in full-time education or training.
Child Tax Credit	A payment to help with the cost of children aged under 16, or 16 to 20 in full-time education or training, for whom a person is responsible. It is income-related and paid in addition to Child Benefit to people in work and out of work.
Close relative	A parent, parent-in-law, son, son-in-law, daughter, daughter-in-law, step-parent, step-son, step-daughter, brother, sister. Where any of these close relatives is one member of a couple, the definition includes the other member of that couple.
Concessionary payment	A payment made in certain circumstances to compensate a person for the non-payment of a benefit or a tax credit.
Council	Blackburn with Darwen Borough Council.
Council Tax Reduction Scheme	A scheme designed to help people in financial need pay their council tax.

Council tax support	A term generally used to describe a council tax reduction scheme.
Couple	Two people who are married to, or civil partners of, each other, or are living together as though they were married or civil partners, in the same household.
Disability Living Allowance	A non means-tested, non-taxable benefit paid to people who need supervision or help with their daily or nightly care, or who have mobility problems. It has now been replaced for most people by Personal Independence Payment but is still paid for children.
Earnings	Any remuneration or profit derived from employment
Employed earner	A person who is gainfully employed under a contract of service.
Employment and Support Allowance	A benefit paid to working-age people who have an illness, health condition or a disability which makes it difficult or impossible to work. Contribution-based Employment and Support Allowance is not means-tested but based on National Insurance contributions. Income-related Employment and Support Allowance is means-tested.
Estrangement	A breakdown of a relationship between 2 persons.
Extended reduction	A set amount of council tax support made for a specified period, usually 4 weeks.
Family	A couple, or a couple where one or both have responsibility for a child or young person living in the same household, or a lone parent who has responsibility for a child or young person living in the same household.
Financial or tax year	The period beginning 6th April in one year to 5 th April in the following year.
He, him, his	In this document these terms have the same meaning as she, her and hers.
Household	Not defined as such but given its every-day meaning, taking account of factors such as the overall relationship between the parties, living arrangements and the degree to which facilities are shared. Children and young people are treated as part of the household even when temporarily absent but are not part of the household in certain specific circumstances, such as when they are living in care or formally placed with the applicant.
Housing Benefit	An income-related (means-tested) benefit paid to tenants on low incomes (either in or out of work) to help pay their

	rent. The scheme is administered by local authorities in accordance with national legislation.
Income Support	An income-related (means-tested) benefit paid to working-age people on low income such as carers and lone parents. It is not usually paid to someone receiving Jobseeker's Allowance or Employment and Support Allowance.
Jobseeker's Allowance	A benefit paid to working age people who are not working (or working less than 16 hours a week) and who are available for, and actively seeking full-time work. Contribution-based Jobseeker's Allowance is not means-tested but depends on National Insurance contributions. Income-based Jobseeker's Allowance is means-tested.
Local authority	An authority responsible for issuing council tax bills and providing a scheme for council tax support.
Lone parent	A person who has no partner and who is responsible for a child or young person living in the same household.
Macfarlane Trust	A charitable trust established to help relieve poverty or distress among those suffering from haemophilia.
Maternity leave	A period during which a woman is absent from work because she is pregnant or has given birth to a child, and after which she has the right to return to work.
Medically approved	Certified by a medical practitioner.
National Minimum Wage	The minimum amount that legally must be paid to an employed earner.
National Insurance	A form of taxation on earnings and self-employed profits paid into a fund from which some social security benefits are paid. The Department for Work and Pensions issues National Insurance numbers which are unique to each person and required when applying for council tax support.
Net earnings	The amount of earnings after specified deductions such as income tax and National Insurance contributions.
Net profit	The amount treated as self-employed earnings which is the applicant's total profit less specified deductions such as allowable expenses.
Non-dependant	A person living as a member of the applicant's household who is not his partner, or a child or young person for whom he is responsible, with certain exceptions such as joint-occupiers, boarders and paid carers.

Non-dependant deduction	A set amount deducted from an applicant's council tax support as a contribution made by a non-dependant towards household expenditure.
Occupational pension	Any pension or other periodical payment made under an occupational pension scheme.
Official computer system	A computer system maintained by or on behalf of a local authority for sending, receiving, processing or storing of any information.
Partner	The person who is the other member of a couple.
Paternity leave	A period of leave during which a father or partner is absent from work in order to care for his new-born or newly- adopted child, after which he has the right to return to work.
Pensioner	A person who has reached the qualifying age for State Pension Credit and is not (or where there is a partner the partner is not) receiving a working-age income-related benefit.
Personal Independence Payment	A replacement benefit for Disability Living Allowance designed to provide help to people over 16 who need care or who have mobility needs. It is not means-tested or taxable.
Personal pension scheme	A pension that a person arranges individually which is based on how much is paid into the scheme and how successful the pension provider's investments are.
Polygamous marriage	A person who is a husband or wife as a result of a marriage entered into under a law which permits polygamy and either party to the marriage has an additional spouse.
Public authority	A body or organisation which has a public function, for example the NHS and local authorities.
Relative	A close relative (as defined above) as well as a grandparent, grandchild, uncle, aunt, nephew or niece.
Remunerative work	Where a person is working for at least 16 hours a week (which may be an average) for which payment is made or which is done in expectation of payment.
Resident	An applicant is resident in a dwelling if he occupies it as his sole or main home.
Residence rules	Qualifying conditions whereby an applicant has to establish that he has the right to live in the UK and

	intends to settle in the UK, Isle of Man, Channel Islands or Ireland and make it his home.
Second adult reduction (or second adult rebate)	Another term for alternative maximum council tax support (see above).
Self-employed earner	A person who is gainfully employed in Great Britain otherwise than in employed-earners employment.
Service user	A person who is consulted by, or on behalf of, certain public bodies.
State Pension Credit	An income-related (means-tested) benefit paid to pensioners on a low income. It has two components: the minimum guarantee and an additional 'savings credit' designed to reward those who have put by savings and income for retirement.
Sports award	An award made by certain specific sports councils from funds derived from the National Lottery.
Student	A person who is attending or undertaking a defined course of study at an educational establishment or on a qualifying course.
Support or reduction week	A period of 7 days commencing on a Monday and ending on a Sunday.
Temporary absence	A period not exceeding a specified number of weeks where a person is temporarily absent from their home and intending to return to that home, and has not sub-let that part of the home they normally occupy.
The Trusts	The Macfarlane Trust, the Macfarlane (Special Payments Trust) and the Macfarlane (Special Payments) (No.2) Trust.
Universal Credit	An income-related (means-tested) benefit for people of working-age who are on a low income. It replaces four existing means-tested benefits, including Housing Benefit and two tax credits.
Voluntary organisation	A body other than a public or local authority whose activities are carried out on a not-for-profit basis.
War Disablement Pension	A payment paid to people who have been injured or disabled as a result of any service in Her Majesty's Armed Forces. The amount paid depends on the severity of the disablement.
War Widow's Pension	A pension payable to the widow, widower or in some circumstances the children of someone killed in the

	Armed Forces or who died later as a result of injury in the Armed Forces.
Working-age applicant	A person who has not reached the qualifying age for State Pension Credit or who has reached that age but is receiving (or where there is a partner the partner is receiving) a working-age income-related benefit.
Working Tax Credit	An income-related payment made to someone in paid work but on a low income. Different qualifying conditions apply depending on age and hours worked.
Young person	A person who is a qualifying young person for Child Benefit purposes. The young person must be over 16 and under 20 and on a course of full-time, non-advanced education or in approved training, or in appropriate full-time education.

Annex 2 - Polygamous marriages

A polygamous marriage means any marriage where one party is married to more than one person, and the ceremony of marriage took place under the law of a country which permits polygamy. The amount for living expenses for polygamously married couples is calculated by awarding the highest amount applicable to the applicant and one of his partners. An additional amount is awarded for each other partner and is the difference between the allowance for a single person aged 25 or over and a couple aged 18 or over (See Appendix 1). The amounts awarded for children and other components are the same as for other applicants.

Where an applicant is polygamously married he is treated as possessing the income and capital of all partners to the marriage with whom he shares the household.

Where a person who is polygamously married lives as a non-dependant member of an applicant's household, only one non-dependant deduction is made, but the amount deducted is the highest applicable after taking account of the circumstances and income of all partners in the marriage.

Annex 3 - Childcare charges

Where incurred, childcare charges can be deducted from income where the applicant is:

- A lone parent who is working at least 16 hours a week;
- A member of a couple both of whom are working at least 16 hours a week;
- A member of a couple one of whom is working and the other is incapacitated, in hospital or in prison.

For the purposes of childcare charges an applicant can be treated as working during the first 28 weeks of a period of sickness as long as he was in work immediately before getting a specified sickness or disability benefit (or appropriate National Insurance credits). Also, an applicant can be treated as working if he is absent from work, on maternity, adoption, shared parental, parental bereavement or paternity leave, as long as he was in work immediately before the leave began and is entitled to statutory, maternity, adoption, paternity or shared parental pay or maternity allowance.

To be eligible, the childcare charges must be:

- paid by the applicant or his partner;
- in respect of a child who is a member of the applicant's family;
- for care provided by specified care providers, for example registered child minders;
- in respect of a period before the first Monday following the child's 15th birthday (16th birthday if the child is disabled).

The charges cannot be for care provided by a member of the applicant's family or for care which mainly takes place in the applicant's home. And the charges cannot be payments in respect of the child's compulsory education.

Childcare charges are estimated over an appropriate period of no more than one year in order to arrive at an accurate average weekly charge.

Annex 4 - Definition of earnings as an employed earner

The definition of earnings includes the following:

- any bonus or commission;
- payments to compensate for loss of earnings but not redundancy payments;
- payments in lieu of notice or payments intended as compensation for loss of employment;
- holiday pay but not if it is paid more than 4 weeks after employment ends;
- payments made for a period when no actual work has been carried out, for example a retainer;
- any expenses which are not 'wholly, exclusively and necessarily incurred' in connection with employment such as travelling expenses between home and work;

- compensation for unfair dismissal from work and any other payment made under employment rights legislation;
- any statutory sick pay, maternity pay, paternity pay and adoption pay;
- payments made by or on behalf of an employer to an applicant who is on maternity or paternity leave, adoption leave or is absent from work because of illness;
- non-cash vouchers which have been counted when calculating liability to pay National Insurance contributions.

The definition of earnings does not include:

- payments in kind with the exception of non-cash vouchers as above;
- expenses which are 'wholly, exclusively and necessarily incurred' in connection with employment;
- any occupational pension;
- expenses arising from participation in consultation exercises on behalf of specified public authorities.

Annex 5 - Calculation of self-employed earnings

The earnings of a self-employed earner are the gross income from the employment. Local authority payments to foster parents, and certain kinship carers are not treated as self-employed earnings but as income other than earnings.

Royalties, copyright, design, patent, trademark and Public Lending Right Scheme payments are taken into account over a set period of weeks. The number of weeks is obtained by dividing the amount of the payments by the amount of council tax support which would be payable had the applicant not received the payments, plus the amount that would normally be ignored in his case.

The earnings to be taken into account are the net profit from the business less any amount which is ignored under Appendix 3. Where a self-employed applicant is a partner (or a share fisherman) the net profit is his share of the profit.

In order to arrive at a figure for net profit, the following expenses are deducted from gross earnings:

- any expenses 'wholly and exclusively' incurred including repayments of capital on business loans for the replacement of equipment or machinery, or the repair of existing business assets (after any insurance payments);
- appropriate income tax and National Insurance contributions;
- one half of any sum paid periodically in respect of a personal pension scheme;
- net payments of VAT and interest payments on loans taken out for the purposes of the applicant's business.

The following items are not considered to be expenses:

- capital expenditure;
- depreciation of any capital asset;
- any sum earmarked for setting up or expanding the business;
- losses incurred before the period over which the earnings are calculated;
- repayment of capital on business loans;
- any debts owed to the business except certain irrecoverable debts;
- expenses that the Council consider have not been reasonably incurred;

Special arrangements apply in assessing the net profit of childminders. The net profit is one third of the earnings less income tax, National Insurance contributions and one half of the payments to a personal pension scheme.

Where an applicant has more than one employment as a self-employed earner, any losses incurred in any one of his employments cannot be offset against his earnings in any other of his employments.

Annex 6 - Calculation of income other than earnings

The following are examples of how an applicant's income other than earnings is calculated:

- where a benefit payment, for example Income Support, includes a deduction to recover an overpayment, it is the gross amount of the benefit that is taken into account;
- where an applicant is receiving a reduced rate of contributory Employment and Support Allowance because of a sanction, it is the full amount that is taken into account;
- where tax credit for the current tax year includes a deduction to recover an overpayment of tax credits for the previous year, it is the tax credit less the deduction that is taken into account;
- where a student applicant in receipt of a student loan leaves their course prematurely, he is treated as having the same weekly income from the loan as if he had completed the course, but only for the period during which he attended the course.

Annex 7 - Income which is treated as capital

- occasional bonus payments to part-time coastguards, fire-fighters, and those manning lifeboats;
- refunds of income tax deducted from profits or emoluments chargeable to income tax under Schedule D or E;
- any holiday pay which is paid more than 4 weeks after the employment ends;

- with some exceptions (see Appendix 5) any income derived from capital but only from the date it is normally due to be credited to the applicant's account;
- any advance of employed earnings or any loan made by the applicant's employer;
- with the exception of payments made by certain specified⁶ trust funds, any charitable or voluntary payment which is not made or due to be made at regular intervals;
- the gross receipts of any commercial activity undertaken by a self-employed applicant receiving council tax support, but only if those receipts were payable into a special account;
- any arrears of subsistence allowance which are paid to an applicant as a lump sum;
- any arrears of working tax credit or child tax credit;
- any payment made through an approved trust for providing assistance to a disabled person whose disabilities were caused by the Thalidomide drug.

Annex 8 - Students

To be eligible for council tax support, a student must be liable for council tax and be in one of the following categories:

- receiving Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance;
- a lone-parent;
- student couples with responsibility for a child or young person;
- disabled and would be entitled to a disability premium;
- a single foster carer;
- treated as incapable of work (or having limited capability for work) for a continuous period of at least 156 days;
- under 21 and not in higher education;
- under 20 and someone receives Child Benefit for them;
- receiving a Disabled Student's Allowance for deafness;
- have interrupted their course due to illness or caring responsibilities (with the approval of their college or university) for the period between their illness or caring responsibilities ending and when they return to University, but only if they do not receive student finance during that time;
- pension-age, or whose partner is pension-age;
- covered by a sick note saying that they have not been able to work due to illness or disability for at least 28 weeks;
- part-time students.

⁶ Schedule to the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012, paragraph 64 (7)

Calculation of grant income

A student's grant income is taken fully into account, except payments for the following:

- tuition or examination fees;
- in respect of disability;
- residential study away from their normal place of study;
- maintaining a home away from their normal place of study;
- £390 for the cost of books and equipment, £303 for travel expenses (but only where the student does not have or treated as having a student loan) and childcare costs;
- higher education bursary for care leavers;
- the grant for dependants known as the parents' learning allowance.

Where a student receives other income (for example a gift) to cover expenditure necessarily incurred in respect of the above items, it is ignored but only to the extent that it exceeds the amount ignored from grant income (for example, £390 for the cost of books).

Grant income is normally taken into account over the period of study for which it paid. This generally means the period beginning with the start of the course and ending with the last day of the course. In the case of a sandwich course, any periods of work experience are excluded from this calculation.

Calculation of student loans

A student loan (or a postgraduate master's degree loan) is treated as income. This also applies where a student doesn't actually have a loan but could obtain one. And if a student is treated as having a loan it is the maximum amount available (or in the case of a postgraduate master's degree loan 30% of the maximum available) which is treated as income.

£10 of the weekly amount is ignored. A fixed amount of £390 towards the cost of books and equipment, and £303 towards the cost of travel is deducted from the loan income, whether or not the costs are actually incurred.

Any loan taken out by a student to pay their fee contribution to an educational establishment is ignored.

Any discretionary access funds paid periodically by a college or university are ignored unless intended for and used for specified basic needs, in which case the funds are fully taken into account less £20 a week. Where access funds are paid by way of a lump sum, the lump sum is treated as capital. However, where the lump sum is used for items other than specified basic needs it is ignored for a period of 52 weeks from the date of payment.

Where a student's partner has been assessed for a contribution to his grant or loan, that contribution is taken into account as income, but an equal amount of the partner's income is ignored.

Appendix 1 - Living expenses

The amounts for living expenses consist of amounts for the applicant and where appropriate his partner (known as personal allowances), amounts for children and young people, and additional amounts, known as premiums, mainly for disability and caring responsibilities.

Amounts for the applicant	£ per week
Single person aged between 18 and 24	67.20
Single person on full Employment and Support Allowance	84.80
Single person aged between 25 and pension age	84.80
Lone parent below pension age	84.80
Couple below pension age	133.30
Single person or lone parent who has reached pension age (before 1 st April 2021)	217.00
Couple, one or both have reached pension age (before 1 st April 2021)	324.70
Single claimant who has attained pensionable age on or after 1 April 2021	201.05
Lone parent who has attained pensionable age on or after 1 April 2021	201.05
Couple, Both members have attained pensionable age on or after 1 April 2021	306.85
Amounts for children, young people	£ per week
Dependent child/young person aged under 20 ⁷	77.78

⁷ This was limited to 2 children from 6th April 2017 in the prescribed scheme but the Council has decided to include all children and young persons in its scheme.

Premiums	
Family premium	18.53
Family premium (lone parent in certain circumstances)	22.20
Disabled child premium (for each child)	74.69
Carer premium	42.75
Disability premium for single claimant	39.85
Disability premium for a couple	56.80
Enhanced disability premium for single claimant	19.55
Enhanced disability premium for a couple	27.90
Enhanced disability premium for a child	30.17
Severe disability premium for single claimant	76.40
Severe disability premium for a couple (one qualifies)	76.40
Severe disability premium for a couple (both qualify)	152.80
For certain applicants in receipt of Employment and Support Allowance	£ per week
Work related activity component	33.70
Support component	44.7

**The rates above are set by the Department for Work and Pensions annually and the Council Tax scheme is amended/maintained to reflect any changes accordingly set by them, and used within the calculation of any Council Tax Support award.

A brief explanation of qualifying conditions for the various premiums:

Family Premium

This applies where the applicant's family includes at least one child or young person. It was abolished from 1st May 2016 in the prescribed scheme but the Council has decided to retain it.

Disabled child premium

This applies where an applicant or partner is responsible for a child or young person living in their household who meets at least one of the following conditions:

- is blind;
- receives Disability Living Allowance;
- receives Personal Independence Payment;
- would receive one of these benefits if they were not in hospital.

The disabled child premium is paid for each child who satisfies one of the above conditions.

Carer Premium

This applies where an applicant or partner is entitled to Carer's Allowance (including where Carer's Allowance is not paid because of overlapping benefit rules). The applicant must have actually made a claim for Carer's Allowance in order for the premium to apply.

If both the applicant and his partner qualify for carer premium, two premiums are paid.

Disability premium

This applies where an applicant or his partner is under the qualifying age for State Pension Credit and either registered blind or receiving:

- Disability Living Allowance;
- Personal Independence Payment;
- Armed Forces Independence Payment;
- Working Tax Credit with a disability element;
- Attendance Allowance;
- Constant Attendance Allowance;
- War Pensioners Mobility Supplement;
- Severe Disablement Allowance;
- Incapacity Benefit.

It is also paid in certain circumstances where an applicant has been unable to work for at least a year.

Enhanced disability premium

This applies where an applicant or his partner is under the qualifying age for State Pension Credit and receiving the disability premium or income-related Employment Support Allowance, and one of the following:

- Personal Independence Payment daily living component at the higher ('enhanced') rate;
- Armed Forces Independence Payment;
- Disability Living Allowance care component at the highest rate.

Or an applicant is in the support group for income-related Employment Support Allowance.

Severe disability premium

This applies where an applicant is receiving the disability premium or income-related Employment Support Allowance, and one of the following qualifying benefits:

- Personal Independence Payment daily living component;
- Armed Forces Independence Payment;
- Disability Living Allowance care component at the middle or highest rate;
- Attendance Allowance (or Constant Attendance Allowance paid with Industrial Injuries Disablement Benefit or War Pension).

A further condition is that no-one aged 18 or over is living with the applicant, unless they're in one of these situations:

- they receive a qualifying benefit;
- they are registered blind;
- they are a boarder or sub-tenant (but not a close relative);
- they make separate payments to the landlord.

The severe disability premium is not paid if someone is receiving Carer's Allowance or the carer's element of Universal Credit for looking after the applicant.

Couples receive the higher amount of severe disability premium if both of them are eligible, or the lower amount if:

- someone receives Carer's Allowance or the carer's element of Universal Credit for looking after only one member of the couple; or
- only one member of the couple meets the eligibility criteria and the other is registered blind.

Appendix 2 - Alternative Maximum Council Tax Reduction (or Second Adult Reduction) - Pensioners

Pensioners may qualify for council tax support through the alternative maximum council tax reduction, sometimes known as the second adult reduction or rebate. This is where there is a second adult sharing the household who would normally be expected to contribute towards the council tax bill, but who cannot afford to do so. The amount of the reduction depends on the income of the second adult:

Where the second adult or second adults are in receipt of Income Support, income-related Employment and Support Allowance, income-based Jobseeker's Allowance or State Pension Credit.	25%
Where the gross income of the second adult, or where there is more than one second adult, their aggregate income (ignoring income from income-related benefits) is less than £222.00 per week.	15%
As above, but where the income is £222.00 per week but less than £288.00 per week.	7.5%
Where a dwelling would be wholly occupied by students (who are not entitled to council tax support under the main scheme) but for the presence of one or more second adults in receipt of an income-related benefit.	100%

In calculating a second adult's gross income, payments of Attendance Allowance, Disability Living Allowance, Personal Independence Payment or Armed Forces Independence Payment are ignored. Payments from certain specified trusts such as the Macfarlane Trust are also ignored.

Appendix 3 - Earnings that are ignored fully or in part

Earnings paid before the first day of entitlement

Where an applicant ceases employment as an employed earner because of retirement and is entitled to retirement pension (or would be if he satisfied the contribution conditions), his earnings are ignored from the date after the employment has been terminated.

Where an applicant ceases employment as an employed earner for reasons other than retirement before the first day of entitlement to council tax support, his earnings are ignored except for certain specified payments such as retainers and compensation for unfair dismissal.

Where an applicant has not ceased employment but his working hours have decreased to fewer than 16, or he is ill or she is on maternity leave before the first day of entitlement to council tax support, the earnings are ignored other than specified payments such as statutory sick pay, statutory maternity pay, paternity, shared parental pay or parental bereavement pay.

The above paragraphs also apply when an applicant has been working part-time (fewer than 16 hours a week) and that employment either comes to an end or is interrupted.

Similar arrangements apply when employment or part-time employment as a self-employed earner comes to an end: earnings, other than royalties or analogous payments, are ignored from the date the employment ended.

Earnings paid when council tax support has been awarded

The applicant's earnings which are ignored are shown in the table below.

Amount ignored	Circumstances which must apply
All	Where the applicant is receiving Income Support, income-based Jobseekers Allowance, income-related Employment and Support Allowance or Universal Credit because earnings will already have been taken into account in assessing entitlement to these benefits.
£20	Entitled to a disability or severe disability premium, work-related activity or support component of Employment and Support Allowance or a carer premium. (NB £20 in total for couples.)
£25	Lone parent.
£10	Couples where £20 is not ignored.
£20	Where the applicant receives earnings from employment as a part-time fire fighter, auxiliary coastguard, manning or launching a lifeboat or being a member of any territorial or reserve force. (NB £20 in total for couples if they are both employed in this way.)
£5	Single person where £20 is not ignored.
All	Earnings of a child or young person.

If earnings are paid abroad and cannot be transferred to the United Kingdom they are ignored whilst the situation exists. If earnings paid in a different currency have to be converted into sterling any banking charge or commission is ignored.

In addition to the amounts listed in the table above a further £17.10 is ignored where the applicant:

- qualifies for a 30 hour element in the calculation of their working tax credit;
- is aged at least 25 and who works for at least 30 hours a week or who has a partner who does so;
- has a partner and one of them is working 16 hours or more a week and whose family includes at least one child or young person;
- is a lone parent working 16 hours a week or more;

- is working or his partner is working 16 hours or more a week and is entitled to a disability premium, a work-related activity component or a support component of Employment and Support Allowance.

Appendix 4 - Income other than earnings that is ignored fully or in part

Income wholly ignored – benefit payments:

- Attendance Allowance, Disability Living Allowance, Personal Independence Payment Armed Forces Independence Payment and any mobility supplement paid to members of the armed forces;
- all income when the applicant is receiving Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Universal Credit;
- any concessionary payment made to compensate for non-payment of any of the benefits mentioned immediately above;
- War Disablement Pension, a War Widow's or War Widower's Pension and certain analogous payments;
- Christmas bonus for pensioners;
- Guardian's Allowance;
- Child Benefit;
- Discretionary Housing Payments;
- payments made under a local welfare provision (formerly part of the Social Fund);
- any increase in the rate of social security benefits for a dependant who is not a member of the claimant's family.
- An overlap of a Universal Credit award (relevant assessment period) where someone who becomes of pensionable age moves from Universal Credit to State Pension as a result.
- Any new Adult Disability Payment established by the Scottish Government, where the customer moves to England.

Income wholly ignored – expenses:

- any payment made for travelling or other expenses relating to participation in a recognised work programme;
- any payment made for expenses incurred for unpaid voluntary work;
- payments arising from participation in consultation exercises undertaken by certain public bodies;
- payments for expenses to attend a court of law (for example, travel, subsistence and accommodation), for example jury service or acting as a witness;
- any payment of expenses in respect of an employed earner that is 'wholly, exclusively and necessarily incurred'.

Income wholly ignored – other:

- charitable and voluntary payments, but not where the payment is made by a former partner of the applicant, or former partner of any member of the applicant's family or the parent of a child or young person where they are a member of the applicant's family;
- certain personal injury payments including payments under an annuity or court order;
- any payment made to the applicant as a holder of the Victoria Cross, the George Cross or any analogous payment;
- payments made from the Macfarlane and similar trusts, and certain analogous payments;
- any payment made under the Assisted Prison Visit's Scheme set up to help relatives or other persons to visit persons in custody;
- payments akin to education maintenance allowance;
- certain specified training allowances;
- any payment made under the Employment Services Access to Work scheme for disabled people;
- direct payments made to disabled people to buy services and direct payments in lieu of health care;
- payments made by a local authority to enable the applicant or his partner to live independently;
- a parental contribution taken into account in calculating a student's grant or loan, and payments where there is not a grant or loan up to a limited extent;
- payments made to the applicant by a child, young person or non-dependant;
- child maintenance payments except when paid by the applicant or his partner;
- certain payments made in respect of adoption, fostering and provision of respite care;
- payments made in lieu of vouchers for Healthy Start food and vitamins or for milk tokens;
- income in kind;
- income derived from capital in most circumstances;
- income from abroad that cannot be transferred to the United Kingdom;
- any banking charges or commission to convert a payment of income into sterling;
- payments received under an insurance policy taken out against the risk of being unable to maintain certain loan repayments;
- tax on income which is otherwise taken into account;
- payments of income which are treated as capital under this scheme;
- payments in respect of certain NHS charges, for example dental treatment;
- sports awards, unless they are intended for certain basic needs.
- Any payment made by the Childs Migrants Trust (registered charity number 1171479) under the scheme for former British child migrants

- Any cost of living award as determined by the Social Security (Additional Payments) Act – Section 8(a).
- Any pensioner cost of living award (including the winter fuel payment) as determined by the Council Tax Reduction Schemes (prescribed requirements) (England) Regulations 2012.
- £350 monthly payments made to sponsors in respect of the Homes for Ukraine scheme.

Income partially ignored

Subject to a combined maximum of £20:

- £15 of any Widowed Mother's Allowance or Widowed Parents' Allowance;
- £15 of maintenance payments other than child maintenance;
- £20 of payments to the applicant made by sub-tenants of the applicant's home with a formal liability to pay rent;
- £20 of payments made by a boarder plus half the amount in excess of £20;
- payments of Working Tax Credit up to £17.10 where earnings are too low to use the whole amount ignored under standard arrangements.

Appendix 5 - Capital that is ignored

Property

- the dwelling normally occupied by the applicant as his home including any garden, garage and outbuildings;
- premises occupied wholly or partly by a partner, relative or any member of the applicant's family as his home where that person has attained the qualifying age for State Pension Credit or is incapacitated;
- premises occupied by a former partner as his home providing that the applicant is not estranged or divorced from his former partner, nor where the applicant had formed a civil partnership that has been dissolved;
- any premises that the applicant acquires and intends to occupy as his home within 26 weeks from the date of acquisition or within a longer period if the Council considers reasonable;
- any sum solely attributable to the sale of premises formerly occupied by the applicant as his home which is to be used for the purchase of other premises that he intends to occupy as his home within 26 weeks of the sale, or a longer period if the Council considers reasonable and necessary to secure the purchase;
- any future interest in property (for example where a person has been left property for life that the applicant is due to inherit on their death) but not where the applicant has granted a lease or tenancy including sub-leases or sub-tenancies;
- the business assets owned wholly or partly by the applicant while working for the business, but where he ceases working, the value of the business assets are ignored

only for a period in which the Council decides is reasonable to allow for the disposal of such assets;

- payments for repair to, or replacement of, personal possessions, repairs or improvements to the home are ignored for 26 weeks or a longer period if the Council considers it reasonable;
- the applicant's former home which he left following estrangement, divorce or dissolution of a civil partnership for a period of 26 weeks from the date on which the applicant left the home. Where the applicant's former home is occupied by the former partner who is a lone parent, the value of the home is ignored so long as the former partner continues to occupy the home;
- for 26 weeks or longer if reasonable, the value of any premises which the applicant is taking reasonable steps either to dispose of, or to obtain possession of, or which he intends to occupy after essential repairs or alternations;
- deposits held by a housing association, and (for 26 weeks or a longer period if the Council considers reasonable) deposits that were so held and earmarked for buying a home;
- for 26 weeks or longer if reasonable, any grant made by a local authority in order to help purchase premises that an applicant intends to occupy as his home or for essential repairs or alterations to be carried out and make fit for occupation.

Benefits

- capital already taken into account when the applicant is receiving Universal Credit, Income Support, income-based Jobseeker's Allowance, or income-related Employment and Support Allowance;
- payments of arrears or compensation in respect of any income-related benefit, discretionary housing payment and tax credit for a period of 52 weeks from the date of receipt of those arrears;
- payments made under a local welfare provision (formerly part of the Social Fund) sometimes known as occasional assistance;
- compensation for late payment of a social security benefit;
- any payment to rectify or compensate for an official error relating to specified social security benefits, but where the payment is £5,000 or more, only as long as the payment is made on or after the date on which council tax support is awarded and only for the duration of that award;
- for 52 weeks any payment of council tax support;
- where an applicant is entitled to council tax support solely through the alternative council tax support route (see Appendix 2), all his capital is ignored.
- any payment made under the Energy Rebate Scheme 2022. The Energy Rebate Scheme 2022 means the scheme to provide financial support in respect of energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022

Compensation

- any payments made from the Macfarlane and similar trusts and certain other analogous trusts;
- any payment made to the applicant or his partner as a result of personal injury but only for a period of 52 weeks;
- compensation paid to children and young people for personal injury or the death of a parent while the capital is held by a court or administered by a responsible person;
- any £10,000 ex gratia payment made as a result of imprisonment or internment by the Japanese during the Second World War;
- the value of certain trust funds derived from payments made as a result of personal injury;
- certain trust payments made to the applicant or a member of his family to compensate those who suffer from or who have died from variant Creutzfeldt-Jakob disease;
- payments made to people who were slaves or forced labourers, suffered property loss or personal injury, or who were parents of a child who died during the Second World War;
- payments made to those with an annuity policy from the Equitable Life Assurance Company.
- Payments received via the Grenfell Tower Residents Discretionary fund
- Windrush payments received via the Windrush Compensation Scheme (Expenditure) Act 2020(4).
- A historical child abuse payment
- Any compensation awarded via the infected blood support scheme.

Other

- personal possessions unless they have been bought to secure or increase entitlement to council tax support;
- cash payments made by a local authority to help children in need;
- payments made by a local authority to a person aged 18 or over who was formerly in the applicant's care and continues to live with the applicant and who gives the payments to the applicant;
- any payments in kind made by a charity or made from the MacFarlane or similar specified trusts;
- the health-in-pregnancy grant paid to pregnant women to help them prepare for the birth of the baby;
- any payment other than a training allowance made to assist disabled people to obtain or retain employment;
- any payment made by a local authority under specified provisions to a blind homemaker;
- any payment made to the applicant as holder of the Victoria or George Cross;

- for 52 weeks, any arrears of a specified military pension;
- payments akin to an education maintenance allowance;
- for 52 weeks, any arrears of subsistence allowance;
- payments made by a local authority intended to enable an applicant or his partner to live independently in their accommodation;
- any direct payments for health care;
- certain payments made in respect of adoption, fostering and guardianship support;
- for 52 weeks, payments made in respect of certain NHS charges, hospital travel costs, payments in lieu of Healthy Start food vouchers, milk tokens or the supply of vitamins, and for assisted prison visits;
- the surrender value of annuities or the right to receive income under them;
- the surrender value of any life insurance policy;
- where a payment of capital is made by instalments, the value of the right to receive outstanding instalments;
- payments made to help people select, train for, obtain and retain employment under the Employment and Training Act 1973;
- for 52 weeks, any payment to a self-employed person in order to establish or develop his business;
- for 26 weeks, sports awards unless intended for basic needs;
- the value of the right to receive any income payable abroad which cannot be transferred to the United Kingdom;
- any banking charges or commission to convert a payment of capital into sterling;
- the right to receive any income under a life interest or life rent;
- the value of the right to receive an occupational or personal pension;
- the value of any funds held under a personal pension scheme;
- the value of the right to receive any rent except where the applicant has a reversionary interest in the property where rent is due.



Dear Sir / Madam,

Council Tax Support scheme – Consultation

Each year the Council is required to set a budget and decide how its services are delivered. In the current climate of high inflation and energy costs, it has become necessary for the Council to make some difficult decisions to reduce its costs. One of the considerations is an amendment to the Council Tax Support Scheme.

Please read the information below to find out more about the proposed change. We would welcome any comments and views on the proposal.

What is this consultation about?

The Council Tax Support Scheme reduces the Council Tax bill for those on low income. The amount of support, i.e. reduction of the bill, is determined by reviewing the income and capital/savings of a household.

The Council is proposing to change that part of the scheme which determines how non-dependents (adults living in the property who do not pay the rent or own it) are treated, and we would like to hear your views. If the changes are agreed, they will be implemented from 1st April 2023.

Claimants of Council Tax Support who are of pension age will **not** be affected by the proposal.

The information collected from this consultation will be used by the Council to assist in the decision making process.

The results from the consultation will be published later this year on our website.

Please complete the survey below.

Consultation Questions

Question 1.

If there is a non-dependant (adult who resides in the property but does not own or rent it) living in the household, a deduction of £5.00 per week is currently made to the Council Tax Support awarded to a claimant.

Do you agree with the proposal to increase the rate of deduction to £7.00 per week?

- Yes No Don't know
-

Question 2. Do you have any other suggestions how the Council Tax Support scheme should be changed to reduce the cost of the Scheme?

Question 3. Do you have any suggestions how the Council can make further budget savings?

Are you liable for Council Tax?

- Yes
 No
 Prefer not to say

Do you currently receive Council Tax Support?

- Yes
 No
 Prefer not to say

What is your gender?

- Male
 Female
 I think of myself as
 Prefer not to say

What is your age group?

- 18 – 64
 65+
 Prefer not to say

Do you consider yourself as having a disability or long term physical or mental health condition?

- Yes
 No
 Prefer not to say

In which of the ethnic groups below do you feel you belong?

- White British
 White other
 Asian or Asian British – Indian
 Asian or Asian British – Pakistani
 Any other ethnic group
 Prefer not to say
-

TO: Finance and Governance Executive Member Briefing

TITLE: Council Tax Support consultation

DATE: 23rd November 2022

Introduction

1. This report details the responses from the recent Council Tax Support consultation exercise. Included in the report is the specific responses to the proposed change, and, any suggested changes to the wider scheme and council savings programme.

Background

2. As part of the ongoing corporate review of savings options, a potential amendment to the Council Tax Support Scheme has been put forward for consideration. However, any proposal to change the Council Tax Support Scheme requires the Council to consult major preceptors (Fire and Rescue Authority and Police and Crime Commissioner) and also to undertake a public consultation exercise.
3. The consultation with the major preceptors and public was undertaken over the period 10th October 2022 to 18th November 2022.
4. The proposal only relates to support provided to working age claimants (the support provided to pensioner claimants remain unchanged at nationally determined levels).

Council Tax Support Scheme – consultation exercise

5. **Consultation programme**
A wide variety of methods were used as part of the consultation process with the aim of ensuring feedback from all interested groups, including claimants and non-claimants of Council Tax Support.

6. Overall there were 62 responses to the consultation of which, 24 were currently in receipt of Council Tax Support, whilst 30 declared they were not in receipt. A further 1 respondent skipped the question, 3 did not declare, 2 were from local organisations and 1 from a Major Preceptor. Although the number of responses was low in comparison to the volume of communications that were issued, this appears to be in line with historic levels of responses across the majority of Councils in England.

In respect of gender, of the 59 resident respondents, 65% were female and 35% male.

7. **Consultation with the public**
Promotion to the public of the on-line consultation was undertaken during telephone calls made directly to the Council, via messages on Benefits and Council Tax letters and emails, and through the issuing of 1,000 emails directly to Council Tax liable parties. This was split equally across recipients and non-recipients of Council Tax Support.

The consultation was also promoted on the Councils web site.

6. **Consultation with major preceptors**
Individual letters were sent to both major preceptors (Police & Crime Commissioner, Fire & Rescue Authority).

We received one email response from the Director of Corporate Services for the Fire & Rescue Authority. No specific comments were made on the proposal, only the impact on the Council Tax base.

7. **Consultation with Voluntary and 3rd Sector organisations**

The details of the consultation was issued to 12 local voluntary sector organisations.

We received 2 general responses to the Scheme and the difficulties families faced.

Detailed Consultation Results

8. This section details the responses to the consultation which asked the respondents for their opinions on the increase in deductions for non-dependents, plus general comments on the wider Council Tax Support scheme, and corporate savings programme.

This section shows the overall results for each question but also breaks down those who could be potentially directly affected by changes to Council Tax Support, and those that would not. A total of 62 responses were received to the consultation. These can be broken down as follows:

Category	Number
Blackburn with Darwen resident receiving CTS	24
Blackburn with Darwen resident not receiving CTS	30
Blackburn with Darwen resident that did not state CTS position	4
Local organisation	2
Major preceptor	1

9. **Responses to questions**

Question 1 in the consultation asked:

'If there is a non-dependant (adult who resides in the property but does not own or rent it) living in the household, a deduction of £5.00 per week is currently made to the Council Tax Support awarded to a claimant. Do you agree with the proposal to increase the rate of deduction to £7.00 per week?'

A total of 59 residents responded to this question. Overall 62% of respondents supported increasing the non-dependent deduction to £7 while 27% opposed. A further 11% did not know.

Question 2 in the consultation asked:

'Do you have any other suggestions how the Council Tax Support Scheme should be changed to reduce the cost of the scheme?'

A total of 11 responses were submitted.

When you move the council support stops and you have to apply again for it.
Premium charged on empty properties should be removed. You should ask them the reason first why their properties are empty before charging any premium
Better planning
Only give it to elderly people or those with physical disabilities preventing work
no support for people in high bands
an easier scheme to understand on how i may qualify
No unfortunately people need help

It's hard as it is for low income people to pay theirs bills as the cost of living is high at the moment. Maybe ask the Government for more money
It exists to support those who need it, so should be fair. However if more than one person lives in a house it's fair they take a share of the cost
Reduce council tax bills across the board by a given percentage. The cost of paying yourselves is far to high for the poor services we receive
Stop wasting people's hard earned money that Blackburn sign outside the bus station is a mess the streets of Blackburn with Darwen are stinking dirty

Question 2 in the consultation asked:

'Do you have any suggestions how the Council can make further budget savings?'

A total of 15 responses were submitted

Giving more support to the people
Employ better staff
Start making cuts in wages for the people on 30k+ a year
Highest earners to take pay cuts, less party in the parks events, get rid of mayor's etc! Sell off more council buildings, work from home where possible and down size departments to work from smaller floors.
Installation of Solar Panels, wind turbines for local buildings to reduce energy bills for public buildings. - increase charges at leisure facilities - closure of some public buildings on specific days, for example on a Friday at the town halls, heating and lighting could then be turned off from Thursday afternoon
The bins need emptying weekly. This would stop flytipping which would save the council money but not have to clear the flytipping
Commission appropriate and value for money services
Emergency panic alarm systems could be paid monthly on similar monthly payments contract charged by ageuk or similar agencies to client
Stop using money for silly statues such as the demented chicken in the centre of Darwen
Make redundant/sack anyone that job description that has a postmodern marxist origin. eg Diversity and Inclusion Manager. Judging people on their melanin levels, genitalia, and sexual preference instead of competence is appalling. Also I don't want the council to take the money it's population creates and give it back to the population in the form of grants and 'funding opportunities'. We know where our own money is best spent, without it going through a bureaucracy. Don't take it from us in the first place. Also I've just read the last question, gender is not independent from sex. Gender theory was introduced by John Money. This chap did experiments to two twin boys. One was forced into sex change surgery, he later committed suicide. The other died of a drug overdose. You asking the question of gender, rather than sex implies a support of gender theory and therefore support of John Money. Do you support paedophilic behaviours?
Review your management structure for wastage
Have fundraising events
Stop building new roads then digging them up a few weeks later. Make utility companies plan around you!
Yes you can stop taking people to court until the end of the council tax year and added further debt on the council tax bill then sending the bill to the bailiffs before the said period

Yes reduce the amount of recycling bins we have there is no need to have 4 bins

Conclusion

10. Whilst the number of respondents to the consultation was low, the Council has fulfilled its obligation to consult residents and major precepting authorities prior to the changing of the Council Tax Support scheme. The results and comments can now be considered alongside the proposal and potential savings.



TO: Finance Council
FROM: Director of Finance
DATE: 27th February 2023

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT: Statement on the Robustness of the Council's Budget Calculations for 2023/24 and the Adequacy of Financial Reserves

1. PURPOSE

1.1 The purpose of this report is to report on the robustness of the Council's budget estimates for 2023/24 and the adequacy of financial reserves in accordance with Section 25 of the Local Government Act 2003. Section 25(2) of the Act states that:-

“an Authority to which a report under this section is made shall have regard to the report when making decisions about the calculations in connection with which it is made”

1.2 **Councillors should, therefore, have regard to this report when making decisions on the 2023/24 Budget (Revenue Budget and Capital Programme) and the associated level of Council Tax.**

2. RECOMMENDATIONS

2.1 Finance Council is recommended to consider and have regard to the statements from the Director of Finance (as the Council's statutory finance officer) as provided at **Appendix A** when determine the budget (Revenue Budget and Capital Programme) and the level of Council Tax for 2023/24.

3. BACKGROUND

3.1 In accordance with Section 25 of the Local Government Act 2003, the Director of Finance as the Council's statutory finance officer is required to make a report to the Council on the robustness of the budget estimates and the adequacy of reserves allowed for in the budget proposal.

4. RATIONALE

4.1 To inform Finance Council of the Director of Finance's assessment of the robustness of estimates for 2023/24 and to ensure that Councillor's fully appreciate the implications of the proposed budget on the Council's overall financial position for the year and over the medium term.

5. KEY ISSUES

5.1 Under Section 25 of the Local Government Act 2003, the Director of Finance as the Council's officer designated under s151 of the Local Government Act 1972 has a duty to report to Council, when it considers the budget for the forthcoming financial year, on the following matters:-

- a) The robustness of estimates made for the purposes of the calculations; and
- b) The adequacy of the proposed financial reserves.

5.2 In deciding on the Budget Requirement (and Council Tax Requirement) for 2023/24, the Council is required to take into consideration this report. The purpose of this is to acknowledge the risks and uncertainties faced by the Council and that adequate provision has been made for these both as part of the budget estimates and also in determining the adequacy of reserves.

5.3 The statements from the Director of Finance are provided at **Appendix A**.

5.4 Councillors should note that these statements are predicated on the budget as presented elsewhere on the Agenda for this meeting. Should there be material changes to the proposed budget that impact on the robustness of estimates or the adequacy of reserves, it may be necessary for the Director of Finance to amend the statements provided at Appendix A as is considered necessary.

6. POLICY IMPLICATIONS

6.1 There are no policy implications arising directly from this report.

7. FINANCIAL IMPLICATIONS

7.1 There are no financial implications arising directly from this report.

8. LEGAL IMPLICATIONS

8.1 There are no legal implications arising directly from the contents of this report.

9. RESOURCE IMPLICATIONS

9.1 There are no other resources implications arising from the contents of this report.

10. EQUALITY AND HEALTH IMPLICATIONS

10.1 There are no equality and health implications arising from the contents of this report.

11. CONSULTATIONS

11.1 None arising from the contents of this report.

12. STATEMENT OF COMPLIANCE

12.1 None arising from the contents of this report.

Appendices

Appendix A – Statement on the Robustness of Estimates and Adequacy of the Council's Reserves

Appendix B – General Fund Working Balance

VERSION:	1
CONTACT OFFICER:	Dean Langton – Director of Finance
DATE:	February 2023
BACKGROUND PAPERS:	None

Statement on the Robustness of Estimates and Adequacy of the Council's Reserves and Balances

1. In accordance with Section 25 of the Local Government Act 2003, the Director of Finance (as the officer designated under Section 151 of the Local Government Act 1972) has produced the following statements in respect of the proposed budget for 2023/24.
2. Finance Council is asked to consider these statements when considering the budget for 2023/24.

Statement on the Robustness of the Council's Budget Calculations

3. In respect of the proposed General Fund Revenue Budget and Capital Programme for 2023/24, Finance Council is asked to consider the following statement from the Director of Finance acting in his capacity as the Council's Statutory Financial Officer when considering the budgets for 2023/24:-

"This statement is given only in respect of the 2023/24 budget setting process for Blackburn with Darwen Council. I acknowledge my responsibility for ensuring the robustness of the budget calculations and the adequacy of reserves as part of this process.

*As in previous years, a range of factors has been considered in this assessment of the robustness of the budget calculations for both the General Fund Revenue Budget and the Capital Programme for 2023/24. Whilst the narrative below explains some of these in more detail, **Appendix A** summarises other factors that have been considered.*

Business Rates Retention

Since the inception of the business rates retention scheme in 2013/14, the Council's annual share of income from the business rate retention system is not guaranteed; it is dependent on the Council's ability to retain and grow its business rates base and other factors outside of our control (e.g. appeals, collection etc). This is within an environment where economic growth in the Blackburn with Darwen area has proven difficult given a range of structural issues, eg connectivity, adequacy of land supply for economic development and lack of available funding for business expansion and support.

Estimating the Council's share of income from business rates for 2023/24 remains a challenge for a number of reasons. The revaluation of business property rateable values will take effect from April 2023. The Government will implement a more generous transitional relief scheme to support businesses with the impact of revaluation. Nevertheless, the ongoing uncertainty on the timing and level of appeals since the system for making appeals was revised in 2017 continues to pose problems with estimating the overall level of business rates incomes. There remain a number of appeals outstanding against the previous rating lists for which an assessment can be made but there continues to be limited detail at the time of budget setting regarding appeals against the new lists; these will emerge in the fullness of time.

The position is also exacerbated by a slowdown in the national economy which will, inevitably, impact on the local economy. This is combined with structural changes to the business rates taxbase, notably in the retail sector, which is seeing many retail outlets move their activities away from traditional 'bricks and mortar' trading to online trading. Whilst the latter is a one of the more fundamental matters for the sustainability of business rates as a method of financing local government, the challenging economic conditions could impact on property prices and has the more immediate potential to depress the rental value of properties (which, in turn, are used to determine rateable values). Likewise, the growth in opportunities for hybrid and home working will inevitably see businesses looking to reduce the amount of office space they require. The extent to which this will happen and its impact on the Council's estimate of business rates is difficult to predict and so it is a matter that will, nevertheless, need to be monitored closely.

At the same time, the level and extent of reliefs being made available by the Government to cushion the impact of business rates on businesses may have a bearing the amount of business rates to collect. In current year, substantial reliefs were given to retail properties and, to reduce the burden of business rates in 2023/24, the Government will increase this relief at the same time as continuing to freeze the business rates multiplier.

To inform the estimate of funding available to support Council spending in 2023/24, estimates have been made regarding the value of business rates that will be collected in both 2022/23 (for the estimate of the estimated Collection Fund Surplus) and 2023/24 (for the estimated amount of retained Business Rates). These estimates are based on a range of assumptions around changes in business rates - new property assessments, changes to existing properties, appeals against rateable values, applications for Retail Relief etc – and also levels of collection.

*Having reviewed these estimates, including the amounts held in the relevant provisions, whilst I am content that they are reasonable and prudent based on information available at the time, **I must advise Council that there continues to be volatility in business rates, particularly due to the matters mentioned above.** For this reason, in the determination of the Business Rates to be collected in 2023/24, I have assumed no growth in the Business Rates Taxbase and provided for an additional amount totaling c£4.2m to deal with the loss of business rates due to successful appeals and doubtful debts. I have also earmarked an element of the minimum working balance for this purpose.*

For the current year, actual income from business rates will not be finalised until after the end of the financial year. We have well-established arrangements to monitor business rates income closely during the year so that action can be taken as necessary to deal with any potential variation against the estimates used in setting the budget and these will continue to operate in 2023/24.

Council Tax

The estimates for Council Tax receipts included in the budget for 2023/24 are based on increasing the Council Tax by the maximum allowable within the Government's Referendum Principles for the 2023/24 financial year. Should the Council resolve not to increase Council Tax by the maximum permissible, for every 1% variation from the maximum allowable rate, the loss of income would be c£620k; this income would be lost in perpetuity.

As with Business Rates, the actual amount of income received by the Council will be dependent on a range of factors including, for example, the award of reliefs/exemptions, take-up of the Local Council Tax Support Scheme and the rate of collection. Paying Council Tax is largely dependent on the affordability of Council Tax for residents; in recent years, the Council has had a reasonably good track record of collecting Council Tax but the impact of Covid-19 and latterly the cost of living crisis embodied in inflationary pressures from price rises on utilities, food and other household goods are likely to have a more significant bearing on collection than in previous years.

Again, the Council has in place good arrangements to monitor income from Council Tax and these will be used by Management to consider taking action on recovery of Council Tax debts (in accordance with the Council's relevant Collection Policies) where it is necessary to do so.

Development of Budgets

The estimates of income and expenditure forming the Council's general fund revenue budget and capital programme for 2023/24 have been prepared on the basis of existing plans, known current and future commitments and the financial implications of the proposals for service efficiencies/reductions. Where it has been necessary to do so, they have been prepared in conjunction with the Strategic Directors, Heads of Service and Budget Holders. The base budget for 2023/24 is, in the main, consistent with the delivery of current and expected levels of service required to achieve the missions set out in the Corporate Plan that was approved by the Council in December 2022.

Where it has been necessary, in the case of certain budgets (e.g. pay, utility costs, investment income and income from fees and charges), assumptions have been used for inflation, interest rates and service take-up that, on the basis of current and predicted levels of activity, are considered to be reasonable and prudent. Likewise, in relation to capital receipts and grant funding which are expected to be received by the Council, assumptions have been made about the timing and amount of those receipts which I consider to be reasonable.

Locally, some budgets are more sensitive and responsive to changes in demand for services. This includes, for example:-

- staffing budgets which are dependent on various factors including agreement on pay awards, turnover and, more recently, difficulties in recruitment and retention of staff requiring the use of temporary cover from Employment Agencies to maintain service provision. In particular, the pay award has been estimated on the basis of the best information possible but is subject to national negotiations that are out with the control of the Council;*
- utility costs have increased significantly over the last year. In 2023/24, the budget will be c£7m. This is based on the estimate of utility prices for the next year but as Councillors will be aware, these prices are affected by global events out with the control of the Council. Within the contractual arrangements that exist, the Council will work with Utility Brokers to manage costs within the budget provision wherever possible;*
- continuing upward pressure with demand for Adult Social Care Services. The underlying pressures of an ageing population and increasing complexity of health needs remains a constant issue. Combined with pressure on costs due to, for example, increases in the Real and National Living Wage, the difficulty in recruitment and the general fragility of the care market, the budget for Adult Social Care will need to remain under review. And whilst the impact of social care charging reforms as set out by the Government have in part been delayed until in October 2025 the Council will, nevertheless, need to continue with its preparation for those changes. At the same time, there remains the possibility of CQC Inspection of the Service which is likely to also consider the extent to which the broader health and social care system is operating. In this respect, the integration of health and social care services is gathering pace with the development of the Place-based partnership approach supported by the Lancashire and South Cumbria Integrated Care Board. What this means specifically for the services provided by the Council and the impact on residents is still to be determined but has the potential to both increase costs and provide opportunities for efficiencies;*
- similarly, demand for Children's Services continues to be an issue, again due to the complexity of needs and the growth in the numbers. Substantial additional investment has been made in the Service following the Ofsted Inspection in February 2022 and this will continue into 2023/24 with further funding of c£3.5m added to the budget. Whilst the number of Children in our Care remains relatively stable, the mix of permanence provision is weighted towards Out of Borough Residential and Fostering placements leading to higher costs. Activity to redress this balance, to have a clearer understanding of the sufficiency strategy and commissioning is well underway but this will take time to deliver. Acknowledging that the demand for commissioned placements is volatile from one year to the next, a specific reserve of £2m will be created (funded by de-committing funds allocated for income shortfalls) to provide financial capacity to deal with additional costs should they arise;*
- the vitality of the local housing market which impacts on services such as Housing, Planning, Building Control and Local Land Charges. In particular, income budgets for these areas have been set with regard to known and predicted market conditions but the nature of these service activities means that it is difficult to be precise about service levels and therefore the income that will be generated as a result;*

- *Income budgets such as for car parking, markets, leisure services and commercial rents have all been significantly affected by the cost of living crisis. Where it has been considered necessary to do so, budgets have been realigned to realistic levels reflecting the best information known at the time of setting the budget. The extent to which these budgets are deliverable will depend largely on the confidence of service users returning to use the services; this is difficult to predict in the current economic climate and will, therefore, need to be monitored carefully;*
- *Housing Benefits where, in recent years, the growth of supported (or exempt) accommodation where Housing Benefit subsidy is paid at 60% has led to increasing costs for the Council;*

These examples illustrate the potential volatility in budgets, made even more volatile because of the uncertainty the general economic challenges faced both nationally and internationally, hence it may be necessary to take corrective action during the year to ensure that the Council's budget and capital programme remain in balance. The effectiveness of this action relies on good systems of budgetary control, monitoring and risk management. These systems are well established.

Equally, there are certain areas of expenditure/income where limited information is available on which to base budget estimates. These include, for example:-

- *the impact of inflation on both revenue and capital budgets. It is becoming apparent that with the rate of inflation as it is, the cost of services and capital schemes is increasing. The forecast is for inflation to fall over the next year but how quickly this happens remains to be seen;*
- *the effect of changes to legislation and government policy which may create additional cost burdens. Examples include the impact of the Environment Act 2021 and the Elections Acts which will have. More recently, the Government has set out plans to transform Children's Social Care; these plans are wide-ranging but, as yet, there is little detail about the implication for the Council Adult Social Care and Levelling Up White Papers have been released, both of which may have a bearing on the Council's financial position;*
- *the impact of cost shunting from other government departments as they, too, seek to reduce their costs, i.e. business rate reductions as schools convert to Academies or applications for rating reliefs from parts of the NHS;*
- *more specifically, the Council has embarked on the delivery of the Darwen Town Investment Plan (TIP) as part of the Town Deal arrangements supported by Government. This requires match funding support from the Council for which there is provision in the Council's Capital Programme. The same applies to the recently announced Levelling Up Fund allocation for the J5 M65 Scheme for which there is also match funding commitment. The continued affordability of these schemes in the context of the Council's Medium Term Financial Plan will need to be reviewed on a regular basis to ensure that the relevant business cases remain sound.*

Alongside these issues will be the success, or otherwise, of implementing savings proposals which Councillors agree to accept as part of the current budget process. It is important that the necessary measures to achieve these savings are implemented sufficiently early in the financial year to ensure that the full amount of savings is realised. Where savings are not implemented in full or at all, this could increase the requirement to draw from the Council's reserves in the year as well as creating unaffordable cost burdens in subsequent years.

It is important, therefore, to review actual performance against budget on a regular basis in order to ensure budgets remain on track, including the implementation of savings/efficiency proposals as well as being proactive in identifying emerging risks and responding accordingly, taking remedial action where this is appropriate.

Acknowledging the above and setting this within the wider control framework and financial management arrangements applied within the council I consider the Council's budget for 2023/24 in isolation to be robust.

*Although I am not required at this stage to comment on the robustness of estimates for future years' budgets, it is my view that when considering the budget calculations for 2023/24, **Councillors must have regard to the medium term financial position of the Council when deciding the budget and council tax for next year.***

The Council's Medium Term Financial Plan to 2025/26 shows a deficit of c£12.2m. This is based on assumptions of Government funding which cannot be confirmed with any certainty at this stage. As Councillors will be aware, the Settlement for 2023/24 is for one-year only, despite the Department of Levelling Up, Housing and Communities being given a 3-year Settlement as part of the recent Comprehensive Spending Review and information included in the Local Government Finance Policy Statement released late in 2022.

The Council's Financial Strategy is based around four key strands – Grow, Charge, Save and Stop. Progress is being made on the implementation of measures in most of these strands. That said, the budget reductions necessary to achieve a balanced budget are of a magnitude that it is not feasible to make incremental reductions in services or wholly from back-office functions, particularly given the amount of savings made since 2010. Budget reductions on the scale need to be from transforming Council Services, should be considered strategically and, whilst acknowledging the Council's corporate objectives, set in the context of the main areas of service spending. The financial challenge facing the Council is such that more work is needed and it will take time to identify and implement the required changes to the budget to make it sustainable.

At the same time, the Council needs to manage the use of balances and reserves as part of the strategy to achieve the necessary change in the budget. As balances and reserves have reduced, this will become more difficult and so decisions on budget reductions will become unavoidable.

Therefore, the degree of uncertainty with future funding allocations combined with the projected scale of the savings required by the Council to ensure a balanced budget each year means that I cannot, at this stage, comment on the robustness of budget estimates with effect from 2025/26. Suffice to say, the financial challenge facing the Council remains substantial and there are undoubtedly difficult decisions ahead as the Council seeks to align service spending within projected available resources.

Statement on the Adequacy of Financial Reserves

"Having conducted a review of the Council's requirement for the minimum working balance, taking into consideration various matters including:-

- *the Council's spending plans for 2023/24 and the medium term financial position;*
- *adequacy of estimates of inflation, interest rates;*
- *treatment of demand led pressures;*
- *impact of external partnerships;*
- *the need to respond to emergencies.*
- *Performance of business rates (and the position on the Collection Fund for business rates);*
- *Capital programme variations.*

I can confirm that an amount of £6.0m is considered adequate for this purpose.

In relation to other financial reserves, a review has also been conducted to determine their adequacy. In addition to the matters referred to above, and taking into account the Medium Term Financial Plan, the review concluded that the level of such reserves is adequate based on current information in relation to anticipated risk, existing commitments and known future plans. That said, should there be a significant call on those reserves another review will need to be carried out.

This statement is made on the understanding that any use of reserves and balances is undertaken in accordance with the Council's existing Financial Procedure Rules and that a further review of reserves and balances will be undertaken in the Summer of 2023 following the preparation of the Council's accounts for 2022/23."

Factors Considered in the Determining the Robustness of Estimates and Adequacy of Reserves

Factors	Commentary
<p>The Council's Aims and Priorities</p>	<p>Where it is considered affordable to do so, the budget estimates reflect the amounts required to achieve service objectives agreed by Council as part of the Corporate Plan.</p> <p>The Council's Corporate Plan for the period to 2027 was approved by Policy Council in December 2022 and therefore the budget estimates and key budget assumptions have, where it is possible to do so, been aligned to the Council's corporate objectives.</p> <p>As the Corporate Plan extends over a number of years, and given the Council's financial plans are subject to review annually in line with the single-year funding settlements provided by Government, there will be a need to constantly review the alignment of the Corporate Plan with the Council's Medium Term Financial Plan.</p>
<p>Financial Strategy (and Medium Term Financial Planning)</p>	<p>In preparing the Council's budget estimate for 2023/24, due regard has been given to the impact of decisions made by the Council on matters which might impact on the Medium Term Financial Plan (MTFP).</p> <p>Details of the updated Medium Term Financial Plan are reported to Finance Council elsewhere on the Agenda for this meeting so that decisions on the budget for 2023/24 can be taken in the context of the longer term impact for the Council. Equally, this is reflected in the development of a Financial Strategy which, amongst other matters, seeks to combine a prudent use of reserves with efforts to align the Council's ongoing expenditure with ongoing resource levels.</p> <p>Whilst acknowledging that the Financial Strategy is predicated on a range of assumptions which have contributed to the development of the Medium Term Financial Plan (MTFP), the extent to which the Council takes decisions that impacts those assumptions, will result in changes to the MTFP.</p> <p>Whilst the budget estimates shown in the Medium Term Financial Plan for 2023/24 to 2025/26 are, on the basis of current information, considered robust, they are unaffordable given the projected levels of income.</p> <p>The Financial Strategy is based on the following themes:-</p> <ul style="list-style-type: none"> • Growing the Council's taxbases, both for business rates and for Council Tax along with any schemes, if any, the Government uses to incentivise the supply of housing (like the New Homes Bonus Scheme although it is acknowledged this is subject to reform); • Charging for services where it is considered appropriate to do so in line with the Fees and Charges Framework. It will also involve the introduction of new charges where this is considered feasible;

Factors	Commentary
	<ul style="list-style-type: none"> • Saving costs by being more efficient, transforming how the Council provides services, working in partnership with others or by prioritising some services over others when allocating resources; • Stop – determining what are not priorities and, where possible, seeking other organisations who could provide them or stop them given the financial challenge faced by the Council. <p>Underpinning the current strategy are the following strands:-</p> <ul style="list-style-type: none"> • pursuing an Economic Development Strategy aimed at increasing, amongst other matters, the number of business rateable properties in Blackburn with Darwen thereby increasing the Council's share of retained business rates; • encouraging and facilitating housing development within the Borough thereby boosting our access to additional funding which the Government may distribute to reward the supply of housing growth; • making savings over the medium term based on the MTFP savings requirement rather than relying solely on reserves to balance the Council's budget (a strategy that relies heavily on finite reserves will simply defer, not reduce, the need to make savings and the longer savings are put off the greater the amount required). The Savings Strategy is based on a range of strategic Workstreams: <ul style="list-style-type: none"> • Workstream 1 – Organisational Review • Workstream 2 – Asset Review and Rationalisation • Workstream 3 – Alternative Delivery Models • Workstream 4 – Adult Social Care Operating Model • Workstream 5 – Children's Services Operating Model • Workstream 6 – Income/Commercial Activity • Workstream 7 – Back Office Efficiencies • Workstream 8 – Procurement

Factors	Commentary
	<ul style="list-style-type: none"> • increasing the Council Tax in 2023/24 and subsequent years, to the extent this is possible without triggering a referendum. The proposal for 2023/24 is that Council Tax charge be increased by 2.99% and the Adult Social Care Precept by 2.0%. In future years, the assumption is that Council Tax will increase by the maximum amount within any revised thresholds set by Government. No consideration has been given to exceeding the referendum threshold although this policy remains open to consideration in future years; • no avoidable budget growth without compensating savings; • the planned use of the Budget Support Reserve in the period 2023/24 to 2025/26 to 'smooth' the amount of savings required accepting that even then, the magnitude of savings will present some extremely difficult decisions for the Council and impact on frontline service provision. <p>Acknowledging the significant deficit on the Medium Term Financial Plan, it is important that work begins early in the new financial year to start developing options for the delivery of future savings.</p>
<p>The level of funding likely from Central Government towards the cost of local services</p>	<p>From 2023/24, the Government has again provided Local Government with a 1-year funding settlement year (although the Local Government Finance Policy Statement issued in early December 2022 did provide some indication of funding for 2024/25).</p> <p>For 2023/24, given there have been no substantive changes, the Business Rates Retention Scheme will operate as in the current year with the Council retaining 49% of any business rates payable. Estimates of Business Rates to be retained have been produced and feature in the Council's budget for 2023/24.</p> <p>For 2023/24, the Council's core Revenue Support Grant (RSG) will be £15.695m which is an increase of £1.679m when compared to the current financial year. This reflects both an inflationary increase plus a number of grants that have been rolled into RSG (but which do not represent an increase in funding).</p> <p>At this stage, despite the 3-year Settlement for the Department of Levelling Up, Housing and Communities in the Comprehensive Spending Review in Autumn 2021 and the information provided in the Local Government Finance Policy Statement, a 1-year Settlement for 2023/24 provides little certainty for the Council's future funding. Equally, the Fair Funding Review and the review of the Business Rate Retention Scheme, all of which could have impacted on funding allocations from April 2023, will not now be undertaken in the life of the current Parliament. As a consequence, it is not possible to say with any certainty what Government funding the Council will receive after 2023/24. Forecasts of funding included in the Medium Term Financial Plan are based on estimates for 2023/24 and information provided to the Council by LG Futures who the Council retains as support on these matters.</p>

Factors	Commentary
<p>Council Tax Base</p>	<p>The Council Tax Base for 2023/24 is 36,292.80 (35,439.30 in 2022/23), an increase of 2.41% when compared to the previous year.</p> <p>The Tax Base reflects a rate of collection of Council Tax for 2023/24 of 96.50%, no change when compared to the current financial year to reflect the expected level of collection given the ongoing cost of living crisis.</p> <p>The Council has robust procedures to monitor the rate of Council Tax collection during the financial year.</p>
<p>Referendum Threshold set by the Secretary of State in respect of Council Tax Increases</p>	<p>For 2023/24, the Government has indicated that for Councils like Blackburn with Darwen, the maximum allowable increase in Council Tax is 2.99% for the general Council Tax and 2% for the Social Care Care Precept. Anything above these limits will trigger a referendum of local taxpayers.</p> <p>The recommendation to the Finance Council is within these limits and should not, therefore, trigger a Referendum.</p>
<p>The Prudential Code and its impact on capital planning (including the Corporate Capital Strategy)</p>	<p>The Council has a Capital Strategy which informs future projected capital expenditure and income. Arising out of consideration of the Capital Strategy, there is recommended to Council a Capital Programme for 2023/24 which is considered to be affordable, prudent and sustainable.</p> <p>Subject to Council's decision on the overall Capital Programme and how it will be financed, it may be necessary to revisit the prudential indicators to ensure that the proposed Capital Programme remains affordable, prudent and sustainable</p>
<p>Financial Standing (including adequacy of reserves)</p>	<p>On the basis of the third quarter budget monitoring exercise, the General Fund Revenue Budget for 2022/23 is estimated to be overspent by £5.7m. Any variations that have an ongoing impact on the Council's budget in the current year have been factored into the budget for 2023/24 where it is applicable to do so.</p> <p>The Medium Term Financial Plan for the period 2023/24 to 2025/26 shows a shortfall in projected resources giving rise to a significant savings requirement.</p> <p>The Council has in place a strategy which combines the planned use of reserves to smooth the level of savings required in each year but nevertheless this still requires Councillors to agree the necessary reductions in expenditure or increases in income to balance spending within available resources.</p> <p>A review of the Council's Minimum Working Balance justifies retaining a balance of £6m. The adequacy of this will remain subject to review on at least an annual basis. Equally, a review of specific reserves has been undertaken and these are assessed as being adequate for the purpose for which they were created. As required by Statute, these too will be subject to at least an annual review.</p>

Factors	Commentary
	<p>The Council's External Auditors are likely to give an unqualified opinion on the Statement of Accounts for 2021/22 (although it should be noted that due to national technical accounting issues, the 2020/21 Statement of Accounts have yet to be signed off).</p> <p>In the context of our Financial Standing, our arrangements for ensuring value for money for 2020/21 were reviewed by the External Auditor. A report on this matter was considered by the Audit and Governance Committee in June 2022. In conclusion, the External Auditors commented that:-</p> <p><i>'Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risk to its oversight in ensuring economy, efficiency and effectiveness in its use of resources'</i></p>
Financial Management	<p>The Council's financial information and reporting arrangements are considered to be sound and the end of year procedures in relation to budget management and the closure of accounts are currently considered fit for purpose.</p> <p>As indicated above, the Council's External Auditors are likely to give an unqualified opinion on the Statement of Accounts for 2021/22. Work is still underway on the Council's arrangements for ensuring value for money in the year and this will be the subject of a further report to the Audit and Governance Committee. As in 2020/21, no material issues are expected to be raised.</p> <p>The management of the Council's asset base continues to be reasonably good with resources linked to capital planning in both the annual budget and the Medium Term Financial Plan. Work to update the Council's Asset Management Plan is underway and, as part of the Strategic Workstreams, a review and rationalisation of the Council's asset base is underway.</p> <p>Collection performance of both NNDR and Council Tax are broadly as expected in 2022/23 acknowledging that the cost of living crisis continues to impact on collection. Collection performance continues to be managed closely by the Head of Revenues and Benefits in conjunction with the Director of Finance and the Executive Member for Finance and Governance.</p> <p>The Council has undertaken a review of its Financial Management Arrangements against CIPFA's Financial Management Code at the end of the last (2021/22) financial year. This has subsequently been subject to internal audit review which found that the Council's arrangements are adequate.</p>
Corporate Governance and Risk Management	<p>The Council has adopted a Local Code of Corporate Governance based upon the most recent requirements of the CIPFA/SOLACE Corporate Governance Framework. The Local Code was assessed against the revised 2016 CIPFA/SOLACE framework and overall, our arrangements were found to be robust with only a small number of areas requiring further work or improvement.</p>

Factors	Commentary
	<p>These arrangements are subject to regular self-assessment by a the Council’s Statutory Officers Group including Chief Executive, Director of Finance and Deputy Director, Legal and Governance. The Group meets periodically to consider matters including corporate governance and risk management issues.</p> <p>The Council also has a risk management policy and framework which underpins the Strategic Risk Register and various Departmental Risk Registers. A refresh of these arrangements was undertaken in 2022. There are regular reports on risk management to the Audit and Governance Committee.</p>
<p>The adequacy of the Council’s Insurance Arrangements</p>	<p>The Council’s insurance arrangements are reviewed annually as part of the review of premiums paid and levels of cover obtained.</p> <p>The Council implemented a contract of insurance with Zurich Municipal from April 2017 following the completion of an OJEU compliant procurement exercise. A re-procurement of the contract has recently concluded and will be reported to the Executive Board in due course.</p> <p>There continue to be close links between the work to ensure adequate insurance arrangements, risk management and business continuity. This work is overseen by the Head of Audit and Assurance and the Audit and Governance Committee.</p>
<p>Business Continuity Arrangements</p>	<p>The Council has a Resilience and Emergency Planning Team responsible for responding to emergencies and business continuity situations.</p> <p>The Council has a Corporate Business Continuity Plan (BCP) which is supported by a suite of Service-specific Business Continuity Plans. These are reviewed and updated regularly. Likewise the Council’s Emergency Plan is regularly reviewed and updated.</p> <p>In both cases, regular training and updates are provided for Officers on both business continuity and emergency planning to ensure Officers are clear about their roles and responsibilities in the event of emergency situations.</p>
<p>Arrangements to secure Value for Money</p>	<p>The Council’s arrangements in relation to value for money for 2020/21 have been assessed and the External Auditor concluded that the Council has appropriate arrangements in place to ensure it manages risks to its oversight in ensuring economy, efficiency and effectiveness in its use of resources.</p> <p>The External Auditor is undertaking their work on this assessment for 2021/22 and is expected to report on this in the first quarter of 2022. It is not expected there will be any issues arising.</p>

Factors	Commentary
<p>Interest Rates</p>	<p>At the time of writing, the bank base rate is currently 3.50% following a decision by the Bank of England to increase the rate in February 2023. With inflation increasing and expected to peak around 7% during 2023, the expectation is for further increases in interest rates. This is likely to have direct impact on the levels of investment returns the Council expects to receive.</p> <p>Looking ahead, interest returns have been set at 4% for 2023/24, 3% for 2024/25 and 2% for 2025/26 although these will be reviewed as part of the on-going development of the Medium Term Financial Plan. This reflects the expectation that interest rates will start to reduce over the medium term as inflation begins to reduce.</p> <p>Interest rates on long term debt are fixed at the rate at which the debt was taken. The Council's present debt which consists wholly of loans from the Public Works Loan Board has a consolidated rate of interest of 3.8%.</p> <p>Annually, the Council agrees a Treasury Management Strategy which sets out how both borrowing and investments will be managed throughout the year. For 2023/24, this will be reported to the Executive Board in March 2023.</p> <p>To mitigate against fluctuations in interest rates, and therefore changes in investment returns, the General Fund Minimum Working Balance includes provision for loss of income in the short term.</p>
<p>Pay and Price Inflation</p>	<p>An allowance of 5% has been factored in to the budget for the Local Government pay award in 2023/24.</p> <p>Generally, other budgets are cash limited (i.e. not increased by general inflation) with the exception of certain costs, e.g. utilities, waste inflation, where budgets have been increased to reflect anticipated inflationary increases.</p> <p>Consumer Price Index at December 2022 was 10.5% (4.8% for December 2021) and the Retail Price Index was 13.4% (7.5% for December 2021).</p>
<p>Fees and Charges</p>	<p>Annually, the Council reviews its fees and charges. During the year, the Council agreed a Fees and Charges Framework to guide the setting of fees and charges.</p> <p>Where necessary, income budgets have been adjusted both to reflect price and volume changes. In relation to the latter, it is notable that some budgets for fees and charges have not yet recovered to pre-Covid-19 levels and as a consequence, adjustments have been made to those budgets to more reflect realistic expectations of performance.</p> <p>As in the current financial year, the Council needs to closely monitor budgets for fees and charges to ensure they remain in line with expectations and, where necessary, be in a position to respond if budgets are not being achieved.</p>

Factors	Commentary
<p>Demand Led Pressures</p>	<p>Where possible, the forecasts of income and expenditure forming the Council's budget estimates for 2023/24 take into account anticipated changes in demand led pressures to the extent that they can be predicted. However, by the very nature, these can vary from year to year as service take-up in these areas is difficult to forecast.</p> <p>The cost of living crisis has replaced the impact of Covid-19 on the Council's budget and is expected to continue doing so in the 2023/24 financial year. The success of the Bank of England's monetary policy interventions along with the Government's fiscal policies will be key determinants in this respect.</p> <p>There remains the potential for demand increases in the number of service users in areas such as Adult Social Care, Children's Services, Benefits and Homelessness and the extent to which the Council maintains service provision will need to be monitored carefully.</p> <p>In considering the budget for 2023/24 to Council, it should be noted that budgets will be cash limited and as a consequence Budget Holders will be required to manage demand led pressures within their existing budget allocations.</p> <p>Notwithstanding this, the Council's General Fund Minimum Working Balance includes provision to deal with some level of unexpected and unforeseen costs arising from increases in demand for services.</p>
<p>Emerging Pressures</p>	<p>The projections within the budget and the Medium Term Financial Plan include all known and quantified priorities and growth pressures that Managers are aware of at the time the budget is proposed.</p> <p>Some matters, particularly the financial impact of the Covid-19 Pandemic and the time it will take the local economy to recover from its impact, are difficult to assess in budgetary terms and will, therefore, require closely monitoring. The arrangements are in place for that to happen.</p> <p>Looking ahead, as well as the continued reduction in our core funding generally, there are a range of other issues which may require investment:-</p> <ul style="list-style-type: none"> • a focus on economic growth and job creation to support business and increase employment which should yield additional business rates income; • ensuring continued sustainability of the Adult Social Care market combined with reforms that may require additional investment from the Council; • continuing the improvement journey in Children's Services; • implementing any measures that arise out of the Government's plan to transform Children's Services; • The devolution agenda including any requirements of the Levelling Up White Paper and/or matters such as County Deals

Factors	Commentary
	<p>where, at this stage, it is uncertain exactly what they will mean for the Council;</p> <ul style="list-style-type: none"> • Dealing with measures in the Environment Act including potential changes to the arrangements for waste collection and disposal arising out of the Act that may have significant financial implications for the Council; • The Council has declared a Climate Emergency and so the need to take action to deal with this will, inevitably, create funding pressures if there is no funding made available by the Government. These actions are captured in the Climate Change Emergency Plan; • Delivering the Darwen Town Deal, a Levelling Up Fund Bid for Blackburn and projects funded by the Shared Prosperity fund that require match funding from the Council and other local organisations; • the ongoing changes to the Benefits regime including the impact of Full Service Universal Credit and ongoing welfare reforms. This is difficult to predict especially as changes to the programme of claimants transferring to UC recently being announced by government; • as partners and other local organisations experience reductions in their funding this may affect access to services they provide within Blackburn and Darwen and in some cases lead to pressure for the Borough Council to help address the position or to help other groups to take on the responsibility (e.g. services provided by the County Council and the role of the Voluntary and Community Sector in Blackburn/Darwen). • as the Council reduces in size, funding may be required to help meet the 'costs of change'; • legislative changes leading to potential increased costs for the Council. <p>This above is not an exhaustive list and there will be other issues that arise either due to local priorities or statutory obligations.</p>

Assessment of the level of the Council's General Fund Working Balance

1. Reserves are sums set aside to meet possible future costs where there is no certainty about whether or not the costs will actually be incurred. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
2. When reviewing their medium term financial plans and preparing their annual budgets local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes:
 - a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
 - a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
 - a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but legally remain part of the General Fund.
3. Local authorities also hold other reserves that arise out of the interaction of legislation and proper accounting practice. These are reserves, which are not resource-backed and cannot be used for any other purpose. An example is the Revaluation Reserve which is a reserve that records unrealised gains in the value of fixed assets. The reserve increases when assets are revalued upwards, and decreases as assets are depreciated or when assets are revalued downwards or disposed of. Reserves of this type do not form part of the annual review of the adequacy of reserves.
4. Section 25(1)(b) of the Local Government Act 2003 requires the Director of Finance to report to the Council on the adequacy of the proposed financial reserves. Guidance is published by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the establishment and maintenance of local authority reserves and balances. The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Director of Finance.
5. In support of this requirement, and as part of the development of the budget for 2023/24, a risk assessment has been carried out to establish the minimum level of the General Fund Working Balance for Blackburn with Darwen. Details of this assessment are provided below in **Table 1** which indicates that the minimum working balance should be **c£6.0m**. At this level it represents c2% of the Council's gross revenue expenditure.

Appendix B

Table 1: Risk Assessment for General Fund Working Balance – 2023/24

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
350	700	<p>Pay – the MTFP includes annual provision for a 5% pay award. However, as future pay awards within the MTFP period are not yet agreed, there is a risk of the current assumptions on pay being at variance to the budget as the pay claim received by the employees' side is often in excess of the budgeted provision..</p> <p>Assessment: Degree of risk / reserve needed: Low £0-350k Medium £350-700k High £700-£1.1m</p> <p>Likelihood of risk occurring : Medium Minimum reserve needed : £350k</p>
1,000	2,000	<p>Prices – the budget assumes that, in the main, price inflation can be managed by Departments within a zero cash-limited increase or specific inflation allowances for designated expenditure (e.g. National Living Wage, Fuel, Utilities). During 2022/23, general inflation as measured by CPI has increased significantly. However, there is an expectation, according to the Bank of England, that it will start to fall during 2023 as the price of energy and imported goods are not expected to rise as quickly as they have in the current year. Equally, as a result of interest rate rises, demand for goods and services is expected to fall, which should mean prices of many things should not rise as quickly.</p> <p>Assessment: Degree of risk / reserve needed: Low £750k Medium £1.0m High £2.0m</p> <p>Likelihood of risk occurring : Medium Minimum reserve needed : £1.0m</p>
500	1,000	<p>Litigation Claims – as the Council faces reductions in resources for future provision of services, there is an increased risk of litigation beyond that which would otherwise be covered by insurance arrangements.</p> <p>Assessment: Degree of risk / reserve needed: Low £500k Medium £1.0m High £2.0m</p> <p>Likelihood of risk occurring : Low Minimum reserve needed : £0.5m</p>
1,000	2,000	<p>Income from Fees and Charges – With continuing impact of the cost of living crisis combined with a relatively benign outlook for economic growth, the Council's income streams may continue to be impacted. Whilst some budgets have been reduced to reflect more realistic income levels, it is the case that a number of services are also price sensitive and delivered in competition with other providers (e.g. trade waste / building control).</p> <p>Assessment: Degree of risk / reserve needed: Low £0.5m Medium £1.0m High £2.0m</p> <p>Likelihood of risk occurring : Medium Minimum reserve needed : £1.0m</p>

Appendix B

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
2,000	3,000	<p>Demand Led Pressures on Services – the most significant is likely to be the ongoing impact of the cost of living and how this could potentially create additional demand for Council services and/or place pressure on the Council’s income.</p> <p>Both Adult and Children’s Social Care can be subject to significant demand-led pressures. This can vary from one year to the next and both have been significantly impacted by post Covid-19 ‘bounce’ and the continuing backlog of pressures in the Health Service.</p> <p>Both Housing and Council Tax Support may also come under pressure given the prevailing economy and associated risk of increasing unemployment due to both the cost of living crisis and the potential for a downturn in the economy. The Council spends c£34m on Housing Benefits whereas the cost of Council Tax Support (applied as a discount on council tax bills) is estimated at c£14m.</p> <p>Qualifying expenditure on Housing Benefit is <i>generally</i> matched by Government subsidy in full, however, an increase in, say, supported services (referred to below) at a lower rate of recovery, can increase the overall net cost to the Council.</p> <p>In recent years, the Council has experienced an increase in Supported Accommodation enquiries and applications. The rate of subsidy for this category of accommodation is 60% and not 100% if the landlord is not a Registered Social Provider. Notwithstanding, an estimate is provided in the budget , if this trend continues this additional provision will not be sufficient to cover the Council’s financial risk exposure.</p> <p>Assessment: Degree of risk / reserve needed: Low £2.0m Medium £2.5m High £3.0m</p> <p>Likelihood of risk occurring : Medium Minimum reserve needed : £2.0m</p>

Appendix B

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
500	1,000	<p>Non-achievement of Savings – the level of savings required for over the medium term significant according to the most recent Medium Term Financial Plan (MTFP). Whilst arrangements are in place to manage the implementation of the savings it is recommended that additional cover be provided to mitigate the risk of some not being realised or implementation lead in times being longer. This recognises the amount of savings achieved since 2010 and the fact that decisions on budget savings may become increasingly difficult. It should be noted that this MTFP does not contain any future years where the core funding level of the Council is known, so increasing the degree of uncertainty within the budget assumptions made on high value budgets.</p> <p style="text-align: center;">Assessment: Degree of risk / reserve needed: Low £500k Medium £1.0m High £1.5m</p> <p style="text-align: center;">Likelihood of risk occurring : Low Minimum reserve needed : £500k</p>
250	500	<p>Unforeseen / emergency expenditure – there is a risk that unexpected events may occur which require expenditure to be incurred or income to be foregone that has not been budgeted. Examples might include, adverse weather, flooding, business continuity linked to loss of key service/building (to the extent not covered by insurance)</p> <p style="text-align: center;">Assessment: Degree of risk / reserve needed: Low £250k Medium £500k High £700k</p> <p style="text-align: center;">Likelihood of risk occurring : Low (assuming Bellwin scheme would apply in certain cases) Minimum reserve needed : £250k</p>
0	500	<p>Receipt of capital resources – the overall capital programme assumes a level of income from asset disposals / grants – as the timing of these can sometimes be uncertain it is sometimes considered prudent to set provision aside for additional revenue to help offset any shortfall if expenditure cannot be delayed.</p> <p>The current Capital Strategy is that only new borrowing equivalent to the previous year's Minimum Revenue Provision should be incurred to fund the Capital Programme and therefore revenue contributions is the only viable option in lieu of capital receipts being realised.</p> <p style="text-align: center;">Assessment: Degree of risk / reserve needed: Low £0k Medium £500k High £1.0m</p> <p style="text-align: center;">Likelihood of risk occurring : Low Minimum reserve needed : £0k</p>

Appendix B

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
500	1,000	<p>Business Rates - Given the volatility inherent in the current rates retention system and the regime's imminent overhaul, it is considered prudent to set aside a level of funding within the working balance to help manage the associated risks.</p> <p>Taking into account Collection Fund monitoring to date, the provisions made to cover the risk of appeals and bad debts and an amount held for the volatility in Business Rates, it is proposed to set aside a minimum amount for 2023/24.</p> <p style="text-align: center;">Assessment: Degree of risk / reserve needed: Low £500k Medium £1.0m High £2.0m</p> <p style="text-align: center;">Likelihood of risk occurring : Low Minimum reserve needed : £500k</p>
6,100	11,700	Total



TO: FINANCE COUNCIL
FROM: EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE ON BEHALF OF THE LABOUR GROUP
DATE: 27 th FEBRUARY 2023

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT: General Fund Revenue Budget 2023/24 (and update to Financial Strategy 2022/25)

1. PURPOSE

1.1 The purpose of this report is to recommend to Finance Council proposals for the Revenue Budget for 2023/24 together with an update to the Financial Strategy for 2022/25. A report elsewhere on the Agenda for this meeting considers proposals for the Capital Programme for 2023/24.

2. RECOMMENDATIONS

2.1 Finance Council is recommended to:-

- a) acknowledge the impact of the increase in the Real/National Living Wage as set out below and note that a report on the impact of this on the hourly rates and contract changes for Social Care Providers for 2023/24 will be submitted to the Executive Board in due course;
- b) approve the service investment proposals as set out in the report;
- c) approve the savings proposals as set out at **Appendix B**;
- d) note the estimated balance of reserves as at 31st March 2023 as shown at **Appendix C**;
- e) approve the General Fund Budget Requirement for 2023/24 as set out at **Appendix D** to this report;
- f) require each Portfolio to operate within the individual Portfolio Controllable Budgets for 2023/24 as set out at **Appendix D** and that these be cash limited and subject to regular monitoring and control;

- g) approve an increase in the general Council Tax of 2.99% (reflecting a weekly increase of £0.98p for Band D Council Tax payers and of £0.65p for Band A Council Tax payers);
- h) approve an additional increase in Council Tax of 2.00% to contribute towards the additional costs of Adult Social Care (reflecting a weekly increase of £0.65p for Band D Council Tax payers and of £0.44p for Band A Council Tax payers);
- i) note the update to the Financial Strategy and Medium Term Financial Plan for 2022/25 as set out **Appendix F** and note that a further report on the implementation of the Strategy will be submitted to the Executive Board in June 2023.

3. BACKGROUND

- 3.1 This reports sets out the proposed General Fund Revenue Budget for 2023/24. A report elsewhere on the Agenda for this meeting provides details of the proposed Capital Programme for 2023/24. For context, the report sets out details of the Autumn Statement, the Local Government Finance Policy Statement and information on the Local Government Finance Settlement, details of which were confirmed by the Secretary of State for the Department of Levelling Up, Housing and Communities (DLUHC) on 8th February 2023.
- 3.2 At the meeting of Policy Council in December 2022, the Council agreed a new Corporate Plan for the period to 2023/27. The Corporate Plan sets out a range of missions aimed at *'changing people's lives for the better'* and is the overarching strategy guiding the activity of the Council. The budget process is a key part of the Council's corporate planning process and, as part of the service and financial planning approach adopted by the Council, is a means of ensuring that resources are best placed to enable the Council to deliver the missions set out in the Corporate Plan.
- 3.3 It is fair to say that the development of the budget for 2023/24 has been set against a challenging national economic backdrop. Despite over a decade of austerity and given the deep impact of the Covid-19 Pandemic, the national public finances continue to be in a weak position and there continues to be pressure on public spending. In the early part of 2022, the economic impact of the Pandemic had started to diminish only to be replaced by a range of matters including the war in Ukraine and global supply chain issues that have led to rising prices for goods/service creating a 'cost of living' crisis that is impacting directly on individuals, communities and businesses. The Council has not been immune to this with rising costs (pay, utilities, contracts and for capital schemes) and reduced levels of income.
- 3.4 The significant upturn in inflation has led to the Bank of England increasing interest rates to reduce price inflation but which, with the anticipated downturn in individual and business consumption as a result, may lead the economy into a recession. Indeed, the Office of Budget Responsibility expects the economy to shrink by 1.4% in 2023 (with the likelihood that economy will be in recession from the first quarter of the year) which could weaken the national finances even further and prolong the constraint on public spending.
- 3.5 As has been reported previously, the Council has experienced one of the highest funding reductions of Unitary Councils across the Country since austerity began. This is despite being amongst the most deprived Boroughs according to the Indices of Multiple Deprivation, a position that has been compounded by the deep impact of Covid-19 with Blackburn with Darwen experiencing some of the worst and enduring effects of the Pandemic.

3.6 Nevertheless, the Council remains heavily dependent on government funding to both provide services and to invest in economic growth and regeneration. To the extent that this remains constrained and there continues to be limits on the Council's ability to raise income locally, either imposed by Government or because of the nature of the local economy, the Council will continue to experience difficulties in achieving a balanced budget.

Autumn Statement 2022

3.7 In September 2022, the Government set out its Growth Plan. In this so called 'Mini-Budget', the Government committed to substantial additional borrowing both to provide relief to households and businesses for the cost of energy and to cutting tax for individuals and businesses as a way of stimulating growth in the economy. Given the extent of additional borrowing proposed, there followed a period of significant turmoil in the financial markets leading to much of the Growth Plan being rolled back (and subsequently a change in Government).

3.8 To allay the fears of the financial markets, the new Chancellor of the Exchequer brought forward the date of the Autumn Statement 2022 and details of this were announced on 17th November 2022. In summary, the Statement responded to forecasts of the UK economy provided by the Office of Budget Responsibility and set out a medium-term path to repair the public finances. It was also used to stabilise the economy. Much of the Autumn Statement focused on the Government's medium term fiscal plan for debt to fall as a share of GDP. Amongst a range of measures, the key headlines included in the Statement for Local Government included:-

- a delay in the national rollout of Social Care charging reforms from October 2023 to October 2025. Funding for the implementation would be maintained within Local Government to enable Councils to address current adult social care pressures;
- Councils would have additional flexibility in setting Council Tax, with the Government increasing the referendum limit for increases in Council Tax to 3% per year from April 2023. In addition, Councils with Social Care responsibilities would be able to increase the Adult Social Care Precept by up to 2% each year;
- from 1 April 2023, Business Rates bills in England would be updated to reflect the latest revaluation of property values. A package of targeted support worth £13.6bn over the next five years will support business as they transition to the new bills;
- Levelling Up Fund allocations totalling £1.7bn would be made for priority infrastructure projects;
- The Government accepted the independent Low Pay Commission's recommendation in relation to the National Living Wage (which, for individuals aged over 23 and over is an increase of 9.7% to £10.42 per hour);

3.9 A number of these matters have subsequently been included in both the Local Government Finance Policy Statement for 2023/24 and 2024/25 and the Local Government Finance Settlement for 2023/24, more details of which are provided below.

Local Government Finance Policy Statement 2023/24 and 2024/25

- 3.10 During the Summer of 2022, the Secretary of State for the DLUHC outlined his intention to provide Local Government with at least a 2-year funding settlement as part of the of the funding settlement for 2023/24. Despite the changes in Government since then, the Secretary of State has followed through on this intent by providing a Local Government Finance Policy Statement for 2023/24 and 2024/25.
- 3.11 Details of what the Policy Statement means for Councils in 2023/24, and in particular Blackburn with Darwen Council, are set out in the Local Government Finance Settlement, details of which are provided below. For 2024/25, the Policy Statement provides an indication of the Government's intentions as follows:-
- the core Council Tax Referendum Principles for 2024/25 will be as in 2023/24; that is, the referendum limit for increases in Council Tax will remain at 3% per year and local authorities with social care responsibilities will be allowed to increase the Adult Social Care Precept by 2% (this is now reflected in the Council's Medium Term Financial Plan);
 - Major grants (assumed to be the Services Grant) will continue as set out in 2023/24 and Revenue Support Grant will continue and be uplifted in line with Baseline Funding Levels (although it has become apparent that this uplift is likely to be funded from a reduction in the Services Grant hence no net gain in resources is expected);
 - the Social Care Grant and other social care grants will increase 'as set out in the *Autumn Statement*'. It is neither clear what precisely this means nor has there been any indication of individual grant amounts for each local authority;
 - a new funding stream, subject to the successful delivery of the Extended Producer Responsibility for Packaging (pEPR), will become available for local authority waste disposal authorities. Again, no details of what this will mean for individual local authorities has been released.
- 3.12 Councillors will appreciate that these are broad statements of intent but, whilst providing some indication of the direction of travel, do not provide sufficient detail to make confident predictions about the funding available to the Council.

Local Government Finance Settlement 2023/24

- 3.13 The provisional Local Government Finance Settlement (LGFS) for 2023/24 was released for consultation by the Government on 19th December 2022. The details of the provisional Settlement and the Council's response to the consultation were provided in a report to the Executive Board in January 2023.
- 3.14 The final Settlement was confirmed on 8th February 2023. Although the Local Government Finance Policy Statement does provide some information on aspects of the likely funding settlement for 2024/25, in essence the Settlement for 2023/24 is another single year settlement making it incredibly difficult to plan the Council's future financial position. As indicated previously, Local Government has lobbied consistently for a multi-year funding settlement to aid service and financial planning but to no avail.

- 3.15 Details of the Council's settlement are provided below but in summary, the Council's Core Spending Power for 2023/24 will rise by 10.2% (compared to an average increase of 9.2% for Local Government overall). This is predicated on the following assumptions:-
- an increase in the Council's Settlement Funding Assessment of 5.7%. The extent to which this will happen is dependent on the growth in the Council's amount of retained business rates;
 - an increase in Revenue Support Grant of 12.0% to £15.695m reflecting both inflation and the roll-in of various grants. Indeed, there is net estimated additional grant funding of c£8.061m (or 29.5%) when compared to the Council's Core Spending Power in 2022/23;
 - included in the additional grant funding are new grants - £3.7m additional Social Care grant, £995k for the Equalisation of the 2% Adult Social Care Precept and £1.171m for a Social Care Discharge Fund. Funding of £1.790m has also been provided for Market Sustainability and Fair Funding (for Adult Social Care);
 - a reduction in the Services Grant of £1.270m to pay for the withdrawal of funding for the impact of the Health and Social Care Levy – which will no longer happen – and the inflation on RSG (as set out above). The Services Grant for 2023/24 will be £1.802m;
 - a reduction in funding from the New Homes from £1.006m in 2022/23 to £401k in 2023/24;
 - the Government's assumption that there will be an increase in the general rate of Council Tax of 2.99% and the Adult Social Care Precept of 2.0%.
- 3.16 A full analysis of the Council's change in Core Spending Power for 2023/24 (when compared to 2022/23) is provided at **Appendix A**.

Statement on the robustness of the Council's budget calculations and the adequacy of financial reserves

- 3.17 As indicated in the legal implications section below, Section 25 of the Local Government Act 2003 requires the Council's Director of Finance, as the Officer having responsibility for the administration of the Council's financial affairs, to report to the Council on the robustness of the budget estimates and the adequacy of proposed financial reserves when determining its budget requirement under the Local Government Finance Act 1992.
- 3.18 This Statement is provided elsewhere on the Agenda for this meeting. The Statement has been produced on the basis of the proposals set out in this report. It should be noted that, subject to the Council's deliberations on the budget at this meeting, the Statement confirms that the budget presented here (and the Capital Programme for 2023/24 which is elsewhere on the Agenda) is considered to be robust.
- 3.19 Given the significant reduction in core government funding in recent years, the absence of any funding certainty over the medium term and the use of council reserves to balance the Council's budget, Councillors are asked to consider these statements fully in the context of the proposed budget and Medium Term Financial Plan.

3.20 As part of the preparatory work in relation to the statement on the adequacy of the Council's financial reserves, work has been undertaken to review the level of the Council's General Fund Working Balance. This review is undertaken annually and the outcome of this work is a proposal to maintain a Minimum Working Balance of c£6m. The rationale for this is provided at Appendix B to the report on the Robustness of Estimates.

4. RATIONALE

4.1 The Council has a statutory obligation to set a balanced General Fund Revenue Budget for 2023/24 by 11th March 2023.

5. KEY ISSUES

Funding Allocations 2023/24

5.1 On the basis of the Local Government Finance Settlement 2023/24 and the Council's own assessment of Retained Business Rates, Table 1 below summarises the estimate of Government funding for Blackburn with Darwen for 2023/24:-

Table 1: Estimate of Government Funding 2023/24 (and forecast to 2024/25)

	Actual Funding 2022/23 £000	Estimated Funding 2023/24 £000	Forecast Funding 2024/25 £000	Forecast Funding 2025/26 £000
Business Rates Retained (IABR*1)	18,185	19,794	20,190	20,594
Business Rates Top Up	24,275	25,117	25,619	26,131
Baseline Funding Assessment	42,461	44,911	45,809	46,725
Revenue Support Grant	14,016	15,695	15,695	15,695
Settlement Funding Assessment	56,476	60,606	61,504	62,420
Improved Better Care Fund	8,349	8,349	8,349	8,349
Social Care Grant	8,813	8,813	8,813	8,813
Equalisation of 2% ASC Precept	-	995	995	995
Additional Social Care Grant	-	3,774	3,774	3,774
Independent Living Fund	-	386	386	386
Market Sustainability and Fair Funding	516	1,790	1,790	1,790
Discharge Fund	-	1,171	1,171	1,171
BSF PFI Grant	8,472	8,472	8,472	8,472
Sub Total (see Table 7)	82,626	94,356	95,254	96,170
Other Government Grants				
Business Rates s31 Grant	8,567	13,199	13,225	13,252
New Homes Bonus	1,006	401	-	-
Lower Tier Services Grant	341	-	-	-
Services Grant	3,073	1,802	1,802	1,802
Total Government Funding	95,613	109,758	110,281	111,224

*1 – Individual Authority Business Rates (IABR)

Business Rates Retained

5.2 The estimate of Business Rates Retained for 2023/24 in Table 1 above is the Council's own assessment of the amount of business rates the Council will retain from the net collectable Business Rates generated in the Borough.

- 5.3 This is based on a 49% share, with the balance shared between the Lancashire Fire Authority (1%) and the Government (50%). This is based on local knowledge of the Business Rates taxbase, anticipated growth/decline in the rateable value of properties, exemptions and reliefs. The Council's assessment of Business Rates Retained compares broadly to the Government's assessment as set out in the final Local Government Finance Settlement.

Business Rates Top Up

- 5.4 In simple terms, the Business Rates Top-Up is the amount payable to the Council to reflect the difference in the Council's Baseline Funding Assessment (the assessment of funding needed to deliver services (last undertaken in 2013/14)) and its ability to raise income from Business Rates (the Individual Authority Business Rates Assessment). This is a cash grant payable to the Council and for 2023/24 will be £25.117m (£24.275m in 2022/23).

Revenue Support Grant

- 5.5 Revenue Support Grant (RSG) is a general cash grant payable to the Council. Compared to the current financial year, for 2023/24 RSG has been increased by c12.0% and will be £15.695m (£14.016m in 2022/23).
- 5.6 In addition to an increase for inflation (using the CPI rate of inflation at September 2022 (10.1%)), which is funded from a reduction in the Services Grant (see below), RSG for 2023/24 includes various grants (including the Local Council Tax Support Administration Grant) that have been rolled-in. This is not new funding but simply a consolidation of these grant schemes.

Funding for Social Care

- 5.7 For a number of years, the Government has made available various ad-hoc grants to support the social care system. These are cash grants payable to local authorities for investment in Adult and Children's Social Care, either directly by the Council or as part of a pooling arrangement with the NHS. The amounts received by Blackburn with Darwen Council including the allocations for 2023/24 are shown in the table below:-

Table 2: Additional Grant Funding for Social Care (excl Social Care Precept)

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Adult Social Care	478	-	-	-	-	-
Improved Better Care Fund	5,901	7,339	8,104	8,104	8,349	8,349
Social Care Grant	-	-	4,925	6,551	8,813	8,813
Social Care Support Grant	-	1,306	-	-	-	-
Winter Pressures Grants	764	764	-	-	-	-
Market Sust/Fair Funding	-	-	-	-	516	1,790
Independent Living Funding	-	-	-	-	386	386
Equal of 2% ASC Precept	-	-	-	-	-	995
Additional Social Care Grant	-	-	-	-	-	3,774
Discharge Fund	-	-	-	-	-	1,171
Total	7,143	9,409	13,029	14,655	18,064	25,278

- 5.8 Table 2 above includes an additional £4.769m for Social Care (either Adults or Childrens). There is also £1.790m for Market Sustainability and Improvement and £1.171m for a Discharge Fund; in both cases, the Government has indicated that there are conditions to the use of this funding although details of those conditions have yet to be released. The Independent Living Funding Grant of £386k is the same as in the current year but will be rolled-into the Social Care Grant.
- 5.9 As set out in the Autumn Statement 2022, the Government responded to the concerns of Local Government by delaying the national rollout of the Adult Social Care charging reforms from October 2023 to October 2025. Funding for the implementation of these reforms is, however, included in the Social Care funding allocations (as set out above for this Council) to enable Councils to address current Adult Social Care pressures.

New Homes Bonus

- 5.10 The New Homes Bonus (NHB) is now in its eleventh year as part of the Local Government Finance system. The original policy intention of NHB was to provide a financial incentive to local authorities to encourage the building of new homes and/or bringing empty homes back into use.
- 5.11 Despite consulting on proposals in 2021 to amend the NHB Scheme, the Government has decided again to retain the present scheme for a further financial year. As has become the norm in recent years, allocations are for one year only with no payment of legacy amounts from previous years (as has previously been the case). For 2023/24, the Government will provide NHB to reflect new housing and empty houses brought into use in the year up to October 2022. This amounts to £401k (compared to £1.006m in 2022/23).
- 5.12 It has been assumed that there will be no further NHB payments after 2024/25.

Other Grants

- 5.13 As indicated in the table, the Government includes a number of other cash grants payable to the Council in the calculation of the Core Spending Power.
- ***Under-Indexing of Business Rates*** – this is a cash grant payable to the Council to reflect the Government’s decision previously to not increase the national business rates multiplier by inflation (as is normally required by Business Rate legislation). The policy intention is to relieve businesses of the burden of additional business rates costs and the purpose of the grant is to compensate Councils for the loss of income that they would otherwise have received. The actual grant payable to the Council will be based on the performance of business rates during the year;
 - ***Lower Tier Services Grant*** – This grant was first paid in the 2021/22 financial year and was, when announced, badged as one-year only. However, whilst the Government did rollover the grant into 2022/23, there will be no grant payable from 2023/24;
 - ***Services Grant*** – The Services Grant was new grant for 2022/23 and the Council received £3.072m (out of total funding of £822m for Local Government). The Government did indicate then that whilst the funding remained for distribution to Local Government, it did not form part of the Settlement.

For 2023/24, the Government has reduced the overall amount of grant funding available to £483m. The reduction in funding is in part because there will no longer be an increase in National Insurance Contributions (due to the withdrawal of the Health and Social Care Levy), therefore the Government proposes not to compensate Local Government for these contributions from 2023/24. In addition, some funding will go to increase the funding for the Supporting Families programme (although it is unclear whether this is new funding) and to pay for other parts of the settlement such as increasing Revenue Support Grant.

The Council will receive £1.802m (out of a total £483m) in 2023/24 with the distribution of the grant based on the Council's Settlement Funding Assessment from 2013/14 (the last time the Council's funding was based on an assessment of its relative needs).

Dedicated Schools Grant

5.14 Dedicated Schools Grant (DSG) is paid to the Council in support of the Local Authority's Schools Budgets. It comprises four blocks (Schools Block, High Needs Block, Early Years Block and Central School Services Block). It is the responsibility of the Council, in conjunction with their local Schools Forum, for determining the split of the funding between their own expenditure and the Individual Schools' Budgets.

5.15 For 2023/24, DSG totals £195.129m and is shown, by block and in comparison to 2022/23, in the table below:-

Table 3: Dedicated Schools Grant 2023/24

	2022/23 £000	2023/24 £000	Change £000
Schools Block	142,241	148,763	6,522
Central Services Block	1,944	1,770	(174)
High Needs Block	28,276	32,610	4,334
Early Years Block	10,887	11,987	1,100
Total	183,348	195,129	11,781

5.16 The following narrative explains the changes in the Block allocations:-

- The Schools Block is allocated through the National Funding Formula (NFF). Councils still have the ability to allocate their Schools Block to individual Schools through a local funding formula; that said, as reported previously, the Government has confirmed its intention that Councils will have to use the NFF for allocations to Schools (although the timescales for this have not been confirmed). In any event, Blackburn's allocation of the funding is broadly based on the NFF;
- the additional Schools Block funding reflects both an increase in the 'per unit' pupil funding and the expected number of pupils;
- in contrast, the Central Services Block which funds the Council's ongoing responsibilities for all Schools in the Borough has reduced due to a reduction in the 'per unit' pupil funding and the continuing gradual reduction in funding for historic commitments as in previous years;

- the increase in the High Need Block reflects a 9% increase in pupils, a 10% uplift in the historical allocation and additional grant funding of £1.297m (a total additional amount of grant of £4.334m) when compared to 2022/23;
- both the rates of funding and the number of children have increased for the Early Years Block hence the increase in funding in the Block allocation.

5.17 In addition to the allocation above, the Government has provided (provisional) supplementary grant funding in 2023/24 for the Schools Block (£4.920m).

5.18 As is standard practice, the allocation of Block Funding to each School as appropriate has been agreed with the Schools Forum and any changes that impact on the Council have been reflected in the General Fund Budget for 2023/24 and the Medium Term Financial Plan to 2026.

5.19 A further report on the use of the High Needs and Early Years Blocks will be submitted to the Executive Board in due course.

Public Health Grant

5.20 The allocations of Public Health Grant for 2023/24 had not been released at the time of writing this report. In 2022/23, Blackburn with Darwen received £15.486m. It is anticipated that any new allocation for 2023/24 will be at the same level as the current financial year.

5.21 Again, as in previous years, the Grant is ring-fenced for public health measures (although work is currently underway to determine what, if any, new burdens may need to be funded from the grant). For the purposes of the budget, it is assumed that the change in grant will have a neutral impact on the Council's General Fund budget.

Council Tax (as part of Core Spending Power)

5.22 The Government has assumed that the Council will raise £63.678m in Council Tax in 2023/24 as part of their assessment of the Core Spending Power. This is based on the following assumptions:-

- applying the average annual growth in the Council Tax Base between 2018/19 and 2022/23 to project growth in the tax base for 2023/24; and
- that the Council will increase its Council Tax in line with the maximum allowable level set out by the Council Tax Referendum Principles for 2023/24. That is 2.99% for general Council Tax and 2.0% for the Adult Social Care Precept.

5.23 As indicated, these are the Government's assumptions. Proposals for Blackburn with Darwen's Council Tax for 2023/24 are set out elsewhere in this report.

Forecast General Fund Outturn 2022/23

5.24 At the meeting of the Executive Board on 9th February 2023, a report on the Council's budget position for the current financial year was considered. This indicated a forecast overspend of £5.670m for the year which, if sustained, will need to be met from an additional contribution from the Council's reserves and balances to ensure a balanced budget.

5.25 Monitoring of the Council's Budget for 2022/23 will continue with any variations to the estimated year end position reported to the Executive Board as part of the normal monitoring procedures.

Development of the Base Budget 2023/24

5.26 As outlined above, the development of the General Fund Revenue Budget for 2023/24 has been undertaken in the context of the new Corporate Plan for 2023/27. The Corporate Plan has four core missions:-

- to have a more prosperous Borough where no one is left behind;
- every child and young person will have the opportunities to fulfil their potential;
- to deliver our Climate Emergency Action Plan; and
- to build happier, healthier and safer communities.

5.27 In support of these core missions, and to ensure the Council is an effective and efficient organisation, there are the following supporting missions:-

- Being an innovative and forward thinking Council; and
- Tackling the budget challenge.

5.28 Details of the Council's budget challenge and the work being undertaken to address it have been reported regularly to the Executive Board. In particular, a range of activity is being progressed to deliver the Council's Financial Strategy based around the themes – '*Grow, Charge, Save and Stop*'. This activity includes:-

- the continuing delivery of the Council's Economic Growth Strategy. This comprises a range of programmes and projects aimed at increasing the amount of new housing and encouraging business growth in the Borough. In turn, this is expected to lead to an increase in the taxbases for both Council Tax and Business Rates which will increase the Council's income;
- the implementation of the Fees and Charges Framework agreed by the Executive as a means of reviewing, revising and changing how the Council's charges for services. Again, the objective here is to maximise income generation for the Council;
- taking a strategic approach to the delivery of savings over the medium through a series of workstreams. Amongst other matters, these are considering the structure of the organisation, how the Council delivers services, the operating models in both Adult and Children's social care and how we exploit technology through the transformation of frontline and back office services.

5.29 As in previous years, work continues to review and realign budgets to service activity. Where it is considered necessary, adjustments have been made to Portfolio Budgets to reflect this. More details of what this means for individual Portfolios is provided below.

Adult Social Care and Health

5.30 The Adult Social Care and Health Portfolio is forecast to underspend by £1.251m on the basis of the budget monitoring exercise undertaken at the end of Quarter 3.

- 5.31 Councillors will be aware of the unprecedented demand on the National Health Service in the run up to and during the Winter of 2022. Indeed, those demand pressures persist and have a consequent impact on the Council given its responsibility to care for those people who are discharged from hospital settings. Whilst the Portfolio is forecasting an underspend on commissioning, this is primarily the result of maximising the use of additional Discharge Funding of £641k provided by the Government specifically to ensure that sufficient hospital beds are available for those that need them. Acknowledging that demand pressures remain, a contingency of £500k has been retained in the Portfolio budget to provide adequate funds in the event that pressures escalate and the Council is required to act rapidly to deal with them.
- 5.32 The demand for both Extra Care and Domiciliary Care continues to increase as does the cost of individual care packages due to the acuity of needs. Pressures in year are beginning to escalate and are likely to impact on the budget as one-off incomes streams for hospital discharge received in the last financial year may no longer be available on a recurring basis. This is compounded by the impact of the 'cost of living crisis' on Service Users. These pressures, however, may well be contained within the contingency referred to above should that not be needed.
- 5.33 The development of the Portfolio budget for 2023/24 has been undertaken in the context of the reforms to Adult Social Care announced by the Government in September 2021. These reforms included changes in how people would pay for social care (otherwise known as Charging Reforms) and, to equalise the cost of care for users irrespective of whether they self-fund or not, a move for local authorities to pay Social Care Providers 'a fair cost of care' (otherwise known as the 'Fair Cost of Care Reforms').
- 5.34 The Council has progressed work on the Fair Cost of Care under the direction of the Department for Health and Social Care and details of this work were published on the Council's website in early February 2023. However, in the Autumn Statement 2022, the Chancellor announced that the Charging Reforms would be delayed to October 2025 with the funding allocated to these measures still being made available '*to allow Councils to provide more care packages*' and to deal with the pressures already in the health and care system.
- 5.35 In the main, the additional funding in 2023/24 will be used to:-
- fund hourly rates and contract uplifts for commissioned Providers (this matter is consider further below);
 - reconfigure the Council's Commissioning function to ensure that it remains '*fit for purpose*' given the increase in demand and complexity of care needs;
 - to refresh the Council's approach to safeguarding adults.
- 5.36 Given the nature of Adult Social Care, the development of the budget reflects known demand and anticipated demand levels. Inevitably, it is difficult to be precise about how demand will change, not least because of the pressures on the National Health Service and how these relate to Social Care, that people are living longer and that there is increasing complexity in care needs.

Public Health, Prevention and Wellbeing

- 5.37 In 2022/23, the Portfolio is forecasting an overspend of £353k. This is primarily the result of a shortfall in income and the increasing cost of utilities in Leisure Service.
- 5.38 As Councillors will be aware from previous reports, average footfall at the Council's Leisure Centres reduced significantly due to the Covid-19 Pandemic and has been slow to recover with the emergence of the 'cost of living' crisis. At the same, these facilities are significant users of utilities and are, therefore, affected directly by price inflation in this area.
- 5.39 Additional provision is being made within the Council's budget to deal with utility costs (more details are below). At this stage, no change is being made to the income budgets for the Leisure Centres given price rises from 1st January 2023 and a recent upturn in the number of new members signing up to use the facilities. This will, however, need to be monitored during the year to ensure that, where necessary, corrective action can be taken if it is considered that income budgets will not be achieved.
- 5.40 As indicated above, the Public Health Grant for 2023/24 will continue to be used for public health interventions.

Children, Young People and Education

- 5.41 The financial position of the Children's, Young People and Education Service has continued to see a significant deterioration during 2022/23 when compared to the budget position for the previous year. This is further to an additional £2.8m investment in the Service as part of the agreed budget for the year.
- 5.42 During 2022/23, the budget for Commissioned Placements is expected to be overspent by £2.499m. This is due mainly to the increase in the number of children subject to an Out of Borough placement. There are overspends in both the Fostering and Adoption Service, Education Transport (all predominantly related to the demand for these services) and the Children's Centre Network although these are, in part, offset by forecast underspends in areas such as Assessment and Safeguarding, Leaving Care and the Pupil Support Team.
- 5.43 Acknowledging these pressures, the proposed budget for 2023/24 includes additional investment of £3.5m to address these issues. This additional funding will be used to:-
- meet the demand to provide transport for children with special educational needs;
 - support a review of the In-House Fostering Service (which will take place during 2023/24);
 - provide more Special Guardianship Orders;
 - ensure that Legal Services have the resources to deal with Childcare Legal Cases;
 - deal with the demand to deliver the Council's 'Staying Put' policy (albeit this Policy will be subject to review in 2023/24);

- provide more funding for Commissioned Placements.

5.44 As with Adult Social Care, the demand-led nature of Children's Services remains a key risk to the budget and will, therefore, need to be closely monitored during the year. Indeed, whilst the budget for commissioned placements will be increased in 2023/24, delivering the budget as agreed will require the Council to review the range of permanence options (In-house Fostering, Independent Fostering etc) to ensure that, acknowledging that placements need to be right for the child/young person, the mix of placements provides good value for money for the Council.

5.45 On a related matter, Councillors should also note that, at the beginning of February 2023, the Government announced a Plan to transform Children's Social Care, '*Stable Homes, Built on Love*'. This plan has been developed in response to the recommendations made by three independent reviews – the MacAlister Review into Children's Social Care, the Child Safeguarding Practice Review Panel and the Competition and Markets Authority (CMA) Review of the Children's Social Care Sector. Some of the measures set out in the Plan include:-

- introducing more effective, joined-up family help for those that are struggling (including the provision of funding for 12 areas to test a new approach to Family Help);
- where a child is at risk of harm, experts will intervene swiftly and decisively to protect them (A new Child Protection Lead Practitioner will be created to join up services);
- harnessing the value of family networks by supporting the kinship care system;
- transforming the experience of children in care and care leavers by prioritising children in care living in homes close to their family, friends, communities and schools;
- expanding and strengthening the Children's Social Care workforce;
- setting clearer direction for everyone who works in the system, through a new Children's Social Care National Framework and Dashboard.

5.46 In relation to the Children's Social Care Market, the Government confirmed that it had accepted all of the CMA's recommendations. As part of a wider strategy to improve the sector, the Department for Education has committed to implement the recommendations to ensure long term reform including:-

- developing regional bodies to support local authorities in obtaining suitable placements for children: These bodies will be able to engage better with placement providers, such as care homes and foster agencies, to help make sure the right placements are available when and where children need them. They will also be trialled and evaluated to make sure they are fit for purpose;
- introducing a financial oversight regime: Establish an oversight regime to assess the financial health of care home providers that are most difficult to replace, and alert authorities if a failure is likely;

- reviewing regulation relating to the placement of children: Create an expert working group to review all existing legislation and regulation regarding children's social care, and develop a common set of standards for fostering, children's homes and supported accommodation.

5.47 The delivery of the 'Stable Homes, Built on Love' Plan will be supported with additional funding of £200m over the next 2 years. What the Plan means for the Council and what share of funding, if anything, will be received by the Council is not yet known. Likewise, what the implementation of the CMA's recommendations means for the Council is not yet known. In both cases, and subject to the Government's implementation of the plan/recommendations, the Council will need to consider carefully the proposals and how they might impact on current service delivery.

Environment and Operations

5.48 As reported to the Executive Board as part of the regular budget monitoring reports, the Environment and Operations Portfolio has not been immune from the impact of the 'cost of living' crisis. As at the end of December 2022, it is forecast that the Portfolio will overspend by £742k. Income from car parking, litter enforcement and taxi licencing have been significantly reduced as footfall (particularly in Town Centres) continues to be below pre-pandemic levels. At the same time, the price of fuel is impacting on the cost of Cleansing Services and there is a forecast shortfall in Trade Waste income.

5.49 Unlike in the current year, where income budgets were retained at pre-pandemic levels with the expectation that they would recover post-pandemic, for the purposes of setting the budget for 2023/24, income budgets have been reviewed to what are considered to be realistic levels.

5.50 The Environment and Operations budget is subject to the normal operational pressures and assumptions have been made about tonnages of waste expected. At the same time, given the significant increase in the rate of inflation, it has been necessary to include an additional £1.1m in the budget for the increasing cost of Waste Contracts.

5.51 And, acknowledging the work undertaken to date and the recommendations made by the the People's Jury that was established to seek residents view on Climate Change, it is proposed that an amount of £300k is retained in the budget to support the delivery of the Climate Emergency Action Plan. A more detailed report on progress with implementation of the Plan will be submitted to the Executive Board in due course.

Growth and Development

5.52 The Growth and Development Portfolio is forecasting an overspend of £1.373m in 2022/23. This is mainly due to a shortfall in income from the Council's investment in the Mall, reduced charges to the capital programme for Highways works, the additional utility costs for street lighting and traffic signals and a shortfall in income in Development Management.

5.53 As with all Portfolios, an opportunity has been taken to review and realign budgets in the Growth and Development Portfolio. In particular, this has necessitated a reduction in some of the income budgets (from the Mall, Mall Car Park, Development Management) to reflect anticipated economic conditions in 2023/24. These budgets will remain under review as part of the Council's normal budget monitoring procedures.

- 5.54 Councillors will be also aware of the Council's success in defending a claim from the Contractor for the construction of the Bus Station in Blackburn for the early termination of their contract with the Council. In light of the Court action, the Council set aside funds to meet the cost of defending the action. Given the successful defence, and the probability of recovering costs associated with the action, it is now considered possible to write down the provision by £300k. This will be a one-off credit to the Council's budget in 2023/24.

Digital and Customer Services

- 5.55 During the current year, this Portfolio is forecast to underspend by £96k. This comprises a forecast overspend on the Coroners Service of £17k offset by an underspend on staffing due to turnover and vacancy management of £114k.
- 5.56 The delivery of the Digital Strategy remains key to the transformation of some Council Services. Implementing the Strategy requires significant capital investment, details of which can be found in the Capital Strategy and Programme report elsewhere on the Agenda for this meeting.
- 5.57 Underpinning this capital investment is a need to provide adequate revenue funding for changes in the way the Council's ICT systems are operating (and with it, how some services are delivered). To that end, and as approved previously reported, funding of c£210k has been included in the budget for 2023/24 to reflect the additional revenue costs associated with infrastructure and software upgrades (the Wide Area Network, Mosaic/Servelec modules and move to the Cloud) and general inflation on software contracts.

Finance and Governance

- 5.58 The Finance and Governance Portfolio is forecast to underspend in the current financial year by £350k. A shortfall in grant income on Elections and an overspend on Legal Support Services due to additional Childcare legal costs is more than offset by an underspend on staffing due to turnover and vacancy management.
- 5.59 Looking ahead to the budget for 2023/24, following the recent re-procurement of the Council's Insurance contract, which was necessary given the expiry of the current contract at the end of March 2023, the estimated cost of premiums is expected to increase by £200k. This is a reflection of the tightening insurance market rather than any change in the Council's risk profile or claims history. A report on the outcome of the tender process for Insurance is currently being prepared and will be considered by the Executive Board in due course.
- 5.60 Equally, as has been reported to the Audit and Governance Committee, fees for External Audit are expected to increase by c£225k from 2023/24 onwards. This increase in fees has been expected given the state of the local audit market and the broader obligations of External Audit firms in relation to the audit of local authority accounts.

Other Cost Pressures/Income

- 5.61 The Council is subject to a range of other cost pressures, some of which are generic in nature (pay award, National Living Wage, non-pay inflation) and some specific.

Pay Award (and pay progression)

- 5.62 The Local Government Pay Award is determined in negotiations between the National Employers Organisations and the Trade Unions via the National Joint Council (NJC) for Local Government Services. The Trade Unions have recently submitted their pay claim to the NJC for 2023/24. The headline claim is for a pay increase of RPI+2%; there are a number of other components of the claim such as additional holidays, homeworking allowance and a flat rate increase to bring the minimum rate of pay to £15 per hour within two years. It is not yet known what the response of the NJC will be as they will need to consult with Employers.
- 5.63 For 2023/24, provision has been made within the budget for a pay award of 5.00%. As in previous years, the proposed budget for 2023/24 also assumes that the cost of any incremental progression in pay will be absorbed within the individual Portfolio budgets.

National Living Wage

- 5.64 As Councillors may be aware, the Government is to increase the National Living Wage (for those aged 23 and over) by 9.7% (from £9.50 per hour to £10.42 per hour) with effect from April 2023 (with increases of between 9.7% and 10.9% for other age groups). Although not significant in the context of the Council's own workforce, the increase in the NLW has a significant impact on external providers, specifically those providing social care.
- 5.65 The Social Care commissioning budgets included in the 2023/24 budget includes provision for increases in Provider hourly rates arising from the increase in the NLW (and other inflationary changes) with effect from April 2023. Consideration is also being given to the scope for increasing Provider hourly rates by the Real Living Wage (RLW), recognising that recruitment and retention of Social Care staff is an acute issue in the area and one that is significantly affecting the quality and quantity of care provided. However, the actual cost of this is the subject of negotiations between the Council and Providers which are ongoing and unlikely to be concluded by the time of Finance Council.
- 5.66 In view of this, a further report on this matter is being prepared and will be submitted for consideration by the Executive Board in due course.

Pensions

- 5.67 During 2022, Lancashire County Council appointed an Actuary to conduct the 3-yearly valuation of the Lancashire County Pension Fund (as is the statutory requirement to do so). A report on the outcome of the valuation and its implications for the Council was considered by the Executive Board on 8th December 2022.
- 5.68 In summary, as at 31st March 2022, the Council's share of the assets (£872.8m) was more than the estimated liabilities (£770.3m) by £102.5m meaning a funding level of 113%, ie the fund was in surplus. As a result:-
- the future service contribution rate would, ordinarily, rise to 18.8% but in view of the surplus on the Fund, the Actuary has permitted a deduction of 1.1% to reflect this surplus thereby giving a total contribution rate of 17.7%. This contribution rate will remain constant for the next 3 financial years, 2023/24 to 2025/26;
 - additionally, given the Fund is in surplus, no deficit payment is required.

- 5.69 When compared to the assumptions in the Medium Term Financial Plan, the impact of this is a saving in 2023/24 of c£844k, rising to £1.130m in 2024/25 and £1.524m 2025/26.

Utilities

- 5.70 It should come as no surprise to Councillors that the Council's budget for utilities has been the subject of significant pressure during the current financial year. Indeed, despite agreeing a balanced procurement strategy for the acquisition of utilities over the next 18 months in September 2022 ([EMD1: Executive Member decision template \(blackburn.gov.uk\)](#)), the volatility of prices means that estimates indicate the cost of the Council's utilities will continue to rise significantly in 2023/24.
- 5.71 As a result of this, the Council's budget for 2023/24 includes an additional provision of £3.0m for utility costs, increasing the budget for the year to c£7.0m.

General Inflation

- 5.72 Until the last financial year, the general rate of inflation (as measured by the Consumer Price Index (CPI)) had been relatively low; between 2017 and mid-2021, it had been well below the 2% target set by the Government for the Bank of England (BoE).
- 5.73 For the reasons set out earlier in this report, during 2022 there was a steep increase in inflation, with the CPI Annual Rate peaking at 11.1% in October 2022 but falling back slightly to 10.5% in December 2022. Given the impact of inflation on the economy, the Government has targeted '*halving inflation*' as one of its five key objectives in 2023 (which, if achieved, would still leave it 3pps above the BoE target rate).
- 5.74 Within the 2023/24 budget (and MTFP), provision has been made for inflation on specific areas of expenditure such as utilities, waste and for contracts where there are known pressures. Most other non-pay budgets are assumed to be cash limited requiring any inflation to be contained with existing budgets. That being said, as in the current year, this matter will remain under review as the year progresses given the difficulties of predicting rates of inflation in the current economic climate.

Debt Charges (Interest and Minimum Revenue Provision)

- 5.75 Elsewhere on the Agenda for this meeting is a report detailing the Council's proposed Capital Programme for 2023/24. The funding of the proposed Programme comes from a range of sources including borrowing. The costs of borrowing to the Council are known as Debt Charges and they are required to be funded from the General Fund Revenue Account.
- 5.76 The Council's Debt Charges (or cost of borrowing) for capital investment comprise two elements:-
- a) an interest cost arising from either new cash borrowing or the Council choosing to redeem investments (ie interest foregone) in order to have sufficient cash to meet capital payments when they are due;
 - b) a principal repayment (otherwise known as the Minimum Revenue Provision) required to reduce the net indebtedness of the Council.

5.77 The table below shows the forecast cost of borrowing over the Medium Term Financial Plan period:-

Table 4: Estimated Borrowing Costs 2023/24 to 2025/25

	2023/24 £000	2024/25 £000	2025/26 £000
Interest Costs	12,455	12,657	12,662
Minimum Revenue Provision (Principal)	6,870	6,924	7,074
Total	19,325	19,582	19,736

Investment Income

5.78 As well as the amount of cash available for investment, the interest rate of return on the Council's investments tends to be closely linked to the Bank Rate set by the BoE. When the Council set its budget for the current year, the Bank Rate was at 0.5%. As a result of the steep increase in inflation during the year, the BoE has increased the Bank Rate a number of times in an attempt to curb bring inflation under control. At the time of writing, the Bank Rate is 4.0%.

5.79 Whilst the Council continues to follow in order the principles of security (of capital), liquidity (capital) and yield (ie return on investment), given that interest rates are expected to remain broadly at the current level throughout the next financial year, it is prudently estimated that investment income in 2023/24 will be £1.3m.

Budget Investment 2023/24

5.80 Following on from the additional investment in 'frontline' services made by the Council last year, there continue to be some areas of service where continued investment is considered necessary despite the significant financial challenges being experienced by the Council. Details of these proposals, albeit relatively modest in the context of the funding reductions the Council has experienced, total c£1.7m over the next two years and are as set out in Table 5 below:-

Table 5: Budget Investments 2023/24

	Base Budget 2023/24 £000	Forecast 2024/25 £000
Increase in Library Opening Hours ((2hrs per week)	40	40
Street Cleansing		
- Additional Street Cleansing Investment (2021/22)	130	130
- Additional Litter Bin Emptying	48	-
- Litter Picking (3 FTE)	90	-
Green Spaces (continuation of)		
- Shrub Pruning Team	80	-
- Park Attendants	80	-
- Gully Cleansing Capacity	95	-
- Ward Waste Collection (2 times per year	35	-
Refresh: Free Swimming for Children	150	-
Highways - White Lining of Roads etc.	150	-
Climate Change Action Plan	300	300
Total Budget Investments	1,198	470

5.81 As the table indicates, these investments comprise some one-off measures and those that are recurring (although the extent of this will depend on the future funding settlement received by the Council).

Budget Efficiencies 2023/24

5.82 As part of the process of developing a balanced budget, one which is both compliant with the Council's statutory obligations but is equally sustainable and robust, it is proposed to implement a range of budget efficiencies. A summary of the proposals by Portfolio is provided in Table 6 below with more details provided at **Appendix B**:-

Table 6: Budget Efficiencies 2023/24

	Base Budget 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000
Adults Social Care and Health	1,446	1,524	1,524
Children, Young People and Education	367	367	367
Public Health, Prevention and Wellbeing	207	207	207
Environmental and Operations	447	447	447
Growth and Development	150	150	150
Digital and Customer Services	112	112	112
Finance and Governance	987	987	882
Total Savings	3,716	3,794	3,689

5.83 Subject to approval by the Council, the implementation of these proposals will commence in April 2023 to ensure delivery in the financial year. Delivery of the proposals will be subject to regular review as part of the normal monitoring reports considered by the Council's Executive Board.

Reserves and Balances

5.84 Details of the Council's Reserves and Balances are provided regularly in reports to the Council's Executive Board. An updated analysis of Reserves and Balances is now provided at **Appendix C** and this reflects the changes in reserves arising from this report. The strategy for the use of Reserves and Balances is as follows:-

- the **Minimum Working Balance** will be maintained at £6m. As Councillors will know, the Minimum Working Balance is held as a contingent sum to provide for unexpected and unforeseen circumstances and is part of the Council's various measures to maintain financial resilience;
- a **Budget Support Reserve** of £5m was established in 2021/22. This Reserve is being used to 'smooth' the impact of budget reduction measures over the life of the Medium Term Financial Plan. In 2023/24, an amount of £2.688m will be used to support the budget (of which £700k relates to the write down of provisions in 2022/23 and £570k relates to a technical delay of savings in 2023/24);

- an **‘Invest to Save’ Reserve** of £5m was also established in 2021/22. This reserve is being used to provide funding to invest in activities specifically aimed at reducing the Council’s net cost base (either by reducing expenditure, generating additional income or a combination of both). Use of the reserve will be subject to an appropriate business case. An amount of £470k will be used in 2023/24 in support of the Council’s Digital Transformation Strategy;
- Remaining **Specific Reserves (for discretionary use)** will only be used the purposes for which they have been set aside and will be subject to annual review. In 2023/24, it is estimated that £7.092m will be used to fund specific expenditure in the year. In the main, this comprises revenue contributions to capital expenditure of £6.956m

5.85 In a report elsewhere on the Agenda for this meeting, the Director of Finance has provided a report on the adequacy of reserves as required by statute.

Council Tax 2023/24

Council Taxbase

5.86 The Council’s Taxbase for 2023/24 for the purposes of Council Tax calculations has been agreed at 36,282.84 (and compares to 35,439.30 in 2022/23).

Local Council Tax Support Scheme

5.87 A report elsewhere on the Agenda for this meeting sets out details of the proposed Local Council Tax Support Scheme for 2023/24.

Council Tax - General

5.88 As set out above, the referendum threshold for general Council Tax, set by the Government, remains at 3.0% for 2023/24; the Government’s assumption in the calculation of the Council’s Core Spending Power is an increase in Council Tax of 2.99%. In view of this, it is recommended that the general Council Tax be increased by 2.99% in 2023/24.

Council Tax – Adult Social Care Precept

5.89 As with the Council Tax – General, the Government’s calculation of the Council’s Core Spending Power for 2023/24 assumes that all Councils with a responsibility for Adult Social Care will increase their Council Tax by 2.0% in 2023/24. In view of this, it is recommended that the Social Care Precept for 2023/24 be increased by 2.0%.

Base Budget 2023/24 Summary

- 5.90 Taking into account all of the matters considered above, the proposed General Fund Budget for 2023/24 is set out at **Appendix D** with a summary provided in Table 7 below:-

Table 7: General Fund Budget for 2023/24

	Base Budget 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000
Portfolio Budgets	154,978	154,538	154,438
Corporate Income and Expenditure	16,150	17,822	26,126
Net Expenditure	171,128	172,360	180,564
Government Funding (see Table 1)	(94,356)	(95,254)	(96,170)
Collection Fund Deficit (net)	(1,661)	(1,264)	(764)
Contribution from Reserves/Balances (net)	(10,250)	(996)	(536)
Council Tax Requirement *1	(64,861)	(68,440)	(70,845)
Budget Gap	-	6,405	12,249

*1 – Including Town and Parish Council Precepts

- 5.91 For information, **Appendix E** provides a reconciliation of the budget deficit for 2023/24 as reported to Finance Council on 28th February 2022 to the balanced budget position shown in the table above.
- 5.92 As the Table indicates, on the basis of the proposals set out in this report, the Council's budget is balanced in 2023/24. There remains, however, a budget gap over the medium term of c£12.2m.

Capital Strategy and Capital Programme

- 5.93 A report on the Capital Strategy and Capital Programme for 2023/24 is provided elsewhere on the Agenda for this meeting.

The Financial Strategy (and Medium Term Financial Plan) 2023/24 to 2025/26

- 5.94 Agreement to the Council's General Fund Revenue Budget for 2023/24 (and the Capital Programme for 2023/24) should be considered in the context of the Council's medium term financial position. Details of this are provided in an Addendum to the Financial Strategy (and Medium Term Financial Plan) 2023/24 to 2025/26 which is provided at **Appendix F** to this report.
- 5.95 As indicated above, whilst the proposed budget for 2023/24 is balanced, there remains a budget gap of c£12.2m to 2025/26. The purpose of the Financial Strategy, amongst other matters, is to provide a broad framework by which the Council can implement measures to deal with this gap. The Strategy is based around the following themes:

- **Growing** the Council's income using the funding mechanisms now in place for local government to increase the Borough's taxable capacity, in particular the Business Rates Retention Scheme. This means that the Council continue to consider ways in which it can increase income from business and housing growth to ensure that funding for services can be maintained and increased;

- **Charging** for services, raising income which will mean that it is possible to continue providing services that resident's value. This will mean continuing to review the level of fees and charges, reducing the subsidy on some services and considering the introduction of new fees and charges. It will also include reviewing the level of discretionary business rates and council tax exemptions/discounts and the local scheme of Council Tax Support;
- **Saving** costs by, for example, reviewing how the Council delivers services, doing things differently and more efficiently, scaling services to appropriate levels within the resources available to the Council and working with partners, including the voluntary sector, local town and parish councils to sustain local facilities and services. At the heart of this approach is a transformation programme that will consider how best to deliver services that provide the highest value for money;
- **Stopping** spending on lower or non-priority areas. This could mean, for example, that the Council works with other partners to deliver services that would otherwise be delivered by the Council.

5.96 As agreed at Finance Council last year, the Financial Strategy (with the Addendum provided at **Appendix F**) provides the basis of the development of the Council's financial plans in support of the delivery of the Corporate Plan and achieving a balanced and sustainable budget.

6. POLICY IMPLICATIONS

6.1 The Council's budgets (revenue and capital) support the delivery of services in pursuance of the vision, objectives and priorities set out in the Council's Corporate Plan.

7. FINANCIAL IMPLICATIONS

7.1 The financial implications are as given in the report.

8. LEGAL IMPLICATIONS

8.1 The Council must calculate and approve its Council Tax Requirement for the forthcoming financial year in accordance with s32 and s43 of the Local Government Finance Act 1992 (LGFA), annually.

8.2 Section 25 of the Local Government Finance Act 2003 also requires the Officer having responsibility for the administration of the Council's financial affairs (the Director of Finance at this Council) to report to the Council on the robustness of the budget estimates and the adequacy of financial reserves when determining its budget requirement under the LGFA 1992. This is considered in a report elsewhere on the Agenda for this meeting.

9. RESOURCE IMPLICATIONS

9.1 There are no other resources implications arising from the contents of this report.

10. EQUALITY AND HEALTH IMPLICATIONS

10.1 All proposals in this report are subject to an Equality Impact Assessment as appropriate. Other than that, there are no equality and health implications arising from the contents of this report.

11. CONSULTATIONS

11.1 The Council regularly undertakes consultation with residents, businesses, partners and stakeholders. Where it has been possible, consultation exercises have been conducted with our staff and residents and businesses across the borough through postal surveys and via on line surveys to find out opinions on Council Services. The most recent examples of this include the Residents Survey, consultation on the Local Plan development and consultation on the development of the Corporate Plan.

11.2 This feedback helps to shape the Budget, the MTFs and the Capital Programme proposals.

Appendices

Appendix A - Analysis of Blackburn with Darwen's Core Spending Power

Appendix B - Budget Efficiency Proposals 2023/24

Appendix C - Estimated Balances and Reserves as at 31st March 2023

Appendix D - Draft General Fund Revenue Budget for 2023/24

Appendix E - Reconciliation of Medium Term Financial Plan 2022/23 (March 2021 to February 2022)

Appendix F - Addendum to the Financial Strategy (and Medium Term Financial Plan) 2022/23 to 2024/25

VERSION:	1.1
CONTACT MEMBER	Councillor Vicky McGurk Executive Member – Finance and Governance
DATE:	27 th February 2023

**Blackburn with Darwen
Core Spending Power 2023/24**

	Final Settlement 2023/24 £000
Core Spending Power 2022/23	146,048
Business Rates Retained (IABR *1)	21,117
Business Rates Top Up	25,117
Baseline Funding Assessment	46,234
Revenue Support Grant	15,695
Settlement Funding Assessment	61,928
Under-indexing Business Rates	7,876
Improved Better Care Fund	8,349
Social Care Grant	13,968
Market Sustainability and Fair Funding	1,790
Discharge Fund	1,171
New Homes Bonus	401
Lower Tier Services Grant	-
Services Grant	1,802
Council Tax (excl Parish Precepts) *2	63,678
Core Spending Power 2023/24	160,963
Change from 2022/23	14,915
	10.2%

*1 This is Individual Authority Business Rates (IABR) and is Government's assessment of the Council's share of business rates.

*2 This is based on the Government's assumptions of Council Taxbase and Council Tax Levels and is not reflective of the Council's decision on Council Tax.

**Blackburn with Darwen
Budget Efficiency and Savings Proposals 2023/24**

	Base Budget 2023/24	Base Budget 2024/25	Base Budget 2025/26
Adult Social Care (Strategic Workstream 5)			
Staffing Review - Consideration of staffing levels across the portfolio, increase delay in recruitment/professional levels/skill mix/ integration of teams - internally/within Health and Social Care ICB.	50,000	50,000	50,000
Award Intermediate Care contract to Single Provider (not in-house)	400,000	400,000	400,000
Review of Telecare service	76,000	153,500	153,500
Expand Shared Lives scheme	100,000	100,000	100,000
Divert day service placements from external providers into Hopwood Court (now refurbished)	50,000	50,000	50,000
Expand Reablement/Step up from Community	65,000	65,000	65,000
Increase Promoting Independence Review Activity (PIR)	65,000	65,000	65,000
Review of Direct Payments (DP), Reclaims and High Cost DP packages	200,000	200,000	200,000
Development and Implementation of debt recovery policy	100,000	100,000	100,000
Supported Living Review	200,000	200,000	200,000
Reduction in VCFS Contracts	50,000	50,000	50,000
Reduction in Car Allowances Budget	90,190	90,190	90,190
Total Adult Social Care	1,446,190	1,523,690	1,523,690
Children, Young People and Education (Strategic Workstream 4)			
Review of organisational structure	150,000	150,000	150,000
Reduction in Car Allowances budget	17,340	17,340	17,340
Review of the Leaving Care Service (linked to investment in staying put included elsewhere)	200,000	200,000	200,000
Total Children's Service	367,340	367,340	367,340
Public Health, Prevention and Wellbeing (Strategic Workstream 5)			
Reduction in Car Allowances budget	27,960	27,960	27,960
Public Health Contribution to Social Determinants of Health	179,000	179,000	179,000
Total Public Health, Prevention and Wellbeing	206,960	206,960	206,960
Environment and Operations Service			
Reduction in Car Allowances budget (Strategic Workstream 1)	46,560	46,560	46,560
Reduced cost of Assets (Strategic Workstream 2)	100,000	100,000	100,000
Additional Income from Commercial Lettings (Strategic Workstream 6)	150,000	150,000	150,000
Delete budget for debts charges related to Household Waste Recycling Centre (Strategic Workstream 8)	150,000	150,000	150,000
Total Environment and Operations	446,560	446,560	446,560
Growth and Development			
Reduction in Car Allowances budget (Strategic Workstream 1)	9,880	9,880	9,880
Reduced cost of Assets - Mall Car Park (Strategic Workstream 6)	90,000	90,000	90,000
Reduce cost of service due to Procurement Activity (Strategic Workstream 8)	50,000	50,000	50,000
Total Growth and Development	149,880	149,880	149,880
Finance and Governance			
Review of organisational structure (Strategic Workstream 1)	276,000	276,000	276,000
Grant Contribution from Supported Housing Investment Programme (Strategic Workstream 1)	105,000	105,000	-
Recovery of costs from Police and Crime Panel Grant (Strategic Workstream 1)	30,000	30,000	30,000
Reduction in Car Allowances budget (Strategic Workstream 1)	6,300	6,300	6,300
Review of Council Tax Relief for Empty Properties/Major Repairs (Strategic Workstream 6)	270,000	270,000	270,000
Review of Non-Dependent Deduction for Local Council Tax Support (Strategic Workstream 6)	250,000	250,000	250,000
Reduce cost of service due to Procurement Activity (Strategic Workstream 8)	50,000	50,000	50,000
Total Finance and Governance	987,300	987,300	882,300
Digital and Customer Services			
Review of organisational structure (Strategic Workstream 1)	50,000	50,000	50,000
Reduce cost of service due to Procurement Activity (Strategic Workstream 8)	60,000	60,000	60,000
Reduction in Car Allowances budget (Strategic Workstream 1)	1,770	1,770	1,770
Total Digital Services	111,770	111,770	111,770
Total Budget Efficiency Proposals	3,716,000	3,793,500	3,688,500

Blackburn with Darwen Analysis of Balances and Reserves

	Balance at 31st December 2022 *1 £000	Additional Use of Reserves in 2022/23 £000	Estimated Contribution to Reserves 2022/23 £000	Redistribution of Reserves 2022/23 £000	Forecast Balance of Reserves 31st March 2023 £000	Change in Reserves 2023/24 £000	Forecast Balance of Reserves 31st March 2024 £000
Minimum Working Balance (GF Balance)	7,718	(1,718)	-	-	6,000	-	6,000
Budget Support Reserve	3,679	-	700	-	4,379	(2,688)	1,691
Invest to Save Reserves	4,566	-	-	-	4,566	(470)	4,096
Specific (Discretionary) Reserves - Committed							
- Welfare, Council Tax and Business Rate Reforms	4,683	-	-	-	4,683	(36)	4,647
- Investment in Assets and Infrastructure	4,680	-	-	-	4,680	(1,976)	2,704
- Support for Other Resources and Transformation Projects	375	-	-	-	375	-	375
- Support for People Services	3,568	(1,000)	-	2,000	4,568	-	4,568
- Support for Place Services	920	-	-	-	920	-	920
- Contingent Sums	6,840	(2,687)	1,793	1,000	6,946	(1,260)	5,686
- Slippage from Previous Years	5,832	(265)	-	(3,000)	2,567	-	2,567
- Amounts unspent from Grants and Contributions	116	-	-	-	116	-	116
- Amounts committed to Future Years Budgets	980	-	-	-	980	-	980
- Reserves held for Specific Purposes	3,895	-	2,092	-	5,987	(3,820)	2,167
Total Specific (Discretionary) Reserves	31,889	(3,952)	3,885	-	31,822	(7,092)	24,730
Other Earmarked Reserves	248	-	-	-	248	-	248
School Related Reserves	12,386	-	-	-	12,386	-	12,386
Total Reserves	60,486	(5,670)	4,585	-	59,401	(10,250)	49,151

*1 - As reported to the Executive Board on 9th February 2023

Budget Summary 2023/24

The table below identifies the changes between the Budget 2022/23 presented in the Medium Term Financial Plan to Finance Council in March 2022 and the current position presented to Finance Council on 27th February 2023

	2022/23 Base Budget £000	2022/23 Revised Budget £000	2023/24 Base Budget £000	Variation £000
	A	B	C	D=(C-A)
Portfolio Budgets				
Adult and Prevention Services	57,311	61,000	68,341	11,030
Public Health and Wellbeing	2,900	3,534	2,627	(273)
Children, Young People and Education	34,211	35,700	40,392	6,181
Environmental Services	10,519	13,871	15,365	4,846
Growth and Development	9,016	6,438	9,380	364
Digital and Customer Services	6,562	6,464	7,289	727
Finance and Governance	10,419	13,467	11,584	1,165
Total Portfolio Budgets	130,938	140,474	154,978	24,040
Corporate Income and Expenditure				
Contingencies	8,447	4,713	8,053	(394)
RCCO	6,351	3,819	6,956	605
Debt Charges	18,987	18,987	18,025	(962)
Recharges to Schools	(1,274)	(1,274)	(1,207)	67
Benefit Admin Grants	(650)	(650)	(467)	183
New Homes Bonus	(1,006)	(1,006)	(401)	605
Lower Tier Services Grant	(341)	(341)	-	341
Services Grant	(3,072)	(3,072)	(1,802)	1,270
Business Rates s31 Grant	(8,568)	(8,568)	(13,199)	(4,631)
Town and Parish Precepts (incl Grants)	191	191	193	2
Net Expenditure	150,003	153,273	171,129	21,126
Business Rates	(18,185)	(18,185)	(19,794)	(1,609)
Business Rates - Top Up	(24,275)	(24,275)	(25,117)	(842)
Revenue Support Grant	(14,016)	(14,016)	(15,695)	(1,679)
Improved Better Care Fund Grant	(8,349)	(8,349)	(8,349)	-
Social Care Grant	(8,813)	(8,813)	(15,139)	(6,326)
Market Sustainability and Fair Funding	(516)	(516)	(1,790)	(1,274)
BSF PFI Grant	(8,472)	(8,472)	(8,472)	-
Council Tax Income	(60,171)	(60,171)	(64,695)	(4,524)
Council Tax Income - Town and Parish Precepts	(164)	(164)	(166)	(2)
Transfer from/to Collection Fund - Council Tax	(755)	(755)	(1,210)	(455)
Transfer from/to Collection Fund - NNDR	6,859	6,859	(452)	(7,311)
Total Estimated Funding	(136,857)	(136,857)	(160,879)	(24,022)
(Use of)/Contribution to Specific Reserves	(13,146)	(16,416)	(10,250)	2,896
(Use of)/Contribution to General Fund Balance	-	-	-	-
Funding Gap Remaining	-	-	-	-

Balancing the 2022/23 Budget *1

The table below summarises the way in which the Budget Gap for 2023/24 (as presented in the Medium Term Financial Strategy to Finance Council on 28th February 2022) has changed over the past 12 months to produce a balanced budget as required by statute

Budget Deficit for 2023/24 (as reported to Finance Council on 28th February 2023)	(2,885)
Changes in Core Grant Funding	
Additional Business Rates (Retained and from 'Top Up')	5,301
Additional Revenue Support Grant (RSG)	1,679
Total Changes in Core Grant Funding	6,979
Change in Other Grant Funding	
Change in Underindexing of Business Rates	736
Additional Social Care Grants	7,730
Additional New Homes Bonus	401
Loss of Lower Tier Services Grant	(341)
Reduction in Services Grant	(1,270)
Local Council Tax Support Admin Subsidy rolled into RSG	(233)
Adjustment to HB/CTS Admin Subsidy	100
Total Changes in Other Grant Funding	7,123
Change in Assumed Income from Council Tax	1,234
Change in Assumed Income from change in Council Taxbase	1,170
Collection Fund Surplus - Council Tax	1,200
Collection Fund Surplus - Business Rates	450
Total Change in Council Resources	4,054
Change in Pay related inflation	(4,271)
Change in Utilities related inflation	(3,275)
Other Inflationary uplift in costs	(2,113)
Revenue implications of Digital and ICT Strategy	(340)
Additional investment in Social Care	(10,504)
Realignment of Income Budgets	(1,171)
Change in Assumption for Investment Income	1,300
Budget Efficiency Proposals	3,716
Change in the Assumed Use of Reserves	1,386
Total Change in Assumed Budgeted Costs/Income	(15,271)
Budget Deficit for 2023/24 (as reported to the Finance Council on 27th February 2023)	-

*1 This analysis shows the changes in the range of assumptions underpinning the development of the budget for 2023/24

Addendum to Financial Strategy 2022/25 and Update to Medium Term Financial Plan 2023/26

Introduction

1. At the Finance Council on 28th February 2022, the Council approved the Financial Strategy and Medium Term Financial Plan for 2022/25. A copy of the final document can be found at [Financial Strategy 2022/23](#).
2. This Addendum provides an update to the Financial Strategy 2022/25 and sets out the Medium Term Financial Plan 2023/26 reflecting the proposals set out in the main report. A further update on the Strategy will be provided to the Executive Board in June 2023.

Financial Environment

3. Since the Financial Strategy 2022/26 was agreed, the national public finances have been impacted by a range of issues, not least the emergence of a cost of living crisis that has required the Government to intervene with various policy measures to support both individuals and business.
4. The impact on the economy of the Covid-19 Pandemic has gradually diminished, as the number and severity of cases has reduced, but recovery from the worst of the Pandemic was already being affected by Omicron, supply bottlenecks and rising inflation when Russia invaded Ukraine, starting a conflict that has had major repercussions for the global economy. Almost immediately after the invasion, energy prices increased significantly and whilst they have fallen back in recent months, they remain well above historical averages.
5. At the same time, in the UK (and the broader global economy) rising food and other goods prices have seen CPI inflation peak at a 40-year high of 11% (it would have been higher without the Energy price Guarantee) leading to a squeeze on real incomes and a fall in housing prices. Combined with increases in interest rates (notably the Bank Rate) to levels not seen since the 2008 financial crisis, this has impacted directly on individual consumption and business investment leading to the possibility that the economy will enter a recession (reflected by a fall in national GDP).
6. The Government's interventions have been significant during the year, with a range of major statements since March 2022 including:-
 - **the 26 May cost-of-living package** included £15.2 billion of support this year, whose cost was expected to be partly offset by the introduction of the energy profits levy (EPL) (though at latest gas prices the first three years of the levy now raises more than the support payments cost). In the Autumn Statement, the Chancellor raised the rate of the levy from 25 to 35 per cent and extended it to 2027-28. It is now expected to raise an average of £8.0 billion a year over four years, up from £5.5 billion a year in the original announcement.¹ See Box 4 for uncertainty around these estimates.
 - **The 8 September energy package** comprised the energy price guarantee, which lowers energy bills for households, and the energy bill relief scheme (EBRS), which does the same for eligible businesses. The Energy Price Guarantee (EPG) is in place for 18 months, with the Autumn Statement reducing its generosity from April 2023 by raising the cap on a typical annual household energy bill from £2,500 to £3,000.² The EBRS is currently due to end on 31 March 2023, with a successor scheme subject to review. The two measures cost a combined £43.2 billion this year and the EPG costs a further £12.8 billion in 2023-24.
 - **The Growth Plan** delivered in on 23rd September announced tax cuts that would have cost £48.2 billion a year by 2027-28 but the majority of these were dropped in a statement on 17 October.³ The cost of those that survived rises to £21.1 billion in 2027-28, largely thanks to the decision to scrap the health and social care levy before it was introduced next April. Permanently raising the generosity of the annual investment allowance to £1 million, and the cut to stamp duty (which was converted from a permanent to a temporary giveaway in the Autumn Statement), also survived.

- **The Autumn Statement** on 17th November announced further support in the near term – including further cost-of-living payments to those in receipt of various benefits and cuts to business rates, as well as additional spending on health and social care, and schools (rising to £5.9 billion and £2.5 billion respectively in 2024-25). More details of these changes and the impact on the Council are included in the body of the main report.
7. The most recent economic and fiscal outlook produced by the Office of Budget Responsibility at the same time the Autumn Statement 2022 was announced indicated that, as a consequence of the various announcements referred to above, the annual national budget deficit is forecast to be £177.0bn in 2022/23, falling to £140.0bn in 2024/25; by 2027/28 it will be 69.2bn. In Public spending terms, this means current spending plans (as set out in the Comprehensive Spending Review 2021) will be maintained until 2025 but then grow more slowly than previously expected.
 8. What this means for Local Government is difficult to be precise about. Any suggestion that public spending will grow more slowly after years of austerity and the impact of the Covid-19 Pandemic, combined with any extant Government's likely policy priorities remaining Health, Education and Defence, **would suggest a continuing pressure on funding for Local Government**. And this assumes that the growth predicted in the national economy (at nearly 3% pa from 2025/26 onwards) is delivered which is not guaranteed.

Our Strategy Context

9. The Council's Corporate Plan provides the strategic framework and objectives that guide what the Council does and how it will do it. Since agreeing the Financial Strategy, the Council has updated its Corporate Plan. The new [Corporate Plan 2023-27](#) was approved by Policy Council in December 2022 and includes four core missions as follows:-
 - to have a more prosperous Borough where no one is left behind;
 - every child and young person will have the opportunities to fulfil their potential;
 - to deliver our Climate Emergency Action Plan; and
 - to build happier, healthier and safer communities.
10. In support of these core missions, and to ensure the Council is an effective and efficient organisation, there are the following supporting missions:-
 - Being an innovative and forward thinking Council; and
 - Tackling the budget challenge.
11. Details of the Council's budget challenge and the work being undertaken to address it have been reported regularly to the Executive Board. In particular, a range of activity is being progressed to deliver the Council's Financial Strategy based around the themes – '*Grow, Charge, Save and Stop*' – more of which is provided below.

Our Current Financial Health

12. The assessment of the Council's financial position here should be considered in conjunction with the Medium Term Financial Plan for 2023/26 which is considered below. Taken together, these should provide a good understanding of the Council's overall financial sustainability in the medium term.
13. At the time of writing, the audit of the Council's Statement of Accounts for 2020/21 has yet to conclude. This is due primarily to a national accounting issue associated with the valuation and recording of infrastructure assets. This issue has recently been resolved by way of a statutory override and the Council's External Auditors are now considering this in the context of providing their opinion on the Accounts. Despite this, work has commenced on the audit of the Council's Statement of Accounts for 2021/22. At this stage, no significant issues have arisen that warrant consideration but it is likely to be some months before this work is concluded.

14. For 2020/21, the External Auditors have provided their narrative report on the Council's arrangements for delivery value for money. No significant issues were raised.

CIPFA's Financial Resilience Index

15. CIPFA's Financial Resilience Index is a comparative analytical tool that be used to show the Council's position on a range of measures associated with financial risk. In the diagram below, a comparison of the Council's position with various indicators of financial stress to other Unitary Authorities is showing using date from 2021/22 (the latest available data):-



16. Of the 9 indicators provided, Blackburn with Darwen is showing higher risk in 5 indicators, one less than the 6 indicators when the Resilience Index was last reviewed. The indicator that has improved is the level of reserves which, as indicated in the Balance Sheet analysis below, has improved due to the amount of residual Covid-19 funding held by the Council.
17. Indicators of concern in the analysis above include the reserves sustainability measure (the Council does have relative low level of reserves), interest payable as ratio of net revenue expenditure (whilst debt is comparable to other Councils, the cost of debt is amongst the highest which is reflective of historic borrowing decisions), fees and charges as a ratio of service expenditure (indicating insufficient income is being generated by the Council in comparison to other Unitary Councils) and Council Tax Requirement as a proportion of Net Revenue Expenditure (reflecting the Council's relatively low Council Tax and Council Tax base).

Balance Sheet as at 31st March 2022

18. As indicated above, the Council's Statement of Accounts for 2021/22 are currently the subject of external audit. Nevertheless, using the Council's draft unaudited Statement of Accounts, it is possible to undertake an assessment of the strength of the Council's financial position. The Council's Balance Sheet provides a snapshot of its financial position as at 31st March 2022. The table below shows an extract of the Council's usable Reserves and Balances (31st March 2021 compared to 31st March 2022):-

Table 1: Balances and Reserves as at 31st March 2022

2020/21 £000	RESERVES/BALANCES AND INVESTMENTS (£'000)	2021/22 £000	Change £000
Reserves/Balances			
(8,373)	General Fund Balance	(7,718)	
10,023	Collection Fund Adjustment Account	5,167	
(60,743)	Earmarked Reserves	(69,183)	
-	Capital Receipts Reserve	(164)	
(2,875)	Provisions	(4,386)	
(12,690)	Capital Grants Unapplied	(13,335)	
(10,219)	Grants Received in Advance	(3,678)	
(84,877)	Amount Available for Investment	(93,297)	(8,420)

19. As the table indicates, the Council Reserves and Balances increased between 2020/21 and 2021/22. This is largely due to an increase in Earmarked Reserves largely due to both Covid-19 funding and s106 payments.

Budget (and Budget Monitoring) 2022/23

20. On 28th February 2022, Finance Council agreed a balanced budget for 2022/23. In doing so, it agreed that:-
- The General Fund Net Revenue Budget would be £110.708m;
 - Council Tax for 2022/23 would increase by 3.99% (including 2% for the Adult Social Care Precept);
 - A net contribution of £13.146m from Reserves and Balances to support the budget;
 - The Capital Programme for 2022/23 would be £35.691m of which £12.678m would be funded from Prudential Borrowing.
21. In support of the approved budget, and in accordance with statutory requirements, the Director of Finance provided a statement confirming the robustness of estimates and the adequacy of reserves.
22. And, as part of the papers considered by Finance Council in agreeing the budget, an update on the Council's Medium Term Financial Plan for the period to 2024/25 was provided. This indicated that, whilst the budget was balanced for 2022/23, there was an estimated funding gap in 2023/24 of c£3m rising to c£6m in 2024/25. This Addendum to the Financial Strategy provides an update to the Medium Term Financial Plan (as set out below).
23. As required by s28 of the Local Government Act 2003, the Council is required to monitor its budget on a regular basis throughout the financial year. According to the latest budget monitoring exercise undertaken at 31st December 2022 (Quarter 3), it is forecast that the Council will overspend its General Fund Revenue Budget by £5.670m.
24. Assuming this position persists to the year, there is sufficient funding in the Council's Reserves and Balances to ensure that any overspend is funded.

Financial Aspects of Corporate Governance

25. In support of the financial analysis provided above, the Council has in place good financial governance arrangements. For example:-
- the Council complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government. In particular, the Director of Finance sits on the Council's Corporate Leadership Team;
 - the budget setting process is robust and complies with statutory requirements (for example, the budget was approved before 11th March, the Director of Finance provided a statement on the robustness of estimates and adequacy of reserves, Council Tax was set within the Referendum principles established by Government, the Capital Programme (and related borrowing) is considered prudent, affordable and sustainable);
 - budget monitoring arrangements are well established, with monthly budget monitoring reports considered by Departments and quarterly budget monitoring reports (both revenue and capital) submitted to the Executive Board;
 - closure of accounts procedures are effective and the Council produced its draft Statement of Accounts for 2021/22 in time for the start of the external audit. An update on the position with the audit of Accounts is provided above;

- the narrative statement on the Council's value for money arrangements included no adverse comments of significance;
 - the Councils has good governance and internal controls as set out in the Annual Governance Statement;
 - the Council is compliant with the CIPFA Financial Management Code (and this has been subject to Internal Audit review during the year);
 - the Council's has in place a Financial Strategy and Medium Term Financial Plan providing a good understanding of its estimated future financial position.
26. The financial aspects of corporate governance are subject to continuous review as part of the Value for Money Assessment undertaken annually by the Council's External Auditors.

General Commentary on the Council's Financial Position

27. As indicated above, the Council's current financial position is that it is managing the budget within the resources available to it, including calling on reserves and balances as required. Indeed, the Council has a reasonable track record of managing its budget in year.
28. As at March 2022, the Council has a good level of balances and reserves. However, it is important to consider the rate at which reserves are being used to ensure the Council does not become reliant on reserves and balances to achieve a balanced budget.
29. Finally, underpinning the Council's financial position are good financial corporate governance arrangements. These arrangements are under continuous review both internally and by the Council's External Auditors.

Baseline Revenue Position (Medium Term Financial Plan)

30. Table 2 below provides a forecast of revenue income and expenditure for the three year period, 2023/24 to 2025/26. This is the Council's Medium Term (Revenue) Financial Plan:-

Table 2: Medium Term (Revenue) Financial Plan

	Base Budget 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000
Portfolio Budgets	154,978	154,538	154,438
Corporate Income and Expenditure	16,150	17,822	26,126
Net Expenditure	171,128	172,360	180,564
Government Funding (see Table 1)	(94,356)	(95,254)	(96,170)
Collection Fund Deficit (net)	(1,661)	(1,264)	(764)
Contribution from Reserves/Balances (net)	(10,250)	(996)	(536)
Council Tax Requirement *1	(64,861)	(68,440)	(70,845)
Budget Gap	-	6,405	12,249

31. The development of the Medium Term (Revenue) Financial Plan is based on a range of key assumptions as set out in the Financial Strategy. The key changes to assumptions are as follows (the numbering of assumptions below is based on those set out in the [Financial Strategy 2022/23](#)):-

Key Strategy Assumption 4

It is assumed that the Revenue Support Grant payments to the Council will be increased by inflation but that any such increase will be funded by way of a reduction in the Services Grant (see Key Assumption 10 below);

Key Strategy Assumption 7

It has been assumed that the Market Sustainability and Fair Funding Grant will continue at the 2023/24 level over the life of the Medium Term Financial Plan;

Key Strategy Assumption 8

The Additional Social Care Grant received in 2023/24 is assumed to be consolidated into the Social Grant received by the Council and will be ongoing over the life of the Medium Term Financial Plan;

Key Strategy Assumption 10

Given no payment of the Lower Tier Services Grant from 2023/24, this assumption is no longer applicable.

Key Strategy Assumption 11

It is assumed that the Services Grant will continue to be paid to the Council but will be reduced to fund inflation on Revenue Support Grant (see Key Assumption 1 above).

Key Strategy Assumption 16

The Minimum Working Balance will be maintained at £6m. The adequacy of this sum will be monitored annually and reported to Members during the budget process.

Key Strategy Assumption 19

It is assumed that income budgets will be reviewed in line with the Fees and Charges Framework as agreed by the Executive Board.

Key Strategy Assumption 20

For the three years of the Medium Term Financial Plan, pay inflation shall be assumed at 5% in 2023/24, 4% in 2024/25 and 3% in 2025/26.

32. All other assumptions set out in the [Financial Strategy 2022/23](#) will remain as indicated but will be subject to review as part of regular review of the Medium Term Financial Plan.

Baseline Capital Position (Medium Term Financial Plan)

33. The Council's Capital Programme is in place to deliver the objectives the Capital Strategy (which, in turn, is in place to support the delivery of the Corporate Plan):-

Table 3: Medium Term (Capital) Financial Plan

	Budget 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000
Health and Adult Social Care	3,282	1,867	-
Children, Young People and Education	7,068	263	-
Environment	215	100	-
Public Health and Wellbeing	-	-	1,000
Growth and Development	22,417	22,990	37,248
Digital and Customer Services	3,030	282	42
Finance and Governance	831	-	-
Portfolio Spending	36,843	25,502	38,290
Corporate ICT	700	700	-
Vehicles	700	1,000	-
Corporate Property Investment	1,727	1,700	835
Earmarked Schemes	3,127	3,400	835
Asset Management	2,294	1,000	-
Contingent Schemes	2,294	1,000	-
Total Capital Expenditure	42,264	29,902	39,125

34. As the Table indicates, the Council's Capital Strategy is heavily focused on growth and development. This reflects both the Corporate Plan mission to create '*a more prosperous borough where no-one is left behind*' and is one of the key strands – 'Grow' – of the Financial Strategy.
35. More detail of the Council's Capital Strategy and Capital Programme is provided in a report elsewhere on the Agenda for the Finance Council meeting on 27th February 2023.

Budget Issues/Pressures

External Factors

36. Aside from general pressures on the funding of local authorities, the following narrative considers a range of external factors, not in any particular order, that are likely to impact on the Council and its financial position over the medium term financial strategy period:-

a) *Cost of Living Crisis*

As the 2022/23 financial year has developed, the cost of living crisis caused by rising prices for most goods and services has become increasingly prominent. The impact has been heightened by lagging pay inflation.

In direct terms, the cost of living crisis is leading to increased demand for Council Services as more people find themselves in a vulnerable position requiring support. With temporary funding provided by the Government, the Council continues to provide support through measures such as the Household Support Fund and Council Tax Support Relief. However, the extent to which these can be continued will rely on funding provided from Government as the Council does not have the financial capacity to sustain such schemes.

At the same, as residents and businesses increasingly struggle with rising prices, they will experience difficulty paying Council Tax and Business Rates. Whilst the Council's collection of Council Tax and Business Rates has held up reasonably well in 2022/23, the accumulated impact of price rises may affect this income. Similarly, as resident disposable incomes are reduced, their ability to pay for Council services such as those offered by Leisure Centres will be affected. The Council will, therefore, need to monitor carefully the impact of the cost of living on income streams to ensure that it is in a position to act as appropriate if these are at risk.

And, of course, the Council is not immune to the impact of price rises. The cost of providing services has started to increase as have the costs associated with the delivery of capital projects. This is particularly acute where such projects are funded from grants which were awarded prior to rising prices and which were based on deliverable outputs linked to the funding available. It is inevitable that the Council will have to renegotiate the delivery of schemes to avoid potential cost overruns.

b) Levelling Up (including Devolution)

Levelling Up and Devolution remain policies of the current Government. A Levelling Up White Paper was published in February 2022 and listed 12 missions to be achieved by 2030. These are:

- Increase pay, employment and productivity
- Domestic public investment in R&D outside south-east to rise by at least 40%.
- London-style public transport connectivity across the UK
- Nationwide broadband
- Fixing the education gap
- Skills training
- Narrowing life expectancy gap, with a UK-wide rise of five years by 2035
- Rise in wellbeing
- Decreased inequalities
- Rise in overall number of first-time homebuyers
- Crime reduction
- Devolution in England

Following on from the White Paper, the Government brought forward the Levelling Up and Regeneration Bill to provide statutory backing to its policy intentions. This is currently progressing through Parliament (it is in the House of Lords Committee Stage).

In the meantime, the Government has continued to make funding available under the banner of 'levelling up'. In addition to the Towns Deal funding, of which the Council will receive £25m for Darwen Town Deal, the following funding has been made available:-

- there has been a single round of the Community Renewal Fund (CRF) with the expectation being that CRF is a pilot for the forthcoming Shared Prosperity Fund (see below). Blackburn with Darwen was successful in obtaining funding for 2 out of 7 of its bids securing CRF of investment of c£700k;
- likewise, there has been a single round of Shared Prosperity Funding from which the Council was allocated c£6.8m; and
- to date, there have been two rounds of the Levelling Up Fund. Due to the short timescales for bids, the Council did not submit a bid to the first round. In the second round, the Council submitted two bids – one for Blackburn Town Centre (£20m) which was not successful and one for the Blackburn Transport Growth Axis (£20m) which was successful.

What is not clear at this stage is what further devolution of powers and resources the Government is prepared to consider although it is clear that if the Government is to devolve more powers and resources, it will only do so to places that have strong governance.

Whilst Blackburn with Darwen would support devolution to Lancashire with a Mayoral Combined Authority, if that is required, and would support the reorganisation of local government in Lancashire (with the preference being the creation of a Pennine Lancashire Unitary Authority), the current focus is the Lancashire 2050 strategic framework ([Lancashire 2050 - A strategic framework for Lancashire](#)).

The Lancashire 2050 framework comprises eight priority areas:-

- economic prosperity
- transport and infrastructure
- environment and climate
- housing
- early years and education
- employment and skills
- health and wellbeing
- communities and place.

Lancashire's 15 Councils have all endorsed the plan.

c) Social Care Reforms

In September 2021, the Government set out plans to reform adult social care in England. It said that £5.4 billion would be used to fund the reforms between 2022/23 and 2024/25:

- £3.6 billion would be used to reform how people pay for social care. This included £1.4 billion to help local authorities move towards paying a "fair cost of care" to providers.
- £1.7 billion would be used to support wider system reform.

The funding was initially planned to come from the new Health and Social Care Levy, but in September 2022 the then Government announced the levy would be cancelled. The then Health Secretary, however, said funding for social care would remain unchanged. This was followed by with a decision by the Government, announced as part of the Autumn Statement, to delay the implementation of Charging Reforms from October 2023 by two years to October 2025.

In relation to the Fair Cost of Care reforms, the Government announced prior to the Autumn Statement that these would be implemented in stages from October 2023 to April 2025 at the latest.

The Council did receive additional Social Care grant as part of the Local Government Finance Settlement although this was provided to deal with the current pressures in the Social Care system. What this means for the continued implementation of the Fair Cost of Care reforms and the Charging Reforms is not yet clear as it is inevitable that to make the changes necessary will require additional funding from the Government.

d) MacAlister Review (Independent Review of Children's Social Care)

In early February 2023, the Government announced a Plan to transform Children's Social Care, 'Stable Homes, Built on Love'. This plan has been developed in response to the recommendations made by three independent reviews – the MacAlister Review into Children's Social Care, the Child Safeguarding Practice Review Panel and the Competition and Markets Authority (CMA) Review of the Children's Social Care Sector. Some of the measures set out in the Plan include:-

- introducing more effective, joined-up family help for those that are struggling (including the provision of funding for 12 areas to test a new approach to Family Help);
- where a child is at risk of harm, experts will intervene swiftly and decisively to protect them (A new Child Protection Lead Practitioner will be created to join up services);

- harnessing the value of family networks by supporting the kinship care system;
- transforming the experience of children in care and care leavers by prioritising children in care living in homes close to their family, friends, communities and schools;
- expanding and strengthening the Children’s Social Care workforce;
- setting clearer direction for everyone for everyone who works in the system, through a new Children’s Social Care National Framework and Dashboard.

In relation to the Children’s Social Care Market, the Government confirmed that it had accepted all of the CMA’s recommendations. As part of a wider strategy to improve the sector, the Department for Education has committed to implement the recommendations to ensure long term reform including:-

- developing regional bodies to support local authorities in obtaining suitable placements for children: These bodies will be able to engage better with placement providers, such as care homes and foster agencies, to help make sure the right placements are available when and where children need them. They will also be trialed and evaluated to make sure they are fit for purpose;
- introducing a financial oversight regime: Establish an oversight regime to assess the financial health of care home providers that are most difficult to replace, and alert authorities if a failure is likely;
- reviewing regulation relating to the placement of children: Create an expert working group to review all existing legislation and regulation regarding children’s social care, and develop a common set of standards for fostering, children’s homes and supported accommodation.

The delivery of the ‘Stable Homes, Built on Love’ Plan will be supported with additional funding of £200m over the next 2 years. What the Plan means for the Council and what share of funding, if anything, will be received by the Council is not yet known. Likewise, what the implementation of the CMA’s recommendations means for the Council is not yet known. In both cases, and subject to the Government’s implementation of the plan/recommendations, the Council will need to consider carefully the proposals and how they might impact on current service delivery.

e) Achieving Net Zero (responding to the Climate Emergency)

As with most other Councils, the Council has declared a Climate Emergency (at the Council Forum on 18th July 2019). The Council has committed to making Blackburn with Darwen carbon neutral by 2030, taking into account the production and consumption of emissions.

In response to this, the Council has established a Climate Emergency Working Group which is overseeing the delivery of the Climate Emergency Action Plan. In addition to direct action that the Council can take in the delivery of its own services, the Action considers both engagement with partners and residents on the broader actions that can be taken for the Borough to achieve the carbon neutral targets.

More recently, a People’s Jury was convened to consider what the Council (and others) should do in response to the climate emergency. At the meeting of the Council Forum at the end of January 2023, the recommendations from the People’s Jury were considered. It was resolved that a further report on the recommendations in the context of the Council’s own Action Plan should be brought forward for consideration by the Executive Board. This is likely to happen in June 2023.

The Council’s Revenue Budget includes £300k to support the implementation of Climate Change measures. This is in addition to any funding the Council can obtain through other sources such as, for example, the Public Sector Decarbonisation Fund.

f) *Environment Act 2021*

The Environment Act 2021 received royal assent in November 2021. The Act has wide ranging changes that will impact on the Council, generally in relation to environmental matters and more specifically as both waste collection and waste disposal authority. This includes, for example:-

- The collection of glass, metal, plastic and paper/card from households for recycling;
- exploring the possibility of Councils having separate food waste collections at least once a week for recycling and composting;
- separate collections for recycling or composting.
- the introduction of a Deposit Return Scheme (where consumers pay a deposit for a single-use container at the point of purchase which is then refund to the consumer when they return the container for recycling);
- the Extended Producer Responsibility which makes sure producers pay the 'full net cost of recovery' for the packaging that they produce;
- the provision of a free garden waste collection.

The implementation of measures in the Act is unlikely to take place without further consultation with local authorities, not least because of the potentially significant financial implications. Indeed, whilst acknowledging the need to increase rates of recycling, local authorities have been clear that to implement the measures in the Act will require significant additional funding from Government.

At this stage, given the lack of clarity available about the implementation of the Act and the expectation that Government will provide additional funding, no provision is included in the Medium Term Financial Plan for the impact of the Environment Act 2021 at this stage.

g) *Academisation of Schools*

Successive Governments in recent years have had a policy of promoting the academisation of schools (the process by which Local Authority Maintained Schools become academies). Despite the Government no longer progressing the Schools Bill through Parliament, this policy shows no signs of abating and where Schools are not improving year on year, there is a probability that they will be under pressure to academise (with the likelihood that they will join a Multi-Academy Trust).

The majority of Schools in Blackburn with Darwen are local authority maintained schools and equally, most schools in the Borough have a good or better rating from Ofsted. In view of this, there appears to be little consideration of further academisation of Schools in the Borough although given the current Government's policy position, it is a matter that will need to remain under review.

h) *Planning Reforms*

In August 2020, the Government published the 'Planning for the Future' White Paper which included proposals for the long term fundamental structural changes to England's planning system. Any such changes to the existing planning system will require both primary and secondary legislation. To that end, the Levelling Up and Regeneration

Following a change in Secretary of State for Local Government, the proposed changes were put on hold pending a review of the anticipated Planning Bill. The outcome of this review was that the Bill did not progress and much reduced planning reforms are now included in the Levelling Up and Regeneration Bill. Whether these survive progress through Parliament remains to be seen.

Needless to say that any changes to the Planning system, both in terms of the broader planning policy framework and the underlying development management process(es) are likely to impact on the Council.

i) Continued Pressure on Council Tax Increases

In recent years, the Government has continued the pressure on local authorities to keep general Council Tax increases below 2% although, given the funding challenges experienced by Councils, this has now been increased to 3%. At the same time, it has used the Adult Social Care Precept as a means of providing Councils with the capacity to generate additional Council Tax as a contribution to paying for Adult Social Care Costs.

This 'pattern' for Council Tax increases has been in place for a number of years and is unlikely to change. That said, given the Council Tax system in its present form has not been changed since 1991 (using property prices from that year to determine the banding of properties), there are growing concerns that it is an outdated system in need of reform.

j) Availability of External Funding Streams and Specific Grants

The Council has a good track record of obtaining external funding from a variety of sources, primarily to undertake a range of regeneration activity within the Borough. Much of the investment has been, and continues to be, capital funding and includes funding/grants from Growth Deal, Heritage Lottery Fund and latterly both the Towns Deal and the Community Renewal Fund.

Much to the consternation of Local Government, and despite increasing concerns about the 'competitive' nature of these funds, the Government continues to provide a range of small and disparate bid-based special and specific grants to local authorities through various Government Departments. This is likely to remain the case with funds such as the Levelling-Up Fund and the UK Shared Prosperity Fund. It is difficult to say what the Council's success will be with bids to these funds, particularly in the absence of a devolution deal of some sort.

k) General Legislative Changes

There is a range of legislation currently being progressed through Parliament, which could have financial implications for the Council. These include, for example (these are Government Bills only):-

Table 4: General Legislative Changes

Levelling Up and Regeneration Bill	HoL – Committee Stage
Procurement Bill	HoC – Committee Stage
Data Protection and Digital Information Bill	HoC – 1 st Reading
Schools Bill	HoL – 3 rd Reading
Social Housing (Regulation) Bill	HoC – Report Stage

HoC – House of Commons, HoL – House of Lords

It is not possible to say at this stage what, if any, financial implications these areas of legislation may have for the Council as details of the impact on service provision are not known in all cases.

l) General

The narrative on external factors above is not exhaustive of the issues that might affect the Council and its financial position but represent the major issues currently known. As other issues arise, they will be evaluated for impact on the Council and, in the event that there are financial implications, these will be factored into the Council's Medium Term Financial Plan.

Internal Factors

37. In addition to the external factors impacting on the Council, there is a range of issues specific to the Council and/or the Blackburn with Darwen area that will have an impact on the Medium Term Financial Plan. To a large degree, these issues are set out in the priority actions shown in the Corporate Plan. However, the brief narrative below considers some of the key issues:-

a) *Implementing a new Corporate Plan*

The Council has agreed a new Corporate Plan for the period 2023/27. This sets out a range of missions that will provide a framework for the Council's activities. As indicated earlier in this Strategy, there needs to be strong link between the Council's Corporate missions and its ability to deliver them with the resources available. This is likely to require both an iterative approach to service and financial planning and consideration of innovative ways of delivering priority actions.

b) *Stability in the Workforce*

As with a number of sectors and organisations, the Council continues to experience difficulties with the recruitment and retention of staff in a number of business areas. This is starting to impact significantly on the delivery of services with remedial actions being taken to deal with this issue where it is possible to do so. However, this is a broader sectoral issue and not necessarily unique to Blackburn with Darwen hence it is a matter that it also being considered by the Local Government Association to determine whether there is national response to this matter.

c) *Increase in Demands for Services and Complexity of Needs*

The demand for Council services continues to grow, particularly in Adult and Children's Social Care. In these areas, there are concerns that as the worst effects of Covid-19 start to reduce, the pent-up demand in the care system will start to flow leading to potentially significant pressure on the Council.

Added to this is the increasing complexity of needs of both adults and children (including, for example, multi-morbidity, mental health challenges and social deprivation) is also creating additional pressure in the care system given the need to ensure that care packages and support are tailored appropriate to the needs of the adult/child.

d) *Local Plan 2021-2037*

The Council is in the final stages of agreeing a new Local Plan for the period 2021 to 2037. At the time of writing, the Plan is being subject to independent examination in public by the Planning Inspectorate. Subject to the outcome of that process and any modifications necessary to achieve a sound and legal plan, it will be presented to the Council for adoption. Depending on the nature of any modifications necessary, this could be later in 2022.

e) *Use of Reserves*

The MTFP assumes that the Council will use c£1m of reserves annually to support the budget and whilst the current position on reserves is relatively health, this is not a sustainable position over the longer term. A key element of the Financial Strategy is that the Council should seek to reduce the reliance placed on reserves and move to a position where ongoing expenditure is met from ongoing resources.

f) *Capitalisation of Staffing Costs*

In 2023/24, the Council will capitalise staffing costs totaling c£2.0m. These staff are actively involved in the delivery of capital projects. However, once projects are delivered, the Council will need to consider to what extent those staff employed on the projects are required and how, if they are required, their costs will be funded.

g) *Education Service Level Agreements*

The Council receives c£2.5m from the provision of services to Schools. This is based on a range of Service Level Agreements across a range of services. To sustain the income from the provision of these SLAs, the Council will need to continue providing services that provide value for money.

Equally, expanding the scale of service provision, both of existing and new services, continues to be a focus for services.

With the push for greater academisation of Schools, this level of income will be at risk and will require the Council to consider what strategies it needs to employ to sustain the income or ensure that the related cost base is reduce as income reduces.

h) Use of Public Health Grant

The Council receives c£15m of Public Health Grant annually. Of this, around £5m is used to support the General Fund Revenue Budget on activities associated with the wider determinants of health. This is a legitimate use of this funding, contributing to those areas that should lead to a reduction in health-related issues that would otherwise contribute

i) Digitisation

The Council has embarked on the delivery of a Digital Strategy that seeks to make digital the first option for the delivery of services, to enable staff to have the ability to transform services, become a data driven organisation and to have both secure and resilient technology.

The investment required to deliver the Digital Strategy is significant and consideration of this will be funded will continue to form part of the development of the Council's Capital Strategy. At the same time, the implementation of the Digital Strategy should lead to transformation of Council services that can be delivered at a lower cost base than at present.

Underpinning this, there is a significant amount of work required to ensure the Council's IT infrastructure remains resilient and up to date. This may require investment which, given the importance of this work, will be essential to ensure Council services can continue to operate effectively, efficiently and safely.

j) Commercial Services and Income Recovery

A commercial approach to the delivery of services has become a regular theme of Council plans in recent years. Within the bounds of both statutory and other guidance, the Council needs to consider to what extent it can derive more income from taking a more commercial approach to the delivery of services, This approach will need to be underpinned by a commercial strategy so that any actions implemented are within a strategic framework and fit with the Council's own objectives.

k) Availability External Funding

As indicated above, the Council has a good track record in obtaining external funding as a means of regeneration and/or expanding the delivery of services across Blackburn with Darwen. The hallmark of current funding streams is the need to bid for funds, generally in competition with other local authorities.

To be successful, the Council has to be in a position to develop 'oven ready' bids that are of high quality, capable of being successful and ultimately can be delivered.

It is important, therefore, that the Council puts in place arrangements, such as clear exit strategies, when funding streams come to an end so that the burden of additional cost does not simply add to the ongoing budget shortfall. In doing so, however, there needs to be a holistic approach to reviewing the contribution of funded schemes to the Council's Strategic Objectives in comparison to those services/projects/schemes funded directly by the Council's base budget.

l) Strategic Developments / Projects

There are a number of significant projects that the Council is currently involved which may require additional funding (revenue/capital) or capacity to ensure delivery. Examples include:-

- Blackburn Town Centre Developments;
- Darwen Town Centre Developments (which now form the Darwen Towns Fund Programme);
- Darwen East Development Corridor;
- North East Blackburn Corridor;
- South East Blackburn Growth Zone;
- West Blackburn Development Corridor.

This list is by no means exhaustive. Work on the development/delivery of these projects is ongoing and could potentially impact on the Council's financial position.

38. Again, this is not an exhaustive list, but it does outline some of the major factors that may impact on the Council's financial position. There are others and the following examples illustrate this:
- updating and implementing the Strategic Asset Management Plan and ensuring asset renewal continues;
 - dealing with problem sites, empty properties and 'grot spots' on a pro-active basis;
 - the growth in the delivery of events by the Council within a limited amount of resources.
39. The annual compilation of Business Plans, which focus on the three-year period covered by the Financial Strategy as well as provide details of annual service targets, provides an opportunity to address these and other service pressures facing the Council both in terms of service delivery and resourcing.

Achieving a Balanced Budget (the Financial Strategy)

Overview of Financial Strategy

40. The Financial Strategy being implemented by the Council is
- **Growing** the Council's income using the funding mechanisms now in place for local government to increase the Borough's taxable capacity, in particular the Business Rates Retention Scheme. This means that the Council continue to consider ways in which it can increase income from business and housing growth to ensure that funding for services can be maintained and increased;
 - **Charging** for services, raising income which will mean that it is possible to continue providing services that residents value. This will mean continuing to review the level of fees and charges, reducing the subsidy on some services and considering the introduction of new fees and charges. It will also include reviewing the level of discretionary business rates and council tax exemptions/discounts and the local scheme of Council Tax Support;
 - **Saving** costs by, for example, reviewing how the Council delivers services, doing things differently and more efficiently, scaling services to appropriate levels within the resources available to the Council and working with partners, including the voluntary sector, town and parish councils to sustain local facilities and services;
 - **Stopping** spending on lower or non-priority areas. This could also mean, for example, that the Council works with other partners (Voluntary, Faith, Community Sector, Town/Parish Councils etc) and residents to deliver aligned to the 'Your Call' Initiative.
41. More details of these strands is provided in the [Financial Strategy 2022/23](#). Since agreeing the Strategy, the 'saving' and 'stopping' strands have been expanded into a series of Strategic Workstreams, more details of which are provided below.

Strategic Workstreams

42. Acknowledging the need for a strategic approach to the development of budget options, the following 8 strategic workstreams have been developed to guide activity to reduce the Council's net revenue expenditure:-

- **Workstream 1 - Organisational Review** – in line with the new Corporate Plan, there is a need to consider the robustness of the Council's existing target operating model (and with it the organisational structure, governance and processes) to determine how best to deliver key policies and transformational change. This will initially be informed by a diagnostic exercise to review current ways of working, identifies how staff spend their time and where opportunities for efficiencies may be available and what structures are most appropriate to achieve the Council's objectives;
- **Workstream 2 - Asset Review** – recognising that the impact of Covid-19 has meant the Council has adopted a form of hybrid working, supported by a significant investment in technology that supports different ways of working, combined with a need to review the Council's asset base in the context of priorities for service delivery, it is proposed to undertake an Asset Review.

Phase 1 of the Asset Review will focus on the following assets (and follows on from the completion of Phase 1 of the Accommodation Strategy):-

- **Blackburn Town Hall** – and how best it should be used to both accommodate staff but be accessible to a range of customers;
- **The 'Tower'** – following the completion of Phase 1 of the Accommodation Strategy, this property is largely vacant; the next step requires the building to be completely vacated thereby reducing the operating costs as much as possible (to include taking the building out of the rating system). In parallel with this, work to repurpose the building needs to be accelerated;
- **Duke Street** – the proposal here is to consider how best to use the building in the context of the Council's accommodation needs;
- **One Cathedral Quarter** – again, acknowledging the attractiveness of this building to the commercial sector, the proposal here is to consider how best to use the building as part of the broader approach to accommodation needs.

Phase 2 of the Asset Review is subject to the completion of the updated Strategic Asset Management Plan which, as well as Accommodation, will consider the sufficiency of the Council's broader operational assets. This may highlight opportunities for further rationalisation of Council assets. It is expected that the first draft of the updated Plan will be considered by the Executive Board in March 2023;

- **Workstream 3 - Alternative Models of Service Delivery** – the Council has a good track record of considering alternative models for service delivery in a range of functions. The proposal here is to consider whether alternative models of service delivery for frontline services such as Waste Collection, Grounds Maintenance, Highways Maintenance, Building Cleaning and Building Maintenance might be possible whilst at the same time being provided at lower cost. Likewise, there are different operating models for Leisure, Culture and Arts Services and the proposal here would be to evaluate the options for future delivery with a focus on cost reductions/income generation;

- **Workstream 4 - Review of the Children's Services Operating Model** – subject to the Organisational Review work identified above and acknowledging both the outcome of the Ofsted Inspection of Childrens Services and the extent to which additional investment has been made in the service, it is proposed to review the current operating model to ensure that the service is 'fit for the future' whilst at the same time considering what scope for budget efficiencies and reductions is possible. Consideration will also be given to Government's proposed policy changes in this area;
 - **Workstream 5 - Review of Adult Social Care Operating Model** – again, subject to the Organisational Review work identified above, there is an opportunity to undertake a root and branch review of the Adult Social Care Operating Model. Indeed, with the significant reforms of Adult Social Care to be implemented over the next 2 to 3 years, how the Service is delivered requires reviewing so that it is positioned to deal with the changes;
 - **Workstream 7 - Review of Back-Office Efficiency** – the Council has already conducted efficiency reviews of back-office functions. However, opportunities may arise following the Organisational Review (Workstream 1 above) to undertake further efficiency reviews of the Council's back-office functions. Areas of consideration may include, for example the Council's procurement/commissioning functions, Finance (including Revenue and Benefits), Business Support, property and asset management. Consideration of this matter needs to be cognisant of the work on the Accommodation Strategy which may present opportunities to co-locate services to achieve better collaboration and co-ordination of service delivery as a consequence;
 - **Workstream 8 – Procurement (reduction in Contract and Third Party Spend)** – beyond the strategic review of alternative delivery models (Workstream 3 above), driving value from the Council's procurement of goods and services must be key part of the Council's approach to managing the budget deficit. As a benchmark, with any new tender for goods/services funded from the Council's Revenue Account, **a reduction of 10% in the contract value should be sought**, whether that is from better pricing, value engineering or changes in contract specification. By way of illustration, in the context of an anticipated procurement pipeline of c£12m in 2022/23, such an approach could deliver savings in excess of £1m.
43. Underpinning these strategic reviews will need to be a reinvigorated transformative approach to service delivery that will seek to use **data and insight** to better inform decision making and **service re-design (or transformation)** that will exploit new technologies such as automation and (eventually) artificial intelligence. Both of these matters, along with a more disciplined approach to 'Digital First' for the delivery of services, are central to the Council's agreed Digital Strategy and need to be integral to the strategic reviews above.
44. Similarly, a number of these workstreams are likely to require a review and refresh of the Council's **Human Resources Strategy** and related policies and procedures, not least around the approach to hybrid working, co-location of staff and related terms and conditions. That said, fundamentally, to achieve the savings above, there will need to be a reduction in staff numbers and this will need to be managed effectively. It should be noted that this work is in addition to the current programme of activity around Organisational Development.



REPORT OF:	EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE, ON BEHALF OF THE LABOUR GROUP
TO:	FINANCE COUNCIL
ON:	27th February 2023

PORTFOLIOS AFFECTED: ALL

WARDS AFFECTED: ALL

SUBJECT : CAPITAL PROGRAMME AND CAPITAL STRATEGY REPORT 2023/26

1. PURPOSE

This report seeks approval for the 2023/24 – 2025/26 Capital Strategy, set out in **Appendix 1** and Capital Programme, set out in **Appendix 6**.

The capital strategy gives a high-level overview of how the Council's capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risks are managed and the implications for future financial sustainability.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

2. RECOMMENDATIONS

Members are recommended to:

2.1. approve the Capital Strategy for 2023/26 (**Appendix 1**), including:

- a) the Council's Capitalisation Policy, as outlined in **Appendix 2**;
- b) the Minimum Revenue Provision (MRP) Statement, which determines the Council's policy for repayment of debt (**Appendix 3**);
- c) the proposed prudential indicators for the forthcoming year (**Appendix 4**);
- d) the proposed Investment Strategy for 2023/24, as outlined in **Appendix 5**;
- e) the proposed Use of Capital Receipts Strategy, as outlined in **Appendix 6**.

2.2. Approve the proposed Capital Programme for 2023/24, as outlined in **Appendix 6** and **Appendix 6A**.

- 2.3. Note the indicative programmes for 2024/25 and 2025/26 as shown in **Appendix 6** and acknowledge that these will be subject to further review as part of the development of future years' capital programmes.
- 2.4. Delegate authority to the Director of Finance to determine the most appropriate method of financing the capital programme.

3. BACKGROUND

The *Prudential Code for Capital Finance in Local Authorities* was updated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2021. The framework provided by the Prudential Code supports local strategic planning, local asset management and proper option appraisal.

The objectives of the Prudential Code are to provide a framework that will ensure for individual local authorities that:

- capital expenditure and investment plans are affordable;
- all external borrowing and other long-term liabilities are within prudent and sustainable levels; and
- treasury management and other investment decisions are taken in accordance with good professional practice.

In order to demonstrate that these objectives have been fulfilled, the Council should have in place a Capital Strategy that sets out the long term context in which capital expenditure and investment decisions are made and which gives due consideration to service objectives, long term financing implications and potential risks to the authority.

4. KEY ISSUES

Capital Strategy

The updated Capital Strategy for the period 2023/24 to 2025/26 is provided at **Appendix 1**. Amongst other matters, the Strategy outlines the Council's main capital investment priorities, capital financing, treasury management strategy and revenue budget implications of the Capital Strategy.

Further details on the Council's borrowing and treasury investments can be found in the Treasury Management Strategy, to be presented to Executive Board in March for approval.

The Strategy is supported by the details contained within Appendices 2 to 5 including; the Council's capitalisation policy, details of the Council's proposed Minimum Revenue Provision policy for 2023/24, proposed Prudential Indicators and the Council's Non-Treasury Investments Strategy.

Capital Programme

To deliver the Capital Strategy, it is recommended that Finance Council approve the proposed Capital Programme for 2023 through to 2026 of £111.291 million, as detailed at **Appendix 6A**. The programme recognises the importance of investment in the Borough and the impact that the schemes themselves will have on the regeneration and economic growth of the area in the future.

The programme comprises existing commitments and new schemes brought forward as a result of the Council's capital bidding process.

The main items of expenditure forming the proposed Capital Programme for 2023/24 are:

- a) aids and adaptations through provision of Disabled Facilities Grants;
- b) existing schemes within the schools capital programme and creation of additional school places required within the Borough;
- c) regeneration of the borough, including;
 - i. Darwen Towns Fund – Darwen was successful in securing £25million of Government funding for projects that will improve the lives of the town's residents;
 - ii. the Growth Axis Transport Package scheme following the successful LUF bid;
 - iii. continuing work on improvement of highways within the Borough, as part of the Local Transport Plan;
 - iv. the scheme at Blakey Moor to enhance the town centre in Blackburn and support the improvement of leisure facilities and a night time economy; and
 - v. redevelopment of the former Thwaites site, as part of a joint venture with Maple Grove Developments.
- d) support of continued investment in IT services to underpin our 'digital first' approach to delivering efficiencies and in turn cash savings;
- e) support of the accommodation review which again will drive efficiencies and savings through rationalisation and a more cost effective use of space.

Allocations are also included to enable the Council to invest in the vehicle fleet, land and property, should the opportunity arise, and for potential investment in existing assets. However, before projects are allocated funding they are subject to a rigorous business case approval process and detailed reports are produced in line with the Council's financial procedures.

The programme will contribute towards the achievement of the Council's priorities by facilitating the creation of jobs and supporting business growth in the borough through construction, improving transport networks and enhancing the town centre, by improving housing quality and building more homes and also in assisting to deliver efficiencies and savings through the rationalisation of accommodation and maximising the use of technology to streamline services and processes.

Current commitments will continue to be reviewed to bring forward any additional schemes, subject to approval of robust business cases, and capital allocations for the schools in the borough will be added to the programme when provided by the Department of Education.

5. 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.

6. FINANCIAL IMPLICATIONS

The financial implications are as given in the report.

7. LEGAL IMPLICATIONS

There are no legal implications arising directly from the contents of this report. In accordance with s32 of the Local Government Finance Act 1992 (LGFA 1992), annually the Council must calculate and approve its budget requirement for the forthcoming financial year. A report elsewhere on the Agenda for this meeting deals with the Council's General Fund Revenue Budget, whereas this report deals with the Capital Programme.

Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. The Code requires local authorities to establish a range of 'Prudential Indicators and Limits' and to monitor these on an ongoing basis. Those Prudential Indicators and limits that are applicable to this Council are shown at **Appendix 4** to this report.

Local authorities are required each year to set aside resources as provision for debt repayment, on the basis of making a prudent provision. The Minimum Revenue Provision (MRP) proposals set out in **Appendix 3** comply with existing regulatory requirements.

8. RESOURCE IMPLICATIONS

None as a direct consequence of this report.

9. EQUALITY IMPLICATIONS

The decisions to be taken do not change policy and do not require any further consideration in respect of equality issues

10. CONSULTATIONS

None required as a direct consequence of this report.

Appendices

Appendix 1 - Capital Strategy 2023/24 to 2025/26

Appendix 2 - Council's Capitalisation Policy

Appendix 3 - Minimum Revenue Policy Statement for 2023/24

Appendix 4 - Prudential Indicators for 2023/24

Appendix 5 - Investment Strategy for 2023/24

Appendix 6 - Capital Programme for 2023/24

VERSION:	1
CONTACT MEMBER	Councillor Vicky McGurk Executive Member – Finance and Governance
DATE:	27 th February 2023



Blackburn with Darwen Borough Council
Capital Strategy
2023/24 to 2025/26

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- **Background**

The Capital Strategy forms a key part of the Council's overall Corporate Budget Planning and provides a mechanism by which capital expenditure and investment decisions are aligned over the medium to long-term period.

This Strategy sets out the framework for all aspects of the Council's capital and investment expenditure including prioritisation, governance, funding and monitoring and risk management, and maintains links to other key strategic documents, notably the Treasury Management Strategy and Medium Term Financial Strategy.

- **Aims of the Capital Strategy and its links to the Council's Corporate Plan**

The aim of this Strategy is to ensure that the Council has overall long-term policy objectives in this area, resulting in the identification of capital requirements, governance procedures and clarity in its risk appetite.

The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

Capital investment plans are driven by the Council's Corporate Plan. The Corporate Plan was agreed by elected members in December 2022 and is the Council's key strategic document. The Corporate Plan 2023-2027 sets out the Council's core priorities and ambitions for the period and contains four core missions:

- A more prosperous borough where no-one is left behind.
- Every child and young person to have the opportunities to fulfil their potential.
- Deliver our Climate Emergency Action Plan.
- Build healthier, happier and safer communities.

- **Capital spending priorities and governance**

The key principles for the Council's 2023-2026 capital programme are summarised below:

- Capital spending decisions reflect the aspirations and priorities included within the Corporate Plan and supporting strategies.
- Schemes to be added to the capital programme will be evaluated and prioritised by senior management prior to Executive Board / Executive Member approval.
- The full cost of any capital scheme must be established at the outset, including any financing costs and future revenue operational costs.
- Commissioning and procuring of capital schemes will comply with the requirements set out in the Council's constitution and financial regulations/ contract procurement rules.

The Council prepares its capital programme on a 3 year rolling basis. Service Teams entered bids in October to include projects in the Council's capital programme. Bids were collated by the Director of Finance and his team in a report presented to the Corporate Leadership Team in December and a draft capital programme agreed. The final capital programme is presented to Finance Council for approval annually.

Quarterly monitoring and outturn reports are considered by Executive Board during the financial year.

The Council's capital spending priorities for 2023/24 include:

- Delivering the growth plan priorities of Industry and Gateways; Town Centre; and Housing.
- Creation of school places to meet the demand of pupil growth within the borough.
- Providing adaptations to help people live in their own homes.
- Transforming our systems to offer digital solutions which improve customer satisfaction by ensuring all services where appropriate are able to be accessed digitally, and to allow the Council to operate as efficiently as possible.
- Maintaining and improving our highways to support economic growth and improve the connectivity of transport networks.
- Developing commercial floor space and priority housing sites.

Local Plan 2018 to 2037

The Council's Local Plan has been updated and was submitted to the Government's Planning Inspectorate on 5th August 2022 for examination to determine that it is sound and legally compliant. As part of the examination, public hearings have taken place (in early February 2023) following which Planning Inspectors will produce a report summarising the outcome of the examination and any recommended changes required to the Plan. Subject to the Planning Inspector's report, it is for the Council to adopt the Plan.

The Vision: Blackburn with Darwen 2037

In 2037 Blackburn with Darwen will be a thriving, carbon neutral borough. It will be recognised as a place of strong leadership and community cohesion. A place that has invested in its communities and infrastructure, has a high quality built and natural environment, a place strengthened by the contributions of the different communities who live and work in the borough. Over the period of the plan, policies and decisions should seek to deliver social, environmental and economic gains.

The Local Plan outlines the strategic policy for a number of core policy themes:

- Housing

The Council's Housing and Economic Needs Assessment (HENA) (2021) estimates a need for 447 net new dwellings per annum to support the economic growth scenario for the borough.

Over recent years a number of new developments have started within the borough, contributing towards fulfilling the need for residential housing in the area. The Council's Growth and Development team continue to work to identify potential sites for future developments, however the majority of this work does not fall within the Council's own capital programme.

Maximising the potential of the borough's existing housing stock is important. Empty properties in the borough can have a negative environmental impact on neighbourhoods, in addition to being a wasted housing resource. Tackling empty properties supports the key priorities in the Council's Corporate Plan and the Empty Property Strategy. The Council currently has a Neighbourhood Intervention Project as part of the capital programme, which can be used to bring long-term empty properties back into use in cases where the owners have not done so themselves. This project will continue in 2023/24, and has the potential to grow over the coming years.

- Economic Development

The Council's HENA (2021) sets out a realistic economic growth scenario for the borough. It concludes a minimum need for 198,451sqm of new employment floorspace in the borough over the period of the plan. Creation of new employment floorspace at this scale will help to facilitate net growth of around 5,000 new jobs.

Regarding converted to land requirements, the HENA highlights that a minimum of 46.4ha of new land is required over the plan period. The HENA identifies a potential further 34.3ha of land as being justified for allocation to ensure increased choice in the market (a land buffer) and to ensure that the impact of historic and future losses of employment land is minimised.

Alongside the provision of new strategic employment sites, the Council will focus on protecting existing employment areas.

- Town Centres and Commercial Development

Promoting the growth of commercial development and other town centre uses such as leisure, entertainment, offices, arts, culture, tourism facilities and housing is important for maintaining the vitality and viability of existing centres in the borough and ensuring that they continue to act as a focus for the community.

The Council has some existing town centre development projects that will be completed during 2023/24 including work on the renovation at Blakey Moor and Blackburn town centre redevelopment of the former Thwaites site.

- Climate Change and the Natural Environment

The Council has set an ambitious target to become carbon neutral by 2030. Development and transport are major contributors to greenhouse gas emissions thus, if the borough is to achieve carbon neutrality, energy demand from existing buildings, new development and transport must be minimised and generation of energy from low carbon and renewable sources increased.

In February 2020 the Executive Board approved a Climate Emergency Action Plan, which set out the main proposals and initial actions that the Council intends to take, underpinned by the following objectives:

- Sound decisions – To use resources sustainably so as not to add to the burden of climate change emissions in Blackburn with Darwen or elsewhere.
- Resilient & attractive borough – To align policy to climate change mitigation and adaptation objectives to create sustainable places where people want to live, work and visit and capture the benefits to health and the economy from the move to a climate friendly borough.
- Lean and clean – To use energy more efficiently and generate more locally from renewable sources; cut waste and improve recycling.
- Travelling lightly – To make and facilitate the transition to cleaner, greener fuels and more active travel.
- Capturing more carbon – To store carbon naturally by increasing tree cover, protecting soils and enhancing natural habitats.

Work is ongoing to produce further business plans for each action, which may result in new capital schemes over the coming years. This is complimented by the work of the People's Jury on Climate Change that has produced a series of recommendations for the Council to consider. These recommendations were presented to the Council Forum in January 2023 and it was agreed they would be used to update the Council's Climate Change Emergency Action Plan.

- Health and Well-being

Improving the physical and mental health and the well-being of residents, workers and visitors is a key strategic objective of the Local Plan. This core policy in the plan recognises the important link between the natural and built environment and long-term health and wellbeing outcomes, and sets out our strategic approach to helping manage new development to influence health and well-being in the most positive way possible.

- Design and Heritage

Design quality and heritage are closely linked and important as they contribute towards a sense of place and making our settlements and rural areas distinctive.

Blackburn with Darwen has a rich and varied history that is reflected in its built environment and should be protected and taken into account when considering new development. It is essential that the most important elements of the borough's historic environment are protected as positive assets that will promote ongoing growth.

- Transport and Accessibility

An effective transport network is needed to support a strong economy and community, and is a key part of the borough's 'Balanced Growth' strategy. The Local Plan must ensure that new development is located in the most sustainable locations and is accessible by a choice of active travel modes, including walking, cycling and public transport.

To this end, a number of transport evidence based documents were prepared to support the Local Plan which appraised the potential impact of proposed growth sites on the local pedestrian, cycling public transport and highway networks. They also identified a wide range of potential interventions and a strategy for improvements in order to adequately support new developments. The improvements range in nature and scale from strategic to local.

The Blackburn with Darwen Local Transport Plan (LTP3) provides a long-term strategy and delivery programme of transport investment and service improvements for the period 2011-2021. A number of transport schemes identified in LTP3 have been successfully delivered, including the Freckleton Street link road, Clitheroe to Manchester rail enhancements and the Pennine Reach rapid bus transport scheme.

Work is now progressing between the three Transport Authorities of Blackburn with Darwen, Blackpool and Lancashire to prepare a Joint Lancashire Local Transport Plan 4 (LTP4) covering the period 2021-2046. Emerging key themes are:

- Improving access into, between and within areas of economic growth and regeneration
- Improving people's health, safety, quality of life and wellbeing
- Reducing the environmental impact of transport
- Maintaining our assets

Initial projects identified in the emerging LTP4 include electric charging vehicle points in the town centres, Blackburn Railway Station redevelopment and the development of new Public Rights of Way in and around Darwen.

- Infrastructure and Delivery

The new housing, employment and other developments proposed in the Local Plan will increase demands on physical infrastructure such as roads, social infrastructure such as health and education facilities, and green infrastructure such as open spaces.

Development proposals will be expected to contribute to the provision, improvement or replacement of infrastructure that is required to meet needs arising from the development proposal and/or to serve the needs of the wider area. Appropriate matters to be funded by planning contributions include, but are not limited to:

- Affordable housing
- Education provision
- Transport and travel improvements
- Highways infrastructure
- Health infrastructure

- Community facilities
- Open space, public realm and leisure
- Flood defence and water management
- Biodiversity net gain and environmental improvements
- Carbon reduction including decentralised energy
- Digital infrastructure

The Council has a number of ongoing capital schemes in respect of the creation of new school places across the borough, as well as the various Local Transport Plan projects mentioned above.

Darwen Town Deal Fund

In September 2019, Darwen was one of the original 100 (now 101) towns across England invited by the Government to develop an innovative regeneration plan and potentially secure a Towns Fund allocation of up to £25 million, and in July 2021, the Town Deal Board were informed that they had been successful in securing the maximum allocation of £25 million.

The Darwen Town Deal is an opportunity to kick-start the transformation of Darwen and the surrounding areas, and the key elements of the delivery programme include:

- Darwen Town Centre

This includes projects to refurbish and re-purpose Darwen's important heritage buildings, including the Market Hall and The Library Theatre, and improve the settings of their buildings and their connections within the centre. This will also include new residential development, new retail space, new cultural, learning and community opportunities, and new landscaping and environmental improvements.

- Employment Growth and Business Innovation

A range of exciting projects which build on Darwen's proud and still strong manufacturing strengths. These will provide modern business premises to support the creation of new jobs for both existing and new businesses. The new Advanced Manufacturing Research Centre, which is part of Sheffield University, is a real coup for Darwen and will extend the town's research and development capacity in new composite technologies and play an important role in regional business growth. The relocation, retention and expansion of Perspex International to a new site in Darwen will safeguard jobs and help establish a new production centre and research facilities to support their global operation.

- Destination Darwen

The town's fantastic setting as a gateway to the West Pennine Moors came through very strongly in the public consultation as something local people wanted to cherish and improve. Proposals to create new and improved connections linking the Town Centre, residential neighbourhoods, our parks and the Moors will develop into detailed plans. These trails will encourage active travel – particularly walking and cycling – and outdoor exercise options for residents as well as encouraging new visitors, boosting the local economy.

- East Lancashire Sports Village

This initiative will be spearheaded by new sporting facilities at Darwen Cricket Club, AFC Darwen and J4 Skatepark, with the latter capable of hosting national and international events, and providing training facilities for our Olympic stars of the future which are accessible to all.

Detailed business cases for the agreed projects were submitted to the Government in August 2022, and approved towards the end of the year, and project delivery has now begun. Although there are some early wins with smaller projects such as J4 Skatepark improvements and Darwen Cricket Club well underway, work on the major projects will be starting at pace in 2023/24 to develop detailed designs and the delivery strategies.

Levelling Up Fund

In January 2023 the Government announced the results of the second round of their Levelling Up Fund (LUF). Blackburn with Darwen was successful in securing £20 million for its Growth Axis Transport Package, a scheme to invest in Blackburn's infrastructure in the Southeast area of the town to tackle congestion and give local people more, better options to walk and cycle around the city.

The LUF bid for the development of Blackburn town centre was unsuccessful.

In addition to the £20 million LUF funding, match funding of £7.5 million has been built into the Council's capital programme over the next three years. This may be used to support the successful LUF scheme or, if alternative match funding options can be sourced in this area, it could be used to fund a redesigned regeneration scheme in the town centre.

Capital Schemes

There is a requirement for the continued funding of existing programmes of work on:

- Social Care (including an ongoing programme to provide aids and adaptations)
- School Investment/ Pupil Places Pressures
- Environmental Services (Land Remediation Scheme)
- Growth and Development Projects (including Blakey Moor Renovation, Local Transport Plan, Darwen Town Deal, LUF Project)
- Development of the ICT Strategy
- Progression of the Corporate Accommodation Strategy
- Fleet Management

In addition to the projects referred to above, funding may be required in respect of further/new projects including:

- Low Carbon and Energy Efficiency Initiatives
- Housing Initiatives
- Further development of the Digital Strategy

Further details of the Council's Capital Programme are included within **Appendix 6**.

- **Capital Expenditure**

Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets

For details of the Council's Capitalisation Policy, see **Appendix 2**.

In 2023/24, the Council is planning capital expenditure of £42.3 million, as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Portfolio spending	17.0	26.2	36.9	25.5	38.3
Earmarked schemes	0.3	2.4	3.1	3.4	0.8
Contingent schemes	-	-	2.3	1.0	-
Total Capital Programme	17.3	28.6	42.3	29.9	39.1

Further analysis of planned capital expenditure by portfolio can be found in **Appendix 6**.

- **Capital Financing (Including MRP)**

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital Financing in £ millions

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
External sources	12.8	18.6	15.0	13.1	26.7
Own resources	2.0	3.8	7.0	1.9	0.1
Debt	2.5	4.9	19.6	13.9	12.3
Debt - Leasing	-	1.3	0.7	1.0	-
Total Capital Financing	17.3	28.6	42.3	29.9	39.1

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. The Council's planned MRP and use of capital receipts are as follows:

Table 3: Forecast MRP and Use of Capital Receipts to Repay Debt in £ millions

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Capital Receipts To Repay Debt	5.1	4.0	5.6	2.6	3.0
MRP	6.3	6.3	6.6	6.9	7.0

The Council's policy for setting a "prudent" level of Minimum Revenue Provision for the repayment of debt, must be consistent with the Council's Medium Term Financial Strategy, and can be found at **Appendix 3**.

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases as new debt-financed capital expenditure is incurred and reduces with MRP, and as capital receipts are used to replace debt.

The table below shows that the CFR (excluding leases) is expected to increase by £7.5 million during 2023/24. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
General Fund services	205.6	200.7	208.6	213.4	216.1
Debt managed by LCC	14.9	14.7	14.5	14.3	14.1
PFI projects	69.1	68.9	68.7	68.5	68.2
Total CFR	289.6	284.3	291.8	296.2	298.4

- **Asset management**

To ensure that capital assets continue to be of long-term use, the Council has a Strategic Asset Management Plan in place. This ensures that land and property assets support the aims and objectives of the Council and its key services. In particular, the plan aims to:

- Enable the Council to understand the scope of its property and land assets portfolio i.e. location, suitability, condition and value.
- Maximise the beneficial and efficient use of property and land assets.
- Encourage the regular review and challenge of the continued use and ownership of property and land assets to ensure they are still delivering a rate of return and are fit for purpose.
- Ensure that buildings are properly maintained.

The Strategic Asset Management Plan has recently been reviewed and updated and is due to be presented to the Executive Board for approval on the 9th March 2023.

The Council's Asset Management Group acts as a strategic steering group, which formulates and reviews the aims and objectives of the Asset Management Plan. The group works with the Corporate Finance team in overseeing the Capital Expenditure and Capital Receipts programmes.

In line with the Council's Corporate Plan and Growth Agenda, a Growth Board runs alongside and supports the Asset Management Plan.

The Council's Highways Asset Management Strategy was revised in July 2019. This document describes the Council's strategy for the management of its highway assets, considering long-term needs as well as the short-term position to address maintenance requirements. The objectives of this Strategy are:

- To direct investment in the highway related assets on the basis of 'prevention is better than cure', having consideration to the Council's priorities, risk and the current condition of the assets.
- To improve the overall condition and explore the most cost effective maintenance treatments, based on the whole life of the assets.
- To facilitate the development of cost-effective forward works programmes over a number of years based upon the principles of life cycle planning.
- To ensure the Council adheres to its duty of care under the Highways Act 1980.

The Council's current Highways Asset Management Strategy can be found at [Blackburn with Darwen Asset Highways Management Strategy](#).

- **Asset disposals**

When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be used to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £5.6 million of capital receipts in the coming financial year as follows:

Table 5: Capital Receipts in £ millions

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	Future Years Budget £m
Asset Sales	5.1	4.0	5.6	2.6	3.0
Loans Repaid	-	-	-	-	-
Sale of Investments	-	-	-	-	-
Total Capital Receipts	5.1	4.0	5.6	2.6	3.0

The Council plans to continue to utilise all of the capital receipts generated from the disposal of land and property in support of the Minimum Revenue Provision i.e. to repay debt.

Further details of planned asset disposals, together with the Council's Use of Capital Receipts Policy are detailed in **Appendix 6**.

- **Treasury management**

The Council produces a Treasury Management Strategy, which is approved annually by the Executive Board.

The Capital Strategy and Treasury Management Strategy are closely linked as the capital programme determines the borrowing need for the Council. This is part of the long-term cash flow planning to ensure that the Council can meet its capital spending requirements.

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash is met through borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

At the time of writing the Council currently has £215 million borrowing at an average interest rate of 5.1% and £72 million treasury investments at an average rate of 1.8%.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting and the Council therefore seeks to strike a balance between short-term loans (currently available at around 3.75% to 4.25%) and long-term fixed rate loans, where the future cost is known but is higher (currently 4.5% to 5.0%).

The Authority does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt from local government reorganisation) are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Debt (including PFI, Leases and LCC debt)	299.1	208.0	211.8	215.2	218.2
Capital Financing Requirement	289.6	284.3	291.8	296.2	298.4

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from Table 6, the Council expects to comply with this guidance in the medium term.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10 million. This benchmark is currently £105 million and is forecast to rise to £149 million over the next 3 years.

Table 7: Borrowing and the Liability Benchmark in £ millions

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Debt (excluding PFI, Leases and LCC debt)	161.8	138.0	144.6	151.5	158.3
Liability Benchmark	129.6	105.3	142.2	146.5	148.8

The table shows that the Authority expects to remain borrowed above its liability benchmark, particularly in the short term. This is partly due to the additional borrowing required for the advance payment of pension costs made in April 2020, but the gap in 2022/23 is also due to low levels of capital expenditure offset by high value capital receipts during the year, therefore reducing the borrowing requirement.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised Limit and Operational Boundary for External Debt in £ millions

	2022/23 Limit £m	2023/24 Limit £m	2024/25 Limit £m	2025/26 Limit £m
Authorised Limit – Borrowing	245.3	228.1	232.8	235.5
Authorised Limit – PFI, Leases and LCC Debt	84.1	83.7	83.3	82.9
Authorised Limit – Total External Debt	329.4	311.8	316.1	318.4
Operational Boundary – Borrowing	235.3	218.1	222.8	225.5
Operational Boundary – PFI, Leases and LCC Debt	84.1	83.7	83.3	82.9
Operational Boundary – Total External Debt	319.4	301.8	306.1	308.4

The authorised limit and operational boundary are calculated based on the projected capital financing requirement of the Council and an allowance for other short-term borrowing needs.

Treasury investment strategy: Treasury investments arise from receiving cash before it is required to be paid out again. Investments made for service reasons, or for pure financial gain, are not generally considered to be part of treasury management.

The Council’s policy on treasury investments is to prioritise security and liquidity over yield, i.e. to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms could be invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back if required at short notice.

Table 9: Forecast Treasury Investments in £ millions

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Short-Term Investments	42.2	42.7	12.4	15.0	19.5
Long-Term Investments	-	-	-	-	-
Total Investments	42.2	42.7	12.4	15.0	19.5

Risk management: The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to mitigate the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

The treasury management prudential indicators are included within the Treasury Management Strategy, which is to be presented to Executive Board for approval on 9th March 2023.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and staff within the Finance Team, who must act in line with the Treasury Management Strategy approved by Executive Board each year. A regular officer group (Treasury Management Group) also review treasury management activity and operational decisions. Quarterly reports on treasury management activity are presented to the Audit and Governance Committee, which is responsible for scrutinising treasury management decisions. Treasury management activities are also reported to the Executive Board each quarter as part of the quarterly Corporate Budget Monitoring reports.

Further details of the Council's borrowing and treasury investments can be found in the Treasury Management Strategy which is to be presented to Executive Board for approval on 9th March 2023.

- **Other investment and long term liabilities**

In addition to the treasury investments referred to in the section above, the Council may also make loans and investments for service purposes, and may purchase and maintain property for investment purposes. The Investment Strategy included at **Appendix 5** focuses on these other, non-treasury investments.

Service investments

These investments, including loans and shareholdings, are made for their contribution toward service delivery objectives. For example, the Council could advance relatively small loans to local businesses and local residents for community and economic benefits. In light of the public service objective, the Council is willing to take more risk in making service investments than it is with treasury investments, however it still aims for such investments to contribute to its corporate priorities.

The Council has entered into joint ventures and partnerships, which have resulted in ownership of shares in the companies set up to deliver the objectives of these projects. These have included joint ventures with development companies. These are held as long-term investments for the Council, but with the primary objective being their contribution towards service delivery.

Governance: Decisions on service investments are made by the Director of Finance, the Executive Member for Finance and Governance or the Executive Board, in line with the Council's constitution. Most loans and shares are capital expenditure and purchases will therefore be approved as part of the capital programme.

Commercial investments

Historically, the Council has invested in commercial property, primarily for regeneration purposes, but has also received financial gain in the form of rental income.

With financial return being the main objective, the Council accepts higher risk on commercial investment than on treasury investments. The principal risk exposures include: vacancies, rent arrears and a fall in capital value. These risks are managed by the Council's Asset Management Group as part of their regular review of the continued ownership of property and land assets to ensure they are still delivering a rate of return and are fit for purpose.

Governance: Decisions on commercial investments are made by the Strategic Director of Growth and Development in consultation with the Director of Finance, the Executive Member for Finance and Governance or the Executive Board in line with the Council's constitution. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme. The Strategic Director of Growth and Development is responsible for ensuring that adequate due diligence is carried out before investment is made.

A new indicator was added to the Prudential Code for 2023/24 which compares net income from commercial and service investments to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential indicator: Proportion of Net income from Commercial and Service Investments to Net Revenue Stream

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Net income from Commercial and Service Investments (£m)	0.9	0.5	0.5	0.5	0.5
Proportion of Net Revenue Stream	0.6%	0.3%	0.3%	0.3%	0.3%

Further details on service and commercial investments are included in the Investment Strategy in **Appendix 5**.

Liabilities

In addition to the debt detailed in Table 6 above, the Council is committed to making future payments to cover its pension fund deficit (valued at £243.239 million at 31st March 2022). It has also set aside £4.386 million to cover risks in relation to:

- Backdated appeals against the rateable value of business ratepayers (£2.285 million)
- Injury and damage compensation claims (£2.101 million)

The Council is also at risk of having to settle additional insurance claims, not provided for in the list above, in relation to the “Scheme of Arrangement” between local authorities and the administrators of Municipal Mutual Insurance. The Council has not put aside any funds for this purpose because the potential liability is less certain and the amount cannot be measured reliably. It does, however, disclose this item as a “contingent liability” in the Statement of Accounts.

Governance: Decisions on incurring new discretionary liabilities are taken by service managers in consultation with the Director of Finance. The risk of liabilities crystallising and requiring payment is monitored by the Finance Team together with budget holders, and significant potential liabilities are reported quarterly to Executive Board within the quarterly Corporate Budget Monitoring reports.

- **Revenue budget implications**

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP repayments are charged to revenue. The net annual charge is known as the Financing Cost; within the Prudential Indicators, this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 11: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Financing Costs (£m)	17.8	17.0	18.0	19.4	19.7
Proportion of Net Revenue Stream	11.9%	11.3%	10.6%	11.1%	11.0%

Further details on the revenue implications of capital expenditure can be found within the *Revenue Budget 2023/24, Medium Term financial Strategy and Capital Programme 2023-2026* report which is on the agenda of this meeting

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Director of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable as set out in the *Robustness of the 2023/24 Budget and the Recommended Level of Reserves* report which is on the agenda of this meeting.

- **Knowledge and skills**

The Council's approach to ensuring that the requisite knowledge and skills are held and demonstrated when making capital expenditure, borrowing and investment decisions, includes:

- Employment of professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.
- Training for council members to aid informed decision-making and effective scrutiny.
- Engagement of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, and other appropriate advisors as required.

The intention is that by building a solid knowledge base for both Officers and Members, they are fully informed when taking decisions to realise corporate objectives. Specialist support from external advisors strengthens the decision making process and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

- **Prudential indicators**

The Prudential Code provides a framework to ensure that the capital investment plans of the Council are affordable, prudent and sustainable. The Prudential Indicators required by the Prudential Code are designed to support and record local decision making in a manner that is publicly accountable. They are not designed to be comparative performance indicators, and should be considered in parallel with the Treasury Management Indicators required by the CIPFA *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes*.

In setting or revising its Prudential Indicators, the Council must have regard to the following matters:

- service objectives – alignment with the Council’s strategic plan
- stewardship of assets – asset management planning
- value for money – option appraisal
- prudence and sustainability – risk and implications for external debt and whole life costing
- affordability – the amount of money the Council can afford to borrow and the impact on revenue budgets

Although a number of Prudential Indicators have been referred to already in the body of this report, the full list of indicators is detailed in **Appendix 4**.

BLACKBURN WITH DARWEN BOROUGH COUNCIL - CAPITALISATION POLICY

Unless expenditure qualifies as capital it will normally fall outside the scope of the Prudential Framework and will be charged to revenue in the period that the expenditure is incurred. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years' revenues.

There are three routes by which expenditure can qualify as capital under the Prudential Framework:

- The expenditure results in the acquisition, construction or enhancement of non-current assets (tangible and intangible) in accordance with "proper practices"
- The expenditure meets one of the definitions specified in regulations made under the 2003 Local Government Act.
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

Capitalisation under proper practices

Proper practices are defined to include *the Code of Practice on Local Authority Accounting in the United Kingdom* (the Code). The Code is published annually and its provisions relating to capitalisation are based on IAS 16 *Property, Plant and Equipment*.

Expenditure on acquisitions and construction work is analysed to decide whether it satisfies the accounting rules for recognising a non-current asset in the Council's Balance Sheet. The amount capitalised generally comprises the purchase price plus any expense directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Examples include:

- acquisition of land and site preparation.
- acquisition, construction, preparation or replacement of roads, buildings and other structures.
- acquisition, installation or replacement of movable or immovable plant, machinery, apparatus and vehicles.
- acquisition of non-current assets that do not have physical substance but are identifiable and are controlled by the Council as a result of past events i.e. the Council will receive future economic benefits or service potential as a result of enforceable rights, such as a legal title or licence (intangible assets)

Capitalisation can include subsequent expenditure on existing assets, where the value of the asset is enhanced by:

- lengthening substantially the life of the asset.
- increasing substantially the open market value of the asset.
- increasing substantially the extent to which the asset can be used for a function of the Council.

Assets may also be recognised (at fair value) under leases, PFI contracts and similar agreements.

The Council has some limited discretion on what is deemed capital expenditure, for example assets costing below £10,000 (the de-minimis amount) are not capitalised and are charged to revenue in the year the expenditure is incurred.

Regulations made under the Local Government Act 2003

Special arrangements exist in local government for the extension of the accounting definition of capital expenditure. Regulation 25 of the 2003 regulations (as amended) allows certain expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. The purpose of this provision is to enable payments to be funded from capital resources rather than charged to the General fund and impact on that year's council tax.

Capital expenditure within the 2003 regulations includes:

- The giving of a loan, grant or other financial assistance to any person, whether for use by that person or by a third party, towards expenditure which would, if incurred by the Council, be capital expenditure (except for advances made to officers as part of their terms or conditions of employment or in connection with their appointment).
- The repayment of any grant or other financial assistance given to the Council for the purposes of expenditure which is capital expenditure.
- The acquisition of share capital in any body corporate (except for investments in Money Market Funds or an investment in a real estate investment trust).
- Expenditure incurred on works to any land or building in which the Council does not have an interest, which would be capital expenditure if the Council had an interest in that land or building.
- Expenditure incurred on the acquisition, production or construction of assets for use by or disposal to a person other than the Council which would be capital expenditure if those assets were acquired, produced or constructed for use by the council.

Revenue expenditure funded from capital under statute (REFCUS)

This term relates to payments that would otherwise be revenue expenditure but are treated as capital expenditure for the reasons above, and are financed from capital resources.

The underlying revenue nature of the expenditure means that it is debited or charged to the Comprehensive Income and Expenditure account when it is incurred. The statutory provision to treat the expenditure as capital allows the debit against the General Fund to be reversed and posted to the Capital Adjustment Account, so that there is no impact on the Council's "bottom line".

The adjustment that is made between the accounting basis and the funding basis is reflected in the Movement in Reserves Statement within the Council's statutory accounts.

Capitalisation directions

The Secretary of State for Housing, Communities and Local Government has powers to direct that expenditure that would not otherwise be capital, should be treated as such. As the treatment of revenue expenditure as capital is contrary to the normal accounting requirement that long-term borrowing or capital receipts should only be used for capital investment, the Secretary of State advises authorities that they must meet strict criteria before a direction will be given. These criteria are set out each year in a guidance note.

MINIMUM REVENUE PROVISION (MRP) STATEMENT

Introduction

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP, but authorities retain flexibility over their determination of what is prudent.

The proposed methodologies for use within Blackburn with Darwen Borough Council are set out below and reflect the basic principles set out in the guidance, along with some locally determined and prudent modifications.

Proposed MRP Policy Statement for 2023/24

The following MRP Policy is proposed, under guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) is as follows:

- (a) *For capital expenditure financed from debt arising up to 2007/08 and all new Government-supported borrowing arising from 2007/08 and thereafter* - to spread the cost outstanding at the end of 2021/22 over 38 years (from 2022/23 through to 2059/60), but to use the annuity variant, based on the average Public Works Loan Board (PWLB) annuity rates prevailing at 28 July 2022. **Annex 1** shows the profile of MRP charges on this debt.
- (b) *For capital expenditure that is self-financed from debt arising in 2007/08 and thereafter* - to charge the expenditure over the expected useful life of the relevant asset ("the Asset Life Method"), but to use the annuity variant, based on the average PWLB annuity rates prevailing in the year of the expenditure (rather than charging on a straight line basis over the asset life).
- (c) *For 'on-balance sheet' Private Finance Initiative (PFI) contracts* - to use the annuity variant of the Asset Life Method, using the annuity rates built into the financing arrangements for the contracts. This means that the MRP will relate to the estimated asset life and may not match the value written down each year against the balance sheet liability of the respective lease or PFI contract.
- (d) *For assets acquired by leases* – MRP will be determined as being equal to the principal element of the rent or charge that goes to write down the balance sheet liability.
- (e) Where former operating leases have been brought onto the balance sheet due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the

annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

- (f) *For historic debt that was entered into prior to unitary authority status and is managed by Lancashire County Council (LCC)* - to spread the cost using an annuity variant, based on the average PWLB annuity rates prevailing on 28 July 2022, over 38 years (up to 2059/60), in alignment with the profile for historic supported borrowing.
- (g) *In those cases where asset lives cannot be readily determined* - to use a default period of 20 or 25 years in line with government guidance. However the Council may make its own determination in exceptional circumstances, if the recommendation of the guidance would not be appropriate.
- (h) For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred on the loan is fully funded over the life of the assets.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

Capital expenditure incurred during 2023/24 will not be subject to a MRP charge until 2024/25.

Therefore, in the determination of MRP, the Council will be both:

- (a) **prudent** - working within the principle that debt be repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits, and
- (b) **practical** - making detailed determinations where the impact of the calculation will be material, but allowing a more general approach if that would be reasonable.

Based on the Authority's latest estimate of its capital financing requirement (CFR) on 31st March 2023, the budget for MRP has been set as follows:

	31 March 2023 Estimated CFR £m	2023/24 Forecast MRP £m
Capital Expenditure	200.7	6.2
Private Finance Initiatives	68.9	0.2
Transferred Debt	14.7	0.2
Total	284.3	6.6

<u>Supported Borrowing Minimum Revenue Provision Profile</u>										
<u>Year</u>	<u>2022/23</u> £'000	<u>2023/24</u> £'000	<u>2024/25</u> £'000	<u>2025/26</u> £'000	<u>2026/27</u> £'000	<u>2027/28</u> £'000	<u>2028/29</u> £'000	<u>2029/30</u> £'000	<u>2030/31</u> £'000	<u>2031/32</u> £'000
Annual MRP Charge	1,145.5	1,187.3	1,230.7	1,275.6	1,322.1	1,370.4	1,420.4	1,472.3	1,526.0	1,581.7
<u>Year</u>	<u>2032/33</u> £'000	<u>2033/34</u> £'000	<u>2034/35</u> £'000	<u>2035/36</u> £'000	<u>2036/37</u> £'000	<u>2037/38</u> £'000	<u>2038/39</u> £'000	<u>2039/40</u> £'000	<u>2040/41</u> £'000	<u>2041/42</u> £'000
Annual MRP Charge	1,639.4	1,699.3	1,761.3	1,825.6	1,892.2	1,961.3	2,032.9	2,107.1	2,184.0	2,263.7
<u>Year</u>	<u>2042/43</u> £'000	<u>2043/44</u> £'000	<u>2044/45</u> £'000	<u>2045/46</u> £'000	<u>2046/47</u> £'000	<u>2047/48</u> £'000	<u>2048/49</u> £'000	<u>2049/50</u> £'000	<u>2050/51</u> £'000	<u>2051/52</u> £'000
Annual MRP Charge	2,346.3	2,431.9	2,520.7	2,612.7	2,708.1	2,806.9	2,909.4	3,015.6	3,125.6	3,239.7
<u>Year</u>	<u>2052/53</u> £'000	<u>2053/54</u> £'000	<u>2054/55</u> £'000	<u>2055/56</u> £'000	<u>2056/57</u> £'000	<u>2057/58</u> £'000	<u>2058/59</u> £'000	<u>2059/60</u> £'000	<u>2060/61</u> £'000	<u>Total</u> £'000
Annual MRP Charge	3,358.0	3,480.5	3,607.6	3,739.3	3,875.7	4,017.2	4,163.8	4,315.8	-	91,173.6

PRUDENTIAL INDICATORS FOR 2023/24

Introduction

Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality public services. The Chartered Institute of Finance and Accountancy (CIPFA) Prudential Code provides a framework to ensure that the capital investment plans of the Council are affordable, prudent and sustainable.

The Prudential Indicators recommended in the Prudential Code are designed to support and record local decision making in a manner that is publicly accountable. They are not designed to be comparative performance indicators, and should be considered in parallel with the Treasury Management Indicators required by the CIPFA *Code of Practice on Treasury Management in the Public Services*.

The Prudential Indicators provide a broad framework to be considered alongside robust forecasting procedures embedded into the budget process of the Council. Forecasts should be regularly updated as the capital programme develops, and proposals should be considered in terms of their impact on the overall corporate position, ensuring that prudence and affordability are taken into account.

Prudential Indicators in relation to previous years' actuals are taken directly from information in the Council's statement of accounts. The Prudential Indicators for the forthcoming and following years must be set before the beginning of the forthcoming year. The forward-looking Prudential Indicators include indicative figures for years two and three to allow decisions to be made with an appreciation of future trends. It is recognised that these will be subject to change but exist to promote a move away from the focus on annual decision making towards longer-term strategies. Procedures are in place to monitor performance against the forward-looking indicators in order to highlight significant deviations from expectations.

Prudential Indicators for prudence

Estimates of Capital Expenditure in £ millions

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Portfolio spending	17.0	26.2	36.9	25.5	38.3
Earmarked schemes	0.3	2.4	3.1	3.4	0.8
Contingent schemes	-	-	2.3	1.0	-
Total Capital Programme	17.3	28.6	42.3	29.9	39.1

Total capital spend in later years may be higher than currently forecast – however only spend funded from borrowing will impact on the Council's CFR.

Estimates of Capital Financing Requirement in £ millions

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
General Fund services	205.6	200.7	208.6	213.4	216.1
Debt managed by LCC	14.9	14.7	14.5	14.3	14.1
PFI projects	69.1	68.9	68.7	68.5	68.2
Total CFR	289.6	284.3	291.8	296.2	298.4

The Council must make reasonable estimates of the “total Capital Financing Requirement” – that is an estimate of the debt outstanding in respect of capital expenditure, including LCC debt and that relating to the recognition of assets acquired under PFI projects, at the end of each of the next three financial years. The LCC element relates to debt still managed by the County Council in respect of services transferred when Blackburn with Darwen became a Unitary Authority. The Other Long Term Liabilities in relation to PFI schemes are in respect of schools built under the Building Schools for the Future programme.

Authorised Limit and Operational Boundary for External Debt in £ millions

	2022/23 Limit £m	2023/24 Limit £m	2024/25 Limit £m	2025/26 Limit £m
Authorised Limit – Borrowing	245.3	228.1	232.8	235.5
Authorised Limit – PFI, Leases and LCC Debt	84.1	83.7	83.3	82.9
Authorised Limit – Total External Debt	329.4	311.8	316.1	318.4
Operational Boundary – Borrowing	235.3	218.1	222.8	225.5
Operational Boundary – PFI, Leases and LCC Debt	84.1	83.7	83.3	82.9
Operational Boundary – Total External Debt	319.4	301.8	306.1	308.4

Gross Debt and the Capital Financing Requirement in £ millions

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Debt (including PFI, Leases and LCC debt)	299.1	208.0	211.8	215.2	218.2
Capital Financing Requirement	289.6	284.3	291.8	296.2	298.4

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. The Council's debt was in excess of the capital financing requirement temporarily at the end of 2020/21 and 2021/22, which was due to slippage on some capital schemes, and additional borrowing required for the advance payment of pension costs made in April 2020. The effects of the advance payment of pension costs will cease by the end of 2022/23, at which point debt is anticipated to return to normal levels, when compared to the capital financing requirement. As can be seen from the table above, the Council expects to comply with this guidance from 2022/23 and over the medium term.

Prudential Indicators for affordability

Estimates of the Incremental Impact of Capital Investment Decisions on the Council Tax

The incremental cost of any additional, unsupported borrowing required for new schemes to be added to the programme is not expected to be material on the 2023/24 budgets and as such has will have negligible impact on Council Tax. All new proposals are subject to the Council's governance and financial regulations and are reported accordingly, identifying the revenue costs associated with such schemes as applicable.

Estimates of Proportion of Net Income from Commercial and Service Investments to Net Revenue Stream

Historically, the Council has invested in commercial property, primarily for regeneration purposes, but has also received financial gain in the form of rental income.

The Indicator below demonstrates the financial exposure of the authority to the loss of such income.

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Net income from Commercial and Service Investments (£m)	0.9	0.5	0.5	0.5	0.5
Proportion of Net Revenue Stream	0.6%	0.3%	0.3%	0.3%	0.3%

Estimates of Proportion of Financing Costs to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, there are revenue budget implications i.e. interest payable on loans and MRP repayments. The net annual charge is known as financing costs i.e. the cost of financing capital expenditure.

The Council must estimate the proportion of the revenue budget taken up in financing costs, by comparing financing costs to the net revenue stream i.e. the amount available to fund the Council's revenue budget from Council Tax, business rates and general government grants.

The Indicator below is calculated on the basis that all of the Capital Programme, including Contingent elements, is delivered and assumes no reduction in SFA when projecting the future Net Revenue Stream beyond 2023/24.

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Financing Costs (£m)	17.8	17.0	18.0	19.4	19.7
Proportion of Net Revenue Stream	11.9%	11.3%	10.6%	11.1%	11.0%

The Council's capital financing costs in respect of BSF PFI schemes – both MRP and financing charges (interest elements) – are included, but this cost is largely covered by central government grant and does not put a pressure on Council resources.

It remains the case that a significant proportion of the net revenue budget is taken up in supporting the Main Programme part of the Capital Programme.

INVESTMENT STRATEGY 2023/24

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as ***treasury management investments***),
- to support local public services by lending to or buying shares in other organisations (***service investments***), and
- to earn investment income (known as ***commercial investments*** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

Treasury Management investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The balance of treasury management investments is expected to fluctuate between £10M and £40M during the 2023/24 financial year.

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

Further details: Full details of the Authority's policies and its plan for 2023/24 for treasury management investments are covered in a separate document, the Treasury Management Strategy, to be presented to Executive Board on 9th March 2023 for consideration and approval.

Non-Treasury Management investments

The Council may also make loans and investments for service purposes, and may purchase property for investment purposes. The investment strategy focuses on these other investments, which are included within the second and third categories above.

- **Service Investments: Loans**

Contribution: The Council could advance loans to its subsidiaries and joint ventures, local businesses and charities, local residents and its employees to support local public services and stimulate local economic growth.

The Council currently advances relatively small loans to local businesses and local residents for community and economic benefits. For example, the capital programme includes a number of schemes where loans are given to support home owners unable to fund essential property repairs to bring properties back into use.

The Council has also advanced loans to joint venture companies, which are contributing towards local economic growth through regeneration of areas within the Borough. The main examples are Maple Grove Blackburn Limited, which is involved in the development of a the former Thwaites site in Blackburn town centre and Barnfield Blackburn Limited, which is involved in the regeneration of various sites across the Borough.

The Council has also previously advanced loans to a local business, Lancashire County Developments Limited, which is supported by Lancashire County Council, to improve the economic performance within Lancashire.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, the loans to home owners are registered as a charge against the property at the Land Registry which will be removed by the Council once full repayment of the loan has been made. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for Service Purposes in £ millions

Category of Borrower	31 March 2022 Actual			2023/24
	Balance Owing	Loss Allowance	Net Figure in Accounts	Approved Limit
Subsidiaries	-	-	-	2.5
Joint Ventures	1.988	-	1.988	5.0
Local Businesses	0.416	-	0.416	1.0
Local Residents	0.021	-	0.021	0.1
Total	2.425	-	2.425	8.6

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding service loans. Loans are made where they support the Council's Corporate Plan and other relevant strategies. This is usually where the market appetite for such advances or services is limited.

External advisors are used where appropriate, to provide specialist services where the knowledge is not held by the Council. This includes services such as; the preparation and review of business cases, financial advice and legal advice. Where loans are provided to businesses the financial statements for the Company are obtained and reviewed annually. Subsidiary and joint venture companies are usually subject to an annual external audit in respect of their financial statements.

- **Service Investments: Shares**

Contribution: The Council may invest in the shares of its partners and subsidiaries to support local public services and stimulate local economic growth.

The Council has a minority shareholding in two Special Purpose Vehicles (SPVs) together with local developers.

Barnfield Blackburn Limited is a SPV set up for the purpose of acquiring a specific vacant site, which has had a history of stalled development activity and incidents of anti-social behaviour, vandalism and trespass, the SPV will prepare the site for future development by third parties. The proposed development will contain a mix of employment and residential end uses, which will directly support growth in jobs and housing.

Maple Grove Blackburn Limited is a SPV set up for the purpose of acquiring a Blackburn Town Centre site, which was vacant following the demolition of the former Thwaites Brewery. The SPV will prepare the site for future development by 3rd parties, with potential end uses including both commercial and residential properties, which will directly support growth in jobs and housing.

Security: One of the risks of investing in shares is that they fall in value, meaning that the initial outlay may not be recovered. In order to limit this risk, an upper limit of £100,000 has been set in relation to investment in company shares where there is no direct service benefit arising.

Risk assessment: The Authority assesses the risk of loss before entering into such shareholdings by ensuring the Council's risk exposure is quantified and capped at the proposed initial investment. The main purpose of these shareholdings is not to make a financial rate of return for the Council; it is to support the key priorities in the Council's Corporate Plan and the service delivery objectives of its Growth agenda.

Detailed business plans are produced for any such investments, including the use of external advisors where appropriate, which are rigorously challenged by Council Officers prior to being brought forward for approval by Members. Financial information is reviewed regularly for existing investments and the current SPV companies both have external audits performed on their financial statements annually.

Liquidity: The expected period of investment in company shareholdings is reviewed prior to approval of a business case, to ensure that the funds to be invested may be prudently committed for that period. The expected maximum period for investment in shares is 50 years.

Non-specified Investments: Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

- **Commercial Investments: Property**

The Chartered Institute of Public Finance and Accountancy (CIPFA) define investment property as *property held solely to earn rentals or capital appreciation or both*. Commercial properties owned by the Council are held for regeneration, planning reasons and estate management purposes in addition to earning rental income, and have therefore they have been classified as property, plant and equipment within the accounting statements.

Government guidance in the context of this investment strategy has a different view and defines property to be an investment if it is held **primarily or partially** to generate a profit.

Contribution: The Council invests in local commercial property with the dual purpose of supporting the local economy and generating rental income to support expenditure spent on local public services. The main categories of property investments held are as follows:

- Industrial estates, business centres, shops and sundry commercial property – these properties have the purpose of regenerating areas of the borough as well as supporting the local economy and creating/retaining jobs.
- Agricultural tenancy – this land is used for the purpose of supporting the local economy.
- Development sites and vacant land – these assets will be used to regenerate areas of the borough to ultimately provide housing or commercial property to support the local economy and job creation.

Table 2: Property Held in £ millions

Property type	Actual Purchase Cost	31 March 2022	
		Gains or (Losses)	Value in Accounts
Industrial Estates	9.4	4.3	15.3
Business Centres	4.2	0.8	2.6
Sundry Commercial Property	12.4	0.6	14.0
Sundry Shops	2.9	(0.2)	2.9
Agricultural Tenancy	2.7	0.9	9.6
Industrial/Commercial Development Sites	9.5	-	3.8
Residential Development Sites	10.2	(0.6)	8.1
Vacant Land	0.9	0.4	1.4
Total	52.2	6.2	57.7

Security: In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. As the properties noted in the table above are held primarily for service purposes (mainly regeneration, planning or supporting

the local economy), with the side benefit of obtaining rental income, the Council is willing to accept that there may be downward changes in the valuation of properties, but the properties are not held for their capital appreciation.

Risk Assessment: The Council is willing to accept that there may be downward changes in the valuation of properties, but the properties are not held for their capital appreciation but are held for other benefits they provide within the Borough. Any acquisition of land or property are considered alongside the service benefits it will provide or the income it would generate, if that was to be the primary reason for the acquisition.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. The Council's Growth and Property teams review the property portfolio regularly to compile the list of sites and properties for potential sale, which is updated regularly with the likeliness of the sale going through, and expected date for receipt of funds.

- **Loan Commitments and Financial Guarantees**

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council, and would be included here for completeness.

The Council does not have any such liabilities at present.

- **Capacity, Skills and Culture**

Elected Members and Statutory Officers: The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.

The Council pays for accountancy staff to study towards relevant professional accountancy qualifications and the staff within the treasury team, who are all qualified accountants, attend treasury seminars and workshops provided by CIPFA and other external service providers.

Training is provided to Councillors to aid informed decision-making and effective scrutiny.

The Councils appoints external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and other appropriate advisers as required.

The intention is that by building a solid knowledge base for both Officers and Members, they are fully informed when taking decisions to realise corporate objectives. Specialist support from external advisers strengthens the decision making process and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Commercial Deals: The Council undertakes business case analysis of potential investments which are considered by chief officers and elected members.

In recent years the Council has not acquired any properties for the sole gain of generating a profit or return to contribute to net service costs.

Corporate Governance arrangements ensure that all decisions on Commercial investments are made in line with the criteria and limits approved by Council in line with Financial Regulations and the Constitution.

- **Investment Indicators**

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Total Risk Exposure: The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 3: Total Investment Exposure in £ millions

	31 March 2022 Actual	31 March 2023 Forecast	31 March 2024 Forecast
Treasury Management Investments	42.2	42.7	12.4
Service Investments: Loans	2.4	2.6	2.7
Service Investments: Shares	0.0	0.0	0.0
Commercial Investments: Property	57.7	59.4	61.3
Total Investments	102.3	104.7	76.4
Commitments to Lend	-	-	-
Guarantees Issued on Loans	-	-	-
Total Exposure	102.3	104.7	76.4

How Investments are Funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 4: Investments Funded by Borrowing in £ millions

	31 March 2022 Actual	31 March 2023 Forecast	31 March 2024 Forecast
Service Investments: Loans	2.5	1.9	2.0
Service Investments: Shares	0.0	0.0	0.0
Commercial Investments: Property	59.4	43.3	44.7
Total Funded by Borrowing	61.9	45.2	46.7

Rate of Return Received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Note: These properties are held primarily for their contribution to the local economy and regeneration of the Borough, but have the added benefit of achieving income for the Council.

The table below takes into account all costs of holding these properties, including:

- Rental income;
- Interest paid on borrowings and minimum revenue provision charged;
- Revaluation gains and losses; and
- All property running costs.

Table 5: Investment Rate of Return (net of all costs)

	2021/22 Actual	31 March 2023 Forecast	31 March 2024 Forecast
Commercial Investments: Property	8.6%	3.0%	2.9%

The rate was high in 2021/22 due to revaluation gains relating to industrial estates.

CAPITAL PROGRAMME 2023-2026**Capital expenditure**

In 2023/24, the Council is planning capital expenditure of £42.264 million as summarised below:

Table 1: Estimates of Capital Expenditure in £ thousands

	2021/22 Actual £'000	2022/23 Forecast £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000
Health and Adult Social Care	2,237	2,803	3,282	1,867	-
Children, Young People and Education	1,504	9,335	7,068	263	-
Environment	(4)	1,099	215	100	-
Public Health and Wellbeing	266	-	-	-	1,000
Growth and Development	8,732	11,251	22,417	22,990	37,248
Digital and Customer Services	1,414	932	3,030	282	42
Finance and Governance	2,845	755	831	-	-
Portfolio Spending	16,994	26,175	36,843	25,502	38,290
Corporate ICT	-	28	700	700	-
Vehicles	-	1,553	700	1,000	-
Corporate Property Investment	279	850	1,727	1,700	835
Earmarked Schemes*	279	2,431	3,127	3,400	835
Asset Management	-	-	2,294	1,000	-
Contingent Schemes**	-	-	2,294	1,000	-
Total Capital Expenditure	17,273	28,606	42,264	29,902	39,125

* **Earmarked schemes** – These are programmes that the Council is committed to undertaking. As specific schemes are identified, reports are prepared to obtain appropriate approvals and budgets are allocated to portfolios.

** **Contingent schemes** – These are schemes or programmes the Council may wish to undertake in future years if proposals are affordable. Detailed proposals and business cases will be required.

The programme is predominantly comprised of existing commitments including investment in:

- our local transport plan
- aids and adaptations through provision of disabled facilities grants
- regeneration of the borough, including our scheme at Blakey Moor to enhance the town centre in Blackburn and support the improvement of leisure facilities and a night time economy, Blackburn town centre redevelopment of the former Thwaites site and various schemes across Darwen following the successful bid of £25m of Towns Fund grant
- the Growth Axis Transport Package scheme following the successful LUF bid
- facilitating housing and business growth
- support of continued investment in IT services to underpin our 'digital first' approach to delivering efficiencies and in turn, cash savings
- support of our accommodation review which again will drive efficiencies and savings through rationalisation and a more cost effective use of space.
- schools capital programme existing schemes and creation of additional school places required within the Borough

Allocations are included for:

- potential investment in existing assets

Within the capital programme there is also a Property Investment Fund, which enables the Council to invest in land and property should the opportunity arise.

Before projects are allocated funding however, they are subjected to a rigorous business case approval process and detailed Member reports are produced in line with financial procedures as required.

These schemes will require strong project management and effective monitoring to ensure they are achieved on time and within budget. Failure to deliver against budget on such large schemes could lead to potential overspends which could impact on the overall future capital programme, as additional costs could put pressure on the funding available for delivery of other schemes within the programme. To mitigate this risk, sound systems of internal control are in place with project boards established to provide the necessary governance structure, ensuring appropriate and timely reporting mechanisms.

Further details of individual capital schemes included within the Council's capital programme are included in **Appendix 6A**.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ thousands

	2021/22 Actual £'000	2022/23 Forecast £'000	2023/24 Budget £'000	2024/25 Budget £'000	2026/27 Budget £'000
Government Grants	9,399	18,367	14,768	13,130	26,748
External Contributions	3,440	196	226	-	-
Revenue Contribution	2,020	3,819	6,956	1,880	100
Borrowing	2,414	4,924	19,614	13,892	12,277
Leasing	-	1,300	700	1,000	-
Total Capital Financing	17,273	28,606	42,264	29,902	39,125

Planned asset disposals

The Asset Management Group monitors asset disposals and generation of capital receipts throughout the year. Capital receipts are generated through the sale of land and property no longer used by the Council and / or in order to facilitate commercial or housing development.

The MRP estimates that are included within the Council's 2023/24 Budget and MTFS are based on the following estimates of capital receipts:

	2021/22 Actual £'000	2022/23 Forecast £'000	2023/24 Budget £'000	2024/25 Budget £'000	Future Years Budget £'000
Disposal of Land and Property	5,118	3,990	5,592	2,624	2,972
Sale of Investments	-	-	-	-	-
Total Capital Receipts	5,118	3,990	5,592	2,624	2,972

The Council plans to continue to utilise the majority of any capital receipts generated from the disposal of land and property in support of the Minimum Revenue Provision i.e. to repay debt.

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>Future</u> <u>Years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
1. Estimated Available Resources				
Unsupported Borrowing	19,614	13,892	12,277	6,000
- Department for Education	2,505			
- Department for Transport Grants	22			
- Disabled Facilities Grant	3,762	2,130		
- Towns Fund Grant	5,500	11,000	6,748	
- Levelling Up Fund			20,000	
- Other Specific Grants	2,979			
Government Grants	14,768	13,130	26,748	-
External Contributions	226			
Revenue Contributions	6,956	1,880	100	
Leasing	700	1,000		
TOTAL ESTIMATED AVAILABLE RESOURCES	42,264	29,902	39,125	6,000
2. Approved schemes				
Adults and Prevention Services				
Disabled Facilities Grant	2,899	1,707		
Telecare Project	200	160		
Rough Sleeping Accommodation Programme	183			
	3,282	1,867	-	-
Children, Young People & Education				
Disabled Facilities Grant	663	263		
Accrington Road Nursery Site (two year old capital grant)	49			
St Barnabas & St Pauls	135			
Lammack School Extension	450			
Darwen East School Places increase	3,250			
Longshaw Nursery Relocation	200			
Ashleigh Heating and Ventilation	35			
Audley Infants Replacement of Fascias & Soffits	55			
Audley Inf & Jnr Replace windows & upstands to lean to roof	60			
Avondale Resurface Playground	125			
Brookhouse Primary (Nursery) Replace Roof System	75			
Brookhouse Primary Replace Boilers	40			
Longshaw Juniors Replace Fire Alarm System	40			
Roe Lee Roofing, Upstandings & Windows	180			
Roe Lee Repairs to Service Road, Ext Areas & Auto Gates	85			
Shadsworth Juniors Replacement of Boilers	40			
Stansfeld Centre / St Thomas Centre Refurbishment	470			
Newfield Roof Repairs	220			
Belmont Primary Boiler Replacement	35			
Audley Infant Culvert Works	18			
Audley Infant Dining Room Floor/gas meter/boiler	27			
Audley Junior Ventilation & Heating works	9			
Avondale Rebuild Steps	9			
Belmont Reslate Roof inc Lead work to valleys & bell tower	30			
Brookhouse Upgrade Lighting	34			
Brookhouse Kitchen Upgrade	45			

Appendix 6

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>Future Years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Brookhouse Replace Windows & Doors	9			
Daisyfield Replace External Doors	13			
Daisyfield SEND Works DDA Compliance	30			
Feniscowles Juniors Upgrade Windows	27			
Lammack Security Fencing & Electronic Gates	198			
Lammack Resurface Playground	36			
Lower Darwen Send Works DDA Compliance	36			
Lower Darwen Fire Risk Assessment Works	23			
Lower Darwen Perimeter Fencing Repair/Replace	9			
Meadowhead Infant Replace External Rubber Flooring	9			
Meadowhead Junior Replace Floor Covering to Hall	18			
Meadowhead Junior Replace doors & RollerShutters	14			
Meadowhead Junior External Path Works	45			
Meadowhead Junior Fire Risk Assessment Ceiling Works	18			
Roe Lee Park Toilet Works	18			
Shadsworth Juniors Send Works DDA Compliance	51			
St Michael with St John Roofing Works	135			
	7,068	263	-	-
Environment				
Land Remediation Scheme				
Blakewater Car Park	115			
Prayer Shelter at Pleasington Cemetery	100			
Blackburn and Darwen Crematorium Relining		100		2,000
	215	100	-	2,000
Public Health and Wellbeing				
Demolition of Shadsworth Leisure Centre			1,000	
	-	-	1,000	-
Growth and Development				
Bank Top and Griffin	186			
Neighbourhood Intervention	613			
Equity Loans/PALs Griffin	235			
Empty Homes Cluster	360			
Other acquisitions	10			
Development Investment Fund	490	250		
Assistance to Industry	250			
Blakey Moor	1,210			
Bury Fold Brook	14			
Reel Cinema and Jubilee Square	22			
Land Release Fund	934			
Maple Grove Blackburn - (Thwaites SPV)	145			
Greenfields CC and Mill Hill Juniors FC Grants	48			
Darwen Towns Fund	10,250	16,500	9,498	
St John's Church Refurbishment	1,450	1,640	100	
Griffin Lodge/ Coach House	300			
Levelling Up Projects	1,500	2,000	22,000	2,000
Development Acquisition Fund	250	250		
Medi-Park	1,000			
Blackburn Museum & Art Gallery Roof Replacement	400			
Blackburn Town Centre Highways and Public Realm Works	1,750	1,500	5,500	2,000
Imperial Mill - Acquisition, Essential Works & Site Enabling	1,000	850	150	
	22,417	22,990	37,248	4,000

Appendix 6

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>Future</u> <u>Years</u>
	£'000	£'000	£'000	£'000
Digital and Customer Services				
Corporate ICT - Core Infrastructure Programme	71			
Corporate ICT - Legal Services	28			
Corporate ICT - Town Hall IT Infrastructure Update	143			
Digital Customer Portal	80			
Round Management System	13			
Microsoft Licence Agreement Server and Database				
Replacement HR and Payroll System	273			
Microsoft 365 and Unified Comms	550			
Transition to the Cloud	134	42	42	
Helpdesk for Everything	188			
Digital Customer Portal (Phase 2)	390	240		
Core Network Upgrade	530			
Intranet/iTrent	80			
Digital Flare Replacement	200			
New BwD Security Operation and Recovery Capability	350			
	3,030	282	42	-
Finance and Governance				
Corporate Accommodation Strategy Phase 2	831			
	831	-	-	-
TOTAL Approved Schemes	36,843	25,502	38,290	6,000
3. Earmarked schemes				
Corporate ICT Investment	700	700		
Corporate Property Investment	1,727	1,700	835	
Vehicles Earmarked Scheme	700	1,000		
TOTAL Earmarked capital reserves	3,127	3,400	835	-
4. Contingent schemes				
Asset Management Strategy	2,294	1,000		
TOTAL Contingent capital reserves	2,294	1,000	-	-
TOTAL CAPITAL PROGRAMME	42,264	29,902	39,125	6,000



REPORT OF: DIRECTOR OF FINANCE
TO: FINANCE COUNCIL
DATE: 27th FEBRUARY 2023

SUBJECT : COUNCIL TAX FOR 2023/24

1. PURPOSE OF THE REPORT

- 1.1 The Council, in its role as billing authority, is required to set amounts of Council Tax before 11 March in the financial year preceding that for which it is set.

2. RECOMMENDATIONS

- 2.1 The Council is recommended to approve the draft resolution setting the Council Tax for 2023/24, as set out in Appendix 1, or as amended at the meeting.

3. BACKGROUND

- 3.1 The Council, as billing authority, is required to calculate a Council Tax requirement for the forthcoming year in accordance with regulations made under Section 31A of the Local Government Finance Act 1992, as amended (the Act). In setting its Council Tax requirement, the Council takes into account any funding from reserves, income it expects to raise and general funding it will receive from Government as part of the Local Government Finance Settlement.
- 3.2 The Council is also required to set a basic amount of Council Tax for the financial year 2023/24. The Council Tax is 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
 - (ii) the precepts issued by the seven Parish / Town Councils.

These are discussed in more detail later in the report.

4. RATIONALE

4.1 To ensure that sufficient Council Tax is generated to meet all precepts.

5. KEY ISSUES

5.1 The Council Tax Requirement for 2023/24, together with the basic amount of Council Tax in relation to Band D properties for that part of the Borough having no Parish Councils are calculated as follows:

	£M
Council's proposed net expenditure	171.129
Less: Council's share of estimated surplus on the Council Tax Collection Fund	- 1.210
	<hr/> 169.919
Less: General government grant funding	- 84.978
Retained business rates income	- 20.246
	<hr/> 64.695
Council Tax Base:	36,292.84
Council Tax at Band D	£1,782.58

5.2 Parish / Town Council's Precepts

From 1 April 2013 local council tax support schemes replaced council tax benefit in England. As a result the council tax base is reduced where a dwelling is in receipt of council tax support in a similar manner to other council tax discounts. This reduction in the tax base reduces the amount of council tax income that can be raised for the Borough as a whole, and for each parish area. In order to mitigate the effects of any reduction in tax base, the Council will again make a grant payment to make up the shortfall.

The Parish / Town Councils have each submitted their funding requirement, as detailed in Appendix 2. Members should be aware that the Parish Council precepts form part of the Council's expenditure for the purposes of the Council Tax i.e. the Parish Precepts are added to the Council's Council Tax requirement and the payments to Parishes are met from the General Fund. Consequently, there is no adjustment to it, even though the Council may collect more or less from the Parish by way of Council Tax.

The average of the Parishes element of the Council Tax is calculated as follows:

Total Parish Requirement	£193,372.46
Less: Grants paid by Borough Council	£27,336.50
Total Parish Precepts	<hr/> £166,035.96
Council Tax Base:	36,292.83
Average Parish Council Tax at Band D	£4.57

In accordance with Section 31B of the Act, the basic amount of Council Tax for the year, including Parish precepts, is £1,787.15 (i.e. £1,782.58 + £4.57).

5.3 Collection Fund

Members will note from the calculation shown in paragraph 5.1 above, that Blackburn's share of the surplus on the Council Tax Collection Fund is £1,210,360. Legislation requires that any such surplus or deficit must be reflected in the Council Tax calculation and, therefore, represents an increase in funds for the year 2023/24.

5.4 Major Precepting Authorities

On 15th February 2023, the Police and Crime Commissioner for Lancashire agreed a council tax increase for the year 2023/24. The amount of precept due from Blackburn with Darwen Council has been set at £9,125,835, after an adjustment of £170,269 in respect of the precepting authority's share of the estimated Collection Fund surplus. This results in a Band D Council Tax of £251.45, an increase of £15 per year for a Band D property.

At the time of writing this report, the recommendation in respect of the amount of precept due from Blackburn with Darwen Council has yet to go to the Lancashire Fire Authority meeting (scheduled for Monday 20th February). The paper produced for the Fire Authority meeting has incorporated a recommended precept of £2,985,812, after an adjustment of £55,116 in respect of the precepting authority's share of the estimated Collection Fund surplus, which results in a Band D Council Tax of £82.27, an increase of £5 per year for a Band D property

The aggregate Council Tax calculation in relation to Band D properties for that part of the Borough having no Parish Councils, is as follows:

	£M
Borough Council's Council Tax Requirement	64.695
Lancashire Police Authority Precept	9.126
Lancashire Combined Fire Authority Precept	2.986
Total Council Tax requirement	76.807
Council Tax Base:	36,292.84
Aggregate Council Tax at Band D	£2,116.30

5.5 Having calculated the basic amount of Council Tax for a Band D property, the Council is then required to convert it into amounts for all Bands by applying the following proportions:

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9

The Borough element of the Council Tax, together with the amount calculated for each band by the major precepting authorities, forms the aggregate Council Tax for each band.

For those parts of the Borough which have a Parish or Town Council, a higher tax is levied to finance the Parish or Town Council Precept as well. It follows therefore that the Borough will have 64 different Tax Rates i.e. 8 bands for 8 areas (7 Parish or Town Councils and the area of the Borough having no Parish), and these are shown in detail on the attached draft resolution.

5.6 Draft Resolution

The draft resolution for setting the Council Tax is set out in Appendix 1 to this report. The elements which form the Council Tax calculation, as detailed in paragraphs 5.1 to 5.5 above, are:

- the “basic amount” of Blackburn’s element of the Council Tax for 2023/24 is £1,787.15.
- the average of the Parishes element (£4.57) is then deducted to give the Council Tax at Band D for those parts of the Borough not having a Parish Council (£1,782.58).
- the calculation for all other Bands then follows e.g. Band A is 6/9ths (66.67%) of Band D, Band H is 18/9ths (200%) of Band D.

6. **POLICY IMPLICATIONS**

The policy implications from this report are contained within the Budget Strategy.

7. **FINANCIAL IMPLICATIONS**

The financial implication arising from the proposed recommendations of this report have been incorporated into the Budget Strategy.

8. **LEGAL IMPLICATIONS**

Section 30 of the Local Government Finance Act 1992 provides that the amounts set for each band will be the aggregate of the Borough element for each band calculated under Section 36 and the amount calculated for each band by the major precepting authorities. The Council Tax must be set before 11 March in the financial preceding that for which it is set.

Under the Local Government (Standing Orders) (England) (Amendment) Regulations 2014, which came into force on 25 February 2014, the Council is 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.

9. **RESOURCE IMPLICATIONS**

None as a direct consequence of this report.

10. **EQUALITY IMPLICATIONS**

The decisions to be taken do not change policy and do not require any further consideration in respect of equality issues.

11. **CONSULTATIONS**

The Council has consulted with its residents, business community, partners and other stakeholders throughout the Council Tax setting process.

Chief Officer/Member Dean Langton, Director of Finance (01254 666703)
Contact Officer: Karen Moore, Senior Finance Officer (01254 585929)
Date: 17th February 2023
Background Papers: Budget documentation and reports previously issued

Blackburn with Darwen Borough Council

Draft Council Tax Resolution 2023/24 – Finance Council 27th February 2023

The Council is recommended to resolve as follows:

1. That it be noted that on 16th December 2022, the Council calculated the Council Tax Base for the year 2023/24 in accordance with regulations made under Section 31B(3) of the Local Government Finance Act 1992, as amended (the Act):
 - a) 36,292.84 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 2023/24 in accordance with Sections 31 to 36 of the Act:
 - a) £443,203,237 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) £378,342,525 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) £64,860,712 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) £1,787.15 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) £166,035.96 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (see Appendix 2).
 - f) £1,782.58 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 2023/24 the Police and Crime Commissioner (PCC) for Lancashire has issued a precept to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, as indicated in the tables below.
4. That it be noted that for the year 2023/24 the Lancashire Combined Fire Authority has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992, as indicated in the tables below, however at the time of writing this report, the precept had yet to be presented to the Lancashire Fire Authority meeting (scheduled for Monday 20th February 2023).
5. 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 2023/24 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	£1,205.91	£1,406.89	£1,607.88	£1,808.86	£2,210.83	£2,612.80	£3,014.77	£3,617.72
Livesey Parish	£1,194.00	£1,393.00	£1,592.00	£1,791.00	£2,189.00	£2,587.00	£2,985.00	£3,582.00
North Turton Parish	£1,200.44	£1,400.51	£1,600.59	£1,800.66	£2,200.81	£2,600.95	£3,001.10	£3,601.32
Pleasington Parish	£1,192.11	£1,390.80	£1,589.48	£1,788.17	£2,185.54	£2,582.91	£2,980.28	£3,576.34
Tockholes Parish	£1,217.28	£1,420.16	£1,623.04	£1,825.92	£2,231.68	£2,637.44	£3,043.20	£3,651.84
Yate and Pickup Bank Parish	£1,203.14	£1,403.66	£1,604.19	£1,804.71	£2,205.76	£2,606.80	£3,007.85	£3,609.42
Darwen Town Council	£1,196.85	£1,396.33	£1,595.80	£1,795.28	£2,194.23	£2,593.18	£2,992.13	£3,590.56
All other parts of the Council's area	£1,188.39	£1,386.45	£1,584.52	£1,782.58	£2,178.71	£2,574.84	£2,970.97	£3,565.16

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	£167.63	£195.57	£223.51	£251.45	£307.33	£363.21	£419.08	£502.90
Lancashire Combined Fire Authority	£54.85	£63.99	£73.13	£82.27	£100.55	£118.83	£137.12	£164.54

c) Aggregate Council Tax

<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	£1,428.39	£1,666.45	£1,904.52	£2,142.58	£2,618.71	£3,094.84	£3,570.97	£4,285.16
Livesey Parish	£1,416.48	£1,652.56	£1,888.64	£2,124.72	£2,596.88	£3,069.04	£3,541.20	£4,249.44
North Turton Parish	£1,422.92	£1,660.07	£1,897.23	£2,134.38	£2,608.69	£3,082.99	£3,557.30	£4,268.76
Pleasington Parish	£1,414.59	£1,650.36	£1,886.12	£2,121.89	£2,593.42	£3,064.95	£3,536.48	£4,243.78
Tockholes Parish	£1,439.76	£1,679.72	£1,919.68	£2,159.64	£2,639.56	£3,119.48	£3,599.40	£4,319.28
Yate and Pickup Bank Parish	£1,425.62	£1,663.22	£1,900.83	£2,138.43	£2,613.64	£3,088.84	£3,564.05	£4,276.86
Darwen Town Council	£1,419.33	£1,655.89	£1,892.44	£2,129.00	£2,602.11	£3,075.22	£3,548.33	£4,258.00
All other parts of the Council's area	£1,410.87	£1,646.01	£1,881.16	£2,116.30	£2,586.59	£3,056.88	£3,527.17	£4,232.60

Town and Parish Council Precepts

Parish / Town Council	<u>2022/23</u>				<u>2023/24</u>				<u>Council Tax Increase / (Reduction)</u> Council Tax Band D 2023/24 less 2022/23 £
	<u>Tax Base</u>	<u>Precepts</u>	<u>Grant</u>	<u>Council Tax</u> <u>Band D</u>	<u>Tax Base</u>	<u>Precepts</u>	<u>Grant</u>	<u>Council Tax</u> <u>Band D</u>	
		£	£	£		£	£	£	
Eccleshill Parish	94.66	2,462.11	413.50	26.01	92.44	2,429.00	413.50	26.28	0.27
Livesey Parish	2,235.21	18,463.00	1,371.00	8.26	2,335.57	19,665.00	1,371.00	8.42	0.16
North Turton Parish	1,771.66	32,159.00	1,241.00	18.15	1,778.74	32,159.00	1,241.00	18.08	(0.07)
Pleasington Parish	257.93	1,450.00	0.00	5.62	259.25	1,450.00	0.00	5.59	(0.03)
Rockholes Parish	208.33	8,574.91	146.00	41.16	207.90	9,010.96	146.00	43.34	2.18
Yate and Pickup Bank Parish	143.68	3,180.00	260.00	22.13	145.82	3,227.00	260.00	22.13	0.00
Darwen Town Council	7,560.39	98,095.00	23,905.00	12.97	7,722.97	98,095.00	23,905.00	12.70	(0.27)
TOTAL / AVERAGE	12,271.86	164,384.02	27,336.50	4.64	12,542.69	164,384.02	27,336.50	4.57	(0.07)