



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 in 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