

# **FINANCE COUNCIL**

## **Monday 1<sup>st</sup> March 2021**

**PRESENT** – *The Deputy Mayor Councillor Derek Hardman, Councillors Afzal, Akhtar H, Akhtar P, Batan, Bateson, Brookfield, Browne, Casey, Connor, Daley, Davies, Desai, Fazal, Floyd, Gee, Gunn, Harling, Hussain I, Hussain M, Hussain S, Jan-Virmani, Kay, Khan M, Khan Z, Khonat, Liddle, Mahmood, Marrow, McFall, McGurk, Oates, Patel, Rawat, Rigby C, Rigby J, Riley, Salton, Sidat, Shorrock, Slater Ja, Slater Jo, Slater Ju, Slater N, Smith D, Smith J, Talbot, Taylor and Whittle.*

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### **RESOLUTIONS**

#### **43 Welcome and Apologies**

The Chief Executive read out the notice convening the meeting and the Deputy Mayor advised how the remote meeting would operate.

After Prayers by the Mayor's Chaplain, a Minute's Silence was observed in memory of former Mayor and Councillor John Williams.

#### **44 Minutes Of The Previous Meeting**

The Minutes of the Council Forum meeting held on 28<sup>th</sup> January 2021 were agreed as a correct record.

#### **45 Declarations of Interest**

The Chief Executive asked Members to agree a temporary suspension of Procedure Rule 20.5 for this meeting only, to enable those Members who had declared an interest in Agenda Item 8 (specifically in relation to the Local Council Tax Support Scheme – Recommendation 2.11) to remain in the meeting, but not participate in related discussions or vote on that particular recommendation. The temporary suspension of Procedure Rule 20.5 was agreed.

Declarations of Interest in Agenda Item 8 (Recommendation 2.11 Local Council Tax Support Scheme) had been received from Councillors Batan, Akhtar H, Hussain M, Jan-Virmani, Khan M, Mahmood, McGurk, Patel, Talbot, Taylor, Connor, Hardman, Marrow and Fazal

#### **46 Mayoral Communications**

The Deputy Mayor reflected on the ongoing Covid-19 pandemic, and thanked Officers and Partners for their continuing efforts in responding to the pandemic.

The Deputy Mayor also advised that he was looking forward to his forthcoming Mayoral Year and to brighter days ahead for the Borough.

#### **47 Capital Strategy 2021/22**

Members received a report seeking approval for the 2021/22 Capital Strategy, set out in Appendix 1. The capital strategy gave a high-level overview of how the Council's capital

expenditure, capital financing and treasury management activity contributed to the provision of local public services, along with an overview of how associated risks were managed and the implications for future financial sustainability.

Decisions made on capital and treasury management would have financial consequences for the Authority for many years into the future. Therefore decisions were subject to both a national regulatory framework and to a local policy framework, summarised in this report.

## **RESOLVED –**

That the Capital Strategy for 2021/22 (in Appendix 1), be approved, including:

- a) the proposed Flexible Use of Capital Receipts Strategy, as outlined in Appendix 3
- b) the Minimum Revenue Provision (MRP) Statement (including the change in policy as set out in the MRP statement for years 2020/21 onwards) which determines the Council's policy for repayment of debt (Appendix 4)
- c) the proposed prudential indicators for the forthcoming year (Appendix 5);
- d) the proposed Investment Strategy for 2021/22, as outlined in Appendix 6.

## **48 The Robustness of the 2021/22 Budget and the Recommended Level of Reserves**

Members were reminded that Section 25 of the Local Government Act 2003 placed a statutory requirement on the Council's Chief Financial Officer to report on:

- 1 the robustness of the estimates within the overall budget, and
- 2 the adequacy of the proposed level of financial reserves

In setting the Budget for 2021/22, Council was required to have regard to the report when making its budget decisions.

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

In moving the report, Cllr McGurk, Executive Member for Finance and Governance, made particular reference to the increased minimum level of General Reserves from the current level of £4.0million to £6million, to provide financial resilience in the event of unexpected spending pressures, particularly in the light of the unknown consequences of Covid-19.

## **RESOLVED – That Finance Council note that:**

An overall assessment of the proposed 2021/22 budget, and the assumptions on which this is based, including assumptions regarding demand for services, cost pressures, income collection, inflation and the ongoing Covid-19 pandemic, has identified that whilst there are risks, the overall budget provisions for the year are considered sufficient to meet the Council's legal responsibilities and obligations.

A review of risks, mitigations and contingencies has also been undertaken alongside the review of reserves and provisions.

Finance Council is recommended to consider the assessment by the Director of Finance of; the robustness of the Revenue Budget and Capital Programme for 2021/22 (as outlined in the report of the Executive Member for Finance and Governance) and the adequacy and recommended level of proposed financial reserves (detailed in **Section 5.2**).

#### **49 Revenue Budget 2021/22, Medium Term Financial Strategy and Capital Programme 2021-24**

The Executive Member for Finance and Governance, Councillor Vicky McGurk, on behalf of the Labour Group, presented proposals for the Revenue Budget 2021/22, together with the Medium Term Financial Strategy (MTFS) and Capital Programme for 2021-2024.

The programme of austerity that began in 2010/11, signalled the start of an unprecedented level of financial challenges across the public sector which had led to significant cuts across many areas. As previously reported, the Borough had experienced one of the largest funding reductions of all authorities in the country in the period since then, despite being ranked as 9<sup>th</sup> in a list of the most deprived local authorities in the country.

Over the past year the position had become even more challenging in having to respond from a difficult financial base to the Covid-19 pandemic. In the early stages of the pandemic, as costs spiralled and losses of income escalated, it appeared highly likely that without additional Government support the Council would be unable to manage within the existing resources available, and as such a Section 114 notice was a very real prospect. However over the course of 2020/21, additional funding was provided to assist in meeting the costs of Covid-19 and some of the losses incurred in sales, fees and charges, albeit drip fed through, which alleviated the financial risk as the year progressed.

One of the key reasons that a Section 114 seemed likely was due to the low level of reserves that the Council held; the extreme financial challenges throughout the period of austerity, coupled with the rising demand for services due to high levels of deprivation, had meant that reserves have been utilised in order to deliver services. As at 31<sup>st</sup> March 2020, when compared to all other 55 Unitary Authorities, Blackburn with Darwen had the 13<sup>th</sup> lowest level of reserves as a percentage net of revenue expenditure.

Since 2010, in balancing the Council's finances to meet the financial challenges, difficult decisions had been made, and whilst Finance Council approved a balanced budget for 2020/21 and a Medium Term Financial Strategy (MTFS) for the period through to 2022/23 back in February 2020, this was predicated on some very challenging assumptions.

The MTFS approved by Finance Council in February 2020 identified a budget gap of £2.784 million for 2021/22 based on the financial data and demand information available at that time. However as 2020/21 has progressed, the position had developed and the assumptions had been updated due to the impact of the pandemic locally, nationally and globally, and following the release of the Final Local Government Financial Settlement on 10<sup>th</sup> February 2021.

Details of the movement in the Budget Gap for 2021/22 were set out in the report and reflected changes in funding and income, in cost pressures and key assumptions around inflation and collection rates for Business Rates and Council Tax for example. Some of these variations were recurring and had been carried forward into the baseline of the MTFS for 2022/23 and beyond, however some these were non-recurring, particularly in respect of additional funding, resulting in 'one-off' improvements in the 2021/22 position which would have to be addressed over the

course of the financial year to balance the MTFs going forward through further savings, re-prioritisation of resources and from additional income.

As reported to Finance Council in each of the past 3 years, the MTFs would normally extend for a period of 3 years beyond the end of the budget year, i.e. in this case, through to 2024/25, however given that the Government has only provided a 1 year settlement, and had still not shared proposals for their intended approach for calculating any future local government finance settlements, the future funding arrangements beyond 2021/22 were impossible to plan for with any certainty. Therefore in preparing the MTFs the focus was on the year 2021/22 until more clarity was provided over the next 12 months.

The paper set out the Labour Group's proposed Revenue Budget, Capital Programme and associated Council Tax level for 2021/22 together with the MTFs for the period 2021-2024, based on a review of the existing assumptions and data to reflect the most current information available.

The paper outlined the key national funding issues and cost pressures within portfolios, level of reserves, Medium Term Financial Strategy and Capital Programme 2021-2024

The assumptions made within the budget proposals, which were in line with those made by the Government, were that the Council would increase Council Tax in 2021/22 by 3.99% reflecting;

- 1.99% - general increase in Council Tax to cover increases in the cost of Council services
- 2.00% - to assist it in meeting expenditure on adult social care functions

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

Following debate, there was a Vote (non-recorded) on Recommendation 2.11 in the report (Council Tax Support Scheme), which was carried, with the Conservative Group abstaining.

There was then a recorded vote on the remainder of the recommendations in the report, with Councillors voting as follows:

### **FOR**

*Councillors Afzal, Akhtar H, Akhtar P, Batan, Bateson, Brookfield, Casey, Desai, Fazal, Floyd, Gunn, Harling, Hussain I, Hussain M, Hussain S, Jan-Virmanji, Kay, Khan M, Khan Z, Khonat, Liddle, Mahmood, McFall, McGurk, Oates, Patel, Rawat,, Riley, Sidat, Shorrock, Smith D, Smith J, Talbot, Taylor and Whittle.*

### **AGAINST**

*Councillors Browne, Davies, Rigby C and Rigby J.*

### **ABSTAIN**

*Councillors Connor, Daley, Gee, Hardman, Marrow, Salton, Slater Ja, Slater Jo, Slater Ju, and Slater N.*

## **RESOLVED – That Finance Council:**

Approve the proposals for the Revenue Budget for the financial year 2021/22 as outlined in this report and specifically;

- 2.1 To approve an increase in Council Tax rates of 1.99% (i.e. a weekly increase of £0.60 for Band D Council Tax payers and of £0.40 for Band A Council Tax payers);
- 2.2 To approve an additional increase in Council Tax rates of 2.0% to meet the costs of Adult Social Care, as provided for in central government guidance and the associated calculation of Local Authority Core Spending Power, (i.e. a weekly increase of £0.60 for Band D Council Tax payers and of £0.40 for Band A Council Tax payers);
- 2.3 To note the individual portfolio controllable budgets for 2021/22 as set out in **Appendix A**;
- 2.4 To note the financial risks and uncertainty arising from the ongoing impact of the Covid-19 pandemic both within the 2021/22 budget presented, and the MTFs covering the period through to 2024;
- 2.5 To note the significant risks and uncertainty that underpin the assumptions contained within the MTFs for the financial years 2022/23 and 2023/24, due to the lack of information that is yet to be provided by central Government including;
  - the future mechanism for Business Rates Retention,
  - the Fair Funding Review and any resulting redistribution of resource that may follow,
  - the Government's much delayed plans to address the future of social care, which are intrinsically linked to the future plans for the integration of health and adult social care and the potential changes in associated funding streams
- 2.6 To approve the utilisation of the Earmarked Reserves, as detailed in the *Robustness of the 2021/22 Budget and the Recommended Level of Reserves Report*;
- 2.7 To delegate authority for the agreement of hourly rates and contract changes for social care providers for 2021/22, arising from the impact of the increase in the National Living Wage, to the Executive Member for Adult Services and Prevention, in consultation with the Executive Member for Finance and Governance, the Director of Finance and the Strategic Director for Adults and Health;
- 2.8 To approve the proposals for the Capital Programme for the period 2021-2024 as outlined in **Appendix C** and **Section 8** of this report;
- 2.9 To approve the draft Medium Term Financial Strategy 2021-2024, as per **Appendix D** of this report;
- 2.10 To approve, subject to recommendation **2.1** and **2.2** outlined above, the consequent Council Tax levels detailed in the formal resolution within the report from the Director of Finance;
- 2.11 To agree that the current Local Council Tax Support Scheme remains unchanged for 2021/22 as per section **5.4.3**;
- 2.12 In exercising the flexibility given by central government to increase the premium charge

on empty properties, to note the decision taken at Finance Council in February 2019 to increase the premium charge on empty properties for those which have been vacant for ten years or more to 300% with effect from 1<sup>st</sup> April 2021;

2.13 To approve the Pay Policy Statement prepared in accordance with the requirements of Section 38 of the Localism Act 2011, to have effect for the year 2021/22 unless replaced or varied by the Council, as set out in **Appendix E**.

## **50 Council Tax 2021/22**

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

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

The Council was also required to set a basic amount of Council Tax for the financial year 2021/22. The Council Tax was set on the basis of:

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

The Council was recommended to approve the draft resolution setting the Council Tax for 2020/21, as set out in Appendix 1 of the report submitted and in also in the Appendix to these Minutes. Following discussion, Finance Council moved to a recorded vote, with Councillors voting as follows:

### **FOR**

*Councillors Afzal, Akhtar H, Akhtar P, Batan, Bateson, Brookfield, Casey, Desai, Fazal, Floyd, Gunn, Harling, Hussain I, Hussain M, Hussain S, Jan-Virmani, Kay, Khan M, Khan Z, Khonat, Liddle, Mahmood, McFall, McGurk, Oates, Patel, Rawat, Riley, Sidat, Shorrocks, Smith D, Smith J, Talbot, Taylor and Whittle.*

### **AGAINST**

*Councillors Browne, Davies, Gee, Rigby C and Rigby J.*

### **ABSTAIN**

*Councillors Connor, Daley, Hardman, Marrow, Salton, Slater Ja, Slater Jo, Slater Ju, and Slater N.*

**51 Constitution Update & Appointment of Section 151 Officer**

Members were asked to approve an update of the Constitution to amend the Scheme of Delegation to Chief Officers reflecting the Policy Council approval of a new Organisational and Departmental Structure and to amend and confirm the delegation of planning powers ensuring that they reflected Council resolutions. Additionally Council was asked to note the resignation of Louise Mattinson, Director of Finance and agree that pending a recruitment process that Denise Park, Chief Executive assume the Section 151 responsibilities.

The Conservative Group voted against the proposals in the report.

**RESOLVED -**

That Finance Council:

Approve the revisions to the Constitution as set out in this report.

Note the resignation of Louise Mattinson and agree that Denise Park, Chief Executive assume the responsibilities of the Section 151 Officer pending the appointment of a new Director of Finance.

*At the conclusion of the meeting, Members referred to the excellent contribution made by Louise Mattinson, and the Leader thanked the Deputy Mayor for his chairing of the meeting and also thanked former Mayor Councillor Iftakhar Hussain.*

Signed at a meeting of the Council Forum

on Thursday 25<sup>th</sup> March 2021

(being the ensuing meeting on the Council) by

MAYOR

### Blackburn with Darwen Borough Council

#### Draft Council Tax Resolution 2021/22 – Finance Council 1st March 2021

#### **The Council is recommended to resolve as follows:**

1. That it be noted that on 12th January 2021, the Council calculated the Council Tax Base for the year 2021/22 in accordance with regulations made under Section 31B(3) of the Local Government Finance Act 1992, as amended (the Act):
  - a) 34,938.16 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 2021/22 in accordance with Sections 31 to 36 of the Act:
  - a) £399,710,117 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) £342,503,255 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) £57,206,862 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) £1,637.37 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) £162,658.63 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (see Appendix 2).
  - f) £1,632.71 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 2021/22 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, however at the time of writing this report, the precept had yet to be agreed by the PCC (signed week commencing 22<sup>nd</sup> February 2021).

4. That it be noted that for the year 2021/22 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 (held on Monday 22<sup>nd</sup> February 2021).
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 2021/22 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	£1,105.81	£1,290.12	£1,474.42	£1,658.72	£2,027.32	£2,395.93	£2,764.53	£3,317.44
Livesey Parish	£1,093.98	£1,276.31	£1,458.64	£1,640.97	£2,005.63	£2,370.29	£2,734.95	£3,281.94
North Turton Parish	£1,100.68	£1,284.13	£1,467.57	£1,651.02	£2,017.91	£2,384.81	£2,751.70	£3,302.04
Pleasington Parish	£1,092.24	£1,274.28	£1,456.32	£1,638.36	£2,002.44	£2,366.52	£2,730.60	£3,276.72
Tockholes Parish	£1,115.09	£1,300.93	£1,486.78	£1,672.63	£2,044.33	£2,416.02	£2,787.72	£3,345.26
Yate and Pickup Bank Parish	£1,103.23	£1,287.10	£1,470.97	£1,654.84	£2,022.58	£2,390.32	£2,758.07	£3,309.68
Darwen Town Council	£1,097.45	£1,280.36	£1,463.27	£1,646.18	£2,012.00	£2,377.82	£2,743.63	£3,292.36
All other parts of the Council's area	£1,088.47	£1,269.89	£1,451.30	£1,632.71	£1,995.53	£2,358.36	£2,721.18	£3,265.42

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	£150.97	£176.13	£201.29	£226.45	£276.77	£327.09	£377.42	£452.90
Lancashire Combined Fire Authority	£48.18	£56.21	£64.24	£72.27	£88.33	£104.39	£120.45	£144.54

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	£1,304.96	£1,522.46	£1,739.95	£1,957.44	£2,392.42	£2,827.41	£3,262.40	£3,914.88
Livesey Parish	£1,293.13	£1,508.65	£1,724.17	£1,939.69	£2,370.73	£2,801.77	£3,232.82	£3,879.38
North Turton Parish	£1,299.83	£1,516.47	£1,733.10	£1,949.74	£2,383.01	£2,816.29	£3,249.57	£3,899.48
Pleasington Parish	£1,291.39	£1,506.62	£1,721.85	£1,937.08	£2,367.54	£2,798.00	£3,228.47	£3,874.16
Tockholes Parish	£1,314.24	£1,533.27	£1,752.31	£1,971.35	£2,409.43	£2,847.50	£3,285.59	£3,942.70
Yate and Pickup Bank Parish	£1,302.38	£1,519.44	£1,736.50	£1,953.56	£2,387.68	£2,821.80	£3,255.94	£3,907.12
Darwen Town Council	£1,296.60	£1,512.70	£1,728.80	£1,944.90	£2,377.10	£2,809.30	£3,241.50	£3,889.80
All other parts of the Council's area	£1,287.62	£1,502.23	£1,716.83	£1,931.43	£2,360.63	£2,789.84	£3,219.05	£3,862.86

## Appendix 2

### Town and Parish Council Precepts

<u>Parish / Town Council</u>	<u>2020/21</u>				<u>2021/22</u>				<u>Council Tax Increase / (Reduction)</u>
	<u>Tax Base</u>	<u>Precepts</u>	<u>Grant</u>	<u>Council Tax</u>	<u>Tax Base</u>	<u>Precepts</u>	<u>Grant</u>	<u>Council Tax</u>	<u>Council Tax</u>
		£	£	<u>Band D</u> £		£	£	<u>Band D</u> £	<u>Band D</u> 2021/22 less 2020/21 £
Eccleshill Parish	95.59	2,429.00	413.50	25.41	93.38	2,429.00	413.50	26.01	0.60
Livesey Parish	2,060.12	17,017.00	1,371.00	8.26	2,086.29	17,233.00	1,371.00	8.26	0.00
North Turton Parish	1,770.04	32,159.00	1,241.00	18.17	1,756.24	32,159.00	1,241.00	18.31	0.14
Pleasington Parish	259.34	1,850.00	0.00	7.13	256.55	1,450.00	0.00	5.65	(1.48)
Tockholes Parish	209.41	7,917.72	146.00	37.81	204.40	8,159.63	146.00	39.92	2.11
Yate and Pickup Bank Parish	141.35	3,128.00	260.00	22.13	141.60	3,133.00	260.00	22.13	0.00
Darwen Town Council	7,541.34	98,095.00	23,905.00	13.01	7,281.78	98,095.00	23,905.00	13.47	0.46
<b>TOTAL / AVERAGE</b>	<b>12,077.19</b>	<b>162,595.72</b>	<b>27,336.50</b>	<b>4.57</b>	<b>11,820.24</b>	<b>162,658.63</b>	<b>27,336.50</b>	<b>4.66</b>	<b>0.09</b>