

# SCRUTINY COMMITTEE

Thursday, 8th February, 2024  
6.30 pm





# SCRUTINY COMMITTEE

## ROOMS 2 & 3, BURNLEY TOWN HALL

Thursday, 8th February, 2024 at 6.30 pm

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

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

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

Notice in writing of the subject matter must be given to the Head of Legal & Democracy by 5.00pm on the day before the meeting. . Forms can be obtained for this purpose from the reception desk at Burnley Town Hall, Manchester Road or at the Contact Centre, Parker Lane, Burnley or from the web at: [Request to Speak](#) . You can also register to speak via the online agenda. Requests will be dealt with in the order in which they are received.

### **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** 11 - 22  
To consider the list of future Key Decisions.
- 8) Strategic Plan 2024/25** 23 - 40  
To consider the Strategic Plan for 2024/25.
- 9) Revenue Monitoring Report 2023/24 - Quarter 3 (to 31 December 2023)** 41 - 58  
To consider a report on the forecast outturn position for the year ending 31 March 2024 based upon actual spending and income to 31 December 2023.
- 10) Capital Monitoring Report 2023/24 - Quarter 3 (to 31 December 2023)** 59 - 72  
To provide Members with an update on capital expenditure and the resources position along with highlighting any variances.
- 11) 2023/24 Treasury Management Quarter 3 (April - December)** 73 - 84  
To report treasury management activity for the period 1 April to 31 December 2023.
- 12) Medium Term Financial Strategy - 2025/26-2028/29 Incorporating the Reserves Strategy** 85 - 130  
To consider a report on the Medium Term Financial Strategy - 2025/26-2028/29 Incorporating the Reserves Strategy.
- 13) 2024/25 Treasury Management Strategy and 2024/25 - 2026/27 Prudential and Treasury Indicators** 131 - 160  
To consider a report on the 2024/25 Treasury Management Strategy and 2024/25 - 2026/27 Prudential and Treasury Indicators.
- 14) Revenue Budget 2024/25** 161 - 182  
To consider a report on the Revenue Budget 2024/25.
- 15) Revenue Budget 2024/25 - Statutory Report of the Chief Financial Officer** 183 - 190  
To consider a report on the Revenue Budget 2024/25 - Statutory Report of the Chief Financial Officer.
- 16) Capital Budget for 2024/25 and Capital Investment Programme 2024-29** 191 - 216  
To consider a report on the Capital Budget for 2024/25 and the Capital Investment Programme 2024-29.
- 17) Council Tax Support Scheme 2024/25 and 2025/26 & Empty Homes Premium Policy** 217 - 232  
To consider a report on the Council Tax Support Scheme 2024/25 and

2025/26 & Empty Homes Premium Policy.

**18) Multi-use Games Areas** 233 - 286

To consider a report with a detailed overview of the current position, and a proposed way forward, regarding the provision, condition and work needed for improvement of the Council's Multi-use Games Areas (MUGAs) stock.

**19) Pay Policy Statement 2024/25** 287 - 352

To consider a report on the Council's Pay Policy Statement which is required to be published prior to the end of March each year.

**20) Scrutiny Review Groups**

To receive an update on the work of any active Scrutiny Review Groups.

**21) Work Programme 2023/24** 353 - 356

To consider any amendments to the Work Programme for 2023/24.

PRIVATE ITEMS

**22) Levelling Up Fund** 357 - 362

To provide an update on progress of the Levelling Up Fund Programme.

**MEMBERSHIP OF COMMITTEE**

Councillor Gail Barton (Chair)  
Councillor Bill Horrocks (Vice-Chair)  
Councillor Gordon Birtwistle  
Councillor Helen Bridges  
Councillor Margaret Brindle  
Councillor Joanne Broughton  
Councillor Alex Hall  
Councillor Beki Hughes  
Councillor Nussrat Kazmi

Councillor Syeda Kazmi  
Councillor Gordon Lishman  
Councillor Sehrish Lone  
Councillor Jamie McGowan  
Councillor Christine Sollis  
Councillor Jeff Sumner  
Councillor Don Whitaker  
Councillor Fiona Wild

**PUBLISHED**

Wednesday, 31 January 2024





## SCRUTINY COMMITTEE

BURNLEY TOWN HALL

Thursday, 11th January, 2024 at 6.30 pm

### PRESENT

### MEMBERS

Councillors G Barton (Chair), B Horrocks (Vice-Chair), G Birtwistle, H Bridges, M Brindle, J Broughton, Hall, N Kazmi, S Kazmi, G Lishman, S Lone, J McGowan and D Whitaker

### OFFICERS

Rob Dobson	– Chief Operating Officer
Howard Hamilton-Smith	– Director of Resources
Lisa Fay	– Principal Environmental Health Officer (Food)
Amy Johnson	– Finance Manager
CJ Walmsley	– Democracy Officer
Richard Brown	– Community Safety Officer

The Chair wished everyone present a Happy New Year and welcomed new Member Councillor Hall to the Committee.

#### 200. Apologies

The Chair wished everyone present a Happy New Year and welcomed new Member Councillor Hall to the Committee.

Apologies for absence were received from Councillor Sollis.

#### 201. Minutes

The minutes of the meeting held on 23<sup>rd</sup> November 2023 were approved as a correct record and signed by the Chair.

#### 202. Additional Items of Business

There were no additional items of business to be considered.

#### 203. Declarations of Interest

There were no declarations of interest on any of the items on the agenda.

#### **204. Exclusion of the Public**

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

#### **205. Public Question Time**

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

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

Members were asked to note the Notice of Key Decisions and Private Meetings (NKDPM) published on 15<sup>th</sup> December 2023, along with updated dates for two of the items.

RESOLVED – That the NKDPM of 15<sup>th</sup> December 2023 and the update be noted.

#### **207. Community Safety Annual Report**

The Committee received its annual update of Burnley's community safety performance as part of the required statutory duty, in accordance with the Crime and Disorder Act 1998. The report outlined the Pennine Lancashire Community Safety Partnership priorities 2022-2025, along with Community Safety projects and activity in Burnley 2023/24.

It was reported that in 2023 Burnley Community Alcohol Partnership (CAP) won 'Most Improved Locality' award at the National CAP Awards.

It was further reported that new alleygates continued to be rolled out, with a further six schemes installed in 2023.

Clarification was once again sought with regards to who had responsibility for dealing with Town Centre Anti-Social Behaviour. It was reported that this was a joint partnership approach between the Police and the Council. A Public Space Protection Order was in place and acted upon in relation to appropriateness and persistence. Members were reminded to contact the police when ASB was occurring. It was also pointed out that alongside the Think 25 policy, shops could refuse to sell more alcohol to customers that were already intoxicated. The Community Safety Officer could look into promoting this.

Lastly, the Council had maintained White Ribbon accreditation demonstrating its commitment to standing against violence against women and girls. The Council continued to support pan-Lancashire work to raise awareness of domestic abuse.

RESOLVED – That the report be noted.

At this point the Chair reminded Members that the Annual Monitoring Report had been circulated to the Committee for information.

### **208. Food Safety Service Delivery Plan 24/25**

The Food Safety Service Delivery Plan 24/25 was submitted to the Committee for consideration.

The regulatory team responsible for Food Safety must have in place a Service Plan for the Delivery of Official Controls to meet the requirements of statutory guidance. The annual Service Delivery Plan 2024/25 incorporated a review of performance against the 22/23 plan and set priorities for 24/25. The plan would ultimately go to Full Council for approval.

It was reported that following the Covid pandemic the Food Standards Agency introduced a Recovery Plan for the period 2021-23 which set the standard for local authority performance. Work had been carried out to meet the requirements of the FSA's Plan and for the period ending 31<sup>st</sup> March 2023, 724 Interventions had been completed. Following the completion of the FSA Recovery Plan, the work plan for 2024/25 would again realign with the statutory inspection frequencies outlined in the Food Law Codes of Practice.

A query was raised with regards the decline in the number of importers/exporters. It was explained that how businesses were categorised had been revisited. If not the main function of a business it would no longer fall under the category.

RESOLVED – That the Food Safety Service Delivery Plan 24/25 be noted.

### **209. Health and Safety Intervention Plan 24/25**

The Health and Safety Intervention Plan 24/25 was submitted to the Committee for consideration.

The regulatory team responsible for Health and Safety at Work enforcement must have in place an Intervention Plan to meet the requirements of statutory guidance. The annual Intervention Plan 2024/25 incorporated a review of performance against the 22/23 plan and set priorities for 24/25. The plan would ultimately go to Full Council for approval.

RESOLVED – That the Health and Safety Intervention Plan 24/25 be noted.

### **210. Revenue Budget Monitoring Q2 2023/24**

A report was submitted which provided the forecast outturn position for the year ending 31<sup>st</sup> March 2024 based upon actual spending and income to 30<sup>th</sup> September 2023.

Members were asked to note the financial impact of the ongoing cost-of-living crisis. In view of the ongoing economic challenges, forecasts remained under review and remained

subject to change as the impact on the economy unfolded. Updates would be provided to Members through the established quarterly budget monitoring process.

It was explained that the reduction in the Economy and Growth forecast variance net overspend was due to the anticipated Primary Engineer grant for Burnley Schools 2023/24 being less than the original budget expectation and in line with the level of funding awarded in 2022/23, with a net reduction to anticipated costs of £12k.

Clarification was sought over the Green Spaces and Amenities forecasted variance net overspend of £28k. This was due to the Stables Café at Towneley Park and the increased cost of fit-out works. It had been agreed to extend the rent-free period to the operator in exchange for a higher rent and income share over the period of the lease.

Discussion took place in relation to the audio visual work planned for the Town Hall's Council Chamber. As the closing date for tenders had not yet been reached, a clearer picture could be provided to the next meeting.

Reassurance was given in relation to the ongoing work to address issues with Burnley Market.

RESOLVED – That the report be noted.

### **211. Capital Budget Monitoring - Q2 2023/24**

A report was submitted which provided Members with an update on capital expenditure and the resources position along with highlighting any variances.

RESOLVED – That the report be noted.

### **212. Fees & Charges Tariff 2024/25**

The Committee considered the Executive report on the Fees and Charges Tariff 2024/25, which recommended to Full Council an increase of 3% from 1<sup>st</sup> April 2024 due to the current high levels of inflation. As at September 2023 Consumer Price Index inflation was at 6.7%. It was appreciated that this was not palatable to increase fees and charges by this rate, therefore the increase of 3% was proposed to help fund the increasing costs of the provision of services. There were however, a number of exceptions outlined in the report, these included no increase to garden waste collection charges or pay and display and contract parking fees. There would be no increase to Fixed Penalty Notices with the exception of Littering which it was proposed would increase by 25%.

RESOLVED – That the report be noted.

### **213. Treasury Management Mid-year update 2023/24**

A report was submitted on treasury management activity for the first half of 2023/24 covering the period 1<sup>st</sup> April to 30<sup>th</sup> September 2023.

The report recommended that Full Council endorse the update in compliance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management.

The Chair reminded Members of the Treasury Management training that was due to take place on 1<sup>st</sup> February and encouraged all to attend.

RESOLVED – That the report be noted.

#### **214. Strategic Risk Register**

The Strategic Risk Register was submitted to the Committee for consideration. It was highlighted that the major change was the revision of the scoring system. The comments from Audit and Standards Committee Members were that a 5 by 5 score matrix should be used and Management Team had agreed with this approach. As a result the previous 3 by 3 matrix had been revised and the new scoring system introduced into the Council's Risk Management Method. The scoring system 5 by 5 was used in both the national risk register and in the Lancashire Resilience Forum (LRF) Community Risk Register.

RESOLVED – That the Strategic Risk Register be noted.

#### **215. Scrutiny Review Groups**

The Committee was informed that a report would be submitted to the February meeting to brief Members on the work of the Climate Change Review Group and the conclusions.

RESOLVED – That the update be noted.

#### **216. Work Programme 2023/24**

The Committee received the updated work programme for 2023/2024.

RESOLVED – That the updated work programme for 2023/24 be noted.

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

#### **217. Charter Walk Interim Report**

A report was submitted that provided the Committee with an update on the performance of Charter Walk to the end of quarter two 2023.

RESOLVED – That the report be noted.

#### **218. Waste and Cleansing Contract**

A report was submitted on the waste and cleansing contract which would go to the Council's Executive for approval.

RESOLVED – That the report be noted.

## **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) from February 2024, republished on 15th January 2024. Due to circumstances, these decisions could also be taken by Officers using urgency powers or delegated authority.
- 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 £125,000 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.

Matter for decision	Purpose	Key Decision – Yes or No	Anticipated date of decision	Public or Private report – Please give reasons	List of documents to be submitted, including any background papers	Contact person & Executive Portfolio
Social Care Projects using the Disabled Facilities Grant allocation from the Better Care Fund	To approve several social care projects funded through the Better Care Fund.	Yes	February 2024	Private	Report setting out key issues	Paul Gatrell Head of Housing and Development Control  Cllr Lubna Khan Executive Member Housing and Development Control
Cultural Strategy	To consider a report on a Cultural Strategy	Yes	February 2024	Public	Report setting out key issues	Simon Goff Head of Green Spaces & Amenities  Cllr Jack Launer Executive Member for Health, Culture and Wellbeing



Matter for decision	Purpose	Key Decision – Yes or No	Anticipated date of decision	Public or Private report – Please give reasons	List of documents to be submitted, including any background papers	Contact person & Executive Portfolio
Multi-use Games Areas	To consider a report on Multi-use Games Areas	Yes	February 2024	Public	Report setting out key issues	Simon Goff Head of Green Spaces & Amenities  Cllr Jack Launer Executive Member for Health, Culture and Wellbeing
Procurement framework stair-lifts	To consider a report to enter a procurement framework for the provision of stairlifts	Yes	February 2024	Private	Report setting out key issues	Paul Gatrell Head of Housing and Development Control  Cllr Lubna Khan Executive Member for Housing & Development Control

<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 – Please give reasons</b>	<b>List of documents to be submitted, including any background papers</b>	<b>Contact person &amp; Executive Portfolio</b>
Pay Policy Statement 2024-25	To consider a report and approve the Pay Policy Statement	Yes	February 2024	Public	Report setting out key issues	Vicky White Strategic HR Manager  Cllr Margaret Lishman Executive Member for Resources & Performance Mgt
Revenue Budget Monitoring Q3 2023/24	To consider revenue budget monitoring Q3 2023/24	No (Full Council Policy Framework decision)	February 2024	Public	Report setting out key issues	Howard Hamilton-Smith Director of Resources  Cllr Margaret Lishman Executive Member for Resources and Performance

Matter for decision	Purpose	Key Decision – Yes or No	Anticipated date of decision	Public or Private report – Please give reasons	List of documents to be submitted, including any background papers	Contact person & Executive Portfolio
Capital Budget Monitoring Q3 2023/24	To consider capital budget monitoring Q3 2023/24	No (Full Council Policy Framework decision)	February 2024	Public	Report setting out key issues	Howard Hamilton-Smith Director of Resources  Cllr Margaret Lishman Executive Member for Resources and Performance
Treasury Management Q3 2023/24	To consider treasury management Q3 2023/24	No (Full Council Policy Framework decision)	February 2024	Public	Report setting out key issues	Howard Hamilton-Smith Director of Resources  Cllr Margaret Lishman Executive Member for Resources and Performance

<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 – Please give reasons</b>	<b>List of documents to be submitted, including any background papers</b>	<b>Contact person &amp; Executive Portfolio</b>
Revenue Budget 2024/25	To consider the revenue budget 2024/25	No (Full Council Policy Framework decision)	February 2024	Public	Report setting out key issues	Howard Hamilton-Smith Director of Resources  Cllr Margaret Lishman Executive Member for Resources and Performance
Capital Budget 2024/25 and Capital Investment Programme 2024-29	To consider the capital budget 2024/25 and Capital Investment Programme 2024-29	No (Full Council Policy Framework decision)	February 2024	Public	Report setting out key issues	Howard Hamilton-Smith Director of Resources  Cllr Margaret Lishman Executive Member for Resources and Performance

Matter for decision	Purpose	Key Decision – Yes or No	Anticipated date of decision	Public or Private report – Please give reasons	List of documents to be submitted, including any background papers	Contact person & Executive Portfolio
Medium-Term Financial Strategy 2025/29	To consider the medium-term financial strategy 2025/29	No (Full Council Policy Framework decision)	February 2024	Public	Report setting out key issues	Howard Hamilton-Smith Director of Resources  Cllr Margaret Lishman Executive Member for Resources and Performance
Revenue Budget Statutory Report by Chief Financial Officer	To consider the Revenue Budget Statutory Report by Chief Financial Officer	No (Full Council Policy Framework decision)	February 2024	Public	Report setting out key issues	Howard Hamilton-Smith Director of Resources  Cllr Margaret Lishman Executive Member for Resources and Performance

<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 – Please give reasons</b>	<b>List of documents to be submitted, including any background papers</b>	<b>Contact person &amp; Executive Portfolio</b>
Treasury Management Strategy 2024/25 and Prudential Indicators	To consider the Treasury Management Strategy 2024/25 and Prudential Indicators	No (Full Council Policy Framework decision)	February 2024	Public	Report setting out key issues	Howard Hamilton-Smith Director of Resources  Cllr Margaret Lishman Executive Member for Resources and Performance
Council Tax Resolution 2024/25	To consider the Council Tax Resolution 2024/25	No (Full Council Policy Framework decision)	February 2024	Public	Report setting out key issues	Howard Hamilton-Smith Director of Resources  Cllr Margaret Lishman Executive Member for Resources and Performance

<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 – Please give reasons</b>	<b>List of documents to be submitted, including any background papers</b>	<b>Contact person &amp; Executive Portfolio</b>
Council Tax Support Scheme 2024/25	To consider the Council Tax Support Scheme 2024/25	No (Full Council Policy Framework decision)	February 2024	Public	Report setting out key issues	Howard Hamilton-Smith Director of Resources  Cllr Margaret Lishman Executive Member for Resources and Performance
Levelling Up – Update	To provide an update on the progress of the schemes and next steps.	Yes	February 2024	Private	Report setting out key issues	Kate Ingram Director of Economy and Development  Cllr S Cunliffe Executive Member for Sustainable Development and Growth

<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 – Please give reasons</b>	<b>List of documents to be submitted, including any background papers</b>	<b>Contact person &amp; Executive Portfolio</b>
Strategic Partnering Agreement	To consider a report on the option to extend the contract with Liberata	Yes	March 2024	Private	Report setting out key issues	Rob Dobson Chief Operating Officer  Cllr M Lishman Executive Member for Finance and Performance
Outdoor Town Active Burnley Partnership Action Plan	To consider a report on the Action Plan	Yes	March 2024	Public	Report setting out key issues	Simon Goff Head of Green Spaces & Amenities  Cllr Jack Launer Executive Member for Health, Culture and Wellbeing

Meetings of the Executive will be held on the following dates:, 12<sup>th</sup> February 2024, 13<sup>th</sup> March 2024 and 4<sup>th</sup> April 2024. 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 in the form of the agenda by the following date: 2nd February 2024. A further Notice will be given five 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)

Republished: on 15th January 2024

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## Strategic Plan 2024/25

### REPORT TO EXECUTIVE



<b>DATE</b>	15/02/2024
<b>PORTFOLIO</b>	Leader
<b>REPORT AUTHOR</b>	Rob Dobson
<b>TEL NO</b>	3115
<b>EMAIL</b>	rdobson@burnley.gov.uk

#### PURPOSE

1. To seek Executive endorsement of the Strategic Plan (appendix 1) for 2024/25.

#### 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

1. The Strategic Plan . There are no changes to the commitments from 2023/24. During 2024, the Executive is planning to conduct a more detailed review of strategic plan priorities and will present a new strategy for 2025/26 and beyond
2. The format of the plan has been updated in response to a recommendation from the council’s external auditor which said that the “Strategic Plan progress updates taken to Full Council would be enhanced by including key actions and targets against each strategic commitment so it is clear what is being planned and delivered”. Milestone actions and dates have therefore been added.
3. The current draft 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.
4. Executive members will report progress against the strategic plan actions at future Full

Council meetings.

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

5. As set out in the Council's budget.

#### **POLICY IMPLICATIONS**

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

#### **DETAILS OF CONSULTATION**

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

#### **BACKGROUND PAPERS**

8. The current strategic plan: [Our Vision and Strategic Plan - burnley.gov.uk](http://burnley.gov.uk)

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

**Lukman Patel, CEO.**

**ALSO:**



**Burnley**.gov.uk

# Burnley Borough Council's Strategic Plan

Update February 2024

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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. 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 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.
- 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.
- 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 1650 residents contact our customer service team every week.
- We manage a welfare benefits caseload of around 18,000.
- 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 550 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 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 2024 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.

We have a role to play in preventing ill health and promoting wellbeing. 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 particularly our partnership with Burnley Leisure, are all key components of the wider public health system. 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>Milestones</b>	<b>Milestone date</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	Develop a new strategy for the Borough setting out the Council’s vision for a more prosperous, greener and inclusive place, within the wider Lancashire context	Q1
		Community show case event delivered	Q3
		Deliver Summer Holiday Activities and Food Programme	Q3
		Supporting the formation of the new academy for Burnley’s high schools.	Q4

What do we commit to?	Lead	Milestones	Milestone date
<p><b>PE2-</b> We will continue to develop the leisure and cultural offer in partnership with Burnley Leisure.</p>	<p>Chief Operating Officer Executive Health, Culture and Wellbeing</p>	Endorse Cultural Framework and Outdoor Town plans	Q1
		Gym equipment refurbishment complete	Q2
		Increase in cultural activity at the Mechanics and growth in cultural economy	Q4
<p><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.</p>	<p>Head of Housing and Development Control Executive Member for Housing and Development Control</p>	Add an additional 6 units to the Council's stock of temporary accommodation	Q4
		Improve access to alternative sources of temporary accommodation	Q4
		Keep under review the Council's homelessness prevention services and maximise the number of households where homelessness is prevented	Q4
		Effectively relieve homelessness when it occurs and work with households to secure sustainable housing solutions	Q4
<p><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.</p>	<p>Head of Policy and Engagement Executive Health, Culture and Wellbeing</p>	To work with the Integrated Care Board to develop projects in relation to the wider determinants of health inequalities especially around housing condition/respiratory disease and the prevention of slips, trips and falls.	Q1
		To continue to work with Burnley Together and other partners to increase the number of people accessing Down Town by listening to customers and tailoring services to their needs.	Q4
		To continue to deliver the Holiday Activities and Food programme	Q4

## 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>Milestones</b>	<b>Milestone date</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	Extend the current waste and cleansing contract, then prepare for implementation of the Govt's simpler recycling reforms including planning a full procurement of a new contract	Q4
		Develop and select option for an East Lancs Waste Transfer site.	Q2
		Review ASB delivery and performance across the Council and work with partners	Q3
		Implement a programme of multi-agency interventions to increase resident engagement and address ward issues within 2 hotspot areas.	Q4
<b>PL2-</b> We will improve the management and condition of rented accommodation in the private and social sectors and enforce	Head of Housing and Development Control Executive Member for Housing and Development Control	Delivering a consultation exercise on renewing the selective licensing designations that end in November 2024	Q3
		Delivering a comprehensive and robust enforcement service that deals with disrepair in both the private and social housing sectors	Q4

What do we commit to?	Lead	Milestones	Milestone date
standards in a robust way.		Increase the number of accredited landlords and managing agents	Q4
		Ensure all larger HMOs meet the Council's standard and are licensed	Q4
		To present a report to members detailing the results of the BRE stock modelling exercise with proposed initiatives to address the poorest housing conditions.	Q1
<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 page 33	Head of Housing and Development Control Executive Member for Housing and Development	Deliver the empty homes programme in 2024/25	Q4
		Work with Housing Association partners to progress a development programme of affordable housing throughout the borough	Q4
		Continue to build on the success of the Home Improvement Agency and deliver a comprehensive programme of household grants	Q4
		Increase the reach of the Handyperson Service	Q4
<b>PL4-</b> We will implement our 2015-25 Green Space Strategy.	Head of Green Spaces and Amenities Executive Health, Culture and Wellbeing	Refurbish play areas at Underley St, Barden Gardens, Sheddon Grove and Holcomb Drive	Q4
		Refurbish Multi Use Games Areas at Abel Street, Park Rd Padiham and Underley Street	Q4
		Progress the PPOSS and complete improvements to Lockyer Ave playing pitches.	Q3
		Adopt new Public Space Protection Orders as replacement for the old park byelaws and adopt partnership agreement with Police for tackling off-road motorcycle nuisance	Q3
		Towneley Masterplan produced	Q4

<b>What do we commit to?</b>	<b>Lead</b>	<b>Milestones</b>	<b>Milestone date</b>
<b>PL5-</b> We will implement our Climate Change Strategy.	Head of Housing and Development Control  Executive Member for Sustainable Development and Growth	Produce an updated and revised Climate Change Strategy Action Plan	Q3
		Produce an updated Carbon Budget for the Council's business operations	Q4
		Achieve silver status for carbon literacy training of the Council's employees	Q4
		Continue to work with partners across the borough to share best practice and collaborate on projects where possible	Q4
<b>PL6-</b> We will invest in our heritage assets for the benefit of this, and future, generations.	Director of Resources  Executive Member for Resources and Performance Management	Complete restoration of Towneley Hall	Q4

## 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.

We will work alongside partners to form a Town Board which will invest £20 million of Government funds in a new “Long-Term Plan” for Burnley.

<b>What do we commit to?</b>	<b>Lead</b>	<b>Milestones</b>	<b>Milestone date</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	Develop a new strategy for the Borough setting out the Council's vision for a more prosperous, greener and inclusive place, within the wider Lancashire context.	Q4
<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.	Director of Economy and Development Executive Member for Sustainable Development and Growth	Deliver UKSPF Business Support Programmes and work with partners to identify successor programs.	Q4
		Deliver Burnley Business Week.	Q3
		Continue to promote the borough as an investment location in partnership with Burnley Bondholders.	Q4
<b>PR3-</b> We will deliver the Burnley Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.	Director of Economy and Development Executive Member for Sustainable Development and Growth	Deliver LUF 1 projects, including completion Newtown Mill and T2T and complete GRIP 4 on Manchester Road Station.	Q3 and Q4
		Work with partners to form a Town Board and a Town Plan to unlock £20m of Long-Term Plan for Town funding.	Q2
		Submit a Stage 1 Heritage Lottery Bid focussed on Burnley Conservation Area.	Q3
		Work with EA to deliver the Padiham FRMS and with Homes England to secure a long-term use for the former Baxi Site.	Q4
<b>PR4-</b> We will implement the Local	Director of Economy and Development	Complete Annual Monitoring Report.	Q3



What do we commit to?	Lead	Milestones	Milestone date
Plan, delivering new housing, employment sites, and infrastructure.	Executive Member for Sustainable Development and Growth	Work with developers and homes England to develop strategies to bring forward Brownfield housing sites.	Q4
		Subject to consultation and Secretary of State approve complete the making on an Article 4 direction on HMOs in September 2024.	Q3
<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	Complete New Town Mill by June 2024.	Q1
		Deliver the UKSPF Business Innovation Programme, in partnership with UCLAN by March 2025.	Q4
		Work with UCLAN to engage the wider community in the UCLAN campus.	Q4
<b>PR6-</b> We will work with partners to ensure that residents are able and ready to participate in the workforce.	Director of Economy and Development Executive Member for Sustainable Development and Growth	Deliver a borough wide Careers Event in October 20204 in partnership with all the Burnley High Schools.	Q2
		To work with the Integrated Care Board on preparing a funding bid for the Governments “Workwell” programme and if successful delivery of the programme	Q1
		Work with partners to apply for Phase 2 funding of the Youth Futures Fund to implement the findings from Phase 1 and if successful delivery of the programme	Q1
		Deliver a programme of interventions funded by UKSPF targeting groups furthest from the labour market by March 2025	Q4

## 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 taxpayers. 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>Milestones</b>	<b>Milestone date</b>
<b>PF1-</b> We will manage our contract with Loperata robustly, so it delivers value for money and good services.	Chief Operating Officer Executive Member for Resources and Performance Management	KPIs reported and any performance issues addressed	Q1
		KPIs reported and any performance issues addressed	Q2
		KPIs reported and any performance issues addressed	Q3
		KPIs reported and 2-year extension decision made	Q4
<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.	Director of Resources Executive Member for Resources and Performance Management	Prepare a suite of budget monitoring and treasury management reports to update Members on progress against approved budgets.	Q1
		Prepare a suite of budget monitoring and treasury management reports to update Members on progress against approved budgets.	Q2
		Prepare a suite of budget monitoring and treasury management reports to update Members on progress against approved budgets.	Q3
		Prepare a Medium-Term Financial Strategy and associated budget reports to achieve a balanced revenue budget for the coming financial year for approval.	Q4

What do we commit to?	Lead	Milestones	Milestone date
<p><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.</p>	<p>Chief Operating Officer Executive Member for Community and Environmental Services</p>	<p>Building control digital transformation project complete</p>	<p>Q3</p>
<p><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.</p>	<p>Chief Operating Officer Executive Member for Resources and Performance Management</p>	<p>Performance management and reporting framework reviewed</p>	<p>Q1</p>
		<p>Corporate governance reviewed</p>	<p>Q2</p>
		<p>Peer review action plan developed</p>	<p>Q3</p>
		<p>Talent management programme delivered</p>	<p>Q4</p>

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## Revenue Monitoring Report 2023/24 – Quarter 3 (to 31 December 2023)

### REPORT TO EXECUTIVE



DATE	12 February 2024
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Craig Finn
TEL NO	01282 475811
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### PURPOSE

1. To report the forecast outturn position for the year ending 31 March 2024 based upon actual spending and income to 31 December 2023.

### RECOMMENDATION

2. The Executive is asked to:
  - a. Note the projected revenue budget forecast position of a net overspend of £60k, as summarised in table 1 and detailed in Appendix 1, although it is expected that there will be a break-even position by the end of the financial year. The net overspend of £60k has reduced from a forecast net overspend of £166k as reported at Quarter 2.

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

- b. The latest revised net budget of **£16.267m** as shown in Table 1, and
- c. The net transfers from earmarked reserves of **£6.014m** as shown in Appendix 2.
- d. The requested carry forwards of **£69k** as shown in Appendix 3.

### REASONS FOR RECOMMENDATION

3. To give consideration to the level of revenue spending and income in 2023/24 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 the cost-of-living crisis

Despite a downward trajectory over the reporting period, inflation continues to exceed the Bank of England's target of 2%. The Bank of England's latest forecast predicts a fall in inflation 'over the medium term' with an expectation that the 2% target will not be met until late 2025. This continues to have an impact on the Council's budget monitoring position, both in respect of increased costs and potential reduced income from fees and charges, given the continued 'squeeze' on disposable incomes available to Service Users.

Councillors will be aware that, in response to heightened inflation, the Bank of England's Monetary Policy Committee (MPC) has continued to raise bank rate since February 2022 and has done so three times this financial year, increasing the rate incrementally from 4.25% to 5.25%.

Despite the impact of inflation on the budget monitoring position referred to above, a rising interest rate environment has enabled the Council to generate greater investment returns, relative to budget assumptions, for depositing temporary, surplus cash with approved institutions. Similarly, based on the Council's capital spend profile for the year and deferral of external borrowing (given the high borrowing costs) the Council has continued to pursue (for now) a strategy of internal borrowing and avoidance of external interest costs assumed in the original budget.

More detail is provided in the quarterly Capital and Treasury reports included elsewhere on the agenda.

The pay award for 2023/24 was agreed on 1 November 2023 for all local government employees on grades 2-14 at a flat rate increase of £1,925 with Chief Officers receiving a 3.5% increase per annum. The pay award for Chief Executives was agreed in May 2023, at an increase of 3.5% per annum.

As part of the 2023/24 Budget approved in February 2023, overall pay inflation was assumed at 5%. The impact of the pay awards agreed in May and November equate to an average increase of approximately 5.17% across all service areas. This increase is included within the year-end forecasts presented in this report.

Treasury investment and borrowing decisions are mitigating revenue budget pressures and continue to contribute to the expectation that a break-even position will be achieved by financial year-end.

### 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 2023/24. 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 or Director 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.

As part of the quarterly monitoring cycle, all Heads of Service and Directors are 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 in February 2023, 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.
- Decisions made by the Executive and Council.
- Transfers to/from Earmarked Reserves in respect of grants/contributions and also approved carry forwards from 2022/23 (Appendix 2).

Members are asked to approve the latest revised net budget of £16.267m as shown in Table 1 and also carry forward requests of £69k as shown in Appendix 3.

## **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 Q3 and the anticipated variance.

On current projections the net revenue budget is forecast to be exceeded by £60k, details of which are also included at section 10, 'Service Reports'.

Due to the continuing uncertainty around the potential impact of the cost of living crisis on the Council's approved budgets, forecast reductions in income and increases in expenditure remain subject to change as the year progresses. The net budget forecast at Quarter 3 of a £60k year-end deficit is based upon the latest estimates of income and expenditure.

**Table 1: Revenue Budget Forecast Position 2023/24**

	Approved Budget	Forecast position at Q2			Forecast position at Q3		
	NET BUDGET 2023/24 £000s	REVISED BUDGET 2023/24 £000s	FORECAST Q2 £000s	VARIANCE Q2 £000s	REVISED BUDGET 2023/24 £000s	FORECAST Q3 £000s	VARIANCE Q3 £000s
Economy and Growth	711	977	1,021	44	1,001	1,045	44
Policy and Engagement	510	867	867	0	906	886	(20)
Management Team	394	394	394	0	394	394	0
Sport and Culture Leisure Client	1,270	1,270	1,270	0	1,236	1,236	0
Green Spaces and Amenities	1,376	1,505	1,533	28	1,505	1,562	57
Streetscene	3,346	3,471	3,511	40	3,465	3,555	90
Housing and Development Control	1,036	1,143	1,200	57	1,100	1,160	60
Strategic Partnership	4,205	4,216	4,216	0	4,317	4,370	53
Finance and Property	(1,343)	(1,295)	(1,231)	64	(1,285)	(1,221)	64
Revenues and Benefits Client	(1,158)	(1,138)	(1,138)	0	(1,118)	(1,156)	(38)
Legal and Democratic Services	1,273	1,415	1,495	80	1,414	1,495	81
People and Development	234	242	242	0	242	242	0
Central Budgets - Other	906	1,156	1,156	0	906	906	0
Central Budgets - Savings Targets	(248)	(243)	0	243	(227)	0	227
<b>NET SERVICE BUDGET</b>	<b>12,512</b>	<b>13,980</b>	<b>14,536</b>	<b>556</b>	<b>13,856</b>	<b>14,474</b>	<b>618</b>
Pensions	486	486	486	0	486	486	0
Parish Precepts	173	173	173	0	173	173	0
Treasury Investments & Borrowing	1,516	1,516	1,126	(390)	1,517	959	(558)
Capital Financing	1,951	5,028	5,028	0	6,249	6,249	0
Earmarked Reserves	(361)	(5,141)	(5,141)	0	(5,148)	(5,148)	0
Strategic Reserves	(10)	225	225	0	(866)	(866)	0
<b>NET CORPORATE ITEMS</b>	<b>3,755</b>	<b>2,287</b>	<b>1,897</b>	<b>(390)</b>	<b>2,411</b>	<b>1,853</b>	<b>(558)</b>
Council Tax	(7,724)	(7,724)	(7,724)	0	(7,724)	(7,724)	0
Council Tax - Parish Precepts	(173)	(173)	(173)	0	(173)	(173)	0
Business Rates: Retained Income	(5,950)	(5,950)	(5,950)	0	(5,950)	(5,950)	0
Business Rates: S31 Grants	(754)	(754)	(754)	0	(754)	(754)	0
Prior Year Collection Fund (Surplus)/Deficit	1,208	1,208	1,208	0	1,208	1,208	0
Revenue support Grant	(1,872)	(1,872)	(1,872)	0	(1,872)	(1,872)	0
New Homes Bonus	(319)	(319)	(319)	0	(319)	(319)	0
Other Government Grants	(683)	(683)	(683)	0	(683)	(683)	0
<b>FUNDING</b>	<b>(16,267)</b>	<b>(16,267)</b>	<b>(16,267)</b>	<b>0</b>	<b>(16,267)</b>	<b>(16,267)</b>	<b>0</b>
<b>BUDGET BALANCE</b>	<b>0</b>	<b>0</b>	<b>166</b>	<b>166</b>	<b>0</b>	<b>60</b>	<b>60</b>

8. Members will recall that savings totalling £363k were built in to the 2023/24 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 monitored in year, details of which can be seen below:

Description	Saving £000	Progress of Achievement
Reduction in grant award to Burnley & Pendle Citizens Advice	10	Fully achieved.
Removal of annual contribution to the Pensions Reserve	353	Fully achieved.
<b>TOTAL</b>	<b>363</b>	



## 9. SAVINGS TARGETS

In addition to the savings above, it was assumed that two savings targets would be achieved over the course of the year: £169k salary savings from not filling posts immediately and £79k from in year savings/additional income. Current economic conditions and the 'Cost of Living Crisis' generally *may* threaten the achievement of these targets. At present the forecast budget overspend is £60k. A summary of the original 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	Original Savings	Savings		Savings	Balance of Savings yet to be Identified
	Budget	Forecast Q1	Forecast Q2	Forecast Q3	
	£000	£000	£000	£000	£000
Salary Savings	(169)	4	8	88	(69)
Non-Salary Savings	(79)	1	69	18	9
<b>TOTAL SAVINGS YET TO BE IDENTIFIED</b>	<b>(248)</b>	<b>5</b>	<b>77</b>	<b>106</b>	<b>(60)</b>

### Salary Savings Target

The position at the end of Quarter 3 is that £100k of salary savings have been secured leaving £69k of budgeted salary savings to be identified.

### Non-Salary Savings Target

At Q3, an additional £9k of non-salary savings above target have been identified.

The combined balance of savings (salary and non-salary) forecast at Q3 yet to be identified therefore totals a net requirement of £60k, down from £166k at Q2. The above estimates are based on forecasts at the end of Q3. The budget remains fluid in nature and may change (positively or negatively) as the year concludes.

## 10. SERVICE REPORTS

10.1 Departmental budgets and current forecasts 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 for highlighting.

### a. Economy and Growth

**Forecast Variance: £44k net overspend**

*Previous forecast variance: £44k net overspend*

The variation of £56k is anticipated in respect of Burnley Market, being a combination of a loss of income from reduced trader numbers, an associated increase in overhead costs that cannot be transferred to the reduced number of traders via agreed Service Charges, and increased cost of security provision due to anti-social behaviour.

The Primary Engineer grant for Burnley Schools 2023/24 is anticipated to be less than the original budget expectation and in line with the level of funding awarded in 2022/23, with a net reduction to anticipated costs of (£12k).

**b. Policy and Engagement**

**Forecast Variance: £20k net underspend**

*Previous forecast variance: £0k*

Following the appointment of the former Head of Policy to post of Chief Operating Officer, and prior to the new Head of Policy taking up the post, there is a forecast vacancy turnover saving of (£20k).

**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: £0**

*Previous forecast variance: £0k*

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

**e. Green Spaces and Amenities**

**Forecast Variance: £57k net overspend**

*Previous forecast variance: £28k net overspend*

Given the increased cost of fit-out works to the Stables Café situated at Towneley Park, expected to continue until November 2023, it has been agreed to extend the rent-free period to the operator in exchange for a higher rent and income share over the period of the lease. Estimated income for the year will be reduced by £38k.

Grounds maintenance and repair costs are anticipated to exceed budget by £5k owing to rising costs of labour and materials. However, the Service is forecasting to achieve (£5k) of additional income from Towneley Hall 'sales', despite the ongoing works at the site.

Proposed Car Parking charges at Bank Hall have not yet been introduced, owing to legislative delays. The net impact is a loss of income in the sum of £3k.

Thompson Park Boathouse and Pavilion rent has been agreed and uplifted on the 22/23 rate but is expected to fall by approximately £4k below the budget estimate.

Tree works undertaken and recharged to Lancashire County Council (LCC) are estimated to reduce as a result of the County forming its own Tree Team. Reduced income for the year is estimated at £12k.

**f. Streetscene**

**Forecast Variance: £90k net overspend**

*Previous forecast variance: £40k net overspend*

As previously reported, redevelopment works and capital investment in the Town Centre has reduced the number of available car parking spaces.

The impact of the new retail/leisure offer at Pioneer Place remains under review as does car park income generally. The forecast shortfall for car parking income is now estimated at £50k.

Taxi vehicle and driver renewal applications are currently below those anticipated, given the ability for both vehicles and drivers to be licensed in neighbouring boroughs but to carry out their trade in Burnley.

The policy change effective from 1 December 2023, as approved by Licensing Committee in November, is already showing positive signs of vehicle and driver retention. However, the reduction to Taxi Licence fee income for the year is estimated at £20k.

The Council re-let the contract for Environmental Enforcement early in 2023/24 with the appointed contractor currently seeking to increase capacity and coverage across the Borough to tackle environmental crime and anti-social behaviour. At the time of this report, the estimated reduction in income from Fixed Penalty Notices (FPNs) is £20k.

**g. Housing and Development Control**  
**Forecast Variance: £60k net overspend**  
*Previous forecast variance: £57k net overspend*

The original budget assumed annual rental income from temporary accommodation held by the Council as part of its Empty Homes strategy. However, these properties were included in a bulk disposal to a local Housing Association in late 2022/23, generating a capital receipt for the Council of £1.5m but resulting in income foregone of £68k for 2023/24.

Increased income (£15k) is estimated from enforcement activity associated with Housing Act non-compliance and the failure of Landlords to obtain licences for Houses in Multiple Occupancy (HMOs).

Additional expenditure of £4k is forecast in respect of licensing software upgrades.

Income for the year from planning fees is forecast at £401k, however this is £50k below the income expectation when setting the 2023/24 Budget in February 2023. However, it should be noted that income fluctuations can be impacted significantly dependent upon the size and scale of planning applications submitted.

Net staffing savings from vacant posts, allowing for costs of agency and professional services to enable service delivery, is estimated at (£47k). This net saving is included in the achievement of salary savings at Table 2.

**h. Strategic Partnership**  
**Forecast Variance: £53k net overspend**  
*Previous forecast variance: £0k*

The impact of the agreed pay award and finalisation of applicable inflation rate relevant to the Strategic Partnership contract is an estimated at £53k over budget.

i. **Finance and Property**

**Forecast Variance: £64k net overspend**

*Previous forecast variance: £64k net overspend*

The service is estimating an overall increase in audit costs of £64k for the annual audit certification of the Council's Housing Benefit claim and the External Audit 'scale fee' for the 2023/24 year, based on information from Public Sector Audit Appointments (PSAA), the body appointed to procure External Audit services for the majority of the public sector.

Net additional costs of £6k associated with 'Room Hire' have been incurred whilst the Council Chamber undergoes renovation works, coupled with a reduction in income from 'Room Hire' sales to outside bodies of £6k.

There is an anticipated net cost of £2k for overtime (Internal Audit Service (£1k) and Town Hall office cover £3k) and additional in-year saving of (£14k) for the Accountancy Trainee post which has now been recruited to, with the successful candidate joining the Council in Q3.

j. **Revenues and Benefits Client**

**Forecast Variance: £38k net underspend**

*Previous forecast variance: £0k*

Additional income is forecast in the sum of (£38k) for the Cost of Collection Allowance due to the Council for Business Rates administration.

k. **Legal and Democratic Services**

**Forecast Variance: £81k net overspend**

*Previous forecast variance: £80k net overspend*

The Council is projecting a significant increase of £81k to its insurance premiums in the current year. The most significant of which relates to the assessment of risk at Towneley Hall due to its current status whilst undergoing renovation works, but also following an increase in the risk premium for the fine art collection.

l. **People and Development**

**Forecast Variance: £0k**

*Previous forecast variance: £0k*

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

m. **Central Budgets**

**Forecast Variance: £60k net overspend**

*Previous forecast variance: £166k net overspend*

This variation is for the purpose of presentation, recognising that the Corporate Savings targets are initially held centrally but that contributions towards the targets will be identified within Services and/or Corporate Items as the year progresses.

At Quarter 3, the £227k savings target (down from £243k at Q2) is yet to be realised in full. Positive movement in the period of (£107k), has resulted in a total saving of £60k yet to be identified to balance the budget.

n. **Corporate Items**

**Forecast Variance: £558k net underspend**

**Previous forecast variance: £390k net underspend**

Bank rate increases during the first half of the year continue to have a positive impact on rates available for surplus monies deposited with approved financial institutions. Returns for the year are currently forecast to exceed the budgeted figure by (£220k).

The Council has a recognised need to borrow to fund its approved Capital Investment Programme (CIP). As part of the approved budget, sums are set aside to cover interest costs arising from external borrowing. To date, the Council has pursued a strategy of internal borrowing and the decision to defer externalisation of these amounts is expected to reduce interest payable in the year by an estimated (£300k).

Net additional income from third party loan repayments due to the Council are estimated at (£38k).

o. **Funding**

**Forecast Variance: £0k**

**Previous forecast variance: £0k**

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

## 11. 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
	£	£	£	£
Balance as at 01/04/23	4,621	1,050	19,812	25,483
Movements between reserves	-1,123	2,623	-1,500	0
Approved budget contributions (Original Estimate)	-10	-	-360	-370
Slippage/carry forwards from 2022/23	-	-171	-886	-1,057
Additional Movement in Q1	-1,008	-665	-1,872	-3,545
Additional Movement in Q2	-60	-349	-523	-932
Additional Movement in Q3	-65	-38	-7	-110
Balance as at 31/12/23	2,355	2,450	14,664	19,469

Also included in the reserve movements are approved contributions to fund Capital expenditure, as shown in Table 4 below.

Any savings proposals for 2023/24 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.

## 12. CAPITAL FINANCING

12.1 Included in the revenue budget at Q3 is a revenue contribution to capital outlay (RCCO) of £3.329m. A breakdown of the current revenue/reserve funding set aside to finance Capital expenditure is shown below, and is also included in the Capital Monitoring report elsewhere on the agenda:

Service Unit	Capital Scheme Name	£'000
Green Spaces & Amenities	Vehicle and Machinery Replacement	215
Green Spaces & Amenities	Worsthorne Rec Grd Improvements	22
Green Spaces & Amenities	Refill Fountains	5
Green Spaces & Amenities	Cremator Relining	53
Economy & Growth	Lower St James Street Historic Action Zone	520
Economy & Growth	Pioneer Place	665
Finance & Property	Building Infrastructure Works	44
Finance & Property	Audio & Visual Upgrade to Facilitate On-Line Meetings	100
Finance & Property	Charter Walk	1,180
Finance & Property	Burnley Leisure Gym Equipment Replacement	295
Housing & Development Control	Local Authority Housing Fund	170
Housing & Development Control	Building Control IT Procurement	60
RCCO as at 31/12/2023		3,329

### FINANCIAL IMPLICATIONS AND BUDGET PROVISION

13. As shown in the body of the report.

### POLICY IMPLICATIONS

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

### DETAILS OF CONSULTATION

15. None

### BACKGROUND PAPERS

16. None

### FURTHER INFORMATION

PLEASE CONTACT:

**Craig Finn**  
**Principal Accountant**



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

Quarter 3					
NET BUDGET 2023/24 £000s	REVISED BUDGET 2023/24 £000s	CURRENT FORECAST Q3 £000s	CURRENT VARIANCE Q3 £000s	VARIANCE REPORTED Q2 £000s	MOVEMENT £000s
170	170	170	0	0	0
169	186	242	56	56	0
(31)	(31)	(31)	0	0	0
14	46	46	0	0	0
223	321	309	(12)	(12)	0
83	52	52	0	0	0
211	312	312	0	0	0
96	96	96	0	0	0
36	38	38	0	0	0
(212)	(141)	(141)	0	0	0
(48)	(48)	(48)	0	0	0
<b>711</b>	<b>1,001</b>	<b>1,045</b>	<b>44</b>	<b>44</b>	<b>0</b>
52	54	54	0	0	0
2	2	2	0	0	0
109	109	109	0	0	0
233	551	531	(20)	0	(20)
114	190	190	0	0	0
<b>510</b>	<b>906</b>	<b>886</b>	<b>(20)</b>	<b>0</b>	<b>(20)</b>
394	394	394	0	0	0
<b>394</b>	<b>394</b>	<b>394</b>	<b>0</b>	<b>0</b>	<b>0</b>
59	59	59	0	0	0
0	65	65	0	0	0
253	253	253	0	0	0
813	713	713	0	0	0
85	86	86	0	0	0
60	60	60	0	0	0
<b>1,270</b>	<b>1,236</b>	<b>1,236</b>	<b>0</b>	<b>0</b>	<b>0</b>
(943)	(921)	(921)	0	0	0
1,587	1,632	1,658	26	7	19
310	318	318	0	0	0
(17)	(2)	(2)	0	0	0
0	39	39	0	0	0
361	361	392	31	21	10
78	78	78	0	0	0
<b>1,376</b>	<b>1,505</b>	<b>1,562</b>	<b>57</b>	<b>28</b>	<b>29</b>
1,118	1,060	1,060	0	0	0
18	18	18	0	0	0
13	13	13	0	0	0
83	83	83	0	0	0
4	4	4	0	0	0
226	251	251	0	0	0
(597)	(573)	(523)	50	40	10
12	12	12	0	0	0
176	175	175	0	0	0
77	131	131	0	0	0
1,334	1,348	1,368	20	0	20
1,110	1,149	1,149	0	0	0
19	19	19	0	0	0
16	23	23	0	0	0
(24)	(24)	(24)	0	0	0
(21)	(6)	(6)	0	0	0
(116)	(116)	(96)	20	0	20
(112)	(112)	(112)	0	0	0
10	10	10	0	0	0
<b>3,346</b>	<b>3,465</b>	<b>3,555</b>	<b>90</b>	<b>40</b>	<b>50</b>
536	637	694	57	57	0
242	239	242	3	0	3
79	86	86	0	0	0
179	138	138	0	0	0
<b>1,036</b>	<b>1,100</b>	<b>1,160</b>	<b>60</b>	<b>57</b>	<b>3</b>
4,205	4,317	4,370	53	0	53
<b>4,205</b>	<b>4,317</b>	<b>4,370</b>	<b>53</b>	<b>0</b>	<b>53</b>

Finance and Property	Finance Unit	Finance Unit	823	812	798	(14)	(14)	0
Finance and Property	External Audit	External Audit	124	124	188	64	64	0
Finance and Property	Internal Audit	Internal Audit	155	166	165	(1)	(1)	0
Finance and Property	Misc Income And Expenditure	Misc Income And Expenditure	(76)	(76)	(76)	0	0	0
Finance and Property	Property	Property	(2,369)	(2,311)	(2,296)	15	15	0
<b>sub-total</b>			<b>(1,343)</b>	<b>(1,285)</b>	<b>(1,221)</b>	<b>64</b>	<b>64</b>	<b>0</b>
Revenues and Benefits Client	Revenues And Benefits Client	Revenues And Benefits Client	(353)	(353)	(353)	0	0	0
Revenues and Benefits Client	Housing Benefits Payments And Subs	Housing Benefits Payments And Subs	(74)	(34)	(34)	0	0	0
Revenues and Benefits Client	Council Tax Support	Council Tax Support	5	5	5	0	0	0
Revenues and Benefits Client	Cost Of Collection Accounts	Cost Of Collection Accounts	(736)	(736)	(774)	(38)	0	(38)
<b>sub-total</b>			<b>(1,158)</b>	<b>(1,118)</b>	<b>(1,156)</b>	<b>(38)</b>	<b>0</b>	<b>(38)</b>
Legal and Democratic Services	Legal	Legal Services	425	424	505	81	80	1
Legal and Democratic Services	Legal	Local Land Charges	(39)	12	12	0	0	0
Legal and Democratic Services	Legal	FOI Requests	1	1	1	0	0	0
Legal and Democratic Services	Governance	Conducting Elections	84	102	102	0	0	0
Legal and Democratic Services	Governance	Register of Electors	90	90	90	0	0	0
Legal and Democratic Services	Governance	Parish Councils	2	2	2	0	0	0
Legal and Democratic Services	Governance	Democratic Services	377	383	383	0	0	0
Legal and Democratic Services	Governance	Civic Administration	11	71	71	0	0	0
Legal and Democratic Services	Governance	Mayoralty	67	71	71	0	0	0
Legal and Democratic Services	Governance	Members Expenses	255	258	258	0	0	0
<b>sub-total</b>			<b>1,273</b>	<b>1,414</b>	<b>1,495</b>	<b>81</b>	<b>80</b>	<b>0</b>
People and Development	People And Development	People and Development	234	242	242	0	0	0
<b>sub-total</b>			<b>234</b>	<b>242</b>	<b>242</b>	<b>0</b>	<b>0</b>	<b>0</b>
Central Budgets - Other	Central Budgets - Other	Central Budgets - Other	906	906	906	0	0	0
Central Budgets - Savings Targets	Central Budgets - Savings Targets	Salary Savings Target	(169)	(148)	0	148	164	(16)
Central Budgets - Savings Targets	Central Budgets - Savings Targets	Non-Salary Savings Target	(79)	(79)	0	79	79	0
<b>sub-total</b>			<b>658</b>	<b>679</b>	<b>906</b>	<b>227</b>	<b>243</b>	<b>(16)</b>
<b>NET SERVICE BUDGET</b>			<b>12,512</b>	<b>13,856</b>	<b>14,474</b>	<b>618</b>	<b>556</b>	<b>61</b>
Corporate Items	Pensions		486	486	486	0	0	0
Corporate Items	Parish Precepts		173	173	173	0	0	0
Corporate Items	Treasury Investments & Borrowing		1,516	1,517	959	(558)	(390)	(168)
Corporate Items	Capital Financing		1,951	6,249	6,249	0	0	0
Corporate Items	Earmarked Reserves		(361)	(5,148)	(5,148)	0	0	0
Corporate Items	Strategic Reserves		(10)	(866)	(866)	0	0	0
<b>NET CORPORATE ITEMS</b>			<b>3,755</b>	<b>2,411</b>	<b>1,853</b>	<b>(558)</b>	<b>(390)</b>	<b>(168)</b>
Funding	Council Tax		(7,724)	(7,724)	(7,724)	0	0	0
Funding	Council Tax - Parish Precepts		(173)	(173)	(173)	0	0	0
Funding	Business Rates: Retained Income		(5,950)	(5,950)	(5,950)	0	0	0
Funding	Business Rates: S31 Grants		(754)	(754)	(754)	0	0	0
Funding	Prior Year Collection Fund (Surplus)/Deficit		1,208	1,208	1,208	0	0	0
Funding	Revenue support Grant		(1,872)	(1,872)	(1,872)	0	0	0
Funding	New Homes Bonus		(319)	(319)	(319)	0	0	0
Funding	Other Government Grants		(683)	(683)	(683)	0	0	0
<b>FUNDING</b>			<b>(16,267)</b>	<b>(16,267)</b>	<b>(16,267)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>BUDGET BALANCE</b>			<b>0</b>	<b>0</b>	<b>60</b>	<b>60</b>	<b>166</b>	<b>(107)</b>

## Quarter 3 Movements in Reserves

	Transformation Reserve	Growth Reserve	Total Strategic Reserves	Other Earmarked Reserves	Total Earmarked Reserves
	£'000	£'000	£'000	£'000	£'000
Balance as at 01/04/23	4,621	1,050	5,671	19,812	25,483
Movements between reserves Q1	-1,123	1,123	-	-	-
Movements between reserves Q2	-	1,500	1,500	-1,500	-
Movements between reserves Q3	-	-	-	-	-
Approved budget contributions (Original Estimate)	-10	-	-10	-360	-370
	<b>3,488</b>	<b>3,673</b>	<b>7,161</b>	<b>17,952</b>	<b>25,113</b>
Slippage/carry forwards from 2022/23	-	-171	-171	-886	-1,057
Additional Movement in Q1	-1,008	-665	-1,673	-1,872	-3,545
Additional Movement in Q2	-60	-349	-409	-523	-932
Additional Movement in Q3	-65	-38	-103	-7	-110
Anticipated balance as at 31 March 2024	<b>2,355</b>	<b>2,450</b>	<b>4,805</b>	<b>14,664</b>	<b>19,469</b>
Approved use future years	-962	-1,338	-2,300	2,678	378
Balance after approvals	<b>1,393</b>	<b>1,112</b>	<b>2,505</b>	<b>17,342</b>	<b>19,847</b>

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**REQUESTS for REVENUE Budget Carry Forwards from 2023/24 into 2024/25**

Appendix 3

Service Unit / Task	Details	Budget Code	Current Budget 2023/24 £	Forecast Spend/ (income) 2023/24 £	Remaining Budget 2023/24 £	Amount Requested £
<b>Housing &amp; Development Control</b>						
Housing Advice	Vulnerable Tenants	R3218/2113	75,360	16,838	<b>58,522</b>	<b>58,522</b>
Housing Advice	Use of Household Support Fund	R3218/2027	15,000	4,059	<b>10,941</b>	<b>10,941</b>
					-	-
					-	-
			<b>90,360</b>	<b>20,897</b>	<b>69,463</b>	<b>69,463</b>
<b>Totals</b>			<b>90,360</b>	<b>20,897</b>	<b>69,463</b>	<b>69,463</b>

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## Capital Monitoring Report 2023/24 – Quarter 3 (to 31 December 2023)

### REPORT TO EXECUTIVE



<b>DATE</b>	<b>12 February 2024</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Craig Finn</b>
<b>TEL NO</b>	<b>01282 475811</b>
<b>EMAIL</b>	<b>CFinn@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 net increase of £60,129 giving a revised capital budget for 2023/24 totalling £41,727,459 as detailed in Appendix 1.
  - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £41,727,459 as shown in Appendix 2.
  - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £3,553,100 as at 31 March 2024 as shown in Appendix 3.

### REASONS FOR RECOMMENDATION

3. To effectively manage the 2023/24 capital programme.

### SUMMARY OF KEY POINTS

#### 4. Monitoring Information

On 22 February 2023 Full Council approved the 2023/24 original capital budget, totalling £41,357,215.

Since approval of the 2023/24 original capital budget, subsequent reports have been presented to Council to approve the final 2022/23 capital outturn position (19 July 2023) and budget adjustments from the first in-year monitoring cycle at Q1 (27 September 2023),

and second in-year monitoring report at Q2 (24 January 2024) revising the approved 2023/24 capital budget to £41,657,323.

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 2023 on expenditure, along with an update on the progress of delivery of the individual schemes.

Budget adjustments in the sum of £744,054 are proposed in addition to re-profiling (£674,118) into 2024/25. Total adjustments therefore equating to a net increase to the Capital Programme in 2023/24 of £69,936.

The net result is a newly revised Capital Programme for 2023/24 of £41,727,259.

## 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 2023. The expenditure to date is £20,161,816 which is 48% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £41,727,259 along with identifying the recommended financing elements on a scheme by scheme basis. As above, this is a net increase to the 2023/24 Capital Programme approved in January 2024 of £69,936 owing to budget adjustments in year and re-profiling sums into 2024/25.
- c. Included within the in-year adjustments are additional items for approval in the 2023/24 Capital Programme, not previously reported to Council, and these are included at Appendix 2, in the sum of £744,054 (net) and are also summarised below.

Scheme	Funding Source	£'000
Vehicle & Machinery Replacement	Revenue	19
Play Zones	Cap Receipts/Football Fndtn	(165)
Safer Streets	Other Local Authority	11
Lower St James St HAZ	Owner Contributions	10
Vision Park	LEP	(17)
Building Infrastructure	Prudential Borrowing/Receipts	254
Better Care Grant/DFGs	Better Care Grant	492
Affordable Warmth	Affordable Warmth Grant	140
<b>Total Additional Proposals</b>		<b>744</b>

- d. More detail is also included within the narrative at Appendix 1.
- e. **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 forecast level of surplus available local resources at 31 March 2024, after taking into account the 2023/24 capital commitments, is estimated at £3,553,100.

The resources are reducing each financial year. 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 over the life of the medium-term Capital Investment Programme (CIP), some of which are considered high risk.

Asset disposals will be monitored throughout the year, with updates to Members included in these cyclical monitoring reports. Should these receipts not be received, we will need to source alternative financing.

f. **Building Infrastructure Works**

Towneley Hall

The contract to repair Towneley Hall is progressing to programme. The west wing is complete and works are progressing on the south wing and great hall ceiling. The contract completion date is now projected 8 weeks later (26.02.25) because the Regency rooms are being used for storage of art works which will delay redecoration of these rooms.

Town Hall (and Audio Visual upgrade)

The status of repair works at the Town Hall remain as previously reported. These are now well under way but continue to have an impact on the timetable for installation of the Audio Visual upgrade, with tenders from interested parties due to be received mid-January.

Nicholas Street

Outbreaks of dry rot continue to arise and are in the process of being treated. The building continues to be monitored pending its disposal or redevelopment.

Members will be aware that the site was subject to a separate report to the Executive on 16<sup>th</sup> August 2023, where it was resolved to proceed with re-development proposals for this surplus building and to accept the offer of grant funding via Urgent Executive Decision.

This scheme (Brownfield Land Release) is included in the revised Capital Investment Programme.

6. **Revenue Implications**

a. **Revenue Contributions / Reserves 2023/24**

- b. The Capital Programme includes Revenue Contributions / Reserves of £3,328,657 being:

Scheme	Funded	£'000
Vehicle & Machinery Replacement	Transport Reserve	143
Vehicle & Machinery Replacement	Revenue	72
Worsthorne Recreation Ground Improvements	Revenue Support Reserve	22
Refill Fountains	Revenue Support Reserve	5
Cremator Relining	Revenue/Revenue Support Reserve	53
Lower St James Street Historic Action Zone	Growth Reserve	520
Building Infrastructure	Growth Reserve/Covid-19	44
Audio & Visual Upgrade to Facilitate On-line Meetings	Covid-19 / Cost of Living Reserve	100
Pioneer Place	Transformation Reserve	665
Charter Walk	Charter Walk (Regen) Reserve	1,180
Local Authority Housing Fund	Dispersal Accommodation Reserve	170
Building Control IT Procurement	Transformation Reserve	60
Burnley Leisure Gym replacement	Revenue Contribution	295
<b>Total Revenue Contributions</b>		<b>3,329</b>

c. **Prudential Borrowing 2023/24**

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 2023/24.

The original capital budget for 2023/24 of £41,357,215 included a planned borrowing requirement of £15,223,050. The revised Capital Programme for 2023/24, including proposed budget adjustments and re-profiling schemes into 2024/25 now estimates the planned borrowing requirement for the year to be £13,154,323.

The revenue implications of borrowing £13,154,323 are a Minimum Revenue Provision (MRP) of £1,409,540 and an interest charge, assuming 3% on the borrowing, of £395k for a full year.

The above MRP estimate will apply to future years from 2024/25 where appropriate, in line with the Council's approved MRP Policy and regulations, to allow MRP to be charged in the year following practical completion of the asset.

The approved MRP charge for 2024/25 will be determined as part of the Council's annual budget setting process.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

7. A net increase of £69,936 to the 2023/24 Capital Programme giving a revised Capital Investment Programme of £41,727,259.

## **POLICY IMPLICATIONS**

8. None arising directly from this report. Any prudential borrowing will be undertaken in accordance with the Council's approved Treasury Management Strategy Statement (TMSS) as approved by Council in February 2023, for 2023/24. This includes the approved MRP policy and Capital Financing Requirement (CFR).

## **DETAILS OF CONSULTATION**

9. None.

## **BACKGROUND PAPERS**

10. None.

## **FURTHER INFORMATION**

**PLEASE CONTACT:**

**Craig Finn – Principal Accountant**

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Scheme Name	Budget per Council 24/01/24 £	Adjustments Per This Report		Changes to be approved in this report A + B £	Revised Budget £	Total Spend as at 31/12/23 £	% Schemes Spend	Financed by External Funding £	Narrative provided by Project Officers/Heads of Service
		Budget Adjustments A £	Reprofiled into Future Years B £						
<b>GREEN SPACES &amp; AMENITIES</b>									
Play Area Improvement Programme	242,561		(42,300)	(42,300)	200,261	120,763	60%	138,117	Queens Park play area refurbishment is complete. Schemes at Barden Lane/Disraeli Street and Piccadilly Gardens will be progressed by the end of March 2024. Underley St will be undertaken in April/May 2024.
Vehicle and Machinery Replacement	255,405	19,000		19,000	274,405	205,329	75%	60,000	Replacement of Vehicle & Machinery will be completed as per the transport fleet and grounds maintenance programme. Additional vehicles and equipment are due to be procured for Streetscene and Green Spaces which will be funded from revenue contributions and the Climate Action Fund.
Playing Pitch Improvements	25,000			-	25,000	(5,895)	-24%	25,000	Work at Lockyer Avenue and Queens Park will now be carried out in May/June 2024 so the majority of the budget has been rolled forward to 2024/25. £25,000 is needed for 23/24 for ongoing study and consultant work associated with getting the drainage and pitch improvement schemes together and for going out to tender in early 2024.
Towneley Hall Works	2,328,162	43,469		43,469	2,371,631	874,035	37%	367,337	The contract to repair Towneley Hall is progressing to programme. The west wing is complete and works progressing on south wing and great hall ceiling. The contract completion date is now projected 8 weeks later (26.02.25) because the Regency Rooms are being used for storage of art works which will delay redecoration of these rooms.
Play Zones - NEW	165,000	(165,000)		(165,000)	-	-	0%	-	This scheme is not being progressed as the Football Foundation's Playzone funding is not available. A revised 5-year programme for MUGA improvement is being considered by the Executive in February for inclusion in 2024/25 capital programme
Thompson Park Restoration - NEW	84,766			-	84,766	621	1%	84,766	The modular Changing Places Toilet is currently being manufactured for installation before end of March in Thompson Park car park.
Crematorium Improvements	132,000			-	132,000	102,713	78%	-	Work to redecorate and refurbish the interior of the crematorium chapel and waiting room is complete and design work for improvements to access and car parking is progressing with Streetscene engineers.
Memorial Park Improvements	143,142		(5,000)	(5,000)	138,142	124,958	90%	104,142	The Wheeled Sports Area has been completed and the refurbishment of the youth shelter is also complete. Work to refurbish the MUGA is being included in the new 5-year MUGA improvement programme and will be done in 2024/25.
Worsthorne Rec Grd Improvements	46,995			-	46,995	-	0%	25,084	Access works have been completed. Refurbishment of the changing rooms has been delayed due to the connection of water, electricity and sewerage. A revised proposal for the provision of the Community Room is being developed because of cost increases.
Extension of Burnley Cemetery	25,000			-	25,000	-	0%	-	Intend to use the capital monies set aside this financial year to appoint a consultant who specialises in the development of new Cemeteries and Cemetery extensions.
Refill Fountains	5,000			-	5,000	-	0%	-	The 5 bottle fillers are in store. Streetscene engineers are obtaining quotations for installation in Memorial, Ightenhill, Scott, Queens and Thompson Parks. (There is already drinking fountain/bottle filler at Towneley)
Changing Places (Towneley Hall)	43,469	(43,469)		(43,469)	-	-	0%	-	This budget will be incorporated into Towneley Hall Works capital budget with the scheme to be implemented in 2024/25.
Brun Valley Forest Park	13,570			-	13,570	(249)	0%	13,570	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 4.
Crematorium Refractory	53,000			-	53,000	-	0%	-	Refractory re-lining works to Cremator No2 are complete.
	<b>3,563,070</b>	<b>(146,000)</b>	<b>(47,300)</b>	<b>(193,300)</b>	<b>3,369,770</b>	<b>1,422,275</b>	<b>42%</b>	<b>818,016</b>	
<b>STREETSCENE</b>									
River Training Walls	85,258			-	85,258	3,211	4%	-	Spend in 23/24 will be incurred in respect of mandatory works as classified by the EA to meet our obligations for the safe dam structure at Rowley, in addition to other schemes where LCC are the permitting authority, rather than the EA. Works started in January at the River Brun (£17k) with additional works out to tender at the time of this report, to be returned mid-January.
Alleygate Programme	25,320			-	25,320	-	0%	-	The selection process has begun to identify new schemes. The current pool of applications stands at 80 and this year's roll out will be in conjunction with a review and potential removal of some existing schemes where gates are no longer the appropriate intervention. Selection and consultation will take place in Q3, while installation and completion will be in Q4.
Safer Streets	-	11,000		11,000	11,000	-		11,000	The Council has received an offer of additional funding and this will supplement the Alleygate Programme.
Electric Vehicle Charging Points	35,907			-	35,907	-	0%	34,818	The works have been completed and the charge points are operational. Work is ongoing with the Energy Saving Trust to finalise the claim, pay the approved contractor and conclude the project.
Windermere Ave Footpath Improvements	8,000			-	8,000	7,863	98%	8,000	The works have been completed.
	<b>154,485</b>	<b>11,000</b>	<b>-</b>	<b>11,000</b>	<b>165,485</b>	<b>11,074</b>	<b>102%</b>	<b>53,818</b>	

2023/24 CAPITAL BUDGET CYCLE 3 MONITORING - UPDATE

Scheme Name	Budget per Council 24/01/24	Adjustments Per This Report		Changes to be approved in this report A + B	Revised Budget	Total Spend as at 31/12/23	% Schemes Spend	Financed by External Funding	Narrative provided by Project Officers/Heads of Service
		Budget Adjustments	Reprofiled into Future Years						
		A	B						
<b>ECONOMY &amp; GROWTH</b>									
Lower St James Street Historic Action Zone	756,198	9,807		9,807	766,005	270,021	35%	236,627	Three building schemes have been completed with 3 in the process and a further 2 at application stages. Public realm works are complete and the community engagement and training programme continues throughout year 4.
Levelling Up Fund	17,317,928			-	17,317,928	5,185,002	30%	16,557,928	Redevelopment works continue to Newtown Mill and are making good progress, the current programme shows completion in June 2024. Works also continue on site for the Town 2 Turf public realm scheme. Paving to Harry Potts way section is complete with works now focussed on the Yorkshire St section and roundabout. Final stage ground investigations have completed in relation to the Manchester Rd station project which will inform the detailed design work.
Town Centre & Weavers Triangle Project Work	169,492		(169,492)	(169,492)	-	-	0%	-	Council funding to assist in bringing forward key projects identified in the emerging Town Centre and Weavers triangle masterplan.
Padiham Townscape Heritage	291,510		(70,000)	(70,000)	221,510	103,300	47%	176,974	Twelve building schemes have been completed and the final two building schemes have commenced on site. Public realm works are complete and the community engagement and training programme has been delivered. An extension to the programme has been granted by the NLHF to 30th June 2024 to allow for completion of final building projects, defect periods and to undertake a project evaluation.
Pioneer Place	9,777,085			-	9,777,085	8,544,489	87%	-	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, which opened in Q2. 4 out of the 5 restaurants are let and trading well. Work is underway to redevelop the former Cinema building on Manchester Road with a new supermarket. The Council acquired the site in October, comprising the former cinema and Greene King pub which continues to trade as a tenant of the Council.
Former Open Market & Former Cinema Block	57,738		(57,738)	(57,738)	-	-	0%	-	For remediation works to the parapet
Vision Park	24,506	(17,306)		(17,306)	7,200	-	0%	-	Vision Park is now six years old and it is proposed that the remaining budget will be spent on carrying out improvements/upgrades to the units, for example redecorating work, landscape improvements.
Sandygate Halls (Commercial Units & Car Parking)	190,588		(120,588)	(120,588)	70,000	11,459	16%	-	The Halls were completed in September 2021. There is still fit out works to the commercial units that will be completed subject to tenant requirements. The requirement for car parking for residents of the hall is under review and may require the surfacing of a car park.
Brownfield Land Release	870,494			-	870,494	-	0%	416,312	The Executive approved acceptance of grant and match funding on 16th August 23 for the redevelopment of the Nicholas Street offices.
	<b>29,455,539</b>	<b>(7,499)</b>	<b>(417,818)</b>	<b>(425,317)</b>	<b>29,030,222</b>	<b>14,114,271</b>	<b>49%</b>	<b>17,387,841</b>	
<b>FINANCE &amp; PROPERTY</b>									
IT Upgrade	15,350			-	15,350	368	2%	-	This is a rolling replacement programme. The first tranche of devices were issued in 2022. The remainder will follow during 2023/ 24 as required.
Burnley Leisure Improvements	878,517			-	878,517	199,291	23%	220,000	Delivery of condition survey related capital based works to ensure continuity of business, compliance with undertakings and improvement in appearance in order to continue to attract patronage.
Building Infrastructure Works	1,630,964	261,674	(209,000)	52,674	1,683,638	744,256	44%	110,000	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. Dilapidation works at the Stables Cafe site have been identified and are to be funded by third party contribution.
Carbon Reduction Measures	279,958	(7,728)		(7,728)	272,230	-	0%	-	This budget will provide funding to progress initiatives included within the Council's Climate Change Strategy.
Audio & Visual Upgrade to Facilitate On-Line Meetings	100,000			-	100,000	-	0%	-	The upgrade of the system is linked to the Council Chamber works which were due to be completed in the Autumn. Site visits and discussions with suppliers have taken place to inform the council's specification prior to going out to tender. The tender process has been extended due to the ongoing Chamber works impeding necessary on-site survey works.
Charter Walk Refurbishment	1,179,871			-	1,179,871	166,492	14%	-	This budget is being utilised to provide for landlord works to enable the expansion of three national retailers into adjacent units. This will reduce the number of vacant units within Charter Walk whilst improving the appearance and energy efficiency of these units.
	<b>4,084,660</b>	<b>253,946</b>	<b>(209,000)</b>	<b>44,946</b>	<b>4,129,606</b>	<b>1,110,407</b>	<b>27%</b>	<b>330,000</b>	

Scheme Name	Budget per Council 24/01/24 £	Adjustments Per This Report		Changes to be approved in this report A + B £	Revised Budget £	Total Spend as at 31/12/23 £	% Schemes Spend £	Financed by External Funding £	Narrative provided by Project Officers/Heads of Service
		Budget Adjustments	Reprofiled into Future Years						
		A	B						
<b>HOUSING &amp; DEVELOPMENT CONTROL</b>									
Emergency Repairs	180,000			-	180,000	137,408	76%	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. In addition to the grants completed there is a further £50k committed to an additional 11 grants that have been approved and a further 7 applications. There is a tendency for applications to increase in the winter months. It is anticipated the full budget will be spent.
Better Care Grant	2,237,569	492,544		492,544	2,730,113	1,918,821	70%	2,960,113	The funding is allocated by the Government through the Better Care Fund. It enables grants to be provided to disabled/vulnerable people, to adapt their house so that they can remain living as independently as possible in the home of their choice. An addition to the grants completed there is currently a further £1,045k committed for disabled facilities grants. Along with another 66 applications. We are aiming to complete over 200 DFGs this year. It is anticipated that a further £3k will be utilised for the safe and secure grants, £4k for the declutter grant as well as £3k for dwelling dementia grants. LCC have approved 3 social projects under the better care fund at a cost of £587k. With the current spend and current commitment it is anticipated that the full budget will be spent.
Energy Efficiency	50,000			-	50,000	34,920	70%	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. We are still predicting to complete 125 grants this year and looking at introducing new energy efficiency grants. There is £9k committed and we have 15 applications waiting approval and this is likely to increase as we move into the autumn and winter months.
Empty Homes Programme	1,300,000			-	1,300,000	1,089,016	84%	-	The Empty Homes Programme brings long term empty properties back in to use in the borough of Burnley. We are aiming to acquire a maximum of 20 properties and complete 25 renovations. In addition the face-lifting schemes on Winsor and Ivory street will have completed along with the Piccadilly Road area. Subsequently it is anticipated that the full budget will be spent. As part of the Local Housing Authority Fund Road 2 to provide 6 units of temporary accommodation £70k is required to be transferred to the empty homes programme from the Dispersal Accommodation Grant. During Covid 3 properties were acquired and renovated through the empty homes programme. They were used and continue to be used as temporary accommodation. Subsequently the empty homes programme has not been able to generate a capital receipt for these properties. It is proposed that £215k is transferred from general capital receipts to the empty homes programme.
Affordable Warmth Grant	-	140,063		140,063	140,063	95,617	68%	140,063	In October 23 we spent the remaining allocation of the 22/23 funding of £132k. So far out of 23/24 allocation we have spent £23k which includes a 12.5% fee. In addition to the grants completed there is currently another £5k committed. Additional funding may follow if we utilise first tranche 23/24. Funding to be claimed in two rounds, 50% allocation followed by a further 50%. Second round funding may be withheld or reallocated if not claimed by the 31st January 2024. Recipients will have an opportunity to state the likelihood of them claiming the remaining 50%. At this stage we are unlikely to have spent the remaining grant by the 31st January 2024.
Building Control IT Procurement	60,000			-	60,000	-	0%	-	This scheme is for the procurement of a replacement IT system for Building Control to improve the service's digital offering to customers and to increase service efficiency.
Local Authority Housing Fund	572,000			-	572,000	228,006	40%	402,000	This funding is to provide six properties for temporary accommodation. The six properties have been acquired, 2 of which are complete and are currently occupied. The remaining 4 are in the renovation process and will be finished by the end of March 2024. The funding received from the home office was £402k and as agreed by the Executive Committee the further required funding to complete the 6 properties will be funded through the Dispersal Accommodation Grant. This amount is estimated to be £170k.
	4,399,569	632,607	-	632,607	5,032,176	3,503,788	70%	3,732,176	
	41,657,323	744,054	(674,118)	69,936	41,727,259	20,161,816	48%	22,321,851	

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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	200,261			65,000	62,145		73,116	200,261
Vehicle and Machinery Replacement	274,405		214,405	35,000			25,000	274,405
Playing Pitch Improvements	25,000						25,000	25,000
Towneley Hall Works	2,371,631	1,871,294	-	323,868	133,000		43,469	2,371,631
Thompson Park Restoration	84,766			2,766			82,000	84,766
Crematorium Improvements	132,000	132,000						132,000
Memorial Park Improvements	138,142				34,000		104,142	138,142
Worsthorne Recreation Ground Improvements	46,995		21,911				25,084	46,995
Extension of Burnley Cemetery	25,000	25,000						25,000
Refill Fountains	5,000		5,000					5,000
Changing Place	-						-	-
Brun Valley Forest Park	13,570						13,570	13,570
Cremator Relining	53,000		53,000					53,000
	<b>3,369,770</b>	<b>2,028,294</b>	<b>294,316</b>	<b>426,634</b>	<b>229,145</b>	<b>-</b>	<b>391,381</b>	<b>3,369,770</b>
<b>Streetscene</b>								
River Training Walls	85,258				85,258			85,258
Alleygate Programme	25,320				25,320			25,320
Safer Streets	11,000						11,000	11,000
Electric Vehicle Charging Scheme (Council Match Funding)	35,907			34,818	1,089			35,907
Windermere Ave Footpath Improvements	8,000						8,000	8,000
	<b>165,485</b>	<b>-</b>	<b>-</b>	<b>34,818</b>	<b>111,667</b>	<b>-</b>	<b>19,000</b>	<b>165,485</b>
<b>Economy &amp; Growth</b>								
Lower St James Street Historic Action Zone	766,005	-	519,571	170,517			75,917	766,005
Levelling Up Fund	17,317,928	760,000		12,522,928			4,035,000	17,317,928
Padiham Townscape Heritage Initiative	221,510			145,056	4,935	39,601	31,918	221,510
Pioneer Place	9,777,085	9,111,616	665,469					9,777,085
Vision Park	7,200			-	7,200			7,200
Sandygate Halls (Commercial Units & Car Parking)	70,000	70,000						70,000
Brownfield Land Release	870,494			416,312		454,182		870,494
	<b>29,030,222</b>	<b>9,941,616</b>	<b>1,185,040</b>	<b>13,254,813</b>	<b>12,135</b>	<b>493,783</b>	<b>4,142,835</b>	<b>29,030,222</b>
<b>Finance &amp; Property</b>								
IT Upgrades	15,350				15,350			15,350
Leisure Centre Improvements	878,517	242,000	295,000		121,517		220,000	878,517
Building Infrastructure	1,683,638	670,183	44,430		859,025		110,000	1,683,638
Carbon Reduction Measures	272,230	272,230						272,230
Audio & Visual Upgrade to Facilitate On-line Meetings	100,000		100,000					100,000
Charter Walk Refurbishment	1,179,871	-	1,179,871					1,179,871
	<b>4,129,606</b>	<b>1,184,413</b>	<b>1,619,301</b>	<b>-</b>	<b>995,892</b>	<b>-</b>	<b>330,000</b>	<b>4,129,606</b>
<b>Housing &amp; Development Control</b>								
Emergency Repairs	180,000			180,000				180,000
Better Care Grant	2,730,113			2,730,113				2,730,113
Energy Efficiency	50,000			50,000				50,000
Empty Homes Programme	1,300,000				215,000	1,085,000		1,300,000
Building Control IT Procurement	60,000		60,000					60,000
Affordable Warmth	140,063			140,063				140,063
Local Authority Housing Fund	572,000		170,000	402,000				572,000
	<b>5,032,176</b>	<b>-</b>	<b>230,000</b>	<b>3,502,176</b>	<b>215,000</b>	<b>1,085,000</b>	<b>-</b>	<b>5,032,176</b>
<b>TOTAL OF ALL SCHEMES</b>	<b>41,727,259</b>	<b>13,154,323</b>	<b>3,328,657</b>	<b>17,218,441</b>	<b>1,563,839</b>	<b>1,578,783</b>	<b>4,883,216</b>	<b>41,727,259</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 1 April 2023</u></b>	<b>2,351,468</b>	<b>1,345,239</b>	<b>870,220</b>	<b>562,455</b>	<b>5,129,382</b>
<b><u>Add</u></b>					
Resources Received as at 31 December 2023	-	179,898	215,422	90,886	486,207
Further Resources Estimated to be Received during 2023/24:	250,000	1,200,000	-	4,576,907	6,026,907
<b><u>Potential Resources Available during 2023/24</u></b>	<b>2,601,468</b>	<b>2,725,137</b>	<b>1,085,643</b>	<b>5,230,248</b>	<b>11,642,496</b>
<b><u>Less</u></b>					
Required to Finance Capital Programme	(1,563,839)	(1,578,783)		(4,883,216)	(8,025,838)
Earmarked for Revenue Expenditure	-	-	-	(8,558)	(8,558)
Earmarked for Delivery By Outside Bodies	-	-	(55,000)	-	(55,000)
<b><u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2024</u></b>	<b>1,037,629</b>	<b>1,146,354</b>	<b>1,030,643</b>	<b>338,474</b>	<b>3,553,100</b>
<b><u>Add</u></b>					
Resources Estimated to be Received during 2024/25	200,000	1,300,000	-	913,345	2,413,345
<b><u>Less</u></b>					
- 2024/25 Capital Budget	(644,286)	(1,300,000)	-	(913,345)	(2,857,631)
<b><u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2025</u></b>	<b>593,343</b>	<b>1,146,354</b>	<b>1,030,643</b>	<b>338,474</b>	<b>3,108,814</b>
<b><u>Add</u></b>					
- Resources Estimated to be Received during 2025/26	200,000	1,300,000	-	610,360	2,110,360
<b><u>Less</u></b>					
- 2025/26 Capital Budget	(262,370)	(1,300,000)	-	(610,360)	(2,172,730)
<b><u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2026</u></b>	<b>530,973</b>	<b>1,146,354</b>	<b>1,030,643</b>	<b>338,474</b>	<b>3,046,444</b>
<b><u>Add</u></b>					
- Resources Estimated to be Received during 2026/27	175,000	1,300,000	-	60,000	1,535,000
<b><u>Less</u></b>					
- 2026/27 Capital Budget	(334,581)	(1,300,000)	-	(60,000)	(1,694,581)
<b><u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2027</u></b>	<b>371,392</b>	<b>1,146,354</b>	<b>1,030,643</b>	<b>338,474</b>	<b>2,886,863</b>
<b><u>Add</u></b>					
- Resources Estimated to be Received during 2027/28	175,000	1,300,000	-	62,000	1,537,000
<b><u>Less</u></b>					
- 2027/28 Capital Budget	(351,350)	(1,300,000)	-	(62,000)	(1,713,350)
<b><u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2028</u></b>	<b>195,042</b>	<b>1,146,354</b>	<b>1,030,643</b>	<b>338,474</b>	<b>2,710,513</b>

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<b>REPORT TO EXECUTIVE</b>
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<b>DATE</b>	<b>12 February 2024</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Craig Finn</b>
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<b>2023/24 Treasury Management Quarter 3 (April – December)</b>
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<b>PURPOSE</b>
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1. To report treasury management activity for the period 1 April to 31 December 2023.

<b>RECOMMENDATION</b>
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2. The Executive is requested to;
  - Note the treasury management activities undertaken during the period 1 April to 31 December 2023, and;

Recommend that Full Council;

- Endorse the quarterly update on the Treasury Management Strategy 2023/24 in compliance with the requirements of the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management.

<b>REASONS FOR RECOMMENDATION</b>
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3.
  - To inform members of the treasury management activity in the first three quarters of 2023/24 and to fulfil statutory and regulatory requirements.

<b>SUMMARY OF KEY POINTS</b>
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4. **Background**  
 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. The first main function of 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 to ensure 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 commitments. This management of longer term cash may involve arranging long or short term loans, or using cash flow surpluses, and, on occasions, any current debt may be restructured to meet Council risk or cost objectives.

Treasury management is defined as:

“The management of the organisation's borrowing, investments and cash flows, including 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.”

The monitoring requirements for treasury activity were set out in the Treasury Management Strategy Statement (TMSS) which included the Prudential and Treasury Indicators for 2023/24 – 2025/26, approved by Full Council on 22 February 2023.

## 5. **Introduction**

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (2021).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Strategy which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by Full Council of an annual Treasury Management Strategy - including the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
4. Additionally from 2023/24, quarterly reports for scrutiny to the Executive, to include updated Treasury/Prudential Indicators. These are included at Appendix 1.
5. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
6. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Scrutiny Committee.

This quarterly report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first nine months of 2023/24;
- A review of the Treasury Management Strategy and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2023/24;
- A review of the Council's borrowing strategy for 2023/24;
- A review of any debt rescheduling undertaken during 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24.

6. **Economic Update (Provided by Link Asset Services)**

- The third quarter of 2023/24 saw:
  - A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
  - A sharp fall in wage growth, with the headline 3my rate declining from 8.0% in September to 7.2% in October, although the ONS "experimental" rate (a term used by the ONS for statistics under development) of unemployment has remained low at 4.2%;
  - CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
  - Core CPI inflation decreasing from April and May's 31 years' high of 7.1% to 5.1% in November, the lowest rate since January 2022;
  - The Bank of England holding rates at 5.25% in November and December;
  - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.
- The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
- However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where

the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.

- The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.
- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with only marginal falls showing year on year on the Halifax (-1%) and Nationwide (-1.8%) indices. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.
- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.
- The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.
- The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.
- CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.



- The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that “further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures”. And it stuck to the familiar script, saying that policy will be “sufficiently restrictive for sufficiently long” and that “monetary policy is likely to need to be restrictive for an extended period of time”. In other words, the message is that the MPC is not yet willing to endorse investors’ expectations that rates will be cut as soon as May 2024.
- Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before starting to decline more decisively again in February. That explains why we think the Bank of England won’t feel comfortable cutting interest rates until the second half of 2024.
- The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% at the time of writing, with further declines likely if the falling inflation story is maintained.
- Investors’ growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from \$1.21 in November to \$1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.
- The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index’s high concentration of energy companies.

#### 7. **Interest Rate Forecast (Provided by Link Asset Services)**

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates.

The latest forecast on 7th November 2023 sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View 07.11.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

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 also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing a little better at this stage of the economic cycle than may have been expected. Nonetheless, with approximately 400,000 households per quarter facing a mortgage interest reset at higher levels than their current rate, the economy will face on-going headwinds from that source, in addition to lower income households having to spend disproportionately on essentials such as food, energy and rent payments.

## 8. Autumn Statement (November 2023)

The Economic Update and Interest Rate forecasts reflect the current economic position at the time of this report. No changes to the interest rate review of 7<sup>th</sup> November 2023 resulted from the Autumn Statement of 22<sup>nd</sup> November 2023.

This reflected a view that the MPC would be keen to underpin its anti-inflation credentials by keeping Bank Rate at 5.25% until at least the second half of 2024. Link expect rate cuts to start when both the CPI inflation and wage/employment data are unequivocally supportive of such a move, and that there is a strong likelihood of the overall economy enduring tepid growth (at best) or a mild recession (at worst) over the coming months

Timing on this matter will remain 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.

## 9. Treasury Management Strategy update

The Treasury Management Strategy (TMS) for 2023/24, which includes the Annual Investment Strategy, was approved by this Council on 22 February 2023. There are no policy changes to the TMS included in this report.

## 10. The Council's Capital Position

The table below shows the financing of the Original Capital Budget approved by Full Council on the 22 February 2023 and the latest Revised Capital Budget as per the established Budget Monitoring Cycle and included elsewhere on the agenda. The

net increase is due to a combination of in year budget monitoring adjustments and reprofiling of capital expenditure into future years.

<b>Capital</b>	<b>2023/24 Original Estimate £'000</b>	<b>2023/24 Revised Estimate £'000</b>
<b>Total Budget</b>	<b>41,357</b>	<b>41,717</b>
Financed by:		
Capital receipts	2,547	3,143
Capital grants	22,525	22,091
Revenue	1,062	3,329
<b>Total financing</b>	<b>26,134</b>	<b>28,638</b>
<b>Borrowing need</b>	<b>15,223</b>	<b>13,154</b>

#### 11. **Investment Portfolio 2023/24**

The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 22 February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs and avoid high borrowing costs where possible (internal borrowing), but also to seek out value available in periods up to 12 months with high credit rated financial institutions where cashflow projections are considered robust, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information. As per the approved Investment Strategy, longer-term investments will be carefully assessed.

#### **Investment Counterparty criteria**

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

#### **CDS prices**

It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances

The average daily level of funds deposited during the financial year to date is £7.5m with an average rate of return of 5.04%. Excluding longer-term property funds, the long-term loan to Burnley College and the Council's 'Sweep' account, the actual value of surplus funds under investment as at 31 December 2023 was £16.5m. These funds have been available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

The table below shows the amount invested as at 31 December 2023, and the rate of return against the market benchmark.

Counterparties	Date of Investment	Investment As at 31 Dec 2023 £m	Current Return	Benchmark (average return)*
LCC SIS Instant Access**	08/06/2023	6.0	5.00%	5.20%
Lloyds Bank Corporate Markets – 3 mth fixed	09/11/2023	4.0	5.39%	5.25%
Goldman Sachs – 3 mth fixed	07/11/2023	2.0	5.34%	5.25%
Debt Mgmt Office (DMO)	24/11/2023	2.5	5.20%	5.21%
Debt Mgmt Office (DMO)	04/12/2023	2.0	5.19%	5.21%
Burnley College Loan – 15 years fixed	28/03/2022	2.0	4.45%	N/A

\* Benchmark: SONIA Compounded Backward Looking rate for date of investment

\*\* Rate is linked to movement in Bank Rate

The Council has an approved list of counterparties which governs treasury management investment activity. This list is a restricted list taking into consideration the credit rating of the institution concerned and there are also limits on the amount which can be invested with any particular institution from a particular sector e.g. building society, bank etc. and also any group of institutions within an overall banking group. As part of the daily operations of the treasury management dealings, in consultation with guidance from Link Asset Services and the money market brokers, decisions are taken by the Director of Resources, temporarily suspending/revising operations with individual counterparties. The latest deposit counterparties list was approved by the Full Council on 22 February 2023.

Within the approved list of counterparties is scope to invest sums with other Local Authorities, up to a maximum of £8m, and not to exceed £6m per Local Authority. The Council has reinstated the Shared Investment Scheme (SIS) facility with Lancashire County Council to provide instant access to sums on deposit as an alternative to the 'Sweep' account. The SIS rate is linked to movement in the Bank Rate (unlike the Sweep account), and thus provides an improved return on sums deposited plus is instantly accessible to provide improved liquidity should this be necessary when compared to current notice account arrangements (31 day notice required).

The table below shows the maximum amount invested with any of the counterparties at any one time during the period April 2023 to 31 December 2023 against the maximum limits approved in the 2023/24 Treasury Management Strategy.

Counterparties	Maximum Limits £m	Highest level of Investment 2023/24 (£m)
HSBC*	50.0	13.0
Santander	4.0	4.0
Lloyds Bank Corporate Markets	4.0	4.0
Goldman Sachs	4.0	4.0
Lancashire CC SIS	6.0	6.0
Debt Mgmt Office (DMO)	Unlimited	9.0

\*Includes Sweep Account balance

12. **Property Funds**

The council made two investments totalling £2m in property funds in 2018/19 for the purpose of increasing and diversifying our risk in investment income receivable and to help alleviate future revenue budget pressures. Dividends are receivable in the month following quarter end and for the period April to September 2023 amounted to £39,530 earning an average yield of 3.9%, compared to £33,830 for the same period 2022/23.

13. **Borrowing**

The Council's capital financing requirement (CFR) for 2023/24 is £80.097m. The CFR denotes the Council's underlying need to borrow for capital purposes. Below is a summary of the Councils' external indebtedness, as at 1 April 2023, and as at 31 December 2023.

<b>Borrowing</b>	<b>1 Apr 23 £'000</b>	<b>31 Dec 23 £'000</b>	<b>Change Apr – Dec £'000</b>
Public Works Loan Board	59,510	59,012	(498)
Temporary Market Loans	13	13	-
<b>Total</b>	<b>59,523</b>	<b>59,025</b>	<b>(498)</b>

**PWLB Loans** – No maturity loan repayments were made during the period 1 April to 31 December 2023. Three scheduled annuity repayments were made during the period totalling £498k.

**Temporary Market Loans** – The Council entered into a temporary loan for cashflow purposes during the reporting period, as previously reported in the first quarter, as below:

<b>Loan</b>	<b>Loan Advanced £'000</b>	<b>Date From</b>	<b>Date To</b>	<b>Interest Rate</b>	<b>Total Interest Payable £'000</b>
London Borough of Havering	3,000	21/04/2023	05/05/2023	4.15%	4.78
<b>Total</b>	<b>3,000</b>				<b>4.78</b>

14. **Debt Rescheduling**

Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields recently linked to increases in the Bank Rate. No debt rescheduling has been undertaken to date in the current financial year. Only prudent and affordable debt rescheduling will be considered.

15. **Compliance with Treasury & Prudential Limits**

It is a statutory duty for the Council to determine and keep under review its affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy.

During the financial year to date the Council's treasury management activities operated within the treasury limits and Prudential Indicators set out in the Council's

Treasury Management Strategy in compliance with the Council's Treasury Management Practices.

An extract of the Prudential and Treasury Indicators are shown in Appendix 1.

16. **Interest Payable on External Borrowing / Interest Receivable**

Provision is made in the revenue budget to meet the net interest payable on external borrowing. The figure in the original budget for 2023/24 was set at £2,068,168 and remains unchanged, although delaying any decision to externalise borrowing will reduce the amount of interest payable in the year.

The total interest receivable for temporary deposits placed in the period 1 April to 31 December 2023 is £696k, excluding dividends due for the period. The budget for the year for interest and dividend receipts was approved at £575k. On current projections, owing to a rising bank rate environment during the reporting period, additional interest from temporary surplus monies on deposit, is forecast to exceed the budget by £220k.

The above will help support the Council's Revenue Account and ensure a balanced financial position.

**FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

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

**POLICY IMPLICATIONS**

18. Compliance with the revised CIPFA Code of Practice on Treasury Management and the Council's approved Treasury Management Strategy Statement (TMSS).

**DETAILS OF CONSULTATION**

19. None.

**BACKGROUND PAPERS**

20. None.

**FURTHER INFORMATION**

**PLEASE CONTACT:**

**Craig Finn – Principal Accountant**

## FORECAST PRUDENTIAL AND TREASURY INDICATORS 2023/24 - 2025/26

TABLE 1 - PRUDENTIAL INDICATORS	2021/22 Actual £' 000	2022/23 Actual £' 000	2023/24 Estimate £' 000	2023/24 Revised Estimate £' 000	2024/25 Revised Estimate £' 000	2025/26 Revised Estimate £' 000
Capital Expenditure	33,504	21,810	41,535	41,717	18,679	7,133
Ratio of financing costs to net revenue stream	12.9%	21.5%	21.5%	23.5%	21.4%	25.0%
Net borrowing requirement brought forward 1 April			88,107	86,374	90,748	92,224
Capital Financing Requirement as at 31 March	63,913	67,128	80,097	78,522	82,498	83,840
Liability Benchmark	61,146	64,067	78,214	75,967	80,512	80,859

TABLE 2 - TREASURY MANAGEMENT INDICATORS	2021/22 Actual £' 000	2022/23 Actual £' 000	2023/24 Estimate £' 000	2023/24 Revised Estimate £' 000	2024/25 Revised Estimate £' 000	2025/26 Estimate £' 000
Authorised Limit for external debt -			96,918	95,011	99,823	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>						
Operational Boundary for external debt -			88,107	86,374	90,748	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>						
Actual/Estimated external debt at year end	61,146	59,523				
Upper limit for fixed interest rate exposure expressed as :- Net interest re fixed rate borrowing / investments			100%	100%	100%	100%
Upper limit for variable rate exposure expressed as :- Net interest re variable rate borrowing / investments			25%	25%	25%	25%
Upper limit for total principal sums invested over 364 days	0	4,000	4,000	4,000	4,000	4,000

TABLE 3 - Maturity Structure of fixed rate borrowing during 2023/24		Current	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	6%	0%	20%
	12 months - within 24 months	4%	0%	20%
	24 months - within 5 years	5%	0%	25%
	5 years - within 10 years	5%	0%	30%
	10 years and above	80%	0%	90%

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**REPORT TO THE EXECUTIVE**



<b>DATE</b>	<b>15th February 2024</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
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**Medium-Term Financial Strategy – 2025/26 to 2028/29  
Incorporating the Reserves Strategy**

**PURPOSE**

1. To consider the longer term financial outlook within the context of a Medium-Term Financial Strategy covering the financial years 2025/26 to 2028/29, highlighting uncertainties, underlying risks and make recommendations to Council. The Medium-Term Financial Strategy should be read in conjunction with the Revenue Budget 2024/25 and the associated statutory report of the Chief Financial Officer.

**RECOMMENDATION**

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

**REASONS FOR RECOMMENDATION**

3. Professional accounting practice recommends that a medium term financial strategy is in place to ensure that resources are aligned to strategic intent and business objectives. It also provides a firm and robust basis on which to prepare the annual budget. Given the current financial climate, the need for consideration of the medium term financial position is paramount 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 the Executive.
5. Council will be aware that the 2024-28 MTFS was approved in February 2023. 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 2024/25 in December 2023, as well as incorporating a further year, namely 2028/29. The provisional financial settlement for 2024/25 was a one year settlement only with no indicative guide for settlements in future years.
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 2025/26, 2026/27, 2027/28 and 2028/29, is a cumulative budget gap of £3.4m (21% of the 2023/24 net budget of £16.267m).
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 (FM) 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 initial review of the FM Code was originally presented to Audit & Standards Committee at their meeting 17 March 2022 with an annual review taking place since then. The latest annual review of the Council's 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, Director of Resources</b>
<b>ALSO:</b>	<b>Amy Johnson – Finance Manager</b>

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# MEDIUM-TERM FINANCIAL STRATEGY

## 2025/29



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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 2023/24 on future years;
  - Gap analysis for 2025/26, 2026/27, 2027/28 and 2028/29 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 2024/25, the Statutory Report of the Chief Financial 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 2024/25 as they affect 2025/26, 2026/27, 2027/28 and 2028/29:
  - The level of Council Tax increase (excluding any adult social care precept) beyond which a referendum is required is to increase to 3% for 2024/25 (3% in 2023/24).
  - The calculation of Core Spending Power.
  - Continuation of New Homes Bonus for a further year. 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, 2022/23 and 2023/24 and continues to do so for 2024/25. It is possible the scheme won't exist in its current form from 2025/26, as it is being reviewed as part of the Spending and Fair Funding Review, but in reality this will probably be pushed back to 2026/27 or later.
  - 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 2023/24 Policy Statement. Further delays are expected due to the forthcoming general election.
  - Confirmation of the Lancashire Pool continuing under the 50% business rates pooling arrangements, as per 2020/21 onwards.
7. The final local government finance settlement is expected to be announced in February 2024.

## **CORE SPENDING POWER**

8. In previous years, the Government stated that Core Spending Power (CSP) 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 was awarded to provide a funding floor for all local authorities, so that no local authority saw an increase in CSP that was lower than 3%. The provisional settlement announced that the Funding Guarantee remained for 2024/25 to again ensure that no local authority saw an increase in CSP lower than 3%. This was uplifted to a minimum 4% increase following an announcement by DLUHC on 24/01/2024. The calculation of CSP 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.

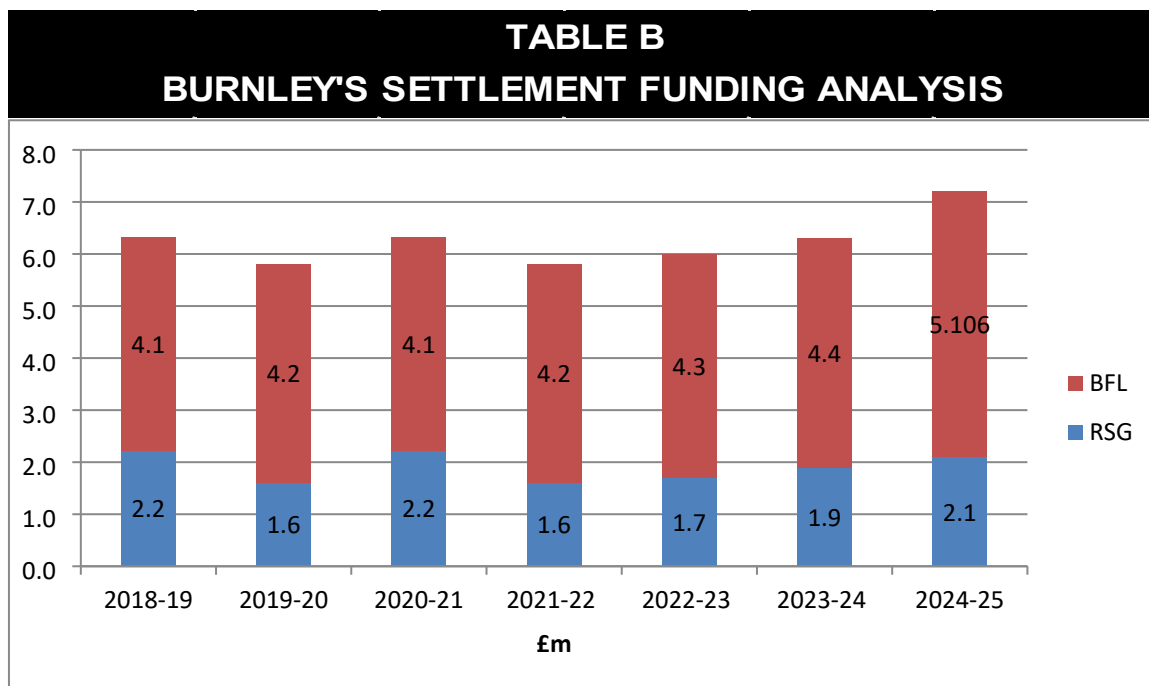


This means that the headline percentage reduction quoted by the government also takes into account income from sources other than core general government revenue grant and is not representative of only direct government funding.

9. The methodology of the CSP calculation for 2024/25 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 and 2024/25 as the Funding guarantee Grant to ensure that no authority had a reduction in core spending power. Burnley's core spending power will increase by 5.3% in 2024/25 (compared to a 4.5% increase in 2023/24).
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 2024/25 is a 'roll forward' year with inflationary adjustments and the continuation of the New Homes Bonus scheme, Burnley's Core Spending Power is forecast to increase by 5.3%. However, this is in comparison to an England average of a 6.5% 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)
2024/25	(5.3)	(6.6)

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



12. Whilst this would be a concern nationally, the reduction will impact Burnley greater as it is more heavily dependent on government funding than other Councils which have greater buoyancy in their Council Tax and Business Rates base. This can be shown in Table C below:

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

Year	Burnley (%)	England Average (%)
2018/19	16	3
2019/20	12	2
2020/21	11	3
2021/22	11	4
2022/23	11	3
2023/24	11	3
2024/25	12	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 2023/24 and will continue for 2024/25.
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 £2.6m is included within the 2024/25 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, which took effect from 1<sup>st</sup> April 2023.
22. In the 2023/24 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, 2022/23 and 2023/24 and will continue for 2024/25. 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 was 2022/23.
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 2024/25 has remained at 0.4%. This means that for 2024/25'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) increased 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 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 was ceased in 2023/24.
32. However, there is also a need to manage the inherent risks that Burnley face in the pension fund.
33. Investment returns can be volatile and any reduction in performance of the fund over the period 2023/24 – 2025/26 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. The monies set aside in the reserve (as mentioned in para 31) will be used to help offset any potential adverse results of the 2025 revaluation.
34. 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.
35. This makes the Council vulnerable to relatively minor changes as it has a limited contribution base compared to its assets.
36. 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%

37. 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.
38. As the Council’s pension fund is now in a surplus, receipts of this surplus are received annually from the pension fund (rather than as previously, where annual payments of the deficit were made to the pension fund).
39. 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**

40. 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 was increased to 3% for 2023/24 and 2024/25.
41. 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.

42. The financial impact each year of not increasing Council Tax at all is an additional pressure of around £233k, assuming a 2.99% rise is foregone.

### **COST OF LIVING CRISIS**

43. The impact of the cost of living crisis on the 2024/25 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 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, 2022/23 and 2023/24 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 £616k available at the end of 2023/24 for use in 2024/25 and future years.

### **AN IMPACT ASSESSMENT OF THE REVENUE BUDGET 2024/25 ON FUTURE YEARS**

44. The Medium-Term Financial Strategy for 2025-29 is dependent on the delivery of a number of assumptions within the annual budget for 2024/25. This strategy assumes that:
- the Council will approve an annual budget that delivers savings totalling £0.583m without having to use reserves to support the delivery of the 2024/25 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.
45. 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 2024.

**POTENTIAL GAP FOR 2025/26, 2026/27, 2027/28 and 2028/29**

46. The overall funding gap for 2025/29, using planning assumptions, is summarised below:

	Reduction from 2024/25 Provisional Settlement (average 2% increase of Core Spending Power for 2025/26, reducing to a 0% increase in Core Spending Power for 2026/29)	
	(£m)	%
Anticipated funding changes	(0.5)	
Pay and Prices/other	1.2	
<b>Potential Gap 2025/26</b>	<b>0.7</b>	<b>3.7</b>
Anticipated funding changes	(0.3)	
Pay and Prices/other	1.1	
<b>Potential Gap 2026/27</b>	<b>0.8</b>	<b>4.2</b>
Anticipated funding changes	(0.3)	
Pay and Prices/other	1.2	
<b>Potential Gap 2027/28</b>	<b>0.9</b>	<b>4.7</b>
Anticipated funding changes	(0.3)	
Pay and Prices/other	1.3	
<b>Potential Gap 2028/29</b>	<b>1.0</b>	<b>5.3</b>
<b>Cumulative Potential Gap 2025/29</b>	<b>3.4</b>	<b>17.9</b>

47. Underlying assumptions included within the forecast are:

- Anticipated funding changes include government support, fees & charges and Council Tax income;
- Council Tax will increase by 1.99% for 2025/26 (2.99% 2024/25);
- 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% 2024/25), 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.
48. The above scenario assumes that core power will increase by 2% in 2025/26, falling to a 0% induction for 2026/27 onwards (with Core Spending Power defined as RSG/Transitional Support, Business Rates, Council Tax and New Homes Bonus).
49. 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 a Core Spending Power increase of 2% and a decrease of -2%:

	<b>Reduction from 2024/25 Provisional Settlement (average 2% increase in Core Spending Power)</b>	
	<b>(£m)</b>	<b>%</b>
Anticipated funding changes	(0.5)	
Pay and Prices/other	1.2	
<b>Potential Gap 2025/26</b>	<b>0.7</b>	<b>3.7</b>
Anticipated funding changes	(0.5)	
Pay and Prices/other	1.1	
<b>Potential Gap 2026/27</b>	<b>0.6</b>	<b>3.2</b>
Anticipated funding changes	(0.5)	
Pay and Prices/other	1.2	
<b>Potential Gap 2027/28</b>	<b>0.7</b>	<b>3.7</b>
Anticipated funding changes	(0.5)	
Pay and Prices/other	1.3	
<b>Potential Gap 2028/29</b>	<b>0.8</b>	<b>4.2</b>
<b>Cumulative Potential Gap 2025/29</b>	<b>2.8</b>	<b>14.8</b>

	Reduction from 2024/25 Provisional Settlement (average 2% decrease of Core Spending Power)	
	(£m)	%
Anticipated funding changes	(0.1)	
Pay and Prices/other	1.2	
<b>Potential Gap 2025/26</b>	<b>1.1</b>	<b>5.8</b>
Anticipated funding changes	(0.1)	
Pay and Prices/other	1.1	
<b>Potential Gap 2026/27</b>	<b>1.0</b>	<b>5.3</b>
Anticipated funding changes	(0.1)	
Pay and Prices/other	1.2	
<b>Potential Gap 2027/28</b>	<b>1.1</b>	<b>5.8</b>
Anticipated funding changes	(0.1)	
Pay and Prices/other	1.3	
<b>Potential Gap 2028/29</b>	<b>1.2</b>	<b>6.3</b>
<b>Cumulative Potential Gap 2024/28</b>	<b>4.4</b>	<b>23.2</b>

50. 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 2025/26 reducing to 0% increase of Core Spending Power 2026/29 (£m)</b>	<b>2% increase of Core Spending Power (£m)</b>	<b>2% reduction of Core Spending Power (£m)</b>
<b>Potential Gap 2025/26</b>	<b>0.7</b>	<b>0.7</b>	<b>1.1</b>
<b>Potential Gap 2026/27</b>	<b>0.8</b>	<b>0.6</b>	<b>1.0</b>
<b>Potential Gap 2027/28</b>	<b>0.9</b>	<b>0.7</b>	<b>1.1</b>
<b>Potential Gap 2028/29</b>	<b>1.0</b>	<b>0.8</b>	<b>1.2</b>
<b>Cumulative Potential Gap 2025/29</b>	<b>3.4</b>	<b>2.8</b>	<b>4.4</b>

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

51. 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.
52. 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.
53. 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.
54. 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.

55. 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.
56. 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.
57. 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.
58. 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 2023/24 will be around £0.4m (£1m 2022/23).

## **RISKS**

59. 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**

60. 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
<b>Balance as at 01/04/23</b>	5,671		1,379		2,994		10,044
<b>In year adjustments</b>	1,500				(1,500)		0
<b>Approved use to Q3 2023/24</b>	(2,366)		0		22		(2,344)
<b>Balance available after approvals as at Q3</b>	4,805	0	1,379	0	1,516	0	7,700
<b>Future commitments and risk</b>	(2,300)		0		1,075		(1,225)
<b>Balance remaining as at 31/03/29</b>	<b>2,505</b>		<b>1,379</b>		<b>2,591</b>		<b>6,475</b>

61. The reserves position does not include any requirement to support the budget gap on an on-going basis.
62. 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.
63. 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.
64. 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 2025/26 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.
65. 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.



66. 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.
67. 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**

68. The Council operates delegated financial management. Following approval of the annual budget, budgets are delegated to service units where each Director/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 Director/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.
69. 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.
70. 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.
71. The Council will operate a Commercial Strategy which will be reviewed periodically.
72. 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.
73. 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 Director of Resources) 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.	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 Pioneer Place.	Pioneer Place Major Refurbishment
To manage fluctuations in income against expenditure demands.	Pioneer Place Smoothing
To mitigate the impact of the collection fund deficit.	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 Director of Resources. 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 Director of Resources (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 Director of Resources (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 Director of Economy & Development Control	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	
<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 Director of Economy & Development Control	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 Director of Economy & Development Control	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 Director of Resources (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 Director of Resources (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 Director of Economy & Development Control	Monitored as part of budget monitoring process
<b>Cost of Living Reserve</b>	Anticipated reductions in income collection and additional expenditure demands.	To manage the impact of the cost of living crisis on income collection and additional expenditure pressures.	The reserve is financed from Government support received.	Managed by the Director of Resources (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 Director of Economy & Development Control	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 Director of Economy & Development Control	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 Director of Resources (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 Director of Resources (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 Director of Resources (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 Director of Resources (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 Director of Resources (Chief Financial Officer)	Monitored as part of budget monitoring process
<b>Collection Fund Deficit Reserve</b>	As per the annual collection fund deficit	To fund the annual collection fund deficit.	Used to support the annual collection fund deficit within the Council's net revenue budget.	Managed by the Director of Resources (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
<b>Towneley Park Events</b>	Anticipated spending requirements	To manage expenditure in respect of events at Townley Park.	The reserve is financed from revenue contributions and external funding received.	Managed by the Head of Greenspaces and Amenities	Monitored as part of budget monitoring process
<b>Energy Volatility</b>	Anticipated spending requirements	To manage expenditure in relation to energy price fluctuations.	The reserve is financed by revenue contributions and grants received.	Managed by the Director of Resources (Chief Financial Officer)	Monitored as part of budget monitoring process
<b>RSAP Sinking Fund</b>	Anticipated spending requirements	To manage expenditure in respect of the Rough Sleeping Accommodation Programme.	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
<b>Dispersal Grants</b>	Anticipated spending requirements	To manage expenditure in respect of the Dispersal Grant Fund	The reserve is financed from Government support received.	Managed by the Head of Policy and Engagement	Monitored as part of budget monitoring process

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Ref.	Description	Detail	CFO Assessment and Actions Required
<b>Responsibilities of the Chief Financial 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>

B	The authority complies with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government	<p>The Chief Financial 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 Director of Resources is the Council's Section 151 and Chief Financial Officer.</p> <p>The Director of Resources is a key member of the Management Team.</p> <p>All Executive reports are reviewed and agreed by Management Team.</p> <p>The Director of Resources oversees a team of suitably qualified personnel within the Finance, Internal Audit and Property sections.</p> <p>The Director of Resources 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	CIPFA identifies a hierarchy of three financial management styles: <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, Sandygate 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, capital and Treasury) and the annual outturn reports (revenue, capital and Treasury) 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, capital and treasury) 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 5 in year treasury management reports (strategy, Q1-3 reports 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 financial 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 Financial 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 Financial officer is the Director of Resources (Section 151 Officer).</p> <p>The Council's annual Statement of Accounts includes a signed statement by the Director of Resources 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 Financial 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>12 February 2024</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Craig Finn</b>
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## 2024/25 Treasury Management Strategy and 2024/25 – 2026/27 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 2024/25.
  - c) To set out prudential indicators for the financial years 2024/27 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 2024/25 in accordance with Government regulations.

### RECOMMENDATION

2. That the Executive recommend to Full Council approval of:
  - a) The Treasury Management Strategy Statement for 2024/25 as set out in Appendix 1
  - b) The prudential and treasury indicators for 2024/25 to 2026/2027 per Appendix 2 including the authorised limit for external debt of £100.199m in 2024/25.
  - c) The list of Counterparties for Deposits outlined within Appendix 3.
  - d) The Council's MRP Statement for 2024/25 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 2024/25 in Appendix 1 as well as the Prudential and Treasury Indicators for 2024/25 to 2026/27 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 Director of Resources, 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 2024-25, 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 underlying borrowing need to finance its capital plans over the life of the Capital Investment Programme (CIP) 24/25-26/27. This is largely due to the anticipated spend profile of 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 2024/25 will be £91.090m for the operational boundary and £100.199m for the authorised limit (2023/24 = £96.918m).

### **POLICY IMPLICATIONS**

7. Compliance with the revised CIPFA Code of Practice on Treasury Management.
8. At the time of this report the Department for Levelling Up, Housing and Communities (DHLUC) are out to consultation on proposed changes in respect of statutory guidance and regulations relating to the Minimum Revenue Provision (MRP). The consultation closes on 16 February, results are due on 29 February and feedback expected on 15 March 2024. Amended Regulations and revised Guidance will apply from April 2024 to both existing and new borrowing and credit arrangements. Any implications for this Council will be reported to Full Council in accordance with the Scheme of Delegation.

**DETAILS OF CONSULTATION**

9. None

**BACKGROUND PAPERS**

10. None

**FURTHER INFORMATION**

**PLEASE CONTACT:**

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

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## Treasury Management Strategy for 2024/25

The strategy for 2024/25 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 2024/25 – 2026/27 (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>2022/23 Actual £000</b>	<b>2023/24 Revised Estimate £000</b>	<b>2024/25 Estimate £000</b>	<b>2025/26 Estimate £000</b>	<b>2026/27 Estimate £000</b>
Programmed Spend	21,810	41,717	16,290	10,128	4,157
<b>Financed by:</b>					
Capital receipts	2,002	3,143	1,944	1,562	1,634
3rd Party Contributions	184	4,873	913	610	60
Capital grants	13,128	17,218	6,969	5,954	2,230
Revenue	1,513	3,329	282	198	161
<b>Net borrowing need for the year</b>	<b>4,983</b>	<b>13,154</b>	<b>6,182</b>	<b>1,804</b>	<b>72</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>2022/23 Actual £000</b>	<b>2023/24 Revised Estimate £000</b>	<b>2024/25 Estimate £000</b>	<b>2025/26 Estimate £000</b>	<b>2026/27 Estimate £000</b>
<b>Capital Financing Requirement</b>					
Total CFR at 31 <sup>st</sup> March	67,129	78,473	82,809	82,592	80,626
<b>Net financing need for the year</b>	<b>3,215</b>	<b>11,344</b>	<b>4,336</b>	<b>(217)</b>	<b>(1,966)</b>

<b>£m</b>	<b>2022/23 Actual £000</b>	<b>2023/24 Revised Estimate £000</b>	<b>2024/25 Estimate £000</b>	<b>2025/26 Estimate £000</b>	<b>2026/27 Estimate £000</b>
<b>Movement in CFR represented by</b>					
Net borrowing need for the year (Table 1 above)	4,983	13,154	6,182	1,804	72
Less MRP and other financing movements	(1,768)	(1,810)	(1,846)	(2,021)	(2,038)
<b>Movement in CFR in Year</b>	<b>3,215</b>	<b>11,344</b>	<b>4,336</b>	<b>(217)</b>	<b>(1,966)</b>

### Liability Benchmark

A new prudential indicator from 2023/24 was 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.

## Appendix 1

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>2022/23 Actual £000</b>	<b>2023/24 Revised Estimate £000</b>	<b>2024/25 Estimate £000</b>	<b>2025/26 Estimate £000</b>	<b>2026/27 Estimate £000</b>
Existing Loan Debt Outstanding	59,523	56,116	53,520	52,904	52,312
Loans CFR	67,129	78,473	82,809	82,592	80,626
Net Loans Required	31,689	43,589	48,493	48,857	47,484
Liability Benchmark	64,689	76,589	81,493	81,857	80,484
<b>(Over)/Under Liability Benchmark</b>	<b>5,166</b>	<b>20,473</b>	<b>27,973</b>	<b>28,953</b>	<b>28,172</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 2024/25 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 2024 of £56m is less than the CFR which ranges from £67m to £83m 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 2024/25 to 2026/27**

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 2024/25 – 2026/27.

**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 2024/25 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 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

Our central forecast for interest rates was previously updated on 7 November and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least the second half of 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and when there is a likelihood of the overall economy enduring at least a slowdown or mild recession over the coming months (although most recent GDP releases have surprised with their on-going robustness).

Naturally, timing on this matter will remain 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.

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 also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

### PWLB RATES

- The short and medium part of the gilt curve has rallied since the start of November as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone. At the time of writing there is c70 basis points difference between the 5 and 50 year parts of the curve.

### The Borrowing Strategy

The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary 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 remains elevated through to the second half of 2024.

Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Director of Resources 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 £100.199m next year. This is limited to 10% above the operational boundary of £91.090m, 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.

Where possible, externalised borrowing will be limited where deemed prudent to do so, maximising alternative capital financing sources.

### **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 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 below that achieved with other counterparties of high credit quality.

In 2023/24 the Council reinstated the 'Shared Investment Scheme (SIS)' with Lancashire County Council as an alternative option to the automated transfer to the HSBC 'sweep' account. The SIS is an instant access arrangement that tracks movement in the Bank Rate and has proven to offer higher rates than those of HSBC.

### 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 22 February 2023 and there are no proposed changes for 2024/25. 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
- 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

## Appendix 1

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. Nonetheless, when setting minimum sovereign debt ratings, this Authority 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 having peaked in the second half of 2023 and possibly reducing as early as the second half of 2024 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 Director of Resources, 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 2024/25 - 2026/27

TABLE 1 - PRUDENTIAL INDICATORS	2022/23 Actual £' 000	2023/24 Revised Estimate £' 000	2024/25 Estimate £' 000	2025/26 Estimate £' 000	2026/27 Estimate £' 000
<b>Capital Expenditure</b>	21,810	41,717	16,290	10,128	4,157
<b>Ratio of financing costs to net revenue stream</b>	21.5%	22.0%	19.9%	22.8%	25.2%
<b>Net borrowing requirement</b> brought forward 1 April			91,090	90,851	88,689
<b>Capital Financing Requirement as at 31 March</b>	67,129	78,473	82,809	82,592	80,626
<b>Liability Benchmark</b>	64,689	76,589	81,493	81,857	80,484

TABLE 2 - TREASURY MANAGEMENT INDICATORS	2022/23 Actual £' 000	2023/24 Revised Estimate £' 000	2024/25 Estimate £' 000	2025/26 Estimate £' 000	2026/27 Estimate £' 000
<b>Authorised Limit for external debt -</b>			100,199	99,936	97,558
<i>For 2024/25, 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>			86,320	91,090	90,851
<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	82,116		
<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 2024/25		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 2024/25

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 2024/25

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 2024/25 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):*

The third quarter of 2023/24 saw:

- A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
- A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS "experimental" rate of unemployment has remained low at 4.2%;
- CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
- Core CPI inflation decreasing from April and May's 31 years' high of 7.1% to 5.1% in November, the lowest rate since January 2022;
- The Bank of England holding Bank Rate at 5.25% in November and December;
- A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.

The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.

However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.

The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.

Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with the Halifax house price index recently pointing to a 1.7% year on year increase whilst Nationwide's December data pointed to a -1.8% year on year decrease. However, the full weakness

in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.

Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.

The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.

The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.

CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.

The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time". In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.

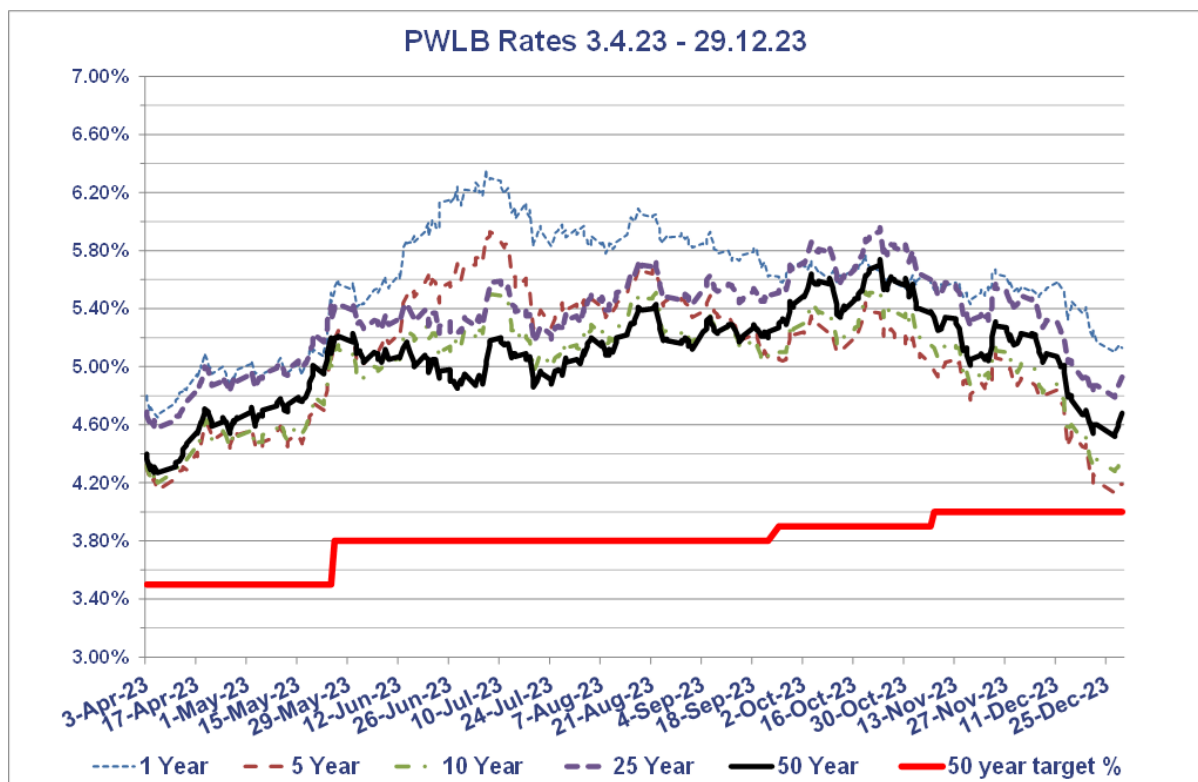
Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before starting to decline more decisively again in February. That explains why we think the Bank of England won't feel comfortable cutting interest rates until H2 2024.

The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% in early January, with further declines likely if the falling inflation story is maintained.

Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from \$1.21 in November to \$1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.

The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February 2023. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

In the chart below, the rise in gilt yields across the curve in the first half of 2023/24, and therein PWLB rates, is clear to see, prior to the end of year rally based on a mix of supportive domestic and international factors.



**HIGH/LOW/AVERAGE PWLB RATES FOR 3.4.23 – 29.12.23**

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.65%	4.13%	4.20%	4.58%	4.27%
<b>Date</b>	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
<b>High</b>	6.36%	5.93%	5.53%	5.96%	5.74%
<b>Date</b>	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
<b>Average</b>	5.60%	5.09%	5.03%	5.35%	5.08%
<b>Spread</b>	1.71%	1.80%	1.33%	1.38%	1.47%

**MPC meetings 2<sup>nd</sup> November and 14<sup>th</sup> December 2023**

- On 2<sup>nd</sup> November, the Bank of England's Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14<sup>th</sup> December reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about "sticky" inflation remained in place.
- Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.
- In addition, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has kept short-term rates in the range of 5.25%-5.50%, whilst the ECB has moved its Deposit rate to a probable peak of 4%. Markets currently expect both central banks to start cutting rates in 2024.



## TREASURY MANAGEMENT SCHEME OF DELEGATION

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

### (i) Full Council

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

### (ii) Executive Committee

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

### (iii) Scrutiny Committee

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

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## **THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER**

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

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

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## REPORT TO THE EXECUTIVE



<b>DATE</b>	<b>15th February 2024</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Amy Johnson</b>
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## Revenue Budget 2024/25

### PURPOSE

1. To consider the estimates of revenue income and expenditure for 2024/25 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 2024/25;
- ii) Approve the proposals contained in this report;
- iii) Set a Council Tax Requirement of £8,054,980 for the financial year 2024/25;
- iv) Set a Net Budget Requirement of £18,986,918 for 2024/25;
- v) Receive and consider the statutory report issued by the Director of Resources under the Local Government Act, 2003;
- vi) Authorise the Chief Operating Officer/Directors/Heads of Service to progress action plans to deliver the 2024/25 budget;
- vii) Approve a Council Tax (Band D) figure of £337.82 for this Council for the year commencing 1<sup>st</sup> April 2024 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 2024/25 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 2024/25. 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 2024/25
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 24<sup>th</sup> January 2024.
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 2024/25

12. The proposed net revenue budget for 2024/25 is as set out in the table below:

<b>SUMMARY OF THE REVENUE BUDGET POSITION 2024/25</b>		
Net Revenue Budget - original 2023/24 (excluding parish precepts)		16,267
2023/24 salary adjustments		37
Growth approved at previous Council Meetings		157
Savings approved at previous Council Meetings		(252)
Proposed Growth - Appendix 2		399
Additional Savings Identified - Appendix 3		(317)
Contractual inflation		815
Salary inflation		567
Additional Fees & Charges income generation		(104)
Movements in Earmarked Reserves		1,007
MRP		220
Various minor service adjustments		3
Parish Precepts		188
<b>Net Budget Requirement</b>		<b>18,987</b>
<u>Government Settlement Funding Assessment</u>		
Revenue Support Grant	2,175	
Business Rates Baseline	4,614	6,789
New Homes Bonus		134
Council Tax Yield		8,055
Collection Fund Deficit - Council Tax		(274)
Collection Fund Deficit - NNDR		(1,075)
Council Tax - Parish Precepts		188
<u>Business Rates in addition to Baseline Funding</u>		
S31 grants for business rate reliefs	2,627	
Business rate growth above baseline	505	
Business Rates Multiplier Inflation Cap	897	
Renewable Energy	307	4,336
Services Grant		27
Funding Guarantee		807
Local Council Tax Support		0
		<b>18,987</b>

### 13. **LOCAL GOVERNMENT PROVISIONAL SETTLEMENT**

The local government provisional settlement was announced in December 2023 and is likely to be confirmed early February 2024. Any settlement figures included within this report are based upon the provisional settlement figures, with the exception of the Minimum Funding Guarantee. This is following an announcement by DLUHC on 24<sup>th</sup> January 2024 which said that all authorities will now receive a minimum 4% increase in Core Spending Power. A minimum 3% increase was announced in the provisional settlement. It is estimated that this will result in additional grant funding of £157k which has been included in the table above.

#### 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 5.3% in 2024/25 (4.5% increase in 2023/24). This compares to an England average increase of 6.6%.

#### 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 2023/24 and will continue to be a member in 2024/25.

#### 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 2024/25.

16. As announced in the 2020/21 finance settlement, the New Homes Bonus allocation for 2020/21 changed to a period of one year only, rather than the previous four years. This revised policy has remained unchanged for each financial year since from 2021/22 onwards, with each allocation being for just a one year period. The Council has been allocated £134k for 2024/25.

### **BUDGET SAVINGS IDENTIFIED**

17. Following the announcement of the provisional local government finance settlement for 2024/25 further budget savings have, as is usual, been identified. The additional savings required is £317k which has been met by additional investment interest income (£150k), Fulfilled Recreation Ground car parking income (£20k) and reduction in utility budgets due to falling prices (£147k). Further details can be seen in Appendix 3.

It is expected the final finance settlement for 2024/25 will be announced by Government in early February 2024.



## 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, fifteen items of revenue budget growth are included within the proposals for 2024/25. The growth items are shown in Appendix 2 for information and have been included within the revenue budget for 2024/25. Details of each growth item can be seen below:
  - Love Clean Streets – the Council implemented the 'Love Clean Streets' App in 2023/24 which enables residents to report street cleansing, fly-tipping, graffiti and other issues in their neighbourhood, local park or green space in a faster way than using the 'Love Burnley Website'. The annual subscription cost for the App is £13k.
  - Software Budgets – The Council uses Civica Financials for its General Ledger, Creditor and Debtor systems on a one year rolling contract basis. Civica are keen for the Council to sign up to a fixed term contract (5 years) however the Council is assessing a change of financial system within this period due to ongoing issues with the existing system. As a result, Civica imposed a price increase of 7.5% in 2023/24 (on top of the annual 12.5% inflationary contractual increase) due to the Council being on a rolling contract. Additional growth of £9k is required to cover the additional contract costs. (For 2024/25, no further premiums have been incurred).
  - Cremator Relining – the Council has two cremators which require a full reline every five years together with a hearth replacement. At present a £19k contribution is made each year into the Cremator Relining reserve to fund to these replacement costs. Due to price increases this amount is no longer sufficient. An additional £15k is required each year to ensure that the costs of a full reline/hearth replacement can be met.
  - Elections – An additional £5k is requested to ensure that staff working on the Council's elections will be paid the National Living Wage rather than the National Minimum Wage.
  - 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 £64k is required to meet this pressure. This follows the recommendations of the Redmond Review that looked at the effectiveness of external audit and the transparency of financial reporting in local authorities. The Redmond Review concluded that more resource was required within the sector and will help to address the large backlog in external audits within the public sector.
  - Good Youth Employer Status – the Council was awarded the Good Youth Employer status in April 2023 and we have worked with other local businesses to encourage sign up. A charge of £1k per annum has been introduced (with effect from 01/01/2024) which is payable if we wish to use the badge and declare ourselves a Good Youth Employer.
  - Rowley Lake – an annual engineer inspection of the dam at Rowley Lake is required. Due to increases in costs an additional £1k is requested to cover the annual inspection fees.
  - Rechargeable Tree Works – the Council has historically carried out tree works on behalf of LCC for which the costs were rechargeable. LCC now have their own team who are able to carry out these works and as a consequence this has resulted in a £9k reduction in rechargeable income.

- Ash Trees Dieback – an annual budget of £10k is requested for the three financial years 2024/25 – 2026/27 to help manage ash tree dieback which is a serious disease of ash trees, caused by a fungus. This will be funded from the Revenue Support Reserve.
- Green Spaces Equipment & Materials – due to increasing inflationary costs an additional £10k is requested for the purchase of equipment and materials within Greenspaces. This will enable the team to continue providing existing services.
- Sewer Baiting – an additional £7k is requested to help fund additional sewer baiting works within the borough. This will help to deal with the increasing number of rat related instances within the borough.
- Fennyfold 3G Pitch and Parking – a feasibility study is to be commissioned with regards building a 3G pitch at Fennyfold Playing Fields. An additional £30k is requested as one-off growth in the 2024/25 revenue budget, which will be funded from the Revenue Support Reserve, to meet the costs associated with the study.
- Private Sector Housing Enforcement Officer – a one year pilot scheme is to be introduced to employ a Private Sector Housing Enforcement Officer who will manage referrals from the Primary Care Network in respect of respiratory illnesses caused by substandard private sector housing, in particular involving damp and mould. A budget of £46k is requested which will be funded by the Revenue Support Reserve.
- Anti Social Behaviour Enforcement Officer – a one year pilot scheme is to be introduced to employ an ASB Enforcement Officer who will contribute and assist with the planned multi-agency co-ordination and delivery of a 12 month programme of targeted ward activities to identify and deliver on ward priorities and to increase visibility of the work of agencies and the engagement of community groups on ASB, CSP and environmental priorities. The post will increase capacity within the ASB Team and will be responsible for improving community engagement on how we publish and communicate ASB outcomes with our residents and stakeholders to increase confidence on reporting ASB issues. A budget of £39k is requested which will be funded from the Revenue Support Reserve.
- Burnley Together – a budget of £279k over a 3 year period for the payment of a grant to Calico Housing to help fund Down Town, with £140k being payable within the first year (2024/25). The grant will contribute towards the funding of the current Burnley Together customer facing staff, Down Town utilities and other building services, and a new post of Case Management Officer. The grant will be funded from the Cost of Living Reserve.

## **COUNCIL TAX**

20. The proposals in this paper assume that the Council's Band D council tax will increase by 2.99% from the 2023/24 level of £328.01 to £337.82. This level of charge will yield an estimated total income of £8,054,980.
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 2024/25, 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 2024/25 is 3%, or more than 3%, greater than its relevant basic amount of council tax for 2023/24. When setting the budget for 2023/24 the referendum limit was also 3%, an increase from the 2% referendum limit in 2022/23. As part of the provisional financial

settlement in December 2023, 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 £233k, 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 £1,165k. The increase is required to protect the services provided by the Council, to fund economic and community recovery initiatives required as a result of the cost-of-living crisis in addition to 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 2024/25 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 have resulted in an increase to the baseline funding level of £190k to £4.614m. It is also expected that the Council will receive grants in relation to business rates relief – totalling £2.626m, 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 2024/25 and future years.
25. For 2024/25 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 tariffs 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 £299k of which this Council's share is £44k. This is 14.7% as a proportion of the overall total. However due to a prior year deficit, the total charge for 2024/25 is £274k 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 four 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, and
- iv) Timing differences for receipt of S31 funding provided for Government reliefs.

This year's calculation has produced an overall deficit figure of £1.968m of which this Council's share is £0.787m. However, due to a prior year deficit the total deficit charge for 2023/24 is £1.075m which will be met from the Collection Fund Deficit Reserve.

### **BUSINESS RATES UNDER-INDEXING MULTIPLIER GRANT**

28. Central government has frozen the small business rate multiplier for four consecutive years. To compensate local authorities for this freeze, the under-indexing multiplier grant has been increased, in order that local authorities do not lose what would have been the additional business rates raised due to the increase in business rate multiplier. The cumulative compensation grant awarded to Burnley is £897k.

### **SERVICES GRANT**

29. The government introduced a Services Grant Fund of £822m nationally in 2022/23 to support all services delivered by Councils. For 2023/24 this grant fund was reduced to £484m due to the cancellation of the increase in National Insurance Contributions and to move funding to the Supporting Families programme. The grant funding available has been further reduced to £77m for 2024/25. The grant continues to be allocated using shares of lower tier funding within the 2013/14 Settlement Funding Assessment levels. Burnley is to receive a reduced grant of £27k for 2024/25.

### **FUNDING GUARANTEE GRANT**

30. The Funding Guarantee Grant was introduced for 2023/24 in replacement of the Lower Tier Services Grant with a grant fund of £136m which was intended to provide a funding floor for all local authorities. This ensured that no local authority would see an increase in Core Spending Power lower than 3% (less assumptions the Government made around increases in council taxbase increases). The provisional Settlement announced in December 2023 also adhered to the principle of a minimum 3% increase in the Council's Core Spending Power. A notification was received from DLUHC on the 24<sup>th</sup> January 2024 that the final settlement (expected to be announced early February 2024) would ensure that the minimum increase in funding would be 4%. This will mean that Burnley's allocation would be increased by an estimated further £157k and result in an overall award of £807k in 2024/25. Confirmation of this amount is yet to be received.

## **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. As announced in the 2023/24 settlement this grant now forms part of the Council's provisional settlement, rather than be awarded as a revenue grant to be included within the cost of services. For 2024/25 this grant has again been rolled into the Revenue Support Grant and all future transparency of this funding will be lost.

## **COUNCIL TAX SUPPORT SCHEME**

32. For 2023/24 the Council approved a temporary amendment to the Council Tax Support Scheme, by increasing the level of subsidy for claimants of working age to a maximum of 100% for 2023/24, reverting back to 85% for 2024/25 onwards. This was to help alleviate some of the financial hardship caused by the cost-of-living crisis for eligible working age claimants. For 2024/25, the Council approved the commencement of a public consultation exercise to gain public opinion on extending a transitional period of temporary increase in the level of subsidy provided to working age claimants, from a maximum of 85% to a maximum of 95% for the 2024/25 financial year and 90% for the 2025/26 financial year. It is proposed that the level of subsidy returns to a maximum of 85% from 2026/27. This is intended to provide a transitional period in returning subsidy provided to previous approved levels. 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 continue to be undertaken in 2024/25 in this area.
34. During the budget process, it has been assumed that income budgets would increase in 2024/25 reflecting a corresponding increase, where practicable, in fees and charges levied. Heads of Service and Directors were therefore asked to review their fees and charges in the context of an assumed minimum overall increase of 3% in income generated, except in areas where it was considered that no increase should take place. This is in line with the assumptions as part of the MTFs update approved at September's Full Council meeting. The increase will take effect from 1<sup>st</sup> April 2024. The tariff of fees and charges was approved by Full Council on 24<sup>th</sup> January 2024. The estimated additional increase in income in 2024/25 as a consequence of the approved increases is £104k.

## **COST OF LIVING CRISIS**

35. The impact of the cost-of-living crisis on the 2024/25 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, 2022/23 and 2032/24 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 £609k available at the end of 2023/24 for use in 2024/25 and future years. Of this amount, it is proposed to earmark £279k to provide funding for Burnley Together and the Down Town scheme over the next three years and £120k to support the transitional increase in subsidy for the Council Tax Support Scheme for the next two years.

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

36. 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.
37. The table below shows the anticipated use of strategic reserves for 2024/25 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 01/04/23</b>	5,671		1,379		2,994		10,044
<b>In year adjustments</b>	1,500				(1,500)		0
<b>Approved use to Q3 2023/24</b>	(2,366)		0		22		(2,344)
<b>Balance available after approvals as at Q3</b>	4,805	0	1,379	0	1,516	0	7,700
<b>Future commitments and risk</b>	(2,300)		0		1,075		(1,225)
<b>Balance remaining as at 31/03/29</b>	<b>2,505</b>		<b>1,379</b>		<b>2,591</b>		<b>6,475</b>

38. 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**

39. 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.
40. During 2021/22 the Council commissioned two significant capital projects, 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. Pioneer Place opened during the summer of 2023 with the transfer of the Manchester Road site taking place in October 2023. Works have now commenced on the Manchester Road site. 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 required taking on significant commercial risk over the lifetime of these projects (50 years and 30 years, respectively). The schemes have required 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 is being 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 2023/24 will be around £0.4m.
41. 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.
42. 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 2024/25 revenue budget is unduly onerous and the levels of reserves forecast will be sufficient in accordance with the Medium Term Financial Strategy.
43. 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. It is likely that this will further postponed until 2026/27, at the earliest, given the proposed timing of the next general election and the lead in time for the necessary consultation.
44. It is uncertain at this stage how changes to Local Government funding will impact on the Council's funding in future years. There are a number of temporary items within the

provisional budget settlement that may not continue into future years, for example New Homes Bonus, Minimum Funding Guarantee and Service Grant. The uncertainty is further exasperated by the one-year budget settlements that local government has experienced for a number of years that make future planning extremely difficult.

45. 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 during 2024/25.
46. Pay inflation projections have been increased by 5% in 2024/25, reducing to 3% in 2025/26 onwards. However, if pay negotiations take place the actual increase may differ to that estimated +/-1% fluctuation in the pay award will equate to +/- £108k. A provision for price inflation on contracts has been factored into the estimates for non-salary budgets. 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. Government has substantially increased the national living wage since 2010, almost doubling since then, which is another factor that is impacting pay inflation. These increases are not taken into account when calculating the amount available in the local government budget settlement and councils are expected to absorb these.
47. The current Bank of England base rate is 5.25% with the next review due February 2024. The Council's Treasury Management Advisors (Link Asset Services) forecast a 1.25% decrease to the base rate during the 2024/25 financial year. This will impact on the Council's revenue budget in these years as investment interest income to be received may decrease. Conversely, borrowing rates are also expected to decrease which will be beneficial to the Council's revenue budget position during 2024/25.
48. 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 2023/24 financial year. The Trust has worked hard to find the savings and funding required to balance the budget in 2023/24. However, the future financial impact remains uncertain and the Council will continue to work with the Leisure Trust to help to minimise this risk. Although competition has increased within the borough in the last 12 months the Leisure Trust has to date not seen a negative impact on membership numbers. To help ensure that risk is minimised there will continue to be regular monitoring of activity and financial performance in 2024/25 and beyond.
49. 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. The contract is due to expire on the 31<sup>st</sup> December 2025 and work is currently taking place to review the contract extension position for a two year period allowable under the current contract. A report will be brought to Members early in 2024/25 with a set of recommendations.



50. To assist with the impact of the cost-of-living crisis on the UK economy, especially around interest rates, the local economy, income generation and further spending pressures may have on future years budgets, the Council has created the Cost of Living Reserve which can be utilised to assist in any further reductions in income or increases in expenditure.
51. 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.
52. In summary, after taking consideration of the issues in this report and the risks referred to above, the 2024/25 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.
53. The final decision that Members of the Council take will need to reflect the statutory (Section 25) report of the Chief Financial Officer as to the robustness of the assumptions that have been made in compiling the budget.

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

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

#### **POLICY IMPLICATIONS**

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

#### **DETAILS OF CONSULTATION**

None.

#### **BACKGROUND PAPERS**

57. None.

**FURTHER INFORMATION**

**PLEASE CONTACT:**

**Howard Hamilton-Smith – Director of  
Resources**

**ALSO:**

**Amy Johnson – Finance Manager**

**Summary Revenue Budget 2024/25**

<u>Estimated Net Spending</u>	Pay	Non-Pay	Reserves	Net
<u>Service</u>	£'000	£'000	£'000	Spending £'000
Management Team	394	18	-	412
Policy & Engagement	438	222	-	660
People & Development	173	70	-	243
Green Spaces and Amenities	2,666	(1,043)	-	1,623
Legal & Democratic Services	1,162	231	-	1,393
Finance & Property (incl Treasury)	1,049	(982)	-	67
Revenues and Benefits	-	(1,177)	-	(1,177)
Leisure Trust Client	-	1,468	-	1,468
Streetscene	1,362	2,208	-	3,570
Housing and Development Control	2,749	(1,494)	-	1,255
Economy & Growth	1,407	(619)	-	788
Strategic Partnership	-	4,560	-	4,560
Central Budgets	(499)	998	-	499
Earmarked Reserves	-	-	3,438	3,438
Parish Precepts	-	-	188	188
	<u>10,901</u>	<u>4,460</u>	<u>3,626</u>	<u>18,987</u>

**Net Budget Requirement**

	£'000	£'000
Revenue Support Grant		2,175
Business Rates Retention Scheme		
Business Rate Baseline Funding	4,614	
Additional Business Rates above baseline	2,627	
business Rate Growth Above Baseline	505	
Additional Retained Income - Renewable Energy Schemes	<u>307</u>	8,053
Council Tax Yield		8,055
Collection Fund Deficit - Council Tax		(274)
Collection Fund Deficit - NNDR		(1,075)
Parish Precepts		188
New Homes Bonus		134
Business Rates Multiplier Inflation Cap		897
Services Grant		27
Funding Guarantee		807
Local Council Tax Support		-
		<u>18,987</u>

**2024/25 Revenue Budget**  
**Growth Proposals**

	Ongoing £'000	One-off £'000	Total £'000
Love Clean Streets App Subscription	13	-	13
Civica Financials Software Budget	9	-	9
Cremator Relining	15	-	15
Elections Staffing Costs	5	-	5
External Audit Fees	64	-	64
Good Youth Employer Status Subscription	1	-	1
Rowley Lake Dam Engineering Inspection Costs	1	-	1
Rechargeable Tree Works	9	-	9
Ash Tree Dieback	-	10	10
Green Spaces Equipment & Materials	10	-	10
Sewer Baiting	7	-	7
Feasibility Study - Fennyfold 3G Pitch and Parking	-	30	30
Private Sector Housing Enforcement Officer	-	46	46
ASB Officer	-	39	39
Burnley Together	-	140	140
<b>Total Growth</b>	<b>134</b>	<b>265</b>	<b>399</b>

See paragraph 19  
of report

**2024/25 Revenue Budget****Additional Savings**

	£'000
Additional investment interest receivable due to an increase in the bank rate	(150)
Fulledge Recreation Ground Parking Charges Income	(20)
Utility Costs	(147)
	<hr/>
	<b>(317)</b>

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## APPENDIX 4 - EQUALITY IMPACT ASSESSMENT

### REVENUE BUDGET SAVINGS PROPOSALS 2024/25

1.	Title of EIA	Equality Impact Assessment – Revenue Budget Savings Proposals 2024/25
2.	Person responsible for the assessment	Clare Jackson
3.	Contact details	01282 425011 cjackson@burnley.gov.uk
4.	Date of assessment	29/01/24

### SUMMARY

The outcome of this equality impact assessment is that all proposals being currently considered for savings in 2024/25 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 2024/25 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/business 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.
Disability	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Gender reassignment	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Marriage and civil partnership	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Pregnancy / and maternity	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Ethnicity	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Religion and belief	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Sex (gender)	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Sexual orientation	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.

### Equality impact assessment action plan

Not applicable

<sup>1</sup> 'All areas of impact' refers to the list of proposed revenue budget savings proposals 2024/25



ITEM NO	
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## REPORT TO EXECUTIVE



<b>DATE</b>	<b>15<sup>th</sup> February 2024</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>
<b>EMAIL</b>	<b>Hhamilton-smith@burnley.gov.uk</b>

## Revenue Budget 2024/25 Statutory Report of the Chief Financial Officer

### PURPOSE

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

### RECOMMENDATION

2. That elected Members note this report and have regard to its contents when setting the Revenue Budget for 2024/25.

### REASONS FOR RECOMMENDATION

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

### SUMMARY OF KEY POINTS

4. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget estimates and the adequacy of the financial reserves. The Act also requires the Authority, to which the report is made, to have regard to the report when making decisions about the budget.
5. In this context, the reference to the Chief Finance Officer is as defined in Section 151 of the Local Government Act 1972. This statutory role is fulfilled in this authority by the Director of Resources.

6. This report covers:
- An assessment of the robustness of the 2024/25 budget setting process for both revenue and capital;
  - A high-level assessment of key risks that may impact the budget for 2024/25;
  - An assessment of the overall adequacy of reserves to contain financial risk and ensure the sustainability of the Council over the financial year 2024/25; and
  - An indication of future direction of travel for the Council over the medium term.

7. **SUMMARY**

- 7.1 In summary, I am satisfied that the proposals to establish a Net Budget Requirement of £18,986,918 for the financial year 2024/25 and Council Tax Requirement of £8,054,980 as set out in the report to Council on 27<sup>th</sup> February 2024, are robust to ensure that the Council remains a going concern throughout 2024/25.
- 7.2 However, the financial outlook for the Council given the medium-term financial strategy continues to be challenging. To ensure a balanced position for 2025/26 and beyond the Council will have to take tough decisions balancing declining access to resources against emerging risks.
- 7.3 This may require a strategic reprioritisation of commitments especially as reserves are forecast to be diminish over the medium term. The Council will be required to remain proactive in identifying savings and increase income throughout the medium-term period to ensure its viability can be maintained.
- 7.4 This is also within the context of a government review of relative needs of local authorities, which will inform a change in mechanism of funding for local authorities from 2025/26, of which currently there is much uncertainty and may be pushed back to 2026/27 or later given the proposed timing of the general election.

8. **ROBUSTNESS OF THE BUDGET 2024/25**

- 8.1 In assessing the robustness of the overall budget for next year, I have taken the following into consideration:
- 8.2 The robustness of the underpinning financial planning assumptions on which the budget has been determined:
- a. Financial resources are aligned appropriately to the strategic priorities of the Council. Investments in service delivery have been made to support the Council's prosperity and place objectives directing resources to community services.
  - b. Savings to deliver a balanced budget have been identified focussing on efficiency and value for money and relative priority needs of services. Identified savings are realistic and action plans for delivery are in place.

- c. The Council, as part of finalisation of the revenue budget 2024/25, has factored minimal growth in business rates due to the continuing impact of challenges to valuations and difficult trading environment for businesses. A minimal increase to the council tax base has also been included due to the number of properties added during the year. There has been a slight increase in the number of CTS claims which will be kept under review during the year.
- d. The determination of funding from Central Government for New Homes Bonus, Minimum Funding Guarantee and the Revenue Support Grant for 2024/25 have been incorporated, based on final settlement figures due to be announced in February 2024.
- e. Employee budgets have been cross-referenced to the agreed establishment. The 2024/25 budget has assumed a forecast headline 5% pay award in the absence of an agreed pay settlement. The pay award for 2023/24 has been finalised and factored into the 2024/25 budget. Pay awards of 3% have been projected for future years.
- f. Assumptions made about future inflation and interest rates are realistic.
- g. Income estimates are based on current patterns of usage and anticipated variations during the coming year. Decisions about levels of charges have already been taken by the Council in January 2024 and will be implemented from 1<sup>st</sup> April 2024.
- h. Capital and revenue budgeting are integrated, in that the revenue consequences of the capital programme are considered as part of the overall budget process for 2024/25.

8.3 Appropriate and effective governance arrangements are in place to manage the financial resource and maintain a balanced budget throughout 2024/25:

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

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

- a. The settlement figures provided in the budget are based on the final settlement.
- b. The Executive's proposals do not breach the 'excessiveness' principle for 2024/25, where a local referendum is required for any Council tax increase of 3% or more than 3%.

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

## 9. **RISK ASSESSMENT**

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

### 9.1 **Business rates volatility**

Changes to local government funding brought in from 2013/14 allow local authorities to retain an element of business rate growth. There remains an ongoing risk of volatility of business rates arising from unknown appeals and unanticipated fluctuations in collectible income from the business community. However, risk arises as the Council is required to firstly meet any reduction in business rates and secondly, to comply with national business rate policy and government guidance, the accounting arrangements are complex. In 2013/14, the general reserve was increased to £1.379m in recognition of potential risk from a significant loss of business rates. Furthermore, the reserves strategy 2015/16 saw the creation of a business rates volatility reserve to ensure the “smoothing out” of accounting fluctuations. The level of these two reserves are regularly reviewed to ensure that they remain at sufficient levels. It is now also key to mitigate against funding volatility as part of the future business rates and fair funding review. The budget position for 2024/25 reflects a realistic assessment as at February 2024.

### 9.2 **Utilisation of reserves**

Taking into account known commitments, anticipated risks and lack of affordability to set aside or replenish strategic reserves the forward forecast suggests it is less likely that reserves will be available for future use in this way. However, the position will be kept under review in the light of emerging and changing conditions.

### 9.3 **Partnerships**

As a result of changes to the Councils’ business model, key services are no longer directly delivered by the Council but through partnership including the Leisure Trust, Urbaser Waste Management and the Liberata Partnership, forecast to account for £8.61m or 15.5% of Council gross spending in 2024/25. These partnerships are intended to deliver transformational change in the way that services are provided to our customers within a reduced cost base. The Council continues to work closely with our partners in ensuring effective delivery and will continue to monitor performance to mitigate any potential risks and issues that emerge. The Liberata contract is due to end in January 2026 and a review is currently taking place to consider a two-year extension. A report containing recommendations will be brought to Members for consideration in early 2024/25. The Council has recently approved a VEAT notice for the Urbaser contract to extend the existing contract for a further 10 to 22 months due to the recent waste collection changes announced by the Government. This will help to mitigate against the price of risk uncertainties if the contract was tendered at this stage.

#### 9.4 **Workforce**

The approved budget for 2024/25 includes a vacancy factor of £169k recognising a normal lag period of appointment to vacant posts of three months. For 2024/25 this represents 1.5% of the staffing budget for 231 fte's. Clearly to ensure a balanced budget for 2024/25 the expectation would be a continuation of this policy unless exceptional and business critical circumstances prevail. The vacancy factor as is current practice will be monitored throughout 2024/25.

#### 9.5 **Capital Receipts**

The delivery of the capital programme relies on capital receipts being generated to fund new developments. The forecast of capital receipts is based on anticipated sales at the time the programme is prepared. Whilst the Council has sufficient capital receipts to deliver the capital programme for 2024/25, from 2025/26 onwards capital receipts are forecast to be insufficient to deliver the forward capital programme. This will require significant re-prioritisation of future schemes. The Council needs to ensure that it maximises the opportunity to generate capital receipts and has the ability to respond effectively and promptly to unforeseen or major capital works specially to respond to health and safety or public protection matters and commercial opportunities. Progress on the generation of capital receipts will be monitored during 2024/25.

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

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

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

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

#### 9.8 **Changes to local government funding**

As part of the announcement of the provisional local government settlement for 2018/19 in December 2017, government announced a consultation; "*Fair funding review: a review of relative needs and resources.*" The review was put on hold during the pandemic. Government announced, as part of the 2023/24 budget settlement, that the fair funding and business rates reviews will be delayed until at least 2025. This will define new relative needs of authorities for 2025/26 onwards and the change to the business rates retention scheme and other changes. The proposed timing of the general election will result in further delays, pushing the review into 2026/27 or beyond. This will have an effect on the overall funding that this authority receives. This uncertainty on funding going forward represents a key risk for this Council.

A revaluing of rateable values has taken place and is based on property values as at 1<sup>st</sup> April 2021. The new system was implemented from 1<sup>st</sup> April 2023. The impact on the baseline funding level has been incorporated into the 2024/25 budget.

## 9.9 Pensions

Payment rates and performance of investments in the Lancashire County Pension Fund are assessed for this authority every three years, with the latest valuation occurring in 2022 which determines payment rates and values of assets and liabilities from 2023/24 onwards. Following the valuation there was a significant reduction in payments required by the Council for its assessed deficit in the fund. In fact, the valuation has resulted in the fund going into a surplus position. Following the 2019 valuation, a Pensions Reserve was created and it was agreed to transfer £350k per annum over the financial years 2020/21 to 2022/23 to provide a funding for any increase in contributions as a result of the 2022 valuation. The reserve would provide funding over a transitional period to reduce the impact any increase would have on the Council's revenue budget. As the 2022 valuation has resulted in a further reduction it is proposed to retain the balance in the Pension Reserve for the 2025 valuation. This is a key risk area and is covered extensively in accompanying budget reports. It is essential for this authority to ensure the pension fund is sustainable for its members, as is the Council's responsibility, and the significant volatility of payments and performance of the pension fund are assessed with action taken on an on-going basis.

## 9.10 Covid-19 and Cost of Living Crisis

The impact of the Covid-19 pandemic and the Cost-of-Living Crisis on the 2024/25 budget is still being felt and its impact in future years is unknown. However, during 2023/24 we have continued to see income from fees and charges return towards pre-pandemic levels. The Council will continue to monitor the position throughout 2024/25. A Covid Reserve was created in 2020/21, later renamed the Cost of Living Reserve, to deal with any fluctuations in income and expenditure in future and to provide some additional resource.

## 10. ADEQUACY OF RESERVES 2024/25

- 10.1 In assessing the adequacy of reserves, I have taken into consideration the forward forecast of reserves contained within the Medium-Term Financial Strategy which indicates that reserve levels for both strategic and general reserves are sufficient to mitigate any downside risks facing the Council during 2024/25.
- 10.2 The longer-term assessment of reserves required to meet known commitments and future risks facing the Council indicate strategic reserves to be significantly reduced, which include the effect of three major schemes (see paras 11.5 to 11.7).
- 10.3 This will impact on the Council's ability to deliver its strategic objectives over the medium term and careful consideration of their use should be made to ensure the Council obtains the most added value in their utilisation.
- 10.4 However, as part of budget decisions for 2024/25 and beyond there is a ten-year plan to contribute into the Council's Revenue Support Reserve to provide resilience for the Council. This began with a £100k contribution in 2019/20 and grows to a recurrent £200k from 2024/25 onwards.



10.5 A reserves strategy stating the purpose for which each reserve is held, managed and controlled is contained within the Medium-Term Financial Strategy recommended for approval by Council. However, I am satisfied that the level of reserves is sufficient for 2024/25.

## 11. **FINANCIAL OUTLOOK**

11.1 The Council continues to be financially challenged over the medium term facing a budget gap of up to £4.4m or 22% by the end of 2028/29. The Council must continue to be focussed in maintaining its financial health by downsizing in a planned and sustainable way so that it is able to continue to operate as a going concern and maintain operational services. The Council entered into a strategic partnership that has, and will continue to deliver transformational change to customer services over the life of the contract including greater use of digitisation and providing inward investment. Savings arising from this partnership have contributed towards closing the budget gap, however further Council wide savings will be required through prioritisation, transformation and continuous improvement.

11.2 The financial forecast is based on indicative funding figures and will be subject to change. However, several scenarios have been presented in the Medium-Term Financial Strategy 2025/29. This Council will also influence the Fair Funding Review as far as possible, to attempt to ensure funding is representative of the Council's need. Possible changes in 2026/27, around the business rates retention scheme, fair funding reforms and other changes leave uncertainty on funding levels from that year onwards and represent a key funding risk.

11.3 The impact of the performance of the UK economy, and in particular regarding the uncertainties surrounding Brexit and the impact of the trade deal, could potentially affect future funding for the Council. This could take the form of lower funding levels available to local government, pressure on income and expenditure budgets and impacts arising from pressures on Business Rates and Council Tax funding in relation to the local economy. This will be monitored and factored into the Medium-Term Financial Strategy.

11.4 The Covid-19 pandemic and cost of living crisis has had a significant impact on both the Council and also businesses and residents within the borough. Significant Government intervention was received in 2020/21, that continued into 2021/22, in the form of business grants, furlough scheme and funding provided to local authorities to compensate for additional expenditure and lost income. The longer-term financial impact is not yet known, for example, the impact on council tax and business rates collection rates. The Government introduced a series of financial measures to assist local authorities and their residents and businesses during 2022/23, some of which are continuing into 2024/25.

11.5 As reported to Full Council in December 2018 this Authority commissioned two significant capital projects, namely the Pioneer Place development and the Sandygate Square Student Accommodation scheme. The Sandygate Square development was completed and open in time for the 2020/21 academic year. This scheme has been incorporated into the MTFS. A revised Pioneer Place scheme was later approved at Full Council in October 2021 and work started on site in January 2022. These works completed in the summer of 2023 and the site is now open. The second phase of the scheme at Manchester Road has now commenced and work is ongoing. The Charter

Walk shopping centre was advertised for sale by its owners in 2021 resulting in Full Council approving its acquisition in July 2021. The acquisition was successfully completed in October 2021 and the Council has subsequently made an annual surplus that is being ring-fenced for future regeneration of the town centre.

- 11.6 These developments require significant financial support from the Council, as well as taking on significant commercial risk over the lifetime of these projects (between 30 and 50 years). These schemes will also require significant use of reserves and will see unprecedented amounts of borrowing – circa £48m. These present threats to the financial viability of the Council. However, in partial mitigation, various strategies have been put in place.
- 11.7 These include contractual conditions for the Pioneer Place scheme, the retention of asset and property managers for Charter Walk, a strategy to build up reserves over the next 10 years to provide a buffer for budget pressures, specific reserves for all of these schemes to renew the assets and capture any over-performing income and recognition of limited capacity to take on other significant capital schemes. The financial performance of these schemes continued to be monitored against their approved business models.
- 11.8 The Council must remain proactive in its activity to deliver sustainable savings over the medium term if it wishes to remain a viable entity.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

12. As set out in the report on the Revenue Budget for 2024/25, Capital Investment Programme 2024/25 to 2028/29 and Medium-Term Financial Strategy 2025/29 elsewhere on your agenda.

## **POLICY IMPLICATIONS**

13. None

## **DETAILS OF CONSULTATION**

14. None

## **BACKGROUND PAPERS**

15.
  - Revenue Budget – 2024/25
  - Capital Investment Programme 2024/25 to 2028/29
  - Medium-Term Financial Strategy – 2025/26 to 2028/29

## Capital Budget for 2024/25 and Capital Investment Programme 2024-29

### REPORT TO EXECUTIVE



DATE	12 February 2024
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Craig Finn
TEL NO	(01282) 475811
EMAIL	CFinn@burnley.gov.uk

### PURPOSE

1. To recommend approval of the capital budget for 2024/25.

### RECOMMENDATION

2. a) That Full Council be recommended to;
  - (i) Approve the 2024/25 Capital Budget, totalling £16,290,933, as set out in Appendix 1,
  - (ii) Note the 2024-29 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 2023/24, 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 2024-29, 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 2024/5.

### SUMMARY OF KEY POINTS

4. **Background:**

In formulating the 2024/25 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 2024/25 capital budget and the 2024-29 CIP.

The review process has included:

- A review and revision of the existing schemes approved in the 2023-28 CIP, in February 2023.
- 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. **2024/25 Capital Budget:**

Appendix 1 provides Members with a summary of the capital investment programme for 2024/25 to 2028/29 and a list of those schemes being proposed for the 2024/25 capital budget totalling £16.4291m, showing the financing elements for each individual scheme. It also shows draft capital budgets for 2025/26 to 2028/29 along with the financing elements for those years.

Members are asked to note that the level of estimated general capital receipts is sufficient to finance the £644,286 required for all the schemes put forward for 2024/25 but on current estimates, general capital receipts will near exhaustion by 31 March 2029.

It should be noted, that of the £39,054,487 within the proposed CIP 2024-29, external funding totalling £21,322,532 (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 2023
- 2023/24 commitments approved to date
- level of resources assumed to be available as at 31<sup>st</sup> March 2024
- estimated "new" receipts to be received during 2023/24 to 2028/29
- resources required to finance part of the 2024/25 proposed capital budget
- resources required to finance the schemes proposed for future years
- anticipated balance as at 31<sup>st</sup> March 2029.

The resources are reducing each financial year, with a requirement that will see forecast general capital receipts near exhaustion by 31 March 2029. 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, and £399k for 2024/25.

Costs of Prudential Borrowing

Of the proposed £6,182,055 prudential borrowing requirement for 2024/25, there are no new schemes.

9. **2024-29 Capital Investment Programme:**

As previously stated, Appendix 1 outlines a summary of the proposed 2024-29 capital investment programme, by Service Unit.

Appendix 4 provides Members with a brief scheme narrative, for all Capital Schemes within the 2024/25 proposed budget.

**2024-29 Capital Strategy:**

Appendix 4 provide Members with the 2024-29 proposed Capital Strategy.

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

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

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

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

**FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

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

**POLICY IMPLICATIONS**

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

**DETAILS OF CONSULTATION**

12. None.

**BACKGROUND PAPERS**

13. None.

**FURTHER INFORMATION**

**PLEASE CONTACT:**

**Howard Hamilton Smith - Director of Resources**

**ALSO**

**Amy Johnson – Finance Manager**

**2024/29 CAPITAL BUDGET AND FINANCING ELEMENTS**

Scheme Name	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL	FINANCING				
	£	£	£	£	£	£	External Funding	Borrowing	Revenue / Reserves	Capital Receipts	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
Burnley Mechanics MI Space HLF Scheme	994,800	1,255,360	-	-	-	2,250,160	1,946,720	303,440	-	-	2,250,160
Play Area Improvement Scheme	222,300	165,000	100,000	100,000	100,000	687,300	247,300	-	-	440,000	687,300
Vehicle and Machinery Replacement	173,000	207,000	216,000	226,000	236,050	1,058,050	151,600	-	906,450	-	1,058,050
Playing Pitch Improvements	410,685	-	-	-	-	410,685	410,685	-	-	-	410,685
Towneley Hall Works	1,441,011	-	-	-	-	1,441,011	266,578	1,118,433	-	56,000	1,441,011
Wheeled Sports	250,175	-	-	-	-	250,175	150,175	-	-	100,000	250,175
Scott Park HLF	525,000	-	-	-	-	525,000	500,000	-	-	25,000	525,000
Crematorium Improvements	142,000	-	-	-	-	142,000	-	142,000	-	-	142,000
Memorial Park Improvements	5,000	-	-	-	-	5,000	-	-	-	5,000	5,000
Extension of Burnley Cemetery	220,000	220,000	-	-	-	440,000	-	440,000	-	-	440,000
<b>Green Spaces &amp; Amenities Total</b>	<b>4,383,971</b>	<b>1,847,360</b>	<b>316,000</b>	<b>326,000</b>	<b>336,050</b>	<b>7,209,381</b>	<b>3,673,058</b>	<b>2,003,873</b>	<b>906,450</b>	<b>626,000</b>	<b>7,209,381</b>
River Training Walls	112,000	60,000	60,000	60,000	60,000	352,000	-	-	-	352,000	352,000
Alleygate Programme	25,000	25,000	25,000	25,000	25,000	125,000	-	-	-	125,000	125,000
Rowley Lake Dam Structure Repairs	45,000	-	-	-	-	45,000	-	-	-	45,000	45,000
<b>Streetscene Total</b>	<b>182,000</b>	<b>85,000</b>	<b>85,000</b>	<b>85,000</b>	<b>85,000</b>	<b>522,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>522,000</b>	<b>522,000</b>
Lower St James Street Historic Action Zone	100,000	-	-	-	-	100,000	100,000	-	-	-	100,000
Leveling Up Fund	3,689,474	3,000,000	-	-	-	6,689,474	6,329,474	360,000	-	-	6,689,474
Town Centre & Weavers Triangle Project Work	169,492	-	-	-	-	169,492	-	169,492	-	-	169,492
Padiham Townscape Heritage	70,000	-	-	-	-	70,000	70,000	-	-	-	70,000
Pioneer Place	2,412,774	44,553	-	-	-	2,457,327	-	2,276,754	180,573	-	2,457,327
Former Open Market & Former Cinema Block	57,738	-	-	-	-	57,738	-	57,738	-	-	57,738
Sandygate Halls (Commercial Units & Car Parking)	120,588	-	-	-	-	120,588	-	120,588	-	-	120,588
<b>Economy &amp; Growth Total</b>	<b>6,620,066</b>	<b>3,044,553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,664,619</b>	<b>6,499,474</b>	<b>2,984,572</b>	<b>180,573</b>	<b>-</b>	<b>9,664,619</b>
IT Upgrades	7,000	-	-	-	-	7,000	-	-	-	7,000	7,000
Building Infrastructure Works	1,474,286	1,563,870	179,581	196,350	196,350	3,610,437	-	2,821,500	-	788,937	3,610,437
Carbon Reduction Measures	93,610	82,610	71,610	71,610	71,610	391,050	-	391,050	-	-	391,050
<b>Finance &amp; Property Total</b>	<b>1,574,896</b>	<b>1,646,480</b>	<b>251,191</b>	<b>267,960</b>	<b>267,960</b>	<b>4,008,487</b>	<b>-</b>	<b>3,212,550</b>	<b>-</b>	<b>795,937</b>	<b>4,008,487</b>
Emergency Repairs	180,000	180,000	180,000	180,000	180,000	900,000	900,000	-	-	-	900,000
Better Care Grant	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000	10,000,000	-	-	-	10,000,000
Energy Efficiency	50,000	50,000	50,000	50,000	50,000	250,000	250,000	-	-	-	250,000
Empty Homes Programme	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	6,500,000	-	-	-	6,500,000	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>11,150,000</b>	<b>-</b>	<b>-</b>	<b>6,500,000</b>	<b>17,650,000</b>
<b>Total of All Schemes</b>	<b>16,290,933</b>	<b>10,153,393</b>	<b>4,182,191</b>	<b>4,208,960</b>	<b>4,219,010</b>	<b>39,054,487</b>	<b>21,322,532</b>	<b>8,200,995</b>	<b>1,087,023</b>	<b>8,443,937</b>	<b>39,054,487</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 £	Climate Action Fund £	Sport England £	LCC £	Arts Council £	Levelling Up £	UKSPF £	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	222,300											115,000			107,300	222,300
Green Spaces & Amenities	Playing Pitch Improvements	410,685														410,685	410,685
Green Spaces & Amenities	Wheeled Sports	250,175						175					100,000			150,000	250,175
Green Spaces & Amenities	Scott Park HLF	525,000				400,000							25,000			100,000	525,000
Green Spaces & Amenities	Towneley Hall Works	1,441,011	1,118,433							266,578			56,000				1,441,011
Green Spaces & Amenities	Memorial Park Improvements	5,000											5,000				5,000
Streetscene	River Training Walls	112,000											112,000				112,000
Streetscene	Alleygate Programme	25,000											25,000				25,000
Streetscene	Rowley Lake Dam Structure Repairs	45,000											45,000				45,000
Finance & Property	Building Infrastructure Works	1,474,286	1,320,000										154,286				1,474,286
Finance & Property	Carbon Reduction Measures	93,610	93,610														93,610
Finance & Property	IT Upgrades	7,000											7,000				7,000
Economy & Growth	Lower St James Street Historic Action Zone	100,000										100,000					100,000
Economy & Growth	Padiham Townscape Heritage	70,000				70,000											70,000
Economy & Growth	Pioneer Place	2,412,774	2,276,754	136,020													2,412,774
Economy & Growth	Former Open Market & Former Cinema Block	57,738	57,738														57,738
Economy & Growth	Sandygate Halls (Commercial Units & Car Parking)	120,588	120,588														120,588
Economy & Growth	Levelling Up	3,689,474	360,000						700,000	40,000	2,589,474						3,689,474
Economy & Growth	Town Centre & Weavers Triangle Project Work	169,492	169,492														169,492
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>16,290,933</b>	<b>6,182,055</b>	<b>282,020</b>	<b>2,230,000</b>	<b>1,043,000</b>	<b>-</b>	<b>175</b>	<b>700,000</b>	<b>306,578</b>	<b>2,589,474</b>	<b>100,000</b>	<b>644,286</b>	<b>1,300,000</b>	<b>-</b>	<b>913,345</b>	<b>16,290,933</b>



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 £	Levelling Up £	Capital Receipts £	Vacant Property Initiative Receipts £	3rd Party / Section 106 Unsecured £		
Green Spaces & Amenities	Vehicle and Machinery Replacement	207,000		178,000									29,000	207,000
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	165,000									115,000		50,000	165,000
Streetscene	Alleygate Programme	25,000									25,000			25,000
Streetscene	River Training Walls	60,000									60,000			60,000
Economy & Growth	Pioneer Place	44,553		44,553										44,553
Economy & Growth	Levelling Up	3,000,000							3,000,000					3,000,000
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>10,153,393</b>	<b>1,804,110</b>	<b>222,553</b>	<b>2,230,000</b>	<b>724,000</b>	<b>-</b>	<b>-</b>	<b>3,000,000</b>	<b>262,370</b>	<b>1,300,000</b>	<b>610,360</b>	<b>10,153,393</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	216,000		186,000							30,000	216,000
Green Spaces & Amenities	Play Area Improvement Scheme - NEW	100,000							70,000		30,000	100,000
Streetscene	Alleygate Programme	25,000							25,000			25,000
Streetscene	River Training Walls	60,000							60,000			60,000
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>4,182,191</b>	<b>71,610</b>	<b>186,000</b>	<b>2,230,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>334,581</b>	<b>1,300,000</b>	<b>60,000</b>	<b>4,182,191</b>

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**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	226,000		194,000							32,000	226,000
Green Spaces & Amenities	Play Area Improvement Scheme - NEW	100,000							70,000		30,000	100,000
Streetscene	Alleygate Programme	25,000							25,000			25,000
Streetscene	River Training Walls	60,000							60,000			60,000
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>4,208,960</b>	<b>71,610</b>	<b>194,000</b>	<b>2,230,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351,350</b>	<b>1,300,000</b>	<b>62,000</b>	<b>4,208,960</b>

**2028/29 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	236,050		202,450								33,600	236,050
Green Spaces & Amenities	Play Area Improvement Scheme - NEW	100,000							70,000			30,000	100,000
Streetscene	Alleygate Programme	25,000							25,000				25,000
Streetscene	River Training Walls	60,000							60,000				60,000
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>4,219,010</b>	<b>71,610</b>	<b>202,450</b>	<b>2,230,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351,350</b>	<b>1,300,000</b>	<b>63,600</b>	<b>4,219,010</b>	

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**CAPITAL RECEIPTS AND CONTRIBUTIONS ANALYSIS FOR 2023/24 + CIP 2024-29**

**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><u>Capital Resources Brought Forward on 1 April 2023</u></b>	<b>2,351,468</b>	<b>1,345,239</b>	<b>870,220</b>	<b>562,455</b>	<b>5,129,382</b>
<b><u>Add</u></b>					
Resources Received As At 31 December 2023		179,898	215,422	90,886	486,206
Further Resources Estimated to be Received during 2023/24:	250,000	1,200,000	-	4,567,100	6,017,100
<b><u>Potential Resources Available during 2023/24</u></b>	<b>2,601,468</b>	<b>2,725,137</b>	<b>1,085,642</b>	<b>5,220,441</b>	<b>11,632,688</b>
<b><u>Less</u></b>					
Required to finance Capital Programme	(1,563,839)	(1,578,783)	-	(4,873,409)	(8,016,031)
Earmarked for Revenue Expenditure	-	-	-	(8,558)	(8,558)
Earmarked for Delivery By Outside Bodies	-	-	(55,000)	-	(55,000)
<b><u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2024</u></b>	<b>1,037,629</b>	<b>1,146,354</b>	<b>1,030,642</b>	<b>338,474</b>	<b>3,553,099</b>
<b><u>Add</u></b>					
Resources Estimated to be Received during 2024/25	200,000	1,300,000	-	1,048,345	2,548,345
<b><u>Less</u></b>					
2024/25 Capital Budget	(644,286)	(1,300,000)	-	(1,048,345)	(2,992,631)
<b><u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2025</u></b>	<b>593,343</b>	<b>1,146,354</b>	<b>1,030,642</b>	<b>338,474</b>	<b>3,108,813</b>
<b><u>Add</u></b>					
Resources Estimated to be Received during 2025/26	200,000	1,300,000		1,048,345	2,548,345
<b><u>Less</u></b>					
2025/26 Capital Budget	(262,370)	(1,300,000)		(1,048,345)	(2,610,715)
<b><u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2026</u></b>	<b>530,973</b>	<b>1,146,354</b>	<b>1,030,642</b>	<b>338,474</b>	<b>3,046,443</b>
<b><u>Add</u></b>					
Resources Estimated to be Received during 2026/27	175,000	1,300,000		60,000	1,535,000
<b><u>Less</u></b>					
2026/27 Capital Budget	(334,581)	(1,300,000)		(60,000)	(1,694,581)
<b><u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2027</u></b>	<b>371,392</b>	<b>1,146,354</b>	<b>1,030,642</b>	<b>338,474</b>	<b>2,886,862</b>
<b><u>Add</u></b>					
Resources Estimated to be Received during 2027/28	175,000	1,300,000	-	62,000	1,537,000
<b><u>Less</u></b>					
2027/28 Capital Budget	(351,350)	(1,300,000)	-	(62,000)	(1,713,350)
<b><u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2028</u></b>	<b>195,042</b>	<b>1,146,354</b>	<b>1,030,642</b>	<b>338,474</b>	<b>2,710,512</b>
<b><u>Add</u></b>					
Resources Estimated to be Received during 2028/29	175,000	1,300,000	-	63,600	1,538,600
<b><u>Less</u></b>					
2028/29 Capital Budget	(351,350)	(1,300,000)	-	(63,600)	(1,714,950)
<b><u>Estimated Surplus / (Shortfall) of Resources as at 31st March 2029</u></b>	<b>18,692</b>	<b>1,146,354</b>	<b>1,030,642</b>	<b>338,474</b>	<b>2,534,162</b>

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**2024/25 PROPOSED CAPITAL BUDGET - BRIEF DESCRIPTIONS OF INDIVIDUAL SCHEME**

<u>Scheme Name</u>	<u>Budget (£)</u>	<u>Scheme Narrative</u>
<b>Burnley Mechanics MI Space HLF Scheme</b>	<b>994,800</b>	
Play Area Improvement Programme	222,300	To refurbish children's play areas in-line with the recommendations of the adopted Play Provision Strategy 2017 - 2026.
Vehicle & Machinery Replacement	173,000	Replacement of Vehicle & Machinery, as per Green Spaces & Amenities programme
Playing Pitch Improvements	410,685	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.
Towneley Hall Works	1,441,011	Ongoing restoration work to be undertaken arising from building condition surveys. Works are to be tendered and expected to start from June 2022
Wheeled Sports Area	250,175	To develop a new wheeled sports area as a replacement for the ageing and outdated skate park in Queens Park.
Scott Park HLF	525,000	To undertake the restoration of historic structures in Scott Park, including bridges, weir, Scott memorial, bandstand, pavilions and gates/railings.
Crematorium Improvements	142,000	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	5,000	To undertake replacement of the existing skate ramp with a new wheeled sports area, improvements to the MUGA and youth shelter and undertake some refurbishment of the tennis courts in Memorial Park (Park Rd) Padiham
Extension of Burnley Cemetery	220,000	The project will extend Burnley Cemetery onto land that the Council owns between Cemetery Lane and Accrington Road. The extension will make provision for 25 + years of burial space and will ensure that the requirements of all faiths and non-denominational burials are met.
River Training Walls	112,000	Repair Council owned river training walls, eliminating the risk of collapse by removing walls where possible and re-grading the adjacent land. Where this is not feasible, the walls are to be re-built.
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.
Rowley Lake Dam Structure Repairs	45,000	The repair of the structure is mandatory as part of the Council's obligations under the Reservoirs Act 1975. The scheme covers the creation of a dry working area, repair to the wall structure, monitoring by the Panel Engineer (as required by the legislation) and the subsequent Section 10 inspection report for Rowley Lake.
Lower St James Street	100,000	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	3,689,474	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.
Padiham Townscape Heritage Initiative	70,000	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	2,412,774	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.
Former Open Market & Former Cinema Block	57,738	For remediation works to the parapet
Sandygate Halls (Commercial Units & Car Parking)	120,588	The Halls were completed in September 2011. There is still fit out works to the commercial units that will be completed subject to tenant requirements. The requirement for car parking for residents of the hall is under review and may require the surfacing of a car park.
IT Upgrades	7,000	To replace tablets (iPads) used by members and officers to electronically access meeting agenda papers and reports.
Building Infrastructure Works	1,474,286	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	93,610	This budget will provide funding to progress initiatives included within the Council's Climate Change Strategy
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.
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>16,290,933</b>	

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Burnley Borough Council  
CAPITAL STRATEGY 2024 to 2029

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# Burnley Borough Council

## CAPITAL STRATEGY 2024 to 2029

### 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 which will be presented to Scrutiny Committee.

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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## Council Tax Support Scheme 2024/25 and 2025/26 & Empty Homes Premium Policy

### REPORT TO EXECUTIVE



<b>DATE</b>	<b>15 February 2024</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 plans to temporarily increase the maximum level of subsidy for working age claimants, for the 2024/25 and 2025/26 scheme and to amend the Council's Empty Homes Premium Policy.

### RECOMMENDATION

2. That the Executive recommend to Full Council to approve:
  - a. changes to the Council Tax Support Scheme for 2024/25 to increase the maximum level of subsidy for working age claimants from 85% to 95% for a one-year period.
  - b. changes to the Council Tax Support Scheme for 2025/26 to increase the maximum level of subsidy for working age claimants from 85% to 90% for a one-year period.
  - c. the Council's Empty Homes Premium Policy 2024/25.
  - d. authorisation to the Director of Resources, in consultation with the Executive Member for Resources and Performance Management, to amend the Empty Homes Premium Policy to ensure that it complies with forthcoming legislation.

### REASONS FOR RECOMMENDATION

3. To provide temporary support, by increasing the level of subsidy for eligible working age claimants within the Council Tax Support Scheme, up to a maximum of 95% for 2024/25 and 90% for 2025/26, to help alleviate some of the financial hardship caused by the cost-of-living crisis.

4. To amend the Council's Empty Homes Premium Policy, to include powers contained within the Levelling Up and Regeneration Act 2023, which will assist in bringing empty homes back into use.

## **SUMMARY OF KEY POINTS**

### **5. 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.

6. 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.
7. 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%.
8. Up until 2023/24, working age claimants on full Council Tax Benefit received up to a maximum of 85% subsidy on their bill and were 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 confirmed that 71% of taxpayers in this category were paying their Council Tax on time with the remainder collected through the Council's normal recovery processes over a longer period.
9. In 2023/24, Full Council approved that temporary assistance, up to a maximum of 100% subsidy on their bill, would be provided to working age claimants on full Council Tax benefit for the 2023/24 financial year only.
10. An 8-week public consultation process was carried out in October/December 2023 on the temporary changes to the scheme. This included consulting with the Council's major preceptors.

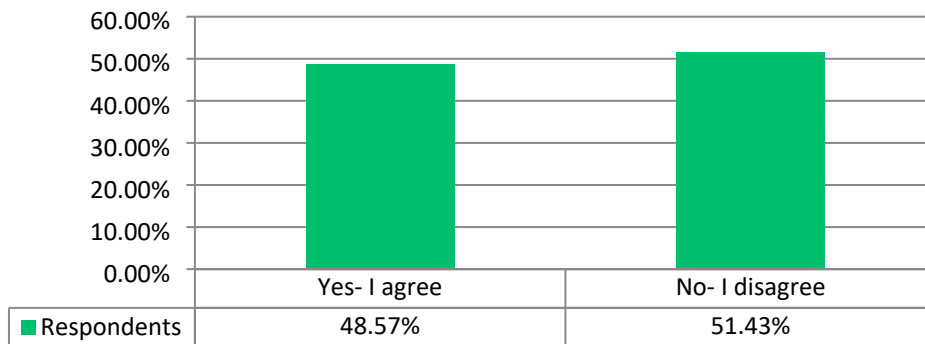
### **Council Tax Support Scheme Consultation**

11. A public consultation began on Thursday 19<sup>th</sup> October 2023 and lasted for an 8-week period up until Wednesday 13<sup>th</sup> December 2023.
12. The wording of the consultation questions and results are detailed in appendix 1. 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 95%, for the 2024/25 financial year, decrease the maximum level**

**of subsidy to 90% in the financial year 2025/26. Return the maximum level of subsidy to what it was prior to the cost of living crisis from 2026/27 (85%).“**

13. There were in total 35 respondents to the survey. The results of the survey to the main question were as follows:



14. A summary analysis of the respondents is below:

- 35 responses were received. Of this, 6 declared they were current claimants, while 28 said they were not (1 chose not to declare their status).
- Overall, 48.6% of the respondents agreed to the proposal. 51.4% were against.

15. The full results of the survey are included in appendix 1.

16. 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.

### **Empty Homes Premium**

17. Under government proposals that came into force for 2012/13, designed to get long term empty properties back into use, the Council chose to apply a 50% empty homes premium to properties empty and unfurnished for over two years. This meant that the owner would need to pay 150% of the annual Council Tax charge. Using updated Government regulations, in February 2019, the Council adopted an increase to the premium for properties that have been empty for over 2 years, from 50% to 100% from 2019/20, meaning owners would need to pay 200% Council Tax charge.

18. Government gave further discretion to Councils from 2020/21 (200% premium for properties empty for more than 5 years, meaning a 300% Council Tax charge) and 2021/22 (300% premium for properties empty for more than 10 years, meaning a 400% Council Tax charge), both of which the Council implemented and is contained within the current Policy.

19. The Levelling Up and Regeneration Act 2023 permits the Council to impose an empty homes premium after one year instead of 2 years from the 1<sup>st</sup> April 2024. It is recommended that this revision is adopted as part of the Council Tax charges.

20. There are some exemptions to the premium that can be applied upon application, which include:

- Properties undergoing probate – up to a maximum of 12 months,
- Properties that are actively being marketed for sale or rent – up to a maximum of 6 months, and

- Empty properties undergoing major repairs – time limited to 6 months.
21. It is important to note that these exemptions may require to be amended when further regulations are issued early in 2024.
  22. The use of the premium is a tool that is intended to bring empty homes back into use rather than to generate revenue.
  23. The Empty Homes Premium Policy 2024-25 is included at Appendix 2.

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

24. The cost of increasing the Council Tax Support subsidy for working age claimants from a maximum of 85% to a maximum 95% in 2024/25 and 90% in 2025/26 is estimated to cost £80k and £40k respectively. If the scheme is approved to be taken forward, it is proposed that the one-off cost in each financial year is funded from the Cost of Living Reserve.

#### **POLICY IMPLICATIONS**

25. These changes would result in temporary policy amendments for the Council Tax Support scheme. It would also amend the Council's Empty Homes Premium Policy in accordance with the provisions allowed under the Levelling Up and Regeneration Act 2023.

#### **DETAILS OF CONSULTATION**

23. Formal consultation as detailed in the report.

#### **BACKGROUND PAPERS**

24. None

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

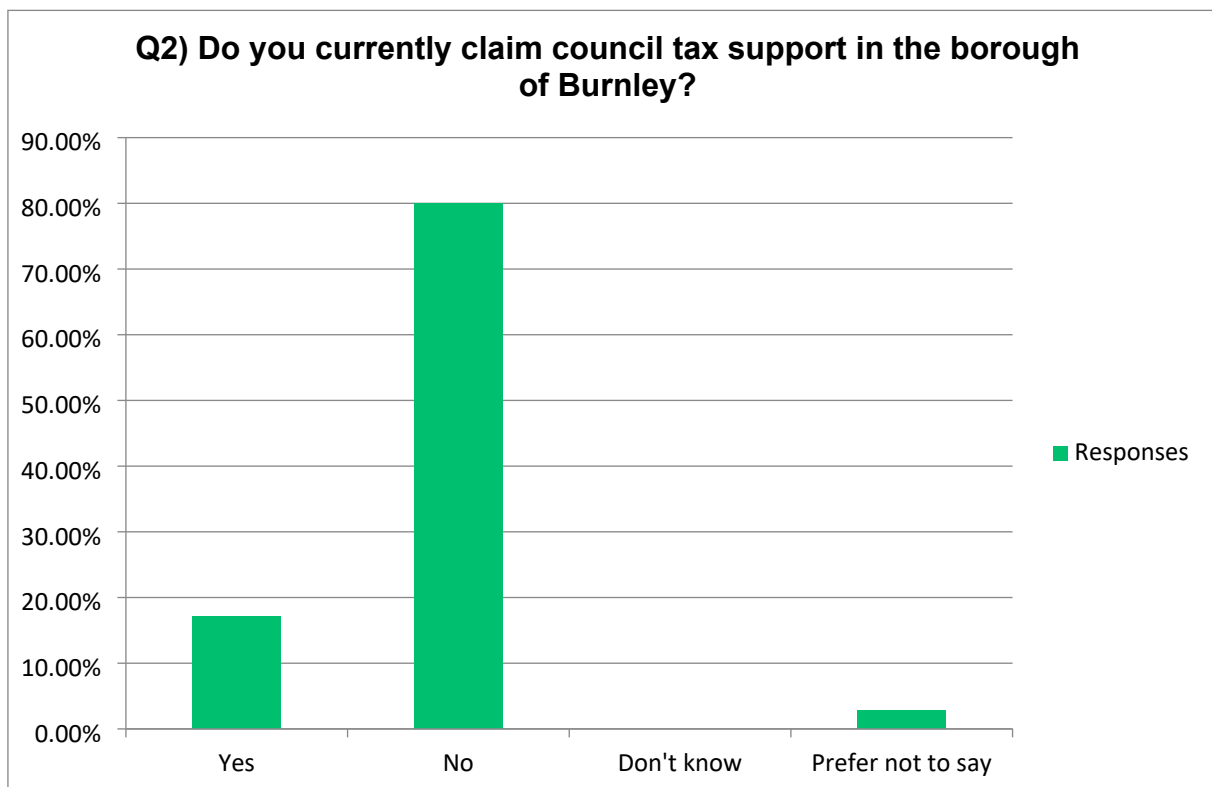
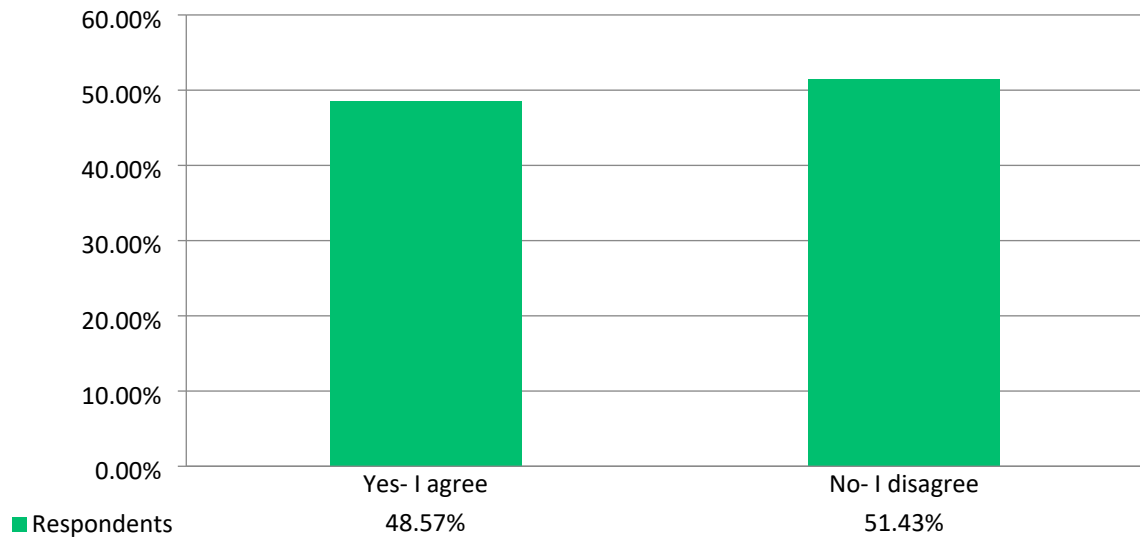
**Howard Hamilton-Smith  
Director of Resources**

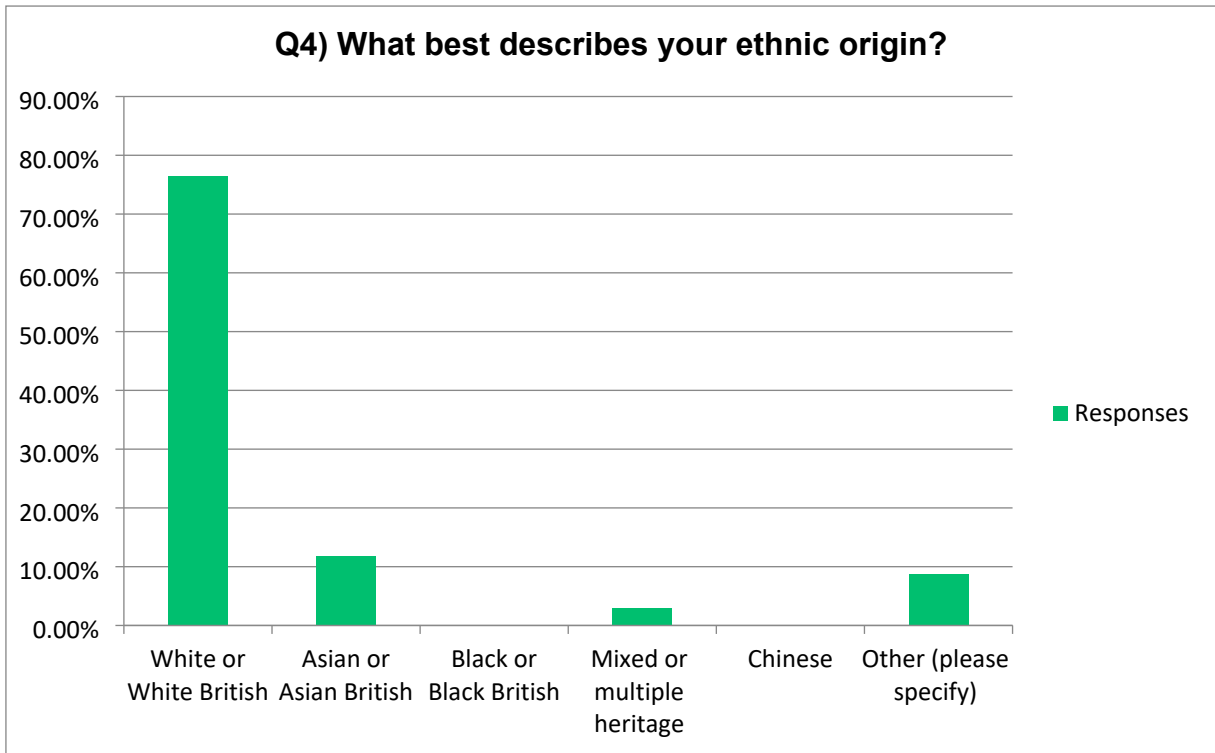
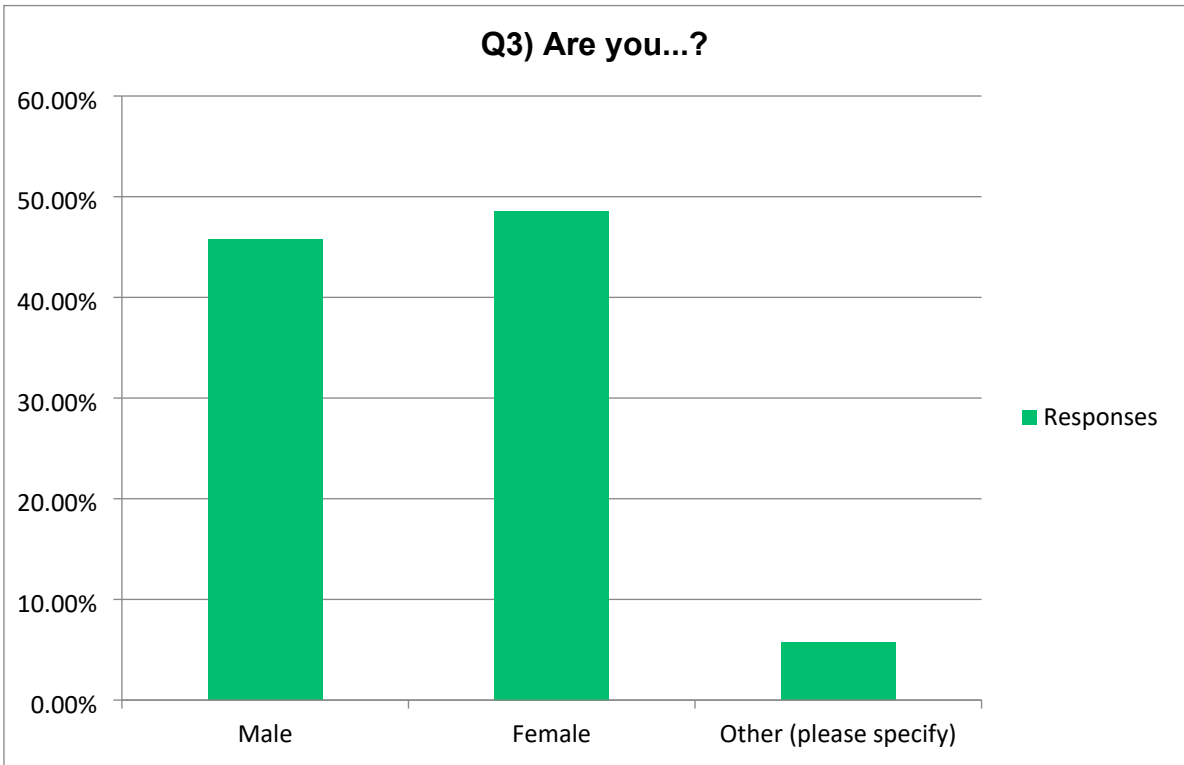


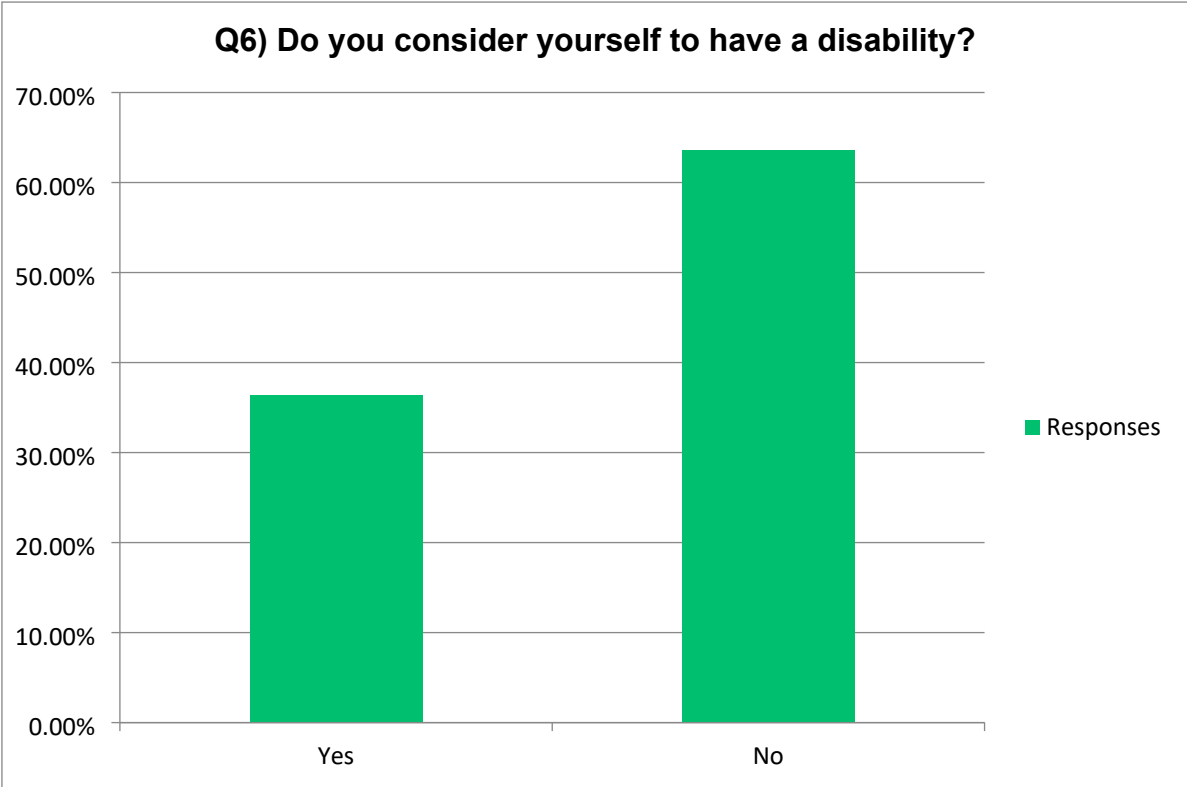
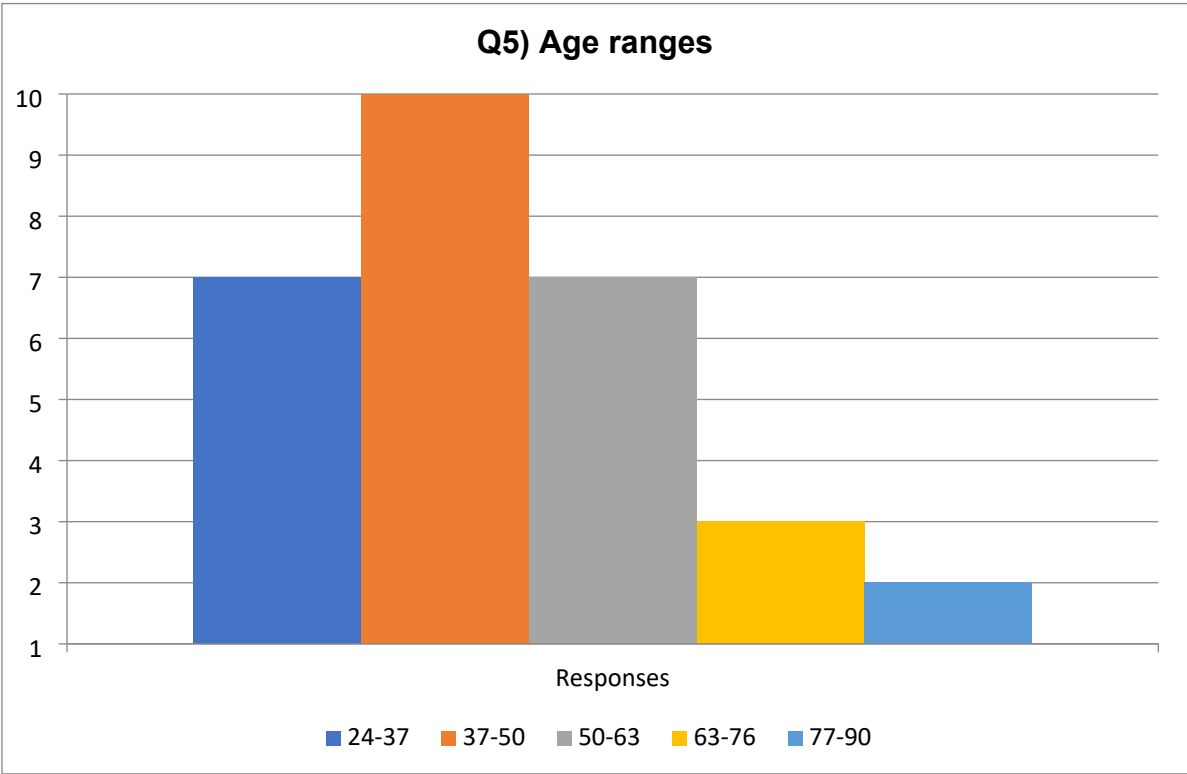
Results of public consultation – Council Tax Support Scheme 2024/25 & 2025/26

Results analysed overall

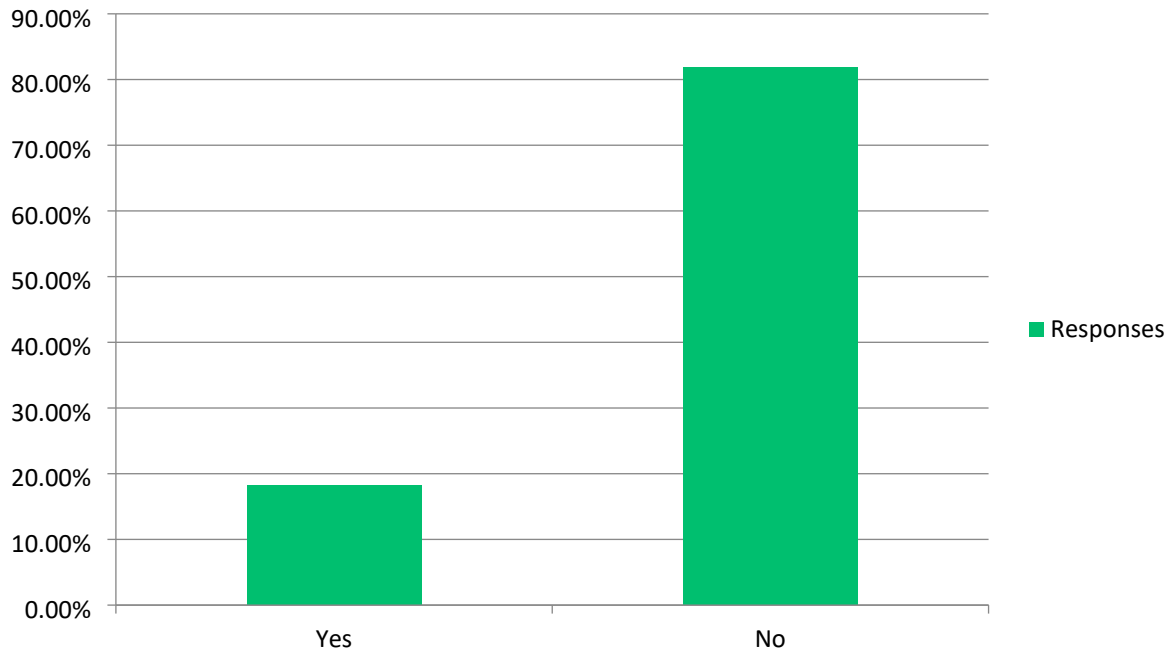
Q1) Do you agree or disagree with the proposal to provide a temporary increase in the level of subsidy provided to working age claimants, from a maximum of 85% to a maximum of 95%, for the 2024/25 financial year. decrease the maximum level of subsidy to 9







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



# **Empty Homes Premium Policy 2024-25**

## Contents

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## 1. Introduction and background

- 1.1 The following policy outlines the Council's approach to the levying of empty homes premium.
- 1.2 Premiums were also introduced by government from 1 April 2013 with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term.
- 1.3 The legislation which introduced premiums is S11B of the Local Government Finance Act 1992 (inserted by the Local Government Finance Act 2012). Premiums could only be charged on long-term empty dwellings. An empty dwelling is one which is 'unoccupied' and 'substantially unfurnished'. The definition of long-term is where the dwelling has been empty for a continuous period of at least 2 years.
- 1.4 Initially the maximum level of premium was set by government at 50% of the amount of Council Tax chargeable. Each Council could determine the level of premium up to the maximum and this is charged in addition to the amount determined by the Council as payable for an empty dwelling<sup>1</sup>
- 1.5 Certain classes of dwellings cannot be charged a premium namely:
  - a dwelling which would be the sole or main residence of a person but which is empty while that person resides in accommodation provided by the Ministry of Defence by reason of their employment i.e., service personnel posted away from home<sup>2</sup>; or
  - dwellings which form annexes in a property which are being used as part of the main residence or dwelling in that property<sup>3</sup>.
- 1.6 In 2018 the Rating of Property in Common Occupation and Council Tax (Empty Dwellings) Act allowed authorities to increase the level of premiums on empty dwellings with effect from 1 April 2019 as follows;
  - Dwellings left unoccupied and substantially unfurnished for 2 years or more, - from 1 April 2019 a premium can be levied up to 100%;
  - Dwellings left unoccupied and substantially unfurnished for 5 years or more, - from 1 April 2020 a premium can be levied up to 200%; and
  - Dwellings left unoccupied and substantially unfurnished for 10 years or more, - from 1 April 2021 a premium can be levied up to 300%.
- 1.7 It should be noted that premiums are charged in addition to the 100% Council Tax payable on empty premises.

---

<sup>1</sup> Under the Council Tax (Prescribed Classes of Dwelling)(England) Regulations 2003 and amended by the Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes C & D.

<sup>2</sup> Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes E

<sup>3</sup> Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes F

- 1.8 Government, together with local authorities (including the Council) has unfortunately seen a rise in the number of empty homes. In order to bring more dwellings into use, government has introduced sections within the Levelling Up and Regeneration Act 2023 (the Act) which will allow premiums to be charged sooner.
- 1.11 This policy details the Council's approach in the charging of empty homes premiums as allowed within the new legislation.
- 1.12 The continued pressure on local authority finances (both the Council and the Major Preceptors) together with the need to encourage all owners of domestic premises to bring them back into use, makes it essential that the Council changes its approach to empty homes.

## 2. Empty homes premiums (From 1 April 2024)

- 2.1 Section 79 (1) (b) of the Levelling Up and Regeneration Act 2023 permits the Council to impose an empty homes premium after one year instead of two years. Section 80 of the Act provides that from 1 April 2024, a property can be charged an empty homes premium at 100% after one year, even if it became empty before 1 April 2024.
- 2.2 The Council has resolved to implement the change with effect from 1 April 2024
- 2.3 The legislation requires the Council to be mindful of any guidance or further regulation in relation to the implementation of the premiums and this is detailed in Section 3 of this policy.

## 3. Exceptions from the premiums.

- 3.1 At the time of writing this policy, government has issued a consultation (which has now ended), seeking views on possible categories of dwellings which should be dealt with as exceptions to the Council Tax premiums. Regulations are expected to cover the exceptions.
- 3.2 **The Council has included the proposed exceptions below however; it should be noted that these MAY CHANGE when the new regulations are commenced.**
- 3.3 The consultation proposes that there will be circumstances where premiums will either not apply or be deferred for a defined period of time. These are as follows:
- **Properties undergoing probate** - the government proposes that these properties should be exceptions to the empty homes premium for a **maximum of 12 months**. The exception would start once probate or letters of administration is granted. This will not affect the Class F Council Tax exemption or the ability for the Council to charge its determined rate of Council Tax following the expiry of the Class F exemption;



- **Properties that are being actively marketed for sale or rent** - the government proposes that this exception will apply for up to a **maximum of 6 months** from the date that active marketing commenced, or until the property has been sold or rented, whichever is the sooner. The Council, in determining whether this exemption applies will require the following evidence:
  - (a) evidence that the dwelling is being **actively** marketed for sale or rent through a recognised agent (evidence can include contracts with agents, advertisements in recognised newspapers or marketing websites);
  - (b) where the premises are being self-marketed by the owner or landlord, evidence that the premises is being **actively** marketed (evidence can include advertisements in recognised newspapers or letting websites);
  - (c) where for sale, evidence that the premises are being sold at a true market level for the size and type of dwelling within the area in which it is situated. Where the dwelling is for let, that the rent requested is at a true market level for the size and type of dwelling within the area in which it is situated.

The above list is not exhaustive and the Council reserves the right to request further evidence to support any claim for exemption. The exemption will only apply once to any taxpayer or taxpayers if they are jointly and severally liable; and

- **Empty properties undergoing major repairs** - this is time limited to 6 months. The government proposes that empty properties undergoing major repair works or structural alternations should be an exception to the premium for up to 6 months once the exception has been applied or when the work has been completed, whichever is the sooner. The exception will be applied at any time after the property has been empty for at least 12 months, so long as the Council is satisfied that the necessary repair work is being undertaken. As with all other exemptions to the premiums, the Council will require the taxpayer to provide such evidence as is required to support their application;

3.4 It is understood that regulations will be issued early 2024 and the Council will need to ensure that any charging policy is in line with legislation. Therefore, the Council's Director of Resources is granted delegated powers to amend this policy in line with legislative or government requirements.

## 4. Outcome expected and 'safety net'.

- 4.1 The expected outcomes of this policy are as follows:
- (a) Taxpayers will be encouraged, through the implementation of the premiums, to bring empty properties into use;
  - (b) The reduction of empty homes within the Council's area in line with the Council's Empty Property Strategy; and
  - (c) Increased Council Tax income from empty homes.

- 4.2 There may be circumstances where the implementation of these changes may cause exceptional hardship to a taxpayer. In such cases, the Council will consider applications for a reduction in liability under its Section 13A (1)(C) of the Local Government Finance Act 1992 - Reduction in Council Tax liability policy.
- 4.3 Where such an application is received, it will be considered on an individual case basis taking into account the circumstances of the taxpayer and the situation regarding the level of Council Tax charged. Should the taxpayer be aggrieved by any decision of the Council a further right of appeal will be with the independent Valuation Tribunal.

## 5. Legislation

- 5.1 The legislation that covers this policy and the recommendations made is as follows:
- S11A & S11B of the Local Government Finance Act 1992 as amended by the Levelling Up and Regeneration Act 2023);
  - The Levelling Up and Regeneration Act 2023; and
  - S13A(1)(C) Local Government Finance Act 1992 (reduction in liability).
- 5.2 Due to changes in the legislation, the Council will be required to amend this policy, at any time, in line with statute.

## 6. Finance

- 6.1 Any amount of premium received will be part of the Council's Collection Fund and will be shared between the Council and Major Precepting authorities in line with their share of the Council Tax.
- 6.2 Any reduction granted under S13A(1)(c) will be financed through the Council's general fund and do not form part of the Collection Fund.

## 7. Notification

- 7.1 Where a taxpayer is granted an exemption, a revised demand notice will be issued. Where an exemption is applied for but not granted, the Council will provide a notification of its decision.

## 8. Appeals

- 8.1 Appeals against the Council's decision may be made in accordance with Section 16 of the Local Government Finance Act 1992.
- 8.2 **The taxpayer must in the first instance write to the Council outlining the reason for their appeal. Once received the council will then consider whether any**

**additional information has been received which would justify a change to the original decision and notify the tax payer accordingly.**

- 9.3 Where the taxpayer remains aggrieved, a further appeal can then be made to the Valuation Tribunal. This further appeal should be made within 2 months of the decision of the Council not to grant any reductions. Full details can be obtained from the Council's website or from the Valuation Tribunal Service website.

## **9. Delegated Powers**

- 9.1 This policy for the Council Tax premiums has been approved by the Council. However, the Council's Director of Resources is authorised to make technical amendments to ensure it meets the criteria set by government and the Council.

## **10 Fraud**

- 10.1 The Council is committed to protecting public funds and ensuring that premiums are correctly charged.
- 10.2 A taxpayer who tries to reduce their Council Tax liability by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.
- 10.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

## **11. Complaints**

- 11.1 The Council's complaints procedure (available on the Council's website) will be applied in the event of any complaint received about this policy.

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## Multi-use Games Areas

### Report to Executive



<b>DATE</b>	<b>February 2024</b>
<b>PORTFOLIO</b>	<b>GS&amp;A</b>
<b>REPORT AUTHOR</b>	<b>Kieron Roberts</b>
<b>TEL NO</b>	<b>01282 475825</b>
<b>EMAIL</b>	<a href="mailto:kroberts@burnley.gov.uk">kroberts@burnley.gov.uk</a>

#### PURPOSE

1. To provide the Executive with a detailed overview of the current position, and a proposed way forward, regarding the provision, condition and work needed (including costed options), for improvement of the Council’s Multi-use Games Areas (MUGAs) stock.

#### RECOMMENDATIONS

2. That the Executive:
  - a. Notes the current position regarding the Football Foundation’s Play Zones programme.
  - b. Agree to not proceed with the previously secured £30,000 per annum Capital investment programme (to be used as match funding) for the Football Foundation’s Play Zones programme.
  - c. Notes the MUGAs 2023/24 Condition Inspections report findings.
  - d. Agree to the development of a MUGA Improvement Programme with £70,000 of capital investment each year for 5 years starting from 2024/25.
  - e. Allow Green Spaces to explore potential sites for a new (or upgraded) MUGA where Play Zones funding could be pursued, working with other relevant organisations.

#### REASONS FOR RECOMMENDATIONS

3. a & b. Stipulations of the Play Zones funding criteria would not allow us to upgrade existing MUGAs. In addition, the necessity for charging, a gate access system and online booking would not be applicable for use of our MUGAs.
  
- c & d. To ensure the Council’s MUGA stock is safe, of good quality, fit for purpose and sustainable in the future.

- e. To address the shortfall in provision for MUGAs in West Burnley/Padiham.

## SUMMARY OF KEY POINTS

### Introduction

4. The Council provides 23 MUGAs, which is a high level of provision compared with similar sized local authorities, with 70% of the population living within a 700-metre walking distance of one. 18 MUGAs are floodlit, and all are available for use free of charge 24/7 and provide recreation opportunities for an age group that is under-provided for.
5. MUGAs are maintained from the Council's very limited playground maintenance budget with any floodlighting repairs undertaken by Liberata through the Council's property maintenance budget. Both these budgets are stretched, and the majority of the play area budget gets spent on maintaining the 50+ play areas we have, with a small proportion used to keep MUGAs at the minimum, safe and usable.

### Play Zones

6. The Council had hoped that funding from the Football Foundation's Play Zones programme could be used to improve some of the MUGAs identified as priorities for investment in the Football Foundation's Local Football Facility Plan (LFFP).
7. However, the Football Foundation have made it a pre-requisite that gate access systems must be installed on these facilities and charges made for use by pre-booked groups/organisations on each MUGA they fund. This would disadvantage young people that currently use our facilities. They have also stated that the Play Zones programme is not intended as a funding stream for Councils/Facility Operators to upgrade and improve their existing aging MUGA stock.
8. Although the above stipulations would not be applicable for most of the Council's MUGA provision, there may be an opportunity to secure Play Zones money in the future for a new (or upgraded) MUGA that fits the eligibility criteria and where there is an identified shortfall in provision as well as an operating partner, such as Burnley Leisure & Culture or Burnley Football in the Community, to manage the facility and bookings. 25% match funding would be required from the Council and/or partner organisations.
9. A three-year capital programme item for Play Zones has already been included in the Council's Capital Programme 2024/25 – 2026/27 with £90,000 (£30,000 per year) of Council funding intended to match Football Foundation and other Section 106 and 3rd party contributions.

## **MUGA Improvement Programme**

10. The Council's Engineer has undertaken a detailed inspection of all MUGAs (see Appendix 1). Using this condition inspection report as our main reference point, a 5-year MUGA Improvement Programme 2024/25 – 2028/29 has been developed – (see Appendix 2). The programme prioritises upgrades based on the following:
  - Condition score – this is the cumulative condition score for Surfacing, Fencing and Line Marking from the Conditions Report.
  - When the MUGA was last refurbished.
  - Usage
  - Whether it is a Local Football Facility Plan (LFFP) priority
  - Availability of match funding
11. To enable the programme to upgrade all MUGAs over a five-year period, a capital allocation of £70,000 per year has been suggested. The Council's capital programme already includes £30,000 per year over the three years 2024 – 2027. Therefore, it is proposed that this is deleted, and provision made in the capital programme for a budget of £70,000 per year for the financial years 2024/5 to 2028/29.
12. The programme also includes Section 106 and 3rd party contributions that have been identified and secured for specific sites. Funding from the Carbon Reduction Scheme has been identified for replacing existing halogen lights with LED ones at all relevant MUGA's. Additional funding would still need to be sought from Town/Parish Councils and other funding streams though to ensure that all MUGA's, identified for remedial and improvement works in the Improvement Programme, can be upgraded.
13. The Improvement Programme table in Appendix 2 shows the annual shortfall that will need to be made up to enable all the planned work goes ahead (figures will be altered accordingly to take in to consideration the Carbon Reduction Scheme funding referenced above). Subsequently, there will need to be a degree of flexibility associated with the programme with some MUGA improvements being brought forward or deferred dependent upon whether they have the requisite funding in place to carry out the identified works from the Condition Inspections report.
14. A new floodlit MUGA is currently being built at Stoneyholme Recreation Ground as part of the Section 106 agreement for the Burnley College extension and is scheduled to be completed by the end of January 2024.

## **Summary**

15. The condition assessment identifies the need to upgrade the MUGA stock, particularly those facilities that are over 15 years old and/or have a combined

condition score of less than 10. Several sites would become unsafe to use and if nothing is done and they would potentially be closed. The programme offers a sustainable strategic plan to ensure MUGAs are safe, good quality and accessible facilities.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

16. Capital investment of £70,000 per year for a 5-year period, starting from 2024/25 would be provided.
17. This would supersede the original 3-year capital programme item for Play Zones which had been included in the Council's Capital Programme 2024/25 – 2026/27 (£30,000 per year), which is now not needed.
18. Some match funding has already been secured from Section 106 and 3<sup>rd</sup> party contributions for certain sites. Additional funding would also be sought from Town/Parish Councils and other relevant funding streams to add to the funding pot and enable all proposed MUGA improvements to come to fruition.
19. Energy efficiency costs relating to the improvement of floodlights (replacing halogen with LED) at relevant MUGA's will be paid for from the Carbon Reduction Scheme fund. Figures relating to the MUGA Improvement Programme will be altered accordingly.
20. Ongoing maintenance and minor repairs of the MUGAs will continue to be carried out by the Playground Maintenance Operative utilising the annual revenue budgets highlighted in 5.

## **POLICY IMPLICATIONS**

21. The proposed MUGA improvement programme will implement the recommendations contained in the Playing Pitch and Outdoor Sports Strategy (2023), specifically:  
  
"improve the quality of MUGAs across Burnley and work with relevant stakeholders to establish new provision in areas not currently serviced."

## **DETAILS OF CONSULTATION**

22. A briefing note on Multi-use Games Areas was originally taken to Policy Board on the 18<sup>th</sup> September 2023.

## **BACKGROUND PAPERS**

23. Multi-use Games Areas (MUGAs) 2023/24 Condition Inspections report – Appendix 1.



**FURTHER INFORMATION**

**PLEASE CONTACT:**

**Kieron Roberts**

**ALSO:**

**Simon Goff**

DRAFT

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# MULTI-USE GAMES AREAS (MUGAs)

## 2023/24 CONDITION INSPECTIONS

**VERSION:** 1.4  
**WRITTEN BY:** Neil Yates  
**IMPLEMENTED:** 13<sup>th</sup> Dec 2023

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## **1.0 SUMMARY**

Inspections of the Council's Multi-Use Games Areas (MUGAs) took place in November 2023.

The assets were assessed in accordance with the information listed in Section 2.0.

This report details the findings of these inspections, providing an overall condition of each asset, listing the defects found and proposing repairs and/or improvement works required to resolve them.

## 2.0 GENERAL INFORMATION

### 2.1 LIST OF MUGAS

REF	MUGA	WARD
BBCMU01	Abel Street	Daneshouse with Stoneyholme
BBCMU02	Barden Gardens	Queensgate
BBCMU03	Burnley Wood	Rosehill with Burnley Wood
BBCMU04	Byerden Holme	Daneshouse with Stoneyholme
BBCMU05	Every Street	Trinity
BBCMU06	Forfar Street	Coal Clough with Deerplay
BBCMU07	Fulledge Recreation Ground	Bank Hall
BBCMU08	Hapton Recreation Ground	Hapton with Park
BBCMU09	Hargher Clough Park	Trinity
BBCMU10	Hargrove	Gawthorpe
BBCMU11	Healey Heights	Trinity
BBCMU12	Ightenhill Park	Whittlefield with Ightenhill
BBCMU13	Lancaster Drive	Hapton with Park
BBCMU14	Park Road	Gawthorpe
BBCMU15	Piccadilly Gardens	Trinity
BBCMU16	Queen's Park	Bank Hall
BBCMU17	Queen Street	Burnley
BBCMU18	Rakehead Recreation Ground	Queensgate
BBCMU19	Scott Park	Coal Clough with Deerplay
BBCMU20	Underley Street	Lanehead
BBCMU21	Vanguard	Trinity
BBCMU22	Whittlefield Recreation Ground	Gannow
BBCMU23	Worsthorne	Cliviger with Worsthorne

Table 2.1 List of MUGAs

## 2.2 ASSET CODES

Each defect identified is categorised in accordance with the codes shown below in Table 2.2.

CODE	ASSET
CWB	MUGA surface (bituminous)
CWNB	MUGA surface (non-bituminous)
FP	Footpaths
KC	Kerbs, edgings, pre-formed channels
IW	Covers, grates, frames, boxes
LC	Lighting columns, floodlights
MUGSF	MUGA fence, guardrail and safety fences
GPBH	Goal posts, basketball hoops
WA	Walls
HT	Hedges and trees
DE	Debris

Table 2.2 Asset Codes

### 2.3 OVERALL CONDITION RATINGS

An overall condition rating has been assigned to each asset to provide an indication of the general condition, highlight issues and to determine the frequency of inspections.

Each item was assigned a condition rating between 1\* and 5\*, with 1\* as the poorest rating and 5\* the highest.

RATING	DESCRIPTION	CONSEQUENCE
5*	Excellent	No works required.
4*	Very Good	Possible minor deterioration but overall of a high standard.
3*	Acceptable	Repairs to be carried out within five years.
2*	Poor	Repairs to be carried out within two to five years.
1*	Very Poor	Repairs to be carried out within one year, with some repairs to be undertaken sooner.

Table 2.3 Overall Condition Rating Descriptions



### 3.0 OVERALL CONDITION RATINGS

REF.	MUGA	CONDITION RATING (1* VERY POOR TO 5* EXCELLENT)				
		SURFACE	FENCE	ACCESS	LINE MARKINGS	LIGHTING
BBCMU01	Abel Street	2	4	3	2	5
BBCMU02	Barden Gardens	2	2	4	1	-
BBCMU03	Burnley Wood	5	4	5	4	5
BBCMU04	Byerden Holme	3	3	5	1	5
BBCMU05	Every Street	2	4	3	1	5
BBCMU06	Forfar Street	3	4	2	2	1
BBCMU07	Fulledge Rec.	4	4	4	1	1
BBCMU08	Hapton Rec.	2	3	4	1	1
BBCMU09	Hargher Clough Park	5	5	3	5	5
BBCMU10	Hargrove	2	4	4	1	-
BBCMU11	Healey Heights	4	4	5	3	-
BBCMU12	Ightenhill Park	4	4	4	2	-
BBCMU13	Lancaster Drive	3	3	5	1	5
BBCMU14	Park Road	2	4	5	3	1
BBCMU15	Piccadilly Gardens	3	2	2	1	-
BBCMU16	Queen's Park	4	3	5	1	-
BBCMU17	Queen Street	4	4	4	1	2
BBCMU18	Rakehead Rec.	4	4	5	1	1
BBCMU19	Scott Park	4	3	3	3	-
BBCMU20	Underley Street	4	3	3	1	5
BBCMU21	Vanguard	3	3	5	1	1
BBCMU22	Whittlefield Rec.	2	3	5	2	1
BBCMU23	Worsthorne	5	4	4	5	-

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Table 3.1 Overall Condition Ratings

### 3.1 SPECIFIC RISK RATING

The risk scores are calculated by plotting the likelihood of harm against the severity of the injury sustained. The likelihood is given a score of 1 to 5 and the severity is given a score of 1 to 5.

In doing this a matrix is produced which gives a numerical assessment of the risk on a score of 1 to 25 and a judgement is made as to which risks are low, which are medium and which are high.

Risk scores may be adjusted in the light of experience and therefore may not be exactly as per the table. For example, a score of 7 may be noted.

Risks are calculated as follows –

- 1) An assessment of the likelihood of harm taking place is made using the numbers 1 to 5, by following these descriptions:

- 1 = Rare
- 2 = Unlikely
- 3 = Moderate
- 4 = Likely
- 5 = Certain

- 2) An assessment of the severity of the injury sustained is made using the numbers 1 to 5, by following these descriptions:

- 1) Insignificant
- 2) Minor
- 3) Moderate
- 4) Major
- 5) Catastrophic

- 3) The two numbers are multiplied to give a risk score on a scale of 1 to 25.
- 4) Scores of 1 to 7 inclusive are considered to be low risk and are considered to be tolerable where this is the innate risk of the item, but where remedial works are identified these should be undertaken.
- 5) Scores of 8 to 12 are considered to be medium risk and some control measures may be identified to reduce the risks to low, tolerable levels.
- 6) Scores of 13 and above are considered to be high risk and urgent action is considered to reduce the risks to tolerable levels.

It is important to note that where an outcome is catastrophic, but for which the likelihood is rare, this will present a score of  $1 \times 5 = 5$  = low risk. Similarly, a certain event for which the consequence is insignificant will present a score of  $5 \times 1 = 5$  = low risk. It is important to consider likelihood and consequence, rather than just one of the factors in isolation.

The multiplication of the factors into a risk matrix is given in Table ... below, with a judgement made as to risk scoring indicated by colour.

Green = LOW risk, Amber = MEDIUM risk, Red = HIGH risk.

LIKELIHOOD	SEVERITY				
	1 = INSIGNIFICANT	2 = MINOR	3 = MODERATE	4 = Major	5 = Catastrophic
1 = RARE	1 Low	2 Low	3 Low	4 Low	5 Low
2 = UNLIKELY	2 Low	4 Low	6 Low	8 Medium	10 Medium
3 = MODERATE	3 Low	6 Low	9 Medium	12 Medium	15 High
4 = LIKELY	3 Low	8 Medium	12 Medium	16 High	20 High
5 = CERTAIN	5 Low	10 Medium	15 High	20 High	25 High

Table 3.2 Risk Score Matrix

## 4.0 DEFECTS IDENTIFIED

Table 4.1 shows all the defects identified in the November 2023 inspections. The recommended repairs to rectify these defects are listed in Tables 5.1 and 5.2 in Section 5.0.

REF.	MUGA	ASSET CODE	RISK RATING	DESCRIPTION
BBCMU01	Abel Street	CWB	6	Surface is poor – minor damage, with poor overall slip resistance. Patch repairs have been carried out.
		MUGSF	1	Narrow entrance points restrict disabled access.
		MUGSF	1	Minor graffiti/paint on goal posts faded.
		HT	9	Trees have been removed from tree pits, together with some setts missing, causing a trip hazard.
BBCMU02	Barden Gardens	CWB	12	Minor damage and some settlement has occurred. Moss has grown over ¼ of the court surface.
		MUGSF	9	Upper lightweight fence panels at goal end are damaged and are likely to become detached from the posts.
		MUGSF	8	Bolt missing from upper fence panel.
		HT	6	Tree branch overhanging MUGA fence causing leaves to fall on the court and could affect the fence in future.
BBCMU04	Byerden Holme	CWB	1	Line markings are faded.
		MUGSF	1	Top rails on fence are missing.
		MUGSF	1	Some graffiti and scuffs on goal posts.
BBCMU05	Every Street	CWB	1	Minor damage and ponding occurring. Coloured surface has worn away reducing overall slip resistance.
		MUGSF	2	Minor rust on fence.
		MUGSF	1	Narrow entrance points restrict disabled access.
BBCMU06	Forfar Street	CWB	9	Small pothole near goal mouth.
		CWB	1	Narrow cracks in the court surface.
		CWB	6	Moss at the corner of the court.
		CWB	1	Line markings are faded and illegible.
		FP	1	Stepped access restricts disabled users.

REF.	MUGA	ASSET CODE	RISK RATING	DESCRIPTION
BBCMU06	Forfar Street	MUGSF	8	Fence panel adj. goal post has been bent outwards.
		MUGSF	8	Fence panel is detached from fixing.
		MUGSF	1	Goal posts have rusted.
		LC	1	4 No. floodlights are not working.
BBCMU07	Fulledge Recreation Ground	CWB	4	Moss has grown at the edges of the court and line markings faded.
		MUGSF	1	Fence panel is missing.
		MUGSF	8	5 No. bolts missing from fence panels.
		MUGSF	1	Goal posts are rusted.
		MUGSF	1	Cricket wicket is missing from fence.
		LC	1	4 No. floodlights are not working.
		FP	4	Disabled access affected by poor footpath link.
BBCMU08	Hapton Recreation Ground	CWB	6	Surface has deteriorated with weeds growing through in a few locations and moss has overgrown the surface in one corner.
		CWB	1	Line markings have faded and are illegible.
		MUGSF	1	Basketball backboards have rusted.
		MUGSF	4	Overall fence quality is poor but section near basketball hoop is broken.
		LC	1	2 No. floodlights are not working.
BBCMU09	Hargher Clough Park	CWB	1	Some weeds have grown along the fenceline.
		MUGSF	1	Narrow access points restrict disabled usage of the court.
BBCMU10	Hargrove	CWB	1	Ponding on path at MUGA entrance.
		CWB	6	MUGA surface has been damaged – possibly by fire.
		CWB	1	Overall MUGA surface is uneven, causing ponding at low spots.
		CWB	1	Line markings are faded and are illegible.
		HT	4	Vegetation growing through fence.

REF.	MUGA	ASSET CODE	RISK RATING	DESCRIPTION
BBCMU11	Healey Heights	CWB	4	Moss has grown at the edge of the court surface.
		CWB	1	Line markings have started to fade.
		IW	1	2 No. blocked gullies.
		MUGSF	1	Basketball backboards need to be replaced.
BBCMU12	Ightenhill Park	CWB	4	Moss has grown on the court surface.
		CWB	1	Line markings have started to fade.
BBCMU13	Lancaster Drive	CWB	1	Line markings are faded.
		MUGSF	1	Goal posts are rusted.
		MUGSF	4	Fence panels are leaning.
BBCMU14	Park Road	CWB	4	Coloured surface has started to deteriorate.
		MUGSF	4	Fence panels are leaning.
		MUGSF	1	Fence panel is missing at goal end.
		MUGSF	8	Basketball backboard has become detached from post.
		LC	1	4 No. floodlights not working.
BBCMU15	Piccadilly Gardens	CWB	4	Surface is starting to deteriorate and holding surface water.
		CWB	1	Line markings are faded and illegible.
		CWB	4	Moss has grown at the edge of the court surface.
		CWB	1	Disabled access is restricted due to step only access.
		MUGSF	9	Fence is not galvanised and is rusted.
		MUGSF	1	Low level fence will result in balls going outside of the court.
BBCMU16	Queen's Park	CWB	1	Line markings are faded and illegible.
		MUGSF	8	4 No. bolts missing from fence.
		MUGSF	1	Minor rust on goal posts.
		MUGSF	1	Basketball backboard is damaged.

REF.	MUGA	ASSET CODE	RISK RATING	DESCRIPTION
BBCMU17	Queen Street	CWB	1	Line markings are faded and are illegible.
		LC	1	Floodlight is lit during daylight hours.
BBCMU18	Rakehead Recreation Ground	CWB	1	Line markings are faded and are illegible.
		CWB	4	Minor damage to MUGA surface.
		MUGSF	1	MUGA fence scuffed with paint missing.
BBCMU19	Scott Park	CWB	1	Surface is starting to deteriorate and holding surface water.
		CWB	1	Line markings have started to fade.
		MUGSF	12	Goal post has rusted at point of connection with fence.
		MUGSF	1	Other sections of goal posts have rusted.
BBCMU20	Underley Street MUGA	CWB	1	Line markings are faded and are illegible.
		CWB	1	Path connection is in poor condition and affects disabled access.
		MUGSF	1	Goal posts are graffitied.
		MUGSF	4	Bolt missing in MUGA fence.
BBCMU21	Vanguard	CWB	4	Surface is starting to deteriorate and holding surface water.
		CWB	1	Line markings are faded and illegible.
		CWB	4	Moss has grown on the court surface.
		IW	1	ACO drain is blocked.
		LC	1	4 No. floodlights not working.
		MUGSF	1	MUGA fence is rusted in places.
		MUGSF	1	Fence panel at goal end is missing.
		MUGSF	8	Bolts missing in MUGA fence at 2 No. locations.
		MUGSF	4	Makeshift fence panel is damaged.
		WA	1	Coping stone on wall is missing.
LC	1	4 No. floodlights not working.		

REF.	MUGA	ASSET CODE	RISK RATING	DESCRIPTION
BBCMU22	Whittlefield Recreation Ground	CWB	4	Surface is starting to deteriorate and has been reinstated in places.
		CWB	1	Line markings are faded and illegible.
		CWB	1	Footpath connection from Ighten Road is in poor condition and will affect disabled access.
		MUGSF	4	Basketball backboard is damaged.
		MUGSF	1	Part of basketball backboard is damaged.
		MUGSF	1	Goal posts have rusted.
		LC	1	1 No. floodlight not working.

Table 4.1 Defects Identified



## 5.0 PROPOSED WORKS

### 5.1 ROUTINE MAINTENANCE

The following defects were identified during the inspection process and were considered to require repair.

REF.	MUGA	CODE	RISK RATING	DESCRIPTION	BUDGET COST
BBCMU01	Abel Street	MUGSF	1	Re-paint goal posts.	£500
		HT	9	Replace missing trees	£4,000
BBCMU02	Barden Gardens	MUGSF	8	Replace missing bolt.	£50
		HT	6	Remove overhanging branch from nearby tree.	£200
BBCMU03	Byerden Holme	CWB	1	Re-line faded markings.	£1,200
		MUGSF	1	Replace missing rails on fence.	£1,200
		MUGSF	1	Re-paint goal posts.	£500
BBCMU05	Forfar Street	CWB	9	Repair pothole.	£200
		CWB	6	Scrape off moss from surface and weedkill.	£200
		MUGSF	8	Repair damaged fence.	£300
		MUGSF	1	Repair damaged fence.	£300
		MUGSF	1	Remove rust and re-paint goal posts.	£1,000
		LC	1	Repair 4 No. floodlights.	£800
BBCMU07	Fulledge Recreation Ground	CWB	4	Scrape off moss and weedkill.	£100
		CWB	1	Re-line faded markings.	£1,200
		MUGSF	1	Replace missing fence panel.	£500
		MUGSF	8	Replace missing bolts.	£150
		MUGSF	1	Remove rust and re-paint goal posts.	£1,000
		MUGSF	1	Replace missing cricket wicket.	£250
		LC	1	Repair 4 No. floodlights.	£800

REF.	MUGA	ASSET CODE	RISK RATING	DESCRIPTION	BUDGET COST
BBCMU08	Hapton Recreation Ground	MUGSF	1	Remove rust and re-paint or replace basketball hoops.	£500/£2k
		MUGSF	4	Replace damaged fence panel or upgrade all fences.	£500/£30k
		LC	1	Repair 2 No. floodlights.	£800
BBCMU09	Hargher Clough Park	CWB	1	Weedkill affected areas.	£150
BBCMU10	Hargrove	HT	4	Cut back vegetation encroaching on playing surface.	£200
BBCMU11	Healey Heights	CWB	4	Scrape off moss and weedkill.	£150
		IW	1	Clear blocked gullies.	£200
BBCMU13	Lancaster Drive	MUGSF	1	Remove rust and paint goal posts.	£500
		MUGSF	4	Re-set leaning fence posts.	£1,500
		MUGSF	1	Replace damaged basketball backboards.	£3,000
BBCMU14	Park Road	MUGSF	1	Re-set leaning fence posts.	£500
		MUGSF	1	Replace missing fence panel.	£500
		MUGSF	8	Re-secure basketball backboard to post.	£100
		LC	1	Repair 4 No. floodlights.	£800
BBCMU16	Queen's Park	CWB	1	Re-line MUGA.	£1,200
		MUGSF	8	Replace missing bolts on fence.	£150
		MUGSF	1	Remove rust and paint goal posts.	£500
		MUGSF	1	Replace damaged basketball backboard.	£1,500
BBCMU17	Queen Street	LC	1	Replace photocell in floodlight.	£200
BBCMU18	Rakehead Recreation Ground	CWB	1	Re-line markings.	£1,200
		CWB	4	Patch repair damaged surface.	£800
		MUGSF	1	Re-paint affected areas of MUGA fence.	£800

REF.	MUGA	ASSET CODE	RISK RATING	DESCRIPTION	BUDGET COST
BBCMU19	Scott Park	MUGSF	12	Replace rusted goal post.	£2,500
		MUGSF	1	Paint goal post.	£500
BBCMU20	Underley Street	MUGSF	1	Re-paint goal posts.	£500
		MUGSF	8	Replace missing bolt.	£50
BBCMU21	Vanguard	CWB	4	Moss to be removed as part of re-surfacing scheme.	£150
		IW	1	Clear blocked ACO drain.	£200
		MUGSF	1	Remove rust and re-paint.	£1,000
		MUGSF	1	Replace missing fence panel.	£500
		MUGSF	8	Replace 2 No. missing bolts.	£100
		MUGSF	4	Replace damaged fence panel.	£500
		WA	1	Replace missing coping stone.	£200
		LC	1	Repair 4 No. floodlights.	£800
BBCMU22	Whittlefield Recreation Ground	MUGSF	4	Replace basketball backboard.	£1,500
		MUGSF	1	Replace basketball backboard.	£1,500
		MUGSF	1	Remove rust and re-paint.	£500
		LC	1	Repair 1 No. floodlight.	£800

Table 5.1 Routine Maintenance

## 5.2 IMPROVEMENT WORKS

The following works were identified during the inspection process as opportunities to either resolve existing issues or provide betterment to the assets.

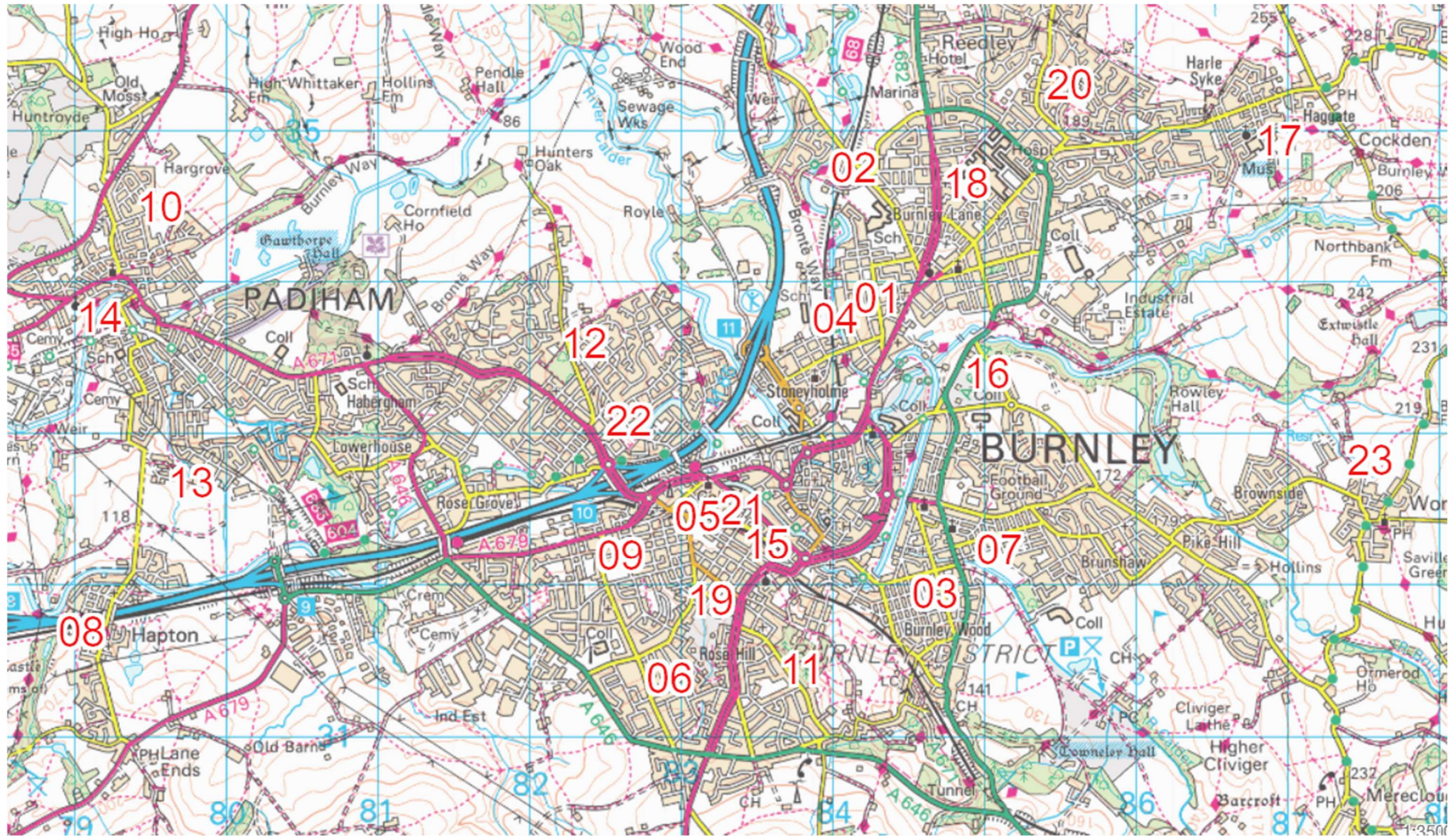
REF.	MUGA	ASSET CODE	RISK RATING	DESCRIPTION	BUDGET COST
BBCMU01	Abel Street	CWB	6	Re-surface MUGA – plane off existing and provide new coloured surface course.	£25,000
		MUGSF	1	Consider adjusting fence panels at goal ends to widen access points.	£1,000
		LC	1	Upgrade floodlights by replacing halogen lamps to LED.	£3,500
BBCMU02	Barden Gardens	CWB	12	Re-surface MUGA – plane off existing and provide new coloured surface course.	£25,000
		MUGSF	9	Replace damaged/missing lightweight fence panels (bowling green end).	£7,500
BBCMU04	Byerden Holme	CWB	12	Provide new coloured surface course.	£15,000
		MUGSF	1	Provide new goal posts and basketball nets.	£5,000
		LC	1	Upgrade floodlights by replacing halogen lamps to LED.	£1,500
BBCMU05	Every Street	CWB	1	Repair areas where ponding is occurring. Provide new slip resistant paint coating to surface.	£15,000
		MUGSF	2	Re-paint rusted fence panels.	£7,500
		MUGSF	1	Consider adjusting fence panels at goal ends to widen access points.	£1,000
		LC	1	Upgrade floodlights by replacing halogen lamps to LED.	£4,500
BBCMU06	Forfar Street	CWB	1	Consider future re-surfacing scheme.	£25,000
		CWB	1	Re-line markings.	£1,200
		FP	1	Consider providing ramped access for disabled users.	£3,500
		LC	1	Upgrade floodlights by replacing halogen lamps to LED.	£2,000
BBCMU07	Fulledge Recreation Ground	CWB	1	Consider future re-surfacing scheme.	£15,000
		FP	1	Consider providing ramped access at Mitella Street entrance.	£1,500
		LC	1	Upgrade floodlights by replacing halogen lamps to LED.	£2,000

REF.	MUGA	ASSET CODE	RISK RATING	DESCRIPTION	BUDGET COST
BBCMU08	Hapton Recreation Ground	CWB	6	Plane off existing surface and provide new surface course.	£25,000
		CWB	1	Provide new markings as part of above surfacing works.	£1,200
		LC	1	Upgrade floodlights by replacing halogen lamps to LED.	£1,500
BBCMU09	Hargher Clough Park	MUGSF	1	Consider adjusting fence panels to enable disabled access.	£1,000
BBCMU10	Hargrove	CWB	1	Consider re-surfacing/re-constructing to new levels.	£30,000
		CWB	6	Repair affected area or resolve issue by carrying out above scheme.	£5,000
		CWB	1	Re-line MUGA or resolve issue by carrying out above scheme.	£1,200
BBCMU11	Healey Heights	CWB	1	Re-line markings.	£1,200
		MUGSF	1	Replace basketball backboards.	£2,000
BBCMU12	Ightenhill Park	CWB	4	Scrape off moss and weedkill or consider applying coloured surface.	£500/£15k
		CWB	1	Re-line markings or provide new as a part of above scheme.	£1,200
BBCMU13	Lancaster Drive	CWB	1	Re-line markings.	£1,200
		MUGSF	1	Replace basketball backboards.	£2,000
		LC	1	Upgrade floodlights by replacing halogen lamps to LED.	£2,500
BBCMU14	Park Road	CWB	4	Provide new coloured surface.	£25,000
		LC	1	Upgrade floodlights by replacing halogen lamps to LED.	£2,500
BBCMU15	Piccadilly Gardens	CWB	4	Plane off existing and provide new surface course.	£25,000
		CWB	1	Carry out lining works as part of re-surfacing scheme.	£1,200
		CWB	4	Moss to be removed as part of re-surfacing scheme.	£300
		CWB	1	Consider ramped access to MUGA.	£5,000
		MUGSF	9	Replace fences.	£20,000
BBCMU17	Queen Street	CWB	1	Re-line markings.	£1,200
BBCMU18	Rakehead Recreation Ground	MUGSF	1	Consider raising height of fence at mill end.	£4,000
		LC	1	Upgrade floodlights by replacing halogen lamps to LED.	£6,500

REF.	MUGA	ASSET CODE	RISK RATING	DESCRIPTION	BUDGET COST
BBCMU19	Scott Park	CWB	1	Consider providing new coloured surface course.	£15,000
		CWB	1	Carry out lining works as part of re-surfacing scheme.	£1,200
BBCMU20	Underley Street	CWB	1	Re-line markings.	£1,200
		CWB	1	Consider re-surfacing path connection.	£5,000
		LC	1	Upgrade floodlights by replacing halogen lamps to LED.	£4,500
BBCMU21	Vanguard	CWB	4	Plane off existing and provide new surface course.	£25,000
		CWB	1	Carry out lining works as part of re-surfacing scheme.	£1,200
		LC	1	Upgrade floodlights by replacing halogen lamps to LED.	£2,000
BBCMU22	Whittlefield Recreation Ground	CWB	4	Plane off existing and provide new surface course.	£25,000
		CWB	1	Carry out lining works as part of re-surfacing scheme.	£1,200
		CWB	1	Re-surface section of path between Ighten Road and recreation ground.	£2,000

Table 5.2 Improvement Works







DEFECTS IDENTIFIED

BBCMU01 – Abel Street



MUGA surface in poor condition

BBCMU01 – Abel Street



Narrow entrance restricts disabled access

BBCMU01 – Abel Street



Graffitied/faded paint on goal posts

BBCMU01 – Abel Street



Voids at former tree pits/missing setts

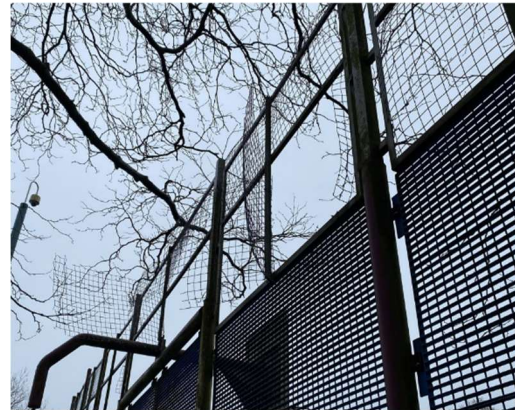


BBCMU02 – Barden Gardens



MUGA surface in poor condition

BBCMU02 – Barden Gardens



Damaged fence panels

BBCMU02 – Barden Gardens



Bolt missing from fence panel

BBCMU02 – Barden Gardens



Tree branch overhanging MUGA fence

BBCMU04 – Byerden Holme



Faded line markings

BBCMU04 – Byerden Holme



Top rails on fence missing

BBCMU04 – Byerden Holme



Scuffs/paint missing on goal posts

BBCMU04 – Byerden Holme



Paint on MUGA surface



BBCMU05 – Every Street



MUGA surface in poor condition

BBCMU05 – Every Street



Narrow surface restricts disabled use

BBCMU06 – Forfar Street



Pothole near goal mouth

BBCMU06 – Forfar Street



Cracks in MUGA surface

BBCMU06 – Forfar Street



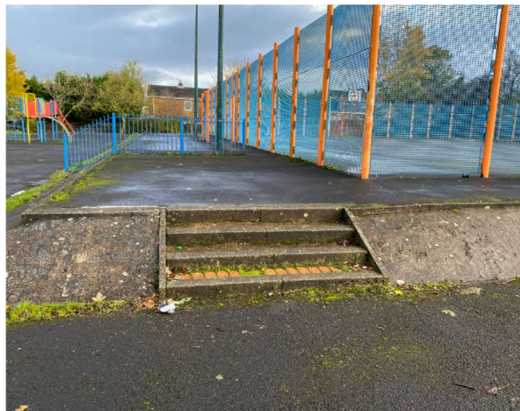
Moss at the corner of the court

BBCMU06 – Forfar Street



Faded line markings

BBCMU06 – Forfar Street



Stepped access restricts disabled users

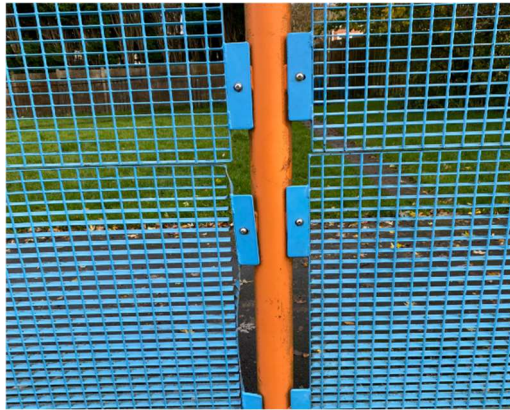
BBCMU06 – Forfar Street



Fence panel bent outwards



BBCMU06 – Forfar Street



Fence panel detached from fixing

BBCMU06 – Forfar Street



Goal posts have rusted

BBCMU07 – Fullede Recreation Ground



Moss at the edges of the court

BBCMU07 – Fullede Recreation Ground



Missing fence panel

BBCMU07 – Fullede Recreation Ground



5 No. bolts missing from fence panels

BBCMU07 – Fullede Recreation Ground



Rusted goal posts

BBCMU07 – Fullede Recreation Ground



Cricket wicket missing from fence

BBCMU08 – Hapton Recreation Ground



MUGA surface in poor condition



BBCMU08 – Hapton Recreation Ground



Faded line markings

BBCMU08 – Hapton Recreation Ground



Rusted basketball backboards

BBCMU08 – Hapton Recreation Ground



Sections of fence in poor condition

BBCMU09 – Hargher Clough Park



Weeds along fenceline

BBCMU09 – Hargher Clough Park



Narrow access restricts disabled use

BBCMU10 - Hargrove



Weeds along fenceline

BBCMU10 - Hargrove



Damaged MUGA surface

BBCMU10 - Hargrove



Faded line markings



BBCMU10 - Hargrove



Vegetation growing through fence

BBCMU11 – Healey Heights



Moss on surface at edge of court

BBCMU11 – Healey Heights



Faded line markings

BBCMU11 – Healey Heights



2 No. blocked gullies

BBCMU11 – Healey Heights



Damaged basketball backboards

BBCMU12 – Ightenhill Park



Moss on MUGA surface

BBCMU12 – Ightenhill Park



Faded line markings

BBCMU13 – Lancaster Drive



Faded line markings



BBCMU13 – Lancaster Drive



Rusted goal posts

BBCMU13 – Lancaster Drive



Leaning fence

BBCMU13 – Lancaster Drive



Damaged basketball backboards

BBCMU14 – Park Road



MUGA surface in poor condition

BBCMUI4 – Park Road



Leaning fence

BBCMUI4 – Park Road



Missing fence panel

BBCMUI4 – Park Road



Basketball backboard detached from fence

BBCMUI5 – Piccadilly Gardens



MUGA surface holding water



BBCMU15 – Piccadilly Gardens



Faded line markings

BBCMU15 – Piccadilly Gardens



Moss grown on MUGA surface

BBCMU15 – Piccadilly Gardens



Steps restrict disabled access

BBCMU15 – Piccadilly Gardens



Fence is rusted

BBCMU16 – Queen’s Park



Faded line markings

BBCMU16 – Queen’s Park



4 No. bolts missing on fence

BBCMU16 – Queen’s Park



Rust on goal posts

BBCMU16 – Queen’s Park



Damaged basketball backboard



BBCMU17 – Queen Street



Faded line markings

BBCMU17 – Queen Street



Floodlight lit in daylight

BBCMU18 – Rakehead Recreation Ground



Faded line markings

BBCMU18 – Rakehead Recreation Ground



Damaged fence

BBCMU18 – Rakehead Recreation Ground



Damaged MUGA surface

BBCMU19 – Scott Park



MUGA surface holding water

BBCMU19 – Scott Park



Line markings starting to fade

BBCMU19 – Scott Park



Rusted goal post at fixing



BBCMU19 – Scott Park



Rusted goal post

BBCMU20 – Underley Street



Faded line markings

BBCMU20 – Underley Street



Path connection in poor condition

BBCMU20 – Underley Street



Graffitied goal posts

BBCMU20 – Underley Street



Bolt missing in fence

BBCMU21 - Vanguard



Faded line markings

BBCMU21 - Vanguard



Moss on MUGA surface

BBCMU21 - Vanguard



Blocked ACO drain



BBCMU21 - Vanguard



Rusted fence

BBCMU21 - Vanguard



2 No. missing bolts in fence

BBCMU21 - Vanguard



Missing fence panel

BBCMU21 - Vanguard



Damaged fence panel

BBCMU21 – Vanguard



Missing coping stone

BBCMU21 – Vanguard



MUGA surface in poor condition

BBCMU21 - Vanguard



Faded line markings

BBCMU22 – Whittlefield Recreation Ground



Footpath connection in poor condition

BBCMU22 – Whittlefield Recreation Ground



Damaged basketball backboard

BBCMU22 – Whittlefield Recreation Ground



Damaged basketball backboard

BBCMU22 – Whittlefield Recreation Ground



Rusted/scuffed goal posts

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## Multi Use Games Areas (MUGAs) Proposed Improvement Programme 2024/25 – 2028/29

Priority	Site	Ward	No. Courts	Floodlit	Last Refurbished	Condition Score*	Usage Rating**	LFFP Priority	Estimated Cost	Match Funding****	Capital Funding	Shortfall
<b>2024/25</b>												
1	Barden Gardens	Queensgate	1	No	2004	5	Medium		£32,750	£15,000		
2	Every Street	Trinity	1	Yes	2002	7	High		£23,500			
3	Abel Street	Daneshouse with Stoneyholme	1	Yes	2002	8	High	√	£34,000			
4	Park Rd	Gawthorpe	1	Yes	2010	9	High	√	£29,400	£11,000		
5	Underley Street	Lanehead	1	Yes	2006	8	Medium		£11,250	£6,500		
<b>Totals</b>									<b>£130,900</b>	<b>£32,500</b>	<b>£70,000</b>	<b>£28,400</b>
<b>2025/26</b>												
6	Hapton Rec.	Hapton with Park	1	Yes	2010	6	Medium		£60,500			
7	Byerden Holme	Daneshouse with Stoneyholme	1	Yes	1999	7	Medium	√	£24,400	£5,120		
8	Lancaster Drive	Hapton with park	1	Yes	2012	7	Medium		£10,700			
9	Rakehead Rec	Queensgate	2	Yes	2006	9	Medium		£13,300	£13,300		
<b>Totals</b>									<b>£108,900</b>	<b>£18,420</b>	<b>£70,000</b>	<b>£20,480</b>

## Appendix 2

Priority	Site	Ward	No. Courts	Floodlit	Last Refurbished	Condition Score*	Usage Rating**	LFFP Priority	Estimated Cost	Match Funding****	Capital Funding	Shortfall
<b>2026/27</b>												
10	Piccadilly Gardens	Trinity	1	Yes	2004	6	Medium		£51,500			
11	Vanguard	Trinity	1	Yes	1999	7	Low		£31,650			
12	Queens Park	Bank Hall	1	Yes	2004	8	High		£10,850	£7,000		
13	Healey Heights	Rosehill with Burnley Wood	1	No	2009	11	Medium		£3,550	£3,550		
<b>Totals</b>									<b>£97,550</b>	<b>£10,550</b>	<b>£70,000</b>	<b>£17,000</b>
<b>2027/28</b>												
14	Whittlefield Rec.	Gannow	1	Yes	2007	7	Low	√	£32,500			
15	Fulledge Rec.	Bank Hall	1	Yes	2005	9	High	√	£22,500			
16	Hargrove Ave	Gawthorpe	1	No	2012	7	Low		£36,400	£10,000		
17	Scott Park	Coal Clough with Deerplay	1	No	2013	10	High		£19,200	£10,000		
18	Queen Street	Briercliffe	1	Yes	2014	9	Medium		£1,400			
<b>Totals</b>									<b>£112,000</b>	<b>£20,000</b>	<b>£70,000</b>	<b>£22,000</b>



Appendix 2

Priority	Site	Ward	No. Courts	Floodlit	Last Refurbished	Condition Score*	Usage Rating**	LFFP Priority	Estimated Cost	Match Funding****	Capital Funding	Shortfall
<b>2028/29</b>												
19	Forfar Street	Coal Clough with Deerplay	1	Yes	2005	9	Low		£34,500			
20	Ightenhill Park	Whittlefield and Ightenhill	1	No	2009	10	Medium		£16,200			
21	Burnley Wood	Rosehill with Burnley Wood	2	Yes	2005	13	High		£0			
22	Hargher Clough Park	Trinity	2	Yes	2014	15	High		£1,150			
Page 23 285	Worsthorpe Rec.	Cliviger with Worsthorpe	1	No	2021	14	Medium		£0			
24	Stoneyholme Rec.	Trinity	1	Yes	2024							
<b>Totals</b>									<b>£51,850</b>	<b>£0</b>	<b>£70,000</b>	<b>+£18,150</b>

\*Condition Score – This is the Condition Rating cumulative scores for Surface, Line Marking & Fence from the MUGA's 2023/24 Condition Inspections report

\*\*Usage Rating – usage rates for the MUGA defined as Low, Medium, or High

\*\*\*Proposed Cost – The combined estimated costs (Routine maintenance & Improvement works) from the MUGA's 2023/24 Condition Inspections report

\*\*\*\*Match Funding – Section 106/Third Party Contributions/Other Monies secured

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## REPORT TO FULL COUNCIL



<b>DATE</b>	<b>27<sup>th</sup> February 2024</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>
<b>EMAIL</b>	<b>vwhite@burnley.gov.uk</b>

## Pay Policy Statement 2024/25

### 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 2024/25;
  - 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 2024/25 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 5.3 and the ratio of the lowest paid to the Chief Officer is 3.4 (reduced from 5.6 and 3.6 respectively).
  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 2023 our workforce comprised of 53% male and 47% female employees. For the purposes of reporting the gender pay gap, all permanent and temporary employees are included in the total workforce figure of 232. 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 -2.06% and the median pay gap is -4.77%. 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 2022 the figures were mean -1.72% and median -6.64%. Both figures are below the national average, which are currently 13.2% and 14.3%.

Latest figures suggest that the median gender pay gap across the public sector is 14.0% and the figure across all industries in Lancashire is 15.3% with Burnley at -2.4%. The Council compares favourably with these statistics.

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

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

The Council's mean ethnicity pay gap at 31<sup>st</sup> March 2023 was -8.11% and the median was -2.98%. This means that our employees that identify as BAME receive, on average, a higher hourly rate than those identifying as white. It should be noted, however, that it is a relatively small number of employees in the comparison group as 6.9% of our employees were from the BAME community at the report date (according to the 2021 census data the Borough population is 16.7% BAME).

There are very few organisations currently publishing ethnicity pay data so it is difficult to carry out any meaningful analysis or comparison but we plan to develop our reporting in future. However, the latest ONS report published in 2022 suggests that the national median ethnicity pay gap is 2.3%

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

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

## **POLICY IMPLICATIONS**

15. 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**

16. Trade Unions

**BACKGROUND PAPERS**

17. 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 2024 - March 2025**

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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 Director/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 approved by Full Council at a meeting on 25<sup>th</sup> January 2023 prior to advertising the role. Benchmarking on the salary was undertaken and found to be comparable with other local authorities in the area and as a result of this 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 £122,286 (from April 2023). 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 £97,320 (from April 2023) 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 Director/Head of service posts. They report to either the Chief Executive, the Chief Operating Officer or the Director of Economy & Development. These are shown on the chart at Appendix D.
24. The post of Director/Head of Service is paid on a single pay point at either Band 2a, 2b or 3 of the agreed pay structure as shown below. The banding was determined by the Senior Manager Job Evaluation Scheme. April 2024 salaries are subject to a national pay award if one is agreed.

	April 2021	April 2022	April 2023	April 2024
Band 1	£92,103	£94,028	£97,320	£97,320
Band 2a	£75,654	£77,579	£80,295	£80,295
Band 2b	£64,155	£66,080	£68,394	£68,394
Band 3	£58,779	£60,704	£62,829	£62,829

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 was applicable from April 2022 and is 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	3.6
Chief Officer salary	median salary	2.2
Chief Executive salary	lowest salary	5.3
Chief Officer salary	lowest salary	3.4

### From April 2023

Chief Executive salary, £122,286

Chief Officer salary £77,209

Median salary = £33,945 – scp25

Lowest salary on pay spine = £22,737 scp3

Lowest employee salary – Grade 3 £23,114

## 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 (£22,737), the Foundation Living Wage for the financial year 2023/24 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 three 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 19% of an employee's salary (from April 2023). 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 £16,500	5.50
2	£16,501 - £25,900	5.80
3	£25,901 - £42,100	6.50
4	£42,101 - £53,300	6.80
5	£53,301 - £74,700	8.50
6	£74,701 - £105,900	9.90
7	£105,901 - £124,800	10.50
8	£124,801 - £187,200	11.40
9	£187,201 or more	12.50

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

37. The Council currently has no policy that would prevent the re-employment or re-engagement of a former Chief Officer who has received a redundancy payment and is subsequently engaged in a contract for service. Any decision to re-engage a former Chief Officer must be approved by the Chief Executive.

### **Gender Pay Gap**

38. Burnley Council's mean pay gap -2.06%, the median is -4.77% based on analysis at 31<sup>st</sup> March 2023. Latest figures suggest that the median gender pay gap across the public sector is 14.0% and the figure across all industries in Lancashire is 15.3% with Burnley at -2.4%. Details are provided in Appendix H.

### **Ethnicity Pay Gap**

39. Unlike the gender pay gap, there is currently no legal requirement for organisations to report their ethnicity pay gaps. In the absence of legislation, the Council believes that we should voluntarily compile ethnicity pay information as part of our approach to improve inclusion and tackle inequality in the workplace

The Council's mean ethnicity pay gap at 31<sup>st</sup> March 2023 was -8.11% and the median was -2.98%.

### **Publication of the Policy**

40. This Policy will be published on the Council's website in March 2024, following its approval by the Council in February 2024.

### **Review of Pay Policy**

41. The Policy will be subject to annual review and must be approved by the Council prior to 31<sup>st</sup> 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 2023**

	SCP	£ per annum	£ per hour
Grade 2	3	£22,737	£12.03
Grade 3	4	£23,114	£12.23
Grade 4	5	£23,500	£12.43
	6	£23,893	£12.64
Grade 5	7	£24,294	£12.85
	8	£24,702	£13.07
	9	£25,119	£13.29
	N/A	£25,545	£13.51
	11	£25,979	£13.74
Grade 6	12	£26,421	£13.98
	N/A	£26,873	£14.22
	14	£27,334	£14.46
	15	£27,803	£14.71
	N/A	£28,282	£14.96
	17	£28,770	£15.22
Grade 7	N/A	£29,269	£15.48
	19	£29,777	£15.75
	20	£30,296	£16.03
	N/A	£30,825	£16.31
Grade 8	22	£31,364	£16.59
	23	£32,078	£16.97
	24	£33,024	£17.47
Grade 9	25	£33,945	£17.98
	26	£34,834	£18.43
Grade 10	27	£35,745	£18.19
	28	£36,648	£19.39
Grade 11	29	£37,336	£19.75
	30	£38,223	£20.22
	31	£39,186	£20.73
Grade 12	32	£40,221	£21.28
	33	£41,418	£21.91
Grade 13	34	£42,403	£22.43
	35	£43,421	£22.97
	36	£44,428	£23.50
Grade 14	37	£45,441	£24.04
	38	£46,464	£24.58
Grade 14	39	£47,420	£25.09
	40	£48,474	£25.65
	41	£49,498	£26.19
	42	£50,512	£26.72
	43	£51,515	£27.25





**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 2024



**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 2023 is as follows:

- Band 1 Chief Operating Officer £97,320 (average minimum)
- Band 2a Heads of Service £80,295 (average minimum)
- Band 2b Heads of Service £68,394 (based on median plus 7.5%)
- Band 3 Heads of Service £62,829 (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**

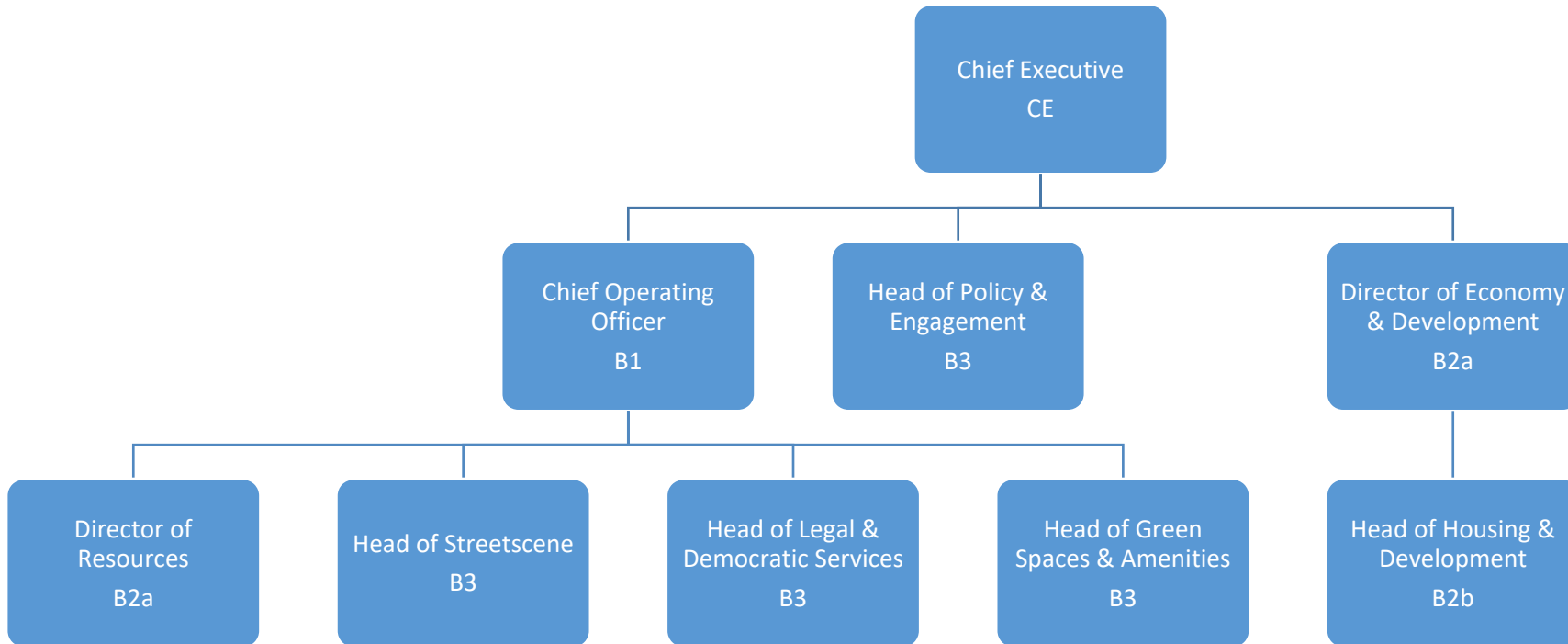
Pay is an important element in recruitment and retention, and if the Council is unable to recruit or retain a Chief Officer then a market supplement may be considered.

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 Director of Resources 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.



Band 1 Chief Operating Officer	1
Band 2a Directors	2
Band 2b Head of Service	1
Band 3 Heads of Service	5

## Officer Employment Procedure Rules

### 1. Recruitment and appointment

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

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

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

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

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

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

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

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

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

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

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

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

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

The Appointments Committee will comprise:

Leader;

Deputy Leader;

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

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

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

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

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

The Appointments Committee will comprise:

Leader or Deputy Leader

Relevant Executive Member

Chair (Vice Chair as sub) of the Scrutiny Committee

Chief Executive

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

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

The Appointments Committee will comprise

Leader or Deputy Leader,

Relevant Executive Member; and

Chief Executive and/or Chief Operating Officer

Whichever of the Leader or Deputy are to be on the Appointments Committee, if they are also the Relevant Executive Member then another member of the Executive should be appointed to make up the three. The Chief Executive and Chief Operating Officer may both sit on the Committee if this is relevant to the responsibilities of the post.

7. **Other appointments**

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



**PERSONNEL POLICY AND GUIDANCE  
PEOPLE AND DEVELOPMENT**

# **REDUNDANCY POLICY**

## **Procedure and Guidance**



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## **1. INTRODUCTION**

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

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

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

## **2. SCOPE**

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

## **3. CONSULTATION**

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

## **4. DEFINITION OF REDUNDANCY**

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

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

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

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

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



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

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

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

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

### **6.1 Consultation**

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

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

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

### **6.2 Timescales for Statutory Consultation**

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

<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 in accordance with their employment contract but will not be less than the timescales outlined in the Employment Rights Act 1996:

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

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

## 9. SUITABLE ALTERNATIVE EMPLOYMENT

Please refer to the Redeployment Policy. Appendix 2

## 10. EMPLOYEE SUPPORT AND ADVICE

### 10.1 Redundancy Counselling

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

The Head of Service should confirm the following details:

- why the Council has decided that redundancies are necessary, the numbers and area of work involved and the selection criteria;
- the personal details of the employee e.g. in relation to full name, address, start date of employment with Burnley Council, continuous employment date, date of birth and details of any disability;
- any actions being taken to the reduce the impact of the potential redundancy including an explanation and copy of the Redeployment Policy, and any ongoing support with CVs, retraining, outplacement or personal support;

- details of the employee's entitlements in relation to notice period, redundancy payment and pension estimates (where applicable and as agreed under the Statement of Pensions Policy);
- the employee's entitlement to reasonable time off to search for alternative employment;
- the employee's right of appeal (Please refer to the procedure for dealing with Redundancy Appeals at Appendix 1) –

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

### 10.2 Time off for Job Search

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

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

### 10.3 Welfare Counselling

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

## **11. RIGHT OF APPEAL**

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

## **12. REDUNDANCY PAYMENTS**

Redundancy Payments will be calculated according to the Employment Rights Act 1996, but improvements to these are permitted. These improvements require that all continuous local government service will be aggregated and also provide local authorities with the discretion to lift the limitation on the amount of "a week's pay" for redundancy payment calculation purposes from the normal statutory limit to the employee's actual weekly wage/salary. The Council has decided to use the discretion to base redundancy payments on the actual week's pay, if higher than the statutory limit. (NB Actual salary will normally be basic salary plus any regular salary enhancements paid over the preceding 12 week period. Actual salary will not include the employer pension contribution)

For employees who at the date of redundancy (with three or more months' membership of the pension scheme) are entitled to early payment of pension and lump sum under the Local Government Pension Scheme Regulations 2013. Payments will be made in line with the agreed Statement of Pensions Policy.

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

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

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

If an employee is made redundant and after their termination date obtains employment with another local authority they are entitled to retain any monies paid to them by their former employer in respect of notice and redundancy payments.

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

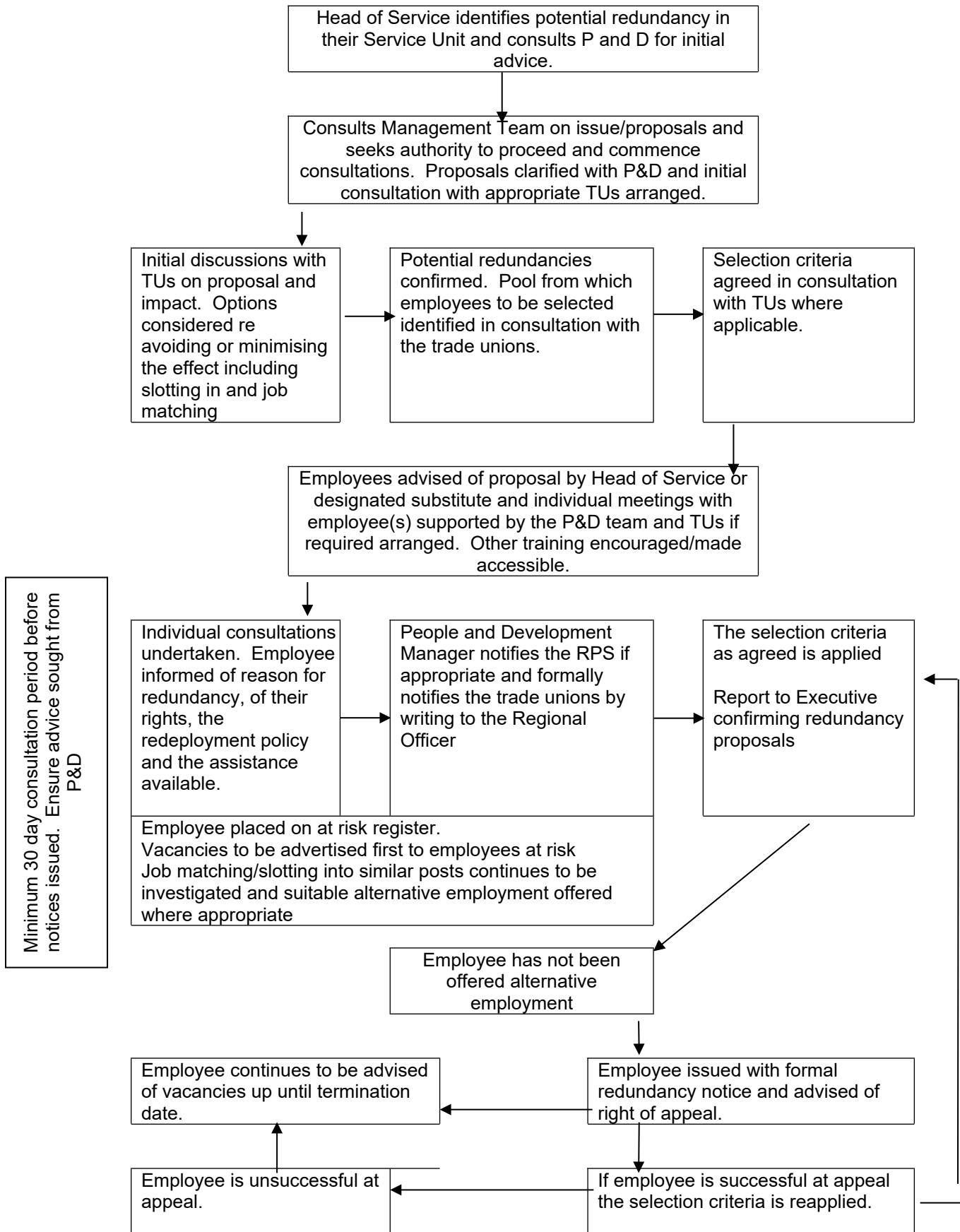
### **14. PAID LEAVE OF ABSENCE**

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

### **15. GARDEN LEAVE**

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

## REDUNDANCY PROCEDURE QUICK GUIDE



## NORMAL REDUNDANCY SELECTION MODEL

<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.

## **Redeployment Policy**

### **1. Introduction**

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

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

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

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

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

### **3. Alternative Employment**

#### **Employees at Risk (Refer to Redundancy Policy)**

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

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

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

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

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

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

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

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

#### **4. Recruitment and Selection Procedure**

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

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

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

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

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

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

### **Advertising of Vacancies**

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

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

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

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

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

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

#### **Stage 2 Internal Advert**

If there are no suitable applicants from the employees at risk or if the post is more than one grade higher than those of the employees at risk, consideration will be given to advertising the post internally if this is likely to release a vacancy lower down the grading structure which could then be slotted/job matched or advertised internally to those at risk. The decision will be made based on the job description and person specification and be confirmed by

Management Team. Comments from the trade unions will be taken into consideration. In any event if the vacant post is graded 11 or above, the vacancy will normally move to stage 3 and be advertised internally and externally concurrently.

### **Stage 3 External Advert**

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

### **Shortlisting**

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

### **Interviewing**

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

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

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

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

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

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

## **6. Trial Period**

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

A trial period longer than four weeks can be agreed for retraining purposes. This agreement should be in writing, specifying the date on which the trial period ends and setting out the employee's terms and conditions after it ends. If the employee works beyond the end of the four week trial period, or the jointly agreed extended trial period, any redundancy entitlement will be lost because the employee will be deemed to have accepted the new employment.

If the new employment proves to be unsatisfactory during the trial period and is terminated, then the original redundancy will take effect. If the trial period is satisfactorily completed, the original dismissal on the grounds of redundancy is held not to have taken place and continuity of employment is unbroken.

Trial periods can obviously be a stressful time for employees who will need understanding and encouragement. The progress of the employee throughout the trial period should be closely monitored by way of mutual reviews with the head of service or designated substitute at weekly intervals, with support and counselling offered where appropriate. A decision to terminate employment at the end of the trial period for unsuitability should be taken only after careful, detailed consideration and discussion with People and Development.

## **7. Remuneration And Conditions Of Employment**

The Council currently operates a policy, which protects an individual's pay where he/she is redeployed to a lower graded post, as a result of redundancy.

Where an employee is redeployed to a lower graded post and protection is applied, he/she can be expected to carry out duties commensurate with the level of protection as and when required.

In view of the protection he/she would also be expected to apply for suitable vacancies more appropriate to the protected salary as and when they become vacant.

The current agreement on pay protection is set out in Appendix 4

Redeployment Policy November 2009

Updated September 2014, February 2017 and February 2018



## **Retention and Redeployment Policy**

### **Disability, Injury or Ill-Health**

#### **1. Scope**

This policy provides guidelines on the retention and redeployment of employees who can no longer carry out the duties of their job as a result of disability, injury or ill-health.

The Council intends, wherever possible, to retain such employees in their own post, to offer them comparable employment or to redeploy them into a more suitable post of equal status. This post will be no more than one grade above the employee's current post.

#### **2. Legal Requirement**

The Equalities Act 2010, places an obligation on the Council to take reasonable steps to ensure that disabled people are not placed at a substantial disadvantage in comparison with non-disabled people. Examples of the types of reasonable adjustments employers are expected to consider are detailed below.

#### **3. Retention of Employees in their Current Post**

We will make every effort to retain an employee in his/her current post or where this is not possible, to redeploy him/her into an appropriate post of equal status, preferably within the same service unit.

In the event of an employee becoming unable to perform all or part of the duties of his/her current post, retirement on the grounds of ill-health will only be considered as a last resort and will be subject to the agreement of the Council's Occupational Health Consultant.

Where it becomes apparent that an employee is no longer able to fulfil all or part of the duties of their current post, for reasons of disability, ill-health or injury, their manager should meet with them to discuss the situation. It is essential that the issue be handled sensitively and confidentially. Consultation should take place, at every stage, with the employee concerned together with a chosen representative (e.g. trade union representative, or work colleague). In appropriate circumstances a close family member may be permitted to attend to support the employee.

In accordance with the Equality Act, managers should consider making the following reasonable adjustments to enable the employee to continue in employment. However, this is not an exhaustive list and other alternatives should also be considered where appropriate.

For guidance on managing the attendance of employees with disabilities, please refer to the Managing Attendance Policy and Guidelines and the Tailored Adjustment Agreement in the personnel manual.

Reasonable Adjustments:

- making adjustments to premises i.e. where cost is not an unreasonable factor;
- allocating some of the disabled employee's duties to another person\*;
- agreeing a change to the employee's working hours;

- assigning the employee to a different place of work;
- allowing the employee to be absent during working hours for rehabilitation, assessment or treatment (see Disability Leave below);
- additional training;
- acquiring or modifying equipment;
- modifying instructions or reference manuals;
- modifying procedures for testing or assessment;
- providing a reader or interpreter;
- providing additional supervision;
- transferring the employee to fill an existing vacancy (see Redeployment Section below).

\*In cases where other employees will be affected, e.g. if duties are to be reallocated, it is important to consult all affected employees and their representatives.

The Council has a number of schemes, including V-time, flexitime, job share, part-time working and homeworking, which should be considered in assisting an employee to continue in employment.

In some cases it may be appropriate to involve advisers from the Department of Work and Pensions (DWP) in undertaking assessments to determine appropriate, reasonable adjustments in addition to Occupational Health. The advisers can often assist in funding adjustments under the Access to Work Scheme.

<https://www.gov.uk/government/publications/access-to-work-guide-for-employers>

People and Development (P&D) is available for advice and support on all issues related to retention and redeployment.

#### **4. Redeployment**

Recruitment and selection will be managed as detailed in the Redeployment Policy. Employees will be considered for redeployment alongside those who are at risk of redundancy taking into account any reasonable adjustments that may be required.

At all stages in the redeployment procedure the employee concerned, together with his/her representative must be consulted. Discussions of this nature must be handled in a sensitive and confidential manner.

Once all parties are agreed that a return to the employee's current post is not appropriate then, wherever possible, the employing service unit is responsible for finding a suitable alternative post within their own unit.

Redeployees should be considered for all appropriate vacancies arising within the unit before they are generally advertised using the slotting in or job matching process. They should not necessarily be expected to meet all the essential criteria on the person specification. The recruiting panel should instead consider whether or not the individual has the potential to undertake the duties of the post with the necessary training and support and within an agreed timescale. If necessary, reasonable adjustments to the duties and associated essential criteria should also be considered at the interview stage in order to comply with the Equality Act.

If it is not possible to redeploy an employee within the employing service unit the head of service should contact P & D for assistance in redeploying the employee into another service unit. P & D must be satisfied that the employing service unit cannot find anything suitable.

In accordance with the provisions of the Equality Act a reasonable adjustment to consider would involve transferring an employee to a more suitable post under the slotting/job matching process including any necessary reasonable adjustments. Advice should be sought at this stage, to arrange for a referral to Occupational Health and to seek guidance from a disability adviser from the Department of Work and Pensions.

Redeployees will be considered first for suitable, alternative posts before they are generally advertised, alongside employees at risk of redundancy, using the agreed procedures in under Section 4 of the Redeployment Policy. They should not necessarily be expected to fulfil all the requirements of the person specification immediately. Reasonable adjustments to the duties and associated essential criteria will also be considered where necessary.

If an employee is redeployed to a post at a lower grade the Pay Protection Policy will be applied.

Once it has been agreed that redeployment is the best option for the employee, People and Development will continue to try and find a suitable vacancy for a period of up to 12 weeks after the employee has been declared fit to return to work. This period may be extended dependent on the circumstances and in agreement with the Chief Operating Officer.

## **5. Redeployment Opportunity Not Identified**

If a suitable vacancy does not arise within the agreed period the employee will be referred to the Occupational Health Unit to be considered for retirement on the grounds of ill health.

If the Occupational Health Consultant is unable to certify entitlement to early release of superannuation benefits on the grounds of ill-health, or if a suitable job offer is unreasonably refused, or if no suitable, alternative employment is available, it will be necessary to review the continued employment on the grounds of capability. This will be dealt with in accordance with the Capability Section of the Council's Disciplinary Procedure (see Managing Attendance Policy).

## **6. Register of Reasonable Adjustments**

All reasonable adjustments that relate to an employee must be reported to People and Development to be recorded on the employee's personal record. This will assist the Council to demonstrate, if challenged, the extent to which it has made reasonable adjustments. It will also help to monitor the cost of making such adjustments.

The employee and manager will complete a Tailored Adjustment Agreement that will provide a living record of reasonable adjustments agreed between the disabled employee and his/her line manager.

## **7. Monitoring**

Statistics relating to reasonable adjustments will be incorporated into People and Development's reporting and information processes.

## **8. Complaints**

If an employee feels that he/she has been unfairly treated at any stage of this procedure, the Council's Grievance Procedure may be invoked.

## **9. Disability Leave Scheme (DLS)**

The Disability Leave Scheme provides newly disabled employees or a disabled employee whose condition has significantly deteriorated with a period of time off work to adjust to the change in personal and professional circumstances. During the leave the employee is able to assess their disability or condition and how it affects their job role, bridging the gap between sickness and a return to work. It will cover the period between the end of sick leave, when the employee is judged as fit to return to work, and the employee's actual return.

The DLS provisions cover all existing employees, full-time and part time. There is no qualifying period although each case will be considered on its own merits.

The DLS is not intended to burden services but is about ensuring good practice in the workplace, creating an environment where employees are willing to discuss their disability and where disabled employees and their managers can proactively assess how the employee can remain in work.

Its purpose is to enable the employee to participate in an assessment of the changes required in their job or work environment, and/or to become familiar with new techniques and processes. It can also allow time for:

- providing time to adjust to the change in personal and professional circumstances,
- reassessing current job role, adjustments or alternative opportunities;
- adaptations to the work environment;
- equipment to be put in place and/or assessment of how it can be funded;
- undertaking a programme of rehabilitation and training on the job or residential centre;
- discussions with specialist Disability Employment Advisers or Occupational Health to plan the way forward;
- assessing/clarifying if the employee will be able to return to his/her previous employment or be redeployed to another post or if an application for ill health retirement should be pursued.

The Managing Attendance Policy already allows for a period of up to 4 weeks therapeutic return. In addition employees may also have an accumulated balance of annual leave, some of which could be used to extend the therapeutic process. The DLS can be applied where significant changes/additional assessments are required for reasons as detailed above. In practice some of the above assessments may also take place whilst the employee is still on sick leave.

If, following a careful process of formal and informal consultation and the DLS is considered appropriate, the Chief Operating Officer, Head of Service and Strategic HR Manager can allow up to 4 weeks additional leave to assist in the adjustment process. The leave will be paid at the usual salary and noted on the employee's personal and leave records.

During the leave, arrangements should be made for an employment assessment to be carried out by a competent organisation before any decision is made about the employee's future e.g. Disability Employment Adviser and Occupational Health Consultant in consultation with People and Development. This assessment is intended to clarify/quantify/put in place the rehabilitation required, the time this will take, the equipment/adaptations required and how this can be funded.

It is important that assessments and resulting action plans, necessary training and medical advice are closely monitored and co-ordinated to make best use of the additional leave. This will be the responsibility of People and Development.

People and Development will make a record of:

- the employee details and the nature of their disability;
- the assessments undertaken;
- the detail and cost of equipment required and provided;
- the detail and cost of any rehabilitation/training;
- period of DL;
- cost of any temporary cover;
- other quantifiable costs;
- quantifiable savings – e.g. decreased retirement costs, savings on recruitment or induction training of new staff.

Retention and Redeployment Policy February 2018

## 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.

Reviewed February 2024 (no changes)

## 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 Director of Resources 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 Director of Resources 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 Director of Resources 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 2024

## **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.

Lukman Patel  
Chief Executive

## Background

The information contained within this report is based on a snapshot date of 31 March 2023. At this date our workforce comprised of 53% male and 47% female employees.

For the purposes of reporting the gender pay gap, all permanent, temporary and casual employees are included in the total workforce figure of 232.

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 2023

### Mean

Average hourly rate of pay and the percentage difference between



£17.80

**GAP**

**-2.06%**  
**£0.36**



£17.44

Burnley Council's mean gap is lower than the national average of 13.2%\*

\* Annual Survey of hours and Earnings 2023 (Office for National Statistics)

### Median

Middle hourly rate of pay and the percentage difference between



£16.92

**GAP**

**-4.77%**  
**£0.77**



£16.15

Burnley Council's median gap is lower than the national average of 14.3%\*

\* Annual Survey of hours and Earnings 2023 (Office for National Statistics)

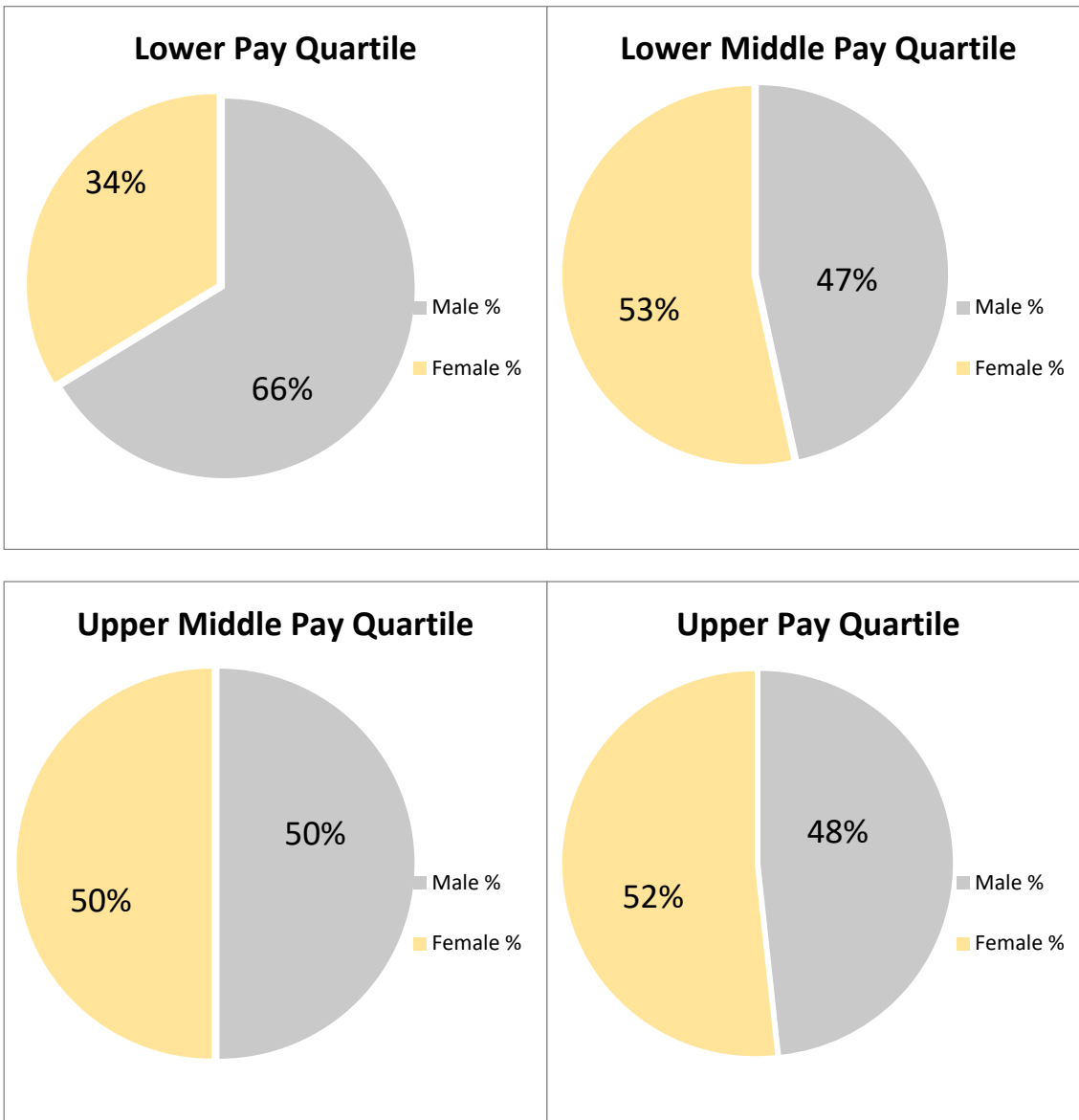
### Bonus Gap

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 14.0% and the figure across all industries in Lancashire is 15.3% with Burnley at -2.4%. The Council compares favourably with these statistics.
- The Regulations require the hourly rate to be calculated as ordinary pay which includes basic pay and allowances as well as deductions for benefits provided through salary sacrifice schemes. It does not include overtime payments or pension contributions. Burnley Council operates salary sacrifice schemes for childcare vouchers and the purchase of bicycles. It also allows employees to purchase up to 10 days additional leave per year. The gender proportion of our employees who take-up these benefits is below:

	Male	Female
Childcare Vouchers	0.0%	3.6%
Cycle Scheme	2.4%	0.9%
Bought Additional leave	0.8%	5.5%

- As at the snapshot date of 31 March 2023, 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.

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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## Scrutiny Work Programme 2023-24 as at 2<sup>nd</sup> January 2024

<p>Thursday 1<sup>st</sup> June 2023</p>	<p><u>Regular / Standing Items</u> Scrutiny Procedure Rules Notice of Key Decisions and Private Meetings Review Groups Update from 2022/23/ Review Group Proposals 2023/24 Work Programme 2023-2024</p> <p><u>Exec Reports</u></p>
<p>Wednesday 5<sup>th</sup> July 2023</p>	<p><u>Regular / Standing Items</u> Notice of Key Decisions and Private Meetings Work Programme/Review Group Proposals Planning Authority Monitoring Report 21/22 Q4 and Year End 23/24 Performance Report (Moved to August)</p> <p><u>Policy Framework Items</u> 2022/23 Final Revenue Outturn Position 2022/23 Final Capital Outturn Position Annual Treasury Management Review of 2022/23 Activity</p> <p><u>Exec Reports</u> Statutory Review of the Local Plan and Revision of the Local Development Scheme Climate Change Strategy Update Allotment Review 2023 Burnley Playing Pitch &amp; Outdoor Sports Strategy (deferred to August Exec)</p>
<p>Thursday 10<sup>th</sup> August 2023</p>	<p><u>Regular / Standing Items</u> Notice of Key Decisions and Private Meetings Review Groups Work Programme Q4 and Year End 22/23 Performance Report (Deferred from July) Lancashire Police - presentation on the new Target Operating Model</p> <p><u>Exec Reports</u> Burnley Playing Pitch &amp; Outdoor Sports Strategy (deferred from July) Acquisition of Temporary Accommodation (deferred from July) Fitness Equipment Replacement – Use of Framework Agreement Nicholas Street Re-development</p>
<p>Thursday 14<sup>th</sup> September 2023</p>	<p><u>Regular / Standing Items</u> Notice of Key Decisions and Private Meetings Liberata Contract Director Presentation Review Groups Work Programme</p> <p><u>Policy Framework Items</u></p>

	<p>Revenue Monitoring 2023/24 Quarter 1  Capital Monitoring 2023/24 Quarter 1  Revenue Budgets 2024-27- Latest Position and Savings Proposals  23/24 Treasury Management Q1</p> <p><u>Exec Reports</u>  Cultural Strategy (moved to January 2024)  Outdoor Town Active Burnley Partnership Action Plan (Deferred from August and moved to January 2024)  Article 4 Direction: Houses in Multiple Occupation (HMOs)  Building control IT Procurement  Council Tax Support Consultation</p>
Thursday 19 <sup>th</sup> October 2023	<p><u>Regular / Standing Items</u>  Notice of Key Decisions and Private Meetings  Review Groups  Feedback – Queensgate Review Group  Work Programme  Burnley Leisure Trust Annual Report – Moved to November 23/January 24</p> <p><u>Exec Reports</u>  Alley Gating PSPO  Asset &amp; Development Management Services - Charter Walk</p>
Thursday 23 <sup>rd</sup> November 2023	<p><u>Regular / Standing Items</u>  Notice of Key Decisions and Private Meetings  Half Year performance report 2023-24  Review Groups  Work Programme  Burnley Leisure Trust Annual Report – Moved from October 23</p> <p><u>Policy Framework items</u>  Revenue Budget Monitoring Q2 2023/24 - Deferred  Capital Budget Monitoring - Q2 2023/24 - Deferred  Fees &amp; Charges -From Jan 2024 - Deferred  Treasury Management Mid-year update 2023/24 - Deferred</p> <p><u>Exec Reports</u>  Food Delivery Programme (Annual Update) – Moved to January 24  Health and Safety Delivery Programme (Annual Update) – Moved to January 24  The culture document: Our People, Our Culture – A Cultural Reimagining of Burnley 2023-2027 (moved to January 2024)</p>
Thursday 11 <sup>th</sup> January 2024	<p><u>Regular / Standing Items</u>  Notice of Key Decisions and Private Meetings  Review Groups  Work Programme  Community Safety Annual Report  Charter Walk Interim Report</p>

	<p><u>Exec Reports</u>  The culture document: Our People, Our Culture – A Cultural Reimagining of Burnley 2023-2027 (moved from November 2023)  Outdoor Town 10 year vision (moved to February 24)  Food Delivery Programme (Annual Update) – Moved from November 23  Health and Safety Delivery Programme (Annual Update) – Moved from November 23</p> <p><u>Policy Framework items</u>  Pay Policy Statement (moved to February)  Revenue Budget Monitoring Q2 2023/24 (moved from November)  Capital Budget Monitoring - Q2 2023/24 (moved from November)  Fees &amp; Charges (moved from November)  Treasury Management Mid-year update 2023/24 (moved from November)</p>
<p>Thursday 8<sup>th</sup>  February 2024  Budget Scrutiny</p>	<p><u>Regular / Standing Items</u>  Notice of Key Decisions and Private Meetings  Review Groups  Work Programme</p> <p><u>Policy Framework items</u>  Revenue Budget Monitoring Q3 2023-24  Capital Budget Monitoring - Q3 2023-24  Treasury Management Q3 23/24  Medium Term Financial Strategy  Revenue Budget 2024-5  Capital Budget 2024-25 and Cap Investment Prog 2024/25  Treasury Management &amp; Prudential Borrowing.  Strategic Plan  Council Tax Support Scheme 2024/25 and 2025/26 &amp;  Empty Homes Premium Policy  Pay Policy Statement (moved from January)</p> <p><u>Exec Reports</u>  Outdoor Town 10 year vision (moved to March 24)  Social Care projects using the Disabled Facilities Grant Allocation from the Better Care Fund (Moved to March 24)  Multi Use Games Are (MUGA)  Levelling Up Fund  Revenue Budget 2024/25 - Statutory Report of the Chief Financial Officer</p>
<p>Wednesday 6<sup>th</sup>  March 2024</p>	<p>Notice of Key Decisions and Private Meetings  Review Groups  Work Programme  Charter Walk Report  Pioneer Place Report  Calico Homes Presentation</p> <p><u>Exec Reports</u></p>

	<p>Outdoor Town 10 year vision (moved from February 24) Social Care projects using the Disabled Facilities Grant Allocation from the Better Care Fund (Moved from February 24)</p>
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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