



<b>TO:</b> FINANCE COUNCIL
<b>FROM:</b> EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE ON BEHALF OF THE LABOUR GROUP
<b>DATE:</b> 26 <sup>th</sup> February 2024

**PORTFOLIOS AFFECTED:** All

**WARDS AFFECTED:** All

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**TITLE OF REPORT:** General Fund Revenue Budget 2024/25 (and update to Financial Strategy 2022/25)

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## 1. PURPOSE

1.1 The purpose of this report is to recommend to Finance Council proposals for the Revenue Budget for 2024/25 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 2024/25.

## 2. RECOMMENDATIONS

2.1 Finance Council is recommended to:-

- a) Note the requirement for the Council to produce a Productivity Plan for publication on the Council's website by July 2024;
- b) 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 2024/25 will be submitted to the Executive Board in due course;
- c) approve the use of the High Needs Dedicated Schools Grant (DSG) Funding block in 2024/25 as set out at **Appendix B**;
- d) approve the service investment proposals as set out in the report;
- e) approve the savings proposals as set out at **Appendix C**;
- f) note the estimated balance of reserves as at 31<sup>st</sup> March 2025 as shown at **Appendix D**;
- g) approve the General Fund Budget Requirement for 2024/25 as set out at **Appendix E** to this report;

- h) require each Portfolio to operate within the individual Portfolio Controllable Budgets for 2024/25 as set out at **Appendix E** and that these be cash limited and subject to regular monitoring and control;
- i) approve an increase in the general Council Tax of 2.99% (reflecting a weekly increase of £1.02p for Band D Council Tax payers and of £0.68p for Band A Council Tax payers);
- j) approve an additional increase in Council Tax of 2.00% to contribute towards the additional costs of Adult Social Care;
- k) note the update to the Financial Strategy and Medium Term Financial Plan for 2022/25 as set out **Appendix G** and note that a further report on the implementation of the Strategy will be submitted to the Executive Board in June 2024.

### 3. BACKGROUND

- 3.1 This report sets out the proposed General Fund Revenue Budget for 2024/25. A report elsewhere on the Agenda for this meeting provides details of the proposed Capital Programme for 2024/25. 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 5<sup>th</sup> February 2024.
- 3.2 Consideration of the Council's Revenue Budget (and the Capital Programme) must be undertaken in the context of the Council's Corporate Plan. The Corporate Plan for 2023/27 was agreed by Policy Council in December 2022 and set out a range of missions aimed at '*changing people's lives for the better*'. During the Corporate Peer Review undertaken in the last year, the Peer Team commented that the Corporate Plan provided a clear strategic vision for the Council and the associated missions provide a strong blueprint for where the Council is going.
- 3.3 An update on progress with the implementation of the Corporate Plan was presented to Policy Council in November 2023. As part of this update, details of the Council's commitment to delivering on the four core missions and two supporting missions were provided and each Portfolio Holder set out their priorities for the forthcoming financial year. In conjunction with this work, 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 and the priorities of Portfolio Holders.
- 3.4 The development of the Council's budget for 2024/25 has been undertaken in a period of continuing challenge for most local authorities. The national public finances continue to be in a weak position and around the time of the Autumn Statement, the Office of Budget Responsibility (OBR) downgraded the UK's forecasts for growth. Despite the extent of the tax burden, this along with the surging cost of servicing the national debt means that funding for public services is being squeezed. The corollary of this is that funding settlements for Local Government in recent years (including 2024/25), whilst improved compared to the early years of austerity, continue to be tight and are set against rising demand for services and increased costs as consequence of higher than expected inflation.

- 3.5 Looking ahead over the medium term, the Government's existing commitments on Health, Schools and Defence etc. do, according to the Institute of Fiscal Studies, suggest that the funding for other *'unprotected'* budgets such as Further Education, Courts, Prison, Local Government etc. will be subject to reductions of up to 3.4% (or £20bn) between 2024/25 and 2028/29. This follows on from substantial funding reduction for Local Government over the last 14 years.
- 3.6 The scale of the financial challenge for Local Government remains stark. As Councillors will be aware, there has been an increasing number of Councils where a report under s114 of the Local Government Finance Act 1988, which signals that a Council is in serious financial difficulties and must take action, has either been issued by the Chief Finance Officer or is being openly considered. An analysis of the reasons for taking this action would suggest that these have mainly been a result of underlying management and governance issues. However, some Councils are now citing rising demand, cost pressures and funding levels that have not kept pace with inflation as reasons for their acute financial difficulties and in all likelihood, without more investment in the Sector, there are likely to be more s114 reports in the future.
- 3.7 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 was compounded by the deep impact of Covid-19 with Blackburn with Darwen experiencing some of the worst and enduring effects of the Pandemic. Equally, 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.
- 3.8 Against this backdrop, however, the Council has a good track record of managing its budget effectively. Indeed, the Peer Team that conducted the Corporate Peer Challenge last year commented that *'the Council has an impressive track record of managing significant challenge including the ongoing reductions spending power since 2010'*. The Council has a clear Financial Strategy which balances the need to grow the prosperity of the local economy with the need to take action, as necessary, to identify and deliver savings and efficiencies to achieve a balanced budget. And whilst this includes increases in Council Tax and fees and charges, it also includes investment in 'street level' issues that matter most to the residents of the Borough. The Council's General Fund Revenue Budget and Capital Programme for 2024/25 as presented here continues this approach.

### *Spring and Autumn Statements 2023*

- 3.9 Various updates on the development of the Council's Budget for 2024/25 (and the Medium Term Financial Plan) have been provided to the Executive Board during the year. In the report considered by the Executive Board in June 2023, details of the Spring Statement 2023 were provided. As set out then, despite the considerable financial challenge outlined above, this provided no new funding announcements for Local Government of substance.

- 3.10 Indeed, subsequent analysis by the Institute for Fiscal Studies (IFS) indicated that, even with reasonably strong economic growth (something which is not currently being achieved), Government Departments with ‘*unprotected*’ budgets (including Further Education, HM Courts Services, HM Revenues and Customers **and Local Government**) would be subject to a real terms funding reduction over the period 2024/25 to 2027/28 of 3.2% (this has since been updated as set out above).
- 3.11 Towards the end of November 2023, the Government published its Autumn Statement. Again, the Statement contained little information on the finances for Local Government, in essence confirming previous funding allocations (aside from additional funding to provide business rate reliefs).

*Local Government Finance Policy Statement 2024/25*

- 3.12 As in 2023/24, as part of the Autumn Statement announcement, the Government did commit to provide Local Authorities with an updated Local Government Finance Policy Statement. The Policy Statement was released on 5<sup>th</sup> December 2023 and provided headline details of funding for Local Government, all of which has subsequently been confirmed in the Local Government Finance Settlement.
- 3.13 Unlike in 2023/24, the Policy Statement only provided headlines for 2024/25. As has become the norm in recent years, there was no indication of likely levels of funding beyond the next financial year.

*Local Government Finance Settlement 2024/25*

- 3.14 The provisional Local Government Finance Settlement (LGFS) for 2024/25 was released for consultation by the Government on 18<sup>th</sup> December 2023. The details of the provisional Settlement and the Council’s response to the consultation on the proposed Settlement were provided in a report to the Executive Board in January 2024.
- 3.15 The final Settlement was confirmed on 5<sup>th</sup> February 2024. As in the last six years, it is another single year settlement making it incredibly difficult to plan and take actions to deal with 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.
- 3.16 Details of the Council’s settlement are provided below but in summary, the Council’s Core Spending Power for 2024/25 will rise by 7.9% (compared to an average increase of 7.5% for Local Government overall). This is predicated on the following assumptions:-
- an increase in the Council’s Settlement Funding Assessment of 4.6%. 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 6.6% to £16.734m reflecting an uplift by the Consumer Price Index (CPI) inflation;
  - net estimated additional grant funding of c£7.273m (or 17.1%) when compared to the Council’s Core Spending Power in 2023/24;

- included in the additional grant funding are - £4.283m additional Social Care grant (including £995k for the Equalisation of the Adult Social Care Precept) and £780k for the Social Care Discharge Fund. Additional funding of £1.554m has also been provided for Market Sustainability and Fair Funding (for Adult Social Care);
- a further reduction in the Services Grant of £1.491m which is being used mainly to meet the cost of inflationary increases in other grant funding. The Services Grant for 2024/25 will be £311k (a marginal increase of £27k when compared to the provisional Settlement);
- an increase in funding from the New Homes Bonus from £401k in 2023/24 to £830k in 2024/25 reflecting the Council's success in building new homes and bringing empty properties back into use;
- 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% (an overall increase in Council Tax assumed to 4.99%).

3.17 Unlike previous years, additional funding has been allocated to Local Government in the period between the provisional and final settlements in recognition of the significant cost pressures associated with both Adult's and Children's Social Care. Overall, this amounted to £600m (of which £500m relates to Social Care) nationally of which the Council's share will be £1.621m (of which £1.593m is for Social Care).

3.18 A full analysis of the Council's change in Core Spending Power for 2024/25 (when compared to 2023/24) is provided at **Appendix A**.

#### *Productivity Plan*

3.19 A further change in the final Local Government Finance Settlement is the Government's request for Councils to develop Productivity Plans.

3.20 According to the Government, the plans should be '*short and draw on work that Councils have already done, identifying ways to unlock productivity improvements and setting out the key implementation milestones*'. Productivity Plans are required to cover four main areas:

- i) transformation of services to make better use of resources;
- ii) opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design;
- iii) ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and staff Equality, Diversity and Inclusion programmes (not including programmes designed to promote integration and civic pride, and counter extremism); and
- iv) barriers preventing activity that Government can help to reduce or remove.

- 3.21 The Productivity Plan must be agreed by the Council's Leaders and Members (this has not been defined any more clearly but is assumed to mean the Executive Board) and published on the Council's website (together with updates on progress).

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

- 3.22 As indicated in the legal implications section below, Section 25 of the Local Government Act 2003 requires the Council's Strategic Director Finance and Resources, 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.
- 3.23 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 2024/25 which is elsewhere on the Agenda) is considered to be robust.
- 3.24 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.
- 3.25 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 2024/25 by 11<sup>th</sup> March 2024.

#### **5. KEY ISSUES**

##### **Funding Allocations 2024/25**

- 5.1 On the basis of the Local Government Finance Settlement 2024/25 and the Council's own assessment of Retained Business Rates, Table 1 below summarises the estimate of Government funding for Blackburn with Darwen for 2024/25:-

**Table 1: Estimate of Government Funding 2024/25 (and forecast to 2024/27)**

	Actual Funding 2023/24 £000	Estimated Funding 2024/25 £000	Forecast Funding 2025/26 £000	Forecast Funding 2026/27 £000
Business Rates Retained (IABR*1)	19,794	22,428	22,877	23,335
Business Rates Top Up	25,117	26,289	26,815	27,351
<b>Baseline Funding Assessment</b>	<b>44,911</b>	<b>48,717</b>	<b>49,692</b>	<b>50,686</b>
Revenue Support Grant	15,695	16,734	16,734	16,734
<b>Settlement Funding Assessment</b>	<b>60,606</b>	<b>65,451</b>	<b>66,426</b>	<b>67,420</b>
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	1,990	1,990	1,990
Additional Social Care Grant	3,774	7,062	5,469	5,469
Independent Living Fund	386	386	386	386
Market Sustainability and Fair Funding	1,790	3,344	3,344	3,344
Discharge Fund	1,171	1,951	1,951	1,951
BSF PFI Grant	8,472	8,472	8,472	8,472
<b>Sub Total (see Table 7)</b>	<b>94,356</b>	<b>105,818</b>	<b>105,200</b>	<b>106,194</b>
<b>Other Government Grants</b>				
Business Rates s31 Grant	13,199	14,486	14,776	15,071
New Homes Bonus	401	830	-	-
Services Grant	1,802	311	311	311
<b>Total Government Funding</b>	<b>109,758</b>	<b>121,445</b>	<b>120,287</b>	<b>121,576</b>

\*1 – Individual Authority Business Rates (IABR)

### *Business Rates Retained*

- 5.2 The estimate of Business Rates Retained for 2024/25 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 (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.

### *Business Rates Top Up*

- 5.3 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 2024/25 will be £26.289m (£25.177m in 2023/24).

### *Revenue Support Grant*

- 5.4 Revenue Support Grant (RSG) is a general cash grant payable to the Council. Compared to the current financial year, for 2024/25 RSG has been increased by c6.6% and will be £16.734m (£15.695m in 2023/24).

## *Funding for Social Care*

- 5.5 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 to be received by Blackburn with Darwen Council including the allocations for 2024/25 are shown in the table below:-

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

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Improved Better Care Fund	7,339	8,104	8,104	8,349	8,349	8,349
Social Care Grant		4,925	6,551	8,813	8,813	8,813
Social Care Support Grant	1,306	-	-	-	-	-
Winter Pressures Grants	764	-	-	-	-	-
Market Sust/Fair Funding	-	-	-	516	1,790	3,344
Independent Living Funding	-	-	-	386	386	386
Equal of 2% ASC Precept	-	-	-	-	995	1,990
Additional Social Care Grant	-	-	-	-	3,774	7,062
Discharge Fund	-	-	-	-	1,171	1,951
<b>Total</b>	<b>9,409</b>	<b>13,029</b>	<b>14,655</b>	<b>18,064</b>	<b>25,278</b>	<b>31,895</b>

- 5.6 Table 2 above shows that additional funding of £6.617m has been provided for Social Care in 2024/25. This includes an additional £3.288m for Social Care (either Adults or Childrens). There is also an additional £1.554m Market Sustainability and Improvement Grant and an additional £780k for a Discharge Fund. At this stage, no detail has been provided on any conditions related to the use of this funding but it is anticipated that those conditions that have applied in 2023/24 will be unchanged. The Independent Living Fund Grant of £386k is the same as in the current year but aside from being shown separately here has been rolled-into the Social Care Grant.

### *Business Rates Section 31 Grants*

- 5.7 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.

### *New Homes Bonus*

- 5.8 The New Homes Bonus (NHB) is now in its twelfth 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.
- 5.9 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 2024/25, the Government will provide NHB to reflect new housing and empty houses brought into use in the year up to October 2023. This amounts to £830k (compared to £401k in 2023/24).



5.10 As has been the case in previous year, it has been assumed that there will be no further NHB payments after 2024/25

*Services Grant*

5.11 For 2024/25, the Government has again reduced the overall amount of the Service Grant funding available for Councils to £87.4m. Although not explicitly stated, it does appear the reduction in the grant in being used to fund the changes in other grants (such as Revenue Support Grant and New Homes Bonus).

5.12 The Council's allocation of Services Grant will be £311k (compared to £1.802m in 2023/24).

*Dedicated Schools Grant*

5.13 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.

5.14 For 2024/25, DSG totals £209.328m and is shown, by block and in comparison to 2023/24, in the table below:-

**Table 3: Dedicated Schools Grant 2024/25**

	2023/24 £000	2024/25 £000	Change £000
Schools Block	148,763	156,159	7,396
Central Services Block	1,770	1,642	(128)
High Needs Block	32,336	33,758	1,422
Early Years Block	11,899	17,769	5,870
<b>Total</b>	<b>194,768</b>	<b>209,328</b>	<b>14,560</b>

5.15 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 based within the NFF ranges;
- 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 (20%) reduction in funding for historic commitments as in previous years;
- the increase in the High Needs Block reflects an uplift in the historical allocation when compared to 2023/24 (£1.405m) and, due to an increase in the number of pupils, an increase (£298k) in the 'per pupil' funding;

- the Early Years Block has increased significantly (by c49%). For 2024/25, in addition to uprating hourly rates for existing provision, the Government has provided additional funding to meet the cost of providing an additional 15 hours of free childcare for 2 year olds and 15 hours of free childcare for under 2 year olds (starting in September 2024). As is standard practice, the allocation of Block Funding to each School as appropriate has been agreed by the Schools Forum and any changes that impact on the Council have been reflected in the General Fund Budget for 2024/25 and the Medium Term Financial Plan to 2027.

5.16 A report on the Early Years Block funding will be submitted to the Executive Board in March 2024 for consideration. As outlined in previous years, it is for the Council to agree the use of the High Needs Block allocation (albeit in consultation with the Schools Forum). To that end, the proposed use of the High Needs Block in 2024/25 is set out in detail at **Appendix B** for approval.

#### *Public Health Grant*

5.17 Indicative allocations of the Public Health Grant for 2024/25 were released by the Government in March 2023 (along with the 2023/24 allocations). The actual allocations of funding were announced on 5<sup>th</sup> February 2024 and show that the Council will receive £16.264m in 2024/25 (a 1.7% increase when compared to the amount for 2023/24).

5.18 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)*

5.19 The Government has assumed that the Council will raise £68.627m in Council Tax in 2024/25 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 2019/20 and 2023/24 to project growth in the tax base for 2024/25; 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 2024/25. That is 2.99% for general Council Tax and 2% for the Adult Social Care Precept.

5.20 As indicated, these are the Government's assumptions. Proposals for Blackburn with Darwen's Council Tax for 2024/25 are set out elsewhere in this report.

#### **Forecast General Fund Outturn 2023/24**

5.21 At the meeting of the Executive Board on 8<sup>th</sup> February 2024, a report on the Council's budget position for the current financial year was considered. This indicated a forecast overspend of £0.932m 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.

5.22 Monitoring of the Council's Budget for 2023/24 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 2024/25**

5.23 As outlined above, the development of the General Fund Revenue Budget for 2024/25 has been undertaken in the context of the 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.

5.24 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.

5.25 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 term 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.

5.26 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 are provided below.

## *Adult Social Care and Health*

- 5.27 In 2023/24, the Adult Social Care and Health Portfolio is forecasting an overall underspend of £510k; this comprises a forecast overspend on external commissioning budgets of c£588k which is offset by a forecast underspend of £953k on non-commissioning budgets. The latter variance has arisen largely as a consequence of delays in the remodelling of the Adults Social Care service (including a number of vacant posts that have been difficult to recruit).
- 5.28 As has previously been set out, the Government's reform of Adult Social Care was set out in the *'People at the Heart of Care White Paper'* in December 2021. This is a 10-year vision created for the people who draw on, work in and provide care and support. The vision revolves around the following objectives:-
- People have choice, control and support to live independent lives;
  - People can access outstanding quality and tailored care support; and
  - People find adult social care fair and accessible.
- 5.29 During the last year, the Government issued various Policy Papers in support of their vision and plan above. The last Policy Paper was issued in November 2023 which reiterated the vision and policy objectives set out above. In support of the delivery of this vision is a range of activity aimed at improving access to care and support, recognising the skills required for careers in social care, digital transformation to improve the quality, safety and personalisation of care, personalising care through the use of data and local authority assurance and supporting people to remain independent at home. Unpinning these activities is a drive to innovate and improve how local authorities address operational challenges and overcome barriers to adopting and scaling new approaches to delivery.
- 5.30 With these matters in mind, the development of the Portfolio budget for 2024/25 has been undertaken in the context the Council's complementary vision for Adults and Health – to build healthier, happier, safer communities enabling people to be independent and in control of their life. To deliver this vision, the Service has adopted a Target Operating Model which aims to:-
- promote independence, with early intervention and support (Getting More Help and Support);
  - promote health and prevent ill health (Staying Healthy and Well); and
  - maintain long term conditions and quality of life (Support for the Longer Term).
- 5.31 Underpinning this is a range of work to both transform the delivery of Adult Social Care services and to ensure that the Council (and the broader health and care system within which it operates) is as prepared as possible for the assessment by the Care Quality Commission (CQC) of its ability to meet its Care Act duties.
- 5.32 Underlying the work set out above, there remain continuing demands on the Service. These demand pressures are expected to persist and have a consequent impact on the Council given its responsibilities, particularly for those people who are discharged from hospital settings. In particular, the demand on the external commissioning budgets, as in the current financial year, is expected to be sustained with the cost of individual care packages increasing due to higher charges (driven by the rate of inflation) and complexity of needs.

- 5.33 As indicated earlier this report, additional funding has been made available by the Government for investment in Social Care in 2024/25. This totals £6.617m (as shown in Table 3 above) which, subject to negotiations with Providers, will be used as contribution towards the hourly rates and contract uplifts for commissioned Providers (this matter is considered further below) and to support the effective discharge of people from hospital.
- 5.34 As in the current year, the Council will receive £8.349m for the Improved Better Care Fund. This funding, along with the capital grant for Disabled Facilities Grants and Discharge Funding, is pooled under the Better Care Fund (BCF) Policy Framework with the National Health Service (NHS) and governed by an Agreement under s75 of the NHS Act 2006. In 2023/24, the BCF provided for a combined pool of funding totalling c£30.2m and the funding for 2024/25 is expected to be similar. It should be noted that the Integrated Care Board has commissioned a review of the use of the Better Care Fund which may have a bearing on how it is used in 2024/25.
- 5.35 Given the nature of Adult Social Care, the development of the budget reflects known 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. To that end, the Council maintains a Future Demands Reserve which, in the event of unexpected increases in costs, could be drawn down if necessary.

*Public Health, Prevention and Wellbeing*

- 5.36 In 2023/24, the Portfolio is forecasting an underspend of £65k. This is primarily the result of additional income in Leisure Services reflecting the work undertaken to increase footfall through the Council's Leisure facilities and an underspend on utility costs.
- 5.37 The development of the budget for 2024/25 assumes that footfall into the Leisure Centres continues to be maintained. As has previously been reported, given the cost of operating the Leisure Centres has increased significantly over the last 12 months, it has been necessary to review fees and charges across a range of activities provided by the Council. This is expected to generate an additional £125k in 2024/25. As with other budgets, achievement of income targets is key and, therefore, the impact of this change will 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.
- 5.38 And reflecting an increase in the demand for temporary accommodation (including Bed and Breakfast provision), to deal with rising levels of homelessness which is a nationwide issue, an additional amount of £250k has been included in the budget for Homelessness/Housing Needs to ensure there is adequate provision of suitable accommodation and to discharge the Council's statutory obligations to those who present as homeless.
- 5.39 As indicated above, the Public Health Grant for 2024/25 will continue to be used for public health interventions. These include, for example, the 0-19 Healthy Child Programme, Sexual Health Service, Substance Misuse. The grant is also used to both fund the contributions made by Council Services towards social determinants of health and to meet the cost of the Public Health function.

5.40 The Government's strategy for the reform of Children's Social Care, set out in their '*Stable Homes, Built on Love*' Plan was released in early 2023. According to the Government, the Plan will be backed by funding of £200m over the 2 years to 2024/25. In December 2023, the Government published a Policy Paper – Children's Social Care: reform statement – outlining various announcements on the following matters:-

- a **National Kinship Strategy** – which recognises the value that Kinship carers provide, often achieving better outcomes than those in other types of non-parental care. The Strategy, *Championing Kinship Care*, outlines the practical and financial support to be provided and required all Councils to review their existing offer for Kinship carers;
- a **National framework for Children's Social Care** aimed at improving the quality and consistency of social work practice across Councils;
- **Working together to safeguard children** which is updated statutory guidance for local authorities and safeguarding partners to embed new child protection standards for practitioners and for partners to deploy multi-disciplinary workforce to provide direct support that meets the needs of children and families;
- **Transforming Data** which is focused on a data strategy that will transform data and digital services in Children's Social Care. This will include publishing a Children's Social Care dashboard bringing data together in one place to understand progress towards the outcomes set out in the national framework above;
- **Further investment in fostering reforms** being an additional investment to support a fostering recruitment and retention programme.

5.41 As announcements such as these are made, the Council will need to consider carefully what they mean for current and future service delivery. As an example, in relation to Fostering and as reported to the Executive Board in November 2023, the Council is the lead authority for a Regional Fostering and Recruitment Hub in the North West (covering Blackpool, Lancashire, Cumbria and Blackburn) which is seeking to improve fostering recruitment and retention. Whilst funding has been provided to support the development of the Hub in its inception, it is not clear what funding will be available on an ongoing basis to support the project.

5.42 Whilst the improvement journey of the Children's Social Care Services continues, the financial position of the Children's, Young People and Education Service has continued to present significant challenges during 2023/24 when compared to the budget. These challenges stem largely from the demands on the service (and associated costs) on a range of matters, for example, placements and Home to School Transport, which are affecting most Councils in England with similar responsibilities.

5.43 Overall, the Portfolio is forecast to overspend by £4.768m. Of this amount, c£2.5m relates to the reallocation of High Needs Dedicated Schools Grant (DSG) funding following a review of costs eligible for this funding. This change in the allocation of funding is ongoing and, as consequence, this impact of this has had to be factored into the Council's budget for 2024/25 and in the Medium Term Financial Plan. It should be stressed, however, that whilst this has resulted in additional costs to the Council's General Fund Revenue Budget, it does mean that there is additional funding for investment in High Needs provision. The High Needs DSG Budget for 2024/25 is considered elsewhere in the report.

- 5.44 The Children's Social Care budget is forecast to overspend by £1.771m in the current year. This is primarily the result of a forecast overspend on the budget for Commissioned Out of Borough Placements which is expected to be overspent by £1.5m. This is due mainly to the increase in the cost of placements. There are also overspends in the Adoption Service, Education Transport and the Assessment and Safeguarding although these are, in part, offset by forecast underspends in areas such as Foster Care, Early Years and Leaving Care.
- 5.45 Acknowledging these pressures, the proposed budget for 2024/25 includes additional investment of £5.630m in the Portfolio. This additional funding will be used to:-
- meet the cost of services that were previously funded by the High Needs DSG funding allocation (£2.450m);
  - provide more funding for Commissioned Placements both to reflect the anticipated inflationary uplift in the cost of these placements and to recognise the significant increase in costs in the current financial year (£2.3m);
  - meet the additional cost to provide Home to School transport for children with special educational needs (which is driven both by the demands and increased costs of services) (£580k);
  - provide an increase in fees paid to In-House Foster Carers to ensure that they are uplifted in line with the National Minimum Allowances (£300k).
- 5.46 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, as in the current year, whilst the budget for commissioned placements will be increased in 2024/25, 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.
- 5.47 In this context, given the quantum of costs associated with residential placements, consideration may need to be given to alternative ways of delivering this provision. In particular, a number of local authorities in England have or are considering in-borough provision of placements (what were previously Children's Homes) both as a means of providing the quality of care necessary in a way that provides better value for money to the Council. This will require detailed business case making and a firmer understanding of the likely demand levels and would be subject to further consideration by the Executive Board in due course should it be a viable consideration.
- 5.48 At the same time, as part of a process of 'policy and finance' deep dives and reflecting the significant additional costs being experienced by the Council in the current financial year, work is underway to review the Council's delivery of Home to School Transport. This work is at its very early stages but it is being undertaken with a view to identifying policy options for the Council to consider in relation to the efficiency and effectiveness of the service.

#### *Environment and Operations*

- 5.49 As reported to the Executive Board as part of the regular budget monitoring reports, the Environment and Operations Portfolio is forecast to overspend by £568k in the current financial year.

- 5.50 Income from car parking and taxi licencing has been significantly reduced as footfall (particularly in Town Centres) continues to be below pre-pandemic levels. Income has been lower than expected at the Crematorium as a result of the fire damage at the site. At the same time, as indicated below, work on the implementation of a new Selective Licensing Scheme has been delayed due to staff shortages.
- 5.51 Looking ahead to the next financial year, the Environment and Operations budget is subject to the normal operational cost and demand pressures. Assumptions have been made about tonnages of waste expected and given the continuing impact of inflation, it has been necessary to include an additional £0.650m in the budget for the increasing cost of Waste Contracts.
- 5.52 Work is underway on the development of a new Selective Licensing Scheme which is expected to be implemented during 2024/25. At this stage, it is not anticipated that the Scheme will be as expansive as the previous scheme and is, therefore, expected to generate less income than is currently included in the Council's budget. As a consequence, an adjustment has been made to the budget pending confirmation of the Scheme.
- 5.53 In line with the 'charging' strand of the Council's Financial Strategy, a range of other fees and charges within the Environment and Operations Portfolio have been reviewed and budget adjustments made to reflect recent decisions. These include charges for Green Waste Collection, Parking charges in Blackburn and Cemetery and Crematorium charges. Taken together, these changes in charges are expected to generate an additional c£361k income towards the cost of sustaining service delivery.
- 5.54 During the last year, and following on from the Environment Act 2021, the Government has outlined proposed changes to waste (and recycling) collection which, as well as impacting directly on residents and businesses, are likely to have a significant service and cost impact on the Council. These include:-
- **Simpler Recycling** – in September 2023, the Government issued its response to the Simpler Recycling consultation (formerly known as Consistency in Household and Business Recycling in England). In summary this set out that:-
    - By 31 March 2025, non-household municipal premises (such as hospitals, schools, and businesses), except micro-firms, will be required to recycle all recyclable waste streams (including Food Waste subject to the following bullet point), excluding garden waste and plastic film;
    - By 31 March 2026, local authorities will be required to collect all recyclable waste streams, excluding plastic film, from all households in England, including a weekly food collection for every household, unless transitional arrangements are agreed;
    - By 31 March 2027, micro-firms (businesses with fewer than 10 full-time equivalent employees) will be required to recycle all recyclable waste streams, excluding garden waste. Plastic film collections from all properties will also begin.



- **Weekly Food Waste Collections** – as set out above, the Government has set the implementation date for separate weekly food waste collections to 31<sup>st</sup> March 2026 unless transitional arrangements are agreed. For this Council, the implementation date is June 2026. More recently, the Government has provided the Council with indicative capital funding allocations to implement weekly food waste collections but has yet to provide any indication of what additional revenue funding (for development, implementation and communications) will be made available to meet the cost of collecting food waste;
- **Residual Waste** – the Government expects minimum service frequencies for residual waste collections of at least fortnightly. This is consistent with the Council’s current collection frequency;
- **Extended Producer Responsibility(EPR)/Deposit Return Scheme (DRS)** – With effect from October 2025, the EPR scheme will require producers of packaged goods to pay towards the cost of recycling the packaging. The fees for EPR are expected to be set by Government and will be collected by a National Agency but ultimately will be redistributed to local authorities. The basis of redistribution is still to be determined by Government with a suggestion that it may be dependent on the recycling performance (both quantity and quality) of each local authority.

The DRS works by placing a small cash deposit on single-use drinks containers thereby giving them an incentive to recycle their drinks bottles and cans, reducing litter and plastic pollution. It is the Government’s aim to have these schemes in place by 2025.

5.55 As Councillors will appreciate, these are potentially significant changes in the way the Council operates and are likely to have both capital and revenue cost implications for the Council. The Government has indicated that, under the New Burdens Doctrine, funding will be provided to the Council to support the development and implementation of these changes although, as yet, other than the indicative capital allocations for the Weekly Food Waste Collection Scheme, there has been no indication of the likely funding available and, more importantly, how that compares to the actual cost of development and implementation.

5.56 At the same time, consideration will need to be given to the impact that implementing these schemes will have on the Council’s existing arrangements for both waste collection and disposal. For example, there remains uncertainty as to what is defined as plastic film packaging – if this was from ready meals, then the waste industry as a Materials Recovery Facilitator (MRF) operator, including Suez, has concerns about food left on the film as this would stop the MRF from working and, if the film was in a co-mingled bin, it would contaminate the rest of the recycling items.

#### *Growth and Development*

5.57 The Growth and Development Portfolio is forecasting an overspend of £381k in 2023/24. This is mainly due to a shortfall in income from the profit-sharing arrangement with the Mall, less income than expected from the Commercial Investment/Tenanted Estate and reduced charges to the capital programme for Highways works and Building works and. On the latter, work will be undertaken in 2024/25 to review the recharging of Highways and Building works to ensure that costs are being recovered as appropriate from the various funding streams available to the Council.

- 5.58 The recent decision by the Government to increase Planning Fees by 35% has been reflected in the budgeted income for Development Control. This is expected to generate additional income of £235k subject to demand being maintained.
- 5.59 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. These budgets will remain under review as part of the Council's normal budget monitoring procedures.

#### *Digital and Customer Services*

- 5.60 During the current year, this Portfolio is forecast to underspend by £374k. This comprises a forecast overspend on the Coroners Service of £65k offset by an underspend on staffing in IT and Business Support due to turnover and vacancy management of £439k.
- 5.61 It is anticipated that the increased cost of the Coroners Services (due to higher than expected pay award and more inquests than expected) is likely to be sustained into the new financial year hence the Council's budget for this contribution to costs has been increased accordingly.
- 5.62 The delivery of the Information Technology and 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. A fundamental part of the approach being taken is to ensure the Council's network, infrastructure and devices are as robust and resilient as possible and that the Council has the right staffing resources to match the Council's ambitions for digital transformation.

#### *Finance and Governance*

- 5.63 The Finance and Governance Portfolio is forecast to overspend in the current financial year by £479k. This forecast overspend is being largely driven by the estimated loss of Housing Benefit Subsidy. As Councillors may be aware, the Council is responsible for administering Housing Benefit payments to residents. Ordinarily, the Government reimburses (otherwise known as subsidy) the Council for Housing Benefit payments made. However, in certain circumstances, the Council receives a reduced level of subsidy. This is the case for:-
- The provision of Temporary Accommodation provided by the Council, which is necessary so that there is sufficient housing for individuals who present as homeless. In these cases, the Council is unable to recover Housing Benefit through subsidy;
  - Exempt/Supported Accommodation provided by Private Landlords. In these cases, the Council is only able to recover 60% of Housing Benefit payments through subsidy.
- 5.64 In recent years, there has been a growth in the amount of Exempt/Supported Accommodation provided by Private Landlords in the Borough which, in turn, has led to more Housing Benefit claims for both rent and support (and loss of subsidy) hence the increasing cost to the Council. This is largely because this provision is unregulated (although the Supported Housing (Regulatory Oversight) Act 2023, which came into force in August 2023, will provide some measures to regulate the sector once commencement provisions are put in place.

- 5.65 The Council has in place robust arrangements to ensure that only legitimate housing benefits claims are paid and is participating in the Supported Housing Improvement Programme which is aimed at ensuring that any such housing and support provision meets appropriate standards. In the meantime, looking ahead to the budget for 2024/25, the key variance in the budget for the Portfolio relates to Housing Benefit Subsidy where it is estimated the additional cost will be c£560k.

### **Other Cost Pressures/Income**

- 5.66 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)*

- 5.67 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. At the time of writing, the Trade Unions have yet to submit their pay claim to the NJC for 2024/25.

- 5.68 Councillors may be aware that in recent years, the pay award has comprised a flat lump sum increase of £1,925 on each spinal column point (SCP) on the pay spine between the lowest SCP and SCP43 (above SCP43, the pay award has been a fixed percentage). The impact of a flat lump sum payment across the pay spine has meant a higher percentage increase in pay for lower grades and has been implemented in this way to ensure that the lowest pay grade remains above the National Living Wage. The extent to which the current pay spine is sustainable, given the annual increase in the National Living Wage, is increasingly a concern for the National Employers Organisation and one which may only be resolved by a fundamental review of the pay spine which would potentially have a significant impact on Local Government pay.

- 5.69 In the meantime, for 2024/25, provision has been made within the budget for a pay award of 6.0%. As in previous years, the proposed budget for 2024/25 also assumes that the cost of any incremental progression in pay will be absorbed within the individual Portfolio budgets.

#### *Real and National Living Wage*

- 5.70 As Councillors may be aware, the Government is to increase the National Living Wage (for those aged 23 and over) by 9.8% (from £10.42 per hour to £11.44 per hour) with effect from April 2024 (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.

- 5.71 The NLW provides a reference point for the Real Living Wage which was adopted by the Council in the current financial year as the basis on which it would set Provider hourly rates for the provision of social care. This was implemented in recognition of the recruitment and retention issues experienced by the Council.

5.72 Social Care commissioning budgets included in the 2024/25 budget include provision for increases in these hourly rates arising from the estimated increase in the Real Living Wage (and other inflationary changes) with effect from April 2024. 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. 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.

*General Inflation*

5.73 When setting the Council's budget at this time last year, the rate of inflation (as measured by the Consumer Price Index (CPI)) was 10.4%. Since then, the rate of inflation has gradually fallen and was 4.0% at the time of writing. At the most recent Monetary Policy Committee meeting on 1<sup>st</sup> February 2024, the Bank of England voted to leave the Bank Rate unchanged at 5.25%. This reflected the Committee's view that, as set out above, growth in the economy remains weak and that inflation is likely to remain at its present level before gradually reducing to the 2% target at the end of 2025.

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 (IT contracts, Adults and Children's commissioning). 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 2024/25. 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 2024/25 to 2026/27**

	2024/25 £000	2025/26 £000	2026/27 £000
Interest Costs – Council	6,416	7,249	6,980
Interest Costs – PFI Debt	5,479	5,267	5,020
Minimum Revenue Provision (Principal)	6,638	6,782	7,097
<b>Total</b>	<b>18,533</b>	<b>19,298</b>	<b>19,097</b>

### *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 Bank of England (BoE). When the Council set its budget for the current year, the Bank Rate was at 4.0%. As part of the actions taken by the BoE to bring down the rate of inflation, it has increased the Bank Rate a number of times; the current Bank Rate is 5.25%.

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 estimates of interest rates for the next financial year, it is prudently estimated that investment income in 2024/25 will be £2.990m.

### *Invest to Save Projects*

5.80 As outlined below, whilst the Council may well have a balanced budget for 2024/25, there remains a medium term funding deficit.

5.81 It is likely that to undertake the work necessary on these projects and, accepting that they may require up-front investment before any savings are achieved, funding will be required. To that end, a budget of £1m has been established, funded from the Invest to Save Reserve, and will be allocated to projects on submission of a business case setting out proposals.

### **Budget Investment 2024/25**

5.82 Despite the significant financial challenges being experienced by the Council, there continue to be some areas of service provision where continued investment is considered necessary. Details of these proposals, albeit relatively modest in the context of the funding reductions the Council has experienced, are shown in the table below and total c£1.7m over the next two years and are as set out in Table 5 below:-

**Table 5: Budget Investments 2024/25**

	<b>Base Budget 2024/25 £000</b>	<b>Forecast 2025/26 £000</b>
Increase in Library Opening Hours ((2hrs per week)	40	40
Street Cleansing		
- Additional Street Cleansing Investment	130	130
- Additional Litter Bin Emptying	98	-
- Litter Picking (3 FTE)	40	-
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
<b>Total Budget Investments</b>	<b>1,198</b>	<b>470</b>

- 5.83 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 Savings and Efficiencies 2024/25

- 5.84 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 C**:-

**Table 6: Budget Efficiencies 2024/25**

	Base Budget 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000
Adults Social Care and Health	1,363	1,767	1,767
Children, Young People and Education	262	262	262
Public Health, Prevention and Wellbeing	233	318	403
Environmental and Operations	361	708	970
Growth and Development	839	842	845
Digital and Customer Services	42	48	68
Finance and Governance	1,040	1,254	1,433
<b>Total Savings</b>	<b>4,140</b>	<b>5,199</b>	<b>5,748</b>

\*1 – These are cumulative savings

- 5.85 Subject to approval by the Council, the implementation of these proposals will commence in April 2024 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

- 5.86 Details of the Council’s Reserves and Balances are provided regularly in reports to the Council’s Executive Board. An updated summary analysis of Reserves and Balances is now provided at **Appendix D** 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 2024/25, an amount of £1.540m will be used to support the budget;

- 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 £1m will be used in 2024/25 in support of the Council’s Invest-to-Save Project, details of which are set out above;
- 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.

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

### **Council Tax 2024/25**

#### *Council Taxbase*

5.88 The Council's Taxbase for 2024/25 for the purposes of Council Tax calculations has been agreed at 37,069.75 (and compares to 36,282.84 in 2023/24).

#### *Local Council Tax Support Scheme*

5.89 At the meeting of Council Forum on 25<sup>th</sup> January 2024, approval was given to the Local Council Tax Support Scheme for 2024/25.

#### *Council Tax - General*

5.90 As set out above, the referendum threshold for general Council Tax, set by the Government, remains at 3.0% for 2024/25; 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 2024/25.

#### *Council Tax – Adult Social Care Precept*

5.91 As with the Council Tax – General, the Government’s calculation of the Council’s Core Spending Power for 2024/25 assumes that all Councils with a responsibility for Adult Social Care will increase their Council Tax by 2.0% in 2024/25. In view of this, it is recommended that the Social Care Precept for 2024/25 be increased by 2.0%.

### **Base Budget 2024/25 Summary**

5.92 Taking into account all of the matters considered above, the proposed General Fund Budget for 2024/25 is set out at **Appendix E** with a summary provided in Table 7 below:-

**Table 7: General Fund Budget for 2024/25**

	Base Budget 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000
Portfolio Budgets	170,143	168,419	167,915
Corporate Income and Expenditure	18,429	20,994	30,192
<b>Net Expenditure</b>	<b>188,572</b>	<b>189,413</b>	<b>198,107</b>
Government Funding (see Table 1)	(105,818)	(105,200)	(106,194)
Collection Fund Deficit (net)	(2,751)	(400)	(400)
Contribution from Reserves/Balances (net)	(10,440)	(1,036)	(536)
Council Tax Requirement *1	(69,563)	(73,662)	(77,778)
<b>Budget Gap</b>	<b>-</b>	<b>9,115</b>	<b>13,199</b>

\*1 – Including Town and Parish Council Precepts

5.93 For information, **Appendix F** provides a reconciliation of the budget deficit for 2024/25 as reported to Finance Council on 27<sup>th</sup> February 2023 to the balanced budget position shown in the table above.

5.94 As the Table indicates, on the basis of the proposals set out in this report, the Council's budget is balanced in 2024/25. There remains, however, a budget gap over the medium term of c£13.2m.

### **Capital Strategy and Capital Programme**

5.95 A report on the Capital Strategy and Capital Programme for 2024/25 is provided elsewhere on the Agenda for this meeting.

### **The Financial Strategy (and Medium Term Financial Plan)**

5.96 Agreement to the Council's General Fund Revenue Budget for 2024/25 (and the Capital Programme for 2024/25) 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 G** to this report.

5.97 As indicated above, whilst the proposed budget for 2024/25 is balanced, there remains a budget gap of c£13.2m to 2026/27. 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.

5.98 The Financial Strategy (with the Addendum provided at **Appendix G**) 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. The current Financial Strategy covers the period to 2024/25. In view of this, work will be undertaken early in the new financial year to develop a new Financial Strategy.

## 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 online surveys to find out opinions on Council Services.
- 11.2 To inform the development of the budget for 2024/25, the Council launched a survey for six weeks from Friday, October 20th to ask residents, businesses and partners their views on what they feel spending priorities should be in the next financial year. The consultation comprised both an online survey and some face to face interviews with residents.
- 11.3 The online survey and programme of face-to-face engagement at key locations across the Borough had a self-selecting sample size and was designed as a snapshot at a point in time. It was open to every resident of the Borough aged 16 and over. Questions covered each of the four core missions in the Council's corporate plan – how important each is and which priorities will help the Council deliver each one. People were also asked to identify which discretionary services are most important to them, options for balancing the budget and some questions about how cost of living is affecting them.
- 11.4 The survey received 858 responses overall, 493 from the online survey and 365 via the face-to-face engagement. Over 90% of respondents found three of the four core missions important with only the mission around delivering the climate emergency action plan receiving a slightly lower rating at 69% important. The top priorities for each core mission were creating more skills/employment opportunities; continuing to support our schools to maintain the high quality in the borough; improve green spaces across the borough including planting more trees and cracking down on fly tipping, littering and dog fouling.
- 11.5 The top three priorities for people around discretionary services were: parks play areas and green spaces; street cleansing; sports and leisure services. With balancing the budget, the top priority was reducing discretionary services followed by increase fees and charges (eg car parking, leisure) and reduce statutory services to a statutory minimum.
- 11.6 When it came to the cost of living, the largest majority of 36% of people said they were doing alright when asked how they were managing financially; 64% said they'd reduced their spending on eating out and entertainment above other cutbacks and 53% weren't aware of the cost of living support available on the Council's website.
- 11.7 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 - High Needs DSG Budget 2024/25

Appendix C - Budget Efficiency and Savings Proposals 2024/25

Appendix D - Estimated Balances and Reserves as at 31<sup>st</sup> March 2024

Appendix E - Draft General Fund Revenue Budget for 2024/25

Appendix F - Reconciliation of Medium Term Financial Plan 2024/25 (March 20 to February 2022)

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

<b>VERSION:</b>	1
<b>CONTACT MEMBER</b>	Councillor Vicky McGurk Executive Member – Finance and Governance
<b>DATE:</b>	26 <sup>th</sup> February 2024