

# SCRUTINY COMMITTEE

Thursday, 9th February, 2023  
6.30 pm





# SCRUTINY COMMITTEE

## ROOMS 2 & 3, BURNLEY TOWN HALL

Thursday, 9th February, 2023 at 6.30 pm

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

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

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

Due to Public Health guidance on social distancing there is a limited capacity for members of the public to attend meetings. You are advised to contact [democracy@burnley.gov.uk](mailto:democracy@burnley.gov.uk) in advance of the meeting.

## **AGENDA**

### **1) Apologies**

To receive any apologies for absence.

### **2) Minutes**

To approve as a correct record the minutes of the last meeting, held on 11<sup>th</sup> January 2023.

5 - 10

### **3) Additional Items of Business**

To determine whether there are any additional items of business which, by reason of special circumstances, the Chair decides should be considered at the meeting as a matter of urgency.

### **4) Declarations of Interest**

To receive any declarations of interest from Members relating to any item

on the agenda, in accordance with the provisions of the Code of Conduct and/or indicate if S106 of the Local Government Finance Act 1992 applies to them.

**5) Exclusion of the Public**

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

**6) Public Question Time**

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

PUBLIC ITEMS

- |  |           |
|--|-----------|
| <b>7) Notice of Key Decisions and Private Meetings</b>   | 11 - 20   |
| To consider the list of future Key Decisions.  |           |
| <b>8) Resident Satisfaction Survey</b>   | 21 - 28   |
| To receive a Powerpoint presentation on the outcome of the Resident Satisfaction Survey.                 |           |
| <b>9) Strategic Plan 2023</b>  | 29 - 40   |
| To consider the Strategic Plan 2023.   |           |
| <b>10) Pay Policy Statement 2023/24</b>  | 41 - 106  |
| To consider a report on the Annual Pay Policy Statement.   |           |
| <b>11) Revenue Budget Monitoring Q3 2022/23</b>  | 107 - 124 |
| To consider revenue budget monitoring Q3 2022/23.  |           |
| <b>12) Capital Budget Monitoring Q3 2022/23</b>  | 125 - 138 |
| To consider the capital budget monitoring Q3 2022/23.  |           |
| <b>13) Medium Term Financial Strategy 2023/2028</b>  | 139 - 182 |
| To consider the medium term financial strategy 2023/28.  |           |
| <b>14) 2023/2024 Treasury Management Strategy and 2023/2024 Prudential and Treasury Indicators</b>       | 183 - 212 |
| To consider the 2023/2024 Treasury Management Strategy and 2023/2024 Prudential and Treasury Indicators. |           |
| <b>15) Council Tax Support Scheme 2023/24</b>  | 213 - 224 |
| To consider a council tax support scheme 2023/24.  |           |
| <b>16) Revenue Budget 2023/24</b>  | 225 - 246 |
| To consider the revenue budget 2023/24.  |           |
| <b>17) Capital Budget 2023/24 and Capital Investment Programme 2023/28</b>                               | 247 - 272 |
| To consider the capital budget 2023/24 and capital investment programme 2023/2028.                       |           |
| <b>18) Work Programme 2022/23</b>  | 273 - 276 |
| To consider any amendments to the Work Programme for 2022/23.  |           |

## PRIVATE ITEMS

None

## **MEMBERSHIP OF COMMITTEE**

Councillor Howard Baker (Chair)  
Councillor Gail Barton  
Councillor Ann Royle (Vice-Chair)  
Councillor Gordon Birtwistle  
Councillor Sarah Hall  
Councillor Alan Hosker  
Councillor Mohammed Ishtiaq  
Councillor Lubna Khan

Councillor Jack Launer  
Councillor Alun Lewis  
Councillor Gordon Lishman  
Councillor Sehrish Lone  
Councillor Jamie McGowan  
Councillor Lorraine Mehanna  
Councillor Christine Sollis  
Councillor Don Whitaker

## **PUBLISHED**

Wednesday, 1 February 2023



## SCRUTINY COMMITTEE

BURNLEY TOWN HALL

Wednesday, 11th January, 2023 at 6.30 pm

### PRESENT

### MEMBERS

Councillors G Barton, A Royle (Vice-Chair), G Birtwistle, J Launer, A Lewis, G Lishman, S Lone and J McGowan

### OFFICERS

Paul Gatrell	– Head of Housing & Development Control
Kate Ingram	– Strategic Head of Economy and Growth
Joanne Swift	– Head of Streetscene
Mick Cartledge	– Chief Executive
Lisa Fay	– Principal Environmental Health Officer (Food)
Kieron Roberts	– Parks Development Manager
Andrew Leah	– Property Services Manager
Jill Wolfendale	– Principal Environmental Health Officer
Carol Eddleston	– Democracy Officer
CJ Walmsley	– Democracy Officer

### 69. Apologies

Apologies were received from Councillors Baker, Hall, L Khan and Whitaker.

### 70. Minutes

The minutes of the meeting held on 24<sup>th</sup> November 2022 were approved as a correct record and signed by the Chair.

### 71. Additional Items of Business

There were no additional items of business.

### 72. Declarations of Interest

Councillor Barton declared a personal interest in Item 10, Community Safety Strategy Update, insofar that tackling serious and organised crime related to her job.

Councillor Lewis declared a personal interest in Item 15, Memorial Park Wheeled Sports Area, insofar as he is a Padiham Town Council Member.

### **73. Exclusion of the Public**

Exclusion of press and public was as set out in the agenda.

### **74. Public Question Time**

No questions, statements or petitions had been received from members of the public.

### **75. Notice of Key Decisions and Private Meetings**

Members noted the Notice of Key Decisions and Private Decisions (NKDPM) published on 13<sup>th</sup> December 2022 and were reminded that, when they received notification of each NKDPM being published, they should ask the Chair to request any items of interest to be brought to Committee.

### **76. Lancashire 2050**

A report was submitted which updated Members on the progress in developing the Lancashire 2050 Strategic Framework.

It was recommended that the outline Lancashire 2050 Strategic Framework that would guide further development of shared detailed priorities and actions with partners and stakeholders across the whole of Lancashire be endorsed; and that it be agreed that the Leader of the Council continues to work with Lancashire Leaders and make representations to that forum on any matters arising from the Council's consideration of the report.

Concerns were raised over social housing in Lancashire, being some of the worst in the country. It was felt that this was not sufficiently reflected in the report, particularly with regards replacement housing. Members were advised that a more detailed document would be circulated ahead of the next full Council meeting.

It was reported that the publication of the Levelling Up White Paper in February 2022 set out a proposed devolution framework, to be enacted through the Levelling Up and Regeneration Bill. Clarity on the ongoing policy direction and timeframes was still awaited.

IT WAS AGREED THAT: the report be noted.

### **77. Resident Satisfaction Survey**

This item was deferred until the next meeting of the Committee.

### **78. Community Safety Strategic Update**

A report was submitted that provided an update on Burnley's community safety performance as part of the required statutory duty, in accordance with the Crime and

Disorder Act 1998 and sought approval of the Pennine Lancashire Community Safety Partnership's strategic priorities for 2022-2025, namely: -

- maintaining low crime and antisocial behaviour
- targeting repeat offenders and those causing the greatest harm
- serious violence
- road safety
- tackling serious and organised crime
- domestic abuse

Statistics were requested in respect of the effectiveness of the alleygates schemes for increased home security. The Committee was advised that the project officer could provide the statistics directly.

IT WAS AGREED THAT: the report be noted.

### **79. Food Safety Delivery Plan 2023**

The Food Safety Service Delivery Plan for 2022/2023 was submitted for consideration. The Food Standards Agency's (FSA) "Framework Agreement on Official Feed and Food Controls by Local Authorities" set out what the FSA expected from local authorities in their delivery of official controls on feed and food law. In recognition of the challenges local authorities faced in delivering statutory food functions whilst having to prioritise protecting communities from Covid 19, the FSA had published the Recovery Plan, of which the delivery plan intended to meet the requirements.

In 2021/22 a total of 540 Official Control Interventions had been completed. The workplan for 2022/23 would continue to align with the FSA Recovery Plan, and where possible the Food Safety Team would move at a faster pace in realigning with the intervention frequencies and other provisions set out in the Food Law Codes of Practice.

IT WAS AGREED THAT: the report be noted.

### **80. Health and Safety Delivery Plan 2023**

The Health and Safety Intervention Plan 2022/23 was submitted which had been produced to outline the health and safety regulation duties undertaken by the Council's health and safety team.

Clarification was sought in respect of enforcement action figures, with no notices, caution or prosecution being issued in 2021/22. It was explained that this was due to the level of proactive working.

Concerns were raised over the condition of pavements in relation to ice, and whilst this was the responsibility of highways, it was felt that grit bin refusal was an issue and Ward Councillors could raise this directly with Lancashire County Council.

IT WAS AGREED THAT: the report be noted.

## **81. Empty Homes Programme**

A report was submitted that sought approval from the Executive to make several Compulsory Purchase Orders (CPOs) for long term vacant properties in the private sector. It also sought approval to dispose of the properties in accordance with the Council's Disposal of Empty Dwellings Policy and scheme of delegation or to Calico Homes as appropriate.

Clarification was sought in terms of compensation and the Committee was advised that there was an obligation to pay market value.

IT WAS AGREED THAT: the report be noted.

## **82. Environmental Enforcement Services Procurement**

A report was submitted which sought approval from the Executive to undertake the re-procurement of the Council's environmental enforcement service for the borough. This provided continuity of service for environmental enforcement services and ensured that a suitable provider was appointed through a tender exercise compliant with the Council's Contract Standing Orders and the Public Contract Regulations 2015. It would continue to deliver its 'Clean Burnley' strategic priorities; provide robust enforcement to challenge and change behaviours where these persisted, regarding littering, dog fouling and excess side waste; and maintain the cleanliness and enforcement across the whole of the borough.

Some discussion took place around the scope and limits of Kingdom Environmental Services issuing Fixed Penalty Notices, along with deployment of resources.

IT WAS AGREED THAT: the report be noted.

## **83. Memorial Park Wheeled Sports Area**

A report was submitted that sought Executive approval to accept the tender submitted by Clark and Kent for the construction of a wheeled sports area at Park Road.

In light of the 'Make Space for Girls' initiative, a question was put regarding the exploration around gender balance. A consultation had taken place the previous year which was being taken into consideration. The scheme was part of a larger project to develop most of the facilities on Park Road. The project would include the upgrade of the existing ball court, repainting and relining of the tennis courts, upgrade of the existing play area to improve inclusivity and refurbishment of the youth shelter.

IT WAS AGREED THAT: the report be noted.

## **84. Work Programme 2022/23**

IT WAS AGREED: that the work programme for 2022/23 be noted.

## **85. Exclusion of the Public**

Members resolved to exclude the press and public from the meeting before discussion took place on the following items of business on the grounds that in view of the nature of the business to be transacted if the public were present there would be a disclosure to them of exempt information by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

#### **86. Lower St James's Street Heritage Action Zone**

A report was submitted on Lower St. James's Street Heritage Action Zone Creative Hub project.

IT WAS AGREED THAT: the report be noted.

#### **87. Burnley Bus Station Facilities Management Services Procurement**

A report was submitted on the Burnley Bus Station Facilities Management Contract.

IT WAS AGREED THAT: the report be noted.

#### **88. Stables Cafe Lease**

A report was submitted on the Stables Café lease variation.

IT WAS AGREED THAT: the report be noted.

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## **BURNLEY BOROUGH COUNCIL**

### **NOTICE OF KEY DECISIONS AND PRIVATE MEETINGS**

This Notice contains:

- a) A list of Key Decisions to be taken by the Executive (unless otherwise stated) mainly during the months of February 2023 and onwards, published by 13th January 2023. Due to circumstances, these decisions could also be taken by Officers using urgency powers.
- b) Details of dates of meetings of the Executive during the same period at which decisions may be taken in private or partly in private

A Key Decision is an Executive decision that is likely:

- (i) to result in the local authority incurring expenditure which is, or the making of savings which are significant, having regard to the local authority's budget for the service or function to which a decision relates. The Council has said that Capital or Revenue spending over £100,000 will be a Key Decision; or
- (ii) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the Borough;

A private meeting is a meeting or part of a meeting of the Executive during which the public must be excluded whenever:

- a) it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during that item, confidential information would be disclosed to them in breach of the obligation of confidence;
- b) the Executive passes a resolution to exclude the public during that item where it is likely, in view of the nature of the item of business, that if members of the public were present during that item, exempt information would be disclosed to them; or
- c) a lawful power is used to exclude a member or members of the public in order to maintain orderly conduct or prevent misbehaviour at a meeting.

<b>Matter for Decision</b>	<b>Purpose</b>	<b>Key Decision – Yes or No</b>	<b>Anticipated date of decision</b>	<b>Public or Private report. If Private give reasons</b>	<b>List of documents to be submitted including any background papers</b>	<b>Contact person &amp; Executive Portfolio</b>
Delivery Agent Cosy Homes in Lancashire (CHiL)	To consider the approval of entering into a new contract with the procured delivery agent for CHiL	Yes	Feb 2023	Public	Report setting out key issues	Clare Jackson Private Sector Housing Manager  Executive Member for Housing and Development
Pay Policy Statement 2023/24	To consider a report on the Annual Pay Policy Statement	No (Full Council Policy Framework decision)	February 2023	public	Report setting out the key issues.	Vicky White Strategic HR Manager  Executive Member for Resources and Performance
Revenue Budget Monitoring Q3 2022/23	To consider revenue budget monitoring Q3 2022/23	No (Full Council Policy Framework decision)	February 2023	Public	Report setting out the key issues	Howard Hamilton-Smith Head of Finance and Property Executive Member for Resources and Performance

Capital Budget Monitoring Q3 2022/23	To consider the capital budget monitoring Q3 2022/23	No (Full Council Policy Framework decision	February 2023	Public	Report setting out the key issues	Howard Hamilton-Smith Head of Finance and Property Executive Member for Resources and Performance
Revenue Budget 2023/24	To consider the revenue budget 2023/24	No (Full Council Policy Framework decision	February 2023	Public	Report setting out the key issues	Howard Hamilton-Smith Head of Finance and Property Executive Member for Resources and Performance
Capital Budget 2023/24 and Capital Investment Programme 2023/28	To consider the capital budget 2023/24 and capital investment programme 2023/28	No (Full Council Policy Framework decision	February 2023	Public	Report setting out the key issues	Howard Hamilton-Smith Head of Finance and Property Executive Member for Resources and Performance
Medium Term Financial Strategy 2024/28	To consider the medium term financial strategy 2024/28	No (Full Council Policy Framework decision	February 2023	Public	Report setting out the key issues	Howard Hamilton-Smith Head of Finance and Property Executive Member for Resources and Performance

Revenue Budget Statutory Report by Finance Officer	To consider a Revenue Budget Statutory Report by the Finance Officer (S151)	No (Full Council Policy Framework decision	February 2023	Public	Report setting out the key issues	Howard Hamilton-Smith Head of Finance and Property Executive Member for Resources and Performance
Treasury Management Strategy 2023/24 and Prudential Treasury Indicators	To consider the Treasury Management Strategy 2023/24 and Prudential Treasury Indicators	No (Full Council Policy Framework decision	February 2023	Public	Report setting out the key issues	Howard Hamilton-Smith Head of Finance and Property Executive Member for Resources and Performance
Council Tax Resolution 2023/24	To consider a Council Tax Resolution 2023/24	No (Full Council Policy Framework decision	February 2023	Public	Report setting out the key issues	Howard Hamilton-Smith Head of Finance and Property Executive Member for Resources and Performance
Council Tax Support Scheme 2023/24	To consider a council tax support scheme 2023/24	No (Full Council Policy Framework decision	February 2023	Public	Report setting out the key issues	Howard Hamilton-Smith Head of Finance and Property Executive Member for Resources and Performance

Allotment Review 2023	To consider a report reviewing the provision of and management of allotments	yes	April 2023	public	Report setting out key issues	Simon Goff Head of Green Spaces & Amenities  Executive Member for Health & Wellbeing
Cultural Strategy	To consider a report on a Cultural Strategy	Yes	September 2023	Public	Report setting out Key Issues	Simon Goff Head of Green Spaces and Amenities Executive Member for Health & Wellbeing

Meetings of the Executive will be held on the following dates: 13<sup>th</sup> February and 15<sup>th</sup> March 2023. Meetings normally start at 6.30pm but times can change so please check the council website nearer the date of the meeting. All meetings are usually held at the Town Hall.

This Notice will be further updated by the following dates: 14<sup>th</sup> February 2023. A further Notice will be given 5 clear days before each meeting listed above if the meeting or part of the meeting is to be held in private. If you wish to make any representations about why any meeting or part of a meeting proposed to be held in private should be open to the public please send them to: Catherine Waudby, Head of Legal and Democratic Services, Town Hall, Manchester Road, Burnley BB11 9SA.

E-mail: [cwaudby@burnley.gov.uk](mailto:cwaudby@burnley.gov.uk)

Published: By 13th January 2023

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# NOTICE OF KEY DECISIONS AND PRIVATE MEETINGS

Friday, 27th January, 2023  
12.00 pm





# NOTICE OF KEY DECISIONS AND PRIVATE MEETINGS

Friday, 27th January, 2023 at 12.00 pm

## AGENDA

- 1) *Notice of Key Decisions and Private Meetings - Policy Framework Item* 3 - 4  
*- Strategic Plan 2023 - For 13th February 2023*

PUBLISHED

27<sup>th</sup> January 2023

## **Burnley Borough Council**

### **Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012**

#### **Key Decisions**

#### **Notice to Scrutiny Committee Chair under Regulation 10 (1) (a)**

The Council is required to give 28 days' notice if it intends to make a Key Decision.

These items relate to Policy Framework recommendations to Full Council, which are public.

If it is impracticable to comply with this requirement it must inform the Chair of the Scrutiny Committee and publish a copy of that notice at least 5 days before the decision is taken.

Set out below is a notice given in line with these requirements.

The Chair of the Scrutiny Committee was informed on 26<sup>th</sup> January 2023 of the information below;

Please note that the Executive at a meeting to be held on 13<sup>th</sup> February 2023 intends to consider the following Executive report in Public. It has not been possible to give the required 28 days' notice for the reason set out below:

<b>Policy Framework items</b>	<b>Reason why 28 day notice could not be given/was impracticable</b>
Strategic Plan 2023	Due to administration issues.

Catherine Waudby

Head of Legal and Democratic Services

Town Hall, Manchester Road

Burnley BB11 9SA

E-mail [cwardby@burnley.gov.uk](mailto:cwardby@burnley.gov.uk)

27<sup>th</sup> January 2023

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# Resident Satisfaction Survey 2022

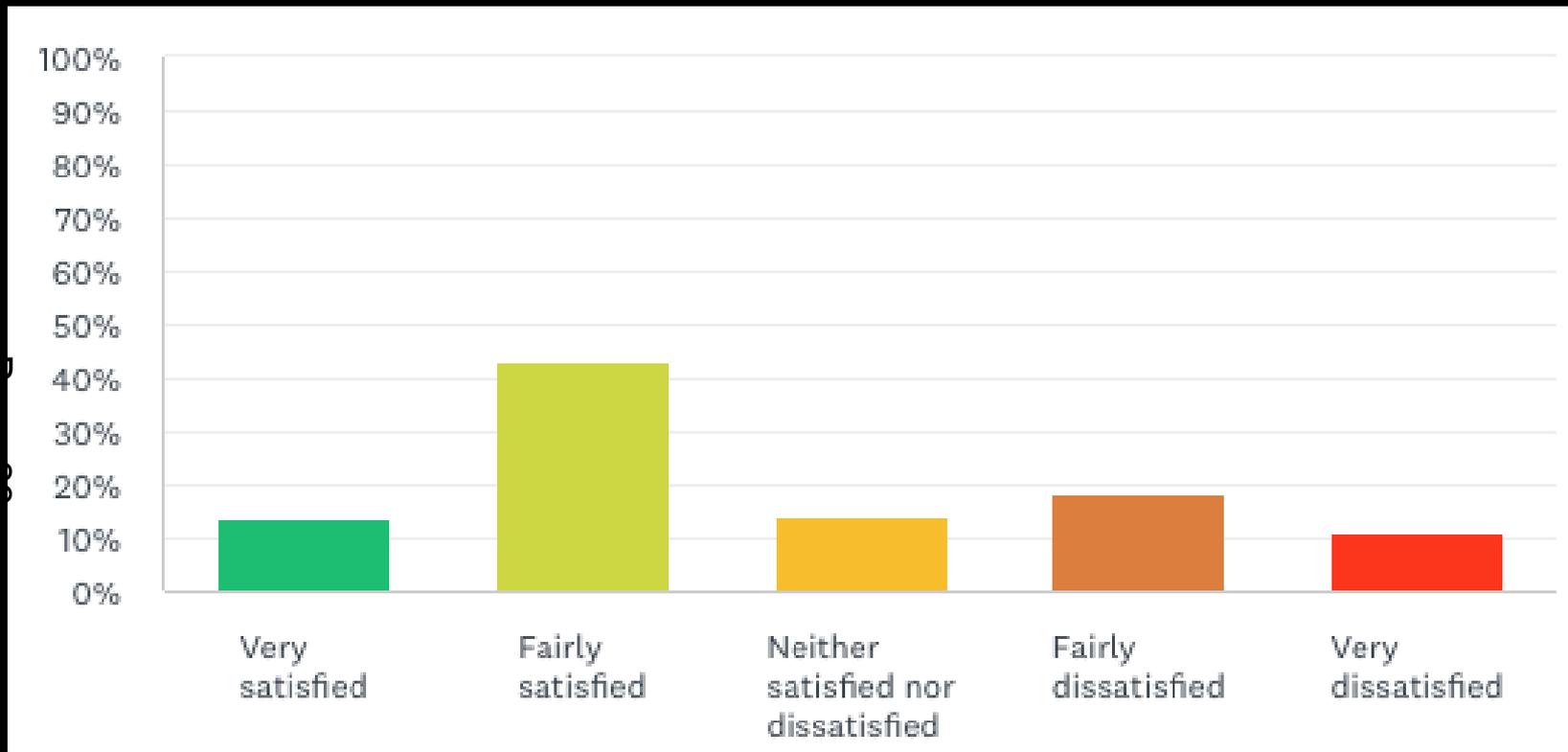
SCRUTINY COMMITTEE FEBRUARY 2023

## About the survey

- Run at least every 2 years
- 647 responses- residents invited to participate through [burnley.gov.uk](http://burnley.gov.uk) or social media posts and ads
- Not a statistically representative sample
- But the survey feedback provides useful evidence alongside other data on service needs and performance



# Satisfaction with the borough as a place to live

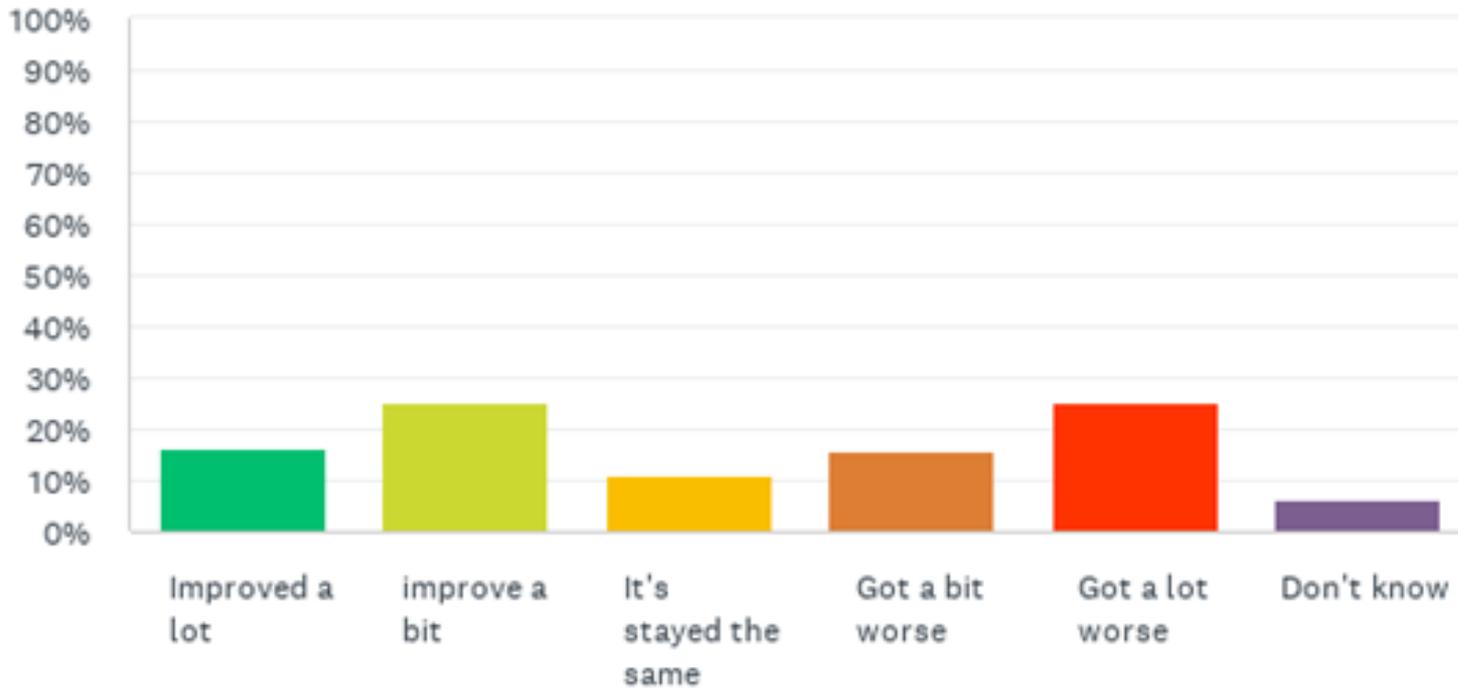


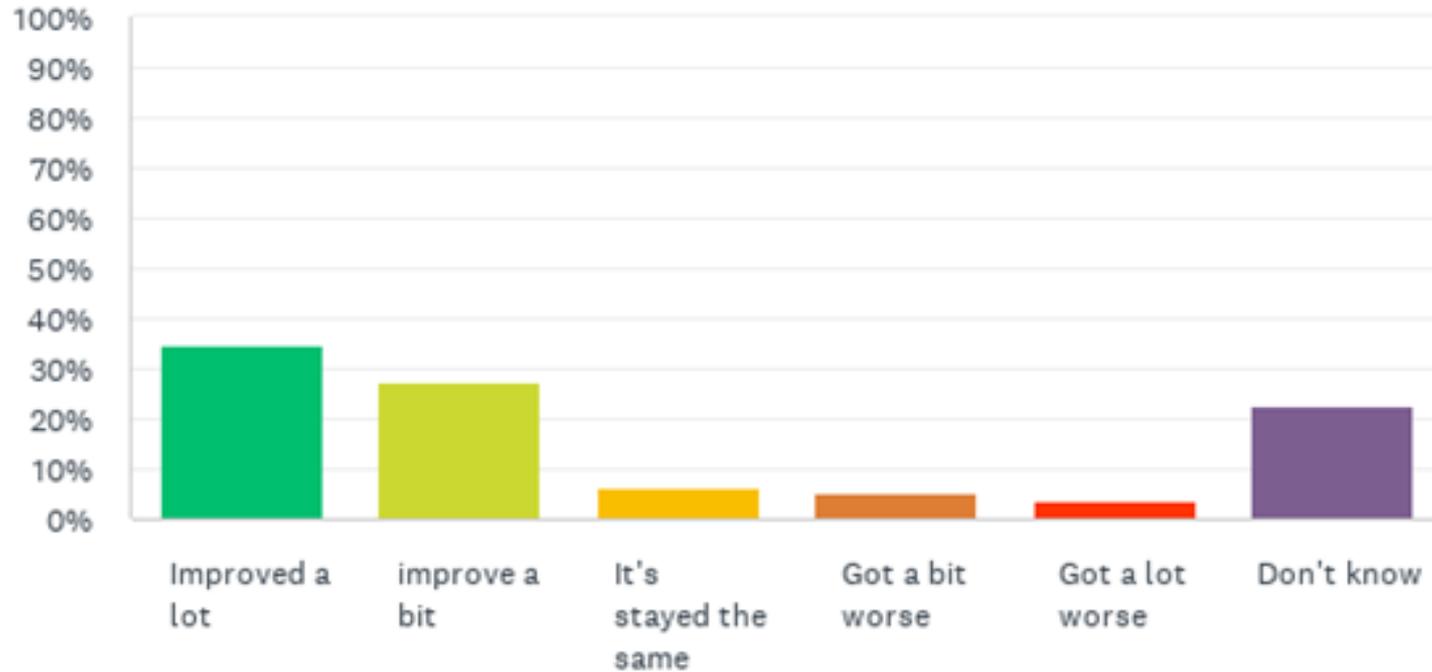
## Best things

- the countryside (the most mentioned)
- the people and its friendly community spirit
- the town centre
- parks and facilities such as Towneley
- the football club
- transport links

## Worse things

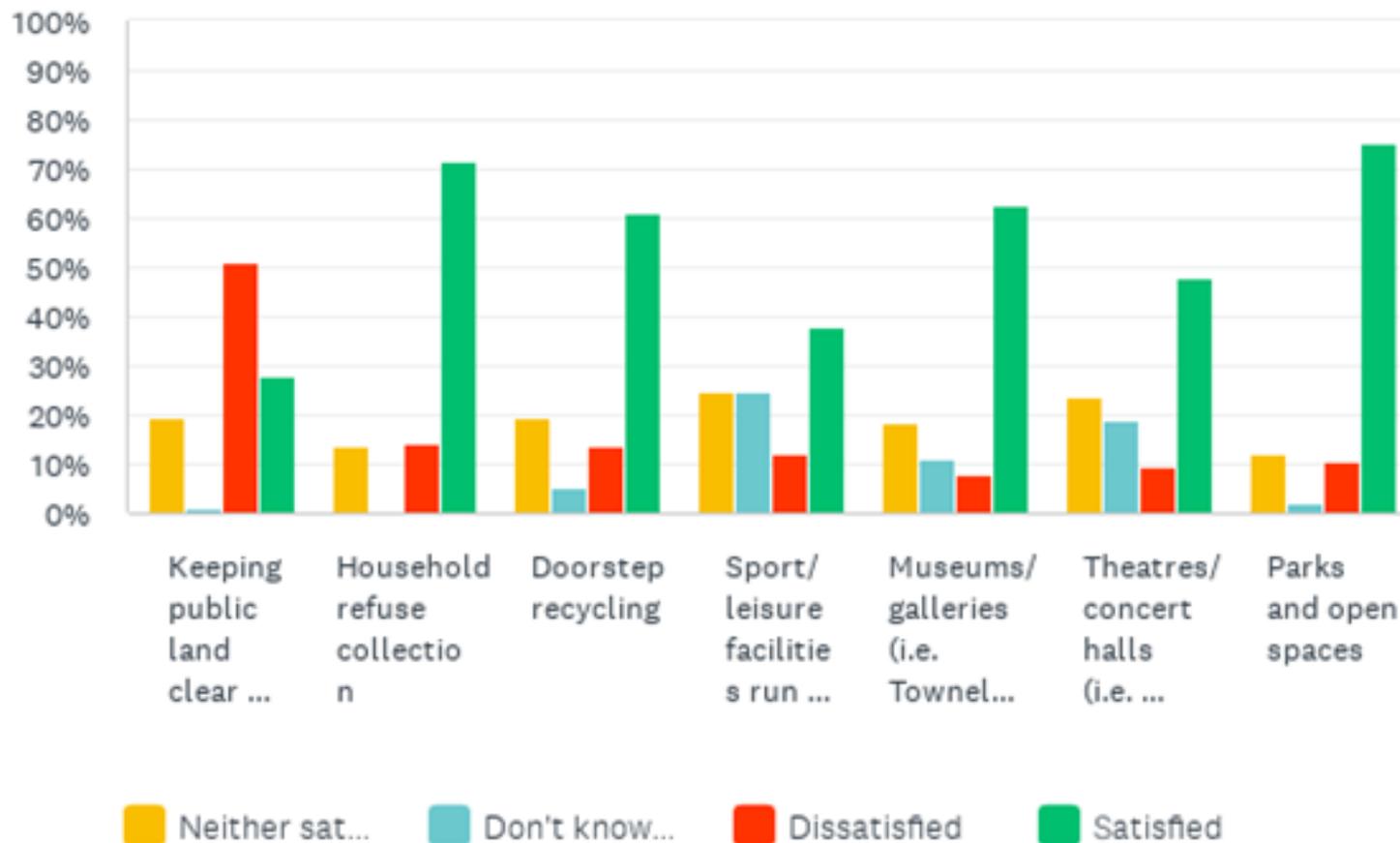
- crime and anti-social behaviour
- littering and dirty streets
- the town centre (run down elements, ASB, shop variety)
- speeding drivers



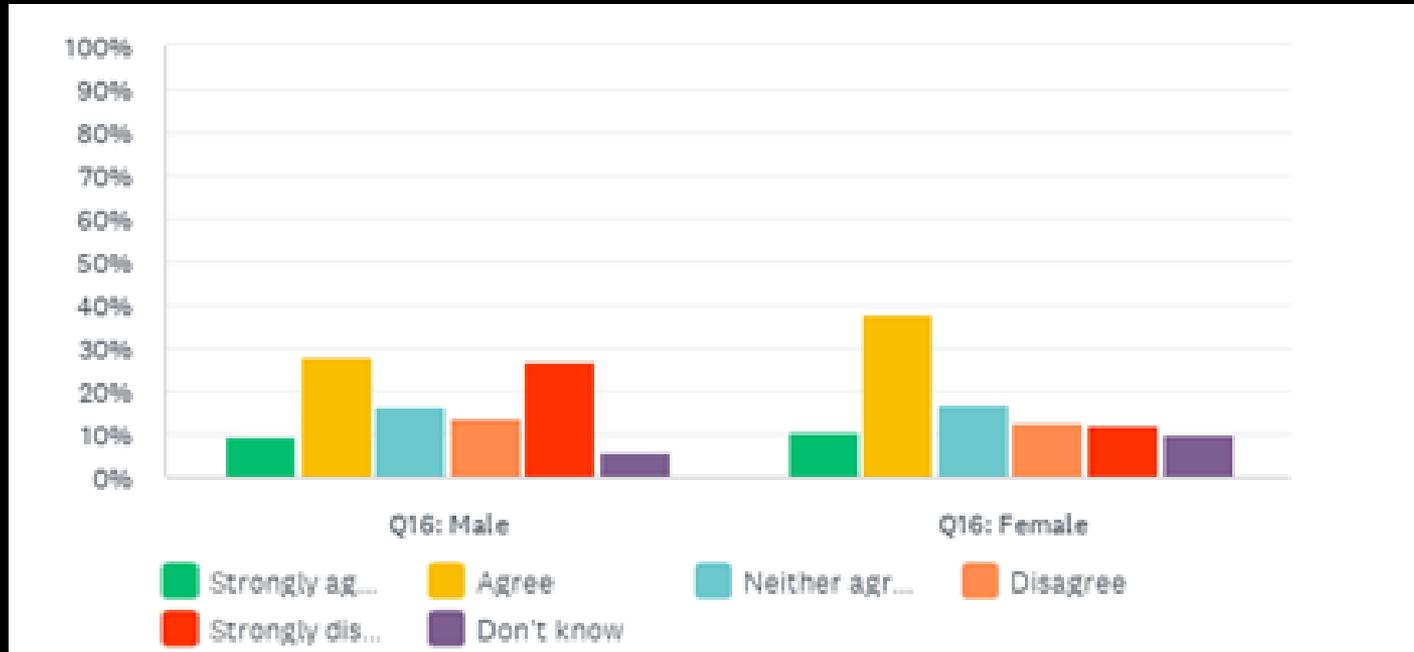




# Satisfaction with public services



# Telephone queue wait time



**Strategic Plan 2023**

**DRAFT REPORT TO EXECUTIVE**



<b>DATE</b>	<b>13/02/2023</b>
<b>PORTFOLIO</b>	<b>Leader</b>
<b>REPORT AUTHOR</b>	<b>Rob Dobson</b>
<b>TEL NO</b>	<b>3115</b>
<b>EMAIL</b>	<b>rdobson@burnley.gov.uk</b>

**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 for the next three years. It is reviewed annually. The new draft restates the council’s commitment to ongoing priorities, but also includes:
  - action to support vulnerable residents with the cost of living
  - working closely with the NHS and partners through new place-based partnerships for health
  - working with partners to ensure that residents are able and ready to participate in the workforce.

A commitment to embed hybrid working has been removed as this was achieved last year.

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:

<https://burnley.moderngov.co.uk/documents/s29370/Burnley%20Council%20Strategic%20Plan%20Feb%202022%20FINAL%20Clearing.pdf>

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

**Mick Cartledge, CEO.**

**ALSO:**



**Burnley**.gov.uk

# Burnley Borough Council's Strategic Plan

Update February 2023

## Contents

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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 six 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 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.
- Around 2,500 contact our customer service team every week.
- We award benefit to around 10,500 households a year.
- We provide a quality advice and enforcement service for vulnerable households and individuals and work to tackle homelessness.
- We provide public protection services: we conduct food safety checks on food establishments; we carry out health and safety inspections of warehouses and retail premises; we license pubs, clubs, and taxis; we investigate environmental pollution complaints about noise, smoke, and private water supplies; and we provide CCTV monitoring.
- We work with the police and community organisations to help foster stronger community relations.
- We process around 500 planning applications each year 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 2023 and beyond?

### People - creating flourishing, healthy and confident communities

#### **What are the challenges and opportunities?**

Reducing health inequality is a significant challenge for 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.

<b>What do we commit to?</b>	<b>Lead</b>
<b>PE1-</b> We will continue to work with partners to make the borough a place of aspiration and pride. This will include supporting efforts to increase education attainment and skills development.	Chief Executive Leader
<b>PE2-</b> We will continue to develop the leisure and cultural offer in partnership with Burnley Leisure.	Chief Operating Officer Executive Member for Health and Wellbeing
<b>PE3-</b> 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
<b>PE4-</b> We will continue to work on the wider determinants of poor health. This will include reducing food insecurity and responding to the cost of living crisis with practical support. We will work closely with the Integrated Care Board and ensure that the Borough Council plays an active role on the proposed placed based partnerships.	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.

<b>What do we commit to?</b>	<b>Lead</b>
<b>PL1-</b> We will implement a range of initiatives to maintain a clean, safe, 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
<b>PL2-</b> We will improve the management and condition of rented accommodation in the private and social sectors and enforce standards in a robust way.	Head of Housing and Development Control Executive Member for Housing
<b>PL3-</b> 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
<b>PL4-</b> We will implement our 2015-25 Green Space Strategy.	Head of Green Spaces and Amenities Executive Member for Health and Wellbeing
<b>PL5-</b> We will implement our Climate Change Strategy.	Chief Operating Officer Executive Member for Resources and Performance Management
<b>PL6-</b> 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

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 and visitor numbers are resilient. The council, in partnership with other key organisations, has developed a Town Centre and Canalside Masterplan setting out opportunities to diversify the leisure offer. The Council has progressed key projects including “Pioneer Place” and “Town 2 Turf” to deliver the masterplan.

The development and growth of UCLAN over the next three years will have a transformational impact on the town. The Council and UCLAN will work in partnership with the business community to delivery 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.

<b>What do we commit to?</b>	<b>Lead</b>
<b>PR1-</b> We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment.	Chief Executive Council Leader
<b>PR2-</b> We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation.	Strategic Head of Economy and Growth Executive Member for Economy and Growth
<b>PR3-</b> We will deliver the Burnley Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.	Strategic Head of Economy and Growth Executive Member for Economy and Growth
<b>PR4-</b> 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
<b>PR5-</b> We will support UCLan's expansion, transforming Burnley into a University Town, supporting higher level skills and business innovation.	Chief Executive Council Leader
<b>PR6-</b> We will work with partners to ensure that residents are able and ready to participate in the workforce.	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 and cost of living on the economy, and consequently on the UK's public finances and the council's income, remains significant risk, 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.

The Council will continuously improve service delivery, and will adapt to the needs of its customers.

<b>What do we commit to?</b>	<b>Lead</b>
<b>PF1-</b> 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
<b>PF2-</b> We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable financial footing. This strategy will set the framework for preparing annual budgets, ensuring the annual budget strategy is set within the context of the longer-term outlook.	Head of Finance and Property Management Executive Member for Resources and Performance Management
<b>PF3-</b> 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
<b>PF4-</b> 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.	Head of Policy and Engagement Executive Member for Resources and Performance Management

## REPORT TO FULL COUNCIL



<b>DATE</b>	<b>22<sup>rd</sup> February 2023</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Vicky White, Strategic HR Manager</b>
<b>TEL NO</b>	<b>01282 477124</b>
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## Pay Policy Statement 2023

### 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 2023/24;
  - notes the Council's Gender Pay Gap report which is at Appendix H of the Pay Policy Statement

### 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 2023/24 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 5.6 (6.0 in 2022/23) and the ratio of the lowest paid to the Chief Officer is 3.6 (3.6 in 2022/23).
  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 31<sup>st</sup> March each year.

At 31<sup>st</sup> March 2022 our workforce comprised of 56% male and 44% female employees. For the purposes of reporting the gender pay gap, all permanent and temporary employees are included in the total workforce figure of 217. 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 -1.72% and the median pay gap is -6.64%. The negative values means that, based on the calculations required for the

median Gender Pay Gap, our female employees are paid more than male employees. At 31<sup>st</sup> March 2021 the figures were mean 0.73% and median -6.62%. Both figures are below the national average, which are currently 13.9% and 14.9%.

Latest figures suggest that the median gender pay gap across the public sector is 15.9% and the figure across all industries in Lancashire is 13.3% with Burnley at -2.8%. 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 31<sup>st</sup> March 2021 was -8.22% and the median was -5.93%. 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 7.37% of our employees are from the BAME community (the Borough population is was 12.6% but early indications from the 2021 census suggest that this has increased).

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%

## **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, Strategic HR Manager  
Tel 01282 477124**

**ALSO:**



**CORPORATE POLICY AND GUIDANCE  
PEOPLE AND DEVELOPMENT**

# **Pay Policy Statement April 2023 - March 2024**

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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](http://www.burnley.gov.uk)

#### **Legislation relevant to Pay and Remuneration**

5. In determining the pay and remuneration of its employees the Council will comply with all relevant employment legislation. This includes the Equality Act 2010 and the Part-time Regulations 2008. The Council will ensure 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 6<sup>th</sup> 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 £118,151 (from April 2022). 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 £94,028 (from April 2022) 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 2023 salaries are subject to a national pay award if one is agreed.

	April 2020	April 2021	April 2022	April 2023
Band 1	£90,741	£92,103	£94,028	£94,028
Band 2a	£74,535	£75,654	£77,579	£77,579
Band 2b	£63,207	£64,155	£66,080	£66,080
Band 3	£57,909	£58,779	£60,704	£60,704

25. Additional Allowances for Head of Service posts are:

Reimbursement of one professional subscription fee per annum – Heads of Service are eligible to apply for reimbursement of professional fees where these are essential to their role.

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.

Emergency Planning Allowance – the lead officer for Emergency Planning matters (currently the Head of Streetscene) shall be awarded an allowance of £2,700 per annum to recognise their role in leading and co-ordinating the emergency planning response within the Council. The allowance shall be applicable from April 2022 and shall be reviewed every two years.

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	3.7
Chief Officer salary	median salary	2.3
Chief Executive salary	lowest salary	5.6
Chief Officer salary	lowest salary	3.6

### From April 2022

Chief Executive salary, £118,151

Chief Officer salary £74,598

Median salary = £32,020 – scp25

Lowest salary on pay spine = £20,812 scp3

Lowest employee salary – Grade 3 £21,189

## Lowest Paid Employees

31. The Council complies with the National Joint Council – Pay and Conditions of Service. The NJC Pay Policy details the Council's lowest grade is Grade 2 at national pay point 3 (£20,812), the Foundation Living Wage for the financial year 2022/23 being £18,713. 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 are four career graded posts in the organisation 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.
36. Employees in the Local Government Pension Scheme currently pay the following contributions based upon their salary:

Band	Actual Salary	Employee Contribution %
1	up to £15,000	5.50
2	£15,001 - £23,600	5.80
3	£23,601 - £38,300	6.50
4	£38,301 - £48,500	6.80
5	£48,501 - £67,900	8.50
6	£67,901 - £96,200	9.90
7	£96,201 - £113,400	10.50
8	£113,401 - £170,100	11.40
9	more than £170,101	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 -1.72%, the median is -6.62% based on analysis at 31<sup>st</sup> March 2022. Latest figures suggest that the median gender pay gap across the public sector is 15.9% and the figure across all industries in Lancashire is 13.3% with Burnley at -2.8%. 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 31<sup>st</sup> March 2022 was -8.22% and the median was -5.93%.

## **Publication of the Policy**

40. This Policy will be published on the Council's website in March 2023, following its approval by the Council in February 2023.

## **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 2022**

	SCP	£ per annum	£ per hour
Grade 2	3	£20,812	£11.01
Grade 3	4	£21,189	£11.21
Grade 4	5	£21,575	£11.41
	6	£21,968	£11.62
Grade 5	7	£22,369	£11.83
	8	£22,777	£12.05
	9	£23,194	£12.27
	N/A	£23,620	£12.50
	11	£24,054	£12.73
Grade 6	12	£24,496	£12.96
	N/A	£24,948	£13.20
	14	£25,409	£13.44
	15	£25,878	£13.69
	N/A	£26,357	£13.94
	17	£26,845	£14.20
Grade 7	N/A	£27,344	£14.47
	19	£27,852	£14.74
	20	£28,371	£15.01
	N/A	£28,900	£15.29
Grade 8	22	£29,439	£15.57
	23	£30,151	£15.95
	24	£31,099	£16.45
Grade 9	25	£32,020	£16.94
	26	£32,909	£17.41
Grade 10	27	£33,820	£17.89
	28	£34,723	£18.37
Grade 11	29	£35,411	£18.73
	30	£36,298	£19.20
	31	£37,261	£19.71
Grade 12	32	£38,296	£20.26
	33	£39,493	£20.89
Grade 13	34	£40,478	£21.41
	35	£41,496	£21.95
	36	£42,503	£22.49
Grade 14	37	£43,516	£23.02
	38	£44,539	£23.56
Grade 15	39	£45,495	£24.07
	40	£46,549	£24.63
	41	£47,573	£25.17
	42	£48,587	£25.70
	43	£49,590	£26.24



**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:

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

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

required to facilitate a full closure, (2 in 7) the Council will provide this additional day.

#### 4. **Overtime**

Overtime will be paid at the following rates:

- Mon – Sat 33.3%
- Sunday 50%

Overtime rates only apply after 37 hours have been worked.

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

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

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

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

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

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

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

#### 7. **Professional fees**

Employees are able to claim back their fees for membership of a professional body where it is determined by the Head of Service that it is essential for the role.

#### 8. **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 2023



**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 2022 is as follows:

- Band 1 Chief Operating Officer £94,028 (average minimum)
- Band 2a Heads of Service £77,579 (average minimum)
- Band 2b Heads of Service £66,080 (based on median plus 7.5%)
- Band 3 Heads of Service £60,704 (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**

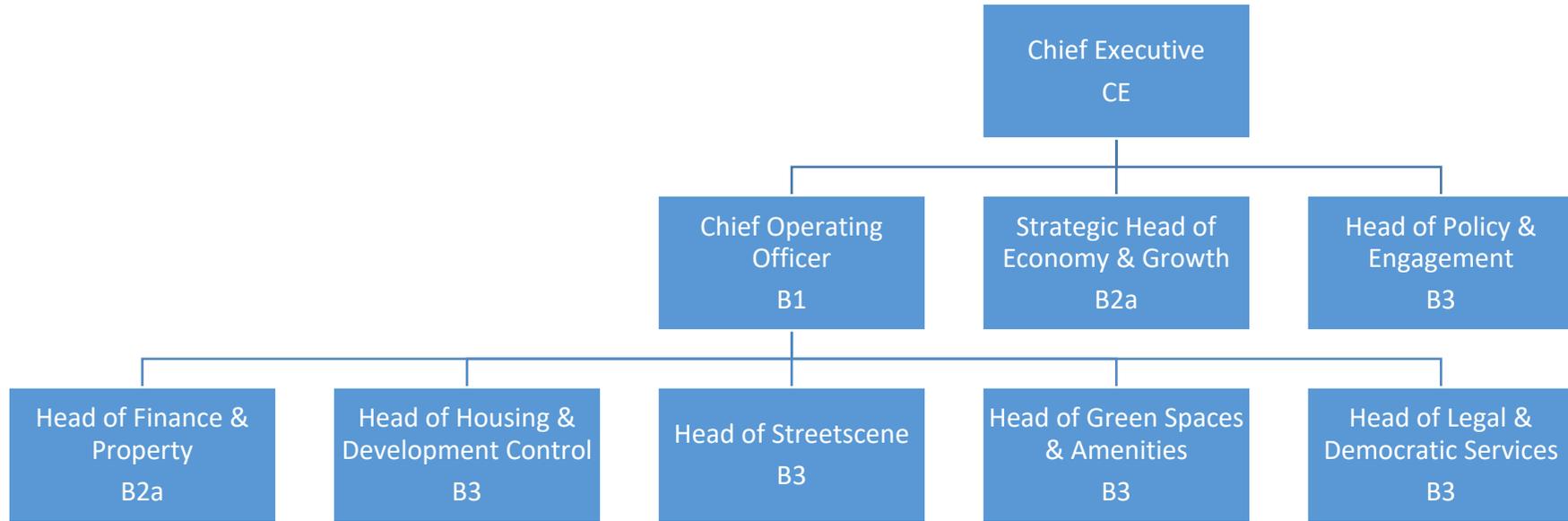
Pay is an important element in recruitment and retention, and if the Council is unable to recruit or retain a Chief Officer then a market supplement may be considered.

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 2023	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**



## **CONTENTS**

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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.

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

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

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

## **9. SUITABLE ALTERNATIVE EMPLOYMENT**

Please refer to the Redeployment Policy. Appendix 2

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

### **10.1 Redundancy Counselling**

Once the individual(s) who are potentially redundant have been identified, an individual counselling meeting will be arranged led by the relevant Head of Service supported by 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 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.

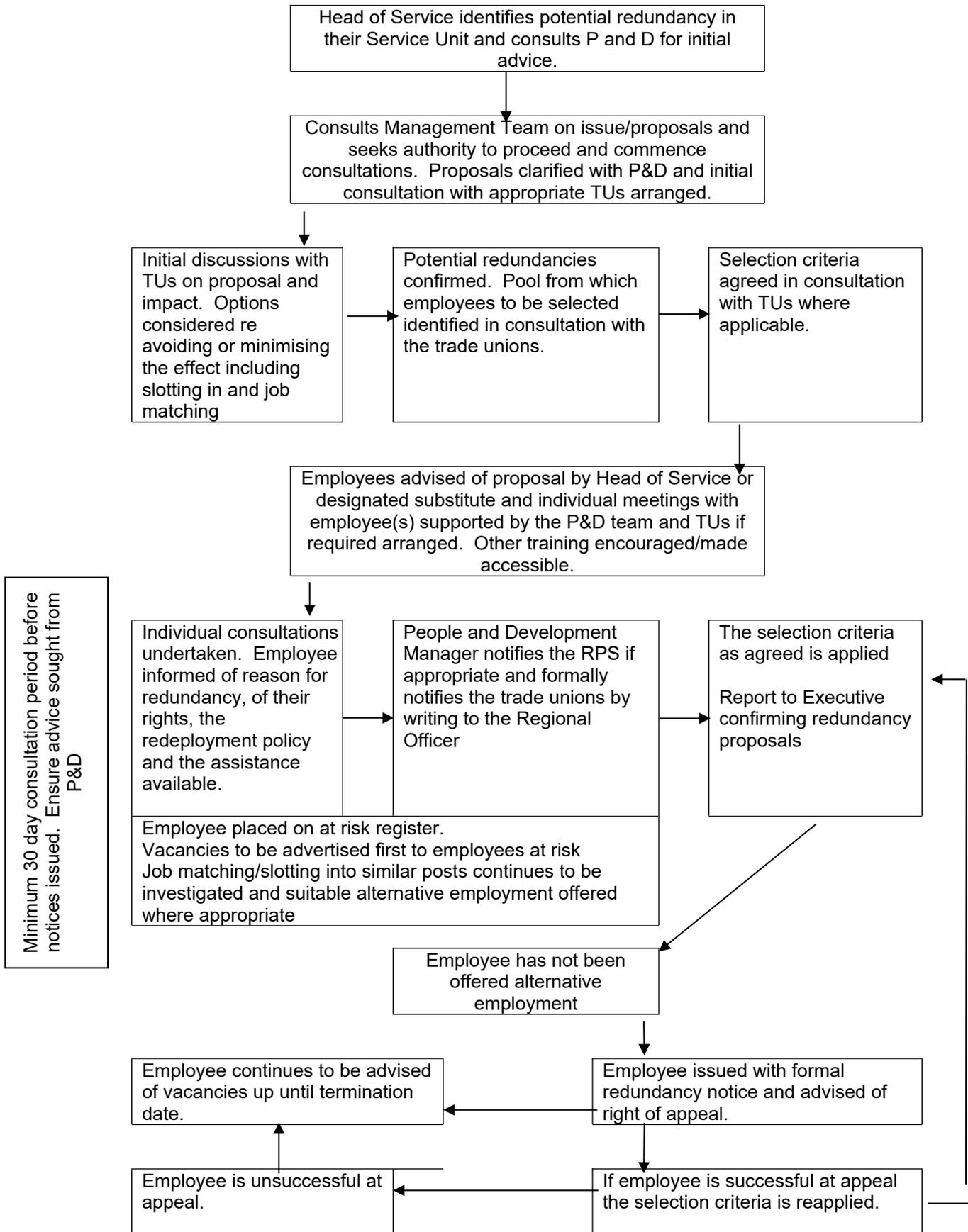
### **14. PAID LEAVE OF ABSENCE**

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

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

**BURNLEY 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 is 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 2023

## 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](http://www.gov.uk/calculate-state-pension)
3. Employees are able to retire at anytime from age 55 onwards without the Council's consent but their benefits may, dependent on age and service, be reduced to reflect the early payment. Further information on the reductions can be obtained from [www.lppapensions.co.uk](http://www.lppapensions.co.uk)
4. Employees are able to join and remain in the scheme up until 2 days before their 75<sup>th</sup> birthday. Benefits for employees who defer drawing benefits beyond their NPA will be actuarially increased to reflect the fact that they will be paid for less time.
5. With effect from 1<sup>st</sup> April 2014 pension benefits are calculated on a Career Average Re-valued Earnings (CARE) Scheme formula. A CARE pension works by taking a 1/49<sup>th</sup> of an employee's annual pensionable salary and then adds this into a pension pot. This pension pot then increases each year in line with CPI. Further information on the calculation of pension benefits can be found at [www.lgpsmember.org](http://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](http://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<sup>rd</sup>s of the cost of the purchase. (In the case of buying additional leave the election should be made within 30 days of the purchase being approved)

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](http://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](http://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 2023

## **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 2022. At this date our workforce comprised of 56% male and 44% 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 217.

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:

<b>Mean gender pay gap</b>	The difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees
<b>Median gender pay gap</b>	The difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees
<b>Mean bonus gap</b>	The difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees
<b>Median bonus gap</b>	The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees
<b>Bonus proportions</b>	The proportions of male and female relevant employees who were paid bonus pay
<b>Quartile pay bands</b>	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 2022

### Mean

Average hourly rate of pay and the percentage difference between



£16.56

**GAP**

**-1.72%**  
**£0.28**



£16.28

Burnley Council's mean gap is lower than the national average of 13.9%\*

\* Annual Survey of hours and Earnings 2022 (Office for National Statistics)

### Median

Middle hourly rate of pay and the percentage difference between



£15.91

**GAP**

**-6.64%**  
**£0.99**



£14.92

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

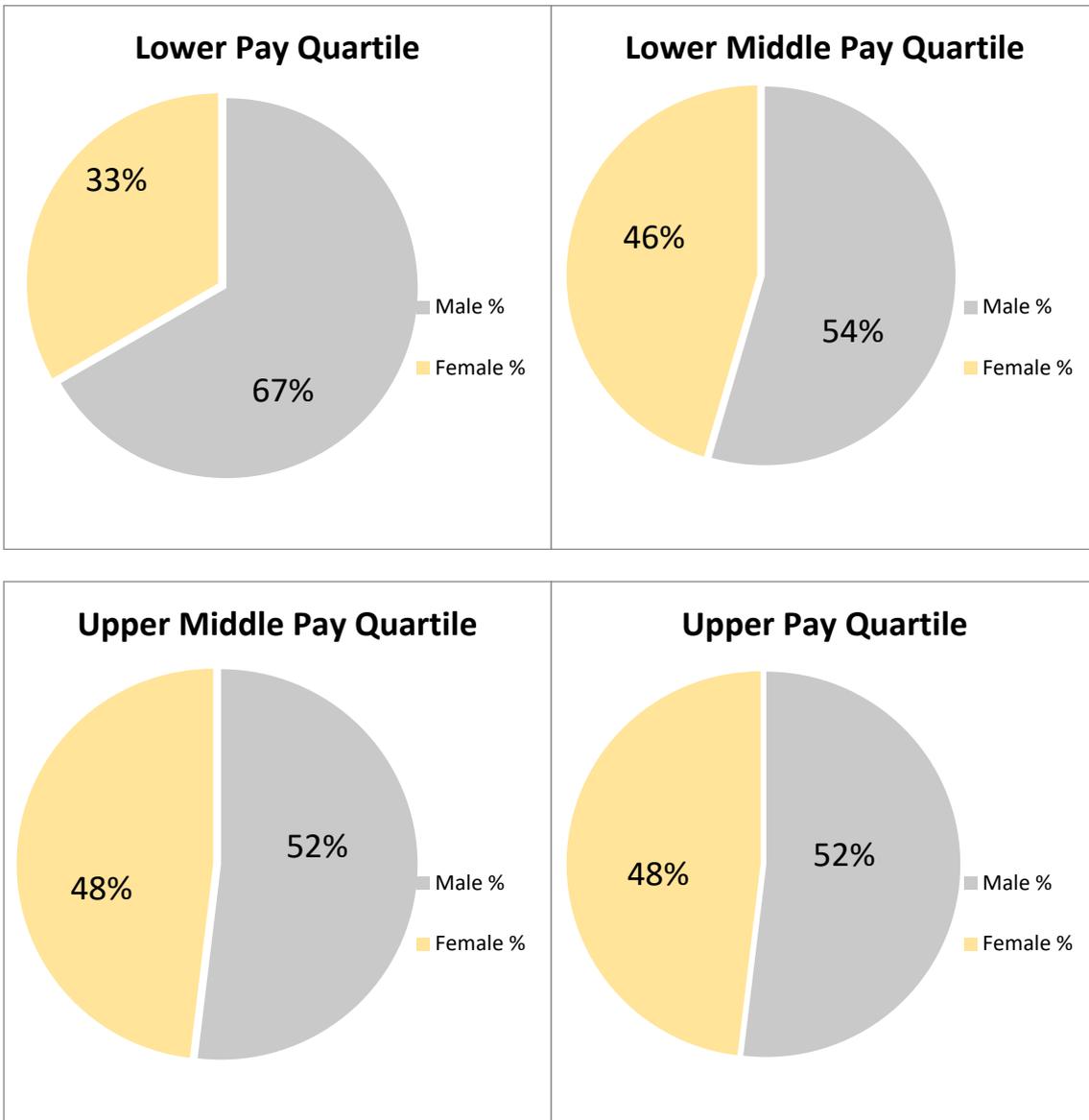
\* Annual Survey of hours and Earnings 2022 (Office for National Statistics)

### 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 15.9% and the figure across all industries in Lancashire is 13.3% with Burnley at -2.8%. 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	0.0%	5.2%
Cycle Scheme	0.8%	2.1%
Bought Additional leave	0.8%	4.2%

- 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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## Revenue Monitoring Report 2022/23 – Quarter 3 (to 31 December 2022)

### REPORT TO EXECUTIVE



DATE	13 February 2023
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Amy Johnson
TEL NO	(01282) 475869
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### PURPOSE

1. To report the forecast outturn position for the year as at 31 March 2023 based upon actual spending and income to 31 December 2022.

### RECOMMENDATION

2. The Executive is asked to:
  - a. Note the projected revenue budget forecast position of a net underspend of £9k, as summarised in table 1 and detailed in Appendix 1. The net underspend of £9k has reduced from a forecast net overspend of £89k as reported in Quarter 2.
  - b. Note the financial impact of the Coronavirus pandemic and the cost-of-living crisis as can be seen in paragraph 5. In view of these exceptional times the revenue monitoring position is uncertain.

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

- c. The latest revised net budget of **£15.322m** as shown in Table 1, and
- d. The net transfers from earmarked reserves of **£4.284m** as shown in Appendix 2.
- e. The requested carry forwards of **£419k** as show in Appendix 3.

### REASONS FOR RECOMMENDATION

3. To give consideration to the level of revenue spending and income in 2022/23 as part of the effective governance of the Council and to ensure that appropriate management action is taken to ensure a balanced financial position.

## SUMMARY OF KEY POINTS

### 4. Financial Impact of Covid -19 and the cost-of-living crisis

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 uncertainty around the ongoing impact of the Coronavirus pandemic and the current cost-of-living crisis, this year is a continuation of the 2021/22 financial year with the focus being on the forecast reductions in income and increases in expenditure together with an evaluation of progress against savings targets. It is therefore 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 surplus stands at £9k, which has decreased by £98k from the £89k forecasted overspend reported at Quarter 2. The surplus is based upon forecast income and expenditure as at the end of Quarter 3. The budget is being continually monitored.

The forecast year end net budget surplus of £9k includes the 2022/23 pay award which has been agreed nationally at flat rate increase of £1,925 across all scp's. This is in excess of the 2.5% pay award increase that was built into the Council's budget for the 2022/23 financial year and resulted in an additional cost of £532k. This includes the increase in the salary element of the contractual costs to our strategic partners.

Members will recall that £1.175m was set aside in a Covid-19 earmarked reserve over the past two years to help cover for any future shortfalls in income/increases in expenditure materialising as a result of the pandemic. Income pressures had started to reduce and were returning to pre-Covid levels. However, we are now seeing the impact of the cost-of-living crisis as pressure on income and expenditure budgets is becoming evident and is expected to increase over the coming months. As a consequence the 'Covid-19 Reserve' has been renamed to the 'Covid-19 and Cost-of-Living Reserve' so that it more accurately represents its use.

The current increases in inflation above the Bank of England's target of 2%, with the Consumer Prices Index standing at 9.2% in the 12 months to December 2022, have a future impact on the Council's budget position. This will place additional costs pressures on the Council's revenue budgets particularly around borrowing costs, salaries, external contract costs, cost of goods and services and fuel. Energy prices continue to be of particular concern, and we have seen huge increases over the last 12 months, and this is expected to continue. To help mitigate the future impact of the energy costs the Council set aside £197k at the end of 2021/22 in an earmarked reserve to help fund any future fluctuations. The levels of inflation factored into future years' budgets are continually kept under review to ensure that they are reflective of the current economic climate.

### 5. 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

2022/23. 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.

## **6. 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 £15.322m as shown in Table 1.

## **7. 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 Quarter 3 and the anticipated variance.

At the end of Quarter 3 the net budget forecast is currently £9k surplus. 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, however due to the continuing uncertainty around the pandemic and cost of living crisis the focus is on the forecast reductions in income and increases in expenditure together with an evaluation of progress against savings targets. The net budget forecast of £9k surplus 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 ongoing impact of the pandemic and the current cost-of-living crisis and there is a high probability that the impact will be longer-term spanning future financial years, with increased costs and income losses.

8. Members will recall that savings totalling £0.139m were built in to the 2022/23 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
Savings from the flexible retirement of 1 post	14	Achieved by offsetting against vacant post.
Commercial Trade Waste Service - to deliver a £20k net saving based on income predictions on subscriptions to the service (net of operational costs)	20	Fully achieved. Target income achieved.
To reduce the existing waste contingency budget from £100k to £60k pa	40	Forecast to achieve. Budget to continue to be monitored.
Strategic Partnership - Efficiency saving following flexible retirement	15	Fully achieved.
Savings on insurance contract	50	Fully achieved.
<b>TOTAL</b>	<b>139</b>	

9. 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.

**Table 1: Revenue Budget Forecast Position 2022/23**

	Reconciliation of Approved Budget & Funding	Forecast position as at Quarter 2			Forecast position as at Quarter 3			
		Net Budget 2022/23	Revised Budget	Forecast Q2	Variance Q2	Revised Budget	Forecast Q3	Variance Q3
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
a	Economy and Growth	734	1,026	1,026	0	1,037	1,070	33
b	Policy and Engagement	459	1,171	1,151	(20)	1,015	989	(26)
c	Management Team	373	373	373	0	373	373	0
d	Sport and Culture Leisure Client	805	805	805	0	910	910	0
e	Green Spaces and Amenities	1,251	1,391	1,404	13	1,531	1,543	13
f	Streetscene	3,159	3,439	3,516	77	3,523	3,549	26
g	Housing and Development Control	511	841	841	0	952	1,042	90
h	Strategic Partnership	4,033	4,033	4,033	0	4,141	4,141	0
i	Finance and Property	626	592	575	(17)	(1,409)	(1,426)	(17)
j	Revenues and Benefits Client	(1,329)	(1,329)	(1,329)	0	(1,309)	(1,309)	0
k	Legal and Democratic Services	1,079	1,173	1,178	4	1,198	1,202	4
l	People and Development	243	243	243	0	225	225	0
m	Central Budgets - Other <i>(includes corporate costs eg utilities, apprenticeship levy)</i>	685	822	784	(38)	735	1,197	464
	Central Budgets - Savings Targets <i>(see Table 2)</i>	(248)	(236)	(236)	0	(248)	(248)	0
	<b>NET SERVICE BUDGET</b>	<b>12,381</b>	<b>14,343</b>	<b>14,362</b>	<b>19</b>	<b>12,674</b>	<b>13,258</b>	<b>587</b>
	Pensions	784	784	784	0	783	783	(0)
	Provisions <i>(Balance to be determined at year end)</i>	0	0	0	0	0	0	0
	Impairments <i>(Provisions for Bad Debt)</i>	0	0	0	0	0	0	0
	Parish Precepts <i>(Disbursement to Parishes)</i>	169	169	169	0	169	169	(0)
	Treasury <i>(Investment Income &amp; Expenditure)</i>	1,081	1,081	1,151	70	1,660	1,000	(660)
	Capital Financing	1,444	2,192	2,192	0	3,675	3,675	0
	Earmarked Reserves (to / (from))	(538)	(2,663)	(2,663)	0	(1,603)	(1,537)	66
	Strategic Reserves (to / (from))	0	(585)	(585)	0	(2,038)	(2,038)	0
	<b>NET CORPORATE ITEMS</b>	<b>2,941</b>	<b>979</b>	<b>1,049</b>	<b>70</b>	<b>2,646</b>	<b>2,052</b>	<b>(594)</b>
	Council Tax	(7,480)	(7,480)	(7,480)	0	(7,480)	(7,480)	0
	Parish Precepts <i>(Receipts from Council Tax Payers)</i>	(169)	(169)	(169)	0	(169)	(169)	0
	Business Rates: Retained Income	(4,513)	(4,513)	(4,513)	0	(4,513)	(4,513)	0
	Business Rates: S31 Grants <i>(For award of business rates relief)</i>	(1,655)	(1,655)	(1,655)	0	(1,655)	(1,655)	0
	Prior Year Collection Fund (Surplus)/Deficit	1,261	1,261	1,261	0	1,261	1,261	0
	Revenue Support Grant	(1,700)	(1,700)	(1,700)	0	(1,700)	(1,700)	0
	New Homes Bonus	(576)	(576)	(576)	0	(576)	(576)	0
	Other Government Grants	(489)	(489)	(489)	0	(489)	(489)	0
	<b>FUNDING</b>	<b>(15,322)</b>	<b>(15,322)</b>	<b>(15,322)</b>	<b>0</b>	<b>(15,322)</b>	<b>(15,322)</b>	<b>0</b>
	<b>BUDGET BALANCE</b>	<b>0</b>	<b>0</b>	<b>89</b>	<b>89</b>	<b>(1)</b>	<b>(9)</b>	<b>(9)</b>

## 10. 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. At present the forecast budget underspend is £9k. 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)	12	45	0	(112)
Non-Salary Savings	(79)	87	15	80	103
<b>TOTAL SAVINGS YET TO BE IDENTIFIED</b>	<b>(248)</b>	<b>99</b>	<b>60</b>	<b>80</b>	<b>(9)</b>

### Salary Savings Target

The position at the end of Quarter 3 is that £57k of salary savings have been secured to date as can be seen in Table 2 above, leaving a shortfall of £112k to identify throughout the remainder of the year.

### Non-Salary Savings Target

The latest position is that the estimated surplus in income and reduced expenditure forecast at Quarter 3 has overachieved the forecast target by £103k.

The combined balance of savings (salary and non-salary) identified totals a net budget surplus of £9k. 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

Departmental budgets and the 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: £33k**

*Previous forecast variance: £0k*

Reduction in market hall income (£11k), service charges (£16k) and non-lease income (£8k) due to a decreased demand for stall hire. Offset in part by additional storage change income (£2k).

### b. Policy and Engagement

**Forecast Variance: £26k net underspend**

*Previous forecast variance: £20k*

Reduction in copying charges due to the purchase of a new copier (£2k). Reduction in spend on the Children's University project (£4k) due to no current planned commitments.

The Primary Engineer grant for Burnley Schools 2022/23 delivery is expected to be the same as the 2021/22, 50% less than previous years (£14k).

Costs associated with the Platinum Jubilee and Armed Forces Day were less than anticipated (£6k).

c. **Management Team**

**Forecast Variance: £0k**

*Previous forecast variance: £0k*

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

d. **Sport and Culture Leisure Client**

**Forecast Variance: £0k net overspend**

*Previous forecast variance: £0k*

All Facilities are operating at a surplus variance, compared to the budget set for 2022/23. There has been an increase in the cost of materials, such as pool chemicals, cleaning materials, sporting equipment & supplies, etc.

Hospitality is proving to be the most challenging area post Covid-19 and is currently forecasting a deficit at year end. The forecast is for price increases to continue into 2023. Teams are working hard to re-negotiate pricing, alter menus, increase customer pricing sensitively where possible.

We are noticing pressures from suppliers across all sites within Burnley Leisure, who are imposing substantial price increases due to the current economic climate. In addition, the increase in staffing costs due to the 2022/23 pay award is also an added financial pressure.

e. **Green Spaces and Amenities**

**Forecast Variance: £13k net overspend**

*Previous forecast variance: £13k net overspend*

Additional crematorium income (£36k) due to the number of crematoriums being higher than forecast due to a backlog of cremations across Lancashire.

Increased spend on playground repairs and maintenance (£26k) due to an increase in costs along with an increase in diesel spend (£15k) as the Council moves from red diesel to white (this includes the £5k increase reported previously).

Reduction in catering rights income at Thompson Park (£5k) due to an in year renegotiation of the lease with the tenant based on refreshment sales.

Additional sales income (£7k) at Towneley around the sale of books and tours as well as a various minor reductions in spend (£3k) offset in part by a reduction in income from exhibitions and room hire (£5k).

A reduction in Towneley events and refreshments income (£12k) is forecast due to there being no further bookings being taken for next year because of uncertainties around the building works being carried out. This is partially offset by a forecast reduction in expenditure (£7k) due to Burnley Leisure running the bar service. An increase in expenditure on the laundry budget is forecast for this year (£1k).

A reduction in income from memorial wall plaques (£10k) is forecast due to a general decline in demand.

Additional income of (£8k) is forecast due to an increase in the ice cream license at Towneley Park.

f. **Streetscene**

**Forecast Variance: £26k net overspend**

*Previous forecast variance: £77k net overspend*

Additional forecast car parking income (£50k), reducing the previously reported reduction of (£166k) to (£116k).

Additional income (£11k) from the household garden waste and (£79k) from the trade waste contracts to reflect the current services offered.

g. **Housing and Development Control**

**Forecast Variance: £90k**

*Previous forecast variance: £0k*

Reduction in planning fee income (£90k) due to a lower number of applications received than forecast.

h. **Strategic Partnership**

**Forecast Variance: £0k**

*Previous forecast variance: £0k*

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

i. **Finance and Property**

**Forecast Variance: £17k net underspend**

*Previous forecast variance: £17k net underspend*

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

Salary savings (£6k) due to the Accountancy Officer post being vacant for three months.

Additional expenditure (£1k) has been identified for the repair of the scissor platform in order to bring it back into service.

Salary savings (£12k) in respect of 2 vacant posts in Internal Audit during Quarter 1.

j. **Revenues and Benefits Client**

**Forecast Variance: £0k**

*Previous forecast variance: £0k*

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

k. **Legal and Democratic Services**

**Forecast Variance: £4k net overspend**

*Previous forecast variance: £4k net overspend*

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

Reduced income from the hire of rooms at the Town Hall post pandemic (£1k).

Additional expenditure required on nodes for Committee Rooms in order to run postal vote verification during elections, and on the Modern Government contract including the added functionality of electronic voting in council meetings (£2k)

The Legal Services software budget is forecast to be overspent by (£1k) due to the Legal Case Management software installed during 2021/22 being more than the budget provision.

#### **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: £464k net overspend**

*Previous forecast variance: £38k underspend*

Reduction in change programme spend (£30k) due to no current planned commitments.

Salary savings (£38k) in respect of the period of vacant Climate Change Programme Manager post. The post has now been recruited to.

Additional salary costs (£532k) due to the additional 2022/23 pay award.

#### **n. Corporate Items**

**Forecast Variance: £595k net underspend**

*Previous forecast variance: £70k net overspend*

Reduction in PWLB expenditure (£355k) due to in year planned borrowing being pushed back to future years based on the capital programme and internal cashflow (this includes the £120k additional borrowing costs reported previously due to an increase in borrowing towards the end of 2021/22).

Additional interest income (£306k) due to rising interest rates impacting favourably in the council's investment deposits plus loan repayments from Burnley Leisure (this includes the additional £50k interest income reported previously).

Additional salary costs (£532k) due to the additional 2022/23 pay award.

Contribution to the Energy Volatility Reserve (£66k) to ensure that the reserve balance is sufficient to support the 2023/24 revenue budget.

#### **o. Funding**

**Forecast Variance: £0k net overspend**

*Previous forecast variance: £0k*

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

## 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 01/04/22	(2,802)	(1,538)	(18,177)	<b>(22,517)</b>
Adjustments	(1,873)	-	1,873	-
Movement in Q1	-	485	302	<b>787</b>
Drawn down in Q2	100	-	1,824	<b>1,924</b>
Drawn down in Q3	1,309	(185)	(88)	<b>1,036</b>
<b>Balance as at 31/12/22</b>	<b>(3,266)</b>	<b>(1,238)</b>	<b>(14,266)</b>	<b>(18,771)</b>

Included within the reserve balance above is the £1.175m from Covid 19 and Cost of Living reserve that was set aside to help cover for any future shortfalls in income/increases in expenditure.

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

Included in the revenue budget is a revenue contribution to capital outlay (RCCO) of £1.855m. This is where revenue funds are used to finance capital schemes. The contribution of £1.855m relates to vehicle and machinery replacement (£175k), Worsthorne Recreation Ground Improvements (22k), refill fountains (£5k), Finsley Wharf & Canal Towpath Improvements (£34k), Burnley-Pendle Growth Programme (£300k), Building Infrastructure (£50k) and Pioneer Place (£1,269k).

## 17. CARRY FORWARD REQUESTS

Carry forward requests totalling £419k have been received from Budget Holders, details of which can be seen in Appendix 3. These amounts totalling £419k to be transferred into the Carry Forward reserve or other Earmarked Reserves and transferred back out to create additional revenue budgets in 2023/24 or when required.

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:**

**Amy Johnson  
Finance Manager**

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Revenue Budget Forecast Position 2022/23 by Service Area

Appendix 1

			Quarter 3					
			ORIGINAL BUDGET 2022/23 £000s	REVISED BUDGET 2022/23 £000s	Current Forecast Q3 £000s	Current Variance Q3 £000s	Variance Reported Q2 £000s	Movement £000s
Economy and Growth	RAPP Holding Accounts	RAPP Holding Accounts	158	159	159	0	0	0
Economy and Growth	Markets	Burnley Markets	156	168	201	33	0	33
Economy and Growth	Markets	Markets Shared Areas	(29)	(29)	(29)	0	0	0
Economy and Growth	Planning Policy	Local Plan	14	35	35	0	0	0
Economy and Growth	Planning Policy	Planning Policy	205	262	262	0	0	0
Economy and Growth	Economic Development	Town Centre Management	76	76	76	0	0	0
Economy and Growth	Economic Development	Business Support	221	426	426	0	0	0
Economy and Growth	Economic Development	Burnley Branding	111	120	120	0	0	0
Economy and Growth	Economic Development	Burnley Bondholders	32	33	33	0	0	0
Economy and Growth	Economic Development	Sandygate Square Student Accomodation	(327)	0	0	0	0	0
Economy and Growth	Regeneration Development	Regeneration	84	(170)	(170)	0	0	0
Economy and Growth	Regeneration Development	Weavers Triangle	0	0	0	0	0	0
Economy and Growth	Regeneration Development	HAZ Heritage Action Zone	47	0	0	0	0	0
Economy and Growth	Regeneration Development	Padiham THI	(43)	(43)	(43)	0	0	0
<b>sub-total</b>			<b>707</b>	<b>1,037</b>	<b>1,070</b>	<b>33</b>	<b>0</b>	<b>33</b>
Policy and Engagement	Corp Engage & Policy Hold Acc	Corp Engage Holding Accounts	48	51	51	0	0	0
Policy and Engagement	Emergency Planning	Emergency Planning	2	2	2	0	0	0
Policy and Engagement	Communications	Communications	123	117	101	(16)	(14)	(2)
Policy and Engagement	Community Engagement	Community Engagement	223	419	413	(6)	(6)	0
Policy and Engagement	Performance And Policy	Performance and Policy	90	426	422	(4)	0	(4)
<b>sub-total</b>			<b>487</b>	<b>1,015</b>	<b>989</b>	<b>(26)</b>	<b>(20)</b>	<b>(6)</b>
Management Team	Management Team	Management Team	373	373	373	0	0	0
<b>sub-total</b>			<b>373</b>	<b>373</b>	<b>373</b>	<b>0</b>	<b>0</b>	<b>0</b>
Sport and Culture Leisure Client	Burnley Mechanics And Arts Devt	Burnley Mechanics And Arts Devt	58	58	58	0	0	0
Sport and Culture Leisure Client	Leisure Centres	St Peters Centre	247	247	247	0	0	0
Sport and Culture Leisure Client	Leisure Centres	Leisure Trust Client	358	463	463	0	0	0
Sport and Culture Leisure Client	Leisure Centres	Padiham Leisure Centre	83	83	83	0	0	0
Sport and Culture Leisure Client	Leisure Centres	Prairie Sports Village	59	59	59	0	0	0
<b>sub-total</b>			<b>805</b>	<b>910</b>	<b>910</b>	<b>0</b>	<b>0</b>	<b>0</b>
Green Spaces and Amenities	Bereavement Service	Cemeteries and Crematorium	(843)	(758)	(784)	(26)	10	(36)
Green Spaces and Amenities	Parks And Green Spaces	Community Parks and Open Space	1,444	1,591	1,629	38	(3)	41
Green Spaces and Amenities	Parks And Green Spaces	Recreation and Sport	284	271	271	0	0	0
Green Spaces and Amenities	Parks And Green Spaces	Allotments	(3)	(3)	(3)	0	0	0
Green Spaces and Amenities	Parks And Green Spaces	Parks Externally Funded Scheme	0	50	50	0	0	0
Green Spaces and Amenities	Art Gallery And Museums	Towneley Hall	293	301	302	1	6	(5)
Green Spaces and Amenities	Art Gallery And Museums	Towneley Hall Ext Fund Schemes	0	2	2	0	0	0
Green Spaces and Amenities	Transport	Grounds Maintenance	76	76	76	0	0	0
<b>sub-total</b>			<b>1,251</b>	<b>1,531</b>	<b>1,543</b>	<b>13</b>	<b>13</b>	<b>(0)</b>
Streetscene	Streetscene Holding Accounts	Streetscene Holding Accounts	908	1,054	1,054	0	0	0
Streetscene	Engineering Services	Bus Shelters	18	18	18	0	0	0
Streetscene	Engineering Services	Highways	13	18	18	0	0	0
Streetscene	Engineering Services	Street Lighting	83	83	83	0	0	0
Streetscene	Engineering Services	Drainage	4	4	4	0	0	0
Streetscene	Community Safety	Community Safety	209	232	232	0	0	0
Streetscene	Car Parking	Car Parking	(550)	(447)	(331)	116	166	(50)
Streetscene	Car Parking	Car Parking Enforcement	14	(4)	(4)	0	0	0
Streetscene	CCTV	CCTV	157	159	159	0	0	0
Streetscene	Environmental Services	Waste Cleaning Contract	73	176	176	0	0	0
Streetscene	Environmental Services	Street Cleansing	1,238	1,266	1,266	0	0	0
Streetscene	Environmental Services	Waste Collection	1,183	1,193	1,103	(90)	(90)	0
Streetscene	Environmental Services	Pest Control	21	21	21	0	0	0
Streetscene	Environmental Services	Dog Warden	56	16	16	0	0	0
Streetscene	Environmental Services	Default Works	(24)	(24)	(24)	0	0	0
Streetscene	Regulation	Environmental Health Client	(31)	(29)	(29)	0	0	0
Streetscene	Regulation	Taxi Licensing	(116)	(116)	(116)	0	0	0
Streetscene	Regulation	Other Licensing	(107)	(107)	(107)	0	0	0
Streetscene	Regulation	Public Funerals	10	10	10	0	0	0
<b>sub-total</b>			<b>3,159</b>	<b>3,523</b>	<b>3,549</b>	<b>26</b>	<b>77</b>	<b>(50)</b>
Housing and Development Control	Housing And Development Ctrl	Housing	361	651	651	0	0	0
Housing and Development Control	Development Control	Development Control	17	150	240	90	0	90
Housing and Development Control	Building Control	Building Control	79	79	79	0	0	0
Housing and Development Control	Selective Licensing	Selective Licensing	54	72	72	0	0	0
<b>sub-total</b>			<b>511</b>	<b>952</b>	<b>1,042</b>	<b>90</b>	<b>0</b>	<b>90</b>
Strategic Partnership	Strategic Partnership	Strategic Partnership	4,033	4,141	4,141	0	0	0
<b>sub-total</b>			<b>4,033</b>	<b>4,141</b>	<b>4,141</b>	<b>0</b>	<b>0</b>	<b>0</b>
Finance and Property	Finance Unit	Finance Unit	695	735	729	(6)	(6)	0
Finance and Property	External Audit	External Audit	56	56	56	0	0	0
Finance and Property	Internal Audit	Internal Audit	141	121	109	(12)	(12)	0
Finance and Property	Misc Income And Expenditure	Misc Income And Expenditure	18	(16)	(16)	0	0	0
Finance and Property	Property	Property	(285)	(2,305)	(2,304)	1	1	(0)
<b>sub-total</b>			<b>626</b>	<b>(1,409)</b>	<b>(1,426)</b>	<b>(17)</b>	<b>(17)</b>	<b>0</b>
Revenues and Benefits Client	Revenues And Benefits Client	Housing Benefits Services	(353)	(353)	(353)	0	0	0
Revenues and Benefits Client	Housing Benefits Payments And Subs	Housing Benefits Payments And Subs	(74)	(52)	(52)	0	0	0
Revenues and Benefits Client	Council Tax Support	Council Tax Support	(163)	(165)	(165)	0	0	0
Revenues and Benefits Client	Cost Of Collection Accounts	Cost Of Collection Accounts	(739)	(739)	(739)	0	0	0

<b>sub-total</b>			<b>(1,329)</b>	<b>(1,309)</b>	<b>(1,309)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Legal and Democratic Services	Legal	Legal Services	349	390	391	1	1	(0)
Legal and Democratic Services	Legal	Local Land Charges	(44)	(18)	(18)	0	0	0
Legal and Democratic Services	Legal	FOI Requests	1	1	1	0	0	0
Legal and Democratic Services	Governance	Conducting Elections	80	81	81	0	0	0
Legal and Democratic Services	Governance	Register of Electors	83	84	84	0	0	0
Legal and Democratic Services	Governance	Charities Administration	0	0	0	0	0	0
Legal and Democratic Services	Governance	Parish Councils	2	2	2	0	0	0
Legal and Democratic Services	Governance	Democratic Services	313	335	338	3	3	0
Legal and Democratic Services	Governance	Civic Administration	18	11	11	0	0	0
Legal and Democratic Services	Governance	Mayoralty	34	66	66	0	0	0
Legal and Democratic Services	Governance	Members Expenses	243	246	246	0	0	0
<b>sub-total</b>			<b>1,079</b>	<b>1,198</b>	<b>1,202</b>	<b>4</b>	<b>4</b>	<b>(0)</b>
People and Development	People And Development	People and Development	243	225	225	0	0	0
<b>sub-total</b>			<b>243</b>	<b>225</b>	<b>225</b>	<b>0</b>	<b>0</b>	<b>0</b>
Central Budgets - Other	Central Budgets - Other	Central Budgets - Other	685	735	1,197	464	(38)	502
Central Budgets - Savings Targets	Central Budgets - Savings Targets	Salary Savings Target	(169)	(169)	(169)	0	0	0
Central Budgets - Savings Targets	Central Budgets - Savings Targets	Non-Salary Savings Target	(79)	(79)	(79)	0	0	0
<b>sub-total</b>			<b>437</b>	<b>487</b>	<b>949</b>	<b>464</b>	<b>(38)</b>	<b>502</b>
<b>NET SERVICE BUDGET</b>			<b>12,381</b>	<b>12,674</b>	<b>13,258</b>	<b>587</b>	<b>19</b>	<b>569</b>
Corporate Items	Pensions	Pensions	784	783	783	(0)	0	(0)
Corporate Items	Provisions	Provisions	0	0	0	0	0	0
Corporate Items	Impairments	Impairments	0	0	0	0	0	0
Corporate Items	Parish Precepts	Parish Precepts	169	169	169	(0)	0	(0)
Corporate Items	Treasury Investments & Borrowing	Treasury Investments & Borrowing	1,081	1,660	1,000	(660)	70	(730)
Corporate Items	Capital Financing	Capital Financing	1,444	3,675	3,675	0	0	0
Corporate Items	Earmarked Reserves	Earmarked Reserves	(538)	(1,603)	(1,537)	66	0	66
Corporate Items	Strategic Reserves	Strategic Reserves	0	(2,038)	(2,038)	0	0	0
<b>NET CORPORATE ITEMS</b>			<b>2,941</b>	<b>2,646</b>	<b>2,052</b>	<b>(594)</b>	<b>70</b>	<b>(664)</b>
Funding	Council Tax		(7,480)	(7,480)	(7,480)	0	0	0
Funding	Council Tax - Parish Precepts		(169)	(169)	(169)	0	0	0
Funding	Business Rates: Retained Income		(4,513)	(4,513)	(4,513)	0	0	0
Funding	Business Rates: S31 Grants		(1,655)	(1,655)	(1,655)	0	0	0
Funding	Prior Year Collection Fund (Surplus)/Deficit		1,261	1,261	1,261	0	0	0
Funding	Revenu support Grant		(1,700)	(1,700)	(1,700)	0	0	0
Funding	New Homes Bonus		(576)	(576)	(576)	0	0	0
Funding	Other Government Grants		(489)	(489)	(489)	0	0	0
<b>FUNDING</b>			<b>(15,322)</b>	<b>(15,322)</b>	<b>(15,322)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>BUDGET BALANCE</b>			<b>(0)</b>	<b>(0)</b>	<b>(9)</b>	<b>(9)</b>	<b>89</b>	<b>(98)</b>

Appendix 2

Quarter 3 Movements in Reserves

	Transformation Reserve	Growth Reserve	TOTAL Strategic Reserves	Other Earmarked Reserves
	£000	£000	£000	£000
Opening Balance	(2,802)	(1,538)	(4,341)	(18,714)
In Year Adjustments	(1,873)	0	(1,873)	1,873
Original Budget 2022/23 - use of reserves	0	0	0	538
<b>TOTAL</b>	<b>(4,675)</b>	<b>(1,538)</b>	<b>(6,214)</b>	<b>(16,304)</b>
Change in cycle 1	0	485	485	302
Change in cycle 2	100	0	100	1,824
Change in cycle 3	1,309	(185)	1,124	(88)
<b>Anticipated balance at 31 March 2023</b>	<b>(3,266)</b>	<b>(1,238)</b>	<b>(4,505)</b>	<b>(14,266)</b>
Approved use of reserves future years	1,766	1,233	2,999	(5,055)
Movement between reserves	0	0	0	0
<b>Balance after approvals</b>	<b>(1,500)</b>	<b>(6)</b>	<b>(1,506)</b>	<b>(19,321)</b>

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**REQUESTS for REVENUE Budget Carry Forwards from 2022/23 into 2023/24**

Appendix 3

Service Unit / Task	Details	Budget Code	Current Budget 2022/23 £	Forecast Spend/ (income) 2022/23 £	Remaining Budget 2022/23 £	Amount Requested £
<b><u>Streetscene</u></b>						
Waste & Cleansing Contract Contingency	£50k underspend from 2022/23 to be used to purchase a Scrubdeck vehicle in 2023/24. Planned efficiencies in light of late changes to Government Waste Strategy. This budget to be used to support upcoming procurement.	R6010/2702	50,000	0	50000	<b>50000</b>
Waste & Cleansing Contract		R6136/2137	175,632	131,632	44000	<b>44000</b>
					-	
			<b>225,632</b>	<b>131,632</b>	<b>94,000</b>	<b>94,000</b>
<b><u>Legal &amp; Democratic Services</u></b>						
					-	
Local Land Charges	To utilise the remaining surplus income carried forward from 21/22, together with the transitional grant received from HM Land Registry to support the migration of Local Land Charges.	R2032/2702	50,096	0	50,096	50,096
Local Land Charges	Predicted surplus income from Local Land Charges income in 22-23 to be utilised to support the migration of Local Land Charges	R2032/3333	(62,614)	(80,000)	17386	17,386
					0	
			<b>(12,518)</b>	<b>(80,000)</b>	<b>67,482</b>	<b>67,482</b>
<b><u>Corporate</u></b>						
Climate Change	For future climate change initiatives	H4835/2702	59,374	9,374	50,000	<b>50,000</b>
			<b>59,374</b>	<b>9,374</b>	<b>50,000</b>	<b>50,000</b>

Totals

272,488

#REF!

#REF!

211,482

**REQUESTS for EXTERNALLY FUNDED REVENUE Budget Carry Forwards from 2022/23 into 2023/24**

Service Unit / Task	Details	Budget Code	Current Budget 2022/23 £	Forecast Spend/ (income) 2022/23 £	Remaining Budget 2022/23 £	Amount Requested £
<b><u>Housing &amp; Development Control</u></b>						
Housing Advice	£20k Homelessness Prevention					
	£25,342 Homelessness Prevention					
	£25k Rough Sleeping	R3218/0081	70,342	12,988	57,354	<b>57,354</b>
Housing Advice	Homelessness Prevention	R3218/1979	15,300	8,000	7,300	<b>7,300</b>
	£105k Homelessness Prevention Grant					
Housing Advice	£45k Rough Sleepers & ABEN					
	£69,433 Protect & Vaccinate	R3218/2021	219,433	115,833	103,600	<b>103,600</b>
	£5k Homelessness Prevention Grant					
Housing Advice	£5k AFO Funding	R3218/2052	10,000	526	9,474	<b>9,474</b>
			<b>315,075</b>	<b>137,347</b>	<b>177,728</b>	<b>177,728</b>
<b><u>Economy &amp; Growth</u></b>						
Cultural Consortium	HAZ monies to be spent 23/23	R5334/0159	28,156	27,746	410	<b>410</b>
Cultural Consortium	HAZ monies to be spent 23/23	R5334/2106	14,400	10,400	4,000	<b>4,000</b>
Cultural Consortium	HAZ monies to be spent 23/23	R5334/3234	- 28,800 -	44,000	15,200	<b>15,200</b>
			<b>13,756 -</b>	<b>5,854</b>	<b>19,610</b>	<b>19,610</b>
<b><u>Corporate</u></b>						
Clinically Extremely Vulnerable	Unspent grant	R2009/3578	- -	7,221	7,221	<b>7,221</b>
Covid 19 FPN Income	Additional income	R2009/3528	- -	3,060	3,060	<b>3,060</b>
			<b>-</b>	<b>(10,281)</b>	<b>10,281</b>	<b>10,281</b>
<b>Totals</b>			<b>328,831</b>	<b>121,212</b>	<b>207,619</b>	<b>207,619</b>

## Capital Monitoring Report 2022/23 – Quarter 3 (to 31 December 2022)

### REPORT TO EXECUTIVE



<b>DATE</b>	<b>13 February 2023</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Amy Johnson</b>
<b>TEL NO</b>	<b>(01282) 475869</b>
<b>EMAIL</b>	<b>ajohnson@burnley.gov.uk</b>

### 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 £18,513,011 giving a revised capital budget for 2022/23 totalling £20,225,741 as detailed in Appendix 1.
  - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £20,225,741 as shown in Appendix 2.
  - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £5,617,708 at 31 March 2023 as shown in Appendix 3.

### REASONS FOR RECOMMENDATION

3. To effectively manage the 2022/23 capital programme.

### SUMMARY OF KEY POINTS

#### 4. Monitoring Information

On 23 February 2022 Full Council approved the 2022/23 original capital budget, totalling £37,791,441. Since February, several reports have been approved by the Executive, resulting in revising the 2022/23 capital budget to £38,738,753 (as at 30 November 2022 Executive).

This is the third of three in-year monitoring reports, and as such the appendices accompanying this report provide Members with the position as at 31 December 2022 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 2022. The expenditure to date is £11,509,721 which is 57% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £20,225,741, along with identifying the recommended financing elements on a scheme by scheme basis. This is a decrease of £18,513,011.
- 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 2022/23 capital commitments, totals £5,617,708.

The resources are reducing each financial year, to an estimated balance on general capital receipts of £1.777m by March 2023. 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 31<sup>st</sup> March 2023, some of which are high risk (or the estimated balance will reduce).

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

### d. Building Infrastructure Works

#### Towneley Hall

The main contract for the refurbishment of the Hall has been tendered and work is scheduled to start early next year.

#### Town Hall

Structural repairs to the front of Burnley Town Hall have been completed in accordance with the specification of our specialist conservation structural engineer. All the scaffolding to the front has been removed and the final stonework repairs completed. Other than any minor snagging issues on repairs and redecoration to the railing's works are complete. Anti-bird fouling nets have been installed and, decoration of the main front entrance gates will be undertaken in the summer as part of repairs and maintenance generally.

Regarding the lightwell all structural works are complete however discussions are underway regarding increased costs for the external finishing. If these can be resolved satisfactorily the works will go ahead shortly, if not then they will be retendered.

### Council Chamber

Specialist advice regarding the dry rot outbreak and the condition of the ornate plaster ceiling in the main Council Chamber has been obtained and further structural advice regarding some slight movement obtained. Works will commence shortly. Given the specialist works involved this is programmed to take 22 weeks to complete the works. The cost of the specialist work, including the scaffold hire, is £107,500. There is an underspend of £15,892 from the Town Hall stonework budget which will be used to part fund these works. The capital budget has been increased by £91,608 to cover the remaining cost.

### Nicholas Street

Several outbreaks of dry rot have been stripped out and treated and the building continues to be monitored. A further dry rot infestation in the stairwell towards the Elizabeth end of the building has been identified is being treated as is the source of the damp which cause the same.

## 6. Revenue Implications

### a. Revenue Contributions / Reserves 2022/23

The Capital Programme includes Revenue Contributions / Reserves of £1,855,207 being:

Scheme	Funded	£
Vehicle & Machinery Replacement	Transport Reserve	160,186
Vehicle & Machinery Replacement	Revenue	15,000
Refill Fountains	Revenue Support Reserve	5,000
Finsley Wharf & Canal Towpath Improvements	Revenue Support Reserve	34,000
Burnley/Pendle Growth Corridor	Growth Reserve	300,000
Building Infrastructure	Revenue Support Reserve	49,500
Worsthorne Recreation Ground Improvements	Revenue Support Reserve	22,381
Pioneer Place	Transformation Reserve	1,269,150
<b>Total Revenue Contributions</b>		<b>1,855,207</b>

### b. Prudential Borrowing 2022/23

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 2022/23.

The original capital budget for 2022/23 of £37,791,441 included a planned borrowing requirement of £15,861,173.

The Outturn report dated 13 July 2022 seeks approval for slippage on borrowing of £688,904, revising the planned borrowing requirement to £16,550,077.

The Cycle 1 report dated 21 September 2022 also approved the planned borrowing requirement to £16,550,077.

The Cycle 2 report dated 30 November 2022 approved the planned borrowing requirement to £14,558,496.

Adjustments made in this report revises the planned borrowing requirement to £4,539,397 mainly due to the reprofiling of Pioneer Place & Town Centre & Weavers Triangle Project Work.

The revenue implications of borrowing £4,539,397 are a Minimum Revenue Provision (MRP) of £46k and an interest charge, assuming 3% on the borrowing, would equate to £136k for a full year.

#### **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

7. A decrease in the 2022/23 capital programme of £18,513,011 to give a revised budget of £20,225,741.

#### **POLICY IMPLICATIONS**

8. None arising directly from this report.

#### **DETAILS OF CONSULTATION**

9. None.

#### **BACKGROUND PAPERS**

10. None.

#### **FURTHER INFORMATION**

**PLEASE CONTACT:** **Amy Johnson – Finance Manager**

Scheme Name	Budget per Exec 30/11/22 £	Adjustments Per This Report		Changes to be	Revised Budget £	Total Spend as at 30/12/22 £	% Schemes Spend £	Narrative provided by Project Officers/Heads of Service
		Budget	Reprofiled into	approved in				
		Adjustments	Future Years	this report				
A	B	A + B						

**GREEN SPACES & AMENITIES**

Play Area Improvement Scheme	206,800			-	206,800	130,924	63%	The Lane Bottom scheme, re-development of Vanguard and the new multi-play unit at Lockyer Avenue have been completed, together with the additional work at Harold Avenue. We have a number of play areas to redevelop aiming for completion before the end of March 2023 or early 23/24.
Vehicle and Machinery Replacement	175,186			-	175,186	124,530	71%	Awaiting delivery of the new Tree Team pick up (due in January) and replacement Dennis 510 bowling green mower (end of January). These purchases will complete the programme.
Playing Pitch Improvements	20,000			-	20,000	2,590	13%	We have commissioned an external consultant to provide us with a detailed design specification and help us with the tender and construction phases for Lockyer Avenue and Queens Park schemes. As part of this work, they carried out an Infiltration Suds Geo Report and a Phase 1 Desk Study to provide preliminary assessments for coal mining risk and the potential for infiltration drainage at Lockyer Avenue. Once the detailed design specification work has been completed, we will use the plans to procure tender documents and bills of quantities with a view to tendering the work by the end of March 2023. We aim to have the drainage works at both sites completed in May or June 2023. We are working with both clubs that will be affected on alternative sites for them during the 2023/24 season as they will not be able to play on either site for 9 to 12 months.
Extension of Burnley Cemetery	25,000			-	25,000	-	0%	Scheme brief to be tendered in January to consultants who specialises in the development of new Cemeteries and Cemetery extensions. Balance to be carried forward.
Brun Valley Forest Park	22,787			-	22,787	4,480	20%	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 Quarter 3 and 4.
Woolthorpe Recreation Ground Improvements	50,245			-	50,245	850	2%	Refurbishment of the changing rooms has been delayed due to the connection of water, electricity and sewerage but work to refurbish the interior and exterior of the changing rooms should commence early February..
Thompson Park Restoration	24,918			-	24,918	10,501	42%	Signage and flood defence works complete, it is anticipated that all outstanding works including road surfacing and works to the paddling pool control valves and lake inlet expected to be completed in this financial year.
Refill Fountains	5,000			-	5,000	-	0%	Bottle fillers have been delivered. Installation to take place.
Stoops Wheeled Sport	925			-	925	750	81%	Scheme complete
Changing Place	43,469			-	43,469	-	0%	Request transfer of this budget to the Towneley Hall Works capital budget to enable the changing places toilet at Towneley Hall to be provided as part of the current repair contract.
Crematorium Improvements	132,000		(132,000)	(132,000)	-	-	0%	No progress due to workload in GS&A and Engineers request to defer to 2023/24
Scott Park HLF	25,000			-	25,000	-	0%	No progress as yet. The aim is to use some of this money to appoint a consultant and submit an expression of interest to the National Lottery Heritage Fund before the end of March.
Memorial Park Improvements	146,042		(96,042)	(96,042)	50,000	-	0%	The tender for the replacement of the skate ramp with a new concrete wheeled sports area has been completed and work is due to commence on the wheeled sports area at the end of February for completion by the end of March. The remaining works in the programme will be completed during 2023/24 so request a reprofile of the budget for the balance.
Towneley Hall Works	550,000	100,000		100,000	650,000	238,838	37%	The contract commenced on site 24/10/2022 and is currently on schedule. Expenditure in current financial year estimated to be £650K with balance to 2023/24 & 2024/25
	<b>1,427,372</b>	<b>100,000</b>	<b>(228,042)</b>	<b>(128,042)</b>	<b>1,299,330</b>	<b>513,463</b>	<b>40%</b>	

**STREETSCENE**

Alleygating	26,872			-	26,872	-	0%	The council is going through the selection process for the 2022/23 allocation. There have been 90 applications this year and the capital funding will provide 5 or 6 new schemes. Full spend is anticipated in Quarter 4.
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Scheme Name	Budget per Exec 30/11/22	Adjustments Per This Report		Changes to be	Revised Budget	Total Spend as at 30/12/22	% Schemes Spend	Narrative provided by Project Officers/Heads of Service
		Budget Adjustments	Reprofiled into Future Years	approved in this report				
	A	B	A + B	£	£	£	£	
Towneley River Training Walls	84,698			-	84,698	7,440	9%	The full budget is anticipated to be spent in Quarters 3 and 4. Projects will include essential works along the River Brun and Thompson park to alleviate future flooding incidents.
Safer Streets	22,457			-	22,457	17,004	76%	Awaiting final contractor invoices. The project is complete.
Electric Vehicle Rapid Charge Points	232,110	(42,840)		(42,840)	189,270	-	0%	The Council have been successful in securing Office for Zero Emmission Vehicles funding to deliver this scheme. Capital works and spend is being undertaken in Quarters 3 and 4. It is anticipated that the full allocation of the budget will be utilised with the grant and also match funding from a private sector provider.
	<b>366,137</b>	<b>(42,840)</b>	-	<b>(42,840)</b>	<b>323,297</b>	<b>24,444</b>	<b>8%</b>	

Scheme Name	Budget per Exec 30/11/22 £	Adjustments Per This Report		Changes to be	Revised Budget £	Total Spend as at 30/12/22 £	% Schemes Spend £	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	631,042	79,037	(110,000)	(30,963)	600,079	74,504	12%	There are two project on-site nearing completion (Exempar and National School Building) and a further two pipeline projects (12-14 and 25-27 Burnley Rd). The TH programme is on target to complete by Sept 2023.
Pioneer Place	14,833,842		(6,102,794)	(6,102,794)	8,731,048	6,316,303	72%	Work on site has progressed to programme. The steel works are completed; the cinema is fully clad and internal work is at an advanced stage; the restaurant units are ready for cladding; external areas have been prepared ready for surfacing and landscaping; the part of the car park next to Primark which has been handed over to the Council is operating normally. Agreements for lease on all five units are at an advanced stage with solicitors and tenants' specifications have been agreed.
NW Burnley Growth Corridor - Phase 2	-			-	-	-	0%	LEP funding of £5million toward the NW Growth Corridor scheme has been fully utilised. The EA continues construction work to the rear of the Town Hall which is expected to complete in Spring and are finalising designs for Phase 2 works scheduled to commence in May. Remaining construction works are being funded through the EA and other funding sources sought by the EA.
Lower St James Street Historic Action Zone	1,017,291		(536,084)	(536,084)	481,207	146,906	31%	Works to 143 St James Street are complete. Works have started on site at 160 St James Street with a completion date of 31st March 23. 156 St James Street has been approved and the contractor is due on site before the end of January. Planning is approved for 139/141 - works are going out to tender this week. 150-152, 153 164-166 are all at Design Stages. Cost profiles to be allocated to properties once tendered works have come in with exact costings.
Finsley Wharf & Canal Towpath Improvements	34,000			-	34,000	34,000	100%	Contribution to the Canal & Rivers Trust. Works completed awaiting invoice.
Vision Park	24,506			-	24,506	-	0%	Final work on signage completed, awaiting invoice from contractor.
Former Open Market & Former Cinema Block	57,738		(57,738)	(57,738)	-	-	0%	Remediation works to the parapet cannot be carried out this financial year due to the closure of Bankfield for highways works.
Town Centre & Weavers Triangle Project Work	623,370		(623,370)	(623,370)	-	-	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.
Sandygate Halls (Commercial Units & Car Parking)	190,588			-	190,588	9,467	5%	Defect works and fitting out of office unit to be completed, subject to tenant signing agreement for lease.
Burnley-Pendle Growth Programme	300,000			-	300,000	-	0%	All works completed. Awaiting invoice.
Leveling Up Fund	13,014,613		(9,514,513)	(9,514,513)	3,500,100	1,297,822	37%	Design work on Manchester Road Station continues along with review of site investigation works. The Town to Turf Project has commenced - preparation works have been completed and the site compound mobilised with main construction works starting at the Turf Moor area of the scheme. Works to Newtown Mill are on site including erection of scaffold, stripping out, excavation works and foundations being laid for the new steel frame.
	<b>30,726,990</b>	<b>79,037</b>	<b>(16,944,499)</b>	<b>(16,865,462)</b>	<b>13,861,528</b>	<b>7,879,002</b>	<b>57%</b>	

**FINANCE & PROPERTY**

Leisure Centre Improvements	149,297		(100,000)	(100,000)	49,297	34,261	69%	The agreed programme of works is progressing and should be completed this financial year.
Building Infrastructure	1,052,475	91,608		91,608	1,144,083	483,130	42%	Structural repairs to the front of Burnley Town Hall have been completed in accordance with the specification of our specialist conservation structural engineer. Most of the scaffolding to the left hand side of the Town Hall entrance has been removed and the final stonework repairs are progressing well and should be completed during November. Following this the inner light well works will be progressed. Specialist advice regarding the dry rot outbreak and the condition of the ornate plaster ceiling in the main Council Chamber has been obtained and further structural advice regarding some slight movement issues has been received. Quotes have been received for this work which is due to commence shortly. Due to the specialist nature of the works involved the programme of works is estimated to take 22 weeks to complete.
Charter Walk Refurbishment	1,179,871		(1,169,628)	(1,169,628)	10,243	10,243	100%	Following the acquisition of the Charter Walk shopping centre in October 2021 this budget was approved to investigate and progress regeneration or demolition work to Calder House. A feasibility study is currently being undertaken, together with the short to longer term regeneration of the wider Charter Walk shopping centre, which will be completed and reported to members in due course.
Charter Walk Property Maintenance	50,000		(50,000)	(50,000)	-	-	0%	This budget will be used to fund maintenance work to be undertaken arising from building condition surveys and will be picked up through the repair and maintenance revenue budget.

Scheme Name	Budget per Exec 30/11/22 £	Adjustments Per This Report		Changes to be	Revised Budget £	Total Spend as at 30/12/22 £	% Schemes Spend £	Narrative provided by Project Officers/Heads of Service
		Budget	Reprofiled into	approved in				
		Adjustments A £	Future Years B £	this report A + B £				
Carbon Reduction Measures	159,610		(159,610)	(159,610)	-	-	0%	This budget will provide funding to progress initiatives included within the Council's Climate Change Strategy. We are awaiting the outcome of an assessment being undertaken by a specialist supplier.
IT Upgrades	7,000			-	7,000	3,650	52%	To replace 65 devices used by members and officers, in batches over 3 years, to access electronically meeting agenda papers and reports. The first batch of ten devices have been purchased and issued to members as upgrades and replacements.
Audio & Visual Upgrade to Facilitate On-line Meetings	100,000		(100,000)	(100,000)	-	-	0%	Replacement of the delegate public address and induction loop systems in the Council chamber and public gallery; and installation of an electronic delegate voting system and display and fixed live streaming cameras. Currently the audio visual upgrade tender and installation is on hold and is dependent upon the completion of the dry rot repair work in the Council Chamber. A date for completion of this work is currently unknown, this will require the budget to be reprofiled into 2023/24.
	<b>2,698,253</b>	<b>91,608</b>	<b>(1,579,238)</b>	<b>(1,487,630)</b>	<b>1,210,623</b>	<b>531,284</b>	<b>44%</b>	

Scheme Name	Budget per Exec 30/11/22 £	Adjustments Per This Report		Changes to be	Revised Budget £	Total Spend as at 30/12/22 £	% Schemes Spend £	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	180,000	90,000		90,000	270,000	209,505	78%	In addition to the grants completed, there is a further £54,000 committed to an additional 14 grants that have been approved. As we start to enter the colder months, applications in relation to emergency works for heating and damp are likely to increase. It is recommended that the budget is increased to a total of £180,000.
Better Care Grant	2,000,000			-	2,000,000	1,433,486	72%	In addition to the grants completed there is currently a further £618,000 committed for disabled facilities grants. £10,000 for the safe and secure and declutter grant as well as £18,000 for dwelling dementia grants. With the current spend and current commitment it is anticipated that the full £2,000,000 budget will be spent by the end of 2022/23.
Energy Efficiency	40,000			-	40,000	31,682	79%	We are still predicting to complete 125 grants this year.
Empty Homes Programme	1,300,000	(79,037)		(79,037)	1,220,963	886,855	73%	The programme is targeting another 20 acquisitions this year and bringing 90 properties back in to use. We have had 9 loan applications this year so far which is a little slow, but understandable in the current economic climate.  We are still working with Calico and will complete the sale of 26 properties to them in October. Offers have been accepted on 2 properties with another almost ready for sale. A report on further Compulsory Purchase Orders has been prepared and is going to October Executive.  Renovations are underway at 3 properties with more being prepared. Five of these properties are being partly funded by Homes England for the Rough Sleeping Accommodation Programme. One further property was completed in November. All six properties need to be complete by early March 2023.  Wytham and Albion improvement scheme also commenced in October.
	<b>3,520,000</b>	<b>10,963</b>	<b>-</b>	<b>10,963</b>	<b>3,530,963</b>	<b>2,561,528</b>	<b>73%</b>	
	<b>38,738,752</b>	<b>147,160</b>	<b>(18,751,779)</b>	<b>(18,513,011)</b>	<b>20,225,741</b>	<b>11,509,721</b>	<b>57%</b>	

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Scheme Name	Revised Budget £	FINANCING ELEMENTS						Total Revised Budget £
		Prudential Borrowing £	Revenue Cont'n / Reserves £	Capital Grants £	Capital Receipts £	Vacant Property Initiative Receipts £	3rd Party Contribution / Section 106 £	
<b>Green Spaces &amp; Amenities</b>								
Play Area Improvement Scheme	206,800	-	-	-	88,636	-	118,164	206,800
Vehicle and Machinery Replacement	175,186	-	175,186	-	-	-	-	175,186
Changing Place	43,469	-	-	-	-	-	43,469	43,469
Extension of Burnley Cemetery	25,000	25,000	-	-	-	-	-	25,000
Scott Park HLF	25,000	-	-	-	25,000	-	-	25,000
Memorial Park Improvements	50,000	-	-	-	-	-	50,000	50,000
Playing Pitch Improvements	20,000	-	-	-	-	-	20,000	20,000
Towneley Hall Works	650,000	350,446	-	299,554	-	-	-	650,000
Brun Valley Forest Park	22,787	-	-	-	-	-	22,787	22,787
Worsthorne Recreation Ground Improvements	50,245	-	22,381	2,780	-	-	25,084	50,245
Thompson Park Restoration	24,918	-	-	24,918	-	-	-	24,918
Stoops Wheeled Sport	925	-	-	925	-	-	-	925
Refill Fountains	5,000	-	5,000	-	-	-	-	5,000
	<b>1,299,330</b>	<b>375,446</b>	<b>202,567</b>	<b>328,177</b>	<b>113,636</b>	<b>-</b>	<b>279,504</b>	<b>1,299,330</b>
<b>Streetscene</b>								
River Training Walls	84,698	-	-	-	84,698	-	-	84,698
Alleygate Programme	26,872	-	-	-	26,872	-	-	26,872
Electric Vehicle Charging Scheme (Council Match Funding)	189,270	-	-	139,270	50,000	-	-	189,270
Safer Streets	22,457	-	-	22,457	-	-	-	22,457
	<b>323,297</b>	<b>-</b>	<b>-</b>	<b>161,727</b>	<b>161,570</b>	<b>-</b>	<b>-</b>	<b>323,297</b>
<b>Economy &amp; Growth</b>								
Padiham Townscape Heritage Initiative	600,079	-	-	409,988	5,905	79,037	105,149	600,079
Pioneer Place	8,731,048	3,645,652	1,269,150	3,816,246	-	-	-	8,731,048
Lower St James Street Historic Action Zone	481,207	-	-	379,263	-	-	101,944	481,207
Finsley Wharf & Canal Towpath Improvements	34,000	-	34,000	-	-	-	-	34,000
Vision Park	24,506	-	-	17,853	6,653	-	-	24,506
Leveling Up Fund	3,500,100	-	-	3,500,100	-	-	-	3,500,100
Sandygate Halls (Commercial Units & Car Parking)	190,588	190,588	-	-	-	-	-	190,588
Burnley-Pendle Growth Programme	300,000	-	300,000	-	-	-	-	300,000
	<b>13,861,528</b>	<b>3,836,240</b>	<b>1,603,150</b>	<b>8,123,450</b>	<b>12,558</b>	<b>79,037</b>	<b>207,093</b>	<b>13,861,528</b>
<b>Finance &amp; Property</b>								
Leisure Centre Improvements	49,297	-	-	-	49,297	-	-	49,297
Building Infrastructure	1,144,083	317,428	49,500	-	752,155	-	25,000	1,144,083
IT Upgrades	7,000	-	-	-	7,000	-	-	7,000
Charter Walk Refurbishment	10,243	10,243	-	-	-	-	-	10,243
	<b>1,210,623</b>	<b>327,671</b>	<b>49,500</b>	<b>-</b>	<b>808,452</b>	<b>-</b>	<b>25,000</b>	<b>1,210,623</b>
<b>Housing &amp; Development Control</b>								
Emergency Repairs	270,000	-	-	270,000	-	-	-	270,000
Better Care Grant	2,000,000	-	-	2,000,000	-	-	-	2,000,000
Energy Efficiency	40,000	-	-	40,000	-	-	-	40,000
Empty Homes Programme	1,220,963	-	-	-	-	1,220,963	-	1,220,963
	<b>3,530,963</b>	<b>-</b>	<b>-</b>	<b>2,310,000</b>	<b>-</b>	<b>1,220,963</b>	<b>-</b>	<b>3,530,963</b>
<b>TOTAL OF ALL SCHEMES</b>	<b>20,225,741</b>	<b>4,539,357</b>	<b>1,855,217</b>	<b>10,923,354</b>	<b>1,096,216</b>	<b>1,300,000</b>	<b>511,597</b>	<b>20,225,741</b>

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**CAPITAL RECEIPTS AND CONTRIBUTIONS ANALYSIS FOR 2022/23 + CIP 2023-28**

**APPENDIX 3**

	<u>General Capital Receipts</u> £	<u>Vacant Property Initiatives Receipts</u> £	<u>Section 106 Money</u> £	<u>3rd Party Cont'ns</u> £	<u>Total</u> £
<b>Capital Resources Brought Forward on 1 April 2022</b>	<b>2,484,594</b>	<b>1,530,973</b>	<b>408,380</b>	<b>392,329</b>	<b>4,816,276</b>
<b>Add</b>					
Resources Received As At 31 December 2022	364,082	620,801	496,498	628,534	2,109,915
Further Resources Estimated to be Received during 2022/23:	25,000	1,544,330	-	-	1,569,330
<b>Potential Resources Available during 2022/23</b>	<b>2,873,676</b>	<b>3,696,104</b>	<b>904,878</b>	<b>1,020,863</b>	<b>8,495,521</b>
<b>Less</b>					
Required to finance Capital Programme	(1,096,216)	(1,300,000)	(25,084)	(456,513)	(2,877,813)
Earmarked for Revenue Expenditure	-	-	-	-	-
Earmarked for Delivery By Outside Bodies	-	-	-	-	-
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2023</b>	<b>1,777,460</b>	<b>2,396,104</b>	<b>879,794</b>	<b>564,350</b>	<b>5,617,708</b>
<b>Add</b> - Resources Estimated to be Received during 2023/24	300,000	1,303,000	478,300	4,349,214	6,430,514
<b>Less</b> - 2023/24 Capital Budget	(1,247,110)	(1,300,000)	(478,300)	(4,528,774)	(7,554,184)
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2024</b>	<b>830,350</b>	<b>2,399,104</b>	<b>879,794</b>	<b>384,790</b>	<b>4,494,038</b>
<b>Add</b> - Resources Estimated to be Received during 2024/25	150,000	1,300,000	398,907	145,360	1,994,267
<b>Less</b> - 2024/25 Capital Budget	(306,232)	(1,300,000)	(398,907)	(145,360)	(2,150,499)
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2025</b>	<b>674,118</b>	<b>2,399,104</b>	<b>879,794</b>	<b>384,790</b>	<b>4,337,806</b>
<b>Add</b> - Resources Estimated to be Received during 2025/26	150,000	1,336,000	155,000	560,360	2,201,360
<b>Less</b> - 2025/26 Capital Budget	(162,370)	(1,300,000)	(155,000)	(560,360)	(2,177,730)
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2026</b>	<b>661,748</b>	<b>2,435,104</b>	<b>879,794</b>	<b>384,790</b>	<b>4,361,436</b>
<b>Add</b> - Resources Estimated to be Received during 2026/27	150,000	1,360,000	-	30,000	1,540,000
<b>Less</b> - 2026/27 Capital Budget	(204,581)	(1,300,000)	-	(30,000)	(1,534,581)
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2027</b>	<b>607,167</b>	<b>2,495,104</b>	<b>879,794</b>	<b>384,790</b>	<b>4,366,855</b>
<b>Add</b> - Resources Estimated to be Received during 2027/28	150,000	1,292,000	-	32,000	1,474,000
<b>Less</b> - 2027/28 Capital Budget	(221,350)	(1,300,000)	-	(32,000)	(1,553,350)
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2028</b>	<b>535,817</b>	<b>2,487,104</b>	<b>879,794</b>	<b>384,790</b>	<b>4,287,505</b>

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<b>REPORT TO THE EXECUTIVE</b>
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<b>DATE</b>	<b>13th February 2023</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Howard Hamilton-Smith</b>
<b>TEL NO</b>	<b>01282 477173</b>
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<b>Medium-Term Financial Strategy – 2024/25 to 2027/28 Incorporating the Reserves Strategy</b>
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<b>PURPOSE</b>
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1. To consider the longer term financial outlook within the context of a Medium-Term Financial Strategy covering the financial years 2024/25 to 2027/28, highlighting uncertainties, underlying risks and make recommendations to Council. The Medium-Term Financial Strategy should be read in conjunction with the Revenue Budget 2023/24 and the associated statutory report of the Chief Finance Officer.

<b>RECOMMENDATION</b>
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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; and
  - 2.4 Note the annual review of the Financial Management Code.

<b>REASONS FOR RECOMMENDATION</b>
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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 2023-27 MTFS was approved in February 2022. 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 2023/24 in December 2022, as well as incorporating a further year, namely 2027/28. The provisional financial settlement for 2023/24 was a one year settlement.
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 2024/25, 2025/26, 2026/27 and 2027/28, is a cumulative budget gap of £2.1m (14% of the 2022/23 net budget of £15.322m).
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.
8. The Financial Management Code was required to be implemented in 2021/22 and is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code sets the standards of financial management for local authorities.
9. The FM Code is supported by the statutory requirement for all local authorities to have sound financial management. Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should "*make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.*" Compliance with the FM Code will assist local authorities to demonstrate that they are meeting these important legislative requirements.
10. The review of the FM Code was originally presented to Audit & Standards Committee at their meeting 17 March 2022. An annual review of our compliance can be seen at Appendix 2 of this report.

## FINANCIAL IMPLICATIONS AND BUDGET PROVISION

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

## **POLICY IMPLICATIONS**

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

## **DETAILS OF CONSULTATION**

11. None

## **BACKGROUND PAPERS**

12. None.

## **FURTHER INFORMATION**

<b>PLEASE CONTACT:</b>	<b>Howard Hamilton-Smith, Head of Finance and Property</b>
<b>ALSO:</b>	<b>Amy Johnson – Finance Manager</b>

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# MEDIUM-TERM FINANCIAL STRATEGY

## 2024/28



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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 2022/23 on future years;
  - Gap analysis for 2024/25, 2025/26, 2026/27 and 2027/28 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 2023/24, 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 2023/24 as they affect 2024/25, 2025/26, 2026/27 and 2027/28:
  - The level of Council Tax increase (excluding any social care) beyond which a referendum is required is to increase to 3% for 2023/24 (2% in 2022/23)
  - 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 2022/23 and continues to do so for 2023/24. It is likely the scheme won't exist in its current form from 2024/25, 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 2025/26 as announced in the recent Policy Statement.
  - Confirmation of the Lancashire Pool continuing under the 50% business rates pooling arrangements, as per 2020/21, 2021/22 and 2022/23.
7. The final local government finance settlement is expected to be announced in February 2023.

## **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 grant was changed to Services Grant in 2022/23, ensuring that no authority has a reduction in CSP. For 2023/24 a Funding Guarantee Grant has been awarded to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% (before any assumptions on council tax rate increases, however includes assumptions on increases to Council Tax base). 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

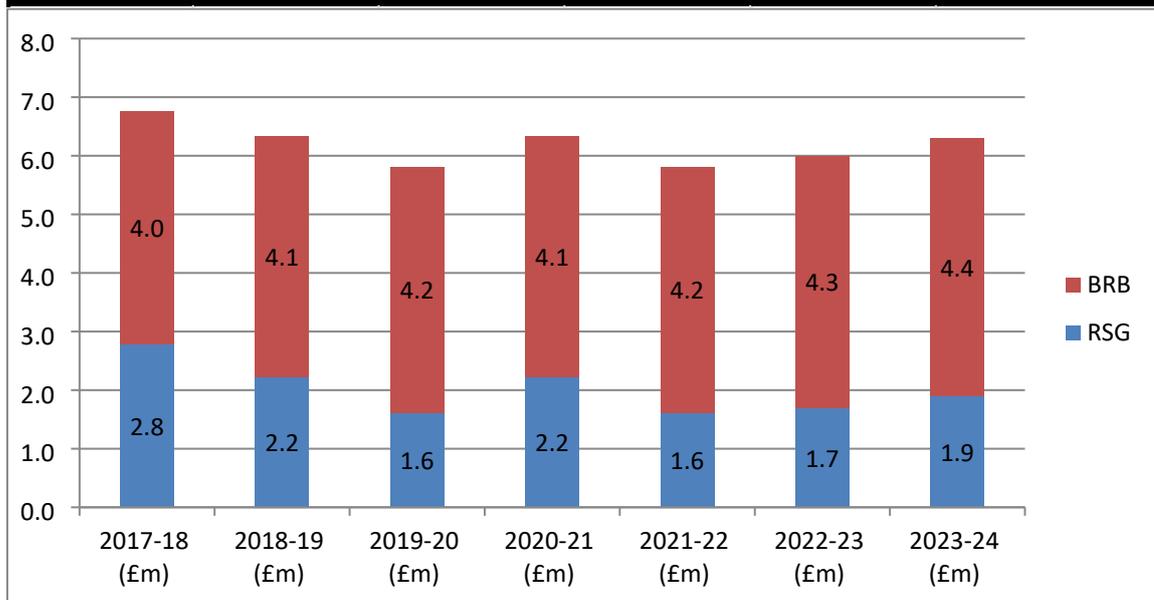
income from sources other than core general government revenue grant and is not representative of only direct government funding.

9. The methodology of the Core Spending Power calculation for 2023/24 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 was awarded again in 2022/23 as a Services Grant and again in 2023/24 as the Funding guarantee Grant to ensure that no authority has a reduction in core spending power. Burnley's Core Spending Power will increase by 4.5% in 2023/24 (compared to a 5.9% increase in 2022/23).
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 2023/24 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 4.5%. However, this is in comparison to an England average of a 9.2% increase overall.

<b>TABLE A SPENDING POWER REDUCTION / (INCREASE)</b>		
<b>Year</b>	<b>Burnley (%)</b>	<b>England Average (%)</b>
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)
2023/24	(4.5)	(9.2)

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):

**TABLE B  
BURNLEY'S SETTLEMENT FUNDING ANALYSIS**



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:

<b>TABLE C % SPENDING POWER FINANCED THROUGH REVENUE SUPPORT GRANT</b>		
<b>Year</b>	<b>Burnley (%)</b>	<b>England Average (%)</b>
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
2023/24	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 settlement for 2022/23 was a 'roll forward' of the 2021/22 year. A two-year settlement has been awarded for the 2023/24 and 2024/25 financial years.

15. Although this was welcomed, significant uncertainty exists for 2025/26 onwards.

### **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 continued for 2022/23 and will continue for 2023/24.
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. Additional income of £1.2m is included within the 2023/24 budget in relation to business rates relief grants. 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. A reassessment of rateable values based on property values as at 1<sup>st</sup> April 2021 has been carried out, taking effect from 1<sup>st</sup> April 2023.
22. In the recently published Policy Statement, the Government announced that the Fair Funding Review and Reset of Business Rates will not be implemented until at least 2025/26.

## **NEW HOMES BONUS**

23. 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.
24. 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 2022/23 and will continue for 2023/24. It is likely the scheme won't exist in its current form from 2024/25, 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 has resulted in a loss of income of £257k in 2023/24.
25. 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 2023/24 has remained at 0.4%. This means that for 2023/24's allocation, the first 125 properties do not attract a payment.

## **PENSIONS**

26. 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.
27. 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.
28. The last revaluation was in 2022 which ascertains the payments required for the financial years 2023/24 to 2025/26.
29. As a result of the 2022 preliminary valuation results, the Council's Future Service Contribution Rate (employers pension contribution rate) will increase from 17.6% to 19.4% for the period 2023/24 – 2025/26. 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. Surplus is the extent to which the value of the Fund's service assets exceeds the value of the Fund's past service liabilities. 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).

31. For the 2022 valuation, the council's fund has moved from an assessed deficit position to an assessed surplus position due to the positive performance of the fund and changes in some actuarial assumptions. This means that the Council no longer has to pay annual deficit payments of around £293k. For the three financial years 2020/21 - 2022/23 the council contributed to a pension reserve to help offset any potential adverse results of the 2022 revaluation. As the revaluation has resulted in a surplus to the fund, this contribution to the reserve is no longer required, resulting in a reduction of £332k to the budget.
32. These reductions have 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 (£455k). 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 a move back to deficit payments from the next valuation in 2025, which would have to be funded by the Council for the 3 years from 2026/27 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 2022 actuarial valuation, this reduction in the value of Burnley's share of assets in the fund would have required an additional £840k of annual revenue funding from the current provisional 2022 valuation. Although this could vary depending on a number of factors. This is illustrated in the table below:-

<b>2022 provisional actuarial valuation sensitivity analysis</b>		
	<b>Base as per 2022 valuation</b>	<b>Assets underperform by 5%</b>
Assets (£m)	167.4	159.0
Liabilities (£m)	148.1	140.7
Surplus / (Deficit) (£m)	19.3	18.3

Pay (£m)	6.9	6.9
Recovery period (yrs.)	16	16
“Maturity” (liabilities/pay)	25	25
Surplus (£m)	0.33	0.74
As a % of payroll	5%	11%
Increase	n/a	6%

38. This shows that if there was an underperformance of the fund over the next valuation cycle, there would be a considerable change in the surplus received, circa £0.41m 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. As the Council’s pension fund is now in a surplus, receipts of this surplus will be received annually from the pension fund (rather than as previously, where annual payments of the deficit were made to the pension fund). The council is intending to prepay the service contribution rate annually upfront for 2023/24, however that will be dependent upon cashflow demands.
40. 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**

41. 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 remained at 2% in 2021/22 and 2022/23 however has been increased to 3% for 2023/24 and 2024/25.
42. 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 2.99% 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.
43. The financial impact each year of not increasing Council Tax at all is an additional pressure of around £242k, assuming a 2.99% rise is foregone.

### **COST OF LIVING CRISIS**

44. The impact of the cost of living crisis on the 2023/24 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 & Cost of Living 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 and 2022/23 to fund related additional expenditure or loss of income and to provide funding for recovery initiatives. It is forecast that there will be a balance of £721k available at the end of 2022/23 for use in 2023/24 and future years.

### **AN IMPACT ASSESSMENT OF THE REVENUE BUDGET 2023/24 ON FUTURE YEARS**

45. The Medium-Term Financial Strategy for 2024-28 is dependent on the delivery of a number of assumptions within the annual budget for 2023/24. This strategy assumes that:
- the Council will approve an annual budget that delivers savings totalling £1.056m without having to use reserves to support the delivery of the 2023/24 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.
46. 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 2023.

### **POTENTIAL GAP FOR 2024/25, 2025/26, 2026/27 and 2027/28**

47. The overall funding gap for 2024/28, using planning assumptions, is summarised below:

	<b>Reduction from 2023/24 Provisional Settlement (average -2% decrease of Core Spending Power)</b>	
	<b>(£m)</b>	<b>%</b>
Anticipated funding changes	(0.9)	
Pay and Prices/other	1.0	
<b>Potential Gap 2024/25</b>	<b>0.1</b>	<b>0.6</b>
Anticipated funding changes	(0.2)	
Pay and Prices/other	0.9	
<b>Potential Gap 2025/26</b>	<b>0.7</b>	<b>4.0</b>
Anticipated funding changes	(0.1)	

Pay and Prices/other	0.8	
<b>Potential Gap 2026/27</b>	<b>0.7</b>	<b>4.0</b>
Anticipated funding changes	(0.2)	
Pay and Prices/other	0.8	
<b>Potential Gap 2027/28</b>	<b>0.6</b>	<b>3.3</b>
<b>Cumulative Potential Gap 2023/27</b>	<b>2.1</b>	<b>12.1</b>

48. Underlying assumptions included within the forecast are:
- Anticipated funding changes include government support, fees & charges and Council Tax income;
  - Council Tax will increase by 2.99% for 2024/25, reverting back to 1.99% for 2025/26 onwards;
  - 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 3% per annum (5% 2023/24), fees and charges income at 2% per annum;
  - Inflation assumed at between 2-5% dependent upon the contract;
  - Transitional funding to replace any potential loss of Revenue Support Grant (RSG) and New Homes Bonus (NHB); and
  - No assumptions built into forecast regarding changes to Council Tax Support claimant numbers, although the impact of changes to the scheme have been included.
49. The above scenario assumes that core power will increase by 4.4% in 2024/25 as per the Government's Policy statement, falling to a 2% reduction for 2025/26 onwards (with Core Spending Power defined as RSG/Transitional Support, Business Rates, Council Tax and New Homes Bonus).
50. However, as 2025 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 increases at 2% and at 0%:

51.

	Reduction from 2023/24 Provisional Settlement (average 0% increase in Core Spending Power)	
	(£m)	%
Anticipated funding changes	(0.9)	
Pay and Prices/other	1.0	
<b>Potential Gap 2024/25</b>	<b>0.1</b>	<b>0.6</b>
Anticipated funding changes	(0.3)	
Pay and Prices/other	0.9	
<b>Potential Gap 2025/26</b>	<b>0.6</b>	<b>3.4</b>
Anticipated funding changes	(0.3)	
Pay and Prices/other	0.8	
<b>Potential Gap 2026/27</b>	<b>0.5</b>	<b>2.9</b>
Anticipated funding changes	(0.3)	
Pay and Prices/other	0.8	
<b>Potential Gap 2027/28</b>	<b>0.5</b>	<b>2.9</b>
<b>Cumulative Potential Gap 2024/28</b>	<b>1.7</b>	<b>9.8</b>

	Reduction from 2023/24 Provisional Settlement (average 2% increase of Core Spending Power)	
	(£m)	%
Anticipated funding changes	(0.9)	
Pay and Prices/other	1.0	
<b>Potential Gap 2024/25</b>	<b>0.1</b>	<b>0.6</b>
Anticipated funding changes	(0.5)	
Pay and Prices/other	0.9	
<b>Potential Gap 2025/26</b>	<b>0.4</b>	<b>2.3</b>
Anticipated funding changes	(0.5)	
Pay and Prices/other	0.8	
<b>Potential Gap 2026/27</b>	<b>0.3</b>	<b>1.7</b>
Anticipated funding changes	(0.5)	
Pay and Prices/other	0.8	
<b>Potential Gap 2027/28</b>	<b>0.3</b>	<b>1.7</b>
<b>Cumulative Potential Gap 2024/28</b>	<b>1.1</b>	<b>6.3</b>

52. Until there are indicative allocations of funding for 2025/26 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:-

	<b>2% increase of Core Spending Power (£m)</b>	<b>0% increase of Core Spending Power (£m)</b>	<b>2% reduction of Core Spending Power (£m)</b>
<b>Potential Gap 2024/25</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Potential Gap 2025/26</b>	<b>0.4</b>	<b>0.6</b>	<b>0.7</b>
<b>Potential Gap 2026/27</b>	<b>0.3</b>	<b>0.5</b>	<b>0.7</b>
<b>Potential Gap 2027/28</b>	<b>0.3</b>	<b>0.5</b>	<b>0.6</b>
<b>Cumulative Potential Gap 2024/28</b>	<b>1.1</b>	<b>1.7</b>	<b>2.1</b>

### **BALANCING OVER THE MEDIUM TERM**

53. 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.
54. 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.
55. 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.
56. 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.
57. 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.

58. 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.
59. 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 2024, that uncertainty will remain.
60. 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 commenced 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 2022/23 will be around £0.8m.

## **RISKS**

61. The significant risk areas are:

<b>RISK</b>	<b>MITIGATION</b>	<b>ASSESSMENT</b>
(i) Ability to maintain a balanced budget over the medium-term	Consideration of core purpose of the Council. Development of a multi-year planned and systematic programme of efficiency and cost reduction measures; Ensure effective programme management to ensure timely delivery. Maintain an effective reserves strategy. 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 – 3% 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. A pensions reserve was established in 2021/22 to partially fund any adverse impact on the Council's pensions liability position after the next triennial pension revaluation in 2025.	HIGH

<p>(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.</p>	<p>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</p>	<p>MEDIUM</p>
<p>(xiii) Cost of living crisis – Uncertainty around the impact of the cost of living crisis on income and expenditure streams in future years</p>	<p>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.</p>	<p>MEDIUM</p>
<p>(xiv) Heritage Assets – Uncertainty around the cost of capital works required for our Heritage Assets through the planned maintenance programme.</p>	<p>Undertake appropriate building surveys before work commences on any capital works. Continually monitor progress and cost of works throughout the programme.</p>	<p>MEDIUM</p>

## **RESERVES & BALANCES**

62. 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 01/04/22	4,341		1,379		1,251		6,971
In year adjustments	1,873				1,000		2,873
Approved use to Q3 2022/23	(1,709)		0		(74)		(1,783)
<b>Balance available after approvals as at Q3</b>	4,505	0	1,379	0	2,177	0	8,061
Future commitments and risk	(2,999)		0		1,587		(1,412)
<b>Balance remaining as at 31/03/28</b>	<b>1,506</b>		<b>1,379</b>		<b>3,764</b>		<b>6,649</b>

63. The reserves position does not include any requirement to support the budget gap on an on-going basis.
64. 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.
65. 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.
66. 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.
67. 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.

68. 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.
69. 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**

70. 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.
71. 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.
72. 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.
73. The Council will operate a commercial strategy which will be reviewed periodically.
74. 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.
75. 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:

<b>Risk</b>	<b>Reserve</b>
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 the cost of living crisis on income and expenditure revenue streams.	Covid-19 & Cost of Living Crisis
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**

19. Any member of Management Team, in consultation with the relevant Executive Portfolio Holder and the responsible officer for the relevant strategic reserve, may use a relevant reserve to support items, such as feasibility studies, to achieve transformation, regeneration or support speculative funding applications.

<b>Reserve</b>	<b>Level of reserve</b>	<b>Purpose</b>	<b>How &amp; When Used</b>	<b>Control Procedures</b>	<b>Timescale for review</b>
<b>Transformation</b>	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

<b>Growth</b>	This reserve will cease to exist once depleted	To assist the Council in achieving its strategic objectives through the provision of one-off investment as leverage	Used to pump prime projects that deliver demonstrable wider strategic benefits that enable the council to fulfil its place shaping role	Managed by the Chief Executive	part of the budget monitoring process
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## OPERATIONAL RESERVES PROTOCOL

Operational Reserve	Level of Reserve	Purpose	How & When Used	Procedures for Management & Control	Timescale for Review
<b>Business Rates Volatility</b>	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
<b>Transport &amp; Plant</b>	Dependent on planned replacement strategy for transport and plant financed from within service revenue budgets	To manage the financing of the Council's transport & plant requirements	There is an annual payment into the reserve, which helps to equalise spending, as transport & plant replacements are due	Managed by the Head of Green Spaces and Amenities	Twice-yearly, as part of the final accounts and budget processes
<b>Local Development Framework (Local Plan)</b>	Anticipated spending requirements	To fund the necessary work needed for the Core Strategy and other development plans	Any cost of the preparation of the Local Development framework will be funded through drawdown on this reserve	Managed by the Strategic Head of Economy and Growth	Monitored as part of budget monitoring process

<b>Taxi Licensing</b>	Self-financing	To ensure the costs associated with licensing is ring-fenced and recovered by the taxi trade	To manage annual surpluses and deficits on the account	Managed by the Head of Streetscene	The overall level will be reviewed twice-yearly as part of the final accounts and budget processes and any movements monitored as part of the budget monitoring process
<b>Selective Licensing</b>	Self-financing	To ensure the costs associated with licensing are ring-fenced and recovered by landlords	To manage annual surpluses and deficits on the account	Managed by the Head of Housing and Development Control	Monitored as part of budget monitoring process
<b>Primary Engineer Reserve</b>	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
<b>Town Centre Master Plan</b>	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
<b>Burnley Bondholders Reserve</b>	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
<b>Cremator Relining Reserve</b>	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
<b>Revenue Support Reserve</b>	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

<b>Revenue Grants Unapplied</b>	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
<b>Regeneration Reserve</b>	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
<b>Covid-19 &amp; Cost of Living Reserve</b>	Anticipated reductions in income collection and additional expenditure demands.	To manage the impact of Covid-19 & the cost of living crisis 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
<b>Sandygate Major Refurbishment Reserve</b>	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
<b>Sandygate Smoothing Reserve</b>	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
<b>Pension Reserve</b>	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

<b>Charter Walk Major Refurbishment Reserve</b>	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
<b>Charter Walk Regeneration Reserve</b>	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
<b>Pioneer Place Major Refurbishment Reserve</b>	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
<b>Pioneer Place Smoothing Reserve</b>	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
<b>Collection Fund Deficit Reserve</b>	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
<b>Elections Reserve</b>	Anticipated spending requirements	To manage expenditure in relation to borough elections.	The reserve is financed by revenue contributions.	Managed by the chief Executive	Monitored as part of budget monitoring process

<b>Housing Initiatives Reserve</b>	Anticipated spending requirements	To manage minor projects within the housing department.	The reserve is financed by revenue contributions and grants received.	Managed by the Head of Housing and Development	Monitored as part of budget monitoring process
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Ref.	Description	Detail	CFO Assessment and Actions Required
<b>Responsibilities of the Chief Finance Officer and Leadership Team</b>			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	Responsibility for managing the authority's financial resources and for ensuring its long-term financial sustainability lies with those responsible for making executive decisions and their advisors.	<p>The council has a clear governance structure which is documented in the constitution of the council.</p> <p>The Council's Scrutiny Committee review all financial Executive reports.</p> <p>The remit of the Council's Internal Auditors includes consideration of value for money.</p> <p>The Council's External Auditors carry out a value for money assessment each financial year.</p> <p>The Council has outsourced several service areas to Liberata to deliver services on our behalf. Regular service delivery meetings are held to monitor performance.</p> <p>The Council has outsourced the refuse collection service to Urbaser. Regular service delivery meetings are held to monitor performance.</p> <p>The Council has outsourced its leisure facilities to Burnley Leisure Trust. Regular service delivery meetings are held to monitor performance.</p> <p><b>Actions identified: None</b></p>

<p>B</p>	<p>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</p>	<p>The Chief Finance Officer (CFO) is required:</p> <ul style="list-style-type: none"> <li>• To be a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation’s strategic objectives sustainably and in the public interest</li> <li>• To be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered and aligned with the authority’s overall financial strategy</li> <li>• The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively</li> <li>• The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose</li> <li>• The CFO in a local authority must be professionally qualified and suitably experienced</li> </ul>	<p>The Head of Finance and Property is the Council’s Section 151 and Chief Financial Officer.</p> <p>The Head of Finance and Property is a key member of the Management Team.</p> <p>All Executive reports are reviewed and agreed by Management Team.</p> <p>The Head of Finance and Property oversees a team of suitably qualified personnel within the Finance, Internal Audit and Property sections.</p> <p>The Head of Finance and Property is professionally qualified and suitably experienced.</p> <p>The Council subscribes to various external professional services, for example, CIPFA FAN, LG Futures, PSTax, Link Asset Services from which appropriate professional advice is obtained as required.</p> <p><b>Actions identified: None</b></p>
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Governance and Financial Management Style			
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	<p>Consideration should be given to the effectiveness of arrangements in place including:</p> <ul style="list-style-type: none"> <li>• Establishing a clear framework for governance and internal control across the authority including for those entities with which the authority works in partnership</li> <li>• Establishing clear arrangements for assurance and accountability</li> <li>• Espousing high standards of governance and internal control in its own activities</li> <li>• Creating, maintaining and nurturing a culture in which governance and internal control are embedded into the way in which the authority works</li> </ul>	<p>The Council's Constitution defines the roles of all Statutory Officers within the Council and also includes the scheme of Delegation and the Financial Procedure Rules.</p> <p>The terms of reference for Audit &amp; Standards Committee cover the areas of governance and internal control.</p> <p>Internal Audit review the systems of internal control through the Annual Governance Statement.</p> <p>Management Team regular meet with Executive Members at Policy Board and the Executive.</p> <p><b>Actions identified: None</b></p>
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	The framework recommends that the review of the effectiveness of the system of internal control is included in the Annual Governance Statement	<p>The Council's Annual Governance Statement (AGS) is prepared in accordance with this framework. The AGS is approved by Audit and Standards Committee and published alongside the annual Statement of Accounts.</p> <p><b>Actions identified: None</b></p>

E	The financial management style of the authority supports financial sustainability	<p>CIPFA identifies a hierarchy of three financial management styles:</p> <ul style="list-style-type: none"> <li>• Delivering accountability</li> <li>• Supporting performance</li> <li>• Enabling transformation</li> </ul>	<p>Budget holders are responsible for their budgets, with support from their Finance Business Partners.</p> <p>The Council’s Medium Term Financial Strategy and Capital Investment Programme aims to provide a holistic view to Management Team and Members on the revenue budget, capital programme, fees and charges, earmarked reserves and financial planning.</p> <p>The Council has a strong reputation for financial planning and the identification and achievement of savings to ensure that budgets are balanced annually.</p> <p>The Council has also identified several regeneration schemes which have been approved by Members and are aligned to the Council’s strategic objectives, for example, Pioneer Place, Charter Walk, Sandygate Halls.</p> <p><b>Actions identified: None</b></p>
<b>Medium to Long Term Financial Management</b>			
F	The authority has carried out a credible and transparent financial resilience assessment	The authority should explore the sensitivity of its financial sustainability to alternative plausible scenarios for key driver of costs, service demands and resources.	<p>The Council’s Medium Term Financial Strategy (MTFS ) looks at a forward projection of 4 years and includes three scenarios on funding – an increase of 2%, 0% and -2%. The MTFS is reviewed by Management Team and reported to Members twice per year – February and September.</p> <p>The key risks facing the council are identified within the MTFS along with mitigating actions.</p> <p>The Council’s Reserve Strategy is included within the MTFS.</p>

			<p>The Council has a strong record of identifying current year and future year savings. These proposals are reviewed by Management Team and Executive Members before being approved by Full Council.</p> <p><b>Actions identified: None</b></p>
G	<p>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p>	<p>After having carried out a financial resilience assessment, the authority should demonstrate how the risks identified have informed the development of its longer-term financial strategy. The authority should report the implications of these risks on its future financial sustainability to its leadership team, including its elected members.</p>	<p>The Council's Medium Term Financial Strategy (MTFS ) looks at a forward projection of 4 years and includes three scenarios on funding – an increase of 2%, 0% and -2%. The MTFS is reviewed by Management Team and reported to Members twice per year – February and September.</p> <p>The key risks facing the council are identified within the MTFS along with mitigating actions.</p> <p><b>Actions identified: None</b></p>
H	<p>The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p>	<p>CIPFA's Prudential Code provides a framework for the self-regulation of the authority's capital financing arrangements. It requires local authorities to determine that capital expenditure and investment decisions are affordable, prudent and sustainable, and to set limits on the amount they can afford to borrow in the context of wider capital planning.</p>	<p>The Council's Capital Strategy has been prepared in accordance with the Prudential Code.</p> <p>The Council seeks specialist advice from Link Asset Services around borrowing and affordability over the shorter to longer term. This includes ensuring that future repayments are spread sufficiently to ensure affordability of repayment.</p> <p><b>Actions identified: None</b></p>

I	The authority has a rolling multi-year medium term financial plan consistent with sustainable service plans.	The authority should prepare a multi-year financial plan to ensure that its annual budget is in alignment with its longer-term financial aims. The plan should be consistent with associated service plans for the authority's principal services.	<p>The Council's Medium Term Financial Strategy (MTFS ) looks at a forward projection of 4 years and includes three scenarios on funding – an increase of 2%, 0% and -2%. The MTFS helps to formulate the annual budget.</p> <p>The MTFS process requires the identification of savings within service areas. Savings proposals are reviewed by Management Team and the Executive to ensure that they are in alignment with service plans.</p> <p><b>Actions identified: None</b></p>
<b>The Annual Budget</b>			
J	The authority complies with its statutory obligations in respect of the budget setting process.	<p>For local authorities in England and Wales:</p> <ul style="list-style-type: none"> <li>• The Local Government Act 2000 requires the Full Council to approve the annual budget, on the recommendation of the Executive, together with the associated council tax demand;</li> <li>• The Local government Act 2003, Section 25 requires the local authority's Section 151 Officer to report to the Council on the robustness of the estimates made in the annual budget and on the adequacy of the proposed financial reserves assumed in the budget calculations.</li> </ul>	<p>The annual budget is approved by Full Council at their February meeting along with the Council Tax Resolution.</p> <p>The Section 151 Officer is involved in the annual budget setting process and the production of the Medium Term Financial Strategy (MTFS).</p> <p>The Statutory Report of the Chief Finance Officer is submitted to Full Council annually at their meeting in February. The report focuses on the robustness of the estimates made when setting the annual budget along with the adequacy of the Council's reserves and the identification of risks.</p> <p><b>Actions identified: None</b></p>

K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.	The aim of this report is to provide information and assurance in respect of the estimates included within the annual budget, so that those responsible for scrutinising and approving the budget can take these into account as part of the scrutiny and approval process.	<p>The Statutory Report of the Chief Finance Officer is submitted to Full Council annually at their meeting in February. The report focuses on the robustness of the estimates made in the annual budget along with the adequacy of the Councils reserves and the identification of risks.</p> <p>The Medium Term Financial Strategy (MTFS) and the Treasury Management Strategy are also submitted to Full Council in February to be approved alongside the annual budget and the Council Tax Resolution.</p> <p><b>Actions identified: None</b></p>
<b>Stakeholder Engagement and Business Cases</b>			
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	Stakeholder consultation can help to set the authority's priorities and to reduce the possibility of legal or political challenge. Furthermore, stakeholder consultation helps to encourage community involvement not just in the design of services but in their ongoing delivery.	<p>The Council consults with stakeholders (budget holders, service delivery partners etc) when setting the annual budget. Where savings proposals would impact on service delivery then public consultation would take place.</p> <p>Consultation is undertaken when compiling the Strategic Plan. The Strategic Plan is reported to Full Council.</p> <p><b>Actions identified: None</b></p>
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	Option appraisals are necessary when a decision will have important financial or service implications. The appraisal should identify all income and expenditure, with alternative options considered.	Investment appraisals are carried out for all large regeneration schemes, for example, Sandycote Halls, Pioneer Place, Charter Walk. These appraisals factor in various scenarios of income and expenditure and include a sensitivity analysis.

			<p>The Executive receives reports on the appraisals to consider whether the schemes should progress.</p> <p>All Member briefings occur for all major schemes to ensure that the appropriate level of scrutiny can take place prior to any decisions being taken at Full Council.</p> <p><b>Actions identified: None</b></p>
<b>Monitoring Financial Performance</b>			
N	The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	<p>To enable the leadership team to have access to the information required to identify emerging risks, the authority needs to ensure its leadership team:</p> <ul style="list-style-type: none"> <li>• Receives reports about the right things</li> <li>• Receives reports at the right time</li> <li>• Receives reports in the right format</li> <li>• Takes action in respect of any issues identified</li> </ul>	<p>Quarterly budget monitoring reports (revenue and capital) and the annual outturn reports (revenue and capital) are reviewed by Management Team prior to being reported to the Executive.</p> <p>The Medium Term Financial Strategy (MTFS), annual budget report, Treasury Management Strategy and Capital Investment Programme are all reviewed by Management Team prior to being reported to the Executive.</p> <p><b>Actions identified: None</b></p>
O	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	The leadership team is able to monitor material elements of the authority's balance sheet which pose a risk to its financial sustainability.	<p>The Council's treasury management advisors (Link Asset Services) carry out an annual balance sheet review on behalf of the council.</p> <p>Quarterly monitoring reports (for revenue and capital) and considered by Management Team prior to being reported to the Executive. These reports include the up-to-date position on revenue and capital reserves.</p>

			<p>The Council’s Medium Term Financial Strategy (MTFS) looks at a forward projection of 4 years and includes three scenarios on funding – an increase of 2%, 0% and -2%. The MTFS is reviewed by Management Team and reported to Members twice per year – February and September.</p> <p>The Executive receive 3 in year treasury management reports (strategy, mid-year report and annual outturn) which inform Members of investments and borrowing.</p> <p><b>Actions identified: None</b></p>
<b>External Financial Reporting</b>			
P	<p>The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local authority Accounting in the United Kingdom</p>	<p>It is the responsibility of the Chief Finance Officer (Section 151 Officer) to:</p> <ul style="list-style-type: none"> <li>• Select suitable accounting policies and apply them correctly</li> <li>• Make judgements and estimates that are reasonable and prudent</li> <li>• Comply with the local authority Code</li> <li>• Keep proper accounting records which are up to date</li> <li>• Take reasonable steps for the prevention and detection of fraud and other irregularities</li> </ul>	<p>The Council’s Chief Finance officer is the Head of Finance and Property (Section 151 Officer).</p> <p>The Council’s annual Statement of Accounts includes a signed certification by the Head of Finance and Property confirming that the accounts give a true and fair view of the financial position of the authority at the reporting date and of its income and expenditure for the current financial year.</p> <p>The annual Statement of Accounts are reviewed by the Council’s External Auditors to ensure that they are materially accurate and that the responsibilities of the Chief Finance Officer have been met.</p> <p><b>Actions identified: None</b></p>

Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.	Effective financial reporting is key to ensuring that the authority and its leadership team understand how effectively its resources have been utilised during the year, including how material variances from initial and revised budgets to outturn have arisen and been managed.	The annual outturn report details the variances between revised budget and actual income and expenditure for each service area. A narrative around the significant variances is also included in the report.  <b>Actions identified: None</b>
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## REPORT TO EXECUTIVE



<b>DATE</b>	<b>13 February 2023</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Howard Hamilton-Smith</b>
<b>TEL NO</b>	<b>01282 477173</b>
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## 2023/24 Treasury Management Strategy and 2023/24 – 2025/26 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 2021.
  - b) To outline a Treasury Management Strategy Statement for the financial year 2023/24.
  - c) To set out prudential indicators for the financial years 2023/26 in line with the CIPFA's Prudential Code 2021.
  - d) To seek approval for the Council's Minimum Revenue Provision (MRP) Policy Statement for the financial year 2023/24 in accordance with Government regulations.

### RECOMMENDATION

2. That the Executive recommend to Full Council approval of:
  - a) The Treasury Management Strategy Statement for 2023/24 as set out in Appendix 1
  - b) The prudential and treasury indicators for 2023/24 to 2025/2026 per Appendix 2 including the authorised limit for external debt of £96.918m in 2023/24.
  - c) The list of Counterparties for Deposits outlined within Appendix 3.
  - d) The Council's MRP Statement for 2023/24 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 2023/24 in Appendix 1 as well as the Prudential and Treasury Indicators for 2023/24 to 2025/26 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.

Quarterly Reports - In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. This role is undertaken by the Executive Committee. The reports, specifically, will comprise updated Treasury/Prudential Indicators.

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 2021 Prudential and Treasury Management Codes require, for 2023-24, all local authorities to prepare 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 2023/24 reducing in 2024/25 and 2025/26. This is largely due to 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 2023/24 will be £88.107m for the operational boundary and £96.918m for the authorised limit (2022/23 = £95.346m).

### **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 2023/24

The strategy for 2023/24 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 2023/24 – 2025/26 (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).

<b>Table 1 Capital Expenditure</b>	<b>2021/22 Actual £000</b>	<b>2022/23 Revised Estimate £000</b>	<b>2023/24 Estimate £000</b>	<b>2024/25 Estimate £000</b>	<b>2025/26 Estimate £000</b>
Programmed Spend	33,504	19,956	41,535	18,066	7,133
<b>Financed by:</b>					
Capital receipts	1,218	2,305	2,547	1,607	1,462
3rd Party Contributions	159	512	5,007	544	715
Capital grants	8,674	10,923	17,518	9,799	2,954
Revenue	191	1,855	1,062	282	198
<b>Net borrowing need for the year</b>	<b>23,262</b>	<b>4,361</b>	<b>15,401</b>	<b>5,834</b>	<b>1,804</b>

## Ratio of Financing Costs to Net Revenue Streams

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

<b>Table 2</b>	<b>2021/22 Actual £000</b>	<b>2022/23 Revised Estimate £000</b>	<b>2023/24 Estimate £000</b>	<b>2024/25 Estimate £000</b>	<b>2025/26 Estimate £000</b>
<b>Capital Financing Requirement</b>					
Total CFR at 31 <sup>st</sup> March	63,913	66,506	80,097	84,073	83,840
<b>Net financing need for the year</b>	<b>23,239</b>	<b>2,593</b>	<b>13,591</b>	<b>3,976</b>	<b>(233)</b>

<b>£m</b>	<b>2021/22 Actual £000</b>	<b>2022/23 Revised Estimate £000</b>	<b>2023/24 Estimate £000</b>	<b>2024/25 Estimate £000</b>	<b>2025/26 Estimate £000</b>
<b>Movement in CFR represented by</b>					
Net borrowing need for the year (Table 1 above)	23,262	4,361	15,401	5,834	1,804
Less MRP and other financing movements	(1,023)	(1,768)	(1,810)	(1,858)	(2,037)
<b>Movement in CFR in Year</b>	<b>22,239</b>	<b>2,593</b>	<b>13,591</b>	<b>3,976</b>	<b>(233)</b>

## Liability Benchmark

A new prudential indicator for 2023/24 is the Liability Benchmark (LB). The council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the council's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance (needed to ensure access to liquidity for short term cash flow variations)

The table below summarises the council's Liability Benchmark as at the end of the last financial year and estimates for the current and next three years, and shows that the council is consistently under its liability benchmark. This means that the council is maintaining an underborrowed position, which is prudent whilst interest rates for borrowing are high, but also indicates that future borrowing may be required in order to fund the council's capital programme or to repay debt.

<b>Table 3 Liability Benchmark</b>	<b>2021/22 Actual £000</b>	<b>2022/23 Revised Estimate £000</b>	<b>2023/24 Estimate £000</b>	<b>2024/25 Estimate £000</b>	<b>2025/26 Estimate £000</b>
Existing Loan Debt Outstanding	61,146	59,525	56,118	53,522	52,906
Loans CFR	63,913	66,506	80,097	84,073	83,840
Net Loans Required	20,930	31,067	45,214	49,759	50,106
Liability Benchmark	61,146	64,067	78,214	82,759	83,106
<b>(Over)/Under Liability Benchmark</b>	<b>0</b>	<b>4,542</b>	<b>22,096</b>	<b>29,237</b>	<b>30,200</b>

### **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 2023/24 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 31<sup>st</sup> March 2023 of £65m is less than the CFR which ranges from £66.5m to £84.1m and 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 2023/24 to 2025/26**

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 2023/24 – 2025/26.

**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**

The CIPFA LASAAC, Local Authority Accounting Code Board has deferred the implementation of IFRS16 until the 2024/25 financial year.

A requirement for closing of the council's accounts for 2023/24 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 (Provided by Link Asset Services)**

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.

## Appendix 1

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave eamings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave eamings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

Our central forecast for interest rates was updated on 19 December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Bank Rate stands at 3.5% currently but is expected to reach a peak of 4.5% in Q1 2023.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market. Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure, now that the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy are behind us.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

### PWLB RATES

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

### 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

## Appendix 1

measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the remainder of 2022 and the first half of 2023.

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 borrowing 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.

### **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 £96.918m next year. This is limited to 10% above the operational boundary of £88.107m, 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.

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 2021 ("The Code")
- CIPFA Treasury Management Guidance Notes 2021

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.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This council has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.

2. Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of

## Appendix 1

the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

3. Other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. The council has defined the list of types of investment instruments that the treasury management team are authorised to use, together with lending and transaction limits. These are set out in appendix 3 to this report.

The council will also pursue value for money in treasury and will monitor yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

### 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 approved by Full Council on 23 February 2022 and there are no proposed changes for 2023/24. Any changes arising during the year requiring approval will be reported as appropriate.

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

## Appendix 1

- 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, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, this council will not set a minimum rating for the UK.

### **Investment Strategy**

**In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate peaking in the first half of 2023 and possibly reducing as early as the latter part of 2023 so an agile investment strategy would be appropriate to optimise returns.

Accordingly, while most cash balances are required in order to manage the day to day cash flow requirements, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

### **Investment Performance**

The council will use an investment benchmark to assess the investment performance of its investment portfolio.

### **End of Year Investment Report**

At the end of the financial year, the council will report on its investment activity as part of its Annual Treasury Report.

### **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 2023/24 - 2025/26

TABLE 1 - PRUDENTIAL INDICATORS	2021/22 Actual £' 000	2022/23 Revised Estimate £' 000	2023/24 Estimate £' 000	2024/25 Estimate £' 000	2025/26 Estimate £' 000
<b>Capital Expenditure</b>	33,504	19,956	41,535	18,066	7,133
<b>Ratio of financing costs to net revenue stream</b>	12.9%	21.5%	21.5%	21.4%	25.0%
<b>Net borrowing requirement</b> brought forward 1 April			88,107	92,480	92,224
<b>Capital Financing Requirement as at 31 March</b>	63,913	66,506	80,097	84,073	83,840
<b>Liability Benchmark</b>	61,146	64,067	78,214	82,759	83,106

TABLE 2 - TREASURY MANAGEMENT INDICATORS	2021/22 Actual £' 000	2022/23 Revised Estimate £' 000	2023/24 Estimate £' 000	2024/25 Estimate £' 000	2025/26 Estimate £' 000
<b>Authorised Limit for external debt -</b>			96,918	101,728	101,446
<i>For 2023/24, 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>					
<b>Operational Boundary for external debt -</b>			88,107	92,480	92,224
<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>					
<b>Actual/Estimated external debt at year end</b>	61,146	64,960			
<b>Upper limit for fixed interest rate exposure</b> expressed as :- Net interest re fixed rate borrowing / investments			100%	100%	100%
<b>Upper limit for variable rate exposure</b> expressed as :- Net interest re variable rate borrowing / investments			25%	25%	25%
<b>Upper limit for total principal sums invested over 364 days</b>	0	4,000	4,000	4,000	4,000

TABLE 3 - Maturity Structure of fixed rate borrowing during 2023/24		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

<b>Banking Institutions Colour Bandings</b>	<b>Maximum Duration ( Per Link Asset Services)</b>	<b>Current Individual Limits per Bank/Group of Banks (£)</b>
White	0 months	No deposits to be placed
Green	100 Days	Unlimited, but no more than 4m per Bank/Group of Banks
Red	6 months	Unlimited, but no more than 4m per Bank/Group of Banks
Orange/Blue	12 months	To a maximum of 4m over 364 days, and no more than 4m per Bank/Group of Banks
Purple	24 months	To a maximum of 4m over 364 days, and no more than 4m per Bank/Group of Banks
<b>Other Institutions</b>	<b>Maximum Duration</b>	<b>Individual Limits (£)</b>
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 2023/24

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).

The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Council can use any other reasonable basis that it can justify as prudent.

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

#### Relating to the Financial Year 2023/24

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 2023/24 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):*

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	<b>UK</b>	<b>Eurozone</b>	<b>US</b>
<b>Bank Rate</b>	3.5%	2.0%	4.25%-4.50%
<b>GDP</b>	-0.2%q/q Q3 (2.4%/y/y)	+0.2%q/q Q3 (2.1%/y/y)	2.6% Q3 Annualised
<b>Inflation</b>	10.7%/y/y (Nov)	10.1%/y/y (Nov)	7.1%/y/y (Nov)
<b>Unemployment Rate</b>	3.7% (Oct)	6.5% (Oct)	3.7% (Nov)

Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.

Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3.5% in December and the market expects Bank Rate to hit 4.5% by May 2023.

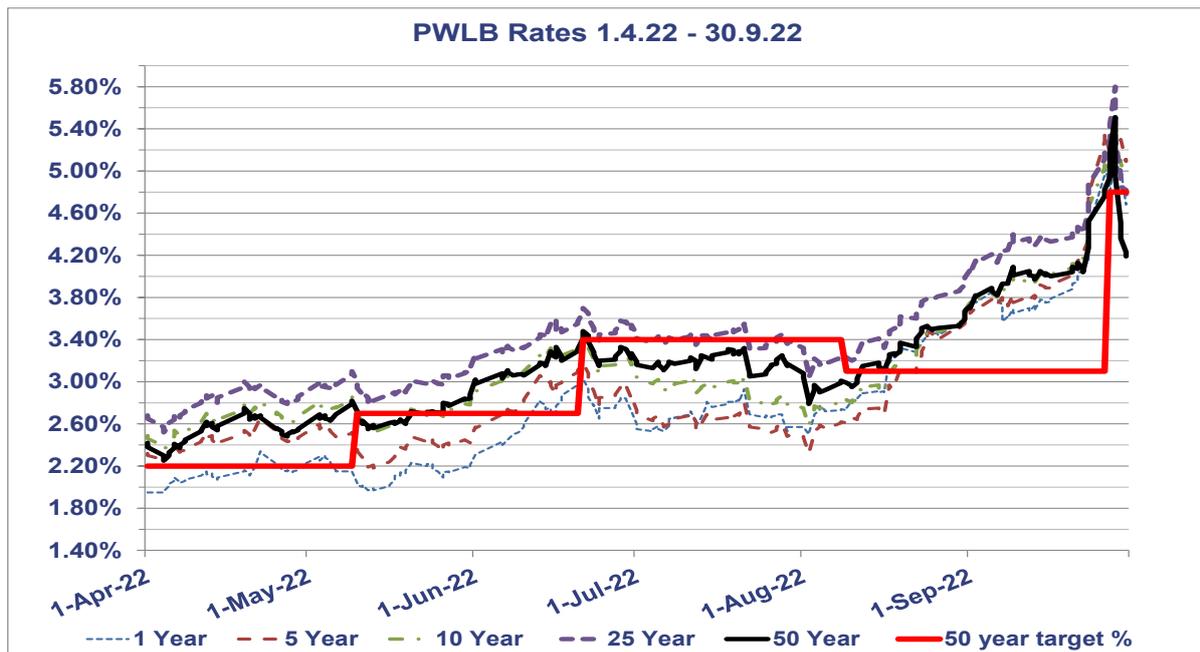
Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply,

the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17<sup>th</sup> November gave rise to a net £55bn fiscal tightening, although much of the “heavy lifting” has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have almost completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one, if not more, quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government’s “fiscal event”, to \$1.22. Notwithstanding the £’s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



However, the peak in rates on 28<sup>th</sup> September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.95%	2.18%	2.36%	2.52%	2.25%
<b>Date</b>	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
<b>High</b>	5.11%	5.44%	5.35%	5.80%	5.51%
<b>Date</b>	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
<b>Average</b>	2.81%	2.92%	3.13%	3.44%	3.17%
<b>Spread</b>	3.16%	3.26%	2.99%	3.28%	3.26%

After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

### **CENTRAL BANK CONCERNS – DECEMBER 2022**

In December, the Fed decided to push up US rates by 0.5% to a range of 4.25% to 4.5%, whilst the MPC followed by raising Bank Rate from 3% to 3.5%, in line with market expectations. EZ rates have also increased to 2% with further tightening in the pipeline.

Having said that, the sentiment expressed in the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

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## 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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## Council Tax Support Scheme 2023/24

### REPORT TO EXECUTIVE



<b>DATE</b>	<b>13 February 2023</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Howard Hamilton-Smith</b>
<b>TEL NO</b>	<b>01282 477173</b>
<b>EMAIL</b>	<b>Hhamilton-smith@burnley.gov.uk</b>

#### PURPOSE

1. To present the findings of the Council Tax Support Scheme consultation with regards to temporarily increasing the maximum level of subsidy for working age claimants, from 85% to 100%, for the 2023/24 scheme only.

#### RECOMMENDATION

2. That the Executive recommends that Full Council approves and adopts changes to the Council Tax Support Scheme for 2023/24 to increase the maximum level of subsidy for working age claimants from 85% to 100% for a one-year period.

#### REASONS FOR RECOMMENDATION

3. To provide temporary support, by increasing the level of subsidy to a maximum of 100%, for eligible working age claimants within the Council's Council Tax Support Scheme for 2023/24 to help alleviate some of the financial hardship caused by the cost-of-living crisis.

#### SUMMARY OF KEY POINTS

##### 4. Council Tax Support Scheme

The Council Tax Support Scheme replaced Council Tax Benefit in April 2013. The Local Government Finance Act 2012 created the provision for local authorities to create their own local scheme to replace the national Council Tax Benefit scheme. Pensioners were protected from any reduction in Council Tax Support.

5. The government's policy objective in localising support for Council Tax were to:
  - Give local authorities a greater stake in the economic future of their local area,
  - Give local authorities the opportunity to reform the system of support for working age claimants,
  - Reinforce local control over Council Tax, and
  - Give local authorities a financial stake in the provision of support for Council Tax.

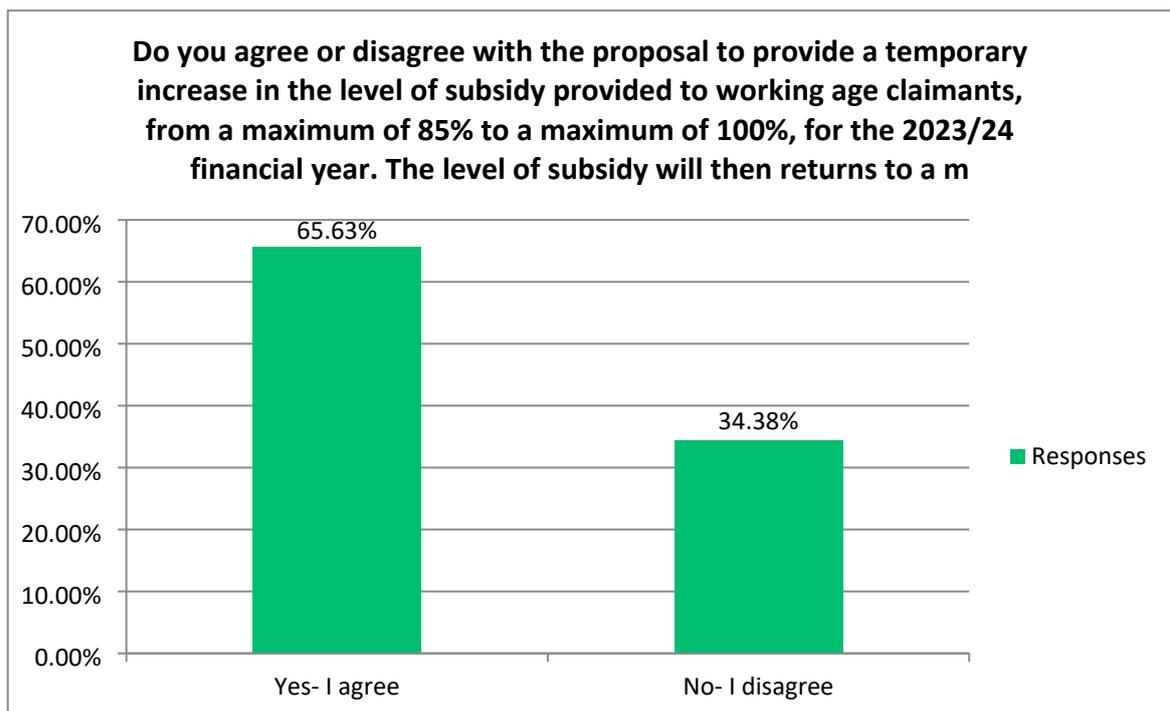
6. There are currently 9,869 households claiming Council Tax Support in Burnley; 2,936 (30%) are pensioners and 6,933 (70%) are working age. Pensioners are protected under government legislation and continue to receive Council Tax Support at the same level as they did under the Council Tax Benefit rules, up to a maximum of 100%.
7. Working age claimants previously on full Council Tax Benefit currently receive up to a maximum of 85% subsidy on their bill and are being asked to pay a minimum of between £161 for a single person and £215 per year for a standard bill for a Band A property (15%). Information held confirms that 71% of taxpayers in this category are paying their Council Tax on time with the remainder collected through our normal recovery processes over a longer period.
8. An 8-week public consultation process was carried out in November/December 2022 on the temporary changes to the scheme. This included consulting with the Council's major preceptors.

**Consultation**

9. A public consultation began on Thursday 10<sup>th</sup> November 2022 and lasted for an 8-week period up until Wednesday 4<sup>th</sup> January 2023. This included consulting with the Council's major preceptors.
10. The wording of the consultation questions and results are detailed in appendices 1 and 2 respectively. The main question was:

**“Do you agree or disagree with the proposal to provide a temporary increase in the level of subsidy provided to working age claimants, from a maximum of 85% to a maximum of 100%, for the 2023/24 financial year. The level of subsidy will then return to a maximum of 85% from 2024/25“**

11. There were in total 32 respondents to the survey. The results of the survey to the main question were as follows:



12. A summary analysis of the respondents is below:
- 32 responses were received. Of this, 18 declared they were current claimants, while 12 said they were not (3 chose not to declare their status).
  - Overall, 66% of the respondents agreed to the proposal. 34% were against.
13. The full results of the survey are included in appendix 2.
14. Based on the feasibility of the proposals and the results of the consultation, it is recommended that temporary changes to the Council Tax Support Scheme as outlined in the report are approved.

#### **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

12. The cost of increasing the Council Tax Support subsidy for working age claimants from a maximum of 85% to a maximum 100% is estimated to cost £134k in 2023/24. It is proposed that the one-off cost is funded from the Revenue Support Reserve.

#### **POLICY IMPLICATIONS**

13. These changes would result in temporary policy amendments for the Council Tax Support scheme.

#### **DETAILS OF CONSULTATION**

14. Formal consultation as detailed in the report.

#### **BACKGROUND PAPERS**

15. None

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

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

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## Council Tax Support Consultation 2022- have your say

The government has given local councils like Burnley Council the power to set their own council tax support policy. The Government did this to:

- Give local councils a greater stake in the economic future of their local area,
- Give local councils the opportunity to reform the system of support for working age claimants,
- Reinforce local control over Council Tax, and
- Give local councils a financial stake in the provision of support for Council Tax.

There are currently 9,869 households claiming Council Tax Support in Burnley; 2,936 (30%) are pensioners and 6,933 (70%) are working age. Pensioners are protected under government legislation and continue to receive Council Tax Support at the same level as they did under the Council Tax Benefit rules, up to a maximum of 100%.

Working age claimants previously on full Council Tax Benefit currently receive up to a maximum of 85% subsidy on their bill and are being asked to pay a minimum of between £161 for a single person and £215 per year for a standard bill for a Band A property (15%). Information held confirms that 71% of taxpayers in this category are paying their Council Tax on time with the remainder collected through our normal recovery processes over a longer period.

The Council is seeking public opinion on providing a temporary increase in the level of subsidy provided to working age claimants, from a maximum of 85% to a maximum of 100%, for the 2023/24 financial year. It is proposed that the level of subsidy returns to a maximum of 85% from 2024/25.

[The report to the council's Executive provides further information and can be downloaded here. \(will open in new window\).](#)

Your feedback is anonymous.

1. Do you agree or disagree with the proposal to provide a temporary increase in the level of subsidy provided to working age claimants, from a maximum of 85% to a maximum of 100%, for the 2023/24 financial year. The level of subsidy will then returns to a maximum of 85% from 2024/25.

Yes- I agree

No- I disagree

Please use this box to provide optional comments:

2. Do you currently claim council tax support in the borough of Burnley?

Yes

No

Don't know

Prefer not to say

To help us analyse the results of this survey by the different groups within the borough, we would very much appreciate you providing the following details. Please note these details will ONLY be used for analysis purposes. Individuals are NEVER identifiable in completing this survey.

3. Are you...?

Male

Female

Other (please specify)

4. What best describes your ethnic origin?

- White or White British
- Mixed or multiple heritage
- Asian or Asian British
- Chinese
- Black or Black British
- Other (please specify)

5. In what year were you born? (enter 4-digit birth year; for example, 1976)

The Equality Act 2010 defines disability as: A person has a disability if s/he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities.

6. Do you consider yourself to have a disability?

- Yes
- No

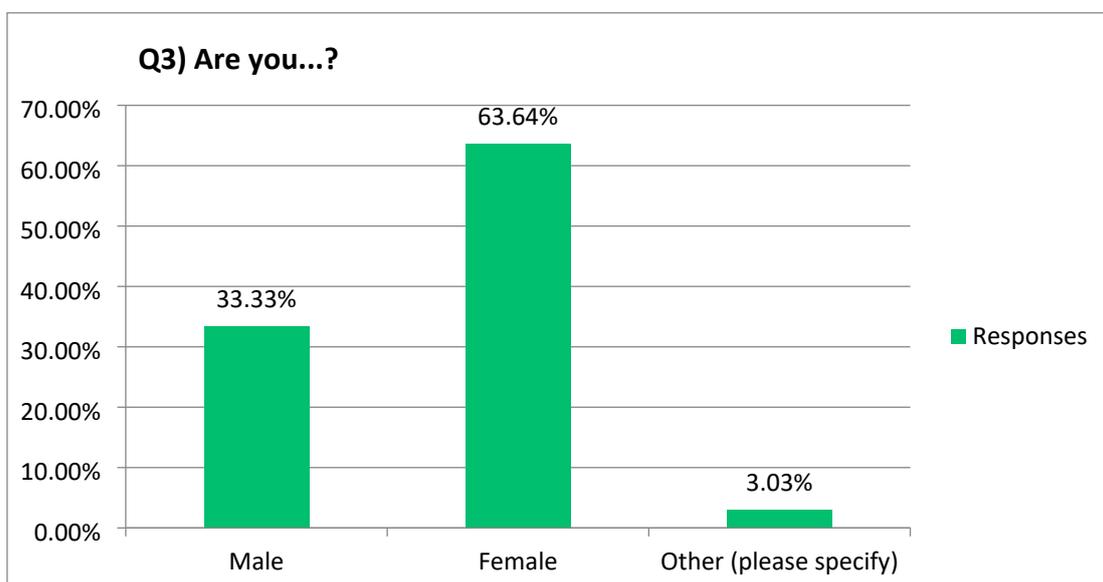
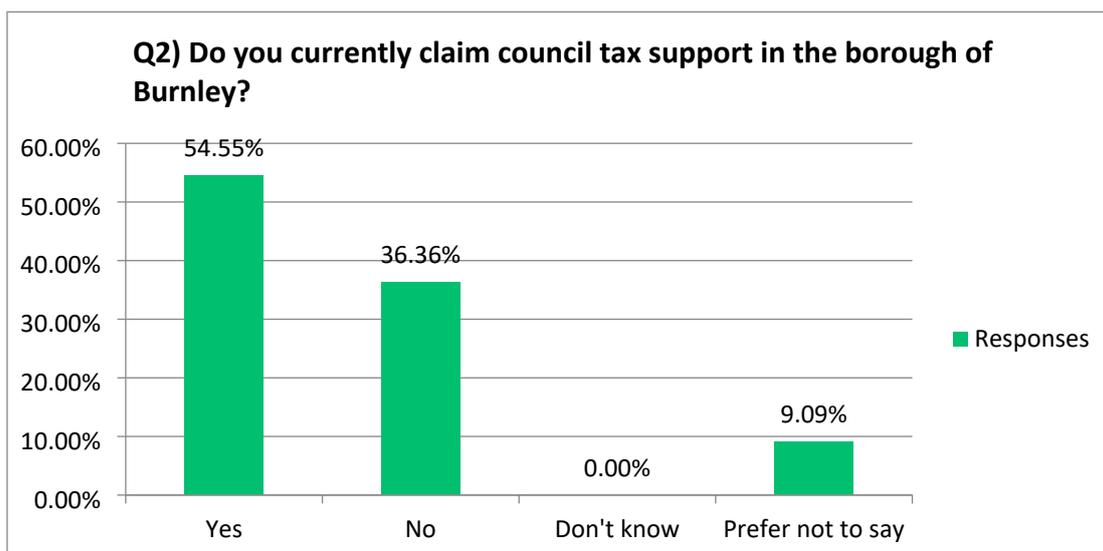
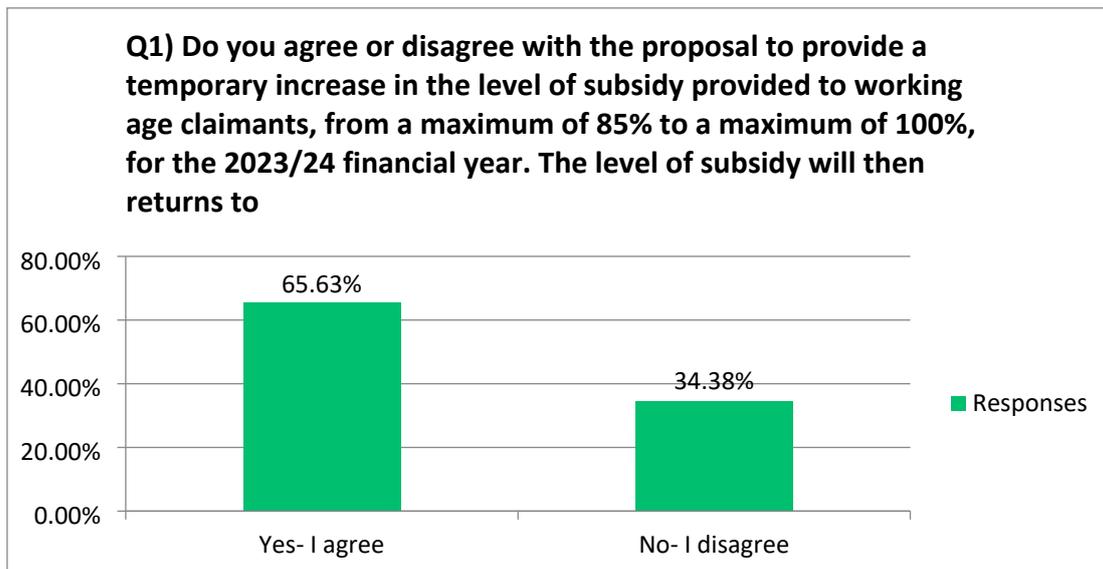
7. Are you a primary carer to someone with a long-term physical or mental health issue?

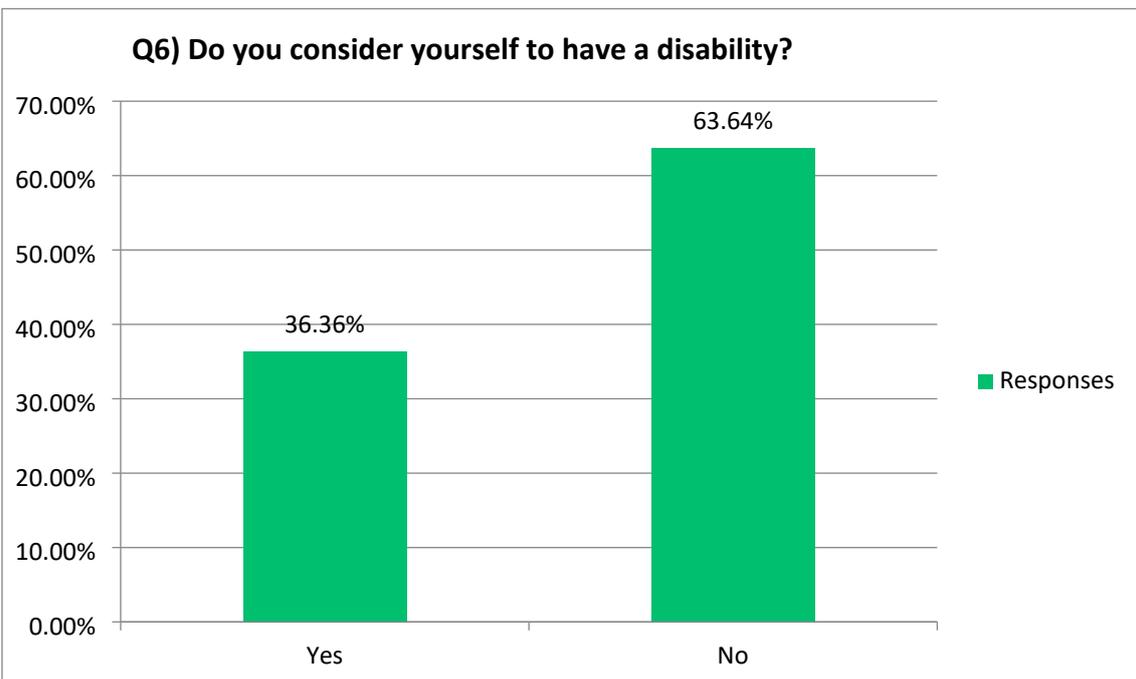
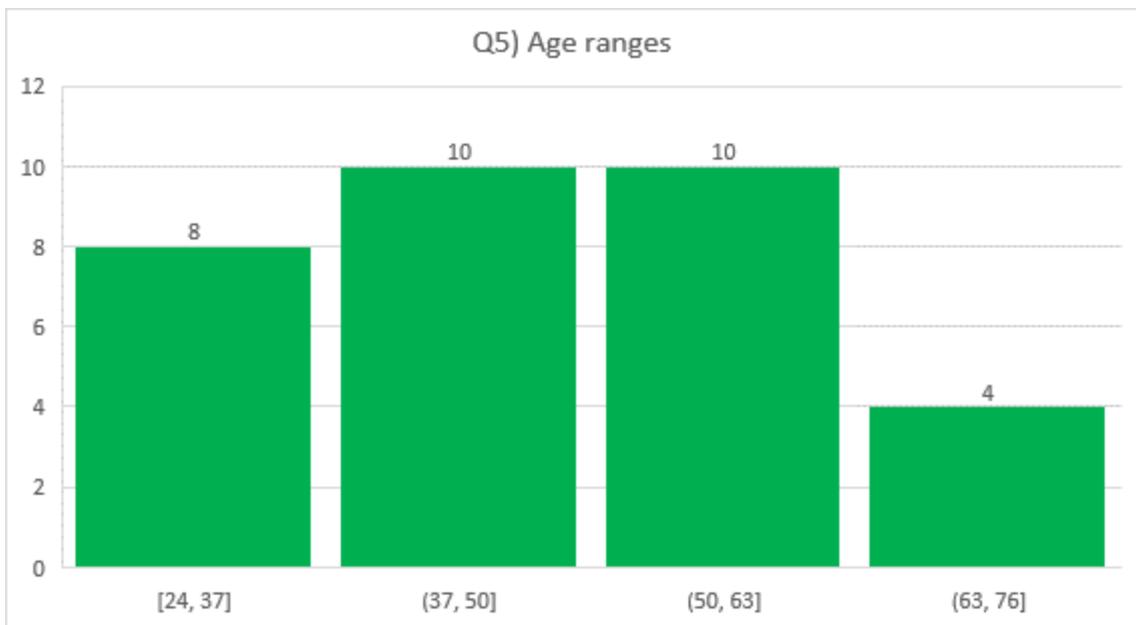
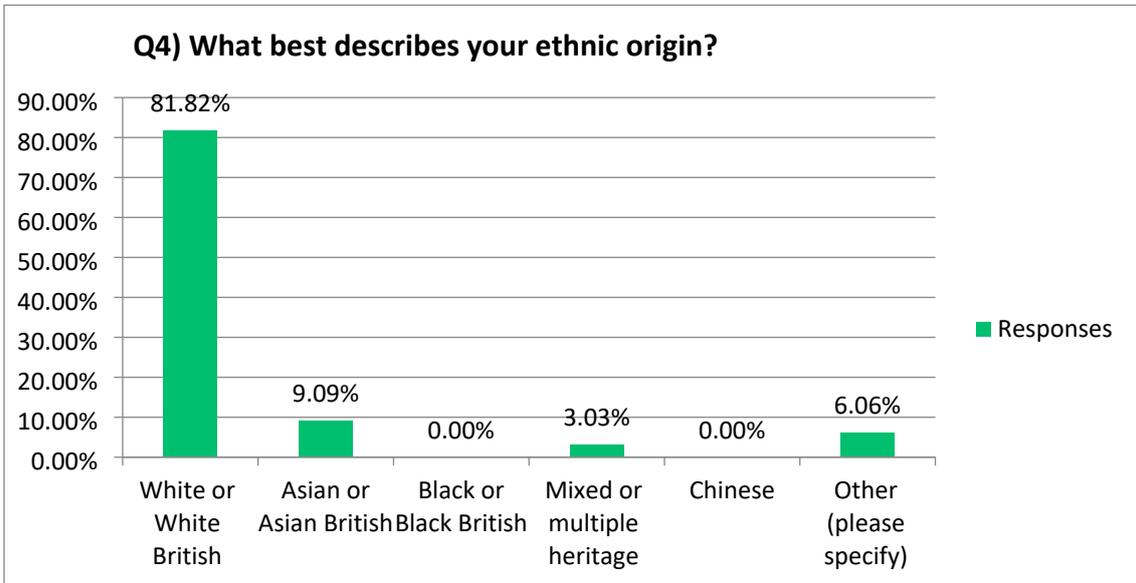
- Yes
- No

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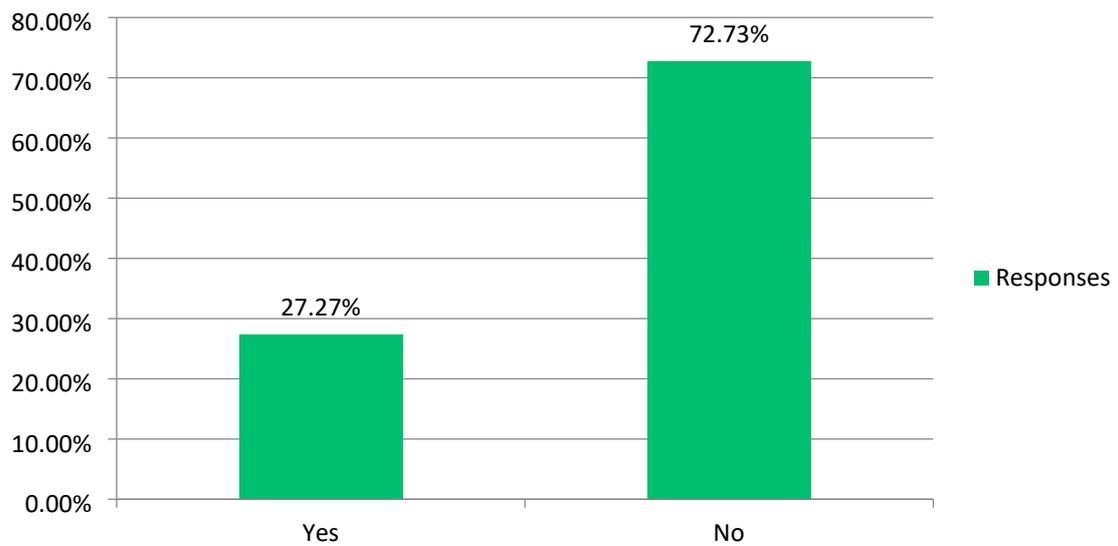
Results of public consultation – Council Tax Support Scheme 2023/24

Results analysed overall





**Q7) Are you a primary carer to someone with a long-term physical or mental health issue?**



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## REPORT TO THE EXECUTIVE



<b>DATE</b>	<b>13th February 2023</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Amy Johnson</b>
<b>TEL NO</b>	<b>(01282) 475869</b>
<b>EMAIL</b>	<b>ajohnson@burnley.gov.uk</b>

## Revenue Budget 2023/24

### PURPOSE

1. To consider the estimates of revenue income and expenditure for 2023/24 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 2023/24;
- ii) Approve the proposals contained in this report;
- iii) Set a Council Tax Requirement of £7,722,735 for the financial year 2023/24;
- iv) Set a Net Budget Requirement of £16,266,712 for 2023/24;
- 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 2023/24 budget;
- vii) Approve a Council Tax (Band D) figure of £328.01 for this Council for the year commencing 1<sup>st</sup> April 2023 and adopt the statutory resolution to set the full Council Tax for the year. This is equivalent to a 2.99% 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 2023/24 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 2023/24. 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 2023/24
Appendix 2	Growth
Appendix 3	Savings
Appendix 4	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 7<sup>th</sup> December 2022.
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 2023/24**

12. The proposed net revenue budget for 2023/24 is as set out in the table below:

<b>SUMMARY OF THE REVENUE BUDGET POSITION 2023/24</b>		
Net Revenue Budget - original 2022/23 (excluding parish precepts)		15,156
22/23 salary and contractual costs adjustments		532
Savings approved at previous Council Meetings		(198)
Proposed Growth - Appendix 2		379
Additional Savings Identified - Appendix 3		(363)
Pension Fund Revaluation		(698)
Increased utilities expenditure		700
Contractual inflation		796
Salary inflation		577
Additional Fees & Charges income generation		(254)
Movements in Earmarked Reserves		(403)
Reduction in borrowing costs and additional interest income		(187)
Various minor service adjustments		57
Parish Precepts*		173
<b>Net Budget Requirement</b>		<b>16,267</b>
<u>Government Settlement Funding Assessment</u>		
Revenue Support Grant		1,872
Business Rates Baseline		4,424
New Homes Bonus		320
Council Tax Yield		7,723
Collection Fund Deficit - Council Tax		(185)
Collection Fund Deficit - NNDR		(1,023)
Council Tax - Parish Precepts*		173
<u>Business Rates in addition to Baseline Funding</u>		
S31 grants for business rate reliefs	1,219	
Renewable Energy	307	1,526
Services Grant		166
Funding Guarantee		349
Local Council Tax Support		168
Business Rates Multiplier Inflation Cap		754
		<b>16,267</b>

- \* 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 2022 and is likely to be confirmed February 2023. 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, Services Grant, Minimum Funding Guarantee and Council Tax. The Council's Spending Power will increase by 4.5% in 2023/24 (5.9% increase in 2022/23). This compares to an England average increase of 9.2%.

#### 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 2022/23 and will continue to be a member in 2023/24.

#### 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 accelerated 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 2023/24.

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 each financial year since from 2021/22 onwards, with the 2021/22, 2022/23 and 2023/24 allocations being for one year only also. The Council has been allocated £320k for 2023/24.

### **BUDGET SAVINGS IDENTIFIED**

17. Following the announcement of the provisional local government finance settlement for 2023/24 further budget savings have, as is usual, been identified. The additional savings required is £363k which has been met by removing the annual contribution to the Pensions Reserve following the 2022/23 triennial valuation. The Council previously contributed £353k each year to the Pension reserve to provide sufficient levels of reserve in the event of an adverse triennial valuation of the pension fund. The balance of savings required has been met through a reduction in grant expenditure (£10k). Further details can be seen in Appendix 3.

It is expected the final finance settlement for 2023/24 will be announced by Government in February 2023.

## 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 2023/24. The growth items are shown in Appendix 2 for information and have been included within the revenue budget for 2023/24. Details of each growth item can be seen below:
  - Maintaining a clean, safe, attractive, and environmentally friendly borough - to create a permanent Education Enforcement Officer post at a cost of £34k to continue the range of initiatives implemented in 2022/23 to maintain a clean, safe, attractive, and environmentally friendly borough. This will include community engagement, enforcement and cleansing in 'hotspot' areas. This initiative was piloted in 2022/23 and has been very successful.
  - Beat the Street – Members will be aware of the successful outcomes of the previous Beat the Street initiative that improved physical activity across the Borough that was led by the Leisure Trust in partnership with Intelligent Health. It is proposed to support the Leisure Trust to deliver this programme again by making a one-off contribution of £20k towards the programme costs. Beat the Street is a free-to-play, interactive game that encourages people of all ages to become more active and was introduced in the borough in 2021/22 in conjunction with various partners. A recent survey indicated that six months after Beat the Street had ended 85% of players reported that they had remained active. The programme will be refreshed and shall also include a tree planting initiative that aims to plant 7,500 trees across the Borough. The total cost of the programme is £130k. The remaining match will be secured from other partner organisations. £67k has already been secured from Sports England and Burnley Leisure are in discussions with other public sector partners (including the Council) for the remainder.
  - Temporary Accommodation – to increase the temporary accommodation budget by £40k to meet the additional pressures and demand arising out of our statutory duty. This has arisen due to rising demand for temporary accommodation coupled with the rising cost of housing.
  - Housing Enforcement Officer – Members will be aware that following the recent material breach of housing standards in Rochdale, the Government has heightened its focus on housing standards, in particular around the issue of damp and mould. This growth item is requested to provide additional capacity in the housing team to investigate accommodation within the borough to ensure it complies with statutory standards. The proposal is to employ an additional Housing Enforcement Officer at a cost of £51k (salary plus on-costs) will also give the team additional capacity to undertake proactive inspections in the private and social rented sectors.
  - External Audit Fees – following a recent Public Sector Audit Appointments procurement exercise for the appointment of our external auditors, the annual fee is expected to increase by approximately 150%. Budget growth of £63k is required to meet this pressure. This follows the recommendations of the Redmond Review.
  - Development Control & Planning Policy Degree Apprentice – to create a new post at a cost of £36k to support succession planning and provide resilience to this team due to ongoing difficulties associated with recruitment.
  - Data Protection & Procurement Officer - to create a new post at a cost of £36k to support succession planning and resilience in these vital corporate areas. Currently

the Council's Internal Audit Manager provides significant support to these areas. An external peer review and members of the Audit & Standards Committee on the internal audit function have highlighted that they would like to see the Internal Audit Manager spend more time on internal audits than corporate priorities. This will also provide the additional procurement and governance support required following the Charter Walk acquisition as well as the additional reporting requirements under the subsidy control regime.

- Development Control Enforcement Officer – Enforcement of unauthorised development remains a key priority. It is proposed to increase capacity in this team by introducing an additional planning enforcement officer to support enforcement activities. The total cost (including on costs) for this post is £44k.
- Additional Environmental Health Officer – additional statutory requirements on inspections require an additional officer, at a cost of £45k, to allow us to meet our statutory targets. These include changes to the animal welfare regulations, private water supplies and Natasha's Law.
- King's Coronation – as we did with the Queen's Jubilee, a one-off growth item of £10k is proposed to celebrate the forthcoming King's Coronation. Further details of the proposal will be shared throughout the year.

### **COUNCIL TAX**

20. The proposals in this paper assume that the Council's Band D council tax will increase by 2.99% from the 2022/23 level of £318.49 to £328.01. This level of charge will yield an estimated total income of £7,722,735.
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 2023/24, 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 2023/24 is 3%, or more than 3%, greater than its relevant basic amount of council tax for 2022/23. When setting the budget for 2022/23 the referendum limit was 2%. As part of the provisional financial settlement in December 2022, central government assumed that all local authorities would increase their council tax by the maximum allowable when calculating their Core Spending Power.
22. The financial impact each year of not increasing Council Tax at all is an additional pressure of around £242k, assuming a 2.99% rise is foregone. Over the five-year Medium Term Financial Strategy period this would result in a loss of income of £1,210k. 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 & the cost of living crisis and the impact of ongoing financial pressures 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 2023/24 funding provisional settlement. A reassessment of rateable values based on property values as at 1<sup>st</sup> April 2021 has been carried out, taking effect from 1<sup>st</sup> April 2023. Inflationary increases has resulted in an increase to the baseline funding level of £160k to £4.424m. It is also expected that the Council will receive grants in relation to business rates relief – 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 £307k 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 2023/24 and future years.
25. For 2023/24 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.

### **COLLECTION FUND DEFICIT**

#### 26. 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 deficit figure of £957k of which this Council's share is £140k. This is 14.8% as a proportion of the overall total. However due to a prior year deficit, the total charge for 2023/24 is £185k deficit. This takes into account the third 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).

#### 27. **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 £1.089m of which this Council's share is £0.436m. However due to a prior year deficit the total deficit charge for

2022/23 is £1.023m. This takes into account the third 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**

28. 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 £754k.

### **SERVICES GRANT**

29. The government introduced a Services Grant Fund of £822m in 2022/23 to support all services delivered by Council's. For 2023/24 this grant fund has been reduced to £464m in 2023/24 due to the cancellation of the increase in National Insurance Contributions and to move funding to the Supporting Families programme. The grant continues to be allocated using shares of lower tier funding within the 2013/14 Settlement Funding Assessment levels. Burnley is to receive £166k for 2023/24.

### **FUNDING GUARANTEE GRANT**

30. The Funding Guarantee Grant has been introduced for 2023/24 in replacement of the Lower Tier Services Grant. The grant fund of £136m is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% (before any assumptions on council tax rate increases, however, includes assumptions on increases to Council Tax base). Burnley's allocation is £349k.

### **LOCAL COUNCIL TAX SUPPORT**

31. The local council tax support grant has previously been awarded to the council as a revenue grant to be included within the cost of services. For 2023/24 this grant will now form part of the Council's provisional settlement, rather than be awarded as a revenue grant to be included within the cost of services. For 2023/24 Burnley is to receive £168k.

### **COUNCIL TAX SUPPORT SCHEME**

32. The Council approved the commencement of a public consultation exercise on plans to provide temporary support through the Council Tax Support Scheme, by increasing the level of subsidy to a maximum of 100%, for eligible working age claimants for 2023/24 to help alleviate some of the financial hardship caused by the cost-of-living crisis. A report on the findings of the Council Tax Support Scheme consultation is contained elsewhere on this agenda.

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

33. 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 2023/24 in this area.
34. During the budget process, it has been assumed that income budgets would increase in 2023/24 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 5% in income generated, except in areas where it was considered that no increase should take place. The increase will take effect from 1<sup>st</sup> April 2023. The tariff of fees and charges mainly effective from 1<sup>st</sup> April 2023 was approved by Full Council on 7<sup>th</sup> December 2022. The estimated additional increase in income in 2023/24 as a consequence of the approved increases is £254k.

### **COST OF LIVING CRISIS**

35. The impact of the cost-of-living crisis on the 2023/24 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 & Cost of Living 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 and 2022/23 to fund related additional expenditure or loss of income and to provide funding for recovery initiatives. It is forecast that there will be a balance of £721k available at the end of 2022/23 for use in 2023/24 and future years.

### **CAR PARK INCOME**

36. There will partial temporary closure of some town centre car parks during the year as approved capital schemes progress. These include Pioneer Place and the Centenary Way car parks. It is expected that the majority of pay and display users will be displaced to other Council owned car parks. If there is a shortfall in income due to the temporary closures will be met from the Revenue Support Reserve and reported via the quarterly revenue monitoring reports throughout the year.

### **BURNLEY LEISURE TRUST**

37. The Leisure Trust has indicated that it envisages a pressure on their gym membership income following the proposed opening of a JD gym in Burnley. Other Leisure Trusts have suffered material pressures on gym membership income arising from similar competitors opening nearby. The differentiation in the offer the Leisure Trust provides shall hopefully place it in a good position to meet this challenge. Depending on the income shortfall, the Leisure Trust may be requesting support from the Council. The level of support has not been built into the revenue budget as it is unquantifiable at this stage. In any event any support provided will be subject to a report to the Executive and possibly Full Council.
38. Agreement in principle has been reached with the Leisure Trust for an additional reduction in its grant over the next three years. These include additional recurring savings to the Council of £75k in 2024/25 and £75k in £2025/26 (total £150k recurring reduction in

addition to the contractual requirement to deliver efficiency savings of 3% per year. Officers shall endeavour to formalise these commitments over the coming months. It should be noted that the opening of the rival gym and challenges in the hospitality sector could make it difficult to for the Leisure Trust to commit to this additional recurrent saving.

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

39. 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.
40. The table below shows the anticipated use of strategic reserves for 2023/24 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
<b>Balance as at 01/04/22</b>	4,341		1,379		1,251		6,971
<b>In year adjustments</b>	1,873				1,000		2,873
<b>Approved use to Q3 2022/23</b>	(1,709)		0		(74)		(1,783)
<b>Balance available after approvals as at Q3</b>	4,505	0	1,379	0	2,177	0	8,061
<b>Future commitments and risk</b>	(2,999)		0		1,587		(1,412)
<b>Balance remaining as at 31/03/28</b>	<b>1,506</b>		<b>1,379</b>		<b>3,764</b>		<b>6,649</b>

41. 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 five years of this programme is shown in the above table to align with the time frame of this MTFS.

### **RISK ASSESSMENT**

42. 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.
43. 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 commenced 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 taking on significant commercial risk over the lifetime of these projects (50 years and 30 years, respectively). The schemes will require significant amounts of borrowing – circa £36m for both schemes. This presents a threat 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 to be transferred into the reserve in 2022/23 will be around £0.8m.
44. 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 setting and monitoring of the capital programme.
45. 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 2023/24 revenue budget is unduly onerous and the levels of reserves forecast will be sufficient in accordance with the medium-term financial strategy (MTFS).
46. The Government has again postponed revising the methodology for allocating funding to Councils until at least 2025/26. This includes changes to the current business rates system together with a Fair Funding Review.
47. It is uncertain at this stage how changes to Local Government funding will impact on the Council's funding in future years.
48. 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 2023/24.
49. Pay inflation has been increased by 5% in 2023/24 reducing to 3% for 2024/25 onwards. However, if pay negotiations take place the actual increase may differ to that estimated +/- 1% fluctuation in the pay award will equate to +/- £90k. A provision for price inflation on contracts has been factored into 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.

50. The current Bank of England base rate is 3.5% with the next review due February 2023. The Council's Treasury Management Advisors (Link Asset Services) forecast a 0.5% increase to the base rate during the 2023/24 financial year. This will impact on the Council's revenue budget in these years as investment interest income to be received should increase.
51. 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 cost-of-living crisis has had a significant financial impact on the Leisure Trust during the 2022/23 financial year. The Trust has worked hard to find the savings and funding required to balance the budget in 2022/23. However, the future financial impact remains uncertain and the Council will continue to work with the Leisure Trust to help to minimise this risk. Increased competition is expected during the coming months which may impact on the number of leisure memberships. To help ensure that risk is minimised there will continue to be regular monitoring of activity and financial performance in 2023/24 and beyond.
52. The Council entered into a contract with Liberata as our external service provider for around a third of Council services from 1<sup>st</sup> January 2016. The financial planning assumptions 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.
53. The impact of the Covid-19 pandemic and the cost-of-living crisis 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. The Council has created the Covid 19 & Cost of Living Reserve which can be utilised to assist in any further reductions in income or increases in expenditure.
54. Members will note the report that was considered by Full Council on 25<sup>th</sup> January 2023 regarding the quality of planning decisions. The Council remains at risk of being placed in Special Measures if 10% or more of the total number of major planning applications dealt with by a local authority are overturned at appeal during a two-year assessment period. This in effect removes the ability from the local planning authority to determine planning decisions within their borough for those applications against which they are judged to be underperforming. If placed in Special Measures not only can the local planning authority lose the ability to make the final decision on a planning application, but the situation also has the potential to weaken the authorities influence and negotiation position with applicants. It will also result in the loss of planning fees and would put pressure on the Council's revenue budget.
55. In summary, after taking consideration of the issues in this report and the risks referred to above, the 2023/24 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.

56. 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**

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

#### **POLICY IMPLICATIONS**

58. The revenue budget determines the extent to which the Council's strategic objectives can be pursued and achieved.
59. Community Impact Assessment and Equality Impact Assessments have been completed and are included as Appendix 4.

#### **DETAILS OF CONSULTATION**

None.

#### **BACKGROUND PAPERS**

60. None.

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

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

**ALSO:**

**Amy Johnson – Finance Manager**

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**Summary Revenue Budget 2023/24**

<u>Estimated Net Spending</u>	Pay	Non-Pay	Reserves	Net
<u>Service</u>	£'000	£'000	£'000	Spending £'000
Management Team	357	38	-	395
Policy & Engagement	372	128	-	500
People & Development	174	70	-	244
Green Spaces and Amenities	2,182	(806)	-	1,376
Legal & Democratic Services	890	385	-	1,275
Finance & Property	866	(691)	-	175
Revenues and Benefits	-	(1,158)	-	(1,158)
Leisure Trust Client	-	1,271	-	1,271
Streetscene	1,165	2,178	-	3,343
Housing and Development Control	1,818	(782)	-	1,036
Economy & Growth	1,301	(591)	-	710
Strategic Partnership	-	4,206	-	4,206
Central Budgets	161	3,105	-	3,266
Earmarked Reserves	-	-	(372)	(372)
	<u>9,286</u>	<u>7,353</u>	<u>(372)</u>	<u>16,267</u>

**Net Budget Requirement**

	£'000	£'000
Revenue Support Grant		1,872
Business Rates Retention Scheme		
Business Rate Baseline Funding	4,424	
Additional Business Rates above baseline	1,219	
Additional Retained Income - Renewable Energy Schemes	<u>307</u>	5,950
Council Tax Yield		7,723
Collection Fund Deficit - Council Tax		(185)
Collection Fund Deficit - NNDR		(1,023)
Parish Precepts *		173
New Homes Bonus		320
Business Rates Multiplier Inflation Cap		754
Services Grant		166
Funding Guarantee		349
Local Council Tax Support		168
		<u>16,267</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.

**2023/24 Revenue Budget****Growth Proposals**

	Ongoing £'000	One-off £'000	Total £'000	
Employment of an Education Enforcement Officer to maintain a Clean, Safe, Attractive and Environmentally Friendly Borough	34	-	34	See paragraph 19 of report
Contribution to the Beat the Street Project	0	20	20	
Increase to Temporary Accommodation Budget	40	-	40	
Increase in External Audit Fees following PSAA procurement	63	-	63	
Employment of an additional Housing Enforcement Officer	51	-	51	
Employment of a Development Control & Planning Policy Degree Apprentice	36	-	36	
Employment of a Data Protection & Procurement Officer	36	-	36	
Employment of a Development Control Enforcement Officer	44	-	44	
Employment of an Environmental Health Officer	45	-	45	
Kings Coronation	-	10	10	
<b>Total Growth</b>	<b>349</b>	<b>30</b>	<b>379</b>	

**2023/24 Revenue Budget****Additional Savings**

	£'000
Reduction in grant award to Burnley & Pendle Citizens Advice	(10)
Removal of annual contribution to the Pension Reserve	(353)
	<u>(363)</u>

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## APPENDIX 4 - EQUALITY IMPACT ASSESSMENT

### REVENUE BUDGET SAVINGS PROPOSALS 2023/24

1.	Title of EIA	Equality Impact Assessment – Revenue Budget Savings Proposals 2023/24	
2.	Person responsible for the assessment	Rob Dobson	
3.	Contact details	01282 475 842	rdobson@burnley.gov.uk
4.	Date of assessment	23/01/2023	

### SUMMARY

The outcome of this equality impact assessment is that all proposals being currently considered for savings in 2023/24 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 2023/24 that: <ul style="list-style-type: none"><li>• is in line with the agreed Medium Term Financial Strategy;</li><li>• responds to the financial challenges facing the council;</li><li>• enables the council to continue its focus on agreed priorities.</li></ul>
2.	Who are the main stakeholders?	Stakeholder analysis showed that the main stakeholders are Burnley Council's: <ul style="list-style-type: none"><li>• service users</li><li>• residents/Council tax payers</li><li>• Councillors; and</li><li>• Council employees.</li></ul>
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.

**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?	Various data sources are held, including: <ul style="list-style-type: none"> <li>• Analysis of workforce profile</li> <li>• Analysis of services</li> <li>• Census data.</li> </ul>

**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 low to medium 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 <sup>1</sup>			✓	All impacts in respect of people in this group were identified as neutral, but please see below regards CAB proposal.
Disability	All areas of impact		✓ Medium-low		The welfare system and employment rights legislation is designed to protect people with protected characteristics. CAB exists to help people exercise their rights within the welfare system and wider legal system, so by extension a proposal to reduce CABs capacity has a negative equality impact. Demand for CAB services is high given the cost of living crisis which affects those with limited discretionary spending power (such as those with fewer options to increase their income due to disability) to a greater extent. In addition, the combined impact of cuts to local statutory and discretionary services in local government may have a disproportionate impact on people with disabilities (LCC's welfare rights service is much reduced and the ICANN service which helps residents with PIP applications is only funded for the first 6 months of 2023). This is being offset by the council's investment in Burnley Together. The negative impact is considered a low to medium, as the proposal is a reduction, not a full cut, to the grant.
Gender reassignment	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral, but please see above regards CAB proposal.
Marriage and civil partnership	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral, but please see above regards CAB proposal.
Pregnancy / and maternity	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral, but please see above regards CAB proposal.
Ethnicity	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral, but please see above regards CAB proposal.

<sup>1</sup> 'All areas of impact' refers to the list of proposed revenue budget savings proposals 2023/24

Group	Area/s of impact	Positive impact	Negative impact – specified as high, medium or low	Neutral impact	Reason
Religion and belief	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral, but please see above regards CAB proposal.
Sex (gender)	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral, but please see above regards CAB proposal.
Sexual orientation	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral, but please see above regards CAB proposal.

**Equality impact assessment action plan**

Actions to help reduce the impact of a reduction in capacity in CAB include continued investment in Burnley Together throughout 2024 and offering support to the CAB to help them increase their volunteer base.

## Capital Budget for 2023/24 and Capital Investment Programme 2023-28

### REPORT TO EXECUTIVE



DATE	13 February 2023
PORTFOLIO	Resources & Performance Management
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### PURPOSE

1. To recommend approval of the capital budget for 2023/24

### RECOMMENDATION

2. a) That Full Council be recommended to;
  - (i) Approve the 2023/24 Capital Budget, totalling £41,357,215, as set out in Appendix 1.
  - (ii) Note the 2023-28 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 2022/23, 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 2023-28, 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 2023/24.

### SUMMARY OF KEY POINTS

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

In formulating the 2023/24 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 2023/24 capital budget and the 2023-28 CIP.

The review process has included:

- A review and revision of the existing schemes approved in the 2022-27 CIP, in February 2022.
- 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. **2023/24 Capital Budget:**

Appendix 1 provides Members with a summary of the capital investment programme for 2023/24 to 2027/28 and a list of those schemes being proposed for the 2023/24 capital budget totalling £41.357m, showing the financing elements for each individual scheme. It also shows draft capital budgets for 2024/25 to 2027/28 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 £1,247,110 required for all the schemes put forward for 2023/24.

It should be noted, that of the £74,577,567 within the proposed CIP 2023-28, external funding totalling £41,059,364 (55%) 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 / 3<sup>rd</sup> Party Contributions balances as follows;

- balances in hand as at 1<sup>st</sup> April 2022
- 2022/23 commitments approved to date
- level of resources assumed to be available as at 31<sup>st</sup> March 2023
- estimated “new” receipts to be received during 2022/23 to 2027/28
- resources required to finance part of the 2023/24 proposed capital budget
- resources required to finance the schemes proposed for future years
- anticipated balance as at 31<sup>st</sup> March 2028.

The resources are reducing each financial year, to an estimated balance of £535,817 by March 2028. This is due to reduced opportunities to realise capital receipts, as the estate reduces, which will leave a lesser capital programme going forward.

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 £452k in 2023/24

Costs of Prudential Borrowing

Of the proposed £15,223,050 prudential borrowing requirement for 2023/24, there are no new schemes.

9. **2023-28 Capital Investment Programme:**

As previously stated, Appendix 1 outlines a summary of the proposed 2023-28 capital investment programme, by Service Unit.

Appendix 4 provides Members with a brief scheme narrative, for all Capital Schemes within the 2023/24 proposed budget.

**2023-28 Capital Strategy:**

Appendix 4 provide Members with the 2023-28 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).

<b>FINANCIAL IMPLICATIONS AND BUDGET PROVISION</b>
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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**

**Amy Johnson – Finance Manager**

## Capital Investment Programme 2023/24 to 2027/28

<u>Scheme Name</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>TOTAL</u>
	£	£	£	£	£	£
Burnley Mechanics MI Space HLF Scheme		994,800	1,255,360	-	-	2,250,160
Play Area Improvement Programme	90,000	80,000	65,000	-	-	235,000
Vehicle & Machinery Replacement	165,000	173,000	182,000	191,000	201,000	912,000
Crematorium Improvements	132,000	142,000	-	-	-	274,000
Memorial Park improvements	96,042					96,042
Extension of Burnley Cemetery		220,000	220,000	-	-	440,000
Scott Park Restoration	-	500,000	-	-	-	500,000
Playing Pitch Improvements	298,300	128,907	-	-	-	427,207
Wheeled Sports Area	250,000	-	-	-	-	250,000
Towneley Hall Works	2,130,491	1,385,011	-	-	-	3,515,502
Play Zones	165,000	165,000	165,000	-	-	495,000
Thompson Park Restoration	82,000	-	-	-	-	82,000
<b>Green Spaces &amp; Amenities Total</b>	<b>3,408,833</b>	<b>3,788,718</b>	<b>1,887,360</b>	<b>191,000</b>	<b>201,000</b>	<b>9,476,911</b>
River Training Walls	60,000	-	-	-	-	60,000
Alleygate Programme	25,000	25,000	25,000	25,000	25,000	125,000
<b>Streetscene Total</b>	<b>85,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>185,000</b>
Lower St James Street Historic Action Zone	1,177,737		-	-	-	1,177,737
Leveling Up Fund	19,511,226	6,689,474	-	-	-	26,200,700
Town Centre & Weavers Triangle Project Work	169,492	-	-	-	-	169,492
Padiham Townscape Heritage	110,000	-	-	-	-	110,000
Pioneer Place	10,412,902	2,412,774	44,553	-	-	12,870,229
Former Open Market & Former Cinema Block	57,738					57,738
<b>Economy &amp; Growth Total</b>	<b>31,439,095</b>	<b>9,102,248</b>	<b>44,553</b>	<b>-</b>	<b>-</b>	<b>40,585,896</b>
Burnley Leisure Improvements	307,450					307,450
Building Infrastructure Works	1,018,989	1,519,232	1,563,870	179,581	196,350	4,478,022
Carbon Reduction Measures	286,220	93,610	82,610	71,610	71,610	605,660
IT Upgrades	12,000	7,000	-	-	-	19,000
Audio & Visual Upgrade to Facilitate On-line Meetings	100,000					100,000
Charter Walk Refurbishment	1,169,628					1,169,628
<b>Finance &amp; Property Total</b>	<b>2,894,287</b>	<b>1,619,842</b>	<b>1,646,480</b>	<b>251,191</b>	<b>267,960</b>	<b>6,679,760</b>
Emergency Repairs	180,000	180,000	180,000	180,000	180,000	900,000
Better Care Grant	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Energy Efficiency	50,000	50,000	50,000	50,000	50,000	250,000
Empty Homes Programme	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	6,500,000
<b>Total of Housing Investment Programme</b>	<b>3,530,000</b>	<b>3,530,000</b>	<b>3,530,000</b>	<b>3,530,000</b>	<b>3,530,000</b>	<b>17,650,000</b>
<b>Total of All Schemes</b>	<b>41,357,215</b>	<b>18,065,808</b>	<b>7,133,393</b>	<b>3,997,191</b>	<b>4,023,960</b>	<b>74,577,567</b>

<b>FINANCING</b>				
<u>External Funding</u>	<u>Borrowing</u>	<u>Revenue / Reserves</u>	<u>Capital Receipts</u>	<u>TOTAL</u>
£	£	£	£	£
1,946,720	303,440			2,250,160
100,000			135,000	235,000
143,000		769,000		912,000
	274,000			274,000
57,042			39,000	96,042
	440,000			440,000
500,000				500,000
427,207				427,207
150,000			100,000	250,000
590,446	2,925,056			3,515,502
405,000			90,000	495,000
82,000				82,000
<b>4,401,415</b>	<b>3,942,496</b>	<b>769,000</b>	<b>364,000</b>	<b>9,476,911</b>
-	-	-	60,000	60,000
-	-	-	125,000	125,000
-	-	-	<b>185,000</b>	<b>185,000</b>
317,249	675,488	185,000	-	1,177,737
25,080,700	1,120,000	-	-	26,200,700
-	169,492	-	-	169,492
110,000	-	-	-	110,000
-	12,052,286	817,943	-	12,870,229
	57,738			57,738
<b>25,507,949</b>	<b>14,075,004</b>	<b>1,002,943</b>	<b>-</b>	<b>40,585,896</b>
	242,000		65,450	307,450
	2,969,829		1,508,193	4,478,022
	605,660			605,660
			19,000	19,000
		100,000		100,000
	1,169,628			1,169,628
<b>-</b>	<b>4,987,117</b>	<b>100,000</b>	<b>1,592,643</b>	<b>6,679,760</b>
900,000	-	-	-	900,000
10,000,000	-	-	-	10,000,000
250,000	-	-	-	250,000
-	-	-	6,500,000	6,500,000
<b>11,150,000</b>	<b>-</b>	<b>-</b>	<b>6,500,000</b>	<b>17,650,000</b>
<b>41,059,364</b>	<b>23,004,617</b>	<b>1,871,943</b>	<b>8,641,643</b>	<b>74,577,567</b>

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 £	Arts Council £	Capital Receipts £	Vacant Property Initiative Receipts £	Levelling Up Fund £		3rd Party / Section 106 Unsecured £
Green Spaces & Amenities	Play Area Improvement Scheme - NEW	90,000								45,000			45,000	90,000
Green Spaces & Amenities	Vehicle and Machinery Replacement	165,000		140,000									25,000	165,000
Green Spaces & Amenities	Playing Pitch Improvements	298,300											298,300	298,300
Green Spaces & Amenities	Wheeled Sports Area	250,000								100,000			150,000	250,000
Green Spaces & Amenities	Towneley Hall Works	2,130,491	1,806,623						323,868					2,130,491
Green Spaces & Amenities	Play Zones - NEW	165,000								30,000			135,000	165,000
Green Spaces & Amenities	Thompson Park Restoration - NEW	82,000											82,000	82,000
Green Spaces & Amenities	Crematorium Improvements	132,000	132,000											132,000
Green Spaces & Amenities	Memorial Park Improvements	96,042								39,000			57,042	96,042
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	1,177,737	675,488	185,000		170,517							146,732	1,177,737
Economy & Growth	Leveling Up Fund	19,511,226	760,000				400,000					14,316,226	4,035,000	19,511,226
Economy & Growth	Town Centre & Weavers Triangle Project Work	169,492	169,492											169,492
Economy & Growth	Padiham Townscape Heritage	110,000						77,000					33,000	110,000
Economy & Growth	Pioneer Place	10,412,902	9,775,532	637,370										10,412,902
Economy & Growth	Former Open Market & Former Cinema Block	57,738	57,738											57,738
Finance & Property	IT Upgrades	12,000								12,000				12,000
Finance & Property	Burnley Leisure Improvements	307,450	242,000							65,450				307,450
Finance & Property	Building Infrastructure Works	1,018,989	148,329							870,660				1,018,989
Finance & Property	Carbon Reduction Measures	286,220	286,220											286,220
Finance & Property	Audio & Visual Upgrade to Facilitate On-line Meetings	100,000		100,000										100,000
Finance & Property	Charter Walk Refurbishment	1,169,628	1,169,628											1,169,628
Housing & Development	Emergency Repairs	180,000			180,000									180,000
Housing & Development	Better Care Grant	2,000,000			2,000,000									2,000,000
Housing & Development	Energy Efficiency	50,000			50,000									50,000
Housing & Development	Empty Homes Programme	1,300,000									1,300,000			1,300,000
<b>TOTAL OF ALL SCHEMES</b>		<b>41,357,215</b>	<b>15,223,050</b>	<b>1,062,370</b>	<b>2,230,000</b>	<b>170,517</b>	<b>400,000</b>	<b>77,000</b>	<b>323,868</b>	<b>1,247,110</b>	<b>1,300,000</b>	<b>14,316,226</b>	<b>5,007,074</b>	<b>41,357,215</b>

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 £	LCC £	Arts Council £	Levelling Up £	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	Crematorium Improvements	142,000	142,000												142,000
Green Spaces & Amenities	Vehicle and Machinery Replacement	173,000		146,000										27,000	173,000
Green Spaces & Amenities	Extension of Burnley Cemetery	220,000	220,000												220,000
Green Spaces & Amenities	Play Area Improvement Scheme - NEW	80,000									45,000			35,000	80,000
Green Spaces & Amenities	Play Zones - NEW	165,000									30,000			135,000	165,000
Green Spaces & Amenities	Playing Pitch Improvements - NEW	128,907												128,907	128,907
Green Spaces & Amenities	Scott Park HLF - NEW	500,000				400,000								100,000	500,000
Green Spaces & Amenities	Towneley Hall Works	1,385,011	1,118,433					266,578							1,385,011
Streetscene	Alleygate Programme	25,000									25,000				25,000
Finance & Property	Building Infrastructure Works	1,519,232	1,320,000								199,232				1,519,232
Finance & Property	Carbon Reduction Measures	93,610	93,610												93,610
Finance & Property	IT Upgrades	7,000									7,000				7,000
Economy & Growth	Pioneer Place	2,412,774	2,276,754	136,020											2,412,774
Economy & Growth	Levelling Up	6,689,474	360,000				700,000	40,000	5,589,474						6,689,474
Housing & Development	Emergency Repairs	180,000				180,000									180,000
Housing & Development	Better Care Grant	2,000,000				2,000,000									2,000,000
Housing & Development	Energy Efficiency	50,000				50,000									50,000
Housing & Development	Empty Homes Programme	1,300,000										1,300,000			1,300,000
<b>TOTAL OF ALL SCHEMES</b>		<b>18,065,808</b>	<b>5,834,237</b>	<b>282,020</b>	<b>2,230,000</b>	<b>973,000</b>	<b>700,000</b>	<b>306,578</b>	<b>5,589,474</b>	<b>306,232</b>	<b>1,300,000</b>	<b>-</b>	<b>544,267</b>	<b>18,065,808</b>	

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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	182,000		153,000								29,000	182,000
Green Spaces & Amenities	Burnley Mechanics MI Space HLF Scheme	1,255,360				724,000						531,360	1,255,360
Green Spaces & Amenities	Extension of Burnley Cemetery	220,000	220,000										220,000
Green Spaces & Amenities	Play Area Improvement Scheme - NEW	65,000							45,000			20,000	65,000
Green Spaces & Amenities	Play Zones - NEW	165,000							30,000			135,000	165,000
Streetscene	Alleygate Programme	25,000							25,000				25,000
Economic & Growth	Pioneer Place	44,553		44,553									44,553
Finance & Property	Building Infrastructure Works	1,563,870	1,501,500						62,370				1,563,870
Finance & Property	Carbon Reduction Measures	82,610	82,610										82,610
Housing & Development	Emergency Repairs	180,000			180,000								180,000
Housing & Development	Better Care Grant	2,000,000			2,000,000								2,000,000
Housing & Development	Energy Efficiency	50,000			50,000								50,000
Housing & Development	Empty Homes Programme	1,300,000									1,300,000		1,300,000
<b>TOTAL OF ALL SCHEMES</b>		<b>7,133,393</b>	<b>1,804,110</b>	<b>197,553</b>	<b>2,230,000</b>	<b>724,000</b>	<b>-</b>	<b>-</b>	<b>162,370</b>	<b>1,300,000</b>	<b>715,360</b>	<b>7,133,393</b>	

**2026/27 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	191,000		161,000								30,000	191,000
Streetscene	Alleygate Programme	25,000							25,000				25,000
Finance & Property	Building Infrastructure Works	179,581	-						179,581				179,581
Finance & Property	Carbon Reduction Measures	71,610	71,610										71,610
Housing & Development	Emergency Repairs	180,000			180,000								180,000
Housing & Development	Better Care Grant	2,000,000			2,000,000								2,000,000
Housing & Development	Energy Efficiency	50,000			50,000								50,000
Housing & Development	Empty Homes Programme	1,300,000								1,300,000			1,300,000
<b>TOTAL OF ALL SCHEMES</b>		<b>3,997,191</b>	<b>71,610</b>	<b>161,000</b>	<b>2,230,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204,581</b>	<b>1,300,000</b>	<b>30,000</b>	<b>3,997,191</b>	

**2027/28 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	201,000		169,000								32,000	201,000
Streetscene	Alleygate Programme	25,000							25,000				25,000
Finance & Property	Building Infrastructure Works	196,350							196,350				196,350
Finance & Property	Carbon Reduction Measures	71,610	71,610										71,610
Housing & Development	Emergency Repairs	180,000			180,000								180,000
Housing & Development	Better Care Grant	2,000,000			2,000,000								2,000,000
Housing & Development	Energy Efficiency	50,000			50,000								50,000
Housing & Development	Empty Homes Programme	1,300,000									1,300,000		1,300,000
<b>TOTAL OF ALL SCHEMES</b>		<b>4,023,960</b>	<b>71,610</b>	<b>169,000</b>	<b>2,230,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>221,350</b>	<b>1,300,000</b>	<b>32,000</b>	<b>4,023,960</b>	

**CAPITAL RECEIPTS AND CONTRIBUTIONS ANALYSIS FOR 2022/23 + CIP 2023-28**

**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> £
<b>Capital Resources Brought Forward on 1 April 2022</b>	<b>2,484,594</b>	<b>1,530,973</b>	<b>408,380</b>	<b>392,329</b>	<b>4,816,276</b>
<b>Add</b>					
Resources Received As At 31 December 2022	364,082	620,801	496,498	628,534	2,109,915
Further Resources Estimated to be Received during 2022/23:	25,000	1,544,330	-	-	1,569,330
<b>Potential Resources Available during 2022/23</b>	<b>2,873,676</b>	<b>3,696,104</b>	<b>904,878</b>	<b>1,020,863</b>	<b>8,495,521</b>
<b>Less</b>					
Required to finance Capital Programme	(1,096,216)	(1,300,000)	(25,084)	(456,513)	(2,877,813)
Earmarked for Revenue Expenditure	-	-	-	-	-
Earmarked for Delivery By Outside Bodies	-	-	-	-	-
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2023</b>	<b>1,777,460</b>	<b>2,396,104</b>	<b>879,794</b>	<b>564,350</b>	<b>5,617,708</b>
<b>Add</b> - Resources Estimated to be Received during 2023/24	300,000	1,303,000	478,300	4,349,214	6,430,514
<b>Less</b> - 2023/24 Capital Budget	(1,247,110)	(1,300,000)	(478,300)	(4,528,774)	(7,554,184)
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2024</b>	<b>830,350</b>	<b>2,399,104</b>	<b>879,794</b>	<b>384,790</b>	<b>4,494,038</b>
<b>Add</b> - Resources Estimated to be Received during 2024/25	150,000	1,300,000	398,907	145,360	1,994,267
<b>Less</b> - 2024/25 Capital Budget	(306,232)	(1,300,000)	(398,907)	(145,360)	(2,150,499)
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2025</b>	<b>674,118</b>	<b>2,399,104</b>	<b>879,794</b>	<b>384,790</b>	<b>4,337,806</b>
<b>Add</b> - Resources Estimated to be Received during 2025/26	150,000	1,336,000	155,000	560,360	2,201,360
<b>Less</b> - 2025/26 Capital Budget	(162,370)	(1,300,000)	(155,000)	(560,360)	(2,177,730)
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2026</b>	<b>661,748</b>	<b>2,435,104</b>	<b>879,794</b>	<b>384,790</b>	<b>4,361,436</b>
<b>Add</b> - Resources Estimated to be Received during 2026/27	150,000	1,360,000	-	30,000	1,540,000
<b>Less</b> - 2026/27 Capital Budget	(204,581)	(1,300,000)	-	(30,000)	(1,534,581)
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2027</b>	<b>607,167</b>	<b>2,495,104</b>	<b>879,794</b>	<b>384,790</b>	<b>4,366,855</b>
<b>Add</b> - Resources Estimated to be Received during 2027/28	150,000	1,292,000	-	32,000	1,474,000
<b>Less</b> - 2027/28 Capital Budget	(221,350)	(1,300,000)	-	(32,000)	(1,553,350)
<b>Estimated Surplus / (Shortfall) of Resources as at 31st March 2028</b>	<b>535,817</b>	<b>2,487,104</b>	<b>879,794</b>	<b>384,790</b>	<b>4,287,505</b>

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**2023/24 PROPOSED CAPITAL BUDGET - BRIEF DESCRIPTIONS OF INDIVIDUAL SCHEME**

<u>Scheme Name</u>	<u>Budget (£)</u>	<u>Scheme Narrative</u>
Play Area Improvement Programme	90,000	To refurbish children's play areas in-line with the recommendations of the adopted Play Provision Strategy 2017 - 2026.
Vehicle & Machinery Replacement	165,000	Replacement of Vehicle & Machinery, as per Green Spaces & Amenities programme
Playing Pitch Improvements	298,300	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.
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.
Memorial Park Improvements	96,042	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
Wheeled Sports Area	250,000	To develop a new wheeled sports area as a replacement for the ageing and outdated skate park in Queens Park.
Play Zones	165,000	To help to ensure that there is good quality provision of well maintained MUGA's across the borough, by ensuring that those that are most in need of refurbishment are improved. The project will fund improvements in deprived wards/areas of the borough (as per the Football Foundation's eligibility criteria). The scheme will also ensure that the Council meets its obligation to maintain MUGA's in a safe condition.
Thompson Park Restoration	82,000	Provision of a modular changing places toilet in Thompson Park car park to complete the Thompson Park restoration project.
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.
River Training Walls	60,000	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.
Padiham Townscape Heritage Initiative	110,000	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. The scheme has been re-profiled from 2022/23.
Pioneer Place	10,412,902	The 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.
Lower St James Street	1,177,737	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.
Levelling Up Fund	19,511,226	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 four financial years (21/22 - 24/25)
Town Centre & Weavers Triangle Project Work	169,492	Council funding to assist in bringing forward key projects identified in the emerging Town Centre and Weavers triangle masterplan.
Former Open Market & Former Cinema Block	57,738	For remediation works to the parapet
Towneley Hall Works	2,130,491	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	1,018,989	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	286,220	This budget will provide funding to progress initiatives included within the Council's Climate Change Strategy
Leisure Centre Improvements	307,450	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.
IT Upgrades	12,000	To replace tablets (iPads) used by members and officers to electronically access meeting agenda papers and reports.

**2023/24 PROPOSED CAPITAL BUDGET - BRIEF DESCRIPTIONS OF INDIVIDUAL SCHEME**

<u>Scheme Name</u>	<u>Budget (£)</u>	<u>Scheme Narrative</u>
Charter Walk Refurbishment	1,169,628	The Council purchased Charter Walk Shopping Centre in October 2021. This £1m is set aside for any future capital works
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	180,000	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	50,000	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
<b>TOTAL OF ALL SCHEMES</b>	<b><u>41,357,215</u></b>	

Burnley Borough Council  
CAPITAL STRATEGY 2023 to 2028

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# Burnley Borough Council

## CAPITAL STRATEGY 2023 to 2028

### 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). A current example of such schemes is 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 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.

### *Levelling Up Scheme*

This £20m project consists of the following 3 schemes:

#### UCLAN Campus Expansion

Following a master planning exercise to look at how projected growth (4000 students by 2024/5 and 6000 by 2031) could be accommodated over several stages to create a thriving canalside campus, this project will include:

- The purchase and reconfiguration of Newtown Mill.
- Creation of circa 35,000 square foot of space incorporating a Knowledge Exchange Zone, teaching and social space
- New public realm including on the George Street Mill Site to create a spine for future development, and public realm enhancements to Sandygate and Queens Lancashire Way
- Servicing and remediation of the George Street Mill site for future phases
- Towpath improvements between Westgate and Manchester Road to create improved access to the rail station and integrate the campus with the canal.

#### Manchester Road Rail Station Access for All

In recent years Burnley Manchester Road station has been upgraded and a new direct rail service to Manchester opened via the Todmorden Curve.

This project will complete the station masterplan and will increase the overall accessibility of the station to all passengers.

The development will deliver a new footbridge and passenger lifts, creating better connections between both platforms and the main station building, increasing accessibility to a wider range of destinations for a wider range of passengers.

#### Eastern Gateway, Town to Turf

This project aims to create a gateway between the town centre and Turf Moor, incorporating high quality public realm, a new four-way junction replacing the Yorkshire Street roundabout, cleaning and restoration work to the Culvert, and pavement widening in front of the football club.

The works will complement planned investment in the stadium, including a major facelift to the stadium stretching from the corner of Belverdere Road, including LED lighting and a major investment in the James Hargreaves stand to create a hospitality and conferencing venue.

The Town Centre Masterplan Public Realm Strategy identifies an east-west axis through the town from Turf Moor to the canalside UCLan campus. The extension of public realm works along Yorkshire Street will create a mile-long promenade connecting the UCLan campus, shopping centre and Turf Moor.

## 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 2023/24 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 the 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 1<sup>st</sup> January 2021 new trading arrangements are in place and there is currently a degree of uncertainty around the economic situation which the Council will face. This may impact on 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.

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## Scrutiny Work Programme 2022-23 as at 1<sup>st</sup> February 2023

<p>Wednesday 1<sup>st</sup> June 2022</p>	<p>Notice of key decisions and private meetings -Done            Review Groups Update from 2021/22-Done            Reviews for 2022/23-Done            Work Programme-Done</p> <p><u>Scrutiny Reports to be confirmed from 2021/22</u>  <b>Homelessness paper-update from Nov 2021 meeting tbc</b>            Authority Monitoring Report (Planning)-from Feb 2022 meeting-Done  <b>Pension Fund arrangements- from March 2022 meeting tbc</b></p> <p><u>Exec Reports</u>            Tennis Court Improvements-Done            Charter Walk 2022/23-Done            Enforcement Cash Collection-Done            Sale of Residential Properties-Done</p>
<p>Thursday 7<sup>th</sup> July 2022</p>	<p>Notice of Key Decisions and Private Meetings            Calico Review 2021-22 Summary            Work Programme/Review Group Proposals 2022-23 x5            State of the Local Economy            Performance Review 2021-22-added by Chair since 1/6/22 Scrutiny</p> <p><u>Work Programme 2022-23</u>            Homelessness Monitoring -update from Nov 2021 meeting-work programme item tbc            Pension Fund arrangements- proposal from March 2022 meeting-work programme item tbc</p> <p><u>Policy Framework Items</u>            Outturn 2021/22/21 Financial Reports-Revenue, Capital, Treasury Management Annual Review of Activity</p> <p><u>13 July 2022 Exec Reports</u>            Play Strategy-as per 1/6/22 Scrutiny            Towneley Hall Repairs (Private)- Urgent report added by Chair since 1/6/22</p>
<p>Monday 25<sup>th</sup> July 2022 Special Scrutiny</p>	<p>Shared Prosperity Fund (Private)            Rough Sleeping Programme (Private)            Youth Investment Fund (Private)</p>

<p>Monday 15<sup>th</sup> August 2022 Special Scrutiny</p>	<p>Youth Investment Fund Application (Private)</p>
<p>Thursday 15<sup>th</sup> September 2022</p>	<p>Notice of Key Decisions and Private Meetings Liberata Scrutiny Presentation Licensing Policy Review Groups Work Programme</p> <p><u>Policy Framework Items</u> Revenue Monitoring 2022/23 Quarter 1 Capital Monitoring 2022/23 Quarter 1 Revenue Budget 2023-26-Latest Position and Savings Proposals</p>
<p>Thursday 24<sup>th</sup> November 2022</p>	<p>Notice of Key Decisions and Private Meetings Half Year performance report 2022-23</p> <p>Household Support Fund Dog Control Public Space Protection Order</p> <p>Review Groups Work Programme</p> <p><u>Policy Framework items</u> Revenue Budget Monitoring Q2 2022/23 Capital Budget Monitoring - Q2 2022/23 Fees &amp; Charges -From Jan 2023 Treasury Management Mid-year update 2022/23</p> <p>Moved to January 2023</p> <p>Calico Review Group Monitoring Food Delivery Programme (Annual Update) Health &amp; Safety Delivery Programme (Annual Update)</p>
<p>Wednesday 11<sup>th</sup> January 2023</p>	<p><u>Regular / standing items</u></p> <p>Notice of Key Decisions and Private Meetings Queensgate Review – moved to Feb/March 2023 Calico Review Group Monitoring – moved to Feb/March 2023 Work Programme</p> <p><u>Exec items</u></p> <p>Lower St James's Street Heritage Action Zone Community Safety Strategic Update (Annual Update)</p>

	<p>Food Delivery Programme (Annual Update) – moved from November 2022</p> <p>Health &amp; Safety Delivery Programme (Annual Update) – moved from November 2022</p> <p>Environmental Enforcement Services Procurement Lancashire 2050</p> <p>Empty Homes Programme</p> <p>Memorial Park Wheeled Sports Area</p> <p>Burnley Bus Station Management Services Procurement</p> <p><u>Policy Framework items</u></p> <p>Pay Policy Statement – Deferred until February</p> <p><u>Other items</u></p> <p>Resident Satisfaction Survey – Deferred until February</p>
<p>Thursday 9<sup>th</sup> February 2023 Budget Scrutiny</p>	<p>Notice of Key Decisions and Private Meetings</p> <p>Review Groups – Calico (Moved June 2023) and Queensgate (Moved to March 2023)</p> <p>Work Programme</p> <p><u>Policy Framework items</u></p> <p>Revenue Budget Monitoring Q3 2022-23</p> <p>Capital Budget Monitoring - Q3 2022-23</p> <p>Medium Term Financial Strategy</p> <p>Revenue Budget 2023-4</p> <p>Capital Budget 2023-24 and Cap Investment Prog 2023/24</p> <p>Treasury Management &amp; Prudential Borrowing.</p> <p>Strategic Plan</p> <p>Pay Policy Statement</p> <p><u>Other items</u></p> <p>Resident Satisfaction Survey</p>
<p>Wednesday 8<sup>th</sup> March 2023</p>	<p>Notice of Key Decisions and Private Meetings</p> <p>Leisure Trust Annual Report</p> <p>Queensgate Review Group</p> <p>Work Programme</p>

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