

<b>Report to</b>		<b>Cabinet</b>
<b>Report by</b>		<b>Councillor Gareth Molineux</b> <b>Portfolio Holder Resources</b>
<b>Date</b>		<b>3<sup>rd</sup> February 2016</b>
<b>Report Prepared by</b>		<b>Joe McIntyre</b> <b>Deputy Chief Executive</b>

# **GENERAL FUND REVENUE BUDGET**

## **2016/17**

### **Purpose of the Report**

1. This report sets out proposals for the 2016/17 General Fund Revenue Budget. It also provides an overview of key issues arising from the Medium Term Financial Strategy.
2. The decision to set the Budget will be a key decision of the Council. The role of the Cabinet is to recommend a proposed Budget to the Council.

# **Recommendations**

3. I recommend:

- a) That Cabinet proposes not to increase Council Tax for 2016/17. The Budget for 2016/17 will therefore be £11,283,000 as detailed in Appendices 1 and 2.
- b) That Cabinet recommend approval of the list of savings for 2016/17 as set out in Appendix 3.
- c) That Cabinet note the significant improvement made in relation to budget monitoring and cost reduction within the Authority over the past 12 years and confirms its commitment to continuing this approach in the year ahead.
- d) That Cabinet recommends during the financial year 2016/17, the Deputy Chief Executive be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) for technical reasons, such as the restructuring of cost centres, the re-apportionment

and re-allocation of overheads etc., provided such amendments have an overall neutral impact on the Budget.

- e) That to aid future financial management planning any surpluses generated during 2016/17 are set aside to help the Council reduce its cost base over the next three years.
- f) That Cabinet recommends that the New Homes Bonus and any additional non-specific funding from the Government as well as any further surplus on the Collection Fund can be used if required to support Capital expenditure as determined by the Deputy Chief Executive in the overall financing of capital expenditure or be transferred to Reserves.

## **Summary**

4. This Report sets out the Council's Revenue Budget for 2016/17. This will require a net expenditure of £11, 283,000. Under these proposals, Council Tax for Hyndburn residents will not rise for Hyndburn

Council provided services. The amounts due for each band are shown at Appendix 4.

5. This is the seventh year in which the Council's sound financial management has ensured local taxpayers have not had to face an increase in their bills. If the Council had increased Council Tax simply by inflation over the last 7 years rather than not increasing it at all, Council Tax for Hyndburn's services would have been over £50 higher for each average Band D property within Hyndburn.

6. We understand that Lancashire County Council, the Police & Crime Commissioner and the Combined Fire & Rescue Service are all considering whether to increase the amount they tax local residents and decisions are due over the coming weeks. For illustrative purposes we have assumed each of these three preceptors will increase their Council Tax element by the maximum amount they can without triggering the requirement for a local referendum. This is 1.99% for Lancashire County Council plus a further 2% linked directly to

expenditure on Adult Social Care and 1.99% for the Police and Crime Commissioner and the Fire and Rescue Authority.<sup>1</sup>

7. Councillors should note that Altham Parish Council has issued a separate precept requirement for its activities for the eighth time in 2016/17. The Local Precept is expected to be set at £11,366. The Parish Council is not expected at this point to increase its charge to its residents and it will remain at £38.27 for a Band D property. Details of the impact of other Bandings for properties in Altham are shown in Appendix 6.

8. In setting the Budget for 2016/17 the Council faces greater volatility than ever before in its main sources of revenue. Major reforms of local government finance have transferred the risk of business rate revenues and Council Tax benefits to the Council for the first time. The certainty on which the Council could budget and manage its finances has therefore decreased since 2013 and it will be important going forward to plot any deviations away from the expected figures and take appropriate action if these should start to emerge. This might

---

<sup>1</sup> Each preceptor will notify the Council of its increase in Council Tax after their own meetings to determine their Budget. The actual increases will be incorporated into Hyndburn Council's Budget Reports to Full Council on the 25<sup>th</sup> February 2016.

result in the need to reduce spending during the year, if revenue is predicted to fall short of the target.

9. The Cabinet intends to continue the good financial stewardship of the Council's affairs by continuing the successful policies introduced over the last 12 years to manage cost effectively and promote appropriate service investment. Once again, we have given emphasis to shifting resources from central and support services into front line services. This has been done at the express request of the Cabinet and is in accordance with the national agenda to improve the value of local government services. It is also worth noting that proposals for savings and new investment have all been vetted by the Corporate Management Team and Cabinet against the priorities in the Corporate Strategy. The outcome of this process is that there is a continuing shift of resources in this budget toward front line, priority areas. This Budget will therefore deliver,

- *A major reduction in back office costs, with Policy & Corporate Governance contributing almost half of the savings the Council has to achieve to balance its*

*budget next year, despite being less than a 1/3<sup>rd</sup> of the overall size of the Council.*

- *A continuation of our established approach of limiting enhancements on early retirement, continuing our rigorous approach to absence management and committing to minimising borrowing costs. These actions have already stemmed the build-up of unproductive costs within the organisation. In each of these cases we have put a stop to the costly and financially damaging policies of the past and created a healthier and more financially stable culture within the Council.*
- *While the Council is not incurring any further borrowing costs it is able to invest over £5.5m in total for the year with £2.4m going to housing and regeneration projects with the remainder of the funds invested in our Cemetery and Cremation Service, Hyndburn Leisure Trust, Rhyddings Park,*

*Disabled Facility Grants and other smaller areas of expenditure.*

- *Despite costs of over £75,000 to provide car parking in Hyndburn for residents and visitors and particularly for shoppers, we will continue to provide this facility free of charge and not introduce charges for parking in Hyndburn. We believe this action will help bolster our town centres through these difficult economic times and provide an incentive for people to shop locally rather than drive and pay to shop elsewhere across the North-West*
- *Further reductions in our accommodation costs, building on the success over the last 8 years including further rationalising our accommodation and looking at more ways of using our accommodation more effectively. We will also continue our actions to reduce our carbon emission and our energy costs and continue contributing to*

*the improvements of our environmental footprint by positive action.*

10. We intend to continue to deliver all of the above and remain committed to a radical agenda of improvement while managing within our available resources. This will be more difficult in the years to come, given our reduced resources from the Government. However, there remains a firm commitment and absolute determination amongst Members and Officers of the Council to control the finances of the Council, drive forward on the efficiency agenda and continue to improve service delivery. We wish to continue to push forward on the drive for delivering value for money as a key priority for the Council.

11. The rewards of strong financial control remain clearly evident. The Council has built itself back from experiencing major difficulties in controlling expenditure and a position of negative reserves in 2003/04 to a situation by March 2015, in which Balances are over £2.5m and the Revenue Budget for 2015/16 is predicting a saving of around £240,000 which will contribute to improving the strength of our underlying financial position.

12. Within the Budget for 2016/17 there are a number of areas which are subject to our best estimation. There are therefore a number of risks around the budget, should these estimated costs or revenue amounts vary during the year.

13. After the introduction of the Government reforms to Business Rates Funding of Local Government, the Council now carries a significant risk around the level of monies available fluctuating substantially from this source. In addition as the calculation of how much funds will be available is dependent on a number of factors including debt collection rates, the size of appeals against business rates assessment and the success of these appeals, new rules around levies and safety nets, the introduction of new rules on rates relief on retail premises and small businesses, as well as predicted levels of growth or decline in business activities and the estimation of a number of figures which will only truly emerge after the end of the financial year, the imprecision in these estimates is regarded as high and could be subject to variations of hundreds of thousands of pounds. The volatility around these forecasts is expected to remain for a number of years

until the new system becomes bedded down and more robust data emerges on which to make more reliable forecasts.

14. The threat of pay inflation during 2016/17 is viewed as low. No agreement has been reached between the Employers' Organisation and the Trade Unions. However the Government has set out a clear agenda around public sector pay restraint and the reductions in local government funding indicate that any pay settlement beyond 1% is unaffordable and would lead to further potential job losses. In these circumstances we do not envisage a settlement at over 2% and have constructed the Budget around a 1% increase.

15. Inflation in non-pay areas is also considered to be low risk over the next 12 months, as the most recent data from the Office of National Statistics shows that the Consumer Price Index is at 0.2%<sup>2</sup> and there is widespread belief that it will continue to remain below the Bank of England's target rate of 2% for the rest of the calendar year.

16. With inflation likely to be low over the period and our strong past record on tracking in-year spend, plus the level of our Reserves, the

---

<sup>2</sup> December 2015

Council should have confidence going into the year ahead that it will be able to deliver its Budget.

## **Background**

### **Introduction**

17.Over the last 12 months, the Council has continued to work hard to stabilise and improve its underlying financial position. The Financial Year 2014/15 ended with the Council achieving a surplus on its Revenue Account. The improvement has meant it has not been necessary to strengthen reserves from the Council's Revenue budget in any of the last nine years, which has freed up resources to go directly into service provision and we are again proposing that there is no need to direct resources away from front line services for this purpose during 2016/17.

18.Since taking office in May 2011, cost control has continued to be high on the Controlling Group's agenda and they have responded with positive steps to a number of external pressures on costs and loss of

income over the years. These extra pressures have not only been contained within overall budget, but additional savings generated each year and there is an expectation that a budget surplus will be generated in 2015/16 of approximately £240,000. This money has been earmarked to assist the Council to reduce its cost base over the next few years.

19. Although it is worth noting the major improvements in financial management and cost control over the last 10 years, the Council needs to press this home in the year ahead in order to continue to drive value for money across its operations. Members of all parties have made it clear that this is an absolute priority for the Authority and have supported a rigorous approach to this issue.

20. The Council must also deal clearly and effectively with the challenges ahead. The Medium Term Financial Strategy continues to indicate major savings pressures over the next three years, most of which stem from the loss of Government funding for our core activities. For Hyndburn this will require a focus on and commitment to tough decisions for a number of years ahead. Indications from right across local government, but particularly at Shire District level, suggest there

is huge pressure on services due to the limited amount of funding available. The Local Government Finance Settlement has reduced our available resources by £4.1m since 2010/11 and our forecast is that we will need to save almost £5.0m over the period 2016/17 to 2018/19. Nevertheless, the Council has developed a very strong record of limiting Council Tax increases over many years while continuing to improve and provide key local services for local people and will look to make appropriate responses to meet those financial challenges.

## **Medium Term Financial Strategy**

21. The Medium Term Financial Strategy (MTFS) has been updated by the Deputy Chief Executive ahead of the preparation of the Council's Budget and submitted to the Cabinet meeting of the 3<sup>rd</sup> February 2016 and will be placed before the Council on the 25<sup>th</sup> February 2016.

22. The MTFS indicates that the Council faces a major challenge to balance its Budget beyond the current year and that in taking decisions in regard to 2016/17, it needs to recognise the savings agenda it will potentially face in 2017/18 and 2018/19. The main pressure stems

from the Government's reduction in funding to the Council. The other major pressures stem from

- The Council using up its available resources to finance capital spend and having to fund this from the Revenue Budget from 2018/19. This is expected to add £500,000 to costs in 2018/19.
- The impact of Lancashire County Council ending its Waste Cost Share Agreement in 2018/19.
- The reduction of grant to support the payment of housing benefits.
- The Apprenticeship Levy that the Government has indicated will be introduced in 2017/18.
- Loss of the ability to generate fees and capitalised income from a much smaller capital programme
- Inflationary pressures on wages and the purchase of goods and services

## **Continuation Budget**

23. Work has been undertaken with Service Managers and Finance Staff to establish a roll-forward budget based on our corporate priorities,

current expenditure patterns in 2015/16 and known financial pressures for 2016/17. Our Corporate Priorities are detailed within our “Corporate Strategy 2008-18” with the overall objective of removing Hyndburn from the list of 100 most deprived areas in the Country. This objective has clearly become more difficult to achieve with the reduction of Government funding and the impact of the Recession.

24. Our current budgets are aligned to these objectives. Service Plans are updated on an on-going basis as required by Managers throughout the year and Service Managers are invited to update their medium term running costs and changes of strategic or tactical direction ahead of the compilation of the Medium Term Financial Strategy. Equally the existing MTFS guides managers over the likely resources available over the future period and gives an indication of the potential boundaries and challenges they may face and need to address within their Service Plans. Cost pressures are initially dealt with internally within service areas, as are developments in new services provision with managers exercising their abilities to re-organise between priorities and choose between competing demands based on the guidance set out in the Corporate Strategy and discussions with

Cabinet Members. Plans for improvements or service development not internally funded are detailed below.

25. Pay costs are assumed to increase in line with the guidance issued by Government in respect of public sector pay. This limits the overall increase in wage costs to around £212,000 after uprating salary costs for 2015/16 and allowing for increments and the knock-on impacts on national insurance contributions and employer pension contributions. With the Consumer Price Indicator at 0.2% in December we have assumed that Non-pay inflation will be effectively zero over the year and any price increases will be absorbed within existing budgets.

26. These calculations indicated a Continuation Budget of just over £12.15m and this figure has been used in Appendix 1 to show the level of potential spend the Council faces compared to the resources available and establish the savings target for the Council going into 2016/17.

## **Growth Pressures**

27. Due to the major reductions in spend this year, there are no growth items proposed for the 2016/17 Budget. Other service pressures are

being dealt with by Service Managers within their own budgets when they deem that new ideas and initiatives require support. In these circumstances they will generate additional savings above their target savings to finance these changes.

## **Available Resources**

### **Revenue Support Grant (RSG)**

28. Revenue Support Grant for 2016/17 has indicatively been set at £3,159,265. This figure is awaiting confirmation from Government after consultation and is usually finalised in late February or early March. On a like for like basis Revenue Support Grant is £922,000 down compared to the previous year. This is 22% down compared to the amounts we received in the previous year, spread over a number of grants in addition to RSG such as Efficiency Support Grant and Council Tax Freeze Grant which were paid as separate amounts in previous years.

### **Business Rates**

29. Business Rates which until 2013/14 came in the form of a grant from Central Government is now collected and partially retained locally and is therefore a new separate revenue source for the Council. The

Council currently shares the business rates collected locally with the Government who take 50% of the sums raised, Lancashire County Council who receive 9% and the Fire and Rescue Authority who receive 1%. In addition the Government operates a system of Tariffs and Top-ups which sees the amount retained by Hyndburn Council reduce by a further £5m. The Council also now has the risk around non-collection and the impact of late payments. For 2016/17 the estimated revenue from Business Rates is expected to be £3.2m

## **Council Tax**

30. It is expected that the Council Tax will raise the equivalent of £4.4m of revenue for the Council in 2016/17. This will be the seventh year of a freeze in the Council Tax for Hyndburn, following on from the 0% increase in 2010/11, 2011/12, 2012/13, 2013/14, 2014/15 and 2015/16. This freeze in Council Tax over these seven years represents a saving to each tax payer of over £50 on the average Band D bill of £230.52. The Council will also benefit from an anticipated surplus on the Collection Fund for Council Tax of £471,000.

## **New Homes Bonus**

31. The Council will also receive some additional resources from the New Homes Bonus. This is additional funding from the Government to encourage local Councils to support the building of new homes. The amount each Council receives is determined by the increase in homes as shown on the annual returns to the DCLG. For Hyndburn the expectation is that the number of new homes built will remain small and we will only receive £640,000 for 2016/17. As the value of the grant will be small, liable to fluctuate from year to year and will be difficult to determine each year in advance, the recommendation is that these monies are used to supplement the Capital resources of the Council.

## **Resource Summary**

32. The Council's estimated Resources for 2016/17 are £11,283,000 and this compares to an expected roll forward cost of operating the organisation of £12,155,000. This indicates a saving gap for the year of £872,000. Individual savings from Service Departments of £872,000 have been identified equal to the savings target and these are shown at Appendix 3.

# **Budget Proposals 2016/17**

33. The Cabinet recognises that it needs to maintain services and continue to deliver on its key priorities. It also has a clear duty to set a balanced financial budget for 2016/17 and continue its financial strategy to ensure its financial stability over the medium term.

34. The Corporate Management Team has been working with Service Managers to develop proposals to meet these broad aims. The major elements of these plans to reduce the overall costs are set out below and further details on the savings and income generation are provided in Appendix 3. Given that over the last 11 years we have looked to save around £1m a year on average, some of the proposals put forward present the Council with hard choices. However in order to continue with the good work done over the last 11 years and to keep the District precept to a minimum, these decisions need to be made. If any of the proposals are not accepted a comparable and compensating proposal will need to be found.

35. The proposals for 2016/17 assume that savings activated to deliver previous budgets continue to be used and that where one-off savings

were identified, Budget Holders bring forward equivalent amounts in 2016/17 to buttress their budgets ahead of any further proposed savings for 2016/17 onwards.

36. Needless to say, the authority's financial circumstances require us to focus sharply on our priorities so that we can be clear both about the areas for targeted cost reduction and also the areas for new or additional investment. On this basis, the budget has been designed to allow the Council to pursue a range of saving initiatives – a selection of which are set out below:

- Community Services will save £301,000 compared to its roll forward budget position from a combination of more effective working, generating additional income through fees and charges, reducing some staff costs and making savings on supplies and services via renegotiation of contracts and better procurement management.
- The Planning Service will reduce its cost by £47,000 through an exercise to re-organise the way the department operates and other cost saving measures

- Culture and Leisure Services will reduce expenditure by £150,000 via lowering amounts paid to Hyndburn Leisure.
- Policy and Corporate Governance will provide over £389,000 worth of savings through a mixture of staff efficiencies, limiting the spend on non-essential items, and reducing overhead costs. The overall budget will also be improved by income generation and efficiency measures.
- Regeneration Services have provided a variety of savings measures for the year totalling almost £128,000. However it is faced with operating in an area of declining revenue and we have adjusted their budget this year to remove unobtainable income targets worth £148,000, leaving a net increase of £20,000 to this budget.

37. The pattern of savings to achieve the overall average saving of 7.1% shows that protecting fundamental services and reducing our back office costs remains our highest priority with corporate costs reduced

on average by almost 10% compared to their roll-forward position, while front line services were reduced by around 5%.

38. Full details of the savings are set out in Appendix 3.

## **Reserves**

39. The Council has recognised the need to refresh its financial reserves over the last few years after they became dangerously low as a result of the financial difficulties we experienced over a decade ago.

40. However after the significant improvement achieved over the last few years it has not been necessary to make an additional provision since 2006/07 from the Revenue Budget and it is possible for 2016/17 to continue with this policy. Reserves are currently over £2.5m and an underspend is predicted for 2015/16. The strong position on Reserves therefore allows the Council to commit its entire available budget to service provision, further improving the delivery to the public of Hyndburn.

41. Reserves while having been restored after the difficulties of a few years ago need to be maintained and increased when possible. The MTFS outlines the large number of potential claims on our expenditure from items that are not contained within the Budget and a minimum provision to face these threats of £2.0m is considered appropriate. Some of the potential calls upon the Reserves are listed below from the MTFS.

- Any further reduction in core Government Grants stemming from how the Government determines to manage public sector finances over the next few years.
- The ending of the Cost Share Agreement with Lancashire County Council for the separation of waste and the potential loss of income stemming from the termination of this agreement.
- the threat of having to repay land charge search fees after a ruling from Europe that these fees have been levied contrary to European Environmental Law.

- the threat of substantial increased costs from the Government's proposals to cap the amount it reimburses the Council in relation to Council Tax support.
- The increased threat of industrial action during a period of public sector pay restraint and job losses.
- The Government's stated intention to end paying Housing Benefit and the potential for large residual costs that may fall upon Councils in terminating this service.<sup>3</sup>
- The increased threat of settling employment disputes as a result of employment tribunal decisions and changes in employment law
- Emergency spend pressures in-year, due to one-off items of capital or revenue spend
- Risks around the conclusion of the Housing Market Renewal Programme

---

<sup>3</sup> The Government has recently announced a longer roll-out period for the introduction of Universal Credit and has said it will meet redundancy costs associated with the ending of Housing Benefit, however there are a number of caveats around this proposal and the Council may still face exit costs from terminating the service.

- The continuing trading difficulties experienced by Hyndburn Leisure and financial pressures on other partner organisations
- Supplier failure during an elongated recession
- Environmental warranties on our land and guarantees provided to Hyndburn Homes over land transferred to them
- Legal challenges over the operation of our fees and charges
- The threat that Central Government will pass fines from Europe directly to Councils if the UK fails to meet its targets on climate change and environmental improvements.
- Continuing reductions in our fees and charges income as the Recession continues
- Financial pressures around ensuring our pension fund is properly financed

42. This is not a fully comprehensive list of all of the potential calls that could be made on the Reserves, however it provides some indication of the financial risks outside the core Budget that the Council could face.

43. While some events are more likely than others and they vary in their potential cost to the Council, the extent and monetary range of these unbudgeted challenges have the potential to severely damage the Council's finances if they mature.

## **Risks and Risk Management**

44. The 2016/17 Budget is constructed on a number of estimates, because exact figures are not known for many future events. There are a number of these estimations which are subject to uncertainty and volatility. In order to complete the Budgetary exercise it is necessary to make a series of judgements around the level at which certain items should be costed. The significant areas in the Budget around which judgements have been applied are explained below.

45. There is significant estimation in the figure for Business Rates paid in the year and these are liable to fluctuate significantly for a wide variety of reasons.

46. Inflation should not be a major factor in either pay or non-pay costs over the next 12 months. While no pay deal has been struck between the Employers' Organisation and the Trade Union side, we have used a 1% increase within the Budget and we expect due to the pressures that continue to exist around public sector expenditure that there will be little deviation away from this figure. There appears to be continuing global economic weakness and this is expected to keep the cost of Goods and Service stable over the 12 months of the Budget and therefore inflation in this area is not expected to create a degree of risk within the financial forecast.

47. The Governor of the Bank of England has recently indicated that he does not foresee a change in the Bank of England Base Rate during 2016 and therefore we do not expect the cost of borrowing money to alter over the period and present a risk to our overall budget position.

48. The next 12 months therefore sees a Budget period with the only major risk around Business Rates actuals diverging significantly from

the estimates made. The Council however has sufficient financial reserves to draw upon if necessary to deal with any such fluctuations.

49. The normal risks around in-year pressures on spending and income will be dealt with via our well-developed budget reporting mechanisms, which not only display how much is spent each month within the Council, but require Service Managers to estimate their spend to the end of the year. We should therefore receive early warnings of any overspends allowing corrective action to be taken. Reserve Levels are also sufficient to allow us to protect us from any immediate threat, while we take action to adjust our cost base to cope with any external financial pressures.

## **Consultation**

50. This year we are asking the public to attend the Council's Overview and Scrutiny Meeting on the Budget. At this meeting they will get to hear the questions put to each of the main parties around their Budget proposals and the public will be invited to put questions to the Leaders of each group and make any general comments. This direct

involvement with the Public at the key meeting to debate the Cabinet's budget proposals is seen as a continuing innovative way to engage the public and create a dialogue that informs Councillors and the public of the choices and difficulties around setting the budget.

51. The Council Tax due to Hyndburn Borough Council for each property by Band is shown at Appendix 4.

52. The overall estimated Council Tax per household for 2016/17 is shown at Appendix 5.

## **Conclusion**

53. The overall Revenue Budget 2016/17 is set out at Appendix 2. The Budget for 2016/17 will be £11,283,000 and will be supported by a Council Tax levy of £230.52 for a Band D property—translating into a revenue source of £4,400,000 to meet services to the local community. The Budget has been determined in light of continuing upward pressure on costs, previous financial difficulties that continue to overhang the Council, the available funding from Government and

the Council's strong desire to provide high levels of service to the Community in line with its priorities.

## **CONSULTATIONS**

54. As outlined in the Report, the public have been invited to participate in the Council's Overview & Scrutiny Meeting on the 17<sup>th</sup> February to review in detail the Budget proposals of all parties, consider the proposals put forward and make suggestions on changes and improvements to the Budget plans to be submitted to Full Council on the 25<sup>th</sup> February 2016.

## **REASONS FOR RECOMMENDATIONS**

55. The recommendations in the report provide an appropriate platform on which the Cabinet can recommend a Budget to the Council which meets the objectives and key priorities of the people of Hyndburn.

## **ALTERNATIVE OPTIONS**

### **CONSIDERED AND REASONS FOR REJECTION**

56. There have been a wide number of individual proposals put forward to produce a Balanced Budget. Options have been rejected on a variety of grounds including policy objectives, practicalities and the potential for additional costs to be incurred. Further options may be presented at the Council meeting.

## **BUDGET IMPLICATIONS**

57. As outlined in the report

## **LINKS TO CORPORATE PRIORITIES**

58. The Budget report links to all corporate priorities in determining the funding levels for expenditure in the year ahead.

## **EQUALITY**

59. Any detailed policy changes, changes in service provision or operational changes as a result of the budget proposals will have an EIA produced by the relevant Service Head where this is required.

## **RISKS**

60. There are a number of financial risks around setting the Budget. These are set out in detail in the report and cover the impact of making estimations of a number of large financial areas which contain a degree of volatility. The Council is able to offset these risks by the effective management it has in place over budgets during the year and the ability to take early corrective action and make additional savings and re-prioritise spending decisions if necessary. It can also draw upon its reserves as a short term measure while it takes corrective action.

## **LEGAL IMPLICATIONS**

61. The Council is required to set a Balanced Budget for the Financial Year ahead and needs to take into consideration the Government's threat of Capping.

# **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

62. See the relevant supporting papers from the Cabinet Feb 2015 available from the Hyndburn Borough Website and other items on today's agenda.

[Council Budget Papers 2015/16](#)

[Medium Term Financial Strategy October 2015](#)

[Cabinet Budget Papers 2016/17 February 3rd 2016](#)

## APPENDIX 1

<b>Initial Outline Budget</b>	
<b>2016/17</b>	
	£000
Revenue Support Grant	3,159
Business Rates	3,252
Council Tax	4,400
Collection Fund Surplus	472
<b>Total Resources Available 2016/17</b>	<b>11,283</b>
Roll Forward Budget	12,155
Growth Items	0
Unadjusted Total Predicted Spend	12,155
Savings Required	872
Savings Identified	872
<b>Predicted Spend 2016/17</b>	<b>11,283</b>
Unfunded Spend at this time	0

## Appendix 2

<b>Revenue Budget 2016/17</b>	
<b>Service Expenditure</b>	£000
Community Services	4,606
Culture & Leisure Services	1,239
Planning & Transportation	814
Regeneration Services	1,751
Policy & Corporate Governance	3,661
Non Service Related Budgets	-788
Contribution to Reserves	0
<b>Net Total Expenditure</b>	<b>11,283</b>
Band D Property 2015/16	£ 230.52
Band D Property 2016/17	£ 230.52
Increase on Previous Year	<b>ZERO</b>
% Increase on Previous Year	<b>ZERO</b>
Band A Property 2015/16	£ 153.52
Band A Property 2016/17	£ 153.52
Increase on Previous Year	<b>ZERO</b>
% Increase on Previous Year	<b>ZERO</b>

## APPENDIX 3

<b>Saving Proposals 2016/17</b>		
	£	
<b>Environmental Health</b>		
Deletion of Post	50,000	Pest Control Officer Post
<b>Waste Services</b>		
<b>Refuse</b>		
Deletion of Post	30,000	Vacant Posts Removed from Staffing Structure
Deletion of Post	30,000	Vacant Posts Removed from Staffing Structure
Trade Waste	35,000	Additional Income from Price and Volume increase
Vehicle Signage	1,400	No further signage on vehicles
Printing	1,700	Move to on-line messages
Diesel Costs	10,000	Reduced usage with lower vehicle numbers, more efficient vehicles and lower price
Land Fill Tax	-2,500	Increased customer numbers
Tipping Charges	-2,100	Increased customer numbers
Additional Leasing Costs for Upgrade to Euro 6	-10,035	
<b>Recycling</b>		
Lower number of	8,000	

Containers		
Vehicle Signage	200	No further signage on vehicles
Printing	500	Move to on-line messages
Calendars	1,000	On line Calendars
Leaflets reduction	1,500	Reduced use of leaflets - communicate via on-line media
Recycling Income Reduction	-35,000	Reduced income from sales due to fall in prices
<b>Street Cleansing</b>		
Remove Mechanical Sweeper Driver Post	26,000	Vacant Post
Reduce Weekend Overtime for Hand sweepers	5,000	
Diesel Costs	8,000	Reduced usage with lower vehicle numbers, more efficient vehicles and lower price
Reduce replacement of Sweeper Brushes	1,500	Due to less vehicles and extending life
Hand Cart Repairs	570	Saving from overall decrease in usage
Printing	1,300	Making more use of on-line messages etc.
Leaflets reduction	140	Reduced use of leaflets - communicate via on-line media
Advertising	570	No further use of paid advertising
Dog Bags for Bins	-4,000	Additional Expenditure on Street Cleaning Budget
Saving from reduced leaf removal work	640	

Loss of income from LCC on Weed Control removal from Highways	-2,180	
Vehicle Maintenance	7,000	Savings on parts etc. due to smaller fleet
Vehicle Leasing	23,000	Mechanical Sweeper & 2 4x4s
<b>Parks &amp; Cemeteries</b>		
<b>Parks &amp; Open Spaces</b>		
Reduction in staff	30,000	Post to be deleted from establishment
Floral Market Town	5,000	Switch to sustainable horticultural displays and planting.
Pets Corner	1,000	Residual savings from closure of this facility
Electricity	2,000	Reduction in electricity costs
Gas	3,000	Reduction in gas costs
Diesel	2,000	Savings from lower costs
Works Vehicle Costs	4,000	Reduce fleet by not replacing 4x4
Agency Staff Budget reduction	3,000	
Public Realm Work loss of income from LCC trees, verges & shrubs	-3,000	
<b>Cemeteries &amp; Cremations</b>		
Reduction in subsidy on exclusive rights to burial	7,000	Increase charge of £100 from £700 to £800
Reduction in subsidy on internments	23,000	Increase cost of a burial from £525 to £700

Reduce subsidy on cremations	37,500	Increase cost of cremation by £50 from £575 to £625
<b>Culture &amp; Leisure</b>		
Reduction in subsidy to Hyndburn Leisure	150,000	Reduction in line with agreement
<b>Planning &amp; Transportation</b>		
Deletion of Post	34,282	Deletion of Vacant Post
Deletion of Post	6,302	Deletion of Vacant Post-- residual savings
Increase in Garage Rents	2,000	
Increase in Allotment Charges	2,500	
Savings on Allotment Maintenance costs	2,000	
Saving on Public Participation on Planning Policy	1,000	
Reduction in expenditure on Bus Shelter Cleaning	1,023	
Savings on Street Benches	1,000	
Savings on Car allowances	2,000	
Saving on Lump Sum Allowance	1,000	
Saving on loan allowance	1,000	
Decrease in Parking Enforcement Income	-5,900	
Additional ICT costs from existing systems	-879	

<b>Regeneration &amp; Property Services</b>		
Town Centre	1,000	Increased income
CCTV monitoring	25,241	Deletion of Vacant Post
Housing Advice	16,500	Savings on Standby Payments, Overtime, Rent dependency scheme
Department Management	27,656	Deletion of Vacant Post
Development	7,500	Reduction in hours to 4 days
Environmental Protection	26,000	Savings from vacant post and overtime reduction.
Property Services Business Unit	3,000	Reduce consultancy payments
Corporate Repairs & Maintenance	17,000	Reduce repairs and maintenance budgets
Christmas Decorations and Amenities	4,000	Reduced electricity costs and reduced purchases
Adjust Corporate Property Income Target	-40,000	
Adjust Regeneration Income Target	-77,000	
Termination of LCC Grant income for Senior Citizens	-14,734	
Reduction in Commercial Activity at Sadler St	-15,826	
<b>Policy &amp; Corporate Governance</b>		
Reduce funding to Police Commissioner	34,771	

Managing Director	7,000	Reduction in Miscellaneous expenditure
Deputy Chief Executive	7,000	Reduction in Miscellaneous expenditure
Cannon Street Offices	1,290	Miscellaneous savings across budget headings
Other P&R General Grants	15,000	Hardship Grant Council Tax Support
	9,760	Miscellaneous savings
	7,000	Loss of Income Contingency
	2,500	Cabinet Action Fund
Insurances	37,107	Savings on Excess and Other Costs
Unapportioned Central Overheads	12,000	Savings from Reduced number of payments required
<b>Accountancy</b>		
Audit & Treasury Management Costs	7,928	Reduction in External Audit Fees etc.
Interest on Deposits	4,000	
Business Rate Pooling Admin costs	-2,000	
<b>Audit</b>		
Reduction of Budgets allocated to Fraud Post	51,827	
<b>Benefits &amp; Customer Service</b>		
Revenues Team	100	Printing
	100	Stationery
	500	Office Consumables
	500	Postage
	75,000	Discretionary Relief Budget

Benefits	500	Security Services
	230	Car allowance
	464	Lump Sum Allowance
	500	Car Leasing
	100	Office Consumables
	387	Customer Survey
	1,000	Postage
	227	Document Management
	2,000	Swipe Cards
	596	Advertising
Contact Centre	911	General Expenditure
	1,000	BPR contact Centre
	8,000	Misc. LCC
	20,928	Deletion of Vacant Post
	5,531	Application for Reduced Hours
ICT	2,000	Savings on rationalisation of line rentals etc.
	1,067	Rationalisation of servers etc.
	111	Reduce Travel Costs based on historical usage
	74	Reduced Budget required for Disaster Planning
	500	Savings from using larger printers
	400	Reduced stationery expenditure due to paperless billing
	2,000	Saving on Sim card costs via new contract
	345	Miscellaneous saving on

		training budget
Members Expenses		
	6,700	Unused Basic & Special responsibility allowances
	1,566	Carers Allowance
	600	Travelling expenses
	150	Refreshments
Member Services		
	3,120	Printing
	1,822	Office Consumables
	584	Rent & Hire of Premises
	79	Overview & Scrutiny Support
	200	Postage
	122	Refreshments
	250	Miscellaneous Expenses
Mayoralty		
	1,700	Civic Lunch
	50	Car hire
	200	Protective Clothing
	250	Stationary
	200	Postage
	256	Car Allowance
	2,000	Hire of Vehicle
Human Resources		
	7,684	Deletion of Payroll Post
Legal		
	1,500	Savings on Publications Budget

	3,000	Saving on Legal Fees
	1,000	Savings on Postage
	10,000	Increased Fee Income
Licensing		
	500	Saving on Testing
Elections		
	150	Advertising
	150	Equipment Repairs
	400	Fees re Poll cards
	250	Transportation Costs
	127	Counting Votes
	2,500	Postage
	1,000	Postal Ballot Fees
Register of Electors		
	24,814	Deletion of Post
Total Savings 2016/17	872,548	

## Appendix 4

### **Hyndburn Borough** **Council Tax Increase 2016/17** **by Property Band**

Valuation Band and statutory ratios of Band D Council Tax	Council Tax 2016/17	Council Tax 2015/16	Annual Increase
Band A 6/9	£153.68	£153.68	£0.00
Band B 7/9	£179.29	£179.29	£0.00
Band C 8/9	£204.91	£204.91	£0.00
Band D 9/9	£230.52	£230.52	£0.00
Band E 11/9	£281.75	£281.75	£0.00
Band F 13/9	£332.97	£332.97	£0.00
Band G 15/9	£384.20	£384.20	£0.00
Band H 18/9	£461.04	£461.04	£0.00

## Appendix 5

### **Overall Change in Council Tax 2016/17**

	Household Bills 2015/16						Increase In Annual Bills 2016/17							
	Lancashire County Council	Lancashire	Lancashire	Lancashire Fire &	Hyndburn	Total	Lancashire County Council	Lancashire	Lancashire	Lancashire Fire &	Hyndburn	Total		
		Police & Crime Commissioner	Police & Crime Commissioner	Rescue	Borough Council			Police & Crime Commissioner	Police & Crime Commissioner	Rescue	Borough Council			
Band A	£ 753.19	£ 106.04	£ 43.24	£ 153.68	£ 1,056.15	£ 30.05	£ 2.11	£ 0.86	£ -	£ 33.02				
Band B	£ 878.72	£ 123.71	£ 50.45	£ 179.29	£ 1,232.17	£ 35.06	£ 2.46	£ 1.00	£ -	£ 38.53				
Band C	£ 1,004.25	£ 141.39	£ 57.65	£ 204.91	£ 1,408.20	£ 40.07	£ 2.81	£ 1.15	£ -	£ 44.03				
Band D	£ 1,129.78	£ 159.06	£ 64.86	£ 230.52	£ 1,584.22	£ 45.08	£ 3.17	£ 1.29	£ -	£ 49.53				
Band E	£ 1,380.84	£ 194.41	£ 79.27	£ 281.75	£ 1,936.27	£ 55.10	£ 3.87	£ 1.58	£ -	£ 60.54				
Band F	£ 1,631.90	£ 229.75	£ 93.69	£ 332.97	£ 2,288.31	£ 65.11	£ 4.57	£ 1.86	£ -	£ 71.55				
Band G	£ 1,882.97	£ 265.10	£ 108.10	£ 384.20	£ 2,640.37	£ 75.13	£ 5.28	£ 2.15	£ -	£ 82.56				
Band H	£ 2,259.56	£ 318.12	£ 129.72	£ 461.04	£ 3,168.44	£ 90.16	£ 6.33	£ 2.58	£ -	£ 99.07				

This assumes a 1.99% increase by other preceptors and that Lancashire County Council exercise their option to increase their precept by a further 2% in relation to financing Adult Social Care.

## Appendix 6

### Altham Parish Precept 2016/17 by Property Valuation Band

Valuation Band and statutory ratios of Band D Council Tax	Council Tax 2016/17	Council Tax 2015/16	Annual Increase
Band A; 6/9	£25.51	£25.51	£0.00
Band B; 7/9	£29.77	£29.77	£0.00
Band C; 8/9	£34.02	£34.02	£0.00
Band D; 9/9	£38.27	£38.27	£0.00
Band E; 11/9	£46.77	£46.77	£0.00
Band F; 13/9	£55.28	£55.28	£0.00
Band G; 15/9	£63.78	£63.78	£0.00
Band H; 18/9 *	£76.54	£76.54	£0.00

\* There are currently no band H properties in Altham parish