

EXECUTIVE

Tuesday, 11th August, 2020
6.30 pm





EXECUTIVE

REMOTE MEETINGS - LIVESTREAM ON YOUTUBE

Tuesday, 11th August, 2020 at 6.30 pm

This agenda gives notice of items to be considered in private as required by Regulations (4) and (5) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Members are reminded that if they have detailed questions on individual reports, they are advised to contact the report authors in advance of the meeting.

Members of the public may ask a question, make a statement, or present a petition relating to any agenda item or any matter falling within the remit of the committee.

Notice in writing of the subject matter must be given to the Head of Legal & Democracy by 5.00pm on the day before the meeting. Forms can be obtained for this purpose from the reception desk at Burnley Town Hall, Manchester or from the web at:

<http://burnley.moderngov.co.uk/ecCatDisplay.aspx?sch=doc&cat=13234> . You can also register to speak via the online agenda. Requests will be dealt with in the order in which they are received.

All meetings are currently being held remotely. Members of the public wishing to address the meeting should submit their request in the usual way, and will then be invited either to join the meeting by video conference or to make a submission in writing which will be shared with the Committee.

All public meetings are being livestreamed on the Council's [Youtube Channel](#)

AGENDA

1) *Apologies*

To receive any apologies for absence.

2) *Minutes*

5 - 8

To approve as a correct record the Minutes of the meeting held on Tuesday, 7th July 2020.

3) *Additional Items of Business*

To determine whether there are any additional items of business which, by reason of special circumstances, the Chair decides should be

considered at the meeting as a matter of urgency.

4) Declaration of Interest

In accordance with the Regulations, Members are required to declare any personal or personal and prejudicial interests they may have and the nature of those interests in respect of items on this agenda and/or indicate if S106 of the Local Government Finance Act 1992 applies to them.

5) Exclusion of the Public

To determine during which items, if any, the public are to be excluded from the meeting.

6) Right To Speak

To consider questions, statements or petitions from Members of the Public

PUBLIC ITEMS

- 7) Annual Treasury Management Report Review of 2019/20 Activity** 9 - 18
To inform Members of the Council's treasury management activity during 2019/20.
- 8) 2019/20 Final Capital Outturn Position** 19 - 28
1. To report to Members on the performance of the 2019/20 capital investment programme and present the financing of capital expenditure incurred during 2019/20; and
 2. To seek approval of a revised 2020/21 capital budget after incorporating net carry forward commitments (slippage) from 2019/20.
- 9) Revenue Monitoring Report 2020/21 - Quarter 1 (to 30 June 2020)** 29 - 44
1. To report the forecast outturn position for the year as at 31 March 2021 based upon actual spending and income to 30 June 2020; and
 2. Members are asked to note the financial impact of the Coronavirus pandemic as can be seen in paragraph 5. In view of these exceptional times the revenue monitoring position is uncertain.
- 10) Capital Monitoring Report 2020/21 - Quarter 1 (to 30 June 2020)** 45 - 56
To provide Members with an update on capital expenditure and the resources position along with highlighting any variances.

- 11) *Strategic Risk Register*** 57 - 76
To present the Executive with a Strategic Risk Register.
- 12) *Participants` List*** 77 - 78

MEMBERSHIP OF COMMITTEE

Councillor Charlie Briggs
Councillor Margaret Lishman
Councillor Gordon Birtwistle

Councillor Ivor Emo
Councillor Cosima Towneley

PUBLISHED

Monday, 3 August 2020



EXECUTIVE

Tuesday, 7th July, 2020 at 6.30 pm

The meeting was a remote meeting held in accordance with the regulations under Section 78 of the Coronavirus Act 2020.

PRESENT

MEMBERS

Councillors C Briggs, M Lishman, G Birtwistle, I Emo and C Towneley

OFFICERS

Mick Cartledge	–
Lukman Patel	– Chief Executive
Paul Gatrell	– Chief Operating Officer
Christine Wood	– Head of Housing & Development Control
Alison McEwan	– Democracy Officer
	– Democracy Officer

10. Minutes

The minutes of the remote meeting held on Tuesday, 16th June 2020 were approved as a correct record subject to the inclusion of Christine Wood, Democracy Officer on the officer attendance list.

11. Additional Items of Business

In accordance with the provisions of Section 100 (B)(4)(b) of the Local Government Act 1972, the Chair decided that the following item of business should be considered as an additional item at minute 8 as a matter of urgency

Temporary Accommodation for Homeless Households

12. Coronavirus Potential Budget Implications

Purpose

To provide an additional interim update focussing on the potential financial impact on the 2020/21 revenue budget following the Coronavirus pandemic.

Reason for Decision

Asad Mushtaq noted that following publication of the agenda and reports, the Government had announced of an additional tranche 3 of funding that would be received by the Council which would cover some aspects of income and expenditure. Details of the allocation of the funding had not yet been received.

Due to the impact of the Coronavirus pandemic, the Council was looking at a projected budget deficit of £3.4m over the current financial year due to the increased expenditure and loss of income. This equated to 22% of the Council's current net budget and that currently any shortfall in funding would have to be met from reserves, however further significant government intervention would be required due to the current level of reserves not being sufficient to fund the estimated deficit.

Consideration had only been given to the short-term impact of the pandemic and Members were advised of the high probability that the impact would be longer-term, spanning future financial years, with increased costs and income losses. Members were also advised that this may have an impact on future service delivery and that an analysis of the medium-term financial strategy (MTFS) would be carried out later in the year with an updated MTFS position being forecast.

Councillor Lishman referred to the current uncertainties, expressing thanks and praising officers for work that had been undertaken previously and work currently taking place. Councillor Lishman introduced details of a 10-point Covid 19 recovery plan that the Executive envisaged for Burnley outlining the Executive's vision and providing parameters. The Executive tasked Officers to prepare a recovery plan that would incorporate the 10-point plan that was introduced by the Executive. Further details of the plan would be brought forward to future meetings of the Executive and Full Council.

DECISION

That the Executive adopt the following resolution:

That Full Council be recommended to note:

1. That the current forecast financial impact of Covid-19 as outlined in the report be noted, the financial impact be modelled and updated regularly to inform action plans to deal with the loss of income and increased expenditure; and
2. That Officers continue to work on several options to mitigate the potential financial impact and bring forward options for decision as appropriate. A review of some service provision may be necessary if additional Central Government funding is not forthcoming.
3. That the Council, along with other District Councils and industry groups, continue to lobby Central Government for additional funding; and
4. That it be recognised that additional funding has been received from Central Government following publication of the agenda/reports.

13. Temporary Accommodation for Homeless Households

Purpose

A report was submitted requesting that the Executive:

1. Approve expansion of the provision of temporary accommodation for homeless households and those rough sleeping in Burnley; and
2. To respond to the Motion to Full Council that was approved on 26th February 2020, regarding tackling homelessness and providing a night shelter for rough sleepers within the borough of Burnley.

Reason for Decision

To prevent and relieve homelessness and rough sleeping in the borough through a comprehensive approach that will focus on providing individuals with accommodation and support to access and sustain settled housing.

To expand and improve the provision of temporary accommodation in the Borough that will address identified gaps in current service provision by introducing direct access housing to assist the Council and other stakeholders to respond to immediate homelessness.

To ensure that Burnley Council, partners, and stakeholders have access to a wide and diverse range of services to meet the needs of homeless households within the borough.

To ensure that through the expansion of temporary accommodation services in the borough the type of accommodation introduced is in line with Government guidance on reducing the spread of Covid-19.

Councillor Lishman on behalf of the Executive expressed heartfelt thanks Paul Gatrell, Wilma Waddingham and the Housing Task Group for the excellent work that had been undertaken around homelessness and rough sleeping within the borough.

It was suggested by Councillor Lishman and agreed by the Executive that the Housing Tasking Group would continue to be in existence and to monitor how effective initiatives had been.

Decision

That the Executive:

1. Approves the implementation of the temporary housing scheme A Bed Every Night as set out in the report; and
2. Approves the use of £45,000, identified through the budget amendment approved at Full Council on 26th February 2020, as a contribution to fund the scheme; and
3. Reports to Full Council that the proposals in the report is more sustainable than a night shelter and will strengthen the Council's capacity to tackle rough sleeping; and
4. Reports to Full Council that a draft Prevention of Homelessness and Rough Sleeping Strategy has been prepared and that a consultation process would be undertaken soon.

5. That the Housing Task Group would continue to be in existence to monitor the effectiveness of current initiatives (as agreed at the meeting).

REPORT TO EXECUTIVE



DATE	11 August 2020
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Howard Hamilton-Smith
TEL NO	01282 477172
EMAIL	Hhamilton-smith@burnley.gov.uk

Annual Treasury Management Report Review of 2019/20 Activity

PURPOSE

1. To inform members of the Council’s treasury management activity during 2019/20.

RECOMMENDATION

2. That the Executive recommends that Full Council note the annual treasury management activity for the year ended 31 March 2020.

REASONS FOR RECOMMENDATION

3. To comply with the regulations issued under the Local Government Act 2003 to produce an annual treasury management report review of activities and the actual prudential and treasury indicators for 2019/20. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). Performance against the approved prudential and treasury indicators are shown in Appendix 1.

During 2019/20 the minimum reporting requirements were that Full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Full Council 20 February 2019)
- a mid-year treasury update report (Full Council 18 December 2019)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is therefore

important, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

It has been a challenging year in terms of returns on investments and this was further impacted in March by COVID-19 and two reductions in the Bank Rate, from 0.75% to 0.10% .

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Scrutiny Committee before they were reported to Full Council. Member training on treasury management issues was undertaken during the year on 10 December 2019 in order to support Members' scrutiny role.

SUMMARY OF KEY POINTS

4. **The Economy and Interest Rates (Provided by Link Asset Services)**

Economic growth in 2019 has been very volatile with quarter 1 unexpectedly strong at 0.5%, to quarter 4 flat at 0.0%. The year 2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December settled the Brexit issue. However, the three monthly GDP statistics in January were disappointing, being stuck at 0.0% growth. Since then, the whole world has changed as a result of the coronavirus outbreak. It now looks likely that the closedown of whole sections of the economy will result in a fall in GDP of at least 15% in quarter two. What is uncertain, however, is the extent of the damage that will be done to businesses by the end of the lock down period, when the end of the lock down will occur, whether there could be a second wave of the outbreak, how soon a vaccine will be created and then how quickly it can be administered to the population. This leaves huge uncertainties as to how quickly the economy will recover.

After the Monetary Policy Committee (MPC) raised Bank Rate from 0.5% to 0.75% in August 2018, Brexit uncertainty caused the MPC to do nothing until March 2020; at this point it was abundantly clear that the coronavirus outbreak posed a huge threat to the economy of the UK. Two emergency cuts in Bank Rate from 0.75% occurred in March, first to 0.25% and then to 0.10%. These cuts were accompanied by an increase in quantitative easing (QE), essentially the purchases of gilts (mainly) by the Bank of England of £200bn. The Government and the Bank were also very concerned to stop people losing their jobs during this lock down period. Accordingly, the Government introduced various schemes to subsidise both employed and self-employed jobs for three months while the country was locked down. It also put in place a raft of other measures to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses), to tide them over the lock down period when some firms may have little or no income. This leaves open a question as to whether some firms will be solvent, even if they take out such loans, and some may also choose to close as there is, and will be, insufficient demand for their services.

Inflation has posed little concern for the MPC during the last year, being mainly between 1.5 – 2.0%. It is also not going to be an issue for the near future as the world economy will be heading into a recession which is already causing a glut in the supply of oil which has fallen sharply in price. Other prices will also be under

downward pressure while wage inflation has also been on a downward path over the last half year and is likely to continue that trend in the current environment. While inflation could even turn negative in the Eurozone, this is currently not likely in the UK.

5. **The Strategy for 2019/20**

5.1 **Investment Strategy and control of interest rate risk**

Investment returns remained low during 2019/20. The expectation for interest rates within the treasury management strategy for 2019/20 was that Bank Rate would stay at 0.75% during 2019/20 as it was not expected that the MPC would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled. However, there was an expectation that Bank Rate would rise after that issue was settled, but would only rise to 1.0% during 2020. Rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused longer term investment rates to be on a falling trend for most of April to September. They then rose after the end of October deadline was rejected by the Commons but fell back again in January before recovering again after the 31 January departure of the UK from the EU.

When the coronavirus outbreak hit the UK in February/March, rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets. As longer term rates were significantly higher than shorter term rates during the year, value was therefore sought by placing longer term investments where cash balances were sufficient to allow this.

5.2 **Borrowing Strategy and control of interest rate risk**

A policy of avoiding new borrowing by running down spare cash balances has previously been adopted and has served well over the last few years. However, this has been kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure.

During 2019-20 the Council increased its borrowing to fully fund the CFR (the Capital Finance Requirement). This strategy was prudent as borrowing rates fell to historically low levels during the year.

6. **The Borrowing Requirement and Debt**

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). The table below shows the Council's CFR for 2019/20.

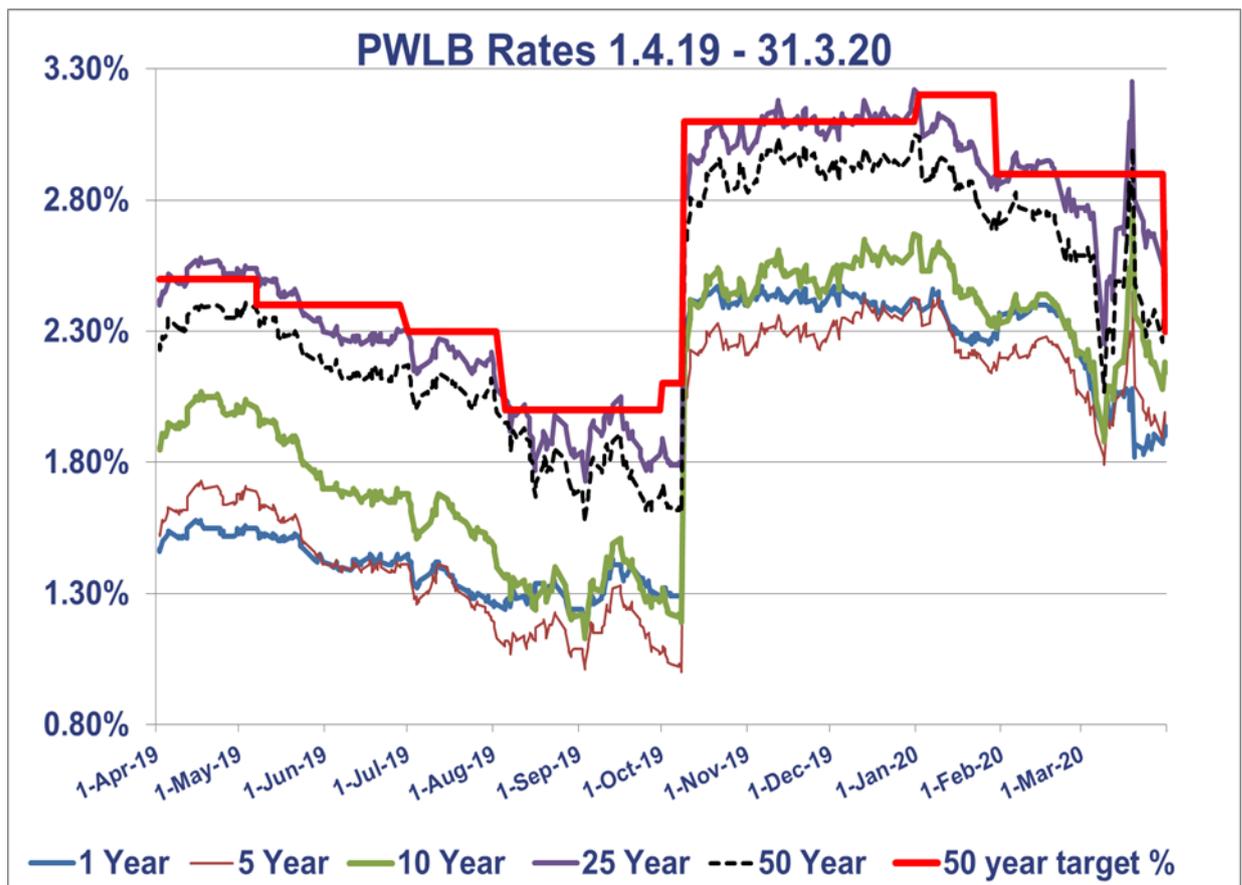
£m	31 March 2019 Actual	31 March 2020 Budget	31 March 2020 Actual
CFR General Fund	30.5	36.8	37.7

7. Borrowing Rates in 2019/20

PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels.

HM Treasury imposed a change in the margins over gilt yields for PWLB rates in 2019-20 without any prior warning on 9 October 2019, adding an additional 1% margin over gilts to all PWLB rates.

The graph for PWLB rates show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



8. **Borrowing Outturn for 2019/20**

Borrowing – The following PWLB loans were taken during the year to fund the net unfinanced capital expenditure and loans that have matured and been repaid in year.

Date	Lender	Principal	Type	Interest Rate	Duration
20/5/19	PWLB	£5m	Maturity	2.28%	50 years
05/7/19	PWLB	£1m	Maturity	2.03%	48 years
05/7/19	PWLB	£2m	Maturity	2.03%	49 years
06/8/19	PWLB	£2m	Maturity	1.99%	46 years
06/8/19	PWLB	£1m	Maturity	1.99%	47 years
20/8/19	PWLB	£1m	Maturity	1.68%	45 years
13/12/19	PWLB	£1m	Maturity	2.95%	43 years
10/3/20	PWLB	£1m	Maturity	2.41%	50 years
11/3/20	PWLB	£2m	Maturity	2.07%	49 years

This compares to a budget assumption of borrowing at an interest rate between 2.8 and 3%.

Rescheduling – No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

Repayments – The following PWLB loan was repaid during the year, as scheduled:

Date	Lender	Principal	Balance at Repayment	Type	Interest Rate	Duration
30/9/19	PWLB	£1.4m	£1.4m	Maturity	4.9%	16 years

9. **Investment Rates in 2019/20**

The Council operates a deposit account with its bank, HSBC, which pays an interest rate of 0.15% below Bank Rate. On 10 March 2020 Bank Rate was cut from 0.75% to 0.25% in response to the coronavirus outbreak. The Bank Rate was further cut to 0.10% on 19 March 2020. The interest rate on the Deposit account was therefore reduced from 0.6% to nil by the end of the year. There was an average daily total of £10.38m being invested within the HSBC “sweep” deposit account, which earned an average of 0.57% in 2019/20.

10. **Investment Outturn for 2019/20**

Investment Policy – the Council’s investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by Full Council on 20 February 2019. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data. This guidance is enhanced by advice from Link Asset Services.

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Investments held by the Council - the Council maintained a daily average balance of £19.7m of internally managed funds during 2019/20. These investments earned an average rate of return of 0.76% which exceeded the target of base rate 0.75% minus 0.2%.

There were a total of 10 market investments made during the financial year, totalling £16m. This includes two investments made with Bank of Scotland that were transferred in year from notice accounts to fixed longer term deposits, in order to secure a higher return against the risk of interest rates falling. The table below shows the amount deposited, and the rate of return against the market benchmark.

Counterparties	Date of Investment	Investment Made £m	Return	Benchmark
Bank of Scotland (95 Day Notice)	20/05/2019	1.0	1.1%	0.634%
Bank of Scotland (32 Day Notice)	09/07/2019	1.0	0.95%	0.557%
Bank of Scotland (12 month fixed)	09/07/2019	2.0	1.25%	0.798%
Bank of Scotland (12 month Fixed – transferred from notice accounts above)	16/08/2019	2.0	1.1%	0.798%
Santander (3 month Term Deposit)	09/08/2019	2.0	0.9%	0.634%
Santander (6 month Term Deposit)	09/08/2019	2.0	1.0%	0.705%
HSBC (31 Day Notice)	29/07/2019	1.0	0.9%	0.557%
HSBC (31 Day Notice)	17/09/2019	1.0	0.9%	0.557%
HSBC (31 Day Notice)	12/11/2019	2.0	0.9%	0.557%
Suffolk County Council	27/03/2020	2.0	1.1%	0.634%

All investments were for one year or under.

The table below shows the maximum amount invested with any of the counterparties at any one time during the period April 2019 to the end of March 2020 against the maximum limits approved in the 2019/20 Treasury Management Strategy.

Counterparties	Maximum Limits £m	Highest level of Investment 2019/20 (£m)
HSBC	25.0	19.8
Bank of Scotland	4.0	4.0
Suffolk County Council	2.0	2.0
Santander UK plc	4.0	4.0
Goldman Sachs	4.0	1.0

11. **Interest payable on External Borrowing / Interest Receivable on Investments**
The revised budget for the PWLB interest payable on external borrowing for 2019/20 was set at £987,328.

The outturn position was £1,073,568 due to increased borrowing activity during the year to fund the Council's CFR whilst taking advantage of historically low PWLB interest rates.

The total interest receivable on temporary investments in 2019/20 amounted to £133,823 compared with a budget for the year of £69,845, the difference of £63,978 being due to careful and pro-active management of the council's cash balances.

12. **Property Fund Investments, costs & dividends received**

The Council continues to invest £2m in property funds with CCLA and Hermes. Dividends receivable amounted to £68,169 compared to a budget of £70,000.

The aim of the Property Fund investments are to provide high levels of income and long-term capital appreciation. Significant uncertainty remains on the full impact of the Coronavirus pandemic on the property sector with early evidence suggesting that the retail and leisure sectors are those hardest hit.

It is expected that pressures will ease as the economy slowly returns to normal but it is likely to be several months before the full implications are understood. The Council will seek compensation from Central Government for any financial losses incurred on the Property Funds.

Valuations are being reported on the basis of material value uncertainty (issued without expected confidence in their accuracy) and need to be kept under frequent review. As a consequence property funds have temporarily suspended trading. This is because funds are unable to provide a firm valuation in the circumstances, and cannot therefore meet the requirement to ensure that investors are treated equally when selling or purchasing shares. This will be ongoing until clarity is restored.

Looking forward, there is expected to be a period of economic recovery next year and for this to be reflected in positive returns from the sector; the recession has been a shock to values, but it should be a passing one.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

13. None arising as a direct result of this report.

POLICY IMPLICATIONS

14. All transactions are in accordance with the Council's approved Treasury Policy Statement

DETAILS OF CONSULTATION

15. None

BACKGROUND PAPERS

16. Treasury Management Strategy Report & Prudential Indicators Report for 2019/20.

**FURTHER INFORMATION
PLEASE CONTACT:**

**Howard Hamilton-Smith,
Finance Manager**

Appendix 1: Prudential and Treasury Indicators

During 2019/20, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators £m	2018/19 Actual	2019/20 Original	2019/20 Actual
Capital expenditure General Fund	6.4	18.2	14.0
Capital Financing Requirement: General Fund	30.5	36.8	37.7
Gross borrowing	23.1	36.1	37.7
Investments Under 1 year	8.8	21.2	17.9
Net borrowing	14.3	14.9	19.8

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2019/20) plus the estimates of any additional capital financing requirement for the current (2020/21) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2019/20.

The authorised limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2019/20 the Council has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

£m	2019/20
Authorised limit	44.5
Maximum gross borrowing position	37.7
Operational boundary	40.4
Average gross borrowing position	32.1
Financing costs as a proportion of net revenue stream	13.1%

Overall Treasury Position as at 31 March 2020 – At the beginning and end of 2019/20 the Council's treasury position was as follows:

The maturity structure of the debt portfolio was as follows:

	31 March 2019 Principal £m	Rate/ Return	Average Life yrs	31 March 2020 Principal £m	Rate/ Return	Average Life yrs
Fixed rate funding:						
PWLB	23.1	3.92%	17.6	37.7	2.76%	16.8
	31 March 2019 Actual £m			31 March 2020 Actual £m		
Total debt	23.1			37.7		
Capital Financing Requirement	30.5			37.7		
Over / (under) borrowing	(7.4)			-		
Total investments	8.8			17.9		
Net debt	14.3			19.8		

The maturity structure of the debt portfolio was as follows:

	31 March 2019 Actual £m	2019/20 Original Limits £m	31 March 2020 Actual £m
Under 12 months	1.4	2.0	2.0
12 months and within 24 months	2.0	1.2	1.2
24 months and within 5 years	5.1	5.6	6.0
5 years and within 10 years	3.1	1.1	1.1
10 years and within 20 years	0.1	0.1	0.1
20 years and within 30 years	-	-	-
30 years and within 40 years	3.0	4.5	4.5
40 years and within 50 years	8.4	20.2	22.8
Totals	23.1	34.7	37.7

REPORT TO EXECUTIVE



DATE	11 August 2020
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Martin Dixon
TEL NO	01282 477324
EMAIL	mdixon@burnley.gov.uk

2019/20 Final Capital Outturn Position

PURPOSE

1. To report to Members on the performance of the 2019/20 capital investment programme and present the financing of capital expenditure incurred during 2019/20.
2. To seek approval of a revised 2020/21 capital budget after incorporating net carry forward commitments (slippage) from 2019/20.

RECOMMENDATION

3. That the Executive Members are requested to recommend that Full Council approve:
 - a) The final position on capital spending and financing of £14.026m for 2019/20 as shown in Appendices 1 & 2, which equates to 90% of the final resources position.
 - b) The revised capital budget for 2020/21 totalling £20.874m as outlined in Appendix 3, (including net carry forward of £1.406m).

REASONS FOR RECOMMENDATION

4. To conclude the capital budget monitoring process for 2019/20 and report the final outturn position as outlined in the Council's Statement of Accounts for 2019/20.
5. To increase the 2020/21 Council capital programme for amounts carried forward from 2019/20 and other budget adjustments as shown in Appendix 3.

10. As shown in the body of the report and appendices.

POLICY IMPLICATIONS

11. The final outturn position will be reflected in the Statement of Accounts which shows the spending by the Council in pursuit of declared objectives in that financial year and the reserves and balances available for future spending. In previous years the draft Statement of Accounts had to be signed off by the Head of Finance and Property by 31st May. Due to the Coronavirus pandemic this deadline has been put back to 31st August 2020. The Statement of Accounts will be reported to the Audit and Standards Committee.

DETAILS OF CONSULTATION

12. None.

BACKGROUND PAPERS

13. None.

FURTHER INFORMATION

PLEASE CONTACT:

**Martin Dixon
Finance Business Partner**

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Final Capital Outturn Position for 2019/20

APPENDIX 1

Scheme Name	Final Budget Position Approved by Executive	Additional Resources Utilised at Year End		Resources no longer required / available	Final Resources Position At Year End	Expenditure Outturn Position	Expenditure Outturn to Final Resources Position as at Year End	Slippage Requested
		Additional Financing made available at Year End	"Reverse Slippage" Budgets utilised from 2020/21					
		£	£					
GREEN SPACES AND AMENITIES								
Thompson Park Restoration Project	107,796	-	-	-	107,796	64,731	60%	43,065
Brun Valley Forest Park	635	148	-	-	783	783	100%	-
Stoops Wheeled Sport	125,815	-	-	-	125,815	122,023	97%	3,792
Prairie Artificial Turf Pitch	1,014,084	-	-	-	1,014,084	967,863	95%	46,221
Play Area Improvement Scheme	137,776	-	-	-	137,776	129,055	94%	8,721
Worsthorne Recreation Ground Improvements	30,000	-	-	-	30,000	12,131	40%	17,869
Vehicle and Machinery Replacement	140,000	-	15,051	(5,767)	149,284	149,284	100%	-
Chaning Places	71,697	-	-	-	71,697	56,428	79%	15,269
	1,627,803	148	15,051	(5,767)	1,637,235	1,502,298	92%	134,937
STREETSCENE								
Alleygate Programme	30,590	-	-	-	30,590	29,345	96%	1,245
River Training Walls	18,000	-	6,913	-	24,913	24,913	100%	-
CCTV Infrastructure	19,153	-	-	-	19,153	16,744	87%	2,409
Wheeled Bins Equipment	685,000	1,289	-	-	686,289	686,289	100%	-
Purchase Replacement Vehicle	46,000	-	-	-	46,000	38,600	84%	7,400
	798,743	1,289	6,913	-	806,945	795,891	99%	11,054
REGENERATION AND PLANNING POLICY								
Padiham Townscape Heritage Initiative	150,000	-	9,111	-	159,111	71,110	45%	88,001
Pioneer Place	189,666	-	-	-	189,666	54,234	29%	135,432
Sandygate Square	5,703,841	-	-	-	5,703,841	5,178,215	91%	525,626
Vision Park	153,421	-	-	-	153,421	114,035	74%	39,386
Former Open Market & Former Cinema Block	810,159	-	-	-	810,159	760,051	94%	50,108
NW Burnley Growth Corridor	1,000,000	-	-	-	1,000,000	949,517	95%	50,483
Lower St James Street	57,455	-	-	-	57,455	-	0%	57,455
	8,064,542	-	9,111	-	8,073,653	7,127,162	88%	946,491
FINANCE								
Rationalisation of Operational Estate	219,879	5,009	-	-	224,888	224,888	100%	-
Leisure Centre Improvements	88,010	-	-	-	88,010	67,952	77%	20,058
Building Infrastructure Works	1,500,000	-	-	-	1,500,000	1,189,936	79%	310,064
	1,807,889	5,009	-	-	1,812,898	1,482,776	82%	330,122
HOUSING AND DEVELOPMENT CONTROL								
Emergency Repairs	163,788	-	-	-	163,788	99,859	61%	-
Better Care Grant	1,300,000	142,950	-	-	1,442,950	1,442,950	100%	-
Energy Efficiency	50,000	704	-	-	50,704	50,704	100%	-
Empty Homes Programme Interventions, Acquisitions and Demolitions	1,430,190	20,099	-	-	1,450,289	1,450,289	100%	-
	38,866	-	-	-	38,866	36,345	94%	-
	2,982,844	163,753	-	-	3,146,597	3,080,147	98%	-
CHIEF EXECUTIVE								
Ward Opportunities Fund	65,468	-	-	-	65,468	37,516	57%	14,500
	65,468	-	-	-	65,468	37,516	57%	14,500
Final Capital Outturn Position for 2019/20	15,347,289	170,199	31,075	(5,767)	15,542,796	14,025,790	90%	1,437,104

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CAPITAL 2019/20 - FINAL SPEND POSITION

APPENDIX 2

Scheme Name	Final Spend Position £	FINANCING ELEMENTS									Total Financing £	
		Prudential Borrowing £	Revenue Contributions / Reserves £	Better Care Grant £	Heritage Lottery Fund £	Lancashire Enterprise Partnership £	Football Foundation £	Sport England £	Capital Receipts £	Vacant Property Initiative Receipts £		S106 Payments / 3rd Party Contributions £
SERVICE UNIT: GREEN SPACES AND AMENITIES												
Thompson Park Restoration Project	64,731	-	-	-	55,569	-	-	-	-	-	9,162	64,731
Brun Valley Forest Park	784	-	-	-	-	-	-	-	-	-	784	784
Stoops Wheeled Sport	122,023	-	-	-	-	-	-	46,208	-	-	75,815	122,023
Prairie Artificial Turf Pitch	967,863	587,176	-	-	-	-	380,687	-	-	-	-	967,863
Play Area Improvement Scheme	129,055	-	-	-	-	-	-	-	170	-	128,885	129,055
Worsthorne Recreation Ground Improvements	12,131	-	-	-	-	-	-	-	-	-	12,131	12,131
Vehicle and Machinery Replacement	149,284	-	149,284	-	-	-	-	-	-	-	-	149,284
Chaning Places	56,428	-	-	-	-	-	-	-	-	-	56,428	56,428
	1,502,298	587,176	149,284	-	55,569	-	380,687	46,208	170	-	283,203	1,502,298
SERVICE UNIT: STREETSCENE												
Alleygate Programme	29,345	-	-	-	-	-	-	-	29,345	-	-	29,345
River Training Walls	24,913	-	-	-	-	-	-	-	24,913	-	-	24,913
CCTV Infrastructure	16,744	9,303	7,441	-	-	-	-	-	-	-	-	16,744
Wheeled Bins Equipment	686,289	435,000	1,289	-	-	-	-	-	-	-	250,000	686,289
Purchase Replacement Vehicle	38,600	27,600	11,000	-	-	-	-	-	-	-	-	38,600
	795,891	471,903	19,730	-	-	-	-	-	54,258	-	250,000	795,891
SERVICE UNIT: REGENERATION AND PLANNING POLICY												
Padiham Townscape Heritage Initiative	71,110	-	-	-	15,016	-	-	-	56,094	-	-	71,110
Pioneer Place	54,234	-	54,234	-	-	-	-	-	-	-	-	54,234
Springgate Square	5,178,216	5,178,216	-	-	-	-	-	-	-	-	-	5,178,216
Vision Park	114,035	-	-	-	-	37,213	-	-	76,822	-	-	114,035
Former Open Market & Former Cinema Block	760,051	760,051	-	-	-	-	-	-	-	-	-	760,051
NW Burnley Growth Corridor	949,517	-	-	-	-	949,517	-	-	-	-	-	949,517
	7,127,162	5,938,266	54,234	-	15,016	986,730	-	-	132,916	-	-	7,127,162
SERVICE UNIT: FINANCE												
Rationalisation of Operational Estate	224,888	-	-	-	-	-	-	-	224,888	-	-	224,888
Leisure Centre Improvements	67,952	67,952	-	-	-	-	-	-	-	-	-	67,952
Building Infrastructure Works	1,189,936	989,035	-	-	-	-	-	-	200,901	-	-	1,189,936
	1,482,776	1,056,987	-	-	-	-	-	-	425,790	-	-	1,482,776
SERVICE UNIT: HOUSING AND DEVELOPMENT CONTROL												
Emergency Repairs	99,859	-	-	99,859	-	-	-	-	-	-	-	99,859
Better Care Grant	1,442,950	-	-	1,442,950	-	-	-	-	-	-	-	1,442,950
Energy Efficiency	50,704	-	-	50,704	-	-	-	-	-	-	-	50,704
Empty Homes Programme	1,450,289	-	-	-	-	-	-	-	-	1,450,289	-	1,450,289
Interventions, Acquisitions and Demolitions	36,345	-	-	-	-	-	-	-	-	36,345	-	36,345
	3,080,147	-	-	1,593,513	-	-	-	-	-	1,486,635	-	3,080,147
SERVICE UNIT: CHIEF EXECUTIVE												
Ward Opportunities Fund	37,516	-	-	-	-	-	-	-	37,516	-	-	37,516
Total Revised Budget	14,025,790	8,054,332	223,248	1,593,513	70,585	986,730	380,687	46,208	650,650	1,486,634	533,203	14,025,790

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2020/21 CAPITAL BUDGET AND FINANCING ELEMENTS

APPENDIX 3

Service Unit	Scheme Name	Original Budget £	Reprofiled from 2019/20 £	Reverse Slippage £	Revised Budget £	FINANCING ELEMENTS											Total Proposed Budget £	
						Prudential Borrowing £	Revenue Cont'n / Reserves £	Better Care Grant £	Historic England Fund £	Heritage Lottery Fund £	Lancashire Enterprise Partnership £	LCC £	Football Foundation £	Sport England £	Capital Receipts £	Vacant Property Initiative Receipts £		3rd Party / Section 106 Unsecured £
Green Spaces & Amenities	Brun Valley Forest Park	40,607			40,607												40,607	40,607
Green Spaces & Amenities	Play Area Improvement Programme	111,345	8,721		120,066											45,000	75,066	120,066
Green Spaces & Amenities	Worsthorne Recreation Ground Improvements	246,311	17,869		264,180								183,311		47,000		33,869	264,180
Green Spaces & Amenities	Vehicle and Machinery Replacement	108,975		(15,051)	93,924		93,924											93,924
Green Spaces & Amenities	Thompson Park Restoration Project	41,000	43,065		84,065				84,065									84,065
Green Spaces & Amenities	Changing Places	28,200	15,269		43,469												43,469	43,469
Green Spaces & Amenities	Extension of Burnley Cemetery	25,000			25,000	25,000												25,000
Green Spaces & Amenities	Playing Pitch Improvements	88,000			88,000												88,000	88,000
Green Spaces & Amenities	Refill Fountains	20,500			20,500		20,500											20,500
Green Spaces & Amenities	Stoops Wheeled Sport	-	3,792		3,792									3,792				3,792
Green Spaces & Amenities	Prairie Artificial Turf Pitch	-	46,221		46,221								46,221					46,221
Streetscene	Alleygate Programme	25,000	1,245		26,245											26,245		26,245
Streetscene	River Training Walls	76,552		(6,913)	69,639											69,639		69,639
Streetscene	CCTV Infrastructure	-	2,409		2,409		2,409											2,409
Streetscene	Purchase Replacement Vehicle	-	7,400		7,400	7,400												7,400
Economy & Growth	Padiham Townscape Heritage Initiative	889,341	88,001	(9,111)	968,231				826,880							88,001	53,350	968,231
Economy & Growth	Pioneer Place	-	135,432		135,432		135,432											135,432
Economy & Growth	Sandygate Square	3,268,080	525,626		3,793,706	3,793,706												3,793,706
Economy & Growth	NW Burnley Growth Corridor	3,609,143	50,483		3,659,626					3,659,626								3,659,626
Economy & Growth	Burnley-Pendle Growth Programme	722,000			722,000		722,000											722,000
Economy & Growth	Town Centre & Weavers Triangle Project Work	536,730			536,730	500,000										36,730		536,730
Economy & Growth	Lower St James Street Historic Action Zone	1,520,059	57,455		1,577,514	107,455	400,000		484,047		250,000	245,000					91,012	1,577,514
Economy & Growth	Padiham Town Hall Improvements	331,379			331,379	33,178				298,201								331,379
Economy & Growth	Finsley Wharf & Canal Towpath Improvements	33,000			33,000		33,000											33,000
Economy & Growth	Vision Park	-	39,386		39,386					22,934					16,452			39,386
Economy & Growth	Former Open Market & Former Cinema Block	-	50,108		50,108	50,108												50,108
Finance & Property	Leisure Centre Improvements	75,000	20,058		95,058	95,058												95,058
Finance & Property	Building Infrastructure Works	3,052,874	310,064		3,362,938	2,582,072	81,400									699,466		3,362,938
Sports & Culture	Mechanics Lighting Equipment	55,000			55,000	55,000												55,000
Housing & Development	Emergency Repairs	120,000			120,000			120,000										120,000
Housing & Development	Better Care Grant	2,994,007			2,994,007			2,994,007										2,994,007
Housing & Development	Energy Efficiency	50,000			50,000		10,000	40,000										50,000
Housing & Development	Empty Homes Programme	1,300,000			1,300,000											1,300,000		1,300,000
Housing & Development	Interventions, Acquisitions and Demolitions	100,000			100,000											100,000		100,000
Chief Executive	Ward Opportunities Fund	-	14,500		14,500										14,500			14,500
TOTAL OF ALL SCHEMES		19,468,103	1,437,104	(31,075)	20,874,132	7,248,977	1,498,665	3,154,007	484,047	910,945	4,230,761	245,000	229,532	3,792	1,043,033	1,400,000	425,373	20,874,132

Page 27

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Revenue Monitoring Report 2020/21 – Quarter 1 (to 30 June 2020)

REPORT TO EXECUTIVE



DATE	11th August 2020
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Howard Hamilton-Smith
TEL NO	(01282) 477173
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PURPOSE

1. To report the forecast outturn position for the year as at 31 March 2021 based upon actual spending and income to 30 June 2020.
2. Members are asked to note the financial impact of the Coronavirus pandemic as can be seen in para 5. In view of these exceptional times the revenue monitoring position is uncertain.

RECOMMENDATION

3. The Executive is asked to:
 - a. Note the projected revenue budget forecast position of a net overspend of £2.7m, as summarised in table 1 and detailed in Appendix 1.
 - b. Note that Officers are continuing to work on a number of options to mitigate the potential financial impact and bring forward options for decision as appropriate.
 - c. Note that the Council, along with other District Council's and industry groups continue to lobby Central Government for additional funding.
 - d. Note that further income compensation is to be received. Where these income losses are more than 5% of a council's planned income from sales, fees and charges, the government will cover them for 75p in every pound lost. See para 11.

The Executive is also asked to seek approval from Full Council for:

- e. The latest revised net budget of **£15.693m** as shown in Table 1, and
- f. The net transfers to earmarked reserves of **£1.703m** as shown in Appendix 2.

REASONS FOR RECOMMENDATION

4. To give consideration to the level of revenue spending and income in 2020/21 as part of the effective governance of the Council and to ensure that appropriate management action is taken to ensure a balanced financial position.

SUMMARY OF KEY POINTS

5. Financial Impact of Covid -19

This report shows the forecast outturn position based on the net budget forecast within the current reporting period. In previous years, the focus of this report has been on the net budget forecast and the achievement of the savings targets. Due to the Coronavirus pandemic, this year is unprecedented with the focus instead being on the forecast reductions in income and increases in expenditure, resulting in a potential significant year end net budget deficit. At the end of the current reporting period, the forecast year end net budget deficit stands at £2.7m. This is after taking into consideration £1.271m of direct Central Government funding received to date. The budget deficit equates to 17% of the Council's overall net budget. The deficit is based upon forecast income and expenditure as at the end of Quarter 1, a time at which there are many future unknowns. The budget is being continually monitored.

Currently any shortfall in funding will have to be met from reserves, however further significant government intervention will be required as the current level of reserves is not sufficient to fund the estimated deficit. This Council, along with other District Councils and industry groups will continue to lobby Central Government for additional funding. Consideration has only been given to the short-term impact of the pandemic and there is a high probability that the impact will be longer-term spanning future financial years, with increased costs and income losses.

Officers are continuing to work on a number of options to mitigate the potential financial impact and will bring forward options for decision as appropriate. A review of some service provision may be necessary.

6. Revenue Budget Monitoring Process

All budget holders are required to review their budgets on a monthly basis. Three in-year reports on revenue budget monitoring are presented to the Executive and Scrutiny Committee during the course of the financial year. This is the first in-year report for 2020/21. In addition to these three reports there is a final report for revenue to consider the actual spending at the end of the financial year compared with the revised revenue budget. Under the scheme of delegation each budget area is delegated to a Head of Service who remains accountable for the effective discharge of financial management as an integral part of achieving strategic objectives and in turn meeting service delivery priorities.

All Heads of Service have been asked to consider their budgets and provide information and details of any actual or anticipated significant variations between spending / income and budgets.

7. Budget Changes

Since the budget was approved, the following proposed budget changes have been made and are shown in Appendix 1:

- Virements approved by Heads of Service and Management Team.
- Decisions confirming additional awards of grant and contributions up to £50k approved by Heads of Service and Management Team.
- Executive Member for Resources and Performance Management decisions confirming additional awards of grant and contribution over £50k.
- Decisions made by the Executive.
- Transfers to/from Earmarked Reserves in respect of grants/contributions and also approved carry forwards from 2019/20 (Appendix 2).

Members are asked to approve the latest revised net budget of £15.693m as shown in Table 1.

8. Revenue Budget Summary

Table 1 shows a summary by service area of the revised budget for the year along with the current forecast as at the end of Q1 and the anticipated variance.

At the end of Q1 the net budget forecast is currently £2.7m deficit. Incorporated into the budget are two savings targets: a £154k salary savings target and a £59k non salary savings target. This report would normally focus on the savings identified in year and the achievement of these targets. In the current circumstances this is not feasible. The net budget forecast of £2.7m deficit is based upon the latest estimates of income and expenditure, of which there are still many future unknowns. Consideration has only been given to the short-term impact of the pandemic and there is a high probability that the impact will be longer-term spanning future financial years, with increased costs and income losses.

9. Over recent weeks the Government has announced a series of financial interventions to help support local authorities and their residents/businesses during the current Coronavirus pandemic. Of these financial interventions this Council has received a direct funding allocation of £1.271m out of a Central Government fund of £3.305bn. Of our £1.271m allocation, £6k is a ringfenced grant towards tackling homelessness and £79k is ringfenced as part of the 'Re-opening High Streets Safely' scheme. The balance (£1.186m) was received in three tranches: £75k received in Tranche 1 which has been allocated to tackling homelessness, £882k in Tranche 2 and £229k in Tranche 3. Both Tranche 2 and Tranche 3 monies are un-ringfenced funding to assist with reductions in income received and additional cost pressures incurred by the Council. In the lead up to the allocation of Tranche 2 and Tranche 3 monies there was significant lobbying from District Councils about not only cost pressures but also pressure arising from great reductions in income. As a result, the grant was intended by Government to cover both, however as can be seen in this report, the funding received is insufficient
10. The money from Central Government is welcome, however, even with this funding the forecast overspend represents 17% of the Council's net budget for 2020/21. The Council

would not have the financial resources to cover these losses if the impact of the virus was prolonged and sustained over the current financial year, and without further significant financial support the Council would not be able to meet this level of challenge. Due to the ever-changing environment the budget position is fluid and is being continually monitored and reviewed. More detailed forecasts will be provided throughout the year as part of the budget monitoring reporting cycles.

11. Included within the £500m support package for Local Government announced by the Government on 2nd July 2020 was an announcement to support income losses. Where these income losses are more than 5% of a council's planned income from sales, fees and charges, the government will cover them for 75p in every pound lost. The announcement also stated that council and business rates tax deficits can be repaid over three years instead of one. At the time of writing this report no further details as to individual council allocations was available, however once this funding is received the deficit will reduce.
12. An additional option is to look at setting an emergency budget for the current financial year, however it is not felt appropriate at the present time as there are many uncertain variables. Also, additional Central Government funding may be received which may help to bridge the budget gap.

Table 1: Revenue Budget Forecast Position 2020/21

		Reconciliation of Approved Budget & Funding	Forecast position as at Quarter 1		
		Net Budget 2020/21 £000s	Revised Budget £000s	Forecast Q1 £000s	Variance Q1 £000s
a	Economy and Growth	922	922	1,088	167
b	Policy and Engagement	417	417	449	32
c	Management Team	354	354	354	0
d	Sport and Culture Leisure Client	734	734	1,046	312
e	Green Spaces and Amenities	1,020	1,020	1,126	106
f	Streetscene	3,054	3,054	3,617	563
g	Housing and Development Control	387	387	598	211
h	Strategic Partnership	3,959	3,959	3,959	0
i	Finance and Property	509	509	1,068	559
j	Revenues and Benefits Client	(1,341)	(1,341)	(1,035)	307
k	Legal and Democratic Services	989	989	973	(16)
l	People and Development	209	209	209	0
m	Central Budgets - Other (includes corporate costs eg utilities, apprenticeship levy)	169	169	363	194
	Central Budgets - Savings Targets (see Table 2)	(213)	(213)	0	213
	NET SERVICE BUDGET	11,168	11,168	13,814	2,647
	Pensions	761	761	761	0
	Provisions (Balance to be determined at year end)	0	0	0	0
	Impairments (Provisions for Bad Debt)	0	0	0	0
	Parish Precepts (Disbursement to Parishes)	166	166	166	0
	Treasury (Investment Income & Expenditure)	879	879	974	95
	Capital Financing	1,017	1,017	1,017	0
	Earmarked Reserves (to / (from))	953	953	953	0
	Strategic Reserves (to / (from))	750	750	750	0
	NET CORPORATE ITEMS	4,525	4,525	4,620	95
	Council Tax	(7,160)	(7,160)	(6,486)	674
	Parish Precepts (Receipts from Council Tax Payers)	(166)	(166)	(166)	0
	Business Rates: Retained Income	(4,513)	(4,513)	(3,962)	550
	Business Rates: S31 Grants (For award of business rates relief)	(1,219)	(1,219)	(1,219)	0
	Prior Year Collection Fund (Surplus)/Deficit	(301)	(301)	(301)	0
	Revenue Support Grant	(1,640)	(1,640)	(1,640)	0
	New Homes Bonus	(694)	(694)	(694)	0
	Other Government Grants	0	0	0	0
	FUNDING	(15,693)	(15,693)	(14,468)	1,224
	BUDGET BALANCE	0	0	3,966	3,966
	Share of £3.2m Homelessness Funding (ringfenced grant)	0	0	(6)	(6)
	Tranche 1 - Share of £1.6bn allocated from £5bn Coronavirus Fund – Burnley allocation for homelessness	0	0	(75)	(75)
	Tranche 2 - Share of additional £1.6bn funding announced on 18 th April 2020 – non-ringfenced grant	0	0	(882)	(882)
	Share of £50m Re-opening High Streets Safely Fund (ringfenced grant)	0	0	(79)	(79)
	Tranche 3 - Share of additional £500m funding announced on 2nd July 2020- non ring fenced grant	0	0	(229)	(229)
		0	0	2,695	2,695

13. SAVINGS TARGETS

As previously mentioned, in setting the budget it was assumed that two savings targets would be achieved: £154k salary savings from not filling posts immediately and £59k in year savings/additional income target. In light of the financial pressures incurred as a result of the Coronavirus pandemic the operational underspend target will not be achieved. The salary savings target may be achieved due to staff turnover and vacant posts. At present the forecast budget overspend is £2.7m. This is after Central Government funding has been taken into consideration. A summary of the in-year targets and the projected budget forecasts categorised by salary and non-salary expenditure as at the end of Q1 can be seen in Table 2 below:

Table 2: Summary of Corporate Savings

Savings	Revised Budget	Savings Forecast Q1	Savings Forecast Q2	Savings Forecast Q3	Balance of Savings yet to be Identified
	£000	£000			£000
Salary Savings	(154)	19	0	0	(134)
Non-Salary Savings	(59)	(3,773)	0	0	(3,832)
TOTAL	(213)	(3,754)	0	0	(3,966)
Less Central Government Funding Received					1,271
TOTAL SAVINGS YET TO BE IDENTIFIED					(2,695)

Salary Savings Target

The position at the end of Q1 is that £19k of salary savings have been secured to date as can be seen in Table 2 above, leaving a shortfall of £134k to identify throughout the remainder of the year.

Non-Salary Savings Target

The latest position is that the estimated reduction in income and increased expenditure has increased the balance of non-salary savings yet to be identified to £3.8m.

The combined balance of savings (salary and non-salary) yet to be identified totals £3.9m which is reduced to a net budget deficit of £2.7m once Central Government funding received to date has been taken into consideration. The above estimates are based on forecasts at the end of Quarter 1, when there are still many future uncertainties. As such the budget is fluid in nature and may change (positively or negatively) as the year progresses. The Council does not have sufficient reserves to bridge the current forecast budget deficit. As mentioned in paragraph 11 additional Government funding has been announced however our allocation is not yet known.

14. SERVICE REPORTS

14.1 Departmental budgets and current forecast for each service area can be found in Appendix 1. Summarised below by service area are narratives explaining movements in the projected forecast along with any issues or concerns to be highlighted.

a. Economy and Growth

Forecast Variance: £167k net overspend

Reduction in stall income at the Market Hall £37k due to 50% rent and service charge reduction for the period June – September 2020 (inclusive) along with additional agency staff costs £5k to provide cover for an Officer to provide cover. Offset in part by a reduction in salary costs (£2k) for the Assistant Market Manager post due to the previous postholder now working on Burnley BID. The vacancy has been filled. Increased provision for the non-payment of market stall rental income £20k due to the cancellation of several direct debit payments.

Reduction in forecast income at Vision Park £74k. This is a culmination of reduced rental and service charge income due to vacant units and also a rent-free period offered to current tenants who would not attract a Small Business grant under the Government's Business Grant Award Scheme. In addition, forecast increase in business rates payable on the vacant units £18k.

Reduced income from Business Support rechargeable work £15k due to rechargeable work no longer being carried out.

b. Policy and Engagement

Forecast Variance: £32k net overspend

Forecast reduction in income from external works carried out by the Graphics Team £32k due to reduced demand in the current climate.

c. Management Team

Forecast Variance: £0

There are no variances or issues of concern to report in this quarter.

d. Sport and Culture Leisure Client

Forecast Variance: £312k net overspend

Burnley Leisure are facing a potential in year cashflow shortfall of £312k which may require a financial contribution from the Council. However, to be clear, a financial contribution from the Council would only be made if Burnley Leisure were unable to enact an effective action plan to manage the financial impact of the Coronavirus pandemic and any support would require approval from Members. Membership fees are a major source of income for Burnley Leisure however this income could not be collected during the period that their various facilities had to close. The period of closure for each facility was dependent upon the service offered. Like many other leisure trusts across the country they are facing potentially significant financial challenges due the pandemic. The estimated in-year shortfall for Burnley Leisure is a high-level forecast incorporating the opening of leisure centres in accordance with government guidelines and the ability to earn membership income. It also includes the furlough bonus announced by the Government for all permanent members of staff. Burnley Leisure is preparing a recovery plan to identify proposals to mitigate this potential loss of income and continue operations.

e. **Green Spaces and Amenities**

Forecast Variance: £106k net overspend

Additional burial and crematorium income (£104k) at the end of Q1 in comparison to the same time the previous financial year due to excess deaths as a result of the coronavirus pandemic. However, excess death rates are reducing. It is uncertain whether the number of excess deaths will continue to fall as the year progresses or whether the trend will reverse if there is a second wave of the pandemic. As a consequence, the additional income received may level out as the year progresses.

Reduced cemetery/crematorium income £7k from the hire of the chapel and purchase of memorial wall plaques.

Reduction in catering rights/service charge income £60k at various establishments in Queens Park, Towneley Park & Old Stable Café as these facilities were required to close due to the Coronavirus pandemic. Car parking income at Towneley Park and Thompson Park lower than forecast £55k as the car parks were closed during April and May.

A fall in football pitch bookings has resulted in a forecast reduction in income of £7k. No income is forecast to be received from the hire of Townley Park by the fairground of £8k as at present it is not anticipated that the fairground will be able to attend. Likewise, it is expected that the annual firework event will not take place resulting in a loss of income of £18k. In addition, no events are anticipated to be held at Thompson Park Pavillion resulting in a forecast reduction of income £5k.

Forecast reduction in expenditure at Towneley Hall (£38k) across several areas, for example, purchase of goods for resale, uniforms, catering supplies, marketing and publicity and exhibitions costs due to the current closure. Offset by a forecast reduction in income £104k relating to admissions, events, tours, sale of goods and donations.

Salary savings (£16k) in relation to a Community Engagement Ranger post. The position is not going to be replaced.

f. **Streetscene**

Forecast Variance: £563k net overspend

Reduction in car parking daily fee income forecast for the year of £291k due to no income being generated April – June and reductions throughout the rest of the year, as well as a reduction in contract parking income £68k. Car park enforcement action was also suspended April – June resulting in a forecast reduction in income from fines £26k.

The environmental enforcement contract is currently suspended leading to a forecast reduction in net income of £52k.

The provision of a limited pest control services has led to a reduction in pest control service costs (£4k). This has been offset by a reduction in domestic and commercial pest control income £31k.

The current suspension of the courts has resulted in a forecast reduction in court cost income and court compensation income £5k in respect of back yard clearances.

Forecast reduction in licensing income across several areas: street trader licences £9k and kennelling licences £2k due to a reduced take up of licences; taxi licences £40k as no new applications are being received and those expiring before 1st August are being renewed automatically for 4 months; other general licences £26k as auto renewal fees have been suspended resulting in 3 months loss of income.

Increased costs in relation to public funerals £17k due to an increase in demand due to the Coronavirus pandemic.

g. **Housing and Development Control**

Forecast Variance: £211k net overspend

Reduced renovation grant fee income £103k as no renovation grants have been carried out in the period April to June. This is because those in receipt of the grants are often those who are most vulnerable in society. In addition, the number of referrals from Occupational Therapists are falling.

Forecast shortfall in planning fee income £108k based on income received to date and comparisons to previous years.

h. **Strategic Partnership**

Forecast Variance: £0

There are no variances or issues of concern to report in this quarter.

i. **Finance and Property**

Forecast Variance: £559k net overspend

Various costs £25k relating to the purchase of software, over-time incurred maintaining reception cover at the Town Hall and also a reduction in room hire income at the Town Hall.

Reduction in bus station departure income £34k due to the number of departures being less frequent during the period of lockdown. Forecast reduction in commercial rental income £500k due to the impact that the pandemic has had and is forecast to have on commercial businesses within the borough.

j. **Revenues and Benefits Client**

Forecast Variance: £307k net overspend

Reduced courts cost income £300k relating to non-payment as recovery is currently suspended as the courts are not sitting. This equates to 49% of the annual budgeted income.

Grant received regarding the administration of council tax support lower than initially estimated £7k.

k. **Legal and Democratic Services**

Forecast Variance: (£16k) net underspend

A re-tender of the Council's insurance services has resulted in a forecast net underspend (£75k). Offset in part by a forecast reduction in local land charges income £25k due to a slowing property market during the pandemic and £30k Agency Staff costs to provide staffing cover during a period of illness. In addition, various small forecast increases in expenditure £4k in relation to democracy software costs, printing & stationery costs due to an increased need to print meeting agendas as meetings are held remotely.

l. People and Development

Forecast Variance: £0k

There are no variances or issues of concern to report in this quarter.

m. Central Budgets

Forecast Variance: £194k net overspend

Various costs in relation to the current pandemic, for example, food parcels, guidance literature, grants to community projects, costs relating to Burnley Hub, staffing costs in relation to the Business Grants Scheme, costs relating to the administration of the Council Tax Hardship Fund, PPE, IT costs, additional materials required to deal with the increase in burials due to the pandemic and homelessness costs.

n. Corporate Items

Forecast Variance: £95k net overspend

A cut in the Bank of England base rate has led to a forecast reduction in temporary investment income £80k. In addition, the Property Funds are estimating a 25% reduction in dividends payable £15k.

o. Funding

Forecast Variance: £1,224k net overspend

In year collection rates of 97.5% for business rates and 94.5% for council tax have been revised down to 92.5% and 90% respectively, which has led to a forecast reduction in income from council tax £674k and business rates £550k. The Government announcement to award Retail, Hospitality & Leisure Discounts and Nursery Reliefs to qualifying businesses has reduced the amount of business rates to be collected (and in turn reduced the impact of non-collection), as these reliefs are fully funded by Central Government. There is still uncertainty around the future collection of council tax and business rates especially around the impact of the furlough scheme coming to an end or if there is a second wave of the pandemic. The collection of council tax and business rates will continue to be monitored on a monthly basis to ascertain the drop-off of direct debits and cash payments to forecast-forward the level of loss.

15. EARMARKED RESERVES

The council holds a number of earmarked reserves, details of which can be seen in Appendix 2 which shows the opening balance at the start of the year and any in quarter movements.

A summary of the reserves can be seen in Table 3 below. Please note that the opening balances of the reserves are subject to change following the close-down of the 2019/20 Statement of Accounts:

Table 3: Summary of Reserves

	Transformation Reserve	Growth Reserve	Other Earmarked Reserves	TOTAL
	£000	£000	£000	£000
Balance as at 01/04/20*	(1,900)	(2,074)	(5,346)	(9,320)
Movement in Q1	(750)	-	(953)	(1,703)
Balance as at 30/06/20	(2,650)	(2,074)	(6,299)	(11,023)

* Please note that the opening balances of the reserves are subject to change following the close-down of the 2019/20 Statement of Accounts

When the 2020/21 budget was prepared it was not proposed to use reserves to support revenue expenditure, however due to the current situation there will now be a need to use reserves. Currently any shortfall in funding will have to be met from reserves, however further significant government intervention will be required as the current level of reserves is not sufficient to fund the estimated deficit.

Any savings proposals for 2020/21 that are subsequently adopted and include proposed reductions in posts, will require the cost of any redundancies to be met in the current financial year.

16. CAPITAL FINANCING

16.1 Included in the revenue budget is a revenue contribution to capital outlay (RCCO) of £1.508m. This is where revenue funds are used to finance capital schemes. The contribution of £1.508m relates to vehicle and machinery replacement (£104k), refill fountains (£21k), CCTV infrastructure (£2k), Pioneer Place (£135k), Burnley-Pendle Growth Programme (£722k), Lower St James St Historic Action Zone (£400k), Finsley Wharf & Canal Towpath improvements (£33k), building infrastructure works (£81k) and energy efficiency (£10k).

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

17. As shown in the body of the report.

POLICY IMPLICATIONS

18. The revenue budget determines the extent to which the Council's strategic objectives can be pursued and achieved.

DETAILS OF CONSULTATION

19. None

BACKGROUND PAPERS

20. None

FURTHER INFORMATION

Howard Hamilton-Smith – Finance Manager

PLEASE CONTACT:

ALSO

Amy Johnson – Principal Accountant

Revenue Budget Forecast Position 2020/21 by Service Area

Appendix 1

Economy and Growth	RAPP Holding Accounts	RAPP Holding Accounts
Economy and Growth	Markets	Burnley Markets
Economy and Growth	Markets	Markets Shared Areas
Economy and Growth	Planning Policy	Local Plan
Economy and Growth	Planning Policy	Planning Policy
Economy and Growth	Economic Development	Town Centre Management
Economy and Growth	Economic Development	Business Support
Economy and Growth	Economic Development	Burnley Branding
Economy and Growth	Economic Development	Burnley Bondholders
Economy and Growth	Regeneration Development	Regeneration
Economy and Growth	Regeneration Development	Weavers Triangle
Economy and Growth	Regeneration Development	Padiham THI
sub-total		
Policy and Engagement	Corp Engage & Policy Hold Acc	Corp Engage Holding Accounts
Policy and Engagement	Emergency Planning	Emergency Planning
Policy and Engagement	Communications	Communications
Policy and Engagement	Community Engagement	Community Engagement
Policy and Engagement	Performance And Policy	Performance and Policy
sub-total		
Management Team	Management Team	Management Team
sub-total		
Sport and Culture Leisure Client	Burnley Mechanics And Arts Devt	Burnley Mechanics And Arts Devt
Sport and Culture Leisure Client	Leisure Centres	St Peters Centre
Sport and Culture Leisure Client	Leisure Centres	Leisure Trust Client
Sport and Culture Leisure Client	Leisure Centres	Padiham Leisure Centre
Sport and Culture Leisure Client	Leisure Centres	Prairie Sports Village
sub-total		
Green Spaces and Amenities	Bereavement Service	Cemeteries and Crematorium
Green Spaces and Amenities	Parks And Green Spaces	Community Parks and Open Space
Green Spaces and Amenities	Parks And Green Spaces	Recreation and Sport
Green Spaces and Amenities	Parks And Green Spaces	Allotments
Green Spaces and Amenities	Parks And Green Spaces	Parks Externally Funded Scheme
Green Spaces and Amenities	Art Gallery And Museums	Towneley Hall
Green Spaces and Amenities	Art Gallery And Museums	Towneley Hall Ext Fund Schemes
Green Spaces and Amenities	Transport	Grounds Maintenance
sub-total		
Streetscene	Streetscene Holding Accounts	Streetscene Holding Accounts
Streetscene	Engineering Services	Bus Shelters
Streetscene	Engineering Services	Highways
Streetscene	Engineering Services	Street Lighting
Streetscene	Engineering Services	Drainage
Streetscene	Community Safety	Community Safety
Streetscene	Car Parking	Car Parking
Streetscene	Car Parking	Car Parking Enforcement
Streetscene	CCTV	CCTV
Streetscene	Environmental Services	Waste Cleaning Contract
Streetscene	Environmental Services	Street Cleansing
Streetscene	Environmental Services	Waste Collection
Streetscene	Environmental Services	Pest Control
Streetscene	Environmental Services	Dog Warden
Streetscene	Environmental Services	Default Works
Streetscene	Regulation	Environmental Health Client
Streetscene	Regulation	Taxi Licensing
Streetscene	Regulation	Other Licensing
Streetscene	Regulation	Public Funerals
sub-total		
Housing and Development Control	Housing And Development Ctrl	Housing
Housing and Development Control	Development Control	Development Control
Housing and Development Control	Building Control	Building Control
Housing and Development Control	Selective Licensing	Selective Licensing
sub-total		
Strategic Partnership	Strategic Partnership	Strategic Partnership

Quarter 1			
ORIGINAL BUDGET 2020/21 £000s	REVISED BUDGET 2020/21 £000s	Current Forecast £000s	Current Variance £000s
151	151	151	0
102	111	171	60
(29)	(29)	(29)	0
14	14	14	0
210	210	210	0
51	66	66	0
156	156	171	15
108	108	108	0
26	26	26	0
97	97	189	92
7	7	7	0
4	4	4	0
898	922	1,088	167
46	46	46	0
2	2	2	0
69	69	101	32
217	217	217	0
84	84	84	0
417	417	449	32
354	354	354	0
354	354	354	0
51	51	51	0
218	218	218	0
351	351	663	312
69	69	69	0
44	44	44	0
734	734	1,046	312
(888)	(888)	(985)	(97)
1,379	1,379	1,484	106
231	231	242	11
(18)	(18)	(18)	0
(1)	(1)	0	1
243	243	328	85
0	0	0	0
74	74	74	0
1,020	1,020	1,126	106
795	795	796	1
18	18	18	0
13	14	14	0
81	81	81	0
4	4	4	0
246	246	246	0
(562)	(562)	(203)	359
12	12	38	26
149	149	149	0
5	105	105	0
1,318	1,223	1,275	52
1,155	1,164	1,164	0
21	21	48	27
54	54	54	0
(24)	(24)	(19)	5
(35)	(35)	(24)	11
(124)	(124)	(84)	40
(97)	(97)	(71)	26
10	10	27	17
3,038	3,054	3,617	563
385	425	528	103
(62)	(62)	46	108
75	75	75	0
(51)	(51)	(51)	0
347	387	598	211
3,984	3,959	3,959	0

			sub-total
Finance and Property	Finance Unit	Finance Unit	
Finance and Property	External Audit	External Audit	
Finance and Property	Internal Audit	Internal Audit	
Finance and Property	Misc Income And Expenditure	Misc Income And Expenditure	
Finance and Property	Property	Property	
			sub-total
Revenues and Benefits Client	Revenues And Benefits Client	Revenues And Benefits Client	
Revenues and Benefits Client	Housing Benefits Payments And Subs	Housing Benefits Payments And Subs	
Revenues and Benefits Client	Council Tax Support	Council Tax Support	
Revenues and Benefits Client	Cost Of Collection Accounts	Cost Of Collection Accounts	
			sub-total
Legal and Democratic Services	Legal	Legal Services	
Legal and Democratic Services	Legal	Local Land Charges	
Legal and Democratic Services	Legal	FOI Requests	
Legal and Democratic Services	Governance	Conducting Elections	
Legal and Democratic Services	Governance	Register of Electors	
Legal and Democratic Services	Governance	Charities Administration	
Legal and Democratic Services	Governance	Parish Councils	
Legal and Democratic Services	Governance	Democratic Services	
Legal and Democratic Services	Governance	Civic Administration	
Legal and Democratic Services	Governance	Mayoralty	
Legal and Democratic Services	Governance	Members Expenses	
			sub-total
People and Development	People And Development	People and Development	
			sub-total
Central Budgets - Other	Central Budgets - Other	Central Budgets - Other	
Central Budgets - Savings Targets	Central Budgets - Savings Targets	Salary Savings Target	
Central Budgets - Savings Targets	Central Budgets - Savings Targets	Non-Salary Savings Target	
			sub-total
NET SERVICE BUDGET			
Corporate Items	Pensions		
Corporate Items	Provisions		
Corporate Items	Impairments		
Corporate Items	Parish Precepts		
Corporate Items	Treasury Investments & Borrowing		
Corporate Items	Capital Financing		
Corporate Items	Earmarked Reserves		
Corporate Items	Strategic Reserves		
NET CORPORATE ITEMS			
Funding	Council Tax		
Funding	Council Tax - Parish Precepts		
Funding	Business Rates: Retained Income		
Funding	Business Rates: S31 Grants		
Funding	Revenue Support Grant		
Funding	Prior Year Collection Fund (Surplus)/Deficit		
Funding	New Homes Bonus		
Funding	Other Government Grants		
FUNDING			
BUDGET BALANCE			
Government Funding	Share of £3.2m Homelessness Funding (ringfenced grant)		
Government Funding	Tranche 1 - Share of £1.6bn allocated from £5bn Coronavirus Fund – Burnley allocation for homelessness		
Government Funding	Tranche 2 - Share of additional £1.6bn funding announced on 18 th April 2020 – non-ringfenced grant		
Government Funding	Share of £50m Re-opening High Streets Safely Fund (ringfenced grant)		
Government Funding	Tranche 3 - Share of additional £500m funding announced on 2nd July 2020 - non ring fenced grant		
REVISED BUDGET BALANCE			

3,984	3,959	3,959	0
606	606	620	14
53	53	53	0
138	138	138	0
33	33	33	0
(322)	(321)	225	545
508	509	1,068	559
(391)	(391)	(391)	0
(74)	(74)	(74)	0
(163)	(163)	(156)	7
(714)	(714)	(414)	300
(1,341)	(1,341)	(1,035)	307
320	320	245	(75)
(45)	(45)	(20)	25
1	1	1	0
77	77	77	0
73	73	73	0
0	0	0	0
6	6	6	0
274	274	308	34
17	17	17	0
32	32	32	0
233	233	233	0
989	989	973	(16)
209	209	209	0
209	209	209	0
165	169	363	194
(154)	(154)	0	154
(59)	(59)	0	59
(48)	(44)	363	407
11,108	11,168	13,814	2,647
761	761	761	0
0	0	0	0
10	0	0	0
166	166	166	0
879	879	974	95
1,017	1,017	1,017	0
1,002	953	953	0
750	750	750	0
4,585	4,525	4,620	95
(7,160)	(7,160)	(6,486)	674
(166)	(166)	(166)	0
(4,513)	(4,513)	(3,962)	550
(1,219)	(1,219)	(1,219)	0
(1,640)	(1,640)	(1,640)	0
(301)	(301)	(301)	0
(694)	(694)	(694)	0
0	0	0	0
(15,693)	(15,693)	(14,468)	1,224
0	0	3,966	3,966
0	0	(6)	(6)
0	0	(75)	(75)
0	0	(882)	(882)
0	0	(79)	(79)
0	0	(229)	(229)
0	0	2,695	2,695

Appendix 2

Quarter 1 Movements in Reserves

	Transformation Reserve	Growth Reserve	TOTAL Strategic Reserves	Other Earmarked Reserves
	£000	£000	£000	£000
Opening Balance	(1,900)	(2,074)	(3,974)	(5,346)
Original Budget 2020/21 - use of reserves	(750)	0	(750)	(1,003)
TOTAL	(2,650)	(2,074)	(4,724)	(6,348)
Change in cycle 1	0	0	0	50
Anticipated balance at 31 March 2021	(2,650)	(2,074)	(4,724)	(6,299)
Approved use of reserves future years	1,911	2,040	3,951	(2,930)
Movement between reserves	0	0	0	0
Balance after approvals	(739)	(34)	(773)	(9,229)

Please note that the opening balances of the reserves are subject to change following the close-down of the 2019/20 Statement of Accounts

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Capital Monitoring Report 2020/21 – Quarter 1 (to 30 June 2020)

REPORT TO EXECUTIVE



DATE	11 August 2020
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Howard Hamilton Smith
TEL NO	(01282) 477173
EMAIL	<u>hhamilton-smith@burnley.gov.uk</u>

PURPOSE

1. To provide Members with an update on capital expenditure and the resources position along with highlighting any variances.

RECOMMENDATION

2. The Executive is asked to:
 - a. Recommend to Full Council, approval of net budget changes totalling a decrease of £1,758,987 giving a revised capital budget for 2020/21 totalling £19,115,145 as detailed in Appendix 1.
 - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £19,115,145 as shown in Appendix 2.
 - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £946,774 at 31 March 2021 as shown in Appendix 3.

REASONS FOR RECOMMENDATION

3. To effectively manage the 2020/21 capital programme.

SUMMARY OF KEY POINTS

4. Monitoring Information

On 26 February 2020 Full Council approved the 2020/21 original capital budget, totalling £19,468,103.

The Outturn report, also being presented to Executive on 11 August 2020 seeks approval for slippage of £1,437,104, and reverse slippage of £31,075, revising the capital budget to £20,874,132.

This is the first of three in-year monitoring reports, and as such the appendices accompanying this report provide Members with the position as at 30 June 2020 on expenditure, along with providing Members with an update on the progress of the individual schemes delivery.

5. Executive Summary

- a. **Expenditure monitoring – Appendix 1** provides a detailed breakdown of the revised capital budget, scheme by scheme, presented under each of the relevant service unit areas responsible for delivering the capital projects. It shows the recommended revised budget position and expenditure as at the end of June 2020. The expenditure to date is £2,708,431 which is 14% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £19,115,145, along with identifying the recommended financing elements on a scheme by scheme basis. This is a reduction of £1,758,987.
- c. **Council resources position – Appendix 3** shows the latest position on capital receipts, section 106 monies and third party contributions. As at the end of this round of budget monitoring the assumed level of surplus available local resources, after taking into account the 2020/21 capital commitments, totals £946,774.

The resources are reducing each financial year, to an estimated balance on general capital receipts of £306k by March 2021. This is due to reduced opportunities to realise capital receipts, as the estate reduces, which will require prioritisation of future capital schemes in line with available resources.

Please note, the general receipts position requires a number of properties to be sold before 31st March 2021 (or the estimated balance will reduce).

We will monitor these sales throughout the year, and update through the cyclical monitoring reports. Should these receipts not be received, we will need to source alternative financing.

d. Building Infrastructure Works

Burnley Town Hall

All of the works to the roofs including the Clock Tower, enhanced lightning and edge protection have now been completed. This should secure the Town Hall against damage due to water penetration for many years to come.

Work is also well underway on renovating the water damaged plaster and decorations above the main staircase in the Town Hall and repairing the oak frames to the stained-glass windows on the rear elevation. Most of this work should be finished by the date of this report.

Earlier this year UK Restoration provided a report and cost estimate on the repairs to the stonework to the Town Hall which was shared with members in February 2020. As agreed an independent third-party specialist was then commissioned to review the scale and pricing of the works. Due to the impact of lock down the report was delayed but has now reported and is being evaluated in detail and will inform further actions in line with the directions agreed in February this year.

Towneley Hall

Consultant conservation architects have been appointed to advise in respect of the Hall and all of the physical inspections for the quinquennial survey have been completed with the necessary professional work for the final report ongoing.

A full measured survey of the site and photographic survey have been completed and these will be used in connection with future planning and prioritisation of works. Once the quinquennial report has been finalised this should give us the necessary detail to put a plan in place to ensure that any urgent issues are addressed and to ensure that the long term future of the Hall is secured.

6. Revenue Implications

a. Revenue Contributions / Reserves 2020/21

The Capital Programme includes Revenue Contributions / Reserves of £1,508,415 being:

Scheme	Funded	£
Vehicle & Machinery Replacement	Transport Reserve	103,674
Refill Fountains	Revenue	20,500
CCTV Infrastructure	Revenue	2,409
Pioneer Place	Growth Reserve	135,432
Burnley-Pendle Growth Programme	Growth Reserve	722,000
Lower St James Street Historic Action Zone	Growth Reserve	400,000
Finsley Wharf & Canal Towpath Improvements	Business Support Reserve	33,000
Building Infrastructure Works	Growth Reserve	81,400
Energy Efficiency	Revenue	10,000
Total Revenue Contributions		1,508,415

Pioneer Place costs are to fund pre contract costs.

b. Prudential Borrowing 2020/21

The MRP cost is the charge to revenue for the repayment of the principal amount borrowed based on the estimated life of the asset and is not incurred until the year after the schemes are completed.

The interest cost will be dependent on the timing of the borrowing and is subject to the interest rate at the time the borrowing is undertaken. The full year costs will be included within the revenue budget for 2020/21.

The original capital budget for 2020/21 of £19,468,103 included a planned borrowing requirement of £6,638,330.

The Outturn report dated 11 August 2020 seeks approval for slippage on borrowing of £610,647, revising the planned borrowing requirement to £7,248,977

A reduction of £155k borrowing has been highlighted in this Quarter 1 report:

- Reduction of £400k on the Town Centre & Weavers Triangle Project Work – Reprofiled into 2021/22
- Additional £30k on the Former Open Market & Former Cinema Block.
- Additional £100k reprofiled from 2021/22 for the Crematorium Roof

- Additional £115k on Building Infrastructure Works

This revises the borrowing, from £7,248,977, to £7,093,977.

The revenue implications of borrowing £7,093,977 are a Minimum Revenue Provision (MRP) of £51k and an interest charge, assuming 3% on the borrowing, would equate to £212k for a full year.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

7. A decrease in the 2020/21 capital programme of £1,758,987 to give a revised budget of £19,115,145 and a decrease in the borrowing requirement of £155,000, from £7,248,977 to £7,093,977.

POLICY IMPLICATIONS

8. None arising directly from this report.

DETAILS OF CONSULTATION

9. None.

BACKGROUND PAPERS

10. None.

FURTHER INFORMATION

PLEASE CONTACT:

Howard Hamilton Smith – Finance Manager

ALSO

Martin Dixon – Finance Business Partner

2020/21 CAPITAL BUDGET CYCLE 1 MONITORING - UPDATE

APPENDIX 1

Scheme Name	Budget per Outturn Report	Adjustments Per This Report		Changes to be approved in this report	Revised Budget	Total Spend as at 30/06/20	% Schemes Spend	Financed by External Funding	Narrative provided by Project Officers/Heads of Service
		Budget	Reprofiled into						
		Adjustments	Future Years						
£	£	A	B	A + B	£	£	£	£	

GREEN SPACES & AMENITIES

Brun Valley Forest Park	40,607	5,000		5,000	45,607	-	0%	45,607	Works to footpaths in progress. Budget requested to be increased by £5,000 using a S106 contribution. Other work includes meadow creation at Bank Hall to meet S106 obligations and additional signage and provision of bins. All works to be completed by 31st March 2021.
Play Area Improvement Programme	120,066			-	120,066	6,637	6%	75,066	Work on Play Area Improvement currently awaiting review of Play Strategy which will be taken to Executive in October 2020.
Worsthorne Recreation Ground Improvements	264,180			-	264,180	94,666	36%	217,180	The drainage contract is complete and now in the maintenance phase. Multi Use Games Area / Car Park and building installation to follow for an autumn completion
Vehicle and Machinery Replacement	93,924	9,750		9,750	103,674	27,988	27%	-	Three Streetscene vans have been replaced with electric vehicles. Three transit pickups are on order and due to be delivered shortly (delayed by Covid-19). Also replaced an electric bowling green mower and a new pedestrian mower for the Padiham mowing team. Budget increase due to vehicle sales.
Thompson Park Restoration Project	84,065			-	84,065	39,849	47%	84,065	Additional improvements to toilets have been completed together with the replacement Octagonal shelter. The final completion of the project is due in August 2020, delayed from the end of March 2020 due to Covid-19
Changing Places	43,469			-	43,469	-	0%	43,469	Work on the provision of a changing places toilet within the Hall to be undertaken as part of Towneley Hall repair works, which is starting later this financial year.
Extension of Burnley Cemetery	25,000			-	25,000	-	0%	-	The contract for the design and outline planning consent for the Burnley Cemetery extension to be tendered in August 2020. Further update to be given in quarter 2.
Playing Pitch Improvements	88,000		(88,000)	(88,000)	-	-	0%	-	Design work not progressed due to Covid-19. Reprofiled to 2021/22
Refill Fountains	20,500			-	20,500	-	0%	-	Design work to be progressed by Streetscene engineers, but installation of bottle fillers may not be possible this financial year because of Covid-19 restrictions.
Stooped Wheeled Sport	3,792			-	3,792	-	0%	3,792	Scheme complete. This budget is to cover retention, payable 12 months after completion
Prairie Artificial Turf Pitch	46,221			-	46,221	5,059	11%	46,221	Scheme complete. This budget is to cover retention, payable 6 months after completion
	829,824	14,750	(88,000)	(73,250)	756,574	174,199	23%	515,400	

STREETSCENE

Alleygate Programme	26,245			-	26,245	-	0%	-	Funding allocation will provide resources to install approximately 6 new schemes in this financial year. Analytical work to identify schemes to complete by Q2. Consultation to commence Q3 with installation in Q4. All funding will be committed.
River Training Walls	69,639			-	69,639	2,125	3%	-	Remedial design works are on-going for various stretches along the River Brun and the River Calder in Thompson Park and Towneley Park respectively. It is anticipated that these works will be completed on-site in the 3rd and 4th quarter and that all the money will be spent this financial year.
CCTV Infrastructure	2,409			-	2,409	-	0%	-	Work is on-going on-site with a new camera being erected on Lower St James's Street, tied in with the Lower St James's Street upgrade scheme and Heritage Action Zone works.
Purchase Replacement Vehicle	7,400			-	7,400	-	0%	-	Vehicle to be fitted with CCTV cameras to assist with performance contract management and compliance with Health and safety. Work and all residual budget will be spent in Qtr 2.
	105,693	-	-	-	105,693	2,125	2%	-	

2020/21 CAPITAL BUDGET CYCLE 1 MONITORING - UPDATE

Scheme Name	Budget per Outturn Report £	Adjustments Per This Report		Changes to be approved in this report A + B £	Revised Budget £	Total Spend as at 30/06/20 £	% Schemes Spend	Financed by External Funding £	Narrative provided by Project Officers/Heads of Service
		Budget Adjustments	Reprofiled into Future Years						
		A	B						
ECONOMY & GROWTH									
Padiham Townscape Heritage Initiative	968,231			-	968,231	120,008	12%	880,230	Work to three properties was put on hold due to Covid-19, but will recommence on site soon. The Council CPO/acquisition of 33-35 Burnley Rd is due to complete July 2020, at this point the Council will begin development/design of a full repair and restoration scheme for the buildings. Public realm works are due to commence in July 2020. The project has been and will continue to be affected by the effects and risks of the Covid-19 pandemic.
Pioneer Place	135,432			-	135,432	51,250	38%	-	Contracts with the developer, Maple Grove and Reel Cinemas were signed on 17/09/2019. Marketing to occupiers has been on hold due to the Covid-19 pandemic.
Sandygate Square	3,793,706			-	3,793,706	1,781,675	47%	-	Work has been delayed as a result of supply chain problems due to the Covid-19 pandemic. Work is on-schedule for the partial completion necessary for student intake in September 2020.
NW Burnley Growth Corridor	3,659,626			-	3,659,626	-	0%	3,659,626	The public realm works experienced significant delays due to LCC re-deploying staff as a result of the Covid-19 pandemic. Detailed design has completed on the Public Realm, and works are due to commence in July 2020.
Burnley-Pendle Growth Programme	722,000			-	722,000	-	0%	-	Works to the Town Centre roundabouts, Junction 9 roundabout and Rosegrove Station have completed. Works to Rosegrove junction are ongoing but there has been a delay due to Covid-19 working restrictions and completion is now not expected until after March 2021. The former ambulance station has now been demolished and the new car park is on schedule for completion by the end of March 2021. The project has been and will continue to be affected by the effects and risks of the Covid-19 pandemic.
Town Centre & Weavers Triangle Project Work	536,730		(436,730)	(436,730)	100,000	-	0%	-	The project has been and will continue to be affected by the effects and risks of the Covid-19 pandemic. Therefore revise budget to £100k, reprofiling the remainder
Lower James Street Historic Action Zone	1,577,514			-	1,577,514	-	0%	1,070,059	The scheme has been delayed due to Covid-19. Historic England approval was delayed and it has not been possible to recruit a dedicated Historic Action Zone (HAZ) Officer to manage the programme but recruitment is now progressing. The Public Realm works should have commenced in April but LCC stopped all "non-essential" work. In order to secure LEP funding LCC have now commenced work on site. Some spend is expected in 2020/21 on HAZ wider activities including marketing and community engagement and once it is safe to do so work will commence to engage with property owners.
Padiham Town Hall Improvements	331,379			-	331,379	-	0%	298,201	Funding has been successfully confirmed from LEP. Contractor tenders have been assessed, and a preferred contractor has been selected. Work is ongoing to agree a preferred start. It is anticipated that work on the building start in July / August 2020, completing before Christmas.
Finsley Wharf & Canal Towpath Improvements	33,000			-	33,000	33,000	100%	-	Improvement work completed
Vision Park	39,386			-	39,386	-	0%	22,934	Agreement has been obtained from the LEP to carry over the remaining expenditure into 2020/21. It has been agreed the money can be used towards new proposed external signage at the entrance to the site.
Former Open Market & Former Cinema Block	50,108	30,000		30,000	80,108	-	0%	-	Demolition works and landscaping works are now complete. Work is on-going with exterior cladding and fire escape staircase replacement, which is now complete. The only remaining item is the cladding of the concrete parapet on the Bankfield elevation. The scheme is likely to be £30,000 overspent on the overall budget when completed due to unforeseen difficulties with a number of items such as the asbestos removal and waterproofing works to the former Customer Services unit.
	11,847,112	30,000	(436,730)	(406,730)	11,440,382	1,985,933	17%	5,931,050	

FINANCE & PROPERTY

Leisure Centre Improvements	95,058			-	95,058	-	0%	-	Works to various sites totalling £39k have been ordered and are ready to commence, such as Padiham CCTV and Alarm upgrades, Prairie roof safe system and Mechanics stonework repairs. These have been delayed due to lockdown and building shut downs, and discussions will take place with Burnley Leisure, to arrange completion. Other works have been identified, and will be submitted for review at the next Leisure Trust meeting.
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Scheme Name	Budget per Outturn Report £	Adjustments Per This Report		Changes to be approved in this report A + B £	Revised Budget £	Total Spend as at 30/06/20 £	% Schemes Spend £	Financed by External Funding £	Narrative provided by Project Officers/Heads of Service
		Budget Adjustments	Reprofiled into Future Years						
		A	B						
Building Infrastructure Works	3,362,938	215,000		215,000	3,577,938	229,427	6%	-	<p>All of the works to the roofs including the Clock Tower, enhanced lightning and edge protection have now been completed and work is well underway on renovating the water damaged plaster and decorations above the main staircase in the Town Hall . A third party report has been commissioned and received regarding repairs to the external stonework. Further details can be seen in the main body of the report.</p> <p>The flu gas heat exchanger/boiler, which cools cremation exhaust gases to allow removal of mercury and other contaminants has failed and is not economical to repair. The cremator maintenance contract does not include the replacement of the unit. Funding is required in this financial year to enable replacement prior to winter and the potential second wave of Covid-19. Budget adjustment of £115k required</p> <p>A budget adjustment of £100k is included after it was approved in February 2020 to bring forward a scheme for the replacement of the Cremator roof from the 2021/22 CIP into the current financial year. This is due to the urgent repairs needed.</p>
	3,457,996	215,000	-	215,000	3,672,996	229,427	6%	-	

2020/21 CAPITAL BUDGET CYCLE 1 MONITORING - UPDATE

Scheme Name	Budget per Outturn Report	Adjustments Per This Report		Changes to be approved in this report	Revised Budget	Total Spend as at 30/06/20	% Schemes Spend	Financed by External Funding	Narrative provided by Project Officers/Heads of Service
		Budget	Reprofiled into						
		Adjustments	Future Years						
	A	B	A + B						
	£	£	£	£	£	£	£	£	

HOUSING & DEVELOPMENT CONTROL

Emergency Repairs	120,000			-	120,000	16,928	14%	120,000	12 grants totalling a commitment of £57k were approved before Covid-19 and still require completion by contractors. Work has restarted on external elements and will continue internally if safe working practices can be achieved.
Better Care Grant	2,994,007		(1,494,007)	(1,494,007)	1,500,000	144,084	10%	1,500,000	56 disabled facilities grants totalling a commitment of £522,835 were approved before Covid 19 and still require completion by contractors. Work has restarted on external work such as ramps. In addition a further 56 referrals from social services have been received totalling an estimated commitment of £756,000. It is not anticipated that the full budget will be spent in the current financial year. It is proposed that the budget be reduced to £1.5 million.
Energy Efficiency	50,000			-	50,000	6,000	12%	40,000	Applications continue to be received and works are recommencing to meet the allocated budget and ensure residents' homes are efficiently heated.
Empty Homes Programme	1,300,000			-	1,300,000	137,832	11%	-	Despite a challenging start to the financial year, the programme is on target to acquire another 20 properties with a programme of CPOs underway and properties being bought by agreement. Renovations of current properties is still challenging with some supplies difficult to come by. We currently have 8 loans underway and 6 new enquiries being processed.
Interventions, Acquisitions and Demolitions	100,000			-	100,000	-	0%	-	This programme is used to carry out small neighbourhood improvement schemes and to bring forward land for development. There is no spend so far this year and officers are currently exploring options for consideration
	4,564,007	-	(1,494,007)	(1,494,007)	3,070,000	304,845	10%	1,660,000	

SPORTS & CULTURE

Mechanics Lighting Equipment	55,000			-	55,000	-	0%	-	Key technical staff at the Mechanics have been on furlough since March due to Covid-19. When staff are able to return to work and an opening date for the Mechanics available the work will be completed. Further updates will be given when an indication is given as to when this will happen.
	55,000	-	-	-	55,000	-	0%	-	

CHIEF EXECUTIVE / CORPORATE INITIATIVES

Ward Opportunities Fund	14,500			-	14,500	11,902	82%	-	Following the request by Full Council for ward members to commit remaining WOF balances, Councillors identified a number of projects, ranging from Christmas lights in Hapton, a Bee Garden at Rosewood Junior School, the community centre in Gannow and street improvements in Brunshaw, amongst others. Further internal charges are to be allocated, which will mean the entirety of the budget will be spent.
	14,500	-	-	-	14,500	11,902	82%	-	
	20,874,132	259,750	(2,018,737)	(1,758,987)	19,115,145	2,708,431	14%	8,106,450	

Scheme Name	Revised Budget £	FINANCING ELEMENTS						Total Revised Budget £
		Prudential Borrowing £	Revenue Cont'n / Reserves £	Capital Grants £	Capital Receipts £	Vacant Property Initiative Receipts £	3rd Party Contribution / Section 106 £	
Green Spaces & Amenities								
Brun Valley Forest Park	45,607						45,607	45,607
Play Area Improvement Programme	120,066				45,000		75,066	120,066
Worsthorne Recreation Ground Improvements	264,180			183,311	47,000		33,869	264,180
Vehicle and Machinery Replacement	103,674		103,674				-	103,674
Thompson Park Restoration Project	84,065			84,065				84,065
Changing Places	43,469						43,469	43,469
Extension of Burnley Cemetery	25,000	25,000						25,000
Refill Fountains	20,500		20,500					20,500
Stoops Wheeled Sport	3,792			3,792				3,792
Prairie Artificial Turf Pitch	46,221			46,221				46,221
	756,574	25,000	124,174	317,389	92,000	-	198,011	756,574
Streetscene								
Alleygate Programme	26,245				26,245			26,245
River Training Walls	69,639				69,639			69,639
CCTV Infrastructure	2,409		2,409					2,409
Purchase Replacement Vehicle	7,400	7,400						7,400
	105,693	7,400	2,409	-	95,884	-	-	105,693
Economy & Growth								
Padiham Townscape Heritage Initiative	968,231			826,880	88,001		53,350	968,231
Pioneer Place	135,432		135,432					135,432
Sandygate Square	3,793,706	3,793,706						3,793,706
NW Burnley Growth Corridor	3,659,626			3,659,626				3,659,626
Burnley-Pendle Growth Programme	722,000		722,000					722,000
Town Centre & Weavers Triangle Project Work	100,000	100,000						100,000
Lower St James Street Historic Action Zone	1,577,514	107,455	400,000	979,047			91,012	1,577,514
Padiham Town Hall Improvements	331,379	33,178		298,201				331,379
Finsley Wharf & Canal Towpath Improvements	33,000		33,000					33,000
Vision Park	39,386			22,934	16,452			39,386
Former Open Market & Former Cinema Block	80,108	80,108						80,108
	11,440,382	4,114,447	1,290,432	5,786,688	104,453	-	144,362	11,440,382
Finance & Property								
Leisure Centre Improvements	95,058	95,058						95,058
Building Infrastructure Works	3,577,938	2,797,072	81,400		699,466			3,577,938
	3,672,996	2,892,130	81,400	-	699,466	-	-	3,672,996
Sports & Culture								
Mechanics Lighting Equipment	55,000	55,000						55,000
	55,000	55,000	-	-	-	-	-	55,000
Housing & Development Control								
Emergency Repairs	120,000			120,000				120,000
Better Care Grant	1,500,000			1,500,000				1,500,000
Energy Efficiency	50,000		10,000	40,000				50,000
Empty Homes Programme	1,300,000					1,300,000		1,300,000
Interventions, Acquisitions and Demolitions	100,000					100,000		100,000
	3,070,000	-	10,000	1,660,000	-	1,400,000	-	3,070,000
Chief Executive								
Ward Opportunities Fund	14,500				14,500			14,500
	14,500	-	-	-	14,500	-	-	14,500
TOTAL OF ALL SCHEMES	19,115,145	7,093,977	1,508,415	7,764,077	1,006,303	1,400,000	342,373	19,115,145

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CAPITAL RECEIPTS AND CONTRIBUTIONS ANALYSIS FOR 2020/21 + CIP 2021-25

APPENDIX 3

	<u>General Capital Receipts</u> £	<u>Vacant Property Initiatives Receipts</u> £	<u>Section 106 Money</u> £	<u>3rd Party Cont'ns</u> £	<u>Total</u> £
Capital Resources Brought Forward on 1 April 2020	796,815	911,799	337,253	287,899	2,333,766
Add					
Resources Received As At 30 June 2020	25,000	-	-	-	25,000
Further Resources Estimated to be Received during 2020/21:	491,000	995,000	-	13,000	1,499,000
Potential Resources Available during 2020/21	1,312,815	1,906,799	337,253	300,899	3,857,766
Less					
Required to finance Capital Programme	(1,006,303)	(1,400,000)	(114,937)	(227,436)	(2,748,676)
Earmarked for Revenue Expenditure	-	-	-	-	-
Earmarked for Delivery By Outside Bodies	-	-	(162,316)	-	(162,316)
Estimated Surplus / (Shortfall) of Resources as at 31st March 2021	306,512	506,799	60,000	73,463	946,774
Add - Resources Estimated to be Received during 2021/22	150,000	1,290,000	113,000	312,242	1,865,242
Less - 2021/22 Capital Budget	(867,559)	(1,400,000)	(113,000)	(312,242)	(2,692,801)
Estimated Surplus / (Shortfall) of Resources as at 31st March 2022	(411,047)	396,799	60,000	73,463	119,215
Add - Resources Estimated to be Received during 2022/23	100,000	1,215,000	-	572,039	1,887,039
Less - 2022/23 Capital Budget	(625,385)	(1,400,000)	-	(572,039)	(2,597,424)
Estimated Surplus / (Shortfall) of Resources as at 31st March 2023	(936,432)	211,799	60,000	73,463	(591,170)
Add - Resources Estimated to be Received during 2023/24	100,000	1,215,000	-	25,781	1,340,781
Less - 2023/24 Capital Budget	(355,650)	(1,400,000)	-	(25,781)	(1,781,431)
Estimated Surplus / (Shortfall) of Resources as at 31st March 2024	(1,192,082)	26,799	60,000	73,463	(1,031,820)
Add - Resources Estimated to be Received during 2024/25	100,000	1,215,000	-	-	1,315,000
Less - 2024/25 Capital Budget	(91,351)	(1,400,000)	-	-	(1,491,351)
Estimated Surplus / (Shortfall) of Resources as at 31st March 2025	(1,183,433)	(158,201)	60,000	73,463	(1,208,171)

Note a: Figure updated to incorporate changes to the revised estimate on the Town Hall scheme

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Strategic Risk Register

REPORT TO EXECUTIVE



DATE	11/08/2020
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Ian Evenett
TEL NO	01282 425011 ext 7175
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PURPOSE

1. To present the Executive with a Strategic Risk Register.

RECOMMENDATION

2. That the Executive approves the Strategic Risk Register

REASONS FOR RECOMMENDATION

3. The Executive are required to approve the Strategic Risk Register (Appendix 1) pursuant to the Risk Management Strategy

SUMMARY OF KEY POINTS

Governance Issues

4. Effective and up to date risk management is a key element of good corporate governance and contributes to an effective, focused organisation that has an understanding of the challenges facing it. The register links to the strategic actions that the Council has in place to control these risks and to strategic plans and actions to better serve the community. Risk Scoring provides a relative assessment of the risks and effectiveness of controls and plans to address the risks. The Strategic Risk Register presented at Appendix 1 has been updated in several ways.

Strategic Risk Register

5. The current Strategic Risk Register (Appendix 1) was reviewed in March and at the Audit and Standards meeting it was requested that a risk for the Pandemic was included. The Council is at a point where it can reassess the risks considering the on-going impact of the pandemic, which has changed some of the risks. The changes have been highlighted in the register.

Triggers and Causes

6. The triggers and causes for the risks have remained the same but those that have been strongly impacted by the pandemic have been marked C19. A new trigger has been included in connection with the impact of a localised increase in infection or the potential for a second peak in the infection rate which may result in a lockdown.

Pandemic Risk – Failure to respond to a widespread illness

- 7. This was the risk that was incorporated into the risk register in March 2020. This has been assessed as medium priority risk, with a high impact and medium likelihood. Members will have received reports from management on the impact of the pandemic and how the Council has responded. It is important to realise that although actions needed for the peak of the pandemic are being relaxed, the risk of the pandemic is still present, and this reminds the Council must still be ready in case of an increase in infection.
- 8. As stated, there are potential risks of increased infection rates which may result in return to lockdown either locally or nationally. The work of the Community Hub is included in as a response to this risk. The Hub has been successfully working with partners and the community.

Changes in Risk Scores

- 9. Risk Ref 1 – Financial stability has increased likelihood from 2 to 3 and the risk score from 6 to 9 (High Priority Risk). There are predictions of significantly impact on the Councils Income and in the general economy. This has increased the likelihood.
- 10. Risk Ref 6 – Inability to deliver the regeneration programme has increased both the impact and likelihood from 2 to 3 and the risk score from 4 to 9 (High Priority Risk). Again, the economic downturn trigger will make this more difficult to achieve.
- 11. Risk Ref 9 – Risks in responding to demographic changes and increased deprivation has increased likelihood from 1 to 3 and the risk score from 3 to 9 (High Priority Risk). The pandemic impacts have been quick to highlight and deepen the deprivation in the Borough. Increased need for food, housing, benefits have resulted in a change in this risk.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

12. None.

POLICY IMPLICATIONS

13. None.

DETIALS OF CONSULATION

14. Council’s Risk Management Group and Audit and Standards Committee.

BACKGROUND PAPERS

11. None

FURTHER INFORMATION	
PLEASE CONTACT:	Ian Evenett ievenett@burnley.gov.uk
ALSO:	Asad Mushtaq amushtaq@burnley.gov.uk



Burnley Borough Council

Strategic Risk Register

10 July 2020

Strategic Risk Register Summary

ID	Risk Description	Risk Score
1	Financial stability	9
6	Inability to deliver the regeneration programme	9
9	Risks in responding to demographic changes and increased deprivation	9
5	Changes in national policy/legislation	6
8	Inability to influence key decision makers	6
10	Workforce, skills and capacity challenges	6
14	Failure to respond to a widespread illness	6
2	Maintaining Partnership Performance	4
3	Damage to the Council's reputation	4
4	Changes in the political landscape	3
7	Inability to drive improvements through information technology	3
11	Malicious Attack	3
12	Safeguarding Failure	3
13	Environmental Event	3

Risk Prioritization Matrix

Likelihood	3	4	5, 10	1, 6, 9	Red High
	2		2, 3,	8, 14	Amber Medium
	1			7, 11, 12, 13	Green Low
		1	2	3	
		Impact			

Likelihood	Impact
1 Very Unlikely	1 Low
2 Likely	2 Medium
3 Virtually Certain	3 High

Risk Ref: 1 Financial stability

Trigger or Cause

Further funding cuts
 Income loss (C19)
 Insufficient financial controls
 Expensive decision making
 External cost pressures
 Price or Interest Rate Increases
 Political growth
 Failing to understand the financial problem
 National Economic Changes (C19)
 Claims against the Council

Possible Consequences of Risk

Organisational sustainability
 Reduced service delivery
 Reduced customer satisfaction
 Reduced reserves
 Overspends
 Damaged credit rating
 Damage to reputation
 Workforce morale/planning/retention
 Reduced reputation for financial management

Strategic Link: Cross Cutting

Residual Risk
 Assesment

Impact

3

Likelihood

3

Score

9

High Priority Risk

Strategic Commitments

- PF1 - We will continue the successful partnership with Liberata.
- PF2 - We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable footing. This strategy will set the framework for annual budgets, ensuring the annual budget is set within the context of the longer term outlook.
- PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.
- PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.
- PL4 - We will implement our 2015-25 Green Space Strategy.
- PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment
- PR2 - We will proactively support the borough’s businesses to innovate and expand, and make the borough a natural choice for business relocation
- PR3 - We will deliver the Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.
- PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan.

Lead Responsibility : Head of Finance & Property

Risk Ref: 2 Maintaining Partnership Performance

Trigger or Cause

Procurement method
 Supply chain failure
 Commissioning 'v' traditional culture
 Political Change
 Poor implementation
 Compliance/legal
 Business continuity
 Transformational cultural change not achieved
 Poor or weak contract management
 Partner failure or withdrawal

Possible Consequences of Risk

Reduced service delivery
 Reduced customer satisfaction
 Political or reputation embarrassment
 Perceived council failure
 Poor co-ordination of existing providers and systems
 Poor relationships
 Increased costs

Strategic Link: Cross Cutting

Residual Risk Assesment	Impact	2	Likelihood	2	Score	4	Medium Priority Risk
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Strategic Commitments

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development, and improve residents' health.

PE2 - We will continue to develop the leisure and cultural offer of Burnley in partnership with Burnley Leisure.

PF1 - We will continue the successful partnership with Liberata.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.

PL4 - We will implement our 2015-25 Green Space Strategy.

PR3 - We will deliver the Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.

PR5 - We will support UCLan's expansion, transforming Burnley into a University Town

Lead Responsibility : Management Team

Risk Ref: 3 Damage to the Council’s reputation

Trigger or Cause

Service failure
 Loss of key staff
 External events
 Customer Satisfaction not maintained
 Partner failure or withdrawal

Possible Consequences of Risk

Strategic plan delivery problem
 Credibility of the leadership (both political and officer)
 Low morale
 Loss of key staff
 Recruitment and retention issues

Strategic Link: Cross Cutting

Residual Risk
 Assesement

Impact

2

Likelihood

2

Score

4

Medium Priority Risk

Strategic Commitments

PF1 - We will continue the successful partnership with Liberata.

PF2 - We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable footing. This strategy will set the framework for annual budgets, ensuring the annual budget is set within the context of the longer term outlook.

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

Lead Responsibility : Chief Executive Officer

Risk Ref: 4 Changes in the political landscape

Trigger or Cause

No overall control
 Political instability
 Poor member and officer relationships
 Poor member and member relationships

Possible Consequences of Risk

Lack of strategic leadership
 Poor decision making
 Impact on the Council’s reputation
 Loss of influence with key partners

Strategic Link: People Performance

Residual Risk
 Assesement

Impact

1

Likelihood

3

Score

3

Low Priority Risk

Strategic Commitments

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development, and improve residents’ health.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

PF5 - We will undertake a review of the council’s governance structure.

PF6 - We will set up cross party working groups to investigate issues that matter to everyone in our borough.

Lead Responsibility : Chief Executive Officer

Risk Ref: 5 Changes in national policy/legislation

Trigger or Cause

New functions/loss of existing functions
 Short term thinking
 Lack of capacity
 Changes from the withdrawal from the European Union
 Changes from the devolution of Powers from Central Government
 Interest rate changes

Possible Consequences of Risk

Reduced control over what you do and how you do it
 Inability to respond to the new agenda and continue with on-going functions
 Exclusion from new or evolving regional and sub-regional governance and operating structure
 Not in a position to deliver new functions or requirements

Strategic Link: Prosperity

Residual Risk Assessment

Impact

2

Likelihood

3

Score

6

Medium Priority Risk

Strategic Commitments

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities the organisation needs, and empowering our workforce to deliver the objectives of

Lead Responsibility : Management Team

Risk Ref: 6 Inability to deliver the regeneration programme

Trigger or Cause

Economic downturn (C19)
 Lending squeeze/Interest rate increases
 Procurement failure
 Regeneration funding priorities change
 Changes in funding from Central Government or as a result of the withdrawal from the European Union

Possible Consequences of Risk

Inability of private sector partners to deliver
 Delivery partner does not have the capacity to deliver
 Delays in delivery of the regeneration programme
 Damaged reputation
 Increase programme costs

Strategic Link: Prosperity People

Residual Risk Assessment

Impact

3

Likelihood

3

Score

9

High Priority Risk

Strategic Commitments

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PR2 - We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation

PR3 - We will deliver the Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.

PR4 - We will implement the Local Plan, delivering new housing, employment sites, and infrastructure.

PR5 - We will support UCLan's expansion, transforming Burnley into a University Town

PR6 - We will aim to localise public sector spend as far as possible.

PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development, and improve residents' health.

Lead Responsibility : Strategic Head of Economy and Growth

Risk Ref: 7 Inability to drive improvements through information technology

Trigger or Cause

Possible Consequences of Risk

IT partnership failure (to deliver past procurement)	Inability to deliver and develop services and not
IT partnership procurement failure	deliver anticipated savings and service
Current IT provision failure	improvement
Information governance failure	Public confidence in use of Council services
Cyber attack	through IT lowered

Strategic Link: Performance

Residual Risk	Impact	3	Likelihood	1	Score	3	Low Priority Risk
Assesement							

Strategic Commitments

PF1 - We will continue the successful partnership with Liberata.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

Lead Responsibility : Chief Operating Officer

Risk Ref: 8 Inability to influence key decision makers

Trigger or Cause

Change of political control
 Breakdown of key relationships
 Change of staff/key relationships
 Change in reputation for delivery

Possible Consequences of Risk

Loss of external funding opportunities
 Reduced level of influence over key decision makers
 Inability to deliver through partnerships
 Reduced reputation of Council

Strategic Link: Cross Cutting

Residual Risk Assessment	Impact	3	Likelihood	2	Score	6	Medium Priority Risk
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Strategic Commitments

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development, and improve residents' health.

PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PR2 - We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation

PR5 - We will support UCLan's expansion, transforming Burnley into a University Town

Lead Responsibility : Management Team

Risk Ref: 9

Risks in responding to demographic changes and increased deprivation

Trigger or Cause	Possible Consequences of Risk
Government policy	Not delivering on the regeneration programme
Economic downturn (C19)	Poor service delivery
Big ticket issues – crime, health, housing (C19)	Poor customer satisfaction
Benefit dependency (C19)	Low aspirations
Short term fixes	Damage to reputation
Negative reputation	Failure to improve
Failure to develop opportunities	Increased demand
Local Infection Increase (C19)	Increased costs
	Less funding
	Viability of Burnley

Strategic Link: Cross Cutting

Residual Risk Assessment	Impact	3	Likelihood	3	Score	9	High Priority Risk
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Strategic Commitments

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development, and improve residents' health.

PE2 - We will continue to develop the leisure and cultural offer of Burnley in partnership with Burnley Leisure.

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PL2 - We will improve the management and condition of private rented accommodation.

PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PR2 - We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation

PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.

PR4 - We will implement the Local Plan, delivering new housing, employment sites, and infrastructure.

Other Work

Community Hub

Lead Responsibility : Management Team

Risk Ref: 10 Workforce, skills and capacity challenges

Trigger or Cause

Loss of the workforce
 Loss of organisational memory
 Loss of organisational skills
 Lack of commitment to organisational development
 Lack of investment in training
 Political direction change

Possible Consequences of Risk

Service failure/deterioration
 Damaged reputation
 Increased complaints
 Low morale
 Recruitment and retention issues
 Increased workflow
 Business resilience
 Not having the right staff with the right skills

Strategic Link: Cross Cutting

Residual Risk Assesement	Impact	2	Likelihood	3	Score	6	Medium Priority Risk
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Strategic Commitments

- PF1 - We will continue the successful partnership with Liberata.
- PF2 - We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable footing. This strategy will set the framework for annual budgets, ensuring the annual budget is set within the context of the longer term outlook.
- PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.
- PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.
- PL4 - We will implement our 2015-25 Green Space Strategy.
- PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan.
- PF5 - We will undertake a review of the council's governance structure.

Lead Responsibility : Chief Executive Officer

Risk Ref: 11 Malicious Attack

Trigger or Cause

Public Disturbance
 National Risk Level
 Lack of Stakeholder Engagement
 Lack of Planning
 Poor and delayed information and communication
 Event Targeting
 Cyber attack

Possible Consequences of Risk

Death of Public / Staff
 Loss of Assets
 Major impact on Services and Community
 Evacuation
 Financial Cost
 Reputational damage

Strategic Link: Cross-Cutting

Residual Risk Assesment	Impact	3	Likelihood	1	Score	3	Low Priority Risk

Strategic Commitments

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

Other Work

- Business Continuity Plans
- Emergency Planning
- Local Improvement of Counter Terrorism Strategy (CONTEST)
- Event Planning
- Community Engagement
- Local Resilience Forum

Lead Responsibility : Chief Operating Officer

Risk Ref: 12 Safeguarding Failure

Trigger or Cause

Weak or No response to reported issues
 Historic issues which are identified
 Safeguarding System Failure
 Failure of Background Checks
 Not recognising Safeguarding Risks

Possible Consequences of Risk

Injury to Clients
 Resources diverted to address Risks
 Major impact on Services and Community
 Financial Costs
 Reputational Damage
 Central Government Action

Strategic Link: Cross Cutting

Residual Risk Assesment	Impact	3	Likelihood	1	Score	3	Low Priority Risk
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Strategic Commitments

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan.

Other Work

Safeguarding Policy

Open and Transparent Culture

Whistleblowing Policy

Communications

Corporate Complaints Process

Lead Responsibility : Chief Executive Officer

Risk Ref: 13 Environmental Event

Trigger or Cause

Extreme Weather
 High Rainfall
 Heatwave
 Changing Climate
 High Snowfall
 Storms and Gales
 Flooding

Possible Consequences of Risk

Death of Public / Staff
 Loss of Assets
 Major impact on Services and Community
 Evacuation
 Financial Cost

Strategic Link: Cross Cutting

Residual Risk Assessment	Impact	3	Likelihood	1	Score	3	Low Priority Risk
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Strategic Commitments

PL5 - We will prepare and deliver a new Climate Emergency Strategy.

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PF1 - We will continue the successful partnership with Liberata.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

Other Work

Business Continuity Plans
 Emergency Planning
 Event Planning
 Community Engagement
 Local Resilience Forum

Lead Responsibility : Head of Streetscene

Risk Ref: 14 Failure to respond to a widespread illness

Trigger or Cause

Pandemic
 Influenza
 SAR
 MERS
 COVID

Possible Consequences of Risk

Death of Public / Staff
 Major impact on Services and Community
 Financial Cost
 Event Closure
 Buildings Closure

Local Infection Increase (C19)

Strategic Link: Cross Cutting

Residual Risk
 Assesement

Impact

3

Likelihood

2

Score

6

Medium Priority Risk

Strategic Commitments

PF1 - We will continue the successful partnership with Liberata.

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

Other Work

Business Continuity Plans
 Emergency Planning
 Event Planning
 Community Engagement
 Local Resilience Forum
 Transistional Arrangements

Community Hub

Lead Responsibility : Head of Policy & Engagement

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