

EXECUTIVE

Tuesday, 19th September, 2017
6.30 pm





EXECUTIVE

BURNLEY TOWN HALL

Tuesday, 19th September, 2017 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 Governance, Law, Property & Regulation by 5.00pm on the day before the meeting. Forms can be obtained for this purpose from the reception desk at Burnley Town Hall or the Contact Centre, Parker Lane, Burnley. Forms are also available on the Council's website www.burnley.gov.uk/meetings.

AGENDA

1) *Apologies*

To receive any apologies for absence

2) *Minutes*

5 - 12

To approve as a correct record the Minutes of the meeting held on 15th August 2017

3) *Minutes of Individual Executive Decisions*

To note the following Individual Executive Member Decision made since the last meeting;

Minute Number 1 - Workforce Planning-Corporate Leadership Support

4) *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.

5) *Declaration of Interest*

In accordance with the Regulations, Members are required to declare any personal or personal and prejudicial interests they may have and the

nature of those interests in respect of items on this agenda and/or indicate if S106 of the Local Government Finance Act 1992 applies to them.

6) Exclusion of the Public

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

7) Right To Speak

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

8) Railway Scrutiny Review

13 - 16

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

9) Medium Term Revenue Savings 2018-21

17 - 22

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

10) Business Rates Pooling

23 - 28

To obtain approval for the Council to participate in the Lancashire Business Rates Pool for 2018/19.

11) Exclusion of the Public

To determine during which items, if any, the public are to be excluded from the meeting and to consider the exclusion of the public from the meeting before discussion takes place on the following items of business on the grounds that in view of the nature of the business to be transacted if the public were present there would be a disclosure to them of exempt information within the meaning of Part VA of the Local Government Act 1972.

PRIVATE ITEMS

Details of any representations received by the Executive about why any of the following reports should be considered in public – None received.

Statement in response to any representations – Not required

12) Insurance Renewals

29 - 32

To seek approval for the extension of the Long-Term Insurance Agreements (LTA's) with the company named in paragraph 4 of this report (in partnership with Pendle Borough Council) for the Council's primary insurance policies and the companies named in paragraph 7 of this report for the Council's supplementary insurance policies for two years from 1st April 2018.

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

13) Former Gannow Baths 33 - 36

To approve the assignment of the former Gannow Baths building and adjoining land.

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

14) Disposal of Land for Turf Moor Memorial Gardens 37 - 40

To consider the transfer of land adjacent to Turf Moor Football Ground.

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

15) Burnley Bus Station Management Services Procurement 41 - 42

To obtain approval to undertake the re procurement for a Facilities Management contract for Burnley Bus Station, Croft Street, Burnley.

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

MEMBERSHIP OF COMMITTEE

Councillor Mark Townsend (Chair)
Councillor John Harbour (Vice-Chair)
Councillor Sue Graham

Councillor Lian Pate
Councillor Mohammed Ishtiaq

PUBLISHED

Monday, 11 September 2017



EXECUTIVE

BURNLEY TOWN HALL

Tuesday, 15th August, 2017 at 6.30 pm

PRESENT

MEMBERS

Councillors M Townsend (Chair), J Harbour (Vice-Chair), S Graham, L Pate and M Ishtiaq

OFFICERS

Mick Cartledge	– Chief Operating Officer
Lukman Patel	– Head of Governance, Law, Property, and Regulation
Paul Gatrell	– Head of Housing & Development Control
David Donlan	– Accountancy Division Manager
Eric Dickinson	– Democracy Officer

ALSO IN ATTENDANCE

Councillor Margaret Brindle

16. Minutes

The Minutes of the last meeting held on the 4th July 2017 were agreed as a correct record and signed by the Chair

17. Right To Speak

Carole Moulton exercised her Right To Speak regarding the item on Empty Homes CPO.

18. Empty Homes CPO

Purpose To seek approval to make several Compulsory Purchase Orders (CPOs) for long term vacant properties in the private sector.

To dispose of the properties in accordance with the Council's Disposal of Empty Dwellings Policy and scheme of delegation.

Reason
for
Decision

The owners of these properties have been contacted and have either not responded at all or have given no reasonable proposals for renovating the property or bringing it back into housing use.

These properties are long term vacant properties, being empty, in one case, for 17 years. Without intervention by the Council through acquisition by agreement or CPO the properties may remain vacant, continue to deteriorate, attract anti-social behaviour, fly-tipping and arson, all of which cause fear in local residents, resulting in a declining neighbourhood.

Through the Vacant Property Initiative and Empty Homes Programme over 120 properties have been acquired, refurbished and re-sold or re let, bringing those properties back into use and providing high quality accommodation.

Decision

(1) That it be approved in pursuance of the powers obtained under Section 17 of the Housing Act 1985 (as amended) to make the following compulsory purchase orders for the purpose of renovation and/or re-sale by the most appropriate method:

The Burnley (13 Wren Street Burnley) Compulsory Purchase Order 2017

The Burnley (65 Briercliffe Road Burnley) Compulsory Purchase Order 2017

The Burnley (9 Every Street Burnley) Compulsory Purchase Order 2017

The Burnley (21 Norman Street Burnley) Compulsory Purchase Order 2017

The Burnley (44 Piccadilly Road Burnley) Compulsory Purchase Order 2017

The Burnley (1 Bracewell Street Burnley) Compulsory Purchase Order 2017

The Burnley (142 Mitella Street Burnley) Compulsory Purchase Order 2017

The Burnley (27 Cleaver Street Burnley) Compulsory Purchase Order 2017

The Burnley (3 Heath Street Burnley) Compulsory Purchase Order 2017

The Burnley (43 Cleaver Street Burnley) Compulsory Purchase Order 2017

The Burnley (12 Moseley Road Burnley) Compulsory Purchase Order 2017;

(2) That the Head of Governance, Law, Property, & Regulation be

authorised to agree terms for the acquisition of the properties, to acquire the properties in this report by agreement as an alternative to compulsory purchase in accordance with the terms of delegation;

- (3) That the Head of Governance, Law, Property, & Regulation be authorised to make minor amendments, modifications or deletions to the CPO schedule of interests and map, should this be necessary, and to finalise the making and submission of the CPO, including promoting the Council's case at public inquiry, if necessary;
- (4) That subject to confirmation by the Secretary of State to authorise the Head of Governance, Law, Property, & Regulation to secure full title to and possession of the CPO land as appropriate by:
 - a. Serving notice of confirmation of the CPO on all interested parties
 - b. Serving notice of intention to execute a General Vesting Declaration
 - c. Executing the General Vesting Declaration
 - d. Serving Notices to Treat and/or Entry as appropriate
 - e. Acquiring land and interests by agreement if possible;
- (5) That the tendering be authorised of any renovation works in accordance with SOC 1, 15 and 16 and delegates power to accept the tender to the Head of Housing and Development Control; and
- (6) That it be approved that the proceeds from the sale of the properties be recycled back into the Empty Homes Programme for further acquisitions and renovations

19. Energy Company Obligation Flexible Funding (ECO Flex)

Purpose To adopt a Lancashire wide Statement of Intent (Appendix 1) so that residents are able to access Energy Company Obligation (ECO) funding.

Reason for Decision To maximise funding into Burnley to improve the energy efficiency of homes within the Borough, subsequently assisting those residents in fuel poverty

Decision

- (1) That the Council's participation in the Cosy Homes in Lancashire (CHiL) Statement of Intent for ECO Flexible Funding be approved; and
- (2) That the Head of Housing and Development Control be authorised to sign a declaration confirming that a resident of Burnley meets the eligibility criteria for ECO Flexible Funding.

20. Empire Theatre

- Purpose** To consider the results of The Empire Theatre viability study.
- Reason for Decision** The viability study does not present a compelling case for the Council to risk significant financial resources, which are scarce and which could be invested in different projects in the town centre and the Borough to create a wider social and economic impact on the Borough
- Decision**
- (1) That due to the significant financial risk and lack of identified commercial operator and the wider resource needs of other strategic projects within the Borough, that the Council's involvement in the project as outlined in the viability study report not be supported; and
 - (2) That the site be considered further as part of the Town Centre Masterplan that is currently being developed.

21. Heritage Lottery Fund (HLF) Funding for Padiham Townscape Heritage

- Purpose** To update the Executive on the status of the Heritage Lottery Fund (HLF) application for the Padiham Townscape Heritage (TH): Crafting the Future scheme and seek approval to accept the funding
- Reason for Decision** To allow officers to progress with the Delivery Phase of the Padiham TH project.
- Decision** HLF require the Council to compete and submit a signed 'Permission to Start' form to confirm acceptance of the grant award along with all the associated requirements. Once HLF have approved the request the Council will be able to start work on the scheme and seek subsequent grant payments.
- Decision**
- (1) That a successful application has been made by the Head of Regeneration and Planning Policy to HLF to support the regeneration of Padiham Conservation Area and related community activities be noted;
 - (2) That the grant of £1,400,500 be accepted from the HLF in accordance with their standard terms of grant;
 - (3) That the principal delivery elements of the 5 year Padiham: Crafting the Future Scheme be noted; and
 - (4) That delegated authority be given to the Section 151 Officer to sign the required 'Permission to Start' form to confirm acceptance of the grant award along with all the associated requirements.

22. Revenue Monitoring Q1 2017-18

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

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

Decision

- (1) That the projected revenue budget forecast underspend of £70k (see the overview table in paragraph 6) be noted;
- (2) That Full Council be recommended to approve the latest revised budget of £14.596m as shown in Appendix 1; and
- (3) That Full Council be recommended to approve the net transfers from earmarked reserves of £1.582m as shown in Appendix 4.

23. Capital Monitoring Q1 2017-18

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

Reason for Decision To effectively manage the 2017/18 capital programme.

- Decision**
- (1) That Full Council be recommended to approve the revised capital budget for 2017/18 totalling £15,589,217, as outlined in Appendix 2;
 - (2) That Full Council be recommended to approve the proposed financing of the revised capital budget totalling £15,589,217 as shown in Appendix 3;
 - (3) That the latest estimated year end position on capital receipts and contributions showing an assumed balance of £2,231,605 at 31st March 2018, in Appendix 4, be noted;

(4) That Full Council be recommended to approve a new Capital Scheme for the Calder Park Sport & Play Equipment, totalling £13,700, funded from 3rd Party Contributions and Ward Opportunities Fund; and

(5) That Full Council be recommended to approve a new Capital Scheme for the Brun Valley Forest Park, totalling £10,486, funded from 3rd Party Contributions.

24. Exclusion of the Public

Purpose To consider when it may be relevant to exclude the public from the meeting, and clarify the order of the agenda.

Reason for Decision Minute Number 25 contained exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).

Decision That the public be excluded from the meeting before discussion takes place on the items relating to Minute 25 since 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

25. Water Procurement

Purpose To approve changes to the current arrangements for the supply of water and water related services to the Council.

Reason for Decision To secure the Council's water supply and Services under a pre-tendered OJEU compliant arrangement either with Crown Commercial Services (CCS), who already supply most of our electricity and gas, or under a similar framework arrangement.

Decision

That existing arrangements for the supply of water and related services to the Council be reviewed to ensure value for money is obtained and the Head of Governance, Law, Property and Regulation be authorised to commission a new supplier of water and water related services, subject to paragraph 8 of the report being amended to; "The purpose of the procurement is to award the contract to the most economically advantageous tender"

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Scrutiny Review Group - Railways

REPORT TO THE EXECUTIVE



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

PURPOSE

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

RECOMMENDATION

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

REASONS FOR RECOMMENDATION

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

SUMMARY OF KEY POINTS

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

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

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

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

14. N/a.

POLICY IMPLICATIONS

15. N/a.

DETAILS OF CONSULTATION

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

BACKGROUND PAPERS

17. *N/a*

FURTHER INFORMATION

PLEASE CONTACT:

ALSO:

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REPORT TO THE EXECUTIVE



DATE	19th September 2017
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Asad Mushtaq
TEL NO	(01282) 477173
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Revenue Budgets 2018/2021 – Latest Position and Savings Proposals

PURPOSE

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

RECOMMENDATION

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

REASONS FOR RECOMMENDATION

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

SUMMARY OF KEY POINTS

5. **Background**

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

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

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

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

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

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

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

9. The assumptions underpinning the MTFs are:

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

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

2018/19 £2.2m
2019/20 £1.6m

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

10. **Savings Proposals**

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

11. All of the proposals have been assessed in relation to equalities legislation, and it has been established that there is no disproportionate impact on people with protected characteristics – see Appendix 2 (to follow).

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

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

13. **Risks**

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

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

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

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

POLICY IMPLICATIONS

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

DETAILS OF CONSULTATION

16. Scrutiny Committee.

BACKGROUND PAPERS

17. None

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

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

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

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REPORT TO THE EXECUTIVE



DATE	19th September 2017
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Asad Mushtaq
TEL NO	01282 425011 ext 7173
EMAIL	amushtaq@burnley.gov.uk

Business Rates – Lancashire Pool

PURPOSE

1. To obtain approval for the Council to participate in the Lancashire Business Rates Pool for 2018/19.

RECOMMENDATION

2. The Executive is asked to recommend to Full Council that:
 - (1) Approval for the Council’s participation in a pool for the 2018/19 financial year.
 - (2) Approval to submit a request for the Council to participate in the Lancashire Business Rates Pool for 2018/19 and future years.

REASONS FOR RECOMMENDATION

- 3.1 To seek authority to participate in the Lancashire Business Rates Pool (subject to approval from existing pool members and acceptance by Department for Communities & Local Government).
- 3.2 The Council will be required to confirm its position on membership of the pool in time for the assumed DCLG deadline of 31/10/17.

BACKGROUND

- 4.1 Business rates are a significant source of local authority funding. The business rates retention scheme allows billing authorities to retain a proportion of the business rates collected. Essentially business rates works on a 50/50 split between local and central governments, so in Burnley we retain 40% with the remainder shared as follows:

Government	- 50%
County Council	- 9% (18% of local share)
Fire Authority	- 1% (2% of local share)

- 4.2 The retention scheme is designed to reward councils that have encouraged investment and seen growth in their business rates bases by allowing them to benefit from a share of that growth. However, there is also a risk of a reduction in income where the rates base diminishes; this could be because businesses close down, move out of the area or obtain significant reductions in rateable values.
- 4.3 The Government calculates each council's **individual rates baseline** by dividing half of the total amount of business rates to be collected by all English billing authorities for the year by the individual council's proportionate share, which is based on its average collection rates. For each council the DCLG also calculates a **baseline funding level**, based on applying the formula grant process to the estimated local rates share.
- 4.4 Another component of the scheme is the splitting of authorities into **tariff** and **top-up** authorities. District councils in two-tier areas are tariff authorities; the council's individual rates baseline is greater than its baseline funding level so the Council pays a tariff to the Government. This year (2017/18) Burnley's tariff is £5.722m, this has been reduced from £7.173m in 2016/17 following a reduction in the overall rateable value of businesses within Burnley as part of the 2017 Valuation. County councils and fire and rescue authorities are top-up authorities because their baseline funding level is greater than their individual business rates baseline. These authorities receive a top-up grant.
- 4.5 The scheme operates by way of a **levy** (on disproportionate gains) and a **safety net** (to limit losses). The levy applies where the retained share of rates income for the authority exceeds its baseline funding level. The safety net is deployed when the retained share of rates income falls below 92.5% of the baseline funding level.
- 4.6 **Burnley's position in 2016/17**
 Burnley was a member of the Lancashire Business Rates Pool during 2016/17. The 2016/17 outturn position shows £5.127m of business rates income is being retained in Lancashire which would otherwise have been paid over to the Government. Burnley's share of the retained business rates was £0.678m. The Council retains 90% of the retained business rates with the remaining 10% payable to Lancashire County Council. As a result Burnley benefitted from being a member of the pool and has retained £0.610m which would otherwise have been lost.
- 4.7 **Burnley's forecast for 2017/18**
 The Council's budget for 2017/18 estimates that we will pay a levy to the Government of £0.347m as a result of our retained rates income exceeding our baseline funding level. The reduction from the actual retained levy position in 2016/17 is due to the reduction in rateable values, as part of the 2017 Valuation, together with a reduced level of provision required at 31 March 2017 due to a reduction in the value of outstanding business rates appeals lodged with the Valuation Office Agency at that date.

The levy rate calculation is:

$$1 - (\text{baseline funding level} / \text{individual authority business rates baseline})$$

Levy rates are capped at 0.5 and if the calculation produces a negative levy rate the local authority will not be levied. The levy rate is then multiplied by any growth (essentially business rates income greater than the sum of the baseline funding level

plus the tariff amount). Burnley's levy rate, in common with all the Lancashire districts, is 0.5. In effect this means that the Council will have to pay 50% of any growth that it achieves over and above its baseline funding level to Central Government.

BUSINESS RATES POOLING

- 5.1 As part of a pool, the above calculations are not carried out on an individual authority basis but on the aggregated values of each element for all the authorities involved in the pool. Members of a business rate pool 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.
- 5.2 2018/19 estimates and levy calculations will be submitted by all of the member councils of the Pool and analysed to determine the benefits or otherwise of being a member of the Lancashire pool. As can be seen from the outturn position in 2016/17, members of the Lancashire Business Rates Pool benefitted by £5.127m.
- 5.3 Each authority would continue 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.

RISKS

- 6.1 As detailed above, the Government provides a safety net facility for authorities who fail to achieve their target income baseline; thus individually billing authorities are exposed to a potential maximum cost equivalent to 7.5% of their baseline funding. However, as part of a pool there would be no safety net protection and so individual councils would no longer be eligible for a safety net payment.
- 6.2 Governance arrangements for a given pool should address these issues and the Lancashire Business Rate Pool Agreement states that each council would be required to forgo the right to any safety net protection and will have to fund their own shortfall.
- 6.3 In 2017/18 the Council is budgeting for gross income from business rates of £9.865m. After the tariff payment, net income is £4.143m. The Council's safety net is £3.681m, implying a margin of safety of £0.462m, which equates to approximately 4.68% of our gross business rates income. If the Council's share of income from business rates fails to reach its baseline level then the Council will have to meet the shortfall so that it doesn't impact on other pool members.
- 6.4 It is worth noting that, in the unlikely event that the forecast position deteriorates to the extent that we no longer anticipate paying a levy, it would not be advisable to join the pool. We will undertake an annual review of the forecast position as we would have to notify the Lancashire Business Rates Pool before the end of August in the preceding year if we wished to withdraw.

DCLG POOLING PROSPECTUS

- 7.1 DCLG issued a Pooling Prospectus in July 2014 inviting applications for pooling. No further guidance or prospectus has been issued since that date. It is not anticipated that a similar document will be published for 2018/19, but it is assumed that proposals for pools will be required by the end of October 2017 in line with the 2014 prospectus.
- 7.2 The key points of the 2014 Prospectus are listed below and it is expected that the principles will remain broadly unchanged:
- Benefits of pooling can be wide including promoting joint working, benefits from economic growth, making strategic decisions easier, retention of income above baseline funding, management of income volatility, etc.
 - As the pool is treated as a single body, DCLG calculate only one number for the sum that is owed by the pool as a tariff or owed to the pool as a top-up payment. Therefore one member of the pool should act as lead authority.
 - Management of a pool and its governance arrangements are entirely matters for the individual pool, but DCLG will need to ensure that they are in place, in particular:
 - Member rights and obligations including
 - How money is distributed to both Members and Central Government
 - The treatment of pool balances following dissolution
- 7.3 The DCLG selection criteria is based on:
- The likely benefits of the proposals for local authorities
 - The proposed governance arrangements
 - The extent to which the proposals are affordable in terms of the rates retention scheme as a whole (i.e. wider affordability)
- 7.4 Designation of a pool and establishment is under paragraph 34 of Schedule 7B Local Government Finance Act 1988 and published as part of the draft Local Government Finance Report. Authorities have the right to withdraw within 28 days of the draft publication, but if this happens the whole pool cannot continue, with the benefits lost for a year to the other members
- 7.5 However, members may exercise a request during the course of a year to take effect for the following year. There is, therefore, opportunity for authorities to plan opting in and out to take effect from the following financial year.

MEMBERSHIP OF THE LANCASHIRE BUSINESS RATES POOL

- 8.1 The Council was a member of the Lancashire Pool during 2016/17 but gave notice to withdraw for 2017/18 due to the uncertainty around the impact of the 2017 Valuation and the outcome of the EU Referendum.

- 8.2 A request to re-join the Lancashire Business Rates Pool would need to be submitted to existing pool members and will require majority approval. To change the membership of the pool the lead authority, Ribble Valley Borough Council, would have to notify DCLG of its intention to dissolve the existing pool and make an application to create a new one.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

- 9 As shown in the body of the report.

POLICY IMPLICATIONS

- 10 There no new policy implications arising from this report.

DETAILS OF CONSULTATION

- 11 Management Team.

BACKGROUND PAPERS

- 12 None.

FURTHER INFORMATION

PLEASE CONTACT:

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ALSO:

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

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