

# SCRUTINY COMMITTEE

Wednesday, 13th September, 2017  
6.30 pm





# SCRUTINY COMMITTEE

## BURNLEY TOWN HALL

Wednesday, 13th September, 2017 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 Governance, Law & Regulation by 5.00pm on the day before the meeting. Forms can be obtained for this purpose from the reception desk at Burnley Town Hall or the Contact Centre, Parker Lane, Burnley. Forms are also available on the Council's website

<http://burnley.moderngov.co.uk/ecCatDisplay.aspx?sch=doc&cat=13234> or can be completed by following the link in the relevant agenda on the website <http://burnley.moderngov.co.uk/mgCalendarMonthView.aspx?GL=1&bcr=1>

## AGENDA

### 1) *Apologies*

To receive any apologies for absence.

### 2) *Minutes*

To approve as a correct record the minutes of the previous meeting.

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### 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**

## **7) Notice of Key Decisions and Private Meetings** 9 - 14

To consider the Key Decisions to be taken for the period September to December 2018.

## **8) Strategic Partner Update - Liberata** Verbal Report

To receive an update on Service Delivery and Transformation.

## **9) 2017/18 Quarter 1 Capital Budget Monitoring Report** 15 - 28

To consider Capital Budget Monitoring in Q1 of 2017/18.

## **10) 2017/18 Quarter 1 Revenue Budget Monitoring Report** 29 - 38

To consider Revenue Budget Monitoring for Quarter 1 of 2017/18.

## **11) Revenue Budgets 2018/2021 - Latest Position and Savings Proposals** 39 - 44

To receive a report detailing the latest position with regard to savings proposals and balancing the Council's budget for 2018 to 2021.

## **12) Scrutiny Review Group - Railways** 45 - 48

To consider the draft report of the Scrutiny Review Group, and to submit the finalised report to the Executive for consideration.

## **13) Scrutiny Review Groups**

To receive an update on the work of any Scrutiny Review Groups and to plan for future reviews.

## **14) Work Programme 2017/18** 49 - 50

To consider any additions to the draft Work Plan for 2017/18

### **MEMBERSHIP OF COMMITTEE**

Councillor Andrew Tatchell (Chair)  
Councillor Margaret Brindle (Vice-Chair)  
Councillor Gordon Birtwistle  
Councillor Jean Cunningham  
Councillor Beatrice Foster  
Councillor Roger Frost  
Councillor Joanne Greenwood  
Councillor Tony Harrison  
Councillor David Heginbotham

Councillor Marcus Johnstone  
Councillor Anne Kelly  
Councillor Lubna Khan  
Councillor Sobia Malik  
Councillor Tony Martin  
Councillor Andrew Newhouse  
Councillor Mark Payne  
Councillor Paul Reynolds





## SCRUTINY COMMITTEE

BURNLEY TOWN HALL

Wednesday, 9th August, 2017 at 6.30 pm

### PRESENT

### MEMBERS

Councillors A Tatchell (Chair), M Brindle (Vice-Chair), G Birtwistle, J Cunningham, B Foster, D Heginbotham, M Johnstone, A Kelly, S Malik, T Martin and P Reynolds

### OFFICERS

Mick Cartledge – Chief Operating Officer  
Alison McEwan – Democracy Officer

#### 9. Apologies

None were received.

#### 10. Minutes

The minutes of the previous meeting were approved as a correct record and signed by the Chair.

#### 11. Notice of Key Decisions and Private Meetings

Members noted the Notice of Key Decisions and Private Meetings for the period 15<sup>th</sup> August onwards.

#### 12. Empire Theatre

Mick Cartledge introduced the report and outlined the key points from the results of the two stage feasibility study that had been commissioned jointly with Burnley Empire Theatre Trust, The Theatres Trust, Burnley College, UCLAN and Burnley and District Civic Trust.

The following points were highlighted

- The report proposed an incremental approach to developing the Empire Theatre, but the report also acknowledged the significant risks in terms of ownership funding and costs.
- The Council would be the only partner that would take on the financial risk in the short to medium term and these risks were significant. In light of these, and the wider strategic opportunities and projects that the Council was planning to deliver over the next few years, it was recommended that the Council did not take on a role on the Building Preservation Trust, as outlined in the feasibility report.
- Conversely, but for the same financial reasons, no justification could be made for investing over £2 million in demolishing the building. Building Control would continue to monitor the state of the building, and whilst it was acknowledged that the building was in a very poor state, there were no visible signs of significant failure.
- It was therefore proposed that the town centre masterplanning exercise consider the site further, as part of the wider town centre masterplanning exercise. In doing so, it was acknowledged that The Crown would probably auction the building and there was still potential for an investor to come forward who wanted to both re-develop the site and had the funds to do so (although this might be highly unlikely) and hence the need to consider the site in the wider Masterplan.

In discussing the report, members considered the following

- If the Crown were to auction the property would someone buy it speculatively? The building had been listed for auction previously, and it was believed that there had been some interest in the property. If no buyer was secured, the Crown would potentially re-list until sold. Any sale would also bring potential risks if the purchaser didn't have sufficient resources or knowledge to bring the building back into use.
- The Crown (Duchy of Lancashire) had ownership of the main part of the building. What responsibilities did they have with regard to upkeep of the building? They had no legal responsibility for the upkeep of the building. The Council, through the Building Control function was responsible for ensuring that the outside of the building posed no danger to the public. Members were concerned that the longer the building was left, the more significant the deterioration. The Building Control function would respond as required.
- People with businesses connected to the building were facing costs to carry out repairs to their properties which stemmed from the poor condition of the Theatre.
- The Masterplanning exercise being carried out in the Town Centre. Would this consider this site? Yes it would consider the town centre as a whole, and also consider potential development options for several sites including this.

#### **IT WAS RESOLVED THAT:**

Having considered the results of The Empire Theatre viability study, the Scrutiny Committee endorsed the following recommendations to the Executive:

- a) *Due to the significant financial risk and lack of identified commercial operator and the wider resource needs of other strategic projects within the Borough, the Executive are recommended not to support the Council's involvement in project as outlined in the viability study report.*
- b) *That the site is considered further as part of the Town Centre Masterplan that is currently being developed.*

### **13. Scrutiny Review Groups**

The Railway Review Group had held a positive meeting with representatives from Lancashire County Council and Northern Rail. The Working Group was pleased with the outcome, and a report would now be drafted with the aim of being presented to the September Executive meeting. Internal checks would be carried out prior to the report being presented to the September Scrutiny Committee for approval for submission to the Executive.

Three submissions had been received for future review groups. These were:

Fire safety  
Environmental enforcement  
Dementia services in Burnley.

The outline proposals were being circulated to appropriate officers within the council who would provide information to help groups work up a project plan and timescales for each project. Dates for meetings will be circulated to committee members.

### **14. Work Programme 2017/18**

There were no amendments to the work programme.

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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 during the months September to December 2017, published on 18<sup>th</sup> August 2017.
- 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.

Meetings of the Executive will be held on the following dates: 19<sup>th</sup> September, 14<sup>th</sup> November , and 19<sup>th</sup> December 2017. Meetings normally start at 6.30pm but times can change so please check the council website nearer the date of the meeting. This Notice will be further updated on the following dates: 16<sup>th</sup> October, 20<sup>th</sup> November 2017 and 12<sup>th</sup> January 2018.

Matter for decision	Purpose	Key Decision Yes or No	Anticipated date of decision	Public or Private report. If Private give reasons	List of Documents to be submitted including any background papers	Contact person & Executive Portfolio
Insurance Renewals	To consider Insurance Renewals	Yes	September 2017	The report contains exempt information and is therefore NOT FOR PUBLICATION by virtue of Local Government Act 1972, Schedule 12A, Part I, Paragraph 3; Information relating to the financial or business affairs of any particular person (including the authority holding that information)	Report setting out the issues	Lukman Patel Head of Governance, Law, Property and Regulation  Executive Member for Resources and Performance Management
Allocation of Business Grant	To consider the allocation of a business grant	No	September 2017	The report contains exempt information and is therefore NOT FOR PUBLICATION by virtue of Local Government Act 1972, Schedule 12A, Part I, Paragraph 3; Information relating to the financial or business affairs of any particular person (including the authority holding that information)	Report setting out the key issues	Asad Mushtaq Head of Finance  Executive Member for Resources and Performance Management

<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>
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Business Rates Pooling	To consider a report on Business Rates Pooling	No (Full Council)	September 2017	Public	Report setting out the key issues	Asad Mushtaq Head of Finance  Executive Member for Resources and Performance Management
Former Gannow Baths	To consider a report on Former Gannow Baths	No	September 2017	The report contains exempt information and is therefore NOT FOR PUBLICATION by virtue of Local Government Act 1972, Schedule 12A, Part I, Paragraph 3; Information relating to the financial or business affairs of any particular person (including the authority holding that information)	Report setting out the key issues	Lukman Patel Head of Governance, Law, Property and Regulation  Executive Member for Resources and Performance Management
Revenue Budget 2018-21	To consider a report on Revenue Budget 2018-21	No (Full Council)	September 2017	Public	Report setting out the key issues	Asad Mushtaq Head of Finance  Executive Member for Resources and Performance Management

Matter for decision	Purpose	Key Decision Yes or No	Anticipated date of decision	Public or Private report. If Private give reasons	List of Documents to be submitted including any background papers	Contact person & Executive Portfolio
Lease of Land for construction of Turf Moor Memorial Gardens Asset	To consider a report on construction of Turf Moor Memorial Gardens Asset	No	September 2017	The report contains exempt information and is therefore NOT FOR PUBLICATION by virtue of Local Government Act 1972, Schedule 12A, Part I, Paragraph 3; Information relating to the financial or business affairs of any particular person (including the authority holding that information)	Report setting out the key issues	Lukman Patel Head of Governance, Law, Property and Regulation  Executive Member for Resources and Performance Management
Railway Scrutiny Review	To consider a report from the Scrutiny Committee on a Railway Review	No	September 2017	Public	Report setting out the key issues	Chair of Scrutiny  Executive Member for Regeneration and Economic Development
Burnley Bus Station Management Services Procurement	To consider a report on Burnley Bus Station Management Services Procurement	Yes	September 2017	The report contains exempt information and is therefore NOT FOR PUBLICATION by virtue of Local Government Act 1972, Schedule 12A, Part I, Paragraph 3; Information relating to the financial or business affairs of any particular person	Report setting out the key issues	Lukman Patel Head of Governance, Law, Property and Regulation  Executive Member for Resources and Performance Management

Matter for decision	Purpose	Key Decision Yes or No	Anticipated date of decision	Public or Private report. If Private give reasons	List of Documents to be submitted including any background papers	Contact person & Executive Portfolio
				(including the authority holding that information)		

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: Lukman Patel, Head of Governance, Law, Property & Regulation, Town Hall, Manchester Road, Burnley BB11 9SA.

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

Published: 18<sup>th</sup> August 2017

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**REPORT TO THE EXECUTIVE**



<b>DATE</b>	<b>15<sup>th</sup> August 2017</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>David Donlan</b>
<b>TEL NO</b>	<b>(01282) 477172</b>
<b>EMAIL</b>	<b>ddonlan@burnley.gov.uk</b>

**Capital Budget Monitoring Report 2017/18 Cycle 1 (to 30<sup>th</sup> June 2017)**

**PURPOSE**

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

**RECOMMENDATION**

- 2 The Executive is asked to:
  - Recommend to Full Council, approval of the revised capital budget for 2017/18 totalling £15,589,217, as outlined in Appendix 2.
  - Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £15,589,217 as shown in Appendix 3.
  - Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £2,231,605 at 31<sup>st</sup> March 2018, in Appendix 4.
  - Recommend to Full Council, approval of a new Capital Scheme for the Calder Park Sport & Play Equipment, totalling £13,700, funded from 3<sup>rd</sup> Party Contributions and Ward Opportunities Fund.
  - Recommend to Full Council, approval of a new Capital Scheme for the Brun Valley Forest Park, totalling £10,486, funded from 3<sup>rd</sup> Party Contributions.

**REASONS FOR RECOMMENDATION**

- 3 To effectively manage the 2017/18 capital programme.

**SUMMARY OF KEY POINTS**

**2017/18 CAPITAL PROGRAMME:**

**4 MONITORING INFORMATION:**

On the 22<sup>nd</sup> February 2017 Full Council approved the 2017/18 original capital budget, totalling £12,027,721. Since February, a number of reports have been approved by the Executive, resulting in revising the 2017/18 capital budget to £13,936,309 [as at the 4<sup>th</sup>

July 2017 Executive Meeting].

This is the first round of in-year cyclical monitoring, and as such the appendices accompanying this report provide Members with the position as at 30<sup>th</sup> June 2017 on expenditure, along with providing Members with an update on the progress of the individual schemes delivery.

## 5 **EXECUTIVE SUMMARY:**

### a) Burnley Town Centre Pedestrianisation Upgrade – Appendix 1

At its joint project meeting with LCC on 22 March 2017, LCC officers reported that there was a significant cost increase to the project. This was despite the Council being informed at the four previous project meetings that the project was on budget (see Appendix 1 for timeline of meetings and relevant minutes).

The current position is that in order to complete the scheme as envisaged, a shortfall of £650k must be met. LCC have confirmed that they will provide 50% of the shortfall (£325k) subject to this Council increasing its contribution by the same amount. Our concerns about the poor financial management of the project have been raised with the Council who have offered that the full costs and financial records can be inspected. This offer will be taken up, however due to the fact that any delay in decision making would result in additional overhead costs and delays in the completion of the project, the Council needs to consider the issue of the additional costs now. LCC have reported that the main reasons for this increase are as follows:

- Changes to the scope and design of the works from the original concept
- Unforeseen ground conditions requiring additional preparation works
- Additional works to the existing drainage system
- Additional service ducts for street lighting infrastructure
- Material cost increases
- Works being more complex than anticipated, requiring more resources to deliver to programme
- Temporary works to accommodate businesses
- Additional works required by utility companies.

One option to reduce the additional cost would be to not undertake improvement work on Parker Lane, however due to the importance of this work to the continued viability of Burnley town centre and the need to ensure that the town centre pedestrianised area is all of the same high quality, it is recommended that this option is not followed.

In light of the above, the additional £325k increase to the budget is recommended.

- ### b) Expenditure Monitoring - Appendix 2 provides a detailed breakdown of the revised capital budget, scheme by scheme, presented under each of the relevant service unit areas responsible for delivering the capital projects. It shows the recommended revised budget position and expenditure as at the end of June 2017. The expenditure to date is £2,797,837 which is 18% of the proposed revised budget.



- c) Revised Budget and Financing Elements - Appendix 3 shows the revised budget of £15,589,217 along with identifying the recommended financing elements on a scheme by scheme basis.
- d) Council Resources Position - Appendix 4 shows the latest position on capital receipts, section 106 monies and 3<sup>rd</sup> party contributions. As at the end of this round of budget monitoring the assumed level of “surplus available” local resources after taking into account the 2017/18 capital commitments, totals £2,231,605.

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**REVENUE IMPLICATIONS**

Revenue Contributions 2017/18

The Capital Programme includes Revenue Contributions totalling £3,011,484, being:

Scheme Name	£
Thompson Park Restoration Project	164,759
Vehicle & Machinery Replacement	88,138
Lower St James Street	400,000
Chewing Gum Removal Machine	40,000
Vision Park	307,000
Market Safety Works	477,480
Land at Grove Lane; NW Burnley Growth Corridor	986,855
Padiham Townscape Heritage Initiative	36,373
Building Alteration Works	3,107
Padiham Town Hall - Flood Works	132,772
Contribution to Shopping Centre Redevelopment	375,000
<b>Total Revenue Contributions</b>	<b>3,011,484</b>

Prudential Borrowing 2017/18

The proposed revised capital budget for 2017/18 includes a use of Prudential Borrowing totalling £3,956,882.

The revenue implications of borrowing £3,956,882, are an increase in the Minimum Revenue Provision [MRP] of £135k and an interest charge, assuming 3% on the borrowing would equate to £119k.

The MRP costs are not incurred until 2018/19, and the interest cost will be dependent on the timing of the borrowing. The full year costs will be included within the revenue budget for 2018/19.

**FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

7 As set out in the body of the report.

**POLICY IMPLICATIONS**

8 None arise directly from this report.

**DETAILS OF CONSULTATION**

9 None.

**BACKGROUND PAPERS**

10 None.

**FURTHER INFORMATION**

**David Donlan      Accountancy Division Manager      Ext 7172**

**Asad Mushtaq      Head of Finance      Ext 7173**

## **Appendix 1 - Budget Extracts from Burnley Town Centre Programme Meetings**

### **Programme Meeting No6. 8<sup>th</sup> July 2016**

#### **Item 4 Budget Review**

*LCC Operations Manager's view is that the scheme is currently on target. This will be reviewed more thoroughly against each phase at the next programme meeting. LCC Operations Manager to review costs and forecasts ahead of the next meeting.*

### **Programme Meeting No7. 13<sup>th</sup> September 2016**

#### **Item 4 Cost Estimate and Funding**

*BBC to supply actual spend and forecast furniture costs as soon as possible after Streetscene Engineer returns from leave.*

*LCC Operations Manager to issue actual cost/revised forecast as soon as data available (target end of Sept 2016).*

### **Programme Meeting No8. 20<sup>th</sup> October 2016**

#### **Item 3 Cost Estimate and Funding**

*LCC Operations Manager presented latest costs and estimates for the scheme up to phase 7. Forecast is currently on target against the scheme baseline (March 2016).*

*LCC Operations Manager to update the forecast for the remaining phases as soon as the design details for phase 10 have been agreed.*

### **Programme Meeting No9. 12<sup>th</sup> December 2016**

#### **Item 3 Cost Estimate and Funding**

*LCC Operations Manager reported that the costs of the scheme is broadly on target.*

*Subject to receiving the latest plan and quantities for phase 1, LCC Operations Manager to reconcile costs to date and review the cost estimate to complete.....scheme cost estimate to be considered at the next Programme meeting in Jan 2017.*

No Programme Meeting was convened by LCC in January 2017 due to minimal scheme activity over the Christmas period and the cost exercise not being completed at this time. Regular 'operational meetings' were maintained and no fundamental cost issues were raised. A date was set for March 2017.

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Scheme Name	Budget as at	Adjustments Per This Report		Revised Budget to be Approved	Total Spend as at 30/06/17	% Schemes Spend	Narrative provided by Project Officers/Heads of Service
	Exec 04/07/17	Budget Adjustments	Reprofiled into Future Years				
	£	£	£	£	£	£	
<b>GREEN SPACES &amp; AMENITIES</b>							
Thompson Park Restoration Project	940,176			940,176	31,469	3%	Planning consent has been obtained, detailed design work is in progress and schemes will go out to tender in August 2017. The contract for the car park has been tendered in advance so that it is complete in time for international miniature railway event
Towneley Hall Building Works	100,000			100,000	-	0%	Liberata are discussing the prioritisation of these works over the summer months.
Vehicle & Machinery Replacement	88,138			88,138	11,111	13%	Vehicle and machinery specifications have been prepared and quotations obtained
Extension of Burnley Cemetery	421,087	(400,000)		21,087	-	0%	£21,087 detailed design and planning application works. Remaining budget dependant on the outcome of the detailed application works.
Towneley Hall Overspill Car Park	38,500			38,500	195	1%	Scheme has been granted planning consent, tendered and contract is due to start on site mid July 2017
Calder Park Sport & Play Equipment	-	13,700		13,700	-	0%	Approval requested to allocate £13,700 from third party receipts and Ward Opportunities Fund, for equipment at Calder Park
Brun Valley Forest Park	-	10,486		10,486	-	0%	Approval requested to allocate £10,486 from third party receipts to works at Brun Valley Forest park
	<b>1,587,901</b>	<b>(375,814)</b>	<b>-</b>	<b>1,212,087</b>	<b>42,775</b>	<b>4%</b>	

<b>STREETSCENE</b>							
River Training Walls	134,183			134,183	23,265	17%	Hammerton Street River Training Wall works have been completed. Design works are on-going for schemes in Towneley Park, Thompson Park and Bank Hall on both the River Calder and River Brun. It is anticipated that major construction costs will be accrued in Quarters 3 and 4.
Car Park Improvements	10,000			10,000	-	0%	Currently staff are assessing and then trialling alternative payment mechanisms, which if successful, will require upgrading of the existing infrastructure and machines. Due to this process, it is likely that the major spend will be in the last quarter of the year.
Burnley Town Centre Pedestrianisation Upgrade	253,285	325,000		578,285	-	0%	The town centre works are continuing, with St James Street due to finish at the end of November 2017, and Parker Lane in early 2018. See note 5a of report
Lower St James Street	280,000	120,000		400,000	-	0%	Officers have been working with LCC on the details of the scheme. Specifications are being finalised, however it appears that the revised total cost will be £650,000. This will be part funded with £250,000 coming from LCC's Growth Deal funding with the balance of £400,000 being Burnley's contribution. We currently have £310,000 set aside in our Growth Reserve. The £120,000 adjustment reflects the additional cost to Burnley of £90,000 plus £30,000 originally profiled to be spent in 2018/19 as it is now expected that the scheme will be completed in 2017/18. LCC have indicated that if there is an underspend in the wider Growth Deal Programme, this will be made available to cover the additional £90,000 costs, however in the absence of that, it is proposed that the additional £90,000 be funded from in year revenue budget underspends (or the Council's Growth Reserve as a final option). It is anticipated that works will begin on-site late September for six months to completion.
Alleygate Programme	25,000			25,000	-	0%	Funding will supply approximately 6 new schemes which will be selected from a consideration list of 73 applications. Selection and consultation to take place Quarter 3 and installation completed Quarter 4.
CCTV Infrastructure	77,773			77,773	-	0%	BBC are contributing to the 'Hub Project' in Blackburn, the exact amount of which is not known at the moment due to on-going works. The remainder of the monies will be spent this financial year changing analogue cameras to digital ones which provide clearer pictures, the recording from which, will provide better quality evidence.
Bus Shelter Replacement	8,000			8,000	-	0%	It is proposed to replace three existing shelters with three new ones in Quarter 3. A priority list is now being drawn up by officers. It is not intended to provide new shelters in new locations as this will increase the authority's maintenance liability.
Chewing Gum Removal Machine	40,000			40,000	-	0%	Following options appraisal procurement is likely for Quarter 2
	<b>828,241</b>	<b>445,000</b>	<b>-</b>	<b>1,273,241</b>	<b>23,265</b>	<b>2%</b>	

Scheme Name	Budget as at Exec 04/07/17 £	Adjustments Per This Report		Revised Budget to be Approved £	Total Spend as at 30/06/17 £	% Schemes Spend £	Narrative provided by Project Officers/Heads of Service
		Budget Adjustments £	Reprofiled into Future Years £				
<b>REGENERATION &amp; PLANNING POLICY</b>							
University Technical College	22,500			22,500	-	0%	Access works to the roof will be completed over the Summer
Vision Park	3,304,962			3,304,962	560,729	17%	The Vision Park project remains on target with practical completion of Phase 1 due on 1st September 2017. The budget forecast for 2017/18 is unchanged
Weavers Triangle - Starter Homes	386,021			386,021	138,338	36%	Works started on site in February 2017 with a 12 month build out period. Budget forecast for 2017/18 is unchanged
Infrastructure & Highways Works	41,608			41,608	-	0%	Retention period has now ended, awaiting final invoice from LCC
Market Safety Works	1,580,636			1,580,636	5,810	0%	Procurement of a demolition contractor is being undertaken with start on site programmed for later in the year once necessary permissions have been given from adjoining interests.
Land at Grove Lane; NW Burnley Growth Corridor	1,436,855			1,436,855	1,436,855	100%	Completed
Padiham Townscape Heritage Initiative	399,873			399,873	-	0%	Pending formal approval from Heritage Lottery Fund
	<b>7,172,455</b>	-	-	<b>7,172,455</b>	<b>2,141,732</b>	<b>30%</b>	

<b>GOVERNANCE, LAW, PROPERTY &amp; REGULATION</b>							
Padiham Town Hall - Flood Works	113,634	262,736		376,370	-	0%	Additional flood resilience works have been agreed as part of the overall refurbishment contract totalling £57,896 - it is hoped that all of the works will be completed by 10th November 2017. A budget adjustment in 2017/18 is required to reflect the latest estimated project cost, which will be funded from the Flood Reserve and Insurance monies.
Leisure Centre Improvements	78,472			78,472	-	0%	
Contribution to Shopping Centre Redevelopment	375,000			375,000	-	0%	The second tranche of £375,000 will only become payable when Primark open for trading. This is anticipated in Spring of next year.
Building Alteration Works	103,107			103,107	-	0%	A tendered price for the replacement of boilers and associated asbestos removal have been obtained for the Parker Lane Offices at £42,123 and the contract will be let shortly.
	<b>670,213</b>	<b>262,736</b>	-	<b>932,949</b>	-	<b>0%</b>	

Scheme Name	Budget as at	Adjustments Per This Report		Revised Budget	Total Spend	% Schemes	Narrative provided by Project Officers/Heads of Service
	Exec 04/07/17	Budget Adjustments	Reprofiled into Future Years	to be Approved	as at 30/06/17	Spend	
	£	£	£	£	£	£	
<b>HOUSING &amp; DEVELOPMENT CONTROL</b>							
Emergency Repairs	68,580			68,580	16,134	24%	7 grants have been approved totalling £18,146.
Disabled Facilities Grant	1,617,271	1,306,041		2,923,312	283,587	10%	A total of £933,018 has been committed with 78 adaptations approved and a further 34 being completed. Officers continue to liaise with Social Services and Occupational Health to ensure those residents that require home adaptations are identified and assisted. The budget allocation from the better Care Fund for 2017/18 is £2,035,442 plus £887,870 carry forward.
Energy Efficiency	50,232	18,645		68,877	11,493	17%	39 grants have been approved totalling £27,355. The Council has also received an additional £18,645 from LCC for the Affordable Warmth project and will increase the budget accordingly. This will allow us to assist more residents through a range of measures to remain warm through the winter months.
Empty Homes Programme	1,039,805			1,039,805	252,919	24%	Currently there are 9 properties that we are attempting to acquire through Compulsory Purchase powers and further properties are planned to come forward as the year progresses. We are on site with 2 renovates and a further 3 will be starting in the coming weeks. Other empty homes are being returned into use through Council involvement and currently we have 20 loan approvals as well as a number of enquiries from Landlords who want to bring their properties back into use.
Interventions, Acquisitions and Demolitions	553,413			553,413	24,043	4%	Contractors are currently on site in Burnley Wood carrying out a further neighbourhood improvement scheme along Branch Road to include painting and general improvements to the front elevations of properties. A portion of this budget will be dedicated to bringing forward brownfield sites for development throughout the year with £250,000 earmarked for the Perseverance Mill development in Padiham.
	<b>3,329,301</b>	<b>1,324,686</b>	<b>-</b>	<b>4,653,987</b>	<b>588,176</b>	<b>13%</b>	
<b>CHIEF EXECUTIVE / CORPORATE INITIATIVES</b>							
Ward Opportunities Fund	168,198	(3,700)		164,498	1,889	1%	The amount of spend on WOF is determined by ward members, who bring forward proposals for how the budget should be spent in their respective wards. £3,700 adjustment for Calder Park Sport & Play Equipment
	<b>168,198</b>	<b>(3,700)</b>	<b>-</b>	<b>164,498</b>	<b>1,889</b>	<b>1%</b>	
<b>LEISURE CLIENT</b>							
Padiham LC - Gym Refurbishment	180,000			180,000	-	0%	The contract has been awarded to Life Fitness. Orders to be placed for equipment in August.
	<b>180,000</b>	<b>-</b>	<b>-</b>	<b>180,000</b>	<b>-</b>	<b>0%</b>	
	<b>13,936,309</b>	<b>1,652,908</b>	<b>-</b>	<b>15,589,217</b>	<b>2,797,837</b>	<b>18%</b>	

2016/17 Cycle 1      9,332,789      705,102      8%

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Scheme Name	Revised Budget £	FINANCING ELEMENTS						Total Revised Budget £
		Prudential Borrowing £	Revenue Cont'n / Reserves £	Capital Grants £	Capital Receipts £	Vacant Property Initiative Receipts £	3rd Party Contribution / Section 106 £	
<b>Green Spaces &amp; Amenities</b>								
Thompson Park Restoration Project	940,176		164,759	755,240			20,177	940,176
Towneley Hall Building Works	100,000				100,000			100,000
Vehicle & Machinery Replacement	88,138		88,138					88,138
Extension of Burnley Cemetery	21,087	21,087						21,087
Towneley Hall Overspill Car Park	38,500				18,500		20,000	38,500
Calder Park Sport & Play Equipment	13,700				3,700		10,000	13,700
Brun Valley Forest Park	10,486						10,486	10,486
	<b>1,212,087</b>	<b>21,087</b>	<b>252,897</b>	<b>755,240</b>	<b>122,200</b>	<b>-</b>	<b>60,663</b>	<b>1,212,087</b>
<b>Streetscene</b>								
River Training Walls	134,183				134,183			134,183
Car Park Improvements	10,000				10,000			10,000
Burnley Town Centre Pedestrianisation Upgrade	578,285	578,285						578,285
Lower St James Street	400,000		400,000					400,000
Alleygate Programme	25,000				25,000			25,000
CCTV Infrastructure	77,773	77,773						77,773
Chewing Gum Removal Machine	40,000		40,000					40,000
Bus Shelter Replacement	8,000				8,000			8,000
	<b>1,273,241</b>	<b>656,058</b>	<b>440,000</b>	<b>-</b>	<b>177,183</b>	<b>-</b>	<b>-</b>	<b>1,273,241</b>
<b>Regeneration &amp; Planning Policy</b>								
University Technical College	22,500			7,275	15,225			22,500
Vision Park	3,304,962	1,918,109	307,000	1,079,853				3,304,962
Weavers Triangle - Starter Homes	386,021			386,021				386,021
Infrastructure & Highways Works	41,608						41,608	41,608
Market Safety Works	1,580,636	1,103,156	477,480					1,580,636
Land at Grove Lane; NW Burnley Growth Corridor	1,436,855		986,855	450,000				1,436,855
Padiham Townscape Heritage Initiative	399,873		36,373	280,100			83,400	399,873
	<b>7,172,455</b>	<b>3,021,265</b>	<b>1,807,708</b>	<b>2,203,249</b>	<b>15,225</b>	<b>-</b>	<b>125,008</b>	<b>7,172,455</b>
<b>Governance, Law, Property &amp; Regulation</b>								
Padiham Town Hall - Flood Works	376,370		132,772				243,598	376,370
Leisure Centre Improvements	78,472	78,472						78,472
Building Alteration Works	103,107		3,107		100,000			103,107
Contribution to Shopping Centre Redevelopment	375,000		375,000					375,000
	<b>932,949</b>	<b>78,472</b>	<b>510,879</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>243,598</b>	<b>932,949</b>
<b>Housing &amp; Development</b>								
Emergency Repairs	68,580					68,580		68,580
Disabled Facilities Grant	2,923,312			2,923,312				2,923,312
Energy Efficiency	68,877					50,232	18,645	68,877
Empty Homes Programme	1,039,805	-				1,039,805		1,039,805
Interventions, Acquisitions and Demolitions	553,413			113,413		440,000		553,413
	<b>4,653,987</b>	<b>-</b>	<b>-</b>	<b>3,036,725</b>	<b>-</b>	<b>1,598,617</b>	<b>18,645</b>	<b>4,653,987</b>
<b>Chief Executive</b>								
Ward Opportunities Fund	164,498				164,498			164,498
	<b>164,498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>164,498</b>	<b>-</b>	<b>-</b>	<b>164,498</b>
<b>Leisure Client</b>								
Padiham LC - Gym Refurbishment	180,000	180,000						180,000
	<b>180,000</b>	<b>180,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180,000</b>
<b>TOTAL OF ALL SCHEMES</b>	<b>15,589,217</b>	<b>3,956,882</b>	<b>3,011,484</b>	<b>5,995,214</b>	<b>579,106</b>	<b>1,598,617</b>	<b>447,914</b>	<b>15,589,217</b>

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	<u>General Capital Receipts</u> £	<u>Vacant Property Initiatives Receipts</u> £	<u>Section 106 Money</u> £	<u>3rd Party Cont'ns</u> £	<u>Total</u> £
<b><u>Capital Resources Brought Forward on 1st April 2017</u></b>	<b>946,363</b>	<b>2,546,690</b>	<b>188,739</b>	<b>95,884</b>	<b>3,777,675</b>
<b><u>Add</u></b>					
Resources Received As At 30th June 2017:	9,500	360,275	-	44,945	414,720
Further Resources Estimated to be Received during 2017/18:	300,000	-	-	551,241	851,241
<b><u>Potential Resources Available during 2017/18</u></b>	<b>1,255,863</b>	<b>2,906,965</b>	<b>188,739</b>	<b>692,070</b>	<b>5,043,636</b>
<b><u>Less</u></b>					
Required to finance Capital Programme	(579,106)	(1,598,617)	-	(447,914)	(2,625,637)
Repayment Liabilities	-	-	-	-	-
Earmarked for Revenue Expenditure	-	-	(53,350)	-	(53,350)
Earmarked for Delivery By Outside Bodies	-	-	(133,044)	-	(133,044)
<b><u>Potential Capital Resources Carried Forward on 31st March 2018</u></b>	<b>676,757</b>	<b>1,308,348</b>	<b>2,345</b>	<b>244,156</b>	<b>2,231,605</b>
<b><u>Add</u></b>					
Resources Estimated to be Received during 2018-20	800,000	851,652	-	1,004,180	2,655,833
<b><u>Less</u></b>					
2018/19 Capital Budget	(393,000)	(1,200,000)	-	(149,773)	(1,742,773)
2019/20 Capital Budget	(393,000)	(960,000)	-	(1,098,563)	(2,451,563)
<b><u>Total Surplus / (Shortfall) of Resources available for Further Capital Investment Programme needs</u></b>	<b>690,757</b>	<b>-</b>	<b>2,345</b>	<b>-</b>	<b>693,102</b>

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REPORT TO EXECUTIVE



<b>DATE</b>	<b>15 August 2017</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
<b>REPORT AUTHOR</b>	<b>David Donlan</b>
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<b>EMAIL</b>	<b>ddonlan@burnley.gov.uk</b>

**Revenue Budget Monitoring 2017/2018**

**PURPOSE**

1. To report the forecast outturn position for the year as at 31 March 2018 based upon actual spending and income to **30 June 2017**.

**RECOMMENDATION**

2. The Executive is asked to:
  - a. Note the projected revenue budget forecast underspend of £70k (see the overview table in paragraph 6).

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

  - b. The latest revised budget of £14.596m as shown in Appendix 1.
  - c. The net transfers from earmarked reserves of £1.582m as shown in Appendix 4.

**REASONS FOR RECOMMENDATION**

3. To give consideration to the level of revenue spending and income in 2017/18 as part of the effective governance of the Council and to ensure that appropriate management action is taken to ensure a balanced financial position.

**SUMMARY OF KEY POINTS**

4. **Revenue Budget Monitoring Process**  
 There are 3 in-year reports on revenue budget monitoring presented to the Executive and the Scrutiny Committee during the course of the financial year. This is the first in-year report for 2017/18. In addition to these 3 reports there is a final combined report for revenue and capital to consider the actual spending at the end of the financial year compared with the revised revenue budget. Under the scheme of delegation each budget area is delegated to a Head of Service who remains accountable for the effective discharge of financial management as an integral part of achieving strategic objectives and in turn meeting service

delivery priorities.

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

5. **Budget Changes**

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

- Virements approved by Heads of Service and Management Team.

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 contributions over £50k.
- Decisions made by the Executive.

Members are asked to approve the latest revised budget of £14.596m as shown in Appendix 1.

## 6. Revenue Budget Summary

As at the end of June 2017, the overall financial position is currently projected to be a £70k underspend, as shown in the table below:

	Latest Revised Budget £'000's	Forecast Outturn £'000's	Variance £'000's	Paragraph
Pay	9,205	9,205	0	
Other revenue budgets	9,533	9,463	(70)	
Reserves	(4,142)	(4,142)	0	17
<b>Financed by:</b>	<b>14,596</b>	<b>14,526</b>	<b>(70)</b>	
Collection Fund surplus	(81)	(81)		
Business Rates	(4,376)	(4,376)		
Revenue Support Grant	(2,778)	(2,778)		
Council Tax	(6,391)	(6,391)		
New Homes Bonus	(970)	(970)		
<b>Forecast underspend at end June 2017</b>	<b>0</b>	<b>(70)</b>	<b>(70)</b>	
<b>Due to:</b>				
<u>Recurring variations</u>				
CCTV costs of shared service			(50)	7
Insurance savings			(38)	8
Pension fund contribution savings			(112)	9
<u>One-off variations:</u>				
Increased income			(140)	10
Markets income reduction			59	11
Energy costs savings			(40)	12
Savings in income sharing arrangement with Liberata			(133)	13
Top up of business support programme			95	14
Costs of workforce planning exercise			100	15
Increased revenue contribution to capital outlay (rcco)			90	16
Other net savings			(1)	
			<b>(170)</b>	
Budgeted efficiency target			<b>100</b>	
Overall underspend position			<b>(70)</b>	

In setting the budget for 2017/18, it was assumed that £150k would be saved through not filling posts immediately. The latest position is that £96k of salary savings have been secured to date. In forecasting the outturn position above to the 31 March 2018, it is assumed that the target will be achieved.

It was also agreed that there would be an in-year efficiency savings / additional income target of £100k. It is forecast that this will be exceeded by £70k.

7. **CCTV cost savings (- £50k)**  
Efficiency savings arising from the shared service with Blackburn with Darwen Council.
  8. **Insurance savings (- £38k)**  
These have accrued as a result of efficiencies achieved from the insurance contract.
  9. **Pension contribution savings (- £112k)**  
An annual saving equating to a rate of return of 3% was achieved by making a pre-payment to the Lancashire pension fund. Given the base rate of 0.25% and treasury investments for 2016/17 achieving an average rate of return of 0.49%, this is a significant increase.
  10. **Increased income (- £140k)**  
Heads of service have reported an overall increase in forecast income for the year. This includes £70k for disabled facilities due to additional grant allocations resulting in more schemes completed, £35k for various services within Streetscene (including green and trade waste), and £35k for repayments from Burnley Leisure.
  11. **Markets income reduction (£59k)**  
The Markets manager has reported a forecast shortfall in income of £59k due to an increase in vacant stalls and less footfall in the market.
  12. **Energy cost savings (- £40k)**  
Based on current trends and consumption, it is estimated that a £40k saving on gas and electricity costs can be achieved in 2017/18.
  13. **Strategic partnership savings (- £133k)**  
The Council has an income sharing agreement with Liberata. This agreement incentivises both parties to achieve more income by Liberata staff identifying errors in single persons discount, council tax support, and the receipt of new homes bonus by returning empty properties back into use. Mainly due to the changes in the funding allocations methodology for new homes bonus, the partner will only receive a payment of £48k for the year compared to a budgeted £167k (saving £119k). Although this is a saving to the Council, it means that the Council will not receive as much additional income in future years as was hoped.
- The Council also has an agreement about the funding of additional pensions costs for those staff transferred to the partner after the date of transfer. This protects both the staff and the partnership should unforeseen changes occur. The pensions actuaries have reestimated the funding position of the transferred pension liability and identified a saving of £14k. Liberata have agreed to pass this saving to the Council.
14. **Business Support Programme (£95k)**  
A top-up is required in the business support programme funding to meet forecast demand in the current year.



15. **Workforce planning costs (£100k)**

The Council is making significant progress in identifying areas for efficiencies in order to close the £1.8m funding gap in the medium term financial strategy for 2018/19. This will inevitably mean some staffing reductions and consequential costs of redundancies and pension strain. These costs resulting from the workforce planning report due to be completed in September 2017 will be chargeable to this financial year. Early indications are that these costs will be in the region of £100k as last years resulted in thirteen staff being made redundant at a cost of £219k. Every effort will be made to minimise the impact on staff and the costs.

16. **Revenue Contribution to Capital Outlay (RCCO £90k)**

Lancashire County Council have informed the Council that the estimated cost of the Lower St James street capital scheme has increased by £90k from £560k to £650k. It is proposed that this cost is funded from in-year revenue underspends by way of a RCCO. LCC have indicated that if there is sufficient funds available at the completion of the overall growth deal programme, then they will compensate the Council for this additional cost. The overall programme will not be complete for a few years.

17. **Earmarked Reserves**

The table in Appendix 4 summarises the latest position. The recommendation is to release a net £1.582m from reserves to fund previously committed schemes in the capital programme and the revenue services. These include Vision Park, the land at Grove Lane, Lower St James street pedestrianisation, Padiham Town Hall and the revenue budget carry forwards for services approved in the 2016/17 closure of accounts.

18. **Revenue Implications of the Changes to the Capital Budget**

The proposed revised capital budget for 2017/18 includes a use of Prudential Borrowing totalling £3,956,882.

The revenue implications of borrowing £3,956,882, are an increase in the Minimum Revenue Provision [MRP] of £135k and an interest charge, assuming 3% on the borrowing would equate to £119k.

The MRP costs are not incurred until 2018/19, and the interest cost will be dependent on the timing of the borrowing. The full year costs will be included within the revenue budget for 2018/19.

**FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

19. As shown in the body of the report.

**POLICY IMPLICATIONS**

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

**DETAILS OF CONSULTATION**

21. None.

**BACKGROUND PAPERS**

22. None

**FURTHER INFORMATION  
PLEASE CONTACT:**

**David Donlan - Accountancy Division  
Manager**

**Movements in Revenue Budget 2017/18 - to 30 June 2017**

Service Unit	Original Budget	Changes this Cycle (Cycle 1)	Transfers to /(from) Earmarked Reserves (see App 4)	Grants Unapplied carried forward from 2016/17	<b>TOTAL OVERALL MOVEMENT</b>	Revised Budget
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Management	456	-	-	-	-	456
Regeneration and Planning Policy	1,501	60	45	213	318	1,819
Leisure Trust Management Fee	601	(178)	-	-	(178)	423
Leisure Trust Client	183	15	10	-	25	208
Green Spaces and Amenities	849	163	40	38	241	1,090
Streetscene	2,673	-	-	17	17	2,690
Housing and Development Control	493	-	-	68	68	561
Corporate Engagement	364	-	-	3	3	367
Policy & Performance	94	-	-	3	3	97
Governance, Law, Property and Regulation	720	1	(152)	-	(151)	569
People & Development	268	11	10	-	21	289
Finance	697	2	-	-	2	699
Strategic Partnership	3,570	-	-	-	-	3,570
Revenues and Benefits	(1,349)	-	-	34	34	(1,315)
Treasury Management	839	101	-	-	101	940
Corporate Budgets	4,821	(115)	1,569	-	1,454	6,275
Use of Earmarked Reserves	(2,184)	(60)	(1,522)	(376)	(1,958)	(4,142)
	14,596	-	-	-	-	14,596

**Revenue Budget Update by Service Area as at 30 June 2017**

Appendix 2

Service Unit	Revised budget for year				Forecast outturn for year				Forecast Variance			
	Pay	Non Pay	Income	Total	Pay	Non Pay	Income	Total	Pay	Non Pay	Income	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Management	436	20	-	456	436	20	-	456	-	-	-	-
Regeneration and Planning Policy	1,099	1,413	(693)	1,819	1,067	1,413	(614)	1,866	(32)	-	79	47
Leisure Trust Management Fee	-	423	-	423	-	423	-	423	-	-	-	-
Leisure Trust Client	-	448	(240)	208	-	448	(275)	173	-	-	(35)	(35)
Green Spaces and Amenities	1,834	1,157	(1,901)	1,090	1,834	1,157	(1,901)	1,090	-	-	-	-
Streetscene	1,051	3,884	(2,245)	2,690	997	3,824	(2,280)	2,541	(54)	(60)	(35)	(149)
Housing and Development Control	1,249	416	(1,104)	561	1,249	411	(1,174)	486	-	(5)	(70)	(75)
Corporate Engagement	372	289	(294)	367	372	384	(294)	462	-	95	-	95
Policy & Performance	103	12	(18)	97	103	12	(18)	97	-	-	-	-
Governance, Law, Property and Reg'n	950	1,953	(2,334)	569	940	1,915	(2,334)	521	(10)	(38)	-	(48)
People & Development	197	92	-	289	197	92	-	289	-	-	-	-
Finance	637	142	(80)	699	637	142	(80)	699	-	-	-	-
Strategic Partnership	-	3,570	-	3,570	-	3,437	-	3,437	-	(133)	-	(133)
Revenues and Benefits	-	31,864	(33,179)	(1,315)	-	31,864	(33,179)	(1,315)	-	-	-	-
Treasury Management	-	1,017	(77)	940	-	1,017	(77)	940	-	-	-	-
Corporate Budgets	1,277	4,738	260	6,275	1,373	4,870	260	6,503	96	132	-	228
Use of Earmarked Reserves	-	-	(4,142)	(4,142)	-	-	(4,142)	(4,142)	-	-	-	-
<b>Total</b>	<b>9,205</b>	<b>51,438</b>	<b>(46,047)</b>	<b>14,596</b>	<b>9,205</b>	<b>51,429</b>	<b>(46,108)</b>	<b>14,526</b>	<b>-</b>	<b>(9)</b>	<b>(61)</b>	<b>(70)</b>

Revenue Budget Variance Analysis 2017/18 (as at 30 June 2017)

Appendix 3

Service Unit	Last Report			Current Report			Movement			Explanation (Non pay/income £20k and over)
	Forecast Variance			Forecast Variance			Movement			
	Pay	Non Pay	Income	Pay	Non Pay	Income	Pay	Non Pay	Income	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Management	-	-	-	-	-	-	-	-	-	
Regen & Planning Policy	-	-	-	(32)	-	79	(32)	-	79	Income - (£79k) £59k shortfall in Markets income due to stall vacancies, £20k shortfall in town centre pitch income effected by pedestrianisation works.
Leisure Trust Management Fee	-	-	-	-	-	-	-	-	-	
Leisure Trust Client	-	-	-	-	-	(35)	-	-	(35)	Income - (£35k) Repayments of one-off costs by Burnley Leisure.
Green Spaces	-	-	-	-	-	-	-	-	-	
Streetscene	-	-	-	(54)	(60)	(35)	(54)	(60)	(35)	Non Pay - (£60k) Savings in cctv costs from the shared service with Blackburn of £50k and forecast other minor underspendings of £10k. Income - (£35k) Additional income (£43k) for Green and Trade Waste, (£26k) estimated 10% share of Kingdom Litter enforcement, less £34k shortfall in other income including car parking and community safety.
Housing & Development Control	-	-	-	-	(5)	(70)	-	(5)	(70)	Income - (£70k) Additional disabled renovations income following increased schemes and allocation from Government.
Corporate Engagement	-	-	-	-	95	-	-	95	-	Non Pay - (95k) Top-up of business support programme funding based on forecast demand in the current year.
Policy & Performance	-	-	-	-	-	-	-	-	-	
Governance, Law, Property and Reg'n	-	-	-	(10)	(38)	-	(10)	(38)	-	Non Pay - (£38k) Efficiencies achieved from the insurance contract.
People & Development	-	-	-	-	-	-	-	-	-	
Finance	-	-	-	-	-	-	-	-	-	
Strategic Partnership	-	-	-	-	(133)	-	-	(133)	-	Non Pay - (£133k) Savings following efficiencies achieved from finalisation of results of income sharing agreement.
Revenues & Benefits	-	-	-	-	-	-	-	-	-	
Treasury	-	-	-	-	-	-	-	-	-	
Corporate Budgets	-	-	-	96	132	-	96	132	-	Non-Pay - (£132k) - Estimated savings on both energy (£40k) and water charges (£15k). Savings of (£112k) on pensions resulting from up-front funding paid to the pension fund. Estimated cost of redundancies and pension strain of £100k which may be incurred following the workforce planning and budget exercise later in the year. There is also a newly proposed RCCO of £90k for the Lower St James street capital scheme. Minor net estimated overspends of £25k. These net increased costs totalling £32k are to be set off against the Corporate efficiency target budget of £100k.
Transfers to / (from) Reserves	-	-	-	-	-	-	-	-	-	
Total	-	-	-	-	(9)	(61)	-	(9)	(61)	

Net Est. Revenue Budget  
(Underspend)/Overspend

-

(70)

(70)

**Position on Earmarked Reserves as at 30 June 2017**

Appendix 4

Position on Earmarked Reserves	Transformation £'000	Growth £'000	Other Specific £'000	Total £'000
Opening Balance 1/4/17	(2,749)	(2,626)	(2,281)	(7,656)
Original Budget 2017/18 - Use of Reserves 2017/18	240	1,060	884	2,184
	<b>(2,509)</b>	<b>(1,566)</b>	<b>(1,397)</b>	<b>(5,472)</b>
changes in cycle 1	1,028	259	295	1,582
<b>Anticipated Balance at 31st March 2018</b>	<b>(1,481)</b>	<b>(1,307)</b>	<b>(1,102)</b>	<b>(3,890)</b>
Approved Use of Reserves in future years	-	1,140	516	1,656
<b>Balance after approvals</b>	<b>(1,481)</b>	<b>(167)</b>	<b>(586)</b>	<b>(2,234)</b>

## REPORT TO THE EXECUTIVE



<b>DATE</b>	<b>19<sup>th</sup> September 2017</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Asad Mushtaq</b>
<b>TEL NO</b>	<b>(01282) 477173</b>
<b>EMAIL</b>	<b>amushtaq@burnley.gov.uk</b>

## Revenue Budgets 2018/2021 – Latest Position and Savings Proposals

### PURPOSE

1. To update the Executive on the latest position regarding balancing the Council's 2018/21 revenue budgets.
2. To outline proposed savings for recommendation to Full Council.

### RECOMMENDATION

3. Executive are asked to recommend to Full Council approval to
  - a) savings approved at Full Council in September 2016 totalling £0.613m (see paragraph 10 below) to assist in balancing the 2018/19 and 2019/20 revenue budgets - see Appendix 1
  - b) proposed savings totalling £1.436m to assist in balancing the 2018/19, 2019/20 and 2020/21 revenue budgets - see Appendix 1

### REASONS FOR RECOMMENDATION

4. To progress the preparation of the Council's 2018/21 revenue budgets.

### SUMMARY OF KEY POINTS

5. **Background**

The Council's Medium-Term Financial Strategy (MTFS) is regularly assessed and updated to provide an indication of budget pressures over the next three financial years. The 2018/21 strategy was approved at the meeting of Full Council on 22<sup>nd</sup> February 2017 and indicated that the cumulative budget gap for 2018/19, 2019/20 and 2020/21 was estimated to be £4.0m, equivalent to 27.5% of the 2017/18 net revenue budget.

6. Members will recall that a report on the MTFs was considered and approved by the Executive in July 2016. This report was approved as the Council’s financial plan – “Creating a Sustainable Future” - and is intended to develop a long term financially balanced framework for the Council. It is also the Council’s four-year efficiency plan which fulfils the Government’s requirements for securing a four-year Revenue Support Grant settlement.

7. **Creating a Sustainable Future for the period 2018/21**

The Council’s financial plan considers the national and regional context and the need to re-balance the economy. However, at the heart of the Council’s financial planning is a savings plan aligned to strategic intent. In considering opportunities for future savings, four strategic themes have been considered:

- i) Service transformation and digitisation – continuing the transformational change programme in the delivery of services to customers through greater use of self-serve and web-enabled technology and modernising systems and processes
- ii) Empowerment – the way in which people work together in managing Council services with effective risk mitigation within an empowered autonomous structure and a flexible scheme of delegation that supports a one-team approach
- iii) Commercial risk appetite – developing new innovative ways of raising revenue and strengthening commercial partnerships
- iv) Needs and priorities – consideration of the appropriateness of the service offer to the Borough’s residents and aligning this to the Council’s strategic vision

8. Since the 2018/21 strategy was approved at the meeting of Full Council on 22nd February 2017 the budget gap has decreased by £0.2m to £3.8m. The table below summarises the latest MTFs position.

MTFS	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Funding	1.0	0.7	0.7	2.4
Continuation estimate	0	0.3	0.3	0.6
LCC Cost Share Agreement	0.8	0	0	0.8
<b>Budget Gap</b>	<b>1.8</b>	<b>1.0</b>	<b>1.0</b>	<b>3.8</b>
% Net Revenue Budget	12%	7%	8%	

9. The assumptions underpinning the MTFs are:

- i) Council tax will increase by 1.9% each year
- ii) No increase has been factored in for inflationary changes in Council tax base, business rates or new homes bonus from the 2017/18 baselines
- iii) Pay award has been assumed at 1% per annum, fees and charges at 2% per annum
- iv) No changes have been assumed regarding changes in Council tax support claimant numbers



- v) The MTFS/Efficiency Plan has been approved by the Department of Communities and Local Government and Revenue Support Grant has been secured as follows:

2018/19 £2.2m  
2019/20 £1.6m

- vi) Reductions in Revenue Support Grant for 2020/21 will be in line with recent reductions

10. **Savings Proposals**

Appendix 1 shows details of proposed total net savings of £1.436m - £1.246m for 2018/19, £0.138m for 2019/20 and £0.052m for 2020/21. The savings for 2018/19 include £0.325m of proposed reductions in posts, which are subject to formal consultation, although the Council will seek to minimise redundancies wherever possible. A further report will be brought back following the consultation process to obtain approval for the specific posts to be deleted. In addition, £0.620m of savings were approved at Full Council on 28<sup>th</sup> September 2016. This has subsequently been reduced to £0.613m, due to the downward revision of the 3% efficiency saving on the Burnley Leisure annual service charge by £7k, - £0.437m for 2018/19 and £0.176m for 2019/20. Total savings identified for 2018/19 to 2020/21 will therefore be £2.049m.

11. All of the proposals have been assessed in relation to equalities legislation, and it has been established that there is no disproportionate impact on people with protected characteristics.

12. **Latest 2018/21 Revenue Budgets Position**

It can be seen in the table at paragraph 9 above that there is an overall savings requirement of £3.810m over the period 2018/21. The savings recommended for approval in Appendix 1 total £1.436m which would require a further £0.084m to find for 2018/19. This, together with the £0.613m of savings already approved, leaves a balance of savings required over the period 2018/21 at this stage of £1.761m - £0.084m for 2018/19, £0.655m for 2019/20 and £1.022m for 2020/21. Proposals to meet the 2018/19 balance of savings required will be taken to Full Council for approval in February 2018.

13. **Risks**

- a) Funding changes – Confirmation of the Government settlement for 2018/21 are awaited. There is also currently a consultation exercise relating to proposed changes in the business rates system.
- b) Capital projects – any projects under consideration require funding. If there is a shortfall in capital finance for these projects then pursuing them and using borrowing will significantly increase the revenue budget. The revenue implications will be considered as part of the monitoring of the Capital Programme.
- c) Budget preparation – The preparation of the 2018/19 continuation budgets is currently being undertaken. Issues may arise from the exercise that could have an impact on the 2018/19 budget and future years.

- d) Public demand on commercial risks – A significant element of the savings proposals have arisen in response to the change in the Council’s commercial risk appetite. This will be closely monitored during the year to ensure that targets are being achieved.
- e) Public sector pay – Pay rises have effectively been capped at 1% since 2013 for many public sector workers. The current Government has indicated it may be willing to review this. This could challenge the underlying pay assumptions of the MTFS.

**FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

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

**POLICY IMPLICATIONS**

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

**DETAILS OF CONSULTATION**

16. Scrutiny Committee.

**BACKGROUND PAPERS**

17. None

**FURTHER INFORMATION**  
**PLEASE CONTACT:** **Asad Mushtaq - Head of Finance**

**ALSO:** **Howard Hamilton-Smith – Finance & Commercial Manager**

	2018/19 £'000	2019/20 £'000	2020/21 £'000	TOTAL £'000
<b>Original budget gap</b>	1,995	977	1,044	<b>4,016</b>
Adjustments identified since approval	(228)	(8)	30	<b>(206)</b>
<b>Revised budget gap (a)</b>	<b>1,767</b>	<b>969</b>	<b>1,074</b>	<b>3,810</b>
<b>Savings Approved</b>				
Full Council September 2016	437	176	-	<b>613</b>
	437	176	-	613
<b>Proposed Savings (see below)</b>				
Service Transformation	132	-	-	<b>132</b>
Empowerment	293	-	-	<b>293</b>
Commercial Risk Appetite	741	109	52	<b>902</b>
Needs Led	80	29	-	<b>109</b>
	1,246	138	52	1,436
<b>Total Savings (b)</b>	<b>1,683</b>	<b>314</b>	<b>52</b>	<b>2,049</b>
<b>Remaining Budget Gap - Savings to be identified (a-b)</b>	<b>84</b>	<b>655</b>	<b>1,022</b>	<b>1,761</b>
Savings carried forward to 2019/20	-	-	-	-
<b>Remaining Budget Gap - Savings to be identified</b>	<b>84</b>	<b>655</b>	<b>1,022</b>	<b>1,761</b>
<b>Proposed Savings (detail)</b>				
<b>Service Transformation</b>				
Reductions in Staffing	132	-	-	132
	<b>132</b>	-	-	<b>132</b>
<b>Empowerment</b>				
Additional Self Build New Burdens Funding utilised 2018/19 to 2020/21	27	-	-	27
Bring Housing Emergency Works in-house	20	-	-	20
Utilise 3 year DCLG funding to resource the Council's temporary accommodation spend	50	-	-	50
20% reduction in People & Development operational budgets	3	-	-	3
Reductions in Staffing	193	-	-	193
	<b>293</b>	-	-	<b>293</b>
<b>Commercial Risk Appetite</b>				
Business Support Team - income generation/external funding	15	-	-	15
CCTV Shared Service operational savings	50	-	-	50
Introduce chargeable commercial waste	20	40	-	60
Increased take-up of garden waste service	30	-	-	30
Thompson Park car parking charges	-	14	-	14
Thompson Park NDR saving	-	3	-	3
Increase DFG and emergency works grant fees	20	-	-	20
Further increase Graphics income target	2	2	2	6
Corporate insurances	42	-	-	42
Pension Contributions - 3 year advance payment of deficit (17/18 to 19/20)	72	-	-	72
Pension Contributions - 1 year advance payment of future contributions	20	-	-	20
Expiry of contribution to Growth Deal	200	-	-	200
Increase in Council tax base	50	50	50	150
Increase in in-year adjustments/savings and increased income (from £100k)	150	-	-	150
Planning Fee increase of 20%	70	-	-	70
	<b>741</b>	<b>109</b>	<b>52</b>	<b>902</b>
<b>Needs Led</b>				
Economic Development subscription and grants	18	-	-	18
Local Plan Review budget	13	-	-	13
Delete Legal agency budget	-	24	-	24
Review of property function	15	5	-	20
Pensions increase budget adjustment	34	-	-	34
	<b>80</b>	<b>29</b>	-	<b>109</b>
<b>Total Savings Proposals</b>	<b>1,246</b>	<b>138</b>	<b>52</b>	<b>1,436</b>

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## Scrutiny Review Group - Railways

### REPORT TO THE EXECUTIVE



<b>DATE</b>	<b>19/09/2017</b>
<b>PORTFOLIO</b>	<b>None</b>
<b>REPORT AUTHOR</b>	<b>Scrutiny Review Group</b>
<b>TEL NO</b>	
<b>EMAIL</b>	

### PURPOSE

1. To consider the outcomes of the Scrutiny Review of rail facilities in Burnley, especially Manchester Road Station.

### RECOMMENDATION

2. That the Council continues to work alongside and encourage colleagues from Lancashire County Council and Northern Rail to raise the profile of Manchester Road Station, and support Northern Rail to access funding to provide access improvements at the station.

### REASONS FOR RECOMMENDATION

3. To maximise the benefits of the new rail link and facilities for residents of, and visitors to Burnley.

### SUMMARY OF KEY POINTS

4. A cross party group was established to review the rail link to Manchester, and associated services. The group carried out site visits to stations, spoke with passengers and consulted businesses. Whilst the new station, and the rail service to Manchester was held in high regard, it was felt that there were still some aspects of the new station facility that could be improved.
5. A meeting was held with Northern Rail and Lancashire County Council. The meeting was very positive, and colleagues considered feedback from Members and outlined changes that could be planned, and those that were already planned at the Station.
6. Northern Rail have identified Burnley Manchester Road as one of their 'Northern Connect' hub stations. As such, by 2020 improvements at the station will include wifi and LED lighting. More immediate improvements that are in the schedule are improved ticket vending machines and a smart video retail wall by early 2018.
7. Problems regarding access to, from and around Platform 1 – The design of the station

had allowed space within the station footprint for lift access to be installed. Department for Transport (Access for All) fund could provide some funding to support improved access at the station - Burnley is the only 'Northern Connect' hub station without lift access, raising the profile of the station, and the Council pressing through channels may help to secure funding more quickly. Northern Rail to consider improvements or additions to shelters, and to line marking the platform.

8. Car Parking – The existing car parking at the station is over subscribed, and commuter parking is having a negative impact on residents in surrounding streets. As part of a joint project between LCC and BBC, additional car parking is planned, and work will commence once the site has been vacated. (provision of 70 additional spaces).
9. Availability of Taxis – a taxi rank is available near the station, but is out of line of sight. Lancashire County Council will work with Northern Rail to improve signage where possible.
10. Marketing – stands were available at the Station for leaflets etc to be made available for members of the public arriving at the station. Northern Rail happy to work alongside marketing team to cross promote events and campaigns via other stations and using social media.
11. Access to toilets – requires a key from the ticket office. It can be difficult to obtain quickly if there are queues. Sometimes the toilet is left unlocked, but very much dependent on staffing. Northern Rail will consider options to make toilet access easier.
12. Rosegrove Station – the review group was encouraged by the developments that have taken place at Rosegrove station reflecting the increased passenger numbers there since the introduction of the Manchester Service, and welcome the planned improvements to parking facilities.
13. Members of the Review Group would like to thank all officer, members of the public and stakeholders for their time in assisting with the review.

**FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

14. N/a.

**POLICY IMPLICATIONS**

15. N/a.

**DETAILS OF CONSULTATION**

16. Council Officers, Members of the public, businesses, Lancashire County Council, Northern Rail.

**BACKGROUND PAPERS**

17. *N/a*

**FURTHER INFORMATION**

**PLEASE CONTACT:**

**ALSO:**

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## Scrutiny Draft Work Programme 2017/18

June	<p>Notice of Key Decisions and Private Meetings          Outturn budget reports 2016/17          Treasury Management 2016/17          Year-end performance report 2016/17</p>
September	<p>Notice of Key Decisions and Private Meetings          Report/presentation from Liberata          Revenue Budget Monitoring Q1          Capital Budget Monitoring - Q1          MTFS/Budget Setting Process 2018/19          Review Groups          Work Programme</p>
<b>*Monday 13<sup>th</sup> November*</b> Budget Scrutiny Panel	<p>NKDPM          Revenue Budget Monitoring Q2          Capital Budget Monitoring - Q2          Treasury Management          Review Groups          Work Plan</p>
<b>*Additional Meeting*</b> <b>Late November/Early December</b>	<p>Half Year performance report          Leisure Trust Annual Report          Community Safety Annual Report</p>
February Budget Scrutiny Panel	<p>NKDPM          Revenue Budget Monitoring Q3          Capital Budget Monitoring - Q3          Budget Reports          Draft Strategic Plan          Resident Satisfaction Survey          Review Groups          Work Plan</p>
March	<p>Notice of Key Decisions and Private Meetings          State of the Local Economy          Review Groups          Work Plan 2018-19</p>

Liberata Reports as required

Waste Contract monitoring as required

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