



Meeting of the Burnley Borough Council

To be held at 6.30 pm on
Wednesday, 23rd February, 2022
MECHANICS THEATRE,
MANCHESTER ROAD, BURNLEY



Sir or Madam,

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

DATE: Wednesday, 23rd February, 2022

starting at 6.30 pm

To transact the business specified below.

Catherine Waudby
Head of Legal and Democratic Services

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

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

Due to limited space in the venue members of the public wishing to observe the meeting are advised to watch the live stream on Youtube. Priority will be given to those who have registered to speak if seating capacity is exceeded.

A G E N D A

1. Minutes of the Last Meeting, and Administrative Update 7 - 16

To receive, as read, the Minutes of the proceedings of the previous Council meeting held on the 26th January 2022, and to confirm them or otherwise.

To add as an administrative update to Minute 7 of the Minutes of 27th May 2020 Full Council the following as Paragraph (3);
That the appointment of Kathryn Haworth be approved as the parish representative member of the Audit and Standards Committee from 9th April 2020 until 8th April 2023.

2. Declarations of Interest
To receive any declarations of interest.
3. Mayor's Communications
To receive communications (if any) from His Worshipful the Mayor.
4. Public Question Time
To receive questions, statements or petitions (if any) from members of the public.
5. Items for Decision by the Council
 - a) Revenue Budget Monitoring Q3 2021/22 17 - 34
To consider Revenue Budget Monitoring Q3 2021/22
 - b) Capital Budget Monitoring Q3 2021/22 35 - 48
To consider Capital Budget Monitoring Q3 2021/22
 - c) Medium Term Financial Strategy (MTFS) 2023/24 -26/27 49 - 82
To consider the Medium Term Financial Strategy (MTFS) 2023/24 -26/27
 - d) Revenue Budget 2022/23 83 - 100
To consider the Revenue Budget 2022/23
 - e) Capital Budget 2022/23 and Capital Investment Programme 2022/27 101 - 124
To consider the Capital Budget 2022/23 and Capital Investment Programme 2022/27
 - f) Treasury Management Strategy 2022/23 and Prudential Treasury Indicators 125 - 156
To consider the Treasury Management Strategy 2022/23 and Prudential Treasury Indicators
 - g) Revenue Budget Statutory Report by Finance Officer 157 - 164
To consider a Revenue Budget Statutory Report by the Finance Officer (S151)
 - h) Council Tax Resolution 2022/23 -To follow
To consider a Council Tax Resolution 2022/23 -To follow
 - i) Members Allowance Scheme 2022-25 165 - 176
To consider the Members Allowance Scheme 2022-25.
 - j) Strategic Plan 2022 177 - 188

To consider the Strategic Plan 2022

- k) Pay Policy Statement- Localism Act 2011 189 - 254
To consider a Pay Policy Statement- Localism Act 2011
- l) Appointment Process of External Auditors 2023/27 255 - 264
To consider the Appointment Process of External Auditors 2023/27
- m) Appointment Process to Burnley Leisure as an Outside Body 265 - 270
To consider the Appointment Process to Burnley Leisure as an Outside Body
- n) Constitutional Updates and Reporting 271 - 282
To consider Constitutional Updates and Reporting, including Appointment to a Working Group

6. Reports from Committee Chairs

To consider reports from Committee Chairs

- a) Report from the Chair of Scrutiny 283 - 284
- b) Report from the Chair of Audit & Standards 285 - 286
- c) Report from Chair of Licensing 287 - 288
- d) Report from Chair of Development Control 289 - 290

7. Questions

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).

Councillor Attendance

Please use the link below to access Councillor attendance records. You can refine your search by time or by committee.

<http://burnley.moderngov.co.uk/mgUserAttendanceSummary.aspx>



BURNLEY BOROUGH COUNCIL FULL COUNCIL

MECHANICS THEATRE

Wednesday, 26th January, 2022

PRESENT

MEMBERS

His Worshipful The Mayor (Councillor Mark Townsend) in the Chair;

Councillors C Towneley (Vice-Chair), A Anwar, H Baker, G Birtwistle, C Briggs, F Cant, P Chamberlain, S Chaudhary, T Commis, S Cunliffe, I Emo, D Ferrier, A Fewings, B Foster, P Gill, S Graham, S Hall, J Harbour, A Hosker, M Hurt, S Hussain, J Inckle, K Ingham, M Ishtiaq, M Johnstone, A Kelly, A Khan, L Khan, W Khan, G Lishman, M Lishman, S Lone, L Mehanna, A Raja, A Royle, J Sumner, D Whitaker and A Wight

OFFICERS

Mick Cartledge	– Chief Executive
Lukman Patel	– Chief Operating Officer
Catherine Waudby	– Head of Legal and Democratic Services
Chris Gay	– Governance Manager
Alison McEwan	– Democracy Officer
David Bristow	– Mayor's Officer
Diane Whittle	– Administration Officer
Dexter Almond	– Kickstart Programme Placement
Paul Barlow	– Graphic Designer
Mark Hindman	– Graphic Designer

54 Minutes Silence

The Mayor asked members to join him in a minutes silence to remember former Councillor and MP for Burnley Peter Pike, who died recently.

Members paid tribute to him and passed on their condolences to his family.

55 Minutes of the Last Meeting

RESOLVED The Minutes of the meeting of the Council held on the 8th December 2021 were confirmed and signed by the Chair.

56 Declarations of Interest

Councillors Ishtiaq and Lone declared a personal and prejudicial interest in Item 6f, Selective Licensing. They left the room and took no part in the debate or vote on the matter.

Councillors Fewings, Hosker and Towneley declared a non-prejudicial other interest in Item 6h, A County Deal for Lancashire. They were able to take part in the debate and vote on the matter.

57 Motion Without Notice (Council Procedure Rule 13(c))

Cllr Anwar moved a Motion Without Notice under Council Procedure Rule 13(c) – to change the order of business on the agenda to hear related items consecutively.

On being put to the vote it was RESOLVED that Item 6(f) on the agenda, Selective Licensing be considered after Item 4 – Public Question Time.

58 Public Question Time

Cllrs Ishtiaq & Lone left the meeting.

Mr Geoffrey Berg addressed the meeting on Selective Licensing under the Public Right to Speak.

59 Selective Licensing Designation - Burnley Wood with Healey Wood and Leyland Road areas

With reference to Executive Minute 72 (19th January 2022) consideration was given to Selective Licensing.

It was RESOLVED that Council approve the financial implications detailed in this report and create a budget of £148,090 for 2022/23 which will be recovered through the fee income.

Cllrs Ishtiaq & Lone re-joined the meeting.

60 20mph Zones and limits in Burnley

It was moved by Cllr Martyn Hurt and seconded by Cllr Andy Fewings that,

“This Council notes:

- In 2010, work started to turn over 200 roads in Burnley and Padiham into 20mph limits¹ with the aim of reducing road casualties
- Lancashire Police adopted a self-policing approach to 20mph limits² despite ACPO⁷ guidance that states : “It is very important that the service doesn’t unintentionally give the impression that the police will not enforce the law”⁶ and Lancashire County Council information on 20mph limits states “The 20mph speed limits can and will be enforced in the same way that any other speed limit is. We are working closely with the police, and enforcement will take place in the same way it does on any other road.”⁸

- Lancashire County Council's own speed monitoring has shown speeds of up to 80mph on 20mph roads, with mean speeds remaining similar between 2010 when the limit was 30mph and 2014 when the limit was 20mph ³
- Since August 2016, no enforcement action has been taken against any driver by Lancashire Police for exceeding a 20mph limit within the borough of Burnley. ²
- Kent Police, a similar sized force to Lancashire, issued 11 Fixed Penalty Notices and 4 Summonses for exceeding a 20mph limit between December 2020 and December 2021. The Metropolitan Police have taken action against over 30,000 drivers for exceeding a 20mph limit in the same period, with over 38,000 additional offences currently ongoing ²
- ROSPA⁴ has estimated that every 1mph reduction in speed can reduce accidents by around 5%
- The chance of fatality after being hit by a vehicle being driven at 20mph is 1.5% compared to 8% at 30mph ⁵
- That the Police and Crime Commissioner for Lancashire, Andrew Snowden, has included Dangerous Driving in his Police and Crime Plan as a Priority for 2021-2025
- 20mph limits without traffic calming measures often do not produce the same level of speed reduction as 20mph limits with traffic calming measures⁴

This Council believes:

- That 20mph limits can, and should, have a positive impact on vehicle speeds, casualty rates and vehicle noise and emissions across the borough.
- That Lancashire Police should adopt an enforcement approach to 20mph limits.
- That driving at over 200%-350% of the speed limit in a 20mph limit is far more dangerous than driving at 20% above a 30mph limit, yet the latter will result in enforcement action, and that both should be treated at least equally.
- That speeding drivers should not have impunity in a 20mph zone, which is currently the case.
- That dangerous driving, including speeding, is often linked to other crimes such as driving without a licence or insurance, drug related crime, driving under the influence and more.⁹
- That education and warnings alone are not enough to curb the high level of dangerous driving within 20mph zones, that there has been a severe lack of both, and that a multi-agency approach is needed to tackle the issue of education and enforcement.
- That larger 20mph speed signs would provide a higher impact visual reminder of the speed limit.

This Council resolves:

- That the Chief Executive and Leader of the Council will write to the Chief Constable of Lancashire Police to ask that Lancashire Police start to enforce 20mph limits across the Borough in the same manner as they enforce other speed limits, and that they work with the Chief Constable towards this aim, and that a plan of action and timetable is brought before this council as soon as practical.
- That the Chief Executive and Leader of the Council will write to the Police and Crime Commissioner to ask for their support in the enforcement of 20mph limits, and to work alongside them to achieve this aim.
- That the Chief Executive and Leader of the Council will write to the Chief Constable for Lancashire, the Police and Crime Commissioner, the Lancashire Road Safety Partnership, Lancashire County Council in order to form a multi-agency group to tackle the problem of speeding, particularly in 20mph limits and to ensure that enforcement action is taken where necessary. Once formed, that group should consider whether any other agencies involved with enforcement of speed limits and the education of drivers should be invited to join.”

Cllr Don Whitaker moved and Cllr Ivor Emo seconded an amendment to the motion that:

“This Council notes:

Lancashire’s guidance on 20mph limits states “The 20mph speed limits can and will be enforced in the same way that any other speed limit is. The County Council are working closely with the police, and enforcement will take place in the same way it does on any other road.”

Between December 2020 and December 2021 no enforcement action has been taken against any driver by Lancashire Police for exceeding a 20mph limit in the borough of Burnley or elsewhere in Lancashire.

Kent Police, a similar sized force to Lancashire, issued 11 Fixed Penalty Notices and 4 Summonses for exceeding a 20mph limit between December 2020 and December 2021. The Metropolitan Police have taken action against over 30,000 drivers for exceeding a 20mph limit in the same period, with over 38,000 additional offences currently ongoing.

That Andrew Snowden, the Police and Crime Commissioner for Lancashire, has included Dangerous Driving in his Police and Crime Plan as a Priority for 2021-2025. As part of this plan, he has commenced a review of the Lancashire Road Safety Partnership and has already agreed with the Chief Constable that enforcement in 20mph zones is a requirement. There are a number of these zones in the Borough Lakeland Way, Station Road Padiham and Finsley Gate to name but a few.

This Council believes:

That education and warnings alone are not enough to curb the high level of dangerous driving within 20mph zones in our borough, although there has been a severe lack of both, and that a multi-agency approach is needed to tackle the issue of education and enforcement.

This Council resolves:

To participate fully in the review of the Lancashire Road Safety Partnership which will establish a clear set of guidelines to determine the enforcement in 20 mph zones in the Borough of Burnley.

That the Chief Executive and Leader of the Council will write to the Police and Crime Commissioner to note our support for his Police and Crime Plan and to ask him to keep Burnley Councillors informed on the progress of correcting the historical issues he faces.”

Adjournment of meeting

With the consent of Members the Mayor adjourned the meeting at 7.26pm

The meeting reconvened at 7.38pm

On being put to the vote the amendment was declared to be LOST.

On being out to the vote the original motion was declared to be CARRIED and it was RESOLVED accordingly.

61 Fireworks

Cllr Alan Hosker moved and Cllr Karen Ingham seconded a motion that,

“Within the Burnley borough, in the days leading up to 5th November 2021, there were a number of disturbing anti- social and criminal activities, which involved the misuse of fireworks, mainly by youths making mayhem.

Incidents included;

A firework being tied to the leg of a kitten causing significant injury

Dog bins being destroyed by fireworks

Lit fireworks being thrown at members of the public, including senior citizens

On Bonfire night, 5th November 2021 lit fireworks were also thrown at members of the Police and the Fire and Rescue Service.

This Council resolves that the Chief Executive writes to the Secretary of State for Business, Energy and Industrial Strategy asking him to consider what measures he can take to reduce or eradicate such behaviour, including, but not limited to;

(i) Imposing further restrictions on the sale of fireworks, for example, by only allowing sales to organisers of licensed public fireworks displays and banning sales to others.

(ii) Banning the use of fireworks on any dates other than dates traditionally connected with the use of fireworks.

This Council believes that legislation is needed which balances people’s desire for firework displays and protects people’s rights not to be distressed by fireworks throughout the year.

Cllr John Harbour moved and Cllr Sue Graham seconded an amendment to the motion:

“Within the Burnley borough, in the days leading up to 5th November 2021, there were a number of disturbing anti- social and criminal activities, which involved the misuse of fireworks, mainly by youths making mayhem.

Incidents included;

A firework being tied to the leg of a kitten causing significant injury

Dog bins being destroyed by fireworks

Lit fireworks being thrown at members of the public, including senior citizens

On Bonfire night, 5th November 2021 lit fireworks were also thrown at members of the Police and the Fire and Rescue Service.

This Council resolves that the Chief Executive writes to the Secretary of State for Business, Energy and Industrial Strategy asking him to consider what measures he can take to reduce or eradicate such behaviour.”

Adjournment of meeting

With the consent of Members the Mayor adjourned the meeting at 7.54pm

The meeting reconvened at 8.04pm

Cllrs Hosker and Ingham indicated their support for the amendment.

On being put to the vote the amendment was CARRIED and became the substantive motion.

On being put to the vote the substantive motion was CARRIED and it was RESOLVED accordingly.

62 Constitutional Updates and Appointments to Committees

Consideration was given to constitutional updates and appointments to Committees since the last meeting.

It was RESOLVED that:

1. The report detailing Special Urgency Executive decisions made from November 2020 to December 2021 be noted.
2. Council notes the waiver of call in granted relating to an urgent decision (Executive Functions) taken by the Chief Executive on 21 December 2021 (Minute attached as Appendix 1), and also notes the waiver of call for a future decision to be taken by the Executive on 19 January 2022, both relating to the Levelling Up Fund.
3. Council notes minor updates made using the Monitoring Officer's delegated powers to Part 5.2 Appx Code of Conduct for Employees -Whistleblowing Policy (Appendix 2).
4. Council approves the following changes to Labour Group committee places as follows:
 - i) Cllr Paul Campbell to stand down from Scrutiny Committee, to be replaced by Cllr Lubna Khan.
 - ii) Cllr Paul Campbell to stand down from Audit & Standards Committee, to be replaced by Cllr Lubna Khan.

63 Calendar of Meetings 2022-23

Consideration was given to the Calendar of meetings for 2022-23.

It was RESOLVED that the calendar of meetings be approved.

64 Changes to Polling Stations

Consideration was given to changes to a number of polling stations.

It was RESOLVED that Council approve the following permanent changes to polling stations:

- (a) Brunshaw Ward (FD) from Brunshaw Methodist Church to Belmont Community Centre, Belmont Grove, BB10 4NR;
- (b) Daneshouse & Stoneyholme Ward (DC) from Chai Centre to Ghausia Centre, Abel St, Burnley BB10 1QY;
- (c) Cliviger with Worsthorpe (HA) from 67 Richmond Avenue to Pike Hill Library, Langwyth Road, Burnley BB10 3JX (double station);
- (d) Coalclough with Deerplay Ward (KC, KD and KE) from REMEC Engineering to Burnley Golf Club, Glen View Road, Burnley BB11 3RW and
- (e) Whittlefield with Ightenhill (MB) from St Mary Magdalene's School to St Mary Magdalene's Church, Gawthorpe Road, Burnley BB12 0JP (double station)
- (f) With the exception of a) to e) above, Members note the Returning Officers decision not to change any other polling stations.

65 Health & Safety Delivery Plan 2022

With reference to Executive Minute 73 (19th January 2022) consideration was given to the Health & Safety Delivery Plan (reviewed 2021-22).

It was RESOLVED that Council approve the Health and Safety Intervention Plan (reviewed 2021/2022).

66 Food Safety Delivery Plan 2022

With reference to Executive Minute 74 (19th January 2022) consideration was given to the Food Delivery Plan (reviewed 2021-22).

It was RESOLVED that Council approve the Health and Safety Intervention Plan (reviewed 2021/2022).

67 Local Government Boundary Commission Review

Consideration was given to a Local Government Boundary Commission Review.

It was RESOLVED that Council's preference was Option 2 – implementation in 2027.

68 Lancashire County Plan

Consideration was given to the County Deal for the Lancashire Area.

Cllr Shah Hussain moved and Cllr Mohammed Ishtiaq seconded an amendment to recommendation 2.2 of the report:

“That Full Council:

- 2.1 Supports the outline ‘Our New Deal for a Greater Lancashire’ at APPENDIX 1 as the initial draft basis for further discussion and development of a possible County Deal for the Lancashire area.
- 2.2 **Notes** the principles of governance as set out in APPENDIX 2 for any future deal **and requests that Lancashire Leaders strengthen the proposals in the areas of democratic leadership, accountability and transparency.**
- 2.3. Agrees that the Leader of the Council continues to work with Lancashire Leaders in line with the principles agreed in recommendations 1 & 2 above and note that any formal proposals will require approval by Full Council at the appropriate time.

Adjournment of meeting

With the consent of Members the Mayor adjourned the meeting at 8.23pm

The meeting reconvened at 8.33pm

On being put to the vote the amendment was CARRIED.

A motion without notice under CPR 13(l) to extend the meeting beyond 3 hours duration was moved and seconded. On being put to the vote the motion was carried, and it was RESOLVED accordingly.

On being put to the vote, the substantive motion:

“That Full Council:

- 2.1 Supports the outline ‘Our New Deal for a Greater Lancashire’ at APPENDIX 1 as the initial draft basis for further discussion and development of a possible County Deal for the Lancashire area.
- 2.2 Notes the principles of governance as set out in APPENDIX 2 for any future deal and requests that Lancashire Leaders strengthen the proposals in the areas of democratic leadership, accountability and transparency.
- 2.3. Agrees that the Leader of the Council continues to work with Lancashire Leaders in line with the principles agreed in recommendations 1 & 2 above and note that any formal proposals will require approval by Full Council at the appropriate time.

Was CARRIED, and it was RESOLVED accordingly.

69 Reports from Committee Chairs

It was RESOLVED that the reports of Committee Chairs of Scrutiny, Licensing and Development Control be noted.

70 Strategic Plan Progress Reports

It was RESOLVED that the Executive Member reports be noted.

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Revenue Monitoring Report 2021/22 – Quarter 3 (to 31 December 2021)

REPORT TO EXECUTIVE



DATE	14 February 2022
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Howard Hamilton-Smith
TEL NO	(01282) 477173
EMAIL	hhamilton-smith@burnley.gov.uk

PURPOSE

1. To report the forecast outturn position for the year as at 31 March 2022 based upon actual spending and income to 31 December 2021.
2. Members are asked to note the financial impact of the Coronavirus pandemic as can be seen in paragraph 5. In view of these exceptional times the revenue monitoring position is uncertain.

RECOMMENDATION

3. The Executive is asked to:
 - a. Note the projected revenue budget forecast position of a net overspend of £12k, as summarised in Table 1 and detailed in Appendix 1.

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

- b. The latest revised net budget of **£15.419m** as shown in Table 1, and
- c. The net transfers from earmarked reserves of **£2.166m** as shown in Appendix 2.
- d. The carry forward of forecast unspent budgets as requested by Heads of Service in Appendix 3. These amounts totalling £160k and are to be transferred into the Carry Forward Reserve. The monies will be transferred back out to create additional revenue budgets in 2022/23 or when required.

REASONS FOR RECOMMENDATION

4. To give consideration to the level of revenue spending and income in 2021/22 as part of the effective governance of the Council and to ensure that appropriate management action is taken to ensure a balanced financial position.

SUMMARY OF KEY POINTS

5. Financial Impact of Covid -19

This report shows the forecast outturn position based on the net budget forecast within the current reporting period. In previous years, the focus of this report has been on the net budget forecast and the achievement of the savings targets. Due to the Coronavirus pandemic, this year is a continuation of the 2020/21 financial year with the focus instead being on the forecast reductions in income and increases in expenditure together with an evaluation of progress against savings targets. Due to the continuing uncertainty around the pandemic, it is difficult to predict the ongoing impact on the potential year end outturn. At the end of the current reporting period, the forecast year end net budget deficit stands at £12k, which is reduced from the £86k overspend as reported at Q2. This is after taking into consideration an estimated £0.237m to be reclaimed under the Sales, Fees and Charges Compensation Scheme and £0.719m of direct Central Government funding received to date. The deficit is based upon forecast income and expenditure as at the end of Quarter 3, a time at which there are many future unknowns. The budget is being continually monitored.

Members will recall that it was approved through the Revenue Outturn Report at Full Council in July 2021 to transfer £1.6m into the Covid-19 reserve. The reserve has been called upon in 2021/22 to fund related additional expenditure or loss of income and to provide funding for recovery initiatives. New Burdens funding has been received during 2021/22 of £173k, it is proposed to transfer this into the Covid-19 reserve. It is forecast that there will be a balance of £1.4m available at the end of 2021/22 for use in 2022/23 and future years.

6. Revenue Budget Monitoring Process

All budget holders are required to review their budgets on a monthly basis. Three in-year reports on revenue budget monitoring are presented to the Executive and Scrutiny Committee during the course of the financial year. This is the third in year report for 2021/22. In addition to these three reports there is a final report for revenue to consider the actual spending at the end of the financial year compared with the revised revenue budget. Under the scheme of delegation each budget area is delegated to a Head of Service who remains accountable for the effective discharge of financial management as an integral part of achieving strategic objectives and in turn meeting service delivery priorities.

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

7. Budget Changes

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

- Virements approved by Heads of Service and Management Team.

- Decisions confirming additional awards of grant and contributions up to £50k approved by Heads of Service and Management Team.
- Executive Member for Resources and Performance Management decisions confirming additional awards of grant and contribution over £50k.
- Decisions made by the Executive.
- Transfers to/from Earmarked Reserves in respect of grants/contributions and also approved carry forwards from 2021/22 (Appendix 2).

Members are asked to approve the latest revised net budget of £15.419m as shown in Table 1.

8. Revenue Budget Summary

Table 1 shows a summary by service area of the revised budget for the year along with the current forecast as at the end of Q3 and the anticipated variance.

At the end of Q3 the net budget forecast is currently £12k deficit, this is a reduction from the £86k forecast overspend reported in Q2. Incorporated into the budget are two savings targets: a £169k salary savings target and a £79k non salary savings target. This report would normally focus on the savings identified in year and the achievement of these targets. In the current circumstances this is not feasible. The net budget forecast of £12k deficit is based upon the latest estimates of income and expenditure, of which there are still many future unknowns. Consideration has only been given to the short-term impact of the pandemic and there is a high probability that the impact will be longer-term spanning future financial years, with increased costs and income losses.

9. Members will recall that savings totalling £0.182m were built in to the 2021/22 revenue budget to ensure that a balanced budget was achieved. As part of the budget monitoring process, progress against the achievement of these savings is to be monitored in year, details of which can be seen below:

Description	Saving £000	Progress of Achievement
Reduction in Growth Lancashire subscription costs	13	Fully achieved. Subscription payment reduced.
Reduction in Regeneration Development consultancy support budget	11	Forecast to achieve. Budget to continue to be monitored.
Streetscene restructure and deletion of vacant posts	10	Fully achieved. Restructure complete.
Back-office efficiency savings within Green Spaces	6	Forecast to achieve. Budget to continue to be monitored.
Savings from the flexible retirement of 1 x post	35	Fully achieved.
Capitalisation of one officer remuneration costs within Empty Homes	28	Fully achieved.

Operational Budget Savings - Streetscene	10	Forecast to achieve. Budget to continue to be monitored.
Re-tender Stables Café at increased rent	10	Fully achieved. Target income achieved.
Thompson Park pavilion rent	5	Budget to continue to be monitored.
Efficiency savings - Burnley Leisure	50	Fully achieved. Leisure Trust SLA agreed.
Reduce Parish Council Grants in line with funding reductions	4	Fully achieved. Parish grants reduced in line with saving required.
TOTAL	182	

10. In February 2021 the Government announced details of £1.55 billion of un-ringfenced grant to support local authorities in 2021/22. Of this allocation, Burnley's share was £0.719m. In addition, an extension to the Sales, Fees & Charges Compensation Scheme for the first quarter of 2021/22 was also announced.
11. Due to the ever-changing environment the budget position is fluid and is being continually monitored and reviewed. More detailed forecasts will be provided throughout the year as part of the budget monitoring reporting cycles.
12. As previously mentioned, the Government announced an extension to the 2020/21 Sales, Fees & Charges Compensation Scheme into the first quarter of 2021/22. Where these income losses are more than 5% of a council's planned income from sales, fees and charges, the government will cover them for 75p in every pound lost. Based on the estimated losses of income identified in this report, it is estimated that £237k can be claimed under the scheme.

Table 1: Revenue Budget Forecast Position 2021/22

	Reconciliation of	Forecast position as at					Forecast position as at					
	Approved Budget & Funding	Quarter 2					Quarter 3					
	Net Budget 2021/22	Revised Budget	Forecast Q2	Forecast Net Income from Sales, Fees & Charges	Revised Forecast Q2	Variance Q2	Revised Budget	Forecast Q3	Forecast Net Income from Sales, Fees & Charges	Revised Forecast Q3	Variance Q3	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
a	Economy and Growth	616	802	819	0	819	17	817	768	0	768	(49)
b	Policy and Engagement	441	826	850	(7)	843	18	1,081	1,083	(7)	1,076	(6)
c	Management Team	361	361	361	0	361	0	361	355	0	355	(6)
d	Sport and Culture Leisure Client	728	899	899	0	899	0	899	899	0	899	0
e	Green Spaces and Amenities	1,067	1,178	1,289	(50)	1,239	62	1,178	1,287	(50)	1,237	59
f	Streetscene	3,125	3,203	3,511	(57)	3,454	251	3,203	3,357	(57)	3,300	97
g	Housing and Development Control	458	669	687	(22)	665	(3)	764	783	(22)	761	(3)
h	Strategic Partnership	3,935	3,916	3,916	0	3,916	0	3,916	3,916	0	3,916	0
i	Finance and Property	532	555	866	0	866	311	554	959	0	959	405
j	Revenues and Benefits Client	(1,287)	(1,287)	(1,055)	(101)	(1,156)	131	(1,297)	(1,065)	(101)	(1,166)	131
k	Legal and Democratic Services	1,015	1,017	994	0	994	(23)	1,017	995	0	995	(21)
l	People and Development	235	235	235	0	235	0	235	235	0	235	0
m	Central Budgets - Other (includes corporate costs eg utilities, apprenticeship levy)	890	2,009	2,009	0	2,009	0	1,813	1,813	0	1,813	0
	Central Budgets - Savings Targets (see Table 2)	(248)	(248)	(248)	0	(248)	0	(248)	(248)	0	(248)	0
	NET SERVICE BUDGET	11,869	14,132	15,132	(237)	14,895	763	14,292	15,134	(237)	14,898	607
	Pensions	772	772	772	0	772	0	772	772	0	772	0
	Provisions (Balance to be determined at year end)	0	0	0	0	0	0	0	0	0	0	0
	Impairments (Provisions for Bad Debt)	0	0	0	0	0	0	0	0	0	0	0
	Parish Precepts (Disbursement to Parishes)	169	169	169	0	169	0	169	169	0	169	0
	Treasury (Investment Income & Expenditure)	951	951	991	0	991	41	951	1,076	0	1,076	125
	Capital Financing	1,240	1,996	1,996	0	1,996	0	1,996	1,815	0	1,815	(181)
	Earmarked Reserves (to / (from))	(131)	(2,602)	(2,602)	0	(2,602)	0	(2,762)	(2,581)	0	(2,581)	181
	Strategic Reserves (to / (from))	550	1	1	0	1	0	1	1	0	1	0
	NET CORPORATE ITEMS	3,551	1,287	1,327	0	1,327	41	1,127	1,252	0	1,252	125
	Council Tax	(7,266)	(7,266)	(7,266)	0	(7,266)	0	(7,266)	(7,266)	0	(7,266)	0
	Parish Precepts (Receipts from Council Tax Payers)	(169)	(169)	(169)	0	(169)	0	(169)	(169)	0	(169)	0
	Business Rates: Retained Income	(4,513)	(4,513)	(4,513)	0	(4,513)	0	(4,513)	(4,513)	0	(4,513)	0
	Business Rates: S31 Grants (For award of business rates)	(1,442)	(1,442)	(1,442)	0	(1,442)	0	(1,442)	(1,442)	0	(1,442)	0
	Prior Year Collection Fund (Surplus)/Deficit	632	632	632	0	632	0	632	632	0	632	0
	Revenue Support Grant	(1,649)	(1,649)	(1,649)	0	(1,649)	0	(1,649)	(1,649)	0	(1,649)	0
	New Homes Bonus	(564)	(564)	(564)	0	(564)	0	(564)	(564)	0	(564)	0
	Other Government Grants	(449)	(449)	(449)	0	(449)	0	(449)	(449)	0	(449)	0
	FUNDING	(15,419)	(15,419)	(15,419)	0	(15,419)	0	(15,419)	(15,419)	0	(15,419)	0
	BUDGET BALANCE	(0)	(0)	1,040	(237)	803	804	(0)	967	(237)	731	732
	LA Support Grant Allocations 21/22	0	0	(719)	0	(719)	(719)	0	(719)	0	(719)	(719)
	Forecast Budget Gap Excluding Collection Fund	(0)	(0)	321	(237)	84	86	(0)	248	(237)	12	12

13. SAVINGS TARGETS

As previously mentioned, in setting the budget it was assumed that two savings targets would be achieved: £169k salary savings from not filling posts immediately and £79k in year savings/additional income target. In light of the financial pressures incurred as a result of the Coronavirus pandemic the operational underspend target may not be achieved. The salary savings target may be achieved due to staff turnover and vacant posts. At present the forecast budget overspend is £12k. This is after Central Government funding has been taken into consideration. A summary of the in-year targets and the projected budget forecasts categorised by salary and non-salary expenditure as at the end of Q3 can be seen in Table 2 below:

Savings	Revised Budget	Savings Forecast Q1	Savings Forecast Q2	Savings Forecast Q3	Balance of Savings yet to be Identified
	£000	£000			£000
Salary Savings	(169)	21	25	97	(26)
Non-Salary Savings	(79)	0	0	0	(79)
Shortfall in Income/Increases in Expenditure	0	(536)	(133)	(169)	(838)
TOTAL	(248)	(515)	(108)	(72)	(944)
Less Sales, Fees and Charges Compensation					237
Less Central Government Received					719
TOTAL SAVINGS YET TO BE IDENTIFIED					(12)

Salary Savings Target

The position at the end of Q3 is that £143k of salary savings have been secured to date as can be seen in Table 2 above, leaving a shortfall of £26k to identify throughout the remainder of the year.

Non-Salary Savings Target

Due to pressures on income and expenditure due to the Covid-19 pandemic no savings have been identified towards the non-salary savings target at this stage. Any savings identified have been offset by increases in expenditure.

Additional shortfalls in income/increases in expenditure of £838k have been identified.

The combined balance of savings (salary, non-salary and additional shortfalls in income/expenditure) yet to be identified totals £944k which is reduced to a net budget deficit of £12k once Central Government funding received to date has been taken into consideration. The above estimates are based on forecasts at the end of Quarter 3, when there are still many future uncertainties. As such the budget is fluid in nature and may change (positively or negatively) as the year progresses.

14. SERVICE REPORTS

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

a. Economy and Growth

Forecast Variance: £49k net underspend

Previous forecast variance: £17k net overspend

Salary savings (£11k) due to a vacant post which has now been filled. In addition, salary savings (£6.5k) due to a new employee starting on a lower SCP than estimated when the budget was prepared.

Reduction in advertising expenditure across the Market Hall and Market (£23k) due to incoming tenants contributing to advertising costs. Also reductions across various spend areas within the market hall (£60k), mainly around repairs as tenants contribute to repair costs plus a planned replacement of the compactor is no longer taking place, the compactor is instead going to be repaired.

Reduction in stall income and service charge income at the Market Hall (£38k) based on the number of stalls occupied to date (leased and non-leased). There are a number of leases due for renewal this year, which if renewed may partially reverse this estimate. In addition, the take up of non-leased stall occupation may increase once the impact of the pandemic starts to subside. Forecast reduction in storage and utility recharges (£7.5k) due to current occupation levels. Other running costs are projected to be (£6k)

b. Policy and Engagement

Forecast Variance: £6k net underspend

Previous forecast variance: £18k net overspend

An underspend projected of (£13k) in grant expenditure. A reduction in Graphics external income (£14k) due to reduced demand as a result of the pandemic of which it is estimated that (£7k) can be claimed under the Sales, Fees & Charges Compensation Scheme, which has been reflected in the net overspend figure above.

c. Management Team

Forecast Variance: £6k net underspend

Previous forecast variance: £0k

There are underspends projected for Staff Training (£2k), Printing and Stationery and Mobile costs (£2k) and Travelling Expenses (£1k)

d. Sport and Culture Leisure Client

Forecast Variance: £0k net overspend

Previous forecast variance: £0k

Despite the emergence of omicron Quarter 3 has continued to see good trading for the Leisure Trust, albeit not quite at the level the Trust had hoped before restrictions were imposed. Leisure facilities have continued to trade strongly, and fitness memberships have recently recovered to pre-covid levels, however the Trust continues to remain

cautious in view of increased competition. The Christmas events across all Leisure sites performed strongly and this was due to the mitigating controls put in place. The Trust did however experience a drop in numbers and therefore revenue was less than anticipated.

Staffing at the Leisure Trust has continued to be an issue in terms of recruitment. The additional strain of staff having to isolate for omicron have added to these problems. Praise has been given to all staff who have gone above and beyond to ensure facilities and services remained open and available. The projections for the end of the year, barring any further restrictions, are that the Trust will have balanced budget.

e. Green Spaces and Amenities

Forecast Variance: £59k net overspend

Previous forecast variance: £62k net overspend

Salary savings projected of (£60k) This is mainly from vacant posts and flexible retirement offset by some increase in overtime.

Increase in the workshop and stores contract costs (£12k) due to an increase in tractor hire contract costs.

Reduction in Towneley admission and events income (£42k) due to the hall being closed until mid-May and reduced footfall since its re-open. It is estimated that (£14k) can be claimed under the Sales, Fees and Charges Compensation Scheme.

Reduced burial/cremation income (£115k), consisting of interment/cremation income, erection of monument and wall plaques. Due to the increase in need in 2020/21 due to the pandemic, it is forecast that there will be a reduced need in the current financial year. It is estimated that (£36k) can be claimed under the Sales, Fees and Charges Compensation Scheme, which has been reflected in the net overspend figure above.

f. Streetscene

Forecast Variance: £97k net overspend

Previous forecast variance: £251k net overspend

Salary savings (£70k) due to vacant Senior Engineer post and Degree Apprentice post.

Reduction in licences income (£15k), of which it is estimated that (£10k) can be claimed under the Sales, Fees and Charges Compensation Scheme.

Reduction in recharge income and FPN income (£4k) of which it is estimated that (£3k) can be claimed under the Sales, Fees and Charges Scheme.

Car parking income has moved from (£283k) in Q2 to (£248k) in Q3. The reduced income is mainly due to period of 'lockdown' leading to reduced footfall in the town centre. A minor proportion is attributable to the 'Free after 3' scheme £23.6k. This is lower than the £27k loss estimated when the scheme was approved. It is estimated that (£44k) of lost car park income can be claimed under the Sales, Fees and Charges Compensation scheme (the losses attributable to the 'Free after 3' scheme cannot be claimed for), which has been reflected in the net overspend figure above. There are (£25k) reduction in contractor costs due to no activity on parking surveys.

The Garden Waste and Bulkies service has projected an increase in income of (£20k)
Other running costs are projected to be (£2k)

g. Housing and Development Control

Forecast Variance: £3k net underspend

Previous forecast variance: £3k net underspend

An estimate of Building Control joint working fees between the Council and Blackburn with Darwen Borough Council are calculated annually and reconciled at year end. Following the annual reconciliation of 2020/21 charges paid (£14k) has been repaid to the Council as an overpayment.

Reduction in renovation grant income (£47k) due to a reduction in grants carried out due to the pandemic. It is estimated that (£22k) can be claimed under the Sales, Fees and Charges Compensation Scheme, which has been reflected in the net overspend figure above.

The net costs of Temp Accommodation and Housing Benefits Received are projecting a (£55k) shortfall.

Planning Fee income is projected at (£69k) The projected income increase is due to a significant and sustained increase in the number of planning applications that have been submitted to the local planning authority throughout the year.

h. Strategic Partnership

Forecast Variance: £0

Previous forecast variance: £0k

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

i. Finance and Property

Forecast Variance: £405k net overspend

Previous forecast variance: £311k net overspend

Salary savings (£21k) in respect of 3 vacant posts. Two post's have been filled and the recruitment process to replace the remaining one is currently progressing.

Reduction in the previously declared increase to the provision for bad debts on property rental income £51k from (£430k) to (£379k) Reduction in bus station departure income (£2k).

Software costs for Civica financial hosted system is projecting a cost of (£34k)

Following the acquisition Charter Walk, revenue budgets have been established to account for various income and expenditure streams. It is estimated that the centre will generate a net surplus of around £0.5m. This will be transferred into a reserve which has been established to mitigate any future fluctuations in income and expenditure and provide for future regeneration of the town centre.

j. Revenues and Benefits Client

Forecast Variance: £131k net overspend

Previous forecast variance: £131k net overspend

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

Reduced revenues and benefits court fee income (£232k) due to a reduction in the number of court sessions held. It is estimated that **£101k** can be claimed under the Sales, Fees and Charges Compensation Scheme, which has been reflected in the net overspend figure above.

k. Legal and Democratic Services

Forecast Variance: £21k net underspend

Previous forecast variance: £23k net underspend

Increase in salary costs (£8k) to pay for honoraria payments, agency and overtime costs to cover vacant posts/sickness absence. Increase in training costs of (£2k)

Additional election costs (£2k) due to the need to purchase equipment to ensure covid compliance.

Civic events expenditure (£5k) to fund the Aldermand & Freedom special council & award celebration.

Forecast reduction in insurance costs (**£40k**) based on estimated renewal costs.

Reduced income from the hire of rooms at the Town Hall (£2k) due to the Hall Closure.

l. People and Development

Forecast Variance: £0k net overspend

Previous forecast variance: £0k

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

m. Central Budgets

Forecast Variance: £0k net overspend

Previous forecast variance: £0k

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

n. Corporate Items

Forecast Variance: £125k net overspend

Previous forecast variance: £41k net overspend

The early repayment of a long-term loan has resulted in a reduction in interest income to be received (£40k). In addition, an estimated increase in treasury management consultant fees payable (£1k) following the completion of a contract benchmarking exercise.

The postponement of temporary investment with Burnley College has led to (£85k) shortfall in interest income.

o. **Funding**

Forecast Variance: £719k net underspend

Local Authority support grant received to help fund the ongoing costs of Covid-19.

15. EARMARKED RESERVES

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

A summary of the reserves can be seen in Table 3 below:

	Transformation Reserve	Growth Reserve	Other Earmarked Reserves	TOTAL
	£000	£000	£000	£000
Balance as at 01/04/21	(1,992)	(1,538)	(18,176)	(21,706)
Movement in Q1	(550)	549	2,032	2,031
Drawn down in Q2	-	-	135	135
Drawn down in Q3	-	-	-	-
Balance as at 31/12/21	(2,542)	(989)	(16,009)	(19,540)

Any savings proposals for 2022/23 that are subsequently adopted and include proposed reductions in posts, will require the cost of any redundancies to be met in the current financial year.

16. CAPITAL FINANCING

16.1 Included in the revenue budget is a revenue contribution to capital outlay (RCCO) of £0.596m. This is where revenue funds are used to finance capital schemes. The contribution of £0.596m relates to vehicle and machinery replacement (£160k), refill fountains (£21k), Burnley-Pendle Growth Programme (£300k), Lower St James St Historic Action Zone (£82k) and Finsley Wharf & Canal Towpath improvements (£33k).

17. CARRY FORWARD REQUESTS

17.1 Carry forward requests totalling £160k have been received from Budget Holders, details of which can be seen in Appendix 3. These amounts totalling £160k to be transferred into the Carry Forward reserve and transferred back out to create additional revenue budgets in 2022/23 or when required.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

18. As shown in the body of the report.

POLICY IMPLICATIONS

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

DETAILS OF CONSULTATION

20. None

BACKGROUND PAPERS

21. None

FURTHER INFORMATION

PLEASE CONTACT:

Howard Hamilton-Smith – Head of Finance and Property

ALSO

Adil Ahmed – Principal Accountant

			Quarter 3						
			REVISED BUDGET 2021/22 £000s	Current Forecast £000s	Forecast Net Income from Sales, Fees & Charges £000s	Revised Forecast Q3 £000s	Current Variance £000s	Variance Reported Q2 £000s	Movement £000s
Economy and Growth	RAPP Holding Accounts	RAPP Holding Accounts	154	150	0	150	(4)	(2)	(2)
Economy and Growth	Markets	Burnley Markets	165	125	0	125	(40)	28	(68)
Economy and Growth	Markets	Markets Shared Areas	(29)	(25)	0	(25)	4	0	4
Economy and Growth	Planning Policy	Local Plan	25	25	0	25	0	0	0
Economy and Growth	Planning Policy	Planning Policy	237	237	0	237	0	0	0
Economy and Growth	Economic Development	Town Centre Management	73	73	0	73	0	0	0
Economy and Growth	Economic Development	Business Support	271	273	0	273	2	2	0
Economy and Growth	Economic Development	Burnley Branding	109	115	0	115	6	0	6
Economy and Growth	Economic Development	Burnley Bondholders	3	3	0	3	0	0	0
Economy and Growth	Economic Development	Sandygate Square Student Accomodation	(330)	(330)	0	(330)	0	0	0
Economy and Growth	Regeneration Development	Regeneration	77	66	0	66	(11)	(11)	0
Economy and Growth	Regeneration Development	Weavers Triangle	0	0	0	0	0	0	0
Economy and Growth	Regeneration Development	HAZ Heritage Action Zone	45	39	0	39	(6)	0	(6)
Economy and Growth	Regeneration Development	HAZ Burnley Culture Programme	5	5	0	5	0	0	0
Economy and Growth	Regeneration Development	Padiham THI	10	10	0	10	0	0	0
sub-total			817	768	0	768	(49)	17	(66)
Policy and Engagement	Corp Engage & Policy Hold Acc	Corp Engage Holding Accounts	46	46	0	46	0	0	0
Policy and Engagement	Emergency Planning	Emergency Planning	2	2	0	2	0	0	0
Policy and Engagement	Communications	Communications	116	122	(7)	115	(1)	18	(19)
Policy and Engagement	Community Engagement	Community Engagement	286	281	0	281	(5)	0	(5)
Policy and Engagement	Performance And Policy	Performance and Policy	631	631	0	631	0	0	0
sub-total			1,081	1,082	(7)	1,076	(6)	18	(24)
Management Team	Management Team	Management Team	361	355	0	355	(6)	0	(6)
sub-total			361	355	0	355	(6)	0	(6)
Sport and Culture Leisure Client	Burnley Mechanics And Arts Devt	Burnley Mechanics And Arts Devt	55	55	0	55	0	0	0
Sport and Culture Leisure Client	Leisure Centres	St Peters Centre	235	235	0	235	0	0	0
Sport and Culture Leisure Client	Leisure Centres	Leisure Trust Client	473	473	0	473	0	0	0
Sport and Culture Leisure Client	Leisure Centres	Padiham Leisure Centre	79	79	0	79	0	0	0
Sport and Culture Leisure Client	Leisure Centres	Prairie Sports Village	56	56	0	56	0	0	0
sub-total			899	899	0	899	0	0	0
Green Spaces and Amenities	Bereavement Service	Cemeteries and Crematorium	(860)	(730)	(36)	(766)	95	29	66
Green Spaces and Amenities	Parks And Green Spaces	Community Parks and Open Space	1,393	1,371	0	1,371	(22)	(7)	(15)
Green Spaces and Amenities	Parks And Green Spaces	Recreation and Sport	260	246	0	246	(13)	2	(15)
Green Spaces and Amenities	Parks And Green Spaces	Allotments	(18)	(18)	0	(18)	0	0	0
Green Spaces and Amenities	Parks And Green Spaces	Parks Externally Funded Scheme	14	14	0	14	0	0	0
Green Spaces and Amenities	Art Gallery And Museums	Towneley Hall	315	328	(14)	314	(1)	26	(27)
Green Spaces and Amenities	Art Gallery And Museums	Towneley Hall Ext Fund Schemes	0	0	0	0	0	0	0
Green Spaces and Amenities	Transport	Grounds Maintenance	75	75	0	75	0	12	(12)
sub-total			1,178	1,285	(50)	1,237	59	62	(3)
Streetscene	Streetscene Holding Accounts	Streetscene Holding Accounts	900	832	0	832	(68)	0	(68)
Streetscene	Engineering Services	Bus Shelters	18	18	0	18	0	0	0
Streetscene	Engineering Services	Highways	11	16	0	16	5	0	5
Streetscene	Engineering Services	Street Lighting	83	83	0	83	0	0	0
Streetscene	Engineering Services	Drainage	4	4	0	4	0	0	0
Streetscene	Community Safety	Community Safety	239	231	0	231	(8)	0	(8)
Streetscene	Car Parking	Car Parking	(527)	(309)	(44)	(353)	174	239	(65)
Streetscene	Car Parking	Car Parking Enforcement	14	19	0	19	5	0	5
Streetscene	CCTV	CCTV	152	151	0	151	(1)	0	(1)
Streetscene	Environmental Services	Waste Cleaning Contract	96	96	0	96	0	0	0
Streetscene	Environmental Services	Street Cleansing	1,196	1,236	(3)	1,233	37	1	36
Streetscene	Environmental Services	Waste Collection	1,180	1,128	0	1,128	(52)	(2)	(50)
Streetscene	Environmental Services	Pest Control	39	34	0	34	(5)	0	(5)
Streetscene	Environmental Services	Dog Warden	63	64	0	64	1	7	(6)
Streetscene	Environmental Services	Default Works	(24)	(20)	0	(20)	4	0	4
Streetscene	Regulation	Environmental Health Client	(28)	(28)	0	(28)	0	0	0
Streetscene	Regulation	Taxi Licensing	(118)	(118)	0	(118)	0	0	0
Streetscene	Regulation	Other Licensing	(105)	(90)	(10)	(100)	5	5	0
Streetscene	Regulation	Public Funerals	10	10	0	10	0	0	0
sub-total			3,203	3,357	(57)	3,300	97	250	(153)
Housing and Development Control	Housing And Development Ctrl	Housing	543	645	(22)	623	80	11	69
Housing and Development Control	Development Control	Development Control	90	21	0	21	(69)	0	(69)
Housing and Development Control	Building Control	Building Control	78	64	0	64	(14)	(14)	0
Housing and Development Control	Selective Licensing	Selective Licensing	52	52	0	52	0	0	0
sub-total			764	783	(22)	761	(3)	(3)	0
Strategic Partnership	Strategic Partnership	Strategic Partnership	3,916	3,916	0	3,916	0	0	0
sub-total			3,916	3,916	0	3,916	0	0	0

Finance and Property	Finance Unit	Finance Unit	641	661	0	661	20	(4)	24
Finance and Property	External Audit	External Audit	54	37	0	37	(17)	(17)	0
Finance and Property	Internal Audit	Internal Audit	142	142	0	142	0	0	0
Finance and Property	Misc Income And Expenditure	Misc Income And Expenditure	33	33	0	33	0	0	0
Finance and Property	Property	Property	(317)	84	0	84	402	332	70
sub-total			554	958	0	959	405	311	94
Revenues and Benefits Client	Revenues And Benefits Client	Revenues And Benefits Client	(323)	(323)	0	(323)	0	0	0
Revenues and Benefits Client	Housing Benefits Payments And Subs	Housing Benefits Payments And Subs	(84)	(84)	0	(84)	0	0	0
Revenues and Benefits Client	Council Tax Support	Council Tax Support	(163)	(163)	0	(163)	0	0	0
Revenues and Benefits Client	Cost Of Collection Accounts	Cost Of Collection Accounts	(728)	(496)	(101)	(597)	131	131	0
sub-total			(1,297)	(1,065)	(101)	(1,166)	131	131	0
Legal and Democratic Services	Legal	Legal Services	329	289	0	289	(41)	(40)	(1)
Legal and Democratic Services	Legal	Local Land Charges	(45)	(45)	0	(45)	0	0	0
Legal and Democratic Services	Legal	FOI Requests	1	1	0	1	0	0	0
Legal and Democratic Services	Governance	Conducting Elections	79	79	0	79	(1)	2	(3)
Legal and Democratic Services	Governance	Register of Electors	75	75	0	75	0	2	(2)
Legal and Democratic Services	Governance	Charities Administration	0	0	0	0	0	0	0
Legal and Democratic Services	Governance	Parish Councils	2	2	0	2	0	0	0
Legal and Democratic Services	Governance	Democratic Services	287	293	0	293	6	2	4
Legal and Democratic Services	Governance	Civic Administration	18	23	0	23	5	5	0
Legal and Democratic Services	Governance	Mayoralty	33	39	0	39	6	6	0
Legal and Democratic Services	Governance	Members Expenses	239	240	0	240	1	0	1
sub-total			1,017	995	0	995	(25)	(23)	(3)
People and Development	People And Development	People and Development	235	235	0	235	0	0	0
sub-total			235	235	0	235	0	0	0
Central Budgets - Other	Central Budgets - Other	Central Budgets - Other	1,813	1,813	0	1,813	0	0	0
Central Budgets - Savings Targets	Central Budgets - Savings Targets	Salary Savings Target	(169)	(169)	0	(169)	0	0	0
Central Budgets - Savings Targets	Central Budgets - Savings Targets	Non-Salary Savings Target	(79)	(79)	0	(79)	0	0	0
sub-total			1,565	1,565	0	1,565	0	0	0
NET SERVICE BUDGET			14,292	15,132	(237)	14,899	603	763	(161)
Corporate Items	Pensions		772	772	0	772	0	0	0
Corporate Items	Provisions		0	0	0	0	0	0	0
Corporate Items	Impairments		0	0	0	0	0	0	0
Corporate Items	Parish Precepts		169	169	0	169	0	0	0
Corporate Items	Treasury Investments & Borrowing		951	1,076	0	1,076	125	41	84
Corporate Items	Capital Financing		1,815	1,815	0	1,815	0	0	0
Corporate Items	Earmarked Reserves		(2,581)	(2,581)	0	(2,581)	0	0	0
Corporate Items	Strategic Reserves		1	1	0	1	0	0	0
NET CORPORATE ITEMS			1,127	1,252	0	1,252	125	41	84
Funding	Council Tax		(7,266)	(7,266)	0	(7,266)	0	0	0
Funding	Council Tax - Parish Precepts		(169)	(169)	0	(169)	0	0	0
Funding	Business Rates: Retained Income		(4,513)	(4,513)	0	(4,513)	0	0	0
Funding	Business Rates: S31 Grants		(1,442)	(1,442)	0	(1,442)	0	0	0
Funding	Prior Year Collection Fund (Surplus)/Deficit		632	632	0	632	0	0	0
Funding	Revenu support Grant		(1,649)	(1,649)	0	(1,649)	0	0	0
Funding	New Homes Bonus		(564)	(564)	0	(564)	0	0	0
Funding	Other Government Grants		(449)	(449)	0	(449)	0	0	0
FUNDING			(15,419)	(15,419)	0	(15,419)	0	0	0
BUDGET BALANCE			(0)	965	(237)	732	728	804	(77)
Government Funding	LA Support Grant Allocations 21/22		0	0	0	(719)	0	(719)	0
NET BUDGET BALANCE			(0)	965	(237)	12	728	86	(77)

Appendix 2

Quarter 3 Movements in Reserves

	Transformation Reserve	Growth Reserve	TOTAL Strategic Reserves
	£000	£000	£000
Opening Balance	(1,992)	(1,538)	(3,530)
Original Budget 2021/22 - use of reserves	(550)	0	(550)
TOTAL	(2,542)	(1,538)	(4,080)
Change in cycle 1	0	549	549
Change in cycle 2	0	0	0
Change in cycle 3	0	0	0
Anticipated balance at 31 March 2022	(2,542)	(989)	(3,531)
Approved use of reserves future years	1,736	974	2,710
Movement between reserves	0	0	0
Balance after approvals	(806)	(15)	(821)

Other Earmarked Reserves
£000
(18,176)
(133)
(18,309)
2,165
135
0
(16,009)
(1,731)
0
(17,740)

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Requests for Revenue Budget Carry Forwards from 2021/22 into 2022/23

Appendix 3

Service Unit / Task	Details	Budget Code	Current Budget 2021/22 £	Forecast Spend/ (income) 2021/22 £	Remaining Budget 2021/22 £	Amount Requested £
Housing & Development Control						
Planning Agency Staff	Utilise Salary savings to keep Agency staff in post for 2022/23	R5318/0049	86,588	23,588	63,000	63,000
			86,588	23,588	63,000	63,000
Legal & Democratic Services						
Local Land Charges	To cover the costs of employing a Local Land Charges Assistant to assist in dealing with the increased workload and to assist with data cleansing prior to the migration of Local Land Charges to Her Majesty's Land Registry during the year 2022/2023.	R2032/3333	(62,614)	(100,000)	37,386	37,386
			- 62,614	- 100,000	37,386	37,386
Economy & Growth						
Burnley Branding	Saving this year to be used to outsource Business Awards	RAD27/2032	37,627	27,627	10,000	10,000
			37,627	27,627	10,000	10,000
Finance & Property						
Climate Change	Carbon Literacy training	H4835/2702	100,000	28,000	72,000	72,000
			100,000	28,000	72,000	72,000
TOTAL			161,601	-20,785	182,386	182,386

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Capital Monitoring Report 2021/22 – Quarter 3 (to 31 December 2021)

REPORT TO EXECUTIVE



DATE	14 February 2022
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Howard Hamilton-Smith
TEL NO	(01282) 477173
EMAIL	hhamilton-smith@burnley.gov.uk

PURPOSE

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

RECOMMENDATION

2. The Executive is asked to:
 - a. Recommend to Full Council, approval of net budget changes totalling a decrease of £5,725,705 giving a revised capital budget for 2021/22 totalling £36,670,513 as detailed in Appendix 1.
 - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £36,670,513 as shown in Appendix 2.
 - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £1,840,205 at 31 March 2022 as shown in Appendix 3.

REASONS FOR RECOMMENDATION

3. To effectively manage the 2021/22 capital programme.

SUMMARY OF KEY POINTS

4. Monitoring Information

On 24 February 2021 Full Council approved the 2021/22 original capital budget, totalling £18,792,347.

This is the third in-year monitoring reports, and as such the appendices accompanying this report provide Members with the position as at 31 December 2021 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 2021. The expenditure to date is £29,263,072 which is 80% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £36,670,513, along with identifying the recommended financing elements on a scheme by scheme basis. This is a decrease of £5,725,705.
- c. **Council resources position – Appendix 3** shows the latest position on capital receipts, section 106 monies and third party contributions. As at the end of this round of budget monitoring the assumed level of surplus available local resources, after taking into account the 2021/22 capital commitments, totals £2,744,542.

The resources are reducing each financial year, to an estimated balance on general capital receipts of £1.840m by March 2022. This is due to reduced opportunities to realise capital receipts, as the estate reduces, which will require prioritisation of future capital schemes in line with available resources.

Please note, the general receipts position requires a number of properties to be sold before 31st March 2022, some of which attract a degree of uncertainty (the estimated balance may reduce).

We will monitor these sales throughout the year, and update through the cyclical monitoring reports. Should these receipts not be received, we will need to review the schemes including the sources of financing.

d. Building Infrastructure Works

Towneley Hall

The majority of expenditure in the current financial year will be around survey costs, consultancy fees and preparatory works. Works are to be tendered and are expected to start from June 2022.

Town Hall

Work on the Stone works is progressing and is on target to complete within budget by the end of the current financial year.

Nicholas Street

An area of dry rot was first identified in a rear first floor office and below in a ceiling/corridor wall. A specialist timber company was instructed to produce a strip out and treatment schedule. The roof was also inspected and temporary repairs carried out to an isolated area where a damaged lead lined gutter and cracked hopper outlet was letting water in. The general condition of the roof coverings and high level gutters/rain water goods is poor and there are signs of historic 'temporary' repairs over the roof area and gutters.

Following the initial strip out works, additional areas of dry rot damage were identified over suspended ceilings and wall areas on the front elevation and in an area on the ground floor and basement adjacent the party wall with the neighbouring property. There is evidence of previous timber replacement in the initial outbreak area where dry rot had been removed and treated over 10 years ago.

A further strip out and treatment schedule has been carried out, which included the replacement of dry rot affected timber lintols and further plaster and timber floor strip out. This work was necessary to halt the spread of the rot and mitigate the risk of it spreading to the neighbouring property.

Following this strip out and structural survey additional structural works have been identified. These are currently ongoing. A defective hidden internal rainwater pipe has also been found following a further dry-rot outbreak. The pipe has been temporarily diverted and works to assess the extent of the likely remedial works are underway

e. Acquisition of Charter Walk

The Council approved the purchase of the Charter Walk at its meeting on 22 July 2021. Subsequently a successful bid was submitted, with the exchange of contracts taking place on 07 October 2021. The sale was complete 20 October 2021.

f. Levelling Up Fund

The Council received confirmation of its successful bid at the Autumn Budget on 27th October 2021. The bid was for three schemes: UCLan Burnley Campus Expansion, Town 2 Turf Public Realm Transformation and Railway Station Accessibility Improvement at a total cost of £22.5m spanning three financial years (2021/22 to 2023/24).

6. Revenue Implications

a. Revenue Contributions / Reserves 2021/22

The Capital Programme includes Revenue Contributions / Reserves of £596,144 being:

Scheme	Funded	£
Vehicle & Machinery Replacement	Transport Reserve	93,975
Vehicle & Machinery Replacement	Revenue	66,025
Refill Fountains	Revenue	20,500
Lower St James Street Historic Action Zone	Growth Reserve	82,644
Finsley Wharf & Canal Towpath Improvements	Business Support Reserve	33,000
Burnley/Pendle Growth Corridor	Growth Reserve	300,000
Total Revenue Contributions		596,144

b. Prudential Borrowing 2021/22

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

The interest cost will be dependent on the timing of the borrowing and is subject to the interest rate at the time the borrowing is undertaken. The full year costs will be included within the revenue budget for 2021/22.

The original capital budget for 2021/22 of £18,792,347 included a planned borrowing requirement of £8,792,580.

The Outturn report dated 14 July 2021 seeks approval for slippage on borrowing of £686,125, revising the planned borrowing requirement to £9,478,705.

The Cycle 1 report dated 22 September 2021 approved a reduction of £2m on borrowing, revising the planned borrowing requirement to £7,478,705. Full Council at their meeting on 22 July 2021 approved an additional £23,238,000 revising borrowing to £30,716,705.

The Cycle 2 report dated 01 December 2021 there was no change to the borrowing requirement to £30,716,705.

Within the Cycle 3 report, we have reprofiled the Pioneer Place scheme, reducing the borrowing requirement for the year by £5m.

We have also reprofiled from 2021/22 to 2022/23, borrowing for Lower St James (£70.5k), Acquisition of Charter Walk (£1m), Sandygate Halls (£195k) and Town Centre & Weavers Triangle Project Work (£459k).

This revises the Borrowing to £23,951,312.

The revenue implications of borrowing £23,951,312 are a Minimum Revenue Provision (MRP) of £590k and an interest charge, assuming 3% on the borrowing, would equate to £719k for a full year.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

7. A decrease in the 2021/22 capital programme of £5,725,705 to give a revised budget of £36,670,513.

POLICY IMPLICATIONS

8. None arising directly from this report.

DETAILS OF CONSULTATION

9. None.

BACKGROUND PAPERS

10. None.

FURTHER INFORMATION

PLEASE CONTACT:

Howard Hamilton Smith – Head of Finance and Property

ALSO

Adil Ahmed – Principal Accountant

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2021/22 CAPITAL BUDGET CYCLE 3 MONITORING - UPDATE

APPENDIX 1

Scheme Name	Budget per Exec 01/12/21	Adjustments Per This Report		Changes to be approved in this report	Revised Budget	Total Spend as at 31/12/21	% Schemes Spend	Financed by External Funding	Narrative provided by Project Officers/Heads of Service
		Budget Adjustments	Reprofiled into Future Years						
		A	B	A + B					

GREEN SPACES & AMENITIES

Play Area Improvement Programme	110,927			-	110,927	8,187	7%	64,427	Significant progress made on all 5 schemes in 3rd quarter. Purchase orders have been made for all new play equipment, gates, bins and benches as well as any refurbishment of existing play equipment or street furniture. Planning application has been submitted for Harold Avenue. We are working with Newground to develop a tender for the Stoneyholme Gardens and Harold Avenue schemes. This will be put out to a select list of 3 contractors in January 2022. We expect work on the ground on some of the 5 PAIP schemes to begin mid-late January 2022 and aim to complete them all by the end of March 2022.
Vehicle and Machinery Replacement	175,000			-	175,000	140,805	80%	15,000	Electric mowers purchased for Cemetery and Golf greens together with various GM equipment. Vehicle fleet replacement tipper has been purchased for Green Spaces and the transit van used by the Playgrounds Team is due to be replaced this year.
Playing Pitch Improvements	88,000		(78,000)	(78,000)	10,000	-	0%	10,000	Work on the new draft lease for AFC Wolves has been completed and sent to the Club for them to check. We have met with club representatives regarding the proposed drainage works in 2022. We are hoping to bring the Queens Park drainage improvement project (as a result of the Stoneyholme Recreation Ground/Burnley College compensation package) and the Lockyer Avenue drainage works together in to one scheme. We will commission a consultant (probably STRI) to provide drainage design plans for the works at both sites with a view to tendering the work in late Spring 2022. We aim to have this work done in Summer 2022. £10K will be spent in this financial year with the balance of £78K to be spent in 2022/23.
Extension of Burnley Cemetery	25,000			-	25,000	-	0%	-	Intend to use the capital monies set aside this financial year to appoint a consultant who specialises in the development of new Cemeteries and Cemetery extensions.
Brun Valley Forest Park	35,219			-	35,219	7,296	21%	35,219	Seeding of wildflower meadows has taken place at Bank Hall Park, with the remaining sites at Bank Hall and Lydgate to be seeded by contractors in Mark 2022. This will complete the obligations under the S106 funding agreement in respect of the BooHoo development.
Worsley Recreation Ground Improvements	122,705			-	122,705	51,957	42%	122,705	The MUGA/Car Parking area has been developed and is complete with the exception of line marking and installation of goal/basketball hoops. The multi-user stone path around the perimeter of the site is complete and work on the additional car parking area is in progress. The modular clubhouse is in situ with utilities to be connected and Fullede Colts to undertake refurbishment of the building, which is currently boarded up. Resurfacing of the access from Lennox Street will follow instalation of utilities
Thompson Park HLF	51,173			-	51,173	14,219	28%	51,173	Outstanding works including signage, road surfacing, flood defence and works to the paddling pool expected to be completed in this financial year.
Refill Fountains	20,500			-	20,500	15,500	76%	-	Bottle fillers have been ordered. Installation to be undertaken by engineers in town centre sites and parks.
Stoops Wheeled Sports	925			-	925	(250)	-27%	925	To be spent on replacement safety signs by the end of Quarter 4
Prairie Artificial Turf Pitch	40,812			-	40,812	24,971	61%	40,812	Spend was incurred in the previous financial year. This budget is to cover retention payment to main contractor and cost consultant.
	670,261	-	(78,000)	(78,000)	592,261	262,684	44%	340,261	

STREETSCENE

Alleygate Programme	25,684			-	25,684	1,132	4%	-	7 new schemes have been selected for 2021/22 roll out. Consultation completed December 2021 in line with legislation. Manufacture and Installation to complete in Quarter 4. All funding committed.
River Training Walls	105,262		(92,406)	(92,406)	12,856	12,856	100%	-	Capital spend has recently been spent to strengthen the resilience of the Thompson Park Heritage Works and to protect from flooding. The remainder of this budget will be spent in the third and fourth quarter next year for works along the River Brun in Browhead Park/Thompson Park. The Environment Agency will only allow these works to be undertaken after 30th June 2022, outside of the fish spawning season.
Safer Streets	396,256			-	396,256	323,072	82%	396,256	All works will be completed in Q4 with final invoices submitted in January. Final work streams to complete are back yard gates, replacement back door scheme, and some parks improvement works.
Electric Vehicle Charging Points	-	101,755		101,755	101,755	-	0%	101,755	Electric Vehicle Rapid Charge points for taxis at King Street and Centenary Way car park. King St site complete other than minor reinstatement & signage works which are conditional on payment for the second site at Centenary Way. All works expected to be complete by the end of Jan 22.
	527,202	101,755	(92,406)	9,349	536,551	337,060	63%	498,011	

2021/22 CAPITAL BUDGET CYCLE 3 MONITORING - UPDATE

APPENDIX 1

Scheme Name	Budget per Exec 01/12/21 £	Adjustments Per This Report		Changes to be	Revised Budget £	Total Spend as at 31/12/21 £	% Schemes Spend £	Financed by External Funding £	Narrative provided by Project Officers/Heads of Service
		Budget	Reprofiled into	approved in					
		Adjustments	Future Years	this report					
A	B	A + B							

ECONOMY & GROWTH

Padiham Townscape Heritage Initiative	756,772			-	756,772	661,486	87%	741,961	With the projects on site and those in the pipeline, TH funding towards building conservation works is practically fully committed.
Pioneer Place	5,063,599		(1,307,599)	(1,307,599)	3,756,000	1,276,914	34%	3,756,000	Following the development agreement going unconditional the budget has been re-profiled to reflect the agreed timetable of works.
NW Burnley Growth Corridor - Phase 1	1,902,342			-	1,902,342	1,385,698	73%	1,902,342	Public Realm Works - Excavation and paving works are largely complete albeit for a few small sections outstanding where other works have been ongoing. Resurfacing of the highway was completed in August under a road closure. Specifications for street furniture including bins, bollards, planters and seating, as well as plans for the northern node public art area have now been finalised and
Lower St James Street Historic Action Zone	1,083,576		(599,514)	(599,514)	484,062	205,389	42%	344,480	Programme and budget is on track to spend its committed allocations, which for 2021/22 is £484,062. Reprofile remaining budget into future years
Finsley Wharf & Canal Towpath Improvements	33,000			-	33,000	33,000	100%	-	Project complete
Vision Park	39,386		(39,386)	(39,386)	-	-	0%	-	We have yet to secure an occupier for Phases 2 & 3, and therefore will be requesting approval from the LEP in the next progress report (March 2022) to carry the funding over into 2022/23
Former Open Market & Former Cinema Block	57,738			-	57,738	114	0%	-	Engineers will progress remediation works to the concrete parapet cladding to be completed later in the year
Town Centre and Weavers Triangle Project Work	495,822		(495,822)	(495,822)	-	2,204	0%	-	This expenditure is earmarked as matched funding for the Levelling Up Fund bid that has been successful, however the Council's funding is not required this year and will be rolled forward to future years.
Sandycroft Halls	218,938		(194,876)	(194,876)	24,062	24,062	100%	-	Defects works and fitting out of office unit to be completed, subject to tenant signing Agreement for Lease. Due to work on other capital schemes work will progress in the new financial year.
Burnley Pendle Growth Corridor	300,000			-	300,000	-	0%	-	All works completed. Awaiting invoice from LCC
Levelling Up Fund	2,955,470		(1,419,857)	(1,419,857)	1,535,613	-	0%	1,535,613	The Council received confirmation of the successful Levelling Up Fund bid in October 2021. The bid consisted of three schemes: UCLan Burnley Campus Expansion, Town 2 Turf Public Realm Transformation and Railway Station Accessibility Improvement. Work on the schemes will span three financial years (21/22 - 23/24) with a total spend of £22.5m. Due to a delay in receiving contract documentation from government, expenditure in year 1 is now predicted to be reduced.
	12,906,643	-	(4,057,054)	(4,057,054)	8,849,589	3,588,866	41%	8,280,396	

FINANCE & PROPERTY

Leisure Centre Improvements	104,069			-	104,069	28,692	28%	-	A programme of works has been identified with the Trust and will be completed in order of priority over this financial year. The main area of works associated with the sauna at Padiham Leisure Centre is programmed to be completed in January.
Building Infrastructure Works	1,990,043			-	1,990,043	941,844	47%	-	Burnley Town Hall works remain on budget and on schedule to complete by the end of the financial year (remaining spend £0.67m). Repairs to the Crematorium Roof (£0.1m) have been completed as have works to the Jacobean Ceiling at Towneley (£20k). The main contract for the refurbishment of the Hall is in still in the process of being tendered but has yet to be let so the majority of the costs will fall in subsequent financial years.
Acquisition of Charter Walk	23,238,000		(1,000,000)	(1,000,000)	22,238,000	22,160,650	100%	-	Contracts were exchanged 07/10/21 and the sale completed 20/10/21. The purchase price was £20.7m plus taxes and professional fees. The £1m is set aside for capital works will be profiled into future years.
	25,332,112	-	(1,000,000)	(1,000,000)	24,332,112	23,131,186	95%	-	

Scheme Name	Budget per Exec 01/12/21	Adjustments Per This Report		Changes to be	Revised Budget	Total Spend as at 31/12/21	% Schemes Spend	Financed by External Funding	Narrative provided by Project Officers/Heads of Service
		Budget	Reprofiled into	approved in					
		Adjustments	Future Years	this report					
£	A	B	A + B	£	£	£	£	£	

HOUSING & DEVELOPMENT CONTROL

Emergency Repairs	120,000	-	-	-	120,000	109,117	91%	120,000	Further grants are committed which should complete by the end of the financial year to meet the allocated budget.
Better Care Grant	1,500,000	(200,000)		(200,000)	1,300,000	1,253,602	96%	1,300,000	There is a further £500,000 committed in approved disabled facilities grants, it is however unlikely that all construction work will complete by the end of the financial year. It is recommended the budget is therefore reduced to £1,300,000.
Energy Efficiency	40,000	-		-	40,000	35,301	88%	40,000	Since the beginning of the financial year 68 applications have been received totalling a commitment of £26,000. Of the 51 approved grants; 48 have completed. It is recommended that the budget is reduced to £30,000.
Empty Homes Programme	1,300,000	(400,000)		(400,000)	900,000	711,691	79%	-	The programme is targeting another 20 acquisitions this year, but several recent setbacks may mean this is not achieved, with properties being sold or put up for auction by owners before acquisition or commencement of CPO. Renovation costs have increased this year due to supply issues which we are still experiencing. We have had 8 loan applications this year so far which less than anticipated. We have recently sold several properties to Calico as part of their Phase 3 work in and around Burnley Wood and are looking at their next phases and properties to acquire for next financial year. 5 properties have been sold on the open market with an offer accepted on another. Renovations are underway at 4 properties with more being prepared. We are also looking at the possibilities for using renewable energy in the properties we renovate and hope to have a pilot property started early in the new year. An Executive report was taken in December for more CPOs and we anticipate another one being taken early in the next financial year. Anticipated final expenditure for 2021/22 of £900k
	2,960,000	(600,000)	-	(600,000)	2,360,000	2,109,710	89%	1,460,000	
	42,396,218	(498,245)	(5,227,460)	(5,725,705)	36,670,513	29,429,506	80%	10,578,668	

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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 £	
Green Spaces & Amenities								
Play Area Improvement Programme	110,927	-	-	-	46,500	-	64,427	110,927
Vehicle and Machinery Replacement	175,000	-	160,000	-	-	-	15,000	175,000
Playing Pitch Improvements	10,000	-	-	-	-	-	10,000	10,000
Extention of Burnley Cemetery	25,000	25,000	-	-	-	-	-	25,000
Brun Valley Forest Park	35,219	-	-	-	-	-	35,219	35,219
Worsthorne Recreation Ground Improvements	122,705	-	-	122,705	-	-	-	122,705
Thompson Park HLF	51,173	-	-	51,173	-	-	-	51,173
Refill Fountains	20,500	-	20,500	-	-	-	-	20,500
Stoops Wheeled Sport	925	-	-	925	-	-	-	925
Prairie Artificial Turf Pitch	40,812	-	-	40,812	-	-	-	40,812
	592,261	25,000	180,500	215,615	46,500	-	124,646	592,261
Streetscene								
Alleygate Programme	25,684	-	-	-	25,684	-	-	25,684
River Training Walls	12,856	-	-	-	12,856	-	-	12,856
Safer Streets	396,256	-	-	396,256	-	-	-	396,256
Electric Vehicle Charging Points	101,755	-	-	-	-	-	101,755	101,755
	536,551	-	-	396,256	38,540	-	101,755	536,551
Economy & Growth								
Padiham Townscape Heritage Initiative	756,772	-	-	715,585	14,811	-	26,376	756,772
Pioneer Place	3,756,000	-	-	3,756,000	-	-	-	3,756,000
NW Burnley Growth Corridor - Phase 1	872,342	-	-	872,342	-	-	-	872,342
NW Burnley Growth Corridor - Phase 2	1,030,000	-	-	1,030,000	-	-	-	1,030,000
Lower St James Street Historic Action Zone	484,062	56,938	82,644	266,797	-	-	77,683	484,062
Finsley Wharf & Canal Towpath Improvements	33,000	-	33,000	-	-	-	-	33,000
Vision Park	-	-	-	-	-	-	-	-
Former Open Market & Former Cinema Block	57,738	57,738	-	-	-	-	-	57,738
Town Centre & Weavers Triangle Project Work	-	-	-	-	-	-	-	-
Sandygate Halls	218,938	218,938	-	-	-	-	-	218,938
Burnley-Pendle Growth Corridor	300,000	-	300,000	-	-	-	-	300,000
Levelling Up Fund	1,535,613	-	-	1,535,613	-	-	-	1,535,613
	9,044,465	333,614	415,644	8,176,337	14,811	-	104,059	9,044,465
Finance & Property								
Leisure Centre Improvements	104,069	104,069	-	-	-	-	-	104,069
Building Infrastructure Works	1,990,043	1,445,505	-	-	544,538	-	-	1,990,043
Acquisition of Charter Walk	22,238,000	22,238,000	-	-	-	-	-	22,238,000
	24,332,112	23,787,574	-	-	544,538	-	-	24,332,112
Housing & Development Control								
Emergency Repairs	120,000	-	-	120,000	-	-	-	120,000
Better Care Grant	1,300,000	-	-	1,300,000	-	-	-	1,300,000
Energy Efficiency	40,000	-	-	40,000	-	-	-	40,000
Empty Homes Programme	900,000	-	-	-	-	900,000	-	900,000
	2,360,000	-	-	1,460,000	-	900,000	-	2,360,000
TOTAL OF ALL SCHEMES	36,865,389	24,146,188	596,144	10,248,208	644,389	900,000	330,460	36,865,389

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CAPITAL RECEIPTS AND CONTRIBUTIONS ANALYSIS FOR 2020/21 + CIP 2021-26

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> £
<u>Capital Resources Brought Forward on 1 April 2021</u>	1,243,419	660,778	321,956	270,018	2,496,170
<u>Add</u>					
Resources Received as at 31 December 2021	1,241,175	682,420	94,618	12,008	2,030,221
Further Resources Estimated to be Received during 2021/22:	-	93,000	-	-	93,000
<u>Potential Resources Available during 2021/22</u>	2,484,594	1,436,198	416,574	282,026	4,619,391
<u>Less</u>					
Required to Finance Capital Programme	(644,389)	(900,000)	(123,219)	(207,241)	(1,874,849)
Earmarked for Revenue Expenditure	-	-	-	-	-
Earmarked for Delivery By Outside Bodies	-	-	-	-	-
<u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2022</u>	1,840,205	536,198	293,355	74,785	2,744,542
<u>Add</u>					
Resources Estimated to be Received during 2022/23	303,750	1,303,000	411,000	642,077	2,659,827
<u>Less</u>					
2022/23 Capital Budget	(736,152)	(1,300,000)	(411,000)	(642,077)	(3,089,229)
<u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2023</u>	1,407,803	539,198	293,355	74,785	2,315,140
<u>Add</u>					
- Resources Estimated to be Received during 2023/24	300,000	1,300,000	116,000	722,141	2,438,141
<u>Less</u>					
- 2023/24 Capital Budget	(1,105,660)	(1,300,000)	(116,000)	(722,141)	(3,243,801)
<u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2024</u>	602,143	539,198	293,355	74,785	1,509,480
<u>Add</u>					
- Resources Estimated to be Received during 2024/25	50,000	1,336,000	-	15,000	1,401,000
<u>Less</u>					
- 2024/25 Capital Budget	(238,472)	(1,300,000)	-	(15,000)	(1,553,472)
<u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2025</u>	413,671	575,198	293,355	74,785	1,357,008
<u>Add</u>					
- Resources Estimated to be Received during 2025/26	50,000	1,360,000	-	15,000	1,425,000
<u>Less</u>					
- 2025/26 Capital Budget	(219,420)	(1,300,000)	-	(15,000)	(1,534,420)
<u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2026</u>	244,251	635,198	293,355	74,785	1,247,588

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REPORT TO THE EXECUTIVE



DATE	14th February 2022
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Howard Hamilton-Smith
TEL NO	01282 477173
EMAIL	HHamilton-Smith@burnley.gov.uk

Medium-Term Financial Strategy – 2023/24 to 2026/27 Incorporating the Reserves Strategy
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PURPOSE

1. To consider the longer term financial outlook within the context of a Medium-Term Financial Strategy covering the financial years 2023/24 to 2026/27, highlighting uncertainties, underlying risks and make recommendations to Council. The Medium-Term Financial Strategy should be read in conjunction with the Revenue Budget 2022/23 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 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 2022-26 MTFS was approved in February 2021. This report provides an update to the figures presented in that report based on the details issued by government as part of the provisional financial settlement for 2022/23 in December 2021, as well as incorporating a further year, namely 2026/27. The provisional financial settlement for 2022/23 was a one year settlement rather than a multi year settlement announced by Central Government earlier in the year.
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. The headline reduction, over the four financial years 2023/24, 2024/25, 2025/26 and 2026/27, is a cumulative budget gap of £3.4m (21% of the 2021/22 net budget of £16.151m).
7. The financial environment in which the Council operates within is challenging, particularly within the context of continuing austerity. Given the reduced government funding during austerity and pressures on other income and uncertainty around future funding, the Council endeavours to meet those financial challenges taking a strategic view whilst protecting the quality of services and minimising impact on residents.

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. None

BACKGROUND PAPERS

11. None.

FURTHER INFORMATION

PLEASE CONTACT: Howard Hamilton-Smith, Head of Finance and Property

ALSO: Amy Johnson – Finance Manager

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MEDIUM-TERM FINANCIAL STRATEGY

2023/27



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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 2021/22 on future years;
 - Gap analysis for 2023/24, 2024/25, 2025/26 and 2026/27 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 2022/23, the Statutory Report of the Chief Finance Officer and the Treasury Management Policy. In addition, the Reserves Strategy is a key document 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 provisional settlement for 2022/23 as they affect 2023/24, 2024/25, 2025/26 and 2026/27:
 - The Government's intention to phase out Revenue Support Grant by 2023.
 - The level of Council Tax increase (excluding any social care) beyond which a referendum is required to remain at 2% for 2022/23 (2% in 2021/22 also)
 - The calculation of Core Spending Power
 - Continuation of New Homes Bonus but with changes. From 2017/18 the Government 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. The scheme was amended in 2020/21 in that the grant allocation will be for one year only and will not attract any legacy payments. The scheme remained the same for 2021/22 and continues to do so for 2022/23. It is likely the scheme won't exist in its current form from 2023/24, as it is being reviewed as part of the spending and fair funding review.
 - Delay of the Spending Review and Fair Funding Review. The Government is currently in the process of reviewing the components of the business rates retention system, both individually and in aggregate, and the role they can play in providing a strong incentive for local authorities to grow the business rates in their area while minimising complexity. This was originally planned to be implemented in 2020/21 but has been delayed to 2023/24 due to the Covid-19 pandemic.
 - Confirmation of the Lancashire Pool continuing under the 50% business rates pooling arrangements, as per 2020/21.
7. The final local government finance settlement is expected to be announced in February 2022.

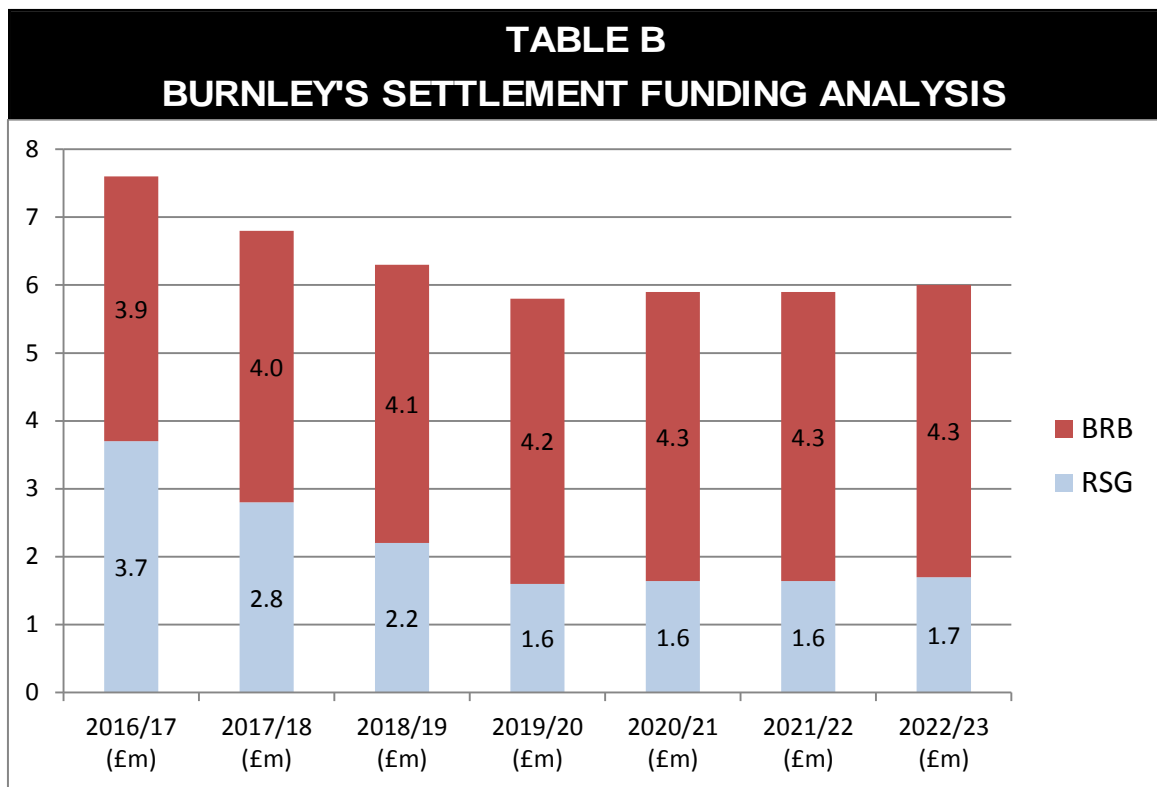
CORE SPENDING POWER

8. 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. This was amended for 2021/22 following the impact of Covid – 19 on local authority finances, with the Government announcing that for 2021/22 no local authority will have a core spending power less than in 2020/21. As a consequence, a one-off Lower Tier Services Grant was awarded to Councils. The Lower Tier Services grant has been awarded again in 2022/23, ensuring that no authority has a reduction in CSP. 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.

9. The methodology of the Core Spending Power calculation for 2022/23 includes Revenue Support Grant, Business Rates baseline funding, Council Tax and New Homes Bonus. The Government introduced the Lower Tier Services grant in 2021/22 to ensure that no local authority has a core spending power less than in 2020/21 due to the impact of the Covid-19 on local authority finances and demands for services. This grant has been awarded again in 2022/23 to ensure that no authority has a reduction in core spending power. Burnley's Core Spending Power will increase by 5.9% in 2022/23 (compared to a 2.6% increase in 2021/22).
10. A comparison of Burnley Spending Power with other local authorities is shown in Table A. Burnley has consistently faced Spending Power reductions significantly above the national average. However, as 2022/23 is a 'roll forward' year with inflationary adjustments and the continuation of the New Homes Bonus scheme, Burnley's Core Spending Power is forecast to increase by 5.9%. However, this is in comparison to an England average of a 6.9% increase overall.

TABLE A SPENDING POWER REDUCTION / (INCREASE)		
Year	Burnley (%)	England Average (%)
2016/17	4.4	2.1
2017/18	3.9	(1.3)
2018/19	3.3	(1.8)
2019/20	1.5	(2.5)
2020/21	(3.5)	(6.0)
2021/22	(2.6)	(2.8)
2022/23	(5.9)	(6.9)

11. The direction of travel nationally has been for local government to be funded from local revenues only in the longer term (as shown in Table B):



12. 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 their Council Tax and Business Rates base. This can be shown in Table C below:

**TABLE C
% SPENDING POWER FINANCED THROUGH
REVENUE SUPPORT GRANT & EFFICIENCY SUPPORT GRANT**

Year	Burnley (%)	England Average (%)
2016/17	25	16
2017/18	20	9
2018/19	16	3
2019/20	12	2
2020/21	11	3
2021/22	11	4
2022/23	11	3

13. As mentioned earlier, the Government had proposed to revise the methodology for allocating funding to Councils from 2021/22, including changes to the current business rates system and a Fair Funding Review

14. However, in October 2020 the Government announced that the multi-year spending review proposed for 2021/22 – 2023/24 was to be delayed a further year until 2022/23 and replaced with a shorter one-year spending review for 2021/22 only. The multi-year spending review has since been delayed further to 2023/24 and therefore the provisional settlement received for 2022/23 represents another ‘roll forward’ year, with uplifts for inflation and the continuation of New Homes Bonus and the Revenue Support Grant.
15. Although this was welcomed, significant uncertainty exists for 2023/24 onwards as this Council awaits the result of the Spending and Fair Funding Review which is due to report back in the second half of 2022.

BUSINESS RATES POOLING 50% RETENTION

16. During 2019/20 Burnley was part of the Government’s 2019/20 pilots which tested a system at 75% Business Rates Retention. This was originally planned for one year, with 2020/21 being the national roll-out of the new funding regime. However, despite the fair funding and spending review being delayed by a year, disappointingly these pilots were not offered again.
17. Despite extensive lobbying, the Government did not reverse this decision and offered only the 50% scheme for 2020/21, as it had run previously.
18. Therefore in 2020/21 Burnley reverted to a similar Lancashire 50% pooling arrangement than in 2018/19 which allows constituent members to come together and be treated as a single member of a business rate pool to combine their funding calculations under the business rate scheme, effectively adding their numbers together for all elements of the funding calculation, such as the tariff and top-ups. The benefit to be gained is that collectively, it produces a lower percentage levy calculation. Each authority continues to retain the growth in its business rates income that it would have retained as an individual authority outside of the pool. However, as part of a pool the Council would no longer be required to pay any levy to Central Government. The Lancashire application sets out what the tier splits would be for each member. This scheme will continue for 2022/23.
19. 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.
20. Burnley has had some success in growing its business rate base over the last four years and an increase in business rates above the baseline figure has been factored into the 2022/23 revenue budget. Additional income of £1.2m is included within the 2022/23 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.

21. It should also be repeated that as the results of the spending and fair funding review are announced later in 2022, business rates retention will be an even more key funding source for the Council. It is uncertain how the results of these reviews will affect funding for the Council and remains a key risk for the Council.

NEW HOMES BONUS

22. 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 2017/18 budget settlement changed the formula for the NHB calculations. NHB was originally paid for 6 years but was reduced to 5 years in 2017/18 and was further reduced to 4 years from 2018/19 onwards. This was applied retrospectively to existing NHB allocations.
23. The scheme was again amended in 2020/21 with the allocation being for one year only and will not attract any legacy payments. This continued into 2021/22 and will continue for 2022/23. It is likely the scheme won't exist in its current form from 2023/24, as it is being reviewed as part of the spending and fair funding review. This Council budgets for existing legacy payments and any new payments that are confirmed. The final year for receipt of existing legacy payments is 2022/23 which will result in a loss of income of £284k in 2023/24.
24. As mentioned earlier, the Government introduced a baseline for housing growth of 0.4% from 2017/18, up to which, the Council will receive no new allocation. The baseline for 2022/23 has remained at 0.4%. This means that for 2022/23's allocation, the first 126 properties do not attract a payment.

PENSIONS

25. Burnley Borough Council is a member of the Lancashire County Pension Fund on behalf of former, current and future employees. Both employees and the employer make payments to the fund on a payroll basis, for employees who are in the scheme. The Council additionally makes annual payments to contribute towards the deficit the fund has (with regards to the Burnley element of the fund), when comparing the money paid out to scheme members versus money coming into the fund, which is evaluated on a per authority basis.
26. Every 3 years the Pension Fund revalues the assets and liabilities of the fund on a per-authority basis so that contribution and deficit payment rates are updated to ensure the fund is sustainable for each local authority.

27. The last revaluation was in 2019 which ascertains the payments required from the Council for the financial years 2020/21 to 2022/23. 2022/23 will be the final year of the current three-year revaluation cycle.
28. The 2022 revaluation will determine payments for the 3 years after this period and so on.
29. As a result of the 2019 preliminary valuation results, from 2020/21 the Council's Future Service Contribution Rate (employers pension contribution rate) increased from 15.4% to 17.6%. This is set by the fund at a rate that is being sufficient to meet the cost of new benefits being accrued by active members in the future.
30. Deficit is the extent to which the value of the Fund's past service liabilities exceeds the value of the Fund's assets. This relates to assets and liabilities built up to date and ignores the future build-up of pension (which in effect is assumed to be met by future contributions as described above). The amount of deficit is described by a cash value with a target length of time over which the current deficit is intended to be paid off (deficit recovery period). A shorter period will give rise to a higher annual contribution, and vice versa.
31. For the 2019 valuation, the assessed deficit payment for the Council has significantly decreased which meant a reduction in the annual pensions budget of £1.071m, due to the positive performance of the fund and changes in some actuarial assumptions.
32. This reduction has been used to cover the increased Service Contribution Rate, as set out above, as well as fund some of the cost pressures identified in the revenue budget (£419k). Increased contributions relating to the Liberata and Burnley Leisure schemes (see below) will also be funded from this reduction.
33. However, there is also a need to manage the inherent risks that Burnley face in the pension fund.
34. Investment returns can be volatile and any reduction in performance of the fund in the next three years will result in a reduction in valuation of the Council's assets in the Pension Fund, thereby potentially requiring a greater contribution in service rate and deficit payments from the next valuation in 2022, which would have to be funded by the Council for the 3 years from 2023/24 onwards. Changes in assumptions made by the actuaries from each valuation period can also have an effect on the scheme, both positive and negative, depending on the type of change.
35. Burnley is particularly sensitive to volatility of returns due to the value of its assets and liabilities in the fund in comparison to the value of Burnley's current contributors to the fund (current payroll), which is 25 times smaller than its liabilities.
36. This makes the Council vulnerable to relatively minor changes as it has a limited contribution base compared to its assets.

37. For example, if the pension fund's assets underperformed by 5% at the 2019 actuarial valuation, this reduction in the value of Burnley's share of assets in the fund would have required an additional £600k of annual revenue funding from the current provisional 2019 valuation. Although this could vary depending on a number of factors. This is illustrated in the table below:-

2019 provisional actuarial valuation sensitivity analysis		
	Base as per 2019 valuation	Assets underperform by 5%
Assets (£m)	146.2	138.9
Liabilities (£m)	150.7	150.7
Surplus / (Deficit) (£m)	(4.5)	(11.8)
Pay (£m)	6.0	6.0
Recovery period (yrs.)	16	16
"Maturity" (liabilities/pay)	25	25
Deficit Contributions (£m)	0.29	0.74
As a % of payroll	5%	12%
Increase	n/a	7%

38. This shows that if there was an underperformance of the fund over the next valuation cycle, there would be a considerable change in deficit payments required at the next valuation, circa £0.45m annually, and would be potentially greater if assets underperformed by more than 5%. It should be noted this is an illustrative example to show the relationship between the different elements of the fund profile.
39. Therefore, in partial mitigation, a pensions reserve was established where a forecast balance of approximately £400k will be placed into it annually over the 2020/21 – 2022/23 financial years, funded from the reduction in assessed deficit payments. The purpose of the reserve is two fold: a) to contribute to some smoothing of any future increases in payment rates, assessed as part of the 2022 valuation exercise. For example, if there is an adverse funding valuation in 2022, the pensions reserve balance that is left will serve as a contribution to some of the increase in 2023/24 to allow the Council to plan to fund the increases for the subsequent years; b) to set aside funds allow additional voluntary payments to be made to the fund if felt necessary, with a view to increase the Council's assets in the fund and correspondingly enhancing returns.
40. This balanced approach gives flexibility to increase the Council's assets in the fund and mitigate some of the risk around volatility of performance as

well as treating the Council's structural exposure. The Council has a responsibility for sustainable pensions for its members.

41. The approach of setting aside monies annually over the 2020/21 – 2022/23 financial years allows the Council to be mindful of the funding environment it operates within. Therefore, if there is an adverse funding settlement as part of the Fair Funding review of local government funding or other significant financial challenges that present themselves, this approach gives flexibility for the Council to maintain financial resilience to meet its challenges.
42. It should be noted that it is likely that any significant volatility of the fund's performance would have a material impact on the Council's finances, even with the actions taken as per above.
43. The Council prepaid the 3-year deficit payment and the service contribution rate payments annually up-front in 2020/21. However, due to the Covid-19 pandemic and the need to maintain sufficient levels of cash flow to ensure the payment of business support grants, mitigate fluctuations in income and expenditure etc the council did not prepay the deficit and service contribution rate annually up front in 2021/22. Payments were made monthly in year. The council is intending to prepay the deficit and service contribution rate annually upfront for 2022/23, however that will be dependent upon cashflow demands.
44. Further uncertainty exists around public sector pension schemes nationally after the Government announced in 2019 that they accepted a judgement that applies to all of the main public service pension schemes, known as 'The McCloud Judgement'. This judgement was based around transitional protections afforded to older members of schemes which were ruled unlawfully age discriminatory. It will be several years before the impacts of this ruling will be known, with regards to increased liabilities for pension funds. However, current actuarial valuations have included some assumptions around this, although the true financial impact won't be known for some time.
45. Performance of the fund is monitored annually and any further action that is required will be reported back, along with financial implications.

COUNCIL TAX INCREASES

46. For 2020/21 guidance issued by central Government required a referendum where proposed Council Tax increases were 2% or more than 2% (previously 3% in 2019/20). This has remained at 2% in 2021/22 and 2022/23.
47. 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. However, a 1.99% 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.

48. The financial impact each year of not increasing Council Tax at all is an additional pressure of around £145k, assuming a 1.99% rise is foregone.

COVID-19 PANDEMIC

49. The impact of the Covid-19 pandemic on the 2022/23 budget and future years is unknown. The ongoing financial support given to local businesses is helping to support the local economy, however it is unclear what the impact will be once these support packages end. A Covid-19 reserve was set up in 2020/21 using financial support received from Central Government in 2020/21. Members approved in the Revenue Outturn Report at Full Council in July 2021 to transfer £1.6m into this reserve. The reserve has been called upon in 2021/22 to fund related additional expenditure or loss of income and to provide funding for recovery initiatives. New Burdens funding has been received during 2021/22 of £173k, it is proposed to transfer into this reserve. It is forecast that there will be a balance of £1.4m available at the end of 2021/22 for use in 2022/23 and future years.

AN IMPACT ASSESSMENT OF THE REVENUE BUDGET 2022/23 ON FUTURE YEARS

50. The Medium-Term Financial Strategy for 2023-27 is dependent on the delivery of a number of assumptions within the annual budget for 2022/23. This strategy assumes that:
- the Council will approve an annual budget that delivers savings totalling £0.132m without having to use reserves to support the delivery of the 2022/23 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; and
 - the assumed costs of delivering the Council's services both directly and indirectly is in line with planning assumptions.
51. 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 2022.

POTENTIAL GAP FOR 2023/24, 2024/25, 2025/26 and 2026/27

52. The overall funding gap for 2023/27, using planning assumptions, is summarised below:

	Reduction from 2022/23 Provisional Settlement (average 4% reduction of Core Spending Power)	
	(£m)	%
Anticipated funding reduction	0.6	
Pay and Prices/other	0.4	
Potential Gap 2023/24	1.0	6.2
Anticipated funding reduction	0.6	
Pay and Prices/other	0.6	
Potential Gap 2024/25	1.2	7.4
Anticipated funding reduction	0.5	
Pay and Prices/other	0.6	
Potential Gap 2025/26	1.1	6.8
Anticipated funding reduction	0.5	
Pay and Prices/other	0.6	
Potential Gap 2026/27	1.1	6.8
Cumulative Potential Gap 2023/27	4.4	27.2

53. Underlying assumptions included within the forecast are:

- Council Tax will increase by 1.99% 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 2.5% per annum (2.5% 2022/23), fees and charges income at 2% per annum; and
- Transitional funding to replace the loss of Revenue Support Grant (RSG) and New Homes Bonus (NHB)
- No assumptions built into forecast regarding changes to Council Tax Support claimant numbers, although the impact of changes to the scheme have been included.

54. The above scenario assumes the Council will see a continuing reduction of government funding through the funding redesign, causing a reduction in Core Spending Power at a pace similar than that which has been seen over the last decade that is circa 4% year-on-year (with Core Spending Power defined as RSG/Transitional Support, Business Rates, Council Tax and New Homes Bonus).

55. However, as 2022 may see the conclusion of the spending and fair funding review which will review and redesign the funding mechanism for local government, below are 2 further scenarios showing Core Spending Power reductions at 2% and at 0%. -:

	Reduction from 2022/23 Provisional Settlement (average 2% reduction of Core Spending Power)	
	(£m)	%
Anticipated funding reduction	0.3	
Pay and Prices/other	0.4	
Potential Gap 2023/24	0.7	4.3
Anticipated funding reduction	0.3	
Pay and Prices/other	0.6	
Potential Gap 2024/25	0.9	5.6
Anticipated funding reduction	0.3	
Pay and Prices/other	0.6	
Potential Gap 2025/26	0.9	5.6
Anticipated funding reduction	0.3	
Pay and Prices/other	0.6	
Potential Gap 2026/27	0.9	5.6
Cumulative Potential Gap 2023/27	3.4	21.1

	Reduction from 2022/23 Provisional Settlement (average 0% reduction of Core Spending Power)	
	(£m)	%
Anticipated funding reduction	0.0	
Pay and Prices/other	0.4	
Potential Gap 2023/24	0.4	2.5
Anticipated funding reduction	0.0	
Pay and Prices/other	0.6	
Potential Gap 2024/25	0.6	3.7
Anticipated funding reduction	0.0	
Pay and Prices/other	0.6	
Potential Gap 2025/26	0.6	3.7
Anticipated funding reduction	0.0	
Pay and Prices/other	0.6	
Potential Gap 2026/27	0.6	3.7
Cumulative Potential Gap 2023/27	2.2	13.6

56. Until there are indicative allocations of funding for 2023/24 and beyond, the ability to forecast funding elements is severely restricted. Due to this uncertainty it is necessary to show various scenarios of funding changes in the above scenarios, which are summarised below:-

	4% reduction of Core Spending Power (£m)	2% reduction of Core Spending Power (£m)	0% reduction of Core Spending Power (£m)
Potential Gap 2023/24	1.0	0.7	0.4
Potential Gap 2024/25	1.2	0.9	0.6
Potential Gap 2025/26	1.1	0.9	0.6
Potential Gap 2026/27	1.1	0.9	0.6
Cumulative Potential Gap 2023/27	4.4	3.4	2.2

BALANCING OVER THE MEDIUM TERM

57. The Council operates in a generally challenging environment. Given the significant reductions in the Council's funding from Government over the last decade and forecasts of further pressures 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.
58. 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.
59. 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.
60. 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. 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.
61. 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.
62. 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. The Council 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.
63. Outcomes from the Spending Review and Fair Funding Review will be critical to determine the financial horizon for this authority. Without the outcome of this, there remains significant uncertainty for future funding of the Council, which makes it very difficult to plan over the medium term. Various scenarios for funding have been presented in this report. However, until

indicative allocations are given for future years later on in 2022, that uncertainty will remain.

64. During 2021/22 the Council commissioned two significant capital projects, namely Pioneer Place and the acquisition of Charter Walk. Pioneer Place was initially reported to Full Council in December 2018, with revised schemes approved by Full Council in November 2020 and October 2021. The Development Agreement went unconditional in December 2021 and work is due to commence on site 24 January 2022. The acquisition of Charter Walk was approved by Full Council in July 2021 and the sale was completed in October 2021. The revenue costs for both of these schemes have been incorporated into the MTFS. Both of these developments will require significant financial support from the Council, as well taking on significant commercial risk over the lifetime of these projects (50 years and 30 years, respectively). The schemes will require significant use of reserves and will also see very significant amounts of borrowing – circa £36m for both schemes. These present threats to the financial viability of the Council. However, in partial mitigation, various strategies have been put in place. These include a strategy to build up reserves over the next 10 years to provide a buffer for budget pressures, specific reserves for the schemes to renew the assets and capture any over-performing income and recognition of limited capacity to take on other significant capital schemes. Any surplus generated by Charter Walk will be transferred into the Charter Walk Reserve to be used to meet future regeneration of the town centre. It is estimated that the surplus in 2021/22 will be around £0.5m.

RISKS

65. The significant risk areas are:

RISK	MITIGATION	ASSESSMENT
(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. Undertake close monitoring of Pioneer Place/Charter Walk schemes.	HIGH
(ii) Funding uncertainty with regard to the proposed changes in NHB funding, changes in Business Rates funding and the fair funding review 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	Continued development of 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). Programme of action to increase reserve levels over the next 10 years.	HIGH
(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
(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 – 2.5% 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
(xi)	Pensions – Managing the financial impact of the volatility of performance of pension fund investments and its impact on the Council's budgets	Additional employers' contributions will be made over the next 3-year period, as well as contributions to a pension reserve to partially fund any adverse impact on the Council's pensions liability position after the next triennial pension revaluation in 2022.	HIGH
(xii)	Brexit – Uncertainty around the impact of Brexit and whether the UK invokes article 16 around the trading arrangements in Northern Ireland which has the potential to result in a no-deal Brexit. The potential impact on the UK economy and corresponding impacts on interest rates, the local economy and further spending pressures is unknown.	Continuation of resilience with regards to diversifying sources of income, driving further efficiencies, monitoring the outcome of Brexit negotiations and updating the MTFs as necessary	MEDIUM

(xiii)	Covid -19 pandemic – Uncertainty around the impact of the Covid – 19 pandemic on income and expenditure streams in future years	Continue to monitor the Council's revenue budgets in respect of loss of income and additional expenditure as well as monitoring the collection of local taxation. To continue to lobby Central Government for additional funding as necessary.	MEDIUM
(xiv)	Heritage Assets – Uncertainty around the cost of capital works required for our Heritage Assets through the planned maintenance programme.	Undertake appropriate building surveys before work commences on any capital works. Continually monitor progress and cost of works throughout the programme.	MEDIUM

RESERVES & BALANCES

66. The overall forecast position on reserves is shown in the table below. This includes all strategic earmarked and general reserves. The forecast below includes approved commitments and anticipated spend and income into the reserves. The Reserves Strategy can be found in detail at Appendix 1.

	Strategic Earmarked Reserves £'000	General Fund Reserve £'000	Revenue Support Reserve £'000	Total £'000
Balance as at 01/04/21	3,531	1,379	564	5,474
Approved use to Q3 2021/22	1	0	157	158
Balance available after approvals as at Q3	3,532	1,379	721	5,632
Future commitments and risk	(2,726)	0	1,167	(1,559)
Balance remaining as at 31/03/27	806	1,379	1,888	4,073

67. The reserves position does not include any requirement to support the budget gap on an on-going basis.

68. 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 and has been reviewed as part of the re-assessment of the MTFS and it is proposed that it should remain at £1.379m.

69. 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.
70. The Revenue Support Reserve is essential to provide resilience for the Council in light of reduced funding. As the authority adjusts to meet the pressures of reductions in Government funding, as well as awaiting the outcome of central government's funding review, which will govern local government funding from 2023/24 onwards, it has become increasingly challenging to produce savings annually as the authority contracts in resource and size. Savings proposals will carry more risk of successful implementation, whether they are income or expenditure related. The Revenue Support Reserve will be required to provide temporary mitigation for some of these risks. However, the purpose of the reserve is also to temporarily provide for unanticipated reductions in income, provide for unexpected revenue spend and to support shortfalls in major capital projects beyond their business cases and after their allocated reserves are exhausted. There is a 10-year programme to build-up this reserve from the General Fund. However, for clarity only 5 years of this programme is shown in the above table to align with the timeframe of this MTFS.
71. 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.
72. 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.
73. 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 at, or below, their recommended minimum level by the end of the MTFS period. The adequacy of strategic earmarked reserves will continue to be monitored to meet future demands.

MONITORING & REVIEW

74. 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.

75. 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 are aligned to strategic intent.
76. 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.
77. The Council will operate a commercial strategy which will be reviewed periodically.
78. 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.
79. 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.

APPENDIX 1: RESERVES STRATEGY

BACKGROUND

1. The Council continues to face significant financial challenges and uncertainty in funding. 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.
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.
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.
4. Given the current context of operations there are no planned arrangements for replenishing reserves drawn down beyond that set out in the report, 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.
5. This reserves strategy sets out the protocol for use of reserves and re-assesses the adequacy of reserves.

LEGISLATIVE/REGULATORY FRAMEWORK

6. 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.
7. 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.
8. 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.
9. 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.

ROLE OF THE CHIEF FINANCIAL OFFICER

10. 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 and Property) 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.
11. 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.

PURPOSE OF RESERVES & BALANCES

12. 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.
13. 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 includes 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 risks.
14. 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.
15. 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.

RISK FACTORS

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

Risk	Reserve
Short term liquidity and cash flow.	General
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.	Revenue Support Specific scheme reserves
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 Revenue Support
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 Development Framework (Local Plan) Town Centre Master Plan Burnley Bondholders Cremator Relining
Transparency in accounting arrangements for self-financing initiatives.	Taxi Licensing Selective Licensing
Respond to changes in demand for services.	Transformation
Volatility of pension fund performance	Pensions
Impact of Covid-19 pandemic on income and expenditure revenue streams.	Covid-19
To manage future repair demands to Sandygate Student Accommodation.	Sandygate Major Refurbishment
To manage fluctuations in rental income against expenditure demands.	Sandygate Smoothing
To manage future repair demands to Charter Walk.	Charter Walk Major Refurbishment

To fund future regeneration of the town centre and to manage fluctuations in income against expenditure demands.	Charter Walk Regeneration
To manage future repair demands to Charter Walk.	Pioneer Place Major Refurbishment
To manage fluctuations in income against expenditure demands.	Pioneer Place Smoothing
To mitigate the impact of the 2020/21 collection fund deficit generated as a result of Covid-19 which is to be spread over 3 financial years.	Collection Fund Deficit

REPORTING FRAMEWORK

17. The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Head of Finance and Property. The protocols covering all reserves are set out below for strategic and operational reserves respectively.
18. 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.

STRATEGIC RESERVES PROTOCOL

Reserve	Level of reserve	Purpose	How & When Used	Control Procedures	Timescale for review
Transformation	Recommended to have available balance of £1.5m uncommitted	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 and Property (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
Growth	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	

OPERATIONAL RESERVES PROTOCOL

Operational Reserve	Level of Reserve	Purpose	How & When Used	Procedures for Management & Control	Timescale for Review
Business Rates Volatility	As assessed, depending on level of appeals and changes to the Council funding mechanisms	To safeguard against the inherent volatility within the business rates retention system particularly around the potential impact of appeals, as well as impact of changes to government funding of local authorities	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, as well as impact of changes to government funding of local authorities	Managed by the Head of Finance and Property (Chief Financial Officer)	Twice-yearly, as part of the final accounts and budget processes
Transport & Plant	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 replacements are due	Managed by the Head of Green Spaces and Amenities	Twice-yearly, as part of the final accounts and budget processes
Local Development Framework (Local Plan)	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 Strategic Head of Economy and Growth	Monitored as part of budget monitoring process
Taxi Licensing	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

Selective Licensing	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	any movements monitored as part of the budget monitoring process
Primary Engineer Reserve	Anticipated spending requirements	To support a training initiative in schools within Burnley	To fund delivery of the training on an annual basis	Managed by the Chief Executive	Monitored as part of budget monitoring process
Town Centre Master Plan	Anticipated spending requirements	To enable the Council to deliver a major Town Centre regeneration scheme	To assist in procuring the expertise to carry out an exercise to develop a vision and plan for the town centre	Managed by the Strategic Head of Economy & Growth	Monitored as part of budget monitoring process
Burnley Bondholders Reserve	Self-financing	To manage the excess sponsorship contributions for bondholder organisations	To fund Burnley brand and marketing initiatives in order to attract economic investment into the area	Managed by the Strategic Head of Economy and Growth	Monitored as part of budget monitoring process
Cremator Relining Reserve	Dependent on planned replacement strategy for cremator relining financed from within service revenue budgets	To manage the financing of the Council's cremator relining requirements	There is an annual payment into the reserve, which helps to equalise spending, as cremator relining are due	Managed by the Head of Green Spaces and Amenities	Monitored as part of budget monitoring process
Revenue Support Reserve	Anticipated spending requirements	To provide funding for unanticipated reductions in income and initiatives to offset budget reductions	To be used in response to income pressures identified during the budget monitoring process	Managed by the Head of Finance & Property (Chief Financial Officer)	Monitored as part of budget monitoring process
Revenue Grants Unapplied	Dependent upon revenue grants received	To hold revenue grants that have been received but not yet spent	To be used when expenditure on grant schemes is incurred	Managed by the Head of Finance & Property (Chief Financial Officer)	Monitored as part of budget monitoring process

Regeneration Reserve	Anticipated spending requirements	To manage minor projects within the regeneration department.	The reserve is financed by revenue contributions and grants received.	Managed by the Strategic Head of Economy & Growth	Monitored as part of budget monitoring process
Covid-19 Reserve	Anticipated reductions in income collection and additional expenditure demands.	To manage the impact of Covid-19 on income collection and additional expenditure pressures.	The reserve is financed from Government support received.	Managed by the Head of Finance & Property (Chief Financial Officer)	Monitored as part of budget monitoring process
Sandygate Major Refurbishment Reserve	Anticipated spending requirements	To manage future repair demands to Sandygate Student Accommodation.	The reserve is financed from rental receipts.	Managed by the Strategic Head of Economy & Growth	Monitored as part of budget monitoring process
Sandygate Smoothing Reserve	Anticipated spending requirements	To manage fluctuations in rental income against expenditure demands.	The reserve is financed from rental receipts.	Managed by the Strategic Head of Economy & Growth	Monitored as part of budget monitoring process
Pension Reserve	Funded from the reduction in the deficit payment following the 2019 Actuarial Review.	To mitigate the impact of future increases in pension deficit payments following future tri-ennial reviews.	The reserve is financed from a reduction in deficit payment following the 2019 Actuarial Review.	Managed by the Head of Finance & Property (Chief Financial Officer)	Monitored as part of budget monitoring process
Charter Walk Major Refurbishment Reserve	Anticipated spending requirements	To manage future repair demands to Charter Walk.	The reserve is financed from rental receipts.	Managed by the Head of Finance & Property (Chief Financial Officer)	Monitored as part of budget monitoring process

Charter Walk Regeneration Reserve	Anticipated spending requirements	To fund future regeneration of the town centre and to manage fluctuations in rental income against expenditure demands.	The reserve is financed from rental receipts.	Managed by the Head of Finance & Property (Chief Financial Officer)	Monitored as part of budget monitoring process
Pioneer Place Major Refurbishment Reserve	Anticipated spending requirements	To manage future repair demands to Pioneer Place.	The reserve is financed from rental receipts.	Managed by the Head of Finance & Property (Chief Financial Officer)	Monitored as part of budget monitoring process
Pioneer Place Smoothing Reserve	Anticipated spending requirements	To manage fluctuations in rental income against expenditure demands.	The reserve is financed from rental receipts.	Managed by the Head of Finance & Property (Chief Financial Officer)	Monitored as part of budget monitoring process
Collection Fund Deficit Reserve	As per the 2020/21 collection fund deficit due to Covid-19	To fund the 2020/21 collection fund deficit due to Covid-19 which is to be spread over the 3 financial years 2021/2024.	Used to support the annual three year spread of the 2020/21 collection fund deficit within the Council's net revenue budget.	Managed by the Head of Finance and Property (Chief Financial Officer)	Twice-yearly, as part of the final accounts and budget processes

REPORT TO THE EXECUTIVE



DATE	14th February 2022
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Howard Hamilton-Smith
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Revenue Budget 2022/23

PURPOSE

1. To consider the estimates of revenue income and expenditure for 2022/23 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 2022/23;
- ii) Approve the proposals contained in this report;
- iii) Set a Council Tax Requirement of £7,480,375 for the financial year 2022/23;
- iv) Set a Net Budget Requirement of £15,231,941 for 2022/23;
- v) Receive and consider the statutory report issued by the Head of Finance and Property under the Local Government Act, 2003;
- vi) Authorise the Chief Operating Officer/Heads of Service to progress action plans to deliver the 2022/23 budget;
- vii) Approve a Council Tax (Band D) figure of £318.49 for this Council for the year commencing 1st April 2022 and adopt the statutory resolution to set the full Council Tax for the year. This is equivalent to a 1.99% 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 2022/23 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 2022/23. 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 2022/23
Appendix 2	Growth
Appendix 3	Equality Impact Assessment

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 8th December 2021.
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 Financial 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.
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 2022/23

12. The proposed net revenue budget for 2022/23 is as set out in the table below:

SUMMARY OF THE REVENUE BUDGET POSITION 2022/23		
Net Revenue Budget - original 2021/22		15,419
Savings approved at previous Council Meetings		(139)
Proposed Growth - Appendix 2		279
Additional Savings Identified - Appendix 3		(750)
Increased utilities expenditure		260
1.25% increase to National Insurance Rate		51
Pay Award 2021/22 (assuming 1.75% is agreed)		17
Contractual inflation		58
Salary inflation		210
Additional Fees & Charges income generation		(66)
Movements in Earmarked Reserves		(274)
Parish Precepts*		166
Net Budget Requirement		15,231
<u>Government Settlement Funding Assessment</u>		
Revenue Support Grant		1,700
Business Rates Baseline		4,265
New Homes Bonus		576
Council Tax Yield		7,481
Collection Fund Deficit - Council Tax		(10)
Collection Fund Deficit - NNDR		(1,251)
Council Tax - Parish Precepts*		166
<u>Business Rates in addition to Baseline Funding</u>		
Additional Business Rates above baseline	1,219	
Renewable Energy	248	1,467
Business Rates Multiplier Inflation Cap		351
Lower Tier Services Grant		192
2022/23 Service Grant		294
		15,231

- * Please note that the Parish Precept figure is provisional. Any changes to this figure will not affect the Net Budget Requirement of the Council as the council acts as an agent in collecting the precept income and distributing it to Parish Councils.

13. **LOCAL GOVERNMENT PROVISIONAL SETTLEMENT**

The local government provisional settlement was announced in December 2021 and is likely to be confirmed February 2022. Any settlement figures included within this report are based upon the provisional settlement figures.

15. Spending Power
The calculation of Spending Power only includes Revenue Support Grant, Business Rates, New Homes Bonus and Council Tax. The Council's Spending Power will increase by 5.9% in 2022/23 (2.6% increase in 2021/22). This compares to an England average of 6.9%.
16. 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. The Council was a member of the 50% Lancashire Business Rate Pool in 2021/22 and will continue to be a member in 2022/23.
14. New Homes Bonus
In the 2017/18 finance settlement the Government reduced the funding period for NHB from six years to five years 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.
15. In addition, from 2017/18 the Government set a baseline for housing growth of 0.4% of a Council's existing tax base below which no NHB grant is payable. The baseline has remained at 0.4% for 2022/23.
16. As announced in the 2020/21 finance settlement, the New Homes Bonus allocation for 2020/21 was for one year only, rather than for a period of four years. This change in policy has remained unchanged for 2021/22 and 2022/23, with the 2021/22 and 2022/23 allocations being for one year only also. The Council has been allocated £576k for 2022/23.

BUDGET SAVINGS IDENTIFIED

17. Following the announcement of the provisional local government finance settlement for 2022/23 further budget savings have, as is usual, been identified. The additional savings required is £750k which has been met by removing the annual contribution to the Transformation Reserve. The Council previously contributed £750k each year to this reserve to provide sufficient levels of reserve to meet the upfront revenue costs of the Pioneer Place scheme.

It is expected the final finance settlement for 2022/23 will be announced by Government in February 2022.

GROWTH

18. 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.
19. Consequently, ten items of revenue budget growth are included within the proposals for 2022/23. The growth items are shown in Appendix 2 for information and have been included within the revenue budget for 2022/23. Details of each growth item can be seen below:
 - Maintaining a clean, safe, attractive, and environmentally friendly borough: To introduce a one-year budget of £140k to implement a range of initiatives to maintain

a clean, safe, attractive, and environmentally friendly borough. This will include community engagement, enforcement and cleansing in 'hotspot' areas.

- Climate Change – the Council is well all aware of the requirements on all stakeholders to ensure that they contribute towards combating the climate crisis. A new post is to be created at a cost of £51k to help progress the Councils contribution towards combating the climate crisis.
- Lancashire County Deal – Contribution from the Council to support the Policy Working Group to develop and negotiate a County Deal. Such support is likely to include, project management, legal, finance and policy support. A growth item of £23k is requested for this purpose.
- Legal Services Agency Costs – the agency budget for Legal Services was previously offered as a budget saving, however due to difficulties in recruiting permanent members of staff the Council is increasingly having to rely on agency employees. A budget growth of £20k is requested.
- Principal Legal Officer – it is proposed to increase the working hours of the vacant Principal Legal Officer from 29 hours per week to 36.25 hours at a cost of £10k to assist with recruitment and also workload demands.
- Green Spaces Tractor Hire – the Council currently hires 3 x tractors per annum, however the current budget is not sufficient to cover the hire costs. Growth of £9k requested.
- Civica Hosting and Licensing Fees – additional fees £7k due to the purchase of additional modules to ensure compliance.
- Green Spaces Development Budget: to introduce a one- off budget of £7k for various Green Spaces development schemes.
- Public Convenience Cleaning Contract – increase to annual contract costs of £6K due to an increase in the number of public conveniences included within the contract and also additional costs relating to PPE required as a result of Covid-19.
- Bowling Green Maintenance Material Costs – increase to the general material costs by £5k for 2022/23. This is required to continue to maintain the Council's bowling greens.

COUNCIL TAX

20. The proposals in this paper assume that the Council's Band D council tax will increase by 1.99% from the 2021/22 level of £312.28 to £318.49. This level of charge will yield an estimated total income of £7,480,375.
21. 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 2022/23, 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 2022/23 is 2%, or more than 2%, greater than its relevant basic amount of council tax for 2021/22.
22. The financial impact each year of not increasing Council Tax at all is an additional pressure of around £145k, assuming a 1.99% rise is foregone. Over the five-year Medium Term Financial Strategy period this would result in loss of income of £725k. The increase is required to protect the services provided by the Council, to fund economic and community

recovery initiatives required as a result of Covid-19 and the impact of ongoing financial pressures resulting from the pandemic faced by the Council.

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 2022/23 funding provisional settlement. The business rates multiplier has been frozen for 2022/23 which means that the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remain at 2021/22 levels, which is £4.265m (please see paragraph 29 for further details). It is also expected that the Council will receive Business Rates in excess of the announced figure – an extra £1.219m, as can be seen in the table at paragraph 12.
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 £248k 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 2022/23 and future years. This is the same amount that was received in 2021/22.
25. For 2022/23 Burnley remains a member of the Lancashire Business Rates Pool which was formed in 2020/21 and allows constituent members to come together and be treated as a single member of a business rate pool to combine their funding calculations under the business rate scheme, effectively adding their numbers together for all elements of the funding calculation, such as the tariff and top-ups. The benefit to be gained is that collectively, it produces a lower percentage levy calculation. Each authority continues to retain the growth in its business rates income that it would have retained as an individual authority outside of the pool. However, as part of a pool the Council would no longer be required to pay any levy to Central Government. The Lancashire application sets out what the tier splits would be for each member.
26. As part of the ongoing consultation around the new business rate retention proposals, the Government is proposing a reset, or partial reset, of the amount of Business Rates each Council expects to receive. A reset would mean that any previous growth in business rate income above the expected amount, achieved under the existing system, would be lost. This would mean an additional pressure on Council's that had used any excess Business Rates income when balancing their annual budgets. It is expected that the new system of accounting for Business Rates will come into effect in 2023 and will be based on property values as at 1st April 2021. However, details at this stage of how funding will affect Burnley is not yet known.

COLLECTION FUND DEFICIT

27. 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 a surplus deficit figure of £627k of which this Council's share is £95k. This is 15.1% as a proportion of the overall total. However due to a prior year deficit, the total charge for 22/23 is £10k deficit. This takes into account the second year of the three-year spreading of the Covid-19 deficit from 2020/21, which will be met from monies set aside in the Collection Fund Deficit Reserve (approved at Full Council July 2021).

28. **NNDR Element**

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

- i) NNDR base is larger or smaller than originally anticipated (reasons include properties coming on and off the valuation list (e.g. as a result of redevelopments), appeals by businesses to rating valuations.
- ii) In year collection rates are higher or lower than expected,
- iii) Arrears collection rates are higher or lower than expected

This year's calculation has produced an overall deficit figure of £2.615m of which this Council's share is £1.045m. However due to a prior year deficit the total deficit charge for 22/23 is £1.251m. This takes into account the second year of the three-year spreading of the Covid-19 deficit from 2020/21, which will be met from monies set aside in the Collection Fund Deficit Reserve (approved at Full Council July 2021).

BUSINESS RATES UNDER-INDEXING MULTIPLIER GRANT

29. As mentioned in paragraph 23, the business rates multiplier has been frozen for 2022/23 remaining at 49.9p which means that the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remain at 2021/2 levels (£4.265m). To compensate, the under-indexing multiplier grant has been increased, in order that local authorities do not lose what would have been the increase to the business rate multiplier. The grant awarded to Burnley is £351k.

LOWER TIER SERVICES GRANT

30. A new un-ringfenced lower tier services grant of £111m was announced as part of the Spending Review to ensure that no authority has a total Core Spending Power less than in 2021/22. This was announced as a one off grant for 2021/22 year, however due to the delay in the spending Review the grant has been rolled forward to 2022/23. Burnley is to receive £192k. The grant has been allocated using shares of lower tier funding within the 2013/14 Settlement Funding Assessment levels (£91m) along with a funding floor (£21m) to ensure no authority has a total Core Spending Power less than in 2021/22.

2022/23 SERVICES GRANT

31. An un-ringfenced grant of £822m to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government, including funding for local government costs for the increase in employer National Insurance

Contributions has been introduced for 2022/23. Burnley's allocation is £294k. The grant has been allocated using shares of lower tier funding within the 2013/14 Settlement Funding Assessment levels (91) along with a funding floor (£21m) to ensure no authority has a total Core Spending Power less than in 2021/22.

COMMERCIAL STRATEGY & FEES AND CHARGES

32. 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 2022/23 in this area.
33. During the budget process, it has been assumed that income budgets would increase in 2022/23 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. The increase will take effect from 1st April 2022. The tariff of fees and charges mainly effective from 1st April 2022 was approved by Full Council on 8th December 2021. The estimated additional increase in income in 2022/23 as a consequence of the approved increases is £32k.

COVID-19 PANDEMIC

34. The impact of the Covid-19 pandemic on the 2022/23 budget and future years is unknown. The ongoing financial support given to local businesses is helping to support the local economy, however it is unclear what the impact will be once these support packages end. A Covid-19 reserve was set up in 2020/21 using financial support received from Central Government in 2020/21. Members approved in the Revenue Outturn Report at Full Council in July 2021 to transfer £1.6m into this reserve. The reserve has been called upon in 2021/22 to fund related additional expenditure or loss of income and to provide funding for recovery initiatives. New Burdens funding has been received during 2021/22 of £173k, it is proposed to transfer into this reserve. It is forecast that there will be a balance of £1.4m available at the end of 2021/22 for use in 2022/23 and future years.

STRATEGIC EARMARKED RESERVES AND GENERAL FUND RESERVE

35. 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.
36. The table below shows the anticipated use of strategic reserves for 2022/23 and later years. The overall forecast position on reserves is shown in the table below. This includes all strategic earmarked and general reserves. The forecast below includes current approved and future commitments, future anticipated spend and future anticipated income into the reserves. This table excludes any reserves held for specific operational reasons:

	Strategic Earmarked Reserves £'000	General Fund Reserve £'000	Revenue Support Reserve £'000	Total £'000
Balance as at 01/04/21	3,531	1,379	564	5,474
Approved use to Q3 2021/22	1	0	157	158
Balance available after approvals as at Q3	3,532	1,379	721	5,632
Future commitments and risk	(2,726)	0	1,167	(1,559)
Balance remaining as at 31/03/27	806	1,379	1,888	4,073

37. The Revenue Support Reserve is essential to provide resilience for the Council in light of reduced funding. As the authority adjusts to meet the pressures of reductions in Government funding, it has become increasingly challenging to produce savings annually as the authority contracts in resource and size. Savings proposals will carry more risk of successful implementation, whether they are income or expenditure related. The Revenue Support Reserve will be required to provide temporary mitigation for some of these risks. However, the purpose of the reserve is also to temporarily provide for unanticipated reductions in income, provide for unexpected revenue spend and to support shortfalls in major capital projects beyond their business cases and after their allocated reserves are exhausted. There is a 10-year programme to build-up this reserve from the General Fund. However, for clarity only 5 years of this programme is shown in the above table to align with the timeframe of this MTFS.

RISK ASSESSMENT

38. 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.
39. During 2021/22 the Council commissioned two significant capital projects, namely Pioneer Place and the acquisition of Charter Walk. Pioneer Place was initially reported to Full Council in December 2018, with revised schemes approved by Full Council in November 2020 and October 2021. The Development Agreement went unconditional in December 2021 and work is due to commence on site 24 January 2022. The acquisition of Charter Walk was approved by Full Council in July 2021 and the sale was completed in October 2021. The revenue costs for both of these schemes have been incorporated into the MTFS. Both of these developments will require significant financial support from the Council, as well taking on significant commercial risk over the lifetime of these projects (50 years and 30 years, respectively). The schemes will require significant use of reserves and will also see very significant amounts of borrowing – circa £36m for both schemes. These present threats to the financial viability of the Council. However, in partial mitigation, various strategies have been put in place. These include a strategy to build up reserves over the next 10 years to provide a buffer for budget pressures, specific reserves for the schemes to renew the assets and capture any over-performing income and recognition of

limited capacity to take on other significant capital schemes. Any surplus generated by Charter Walk will be transferred into the Charter Walk Reserve to be used to meet future regeneration of the town centre. It is estimated that the surplus in 2021/22 will be around £0.5m.

40. Any additional capital projects under consideration require funding. If there is a shortfall in capital finance for these projects, then pursuing them and using borrowing will significantly increase the revenue budget. The revenue implications will be considered as part of the monitoring of the capital programme.
41. 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 2022/23 revenue budget is unduly onerous and the levels of reserves forecast will be sufficient in accordance with the medium-term financial strategy (MTFS).
42. The Government is in the process of revising the methodology for allocating funding to Councils from 2023/24 onwards. This includes changes to the current business rates system together with a Fair Funding Review.
43. It is uncertain at this stage how changes to Local Government funding will impact on the Council's funding in future years.
44. 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 2022/23.
45. Pay inflation has been increased by 2.5% in 2022/23 and future years. However, if pay negotiations take place the actual increase may differ to that estimated +/-1% fluctuation in the pay award will equate to +/- £84k. There is little price inflation included within the estimates for non-salary budgets. 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.
46. The Bank of England increased the base rate from 0.1% and then 0.25% in December 2021 however even after this increase the rates remain at a historically low level. The Council's Treasury Management Advisors (Link Asset Services) forecast a 0.5% increase to the base rate during the 2022/23 financial year over two tranches. This will impact on the Council's revenue budget in these years as investment interest income to be received should increase.
47. Significant savings have been achieved by operating the Council's leisure services as a charitable company since its incorporation. Work has been undertaken in partnership with the Trust during this period to enable the Leisure Trust to become more self-sufficient. The Covid-19 pandemic has had a significant financial impact on the Leisure Trust during the 2021/22 financial year. The Trust has worked hard to find the savings and funding required

to balance the budget in 2021/22. However, the future financial impact remains uncertain and the Council will continue to work with the Leisure Trust to help to minimise this risk. To help ensure that risk is minimised there will continue to be regular monitoring of activity and financial performance in 2022/23 and beyond.

48. The Council entered into a contract with Liberata as our external service provider for around a third of Council services from 1st January 2016. The financial planning assumptions provided 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 partnership to operate effectively. Nevertheless, this is a significant savings area which is currently and will continue to be, actively managed.
49. Uncertainty around the impact of Brexit and whether the UK invokes article 16 around the trading arrangements in Northern Ireland which has the potential to result in a no-deal Brexit. Also, the impact of the Covid-19 pandemic on the UK economy, especially around interest rates, the local economy, income generation and further spending pressures which may have an impact on future years budgets. Compensation for lost sales, fees and charges income for quarter 1 of 2021/22 has been claimed £237k, however no compensation is available under the scheme. In addition, we have provided for an additional provision for bad debts to compensate for non-payment of debts. In mitigation, the Council has created the Covid Reserve which can be utilised to assist in any further reductions in income or increases in expenditure.
50. In summary, after taking consideration of the issues in this report and the risks referred to above, the 2022/23 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.
51. 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

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

POLICY IMPLICATIONS

53. The revenue budget determines the extent to which the Council's strategic objectives can be pursued and achieved.
54. Community Impact Assessment and Equality Impact Assessments have been completed and are included as Appendix 3.

DETAILS OF CONSULTATION

55. None.

BACKGROUND PAPERS

56. None.

FURTHER INFORMATION

PLEASE CONTACT:

**Howard Hamilton-Smith – Head of Finance
and Property**

ALSO:

Amy Johnson – Finance Manager

Summary Revenue Budget 2022/23

<u>Estimated Net Spending</u>	Pay	Non-Pay	Reserves	Net
<u>Service</u>	£'000	£'000	£'000	Spending £'000
Management Team	357	16	-	373
Policy & Engagement	372	88	-	460
People & Development	174	68	-	242
Green Spaces and Amenities	2,182	(1,008)	-	1,174
Legal & Democratic Services	890	188	-	1,078
Finance & Property	866	(373)	-	493
Revenues and Benefits	-	(1,299)	-	(1,299)
Leisure Trust Client	-	757	-	757
Streetscene	1,165	2,208	-	3,373
Housing and Development Control	1,774	(1,252)	-	522
Economy & Growth	1,301	(637)	-	664
Strategic Partnership	-	4,015	-	4,015
Central Budgets	161	3,075	-	3,236
Earmarked Reserves	-	-	143	143
	<u>9,242</u>	<u>5,846</u>	<u>143</u>	<u>15,231</u>

Net Budget Requirement

	£'000	£'000
Revenue Support Grant		1,700
Business Rates Retention Scheme		
Business Rate Baseline Funding	5,484	
Additional Retained Income - Renewable Energy Schemes	<u>248</u>	5,732
Council Tax Yield		7,481
Collection Fund Deficit - Council Tax		(10)
Collection Fund Deficit - NNDR		(1,251)
Parish Precepts *		166
New Homes Bonus		576
Business Rates Multiplier Inflation Cap		351
Lower Tier Services Grant		192
2022/23 Service Grant		294
		<u>15,231</u>

* Please note that the Parish Precept figure is provisional. Any changes to this figure will not affect the Net Budget Requirement of the Council as the council acts as an agent in collecting the precept income and distributing it to Parish Councils.

2022/23 Revenue Budget**Growth Proposals**

	Ongoing £'000	One-off £'000	Total £'000	
Maintenance of a Clean, Safe, Attractive and Environmentally Friendly Borough	-	140	140	See paragraph 19 of report
New Climate Change Post	51	-	51	See paragraph 19 of report
Combined Authority/Economic Prosperity Board	-	23	23	See paragraph 19 of report
Re-establishment of Agency budget - Legal Services	20	-	20	See paragraph 19 of report
Increase in hours of Legal Officer Post from 29 to 36.25	10	-	10	See paragraph 19 of report
Green Spaces Tractor Hire	10	-	10	See paragraph 19 of report
Civica Hosting & licence fees	7	-	7	See paragraph 19 of report
Green Spaces Development	-	7	7	See paragraph 19 of report
Public Conveniences cleaning contract	6	-	6	See paragraph 19 of report
Bowling Green Maintenance Material Costs	5	-	5	See paragraph 19 of report
Total Growth	109	170	279	

APPENDIX 3 - EQUALITY IMPACT ASSESSMENT

REVENUE BUDGET SAVINGS PROPOSALS 2022/23

1.	Title of EIA	Equality Impact Assessment – Revenue Budget Savings Proposals 2022/23	
2.	Person responsible for the assessment	Rob Dobson	
3.	Contact details	01282 475 842	rdobson@burnley.gov.uk
4.	Date of assessment		

SUMMARY

The outcome of this equality impact assessment is that all proposals being currently considered for savings in 2021/22 are neutral in terms of their impact on people with protected characteristics under equalities legislation.

OBJECTIVE

1.	What is the main purpose of the project?	To set a budget for the council in 2022/22 that: <ul style="list-style-type: none">• is in line with the agreed Medium Term Financial Strategy;• responds to the financial challenges facing the council;• enables the council to continue its focus on agreed priorities.
2.	Who are the main stakeholders?	Stakeholder analysis showed that the main stakeholders are Burnley Council's: <ul style="list-style-type: none">• service users• residents/Council tax payers• Councillors; and• Council employees.
3.	How are they expected to benefit?	Through the council ensuring a sustainable future for its services through good financial management and transparent decision making to determine priorities.
4.	How will the change be implemented?	The budget will be agreed through decision making structures and processes in line with the council constitution.

6.	Is the responsibility for the proposed function shared with another department or authority or organisation?	The decisions on council budget rest with the council.
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A. DATA COLLECTION

1.	Approach and background to EIA analysis, including data collection	Budget proposals drawn up by service managers.
2.	What monitoring data do you have on the number of people (from different equality groups) who are using and could be impacted upon by the change in function?	<p>Various data sources are held, including:</p> <ul style="list-style-type: none"> • Analysis of workforce profile • Analysis of services • Census data. <p>However, these sources of monitoring data have not been used on this occasion as there is no equality impact arising.</p>

B. COMMUNICATION AND INVOLVEMENT

1.	What information has assisted in completing this EIA?	Guidance including information contained on the Equalities and Human Rights Commission website and examples from other local authorities are considered in completing EQIAs.
2.	What communications activities have assisted in completing this EIA?	None- given the very low risk of there being an equality impact following the initial review of the savings proposals.

Group	Area/s of impact	Positive impact	Negative impact – specified as high, medium or low	Neutral impact	Reason
Age	All areas of impact ¹			✓	All impacts in respect of people in this group were identified as neutral.
Disability	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Gender reassignment	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Marriage and civil partnership	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Pregnancy / and maternity	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Ethnicity	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Religion and belief	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Sex (gender)	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Sexual orientation	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.

Equality impact assessment action plan

The savings proposals have a neutral impact: no actions arise.

¹ 'All areas of impact' refers to the list of proposed revenue budget savings proposals 2022 - 23

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Capital Budget for 2022/23 and Capital Investment Programme 2022-27

REPORT TO EXECUTIVE



DATE	14 February 2022
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Howard Hamilton Smith
TEL NO	(01282) 477173
EMAIL	hhamiltonsmith@burnley.gov.uk

PURPOSE

1. To recommend approval of the capital budget for 2022/23

RECOMMENDATION

2. a) That Full Council be recommended to;
 - (i) Approve the 2022/23 Capital Budget, totalling £37,805,441, as set out in Appendix 1
 - (ii) Note the 2022-27 Capital Investment Programme as set out in Appendix 1.
 - (iii) Note the estimated position on capital resources as set out in Appendix 2.
- b) That subject to 2a) i) above the Executive approve the release of capital scheme budgets including slippage from 2021/22, subject to compliance with the Financial Procedure Rules and that there will be full compliance with Standing Orders for Contracts.
- c) Approve the Capital Strategy 2022-27, as set out in Appendix 4

REASONS FOR RECOMMENDATION

3. To establish a capital budget that reflects the Council's overall priorities and provides a framework for capital spending to be undertaken during 2022/23.

SUMMARY OF KEY POINTS

4. **Background:**

In formulating the 2022/23 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 2022/23 capital budget and the 2022-27 CIP.

The review process has included:

- A review and revision of the existing schemes approved in the 2021-26 CIP, in February 2021.
- 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. **2021/22 Capital Budget:**

Appendix 1 provides Members with a summary of the capital investment programme for 2022/23 to 2026/27 and a list of those schemes being proposed for the 2022/23 capital budget totalling £37.805m, showing the financing elements for each individual scheme. It also shows draft capital budgets for 2023/24 to 2026/27 along with the financing elements for those years.

Members are asked to note that the level of estimated capital receipts is sufficient to finance the £736,152 required for all the schemes put forward for 2022/23.

It should be noted, that of the £73,866,253 within the proposed CIP 2022-27, external funding totalling £37,240,973 (50%) is to be used as financing of the schemes.

7. **Capital Resources:**

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

- balances in hand as at 1st April 2021
- 2021/22 commitments approved to date
- level of resources assumed to be available as at 31st March 2022
- estimated “new” receipts to be received during 2021/22 to 2026/27
- resources required to finance part of the 2022/23 proposed capital budget
- resources required to finance the schemes proposed for future years
- anticipated balance as at 31st March 2027.

The resources are reducing each financial year, to an estimated balance of £72,901 by March 2027. This is due to reduced opportunities to realise capital receipts, as the estate reduces, which will leave a lesser capital programme going forward.

Please note, all capital schemes that are committed after 2022/23, do not require capital resources after March 2023.

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 £400k in 2022/23

Costs of Prudential Borrowing

Of the proposed £15,861,173 prudential borrowing requirement for 2022/23, there are no new schemes.

9. **2022-27 Capital Investment Programme:**

As previously stated, Appendix 1 outlines a summary of the proposed 2022-27 capital investment programme, by Service Unit.

Appendix 3 provides Members with a brief scheme narrative, for all Capital Schemes within the 2022/23 proposed budget.

2022-27 Capital Strategy:

Appendix 4 provide Members with the 2022-27 proposed Capital Strategy.

The Council is committed to ensuring that the investment of capital resources reflects the Council's corporate priorities and is affordable, financially prudent and sustainable. This Capital Strategy is designed to assist in the delivery of that commitment.

The Capital Strategy is a key document and forms part of the Council's corporate strategic and planning framework with links to the overarching Strategic Plan, the Asset Management Strategy, the Treasury Management Strategy and individual Service Plans which, in turn, link the Strategic Plan to service delivery on the ground.

Providing a high level overview of how capital expenditure and capital financing contribute to the provision of Council services, the strategy also addresses the management of related risks and the implications for future financial sustainability. It outlines the governance processes for prioritisation and approval of capital scheme bids and the monitoring of the approved capital programme.

The preparation and publication of a capital strategy is a requirement of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code of Capital Finance in Local Authorities (the Prudential Code).

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

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

POLICY IMPLICATIONS

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

DETAILS OF CONSULTATION

13. None.

BACKGROUND PAPERS

14. None.

FURTHER INFORMATION

PLEASE CONTACT: Howard Hamilton Smith - Head of Finance & Property

ALSO Adil Ahmed – Principal Accountant

Capital Investment Programme 2022/23 to 2026/27

Scheme Name	2022/23	2023/24	2024/25	2025/26	2026/27	TOTAL
	£	£	£	£	£	£
Burnley Mechanics MI Space HLF Scheme		994,800	1,255,360	-	-	2,250,160
Burnley Leisure Property Maintenance	100,000	100,000	100,000	100,000	100,000	500,000
Play Area Improvement Programme	68,000	45,000	-	-	-	113,000
Vehicle & Machinery Replacement	150,000	150,000	150,000	150,000	150,000	750,000
Changing Places	43,469	-	-	-	-	43,469
Crematorium Improvements	132,000	142,000	-	-	-	274,000
Extension of Burnley Cemetery	-	220,000	220,000	-	-	440,000
Scott Park HLF	25,000	500,000	-	-	-	525,000
Memorial Park Improvements	153,000	-	-	-	-	153,000
Playing Pitch Improvements	361,000	116,000	-	-	-	477,000
Wheeled Sports Area	-	250,000	-	-	-	250,000
Towneley Hall Works	2,375,000	51,871	-	-	-	2,426,871
Green Spaces & Amenities Total	3,407,469	2,569,671	1,725,360	250,000	250,000	8,202,500
Alleygate Programme	25,000	25,000	25,000	25,000	25,000	125,000
River Training Walls	92,406	60,000	-	-	-	152,406
Electric Vehicle Charging Scheme (Council Match Funding)	50,000	-	-	-	-	50,000
Streetscene Total	167,406	85,000	25,000	25,000	25,000	327,406
Padiham Townscape Heritage Initiative	568,947	-	-	-	-	568,947
Pioneer Place	13,942,996	5,000,000	305,368	-	-	19,248,364
NW Burnley Growth Corridor - Phase 2	350,000	-	-	-	-	350,000
Lower St James Street Historic Action Zone	968,911	299,904	-	-	-	1,268,815
Finsley Wharf & Canal Towpath Improvements	34,000	-	-	-	-	34,000
Vision Park	39,386	-	-	-	-	39,386
Town Centre & Weavers Triangle Project Work	625,574	453,878	-	-	-	1,079,452
Leveling Up Fund	12,166,078	6,202,089	-	-	-	18,368,167
Sandygate Halls (Commercial Units & Car Parking)	194,876	-	-	-	-	194,876
Economy & Growth Total	28,890,768	11,955,871	305,368	-	-	41,152,007
Leisure Centre Improvements	75,000	75,000	75,000	75,000	75,000	375,000
IT Upgrades	21,000	5,000	-	-	-	26,000
Audio & Visual Upgrade to Facilitate On-line Meetings	100,000	-	-	-	-	100,000
Charter Walk Refurbishment	1,000,000	-	-	-	-	1,000,000
Charter Walk Property Maintenance	50,000	51,000	52,020	53,060	54,121	260,201
Building Infrastructure Works	474,188	2,190,660	1,533,472	194,420	196,350	4,589,089
Carbon Reduction Measures	159,610	126,610	93,610	82,610	71,610	534,050
Finance & Property Total	1,879,798	2,448,270	1,754,102	405,090	397,081	6,884,340
Emergency Repairs	120,000	120,000	120,000	120,000	120,000	600,000
Better Care Grant	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Energy Efficiency	40,000	40,000	40,000	40,000	40,000	200,000
Empty Homes Programme	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	6,500,000
Total of Housing Investment Programme	3,460,000	3,460,000	3,460,000	3,460,000	3,460,000	17,300,000
Total of All Schemes	37,805,441	20,518,812	7,269,830	4,140,090	4,132,081	73,866,253

FINANCING				
External Funding	Borrowing	Revenue / Reserves	Capital Receipts	TOTAL
£	£	£	£	£
1,946,720	303,440	-	-	2,250,160
-	500,000	-	-	500,000
21,500	-	-	91,500	113,000
75,000	-	675,000	-	750,000
43,469	-	-	-	43,469
-	274,000	-	-	274,000
-	440,000	-	-	440,000
500,000	-	-	25,000	525,000
114,000	-	-	39,000	153,000
477,000	-	-	-	477,000
150,000	-	-	100,000	250,000
-	2,426,871	-	-	2,426,871
3,327,689	3,944,311	675,000	255,500	8,202,500
-	-	-	125,000	125,000
-	-	-	152,406	152,406
-	-	-	50,000	50,000
-	-	-	327,406	327,406
563,042	-	-	5,905	568,947
2,925,400	16,322,964	-	-	19,248,364
350,000	-	-	-	350,000
873,942	292,517	102,356	-	1,268,815
-	-	34,000	-	34,000
32,733	-	-	6,653	39,386
-	1,079,452	-	-	1,079,452
18,368,167	-	-	-	18,368,167
-	194,876	-	-	194,876
23,113,284	17,889,809	136,356	12,558	41,152,007
-	375,000	-	-	375,000
-	-	-	26,000	26,000
-	-	100,000	-	100,000
-	1,000,000	-	-	1,000,000
-	-	260,201	-	260,201
-	2,640,000	49,500	1,899,589	4,589,089
-	534,050	-	-	534,050
-	4,549,050	409,701	1,925,589	6,884,340
600,000	-	-	-	600,000
10,000,000	-	-	-	10,000,000
200,000	-	-	-	200,000
-	-	-	6,500,000	6,500,000
10,800,000	-	-	6,500,000	17,300,000
37,240,973	26,383,170	1,221,057	9,021,053	73,866,253

2022/23 CAPITAL BUDGET AND FINANCING ELEMENTS

APPENDIX 1

Service Unit	Scheme Name	Proposed Budget £	FINANCING ELEMENTS											Total Proposed Budget £	
			Prudential Borrowing £	Revenue Cont'n / Reserves £	Better Care Grant £	Historic England Fund £	LCC £	Heritage Lottery Fund £	Lancashire Enterprise Partnership £	ERDF £	Capital Receipts £	Vacant Property Initiative Receipts £	Levelling Up Fund £		3rd Party / Section 106 Unsecured £
Green Spaces & Amenities	Burnley Leisure Property Maintenance	100,000	100,000												100,000
Green Spaces & Amenities	Play Area Improvement Scheme	68,000								46,500				21,500	68,000
Green Spaces & Amenities	Vehicle and Machinery Replacement	150,000		135,000										15,000	150,000
Green Spaces & Amenities	Changing Place	43,469												43,469	43,469
Green Spaces & Amenities	Crematorium Improvements	132,000	132,000												132,000
Green Spaces & Amenities	Extension of Burnley Cemetery	-	-												-
Green Spaces & Amenities	Scott Park HLF	25,000								25,000					25,000
Green Spaces & Amenities	Memorial Park Improvements	153,000								39,000				114,000	153,000
Green Spaces & Amenities	Playing Pitch Improvements	361,000												361,000	361,000
Green Spaces & Amenities	Towneley Hall Works	2,375,000	2,375,000												2,375,000
Streetscene	River Training Walls	92,406								92,406					92,406
Streetscene	Alleygate Programme	25,000								25,000					25,000
Streetscene	Electric Vehicle Charging Scheme (Council Match Funding)	50,000								50,000					50,000
Economy & Growth	Padiham Townscape Heritage Initiative	568,947						436,184			5,905			126,858	568,947
Economy & Growth	Pioneer Place	13,942,996	11,017,596				2,925,400								13,942,996
Economy & Growth	NW Burnley Growth Corridor - Phase 2	350,000								350,000					350,000
Economy & Growth	Lower St James Street Historic Action Zone Finsley Wharf & Canal Towpath Improvements	968,911	181,517	102,356	548,148									136,890	968,911
Economy & Growth	Vision Park	39,386			32,733					6,653					39,386
Economy & Growth	Town Centre & Weavers Triangle Project Work	625,574	625,574												625,574
Economy & Growth	Leveling Up Fund	12,166,078											12,166,078		12,166,078
Economy & Growth	Sandygate Halls (Commercial Units & Car Parking)	194,876	194,876												194,876
Finance & Property	Leisure Centre Improvements	75,000	75,000												75,000
Finance & Property	Building Infrastructure	474,188		49,500						424,688					474,188
Finance & Property	Carbon Reduction Measures	159,610	159,610												159,610
Finance & Property	IT Upgrades	21,000								21,000					21,000
Finance & Property	Audio & Visual Upgrade to Facilitate On-line Meetings	100,000		100,000											100,000
Housing & Development	Emergency Repairs	120,000			120,000										120,000
Housing & Development	Better Care Grant	2,000,000			2,000,000										2,000,000
Housing & Development	Energy Efficiency	40,000			40,000										40,000
Housing & Development	Empty Homes Programme	1,300,000									1,300,000				1,300,000
Finance & Property	Charter Walk Refurbishment	1,000,000	1,000,000												1,000,000
Finance & Property	Charter Walk Property Maintenance	50,000		50,000											50,000
TOTAL OF ALL SCHEMES		37,805,441	15,861,173	470,856	2,160,000	580,881	2,925,400	436,184	-	350,000	736,152	1,300,000	12,166,078	818,717	37,805,441

2023/24 CAPITAL BUDGET AND FINANCING ELEMENTS

APPENDIX 1

Service Unit	Scheme Name	Proposed Budget £	FINANCING ELEMENTS										Total Proposed Budget £
			Prudential Borrowing £	Revenue Cont'n / Reserves £	Better Care Grant £	Historic England Fund £	LCC £	Heritage Lottery Fund £	Capital Receipts £	Vacant Property Initiative Receipts £	Levelling Up Fund £	3rd Party / Section 106 Unsecured £	
Green Spaces & Amenities	Burnley Mechanics MI Space HLF Scheme	994,800	303,440					573,000				118,360	994,800
Green Spaces & Amenities	Burnley Leisure Property Maintenance	100,000	100,000										100,000
Green Spaces & Amenities	Play Area Improvement Scheme	45,000							45,000				45,000
Green Spaces & Amenities	Vehicle and Machinery Replacement	150,000		135,000								15,000	150,000
Green Spaces & Amenities	Crematorium Improvements	142,000	142,000										142,000
Green Spaces & Amenities	Extension of Burnley Cemetery	220,000	220,000										220,000
Green Spaces & Amenities	Scott Park HLF	500,000					500,000						500,000
Green Spaces & Amenities	Playing Pitch Improvements	116,000										116,000	116,000
Green Spaces & Amenities	Wheeled Sports Area	250,000							100,000			150,000	250,000
Green Spaces & Amenities	Towneley Hall Works	51,871	51,871										51,871
Streetscene	River Training Walls	60,000							60,000				60,000
Streetscene	Alleygate Programme	25,000							25,000				25,000
Economy & Growth	Lower St James Street Historic Action Zone	299,904	111,000		163,123							25,781	299,904
Economy & Growth	Leveling Up Fund	6,202,089									6,202,089		6,202,089
Economy & Growth	Town Centre & Weavers Triangle Project Work	453,878	453,878										453,878
Finance & Property	New Ipads	5,000							5,000				5,000
Finance & Property	Leisure Centre Improvements	75,000	75,000										75,000
Finance & Property	Building Infrastructure Works	2,190,660	1,320,000						870,660				2,190,660
Finance & Property	Carbon Reduction Measures	126,610	126,610										126,610
Finance & Property	Charter Walk Property Maintenance	51,000		51,000									51,000
Economy & Growth	Pioneer Place	5,000,000	5,000,000										5,000,000
Housing & Development	Emergency Repairs	120,000			120,000								120,000
Housing & Development	Better Care Grant	2,000,000			2,000,000								2,000,000
Housing & Development	Energy Efficiency	40,000			40,000								40,000
Housing & Development	Empty Homes Programme	1,300,000								1,300,000			1,300,000
TOTAL OF ALL SCHEMES		20,518,812	7,903,799	186,000	2,160,000	163,123	-	1,073,000	1,105,660	1,300,000	6,202,089	425,141	20,518,812

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2024/25 CAPITAL BUDGET AND FINANCING ELEMENTS

APPENDIX 1

Service Unit	Scheme Name	Proposed Budget £	FINANCING ELEMENTS									Total Proposed Budget £	
			Prudential Borrowing £	Revenue Cont'n / Reserves £	Better Care Grant £	Heritage Lottery Fund £	Lancashire Enterprise Partnership £	Football Foundation £	Capital Receipts £	Vacant Property Initiative Receipts £	3rd Party / Section 106 Unsecured £		
Green Spaces & Amenities	Burnley Mechanics MI Space HLF Scheme	1,255,360				724,000						531,360	1,255,360
Green Spaces & Amenities	Vehicle and Machinery Replacement	150,000		135,000								15,000	150,000
Green Spaces & Amenities	Burnley Leisure Property Maintenance	100,000	100,000										100,000
Green Spaces & Amenities	Extension of Burnley Cemetery	220,000	220,000										220,000
Streetscene	Alleygate Programme	25,000								25,000			25,000
Finance & Property	Leisure Centre Improvements	75,000	75,000										75,000
Finance & Property	Building Infrastructure Works	1,533,472	1,320,000							213,472			1,533,472
Finance & Property	Carbon Reduction Measures	93,610	93,610										93,610
Finance & Property	Charter Walk Property Maintenance	52,020		52,020									52,020
Economy & Growth	Pioneer Place	305,368	305,368										305,368
Housing & Development	Emergency Repairs	120,000			120,000								120,000
Housing & Development	Better Care Grant	2,000,000			2,000,000								2,000,000
Housing & Development	Energy Efficiency	40,000			40,000								40,000
Housing & Development	Empty Homes Programme	1,300,000									1,300,000		1,300,000

TOTAL OF ALL SCHEMES		7,269,830	2,113,978	187,020	2,160,000	724,000	-	-	238,472	1,300,000	546,360	7,269,830
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2025/26 CAPITAL BUDGET AND FINANCING ELEMENTS

APPENDIX 1

Service Unit	Scheme Name	Proposed Budget £	FINANCING ELEMENTS									Total Proposed Budget £	
			Prudential Borrowing £	Revenue Cont'n / Reserves £	Better Care Grant £	Heritage Lottery Fund £	Lancashire Enterprise Partnership £	Football Foundation £	Capital Receipts £	Vacant Property Initiative Receipts £	3rd Party / Section 106 Unsecured £		
Green Spaces & Amenities	Vehicle and Machinery Replacement	150,000		135,000								15,000	150,000
Green Spaces & Amenities	Burnley Leisure Property Maintenance	100,000	100,000										100,000
Streetscene	Alleygate Programme	25,000							25,000				25,000
Finance & Property	Leisure Centre Improvements	75,000	75,000										75,000
Finance & Property	Building Infrastructure Works	194,420							194,420				194,420
Finance & Property	Carbon Reduction Measures	82,610	82,610										82,610
Finance & Property	Charter Walk Property Maintenance	53,060		53,060									53,060
Housing & Development	Emergency Repairs	120,000			120,000								120,000
Housing & Development	Better Care Grant	2,000,000			2,000,000								2,000,000
Housing & Development	Energy Efficiency	40,000			40,000								40,000
Housing & Development	Empty Homes Programme	1,300,000								1,300,000			1,300,000
TOTAL OF ALL SCHEMES		4,140,090	257,610	188,060	2,160,000	-	-	-	219,420	1,300,000	15,000	4,140,090	

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2025/26 CAPITAL BUDGET AND FINANCING ELEMENTS

APPENDIX 1

Service Unit	Scheme Name	Proposed Budget £	FINANCING ELEMENTS									Total Proposed Budget £	
			Prudential Borrowing £	Revenue Cont'n / Reserves £	Better Care Grant £	Heritage Lottery Fund £	Lancashire Enterprise Partnership £	Football Foundation £	Capital Receipts £	Vacant Property Initiative Receipts £	3rd Party / Section 106 Unsecured £		
Green Spaces & Amenities	Vehicle and Machinery Replacement	150,000		135,000								15,000	150,000
Green Spaces & Amenities	Burnley Leisure Property Maintenance	100,000	100,000										100,000
Streetscene	Alleygate Programme	25,000							25,000				25,000
Finance & Property	Leisure Centre Improvements	75,000	75,000										75,000
Finance & Property	Building Infrastructure Works	196,350							196,350				196,350
Finance & Property	Carbon Reduction Measures	71,610	71,610										71,610
Finance & Property	Charter Walk Property Maintenance	54,121		54,121									54,121
Housing & Development	Emergency Repairs	120,000			120,000								120,000
Housing & Development	Better Care Grant	2,000,000			2,000,000								2,000,000
Housing & Development	Energy Efficiency	40,000			40,000								40,000
Housing & Development	Empty Homes Programme	1,300,000								1,300,000			1,300,000
TOTAL OF ALL SCHEMES		4,132,081	246,610	189,121	2,160,000	-	-	-	221,350	1,300,000	15,000	4,132,081	

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CAPITAL RECEIPTS AND CONTRIBUTIONS ANALYSIS FOR 2021/22 + CIP 2022-27

APPENDIX 2

	<u>General Capital Receipts</u> £	<u>Vacant Property Initiatives Receipts</u> £	<u>Section 106 Money</u> £	<u>3rd Party Cont'ns</u> £	<u>Total</u> £
Capital Resources Brought Forward on 1 April 2021	1,243,419	660,778	321,956	270,018	2,496,170
Add					
Resources Received As At 31 December 2021	1,241,175	682,420	94,618	12,008	2,030,221
Further Resources Estimated to be Received during 2021/22:	-	93,000	-	-	93,000
Potential Resources Available during 2021/22	2,484,594	1,436,198	416,574	282,026	4,619,391
Less					
Required to finance Capital Programme	(644,389)	(900,000)	(123,219)	(207,241)	(1,874,849)
Earmarked for Revenue Expenditure	-	-	-	-	-
Earmarked for Delivery By Outside Bodies	-	-	-	-	-
Estimated Surplus / (Shortfall) of Resources as at 31st March 2022	1,840,205	536,198	293,355	74,785	2,744,542
Add - Resources Estimated to be Received during 2022/23	303,750	1,303,000	411,000	642,077	2,659,827
Less - 2022/23 Capital Budget	(736,152)	(1,300,000)	(411,000)	(642,077)	(3,089,229)
Estimated Surplus / (Shortfall) of Resources as at 31st March 2023	1,407,803	539,198	293,355	74,785	2,315,140
Add - Resources Estimated to be Received during 2023/24	300,000	1,300,000	116,000	722,141	2,438,141
Less - 2023/24 Capital Budget	(1,105,660)	(1,300,000)	(116,000)	(722,141)	(3,243,801)
Estimated Surplus / (Shortfall) of Resources as at 31st March 2024	602,143	539,198	293,355	74,785	1,509,480
Add - Resources Estimated to be Received during 2024/25	50,000	1,336,000	-	15,000	1,401,000
Less - 2024/25 Capital Budget	(238,472)	(1,300,000)	-	(15,000)	(1,553,472)
Estimated Surplus / (Shortfall) of Resources as at 31st March 2025	413,671	575,198	293,355	74,785	1,357,008
Add - Resources Estimated to be Received during 2025/26	50,000	1,360,000	-	15,000	1,425,000
Less - 2025/26 Capital Budget	(219,420)	(1,300,000)	-	(15,000)	(1,534,420)
Estimated Surplus / (Shortfall) of Resources as at 31st March 2026	244,251	635,198	293,355	74,785	1,247,588
Add - Resources Estimated to be Received during 2026/27	50,000	1,292,000	-	15,000	1,357,000

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2022/23 PROPOSED CAPITAL BUDGET - BRIEF DESCRIPTIONS OF INDIVIDUAL SCHEME

<u>Scheme Name</u>	<u>Budget (£)</u>	<u>Scheme Narrative</u>
Burnley Leisure Property Maintenance	100,000	Ongoing maintenance work to be undertaken arising from building condition surveys.
Play Area Improvement Programme	68,000	To refurbish children's play areas in-line with the recommendations of the adopted Play Provision Strategy 2017 - 2026.
Vehicle & Machinery Replacement	150,000	Replacement of Vehicle & Machinery, as per Green Spaces & Amenities programme
Changing Place	43,469	To install fully accessible Changing Place toilet and changing facility at St Peter's leisure centre.
Crematorium Improvements	132,000	To increase car parking capacity at the crematorium, widen and resurface the drive and existing car park and provide a covered waiting area for mourners.
Scott Park HLF	25,000	To undertake the restoration of historic structures in Scott Park, including bridges, pond, Scott memorial, pavilion and gates/railings.
Memorial Park Improvements	153,000	To undertake replacement of the existing skate ramp with a new wheeled sports area, improvements to the MUGA and youth shelter and undertake some refurbishment of the tennis courts in Memorial Park (Park Rd) Padiham
Playing Pitch Improvements	361,000	To undertake levelling & drainage improvements to the existing pitches at Queens Park to meet Sport England's requirement to replace the existing grass pitch at Stoneyholme Recreation Ground (as compensation) and to undertake improvements at Lockyer Ave Playing Fields to discharge the S106 agreement with McDermott Homes Ltd in respect of the housing development on Kiddrow Lane. Fennyfold Playing Fields will be the subject of improvements to ancillary facility (changing rooms and car parking) and pitch improvements.
River Training Walls	92,406	Eliminate the risk of further deterioration and collapse of Council owned training walls along River Brun, River Calder, Sweetclough and Greenbrook. Including rebuilding of collapsed sections of wall, removal of self seeded trees and removal of walls and battering back of embankments where practical.
Alleygate Programme	25,000	Burnley Council have been operating an alleygating program since 2004, providing increased home security to properties. 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 the Community Safety Partnership's efforts to work towards and safer and cleaner Burnley.
Electric Vehicle Charging Scheme (Council Match Funding)	50,000	The On-street Residential Chargepoint Scheme is a funding source for local authorities to increase the availability of plug-in vehicle charging infrastructure for residents with no access to off-street parking.
Padiham Townscape Heritage Initiative	568,947	Comprehensive scheme with HLF funding of £1.4m 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.
Pioneer Place	13,942,996	The proposed redevelopment of the Curzon Street site in the town centre will supplement the existing thriving retail and service centre with a wider leisure, cultural and social experience during the day and into the evening that will underpin Burnley as an attractive place to live work and visit. The site provides an opportunity for a major leisure-led development, bringing a cinema and new restaurants and shops into the town centre.
NW Burnley Growth Corridor - Phase 2	350,000	£10m Environment Agency and LEP scheme including Flood Defence Works and Town Centre Public Realm improvements in Padiham and Junction Improvements to Shuttleworth Mead.
Lower St James Street	968,911	Historic building restoration scheme with funding from Historic England (Subject to approvals), involving conservation works to key buildings within the conservation area, public realm improvements and a wider community/cultural engagement programme.
Finsley Wharf & Canal Towpath Improvements	34,000	Contribution of £100k over 3 years to the Finsley Gate Wharf project, led by the Canals & River Trust, to transform and regenerate this area with restoration works and to the Wharf to create new businesses and facilities and improvements to 4 km of the canal corridor across Burnley. The overall cost of the project is £3.3 million
Vision Park	39,386	It has been agreed with the LEP, that the money can be used towards new proposed external signage at the entrance to the site.
Town Centre & Weavers Triangle Project Work	625,574	Council funding to assist in bringing forward key projects identified in the emerging Town Centre and Weavers triangle masterplan.
Leveling Up Fund	12,166,078	The Council received confirmation of the successful Levelling Up Fund bid in October 2021. The bid consisted of three schemes: UCLan Burnley Campus Expansion, Town 2 Turf Public Realm Transformation and Railway Station Accessibility Improvement. Work on the schemes will span three financial years (21/22 - 23/24)

2022/23 PROPOSED CAPITAL BUDGET - BRIEF DESCRIPTIONS OF INDIVIDUAL SCHEME

<u>Scheme Name</u>	<u>Budget (£)</u>	<u>Scheme Narrative</u>
Sandygate Halls (Commercial Units & Car Parking)	194,876	The Halls were completed in September 2011. There is still fit out works to the commercial units that will be completed subject to tenant requirements. The requirement for car parking for residents of the hall is under review and may require the surfacing of a car park.
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.
Towneley Hall Works	2,375,000	Ongoing restoration work to be undertaken arising from building condition surveys. Works are to be tendered and expected to start from June 2022
Building Infrastructure Works	474,188	Contribution towards larger scale works arising out of the building condition surveys currently being undertaken, with particular focus on Burnley Town Hall and Towneley Hall.
Carbon Reduction Measures	159,610	This budget will provide funding to progress initiatives included within the Council's Climate Change Strategy
IT Upgrades	21,000	To replace circa 65 tablets (iPads) used by members and officers to access electronically meeting agenda papers and reports.
Audio & Visual Upgrade to Facilitate On-line Meetings	100,000	Replacement of the delegate public address and induction loop systems in the Council chamber and public gallery; plus, the installation of an electronic delegate voting system and display and fixed cameras to facilitate the live streaming of Council meetings.
Emergency Repairs	120,000	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.
Better Care Grant	2,000,000	The funding is allocated by the Government through the Better Care fund. It enables grants to be provided to disabled people, to adapt their house so that they can remain living as independently as possible in the 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 in the most vulnerable households. The scheme seeks to do 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 government's ECO funding scheme and promoting energy efficiency in the town.
Empty Homes Programme	1,300,000	The Empty Homes Programme brings long term empty properties back in to use in the borough of Burnley, funded through recycled Housing Capital Receipts
Charter Walk Refurbishment	1,000,000	Contracts were exchanged 07/10/21 and the sale completed 20/10/21 for Charter Walk Shopping Centre. This £1m is set aside for any future capital works
Charter Walk Property Maintenance	50,000	Ongoing maintenance work to be undertaken arising from building condition surveys.
TOTAL OF ALL SCHEMES	37,805,441	

Burnley Borough Council
CAPITAL STRATEGY 2022 to 2027

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Burnley Borough Council

CAPITAL STRATEGY 2022 to 2027

1. BACKGROUND

The Council is committed to ensuring that the investment of capital resources reflects the Council's corporate priorities and is affordable, financially prudent and sustainable. This Capital Strategy is designed to assist in the delivery of that commitment.

The Capital Strategy is a key document and forms part of the Council's corporate strategic and planning framework with links to the overarching Strategic Plan, the Asset Management Strategy, the Treasury Management Strategy and individual Service Plans which, in turn, link the Strategic Plan to service delivery on the ground.

Providing a high level overview of how capital expenditure and capital financing contribute to the provision of Council services, the strategy also addresses the management of related risks and the implications for future financial sustainability. It outlines the governance processes for prioritisation and approval of capital scheme bids and the monitoring of the approved capital programme.

The preparation and publication of a capital strategy is a requirement of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code of Capital Finance in Local Authorities (the Prudential Code).

2. LINKS TO OTHER COUNCIL STRATEGIES AND PLANS

The Strategic Plan

The current Strategic Plan sets out the Council's overarching priorities and is developed around four main themes:

People – creating flourishing, healthy and confident communities.

Places – making the Borough a place of choice

Prosperity – promoting transformational economic change for Burnley, and

Performance – ensuring a continuous focus on improvement in all aspects of the Council's performance.

The Plan highlights a number of key commitments set against each of these themes which will guide the Council's activity.

This Capital Strategy is designed to ensure that the schemes in the capital programme are linked to and aligned with the above.

Asset Management Strategy (AMS)

The AMS sets out a framework to secure the effective use of all property assets and investment in the Borough within the context of the Council's Corporate Strategy. Informed by individual Council Service Plans and working with other private and public bodies the AMS identifies ongoing requirements and opportunities to maintain, develop and optimise the Council's asset base. The results are fed into the capital programme bidding process providing an essential input to the Capital Strategy. The AMS will also identify existing property assets which are no longer required for service delivery. Where appropriate the Council's Property Disposals Framework deals with disposal of these assets generating capital receipts which may be used to fund the capital programme.

Treasury Management Strategy (TMS)

The Council's capital expenditure plans and the borrowing to finance those plans are key drivers of treasury management activity. This Capital Strategy is designed to ensure, amongst other things, that the capital expenditure and associated financing as set out in the approved capital programme is affordable, financially prudent and sustainable. To assist with this, and to meet the requirements of the Prudential Code, the Council has developed a range of prudential indicators relating to levels of capital expenditure, financing costs and borrowing. In addition, the Council makes a specified minimum charge to revenue each year for the repayment of accumulated borrowing for capital purposes (the minimum revenue provision or MRP). The minimum amount is determined in accordance with Government Regulations. The Council's policies in relation to both the prudential indicators and the MRP, which are reviewed annually, are set out in the TMS.

Treasury management is also involved with ensuring the Council's day to day cash flows are adequately planned, with surplus monies being invested to minimise risk and to guarantee sufficient funds are available when needed (liquidity). These two priorities are satisfied before considering the maximisation of investment return. The TMS outlines in detail the proposed approach to deliver these objectives.

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 and Property.

3. CAPITAL EXPENDITURE AND INVESTMENTS

Capital Expenditure

Capital expenditure is incurred on the acquisition or creation of fixed assets and investments, or expenditure that enhances or adds to the life or value of an existing asset that is needed to provide Council services. Fixed assets are tangible or intangible assets that yield benefits to the Council for a period of more than one year, for example, land, buildings, vehicles, IT software. This is in contrast to revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services. Major schemes will be subject to a greater degree of rigour regarding bidding (detailed business case required), monitoring and review (both during the project and post-completion). Current examples of such schemes are those for the Development of

Student Accommodation at Sandygate Square and Pioneer Place - Development of Land at Curzon Street and Manchester Road.

Schemes which meet the definition of capital expenditure but with a cost lower than £10,000 are treated as revenue.

Capital Investments

These are investments made for policy reasons and do not include treasury management investments which arise from the Council's cash flows and debt management activity and represent balances which need to be invested until the funds are required.

Capital investments potentially fall into two categories i.e. service investments, which are held for the purposes of operational services including regeneration, and commercial investments.

Commercial investments may include, for example, fixed assets which are held primarily for financial benefit. The Council's current commercial investment portfolio is dominated by a relatively small number of high value town centre freehold assets, the largest of which is the freehold of Charter Walk Shopping Centre.

Proposals for commercial investments will be rigorously assessed in line with other major projects. The Head of Finance and Property will ensure that the Council does not undertake a level of investment which exposes it to excessive risk compared to its financial resources.

Other Long-Term Liabilities

There is a potential for the Council to make certain payments under existing contractual obligations. These are fully provided for and explained in the Statutory Statement of Accounts. Any further long-term liabilities which arise in the future will be identified and recorded by the Head of Finance and Property.

4. THE CAPITAL PROGRAMME

The capital programme represents the Council's approved plan of capital expenditure and investments for the current and future years. It includes details of the funding of each individual capital scheme and will, in future, include the associated revenue implications.

Development of the Capital Programme

The capital expenditure and investment included in the Council's approved capital programme should align with the main themes and key commitments set out in the Council's Strategic Plan. The governance processes outlined below are designed to ensure this happens.

Capital Bids

Proposals for new capital schemes, which should align with the priorities set out in the Strategic Plan, will emerge from Individual Service Plans and the Asset Management Strategy as part of the annual planning process.

Full details of proposed schemes will be presented in a pro forma Capital Bid Form issued to Heads of Service at the start of the capital programme preparation process in October each year. The bid form must include the estimated capital costs, the proposed financing of those costs and any estimated future ongoing revenue costs of the scheme, together with details of the benefits the project brings to service delivery, the risks, threats and opportunities involved and links to the four themes identified in the Strategic Plan.

Assessment of the Bids

The individual bids will be assessed by Management Team, who then make recommendations through the decision-making process.

Major capital schemes' bid forms are accompanied with a Business Case. These business cases must demonstrate a link between the outcomes of the project and the benefits to the Council. They must provide evidence of strategic fit, demonstrate that the scheme is affordable, achievable and financially sustainable over the long term and, where appropriate, provide sensitivity analysis of the key financial variables to illustrate the impact of changes in the original assumptions. There must also be a full analysis of the risks, threats and opportunities involved with the project.

Approval of Capital Programme

A draft capital programme including previously committed schemes (both costs and financing over a five year period) is prepared and submitted for approval by the Executive/Full Council in February prior to the start of the first financial year of the new programme.

In the event that a new and essential/urgent capital scheme emerges during the financial year and must be progressed in advance of the annual process, the same disciplines of bidding, assessment and approval must be applied as appropriate.

Current Major Scheme Developments

Two capital schemes are currently being developed. Both schemes address key Council priorities.

Pioneer Place – Development of Land at Curzon Street and Manchester Road

The proposed redevelopment of the Curzon Street site in the town centre will supplement the existing thriving retail and service centre with a wider leisure, cultural and social experience during the day and into the evening that will underpin Burnley as an attractive place to live work and visit. The site provides an opportunity for a major leisure-led development, bringing a cinema and new restaurants and shops into the town centre.

This scheme is also seen by UCLAN as important to its own growth in Burnley, a key component of the town centre student offer which will attract students to Burnley.

The capital cost of the project is currently forecast to be in the region of **£21.3m** and will be a major financial commitment for the Council. Currently the net cost to the Council after taking account of partners contributions is planned to be funded by borrowing. For such a major project it is essential to consider the long-term financial implications to ensure they are sustainable. Whole life costing including servicing the debt (both interest and repayment) and other associated revenue costs and

income over a 50 year period has been modelled. The model also includes a sensitivity analysis of the key financial variables to provide an indication of the financial impact should any of the original assumptions change.

North West Burnley Growth Corridor

This £4.9m project aims to deliver vital infrastructure projects, designed to support housing growth and to revitalise Padiham Town Centre, bringing in funding sources from the Lancashire Local Enterprise Partnership (LEP), the Environment Agency (DEFRA) and Padiham Townscape Heritage. The project brings together two key infrastructure schemes – Flood defence work along the River Calder, unlocking 240 new homes and public realm improvements along Burnley Road in Padiham Town Centre.

5. FUNDING THE CAPITAL PROGRAMME

The availability, affordability and financial sustainability of capital funding will limit the number and value of capital schemes which can be progressed.

The main sources of capital funding are summarised below:

Borrowing

Under the Local Government Act 2003 local authorities are free to decide their own borrowing limits but, under CIPFA's Prudential Code must ensure that, having regard to the Council's financial situation set out in the Medium Term Financial Strategy, any new capital expenditure and the associated financing is prudent, affordable and sustainable.

The annual costs of borrowing (both interest payable and provision for repayment) will be met by the Council and therefore impact directly on affordability and financial sustainability considerations. For this reason borrowing should be kept to a minimum with other sources of funding secured/used where possible.

The Prudential Code specifies certain indicators that the Council must consider and approve annually as part of its budget setting process. These include limits on external borrowing and are designed to assist in assessing the affordability and sustainability of the capital programme. While these indicators provide a useful aid to ensuring a prudent approach to capital financing they do not replace the need for a comprehensive review of the affordability of capital programme proposals.

Capital Receipts

A capital receipt is any income (exceeding £10,000 in each individual case) from the sale of an asset. Any individual capital receipt with a value of £10,000 or less will be treated as revenue income. Capital receipts are an important source of funding for the capital programme.

Through the Asset Management Strategy the Council will identify existing assets which become surplus to requirements through, for example, changes in service delivery or transformation of ways of working. The Council's Property Disposals Framework addresses the process of surplus asset

disposal. The sale of these assets generates a capital receipt which can either be used to fund the capital programme or repay outstanding debt on assets financed from loans, subject to regulations, to reduce debt servicing costs.

It is recognised that the ability to generate capital receipts may diminish over time and this will be reflected in forward looking assumptions about the level of receipts available to finance the capital programme, showing pressures on capital budgets from 2021/22 onwards due to a projected shortfall of receipts against capital projects. This will have to be managed through a combination of sourcing additional funding, prioritisation of capital projects and reduction in scope of works where possible.

The Government has issued statutory guidance on the flexible use of capital receipts in the period to March 2022. Subject to certain limits, receipts can be used to offset the revenue cost of transformational projects which are expected to deliver future ongoing revenue savings. The guidance requires local authorities to prepare, approve, publish and maintain a Flexible Use of Capital Receipts Strategy if they wish to take advantage of this flexibility. Capital receipts are already earmarked for funding capital projects in the period covered by the statutory guidance and the Council has no current plans to use the flexibility. The position will however be kept under review.

Revenue Funding

Funding of capital schemes using contributions from revenue is allowed.

However, given the ongoing pressures on the Council's revenue spending, opportunities to do this are currently limited. The issues of prudence, affordability and sustainability apply equally in the case of capital expenditure funded by revenue contributions.

External Funding (Grants and Contributions)

The Council will seek to secure external funding to support the capital programme wherever possible.

Grants are often available in relation to specific programmes or projects and the Council will seek to maximise grant income.

However, capital schemes will not be prioritised simply because they attract either full or partial external funding. They must fit with the Council's key priorities set out in the Strategic Plan and be assessed in the same way as other capital bids.

Contributions will be sought from private sector developers where appropriate under Section 106 of the Town and Country Planning Act 1990. These contributions may be used to mitigate the impact of a development on communities by, for example, improving the infrastructure to support the development.

Contributions may also be available from local partners towards the costs of schemes.

Leasing

With the introduction of Prudential Borrowing this source of financing capital expenditure has become less attractive and the Council decided not to pursue the leasing option for future financing of capital assets. However, it is recognized that conditions can change and there may be instances where leasing could offer value for money. This policy will be kept under review.

Revenue Implications of the Capital Programme

Capital expenditure must be sustainable in the long term through revenue support by the Council. The revenue implications of capital schemes will include the costs of associated borrowing (interest and debt repayment) and all ongoing running costs/income of the assets created.

In order to ensure that capital proposals are affordable and sustainable, the whole life revenue implications of each major capital scheme will be considered at the bidding stage and reviewed periodically during the life of the project.

The revenue impact of all capital schemes will be incorporated into the Council's Medium Term Financial Strategy (MTFS) and a longer term view taken where the financial implications of major schemes extend beyond the medium term horizon.

6. MANAGEMENT OF THE CAPITAL PROGRAMME

In Year Capital Monitoring

For each individual approved capital scheme the Head of Service will nominate a senior officer responsible for managing, monitoring and reporting on scheme progress. This includes providing updated scheme capital costs and producing a narrative explanation of progress including how any deviation from the approved costs, both in terms of amount and phasing between years will be managed.

Changes in forecast revenue costs identified as the project progresses must be reported through the regular revenue and capital monitoring processes.

The individual scheme reports are consolidated by Finance into an overall capital programme monitoring report which is submitted quarterly to the Executive and Full Council for approval. The monitoring report focuses on the overall costs of the programme and the financing of those costs. It also highlights any material changes to the programme together with an explanation of how these changes will be managed and any additional impact on the Council's revenue budget which should also be reflected in the revenue budget monitoring process.

This process is supplemented by further detailed governance requirements and controls set out in the Council's Financial Procedure Rules and Contracts Procedure Rules.

7. RISK MANAGEMENT

Risk management forms an essential part of the Capital Strategy. Major capital schemes require careful management to mitigate, transfer or eliminate the potential risks which can arise. Where key

risks or opportunities are identified they should be subject to the provisions and processes set out in the Council's Corporate Risk Management Strategy.

To manage risk effectively, the risks and opportunities associated with each individual capital scheme need to be identified, analysed, monitored and appropriate action taken to mitigate the threats and maximise the opportunities on an ongoing basis. Many risks will be beyond the control of the Council but must nevertheless be monitored closely throughout the project and appropriate action taken where necessary.

In the case of capital schemes risks may include the accuracy of capital cost estimates, the effect of interest rate changes on assumed borrowing costs, inflation and other market changes on estimated construction costs and future running costs/income. There is also a risk that future changes in laws or regulations may affect the costs and timing of projects potentially affecting the viability of the scheme. Specifically in relation to externally funded schemes there is a potentially significant risk that the conditions set by the funding body in terms of both the type and timing of expenditure are not met leading to a loss of anticipated grant.

Where capital investments are planned, risks will include security of capital, liquidity and yield assumptions. In such cases, the Head of Finance and Property will ensure that Members are adequately informed and understand the risk exposure.

The referendum on 23 June 2016 resulted in a decision for the United Kingdom to leave the European Union. From 1st January 2021 new trading arrangements are in place with the and there is currently a degree of uncertainty around the economic situation which the Council will face. This may impact a number of the risk elements set out above. The position and its effect on the Council's capital strategy will continue to be closely monitored.

The identification of the risks of each proposed scheme is a part of the capital bidding process and officers must set out the risks when submitting a bid. For major schemes the risks will be identified in the detailed business case together with mitigation actions and an assessment of the residual risk following mitigation. The Council has developed a Corporate Risk/Opportunity Impact Grid to assist in the assessment of key risks and this will be used where risks are identified in relation to major capital schemes as appropriate.

8. PERFORMANCE MANAGEMENT

Progress of all schemes in the capital programme is monitored quarterly through the established capital monitoring process.

A further process will be developed for a formal annual review of performance (both financial and otherwise) of all major capital schemes.

There will also be a final post-completion review of each major scheme.

These reviews will be undertaken by the Capital Programme Officer Group.

The results of these reviews and lessons learned will be used to inform and improve the management of current/future projects.

9. KNOWLEDGE AND SKILLS

At the strategic level governance involves both Council Members and senior officers and it is important to ensure that they possess the appropriate skills and knowledge to ensure that decisions can be properly debated and understood and that scrutiny functions can be effective. Comprehensive training is provided annually to Members and key officers on a wide range of relevant issues to ensure an understanding of their roles and effective engagement in capital and treasury management matters.

At the operational level Finance plays a key role in initiating and supporting the capital programme bidding and monitoring processes. Finance Business Partners play an important role in advising service managers in the preparation of capital bids which have emerged from the service planning process and in the development of business cases for major schemes. Finance also manages the day to day treasury management processes. Training on operational treasury management issues is undertaken periodically, primarily through externally delivered courses, and regular communication from the Council's external advisers keeps staff informed and up to date on latest developments.

The Council employs external treasury management advisers. It is acknowledged that responsibility for treasury management decisions remains with the Council at all times and undue reliance will not be placed upon external advisers. However, they do provide access to valuable specialist skills and resources when required, particularly for a district council with limited in house resources.

In the recent past staffing levels and personnel have changed significantly. It is the Council's intention to carry out a review of the knowledge and skills of all involved in capital activities to ensure they are commensurate with the task. Ongoing assessments will be undertaken during each individual officer's annual Performance and Development Review. Any gaps identified will be addressed through appropriate training.

REPORT TO EXECUTIVE



DATE	14 February 2022
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Howard Hamilton-Smith
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2022/23 Treasury Management Strategy and 2022/23 – 2024/25 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 2022/23.
 - c) To set out prudential indicators for the financial years 2022/25 in line with the CIPFA's Prudential Code 2017.
 - d) To seek approval for the Council's Minimum Revenue Provision (MRP) Policy Statement for the financial year 2022/23 in accordance with Government regulations.

RECOMMENDATION

2. That the Executive recommend to Full Council approval of;
 - a) The treasury management strategy statement for 2022/23 as set out in Appendix 1
 - b) The prudential and treasury indicators for 2022/23 to 2024/25 per Appendix 2 including the authorised limit for external debt of £95.346m in 2022/23.
 - c) The list of Counterparties for Deposits outlined within Appendix 3.
 - d) The Council's MRP Statement for 2022/23 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 is to 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.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

As a consequence treasury management is defined as:

"The management of the local authority's borrowing, 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 2022/23 in Appendix 1 as well as the Prudential and Treasury Indicators for 2022/23 to 2024/25 in Appendix 2.

The primary requirements of the Code are as follows:

The Council is required to receive and approve, as a minimum, three main treasury 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 & Property, 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.

Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2022-23, all local authorities to prepare an additional report, a Capital Strategy report, which will provide the following;

- A high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- An overview of how the associated risk is managed
- The implications for future financial sustainability

The aim of this capital strategy report is to ensure that all elected members on the Full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite entailed by this Strategy.

The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

Increase in Borrowing Requirement

Tables 1 and 2 in Appendix 1 show an increase in the council's borrowing need for 2022/23 reducing over the following two years. This is due to major Capital Programme schemes including the acquisition of Charter Walk and the Pioneer Place development.

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 policy statement for making minimum revenue provision on outstanding debt.

Economic Update

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

Scheme of Delegation

Appendix 6 contains the council's Treasury Management Scheme of delegation.

Role of the Section 151 Officer

Appendix 7 lists the Treasury Management role of the Section 151 Officer.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

6.
 - 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 2022/23 will be £86.678m for the operational boundary and £95.346m for the authorised limit (2021/22 = £61.103m).

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:

**Howard Hamilton-Smith
Head of Finance & Property**

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Treasury Management Strategy for 2022/23

The strategy for 2022/23 covers two main areas:

Capital Issues

- the capital expenditure plans and the associated prudential indicators; the Minimum Revenue Policy (MRP) in 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, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Capital issues

The Capital Prudential Indicators 2022/23 – 2024/25 (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.

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).

Table 1 Capital Expenditure	2020/21 Actual £000	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Programmed Spend	11,915	36,670	37,805	20,519	7,270
Financed by:					
Capital receipts	1,130	1,545	2,036	2,406	1,539
3rd Party Contributions	72	330	819	425	546
Capital grants	4,736	10,248	18,618	9,598	2,884
Revenue	1,042	596	471	186	187
Net borrowing need for the year	4,935	23,951	15,861	7,904	2,114

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, together with increased borrowing costs to fund the council's capital programme.

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, and so charges the economic consumption of capital assets as they are used.

Table 2	2020/21 Actual £000	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Capital Financing Requirement					
Total CFR at 31 st March	41,673	64,601	78,798	84,944	85,260
Net financing need for the year	4,001	22,928	14,197	6,146	316

£m	2020/21 Actual £000	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Movement in CFR represented by					
Net borrowing need for the year (Table 1 above)	4,935	23,951	15,861	7,904	2,114
Less MRP and other financing movements	(934)	(1,023)	(1,664)	(1758)	(1,798)
Movement in CFR in Year	4,001	22,928	14,197	6,146	316

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 gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes. In the Council's case, the estimated external debt at 31st March 2022 of £59.6m is less than the CFR which ranges from £64.6m to £85m 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 2022/23 to 2024/25

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 2022/23 – 2024/25.

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 10% 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 10% above the operational boundary and includes provision for 'unusual cash movements'.

IFRS16 – Leased Assets

In December 2020, the CIPFA LASAAC, Local Authority Accounting Code Board, announced the deferral of the implementation of IFRS16 until the 2022/23 financial year.

A requirement for closing of the council's accounts for 2022/23 is therefore to bring operational leased assets onto the balance sheet. This will have the effect of increasing the council's CFR, External Debt, Authorised Limit and Operational Boundary. The Authorised Limit and Operational Boundary may therefore need to be amended mid-year, once the detailed impact is known.

Prospects for Interest Rates

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

Link Group Interest Rate View 20.12.21														
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021.

As shown in the forecast table above, the forecast for Bank Rate now includes four increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

Significant risks to the forecasts

- Mutations of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns. 25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.
- Labour and supply shortages prove more enduring and disruptive and depress economic activity.
- The Monetary Policy Committee acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- The Monetary Policy Committee tightens monetary policy too late to ward off building inflationary pressures.
- The Government acts too quickly to cut expenditure to balance the national budget.
- UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- Longer term US treasury yields rise strongly and pull gilt yields up higher than forecast.
- Major stock markets e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the “moral hazard” risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.

- Geopolitical risks, for example in Ukraine, Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is now to the downside, including risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. The forecast includes four increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons: -

- We do not know how severe an impact Omicron could have on the economy and whether there will be another lockdown or similar and, if there is, whether there would be significant fiscal support from the Government for businesses and jobs.
- There were already increasing grounds for viewing the economic recovery as running out of steam during the autumn and now into the winter. And then along came Omicron to pose a significant downside threat to economic activity. This could lead into stagflation, or even into recession, which would then pose a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.
- Will some current key supply shortages spill over into causing economic activity in some sectors to take a significant hit?
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?
- It looks as if the economy coped well with the end of furlough on 30th September. It is estimated that there were around 1 million people who came off furlough then and there was not a huge spike up in unemployment. The other side of the coin is that vacancies have been hitting record levels so there is a continuing acute shortage of workers. This is a potential danger area if this shortage drives up wages which then feed through into producer prices and the prices of services i.e., a second-round effect that the MPC would have to act against if it looked like gaining significant momentum.
- We also recognise there could be further nasty surprises on the Covid front beyond the Omicron mutation.

- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is.

It should also be borne in mind that Bank Rate being cut to 0.25% and then to 0.10%, were emergency measures to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away such emergency cuts on no other grounds than they are no longer warranted, and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields

Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates above shows, there is forecast to be a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2025, though there will doubtless be a lot of unpredictable volatility during this forecast period.

Investment and borrowing rates

- Investment returns are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.
- Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

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 still an issue that needs to be considered.

The Head of Finance & Property 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 lower than they are projected to be in the next few years.

- 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 £95.346m next year. This is limited to 10% above the operational boundary of £86.678m, which has been set at 10% 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

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

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.

New Financial Institutions as a source of borrowing

Currently the PWLB Certainty Rate is set at gilts plus 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources:

- Local Authorities (primarily shorter date maturities)
- Financial Institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a cost of carry or to achieve refinancing certainty over the next few years)
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time)

Our advisors, Link Asset Serves, will keep us informed as to the relative merits of each of these alternative funding sources.

Annual Investment Strategy

Investment Policy – management of risk

The Council's investment policy has regard to the following;

- DLUHC's Guidance on Local Government Investments ("The Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("The Code")
- CIPFA Treasury Management Guidance Notes 2018

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:

The council has retained HSBC UK Bank plc as the provider for administering the Council's banking facilities [contract renewed in December 2021 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 in line with that achieved with other counterparties.

Approved list of Counterparties for Deposits

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.

As part of the Treasury Policy Statement, as a minimum, the approved list of counterparties is reviewed annually and reported to Council. The current list was revised in the 2020/21

Appendix 1

Treasury Management Mid-Year report and approved on 16 December 2020. There have been no further amendments to the counterparty list since then requiring approval.

It is proposed that the maximum amount that can be deposited with other 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 Link 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 Link Asset Services' 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 daily basis via its Passport website, provided exclusively to it by Link Asset Services. 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, and information on any external support for banks to help support its decision making process.

Creditworthiness

Significant levels of downgrades to Short- and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

Policy on the use of treasury management consultants

The Council uses Link Asset Services, Treasury Solutions 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 & Property 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.

PRUDENTIAL AND TREASURY INDICATORS 2022/23 - 2024/25

TABLE 1 - PRUDENTIAL INDICATORS	2020/21 Actual £' 000	2021/22 Revised Estimate £' 000	2022/23 Estimate £' 000	2023/24 Estimate £' 000	2024/25 Estimate £' 000
Capital Expenditure	11,915	36,670	37,805	20,519	7,270
Ratio of financing costs to net revenue stream	13.1%	13.4%	20.5%	23.2%	24.3%
Net borrowing requirement brought forward 1 April			86,678	93,438	93,786
Capital Financing Requirement as at 31 March	41,673	64,601	78,798	84,944	85,260

TABLE 2 - TREASURY MANAGEMENT INDICATORS	2020/21 Actual £' 000	2021/22 Revised Estimate £' 000	2022/23 Estimate £' 000	2023/24 Estimate £' 000	2024/25 Estimate £' 000
Authorised Limit for external debt -			95,346	102,782	103,165
<i>For 2022/23, 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 -			86,678	93,438	93,786
<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	35,688	59,639			
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 2021/22		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%	20%
	12 months - within 24 months	0%	20%
	24 months - within 5 years	0%	25%
	5 years - within 10 years	0%	30%
	10 years and above	0%	90%

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TREASURY MANAGEMENT PRACTICE (TMP1) – Credit and Counterparty Risk Management

Specified Investments: All such investments will be sterling denominated, with maturities up to a maximum of one year, meeting the minimum “high” quality criteria where applicable.

Non-Specified Investments: These are any investments which do not meet the specified investment criteria, and in the council’s case will include investment in Property Funds and Burnley College.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

Link Asset Services Methodology in Determining Creditworthiness of Counterparties:

Link Asset Services’ 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

Link Asset Services’ 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 £50m and other named institutions below (£4m) .

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
 Goldman Sachs International Bank

Banking Institutions Colour Bandings	Maximum Duration (Per Link Asset Services)	Current Individual Limits per Bank/Group of Banks (£)
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
Other Institutions	Maximum Duration	Individual Limits (£)
Local Authorities*	12 months	6m
Government Debt Management Office	12 months	Unlimited
Money Market Fund **	12 months	2m
Property Funds ***	N/A	2m
Burnley College	15 Years	4m

* the total amount deposited with Local Authorities not to exceed £8m and no more than £6m per Local Authority.

** the total amount deposited in Money Market Funds not to exceed £8m and no more than £2m per MMF.

*** the maximum amount invested in Property Funds not to exceed £2m.

Minimum Revenue Provision (MRP) policy statement 2022/23

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 2022/23

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 2022/23 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 2018/19.

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.

- c) For capital expenditure incurred for financial years 2019/20 onward, MRP will be calculated on the asset life method – using the annuity method. Under this calculation, the revenue budget bears an equal annual charge (for principal and interest) over the life of the asset by taking into account the time value of money.

The schedule of charges produced by the annuity method results in a consistent charge over an asset's life, taking into account the real value of the annual charges when they fall due.

The annuity method also matches the repayment profile to how the benefits of the asset are consumed over its useful life (i.e. asset deterioration is slower in the early years of an asset's life than later years)

The total of a) b) and c) 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.

Economic Background

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

5.3 ECONOMIC BACKGROUND

COVID-19 vaccines.

These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the emergence of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This has dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that this mutation is very fast spreading with the potential for total case numbers to double every two to three days, although it possibly may not cause so much severe illness as previous mutations. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection. In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in sectors like restaurants, travel, tourism and hotels which had been hit hard during 2021, but could now be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home. Growth will also be lower due to people being ill and not working, similar to the pingdemic in July. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid. However, the biggest impact on growth would come from another lockdown if that happened.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- In December, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.
- The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron.
- If there are lockdowns in January, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3rd February.
- With inflation expected to peak at around 6% in April, the MPC may want to be seen to be active in taking action to counter inflation on 5th May, the release date for its Quarterly Monetary Policy Report.
- The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.
- Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.
- However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next down-turn; all rates under 2% are providing stimulus to economic growth.

- We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.
- Covid remains a major potential downside threat in all three years as we are likely to get further mutations.
- How quickly can science come up with a mutation proof vaccine, or other treatment, – and for them to be widely administered around the world?
- Purchases of gilts under QE ended in December. Note that when Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

MPC MEETING 16^H DECEMBER 2021

- The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.
- The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.
- On 10th December we learnt of the disappointing 0.1% m/m rise in GDP in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December.
- On 14th December, the labour market statistics for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this didn't last long as unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market strengthened again in November. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.

- On 15th December we had the CPI inflation figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).
- Other elements of inflation are also transitory e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.
- Although it is possible that the Government could step in with some fiscal support for the economy, the huge cost of such support to date is likely to pose a barrier to incurring further major economy wide expenditure unless it is very limited and targeted on narrow sectors like hospitality, (as announced just before Christmas). The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking.
- This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a surprise increase in Bank Rate from 0.10% to 0.25%. What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that “there has been significant upside news” and that “there were some signs of greater persistence in domestic costs and price pressures”.
- On the other hand, it did also comment that “the Omicron variant is likely to weigh on near-term activity”. But it stressed that at the November meeting it had said it would raise rates if the economy evolved as it expected and that now “these conditions had been met”. It also appeared more worried about the possible boost to inflation from Omicron itself. It said that “the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation”. It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning “global price pressures might persist for longer”. (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)
- On top of that, there were no references this month to inflation being expected to be below the 2% target in two years' time, which at November's meeting the

MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.

- These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only a “modest tightening” in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. “Modest” seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.
- In as much as a considerable part of the inflationary pressures at the current time are indeed transitory, and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.
- As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November’s statement that Bank Rate would be raised “in the coming months”. That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).
- The MPC’s forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
 - Raising Bank Rate as “the active instrument in most circumstances”.
 - Raising Bank Rate to 0.50% before starting on reducing its holdings.
 - Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
 - Once Bank Rate had risen to at least 1%, it would start selling its holdings.
- **US.** Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November, CPI inflation hit a near 40-year record level of 6.8% but with energy prices then falling sharply, this is probably the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decades high.
- Shortages of labour have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed’s 2% central target.

- **EU.** The slow roll out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.
- The EU has entered into a period of political uncertainty where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.
- **CHINA.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of 2020; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.
- However, the pace of economic growth has now fallen back in 2021 after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future.
- Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

- **JAPAN.** 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid.
- The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was actually negative in July.
- **WORLD GROWTH.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope. It is likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

SUPPLY SHORTAGES. The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

TREASURY MANAGEMENT SCHEME OF DELEGATION

The following is a list of the main tasks involved in treasury management and the allocation of responsibilities

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of the Annual Treasury Management Strategy/Annual Investment Strategy and Policy on the Minimum Revenue Provision.

(ii) Executive Committee

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Scrutiny Committee

- scrutiny of the treasury management policy and procedures and making recommendations to the responsible body.

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THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer has responsibility for the following;

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

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REPORT TO FULL COUNCIL



DATE	23rd February 2022
PORTFOLIO	Resources & Performance Management
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Revenue Budget 2022/23 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 2022/23.

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 and Property.
6. This report covers:
 - An assessment of the robustness of the 2022/23 budget setting process for both revenue and capital;

- A high-level assessment of key risks that may impact the budget for 2022/23;
- An assessment of the overall adequacy of reserves to contain financial risk and ensure the sustainability of the Council over the financial year 2022/23; 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 £15,231,941 for the financial year 2022/23 and Council Tax Requirement of £7,480,375, as set out in the report to Council on 23rd February 2022, are robust to ensure that the Council remains a going concern throughout 2022/23.
- 7.2 However, the financial outlook for the Council given the medium-term financial strategy continues to be challenging. To ensure a balanced position for 2023/24 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.
- 7.4 This is also within the context of a government review of relative needs of local authorities, which will inform a change in mechanism of funding for local authorities from 2023/24, of which currently there is much uncertainty.

8. **ROBUSTNESS OF THE BUDGET 2022/23**

- 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.
 - c. The Council, as part of finalisation of the revenue budget 2022/23, has factored minimal growth in business rates due to the continuing impact of challenges to valuations and difficult trading environment for businesses. A minimal increase to the council tax base has also been included due to the

number of properties added during the year. There has been a reduction in the number of CTS claims which will be kept under review during the year.

- d. The determination of funding from Central Government for New Homes Bonus and the Revenue Support Grant for 2022/23 have been incorporated, based on final settlement figures announced in February 2022 as well as previous announcements on New Homes Bonus funding.
- e. Employee budgets have been cross-referenced to the agreed establishment. The 2022/23 budget has assumed a forecast headline 2.5% pay award in the absence of an agreed pay settlement. The pay award for 2021/22 has yet to be finalised and the 2022/23 budget assumes a 1.75% being the employers final offer. Pay awards of 2.5% have been projected for future years.
- 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 2021 and will be implemented from 1st April 2022.
- h. Capital and revenue budgeting are integrated, in that the revenue consequences of the capital programme are considered as part of the overall budget process for 2022/23.

8.3 Appropriate and effective governance arrangements are in place to manage the financial resource and maintain a balanced budget throughout 2022/23:

- 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 final settlement.
- b. The Executive's proposals do not breach the 'excessiveness' principle for 2022/23, where a local referendum is required for any Council tax increase of 2% or more than 2%.
- c. Appropriate assessment has been made of likely levels of debt impairment 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 business rates volatility reserve to ensure the “smoothing out” of accounting fluctuations. It is now also key to mitigate against funding volatility as part of the upcoming fair funding review. The budget position for 2022/23 reflects a realistic assessment as at February 2022.

9.2 **Utilisation of reserves**

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, forecast to account for £7.63m or 12.8% of Council gross spending in 2022/23. 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 2022/23 includes a vacancy factor of £169k recognising a normal lag period of appointment to vacant posts of three months. For 2022/23 this represents 1.8% of the staffing budget for 213 fte’s. Clearly to ensure a balanced budget for 2022/23 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 2022/23.

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 2022/23, from 2023/24 onwards capital receipts are forecast to be insufficient to deliver the forward capital programme. This will require significant re-prioritisation of future schemes. The Council needs to ensure that it maximises the opportunity to generate capital receipts and has the ability to respond effectively and promptly to unforeseen or major capital works specially to respond to health and safety or public protection matters and commercial opportunities. Progress on the generation of capital receipts will be monitored during 2022/23.

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 liabilities or provisions. 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 context.

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.

9.8

Changes to local government funding

As part of the announcement of the provisional local government settlement for 2018/19 in December 2017, government announced a consultation; "*Fair funding review: a review of relative needs and resources.*" Further consultations were launched during 2018/19 and technical reviews are ongoing, and further consultations are expected in 2022. These consult on the approach to measuring the relative needs of local authorities. This will define new relative needs of authorities for 2023/24 onwards and will coincide with the ending of the revenue support grant, the change to the business rates retention scheme and other changes. This will have an effect on the overall funding that this authority receives. However, as the consultation has not yet revealed the details of the funding mechanisms and the overall monies available for local government, financial consequences are not yet known for individual authorities, and won't be made available until later in 2022. This uncertainty on funding going forward represents a key risk for this Council.

A reform of the business rates system is currently underway with a view to revaluing rateable values based on property values as at 1st April 2021. The new system is to be implemented from 1st April 2023. The impact on the baseline funding level is not yet known.

9.9 **Pensions**

Payment rates and performance of investments in the Lancashire County Pension Fund are assessed for this authority every three years, with the latest valuation occurring in

2019 which determines payment rates and values of assets and liabilities from 2020/21 onwards. Following the valuation there was a significant reduction in payments required by the Council for its assessed deficit in the fund. Following the 2019 valuation, a Pensions Reserve was created and it was agreed to transfer £440k per annum over the financial years 2020/21 to 2022/23 to provide a funding for any increase in contributions as a result of the 2022 valuation. The reserve would provide funding over a transitional period to reduce the impact any increase would have on the Council's revenue budget. This is a key risk area and is covered extensively in accompanying budget reports. It is essential for this authority to ensure the pension fund is sustainable for its members, as is the Council's responsibility, and the significant volatility of payments and performance of the pension fund are assessed with action taken on an on-going basis.

9.10 **Covid-19 Pandemic**

The impact of the Covid-19 pandemic on the 2022/23 budget and future years is unknown. However, during 2021/22 we have seen income from fees and charges return towards pre-pandemic levels. The Council will continue to monitor the position throughout 2022/23. A Covid Reserve was created in 2020/21 to deal with any fluctuations in income and expenditure in future and to provide some additional resource to clear any backlogs that have arisen as a result of diverting resources to deal with the pandemic.

10. **ADEQUACY OF RESERVES 2022/23**

- 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 downside risks facing the Council during 2022/23.
- 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, which include the effect of two major schemes (see paras 11.5 to 11.7).
- 10.3 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.
- 10.4 However, as part of budget decisions for 2022/23 and beyond there is a ten-year plan to contribute into the Council's Revenue Support Reserve to provide resilience for the Council. This began with a £100k contribution in 2019/20 and grows to a recurrent £200k from 2020/21 onwards.
- 10.5 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. However, I am satisfied that the level of reserves is sufficient for 2022/23.

11. **FINANCIAL OUTLOOK**

- 11.1 The Council continues to be financially challenged over the medium term facing a budget gap of £3.4m or 21.1% by the end of 2026/27. 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 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 The financial forecast is based on indicative funding figures and will be subject to change. However, several scenarios have been presented in the Medium-Term Financial Strategy 2023/27. This Council will also influence the Fair Funding Review as far as possible, to attempt to ensure funding is representative of the Council's need. Changes in 2023/24, around the business rates retention scheme, the ending of the Revenue Support Grant and other changes leave uncertainty on funding levels from that year onwards and represent a key funding risk.
- 11.3 The impact of the performance of the UK economy, and in particular regarding the uncertainties surrounding Brexit and the impact of the trade deal, could potentially affect future funding for the Council. This could take the form of lower funding levels available to local government, pressure on income and expenditure budgets and impacts arising from pressures on Business Rates and Council Tax funding in relation to the local economy. This will be monitored and factored into the Medium-Term Financial Strategy.
- 11.4 The Covid-19 pandemic has had a significant impact on both the Council and also businesses and residents within the borough. Significant Government intervention was received in 2020/21, continuing into 2021/22, in the form of business grants, furlough scheme and funding provided to local authorities to compensate for additional expenditure and lost income. The longer-term financial impact of the pandemic is not yet known, for example, the impact on council tax and business rates collection rates once the furlough scheme ends and support to businesses is no longer provided. The Government introduced a series of financial measures to assist local authorities and their residents and businesses during 2021/22. Further details of these scheme can be found in accompanying budget reports.
- 11.5 As reported to Full Council in December 2018 this Authority commissioned two significant capital projects, namely the Pioneer Place development and the Sandygate Square Student Accommodation scheme. The Sandygate Square development is now complete and was open in time for the 2020/21 academic year. This scheme has been incorporated into the MTFS. A revised Pioneer Place scheme was later approved at Full Council in October 2021 and work started on site in January 2022. The Charter Walk shopping centre was advertised for sale by its owners in 2021 resulting in Full Council approving its acquisition in July 2021.
- 11.6 These developments require significant financial support from the Council, as well as taking on significant commercial risk over the lifetime of these projects (between 30 and 50 years). These schemes will also require significant use of reserves and will also see unprecedented amounts of borrowing – circa £48m. These present threats to the financial viability of the Council. However, in partial mitigation, various strategies have been put in place
- 11.7 These include contractual conditions for the Pioneer Place scheme, the retention of asset and property managers for Charter Walk, a strategy to build up reserves over the

next 10 years to provide a buffer for budget pressures, specific reserves for all of these schemes to renew the assets and capture any over-performing income and recognition of limited capacity to take on other significant capital schemes.

- 11.8 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 2022/23, Capital Investment Programme 2022/23 to 2026/27 and Medium-Term Financial Strategy 2023/27 elsewhere on your agenda.

POLICY IMPLICATIONS

13. None

DETAILS OF CONSULTATION

14. None

BACKGROUND PAPERS

15.
 - Revenue Budget – 2022/23
 - Capital Investment Programme 2022/23 to 2026/27
 - Medium-Term Financial Strategy – 2023/24 to 2026/27

Members Allowance Scheme 2022-2025

REPORT TO FULL COUNCIL



DATE	23/02/2022
PORTFOLIO	Leader
REPORT AUTHOR	Imelda Grady
TEL NO	01282 477258
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PURPOSE

1. To consider the Members Allowance Scheme for the period 2022-25.

RECOMMENDATION

2. That Full Council set the level of Members Allowances for 2022-25 as set out in the appendix to this report.

REASONS FOR RECOMMENDATION

3. The Local Authorities (Members Allowances)(England) Regulations 2003 state that an Authority may not set or amend its Members Allowance Scheme unless it has considered the findings of an Independent Remuneration Panel (IRP).

Whilst the Council must have regard to the advice of the IRP it is for Council to set the scheme.

The Local Authorities (Members Allowances)(England) Regulations 2003 require that the setting of a Members Allowance Scheme must be determined by the Council prior to 1st April each year and the Scheme be published in a local newspaper.

SUMMARY OF KEY POINTS

4. The Independent Remuneration Panel conducted a review of the members' allowance scheme and its findings were considered by Full Council at its meeting on 8th December 2021.
5. The main findings of the Panel were that the allowances in Burnley were now up to a level comparable with that of that of neighbouring authorities, but that there was still a case for further small increases to be made to ensure the level of allowances adequately recompensed members for their work and that they were not out of pocket.
6. The Panel is therefore recommending a further three year scheme from 1st April 2022 and that it be index linked to the percentage increase in employees pay under the

National Joint Council (Administrative, Professional, Technical and Clerical) pay structure.

7. The Panel's full recommendations for the scheme of members' allowances 2022-25 attached at Appendix 1 to this report.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

8. The budget for 2022 is £217055

The NJC staff pay award will need to be factored in once it has been confirmed. Years two and three will also be subject to the index linked to NJC staff pay awards.

POLICY IMPLICATIONS

9. Council must have regard to the IRP recommendations before it takes a decision of the level of allowances paid to its elected members.

DETAILS OF CONSULTATION

10. Member Structures and Support Working Group (24.11.21)
11. Full Council (08.12.21)

BACKGROUND PAPERS

12. None

FURTHER INFORMATION

PLEASE CONTACT:

Imelda Grady

ALSO:

Alison McEwan

REPORT OF THE INDEPENDENT REMUNERATION PANEL

December 2021

Introduction by the Chair

I am pleased to present the report of the Independent Remuneration Panel for consideration by Council.

The Panel's remit is to look independently and objectively at the allowances paid to the elected members on Burnley Borough Council and to make recommendations on any amendments that we think are justified.

Back in 2019 we were pleased that Council accepted our recommendations for a three-year scheme of allowances indexed linked to the NJC staff pay awards. This has resulted in Burnley's members' allowance scheme keeping in line with that of neighbouring authorities rather than slipping behind as has happened in previous years. The Panel believes that the increases made over the last three years justifiably recognise the commitment and support those members provide to the Borough, its communities and residents.

This year we are recommending a further three-year scheme and again one which is linked to the NJC staff pay increases. We believe this is a sensible approach as it provides for allowances to increase at an appropriate rate and prevents the need for periodic 'catch-up' sums which are more difficult for members to agree to.

I and my colleagues on the Panel appreciate that setting members' allowances can be a challenging issue, especially in times of financial constraints. However we maintain that Councillors should be recompensed adequately for their efforts. We sincerely hope that Council members do not politicise what should be a non-political process of determining appropriate compensation.

In compiling this report the Panel would like to acknowledge the support of both officers and elected members whose input into the review process has been most helpful.

This report sets out our conclusions and recommendations on the Members' Allowance Scheme for the period 1st April 2022 to 31st March 2025 and we hope that you support them.

David Sparrow
Chair of the Independent Remuneration Panel

REPORT OF THE INDEPENDENT REMUNERATION PANEL DECEMBER 2021

Members of the Panel

Mr David Sparrow - Chair

Mr Graham Knott

Mrs Anne Slater

The Panel was assisted by the Democracy Officers Imelda Grady and Alison McEwan.

Members of the Panel are independent of the Council and its review and recommendations are taken on a completely impartial basis.

1. Role of the Independent Remuneration Panel (IRP)

The Local Authorities (Members' Allowances) (England) Regulations 2003 require the Council to have regard to a report of an Independent Remuneration Panel prior to setting or making changes to its members allowance scheme.

Although the Council must consider the Panel's findings, it is a matter for the Council to decide the scheme of members' allowances and whether to implement any of the Panel's recommendations.

2. Terms of Reference

The terms of reference are to recommend to Council:

- The level of basic allowance payable to all members.
- Which members should receive a special responsibility allowance and at what level.
- The amount payable for Dependants' Carers' for children or dependants while they carry out approved duties under the regulations and at what level.
- The amount payable for Travelling and Subsistence Allowance when members carry out approved duties under the regulations and at what level.
- Whether there should be a payment of any co-optee allowance and at what level.
- Whether there should be provision for an annual adjustment of allowances by a specified index and for how long (but for no more than 4 years).

- The provision for an amendment to the scheme to apply from the beginning of the financial year
- The provision for allowances to be repaid following suspension or cessation of being a member or due to non-entitlement
- Whether the allowances should be pensionable.
- The provision for members to forego allowances

3. **Principles**

The Panel works to the following principles

- That the members allowance scheme should be fair, easy to understand and straightforward to administer
- That whilst some element of a councillor's time should be voluntary this should be balanced against the need to ensure councillors do not suffer financial loss and that potential candidates are not discouraged from standing for election
- That the level of basic allowance should adequately reflect and compensate members for their commitment and time spent on their duties at council meetings, representing the council on outside bodies and on carrying out work in their Wards and in the Borough.
- That the level of special responsibility allowance should reflect additional responsibilities over and above the generally accepted duties of a councillor and should be a multiplier of the basic allowance

4. **Methodology and evidence considered**

This year the Panel has met on four occasions to conduct its review, during which time the Panel considered

- The current members' allowance scheme 2019-2022
- Benchmarking allowances in neighbouring authorities
- The views of all councillors on the current scheme of allowances and any future options
- Information on the Council's decision-making structure and the responsibilities of councillors
- Information on the Council's budget position
- Comments received from a member of the public

5. Findings

- 1) The current allowance scheme has been in place since 2019 during which time allowances have increased incrementally each year to give a current level of basic allowance of £3668.17.
- 2) The Panel finds that whilst Burnley's basic allowance is in the lower quartile of other Lancashire peer authorities, it is in a much more stable position than in 2019.
- 3) The Panel is grateful to the members for sharing their views on the current Members Allowance Scheme and the Leader's views on the special responsibility allowance paid to his executive. The Panel was encouraged to hear that the three year scheme had been well received and a further three year scheme would be supported. We also found that whilst there was no dissatisfaction with the current level of allowances members did not want the Scheme to become stagnant as in previous years or become out of kilter with neighbouring authorities.
- 4) The Panel considered the allowances paid to the Executive members and the amendment that had been introduced by the Leader in October 2020 which was to appoint an additional Executive member on a cost-neutral basis. The proposal being for the Leader and Deputy Leader to take a reduced executive allowance and for the remaining three members to take a smaller reduction which would fund the sixth member. The incoming Leader in 2021 continued with this inherited approach.

The Panel was consulted on the size and cost neutral approach in 2020 and was supportive of this at that time. However going forward the Panel feels this financial split does not fit easily into a members allowance scheme and makes it more difficult to administer. It also feels that future Leader's will be burdened by this. In deliberations we feel that a more sensible approach would be to have a `pot` of money for the executive and that this is shared equally among the executive members, irrespective of its size. Member may recall that a similar shared `pot` was introduced in 2019 to remunerate the Group Leaders. By introducing an executive `pot` it allows the Leader to appoint an executive size of his choosing without impacting on the budget.

- 5) The Panel believes that a further three year scheme is preferred to a yearly scheme and that in order to keep allowances at an acceptable level the index link to NJC staff pay increases should be maintained. At the time of writing this report the index has not been confirmed for 2021 but the Panel feels it should be applied when announced and backdated and then for the scheme to continue to be index linked for the next three years.
- 6) The Panel notes that in the past there has been a reluctance for Councillors to award themselves a pay rise but believes an annual uplift linked to the NJC staff pay awards is fair and reasonable approach to take. It will provide an increase at an appropriate rate and prevent the need for periodic 'catch-up' sums which are more difficult to agree on. The Panel believes that not making these increases each year will only serve to place a burden on future administrations.
- 7) The Panel finds the levels of Special Responsibility Allowances to be broadly correct and that no changes to the multipliers are required.
- 8) The Panel finds that any changes to the dependent carers' allowance or travel and subsistence allowances be in line with the amounts set out below.

6. Conclusions and recommendations

The Panel has concluded that the current Scheme is fair, easy to understand and with the adjustment to the executive member allowances, easy to administer.

The Panel recommends that the level of basic allowance be linked to the National Joint Council (Administrative, Professional, Technical and Clerical) pay structure for the next three years. In order to prevent slippage incremental increases must be applied over the next three years. The Panel is aware that Council will have discretion whether to apply this but strongly advises that it does so.

The Panel recommends that the multipliers used to set the Special Responsibility Allowances remain the same but with an amendment to the executive member allowances. The Panel recommends that there should be a pot of money shared between executive members irrespective of its size. Therefore we believe that the Executive pot going forward should be based on 5

Executive member allowances going into a pot – this should then be shared equally between all members of the Executive reflecting the similar sizes of the portfolios.

The Panel recommends that there be no changes to the way the dependent carers' allowance, travel and subsistence allowances are administered.

The Panel recommends that no payments are made to co-optees.

The Panel recommends no changes be made to the payments made to the Independent Persons.

The Panel will meet in 2024 to consider the members allowance scheme for the 2025/26 financial year unless called upon by Council to review the allowances earlier.

Having considered detailed evidence and interviews throughout the course of the review, we recommend that the basic allowance and the special responsibility allowances should be as follows

THE INDEPENDENT REMUNERATION PANEL MEMBERS ALLOWANCE SCHEME 2022-25

1. **Basic Allowance** -The level of basic allowance paid to all members be linked to the National Joint Council (Administrative, Professional, Technical and Clerical) pay structure for three years from April 2022.
2. **Special Responsibility Allowances** -That there be no change to the definition of roles that attract special responsibility allowances and that the multipliers be as shown in brackets below
 - The Leader (basic allowance x 3.50)
 - The Deputy Leader (basic allowance x 1.00)

 - Executive portfolios (basic allowance x 1.25 x 5 and shared between the size of executive)
 - Chair of Scrutiny Committees (basic allowance x 1.25)
 - Chair of Development Control Committee (basic allowance x 0.80)
 - Chair of Licensing Committee (basic allowance x 0.50)
 - Chair of Audit and Standards Committee (basic allowance x 0.50)
 - Vice Chair of Scrutiny Committee (basic allowance x 0.40)
 - Vice Chair of Development Control Committee (basic allowance x 0.40)
 - Group Leaders (shared basic allowance x 1.00)

The following table shows the current levels of basic and special responsibility allowances for 2021/22 but will be subject to an uplift linked to the agreed percentage pay award, if any, in NJC staff pay structure. The Members Allowance Scheme for

2023/24 and 2024/25 will be subject the percentage increases in NJC staff pay structure.

	2022/23 (subject to the 2021 % increases linked to NJC staff pay structure)	Totals
Basic x 45	3668.17	165067.65
Leader x 1	12838.61	12838.61
Deputy Leader x 1	3668.17	3668.17
Executive Members (x5) (4785.21) (shared pot)	4785.21	23926.05
Scrutiny Chair x 1	4785.21	4785.21
Scrutiny Vice Chair x 1	1467.27	1467.27
Audit & Standards Chair x 1	1834.09	1834.09
Development Control Chair x 1	2934.54	2934.54
Development Control Vice Chair x1	1467.27	1467.27
Licensing Chair x 1	1834.09	1834.09
Group Leaders (shared pot)	3668.17	3668.17
Independent Persons (Standards) x2 (not index linked)	500.00	1000.00
Total		224491.12

3. **Dependent Carers and Childcare Allowances** - That the dependent carers' allowance and childcare allowance be paid at the current rate of the adult minimum wage and be paid under the following criteria.

Limitations

Costs necessarily incurred for:

- A child or children under the age of 16
- An elderly relative requiring full-time care
- A relative with a physical disability requiring full-time care

A relative with learning disabilities requiring full-time care

Safeguards

The person for whom care has been arranged must live in the same household as the member

The care in respect of which the allowance is claimed must not be provided by a person living in the member’s household, or by another parent of a child in the household;

Disabled dependents are excluded where the member is already in receipt of a carer’s allowance;

The member must notify the Council of the identity of the carer in respect of whose costs the allowance is claimed and the cared for;

Child(ren) or dependent must be registered with the Council in advance of any claim being made .

4. Travel and subsistence allowance –

The following travel and subsistence allowances shall be paid for attendance at approved events.

Car allowance - This be the same rate as that paid to officers determined locally.

Motor cycle allowance - This be the same rates as that set by HMRC

Other travel allowances

That the payment of travelling allowances by taxi cab be provided for Disabled and Vulnerable Members not to exceed; a) in cases of urgency or where no public transport was reasonably available, the amount of the actual fare and any reasonable gratuity paid; and b) in any other case the amount of travel by appropriate public transport.

Subsistence allowance be the same as that paid to officers, currently this is

Meal	Maximum Allowance	Criteria
Breakfast	£7.93	before 8.00am
Lunch	£10.94	between 12 noon – 2pm
Tea	£4.30	after 6.30pm
Evening Meal	£13.53	after 8.30pm

If a member is away from their home on official Council business for a continuous

period of 24 hours or more, and as a result is required by the Council to stay in accommodation overnight, they will be reimbursed with the actual costs incurred.

5. **Co-optees Allowance** - That no additional co-optees allowances be paid
6. **Annual Adjustment of Allowances** - That there be an annual adjustment of allowances in line with the percentage increase in employee's pay under the National Joint Council (Administrative, Professional, Technical and Clerical) Pay Award
7. **Backdating** - That there be no backdating of allowances.
8. **Repayment/suspension of allowances** - That there be repayment of allowances should a councillor be suspended, cease to be a councillor due to a relevant conviction or non-attendance, or resigns.
9. **Pensions** - That no member allowances be classified as pensionable under the Regulations.
10. **Foregoing allowances** – Any person may forego all or part of any allowances to which they are entitled. To do this they must give notice in writing to the proper officer of the Council.

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Strategic Plan 2022

DRAFT REPORT TO EXECUTIVE



DATE	14/02/2022
PORTFOLIO	Leader
REPORT AUTHOR	Rob Dobson
TEL NO	3115
EMAIL	rdobson@burnley.gov.uk

PURPOSE

1. To seek Executive endorsement of the Strategic Plan (appendix 1).

RECOMMENDATION

2. That the Executive recommend the Strategic Plan to Full Council.

REASONS FOR RECOMMENDATION

3. The Strategic Plan sets out a clear vision for the future: 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 sets out the Council's strategic priorities during the next three years. It is reviewed annually. The new draft plan includes a focus on hotspot areas for environmental improvement, and to work on the wider determinants of poor health and to keep residents informed about changes to health services. No other significant changes are proposed in this edition.
5. The Strategic Plan has four themes: *People, Places, Prosperity* and *Performance*. The *People* theme sets out how the council will 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 the commitments will be delivered within the three-year period of the plan. 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 budget.

POLICY IMPLICATIONS

9. As set out in the strategic plan and the Council's strategic risk register.

DETAILS OF CONSULTATION

10. A residents' survey is conducted regularly, to help determine key priorities.

BACKGROUND PAPERS

11. The current strategic plan: <http://www.burnley.gov.uk/about-council/our-strategies-and-policies>

FURTHER INFORMATION

PLEASE CONTACT:

Mick Cartledge, CEO.

ALSO:



Burnley.gov.uk

Burnley Borough Council's Strategic Plan

Update February 2022

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Burnley Council's vision for our borough:

Burnley and Padiham will be places where families choose to live because of our clean, safe neighbourhoods, beautiful parks and unspoilt countryside. Businesses will choose to invest in our borough because of our skilled workforce, our diverse, competitive, modern economy and a supportive council.

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 Need

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 its vision for the Borough reality.
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 plan is structured around the themes of People, Places, Prosperity and Performance.

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 (an 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.

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. But an overriding concern of the Council is to protect core services. Though budget pressures could mean changes to how we provide services, 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.

Burnley Council Services

- We collect rubbish, recyclable or non-recyclable, from every household and clean every street. Resident satisfaction with waste collection has increased significantly following changes to how we manage collections in some neighbourhoods, and collections were not affected by the pandemic.
- 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. The large increase in park users during the pandemic shows how important they are to wellbeing.
- 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 delivered a business grant programme during the pandemic that awarded well over £20 million in grants to over 2,000 businesses.
- 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 2,500 calls and, during normal times, nearly 400 visitors every week at our contact centre.
- We award benefit to around 10,500 households a year and assess over 66,000 changes in circumstances.
- 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, clubs, and taxis; we investigate environmental pollution complaints about noise, smoke, and private water supplies; and we provide CCTV monitoring. During the pandemic we have contacted hundreds of individuals and business to help reduce transmission in the community, and helped set up testing stations and vaccination centres and the Burnley Together partnership to help protect the most vulnerable families and individuals.
- 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 heritage of the town through conservation areas management 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.

What do we want to achieve during 2022 and beyond?

People - creating flourishing, healthy and confident communities

What are the challenges and opportunities?

The closure of leisure venues has significantly impacted on the income of Burnley Leisure: re-starting cultural life and promoting access to affordable, quality leisure facilities will be a priority.

Higher rates of hospitalisations from Covid-19 highlights that reducing health inequality is a significant challenge 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. 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.

Increasing educational attainment and skills remains a top priority for the borough. The Council will continue to work with partners in the education sector to help maintain the focus on this.

What do we commit to?	Lead
PE1- We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development.	Chief Executive Leader
PE2- We will continue to develop the leisure and cultural offer in partnership with Burnley Leisure.	Chief Operating Officer Executive Member for Health and Wellbeing
PE3- We will continue to work with partners to provide necessary support systems to reduce homelessness and to end rough sleeping in the borough.	Head of Housing and Development Control Executive Member for Housing
PE4- We will work on the wider determinants of poor health and will keep residents informed about changes to health services and how to access them.	Head of Policy and Engagement Executive Member for Health and Wellbeing

Places: making the Borough a place of choice

Resident feedback tells us that maintaining the cleanliness is a priority with reducing dog fouling is a key local concern.

Compared with the Lancashire average, a higher proportionate of residents live in private rented accommodation. Unfortunately, not all 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. Indeed, park use increased significantly during lockdown. 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 Council recognises that we are facing a climate change emergency that threatens our future. The Council will deliver reductions in single use plastic, bring forward de-carbonisation measures and will enable the uptake of electric vehicles and will provide financial support to help green businesses and shops.

What do we commit to?	Lead
PL1- We will implement a range of initiatives to maintain a clean, safe, attractive, and environmentally friendly borough. This will include community engagement, enforcement and cleansing in 'hotspot' areas.	Head of Streetscene Executive Member for Community and Environmental Services
PL2- We will improve the management and condition of rented accommodation.	Head of Housing and Development Control Executive Member for Housing
PL3- We will work with partners to improve quality and choice in the borough's housing stock, and reduce the blight of empty properties	Chief Operating Officer Executive Member for Housing
PL4- We will implement our 2015-25 Green Space Strategy.	Head of Green Spaces and Amenities Executive Member for Health and Wellbeing
PL5- We will implement our Climate Change Strategy.	Chief Operating Officer Executive Member for Resources and Performance Management
PL6- We will invest in our heritage assets for the benefit of this, and future, generations.	Head of Finance and Property Management Executive Member for Resources and Performance Management

Prosperity – promoting transformational economic change for Burnley

Prior to the COVID-19 pandemic, Burnley benefitted from a decade of employment growth and investment. For many years now, economic forecasts have shown that places such as Burnley, who are over-dependent on manufacturing, would continue to suffer job losses as the sector retracts and whilst this has not necessarily been the case in Burnley, there is a danger that the impact of COVID-19, the formal withdrawal of the UK from the EU, and any subsequent economic downturn could accelerate this trend and expose any underlying weaknesses in the economy. It is therefore vital that we respond, by providing businesses, people, and places with the support and interventions necessary to enable them to continue to operate in an ongoing pandemic and economic slowdown, whilst continuing to address underlying issues and opportunities for future economic growth. The document [Burnley's New Economy: A Strategy for Recovery and Growth](#) sets out the issues and actions in detail.

With a retail catchment area of 300,000 people, Burnley is a major retail and service centre in Pennine Lancashire. The town centre has benefitted from significant investment in public realm, attracting new occupiers such as Primark. The council, in partnership with other key organisations, has developed a Town Centre and Canalside Masterplan setting out opportunities to diversify the leisure offer, introduce town centre living. The Council has progressed key projects including "Pioneer Place", to deliver the masterplan.

The development and growth of UCLAN over the next four years will have a transformational impact on the town. The Council and UCLAN will work in partnership with the business community to deliver higher level skills and degree level apprenticeships as well as leverage the expertise of the University and other funding streams to support business innovation, business scale up and new business starts. The Council has also supported the expansion of Burnley College through a loan.

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 Local Plan will 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 and growing the borough's skilled workforce.

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.

The Council will also prioritise its spending towards businesses within our local economic area and will encourage partners in the local public sector to do the same.

What do we commit to?	Lead
PR1- 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
PR2- We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation.	Strategic Head of Economy and Growth Executive Member for Economy and Growth
PR3- We will deliver the Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.	Strategic Head of Economy and Growth Executive Member for Economy and Growth
PR4- We will implement the Local Plan, delivering new housing, employment sites, and infrastructure.	Strategic Head of Economy and Growth Executive Member for Economy and Growth
PR5- We will support UCLan's expansion, transforming Burnley into a University Town.	Chief Executive Council Leader
PR6- We will deliver our COVID-19 economic recovery plan.	Strategic Head of Economy and Growth Executive Member for Economy and Growth

Performance- ensuring a continuous focus on improvement in all aspects of the Council's performance

The longer-term effect of the pandemic on the economy, and consequently on council income, remains significant risk to the Council's finances, as do wider inflationary pressures and energy price rises

The Council has a duty to deliver value for money for tax payers. New service delivery models may be required to achieve efficiencies. If services must be reduced, the Council will be clear about the process that has been followed in reaching these decisions.

In September 2018, the council was told it "should be proud of its achievements" following a review of its services and plans for the borough by an independent peer review team. The Council will continuously improve service delivery, and will adapt to the needs of its customers.

What do we commit to?	Lead
PF1- We will manage our contract with Liberata robustly, so it delivers value for money and good services.	Chief Operating Officer Executive Member for Resources and Performance Management
PF2- 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.	Head of Finance and Property Management Executive Member for Resources and Performance Management
PF3- We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.	Chief Operating Officer Executive Member for Community and Environmental Services
PF4- We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities that the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan. This will include embedding hybrid working patterns where this improves productivity.	Head of Policy and Engagement Executive Member for Resources and Performance Management

REPORT TO FULL COUNCIL



DATE	23rd February 2022
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Strategic HR Manager
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Pay Policy Statement 2022

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 this report and the attached Pay Policy Statement for 2022/23;
 - notes the Council's Gender Pay Gap report which is at Appendix H of the Pay Policy Statement
 - approves, subject to reaching a collective agreement or following consultation with affected employees, an amendment to NJC terms and conditions which will require employees on Grades 7-11 to provide a minimum of 2 months' notice of termination and for employees on Grades 12-14 to provide a minimum of 3 months`.

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.
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 2021/22 and 2022/23 are yet to be agreed and are not incorporated into the Statement.
8. The pay ratio of the lowest paid to the Chief Executive is 6.0 (6.0 in 2021/22) and the ratio /of the lowest paid to the Chief Officer is 3.6 (3.6 in 2021/22).
9. The Council considers it is important that a balance is struck to ensure it rewards managers appropriately for their responsibilities and to ensure it retains and attracts talented senior officers. The Council's head of service structure is 7 FTE posts. All head of service posts were reviewed and job evaluated in 2017 and salaries benchmarked by external independent advisers. Job evaluations are updated as roles change.
10. The Restriction of Public Sector Exit Payments Regulations 2020 which introduced a cap on the total value of exit payments in the public sector of £95,000 were revoked in February 2021. However, HM Treasury have indicated that they will bring forward further reform in due course. Council policies and procedures will be updated accordingly once any further regulations are introduced.
11. The updated Statement complies with the guidance issued by the Department of Communities and Local Government in Spring 2013.
12. In addition to the Pay Policy Statement the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires public sector organisations with 250 or more employees to publish information to demonstrate how large the pay gap is between their male and female employees. The data is calculated according to the requirements of the Equality Act 2010 and is based on the Council's workforce on 31st March each year.

At 31st March 2021 our workforce comprised of 53% male and 47% female employees. For the purposes of reporting the gender pay gap, all permanent and temporary employees are included in the total workforce figure of 219. The Council has decided to continue to report on the Gender Pay Gap although its workforce is less than 250.

The gender pay gap is different to equal pay. Equal pay relates to men and women receiving equal pay for equal work. Not meeting this requirement is unlawful. The Council operates job evaluation schemes to ensure that work of equal value is paid at the same

rate.

The gender pay gap is a measure of any disparity in pay between the average earnings of males and females. The Council's mean pay gap is 0.73% and the median pay gap is -6.62%. The negative value means that, based on the calculations required for the median Gender Pay Gap, our female employees are paid more than male employees. At 31st March 2020 the figures were mean 2.68% and median -0.55%. Both figures are below the national average, which are currently 14.9% and 15.4%.

Latest figures suggest that the median gender pay gap across the public sector is 18.0% and the figure across all industries in Lancashire is 14.7% with Burnley at 15.4%. The Council compares favourably with these statistics.

The Council will continue to apply its flexible working policies, anonymised recruitment processes, talent management and promote other learning and development programmes to ensure all employees have equal access for career development.

13. Unlike the gender pay gap, there is currently no legal requirement for organisations to report their ethnicity pay gaps. The Government did consult on mandatory reporting in 2018 and it was reported that they received an overwhelmingly positive response but they are yet to publish any regulations. However, in the absence of legislation, the Council believes that we should voluntarily compile ethnicity pay information as part of our approach to improve inclusion and tackle inequality in the workplace.

The Council's mean ethnicity pay gap at 31st March 2021 was -10.0% and the median was -3.17%. This means that our employees that identify as BAME receive, on average, a higher hourly rate than those identifying as white. It should be noted, however, that it is a relatively small number of employees in the comparison group as 6.84% of our employees are from the BAME community (the Borough population is 12.6%).

There are very few organisations currently publishing ethnicity pay data so it is difficult to carry out any analysis or comparison but we plan to develop our reporting in future. However, the latest ONS report published in 2020 suggests that the national median ethnicity pay gap is 2.3%

14. The current period of notice for all NJC employees up to and including Grade 11 is one month, increasing to 2 months for those on Grades 12-14.

Over the past couple of years there have been a number of occasions when key staff have given one month's notice of their intention to leave the Council. This has led to challenges with workforce planning and with ensuring that things are in place prior to their termination to ensure a smooth handover and business continuity.

Subject to the Council being able to reach a collective agreement with the Trade Unions or following consultation with the affected employees it is therefore proposed that employees on grades 7-11 inclusive have their notice period increased from one calendar month to two months and employees on grades 12-14 inclusive have their notice period increased from two calendar months to three months.

The change would also have the effect of amending the notice period to be provided by the Council in cases of redundancy or other dismissal (except summary dismissal in cases of gross misconduct). Any notice issued by the Council will remain subject to the Employment Rights Act.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

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

POLICY IMPLICATIONS

16. 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

17. Trade Unions

BACKGROUND PAPERS

18. None

FURTHER INFORMATION:

PLEASE CONTACT:

Vicky White ext. 7124

ALSO:



**CORPORATE POLICY AND GUIDANCE
PEOPLE AND DEVELOPMENT**

Pay Policy Statement April 2022 - March 2023

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BURNLEY BOROUGH COUNCIL

PAY POLICY STATEMENT

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 pay policies, which detail the Council’s agreements on pay for those employees both on the National Joint Council (NJC) and the Joint National Council (JNC) terms and conditions and whose jobs have been evaluated using national agreed job evaluation schemes. (Appendix B and C)
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

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 there is no pay discrimination within its pay structures and that pay differentials can be quantified through the application of its job evaluation schemes. Under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 the Council will also publish information to demonstrate how large the pay gap is between male and female employees.
6. The Council operates the NJC Scheme for all posts not defined as a Chief Officer. In June 2017 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 was unchanged. 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 adopts the national pay bargaining arrangements in respect of employees' remuneration and complies with the nationally negotiated spinal column points for all posts, with the exception being those senior level posts referred to within the Statement. This includes 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.
8. The current salary grades that the Council applies for all other posts are at Appendix A. The Council agreed in April 2013 that its lowest pay point would be either the Foundation Living Wage (FLW) or the lowest pay point on the Council's pay scale (scp3), whichever is the higher and this will continue to be the case.
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, 2016 and from April 2019. 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, is made up of four 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. On occasion, 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

12. 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.
13. 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).
14. Remuneration is defined as the pay and rewards an individual receives.

Chief Executive Remuneration

15. The appointment and employment terms relating to the Chief Executive were agreed at a meeting of Full Council on 6th September 2017. 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 unchanged. The Chief Executive is also entitled to reimbursement of one professional subscription fee per annum
16. The post of Chief Executive is paid on a single pay point of £114,507 (from April 2020 – subject to pay award from April 2021). Additional allowances can be paid in relation to the role of Returning Officer and Electoral Registration fees (see para 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 £90,741 (from April 2020 – subject to pay award from April 2021) at Band 1 of the Chief Officer grading structure, as determined by the Senior Manager Job Evaluation Scheme.
20. The Chief Operating Officer also receives reimbursement of one professional subscription fee per annum.
21. 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 Joint National Council for Chief Officers of Local Authorities. 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 Council has 7.0 FTE head of service posts. 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 2a or Band 3 of the agreed pay structure as shown below. The banding was determined by the Senior Manager Job Evaluation Scheme. April 2021 and 2022 salaries are subject to a national pay award if one is agreed.

	April 2019	April 2020	April 2021	April 2022
Band 1	£88,312	£90,741	£90,741	£90,741
Band 2a	N/A	£74,535	£74,535	£74,535
Band 2b	£61,515	£63,207	£63,207	£63,207
Band 3	£56,359	£57,909	£57,909	£57,909

25. Additional Allowances for Head of Service posts are:

Reimbursement of one professional subscription fee per annum – whilst all Heads of Service would be eligible to apply for reimbursement of professional fees essential to their role this currently only applies to the Head of Legal and Democratic Services and the Head of Finance and Property.

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 Joint National Council for Chief Officers of Local Authorities.

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	2.3
Chief Executive salary	lowest salary	6.0
Chief Officer salary	lowest salary	3.6

From April 2021

Chief Executive salary, £114,507

Chief Officer salary £68,871

Median salary = £29,577– scp25

Lowest salary on pay spine = £18,562 scp3

Lowest employee salary – Grade 3 £18,933

Lowest Paid Employees

31. The Council complies with the National Joint Council – Pay and Conditions of Service. The NJC Pay Policy from April 2020 details the Council's lowest grade is Grade 2 at national pay point 3 (£18,562), the Foundation Living Wage for the financial year 2021/22 being £17,957. This does not include apprentice grades.

Progression through grades other than Grades 2 & 3 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. Currently Grade 3 is the lowest grade paid to contracted employees. There is one Grade 3 post in the organisation and three career graded posts that commence at Grade 3.

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 Restriction of Public Sector Exit Payments Regulations 2020 which introduced a cap on the total value of exit payments in the public sector of £95,000 were revoked in February 2021. However, HM Treasury have indicated that they will bring forward further reform in due course. Council policies and procedures will be updated accordingly once any further regulations are introduced.

Employer Pension Contribution

35. The Council contributes to the Local Government Pension Scheme for its employees who are members of the Scheme which is 17.6% of an employee's salary (from April 2020). 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 updated from April 2022).

Band	Actual Pay	Employee Contribution %
1	Up to £14,600	5.50
2	£14,601-£22,900	5.80
3	£22,901-£37,200	6.50
4	£37,201-£47,100	6.80
5	£47,101-£65,900	8.50
6	£65,901-£93,400	9.90
7	£93,401-£110,000	10.50
8	£110,000-£165,000	11.40
9	£165,001 or more	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.

Gender Pay Gap

38. Burnley Council's mean pay gap 0.73%, the median is -6.62% based on analysis at 31st March 2021. Latest figures suggest that the median gender pay gap across the public sector is 18.0% and the figure across all industries in Lancashire is 14.7% with Burnley at 15.4%. Details are provided in Appendix H.

Ethnicity Pay Gap

39. Unlike the gender pay gap, there is currently no legal requirement for organisations to report their ethnicity pay gaps. In the absence of legislation, the Council believes that we should voluntarily compile ethnicity pay information as part of our approach to improve inclusion and tackle inequality in the workplace
The Council's mean ethnicity pay gap at 31st March 2021 was -10.0% and the median was -3.17%.

Publication of the Policy

40. This Policy will be published on the Council's website in March 2022, following its approval by the Council in February 2022.

Review of Pay Policy

41. 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.

**Appendix A - NJC Pay Spine from April 2020
(pay award pending for April 2021)**

	SCP	£ per annum	£ per hour
Grade 2	3	18,562	£9.82
Grade 3	4	£18,933	£10.05
Grade 4	5	£19,312	£10.22
	6	£19,698	£10.42
Grade 5	7	£20,092	£10.63
	8	£20,493	£10.84
	9	£20,903	£11.06
	N/A	£21,322	£11.28
	11	£21,748	£11.51
Grade 6	12	£22,183	£11.74
	N/A	£22,627	£11.97
	14	£23,080	£12.21
	15	£23,541	£12.45
	N/A	£24,012	£12.70
	17	£24,491	£12.96
Grade 7	N/A	£24,982	£13.22
	19	£25,481	£13.48
	20	£25,991	£13.75
	N/A	£26,511	£14.03
Grade 8	22	£27,041	£14.31
	23	£27,741	£14.68
	24	£28,672	£15.17
Grade 9	25	£29,577	£15.65
	26	£30,451	£16.11
Grade 10	27	£31,346	£16.58
	28	£32,234	£17.05
Grade 11	29	£32,910	£17.41
	30	£33,782	£17.87
	31	£34,728	£18.37
Grade 12	32	£35,745	£18.91
	33	£36,922	£19.53
Grade 13	34	£37,890	£20.05
	35	£38,890	£20.57
	36	£39,880	£21.10
Grade 14	37	£40,876	£21.63
	38	£41,881	£22.16
	39	£42,821	£22.65
Grade 14	40	£43,857	£23.20
	41	£44,863	£23.73
	42	£45,859	£24.26
	43	£46,845	£24.78



**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.

The grade structure was amended in April 2013, April 2016 and, following the agreement of the National Employers and trade unions in April 2019.

The changes in 2019 included a new, renumbered national pay spine with absorbs the impact of the National Living Wage. The new pay spine is numbered 1-43 but the Council's lowest pay point will be SCP3.

As part of the implementation of the new pay spine the Council agreed that the 5 new pay points will be "fallowed" in order to reduce the impact on the agreed 13 grade structure. The Council will continue to apply the Foundation Living Wage as its lowest pay point for employees or SCP3, whichever is the higher.

Pay points 1 and 2 on the new pay spine and the "fallowed" pay points 10,13,16,18 and 21 may be brought into use in future to support further agreed changes to the grading structure as required or to support apprenticeships and or traineeships.

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.

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:

Percentage of enhanced working hours	Percentage of Total Annual Payment	Annual Payment (£) Paid pro-rata to working hours
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 an external advertisement 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 colleagues 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 Strategic HR Manager or designated substitute, who will consult with the Chief Operating Officer and the Executive Member for Resources and Performance Management and the appropriate trade union Officers. The Finance and Property

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. A review mechanism will be implemented where appropriate. 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 2022



**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 Strategic HR Manager. 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 2020) is made up of four bands with a single pay point in each band:

- Band 1 JE Score 1501 and above
- Band 2a JE Score 1301 - 1500
- Band 2b JE Score 1101 – 1300
- Band 3 JE Score 901 - 1100

The salary in each pay band from April 2021 is as follows (subject to national pay award):

- Band 1 Chief Operating Officer £90,741 (average minimum)
- Band 2a Heads of Service £74,535 (average minimum)
- Band 2b Heads of Service £63,207 (based on median plus 7.5%)
- Band 3 Heads of Service £57,909 (based on median plus 7.5%)

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

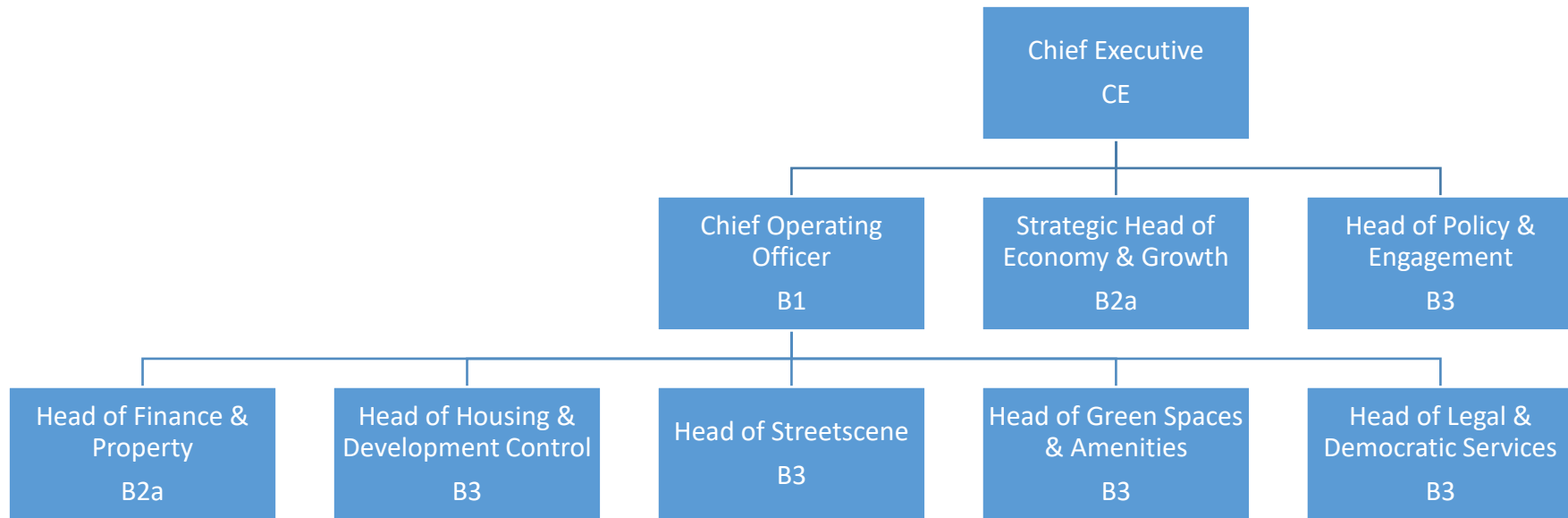
Pay is an important element in recruitment and retention, and if the Council is unable to recruit or retain a Chief Officer then a market supplement may be considered.

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 an external advertisement or a risk assessment indicates potential retention difficulties. There would need to be investigation and analysis by the Chief Executive/Chief Operating Officer and Strategic HR Manager supported by the Head of Finance and Property 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.



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At April 2022	Band 1 Chief Operating Officer	1
	Band 2a Heads of Service	2
	Band 3 Heads of Service	5

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 Strategic HR Manager, or in their absence the Chief Operating Officer, 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.

Any of the above mentioned Appointment Committee members may nominate a substitute to take their place on the Committee.

Such substitute shall, save in the case of the Executive Member for Resources and Performance Management, be a member of the same political group as the member being substituted.

Any substitute nominated by the Executive Member for Resources and Performance Management shall be a member of the Council's Executive.

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 Directors) – i.e. Heads of Service**

The Appointments Committee will comprise

Leader or Deputy Leader,

Relevant Executive Member; and

Chief Executive and/or Chief Operating Officer

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. The Chief Executive and Chief Operating Officer may both sit on the Committee if this is relevant to the responsibilities of the post.

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



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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.

NO. OF REDUNDANCIES IN ANY 3 MONTH PERIOD	Period of Consultation
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 RPS)
100+	45 days statutory consultation period (including notification to RPS)

6.3 Notification to the Redundancy Payments Service

It is a legal requirement to notify RPS in writing of a proposal to make 20 or more employees redundant. Notification must be made on form HR1, which can be obtained from www.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 Strategic HR Manager (or his/her representative) will normally undertake this notification.

6.4 Notification to the Trade Unions

The Strategic HR Manager 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:

Continuous Service	Period of Notice
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 an HR Advisor. 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 Council, continuous employment date, date of birth and details of any disability;
- any actions being taken to the 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. (NB Actual salary will normally be basic salary plus any regular salary enhancements paid over the preceding 12 week period. Actual salary will not include the employer pension contribution)

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.

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.

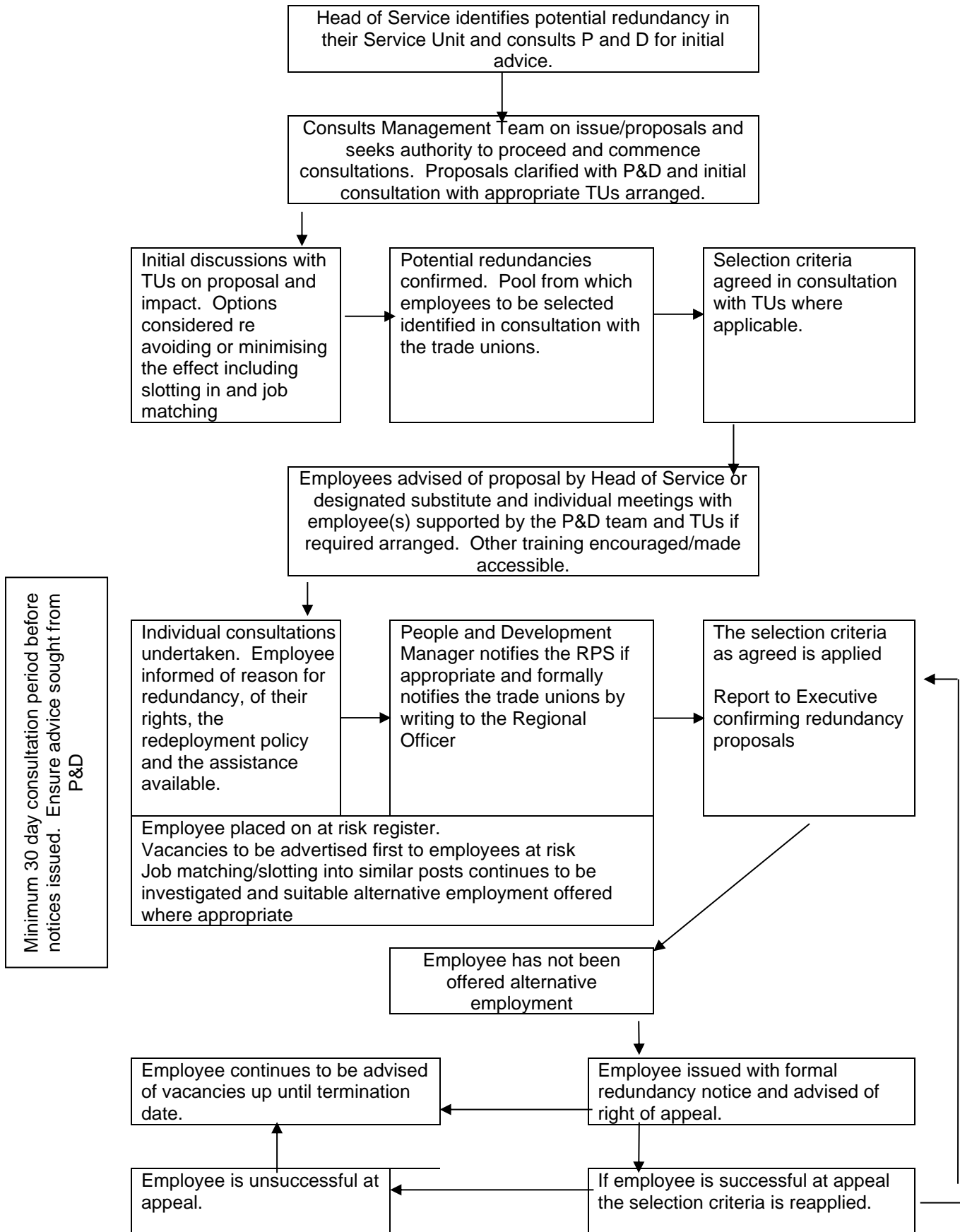
14. PAID LEAVE OF ABSENCE

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 Strategic HR Manager 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 Strategic HR Manager in consultation with the relevant head of service and trade union representative.

REDUNDANCY PROCEDURE QUICK GUIDE



NORMAL REDUNDANCY SELECTION MODEL

Part 1	Personal Details	Scored out of 200 points overall Measured from (12 mths back from start of consultation)			
Full Name					
Directorate					
Service Unit					
Post No					
Job Title:					
Date of appointment to current job role					
Burnley Council service date					
Continuous service date					
Part 2 Knowledge Skills and Competence (60% 120 points)	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					
See separate guidance application of redundancy selection criteria					
Part 3 Disciplinary Record over last 2 years (10% - 20 points)	Issued on	Part 4 Absence Record over last 2 years (20% - 40 points)			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:			
Part 5 Length of Service (10% - 20 points) Length of service in current role or job roles very similar in nature with different title and grade					
Part 6 – Scoring	Records attached ✓	Banding (if applicable)	Score	Total (Out of 200)	
Example Job criteria 120 pts 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)					
Discipline 20 pts 0 (20), VW (15), WW (10), FWW (0) (over 2 years)					
Absence factor score 40 pts 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) (NB Absences relating to industrial injury, pregnancy or disability sickness should normally be excluded)					
Length of Service 20 pts 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)					
Total Score (Out of 200)					

BURNLEY 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 Strategic HR Manager and/or the Head of Legal and Democratic Services/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 the Council under separately arrangements covered by the Chief Executive terms and conditions as agreed locally.
- 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 Strategic HR Manager.

- 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 and February 2018

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 Strategic HR Manager 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 Strategic HR Manager 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 Strategic HR Manager
- 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 November 2009

Updated September 2014, February 2017 and February 2018

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 Strategic HR Manager 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 2018
Last reviewed February 2017/HAB

BURNLEY 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 Council 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) October 2017
 Next review November 2020

Burnley Borough Council

Statement of Pensions Policy

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
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.lppapensions.co.uk
4. Employees are able to join and remain in the scheme up until 2 days before their 75th 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 1st April 2014 pension benefits are calculated on a Career Average Re-valued Earnings (CARE) Scheme formula. A CARE pension works by taking a 1/49th 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 can be found at www.lgpsmember.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 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.
N.B. Actual salary will normally be basic salary plus any regular salary enhancements paid over the preceding 12 week period. Actual salary will not include the employer pension contribution
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.

Ill-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. Auto-Enrolment takes place every 3 years. Employees that are auto-enrolled do have the opportunity to opt out. Further information on auto-enrolment into the LGPS can be found at www.lppapensions.co.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^{ds} 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)

28. Under the Local Government Pension Scheme (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. The protection aged 60 and above is subject to the note below.

Note: In October 2006 the government removed 'the 85 year rule' from the pension scheme rules. Members aged 60 and above who meet the Rule of 85 but who wish to take their pension benefits before their NPA may still have a benefit reduction applied subject to certain protections. Further information on the Rule of 85 protections can be found on the website [LGPS member site](#)

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 Strategic HR Manager to be dealt with under delegated powers. The Head of Finance & Property 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.lppapensions.co.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 Chief Operating Officer 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 Strategic HR Manager in consultation with the Head of Finance & Property 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 Strategic HR Manager in consultation with the Head of Finance & Property 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.lppapensions.co.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 323 0260 (helpdesk) or via the website contact form [Member Contact Form • Local Pensions Partnership Administration \(lppapensions.co.uk\)](#)



Gender Pay Gap Report

March 2022

Foreword

The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires public sector organisations with 250 or more employees to publish information to demonstrate how large the pay gap is between their male and female employees. Whilst we do not meet the threshold of 250 employees the Council has taken the decision to continue to publish this data.

I can confirm that our data has been calculated according to the requirements of the Equality Act 2010.

Mick Cartledge
Chief Executive

Background

The information contained within this report is based on a snapshot date of 31 March 2021. At this date our workforce comprised of 53% male and 47% female employees.

For the purposes of reporting the gender pay gap, all permanent, temporary and casual employees are included in the total workforce figure of 219.

This analysis looks at the gender pay differences within Burnley Council, focusing on the overall pay difference between the male and female workforce. A positive pay gap indicates that men are paid more, a negative pay gap indicates that women are paid more.

The gender pay gap is different to equal pay. Equal pay relates to men and women receiving equal pay for equal work and not meeting this requirement is unlawful. The Council operates job evaluation schemes to ensure that work of equal value is paid at the same rate. The gender pay gap is a measure of any disparity in pay between the average earnings of males and females.

The regulations require us to report on:

Mean gender pay gap	The difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees
Median gender pay gap	The difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees
Mean bonus gap	The difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees
Median bonus gap	The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees
Bonus proportions	The proportions of male and female relevant employees who were paid bonus pay
Quartile pay bands	The proportions of male and female full pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands

The overall gender pay gap is defined as the difference between the median (actual mid-point) or mean (average) basic annual earnings of men and women expressed as a percentage of the median or mean basic annual earnings of men.

Gender Pay Gap – 31 March 2021

Mean

Average hourly rate of pay and the percentage difference between



£16.13

GAP

0.73%
£0.12



£16.25

Burnley Council's mean gap is lower than the national average of 14.9%*

* Annual Survey of hours and Earnings 2021 (Office for National Statistics)

Median

Middle hourly rate of pay and the percentage difference between



£15.63

GAP

-6.62%
£0.97



£14.66

Burnley Council's median gap is lower than the national average of 15.4%*

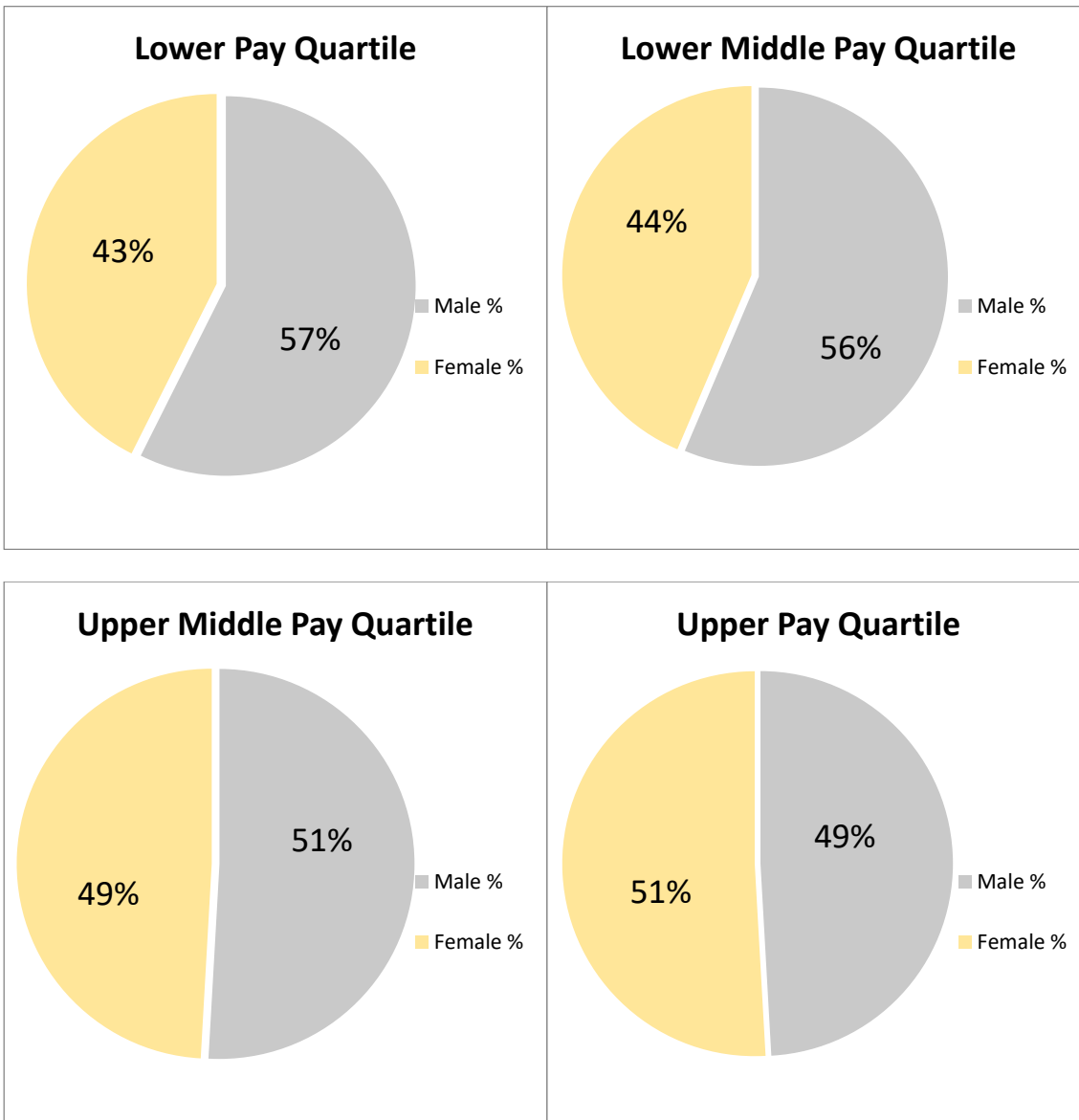
* Annual Survey of hours and Earnings 2021 (Office for National Statistics)

Bonus Gap

Burnley Council does not operate any performance related pay or bonus scheme and therefore has no bonus gender pay gap

Quartile Pay Bands

These graphs show the workforce composition in each pay quartile. The proportions do generally reflect our gender workforce profile.



Analysis

- Latest figures suggest that the median gender pay gap across the public sector is 18.0% and the figure across all industries in Lancashire is 14.7% with Burnley at 15.4%. The Council compares favourably with these statistics.
- The Regulations require the hourly rate to be calculated as ordinary pay which includes basic pay and allowances as well as deductions for benefits provided through salary sacrifice schemes. It does not include overtime payments or pension contributions. Burnley Council operates salary sacrifice schemes for childcare vouchers and the purchase of bicycles. It also allows employees to purchase up to 10 days additional leave per year. The gender proportion of our employees who take-up these benefits is below:

	Male	Female
Childcare Vouchers	2.6%	5.8%
Cycle Scheme	1.7%	3.9%
Bought Additional leave	2.6%	9.7%

- As at the snapshot date of 31 March 2021, 33% of our senior management team were female.

Taking Action

Burnley Council is committed to fair pay irrespective of gender. We already have the following in place:

- Support for employees through application of flexible working policies
- An anonymised recruitment process where all equality monitoring information (including that related to gender) is removed to reduce the potential for unconscious bias
- Learning and development programme which provides employees with opportunity to meet their full potential eg. Talent Management.

We will prioritise the following areas for action:

- Explore how we can attract more women into our organisation to create a more even gender balance across the grading structure. As an equal opportunities employer, we firmly believe in appointing the best candidate into the role, regardless of their gender or other factors covered by the Equality Act.
- We will continue to actively encourage flexible working across the organisation to ensure that all employees have the opportunity to work in a way that works for their career aspirations and work/life balance.

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External Auditor Appointment

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	27/01/2022
PORTFOLIO	Resources and Performance
REPORT AUTHOR	Ian Evenett
TEL NO	01282 425011 ext 7175
EMAIL	ievenett@burnley.gov.uk

PURPOSE

1. This report sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.
2. To seek a recommendation to Full Council in February for the approach to appointing an External Auditor for the 2023/24 – 2027/28 Accounts.

RECOMMENDATION

3. That the Audit and Standards Committee recommend to Full Council that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years commencing 1 April 2023.

REASONS FOR RECOMMENDATION

4. The PSAA sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than to undertake a full procurement exercise.
5. The Council is required to decide on how to prepare for the appointment of external auditors for the five years starting with the 2023/24 accounts and ending with the 2027/28 accounts.

SUMMARY OF KEY POINTS

Background and summary

6. The current external auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

7. PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During the last half of 2021/22 all local government bodies need to make important decisions about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.
8. The report concludes that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:
 - collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
 - if it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
 - it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
 - supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.
9. If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Council. The opt-in period starts on 22 September 2021 and closes on 11 March 2022.

Procurement of External Audit for the period 2023/24 to 2027/28

10. Under the Local Government Audit & Accountability Act 2014 ("the Act"), the council is required to appoint an auditor to audit its accounts for each financial year. The Council has three options;
 - To appoint its own auditor, which requires it to follow the procedure set out in the Act.
 - To act jointly with other authorities to procure an auditor following the procedures in the Act.
 - To opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).
11. In order to opt into the national scheme, a council must make a decision at a meeting of the Full Council.

The Appointed Auditor

12. The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and Best Value assessment of the council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and

responsibilities in relation to Public Interest Reports and statutory recommendations.

13. The auditor must act independently of the Council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.
14. The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) and employ authorised Key Audit Partners to oversee the work. As the report below sets out there is a currently a shortage of registered firms and Key Audit Partners.
15. Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract.
16. Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.
17. There are currently 498 authorities who have opted into the PSAA arrangements.

Appointment by the Council itself or jointly

18. The Council may elect to appoint its own external auditor under the Act, which would require the council to;
 - Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly, or a majority of, independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding 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 audit firm to award a contract for the Council's external audit.
 - Manage the contract for its duration, overseen by the Auditor Panel.
19. Alternatively, 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. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.
20. Currently there are 11 authorities which are outside of the PSAA arrangements.

The national auditor appointment scheme

21. PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

22. In summary the national opt-in scheme provides the following:

- the appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- minimising the scheme management costs and returning any surpluses to scheme members;
- consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed;
- consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- ongoing contract and performance management of the contracts once these have been let.

Pressures in the current local audit market and delays in issuing opinions

23. Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements, and local audit fees had been reducing over a long period. 98% of those bodies eligible opted into the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.

24. During 2018 a series of financial crises and failures in the private sector led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government: Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and Sir Tony Redmond's review of local authority financial reporting and external audit. The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.

25. The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible. To deliver the necessary improvements in audit quality, firms were requiring their

audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.

26. This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with Covid-19 creating further significant pressure for finance and audit teams.

27. None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.

The invitation

28. PSAA is now inviting the Council to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditor. Details relating to PSAA's invitation are provided in an Appendix to this report [Appendix will be the opt-in invitation information issued by PSAA].

The next audit procurement

29. The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:

- seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;
- continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme);
- continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned.

30. PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.

31. The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office), the format of the financial statements

(specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.

32. There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

Assessment of options and officer recommendation

33. If the Council did not opt in there would be a need to establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly, or a majority of, independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding 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 to which audit firm to award a contract for the Council/Authority's external audit.
34. Alternatively, 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. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement. No Lancashire local authorities have expressed an interest for a joint procurement exercise and are preparing to opt into the PSAA scheme.
35. These would be more resource-intensive processes to implement for the council, and without the bulk buying power of the sector-led procurement would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process. The Council is unable to influence the scope of the audit and the regulatory regime inhibits the Council's ability to affect quality.
36. The Council and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.
37. The national offer provides the appointment of an independent auditor with limited administrative cost to the Council. By joining the scheme, the Council would be acting with other authorities to optimise the opportunity to influence the market that a national procurement provides.
38. The recommended approach is therefore to opt into the national auditor appointment scheme.

The way forward

39. Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of the Council (meeting as a whole), except where the authority is a corporation sole.

40. The Council then needs to respond formally to PSAA's invitation in the form specified by PSAA by the close of the opt-in period (11 March 2022).
41. PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022 and will then consult with authorities on the appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

Risk Management

42. The principal risks are that the Council:
- fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
 - does not achieve value for money in the appointment process.
43. These risks are considered best mitigated by opting into the sector-led approach through PSAA.

Legal implications

44. Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
45. Section 8 governs the procedure for appointment including that the Council 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 Council is a local Council operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the Council under those arrangements.
46. Section 12 makes provision for the failure to appoint a local auditor. The Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.
47. 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 to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

48. There is a risk that current external audit fee levels could increase when the current contracts end. It is clear that the scope of audit has increased, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market.
49. Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large-scale collective procurement arrangement.
50. If the national scheme is not used some additional resource may be needed to establish

an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees from 2023/24.

POLICY IMPLICATIONS

51. Depending on the decision, the Council may need to make constitutional changes to appoint a local panel or joint panel.
52. 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

53. None

BACKGROUND PAPERS

54. PSAA Opting In details - <http://www.psa.co.uk/supporting-the-transition/appointing-person/becoming-an-opted-in-authority/>
55. 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: Howard Hamilton-Smith Ext 7173



AUDIT AND STANDARDS COMMITTEE

MECHANICS THEATRE, MANCHESTER ROAD

Thursday, 27th January, 2022 at 6.30 pm

26. External Auditor Appointment

Georgia Jones and Helen Stevenson left the meeting and did not take part in this item.

Ian Evenett reported on proposals for appointing the external auditor to the Council for the accounts for the 5 year period 2023/24 -2027/28.


IT WAS AGREED

THAT Full Council be recommended that the Council accepts the Public Sector Audit Appointments` (PSAA) invitation to opt into the sector-led Option for the appointment of external auditors to principal local government and police bodies for 5 financial years commencing 1 April 2023.

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Arrangements for the appointment of members to Burnley Leisure Trust's board of trustees

Report to Full Council

 <p>Burnley . gov.uk</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">DATE</td> <td>23rd Feb 2022</td> </tr> <tr> <td>PORTFOLIO</td> <td>Leisure</td> </tr> <tr> <td>REPORT AUTHOR</td> <td>Simon Goff</td> </tr> <tr> <td>TEL NO</td> <td>01282 477223 or 07971 033197</td> </tr> <tr> <td>EMAIL</td> <td>sgoff@burnley.gov.uk</td> </tr> </table>	DATE	23rd Feb 2022	PORTFOLIO	Leisure	REPORT AUTHOR	Simon Goff	TEL NO	01282 477223 or 07971 033197	EMAIL	sgoff@burnley.gov.uk
DATE	23rd Feb 2022										
PORTFOLIO	Leisure										
REPORT AUTHOR	Simon Goff										
TEL NO	01282 477223 or 07971 033197										
EMAIL	sgoff@burnley.gov.uk										

PURPOSE

1. To propose to Full Council changes to arrangements for the nomination and appointment of Local Authority Trustees to the Burnley Leisure Trust's board.

RECOMMENDATION

2. Full Council is asked to consider changes to the nomination and appointment of Local Authority Trustees to the board of Burnley Leisure as outlined in section 9. of the report.

REASONS FOR RECOMMENDATION

3. To ensure that the partnership between the Council and Burnley Leisure is maintained through the effective participation on the board by Local Authority Trustees.

SUMMARY OF KEY POINTS

4. Burnley Leisure Trust is a company limited by guarantee, registered as a charity and was established to provide the following public benefits:
 - a) To provide or assist in the provision of both indoor and outdoor facilities in the interests of social welfare for recreation or other leisure time occupation of individuals who have need of such by reason of their youth, age, infirmity or disability, financial hardship or social circumstances or to the public at large with the object of improving their conditions of life.
 - b) To promote community participation in healthy recreational activities.
 - c) To provide or assist in the provision of community facilities to be available to all sections of the community without distinction, including use for meetings, lectures and classes and/or other forms of recreation

and leisure time occupation with the object of improving the conditions of life for all those who use the facilities.

- d) To advance the education of the public in all aspects of dramatic art through the provision of a theatre.
- e) Such other charitable purposes as the trustees in their absolute discretion may determine.

5. The Trust is governed by a board of up to 11 trustees, of which up to two are appointed by the Council as Local Authority Trustees. Burnley Leisure has the power to change the composition of Trustees under its constitution.

Under the Outside Bodies qualification criteria in the Council's constitution, the appointments for the two Local Authority Trustees are made at Appointments Council in May in each year and members serve for a term of one year. Currently nominations can be made from any elected member (except members of the Executive) There are no other qualifying criteria.

6. The role of a trustee

As a trustee of the charity, the role of the Local Authority Trustee is to contribute to the governance of the Trust and to act entirely in the best interests of the Trust and in accordance with the seven principles of public life (the Nolan principles):

- 1. Selflessness
- 2. Integrity
- 3. Objectivity
- 4. Accountability
- 5. Openness
- 6. Honesty
- 7. Leadership

The role requires attendance at five board meetings and two away days per year and to provide feedback to the Executive Member for Leisure following these meetings.

The Council provides a guidance manual for members and officers involved in outside organisations.

7. Burnley Leisure Partnership

The strategic relationship between the Council and Burnley Leisure is managed through Burnley Leisure Partnership meetings, which are held quarterly and are attended by the Chair and Vice-Chair of Burnley Leisure, the Executive Member for Health and Wellbeing, the Trust's Chief Executive and Council officers.

8. Improving the contribution of trustees

The Partnership has reviewed the role of the Local Authority Trustee and has identified that some change is needed. In particular there needs to be greater continuity, with trustees serving a longer term and it is noted that there have been 18 different Councillors appointed as Local Authority Trustees in the last 8 years, whilst among the other 7 trustees there have been only 9 changes of trustee.

9. New proposal

To ensure that Trustees have greater continuity in the role, it is proposed that the two Trustees who are nominated by the Council will be appointed for a term of two years and three years respectively. Whilst initially the two Trustees will both appointed at the same time, thereafter, appointments will be staggered and be for a term of two years.

This will need a change to the Outside body's qualification criteria in the Council's constitution.

In addition Burnley Leisure Partnership proposes that the following change to the nomination process of Trustees would help ensure that the Local Authority trustees make an effective contribution:

- a) Members who are interested in putting themselves forward as Local Authority trustees will be invited to attend a briefing session organised by Burnley Leisure at which the role and responsibilities will be discussed and provide an opportunity for fact finding by prospective trustees. In addition, Burnley Leisure will ask members who have attended the briefing session to give an assurance that if elected as a Local Authority they will fully commit to the role and use all reasonable endeavours to attend each board meeting.
- b) Only those members who have attended the briefing session and provided the assurance set out in a) will be entitled to be nominated to the two Local Authority Trustee positions. Applications to become trustees will remain open to members from any political party (with the exception of members of the Executive). Changes will be made to the qualification requirements set out in the Outside Body section of the Constitution. It is proposed that Group Leaders will take responsibility for putting forward only those candidates who have satisfied the new eligibility criteria for the Local Authority Trustee positions.
- c) A role description will be provided by the Trust, which clearly sets out the role and responsibilities of trustees and any specific skills which are desirable.

- d) The Trust will prepare an induction pack for new trustees providing information about the Trust, including its charitable purposes, operations, strategic plan, etc. and will provide a tour of facilities on appointment.
- e) Member Structures Working Group on 10th February 2022 recommended that the appointments be delayed until July 2022 to allow full implementation of the new arrangements proposed in Paragraph 9 a) to d).

10. Alternative options considered

Before settling on the proposals outlined above, the Partnership considered other options as outlined below:

Option	Reasons for rejection
Maintain the current arrangement	The annual appointment means that trustees don't spend long enough on the board to make an effective contribution and a lack of commitment of some trustees results in non-attendance at board meetings
No representation on board	The valuable links between the Council and BLC would be weakened and the input of elected members in representing the views of local residents would be lost.
Executive Member for H&W and a council officer nominated as trustees	This would create a conflict of roles and compromise their ability to make decisions about the Trust on behalf of the Council and be contrary to Charity Commission's guidance on the role of charity trustees.

Implementing the recommendations

- 11. It is proposed that following consultation with 10th February 2022 Member Structures Working Group the recommendations as set out in Paragraph 9 will be submitted for approval by Full Council and if approved, the changes to the to the appointment of trustees will take effect from July 2022.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

- 12. None

POLICY IMPLICATIONS

13. An effective partnership between the Council and the Burnley Leisure Group will ensure that Burnley's residents are provided with the best possible leisure facilities and activities to enable them to maintain their health and wellbeing

DETAILS OF CONSULTATION

14. Member Structures Working Group-

BACKGROUND PAPERS

15. [Burnley Borough Council Constitution](#)

FURTHER INFORMATION
PLEASE CONTACT: Simon Goff
ALSO:

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Constitutional Amendments & Reporting**REPORT TO FULL COUNCIL**

DATE	23/02/2022
PORTFOLIO	Leader
REPORT AUTHOR	Eric Dickinson
TEL NO	01282 477256
EMAIL	edickinson@burnley.gov.uk

PURPOSE

1. To inform Members of a waiver of call-in relating to an urgent decision (Executive Functions) taken by the Chief Executive on 28 January 2022 relating to Omicron Additional Restrictions Grants.
2. To request that Part 3 (Council Functions) Scheme of Delegation relating to the Licensing Committee and the Head of Legal and Democratic Services be amended in accordance with Appendix A of the report to 2nd February 2022 Licensing Committee (attached as Appx 2) to enable the Head of Legal & Democratic Services to act where training requirements are not met.
3. To consider a nomination by the Green Group regarding a change to the appointment to Member Structures Working Group.

RECOMMENDATION

4. That Council notes the waiver of call in granted relating to an urgent decision (Executive Functions) taken by the Chief Executive on 28 January 2022 (Minute attached as Appendix 1) relating to Omicron Additional Restrictions Grants.
5. That Part 3 (Council Functions) Scheme of Delegation relating to the Licensing Committee and the Head of Legal and Democratic Services be amended in accordance with Appendix A of the report to 2nd February 2022 Licensing Committee (attached as Appx 2) to enable the Head of Legal & Democratic Services to act where training requirements are not met.
6. That Councillor Scott Cunliffe be appointed to Member Structures Working Group to replace Cllr Andy Fewings relating to the Green Group.

REASONS FOR RECOMMENDATION

7. To ensure that the requirements of the Constitution are upheld and transparency is maintained.

8. To amend the Part 3 (Council Functions) Scheme of Delegation following consultation with the relevant Committee.
9. To update appointments to Committees and Working Groups.

SUMMARY OF KEY POINTS

10. Part 4.5 of the constitution requires that a waiver to call-in be reported at Full Council.
The Chair of Scrutiny agreed to waive call-in regarding the following decision, and this was confirmed by the Chief Executive;
 - i. 28 January 2022 -Chief Executive- Omicron Additional Restrictions Grants (Appendix 1- Minute attached)
11. Licensing Committee on 2nd February 2022 considered a report (attached as Appendix 2) and recommended to Full Council a change to Part 3 (Council Functions) Scheme of Delegation relating in accordance with Appendix A to the report, to enable the Head of Legal & Democratic Services to act where training requirements are not met (see Minute 37 of 2nd Feb 2022 Lic regarding the decision, also attached).
12. Following the recent change of Group Leader of the Green Group from Cllr Andy Fewings to Cllr Scott Cunliffe, and the qualification of Group Leaders to be on Member Structures Working Group (MSWG), it is requested that Full Council considers the appointment of Cllr Scott Cunliffe to replace Cllr Andy Fewings on MSWG.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

13. None

POLICY IMPLICATIONS

14. None.

DETAILS OF CONSULTATION

15. Member Structures Officer Group
Member Structures Working Group.

BACKGROUND PAPERS

16. None.

FURTHER INFORMATION

PLEASE CONTACT:

ALSO:

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URGENT EXECUTIVE DELEGATED DECISION BY THE CHIEF EXECUTIVE

BURNLEY TOWN HALL

PRESENT

OFFICERS Eric Dickinson - Democracy Officer

2. Omicron Additional Restrictions Grant Scheme

Purpose To approve the Omicron Additional Restrictions Grant Fund using Chief Executive urgency powers under Part 3 of the Constitution (Executive Functions).

Reason For Decision Following the imposition of additional restrictions on 21st December 2021 in response to the increasing rates of infection from the new Omicron variant, the government has made available two grant schemes for businesses affected by the restrictions.

Under the Omicron Grant Scheme a range of hospitality, leisure and accommodation businesses are identified and are eligible for grants of between £2,667 and £6,000 depending on their rateable value. The government has also made available to Burnley Council a £112k top up to the Additional Restrictions Grant to support businesses severely impacted by the rise of the Omicron variant, that are not eligible for the main Omicron Grant scheme.

It is for local authorities to determine the scope of the Additional Restrictions Grant Top Up based on the guidance provided by HMG.

The Additional Restrictions Grant comes with very tight timescales for implementations with a closing date of Friday 18th March 2022 and with all funding having to be distributed to businesses by 31st March 2022. It is therefore necessary for the decision to be made by the Chief Executive under urgency powers, and call-in waived.

Decision That the Chief Executive using urgency powers under Part 3 of the Constitution (Executive Functions):

- a) Approves the eligibility criteria and grant rates as set out below in this report for the Omicron Additional Restrictions Grant Fund;

- b) Delegates authority to the Strategic Head of Economy and Growth and Head of Finance and Property to approve grant applications;and
- c) Waives call-in to enable businesses sufficient time to respond to a call for bids that has to be closed on 18th March, with payments made no later than 31st March, subject to the prior agreement of the Chair of Scrutiny.

In accordance with and following the requirements set out in Paragraph 15 of Part 4.5 of the constitution regarding the prior agreement provided by the Chair of Scrutiny, it is stated that in the opinion of the Chief Executive this decision is an urgent one and therefore not subject to call-in.

Decision made by: Chief Executive

Mark Cottle

Date: 28th January 2022

Decision Published on: 28th January 2022

REPORT TO LICENSING COMMITTEE



DATE	2nd February 2022
PORTFOLIO	Community & Environment
REPORT AUTHOR	Karen Davies
TEL NO	01282 425011
EMAIL	Kdavies@burnley.gov.uk

Review of Taxi Pre-Application Requirements

PURPOSE

1. To review taxi pre-application requirements introduced to accommodate covid-secure measures, and consider implementing permanent changes.

RECOMMENDATION

2. That the Licensing Committee agree:
 - to reinstate supervised online driver Knowledge Tests from 4th April 2022
 - to agree to adopt permanently the online safeguarding training (as prescribed by the Council) and online safeguarding refresher training, to be implemented from 4th April 2022
 - to introduce knowledge test refresher training every 3 years, to coincide with the renewal of the driver licence, from 4th April 2022
 - to confirm Group 2 driver medicals as an alternative to GP medicals where the practice no longer offers the service, implemented immediately
 - to reinstate 3 year driver licences as the norm where the pre-application criteria are met (except in special circumstances eg for medical reasons & hardship)
 - to recommend Full Council to amend the Scheme of Delegation in accordance with Appendix A to enable the Head of Legal & Democratic Services to act where training requirements are not met

REASONS FOR RECOMMENDATION

3. To review the arrangements as per Minute 27 Licensing Committee 23rd June 2021.

SUMMARY OF KEY POINTS

4. The interim arrangements introduced through the pandemic period provided a series of accommodations to pre-application criteria, the impact of which was safeguarded by a requirement for annual renewal of a driver`s licence.
5. The Knowledge Test comprises 3 parts – an assessment of English communication skills; an understanding of the legal framework & local taxi licensing conditions; and familiarity with the Burnley area. Since the introduction of the interim, remote knowledge test arrangements the pass rate has increased to almost 100%. The English language assessment element of the test, which Members have previously felt essential, has not been possible because the test has not been conducted face to face. As covid restrictions have fallen away Contact Burnley anticipate being able to reintroduce supervised tests in the contact centre from April.
6. The absence of a requirement for refresher training, particularly in relation to the legal framework, and conditions was considered at a recent Sub-Committee as part of a driver licence review. Refresher training should be completed as a pre-requisite of each renewal, by way of resitting the Knowledge Test is therefore proposed at a current cost of £48.
7. Online safeguarding training, and refresher training at renewal, have been implemented successfully. They have worked well and it is recommended that they should continue to be delivered in the current remote format. Now that the system has bedded in the expectation will be that refresher training will be completed as a pre-requisite of each renewal.
8. Group 2 medicals are now accepted, subject to the issue of a 12 month driver licence, but only where the applicants own GP does not provide this service. The independent practitioner has access to the individual`s medical history. This has been utilised by a small number of drivers and has worked very well, giving confidence that the licence period can safely be extended to 3 years.
9. Annual driver licences result in a large number of renewals being necessary which would not otherwise be required. Adopting the recommendations of this report will regularise the pre-application requirements and allow 3 year licences to resume as the norm. As has always been the case, annual licences will be retained for `special circumstances` including medical reasons and hardship.
10. In order to act where training requirements are not met, and provide for future circumstances where training requirements are reviewed, the proposal at Appendix A provides for appropriate delegated powers to be available to the Head of Legal & Democratic Services to suspend or refuse to renew licences.
11. For information, a further `tax conditionality` pre-application check will be required from 4th April 2022. This has been introduced nationally and requires all existing drivers and operators to complete a tax check prior to licence renewal, and all licensing authorities to verify that the check has been made. This will be facilitated via an online HMRC portal.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

12. Knowledge Tests, safeguarding training and medicals are paid by the drivers direct to the provider. 3 year licences cost less than 3 x annual licences.

The Contact Burnley services are provided by Liberata, and any changes to services provided will be agreed between the parties.

POLICY IMPLICATIONS

13. The recommendation would introduce permanent changes to pre-application requirements

DETAILS OF CONSULTATION

14. Taxi Task Group were consulted prior to meeting on 19th January 2022 and endorsed the recommendations of the report.

BACKGROUND PAPERS

15. None

FURTHER INFORMATION

PLEASE CONTACT:

Karen Davies

ALSO:

Joanne Swift

Proposed Amendment to Constitution – Part 3 p13 Head of Legal & Democratic Services

Existing:

2. In the event that a driver fails to successfully complete the Burnley Council/Burnley College Taxi Training within the time limits set out as follows:
To require all new applicants, upon applying for a Hackney Carriage or Private Hire Driver's licence, to have registered for the Taxi Training Course within 6 months of the application date: and
To require all existing licensed hackney carriage and private hire drivers to undertake and successfully complete the Taxi Training Course by 31st October 2011;
to approve the use of the Head of Legal and Democratic Services delegated powers to suspend or refuse to renew, as appropriate, the Hackney Carriage and/or Private Hire Driver's licence. In such cases the driver will be offered the opportunity to put any circumstances to show why the licence should not be revoked or renewed to the Licensing Committee for final disposal.
3. To enable the suspension or refusal to renew, as appropriate, of any Hackney Carriage and/or Private Hire Drivers and/ or Operators Licence where the holders of such licences have failed to complete a council approved child sexual exploitation (CSE) course by 31st December 2016.
Where the Council intends to suspend a drivers/operators licence because they have failed to complete a CSE course, the licence holder will be offered the opportunity to put forward any exceptional circumstances to the Licensing Committee to show why the licence should not be suspended or why it should not be renewed.
The suspension of any licence would continue until such time as a driver/operator is able to complete the CSE training

Proposed:

2. In the event that an applicant or licence-holder fails to successfully complete any training required by the Council the Head of Legal and Democratic Services is given delegated powers to suspend or refuse to renew, as appropriate, the Hackney Carriage and/or Private Hire Driver's licence and/ or Operators Licence. The applicant/licence holder will be offered the opportunity to put forward any exceptional circumstances to show why the licence should not be suspended, refused or why it should not be renewed.
The suspension of any licence would continue until such time as a driver/operator is able to complete the training.
3. **Delete**



LICENSING COMMITTEE

BURNLEY TOWN HALL

Wednesday, 2nd February, 2022 at 6.30 pm

37. Review of pre-application licence requirements

The Licensing Committee RESOLVED:

- to reinstate supervised online driver Knowledge Tests from 4th April 2022
- to adopt permanently the online safeguarding training (as prescribed by the Council) and online safeguarding refresher training, to be implemented from 4th April 2022
- to introduce knowledge test refresher training every 3 years, to coincide with the renewal of the driver licence, from 4th April 2022
- to confirm Group 2 driver medicals as an alternative to GP medicals where the practice no longer offers the service, implemented immediately
- to reinstate 3 year driver licences as the norm where the pre-application criteria are met (except in special circumstances eg for medical reasons & hardship)
- to recommend Full Council to amend the Scheme of Delegation in accordance with Appendix A to enable the Head of Legal & Democratic Services to act where training requirements are not met

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Scrutiny Chair's report to 23 February 2022 Full Council

There has been one meeting of Scrutiny on 10th February 2022 since last Council on 26th January 2022.

I was pleased that one area within the newly agreed Executive/Scrutiny Protocol has already been implemented regarding a Public version of an otherwise Private report being created and discussed at the 10th February meeting on the Sale of Land at Holme Road. There was a member of the public who addressed the Committee under a Right To Speak on the item and then who stayed for the discussion by Members on the Public report.

On this occasion there were no questions submitted by Members in advance of the meeting, but they could in future aid preparation and discussions at Scrutiny Committees.

The Committee considered in detail a number of strategy reports regarding Climate Change and Electric Vehicle Charging and the Migration of Land Charges to Her Majesty's Land Registry was also discussed, as well as Policy Framework reports on the overall Strategic Plan for the Borough and the Annual Pay Policy Statement.

A Private report on the Lower St James Street Heritage Action Zone was considered along with the Private version of the Sale of Land at Holme Road.

Following the completion of the work for the moment by the Calico Review Groups, further topics have been requested for consideration at the next meeting including their objectives, outcomes and how they can be achieved.

Due to an Urgent Decision being required by the Chief Executive relating to the Omicron Variant and Additional Restrictions Grants agreement was provided for call-in on this matter to be waived.

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Audit and Standards Committee 27th January

Audited Final Accounts 2020-21

The Statement of Accounts for the Council and the AGS for 2020-21 were presented.

The External Auditor presented their Audit Finding report on the Council's Statement of Accounts for 2020-21. There was work which was ongoing on the Audit and on the provision of the VFM opinion.

Members commented on the increase in General Reserves, and this was due to Business Grant and Covid Funding.

There was a query on the delivery of savings, and these were explained in the reports provided to Revenue Monitoring and reports made to Full Council.

Further explanation was provided on an External Auditor finding on the controls on Journals.

IT WAS AGREED

- That the Statement of Accounts be approved and signed, with delegated authority given to the S151 Officer to make minor amendments in consultation with the Chair of the Audit and Standards Committee;
- That the Letter of Representation be approved and signed;
- That the Audit Findings be noted; and
- That the Annual Governance Statement signed as at January 2022 be approved

Annual Governance Statement 2021-22 Arrangements

The arrangements for the production of the Annual Governance Statement for the current year was reported.

The arrangements were approved

Internal Audit Progress Report – Quarter 2

The oversight of Audit activity is part of the role of the committee and the most recently available quarters report was provided. This outlines summaries of issued reports and issues as well as updates on the planned activity.

Fraud Risk Assessment 2021-22

The report covers the risk assessment for various common fraud areas of activity in the Council and compares to fraud trends.

Strategic Risk Register

A report was provided on the current Strategic Risk Register and the changes to the previous register. There was a reduction in the Risk score for regeneration as schemes were delivered. These risks transferred to the Financial risks.

Regulation of Investigatory Powers Act (RIPA) – Annual Return

The Chief Operating Officer reported on the RIPA return. Confirming that it had not been necessary during the past year.

Standards Complaints Update

The Chief Operating Officer reported on Member complaints during 2021/22. He indicated that to date 6 complaints regarding the conduct of Members had been received, with 3 withdrawn before the complaint initial assessment was undertaken, one complaint obsolete due to old information being on the Council's website, and 2 complaints being dealt with by mediation following the complaint initial assessment by the Monitoring Officer and after consultation with the Council's Independent Person.

Work Programme 2021-22

The work Programme was noted.

The Internal Audit Plan for 2022 23 was to be included in the March meeting

The development of an updated Audit and Standards Committee Handbook was to be included in the terms of reference report.

External Auditor Appointment

The arrangement on appointing the external Auditor was reported on proposals for appointing the external auditor to the Council for the accounts for the 5 year period 2023/24 -2027/28.

IT WAS AGREED

THAT Full Council be recommended that the Council accepts the Public Sector Audit Appointments` (PSAA) invitation to opt into the sector-led Option for the appointment of external auditors to principal local government and police bodies for 5 financial years commencing 1 April 2023.

Agenda Item 6c

Licensing Committee have recently considered and approved a review of pre-application checks for taxi licences. This includes a return to face to face knowledge tests, refresher knowledge tests on renewal, safeguarding training and medical requirements.

Taxi Sub -Committee has met twice to consider driver reviews, where one licence was revoked and another resulted in no further action.

Officers have worked with police colleagues in a prosecution arising from a defective taxi driver application. The matter went to trial at Preston Crown Court, where the defendant was convicted of a fraud offence. Sentencing will take place at a later date.

I have met with the Chair and Vice-Chair of Scrutiny Committee and officers to discuss an approach to town centre issues as we look towards the development of Pioneer Place and opportunities for Charter Walk. A Purple Flag assessment has recently been carried out and we agreed to work with colleagues and partners on cross-cutting issues to support a safe and diverse town centre.

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Agenda Item 6d

Our February committee meeting had an interesting and varied agenda. Committee members were very pleased to be able to delegate to officers to approve Calico's extra care housing scheme planned for the land adjacent to Burnley Hospital off Briercliffe Road. The scheme will make a significant contribution to Burnley's housing offer for older people with 93 units of affordable housing with care that promotes independent living, health and wellbeing.

Committee also approved a temporary hoarding on St James Street that will help support the Heritage Action Zone Project and a listed building consent to carry out some repair and conservation work to Towneley Hall.

These important decisions contribute to improving Burnley's housing offer, promoting our town centre and preserving our valuable heritage."

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EXECUTIVE MINUTE EXTRACTS FOR COUNCIL



EXECUTIVE

BURNLEY TOWN HALL

Monday, 14th February, 2022 at 6.30 pm

84. Strategic Plan

PURPOSE

To seek Executive endorsement of the Strategic Plan

REASON FOR DECISION

The Strategic Plan sets out a clear vision for the future: 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 Executive recommend the Strategic Plan to Full Council with the following amendment:

P9 (of the Strategic Plan document) PR2 – We will proactively support the borough`s businesses in the urban and rural areas to innovate and expand, and make the borough a natural choice for business relocation.

87. Q3 Revenue Budget Monitoring

Members noted a revision at recommendation (d). The revised carry forward had increased from £160k to £182k.

PURPOSE

To report the forecast outturn position for the year as at 31 March 2022 based upon actual spending and income to 31 December 2021, and to note the financial impact of the Coronavirus pandemic. In view of these exceptional times the revenue monitoring position is uncertain.

REASON FOR DECISION

To give consideration to the level of revenue spending and income in 2021/22 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

The Executive RESOLVED to:

- a. Note the projected revenue budget forecast position of a net overspend of £12k, as summarised in Table 1 and detailed in Appendix 1.

And also to seek approval from Full Council for:

- b. **The latest revised net budget of £15.419m as shown in Table 1, and**
- c. **The net transfers from earmarked reserves of £2.166m as shown in Appendix 2.**
- d. **The carry forward of forecast unspent budgets as requested by Heads of Service in Appendix 3. These amounts totalling £182k are to be transferred into the Carry Forward Reserve. The monies will be transferred back out to create additional revenue budgets in 2022/23 or when required.**

88. Q3 Capital Budget Monitoring

PURPOSE

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

REASON FOR DECISION

T0 effectively manage the 2021/22 capital programme.

DECISION

The Executive RESOLVED to:

- a. **Recommend to Full Council, approval of net budget changes totalling a decrease of £5,725,705 giving a revised capital budget for 2021/22 totalling £36,670,513 as detailed in Appendix 1.**
- b. **Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £36,670,513 as shown in Appendix 2.**
- c. **Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £1,840,205 at 31 March 2022 as shown in Appendix 3.**

89. Medium Term Financial Strategy 23/24 - 26/27

Members of the Executive wished to place on record their thanks to all members of the finance team who had worked hard to produce a number of clear but detailed reports for consideration.

PURPOSE

To consider the longer term financial outlook within the context of a Medium-Term Financial Strategy covering the financial years 2023/24 to 2026/27, highlighting uncertainties, underlying risks and make recommendations to Council. The Medium-Term Financial Strategy should be read in conjunction with the Revenue Budget 2022/23 and the associated statutory report of the Chief Finance Officer.

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

The Executive RESOLVED to recommend to Full Council:

- 1. Approve the latest Medium-Term Financial Strategy;**
- 2. Approve the Reserves Strategy, as appended to the Medium-Term Financial Strategy; and**
- 3. Note that a refreshed document will be provided when required as an aid to monitoring the continued delivery of an annually balanced budget.**

90. Treasury Management

PURPOSE

- 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 2022/23.
- c) To set out prudential indicators for the financial years 2022/25 in line with the CIPFA's Prudential Code 2017.
- d) To seek approval for the Council's Minimum Revenue Provision (MRP) Policy Statement for the financial year 2022/23 in accordance with Government regulations.

REASON FOR DECISION

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

DECISION

It was **RESOLVED** that the Executive recommend to Full Council approval of;

- a) The treasury management strategy statement for 2022/23 as set out in Appendix 1 .
- b) The prudential and treasury indicators for 2022/23 to 2024/25 per Appendix 2 including the authorised limit for external debt of £95.346m in 2022/23. T
- c) The list of Counterparties for Deposits outlined within Appendix 3. T
- d) The Council's MRP Statement for 2022/23 as set out in Appendix 4 of this report. T

91. Revenue Budget 22-23 including savings proposals

PURPOSE

To consider the estimates of revenue income and expenditure for 2022/23 and to make recommendations to Full Council about next year's Revenue Budget.

REASONS 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 2022/23 that ensures the viability of the Council and aligns resources to the Council's strategic priorities.

DECISION

The Executive **RESOLVED** to recommend that Full Council:

- i) **Endorse the approach that has been adopted in developing budget proposals that reflect the Council's Strategic Objectives for 2022/23;**
- ii) **Approve the proposals contained in this report;**
- iii) **Set a Council Tax Requirement of £7,480,375 for the financial year 2022/23;**
- iv) **Set a Net Budget Requirement of £15,231,941 for 2022/23;**
- v) **Receive and consider the statutory report issued by the Head of Finance and Property under the Local Government Act, 2003;**
- vi) **Authorise the Chief Operating Officer/Heads of Service to progress action plans to deliver the 2022/23 budget;**

- vii) **Approve a Council Tax (Band D) figure of £318.49 for this Council for the year commencing 1st April 2022 and adopt the statutory resolution to set the full Council Tax for the year. This is equivalent to a 1.99% Council tax increase.**

92. Capital Budget 22-23 and investment programme 22-27

PURPOSE

To recommend approval of the capital budget for 2022/23

REASON FOR DECISION

To establish a capital budget that reflects the Council's overall priorities and provides a framework for capital spending to be undertaken during 2022/23.

DECISION

The Executive RESOLVED:

a) to recommend that Full Council:

(i) Approve the 2022/23 Capital Budget, totalling £37,805,441, as set out in Appendix 1

(ii) Note the 2022-27 Capital Investment Programme as set out in Appendix 1.

(iii) Note the estimated position on capital resources as set out in Appendix 2.

b) That subject to a)(i) above the Executive approve the release of capital scheme budgets including slippage from 2021/22, subject to compliance with the Financial Procedure Rules and that there will be full compliance with Standing Orders for Contracts.

c) to Approve the Capital Strategy 2022-27, as set out in Appendix 4

93. Pay Policy Statement

PURPOSE

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

REASON FOR DECISION

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

DECISION

It was RESOLVED that Full Council be recommended to approve the amended recommendations, as set out below:

- **To approve this report and the attached Pay Policy Statement for 2022/23;**
- **To note the Council's Gender Pay Gap report which is at Appendix H of the Pay Policy Statement.**
- **To agree a delegation to the Strategic HR Manager to make minor amendments to finalise the Pay Policy Statement following agreement of pay awards for 2021-22.**
- **To approve, subject to reaching a collective agreement or following consultation with affected employees, an amendment to NJC terms and conditions which will require employees on Grades 7-11 to provide a minimum of 2 months' notice of termination and for employees on Grades 12-14 to provide a minimum of 3 months`.**