



# Meeting of the Burnley Borough Council

To be held at 6.30 pm on  
Wednesday, 22nd February, 2017





Sir or Madam,

Notice is given of a MEETING of the COUNCIL of the BOROUGH OF BURNLEY to be held at the TOWN HALL, BURNLEY, on

**DATE: Wednesday, 22nd February, 2017**

**starting at 6.30 pm**

To transact the business specified below.

**Lukman Patel**  
**Head of Governance, Property, Law and Regulation**

**Members of the public may ask a question, make a statement, or present a petition relating to any matter for which the Council has a responsibility or which affects the Borough.**

**Notice in writing of the subject matter must be given to the Head of Governance, Law and Regulation by 5.00 pm on the day before the meeting. Forms can be obtained for this purpose from the reception desk at Burnley Town Hall, Manchester Road or at the Contact Centre, Parker Lane, Burnley or from the web at: [www.burnley.gov.uk/meetings](http://www.burnley.gov.uk/meetings). Requests will be dealt with in the order in which they are received.**

## A G E N D A

- |    |   |         |
|----|---|---------|
| 1. | <u>Minutes of the Last Meeting</u><br>To receive, as read, the Minutes of the proceedings of the Council held on the 21 <sup>st</sup> December 2016 and to confirm them or otherwise. | 7 - 16  |
| 2. | <u>Declarations of Interest</u><br>To receive any declarations of interest.   | 17 - 18 |
| 3. | <u>Mayor's Communications</u><br>To receive communications (if any) from His Worship the Mayor.   | 19 - 20 |
| 4. | <u>Public Question Time</u><br>To receive questions, statements or petitions (if any) from members of the public.   | 21 - 22 |
| 5. | <u>Notices of Motion</u>  | 23 - 24 |
|    | a) <u>Road Safety</u>   | 25 - 26 |
|    | b) <u>Voting ID</u>   | 27 - 28 |

6. Items for Decision by the Council 29 - 30
- a) Council Tax Renovated Property 31 - 40  
To seek approval of a new policy for awarding local Council Tax discount to owners of renovated properties which were previously classed as either uninhabitable or long-term empty. (report and relevant minute enclosed)
- b) Revenue Budget Monitoring 2016/17 41 - 56  
To consider the revised revenue budget for 2016/17, the creation of new reserves, the net transfers to earmarked reserves and the carry forward of unspent budgets into 2017/18. (report and relevant minute enclosed)
- c) Capital Budget Monitoring 2016/17 57 - 72  
To consider the revised capital budget for 2016/17. (report and relevant minute enclosed)
- d) Medium Term Financial Strategy - 2018/19 to 2020/21 incorporating the Reserves Strategy 73 - 102  
To seek approval of the Medium Term Financial Strategy and the Reserves Strategy. (report and relevant minute enclosed)
- e) Revenue Budget 2017/18 103 - 120  
To consider the Revenue Budget for 2017/18. (report and relevant minute enclosed)
- f) Revenue budget 2017/18 Statutory Report of the Chief Finance Officer 121 - 128  
To consider the Statutory Report issued by the Chief Finance Officer under the Local Government Act 2003. (report enclosed)
- g) Treasury Management Strategy 2017/18 - 2019/20 and Prudential and Treasury Indicators 129 - 154  
To seek approval of the Treasury Management Strategy 2017/18, the prudential indicators for 2017/20 and the Council's Minimum Revenue Provision Policy 2017/18. (report and relevant minute enclosed)
- h) Capital Budget for 2017/18 and 2017/20 Capital Investment Programme 155 - 172  
To consider the 2017/18 and the Capital Investment Programme 2017/20. (report and relevant minute enclosed)
- i) Council Tax 2017/18 173 - 174  
To pass the formal resolution to set the Council Tax for 2017/18. (draft

resolution to be circulated in advance of the meeting)

- j) Appointment of External Auditors 175 - 184  
To approve the approach for appointing the External Auditors for 2018/19.  
(report and relevant minute enclosed)
- k) Localism Act 2011 - Annual Pay Policy Statement 185 - 244  
To consider the Pay Policy Statement for 2017/18. (report enclosed)
- l) Strategic Plan 2017/18 245 - 264  
To approve the Strategic Plan 2017/18. (report enclosed)
- m) Constitutional Reporting 265 - 296  
To note consequential and minor amendments to the Constitution made since the last meeting and to approve the amendments to Standing Orders for Contracts, the protocol for Awards to Recognise Service to the Community or the Council and Code of Conduct regarding training of members relating to Equality and Diversity and Child Sexual Exploitation. (report enclosed)
7. Report from the Chair of Scrutiny 297 - 300
8. Strategic Plan Progress Reports 301 - 302
- a) Strategic Plan Progress Reports 303 - 304
- b) Cllr John Harbour - Deputy Leader/Housing and Environment 305 - 308
- c) Cllr Wajid Khan - Resources and Performance Management 309 - 312
- d) Cllr Bea Foster - Leisure and Culture 313 - 314
- e) Cllr Lian Pate - Community Services 315 - 316
- f) Cllr Sue Graham - Regeneration and Economic Development 317 - 318
9. Questions 319 - 320  
To deal with questions (if any) relating to matters not contained in the Minutes before the Council and of which notice in writing has been received in accordance with Standing Order No. 10(2).
10. Exclusion of the Public 321 - 322  
To consider the exclusion of the public from the meeting before discussion takes place on the following item(s) of business on the grounds that in view of the nature of the business to be transacted if the public were present there would be a disclosure to them of exempt information within the meaning of Part VA of the Local Government Act 1972.
- Private Items**
11. Land at Grove Lane Padiham 323 - 332

To approve the transfer of funds to the transformation reserve to purchase the land. (report and relevant minute enclosed)

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

# Minutes of the last meeting



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# FULL COUNCIL

## BURNLEY TOWN HALL

Wednesday, 21st December, 2016 at 6.30 pm

### PRESENT

### MEMBERS

Councillors J Sumner (Chair), H Baker (Vice-Chair), G Birtwistle, C Briggs, B Brindle, M Brindle, F Cant, I Carmichael, S Chaudhary, J Cunningham, T Ellis, D Fleming, G Frayling, B Foster, R Frost, S Graham, J Greenwood, J Harbour, T Harrison, D Heginbotham, A Hosker, S Hussain, M Johnstone, A Kelly, L Khan, W Khan, M Lishman, S Malik, T Martin, E Monk, N Mottershead, A Newhouse, L Pate, M Payne, T Porter, A Raja, P Reynolds, D Roper, A Royle, A Tatchell, M Townsend and C White

### OFFICERS

Pam Smith	Chief Executive
Mick Cartledge	Director of Community Services
Lukman Patel	Head of Governance, Property, Law and Regulation
David Bristow	Deputy Mayor's Officer
Eric Dickinson	Democracy Officer
Imelda Grady	Democracy Officer
Claudia Wilcock	Business Administration Apprentice

### 37. Minutes of the Last Meeting

**RESOLVED** The Minutes of the meeting of the Council held on the 23<sup>rd</sup> November were confirmed and signed by the Chair.

### 38. Public Question Time

Mrs Alice Thornber addressed the Council under the Request to Speak Policy on homelessness and vulnerable people.

### 39. Notice of Motion

It was moved by Councillor Mark Townsend and Seconded by Councillor John Harbour that

“This Council respects the call by 5% of residents to hold a referendum to decide the Council's governance model and will work positively to implement a directly elected Mayor if that is the preference of residents as determined by the referendum result.

This Council however expresses its concern about the financial, accountability and ceremonial implications of a directly elected Mayor for the Borough.

At a time of massive government cuts being imposed on this Council the petition compels the Council to spend £80,000 on a referendum in 2017/18. If the referendum decision is to have a Mayor this increases to £240,000 in 2017/18. The estimated additional annual cost to the Council thereafter is estimated to be £117,000 per annum which equates to a 2% increase in Council Tax. This Council would much rather be spending residents Council Tax on essential services than using it to establish an unneeded additional politician that carries with it an estimated annual salary of £50,000. A £40,000 increase on current Council Leader allowances.

This Council also believes that an elected Mayor weakens democratic accountability within the Council with Ward Councillors only able to change major policy decisions if 2/3 of Councillors are in agreement.

A directly elected Mayor would also require a new position of Chairman of the Council to be created which could replace the traditional role of a ceremonial Mayor. This Council supports the current arrangements of appointing a politically neutral Mayor to Chair the Council who would also carry out the popular ceremonial duties across the Borough.

This Council believes its current leadership model of governance is cost effective and provides best value for residents for both the civic and ceremonial functions of the Council.”

In accordance with Council Procedure Rule 16.4 it was requisitioned that the names be recorded to indicate how each Member present gave his or her vote.

#### For the Motion

Councillors Baker, Briggs, B Brindle, M Brindle, Cant, Carmichael, Chaudhary, Cunningham, Ellis, Fleming, Foster, Frayling, Frost, Graham, Greenwood, Harbour, Harrison, Heginbotham, Hosker, Hussain, Johnstone, Kelly, L Khan, W Khan, Lishman, Malik, Martin, Monk, Mottershead, Newhouse, Pate, Payne, Porter, Raja, Reynolds, Roper, Royle, Tatchell, Townsend and White.

#### Abstained

Birtwistle and Sumner

The motion was declared to be carried and it was **RESOLVED** accordingly.

## **40. Mayoral Referendum**

Consideration was given to a valid petition seeking a Referendum on whether the Council should be run in a different way by a Mayor who is elected by voters for the area that the

Council serves and the procedures that the Council needed to follow in order to hold the Referendum in accordance with the relevant regulations.

- RESOLVED**
1. That the position concerning the receipt of a valid petition referred to in paragraph 10 of the report and the requirement to hold a Referendum be noted;
  2. That approval be given to the extent to which the (local choice) functions specified under Section 9D (3) (b) of the Local Government Act 2000 are to be the responsibility of the Executive if the Directly Elected Mayor and Cabinet form of governance is approved following the Referendum as set out in **Appendix 1** to the report;
  3. That approval be given to the proposals set out in **Appendix 2** to the report for the operation of Executive arrangements based on a Directly Elected Mayor and Cabinet form of governance should this model be implemented as a consequence of the outcome of the Referendum:
  4. That the draft notice required to be published by the Proper Officer, as set out in **Appendix 3** to the report be noted:
  5. That, in the event of a vote in favour of a change to the Directly Elected Mayor and Cabinet form of governance in the Referendum, the Council's Independent Remuneration Panel be asked to make recommendations on the arrangements for remuneration that should apply to a Directly Elected Mayor Model and that the Panel's report and recommendations be submitted to the Council for determination before a Mayoral election in October 2017.

#### **41. Hackney Carriage Bye Laws**

With reference to Minute 15 of the Licensing Committee (27<sup>th</sup> October 2016) consideration was given to an amendment to the Hackney Carriage Byelaws.

**RESOLVED** That approval be given to the changes to the Burnley Hackney Carriage Byelaws as detailed in Appendix A to the report

#### **42. Council Tax Support Consultation**

With reference to Minute 56 of the Executive (1<sup>st</sup> November 2016) consideration was given to the Council Tax Support Scheme for the financial year 2017/18.

**RESOLVED** That the Council Tax Support Scheme for 2017/18 remain unchanged from 2016/17 and that a fundamental review of the scheme be carried out during 2017.

#### **43. Treasury Management Mid-Term Report**

With reference to Minute 59 of the Executive (1<sup>st</sup> November 2016) consideration was given to the treasury management activity for the period 01/04/16 to 30/09/16.

- RESOLVED** (1) That the Treasury Management activities undertaken during the period 1<sup>st</sup> April to 30<sup>th</sup> September 2016 be noted; and
- (2) That the mid-year update on Treasury Management Strategy for 2016/17 be endorsed in compliance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management.

#### **44. Revenue Budget Monitoring Cycle 2 2016/17**

With reference to Minute 72 of the Executive (6<sup>th</sup> December 2016) consideration was given to the forecast outturn position for the year as at 31<sup>st</sup> March 2017 based upon actual spending and income to 30<sup>th</sup> September 2016.

- RESOLVED** (1) That the projected revenue budget forecast underspend of £123k be noted as detailed in the overview table in paragraph 6 of the report;
- (2) That approval be given to the latest revised budget of £15.223m as shown in Appendix 1 to the report; and
- (3) That approval be given to the net transfers from earmarked reserves in the quarter of £32k as shown in Appendix 4 to the report.

#### **45. Capital Budget Monitoring Cycle 2 2016/17**

With reference to Minute 73 of the Executive (6<sup>th</sup> December 2016) consideration was given to the capital expenditure and resources position and any variances.

- RESOLVED** (1) That approval be given to a new Capital Scheme for the Padiham Pump Track – Phase 2, totalling £18,000 which is fully funded as per paragraph 5a of the report;
- (2) That approval be given to a revised capital budget for 2016/17 totalling £8,878,322, as outlined in Appendix 1;
- (3) That approval be given to the proposed financing of the revised capital budget totalling £8,878,322 as shown in Appendix 2; and
- (4) That the latest estimated year end position on capital receipts and contributions be noted showing an assumed balance of £2,466,296 at 31<sup>st</sup> March 2017, in Appendix 3.

#### **46. Fees and Charges Tariffs 2017**

With reference to Minute 74 of the Executive (6<sup>th</sup> December 2016) consideration was given to the proposed list of fees and charges to be levied from 1<sup>st</sup> January 2017.

- RESOLVED**
- (1) That the proposed tariff of fees & charges as amended from 1<sup>st</sup> January 2017 be approved as outlined in Appendix A of the report;
  - (2) That the Head of Finance be authorised in consultation with the relevant Head of Service to determine any new charges or changes to existing charges relating to the preparation and approval of the 2017/18 revenue budget;
  - (3) That the Executive Portfolio Members be authorised to amend fees & charges periodically in their own area on the basis that overall income in their portfolio area remains the same as a minimum; and
  - (4) That the Head of Regeneration and Planning Policy be authorised in consultation with the Executive Member for Resources and Performance Management and the Section 151 Officer to adjust fees and charges in relation to the Markets service from time to time to reflect current trading conditions and the overall position of the market.

#### **47. Health & Safety Intervention Plan 2016/17**

With reference to Minute 76 of the Executive (6<sup>th</sup> December 2016) consideration was given to the plan necessary to meet statutory requirements.

- RESOLVED** That approval be given to the Health and Safety Intervention Plan for 2016/2017, as detailed in Appendix 1.

#### **48. Food (Official Controls) Delivery Plan 2016/17**

With reference to Minute 75 of the Executive (6<sup>th</sup> December 2016) consideration was given to the plans necessary to meet statutory requirements.

- RESOLVED** That approval be given to the Food (Official Controls) Delivery Plan 2016/17.

## 49. Committee and Outside Body Appointments

Consideration was given to a report on changes to the membership of Committees during the remainder of the Municipal Year.

- RESOLVED**
- (1) That Councillor Gordon Birtwistle be appointed to replace Councillor David Roper as a Liberal Democrat member on the Development Control Committee for the remainder of the 2016/17 Municipal Year;
  - (2) That Councillor Roger Frost be appointed to replace Councillor David Roper as a Liberal Democrat member on the Audit and Standards Committee for the remainder of the 2016/17 Municipal Year;
  - (3) That Councillor Shah Hussain be appointed, as a Labour member, to replace Councillor Tom Porter on the Licensing Committee for the remainder of the 2016/17 Municipal Year;
  - (4) That approval be given to the appointment of Ms Kathryn Haworth as a co-opted Parish Member on the Audit and Standards Committee for a period of three years from 22<sup>nd</sup> December 2016 to 21<sup>st</sup> December 2019.

## 50. Constitutional Updates

Consideration was given to amendments to Parts 2 and 3 of the Constitution and an urgent delegated decision by the Chief Executive to appoint an Interim Section 151 Officer.

**RESOLVED**

- (1)(a) That a minor amendment by the Monitoring Officer to the delegations of the Head of Housing and Development Control, which were made on 29<sup>th</sup> September 2016, be noted as follows;

Regarding Rent Repayment Orders, which are not in relation to the condition of properties, in order to make it clearer the following wording was added as Paragraph 31 of the Head of Housing and Development Control's delegations;

To exercise all the powers relating to the application and enforcement of Rent Repayment Orders under the Housing Act 2004 including the service of any statutory notices in connection therewith".

- (b) That changes to Part 3 (Executive Functions) made by the Leader on 6<sup>th</sup> December 2016 (Appendix1) relating to the delegations of the Head of Housing and Development Control, Head of Governance, Law, Property and Regulation, and Section 151 Officer be

noted (Appendix 1).

- (2) That Part 2 of the Constitution be amended in respect of the membership of the Audit and Standards Committee to remove the qualification that council members who sit on this committee must not be parish councillors or parish clerks.
- (3) That the reason for Call in having been waived in relation to an Urgent Individual Executive Decision made on 29<sup>th</sup> November 2016 regarding an Organisation Review be noted
- (4) That an urgent delegated decision by the Chief Executive on 6<sup>th</sup> December 2016 to appoint an Interim Section 151 Officer until the start of the employment of a Head of Finance, and to allow the exercise of the Director of Resource's Council delegations by the section 151 Officer, be confirmed (Appendix 1)
- (5) That the Head of Finance be appointed as Section 151 Officer from the start of their employment, and their exercise of the Director of Resource's Council delegations as section 151 Officer be confirmed.
- (6) That approval be given approve the changes to Part 2 of the Council's constitution and to Part 4.7 Standing Orders for Contracts as they relate to the sealing of documents, as set out in paragraph 19 of the report.

### **51. Report from the Chair of Scrutiny**

**RESOLVED** That the Cycle 3 report of the Scrutiny Chair be noted.

### **52. Strategic Plan Progress Reports**

**RESOLVED** That the Strategic Plan Progress Reports of Executive Members be noted.

### **53. Exclusion of the Public**

**RESOLVED** That the public be excluded from the meeting before discussion on Minute 54 on the grounds that in view of the nature of the business to be transacted, if the public were present there would be a disclosure to them of exempt information within the meaning of Part VA of the Local Government Act 1972 relating to any consultation or negotiations, or contemplated consultations or negotiations, in connection with any

labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

#### 54. Organisation Review

Consideration was given to the agreed changes to the Council's operating model and structure as part of the Council's need to reshape itself to meet future challenges, in the context of reducing budgets.

*Mick Cartledge left the room for this item and did not take part in the discussion.*

- RESOLVED**
- (1) That the revision of the salary of Band 1 of the Chief Officer Pay Policy detailed in paragraph 21, which is the average minimum for the role as advised by Local Government Association be confirmed:
  - (2) That the appointment of Mick Cartledge to the post of Chief Operating Officer by the Council's Appointment Committee be noted:  
and
  - (3) That delegated authority be given to the Monitoring Officer to make any consequential amendments to Part 7 of the Constitution (Management Structure).



# Declarations of Interest



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# Mayor's Communications



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# Public Question Time



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# Notice of Motion



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Councillor Mark Townsend will move

“Burnley Borough Council notes the concerns of local residents on the subject of road safety and in particular about the issues related to the hire of vehicles, whether as day hire or through leasing schemes.

Our main aim is not to unduly restrict the hiring of vehicles but to stop misuse and bring about more sensible behaviour. In moving this motion we wish to prevent people from harming themselves, others and property. We want to make the Borough a safer place for drivers, cyclists and pedestrians.

We resolve to ask the Chief Executive to write to the appropriate Government Department Ministers and our MP and to ask them to work with the relevant insurance agencies to bring forward legislation that restricts the ability of young drivers to hire high powered vehicles for limited periods of time or for other drivers to hire such vehicles and then allow young and inexperienced drivers to use them. This practice is a cause of concern for our constituents and has been a contributory factor in some road accidents.”

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Councillor Mark Townsend will move

“The government has proposed that the Council is invited to be a pilot in 2018 whereby all voters in elections in Burnley will need to supply evidence to prove their identity if they are going to be allowed to vote at Polling Stations. This change is being introduced to deal with the potential issue of voter impersonation although there have been no proven examples of this crime within Burnley.

This change will significantly inconvenience all law abiding electors and, in some cases, will prevent them from voting because they will not be able to supply the relevant documentation. It will involve the Council in additional expensive bureaucracy and will also present serious operational problems for polling clerks who will be expected to check pieces of documentation while a queue of voters builds up.

On behalf of all law abiding electors in Burnley, this Council calls upon the Chief Executive to make these concerns known to the Electoral Commission and for the council to not be involved in the pilot. We also call upon our MP to make these concerns known to Ministers at the Department for Communities and Local Government.

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# Items for decision by Council



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# Council Tax Renovated Property



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# EXECUTIVE

## BURNLEY TOWN HALL

Monday 13<sup>th</sup> February 2017 at 6.30 pm

### 101. Council Tax Renovated Property

**Purpose** To seek approval in respect of a new policy for awarding local Council Tax discount to the owners of renovated properties which were previously classed as either uninhabitable or long-term empty.

An amendment to the recommendation in Paragraph 3 of the report was considered to include the Head of Finance in the delegation.

**Reason for Decision** This new Policy seeks to relieve property owners from the burden of paying Council Tax whilst they are renovating properties which were previously classed as either uninhabitable or long-term empty.

The policy adds an extra incentive for such owners by awarding a 100% local discount for up to six months, once renovation works have been completed on former uninhabitable or long-term empty properties, and the works have brought the property up to an agreed standard.

**Decision** (1) That Full Council be recommended to approve this new policy for awarding local Council Tax discount from 1April 2017. (Appendix 1); and

(2) That Full Council be recommended, as amended, to approve that delegated authority is given to the Head of Housing and Development Control in conjunction with the Head of Finance to amend the criteria of the scheme to ensure it remains cost effective and achieves the objectives of the policy.

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**Council Tax Renovated Property**

**REPORT TO THE EXECUTIVE**



<b>DATE</b>	<b>130217</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Nick Hardwick / Paul Gatrell</b>
<b>TEL NO</b>	<b>01143 999101 / 01282 477230</b>
<b>EMAIL</b>	<a href="mailto:nick.hardwick@liberata.com">nick.hardwick@liberata.com</a> <a href="mailto:pgatrell@burnley.gov.uk">pgatrell@burnley.gov.uk</a>

**PURPOSE**

1. To seek approval in respect of a new policy for awarding local Council Tax discount to the owners of renovated properties which were previously classed as either uninhabitable or long-term empty.

**RECOMMENDATION**

2. That Full Council be recommended to approve this new policy for awarding local Council Tax discount from 1 April 2017. (Appendix 1)
3. That Full Council be recommended to approve that delegated authority is given to the Head of Housing and Development Control to amend the criteria of the scheme to ensure it remains cost effective and achieves the objectives of the policy.

**REASONS FOR RECOMMENDATION**

4. This new Policy seeks to relieve property owners from the burden of paying Council Tax whilst they are renovating properties which were previously classed as either uninhabitable or long-term empty.
5. The policy adds an extra incentive for such owners by awarding a 100% local discount for up to six months, once renovation works have been completed on former uninhabitable or long-term empty properties, and the works have brought the property up to an agreed standard.

**SUMMARY OF KEY POINTS**

6. Burnley has approximately 2,400 empty properties - almost 5% of the total housing stock. Of the 2,400 empties, 1,050 have been empty for more than six months of which:
  - 60 are uninhabitable
  - 620 are empty and substantially unfurnished
  - Around 370 have been empty for over two years

7. This report proposes the introduction of a local discount in the form of a pay-back scheme that incentivises owners of both uninhabitable and long-term empty properties to carry out renovation works to bring them back into use within a defined period of six months from the start of renovation work to the completion of works and occupation of the premises.
8. To be eligible for this new local Council Tax discount, the property must,
  - a) be in a certain state of disrepair and include significant category 1 Hazards as defined by the Housing Act 2004.
  - b) of been vacant for a minimum period of 12 months (not lived in),
  - c) be unfurnished,
  - d) be undergoing renovation works that will achieve the Council's Gold Accreditation Standard and be completed with the property occupied within a timeframe of 6 months.
9. The local discount scheme will give up to six months full Council Tax discount when renovation works are completed within a six month period, and the property is brought back into use. The definition of "brought back into use" is that the property is occupied as someone's main home.
10. The scheme will operate retrospectively, so the discount is awarded once the works are completed, an inspection has been made and the property is occupied. The Council Tax that has been paid throughout the renovation period will then be refunded to the owner.
11. Participation in the scheme is conditional upon there being no Council Tax arrears or debt owed to Burnley Council. Where the applicant has multiple properties, all accounts for each property must be paid up to date, not just those affecting the relevant property.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

12. Under normal circumstances, discounts for Council Tax are financed as follows:
  - 17% by Burnley Borough Council
  - 69% by Lancashire County Council
  - 10% by Lancashire Police and Crime Commissioner
  - 4% by Lancashire Fire and Rescue Authority
13. As this is a local discount, funding will need to be met 100% by Burnley Borough Council.
14. The cost of awarding six months local discount to a Band A property in Burnley is £560. We would expect take-up of this scheme to be relatively low at around 20 properties during the first year. An estimate of the cost of the scheme for 2017/18 is therefore £11,200.

## **POLICY IMPLICATIONS**

15. This new policy will allow the Council to administer applications for discount in a consistent and fair way.

<b>DETAILS OF CONSULTATION</b>
--------------------------------

16. Deborah Davies – Head of Revenues and Benefits

<b>BACKGROUND PAPERS</b>
--------------------------

17. None

<b>FURTHER INFORMATION</b>	
<b>PLEASE CONTACT:</b>	<b>Nick Hardwick 01143 999101</b>
<b>ALSO:</b>	<b>Paul Gatrell (01282) 477230</b>

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## **Council Tax discount policy for renovated empty properties**

### **The purpose**

This policy is intended to offer an incentive to owners of empty homes to return them back in to use and ensure they make a positive contribution to the Borough's housing market. The policy will seek to relieve property owners from the burden of paying Council Tax during the period that the property is undergoing renovation. The renovation works will be aiming to bring the property up to a decent standard of repair and thereafter be occupied as a household's main or principle residence.

### **Eligibility Criteria**

The property must be,

1. In a state of disrepair that includes the presence of significant or multiply category 1 hazards as defined by the Housing Act 2004.
2. Currently vacant and has been in a vacant state for a minimum of 12 months.
3. Unfurnished.
4. Occupied as a household's main or principle home within a period of six months from the date of issue of the schedule of works.

The renovation works must be,

1. Completed within a period of six months and the property occupied as describe in point 4 above.
2. Completed to the Council's Gold Accreditation Standard (as set out in the Council's good landlord and agent code of practice).
3. Defined and set out by an appropriate officer of the Council in a schedule of works that is issued to the owner. Renovation work cannot start until the schedule of work is received.
4. Signed off as complete and satisfactory in line with the issued schedule of works by an appropriate officer of the Council at the end of the renovation period.
5. Include all relevant safety certificates such as a Gas Safety Certificate and an Electrical Condition Report. If required Building Regulations Approval.

The property owner must,

1. Not have any Council Tax debts or other arrears owned to the Council on the property relevant to this discount or any other property in their ownership.
2. Be intending to rent the property out once renovated or reside in the property themselves as an owner occupier.
3. Be a licensed landlord if they have any rented properties in their management and/or ownership in any of the Council's designated areas for selective licensing.
4. Be a member of the Council's Good Landlord and Agent Scheme or be actively working towards membership.
5. Have no outstanding disrepair cases on any rented properties in their management and/or ownership.

6. Provide proof of ownership
7. Provided an intended owner occupation or intended lettings certificate.

### **The procedure**

1. The property owner will apply to the Council on the relevant application form.
2. The Council will respond within 10 working days to confirm whether the property and owner are eligible for the discount scheme.
3. If the property and owner are eligible for the discount scheme the Council will contact the owner within 5 working days of this notification to agree an appointment for the Council's Technical Officer to carry out a schedule of works for the property.
4. This schedule of works will be issued to the owner 10 working days from the property inspection and this date of issue will be the start of the six month period within which the property must be renovated to a satisfactory standard, approved by the Council and occupied as a household's main or principle home.
5. If the property requires planning permission then the date of the permission will be the start of the six month renovation and occupation period (*This will only apply if the permission is granted after the schedule of works is issued*).
6. Once the owner is satisfied that the renovation works are complete and the property is occupied they will contact the Council's Empty Homes Team to notify them and agree an appointment for the Council's Technical Officer to inspect the works.
7. Following this inspection the Council's Technical Officer will contact the owner within 5 working days to notify them whether the renovation works are satisfactory and meet the Gold Accreditation Standard.
8. If the works are satisfactory and the property is verified as occupied the Council's Empty Homes Team will liaise with the Council Tax Department to determine the application.
9. If the Council are satisfied that all the component parts of the process have been complied with the Council Tax department will notify the owner that the discount is approved and process the discount.



# Revenue Budget Monitoring 2016/17



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# EXECUTIVE

## BURNLEY TOWN HALL

Monday 13<sup>th</sup> February 2017 at 6.30 pm

103. <b>Revenue Budget Monitoring 2016/17</b>
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**Purpose** To report the forecast outturn position for the year as at 31<sup>st</sup> March 2017 based upon actual spending and income to 31<sup>st</sup> December 2016.

A correction to Paragraph 2f of the report was noted to show that Appendix 5 referred to 60k.

**Reason for Decision** To give consideration to the level of revenue spending and income in 2016/17 as part of the effective governance of the Council and to ensure that appropriate management action is taken to ensure a balanced financial position

- Decision**
- (1) That the projected revenue budget forecast underspend of £276k (see the overview table in paragraph 6) which includes utility savings and an improved income position be noted;
  - (2) That Full Council be recommended to approve the latest revised budget of £15.223m as shown in Appendix 1.
  - (3) That Full Council be recommended to approve the creation of a new reserve, Burnley bondholders, and the transfer of the balance of contributions totalling £35k from the Growth reserve;
  - (4) That Full Council be recommended to approve the creation of a new reserve, Town Centre Masterplan, utilising the £89k balance on the Housing Benefits Administration Subsidy reserve and £54k of the balance on the Rail Services reserve;
  - (5) That Full Council be recommended to approve the net transfers to earmarked reserves of £721k as shown in Appendix 4; and
  - (6) That Full Council be recommended to approve as corrected the carry forward of forecast unspent budgets as requested by Heads of Service in Appendix 5. These amounts totalling £60k to be transferred into the transformation reserve and

**transferred back out to create additional revenue budgets  
in 2017/18 or when required.**

## REPORT TO EXECUTIVE



<b>DATE</b>	<b>13<sup>th</sup> February 2017</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
<b>REPORT AUTHOR</b>	<b>David Donlan</b>
<b>TEL NO</b>	<b>(01282) 477172</b>
<b>EMAIL</b>	<b>ddonlan@burnley.gov.uk</b>

## Revenue Budget Monitoring 2016/2017

## PURPOSE

1. To report the forecast outturn position for the year as at 31<sup>st</sup> March 2017 based upon actual spending and income to **31<sup>st</sup> December 2016**.

## RECOMMENDATION

2. The Executive is asked to:
  - a. Note the projected revenue budget forecast underspend of £276k (see the overview table in paragraph 6) which includes utility savings and an improved income position.

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

  - b. The latest revised budget of £15.223m as shown in Appendix 1.
  - c. The creation of a new reserve, Burnley bondholders, and the transfer of the balance of contributions totalling £35k from the Growth reserve.
  - d. The creation of a new reserve, Town Centre Masterplan, utilising the £89k balance on the Housing Benefits Administration Subsidy reserve and £54k of the balance on the Rail Services reserve.
  - e. The net transfers to earmarked reserves of £721k as shown in Appendix 4.
  - f. The carry forward of forecast unspent budgets as requested by Heads of Service in Appendix 5. These amounts totalling £60k to be transferred into the transformation reserve and transferred back out to create additional revenue budgets in 2017/18 or when required.

## REASONS FOR RECOMMENDATION

3. To give consideration to the level of revenue spending and income in 2016/17 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

### 4. **Revenue Budget Monitoring Process**

There are 3 in-year reports on revenue budget monitoring presented to the Executive and the Scrutiny Committee during the course of the financial year. This is the final in-year report for 2016/17. In addition to these 3 reports there is a final combined report for revenue and capital 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.

### 5. **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.
- Executive Member for Resources and Performance Management decisions confirming additional awards of grant and contributions.
- Decisions made by the Executive.

Members are asked to approve the latest revised budget of £15.223m as shown in Appendix 1.

6. **Revenue Budget Summary**

As at the end of December 2016, the overall financial position is currently projected to be a £276k underspend, as shown in the table below:

	<b>Latest Revised Budget £'000's</b>	<b>Forecast Outturn £'000's</b>	<b>Variance £'000's</b>	<b>Paragraph</b>
Pay	9,322	9,563	241	
Other revenue budgets	7,004	6,487	(517)	
Reserves	(1,103)	(1,103)	0	12
	<b>15,223</b>	<b>14,947</b>	<b>(276)</b>	
<b>Financed by:</b>				
Collection Fund surplus	(81)	(81)		
Business Rates	(4,356)	(4,356)		
Revenue Support Grant	(3,660)	(3,660)		
Council Tax	(6,130)	(6,130)		
New Homes Bonus	(996)	(996)		
<b>Forecast underspend at end December 2016</b>	<b>0</b>	<b>(276)</b>	<b>(276)</b>	
<b>Reported position previously</b>			<b>(123)</b>	
<b>Movement this period</b>			<b>(153)</b>	
<b>Due to:</b>				
<u>Recurring variations</u>				
Community services income from shared service			(15)	7
<u>One-off variations:</u>				
Increased income			(43)	7
Burnley Business Awards Bi-annual event saving			(20)	8
Energy costs savings			(20)	9
Water cost savings			(25)	10
Other net savings			(30)	
			<b>(153)</b>	

In setting the budget for 2016/17, it was assumed that £250k would be saved through not filling posts immediately. The latest position is that £239k of salary savings have been secured to date. In forecasting the outturn position above to the 31<sup>st</sup> March 2017, it is assumed that the target will be achieved.

7. **Increased income (£58k)**  
Heads of service have reported an increase in forecast income for the year from cycle 2. This includes a contribution of £15k from Hyndburn Concil towards the shared community safety service.
8. **Burnley Business Awards savings (£20k)**  
This is a biannual event and therefore the budget for 2016/17 is not required.
9. **Energy cost savings (£20k)**  
Based on current trends and consumption, it is now estimated that a £85k saving on gas and electricity costs can be achieved in 2016/17. £65k of this has been previously reported and where considered appropriate, these savings have been reflected in the 2017/18 budget proposals.
10. **Water cost savings (£25k)**  
Based on current trends and consumption, it is now estimated there will be a saving of £65k in 2016/17. £40k of this has been previously reported and where considered appropriate, these savings have been reflected in the 2017/18 budget proposals.
11. **Budget Carry Forward Requests**  
Heads of Service have made requests for up to £60k of budgets to be moved from 2016/17 to 2017/18. Appendix 5 gives the details.
12. **Earmarked Reserves**  
The table in Appendix 4 summarises the latest position. The forecast revenue budget underspending is £276k. Any revenue underspends at year end, will, if achieved, be transferred to the strategic reserves.
13. **Revenue Implications of the Changes to the Capital Budget**  
The 2016/17 capital monitoring report is elsewhere on your agenda. The report states that the full year revenue impact from prudential borrowing of £1.958m are the net costs of the Minimum Revenue Provision [MRP] of £37k and the net interest costs on the borrowing which is estimated to be £46k. The MRP costs are not incurred until 2017/18. The interest costs are dependent on the timing of the borrowing but is anticipated to be at year end and therefore also not likely to be incurred until 2017/18. These will be included within the revenue budget for 2017/18.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

14. As shown in the body of the report.

## **POLICY IMPLICATIONS**

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



**DETAILS OF CONSULTATION**

16. None.

**BACKGROUND PAPERS**

17. None

**FURTHER INFORMATION**

**PLEASE CONTACT:**

**David Donlan - Accountancy Division  
Manager**

**ALSO:**

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**Movements in Revenue Budget 2016/17 - to 31st December 2016**

Directorate	Service Unit	Original Budget	Latest Revised Budget	Changes this Cycle (Cycle 3)	Changes Previous Cycle	Transfers to /(from) Earmarked Reserves	Grants Unapplied carried forward from 2015/16	<b>TOTAL OVERALL MOVEMENT</b>	Revised Budget
		£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Chief Executives Office	Management	447	440	-	(7)	-	-	(7)	440
	Regeneration and Planning Policy	1,420	1,570	35	(1)	112	4	150	1,570
Community Service	Leisure Trust Management Fee	711	610	(101)	-	-	-	(101)	610
	Leisure Trust Client	197	201	7	(3)	-	-	4	201
	Green Spaces and Amenities	1,094	1,203	(6)	63	-	52	109	1,203
	Streetscene	3,148	3,031	(51)	(83)	-	17	(117)	3,031
	Housing and Development Control	566	577	-	-	-	11	11	577
	Comms Servcs Performance & Policy	471	499	-	5	-	23	28	499
Resources	Governance, Law and Reg'n (inc Property)	846	552	(7)	(291)	-	4	(294)	552
	People & Development	296	283	(10)	(3)	-	-	(13)	283
	Finance	444	692	(8)	256	-	-	248	692
	Strategic Partnership	3,566	3,563	(3)	-	-	-	(3)	3,563
	Revenues and Benefits	(1,373)	(1,348)	-	-	25	-	25	(1,348)
	Treasury Management	931	1,032	101	-	-	-	101	1,032
	Corporate Budgets	5,272	3,421	43	25	(1,808)	(111)	(1,851)	3,421
	Use of Earmarked Reserves	(2,813)	(1,103)	-	39	1,671	-	1,710	(1,103)
		15,223	15,223	-	-	-	-	-	15,223

## Revenue Budget Update by Service Area as at 31st December 2016

Appendix 2

Directorate	Service Unit	Revised budget for year			Forecast outturn for year			Forecast Variance		
		Pay	Non Pay	Income	Pay	Non Pay	Income	Pay	Non Pay	Income
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Chief Executives Office	Management	425	15	-	399	15	-	(26)	-	-
	Regeneration and Planning Policy	1,151	1,165	(746)	1,150	1,115	(722)	(1)	(50)	24
Community Service	Leisure Trust Management Fee	-	610	-	-	610	-	-	-	-
	Leisure Trust Client	-	439	(238)	-	439	(238)	-	-	-
	Green Spaces and Amenities	1,826	1,383	(2,006)	1,826	1,383	(1,998)	-	-	8
	Streetscene	1,022	4,067	(2,058)	1,007	3,956	(2,086)	(15)	(111)	(28)
	Housing and Development Control	1,226	401	(1,050)	1,226	333	(1,146)	-	(68)	(96)
	Comms Servcs Performance & Policy	408	260	(169)	409	258	(177)	1	(2)	(8)
Resources	Governance, Law & Reg'n (inc Property)	981	1,913	(2,342)	973	1,882	(2,289)	(8)	(31)	53
	People & Development	206	77	-	200	87	-	(6)	10	-
	Finance	629	143	(80)	643	139	(80)	14	(4)	-
	Strategic Partnership	-	3,563	-	-	3,563	-	-	-	-
	Revenues and Benefits	-	34,180	(35,528)	-	34,180	(35,528)	-	-	-
	Treasury Management	-	1,074	(42)	-	915	(70)	-	(159)	(28)
Corporate	Corporate Budgets	1,448	2,056	(83)	1,730	2,038	(92)	282	(18)	(9)
	Use of Earmarked Reserves			(1,103)			(1,103)	-	-	-
	<b>Total</b>	<b>9,322</b>	<b>51,346</b>	<b>(45,445)</b>	<b>9,563</b>	<b>50,913</b>	<b>(45,529)</b>	<b>241</b>	<b>(433)</b>	<b>(84)</b>
				15,223			14,947			(276)

**Revenue Budget Variance Analysis 2016/17 (as at 31st December 2016)**

**Appendix 3**

Service Unit	Last Report			Current Report			Movement			Explanation (Non pay/income £20k and over)
	Forecast Variance			Forecast Variance			Movement			
	Pay	Non Pay	Income	Pay	Non Pay	Income	Pay	Non Pay	Income	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Management	-	-	-	(26)	-	-	(26)	-	-	
Regen & Planning Policy	-	-	42	(1)	(50)	24	(1)	(50)	(18)	Non Pay - (£50k) Budget for Burnley Business Awards not required in 2016/17 saving £20k and general minor underspendings forecast of £30k.
Leisure Trust Management Fee	-	-	-	-	-	-	-	-	-	
Leisure Trust Client	-	-	-	-	-	-	-	-	-	
Green Spaces	-	-	8	-	-	8	-	-	-	
Streetscene	-	(73)	(8)	(15)	(111)	(28)	(15)	(38)	(20)	Non Pay - (£38k) Savings in cctv costs following a shared service with Blackburn of £22k and forecast net general minor underspendings of £16k. Income - (£20k) Additional income for Hyndburn contribution to shared service of £15k and other increased income £5k.
Housing & Devt Ctrl	-	(40)	(84)	-	(68)	(96)	-	(28)	(12)	Non Pay - (£28k) Savings of £15k in temporary accomodation costs and £14k costs of homelessness.
Communications, Performance & Policy	-	-	-	1	(2)	(8)	1	(2)	(8)	
Governance, Law & Regulation (inc Property)	-	(31)	53	(8)	(31)	53	(8)	-	-	
People & Development	-	10	-	(6)	10	-	(6)	-	-	
Finance	-	(4)	-	14	(4)	-	14	-	-	
Strategic Partnership	-	-	-	-	-	-	-	-	-	
Revenues & Benefits	-	-	-	-	-	-	-	-	-	
Treasury	-	(159)	(28)	-	(159)	(28)	-	-	-	
Corporate Budgets	191	9	(9)	282	(18)	(9)	91	(27)	-	Pay (£91k) - Further salary savings by service units above towards the corporate budget target of £250k and related costs. Non-Pay - (£27k) - Further estimated savings on both energy (£20k) and water charges (£25k). Council's Rates costs increased by £18k.
Transfers to / (from) Reserves	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>191</b>	<b>(288)</b>	<b>(26)</b>	<b>241</b>	<b>(433)</b>	<b>(84)</b>	<b>50</b>	<b>(145)</b>	<b>(58)</b>	

Net Est. Revenue Budget  
(Underspend)/Overspend

(123)

(276)

(153)

**Position on Earmarked Reserves as at 31st December 2016**

Appendix 4

Position on Earmarked Reserves	Transformation £'000	Growth £'000	Town Centre Management £'000	Primary Engineer £'000	Other Specific £'000	Total £'000
Opening Balance 1/4/16	(2,714)	(2,181)	(600)	(165)	(1,202)	(6,862)
Original Budget 2016/17 - Use of Reserves 2016/17	250	710	-	-	1,853	2,813
Adjustment for the Business Rates Volatility Reserve as part of the final accounts closure	-	-	-	-	(1,756)	(1,756)
	<b>(2,464)</b>	<b>(1,471)</b>	<b>(600)</b>	<b>(165)</b>	<b>(1,105)</b>	<b>(5,805)</b>
Total changes in cycle 1	(12)	-	600	55	92	735
Total changes in cycle 2	(13)	13	-	-	32	32
Total changes in this report	32	(432)	(375)	(25)	79	(721)
<b>Anticipated Balance at 31st March 2017</b>	<b>(2,457)</b>	<b>(1,890)</b>	<b>(375)</b>	<b>(135)</b>	<b>(902)</b>	<b>(5,759)</b>
Approved Use of Reserves in future years	-	1,722	375	135	170	2,402
<b>Balance after approvals</b>	<b>(2,457)</b>	<b>(168)</b>	<b>-</b>	<b>-</b>	<b>(732)</b>	<b>(3,357)</b>

Requests for Revenue Budget Carry Forwards from 2016/17 into 2017/18

**APPENDIX 5**

<u>Service Unit / Task</u>	<u>Details</u>	<u>Amount Requested</u> £	<u>Code</u>	<u>Budget 2016/17</u> £	<u>Forecast Spending 2016/17</u> £	<u>Remaining 2016/17</u> £	<u>Approved by Management Team</u> £	<u>Forecast Underspend in previous Cycle 2 monitoring (if any)</u> £
<u>Regeneration and Planning Policy</u>	Remaining balance of the £50k agreed contribution to the Barnfield and Burnley Joint Venture company, that is funded 50 : 50 between Barnfield Investment Properties and	30,000	R5322/2021	30,000	-	30,000	-	-
		<b>30,000</b>		<b>30,000</b>	<b>-</b>	<b>30,000</b>	<b>-</b>	<b>-</b>
<u>People &amp; Development</u>	With the new structure just coming into place and with the intention to run a more commercially-focussed leadership programme, carry forward of potentially remaining funds is required.	10,000	Various/0153	55,318	45,318	10,000	-	-
		<b>10,000</b>		<b>55,318</b>	<b>45,318</b>	<b>10,000</b>	<b>-</b>	<b>-</b>
<u>Finance</u>	The work on the finance transformation is on-going. There have been a few issues that required resolving that have made the overall project slip. The project strands of intelligent scanning of creditor invoices and asset management accounting will require development in the new year.	20,000	R2021/2106	50,000	30,000	20,000	-	-
		<b>20,000</b>		<b>50,000</b>	<b>30,000</b>	<b>20,000</b>	<b>-</b>	<b>-</b>
<b>Totals</b>		<b>60,000</b>		<b>135,318</b>	<b>75,318</b>	<b>60,000</b>	<b>0</b>	<b>0</b>

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# Capital Budget Monitoring 2016/17



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# EXECUTIVE

BURNLEY TOWN HALL

Monday 13<sup>th</sup> February 2017 at 6.30 pm

## 107. Capital Budget Monitoring 2016/17

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

Reason To effectively manage the 2016/17 capital programme  
for  
Decision

- Decision
- (1) That Full Council be recommended to approve the revised capital budget for 2016/17 totalling £7,500,591, as outlined in Appendix 1;**
  - (2) That Full Council be recommended to approve the proposed financing of the revised capital budget totalling £7,500,591 as shown in Appendix 2; and**
  - (3) That the latest estimated year end position on capital receipts and contributions showing an assumed balance of £2,749,051 at 31<sup>st</sup> March 2017, in Appendix 3, be noted.

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## REPORT TO THE EXECUTIVE



DATE	13 <sup>th</sup> February 2017
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	David Donlan
TEL NO	(01282) 477172
EMAIL	ddonlan@burnley.gov.uk

Capital Budget Monitoring Report 2016/17 Cycle 3 (to 31<sup>st</sup> December 2016)

## PURPOSE

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

## RECOMMENDATION

- 2 The Executive is asked to:
  - Recommend to Full Council, approval of the revised capital budget for 2016/17 totalling £7,500,591, as outlined in Appendix 1.
  - Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £7,500,591 as shown in Appendix 2.
  - Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £2,749,051 at 31<sup>st</sup> March 2017, in Appendix 3.

## REASONS FOR RECOMMENDATION

- 3 To effectively manage the 2016/17 capital programme.

## SUMMARY OF KEY POINTS

**2016/17 CAPITAL PROGRAMME:****4 MONITORING INFORMATION:**

On the 24<sup>th</sup> February 2016 Full Council approved the 2016/17 original capital budget, totalling £6,931,488. Since February, a number of individual reports have been approved by the Executive, along with approvals under delegated powers, resulting in revising the 2016/17 capital budget to £8,878,322 [as at the 16<sup>th</sup> December 2016 Executive Meeting].

This is the third round of in-year cyclical monitoring, and as such the appendices accompanying this report provide Members with the position as at 31<sup>st</sup> December 2016 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 December 2016. The expenditure to date is £3,079,464 which is 41% of the proposed revised budget.
- b) Revised Budget and Financing Elements - Appendix 2 shows the revised budget of £7,500,591 along with identifying the approved financing elements on a scheme by scheme basis.
- c) Council Resources Position - Appendix 3 shows the latest position on capital receipts, section 106 monies and 3<sup>rd</sup> 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 2016/17 capital commitments, totals £2,749,051.

**REVENUE IMPLICATIONS**

Revenue Contributions 2016/17

6 The Capital Programme includes Revenue Contributions totalling £665,789, being:

<b>Scheme Name</b>	<b>£</b>
Vehicle and Machinery Replacement	205,467
Padiham Pump Track - Phase 2	3,000
Vision Park	82,608
Market Safety Works	22,520
Energy Efficiency of Council Buildings	12,320
Padiham Town Hall Non-Insured Flood Works	114,874
Town Centre & Shopping Centre Works	225,000
<b>Total Revenue Contributions</b>	<b>665,789</b>

Prudential Borrowing 2016/17

The Capital Programme includes a use of Prudential Borrowing totalling £1,958,054.

The revenue implications through expenditure funded from Prudential Borrowing of £1,958,054, are a net increase in the Minimum Revenue Provision [MRP] of £37k. The net notional interest charge on the borrowing is also £46k.

The MRP costs are not incurred until 2017/18, and the notional interest cost will be dependent on the timing of the borrowing but is anticipated to be at year end and therefore also not likely to be incurred until 2017/18. This will be included within the revenue budget for 2017/18.

**FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

7 As set out in the body of the report.

**POLICY IMPLICATIONS**

8 None arise directly from this report.

**DETAILS OF CONSULTATION**

9 None

**BACKGROUND PAPERS**

10 None.

**FURTHER INFORMATION**

**PLEASE CONTACT:**

**David Donlan,**

**Accountancy Division Manager**

**Ext 7172**

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Scheme Name	Revised Budget	Adjustments Per This Report		Revised Budget	Total Spend	% Schemes	Narrative provided by Project Officers/Heads of Service
	Exec 16/12/16	Budget Adjustments	Reprofiled into Future Years	to be Approved	as at 31/12/16	Spend	
	£	£	£	£	£	£	
<b>GREEN SPACES &amp; AMENITIES</b>							
Thompson Park Restoration Project	36,061			36,061	36,055	100%	Complete. The Stage 2 Application was submitted and funding of £861k from HLF has now been approved for the restoration of Thompson Park and is included in the 2017/18 capital programme.
Play Area Improvement Programme	9,800			9,800	9,302	95%	Complete. Balance of budget to be spent on installation of fencing Hargher Clough Park.
Prairie Sports Complex	16,630			16,630	-	0%	Complete
Towneley Hall Works	1,468			1,468	1,124	77%	Balance to be spent upgrading the alarms in the Long Gallery.
Brun Valley Forest Park	14,549			14,549	5,747	40%	Installation of 45 finger posts and 11 large maps and interpretive panels signage starts at beginning of February and the scheme will be complete by end of March
Vehicle & Machinery Replacement	233,169	(27,702)		205,467	131,177	64%	In progress. The order for replacement pick-up vans has been delayed as we are reviewing vehicle requirements in light of reduced workforce. It is likely that one new pick up will be purchased and two smaller utility vehicles which will provide greater flexibility
Extension of Burnley Cemetery	21,087		(16,087)	5,000	-	0%	The contract for design work on new extension is being tendered. Spend to end of financial year expected to be £5k, with balance requested to be slipped to 2017/18
	<b>332,764</b>	<b>(27,702)</b>	<b>(16,087)</b>	<b>288,975</b>	<b>183,405</b>	<b>63%</b>	

<b>STREETSCENE</b>							
Townley River Training Walls	170,672		(47,000)	123,672	93,505	76%	The footbridge over the River Brun at Bank Hall was completed in September 2016 (estimated cost £60k) and is now open to the public. Phase 2 River Brun Training Wall Work completed (cost £6k). River Brun de-silting works completed (£5k). River Calder Training Wall works part completed, further work to be undertaken in February/March at an estimated cost of £30k, weather permitting. It will not be possible to complete the allocated spend this financial year due to the Environment Agency not being able to grant licences as speedily as is normal due to their commitments after the Boxing Day floods of 2015. All remaining monies (£47k) need to be re-profiled into 2017/18 to enable us to complete the essential work next financial year, in particular to the River Brun in Bank Hall which has got progressively worse and is now close to full collapse.
Car Park Improvements	10,000			10,000	-	0%	Infrastructure improvements (lighting, drainage, surfacing, lining, machines etc.) are out to tender, with site works to be completed in the last quarter.
Burnley Town Centre Pedestrianisation Upgrade	782,104			782,104	214,001	27%	Works complete at Manchester Road, The Mall and Curzon Street from the 'Next' retail outlet to St James Street. Works are virtually complete along St James's Street from Manchester Road to Hammerton Street. Advance works on St James's Street from Manchester Road to Hall Street are continuing with the bandstand and charity arch demolished. (The bandstand has been re-erected in Memorial Park, Padiham). Overall work is progressing on-time and to budget. All the budget has been allocated for spend this financial year and it will be spent this financial year.
Alleygate Programme	58,900	(800)		58,100	-	0%	Final spend to be £58,100. Underspend due to reduction of gates required. Installation Q4. All orders placed.
CCTV Infrastructure	69,000		(39,000)	30,000	1,218	4%	Works on hold until the outcome of the CCTV hub project is known. No change for the third quarter. There is some anticipated spend in quarter 4 linked to relocation of cctv control room due to market demolition, approximately £30k. The remainder will need to be rolled over to the next financial year to complete the works.
Bus Shelter Replacement	8,700			8,700	3,387	39%	Installed one shelter and upgraded three shelters at a cost of £3,400. Remaining budget is committed for shelters at Thompson Street, Padiham and Lancaster Drive, Padiham. Lancashire County Council are proposing to resurface Thompson Street in the near future so these two shelters are on hold until we receive the LCC programme. The three shelters have now been ordered and works will be completed in quarter 4.
Padiham Pump Track - Phase 2	18,000			18,000	17,680	98%	Scheme complete
	<b>1,117,376</b>	<b>(800)</b>	<b>(86,000)</b>	<b>1,030,576</b>	<b>329,791</b>	<b>32%</b>	

Scheme Name	Revised Budget	Adjustments Per This Report		Revised Budget	Total Spend	% Schemes	Narrative provided by Project Officers/Heads of Service
	Exec 16/12/16	Budget	Reprofiled into	to be Approved	as at	Spend	
	£	£	£	£	£	£	
<b>REGENERATION &amp; PLANNING POLICY</b>							
University Technical College	22,500			22,500	-	0%	Access works to the roof are still outstanding. Retention held.
Vision Park	1,614,448	7,725	(277,835)	1,344,338	271,777	20%	Site works commenced in January 2017. The cashflow forecast for the construction programme now underway shows that the revised budget will be met.
Weavers Triangle - Starter Homes	445,836		(330,000)	115,836	4,208	4%	Works are due to start on site in January 2017 with a 12 month build out period. Majority of spend in 2017/18, and therefore reprofile £330k
Infrastructure & Highways Works	40,009			40,009	-	0%	Retention period has now ended, awaiting final invoice from LCC
Public Realm	32,191			32,191	32,191	100%	Completed
Market Safety Works	222,520			222,520	30,787	14%	Survey work has been completed and a start on site will take place once necessary permissions have been given from adjoining interests.
	<b>2,377,504</b>	<b>7,725</b>	<b>(607,835)</b>	<b>1,777,394</b>	<b>338,963</b>	<b>19%</b>	
<b>FACILITIES MANAGEMENT</b>							
Energy Efficiency of Council Buildings	12,320			12,320	-	0%	Committed £1,013 for Mechanics Inverter for Heating Pumps and £2,200 towards Towneley Hall LED Spot Lights in Art Gallery
Padiham Town Hall - Flood Works	751,219			751,219	129,185	17%	Enabling and asbestos works were understood to be substantially complete. A problem has arisen however in respect of the asbestos "encapsulation" treatment used in the basement. Discussions are underway with our insurers and the specialist asbestos contractor appointed by them to resolve this as soon as possible. In the meantime we are trying to bring forward works areas unaffected by this problem e.g. the bar/refreshment building.
Leisure Centre Improvements	101,301			101,301	38,795	38%	Currently committed the following: £1,034 for Bio sulphate Dosing System at Padiham Leisure Centre, £27,789 for New Boilers and Hot Water Vessels at Mechanics and £2,775 Refurbish Pump & Reinstall & test.
Contribution to Shopping Centre Redevelopment	750,000		(375,000)	375,000	375,000	100%	The funding agreement has been completed and the first 50% tranche payment made. Preparation works to the former Poundland unit on St James Street are underway with a view to enabling the relocation of Wilko's freeing up their existing store on Curzon Street for Primark. The next tranche will not be payable until next year, once Primark opens for trade.
	<b>1,614,840</b>	<b>-</b>	<b>(375,000)</b>	<b>1,239,840</b>	<b>542,980</b>	<b>44%</b>	

Scheme Name	Revised Budget	Adjustments Per This Report		Revised Budget	Total Spend	% Schemes	Narrative provided by Project Officers/Heads of Service
	Exec 16/12/16	Budget	Reprofiled into	to be Approved	as at	Spend	
	£	£	£	£	£	£	
<b>HOUSING &amp; DEVELOPMENT CONTROL</b>							
Emergency Work Grant	83,751			83,751	53,223	64%	20 grants have been approved totalling £78,362.
Disabled Facilities Grant	1,400,000			1,400,000	916,835	65%	A total of £1,774,976 has been committed with 223 adaptations approved and 149 being completed. Although contractors will start on the majority of the approved adaptations before the end of the financial year, not all work will be finished and therefore the final payment will be made in 2017/18.
Energy Efficiency	60,669	27,968		88,637	42,464	48%	73 grants have been approved totalling £54,739. The Council has again been successful in bidding for Affordable Warmth funding from Lancashire County Council, this funding is to ensure vulnerable residents have adequate heating in their homes.
Empty Homes Programme	1,250,000		(300,000)	950,000	555,149	58%	At the beginning of the financial year it was predicted that the Council would pay compensation/acquisitions costs to the owners of 12 properties. So far, only one owner has claimed the compensation. Despite this, 11 empty properties have vested into the councils ownership. The renovation target of 10 will be met with 7 already complete and a further 3 completing before the end of the year. The lack of compensation claims from owners will mean that £100k of committed resources will require slipping into 2017/18. In addition, £200k from this budget will be utilised to support housing development in Padiham.
Interventions, Acquisitions and Demolitions	441,086			441,086	86,550	20%	Part of this budget is used to fund outstanding compensation claims from completed demolition projects. In addition, an environmental scheme on Accrington Road has been completed. This scheme will continue to now include two commercial blocks and the backs of one block overlooking a new Keepmoat development. The £250k that had been committed for the Perseverance Mill site will be rolled forward into 2017/18 programme and be replaced in 2016/17 with a contribution to support housing redevelopment in Padiham.
Housing Market Support	75,617			75,617	-	0%	This scheme is utilised to bring forward site/opportunities for development and associated expenditure.
	<b>3,311,123</b>	<b>27,968</b>	<b>(300,000)</b>	<b>3,039,091</b>	<b>1,654,221</b>	<b>54%</b>	
<b>CHIEF EXECUTIVE / CORPORATE INITIATIVES</b>							
Ward Opportunities Fund	124,715			124,715	30,104	24%	As reported in previous quarters, the overall spend on this programme is largely determined by the extent to which proposals come forward from ward councillors.
	<b>124,715</b>	<b>-</b>	<b>-</b>	<b>124,715</b>	<b>30,104</b>	<b>24%</b>	
	<b>8,878,322</b>	<b>7,191</b>	<b>(1,384,922)</b>	<b>7,500,591</b>	<b>3,079,464</b>	<b>41%</b>	
				<b>2015/16 Cycle 3</b>	<b>6,638,274</b>	<b>3,796,772</b>	<b>57%</b>

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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 £	
<b>Green Spaces &amp; Amenities</b>								
Thompson Park Restoration Project	36,061			32,600			3,461	36,061
Play Area Improvement Programme	9,800				8,536		1,264	9,800
Prairie Sports Complex	16,630				16,630			16,630
Towneley Hall Works	1,468				1,468			1,468
Brun Valley Forest Park	14,549				1,942		12,607	14,549
Vehicle & Machinery Replacement	205,467		205,467					205,467
Extension of Burnley Cemetery	5,000	5,000						5,000
	<b>288,975</b>	<b>5,000</b>	<b>205,467</b>	<b>32,600</b>	<b>28,576</b>	<b>-</b>	<b>17,332</b>	<b>288,975</b>
<b>Streetscene</b>								
Towneley River Training Walls	123,672				123,672			123,672
Car Park Improvements	10,000				10,000			10,000
Burnley Town Centre Pedestrianisation Upgrade	782,104	671,753			110,351			782,104
Alleygate Programme	58,100				58,100			58,100
CCTV Infrastructure	30,000	30,000						30,000
Bus Shelter Replacement	8,700				8,000		700	8,700
Padiham Pump Track - Phase 2	18,000		3,000	10,000	3,000		2,000	18,000
	<b>1,030,576</b>	<b>701,753</b>	<b>3,000</b>	<b>10,000</b>	<b>313,123</b>	<b>-</b>	<b>2,700</b>	<b>1,030,576</b>
<b>Regeneration &amp; Planning Policy</b>								
University Technical College	22,500			7,275	15,225			22,500
Vision Park	1,344,338	800,000	82,608	454,005	7,725			1,344,338
Weavers Triangle - Starter Homes	115,836			115,836				115,836
Infrastructure & Highways Works	40,009						40,009	40,009
Public Realm	32,191			21,344			10,847	32,191
Market Safety Works	222,520	200,000	22,520					222,520
	<b>1,777,394</b>	<b>1,000,000</b>	<b>105,128</b>	<b>598,460</b>	<b>22,950</b>	<b>-</b>	<b>50,856</b>	<b>1,777,394</b>
<b>Facilities Management</b>								
Energy Efficiency of Council Buildings	12,320		12,320					12,320
Padiham Town Hall - Flood Works	751,219		114,874				636,345	751,219
Leisure Centre Improvements	101,301	101,301						101,301
Contribution to Shopping Centre Redevelopment	375,000	150,000	225,000					375,000
	<b>1,239,840</b>	<b>251,301</b>	<b>352,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>636,345</b>	<b>1,239,840</b>
<b>Housing &amp; Development</b>								
Emergency Work Grant	83,751					83,751		83,751
Disabled Facilities Grant	1,400,000			1,400,000				1,400,000
Energy Efficiency	88,637					60,669	27,968	88,637
Empty Homes Programme	950,000	-				950,000		950,000
Interventions, Acquisitions and Demolitions	441,086			441,086				441,086
Housing Market Support	75,617			75,617				75,617
	<b>3,039,091</b>	<b>-</b>	<b>-</b>	<b>1,916,703</b>	<b>-</b>	<b>1,094,420</b>	<b>27,968</b>	<b>3,039,091</b>
<b>Chief Executive</b>								
Ward Opportunities Fund	124,715				124,715			124,715
	<b>124,715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124,715</b>	<b>-</b>	<b>-</b>	<b>124,715</b>
<b>TOTAL OF ALL SCHEMES</b>	<b>7,500,591</b>	<b>1,958,054</b>	<b>665,789</b>	<b>2,557,763</b>	<b>489,364</b>	<b>1,094,420</b>	<b>735,201</b>	<b>7,500,591</b>

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**CAPITAL RECEIPTS AND CONTRIBUTIONS ANALYSIS FOR 2016/17 AND CIP 2017-20**

**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> £
<b><u>Capital Resources Brought Forward on 1st April 2016</u></b>	<b>894,254</b>	<b>2,851,124</b>	<b>182,583</b>	<b>119,816</b>	<b>4,047,777</b>
<b><u>Add</u></b>					
Resources Received As At 31st December 2016:	68,580	328,302	9,905	39,154	445,941
Further Resources Estimated to be Received during 2016/17:	150,000	-	-	613,345	763,345
<b><u>Potential Resources Available during 2016/17</u></b>	<b>1,112,834</b>	<b>3,179,426</b>	<b>192,488</b>	<b>772,315</b>	<b>5,257,063</b>
<b><u>Less</u></b>					
Required to finance Capital Programme	(489,364)	(1,094,420)	(3,461)	(731,740)	(2,318,985)
Repayment Liabilities	-	-	-	-	-
Earmarked for Revenue Expenditure	-	-	(63,255)	-	(63,255)
Earmarked for Delivery By Outside Bodies	-	-	(125,772)	-	(125,772)
<b><u>Potential Capital Resources Carried Forward on 31st March 2017</u></b>	<b>623,470</b>	<b>2,085,006</b>	<b>-</b>	<b>40,575</b>	<b>2,749,051</b>
<b><u>Add</u></b>					
Resources Estimated to be Received during 2017/20	1,100,000	1,614,994	-	1,497,759	4,212,753
<b><u>Less</u></b>					
2017/18 Capital Budget - plus reprofiled 2016/17 Budget	(468,500)	(1,540,000)	-	(249,423)	(2,257,923)
2018/19 Capital Budget	(393,000)	(1,200,000)	-	(149,773)	(1,742,773)
2019/20 Capital Budget	(393,000)	(960,000)	-	(1,098,563)	(2,451,563)
<b><u>Total Surplus / (Shortfall) of Resources available for Further Capital Investment Programme needs</u></b>	<b>468,970</b>	<b>-</b>	<b>-</b>	<b>40,575</b>	<b>509,545</b>

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# Medium Term Financial Strategy - 2018/19 to 2020/21 incorporating the Reserves Strategy



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# EXECUTIVE

BURNLEY TOWN HALL

Monday 13<sup>th</sup> February 2017 at 6.30 pm

## 104.. Medium Term Financial Strategy – 2018/19 to 2020/21

**Purpose** To consider the longer term financial outlook within the context of a Medium-Term Financial Strategy covering the financial years 2018/19 to 2020/21, highlighting uncertainties, underlying risks and make recommendations to Council. The Medium-Term Financial Strategy should be read in conjunction with the revenue budget 2017/18 and the associated statutory report of the Chief Finance Officer.

Amendments were considered at the meeting relating to the following changes to the report and appendix;

- Paragraph 7 of the report - “considerable” to “severe”
- Paragraph 2 of the appendix - “challenging” to “severe”
- Paragraph 29 of the appendix - “significant” to “severe”

**Reason for Decision** Professional accounting practice recommends that a medium term financial strategy is in place to ensure that resources are aligned to strategic intent and business objectives. It also provides a firm and robust basis on which to prepare the annual budget. Given the current financial climate, the need for consideration of the medium term financial position is pertinent to ensuring sustainable service delivery and for the Council to remain viable as a going concern

- Decision**
- (1) That Full Council be recommended to approve the latest Medium-Term Financial Strategy, as amended regarding the changes to Paragraph 7 of the report and Paragraphs 2 and 29 of the Appendix to “severe”;**
  - (2) That Full Council be recommended to approve the Reserves Strategy, as appended to the Medium-Term Financial Strategy; and**
  - (3) That Full Council be recommended to note that a refreshed document will be provided regularly when required as an aid to monitoring the continued delivery of an annually balanced budget.**



## REPORT TO THE EXECUTIVE



<b>DATE</b>	<b>13<sup>th</sup> February 2017</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Asad Mushtaq</b>
<b>TEL NO</b>	<b>01282 477173</b>
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## Medium-Term Financial Strategy – 2018/19 to 2020/21 Incorporating the Reserves Strategy

### PURPOSE

1. To consider the longer term financial outlook within the context of a Medium-Term Financial Strategy covering the financial years 2018/19 to 2020/21, highlighting uncertainties, underlying risks and make recommendations to Council. The Medium-Term Financial Strategy should be read in conjunction with the revenue budget 2017/18 and the associated statutory report of the Chief Finance Officer.

### RECOMMENDATION

2. The Executive is asked to recommend to full Council:
  - 2.1 Approval of the latest Medium-Term Financial Strategy;
  - 2.2 Approval of the Reserves Strategy, as appended to the Medium-Term Financial Strategy; and
  - 2.3 Note that a refreshed document will be provided regularly when required as an aid to monitoring the continued delivery of an annually balanced budget.

### REASONS FOR RECOMMENDATION

3. Professional accounting practice recommends that a medium term financial strategy is in place to ensure that resources are aligned to strategic intent and business objectives. It also provides a firm and robust basis on which to prepare the annual budget. Given the current financial climate, the need for consideration of the medium term financial position is pertinent to ensuring sustainable service delivery and for the Council to remain viable as a going concern.

## **SUMMARY OF KEY POINTS**

4. A Medium-Term Financial Strategy (MTFS) is a key component of the Council's strategic planning process, aligning resources to service priorities and providing early identification of requirements for efficiency and cost improvement programmes. The MTFS provides an overarching framework for, and context to, the preparation of the annual budget. It provides an indicative headline position of the overall financial health of the Council, providing early sight of issues for full consideration by the Council and Executive.
5. Council will be aware that the 2017-19 MTFS was approved in February 2016. In September 2016 a further report updated the MTFS and at that stage there was uncertainty around the Government's future plans for funding local government spending. This report provides an update to the latest figures presented in September 2016 based on the details issued by government as part of the provisional financial settlement for 2017/18 in December 2016, as well as incorporating a further year, namely 2020/21.
6. The Strategy has been developed using the latest information available. Assumptions and risks built into the Medium-Term Financial Strategy are documented within the Strategy at paragraphs 27 and 34 respectively. The headline reduction, over the three financial years 2018/19, 2019/20 and 2020/21, is a cumulative budget gap of £4.016m (27.5% of the 2017/18 net budget of £14.596M).
7. The overall size of the challenge that the Council faces is considerable and the formulation of a balanced budget over the longer term requires the delivery of further efficiency savings through strategic prioritisation, service transformation and continuous improvement. The Council will continue to take key decisions affecting the way it delivers core Council services as it has done in establishing the major outsourcing contract for Council services with Liberata. This will ensure the delivery of our Strategic Objectives and promotes our place shaping role, contained within a reduced resource base.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

8. There are no direct financial implications arising from this report.

## **POLICY IMPLICATIONS**

9. The Medium Term Financial Strategy is a key document in ensuring the delivery of Council objectives and developing the strategic priorities.

## **DETAILS OF CONSULTATION**

10. No external consultation has been carried out.

**BACKGROUND PAPERS**

11. None.

**FURTHER INFORMATION**

**PLEASE CONTACT:**

**Asad Mushtaq, Head of Finance**

**ALSO:**

**David Donlan, Accountancy Manager  
Howard Hamilton-Smith, Finance &  
Commercial Manager**

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# MEDIUM-TERM FINANCIAL STRATEGY

## 2018/21



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## **INTRODUCTION**

1. This Strategy provides an overarching framework which sets out the context in which future decisions on resource allocation and budgeting will be taken. The primary purpose of this Strategy is to provide an indication of the future financial position of the Council and in turn inform the annual budget setting process. It quantifies the likely level of resources that are available to deliver the Council's services and achievement of its core strategic objectives as set out in the Strategic Plan.
2. The Council continues to face challenging reductions in funding and will do so for the foreseeable future. Increasingly the ability to achieve strategic objectives is coupled with the need to deliver cash savings and cost reductions. Consequently, it is imperative that resources are allocated following an assessment of strategic priorities and that annual budget decisions are aligned to those priorities.
3. This Strategy includes:
  - Financial context and a high level overview of funding changes likely to affect the strategy;
  - An impact assessment of the Revenue Budget 2017/18 on future years;
  - Gap analysis for 2018/19, 2019/20 and 2020/21 and underlying assumptions;
  - Balancing the medium term;
  - Risks;
  - Reserves Forecast;
  - Monitoring and Review.
4. This Strategy reflects the approach adopted in a number of other strategies and policies adopted by the Council, which should be read in conjunction with this document. These include the Revenue Budget 2017/18, the Statutory Report of the Chief Finance Officer and the Treasury Management Policy. In addition the Reserves Strategy is of fundamental importance and is included as an appendix to this document.
5. The medium-term financial planning process has been in place for a number of years and is now an established part of the budget setting process. It provides a forecast of the cost of continuing to provide existing levels of service and the resources that are likely to be available to the Council over the period. It sets out the potential budget gap to inform the Executive and Full Council and to determine the overall size of the efficiencies and cost reduction programme needed over the medium term.

## **FINANCIAL CONTEXT**

6. The major aspects of the local government settlement for 2017/18 as they affect 2018/19, 2019/20 and 2020/21 are:
  - The Government's intention to phase out Revenue Support Grant by 2020
  - The calculation of Core Spending Power but with no maximum decrease and no support for any decrease from Efficiency Support Grant (ESG)
  - Continuation of New Homes Bonus – however the Government has reduced the period that grant is payable from six years to five years in 2017/18 and to four years in 2018/19. This results in an overall loss of grant of £1.599m. It has also introduced a baseline for housing growth, 0.4% of a Council's band D equivalent properties, which will be deducted from the grant calculation each year from 2017/18. This currently equates to 121 properties and a loss of £148k each year; £592k over the new four year period 2017/18 to 2020/21.
  - Confirmation of the Government's intention to allow local government to retain 100% of business rates by 2020, but this will be fiscally neutral.
  - Allowing local authorities to use 100% of capital receipts from asset sales to fund cost-saving reforms (mainly for those authorities with depleted strategic reserves)
  - The level of Council tax increase (excluding any social care increase – see below) beyond which a referendum is required remains at 2%
  - Further social care Council tax precept increases within Councils with responsibility for providing social care of up to 3% (6% total over the three year period), in addition to the 2% general increase
  - Confirmation of a multi-year (2017/18 to 2019/20) budget for Burnley and the 97% of authorities who signed up to demonstrate efficiency savings.

## **CORE SPENDING POWER**

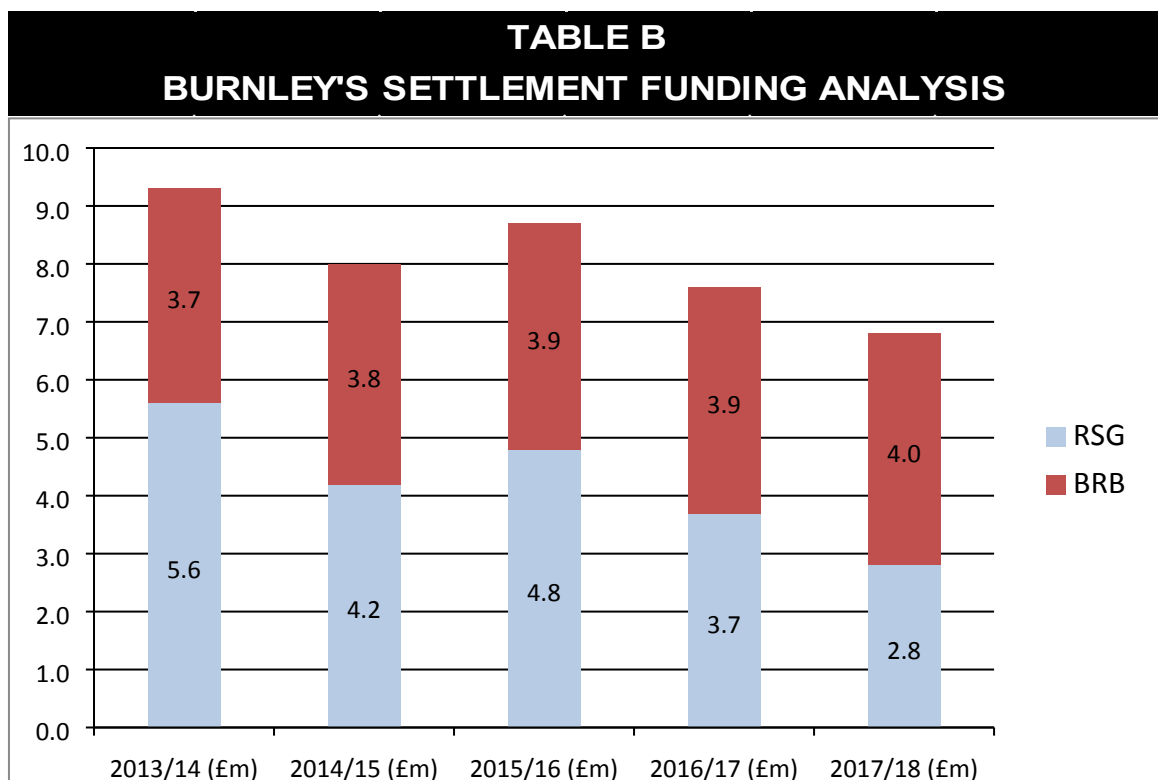
7. In previous years, the government stated that Core Spending Power reductions between financial years was limited to a maximum reduction and additional grant was provided to those authorities to ensure that they did not experience losses greater than this maximum reduction. The calculation of Core Spending Power has changed over the years and is not limited to general government revenue grant and business rates but has also included council tax receipts, New Homes Bonus and other specific grants. This means that the headline percentage reduction quoted by the government also takes into account income from sources other than core general government revenue grant, and is not representative of only direct government funding.
8. The methodology of the Core Spending Power calculation for 2017/18 includes Revenue Support Grant, Business Rates baseline funding, Council Tax and New Homes Bonus. As with 2016/17, no maximum decrease in spending power has been set for 2017/18. Burnley's Core Spending Power will reduce by 4.3% in

2017/18 (4.39% in 2016/17). Given that no maximum decrease has been set there will also be no payment of ESG in 2017/18.

9. A comparison of Burnley Spending Power with other local authorities is shown in Table A. Burnley is still facing Spending Power reductions significantly above the national average.

TABLE A SPENDING POWER REDUCTION			
Year	Burnley (%)	England Average (%)	Ratio
2013/14	8.8	1.7	5.2 times
2014/15	5.6	3.1	1.8 times
2015/16	6.4	1.8	3.6 times
2016/17	4.4	2.8	1.6 times
2017/18	4.3	1.1	3.9 times

10. However, whilst the headline Core Spending Power reduction for Burnley is 4.3% for 2017/18, there is a much greater 24.1% cash reduction in Government Revenue Support Grant funding. The Revenue Support Grant (RSG) element of the Settlement for 2017/18 will be £2.777m (£883k less than in 2016/17) and is now significantly lower than the indicative figure for localised business rates (BRB) of £3.982m. The direction of travel nationally is for local government to be funded from local revenues only in the longer term (as shown in Table B overleaf).



11. Whilst this would be a concern nationally, the reduction will impact Burnley greater as it is more heavily dependent on government funding than other Councils which have greater buoyancy in the council tax base. This can be shown in Table C below:

<b>TABLE C</b>		
<b>% SPENDING POWER FINANCED THROUGH REVENUE SUPPORT GRANT &amp; EFFICIENCY SUPPORT GRANT</b>		
<b>Year</b>	<b>Burnley (%)</b>	<b>England Average (%)</b>
2013/14	41	29
2014/15	38	24
2015/16	30	18
2016/17	25	17
2017/18	20	12

12. The government have now clearly indicated in the 2017/18 settlement that it is intended to phase out Revenue Support Grant by 2020. The intention to allow local government to retain 100% of business rates by 2020 has also been confirmed. This means that there will be a greater demand on Council tax payers and businesses locally over the next three years if this loss of RSG funding is to be mitigated. The Council will continue to work towards the release of further efficiency savings but the change in Government funding will mean an increased reliance on local tax revenues whilst at the same time there will be a reduction in services provided by the Council.

### **BUSINESS RATES RETENTION**

13. Prior to 2013/14, business rates were collected by local government and paid into a national pool and redistributed to local government as part of formula funding. This meant, for councils such as Burnley any variation in business rates collected (i.e., any increase in business rates or any reduction in business rates collected locally) did not affect the Council's financial performance as the Council's contribution from the national pool was fixed as part of the local government settlement.
14. Under the current system Burnley now receives an indicative figure or "baseline" from the Government for its local allocation of business rates and is able to retain a proportion of business rate growth or bear an element of risk in the event of a reduction in collected business rates. Whilst the arrangements are complex, Burnley is able to retain 20% of any increase in business rates above its baseline or 40% up to its baseline. In the event that Burnley achieves a 10% increase in its business rates collection, Burnley Council will receive an additional £493k in funding. Conversely, a safety net threshold has also been introduced to protect the Council from significant business rate reductions. For Burnley, this means that the Council's financial position underwrites losses of up to £299k.

15. Burnley has had some success in growing its business rate base over the last three years and an increase in business rates above the baseline figure has been factored into the 2017/18 revenue budget. Additional income of £161k is included within the 2017/18 budget. However, there is still a great deal of uncertainty over this funding due to the extent of business rate appeals and demands to invest in economic growth. As a consequence, no further increase in business rates has been factored into this financial forecast.
16. As referred to above, the intention to allow local government to retain 100% of business rates by 2020 has also been confirmed. The indicative figures set by the Government for individual Councils and currently in use are based upon collection statistics which prevailed more than 6 years ago.
17. Given that business rates will play a more significant role in the Council's future funding arrangements it is important that the distribution of the total rates collected nationally is considered and that attention is paid to the ability of individual Councils to generate rates income and what redistribution mechanisms, if any, are put in place.

### **NEW HOMES BONUS**

18. The national funding formula has been incentivised to encourage councils to build additional homes. As such councils are rewarded as part of the New Homes Bonus (NHB) to build homes or bring back into use existing stock. In addition, an enhanced rate is paid for social housing. The provisional settlement has changed the formula for calculations of the NHB calculations. NHB is currently paid for 6 years but will reduce to 5 years in 2017/18 and then to 4 years from 2018/19 onwards. This will be applied retrospectively to existing NHB allocations. As a result the year 1 NHB funding payment of £70k and the year 2 payment of £14k have ceased in 2017/18 and there will be subsequent reductions of £520k, £503k and £400k in 2018/19 to 2020/21.
19. As mentioned earlier, the Government has introduced a baseline for housing growth of 0.4% from 2017/18, up to which, the Council will receive no new allocation. This means that the first 121 properties built or brought into use in 2017/18 will not be subject to a grant allocation. As a result the Council will not get £148k of new NHB in 2017/18 which it would have previously been entitled to. Over the new proposed 4 year timescale this equates to a loss of £592k. The Government will review the baseline level for subsequent budget settlements. Consequently, the known reductions referred to above have been included within the MTFS but any increase in NHB has not been factored into the financial forecast for future years.

### **COUNCIL TAX INCREASES**

20. For 2017/18, as in 2016/17, guidance issued by central Government requires a referendum where proposed Council tax increases are 2% or more than 2%.
21. The Council recognises the impact that council tax has on local residents and will always take their ability to pay into consideration when setting council tax levels.

The Council should adopt an approach where local sources of funding are maximised as far as is reasonably practicable to do so. Consequently, a 1.9% council tax increase has been factored into the medium term financial forecast for each year for financial planning purposes only. Clearly, any decisions on setting future council tax levels will be considered each year at Budget Council.

22. The financial impact each year of not increasing council tax is an additional pressure of around £119k.

### **AN IMPACT ASSESSMENT OF THE REVENUE BUDGET 2017/18 ON FUTURE YEARS**

23. The Medium-Term Financial Strategy for 2018/19, 2019/20 and 2020/21 is dependent on the delivery of a number of assumptions within the annual budget for 2017/18. This strategy assumes that:
- the Council will approve an annual budget that delivers savings and increased funding totalling £1.85m and uses reserves as a one-off contribution of £240k to support the delivery of the 2017/18 Revenue Budget;
  - the Council receives the estimated business rates assumed in the calculation of the baseline funding level and any additional business rates included as funding within the approved net revenue budget
  - The assumed costs of delivering the Council's services both directly and indirectly is in line with planning assumptions.
24. These assumptions are a realistic assessment of the underlying financial position as shown in the Medium Term Financial Strategy. The annual budget will be approved in February 2017.



## POTENTIAL GAP FOR 2018/19, 2019/20 and 2020/21

25. The overall funding gap for 2018/21, using planning assumptions, is summarised below:

	Reduction from 2017/18 Provisional Settlement	
	(£m)	%
Anticipated funding reduction	1.0	
Waste and Recycling Cost Sharing	0.8	
Pay and Prices/other	0.0	
Gap 2017/18 funded from reserves	0.2	
<b>Potential Gap 2018/19</b>	<b>2.0</b>	<b>13.7</b>
Anticipated funding reduction	0.7	
Pay and Prices/other	0.3	
<b>Potential Gap 2019/20</b>	<b>1.0</b>	<b>6.7</b>
Anticipated funding reduction	0.7	
Pay and Prices/other	0.3	
<b>Potential Gap 2020/21</b>	<b>1.0</b>	<b>7.1</b>
<b>Cumulative Potential Gap 2018/21</b>	<b>4.0</b>	<b>27.5</b>

26. The gap remains significant for 2018/19 in part due to the use of £240k from strategic earmarked reserves in 2017/18 as one-off funding and the £801k loss of funding through the waste & recycling cost share agreement.
27. Underlying assumptions included within the forecast are:
- Council tax will increase by 1.9% each year;
  - No increase has been factored in for non-inflationary changes in council tax base; business rates or additional new homes bonus
  - Pay award assumed at 1% per annum, fees and charges income at 2% per annum; and
  - No assumptions built into forecast regarding changes to Council Tax Support claimant numbers.

## **BALANCING OVER THE MEDIUM TERM**

28. The Council operates in a generally challenging environment. Given the planned significant reductions in the Council's funding from Government over the medium term there will need to be a continuing fundamental review of the core purpose of the Council. This will demand strategic and corporate leadership and it is essential that there is seen to be strategic ownership of such a review given the scope of changes which will result from this.
29. The overall size of the challenge that the Council faces is significant and the formulation of a balanced budget over the longer term requires the delivery of savings through strategic prioritisation, service transformation and continuous improvement. The Council continues to make and face key decisions affecting the way it delivers core Council services.
30. The Council will consider fully its strategic intent as encapsulated in the Strategic Plan and will seek not only to reduce costs and deliver the necessary savings but seize opportunities to use those cost saving programmes as leverage for wider strategic benefits.
31. The structure of the Council should be adapted to reflect the challenging operating environment. Furthermore, these structural changes will require that there is also sufficient flexibility to meet all challenges which may arise. Significant service reconfiguration will therefore continue to take place and further progress will be made to update the way the Council is structured following the 2016 senior management review and the continuation of the Liberata contract, which commenced in January 2016. A review of internal business processes will continue so as to promote automation and to reduce back office workloads. This will change the way we work in line with the organisational development strategy and through the promotion of self-service wherever possible.
32. The Council has a strong track record of delivering efficiency savings over recent years and this work will need to continue for the foreseeable future. The outcome will be a Council which is more streamlined and focussed on key strategic objectives, delivered through transformed services working in partnership.
33. Given the challenges ahead, the Council will continue to use the commercial strategy which sets a framework for developing a commercial approach by everyone within and representing the Council. By doing this we will seek to maximise income from our activities and services whilst still having regard to the ability to pay. We will also minimise the costs involved in service provision through this approach by promoting better procurement and continuing to gain value from contracts with partner organisations and so aim to reduce the future funding gap.

## **RISKS**

34. The significant risk areas are:

<b>RISK</b>		<b>MITIGATION</b>	<b>ASSESSMENT</b>
(i)	Ability to maintain a balanced budget over the medium-term.	Consideration of core purpose of the Council. Development of a multi-year planned and systematic programme of efficiency and cost reduction measures; Ensure effective programme management to ensure timely delivery. Maintain an effective reserves strategy.	HIGH
(ii)	Funding uncertainty with regard to the proposed changes in NHB funding and the changes in Business Rates funding for local government.	Horizon scanning national developments and proactive contribution to help shape the funding framework. Lobby for additional resources with government and also through the LGA. Seek to maximise local funding sources.	HIGH
(iii)	Business rate volatility including appeals	No projected increase factored into MTFs, reserves available as buffer in short term. Active consideration of all appeals to minimise impact on revenues.	HIGH
(iv)	Partnership performance – achievement of planned savings and delivery of these savings on time	Develop enhanced contract management skills and procedures. Project management discipline. Consolidation of good working relationships with contract partners.	MEDIUM
(v)	Reserves - potential impact on reserves position, if they are required to support the delivery of a balanced budget over the medium-term.	Include policy on use of reserves within Medium-Term Financial Strategy (attached).	MEDIUM
(vi)	Potential claw-back or loss of any external or grant funding.	Compliance to external and grant funding conditions, careful programme monitoring of capital projects.	MEDIUM

RISK		MITIGATION	ASSESSMENT
(vii)	Prices - the Strategy only allows for budget increases in specific areas, e.g. business rates and contractual requirements. The forecast for CPI and RPI is for bigger increases.	Review at each update of the Strategy	LOW
(viii)	Pay – 1% in Strategy but pressure for higher settlements may develop in the future	Review at each update of the Strategy	LOW
(ix)	Income and fees and charges.	Ensure that the Council's commercial strategy is used to maximise income opportunities. An allowance has been built into the Medium-Term Financial Strategy for an increase in line with the Council's commercial strategy. This will be reviewed as part of the annual fees and charges review.	LOW
(x)	Treasury Management.	Approved Treasury Management Policy, with regular monitoring with support from external advisors.	LOW

## **RESERVES & BALANCES**

35. The overall forecast position on reserves is shown in the table below. This includes all strategic earmarked and general reserves. The Reserves Strategy can be found in detail at Appendix 1.

	Transformation	Growth	Strategic Total	General Reserve
	£'000	£'000	£'000	£'000
Opening balance 01/04/2016	2,714	2,181	4,895	1,379
Net movement to end 2016	(7)	(48)	(55)	-
General Budget Support 2016/17	(250)	-	(250)	-
Balance after approvals	<b>2,457</b>	<b>2,133</b> ✓	<b>4,590</b>	<b>1,379</b>
General Budget Support 2017/18	(240)	-	(240)	-
Estimated Future Use in MTFs	-	(1,965)	(1,965)	-
Balance Remaining	<b>2,217</b>	<b>168</b> ✓	<b>2,385</b>	<b>1,379</b>

36. The reserves position does not include any requirement to support the budget gap on an on-going basis. There is however provision for a one off contribution of £240k in 2017/18 due to be approved at Budget Council in February 2017.
37. General reserves are held to provide short term emergency funds for exceptional circumstances and to cover risks that could impact the Council as a going concern. The current level of the Council's General Reserve is set at £1.379m, equivalent to 7% of the net revenue budget and an assessment of volatility within the business rates retention. The General Reserve has been reviewed as part of the re-assessment of the MTFS and it is proposed that it should remain at £1.379m.
38. Earmarked reserves are held for specific purposes either as a strategic reserve to give flexibility in the use of corporate resources or as specific ring fenced reserves for operational needs.
39. Any resources that are released by savings on the approved budget will be transferred into an earmarked reserve, although it is expected that given the increased pressures on the annual revenue budget the ability for the Council to build up reserves will become increasingly difficult in future years. The purposes, for which reserves are held, are included within Appendix 1.
40. It is Council policy that earmarked reserves should not be used to pay for continuing expenditure. Earmarked reserves should be used for the specific purpose for which they were set aside. This includes funding one-off or non-recurring items, invest to save initiatives or to provide short term and time limited support to manage the transition from the withdrawal of funding.
41. The Council's reserves are not set at excessive levels and furthermore, it is prudent to protect and enhance earmarked reserves where there are opportunities to do so to provide one-off protection particularly given the uncertainty of the current financial climate and longer term risks associated with the local government funding arrangements. It can be seen in the table above however that it is anticipated that a substantial part of the Council's strategic earmarked reserves will be used by the end of the MTFS period. The adequacy of strategic earmarked reserves will continue to be monitored to meet future demands.

## **MONITORING & REVIEW**

42. The Council operates delegated financial management. Following approval of the annual budget, budgets are delegated to service units where each Head of Service has delegated responsibility to ensure that they monitor and maintain budgetary control, achieve efficiency plans built into the budget and follow financial procedure rules. Each Head of Service is charged with ensuring their lead Member is fully briefed on financial issues. Corrective action plans are required in the event of any underperformance against budget to ensure the budget remains on track by the end of the financial year. Conversely, any service underspend at the end of the financial year will be used to contribute towards corporate priorities - general carry forward of underspends by services is not permitted. Any requests for specific service commitments to be rolled into the following financial year will be considered on an exception basis.
43. The Council is committed to achieving value for money in all aspects of its operations. To achieve this, reviews are regularly undertaken to determine whether cost improvements can be made, and to ensure that resources are prioritised and align to strategic intent.
44. Any new proposals for on-going revenue growth must be backed up by a clear business case that demonstrates delivery of efficiencies aligned to strategic objectives. Criteria will be used to determine the relative priority of all capital projects.
45. The Council will operate a commercial strategy which will be reviewed periodically.
46. The Council will carry out three cycles of budget monitoring during each financial year together with a combined revenue and capital final outturn report, each of which will be reported formally to the Executive. These will also be reported to the Scrutiny Committee. Approval of any adjustments to capital or revenue budget control totals will then be sought from Full Council.
48. The financial modelling projections contained within this Medium-Term Financial Strategy are a dynamic model, which will be updated, revised and reported following receipt of business intelligence, changes to underlying assumptions and as the position becomes clearer.

# APPENDICES

## **APPENDIX 1**

### **RESERVES STRATEGY**

#### **1. BACKGROUND**

- 1.1 The Council continues to face significant financial challenges. The era of austerity is set to continue for the foreseeable future which will undoubtedly result in further substantial reductions in funding from the government. The Council however remains committed to its ambitions of delivering its place shaping strategic priorities. This means that the Council is not only prioritising resources for key service objectives but is also continuing to adjust to a reduced cost base to ensure financial sustainability over the medium term.
- 1.2 Within this context, reserves play a vital role in offering transitional support to act as a buffer and to ensure smooth service transition as the Council adapts to organisational changes and new ways of working; and to offer time limited opportunity for investment to aid strategic delivery.
- 1.3 It is imperative, therefore, that the Council has in place a strong and robust reserves strategy, that adequately reflects the future needs of the organisation, set at a level that mitigates against future risks and certainties and provides opportunity for investment within the confines of overall affordability and availability of resource.
- 1.4 Given the current context of operations there are no planned arrangements for replenishing reserves drawn down, although a minimum level of reserve (general reserve) has been assessed for the Council to remain a going concern. As part of the finalisation of the year end position, opportunities will be taken, if possible, to replenish reserves in the light of risk appraisal.
- 1.5 This reserves strategy sets out the protocol for use of reserves and re-assesses the adequacy of reserves.

#### **2. LEGISLATIVE/REGULATORY FRAMEWORK**

- 2.1 The requirement for financial reserves is acknowledged in statute. Sections 32 & 43 of the Local Government Finance Act 1992 require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure, when calculating the budget requirement.
- 2.2 There are no statutory minimum levels imposed and it is not considered appropriate or practical for the Chartered Institute of Public Finance and Accountancy (CIPFA), or other external agencies, to give prescriptive guidance on the minimum or maximum level of reserves required, either as an absolute amount or a percentage of the budget.



- 2.3 The adequacy of the level of reserves is therefore a matter of local judgement bearing in mind the level of risk the council faces together with the requirement to provide any non-recurring or one off support for strategic priorities.
- 2.4 The management of reserves within the current difficult financial environment is not universally agreed. There is a conflict between the expectation of Government that Councils should utilise their reserves over the medium term and the views of professional and regulatory bodies who suggest that reserves should be increasing over the same period.

### 3. **ROLE OF THE CHIEF FINANCIAL OFFICER**

- 3.1 Within the existing statutory and regulatory framework, it is the responsibility of the Chief Financial Officer (in Burnley's case this is the Head of Finance) to advise the local authority about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use.
- 3.2 This requirement is also reinforced by Section 114 of the Local Government Finance Act 1988, which requires the Chief Financial Officer to report to all the authority's councillors, if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.

### 4. **PURPOSE OF RESERVES & BALANCES**

- 4.1 Reserves can be classed as general reserves or earmarked reserves and represent funds that are not part of the normal recurring budget of the Council but are distinct "pots" of finite funds.
- 4.2 General reserves are set aside to provide a short term cushion for the impact of uneven cash flow, to provide an emergency fund for exceptional unmitigated circumstances and to ensure that the Council remains a going concern. The current level of the Council's general reserves is set at £1.379m. This equates to 7% of the net revenue budget and an assessment of volatility within the business rates retention scheme. This figure is judged as a prudent level of balance to be set aside to ensure the Council remains financially liquid as a going concern. This fund is held as a fund of "last resort" when all other reserves or budgets have been completely depleted for unknown "Treasurer's risk".
- 4.3 Earmarked reserves are held to mitigate against potential specific risks that the Council faces; cushion against uncertainty; provide for anticipated liabilities and provide short term investment for strategic priorities or support the operational delivery of specific services. These reserves are held for either strategic purposes to give flexibility in the use of corporate resources or are held as specific ring-fenced reserves for operational needs.

4.4 Given the increased pressures on the annual revenue budget the ability for the Council to build up reserves will become increasingly difficult in future years. Clear protocols therefore should be in place for the use of each earmarked reserve that set out:

- The reason for/purpose of the reserve;
- How and when the reserve can be used;
- An assessment of the adequacy of the reserve in light of risk factors;
- Procedures for the reserve's management and control; and
- A process and timescale for review of the reserve to ensure continuing relevance and adequacy.

## 5. **RISK FACTORS**

5.1 The table below identifies the key risks that are mitigated and managed through this reserves strategy:

<b>Risk</b>	<b>Reserve</b>
Short term liquidity and cash flow.	General (Treasurer's Risk)
Unforeseen emergencies.	General
Strategic service transformation and ability to ensure services remain fit for purpose and deliver value for money.	Transformation
Achievement of high priority strategic objectives that require pump priming or inward investment.	Growth
Financial risks inherent in major developments and projects that are aligned to strategic priorities.	Growth.
Provide interim support for emerging risks that were unknown at budget setting and are an unavoidable commitment through regulatory or legislative reform that are outside the direct control of the council	Transformation
Fluctuations, loss and uncertainty in funding or income levels coupled with the Council's ability to respond in a timely way, thereby providing a buffer to enable the Council to downsize.	Transformation
Variations in business rate yield due to the impact of appeals and other factors which can reduce funding availability	Business Rates Volatility
Ensure resources available to provide for future unavoidable and non-recurrent specific needs.	Transport & Plant Local Plan (Development Framework) Town Centre Masterplan Burnley Bondholders
Transparency in accounting arrangements for self-financing initiatives.	Taxi Licensing Selective Licensing
Respond to changes in demand for services.	Housing Benefit Administration Subsidy
Potential liability as guarantor from lower-than-anticipated take-up of service.	Rail Services

## 6. **REPORTING FRAMEWORK**

6.1 The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Head of Finance. The protocols covering all reserves are set out in Sections 7 & 8 for strategic and operational reserves respectively.

6.2 The Medium-Term Financial Strategy and the Council's annual Revenue Budget report, include a statement showing movements in reserves. In

addition, the Medium-Term Financial Strategy includes a forward forecast of future balances for the relevant period.

## 7. STRATEGIC RESERVES PROTOCOL

Reserve	Level of reserve	Purpose	How & When Used	Control Procedures	Timescale for review
<b>Transformation</b>	Recommended to have available balance of £1.5m uncommitted at 31/3/18	To support specific projects aimed at transforming services either to reduce the cost base; deliver value for money or ensure services remain fit for purpose.	Used to mitigate the impact of any one off expenditure that arises from organisational and transformational change and to assist with organisational downsizing.	Managed by the Head of Finance (Chief Financial Officer).	The overall level will be reviewed twice-yearly as part of the final accounts and budget processes and any movements monitored as part of the budget monitoring process.
<b>Growth</b>	This reserve will cease to exist once depleted	To assist the Council in achieving its strategic objectives through the provision of one-off investment as leverage.	Used to pump prime projects that deliver demonstrable wider strategic benefits that enable the council to fulfil its place shaping role.	Managed by the Chief Executive.	

## 8. OPERATIONAL RESERVES PROTOCOL

Operational Reserve	Level of Reserve	Purpose	How & When Used	Procedures for Management & Control	Timescale for Review
<b>Business Rates Volatility</b>	Recommended to have no greater than £500k uncommitted by the end of any financial year	To safeguard against the inherent volatility within the business rates retention system particularly around the potential impact of appeals	Used to support the business rates funding figure included within the Council's net revenue budget in the event that actual business rates collected generate a figure below this estimated funding figure	Managed by the Head of Finance (Chief Financial Officer).	Twice-yearly, as part of the final accounts and budget processes.
<b>Transport &amp; Plant</b>	Dependent on planned replacement strategy for transport and plant financed from within service revenue budgets.	To manage the financing of the Council's transport & plant requirements.	There is an annual payment into the reserve, which helps to equalise spending, as transport & plant renewals are due.	Managed by the Head of Green Spaces and Amenities.	Twice-yearly, as part of the final accounts and budget processes.

<b>Operational Reserve</b>	<b>Level of Reserve</b>	<b>Purpose</b>	<b>How &amp; When Used</b>	<b>Procedures for Management &amp; Control</b>	<b>Timescale for Review</b>
<b>Local Development Framework (Local Plan)</b>	Anticipated spending requirements.	To fund the necessary work needed for the Core Strategy and other development plans.	Any cost of the preparation of the Local Development framework will be funded through drawdown on this reserve.	Managed by the Head of Regeneration and Planning Policy.	Monitored as part of budget monitoring process.
<b>Taxi Licensing</b>	Self-financing.	To ensure the costs associated with licensing is ring-fenced and recovered by the taxi trade.	To manage annual surpluses and deficits on the account	Managed by the Monitoring Officer.	The overall level will be reviewed twice-yearly as part of the final accounts and budget processes and any movements monitored as part of the budget monitoring process.
<b>Selective Licensing</b>	Self-financing	To ensure the costs associated with licensing are ring-fenced and recovered by Landlords.	To manage annual surpluses and deficits on the account.	Managed by the Head of Housing and Development Control.	
<b>Housing Benefit Administration Subsidy</b>	Dependent on additional specific funding received in respect of housing benefit administration.	To manage short term fluctuations in workload within the Revenues & Benefits service.	To provide flexible temporary staffing resource to maintain the performance of the Team.	Managed by the Head of Finance (Chief Financial Officer).	Requirements for additional staff resource are monitored by Liberata and changes agreed with the Head of Finance and Chief Operating Officer.
<b>Rail Services</b>	Mirrors the potential liability that the Council may face.	To provide a contingency in the event the Council has to act as guarantor	In the event that the Council is required to meet the costs incurred	Managed by the Head of Regeneration and Planning Policy.	Monitored as part of project completion and assessment of take up and demand for service.
<b>Flood Reserve</b>	Mirrors the potential liability that the Council may face.	To cover any irrecoverable costs arising from the December 2015 floods.	In response to cost pressures as a consequence of the December 2015 floods. To cover any irrecoverable costs.	Managed by the Head of Finance (Chief Financial Officer).	Monitored as part of completion of works and payments made

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# Revenue Budget 2017/18



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# EXECUTIVE

BURNLEY TOWN HALL

Monday 13<sup>th</sup> February 2017 at 6.30 pm

## 105. Revenue Budget 2017/18

**Purpose** To consider the estimates of revenue income and expenditure for 2017/18 and to make recommendations to full Council about next year's Revenue Budget.

**Reason for Decision** To fulfil the Council's statutory obligation to calculate its Council Tax requirement as set out in Section 31A of the Local Government Act 1992 (as amended by section 74 of the Localism Act 2011).

To set a balanced budget for the financial year 2017/18 that ensures the viability of the Council and aligns resources to the Council's strategic priorities.

**Decision** **That full Council be recommended to;**

- (1) Endorse the approach that has been adopted in developing budget Proposals that reflect the Council's Strategic Objectives for 2017/18;**
- (2) Approve the proposals contained in this report;**
- (3) Set a Council Tax Requirement of £6,390,760 for the financial year 2017/18;**
- (4) Set a Net Budget Requirement of £14,595,648 for 2017/18;**
- (5) Receive and consider the statutory report issued by the Head of Finance under the Local Government Act, 2003;**
- (6) Authorise the Chief Operating Officer/Heads of Service to progress action plans to deliver the 2017/18 budget;**
- (7) Approve a Council Tax (Band D) figure of £283.04 for this Council for the year commencing 1<sup>st</sup> April 2017 and adopt the statutory resolution to set the full Council Tax for the year. This is equivalent to a 1.9% Council tax increase.**

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**REPORT TO THE EXECUTIVE**



<b>DATE</b>	<b>13th February 2017</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>David Donlan/Howard Hamilton-Smith</b>
<b>TEL NO</b>	<b>(01282) 477172 or (01282) 475869</b>
<b>EMAIL</b>	<b>hhamilton-smith@burnley.gov.uk</b>

**Revenue Budget 2017/18**

**PURPOSE**

1. To consider the estimates of revenue income and expenditure for 2017/18 and to make recommendations to full Council about next year's Revenue Budget.

**RECOMMENDATION**

2. The Executive is recommended to adopt the following resolution:

That full Council be recommended to:

- i) Endorse the approach that has been adopted in developing budget proposals that reflect the Council's Strategic Objectives for 2017/18;
- ii) Approve the proposals contained in this report;
- iii) Set a Council Tax Requirement of £6,390,760 for the financial year 2017/18;
- iv) Set a Net Budget Requirement of £14,595,648 for 2017/18;
- v) Receive and consider the statutory report issued by the Head of Finance under the Local Government Act, 2003;
- vi) Authorise the Chief Operating Officer/Heads of Service to progress action plans to deliver the 2017/18 budget;
- vii) Approve a Council Tax (Band D) figure of £283.04 for this Council for the year commencing 1<sup>st</sup> April 2017 and adopt the statutory resolution to set the full Council Tax for the year. This is equivalent to a 1.9% Council tax increase.

## REASONS FOR RECOMMENDATION

3. To fulfil the Council's statutory obligation to calculate its Council Tax requirement as set out in Section 31A of the Local Government Act 1992 (as amended by section 74 of the Localism Act 2011).
4. To set a balanced budget for the financial year 2017/18 that ensures the viability of the Council and aligns resources to the Council's strategic priorities.

## SUMMARY OF KEY POINTS

### BACKGROUND

5. This report summarises the key issues that elected Members will need to consider when finalising the Revenue Budget 2017/18. Under the constitution, it is the Executive's duty to present detailed recommendations for full Council to consider. The following appendices are related to the report.

Appendix 1	General Fund Revenue Summary 2017/18
Appendix 2	Growth
Appendix 3	Further Savings/Additional Funding Requirements

6. The schedule of proposed fees & charges, which forms an integral part of the budget process, was approved at the meeting of full Council on 21st December 2016.
7. The proposals contained within this report have been developed as a result of discussions and presentations at various Member and officer forums.
8. The Local Government Act 2003 sets out the requirements for sound financial management. Section 25 is particularly relevant when the budget and Council Tax for the coming year are being set. It requires the Chief Finance Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report is contained elsewhere on your agenda.
9. This budget has been developed following the principles set out in the Council's Medium Term Financial Strategy. The strategy emphasises the need to focus on the use of the Council's resources towards achieving the Council's stated objectives.
10. The Council has adopted an approach to producing the budget based upon the relative priority of all the services. However, at the heart of the Council's financial planning is a savings plan aligned to strategic intent. In considering opportunities for future savings, four strategic themes have been considered:
  - i) Service transformation and digitisation – continuing the transformational change programme in the delivery of services to customers through greater use of self-serve and web-enabled technology and modernising systems and processes
  - ii) Empowerment – the way in which people work together in managing Council services with effective risk mitigation within an empowered autonomous structure

and a flexible scheme of delegation that supports a one-team approach

- iii) Commercial risk appetite – developing new innovative ways of raising revenue and strengthening commercial partnerships
- iv) Needs and priorities – consideration of the appropriateness of the service offer to the Borough's residents and aligning this to the Council's strategic vision

11. In view of the tight financial constraints within which the Council has operated in recent years, there is little scope for growth in service provision. Appendix 2 shows further limited growth proposals.

### **SUMMARY OF THE REVENUE BUDGET POSITION 2017/18**

12. The proposed net revenue budget for 2017/18 is as set out in the table below:

	£'000	£'000
Net Revenue budget - original 2016/17		15,223
Add Spending pressures reported September 2016	394	
Less Savings approved September 2016	<u>(1,546)</u>	(1,152)
Add Reversal of Reserves utilised in 2016/17 (general support)		250
Add Growth - approved September 2016	30	
Add Proposed Growth - Appendix 2	<u>132</u>	162
Add Further spending pressures (Corporate items) 2017/18		233
Less Further savings proposed - Appendix 3		(67)
Add Mayoral Referendum & Associated Costs		240
Less Use of Business Rates Volatility Reserve		(53)
Less Use of Reserves 2017/18 (Mayoral Referendum & Associated Costs)		<u>(240)</u>
Net Budget requirement		<b>14,596</b>
Financed from:		
<u>Government Settlement Funding Assessment</u>		
Business rates baseline	3,982	
Revenue support grant	<u>2,777</u>	6,759
New Homes Bonus		970
Council Tax Yield		6,391
<u>Business Rates in addition to Baseline Funding</u>		
Additional business rates above baseline	161	
Renewable energy	<u>233</u>	394
Collection fund surplus - Burnley share		82
		<b>14,596</b>

### **Recap on Budget decisions taken September 2016**

13. Members at Executive and Council in September 2016 approved budget savings of £1,546k for 2017/18, following receipt of the initial budget report that outlined a savings requirement of £1,359k. The information presented to Members at that time is shown below:

Position Approved September 2016:

	£'000
<b><u>Net Spending Increases/(Decreases)</u></b>	
Pay awards and increments	152
General inflation	204
Pensions Costs	60
Cost share agreement	15
Earmarked Reserves - balancing the 2016/17 budget	250
Redundancy Costs	-
Borrowing costs	-
Other net continuation budget changes	-
Fees and charges increases	(38)
Growth	30
	673
<b><u>Net Funding (Increases)/Decreases</u></b>	
Revenue Support Grant	883
Business Rates	(77)
New Homes Bonus	(5)
Council Tax - indicative 1.9% increase	(115)
	686
<b><u>Savings and Funding Increases</u></b>	
Net savings	(1,546)
<b><u>Contribution to Earmarked Reserves</u></b>	
<b>Budget Gap Remaining - September 2016</b>	<b>(187)</b>

14.

## **LOCAL GOVERNMENT SETTLEMENT**

### Spending Power

In previous years, Spending Power reductions between financial years were limited by the Government to a maximum reduction. This maximum reduction was 8.8% for 2011/12, 2012/13 and 2013/14 budgets, 6.9% for 2014/15 and 6.4% for 2015/16. Additional grant was provided to ensure that losses were no greater than the prescribed maximum reduction. For 2016/17 onwards, the calculation of Spending Power only includes Revenue Support Grant, Business Rates, New Homes Bonus and Council Tax. The Council's Spending Power will reduce by 4.3% in 2017/18 (4.39% in 2016/17) but there is no prescribed maximum limit and no additional grant to offset this reduction.

### 15. Settlement Funding Assessment (SFA)

SFA is set by the Government and comprises Revenue Support Grant (RSG - the general grant funding to local authorities) and the Baseline Funding Level for business rates income. It was estimated in the September Council report that RSG would reduce by 24.1% which was confirmed in the provisional settlement figure for 2017/18.

### 16. New Homes Bonus

In the provisional finance settlement the Government has reduced the funding period for

NHB from the current six years to five years in 2017/18 and then to four years in 2018/19 onwards for existing and new awards commencing in 2017/18 which will accelerate the rate at which this grant reduces. The impact on the amount that the Council will receive as a result of the change from 6 years to 4 years is a reduction of £1.599m between 2017/18 and 2022/23 on existing year 1 to 6 allocations.

17. In addition, from 2017/18 the Government has set a baseline for housing growth of 0.4% of a Council's existing taxbase below which no NHB grant is payable. For this Council it means that the first 121 additional band D equivalent properties do not attract New Homes Bonus. For the 2017/18 (year 7) allocation, the Council identified that an additional 140 band D equivalent properties had been added to the Council's taxbase which would have previously attracted NHB funding of £171k per annum. After deducting the first 121 band D properties this results in a provisional allocation of £23k per annum for the year 7 allocation, resulting in an annual loss of £148k starting in 2017/18, with an overall loss of funding of £592k over the reduced 4 year period.

### **FURTHER BUDGET PRESSURES AND SAVINGS IDENTIFIED**

18. Further budget pressures and savings have, as is usual, been identified since the September Council meeting and the announcement of the local government finance settlement for 2017/18. Appendix 3 shows the residual budget gap as at September 2016 and the identified additional pressures and savings to balance the 2017/18 budget.

### **GROWTH PROPOSALS**

19. Given the continuing and sustained budget pressures being faced, there is very little scope for continuing growth unless the Council's priorities demand new spending in key areas. A balanced approach needs to be taken to ensure priority issues are achieved.
20. Consequently, only six items of revenue budget growth are included within the proposals for 2017/18, one of which was approved at the September Council meeting. The additional five growth items are shown in Appendix 2 and approval is sought to include £132k within the revenue budget for 2017/18.

### **COUNCIL TAX**

21. The proposals in this paper assume that the Council's Band D Council tax will increase by 1.9% from the 2016/17 level of £277.76 to £283.04. This level of charge will yield an estimated total income of £6,390,760.
22. Guidance has been received from central government on the criteria for Council tax increases that would trigger a local referendum. This guidance indicates that "If an authority's relevant basic amount of council tax is excessive a referendum must be held in relation to that amount". For 2017/18, the relevant basic amount of council tax of a shire district Council is excessive if the authority's relevant basic amount of council tax for 2017/18 is 2%, or more than 2%, greater than its relevant basic amount of council tax for 2016/17.

### **BUSINESS RATES**

23. The expected amount of business rates to assist in funding the Council's spending next



year is included as part of the Government's 2017/18 funding settlement. The figure announced is £3,982k. The table at paragraph 12 above shows that it is expected that the Council will receive Business Rates in excess of the announced figure – an extra £161k.

24. The indicative figure from the Government for business rates relates to the system of business rates retention involving a distribution of rates collected to the Council, the County Council, the Combined Fire Authority and Central Government. Some elements of business rates are however fully credited to this Council. One element of business rates which falls within this category is sustainable energy. A sum of £233k is estimated to be receivable next year in respect of sustainable energy business rates which are a significant factor in balancing the revenue budget in 2017/18 and future years.

### **COLLECTION FUND SURPLUS**

#### 25. Council Tax Element

A surplus or deficit can arise for two reasons, namely:

- i) The Council's share of a variation in the amount of Council tax that is actually due and charged for the year in question compared with the figure assessed when the Council tax base for the year is calculated.
- ii) The Council's share of a variation in the amount that needs to be provided for taxes that the Council is unable to recover in each financial year.

This year's calculation has produced an overall surplus figure of £491k of which this Council's share is £82k which is 16.5% as a proportion of the total. An estimated figure of £82k for Burnley's share of the Collection Fund surplus was used in calculating the initial estimate of the 2017/18 revenue budget gap.

### **COMMERCIAL STRATEGY & FEES AND CHARGES**

26. The Council has developed and approved a commercial strategy. This is intended to promote a more commercial approach to the Council's business and finances and reflects the changed environment in which the Council now operates with the establishment of major contracts for service delivery including the strategic partnership with Liberata. Part of this commercial approach is linked to maximising where possible the income which the Council receives from fees and charges. Further work will be undertaken in 2017/18 in this area.
27. During the budget process, it has been assumed that income budgets would increase in 2017/18 reflecting a corresponding increase, where practicable, in fees and charges levied. Heads of Service were therefore asked to review their fees and charges in the context of an assumed minimum overall increase of 2% in income generated except in areas where it was considered that no increase should take place. It was decided that the increase should take effect from 1<sup>st</sup> January 2017 as has been the case previously. The tariff of fees and charges mainly effective from 1<sup>st</sup> January 2017 was approved by full Council on 21<sup>st</sup> December 2016. The estimated additional increase in income in 2017/18 as a consequence of the approved increases is £38k and forms part of the overall savings approved in September 2016 to balance the budget.

### **STRATEGIC EARMARKED RESERVES AND GENERAL FUND RESERVE**

28. It is important that, when considering the Revenue Budget, due consideration is given to the levels of strategic earmarked reserves that are available and held for future liabilities. The General Fund reserve is held to provide a working balance to help cushion the impact of unexpected emergencies and uneven cash flow.
29. The table below shows the anticipated use of strategic reserves for 2017/18 and later years. This table excludes any reserves held for specific operational reasons:

	Strategic Earmarked Reserves £'000	General Reserve £'000	Total £'000
Balance as at 01/04/16	4,895	1,379	6,274
Approved use to Q3 2016/17	(55)	-	(55)
Balance available after approvals	4,840	1,379	6,219
General revenue budget support 16/17	(250)	-	(250)
General revenue budget support 17/18	(240)	-	(240)
Future commitments and risks	(1,965)	-	(1,965)
Balance remaining	2,385	1,379	3,764

### **RISK ASSESSMENT**

30. A risk assessment has been carried out on key areas of income and expenditure and ways of monitoring and mitigating the risk have been identified where possible.
31. An important issue to consider is the extent to which the Council will be utilising earmarked reserves and non-recurring income when setting the budget. Initiatives that are to be funded from earmarked reserves do not have assumed ongoing funding and the Council must therefore plan in future years to discontinue these activities or approve growth if they are to continue. The latter course of action would add to the savings requirement. It is not considered that the extent of funding from earmarked reserves factored into the 2017/18 revenue budget is unduly onerous and the levels of reserves forecast will be sufficient in accordance with the medium term financial strategy (MTFS).
32. There are risks associated with the business rates system. The proposed elimination of Government grant funding through RSG by 2020 makes these risks more significant. An increasing proportion of the Council's funding requirement will need to be met from business rates. The Council remains optimistic that the business rates system can provide positive benefits through the stimulation of economic growth but there is the possibility of less than anticipated receipts through factors beyond the Council's control. Progress will therefore be carefully monitored to ensure that the Council's position is safeguarded.
33. Declining levels of income also continue to be a significant risk area and although substantial reductions in income receivable have been made to reflect current economic conditions there may be a further decrease in income levels supporting the revenue budget. This will be closely monitored as part of budget monitoring for 2017/18.

34. Pay inflation is not a significant budget pressure in 2017/18 and there is also little price inflation included within the estimates. However, general levels of inflation as measured in the retail prices index and the consumer prices index will increase in the future and this may lead to demands for higher pay and an increase in the prices of goods and services which the Council has to meet. The risk of any increase in inflation is considered likely in the existing climate and will be closely monitored.
35. Significant savings have been achieved by operating the Council's leisure services as a charitable company but there are however risks in the operation of the Trust and the assumptions made in terms of the management fee paid by the Council to the Trust. To ensure that risk is minimised there will continue to be regular monitoring of activity and financial performance in 2017/18 and beyond.
36. The Council is undertaking a change programme and has entered into a contract with Liberata as our external service provider for around a third of Council services from 1<sup>st</sup> January 2016. The financial planning assumptions provide for a significant saving on previous in-house provision. It will be necessary to ensure that these savings are being delivered whilst maintaining service quality and standards. Procedures have been drawn up to enable the new partnership to operate effectively. Nevertheless this is a significant savings area which is currently and will continue to be actively managed.
37. In summary, after taking consideration of the issues in this report and the risks referred to above, the 2017/18 revenue budget may be approved. Also, the assumed level of Council Tax that should be set in order to achieve a balanced budget as set out above should be confirmed.
38. The final decision that Members of the Council take will need to reflect the statutory (Section 25) report of the Chief Finance Officer as to the robustness of the assumptions that have been made in compiling the budget.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

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

## **POLICY IMPLICATIONS**

40. The revenue budget determines the extent to which the Council's strategic objectives can be pursued and achieved.
41. Community Impact Assessment and Equality Impact Assessments have been completed and there is no change from the report presented to September Council.

## **DETAILS OF CONSULTATION**

42. No external consultation has been carried out

**BACKGROUND PAPERS**

43. None.

**FURTHER INFORMATION**

**PLEASE CONTACT:**

**Howard Hamilton-Smith - Finance &  
Commercial Manager**

**ALSO:**

**David Donlan - Accountancy Division  
Manager**

**Summary Revenue Budget 2017/18**

<u>Estimated Net Spending</u>	Pay	Non-Pay	Reserves	Net Spending
<u>Service</u>	£'000	£'000	£'000	£'000
Management	-	-	-	-
Communications, Performance & Policy	-	-	-	-
People & Development	-	-	-	-
Governance, Law and Regulation	-	-	-	-
Finance and Property Management	-	-	-	-
Revenues and Benefits	-	-	-	-
Treasury Management	-	-	-	-
Leisure Trust Management Fee	-	-	-	-
Leisure Client	-	-	-	-
Green Spaces and Amenities	-	-	-	-
Streetscene	-	-	-	-
Housing and Development Control	-	-	-	-
Regeneration and Planning Policy	-	-	-	-
Strategic Partnership	-	-	-	-
Corporate Budgets	-	-	-	-
Earmarked Reserves	-	-	-	-
	-	-	-	-

TO BE COMPLETED AFTER BUDGET HAS BEEN  
LOADED ONTO THE FINANCIAL SYSTEM

**Net Budget Requirement**

	£'000	£'000
Collection Fund Surplus		82
Business Rates Retention Scheme		
Business Rate Baseline Funding	3,982	
Additional Business Rates Forecast – Burnley Element	161	
Additional Retained Income - Renewable Energy Schemes	233	4,376
Revenue Support Grant		2,777
Council Tax Yield		6,391
New Homes Bonus		970
		<u>14,596</u>

**2017/18 Revenue Budget**  
**Growth Proposals**

	Ongoing £'000	One-off £'000	Total £'000
Domestic Abuse & Victims Service	7	-	7
Cremator Relining	15	-	15
Chewing Gum Removal Machine		40	40
Invest to Save		60	60
Dementia plan		10	10
<b>Total Growth</b>	<b>22</b>	<b>110</b>	<b>132</b>

**REVENUE BUDGET 2017/18****Summary of Budget Gap Remaining and Savings**

	£'000	£'000	£'000
<b><u>Budget gap reported September 2016</u></b>			(187)
<b><u>Finalisation of continuation estimates 2017/18</u></b>			
<b><u>Further Increases/(Decreases) - Net Spending Pressures</u></b>			
Apprenticeship Levy		18	
Strategic Partnership - additional income		167	
Additional borrowing costs - capital schemes		32	
Growth		132	
Various net adjustments in finalising continuation estimates		17	366
<b><u>Further (Increases)/Decreases - Funding</u></b>			
Business Rates - Baseline Funding Level		55	
Additional New Homes Bonus		31	
Collection Fund Surplus		-	
Increase in Council Tax Base		(145)	(59)
<b><u>Contributions to/(from) Reserves</u></b>			
Contribution from Business Rates Volatility Reserve			(53)
Residual budget gap - February 2017			67
less: <b><u>Further Savings - February 2017</u></b>			
Borough Elections (no borough elections in 2017/18)			(67)
			-

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# **Revenue budget 2017/18 Statutory Report of the Chief Finance Officer**



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## REPORT TO FULL COUNCIL



<b>DATE</b>	<b>22<sup>nd</sup> February 2017</b>
<b>PORTFOLIO</b>	<b>Resources</b>
<b>REPORT AUTHOR</b>	<b>Asad Mushtaq</b>
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## Revenue Budget 2017/18 Statutory Report of the Chief Finance Officer

### PURPOSE

1. To enable elected Members to consider the statutory report of the Chief Finance Officer.

### RECOMMENDATION

2. That elected Members note this report and have regard to its contents when setting the Revenue Budget for 2017/18.

### REASONS FOR RECOMMENDATION

3. To satisfy the statutory requirements of the Local Government Act 2003.

### SUMMARY OF KEY POINTS

4. Section 25 of the Local Government Act 2003, requires the Chief Finance Officer to report on the robustness of the budget estimates and the adequacy of the financial reserves. The Act also requires the Authority, to which the report is made, to have regard to the report when making decisions about the budget.
5. In this context, the reference to the Chief Finance Officer is as defined in Section 151 of the Local Government Act 1972. This statutory role is fulfilled in this authority by the Head of Finance.
6. This report covers:
  - An assessment of the robustness of the 2017/18 budget setting process for both revenue and capital;
  - A high level assessment of key risks that may impact the budget for 2017/18;

- An assessment of the overall adequacy of reserves to contain financial risk and ensure the sustainability of the Council over the financial year 2017/18; and
- An indication of future direction of travel for the Council over the medium term.

## 7. **SUMMARY**

- 7.1 In summary, I am satisfied that the proposals to establish a Net Budget Requirement of £14,595,648 for the financial year 2017/18 and Council Tax Requirement of £6,390,760, as set out in the report to Council on 22<sup>nd</sup> February 2017, are robust to ensure that the Council remains a going concern throughout 2017/18.
- 7.2 However, the financial outlook for the Council given the medium term financial strategy is severe. To ensure a balanced position for 2018/19 and beyond the Council will have to take tough decisions balancing declining access to resources against emerging risks.
- 7.3 This may require a strategic reprioritisation of commitments especially as reserves are forecast to be significantly diminished over the medium term. The Council will be required to remain proactive in identifying savings and increase income throughout the medium term period to ensure its viability can be maintained.

## 8. **ROBUSTNESS OF THE BUDGET 2017/18**

- 8.1 In assessing the robustness of the overall budget for next year, I have taken the following into consideration:
- 8.2 The robustness of the underpinning financial planning assumptions on which the budget has been determined:
- a. Financial resources are aligned appropriately to the strategic priorities of the Council. Investments in service delivery have been made to support the Council's prosperity and place objectives directing resources to community services.
  - b. Savings to deliver a balanced budget have been identified focussing on efficiency and value for money and relative priority needs of services. Identified savings are realistic and action plans for delivery are in place. Four strategic themes have been considered:
    - i) Service transformation and digitisation – continuing the transformational change programme in the delivery of services to customers through greater use of self-serve and web-enabled technology and modernising systems and processes
    - ii) Empowerment – the way in which people work together in managing Council services with effective risk mitigation within an empowered autonomous structure and a flexible scheme of delegation that supports a one-team approach
    - iii) Commercial risk appetite – developing new innovative ways of raising revenue and strengthening commercial partnerships
    - iv) Needs and priorities – consideration of the appropriateness of the service offer to

the Borough's residents and aligning this to the Council's strategic vision

- c. The Council as part of finalisation of the revenue budget 2017/18 has factored growth in business rates which can be retained locally including renewable energy business rates; as well as an increased Council tax base.
- d. Decreases of funding from Central Government for New Homes Bonus and the Revenue Support Grant have been incorporated, based on provisional settlement figures announced in December 2016.
- e. Employee budgets have been cross-referenced to the agreed establishment. The 2017/18 budget and future years have an assumed 1% pay award. The pay award for 2017/18 has been settled as part of last years two year agreement.
- f. Assumptions made about future inflation and interest rates are realistic.
- g. Income estimates are based on current patterns of usage and anticipated variations during the coming year. Decisions about levels of charges have already been taken by the Council in December 2016 and have now been implemented.
- h. Capital and revenue budgeting is integrated, in that the revenue consequences of the capital programme are considered as part of the overall budget process for 2017/18.

8.3 Appropriate and effective governance arrangements are in place to manage the financial resource and maintain a balanced budget throughout 2017/18:

- a. Financial management is delegated appropriately and commitments are entered into in full compliance with Financial Procedure Rules.
- b. Effective governance arrangements are in place for budget monitoring and reporting during the financial year.
- c. A risk assessment has been carried out on the revenue budget and those risks have been appropriately mitigated.

8.4 An assessment of funding framework for local government and its impact on the Council's finances:

- a. The settlement figures provided in the budget are based on the provisional settlement, details of the final settlement are awaited and any variations will be included in the final Budget reports.
- b. The Executive's proposals do not breach the 'excessiveness' principle for 2017/18, where a local referendum is required for any Council tax increase of more than 2%.

- c. Appropriate assessment has been made of likely levels of bad debt provision when determining the local Council tax base.

## 9. **RISK ASSESSMENT**

The major risks to which the Council are exposed are set out below:

### 9.1 **Business rates volatility**

Changes to local government funding brought in from 2013/14 allow local authorities to retain an element of business rate growth. There remains an ongoing risk of volatility of business rates arising from unknown appeals and unanticipated fluctuations in collectible income from the business community. However, risk arises as the Council is required to firstly meet any reduction in business rates and secondly, to comply with national business rate policy and government guidance, the accounting arrangements are complex. In 2013/14, the general reserve was increased to £1.379m in recognition of potential risk from a significant loss of business rates. Furthermore the reserves strategy 2015/16 saw the creation of a new business rate volatility reserve to ensure the “smoothing out” of accounting fluctuations. The budget position for 2017/18 reflects a realistic assessment as at 31<sup>st</sup> January 2017.

### 9.2 **Utilisation of reserves**

The revenue budget includes the utilisation of reserves of £240K as general support underpinning the 2017/18 revenue budget as a one-off temporary resource. The medium term financial strategy assumes that use of reserves in this way will not take place in 2018/19 and future years. Taking into account known commitments, anticipated risks and lack of affordability to set aside or replenish strategic reserves the forward forecast suggests it is less likely that reserves will be available for future use in this way. However the position will be kept under review in the light of emerging and changing conditions.

### 9.3 **Partnerships**

As a result of changes to the Councils business model, key services are no longer directly delivered by the Council but through partnership including the Leisure Trust, Urbaser Waste Management and the Liberata Partnership, accounting for £7.1m or 28% of Council gross spending in 2017/18. These partnerships are intended to deliver transformational change in the way that services are provided to our customers within a reduced cost base. The Council continues to work closely with our partners in ensuring effective delivery and will continue to monitor performance to mitigate any potential risks and issues that emerge.

### 9.4 **Workforce**

The approved budget for 2017/18 includes a vacancy factor of £150k recognising a normal lag period of appointment to vacant posts of three months. For 2017/18 this represents 2% of the staffing budget for 212ftes. Clearly to ensure a balanced budget for 2017/18 the expectation would be a continuation of this policy unless exceptional and business critical circumstances prevail. The vacancy factor as is current practice will be

monitored throughout 2017/18. Furthermore, in the light of the future financial outlook to mitigate risk of future redundancies that will inevitably arise as the organisation downsizes, the Council continues to follow a process of internal recruitment as a preferred route where appropriate.

#### 9.5 **Capital Receipts**

The delivery of the capital programme relies on capital receipts being generated to fund new developments. The forecast of capital receipts is based on anticipated sales at the time the programme is prepared. Whilst the Council has sufficient capital receipts to deliver the capital programme for 2017/18 and an uncommitted balance of general receipts of £469k anticipated by 2019/20, the Council needs to ensure that it has ability to respond effectively and promptly to unforeseen or major capital works especially to respond to health and safety or public protection matters and commercial opportunities. Progress in the generation of capital receipts will be monitored during 2017/18.

#### 9.6 **Possible litigation and uninsured risks**

During the normal course of business the Council operates in an environment where there is an underlying risk arising from contractual obligations and uninsured risks. In the event that liabilities emerge during the course of the year the Council will assess impact including disclosure as contingent liability. We will further assess following robust challenge whether these liabilities will be an obligation on the Council for which resource is required. Where possible the Council will seek to set aside resources subject to affordability within a reduced funding envelope.

#### 9.7 **Public sector risks**

Increasingly, the Council is finding itself in the position of reduced contributions as austerity measures continue to impact on other public sector partners. In the event that issues emerge they will be factored within the overall budget monitoring position.

### 10. **ADEQUACY OF RESERVES 2017/18**

- 10.1 In assessing the adequacy of reserves I have taken into consideration the forward forecast of reserves contained within the Medium Term Financial Strategy which indicates that reserve levels for both strategic and general reserves are sufficient to mitigate any down side risks facing the Council during 2017/18.
- 10.2 The longer term assessment of reserves required to meet known commitments and future risks facing the Council indicate strategic reserves to be significantly depleted without any planned mechanism for their replacement. This will impact on the Council's ability to deliver its strategic objectives over the medium term and careful consideration of their use should be made to ensure the Council obtains the most added value in their utilisation.
- 10.3 A reserves strategy stating the purpose for which each reserve is held, managed and controlled is contained within the Medium Term Financial Strategy recommended for approval by Council.

10.4 However I am satisfied that the level of reserves is sufficient for 2017/18.

## 11. **FINANCIAL OUTLOOK**

11.1 The Council continues to be financially challenged over the medium term facing a budget gap of £4m or 27% by the end of 2020/21. The Council must continue to be focussed in maintaining its financial health by downsizing in a planned and sustainable way so that it is able to continue to operate as a going concern and maintain operational services. The Council entered into a new strategic partnership that is delivering transformational change to customer services over the next few years including greater use of digitisation and providing inward investment. Savings arising from this partnership will contribute towards closing the budget gap, however further Council wide savings will be required through prioritisation, transformation and continuous improvement.

11.2 Representations are continuing on the affects of the changes to the New Homes Bonus funding regime which have impacted on this Council acutely. Furthermore the financial forecast is based on indicative figures and may be subject to change. The Government has confirmed proposals to move to 100% business rate retention by 2020 which we are told will be fiscally neutral to the Council. A pilot of this is currently taking place in a number of areas during 2017/18, which will inform the process. These proposals once implemented will see the Council having a new identity as part of greater devolution but it will also face additional risks and ambiguity in financial resource.

11.3 The Council must remain proactive in its activity to deliver sustainable savings over the medium term if it wishes to remain a viable entity.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

12. As set out in the report on the Revenue Budget for 2017/18, Capital Investment Programme 2017/18 to 2019/20 and Medium Term Financial Strategy elsewhere on your agenda.

## **POLICY IMPLICATIONS**

13. None arising directly.

## **DETAILS OF CONSULTATION**

## **BACKGROUND PAPERS**

14.
  - Revenue Budget Files – 2017/18
  - Capital Investment Programme 2017/18 to 2019/20
  - Medium-term Financial Strategy – 2018/19 to 2020/21



# Treasury Management Strategy 2017/18 - 2019/20 and Prudential and Treasury Indicators



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# EXECUTIVE

BURNLEY TOWN HALL

Monday 13<sup>th</sup> February 2017 at 6.30 pm

## 106. Treasury Management Strategy 2017/18 – 2019/20 and Prudential and Treasury Indicators

**Purpose** To comply with the amended Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2011.

To outline a treasury management strategy statement for the financial year 2017/18.

To set out prudential indicators for the financial years 2017/20 in line with the CIPFA's Prudential Code 2013.

To seek approval for the Council's Minimum Revenue Provision (MRP) Policy Statement for the financial year 2017/18 in accordance with Government regulations.

**Reason for Decision** To provide the proper basis required by current Government regulations and guidance to make charges for debt repayment (MRP) to the Council's revenue account.

To fulfil statutory and regulatory requirements and to provide a clear framework for local authority capital finance and treasury management.

**Decision** (1) **That Full Council be recommended to approve the treasury management strategy statement for 2017/18 as set out in Appendix 1;**

(2) **That Full Council be recommended to approve the prudential and treasury indicators for 2017/18 to 2019/20 per Appendix 2 including the authorised limit for external debt of £35.067m in 2017/18;**

(3) **That Full Council be recommended to approve the list of Counterparties for Deposits outlined within Appendix 3; and**

(4) **That Full Council be recommended to approve the Council's MRP Statement for 2017/18 as set out in Appendix 4 of this report..**

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**REPORT TO EXECUTIVE**



<b>DATE</b>	<b>13<sup>th</sup> February 2017</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
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**2017/18 Treasury Management Strategy and 2017/18 – 2019/20 Prudential and Treasury Indicators**

**PURPOSE**

1.
  - a) To comply with the amended Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2011.
  - b) To outline a treasury management strategy statement for the financial year 2017/18.
  - c) To set out prudential indicators for the financial years 2017/20 in line with the CIPFA's Prudential Code 2013.
  - d) To seek approval for the Council's Minimum Revenue Provision (MRP) Policy Statement for the financial year 2017/18 in accordance with Government regulations.

**RECOMMENDATION**

2. That the Executive recommend to Full Council approval of ;
  - a) The treasury management strategy statement for 2017/18 as set out in Appendix 1
  - b) The prudential and treasury indicators for 2017/18 to 2019/20 per Appendix 2 including the authorised limit for external debt of £35.067m in 2017/18.
  - c) The list of Counterparties for Deposits outlined within Appendix 3.
  - d) The Council's MRP Statement for 2017/18 as set out in Appendix 4 of this report.

**REASONS FOR RECOMMENDATION**

- 3 a) To provide the proper basis required by current Government regulations and guidance to make charges for debt repayment (MRP) to the Council's revenue account.

- 3 b) To fulfil statutory and regulatory requirements and to provide a clear framework for local authority capital finance and treasury management.

## SUMMARY OF KEY POINTS

### 4. **Background**

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

*As a consequence treasury management is defined as:*

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

### 5. **Treasury Management Statutory & Regulatory Requirements**

The Council is required to adopt a Treasury Management Strategy each year in advance of the forthcoming year. This report sets out the Treasury Management Strategy Statement for 2017/18 as well as the Prudential and Treasury Indicators for 2017/18 to 2019/20.

*The primary requirements of the Code are as follows:*

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

- Treasury strategy and prudential and treasury indicators (this report) covering:
  1. the capital plans (including prudential indicators);
  2. a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
  3. the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
  4. an investment strategy (the parameters on how investments are to be managed).
- A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary,

and whether the treasury strategy is being met or whether any policies require revision.

- An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy during the previous year.

### Scrutiny

Full Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Executive, and for the execution and administration of treasury management decisions to the Head of Finance, who will act in accordance with the Council's policy statement and Treasury Management Practices (TMP's) and CIPFA's Standard of Professional Practice on Treasury Management.

### List of Counterparties

Appendix 3 summarises the proposed limits and methodology for choosing counterparties for deposits.

### Minimum Revenue Provision (MRP)

Attached in Appendix 4 is the Council's Annual Statement on Policy for Making Minimum Revenue Provision on Outstanding Debt.

### Economic Update

Appendix 5 shows an abridged version of Capita Asset Services, the Councils treasury management advisors view of the current economic climate and the prospects for interest rates.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

6.
  - The limit which can be deposited with the Council's bankers is to remain at £15m per Appendix 3.
  - The maximum value of deposits over 364 days and up to 2 years is to be £4m (with a maximum of £2m with any one counterparty, with the exception of the banking institutions whose individual limit is £4m). See Appendix 3.
  - The new limits for external debt for 2017/18 will be £33.397m for the operational boundary and £35.067m for the authorised limit (2016/17 = £32.577m).
  - Borrowing has a longer term impact on the revenue budget because of the costs of finance. The cost of borrowing is increasing as a percentage of the net revenue stream in future years because of the forecast reductions in the Council's 'net budget requirement'.

**POLICY IMPLICATIONS**

7. Compliance with the revised CIPFA Code of Practice on Treasury Management.

**DETAILS OF CONSULTATION**

8. None.

**BACKGROUND PAPERS**

9. None

**FURTHER INFORMATION**

**PLEASE CONTACT:**

**David Donlan  
Accountancy Division Manager**

**Asad Mushtaq  
Head of Finance**



## Treasury Management Strategy for 2017/18

The strategy for 2017/18 covers two main areas:

### Capital Issues

- the capital plans and the prudential indicators; the MRP strategy (Appendix 4).

### Treasury Management Issues

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on the use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Department of Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

## Capital issues

### The Capital Prudential Indicators 2017/18 – 2019/20 (See Table 1 in Appendix 2)

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

**Capital Expenditure.** This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

The table below summarises the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

<b>Table 1 Capital Expenditure</b>	<b>2015/16 Actual £000</b>	<b>2016/17 Revised Estimate £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>
Programmed Spend	5,542	7,501	12,027	5,852	5,291
<b>Financed by:</b>					
Capital receipts	943	1,584	2,008	1,593	1,353
3rd Party Contributions	175	735	249	150	1,098
Capital grants	2,332	2,558	4,371	3,636	2,511
Revenue	332	666	1,378	243	254
<b>Net borrowing need for the year</b>	<b>1,760</b>	<b>1,958</b>	<b>4,021</b>	<b>230</b>	<b>75</b>

## Ratio of Financing Costs to Net Revenue Streams

This indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) expressed as a percentage against the net revenue stream. Table 1 in Appendix 2 shows there is a general trend that financing costs are taking up a higher percentage of the revenue budget. This is due to forecast reductions in future aggregate external funding based on 'revenue spending power' for the Council through reduced Government grant.

## The Council's Borrowing Need (the Capital Financing Requirement)

This prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR and is represented by the net financing need for the year line. The Council's CFR is shown in Table 1 of Appendix 2 and below.

The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

<b>Table 2</b>	<b>2015/16 Actual £000</b>	<b>2016/17 Revised Estimate £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>
<b>Capital Financing Requirement</b>					
Total CFR at 31 <sup>st</sup> March	27,438	28,607	31,807	31,053	30,106
<b>Net financing need for the year</b>	<b>1,065</b>	<b>1,169</b>	<b>3,200</b>	<b>( 754)</b>	<b>(947)</b>

<b>£m</b>	<b>2015/16 Actual £000</b>	<b>2016/17 Revised Estimate £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>
<b>Movement in CFR represented by</b>					
Net borrowing need for the year (Table 1 above)	1,760	1,958	4,021	230	75
Less MRP and other financing movements	(695)	(789)	(821)	(984)	(1,022)
<b>Movement in CFR in Year</b>	<b>1,065</b>	<b>1,169</b>	<b>3,200</b>	<b>(754)</b>	<b>(947)</b>

## Incremental Impact of Capital Investment Decisions on Council Tax

This indicator identifies the revenue costs associated with the proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The costs include the investment interest to be foregone by using capital receipts and the proposed revenue contributions to capital (RCCO). The costs are expressed as an amount per Band D property using the 2017/18 council tax base of 22,579 for comparative purposes.

### Treasury Management Issues

The capital expenditure plans set out above, provide details of the activity of the Council. The treasury management function ensures that the Council's cash is organised within the relevant professional codes, so that sufficient cash is available to meet these activities. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

### The Council's Current Portfolio Position

Within the prudential indicators in Appendix 2 there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its total debt, net of any investments, does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years. In the Council's case, the estimated external debt at 31<sup>st</sup> March 2017 of £20.6m is less than the CFR which ranges from £30.1m to £31.8m which means that the Council 'borrows internally' (using reserves and balances) to finance past capital spending as this tends to be cheaper than external debt.

### Treasury Limits for 2017/18 to 2019/20

It is a statutory duty under Section 3 of the Act and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Authorised Borrowing Limit".

The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is 'acceptable'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years, details of the Authorised Limit can be found in Table 2 in Appendix 2 of this report outlining the prudential and treasury indicators for 2017/18 – 2019/20.

**The Operational Boundary** is the limit beyond which external debt is not normally expected to exceed and is normally similar to the CFR. It is proposed to set this at 5% above the CFR.

**The Authorised Limit** is a further key indicator representing a control on the maximum level of borrowing, beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, whilst not desired, could be afforded in the short term, but is not sustainable in the longer term. It is proposed to set this at 5% above the operational boundary and includes provision for 'unusual cash movements'.

### **The Borrowing Strategy**

The Council is currently maintaining an under-borrowed position which means that the capital borrowing need (the CFR), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

The Head of Finance will monitor interest rates and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp fall in long and short term rates, then long term borrowings will be postponed,
- if it was felt that there was a significant risk of a much sharper rise than that currently forecast, then the portfolio will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still relatively low.
- will take a view on prevailing and perceived future interest rates and take decisions on whether to borrow longer-term or short-term accordingly whenever a borrowing requirement arises. As well as taking a view on the appropriate mix of fixed and variable interest rate exposure in the light of prevailing and perceived future market conditions.
- undertake a constant review of the Council's total external debt portfolio to determine the scope for any restructuring possibilities and make recommendations to Full Council accordingly.

### **Treasury Management - Limits on Activity**

There are three debt related treasury activity limits, the purpose of which is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. The indicators are:

- Upper limits on variable rate exposure;
- Upper limits on fixed rate exposure;
- Maturity structure on borrowing limits which are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

### **The Borrowing Policy and Borrowing Requirement**

The Council will not borrow more than or in advance of its need purely in order to profit from the investment of the extra sums borrowed.

The Council's maximum borrowing requirement (Authorised Limit for external debt) is £35.067m next year. This is limited to 5% above the operational boundary of £33.397m, which has been set at 5% above the CFR.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **Debt Rescheduling**

As short term borrowing rates will be considerably cheaper than longer term rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include: -

- the generation of cash savings and / or discounted cash flow savings
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential left for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Council at the earliest meeting following its action.

### **Municipal Bond Agency**

It is likely that the Municipal Bond Agency will be offering loans to local authorities in the near future. It is hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). Officers intend to keep a watching brief of this new source of borrowing.

### **Investment Strategy**

#### *Background:*

There are strict limits in terms of the type of institution with which funds may be deposited and the length of time funds can be invested for. These limits are reviewed annually [as a minimum] and the current listing was incorporated into the treasury management report approved by Full Council on 24<sup>th</sup> February 2016.

The Council's deposit priorities focus on;

- Security of Capital
- Liquidity, and
- Yield

The Council will aim to achieve optimum return [yield] on deposits commensurate with proper levels of security and liquidity.

#### *Monitoring Performance:*

Within the counter parties listing we have retained a £15m limit with HSBC Bank plc, coinciding with retaining HSBC as the provider for administering the Council's banking facilities [contract renewed in December 2015 for a three year term]. The Council continues to have a 'sweep' facility for our current account. This means that if we do not deposit monies with other counterparties but leave the balance with HSBC, they will automatically transfer the money into an interest earning deposit account. This account is

effectively a call account whereby we can get the money back instantly if required. The current rate the Council is achieving on these deposits is higher than that achieved with some other counterparties.

### Approved list of Counterparties for Deposits

As part of the Treasury Policy Statement as a minimum the approved list of counterparties are reviewed annually and reported to Council. The current list was approved on 24<sup>th</sup> February 2016. It is proposed that the maximum amount that can be deposited with counterparties for a period exceeding 364 days and up to 2 years remains limited to £4m which is shown in Appendix 3.

### Creditworthiness Policy

This Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays: -

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service gives a much improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources.

The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

In addition to the use of Credit Ratings the Council will be advised of information on

- movements in CDS against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Councils lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

**Policy on the use of treasury management consultants**

The Council uses Capita Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Head of Finance through recommendations to Full Council, will ensure that the terms of their appointment and the methods by which their value will be assessed, are properly agreed and documented, and will be subject to regular review.

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## PRUDENTIAL AND TREASURY INDICATORS

### PRUDENTIAL INDICATORS - A Brief Description

#### Capital Expenditure

This shows the capital programme as it currently stands. Members will note that the amount estimated to be included within the programme for 2017/18 is £12.027 million.

It is a reduced value from the previous year but still a significant amount. Through obtaining the associated funding through grants, capital receipts and other contributions the borrowing required has been minimised. This means that the effect of the investment on the Council's revenue account has been factored into the 2017/18 revenue budget within prudent limits. There is still uncertainty about the levels of spend in future years.

It is not known exactly at this stage what the effects on revenue of sustaining a high level of capital programme investment will be in future years. It is however envisaged that there will continue to be a significant contribution from grants. This will again minimise borrowing to within prudential levels and thus keep the resultant financing charge to the revenue budget within prudent limits.

#### Ratio of Financing Costs to Net Revenue

The net revenue stream is the estimated amount of spending to be met from Government Grants and local taxpayers. It is used in projections and for estimating the need for budget savings. It is based upon the system of Government revenue support and assumes a 1.90% increase in Council Tax for 2017/18 and a 1.90% increase for the following two years. The Council tax base used for assessing the impact on revenue is 22,579 which is the calculation given under the system of

Council	tax	funding	(22,071	for	2016/17)
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Financing costs include interest on borrowing and the amount included in the budget for repayment of debt.

#### Net Borrowing Requirement

This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement (CFR) in the previous year plus the estimates of any additional capital financing requirement in the current year and the next two financial years. At all times the level of borrowing will be monitored to ensure that it does not exceed the estimated capital financing requirement in two years time.

#### Capital Financing Requirement as at 31 March

The capital financing requirement is an indication of how much the Council needs to borrow for capital purposes. This is as a result of not financing capital expenditure "up front" by means of capital receipts, grants etc. and relying on borrowing, which is ultimately repaid and then replaced if required.

#### Incremental impact of capital investment decisions

This indicator requires a comparison between the total budgetary requirement of the Council including and excluding the costs of changes to the existing capital programme. The proposed Burnley Borough Council Band D Council Tax for 2017/18 is £283.04 and includes the borrowing costs of capital investment decisions prior to 2017/18. The indicator shows, in terms of a Band D charge, how much extra will be paid by Council Tax payers as a result of capital programme spending during the next three years.

## PRUDENTIAL AND TREASURY INDICATORS 2017/18 - 2019/20

TABLE 1 - PRUDENTIAL INDICATORS	2015/16 Actual £' 000	2016/17 Revised Estimate £' 000	2017/18 Estimate £' 000	2018/19 Estimate £' 000	2019/20 Estimate £' 000
Capital Expenditure	5,542	7,501	12,027	5,852	5,291
Ratio of financing costs to net revenue stream	9.9%	11.0%	12.3%	15.1%	16.0%
Net borrowing requirement brought forward 1 April	/	/	33,397	32,606	31,611
Capital Financing Requirement as at 31 March	27,438	28,607	31,807	31,053	30,106
Incremental impact of capital investment decisions Increase in council tax (band D) per annum	/	/	2.67	1.15	1.02

TABLE 2 - TREASURY MANAGEMENT INDICATORS	2015/16 Actual £' 000	2016/17 Revised Estimate £' 000	2017/18 Estimate £' 000	2018/19 Estimate £' 000	2019/20 Estimate £' 000
Authorised Limit for external debt -	/	/	35,067	34,236	33,192
<i>For 2017/18, this is the Council's statutory limit for debt as determined under section 3(1) of the Local Government Act 2003. Limits have also been provisionally set for the following two financial years. These limits include provision for "unusual cash movements" as referred to in the Code.</i>					
Operational Boundary for external debt -	/	/	33,397	32,606	31,611
<i>This is lower than the authorised limit by the additional headroom provided for "unusual cash movements". It equates to the maximum level of external debt projected in estimates.</i>					
Actual/Estimated external debt at year end	20,607	20,607	/	/	/
Upper limit for fixed interest rate exposure expressed as :- Net interest re fixed rate borrowing / investments	/	/	100%	100%	100%
Upper limit for variable rate exposure expressed as :- Net interest re variable rate borrowing / investments	/	/	25%	25%	25%
Upper limit for total principal sums invested over 364 days	0	4,000	4,000	4,000	4,000

TABLE 3 - Maturity Structure of fixed rate borrowing during 2015/16		lower limit	upper limit
This indicator limits the period to repayment of overall expected debt outstanding and shows five bands. There are minimum and maximum proportions of overall debt within each band. This means that the amount of debt in each band will fall within this range as a proportion of overall debt.	under 12 months	0%	35%
	12 months - within 24 months	0%	20%
	24 months - within 5 years	10%	30%
	5 years - within 10 years	10%	55%
	10 years and above	15%	60%

### Capita Methodology in Determining Creditworthiness of Counterparties:

Capita's creditworthiness service employs a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swap [CDS] spreads to give early warning of likely changes in credit ratings and gauge a market view of the counterparty
- sovereign ratings to select counterparties from only the most creditworthy countries

Capita's modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are used to determine the maximum duration for deposits and are therefore referred to as durational bands. This approach gives a much improved level of security for its deposits. The table below also shows the current limits for deposits with any bank or group of banks which is £2m except for the Councils own bank, HSBC, which has an individual limit of £15m and other named institutions below (£4m) .

<b>Banking Institutions Colour Bandings</b>	<b>Maximum Duration [per Capita]</b>	<b>Current Individual Limits per Bank / Group of Banks (£)</b>
White	0 months	No deposits to be placed
Green	100 days	Unlimited, but no more than 4m per Bank / Group of Banks
Red	6 months	Unlimited, but no more than 4m per Bank / Group of Banks
Orange/Blue	12 months	To a maximum of 4m over 364 days, and no more than 4m per Bank / Group of Banks
Purple	24 months	To a maximum of 4m over 364 days, and no more than 4m per Bank / Group of Banks

As previously stated, an exception to the above is that the Councils own bank, HSBC, has an individual limit of £15m.

<b>Other Institutions</b>	<b>Maximum Duration</b>	<b>Individual Limits (£)</b>
Local Authorities	12 months	2m
Government Debt Management Office	12 months	Unlimited
Lancashire County Council Call Account	12 months	2m
Money Market Fund*	12 months	1m

\* the total amount deposited in Money Market Funds not to exceed the lower of £2m or 40% of the Council's total deposits.

**Banks / Groups of Banks & Building Societies whose Individual Limit is £4m**

The following banking institutions have individual limits of £4m:-

Lloyds Banking Group plc including Bank of Scotland and Lloyds Bank  
Royal Bank of Scotland Group plc including National Westminster Bank and Royal Bank of Scotland  
Abbey National Treasury Services plc  
Barclays Bank  
Santander UK plc  
Nationwide Building Society

## Minimum Revenue Provision (MRP) policy statement 2017/18

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

### Annual Statement on Policy for Making Minimum Revenue Provision on Outstanding Debt (Annual MRP Statement)

#### Relating to the Financial Year 2017/18

The Council's policy on making the minimum revenue provision (MRP) for the repayment of debt to be charged to the Council's revenue account for the financial year 2017/18 is as follows:

The MRP shall be calculated in accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 and the guidance issued under section 21(1A) of the Local Government Act 2003.

#### **The Council is recommended to approve the following MRP Statement:**

The MRP shall be calculated:

- a) For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, MRP will be charged on a 2% straight line basis. This ensures that the debt will be repaid within 50 years.
- b) For capital expenditure funded from prudential borrowing in accordance with option 3 of the guidance for financial years 2008/09 to 2016/17 and assumed for 2017/18.

Calculated on the asset life method - using the equal instalment method. The calculation will divide the borrowing relating to each particular asset and divide this by the estimated life of the asset to produce an equal annual charge to the revenue account. This will also be the method used when the asset is not Burnley Council's asset but where the Council has made a capital contribution to the cost.

The total of a) and b) above will be the overall annual MRP.

Regulations allow Authorities to apply an 'MRP holiday', whereby the MRP charge is deferred until a year after the practical completion of the asset. The Authority will apply this allowance where appropriate.

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## **Economic update**

*(provided by the Council's external service providers, Capita Asset Services):*

### **1/ Global economy:**

The Eurozone (EZ). In the Eurozone, the ECB commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from low levels towards the target of 2%. Consequently, at its December meeting it extended its asset purchases programme by continuing purchases at the current monthly pace of €80 billion until the end of March 2017, but then continuing at a pace of €60 billion until the end of December 2017, or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim. It also stated that if, in the meantime, the outlook were to become less favourable or if financial conditions became inconsistent with further progress towards a sustained adjustment of the path of inflation, the Governing Council intended to increase the programme in terms of size and/or duration.

USA. The American economy had a patchy 2015 with sharp swings in the quarterly growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 at +0.8%, (on an annualised basis), and quarter 2 at 1.4% left average growth for the first half at a weak 1.1%. However, quarter 3 at 3.2% signalled a rebound to strong growth. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene, and then the Brexit vote, have caused a delay in the timing of the second increase of 0.25% which came, as expected, in December 2016 to a range of 0.50% to 0.75%. Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis. The Fed. therefore also indicated that it expected three further increases of 0.25% in 2017 to deal with rising inflationary pressures.

The result of the presidential election in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment.

China. Economic growth in **China** has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending.

Japan. Economic growth in **Japan** is still patchy, at best, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

### **2/ UK economy:**

Economic Growth UK GDP growth rates in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.

The **referendum vote for Brexit** in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

Inflation. The **Monetary Policy Committee, (MPC), meeting of 4th August** was dominated by countering the expected sharp slowdown in the economy and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.

Forward guidance. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of just under 3% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, although during November, sterling has recovered some of this fall to end up 15% down against the dollar, and 8% down against the euro (as at the MPC meeting date – 15.12.16). This depreciation will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK),



influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

### **Capita Asset Services forward view**

The latest MPC decision included a forward view that Bank Rate could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.

The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

### **Prospects for Interest Rates**

Part of the service provided by Capita Asset Services is to assist the Council to formulate a view on interest rates and the table below gives Capita's forecast.

#### **Capita's interest rate forecast:**

Annual Average %	Bank Rate %	PWL B Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2017	0.25	1.60	2.90	2.70
Jun 2017	0.25	1.60	2.90	2.70
Sep 2017	0.25	1.60	2.90	2.70
Dec 2017	0.25	1.60	3.00	2.80
Mar 2018	0.25	1.70	3.00	2.80
Jun 2018	0.25	1.70	3.00	2.80
Sep 2018	0.25	1.70	3.10	2.90
Dec 2018	0.25	1.80	3.10	2.90
Mar 2019	0.25	1.80	3.20	3.00
Jun 2019	0.50	1.90	3.20	3.00
Sep 2019	0.50	1.90	3.30	3.10
Dec 2019	0.75	2.00	3.30	3.10
Mar 2020	0.75	2.00	3.40	3.20

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# Capital Budget for 2017/18 and 2017/20 Capital Investment Programme



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# EXECUTIVE

BURNLEY TOWN HALL

Monday 13<sup>th</sup> February 2017 at 6.30 pm

108. <b>Capital Budget 2017/18 and 2017/20 Capital Investment Programme</b>
---

Purpose To recommend approval of the capital budget for 2017/18.

Reason To establish a capital budget that reflects the Council's overall priorities  
for and provides a framework for capital spending to be undertaken during  
Decision 2017/18

Decision **(1) That Full Council be recommended to be recommended to approve the 2017/18 Capital Budget, totalling £12,027,721, as set out in Appendix 1;**

**(2) That Full Council be recommended to note the 2017/20 Capital Investment Programme as also set out in Appendix 1;**

**(3) That Full Council be recommended to note the estimated position on capital resources as set out in Appendix 2; and**

**(4) That subject to (1) above to approve the release of capital scheme budgets including slippage from 2016/17, subject to compliance with the Financial Procedure Rules and that there will be full compliance with Standing Orders for Contracts.**

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## REPORT TO EXECUTIVE



DATE	13 <sup>th</sup> February 2017
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	David Donlan
TEL NO	(01282) 477172
EMAIL	ddonlan@burnley.gov.uk

## CAPITAL BUDGET FOR 2017/18 AND 2017-20 CAPITAL INVESTMENT PROGRAMME

### PURPOSE

- To recommend approval of the capital budget for 2017/18

### RECOMMENDATION

- That Full Council be recommended to;
    - Approve the 2017/18 Capital Budget, totalling £12,027,721, as set out in Appendix 1
    - Note the 2017/20 Capital Investment Programme as also set out in Appendix 1.
    - Note the estimated position on capital resources as set out in Appendix 2.
  - That subject to 2a) i) above the Executive:
    - Approve the release of capital scheme budgets including slippage from 2016/17, subject to compliance with the Financial Procedure Rules and that there will be full compliance with Standing Orders for Contracts.

### REASONS FOR RECOMMENDATION

- To establish a capital budget that reflects the Council's overall priorities and provides a framework for capital spending to be undertaken during 2017/18.

### SUMMARY OF KEY POINTS

#### 4. **Background:**

In formulating the 2017/18 Capital Programme, Management Team declared that new bids would be limited, given the forecast position of available Capital Resources. The existing schemes and new bids were prioritised in accordance with the Council's Strategic Objectives as identified within the Council's Strategic Plan.

5. **Capital Budget / Programme Review Process:**

Officers have been asked to submit information for inclusion in the proposed 2017/18 capital budget and the 2017/20 CIP.

The review process has included:

- A review and revision of the existing schemes approved in the 2016/19 CIP.
- Provision of a breakdown of the type of capital expenditure to be incurred for each scheme to assist in estimating the level of capitalised staff recharges involved in delivering capital works.
- A review of the level of Resources within the Council.

Any use of Prudential Borrowing must be based upon the creation of an asset, repayment over the useful life of the asset, and the production of a business case outlining any income generation and future revenue costs.

6. **2017/18 Capital Budget:**

Appendix 1 provides Members with a summary of the capital investment programme for 2017/18 to 2019/20 and a list of those schemes being proposed for the 2017/18 capital budget totalling £12.028m showing the financing elements for each individual scheme. It also shows draft capital budgets for 2018/19 and 2019/20 along with the financing elements for those years.

Members are asked to note the following factors whilst considering the list of schemes being proposed for 2017/18;

- The level of estimated capital receipts is sufficient to finance the £468,500 required for all the schemes put forward for 2017/18.
- The 5 new schemes proposed are:
  - Building Alteration Works
  - Towneley Hall Overspill Car Park
  - Leisure Centre Improvements
  - Lower St James Street
  - Towneley Hall Building Works

Appendix 4 gives a brief description of each scheme.

7. **Capital Resources:**

Appendix 2 provides Members with an analysis of the capital receipts and S106 / 3<sup>rd</sup> Party Contributions balances as follows;

- balances in hand as at the 1<sup>st</sup> April 2016
- 2016/17 commitments approved to date
- level of resources assumed to be available as at 31<sup>st</sup> March 2017
- estimated “new” receipts to be received during 2016/17 and 2017-20
- resources required to finance part of the 2017/18 proposed capital budget
- resources required to finance the schemes proposed for future years
- anticipated balance (surplus) as at 31<sup>st</sup> March 2020.



8. **Revenue Budget Implications:**

Capitalised Salaries

Members will be already aware that capitalised salaries are a major element in balancing the Council's revenue budget. The expected revenue income for staff time recharged against identified capital projects is £183k in 2017/18, as shown in Appendix 3.

Costs of Prudential Borrowing

Of the proposed £4.021m, there are three new schemes requiring additional borrowing of £630k by the Council. The estimated full year interest cost for the additional borrowing is £18k. This cost may not be required until 2018/19, dependant on the timing of the borrowing.

The additional Minimum Revenue Provision (notional debt repayment) charge for the £630k additional borrowing would be £19k, and would not be required until 2018/19.

Both are shown in Appendix 1

9. **2017-20 Capital Investment Programme:**

As previously stated, Appendix 1 outlines a summary of the proposed 2017/20 capital investment programme. These schemes are listed in priority order, in line with the approved methodology for ranking proposed capital scheme bids, reflecting the priorities of the Council's strategic objectives.

**FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

10. As referred to in the body of the report.

**POLICY IMPLICATIONS**

11. The Capital programme gives authority for a number of policy decisions to be actioned in meeting the Council's corporate objectives.

**DETAILS OF CONSULTATION**

12. None.

**BACKGROUND PAPERS**

13. None.

**FURTHER INFORMATION  
PLEASE CONTACT:**

**David Donlan,  
Accountancy Division Manager**

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## Capital Investment Programme 2017/18 to 2019/20

<u>Service Unit</u>	<u>Scheme Name</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>TOTAL</u>
		£	£	£	£
<b>Schemes Committed By Decision of the Council</b>					
Regeneration & Planning Policy	Vision Park	3,618,938	58,897	-	3,677,835
Green Spaces & Amenities	Thompson Park Restoration Project	941,022	96,351	19,750	1,057,123
Regeneration & Planning Policy	Weavers Triangle - Starter Homes	330,000	-	-	330,000
Governance, Law, Property & Regulation	Contribution of Shopping Centre Redevelopment	375,000	-	-	375,000
<b>Total of Schemes Committed By Decision of the Council</b>		<b>5,264,960</b>	<b>155,248</b>	<b>19,750</b>	<b>5,439,958</b>
<b>Housing Investment Programme</b>					
Housing & Development	Emergency Repairs	60,000	60,000	60,000	180,000
Housing & Development	Disabled Facilities Grant	1,658,235	1,211,000	1,211,000	4,080,235
Housing & Development	Energy Efficiency	40,000	40,000	-	80,000
Housing & Development	Empty Homes Programme	1,200,000	700,000	500,000	2,400,000
Housing & Development	Interventions, Acquisitions and Demolitions	400,000	400,000	400,000	1,200,000
Housing & Development	Flood Relief Works	-	2,000,000	2,000,000	4,000,000
<b>Total of Housing Investment Programme</b>		<b>3,358,235</b>	<b>4,411,000</b>	<b>4,171,000</b>	<b>11,940,235</b>
<b>Schemes Scoring "3" for Commitment &amp; At Least 5 Overall</b>					
Green Spaces & Amenities	Vehicle & Machinery Replacement	92,586	138,183	233,262	464,031
Green Spaces & Amenities	Extension of Burnley Cemetery	416,087	-	-	416,087
Streetscene	River Training Walls	107,000	60,000	60,000	227,000
Streetscene	Car Park Improvements	10,000	-	-	10,000
Governance, Law, Property & Regulation	Leisure Centre Improvements	75,000	75,000	75,000	225,000
Regeneration & Planning Policy	Lower St James Street	280,000	280,000	-	560,000
Regeneration & Planning Policy	Market Safety Works	1,440,480	-	-	1,440,480
<b>Total of Schemes Scoring "3" for Commitment &amp; At Least 5 Overall</b>		<b>2,421,153</b>	<b>553,183</b>	<b>368,262</b>	<b>3,342,598</b>
<b>Schemes Scoring "3" for Strategic Objectives &amp; At Least 5 Overall</b>					
Streetscene	Burnley Town Centre Pedestrianisation Upgrade	150,000	-	-	150,000
<b>Total of Schemes Scoring "3" for Strategic Objectives &amp; At Least 5 Overall</b>		<b>150,000</b>	<b>-</b>	<b>-</b>	<b>150,000</b>
<b>Schemes Scoring 4 Points Overall</b>					
Governance, Law, Property & Regulation	Building Alteration Works	100,000	100,000	100,000	300,000
Green Spaces & Amenities	Towneley Hall Building Works	100,000	100,000	100,000	300,000
Chief Executive	Ward Opportunities Fund	100,000	100,000	100,000	300,000
Streetscene	Alleygate Programme	25,000	25,000	25,000	75,000
Streetscene	CCTV Infrastructure	62,000	-	-	62,000
Regeneration & Planning Policy	Padiham Townscape Heritage Initiative	399,873	399,873	399,872	1,199,618
<b>Total of Schemes Scoring 4 Points Overall</b>		<b>786,873</b>	<b>724,873</b>	<b>724,872</b>	<b>2,236,618</b>
<b>Schemes Scoring Below 4</b>					
Streetscene	Bus Shelter Replacement	8,000	8,000	8,000	24,000
Green Spaces & Amenities	Towneley Hall Overspill Car Park	38,500	-	-	38,500
<b>Total of Schemes Scoring Below 4</b>		<b>46,500</b>	<b>8,000</b>	<b>8,000</b>	<b>62,500</b>
<b>Total of All Schemes</b>		<b>12,027,721</b>	<b>5,852,304</b>	<b>5,291,884</b>	<b>23,171,909</b>



2018/19 CAPITAL BUDGET AND FINANCING ELEMENTS

APPENDIX 1

Classification Heading	Score	Service Unit	Scheme Name	Proposed Budget £	FINANCING ELEMENTS								Total Proposed Budget £	
					Prudential Borrowing £	Revenue Cont'n / Reserves £	Disabled Facilities Grant £	Heritage Lottery Fund £	Lancashire Enterprise Partnership £	Capital Receipts £	Vacant Property Initiative Receipts £	3rd Party Unsecured £		
Committed By Decision of the Council	-	Regeneration & Planning Policy	Vision Park	58,897					58,897					58,897
	-	Green Spaces & Amenities	Thompson Park Restoration Project	96,351		5,241		86,110					5,000	96,351
Housing Investment Programme	3 : 3	Housing & Development	Emergency Repairs	60,000								60,000		60,000
	3 : 3	Housing & Development	Disabled Facilities Grant	1,211,000			1,211,000							1,211,000
	3 : 3	Housing & Development	Energy Efficiency	40,000								40,000		40,000
	3 : 3	Housing & Development	Empty Homes Programme	700,000								700,000		700,000
	3 : 3	Housing & Development	Interventions, Acquisitions and Demolitions	400,000								400,000		400,000
	-	Housing & Development	Flood Relief Works	2,000,000					2,000,000					2,000,000
		3 : 2	Green Spaces & Amenities	Vehicle and Machinery Replacement	138,183		138,183							
Schemes Scoring "3" for Commitment & At Least 5 Overall	3 : 2	Governance, Law, Property & Regulation	Leisure Centre Improvements	75,000	75,000									75,000
	3 : 2	Regeneration & Planning Policy	Lower St James Street	280,000	155,000								125,000	280,000
	3 : 2	Streetscene	River Training Walls	60,000						60,000				60,000
Schemes Scoring 4 Points Overall	3 : 1	Governance, Law, Property & Regulation	Building Alteration Works	100,000							100,000			100,000
	3 : 1	Green Spaces & Amenities	Towneley Hall Building Works	100,000							100,000			100,000
	2 : 2	Chief Executive	Ward Opportunities Fund	100,000							100,000			100,000
	2 : 2	Streetscene	Alleygate Programme	25,000							25,000			25,000
	2 : 2	Regeneration & Planning Policy	Padiham Townscape Heritage Initiative	399,873		100,000		280,100					19,773	399,873
Schemes Scoring Below 4	2 : 1	Streetscene	Bus Shelter Replacement	8,000							8,000			8,000

<b>TOTAL OF ALL SCHEMES</b>				<b>5,852,304</b>	<b>230,000</b>	<b>243,424</b>	<b>1,211,000</b>	<b>366,210</b>	<b>2,058,897</b>	<b>393,000</b>	<b>1,200,000</b>	<b>149,773</b>	<b>5,852,304</b>
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**2019/20 CAPITAL BUDGET AND FINANCING ELEMENTS**

**APPENDIX 1**

Classification Heading	Score	Service Unit	Scheme Name	Proposed Budget £	FINANCING ELEMENTS								Total Proposed Budget £	
					Prudential Borrowing £	Revenue Cont'n / Reserves £	Disabled Facilities Grant £	Heritage Lottery Fund £	Lancashire Enterprise Partnership £	Capital Receipts £	Vacant Property Initiative Receipts £	3rd Party Unsecured £		
Committed By Decision of the Council	-	Green Spaces & Amenities	Thompson Park Restoration Project	19,750				19,750						19,750
Housing Investment Programme	3 : 3	Housing & Development	Emergency Repairs	60,000							60,000			60,000
	3 : 3	Housing & Development	Disabled Facilities Grant	1,211,000			1,211,000							1,211,000
	3 : 3	Housing & Development	Empty Homes Programme Interventions, Acquisitions and Demolitions	500,000							500,000			500,000
	3 : 3	Housing & Development		400,000							400,000			400,000
Schemes Scoring "3" for Commitment & At Least 5 Overall	-	Housing & Development	Flood Relief Works*	2,000,000					1,000,000			1,000,000		2,000,000
	3 : 2	Green Spaces & Amenities	Vehicle and Machinery Replacement	233,262		233,262								233,262
	3 : 2	Governance, Law, Property & Regulation	Leisure Centre Improvements	75,000	75,000									75,000
Schemes Scoring 4 Points Overall	3 : 2	Streetscene	River Training Walls	60,000						60,000				60,000
	3 : 1	Governance, Law, Property & Regulation	Building Alteration Works	100,000						100,000				100,000
	3 : 1	Green Spaces & Amenities	Towneley Hall Building Works	100,000						100,000				100,000
	2 : 2	Chief Executive	Ward Opportunities Fund	100,000						100,000				100,000
	2 : 2	Streetscene	Alleygate Programme	25,000						25,000				25,000
	2 : 2	Regeneration & Planning Policy	Padiham Townscape Heritage Initiative	399,872		21,209		280,100					98,563	399,872
Schemes Scoring Below 4	2 : 1	Streetscene	Bus Shelter Replacement	8,000						8,000				8,000
<b>TOTAL OF ALL SCHEMES</b>				<b>5,291,884</b>	<b>75,000</b>	<b>254,471</b>	<b>1,211,000</b>	<b>299,850</b>	<b>1,000,000</b>	<b>393,000</b>	<b>960,000</b>	<b>1,098,563</b>	<b>5,291,884</b>	

\* The £1,000,000 3rd party contribution relates to an application by the Environment Agency to its own Grant in Aid Programme. In the unlikely event that this grant was not secured, the Council would need to either provide or secure other funding for the flood relief works

	<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> £
<b>Capital Resources Brought Forward on 1st April 2016</b>	<b>894,254</b>	<b>2,851,124</b>	<b>182,583</b>	<b>119,816</b>	<b>4,047,777</b>
<b>Add</b>					
Resources Received As At 31st December 2016:	68,580	328,302	9,905	39,154	445,941
Further Resources Estimated to be Received during 2016/17:	150,000	-	-	613,345	763,345
<b>Potential Resources Available during 2016/17</b>	<b>1,112,834</b>	<b>3,179,426</b>	<b>192,488</b>	<b>772,315</b>	<b>5,257,063</b>
<b>Less</b>					
Required to finance Capital Programme	(489,364)	(1,094,420)	(3,461)	(731,740)	(2,318,985)
Repayment Liabilities	-	-	-	-	-
Earmarked for Revenue Expenditure	-	-	(63,255)	-	(63,255)
Earmarked for Delivery By Outside Bodies	-	-	(125,772)	-	(125,772)
<b>Potential Capital Resources Carried Forward on 31st March 2017</b>	<b>623,470</b>	<b>2,085,006</b>	<b>-</b>	<b>40,575</b>	<b>2,749,051</b>
<b>Add</b>					
Resources Estimated to be Received during 2017/20	1,100,000	1,614,994	-	1,497,759	4,212,753
<b>Less</b>					
2017/18 Capital Budget - plus reprofiled 2016/17 Budget	(468,500)	(1,540,000)	-	(249,423)	(2,257,923)
2018/19 Capital Budget	(393,000)	(1,200,000)	-	(149,773)	(1,742,773)
2019/20 Capital Budget	(393,000)	(960,000)	-	(1,098,563)	(2,451,563)
<b>Total Surplus / (Shortfall) of Resources available for Further Capital Investment Programme needs</b>	<b>468,970</b>	<b>-</b>	<b>-</b>	<b>40,575</b>	<b>509,545</b>

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## 2017/18 CAPITAL BUDGET PER EXPENDITURE DETAIL

APPENDIX 3

Scheme Name	Budget £	Purchase of Land & Prop Detail 3801 £	Grants Detail 3814 £	Payment to Contractors Detail 3815 £	Bricking Up Detail 3821 £	Plant & Equipment Detail 3832 £	Professional Fees Detail 3844 £	Property Management Detail 3852 £	Engineers Detail 3853 £	Legal Services Detail 3856 £	Housing Services Detail 3859 £	1996 Act Detail 3909 £	Advertising Detail 3935 £	Total Budget £
Vision Park	3,618,938			3,618,938										3,618,938
Thompson Park Restoration Project	941,022			906,022					35,000					941,022
Weavers Triangle - Starter Homes	330,000			330,000										330,000
Contribution of Shopping Centre Redevelopment	375,000			375,000										375,000
Emergency Repairs	60,000			60,000										60,000
Disabled Facilities Grant	1,658,235											1,658,235		1,658,235
Energy Efficiency	40,000			40,000										40,000
Empty Homes Programme	1,200,000	350,000	220,000	550,000	10,000		10,000	5,000		15,000	33,000		7,000	1,200,000
Interventions, Acquisitions and Demolitions	400,000	200,000		163,000	5,000			12,500	10,000	9,500				400,000
Vehicle and Machinery Replacement	92,586					92,586								92,586
Extension of Burnley Cemetery	416,087			366,087			50,000							416,087
River Training Walls	107,000			87,000					20,000					107,000
Car Park Improvements	10,000			8,000					2,000					10,000
Leisure Centre Improvements	75,000			75,000										75,000
Lower St James Street	280,000			280,000										280,000
Market Safety Works	1,440,480			1,409,480					31,000					1,440,480
Burnley Town Centre Pedestrianisation Upgrade	150,000			140,000					10,000					150,000
Building Alteration Works	100,000			100,000										100,000
Towneley Hall Building Works	100,000			100,000										100,000
Ward Opportunities Fund	100,000			100,000										100,000
Alleygate Programme	25,000			25,000										25,000
CCTV Infrastructure	62,000					62,000								62,000
Padiham Townscape Heritage Initiative	399,873			399,873										399,873
Bus Shelter Replacement	8,000			8,000										8,000
Towneley Hall Overspill Car Park	38,500			38,500										38,500
<b>TOTAL OF 2017/18 CAPITAL BUDGET</b>	<b>12,027,721</b>	<b>550,000</b>	<b>220,000</b>	<b>9,179,900</b>	<b>15,000</b>	<b>154,586</b>	<b>60,000</b>	<b>17,500</b>	<b>108,000</b>	<b>24,500</b>	<b>33,000</b>	<b>1,658,235</b>	<b>7,000</b>	<b>12,027,721</b>

CAPITAL SALARY BUDGET 2017/18

183,000

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**2017/18 PROPOSED CAPITAL BUDGET - BRIEF DESCRIPTIONS OF INDIVIDUAL SCHEME**

<u>Scheme Name</u>	<u>Budget (£)</u>	<u>Scheme Narrative</u>
Vision Park	3,618,938	The Burnley Knowledge Park (now Vision Park) is a key priority for Burnley Borough Council. The project will contribute to the Council's objectives on prosperity, creating a new facility that will foster new and growing businesses in key priority sectors. The recommendations will enable the completion of phase 1 .
Thompson Park Restoration Project	941,022	£1.2 million HLF funded restoration of Thompson park.
Weavers Triangle - Starter Homes	330,000	The Council has been awarded funding from HCA as part of the Starter Homes Local Authority Funding Programme. The proposed scheme is for apartments on land at Sandygate (adjacent to the canal).
Contribution of Shopping Centre Redevelopment	375,000	Remaining 50% contribution as per Council approval September 2016.
Emergency Repairs	60,000	Emergency Repairs is a discretionary grant that is made available to owner occupiers to remedy repairs where there is a serious and imminent risk to the health and safety of the occupants. The grant is eligible to owner-occupiers in receipt of income related benefits and aged 60 or over, or a disabled person who is in receipt of income related benefits.
Disabled Facilities Grant	1,658,235	The funding is allocated by Communities and Local Government and the programme is a grants scheme that funds adaptations and aids for disabled residents to enable them to remain living independently in a home of their choice.
Energy Efficiency	40,000	The Council's Energy Efficiency Programme allows the Council to achieve its strategic objective of reducing carbon emissions and reducing fuel poverty.  The scheme seeks to this through increasing the energy efficiency of domestic properties in the borough. Funding is used on a variety of projects that provide loft and cavity wall insulation, replacing inefficient boilers with "A" rated boilers, installing central heating in properties that do not have central heating, helping residents with their contribution to the governments Warm Front scheme and promoting energy efficiency in the town.
Empty Homes Programme	1,200,000	The Empty Homes Programme brings long term empty properties back in to use in the borough of Burnley.
Interventions, Acquisitions and Demolitions	400,000	This programme funds the acquisition and clearance of obsolete properties in priority neighbourhoods across inner Burnley to assembly sufficient land for the redevelopment of those neighbourhoods with modern new housing.
Vehicle and Machinery Replacement	92,586	Replacement of Transport (Fleet Vehicles) and Horticultural Machinery
Extension of Burnley Cemetery	416,087	This project will develop an extension to Burnley Cemetery on land situated to the north of Cemetery Lane and which has been reserved for this purpose. The extension will provide approximately 1,750 spaces, which is sufficient to meet demand for new graves for approx. 2 years
River Training Walls	107,000	Various river training walls throughout the borough are in very poor condition after having been battered by the environment for the last 150 years. They are not 'fit for purpose'.  Local collapses are becoming more frequent. These present a danger to the general public and also contravene the Environment Agency's statutory obligations to maintain the river flow and the flood storage capacity under the Flood and Water Management Act 2010. The Environment Agency will serve notice on the Council as 'riparian land-owner' if the danger increases and further collapses impede flow.  It is proposed that the liability of maintaining these walls be reduced as much as possible by removing them and replacing with engineered embankments. The embankments will have low maintenance and will also improve flood storage capacity, thereby reducing the risk of flooding.  These works would secure 'fit for purpose' for the next 75 years with very low annual maintenance costs.
Car Park Improvements	10,000	The work is for new ticket machines, lighting, signing etc. for the majority. There may be a small amount used for re-surfacing.
Leisure Centre Improvements	75,000	Delivery of condition survey related capital based works to ensure continuity of business, compliance with undertakings and improvement in appearance in order to continue to attract patronage.
Lower St James Street	280,000	£250,000 LCC commitment to the titled works, over 2 years, will be put before LCC Cabinet on 13th March 2017 for inclusion in their capital programme.

**2017/18 PROPOSED CAPITAL BUDGET - BRIEF DESCRIPTIONS OF INDIVIDUAL SCHEME**

<u>Scheme Name</u>	<u>Budget (£)</u>	<u>Scheme Narrative</u>
Market Safety Works	1,440,480	The cost of this scheme is due to be funded from savings made by relocating the CCTV office and also by a contribution from the Growth Reserve
Burnley Town Centre Pedestrianisation Upgrade	150,000	This is the Council's final contribution (totalling £1.5m) to the LCC scheme costing £3m.
Building Alteration Works	100,000	Contribution towards larger scale and capital works arising out of the Building condition surveys currently being undertaken.
Towneley Hall Building Works	100,000	Essential repair work is required at Towneley Hall. This includes the removal of loose and flaking stonework to the facades of the building, the re-roofing of the north Tower, repair work associated with the ingress of water to the North Tower and repairs to other parts of the roof. The work is outside the scope of the budget for building maintenance that is allocated to Liberata. The repairs to Towneley Hall will be managed by Liberata and contracted out to firms that specialise in building restoration.
Ward Opportunities Fund	100,000	This scheme enables Councillors to spend funds to enhance the lives of communities living in their wards, therefore fitting in with the Council's Community Strategy
Alleygate Programme	25,000	<p>Burnley Council have been operating an alleygating program since 2004, providing increased home security to properties.</p> <p>Alleygating is an effective method of reducing crime and antisocial behaviour by erecting gates on back streets. The gates are effective, not just in the reduction of crime itself, but in reducing the fear of crime for residents. They provide a safe and clean environment that residents can enjoy and this leads to an increase in sense of community. They are a tangible product of the Council and CSP's efforts to work towards a safer and cleaner Burnley.</p> <p>Alleygating remains popular with residents and members alike and each application period is vastly oversubscribed.</p>
CCTV Infrastructure	62,000	Transfer to Blackburn expected December 2016. Uncertainty regarding Market Demolition and associated capital works, and also wireless network. May require provision for 2017/18
Parrham Townscape Heritage Initiative	399,873	Comprehensive scheme costing £1.421m between 2017/18 and 2021/22, involving repairs and restoration to key building in the Conservation area, together with highways and public realm improvements, and an engagement programme
Bus Shelter Replacement	8,000	To provide new shelters on Quality Bus Routes, if required.
Towneley Hall Overspill Car Park	38,500	The project will provide an overspill car park for approximately 50 cars on Higher Towneley Playing Fields, adjacent to the existing Hall car park, which does not provide sufficient spaces to meet the parking requirements for events at the Hall. At present there are only 56 spaces (including disabled) which is inadequate to cater for events at the Hall such as weddings, conferences, and Towneley Hall Society meetings, etc.
<b>TOTAL OF ALL SCHEMES</b>	<b><u>12,027,721</u></b>	

# Council Tax 2017/18



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# Appointment of External Auditors



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# AUDIT AND STANDARDS COMMITTEE

BURNLEY TOWN HALL

Wednesday, 11th January, 2017 at 6.30 pm

## 6. Appointment of External Auditors

**Purpose:** To seek a recommendation to Full Council in February for the approach to appointing an External Auditor for the 2018/19 Accounts.

**Reason for Decision:** Option 3a represents the better option for value for money and supports the independent appointment of an external auditor.

The Council has to make a decision to prepare for the appointment of external auditors for the 2018/19 accounts.

**Minute:** That preferred approach to appointing an External Auditor for the 2018/19 accounts was Option 3a – Using the national Public Sector Auditor Appointments body to make the appointment on behalf of the Council; and that this be recommended to Full Council.

**Recommendation:** **That Full Council approves the appointment of an External Auditor for the 2018/19 accounts utilising option 3a – using the national Public Sector Auditor Appointments body to make the appointment on behalf of the Council.**

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## External Auditor Appointment

### REPORT TO AUDIT AND STANDARDS COMMITTEE



<b>DATE</b>	22/02/2017
<b>PORTFOLIO</b>	Resources and Performance
<b>REPORT AUTHOR</b>	Ian Evenett
<b>TEL NO</b>	01282 425011 ext 7175
<b>EMAIL</b>	ievenett@burnley.gov.uk

#### PURPOSE

1. This report summarises the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.
2. To seek a recommendation to Full Council in February for the approach to appointing an External Auditor for the 2018/19 Accounts.

#### RECOMMENDATION

3. Members are requested to consider their preferred approach of either:
  - a. Using the national Public Sector Auditor Appointments body to make the appointment on behalf of the Council.
  - b. Establishing a stand-alone Auditor Panel to make the appointment on behalf of the Council.
  - c. Commencing work on exploring the establishment of local joint procurement arrangements with neighbouring authorities
4. The recommended approach is 3a in that this would provide the greatest level of independence and value for money.

#### REASONS FOR RECOMMENDATION

5. Option 3a represents the better option for value for money and supports the independent appointment of an external auditor.
6. The Council has to make a decision to prepare for the appointment of external auditors for the 2018/19 accounts.

#### SUMMARY OF KEY POINTS

## **Changes in External Auditor Appointment**

7. The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.
8. The Council's current external auditor is Grant Thornton, this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission the contract is currently managed by Public Sector Audit Appointments Limited (PSAA), the transitional body set up by the LGA with delegated authority from the Secretary of State CLG. Over recent years we have benefited from reduction in fees in the order of 50% compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of accountants and savings from closure of the Audit Commission. The Council's current external audit fees are £50,567 per annum for the work on the final accounts and approximately £10,000 for grant certification work.
9. When the current transitional arrangements come to an end on 31 March 2018 the Council will be able to move to local appointment of the auditor. There are a number of routes by which this can be achieved, each with varying risks and opportunities. Current fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered NHS and local government bodies and offered maximum economies of scale.
10. The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all accounting firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council. The registration process has commenced and so far these include the top accountancy firms in the country, including our current auditor. It is unlikely that small local independent firms will meet the eligibility criteria.

## **Options for local appointment of External Auditors**

11. There are three broad options open to the Council under the Local Audit and Accountability Act 2014 (the Act):

### **Option 1 To make a stand-alone appointment**

12. In order to make a stand-alone appointment the Council will need to set up an Auditor Panel. The members of the panel must be wholly or a majority independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Council's external audit. A new independent auditor panel established by the Council will be responsible for selecting the auditor. (assuming there is no existing independent committee such as the Audit Committee that might already be suitably constituted).

*Advantages/benefit*

13. Setting up an auditor panel allows the Council to take maximum advantage of the new local appointment regime and have local input to the decision.

*Disadvantages/risks*

14. Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus on going expenses and allowances

15. The Council will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.

16. The assessment of bids and decision on awarding contracts will be taken by a majority of independent appointees and not solely by elected members.

17. Internal officer and member resources would be required to support this option.

**Option 2 Set up a Joint Auditor Panel/local joint procurement arrangements**

18. The Act enables the Council to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice will be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council need to liaise with other local authorities to assess the appetite for such an arrangement.

*Advantages/benefits*

19. The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.

20. There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

*Disadvantages/risks*

21. The decision making body will be further removed from local input, with potentially no input from elected members where a wholly independent auditor panel is used or possible only one elected member representing each Council, depending on the constitution agreed with the other bodies involved.

22. The choice of auditor could be complicated where individual Councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for the Council. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel chose a firm that is conflicted for this Council then the Council may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

**Option 3 Opt-in to a sector led body**

23. In response to the consultation on the new arrangement the LGA successfully lobbied for Councils to be able to 'opt-in' to a Sector Led Body (SLB) appointed by the Secretary of State under the Act. An SLB would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector. The Secretary of State has

appointed PSAA (who currently manage the external auditor contracts) as a SLB.

#### *Advantages/benefits*

24. The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities.
25. By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation.
26. Any conflicts or independence issues at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon.
27. The appointment process would not be ceded to locally appointed independent members. Instead a separate body has been set up to act in the collective interests of the 'opt-in' authorities.
28. There would be a lower internal resource requirement to support this option.
29. The PSAA are a not for profit organisation and distribute any surplus funds back to scheme members

#### *Disadvantages/risks*

30. Individual elected members will have less opportunity for direct involvement in the appointment process other than through the PSAA, the LGA and/or stakeholder representative groups.
31. In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB will need Councils to indicate their intention to opt-in before final contract prices are known.

#### **The way forward**

32. The Council have until December 2017 to make an external auditor appointment. In practical terms this means one of the options outlined in this report will need to be in place by spring 2017 in order that the contract negotiation process can be carried out during 2017.
33. The Council has received an invitation to opt in to the national scheme for auditor appointments. The Full Council will need to take this decision at its February meeting to enable a response to the invitation by 9 March 2017.

#### **Legal Issues**

34. Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.
35. Section 12 makes provision for the failure to appoint a local auditor: the authority must

immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

36. Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body (SLB) to become the appointing person.
37. Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by Full Council (authority meeting as a whole). To comply with this regulation the Executive is asked to make the recommendation to Council.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

38. External audit fee levels are likely to increase when the current contract ends in 2018.
39. The cost of establishing a local or joint Auditor Panel outlined in options 1 and 2 above will need to be estimated and included in the Council's budget for 2016/17 and 2017/18. This will include the cost of recruiting independent appointees (members), servicing the Panel, running a bidding and tender evaluation process, letting a contract and paying members fees and allowances.
40. Opting-in to the PSAA provides maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an auditor panel. The costs of operating the SLB will be recovered as part of the auditor fees.
41. The actual costs will not be known for the audit fees in 2018/19 but it is anticipated that any increase will be minimised by going through the PSAA.

## **POLICY IMPLICATIONS**

42. Depending on the decision, the Council may need to make constitutional changes to appoint a local panel or joint panel.
43. The consideration of collective procurement is a requirement of the Council's Standing Orders for Contracts to avoid unnecessary costs and duplication.

## **DETAILS OF CONSULTATION**

44. None

## **BACKGROUND PAPERS**

45. PSAA Opting In details - <http://www.psaa.co.uk/supporting-the-transition/appointing-person/becoming-an-opted-in-authority/>

<b>ITEM NO</b>	[AgendaItem]
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46. CIPFA Guide to Auditor Panels - <http://www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf>

**FURTHER INFORMATION**

**PLEASE CONTACT:** Ian Evenett (Internal Audit Manager) Ext 7175

**ALSO:** Dave Donlan (Accountancy Division Manager) Ext 7172



# Localism Act 2011 - Annual Pay Policy Statement



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**REPORT TO FULL COUNCIL**

<b>DATE</b>	<b>22 February 2017</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Head of People and Development</b>
<b>TEL NO</b>	<b>01282 425011 ext. 7120</b>
<b>EMAIL</b>	<b>hbrennan@burnley.gov.uk</b>

**Localism Act 2011 – Pay Policy Statement 2016****PURPOSE**

1. To seek approval for the Council’s Pay Policy Statement which is required to be published prior to the end of March each year.

**RECOMMENDATION**

2. That Full Council
  - approves the attached Pay Policy Statement for 2017/18; and
  - approves a proposal to amend the Council’s National Joint Council (NJC) Pay Policy and pay spine with effect from 1<sup>st</sup> April 2017 to accommodate the increase in the Foundation Living Wage to £8.45 per hour announced in October 2016..

**REASONS FOR RECOMMENDATION**

3. The Localism Act 2011 – [Chapter 8 - Pay Accountability], requires all local authorities to set out its position on a range of issues relating to the remuneration of its employees. The Pay Policy Statement must be approved by the Council in open forum, by the end of March each year and then be published on its website.

**SUMMARY OF KEY POINTS**

4. The Pay Policy Statement sets out the existing approach to the remuneration of all posts within the Council. In particular it specifies certain mandatory requirements that must be detailed within the Statement. This refers to:
  - the pay structure of the Council and how it is set;
  - Senior Management Remuneration, providing details of the pay grade for posts defined as Chief Officer and the accompanying allowances;
  - the recruitment arrangements for a Chief Officer;
  - the relationship between the salaries of Chief Officers and other employees;

- details of the lowest paid posts within the Council;
  - employer's Pension Contribution details;
  - termination of employment payments.
5. The Localism Act includes five key measures that underpin the Government's approach to decentralisation, these being; Community rights, Neighbourhood Planning, Housing, General Power of competence and empowering cities and other local areas.
  6. The purpose of the Pay Policy Statement (PPS) is to ensure there is transparency on how pay and remuneration is set by the Council, for all of its employees and particularly for its most senior level posts. The Council already publishes pay and remuneration details of its senior managers on its website under the DCLG's requirements of the Transparency Code which specifies what open data local authorities must publish. This will be updated at the start of the new municipal year.
  7. The Statement is reviewed annually and approved by Full Council prior to the end of March each year. National pay negotiations on pay rates for 2017 have already been agreed as part of a 2-year deal and are detailed in the in the Statement.
  8. As was also the case last year, the Statement details the adjustment made to the NJC Pay Policy and pay spine to accommodate the increase in the Foundation Living Wage (FLW) to £8.45 /hour, which the Council will apply from April 2017.  
  
From April 2016 the Council agreed to further amend the pay spine, reducing the pay points in Grade 3 from 3 to 2 (points12 and 13) and moving Grade 2 from scp10 to scp11 of the pay spine to reflect the increase in the Foundation Living Wage. For 2017 the spinal column point 11 will continue to be a minimum of the Living Wage (as calculated by the Centre for Research in Social Policy at Loughborough University) replacing the agreed scp11 on the national pay spine, as the FLW is greater.
  9. Due to all pay levels receiving a national 1% pay increase, pay ratios have seen no change other than an improvement in the ratio of the lowest paid to the Chief Executive (6.7) which has improved further due to the increase in the FLW.
  10. From January 2017 the Council's senior management structure has been further reduced from 10 to 9 posts. The Council had 14 senior posts in April 2015.
  11. The Government is proposing to introduce a cap on the total value of exit payments in the public sector of £95,000 enacted through the Enterprise Bill 2015-16. Regulations regarding the implementation for this cap are still awaited. Proposed regulations concerning the recovery of exit payments made to employees in the public sector who return to the same job within a period of 12 months are also still awaited. The latest information suggests these regulations will be implemented by Spring 2017. Council policies and procedures will be updated accordingly once full details are available.
  12. The updated Statement complies with the guidance issued by the Department of Communities and Local Government in Spring 2013.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

13. The pay and remuneration detailed within the Pay Policy Statement are all within the approved budget of the Council.

## **POLICY IMPLICATIONS**

14. The policies and appendices referred to in the Pay Policy Statement have previously been approved through Council procedures and in consultation with trade unions and are available on the Council's website. The job evaluation schemes used to establish the grades of posts have been agreed nationally with the trade unions and meet equality and human rights standards.

## **DETAILS OF CONSULTATION**

15. Management Team, Member Structures Officers' Group and Trade Unions.

## **BACKGROUND PAPERS**

16. Report to Council regarding the Pay Policy Statement dated 24th February 2016, 25<sup>th</sup> February 2015 and also 5<sup>th</sup> February 2014.

## **FURTHER INFORMATION:**

**PLEASE CONTACT:**

**Heather Brennan x 7120**

**ALSO:**

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**CORPORATE POLICY AND GUIDANCE  
PEOPLE AND DEVELOPMENT**

# **Pay Policy Statement April 2017 - March 2018**

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**BURNLEY BOROUGH COUNCIL**  
**PAY POLICY STATEMENT – 2017**

**Purpose of the Policy**

1. Under section 112 of the Local Government Act 1972, the Council has the “*power to appoint officers on such reasonable terms and conditions as the authority thinks fit*”. The purpose of the Pay Policy Statement is to:
  - maintain a transparent approach to the setting of the pay of the Council’s employees;
  - comply with the requirements of the Localism Act 2011, Section 38- 43 Pay Accountability

The policy details:

- the methods by which salaries of all employees are determined;
- the details of the remuneration of its senior employees, i.e. Chief Officers;
- the relationship between the salary of its Chief Officers and other employees.

**Background**

2. The Localism Act 2011 – (Chapter 8 - Pay Accountability) requires all local authorities to set out its position on a range of issues relating to the remuneration of its employees.
3. This Statement will reflect where appropriate, relevant aspects of other already existing personnel policies, such as the Pay Policy, which details the Council’s agreements on pay for those employees on the National Joint Council (NJC) terms and conditions and/or whose jobs have been evaluated using the NJC Job Evaluation Scheme.
4. The Statement must be approved by Full Council, by the end of March each year and then be published on the Council’s website – [www.burnley.gov.uk](http://www.burnley.gov.uk)

**Legislation relevant to Pay and Remuneration**

5. In determining the pay and remuneration of its employees the Council will comply with all relevant employment legislation. This includes the Equality Act 2010 and the Part-time Regulations 2008. The Council will ensure that there is no pay discrimination within its pay structures and that pay differentials can be quantified through the application of its Job Evaluation Schemes.
6. The Council operates the NJC Scheme for all posts not defined as a Chief Officer. In November 2014 the salary of the post of Chief Executive was re-assessed by utilising the external expertise of the North West Employers’ Organisation, which includes comparative benchmarking data from other local authorities and reset. The posts of Chief Operating Officer and Head of Service have been evaluated using the Local Government Association’s Senior Manager Job Evaluation Scheme.

## Pay Structure

7. The Council complies with the nationally negotiated spinal column points for all posts, with the exception being those senior level posts referred to within the Statement. The salary grades that the Council applies for all other posts are at Appendix A. This was revised in April 2013 to implement the Foundation Living Wage (FLW) removing national spinal pay points 5 – 9. Spinal point 10 was also removed in April 2016. In October 2016 the FLW was increased from £8.25 to £8.45/hour which the Council will implement from April 2017 in line with local agreements.
8. The Council adopts the national pay bargaining arrangements in respect of its employees' remuneration, including any revisions to the national pay spine, for example through agreed annual pay increases negotiated through collective bargaining between the national Employers and Trade Unions. The exception would be the lowest pay point which is based on the FLW. A 1% pay award for 2017 has already been agreed.
9. The pay and grading structure for the majority of posts, including other pay related allowances, was established as part of the NJC Pay Policy approved by Council in 2006, further revised in 2010, in 2013 and in 2016. This Policy was developed as part of the Council's approach to the job evaluation of posts and the harmonisation of key terms and conditions of employment. Since 2006 all newly created posts and post variations are subject to evaluation against the nationally agreed Job Evaluation Scheme. The current policy is at Appendix B.
10. The pay and grading structure for Chief Officers, other than the Chief Executive, (approved by Full Council from April 2012), is made up of three bands with a single pay point in each band. In establishing the salary structure for Chief Officers, the Council applied the nationally agreed Senior Manager Job Evaluation Scheme and referred to the most relevant median salary, in terms of local authority population and type, as required under the Chief Officer terms and conditions of employment. It sought and received independent external advice on the relevant pay data to be used from the Local Government Association.
11. In December 2016 Council approved a revision to Band 1 of the Chief Officer Pay Policy following a management restructure resulting in the deletion of two Director posts, replaced with one Chief Operating Officer. The revised salary was agreed following an external job evaluation and receipt of median benchmark pay data.
12. National pay awards for 2016 and 2017 for Chief Officers and the Chief Executive have been previously agreed at 1%. Details are at Appendix C.
13. On occasion, although not currently, it may be necessary to take account of external pay levels in the labour market in order to attract and retain employees with particular skills, knowledge and experience. On such occasions the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate. Any supplement that would take a salary above £100,000 would require the approval of Full Council.

## Definitions

14. The Localism Act 2011 refers to the position of Chief Officer defined as: the Head of Paid Service; Statutory Chief Officers; non-statutory Chief Officer posts and their direct reports (Deputy Chief Officers). It should be noted that this definition is very broad, and takes account of Metropolitan and County Councils as well as District Councils
15. It is considered that the posts the term 'Chief Officer' applies to at Burnley Council, in relation to the Localism Act 2011 are; Chief Executive, Chief Operating Officer (1 post) and Head of Service (7 posts).
16. Remuneration is defined as the pay and rewards an individual receives.

## Chief Executive Remuneration

17. The appointment and employment terms relating to the Chief Executive were agreed at a meeting of Full Council on 26<sup>th</sup> January 2015. An independent review of the role and the remuneration package was undertaken prior to the advertisement for this post. This review involved obtaining external guidance and advice from North West Employers' Organisation. As a result of this review the salary for the post was reduced.
18. The post of Chief Executive is paid on a single pay point of £107,110 (from April 2017). Additional allowances can be paid in relation to the role of Returning Officer and Electoral Registration fees (see para 17). No such fees were paid in the financial year 2016/17
17. Returning Officer and Electoral Registration Officer fees for various elections and referendums

In accordance with the national agreement the Chief Executive is entitled to receive and retain the personal fees arising from performing the duties of Returning Officer, Acting Returning Officer, Deputy Returning Officer or Deputy Acting Return Officer and similar positions which he or she performs subject to the payment of pension contributions thereon, where appropriate.

For local elections the fees and charges have been set in consultation with other authorities in Lancashire.

Fees for Returning Officer and other electoral duties are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda. As these relate to performance and delivery of specific elections duties as and when they arise, they are distinct from the process for the determination of pay for Chief Officers.

The other terms and conditions of service relating to this post are in accordance with the Joint Negotiating Committee for Chief Executives of Local Authorities.

Any other allowances relating to the post are the same as for all other posts within the Council, for example, reimbursement of fuel expenditure from business travel.

## Chief Operating Officer Remuneration

18. There is one post of Chief Operating Officer :
19. The post of Chief Operating Officer is paid on a single pay point of £84,880 (from April 2017) at Band 1 of the Chief Officer grading structure, as determined by the Senior Manager Job Evaluation Scheme.
20. Additional allowances may arise from personal fees for performing the duties of Returning Officer, Acting Returning Officer, Deputy Returning Officer or Deputy Acting Return Officer and similar positions as detailed in paragraph 17 above. The roles are currently appointed to by the Returning Officer prior to each election, or in the case of the Returning Officer, by full Council.
22. The other terms and conditions of service relating to these posts are in accordance with the National Joint Council – National Agreement on Pay and Conditions of Service. Any other allowances relating to the posts are the same as for all other posts within the Council, for example, reimbursement of fuel expenditure from business travel.

## Head of Service Remuneration

23. The outsourcing of a number of Council services in January 2016 reduced the number of Heads of Service in the Council from 9 to 7 currently. These heads of service report to either the Chief Executive or the Chief Operating Officer. These are shown on the chart at Appendix D.
24. The post of Head of Service is paid on a single pay point at either Band 2 or Band 3 of the agreed pay structure as shown below. The banding was determined by the Senior Manager Job Evaluation Scheme.

	<b>April 2016</b>	<b>January 2017</b>	<b>April 2017</b>
Band 1	£75,369	£84,040	£84,880
Band 2	£56,670	£56,670	£57,237
Band 3	£51,273	£51,273	£51,786

25. Additional Allowances for Head of Service posts are:

Reimbursement of one professional subscription fee per annum - this applies to the Head of Governance Law, Regulation and Property only.

Deputy Returning Officer - If these duties are undertaken by any Head of Service additional allowances are payable as described in paragraph 17 above. The role is currently appointed to by the Returning Officer prior to each election.

26. The other terms and conditions of service relating to these posts are in accordance with the National Joint Council – National Agreement on Pay and Conditions of Service.

Any other allowances relating to the posts are the same as for all other posts within the Council, for example, reimbursement of fuel expenditure from business travel.

## Recruitment of Chief Executive and Chief Officers

27. Under Section 112 of the Local Government Act 1972, the Council has the “*power to appoint officers on such reasonable terms and conditions as the authority thinks fit*”. Where there is a requirement to recruit to the post of Chief Executive or a Chief Officer, the Council’s Constitution, Section 4.8 will apply. Details are at Appendix E.

## Salary upon Appointment

28. Under normal circumstances, all new appointments to the post of Chief Executive will be made at a salary level reviewed and agreed by Full Council after external advice has been received. Chief Officer appointments will be made at the agreed single pay point. Any variance to these provisions will be subject to an analysis of the objective reasons for doing so and the approval of Council.

## Performance-Related Pay

29. The Localism Act 2011 requires Councils to provide details of any performance related pay for its Chief Officers however Burnley Borough Council does not have any such arrangements.

## Relationship between Chief Executive/Chief Officer Pay and other Employees

30. The relationship between the salaries of the Chief Executive and Chief Officers and the NJC median salary and the lowest paid salary are:-

Post	Benchmark Salary	Ratio
Chief Executive salary	median salary	3.9
Chief Officer salary	median salary	2.1
Chief Executive salary	lowest salary	6.7
Chief Officer salary	lowest salary	3.6

### From April 2017

Chief Executive salary £107,110

Chief Officer salary £57,237– (mid salary point of Band 1-3)

Median salary = £27,668 – scp 31

Lowest salary currently paid = £15,972 Foundation Living Wage from April 2017 (£15,594 2016/17)

## Lowest Paid Employees

31. The Council complies with the National Joint Council – Pay and Conditions of Service. An updated NJC Pay Policy from April 2016 created a revised grading structure, with Grade 3 reducing from 3 to 2 pay points and Grade 2, the Living Wage, being the minimum salary the Council now pays its employees, which at 1<sup>st</sup> April 2017 will be £15,972 per annum. This does not include apprentice grades.

Progression through grades other than Grade 2 occurs through the payment of an additional annual increment on 1st April, each year. Part-time posts are paid the same salary, but on a pro-rata basis. Grade 2 currently applies to one post of Support Officer.

## **Termination Payments**

32. The Council's Redundancy Policy applies equally to all permanent employees regardless of their grade. A redundancy payment will be paid to an employee when their post is made redundant and there are no suitable redeployment opportunities. The Redundancy Policy is at Appendix F.
33. For all permanent employees where there is the option for early retirement, the Council's Statement of Pensions Policy will apply. Appendix G. This Policy is only used on those occasions when there can be demonstrated savings to the Council in releasing an employee early.
34. The Government is proposing to introduce a cap on the total value of exit payments in the public sector of £95,000 enacted through the Enterprise Bill 2015-16. Regulations are still awaited and expected to be implemented during 2017. Council policies and procedures will be updated accordingly.

## **Employer Pension Contribution**

35. The Council contributes to the Local Government Pension Scheme for its employees who are members of the Scheme. From April 2017 this will equate to 15.4 % of an employee's salary. This rate of contribution is set by actuaries advising the Lancashire Pension Fund and is reviewed on a triennial basis.

## Employee Pension Contribution

36. Employees in the Local Government Pension Scheme currently pay the following annual contributions, based upon their salary (to be revised from April 2017).

<b>Band</b>	<b>Actual Pay</b>	<b>Employee Contribution %</b>
<b>1</b>	Up to £13,600	5.50
<b>2</b>	£13,601- £21,200	5.80
<b>3</b>	£21,201- £34,400	6.50
<b>4</b>	34,401- 43,500	6.80
<b>5</b>	£43,501- £60,700	8.50
<b>6</b>	£60,701- £86,000	9.90
<b>7</b>	£86,001- £101,200	10.50
<b>8</b>	£101,201- £151,800	11.40
<b>9</b>	More than £151,801	12.50

## Re-employment / Re-engagement of former Chief Officers

37. The Council currently has no policy that would prevent the re-employment or re-engagement of a former Chief Officer who has received a redundancy payment and is subsequently engaged in a contract for service. Any decision to re-engage a former Chief Officer must be approved by the Chief Executive.
38. The Government has issued draft regulations concerning the recovery of exit payments made to employees in the public sector and returning to a public sector role within a period of 12 months. It is anticipated the regulations will be implemented during 2017 and Council policies and procedures will be updated accordingly.

## Publication of the Policy

39. This Policy will be published on the Council's website in March 2017, following its approval by the Council in February 2017.

## Review of Pay Policy

40. The Policy will be subject to annual review and must be approved by the Council prior to 31st March each year. If there is a need to amend the Policy between reviews, then any such amendments will be considered by the Executive, prior to approval by the Council.

### Burnley Borough Council NJC Pay and Grades 2017-18 (Living Wage)

#### Grades 2017-2018 Living Wage +1% from 01.04.2017

			Hrly Rate				Hrly Rate
<b>Grade 14</b>	SCPA49	£43,821	23.18	<b>Grade 7</b>	SCPH28	£24,964	13.21
	SCPA48	£42,899	22.70		SCPH27	£24,174	12.79
	SCPA47	£41,967	22.20		SCPH26	£23,398	12.38
	SCPA46	£41,025	21.70		SCPH25	£22,658	11.99
<b>Grade 13</b>	SCPB46	£41,025	21.70	<b>Grade 6</b>	SCPI25	£22,658	11.99
	SCPB45	£40,057	21.19		SCPI24	£21,962	11.62
	SCPB44	£39,177	20.73		SCPI23	£21,268	11.25
	SCPB43	£38,237	20.23		SCPI22	£20,661	10.93
<b>Grade 12</b>	SCPC43	£38,237	20.23	<b>Grade 5</b>	SCPJ21	£20,138	10.65
	SCPC42	£37,306	19.74		SCPJ20	£19,430	10.28
	SCPC41	£36,379	19.25		SCPJ19	£18,746	9.92
	SCPC40	£35,444	18.75		SCPJ18	£18,070	9.56
<b>Grade 11</b>	SCPD40	£35,444	18.75	<b>Grade 4</b>	SCPK17	£17,772	9.40
	SCPD39	£34,538	18.27		SCPK16	£17,419	9.22
	SCPD38	£33,437	17.69		SCPK15	£17,072	9.03
	SCPD37	£32,486	17.19		SCPK14	£16,781	8.88
<b>Grade 10</b>	SCPE37	£32,486	17.19	<b>Grade 3</b>	SCPL13	£16,491	8.72
	SCPE36	£31,601	16.72		SCPL12	£16,123	8.53
	SCPE35	£30,785	16.29				
	SCPE34	£30,153	15.95				
<b>Grade 9</b>	SCPF34	£30,153	15.95	<b>Grade 2</b>	SCPM11	£15,972	8.45
	SCPF33	£29,323	15.51	<b>(FLW)</b>			
	SCPF32	£28,485	15.07				
	SCPF31	£27,668	14.64				
<b>Grade 8</b>	SCPG31	£27,668	14.64				
	SCPG30	£26,822	14.19				
	SCPG29	£25,951	13.73				
	SCPG28	£24,964	13.21				





## CORPORATE PERSONNEL POLICY AND GUIDANCE PEOPLE AND DEVELOPMENT

# NJC Pay Policy

For employees on National Joint Council (NJC) terms and conditions and/or whose jobs have been evaluated using the NJC Job Evaluation Scheme.



## **NJC PAY POLICY**

### **Introduction**

This policy should be read alongside the Council's Pay Policy Statement, which is reviewed annually and the purpose of which is to:

- maintain a transparent approach to the setting of the pay of the Council's employees;
- comply with the requirements of the Localism Act, Section 38 – Pay Accountability

The statement details the methods by which salaries of all employees are determined; the details of the remuneration of its senior employees, i.e. Chief Officers and the relationship between the salary of its Chief Officers and other employees.

### **Background**

The Council complies with the National Joint Council – Pay and Conditions of Service subject to changes agreed locally in consultation with recognised trade unions.

The Pay Policy 2006, developed following a job evaluation exercise, created a 14 grade structure, each grade based on a job evaluation point range.

In April 2013 the Council amended this to a 13 grade structure by merging grades 1 and 2 and the associated job evaluation points in this pay band. It also amended the number of pay points in grade 3 from 4 to 3 in order to become a Living Wage employer. This involved a local agreement change to the value of scp10 of the nationally agreed pay spine.

In April 2016 the Council agreed to further amend the pay spine reducing the pay points in Grade 3 from 3 to 2 (points 12 and 13) and moving Grade 2 from scp10 to scp11 of the pay spine to reflect the increase in the Foundation Living Wage

Spinal column point 11 will be a minimum of the Living Wage (as calculated by the Centre for Research in Social Policy at Loughborough University) or the agreed scp11 on the national pay spine, whichever is the greater.

From April 2016 point 10 will be removed from the Council's grading structure (as were points 4-9) but may still be used for traineeships or higher level apprenticeships if required.

For employees of the Council progression through grades with more than one pay point occurs through the payment of an additional annual increment normally on 1st April, each year until the top of the grade is reached. Part-time posts are paid the same salary, but on a pro-rata basis.

The revised NJC Grading Structure and associated job evaluation point range is shown at Appendix 1 to this policy.

## 1. Working Week

The local agreement for normal working hours is as follows:

- The normal working week will be Monday to Friday.
- The normal working day will be within the hours of 7.30 am and 6.30 pm.

## 2. Definitions:

**Weekends:** Working Saturday and/or Sunday is part of the normal working week.

- Shifts:**
- The total period covered by the shifts is 11 hours or more
  - There are at least 4 hours between the starting time of the earliest and latest shifts
  - The number of “normal office hour” shifts does not exceed one half of the total number of shifts in the rota.

**Irregular Hours** As part of the normal working week an employee’s hours of work during Monday to Friday fall outside the period 1 ½ hours before and/or 1 ½ hours after the Council’s normal office hours

**Evenings** Working beyond 8pm is part of the normal working week

## 3. Enhancements

- (a) Employees who work shift, weekend, irregular hours or evenings will be paid a flat fee on top of their basic salary based on the following formula:

<b>Percentage of enhanced working hours</b>	<b>Percentage of Total Annual Payment</b>	<b>Annual Payment (£) Paid pro-rata to working hours</b>
Less than 1%	0%	0.00
2 – 5%	33.33%	200.00
6 – 10%	66.66 %	400.00
Over 10%	100.00%	600.00

- (b) Employees who work between 1am and 6am as a regular part of their job will be paid an additional 100% for the hours worked between 8pm and 6am. Employees in this group do not qualify for payments in (a).
- (c) Employees who work 3 weekends out of 4 and work beyond 7pm at weekends and work between 8pm -11pm as a regular part of their job will receive an additional 10.5% on all hours worked. Employees in this group do not qualify for payments in (a)
- (d) As part of the local agreement on enhancements employees are provided with 1 days’ additional leave at Christmas. Employees will also contribute 1 day of annual leave, thereby facilitating full closure at Christmas. In years where 3 days are required to facilitate a full closure, (2 in 7) the Council will provide this additional day.

#### 4. **Overtime**

Overtime will be paid at the following rates:

- Mon – Sat 33.3%
- Sunday 50%

Overtime rates only apply after 37 hours have been worked.

All Time of in Lieu (TOIL) will be calculated at the same rate as overtime.

#### 5. **Bank Holidays**

Employees working on a Bank Holiday will be paid at 50%. In addition to the payment time off with pay shall be allowed as follows:

Time worked less than half the normal working hours on that day: Half Day

Time worked more than half the normal working hours on that day: Full Day

#### 6. **Standby and Callout**

The Council's Standby and Callout Policy applies to all employees who are called upon to attend work in respect of emergency arrangements. Please refer to the policy for details.

#### 7. **Market Supplements**

Pay is an important element in recruitment and retention, and if the Council is significantly and demonstrably below the market and unable to recruit or retain appropriate staff, then market supplements will be considered.

Market supplements will be used in a manner that:

- Helps preserve the integrity of the grading system
- Is fair and transparent
- Is consistent with equal opportunities policy and Equal Pay considerations

Market supplements will normally be considered where there is difficulty recruiting staff following one/two advertisements within six months or a risk assessment indicates potential retention difficulties. There would need to be investigation and analysis by the manager and People and Development to be sure that pay is the critical factor. There could be other reasons why people do not apply (e.g. hours of work, location, nature of the work, not advertising in the correct press). Consideration may also need to be given to amending the person specification of the post.

A market supplement will also be considered if retention problems are being encountered either for a job family or an individual key post. Again, it is important to investigate the reasons for retention difficulties to establish that pay is the principal and primary reason. There could be many other factors, such as staff not being able to make full use of their skills, working conditions, career development, management or training and development opportunities.

The market with which a comparison is being made will need to be carefully established. If comparison is being sought with the private sector, then the total recruitment package should be compared. A private sector company may have a higher salary but other conditions may not be as attractive, e.g. hours of work, pension, access to training and development opportunities, etc.

Where possible a reliable, reputable salary survey will be used as a comparator rather than specific jobs from other sources although these can be added to build up a comprehensive set of comparative data. The National/Regional Employers Organisation will be used as a key source, supplemented by other means. Where data is not readily available People and Development Unit will advise on the process for assembling comparative data.

Care should be taken to compare like with like (i.e. just because a job has the same title, the job content, responsibilities and remit could be vastly different).

### Market Supplement Procedure

Where a manager has severe recruitment or retention difficulties, s/he should discuss these with People and Development who will advise on a range of options to investigate and to solve the difficulties. These could include —

### Recruitment

- advertise in different press
- advertise in different area
- change the advertisement
- redesign the job
- consideration of flexibility over hours of work
- part-time / job share
- a survey of the people who apply for a recruitment pack but who do not convert to applicants
- a salary survey

### Retention

- making better use of staff skills
- career development
- up-to-date IT

- distribution of work in the office
- flexible work arrangements
- learning from results of exit interviews

If consideration of other factors is unlikely to resolve the problem and a survey of salaries shows that Burnley Council pay is below the appropriate market, then an application to pay a market supplement should be made to the Head of People and Development who will consult the Executive Member for Resources and Performance Management and the appropriate trade union Officers. The Finance service unit should also be consulted to cost the proposal and the Head of Service must be able to identify the resources to meet the cost of the market supplement.

The market supplement will not normally exceed 4 increments.

The Head of Service must consult the trade union on the proposal prior to the formal application and may wish to work with service unit trade union representatives in assembling or researching data on comparative salaries.

If the post is one of a number of posts having identical duties, the market supplement will be applied to staff currently in post.

The market supplement will be superannuable and clearly distinguishable from basic pay. It will be reviewed every 12 months. If a further salary survey shows that there is no longer a pay differential, this will justify the removal of the supplement.

If the market supplement is withdrawn, it will reduce on a phased cash basis (i.e. gross pay would reduce by £500 per annum over a period until the market supplement is withdrawn completely).

If, after a successful job evaluation appeal, the grade of the post is increased the supplement may be adjusted to ensure that the market rate is not exceeded.

### **Other linked Policies and Procedures**

Stand By and Call Out Payments Policy

Pay Protection Policy

Relocation Allowances Policy

Long Service Awards

Honoraria payments

Job Evaluation Request for Review Procedure

Subsistence Allowances

Car mileage rates

J:/Shared/Personnel Manual/NJC Pay Policy  
February 2017



**CORPORATE PERSONNEL POLICY AND GUIDANCE  
PEOPLE AND DEVELOPMENT**

# Pay Policy

**JNC for Chief Officer of Local Authorities  
Constitution and Conditions of Service Salaries**



# CHIEF OFFICER PAY POLICY

## 1. Introduction

The terms and conditions of employment of the Council's Chief Officers are determined nationally by the Joint Negotiating Committee for Chief Officers of Local Authorities, as detailed in the Constitution Condition of Service Salaries.

Pay levels do not directly depend on national negotiations. They are locally determined and operated with the intention of sustaining and continuously improving high performance outcomes from the top of the organisation.

## 2. Scope

This policy applies specifically to the paid remuneration of those Council employees employed on Chief Officer terms and conditions. Except where referred to in this policy or the Constitution Condition of Service Salaries, Chief Officers shall enjoy terms and conditions no less favourable than those afforded to National Joint Council (NJC) conditions.

## 3. Aims

The aims of this policy are to:

- promote fairness and equality;
- encourage cross organisational working;
- ensure pay levels are affordable and responsive to market pay rates;
- provide effective resourcing capacity for Chief Officer posts in order to deliver the Council's priority outcomes.

## 4. Determining Individual Salaries

The relative job size of each post is determined through an agreed job evaluation scheme, supported by independent assessors.

The Council agreed in 2011 to use the nationally agreed Local Government Employers JNC Job Evaluation Scheme which assesses jobs in the areas of knowledge, analysis and planning, impact and responsibility for resources.

Job questionnaires are completed and authorised for each job role and are individually evaluated. The resulting total points score will determine the salary level for each post as assessed against the Council's agreed salary structure for Chief Officers.

## 5. Appeals

A Chief Officer who is not satisfied with their resulting job evaluation score should set out the grounds for his/her appeal under the relevant job evaluation factor.

### Step 1

The employee will discuss their appeal with the Chief Executive (Chief Operating Officer) or the Chief Operating Officer (Heads of Service), supported by the Head of People and Development or the Strategic HR Consultant. The employee is entitled to representation from a work colleague or trade union representative.



## Step 2

If the concerns are not settled or withdrawn the matter will be referred to an independent expert in the scheme for an independent view of the factor concerned.

The decision of the external review will be final. Chief Officers must wait a minimum of 12 months before submitting a further request for review.

## **6. Salary Structure**

When establishing or reviewing the salary structure for Chief Officers the Council will refer to the most relevant median salary in terms of local authority population and type. The Council will seek independent external advice on the relevant pay data to be used.

The median of the relevant benchmark pay data will normally be appropriate although pay levels may be assessed above or below the median taking account of external independent advice.

The pay rates do not take account of market factors. This is dealt with under the paragraph on Market Supplements.

In determining the pay structure other factors which may be taken into account include:

- Chief Executive's salary;
- special market / economic conditions;
- relationship of current salary levels to national median salaries;
- the management team structures compared to authorities of a similar structure and size;
- the size of each job as objectively assessed through a job evaluation scheme.

The salary structure (from April 2012) is made up of three bands with a single pay point in each band:

- Band 1 JE Score 1501 and above
- Band 2 JE Score 1101 – 1300
- Band 3 JE Score 901 - 1100

The salary in each pay band from April 2017 is as follows:

- Band 1 Chief Operating Officer £84,880 (average minimum)
- Band 2 Heads of Service £57,237 (based on median plus 5%)
- Band 3 Heads of Service £51,786 (based on median plus 5%)

Median pay levels will normally be monitored and independently reviewed every 3 years. The Council will be advised where the salary levels are significantly above or below the median for comparable local authorities as defined above.

## **7. Hours of Work**

The normal week is 36.25 hours Monday to Friday. The normal working day is within the hours of 7.30 am and 6.30 pm. However the status of Chief Officer requires postholders to accept a high level of flexibility in the performance of the duties and responsibilities attached to the job role. Therefore the salary agreed takes account of the fact that Chief Officers will be required to attend meetings and perform other duties relating to Council business outside normal office hours. In circumstances where this is excessive some time off in lieu may be granted in consultation with the relevant line manager.

## **8. Honoraria**

The Council may consider granting an honorarium to a Chief Officer who performs duties outside the scope of his/her post over an extended period. The amount will be assessed in line with the salary structure and job evaluation scheme and will be subject to objective justification.

## **9. Pay Protection**

Pay protection will be limited to no more than one pay point above the existing Chief Officer salary level, subject to a maximum of £6,000 per annum on all pay bands. The Chief Officer will accept additional duties and responsibilities beyond the scope of the lower graded job description up to the value of the protection and will continue to seek employment within the Council at a higher grade when this becomes available so the cost of protection is reduced.

Protection will be on the following basis:

- Year 1 – 100% cash protection\*
- Year 2 – 66% protection.
- Year 3 – 33% protection
- Year 4 and beyond – no protection.

\*Cash protection means that pay is frozen at the time of redeployment with no further annual pay rises being paid. The percentages referred to are of the difference between the pay in the old and new job.

## **10. Market Supplements**

Pay is an important element in recruitment and retention, and if the Council is unable to recruit or retain a Chief Officer then a market supplement may be considered.

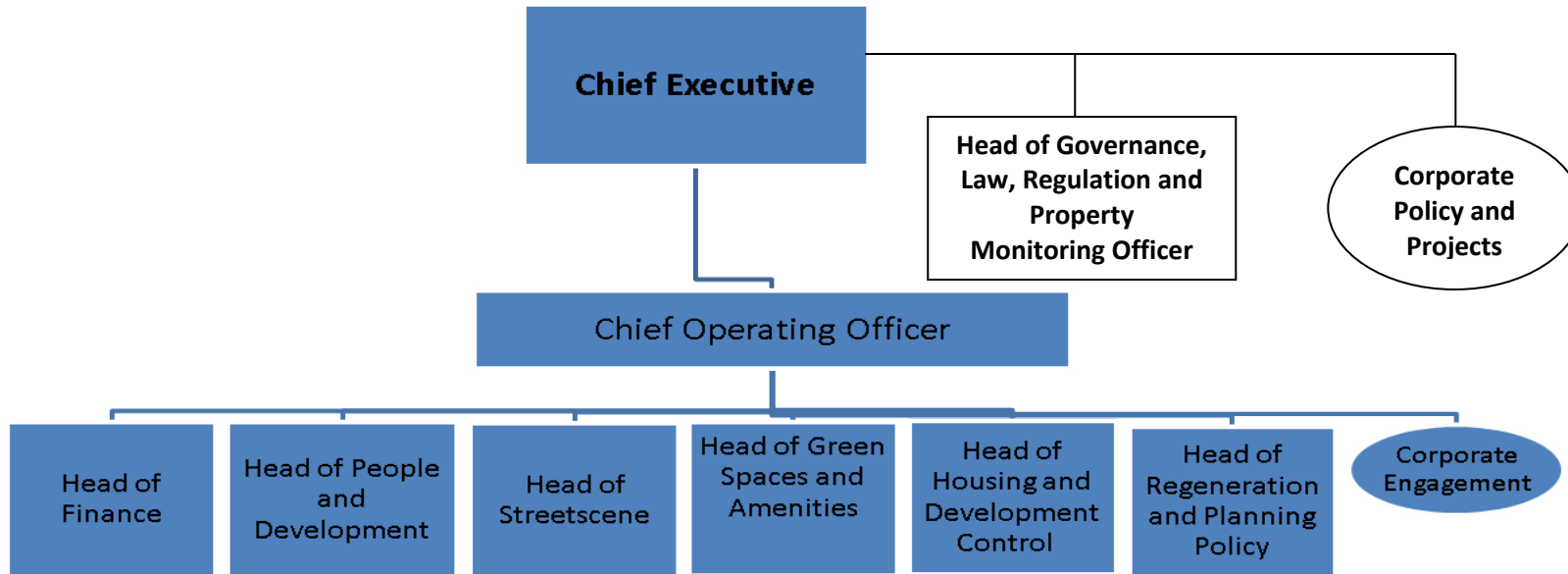
Market supplements will be used in a manner that:

- helps preserve the integrity of the salary structure;
- is fair and transparent;
- is consistent with equal pay considerations.

A market supplement or retention payment will normally be considered where there is difficulty recruiting a Chief Officer following one/two advertisements within six months or a risk assessment indicates potential retention difficulties. There would need to be investigation and analysis by the Chief Executive/Chief Operating Officer and Head of People and Development supported by the Head of Finance and external, independent advice.

Any additional payments would require the approval of the Council following receipt of appropriate advice, together with agreed mechanisms for the review and removal of the supplement.

### Senior Management Structure April 2017



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At April 2016	Band 1 Chief Operating Officer	1
	Band 2 Heads of Service	3
	Band 3 Heads of Service	4

Corporate Engagement and Corporate Policy are not service units.

## Officer Employment Procedure Rules

### 1. Recruitment and appointment

The Council will follow its approved recruitment and selection procedures, including the preparation of job descriptions, person specifications and advertisements, when seeking to make officer appointments.

As part of the recruitment procedure the Council will make arrangements for a copy of the following declaration to be included in the recruitment information sent to all applicants:

*'Under the Local Government Act 2000 you must declare in writing whether you are the parent, grandparent, partner, child, stepchild, adopted child, grandchild, brother, sister, uncle, aunt, nephew or niece of an existing Member or officer of Burnley Borough Council; or the partner of such persons.*

*No candidate so related to a Member or officer will be appointed without the authority of the relevant chief officer or an officer nominated by him or her'.*

Applicants will also be advised that the Council will disqualify any applicant who seeks the support of any Member for any appointment with the Council.

No Member will seek support for any person for any appointment with the Council.

### 2. Recruitment of Chief Executive/ Head of Paid Service and other officers on JNC Terms and Conditions.

Where the Council proposes to appoint the Chief Executive/Head of Paid Service or any other officer on Joint Negotiating Committee for Local Authority Chief Executives and for Chief Officers of Local Authorities (JNC Terms and Conditions) it will prepare a job description, person specification and advert. Except where the position is to be advertised internally first the Council will make arrangements for the post to be advertised in such a way as to bring it to the attention of persons who are qualified to apply for it.

A committee of the Council, constituted as an Appointments Committee as set out in Paragraphs 4, 5 & 6, will be established to recruit the relevant Officers. The Head of People and Development, or in their absence the Strategic HR Consultant, will be appointed as the Proper Officer for the appointment and will advise the Appointments Committees.

Members of the Executive will have the opportunity to raise objections to decisions about the appointments of senior officers i.e. those on JNC Terms and conditions.

### 3. Appointment of Chief Executive/ Head of Paid Service- by Full Council

The Full Council will approve the appointment of the Chief Executive/ Head of Paid Service following the recommendation on the appointment by the Appointments Committee as set out in Paragraph 4. That committee must include at least one member of the Executive.

4. **Appointment of Chief Executive/ Head of Paid Service**

The Appointments Committee will comprise:

Leader;  
Deputy Leader;  
Executive Member for Resources and Performance Management; and  
the Leaders of the two largest Opposition Groups.

5. **Appointment of officers on JNC Terms and Conditions (other than the Chief Executive or Heads of Service) – i.e. Chief Operating Officer.**

The Appointments Committee will comprise:

Leader or Deputy Leader  
Relevant Executive Member  
Chair (Vice Chair as sub) of the Scrutiny Committee  
Chief Executive

If, by the application of these Rules the membership of the Committee does not include at least one Member of an opposition group, then the Leader of largest opposition group (or their nominee) will be substituted for the Scrutiny place on the Committee.

6. **Appointment of officers on JNC Terms and Conditions (other than the Chief Executive/ Head of the Paid Service or Chief Operating Officer) – i.e. Heads of Service**

The Appointments Committee will comprise

Leader or Deputy Leader,  
Relevant Executive Member; and  
Chief Operating Officer or Chief Executive

Whichever of the Leader or Deputy are to be on the Appointments Committee, if they are also the Relevant Executive Member then another member of the Executive should be appointed to make up the three.

7. **Other appointments**

Appointment of assistants to political groups shall be made in accordance with the wishes of the political group.



**PERSONNEL POLICY AND GUIDANCE  
PEOPLE AND DEVELOPMENT**

# **REDUNDANCY POLICY**

## Procedure and Guidance



## **1. INTRODUCTION**

This document sets out the principles and procedures to apply where reductions in staffing levels, including compulsory redundancies, are required.

Burnley Borough Council aims to be an employer of choice and will take all reasonable steps to avoid redundancies. However it recognises that modernisation, service improvements, reorganisations and financial constraints or the need for particular knowledge and skills will affect staffing levels and therefore redundancies may become necessary.

Where this occurs, the Council is committed to minimising the effect and to providing reasonable support to those employees affected.

## **2. SCOPE**

This procedure applies to all Council employees. Where redundancy applies to Chief Officer grades then either the Chief Operating Officer or the Chief Executive will be responsible for the consultation. Separate consultation arrangements will apply for the Chief Executive.

## **3. CONSULTATION**

The Council believes in working positively with the recognised trade unions to resolve problems and minimise the impact on employees. Therefore consultations, including those with individual employees, will be timely and meaningful, and all positive suggestions given serious consideration. Consultation will take place as soon as practicable and notices will be issued only after meaningful consultation has taken place.

## **4. DEFINITION OF REDUNDANCY**

Redundancy is defined in law as a dismissal for one of the following reasons:

- the employer ceases, or intends to cease the business in which the employee was employed; or
- the employer ceases or intends to cease to carry on the business in the place where the employee was employed; or
- the requirement to carry out work of a particular kind has ceased or diminished or is expected to cease or diminish.

In cases where the service transfers to another provider, employees are not necessarily redundant and would normally transfer to another employer on their existing terms and conditions, commonly referred to as "TUPE" regulations (Transfer of Undertakings Protection of Employment).

## **5. AVOIDING OR MINIMISING REDUNDANCY**

The Council will take all reasonable steps to avoid or minimise redundancies. The strategy adopted may vary for each redundancy situation, but typically could include:

- job matching an employee to another post in the authority (see Job Matching Procedure)
- redeployment and retraining (See Redeployment Policy) ;
- achieving reductions through natural wastage;
- reviewing the use of agency or temporary staff;
- freezing external advertising and filling posts from existing employees;
- reviewing overtime working;
- reducing the hours of work:
- seeking voluntary reductions in working hours;
- seeking volunteers for early retirement / redundancy (ER/VR) where this can be justified in the financial or managerial interest of the Council.

NB Each request for ER/VR will be considered but it must be stressed that the overriding consideration will be the continued efficient running of the Council and the maintenance of a high quality skills base. Therefore the Council reserves the right to reject requests from volunteers where it is believed that it is in the Council's best interest.

## **6. PROCEDURE FOR THE MANAGEMENT OF REDUNDANCY**

In any redundancy situation the procedure as set out below should be followed.

### **6.1 Consultation**

Employees and relevant trade unions should be made aware of the proposals for organisational change, and the reasons, at the earliest opportunity. Failure to consult could result in a finding of unfair dismissal by an Employment Tribunal. Before starting any redundancy process advice should be sought from People and Development.

Prior to employees and trade unions being formally advised of any proposals that may involve redundancies, Management Team must be consulted and authorise commencement of consultations. Meaningful discussions should then take place with trade unions on measures that could be taken to avoid or minimise the redundancies and an agreement reached on the selection criteria that should be used. A report to the Executive should be prepared to confirm the proposal and include detail of the consultation that has taken place prior to the issue of redundancy notices.

The above reporting and consultation procedures include redundancies that occur as a result of known expiry of external funding arrangements that are agreed within existing budget arrangements.



## 6.2 Timescales for Statutory Consultation

There are minimum statutory timescales that indicate when formal consultation should begin. Consultation should allow for further consideration of any counter-proposals and alternatives to redundancy.

<b>NO. OF REDUNDANCIES IN ANY 3 MONTH PERIOD</b>	<b>Period of Consultation</b>
Less than 20 possible redundancies	Managers should allow a 30 day consultation prior to any redundancy notice being issued
20 – 99 possible redundancies	30 days statutory consultation period (including notification to the BIS)
100+	45 days statutory consultation period (including notification to BIS)

## 6.3 Notification to the Department for Business Innovation and Skills (BIS)

It is a legal requirement to notify BIS in writing of a proposal to make 20 or more employees redundant. Notification must be made on form HR1, which can be obtained from the BIS website. [www.bis.gov.uk](http://www.bis.gov.uk) At least 45 days' notice must be given if 100 or more employees are to be made redundant, and at least 30 days for 20 to 99 employees. The Head of People & Development (or his/her representative) will normally undertake this notification.

## 6.4 Notification to the Trade Unions

The Head of People and Development will also formally notify the appropriate trade union(s) in line with s.188 of the Trade Union and Labour Relations (Consolidation) Act 1992 of the potential intended redundancies. Formal consultation begins when a letter is sent to appropriate representatives, disclosing in writing:

- the reason for the proposals;
- the numbers and descriptions of employees the Council proposes to dismiss as redundant;
- the total number of employees of that description employed at the establishment in question;
- the proposed method of selecting the employees who may be dismissed;
- the proposed method of carrying out the dismissals, including the period over which the dismissals are to take effect;
- the proposed method of calculating the amount of redundancy pay.

## 7. REDUNDANCY SELECTION

Where the redundancy applies to particular jobs held by one or more individuals, the post(s) would be redundant without the need for selection.

Where there are multiple redundancies or a reduction in posts within a group of employees the “pool” of employees from which the redundancies will be drawn must be identified. This might be one team within a Service Unit, a group of employees doing the same job, usually working to the same or similar job description, or those performing a particular function across a number of service units. Managers should seek advice from People and Development if the selection pool is not clear.

### SELECTION CRITERIA

The criteria used for redundancy selection must be clear and objective and be based on the future needs of the service. It should be applied fairly and consistently and must not discriminate on the grounds of recognised [protected characteristics](#) as defined in the Equality Act 2010 which are:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership (in respect of eliminating unlawful discrimination)
- Pregnancy and maternity
- Race – this includes ethnic or national origins, colour or nationality
- Religion or belief – this includes lack of belief
- Sex (Gender)
- Sexual orientation

In addition there will be no discrimination on the grounds of social background, political affiliation, spent convictions and trade union membership.

The Council reserves the right to choose a method of selection which is appropriate to the particular redundancy situation and is committed to early consultation with the recognised trade unions and individual employees over the particular method of selection in any redundancy situation.

### EXAMPLES OF REDUNDANCY SELECTION CRITERIA

- selection based on merit, individuals being measured against a person specification that reflects the requirements for the skills, qualifications and experience in the new posts;
- interviews used to appoint to new posts can involve the use of tests that are relevant to the requirements of the new posts;
- attendance record (having regard for our statutory obligations\* and industrial injuries);
- disciplinary and capability records;
- length of service in the redundant role or a substantially similar role, used alongside the criteria above.

\*The Equality Act 2010 makes it unlawful for an employer to treat a disabled person less favourably because of a reason relating to their disability, without a justifiable reason. Employers are required to make reasonable adjustments to working conditions or the workplace where that would help to accommodate a particular disabled person. Employers should take account of this legislation when considering the dismissal of a disabled person.

Managers selecting for redundancy should usually use a scoring matrix, including all or some of the above criteria. It is essential that all selection methods are objective and supported by documentation in case the decision is challenged. Even though the criteria may satisfy the test of objectivity, the selection will still be unfair if they are carelessly or mistakenly applied.

## **8. FORMAL NOTIFICATION OF REDUNDANCY**

In accordance with this procedure, and following a period of consultation, notification of redundancy will be given, providing employees with appropriate notice of their employment being terminated:

<b>Continuous Service</b>	<b>Period of Notice</b>
One month or more but less than 2 years	4 weeks
Two years or more but less than 12 years	1 week for each year of continuous employment (minimum of 4 weeks)
12 years or more	Not less than 12 weeks

The Redeployment Policy is activated at the start of the consultation process and should be applied throughout the consultation process and during the period of notice. This is particularly relevant to the search for suitable alternative employment and any subsequent trial period.

## **9. SUITABLE ALTERNATIVE EMPLOYMENT**

Please refer to the Redeployment Policy. Appendix 2

## **10. EMPLOYEE SUPPORT AND ADVICE**

### **10.1 Redundancy Counselling**

Once the individual(s) who are potentially redundant have been identified, an individual counselling meeting will be arranged led by the relevant Head of Service supported by a Personnel Officer. The employee will be entitled to be accompanied by a trade union representative, friend or colleague.

The Head of Service should confirm the following details:

- why the Council has decided that redundancies are necessary, the numbers and area of work involved and the selection criteria;
- the personal details of the employee e.g. in relation to full name, address, start date of employment with Burnley Borough Council, continuous employment date, date of birth and details of any disability;

- any actions being taken to reduce the impact of the potential redundancy including an explanation and copy of the Redeployment Policy, and any ongoing support with CVs, retraining, outplacement or personal support;
- details of the employee's entitlements in relation to notice period, redundancy payment and pension estimates (where applicable and as agreed under the Statement of Pensions Policy);
- the employee's entitlement to reasonable time off to search for alternative employment;
- the employee's right of appeal (Please refer to the procedure for dealing with Redundancy Appeals at Appendix 1) –

The Council's redundancy consultation process will be explained to the employee. Notes of these discussions should be made and retained on the individual's file.

### 10.2 Time off for Job Search

Employees will be allowed reasonable paid time off during working hours to look for work or to arrange/attend training. To ensure this is consistently applied, it is recommended that:

- the relevant manager should agree time off in advance;
- at least 24 hours' notice should be given;
- a letter confirming the appointment or training should, as far as possible, support the request for time off.

### 10.3 Welfare Counselling

Welfare counselling for staff is available. Employees should contact People and Development for further information.

## 11. **RIGHT OF APPEAL**

Please refer to the Procedure for Dealing with Redundancy Appeals – Appendix 1.

## 12. **REDUNDANCY PAYMENTS**

Redundancy Payments will be calculated according to the Employment Rights Act 1996, but improvements to these are permitted. These improvements require that all continuous local government service will be aggregated and also provide local authorities with the discretion to lift the limitation on the amount of "a week's pay" for redundancy payment calculation purposes from the normal statutory limit to the employee's actual weekly wage/salary. The Council has decided to use the discretion to base redundancy payments on the actual week's pay, if higher than the statutory limit.

For employees who at the date of redundancy (with three or more months' membership of the pension scheme) are entitled to early payment of pension and lump sum under the Local Government Pension Scheme Regulations

2013. Payments will be made in line with the agreed Statement of Pensions Policy.

### **13. WITHHOLDING REDUNDANCY PAYMENTS**

If an employee, under notice of redundancy, receives an offer of work outside the local government service, they can either work their notice with the Council and receive their redundancy payment or, if they wish to start prior to the end of the notice period, resign from their post (counter notice). In this case they will forgo the remainder of their notice pay but will be entitled to their redundancy pay calculated to the date they leave their employment.

If an employee, under notice of redundancy, receives and accepts an offer of work within the local government service, as covered by the Redundancy Modification Order, before their employment with Burnley Borough Council ends they will **not** be entitled to a redundancy payment. Their continuity of service will not be broken if they commence their new job before the 5th Monday following the date of termination of employment.

If an employee is made redundant and after their termination date obtains employment with another local authority they are entitled to retain any monies paid to them by their former employer in respect of notice and redundancy payments but cannot commence their new job until 4 weeks after the termination date.

If the Council is aware that an employee under threat of redundancy has received an offer of employment with another local authority prior to their finishing date, then no redundancy payments will be made.

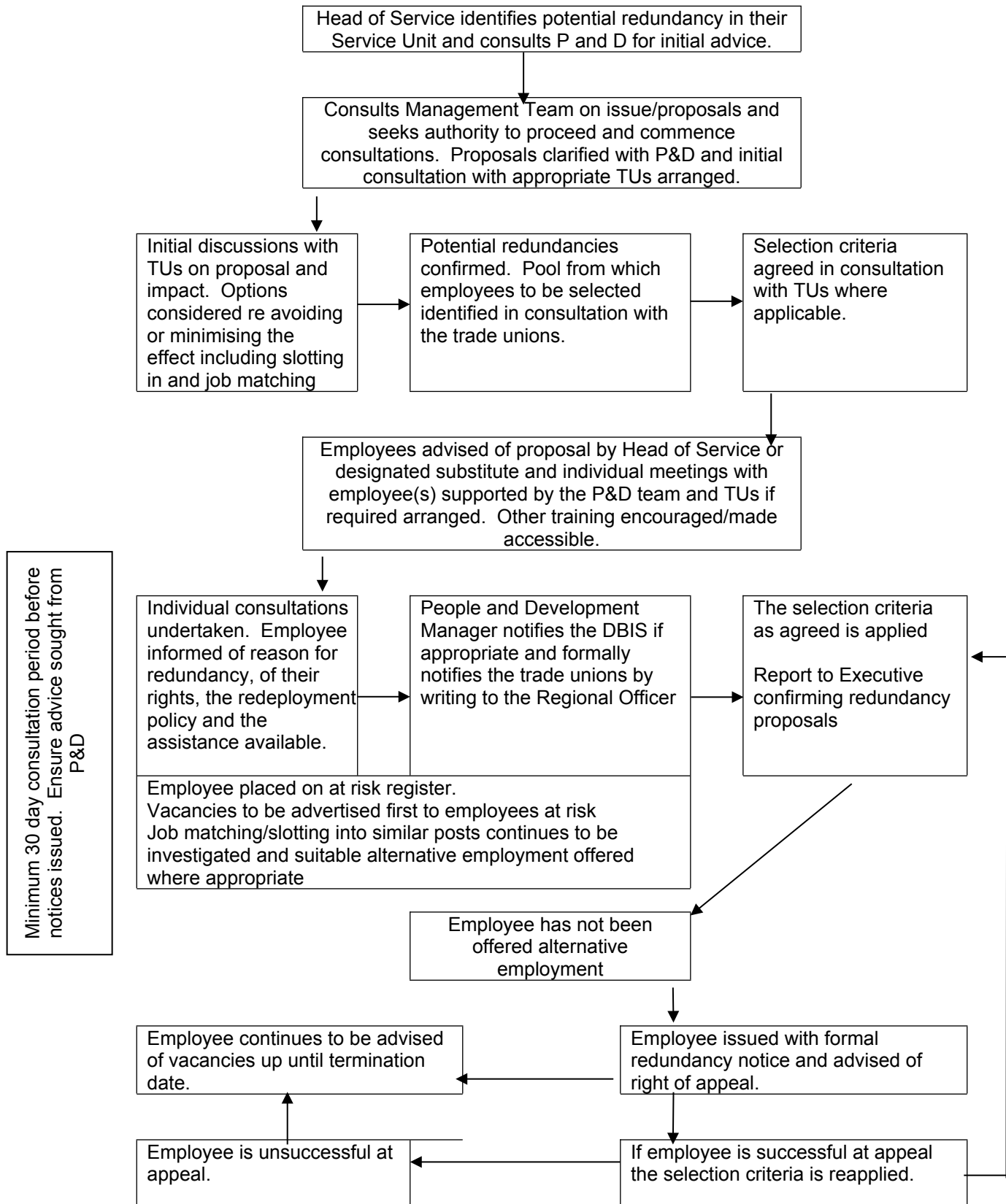
### **14. PAID LEAVE OF ABSENCE**

It will normally be expected that employees will work through their redundancy notice period in order to continue to receive help and support from or arranged by People and Development. In some circumstances, for example where work has ceased or significantly diminished, an employee may request to have paid leave of absence for some or all of their notice period. Such requests will be considered by the Head of People & Development and must be supported by the relevant head of service. Any agreement to such requests must usually be for the mutual benefit of the Council and the employee.

### **15. GARDEN LEAVE**

Garden Leave is the term used to describe a situation where an employee is required by their employer to remain away from work during the whole or part of the contractual notice period. Under the terms of this redundancy policy, as agreed with the trade unions, the Council may require employees to remain away from work during the whole or part of their redundancy notice period. This action will be taken in circumstances where the Council considers it needs to manage a significant risk or protect its interests. Such decisions will be made by the Head of People and Development in consultation with the relevant head of service and trade union representative.

## REDUNDANCY PROCEDURE QUICK GUIDE



## NORMAL REDUNDANCY SELECTION MODEL

<b>Part 1</b>	<b>Personal Details</b>	<b>Scored out of 200 points overall Measured from (12 mths back from start of consultation)</b>			
Full Name					
Directorate					
Service Unit					
Post No					
Job Title:					
Date of appointment to current job role					
Burnley Council service date					
Continuous service date					
<b>Part 2 Knowledge Skills and Competence (60% 120 points)</b>	High standard	Good standard	Satisfactory all essentials	Satisfactory most of essentials	
Heads of Service to confirm with P&D their proposed selection criteria before it is applied					
<b>See separate guidance application of redundancy selection criteria</b>					
<b>Part 3 Disciplinary Record over last 2 years (10% - 20 points)</b>	Issued on	<b>Part 4 Absence Record over last 2 years (20% - 40 points)</b>		Nos.	
Verbal Warning		No of working days lost			
Written Warning		No of individual periods of absence			
Final Written Warning		Absence factor score			
Period from:		Period from:			
Period to:		Period to:			
<b>Part 5 Length of Service (10% - 20 points)</b> Length of service in current role or job roles very similar in nature with different title and grade					
<b>Part 6 – Scoring</b>	Records attached ✓	Banding (if applicable)	Score	Total (Out of 200)	
<b>Example Job criteria 120 pts</b> Met to a high standard all E & D criteria (120) Met to a good standard all E and D criteria (100) Met all E criteria to a satisfactory standard and some of D (80) Met most or all of E criteria to a satisfactory standard (60)					
<b>Discipline 20 pts</b> 0 (20), VW (15), WW (10), FWW (0) (over 2 years)					
<b>Absence factor score 40 pts</b> 0 (40), up to 25 (35), up to 63 (30), up to 100 (20), up to 500 (15) up to 1000 (10) over 1000 (0) Calc over 2 years. ( Pro rata for PT staff) <b>(NB Absences relating to industrial injury, pregnancy or disability sickness should normally be excluded)</b>					
<b>Length of Service 20 pts</b> 2 points for every year of service measured over 10 years over 10 years (20), over 9 years (18), over 8 years (16) etc.... over 1 year (2) up to 1 year (0)					
<b>Total Score (Out of 200)</b>					

**BURNLEY BOROUGH COUNCIL****PROCEDURE FOR DEALING WITH REDUNDANCY APPEALS****1.0 Redundancy Appeals Panel**

- 1.1 The Council shall establish a panel for the purpose of hearing and determining any appeals, which may be made against decisions relating to redundancies submitted by employees under this procedure. The Appeals Panel shall consist of 3 members of the Executive. Panels may be held in the evening if this helps to avoid delays and where possible an additional member identified as a substitute panel member.
- 1.2 At the appeal the Head of People and Development/Strategic Hr Consultant and/or the Head of Governance, Law, Regulation and Property/Senior Solicitor may be present throughout in an advisory capacity.
- 1.3 Redundancy appeals involving the Chief Executive, 151 Officer and Monitoring Officer will be considered by Council after the redundancy dismissal proposal has been considered by a Panel of at least two Independent Persons appointed under s.28(7) of the Localism Act 2011.
- 1.4 A member of the Appeals Panel shall not sit on any appeal that is to consider a decision on which he/she has had prior involvement.
- 1.5 Prior involvement means having a direct involvement in the selection of the employees to be made redundant including the agreement of the selection criteria (in consultation with the trade unions), the application of that criteria and the resulting decision on which employee/s the redundancy will fall. Prior involvement does not mean having an involvement in identifying savings targets and decisions on which services will be reduced or no longer supported. It will also usually be the case that the Executive Member of the service area from where the appeal originates will not take part in the appeal process. However, this will not be allowed to unreasonably delay an appeal being heard where other panel members are not available. Similarly, any other Officer with prior involvement in the redundancy selection process shall have no role in advising the Appeals Panel.

**2.0 Appeals Procedure**

- 2.1 All employees have the right to appeal to the Council's Redundancy Appeals Panel against dismissal for redundancy reasons. The grounds for appeal will concern the application of procedures, consultation and the fairness of selection. The decision of the Council to declare redundancies will not be grounds for appeal.
- 2.2 If the employee decides to appeal against their redundancy he/she must do so in writing, stating the grounds and enclosing relevant documents, within 10 working days of receiving formal confirmation that their post is to be made redundant. This may be in advance of the issue of the formal redundancy notice where the proposed numbers of redundancies



within a defined period are high. Notice of appeal must be sent to the Head of People and Development.

- 2.3 The Appeals Panel shall hear the appeal not later than 20 working days after the receipt of the notice of appeal from the employee, unless a later date for the hearing is mutually agreed. The employee shall be given at least five working days' notice of the hearing, in writing, stating the date, time and location.
- 2.4 The employee shall be in attendance at the hearing when the appeal is being heard and he/she may be represented by a friend or Trade Union representative, or legal adviser. If any party fails to attend, the Appeals Panel may, dependent on the circumstances, dismiss the Appeal, consider it in their absence or defer the hearing to an alternative date. Where either party intends to produce documentary evidence or call witnesses at the Appeal, details should be given to the other party in advance of the hearing.
- 2.5 The Appeals Panel shall have the right to allow the appeal or to confirm or alter the decision against which the appeal is made. The procedure to be followed at the hearing shall be as follows:

(Reference to the "Employee" should be taken to mean the employee and/or his/her representative(s) and reference to the Head of Service should be taken to mean the head of service or other appropriate senior officer).

- (a) The Head of service to put the case in the presence of the employee and may call witnesses;
- (b) The employee to have the opportunity to ask questions of the Head of Service and/or the witnesses called, on the evidence given.
- (c) The Appeals Panel to have the opportunity to ask questions of the Head of Service and witnesses.
- (d) The Head of Service to have the opportunity to re-examine his/her witnesses.

**Note: Where possible witnesses should be questioned in turn by the parties and the Panel and should withdraw on completion of the questioning unless specifically requested to remain.**

- (e) The employee to put his/her case in the presence of the Head of Service and to call such witnesses he/she wishes.
- (f) The Head of Service to have the opportunity to ask questions of the employee and his/her witnesses.
- (g) The Appeals Panel to have the opportunity to ask questions of the employee and his/her witnesses.
- (h) The employee to have the opportunity to re-examine his/her witnesses (See also the note at (d) above).
- (i) The Head of Service may sum up his/her case.
- (j) The employee may sum up his/her case.

- (k) The Head of Service, the employee and all witnesses will withdraw whilst the Appeals Panel considers the case in private (the Panel's adviser(s) will remain).
  - (l) The Panel may recall either party, with the other party in attendance, to clear points of uncertainty on information already given then both parties will withdraw. The Panel may at its discretion recall witnesses, further witnesses, or adjourn the hearing in order that further information may be produced by either party.
  - (m) When the Appeals Panel has reached a decision the parties will return and the Panel will announce the decision, which will be confirmed in writing within seven working days.
  - (n) In delivering its decision the Appeal Panel shall address each of the selection criteria used and advise whether they are satisfied that each has been applied fairly and consistently using all facts reasonably at the Head of Service's disposal.
- 2.6 In circumstances where the Appeals Panel upholds the employee's appeal, for example on the grounds of the incorrect application of procedures, a lack of consultation or flaws or apparent unfairness in the application of selection criteria, the matter will be referred back to the service unit who will make arrangements for a Senior Officer, who has not been involved in the process so far, to undertake a review. If the review results in no change to the employee affected then the original redundancy notice will continue to apply and there will be no further right of appeal. If the review results in a different employee being selected for redundancy agreement will be sought from the original employee to withdraw the redundancy notice with support as required from the trade unions.

### 3.0 **Further Rights of Appeal**

An employee who has completed two years' of continuous service with the Council on the effective date of his/her termination of employment may complain of unfair dismissal to an Employment Tribunal and he/she should consult with his/her trade union or other adviser on that possibility at the earliest opportunity. An application to an Employment Tribunal may be made as soon as the Council has given notice of dismissal and should be received by the Tribunal within a period of three months beginning with the effective date of termination.

Redundancy Appeals/Executive/Oct 2004/VW

**Revised 19 September 2007 HAB**

Revised November 2009 and June 2010, September 2011, September 2014

Further revised June 2016

Further revised February 2017

**BURNLEY BOROUGH COUNCIL****REDEPLOYMENT POLICY****1. Introduction**

Burnley Council is committed to making every endeavour to mitigate the effect of potential and confirmed redundancies by promoting the redeployment of affected employees to suitable available vacancies wherever possible. We are also committed to the retention and redeployment of employees who can no longer carry out the duties of their job as a result of disability, injury or ill-health.

**2. Scope and Purpose of the Policy**

The Council has a statutory duty to consider the availability of alternative employment when an employee's current job is at risk of redundancy. The purpose of this policy is to provide the mechanism by which employees in a redundancy situation may be given every opportunity to obtain suitable alternative employment.

The policy will apply to all employees of the Council unless the reason for not doing so can be objectively justified, for example the termination of short term fixed or temporary contracts

The Council's policy on Retention and Redeployment on the grounds of Disability, Injury or Ill-Health is detailed separately at Appendix 3. Employees at risk due to redundancy or capability will be given equal access to redeployment opportunities but disabled employees must not be placed at a substantial disadvantage in comparison with non-disabled people.

**3. Alternative Employment****Employees at Risk (Refer to Redundancy Policy)**

Where a potential redundancy situation is anticipated Management Team will authorise the commencement of meaningful consultations in order to identify reasonable steps to avoid or minimise redundancies. The Head of People and Development must be notified at this stage.

Subject to confirmation, arrangements will then be made for the individual identified as "at risk" to be interviewed by the head of service and a personnel officer. The employee may wish to have their trade union representative or work colleague present. The necessity for the redundancy will be fully explained and discussed with the employee.

It is essential that heads of service adopt a proactive approach to supporting employees at risk. This will include encouragement to apply for any potentially suitable job, including temporary job roles and providing early access to refresher or additional training. The employee may also be asked to complete a job application form to be used in any job matching exercise.

Arrangements will be made by the Head of People and Development for the employee to attend job search skills training or otherwise receive advice and counselling as a means of assistance in obtaining alternative employment.

Heads of service must ensure that meetings are held on a regular basis, so that necessary support towards redeployment is made available. A trade union representative or work colleague may accompany the employee at these meetings. It is particularly important to ensure that these meetings take place with an employee at risk of redundancy so that the possibilities of redeployment can be fully explored before termination of employment takes place.

People and Development will ensure that all vacancies are circulated to those employees identified for redeployment.

The employee must be given serious consideration for any suitable vacancy arising before any other internal and external candidates are considered. The test of suitability will be whether the employee could perform the duties of the vacant job given a reasonable amount of training or on the job instruction.

The procedure for dealing with the recruitment and selection process is set out in the next section.

#### **4. Recruitment And Selection Procedure**

##### **Slotting in process (pre-advertising)**

Consideration may be given to “slotting in” an employee directly into a vacant post if the following conditions apply. This approach can be applied prior to and after the issue of redundancy notices

- a) The vacant job is on the same grade or a maximum of one grade lower, when pay protection would be applied.
- b) The work is broadly similar to that in the employee’s current job role.  
(**N B:** reference should be made to the job description and person specification for the old and new job to assess whether this would be similar).
- c) There is only one employee suitable for each vacant post and no competitive selection is necessary.
- d) The ‘at risk’ employee meets the essential requirements of the person specification for the vacant job, or if there is a small training gap, this could be met within a short period, e.g. the acquisition of basic keyboard skills or technical updating by a short course.
- e) There is agreement between the employee, the head of service, the trade union and the Head of People and Development.
- f) Where agreement is not possible, the post will be advertised in line with the procedure detailed below.
- g) The application of the policy results in a logical reasonable outcome.

## **Job Matching (pre- advertising)**

Job matching is a process of identifying job roles in the organisation that have similar skill requirements which employees who are at risk, could reasonably undertake with additional training. This approach can be applied prior to and after the issue of redundancy notices.

- A completed application form will be forwarded to the People & Development who will try to match the employee against any existing vacancies. Even if the employee does not meet all the essential requirements, then an interview may still take place if it is considered the requirements can be met within twelve months.
- The matching process will only consider vacancies at the same grade or no more than one grade higher or lower than the grade of the employee's job.
- The service unit and a representative from People and Development will interview the employee/s. The suitability of the employee will be assessed in the normal way and, if necessary, a training plan will be prepared to ensure that any training gap is filled as soon as possible.
- If successful the employee will be offered the position under a variation to their contract or as suitable alternative employment.
- The Council's normal policy on pay protection will apply.

## **Advertising of Vacancies**

When a redundancy situation has been declared, or is anticipated, the policy on advertising vacancies internally and externally concurrently will be suspended and the following process of advertising will be followed:

### **Stage 1 Employees at Risk**

Vacancies are to be advertised first to employees who have received notice of redundancy or who have been identified as the subject of consultation with the trade union and to employees seeking redeployment under the policy for Retention and Redeployment Policy on the grounds of Disability, Injury or Ill-Health.

This is to allow them the first opportunity to apply for the vacancy and is termed as "ring fencing".

This will only apply providing that the post advertised is of the same grade, or no more than one grade above the grade of the employee (s) at risk. If this condition is not satisfied, then the process moves to stage 2. Ring-fencing of vacancies does not apply to temporary or fixed term employees who will not have completed at least twelve months service at the date of redundancy.

NB Where employees apply for posts more than one grade below their existing job role, pay protection will be limited to no more than 4 incremental points above the maximum of the lower graded job

## **Stage 2 Internal Advert**

If there are no suitable applicants from the employees at risk or if the post is more than one grade higher than those of the employees at risk, consideration will be given to advertising the post internally if this is likely to release a vacancy lower down the grading structure which could then be slotted/job matched or advertised internally to those at risk. The decision will be made based on the job description and person specification and be confirmed by Management Team. Comments from the trade unions will be taken into consideration. In any event if the vacant post is graded 11 or above, the vacancy will normally move to stage 3 and be advertised internally and externally concurrently.

## **Stage 3 External Advert**

Where it is not or has not been possible to fill the vacancy internally due to criteria or decisions as detailed at stage 2, or requirement for specialist qualification/experience, the job will be advertised internally and externally concurrently.

## **Shortlisting**

The Council's recruitment and selection procedure for shortlisting should be followed. An employee at risk should be shortlisted where he/she meets the essential criteria as detailed in the person specification of the advertised post. If there is any doubt advice must be sought from People and Development.

## **Interviewing**

Interviews must be held in accordance with the Council's recruitment and selection procedures and interviewers must be clear about the person specification for the job and the extent to which the employee either meets or does not meet it.

Comprehensive records of interviews must be kept so that decisions made can be justified if necessary. Each interviewer should complete an interview record sheet and a consensus decision should also be recorded.

In a redeployment situation People and Development should always be consulted and a personnel officer will normally be included in the panel for any interviews which take place.

## **5. Offer of Alternative Employment**

An offer of alternative employment must be made in writing before employment under the previous contract ends. Employment in the new job must start immediately the notice expires or after an interval of not more than four weeks. Advice on the wording of the offer letter must be sought from People and Development.

If appropriate, the employee may be seconded to the new job before a period of notice in the old job has expired in order to gain more experience of the new situation. This will not, however, form the part of the trial period.

## **6. Trial Period**

An employee who is under notice of redundancy has a statutory right to a trial period of four weeks in an alternative job where the provisions of the new contract differ from the original contract. The trial period will commence on appointment to the new job, normally immediately after the previous contract has ended. The purpose of the trial period is to give the employee the chance to decide whether the new job is suitable without necessarily losing the right to redundancy payment. The Council will also use the trial period to assess the employee's suitability.

A trial period longer than four weeks can be agreed for retraining purposes. This agreement should be in writing, specifying the date on which the trial period ends and setting out the employee's terms and conditions after it ends. If the employee works beyond the end of the four week trial period, or the jointly agreed extended trial period, any redundancy entitlement will be lost because the employee will be deemed to have accepted the new employment.

If the new employment proves to be unsatisfactory during the trial period and is terminated, then the original redundancy will take effect. If the trial period is satisfactorily completed, the original dismissal on the grounds of redundancy is held not to have taken place and continuity of employment is unbroken.

Trial periods can obviously be a stressful time for employees who will need understanding and encouragement. The progress of the employee throughout the trial period should be closely monitored by way of mutual reviews with the head of service or designated substitute at weekly intervals, with support and counselling offered where appropriate. A decision to terminate employment at the end of the trial period for unsuitability should be taken only after careful, detailed consideration and discussion with People and Development.

## **7. Remuneration And Conditions Of Employment**

The Council currently operates a policy, which protects an individual's pay where he/she is redeployed to a lower graded post, as a result of redundancy.

Where an employee is redeployed to a lower graded post and protection is applied, he/she can be expected to carry out duties commensurate with the level of protection as and when required.

In view of the protection he/she would also be expected to apply for suitable vacancies more appropriate to the protected salary as and when they become vacant.

The current agreement on pay protection is set out in Appendix 4

Redeployment Policy February 2017

Updated September 2014 and February 2017

February 2017

## **Retention and Redeployment Policy**

### **Disability, Injury or Ill-Health**

#### **1. Scope**

This policy provides guidelines on the retention and redeployment of employees who can no longer carry out the duties of their job as a result of disability, injury or ill-health.

The Council intends, wherever possible, to retain such employees in their own post, to offer them comparable employment or to redeploy them into a more suitable post of equal status. This post will be no more than one grade above the employee's current post.

#### **2. Legal Requirement**

The Equalities Act 2010, places an obligation on the Council to take reasonable steps to ensure that disabled people are not placed at a substantial disadvantage in comparison with non-disabled people. Examples of the types of reasonable adjustments employers are expected to consider are detailed below.

#### **3. Retention of Employees in their Current Post**

We will make every effort to retain an employee in his/her current post or where this is not possible, to redeploy him/her into an appropriate post of equal status, preferably within the same service unit.

In the event of an employee becoming unable to perform all or part of the duties of his/her current post, retirement on the grounds of ill-health will only be considered as a last resort and will be subject to the agreement of the Council's Occupational Health Consultant.

Where it becomes apparent that an employee is no longer able to fulfil all or part of the duties of their current post, for reasons of disability, ill-health or injury, their manager should meet with them to discuss the situation. It is essential that the issue be handled sensitively and confidentially. Consultation should take place, at every stage, with the employee concerned together with a chosen representative (e.g. trade union representative, or work colleague). In appropriate circumstances a close family member may be permitted to attend to support the employee.

In accordance with the Equality Act, managers should consider making the following reasonable adjustments to enable the employee to continue in employment. However, this is not an exhaustive list and other alternatives should also be considered where appropriate.

For guidance on managing the attendance of employees with disabilities, please refer to the Managing Attendance Policy and Guidelines and the Tailored Adjustment Agreement in the personnel manual.



### **Reasonable Adjustments:**

- making adjustments to premises i.e. where cost is not an unreasonable factor;
- allocating some of the disabled employee's duties to another person\*;
- agreeing a change to the employee's working hours;
- assigning the employee to a different place of work;
- allowing the employee to be absent during working hours for rehabilitation, assessment or treatment (see Disability Leave below);
- additional training;
- acquiring or modifying equipment;
- modifying instructions or reference manuals;
- modifying procedures for testing or assessment;
- providing a reader or interpreter;
- providing additional supervision;
- transferring the employee to fill an existing vacancy (see Redeployment Section below).

\*In cases where other employees will be affected, e.g. if duties are to be reallocated, it is important to consult all affected employees and their representatives.

The Council has a number of schemes, including V-time, flexitime, job share, part-time working and homeworking, which should be considered in assisting an employee to continue in employment.

In some cases it may be appropriate to involve advisers from the Department of Work and Pensions (DWP) in undertaking assessments to determine appropriate, reasonable adjustments in addition to Occupational Health. The advisers can often assist in funding adjustments under the Access to Work Scheme.

<https://www.gov.uk/government/publications/access-to-work-guide-for-employers>

People and Development (P&D) is available for advice and support on all issues related to retention and redeployment.

## **4. Redeployment**

Recruitment and selection will be managed as detailed in the Redeployment Policy. Employees will be considered for redeployment alongside those who are at risk of redundancy taking into account any reasonable adjustments that may be required.

At all stages in the redeployment procedure the employee concerned, together with his/her representative must be consulted. Discussions of this nature must be handled in a sensitive and confidential manner.

Once all parties are agreed that a return to the employee's current post is not appropriate then, wherever possible, the employing service unit is responsible for finding a suitable alternative post within their own unit.

Redeployees should be considered for all appropriate vacancies arising within the unit before they are generally advertised using the slotting in or job matching process. They should not necessarily be expected to meet all the essential criteria on the person specification. The recruiting panel should instead consider whether or not the individual

has the potential to undertake the duties of the post with the necessary training and support and within an agreed timescale. If necessary, reasonable adjustments to the duties and associated essential criteria should also be considered at the interview stage in order to comply with the Equality Act.

If it is not possible to redeploy an employee within the employing service unit the head of service should contact P & D for assistance in redeploying the employee into another service unit. P & D must be satisfied that the employing service unit cannot find anything suitable.

In accordance with the provisions of the Equality Act a reasonable adjustment to consider would involve transferring an employee to a more suitable post under the slotting/job matching process including any necessary reasonable adjustments. Advice should be sought at this stage, to arrange for a referral to Occupational Health and to seek guidance from a disability adviser from the Department of Work and Pensions.

Redeployees will be considered first for suitable, alternative posts before they are generally advertised, alongside employees at risk of redundancy, using the agreed procedures in under Section 4 of the Redeployment Policy. They should not necessarily be expected to fulfil all the requirements of the person specification immediately. Reasonable adjustments to the duties and associated essential criteria will also be considered where necessary.

If an employee is redeployed to a post at a lower grade the Pay Protection Policy will be applied.

Once it has been agreed that redeployment is the best option for the employee, People and Development will continue to try and find a suitable vacancy for a period of up to 12 weeks after the employee has been declared fit to return to work. This period may be extended dependent on the circumstances and in agreement with the Chief Operating Officer.

## **5. Redeployment Opportunity Not Identified**

If a suitable vacancy does not arise within the agreed period the employee will be referred to the Occupational Health Unit to be considered for retirement on the grounds of ill health.

If the Occupational Health Consultant is unable to certify entitlement to early release of superannuation benefits on the grounds of ill-health, or if a suitable job offer is unreasonably refused, or if no suitable, alternative employment is available, it will be necessary to review the continued employment on the grounds of capability. This will be dealt with in accordance with the Capability Section of the Council's Disciplinary Procedure (see Managing Attendance Policy).

## **6. Register of Reasonable Adjustments**

All reasonable adjustments that relate to an employee must be reported to People and Development to be recorded on the employee's personal record. This will assist the Council to demonstrate, if challenged, the extent to which it has made reasonable adjustments. It will also help to monitor the cost of making such adjustments.

The employee and manager will complete a Tailored Adjustment Agreement that will provide a living record of reasonable adjustments agreed between the disabled employee and his/her line manager.

## **7. Monitoring**

Statistics relating to reasonable adjustments will be incorporated into People and Development's reporting and information processes.

## **8. Complaints**

If an employee feels that he/she has been unfairly treated at any stage of this procedure, the Council's Grievance Procedure may be invoked.

## **9. Disability Leave Scheme (DLS)**

The Disability Leave Scheme provides newly disabled employees or a disabled employee whose condition has significantly deteriorated with a period of time off work to adjust to the change in personal and professional circumstances. During the leave the employee is able to assess their disability or condition and how it affects their job role, bridging the gap between sickness and a return to work. It will cover the period between the end of sick leave, when the employee is judged as fit to return to work, and the employee's actual return.

The DLS provisions cover all existing employees, full-time and part time. There is no qualifying period although each case will be considered on its own merits.

The DLS is not intended to burden services but is about ensuring good practice in the workplace, creating an environment where employees are willing to discuss their disability and where disabled employees and their managers can proactively assess how the employee can remain in work.

Its purpose is to enable the employee to participate in an assessment of the changes required in their job or work environment, and/or to become familiar with new techniques and processes. It can also allow time for:

- providing time to adjust to the change in personal and professional circumstances,
- reassessing current job role, adjustments or alternative opportunities;
- adaptations to the work environment;
- equipment to be put in place and/or assessment of how it can be funded;
- undertaking a programme of rehabilitation and training on the job or residential centre;
- discussions with specialist Disability Employment Advisers or Occupational Health to plan the way forward;
- assessing/clarifying if the employee will be able to return to his/her previous employment or be redeployed to another post or if an application for ill health retirement should be pursued.

The Managing Attendance Policy already allows for a period of up to 4 weeks therapeutic return. In addition employees may also have an accumulated balance of annual leave, some of which could be used to extend the therapeutic process. The DLS can be applied where significant changes/additional assessments are required for reasons as detailed

above. In practice some of the above assessments may also take place whilst the employee is still on sick leave.

If, following a careful process of formal and informal consultation and the DLS is considered appropriate, the Chief Operating Officer, Head of Service and Head of People and Development can allow up to 4 weeks additional leave to assist in the adjustment process. The leave will be paid at the usual salary and noted on the employee's personal and leave records.

During the leave, arrangements should be made for an employment assessment to be carried out by a competent organisation before any decision is made about the employee's future e.g. Disability Employment Adviser and Occupational Health Consultant in consultation with People and Development. This assessment is intended to clarify/quantify/put in place the rehabilitation required, the time this will take, the equipment/adaptations required and how this can be funded.

It is important that assessments and resulting action plans, necessary training and medical advice are closely monitored and co-ordinated to make best use of the additional leave. This will be the responsibility of People and Development.

People and Development will make a record of:

- the employee details and the nature of their disability;
- the assessments undertaken;
- the detail and cost of equipment required and provided;
- the detail and cost of any rehabilitation/training;
- period of DL;
- cost of any temporary cover;
- other quantifiable costs;
- quantifiable savings – e.g. decreased retirement costs, savings on recruitment or induction training of new staff.

Retention and Redeployment Policy February 2017  
Last reviewed May 2014/HAB

## BURNLEY BOROUGH COUNCIL

### Pay Protection Policy

The Council's policy on pay protection, applicable to employees on National Joint Council (NJC) terms and conditions is as follows:

1. Protection will be limited to no more than 4 incremental points above the maximum of the lower graded job.
2. The employee will accept additional duties and responsibilities beyond the scope of the lower graded job description up to the value of the protection.
3. The employee will continue to seek employment within the Authority at a higher grade when this becomes available so the cost of protection is reduced. The original limits on protection will still be applicable.
4. When assessing protection limits for an employee in receipt additional payments, the figure for comparison will include other payments and will be made to the nearest equivalent spinal column point.
5. Protection will be on the following basis
  - Year 1 – 100% cash protection\*
  - Year 2 – 66% protection.
  - Year 3 – 33% protection
  - Year 4 and beyond – no protection.

\*Cash protection means that pay is frozen at the time of redeployment with no further increments or annual pay rises being paid. The percentages referred to are of the difference between the pay in the old and new job.

#### 6. **Conditions of Protection**

Subject to the overall protection limit detailed in para 1 above

- a) Protection will apply to contractual overtime and the following locally agreed additional pay enhancements encompassing
  - Shift allowance
  - Irregular hours payment
  - Weekend enhancements

[To qualify for this protection the employee must have been in receipt of the additional payment for 12 months or more. This protection would only apply in redeployment situations.]

- b) Protection will not be applied to standby/call out payments or irregular overtime.

Personnel Committee 19.1.99/Amended 2004/JB  
 Last reviewed (no changes) July 2011  
 Next review November 2017

## Burnley Borough Council

### Statement of Pensions Policy 2016

#### Introduction

1. This Statement outlines the Council's Policy with regard to the payment of pension benefits. The statement has been formulated following full consultation with the Trade Unions and reflects the Local Government Pension Scheme Regulations 2013 as amended and the discretions adopted by the Council.

#### Retirement

2. The Local Government Pension Scheme's normal pension age (NPA) is equal to the employee's individual State Pension Age (SPA). Employees can retire and receive their benefits without any reductions at this date. Further information on the SPA can be found at [www.gov.uk/calculate-state-pension](http://www.gov.uk/calculate-state-pension)
3. Employees are able to retire at anytime from age 55 onwards without the Council's consent but their benefits may, dependent on age and service, be reduced to reflect the early payment. Further information on the reductions can be obtained from [www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk).
4. Employees are able to join and remain in the scheme up until 2 days before their 75<sup>th</sup> birthday. Benefits for employees who defer drawing benefits beyond their NPA will be actuarially increased to reflect the fact that they will be paid for less time.
5. With effect from 1<sup>st</sup> April 2014 pension benefits are calculated on a Career Average Re-valued Earnings (CARE) Scheme formula. A CARE pension works by taking a 1/49<sup>th</sup> of an employee's annual pensionable salary and then adds this into a pension pot. This pension pot then increases each year in line with CPI. Further information on the calculation of pension benefits pre and post 2014 can be found at [www.lgps2014.org](http://www.lgps2014.org)

#### Early Retirement with Redundancy (compulsory or voluntary)

6. Redundancy Payments will be calculated according to the Employment Rights Act 1996, but improvements to these are permitted. These improvements require that all continuous Local Government Service will be aggregated and also provide Local Authorities with the discretion to lift the limitation on the amount of "a week's pay" for redundancy payment calculation purposes from the normal statutory limit (£479 per week as at 6 April 2016) to the employee's actual weekly wage/salary. The Council has decided to use the discretion to base redundancy payments on the actual week's pay, if higher than the statutory limit.
7. Only completed years count for the purpose of calculating a redundancy payment.
8. Employees who are aged 55 or over at the date of redundancy (with two or more years membership of the Pension Scheme) are entitled to early payment of pension and lump sum under the Local Government Pension Scheme Regulations 2013.

**Note: Voluntary Early Retirement with Redundancy can only be granted if there is a substantial saving to the Council in allowing the employee to leave. The saving from an early retirement must be sufficient to pay back the full capitalised cost over no longer that a 5 year period. The saving will usually involve the net loss of a post but the retirement must satisfy the statutory definition of redundancy.**

**Retirement in the Interests of Efficiency of the Service**

- 9. The Council is able to retire an employee who is over 55 in the interests of efficiency of the service. The following factors will be used upon which to judge the merits of each case:
  - a) The benefits in increased efficiency, for example, in service delivery or to facilitate changes to the organisation.
  - b) Any savings that will accrue.
  - c) Health grounds, where retirement on medical grounds or dismissal on capability grounds are not appropriate.
  - d) Compassionate grounds.

**III-Health Retirement**

- 10. The 2007 Regulations introduced a 3-tier system of ill-health retirement which will be applied dependant on the assessment of the Occupational Health practitioner as to the prospect of the employee obtaining gainful employment before their normal pension age (NPA) as follows:

Tier 1	No reasonable prospect of the employee obtaining gainful employment due to ill-health before NPA
Tier 2	Cannot obtain gainful employment within reasonable* period of leaving due to ill-health but likely to be able to do so before NPA
Tier 3	Can obtain gainful employment within reasonable* period of leaving

\* Defined as 3 years

- 11. Ill health retirement benefits will be paid in conjunction with the Pension Regulations as follows:

Membership							
< 2 years	Refund or transfer out						
2 years and over	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Tier 1</td> <td>Immediate 100% enhanced</td> </tr> <tr> <td>Tier 2</td> <td>Immediate 25% enhanced</td> </tr> <tr> <td>Tier 3</td> <td>Immediate no enhancement</td> </tr> </table> <p>* The enhancements will be based on the period to the employees SPA (or age 65 if later)</p>	Tier 1	Immediate 100% enhanced	Tier 2	Immediate 25% enhanced	Tier 3	Immediate no enhancement
Tier 1	Immediate 100% enhanced						
Tier 2	Immediate 25% enhanced						
Tier 3	Immediate no enhancement						

12. Where a former employee is certified as Tier 3 they are required to inform the Council of any employment taken up, whether local government or not. Where gainful employment has not been found by 18 months following termination, the Council will refer the former employee to the Council's Medical Advisor for an opinion as to whether the former employee is capable of undertaking any gainful employment. Depending on their assessment the pension could either be suspended until their SPA or may be upgraded to tier 2.
13. The Council will not terminate employment on ill-health grounds without the recommendation of the Council's Medical Advisor. Further details can be obtained from the Council's Managing Attendance at Work Policy.
14. The formula for the calculation of benefits in ill-health retirement situations is the same as for retirement.

### **Auto Enrolment**

15. Burnley Borough Council implemented the Government's Auto-Enrolment scheme from 1 June 2013. This means that all employees who meet the following criteria will be automatically enrolled into the Local Government Pension Scheme:
  - Earning over £10,000 per year
  - Aged 22 or over and are under State Pension Age and
  - Are not currently in a pension scheme
16. Employees that are auto-enrolled do have the opportunity to opt out. Further information on auto-enrolment into the LGPS can be found at:  
<http://www.yourpensionservice.org.uk>

### **Flexible Retirement**

17. The Local Government Pension Scheme allows scheme members aged over 55 to draw their retirement benefits even though they have not retired providing:
  - The employer consents and
  - There has been a reduction in hours or a reduction in grade equivalent to a minimum of 40%.
18. Where such a request is approved employees will receive payment of their pension (and lump sum if appropriate). Employees may also continue paying into the LGPS to build up further benefits. Further information is available in the Council's Flexible Retirement Scheme.

### **Contribution Rates**

19. The Local Government Pension Scheme 2013 state that employee contribution rates are to be banded and assessed on actual pay as at the day of assessment.
20. Casual workers who are members of the scheme will be re-banded on a monthly basis using exact earnings x 12 to reach an annual pensionable pay figure on which to base individual employee contribution rates.



21. All Pensionable pay (including non-contractual overtime and pay protection) will be included in the calculation of employee contribution rates.
22. The Council has adopted the discretion that where there is a material change in pensionable pay the contribution rate will be re-determined.

### **Limitation of Payments**

23. If a person who is in receipt of a pension under the Local Government Pension Scheme Regulations in respect of an ill-health retirement, is re-employed within the Service, he/she will be subject to pension abatement rules contained in the Local Government Pension Scheme Regulations 1997 and the Local Government (Early Termination of Employee) (Discretionary Compensation) (England and Wales) Regulations 2000. Where appropriate, the employee's pension will be adjusted to ensure that his/her combined income will not exceed the income that would apply had he/she remained in the former employment.

### **Discretions not adopted**

24. For employees with membership prior to March 2014, under the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Council will not award a scheme member an additional period of membership at any time. This discretion has been removed from the 2014 scheme.
25. Under the Local Government Pension Scheme Regulations 2013, the Council will not award a scheme member an additional pension.
26. Under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 the Council will not operate an Injury Allowance Scheme.
27. Under the Local Government Pension Scheme Regulations 2013, the Council will not fund additional pension via a Shared Cost Additional Pension Contribution (SCAPC) contract, either by regular ongoing contribution or one-off lump sum.  
**Note:** Where an employee has had a period of unpaid additional maternity, paternity or adoption leave or a period of authorised unpaid leave (including the purchase of additional leave) and makes an election to purchase the full amount of the lost pension within 30 days of their return to work, the Council will fund 2/3<sup>rd</sup>s of the cost of the purchase. (In the case of buying additional leave the election should be made within 30 days of the purchase being approved)

(Transitional Provisions, Savings and Amendments) Regulations 2014, the Council will not apply the Rule of 85 protection to any scheme member who wishes to voluntarily draw benefits on or after 55 and before age 60.

Further information on the Rule of 85 can be found at:

<http://www.lgps2014.org/content/rule-85>

### **Transfer of Pensionable Service**

29. New entrants to the Lancashire Scheme are advised that they have 12 months to request a transfer of previous service from another scheme. Individual applications by employees of Burnley Borough Council for transfers into the LGPS, that are beyond the first 12 months of active membership of the scheme, are referred to the

Head of People & Development to be dealt with under delegated powers. The Head of Finance will be consulted in the use of this delegation. The circumstances of each case will continue to be considered on an individual basis, but with reference to the following principles:

Generally applications will only be approved if:

- No previous option was given to the member due to an administrative error (e.g. service declared but the transfer quotation had never been requested).
- There has been an administrative delay in processing the initial request, which was received within the initial 12 months of active membership.
- There are exceptional circumstances that have prevented the employee from exercising their option within 12 months of active membership of the scheme.

### **Payment of Deferred Benefits**

30. If you leave your employment as a result of redundancy or efficiency and you are aged 55 or over, you will receive immediate payment of any pension benefits relating to that employment. If you have previously chosen to combine an earlier deferred period of employment with the employment from which you are being made redundant, any pension you receive will be based on all your service. If, however, you have chosen to leave your benefits separate, any pension and lump sum you receive will relate only to service in the later employment. You will not normally be able to receive payment of any deferred benefits until your NPA. Further information on deferred benefits is available at [www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

### **Early Release of Benefits for former employees on ill-health grounds**

31. Preserved benefits are payable if the authority (as the former employer) is satisfied (based on the opinion of a medical officer suitably qualified in occupational health) that the individual is permanently incapable of discharging efficiently the duties of his/her former employment. In these cases there would be no ill-health enhancement and no reduction in benefits.
32. The LGPS (Miscellaneous) Regulations 2012 now allow a former employee who has had their Tier 3 benefits suspended to request early release of their suspended pension benefits on ill-health grounds after age 55 and before age 60 but only if they are “permanently incapable of undertaking any gainful employment”. The ill-health condition can be a new condition or the same one which has deteriorated. The assessment will be made by the Council’s Medical Advisor. In these cases any reduction in benefits could be waived at the Council’s discretion. This decision will be taken by the Executive Member for Resources and Performance Management and Head of People and Development based on the individual circumstances.

## **Policy for Release of Benefits on Compassionate Grounds**

33. Preserved benefits (other than for ill health cases) would only be released if an ex-employee's personal circumstances are such that the Authority agrees that he/she is prevented from working by the need to provide full-time care for a husband/wife/partner/son/daughter who is suffering from a terminal or chronic illness and this results in financial hardship for the family.

The decision to release preserved benefits on compassionate grounds will be taken by the Head of People & Development in consultation with the Head of Finance and Executive Member for Resources and Performance Management.

In these circumstances any reduction in benefits could be waived at the Council's discretion. This decision will be taken by the Head of People & Development in consultation with the Head of Finance and Executive Member for Resources and Performance Management.

## **Pension Tax Relief**

34. With effect from April 2014 the annual allowance for tax relief purposes is £40,000. This means that employees who receive a significant pay increase may need to pay tax on any contributions in excess of the annual allowance. This is only likely to affect higher earners but the Council recommends that employees who think they may exceed the annual allowance seek specialist advice from an independent financial advisor. Further information on the calculation of annual allowances can be found at [www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

## **Further Information**

35. Further information on the payment of pension benefits outlined in this statement can be obtained from the People and Development Unit (ext 7124).
36. Your Pensions Service administer the Local Government Pension Scheme on behalf of Burnley Borough Council and can be contacted on 0300 123 6717 (helpdesk) or by email [AskPensions@localpensionspartnership.org.uk](mailto:AskPensions@localpensionspartnership.org.uk) or via the website [www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

February 2017

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# Strategic Plan 2017/18



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# EXECUTIVE

BURNLEY TOWN HALL

Monday 13<sup>th</sup> February 2017 at 6.30 pm

109. <b>Strategic Plan 2017-20</b>
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Purpose To seek Executive endorsement of the updated Strategic Plan (appendix 1).

Reason for Decision The Strategic Plan sets out a clear vision for the future at a time of challenging budget decisions: one that is evidence based, shared by all Units of the Council, and is in tune with the aspirations of local people.

Decision **That the updated Strategic Plan be recommended to Full Council.**

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## Strategic Plan 2017/8

### REPORT TO EXECUTIVE



DATE	13/02/2017
PORTFOLIO	Leader
REPORT AUTHOR	Rob Dobson
TEL NO	3115
EMAIL	rdobson@burnley.gov.uk

#### PURPOSE

1. To seek Executive endorsement of the updated Strategic Plan (appendix 1).

#### RECOMMENDATION

2. That the Executive recommend the updated Strategic Plan to Full Council.

#### REASONS FOR RECOMMENDATION

3. The Strategic Plan sets out a clear vision for the future at a time of challenging budget decisions: one that is evidence based, shared by all Units of the Council, and is in tune with the aspirations of local people.

#### SUMMARY OF KEY POINTS

4. The Strategic Plan is updated annually. It sets out the Council's strategic priorities during the next three years.
5. The Strategic Plan has four themes: *People*, *Places*, *Prosperity* and *Performance*. The *People* theme deals with client centred services that support residents to achieve their full potential by, for example, supporting efforts to improve skills in the borough. The *Places* theme sets out our strategy in relation to the natural and built environment and community safety. i.e., maintaining a clean, green and safe borough. The *Prosperity* theme sets out the Council's economic development priorities and the *Performance* theme is about internal processes and improvement activity, i.e. the Council's organisational development strategy.
6. Executive members will report progress against the strategic plan actions at future Full Council meetings.
7. The Strategic Plan covers the medium term: all of the commitments will be delivered within three years. Heads of Service use the Strategic Plan to develop their own unit plans. These set out in more detail the tasks associated with achieving the Council's objectives over the course of the next year.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

8. As set out in the Council's draft budget.

## **POLICY IMPLICATIONS**

9. As set out in the strategic plan and the Council's strategic risk register.

## **DETAILS OF CONSULTATION**

10. Scrutiny Committee's response to the draft strategic plan will be detailed in the Minutes of the meeting on 9th February 2017.

11. A residents' survey is conducted annually to help determine key priorities.

## **BACKGROUND PAPERS**

12. The current strategic plan: <http://www.burnley.gov.uk/about-council/our-strategies-and-policies>

## **FURTHER INFORMATION**

**PLEASE CONTACT:**

**Pam Smith, CEO.**

**ALSO:**



**Burnley**.gov.uk

# Burnley Council's Strategic Plan 2017/18 to 2019/20

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# Burnley Council's vision 10 year vision for the borough:

*The Council wants to make the borough a place of choice. It will be a place where businesses want to invest, because of its skilled workforce and its competitive, modern economy. It will be a place where people want to live because of its clean and safe neighbourhoods, its reputation as a centre of educational excellence, and its beautiful parks and wild countryside.*

## Our values:

**One Burnley –Leading the Way**  
**One Council –Working Together**  
**One Team –Ambitious for Burnley**

- T -Together
- E -Enterprising
- A - Ambitious
- M -Meeting Customer Needs

## Burnley Council: adapting to change

From 2010 to 2016, the Council has managed budget reductions totalling £11.6m. It has absorbed and delivered annual budget savings 7.5 times the national average. Workforce planning has resulted in a reduction to the establishment of 173 F.T.E posts, and there has been TUPE transfer of a further 183 F.T.Es to our strategic partners, Burnley Leisure Trust and Liberata.

The budget challenge remains immense. The 2017/18 Local Government Finance Settlement (LGFS) for next three years from means that the cumulative budget gap for Burnley Council is greater than projected, rising from an estimated £4 million to £4.5 million, out of a current budget of £15 million.

This adds to the pressure on the Council to make savings and find ways of raising income in a way that protects the priority services that help to strengthen the local economy, and that help make the Borough a cleaner, greener, safer and more prosperous place to live.

In recent years, the Council has successfully lobbied for additional investment in Burnley, and will continue to press the case for the borough at the highest levels of Government. However, if the Council is to continue delivering quality services that meet the needs of the borough, then further change is inevitable if the Council is to remain financially viable. Lower priority services may have to be reduced or stopped, and charges may increase for discretionary services.

Our strategic plan ensures that we do not take a salami-slicing approach to making efficiencies. In having clear vision for the borough, the Council will stay focussed on what really matters and will seek innovative ways of resourcing those priorities. We are a confident, positive organisation, and together with our partners, we have strong track record of delivering positive outcomes for the people of Burnley and Padiham.

## Our guiding principles

In leading the transformation of the Council, the Executive and Management Team have worked to the following principles:

- Burnley Council is pragmatic. The Council is not ideologically committed to a specific model of local government organisation. This means that the Council is open minded about how to achieve savings. It will pursue joint working arrangements, or seek to outsource services to the private sector, where there is a clear business case.
- A business case for change must take into account the impact on the local economy, as well as the cost and benefits in terms of service quality and efficiency gains. It will implement changes following appropriate consultation with residents and employees.

These principles were applied in selecting Liberata as our strategic partner. The business case showed that the Council would be able to save money and maintain priority service levels, while also being the best option for local employment opportunities.

## Who is this document for?

The strategy is prepared to help Elected Members and officers execute the Council's business in a well-planned and effective manner. While it is primarily for an internal audience, it is also a public document. Local residents and businesses can use this document to stay informed about the Council's plans for the Borough. The Council's Executive members report progress against the strategic commitments at Full Council meetings.

## What is the purpose of the Strategic Plan?

1. The Strategic Plan describes how the Council will make the vision for the Borough, which is described in the [Community Strategy](#),<sup>1</sup> a reality. The Community Strategy is about achieving better quality of life outcomes for local residents.
2. The Strategic Plan unifies the Council's service units, and is used to articulate common purpose.
3. Strategic analysis helps anticipate and prepare for change. The strategic planning process helps the Council audit internal capacity, informing decisions about resource allocation (staff, budgets, technology, equipment, and premises).
4. Finally, the Strategic Plan encourages dialogue amongst different service units in the Council. This in turn should lead to more joined up working as council officers identify points of connection at the level of outcome, output, process or input.

**The strategic plan does not cover every service delivered by the Council. The emphasis is on planning for major change and challenges, and defining priority actions linked to corporate objectives. However, as stated above, an overriding concern of the Council is to protect core services. Though budget pressures may mean that how we provide services may have to change, the Council will continue to provide good quality frontline services that are a priority for local residents. An overview of these services is set out below.**

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<sup>1</sup> See: <http://www.burnley.gov.uk/about-council/burnley-action-partnership>

## Burnley Council Services

- We collect rubbish, recyclable or non-recyclable, from every household every week. On the next working day following a general refuse collection, every residential street is swept by manual litter pickers. Following a recycling collection, the street receives a mechanical sweep.
- We own and manage the historic Towneley Hall that attracts tens of thousands of visitors every year.
- We manage over 550 hectares of parks and green spaces including five Green Flag Parks.
- In partnership with Burnley Leisure, we fund three quality leisure facilities (St Peter's, Padiham and the Prairie), and the Mechanics theatre which attracts top names in comedy, music and the arts.
- We work with businesses to support job creation, business growth, and inward investment.
- We prosecute those who commit environmental crime in the borough.
- We support victims of antisocial behaviour and work with the police to take action against anti-social behaviour.
- We deal with around 4,000 calls and 2,000 visitors every week at our contact centre.
- We award benefit to around 12,000 households a year.
- We provide a quality advice and enforcement service for vulnerable households and individuals and work to tackle homelessness.
- We provide public protection services: we conduct food safety checks on food establishments; we carry out health and safety inspections of warehouses and retail premises; we license pubs and clubs and taxis; we investigate environmental pollution complaints about noise, smoke and private water supplies; and we provide CCTV monitoring.
- We work with the police and community organisations to help foster stronger community relations.
- We process around 500 planning applications per annum and aim to ensure that new development in Burnley is built to high design standard. We also protect the historical heritage of the town through the management of conservation areas and listed building protection, and take enforcement action to protect the quality of life of Burnley residents against unauthorised building activity.
- We conduct local land searches for buyers of land or property.
- We plan and deliver major regeneration projects, in partnership with the private sector.
- We manage car parks so parking in Burnley is easy.
- We ensure that taxpayers' money is spent prudently and that the Council allocates resources within its means by providing a professional treasury management and audit service.
- We make sure local citizens have a democratic voice, through proper and effective management of elections.



## Strategic Plan 2016/17- what did we achieve?

### **Places**

- The Council's Rethinking Parks project was selected as the winning entry in the Horticulture Week Custodian Awards under the category of 'Best Urban Park Initiative'.
- Between April and December 2016, the Council received and dealt with 205 new disrepair complaints from private rented sector tenants, and carried out 65 proactive housing inspections. The Empty Homes programme worked on 7 renovations and 3 sales, returning properties that had become a blight on local neighbourhoods back into good homes.
- We continued to work with the private sector and our registered social landlords to bring forward new development across the Borough. Keepmoat are making progress in both Burnley Wood and South West Burnley, where development continues to transform these neighbourhoods into popular residential locations. Gleeson homes continue to develop in Daneshouse and Stoneyholme and are reporting an increase in demand for the properties, which together with the Great Places development of 50 affordable homes at Grey Street, are offering real choice for residents. Gleasons have also secured planning permission for 202 homes in Hapton on the former Blythe chemical works site which will see the redevelopment of a complex brownfield site for new family homes. Calico Homes submitted a planning application to develop 56 affordable homes on the former Perseverance Mill site at Dryden Street, Padiham. This development will see new housing built on a site that for many years was a significant blight on the local neighbourhood. McDermott Homes are also preparing to start on site following their planning permission for 86 high quality family homes on the former Waterside Mill site off Sycamore Avenue in Rosegrove, again ensuring that home buyers in the borough are offered real choice.

### **Prosperity**

- In partnership with Addington Capital, the owners of Charter Walk, our investments in the Town Centre helped to draw a high profile retailer into the Town Centre.
- The Burnley Bridge Business Park has proved to be immensely attractive to expanding and re-locating businesses. The Council approved plans to extend the 70-acre scheme with a new ten-acre development comprising 110,000 sq. ft. of accommodation.
- The Council's work on promoting growth was recognised nationally with a shortlisting for the LGC's award for growth. Recent figures from the Office of National Statistics show that the number of jobs in Burnley increased by 4.2% in the last twelve months. This is twice the growth rate seen in Lancashire, Greater Manchester, the North West and Great Britain.

### **People**

- Our Primary, Secondary Engineer Programme is now being delivered to both primary and secondary schools and over 80 teachers in Burnley are involved.
- Burnley hosted a range of popular events including the Burnley 10k, the Burnley Literary Festival, and the Towneley Bonfire and Firework Display.

### **Performance**

- The first year of our 10 year partnership with Liberata to provide transactional services was a success. A transformation of business systems is well underway.
- The Council participated in an independent peer review. The review team reported that: the political and managerial leadership of the Council is strong; we have committed and loyal staff who are proud of Burnley; we have grown the economy, and; the Council is financially well managed.

## What do we want to achieve during 2017 and beyond?

Much of what the Council has or plans to achieve, involves working in partnership. The [Sustainable Community Strategy](#) sets out the vision for the Borough that is shared by statutory agencies, local businesses and the third sector. It includes a list of long term commitments which will help us achieve a cleaner, greener, safer and more prosperous Borough in the future.

The Community Strategy describes the Borough's challenges, its assets and opportunities. The following section of this document sets out the Council's role in meeting those challenges, exploiting the assets and the opportunities that exist in the Borough. It is structured around the themes of **People, Places, Prosperity**, in line with the Sustainable Community Strategy. A fourth theme, **Performance**, sets out the Council's approach to organisational development.

This structure helps:

- breakdown departmental silos, so that Service Units are encouraged to think collaboratively about how to achieve corporate objectives;
- ensure that the Council focuses on a balanced range of priorities, so that interventions are mutually supportive. For example, the Council wants to encourage business growth so that local people have access to good, well-paid jobs (an objective under the *prosperity* theme). But to achieve this we must make sure that educational attainment improves (an objective under the *people* theme) and that, also, the environment for doing business is good thanks to clean streets and safe neighbourhoods (and action under the *places* theme);
- design services around the needs of citizens and businesses that we serve, rather than around the structure of the Council.

## People - creating flourishing, healthy and confident communities

### **What are the challenges and opportunities?**

Increasing educational attainment and skills is the top priority for the borough. The Council will continue to work with partners in the education sector to help maintain the focus on this.

Health inequality is a significant factor in Burnley. For example, alcohol related hospital admissions, the number of incapacity benefit claimants for poor mental health, and deaths from smoking are all higher than the national average. Levels of worklessness due to ill health are also high. As a district council, we are well positioned to influence and deliver many measures that can help prevent ill health, both through our key functions and our enabling role. Our quality parks and green spaces are a “Natural Health Service,” and our housing services, environmental health function, our role in improving community safety, and in particular our partnership with Burnley Leisure, are all key. Perhaps our biggest long-term contribution to preventing ill health is our commitment to help grow the local economy. Poverty is a significant cause of poor health, so we want to help more local people into secure, decently paid jobs, as described in the prosperity theme of this strategy.

<b>What do we commit to?</b>	<b>Lead</b>
<b>PE1-</b> 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.	Chief Executive Leader
<b>PE2-</b> We will continue to develop the leisure and cultural offer of Burnley in partnership with Burnley Leisure.	Chief Operating Officer Executive Member for Leisure and Culture

## Places: making the Borough a place of choice

### **What are the challenges and opportunities?**

Resident feedback tells us that maintaining the cleanliness of the borough matters to our residents. Though falling, the number of flytipping incidents and dirty back yards is high compared with other areas.

Feedback from residents also shows that reducing crime and antisocial behaviour is another priority. The level of crime is higher than the Lancashire average.

Compared with the Lancashire average, a higher proportionate of residents live in private rented accommodation. Unfortunately, not all of this accommodation is managed to a good standard, with some neighbourhoods blighted by incidents of antisocial behaviour, long term empty properties or properties that are unfit for habitation.

We are proud to maintain a significantly higher than average proportion of greenspace per head of population. Evidence suggests that access to parks and nature has major health benefits, as well as making the living environment attractive. Our parks are therefore a key asset in making the borough a good place to live and work. In addition, the Council has an obligation as a community leader to play a part in reducing harmful carbon emissions and responding to climate change.

The borough also has a significant number of cultural and sporting assets; the Mechanics, Towneley Hall, modern leisure centres and well attended community sport and other events.

<b>What do we commit to?</b>	<b>Lead</b>
<b>PL1-</b> We will implement a range of initiatives to maintain a clean, safe borough.	Head of Streetscene Executive Member for Community Services
<b>PL2-</b> We will improve the management of private rented accommodation.	Head of Housing and Development Control Executive Member for Housing and Environment
<b>PL3-</b> We will work with partners to improve quality and choice in the borough's housing stock.	Chief Operating Officer Executive Member for Housing and Environment
<b>PL4-</b> We will implement our 2015-25 Green Space Strategy.	Head of Green Spaces and Amenities Executive Member for Leisure and Culture

# Prosperity – promoting transformational economic change for Burnley

## **What are the challenges and opportunities?**

Advanced manufacturing, particularly within the aerospace industry, is a key component of the economy of Burnley and the wider region. Employees in the sector tend to be relatively well paid and highly skilled. Burnley and Pennine Lancashire already have a strong reputation in this sector which helps to attract foreign investment and new jobs. At the same time, the local economy should not be overly dependent on this sector. It also needs to adapt to a declining number of public sector jobs. Strong and resilient economies require a diverse range of businesses and for the stock to be constantly replenished with new enterprises.

With a retail catchment area of 300,000 people, Burnley is a major retail and service centre in Pennine Lancashire. Being vital for local jobs, the Council should take action to protect and develop the existing Town Centre offer.

By promoting Burnley as an investment opportunity, and by improving travel connections and kick starting development to attract investors, the Council is dedicated to getting the most out of Burnley’s key assets: its rural setting, its proximity to the regional growth hub of Manchester, the economic development potential of Burnley’s land and its education and skills infrastructure. The new Local Plan should act as the key supporting framework for encouraging employment and housing investment, with the aim of maintaining the recent trend of private sector job growth.

The Council is ambitious for Burnley; the devolution of powers from central government is an opportunity for the borough. To ensure that Burnley punches above its weight and gets a fair deal, the Council’s Executive and Management Team will make sure that the business case for Burnley is heard at sub-regional, regional and national decision making levels.

<b>What do we commit to?</b>	<b>Lead</b>
<b>PR1-</b> We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment.	Chief Executive Council Leader
<b>PR2-</b> We will proactively support the borough’s businesses to innovate and expand, and make the borough a natural choice for business relocation.	Head of Regeneration and Planning Policy Executive Member for Regeneration and Economic Development
<b>PR3-</b> We will make the borough attractive to retail and leisure developers, and will identify a sustainable future for the Burnley Market.	Chief Operating Officer Executive Member for Regeneration and Economic Development
<b>PR4-</b> We will deliver the Local Plan. This will act as the key supporting framework for encouraging future employment and investment in a range of housing stock.	Head of Regeneration and Planning Policy Executive Member for Regeneration and Economic Development

## Performance- ensuring a continuous focus on improvement in all aspects of the Council's performance

The Council always has a duty to ensure that tax payers get value for money, and the current era of austerity means that services cannot continue to be delivered in the same way as in the past. New service delivery models will be required to achieve efficiencies. If services have to be cut the Council will be clear about the process that has been followed in reaching these decisions.

In September 2016, the Council was peer reviewed. The peer reviewers' report told us that the Council has strong political and managerial leadership and that the performance of many core services is good. Staff members are committed and loyal, despite the workforce experiencing challenging reductions in their number. The peer reviewers also reported that though the Council's future funding position is "challenging", it has "clear plans in place" and "a record of strong financial management."

<b>What do we commit to?</b>	<b>Lead</b>
<b>PF1-</b> We will embed the partnership with Liberata within the Council's budget, strategic vision and commercial strategy.	Chief Operating Officer Executive Member for Resources and Performance
<b>PF2-</b> We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable financial footing. This strategy will set the framework for preparing annual budgets, ensuring the annual budget strategy is set within the context of the longer term outlook.	Chief Operating Officer Executive Member for Resources and Performance
<b>PF3-</b> We will develop our digital strategy, so that more residents transact with us online and we are able to deliver services more efficiently.	Chief Operating Officer Executive Member for Community Services

## Corporate Performance Scorecard 2015-2016

Measure	Target	Result	On target
<b>Outcomes</b>			
% of residents satisfied with the Council overall	48%	56%	★
% users satisfied with parks and open spaces (A)	70%	85%	★
% satisfied with leisure facilities	55%	58%	★
% satisfied with general household waste collection	80%	84%	★
% satisfied with litter free public land	47%	59%	★
% stating that ASB is a problem in the local area	28%	25%	★
Private sector investment levered through inward investment service and development projects	£10m year end	£30,913,207	★
<b>Internal processes</b>			
Average number of days to process new claims and change of circumstances (benefits processing)	9	6	★
Telephone calls answered within target time (%)	80%	73%	▲
No. of businesses relocation assists	10	20	★
<b>Organisational development</b>			
Average number of days sickness absence per employee	6	8.29	▲
Spend on training as % of total revenue budget	1%	1%	★
<b>Finance</b>			
Forecast revenue budget outturn (£)	£15,889,000	£15,284,000	★
Forecast Earmarked Reserves at year end	£5.437m	£6.974m	★
External Borrowing	£20.7m	£20.6m	★

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# Constitutional Reporting



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**Constitutional Updates and Council Delegations**

**REPORT TO FULL COUNCIL**



<b>DATE</b>	<b>22/02/2017</b>
<b>PORTFOLIO</b>	<b>Leader</b>
<b>REPORT AUTHOR</b>	<b>Eric Dickinson</b>
<b>TEL NO</b>	<b>01282 477256</b>
<b>EMAIL</b>	<b>edickinson@burnley.gov.uk</b>

**PURPOSE**

1. To inform Members of the consequential and minor amendments to Part 3 of the constitution made by the Monitoring Officer, mainly relating to the changes in Senior Management which have taken effect since the 21<sup>st</sup> December 2016 Full Council meeting .
2. To inform Members of the consequential and minor changes made to the constitution, by the Monitoring Officer, mainly relating to the changes in Senior Management which have taken effect since the last meeting of Full Council;
  - (a) Part 2 Articles
  - (b ) Part 4.6 Financial Procedure Rules
  - (c ) Part 4.8 Officer Procedure Rules
3. To consider the approval of non - minor changes requiring Council approval where relevant for;
  - (a) Part 4.7 Standing Orders for Contracts (Appendix 1)
  - (b) Part 5.9 Protocol for Awards to Recognise Service to the Community or the Council - relating to a Certificate of Honour (Appendix 2)
  - (c) Part 5.1 Code of Conduct regarding the training of Members relating to Equality and Diversity and Child Sexual Exploitation

**RECOMMENDATION**

4. That the consequential and minor amendments to Part 3 of the constitution made by the Monitoring Officer relating to the changes in Senior Management ,which have taken effect since the last meeting, be noted
5. That the consequential and minor changes made to the constitution relating to the changes in Senior Management, which have taken effect since the last meeting as follows, be noted;
  - (a) Part 2 Articles

(b) Part 4.6 Financial Procedure Rules

(c ) Part 4.8 Officer Procedure Rules

6. To approve non minor changes requiring Council approval where relevant for;

(a) Part 4.7 Standing Orders for Contracts (Appendix 1)

(b) Part 5.9 Protocol for Awards to Recognise Service to the Community or the Council relating to a Certificate of Honour.

(c ) Part 5.1 Code of Conduct , regarding the training of Members relating to Code of Conduct/ethical standards, Equality and Diversity and Child Sexual Exploitation to be made annual and mandatory.

#### REASONS FOR RECOMMENDATION

7. To ensure that the requirements of the constitution are upheld, and that maximum transparency is maintained.

#### SUMMARY OF KEY POINTS

8. Changes to Part 3

Consequential Minor Amendment to Part 3 by the Monitoring Officer.

At the last meeting of Full Council on 21<sup>st</sup> December 2016 it was confirmed that a Chief Operating Officer had been appointed and that the posts of Director of Resources and Director of Community Services would no longer exist.

This took effect from 1<sup>st</sup> January 2017 , and the Monitoring Officer has used his delegated powers, as stated in the constitution, to consequentially amend Part 3 of the constitution.

An updated version has been published on the Council's website at <http://www.burnley.gov.uk/about-council/other-information/constitution>

9. Changes to the Constitution other than Part 3 - minor

Consequential Minor Amendments to Parts 2, 4.6 and 4.8 by the Monitoring Officer

At the last meeting of Full Council on 21<sup>st</sup> December 2016 it was confirmed that a Chief Operating Officer had been appointed and that the posts of Director of Resources and Director of Community Services would no longer exist.

This took effect from 1<sup>st</sup> January 2017 , and on the Monitoring Officer has used his delegated powers, as stated in the constitution, to consequentially amend the following parts of the constitution.

Part 2 Articles

Part 4.6 Financial Procedure Rules

## Part 4.8 Officer Procedure Rules

Updated versions have been published shortly on the Council's website at <http://www.burnley.gov.uk/about-council/other-information/constitution>

10. Changes to the Constitution other than Part 3 – non minor changes require Council approval

(a) Part 4.7 Standing Orders for Contracts – **a number of changes to be approved in order to update and improve the implementation of the Standing Orders for Contracts**

(b) Part 5.9 Protocol for Awards to Recognise Service to the Community or the Council - relating to a Certificate of Honour

In order to clarify the process regarding a Certificate of Honour, for which there is no limit to the number of nominations/awards, the proposal is for Member Structures Working Group to be able to agree the award and for the **following addition** to be made to Part 5.9 Protocol for Awards to Recognise Service to the Community or the Council ;

**“In the case of a Certificate of Honour, the decision to award can be made by the Member Structures Working Group, without the need for Full Council approval.”**

(c) Part 5.1 Code of Conduct - training requirements relating to Equality and Diversity and Child Sexual Exploitation.

The 8<sup>th</sup> February 2017 Member Structures Working Group have recommended that Part 5.1 Code of Conduct for Members, **Paragraph 3.1, be amended** to state that the mandatory training for Code of Conduct/ethical standards for Members be made annual, and that Member Training on Equality and Diversity and Child Sexual Exploitation also be undertaken annually and be mandatory.

**“3.1 All members must attend training on the Code of Conduct/ethical standards on being elected/re-elected to the Council. Thereafter it will be a requirement to attend this training annually. All members must also attend training on Equality and Diversity and Child Sexual Exploitation annually.”**

### FINANCIAL IMPLICATIONS AND BUDGET PROVISION

11. None.

### POLICY IMPLICATIONS

12. None.

### DETAILS OF CONSULTATION

13. Member Structures Officer & Working Group.

**BACKGROUND PAPERS**

14. None.

**FURTHER INFORMATION**

**PLEASE CONTACT: Eric Dickinson**

**ALSO:**

# STANDING ORDERS FOR CONTRACTS

*DRAFT Version ~~7~~8.0*

*(February 2017~~December-2016~~)ED*

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### **Appendix A**

#### **The Tender Process: Procedures**

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## 1.1 Revision History

<b>Version</b>	<b>Date</b>	<b>Author</b>	<b>Description</b>
1.0	April 1994	Tom Forshaw	Original
2.1	17/10/2006	Chris Gay	Executive Approval
2.2	29/01/2010	Chris Gay	Updated EU Thresholds
3.0	14/07/2011	Chris Gay	Review of Constitution and e-tendering
4.0	17/09/2013	Chris Gay	Review of Constitution
5.0	10/04/2014	Chris Gay	Contractor pre-approval, New Thresholds
6.0	Nov 2015	Chris Gay	Council reorganisation & minor amends
7.0	Dec 2016	Eric Dickinson	Sealing of documents
8.0	Feb 2017	Eric Dickinson	Council reorganisation & Review

For the purposes of this document Chief Officers are defined as including only the Chief Executive and the Chief Operating Officer

## **2. 0 Standing Orders for Contracts: Context**

Local Authorities are required by law to maintain proper arrangements for the administration of financial matters. The following Standing Orders for Contracts (SOC) apply to the procurement of all supplies, services and works, and the disposal of assets on behalf of Burnley Borough Council. They provide the framework, with associated relevant policies<sup>1</sup>, to enable the Council to conduct financial matters to the highest standards of probity in a clear, visible and transparent way and ensure the fair selection of suppliers.

Equally important are the provisions of value for money through competition and the avoidance of practices which may restrict, prevent or distort competition. These Standing Orders facilitate delivery of value, competition and best practices.

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<sup>1</sup> Such policies will be clearly identified where relevant within SOC

Everyone involved in procurement and contracting on behalf of the Council, regardless of value, is required to comply with these Standing Orders. This includes any partnership or grant funded arrangements for which the Council is the accountable or host body.

Exceptions to these Standing Orders may be sought where expediency is required, for example in response to an emergency or due to the specialist nature of the supplies, services or works required. In such cases the use of 'emergency powers' as set out in the Council Constitution are to be followed.

Where these Standing Orders refer to action being taken by a Committee or Sub-Committee such action may require confirmation by the Executive or the Council unless authority has been delegated to that Committee or Sub-Committee.

The Council is committed to providing value for money in all it does; and recognises that this may involve following new and innovative ways of procurement. As such these standing orders will be kept under periodic review to ensure they remain fit for purpose and allow the flexibility to adopt new approaches.

NOTE: The word 'contract' includes any binding arrangement whether documented in a formal contract, an accepted order, or in correspondence. It also normally includes binding arrangements made verbally, however these Standing Orders prohibit the making of a verbal contract with a value greater than £1,000.

## 2. 1 Contract Value Thresholds

Threshold	Summary procurement method	Go To:
Less than <b>£24,000</b>	Verbal agreement with written or electronic record; market testing undertaken appropriate to the need or value of the contract/ purchase	<a href="#">Page 11</a>
<b>Above £24,000 and Below £20,000</b>	Market testing undertaken by the method deemed most appropriate by the relevant Head of Service (min <b>34</b> competitive quotes) or use available Framework	<a href="#">Page 12</a>
<b>Above £20,00 and Below £100,000</b>	Between <del>four three</del> and <del>five six</del> competitive quotes obtained.	<a href="#">Page 12</a>

	Supplier can be drawn from <u>Open Tender or other procedures, a Framework, Pre - Approved Suppliers/ Select list. Cs or Open Tender or Framework contracts Finder website used to advertise opportunities</u>	
<b>Above £100,000</b>	Executive authority required. Tenders invited, <u>public advertisement (Contracts Finder) advertised in appropriate journals</u> . Supplier can be drawn <u>Open Tender or other procedures, a Framework, Pre - Approved Suppliers/ Select list. Compliance with EU Regulations required above appropriate thresholds from Pre-Approved Suppliers or Open Tender or Framework</u>	<a href="#">Page 14</a>

## 2. 2 European Union: Public Procurement Thresholds

Contract	Threshold	For further information go to:
<b>Supplies*</b>	£1 <del>6472,1765</del> <del>44</del>	Official Journal of the European Union (OJEU)  <a href="#">Thresholds</a>  See: 'Other public sector contracting authorities'  <small>* <u>Thresholds from 1<sup>st</sup> January 2014</u> check website for further updates: web address on page 22, or click 'Thresholds' link above. Please note that thresholds are generally updated every 2 years – the next update is due in January 2018</small>
<b>Services*</b>	£1 <del>6472,1765</del> <del>44</del>	
<b>Works*</b>	£4, <del>104322,39</del> <del>4012</del>	
<b><u>Concessions*</u></b>	<b><u>£4,104,394</u></b>	

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As a Public Body the Council is required by law to comply with UK and EU procurement legislation. Standing Orders for Contracts identify these requirements and the subsequent actions needed as and when applicable.

In all cases where purchase or contract values are above EU thresholds the subsequent procurement activity must follow the prescribed EU procedures. Failure to comply with this may lead to a formal challenge of our procurement decisions that could result in severe penalties, including financial, being awarded against the Council.

## 2. 3 Contact Details for: Burnley Procurement Officer

☎ 01282 425011 Ex 3116

Standard tender documentation is available via the Procurement Officer. To prepare and publish an OJEU notice (see SOC 18i) the Council uses ~~the the~~ [TED e-Notices website for SIMAP Information system for EU compliant european procurement website](#). For further ~~detail~~ [details](#) contact the Procurement Officer.

## 3. 0 Standing Orders Applicable to all Contracts: General Matters

The following Standing Orders apply to all contracts and sales agreements or purchase orders:

### **SOC 1. Compliance with Contract Policies**

- i. Officers dealing with procurement and contracting must do so in accordance with Burnley Borough Council's Finance Procedure Rules and Guidance issued by the ~~Head of Finance~~~~Director of Resources~~ for the operation of Procurement Systems, these Standing Orders for Contracts, ~~the Corporate Procurement Strategy~~, UK Domestic Regulation (Public Contract Regulation 2015 or successor regulation) and European Procurement ~~Directives~~ Rules
- ii. Unless specifically provided otherwise, they apply in the event of the Council or delegated officer acting as agent for another local or public authority or company or organisation. They also apply where the Council acts as the Accountable Body under any partnership or external funding arrangements
- iii. The Chief ~~Officers~~~~Executive, Directors and~~ and Heads of Service must ensure that these Standing Orders are observed throughout the Service(s) under their control. They must ensure that appropriate staff are aware and comply with these requirements.
- iv. That joint procurement contracts or purchasing frameworks established through collaboration, or other similar arrangements, must be used when procuring supplies, services or works that are the subject of those arrangements
- v. The potential for collaboration with other public bodies must be considered when planning a procurement exercise or changes in service provision, including use of existing framework opportunities
- vi. Once the need to procure supplies, services or works with a value of £20,000 or above has been established, the Council's Procurement Officer must be contacted to establish if collaborative opportunities or existing arrangements are available to avoid unnecessary cost, duplication and mobilisation

### **SOC 2. Value Added Tax**

- i. Amounts stated in these Standing Orders and within Tender documentation exclude Vat Added Tax (VAT)

### **SOC 3. Estimate of Costs (Market Testing and Request For Quotation)**

- i. A genuine estimated cost of supplies, services, works or income from sales should be obtained in line with the appropriate SOC thresholds prior to starting a procurement or contracting exercise (see also SOC 6 (ii) on whole life costs)
- ii. To stimulate competition approved e-procurement platforms (Including tThe Chest-etc.) may be used to advertise requests for quotation (RFQ) for purchases with an estimated value above £1,000 and up to £20,000
- iii. The RFQ must include a short written specification detailing the Council's requirement; a clear pricing schedule and details of what other information is to be returned. It must set out the evaluation criteria to be used
- iv. Subject to legislative compliance, the evaluation may include factors which demonstrably aim to achieve the delivery of value for money and provide opportunities for local business
- v. In some cases trading concessions may not match SOC threshold limits, in such cases consideration of value must be calculated in as required by the Concessions Directive~~confirmed with the relevant Director~~

### **SOC 4. Land Transactions** *(EU Directives do not apply here)*

- i. Land transactions are to be dealt with as set out in the Scheme of Delegation (Part 3 of the Council's Constitution). Where tenders are invited SOC 18, 20 and 21 will apply where legally possible, save that the highest bid will be accepted by the Head of Governance, Law, Property and Regulation~~Director Resources~~ or officer with delegated authority
- ii. The contract documentation in relation to land transactions shall be in such form as the Head of Governance, Law, Property -and Regulation determines is sufficient to protect the Council's interests

### **SOC 5. Disposal of Assets**

- i. Assets with a collective value below £500 may be disposed of by any means determined by the relevant Head of Service
- ii. Assets valued at between £501 and up to £50,000 must be disposed of by a method chosen by the Head of Service and a written justification of the choice retained

- iii Assets valued over £50,001 including land and property must be disposed of in accordance with SOC 4 and the Council's Financial Procedure Rules
- iv In any disposal of assets confirmation must be obtained that any personal data or information has been removed or destroyed in confirmation with the Council's Records Management and Information Security Policies
- v Written records must be maintained of all actions relating to the disposal of assets.

### **SOC 6. Splitting of Contracts**

- i. Contracts cannot be artificially split with a view to bringing their value below any SOC threshold or Public Procurement (EU) threshold
- ii. The principle of aggregation must be applied to arrive at a total contract value in relation to meeting requirements within SOC and Public Procurement (EU) thresholds i.e. the total contract value is the sum of the annual values for the contracting period. i.e. So a five-year five-year contract term at an annual value of £12,000 per annum, has a £60,000 contract value etc.

### **SOC 7. Contracts to be in Writing and in Official Systems**

- i. All contracts over £12,000 shall be in writing in advance using appropriate procedures (tender or purchase order). Contracts under £24,000 may be made verbally with a written record kept of the details of the contract
- ii. Purchase orders must be raised on the Civica Radius Purchasing system for all supplies, services and works. Petty cash and p-cards may also be used up to their appropriate limits
- iii. The officer should ensure that there are appropriate contract arrangements in place prior to the supply of supplies, services or works; further guidance on this should be sought from the Council's Legal Department as required

### **SOC 8. Capital Expenditure**

- i. Once allocated, capital expenditure will be included in the Capital Budget for approval and release by the Council
- ii. Finance Procedure Rules provide further guidance and details on the requirements for capital Expenditure



**SOC 9. Conditions to be included in Contracts**

- i. Officers must seek guidance from the Council's Legal Services Department as to any conditions that may need to be incorporated into contracts
  
- ii. Where possible all contracts must contain a clause on publication of payment and confidentiality terms highlighting the implications of Freedom of Information requests and publication of public spending information
  
- iii. Where contracts involve the handling of names and addresses or personal data of the public, service users, Councillors or employees of the Council or where confidential data is held or processed or where the contracting officer deems it appropriate, contractors shall be required to comply with UK Government Cyber Essentials scheme<sup>2</sup> or be part of the Public Service Network
  
- ii-iv. Appropriate registration documentation must be provided prior to transfer of any personal or confidential data All contracts must contain a clause on publication of payment and confidentiality terms highlighting the implications of Freedom of

Information requests and publication of public spending information

**SOC 10. Sub-Contractors**

- i. Where a contractor permits a sub-contractor to be appointed the contract shall ensure that the sub-contractor enters into a contract with the main contractor
  
- ii. The contracting officer shall consider the requirement of the terms of the sub contract indemnifying the contractor and the Council against any breach of their own obligations, after a risk assessment of the liability and the approval of the relevant Head of Service
  
- iii. The term 'Sub-Contractor' shall include a contractor who is party to a contract with the Council in respect of which an internal or external contractor acts as main contractor

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<sup>22</sup> <https://www.cyberaware.gov.uk/cyberessentials/>

- iv. Tender responses received from a third party must be rejected i.e. where a contractor or supplier has been invited to tender and they subsequently pass on the tender in order for a third party to respond

#### **SOC 11. Contract Variations**

- i. All arrangements for variations to existing contracts shall be in writing and signed by the relevant Head of Service or by another responsible Officer as he or she may determine
- ii. Variations that would increase the contract cost in excess of an additional £5050,000 shall not be made without the authority of the Executive, appropriate Council Committee or Sub-Committee or by use of emergency powers as appropriate, and set out in the Council's Constitution

#### **SOC 12. Exemptions from Standing Orders**

- i. Where the contract is of an estimated value up to and including £100,000 exceptions can be made by the relevant Head of Service, with the approval of the Head of Governance, Law, Property and Regulation or the Head of Finance ~~Director of Resources~~ or the ~~Head of Governance, Law, Property and Regulation~~. The reason for the exception and the approval shall be recorded in writing and retained with the Council's copy of the contract
- ii. Where the contract is of an estimated value exceeding £100,000 exceptions from these Standing Orders can be made only by the Executive, the Council or the relevant Committee (determined by reference to Part 3 of the Constitution) and their reasons for making the exception shall be recorded in minutes
- iii. For the avoidance of doubt the provisions elsewhere in the Council's Constitution concerning Executive decision making by Individual Members of the Executive shall also apply to this part
- iv. Where expediency is required officer's should consider if they can comply with existing exceptions or if they need to invoke the use of emergency powers provided for in the Council's Constitution
- v. ~~Any~~ approval of an Exemption to the ~~waiver of~~ Standing Orders must be specific as to which Standing Orders are being waived
- vi. No exception can be made that would contravene any applicable UK or EU Procurement legislation

- vii. Any contracts entered into through collaboration with other public bodies, where a competitive process has been followed, that complies with the contract procedure rules of the leading organisation, will be deemed to comply with SOC (13 to 20 and 22) and no exemption is required
- viii. Where the supplies, services or works to be procured are funded, partially or fully, by an external funding body the Council may use pre-approved contractors not registered on Constructionline, or other pre approval organisations that the Council may choose to use from time to time, where the pre-approval process of the funding body has identified such contractors as meeting expected requirements of the funder and the Council; and where appropriate such requirements comply with UK ~~and or~~ EU Procurement legislation.

### 3.1 For Contracts Less than **£24,000**

#### **SOC 13. Letting Contracts less **£24,000****

- i. Contracts or sales orders with a value below **£24,000** may be made verbally, with a written or electronic record being kept within an official system i.e. purchasing system or p-card
- ii. Market testing may be carried out at the frequency and by the method deemed most appropriate by the relevant Head of Service, where this is undertaken a record of the method used must be kept

### 3.2 For Contracts between **£24,000** and **£20,000**

#### **SOC 14. Letting Contracts Above Between **£24,000** and up to **£20,000****

- i. For contracts above **£24,001** and up to **£20,000** the contracting officer must ensure that market testing is carried out so that the Council attains value for money in procuring supplies, services and works
- ii. Market testing should be carried out at the frequency and by the method deemed most appropriate by the relevant Head of Service, a record of the method used must be made
- iii. Recommended methods include:
  - At least three written ~~Written~~ competitive quotations or tenders should be invited from suppliers, ~~between four and six quotes or tenders should be invited~~ where practicable
  - ~~An approved e-tendering platform (Chest etc.) should be used to advertise requests for quotation (RFQ) or publish tenders for purchases with an estimated value above £1,000, and up to~~

£20,000E-tendering platforms such as “the Chest” may also be used to conduct the tender process electronically where practicable

iv. The Government portal “Contracts Finder”<sup>3</sup> must be used to place a notice for all tenders or requests for competitive quotations for purchases above £25,000

v. Contracts Finder may also be used for opportunities below £25,000

iv-vi. Pre-Approved contractors may be included in the market testing (see guidance at Appendix A)

v-vii. If other than the lowest quotation is accepted the contracting officer shall record the reason in writing and that record must be kept with the Council’s copy of the contract or purchase order

vi -Subject to legislative compliance due consideration must be given to the appropriateness of local suppliers being provided with the opportunity to compete; using the principles of positive action (see guidance in Appendix A8).

### 3. 3 For Contracts Above £20,000 and Below up to £100,000

#### **SOC 15. Letting contracts above £20,000 and below up to £100,000**

i. The Council’s Procurement Officer should be consulted to ascertain if the need can be met through existing collaborative procurement arrangements or if there is an opportunity for joint procurement (See SOC 1.v)

ii. Contracts estimated to be of a value above £20,000 and below up to £100,000 must not be let unless a reasonable number of written competitive quotations or tenders have been received, usually between four and six~~three and five~~

iii. Quotes or tenders can be requested and obtained in writing or through an approved e-tendering platform, and the preferred method will be determined by the relevant Head of Service

iv. Pre-Approved contractors may also be used (see guidance in Aappendix A)

~~iv-~~  
v. Quote or tender documentation must state:

- A short specification detailing the Council's expectation and requirement

<sup>3</sup> <https://www.gov.uk/contracts-finder>

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- A clear pricing schedule and details of what other information is to be returned
- The criteria which the Council will use to evaluate the quotations
- Subject to legislative compliance, factors which demonstrably aim to provide value for money and opportunities for local business to compete
- The last date and time by which the quotation should be returned
- The name of the officer to whom they should be returned
- Written quotations must be returned in plain sealed envelopes which besides the addressee details, should bear only the word 'Quotation or Tender' and the subject to which it relates
- All electronic quotations must be submitted through an approved e-tendering platform [or portal](#)

**SOC 16. Receipt of Quotations: contracts above £20,000 and [below up to £100,000](#)**

- i. No written quotations or tenders shall be considered unless contained in an envelope marked with the words 'quotation/ tender' that are received within the specified time
- ii. Appropriate arrangements must be made to ensure quotations and tenders are kept secure until opening
- iii. All written quotations or tenders must be opened by the Head of Service (or authorised officer) and witnessed by an officer other than the contracting officer
- iv. Electronic quotations or tenders should be submitted through an approved e-tendering platform [or portal](#); these will be into a secure designated e-mail address which will be accessible, at the designated opening time, only by the relevant Head of Service or authorised officer
- v. Once the submission deadline has passed a summary of quotations and tenders received shall immediately be recorded and initialled by officers present
- vi. If any quotation or tender other than the lowest is accepted the reasons for doing so shall be recorded by the person with authority to accept, and details should remain available for inspection for the life of the contract or a period of six years, whichever the longer
- vii. An appropriate contract will be formed either by using the [Civica Purchasing System Council procurement system](#) to place an order or other appropriate methods to form a contract with the required terms; refer to Legal Services for further advice

### 3. 4 For Contracts Above £100,000

#### SOC 17. Authorisation of Contracts Above £100,000

- i. No tenders for:
- Carrying out work
  - Sale or supply of goods or materials
  - Sale or supply of services
  - Disposals of any interest in land or property, (as set out in part 3 of the Constitution) subject to the application of the scheme of delegation

with an estimated cost in excess of £100,000 shall be sought except by authority of the Executive (or Committee, Sub-Committee or Council if appropriate)

ii. The Executive or delegated officer has the power to accept a tender or quotation in accordance with these Standing Orders. Unless specified otherwise the default position is that the Executive accepts the tender. This is acceptance prior and subject to the formation of a formal contract

~~ii. Executive or delegated officer has the power to accept a tender or quotation in accordance with these Standing Orders. Unless specified otherwise the default position is that the Executive accepts the tender. This is acceptance prior and subject to the formation of a formal contract~~

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#### SOC 18. Contracts above £100,000 require Public Notices

i. No contract which exceeds an estimated £100,000 in value shall be entered into unless a public notice has been issued for the given opportunity given.

ii. This MUST be done through publication of a contract notice as follows:

- On the Governments' Contracts Finder website
- In the Journal of the European Union (OJEU) where the contract value exceeds the appropriate EU threshold

~~iii. In addition to ii above a notice or advert may This can also be placed/achieved through:~~

- ~~IA notice~~ in one or more newspapers circulating in the district  
OR
- ~~Electronically on the an e-procurement platform~~ OR
- ~~On~~ the Council's website
- ~~OR~~

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- ~~• In the Journal of the European Union (OJEU) if the contract value exceeds EU thresholds OR~~
- In a relevant journal where the Head of Service deems it appropriate

ii.iv. The notice shall invite tenders and shall state the last date and time for receipt of tenders (not normally less than fourteen days from the date of publication, and longer if notice in OJEU is required)

iii.v. The notice shall state that no tender will be considered unless it is in a plain sealed envelope or parcel addressed to the Head of Governance, Law, **Property** and Regulation and bearing the words 'Tender for [name of tender]' with no other identifying mark OR that it is submitted and received within the appropriate time scales through an approved e-tendering platform

~~iv. Where sufficient Pre-Approved contractors exist they can be invited to participate without the need for public advertisement only when the contract value does not exceed OJEU thresholds~~

v.vi. Where a contract value exceeds £100,000 or OJEU thresholds the Council may enter into an existing Framework Agreement; ~~f,~~ for example a framework set up by the Governments' -Crown Commercial ServiceGPS<sup>4</sup> Framework, without giving public notice or advertising in the Journal of the European Union. This is -providing that the Framework Agreement has been set up in compliance with ~~under the~~ appropriate European Directives, that the Council is able to access the Framework services etc.; and that the Council complies with any competition requirements required by the framework as necessary

## **SOC 19. Contract Conditions for Contracts above £100,000**

- i. Every contract exceeding the value of £100,000 must state:
- The work to be done or the services to be provided and/ or the materials to be supplied
  - The price and any discounts
  - The time within which the contract is to be carried out
  - Also, That a determination should be made by the technical advisor, and agreed with Internal Audit, through assessment of the relevant risks as to any requirements with regard to the provision and payment of the contractor will pay liquidated damages, estimated by the technical advisor in conjunction with a procedure agreed with Internal Audit, where the contractor fails to meet the terms of the contract

<sup>4</sup>-Government Procurement Service (Crown Commercial Service)

- ii. That if the contract is not carried out properly or the time limit is not met, the Council can:
  - Cancel all or part of the contract
  - Complete the contract
  - Recover from the contractor, or parent company or insurance, any additional costs in completing the contract
  - Take other legal action against the contractor
- iii. In every formal contract for the execution of work or provision of supplies and services, the following clauses or a clause to similar effect shall be inserted:
  - Every contract must state that all supplies, services or works must comply with any relevant British Standards, British Code of Practice or European equivalent in force at the date of tender
  - Every contract must state that the Council can cancel the contract and recover any resulting losses if the contractor or their employees or agents, with or without his/ her knowledge:
    - a) Does anything improper to influence the Council to give them the contract OR
    - b) Commits an offence under the Bribery Act 2010 or under Section 117(2) of the Local Government Act 1972 and amendments or successor Acts
- iv. Where there are existing forms of contract available the contracting officer should consider their use, subject to meeting the above minimum requirements
- v. The Head of Service or delegated officer will determine, through assessing the risks relevant to the contract, if a Performance Bond is required, and the value and conditions to be met by such a Bond (see Financial Procedure Rules)

**SOC 20. Receipt of Tender for Contracts above £100,000**

- i. No tender above £100,000 shall be considered unless it is contained in an envelope or parcel and is received physically in the Head of Governance, Law, Property and Regulation office OR received securely through an approved e-procurement platform or portal, as is described in Standing Order 16 iv, within the time specified in the public notice
- ii. All such tenders, however received, shall remain in the custody of the Head of Governance, Law, Property and Regulation until the time appointed for their opening



- iii. All such tenders shall be opened at the appointed time by a member of ~~staff the Democracy Team, or appointed by the Head of appropriate~~ Governance, Law, Property and Regulation ~~staff~~
- iv. Where a tender invitation provides for e-tendering, ~~electronic tenders tenders shall be opened at the appointed time by a member of staff appointed by the Head of Governance, Law, Property and Regulation~~
- ~~iv. submissions will be accessible only by Governance, Law and Regulation staff or a person designated by the Head of Service. Tenders submitted in this way will be opened at the designated time as prescribed in iii above~~
- v. For both paper and electronic tenders received a proforma should be completed identifying the tender name, tendering body and price offered. This record should be signed by those officers present identifying their official capacity. This register will be maintained by ~~the~~ officers of Governance, Law, Property and Regulation ~~office~~.
- vi. The tender shall be passed to the relevant Head of Service or such other officer they may determine for evaluation and/ or the required pre-contract checks
- vii. No person shall make public the contents of the tenders until ~~such time as the~~ contract has been let. This shall not prevent the relevant Head of Service and Executive or Committee from seeking such legal, financial or technical advice on any tender, as they require for evaluation purposes

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## **SOC 21. Signing and Sealing of contracts**

- i. Contracts over an estimated value of £100,000 shall be submitted to the Head of Governance, Law, Property and Regulation or ~~Senior Solicitor~~ Director of Resources for approval and signature. They shall be accompanied by a certificate signed by the relevant Head of Service or such other senior officer as they may determine, stating that there is budget provision for the expenditure and that Standing Orders and appropriate Public Procurement Regulations have been complied with
- ii. Such contracts may be sealed where the Head of Governance, Law, Property and Regulation considers it appropriate. ~~The seal will be attached by any persons~~ Any two persons will attach the seal from the group consisting of the Council's Solicitors and Fellows of the Chartered Institute of Legal Executives or by one of that group and the Chief Executive and the Chief Operating Officer."
- iii. The appropriate officer is responsible for ensuring that a signed contract or other appropriate contact arrangements are in place in

advance of the supply of goods, services or works. Refer to Legal Services for further advice

## **SOC 22. Acceptance of Tenders - Contracts above £100,000**

- ~~i. The Head of Service or the Officer to which power to accept was delegated by the Executive. If power to accept the tender was not delegated to an officer, the checked tenders shall be submitted to the Executive, Council or relevant Committee for evaluation and selection of the winning tender/contractor~~
- ~~ii. If the Executive, Council or Committee selects other than the lowest tender its reasons shall be recorded in the minutes~~
- ~~i. If power to accept the tender was delegated to an officer, that officer shall select a tender after evaluation. If he or she selects other than the lowest tender most economically advantageous tender that fact and the reasons for it shall be reported to the next meeting of the Executive, Council or relevant Committee and recorded in its minutes~~
- ii. Where the power to accept the contract still rests with the Executive, Council or Committee, the checked tenders shall be submitted to the Executive, Council or relevant Committee for evaluation and selection of the winning tender/contractor.
- iii. If the Executive, Council or Committee selects other than the lowest tender most economically advantageous tender its reasons shall be recorded in the minutes.

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## **SOC 23. Contract Register and Data Transparency**

- i. Details for all contracts above £~~400~~5,000 should be maintained centrally within the Governance, Law, Property and Regulation office
- ii. Details of all contracts and expenditure above the limit defined in the Council's policy on Data Transparency should be available for publication as set out in the policy
- iii. The contract officer is responsible for informing the Head of Governance, Law, Property and Regulation of the details of the contract as required under the requirements on Data Transparency

## Appendix A

### The Tender Process: Guidance to Maintain Compliance with Procurement Regulations

#### 1. Invitation of Tenders: Steps to Follow

The following sections identify steps that can be undertaken to invite a tender or quote, in all cases SOC and all Public Procurement Regulations applicable to local authorities must be followed. Tenders ~~must~~ ~~may~~ be ~~sought~~ ~~adopted~~ through, but are not limited to, ~~one of~~ the following ~~procedures~~ ~~approaches~~:

- Open Tender
- Restricted Tender
- Competitive Dialogue
- Competitive Dialogue with Negotiation
- Innovation Partnership
- Negotiated Procedure without Prior Publication
- Pre-Approved Contractor

For further information please contact the Procurement Officer ~~Open~~ Tender

#### 2. Pre-Approved Contractor (Worksupplier)

2a ~~The~~ Council can select pre-approved contractors to be invited to tender or quote for construction related works below the EU Works threshold ~~supplies, goods or services~~ as follows:

- A list of approved contractors must be drawn up using companies currently registered with ~~Construcionline~~ ConstructionLine <http://www.constructionline.co.uk>
- An advert for the opportunity must also be placed on the Contracts Finder website and contractors selected through a two-stage process using the PAS 91 PQQ. Those contractors selected to participate will then be included with those contractors identified through the Constructionline route
- ~~Companies selected must hold a current Constructionline registration and all appropriate health and safety accreditations~~

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- iii. Where a contract is ABOVE the EU procurement threshold for Works pre-approved contractors ~~can maybe be~~ invited to tender as above BUT the ~~appropriate OJEU notice procurement procedure used~~ MUST comply with EU Regulations~~must also be issued to enable the appropriate competition~~
- iv. Where a contract is BELOW the EU procurement threshold for works ~~between three and five at least four to six~~ contractors who are pre-approved through the above route to carry out contracts of the same type and up to the value for the contract which the Council proposes to enter into shall be invited to tender
- v. Where the ~~supplies, services or~~ works to be procured are funded, partially or fully, by an external funding body the Council may use pre-approved contractors not registered on Constructionline where the pre-approval process of the funding body has identified such contractors as meeting expected requirements of the funder and the Council; and where appropriate such requirements comply with EU legislation

N.B. The Council will ~~actively~~ promote Constructionline to contractors and suppliers as the contractor pre-approval route for Council works opportunities.

2ba. When selecting pre-approved contractors invitations must be sent to:

- i. Those contractors identified, meeting criteria-2a ii & 2 iii above, ~~selected~~ to participate in the given opportunity
- ii. If less than three contractors are identified as being pre-approved for the given opportunity then alternative tender procedures as prescribed within SOC should be considered

### **3 Absence of Pre-Approved Contractor (Works) -(supplier)**

3a. Below the EU Works threshold and w~~h~~ere there are no registered contractors for a particular category of ~~supplies, services or~~ works on Constructionline then a Select List may be drawn up. However, the Open Tender route should be considered first. Where a Select List is to be drawn up, this can only be for opportunities below the EU Works threshold as follows:

- i. The method used should be through an advert for -expressions of interest and for contractors to be selected through a two-stage process using the PAS91 PQQ~~pre-qualification questionnaire (PQQ)~~

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~~ii. Expressions of interest for opportunities above £25,000 must be advertised on Contracts Finder; the Council Website, appropriate local newspaper or commercial journal may also be used~~

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~~ii. Clear criteria must be used for including or removing a contractor from a Select List. Criteria must be relevant to the particular contract and be appropriate to Council priorities i.e. organisational mandatory and non-mandatory questions, financial and technical due diligence etc.~~

~~iii. Only those contractors selected through the meeting the requirements of the PAS 91 PQQ PQQ may be included on to a Select List. In all cases there must be compliance to appropriate UK and EU procurement regulations legislation.~~

~~iv. Expression of interest in being included on a Select List must be advertised either through an approved e-procurement platform, Council Website, appropriate local newspaper or commercial journal or if appropriate OJEU~~

~~v. Only those responses that meet the PQQ criteria can be included on a Select List~~

#### **4. Open Tender Procedure**

~~4a. The following requirements apply where Open tenders are sought by open competition (open tender). The advertisement for the tender opportunity must be published appropriate to the contract value as described in SOC. The advertisement must:~~

- ~~i. Invite tenders to be submitted~~
- ~~ii. State the nature and purpose of the contract~~
- ~~iii. State where further details may be obtained~~

~~iv. State the date and time by which tenders must be received. This must be at least 14 days after the publication of the advertisement. For tenders with an estimated value cost above OJEU thresholds this date must be in accordance with EU procurement rules.~~

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~~4b. Only in situations where the estimate is above the OJEU thresholds can a more than one stage procurement be followed. The use of an Selection Questionnaire (SQ) can be used with an Invitation to Tender (ITT) or similar. The SQ template is available from the Procurement Officer.~~

## 5. Submission of Tenders: Steps to Follow

**5a.** Invitations to tender must state that no tender will be received unless it is enclosed in a plain addressed sealed envelope. The envelope must bear the word 'Tender for [*name of tender*]'. The envelope must not bear any numbers or markings that would identify the sender.

- i. All tender envelopes received will be marked with the time and date of receipt and kept securely until they are opened
- ii. Tenders received through e-tendering will be automatically time and date 'stamped' when received, and will only be made available by the system for opening at the appointed time
- iii. Any and all tenders received after the time and date specified will be classed as a late tender, and should not be opened as part of the tender opening process or considered as part of the tendering process
- iv. Late tenders should be opened independently so that appropriate steps may be taken to return tenders to the sender
- v. A record must be kept of actions taken to return tenders and this must be retained with a photo copy of the original tender envelope for two years after the end of the contract period
- vi. All envelopes received should be retained with the tender details

## 6. Opening and Acceptance of Tenders

- i. Tenders must be opened only by those officers or members authorised to do so, and who are not the contracting officers of the tender in question
- ii. All tenders, which are received, must be recorded on a proforma that identifies tender name, tendering body and price (see SOC 20 v)
- iii. Contracts may be awarded ~~on the basis of~~based on price alone or ~~on the basis of~~based on price and/ or other criteria, usually quality. If a contract is to be awarded solely on the basis of price then the tender accepted must be the lowest price OR the highest if payment is to be made to the Council
- iv. This general rule does not apply if the Executive has received a report from the appropriate officer recommending approval to the acceptance

of a different tender where applicable and not in contravention of appropriate UK and EU legislation

- v. In some cases the lowest priced tender might not be the most acceptable to the Council because of other factors. An evaluation of additional criteria considered must be provided to either the responsible officer, the Executive or the Council. In such cases it is recommended that the principle of 'most economically advantageous' tender (MEAT) is considered
- vi. Where price is not the only consideration details of the evaluation used must be lodged with the Head of Governance, Law, [Property](#) and Regulation
- vii. Tender sums, rates etc cannot be altered after receipt or during the evaluation process, unless all tenderers have been asked to reconsider and resubmit their tenders. Such action can only be taken with the prior agreement of the Head of Service. Where resubmission is sought, the rules covering the receipt of tenders will apply, this must be applied equally to all bidders as appropriate
- viii. Where a successful tender is subsequently found to be erroneous the supplier must accept the consequences of their error and honour the tender or withdraw from the tender process. Based upon the selection criteria the next nearest competitive tender would be acceptable. Withdrawal from the tendering process is not possible once the contract has been accepted by the Council
- ix. The power to accept a tender rests [the Head of service unless the contract value is above the OJEC thresholds where it rests](#) with the Executive, Council or Scrutiny Committee, unless this has been delegated to an Executive Member, Head of Service or Officer. Without this delegation no tender [above the OJEC thresholds](#) can be accepted without an appropriate committee report being prepared, considered, approved and recorded in minutes

## **7. Nominated Sub-Contractors and Suppliers**

- i. These rules apply where the Council has the power to nominate a sub-contractor or supplier to a main contractor
- ii. Tenders shall be invited for the nomination unless the contracting officer records why it is not reasonably practicable to obtain competitive tenders and the estimated value of the contract is below £100,000
- iii. If tenders are invited one of the procedures set out in A2 or A3 above must be followed and rules covering receipt of tenders will apply

## 8. Principles of Positive Action in Providing Opportunities for Local Suppliers

8a. To support the raising of awareness of Council purchasing procedures and provide opportunity for local suppliers to bid for work, contracting officers should:

- i. Have knowledge of the local market place for procurement
- ii. Make local suppliers aware of Council procurement procedures and contract opportunities
- iii. Suppliers/ bidders shall not be restricted by reference, in tender or quotation documentation, to geographical location
- iv. Evaluation must not be weighted in such a way as to give unfair advantage to local suppliers
- v. Officers cannot discriminate, but should ensure that they have taken reasonable steps to consider the local market place when procuring as well as the most economically advantageous tender

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### Reference:

**TED e-Notices website :**

<https://simap.europa.eu/enotices/Logout.do>

**SIMAP website:**

<http://simap.ted.europa.eu/>

**~~Crown Commercial Services~~ Government Commercial Services Framework Listing:**

<http://ccs.cabinetoffice.gov.uk/i-am-buyer/find-a-product-or-service/framework-summary-list>

<https://www.gov.uk/contracts-finder>

**OJEU Thresholds:**

<http://www.ojec.com/thresholds.aspx>

<http://www->

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# Report from the Chair of Scrutiny



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## Scrutiny Report to Council

This report is relatively brief as following the introduction of the new Calendar, the committee meets only once per cycle. As a result of the lengthy budget agenda two items have been deferred until the next meeting of the committee.

At the February Budget Scrutiny Committee, we received the updated Strategic Plan. The plan remains focussed around the four themes of People, Place, Prosperity and Performance, and highlights the commitments of the Council for the next three years.

Progress will continue to be reported to Full Council, and we look forward to seeing the results on the ground.

The Committee reviewed the latest Capital and Revenue budget monitoring reports, which provided the latest budget position for the current financial year.

February is of course Budget setting month, and the annual Budget reports were presented to the committee, en route to the Executive and this meeting. Along with the capital and revenue budgets, we also considered the Medium Term Financial Strategy, and treasury management plans.

The two review groups continue to meet. The Railway review group are planning to discuss some of the issues they have identified with representatives from Network Rail and Northern Rail. The Leisure Trust review group have now concluded their review, and at the February meeting the whole committee endorsed the draft report and thanked Review Group members for their hard work. The report will now be submitted to the Executive for their consideration.

In our next meeting, we look forward to setting the work plan for the coming year.

Councillor Andy Tatchell

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# Strategic Plan Progress Reports



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## BURNLEY BOROUGH COUNCIL REPORT TO THE FULL COUNCIL

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**PORTFOLIO:** LEADER

**EXECUTIVE MEMBER:** COUNCILLOR MARK TOWNSEND

**DATE OF REPORT:** 22/02/2017

### Progress against our strategic commitments

Strategic commitment	Progress update
<p><b>PE1-</b> We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development.</p>	<p>The Shadow Combined Authority is meeting regularly and maintaining progress towards forming a Combined Authority in 2017.</p> <p>As the lead for Skills, I am working with colleges across Lancashire on an Area Based Review. This review will ensure colleges are financially sustainable and continue to provide learners with the knowledge and skills they need to be employed and contribute to the economic prosperity of Lancashire.</p> <p>The review will be completed by March 2017. I will report the recommendations from the Review to the Council.</p>
<p><b>PR1-</b> We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment.</p>	<p>I am pleased to announce the approval of the Growth Deal bid - the North West Burnley Growth Corridor bid was submitted to the Lancashire Enterprise Partnership (LEP) for £6.25m:</p> <ul style="list-style-type: none"> <li>▪ £3m for Padiham flood defences (plus matched funding from the Environment Agency);</li> <li>▪ £1m for Public Realm works to Padiham Town Centre; and</li> </ul>

	<ul style="list-style-type: none"><li>▪ £2.25m for junction improvements at Shuttleworth Meade.</li></ul> <p>This is of strategic importance to the Borough, bringing more jobs and homes and supporting our economic prosperity.</p> <p>At a Lancashire level, the Growth Deal 3 allocation of nearly £70m is only significantly bettered by London and Manchester, which represents a really strong performance. Over three competitive Growth Deal funding rounds, the LEP and local authority partners have secured £320m in new public investment for Lancashire, which is supporting the delivery of 45 major initiatives across the County.</p> <p>The momentum Local Authorities in Lancashire have established in developing the Shadow Combined Authority (LCA) is paying dividends and underlines the strategic value of the LEP and LCA working together to secure new investment and devolved powers and resources to deliver our shared priorities.</p>
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## BURNLEY BOROUGH COUNCIL REPORT TO THE FULL COUNCIL

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**PORTFOLIO:** DEPUTY LEADER, HOUSING AND ENVIRONMENT

**EXECUTIVE MEMBER:** COUNCILLOR JOHN HARBOUR

**DATE OF REPORT:** 22/02/2017

### Progress against our strategic commitments

Strategic commitment	Progress update
<p><b>PL2-</b> We will improve the management of private rented accommodation.</p>	<p><b>Selective Licensing</b> The Selective Licensing (SL) scheme continues to progress well in the areas of Trinity, Queensgate and Gannow.</p> <p>In the last month the team have focussed on securing applications for properties in the newly designated licensing areas of Burnley Wood with Healey Wood, the Leyland Road area, and the Ingham and Lawrence area of Padiham. We estimate there are 779 properties which require a licence in these three areas combined. So far we have received applications for 283 properties, which accounts for 36% of the properties. 25% of these have been submitted since we sent reminder letters to landlords in mid-January. The vast majority of these applications have been submitted via the new online application system which was launched in November 2016. We have begun to issue licences in these areas and continue to secure applications for the remaining properties.</p> <p><b>Private Rented Disrepair</b> During 2016/17, the Council has received and dealt with 230 new disrepair complaints from private</p>

	<p>rented sector tenants, and in addition carried out 120 proactive housing inspections which include properties in the Selective Licensing Areas and those applying for the Landlord Accreditation Scheme.</p> <p>The Enforcement Team have a current caseload of 120 open and ongoing private rented sector disrepair cases.</p>
<p><b>PL3-</b> We will work with partners to improve the condition of the existing housing stock.</p>	<p><b>Housing Grants</b> The Disabled Facilities Grant Programme is progressing well with 152 adaptations completed and a further 74 in progress. The council received almost double the budget of previous years in 2016/17 and this budget is almost fully committed which has allowed the Council to assist significantly more households who require alterations to their properties to improve their living conditions. The additional funding has been used to reduce a two year waiting list to zero.</p> <p><b>Energy Efficiency and Fuel Poverty</b> In total 127 household have benefited from heating improvements that have increased energy efficiency and reduced fuel poverty in 2016/17.</p> <p><b>Emergency Repairs</b> Vulnerable residents are assisted through the Council's emergency works grant and 16 residents have received assistance through this project during 2016/17.</p> <p><b>Empty Homes Programme</b> We currently have 4 renovations underway and we have a further 4 CPOs that have recently completed. There are 3 properties currently on the market for sale with several recent completions.</p> <p>More Compulsory Purchase Orders are scheduled to begin in February and these properties once acquired will be renovated in the 2017/18 programme.</p> <p>We are currently buying one property by agreement with the owner and we will hopefully begin renovation works to return this property in to use in February.</p> <p><b>New Developments</b> Keepmoat continue to move forward with their plans</p>

in Burnley Wood and South West Burnley building confidence for further investment in the area. For example, The Burnley Wood medical centre has submitted a planning application to extend and create 5 more GP/treatment rooms.

Various factors have helped increase sales on both of Keepmoat's sites, including the Council-funded property improvement scheme on Accrington Road. The improvement scheme on Branch Road will also start soon and will see the front elevations of around 55 properties painted and improved. The Council are also committed to tackling empty properties in this area with the approval of 5 compulsory purchase orders.

At a publicity event to mark the start on site of Phase 4 in Burnley Wood, Keepmoat expressed their optimism for building on both sites.

Gleeson homes are looking ahead to development of more land in Daneshouse as most of their first phase is built and sold. They are also developing the former Blythe's chemical works in Hapton with 200 family homes.

Preston based company J & P Nixon Builders Limited, have started building 94 mainly 2 bedroom bungalows on the former Peel Mill site off Gannow Lane and local developers, McDermott Developments Ltd, are making good progress developing 86 houses on the former Waterside Mill site off Sycamore Avenue.

Calico Homes planning application to develop 56 affordable homes on the former Perseverance Mill site at Dryden Street, Padiham is going through the planning process. Calico also have an application in for 31 houses at Melrose Ave / Kinross Street and they have made excellent progress on the new housing support scheme for single people at the Mitre Gateway. Their 22 unit scheme at Blannell and Pomfret Street is nearing completion.

On 25<sup>th</sup> January, the Council's Executive approved Barnfield Investment Properties Ltd as our partner to take forward new housing ventures on Council owned land.

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## BURNLEY BOROUGH COUNCIL REPORT TO THE FULL COUNCIL

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**PORTFOLIO:** RESOURCES AND PERFORMANCE  
MANAGEMENT

**EXECUTIVE MEMBER:** COUNCILLOR WAJID KHAN

**DATE OF REPORT:** 22/02/2017

### Progress against our strategic commitments

Strategic commitment	Progress update
<p><b>PF1-</b> To embed the partnership with Liberata within the Council's budget, strategic vision and commercial strategy.</p>	<p>I am pleased to report that Liberata achieved its key performance targets in Q3.</p>
<p><b>PF2-</b> To develop and implement resourcing strategies primarily through financial, workforce and asset management planning aligned to enhance and develop organisational performance.</p>	<p>Workforce – as part of the process of maintaining the Council's Investors in People (IiP) accreditation the IiP Assessor will be visiting for an interim review in early February. The Council will include in its report the work undertaken to refresh its core values and behaviour framework, the recognition strategy and continuing excellent work on health and wellbeing. The internal review team will undertake their first workplace assessment against the new revised IiP standard at the end of February 2017</p> <p>Discussions and actions are underway to implement the new Apprenticeship Levy which comes into effect in April 2017. A review of the Council's apprenticeship scheme will be undertaken.</p>

	<p><b>Finances –</b> The provisional settlement figures were announced in December 2016 and gave indications for next year, 2017/18 and the following two years. This is reflected in the 2017/18 revenue budget report and the 2018/21 MTFS due to be approved by Members at this meeting.</p> <p>The Council's core spending next year will be reduced by a further 4.3% (4.4% in 2016/17). This is four times the average reduction for England. Within this there is a decrease in the main grant funding element (Revenue Support Grant) of 24% (23% in 2016/17).</p> <p>In addition, the Government is reducing the amount that the Council will get through New Homes Bonus which means that it will lose £1.6m of the existing years 1 to 6 grant allocations and £148k of the year 7 (2017/18) allocation. This is lost for each of the 4 years over which NHB will be paid in the future and there is expected to be a similar loss in year 8 (2018/19). The Lancashire District Councils have responded to the DCLG to highlight the 'unfairness' of taking NHB off Districts to fund social care in County Councils.</p> <p>Over the term of the Medium Term Financial Strategy, the Council needs to save £4.0m by 2021 equivalent to 27.5% of the net revenue budget for 2016/17. This is in addition to the £1.5m (or 10%) of savings required to achieve a balanced budget in 2017/18. The increases in Council tax are however limited to 2% in Burnley beyond which a local referendum needs to be held.</p> <p>September's Council meeting approved £2.166m of savings which leaves a gap of £2.35m for 2018/19 and 2019/20 and a further £1.05m has been identified as our initial estimate of the gap for 2020/21.</p> <p>This year is not a part of the three year indicative settlement, and due to the uncertainties around Revenue Support Grant funding, arrangements (if any) to compensate for the possible 100% loss of RSG, and the move to 100% retention of Business Rates make the projections for funding</p>
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	<p>in 20/21 very difficult at the moment.</p> <p>The Council continues to actively attempt to maximise business rates income through economic growth.</p> <p>The Council does not have any facility to increase strategic earmarked reserves over the medium-term and it is estimated that there will be minimal balances on these reserves by 2021.</p> <p>Work continues as a priority to make further efficiency and other savings to balance the budget over the medium term and maintain the Council as a going concern.</p>
<p><b>PF3-</b> To develop and maintain appropriate governance and regulatory frameworks aligned to the Council's statutory/legal responsibilities, budgets, strategic vision and commercial strategy.</p>	<p><b>Mayoral Referendum</b> Following consultation with Group Leaders, an advisory leaflet is being distributed to citizens regarding the forthcoming Mayoral Referendum.</p> <p><b>Constitution</b> The Council's constitution has been updated following the approval of the new operating model in December 2016.</p> <p><b>Committee Management System</b> The pilot regarding the Committee Management system has proven to be a success and the only minor issues experienced have been predominantly down to user error.</p> <p>Two thirds of Members have now received their electronic tablet devices and training. The remaining Members are scheduled to receive their devices and training on 20<sup>th</sup> February 2017.</p> <p>We remain on track to achieve paperless meetings before 1 April 2017. One to one training and support will continue to be provided to Members where necessary.</p>

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## BURNLEY BOROUGH COUNCIL REPORT TO THE FULL COUNCIL

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**PORTFOLIO:** LEISURE AND CULTURE

**EXECUTIVE MEMBER:** COUNCILLOR BEA FOSTER

**DATE OF REPORT:** 22/02/2017

### Progress against our strategic commitments

Strategic commitment	Progress update
<p><b>PL4-</b> We will adopt and implement a new Green Space Strategy</p>	<p><b>Thompson Park</b></p> <p>I am pleased to report that the heritage Lottery Fund has approved funding for the Thompson Park Restoration Project with a grant of £861,000 towards the £1.2 million scheme, with the balance of funding coming from the Council in cash and in-kind, volunteer contributions and an external grant.</p> <p>Work now starts on detailed design and tendering and the project is expected to start on site in September and be completed by Easter 2018.</p> <p>The Thompson Park project will restore many of the park buildings and facilities that are in poor condition and will allow more income to be generated, so helping to reduce the costs of maintaining the Park.</p> <p>The Council is very grateful to the Heritage Lottery Fund for its support which will ensure that this well used and much loved park can continue to be enjoyed by future generations.</p>

	<p><b>Brun Valley Forest Park</b> New finger post signs have been installed throughout the Brun Valley Forest Park to help visitors to explore the 15 kilometres of paths that make up Forest Park and 9 new large format maps and interpretive panels have also been installed. The new Forest Park leaflet will be launched in February.</p> <p><b>Off Road Motorcycle nuisance</b> Illegal off-road motorcycling has been causing a nuisance to residents in a number of parts of the Borough and often the bikes are ridden on areas of public greenspace. Council staff, including park rangers are working closely with the Police and Calico to manage a problem which can cause significant distress to local residents.</p>
<p><b>PL5-</b> We will continue to develop the leisure and cultural offer of Burnley in partnership with Burnley Leisure.</p>	<p>I am pleased to report that Burnley Mechanics recently won the Best Cultural Venue at the recent Lancashire Tourism Awards.</p> <p>In addition, the Trust has been successful in securing a £10,000 Heritage Fund Resilience Grant which will enable the Council and Trust to gain a more detailed understanding of the condition and heritage of the Mechanics with a view to developing the facility further in the future.</p>



## BURNLEY BOROUGH COUNCIL REPORT TO THE FULL COUNCIL

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**PORTFOLIO:** COMMUNITY SERVICES

**EXECUTIVE MEMBER:** COUNCILLOR LIAN PATE

**DATE OF REPORT:** 22/02/2017

### Progress on against our strategic commitments

Strategic commitment	Progress update
<p><b>PL1-</b> We will implement a range of initiatives to maintain a clean, safe borough.</p>	<p>The introduction of the Chargeable Green Waste service is progressing well. All residents who want to take up the service will need to opt in to the service in order to receive a Garden Waste Collection from 1<sup>st</sup> May 2017. Once residents subscribe to the service they will be sent a sticker to place onto their bin. These stickers will be delivered in April 2017</p> <p><b>Key dates are:</b>  <b>Start of Feb</b> – online payment system live  <b>6<sup>th</sup> Feb – 17<sup>th</sup> Feb</b> leaflets being delivered to all eligible households to promote the chargeable service – including recently added additional properties  <b>16<sup>th</sup> March</b> – early bird discount (£5 reduction) period ends  <b>16<sup>th</sup> April</b> – last chance to sign up to ensure no gaps in collection  <b>1<sup>st</sup> May</b> – first chargeable collection – only the households that have paid for the service will receive a collection</p> <p>A 12 month pilot with Kingdom Environmental Enforcement will start on the 10<sup>th</sup> April 2017. The</p>

	<p>Council has always taken a tough stance and used its environmental powers to tackle those that commit environmental crime in our public spaces. The pilot with Kingdom will build on this zero tolerance approach and will provide greater borough wide coverage to respond to continued resident concerns regarding; littering, chewing gum and dog fouling. The pilot will be self-financing to tackle these issues.</p> <p>Members will also be aware from the budget reports to this council that we intend to purchase a chewing gum cleaning machine. The machine will be operated by Urbaser staff. It is a shame that , at a time of diminishing resources, we have to spend money on such equipment, but we are determined to keep the town clean.</p>
<p><b>PE2-</b> We will deliver modern customer services, and will respond to the different needs of residents within our borough</p>	<p>As part of our ongoing drive to improve digital services, residents now have the option to sign up for paperless council tax billing. It's quick, secure and helps us to reduce our costs. With e-billing, you will receive your Council Tax bill and any follow on information automatically straight into your email inbox.</p>
<p>Update on work programme of Armed Forces Covenant</p>	<p>Burnley Council continues to work closely with veterans' groups and other agencies in support of serving members and veterans of the armed forces and their families. The current work programme includes</p> <ul style="list-style-type: none"> <li>• Working with veterans' groups and volunteers on the organisation of the 2017 Padiham on Parade event, to be held over 24<sup>th</sup> and 25<sup>th</sup> June</li> <li>• Working with veterans' groups and volunteers on events to marked Armed Forces Week 2017, including events in Towneley Park over 8<sup>th</sup> and 9<sup>th</sup> July</li> <li>• Planning a campaign to promote information about support services, in liaison with Royal British Legion, Council for Voluntary Services and others</li> <li>• An event on Saturday 2<sup>nd</sup> September to commemorate the actions of the men from Burnley who were awarded the Victoria Cross for their actions during World War One.</li> </ul>



## BURNLEY BOROUGH COUNCIL REPORT TO THE FULL COUNCIL

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**PORTFOLIO:** REGENERATION AND ECONOMIC DEVELOPMENT

**EXECUTIVE MEMBER:** COUNCILLOR SUE GRAHAM

**DATE OF REPORT:** 22/02/2017

### Progress against our strategic commitments

Strategic commitment	Progress update
<p><b>PR2-</b> Proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation.</p>	<p><b>Business Support</b> Two businesses have recently had investment grants approved which will lead to the creation of a further 17 new jobs.</p> <p>The business support team has assisted three businesses to secure £280,000 of grant from Growth Lancashire creating 30 new jobs and securing inward investment from a new business.</p> <p><b>Vision Park</b> Trebor Developments have appointed Barnfield Construction as the contractors for Phase 1. Work commenced on site in January and is well underway with an expected completion date ready for occupation in September 2017.</p> <p><b>Statistical Update</b> The number of active enterprises in Burnley increased between 2014 to 2015 by 30, to a total of 2,705. An increase of 1.1%. A similar figure to other Pennine Lancashire authorities. Over the last 3 year period Burnley's business stock has grown by 9.5%, this is higher than the Lancashire average of 7.0%.</p>
<p><b>PR3-</b> We will make the borough attractive to retail</p>	<p>Burnley town centre had a successful Christmas period, with footfall over the last quarter of 2016 showing a 12.5%</p>

<p>and leisure developers, and will identify a sustainable future for the Burnley Market.</p>	<p>increase compared with the same quarter in 2015. Burnley's first Literary Festival, the Christmas Festival, Charter Walk's Christmas events including live Reindeer parade, and late night shopping with free car parking are all thought to have contributed to the increase.</p> <p>A key aim of the Town Centre Strategy, approved in 2015 was to increase town centre living. I am delighted to see significant investment by Ian Walker Developments in a high quality and sympathetic conversion of former office premises on Red Lion Street/Nicholas Street to 9 apartments and ground floor retail premises. Developments such as this will add to the vitality of the town centre and extend activity beyond 5pm. Following the relocation of Endsleigh to premises on Kings Way I am pleased to see North East based developers Manvale investing in the former office block. This demonstrates confidence in both Burnley town Centre and the Burnley housing market.</p>
<p><b>PR4-</b> We will develop and deliver the Local Plan. This will act as the key supporting framework for encouraging future employment and investment in a range of housing stock.</p>	<p>Work, including on a whole plan viability study and updated highways impact and strategic flood risk assessments is underway and a draft Proposed Submission version of the Local Plan is being finalised for presentation to Executive and Full Council. Subject to Council approval, this 'Proposed Submission Document' will be published for 6 weeks statutory consultation before being submitted for Examination. Revised Committee/Council and publication/submission dates will be announced in February 2017. No further major slippage is anticipated.</p>

# Questions



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# Exclusion of the Public



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