

# FINANCE COUNCIL

## Monday, 25 February 2019

**PRESENT** – *The Mayor Councillor Pat McFall , Councillors Afzal, Akhtar H, Batan, Bateson, Brookfield, Casey, Connor, Davies, Fazal, Floyd, Gee, Groves, Gunn, Hardman, Harling, Hussain I, Hussain M, Hussain S, Kay, Khan M, Khonat, Liddle, Mahmood, Marrow, McFall, McGurk, Oates, Patel, Pearson, Rigby, Rigby, Riley, Salton, Shorrocks, Sidat, Slater Ja, Slater Jo, Slater N, Smith D, Smith J, Surve, Talbot, Taylor and Whittle.*

### **RESOLUTIONS**

**61 Chief Executive to read the notice convening the meeting**

The Chief Executive read the notice convening the meeting.

**62 Apologies for Absence**

Apologies for absence were submitted on behalf of Councillors Akhtar P, Daley, Khan Z, Jan-Virman, Hussain F, Richards and Slater Ju.

**63 Minutes of the Council Forum meeting held on 24th January 2019**

**RESOLVED** – That the minutes of the Council Forum meeting held on 24<sup>th</sup> January 2019 be approved as a correct record.

**64 Declarations of Interest**

No Declarations of Interest were received.

**65 Mayoral Communications**

The Mayor reminded the meeting that tickets for the Mayor's Ball on 29<sup>th</sup> March were still available and encouraged people to attend.

**66 Capital Strategy 2019/20**

It was reported that the Capital Strategy report was a new report for 2019/20 giving a high level overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of the Council's services, along with an overview of how associated risk was managed and the implications for future financial sustainability.

The report included much of the information previously included in the Treasury Management Strategy report to Finance Council such as Minimum Revenue Provision (MRP) and the Prudential Indicators, but also included additional information for Members to consider prior to agreeing the Capital Programme which was included at Section 8.0 of the Revenue Budget 2019/20, Medium Term Financial Strategy and Capital Programme 2019/22 Report that was also on the agenda.

**RESOLVED** – That Finance Council approve the proposed Capital Strategy for 2019/20, including:

- a) the proposed Flexible Use of Capital Receipts Strategy, as outlined in Appendix 2
- b) the Minimum Revenue Provision (MRP) Statement, which determines the Council's policy for repayment of debt (Appendix 3)
- c) the proposed prudential indicators for the forthcoming year (Appendix 4); and
- d) the proposed Investment Strategy for 2019/20, as outlined in Appendix 5.

**67     The Robustness of the 2019/20 Budget and the Recommended Level of Reserves**

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

- a) the robustness of the estimates within the overall budget, and
- b) the adequacy of the proposed level of financial reserves

In setting the Budget for 2019/20, Council was required to have regard to this report when making its budget decisions.

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

**RESOLVED –**

That Finance Council note that:

An overall assessment of the current budget and the assumptions on which this is based, as well as future budget proposals, savings plans and activity forecasts, has identified that whilst there are risks, the overall budget provisions are considered sufficient to meet the Council's legal responsibilities and obligations.

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

Note the assessment by the Director of Finance and Customer Services of;

the robustness of the Revenue Budget and Capital Programme for 2019/20 (as outlined in the report of the Executive Member for Resources) and

the adequacy and recommended level of proposed financial reserves (detailed in Section 5.2).

## **Revenue Budget 2019/20, Medium Term Financial Strategy and Capital Programme 2019-2022**

The Executive Member for Resources, Councillor Andy Kay, on behalf of the Labour Group, presented proposals for the Revenue Budget 2019/20, together with the Medium Term Financial Strategy (MTFS) and Capital Programme for 2019-2022.

Cllr Kay noted that like many councils, Blackburn with Darwen had been facing unprecedented financial challenges since Central Government's policy of austerity began in 2010 due to very large reductions in funding combined with a steep increase in demand for public services. In balancing the Council's finances to date, difficult decisions had been made, and Councillors were reminded of some of the key decisions made to date.

The MTFS for 2019/20 identified a budget gap of £4.9 million; this was based on the funding contained within the last year of the Government's 4-year settlement, and other financial and demand information available to the Council back in January/February 2018. However as 2018/19 had progressed, further pressures had emerged that were not built into these figures, including further rises in demand in both Adult Social Care and in Children's Services, the latter resulting in significant cost increases for Children's Social Care. Both services had experienced continued increases both in the volume of people using these services and in particular the complexity of service user needs; 2018/19 had also seen increased demand pressures on highways and other cost pressures in relation to waste disposal.

Cllr Kay advised that to address these pressures both earmarked and unallocated reserves had been used but, as some of these additional costs were of a recurring nature, they would require further support in 2019/20 and beyond, and would need to be addressed through further savings, re-prioritisation of resources and from additional income. Details of the movement in the Budget Gap for 2019/20 were set out in Appendix B.

In accepting the Government's offer of a 4 year funding settlement through to 2019/20, many of the income figures included within the report for 2019/20 were based on the actual funding figures confirmed, however the position for 2020/21 and beyond was much less certain.

The Government had for some time reported its intention to fundamentally change the way in which Councils were funded including;

- a complete review and reset of the funding requirements of each council area through a "Fair Funding" review,
- a move to 75% Business Rates Retention from 2020,
- the withdrawal of Revenue Support Grant (RSG)
- the withdrawal of some other government grants (as yet to be determined) and
- a review of the funding of Adult Social Care.

However given the demands of Brexit, the development of this new approach had been significantly delayed.

As reported to Finance Council last year, the MTFS would normally extend

for a period of 3 years beyond the end of the budget year, i.e. in this case, through to 2022/23, however given that the Government had still not shared proposals for their intended approach, nor the mechanisms for calculating any local government finance settlement, the future funding arrangements beyond 2019/20 were impossible to plan for with any certainty. Therefore in preparing the MTFs, the year 2019/20 was the focus until more clarity was provided over the next 12 months. Council would be updated on any changes to these assumptions as further information was provided during the course of 2019/20.

The report set out the Labour Group's proposed Revenue Budget, Capital Programme and associated Council Tax level for 2019/20 together with the MTFs for the period 2019-2022 based on a review of the existing assumptions and data to reflect the most current information available.

Given the scale of the financial challenge over the past few years, throughout the course of 2018/19 Executive Members and Officers had continued to review all services and worked to deliver the agreed budget reductions.

The development of a continuous approach to reviewing budgets, identifying cost pressures and the development and implementation of agreed strategies and options to manage costs within the resources available, had significantly assisted in managing the budget, however despite the efforts of Executive Members and Officers, the scale of the funding reductions combined with increases in demand for services and unfunded cost pressures, had meant that further expenditure reductions had been required during 2018/19 and on into 2019/20, in addition to those already implemented since 2010.

The MTFs for 2019/20, as presented to Finance Council in February 2018, identified a budget gap of £4.9 million; this was based on the funding contained within the last year of the Government's 4-year settlement, and other financial and demand information available within the Council back in January/February 2018.

Following a review of new and emerging pressures, £8.227m cost pressures had been identified, approximately £5.8m relating to demand pressures in respect of Adult Social Care, Children's Services and Environment, with other cost pressures identified reflecting overspends and income shortfalls over a range of cost centres within the £116m portfolio budgets.

The MTFs highlighted a budget gap for 2020/21 of £5.719m, and for 2021/22 of £6.591m, although there was significant uncertainty around the assumptions used to produce the figures in both these years given the lack of information provided by central Government.

A number of the cost pressures had been funded corporately within the 2019/20 budget and in the figures presented within the MTFs through to 2021/22 however, whilst the Council was recommended to approve a balanced budget for 2019/20, this was predicated on the delivery of the remaining projects/areas within the savings programme developed over the course of 2018/19, and on the containment of all current and emerging cost pressures within each portfolio.

In December 2018 the Council Forum approved a new Executive and Chief Officer structure for the Council which included the deletion of the post of Deputy Chief Executive noting savings to the Council to be fully realised in 2020/21.

The Chief Officer Employment Committee also considered the arrangements for the 2019 local elections and recommended to the Council that the Chief Executive designate, Denise Park be appointed Returning Officer from the date of the commencement of the full elections process i.e. 26<sup>th</sup> March 2019, in addition to the previously approved roles for Electoral Services and General Elections from her appointment on 1<sup>st</sup> May 2019.

In light of the Local Government Finance Settlement for 2019/20 and the financial constraints on the authority, the Leader and the Executive Members would work with Officers to continuously review the allocation and use of resources including continued review of all expenditure and income budgets, of contractual commitments and property holdings and implementation of savings plans as required, set within the context of the Council's statutory responsibilities and corporate priorities.

In order to deliver the Capital Strategy, Finance Council was recommended approve the proposed Capital Programme for 2019 through to 2022 of £47.1m, which was detailed at **Appendix C**. The programme recognised the importance of investment in the Borough and the impact that the schemes themselves would have on the regeneration and economic growth of the area in the future.

As noted in the report 'The Robustness of the 2019/20 Budget and the Recommended Level of Reserves', the Director of Finance and Customer Services had recommended to Finance Council that the minimum level of Unallocated Reserves for 2019/20 remained at £4.0m.

The assumptions made within these budget proposals, which were in line with those made by the Government, were that the Council would increase Council Tax in 2019/20 by 2.99% reflecting a general increase in Council Tax to cover increases in the cost of Council services

The MTFS 2019 to 2022 had been reviewed and updated, incorporating;

- the funding allocation for 2019/20, representing the final year of the Government's 4 year settlement "offer" which was accepted by the Council in October 2016
- estimates for income and resources for 2020/21 and 2021/22, acknowledging that these had been made in the absence of any information or detail regarding the allocation of local government funding for 2020/21 and beyond (i.e. the redistribution of local government funding as determined by the Fair Funding Review, the mechanics of the future Business Rates Retention Scheme, and the future provision and allocation of any other Government grant funding streams).

The proposed Revenue Budget Strategy would continue to focus on delivering the Council's priorities and would try to minimise the impact of spending cuts through the delivery of quality efficient and effective services

to, and for, the citizens of the Borough, whilst ensuring the Council operated within the financial constraints imposed by central Government.

Following debate there then followed a recorded vote, with Councillors voting as follows:

### **FOR**

*Councillors: Afzal, Akhtar H, Batan, Bateson, Brookfield, Casey, Davies, Fazal, Floyd, Groves, Gunn, Harling, Hussain I, Hussain M, Hussain S, Kay, Khan M, Khonat, Liddle, Mahmood, McGurk, Oates, Patel, Riley, Shorrock, Sidat, Smith D, Smith J, Surve, Talbot, Taylor, Whittle and the Mayor.*

### **AGAINST**

*Councillors: Connor, Gee, Hardman, Marrow, Pearson, Rigby C, Rigby J, Salton, Slater Ja, Slater Jo, and Slater N.*

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

Approve the proposals for the Revenue Budget for the financial year 2019/20 as outlined in the report and specifically;

- 2.1 Approve an increase in Council Tax rates of 2.99% (i.e. a weekly increase of £0.84 for Band D Council Tax payers and of £0.56 for Band A Council Tax payers)
- 2.2 Note the individual portfolio controllable budgets for 2019/20 as set out in **Appendix A** of the report
- 2.3 Note the work undertaken to implement the £8.0m savings programme (as outlined at **Section 6** of the report) to ensure a balanced budget in 2019/20 and to offset any other emerging cost pressures in-year and/or replenish reserves ahead of more significant savings that may be required from 2020/21, once the outcome of the Fair Funding Review and Business Rates Retention Reviews are known.
- 2.4 Note the significant risks and uncertainty that underpin the assumptions contained within the MTFs for the financial year 2020/21, due to the lack of information that is yet to be provided by central Government including;
  - the mechanisms for Business Rates Retention,
  - the outcome of the Fair Funding Review and the resulting redistribution of resource,
  - the Green Paper on Adult Social Care and the future plans for integration of health and adult social care and associated funding and
  - the impact of Brexit
- 2.5 Approve the utilisation of the Earmarked Reserves, as detailed in the *Robustness of the 2019/20 Budget and the Recommended Level of Reserves Report*
- 2.6 Delegate authority for the agreement of hourly rates and contract

changes for social care providers for 2019/20, arising from the impact of the increase in the National Living Wage, to the Executive Member for Adult Social Care, in consultation with the Executive Member for Resources.

- 2.7 Approve the proposals for the Capital Programme for the period 2019-2021 as outlined in **Appendix C** and **Section 8** of the report
- 2.8 Approve the draft Medium Term Financial Strategy 2019-2022, as per **Appendix D** of the report
- 2.9 Approve, subject to recommendation **2.1** outlined above, the consequent Council Tax levels detailed in the formal resolution within the report from the Director of Finance & Customer Services
- 2.10 Exercise the flexibility given by central government to increase the premium charge on empty properties as follows;
  - for those properties that have been empty for more than 2 years, to increase the premium from 50% to 100% with effect from 1<sup>st</sup> April 2019 (as agreed at Council Forum on 24<sup>th</sup> January 2019),
  - for those which have been vacant for five years or more to 200% with effect from 1<sup>st</sup> April 2020
  - for those which have been vacant for ten years or more to 300% with effect from 1<sup>st</sup> April 2021
- 2.11 Approve the Pay Policy Statement prepared in accordance with the requirements of Section 38 of the Localism Act 2011, including changes to the Executive and Chief Officer posts, to have effect for the year 2019/20 unless replaced or varied by the Council as set out in **Appendix E** of the report; and
- 2.12 Approve Denise Park, Chief Executive designate, as Acting Returning Officer for any constituency or part of the constituency coterminous with or contained in the Borough of Blackburn with Darwen, and Returning Officer for the elections of councillors for Blackburn with Darwen Borough Council from 26<sup>th</sup> March 2019. In addition approve Denise Park to act as Electoral Registration Officer for Blackburn with Darwen Borough Council from this date.

## **69 Council Tax for 2019/20**

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

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

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

The Council was also required to set a basic amount of Council Tax for the

financial year 2019/20. The Council Tax was set on the basis of:

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

The Council was recommended to approve the draft resolution setting the Council Tax for 2019/20, as set out in Appendix 1 of the report submitted.

Following discussion, Finance Council moved to a recorded vote, with Councillors voting as follows:

### **FOR**

*Councillors: Afzal, Akhtar H, Batan, Bateson, Brookfield, Casey, Davies, Fazal, Floyd, Groves, Gunn, Harling, Hussain I, Hussain M, Hussain S, Kay, Khan M, Khonat, Liddle, Mahmood, McGurk, Oates, Patel, Riley, Shorrocks, Sidat, Smith D, Smith J, Surve, Talbot, Taylor, Whittle and the Mayor.*

### **AGAINST**

*Councillors: Connor, Gee, Hardman, Marrow, Pearson, Rigby C, Rigby J, Salton, Slater Ja, Slater Jo, and Slater N.*



### Blackburn with Darwen Borough Council

#### Draft Council Tax Resolution 2019/20 – Finance Council, 25 February 2019

1. That it be noted that on 24th January 2019, the Council calculated the Council Tax Base for the year 2019/20 in accordance with regulations made under Section 31B(3) of the Local Government Finance Act 1992, as amended (the Act):
  - a) 34,839.53 being the Council Tax Base for the whole of the Council area (Item T in the formula in Section 31B of the Act); and
  - b) for dwellings in those parts of its area to which a Parish precept relates, as detailed in Appendix 2.
2. That the following amounts be calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Act:
  - a) £387,019,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act taking into account all precepts issued to it by Parish Councils.
  - b) £334,261,068 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act.
  - c) £52,757,932 being the amount by which the aggregate at 2 (a) above exceeds the aggregate at 2 (b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
  - d) £1,514.31 being the amount at 2 (c) above (Item R) divided by the amount at 1(a) above (Item T), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
  - e) £156,127.86 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (see Appendix 2).
  - f) £1,509.83 Being the amount at 2 (d) above less the result given by dividing the amount at 2 (e) above by Item T (1 (a) above), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for

the year for dwellings in those parts of its area to which no Parish precept relates.

3. That it be noted that for the year 2019/20 the Police and Crime Commissioner for Lancashire has issued a precept to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, as indicated in the tables below.
4. That it be noted that for the year 2019/20 the Lancashire Combined Fire Authority has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992, as indicated in the tables below, however at the time of writing the report, the precept had yet to be presented to the Lancashire Fire Authority meeting (held on Monday 18th).
5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for the year 2019/20 for each part of its area and for each of the categories of dwellings.

#### a) Blackburn with Darwen Borough Council

<u>Part of the Council's Area</u>	<u>Valuation Bands</u>							
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
Eccleshill Parish	£1,023.3 1	£1,193.87	£1,364.42	£1,534.97	£1,876.07	£2,217.18	£2,558.28	£3,069.94
Livesey Parish	£1,012.0 6	£1,180.74	£1,349.41	£1,518.09	£1,855.44	£2,192.80	£2,530.15	£3,036.18
North Turton Parish	£1,016.7 8	£1,186.24	£1,355.71	£1,525.17	£1,864.10	£2,203.02	£2,541.95	£3,050.34
Pleasington Parish	£1,010.3 0	£1,178.68	£1,347.07	£1,515.45	£1,852.22	£2,188.98	£2,525.75	£3,030.90
Tockholes Parish	£1,031.1 2	£1,202.97	£1,374.83	£1,546.68	£1,890.39	£2,234.09	£2,577.80	£3,093.36
Yate and Pickup Bank Parish	£1,021.2 8	£1,191.49	£1,361.71	£1,531.92	£1,872.35	£2,212.77	£2,553.20	£3,063.84
Darwen Town Council	£1,015.3 2	£1,184.54	£1,353.76	£1,522.98	£1,861.42	£2,199.86	£2,538.30	£3,045.96
All other parts of the Council's area	£1,006.5 5	£1,174.31	£1,342.07	£1,509.83	£1,845.35	£2,180.87	£2,516.38	£3,019.66

#### b) Major Precepting Authorities

<u>Precepting Authority</u>	<u>Valuation Bands</u>							
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
Lancashire Police Authority	£134.30	£156.68	£179.07	£201.45	£246.22	£290.98	£335.75	£402.90
Lancashire Combined Fire Authority	£46.32	£54.04	£61.76	£69.48	£84.92	£100.36	£115.80	£138.96

## c) Aggregate Council Tax

<u>Part of the Council's Area</u>	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
Eccleshill Parish	£1,203.93	£1,404.59	£1,605.25	£1,805.90	£2,207.21	£2,608.52	£3,009.83	£3,611.80
Livesey Parish	£1,192.68	£1,391.46	£1,590.24	£1,789.02	£2,186.58	£2,584.14	£2,981.70	£3,578.04
North Turton Parish	£1,197.40	£1,396.96	£1,596.54	£1,796.10	£2,195.24	£2,594.36	£2,993.50	£3,592.20
Pleasington Parish	£1,190.92	£1,389.40	£1,587.90	£1,786.38	£2,183.36	£2,580.32	£2,977.30	£3,572.76
Tockholes Parish	£1,211.74	£1,413.69	£1,615.66	£1,817.61	£2,221.53	£2,625.43	£3,029.35	£3,635.22
Yate and Pickup Bank Parish	£1,201.90	£1,402.21	£1,602.54	£1,802.85	£2,203.49	£2,604.11	£3,004.75	£3,605.70
Darwen Town Council	£1,195.94	£1,395.26	£1,594.59	£1,793.91	£2,192.56	£2,591.20	£2,989.85	£3,587.82
All other parts of the Council's area	£1,187.17	£1,385.03	£1,582.90	£1,780.76	£2,176.49	£2,572.21	£2,967.93	£3,561.52

## Appendix 2

### Town and Parish Council Precepts

Parish / Town Council	<u>2018/19</u>	<u>2019/20</u>	<u>Council Tax Increase /</u>				<u>Grant</u>	<u>Council Tax</u>	<u>(Reduction) Council Tax Band D 19/20 less 18/19 £</u>
	<u>Tax Base</u>	<u>Precepts</u>	<u>Grant</u>	<u>Council Tax</u>	<u>Tax Base</u>	<u>Precepts</u>		<u>Band D</u>	
	£	£	£	£	£	£	£	£	£
Eccleshill Parish	92.57	2,328.00	413.50	25.15	96.60	2,429.00	413.50	25.14	(0.01)
Livesey Parish	1,879.27	15,523.00	1,371.00	8.26	1,977.24	16,332.00	1371.00	8.26	0.00
North Turton Parish	1,741.18	28,310.00	1,241.00	16.26	1,764.22	27,069.00	1,241.00	15.34	(0.92)
Pleasington Parish	259.81	1,450.00	0.00	5.58	257.86	1,450.00	0.00	5.62	0.04
Tockholes Parish	211.47	7,454.84	146.00	35.25	208.50	7,682.86	146.00	36.85	1.60
Yate and Pickup Bank Parish	138.74	3,070.00	260.00	22.13	138.95	3,070.00	260.00	22.09	(0.04)
Darwen Town Council	7,414.15	98,095.00	23,905.00	13.23	7,461.76	98,905.00	23,905.00	13.15	(0.08)
<b>TOTAL / AVERAGE</b>	<b>11,737.19</b>	<b>156,230.84</b>	<b>27,336.50</b>	<b>4.55</b>	<b>11,905.13</b>	<b>156,127.86</b>	<b>27,336.50</b>	<b>4.48</b>	<b>(0.07)</b>

Signed at a meeting of the Council  
on the                      day of  
(being the next ensuing meeting of the Council) by

MAYOR