

Report to		Cabinet
Report by		Councillor Joyce Plummer Portfolio Holder Resources
Date		12th February 2020
Report Prepared by		Joe McIntyre Deputy Chief Executive

GENERAL FUND REVENUE BUDGET

2020/21

Purpose of the Report

1. This report sets out proposals for the 2020/21 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 to Council an increase Council Tax for 2020/21 of £5.00 per year for a Band D property. This is equivalent to less than 10 pence per week and as most households in Hyndburn are Band A rather than Band D properties, the vast majority of households will only see a rise of 7p per week. This is only the fourth increase in Council Tax by Hyndburn Council in 11 years.

- b) The Budget for 2020/21 will therefore be £11,227,000 as detailed in Appendices 1 and 2.

- c) That Cabinet recommend approval of the savings approach outlined for 2020/21 as set out in Appendix 3 to ensure the Council has a balanced budget.

- d) That Cabinet note the significant improvement made in relation to budget monitoring and cost reduction within the

Authority over the past 16 years and confirms its commitment to continuing this approach in the year ahead.

- e) That Cabinet recommends during the financial year 2020/21, 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.

- f) That Cabinet recommends during the financial year 2020/21, the Deputy Chief Executive be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) should the estimate of Business Rates not be sufficiently accurate, by drawing on reserves if needed or paying over additional contributions to reserves.

- g) That to aid future financial management planning any surpluses generated during 2020/21 are set aside to help the Council reduce its cost base over the next three years,

support its long term capital programme or strengthen its overall reserve position.

- h) That Cabinet recommends that the New Homes Bonus and any additional funds from Government that are not ring-fenced funding 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 2020/21. This will require a net expenditure of £11,227,000.

5. Under these proposals, Council Tax for Hyndburn residents will rise for Hyndburn Council provided services by £5.00 (2.04%) for a Band D property. The amounts due for each band are shown at Appendix 4. The increase is equivalent to 10p per week for a Band D property, but for most residents the increase will be less than 7p per week as the

majority of households in Hyndburn are Band A properties that pay two-thirds the value of a Band D property in Council Tax.

6. This is the only the fourth rise in council tax for Hyndburn services since 2009/10 and the average annual increase over this period has been below 1%. This is significantly below the rate of inflation over this period. If the Council had increased Council Tax simply by inflation (CPI) over the last 11 years rather than the actual increases made, Council Tax for Hyndburn's services would have been almost 13% more expensive at £282.83 for each average Band D property within Hyndburn which is £32.31 more than proposed for 2020/21 at £250.52.

7. The increase in Council Tax by Hyndburn Council is a result of cost pressures from wages, other expenditure inflation and the loss of income which have risen at a faster rate than the increases generated from Government Grant or Business Rates. The level of increase in overall expenditure would have been greater except for the reduction in pension costs this year. The Triennial Review of the Council's employer contribution by the independent actuary to the Pension Fund has allowed the Council to reduce its level of contribution by

£528,000 this year, with a further £500,000 reduction expected in 2021/22.

8. Lancashire County Council, the Police & Crime Commissioner and the Combined Fire & Rescue Authority have not yet formally taken their decisions on Council Tax Levels for 2020/21. It is expected that the County Council will raise its Council Tax for each household by a general increase of 1.99% and a 1.99% increase to assist with meeting the cost of Adult Social Care which equates to a 3.99% increase overall. It is expected that the Police Commissioner will increase a Band D Property by £10 and that the Fire & Rescue Authority will recommend a 1.99% increase.

9. Altham Parish Council has set a separate precept for its activities for the twelfth time in 2020/21. This year the Parish Council does not intend to increase its precept. The Band D charge for Altham Parish Council will therefore remain at £40.27 for the year and will precept the Collection Fund for £12,685. Details of the proposed position on other Bandings for properties in Altham are shown in Appendix 6.

10. In setting the Budget for 2020/21 the Council faces continued volatility around some of the most significant items within its Budget. Major reforms of local government finance have transferred the risk of business rate revenues and Council Tax benefits to the Council. 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 result in the need to reduce spending during the year, if revenue analysis during the year starts to indicate the amounts of funds received will fall short of the target.

11. The Cabinet intends to continue the good financial stewardship of the Council's affairs by continuing the successful policies introduced over the last 16 years to manage costs effectively and promote appropriate service investment. This Budget will therefore deliver,

- *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 just over £3.1m in total for the year on Capital Schemes, with £966,000 going to support those with medical and physical difficulties to live independent lives in their own homes, it will continue its work to improve Accrington Town Centre building upon the £2m already spent in this area with a commitment to another £1¼ m of investment into this key area and provide money to improve facilities at our Sport Halls and Council buildings to ensure services can continue to be provided from these locations for many years to come.*

- *Despite costs of over £85,000 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 11 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 emissions and our energy costs and continue contributing to the improvements of our environmental footprint by positive action.*

12. 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.

13. 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 2019, in which Balances are over £2.1m and the Revenue Budget for 2019/20 is predicting a saving of over £218,000 which will contribute to improving the strength of our underlying financial position.

14. Within the Budget for 2020/21 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.

15. 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, safety nets and pooling, 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.

16. The threat of significant pay inflation during 2020/21 is viewed as low. An assumption of a 2% pay award has been included in the roll forward figure. As yet there is no formal agreement between the Employers' side and Trade Unions over a pay settlement for 2020/21. However, with a limited increase in funding from Government this year and continuing strong pressures on expenditure there appears little room for wage increases substantially above the current level of inflation. Any increase in wages agreed at a national level beyond the 2% built into the roll forward position will increase in-year financial pressures making it more difficult for the Council to avoid overspending and will increase the need for more savings to be generated in future years, with the pressure to reduce staff numbers growing in such circumstances.

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

Background

Introduction

18. Over the last 12 months, the Council has continued to work hard to stabilise and improve its underlying financial position. The Financial Year 2018/19 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 13 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 2020/21.

19. 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 the overall budget, but additional savings have been successfully generated each year and there is an expectation that a budget surplus will be generated in 2019/20 of approximately £218,000. This money has been earmarked to assist the Council to

reduce its cost base over the next few years and strengthen its reserves and improve delivery of its Corporate Strategy.

20. Although it is worth noting the major improvements in financial management and cost control over the last 13 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.

21. 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.

22. 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 from Government by almost £5.6m since 2010/11 and our forecast in the MTFS is that we will need to save over £1.1m

more in the period 2020/21 to 2022/23 to maintain a balanced budgeted position.

Medium Term Financial Strategy

23. 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 12th February 2020 and will be placed before the Council on the 27st February 2020.

24. 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 2020/21, it needs to recognise the savings agenda it will potentially face in 2021/22 and beyond. The main pressures stem from the Government's ending of direct funding to the Council in the form of Revenue Support Grant and the likely significant reduction in the amount the Council can retain from locally raised business rates under the Fair Funding Review. The other major pressures the Council faces are

- The falling level of grant to support the payment of housing benefits.

- Inflationary pressures on wages and the purchase of goods and services.

In addition, the Council could face further financial pressure over the period of the MTFS if inflation on salaries and goods and services increases beyond the current forecast and it would face a potential major additional cost in 2022/23 if it uses up all its available capital resources and has to finance any future Capital spend from its Revenue Budget.

Continuation Budget

25. 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 2019/20 and known financial pressures for 2020/21. Our Corporate Priorities are detailed within our Corporate Strategy with the overall objective of improving the local economy and the mix of housing within Hyndburn. This objective remains challenging in a period of reduced funding, uncertain global economic indicators, Brexit negotiations and a new Government at Westminster.

26. 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 on 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.

27. 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 2% after uprating salary costs for 2020/21 and allowing for increments and the knock-on impacts on national insurance contributions and employer pension contributions.

28. Inflation for non-pay items continues and is currently below the Bank of England target of 2% at 1.4% in December 2019, having fallen back from a peak of 3% during 2017. There has been speculation that inflation could rise if the UK exits the European Union without securing a trade deal and this may occur if key goods cannot be imported into the country, at least for a temporary period. Most of the risk of this occurring has dissipated in the current year with the election of the new Government in December 2019. Any likely high inflation period triggered by trade difficulties with the EU have now been deferred until the final quarter of our financial year between 1st January 2021 and 31st March 2021, which will significantly limit its impact on the current financial year, but may cause much larger problems in the 2021/22 financial year. However, in general there appears to be continuing over capacity on the supply side of the world economy, weakening any opportunity for suppliers to effectively pass on price increases they incur and this seems to apply a brake on inflationary pressures in the UK and across the world. We have therefore assumed for budgeting purposes that cost centres will be able to absorb whatever inflationary pressure they face within their Budgets with the 2% increase provided.

29. These calculations indicate a Continuation Budget of just over £11.343m 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 2020/21.

Growth Pressures

30. There are no growth items proposed for the 2020/21 Budget as budgetary pressures remain tight and the Council at this time is not in a position to fund them. The Budget in 2020/21 however does allow for an adjustment downwards to the projections for income generated from the Market Hall. Difficult trading on High Streets across the country since the Recession in 2008 has severely dented rent levels and income generation from the Market Hall in Accrington and this year's budget has therefore been adjusted to reflect a more meaningful level of income that can be expected to be achieved, lowering the expected amount by £105,000 in 2020/21, with an expectation that another £105,000 reduction will be required next year as well.

Available Resources

Core Government Revenue Support Grant (RSG)

31. Revenue Support Grant for 2020/21 has been set at £1,560,000. This is at the same level as 2019/20 of £1,534,000 plus an inflation increase of £26,000. This grant is still expected to disappear in 2021/22 in line with previous government announcements.

Business Rates

32. 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 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 reduced by a further £3.99m to £4.2m and the amounts can be further adjusted if the Council enters a Pooling arrangement with other Councils. The Council also now has the risk around non-collection and the impact of late payments.

33. Additionally, in 2019/20 there was a major revaluation of property business rates nationally. At a local level this has altered downwards the overall amount of Business Rates to be collected in Hyndburn and

the figure will be further reduced by the higher rate for exemption from Business Rates for small businesses and it is possible the Government will further amend rules in this area in its Budget announcements in March 2020.

34. These changes add an additional degree of complexity to forecasting correctly the level of Business Rates the Council will receive to manage its Budget in 2020/21 and therefore there is a recommendation to allow the Deputy Chief Executive to draw upon reserves if this figure included in the Budget is too high compared to the actual level of revenue received and for the Deputy Chief Executive to contribute any additional sums received over and above the Budgeted figure to reserves and assign any surplus on the Collection Fund to reserves or to support the Capital Programme going forward with these one-off sums. For 2020/21 the estimated revenue from Business Rates is expected to be £4.2m.

Council Tax

35. It is expected that Council Tax will raise the equivalent of £5.2m of revenue for the Council in 2020/21. After seven years of no council tax increase in Hyndburn, dating back to 2009/10, this year will be the

fourth year of a council tax increase of £5.00 for a Band D property. Over the last 11 years the Council has increased Council Tax at well below the rate of inflation. This year's increase is the equivalent of less than 10 pence per week for a Band D property and as 60% of the properties in Hyndburn are Band A properties, most households will only pay around 7 pence per week more, an annual increase of £3.34 (2.04%). This is a lower percentage increase than last year's 2.07% increase and in line with the current rate of increase indicated by the Government for Council Tax increases in District Councils.

36. The increase in council tax of £5.00 is needed to assist the Council balance its Budget in 2020/21 and meet the cost of spending pressures not able to be funded from other revenue sources this year. In particular the Council has committed to supporting Accrington Town Centre by adjusting the income budget for the Market Hall.

New Homes Bonus

37. 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 for house numbers to the Ministry of Housing, Communities and Local Government (MHCLG). For Hyndburn the expectation is that the number of new homes built will remain small and we will only receive £95,000 for 2020/21. This is down £125,000 compared to the previous year.

38. 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. The figure is expected to continue to fall in subsequent years and is expected to be abolished by the Government in the next year or so. This will lessen the extent to which we can fund Capital Projects from this source of money in the future.

Resource Summary

39. The Council's estimated Resources for 2020/21 are £11,227,000 with almost half of the funding raised directly from our residents in the form of Council Tax (£5.3m) and the vast majority of the remaining revenue coming from the locally retained element of business rates

(£4.2m) collected across Hyndburn. Less than 14% of our income comes in direct support from Central Government.

Budget Proposals 2020/21

General Financial Pressures

40. 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 2020/21 and continue its financial strategy to ensure its financial stability over the medium term.

41. The proposals for 2020/21 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 2020/21 to buttress their budgets ahead of any further proposed savings for 2020/21 onwards.

42. With expected Revenue of £11,227,000 for 2020/21 and estimated roll forward cost of operating the organisation of £11,343,000 for the year ahead, the Council has a saving gap for the year of £116,000. As the savings target for the year equates to 1% of the predicted spend for

2020/21 year, a Corporate In-year Saving Target of this amount has been set, rather than requiring individual service areas to deliver this level of savings. Appendix 3 which usually lists the full extent of all the savings proposed to balance the Budget each year, therefore this year only contains a one line entry for the Corporate Savings Target of £116,000.

Budget Saving Proposals

43. With an in-built target to produce a 1% savings on our estimated spend during the year and significant savings pressures likely to be necessary in 2021/22, the Council needs to remain focused on maintaining good financial discipline, look to continue to reduce its cost base and boost income throughout the coming financial year.

Reserves

44. The Council has recognised the need to refresh and maintain its financial reserves after they became dangerously low as a result of the financial difficulties, we experienced over a decade ago.

45. 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 2020/21 to continue with this policy. Reserves are currently over £2.1m and an underspend is predicted for 2019/20. 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.

46. 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 to £3.0m 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 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.¹
- 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

¹ The Government has 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 period of financial constraint
- 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 income from fees and charges as the economy remains sluggish
- Potential large fines under the General Data Protection Regulations introduced in 2020/21.

47. 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.

48. 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

49. The 2020/21 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.

50. 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.

51. Pay Inflation could become a major factor over the next twelve months if a wage settlement is agreed that is significantly above the 2% assumed in the Roll Forward Budget. As yet there is no agreement between Employers and the Trade Unions on the pay increase for 2020/21 and beyond. The 2% figure used so far is therefore the best current estimate given the financial constraints and pressures local government continues to operate under. However, the Trade Unions may press for a significantly higher pay settlement and if they achieve this, it would impact on our ability to maintain our costs within the resources that we have and additional savings would have to be generated during the year to ensure the Council did not overspend its budget. A wage settlement significantly above 2% would increase the pressure on the Council to reduce staff numbers going forward.

52. There were predictions of a rise in inflation immediately following the Brexit Vote in 2016 coupled with an expected drop in consumer activity and possibly a further recession. This has not materialised in the 3 years since the Referendum, but similar predictions exist if the UK leaves the European Union without securing a favourable trade

deal. The immediate prospect of a disorderly exit from the European Union (EU) seems to have dissipated with Boris Johnson's deal being approved by Parliament and the EU in January 2020. This however only really provides for a transition period until the end of December 2020 and the real detail of the future trading arrangement between the UK and the EU remains to be settled in that period. If a suitable deal cannot be reached between the two parties, the fears around the inflationary impact may return again at the end of 2020, as the prospect of a "No Deal Brexit" returns. Assuming a suitable deal can be made between the UK and the EU, the expectation would be that inflation will remain low over the coming financial year. Inflation increased to just over 3% during 2017 but has fallen subsequently to 1.4% at the end of 2019. Therefore, it does not appear currently likely that inflation will accelerate at an alarming and unaffordable rate as 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. Inflation in this area is therefore expected to create only a low to moderate degree of risk within the financial forecast.

53. Given the Brexit vote and the need to provide some stability and strength into the economy we do not expect to see any significant change in the Bank Base Rate over the 2020/21 financial year.

54. The next 12 months therefore sees a Budget period with the only major risk around Business Rates diverging significantly from the estimates made. The Council however has sufficient financial reserves to draw upon if necessary, to deal with any such fluctuations.

55. 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 displays how much is spent each month within the Council, but requires 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 be protected from any immediate threat, while we take action to adjust our cost base to cope with any external financial pressures.

Consultation

56.This year we are asking the public and businesses to attend the Council's Overview and Scrutiny Meeting on the Budget which takes place at 3:00pm on 18th February 2020 at Scaitcliffe House. At this meeting they will get to hear the questions put to each of the main parties around their Budget proposals and the public and businesses will be invited to put questions to the Leaders of each group and make any general comments. This direct involvement with the public and businesses at this 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.

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

58.The overall estimated Council Tax per household for 2020/21 is shown at Appendix 5.

Conclusion

59. The overall Revenue Budget 2020/21 is set out at Appendix 2. The Budget for 2020/21 will be £11,227,000 and will be supported by a Council Tax levy of £250.52 for a Band D property—translating into a revenue source of £5,247,000 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

60. As outlined in the Report, the public and businesses are invited to participate in the Council’s Overview & Scrutiny Meeting on the 18th February at 3:00pm in Scaitcliffe House 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 27th February 2020.

REASONS FOR RECOMMENDATIONS

61. 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

62. 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

63. As outlined in the report

LINKS TO CORPORATE PRIORITIES

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

EQUALITY

65.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

66.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

67. 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

68. This Report should be read in conjunction with the other finance reports presented to the Cabinet meeting on the 12th February 2020. The relevant reports are listed below and can be found by accessing the Council's website or following the hyperlink below.

[Access to Cabinet Agenda and Reports--follow links to appropriate dates and reports](#)

Financial Position December 2019 Report for the Year Ending 31st March 2020

Medium Term Financial Strategy 2020/21 to 2022/23

Prudential Indicators Monitoring & Treasury

Management Strategy 2020/21 to 2022/23

General Revenue Budget 2020/21

Capital Budget Report 2020/21

APPENDIX 1

Initial Outline Budget		
2020/21		£000
Revenue Support Grant		1,560
Business Rates		4,283
Council Tax		5,247
Collection Fund Surplus		137
Use of Reserves		0
Total Resources Available 2019/20		11,227
Roll Forward Budget		11,238
Growth Items		105
Unadjusted Predicted Spend		11,343
Savings Required		116
Savings Identified		116
Predicted Spend 2020/21		11,227
Unfunded Spend at this time		0

Revenue Budget 2020/21	
Service Expenditure	£000
Environmental Services	5,198
Culture & Leisure Services	895
Planning & Transportation	788
Regeneration Services	1,132
Policy & Corporate Governance	3,208
Non Service Related Budgets	6
Contribution to Reserves	0
Net Total Expenditure	11,227
Band D Property 2019/20	£ 245.52
Band D Property 2020/21	£ 250.52
Increase on Previous Year	£ 5.00
% Increase on Previous Year	2.0%
Band A Property 2019/20	£ 163.68
Band A Property 2020/21	£ 167.02
Increase on Previous Year	3.34
% Increase on Previous Year	2.0%

Savings Requirement & Proposals 2020/21

Estimated Resources 2020/21		£11,227,000
Predicted Spend 2020/21		£11,343,000
Savings Required to Balance 2020/21 Budget		£116,000
Propose Savings 2020/21		
Corporate In-year Savings Target		£116,000

Hyndburn Borough
Council Tax Increase 2020/21
by Property Band

Valuation Band and Statutory ratios of Band D Council Tax			Council Tax		Council Tax		Annual Increase
			2019/20		2020/21		
Band A	6/9		£ 163.68		£ 167.02		£ 3.34
Band B	7/9		£ 190.96		£ 194.85		£ 3.89
Band C	8/9		£ 218.24		£ 222.69		£ 4.45
Band D	9/9		£ 245.52		£ 250.52		£ 5.00
Band E	11/9		£ 300.08		£ 306.20		£ 6.12
Band F	13/9		£ 354.64		£ 361.87		£ 7.23
Band G	15/9		£ 409.20		£ 417.54		£ 8.34
Band H	18/9		£ 491.04		£ 501.04		£ 10.00

Overall Change in Council Tax 2020/21

Council Tax Schedule	2020/21								Change Between 2019/20 and 2020/21							
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Hyndburn Borough Council	167.02	194.85	222.69	250.52	306.20	361.87	417.54	501.04	3.34	3.89	4.45	5.00	6.12	7.23	8.34	10.00
Lancashire County Council	933.54	1,089.13	1,244.72	1,400.31	1,711.49	2,022.67	2,333.85	2,800.62	35.81	41.78	47.75	53.72	65.66	77.60	89.53	107.44
Lancashire Police & Crime Commissioner	140.97	164.47	187.96	211.45	258.44	305.43	352.42	422.90	6.67	7.79	8.89	10.00	12.22	14.45	16.67	20.00
Lancashire Fire & Rescue Authority	47.24	55.12	62.99	70.86	86.61	102.36	118.10	141.72	0.92	1.08	1.23	1.38	1.69	2.00	2.30	2.76
Total Council Tax Payable (outside Altham Parish Council)	1,288.77	1,503.57	1,718.36	1,933.14	2,362.74	2,792.33	3,221.91	3,866.28	46.74	54.54	62.32	70.10	85.69	101.28	116.84	140.20
Altham Parish Council	26.85	31.32	35.80	40.27	49.22	58.17	67.12	80.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Altham Parish Council & Hyndburn Borough Council	193.87	226.17	258.49	290.79	355.42	420.04	484.66	581.58	3.34	3.89	4.45	5.00	6.12	7.23	8.34	10.00
Total for Altham	1,315.62	1,534.89	1,754.16	1,973.41	2,411.96	2,850.50	3,289.03	3,946.82	46.74	54.54	62.32	70.10	85.69	101.28	116.84	140.20

This assumes a £5.00 increase in Council Tax for a Band D property by Hyndburn Borough Council as indicated in this report. Altham Parish Council has decided not to increase its Council Tax. Lancashire County Council, the Police & Crime Commissioner and the Fire & Rescue Authority have not made formal decisions as yet. The above model assumes a 3.99% increase for LCC, a £10 increase by the Police & Crime Commissioner and a 1.99% increase by the Fire & Rescue Authority.

Appendix 6

Altham Parish Precept 2020/21 by Property Valuation Band

Valuation Band and Statutory ratios of		Council Tax	Council Tax	Annual Increase
		2019/20	2020/21	
Band A	6/9	26.85	£ 26.85	£0.00
Band B	7/9	31.33	£ 31.33	£0.00
Band C	8/9	35.80	£ 35.80	£0.00
Band D	9/9	40.27	£ 40.27	£0.00
Band E	11/9	49.22	£ 49.22	£0.00
Band F	13/9	58.17	£ 58.17	£0.00
Band G	15/9	67.12	£ 67.12	£0.00
Band H	18/9	80.54	£ 80.54	£0.00